PRICING SUPPLEMENT dated July 25, 2001
(to the Offering Circular dated January 5, 2001 and the
Offering Circular Supplement dated June 19, 2001)

Freddie Mac

$1,000,000,000

Freddie Mac

GLOBAL DEBT FACILITY
6.375% Subordinated Debt Securities due August 1, 2011
Redeemable beginning August 1, 2006

Freddie SUBS[SM]*

This Pricing Supplement relates to the offer of $1,000,000,000 of 6.375% Subordinated Debt Securities due August 1, 2011 of Freddie Mac. You should read it together with our Global Debt Facility Offering Circular dated January 5, 2001 (the ''Offering Circular'') and the Offering Circular Supplement dated June 19, 2001 (the ''Offering Circular Supplement''). In this Pricing Supplement, the term Freddie SUBS refers to all Subordinated Debt Securities issued under the Global Debt Facility in the Freddie SUBS program generally, and the term 6.375% Freddie SUBS refers to the specific securities offered in this Pricing Supplement. Other capitalized terms used in this Pricing Supplement and not defined have the meanings given to them in the Offering Circular.

Freddie SUBS are unsecured subordinated debt obligations of Freddie Mac, ranking junior in right of payment to all of Freddie Mac's existing and future Senior Obligations, as specified in this Pricing Supplement. In certain cases, we will defer the payment of interest on Freddie SUBS for periods not to exceed five years. See ''Description of the Securities — Subordination'' and ''— Interest.''

Freddie SUBS are being offered globally for sale in the United States, Europe, Asia and elsewhere where it is lawful to make such offers. We have applied to list the 6.375% Freddie SUBS on the Luxembourg Stock Exchange in accordance with its rules. The 6.375% Freddie SUBS will be issued in book-entry form on the book-entry system of the U.S. Federal Reserve Banks on August 1, 2001.

Freddie SUBS are not suitable investments for all investors. In particular, no investor should purchase Freddie SUBS unless the investor understands and is able to bear the interest deferral, subordination, yield, redemption, market and liquidity risks associated with these securities. See "Risk Factors—The Debt Securities May Not Be Suitable For You" in the Offering Circular, and "Risk Factors" and "Description of the Securities" in this Pricing Supplement.

Freddie SUBS are obligations of Freddie Mac only. Freddie SUBS, including any interest or return of discount on Freddie SUBS, are not guaranteed by, and are not debts or obligations of, the United States or any agency or instrumentality of the United States other than Freddie Mac. Freddie SUBS are not tax-exempt. Non-U.S. owners generally will be subject to United States federal income and withholding tax unless they establish an exemption. Because of applicable U.S. securities law exemptions, we have not registered Freddie SUBS with any U.S. federal or state securities commission. No U.S. securities commission has reviewed the Offering Circular or this Pricing Supplement.

	Initial Public Offering Price(1)	Underwriting Discount	Proceeds to Freddie Mac(1)(2)
Per Security	99.272%	0.35%	98.922%
Total	$992,720,000	$3,500,000	$989,220,000

(1) Plus accrued interest, if any, from August 1, 2001.
(2) Before deducting estimated expenses of $50,000.

Joint Lead Managers

Credit Suisse First Boston **Lehman Brothers**

Co-Managers

First Tennessee Bank N.A. **UBS Warburg LLC**
Bear, Stearns & Co. Inc. **Goldman, Sachs & Co.** **JPMorgan**

* ''Freddie SUBS'' is a service mark of Freddie Mac.

ADDITIONAL INFORMATION

We prepare an annual Information Statement that describes our business and operations and contains our audited consolidated financial statements (''Information Statement''). We also prepare quarterly Information Statement Supplements that include unaudited consolidated financial data and other information concerning our business and operations (''Information Statement Supplements'').

You should read this Pricing Supplement together with our Offering Circular, our Offering Circular Supplement, our Information Statement dated March 26, 2001 containing audited financial statements through December 31, 2000 and our Information Statement Supplement dated May 15, 2001 containing unaudited financial statements for the first quarter of 2001. We have attached our Offering Circular, our Information Statement Supplement dated May 15, 2001 and our press release issued on July 18, 2001 containing unaudited financial statements for the second quarter of 2001.

This Pricing Supplement incorporates by reference the Information Statement and the Offering Circular Supplement. This means that we are disclosing information to you by referring to these documents rather than by providing you with separate copies of them or reprinting the information in this Pricing Supplement. These documents are considered part of this Pricing Supplement. You can obtain copies of any of these documents by contacting us at:

Freddie Mac
Debt Securities Marketing Office
8200 Jones Branch Drive
McLean, Virginia U.S.A. 22102-3110
Telephone: 1-800-336-FMPC
(within Washington, DC metropolitan area: 703-903-3700)
E-Mail: debt_securities@freddiemac.com.
www.freddiemac.com

Our Offering Circular, Offering Circular Supplement, Information Statement and Information Statement Supplements also are available on our Internet Web-Site (www.freddiemac.com). You may also obtain all documents incorporated by reference in this Pricing Supplement, free of charge, from our Luxembourg Listing Agent.

CONTENTS

SUMMARY

This summary contains selected information about Freddie SUBS and the 6.375% Freddie SUBS. It does not contain all of the information you should consider before investing. You also should read the more detailed information contained elsewhere in this Pricing Supplement and the Offering Circular and in the documents incorporated by reference.

Issuer	Federal Home Loan Mortgage Corporation (''Freddie Mac''), a shareholder-owned government-sponsored enterprise.
Securities Offered	$1,000,000,000 of 6.375% Subordinated Debt Securities due August 1, 2011 (''6.375% Freddie SUBS'')
Form	Freddie SUBS are U.S. dollar denominated Debt Securities issued, maintained and transferred through the Fed Book Entry System.
Denominations	Freddie SUBS will be issued in minimum denominations of $1,000, and additional increments of $1,000.
Ratings	The 6.375% Freddie SUBS have been rated ''Aa2'' by Moody's Investors Service, Inc. (''Moody's'') and ''AA-'' by Standard & Poor's Credit Markets Services, a division of The McGraw-Hill Companies, Inc. (''Standard & Poor's'').
Issue Date	August 1, 2001
Maturity Date	August 1, 2011
Payment of Principal	We will repay 100% of the principal amount of Freddie SUBS at maturity or upon redemption.
Redemption	We may redeem the 6.375% Freddie SUBS at our option, on or after August 1, 2006, upon notice of not less than five Business Days nor more than 60 calendar days, at a price of 100% of their principal amount, plus accrued interest to the Redemption Date. We will redeem all of the 6.375% Freddie SUBS if we exercise this option. However, we may not redeem the 6.375% Freddie SUBS during any period when we defer the payment of interest on Freddie SUBS or if we are in default under any Senior Obligations (as defined below).
Payment of Interest	We will pay interest on the 6.375% Freddie SUBS, semi-annually in arrears each August 1 and February 1 (the ''Interest Payment Dates''), commencing February 1, 2002, at the rate of 6.375% per annum, calculated on the basis of a 360-day year consisting of twelve 30-day months.
Subordination	Freddie SUBS are unsecured subordinated debt obligations of Freddie Mac issued under Section 306(a) of the Federal Home Loan Mortgage Corporation Act (the ''Freddie Mac Act''). Freddie SUBS rank junior in right of payment to all of Freddie Mac's existing and future Senior Obligations. Senior Obligations include all of Freddie Mac's debt obligations, liabilities in respect of Freddie Mac's guarantees of mortgage-related securities, Freddie Mac's outstanding 8.25% Subordinated Capital Debentures due 2016 and Zero Coupon Subordinated Capital Debentures due 2019, and all other obligations except obligations that by their terms expressly rank equally with or junior to Freddie SUBS. At June 30, 2001, we had $523,610 million of outstanding total liabilities (including outstanding Freddie SUBS) and $873,750 million of total guaranteed mortgage-related securities (including

$269,693 million held in our retained portfolio). All of these liabilities and guaranteed mortgage-related securities (other than outstanding Freddie SUBS) constituted Senior Obligations as of that date. At June 30, 2001, we had $2,000 million in principal amount of Freddie SUBS outstanding. We may issue and sell additional obligations that will rank senior in right of payment to Freddie SUBS. We may also issue and sell additional Freddie SUBS, all of which will rank equally with the 6.375% Freddie SUBS. See ''Description of the Securities — Subordination.''

Deferral of Interest	We will defer payment of interest on all outstanding Freddie SUBS if, as of the fifth Business Day prior to any Interest Payment Date on any Freddie SUBS (each, a ''Deferral Determination Date''): • Our ''core capital'' is below 125% of our ''critical capital'' requirement, or • (1) Our ''core capital'' is below our ''minimum capital'' requirement and (2) the U.S. Secretary of the Treasury, acting on our request, exercises discretionary authority pursuant to Section 306(c) of the Freddie Mac Act to purchase our debt obligations. See ''Description of the Securities — Interest.''
Capital Levels	We will use the core, critical and minimum capital levels, as most recently verified by the Office of Federal Housing Enterprise Oversight (''OFHEO''), pursuant to its then current methodology for calculating those levels, prior to any such Deferral Determination Date to determine whether we must defer interest on all outstanding Freddie SUBS. If legislation is enacted that revises the definition of core, critical or minimum capital, or if OFHEO ceases to announce any of these capital levels, we will calculate any revised or no longer announced capital levels in accordance with the most recent statutory definition and OFHEO methodology and requirements. An independent third party will verify any capital levels we are required to calculate. Upon such third party verification, we will publicly announce the results. See ''Regulatory Capital Requirements.''
Limit on Deferral	We may not defer interest on any Freddie SUBS for more than five consecutive years nor beyond their Maturity Date.
Accrual of Interest on Deferred Amounts	If we defer the payment of interest on Freddie SUBS, interest will continue to accrue and compound at the stated interest rates of such Freddie SUBS.
Resumption of Interest Payments	We will pay all deferred interest, and interest thereon, on all Freddie SUBS as soon as, after giving effect to such payments, we no longer would be required to defer interest under the terms described above, and have repaid all obligations, if any, purchased by the U.S. Secretary of the Treasury as described above. We will make this payment in respect of all Freddie SUBS on the next scheduled Interest Payment Date of any issue of Freddie SUBS, unless we elect to make the payment earlier. If we have not resumed interest payments on an issue of Freddie SUBS by its Maturity Date or have deferred interest on an issue of

	Freddie SUBS for five consecutive years, then we must pay deferred interest, and interest thereon, on that issue of Freddie SUBS regardless of our core capital level or our repayment of obligations purchased by the U.S. Secretary of the Treasury. Even if we are required to make any payment on Freddie SUBS, because Freddie SUBS are subordinated, Holders of Freddie SUBS will be entitled to receive payments only after we have made payment in full of all amounts then due to holders of Senior Obligations. In no event will Holders of Freddie SUBS be able to accelerate the maturity of their Freddie SUBS, but will have claims only for amounts then due and payable on their Freddie SUBS. After we have fully paid all deferred interest on any issue of Freddie SUBS, future interest payments on that issue of Freddie SUBS will be subject to further deferral as described above.
No Redemption or Dividends During Deferral Periods	During periods when we defer the payment of interest on Freddie SUBS, we may not redeem the 6.375% Freddie SUBS or declare or pay dividends on, or redeem, purchase or acquire, our common stock or preferred stock.
Notices	We will give prompt notice of any event that would require deferral of the payment of interest on Freddie SUBS. We will also give notice of the resumption of the payment of interest on Freddie SUBS.
No Acceleration..............	Freddie SUBS do not permit Holders to accelerate the maturity of the securities upon default or the occurrence of any other event.
Tax Status	Freddie SUBS and income derived from Freddie SUBS generally are subject to taxation by the United States and generally are not exempt from taxation by other U.S. or non-U.S. taxing jurisdictions. Unless they establish an exemption by filing a form W-8BEN or otherwise, Non-U.S. Owners generally will be subject to U.S. income and withholding tax. See ''Certain United States Federal Tax Consequences'' in this Pricing Supplement and in the Offering Circular.
Identification Numbers........	CUSIP: 3134A4HE7 ISIN: US3134A4HE77 Common Code: 13354545
Listing Application	We have applied to list the 6.375% Freddie SUBS on the Luxembourg Stock Exchange in accordance with its rules.
Ineligibility for Stripping.......	Freddie SUBS are not eligible to be separated or ''stripped'' into separate interest and principal components.
Eligibility for Reopening	We may ''reopen'' (issue additional Freddie SUBS as part of) outstanding issues of Freddie SUBS.
Governing Law	Freddie SUBS will be governed by the federal laws of the United States. The local laws of the State of New York will be deemed to reflect the federal laws of the United States, unless there is applicable precedent under federal law or the application of New York law would frustrate the purposes of the Freddie Mac Act or the Global Facility Agreement.

RISK FACTORS

Prospective purchasers of Freddie SUBS should consider carefully the risk factors set forth below, and in the Offering Circular, as well as all other information contained or incorporated by reference in this Pricing Supplement and the Offering Circular, in evaluating an investment in Freddie SUBS.

Freddie SUBS are Subordinated to Senior Obligations

Freddie SUBS are unsecured subordinated debt obligations of Freddie Mac issued under Section 306(a) of the Freddie Mac Act. Freddie SUBS rank junior in right of payment to all of Freddie Mac's existing and future Senior Obligations. This means that we cannot make any payments of principal or interest on Freddie SUBS, including by means of a redemption, while we are in default on any payment due in respect of Senior Obligations. In the event of a liquidation or dissolution of Freddie Mac, our assets would be available to pay obligations under Freddie SUBS only after all payments had been made of amounts due on Senior Obligations.

Senior Obligations include Freddie Mac's debt obligations, liabilities in respect of Freddie Mac's guarantees of mortgage-related securities, Freddie Mac's outstanding 8.25% Subordinated Capital Debentures due 2016 and Zero Coupon Subordinated Capital Debentures due 2019, and all other obligations except obligations that by their terms expressly rank equally with or junior to Freddie SUBS.

At June 30, 2001, we had outstanding total liabilities (including outstanding Freddie SUBS) of $523,610 million, all of which (other than outstanding Freddie SUBS) constituted Senior Obligations as of that date. Senior Obligations also include any liabilities related to $873,750 million of Freddie Mac's guaranteed mortgage-related securities (including $269,693 million held in our retained portfolio) as of that date on which Freddie Mac guarantees payment of principal and interest. Over time, as the result of portfolio growth, asset and liability management and other factors, we may issue substantial amounts of additional Senior Obligations and may sell guaranteed mortgage-related securities currently held in our retained portfolio. At June 30, 2001, we had $2,000 million in principal amount of Freddie SUBS outstanding, and we expect to issue additional Freddie SUBS, all of which will rank equally with the 6.375% Freddie SUBS. See ''Description of the Securities — The Freddie SUBS Program'' and ''— Reopenings.''

Interest Payments May be Deferred

If (1) our core capital is below 125% of our critical capital requirement, or (2)(a) our core capital is below our minimum capital requirement <u>and</u> (b) the U.S. Secretary of the Treasury, acting on our request, exercises discretionary authority under Section 306(c) of the Freddie Mac Act to purchase our debt obligations, then we must defer the payment of interest on Freddie SUBS offered in this Pricing Supplement and on other outstanding Freddie SUBS for periods not to exceed five years.

We will pay all deferred interest, and interest on that deferred interest, on all Freddie SUBS as soon as, after giving effect to all such payments, we no longer would be required to defer interest, and we have repaid all debt obligations, if any, purchased by the U.S. Secretary of the Treasury, as described above. We will make this payment for all Freddie SUBS on the next scheduled Interest Payment Date that occurs for any issue of Freddie SUBS unless we elect to make the payment earlier.

If we have not resumed interest payments on an issue of Freddie SUBS by its Maturity Date or have deferred interest on an issue of Freddie SUBS for five consecutive years, then we must pay deferred interest, and interest thereon, on that issue of Freddie SUBS regardless of our capital levels or our repayment of debt obligations purchased by the U.S. Secretary of the Treasury. Even if we are required to make any payment on Freddie SUBS, because Freddie SUBS are subordinated, Holders of Freddie SUBS will be entitled to receive payments only after we have made payment in full of all amounts then due in respect of any Senior Obligations.

Holders Have No Acceleration Rights

Holders of Freddie SUBS will not be able to accelerate the maturity of their Freddie SUBS. Holders will have claims only for amounts then due and payable on their Freddie SUBS. After we have fully paid all deferred interest on Freddie SUBS, and if Freddie SUBS remain outstanding, future interest payments on Freddie SUBS will be subject to further deferral as described above.

Holders May Have Adverse Tax Consequences

In the event of deferral of interest payments, you generally will be required to accrue income, for United States federal income tax purposes, in respect of the accrued but unpaid interest on Freddie SUBS held by you, as described below under ''Certain United States Federal Tax Consequences.'' As a result, you may recognize income for United States federal income tax purposes in advance of the receipt of payment. Additionally, you will not receive the payment of that interest if you dispose of your Freddie SUBS prior to the end of the day preceding the date for the payment of accrued interest. Even though any income with respect to deferred interest will constitute ordinary income, if you sell your Freddie SUBS you generally will recognize a capital loss to the extent that the selling price (which may not reflect the full amount of deferred interest) is less than your adjusted tax basis. Subject to certain limited exceptions, capital losses cannot be applied to offset ordinary income for United States federal income tax purposes. See ''Certain United States Federal Tax Consequences'' in this Pricing Supplement and in the Offering Circular.

There is No Existing Trading Market for the 6.375% Freddie SUBS

The 6.375% Freddie SUBS are a new issue of securities with no established trading market. We have applied to list the 6.375% Freddie SUBS on the Luxembourg Stock Exchange in accordance with its rules. An active market for Freddie SUBS may or may not develop or be sustained in the future. Although certain of the Dealers have indicated to us that they intend to make a market in Freddie SUBS, they are not obligated to do so and may discontinue any such market-making at any time without notice. Accordingly, we cannot assure you regarding the liquidity of, or trading markets for, Freddie SUBS.

Additionally, Freddie SUBS may trade at prices that do not fully reflect the amount of accrued but unpaid interest or deferred interest. Any deferral of interest payments will likely have an adverse effect on the market price of Freddie SUBS. In addition, as a result of the interest deferral provision of Freddie SUBS, the market price of Freddie SUBS may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in Freddie Mac's financial condition.

Redemption Provision Could Adversely Affect Market Value

We may redeem the 6.375% Freddie SUBS at any time on or after August 1, 2006. This optional redemption provision may adversely affect the market value of the 6.375% Freddie SUBS. See ''Risk Factors — Various Factors Could Adversely Affect the Trading Value and Yield of Your Debt Securities — Redeemable Debt Securities'' in the Offering Circular.

RATING

The 6.375% Freddie SUBS have been rated ''Aa2'' by Moody's and ''AA–'' by Standard & Poor's.

A security rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn at any time by the assigning rating organization.

LISTING

We have applied to list the 6.375% Freddie SUBS on the Luxembourg Stock Exchange in accordance with its rules.

CAPITALIZATION

The Information Statement and Information Statement Supplements include capitalization tables as of the end of the related annual and quarterly periods.

We engage in transactions affecting stockholders' equity from time to time and issue or retire debentures, notes and other debt obligations on an ongoing basis. Accordingly, on any date subsequent to our most recent Information Statement and Information Statement Supplements, stockholders' equity may differ, and the amount of debt obligations outstanding will differ, and may differ substantially, from the figures contained in the relevant capitalization table.

REGULATORY CAPITAL REQUIREMENTS

Under the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (the ''GSE Act''), we are required to maintain core capital at a level that meets or exceeds required critical and minimum capital standards.

''Core capital'' is the sum of:

- the stated value of our outstanding common stock,
- the stated value of our non-cumulative perpetual preferred stock,
- paid in capital, and
- retained earnings.

''Critical capital'' is the sum of:

- 1.25% of on-balance sheet assets,
- 0.25% of net outstanding mortgage-backed securities, and
- 0.25% of other off-balance sheet obligations, except as adjusted by the Director of OFHEO to reflect the credit risk of such obligations relative to that of mortgage-related securities.

''Minimum capital'' is the sum of:

- 2.50% of on-balance sheet assets,
- 0.45% of net outstanding mortgage-backed securities, and
- 0.45% of other off-balance sheet obligations, except as adjusted by the Director of OFHEO to reflect the credit risk of such obligations relative to that of mortgage-related securities (see 12 CFR § 1750.4 for existing adjustments made by the Director of OFHEO).

We provide core, critical and minimum capital information to OFHEO on a monthly basis, and OFHEO classifies our capital adequacy on a quarterly basis. OFHEO typically releases our quarterly classification, as well as our core capital level and required critical and minimum capital levels, approximately 90 days after each quarter end.

The following table shows Freddie Mac's minimum, critical and core capital as of the dates shown. Values for required minimum capital and core capital and, beginning December 31, 2000, for required critical capital are the values OFHEO has released in connection with its quarterly capital classifications. Values for required critical capital before December 31, 2000 are based on the minimum capital values and on the components of the calculation of minimum capital that OFHEO provided to us in connection with each classification, applying OFHEO's interim methodology, as follows: one-half of the portion of the minimum capital requirement associated with on-balance sheet assets, plus five-ninths of the portion of the minimum capital requirement associated with off-balance sheet obligations.

	March 31, 2001	December 31, 2000	1999	1998	1997	1996
		(Dollars in millions)				
Core Capital	$15,771	$14,380	$12,692	$10,715	$7,376	$6,743
Required Critical Capital	7,733	7,240	6,291	5,294	3,664	3,380
Core Capital as a Percentage of Required Critical Capital	204%	199%	202%	202%	201%	199%
Required Minimum Capital	$15,164	$14,178	$12,287	$10,333	$7,082	$6,517

DESCRIPTION OF THE SECURITIES

The Freddie SUBS Program

We expect to issue Freddie SUBS at least semiannually in an amount such that, following a three-year phase-in period, the sum of our core capital, loan loss reserves and outstanding Freddie SUBS will equal or exceed the sum of four percent (4%) of on-balance sheet assets and 0.45 percent (0.45%) of off-balance sheet mortgage-related securities.

Freddie SUBS will be issued as Fed Book-Entry Securities in book-entry form on the book-entry system of the U.S. Federal Reserve Banks. Freddie SUBS may be held indirectly through the clearing systems operated by Euroclear and Clearstream. Fed Book-Entry Securities will not be exchangeable for definitive securities. Freddie SUBS are not eligible to be separated or ''stripped'' into their separate interest components and principal components.

Freddie SUBS will be offered globally for sale in the United States, Europe, Asia and elsewhere where it is lawful to make such offers.

Freddie SUBS will not contain any provisions permitting the Holders to accelerate the maturity thereof on the occurrence of any default or other event.

Interest

The 6.375% Freddie SUBS will be Fixed Rate Debt Securities and will accrue interest from August 1, 2001 at a rate of 6.375% per annum. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Interest Payment Dates will be August 1 and February 1 of each year, commencing February 1, 2002. The Specified Payment Currency for the 6.375% Freddie SUBS will be U.S. dollars.

We will defer the payment of interest on all Freddie SUBS if, as of any Deferral Determination Date:

- our ''core capital'' is below 125% of our ''critical capital'' requirement, or
- (1) our ''core capital'' is below our ''minimum capital'' requirement and (2) the U.S. Secretary of the Treasury, acting on our request, exercises discretionary authority pursuant to Section 306(c) of the Freddie Mac Act to purchase our debt obligations.

See ''Regulatory Capital Requirements.''

We will use the core, critical and minimum capital levels most recently announced by OFHEO, pursuant to its then current methodology for calculating those levels, prior to any such Deferral Determination Date to determine whether we must defer interest on all outstanding Freddie SUBS.

If legislation is enacted that revises the definition of core, critical or minimum capital, or if OFHEO ceases to announce any of these capital levels, we will calculate any revised or no longer announced capital levels in accordance with the most recent statutory definitions and OFHEO methodology and requirements. An independent third party will verify any capital levels that we are required to calculate. Upon such third party verification, we will publicly announce the results.

As most recently announced by OFHEO, at March 31, 2001, we had core capital of $15,771 million or approximately 204% of our critical capital requirement of $7,733 million and $607 million above our minimum capital requirement of $15,164 million as of that date.

We may not defer interest on Freddie SUBS for more than five consecutive years or beyond their Maturity Date. If we defer the payment of interest on Freddie SUBS, interest will continue to accrue on the 6.375% Freddie SUBS and will compound at a rate of 6.375% per annum.

We will pay all deferred interest, and interest on that deferred interest, on Freddie SUBS as soon as, after giving effect to such payments, we no longer would be required to defer interest under the terms described above, and we have repaid all debt obligations, if any, purchased by the U.S. Secretary of the Treasury as described above. We will make this payment in respect of all Freddie SUBS on the next scheduled Interest Payment Date for any issue of Freddie SUBS, unless we elect to make the payment earlier.

If we have not resumed interest payments on an issue of Freddie SUBS by its Maturity Date or have deferred interest on an issue of Freddie SUBS for five consecutive years, then we must pay deferred interest, and interest thereon, on that issue of Freddie SUBS regardless of our core capital levels or our repayment of all debt obligations purchased by the U.S. Secretary of the Treasury. Even if we are required to make any payment on Freddie SUBS, because Freddie SUBS are subordinated, Holders of Freddie SUBS will be entitled to receive payments only after we have made payment in full of all amounts then due in respect of Senior Obligations. In no event will Holders of Freddie SUBS be able to accelerate the maturity of their Freddie SUBS. Holders will have claims only for amounts then due and payable on their Freddie SUBS. After we have fully paid all deferred interest on Freddie SUBS, future interest payments on outstanding Freddie SUBS will be subject to further deferral as described above.

During periods when we defer the payment of interest on Freddie SUBS, we may not redeem the 6.375% Freddie SUBS or declare or pay dividends on, or redeem, purchase or acquire, our common stock or our preferred stock.

You should read ''Certain United States Federal Tax Consequences'' in this Pricing Supplement for a discussion of selected United States federal income tax considerations in the event of a deferral of interest payments under Freddie SUBS.

Subordination

Freddie SUBS are unsecured subordinated debt obligations of Freddie Mac issued under Section 306(a) of the Freddie Mac Act. Freddie SUBS rank junior in priority of payment to our ''Senior Obligations.'' ''Senior Obligations'' include all existing and future liabilities of Freddie Mac, other than liabilities that by their terms expressly rank equally with or junior to Freddie SUBS. Senior Obligations include all of Freddie Mac's debt obligations, liabilities in respect of Freddie Mac's guarantees of mortgage-related securities, and Freddie Mac's 8.25% Subordinated Capital Debentures due 2016 and Zero Coupon Subordinated Capital Debentures due 2019.

In the event and during the continuation of any default in the payment of any amount due in respect of Senior Obligations, unless and until the default has been cured or waived or has ceased to exist, we can pay no principal of or interest on Freddie SUBS, including by means of a redemption, unless we have made adequate provision for the payment in full of all amounts then due in respect of all Senior Obligations.

Upon any distribution of assets of Freddie Mac resulting from any dissolution, winding up, total or partial liquidation or reorganization (whether in bankruptcy, insolvency, reorganization or receivership proceedings), or upon an assignment for the benefit of creditors or any other marshalling of assets and liabilities of Freddie Mac, payments on Freddie SUBS will be subordinated in right of payment to the prior payment of amounts then due in respect of Senior Obligations, but the obligation of Freddie Mac to make payments on Freddie SUBS will not otherwise be affected. Because Freddie SUBS are subordinated in right of payment to Senior Obligations, in the event of a distribution of assets upon insolvency, holders of Senior Obligations may recover more ratably than Holders of Freddie SUBS. Holders of Freddie SUBS will be subrogated to the rights of holders of Senior Obligations subject to the payment in full of all Senior Obligations upon any distribution of assets in any proceedings in respect of Freddie SUBS.

At June 30, 2001, we had outstanding total liabilities (including outstanding Freddie SUBS) of $523,610 million, all of which (other than outstanding Freddie SUBS) constituted Senior Obligations as of that date. Senior Obligations also include any liabilities related to $873,750 million of Freddie Mac's mortgage-related securities (including $269,693 million held in our retained portfolio) as of that date on which Freddie Mac guarantees payment of principal and interest. Over time, as the result of portfolio growth, asset and liability management and other factors, we may issue substantial amounts of additional Senior Obligations and may sell guaranteed mortgage-related securities currently held in our portfolio. At June 30, 2001, we had $2,000 million in principal amount of Freddie SUBS outstanding, and we expect to issue additional Freddie SUBS, all of which will rank equally with the 6.375% Freddie SUBS.

Reopenings

We may increase the size of this issue of the 6.375% Freddie SUBS from time to time without the consent of any Holder by issuing additional Freddie SUBS with the same terms (other than the date of issuance, interest commencement date and offering price, which may vary). We may reopen this issue of the 6.375% Freddie SUBS one or more times to increase the size and liquidity of the issue when there is requisite investor demand and the reopening is consistent with our funding needs and overall market conditions. The evaluation of these criteria and the decision whether to reopen the 6.375% Freddie SUBS are in our sole discretion. We cannot assure you that we will reopen this issue of the 6.375% Freddie SUBS or, if reopened, what the total issue size will be.

Redemption

We may redeem the 6.375% Freddie SUBS at our option, on or after August 1, 2006, upon notice of not less than five Business Days nor more than 60 calendar days, at a price of 100% of their principal amount, plus accrued interest to the Redemption Date. We will redeem all of the 6.375% Freddie SUBS if we exercise this option. However, we may not redeem the 6.375% Freddie SUBS during any period when we defer the payment of interest on Freddie SUBS or if we are in default under any Senior Obligations.

Notices

We will give prompt notice of any event that would require deferral of the payment of interest on Freddie SUBS. We will also give notice of the resumption of the payment of interest on Freddie SUBS. We will give all such notices, and notice of any redemption, by broadcast through the communications system of the U.S. Federal Reserve Banks. If and so long as any Freddie SUBS are listed on the Luxembourg Stock Exchange we also will inform the Luxembourg Stock Exchange and give notices in a general circulation newspaper in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if publication in Luxembourg is not practical, elsewhere in Europe. Notice by publication will be considered given on the date of publication or, if published more than once, on the date of first publication.

CERTAIN UNITED STATES FEDERAL TAX CONSEQUENCES

Freddie SUBS and payments on the Freddie SUBS generally are not exempt from taxation by the United States or other U.S. or non-U.S. taxing jurisdictions.

The following summary supplements the summary under ''Certain United States Federal Tax Consequences'' in the Offering Circular. These two summaries do not discuss all of the tax consequences that may be relevant to a Beneficial Owner in light of its particular circumstances or to Beneficial Owners subject to special rules. You are advised to consult your own tax advisor regarding the U.S. federal tax consequences to you of purchasing, owning and disposing of Freddie SUBS.

We will defer the payment of interest on Freddie SUBS upon the occurrence of an event described under ''Description of the Securities — Interest.'' Notwithstanding the potential for interest deferral, we believe that the stated interest on the 6.375% Freddie SUBS will be treated as ''unconditionally payable'' within the meaning of the OID Regulations. Accordingly, the stated interest will be ''qualified stated interest.'' Consequently, interest paid on Freddie SUBS generally will be taxable to a U.S. Owner as ordinary interest income at the time it accrues or is received in accordance with the U.S. Owner's method of accounting for U.S. federal income tax purposes. If payments of interest actually were deferred, you generally would be required to include currently interest (and interest on that interest) in your income at the stated rate as original issue discount, notwithstanding that the interest is not being paid currently.

In the event that, at the time of issuance of Freddie SUBS, the stated interest was not treated as unconditionally payable, Freddie SUBS would be treated as issued with original issue discount. In that case, a U.S. Owner, regardless of such U.S. Owner's regular method of accounting, would be required to include the stated interest in income as it accrues, which may be before any receipt of the cash attributable to such income.

See ''Certain United States Federal Tax Consequences'' in the Offering Circular.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the Dealer Agreement, we have agreed to sell to each of the Dealers named below, and each of the Dealers, for whom Credit Suisse First Boston Corporation and Lehman Brothers Inc. are acting as joint lead managers (the ''Lead Managers''), has severally agreed to purchase, the amount of the 6.375% Freddie SUBS set forth opposite its name below:

Dealer	Principal Amount
Credit Suisse First Boston Corporation	$ 400,000,000
Lehman Brothers Inc.	400,000,000
First Tennessee Bank National Association	55,000,000
UBS Warburg LLC	50,000,000
Bear, Stearns & Co. Inc.	35,000,000
Goldman Sachs & Co.	30,000,000
J.P. Morgan Securities Inc.	30,000,000
Total	$1,000,000,000

In the Dealer Agreement, the Dealers have severally agreed, subject to its terms and conditions, to purchase all the 6.375% Freddie SUBS if any are purchased.

The Lead Managers have advised us that the Dealers propose initially to offer the 6.375% Freddie SUBS to the public at the initial public offering price set forth on the cover page of this Pricing Supplement, and to certain other Dealers at that price less a concession not in excess of 6.375% of the principal amount of the 6.375% Freddie SUBS. After the initial public offering, the public offering price and concession may be changed.

Prior to this offering, there has been no public market for the 6.375% Freddie SUBS. We have applied to list the 6.375% Freddie SUBS on the Luxembourg Stock Exchange in accordance with its rules. Certain of the Dealers have advised us that they intend to make a market in the 6.375%

Freddie SUBS, but are not obligated to do so and may discontinue any such market making at any time without notice. No assurance can be given as to the liquidity of the trading market for Freddie SUBS.

In connection with the offering, the Lead Managers may purchase and sell the 6.375% Freddie SUBS in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Lead Managers of a greater number of 6.375% Freddie SUBS than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the 6.375% Freddie SUBS while the offering is in progress. The Lead Managers also may impose a penalty bid. This occurs when a particular Dealer is required to repay the Lead Managers a portion of the dealer discount received by it because the Lead Managers have repurchased 6.375% Freddie SUBS sold by or for the account of such Dealer in stabilizing or short covering transactions. These activities by the Lead Managers may stabilize, maintain or otherwise affect the market price of the 6.375% Freddie SUBS. As a result, the price of the 6.375% Freddie SUBS may be higher than the price that might otherwise exist in the open market. If these activities are commenced, they may be discontinued by the Lead Managers at any time. These transactions may be effected in the over-the-counter market or otherwise.

In the Dealer Agreement, Freddie Mac and the Dealers have agreed to indemnify each other against certain liabilities.

The Dealers and certain of their affiliates engage in transactions with and perform services for Freddie Mac in the ordinary course of business.

Offering Circular dated January 5, 2001

Freddie Mac

Global Debt Facility

Offered Securities:	Debt Securities.
Reference Securities[SM]:	We may designate some Debt Securities as Reference Securities, which are U.S. dollar or Euro denominated, regularly scheduled issues in large principal amounts.
Amount:	No prescribed limit.
Maturities:	One day or longer.
Offering Terms:	We offer the Debt Securities within the United States and internationally, primarily through Dealers, on the terms described in this Offering Circular and related Pricing Supplements.
Currencies:	U.S. dollars, Euros or other currencies specified in the Pricing Supplement.
Priority:	The Debt Securities will be unsecured general obligations or unsecured subordinated obligations of Freddie Mac.
Tax Status:	The Debt Securities are not tax-exempt. Non-U.S. owners generally will be subject to United States federal income and withholding tax unless they establish an exemption.
Form of Securities:	*Non-U.S. dollar denominated Debt Securities:* Registered (global or definitive).
	U.S. dollar denominated Debt Securities: Book-entry (U.S. Federal Reserve Banks) or registered (global or definitive).

We will describe specific terms, pricing information and other information for each issue of Debt Securities in a Pricing Supplement, including whether the Debt Securities are general obligations or subordinated obligations, whether principal is payable at maturity or periodically, whether principal is redeemable prior to maturity, and whether interest will be paid and if so, whether at a fixed or variable rate.

We may list some Debt Securities issued under this Facility on the Luxembourg Stock Exchange or the Singapore Exchange Securities Trading Limited and have applied for these listings. Our application with the Luxembourg Stock Exchange applies to Debt Securities issued within twelve months of the date of this Offering Circular. We may also issue unlisted Debt Securities and Debt Securities listed on other exchanges under this Facility.

Some Debt Securities are complex financial instruments and may not be suitable investments for you. You should consider carefully the risk factors described beginning on page 10. You should not purchase Debt Securities unless you understand and are able to bear these and any other applicable risks.

Because of applicable U.S. securities law exemptions, we have not registered the Debt Securities with any U.S. federal or state securities commission. No U.S. securities commission has reviewed this Offering Circular.

The Debt Securities are obligations of Freddie Mac only. The Debt Securities, including any interest or return of discount on the Debt Securities, are not guaranteed by, and are not debts or obligations of, the United States or any agency or instrumentality of the United States other than Freddie Mac.

The Index of Defined Terms (Appendix A) shows where definitions of capitalized terms appear in this Offering Circular.

Arranger

LEHMAN BROTHERS

''Reference Securities'' is a service mark of Freddie Mac.

If you intend to purchase Debt Securities, you should rely only on the information in this Offering Circular and in any related Pricing Supplement for those Debt Securities, including the information in any documents we incorporate by reference. We have not authorized anyone to provide you with different information. We are not offering the Debt Securities in any jurisdiction that prohibits their offer. This Offering Circular, any related Pricing Supplements and any incorporated documents speak only as of their dates, regardless of the date you receive these documents or purchase Debt Securities. These documents may not be correct after their dates.

Some jurisdictions may restrict by law the distribution of this Offering Circular or any Pricing Supplement and the offer, sale and delivery of Debt Securities. Persons who receive this Offering Circular or any Pricing Supplement should know and observe these restrictions, which include but are not limited to the following:

United Kingdom: We may not distribute this Offering Circular, any Pricing Supplement or any other applicable supplement or amendment in the United Kingdom to any person unless that person is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996, as amended, or is a person to whom we may otherwise lawfully issue or distribute this Offering Circular and any Pricing Supplement or any other supplement or amendment. Any Debt Security (including a Debt Security denominated in British pounds sterling (''Sterling'')) in respect of which the issue proceeds are to be accepted by Freddie Mac in the United Kingdom and which is issued pursuant to an exempt transaction under regulation 13(1) or 13(3) of the Banking Act 1987 (Exempt Transactions) Regulations 1997 (the ''Banking Act Regulations'') will constitute commercial paper, a shorter term debt security or a longer term debt security, each as issued in accordance with regulations made under section 4 of the Banking Act 1987 (in each case as defined in the Banking Act Regulations), as specified in the applicable Pricing Supplement. Freddie Mac is not an authorized institution or a European authorized institution (as such terms are defined in the Banking Act Regulations).

Japan: We have not registered the Debt Securities under the Securities and Exchange Law of Japan (the ''Securities and Exchange Law''), and we may not directly or indirectly offer and sell Debt Securities in Japan or to any resident of Japan or to any person for reoffering or resale, directly or indirectly, in Japan or to any resident of Japan except in compliance with, or under an available exemption from, the registration requirements of the Securities and Exchange Law and in compliance with other relevant laws of Japan.

For a further description of some additional restrictions on offers, sales and deliveries of Debt Securities and on the distribution of the Offering Circular, any Pricing Supplement or any other supplement or amendment, see ''Distribution Arrangements — Selling Restrictions'' and ''General Information.''

Neither the Luxembourg Stock Exchange nor the Singapore Exchange Securities Trading Limited (the ''Singapore Stock Exchange'') assumes responsibility for the correctness of any of the statements made or opinions expressed or reports contained or incorporated by reference in this Offering Circular. Admission to the Official List of the Luxembourg Stock Exchange or the Singapore Stock Exchange is not to be taken as an indication of the merits of Freddie Mac or the Debt Securities.

After making all reasonable inquiries as of the date of this Offering Circular, we confirm that this Offering Circular contains all information about the Debt Securities which, when read together with the applicable Pricing Supplement and the documents incorporated by reference, is material, in the context of the initial issue of the Debt Securities. We also confirm that the information in this Offering Circular, as of its date, is true and accurate in all respects and is not misleading and that there are no facts the omission of which makes this Offering Circular as a whole or any such information misleading in any material respect.

Neither this Offering Circular nor any Pricing Supplement describes all of the risks and investment considerations applicable to Debt Securities whose principal or interest we pay in or determine by reference to one or more currencies or to one or more interest rate, currency or other indices or formulas. We and the Dealers disclaim any responsibility to advise prospective investors of these risks and investment considerations as they exist at the date of this Offering Circular or any Pricing Supplement or as these risks may change from time to time. Prospective investors should consult their own financial and legal advisors as to the risks and investment considerations arising from an investment in such Debt Securities. Such Debt Securities are not an appropriate investment for investors who are unsophisticated regarding currency transactions or transactions involving the applicable interest rate, currency or other indices or formulas. See "Risk Factors."

This Offering Circular replaces and supersedes the Offering Circular dated December 30, 1999, for issues of Debt Securities priced on and after the date of this Offering Circular. This Offering Circular relates to Debt Securities issued under the Facility and not to any other securities of Freddie Mac, including Debentures, Medium-Term Notes, Discount Notes, Euro Discount Notes and Reference Bills^{SM}. We offer those other securities under separate offering circulars.

''Reference Bills'' is a service mark of Freddie Mac.

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* We use capitalized terms throughout this Offering Circular. Appendix A provides the page locations of the definitions of these terms.

FREDDIE MAC

The Federal Home Loan Mortgage Corporation (''Freddie Mac'') was chartered on July 24, 1970 by the Federal Home Loan Mortgage Corporation Act (the ''Freddie Mac Act''). Our statutory purposes are:

- to provide stability in the secondary market for residential mortgages;
- to respond appropriately to the private capital market;
- to provide ongoing assistance to the secondary market for residential mortgages (including mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and
- to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing.

To meet these statutory purposes, we purchase residential mortgages and mortgage-related securities from mortgage lenders, other mortgage sellers and securities dealers. We finance our purchases primarily through the sale of guaranteed mortgage securities, debt securities, other liabilities and equity capital.

AVAILABLE INFORMATION

We prepare an annual Information Statement that describes our business and operations and contains our audited consolidated financial statements (''Information Statement''). We also prepare quarterly Information Statement Supplements that include unaudited consolidated financial data and other information concerning our business and operations (each an ''Information Statement Supplement''). These documents are incorporated by reference in this Offering Circular, which means that we are disclosing information to you by referring you to those documents. These documents are considered part of this Offering Circular. You should read this Offering Circular, and any applicable supplements or amendments, in conjunction with our most recent Information Statement and any subsequent Information Statement Supplements we incorporate by reference in this Offering Circular. As of the date of this Offering Circular, our current Information Statement is dated March 31, 2000 and our current Information Statement Supplement is dated November 14, 2000. You should rely only on the most current information provided or incorporated by reference in this Offering Circular and any applicable supplement or amendment.

You can obtain any of these documents, the Global Facility Agreement and any other documents that we make available by contacting us at:

Freddie Mac
Debt Securities Marketing Office
8200 Jones Branch Drive
McLean, Virginia U.S.A. 22102-3110
Telephone: 1-800-336-FMPC
(within Washington, DC metropolitan area: 703-903-3700)
E-Mail: debt_securities@freddiemac.com.
www.freddiemac.com

You also can read the Information Statement and any other information about Freddie Mac at the offices of the New York Stock Exchange. Since we are not subject to the periodic reporting requirements of the Securities Exchange Act of 1934, we do not file reports or other information with the U.S. Securities and Exchange Commission.

In connection with the application to list the Debt Securities to be issued under the Facility on the Luxembourg Stock Exchange, we have deposited copies of the Freddie Mac Act and Bylaws of Freddie Mac and a legal notice relating to the issuance of the Debt Securities with the Chief Registrar of the District Court of Luxembourg, where copies may be inspected or obtained upon request. So long as any Debt Securities are listed on the Luxembourg Stock Exchange or the Singapore Stock Exchange, and the rules of such exchanges or any relevant authority so require, copies of the Offering Circular (and all documents incorporated by reference) will be available free of charge from the principal offices of the listing agent for such Debt Securities in Luxembourg and the office of Allen & Gledhill in Singapore. You may inspect copies of the Fiscal Agency Agreement and the Global Agency Agreement at the principal offices of the listing agent in Luxembourg and at the office of Allen & Gledhill in Singapore. You also may inspect copies of the Freddie Mac Act, the Bylaws of Freddie Mac and the Global Facility Agreement at the office of Allen & Gledhill in Singapore.

We have agreed, in connection with the listing of the Debt Securities on the Luxembourg Stock Exchange and the Singapore Stock Exchange that, so long as any Debt Securities remain outstanding and listed on one of those exchanges, in the event of any material adverse change in the business or the financial position of Freddie Mac that is not reflected in this Offering Circular as then amended or supplemented (including the documents incorporated by reference), we will prepare an amendment or supplement to this Offering Circular or publish a new Offering Circular if we subsequently offer or list Debt Securities. If the terms of the Facility are modified or amended in a manner that would make this Offering Circular, as amended or supplemented, inaccurate or misleading, we will prepare a further amendment to this Offering Circular or a new Offering Circular.

SUMMARY

This Summary contains selected information about the Debt Securities. It does not contain all of the information you should consider before investing in the Debt Securities. You should refer to the remainder of this Offering Circular and to any related Pricing Supplement for further information. If a Pricing Supplement contains different information from this Offering Circular, you should rely on the Pricing Supplement.

Issuer .... Freddie Mac, a shareholder-owned government-sponsored enterprise.

Debt Securities .... Unsecured subordinated or unsubordinated notes, bonds and other debt securities issued from time to time under the Global Debt Facility (the ''Facility''). We have established the Facility under the Global Debt Facility Agreement dated as of January 5, 2001 (the ''Global Facility Agreement'').

Reference Securities .... We will designate some Debt Securities as Reference Securities, which are U.S. dollar or Euro denominated, regularly scheduled issues in large principal amounts. Reference Notes℠ are U.S. dollar denominated, non-callable Debt Securities with maturities of one to ten years. Reference Bonds℠ are U.S. dollar denominated, non-callable Debt Securities with maturities of more than ten years. Callable Reference Notes℠ are U.S. dollar denominated, callable Debt Securities with maturities of one to ten years. €Reference Notes℠ are Euro denominated, non-callable Debt Securities with maturities of one to ten years. €Reference Bonds℠ are Euro denominated, non-callable Debt Securities with maturities of more than ten years. Issuances may consist of new issues of Reference Securities or the ''reopening'' of an existing issue.

Other Debt Securities .... We will issue other Debt Securities from time to time in U.S. dollars or other currencies with maturities of one day or longer. Debt Securities with maturities of one to ten years will be called ''Notes'' and those with maturities of more than ten years will be called ''Bonds.'' These Debt Securities may be callable or non-callable.

Arranger .... Lehman Brothers International (Europe).

Amount .... We may issue Debt Securities in an unlimited amount.

Legal Status .... Unless otherwise specified in the applicable Pricing Supplement, the Debt Securities will be unsecured general obligations having the same priority as all of our other unsecured and unsubordinated debt and ranking senior to any subordinated debt. If specified in the applicable Pricing Supplement, the Debt Securities will be unsecured subordinated obligations with such terms, including but not limited to terms relating to priority or payment suspension, limitation or deferral (if any), as are set forth in the applicable Pricing Supplement (''Subordinated Debt Securities''). The United States does not guarantee the Debt Securities or any interest or return of discount on the Debt Securities. The Debt Securities are not debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac.

Pricing Supplements .... We will offer Debt Securities by means of a ''Pricing Supplement'' that will describe the specific terms, pricing information and other information for each issue of Debt Securities.

Specified Currencies .... We may denominate and make payments of principal and interest on the Debt Securities in any of the following Specified Currencies or

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''Reference Notes,'' ''Reference Bonds,'' ''Callable Reference Notes,'' ''€Reference Securities,'' ''€Reference Notes'' and ''€Reference Bonds'' are service marks of Freddie Mac.

in another currency specified in the applicable Pricing Supplements subject to compliance with all relevant laws and regulations.

Australian dollars	New Zealand dollars
Canadian dollars	Sterling
Danish kroner	Swedish kronor
Euros	Swiss francs
Hong Kong dollars	U.S. dollars
Japanese yen (''Yen'')	

Government or monetary authorities or clearing systems may require that Debt Securities denominated in certain currencies or currency units have certain denominations or have minimum or maximum maturities. The current minimum maturity for Debt Securities listed on the Luxembourg Stock Exchange is seven days and for Debt Securities listed on the Singapore Stock Exchange is one month.

Denominations .... We will issue and maintain U.S. dollar-denominated Debt Securities in minimum principal amounts and additional increments of U.S. $1,000, unless otherwise indicated in the related Pricing Supplement. We will issue and maintain €Reference Securities in minimum principal amounts and additional increments of €1,000, unless otherwise indicated in the related Pricing Supplement. The denominations for all other non-U.S. dollar denominated Debt Securities will be as set forth in the applicable Pricing Supplement.

Unless otherwise permitted by then current laws and regulations, Debt Securities (including Debt Securities denominated in Sterling), in respect of which the issue proceeds are to be accepted by us in the United Kingdom, must have a minimum denomination of £100,000 (or its equivalent in other currencies), unless such Debt Securities may not be redeemed until the third anniversary of their date of issue and are to be listed on an EEA Exchange (as defined in the Banking Act Regulations) (an ''EEA Exchange'').

Redemption and Repayment .... We may have the option to redeem some Debt Securities, in whole or in part, before their Maturity Dates. Also, holders of some Debt Securities may have the option to require repayment of their Debt Securities, in whole or in part, before their Maturity Dates. The Pricing Supplement for an issue of Debt Securities will say whether the Debt Securities are redeemable at our option or repayable at your option and will describe the redemption or repayment right.

Unless otherwise permitted by then current laws and regulations, Debt Securities (including Debt Securities denominated in Sterling), in respect of which the issue proceeds are to be accepted by us in the United Kingdom, must have a minimum redemption amount of £100,000 (or its equivalent in other currencies), unless such Debt Securities may not be redeemed until the third anniversary of their date of issue and are to be listed on an EEA Exchange.

Payment Terms .... The related Pricing Supplement will specify the payment terms of the Debt Securities.

Principal.................... The principal amount payable at maturity or upon redemption or repayment may be a fixed amount, which may be at par or a specified amount above or below par. The principal amount payable at maturity also may be a variable amount determined by reference to one or more indices, such as interest or exchange rate indices, or other formulas. The principal may be amortized through periodic payments during the term of the Debt Securities.

Interest..................... Debt Securities may bear interest at fixed or variable rates (or a combination of fixed and variable rates), or may bear interest that is indexed by reference to an interest or currency exchange rate or in some other manner, or may not bear interest.

Stripping	We may provide that some Debt Securities may be stripped into interest and principal components.
Form of Debt Securities	We will issue Debt Securities in either book-entry form or registered form and not in bearer form.
Book-Entry Debt Securities	Debt Securities denominated and payable in U.S. dollars that are issued in book-entry form on the book-entry system (''Fed Book-Entry System'') of the U.S. Federal Reserve Banks (singly, a ''Federal Reserve Bank'' and collectively, the ''Federal Reserve Banks''). Debt Securities on the Fed Book-Entry System may be held of record only by entities eligible to maintain book-entry accounts with a Federal Reserve Bank (''Fed Participants''). Holders may not exchange Book-Entry Debt Securities for definitive Debt Securities.
Registered Debt Securities	Debt Securities that are not Book-Entry Debt Securities. We generally will issue Registered Debt Securities in global registered form but may issue Registered Debt Securities in definitive registered form if specified in the applicable Pricing Supplement. Holders may exchange Registered Debt Securities in global registered form for definitive Debt Securities only in the limited circumstances described in this Offering Circular. See ''Description of the Debt Securities — Registered Debt Securities — Exchange for Definitive Debt Securities.''
Fiscal Agents	The Federal Reserve Banks will act as Fiscal Agents for Book-Entry Debt Securities under a Fiscal Agency Agreement (the ''Fiscal Agency Agreement'').
Global Agent	Citibank, N.A.'s London office (''Citibank — London'') will act as the Global Agent for Registered Debt Securities under a Global Agency Agreement (the ''Global Agency Agreement'').
Clearance and Settlement	Depending on the terms of an issue of Debt Securities and where they are offered, the Debt Securities may clear and settle through one or more of the following: the Federal Reserve Banks, DTC, Euroclear, Clearstream, Luxembourg or another designated clearing system. Most Debt Securities denominated and payable in U.S. dollars, including all U.S. dollar denominated Reference Securities, will clear and settle through the Fed Book-Entry System if distributed within the United States and through Euroclear and/or Clearstream, Luxembourg if distributed outside the United States. Most Debt Securities denominated and payable in a Specified Currency other than U.S. dollars, including all €Reference Securities, will clear and settle through DTC if distributed within the United States and through Euroclear and/or Clearstream, Luxembourg, if distributed outside the United States.
Governing Law	The Debt Securities will be governed by the federal laws of the United States. The local laws of the State of New York will be deemed to reflect the federal laws of the United States, unless there is applicable precedent under federal law or the application of New York law would frustrate the purposes of the Freddie Mac Act or the Global Facility Agreement.
Tax Status	The Debt Securities and income derived from the Debt Securities generally are subject to taxation by the United States and generally are not exempt from taxation by other U.S. or non-U.S. taxing jurisdictions. Unless they establish an exemption by filing a form W-8BEN or otherwise, Non-U.S. Owners generally will be subject to United States federal income and withholding tax. See ''Certain United States Federal Tax Consequences — Non-U.S. Owners — Interest.'' We will not pay additional interest or other amounts or redeem the Debt Securities prior to maturity if any jurisdiction imposes any

withholding or other tax on payments on the Debt Securities. If any particular issue of Debt Securities is ‘‘targeted to foreign markets’’ under U.S. tax regulations, the related Pricing Supplement will describe any special tax considerations that apply.

Listing . . . . We will specify in the applicable Pricing Supplement the exchange, if any, on which we will list a particular issue of Debt Securities. We may list some Debt Securities issued under this Facility on the Luxembourg Stock Exchange or the Singapore Stock Exchange and have applied for such listings. Our application with the Luxembourg Stock Exchange applies to Debt Securities issued within twelve months of the date of this Offering Circular. We may list an issue of Debt Securities on one, both or neither of these exchanges. We may also list an issue of Debt Securities on other exchanges or no exchange at all.

Luxembourg Listing Agent: . . . . Banque Générale du Luxembourg, S.A.

Method of Distribution . . . . In general, we will sell the Debt Securities to one or more Dealers as principals for resale to investors either at a fixed price or at varying prices determined by the relevant Dealer or Dealers. These sales may be by auction or other methods. The applicable Pricing Supplement will specify the names of this Dealer or these Dealers. Alternatively, we may allow Dealers to solicit purchases of Debt Securities on an agency basis or we may sell Debt Securities directly to investors.

Offering Price . . . . Debt Securities may be offered at fixed prices equal to par, or at a discount to or premium over par, or at varying prices relating to prevailing market prices at the time of resale as determined by the applicable Dealer, as specified in the applicable Pricing Supplement.

Selling Restrictions . . . . Some jurisdictions restrict the offers and sales of Debt Securities and the distribution of offering materials. If any particular issue of Debt Securities is ‘‘targeted to foreign markets’’ under U.S. tax regulations, the Pricing Supplement for the Debt Securities will describe the selling restrictions that apply. See ‘‘Distribution Arrangements — Selling Restrictions.’’

RISK FACTORS

This section describes some of the general risks and considerations that you should examine before investing in the Debt Securities. These risks and considerations may vary depending on your particular circumstances and on various economic, interest rate and exchange rate scenarios. Therefore, you should consult your own financial and legal advisors to determine the suitability for you of a particular issue of Debt Securities.

The Debt Securities May Not Be Suitable For You

The Debt Securities are not suitable investments for all investors. Before investing in a particular issue of Debt Securities, you should:

- possess, either alone or with an investment advisor, the expertise and analytical tools necessary to evaluate, in the context of your financial situation, the particular features of the Debt Securities, the risks and benefits of investing in the Debt Securities and the effect of the Debt Securities on your overall investment portfolio;
- have sufficient financial resources and liquidity to bear the risks associated with the Debt Securities;
- understand the information contained and incorporated in this Offering Circular and any related Pricing Supplement;
- understand the terms of the Debt Securities; and
- understand any applicable legal investment restrictions.

Sophisticated institutional investors generally do not purchase complex Debt Securities as stand-alone investments. Rather, they may invest in complex Debt Securities to reduce the risk of their overall portfolio or to enhance their yield by adding an appropriate level of risk to their overall portfolio. You should not purchase any Debt Securities unless you understand and are able to bear the associated yield, market, liquidity and structure risks, including risks associated with any redemption provisions, periodic interest rate adjustments and exchange rates and controls. You should decide whether to invest in an issue of Debt Securities based on your own financial needs and the anticipated performance of the Debt Securities under a variety of economic, interest rate and exchange rate scenarios.

Structured Securities May Be Complex and Involve Greater Risks

If principal or interest on an issue of Debt Securities is either directly or inversely determined by reference to one or more interest rates, currencies (including exchange rates and swap indices between currencies or currency units) or other indices or formulas, then an investment in the Debt Securities would entail significant risks not associated with an investment in a conventional fixed rate debt security. These risks include the possibility that:

- the applicable index or indices may change significantly;
- changes in the applicable index or indices may not correlate with changes in interest rates or currencies generally or with changes in other indices;
- changes in the applicable index or indices will be magnified or diminished if the Debt Securities' principal or interest formula contains a leverage factor or a deleverage factor;
- the applicable index or indices may be subject to maximum (''Cap'') or minimum (''Floor'') interest rate or exchange rate limitations;
- the timing of changes in an applicable index or indices may affect your actual yield, even if the average level is consistent with your expectations (in general, the earlier the change in the applicable index or indices, the greater the effect on yield);

- two or more indices or formulas that you may expect to move in tandem or in some other relationship to each other may unexpectedly converge, diverge or otherwise not move as expected;
- currency devaluations may occur or monetary authorities may impose or modify currency exchange controls;
- the resulting interest rate may be less than the interest rate payable on a conventional fixed rate debt security we issued at the same time and, in some cases, may be as low as zero;
- you may receive repayments of principal at times other than you expect;
- you may lose all or a substantial portion of the principal of your Debt Security (whether payable at maturity, upon redemption or otherwise); and
- the value of Debt Securities with complex formulas or other terms may be volatile.

These risks may depend on a number of interrelated factors that we cannot control, including financial, economic and political events. In recent years, certain interest rates, currencies, currency units, exchange rates and indices have been highly volatile. This volatility may continue in the future. Past fluctuations in any particular interest rate, currency, currency unit, exchange rate or index do not necessarily indicate the fluctuations that may occur in the future.

You should have knowledge of, and access to, appropriate analytical tools to evaluate quantitatively the effect of the particular features of the Debt Securities you are considering purchasing and the resulting effects upon their yields and values.

Exchange Rate Risks and Exchange Controls May Affect the Timing or Amount of Interest and Principal Paid on Your Debt Securities

We will denominate each issue of Debt Securities in one or more Specified Currencies in which we will pay principal and any interest. We may determine the amount of principal or interest payments on an issue of Debt Securities by reference to one or more Specified Currencies (including exchange rates and swap indices between currencies or currency units) that may be different from the denominated Specified Currency. You may conduct your financial activities in a currency other than the Debt Securities' denominated Specified Currencies or other than the Specified Currencies that determine the amount of the Debt Securities' principal or interest payments. In those cases, an investment in the Debt Securities involves more risks than if the Debt Securities were denominated in or indexed solely to your currency. These risks include the possibility that:

- the rate of exchange between the applicable Specified Currency and your currency may change significantly (including changes as a result of devaluation of the Specified Currency or revaluation of your currency);
- changes in exchange rates may decrease the effective yield on the Debt Securities and, in certain circumstances, you could lose all or a substantial portion of the principal of the Debt Securities;
- if the value of your currency appreciates relative to the value of the applicable Specified Currency, the yield on the Debt Securities, the value of payments on the Debt Securities and the market value of the Debt Securities all would decrease in terms of your currency. A depreciation in the value of your currency relative to the value of the applicable Specified Currency would have the opposite effect; and
- authorities with jurisdiction over the applicable Specified Currency or your currency may impose or modify currency exchange controls.

In recent years, certain exchange rates and indices have been highly volatile. This volatility may continue in the future. Past fluctuations in any particular exchange rate or index, however, do not necessarily indicate the fluctuations that may occur in the future.

Government and monetary authorities have imposed, and may impose in the future, exchange controls that could affect exchange rates as well as the availability of the applicable Specified Currency when payments of principal or interest are due on an issue of Debt Securities. Even in the absence of actual exchange controls, it is possible that when payments on a particular issue of Debt Securities are due:

- the government issuing the applicable Specified Currency (or any successor to that Specified Currency) may no longer use the Specified Currency (or any successor currency);
- the international banking community may no longer use the applicable Specified Currency (or any successor currency) to settle transactions; and
- the applicable Specified Currency (or any successor currency) may no longer be available for some other reason.

In these cases, we generally will be entitled to satisfy our obligations on the Debt Securities in U.S. dollars. In addition, under certain circumstances, we may make payments in Euros for Debt Securities originally denominated in currencies replaced by the Euro. See ''Description of the Debt Securities — General — Specified Currencies and Specified Payment Currencies — Unavailability.''

Various Factors Could Adversely Affect the Trading Value and Yield of Your Debt Securities

Secondary Markets and Market Values

The Debt Securities generally will not have an established trading market when issued. Certain Dealers have advised us that they intend to use reasonable efforts to make a secondary market in the Debt Securities that they offer, but, in general, they are not obligated to do so. These Dealers may discontinue any such secondary market making at any time without notice. Consequently:

- a secondary market for any of the Debt Securities may not develop, particularly for those Debt Securities that are especially sensitive to interest rate or market risks or are structured to meet the investment requirements of limited categories of investors; or
- if it develops, such a market may not be liquid at all times.

As a result, you may not be able to sell your Debt Securities easily or at prices comparable to similar instruments with a developed secondary market. If you are seeking to purchase or sell very small or very large amounts of Debt Securities, you may not be able to do so at prices comparable to those available to other investors.

The market values of the Debt Securities likely will fluctuate over time, perhaps significantly. These fluctuations could cause significant losses to investors in Debt Securities, especially to those investors who cannot hold their Debt Securities until maturity. The market prices of instruments issued at either a substantial discount (such as Zero Coupon Debt Securities) or a substantial premium (such as Debt Securities with significantly above-market interest rates) from their principal amount tend to fluctuate more in relation to general changes in interest rates than do the prices of securities with comparable maturities that are not issued at such a discount or premium.

A number of factors may affect any secondary market for, and the market value of, an issue of Debt Securities, including:

- the creditworthiness of Freddie Mac;
- the value, complexity and volatility of any applicable index or indices;
- the method of calculating principal or interest payments on the Debt Securities;
- the remaining time to maturity of the Debt Securities;
- any redemption or repayment features of the Debt Securities;
- the outstanding amount of the Debt Securities;
- the amount of other securities linked to any applicable index or indices;

- the amount of Debt Securities being sold in any secondary market from time to time;
- the subordinated status or other terms of any Subordinated Debt Securities;
- the stability of U.S. and non-U.S. currencies;
- any legal restrictions or tax treatment that limits demand for the Debt Securities;
- the availability of comparable securities;
- fluctuations in the ''spread'' of the Debt Securities to comparable U.S. Treasury securities; and
- the level, direction and volatility of market interest rates generally.

You should not purchase any Debt Securities unless you understand and can bear the risks that you may not be able to resell them easily, that their value will fluctuate over time and that these fluctuations may be significant and cause significant losses to you. Illiquidity may have a severely adverse effect on the market values of the Debt Securities. These risks of limited liquidity and price volatility are greatest for Debt Securities that are:

- especially sensitive to interest rate, currency or market risks;
- designed for specific investment objectives or strategies;
- structured to meet the investment requirements of limited categories of investors; or
- not held until maturity.

Subordinated Debt Securities

If specified in the applicable Pricing Supplement, the indebtedness represented by Subordinated Debt Securities and the payment of principal of and interest on these Subordinated Debt Securities may be subordinated to prior payment in full of all of our ''Senior Obligations'' which are due and payable. Therefore, we will not be permitted to make any payments of principal of or interest on the Subordinated Debt Securities while we are in default on any of our Senior Obligations. In the event of a liquidation or dissolution of Freddie Mac, our assets would not be available to pay obligations under the Subordinated Debt Securities until our Senior Obligations have been paid in full. Such Senior Obligations will be identified by category in the applicable Pricing Supplement.

In addition, there may be other terms applicable to specific offerings of Subordinated Debt Securities that would defer, limit or suspend our obligation to make any payment of principal of or interest on these Subordinated Debt Securities under certain specified conditions. Moreover, Events of Default that apply to Senior Obligations may not necessarily be Events of Default for Subordinated Debt Securities. As a result, the Holders of Subordinated Debt Securities may not have the same acceleration rights as Holders of other Debt Securities. See ''Global Facility Agreement — Events of Default'' and '' — Rights Upon Event of Default''. The terms and conditions of any issue of Subordinated Debt Securities will be described in the applicable Pricing Supplement.

Redeemable Debt Securities

We will have the option to redeem the Debt Securities after a specified date if we so provide in the related Pricing Supplement. The redemption price typically is 100% of the principal amount plus accrued interest, in the case of Debt Securities that bear interest, and the accreted value to the redemption date, in the case of Zero Coupon Debt Securities. These optional redemption provisions are likely to restrict the market values that the Debt Securities would otherwise have. For example, the market price of the Debt Securities generally will not rise substantially above the redemption price during (and possibly before) any period when we may redeem the Debt Securities because of the increased likelihood of redemption. If we redeem a portion of an issue of Debt Securities, the market for the Debt Securities left outstanding may become less liquid.

In general, we are most likely to redeem Debt Securities when prevailing interest rates and our costs of borrowing are relatively low and are least likely to redeem Debt Securities when prevailing interest rates and our borrowing costs are relatively high. Our decision to redeem or not to redeem an issue of Debt Securities may also be affected by any related hedge or derivative position that we hold. If we redeem the Debt Securities when prevailing interest rates are relatively low, you may not be able to reinvest the redemption proceeds in comparable securities with similar yields.

Some Debt Securities may be redeemable at a variable amount determined by reference to one or more interest rate, exchange rate or other indices. The redemption proceeds of those Debt Securities will vary depending on the level of the applicable index, and you may receive less than 100% of your original principal amount upon redemption.

Fixed Rate and Zero Coupon Debt Securities

Fixed Rate Debt Securities, if held to maturity, will provide return of their principal and the certainty of interest payments at a fixed rate. Similarly, Zero Coupon Debt Securities, if held to maturity, will provide return of their principal, including return of the applicable discount. However, the market values of Fixed Rate and Zero Coupon Debt Securities are likely to fluctuate with changes in prevailing interest rates.

The market values of Fixed Rate and Zero Coupon Debt Securities generally will rise in a falling interest rate environment and will fall in a rising interest rate environment. This fluctuation creates risk of loss of investment capital if you sell these Debt Securities prior to maturity. This effect on market values is generally greater for Debt Securities having relatively long remaining terms to maturity than for Debt Securities that have relatively short remaining terms to maturity.

The market values of Zero Coupon Debt Securities and other Debt Securities issued at substantial discounts tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer their remaining term, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Step Debt Securities

Step Debt Securities provide for one or more prescribed increases (or decreases) in their interest rates at specified dates. However, we may have the option to redeem Step Debt Securities at the beginning of or during a step period. Therefore, you should consider the likelihood that we will redeem Step Debt Securities if their subsequent interest rates exceed the interest rates then available to us for comparable borrowings.

Although the interest rate on a Step Debt Security may increase on the specified dates, the increased interest rate may be below the interest rate that you would receive on newly issued but otherwise comparable instruments.

Variable Rate Debt Securities

If the interest rate on a Variable Rate Debt Security bears a direct relationship to a specified index, lower than anticipated levels of the index could result in actual yields that are lower than anticipated. Conversely, if the interest rate on a Variable Rate Debt Security bears an inverse relationship to a specified index, higher than anticipated levels of the index could result in actual yields that are lower than anticipated.

Inverse Variable Rate Debt Securities have an interest rate equal to a fixed rate minus a rate based upon an applicable index. The market values of inverse Variable Rate Debt Securities typically are more volatile than market values of our conventional Variable Rate Debt Securities based on the same applicable index (and with otherwise comparable terms). Inverse Variable Rate Debt Securities are more volatile because an increase in the applicable index not only decreases the interest rate of the inverse Variable Rate Debt Security, but also often reflects an increase in prevailing interest rates, which further adversely affects the market value of these Debt Securities.

The indices applicable to Variable Rate Debt Securities are not likely to remain constant at any level. The timing of a change in the level of an applicable index may affect the actual yield you receive, even if the average level is consistent with your expectation. In general, the earlier a change in the level of an applicable index, the greater the effect on your yield, especially for Debt Securities that provide for repayment of principal at one or more times prior to maturity. As a result, the effect on the yield you receive of an index that is lower (or higher) than the rate anticipated during earlier periods is not likely to be offset by a later equivalent increase (or reduction). Moreover, changes in the index applicable to a particular Variable Rate Debt Security may not correlate with changes in interest rates generally or with changes in other indices. Your yield could be either adversely or positively affected if changes in the index applicable to your Debt Security do not reflect changes in interest rates generally.

The interest rate formula for a Variable Rate Debt Security may include a multiplier that is applied to an index in determining the applicable interest rate. In general, a multiplier of greater than one will cause changes in the interest rate of the Debt Security to be more pronounced than changes in the value of the applicable index, while a multiplier of less than one will have the opposite effect. Variable Rate Debt Securities with multipliers of greater than one are ''leveraged,'' and those with multipliers of less than one are ''deleveraged.''

In general, the volatility associated with the level of an applicable index is higher for leveraged Debt Securities and lower for deleveraged Debt Securities. For example, the interest rate of a leveraged Variable Rate Debt Security bearing an inverse relationship to a specified index generally will decline sharply as the value of the applicable index increases. By contrast, the interest rate of a deleveraged Variable Rate Debt Security bearing an inverse relationship to a specified index generally will decline more slowly as the value of the applicable index increases.

Investors in Variable Rate Debt Securities should consider the effects on their interest rates and yields of any applicable Caps or Floors and of any delays in periodic interest rate adjustments. The market values of Variable Rate Debt Securities with Caps or Floors generally are more volatile than those of Variable Rate Debt Securities linked to the same applicable index without Caps or Floors, especially when the applicable index approaches or passes the Cap or Floor.

Fixed/Variable Rate Debt Securities

Some Fixed/Variable Rate Debt Securities may bear interest at a rate that we may elect to convert from a fixed rate to a variable rate, or from a variable rate to a fixed rate. Our ability to convert the interest rate will affect the secondary market and the market values of the Debt Securities since we may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If we convert from a fixed rate to a variable rate, the ''spread'' above or below the applicable index may be less favorable than the prevailing spreads on our conventional Variable Rate Debt Securities tied to the same index. In addition, the new variable rate at any time may be lower than the rates on our other Variable Rate Debt Securities. If we convert from a variable rate to a fixed rate, the fixed rate may be lower than then prevailing rates on our other Fixed Rate Debt Securities.

Debt Securities Eligible for Stripping

Some issues of Fixed Rate Debt Securities and Step Debt Securities will be eligible to be separated (''stripped'') into Interest Components and Principal Components. The secondary market, if any, for the Components may be more limited and have less liquidity than the secondary market for Debt Securities of the same issue that have not been stripped. The liquidity of an issue of Debt Securities also may be reduced if a significant portion of the Debt Securities are stripped. See ''Description of the Debt Securities — General — Interest Payments — Stripped Debt Securities'' for more information on stripping.

Legal Investment Considerations May Restrict Certain Investors

You should consult your own legal advisors in determining whether the Debt Securities are legal investments for you and whether you can pledge the Debt Securities as collateral for various types of borrowings. In addition, if you are a financial institution, you should consult your legal advisors or regulators to determine how to treat Debt Securities under any applicable risk-based capital or similar rules.

Certain legal investment laws and regulations or regulatory authorities may restrict an institution's investment in certain types of Debt Securities or in Debt Securities generally. An institution under the jurisdiction of regulatory agencies should review any applicable regulations, policy statements and guidelines before purchasing or pledging Debt Securities.

Credit Ratings May Not Reflect All Risks

Rating agencies may assign credit ratings to the Debt Securities. Any credit ratings assigned to Debt Securities may not reflect the potential impact of all risks related to structure, yield, market, liquidity and other factors affecting their value. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency.

DESCRIPTION OF THE DEBT SECURITIES

The Debt Securities will be issued under Section 306(a) of the Freddie Mac Act, the Global Facility Agreement and the related Pricing Supplement. Copies of the Global Facility Agreement and any applicable Pricing Supplement are available as described under ''Available Information.'' By receiving and accepting a Debt Security, or an interest in a Debt Security, you agree to be bound by the terms and conditions of the Global Facility Agreement, as supplemented or amended from time to time. See ''Global Facility Agreement — Binding Effect of the Global Facility Agreement.''

As a condition to our payment on a Debt Security or to the transfer or exchange of a Debt Security, we may require the Holder of the Debt Security to present a certificate in a prescribed form to enable us to determine our duties and liabilities for any taxes or other charges required to be deducted or withheld under United States law or any reporting or other requirements as described in ''Certain United States Federal Tax Consequences.''

The Debt Securities are obligations of Freddie Mac only. The Debt Securities, including any interest or return of discount on the Debt Securities, are not guaranteed by and are not debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac.

General

We may issue Debt Securities from time to time under the Facility in an unlimited amount. The Debt Securities may be issued as:

- Reference Securities, which are U.S. dollar or Euro denominated, regularly scheduled issues in large principal amounts. Our current Reference Securities are:
    - Reference Notes — U.S. dollar denominated, non-callable Debt Securities with maturities of one to ten years
    - Callable Reference Notes — U.S. dollar denominated, callable Debt Securities with maturities of one to ten years
    - Reference Bonds — U.S. dollar denominated, non-callable Debt Securities with maturities of more than ten years
    - €Reference Notes — Euro denominated, non-callable Debt Securities with maturities of one to ten years

- €Reference Bonds — Euro denominated, non-callable Debt Securities with maturities of more than ten years

Issuances may consist of new issues of Reference Securities or reopenings of an existing issue.

- We may issue other Debt Securities, denominated in U.S. dollars or other currencies, with maturities of one day or longer. These Debt Securities will have various terms, as described in this Offering Circular and any applicable Pricing Supplement, and may be:
  - Notes — callable or non-callable Debt Securities with maturities of one to ten years
  - Bonds — callable or non-callable Debt Securities with maturities of more than ten years

We will issue the Debt Securities in book-entry, global registered or definitive registered form. The Federal Reserve Banks will act as fiscal agents for Book-Entry Debt Securities under the Fiscal Agency Agreement between Freddie Mac and the Federal Reserve Bank of New York (''FRBNY''), acting on behalf of the Federal Reserve Banks. Citibank—London will act as Global Agent for Registered Debt Securities under the Global Agency Agreement between Freddie Mac and Citibank, N.A., acting through Citibank — London.

Specified Currencies and Specified Payment Currencies

We will denominate and make payment for each Debt Security in one or more currencies or currency units (each, a ''Specified Currency'') as specified in the applicable Pricing Supplement. Book-Entry Debt Securities will be denominated and payable in U.S. dollars only.

Except under the limited circumstances referred to in ''Description of the Debt Securities — General — Specified Currencies and Specified Payment Currencies — Unavailability,'' we will make payments of any interest on Debt Securities in the Specified Currency designated for interest payments (the ''Specified Interest Currency'') and will make payments of the principal of Debt Securities in the Specified Currency designated for principal payments (the ''Specified Principal Currency''). The Specified Interest Currency and Specified Principal Currency together constitute the ''Specified Payment Currency.'' See ''Description of the Debt Securities — Book-Entry Debt Securities — Payments'' and ''Description of the Debt Securities — Registered Debt Securities — Payments.'' However, any amounts we pay to a Holder in the United States on DTC Registered Debt Securities in a Specified Payment Currency other than U.S. dollars will be converted into U.S. dollars as described under ''Currency Conversions — Payment on DTC Registered Debt Securities,'' unless the Holder elects to receive payments in the Specified Payment Currency.

Government or monetary authorities, applicable laws or stock exchange regulations may prescribe denominations or minimum or maximum maturities for some Debt Securities. We describe some requirements in this Offering Circular. We will describe any additional requirements for an issue of Debt Securities in the Pricing Supplement.

European Economic and Monetary Union

The treaty establishing the European Community (the ''EC''), as amended by the treaty on European Union (as so amended, the ''Treaty''), contemplated that European economic and monetary union (''EMU'') would occur in three stages. The Treaty provided that the third stage of EMU would start January 1, 1999 and on that date the currencies of certain participating member states, as determined by the Council of the European Union, were replaced for interbank transfers by a single currency, the ''Euro.'' As of the date of this Offering Circular, the participating member states were Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. Complete replacement of member currencies is anticipated by December 2001.

Unavailability

Except as set forth below, if a Specified Currency other than U.S. dollars is not available to us for making required payments due to the imposition of exchange controls, its replacement or disuse or other circumstances beyond our control, then we will be entitled to satisfy our obligations to Holders of the Debt Securities by making payments in U.S. dollars on the basis of the noon U.S. dollar buying rate in New York City for cable transfers for the Specified Currency published by the FRBNY on the date of such payment, or, if that currency exchange rate is not available on that date, as of the most recent prior practicable date.

For Debt Securities designated in a Specified Currency that is replaced by the Euro as described under ''Description of the Debt Securities — General — Specified Currencies and Specified Payment Currencies — European Economic and Monetary Union'' above, however, we may at our option (or will, if so required by applicable law), without the consent of the Holders of the Debt Securities, make payments in Euros in lieu of the Specified Currency, in conformity with legally applicable measures taken pursuant to, or by virtue of, the Treaty or other applicable legal or regulatory requirements.

Any payment made in U.S. dollars or in Euros as described above where the required payment is in an unavailable or replaced Specified Currency will not constitute an Event of Default.

Denominations

We will issue and maintain U.S. dollar denominated Debt Securities in minimum denominations of U.S. $1,000 and additional increments of U.S. $1,000, unless otherwise specified in the applicable Pricing Supplement or otherwise required by law. In the case of Zero Coupon Debt Securities, denominations will be expressed in terms of the principal amount payable on the Maturity Date. Unless otherwise specified in the applicable Pricing Supplement, we will issue and maintain €Reference Securities in minimum denominations of €1,000 and additional increments of €1,000.

Unless otherwise permitted by then current laws and regulations, Debt Securities (including Debt Securities denominated in Sterling), in respect of which the issue proceeds are to be accepted by us in the United Kingdom, must have a minimum denomination of £100,000 (or its equivalent in other currencies), unless such Debt Securities may not be redeemed until the third anniversary of their date of issue and are to be listed on an EEA Exchange.

Status of Debt Securities

The Debt Securities will be unsecured general obligations of Freddie Mac or, if specified in the applicable Pricing Supplement, unsecured subordinated obligations of Freddie Mac. See ''Risk Factors — Various Factors Could Adversely Affect the Trading Value and Yield of Your Debt Securities — Subordinated Debt Securities.'' The Global Facility Agreement does not limit other indebtedness or securities that we may incur or issue and does not contain any financial or similar restrictions on us or any restrictions on our ability to secure indebtedness.

Maturity, Redemption and Optional Repayment

Each Debt Security will mature on a date (the ''Maturity Date'') one day or longer from its issue date, as specified in the applicable Pricing Supplement, unless redeemed earlier at our option or repaid at your option. As of the date of this Offering Circular, the minimum maturity for Debt Securities listed on the Luxembourg Stock Exchange is seven days and for Debt Securities listed on the Singapore Stock Exchange is one month. We may issue Debt Securities with any minimum or maximum maturities or variable maturities allowed or required from time to time by the relevant regulatory or stock exchange authority or clearing system or any laws or regulations applicable to the Specified Currency.

The principal amount payable on the Maturity Date or upon redemption or repayment of a Debt Security will be either:

- a fixed amount (the ''Fixed Principal Repayment Amount'') equal to 100% of the principal amount (*i.e.*, par), or a specified amount above or below that principal amount; or
- an amount (the ''Variable Principal Repayment Amount'') determined by reference to one or more interest rate or exchange rate indices or otherwise.

In addition, we may issue ''Amortizing Debt Securities'' where we make periodic payments of principal during their terms as described in the related Pricing Supplement. Amortizing Debt Securities may bear interest at fixed or variable rates.

If we so provide in the Pricing Supplement, an issue of Debt Securities may be redeemable or repayable before maturity:

- in whole or from time to time in part as applicable;
- on one or more specified dates;
- at any time on or after a specified date; or
- during one or more specified periods of time.

The redemption or repayment price will be determined as described in the applicable Pricing Supplement.

Unless otherwise permitted by then current laws and regulations, Debt Securities (including Debt Securities denominated in Sterling), in respect of which the issue proceeds are to be accepted by us in the United Kingdom, must have a minimum redemption amount of £100,000 (or its equivalent in other currencies), unless such Debt Securities may not be redeemed until the third anniversary of their date of issue and are to be listed on an EEA Exchange.

Unless a different notice period is specified in the applicable Pricing Supplement, we will give you notice of optional redemption from 10 to 60 calendar days before the redemption date in the manner described under ''Global Facility Agreement — Notice.''

If we redeem a portion of an issue of Book-Entry Debt Securities, we will redeem a pro rata portion of them. If we redeem a portion of an issue of Registered Debt Securities, the Global Agent will reduce one or more of the Registered Debt Securities in the amount of the redemption, ensuring that the principal amount of each Registered Debt Security remains in an authorized denomination. The effect of any partial redemption of an issue of Registered Debt Securities on their Beneficial Owners will depend on the procedures of the applicable clearing system and, if applicable, on the procedures of the participants through which the Beneficial Owners hold their interests.

Interest Payments

Debt Securities may bear interest at one or more fixed rates or variable rates or may not bear interest. We will specify in the applicable Pricing Supplement whether a Debt Security is a Fixed Rate Debt Security, a Step Debt Security, a Variable Rate Debt Security, a Fixed/Variable Rate Debt Security, a Zero Coupon Debt Security or otherwise. Each type of Debt Security is defined below:

- ''Fixed Rate Debt Securities'' are Debt Securities that bear interest at a single fixed rate.
- ''Step Debt Securities'' are Debt Securities that bear interest at different fixed rates in different specified periods.
- ''Variable Rate Debt Securities'' are Debt Securities that bear interest at a variable rate determined by reference to one or more interest rate or exchange rate indices, or otherwise.

- ‘‘Fixed/Variable Rate Debt Securities’’ are Debt Securities that bear interest at a fixed rate for one or more periods and at a variable rate for other periods.

- ‘‘Zero Coupon Debt Securities’’ are Debt Securities that do not bear interest and are issued at a discount to their principal amount.

If the applicable Pricing Supplement provides, Debt Securities may be separated by a Holder into an interest component that includes the right to receive all interest payments, or specified portions of interest, and a principal component that includes the right to receive principal payments only or payments of principal and specified portions of interest.

The applicable Pricing Supplement will specify the frequency with which interest, if any, is payable on the related Debt Securities. Interest on Debt Securities will be payable in arrears on each date specified in the applicable Pricing Supplement (each an ‘‘Interest Payment Date’’). Zero Coupon Debt Securities will not bear interest.

Each issue of interest-bearing Debt Securities will bear interest (1) from and including the most recent Interest Payment Date or, if no interest has been paid or made available for payment on the issue of Debt Securities, from and including the date on which we issue the Debt Securities (‘‘Issue Date’’) or other date specified in the applicable Pricing Supplement and (2) to but excluding the next Interest Payment Date or the applicable Principal Payment Date (each such period is an ‘‘Interest Payment Period’’). The Maturity Date or, if applicable, earlier date of redemption or repayment is the ‘‘Principal Payment Date’’ for the principal of Debt Securities redeemable or repayable on that date. No interest will accrue on the principal of any Debt Security on or after the Principal Payment Date.

The Calculation Agent’s determination of the interest rate on, or any index in relation to, a Variable Rate Debt Security, and the determination of any payment on any Debt Security (or any interim calculation in the determination of an interest rate, index or payment) will be final and binding on all parties, absent manifest error. See ‘‘Description of the Debt Securities — General — Corrections’’ below.

Interest on any Debt Security accrues on the then outstanding principal amount. Payments on Debt Securities will be rounded, in the case of U.S. dollars, to the nearest cent or, in the case of any other Specified Payment Currency, to the nearest smallest transferable unit (with one-half cent or unit being rounded upwards).

If any jurisdiction imposes any withholding or other tax, we will not pay additional interest or other amounts, or redeem the Debt Securities prior to maturity, as a result.

Fixed Rate Debt Securities

The Pricing Supplement will specify the single fixed interest rate per annum on a Fixed Rate Debt Security. Unless we otherwise specify in the Pricing Supplement, we compute interest on a Fixed Rate Debt Security on the basis of a 360-day year consisting of twelve 30-day months.

Step Debt Securities

Each Step Debt Security will bear interest from its Issue Date to a specified date at its initial fixed interest rate and then at one or more different fixed interest rates. A Step Debt Security can have one or more step periods. Step Debt Securities may contain provisions giving us the option to redeem them before, at the beginning of or during a step period. The Pricing Supplement will specify the fixed interest rate payable for each step period from issuance to maturity. Unless we otherwise specify in the Pricing Supplement, we compute interest on a Step Debt Security on the basis of a 360-day year consisting of twelve 30-day months.

Variable Rate Debt Securities

Variable Rate Debt Securities will bear interest at a variable rate determined on the basis of either a direct or an inverse relationship to one or more specified interest rate or exchange rate indices, or otherwise. Variable Rate Debt Securities also may bear interest in any other manner described in the applicable Pricing Supplement.

Variable Rate Debt Securities may bear interest at a variable rate determined by reference to one or more indices (1) plus or minus a Spread, if any, or (2) multiplied by one or more Multipliers, if any. We will specify the applicable index and any Spread or Multiplier in the Pricing Supplement for an issue of Variable Rate Debt Securities. A ''Spread'' means a constant or variable number to be added to or subtracted from the relevant index or formula. A ''Multiplier'' means a constant or variable number (which may be greater or less than one) to be multiplied by the relevant index or formula.

Variable Rate Debt Securities also may have either or both of the following:

- a Cap on the rate at which interest may accrue during any Interest Reset Period; and
- a Floor on the rate at which interest may accrue during any Interest Reset Period.

We will specify in the applicable Pricing Supplement the accrual method (*i.e.*, the day count convention) for calculating interest or any other relevant accrual factor on the related Variable Rate Debt Securities and may incorporate one or more of the following defined terms:

- ''Actual/360'' means a calculation on the basis of the actual number of days elapsed in a year of 360 days.
- ''Actual/365 (fixed)'' means a calculation on the basis of the actual number of days elapsed in a year of 365 days, regardless of whether accrual or payment occurs during a calendar leap year.
- ''Actual/Actual'' means, for all Debt Securities except €Reference Securities and any other Debt Securities if so indicated in the applicable Pricing Supplement, a calculation on the basis of (1) the actual number of days elapsed in the Interest Payment Period divided by 365, or (2) if any portion of the Interest Payment Period falls in a calendar leap year, (A) the actual number of days in that portion divided by 366 plus (B) the actual number of days in the remaining portion, if any, divided by 365. For €Reference Securities or if so indicated in the applicable Pricing Supplement, ''Actual/Actual'' means a calculation in accordance with the definition of ''Actual/Actual'' adopted by the International Securities Market Association (''ISMA'') (''Actual/Actual (ISMA)''), which means that we will calculate payments of interest on the following basis:

  (1) where the number of days in the relevant Interest Payment Period is equal to or shorter than the Determination Period during which such Interest Payment Period ends, the number of days in such Interest Payment Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Interest Payment Dates that would occur in one calendar year; or

  (2) where the Interest Payment Period is longer than the Determination Period during which the Interest Payment Period ends, the sum of:

    (A) the number of days in such Interest Payment Period falling in the Determination Period in which the Interest Payment Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Interest Payment Dates that would occur in one calendar year; and

    (B) the number of days in such Interest Payment Period falling in the next Determination Period divided by the product of (x) the number of days in such

Determination Period and (y) the number of Interest Payment Dates that would occur in one calendar year;

where ''Determination Period'' means the period from and including one Calculation Date to but excluding the next Calculation Date and ''Calculation Date'' means, in each year, each of those days in the calendar year that are specified in the applicable Pricing Supplement as being the scheduled Interest Payment Dates regardless, for this purpose, of whether any such date is in fact an Interest Payment Date and, for the avoidance of doubt, a ''Calculation Date'' may occur prior to the Issue Date or after the last Principal Payment Date.

We will also specify in the Pricing Supplement how frequently the rate of interest will reset and the dates on which a new rate of interest becomes effective (each, a ''Reset Date'').

If the interest rate will reset within an Interest Payment Period, then:

- the interest rate in effect on the sixth Business Day preceding an Interest Payment Date will be the interest rate for the remainder of that Interest Payment Period; and
- the first day of each Interest Payment Period also will be a Reset Date.

Variable Rate Debt Securities may bear interest prior to the initial Reset Date at an initial interest rate specified in the related Pricing Supplement. If so, then the first day of the initial Interest Payment Period will not be a Reset Date.

Each period beginning on the applicable Reset Date and ending on the calendar day preceding the next Reset Date is an ''Interest Reset Period.'' The rate of interest applicable to each Interest Reset Period will be determined as described below under *''LIBOR,'' ''EUR-LIBOR,'' ''EURIBOR''* or as otherwise described in the applicable Pricing Supplement.

If the rate of interest on a Variable Rate Debt Security will reset within an Interest Payment Period, we will calculate accrued interest by multiplying the principal amount of the Variable Rate Debt Security by an accrued interest factor. Unless we otherwise specify in the applicable Pricing Supplement, we will calculate this accrued interest factor by adding the interest factor for each Interest Reset Period in such Interest Payment Period and rounding the sum to nine decimal places. The interest factor for each such Interest Reset Period will be computed by (1) multiplying the number of days in the Interest Reset Period by the interest rate (expressed as a decimal) applicable to that Interest Reset Period and (2) dividing the product by the number of days in the year referred to in the accrual method specified in the applicable Pricing Supplement.

If the source of an index changes in format, but the Calculation Agent determines that the index source continues to disclose the information necessary to determine the related interest rate substantially as required, the Calculation Agent will amend the procedure for obtaining information from that source to reflect the changed format.

The Calculation Agent's determination of an index value or interest rate will be final and binding on all parties, absent manifest error. The ''Calculation Agent'' will be Freddie Mac or a bank or broker-dealer designated by Freddie Mac, as specified in the related Pricing Supplement. See ''Description of the Debt Securities — General — Corrections'' below.

Information concerning the current interest rate on an issue of Variable Rate Debt Securities will be available from us by contacting our Debt Securities Marketing Office as shown under *''Available Information''* and, if we are not the Calculation Agent, from the Calculation Agent. In addition, if required by any exchange where an issue of Variable Rate Debt Securities is listed, the Calculation Agent will provide the exchange with (1) the interest rate for the applicable Interest Reset Period, (2) the amount of interest on the minimum denomination for the issue that would accrue through the last day of the Interest Reset Period and (3) the last day of such Interest Reset Period, as required and in no event later than two Business Days after their determination. These interest amounts may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Reset Period.

Indices

We will specify the applicable interest rate index in the Pricing Supplement for an issue of Variable Rate Debt Securities. The provisions set forth below under the heading of the specific interest rate index will apply to the related Variable Rate Debt Securities.

LIBOR

''LIBOR'' means the daily average of the London interbank offered rates for Deposits in the Index Currency having the Index Maturity, as determined by the Calculation Agent. If we specify LIBOR as the interest rate for Variable Rate Debt Securities, the following provisions will apply:

LIBOR for any Reset Date will be (in the following order of priority):

(1) the rate that appears, at 11:00 a.m. (London time) on the LIBOR Determination Date, on the Designated Telerate Page for Deposits in the Index Currency having the Index Maturity;

(2) if a rate does not so appear, then LIBOR will be the rate that appears, at 11:00 a.m. (London Time) on the LIBOR Determination Date, on the Designated Reuters Page for Deposits in the Index Currency having the Index Maturity;

(3) if a rate does not so appear, the Calculation Agent will request the principal London offices of four leading banks in the London interbank market selected by the Calculation Agent (after consultation with Freddie Mac, if we are not then acting as Calculation Agent) to provide its offered quotation to prime banks in the London interbank market for Deposits in the Index Currency having the Index Maturity at 11:00 a.m. (London time) on the LIBOR Determination Date and in a Representative Amount. If at least two of those banks provide quotations, LIBOR will be the arithmetic mean (if necessary rounded upwards) of those quotations;

(4) if fewer than two of those banks provide quotations, the Calculation Agent will request four major banks in the Principal Financial Center selected by the Calculation Agent (after consultation with Freddie Mac, if we are not then acting as Calculation Agent) to provide its offered quotation to leading European banks for a loan in the Index Currency for a period of time corresponding to the Index Maturity, commencing on the Reset Date, at approximately 11:00 a.m. in the Principal Financial Center on the LIBOR Determination Date and in a Representative Amount. If at least two of those banks provide quotations, LIBOR will be the arithmetic mean (if necessary rounded upwards) of those quotations; and

(5) if fewer than two of those banks provide quotations, LIBOR will be LIBOR as determined for the immediately preceding Reset Date or, in the case of the first Reset Date, will be the rate for Deposits in the Index Currency having the Index Maturity at 11:00 a.m. (London time) on the most recent London Banking Day preceding the LIBOR Determination Date for which the rate was displayed on either the Designated Telerate Page or the Designated Reuters Page for deposits commencing on the second London Banking Day following such date (or, if the Index Currency is Sterling, commencing on that date) (and if the rate appears on both screens on that London Banking Day, using the Designated Telerate Page).

The following definitions apply only to the preceding description of LIBOR (additional definitions on page 26 also apply):

- ''Designated Reuters Page'' means the display on the Reuters Page ISDA of interbank rates from London for Deposits in the Index Currency, or any successor page or such other page (or any successor page) on that service or any successor service specified in the applicable Pricing Supplement.
- ''Designated Telerate Page'' means the display of British Bankers' Association interest settlement rates for Deposits in the Index Currency on the Bridge Telerate Capital Markets Report Page 3750 (or where the Index Currency is Australian dollars, Swiss francs or Yen, Page 3740), or any successor page or such other page (or any successor

page) on that service or any successor service specified in the applicable Pricing Supplement.

- ''Index Currency'' means the currency or currency unit specified in the related Pricing Supplement as to which LIBOR will be calculated; provided, however, that if Euros are substituted for such currency or currency unit, the Index Currency will be Euros and the determination provisions for EUR-LIBOR will apply. If no currency or currency unit is specified in the related Pricing Supplement, the Index Currency will be U.S. dollars.
- ''LIBOR Determination Date'' means the second London Banking Day preceding the applicable Reset Date unless the Index Currency is Sterling, in which case it means the applicable Reset Date.
- ''London Banking Day'' means any day on which commercial banks are open for business (including dealings in foreign exchange and deposits in the Index Currency) in London.
- ''Principal Financial Center'' means (1) with respect to U.S. dollars, Sterling, Yen and Swiss francs, the City of New York, London, Tokyo and Zurich, respectively, or (2) with respect to any other Index Currency, the city specified in the related Pricing Supplement.
- ''Representative Amount'' means a principal amount of not less than U.S. $1,000,000 (or, if the Index Currency is other than U.S. dollars, a principal amount not less than the equivalent in such Index Currency) that, in the Calculation Agent's sole judgment, is representative for a single transaction in the relevant market at the relevant time.

EUR-LIBOR

''EUR-LIBOR'' means the daily average of the London interbank offered rates for Deposits in Euros having the Index Maturity, as determined by the Calculation Agent. If we specify EUR-LIBOR as the interest rate for the Variable Rate Debt Securities, the following provisions will apply:

EUR-LIBOR for any Reset Date will be (in the following order of priority):

(1) the rate that appears at 11:00 a.m. (London time) on the EUR-LIBOR Determination Date, on the Designated EUR-LIBOR Telerate Page for Deposits in Euros having the Index Maturity;

(2) if a rate does not so appear, the Calculation Agent will request the principal London offices of four leading banks in the London interbank market selected by the Calculation Agent (after consultation with Freddie Mac, if we are not then acting as Calculation Agent) to provide its offered quotation to prime banks in the London interbank market for Deposits in Euros having the Index Maturity at 11:00 a.m. (London time) on the EUR-LIBOR Determination Date and in a Euro Representative Amount. If at least two of those banks provide quotations, EUR-LIBOR will be the arithmetic mean (if necessary rounded upwards) of those quotations;

(3) if fewer than two of those banks provide quotations, the Calculation Agent will request four major banks in London selected by the Calculation Agent (after consultation with Freddie Mac, if we are not then acting as Calculation Agent) to provide its offered quotation to leading European banks for a loan in Euros for a period of time corresponding to the Index Maturity, commencing on such Reset Date, at approximately 11:00 a.m. (London time) on the EUR-LIBOR Determination Date and in a Euro Representative Amount. If at least two of those banks provide quotations, EUR-LIBOR will be the arithmetic mean (if necessary rounded upwards) of those quotations; and

(4) if fewer than two of those banks provide quotations, EUR-LIBOR will be EUR-LIBOR as determined for the immediately preceding Reset Date or, in the case of the first Reset Date, will be the rate for Deposits in Euros having the Index Maturity at 11:00 a.m. (London time) on the most recent TARGET Business Day preceding the EUR-LIBOR Determination Date for

which such rate was displayed on the Designated EUR-LIBOR Telerate Page for deposits commencing on the second TARGET Business Day following such date.

The following definitions apply only to the preceding description of EUR-LIBOR (additional definitions on page 26 also apply):

- ''Designated EUR-LIBOR Telerate Page'' means the display of rates for deposits in Euros on Bridge Telerate Capital Markets Report Page 3750, or any successor page or such other page (or any successor page) on that service or any successor service specified in the applicable Pricing Supplement.

- ''EUR-LIBOR Determination Date'' means the second TARGET Business Day preceding the applicable Reset Date, unless EUR-LIBOR is determined in accordance with paragraph (3) above, in which case it means the applicable Reset Date.

EURIBOR

''EURIBOR'' means the rate for deposits in Euros designated as such and sponsored jointly by the European Banking Federation and ACI — the Financial Market Association (or any company established by the joint sponsors for purposes of compiling and publishing such rates). If we specify EURIBOR as the interest rate for the Variable Rate Debt Securities, the following provisions will apply:

EURIBOR for any Reset Date will be (in the following order of priority):

(1) the rate that appears, at 11:00 a.m. (Brussels time) on the EURIBOR Determination Date, on the Designated EURIBOR Telerate Page for Deposits in Euros having the Index Maturity;

(2) if a rate does not so appear, the Calculation Agent will request the principal offices of four major banks in the Euro-Zone selected by the Calculation Agent (after consultation with Freddie Mac, if we are not then acting as Calculation Agent) to provide its offered quotation to prime banks in the Euro-Zone interbank market for Deposits in Euros having the Index Maturity at 11:00 a.m. (Brussels time) on the EURIBOR Determination Date and in a Euro Representative Amount. If at least two of those banks provide quotations, EURIBOR for that date will be the arithmetic mean (if necessary rounded upwards) of the quotations; and

(3) if fewer than two of those banks provide quotations, EURIBOR will be the arithmetic mean (if necessary rounded upwards) of the rates quoted by major banks in the Euro-Zone, selected by the Calculation Agent, at approximately 11:00 a.m. (Brussels time) on the EURIBOR Determination Date for loans in Euros to leading European banks for a period of time corresponding to the Index Maturity and in a Euro Representative Amount.

The following definitions apply only to the preceding description of EURIBOR (additional definitions on page 26 also apply):

- ''Designated EURIBOR Telerate Page'' means the display of rates for deposits in Euros on Bridge Telerate Capital Markets Report Page 248, or any successor page or such other page (or any successor page) on that service or any successor service specified in the applicable Pricing Supplement.

- ''EURIBOR Determination Date'' means the second TARGET Business Day preceding the applicable Reset Date, unless EURIBOR is determined in accordance with paragraph (3) above, in which case it means the applicable Reset Date.

- ''Euro-Zone'' means the region consisting of member states of the European Union that adopt the single currency in accordance with the Treaty.

For the preceding descriptions of EUR-LIBOR and EURIBOR:

- ''Euro Representative Amount'' means a principal amount of not less than the equivalent of U.S. $1,000,000 in Euros that, in the Calculation Agent's sole judgment, is representative for a single transaction in the relevant market at the relevant time.
- ''TARGET Business Day'' means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (''TARGET'') system is operating.

For the preceding descriptions of LIBOR, EUR-LIBOR and EURIBOR:

- ''Deposits'' means deposits commencing on the applicable Reset Date.
- ''Determination Date'' means the date as of which the rate of interest applicable to an Interest Reset Period is determined.
- ''Index Maturity'' means the maturity specified in the related Pricing Supplement as to which LIBOR, EUR-LIBOR or EURIBOR, as the case may be, will be calculated.
- All rates will be obtained from sources expressed as a percentage rate per annum.

Fixed/Variable Rate Debt Securities

Fixed/Variable Rate Debt Securities will bear interest at a fixed rate for one or more periods and at a variable rate for one or more other periods. Fixed/Variable Rate Debt Securities also may bear interest at a rate that we may elect to convert from a fixed rate to a variable rate or from a variable rate to a fixed rate, as further described in the applicable Pricing Supplement. See ''Description of the Debt Securities — General — Interest Payments — Fixed Rate Debt Securities'' as to fixed rates and ''Description of the Debt Securities — General — Interest Payments — Variable Rate Debt Securities'' as to variable rates.

If we can convert the interest rate on a Fixed/Variable Rate Debt Security from a fixed rate to a variable rate, or from a variable rate to a fixed rate, accrued interest for each Interest Payment Period generally will be calculated using an accrued interest factor in the manner described under ''Description of the Debt Securities — General — Interest Payments — Variable Rate Debt Securities.''

Zero Coupon Debt Securities

Zero Coupon Debt Securities will not bear interest and will be issued at a price that is less than the principal amount payable on the Maturity Date. As a result, Zero Coupon Debt Securities are issued with original issue discount for U.S. federal income tax purposes. See ''Certain United States Federal Tax Consequences — U.S. Owners — Debt Obligations with Original Issue Discount.'' Some Zero Coupon Debt Securities may be redeemable. If an issue is subject to redemption, the Pricing Supplement will show, in percentage terms, the amount of principal that will be paid upon redemption at specific potential redemption dates.

Stripped Debt Securities

We may designate certain issues of Book-Entry Debt Securities (the ''Eligible Securities'') as eligible to be stripped into their separate Interest Components and Principal Components (each, a ''Component'') on the book-entry records of the FRBNY. The Components of an Eligible Security are:

(i) each future interest payment, or portion of an interest payment (each, an ''Interest Component''), due on or prior to the Maturity Date or, if the Eligible Security is subject to redemption or repayment prior to the Maturity Date, the first date on which the Eligible Security is subject to redemption or repayment (in either case, the ''Cut-off Date''); and

(ii) the principal payment plus any interest payments that either are due after the Cut-off Date, or are specified as ineligible for stripping in the applicable Pricing Supplement (the ''Principal Component'').

The initial or final interest payment on a Book-Entry Debt Security will not be an Interest Component if the applicable Interest Payment Period is shorter or longer than other Interest Payment Periods, based on a 360-day year consisting of twelve 30-day months. In such case, the initial or final interest payment will remain with the Principal Component. Each Component of an issue of Eligible Securities will receive a different CUSIP number and ISIN number.

We may designate an issue of Debt Securities as Eligible Securities either at the time of original issuance or at any later time prior to the Cut-off Date. We are under no obligation, however, to designate any issue of Debt Securities as Eligible Securities.

For an Eligible Security to be stripped into Components, its principal amount must produce an interest payment of $1,000 or a multiple of $1,000 on each Interest Payment Date, based on the stated interest rate of the Eligible Security. The minimum principal amount required to strip an Eligible Security at its original issuance will be specified in the related Pricing Supplement.

You may request that an Eligible Security be stripped into its Components at any time beginning on the date it becomes eligible for stripping until the Cut-off Date. You must make your request to the FRBNY and comply with any requirements and procedures, including payment of any fees, of the FRBNY.

If any modification, amendment or supplement of the terms of an issue of Eligible Securities requires the consent of Holders, only the Holders of Principal Components will be entitled to give or withhold that consent. Holders of Interest Components will have no right to give or withhold such consent. See ''Global Facility Agreement — Amendment.''

Currently, the FRBNY will restore (''reconstitute'') the Principal Components and unmatured Interest Components of a stripped Eligible Security at the request of a Holder holding a Principal Component and all applicable unmatured Interest Components. The Holder must pay a reconstitution fee (currently the FRBNY's fee applicable to on-line book-entry securities transfers). Generally, the Principal Component of an issue of Eligible Securities may be combined with either Interest Components of the same issue or Interest Components from other issues of Eligible Securities that have the same CUSIP number. (Interest Components of two or more issues due on the same date sometimes have the same CUSIP number). Holders wishing to reconstitute Components into an Eligible Security must also comply with all applicable FRBNY requirements and procedures relating to the stripping and reconstitution of securities.

The preceding discussion is based on our understanding of the way the FRBNY currently strips and reconstitutes securities on the Fed Book-Entry System. The FRBNY may cease stripping or reconstituting Eligible Securities or may change the way this is done or the applicable requirements, procedures or charges at any time without notice.

Corrections

If a principal or interest payment error occurs, we may correct it by adjusting payments to be made on later Interest Payment Dates or Principal Payment Dates (as appropriate) or in any other manner we consider appropriate.

All index values used to determine principal or interest payments are subject to correction within 30 days from the applicable payment. The source of a corrected value must be the same source from which the original value was obtained. A correction might result in an adjustment on a later date to the amount paid to you or a subsequent investor.

For example, if the index value initially used for determining the rate of interest on an issue of Debt Securities is superseded by a corrected value from the original source, the Calculation Agent will use that corrected value to determine the rate of interest payable on such Debt Securities on the applicable Interest Payment Date. To illustrate, assume that LIBOR is the applicable interest rate index for determining the rate of interest payable on a Debt Security. If the Calculation Agent obtains LIBOR for a Reset Date from a Designated Telerate Page, only a corrected rate for that Reset Date obtained from the same Designated Telerate Page may supersede that rate. The Calculation Agent will use the corrected rate to determine the rate of interest payable on the Debt Security as of the applicable Interest Payment Date.

We will notify any exchange on which Debt Securities are listed if the Calculation Agent corrects an applicable rate for the Debt Securities.

Business Day Convention

Unless otherwise specified in the applicable Pricing Supplement, if the specified payment date is not a Business Day, payment of any interest on or the principal of the Debt Securities otherwise payable on that date will be made on the next Business Day with the same force and effect as if made on such Interest Payment Date or Principal Payment Date, as the case may be. Unless otherwise specified in the applicable Pricing Supplement, no interest on such payment shall accrue for the period from the specified date to the date of the payment.

As used in this Offering Circular, ''Business Day'' means, unless otherwise specified in the applicable Pricing Supplement:

(1) for Book-Entry Debt Securities, any day other than (a) a Saturday, (b) a Sunday, (c) a day on which the FRBNY is closed, (d) as to any Holder of a Book-Entry Debt Security, a day on which the Federal Reserve Bank that maintains the Holder's account is closed or (e) a day on which our offices are closed; and

(2) for Registered Debt Securities, any day other than (a) a Saturday, (b) a Sunday, (c) a day on which banking institutions are closed in (1) New York City or (2) if the Specified Payment Currency is other than U.S. dollars or Euros, the Principal Financial Center of the country of such Specified Payment Currency, (d) if the Specified Payment Currency is Euros, a day on which the TARGET system is not open for settlements, or a day on which payments in Euros cannot be settled in the international interbank market as determined by the Global Agent, (e) for any required payment, a day on which banking institutions are closed in the place of payment or (f) a day on which our offices are closed.

Subordinated Debt Securities

If specified in the applicable Pricing Supplement, the indebtedness represented by the Subordinated Debt Securities and the payment of principal of and interest on such Subordinated Debt Securities will be subordinated to prior payment in full of all Senior Obligations of Freddie Mac which are due and payable. Such Senior Obligations will be identified by category in the applicable Pricing Supplement. In addition, there may be other terms applicable to specific offerings of Subordinated Debt Securities that would defer, limit or suspend our obligation to make any payment of principal of or interest on these Subordinated Debt Securities under certain specified conditions. Any such terms and conditions will be specified in the applicable Pricing Supplement.

Targeted Registered Issues

Certain issues of Registered Debt Securities (''Targeted Registered Debt Securities'') may be ''targeted to foreign markets'' under U.S. tax regulations. These regulations generally do not allow Targeted Registered Debt Securities, in connection with their original issuance, to be offered or sold to persons who are within the United States or its territories or possessions or to or for the account of U.S. Persons. Such regulations also require Holders, and in certain cases Beneficial Owners, of Targeted Registered Debt Securities to comply with certain periodic certification requirements, including certification of non-U.S. beneficial ownership. In addition, these regulations generally prohibit the delivery of Registered Debt Securities representing Targeted Registered Debt Securities within the United States or its territories or possessions. Only the Dealers that have represented and warranted as to those matters summarized under ''Distribution Arrangements — Selling Restrictions — Targeted Registered Debt Securities'' and certain other matters may offer or sell Targeted Registered Debt Securities.

If we issue Targeted Registered Debt Securities, special provisions applicable to them, including form, selling and transfer restrictions and tax considerations and certifications, will be described in the applicable Pricing Supplement. The applicable Pricing Supplement generally may not be distributed in the United States or to U.S. Persons. Targeted Registered Debt Securities will not be issued as Book-Entry Debt Securities.

Reopened Issues

In our discretion and at any time, we may ''reopen'' an issue by offering additional Debt Securities with terms identical (other than issue date, interest commencement date and issue price) to those of existing Debt Securities for which settlement has previously occurred or been scheduled. The additional and existing Debt Securities will be consolidated and will form a single series of Debt Securities as specified in the applicable Pricing Supplement.

Repurchase

We may purchase Debt Securities at any time and at any price or prices in the open market or otherwise. Such Debt Securities may be held, resold or cancelled by us.

Clearance and Settlement

General

Debt Securities may be held through organizations participating in one or more international and domestic clearing systems, principally the systems operated by the Federal Reserve Banks and the Depository Trust Company (''DTC''), in the United States, and the Euroclear System (''Euroclear'') and Clearstream Banking, société anonyme (''Clearstream, Luxembourg''), outside of the United States.

We understand the following:

Fed Book-Entry System. The Federal Reserve Banks operate the Fed Book-Entry System that provides book-entry holding and settlement for U.S. dollar denominated securities issued by the U.S. Government, certain of its agencies, instrumentalities and government-sponsored enterprises and international organizations of which the United States is a member. The system enables Holding Institutions to hold, make payments and transfer securities and funds through the Federal Reserve Banks' Fedwire System.

DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York, and is a member of the U.S. Federal Reserve System, a ''clearing corporation'' within the meaning of the New York Uniform Commercial Code and a ''clearing agency'' registered under the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities for DTC participants and facilitates the clearance and settlement of transactions between DTC participants through electronic book-entry changes in accounts of DTC participants.

Euroclear. Euroclear was created in 1968 to hold securities for its participants and to clear and settle transactions for its participants through simultaneous electronic book-entry delivery against payment. Euroclear is operated by Euroclear Bank, S.A./N.V. and all Euroclear securities clearance and cash accounts are with Euroclear Bank, S.A./N.V. They are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law. Euroclear Bank, S.A./N.V. acts only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Clearstream, Luxembourg. Clearstream, Luxembourg holds securities for its participants and facilitates the clearance and settlement of securities transactions between its participants through electronic book-entry changes in accounts of its participants. A participant's overall contractual relations with Clearstream, Luxembourg are governed by the General Terms and Conditions, operating rules and procedures and applicable Luxembourg law. Clearstream, Luxembourg acts only on behalf of its participants, and has no record of or relationship with persons holding through its participants.

Other. Any other clearing system which we make available for a particular issue of Debt Securities will be described in the applicable Pricing Supplement.

Electronic notes and payment transfer, processing, depositary and custodial arrangements among these systems and others, either directly or indirectly through custodians and depositaries, may enable certain Debt Securities to be issued, held and transferred among the systems as described below. Special procedures among these systems allow clearance and settlement of certain Debt Securities traded across borders in the secondary market. Cross-market transfers of Debt Securities denominated in certain Specified Currencies may be cleared and settled using these procedures. However, there can be no assurance that cross-market transfers of any Debt Securities will be possible.

Each relevant system has its own separate operating procedures and arrangements with participants or accountholders that govern the relationship between them and such system and to which we are not and will not be a party. The clearing systems may impose fees for the maintenance and operation of the accounts in which beneficial interests in Debt Securities are maintained.

We expect that:

(1) most Debt Securities denominated and payable in U.S. dollars and distributed within the United States will clear and settle through the Fed Book-Entry System;

(2) most Debt Securities denominated and payable in U.S. dollars and distributed simultaneously within and outside of the United States, including all U.S. dollar denominated Reference Securities, will clear and settle, within the United States, through the Fed Book-Entry System and, outside of the United States, through the systems operated by Euroclear, Clearstream, Luxembourg or any other designated clearing system;

(3) Debt Securities denominated or payable in a Specified Currency other than U.S. dollars (and Debt Securities denominated and payable in U.S. dollars that are not cleared and settled in accordance with clauses (1) and (2) above) and distributed solely within the United States will clear and settle through the system operated by DTC;

(4) Debt Securities denominated or payable in a Specified Currency other than U.S. dollars (and Debt Securities denominated and payable in U.S. dollars that are not cleared and settled in accordance with clauses (1) and (2) above) and distributed simultaneously within and outside of the United States, including all €Reference Securities, will clear and settle through the systems operated by DTC, Euroclear, Clearstream, Luxembourg or any other designated clearing system; and

(5) Debt Securities, irrespective of the Specified Currency in which they are denominated or payable, distributed solely outside of the United States will clear and settle through the systems operated by Euroclear, Clearstream, Luxembourg or any other designated clearing systems and, in some cases, DTC.

Clearance and Settlement Procedures—Primary Distribution

On initial issue, Debt Securities will be credited through one or more of the systems described above or any other system specified in the applicable Pricing Supplement. Payment from the applicable Dealer for Book-Entry Debt Securities will be on a delivery versus payment basis and for Registered Debt Securities will be on a delivery versus payment or free delivery basis, as agreed to by us. Clearance and settlement procedures may vary according to the Specified Currency in which such Debt Securities are denominated or payable. The customary clearance and settlement procedures of certain systems are described below. The clearance and settlement procedures of any other clearing system will be described in the applicable Pricing Supplement.

Federal Reserve Banks. Book-Entry Debt Securities will be issued and settled through the Fed Book-Entry System in same-day funds and will be held by designated Holding Institutions. After initial issue, these designated Holding Institutions will continue to hold all Book-Entry Debt Securities in the Fed Book-Entry System unless arrangements are made for their transfer to another Holding Institution.

DTC. DTC participants acting on behalf of investors holding DTC Registered Debt Securities through DTC will follow the delivery practices applicable to securities eligible for DTC's Same-Day Funds Settlement System. DTC Registered Debt Securities will be credited to DTC participants' securities accounts following confirmation of receipt of payment to Freddie Mac on the relevant issue date.

Euroclear and Clearstream, Luxembourg. Investors holding Other Registered Debt Securities through Euroclear or Clearstream, Luxembourg will follow the settlement procedures applicable to conventional Eurobonds in registered form. We understand that such Other Registered Debt Securities will be credited to Euroclear or Clearstream, Luxembourg participants' securities accounts either on the relevant Issue Date or on the settlement day following the relevant Issue Date against payment in same-day funds (for value on the relevant Issue Date).

Clearance and Settlement Procedures—Secondary Market Transfers

Book-Entry Debt Securities. Transfers of Book-Entry Debt Securities can take place only in book-entry form on the Fed Book-Entry System. Such transfers will occur between Holding Institutions in accordance with the rules of the Fed Book-Entry System.

Registered Debt Securities. Transfers of beneficial interests in Registered Debt Securities within the various systems that may be clearing and settling interests in those Debt Securities will be made in accordance with the usual rules and operating procedures of the relevant system applicable to the Specified Currency in which the Registered Debt Securities are denominated or payable and the nature of the transfer.

General. For issues of Debt Securities that are cleared and settled through more than one system, time zone differences may result in the securities account of an investor in one system being credited during the settlement processing day immediately following the settlement date of the other system. If the Debt Securities are to be settled on a delivery versus payment basis, this may also result in the cash account being credited for value on the settlement date but only being available as of the day following the settlement date.

Although the Fed Book-Entry System, DTC, Euroclear, Clearstream, Luxembourg or any other applicable clearing system may have procedures to facilitate transfers of beneficial interests in Debt Securities among their respective Holding Institutions, participants and accountholders, they are under no obligation to perform or continue to perform such procedures, and these procedures may be modified or discontinued at any time. None of Freddie Mac, the Fiscal Agent, the Global Agent nor any other agent will have any responsibility for the performance by any system (other than the Fiscal Agent for the Fed Book-Entry System) or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Book-Entry Debt Securities

We will issue and maintain Book-Entry Debt Securities only on the Fed Book-Entry System. Book-Entry Debt Securities will not be exchangeable for definitive Debt Securities. Under the Fiscal Agency Agreement between Freddie Mac and the FRBNY, acting on behalf of the Federal Reserve

Banks as fiscal agents for Freddie Mac, the Federal Reserve Banks will issue Book-Entry Debt Securities in book-entry form, maintain book-entry accounts for the Book-Entry Debt Securities and make payments, on our behalf, of principal and interest on the Book-Entry Debt Securities in U.S. dollars on the applicable payment dates by crediting Holders' accounts at the Federal Reserve Banks. Department of Housing and Urban Development regulations, 24 C.F.R. Part 81, Subpart H (the ''Book-Entry Rules''), are applicable to Freddie Mac's book-entry securities, as are such other procedures as may be agreed upon from time to time by Freddie Mac and the FRBNY. The Book-Entry Rules relate primarily to the issuance and recordation of and transfers of interests (including security interests) in Freddie Mac's book-entry securities. The Book-Entry Rules may be amended, supplemented or otherwise altered without the consent of any Holder of Book-Entry Debt Securities.

The accounts of Holders of Book-Entry Debt Securities on the Fed Book-Entry System are governed by applicable operating circulars and letters of the Federal Reserve Banks.

Title

Book-Entry Debt Securities may be held of record only by entities eligible to maintain book-entry accounts with a Federal Reserve Bank (the ''Holding Institutions''). The entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities to whose accounts Book-Entry Debt Securities have been deposited are referred to in this Offering Circular as ''Holders'' of such Book-Entry Debt Securities.

A Holder is not necessarily the Beneficial Owner of a Book-Entry Debt Security. Beneficial Owners of Book-Entry Debt Securities ordinarily hold Book-Entry Debt Securities through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. For example, an investor may hold a Book-Entry Debt Security through a brokerage firm which, in turn, holds the Book-Entry Debt Security through a Holding Institution. In that case, the investor would be the Beneficial Owner of the Debt Security and the entity that appears as the holder on the records of a Federal Reserve Bank would be the Holder.

A Holder that is not the Beneficial Owner of a Book-Entry Debt Security, and each other financial intermediary in the chain between the Holder and the Beneficial Owner, will be responsible for establishing and maintaining accounts for their respective customers. Beneficial Owners of a Book-Entry Debt Security may exercise their rights against Freddie Mac and the Federal Reserve Banks only through the Holder of the Book-Entry Debt Security. Freddie Mac and the Federal Reserve Banks will have no obligation to a Beneficial Owner of a Book-Entry Debt Security (unless the Beneficial Owner is also the Holder). The Federal Reserve Banks will act only upon the instructions of the Holder in recording transfers of a Debt Security maintained on the Fed Book-Entry System and will effect transfers of interests in Book-Entry Debt Securities only to Holding Institutions. We and the Federal Reserve Banks may treat the Holders as the absolute owners of Book-Entry Debt Securities for the purpose of making payments on Book-Entry Debt Securities and for all other purposes, whether or not the Book-Entry Debt Securities are overdue and notwithstanding any notice to the contrary.

Payments

We will make payments of any principal and interest on Book-Entry Debt Securities in U.S. dollars on the applicable payment dates to Holders as of the end of the day preceding such payment dates. See also ''Description of the Debt Securities — General — Business Day Convention.'' Payments on Book-Entry Debt Securities will be made by credit of the payment amount to the Holders' accounts at the relevant Federal Reserve Bank. All payments to or upon the order of a Holder will be valid and effective to discharge the liability of Freddie Mac and the Fiscal Agent. The Holders and each other financial intermediary holding the Book-Entry Debt Securities directly or indirectly on behalf of the Beneficial Owners are responsible for remitting payments for the accounts of their customers. All payments on Book-Entry Debt Securities are subject to any applicable law or regulation.

Fiscal Agent

The Federal Reserve Banks will be the fiscal agent for Book-Entry Debt Securities. Freddie Mac and the FRBNY may amend, modify or supplement in any respect, or may terminate, substitute or replace, the Fiscal Agency Agreement without the consent of any Holder of Book-Entry Debt Securities.

In acting under the Fiscal Agency Agreement, the Federal Reserve Banks act solely as fiscal agent of Freddie Mac and do not assume any obligation or relationship of agency or trust for or with any Holder of a Book-Entry Debt Security.

Registered Debt Securities

We will issue Registered Debt Securities that are either DTC Registered Debt Securities or Other Registered Debt Securities. ''DTC Registered Debt Securities'' are those registered in the name of a nominee of DTC in New York, New York, which will clear and settle through the system operated by DTC. ''Other Registered Debt Securities'' are those registered in the name of the common depositary (or a nominee of the common depositary) for one of the following:

- Euroclear Bank, S.A./N.V. as operator of Euroclear;
- Clearstream, Luxembourg; or
- another clearing system other than DTC, as specified in the applicable Pricing Supplement.

Citibank — London or another designated institution will act as the custodian for DTC Registered Debt Securities and as the ''Common Depositary'' for Euroclear and Clearstream, Luxembourg for Other Registered Debt Securities. Registered Debt Securities will be exchangeable for definitive Debt Securities only under the limited circumstances described under ''Description of the Debt Securities — Registered Debt Securities — Exchange for Definitive Debt Securities.'' The Global Agency Agreement may be amended, supplemented or otherwise altered without the consent of any Holder of Registered Debt Securities if such amendment would not, in the reasonable opinions of Freddie Mac and the Global Agent, adversely affect your interests.

Title

The person in whose name a Registered Debt Security is registered in the register (the ''Register'') maintained by the Global Agent as registrar (in such capacity, the ''Registrar'') will be the ''Holder'' of the Registered Debt Security. We will register DTC Registered Debt Securities in the name of Cede & Co. and Other Registered Debt Securities in the name of National City Nominees Limited, or other nominee of DTC or the Common Depositary, as the case may be. Accordingly, Cede & Co. and National City Nominees Limited will be the Holders of the related Registered Debt Securities. Beneficial interests in a Registered Debt Security will be represented, and transfers of a Registered Debt Security will be effected, only through book-entry accounts of financial institutions acting on behalf of the Beneficial Owners of such Registered Debt Security, as a direct or indirect participant in the applicable clearing system for such Registered Debt Security. Investors may elect to hold interests in a Registered Debt Security through the applicable system for such Registered Debt Security if they are participants in such system, or indirectly through organizations that are participants in such system.

We and the Global Agent may treat the Holders as the absolute owners of Registered Debt Securities for the purpose of making payments and for all other purposes, whether or not the Registered Debt Securities are overdue and notwithstanding any notice to the contrary. Owners of beneficial interests in a Registered Debt Security are not the owners or Holders of that Registered Debt Security and, except under limited circumstances described under ''Description of the Debt Securities — Registered Debt Securities — Exchange for Definitive Debt Securities,'' will not be entitled to have Debt Securities registered in their names and will not receive or be entitled to receive definitive Debt Securities. Accordingly, any Beneficial Owner must rely on the procedures of the applicable clearing system and, if the Beneficial Owner is not a participant in the applicable clearing system, on the procedures of the participant through which such Beneficial Owner holds its interest, to exercise any rights of a Holder of such Registered Debt Securities.

We understand that, under existing industry practices, if Freddie Mac requests any action of Holders or if Beneficial Owners desire to give or take any action that a Holder is entitled to give or take, DTC, Euroclear, Clearstream, Luxembourg or any other applicable clearing system, or their respective nominees, as the case may be, as the Holder of the related Registered Debt Security, would authorize the participants through which the relevant beneficial interests are held (or persons holding beneficial interests in the Registered Debt Securities through participants) to give or take such action, and such participants would authorize Beneficial Owners holding through such participants (or such persons holding beneficial interests in the Registered Debt Securities through participants) to give or take such action and would otherwise act upon the instructions given to such participants (or such persons) by such Beneficial Owners, in each case in accordance with the relevant rules and procedures of the applicable system.

DTC, Euroclear, Clearstream, Luxembourg or any other applicable clearing system can act only on behalf of their respective participants, who in turn act on behalf of indirect participants. Therefore, the ability of a Beneficial Owner to pledge its interest in the Registered Debt Securities to persons or entities that do not participate in the applicable system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for the related Debt Security. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a Registered Debt Security.

Payments

We will make payments on the Registered Debt Securities to DTC, Euroclear, Clearstream, Luxembourg or any other applicable clearing system (or their nominees) as the Holders of those Debt Securities. We will make payments in the Specified Payment Currency (except as described under ''Description of the Debt Securities — General — Specified Currencies and Specified Payment Currencies,'' or as otherwise described below). For certain currency conversion facilities for DTC Registered Debt Securities, see ''Currency Conversions — Payment on DTC Registered Debt Securities.'' All payments to or upon the order of the Holder of a Registered Debt Security will be valid and effective to discharge our liability in respect of such Registered Debt Security. Normal conventions observed by the system will determine ownership positions within each system. Neither we nor the Global Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Registered Debt Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

DTC has advised us that, when DTC receives any payment of principal of or interest on a DTC Registered Debt Security, it will credit its participants' accounts with payment in amounts proportionate to their respective beneficial interests in the principal amount of that DTC Registered Debt Security. Payments by such participants to owners of beneficial interests in a DTC Registered Debt Security held through those participants are the responsibility of those participants, as is now the case with securities held for the accounts of customers registered in ''street name.'' Euroclear and Clearstream, Luxembourg also have advised that payments on Other Registered Debt Securities held through them will be credited to Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

We will pay interest on a Registered Debt Security on the applicable Interest Payment Date. We will make interest payments to the Holder of a Registered Debt Security as of the close of business on the fifteenth calendar day (each, a ''Record Date'') preceding the Interest Payment Date. (Owners of beneficial interests in a Registered Debt Security should be aware that the applicable clearing system may apply a different record date for the payment of interest on the Interest

Payment Date.) We will make the first payment of interest on any Registered Debt Security originally issued between a Record Date and the related Interest Payment Date on the Interest Payment Date following the next Record Date to the Holder on such next Record Date. We will owe the principal of each Registered Debt Security, together with accrued and unpaid interest on it, on the Principal Payment Date for such Registered Debt Security (subject to the right of its Holder on the related Record Date to receive interest due on an Interest Payment Date that is on or prior to such Principal Payment Date) and will pay the Holder when the Holder presents and surrenders the Registered Debt Security. See ''Description of the Debt Securities — General — Business Day Convention.''

All payments on Registered Debt Securities are subject to any applicable law or regulation. If a payment outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions, we may make payments on the related Registered Debt Securities at the office of any paying agent in the United States.

Global Agent

We have appointed Citibank — London as the Global Agent for the Registered Debt Securities. Citibank — London has its corporate trust office at 5 Carmelite Street, London EC4Y 0PA and may have other business relationships with us through Citibank, N.A.'s principal office in New York.

In acting under the Global Agency Agreement, the Global Agent acts solely as our fiscal agent and does not assume any obligation or relationship of agency or trust for or with any Holder of a Registered Debt Security, except that any moneys held by the Global Agent for payment on a Registered Debt Security shall be held in trust for the Holder as provided in the Global Agency Agreement.

We have appointed the Global Agent as Registrar, transfer agent and paying agent for the Registered Debt Securities. We at any time may vary or terminate the appointment of the Global Agent as the Registrar, transfer agent or paying agent or appoint additional or other transfer agents or paying agents or approve any change in the office through which the Registrar or any transfer agent or paying agent acts.

Exchange for Definitive Debt Securities

If we issue definitive Debt Securities in exchange for Registered Debt Securities issued in global form under the limited circumstances described below, such definitive Debt Securities will have terms identical to the Registered Debt Securities for which they were exchanged except as described below.

Issuance of Definitive Debt Securities. Unless we specify otherwise in the applicable Pricing Supplement, a Holder can exchange beneficial interests in Registered Debt Securities issued in global form for definitive Debt Securities only under the following circumstances where:

(a) the exchange is permitted by applicable law; and

(b)(1) for a DTC Registered Debt Security, DTC notifies us that it is no longer willing or able to act as depositary or ceases to be a ''clearing agency'' registered under the Securities Exchange Act of 1934 and we are unable to find a successor within 90 calendar days of receiving notice of such ineligibility on the part of DTC;

(2) for any Other Registered Debt Security, if all of the clearing systems are closed for business for a continuous period of 14 calendar days (other than by reason of holidays, statutory or otherwise) or are permanently closed for business or have announced an intention permanently to cease business and we are unable to find a single successor within 90 calendar days of such closure;

(3) a Holder has instituted a judicial proceeding in a court to enforce its rights under such Registered Debt Security and counsel has advised such Holder that in connection with such proceeding it is necessary for such Holder to have a Definitive Debt Security; or

(4) we, either at a Holder's request and expense or in our own discretion, decide to issue definitive Debt Securities.

In any of the above circumstances, we will execute and deliver definitive Debt Securities to the Global Agent for delivery to the Holders as soon as practicable (and in any event within 45 calendar days of Freddie Mac's receiving notice of the occurrence of such circumstances). DTC, Euroclear, Clearstream, Luxembourg or another applicable clearing system, or their respective nominees, as the case may be, as Holders of the related Registered Debt Securities, must provide Freddie Mac or the Global Agent with a written order containing instructions and such other information as we or the Global Agent may require to complete, execute and deliver such definitive Debt Securities in authorized denominations. We intend to grant requests for definitive Debt Securities under clause (b)(4) only in exceptional circumstances.

Title. The person in whose name a definitive Debt Security is registered in the Register will be the "Holder" of such definitive Debt Security. We and the Global Agent may treat the Holders as the absolute owners of definitive Debt Securities for the purpose of making payments and for all other purposes, whether or not the definitive Debt Securities are overdue and notwithstanding any notice to the contrary.

Payments. We will pay interest on a definitive Debt Security on the applicable Interest Payment Date. We will pay by check mailed to the Holder as of the close of business on the Record Date preceding the Interest Payment Date at the Holder's address appearing in the Register. We will pay the principal of each definitive Debt Security, together with accrued and unpaid interest, on the Principal Payment Date (subject to the right of the Holder on the related Record Date to receive interest due on an Interest Payment Date that is on or prior to such Principal Payment Date) against presentation and surrender of the definitive Debt Security at the offices of the Global Agent or other paying agent. Payments on the Principal Payment Date will be made by check provided at the appropriate office of the Global Agent or other paying agent or mailed by the Global Agent to the Holder of such definitive Debt Security. We will use a United States bank for checks in U.S. dollars and a bank office located outside the United States for checks in other Specified Payment Currencies. We will maintain a paying agent in Luxembourg for any issue of Debt Securities listed on the Luxembourg Stock Exchange if the rules of that exchange so require. See "Global Facility Agreement — Notice" for a description of the manner in which Freddie Mac will notify the Holders of definitive Debt Securities of the appointment of a paying agent as soon as practicable after its appointment and the location of the office through which the paying agent will act.

The Holder of an aggregate principal amount of at least $10,000,000 (or its equivalent in the Specified Currency) of an issue of Debt Securities of which definitive Debt Securities form a part may elect to receive payments by wire transfer of immediately available funds in the Specified Payment Currency to an account with a bank the Holder designates, provided that:

- the bank is acceptable to us;
- the bank has appropriate facilities and accepts the transfer; and
- the transfer is permitted by any applicable law or regulation and will not subject us to any liability, requirement or unacceptable charge.

To receive such payments, the Holder must provide the following to the Global Agent or other paying agent at its office (or, if Freddie Mac maintains a paying agent in Luxembourg under the rules of that exchange, that paying agent at its specified office):

(1) for interest payments, a written request by the close of business on the related Record Date; or

(2) for payments on the Principal Payment Date, a written request by the close of business 15 days prior to the Principal Payment Date and the definitive Debt Security two Business Days prior to the Principal Payment Date.

The written request must be delivered to the Global Agent or other paying agent by mail, by hand delivery or by tested or authenticated telex. Any such request will remain in effect until the Global Agent receives written notice to the contrary.

All payments on definitive Debt Securities are subject to any applicable law or regulation. If a payment outside the United States is illegal or effectively precluded by exchange controls or similar restrictions, payments on the related definitive Debt Securities may be made at the office of any paying agent in the United States.

Partial Redemption. If we redeem a portion of an issue of definitive Debt Securities, the Global Agent will select the Debt Securities for redemption by lot or in another manner that the Global Agent deems fair and appropriate to ensure that the principal amount of each outstanding definitive Debt Security after a redemption is in an authorized denomination.

Transfer and Exchange. Holders may present definitive Debt Securities for registration of transfer or exchange at the office of the Registrar or any other transfer agent, with transfer documentation completed and payment of any taxes and other governmental charges. We will maintain a transfer agent in Luxembourg for any issue of Debt Securities listed on the Luxembourg Stock Exchange if the rules of that exchange so require.

A transfer or exchange of a definitive Debt Security will be effected upon satisfying the Registrar with regard to the documents and identity of the person making the request and subject to such reasonable regulations as we may from time to time agree with the Registrar. Holders may transfer or exchange definitive Debt Securities in whole or in part only in the authorized denominations of the DTC Registered Debt Securities or Other Registered Debt Securities issued in global form for which they were exchanged. See ''Description of the Debt Securities — General — Denominations.'' In the case of a transfer of a definitive Debt Security in part, the Registrar will issue a new definitive Debt Security for the balance not transferred. In addition, replacement of mutilated, destroyed, stolen or lost definitive Debt Securities also is subject to the conditions discussed above for transfers and exchanges generally. Each new definitive Debt Security to be issued upon transfer of such a definitive Debt Security, as well as the definitive Debt Security issued for the balance not transferred, will be mailed to the address specified in the form or instrument of transfer at the risk of the Holder entitled to it using the customary procedures of the Registrar.

CURRENCY CONVERSIONS

Payment for Debt Securities

Purchasers of Debt Securities must pay for them in the applicable Specified Currency. Each Dealer to whom or through whom Registered Debt Securities are sold may, under certain terms and conditions, arrange to convert the investor's currency into the Specified Currency to enable purchasers to pay for those Registered Debt Securities if purchasers so request not later than the day determined by such Dealer. We will not be involved in any manner in, and will have no responsibility for, any such conversion. Each Dealer will make the conversion subject to the terms, conditions, limitations and charges that the Dealer establishes. The purchaser of the Registered Debt Securities will bear all costs of conversion.

Payment on DTC Registered Debt Securities

Except as described under ''Description of the Debt Securities — General — Specified Currencies and Specified Payment Currencies — Unavailability,'' we will pay principal and any interest on all Debt Securities in the Specified Payment Currency. At the present time, there are limited facilities in the United States for the conversion of non-U.S. currencies or currency units into U.S. dollars, and commercial banks generally do not offer non-U.S. dollar checking or savings account facilities in the United States. Accordingly, in the case of DTC Registered Debt Securities whose Specified Payment Currency is other than U.S. dollars, the currency exchange bank specified in the applicable

Pricing Supplement (the ''Currency Exchange Bank'') will convert any amounts paid by us in such Specified Payment Currency into U.S. dollars, unless the Holders elect to receive payments in the Specified Payment Currency as described below in this section. Unless otherwise specified in the applicable Pricing Supplement, the Currency Exchange Bank for €Reference Securities held as Registered Debt Securities will be Citibank — London. We will not be involved in any manner in, and will have no responsibility for, the conversion of the Specified Payment Currency for DTC Registered Debt Securities into U.S. dollars.

For any DTC Registered Debt Security whose payments are to be converted from the Specified Payment Currency into U.S. dollars, the Currency Exchange Bank will determine the U.S. dollar amount the Holder will receive in the morning of the day that would be considered the date for ''spot'' settlement of the Specified Payment Currency on the applicable payment date in accordance with market convention (generally two New York business days prior to the payment date) at the market rate determined by the Currency Exchange Bank to accomplish the conversion on that payment date of the aggregate amount of the Specified Payment Currency payable on DTC Registered Debt Securities scheduled to receive payments converted into U.S. dollars. The Holders of these DTC Registered Debt Securities (and, accordingly, the related Beneficial Owners) will bear all currency exchange costs by deductions from these payments. Holders of DTC Registered Debt Securities are subject to the risk of market disruption and the risk that all or any portion of the Specified Payment Currency will not be convertible into U.S. dollars. In these cases, Holders of such DTC Registered Debt Securities will receive payments in the Specified Payment Currency.

The Holder of a DTC Registered Debt Security to be paid in a Specified Payment Currency other than U.S. dollars will have the option to receive payments of the principal of and any interest on that DTC Registered Debt Security in the Specified Payment Currency by notifying DTC:

- no later than the third New York business day after the related Record Date, in the case of payments on an Interest Payment Date; or
- the date 12 days prior to the Principal Payment Date, in the case of payments on the Principal Payment Date.

We understand that Euroclear and Clearstream, Luxembourg, unless specifically requested not to do so by a participant prior to the 15th day preceding the applicable Interest Payment Date or Principal Payment Date, will elect to receive all payments of principal and interest on DTC Registered Debt Securities held through them in the applicable Specified Payment Currency if it is other than U.S. dollars.

GLOBAL FACILITY AGREEMENT

The following summary describes certain provisions of the Global Facility Agreement not otherwise described in this Offering Circular.

Binding Effect of the Global Facility Agreement

You and any financial intermediary or Holder acting on your behalf agree that the receipt and acceptance of a Debt Security indicates acceptance of the terms and conditions of the Global Facility Agreement, as it may be supplemented or amended by its terms.

The Global Facility Agreement will be binding upon and inure to the benefit of any successor to Freddie Mac.

Various Matters Regarding Freddie Mac

The Global Facility Agreement provides that Freddie Mac and its directors, officers, employees and agents will not be liable for any action taken or omitted in good faith under the Global Facility Agreement or for errors in judgment. However, they will not be protected against any liability imposed by reason of willful misfeasance, bad faith or gross negligence or by reason of reckless disregard of obligations and duties.

We may employ agents or independent contractors to perform our responsibilities under the Global Facility Agreement.

Except upon an Event of Default (as defined below), we will not be subject to the control of Holders in any manner in the discharge of our responsibilities under the Global Facility Agreement. Except with regard to our payment obligations, we will have no liability to you other than for any direct damage resulting from our failure to exercise that degree of ordinary care which we exercise in the conduct and management of our own affairs. We will have no liability of any nature for consequential damages.

In addition, the Global Facility Agreement provides that we need not appear in any legal action that is not incidental to our responsibilities under the Global Facility Agreement and that we believe may result in any expense or liability. However, we may undertake any legal action that we believe is necessary or desirable in the interests of the Holders in our discretion. We will bear the legal costs of any such action.

Events of Default

An ''Event of Default'' under the Global Facility Agreement will consist of:

(1) any failure by us to pay principal or interest that continues unremedied for 30 days;

(2) any failure by us to perform in any material way any other obligation under the Global Facility Agreement if the failure continues unremedied for 60 days after we receive notification by the Holders of at least 25% of the outstanding principal amount or notional principal amount of an issue of Debt Securities; or

(3) specified events of bankruptcy, insolvency or similar proceedings involving us.

The appointment of a conservator (or other similar official) by a regulator having jurisdiction over us, whether or not we consent to such appointment, will not constitute an Event of Default. Any payment made in U.S. dollars or in Euros as described under ''Description of the Debt Securities — General — Specified Currencies and Specified Payment Currencies — Unavailability'' will not constitute an Event of Default.

The Pricing Supplement for any issue of Subordinated Debt Securities will specify the Events of Default that will apply to any such Subordinated Debt Securities.

Any event associated with EMU (an ''EMU Event'') will not give rise to an Event of Default. An EMU Event may include one or more of the following:

(1) the introduction of, changeover to or implementation of the Euro;

(2) the fixing of exchange rates between the currency of a member state of the European Union and Euros or between the currencies of member states of the European Union;

(3) the substitution of Euros as the unit of account of the EC or the currency of the European Central Bank;

(4) the introduction of Euros as lawful currency in a member state of the European Union;

(5) the withdrawal from legal tender of any currency that, before the introduction of Euros, was lawful currency in any of the member states of the European Union; or

(6) the disappearance or replacement of a relevant rate option or other price source for the national currency of any member state of the European Union, or the failure of the agreed sponsor (or a successor sponsor) to publish or display a relevant rate, index, price, page or screen.

Rights Upon Event of Default

If an Event of Default under the Global Facility Agreement continues unremedied, Holders of not less than 50% of the outstanding principal amount or notional principal amount of an issue of Debt Securities to which such Event of Default relates may, by written notice to us, declare such Debt Securities due and payable.

No Holder has any right under the Global Facility Agreement to institute any action or proceeding at law or in equity or in bankruptcy or otherwise, or for the appointment of a receiver or trustee, or for any other remedy, unless:

(1) the Holder previously has given us written notice of an Event of Default;

(2) the Holders of not less than 50% of the outstanding principal amount or notional principal amount of the same issue of Debt Securities have given us written notice of the Event of Default; and

(3) the Event of Default continues uncured for 60 days following such notice.

You do not have any right under the Global Facility Agreement to disturb or prejudice the rights of any other investor, to obtain or seek to obtain preference or priority over any other investor or to enforce any right under the Global Facility Agreement, except as provided in the Global Facility Agreement and for the ratable and common benefit of all such Holders and except for the priority rights of Holders of Senior Obligations over the rights of Holders of Subordinated Debt Securities.

Events of Default that apply to an issue of Senior Obligations may not necessarily be Events of Default for an issue of Subordinated Debt Securities. As a result, the Holders of an issue of Subordinated Debt Securities may not have the same acceleration rights as Holders of other Debt Securities.

The Holders of not less than 50% of the outstanding principal amount or notional principal amount of an issue of Debt Securities may waive, rescind or annul an Event of Default at any time.

Where the Global Facility Agreement allows the Holders of a specified percentage of the outstanding balance of an issue of Debt Securities to take any action (including the making of any demand or request, or the giving of any authorization, notice, consent or waiver), the Holders of that specified percentage may evidence their joining together by a writing, or any number of writings of similar tenor, executed by Holders in person, or by an agent or proxy appointed in writing.

Amendment

We may amend the Global Facility Agreement and the terms of an issue of Debt Securities without your consent:

- to cure any ambiguity or to correct any provision in the Global Facility Agreement if the amendment does not materially and adversely affect any Holder;
- to add to our covenants for your benefit or surrender any right or power conferred upon us;
- to evidence the succession of another entity to us and its assumption of our covenants;
- to conform the terms of an issue of Debt Securities to, or cure any ambiguity or discrepancy resulting from any changes in, the Book-Entry Rules;
- to increase the amount of an issue of Debt Securities; or
- in any other manner we may determine that will not adversely affect your interests in any material way.

With (1) the written consent of the Holders of at least 50% of the aggregate outstanding principal amount or notional principal amount of an issue of Debt Securities or (2) the vote of at least 50% of the aggregate outstanding principal amount or notional principal amount of an issue of Debt Securities represented at a meeting of Holders where a quorum was present, we may amend the terms of those Debt Securities, but that amendment may not, without the written consent or affirmative vote of each affected Holder of a Debt Security:

- change the Maturity Date or Interest Payment Date of the Debt Security;
- materially modify the redemption or repayment provisions, if any, relating to the redemption or repayment price of, or any redemption or repayment date or period for, the Debt Security;
- reduce the principal amount of, delay the principal payment of, or materially modify the rate of interest or the calculation of the rate of interest on, the Debt Security;
- in the case of Registered Debt Securities only, change the Specified Payment Currency of the Registered Debt Security; or
- reduce the percentage of Holders whose consent or affirmative vote is necessary to amend the terms of the relevant issue of Debt Securities.

A quorum at any meeting of Holders called to adopt a resolution will be Holders entitled to vote a majority of the aggregate principal amount or notional principal amount of an issue of such Debt Securities at the time outstanding, and called to such meeting and, at any reconvened meeting adjourned for lack of a quorum, 25% of the aggregate principal amount or notional principal amount of such issue of Debt Securities at the time outstanding, in both cases excluding any such Debt Securities owned by us. Holders do not have to approve the particular form of any proposed amendment, as long as they approve the substance of such change. Special rules for determining the ''principal amount'' of certain Debt Securities are described below.

The ''principal amount,'' for purposes of this section, for a Debt Security that is a Zero Coupon Debt Security or for a Debt Security issued at an ''offering price'' of 80% or less of its principal amount will be equal to:

(1) the issue price of the Debt Security; plus

(2) the original issue discount that has accrued from the Issue Date of the Debt Security to the OID Determination Date (as defined below); minus

(3) any amount considered as part of the ''stated redemption price at maturity'' of such Debt Security that has been paid from the Issue Date of the Debt Security to the OID Determination Date.

The ''OID Determination Date'' is the last day of the last accrual period ending prior to the date of the meeting of Holders (or, for consents not at a meeting, prior to a date that we establish). The accrual period will be the same as the accrual period used by us to determine our deduction for accrued original issue discount under the Code. For a description of original issue discount and definitions of ''offering price'' and ''stated redemption price at maturity,'' see ''Certain United States Federal Tax Consequences — U.S. Owners — Debt Obligations with Original Issue Discount.''

If the Specified Principal Currency of a Debt Security is other than U.S. dollars, the ''principal amount'' will be the U.S. dollar equivalent, determined on the Issue Date, of the principal amount (or, in the case of the Debt Securities referred to in the preceding paragraph, the amount determined in accordance with the provisions described in that paragraph) of that Debt Security. The ''principal amount'' of a Debt Security with principal determined by reference to an index, exchange rate or formula will be described in the applicable Pricing Supplement.

If any modification, amendment or supplement of the terms of an issue of Eligible Securities requires the consent of Holders, only the Holders of Principal Components will be entitled to give or withhold that consent. Holders of Interest Components will have no right to give or withhold such consent.

As provided in the Global Facility Agreement, we may establish a record date for the determination of Holders entitled to vote at any meeting of Holders of Debt Securities, to grant any consent regarding Debt Securities and to notice of any such meeting or consent.

Any instrument given by a Holder on your behalf relating to a consent will be irrevocable once given and will be conclusive and binding on all subsequent Holders of that Debt Security or any substitute or replacement Debt Security, and whether or not notation of any amendment is made upon the Debt Securities. Any amendment of the Global Facility Agreement or of the terms of Debt Securities will be conclusive and binding on all Holders of those Debt Securities, whether or not they have given such consent or were present at any meeting (unless by the terms of the Global Facility Agreement a written consent or an affirmative vote of such Holders is required), and whether or not notation of any such amendment is made upon the Debt Securities.

Replacement

We will replace Registered Debt Securities in definitive form that are mutilated, destroyed, stolen or lost at the Holder's expense when the Holder provides evidence of the destruction, theft or loss of the Registered Debt Securities to the Global Agent as well as an indemnity, satisfactory to us and the Global Agent.

Debt Securities Owned by Freddie Mac

We may, from time to time, repurchase or otherwise acquire some or all of any issue of Debt Securities at any price or prices, in the open market or otherwise. We may hold, sell or cancel any Debt Securities that we repurchase. Any Debt Securities we own will have an equal and proportionate benefit under the provisions of the Global Facility Agreement, without preference, priority or distinction as among those Debt Securities. However, in determining whether the required percentage of Holders of an issue of Debt Securities have given any required demand, authorization, notice, consent or waiver, Debt Securities we own, directly or indirectly, will be deemed not to be outstanding.

Notice

Any notice, demand or other communication which is required or permitted to be given to a Holder may be given in writing by mail addressed to the Holder or, in the case of a Holder of a Debt Security maintained on the Fed Book-Entry System, by transmission through the communication system linking the Federal Reserve Banks. The communication will be deemed to have been sufficiently given or made upon mailing or transmission.

Notices regarding any issue of Debt Securities listed on the Luxembourg Stock Exchange also will be published in a newspaper of general circulation in Luxembourg (which is expected to be the *Luxembourg Wort*) or, if such publication is not practical, elsewhere in Europe if the rules of that exchange so require. Notices regarding any issue of Debt Securities listed on the Singapore Stock Exchange will be published in a newspaper of general circulation in Singapore (which is expected to be *The Business Times*) or, if such publication is not practical, elsewhere in Asia if the rules of that exchange so require. Notice by publication will be deemed to have been given on the date of publication or, if published more than once, on the date of first publication.

Any notice, demand or other communication which is required or permitted to be delivered to us must be given in writing addressed as follows: Freddie Mac, 8200 Jones Branch Drive, McLean, Virginia 22102 Attention: Executive Vice President — General Counsel and Secretary. The communication will be deemed to have been sufficiently given or made only upon actual receipt of the writing by us.

Governing Law

The Global Facility Agreement and the rights and obligations of the Holders and Freddie Mac with respect to the Debt Securities each are to be interpreted under the federal laws of the United States. If there is no applicable U.S. federal law precedent, and if the application of New York law would not frustrate the purposes of the Freddie Mac Act or any provision of the Global Facility Agreement or the transactions governed by the Global Facility Agreement, then the local laws of the State of New York will be deemed to reflect the federal laws of the United States.

A judgment that may be granted in an action commenced in a United States court based on Debt Securities payable in a Specified Payment Currency other than U.S. dollars may be denominated in U.S. dollars. It is not clear whether, in granting such judgment, the court would use the rate of exchange of the Specified Payment Currency into U.S. dollars in effect on the date of breach, on the date judgment is rendered or on another date.

CERTAIN UNITED STATES FEDERAL TAX CONSEQUENCES

The Debt Securities and payments on the Debt Securities generally are not exempt from taxation by the United States or other U.S. or non-U.S. taxing jurisdictions.

The following summary addresses certain U.S. federal tax consequences of an investment in those Debt Securities (referred to as ''Debt Obligations'' in this section) that do not have a Variable Principal Repayment Amount and are not Targeted Registered Debt Securities. The summary is based upon U.S. laws, regulations and decisions now in effect, all of which are subject to change, potentially with retroactive effect, or differing interpretations.

This summary discusses only Debt Obligations held by Beneficial Owners as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended to the date of this Offering Circular (the ''Code''). It does not discuss all of the tax consequences that may be relevant to a Beneficial Owner in light of its particular circumstances or to Beneficial Owners subject to special rules, such as certain financial institutions, insurance companies, dealers, Beneficial Owners holding Debt Obligations as part of a hedging transaction or straddle, or Beneficial Owners who are U.S. Owners (as defined below) and whose functional currency (as defined in Section 985 of the Code) is not the U.S. dollar. Moreover, this summary does not address Debt Obligations held by a foreign partnership or other foreign flow-through entities. Further, the tax consequences arising from the ownership of any Debt Obligations with special characteristics (*e.g.,* Debt Obligations involving multiple currencies or subordinated Debt Obligations providing for deferral of, limitation on or suspension of payments of principal or interest in some circumstances) may be set forth in the related Pricing Supplement. In all cases, you are advised to consult your own tax advisor regarding the U.S. federal tax consequences to you of purchasing, owning and disposing of Debt Obligations (or of stripped payment rights derived from such Debt Obligations), including the advisability of making any of the elections described below, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

For purposes of this summary, ''U.S. Person'' means:

- an individual who, for U.S. federal income tax purposes, is a citizen or resident of the United States;
- a corporation, partnership or other entity created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, other than a partnership that is not treated as a U.S. Person under any applicable U.S. Treasury regulations (''Regulations'');
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Certain trusts in existence on or before August 20, 1996, that were treated as U.S. persons under the law in effect on such date but fail to qualify as U.S. persons under current law, may elect to continue to be treated as U.S. persons to the extent prescribed in the Regulations.

''Beneficial Owner'' means the entity or individual that beneficially owns a Debt Obligation. ''U.S. Owner'' means a Beneficial Owner that is a U.S. Person and ''Non-U.S. Owner'' means a Beneficial Owner that is not a U.S. Person.

U.S. tax authorities have issued Regulations which provide that the conversion of the national currency of participating members of the European Union (''legacy currencies'') into Euros will not result in the realization of gain or loss for federal income tax purposes. If we issue Debt Securities denominated in a legacy currency, conversion of the amount payable into Euros will not cause gain or loss to be realized. Similarly, no gain or loss will be realized upon the conversion of an amount paid on the Debt Securities from a legacy currency to Euros.

If we issue Debt Securities having a Variable Principal Repayment Amount or Targeted Registered Debt Securities, the U.S. federal tax treatment of Beneficial Owners of such Debt Securities will be described in the related Pricing Supplement.

U.S. Owners

In General

Income derived from a Debt Obligation by a U.S. Owner is subject to U.S. federal income taxation. In addition, a Debt Obligation owned by an individual who, at the time of death, is a U.S. citizen or domiciliary is subject to U.S. federal estate tax.

The U.S. Internal Revenue Service (the ''IRS'') has ruled that Freddie Mac is an instrumentality of the United States for purposes of Section 7701(a)(19) of the Code; therefore, domestic building and loan associations and savings banks are permitted to invest in Debt Obligations to meet the percentage of total assets required to be invested in, among other things, stock or obligations of a corporation which is an instrumentality of the United States. Furthermore, Debt Obligations held by a real estate investment trust will constitute ''Government securities'' within the meaning of Section 856(c)(4)(A) of the Code, and Debt Obligations held by a regulated investment company will constitute ''Government securities'' within the meaning of Section 851(b)(3) of the Code.

The Freddie Mac Act does not contain any specific exemption for any taxes on the principal of or interest on obligations issued by us imposed by any state or possession of the United States or by any local taxing authority. Purchasers residing in states of the United States that impose intangible property or income taxes should consult their own tax advisors as to the status of the Debt Obligations and interest paid on them under applicable tax laws.

Payments of Interest

Interest paid on a Debt Obligation generally will be taxable to a U.S. Owner as ordinary interest income at the time it accrues or is received in accordance with the U.S. Owner's method of accounting for U.S. federal income tax purposes. Special rules governing the treatment of interest paid on Debt Obligations having original issue discount are described below.

If an interest payment is payable in or determined by reference to a Specified Currency other than U.S. dollars (a ''Non-U.S. Currency''), the amount of interest income recognized by a cash method U.S. Owner will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted to U.S. dollars. Accrual method U.S. Owners may determine the amount of the income recognized on such interest payments in accordance with either of two methods, in either case regardless of whether the payments are in fact converted into U.S. dollars. Under the first method, the amount of interest income recognized will be based on the average exchange rate in effect during the interest accrual period (or, for an accrual period that spans two taxable years, the partial period within the taxable year). Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Debt Obligation) payable in or determined by reference to a Non-U.S. Currency, an accrual method U.S. Owner will recognize ordinary exchange gain or loss measured by the difference between the U.S. dollar value of such payment at the exchange rate in effect on the date of receipt and the amount of interest accrued during the payment period at the average exchange rate.

Under the second method, an accrual method U.S. Owner may elect to translate interest income into U.S. dollars at the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, at the exchange rate in effect on the last day of the partial period within the taxable year). Additionally, if a payment of interest is received within five business days of the last day of the accrual period or taxable year, an electing accrual basis U.S. Owner instead may translate such accrued interest into U.S. dollars at the exchange rate in effect on the day the payment is received. Any election to use the second method will apply to all debt instruments held by the U.S. Owner at the beginning of the first taxable year to which the election applied or thereafter acquired by such U.S. Owner, and will be irrevocable without the consent of the IRS.

If interest on a Debt Obligation is payable in a Non-U.S. Currency, but a U.S. Owner thereof receives payment in U.S. dollars as a result of a currency conversion, then the U.S. dollar amount so received might not be the same as the U.S. dollar amount required to be recognized as interest income under the rules described above. See ''Currency Conversions.''

Debt Obligations with Original Issue Discount

Debt Obligations that are Zero Coupon Debt Securities will, and other Debt Obligations may, be issued with original issue discount. The Code and Regulations concerning the tax treatment of debt instruments issued with original issue discount (the ''OID Regulations'') provide that the excess of the ''stated redemption price at maturity'' of a Debt Obligation over its ''issue price'' will be original issue discount unless such excess is *de minimis* (defined below). The ''stated redemption price at maturity'' of a Debt Obligation is equal to the sum of all payments on the Debt Obligation other than interest based on a fixed rate (or a variable rate, unless a related Pricing Supplement states otherwise) and payable unconditionally at least annually. The ''issue price'' of a Debt Obligation is the first price at which a substantial amount of the issue of which the Debt Obligation is a part is sold to persons other than those acting as placement agents, underwriters, brokers or wholesalers. The issue price of a Debt Obligation generally includes any pre-issuance accrued interest unless a U.S. Owner excludes such amount from the issue price and treats a portion of the stated interest payable on the first interest payment date as a return of that accrued interest rather than as an amount payable under the Debt Obligation. Original issue discount is considered to be *de minimis* if it is less than one-quarter of one percent of a Debt Obligation's stated redemption price at maturity multiplied by the number of complete years to its maturity (weighted average maturity if principal is payable in installments). A Debt Obligation having original issue discount is referred to as an ''OID Debt Obligation.'' A U.S. Owner of a Debt Obligation with *de minimis* original issue discount will include any *de minimis* original issue discount in income, as capital gain, on a *pro rata* basis as principal payments are made on the Debt Obligation.

Special rules apply to Debt Obligations that are callable by us, including Debt Obligations that are Step Debt Securities and that have an initial fixed interest rate that will change to a different fixed rate on the first day on which such Debt Obligation may be redeemed (''Step Debt Obligations''). See ''Certain United States Federal Tax Consequences — U.S. Owners — Callable Debt Obligations.'' Other special rules may apply to Debt Obligations that are Variable Rate Debt Securities, Debt Obligations that provide for a fixed rate and a variable rate in different periods, Debt Obligations with a zero or reduced interest rate for certain periods, and certain other situations.

Subject to certain special rules for Debt Obligations having a maturity of one year or less (discussed below), U.S. Owners are required to include original issue discount on OID Debt Obligations in income as it accrues, which may be before the receipt of the cash attributable to such income, based on a compounding of interest at a constant rate (using the yield to maturity of the Debt Obligation when originally issued). Under these rules, the portion of the original issue discount includible in income is lowest in the first accrual period and increases in each successive accrual period. The OID Regulations permit U.S. Owners to use accrual periods of any length up to one year (including daily accrual periods) to compute accruals of original issue discount, provided each scheduled payment of principal or interest occurs either on the first or the last day of an accrual period.

If all the payments on an OID Debt Obligation are payable in or determined by reference to a single Non-U.S. Currency, the accruals of original issue discount are computed in that Non-U.S. Currency. The accruals are then translated into U.S. dollars under the rules described above for accrual method U.S. Owners in ''Certain United States Federal Tax Consequences — U.S. Owners — Payments of Interest.'' These rules are applicable to original issue discount regardless of the U.S. Owner's regular method of accounting.

Callable Debt Obligations

The OID Regulations provide special rules for determining the yield and maturity of debt instruments that are unconditionally callable prior to their final maturity date. Under these rules, we will be presumed to exercise a call right if such exercise would minimize the yield to maturity of the Debt Obligation. If a call right with respect to an OID Debt Obligation is presumed to be exercised but we do not in fact exercise the call right, the Debt Obligation will be treated as reissued at the ''adjusted issue price'' on the call date solely for purposes of determining future accruals of interest and original issue discount. The adjusted issue price is defined as the sum of the issue price of the Debt Obligation and the aggregate amount of previously accrued original issue discount (determined without regard to the acquisition premium rules), less any prior payments of amounts included in its stated redemption price at maturity.

For example, a fixed rate Debt Obligation that is issued at a discount and is callable at par will not be deemed to be called because exercise of the call right will not minimize the yield of such Debt Obligation. A Step Debt Obligation that is issued at par and is callable at par on the dates specified for increases in interest rates will be deemed to be called on the first step date because the yield to maturity on such Debt Obligation would be lower than if the interest rate were stepped up. If such Step Debt Obligation is not called on that date, or is called only in part, the Step Debt Obligation (to the extent of its remaining outstanding principal amount) will be deemed to be called and reissued at par. As a result of these special rules, such Step Debt Obligation will not have any original issue discount and stated interest is taken into account by a U.S. Owner under its regular method of accounting.

If a principal purpose in structuring a debt instrument is to achieve a result that is unreasonable in light of the purposes of the statutes relating to original issue discount, then the OID Regulations provide that the IRS can apply or depart from the OID Regulations, including the rules relating to the exercise of call rights described above, as necessary or appropriate to achieve a reasonable result. We intend to report income on any Step Debt Obligations with the features described above assuming this anti-abuse rule does not apply.

Debt Obligations with a Term of One Year or Less

A Debt Obligation that matures one year or less from the date of its issuance is referred to as a ''Short-Term Debt Obligation.'' For purposes of determining whether a Debt Obligation is a Short-Term Debt Obligation, the maturity date of the Debt Obligation is the last possible date it could be outstanding under its terms. For example, a Step Debt Obligation that has a maturity of more than one year but, under the rules described in the previous section, is presumed to be called on a date that is one year or less from the issue date, will not constitute a Short-Term Debt Obligation.

Accrual method U.S. Owners and certain other U.S. Owners described in Section 1281(b) of the Code, regardless of their method of accounting, are required to include original issue discount and stated interest (if any) with respect to a Short-Term Debt Obligation in income as it accrues. Original issue discount and stated interest must be accrued on a straight-line basis unless the U.S. Owner makes an irrevocable election to accrue such amounts on the basis of the Short-Term Debt Obligation's yield to maturity and daily compounding. U.S. Owners described in this paragraph may irrevocably elect to accrue ''acquisition discount'' (*i.e.,* the excess of the stated redemption price at maturity over the U.S. Owner's basis in the Short-Term Debt Obligation) rather than original issue discount. Such U.S. Owners should consult their tax advisors before making this election.

Cash method U.S. Owners of a Short-Term Debt Obligation generally include original issue discount and stated interest (if any) in income as payments are received. A cash method U.S. Owner of a Short-Term Debt Obligation described in Section 1281(b) of the Code, however, is subject to the rules described in the preceding paragraph. In addition, a cash method U.S. Owner of a Short-Term Debt Obligation (that is not otherwise required to account for interest or original issue discount on such Short-Term Debt Obligation as it accrues) may nevertheless elect to include in income interest and original issue discount as they accrue (under the rules discussed above) on all obligations having a maturity of one year or less held by the U.S. Owner in the taxable year of the election and in all subsequent years. This election is irrevocable without the consent of the IRS. In the case of a U.S. Owner that is not required and that does not elect to include original issue discount in income currently, (i) any gain realized upon the sale, exchange or retirement of a Short-Term Debt Obligation will be ordinary income to the extent of accrued original issue discount and (ii) such U.S. Owner will be required to defer deductions for interest expense on any indebtedness incurred or continued to purchase or carry the Short-Term Debt Obligation, in an amount not exceeding the deferred interest income, until the deferred interest income is recognized.

Acquisition Premium and Market Discount

In the event that a U.S. Owner purchases an OID Debt Obligation at an acquisition premium (*i.e.,* at a price in excess of its adjusted issue price but less than its stated redemption price at maturity), an adjustment must be made to the amount includible in income in each taxable year as original issue discount. Unless a U.S. Owner makes the accrual method election described below, the original issue discount includible for any taxable year is reduced by the product of the amount of original issue discount otherwise accruing during that taxable year under the rules described above and a constant fraction, the numerator of which is the excess of the purchase price of the Debt Obligation over the adjusted issue price of the Debt Obligation as of the acquisition date and the denominator of which is the remaining original issue discount on the Debt Obligation as of the acquisition date.

A U.S. Owner that purchases a Debt Obligation (other than a Short-Term Debt Obligation) at a ''market discount'' (*i.e.,* at a price less than its stated redemption price at maturity or, in the case of an OID Debt Obligation, its adjusted issue price) will be required (unless such difference is a *de minimis* amount) to treat any principal payments on, or any gain realized in a taxable disposition or retirement of, such Debt Obligation as ordinary income to the extent of the market discount that accrued while such U.S. Owner held such Debt Obligation, unless the U.S. Owner elects to include such market discount in income on a current basis. Market discount is considered to be *de minimis* if it is less than one-quarter of one percent of the Debt Obligation's stated redemption price at maturity multiplied by the number of complete years to maturity (weighted average maturity if principal is payable in installments) after the U.S. Owner acquired such Debt Obligation. If a Debt Obligation with more than a *de minimis* amount of market discount is disposed of in a transaction that is nontaxable in whole or in part (other than certain transactions described in Section 1276(d) of the Code), accrued market discount will be includible as ordinary income to the U.S. Owner as if such U.S. Owner had sold the Debt Obligation at its then fair market value. Generally, market discount accrues ratably over the number of days from the date of acquisition to the maturity date of the Debt Obligation. A U.S. Owner may, however, irrevocably elect with respect to any Debt Obligation to use a constant interest method. A U.S. Owner of a Debt Obligation that acquired it at a market discount and that does not elect under Section 1278(b) of the Code to include market discount in income on a current basis also may be required to defer the deduction for a portion of the interest expense on any indebtedness incurred or continued to purchase or carry the Debt Obligation until the deferred income is realized.

If all payments on a Debt Obligation are payable in or determined by reference to a single Non-U.S. Currency, the amount of market discount includible in income will generally be determined by translating the market discount determined in the Non-U.S. Currency into U.S. dollars at the spot rate on the date the Debt Obligation is retired or otherwise disposed of. If the U.S. Owner has elected to accrue market discount currently, then the amount which accrues is determined in the Non-U.S. Currency and then translated into U.S. dollars on the basis of the average rate in effect during such accrual period. A U.S. Owner will recognize ordinary exchange gain or loss with respect to market discount which is accrued currently using the approach described in ''Certain United States Federal Tax Consequences — U.S. Owners — Payments of Interest.''

Debt Obligations Purchased at a Premium

Except as noted below, a U.S. Owner that purchases a Debt Obligation for an amount in excess of its remaining stated redemption price at maturity will be treated as having premium with respect to such Debt Obligation in the amount of such excess. A U.S. Owner that purchases an OID Debt Obligation at a premium is not required to include in income any original issue discount with respect to such Debt Obligation. If such a U.S. Owner makes an election under Section 171(c)(2) of the Code to treat such premium as ''amortizable bond premium,'' the amount of interest on a Debt Obligation that must be included in such U.S. Owner's income for each accrual period (where such Debt Obligation is not optionally redeemable prior to its maturity date) will be reduced (but not below zero) by the portion of the premium allocable to such period based on the Debt Obligation's yield to maturity. If such Debt Obligation may be called prior to maturity after the U.S. Owner has acquired it, the U.S. Owner generally may not assume that the call will be exercised and must amortize premium to the maturity date. If the Debt Obligation is in fact called, any unamortized premium may be deducted in the year of the call. If a U.S. Owner makes the election under Section 171(c)(2) of the Code, the election also shall apply to all bonds the interest on which is not excludable from gross income (''Fully Taxable Bonds'') held by the U.S. Owner at the beginning of, or acquired during, the first taxable year to which the election applies and to all Fully Taxable Bonds thereafter acquired by it. This election is irrevocable without the consent of the IRS. If such an election is not made, such a U.S. Owner must include the full amount of each interest payment in income in accordance with its regular method of accounting and will take the premium into account in computing its gain or loss upon the sale or other disposition or retirement of the Debt Obligation. Thus, the premium may reduce capital gain or increase capital loss realized on the disposition or retirement. See ''Certain United States Federal Tax Consequences — U.S. Owners — Disposition or Retirement of Debt Obligations.''

If all payments on a Debt Obligation are payable in or determined by reference to a single Non-U.S. Currency, amortizable premium will, if the U.S. Owner so elects, reduce the amount of foreign currency interest income on such Debt Obligation. Such electing U.S. Owner is required to recognize ordinary exchange gain or loss attributable to movements in exchange rates between the time premium is paid to acquire the Debt Obligation and the time it offsets interest income by treating the amount of premium amortized as a return of principal.

Accrual Method Election

Under the OID Regulations, a U.S. Owner of a Debt Obligation is permitted to elect to include in gross income its entire return on a Debt Obligation (*i.e.,* the excess of all remaining payments to be received on the Debt Obligation over the amount paid for the Debt Obligation by such U.S. Owner) based on the compounding of interest at a constant rate. If the U.S. Owner has not made an election under Section 171(c)(2) of the Code to amortize bond premium, an accrual method election for a Debt Obligation with amortizable bond premium will result in a deemed election under Section 171(c)(2) of the Code for all of the U.S. Owner's debt instruments with amortizable bond premium acquired during the current year and all subsequent years. Similarly, an accrual method election for a Debt Obligation with market discount by a U.S. Owner that has not made an election under Section 1278(b) of the Code to include market discount in income on a current basis will result in a deemed election under Section 1278(b) of the Code. Such a deemed election will apply to all debt instruments with market discount acquired by the U.S. Owner during the current year and all subsequent years. Neither the bond premium election under Section 171(c)(2) of the Code nor the market discount election under Section 1278(b) of the Code may be revoked without the permission of the IRS.

Disposition or Retirement of Debt Obligations

Upon the sale, exchange or other disposition of a Debt Obligation, or upon the retirement of a Debt Obligation (including by redemption), a U.S. Owner will recognize gain or loss equal to the difference, if any, between the amount realized upon the disposition or retirement (not including any amount attributable to accrued but unpaid interest) and the U.S. Owner's tax basis in the Debt Obligation. The amount realized on a disposition or retirement of a Debt Obligation in exchange for an amount payable in a Non-U.S. Currency (whether or not the U.S. Owner elects to receive payment in the Non-U.S. Currency) is the U.S. dollar value of such amount on the date of disposition or retirement or, in the case of Debt Obligations traded on an established securities market (within the meaning of Treasury Regulation Section 1.988-2(a)(2)(iv)) sold by a cash basis U.S. Owner (or an electing accrual basis U.S. Owner), on the settlement date for the sale. A U.S. Owner's tax basis for determining gain or loss on the disposition or retirement of a Debt Obligation is the U.S. dollar cost of such Debt Obligation to such U.S. Owner, increased by the amount of original issue discount and any market discount includible in such U.S. Owner's gross income with respect to such Debt Obligation, and decreased by (i) the amount of any payments under the Debt Obligation that are part of its stated redemption price at maturity and (ii) the portion of any premium applied to reduce interest payments as described above. The U.S. dollar cost of Debt Obligations purchased with Non-U.S. Currency generally will be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Debt Obligations traded on an established securities market (within the meaning of Treasury Regulation Section 1.988-2(a)(2)(iv)) purchased by a cash basis U.S. Owner (or an electing accrual basis U.S. Owner), on the settlement date for the purchase. If a U.S. Owner purchases a Debt Obligation that is payable in a Non-U.S. Currency by converting U.S. dollars to the Non-U.S. Currency, the U.S. dollar value of the purchase price on the date of the purchase or settlement, as the case may be, may not be the same amount as the U.S. dollar amount converted to the Non-U.S. Currency for that purpose. See ''Certain United States Federal Tax Consequences — U.S. Owners— Exchange of Amounts in Non-U.S. Currency.''

Gain or loss upon the disposition or retirement of a Debt Obligation will be capital gain or loss, except to the extent the gain represents accrued original issue discount or market discount on the Debt Obligation not previously included in gross income, or to the extent the gain or loss is attributable to changes in exchange rates, to which extent such gain or loss would be treated as ordinary income. Any capital gain or loss will be long-term capital gain or loss if at the time of disposition or retirement the Debt Obligation has been held for more than one year. With respect to Step Debt Obligations described above, if a call that is presumed exercised is not in fact exercised, the deemed reissuance of the Debt Obligations for purposes of computing subsequent accruals of interest and original issue discount will not result in a deemed disposition or retirement of the Step Debt Obligations.

Exchange of Amounts in Non-U.S. Currency

Non-U.S. Currency received as interest on a Debt Obligation or on disposition or retirement of a Debt Obligation will have a tax basis equal to its U.S. dollar value at the time such interest is received or at the time of such disposition or retirement. Non-U.S. Currency that is purchased generally will have a tax basis equal to the U.S. dollar value of its cost. Any gain or loss recognized on a sale or other disposition of a Non-U.S. Currency (including its use to purchase Debt Obligations or upon exchange for U.S. dollars) will be ordinary income or loss.

Stripped Debt Obligations

Tax Treatment of Purchasers of Principal or Interest Components. Pursuant to Section 1286 of the Code, the separation of ownership of the right to receive some or all of the interest payments on a debt obligation from ownership of the right to receive some or all of the principal payments results in the creation of ''stripped bonds'' with respect to principal payments and ''stripped coupons'' with respect to interest payments. Consequently, a purchaser of a Principal Component or an Interest Component will be considered to own stripped bonds or stripped coupons, respectively.

Section 1286 of the Code treats a stripped bond or a stripped coupon, for purposes of applying the original issue discount rules, as a debt instrument issued with original issue discount on the date that such stripped bond or stripped coupon is purchased. Accordingly, the tax consequences to a purchaser of a Component are determined as if the Component were an OID Debt Obligation issued on the date of purchase or, in the case of a Component maturing one year or less from the date of purchase, a Short-Term Debt Obligation issued on that date. See ''Certain United States Federal Tax Consequences — U.S. Owners — Debt Obligations with Original Issue Discount'' and '' — Debt Obligations with a Term of One Year or Less'' and ''Certain United States Federal Tax Consequences — Non-U.S. Owners — Interest.'' The amount of original issue discount is equal to the excess (if any) of the Component's stated redemption price at maturity (in the case of an Interest Component, the amount payable on the due date of such Component), over the purchase price.

If a U.S. Owner purchases in one transaction a pro rata share of the Principal Component and applicable unmatured Interest Components relating to the same Debt Obligation, then, while the matter is not free from doubt, such U.S. Owner should be treated as purchasing an undivided interest in the Debt Obligation rather than the separate Components. If such Components are purchased in separate transactions, then the U.S. Owner should be treated as purchasing the separate Components for federal income tax purposes. Such a U.S. Owner must account for taxable income with respect to such Components as described in the preceding paragraph.

Tax Treatment of Person That Strips the Debt Obligation and Disposes of Some of the Components. A U.S. Owner of a Debt Obligation that strips the Debt Obligation into its related Components and disposes of some of such Components will also be subject to the rules of Section 1286 of the Code. On the date of disposition, the U.S. Owner must (1) include in income all interest and market discount accrued on the Debt Obligation and not previously included in income, (2) increase its basis in the Debt Obligation by the same amount, (3) allocate its basis in the Debt Obligation among the Principal Component and Interest Components retained and disposed of according to their respective fair market values and (4) recognize gain or loss with respect to the Principal Component and Interest Components disposed of. Such U.S. Owner will be treated as having purchased the retained Components for an amount equal to the basis allocable to such Components.

Tax Treatment of Stripping and Reconstitution Transactions. An exchange by a U.S. Owner of a Debt Obligation for the related Components will not constitute a taxable exchange to the U.S. Owner. Similarly, a reconstitution of Components into a single instrument will not constitute a taxable exchange. In either case, the U.S. Owner will be treated as continuing to own for U.S. federal income tax purposes the property that it owned prior to the exchange.

Non-U.S. Owners

Interest

Interest (including original issue discount) on a Debt Obligation held by a Non-U.S. Owner will be subject to a 30-percent U.S. federal income and withholding tax, unless an exemption applies. An exemption generally exists in the following circumstances:

Exemption for Certain Short-Term Obligations. Interest on a Debt Obligation held by a Non-U.S. Owner that is not effectively connected with a trade or business of the Non-U.S. Owner within the United States will be exempt from U.S. federal income and withholding taxes if the Debt Obligation is payable in full within 183 days after the date of original issue.

Exemption for Portfolio Interest. Interest on a Debt Obligation held by a Non-U.S. Owner that is not effectively connected with a trade or business of the Non-U.S. Owner within the United States generally will be exempt from U.S. federal income and withholding taxes if the person otherwise required to withhold receives, in the manner provided by U.S. tax authorities, a certification that the Non-U.S. Owner is not a U.S. Person. A Non-U.S. Owner may provide this certification by providing a properly completed Form W-8BEN or other documentation as may be prescribed by U.S. tax authorities. The appropriate documentation must be effective as to the interest and be provided prior to the payment of such interest. If a change in circumstances makes any information on such documentation incorrect, then the Non-U.S. Owner must report the change within 30 days and provide new documentation.

The portfolio interest exemption will not apply if: (i) the interest is determined by reference to any receipts, sales or other cash flow of Freddie Mac or a related person, the income or profits of Freddie Mac or a related person, a change in value of any property of Freddie Mac or a related person, or any other item specified in Section 871(h)(4)(A) of the Code, (ii) the Non-U.S. Owner is a bank that receives payments on the Debt Obligations that are described in Section 881(c)(3)(A) of the Code, (iii) the Non-U.S. Owner is a 10-percent shareholder of Freddie Mac within the meaning of Section 871(h)(3)(B) of the Code or (iv) the Non-U.S. Owner is a ''controlled foreign corporation'' related to Freddie Mac within the meaning of Section 881(c)(3)(C) of the Code.

Exemption or Reduced Rate for Non-U.S. Owners Entitled to the Benefits of a Treaty. Interest on a Debt Obligation held by a Non-U.S. Owner may be exempt from U.S. federal income and withholding taxes (or subject to such tax at a reduced rate) under an income tax treaty between the United States and a foreign jurisdiction. In general, the exemption (or reduced rate) applies only if the Non-U.S. Owner provides a properly completed Form W-8BEN or other documentation as may be prescribed by U.S. tax authorities. The appropriate documentation must be effective as to the interest and be provided prior to the payment of such interest. If a change in circumstances makes any information on such documentation incorrect, then the Non-U.S. Owner must report the change, generally within 30 days, and provide new documentation.

A treaty exemption (or reduced rate of tax) generally will not apply if the Non-U.S. Owner holds the Debt Obligation through an entity that is ''fiscally transparent'' for U.S. federal income tax purposes but not fiscally transparent under the laws of the Non-U.S. Owner's jurisdiction of residence. An entity is considered fiscally transparent if its interest holders currently take into account their respective shares of the entity's income and determine the character of such income as if they realized it directly.

Exemption for Non-U.S. Owners with Effectively Connected Income. Interest on a Debt Obligation held by a Non-U.S. Owner will be exempt from the 30-percent U.S. federal withholding tax if it is effectively connected with the conduct of a trade or business within the United States and the Non-U.S. Owner establishes this exemption by providing a properly completed Form W-8ECI or other documentation as may be prescribed by U.S. tax authorities. The appropriate documentation must be effective as to the interest and be provided prior to the payment of such interest. If a change in circumstances makes any information on such documentation incorrect, then the Non-U.S. Owner must report the change, generally within 30 days, and provide new documentation. Interest on a Debt Obligation that is, or is deemed to be, effectively connected with the conduct of a trade or business in the United States by a Non-U.S. Owner, although exempt from the withholding tax, generally will be subject to U.S. federal income tax at graduated rates and, in the case of a foreign corporation, U.S. federal branch profits tax.

Disposition or Retirement of Debt Obligations

Except as provided in the discussion of backup withholding below, a Non-U.S. Owner of a Debt Obligation will not be subject to U.S. federal income and withholding taxes on any gain realized on the sale, exchange, retirement or other disposition of a Debt Obligation unless (i) such gain is, or is deemed to be, effectively connected with a trade or business in the United States of the Non-U.S. Owner or (ii) such Non-U.S. Owner is an individual who is present in the U.S. for 183 days or more in the taxable year of sale, exchange, retirement or other disposition and certain conditions are met.

U.S. Federal Estate and Gift Taxes

Debt Obligations owned by an individual who is not a citizen or domiciliary of the United States will not be subject to U.S. federal estate tax if interest paid on the Debt Obligations to such individual at the time of his or her death would have been exempt from U.S. federal income and withholding taxes as described above under either ''United States Federal Tax Consequences — Non-U.S. Owners — Interest — Exemption for Portfolio Interest'' (without regard to the requirement that a non-U.S. beneficial ownership statement be received) or ''United States Federal Tax Consequences — Non-U.S. Owners — Interest — Exemption for Certain Short-Term Obligations.'' A Non-U.S. Owner of a Debt Obligation will not be subject to U.S. federal gift tax on a transfer of the Debt Obligation, unless the Non-U.S. Owner is an expatriate subject to Section 2501(a)(3) of the Code.

Information Reporting and Backup Withholding

Payments of interest on a Debt Obligation to a U.S. Owner (other than a corporation or other exempt recipient) are required to be reported to the IRS and the U.S. Owner. Payments of interest on a Debt Obligation to a Non-U.S. Owner (other than interest described above under ''United States Federal Tax Consequences — Non-U.S. Owners — Interest — Exemption for Certain Short-Term Obligations'') generally will be reported to U.S. tax authorities and the Non-U.S. Owner. Form W-8BEN, Form W-8ECI, or other documentation or information about the Non-U.S. Owner may be provided to U.S. tax authorities.

Backup withholding of U.S. federal income tax at a rate of 31% may apply to a payment made in respect of a Debt Obligation, as well as a payment of proceeds from the sale of a Debt Obligation, to a Beneficial Owner (other than a corporation or other exempt recipient), unless the Beneficial Owner provides certain information.

If a Beneficial Owner (other than a corporation or other exempt person) sells a Debt Obligation before the stated maturity to (or through) certain brokers, the broker must report the sale to the IRS and the Beneficial Owner unless, in the case of a Non-U.S. Owner, the Non-U.S. Owner certifies that it is not a U.S. Person (and certain other conditions are met). The broker may be required to withhold U.S. federal income tax at a rate of 31% of the entire sale price unless such Beneficial Owner provides certain information and, in the case of a Non-U.S. Owner, the Non-U.S. Owner certifies that it is not a U.S. Person (and certain other conditions are met).

THE U.S. FEDERAL TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A BENEFICIAL OWNER'S PARTICULAR SITUATION. BENEFICIAL OWNERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE DEBT OBLIGATIONS, INCLUDING THE TAX CONSEQUENCES UNDER THE TAX LAWS OF THE UNITED STATES, STATES, LOCALITIES, COUNTRIES OTHER THAN THE UNITED

STATES AND ANY OTHER TAXING JURISDICTIONS AND THE POSSIBLE EFFECTS OF CHANGES IN SUCH TAX LAWS.

APPLICATION OF PROCEEDS

We will use the net proceeds from sales of the Debt Securities for general corporate purposes, including the purchase and financing of mortgages.

LEGAL INVESTMENT CONSIDERATIONS

You should consult your own legal advisors to determine whether the Debt Securities constitute legal investments for you and whether the Debt Securities can be used as collateral for borrowings. In addition, financial institutions should consult their legal advisors or regulators to determine the appropriate treatment of the Debt Securities under risk-based capital and similar rules.

Investors whose investment activities are subject to legal investment laws and regulations or to review by regulatory authorities may be subject to restrictions on investing in certain types of Debt Securities generally. An institution regulated by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration, the Treasury Department or any other federal or state agency with similar authority should review applicable regulations, policy statements and guidelines before purchasing or pledging Securities.

DISTRIBUTION ARRANGEMENTS

Distribution

We will offer the Debt Securities to or through Dealers under the terms and conditions set forth in a Dealer Agreement, dated as of May 19, 1995, as amended by amendments dated as of December 30, 1998, December 30, 1999, March 20, 2000 and January 5, 2001 and as further amended, supplemented or modified or replaced from time to time (the ''Dealer Agreement''), between us and certain Dealers. ''Dealers'' are firms that engage in the business of dealing or trading in debt securities as agents, brokers or principals. Under the terms of the Dealer Agreement, we may add other securities dealers or banks in connection with the distribution of the Debt Securities or any particular issue of Debt Securities. These securities dealers or banks, together with the initial Dealers with whom Freddie Mac executed the Dealer Agreement, are referred to in this Offering Circular collectively as the ''Dealers.'' The Dealer Agreement also provides that Dealers may be removed from the Facility from time to time.

Sales to Dealers as Principal

We intend to sell Debt Securities primarily to Dealers as principals, either individually or as part of a syndicate. These sales may be by auction or other methods. Dealers will resell Debt Securities to investors at a fixed offering price or at varying offering prices related to market prices prevailing at the time of resale as determined by such Dealers. Offering prices may be established through negotiations with dealers, auctions (which may include standard auctions, Dutch auctions or other formats) or otherwise. The Dealer Agreement entitles the Dealers or us to terminate such sale in certain circumstances before payment for the Debt Securities is made to us. Except as noted below for Targeted Registered Debt Securities and under certain other circumstances, any Dealer may sell the Debt Securities it has purchased as principal to other dealers at a concession, in the form of a discount that other Dealers receive. The concession may be all or a portion of the underwriting compensation. There will be no underwriting compensation where such sales are by auction. Dealers will advise us whether an offering is on a fixed price or variable price basis and of any concessions or reallowances that they will provide to other dealers. We will include this information that the Dealers provide in the applicable Pricing Supplement. After the initial offering of any issue of Debt Securities, the offering price, the concession and the reallowance may be changed.

Non-Underwritten Sales

We may authorize some Dealers to solicit customer offers to purchase Debt Securities on a non-underwritten basis as our agents or on other terms we determine. The Dealer Agreement requires each Dealer severally and not jointly to solicit purchases of the Debt Securities for which it is authorized to solicit offers as agent. Dealers have agreed to use their best efforts when soliciting non-underwritten sales. Dealers also may approach us on behalf of investors and other purchasers with offers to purchase Debt Securities on a non-underwritten basis. We will sell Debt Securities on a non-underwritten basis at 100% of the principal amount, unless we specify otherwise in the applicable Pricing Supplement. These sales may be by auction or other methods. We will pay the Dealers through whom a Debt Security is sold a commission in an amount specified in the applicable Pricing Supplement, except that no commission will be paid where such sales are by auction. The commission will be expressed as a percentage of the principal amount of the Debt Securities (or the initial offering price for Zero Coupon Debt Securities and certain other Debt Securities sold at a discount). We will have the sole right to accept offers to purchase Debt Securities and may reject all or a portion of any offer. Each Dealer will have the right, using reasonable discretion, to reject all or a portion of any offer to purchase Debt Securities solicited on a non-underwritten basis. Each Dealer is acting solely as our agent in soliciting offers to purchase Debt Securities as agent and not as principal, and does not assume any obligation towards or relationship of agency or trust with any purchaser of Debt Securities.

Targeted Registered Debt Securities

No Dealer participating in the distribution of Targeted Registered Debt Securities (whether as principal or agent) may allow any person (including an affiliate) to participate in the distribution of Targeted Registered Debt Securities without our prior written consent and that person having entered into an agreement with us as we may require.

Sales Directly to Investors

We also may sell Debt Securities directly to investors on our own behalf. We will not pay a commission to any Dealer on these direct sales. These sales may be by auction or other methods.

Stabilization and Other Market Transactions

A Dealer acting as a principal for a fixed price offering may engage in certain transactions that stabilize, maintain or otherwise affect the market price in connection with any offering of Debt Securities. A Dealer will be identified in the Pricing Supplement as the ''Stabilizing Manager'' for the syndicate in each syndicated fixed price offering that is underwritten. These transactions may include stabilizing bids or purchases for the purpose of pegging, fixing or maintaining the market price of the Debt Securities and the purchase of Debt Securities to cover syndicate short positions and will, in any event, be conducted in compliance with all applicable laws, regulations and rules.

A Dealer may create a short position in the Debt Securities in connection with the offering by selling Debt Securities with a principal amount greater than that set forth on the cover of the applicable Pricing Supplement, and may reduce that short position by purchasing Debt Securities in the open market.

The Stabilizing Manager may also impose a penalty bid on the other Dealers. This means that if the Stabilizing Manager purchases in the open market to reduce a Dealer's short position or to stabilize the price of the Debt Securities, it may reclaim the amount of the selling concession from the Dealer who sold those Debt Securities as part of the offering.

In general, purchases of a Debt Security for the purpose of stabilization or to reduce a short position could cause the price of the Debt Security to be higher than it might be in the absence of such purchases. We and the Dealers make no representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Debt Securities. In addition, we and the Dealers make no representation that the Dealers will engage in such transactions or that such transactions, once commenced, will be continued. A Dealer that engages in such transactions does so on its own behalf and not as our agent. If Dealers commence these transactions, they may discontinue them at any time.

In connection with any particular issue of Debt Securities, we may enter into forwards, futures, options, swaps, or other hedging transactions, or repurchase or reverse repurchase transactions with, or arranged by, the applicable Dealer or an affiliate. The Dealer or other parties may receive compensation, trading gain, temporary funding or other benefits from these transactions. We also may from time to time engage in other hedging activities or repurchase or reverse repurchase transactions involving Debt Securities, in the open market or otherwise. We are not required to engage in any of these transactions. If we commence these transactions, we may discontinue them at any time. Counterparties to these hedging activities also may engage in market transactions involving Debt Securities.

Neither we nor the Dealers make any representation or prediction as to the direction or magnitude of any effect that the transactions described in this section may have on the price of Debt Securities.

Additional Information

Unless we specify otherwise in the applicable Pricing Supplement, you must pay the purchase price of Debt Securities to us in immediately available funds. Your payment will be effective only when we receive the funds.

We and the Dealers have agreed to indemnify each other against and contribute toward certain liabilities.

Purchasers of the Debt Securities may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase. Neither we nor any Dealer represent that the Debt Securities may be sold lawfully in the secondary market at any time in compliance with any applicable registration or other requirements in any jurisdiction, or under any available exemption, nor do we or any Dealer assume any responsibility for facilitating these sales.

The Dealers and certain affiliates of the Dealers engage in transactions with and perform services for us in the ordinary course of business. We may enter into hedging transactions in connection with any particular issue of Debt Securities, including forwards, futures, options, interest rate or exchange rate swaps and repurchase or reverse repurchase transactions with, or arranged by, the applicable Dealer, an affiliate of the Dealer or an unrelated entity. We, the Dealers or other parties may receive compensation, trading gain or other benefits in connection with these transactions.

You can obtain lists of Dealers for Debt Securities by contacting our Debt Securities Marketing Office. See ''Available Information'' in this Offering Circular.

We may request the Dealers to provide us with information relating to the Debt Securities that they sell, including the identities of investors that have made purchases of Debt Securities.

Trading Markets

We have applied to list the Debt Securities to be issued under the Facility, that are agreed at the time of issue to be so listed, on the Luxembourg Stock Exchange and the Singapore Stock Exchange. We also may issue unlisted Debt Securities and Debt Securities listed on other or additional exchanges. The Pricing Supplement will identify any exchange to which an initial listing application will be made.

When issued, the Debt Securities generally will have no established trading market. We have been advised that certain Dealers for the Debt Securities intend to make a secondary market in the Debt Securities offered by or through them, but, in general, such Dealers are not obligated to do so and may discontinue any such secondary market making at any time without notice. There is no assurance that a secondary market for any of the Debt Securities will develop or of the liquidity of such a market if it develops.

We understand that the Board of Directors of the EuroMTS System (the ''EuroMTS''), pursuant to its rules, as amended, may select €Reference Securities for trading on such system. We understand that EuroMTS is a privately owned and operated electronic trading system for Euro denominated government securities and certain Euro denominated government-related enterprise securities. We further understand that certain Dealers may be requested to apply and be selected by the EuroMTS Board of Directors to publish on EuroMTS bids to buy and offers to sell €Reference Securities at stated prices, in accordance with EuroMTS rules which include the requirement to maintain certain specified maximum bid/offer spreads for such securities.

Selling Restrictions

General

The Debt Securities may be offered and sold from time to time in one or more issues outside of the United States, within the United States or simultaneously outside of and within the United States, only where it is legal to make such offers and sales.

The Dealers have represented and agreed that they have complied and will comply with all applicable laws and regulations in each jurisdiction in which or from which they may purchase, offer, sell or deliver any Debt Securities or distribute this Offering Circular, any Pricing Supplement or any other offering material. The Dealers also have agreed to comply with certain selling restrictions relating to certain countries.

We may modify the selling restrictions described below following a change in any relevant law, regulation, government policy or directive, or otherwise. Freddie Mac also may add selling and other restrictions to reflect requirements relating to Specified Currencies or Specified Payment Currencies. Any such modified or added selling or other restrictions will be reflected in the applicable Pricing Supplement.

United Kingdom

The Dealers have represented and agreed as follows:

(i) they have not offered or sold Debt Securities that have an original maturity of one year or more and, prior to six months after the Issue Date of such Debt Securities, will not offer or sell any such Debt Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);

(ii) they have complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by them in relation to the Debt Securities in, from or otherwise involving the United Kingdom; and

(iii) they have only issued or passed on and will only issue or pass on in the United Kingdom any document received by them in connection with an issue of any Debt Securities to a person who is of a kind described in Article 11(3) of the Financial Services Act of 1986

(Investment Advertisements) (Exemptions) Order 1996, as amended, or is a person to whom such document may otherwise lawfully be issued or passed on.

Japan

The Debt Securities have not been and will not be registered under the Securities and Exchange Law. The Dealers have represented and agreed that they have not offered or sold, and will not offer or sell, directly or indirectly, any of the Debt Securities in Japan or to or for the benefit of any resident of Japan (which term means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to any person for reoffering or resale, directly or indirectly, in Japan or to any resident of Japan except under an exemption from the registration requirements of and in compliance with the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

The Dealers also have represented and agreed to provide any necessary information regarding Yen denominated Debt Securities to us or the Global Agent so that we or the Global Agent may make any required or advisable reports to the Japanese Ministry of Finance.

France

The Dealers have represented and agreed that they have not offered or sold, and will not offer or sell, Debt Securities to the public in France during their initial distribution and have not distributed and will not distribute or cause to be distributed in France this Offering Circular or any other offering material relating to the Debt Securities, except to (1) qualified investors (*investisseurs qualifiés)* acting for their own account or (2) a restricted group of investors (*cercle restreint d'investisseurs)*, all as defined in Article 6 of *Ordonnance* no. 67-833 dated September 28, 1967 (as amended) and *Decret* no. 98-880 dated October 1, 1998.

Germany

In connection with the initial placement of the Debt Securities in Germany, the Dealers have represented and agreed that they will offer and sell Debt Securities (1) unless otherwise provided in the applicable Pricing Supplement, only for an aggregate purchase price per purchaser of such amount as may be stipulated from time to time by applicable German law and (2) as may otherwise be permitted in accordance with applicable German law.

Hong Kong

The Dealers have represented and agreed that they have not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in Hong Kong, by means of any document, any Debt Securities other than to persons whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong. The Dealers have further represented and agreed that, unless they are persons who are permitted to do so under the securities laws of Hong Kong, they have not issued, or had in their possession for the purpose of issuing, and they will not issue, or have in their possession for the purposes of issuing, any advertisement, invitation or document relating to the Debt Securities other than for Debt Securities intended to be disposed of to persons outside Hong Kong or to persons whose business involves the acquisition, disposal or holding of securities, whether as principal or as agent.

Singapore

Under Section 106B(2)(a) of the Companies Act, Chapter 50 of Singapore (the ''Singapore Companies Act''), exemption has been obtained from the Minister for Finance of Singapore from compliance with Divisions 1 and 5 of Part IV of the Singapore Companies Act in relation to the issue and offering of the Debt Securities under the Facility.

The Dealers have acknowledged that this Offering Circular has not been registered as a prospectus with the Registrar of Companies in Singapore. Accordingly, the Dealers have represented, warranted and agreed that they have not offered or sold, and will not offer or sell, any Debt

Securities, nor will they circulate or distribute this Offering Circular or any other offering document or material relating to the Debt Securities, directly or indirectly, to the public or any member of the public in Singapore other than (1) to an institutional investor or other person specified in Section 106C of the Singapore Companies Act, (2) to a sophisticated investor, and in accordance with the conditions specified in Section 106D of the Singapore Companies Act or (3) otherwise under, and in accordance with the conditions of, any other applicable provision of the Singapore Companies Act.

Targeted Registered Debt Securities

If we issue Targeted Registered Debt Securities, the applicable Pricing Supplement will describe the selling restrictions that apply to the Targeted Registered Debt Securities. Each Dealer has represented and agreed, and each Dealer identified in the applicable Pricing Supplement will have represented and agreed as follows:

(1) each Dealer will not offer or sell Targeted Registered Debt Securities during a ''restricted period,'' as defined in U.S. tax regulations, to persons who are within the United States or its territories or possessions (with certain exceptions) or to or for the account of U.S. Persons (with certain exceptions) and

(2) each Dealer has in effect procedures reasonably designed to ensure that its employees and agents who will be directly engaged in offering or selling the Targeted Registered Debt Securities are aware of these selling restrictions. See ''Description of the Debt Securities — General — Targeted Registered Issues.''

LEGALITY OF THE DEBT SECURITIES

Maud Mater, Esq., Executive Vice President — General Counsel and Secretary of Freddie Mac, will pass upon the legality of the Debt Securities for us. Brown & Wood LLP, Washington, D.C., will pass upon certain legal matters relating to the Debt Securities for the Dealers.

GENERAL INFORMATION

We have applied to list the Debt Securities issued under this Facility that are agreed at the time of issue to be so listed on the Luxembourg Stock Exchange and the Singapore Stock Exchange. As of the date of the Offering Circular, Debt Securities with maturities of less than seven days may not be listed on the Luxembourg Stock Exchange and Debt Securities with maturities of less than one month may not be listed on the Singapore Stock Exchange.

In connection with the application to list the Debt Securities issued under this Facility on the Luxembourg Stock Exchange, the Freddie Mac Act and Bylaws of Freddie Mac and a legal notice relating to the issuance of Debt Securities have been deposited with the Chief Registrar of the District Court of Luxembourg, where copies may be inspected or obtained upon request. You may obtain, free of charge, copies of Freddie Mac's most recent Information Statement and all Information Statement Supplements to such Information Statement from the Luxembourg Listing Agent so long as any Debt Securities issued under this Offering Circular are listed on the Luxembourg Stock Exchange. You may also obtain, free of charge, from the Luxembourg Listing Agent, this Offering Circular, any documents we incorporate by reference in this Offering Circular and Pricing Supplements applicable to Debt Securities listed on the Luxembourg Stock Exchange. You may inspect copies of the Fiscal Agency Agreement and the Global Agency Agreement at the Office of the Luxembourg Listing Agent during the term of the Debt Securities. The Luxembourg Stock Exchange has allocated to the Facility the number 9574 for listing purposes.

So long as Debt Securities are listed on the Luxembourg Stock Exchange, Freddie Mac will maintain in Luxembourg an intermediary to respond to your inquiries. Banque Générale du Luxembourg, S.A. initially has been appointed as such intermediary.

So long as Debt Securities are listed on the Singapore Stock Exchange, copies of the Freddie Mac Act and Bylaws of Freddie Mac, the Fiscal Agency Agreement, the Global Agency Agreement, the Global Facility Agreement and the documents incorporated in this Offering Circular by reference will be available for your inspection during usual business hours at the office of Allen & Gledhill in Singapore.

As of the date of this Offering Circular, there is no litigation, actual or pending, that relates to Freddie Mac and to which we are a party or of which we have been notified that we will be made a party that is material in the context of the issuance of the Debt Securities.

As of the date of this Offering Circular, there has been no material adverse change in our financial position since September 30, 2000.

We have given an undertaking in connection with the listing of the Debt Securities issued under this Facility on the Luxembourg Stock Exchange and have agreed in connection with the listing of the Debt Securities on the Singapore Stock Exchange, to the effect that, so long as any Debt Securities remain outstanding and listed on the Luxembourg Stock Exchange and the Singapore Stock Exchange, respectively, in the event of any material adverse change in our business or financial position that is not reflected in this Offering Circular as then amended or supplemented (including the documents incorporated by reference), we will prepare an amendment or supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent offering and listing by Freddie Mac of the Debt Securities. If the terms of the Facility are modified or amended in a manner which would make this Offering Circular, as amended or supplemented, inaccurate or misleading, a further amendment to this Offering Circular or a new Offering Circular will be prepared.

Debt Securities (including Debt Securities denominated in Sterling) for which the issue proceeds are to be accepted by us in the United Kingdom and which are issued under an exempt transaction under the Banking Act Regulations will constitute commercial paper, shorter term debt securities or longer term debt securities (in each case as defined in the Banking Act Regulations), as specified in the applicable Pricing Supplement, in each case issued in accordance with the regulations made under section 4 of the Banking Act 1987. We are not an authorized institution or a European authorized institution (as such terms are defined in the Banking Act Regulations). Repayment of the principal and payment of any interest or premium in connection with any Debt Securities have not been guaranteed.

In relation to any Debt Securities which are issued under an exempt transaction under regulation 13(3) of the Banking Act Regulations where such Debt Securities would fall within regulation 13(4)(a) or (b) of the Banking Act Regulations, we confirm that, as of the date of this Offering Circular:

(a) we have complied with our obligations under the relevant rules (as defined in the Banking Act Regulations) in relation to the admission to and continuing listing of Debt Securities issued under the Facility and of any previous issues made under it and listed on the same exchange;

(b) we have complied with our obligations under the relevant rules (as defined in the Banking Act Regulations) in relation to the admission to listing of the Debt Securities falling within regulation 13(4)(a) or (b) of the Banking Act Regulations or, where the Debt Securities have not yet been admitted to listing, by the time when such Debt Securities are so admitted;

(c) we have not, since the last publication, if any, in compliance with the relevant rules of information about such Debt Securities, the Facility or any previous issues made under it and listed on the same exchange, or any Debt Securities falling within regulation 13(4)(a) or (b) of the Banking Act Regulations, having made all reasonable inquiries, become aware of any change in circumstances which could reasonably be regarded as significantly and adversely affecting our ability to meet our obligations as Issuer in respect of such Debt Securities as they fall due; and

(d) where such Debt Securities would fall within regulation 13(4)(b) of the Banking Act Regulations, we have complied and will continue to comply with our obligations under the Banking Act Regulations to lodge all relevant information (as defined in the Banking Act Regulations) in relation to any such Debt Securities with the Financial Services Authority (in its capacity as competent authority for the purposes of Part IV of the Financial Services Act 1986).

The foregoing shall not be taken as a representation or implication of any present or future statement or certification by or on behalf of the Luxembourg Stock Exchange.

We may also issue Debt Securities where such Debt Securities would fall within regulation 13(4)(d) of the Banking Act Regulations.

CAPITALIZATION

The Information Statement and Information Statement Supplements include capitalization tables as of the end of the related annual and quarterly periods.

The following table sets forth Freddie Mac's capitalization as of September 30, 2000. Dollars are in millions.

Debt securities:	
Notes and bonds payable due within one year:	
Discount notes, medium-term notes and securities sold under agreements to repurchase	$153,122
Current portion of long-term debt	27,530
Notes and bonds payable due after one year	226,142
Total debt securities, net	406,794
Subordinated borrowings	142
Stockholders' equity	13,192
Total capitalization	$420,128

Freddie Mac engages in transactions affecting stockholders' equity from time to time and issues or retires debentures, notes and other debt obligations on an ongoing basis. Accordingly, on any date subsequent to September 30, 2000, stockholders' equity may differ, and the amount of debt obligations outstanding will differ, and may differ substantially, from the figures contained in this capitalization table.

SELECTED FINANCIAL INFORMATION

The following selected financial data for the years 1995 through 1999 and for the nine-month periods ended September 30, 2000 and 1999 (which data are not covered by the independent auditors' report in the Information Statement) have been summarized or derived from our audited consolidated financial statements for 1995 through 1999 and from our unaudited consolidated financial statements for the nine month periods and other financial information for such periods. These data are unaudited and include, in the opinion of management, all adjustments (consisting of normal recurring accruals) necessary for a fair presentation. These data should be read in conjunction with the audited consolidated financial statements and notes to the financial statements contained in the Information Statement and unaudited consolidated financial statements in the most recent Information Statement Supplement incorporated herein by reference. Results of operations reported for interim periods are not necessarily indicative of results for the entire year.

(Dollars in millions, except per share amounts)

	Nine Months Ended September 30,		Year Ended December 31,				
	2000	1999	1999	1998	1997	1996	1995
Balance Sheet							
Retained portfolio, gross	$361,624	$ 315,968	$ 324,443	$ 255,009	$ 164,421	$ 137,755	$107,424
Total assets	$433,346	$ 364,885	$ 386,684	$ 321,421	$ 194,597	$ 173,866	$137,181
Debt securities, net	$406,794	$ 341,014	$ 360,581	$ 287,234	$ 172,321	$ 156,491	$119,328
Total liabilities[1]	$419,566	$ 353,191	$ 374,602	$ 309,978	$ 186,154	$ 166,271	$130,297
Capital base:							
Stockholders' equity	$ 13,192	$ 11,140	$ 11,525	$ 10,835	$ 7,521	$ 6,731	$ 5,863
Reserve for mortgage losses[2]	$ 780	$ 767	772	768	694	680	683
Primary capital base	$ 13,972	$ 11,907	12,297	11,603	8,215	7,411	6,546
Subordinated borrowings	$ 142	$ 132	130	162	521	490	633
Adjusted total capital base	$ 14,114	$ 12,039	$ 12,427	$ 11,765	$ 8,736	$ 7,901	$ 7,179
Total PCs	$790,891	$ 738,581	$ 749,081	$ 646,459	$ 579,385	$ 554,260	$515,051
Freddie Mac PCs held in retained portfolio	$231,649	$ 209,368	$ 211,198	$ 168,108	$ 103,400	$ 81,195	$ 56,006
Primary capital ratio[3]	1.41%	1.33%	1.33%	1.45%	1.23%	1.15%	1.10%
Adjusted total capital ratio[4]	1.42%	1.35%	1.34%	1.47%	1.30%	1.22%	1.20%
Total mortgage portfolio	$920,866	$ 845,181	$ 862,326	$ 733,360	$ 640,406	$ 610,820	$566,469
New Business Purchase and Financing Activities							
New business purchases	$137,035	$ 230,797	$ 272,472	$ 288,338	$ 121,490	$ 128,565	$ 98,386
Number of new business purchases (# of loans)	989,705	1,758,184	2,058,330	2,396,651	1,085,046	1,232,540	934,890
PC issuances	$110,187	$ 200,642	$ 233,031	$ 250,564	$ 114,258	$ 119,702	$ 85,877
Structured securitizations[5]	$ 34,271	$ 103,817	$ 119,565	$ 135,162	$ 84,366	$ 34,145	$ 15,372
Long-term debt:							
Issued	63,720	93,484	$ 113,600	$ 63,789	$ 35,091	$ 33,852	$ 29,643
Retired	(5,839)	(21,741)	(23,568)	(54,708)	(22,091)	(20,819)	(11,082)
Net	57,881	71,743	$ 90,032	$ 9,081	$ 13,000	$ 13,033	$ 18,561
Income Statement and Performance Ratios							
Net interest income on earning assets	$ 2,100	$ 1,876	$ 2,540	$ 1,927	$ 1,631	$ 1,542	$ 1,298
Management and guarantee income	$ 1,106	$ 1,043	$ 1,405	$ 1,307	$ 1,298	$ 1,249	$ 1,185
Total revenues	$ 3,298	$ 3,006	$ 4,055	$ 3,337	$ 3,029	$ 2,875	$ 2,541
Income before income taxes and extraordinary item	$ 2,610	$ 2,337	$ 3,161	$ 2,356	$ 1,964	$ 1,797	$ 1,586
Net income	$ 1,884	$ 1,629	$ 2,223	$ 1,700	$ 1,395	$ 1,243	$ 1,091
Earnings per common share:[6]							
Basic	$ 2.52	$ 2.18	$ 2.97	$ 2.32	$ 1.90	$ 1.65	$ 1.42
Diluted	$ 2.51	$ 2.17	$ 2.96	$ 2.31	$ 1.88	$ 1.63	$ 1.41
Weighted average common shares outstanding (in thousands):[6]							
Basic	693,984	695,867	696,042	679,790	684,937	709,453	721,288
Diluted	696,643	700,421	700,211	684,658	691,701	714,878	725,114
Dividends per common share	$ 0.51	$ 0.45	$ 0.60	$ 0.48	$ 0.40	$ 0.35	$ 0.30
Dividend payout ratio on common stock	20.30%	20.55%	20.14%	20.65%	21.08%	21.26%	21.09%
Return on common equity[7]	25.4%	25.0%	25.5%	24.1%	23.3%	22.2%	21.9%
Return on total equity[8]	20.7%	20.1%	20.3%	19.4%	19.5%	19.7%	19.7%
Return on average assets and contingencies[9]	0.26%	0.26%	0.26%	0.24%	0.21%	0.20%	0.20%
Ratio of earnings to fixed charges[10]	1.14:1	1.16:1	1.16:1	1.16:1	1.17:1	1.19:1	1.23:1
Ratio of earnings to combined fixed charges and preferred stock dividends[10]	1.13:1	1.15:1	1.14:1	1.15:1	1.16:1	1.18:1	1.22:1

(1) Excludes "Reserves for losses on mortgage participation certificates" and "Subordinated borrowings."
(2) "Reserve for losses on retained mortgages" plus "Reserve for losses on Mortgage Participation Certificates."
(3) "Primary capital base" divided by the sum of "Total assets" and "Total PCs" less "Freddie Mac PCs held in retained portfolio."
(4) "Adjusted total capital base" divided by the sum of "Total assets" and "Total PCs" less "Freddie Mac PCs held in retained portfolio."
(5) Includes issuances of mortgage-related securities in which the cashflows are structured into various classes having a variety of features, the majority of which qualify for treatment as Real Estate Mortgage Investment Conduits ("REMICs") under the Internal Revenue Code.
(6) "Earnings per common share-basic" are computed based on weighted average common shares outstanding. "Earnings per common share-diluted" are computed based on the total of weighted average common shares outstanding and the effect of dilutive common equivalent shares outstanding.
(7) Annual computation reflects the simple average of quarterly returns. Quarterly returns are computed as annualized "Net income" less preferred stock dividends divided by the simple average of the beginning and ending balances of "Stockholders' equity," net of preferred stock (at redemption value).
(8) Annual computation reflects the simple average of quarterly returns. Quarterly returns are computed as annualized "Net income" divided by the simple average of the beginning and ending balances of "Stockholders' equity."
(9) Annual computation reflects the simple average of quarterly returns. Quarterly returns are computed as annualized "Net income" divided by the simple average of the beginning and ending balances of "Total assets" and "Total PCs" less "Freddie Mac PCs held in retained portfolio."
(10) Earnings represent consolidated pre-tax income plus consolidated fixed charges, less interest capitalized. Fixed charges include interest (including amounts capitalized) and the portion of net rental expense deemed representative of interest.

FORM OF PRICING SUPPLEMENT

This is a form of Pricing Supplement for Debt Securities. This form is provided for illustrative purposes only. This form of Pricing Supplement is subject to completion, amendment or supplementation as we in our discretion may determine for any and all issues, types or categories of Debt Securities. Investors should review the Pricing Supplement relating to a particular issue of Debt Securities.

PRICING SUPPLEMENT DATED
(To Offering Circular dated January 5, 2001)

Freddie Mac

GLOBAL DEBT FACILITY

This Pricing Supplement relates to the Debt Securities of the Federal Home Loan Mortgage Corporation (''Freddie Mac'') described below and should be read in conjunction with the Offering Circular dated January 5, 2001 (the ''Offering Circular'') and all documents incorporated by reference in the Offering Circular including Freddie Mac's Information Statement dated ________ and any supplements to such Information Statement. Capitalized terms used in this Pricing Supplement and not otherwise defined in this Pricing Supplement have the meanings given to them in the Offering Circular.

The Debt Securities are not suitable investments for all investors. In particular, no investor should purchase the Debt Securities unless the investor understands and is able to bear the yield, market and liquidity risks associated with the Debt Securities. See ''Risk Factors — The Debt Securities May Not Be Suitable For You'' in the Offering Circular.

The Debt Securities are obligations of Freddie Mac only. The Debt Securities, including any interest or return of discount on the Debt Securities, are not guaranteed by, and are not debts or obligations of, the United States or any agency or instrumentality of the United States other than Freddie Mac. The Debt Securities are not tax-exempt. Non-U.S. owners generally will be subject to United States federal income and withholding tax unless they establish an exemption. Because of applicable U.S. securities law exemptions, we have not registered the Debt Securities with any U.S. federal or state securities commission. No U.S. securities commission has reviewed the Offering Circular or this Pricing Supplement.

Certain Debt Securities Terms

1. Title:

2. Form:

   ☐ Book-Entry

   ☐ Registered

      ☐ DTC Registered Debt Securities

      ☐ Global Registered Debt Securities

3. Specified Payment Currency:
   a. Specified Interest Currency: ________
   b. Specified Principal Currency: ________

4. Aggregate Original Principal Amount: ________

5. Issue Date: ________

6. Denominations:

7. Maturity Date: ________
   a. Amount Payable on the Maturity Date

   ☐ Fixed Principal Repayment Amount

      ☐ 100% of principal amount

      ☐ % of principal amount

   ☐ Variable Principal Repayment Amount

8. Subject to Redemption or Repayment Prior to Maturity Date:

   ☐ No

   ☐ Yes

      ☐ Mandatory

      ☐ Redemption at Option of Freddie Mac

         ☐ In whole or in part at any time (and from time to time) on or after ______, upon notice to Holders not less than 10 calendar days nor more than 60 calendar days prior to redemption, at a redemption price of 100% of the principal amount redeemed, plus accrued interest on the Debt Securities to the date of redemption

      ☐ Repayment at Option of Holders

9. Payment Terms of the Debt Securities:

   ☐ Fixed Rate Debt Securities

   ☐ Step Debt Securities

   ☐ Variable Rate Debt Securities

   ☐ Fixed/Variable Rate Debt Securities

   ☐ Zero Coupon Debt Securities

10. Interest:
   a. Frequency of Interest Payments

      ☐ Annually

      ☐ Semiannually

      ☐ Quarterly

      ☐ Monthly

      ☐ Other: __________

   b. Interest Payment Dates: __________

   c. Interest rate per annum: ________%

d. Accrual method (*i.e.,* day count convention)

☐ 30/360

☐ Actual/360

☐ Actual/365 (fixed)

☐ Actual/Actual

☐ Actual/Actual (ISMA)

Additional Information Relating to the Debt Securities

1. Identification Number(s)
   a. CUSIP: ________
   b. ISIN: ________
   c. Common Code:________
   d. Other:________

2. Listing Application

   ☐ No

   ☐ Yes

   ☐ Luxembourg Stock Exchange

   ☐ Singapore Exchange Securities Trading Limited

   ☐ Other:__________

3. Eligibility for Stripping

   ☐ Yes

   ☐ No

4. Governing Law

   The Debt Securities will be governed by the federal laws of the United States. The local laws of the State of New York will be deemed to reflect the federal laws of the United States, unless there is applicable precedent under federal law or the application of New York law would frustrate the purposes of the Freddie Mac Act or the Global Facility Agreement.

Offering

1. Pricing Date:________

2. Method of Distribution: ☐ Principal ☐ Agent

3. Dealer | Underwriting Commitment

Total . . . .

Representatives:

Stabilizing Manager:

4. Offering Price:

☐ Fixed Offering Price:____% of principal amount, plus accrued interest, if any, from the Issue Date

☐ Variable Price Offering

5. Purchase Price to Applicable Dealer:____% of principal amount
Concession:__%
Reallowance:__%

Settlement

1. Settlement Date: ________

2. Settlement Basis

☐ Delivery versus payment

☐ Free delivery

3. Settlement Clearing System

☐ Federal Reserve Banks

☐ DTC

☐ Euroclear

☐ Clearstream, Luxembourg

☐ Other

Other

LOCATION OF DEFINED TERMS

Each term listed below is defined or explained in the Offering Circular on the page indicated opposite such term. This reference guide is intended merely as a convenience and may not be complete. Certain other terms not listed below may be defined in the Offering Circular.

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New York, New York 10045

GLOBAL AGENT, REGISTRAR AND TRANSFER AGENT
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LUXEMBOURG LISTING AGENT
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INDEPENDENT PUBLIC ACCOUNTANTS TO FREDDIE MAC
Arthur Andersen LLP
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Washington, D.C. 20006

Appendix B

Supplement dated May 15, 2001 to
Information Statement dated March 26, 2001

Freddie Mac

Freddie Mac

The selected financial data for Freddie Mac (or the "corporation") included in this Supplement should be read in conjunction with the Consolidated Financial Statements and related notes appearing in the Information Statement. Freddie Mac is a federally chartered corporation and its securities are exempt from registration under the federal securities laws.

FIVE-YEAR SELECTED FINANCIAL DATA

	Quarter Ended March 31,		Year Ended December 31,				
	2001	2000	2000	1999	1998	1997	1996
	(dollars in millions, except per share amounts)						
Balance Sheet							
Retained portfolio(1)	$421,655	$336,338	$ 385,693	$ 324,443	$ 255,009	$ 164,421	$ 137,755
Total assets	$497,839	$406,068	$ 459,297	$ 386,684	$ 321,421	$ 194,597	$ 173,866
Debt securities, net	$459,210	$377,936	$ 426,754	$ 360,581	$ 287,234	$ 172,321	$ 156,491
Total liabilities(2)	$482,435	$393,602	$ 443,865	$ 374,602	$ 309,978	$ 186,154	$ 166,271
Capital base:							
Stockholders' equity	$ 12,821	$ 11,892	$ 14,837	$ 11,525	$ 10,835	$ 7,521	$ 6,731
Reserve for mortgage losses(3)	786	775	784	772	768	694	680
Primary capital base	13,607	12,667	15,621	12,297	11,603	8,215	7,411
Subordinated borrowings	2,128	138	145	130	162	521	490
Adjusted total capital base	$ 15,735	$ 12,805	$ 15,766	$ 12,427	$ 11,765	$ 8,736	$ 7,901
Total PCs	$833,616	$757,106	$ 822,310	$ 749,081	$ 646,459	$ 579,385	$ 554,260
Freddie Mac PCs held in the retained portfolio	$261,288	$217,276	$ 246,209	$ 211,198	$ 168,108	$ 103,400	$ 81,195
Primary capital ratio(4)	1.27%	1.34%	1.51%	1.33%	1.45%	1.23%	1.15%
Adjusted total capital ratio(5)	1.47%	1.35%	1.52%	1.34%	1.47%	1.30%	1.22%
Total mortgage portfolio	$993,984	$876,168	$ 961,794	$ 862,326	$ 733,360	$ 640,406	$ 610,820
New Business Purchase and Financing Activities							
New business purchases	$ 80,539	$ 36,104	$ 207,423	$ 272,472	$ 288,338	$ 121,490	$ 128,565
Number of new business purchases (# of loans)	419,002	242,350	1,465,280	2,058,330	2,396,651	1,085,046	1,232,540
PC issuances	$ 54,280	$ 27,757	$ 166,901	$ 233,031	$ 250,564	$ 114,258	$ 119,702
Structured securitizations(6)	$ 23,592	$ 10,064	$ 48,202	$ 119,565	$ 135,162	$ 84,366	$ 34,145
Income Statement and Ratios							
Net interest income on earning assets	$ 976	$ 667	$ 2,838	$ 2,540	$ 1,927	$ 1,631	$ 1,542
Management and guarantee income	$ 392	$ 366	$ 1,489	$ 1,405	$ 1,307	$ 1,298	$ 1,249
Total revenues	$ 1,421	$ 1,066	$ 4,457	$ 4,055	$ 3,337	$ 3,029	$ 2,875
Income before income taxes and cumulative effect of change in accounting principle	$ 1,175	$ 840	$ 3,534	$ 3,161	$ 2,356	$ 1,964	$ 1,797
Net income	$ 837	$ 608	$ 2,547	$ 2,223	$ 1,700	$ 1,395	$ 1,243
Earnings per common share:(7)							
Basic	$ 1.14	$ 0.81	$ 3.41	$ 2.97	$ 2.32	$ 1.90	$ 1.65
Diluted	$ 1.13	$ 0.81	$ 3.40	$ 2.96	$ 2.31	$ 1.88	$ 1.63
Weighted average common shares outstanding (in thousands):(7)							
Basic	693,073	695,239	693,555	696,042	679,790	684,937	709,453
Diluted	696,670	698,084	696,448	700,211	684,658	691,701	714,878
Dividends per common share	$ 0.20	$ 0.17	$ 0.68	$ 0.60	$ 0.48	$ 0.40	$ 0.35
Ratio of earnings to fixed charges(8)	1.17:1	1.14:1	1.14:1	1.16:1	1.16:1	1.17:1	1.19:1
Ratio of earnings to combined fixed charges and preferred stock dividends(9)	1.15:1	1.13:1	1.13:1	1.14:1	1.15:1	1.16:1	1.18:1

(1) Excludes related purchase and sale premiums, discounts and deferred fees, reserve for losses on retained mortgages and net unrealized gain (loss) on available-for-sale guaranteed mortgage securities.
(2) Excludes "Reserve for Losses on Mortgage Participation Certificates" and "Subordinated Borrowings."
(3) "Reserve for losses on retained mortgages" plus the "Reserve for losses on Mortgage Participation Certificates."
(4) "Primary capital base" divided by the sum of "Total assets" and "Total PCs" less "Freddie Mac PCs held in retained portfolio."
(5) "Adjusted total capital base" divided by the sum of "Total assets" and "Total PCs" less "Freddie Mac PCs held in retained portfolio."
(6) Includes issuances of mortgage-related securities in which the cash flows are structured into various classes having a variety of features, the majority of which qualify for treatment as Real Estate Mortgage Investment Conduits ("REMICs") under the Internal Revenue Code.
(7) "Earnings per common share-basic" are computed based on weighted average common shares outstanding. "Earnings per common share-diluted" are computed based on the total of weighted average common shares outstanding and the effect of dilutive common equivalent shares outstanding.
(8) Earnings represent consolidated pre-tax income plus consolidated fixed charges, less interest capitalized. Fixed charges include interest (including amounts capitalized) and the portion of net rental expense deemed representative of interest.
(9) Earnings represent consolidated pre-tax income plus consolidated fixed charges, less interest capitalized. Fixed charges include interest (including amounts capitalized) and the portion of net rental expense deemed representative of interest.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

BUSINESS REVIEW

Freddie Mac participates in the secondary mortgage market primarily by purchasing and guaranteeing residential mortgages originated by mortgage lenders and by purchasing and guaranteeing mortgage-related securities. The corporation finances mortgages by issuing guaranteed mortgage securities backed by pools of mortgages ("securitization financing") and by issuing other financing instruments, principally debt, in the global capital markets ("debt financing").

Freddie Mac generates revenues from its securitization financing activities primarily by charging a management and guarantee fee on the Mortgage Participation Certificates ("PCs") it creates and guarantees. Freddie Mac deducts these amounts from the interest cash flows it receives on securitized mortgages before it passes through the remaining cash flows each month to investors in its mortgage securities. These amounts, which are reported as "Management and guarantee income," enable Freddie Mac to pay the expenses associated with administering its mortgage securities, and they also compensate Freddie Mac for the risk it assumes by guaranteeing to make mortgage security payments to investors regardless of defaults by the borrowers on the underlying mortgages.

Through its debt financing activities, Freddie Mac earns revenues primarily by purchasing mortgages and mortgage securities to hold in its retained portfolio. It finances these investments with a mix of debt securities that bear interest at lower rates than the yields on the mortgage assets being financed. Freddie Mac also maintains a liquidity and contingency investment portfolio to meet various cash management, liquidity and other needs essential to fulfilling its Congressional mission. To manage the interest-rate and other market risks associated with these investments, Freddie Mac enters into interest-rate swaps, options, and other derivative financial instruments. The net revenues earned by Freddie Mac on its debt-financed retained portfolio investments, after taking into account the net benefit or cost of derivative financial instruments, generates "Net interest income on earning assets" for the corporation.

Freddie Mac also earns other types of revenues, including fees earned from the resecuritization of single-class PCs and other mortgage securities primarily into a like amount of multiclass PCs that qualify as real estate mortgage investment conduits ("REMICs") under Internal Revenue Service regulations or into single-class giant PCs, gains and losses from certain investment activities as well as miscellaneous other sources, which are reported as "Other income, net." The corporation also incurs non-interest expenses in the operation of its business, including credit-related charges, expenses for general and administrative functions, as well as costs related to its investments in housing tax credit partnerships and the payment of income taxes. In addition, Freddie Mac pays dividends on its common and preferred stock.

A detailed discussion of these financing methods is contained in "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A") — BUSINESS REVIEW" included in the Information Statement. See "BUSINESS SEGMENT REPORTING" for Freddie Mac's financial operating results as segmented on the basis of the two methods by which it finances mortgage-related investments. Also see "OPERATING EARNINGS" and "CONSOLIDATED RESULTS OF OPERATIONS" for a discussion of the corporation's financial results for the current period.

FORWARD-LOOKING STATEMENTS

Freddie Mac regularly communicates information concerning its business activities to investors, securities analysts, the news media and others as part of its normal operations. Some of these communications include "forward-looking statements" pertaining to management's current expectations as to Freddie Mac's future business plans, results of operations and/or financial condition. Forward-looking statements are typically accompanied by, and identified with, such terms as "anticipates," "believes," "expects," "intends" and similar phrases. Management's expectations for the corporation's future necessarily involve a number of assumptions and estimates, and various factors could cause actual results to differ materially from these expectations.

Management's discussion and analysis includes several forward-looking statements. Factors that could cause actual results to differ from the expectations expressed in these and other forward-looking statements by management include: substantial changes in interest rates, employment rates, house-price appreciation and the general economy; changes in the corporation's strategies for and results of credit loss mitigation, interest-rate and other market risk management activities, and investment activities; the availability of debt funding in sufficient quantity and at attractive spreads to support continued growth in the retained portfolio; the availability of options, interest-rate and currency swaps, and other derivative financial instruments of the types and in the quantities needed for investment funding and risk management purposes; the availability of equity funding in sufficient quantity to support continued growth of the retained portfolio; the rate of growth in total outstanding U.S. residential mortgage debt; the size of the conforming residential mortgage market; borrower preferences for fixed-rate mortgages or adjustable-rate mortgages ("ARMs") / floating-rate mortgages; preferences of originators to sell mortgages into the secondary market; changes in investor preferences for mortgage-backed securities and debt versus other investments; competition in the purchase of mortgages and sale of mortgage-backed and debt securities; the corporation's ability to implement innovative solutions to business processing systems issues; the occurrence of a major natural or other disaster in a geographic area in which the total mortgage portfolio is heavily concentrated; the degree to which the corporation's business and financial forecasting methods accurately predict actual results; the impact of new accounting standards; and changes in the corporation's legislative or regulatory environment, regulatory capital requirements or Congressional charter, which are described more fully in Freddie Mac's Information Statement.

BUSINESS OUTLOOK

Freddie Mac expects continued growth, reflecting the corporation's ongoing commitment to its key business strategies. Freddie Mac's goal is to continue growing its total mortgage portfolio more rapidly than the rate of growth in total outstanding U.S. residential mortgage debt. The rate of growth in the total mortgage portfolio is expected to outpace the growth of administrative expenses. The corporation also believes there will be profitable investment opportunities to grow the retained portfolio by $70 billion to $85 billion in 2001, while maintaining its interest-rate risk management discipline. Over the long term, Freddie Mac has consistently produced high-quality earnings growth and management expects continued high-quality operating earnings growth in 2001 (see "OPERATING EARNINGS" for more information about Freddie Mac's supplemental performance measure). For full-year 2001, management expects operating net interest margin to be roughly comparable to the corporation's 2000 operating net interest margin of 0.77 percent. In addition, as a result of Freddie Mac's credit-risk management capabilities and strong house-price appreciation, the corporation expects that credit-related expenses in 2001 will increase only modestly over 2000's historically low levels, while remaining below 1999's level. The corporation's ability to continue producing earnings growth is dependent upon factors such as total mortgage portfolio growth, retained portfolio growth, credit performance, margins and other factors noted above.

VOLUNTARY COMMITMENTS

During first quarter 2001, Freddie Mac completed the implementation of the six voluntary commitments made in October 2000 to enhance its risk management, capital and disclosure practices. See "RISK MANAGEMENT and LIQUIDITY AND CAPITAL MANAGEMENT" for updates to the credit risk disclosure, interest-rate risk disclosure, periodic issuance of subordinated debt and liquidity commitments.

RISK MANAGEMENT

Freddie Mac is subject to two primary business risks: (*i*) credit risk and (*ii*) interest-rate and other market risks. Freddie Mac is also exposed to operational and other related risks. Management of these risks affects both the level and stability of the corporation's short-term and long-term value.

Credit Risk

Freddie Mac's primary exposure to credit risk is associated with the mortgages in its total mortgage portfolio ("mortgage credit risk"). The corporation is also subject to credit risk associated with guarantors of non-Freddie Mac mortgage securities held in the retained portfolio and the issuers and guarantors of non-mortgage securities held in the liquidity and contingency investment portfolio, as well as from the institutions with which it conducts business ("institutional credit risk").

Mortgage Credit Risk

Mortgage credit risk is the risk that the corporation will not receive amounts due from mortgage borrowers because of borrower defaults, potentially resulting in a loss if Freddie Mac is unable to collect amounts due through restructuring of the mortgage, sale of the underlying property or other loss mitigation activities.

Credit Risk Management Strategies: Freddie Mac's management of mortgage credit risk comprises three broad areas: (*i*) establishing and enforcing sound underwriting and quality control standards, increasingly through the use of automated underwriting; (*ii*) obtaining credit enhancements on higher risk mortgages; and (*iii*) executing loss mitigation activities to resolve non-performing loans.

For most of the mortgages in its total mortgage portfolio (which are either held as whole loans or PCs), Freddie Mac retains the primary risk of loss in the event of default by the borrower on the underlying mortgage loan. Some of these mortgages are higher loan-to-value ("LTV") mortgages, which are required by Freddie Mac's charter to be covered by primary (or loan-level) mortgage insurance (or certain other credit protections) to be eligible for purchase by Freddie Mac. Loans for which loan-level mortgage insurance is the only external protection against credit loss are not classified as credit-enhanced mortgages. Mortgages in this category are included in Freddie Mac's "at-risk" mortgage portfolio.

Table 1 presents the composition of Freddie Mac's total mortgage portfolio, showing the amounts of credit-enhanced mortgages, guaranteed non-Freddie Mac mortgage securities and the at-risk mortgage portfolio.

Table 1 — Total Mortgage Portfolio by Credit-Enhanced and At-Risk Components

	March 31, 2001		December 31, 2000		March 31, 2000	
			(dollars in millions)			
Credit-enhanced or guaranteed:						
Mortgages(1)	$224,208		$225,268		$204,335	
Non-Freddie Mac mortgage securities(2)	100,257		80,244		62,053	
Total Credit-enhanced or guaranteed	$324,465	33%	$305,512	32%	$266,388	30%
Freddie Mac at-risk(3)	669,519	67%	656,282	68%	609,780	70%
Total Mortgage Portfolio	$993,984	100%	$961,794	100%	$876,168	100%

(1) Includes loans for which the lender or a third party has retained primary default risk by pledging collateral or agreeing to accept losses on loans that default. Freddie Mac retains secondary default risk on credit-enhanced mortgages to the extent losses exceed the level covered by the applicable credit enhancement.
(2) Includes non-Freddie Mac mortgage securities held in the retained portfolio that are protected by the credit guarantee of various agencies, bond insurance policies or senior/subordinated bond structures.
(3) Includes those mortgages for which Freddie Mac has assumed primary default risk. These mortgages are either held as whole loans or securitized as Freddie Mac PCs.

Over the past several years, Freddie Mac has increased the credit-enhanced portion of its total mortgage portfolio to manage the credit risk related to higher LTV mortgages. As shown in *Table 1*, a significant portion (33 percent) of Freddie Mac's total mortgage portfolio at March 31, 2001 was comprised of credit-enhanced mortgage investments.

Credit Risk Profile

As part of the corporation's credit risk management practices, Freddie Mac monitors certain loan characteristics such as product mix, LTV ratios and geographic concentration, which may affect the default experience on the corporation's mortgage portfolio.

Credit Performance

Delinquency rates and credit losses are key indicators of credit performance. *Table 2* and the following discussion address the credit performance of Freddie Mac's single-family and multifamily mortgage portfolios.

Table 2 — Credit Performance

	Quarter Ended		
	March 31, 2001	December 31, 2000	March 31, 2000
	(dollars in millions)		
Delinquencies, end of period (1)			
Single-family: (2)			
At-risk portfolio (3)	0.36%	0.37%	0.36%
Total portfolio	0.52%	0.50%	0.42%
Multifamily: (4)			
Net carrying value	$ 11	$ 9	$ 14
Percentage	0.05%	0.04%	0.08%
REO, end of period			
Single-family	$ 352	$ 346	$ 423
Multifamily	3	2	—
Total	$ 355	$ 348	$ 423
REO activity for period			
Properties in inventory — beginning of period	4,564	4,735	5,619
Properties acquired	2,313	2,244	2,546
Properties disposed	(2,177)	(2,415)	(2,769)
Properties in inventory — end of period	4,700	4,564	5,396
Net charge-offs (recoveries)			
Single-family:			
Northeast	$ 7	$ 3	$ 6
Southeast	—	2	—
North Central	(2)	(1)	(2)
Southwest	(1)	—	(1)
West	4	4	5
Total single-family	8	8	8
Multifamily	—	(2)	(1)
Total	$ 8	$ 6	$ 7
Number of single-family foreclosure alternatives settled (5)	1,311	1,338	1,392
Single-family charge-offs related to foreclosure alternatives	$ 2	$ 1	$ 4
Credit-related expenses			
Provision for mortgage losses	$ 10	$ 10	$ 10
REO operations expense:			
Single-family	14	15	21
Multifamily	—	—	—
Total	14	15	21
Total credit-related expenses	$ 24	$ 25	$ 31
Credit losses (6)			
Single-family	$ 22	$ 24	$ 29
Multifamily	—	(3)	(1)
Total credit losses	$ 22	$ 21	$ 28
Annualized credit losses/average total mortgage portfolio (Excluding non-Freddie Mac securities)	1.0bp	1.0bp	1.4bp
Reserve for mortgage losses, end of period	$ 786	$ 784	$ 775

(1) Includes mortgages and PCs purchased for the total mortgage portfolio.
(2) Based on the number of mortgages 90 days or more delinquent.
(3) Includes only those loans for which Freddie Mac has assumed primary default risk. Excludes loans for which the lender or a third party has retained primary default risk by pledging collateral or agreeing to accept losses on loans that default.
(4) Based on net carrying value of mortgages 60 days or more delinquent.
(5) Primarily consists of loan modifications and pre-foreclosure sales.
(6) Equal to charge-offs plus REO operations expense.

At March 31, 2001, the delinquency rate for the single-family, at-risk portfolio was 36 basis points, down slightly from the end of 2000 and unchanged from the same period last year. Total credit losses (which consist of charge-offs and REO operations expense) totaled $22 million in the first quarter 2001, up slightly from $21 million for the fourth quarter 2000 and down from $28 million for the first quarter 2000. Annualized credit losses represented 1.0 basis point of the average total mortgage portfolio (excluding non-Freddie Mac mortgage securities) for first quarter 2001, unchanged from the fourth quarter 2000 and down from 1.4 basis points in first quarter 2000. Effective risk management coupled with favorable house-price appreciation, partially offset the effects of the softening economy, resulted in Freddie Mac's continued strong credit performance for the current period.

A key element of Freddie Mac's credit risk management strategy is the continued use of credit enhancements, which reduce the portion of the single-family mortgage portfolio that is at-risk. Mortgages generally reach their peak default years three to five years after origination. As shown in *Table 3*, single-family mortgages originated in 1998 or later, which are approaching their peak default years and have significant credit enhancement protection, represent 63 percent of the corporation's single-family portfolio at March 31, 2001.

Table 3 — Single-Family Mortgage Portfolio and At-Risk Delinquencies By Year of Origination

	March 31, 2001		December 31, 2000		March 31, 2000	
Year of Origination	Percent of Single Family Balance(1)	At-Risk Delinquency Rate(2)	Percent of Single Family Balance(1)	At-Risk Delinquency Rate(2)	Percent of Single Family Balance(1)	At-Risk Delinquency Rate(2)
Pre-1994	17%	1.48%	17%	1.55%	20%	1.63%
1994	4%	0.58%	4%	0.60%	5%	0.60%
1995	3%	0.84%	4%	0.84%	4%	0.84%
1996	6%	0.76%	6%	0.77%	7%	0.74%
1997	7%	0.36%	8%	0.34%	9%	0.29%
1998	26%	0.17%	27%	0.17%	31%	0.10%
1999	21%	0.23%	21%	0.20%	23%	0.07%
2000	13%	0.18%	13%	0.11%	1%	—
2001	3%	—	—	—	—	—
Total	100%	0.36%	100%	0.37%	100%	0.36%

(1) Based on Freddie Mac's total single-family mortgage portfolio balance, which was $871 billion, $859 billion, and $796 billion at March 31, 2001, December 31, 2000 and March 31, 2000, respectively.
(2) At-risk delinquency statistics are based on loans 90 days or more delinquent plus foreclosures in process and approved, as a percentage of the total number of loans in the year of origination. Includes only those loans for which Freddie Mac has assumed primary default risk. Excludes loans for which the lender or a third party has retained primary default risk by pledging collateral or agreeing to accept losses on loans that default. In some cases, the lender's or third party's risk is limited to a specific level of losses at the time the credit enhancement becomes effective.

Credit Risk Sensitivity

Changes in house prices are an important factor in determining Freddie Mac's exposure to mortgage credit risk. A higher rate of appreciation in the value of a residential property is correlated with higher prices obtained in the event of default, resulting in lower levels of credit loss for Freddie Mac. In addition, higher house-price appreciation results in lower LTV ratios and, as a result, lower defaults. Freddie Mac analyzes the sensitivity of expected credit losses on the corporation's single-family mortgage portfolio to an instantaneous change in house prices. The sensitivity analysis assumes that there is an immediate 5 percent decline in the current level of house prices and that house prices return to trend for 10 years after this initial 5 percent downward shock. Total credit losses over the 10-year period are discounted to present value. Although the credit risk sensitivity model estimates the potential future effect on Freddie Mac's credit losses that would result from an assumed instantaneous downward movement in house prices, it does not represent an actual current loss to Freddie Mac.

Freddie Mac uses mortgage default and prepayment models estimated by the Office of Federal Housing Enterprise Oversight ("OFHEO"). These models are described at OFHEO's Web site (www.ofheo.gov). The loss severity model used in the credit sensitivity analysis is the same model used in the interim risk-based capital stress test, except that loss severity rates are reduced in half to simulate an economic environment that is more useful in assessing credit risk sensitivity than the extreme assumptions used in the interim stress test. Loss severity rates are then increased by 5 percentage points to reflect the 5 percent decline in house prices when determining the sensitivity of expected credit losses. The sensitivity analysis incorporates the protection provided by primary mortgage insurance and credit enhancements by generating two separate present values for expected credit losses. The first value assumes that none of the mortgage insurance and credit enhancements currently covering the mortgages owned by Freddie Mac has any mitigating impact on Freddie Mac's credit losses, while the second value gives full effect to Freddie Mac's mortgage insurance and credit enhancements.

Table 4 sets forth the present value of the increase in credit losses over a 10-year period that Freddie Mac estimates would result from the assumed 5 percent decline in house prices.

Table 4 — Net Present Value of Increase in Credit Losses

	Before Receipt of Primary Mortgage Insurance and Credit Enhancements	After Receipt of Primary Mortgage Insurance and Credit Enhancements
	(Dollars in Millions)	
As of:		
March 31, 2001*	$884	$312
December 31, 2000	$710	$215

* The results as of March 31, 2001 incorporate changes in the sensitivity analysis that reflect a more conservative application of default and loss severity assumptions.

Institutional Credit Risk

Freddie Mac is subject to credit risk from institutional counterparties to the extent they do not fulfill their obligations to Freddie Mac under the terms of specific contracts or agreements. Freddie Mac's primary institutional credit risk exposure arises from agreements with the following counterparties: mortgage servicers, mortgage insurers, guarantors of non-Freddie Mac mortgage securities held in the retained portfolio, issuers and guarantors of investments held in the liquidity and contingency portfolio, and counterparties to derivative financial instruments entered into by the corporation. See "MD&A — Institutional Credit Risk" included in the Information Statement for further discussion.

Guarantors of Non-Freddie Mac Mortgage Securities

Freddie Mac's retained portfolio is exposed to institutional credit risk to the extent that guarantors or the third parties providing credit enhancements on non-Freddie Mac mortgage securities held in this portfolio become insolvent. Non-Freddie Mac mortgage securities consist of both agency and non-agency securities. Agency mortgage securities present minimal institutional credit risk exposure to Freddie Mac due to the high credit quality of issuers and guarantors. Non-agency mortgage securities expose Freddie Mac to both mortgage and institutional credit risk. The corporation mitigates the mortgage credit risk associated with these securities through the use of senior/subordinated bond structures, bond insurance or a combination of both. The potential insolvency of bond insurers that guarantee these securities also poses institutional credit risk. Freddie Mac manages the institutional credit risk associated with its non-agency mortgage securities by only purchasing securities meeting the corporation's investment guidelines and by performing ongoing analysis to ensure the creditworthiness of the issuers and servicers of non-Freddie Mac mortgage securities and the bond insurers that guarantee those securities.

Agency mortgage securities are generally not separately rated by credit rating agencies, but are viewed as having a level of credit quality at least equivalent to non-agency mortgage securities rated "AAA." At March 31, 2001, 97 percent of non-agency mortgage securities held by the corporation were rated "AAA." A relatively small portion of non-agency securities is rated below "AAA." Freddie Mac manages the institutional credit risk on its non-agency mortgage securities by monitoring rating agency evaluations of issuer creditworthiness and by limiting its investments in the securities of any single issuer.

Counterparties to Derivative Financial Instruments

Freddie Mac uses derivative financial instruments primarily in connection with its interest-rate risk management activities ("RISK MANAGEMENT — *Interest-Rate Risk*"). Exchange-traded derivative financial instruments, such as futures contracts, do not increase the corporation's exposure to institutional credit risk since changes in the value of open exchange-traded contracts are settled daily. The use of over-the-counter derivative financial instruments exposes Freddie Mac to institutional credit risk that arises from the possibility that a counterparty will be unable to perform according to the terms of the derivatives contract. Freddie Mac mitigates its exposure to institutional credit risk related to over-the-counter derivative contracts by using master netting agreements, limiting its selection of counterparties and, in many cases, requiring collateral.

The corporation's aggregate exposure to institutional credit risk for derivative financial instruments can be estimated by calculating the "net replacement value" or replacement cost, of all outstanding non-exchange traded derivative financial instruments for each counterparty with which the corporation was in a net gain or "positive fair value" position, after taking into account the offsetting provided for through master netting agreements. Net replacement values were $1.0 billion, $1.5 billion and $3.9 billion at March 31, 2001, December 31, 2000 and March 31, 2000, respectively. Freddie Mac's exposure to institutional credit risk varies from period to period in relation to changes in interest rates, foreign currency exchange rates and the mix and amount of derivatives it holds. At March 31, 2001, of the total estimated $1.0 billion exposure to institutional credit risk on derivative financial instruments in a net gain position, $1.0 billion was fully collateralized. At March 31, 2001, counterparties with an independent credit rating of "A" or better, accounted for over 99 percent of the notional amount of the corporation's outstanding over-the-counter derivative financial instruments.

Interest-Rate Risk and Other Market Risks

Disciplined management of interest-rate risk and other market risks is critical to Freddie Mac's ability to manage its debt financing and securitization financing activities. Successfully managing these risks requires consistently maintaining acceptable levels of risk exposure while meeting the corporation's thresholds for return on equity and targets for net interest income. Interest-rate risk is the risk that changes in the level of interest rates or changes in the shape of the Treasury yield curve could affect adversely the market value and future earnings of Freddie Mac. Freddie Mac's interest-rate risk exposure results primarily from the uncertainty as to when borrowers will pay the outstanding principal balance of their mortgages ("prepayment risk"). A mortgage borrower has the option, usually without penalty, to make unscheduled payments of additional principal or to completely pay off a mortgage loan before its scheduled maturity date. A borrower also has the option to make only scheduled principal payments on a mortgage up to its stated maturity, such as 30 years in the case of a 30-year mortgage. This option may cause the mortgage to have a life longer than the expected life of a typical mortgage, which prepays in full before its stated maturity.

A borrower's ability to shorten the life of a mortgage or hold it until its stated maturity makes the timing and amount of mortgage prepayments very sensitive to changes in interest rates. A significant decline in interest rates may lead to higher prepayments and a shorter expected life for a mortgage than originally projected. Conversely, a significant increase in interest rates could lead to lower than anticipated prepayments and a longer expected life for a mortgage than originally projected. As the mortgage origination process continues to become faster and less expensive for mortgage borrowers, prepayment levels are likely to become increasingly sensitive to changes in interest rates.

Measurement of Interest-Rate Risk

Freddie Mac maintains a disciplined approach to measuring and managing interest-rate risk, with the goal of producing long-term returns that are relatively insensitive to changes in interest rates. On a daily basis, Freddie Mac measures its interest-rate risk exposure due to changes in both the level and shape of the yield curve. Scenario analyses are calculated to estimate the potential percentage loss in Freddie Mac's market value of equity (referred to as "portfolio market value") that would result from an adverse parallel shift in the Treasury yield curve and from an adverse change in the slope of the Treasury yield curve. Freddie Mac uses the results of these two risk measures to gauge the strength and durability of the corporation's projected returns.

Parallel Treasury Yield Curve Shifts

Freddie Mac measures the risk of a change in the level of interest rates by estimating daily the expected loss in portfolio market value that would result from an immediate, adverse 50 basis point parallel shift (up or down) in the current Treasury yield curve. The use of an immediate shift in interest rates is conservative because it does not allow for any portfolio rebalancing. The risk measure for parallel shifts in the Treasury yield curve, identified as "PMVS" in our prior quarterly and annual disclosures, is now referred to as "PMVS-L" (since it reflects the effect of a change in the *level* of interest rates).

Non-Parallel Treasury Yield Curve Shifts

Freddie Mac's portfolio market value also may be exposed to non-parallel shifts in the yield curve, such as a flattening or steepening. Changes in the shape, or slope, of the yield curve can, and often do, occur at different points along the yield curve. For this reason, Freddie Mac evaluates its exposure to yield curve risk by examining potential reshaping scenarios at various points along the yield curve. Freddie Mac's exposure to yield curve risk is expressed in terms of the expected loss in portfolio market value resulting from an immediate, adverse 25 basis point shift in the slope of the Treasury yield curve, and is referred to as "PMVS-YC." The use of an immediate shift in interest rates is conservative because it does not allow for any portfolio rebalancing.

Interest-Rate Risk Measurement Methodology

The PMVS-L and PMVS-YC risk measures take into account all of Freddie Mac's interest-rate sensitive assets and liabilities, including derivative financial instruments and off-balance sheet obligations. In each case, the most adverse change in portfolio market value resulting from the changes in interest rates or yield curve slope under the scenarios discussed below is calculated. Freddie Mac uses proprietary and external business and financial models to measure PMVS-L and PMVS-YC. The scenario analyses Freddie Mac uses to measure interest-rate risk employ mortgage prepayment and other core forecasting models that are reviewed on an ongoing basis and may be adjusted and refined from time to time based on benchmarks of their results against the models of external parties, as well as changes that may occur in the relationship between key variables, including the historical relationship between mortgage interest rates and Treasury and other market rates. Freddie Mac will disclose any changes in risk modeling and assumptions it believes are material to help ensure comparability of the disclosure results over time.

Calculation of PMVS-L

To calculate PMVS-L, Freddie Mac examines two scenarios: an immediate 50 basis point increase and an immediate 50 basis point decrease in Treasury rates. The 50 basis point shock in Treasury rates is chosen to approximate the effect of a severe tightening or easing of rates. Statistically, it represents the expected change in Treasury rates over a one-month period within a 95 percent confidence interval. This 50 basis point change is applied as a parallel shift, which means that each point along the Treasury yield curve is changed by the same 50 basis points. Given this change in Treasury rates, Freddie Mac calculates the expected change in mortgage and debt rates using information about their historical relationship to Treasury rates.

Calculation of PMVS-YC

To calculate PMVS-YC, Freddie Mac also examines two scenarios: an immediate 25 basis point steepening and an immediate 25 basis point flattening in Treasury rates. The calculation of PMVS-YC is based on an assumed reshaping of the yield curve in which the 25 basis point change in slope is obtained by shifting the 2-year and 10-year Treasury rates by an equal amount (12.5 basis points), but in opposite directions. This means that under the yield curve steepening scenario, the 2-year Treasury rate is decreased by 12.5 basis points and the 10-year Treasury rate is increased by 12.5 basis points. Under the yield curve flattening scenario, the 2-year Treasury rate is increased by 12.5 basis points and the 10-year Treasury rate is decreased by 12.5 basis points. Measuring yield curve risk by shifting the 2-year and 10-year Treasury rates highlights the two sectors of the yield curve that have the greatest effect on mortgage investments: (i) the 2-4 year sector of the yield curve, where expected cash flows from mortgages are concentrated, and (ii) the 10-year sector, which is the benchmark for mortgage rates and which can have a significant effect on prepayments.

Interest-Rate Risk Management Strategies and Results

Freddie Mac issues many different types of debt and actively rebalances its funding mix to protect its portfolio market value. Derivative financial instruments continue to be important in Freddie Mac's overall strategy for managing interest-rate risk.

Funding Transactions

Freddie Mac finances retained portfolio investments using a mix of debt and derivative financial instruments that enable it to closely match cash outflows with the cash inflows from the corporation's mortgage investments. Freddie Mac uses various instruments, including short-term debt, callable and non-callable long-term debt and derivative financial instruments, to optimize its ability to reprice debt when mortgages prepay faster than expected. Freddie Mac's ability to maintain this flexibility depends on its ability to issue debt and buy and sell derivative financial instruments at a reasonable cost.

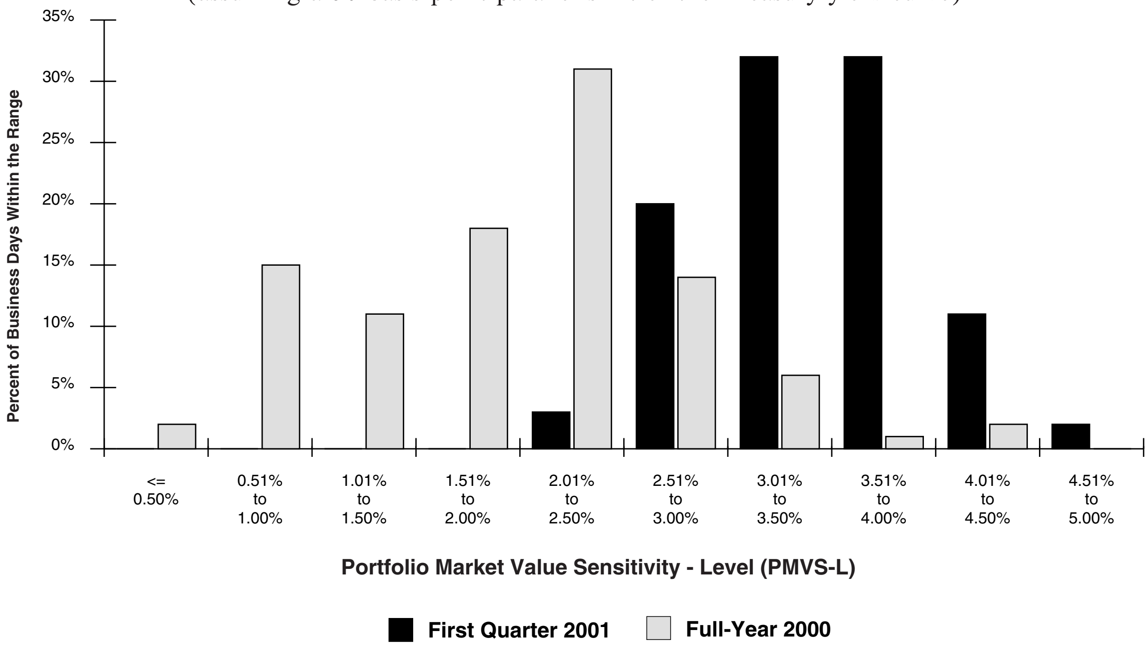
Rebalancing Transactions

Freddie Mac executes interest-rate risk management (or "rebalancing") transactions to provide protection against both small and large changes in interest rates. To rebalance its portfolio in response to relatively small changes in interest rates, Freddie Mac typically buys or sells derivative financial instruments, such as Treasury futures or interest-rate swaps, to closely match the expected life of its assets and liabilities. In addition, Freddie Mac obtains protection from larger changes in interest rates by purchasing put and call options to offset the risk of the prepayment option embedded in mortgage-related assets. For example, when interest rates are rapidly declining, rebalancing transactions in the form of call options help Freddie Mac to better match the cash flows of the mortgage-related assets, which repay faster than originally expected, to the cash flows of non-callable long-term debt. Similarly, when interest rates are rapidly rising, rebalancing transactions in the form of put options help Freddie Mac to match the cash flow of the mortgage-related assets, which repay slower than originally expected, to the cash flows of non-callable long-term debt.

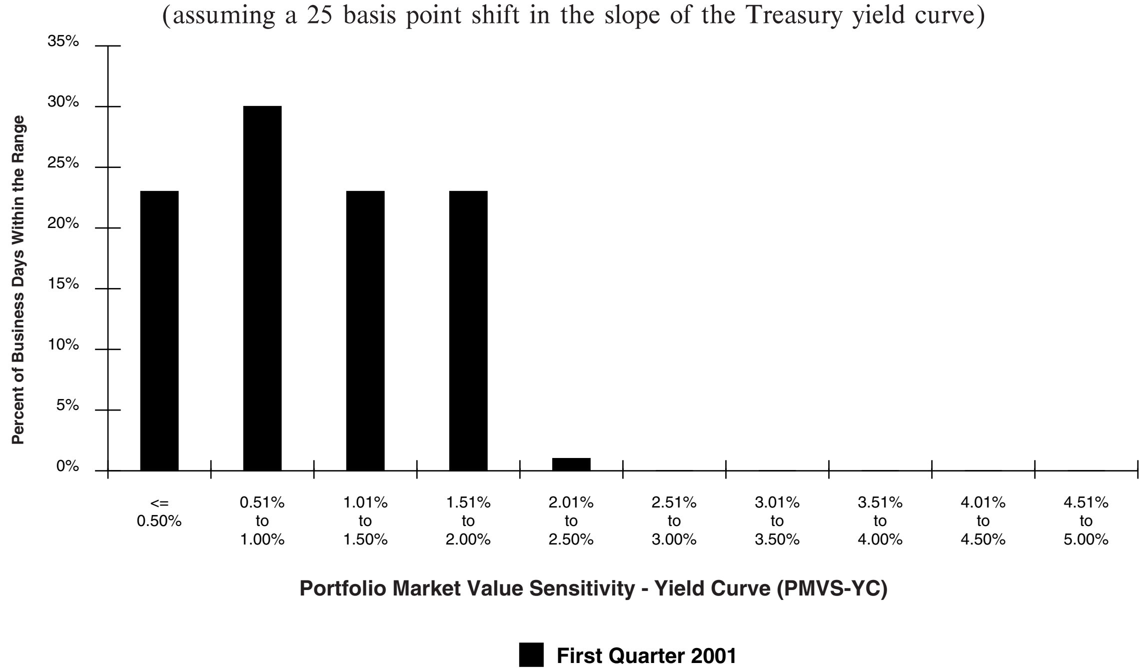
Exhibit 1 illustrates the percentage of business days PMVS-L and PMVS-YC were within certain ranges during the three months ended March 31, 2001 as well as PMVS-L for full-year 2000.

Exhibit 1 — Risk Management Results

(assuming a 50 basis point parallel shift of the Treasury yield curve)



(assuming a 25 basis point shift in the slope of the Treasury yield curve)



As indicated in *Exhibit 1*, PMVS-L was 4.00 percent or less for nearly 87 percent of the business days during the first quarter 2001, compared to 98 percent of the business days during full-year 2000. PMVS-L tends to increase during periods of declining mortgage interest rates that motivate borrowers to refinance their mortgages. Mortgage interest rates consistently declined during the first quarter 2001 while they remained relatively flat, on average, during full-year 2000.

Table 5 provides information on average PMVS-YC and PMVS-L for the quarters ended March 31, 2001, December 31, 2000 and March 31, 2000, including average PMVS-L based on a 100 basis point parallel shift in the Treasury yield curve.

Table 5 — Average Portfolio Market Value Sensitivity

	PMVS-YC	PMVS-L	
Average for the Quarter Ended	**25 bp(1)**	**50 bp(2)**	**100 bp(3)**
March 31, 2001	1.03%	3.42%	11.53%
December 31, 2000	—	2.76%	10.14%
March 31, 2000	—	0.93%	3.39%

(1) Assuming a 25 basis point shift in the slope of the Treasury yield curve (PMVS-YC disclosure was initiated as of March 31, 2001).
(2) Assuming a 50 basis point parallel shift in the Treasury yield curve.
(3) Assuming a 100 basis point parallel shift in the Treasury yield curve.

See "MD&A — Risk Management — Interest-Rate Risk and Other Market Risks" in the Information Statement for a detailed discussion of Freddie Mac's other market risks.

DERIVATIVES PORTFOLIO

Freddie Mac enters into derivatives as an end user in connection with its investment funding and market risk management activities. Derivatives are a critical component in executing funding and other transactions to reduce risk and preserve value. By using derivatives, Freddie Mac is better able to match the expected cash flows of its assets and liabilities and reduce the corporation's exposure to interest-rate and/or foreign currency risk.

Table 6 summarizes the activity and notional and/or contractual amounts outstanding of derivative instruments.

Table 6 — Derivative Instrument Activity

	Quarter Ended Notional or Contractual Amount		
	March 31, 2001	December 31, 2000	March 31, 2000
	(dollars in millions)		
Change in notional balance			
Beginning balance	$ 474,535	$ 457,975	$ 424,244
New contracts	312,958	172,829	120,964
Maturities and terminations	(211,307)	(156,269)	(179,608)
Ending balance	$ 576,186	$ 474,535	$ 365,600

BUSINESS SEGMENT REPORTING

Management assesses corporate performance and allocates capital principally on the basis of the two methods in which it finances mortgages and mortgage-related investments: mortgage securitization and debt financing activities. *Table 7* presents each segment's financial performance for interim periods. See Note 12 to the Consolidated Financial Statements included in the Information Statement for further discussion of the methods used to allocate revenues and expenses to each segment.

Table 7 — Business Segment Reporting

Quarter Ended March 31, 2001

	Mortgage Securitization Financing	Debt Financing	Elimination(1)	Reported Consolidated	Adjustments(2)	Operating Consolidated
			(dollars in millions)			
Net interest income on earning assets(3)	$ 60	$ 872	$ 44	$ 976	$ (157)	$ 819
Management and guarantee income	436	—	(44)	392	—	392
Fair value gains	—	17	—	17	(17)	—
Other income, net	81	(45)	—	36	—	36
Total revenues	577	844	—	1,421	(174)	1,247
Credit-related expenses	(24)	—	—	(24)	—	(24)
Administrative expenses	(147)	(43)	—	(190)	—	(190)
Housing tax credit partnerships	(32)	—	—	(32)	—	(32)
Income before income taxes	374	801	—	1,175	(174)	1,001
Provision for income taxes	(99)	(244)	—	(343)	61	(282)
Income before cumulative effect of change in accounting principle, net of taxes	275	557	—	832	(113)	719
Cumulative effect of change in accounting principle, net of taxes(4)	—	5	—	5	(5)	—
Net income	$ 275	$ 562	$ —	$ 837	$ (118)	$ 719

Quarter Ended December 31, 2000

	Mortgage Securitization Financing	Debt Financing	Elimination(1)	Reported Consolidated	Adjustments(2)	Operating Consolidated
			(dollars in millions)			
Net interest income on earning assets(3)	$ 77	$ 621	$ 40	$ 738	$ —	$ 738
Management and guarantee income	423	—	(40)	383	—	383
Other income, net	62	(24)	—	38	—	38
Total revenues	562	597	—	1,159	—	1,159
Credit-related expenses	(25)	—	—	(25)	—	(25)
Administrative expenses	(148)	(36)	—	(184)	—	(184)
Housing tax credit partnerships	(26)	—	—	(26)	—	(26)
Income before income taxes	363	561	—	924	—	924
Provision for income taxes	(101)	(160)	—	(261)	—	(261)
Net income	$ 262	$ 401	$ —	$ 663	$ —	$ 663

Quarter Ended March 31, 2000

	Mortgage Securitization Financing	Debt Financing	Elimination(1)	Reported Consolidated	Adjustments(2)	Operating Consolidated
			(dollars in millions)			
Net interest income on earning assets(3)	$ 76	$ 550	$ 41	$ 667	$ —	$ 667
Management and guarantee income	407	—	(41)	366	—	366
Other income, net	11	22	—	33	—	33
Total revenues	494	572	—	1,066	—	1,066
Credit-related expenses	(31)	—	—	(31)	—	(31)
Administrative expenses	(142)	(27)	—	(169)	—	(169)
Housing tax credit partnerships	(26)	—	—	(26)	—	(26)
Income before income taxes	295	545	—	840	—	840
Provision for income taxes	(77)	(155)	—	(232)	—	(232)
Net income	$ 218	$ 390	$ —	$ 608	$ —	$ 608

(1) Reflects the elimination of fees earned by the Mortgage Securitization Financing Segment for the credit guarantee it provides on unsecuritized mortgages retained by the Debt Financing segment, and a corresponding elimination of the cost of this credit guarantee charged to the Debt Financing Segment for purposes of deriving consolidated amounts.

(2) These adjustments to the Debt Financing Segment reconcile reported earnings to operating earnings. See "MD&A — Operating Earnings" for more information.

(3) Net interest income for the Debt Financing Segment includes interest expense on debt securities and other liabilities that finance mortgage-related investments. Included in interest expense on debt securities is non-cash amortization of debt discounts totaling $2.521 billion, $2.529 billion and $2.438 billion for the quarter ended March 31, 2001, December 31, 2000 and March 31, 2000, respectively, which principally represents the contractual cost of funds associated with issuing short-term debt at a discount.

(4) Adoption of SFAS 133 on January 1, 2001.

LIQUIDITY AND CAPITAL MANAGEMENT

Liquidity

Freddie Mac's business activities present liquidity demands driven by maturities of debt, purchases of mortgages, payments of principal and interest to mortgage security holders and general operations. The corporation's sources of cash to meet the needs of its business activities and general operations include issuances of long-term and short-term debt, issuances of common and preferred stock, cash flows from operating activities and "Repayments of mortgage investments." Because of its financial performance and its regular and significant participation as an issuer in the funding markets, the corporation's sources of funding have remained adequate to meet its liquidity needs.

During first quarter 2001, Freddie Mac issued a total of $52 billion and $555 billion in long-term and short-term debt, respectively, to support its business activities. A significant portion of this debt was issued through the corporation's primary debt financing programs: Reference Notes and Reference Bonds for longer-term financing and Reference Bills for shorter-term financing. These debt-financing programs enable the corporation to sell large issues of long-term and short-term debt that provide investors with high-quality, liquid debt securities. During first quarter 2001, Freddie Mac issued $22 billion of non-callable U.S. dollar-denominated Reference Notes and $152 billion of short-term debt under the corporation's Reference Bill program. Additionally, under the corporation's EuroReference Note[SM] Programme, the corporation issued €5 billion of 3-year notes. The corporation plans to issue Reference Notes and Reference Bonds totaling $90 billion in accordance with its previously announced financing calendar for 2001. The financing calendar will continue to provide clarity and transparency with regard to the timing of new debt issues and reopening of prior issues, the anticipated size of individual offerings and settlement dates.

In response to declining interest rates, Freddie Mac called a significant amount, or approximately $40 billion, of its long-term callable debt during the first quarter of 2001. In addition, the corporation announced in April 2001 that it will periodically repurchase older, off-the-run issues of its Reference Notes and Reference Bonds. These periodic repurchases, which Freddie Mac expects to conduct at least once each quarter, will assist the corporation in pursuing its asset/liability management strategies while continuing the predictability and liquidity of its Reference program.

Periodic Issuance of Subordinated Debt: On March 21, 2001, Freddie Mac completed the initial, $2.0 billion issuance of its subordinated debt securities, Freddie SUBS[SM], which is a key component of the corporation's voluntary commitments announced in October 2000. The amount of the Freddie SUBS outstanding is expected to grow between $8 billion and $10 billion over the phase in period ending October 19, 2003.

During the first quarter, Freddie Mac completed three preferred stock offerings, providing the corporation approximately $721 million in net proceeds. On January 26, 2001, Freddie Mac issued variable-rate, perpetual non-cumulative preferred stock with a liquidation preference of $325 million. On March 23, 2001 Freddie Mac issued variable-rate, perpetual non-cumulative preferred stock with a liquidation preference of $230 million and 5.81% perpetual non-cumulative preferred stock with a liquidation preference of $172.5 million.

Freddie Mac maintains a liquidity and contingency investment portfolio used to manage recurring cash flows and meet other cash management needs, maintain capital reserves to meet mortgage funding needs, provide diverse sources of liquidity and help manage the interest-rate risk inherent in mortgage-related investments. The liquidity and contingency investment portfolio enables Freddie Mac to deploy fully its available capital and fulfill its purpose of providing a stable and reliable supply of mortgage credit nationwide. This portfolio is important to Freddie Mac's financial management and its ability to provide liquidity and stability to the mortgage market. At March 31, 2001 and December 31, 2000, the liquidity and contingency investment portfolio totaled $50 billion and $49 billion, respectively, and consisted principally of cash and cash equivalents, asset-backed securities, corporate debt securities, and other highly rated marketable assets that can be readily converted to cash. The corporation recognizes net interest income on the liquidity and contingency investment portfolio.

Liquidity Risk Management — Freddie Mac has committed to maintain more than three months' worth of liquidity, assuming no access to public debt markets, to reduce the possibility that the corporation's operations are disrupted during a significant financial crisis. To calculate its compliance with this commitment, Freddie Mac forecasts its cash sources and cash needs over a three-month period. Cash sources include certain investments in the liquidity and contingency portfolio, funding available from mortgage repurchase activities, and mortgage asset liquidations. As of March 31, 2001, Freddie Mac met the commitment to maintain more than three months of liquidity.

To facilitate liquidity, Freddie Mac also has committed to maintain at least 5 percent of on-balance sheet assets in liquid, marketable non-mortgage securities. As of March 31, 2001, Freddie Mac also met this commitment.

Capital Management

Freddie Mac manages its capital resources to provide attractive returns on common equity while maintaining sufficient capital to satisfy internal capital adequacy standards and regulatory capital requirements, and to absorb unforeseen losses that might arise in fulfilling its mortgage guarantee obligations and conducting its business programs.

Table 8 below sets forth Freddie Mac's capitalization at March 31, 2001.

Table 8 — Total Capitalization

	March 31, 2001 (dollars in millions)
Debt securities:	
Notes and bonds payable due within one year:	
Discount notes, medium-term notes and securities sold under agreements to repurchase	$177,364
Current portion of long-term debt	18,371
	195,735
Notes and bonds payable due after one year	263,475
Total debt securities, net	459,210
Subordinated borrowings	2,128
Stockholders' equity	12,821
Total capitalization	$474,159

Table 9 below summarizes the components of Freddie Mac's Core, Total and Adjusted total capital. These measures exclude the AOCI component of "Stockholders' equity" consistent with the corporation's regulatory capital requirements.

Table 9 — Capital

	March 31, 2001	December 31, 2000	March 31, 2000
Common stock:			
Par value	$ 152	$ 152	$ 152
Additional paid-in capital	415	429	463
Preferred stock, at redemption value	3,922	3,195	3,195
Retained earnings	12,280	11,629	10,181
Treasury stock, at cost	(998)	(1,024)	(852)
Core capital	15,771	14,381	13,139
Reserve for mortgage losses	786	784	775
Total capital	16,557	15,165	13,914
Subordinated borrowings	2,128	145	138
Adjusted total capital	$18,685	$15,310	$14,052

During first quarter 2001, the corporation added approximately $3.4 billion to Adjusted total capital due to earnings growth, the issuance of three series of preferred stock and the first Freddie SUBS issuance. The increase in Freddie Mac's core capital will help the corporation respond to growth opportunities during 2001.

During the first quarter of 2001, AOCI decreased $3.4 billion from December 31, 2000. The initial adoption of SFAS 133 resulted in a reduction to AOCI of approximately $2.5 billion as of January 1, 2001. Declining mortgage interest rates caused the fair value of certain derivative contracts (particularly pay-fixed interest-rate swaps) to decrease by approximately $1.8 billion, further reducing AOCI during the quarter. These declines in AOCI were partially offset by an increase in the net unrealized gain (loss) on investments classified as available-for-sale ("AFS"), which are reported at fair value in accordance with SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities." The magnitude of the change in the mark-to-market valuation of the corporation's AFS portfolio was influenced by both the size of that portfolio, which increased in conjunction with adopting SFAS 133, and by the general decline in interest rates during the quarter.

Interim Risk-Based Capital Stress Test: During 2000, Freddie Mac committed to disclose the results of an interim risk-based capital stress test that are consistent with the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (the "GSE Act"), pending issuance and implementation of a final risk-based capital standard by "OFHEO" and to update that disclosure on a quarterly basis. At December 31, 2000, Freddie Mac had sufficient capital to satisfy the interim risk-based capital standard under the two stress test scenarios that are described more fully in the Information Statement. The results of the stress tests as of March 31, 2001 will be posted to the corporation's Web site (www.freddiemac.com) by May 31, 2001 and will be included in the second quarter Information Statement Supplement.

In addition to its internal assessment of capital adequacy, Freddie Mac ensures that capital is sufficient to comply with regulatory capital standards under the GSE Act. Freddie Mac and Federal National Mortgage Association ("Fannie Mae") are subject to certain minimum, critical and risk-based capital standards issued by OFHEO. Until a final risk-based capital regulation has been issued and is in effect for one year, the capital levels of Freddie Mac and Fannie Mae are to be classified only against the minimum capital standard. At March 31, 2001, Freddie Mac's estimated minimum capital requirement, as reported to OFHEO, was $15.2 billion, up from $14.2 billion and $12.8 billion at December 31, 2000 and March 31, 2000, respectively. At March 31, 2001, Freddie Mac's estimated critical capital requirement was $7.7 billion, up from $7.2 billion at December 31, 2000. Capital surplus, the excess of Freddie Mac's regulatory core capital over the minimum capital requirement, was estimated at $606 million at March 31, 2001, compared to $202 million and $383 million at December 31, 2000 and March 31, 2000, respectively. Freddie Mac actively manages its capital surplus by investing in highly rated, short-term instruments. See "MD&A – Regulatory Matters" in the Information Statement for a more detailed discussion of the calculation of minimum, critical and risk-based capital standards.

Table 10 below provides a reconciliation of "Weighted average common shares outstanding – basic" to "Weighted average common shares outstanding – diluted."

Table 10 — Weighted Average Shares Outstanding

	Quarter Ended		
	March 31, 2001	December 31, 2000	March 31, 2000
	(shares in thousands)		
Weighted average common shares outstanding — basic	693,073	692,278	695,239
Effect of dilutive common equivalent shares	3,597	3,592	2,845
Weighted average common shares outstanding — diluted	696,670	695,870	698,084

See notes 1, 7 and 8 to the Consolidated Financial Statements included in the Information Statement for further information about Freddie Mac's debt securities, subordinated borrowings, stockholders' equity and common equivalent shares pursuant to the corporation's stock-based compensation plans.

QUARTERLY VOLUME STATISTICS

Table 11 summarizes Freddie Mac's purchase, liquidation and securitization activity for the quarters ended March 31, 2001, December 31, 2000 and March 31, 2000.

Table 11 — Quarterly Volume Statistics

	Quarter Ended					
	March 31, 2001		December 31, 2000		March 31, 2000	
			(dollars in millions)			
New business purchases(1)						
Mortgages and Freddie Mac PCs						
30-year fixed-rate	$43,193	53%	$38,976	55%	$23,004	64%
15-year fixed-rate	8,830	11%	5,228	7%	2,389	7%
ARMs/floating-rate	3,160	4%	12,992	18%	2,016	5%
Balloon/resets	221	1%	133	1%	389	1%
Total single-family	55,404	69%	57,329	81%	27,798	77%
Multifamily	1,438	2%	2,581	4%	1,214	3%
Total mortgages and Freddie Mac PCs	56,842	71%	59,910	85%	29,012	80%
Non-Freddie Mac securities	23,697	29%	10,478	15%	7,092	20%
Total new business purchases	$80,539	100%	$70,388	100%	$36,104	100%
Credit risk distribution of purchases						
Freddie Mac at-risk(2)	$44,290	55%	$43,967	62%	$19,875	55%
Credit-enhanced(3)	$36,249	45%	$26,421	38%	$16,229	45%
Purchase market share(4)	39%		45%		41%	
Percentage of refinance mortgage purchases	52%		29%		28%	
Mortgage liquidations(5)	$48,348		$29,461		$22,262	
Mortgage liquidation rate (annualized)(6)	19.8%		12.4%		10.3%	
Original-issue securities settlements						
Single-family PCs	$54,065		$55,736		$27,478	
Multifamily PCs	215		978		279	
Total	$54,280		$56,714		$27,757	
Structured securitizations(7)	$23,592		$13,931		$10,064	

(1) Includes mortgages exchanged for Freddie Mac PCs or purchased for cash, and non-Freddie Mac mortgage securities. Excludes repurchased Freddie Mac PCs since repurchases do not affect the unpaid principal balance of the total mortgage portfolio.
(2) Includes only those mortgages for which Freddie Mac has assumed primary default risk.
(3) Includes loans for which the lender or a third party has retained primary default risk by pledging collateral or agreeing to accept losses on loans that default. In some cases, the lender's or third party's risk is limited to a specific level of losses at the time the credit enhancement becomes effective. Also includes non-Freddie Mac securities held in the total mortgage portfolio.
(4) Based on mortgage purchase and security issuance activity relative to Fannie Mae.
(5) Includes mortgage-related securities held in the retained portfolio that have been sold.
(6) The liquidation rate reflects principal payments only and excludes mortgage-related securities held in the retained portfolio that have been sold.
(7) Includes issuances of mortgage-related securities in which the cash flows are structured into various classes having a variety of features, the majority of which qualify for treatment as Real Estate Mortgage Investment Conduits ("REMICs") under the Internal Revenue Code.

Freddie Mac's first quarter 2001 purchase volume increased by 14 percent compared to fourth quarter 2000 and increased by 123 percent compared to first quarter 2000. Higher purchase volumes in first quarter of 2001 reflect increased mortgage refinancing activity as a result of a declining trend in interest rates. In first quarter 2001, refinanced mortgages, which represented 52 percent of Freddie Mac's total purchases, increased from 29 percent in fourth quarter 2000 and 28 percent in first quarter 2000.

Interest rates declined during the first quarter of 2001. As a result, borrower preferences for fixed-rate mortgages remained strong as spreads between fixed-rate mortgages and ARMs/floating-rate mortgages narrowed during the first three months of the year. Fixed-rate mortgages represented 90 percent of Freddie Mac's purchases for first quarter 2001, up from 76 percent for fourth quarter 2000 and 88 percent for first quarter 2000. The percentage of credit-enhanced purchases increased to 45 percent for first quarter 2001 up from 38 percent for the fourth quarter of 2000 due to a change in the mix of new purchases.

During first quarter 2001, the corporation's market share, as a percentage of the combined Freddie Mac and Fannie Mae purchases of both new mortgage originations and mortgage portfolios sold by whole-loan investors (or seasoned portfolios) was 39 percent, compared to 45 percent and 41 percent for fourth quarter 2000 and first quarter 2000, respectively. The decrease in purchase market share during first quarter 2001 compared to fourth quarter 2000 was driven largely by Freddie Mac's relatively lower purchases of seasoned portfolios. Freddie Mac competes for mortgages primarily on the basis of the relative strength of its mortgage purchase programs, security products, customer service, ease of mortgage purchase processing and price.

The annualized liquidation rate on the total mortgage portfolio was 19.8 percent for first quarter 2001 compared to 12.4 percent and 10.3 percent for fourth quarter 2000 and first quarter 2000, respectively. The increase in the liquidation rate from first quarter 2000 to first quarter 2001 reflects an increase in borrower prepayments due to lower interest rates, as evidenced by the increase in the percentage of refinance mortgage purchases quarter-over-quarter.

First quarter 2001 structured securitization activity was $24 billion, up from $14 billion in fourth quarter 2000 and $10 billion for first quarter 2000. Structured securitization volumes vary based on market conditions that affect investor demand for REMIC securities.

QUARTERLY REVENUE ANALYSIS, RATE/VOLUME ANALYSIS AND CONSOLIDATED RESULTS OF OPERATIONS

Freddie Mac's revenue base consists of "Net interest income on earning assets," "Management and guarantee income" and "Other income, net." *Table 12*, which is prepared in accordance with GAAP, reflects revenue analysis that presents daily weighted average balances and related yields earned on assets and rates paid on liabilities. *Table 12* also contains a rate/volume analysis that details the changes to "Total revenues." The "Operating Net Interest Yield Analysis" table, which is included in the corporation's first quarter 2001 earnings release package and is available at its Web site, is an analysis of net interest yield prepared on an operating earnings basis. See "OPERATING EARNINGS" for a discussion of Freddie Mac's supplemental performance measure.

Table 12 — Quarterly Revenue Analysis and Rate/Volume Analysis

	Quarter Ended								
	March 31, 2001			December 31, 2000			March 31, 2000		
	Average Balance	Interest Income/ Expense	Average Rate	Average Balance	Interest Income/ Expense	Average Rate	Average Balance	Interest Income/ Expense	Average Rate
	(dollars in millions)								
Interest-earning assets:									
Mortgages	$ 59,305	$ 1,091	7.36%	$ 57,355	$ 1,061	7.40%	$ 56,337	$ 1,033	7.33%
Guaranteed mortgage securities (1)	341,980	5,919	6.92%	311,112	5,386	6.92%	270,062	4,525	6.70%
Total retained portfolio	401,285	7,010	6.99%	368,467	6,447	7.00%	326,399	5,558	6.81%
Investments (2)	69,068	1,051	6.09%	72,122	1,206	6.59%	67,050	989	5.86%
Net benefit (cost) of derivatives		22			(10)			(5)	
Total interest-earning assets	$470,353	$ 8,083	6.87%	$440,589	$ 7,643	6.92%	$393,449	$ 6,542	6.64%
Interest-bearing liabilities:									
Short-term debt	$174,188	$(2,530)	5.81%	$155,732	$(2,573)	6.47%	$170,115	$(2,466)	5.74%
Long-term debt	273,175	(4,341)	6.36%	264,599	(4,286)	6.48%	204,915	(3,229)	6.30%
Total debt securities	447,363	(6,871)	6.14%	420,331	(6,859)	6.48%	375,030	(5,695)	6.05%
PC variance:									
Due to prepayments (3)	9,187	(165)	7.19%	5,802	(102)	7.03%	4,374	(75)	6.84%
Due to ARM/floating-rate adjustments (4)	—	—	—%	—	4	—%	—	6	—%
Net cost of PC variance	9,187	(165)	7.20%	5,802	(98)	6.75%	4,374	(69)	6.27%
Net benefit (cost) of derivatives		(71)			52			(111)	
Total interest-bearing liabilities	456,550	(7,107)	6.23%	426,133	(6,905)	6.44%	379,404	(5,875)	6.17%
Net non-interest-bearing funding	13,803	—	—	14,456	—	—	14,045	—	—
Total funding of interest-earning assets	$470,353	$(7,107)	6.04%	$440,589	$(6,905)	6.23%	$393,449	$(5,875)	5.95%
Net interest income/yield		$ 976	0.83%		$ 738	0.69%		$ 667	0.70%
Management and guarantee income	$826,688	$ 392	19.0bp	$802,042	$ 383	19.1bp	$753,084	$ 366	19.4bp
Fair value gains (losses)		$ 17			$ —			$ —	
Other income, net (5)		$ 36			$ 38			$ 33	
Total revenues		$ 1,421			$ 1,159			$ 1,066	
Net interest income/yield (fully taxable equivalent basis)		$ 1,035	0.88%		$ 797	0.74%		$ 724	0.76%

	1st Quarter 2001 vs. 4th Quarter 2000 Increase or (Decrease) Due to				1st Quarter 2001 vs. 1st Quarter 2000 Increase or (Decrease) Due to			
	Rate	Volume	Total $ Change	Total % Change	Rate	Volume	Total $ Change	Total % Change
	(dollars in millions)							
Interest-earning assets:								
Mortgages	$ (6)	$ 36	$ 30	3 %	$ 4	$ 54	$ 58	6 %
Guaranteed mortgage securities	(1)	534	533	10 %	189	1,205	1,394	31 %
Total retained portfolio	(7)	570	563	9 %	193	1,259	1,452	26 %
Investments	(105)	(50)	(155)	(13)%	32	30	62	6 %
Net benefit (cost) of derivatives	32	—	32	320 %	27	—	27	540 %
Total interest-earning assets	$ (80)	$520	$ 440	6 %	$ 252	$1,289	$ 1,541	24 %
Interest-bearing liabilities:								
Short-term debt	$(256)	$299	$ 43	(2)%	$ (122)	$ 58	$ (64)	3 %
Long-term debt	(194)	139	(55)	1 %	(2,187)	1,075	(1,112)	34 %
Total debt securities	(450)	438	(12)	— %	(2,309)	1,133	(1,176)	21 %
PC variance	(124)	57	(67)	68 %	(171)	75	(96)	139 %
Net benefit (cost) of derivatives	(123)	—	(123)	237 %	40	—	40	(36)%
Total interest-bearing liabilities	$(697)	$495	$(202)	3 %	$(2,440)	$1,208	$(1,232)	21 %
Net interest income	$ 213	$ 25	$ 238	32 %	$ 228	$ 81	$ 309	46 %
Management and guarantee income	$ (3)	$ 12	$ 9	2 %	$ (10)	$ 36	$ 26	7 %
Fair value gains (losses)			$ 17	— %			$ 17	— %
Other income, net			$ (2)	(5)%			$ 3	9 %
Total revenues			$ 262	23 %			$ 355	33 %

(1) Rates calculated on a fully taxable equivalent basis were 6.98%, 6.99%, and 6.78% for quarters ended March 31, 2001, December 31, 2000 and March 31, 2000, respectively, based upon related income of $5,972 million, $5,435 million, and $4,575 million, respectively.
(2) Rates calculated on a fully taxable equivalent basis were 6.12%, 6.64%, and 5.95% for quarters ended March 31, 2001, December 31, 2000 and March 31, 2000, respectively, based upon related income of $1,057 million, $1,215 million, and $1,005 million, respectively.
(3) Mortgage liquidations on which interest continues accruing to the security holder.
(4) Rate changes on ARMs/floating-rate mortgages for which the related security rate changes one month later.
(5) Includes recognized net gains on certain hedging transactions totaling $13 million and $30 million for fourth quarter 2000, and first quarter 2000, respectively.

OPERATING EARNINGS

Effective with first quarter 2001 results, Freddie Mac is providing a supplemental performance measure known as "operating earnings." Management believes that results presented on an operating basis are beneficial in understanding and analyzing Freddie Mac's financial performance. Operating earnings, along with corresponding ratios, exclude certain accounting effects associated with Freddie Mac's adoption of SFAS 133 on January 1, 2001. These adjustments include the elimination of the "Cumulative change in accounting principle, net of taxes" and "Fair value gains (losses)," which are included in earnings prepared in accordance with GAAP, as well as the recognition of straight-line amortization expense on purchased option premiums, which differs from how these premiums are amortized for reported earnings. Freddie Mac's operating earnings may not be comparable to supplemental performance measures that are used by other companies and which may have similar titles.

Table 13 reconciles reported GAAP net income, which is presented in the corporation's Condensed Consolidated Statements of Income, to its operating earnings.

Table 13 — Operating Earnings Reconciliation

	Quarter Ended March 31, 2001		
	Reported	Operating	Adjustment
	(Dollars in millions, except per share amounts)		
Net interest income on earning assets	$ 976	$ 819	$ (157)
Management and guarantee income	392	392	—
Fair value gains (losses)	17	—	(17)
Other income, net	36	36	—
Total revenues	$ 1,421	$ 1,247	$ (174)
Total non-interest expense	(246)	(246)	—
Income taxes	(343)	(282)	61
Cumulative effect of change in accounting principle, net of taxes	5	—	(5)
Net income	$ 837	$ 719	$ (118)
Preferred stock dividends	(47)	(47)	—
Net income available to common shareholders	790	672	(118)
Weighted average common shares outstanding — diluted (thousands)	696,670	696,670	—
Diluted earnings per common share	$ 1.13	$ 0.96	$(0.17)

Table 14 summarizes Freddie Mac's financial performance, prepared on the basis of operating earnings, for the first quarter 2001 as compared to fourth quarter 2000 and first quarter 2000.

Table 14 — Operating Quarterly Results of Operations

	First Quarter 2001	First Quarter 2000	Dollar Change	Percent Change	Fourth Quarter 2000	Dollar Change	Percent Change
	(dollars in millions, except per share amounts)						
Operating revenue	$1,247	$1,066	$ 181	17%	$1,159	$ 88	8%
Total non-interest expense	(246)	(226)	20	9%	(235)	11	5%
Operating income before income taxes	1,001	840	161	19%	924	77	8%
Operating income taxes	(282)	(232)	50	22%	(261)	21	8%
Operating earnings	$ 719	$ 608	$ 111	18%	$ 663	$ 56	8%
Operating earnings per common share — diluted(1)	$ 0.96	$ 0.81	$0.15	19%	$ 0.89	$0.07	8%

(1) After payments of preferred stock dividends of $47 million, $45 million and $45 million for the quarters ended March 31, 2001, March 31, 2000 and December 31, 2000, respectively.

CONSOLIDATED RESULTS OF OPERATIONS

Table 15 summarizes Freddie Mac's financial performance, prepared in accordance with GAAP, for first quarter 2001 as compared to first quarter 2000 and fourth quarter 2000.

"Net income" and diluted earnings per common share increased 38 percent and 40 percent, respectively, compared to first quarter 2000. "Net income" and diluted earnings per common share increased 26 percent and 27 percent, respectively, compared to fourth quarter 2000.

Table 15 — Quarterly Results of Operations

	First Quarter 2001	First Quarter 2000	Dollar Change	Percent Change	Fourth Quarter 2000	Dollar Change	Percent Change
	(dollars in millions, except per share amounts)						
Net interest income on earning assets	$ 976	$ 667	$ 309	46 %	$ 738	$ 238	32 %
Management and guarantee income	392	366	26	7 %	383	9	2 %
Fair value gains (losses)	17	—	17	100 %	—	17	100 %
Other income, net(1)	36	33	3	9 %	38	(2)	(5)%
Total revenues	1,421	1,066	355	33 %	1,159	262	23 %
Credit-related expenses	(24)	(31)	(7)	(23)%	(25)	(1)	(4)%
Administrative expenses	(190)	(169)	21	12 %	(184)	6	3 %
Housing tax credit partnerships(2)	(32)	(26)	6	23 %	(26)	6	23 %
Total non-interest expense	(246)	(226)	20	9 %	(235)	11	5 %
Income before income taxes and cumulative effect of change in accounting principle	1,175	840	335	40 %	924	251	27 %
Income taxes	(343)	(232)	111	48 %	(261)	82	31 %
Cumulative effect of change in accounting principle	5	—	5	100 %	—	5	100 %
Net income	$ 837	$ 608	$ 229	38 %	$ 663	$ 174	26 %
Earnings per common share(3)							
Basic	$ 1.14	$ 0.81	$ 0.33	41 %	$ 0.89	$0.25	28 %
Diluted	$ 1.13	$ 0.81	$ 0.32	40 %	$ 0.89	$0.24	27 %
Retained portfolio (in billions)	$421.7	$336.3	$ 85.4	25 %	$385.7	$36.0	9 %
Total mortgage portfolio (in billions)(4)	$994.0	$876.2	$117.8	13 %	$961.8	$32.2	3 %

(1) Includes recognized net gains on hedging activities totaling $30 million and $13 million for the quarters ended March 31, 2000 and December 31, 2000, respectively.
(2) Represents costs associated with Freddie Mac's investment in housing tax credit partnerships. Tax credits generated by these investments reduce the corporation's tax liability.
(3) After payments of preferred stock dividends of $47 million, $45 million and $45 million for quarters ended March 31, 2001, March 31, 2000 and December 31, 2000, respectively.
(4) Equal to the retained portfolio plus Total PCs, net of Freddie Mac PCs held in the retained portfolio.

FIRST QUARTER 2001 vs. FIRST QUARTER 2000

Net Interest Income on Earning Assets

"Operating net interest income on earning assets" totaled $819 million for first quarter 2001 compared to $667 million for first quarter 2000. On a fully taxable equivalent ("FTE") basis, first quarter 2001 operating net interest income totaled $878 million, a 16 percent increase over first quarter 2000 operating FTE net interest income of $754 million. Growth in operating FTE net interest income reflects an increase of $76 billion, or 23 percent, in the operating average balance of the retained portfolio from first quarter 2000 partially offset by an 4 basis point decrease in operating FTE net interest yield on earning assets from 0.75 percent for first quarter 2001 compared to 0.79 percent for first quarter 2000 (including 2000's net gains on hedging activities).

Reported "Net interest income on earning assets" totaled $976 million for first quarter 2001 compared to $667 million for first quarter 2000. On a fully taxable equivalent ("FTE") basis, first quarter 2001 reported net interest income totaled $1,035 million, a 43 percent increase over first quarter 2000 reported FTE net interest income of $724 million. Growth in reported FTE net interest income reflects an increase of $75 billion, or 23 percent, in the reported average balance of the retained portfolio from first quarter 2000.

Reported FTE net interest yield on earning assets was 0.88 percent for first quarter 2001 compared to 0.76 percent for first quarter 2000 (excluding 2000's net gains on hedging activities). The 12 basis point increase in reported FTE net interest yield from first quarter 2000 primarily reflects the recognition of straight-line amortization expense on purchased option premiums in 2000.

Management and Guarantee Income

"Management and guarantee income," which is earned on the "Total PC" balance, increased $26 million, or 7 percent, compared to first quarter 2000. This increase was due to a $74 billion, or 10 percent, increase in the average balance of Total PCs, partially offset by a 0.4 basis point decrease in the average guarantee fee rate for first quarter 2001 compared to the same period in 2000.

The average guarantee fee rate continued to be affected by portfolio turnover, with fee rates on new PC issuances typically below the average fee rate of the Total PC portfolio, combined with liquidations of existing PC balances having comparatively higher fee rates. Lower rates reflect a number of factors, including continued competitive pricing pressures, Freddie Mac's reduced exposure to mortgage credit risk (because a higher proportion of the mortgages that underlie PCs are credit-enhanced), and changes in Freddie Mac's exposure to other risk factors such as the mix of mortgages that underlie PCs. The impact of portfolio turnover was higher in first quarter 2001 compared to first quarter 2000 due to the increase in mortgage prepayments experienced during a declining interest-rate environment.

Fair Value Gains (Losses)

Freddie Mac began recording "Fair value gains (losses)" on its Condensed Consolidated Statements of Income in 2001 upon adoption of SFAS 133. Hedge ineffectiveness arises when the fair value change of a derivative is not exactly offset by fair value change in the hedged item. Hedge ineffectiveness on fair value hedges, reported as "Fair value gains (losses)," totaled $17 million for first quarter 2001.

Other Income, Net

"Other income, net," which tends to fluctuate from period to period, consists primarily of fees earned from resecuritization and technology programs and gains and losses from investment and other activities. "Other income, net" increased $3 million from first quarter 2000 due to $8 million increase in resecuritization fees, offset by $5 million decrease in miscellaneous other income.

Credit-Related Expenses

Credit-related expenses (which consist of the "Provision for mortgage losses" and "REO operations expense") decreased $7 million, or 23 percent, compared to first quarter 2000. A $7 million reduction in the single-family "REO Operations Expense" drove the decline for the period. House-price appreciation and the on-going use of credit enhancements on mortgage investments continued to have a favorable impact on these expense categories (see "RISK MANAGEMENT — Mortgage Credit Risk — *Credit Performance"*).

Administrative Expenses

"Administrative expenses" increased $21 million, or 12 percent, compared to first quarter 2000. Annualized administrative expenses as a percentage of the average total mortgage portfolio were 7.8 basis points for first quarter 2001, unchanged from first quarter 2000.

Housing Tax Credit Partnerships

The costs associated with Freddie Mac's investment in "Housing tax credit partnerships" increased $6 million compared to first quarter 2000. While these investments, which are used to develop multifamily low-income rental properties, create operating losses, they also generate tax credits that reduce the corporation's federal income tax liability.

Income Taxes

"Operating income taxes," excluding the cumulative effect of change in accounting principle, increased $50 million, or 22 percent, compared to first quarter 2000. The operating effective income tax rate for the first quarter 2001, excluding the cumulative effect of change in accounting principle, was 28.2 percent, up from 27.6 percent in first quarter 2000.

Reported "Income taxes," excluding the cumulative effect of change in accounting principle, increased $111 million, or 48 percent, compared to first quarter 2000. The reported effective income tax rate for the first quarter 2001, excluding the cumulative effect of change in accounting principle, was 29.2 percent, up from 27.6 percent in first quarter 2000.

Cumulative Effect of Change in Accounting Principle, Net of Taxes

On January 1, 2001, Freddie Mac implemented SFAS 133, which required the corporation to recognize on balance sheet all derivatives as either assets or liabilities measured at their fair value. The one-time, net cumulative after-tax adjustments required by SFAS 133 resulted in an increase to "Net income" of $5 million. The increase to "Net income" primarily resulted from gains recognized in measuring certain derivatives at fair value, partially offset by losses resulting from a portfolio restructuring related to certain securities transferred from held-to-maturity.

FIRST QUARTER 2001 vs. FOURTH QUARTER 2000

Net Interest Income on Earning Assets

"Operating net interest income on earning assets" totaled $819 million for first quarter 2001 compared to $738 million for fourth quarter 2000. On a fully taxable equivalent ("FTE") basis, first quarter 2001 operating net interest income totaled $878 million, a 8 percent increase over fourth quarter 2000 operating FTE net interest income of $810 million. Growth in operating FTE net interest income reflects an increase of $34 billion, or 9 percent, in the operating average balance of the retained portfolio from fourth quarter 2000 coupled with a consistent operating FTE net interest yield on earning assets of 0.75 percent during each period.

Reported "Net interest income on earning assets" totaled $976 million for first quarter 2000 compared to $738 million for fourth quarter 2000. Reported FTE net interest income was $1,035 million for first quarter 2000, a $238 million increase over fourth quarter 2000 reported FTE net interest income of $797 million. The increase in reported net interest income on earning assets compared to fourth quarter 2000 reflects a $33 billion increase in the reported average balance of the retained portfolio.

Reported FTE net interest yield on earning assets (excluding net gains on hedging activities) was 0.88 percent for first quarter 2001 compared to 0.74 percent for fourth quarter 2000. The 14 basis point increase in reported FTE net interest yield reflects the recognition of straight-line amortization expense on purchased option premiums in 2000.

Management and Guarantee Income

"Management and guarantee income" increased $9 million compared to fourth quarter 2000 primarily due to a $25 billion increase in the average balance of Total PCs, partially offset by a 0.1 basis point decline in the average guarantee fee rate. (see "FIRST QUARTER 2001 vs. FIRST QUARTER 2000 — Management and Guarantee Income" for further discussion).

Fair Value Gains (losses)

"Fair value gains (losses)" was $17 million for first quarter 2001. (see "FIRST QUARTER 2001 vs. FIRST QUARTER 2000 — Fair Value Gains (losses)" for further discussion).

Other Income, Net

"Other income, net" decreased $2 million compared to fourth quarter 2000 due to $7 million decrease in miscellaneous income, net, offset by $5 million increase in resecuritization fees.

Credit-Related Expenses

Credit-related expenses decreased $1 million, or 4 percent, compared to the fourth quarter 2000. (see "FIRST QUARTER 2001 vs. FIRST QUARTER 2000 — Credit-Related Expenses" for further discussion).

Administrative Expenses

''Administrative expenses'' totaled $190 million, an increase from fourth quarter 2000 of $6 million or 3%. Annualized administrative expenses as percentage of the average total mortgage portfolio equaled 7.8 basis points for the first quarter 2001 compared to 7.9 basis points for the fourth quarter 2000.

Housing Tax Credit Partnerships

The costs associated with Freddie Mac's investment in "Housing tax credit partnerships" increased to $32 million in first quarter 2001 from $26 million in fourth quarter 2000.

Income Taxes

"Operating income taxes," excluding the tax effect of the cumulative effect of change in accounting principle, increased $21 million compared to fourth quarter 2000. The operating effective income tax rate for the first quarter 2001, excluding the cumulative change in accounting principle, was 28.2 percent, unchanged from fourth quarter 2000.

Reported "Income taxes," excluding the tax effect of the cumulative effect of change in accounting principle, increased $82 million compared to fourth quarter 2000. The reported effective income tax rate for the first quarter 2000, excluding the tax effect of the extraordinary items, was 29.2 percent, up from 28.2 percent in fourth quarter 2000.

Cumulative Effect of Change in Accounting Principle, Net of Taxes

"Cumulative effect of changes in accounting principle" was $5 million for first quarter 2001 (see "FIRST QUARTER 2001 vs. FIRST QUARTER 2000 — Cumulative Effect of Changes in Accounting Principle" for further discussion).

RECENT EVENTS

Meeting Of Stockholders

Freddie Mac's 2001 Annual Meeting of Stockholders (the "Meeting") was held on May 3, 2001. The following matters were presented for stockholder vote at the Meeting: (i) election of 13 members to Freddie Mac's Board of Directors, each for a term ending on the date of the next annual meeting of Freddie Mac's stockholders; and (ii) ratification of the appointment of Arthur Andersen LLP as Freddie Mac's independent public accountant for 2001. Of the 691,912,646 shares of common stock outstanding on the record date for the Meeting, 587,242,466 shares were present in person or by proxy at the Meeting. At the Meeting, the following persons were elected to the Board of Directors of Freddie Mac by the respective votes indicated:

	Votes For	Votes Withheld
Leland C. Brendsel	580,340,208	6,902,258
David W. Glenn	580,334,316	6,908,150
George D. Gould	583,300,988	3,941,478
Thomas W. Jones	573,839,638	13,402,828
Henry Kaufman	583,321,143	3,921,323
Maud Mater	580,365,419	6,877,047
John B. McCoy	583,278,517	3,963,949
James F. Montgomery	583,354,947	3,887,519
Ronald F. Poe	583,380,256	3,862,210
Stephen A. Ross	583,272,374	3,970,092
Donald J. Schuenke	583,287,349	3,955,117
Christina Seix	583,369,589	3,872,877
William J. Turner	583,282,173	3,967,093

The appointment of Arthur Andersen LLP was ratified at the Meeting by the following votes:

Votes for	Votes Against	Abstentions
582,413,919	2,970,598	1,857,949

PC Accounting Cycle Change

Beginning in July 2001, Freddie Mac will implement a change in its prepayment accounting cycle for certain Gold and ARM PCs from its existing "mid-month" accounting cycle to a conventional calendar month accounting cycle. This change will enable Freddie Mac to pass through mortgage prepayments to PC investors more efficiently and will standardize Freddie Mac's process to industry practice.

CUSTOMER AND MARKET SUPPORT ACTIVITIES

Market Support for PCs

Freddie Mac supports the market for its PCs through various activities, including the securities trading activities of its Securities Sales and Trading Group ("SS&TG"), participating with external money management firms to buy and sell PCs, marketing to dealers and investors the relative merits of trading and investing in PCs, participating in various financial markets, and introducing new mortgage-related securities products and related initiatives. Freddie Mac may increase, reduce or discontinue these or other related activities at any time.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

	Quarter Ended		
	March 31, 2001	December 31, 2000	March 31, 2000
	(dollars in millions, except per share amounts)		
Interest income	$ 8,083	$ 7,643	$ 6,542
Interest expense	(7,107)	(6,905)	(5,875)
Net interest income on earning assets	$ 976	$ 738	$ 667
Management and guarantee income	392	383	366
Fair value gains (losses)	17	—	—
Other income, net	36	38	33
Total revenues	1,421	1,159	1,066
Provision for mortgage losses	(10)	(10)	(10)
REO operations expense	(14)	(15)	(21)
Administrative expenses	(190)	(184)	(169)
Housing tax credit partnerships	(32)	(26)	(26)
Total non-interest expense	(246)	(235)	(226)
Income before income taxes and extraordinary item	1,175	924	840
Income taxes	(343)	(261)	(232)
Income before extraordinary item, net of taxes	832	663	608
Cumulative effect of change in accounting principles, net of taxes	5	—	—
Net income	$ 837	$ 663	$ 608
Preferred stock dividends	(47)	(45)	(45)
Net income available to common stockholders	$ 790	$ 618	$ 563
Basic earnings per common share before cumulative effect of change in accounting principle	$ 1.13	$ 0.89	$ 0.81
Cumulative effect of change in accounting principle, net of taxes	0.01	—	—
Basic earnings per common share after cumulative effect of change in accounting principle	$ 1.14	$ 0.89	$ 0.81
Diluted earnings per common share before cumulative effect of change in accounting principle	$ 1.12	$ 0.89	$ 0.81
Cumulative effect of change in accounting principle, net of taxes	0.01	—	—
Diluted earnings per common share after cumulative effect of change in accounting principle	$ 1.13	$ 0.89	$ 0.81
Weighted average common shares outstanding (thousands)			
Basic	693,073	692,278	695,239
Diluted	696,670	695,870	698,084
Dividends per common share	$ 0.20	$ 0.17	$ 0.17

CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2001	December 31, 2000	March 31, 2000
	(dollars in millions)		
Assets			
Mortgages, net	$ 59,779	$ 58,906	$ 56,670
Guaranteed mortgage securities (GMS)	361,545	326,453	279,329
Purchase and sale premiums, discounts and deferred fees	(1,754)	(843)	(603)
Net unrealized gain (loss) on available-for-sale GMS	2,184	601	(1,726)
Retained portfolio, net	421,754	385,117	333,670
Cash and cash equivalents	608	366	31
Investments	49,447	48,206	48,327
Other assets	26,030	25,608	24,040
Total assets	$ 497,839	$ 459,297	$ 406,068
Liabilities and Stockholders' Equity			
Debt securities, net			
Due within one year	$ 195,735	$ 183,576	$ 181,323
Due after one year	263,475	243,178	196,613
Total debt securities, net	459,210	426,754	377,936
Other liabilities	23,680	17,561	16,102
Total Mortgage Participation Certificates (Total PCs)	833,616	822,310	757,106
Less — Underlying mortgages	(833,616)	(822,310)	(757,106)
Total guarantees, net	—	—	—
Subordinated borrowings	2,128	145	138
Stockholders' equity	12,821	14,837	11,892
Total liabilities and stockholders' equity	$ 497,839	$ 459,297	$ 406,068

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Quarter Ended		
	March 31, 2001	December 31, 2000	March 31, 2000
	(dollars in millions)		
Net Cash Provided By Operating Activities	$ 6,414	$ 6,601	$ 3,630
Cash Flows From Investing Activities:			
Purchases of mortgages and mortgage investments	(57,127)	(35,969)	(19,873)
Repayments of mortgage investments	18,295	10,622	6,795
PC issuances under Cash Program	2,670	1,090	942
Proceeds from sales of REO	181	193	241
Net decrease (increase) in investments	(2,388)	3,631	(11,726)
Net decrease (increase) in securities purchased under agreements to resell	1,283	(3,048)	113
Net cash (used in) provided by investing activities	(37,086)	(23,481)	(23,508)
Cash Flows From Financing Activities:			
Proceeds from issuance of short-term debt	554,928	317,116	576,935
Repayments of short-term debt	(530,677)	(321,910)	(581,707)
Proceeds from issuance of long-term debt	51,513	29,555	22,334
Repayments of long-term debt	(45,069)	(7,591)	(2,637)
Other	219	(148)	(160)
Net cash provided by financing activities	30,914	17,022	14,765
Net increase (decrease) in cash and cash equivalents	242	142	(5,113)
Cash and cash equivalents at beginning of period	366	224	5,144
Cash and cash equivalents at end of period	$ 608	$ 366	$ 31
Supplemental Cash Flow Information			
Cash paid for:			
Interest	8,751	$ 4,231	$ 5,779
Income taxes	232	433	223
Non-cash financing activities:			
Transfers to REO	200	190	241

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited)

	Quarter Ended March 31, 2001						
	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income, Net of Taxes	Treasury Stock, at Cost	Total Stockholders' Equity
	(dollars in millions)						
Balance, December 31, 2000	$3,195	$152	$429	$11,629	$ 456	$(1,024)	$14,837
Net income				837			837
Change in net unrealized gain (loss) on certain investments reported at fair value, net of taxes					818		818
Change in net gain (loss) on certain derivatives, net of taxes					(1,774)		(1,774)
Cumulative change in accounting principle, net of taxes					(2,450)		(2,450)
Comprehensive income							(2,569)
Cash dividends declared:							
Preferred stock				(47)			(47)
Common stock				(139)			(139)
Preferred stock issuance	727		(6)				721
Common stock issuances			(8)			26	18
Balance, March 31, 2001	$3,922	$152	$415	$12,280	$(2,950)	$ (998)	$12,821

In the opinion of Freddie Mac, the preceding unaudited Condensed Consolidated Financial Statements, prepared from the corporation's books and records, contain all adjustments necessary for a fair presentation of the corporation's financial condition as of March 31, 2001, December 31, 2000, and March 31, 2000, and the results of operations and its cash flows for each of the three-month periods ended March 31, 2001, December 31, 2000 and March 31, 2000. Freddie Mac's financial reporting and accounting policies conform to accounting principles generally accepted in the U.S. ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Adjustments included herein are of a normal and recurring nature. Certain previously reported amounts have been reclassified to conform with the current period presentation. Results of operations reported for interim periods are not necessarily indicative of results for the entire year.

On January 1, 2001, Freddie Mac implemented Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended ("SFAS 133"), which required the corporation to recognize on its balance sheet all derivatives as either assets or liabilities measured at their fair value. The adoption of this standard did not affect the corporation's previously issued financial statements up to and including the December 31, 2000 financial results. The one-time, net cumulative after-tax adjustments required by SFAS 133 resulted in an increase to "Net income" of $5 million and a $2.5 billion reduction to "Accumulated other comprehensive income, net of taxes" ("AOCI"), a component of "Total stockholders' equity." The increase to "Net income" primarily resulted from gains recognized in measuring certain derivatives at fair value, partially offset by losses resulting from portfolio restructurings that transferred certain securities from the held-to-maturity portfolio. The reduction to AOCI primarily resulted from SFAS 133's requirement to recognize the corporation's cash flow hedges on the balance sheet at fair value, partially offset by gains resulting from portfolio restructurings that transferred certain securities from the held-to-maturity portfolio. Consistent with other GAAP-based equity valuation adjustments, the change in GAAP-based equity due to SFAS 133 does not affect Freddie Mac's regulatory core capital, which is equal to "Stockholders' equity," excluding certain mark-to-market adjustments.

Freddie Mac enters into derivatives as an end user in connection with its investment funding and market risk management activities. Derivatives are a critical component in executing funding and other transactions to reduce risk and preserve value. By using derivatives, Freddie Mac is better able to match the expected cash flows of its assets and liabilities and reduce the corporation's exposure to interest-rate and/or foreign currency risk (see "MD&A — Risk Management — Interest-Rate Risk and Other Market Risks").

When derivatives meet specific hedge criteria, they are accounted for as either fair value hedges or cash flow hedges. Although Freddie Mac executes derivatives only as a method of reducing risk or otherwise preserving economic value, in some cases certain derivatives do not satisfy SFAS 133's hedge criteria and thus are not accounted for as hedges. Those derivatives are reported at fair value through "Other income."

Fair value hedges represent hedges of exposure to changes in the fair value of a recognized fixed-rate asset, liability or firm commitment. Freddie Mac uses interest-rate swaps, futures, and other Treasury-based and agency-based instruments to hedge against the changes in fair value of fixed rate debt due to changes in benchmark interest-rates and/or foreign currency fluctuations. Freddie Mac also uses swaps and options to hedge against changes in fair value of prepayment options embedded in the PCs held in the retained portfolio. Fair value hedges are reported at their fair value as either "Other assets" or "Other liabilities," with changes in fair value reported as "Fair value gains (losses)." The hedged item also reflects changes in fair value related to the hedged risk, with the offset being recorded to "Fair value gains (losses)." Hedge ineffectiveness arises when the fair value change of the derivative does not exactly offset the change in fair value of the hedged risk. For first quarter 2001, hedge ineffectiveness related to fair value hedges was a net $17 million gain.

Cash flow hedges represent hedges of exposure to the variability in the cash flows of a recognized floating-rate asset or liability or a forecasted transaction. Freddie Mac uses interest-rate swaps, futures, and other Treasury-based and agency-based derivative instruments to hedge the changes in cash flows of short-term debt and forecasted issuances of debt. In the case of forecasted transactions, Freddie Mac generally hedges the variability in future cash flows for forecasted transactions expected over approximately the next 4 years. Cash flow hedges are reported at their fair value as either "Other assets" or "Other liabilities" with changes in fair value reported in AOCI. The change in fair value of the derivative from inception of the hedge is compared to the cumulative change in expected future cash flows on the hedged transaction, with any resulting ineffectiveness recorded to "Fair value gains (losses)." For first quarter 2001, there was no hedge ineffectiveness related to cash flow hedges.

As noted above, the adoption of SFAS 133 resulted in a $2.5 billion after-tax reduction to AOCI on January 1, 2001. This adjustment to AOCI was primarily due to SFAS 133's requirement to record the corporation's cash flow hedges to fair market value, with an offsetting entry to AOCI. As a result of declines in market interest rates during first quarter 2001, Freddie Mac recorded an additional after-tax reduction to AOCI of $1.8 billion due to SFAS 133. Assuming no changes in interest rates or other factors affecting derivative valuations, the corporation expects that approximately $1 billion of the balance of AOCI at March 31, 2001 will be reclassified to "Net interest income on earning assets" over the next 12 months. These reclassifications represent cash flows on the related derivative instruments and affect "Net interest income on earnings assets" in a manner consistent with the treatment for such derivatives prior to the adoption of SFAS 133. Although changes in interest rates may cause significant fluctuations in AOCI, they will have minimal effect on the corporation's effective funding costs associated with hedged transactions. Freddie Mac's "Net interest income on earning assets" includes the cash flows on all interest-earning assets, debt securities, and derivative instruments.

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