

*The Exchange Offers (as defined herein) are not being made to, and tenders will not be accepted from, or on behalf of, Holders (as defined herein) of Exchange Securities (as defined herein) in any jurisdiction in which the making of the Exchange Offers would not be in compliance with the laws or regulations of such jurisdiction. See "Jurisdictional Restrictions" herein.*

*The Cash Offering (as defined herein) is not being made to, and offers to purchase New Securities (as defined herein) will not be accepted from, or on behalf of, persons in any jurisdiction in which the making of the Cash Offering would not be in compliance with the laws or regulations of such jurisdiction. See "Jurisdictional Restrictions" herein. The distribution of this Exchange Supplement in Canada, Denmark, France, Hong Kong, Italy, Japan, Luxembourg, Singapore and the United Kingdom is restricted by the laws of those jurisdictions. No action has been or will be taken in any jurisdiction in relation to the Exchange Offers that would permit a public offering of securities.*

## EXCHANGE SUPPLEMENT

(To Offering Circular dated July 28, 2006)



**Exchange Offers of  
Freddie SUBS® due December 14, 2018  
for up to approximately \$2,000,000,000 aggregate principal amount  
of the following outstanding Freddie SUBS:**

**6.25% Freddie SUBS due March 5, 2012 (CUSIP No. 3134A4MF8; ISIN US3134A4MF87)**

**5.875% Freddie SUBS due March 21, 2011 (CUSIP No. 3134A4EW0; ISIN US3134A4EW03)**

**5.25% Freddie SUBS due November 5, 2012 (CUSIP No. 3134A4RU0; ISIN US3134A4RU00)**

We, the Federal Home Loan Mortgage Corporation ("Freddie Mac"), are offering to exchange our Freddie SUBS due December 14, 2018 (the "New Securities") for up to approximately \$2,000,000,000 aggregate principal amount (the "Exchange Cap") of the outstanding Freddie SUBS listed above (the "Exchange Securities"), and purchase certain Exchange Securities for cash, upon the terms and subject to the conditions set forth in this Exchange Supplement (this "Supplement") and the Offering Circular dated July 28, 2006, relating to the Freddie Mac Global Debt Facility (the "Global Debt Facility"), which is incorporated by reference herein (the "Offering Circular") (each such offer, an "Exchange Offer" and, together, the "Exchange Offers"). Each Exchange Offer may be amended, extended or terminated individually. We will accept for exchange validly tendered Exchange Securities, only in principal amounts that result in New Securities being issued in minimum denominations of at least \$100,000 and additional increments of \$1,000. Any lower principal amount of Exchange Securities tendered will be purchased by Freddie Mac for cash. Each Exchange Offer is subject to (1) the Exchange Cap, (2) the order of priority (the "Acceptance Priority Level") for each issue of Exchange Securities (so that all validly tendered Exchange Securities with an Acceptance Priority Level of "1" will be accepted before any of those with an Acceptance Priority Level of "2" and validly tendered Exchange Securities of any Acceptance Priority Level will be accepted if and to the extent that the Exchange Cap has not been met by acceptance of Exchange Securities in the preceding Acceptance Priority Levels) and (3) the other terms and conditions of the Exchange Offers. See "The Exchange Offers." We refer to the 5.875% Freddie SUBS due March 21, 2011 as the "Non-callable Exchange Security" and the 6.25% Freddie SUBS due March 5, 2012 and the 5.25% Freddie SUBS due November 5, 2012 as the "Callable Exchange Securities." The 6.25% Freddie SUBS due March 5, 2012 have an Acceptance Priority Level of 1. The 5.875% Freddie SUBS due March 21, 2011 have an Acceptance Priority level of 2. The 5.25% Freddie SUBS due November 5, 2012 have an Acceptance Priority Level of 3.

In addition, we are offering to sell New Securities for cash (the "Cash Offering"). In the Cash Offering, New Securities will be offered severally by the dealers (the "Dealers") to be listed in the Pricing Supplement (as defined herein), subject to receipt and acceptance by such Dealers and subject to their right to reject any orders in whole or in part. We anticipate that from \$500,000,000 to \$1,000,000,000 in principal amount of New Securities will be issued in the Cash Offering and that a minimum of \$1,000,000,000 and a maximum of approximately \$2,500,000,000 in aggregate principal amount of New Securities will be issued in the Cash Offering and the Exchange Offers combined. However, under certain circumstances described in this Supplement, the aggregate principal amount of New Securities could be somewhat higher than \$2,500,000,000.

Application has been made to have the New Securities admitted for trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange.

**THE EXCHANGE OFFERS WILL BEGIN ON MONDAY, DECEMBER 4, 2006 AND WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON FRIDAY, DECEMBER 8, 2006, UNLESS EARLIER TERMINATED OR EXTENDED BY US.**

In tendering Exchange Securities in an Exchange Offer, you must follow the procedures described in this Supplement and the Letter of Transmittal. Only entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities to whose accounts Exchange Securities have been deposited (the "Holders") may submit an electronic Letter of Transmittal.

An investment in the New Securities, or a decision not to participate in any Exchange Offer, will involve certain risks for some investors. For example, you cannot determine the Reference Yield for the New Securities or the Exchange Yield or AOAS Price, as applicable, the Exchange Security Index Price and the Exchange Ratio (each as defined herein) for an issue of Exchange Securities prior to the time you must make the decision whether to exchange your Exchange Securities for New Securities. It is important that you read "Risk Factors" on page S-10 of this Supplement as well as "Risk Factors" beginning on page 12 of the Offering Circular and on page 1-6 of the Pricing Supplement.

The New Securities are obligations of Freddie Mac only. The New Securities, including any interest on the New 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.

We will not be required to exchange Exchange Securities for New Securities if for any reason we determine, prior to the expiration of any Exchange Offer, that it is impracticable or inadvisable to proceed with such Exchange Offer for such Exchange Securities. In addition, each Exchange Offer is also subject to other customary conditions.

You may contact (a) the Dealer Managers for answers to questions concerning the terms of the Exchange Offers, (b) Freddie Mac's Settlement Agent, The Bank of New York, for answers to questions concerning the procedures for the Exchange Offers and (c) Freddie Mac's Information Agent, D.F. King & Co., Inc., for additional copies of the Exchange Offer materials, in each case at one of the telephone numbers listed on the back cover. In Luxembourg, all services in connection with the Exchange Offers and additional copies of the Exchange Offer materials are available through the Luxembourg Exchange Agent. See "The Exchange Offers — Luxembourg Exchange Agent."

Holders who wish to participate in an Exchange Offer must deliver an electronic Letter of Transmittal to the "Exchange Website" at <https://www.corporateactionprocessing.com> by the Expiration Date. See "The Exchange Offers — Tender Procedures."

The Dealer Managers for the Exchange Offers are:

**Bear, Stearns & Co. Inc.**

**Merrill Lynch & Co.**

The date of this Exchange Supplement is December 4, 2006.

"Freddie SUBS®" is a registered trademark of Freddie Mac.

## **General**

Freddie Mac has not authorized anyone to give you any information or to make any representation not contained in this Supplement, the Offering Circular, the preliminary Pricing Supplement attached as Annex 1 hereto (the “Pricing Supplement”) or any other applicable supplement or amendment. Neither delivery of this Supplement, the Offering Circular, the Pricing Supplement or any other supplement or amendment nor any sale of New Securities shall imply that there has been no change in the affairs of Freddie Mac since the dates of those documents. Information in those documents may have changed after the date of that information.

None of Freddie Mac, the Dealer Managers, the Settlement Agent, the Information Agent and the Luxembourg Exchange Agent make any recommendation that Holders and beneficial owners tender Exchange Securities for exchange or purchase New Securities or refrain from doing so pursuant to this Supplement, the Offering Circular, the Pricing Supplement or any other supplement or amendment. No one has been authorized to make any such recommendation. Holders and beneficial owners must make their own decisions whether to tender Exchange Securities in the applicable Exchange Offer or purchase New Securities in the Cash Offering and, if so, the principal amount of Exchange Securities to tender or the amount of New Securities to purchase in the Cash Offering.

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

In this Supplement, “\$” refers to United States dollars.

In connection with the Cash Offering, Bear, Stearns & Co. Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (or any person acting on their behalf) (the “Stabilizing Managers”) may over-allot or effect transactions with a view to supporting the market price of the New Securities at a higher level than that which might otherwise prevail for a limited period. However there is no obligation on the Stabilizing Managers (or any agent of the Stabilizing Managers) to do this. Such stabilizing, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilizing shall be in compliance with all applicable laws, regulations and rules.

## **Selling Restrictions**

The distribution of this Supplement, the Letter of Transmittal, the Offering Circular, the Pricing Supplement or any other supplement or amendment and the offer, sale and delivery of New Securities in certain jurisdictions may be restricted by law. Persons who come into possession of this Supplement, the Letter of Transmittal, the Offering Circular, the Pricing Supplement or any other supplement or amendment must inform themselves about and observe any such restrictions.

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

The Luxembourg Stock Exchange does not assume responsibility for the correctness of any of the statements made or opinions expressed or reports contained or incorporated by reference in this Supplement. Admission to the Official List of the Luxembourg Stock Exchange is not to be taken as an indication of the merits of Freddie Mac or the New Securities. Freddie Mac accepts responsibility for the information contained in this Supplement and confirms that the information contained in this Supplement, as of this date, does not omit any material facts that would make this Supplement as a whole or any information contained herein misleading in any material respect.

This Supplement, the Letter of Transmittal, the Offering Circular, the Pricing Supplement or any other supplement or amendment are not an offer to sell or buy or a solicitation of an offer to buy or sell any securities in any jurisdiction or in any other circumstance in which such an offer or solicitation is unlawful or not authorized. See “Jurisdictional Restrictions.”

## WHERE YOU CAN FIND MORE INFORMATION ABOUT FREDDIE MAC

You should read this Supplement together with the Offering Circular dated July 28, 2006 (the “Offering Circular”), relating to the Freddie Mac Global Debt Facility; the preliminary Pricing Supplement relating to the New Securities attached as Annex 1; and our most recent Information Statement and any supplements thereto (collectively, the “Information Statement”), each of which is incorporated herein by reference. Our most recent Information Statement dated June 28, 2006 contains our audited consolidated financial information for the year ended December 31, 2005.

You can obtain any of these documents and any other documents that we make available by contacting us at:

**Freddie Mac  
Debt Securities Marketing Office  
1551 Park Run Drive  
McLean, Virginia U.S.A. 22102-3110  
E-Mail: [debtsecurities@freddiemac.com](mailto:debtsecurities@freddiemac.com)  
[www.freddiemac.com](http://www.freddiemac.com)\***

You can also obtain any of these documents by contacting the Information Agent or the Luxembourg Exchange Agent. You also can read the Information Statement and other information about Freddie Mac at the offices of the New York Stock Exchange and the Luxembourg Exchange Agent.

Any supplements to the current Information Statement, any subsequent Information Statement and any supplements published after the date of this Supplement and prior to the expiration of any Exchange Offer also will be incorporated by reference in this Supplement. Any statement contained in this Supplement or in a document incorporated by reference may be modified or superseded by a statement contained in any subsequent document that is incorporated by reference. Any such statement shall not be deemed to constitute a part of this Supplement, the Offering Circular and the Pricing Supplement, except as modified or superseded.

Also, see “Summary Time Schedule for the Exchange Offers” on page iv.

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\* We are providing this Internet address solely for informational purposes. We do not intend this Internet address to be an active link and are not using reference to this address to incorporate additional information into this Supplement.

## SUMMARY TIME SCHEDULE FOR THE EXCHANGE OFFERS

The following summarizes the anticipated time schedule for the Exchange Offers assuming, among other things, that the time of expiration of any Exchange Offer is not extended. This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Supplement. All references are to New York City time.

<u>Date</u>	<u>Action</u>
December 4, 2006	Announcement of the terms of the Exchange Offers. Commencement of the Exchange Offers.
December 4, 2006 — December 8, 2006	Holders tender Exchange Securities via the electronic Letter of Transmittal through the Exchange Website at <a href="https://www.corporateactionprocessing.com">https://www.corporateactionprocessing.com</a> and the Settlement Agent responds through an e-mail to the Notification E-mail Address.
December 8, 2006 — 5:00 p.m.	<b>Expiration Date</b> —Expiration of the Exchange Offers.
December 11, 2006 — Announcement of preliminary exchange results by 9:00 a.m. Pricing by 12:00 noon, or as soon as possible thereafter	<b>Pricing Date</b> —The approximate total issue size of the New Securities, the aggregate amount of each issue of Exchange Securities that have been tendered and accepted for exchange and any pro-ration that has occurred are determined and announced by 9:00 a.m., and the New Security Offering Price, the Reference Yield or AOAS Prices, as applicable, the Exchange Yield, the Exchange Ratios and the Exchange Security Index Prices for the Exchange Securities are determined and announced by 12:00 noon, or as soon as possible thereafter. The Settlement Agent notifies each Holder of the amount of its Exchange Securities accepted for exchange by an E-mail to the Notification E-mail address.
December 13, 2006 — By 3:00 p.m.	<b>Exchange Security Delivery Date</b> —Holders deliver Exchange Securities accepted for exchange or purchase through the Fed Book-Entry System, against payment of the Residual Cash Amounts, to the Settlement Agent.
December 14, 2006	<b>Settlement Date</b> —Freddie Mac issues the New Securities through the Fed Book-Entry System, pays any cash purchase price due to Holders and cancels the Exchange Securities that have been accepted.

## SUMMARY

*This summary highlights information contained elsewhere in this Supplement and in the Letter of Transmittal. It does not contain all the information that you should consider before deciding whether to tender any Exchange Securities in the applicable Exchange Offer. You also should read the more detailed information in this Supplement, the Offering Circular, the Pricing Supplement and any other amendments or supplements thereto. A summary time schedule for the Exchange Offers is presented on page iv of this Supplement.*

### Exchange Offers

**Issuer** ..... Freddie Mac

**Exchange Offers** ..... We are offering to exchange our New Securities, subject to the Exchange Cap and the order of the Acceptance Priority Levels described below.

### Acceptance Priority Levels and Amounts Currently Outstanding (amounts in millions)

<u>Exchange Security</u>	<u>Acceptance Priority Level</u>	<u>Amount Currently Outstanding</u>
6.25% Freddie SUBS due March 5, 2012 (redeemable at par on March 5, 2007 only) .....	1	\$1,500
5.875% Freddie SUBS due March 21, 2011 (not redeemable) .....	2	2,000
5.25% Freddie SUBS due November 5, 2012 (redeemable at par on November 5, 2007 only) .....	3	1,000

**Exchange Cap and Acceptance  
Priority Levels of Exchange  
Securities** .....

We will exchange up to approximately \$2,000,000,000 aggregate principal amount (the “Exchange Cap”) of validly tendered Exchange Securities, in the order of priority (the “Acceptance Priority Level”) of each issue of Exchange Securities as set forth in the table above. Consequently, except for the 6.25% Freddie SUBS due March 5, 2012, the maximum amount to be exchanged in each Exchange Offer may be limited by the portion of the Exchange Cap remaining available for such Exchange Offer.

We will accept for exchange tenders of Exchange Securities only in principal amounts that result in New Securities being issued in minimum denominations of at least \$100,000 and additional increments of \$1,000. Any lower principal amount of Exchange Securities tendered will be purchased for cash at the applicable Exchange Security Index Price (as defined herein).

Subject to the limitations and qualifications described below, if the amount of the Exchange Cap remaining available for any Exchange Offer exceeds the amount of Exchange Securities tendered for that Exchange Offer, we will accept all valid tenders for that issue. If the amount of the Exchange Cap remaining for any Exchange Offer is less than the Exchange Securities tendered for that Exchange Offer, we will pro-rate the tenders submitted and accept those tenders as so pro-rated.

However, tenders of \$1,000,000 or less will not be pro-rated but will be accepted in full. Consequently, under certain circumstances where

there are tenders of \$1,000,000 or less, we may accept for exchange more Exchange Securities than the Exchange Cap. See “The Exchange Offers — Amount of Exchange Securities to be Accepted.”

**Exchange Ratio** . . . . . A Holder receiving New Securities in exchange for Exchange Securities pursuant to the applicable Exchange Offer will receive, for each \$1,000 principal amount of Exchange Securities exchanged, New Securities with a principal amount (subject to rounding as described in this Supplement and provided that the tenders of Exchange Securities result in New Securities being issued in minimum denominations of at least \$100,000 and additional increments of \$1,000) equal to \$1,000 *multiplied by* the applicable Exchange Ratio. The “Exchange Ratio” for each issue of Exchange Securities is the applicable Exchange Security Index Price (as defined below) *divided by* the New Security Offering Price (as defined below).

**Exchange Security Index Price** . . . . . The “Exchange Security Index Price” for the Non-callable Exchange Security will be based on a yield to maturity (the “Exchange Yield” for such issue of Exchange Securities) equal to the sum of (a) the yield to maturity of the New Securities on the Settlement Date, as calculated in accordance with standard market practice based on the New Security Offering Price (the “Reference Yield”), and (b) the number of basis points applicable to such issue of Exchange Securities as identified on Schedule A (the “Fixed Yield Spread to New Securities”).

The “Exchange Security Index Price” for each Callable Exchange Security will be calculated by the Dealer Managers to correspond to the fixed Agency Option-Adjusted Spread (“AOAS”) identified on Schedule A. Specifically, the Exchange Security Index Price for any issue of Callable Exchange Securities will equal the price per \$1,000 principal amount of such Exchange Securities as so calculated (the “AOAS Price”), plus accrued interest to but excluding the Settlement Date.

The Exchange Security Index Prices in either case will be determined in a manner consistent with the methodologies, and illustrated by the examples, set forth in Schedule B. The Exchange Security Index Prices will include accrued interest to but excluding the Settlement Date.

The Dealer Managers will calculate the Reference Yield and the Exchange Yield or AOAS Price, as applicable, Exchange Security Index Price and Exchange Ratio for each issue of Exchange Securities, and those calculations will be final and binding, absent manifest error.

Hypothetical examples, demonstrating the determination of the Exchange Yield, the AOAS Prices, the Exchange Security Index Prices and the Exchange Ratios in the manner we have described above, are set forth on Schedule B.

**New Security Offering Price** . . . . . The “New Security Offering Price” will equal the price per \$1,000 principal amount at which the New Securities are sold to the public pursuant to the Cash Offering, as determined by negotiation between us and representatives of the Dealers for the Cash Offering.

**Pricing Date and Time** . . . . . The New Security Offering Price and the Exchange Yield or AOAS Price, as applicable, will be determined by 12:00 noon, New York City time, or as soon as possible thereafter, on the first Business Day after the Expiration Date (the “Pricing Date”). As used in this Supplement, “Business Day” means any day other than a Saturday, a Sunday or a day on which the Federal Reserve Bank of New York is closed. Accordingly, you cannot determine the Reference Yield for the New Securities or the Exchange Yield or AOAS Price, as applicable, Exchange Security Index Price and Exchange Ratio for an issue of Exchange Securities prior to the time you must make the decision whether to exchange your Exchange Securities for New Securities.

**Rounding of Principal Amount of New Securities; Residual Cash Amount** . . . . . The aggregate principal amount of New Securities to be issued (or the cash purchase price to be paid, if applicable) to any Holder pursuant to a particular Letter of Transmittal delivered by that Holder will be rounded downward to the nearest \$1,000. On the Exchange Security Delivery Date, we will pay, against delivery of Exchange Securities, cash to each Holder to compensate for this rounding (the “Residual Cash Amount”). **If a Holder aggregates in one Letter of Transmittal the information relating to more than one beneficial owner holding through such Holder, this rounding may result in the Holder not being able to accurately allocate the New Securities delivered. Accordingly, a Holder should submit a separate Letter of Transmittal for each beneficial owner.**

**Accrued Interest on Exchange Securities** . . . . . Because each Exchange Security Index Price includes accrued interest, neither Freddie Mac nor any Holder will make any cash payment in respect of accrued interest on Exchange Securities exchanged.

**Conditions** . . . . . Each Exchange Offer is subject to certain conditions. See “The Exchange Offers — Certain Conditions of the Exchange Offers.”

**Expiration Date** . . . . . Each Exchange Offer will expire at 5:00 p.m., New York City time, on Friday, December 8, 2006, unless extended by us in our sole discretion (such time on such date, as it may be extended, the “Expiration Date”). See “The Exchange Offers — Expiration Date; Extensions; Amendments.”

**Procedures for Tendering and Delivery of Exchange Securities** . . . . . To tender Exchange Securities for exchange pursuant to the applicable Exchange Offer, Holders must deliver to the Settlement Agent, by electronic transmission through the Exchange Website at <https://www.corporateactionprocessing.com>, a properly completed and duly executed electronic Letter of Transmittal in accordance with the instructions therein, so as to be received by the Expiration Date. Holders who have difficulty transmitting an electronic Letter of Transmittal may contact the Settlement Agent for procedural assistance. Only Holders may submit an electronic Letter Of Transmittal. Each electronic Letter of Transmittal must be filled in clearly as to the amount and issue or issues of Exchange Securities that are being

tendered for exchange. See “The Exchange Offers — Tender Procedures.”

Holders must contact the Settlement Agent via the Exchange Website for a user ID and password to access the Exchange Website and transmit the electronic Letter of Transmittal. If Exchange Securities are tendered on behalf of a beneficial owner, the Holder should so indicate by transmitting a separate electronic Letter of Transmittal on behalf of each beneficial owner. If Exchange Securities are held through a broker, dealer, commercial bank, trust company, nominee or other custodian, the beneficial owner thereof must instruct such person to instruct the Holder to tender such Exchange Securities on the beneficial owner’s behalf. All tenders must be made by the Expiration Date. See “The Exchange Offers — Tender Procedures.”

Exchange Securities accepted for exchange or purchase must be delivered through the Federal Reserve Banks’ book-entry system (the “Fed Book-Entry System”) to the Settlement Agent at:

BK OF NYC/CUST  
 ABA# 021000018  
 ACCT# 180212

ACCT NAME: Freddie Mac SUBS Exchange Offer  
 Attn: Jeremy Finkelstein

Please see the Exchange Website (<https://www.corporateactionprocessing.com>) for additional instructions.

**Exchange Security Delivery**

**Date** ..... Accepted Exchange Securities must be delivered by 3:00 p.m., New York City time, on the third Business Day after the Expiration Date (the “Exchange Security Delivery Date”). The Exchange Security Delivery Date will be December 13, 2006, unless an Exchange Offer is extended by us. **Holders should not deliver Exchange Securities prior to the Exchange Security Delivery Date.** We will pay the Residual Cash Amount through the Fed Book-Entry System against delivery of the Exchange Securities.

**Acceptance of Exchange Securities Tendered for Exchange** .....

Upon the terms and subject to the conditions of each Exchange Offer (including, if any Exchange Offer is extended, the terms and conditions of any such extension), we will accept for exchange or purchase Exchange Securities validly tendered by the Expiration Date, subject to the Exchange Cap and the order of the Acceptance Priority Levels for each issue of Exchange Securities. New Securities will be delivered to the Holders of tendered Exchange Securities accepted for exchange, and payment made to Holders of tendered Exchange Securities purchased for cash, on the fourth Business Day after the Expiration Date (the “Settlement Date”).

**Settlement Date** ..... The Settlement Date will be December 14, 2006, unless any Exchange Offer is extended by us. See “The Exchange Offers — Acceptance of Exchange Securities Tendered for Exchange; Delivery of New Securities.”

**No Guaranteed Delivery** . . . . . No guaranteed delivery procedures are available with respect to any Exchange Offer.

**Waivers; Extensions;**

**Amendments** . . . . . We expressly reserve the right, in our sole discretion, at any time or from time to time, with respect to any issue of Exchange Securities, to (a) waive any condition to any Exchange Offer and accept all Exchange Securities of such issue previously tendered for exchange pursuant to such Exchange Offer, (b) extend the Expiration Date and retain all Exchange Securities of such issue already tendered for exchange, (c) terminate any Exchange Offer with respect to any issue of Exchange Securities upon the failure of any of the conditions specified in “The Exchange Offers — Certain Conditions to the Exchange Offers,” and not accept for exchange any Exchange Securities of such issue and (d) amend the terms of any Exchange Offer. Unless otherwise specified, any waiver, extension, termination or amendment to the terms and conditions of any Exchange Offer with respect to an issue of Exchange Securities will apply to all Exchange Securities of such issue tendered pursuant to the applicable Exchange Offer. If any Exchange Offer is extended, each Exchange Offer with a lower Acceptance Priority Level likewise will be extended.

**Withdrawal Rights** . . . . . Tenders of Exchange Securities may be withdrawn at any time prior to the original Expiration Date only by editing or withdrawing the electronic Letter of Transmittal on the Exchange Website. Holders will not have withdrawal rights during any extension of any Exchange Offer. See “The Exchange Offers — Withdrawal Rights.”

**United States Taxation** . . . . . While the matter is not entirely free from doubt, beneficial owners who participate in an Exchange Offer generally will not recognize any gain or loss on the exchange of an Existing Security for a New Security except where a beneficial owner receives a New Security with a principal amount greater than the principal amount of the Exchange Security tendered (excluding any New Security received that is attributable to accrued and unpaid interest). See “United States Taxation — The Exchanges.”

**Dealer Managers** . . . . . Bear, Stearns & Co. Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

**Settlement Agent** . . . . . The Bank of New York

**Luxembourg Exchange Agent** . . . . . Fortis Banque Luxembourg, S.A.

**Information Agent** . . . . . D.F. King & Co., Inc.

**New Securities**

**Issuer** . . . . . Freddie Mac

**New Securities** . . . . . The New Securities are Freddie SUBS. Freddie SUBS are U.S. dollar denominated subordinated debt securities issued, maintained and transferred through the Fed Book-Entry System.

**Ratings** . . . . . The New Securities are expected to be rated “Aa2” by Moody’s Investors Service, Inc. (“Moody’s”), “AA—” by Standard & Poor’s

Ratings Services, a division of The McGraw-Hill Companies, Inc. (“Standard & Poor’s”), and “AA–” by Fitch Ratings (“Fitch”).

<b>Identification Numbers</b> . . . . .	CUSIP No: 3134A4ZZ0. ISIN: US3134A4ZZ05. Common Code: 27806023.
<b>Issue Date</b> . . . . .	December 14, 2006
<b>Maturity Date</b> . . . . .	December 14, 2018
<b>Cash Offering</b> . . . . .	We anticipate that from \$500,000,000 to \$1,000,000,000 in principal amount of New Securities will be issued in the Cash Offering.
<b>Total New Securities to be Issued</b> . . . . .	A minimum of \$1,000,000,000 and a maximum of approximately \$2,500,000,000 in aggregate principal amount of the New Securities will be issued pursuant to the Exchange Offers and the Cash Offering combined. However, the aggregate principal amount of New Securities could be somewhat higher than \$2,500,000,000 if (a) one or more Exchange Ratios exceed 1.0 and/or (b) there are tenders of \$1,000,000 or less that we accept in full rather than pro-rate.
<b>Redemption</b> . . . . .	The New Securities will not be subject to redemption by us prior to maturity.
<b>Interest</b> . . . . .	The New Securities will accrue interest from December 14, 2006 at a rate of interest to be determined on the Pricing Date. Interest will be paid semi-annually in arrears on each June 14 and December 14 (“Interest Payment Dates”), commencing June 14, 2007. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.
<b>Subordination</b> . . . . .	<p>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 priority of payment to our Senior Obligations.</p> <p>“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 (excluding Freddie SUBS but including certain other series of outstanding Freddie Mac subordinated debentures) and all liabilities in respect of Freddie Mac’s guarantees of mortgage-related securities.</p> <p>At December 31, 2005, we had \$778,082 million of outstanding total liabilities (including outstanding Freddie SUBS) and \$1,335,524 million of total guaranteed mortgage-related securities issued (including \$361,324 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 December 31, 2005, we had approximately \$5.5 billion of Freddie SUBS outstanding. In addition, we issued approximately \$1.25 billion of Freddie SUBS in June 2006 and redeemed approximately \$1 billion of Freddie SUBS in August 2006. 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 out-</p>

standing Freddie SUBS, including the New Securities. See “Description of the Securities — Subordination” in the preliminary Pricing Supplement and “Description of the Debt Securities — General — Subordinated Debt Securities — Subordination” in the Offering Circular.

**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” in the preliminary Pricing Supplement and “Description of the Debt Securities — General — Subordinated Debt Securities — Interest Payment Deferral” in the Offering Circular.

**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 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” in the accompanying preliminary Pricing Supplement, “Description of the Debt Securities — Term Debt Securities — Subordinated Debt Securities — Regulatory Capital Requirements” in the Offering Circular and “Risk Management and Disclosure Commitments” and “Note 10: Regulatory Capital” in the Information Statement.

**Limit on Deferral** . . . . . We may not defer interest on any Freddie SUBS for more than five consecutive years or beyond the Maturity Date.

**Accrual of Interest on Deferred Amounts** . . . . . If we defer the payment of interest on Freddie SUBS, interest will continue to accrue, including on any deferred interest, and will compound semi-annually at the per annum interest rate 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 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 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 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 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 Dividends During Deferral**

<b>Periods</b> .....	During periods when we defer the payment of interest on Freddie SUBS, we may not declare or pay dividends on, or redeem, purchase or acquire, our common stock or preferred stock.
<b>Notices</b> .....	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.
<b>No Acceleration</b> .....	Freddie SUBS do not permit Holders to accelerate the maturity of the securities upon default or the occurrence of any other event.
<b>Fiscal Agent</b> .....	The Federal Reserve Bank of New York will act as fiscal agent for the New Securities.
<b>Listing</b> .....	An application has been made to have the New Securities admitted for trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange.
<b>Denominations</b> .....	We will issue the New Securities in minimum denominations of \$100,000 and additional increments of \$1,000.
<b>Governing Law</b> .....	The New 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 Debt Facility Agreement (each, as defined in the Offering Circular).
<b>Use of Proceeds</b> .....	We will not receive any proceeds from the Exchange Offers. However, we will receive proceeds from the Cash Offering, which we will use as described in the Offering Circular.
<b>Tax Status</b> .....	Freddie SUBS will constitute debt for United States federal income tax purposes. 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. federal income and withholding tax. See “United States Taxation” in this Supplement and “Certain United States Federal Tax Consequences” in the Offering Circular.

**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. See “Description of the Securities — Reopenings” in the preliminary Pricing Supplement.

## **RISK FACTORS**

*You should carefully consider the risk factors set forth below and in the Pricing Supplement, the Offering Circular and the Information Statement, as well as all other information contained or incorporated by reference in this Supplement, the Pricing Supplement, the Offering Circular and the Information Statement in making a decision to tender Exchange Securities.*

### **Liquidity and Market Value of Exchange Securities**

Exchange Securities exchanged pursuant to the Exchange Offers will be cancelled through the Federal Reserve Bank of New York, as Fiscal Agent. The exchange of Exchange Securities pursuant to the Exchange Offers will reduce the aggregate principal amount of Exchange Securities that otherwise might trade publicly, which could affect the liquidity and market value of the remaining Exchange Securities held by the public. A debt security with a smaller outstanding principal amount available for trading (a smaller “float”) may command a lower price than would a comparable debt security with a greater float. Therefore, the market price for Exchange Securities not purchased may be affected adversely to the extent the Exchange Offer reduces the float of the Exchange Securities in the same series. The reduced float may also make the trading price of the Exchange Securities in such series more volatile. The liquidity of the trading market for the Exchange Securities following consummation of the Exchange Offers will depend upon the number of holders that remain at such time, the interest in maintaining markets in the Exchange Securities on the part of securities firms and other factors. Although Exchange Securities not exchanged in the Exchange Offer will continue to be listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market, there can be no assurance that any active trading market will exist for the Exchange Securities following the Exchange Offers.

### **Timing of Decision Whether to Exchange**

Because the New Security Offering Price will not be determined until the first Business Day after the expiration of the Exchange Offers, you cannot determine the Reference Yield for the New Securities or the Exchange Yield or AOAS Price, as applicable, Exchange Security Index Price and Exchange Ratio for an issue of Exchange Securities prior to the time you must make the decision whether to exchange your Exchange Securities for New Securities.

### **You Must Take Certain Actions with Respect to Settlement of Trades Pursuant to the Offers**

If your Exchange Securities are accepted for exchange or purchase pursuant to the Exchange Offers, your Exchange Securities must be delivered to the Settlement Agent against payment of the Residual Cash Amounts no later than 3:00 p.m., New York City time, on the Exchange Securities Delivery Date. If you hold Exchange Securities through a broker, it is your responsibility to ensure that your broker is aware of the foregoing requirements. Failure to adhere to the foregoing requirements may result in the cancellation of your tender.

### **An Investment in Freddie SUBS is Subject to Certain Risks**

Participants in the Exchange Offers will be investing in Freddie SUBS. You should carefully consider the risk factors set forth in the attached preliminary Pricing Supplement and Offering Circular, including risks relating to our delays in financial reporting, material weaknesses and other deficiencies in our internal controls, and our ability to effectively manage risks, and that Freddie SUBS are subordinated to Senior Obligations, that interest payments on Freddie SUBS may be deferred, that holders have no acceleration rights, that holders may have adverse tax consequences and that there may be no trading market for the securities, among other factors.

## **FREDDIE MAC**

Freddie Mac is a stockholder-owned company chartered by Congress in 1970 to stabilize the nation’s residential mortgage markets and expand opportunities for homeownership and affordable rental housing. We are one of the largest purchasers of mortgage loans in the U.S. We bring innovation and efficiency to the mortgage lending process.

Our mission is to provide liquidity, stability and affordability to the U.S. housing market. We fulfill our mission by purchasing residential mortgages and mortgage-related securities in the secondary mortgage market. We purchase mortgages that meet our underwriting and product standards, then bundle them into mortgage-related securities that can be sold to investors. We can use the proceeds to purchase additional mortgages from primary market mortgage lenders, thus providing them with a continuous flow of funds. We also purchase mortgage loans and mortgage-related securities for our investment portfolio, which we finance primarily by issuing a variety of debt instruments in the capital markets.

Though we are chartered by Congress, our business is funded completely with private capital. We are responsible for making payments on our securities. Neither the U.S. government nor any other agency or instrumentality of the U.S. government is obligated to fund our mortgage purchase or financing activities or to guarantee our securities and other obligations.

Our statutory purposes, as stated in our charter, 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 activities related to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return received on other activities) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing; and
- To promote access to mortgage credit throughout the U.S. (including central cities, rural areas and other underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing.

## THE EXCHANGE OFFERS

### General

We are offering, subject to the limits described herein, to exchange Freddie SUBS due December 14, 2018 (the “New Securities”) for outstanding Freddie SUBS listed on Schedule A that are validly tendered by **5:00 p.m., New York City time, on Friday, December 8, 2006, unless any Exchange Offer is earlier terminated or extended by us in our sole discretion (such time on such date, as it may be extended, the “Expiration Date”)**, upon the terms and subject to the conditions set forth in this Supplement and the Offering Circular. We will accept for exchange tenders of Exchange Securities only in principal amounts that result in New Securities being issued in minimum denominations of at least \$100,000 and additional increments of \$1,000. Any lower principal amount of Exchange Securities tendered will be purchased by Freddie Mac for cash at the applicable Exchange Security Index Price.

The amount of each issue of Exchange Securities that will be accepted for exchange or purchase will be based on the Exchange Cap and the Acceptance Priority Level for each issue of Exchange Securities. The amount of Exchange Securities with an Acceptance Priority Level of 2 or 3 that we accept may be pro-rated.

Only approximately \$2,000,000,000 in aggregate principal amount of Exchange Securities will be accepted for exchange or purchase. The Exchange Securities will be accepted for exchange or purchase in accordance with, and in the order of, the Acceptance Priority Levels set forth in the table on page S-1 of this Supplement. All validly tendered Exchange Securities in the Exchange Offer with the Acceptance Priority Level of 1 will be accepted before any of those in the Exchange Offer with the Acceptance Priority Level of 2 and, subject to the Exchange Cap, all validly tendered Exchange Securities in the Exchange Offer with the Acceptance Priority Level of 2 will be accepted before any of those in the Exchange Offer with the Acceptance Priority Level of 3. Once Exchange Securities tendered in an Exchange Offer with a certain Acceptance Priority Level have been accepted, Exchange Securities with the next Acceptance Priority Level will be accepted, subject to the Exchange Cap. If the aggregate principal amount of Exchange Securities tendered in any Exchange Offer exceeds the amount of the Exchange Cap remaining available for application to the Acceptance Priority Level applicable to such Exchange Offer, then, if we accept Exchange Securities of such issue for exchange pursuant to such Exchange Offer, we will accept such Exchange Securities on a pro rata basis (with adjustments to avoid the purchase of Exchange Securities in a principal amount other than in integral multiples of \$1,000 in principal amount). In that event, Exchange Securities of any other issue with an Acceptance Priority Level following the pro-rated series of Exchange Securities will not be accepted for exchange.

In addition, we are offering to sell New Securities in the Cash Offering. The New Securities offered for cash are offered severally by the Dealers, subject to receipt and acceptance by such Dealers and subject to their right to reject any orders in whole or in part. The Cash Offering will commence on the date of the commencement of the Exchange Offers and will be made pursuant to the Offering Circular and the final Pricing Supplement with respect to the New Securities. We anticipate that from \$500,000,000 to \$1,000,000,000 in principal amount of New Securities will be issued in the Cash Offering and that a minimum of \$1,000,000,000 and a maximum of approximately \$2,500,000,000 in aggregate principal amount of New Securities will be issued in the Cash Offering and the Exchange Offers combined. However, the aggregate principal amount of New Securities could be somewhat higher than \$2,500,000,000 if (a) one or more Exchange Ratios exceed 1.0 and/or (b) there are tenders of \$1,000,000 or less that we accept in full rather than pro-rate.

**Holders, custodians and beneficial owners of Exchange Securities may participate in the Exchange Offers only by following the procedures described herein and in the electronic Letter of Transmittal. All references herein to the electronic Letter of Transmittal refer to the electronic Letter of Transmittal on the Exchange Website at <https://www.corporateactionprocessing.com>. Only Holders may submit an electronic Letter of Transmittal. Holders must obtain a user ID and password as described below, and then submit an electronic Letter of Transmittal by following the instructions at the Exchange Website.**

We intend to announce the New Security Offering Price, the Reference Yield, the Exchange Yield, the AOAS Prices, the Exchange Ratios and the Exchange Security Index Prices by 12:00 noon on the first

Business Day after the Expiration Date, or as soon as possible thereafter. Holders must deliver Exchange Securities that are accepted for exchange, against payment of the Residual Cash Amount, on the third Business Day after the Expiration Date (the “Exchange Security Delivery Date”) by 3:00 p.m., New York City time. We will issue New Securities pursuant to the Exchange Offers and the Cash Offering on the fourth Business Day after the Expiration Date (the “Settlement Date”), in each case in accordance with the procedures described herein.

Holders who tender Exchange Securities in the applicable Exchange Offer will not be obligated to pay brokerage commissions or solicitation fees with respect thereto to the Dealer Managers. However, beneficial owners holding Exchange Securities through a Holder or a custodian may be charged fees by such Holder or custodian for tendering Exchange Securities, which will not be paid or reimbursed by us.

On the Settlement Date, we will cause the Exchange Securities accepted by us pursuant to the applicable Exchange Offer to be cancelled through the Fiscal Agent.

As of the date of this Supplement, there is no litigation pending affecting Freddie Mac, at law or in equity, before or by any governmental authority that questions, threatens or challenges the validity of this Supplement or any other instrument to be delivered in connection herewith or any action taken or to be taken by Freddie Mac in connection with the Exchange Offers.

Notifications in Luxembourg in relation to (a) any material change, including any extension, termination or amendment of any Exchange Offer or to this Supplement, throughout the period of each Exchange Offer, and (b) the results of the Exchange Offers, including the New Security Offering Price, the Reference Yield, the Exchange Yield, the AOAS Prices, the Exchange Ratios and the Exchange Security Index Prices, will be provided to the Luxembourg Stock Exchange and made available on its website at <http://www.bourse.lu>. In Luxembourg, the Exchange Offers will be announced pursuant to a notice provided to the Luxembourg Stock Exchange and made available on its website at <http://www.bourse.lu>.

## **Tender Procedures**

Only Holders may submit an electronic Letter of Transmittal. Freddie Mac intends to conduct the exchange of New Securities for Exchange Securities only through the use of a Letter of Transmittal which must be submitted on the Exchange Website. Holders who have difficulty transmitting an electronic Letter of Transmittal may contact the Settlement Agent for procedural assistance. To tender Exchange Securities for exchange pursuant to the Exchange Offers, Holders must execute and deliver a Letter of Transmittal by following the instructions at the Exchange Website so as to be received by the Expiration Date.

To access the Exchange Website and submit the Letters of Transmittal, Holders must contact the Settlement Agent by visiting the Exchange Website address (<https://www.corporateactionprocessing.com>) in order to obtain a unique user ID and password for use in submitting the Letters of Transmittal. To obtain an ID and password, a Holder must agree on behalf of its institution (the “Institution”) to the following terms (“Website Agreement”): (i) that it is authorized by the Institution to request a user ID and password and to bind the Institution to the Website Agreement; (ii) that it will safeguard such user ID and password; (iii) that it will permit only the Institution’s authorized users to use such user ID and password; (iv) that the user ID and password will be used only to access the Exchange Website and to submit offers thereon; (v) that the Institution will be solely responsible for all actions taken and be bound by any offers entered using such user ID and password; and (vi) that the Institution will be bound by the terms or disclosures on the Exchange Website for which an authorized user will be required to signify the Institution’s acceptance by means of clicking the “I Agree” button in the electronic Letter of Transmittal as if such terms or disclosures had been contained in a manually signed and written agreement. The Holder will also be required to agree on behalf of its Institution that the Settlement Agent, its affiliates, managing directors, partners, agents and employees will have no liability, contingent or otherwise, for the accuracy, timeliness, completeness, reliability, performance or continued availability of the Exchange Website or the services provided thereby, or for any delay or omission therein, or for any failure or interruptions of the services provided and that to the extent any transactions are entered for or on behalf of any third parties, the Institution represents and warrants that it has all necessary authority to do so. A Holder requesting a user ID and password will also be required to provide the following information: (a) name of Institution, (b) address of Institution, (c) name of requesting person,

(d) title of requesting person and (e) telephone number of requesting person. The user ID should be the E-mail address where the password and notifications can be delivered (the “Notification E-mail address”).

A Holder may enter the Exchange Website to submit an electronic Letter of Transmittal with a user ID and password at any time between the commencement of the Exchange Offers and the Expiration Date. The following information will be required in each electronic Letter of Transmittal: (a) ABA number and Fedwire address, (b) the issue(s) of Exchange Securities being tendered for exchange, and (c) the principal amounts of Exchange Securities being tendered for exchange. The Holder will have the option, but not the obligation, to provide the name, contact name and telephone number of each beneficial owner on whose behalf the Holder is submitting the offer.

Each tender and corresponding electronic Letter of Transmittal will become irrevocable on the original Expiration Date. Holders will not have withdrawal rights during any extension of any Exchange Offer. However, any tender and corresponding electronic Letter of Transmittal may be withdrawn or revised prior to the original Expiration Date by editing or withdrawing the electronic Letter of Transmittal on the Exchange Website. If a Holder wishes to so revise or withdraw an electronic Letter of Transmittal, it must use the same user ID, password and confirmation number received via e-mail under which it submitted that Letter of Transmittal. Any withdrawal or revision of a tender must be received by the original Expiration Date.

After submission of the electronic Letter of Transmittal, the Settlement Agent will electronically transmit a Confirmation Message for each electronic Letter of Transmittal to the Holder. A “Confirmation Message” is a message transmitted by the Settlement Agent that states that the Settlement Agent has received a Letter of Transmittal from the Holder. Included in the Confirmation Message is a Confirmation Number for each electronic Letter of Transmittal and the details of the Exchange Securities tendered. Complete details of submitted electronic Letters of Transmittal are available on the Exchange Website.

**The Holder submitting an electronic Letter of Transmittal will be deemed to represent and warrant on behalf of itself and any beneficial owner of Exchange Securities to which such electronic Letter of Transmittal relates that:**

1. it has received, reviewed and accepts the terms of this Supplement and the electronic Letter of Transmittal;
2. it is assuming all the risks inherent in participation in the Exchange Offers and has undertaken all the appropriate analysis of the implications of the Exchange Offers without reliance on Freddie Mac, the Dealer Managers, the Information Agent, the Settlement Agent or the Luxembourg Exchange Agent;
3. upon the terms and subject to the conditions of the Exchange Offers, it offers to exchange the relevant principal amount of Exchange Securities for the principal amount of New Securities determined in accordance with the applicable Exchange Ratio or for cash at the applicable Exchange Security Index Price. Subject to and effective upon exchange or purchase by Freddie Mac of the Exchange Securities, it renounces all right, title and interest in and to all such Exchange Securities exchanged or purchased by Freddie Mac and waives and releases any rights or claims it may have against Freddie Mac with respect to any such Exchange Securities and the Exchange Offers;
4. it is not a person to whom it is unlawful to make an invitation pursuant to the Exchange Offers under applicable securities laws;
5. it has complied with and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the New Securities in, from or otherwise involving the United Kingdom;
6. if it is a person receiving this Supplement in the United Kingdom, it is a person falling within the definition of investment professional (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”)), a person falling within Article 43 of the Order, a person to whom this Supplement may lawfully be communicated in accordance with the Order or a person to whom it may otherwise lawfully be made;

7. it is not resident in Hong Kong or, if it is resident in Hong Kong, it is a “professional investor” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance;

8. it is not resident in Canada or, if it is resident in Canada, the representations and warranties set out in this Supplement under the heading “Jurisdictional Restrictions — Canada — Representations and Agreements by Purchasers” are true and correct;

9. it has full power and authority to submit for exchange or purchase and transfer the Exchange Securities submitted for exchange or purchase and if such Exchange Securities are accepted for exchange or purchase by Freddie Mac, such Exchange Securities will be transferred to, or to the order of, Freddie Mac with full title free from all liens, charges and encumbrances, not subject to any adverse claim and together with all rights attached thereto. It will, upon request, execute and deliver any additional documents and/or do such other things deemed by Freddie Mac to be necessary or desirable to complete the transfer and cancellation of the relevant Exchange Securities or to evidence such power and authority;

10. the terms and conditions of the Exchange Offers, including the defined terms set forth in this Supplement and used in the electronic Letter of Transmittal, shall be deemed to be incorporated in, and form a part of, the electronic Letter of Transmittal, which shall be read and construed accordingly, and the information given by or on behalf of such Holder in the Letter of Transmittal is true and will be true in all respects at the time of the exchange or purchase ; and

11. by delivery of the electronic Letter of Transmittal, the Holder of Exchange Securities waives any right to receive any notice of the acceptance for exchange or purchase of such Holder’s Exchange Securities.

Each such tendering Holder also will agree in the electronic Letter of Transmittal that all of the Exchange Securities being tendered for exchange or purchase and accepted for exchange or purchase will be delivered on the Exchange Security Delivery Date by 3:00 p.m., New York City time.

All questions as to the validity, form and eligibility (including time of receipt) of any Letter of Transmittal will be determined by Freddie Mac in its sole discretion, which determination will be final and binding. Freddie Mac reserves the absolute right to reject: (i) any and all Letters of Transmittal not in proper form; (ii) any and all Letters of Transmittal for which any corresponding offer or agreement by Freddie Mac to exchange would, in Freddie Mac’s opinion, be unlawful; and (iii) any and all Letters of Transmittal in respect of which, in Freddie Mac’s opinion, the representations and warranties made by a Holder are false or breached.

**In order for a tendering Holder to be assured of participating in any Exchange Offer, such Holder must elect to tender Exchange Securities in accordance with the procedures set forth herein by the Expiration Date.**

**ELECTRONIC LETTERS OF TRANSMITTAL MUST BE SENT ONLY THROUGH THE EXCHANGE WEBSITE. DO NOT SEND ANY LETTERS OF TRANSMITTAL TO FREDDIE MAC, THE DEALER MANAGERS, THE SETTLEMENT AGENT (EXCEPT THROUGH THE EXCHANGE WEBSITE), THE INFORMATION AGENT OR THE LUXEMBOURG EXCHANGE AGENT.**

The electronic Letter of Transmittal must be initiated only by the Holder whose name appears on a security position listing in the Fed Book-Entry System with respect to the Exchange Securities tendered thereby, and the name must correspond with the name as written on the security position listing validated in accordance with procedures acceptable to the Settlement Agent and Freddie Mac.

New Securities will be delivered only in book-entry form through the Fed Book-Entry System and only to the Fed Book-Entry System account of the Holder. Custodians and beneficial owners may confirm their receipt of beneficial interests in New Securities through the applicable Holder.

No alternative, conditional, irregular or contingent tenders will be accepted.

You may incur certain costs in connection with submitting the electronic Letter of Transmittal and receiving delivery of documents (for example, online time and printing) and have possible risks of system

outages and other technical failures. Freddie Mac reserves the right to reject any electronic Letter of Transmittal not received in the appropriate electronic form by the Expiration Date. If you encounter technical difficulties in submitting your electronic Letter of Transmittal by the Expiration Date, or if you are unable to access the Exchange Website and submit an electronic Letter of Transmittal, you may contact the Settlement Agent via e-mail at [FMSupport@bankofny.com](mailto:FMSupport@bankofny.com) for procedural assistance. In Luxembourg, you may also contact the Luxembourg Exchange Agent to obtain delivery of documents (other than an electronic Letter of Transmittal, which is only available on the Exchange Website) or for other assistance, at the telephone number listed on the back cover. Freddie Mac cannot assure you, however, that you will be assisted successfully or that Freddie Mac will receive or accept your electronic Letter of Transmittal. In any case, you are responsible for arranging the timely electronic delivery of the Letter of Transmittal. See “The Exchange Offers — Deadline for Submission of Letters of Transmittal.”

Freddie Mac reserves the right in its sole discretion not to accept any Exchange Securities. If Freddie Mac determines to accept any Exchange Securities, it will announce on the Freddie Mac website at <http://www.freddiemac.com>, and by posting a notice on the Luxembourg Stock Exchange website at <http://www.bourse.lu>, and by press release, by 9:00 a.m. on the Pricing Date, the approximate total issue size of the New Securities, the aggregate amount of each issue of Exchange Securities that have been tendered and accepted for exchange, and any pro-ration, and will, by 12:00 noon, New York City time, or as soon as possible thereafter on the Pricing Date, announce on the Freddie Mac website at <http://www.freddiemac.com>, and by posting a notice on the Luxembourg Stock Exchange website at <http://www.bourse.lu>, and by press release:

- the New Security Offering Price;
- the Reference Yield;
- the Exchange Yield;
- the AOAS Prices;
- the Exchange Security Index Prices;
- the Exchange Ratios;
- the aggregate principal amounts of New Securities to be issued in exchange for Exchange Securities pursuant to accepted tenders;
- the aggregate principal amount of Exchange Securities of each issue (which could be zero) to be acquired in exchange for New Securities, or purchased for cash, pursuant to accepted tenders;
- the amount of any resulting pro-ration; and
- the aggregate principal amount of New Securities to be sold for cash pursuant to the Cash Offering.

Freddie Mac will announce the principal amount of the Exchange Securities tendered and the principal amounts of the Exchange Securities accepted for exchange prior to the establishment of the New Security Offering Price and announcement of the other information. In Luxembourg, any such announcement will be made available from the Luxembourg Exchange Agent and will be included in the publication of the results of the Exchange Offers on the Luxembourg Stock Exchange website at <http://www.bourse.lu>. **The Settlement Agent will notify by e-mail to the Notification E-mail Address of each tendering Holder the amount of such Holder’s Exchange Securities accepted for exchange and any pro-ration by 12:00 noon, New York City time on the Pricing Date, or as soon as possible thereafter.**

A minimum of \$1,000,000,000 and a maximum of approximately \$2,500,000,000 in aggregate principal amount of the New Securities will be issued in the Cash Offering and the Exchange Offers combined. However, the aggregate principal amount of New Securities could be somewhat higher than \$2,500,000,000 if (a) one or more Exchange Ratios exceed 1.0 and/or (b) there are tenders of \$1,000,000 or less that we accept in full rather than pro-rate.

### **Amount of Exchange Securities to be Accepted**

We will accept valid tenders of each issue of Exchange Securities as set forth in the table on page S-1, subject to the Exchange Cap, the Acceptance Priority Levels and the other limitations and qualifications described in this Supplement.

If the amount of the Exchange Cap remaining available for any Exchange Offer exceeds the amount of Exchange Securities tendered in that Exchange Offer, we will accept all valid tenders for that issue.

If the amount of the Exchange Cap remaining for any Exchange Offer is less than the Exchange Securities tendered for that Exchange Offer, we will pro-rate the tenders submitted down to the remaining amount under the Exchange Cap and accept those tenders as so pro-rated. However, tenders of \$1,000,000 or less will not be pro-rated but will be accepted in full. Consequently, under certain circumstances where there are tenders of \$1,000,000 or less, we may accept for exchange an amount of Exchange Securities greater than the Exchange Cap.

### **Acceptance of Exchange Securities Tendered for Exchange; Delivery of New Securities**

Upon the terms and subject to the conditions of the Exchange Offers (including, if any Exchange Offer is extended, the terms and conditions of any such extension), we will accept for exchange, on an issue by issue basis and subject to the Acceptance Priority Levels and the Exchange Cap, Exchange Securities validly tendered by the Expiration Date pursuant to the applicable Exchange Offer. Each tendering Holder must deliver the Exchange Securities accepted for exchange to the Settlement Agent by 3:00 p.m. on the Exchange Security Delivery Date. We reserve the right to accept, at our sole discretion, Exchange Securities that are delivered by a tendering Holder to the Settlement Agent after 3:00 p.m., New York City time, on the Exchange Settlement Delivery Date. On the Exchange Security Delivery Date, the Settlement Agent will have custody of the Exchange Securities delivered on that date. On the Settlement Date, we will acquire such Exchange Securities by issuing New Securities or paying cash in exchange therefor. Such New Securities will be delivered, or such cash payment made, on the Settlement Date to the Holders of Exchange Securities that are tendered and delivered on the Exchange Security Delivery Date. We will accept for exchange validly tendered Exchange Securities only in principal amounts that result in New Securities being issued in minimum denominations of at least \$100,000 and additional increments of \$1,000. Any lower principal amount of Exchange Securities tendered will be purchased by Freddie Mac for cash at the applicable Exchange Security Index Price.

In all cases, Exchange Securities will be accepted for exchange pursuant to the applicable Exchange Offer only after timely receipt on the Exchange Website of a properly completed and duly transmitted electronic Letter of Transmittal, validated in accordance with procedures acceptable to the Settlement Agent and Freddie Mac, and any other documents required thereby.

The Exchange Securities were issued in book-entry form on the Fed Book-Entry System. New Securities issued pursuant to the Exchange Offers will be delivered only in book-entry form through the Fed Book-Entry System and only to the Fed Book-Entry System account of the exchanging Holder. Accordingly, a Holder that tenders for exchange must specify on the electronic Letter of Transmittal all necessary account information to effect such delivery. Failure to provide such information may render such Holder's tender defective, and we will have the right to reject such tender. None of Freddie Mac, the Settlement Agent, the Dealer Managers, the Information Agent and the Luxembourg Exchange Agent will incur any liability for delivering New Securities in accordance with any instructions provided by the tendering Holder.

### **Calculation of Exchange Ratio**

*Principal Amount of New Securities to be Received Pursuant to Exchange Offer.* A Holder exchanging Exchange Securities for New Securities pursuant to an Exchange Offer will receive, for each \$1,000 principal amount of Exchange Securities exchanged, New Securities with a principal amount equal to \$1,000 *multiplied by* the applicable Exchange Ratio. The "Exchange Ratio" for each issue of Exchange Securities is the Exchange Security Index Price (as defined below) for such Exchange Securities, *divided by* the New Security Offering Price (as defined below). The Exchange Ratio will be expressed as a decimal and rounded to the

seventh digit after the decimal point. (If the eighth digit to the right of the decimal point is five or greater, the seventh digit will be rounded up by one.)

The “Exchange Security Index Price” for the Non-callable Exchange Security will be based on a yield to maturity (the “Exchange Yield” for such issue of Exchange Securities) equal to the sum of (a) the yield to maturity of the New Securities on the Settlement Date, as calculated in accordance with standard market practice based on the New Security Offering Price (the “Reference Yield”), and (b) the number of basis points applicable to such issue of Exchange Securities as identified on Schedule A (the “Fixed Yield Spread to New Securities”). Specifically, the Exchange Security Index Price for the Non-callable Exchange Security will equal the value per \$1,000 principal amount of the Non-callable Exchange Security, including accrued interest to but excluding the Settlement Date, in a manner consistent with the methodology, and illustrated by the example, set forth in Schedule B.

The “Exchange Security Index Price” for each Callable Exchange Security will equal the AOAS Price of the Callable Exchange Security, plus accrued interest to, but excluding, the Settlement Date. The “AOAS Price” for each Callable Exchange Security will be the price corresponding to the fixed Agency Option-Adjusted Spread (“AOAS”) as defined by the Securities Industry and Financial Markets Association in its “Practice Guidelines for Trading in GSE European Callable Securities” (see <http://www.bondmarkets.com/assets/files/2004PracticeGuideforTradeGSEEuroCallableSec.pdf>) and implemented in the Bloomberg AOAS function, for each Callable Exchange Security as set forth in Schedule A. The AOAS Price is determined in a manner consistent with the Bloomberg implementation of the Securities Industry and Financial Markets Association’s European Callable Securities formula (see [http://www.bondmarkets.com/assets/files/appendix\\_a\\_v211-Final2004.pdf](http://www.bondmarkets.com/assets/files/appendix_a_v211-Final2004.pdf)) using Bloomberg’s I267 (BMA-FHLMC Reference) yield curve as the Designated Yield Curve (see [http://www.bondmarkets.com/assets/files/appendix\\_c\\_v211-Final2004.pdf](http://www.bondmarkets.com/assets/files/appendix_c_v211-Final2004.pdf)) and BMA Skew Adjustment (see [http://www.bondmarkets.com/assets/files/appendix\\_b\\_v211-Final2004.pdf](http://www.bondmarkets.com/assets/files/appendix_b_v211-Final2004.pdf)) and market swaption volatility. This methodology is further described in, and illustrated by, examples in Schedule B.

The “New Security Offering Price” will equal the price per \$1,000 principal amount at which the New Securities are sold to the public pursuant to the Cash Offering, as determined by negotiation between Freddie Mac and the representatives of the Dealers for the Cash Offering.

The Dealer Managers will calculate the Reference Yield and the Exchange Yield or AOAS Price, as applicable, Exchange Security Index Price and Exchange Ratio for each issue of Exchange Securities, and those calculations will be final and binding, absent manifest error.

**The New Security Offering Price will be determined by 12:00 noon, New York City time or as soon as possible thereafter, on the Pricing Date. The Reference Yield, the Exchange Yield, the AOAS Prices, the Exchange Security Index Prices and the Exchange Ratios cannot be determined by Holders and beneficial owners of Exchange Securities prior to the time the decision whether to exchange Exchange Securities for New Securities must be made.**

The aggregate principal amount of New Securities to be issued (or the cash purchase price to be paid, if applicable) to any Holder pursuant to an Exchange Offer (or, to the extent a Holder provides a separate Letter of Transmittal for each beneficial owner holding through such Holder, the aggregate principal amount of New Securities to be issued for each such beneficial owner pursuant to the applicable Exchange Offer) will be rounded downward to the nearest \$1,000. On the Exchange Security Delivery Date, we will pay cash to each Holder to compensate for this rounding, in an amount (the “Residual Cash Amount”) equal to the decrease in principal amount of New Securities issued as a result of this rounding *multiplied by* the New Security Offering Price *divided by* \$1,000. The Residual Cash Amount will be paid to the tendering Holder on the Exchange Security Delivery Date through the Fed Book-Entry System on a “delivery versus payment” basis upon delivery of the tendered Exchange Securities in the manner described herein. If a Holder in any one Letter of Transmittal aggregates the information relating to exchanges by more than one beneficial owner holding through such Holder, this rounding may result in the Holder not being able to accurately allocate the New Securities delivered. For that reason, a Holder should submit a separate Letter of Transmittal for each beneficial owner.

Because the Exchange Security Index Prices include accrued interest, neither Freddie Mac nor any Holder will make any cash payment in respect of accrued interest on the New Securities issued or Exchange Securities exchanged pursuant to the Exchange Offers.

*Methodology Generally.* The methodologies used to calculate the Exchange Ratios represent two of several possible approaches. Their formulation involved choices and judgments that are necessarily subjective. Each beneficial owner should analyze independently the value of the Exchange Securities and the New Securities and make an independent assessment of the terms of the Exchange Offers. Freddie Mac makes no recommendation as to whether such terms are fair or whether any beneficial owner should tender Exchange Securities for exchange. In addition, no one has been authorized by us to make any such recommendation.

### **Hypothetical Examples of the Terms of the Exchange Offers**

Hypothetical examples, demonstrating the determination of the Reference Yield, the Exchange Ratios, the Exchange Yield and the AOAS Prices in the manner we have described, are set forth in Schedule B.

### **Expiration Date; Extensions; Amendments**

**Each Exchange Offer will expire at 5:00 p.m., New York City time, on Friday, December 8, 2006, unless extended by us in our sole discretion (such date and time, as it may be extended, the “Expiration Date”).**

We expressly reserve the right, in our sole discretion, at any time or from time to time, with respect to any issue of Exchange Securities, to (a) waive any condition to any Exchange Offer and accept all Exchange Securities of such issue previously tendered for exchange pursuant to that Exchange Offer, (b) extend the Expiration Date of any Exchange Offer with respect to any issue of Exchange Securities and retain all Exchange Securities of such issue already tendered for exchange, (c) terminate any Exchange Offer with respect to any issue of Exchange Securities and not accept for exchange any Exchange Securities of such issue upon the failure of any of the conditions specified in “The Exchange Offers — Certain Conditions to the Exchange Offers,” and (d) amend the terms of any Exchange Offer with respect to any issue of Exchange Securities in any respect until the Exchange Securities are accepted for exchange. Unless otherwise specified, any waiver, extension, termination or amendment of the terms and conditions of any Exchange Offer with respect to an issue of Exchange Securities will apply to all Exchange Securities of such issue tendered for exchange pursuant to such Exchange Offer. If any Exchange Offer is extended, each Exchange Offer with a lower Acceptance Priority Level will be extended for the same period.

Any extension, termination or amendment of any Exchange Offer may be made by us by giving written or oral notice thereof to the Dealer Managers, to be followed as promptly as practicable by a public announcement thereof. In the case of an extension, a public announcement will be issued on or prior to 9:00 a.m., New York City time, on the next Business Day after the previously scheduled Expiration Date. Without limiting the manner in which we may choose to make any public announcement, we shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to the Dow Jones News Service and as otherwise described in this Supplement with respect to Luxembourg. All Exchange Securities tendered pursuant to an Exchange Offer prior to any extension will remain subject to that Exchange Offer.

The terms of any amendment to any Exchange Offer with respect to any issue of Exchange Securities may vary from the original Exchange Offer depending on such factors as the principal amount of each issue of Exchange Securities previously tendered. Unless otherwise specified, any amendment to any Exchange Offer with respect to any issue of Exchange Securities will apply to all Exchange Securities of such issue tendered for exchange pursuant to such Exchange Offer.

If we make a change to any Exchange Offer that, in our opinion, affects materially and adversely the Holders or the beneficial owners of the Exchange Securities already tendered, we will provide a new supplement relating to such Exchange Offer describing such amendment. In addition, we may extend any Exchange Offer with respect to any issue of Exchange Securities for a period of time sufficient, in our opinion, for the Holders and beneficial owners to review such material.

### **Certain Conditions to the Exchange Offers**

Notwithstanding any other provision of the Exchange Offers, we will not be required to accept any Exchange Securities for exchange or exchange any New Securities for Exchange Securities with respect to any issue of Exchange Securities and may terminate or amend any Exchange Offer with respect to any issue of Exchange Securities at any time prior to the Expiration Date, if any of the following events shall have occurred:

(1) (a) any general suspension or limitation of trading in, or limitation on prices for, securities on any major securities exchange or the over-the-counter market, or the setting of minimum prices for trading on such exchange; (b) any suspension of trading of any securities of Freddie Mac on any United States securities exchange; (c) the declaration of a banking moratorium, or any suspension of payments in respect of banks, by federal or New York authorities; or (d) any outbreak or escalation of major hostilities in which the United States is involved, any declaration of war by the United States or any other substantial state, national or international calamity or emergency if the effect of any such outbreak, escalation, declaration, calamity or emergency makes it impractical or inadvisable, in our sole judgment, to proceed with any Exchange Offer;

(2) any change in the general political, market, economic or financial conditions in the United States or abroad that, in our sole judgment, has or may have a material adverse effect with respect to our business, operations or prospects or the trading in our securities or with respect to the financial effect of any Exchange Offer on us;

(3) any change (or any development involving any prospective change) in our business, assets, liabilities, condition (financial or otherwise), operations, results of operations or prospects that, in our sole judgment, has or may have a material adverse significance with respect to us; or

(4) any other reason that we determine, in our sole judgment, prior to the Expiration Date, makes it impracticable or inadvisable for us to proceed with any Exchange Offer applicable to any issue of Exchange Securities.

The foregoing conditions are for our sole benefit and may be asserted by us in our sole discretion, regardless of the circumstances giving rise to any such condition, or may be waived by us in whole or in part at any time and from time to time in our sole discretion. The failure by us at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time.

In addition, we will accept for exchange only those issues of Exchange Securities whose exchange for New Securities we believe would not result in a significant modification for U.S. federal income tax purposes and would satisfy certain other U.S. federal income tax requirements such that all New Securities would be permitted to have the same CUSIP Number. We will make this determination, in our sole discretion, as soon as practicable after the Pricing Date.

If for any reason the New Security Offering Price for the Cash Offering is not determined on the Pricing Date, the Exchange Offers will terminate and we will not accept any Exchange Securities for exchange. If the New Security Offering Price, Reference Yield, Exchange Yield and AOAS Prices are determined on the Pricing Date but New Securities are not issued pursuant to the Cash Offering for any reason, we may elect, in our discretion, to proceed with any Exchange Offer, in which case participating Holders will be required to deliver the Exchange Securities on the Exchange Security Delivery Date as described in this Supplement.

### **Deadline for Submission of Exchange Securities**

Any Exchange Security accepted for exchange must be delivered to the Settlement Agent by 3:00 p.m., New York City time, on the Exchange Security Delivery Date. Any Holder who submits a Letter of Transmittal must ensure that the Exchange Securities are delivered to the Settlement Agent for exchange.

## **Withdrawal Rights**

You may withdraw Exchange Securities tendered pursuant to the applicable Exchange Offer at any time prior to the original Expiration Date but not thereafter.

Each tender of Exchange Securities and corresponding electronic Letter of Transmittal will become irrevocable at the Expiration Date. However, any tender and corresponding electronic Letter of Transmittal may be revised or withdrawn prior to the Expiration Date by returning to the Exchange Website and editing or withdrawing the related electronic Letter of Transmittal. If you wish to so revise or withdraw your electronic Letter of Transmittal, you must use the same unique user ID, password and confirmation number received via e-mail under which you submitted that electronic Letter of Transmittal. If Freddie Mac terminates any Exchange Offer or decides not to accept any tenders, all tenders and electronic Letters of Transmittal shall automatically be deemed to be withdrawn. Any tenders not so accepted, together with the corresponding electronic Letters of Transmittal, shall automatically be deemed to be withdrawn.

**A revised or withdrawn electronic Letter of Transmittal that lacks any of the required information will not be an effective revision or withdrawal of a tender previously made. You may not revise or withdraw tenders after the original Expiration Date. Any revision or withdrawal of a tender must be received prior to the original Expiration Date.**

Holders who have tendered in the Exchange Offers will not have withdrawal rights during any extension of the Expiration Date. Any permitted withdrawals of tenders of Exchange Securities may not be rescinded, and any Exchange Securities so withdrawn will thereafter be deemed not validly tendered for purposes of the applicable Exchange Offer. However, withdrawn Exchange Securities may be re-tendered by the Expiration Date by following the standard procedures for tendering described above.

All questions as to the validity (including time of receipt) of withdrawals will be determined by us, and our determination will be conclusive and binding. None of Freddie Mac, the Dealer Managers, the Settlement Agent, the Luxembourg Exchange Agent or any other party or person will be under any duty to give notification of any defects or irregularities in any withdrawal or incur any liability for failure to give any such notification.

**You may withdraw Exchange Securities only by following the foregoing procedures.**

## **Dealer Managers; Soliciting Dealers; Settlement Agent; Information Agent**

We have engaged Bear, Stearns & Co. Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated to act as the exclusive Dealer Managers in connection with the Exchange Offers. Any Holder or beneficial owner who has questions concerning the terms of the Exchange Offers may contact the Dealer Managers at the addresses and telephone numbers set forth on the back cover of this Supplement. We have agreed to pay the Dealer Managers predetermined compensation for their services as Dealer Managers. We have agreed to indemnify the Dealer Managers against certain liabilities, including certain liabilities under the federal securities laws. The Dealer Managers have provided in the past, and currently are providing, other investment banking, financial advisory and other services to us.

In those jurisdictions where any applicable laws or regulations require the Exchange Offers to be made by a licensed broker or dealer, the Exchange Offers shall be made by an affiliate of Bear, Stearns & Co. Inc. or Merrill Lynch, Pierce, Fenner & Smith Incorporated which is a licensed broker or dealer in the relevant jurisdiction. References herein to the Dealer Managers shall, where the context admits, be references to Bear, Stearns & Co. Inc. or Merrill Lynch, Pierce, Fenner & Smith Incorporated and any of their affiliates by whom the Exchange Offers are made in any relevant jurisdiction.

The Dealer Managers, in the ordinary course of business, make markets in securities of Freddie Mac, including the Exchange Securities. As a result, from time to time the Dealer Managers may own certain of our securities, including the Exchange Securities, and may participate in the exchange of Exchange Securities.

A soliciting dealer fee of \$0.42 for each \$1,000 principal amount of New Securities issued pursuant to the Exchange Offers will be paid by Freddie Mac to brokers that are entitled to receive this fee and who are properly specified in the electronic Letter of Transmittal. In order to be eligible to receive the soliciting dealer

fee, a designated broker must be specified in the electronic Letter of Transmittal. Freddie Mac shall, in its sole discretion, determine whether a broker has satisfied the criteria for receiving a soliciting dealer fee (including, without limitation, the submission of the appropriate documentation without defects or irregularities and in respect of applicable bona fide tenders.)

We have engaged The Bank of New York to act as Settlement Agent in connection with the Exchange Offers. Any Holder or beneficial owner who has questions concerning the procedures for the Exchange Offers may contact the Settlement Agent at the address and telephone numbers set forth on the back cover of this Supplement. We have agreed to pay the Settlement Agent predetermined compensation for its services as Settlement Agent and to indemnify the Settlement Agent against certain liabilities.

D.F. King & Co., Inc. has been appointed as Information Agent for the Exchange Offers. Requests for additional copies of this Supplement may be directed to the Information Agent at the address and telephone number set forth on the back cover of this Supplement. We will pay the Information Agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses in connection with handling Exchange Offer documents and forwarding tenders.

Except as described in this Supplement, Freddie Mac will not pay any additional fees or commissions or reimburse mailing and handling expenses in connection with the Exchange Offers.

#### **Luxembourg Exchange Agent**

We have engaged Fortis Banque Luxembourg, S.A. to act as the Luxembourg Exchange Agent in connection with the Exchange Offers. In Luxembourg, all services in connection with the Exchange Offers are available through the Luxembourg Exchange Agent as more fully set forth in this Supplement. In Luxembourg, you may contact the Luxembourg Exchange Agent at the telephone number listed on the back cover for assistance in connection with any Exchange Offer, including (i) to obtain the Exchange Offer materials, (ii) to obtain additional copies of the Exchange Offer materials, (iii) to obtain copies of the Information Statement and (iv) for answers to questions concerning the terms and procedures of the Exchange.

### **DESCRIPTION OF NEW SECURITIES**

The following summary of certain provisions of the New Securities does not purport to be complete and is subject, and is qualified in its entirety by reference, to all the provisions of the New Securities. The New Securities will be issued as Fed Book-Entry Securities under Freddie Mac's Global Debt Facility. For a more complete description of the New Securities, see "Summary — Description of New Securities" in this Supplement, "Description of the Debt Securities" in the Offering Circular, and the preliminary Pricing Supplement attached as Annex 1 hereto.

The attached Pricing Supplement is deemed to be preliminary because it is incomplete with respect to certain information that will be available only after the Pricing Date. However, the preliminary Pricing Supplement is current and accurate as of the date of this Supplement. The information that will be added to the preliminary Pricing Supplement after the Pricing Date includes: (i) the amount of New Securities issued pursuant to the Exchange Offers and the Cash Offering, (ii) the interest rate of the New Securities, (iii) the Dealers for the Cash Offering, (iv) the Dealers' underwriting commitments, (v) the fixed offering price, and (vi) the concession and reallowance for the Cash Offering. After the Pricing Date, the final Pricing Supplement will be available from Freddie Mac, from the Dealer Managers or, in Luxembourg, from the Luxembourg Exchange Agent.

The New Securities will mature on December 14, 2018. The New Securities will not be subject to redemption by us prior to maturity. We will pay 100% of the principal amount of the New Securities at maturity.

The New Securities will accrue interest from the Settlement Date at the annual rate to be determined on the Pricing Date, payable on June 14 and December 14 of each year, commencing June 14, 2007, to the

persons in whose names the New Securities were registered at the close of business on the Business Day preceding such interest payment date.

The New Securities are expected to be rated “Aa2” by Moody’s, “AA–” by Standard & Poor’s, and “AA–” by Fitch.

An application has been made to have the New Securities admitted for trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange.

The New Securities will not be eligible to be stripped into their separate interest and principal components on the Fed Book-Entry System.

The New Securities are Freddie SUBS. Freddie SUBS are unsecured subordinated debt obligations of Freddie Mac and rank junior in priority to payment of 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.

Freddie Mac must defer payment of interest on all outstanding Freddie SUBS in certain cases. See “Summary — Description of New Securities” in this Supplement and “Description of Securities” in the preliminary Pricing Supplement and Offering Circular. We may not defer payment of interest on Freddie SUBS for more than five consecutive years or beyond their maturity date. If we defer payment of interest, interest will continue to accrue, including on any deferred interest, and will compound at the per annum interest rate of the Freddie SUBS. We will pay all deferred interest as soon as we no longer would be required to defer interest under the terms of the Freddie SUBS. Holders of Freddie SUBS will be entitled to receive interest payments only after Freddie Mac has made payment in full of all amounts due to holders of Senior Obligations. During periods when we defer payment of interest on Freddie SUBS, we may not declare or pay dividends on, redeem, purchase or acquire our common or preferred stock. Holders of Freddie SUBS may not accelerate the maturity of the securities upon default of the occurrence of any other event.

## UNITED STATES TAXATION

Any discussion of tax matters set forth in this Supplement was written to support the promotion and marketing of the Exchange Offers and New Securities. Such discussion was not intended or written to be used, and it cannot be used, by any person for the purpose of avoiding any tax penalties that may be imposed on such person. Each investor should seek advice based on its particular circumstances from an independent tax advisor.

We have engaged Shearman & Sterling LLP as special tax counsel to review the following discussion. Shearman & Sterling LLP has given us its written legal opinion that this discussion, when read with the discussion in the Offering Circular under the heading “Certain United States Federal Tax Consequences,” correctly describes the principal U.S. federal income tax consequences to an Owner (as defined below) of Exchange Securities of participating in an Exchange Offer and of owning and disposing of New Securities received through an Exchange Offer. This summary is based upon the Internal Revenue Code of 1986, as amended to the date of this Supplement (the “Code”), U.S. Treasury regulations promulgated thereunder (the “Regulations”), and judicial decisions and administrative pronouncements now in effect, all of which are subject to change, potentially with retroactive effect, or to differing interpretations. We have not sought and will not seek any ruling from the Internal Revenue Service with respect to the statements made and the conclusions reached in this summary and there can be no assurance that the Internal Revenue Service will agree with such statements and conclusions.

This summary addresses certain U.S. federal income tax consequences of the Exchange Offers to Owners of the Exchange Securities and of the ownership and disposition of the New Securities acquired in the Exchange Offers and supplements the summary under “Certain United States Federal Tax Consequences” in the Offering Circular. These two summaries are limited to Exchange Securities and New Securities held by Owners as capital assets within the meaning of Section 1221 of the Code. In addition, these two summaries do not discuss all of the tax consequences that may be relevant to an Owner in light of its particular circumstances or to Owners subject to special rules, such as certain financial institutions, insurance companies,

certain former citizens or residents of the United States, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, securities dealers, Owners holding Exchange Securities or New Securities as part of a hedging transaction, straddle, conversion transaction or synthetic security transaction, U.S. Owners (as defined below) whose functional currency (as defined in Section 985 of the Code) is not the U.S. dollar, partnerships or other pass-through entities, tax-exempt persons, or regulated investment companies.

In all cases, you are advised to consult your own tax advisors regarding the U.S. federal income tax consequences to you of participating in an Exchange Offer and of owning and disposing of New Securities as well as any tax consequences arising under the laws of any state, local, foreign or other taxing jurisdiction. In addition, this summary of certain U.S. federal income tax consequences is for general information only and does not constitute tax advice for any particular Owner.

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 (or other business entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- 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 applicable Regulations.

“U.S. Owner” means a U.S. Person that beneficially owns an Exchange Security and that will beneficially own a New Security. “Non-U.S. Owner” means a beneficial owner of an Exchange Security that will beneficially own a New Security and that is an individual, a corporation, an estate or a trust that is not a U.S. Person. “Owner” means either a U.S. Owner or a Non-U.S. Owner.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds an Exchange Security and will hold a New Security, the treatment of a partner will generally depend upon the status of the particular partner and the activities of the partnership. If you are a partner in such a partnership, you should consult your own tax advisors regarding participation in an Exchange Offer and the ownership and disposition of New Securities received in an Exchange Offer.

**Because the following discussion may not apply to you, we advise you to consult your own tax advisors regarding the tax consequences of participating in an Exchange Offer and of owning and disposing of New Securities in light of your own particular circumstances.**

## **The Exchange Offers**

### *The Receipt of New Securities*

The exchange of one debt instrument for another debt instrument generally will be treated as an exchange for U.S. federal income tax purposes if the exchange results in a “significant modification” of the terms of the old debt instrument. The exchange of an Exchange Security for a New Security pursuant to an Exchange Offer generally will constitute a significant modification if, based on all of the facts and circumstances, the legal rights and obligations under the New Security differ from those under the Exchange Security to a degree that is economically significant. Although the matter is not entirely free from doubt, we believe that the terms of a New Security will differ from the terms of an Exchange Security to an economically significant degree such that an exchange of an Exchange Security for a New Security will constitute an exchange for U.S. federal income tax purposes.

Consequently, an Owner of an Exchange Security will be required to recognize gain or loss on an exchange unless the exchange qualifies as a recapitalization for U.S. federal income tax purposes. The exchange of an Exchange Security for a New Security will qualify as a recapitalization only if both the Exchange Security and the New Security constitute “securities” for this purpose. The U.S. tax rules for determining whether a debt instrument constitutes a security for purposes of the recapitalization provisions are not entirely clear. The term “securities” is not defined in the Code or applicable Regulations and has not been clearly defined by court decisions. The determination of whether a debt instrument constitutes a “security” for U.S. federal income tax purposes is based on all the facts and circumstances, including, but not limited to, the term of the debt instrument, the degree of participation and continuing interest in the business, the extent of proprietary interest compared with the similarity of the instrument to a cash payment, and the overall purpose of the advances to which the instrument relates. The term of the debt instrument is usually considered the most significant factor. In general, a bona fide debt instrument that has a term of ten years or more is likely to be classified as a “security,” whereas an instrument with a term of five years or less is normally considered too short to qualify as a “security”.

The Exchange Securities mature ten years after their issuance and are not secured by our assets. The New Securities will mature approximately twelve years after issuance and are not secured by our assets. Based on their terms, we believe that both the Exchange Securities and the New Securities will be treated as securities for purposes of the recapitalization provisions. Thus, an exchange of an Exchange Security for a New Security will likely qualify as a recapitalization. As a result, apart from (i) the receipt of a New Security attributable to accrued but unpaid interest on an Exchange Security (which would be treated as a payment of interest and included in income to the extent not previously included) and (ii) the receipt of any cash as a result of rounding downward to the nearest \$1,000 the aggregate principal amount of a New Security obtained in an Exchange Offer (i.e., a Residual Cash Amount), Owners who participate in such an Exchange Offer will not recognize any loss as a result of the exchange and will recognize any realized gain at the time of the exchange only if the principal amount of the New Security received in the exchange (excluding the amount of any New Security received as payment for accrued interest) exceeds the principal amount of the Exchange Security tendered. The amount of any such gain recognized will generally equal the lesser of the gain realized on the exchange (other than any gain attributable to the Residual Cash Amount as described below) or the fair market value of the excess principal amount of the New Security received.

The remainder of this discussion assumes that an exchange of an Exchange Security for a New Security constitutes a significant modification but qualifies as a recapitalization for U.S. federal income tax purposes.

**Because the determination of whether a modification is significant for U.S. federal income tax purposes and whether it qualifies for recapitalization treatment will affect the U.S. federal income tax treatment of both an exchange and the ownership of the New Securities, Owners of Exchange Securities are urged to consult their own tax advisors to determine both whether participating in an Exchange Offer will result in a significant modification for U.S. federal income tax purposes of their Exchange Securities and whether the exchange will qualify for recapitalization treatment.**

We intend to treat the Residual Cash Amount resulting from rounding downward to the nearest \$1,000 the aggregate principal amount of a New Security obtained in an Exchange Offer as allocable first to any accrued and unpaid interest on the Exchange Security, and then to the retirement of a portion of the Exchange Security for U.S. federal income tax purposes. By participating in an Exchange Offer, an Owner agrees to be bound by such treatment. An Owner will recognize interest income with respect to any cash allocable to accrued interest to the extent the Owner has not previously included such interest in income. An Owner will recognize gain or loss in respect of any cash allocable to the retirement of the Exchange Security or a portion of the Exchange Security in an amount equal to the difference, if any, between such cash and the Owner's adjusted tax basis in the Exchange Security or the portion of the Exchange Security treated as retired. The gain or loss on the Exchange Security or the portion of the Exchange Security treated as retired will be taxed as described in the Offering Circular under the headings “Certain United States Federal Tax Consequences — U.S. Owners — Disposition or Retirement of Debt Obligations” and “Certain United States Federal Tax Consequences — Non-U.S. Owners — Disposition or Retirement of Debt Obligations.”

An Owner may also receive a New Security for accrued interest on the Exchange Security if the Residual Cash Amount is less than the amount of the accrued interest. If a U.S. Owner uses the cash method of tax accounting, such U.S. Owner should recognize ordinary income when the U.S. Owner receives the New Security in an amount equal to the fair market value of the New Security the U.S. Owner receives in respect of accrued interest on the Exchange Security. If a U.S. Owner uses the accrual method of tax accounting, such U.S. Owner should have already recognized ordinary income in respect of accrued interest on the Exchange Security, and therefore should not recognize income upon the receipt of a New Security in respect of such accrued interest. In either case, an Owner's tax basis in a New Security received in respect of accrued interest should generally equal its fair market value. Non-U.S. Owners that receive a New Security in respect of accrued interest on an Exchange Security should generally be subject to the rules described in the Offering Circular under the heading "Certain United States Federal Tax Consequences — Non-U.S. Owners — Interest." For that portion of a New Security received in respect of accrued interest on an Exchange Security, an Owner's holding period should begin on the day after the Settlement Date. Each Owner should consult its own tax advisors regarding the treatment of accrued interest on an Exchange Security.

#### *The Receipt of Solely Cash*

An Owner who receives solely cash in an Exchange Offer as a result of tendering Exchange Securities with an aggregate principal amount such that less than \$100,000 of New Securities would be issued in exchange therefor, will be treated as having sold its Exchange Securities for the amount of cash received. Accordingly, an Owner who receives solely cash in an Exchange Offer will recognize gain or loss equal to the difference between the amount realized upon the sale of the Exchange Securities (other than amounts attributable to accrued and unpaid interest on the Exchange Securities, which will be taxable as interest income to the extent not previously taken into account) and the Owner's adjusted tax basis in the Exchange Securities tendered. Such gain or loss will be taxed as described in the Offering Circular under the headings "Certain United States Federal Tax Consequences — U.S. Owners — Disposition or Retirement of Debt Obligations" and "Certain United States Federal Tax Consequences — Non-U.S. Owners — Disposition or Retirement of Debt Obligations."

#### **The New Securities**

The issue price per \$1,000 principal amount of the New Securities will be the first price at which a substantial amount of the New Securities is sold for cash in the Cash Offering to persons other than those acting as placement agents, underwriters, brokers or wholesalers, which we expect to be the fixed offering price set forth in the final Pricing Supplement.

An Owner's tax basis in a New Security received in an Exchange Offer for an Exchange Security (other than a New Security attributable to accrued interest on an Exchange Security) should be the same as the Owner's adjusted tax basis in the Exchange Security surrendered therefor, reduced by the Owner's adjusted tax basis in the portion, if any, of the Exchange Security treated as retired in connection with the payment of the Residual Cash Amount and increased by any gain recognized on the exchange (other than any gain attributable to an Owner's receipt of the Residual Cash Amount). An Owner's holding period for a New Security (other than a New Security attributable to accrued interest on an Exchange Security) will include the Owner's holding period for the Exchange Security.

The New Securities should be considered newly acquired debt instruments for purposes of any elections or identification requirements of U.S. federal income tax laws. Several such elections, including elections regarding the treatment of market discount and bond premium, are discussed in the Offering Circular under the heading "Certain United States Federal Tax Consequences."

Stated interest on the New Securities will be taxed as described in the Pricing Supplement under "Certain United States Federal Tax Consequences" and in the Offering Circular under the headings "Certain United States Federal Tax Consequences — U.S. Owners — Payments of Interest" and "Certain United States Federal Tax Consequences — Non-U.S. Owners — Interest," as applicable.

For a summary of certain other U.S. federal income tax consequences of holding the New Securities, see "Certain United States Federal Tax Consequences" in the Offering Circular.

## Information Reporting and Backup Withholding

Any amount of New Securities received with respect to accrued interest on the Exchange Securities and the cash payment, if any, received as a result of rounding downward to the nearest \$1,000 of the aggregate principal amount of the New Securities an Owner receives may be subject to information reporting and backup withholding. The rules governing information reporting and backup withholding are described in the Offering Circular under the heading “Certain United States Federal Tax Consequences — Information Reporting and Backup Withholding.”

**THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON AN OWNER’S PARTICULAR SITUATION. OWNERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM OF THEIR PARTICIPATION IN ANY EXCHANGE OFFER AND THE OWNERSHIP AND DISPOSITION OF THE NEW SECURITIES, 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.**

## LUXEMBOURG TAXATION

The following is a general description of certain Luxembourg tax considerations relating to the Exchange Offers. It does not purport to be a complete analysis of all tax considerations relating to the Exchange Offers, whether in Luxembourg or elsewhere. Holders of Exchange Securities should consult their own tax advisers as to which countries’ tax law could be relevant to the Exchange Offers and to receiving payments of interest, principal and/or other amounts or New Securities under the Exchange Offers and the consequences of such an exchange under the tax law of those countries. This summary is based upon the law as in effect on the date of this Supplement. The information and analysis contained within this section are limited to taxation issues, and Holders of Exchange Securities should not apply any information or analysis set out below to other areas, including (but not limited to) the legality of transactions involving the exchange of Exchange Securities for New Securities or for cash. Under the existing law of Luxembourg:

### (A) Withholding Tax

All payments of interest and principal and/or other amounts or exchange for New Securities by the Luxembourg Exchange Agent under the Exchange Offers can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with applicable Luxembourg law, subject however to:

- (i) the application of the Luxembourg law of 21 June 2005 implementing the European Union Savings Directive (Council Directive 2003/48/EC) and providing for the possible application of a withholding tax (15% from 1 July 2005 to 30 June 2008, 20% from 1 July 2008 to 30 June 2011 and 35% from 1 July 2011) on interest paid to certain non-Luxembourg resident investors (individuals and certain types of entities called “residual entities”) in the event of the Luxembourg Exchange Agent appointing a paying agent in Luxembourg within the meaning of the above-mentioned directive (see, paragraph “(G) *EU Savings Directive*” below);
- (ii) the application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005, which has introduced a 10% final withholding tax on savings income (i.e., with certain exemptions, savings income within the meaning of the Luxembourg law of 21 June 2005 implementing the European Union Savings Directive). This law should apply to savings income accrued as from 1 July 2005 and paid as from 1 January 2006.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg laws of 21 June 2005 and 23 December 2005 is assumed by the Luxembourg paying agent within the meaning of these laws.

#### (B) Taxes on Income and Capital Gains

A Holder of an Exchange Security who derives income from the exchange of Exchange Securities (for New Securities or for cash) or who realizes a gain on the disposal or redemption thereof will not be subject to Luxembourg taxation on such income or capital gains (subject to the EU Directive on the Taxation of Savings Income) unless:

- (i) such Holder is, or is deemed to be, resident in Luxembourg for Luxembourg tax purposes (or for the purposes of the relevant provisions); or
- (ii) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg;

#### (C) Net Wealth Tax

Luxembourg net wealth tax will not be levied on a Holder of an Exchange Security on or because of the exchange of Exchange Securities (for New Securities or for cash) unless:

- (i) such Holder is, or is deemed to be, resident in Luxembourg for the purpose of the relevant provisions; or
- (ii) such Exchange Security is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg;

As regards to individuals, the Luxembourg law of 23 December 2005 has abrogated the net wealth tax starting with the year 2006.

#### (D) Value Added Tax

There is no Luxembourg value-added tax payable in respect of payments in consideration for the exchange of Exchange Securities (for New Securities or for cash) or in respect of the payment of interest or principal on the New Securities;

#### (E) Other Taxes and Duties

It is not compulsory that the exchange of Exchange Securities (for New Securities or for cash) be filed, recorded or enrolled with any court or other authority in Luxembourg or that registration tax, transfer tax, capital tax, stamp duty or any other similar tax or duty (other than court fees and contributions for the registration with the Chamber of Commerce) be paid in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of Luxembourg) of the exchange of Exchange Securities in accordance therewith. However, ad valorem registration duties may be due on the Exchange Securities where the exchange of Exchange Securities is voluntarily registered, or where registration is ordered following (i) notarization of the exchange of Exchange Securities; (ii) reference to the exchange of Exchange Securities for New Securities in a public deed; or (iii) production of or reference to the exchange of Exchange Securities for New Securities in judicial proceedings in Luxembourg or before any other Luxembourg official authority (autorité constituée);

#### (F) Residence

A Holder of an Exchange Security or a New Security will not become resident, or deemed to be resident, in Luxembourg by reason only of the exchange of Exchange Securities or the execution, performance, delivery and/or enforcement of that exchange; and

#### (G) EU Savings Directive

On 3 June 2003, the EU Council of Economic and Finance Ministers adopted a new directive regarding the taxation of savings income. The directive is, in principle, applied by Member States as from 1 July 2005 and has been implemented in Luxembourg by the law of 21 June 2005. Under the directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or

other similar income paid by a paying agent within the meaning of the EU Savings Directive to an individual resident or certain types of entities called “residual entities” established in that other Member State (or certain dependent and associated territories). For a transitional period, however, Austria, Belgium and Luxembourg are permitted to apply an optional information reporting system whereby if a beneficial owner does not comply with one of two procedures for information reporting, the Member State will levy a withholding tax on payments to such beneficial owner. The withholding tax system will apply for a transitional period during which the rate of withholding will be 15% from 1 July 2005 to 30 June 2008, 20% from 1 July 2008 to 30 June 2011 and 35% from 1 July 2011. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. See “European Union Directive on the Taxation of Savings Income in the Form of Interest Payments (Council Directive 2003/48/EC).”

Also with effect from 1 July 2005, a number of non-EU countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino), have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for, an individual resident or a residual entity established in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories (Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, Netherlands Antilles and Aruba) in relation to payments made by a paying agent in a Member State to, or collected by such a paying agent for, an individual resident or a residual entity established in one of those territories.

## **JURISDICTIONAL RESTRICTIONS**

### **General**

Each Exchange Offer and the Cash Offering may be made and the New Securities may be offered or sold only where it is legal to do so. The Dealer Managers and the Dealers have represented and agree to the extent applicable that they will comply with all applicable laws and regulations in each jurisdiction outside of the United States in which they may conduct the Exchange Offers and the Cash Offering. The Dealer Managers and the Dealers also have agreed to comply with certain selling restrictions relating to certain countries. We, the Dealer Managers and the Dealers may modify these selling restrictions at any time.

This Supplement, the Offering Circular, the Pricing Supplement or any other applicable supplement or amendment is not an offer to sell or buy or a solicitation of an offer to buy or sell any securities other than the New Securities or Exchange Securities or an offer to sell or buy or a solicitation of an offer to buy or sell New Securities or Exchange Securities in any jurisdiction or in any other circumstance in which such an offer or solicitation is unlawful or not authorized.

### **Canada**

#### *General*

The Exchange Offers and the Cash Offering in Canada are being made solely by this Supplement and the Pricing Supplement and not through any advertisement of the Exchange Offers or the Cash Offering in any printed media of general and regular paid circulation, radio, television or any other form of advertising. Any decision to participate in the Exchange Offers or the Cash Offering should be based solely on the information contained herein. No person has been authorized to give any information or make any representations other than those made herein.

In Canada, the Exchange Offers and the Cash Offering are being made on a private placement basis solely in the provinces of Ontario, Québec, Manitoba and British Columbia (the “Canadian Offering Jurisdictions”). The Exchange Offers and the Cash Offering will be made through the Dealer Managers and the Dealers, respectively, or through their affiliates who are permitted under applicable securities laws to offer and sell the New Securities in the Canadian Offering Jurisdictions.

### *Distribution and Resale Restrictions*

The distribution of New Securities in the Canadian Offering Jurisdictions is being made on a private placement basis and is exempt from the requirement under applicable Canadian securities legislation that we prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Any resale of the New Securities must be made: (i) through an appropriately registered dealer or in accordance with an exemption from the dealer registration requirements of applicable Canadian securities legislation; and (ii) in accordance with, or pursuant to an exemption from, the prospectus qualification requirements of such Canadian securities legislation. These resale restrictions may in some circumstances apply to resales made outside of Canada. We are not a “reporting issuer” in any province or territory of Canada. Purchasers of the New Securities are advised to seek legal advice prior to any resale of the New Securities.

### *Representations and Agreements by Purchasers*

The Holder submitting a Letter of Transmittal will be deemed to represent and warrant to, among others, us, the Dealer Managers and the Dealers, as applicable, on behalf of itself and any beneficial owner of Exchange Securities being tendered under such Letter of Transmittal, that neither the Holder nor the beneficial owner is resident in Canada or, if either the Holder or beneficial owner is resident in Canada, that the beneficial owner (or the person or entity purchasing New Securities as a deemed principal under Canadian provincial securities laws):

(a) is entitled under applicable provincial securities laws to purchase the New Securities without the benefit of a prospectus qualified under those securities laws and, in the case of purchasers in provinces other than Ontario, without the services of a dealer registered pursuant to those securities laws;

(b) is basing its investment decision solely on this Supplement and the Pricing Supplement and not on any other information concerning us, the Exchange Offers or the Cash Offering, as applicable;

(c) has reviewed and acknowledges the terms referred to above under the heading “Jurisdictional Restrictions — Canada — Distribution and Resale Restrictions”;

(d) is resident in one of the Canadian Offering Jurisdictions;

(e) is purchasing the New Securities with the benefit of the prospectus exemption provided by Section 2.3 of *National Instrument 45-106 — Prospectus Exempt Distributions* (“NI 45-106”) (that is, it is purchasing as principal and is an “accredited investor” within the meaning of Section 1.1 of NI 45-106); and is either purchasing New Securities as principal for its own account, or is deemed to be purchasing the Notes as principal for its own account in accordance with applicable securities laws;

(f) if it is an “accredited investor” in reliance on paragraph (m) of the definition of “accredited investor” in section 1.1 of NI 45-106, it was not created or used solely to purchase or hold securities as an accredited investor under that paragraph (m);

(g) if in Ontario, it is not an individual unless purchasing from a broker, investment dealer or a limited market dealer within the meaning of Section 98 of the Regulation to the Securities Act (Ontario);

(h) if required by applicable securities laws or stock exchange rules, it will execute, deliver and file or assist us in obtaining and filing such reports, undertakings and other documents relating to the purchase of the New Securities by it as may be required by any securities commission, stock exchange or other regulatory authority;

(i) acknowledges that we and the Dealer Managers, the Dealers or their affiliates and their respective agents and advisers may each collect, use and disclose its name and other specified personally identifiable information (the “Information”), including the amount of New Securities that it has purchased for purposes of meeting legal, regulatory and audit requirements and as otherwise permitted or required by law or regulation; consents to the disclosure of the Information; and acknowledges (A) that Information concerning the purchaser will be disclosed to the relevant Canadian securities regulatory authorities, including the Ontario Securities Commission, and may become available to the public in

accordance with the requirements of applicable securities and freedom of information laws and the purchaser consents to the disclosure of the Information; (B) is being collected indirectly by the applicable Canadian securities regulatory authority under the authority granted to it in securities legislation; and (C) is being collected for the purposes of the administration and enforcement of the applicable Canadian securities legislation; by purchasing the New Securities, it shall be deemed to have authorized such indirect collection of personal information by the relevant Canadian securities regulatory authorities. Questions about such indirect collection of Information by the Ontario Securities Commission should be directed to the Administrative Assistant to the Director of Corporate Finance, Ontario Securities Commission, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8 or to the following telephone number (416) 593-8086; and

(j) expressly wishes that all documents evidencing or relating in any way to the sale of the New Securities be drafted in the English language only. *Le porteur qui soumet une lettre d'envoi reconnaît que c'est sa volonté expresse que tous les documents se rapportant de quelque manière que se soit à la vente des nouvelles valeurs mobilières ou en faisant foi soient rédigés uniquement en anglais.*

Any beneficial owner in Canada of Exchange Securities tendered pursuant to an Exchange Offer and any person or entity purchasing New Securities as a deemed principal under applicable Canadian provincial securities laws will also be deemed to have made the foregoing representations and warranties.

### *Responsibility*

Except as otherwise expressly required by applicable law, no representation, warranty or undertaking (express or implied) is made and no responsibilities or liabilities of any kind or nature whatsoever are accepted by the Dealer Managers, Dealers or their affiliates as to the accuracy or completeness of the information contained in this Supplement.

### *Ontario Purchasers*

Section 6.2 of Ontario Securities Commission Rule 45-501 provides that purchasers who have been delivered an offering memorandum, such as this Supplement, the Pricing Supplement and the Offering Circular, in connection with a distribution of securities in reliance upon the “accredited investor” prospectus exemption in Section 2.3 of NI 45-106 have the rights referred to in Section 130.1 of the *Securities Act* (Ontario) (the “Ontario Act”). The Ontario Act provides such purchasers with a statutory right of action against the issuer of the securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a misrepresentation. A “misrepresentation” is an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading or false in the light of the circumstances in which it was made.

This summary is subject to the express provisions of the Ontario Act and reference is made thereto for the complete text of such provisions. Such provisions may contain limitations and statutory defences not described here on which we and other applicable parties may rely. **Purchasers should refer to the applicable provisions of the Ontario Act for the particulars of these rights or consult with a legal adviser.**

The rights of action described below are in addition to and without derogation from any other right or remedy available at law to the purchaser and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein.

Where an offering memorandum is delivered to a purchaser and contains a misrepresentation, the purchaser, without regard to whether the purchaser relied on the misrepresentation, will have a statutory right of action against the issuer for damages or for rescission; if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the issuer. No such action shall be commenced more than, in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action, or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Ontario Act provides a number of limitations and defences to such actions, including the following:

(a) the issuer is not liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(b) in an action for damages, the issuer shall not be liable for all or any portion of the damages that the issuer proves does not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and

(c) in no case shall the amount recoverable exceed the price at which the securities were offered.

The issuer and any other person or company who becomes liable to make any payment for a misrepresentation may recover a contribution from any person or company who, if sued separately, would have been liable to make the same payment, unless the court rules that, in all the circumstances of the case, to permit recovery of the contribution would not be just and equitable;

These rights are not available for a purchaser that is:

(a) a Canadian financial institution, meaning either:

(i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; or

(ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services corporation, or league that, in each case, is authorized by an enactment of Canada or a province or territory of Canada to carry on business in Canada or a territory in Canada;

(b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(c) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(d) a subsidiary of any person referred to in paragraphs (a), (b) or (c), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

#### *Canadian Tax Considerations*

No representation or warranty is made as to the tax consequences to a Canadian resident of an investment in the New Securities or the disposition of Exchange Securities. Canadian residents are advised that an investment in the New Securities or the disposition of Exchange Securities may give rise to particular tax consequences affecting them. **Accordingly, Canadian residents are strongly encouraged to consult with their tax advisers prior to making any investment in the New Securities or disposing of Exchange Securities.**

#### **Denmark**

This Supplement has not been filed with the Danish Financial Supervisory Authority or any other regulatory authority in the Kingdom of Denmark. The Dealer Managers and the Dealers have represented and agreed that the Exchange Offers and the Cash Offering are not being and will not be made, directly or indirectly, in Denmark, unless in compliance with Chapter 6 of the Danish Act on Trading in Securities and Executive Order no. 306 of 28 April 2005 issued pursuant thereto as amended from time to time.

#### **France**

The Dealer Managers and the Dealers have represented and agreed that the Exchange Offers and the Cash Offering are not being and will not be made, directly or indirectly, to the public in France and the Exchange Offers and the Cash Offering will, in France, be made only to qualified investors (investisseurs qualifiés), as defined in Articles L.411-2 and D.411-1 to D.411-3 of the French Code monétaire et financier (the "French Code"), but excluding individuals referred to in Article D.411-1 II 2° of the French Code.

The Dealer Managers and the Dealers have in addition represented and agreed that neither this Supplement nor any other offering materials relating to the Exchange Offers or the Cash Offering are being or will be distributed or caused to be distributed in France other than to investors to whom the Exchange Offers or the Cash Offering in France may be made as described above.

### **Hong Kong**

The Dealer Managers (and, in relation to the Cash Offering, the Dealers) have represented and agreed that:

(a) they have not offered or sold and will not offer or sell in Hong Kong any New Securities and have not made and will not make the Exchange Offer in Hong Kong, by means of any document, other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) they have not issued or had in their possession for the purposes of issue, and will not issue or have in their possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the New Securities or the Exchange Offer, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Securities subject to the terms of the Exchange Offer or the Cash Offering which are or are intended to be disposed of, or with respect to the offer to purchase certain Exchange Securities for cash, which is or is intended to be made only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

### **Italy**

This Supplement has not been registered pursuant to the Italian securities legislation and, accordingly, the Dealer Managers and the Dealers have represented and agreed that they have not offered or sold, and will not offer to buy or sell, any New Securities in the Republic of Italy either in the primary or secondary market and that any offer shall be made in compliance with all applicable laws and regulations, including (without limitation) Italian Legislative Decree No. 58 of 24 February 1998 as amended and the relevant regulations issued by *Commissione Nazionale per le Società e la Borsa (CONSOB)*. Accordingly, any acceptance of the Exchange Offers or the Cash Offering from Italian investors (whether professional investors or individuals) shall be considered as void.

### **Japan**

Each Dealer Manager and each Dealer has represented and agreed that it has not offered or sold, and will not offer or sell, directly and indirectly, any of the New Securities in Japan 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/or in compliance with the Securities and Exchange Law and/or any other applicable laws, regulations and ministerial guidelines of Japan.

The New Securities may be offered as a private placement for a small number (Shoninzuu-Shibo), as defined under Article 2, Paragraph 3, Item 2, Sub-item (ii) of the Securities and Exchange Law of Japan, by filing a securities notice with the Director of the Kanto Local Finance Bureau. The New Securities have not been and will not be registered under Article 4, Paragraph 1 of the Securities and Exchange Law. Where the New Securities are purchased pursuant to a private placement for a small number of investors, the subsequent partial transfer of the New Securities is prohibited and any transfer must be to one person.

The New Securities may also be offered to qualified institutional investors (Tekikaku-Kikan-Toushika), as defined under Article 2, Paragraph 3, Item 2, Sub-item (i) of the Securities and Exchange Law of Japan.

The New Securities have not been and will not be registered under Article 4, Paragraph 1 of the Securities and Exchange Law. Where the New Securities are purchased pursuant to a private placement to qualified institutional investors, any subsequent transfer of the New Securities must be to a qualified institutional investor.

Each Dealer Manager and each Dealer has also represented and agreed to provide any necessary information regarding Yen denominated New Securities to Freddie Mac or the Global Agent so that Freddie Mac or the Global Agent may make any required or advisable reports to the Japanese Ministry of Finance.

### **Luxembourg**

The New Securities may not be offered or sold to the public within the territory of the Grand-Duchy of Luxembourg unless

(a) a prospectus has been duly approved by the *Commission de Surveillance du Secteur Financier* (the “CSSF”) if Luxembourg is the home member state (as defined in the Law of 10 July 2005 on prospectuses for securities and implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the “Law”)); or

(b) if Luxembourg is not the home member state, the CSSF has been notified by the competent authority in the home member state that the prospectus has been duly approved; or

(c) the offer benefits from an exemption to or constitutes a transaction not subject to, the requirement to publish a prospectus.

### **Singapore**

The Dealer Managers and the Dealers have acknowledged that this Supplement and the Offering Circular have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer Manager and each Dealer has represented and agreed that it will not offer or sell the New Securities pursuant to the Cash Offering and Exchange Offers nor make the New Securities the subject of an invitation for subscription or purchase, nor will it circulate or distribute this Supplement, the Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the New Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to an accredited investor or other relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

### **United Kingdom**

Each Dealer Manager and each Dealer has represented to and agreed with Freddie Mac, amongst other things, that:

(a) it has complied with and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the “FSMA”) with respect to anything done by it in relation to the New Securities in, from or otherwise involving the United Kingdom; and

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the New Securities in circumstances in which Section 21(1) of the FSMA does not apply to Freddie Mac.

The communication of this Supplement is not being made and this Supplement has not been approved by an authorised person for the purposes of Section 21 of the FSMA. Accordingly, this Supplement is not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of this Supplement as a financial promotion is only being made to those persons in the United Kingdom falling

within the definition of Investment Professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”)) or persons who fall within Article 43 of the Order or to other persons to whom it may lawfully be communicated in accordance with the Order or any person to whom it may otherwise lawfully be made.

#### **VALIDITY OF NEW SECURITIES**

The validity of the New Securities will be passed upon for Freddie Mac by our General Counsel (or one of our Deputy General Counsels) and for the Dealer Managers by Sidley Austin LLP, New York, New York. The U.S. federal income tax consequences of the Exchange Offers and the New Securities will be passed upon by Shearman & Sterling LLP, Washington, D.C., special tax counsel to Freddie Mac.

## LOCATION OF DEFINED TERMS

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

Certain other terms used herein are defined in the Offering Circular. See “Appendix A — Index of Defined Terms” in the Offering Circular.

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**Schedule A**

**Exchange Securities**

The CUSIP number, ISIN, Acceptance Priority Level, interest rate, maturity date, principal amount outstanding and fixed spread for each issue of Exchange Securities subject to the Exchange Offers are set forth in the following table:

CUSIP Number	ISIN	Acceptance Priority Level	Interest Rate	Maturity Date	Redemption Date*	Amount Currently Outstanding (in millions)	Fixed AOAS (in basis points)	Fixed Yield Spread to New Securities (in basis points)
3134A4MF8	US3134A4MF87	1	6.25%	March 5, 2012	March 5, 2007 only	\$1,500	+2.00 bps	N/A
3134A4EW0	US3134A4EW03	2	5.875	March 21, 2011	Not redeemable	2,000	N/A	-25.50 bps
3134A4RU0	US3134A4RU00	3	5.25	November 5, 2012	November 5, 2007 only	1,000	+8.00 bps	N/A

\* May be redeemed by Freddie Mac subject to certain conditions, in whole but not in part, at a price of 100% of the principal amount plus accrued interest to the date of redemption.

## Methodology

Part 1 of this Schedule is intended to provide a brief summary of the methodology to be used to calculate the Exchange Ratio for each issue of Exchange Securities. Part 2 of this Schedule sets forth hypothetical examples of the Exchange Ratio for each issue of Exchange Securities. Part 3 of this Schedule sets forth a formula for determining the Exchange Security Index Price of a Non-callable Exchange Security (including interest to but excluding the Settlement Date) based on a specified yield to maturity. Part 4 of this Schedule sets forth a procedure for calculating the Exchange Security Index Prices of the Callable Exchange Securities. This Schedule is not complete and is qualified in its entirety by the description contained in “The Exchange Offers — Calculation of Exchange Ratio” in the Supplement to which this Schedule is attached. If there is any conflict between the information contained in this Schedule and the description contained under such caption, the description contained under such caption shall control.

### Part 1 Methodology

By 12:00 noon, New York City time, or as soon as possible thereafter, on the first Business Day following the Expiration Date, the price per \$1,000 principal amount at which we will sell the New Securities to the public pursuant to the Cash Offering (the “New Security Offering Price”) will be determined in accordance with standard market practice by negotiation between us and representatives of the Dealers for the Cash Offering. At or about the same time, the Dealer Managers will determine the yield to maturity implied by this price (the “Reference Yield”) in accordance with standard market practice. The Reference Yield will be the yield to maturity that, pursuant to the formula in Part 3 below, results in a price per \$1,000 principal amount equal to the New Security Offering Price.

Next, for the Non-callable Exchange Security, the Dealer Managers will use the formula in Part 3 of this Schedule to calculate a price per \$1,000 principal amount (including accrued interest to but excluding the Settlement Date) (the “Exchange Security Index Price” for such Exchange Securities) based on a yield to maturity (the “Exchange Yield” for such Exchange Securities) equal to the sum of (a) the Reference Yield *and* (b) the number of basis points applicable to such issue of Exchange Securities as identified on Schedule A (the “Fixed Yield Spread to New Securities” for such Exchange Securities).

For the Callable Exchange Securities, the Dealer Managers will calculate a price (the “AOAS Price”) corresponding to the fixed Agency Option-Adjusted Spread (“AOAS”), as defined by the Securities Industry and Financial Markets Association in its “Practice Guidelines for Trading in GSE European Callable Securities” and as described in Part 4 of this Schedule. This AOAS Price for each Callable Exchange Security plus accrued interest to, but excluding, the Settlement Date will be the “Exchange Security Index Price” for such Exchange Security.

Finally, for each issue of Exchange Securities, the Dealer Managers will calculate the principal amount of New Securities to be issued in exchange for each \$1,000 principal amount of such Exchange Securities (the “Exchange Ratio” for such Exchange Securities) by multiplying \$1,000 by (a) the Exchange Security Index Price for such Exchange Securities *divided by* (b) the New Security Offering Price. The Exchange Ratio will be expressed as a decimal and rounded to the seventh digit after the decimal point. (If the eighth digit to the right of the decimal point is five or greater, the seventh digit will be rounded up by one.)

Greater detail about the specific manner in which the Dealer Managers will determine Exchange Ratios is set forth under “The Exchange Offers — Calculation of Exchange Ratio.” The methodologies described therein represent two of several possible approaches. Their formulation involved choices and judgments that are necessarily subjective. Each beneficial owner should independently analyze the value of the Exchange Securities and the New Securities and make an independent assessment of the terms of any Exchange Offer. Freddie Mac has not expressed any opinion as to whether the terms of any Exchange Offer are fair. Freddie Mac makes no recommendation as to whether any beneficial owner should tender Exchange Securities for exchange, and no one has been authorized by Freddie Mac to make any such recommendation.

## Part 2 Hypothetical Examples<sup>(1)</sup>

### Determination of Exchange Ratio, Face Amount of New Securities and Residual Cash Amount For the 6.25% Freddie SUBS due March 5, 2012 (CUSIP No. 3134A4MF8; ISIN US3134A4MF87) Exchange Consideration for an assumed \$1,000,000 tender

Fixed AOAS (in basis points)	Hypothetical AOAS Price <sup>(2)</sup>	Hypothetical Exchange Security Index Price <sup>(3)</sup>	Assumed New Security Offering Price	Hypothetical Exchange Ratio <sup>(4)</sup>	Face Amount of New Securities <sup>(5)</sup>	Residual Cash Amount
+2.00 bps	\$1,002.04	\$1,019.23	\$1,000	1.0192300	\$1,019,000	\$230.00

### Determination of Exchange Ratio, Face Amount of New Securities and Residual Cash Amount For the 5.875% Freddie SUBS due March 21, 2011 (CUSIP No. 3134A4EW0; ISIN US3134A4EW03) Exchange Consideration for an assumed \$1,000,000 tender

Hypothetical Reference Yield	Fixed Yield Spread to New Securities (in basis points)	Hypothetical Exchange Yield <sup>(6)</sup>	Hypothetical Exchange Security Index Price <sup>(7)</sup>	Assumed New Security Offering Price	Hypothetical Exchange Ratio <sup>(4)</sup>	Face Amount of New Securities <sup>(5)</sup>	Residual Cash Amount
4.98%	-25.50 bps	4.725%	\$1,057.46	\$1,000	1.0574600	\$1,057,000	\$460.00

### Determination of Exchange Ratio, Face Amount of New Securities and Residual Cash Amount For the 5.25% Freddie SUBS due November 5, 2012 (CUSIP No. 3134A4RU0; ISIN US3134A4RU00) Exchange Consideration for an assumed \$1,000,000 tender

Fixed AOAS (in basis points)	Hypothetical AOAS Price <sup>(2)</sup>	Hypothetical Exchange Security Index Price <sup>(3)</sup>	Assumed New Security Offering Price	Hypothetical Exchange Ratio <sup>(4)</sup>	Face Amount of New Securities <sup>(5)</sup>	Residual Cash Amount
+8.00 bps	\$997.62	\$1,003.31	\$1,000	1.0033100	\$1,003,000	\$310.00

(1) The assumed Settlement Date is December 14, 2006.

(2) Per \$1,000 principal amount. See AOAS Pricing Details (below).

(3) Per \$1,000 principal amount. Based on Hypothetical AOAS Price plus accrued interest.

(4) Hypothetical Exchange Security Index Price divided by the Assumed New Security Offering Price.

(5) \$1,000,000 times Hypothetical Exchange Ratio rounded down to nearest \$1,000.

(6) The sum of the Hypothetical Reference Yield and the Fixed Yield Spread to New Securities.

(7) Per \$1,000 principal amount. Based on Hypothetical Exchange Yield (includes accrued interest).

### AOAS Pricing Details

For purposes of calculating the Hypothetical AOAS Price and the Hypothetical Exchange Security Index Price for this example, the Callable Exchange Securities incorporated the following additional inputs:

Skew Adjustment	=	1.0
BMA-FHLMC Reference Curve	=	1267
Dated	=	December 1, 2006
Yield Curve Adjustment	=	A
Shift	=	0 bps

		<u>For the 6.25% Freddie SUBS due March 5, 2012</u>	<u>For the 5.25% Freddie SUBS due November 5, 2012</u>
At-the-Money Volatility	=	16.04	17.39

	Yield Curve	Yield Curve Adjustment <sup>(8)</sup>
3 month:	5.265	-0.3
6 month:	5.166	-0.5
1 year:	4.926	-2.2
2 year:	4.718	-2.4
3 year:	4.626	-0.5
4 year:	4.599	0.3
5 year:	4.627	1.2
7 year:	4.657	0.1
10 year:	4.735	0.3
20 year:	4.804	1.7
30 year:	4.872	3.2

(8) Provided by Bloomberg, select option A (default). This is the spread added to the Yield of a Designated Security to obtain the corresponding Constant Maturity Yield.

### Part 3 Formula to Price Securities Based on Yield to Maturity

Whenever in this Supplement there is a reference to a price per \$1,000 principal amount of securities intended to result from a specified yield to maturity on the Settlement Date, that price will be determined in accordance with market convention pursuant to the following formula.

#### Definitions

- PRICE = The price per \$1,000 principal amount (including accrued interest, if any, to but excluding the Settlement Date) of the security being priced, rounded to the second digit after the decimal point.
- N = The number of remaining cash payment dates for the securities being priced from but excluding the Settlement Date to and including the maturity date for such securities.
- CF<sub>i</sub> = The aggregate amount of cash per \$1,000 principal amount scheduled to be paid on the securities being priced on the “i<sup>th</sup>” out of the N remaining cash payment dates from such securities. Scheduled payments of cash include interest and, on the applicable maturity date, principal.
- YLD = The specified yield to maturity (expressed as a decimal number).
- D<sub>i</sub> = The number of days from and including the Settlement Date to but excluding the “i<sup>th</sup>” out of the N remaining cash payment dates for the securities being priced. The number of days is computed using the 30/360 day count method in accordance with market convention.
- / = Divide. The term immediately to the left of the division symbol is divided by the term immediately to the right of the division symbol before any other addition or subtraction operations are performed.
- exp = Exponentiate. The term to the left of the exponentiation symbol is raised to the power indicated by the term to the right of the exponentiation symbol.
- $\sum_{i=1}^N$  = Summate. The term to the right of the summation symbol is separately calculated “N” times (substituting for the “i” in that term each whole number between 1 and N, inclusive) and the separate calculations are then added together.

#### Formula to Determine Price (including accrued interest to but excluding the Settlement Date)

$$\text{PRICE} = \sum_{i=1}^N \left[ \frac{\text{CF}_i}{(1+\text{YLD}/2)^{\exp(D_i/180)}} \right]$$

#### Part 4 Procedure for Calculating the Exchange Security Index Price for the Callable Exchange Securities

The pricing per \$1000 principal amount of Callable Exchange Securities will be determined by consulting the AOAS function found on the Bloomberg system.

For the 6.25% Freddie SUBS due March 5, 2012 enter: **3134A4MF8 Corp AOAS** <Go>

For the 5.25% Freddie SUBS due November 5, 2012 enter: **3134A4RU0 Corp AOAS** <Go>

The AOAS function requires the following inputs to calculate the AOAS Price:

<b>OAS:</b>	The fixed AOAS (in basis points) taken from Schedule A of this Supplement.
<b>At-the-Money Volatility:</b>	Provided by Bloomberg and based on volatility information derived from the Tullett & Tokyo interest rate swaption volatility set.
<b>Skew Adjustment:</b>	Use <b>1.0</b> , the default value as determined by the Bond Market Association.
<b>Settlement Date:</b>	Unless extended, the Settlement Date for the Exchange Offer will be December 14, 2006.
<b>Yield Curve:</b>	Provided by Bloomberg. Use Curve <b>I267</b> (default) which is the BMA-FHLMC Reference Curve.
<b>Yield Curve Adjustment:</b>	Provided by Bloomberg. Select option A (default) which is the Bond Market Association constant maturity method.
<b>Model:</b>	Select option <b>S</b> (default), the Black Swaption model.
<b>Shift:</b>	0 bps (default)
<b>Dated:</b>	Current date of pricing (default)

The AOAS Price calculated from using the AOAS function does not include accrued interest (AI) which must be calculated to determine the Exchange Security Index Price.

CPN = The nominal rate of interest payable on the Exchange Securities expressed as a decimal.

S = The number of days from and including the semi-annual interest payment date immediately preceding the Settlement Date up to (but not including) the Settlement Date. The number of days is computed using the 30/360 day count method.

AI =  $1000 (CPN/2)(S/180)$

Exchange Security Index Price = AOAS Price + AI

Any questions concerning the terms of the Exchange Offers may be directed to the Dealer Managers at the addresses and telephone numbers set forth below.

*The Dealer Managers for the Exchange Offers are:*

**Bear, Stearns & Co. Inc.**

383 Madison Avenue  
New York, New York 10179  
Global Liability Management Group  
(877) 696-BEAR (toll free)  
(877) 696-2327  
(212) 272-5112  
Bloomberg: BSC Tender  
Email: bsctender@bloomberg.net

and

**Merrill Lynch & Co.**

4 World Financial Center  
New York, New York 10080  
Attention: Liability Management Group  
(888) 654-8637 (toll free)  
(212) 449-4914  
(Netherlands Investors only) +44-20-7995-3715

Any questions concerning the procedures for the Exchange Offers may be directed to the Settlement Agent at the address and telephone number set forth below.

*The Settlement Agent for the Exchange Offers is:*

**The Bank of New York**

101 Barclay Street 8W  
New York, New York 10286  
Attention: Corporate Trust Division — Corporate Finance Unit  
(866) 587-4513 (toll free)  
(212) 815-3189  
FMSupport@bankofny.com

Any requests for additional copies of the Exchange Offer materials may be directed to the Information Agent or the Luxembourg Exchange Agent at the respective telephone numbers set forth below.

*The Information Agent for the Exchange Offers is:*

**D.F. King & Co., Inc.**

New York, New York  
(888) 644-6071 (U.S. Toll Free)  
Banks and Brokers Call Collect: (212) 269-5550

*The Luxembourg Exchange Agent for the Exchange Offers is:*

**Fortis Banque Luxembourg, S.A.**

50, AV. J.F. Kennedy  
L-2951  
Luxembourg  
352-4242-2000  
E-mail: LAA@fortis.lu

The information in this Preliminary Pricing Supplement is not complete and may be changed. We may not sell these securities until the Pricing Supplement is delivered in final form. This Preliminary Pricing Supplement is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Annex 1\*

**Preliminary Pricing Supplement dated December 4, 2006  
Subject to Completion or Amendment**

**PRICING SUPPLEMENT dated December 11, 2006  
(to the Offering Circular dated July 28, 2006)**



\$

**Freddie Mac**

**GLOBAL DEBT FACILITY**

**% Subordinated Debt Securities due December 14, 2018**

**Freddie SUBS®**

This Pricing Supplement relates to the offer of \$ \_\_\_\_\_ of \_\_\_\_\_ % Subordinated Debt Securities due December 14, 2018 of Freddie Mac. You should read it together with our Global Debt Facility Offering Circular dated July 28, 2006, which is incorporated by reference in this Pricing Supplement (the “Offering Circular”). 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 “2018 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 have the 2018 Freddie SUBS admitted for trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange in accordance with its rules. The 2018 Freddie SUBS will be issued in book-entry form on the book-entry system of the U.S. Federal Reserve Banks on December 14, 2006.

Freddie SUBS are not suitable investments for all investors and involve risks. See “Risk Factors — The Debt Securities May Not Be Suitable For You” in the Offering Circular and the section entitled “Risk Factors” beginning on page 1-6 of this Pricing Supplement for a description of certain of these risks.

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. 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.

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. Any discussion of tax issues set forth in this Pricing Supplement and the related Offering Circular was written to support the promotion and marketing of the transactions described in this Pricing Supplement. Such discussion was not intended or written to be used, and it cannot be used, by any person for the purpose of avoiding any tax penalties that may be imposed on such person. Each investor should seek advice based on its particular circumstances from an independent tax advisor.

	<u>Initial Public Offering Price(1)</u>	<u>Underwriting Discount</u>	<u>Proceeds to Freddie Mac(1) (2)</u>
Per Security .....	%	%	%
Total .....	\$	\$	\$

(1) Plus accrued interest, if any, from December 14, 2006.  
(2) Before deducting estimated expenses of \$ \_\_\_\_\_.

**Bear, Stearns & Co. Inc.**

**Merrill Lynch & Co.**

\* The information in this preliminary Pricing Supplement is not complete and will be completed in accordance with the terms set forth under “Description of New Securities” in the Exchange Statement. “Freddie SUBS®” is a registered trademark of Freddie Mac.

## ADDITIONAL INFORMATION

We prepare an annual Information Statement that describes our business and operations and contains important financial information and other information, including our audited consolidated financial statements (the "Information Statement"). We also prepare periodic Information Statement Supplements that may include unaudited consolidated financial data and other information concerning our business and operations (each, an "Information Statement Supplement"). These documents are (or upon publication will be) incorporated by reference in this Pricing Supplement, which means that we are disclosing information to you by referring you to those documents. These documents are considered part of this Pricing Supplement. You should read this Pricing Supplement, and any applicable supplements or amendments, in conjunction with our most recent Information Statement dated June 28, 2006 containing our audited consolidated financial information for the year ended December 31, 2005 and any subsequent Information Statement Supplements we incorporate by reference in this Pricing Supplement.

You can obtain copies of any of these documents and any documents we make available by contacting us at:

**Freddie Mac**  
**Debt Securities Marketing Office**  
**1551 Park Run Drive**  
**McLean, VA 22102-3110**  
**USA**  
**E-Mail: [debt\\_securities@freddiemac.com](mailto:debt_securities@freddiemac.com)**

Our Offering Circular, Information Statement and Information Statement Supplements also are available on our Internet Web-Site ([www.freddiemac.com](http://www.freddiemac.com)). We do not intend for this internet address to be an active link and are not using references to this internet address here or elsewhere in this pricing supplement and the accompanying Offering Circular to incorporate additional information into this pricing supplement and the accompanying Offering Circular. You may also obtain all documents incorporated by reference in this Pricing Supplement, free of charge, by contacting Fortis Banque Luxembourg, S.A., our Luxembourg Listing Agent, via e-mail ([LAA@fortis.lu](mailto:LAA@fortis.lu)) or phone (+352 4242-2000).

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## SUMMARY

*This summary contains selected information about Freddie SUBS and the 2018 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 stockholder-owned government-sponsored enterprise.
Securities Offered .....	\$ _____ of _____ % Subordinated Debt Securities due December 14, 2018 (“2018 Freddie SUBS”). The 2018 Freddie SUBS will be issued for cash or in exchange for certain previously issued Freddie SUBS. See “Plan of Distribution” in this Pricing Supplement.
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 \$100,000 and additional increments of \$1,000.
Ratings .....	The 2018 Freddie SUBS are expected to be rated “Aa2” by Moody’s Investors Service, Inc. (“Moody’s”), “AA–” by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. (“Standard & Poor’s”), and “AA–” by Fitch Ratings (“Fitch”).
Issue Date .....	December 14, 2006
Maturity Date .....	December 14, 2018
Payment of Principal .....	We will repay 100% of the principal amount of Freddie SUBS at maturity.
No Redemption .....	The 2018 Freddie SUBS are not redeemable by us prior to maturity.
Payment of Interest .....	We will pay interest on the 2018 Freddie SUBS, semi-annually in arrears each June 14 and December 14 (the “Interest Payment Dates”), commencing June 14, 2007, at the rate of _____ % per annum, calculated on the basis of a 360-day year consisting of twelve 30-day months.
Subordination .....	<p>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 priority of payment to our Senior Obligations.</p> <p>“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 (excluding Freddie SUBS but including certain other series of outstanding Freddie Mac subordinated debentures) and all liabilities in respect of Freddie Mac’s guarantees of mortgage-related securities.</p> <p>At December 31, 2005, we had \$778,082 million of outstanding total liabilities (including outstanding Freddie SUBS) and \$1,335,524 million of total guaranteed mortgage-related securities issued (including \$361,324 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 December 31, 2005, we had approximately \$5.5 billion of Freddie SUBS outstanding. In addition, we issued approximately \$1.25 billion of Freddie SUBS in June 2006 and redeemed approximately \$1 billion of Freddie SUBS in August 2006. 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</p>

	rank equally with outstanding Freddie SUBS, including the 2018 Freddie SUBS. See “Description of the Securities — Subordination” in this Pricing Supplement and “Description of the Debt Securities — General — Subordinated Debt Securities — Subordination” in the Offering Circular.
Deferral of Interest . . . . .	<p>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”):</p> <ul style="list-style-type: none"> <li>• Our “core capital” is below 125% of our “critical capital” requirement, or</li> <li>• (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.</li> </ul> <p>See “Description of the Securities — Interest” in this Pricing Supplement and “Description of the Debt Securities — General — Subordinated Debt Securities — Interest Payment Deferral” in the Offering Circular.</p>
Capital Levels . . . . .	<p>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 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” in this Pricing Supplement, “Description of the Debt Securities — Term Debt Securities — Subordinated Debt Securities — Regulatory Capital Requirements” in the Offering Circular and “Risk Management and Disclosure Commitments” and “Note 10: Regulatory Capital” in the Information Statement.</p>
Limit on Deferral . . . . .	<p>We may not defer interest on any Freddie SUBS for more than five consecutive years or beyond the Maturity Date.</p>
Accrual of Interest on Deferred Amounts . . . . .	<p>If we defer the payment of interest on Freddie SUBS, interest will continue to accrue, including on any deferred interest, and will compound semi-annually at the per annum interest rate of such Freddie SUBS.</p>
Resumption of Interest Payments . . . . .	<p>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 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 of any issue of Freddie SUBS, unless we elect to make the payment earlier.</p>

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 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 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 Dividends During Deferral Periods .....	During periods when we defer the payment of interest on Freddie SUBS, we may not 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 will constitute debt for United States federal income tax purposes. 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. federal income and withholding tax. See “Certain United States Federal Tax Consequences” in this Pricing Supplement and in the Offering Circular.
Identification Numbers .....	CUSIP: 3134A4ZZ0 ISIN: US3134A4ZZ05 Common Code: 27806023
Listing Application .....	We have applied to have the 2018 Freddie SUBS admitted for trading on the Euro MTF Market and listed on the Official List of 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. See “Description of the Securities — Reopenings.”
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 Debt Facility Agreement.

## RISK FACTORS

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

### **We Continue to Experience Delays in Our Financial Reporting**

Since the revision and restatement of our financial results for 2000 through 2002, we have had to face many challenging and complex accounting and financial reporting issues, including ongoing controls remediation and systems re-engineering and development. We fell behind in our periodic reporting for the years ended December 31, 2002, 2003, 2004 and 2005, and we have not yet returned to quarterly reporting. In order to devote the resources needed to complete an end-to-end review of our internal control environment and return to timely reporting as soon as possible, we have decided to delay our interim financial reporting for 2006. Further, OFHEO could seek to require us to implement a remediation plan, hold additional capital or take other actions. In August 2006, in response to a request from OFHEO, we announced that we will voluntarily limit, on a temporary basis, the annual growth of our retained mortgage portfolio to no more than two percent above the level of June 30, 2006, effective July 1, 2006. In addition, a failure to effectively and timely implement the remediation plan undertaken as a result of the prior restatement of our consolidated financial statements and the consent order entered into with OFHEO, including particular initiatives relating to technical infrastructure and internal control over financial reporting, could similarly adversely affect our business. Additionally, because we do not have current financial information available, our current financial results could differ (perhaps substantially) from our most recent audited financial statements as of December 31, 2005 set forth in our Information Statement or management's estimates of our financial results for the first half of 2006 as set forth in our Information Statement Supplement dated October 3, 2006. Any of these events could have an adverse effect on the trading value of the Freddie SUBS. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operation — Risk Management — Operational Risks — Internal Control Over Financial Reporting" in the Information Statement.

### **We Have Material Weaknesses and Other Deficiencies in Our Internal Controls**

We have discovered, and may in the future discover, material weaknesses and significant deficiencies in our internal controls that require remediation. Due to these weaknesses and deficiencies, our management has determined that, as of December 31, 2005, our internal control over financial reporting was not effective. A failure to establish and maintain an adequate control environment could result in a material error in our reported financial results, loss of market confidence in our reported results and additional delay in our financial reporting timeline. Any of these results could have a material adverse effect on our business and on the trading price of our securities, and could result in additional regulatory measures. OFHEO is considering whether additional remedial actions may be appropriately applied to us. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operation — Risk Management — Operational Risks — Internal Control Over Financial Reporting" in the Information Statement.

### **We May Be Unable to Manage Effectively All of the Risks to Which We Are Subject**

Our business is exposed to operational risks, interest-rate and other market risks and credit risks. We are also exposed to other risks, such as those described in the "Risk Factors" section of the Information Statement, including reputation risk, legislation and regulatory risk and risks related to implementing our business strategies. As described therein and above, we face a number of significant operational risks, including material weaknesses and other significant deficiencies in our internal control over financial reporting. These operational risks may expose us to financial loss, may delay or interfere with our ability to return to and sustain timely financial reporting, or may result in other adverse consequences to our business and the trading value of our securities. Our retained portfolio activities expose us to interest-rate risk and other market risks arising primarily from the uncertainty as to when borrowers will pay the outstanding principal balance of mortgage loans and mortgage-related securities, known as prepayment risk, and the resulting potential

mismatch in the timing of our receipt of cash flows on our assets versus the timing of our obligation to make payments on our liabilities. Our credit guarantee activities also expose us to interest-rate risk because changes in interest rates can cause fluctuations in the fair value of our existing credit guarantee portfolio. Our credit guarantee portfolio also is subject primarily to two types of credit risk — mortgage credit risk and institutional credit risk. Mortgage credit risk is the risk that a borrower will fail to make timely payments on a mortgage or security we own or guarantee. Institutional credit risk is the risk that a counterparty that has entered into a business contract or arrangement with us will fail to meet its obligations. For further information, see “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risk Management” in the Information Statement.

### **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 priority of payment to all of our existing and future Senior Obligations. This means that we cannot make any payments of principal or interest on Freddie SUBS while we are in default on any payment due in respect of Senior Obligations. In the event of our liquidation, dissolution, reorganization or similar event, our assets would be available to pay obligations under Freddie SUBS only after all payments had been made of amounts due on Senior Obligations. See “Summary — Subordination” in this Pricing Supplement.

### **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 *and* (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. See the Summary in this Pricing Supplement and “Description of the Debt Securities — General — Subordinated Debt Securities — Interest Payment Deferral” in the Offering Circular.

### **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 with respect to Freddie SUBS held by you 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 2018 Freddie SUBS**

The 2018 Freddie SUBS are a new issue of securities with no established trading market. 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.

#### **RATING**

The 2018 Freddie SUBS are expected to be rated “Aa2” by Moody’s, “AA–” by Standard & Poor’s and “AA–” by Fitch.

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. A reduction in any of the current ratings for Freddie SUBS could adversely affect their price and liquidity.

#### **LISTING**

We have applied to have the 2018 Freddie SUBS admitted for trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange in accordance with its rules.

#### **CAPITALIZATION**

The following table sets forth our capitalization as of December 31, 2005. This financial information should be read together with our consolidated financial statements and other financial information set forth in the Information Statement. We engage in transactions and issue or repurchase debt obligations on an ongoing basis, all of which cause our total capitalization to change. Therefore, on any date after December 31, 2005, our total capitalization will differ (perhaps substantially) from the figures contained in this capitalization table. See “Risk Factors — We Continue to Experience Delays in Our Financial Reporting.”

	<b>December 31, 2005</b>
	<b>(dollars in millions)</b>
Total debt securities, net:	
Senior debt, due within one year:	
Short-term debt securities . . . . .	\$192,713
Current portion of long-term debt . . . . .	95,819
Senior debt, due within one year . . . . .	288,532
Senior debt, due after one year . . . . .	454,627
Subordinated debt, due after one year . . . . .	5,633
Senior and subordinated debt, due after one year . . . . .	460,260
Total debt securities, net . . . . .	748,792
Total stockholders’ equity . . . . .	27,191
Total capitalization . . . . .	\$775,983

#### **REGULATORY CAPITAL REQUIREMENTS**

The Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (the “GSE Act”) established minimum, critical and risk based capital standards for Freddie Mac. You should refer to “Description of the Debt Securities — Term Debt Securities — Subordinated Debt Securities — Regulatory Capital Requirements” in the Offering Circular and “Risk Management and Disclosure Commitments” and “Note 10: Regulatory Capital” in the Information Statement for an explanation of how our core, critical and minimum capital levels are established.

The following table summarizes our regulatory capital requirements and surpluses.<sup>(1)</sup>

	December 31,	
	2005	2004
	(in millions)	
<i>Minimum capital requirement</i> <sup>(2)</sup> .....	\$25,010	\$24,131
Core capital <sup>(2)</sup> .....	35,964	35,009
Minimum capital surplus <sup>(2)</sup> .....	10,954	10,878
<i>Critical capital requirement</i> <sup>(2)</sup> .....	\$12,782	\$12,308
Core capital <sup>(2)</sup> .....	35,964	35,009
Critical capital surplus <sup>(2)</sup> .....	23,182	22,701
<i>Risk-based capital requirement</i> <sup>(3)</sup> .....	\$11,282	\$11,108
Total capital <sup>(3)</sup> .....	36,781	34,691
Risk-based capital surplus <sup>(3)</sup> .....	25,499	23,583

(1) OFHEO is the authoritative source of the capital calculations that underlie our capital classifications.

(2) Amounts for 2005 are based on amended reports we submitted to OFHEO on May 30, 2006.

(3) Amounts for 2005 and 2004 are those calculated by OFHEO prior to the issuance of our 2005 and 2004 financial results.

## DESCRIPTION OF THE SECURITIES

### The Freddie SUBS Program

We have committed to issue Freddie SUBS in an amount such that total capital (core capital plus general allowance for losses) plus the outstanding principal amount of Freddie SUBS will equal or exceed 4 percent of on-balance sheet assets and 0.45 percent of off-balance sheet mortgage securities. For purposes of making this calculation, the outstanding principal amount of each issue of Freddie SUBS is discounted as it approaches maturity by excluding from the calculation one-fifth of such outstanding amount each year during the issue's last five years prior to maturity. When the remaining maturity of an issue of Freddie SUBS is less than one year, that issue of Freddie SUBS is entirely excluded.

Freddie SUBS will be issued as Fed Book-Entry Securities in book-entry form on the Fed Book-Entry System. Freddie SUBS may be held indirectly through the clearing systems operated by Euroclear and Clearstream, Luxembourg. Freddie SUBS 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 their maturity on the occurrence of any default or other event.

### Interest

The 2018 Freddie SUBS will be Fixed Rate Debt Securities and will accrue interest from December 14, 2006 at a rate of % 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 June 14 and December 14 of each year, commencing June 14, 2007. The Specified Payment Currency for the 2018 Freddie SUBS will be U.S. dollars.

We will defer the payment of interest on all Freddie SUBS under the circumstances requiring deferral that are described under "Summary — Deferral of Interest" in this Pricing Supplement. You should refer to the Summary in this Pricing Supplement and "Description of the Debt Securities — General — Subordinated Debt Securities — Interest Payment Deferral" in the Offering Circular for an explanation of your rights in the event of deferral.

You should also 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, as described under “Summary — Subordination” in this Pricing Supplement. That section also sets forth, as of December 31, 2005, our total outstanding dollar volume of Senior Obligations and of Freddie SUBS.

In the event of default in payment on our Senior Obligations, or our dissolution, liquidation, reorganization or similar event, your rights to receive payment will be subordinated to the rights of holders of Senior Obligations. You should refer to “Description of the Debt Securities — General — Subordinated Debt Securities — Subordination” in the Offering Circular for a description of your rights in relation to rights of holders of Senior Obligations.

## **Reopenings**

We may increase the size of this issue of the 2018 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 2018 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 2018 Freddie SUBS are in our sole discretion. We cannot assure you that we will reopen this issue of the 2018 Freddie SUBS or, if reopened, what the total issue size will be.

## **No Redemption**

We do not have any right to redeem the 2018 Freddie SUBS prior to maturity.

## **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 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 Official List of the Luxembourg Stock Exchange, we also will inform the Luxembourg Stock Exchange and provide notices on the Luxembourg Stock Exchange website at <http://www.bourse.lu> or, if publication in Luxembourg is not practical and not required under the rules and regulations of the Luxembourg Stock Exchange, 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” in this Pricing Supplement and “Description of the Debt Securities — General — Subordinated Debt Securities — Interest Payment Deferral” in the Offering Circular. Notwithstanding the potential for interest deferral, we believe that the stated interest on the 2018 Freddie SUBS will be treated as “unconditionally payable” within the meaning of the OID Regulations. Accordingly, the stated interest on Freddie SUBS will constitute “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.

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 has severally agreed to purchase, the amount of the 2018 Freddie SUBS set forth opposite its name below:

<u>Dealer</u>	<u>Principal Amount</u>
Bear, Stearns & Co. Inc. ....	\$
Merrill Lynch, Pierce, Fenner & Smith Incorporated .....	
Total .....	\$

In the Dealer Agreement, the Dealers named above have severally agreed, subject to its terms and conditions, to purchase all the 2018 Freddie SUBS listed above if any are purchased. Bear, Stearns & Co. Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are designated as “Representatives” for the Dealers.

The Dealers have advised us that they propose initially to offer the 2018 Freddie SUBS listed above to the public at the initial public offering price set forth on the cover page of this Pricing Supplement, and may offer the 2018 Freddie SUBS to certain other dealers at that price less a concession not in excess of % of the principal amount of the 2018 Freddie SUBS. After the initial public offering, the public offering price and concession may be changed.

Concurrently with this offering, Freddie Mac is offering to exchange the 2018 Freddie SUBS for up to approximately \$2,000,000,000 of outstanding Freddie SUBS of certain series on the terms and conditions set forth in the Exchange Supplement dated December 4, 2006 to the Offering Circular. Upon completion of this offering and such exchanges, there will be \$ of 2018 Freddie SUBS outstanding.

Prior to this offering, there has been no public market for the 2018 Freddie SUBS. We have applied to have the 2018 Freddie SUBS admitted for trading on the Euro MTF market and listed on the Official List of the Luxembourg Stock Exchange in accordance with its rules. All of the Dealers have advised us that they intend to make a market in the 2018 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 Representatives may purchase and sell the 2018 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 Representatives of a greater number of 2018 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 2018 Freddie SUBS while the offering is in progress. These activities by the Representatives may stabilize, maintain or otherwise affect the market price of the 2018 Freddie SUBS. As a result, the price of the 2018 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 Representatives at any time. These transactions may be effected in the over-the-counter market or otherwise. The stabilizing transactions described above shall be conducted in compliance with all applicable laws, regulations and rules.

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.

