

Offering Circular dated December 30, 1998

# Freddie Mac

## Global Debt Facility

Freddie  
Mac

Offered Securities:	Notes.
Amount:	No prescribed limit.
Maturities:	Various, of one day or longer.
Offering Terms:	The Notes are offered by means of this Offering Circular and related Pricing Supplements on the terms described in those Pricing Supplements.
Currencies:	Notes may be denominated in U.S. dollars or in other currencies specified in the related Pricing Supplement.
Priority:	The Notes will be unsecured general obligations of Freddie Mac having the same priority as its other unsecured and unsubordinated debt.
Tax Status:	The Notes and income derived from the Notes generally are not exempt from taxation. Non-U.S. owners generally will be subject to United States federal income and withholding tax unless they establish an exemption.
Form of Securities:	<i>Non-U.S. dollar denominated Notes:</i> Registered (global or definitive). <i>U.S. dollar denominated Notes:</i> Book-entry (U.S. Federal Reserve Banks) or registered (global or definitive).

**Some Notes are complex financial instruments and are not suitable investments for all investors. Investors should consider carefully the risk factors and investment considerations described beginning on page 8. An investor should not purchase Notes unless it understands and is able to bear these and any other applicable risks.**

Capitalized terms used on this page and in this Offering Circular have the meanings given to them in the text of this Offering Circular or in the Glossary (Exhibit A).

***The Notes are exempt from the registration requirements of the Securities Act of 1933 and are “exempted securities” within the meaning of the Securities Exchange Act of 1934.***

Investors should read this Offering Circular in conjunction with the applicable Pricing Supplement and any additional documents incorporated by reference or specified in those two documents. See “Availability of Information and Incorporation by Reference.”

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

Freddie Mac has applied to list the Notes that are agreed at the time of issue to be so listed on the Luxembourg Stock Exchange and the Stock Exchange of Singapore Limited. Such application with the Luxembourg Stock Exchange applies to Notes issued within twelve months of the date of this Offering Circular. Unlisted Notes and Notes listed on other stock exchanges also may be issued under the Facility.

The Notes may be offered and sold outside of the United States, within the United States or simultaneously outside of and within the United States, only where it is legal to make such offers and sales.

Arranger  
**Lehman Brothers**

**In connection with any issue of Notes under the Facility, the Dealer (if any) identified as Stabilizing Manager in the applicable Pricing Supplement may, subject to applicable laws and regulations, overallocate or effect transactions that stabilize or maintain the market price of the Notes. Such transactions may include stabilizing and the purchase of Notes to cover syndicate short positions. Such transactions may be effected on the Luxembourg Stock Exchange, in an over-the-counter market or otherwise. The Stabilizing Manager may discontinue any of these activities at any time without notice. For a description of these activities, see “Plan of Distribution — Distribution.”**

This Offering Circular, together with any Pricing Supplement, is an offer to sell only the related Notes, and only in jurisdictions and under circumstances where it is lawful to do so. Freddie Mac has not authorized any broker, dealer or salesperson, or anyone else, to provide information or make representations not contained in this Offering Circular, the applicable Pricing Supplement, or the other documents and sources of information that are listed under “Availability of Information and Incorporation by Reference.” Investors must not rely on unauthorized information or representations. The information contained in this Offering Circular is current only as of its date.

Certain jurisdictions may restrict by law the distribution of this Offering Circular or any Pricing Supplement and the offer, sale and delivery of Notes. Persons who receive this Offering Circular or any Pricing Supplement should know and observe any such restrictions.

United Kingdom: This Offering Circular, any Pricing Supplement or any other applicable supplement or amendment may not be issued or passed on in the United Kingdom to any person unless that person is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996, as amended, or is a person to whom this Offering Circular and any Pricing Supplement or any other supplement or amendment may otherwise lawfully be issued or passed on. Any Note (including a Note denominated in Sterling) in respect of which proceeds are to be accepted by Freddie Mac in the United Kingdom and which is issued pursuant to an exempt transaction under regulation 13(1) or 13(3) of the Banking Act 1987 (Exempt Transactions) Regulations 1997 (the “Banking Act Regulations”) will constitute commercial paper issued in accordance with regulations made under section 4 of the Banking Act 1987, a shorter term debt security issued in accordance with regulations made under section 4 of the Banking Act 1987 or a longer term debt security issued in accordance with regulations made under section 4 of the Banking Act 1987, as the case may be. Freddie Mac is not an authorized institution or a European authorized institution (as such terms are defined in the Banking Act Regulations) and repayment of the principal and payment of any interest or premium in connection with the Notes have not been guaranteed.

Japan: The Notes have not been registered under the Securities and Exchange Law of Japan (the “Securities and Exchange Law”), and direct or indirect offers and sales of Notes may not be made in Japan or to any resident of Japan or to any person for reoffering or resale, directly or indirectly, in Japan or to any resident of Japan except in compliance with, or pursuant to an available exemption from, the registration requirements of the Securities and Exchange Law and in compliance with other relevant laws of Japan.

See “Plan of Distribution — Selling Restrictions.”

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

Freddie Mac, having made all reasonable inquiries as of the date of this Offering Circular, confirms that this Offering Circular contains all information with regard to the Notes which, when read together with the applicable Pricing Supplement and the documents incorporated by reference, is material, in the context of the initial issue of such Notes; that the information contained in this Offering Circular, as of its date, is true and accurate in all respects and is not misleading and that there are no facts the omission of which makes this Offering Circular as a whole or any such information misleading in any material respect.

**Neither this Offering Circular nor any Pricing Supplement describes all of the risks and investment considerations of an investment in Notes resulting from principal or interest being payable in or determined by reference to one or more currencies or to one or more interest rate, currency or other indices or formulas. Freddie Mac and the Dealers disclaim any responsibility to advise prospective investors of such risks and investment considerations as they exist at the date of this Offering Circular or any Pricing Supplement or as such risks may change from time to time. Prospective investors should consult their own financial and legal advisors as to the risks and investment considerations arising from an investment in such Notes. Such Notes are not an appropriate investment for investors who are unsophisticated with respect to currency transactions or transactions involving the applicable interest rate, currency or other indices or formulas. See “Risk Factors and Investment Considerations.”**

This Offering Circular replaces the Offering Circular dated May 19, 1995, as amended by the Offering Circular Supplement dated April 7, 1998, for issues of Notes priced on and after the date of this Offering Circular. This Offering Circular relates to Notes issued under the Facility and not to any other securities of Freddie Mac, including Debentures, Medium-Term Notes, Discount Notes and Euro Discount Notes. Freddie Mac offers these other securities under separate offering circulars.

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## AVAILABILITY OF INFORMATION AND INCORPORATION BY REFERENCE

Freddie Mac prepares an annual Information Statement that describes Freddie Mac, its business and operations and contains Freddie Mac's audited financial statements. From time to time, Freddie Mac prepares Information Statement Supplements that include unaudited financial data and other information concerning its business and operations. As of the date hereof, Freddie Mac's current Information Statement is dated March 31, 1998 and its current Information Statement Supplement is dated November 3, 1998. Investors can obtain any of these documents and any other documents made available by Freddie Mac by writing, calling or e-mailing Freddie Mac's Debt Securities Marketing office, 8200 Jones Branch Drive, McLean, Virginia U.S.A. 22102 (phone 703/903-5280; e-mail: [debt\\_securities@freddiemac.com](mailto:debt_securities@freddiemac.com)).

Investors should read this Offering Circular in conjunction with Freddie Mac's most recent Information Statement and any supplement thereto (collectively, the "Information Statement"), each of which is incorporated by reference in this Offering Circular. References to "this Offering Circular" mean this document, any supplements (other than Pricing Supplements) or amendments to this document and any documents incorporated by reference in this document, except to the extent that any such document is superseded or modified by any subsequent document incorporated by reference.

In connection with the application to list the Notes to be issued under the Facility on the Luxembourg Stock Exchange, the Freddie Mac Act and Bylaws of Freddie Mac and a legal notice relating to the issuance of the Notes have been deposited with the Chief Registrar of the District Court of Luxembourg, where copies may be inspected or obtained upon request. Holders of the Notes may obtain, free of charge, copies of Freddie Mac's most recent Information Statement and all Information Statement Supplements to such Information Statement from Banque Générale du Luxembourg, S.A., as listing agent (the "Luxembourg Listing Agent"), in Luxembourg so long as any Notes issued hereunder are listed on the Luxembourg Stock Exchange. Holders may also obtain, free of charge, from the Luxembourg Listing Agent, the documents incorporated herein by reference and this Offering Circular and Pricing Supplements applicable to Notes listed on the Luxembourg Stock Exchange. Copies of the Fiscal Agency Agreement and the Global Agency Agreement will be available for inspection by Holders at the office of the Luxembourg Listing Agent.

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

## SUMMARY

This Summary contains selected information about the Notes. This summary is qualified by, and investors should refer to, the remainder of this Offering Circular and any applicable Pricing Supplements for further information.

<b>The Notes</b> .....	Unsecured debt securities issued from time to time under the Global Debt Facility (the "Facility"). The Facility is governed by the Global Debt Facility Agreement dated as of December 30, 1998 (the "Global Facility Agreement").												
<b>Issuer</b> .....	Federal Home Loan Mortgage Corporation ("Freddie Mac").												
<b>Arranger</b> .....	Lehman Brothers International (Europe).												
<b>Amount</b> .....	Freddie Mac may issue Notes in an unlimited amount.												
<b>Legal Status</b> .....	The Notes will be unsecured general obligations of Freddie Mac. They will rank on a parity with all other unsecured and unsubordinated debt of Freddie Mac. The United States does not guarantee the Notes or any interest or return of discount on the Notes. The Notes are not debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac.												
<b>Pricing Supplements</b> .....	A Pricing Supplement will describe the specific terms of each issue of Notes. If a Pricing Supplement contains different information from this Offering Circular, investors should rely on the Pricing Supplement.												
<b>Specified Currencies</b> .....	Freddie Mac may denominate and make payments on the Notes in any of the following Specified Currencies or in another currency specified in the applicable Pricing Supplement.  <table border="0" style="margin-left: 40px;"> <tr> <td>Australian dollars</td> <td>Japanese yen</td> </tr> <tr> <td>British pounds sterling</td> <td>New Zealand dollars</td> </tr> <tr> <td>Canadian dollars</td> <td>Swedish kronor</td> </tr> <tr> <td>Danish kroner</td> <td>Swiss francs</td> </tr> <tr> <td>Euros</td> <td>U.S. dollars</td> </tr> <tr> <td>Hong Kong dollars</td> <td></td> </tr> </table>	Australian dollars	Japanese yen	British pounds sterling	New Zealand dollars	Canadian dollars	Swedish kronor	Danish kroner	Swiss francs	Euros	U.S. dollars	Hong Kong dollars	
Australian dollars	Japanese yen												
British pounds sterling	New Zealand dollars												
Canadian dollars	Swedish kronor												
Danish kroner	Swiss francs												
Euros	U.S. dollars												
Hong Kong dollars													
<b>Maturities</b> .....	Notes may have maturities of one day or longer. However, government or monetary authorities or clearing systems may require that certain Notes have minimum or maximum maturities. For example, as of the date of this Offering Circular, the minimum maturity for Notes listed on the Luxembourg Stock Exchange is seven days and for Notes listed on the Singapore Stock Exchange is one month. Freddie Mac may issue Notes with the minimum or maximum maturities or variable maturities as applicable regulatory authorities, laws or regulations may allow or require.												
<b>Denominations</b> .....	Government or monetary authorities may require that Notes denominated in certain currencies or currency units have certain denominations. Freddie Mac will issue and maintain the Notes in the minimum denominations specified in the applicable Pricing Supplement and as applicable regulatory authorities, laws or regulations may allow or require.												
<b>Redemption and Repayment</b> .....	Freddie Mac may have the option to redeem certain Notes, in whole or in part, before their Maturity Date (including redemption by installment). Holders of certain Notes may have the option to require repayment of such Notes before their Maturity Date. The Pricing Supplement for an issue of Notes will specify whether the Notes are redeemable at Freddie Mac's option or repayable at the Holder's option and, if so, will describe the terms and procedures that apply to the redemption or repayment.												

<b>Payment Terms</b> .....	Notes may be interest-bearing or non-interest-bearing. Notes that have a fixed principal repayment amount will be payable at par or at a specified amount above or below par, in each case as specified in the applicable Pricing Supplement. Notes that have a variable principal repayment amount will be payable at a principal amount determined by reference to one or more interest rate or exchange rate indices or otherwise, in each case as specified in the applicable Pricing Supplement. Freddie Mac may provide that certain Notes may be stripped into interest and principal components, as specified in the applicable Pricing Supplement.
<b>Fixed Rate Notes</b> .....	Notes that bear interest at a single fixed rate specified in the applicable Pricing Supplement.
<b>Step Notes</b> .....	Notes that bear interest at different fixed rates in different specified periods, as specified in the applicable Pricing Supplement.
<b>Variable Rate Notes</b> .....	Notes that bear interest at a variable interest rate, as determined on the basis of a direct or inverse relationship to one or more specified interest rate or exchange rate indices, or otherwise, in each case as specified in the applicable Pricing Supplement.
<b>Fixed/Variable Rate Notes</b> ..	Notes that bear interest at a fixed rate for one or more periods and at a variable rate for other periods, in each case as specified in the applicable Pricing Supplement.
<b>Zero Coupon Notes</b> .....	Notes that do not bear interest and are issued at a discount to their principal amount.
<b>Tax Status</b> .....	The Notes and income derived from the Notes generally are not exempt from taxation. Unless otherwise specified in the applicable Pricing Supplement, Non-U.S. Owners generally will be subject to United States federal income and withholding tax unless they establish an exemption. See “Certain United States Federal Tax Consequences — Non-U.S. Owners — Interest.” Freddie Mac will not pay additional interest or other amounts or redeem the Notes prior to maturity if any jurisdiction imposes any withholding or other tax on payments on the Notes. If any particular issue of Notes is “targeted to foreign markets” under U.S. tax regulations, the Pricing Supplement for the Notes will describe any special tax considerations that apply.
<b>Form of Notes</b> .....	Freddie Mac will issue Notes in either book-entry form or registered form and not in bearer form.
<b>Book-Entry Notes</b> .....	Notes denominated and payable in U.S. dollars that are issued in book-entry form on the Fed Book-Entry System. Holders may not exchange Book-Entry Notes for definitive Notes.
<b>Registered Notes</b> .....	Notes that are not Book-Entry Notes. Freddie Mac generally will issue Registered Notes in global registered form but may issue Registered Notes in definitive registered form if specified in the applicable Pricing Supplement. Holders may exchange Registered Notes in global registered form for definitive Notes only in the limited circumstances described in this Offering Circular. See “Description of the Notes — Registered Notes — Exchange for Definitive Notes.”
<b>Fiscal Agents</b> .....	The U.S. Federal Reserve Banks will act as Fiscal Agents for Book-Entry Notes pursuant to a Fiscal Agency Agreement (the “Fiscal Agency Agreement”).
<b>Global Agent</b> .....	Citibank, N.A.’s London office (“Citibank—London”) will act as the Global Agent for Registered Notes pursuant to a Global Agency Agreement (the “Global Agency Agreement”).

<b>Clearance and Settlement</b> . . . . .	Depending on the terms of an issue of Notes and where such Notes are offered, the Notes may clear and settle through one or more of the following: the U.S. Federal Reserve Banks, DTC, Euroclear, Cedelbank or another designated clearing system. Most Notes denominated and payable in U.S. dollars will clear and settle through the Fed Book-Entry System. Most Notes denominated and payable in a Specified Currency other than U.S. dollars will clear and settle through DTC if distributed within the United States and through Euroclear, Cedelbank or any other relevant clearing system if distributed outside the United States.
<b>Governing Law</b> . . . . .	The Notes will be governed by the laws of the United States. The local laws of the State of New York will be deemed to reflect the laws of the United States, unless there is applicable precedent under federal law or the application of New York law would frustrate the purposes of the Freddie Mac Act or the Global Facility Agreement.
<b>Listing</b> . . . . .	Freddie Mac may agree to list some Notes on the Luxembourg Stock Exchange and the Singapore Stock Exchange and has applied for such listings. Such application with the Luxembourg Stock Exchange applies to Notes issued within twelve months of the date of this Offering Circular. Freddie Mac may list an issue of Notes on one, both or neither of these two exchanges. Freddie Mac may also list Notes on other exchanges or no exchange at all.
<b>Method of Distribution</b> . . . . .	In general, Freddie Mac will sell the Notes to one or more Dealers as principals. The applicable Pricing Supplement will specify the names of these Dealers. Freddie Mac may allow certain Dealers to solicit purchases of Notes on an agency basis and may also sell Notes directly.
<b>Offering Price</b> . . . . .	At fixed prices equal to par, or at a discount to or premium over par, or at varying prices to be determined at the time of sale, as specified in the applicable Pricing Supplement.
<b>Selling Restrictions</b> . . . . .	Some jurisdictions, including the United Kingdom, Japan, France, Germany, Hong Kong and Singapore, restrict the offers and sales of Notes and the distribution of offering materials. If any particular issue of Notes is “targeted to foreign markets” under U.S. tax regulations, the Pricing Supplement for the Notes will describe the selling restrictions that apply. See “Plan of Distribution — Selling Restrictions.”

## FREDDIE MAC

Freddie Mac is a shareholder-owned United States government-sponsored enterprise (“GSE”) chartered on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§1451-1459 (the “Freddie Mac Act”). Freddie Mac’s statutory purposes are, in the United States, (i) to provide stability in the secondary market for residential mortgages, (ii) to respond appropriately to the private capital market, (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities) and (iv) to promote access to mortgage credit throughout the United States (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 principal activity of Freddie Mac consists of the purchase of residential mortgages and mortgage-related securities from lenders, other mortgage sellers and securities dealers. Freddie Mac finances such purchases through the sale of mortgage-related and debt securities, other liabilities and equity capital. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac.

## CAPITALIZATION

The Information Statement and Information Statement Supplements show Freddie Mac’s capitalization as of the end of the related annual and quarterly periods. Freddie Mac engages in transactions affecting stockholders’ equity from time to time and issues or retires debt obligations on an ongoing basis. Accordingly, on any date subsequent to the date of an Information Statement or Information Statement Supplement, stockholders’ equity may differ, and the amount of debt obligations outstanding will differ, and may differ substantially, from the figures in the Capitalization Table in this Offering Circular. See “Capitalization Table.”

## RISK FACTORS AND INVESTMENT CONSIDERATIONS

*This section describes some of the general risks and considerations that an investor should examine before investing in the Notes. These risks and considerations, however, may vary depending on an investor’s particular circumstances and on various economic and interest rate scenarios. Therefore, a prospective investor should consult its own financial and legal advisors to determine the suitability of investing in a particular issue of Notes in the context of that investor’s financial situation and anticipated economic and interest rate scenarios.*

### Suitability

The Notes are not suitable investments for all investors. Before investing in a particular issue of Notes, an investor should:

- possess, either alone or with an investment advisor, the knowledge, experience, expertise and analytical tools necessary to evaluate, in the context of that investor’s financial situation, the particular features of the Notes, the risks and benefits of investing in the Notes and the effect of the Notes on the investor’s overall investment portfolio;
- have sufficient financial resources and liquidity to bear the risks associated with the Notes;
- understand the information contained and incorporated in this Offering Circular and the applicable Pricing Supplement;
- understand the terms of the Notes; and

- understand any applicable legal investment restrictions.

Sophisticated institutional investors generally do not purchase complex Notes as stand-alone investments. Rather, they invest in certain Notes to reduce the risk of their overall portfolio or to enhance their yield by adding an appropriate level of risk to their overall portfolio. No investor should purchase any Notes unless the investor understands and is able to bear the associated yield, market, liquidity and structure risks, including risks associated with any redemption provisions, periodic interest rate adjustments and exchange rates and controls. An investor should decide whether to invest in an issue of Notes based on the investor's own financial needs and the anticipated performance of the Notes under a variety of economic and interest rate scenarios.

### **Structure Risks**

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

- the applicable index or indices may change significantly;
- changes in the applicable index or indices may not correlate with changes in interest rates or currencies generally or with changes in other indices;
- changes in the applicable index or indices will be magnified or diminished if the Notes' principal or interest formula contains a leverage factor or a deleverage factor;
- two or more indices or formulas that an investor may expect to move in tandem or in some other relationship to each other may unexpectedly converge, diverge or otherwise not move as expected;
- the resulting interest rate may be less than the interest rate payable on a conventional fixed rate debt security issued by Freddie Mac at the same time and may be as low as zero;
- an investor may receive repayments of principal at times other than when the investor expects;
- an investor may lose all or a substantial portion of the principal of its Note (whether payable at maturity, upon redemption or otherwise);
- the value of Notes with complex formulas or other terms may be volatile; and
- currency devaluations may occur or authorities with jurisdiction over an applicable currency may impose or modify currency exchange controls (see "Exchange Rate Risks and Exchange Controls" below).

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

### **Exchange Rate Risks and Exchange Controls**

Freddie Mac will denominate each issue of Notes in one or more Specified Currencies in which it will pay principal and any interest on the Notes. Freddie Mac may determine the amount of principal or interest payments on an issue of Notes by reference to one or more Specified Currencies (including exchange rates and swap indices between currencies or currency units) other than the denominated Specified Currency. Investors in an issue of Notes may conduct their financial activities in a currency or currency unit (the "Investor's Currency") other than the Notes' denominated Specified Currencies or other than the Specified Currencies that determine the amount

of the Notes' principal or interest payments. In those cases, an investment in the Notes involves more risks than if the Notes were denominated in or indexed solely to the Investor's Currency. These risks include the possibility that:

- the rate of exchange between the applicable Specified Currency and the Investor's Currency may change significantly (including changes as a result of devaluation of the Specified Currency or revaluation of the Investor's Currency);
- changes in exchange rates may decrease the effective yield on the Notes and, in certain circumstances, investors could lose all or a substantial portion of the principal of the Notes; and
- authorities with jurisdiction over the applicable Specified Currency or Investor's Currency may impose or modify currency exchange controls.

In recent years, certain exchange rates and indices have been highly volatile. This volatility may continue in the future. Past fluctuations in any particular exchange rate or index, however, do not necessarily indicate the fluctuations that may occur in the future. If the value of the Investor's Currency appreciates relative to the value of the applicable Specified Currency, the yield on the Notes, the value of payments on the Notes and the market value of the Notes all would decrease in terms of the Investor's Currency. A depreciation in the value of the Investor's Currency relative to the value of the applicable Specified Currency would have the opposite effect.

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

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

In these cases, Freddie Mac will be entitled to satisfy its obligations on the Notes as described in "Description of the Notes — General — Specified Currencies and Specified Payment Currencies — Unavailability."

## **Market, Liquidity and Yield Considerations**

### ***Secondary Markets and Market Values***

The Notes generally will have no established trading market when issued. Although Dealers are not obligated to make a secondary market in the Notes that they offer, certain Dealers have advised Freddie Mac that they intend to do so. However, because these Dealers may stop their secondary market making at any time without notice, there is no assurance that a secondary market for any of the Notes will develop. If a secondary market does develop, it may not be sufficiently liquid to allow investors to sell their Notes readily or at prices comparable to similar instruments with a developed secondary market. Also, investors may not be able to sell relatively small or relatively large amounts of Notes at prices comparable to those available to other investors. Such limited liquidity may severely decrease the market value of certain types of Notes.

The market values of the Notes likely will fluctuate over time, perhaps significantly. These fluctuations could cause significant losses to investors in Notes, especially to those investors who cannot hold their Notes until maturity. The market prices of instruments issued at either a substantial

discount (such as Zero Coupon Notes) or a substantial premium (such as Notes with significantly above-market interest rates) from their principal amount tend to fluctuate more in relation to general changes in interest rates than do the prices of securities with comparable maturities that are not issued at such a discount or premium.

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

- the creditworthiness of Freddie Mac;
- the value, complexity and volatility of any applicable index or indices;
- the method of calculating the principal or any interest payments on the Notes;
- the time remaining to the maturity of the Notes;
- any redemption features of the Notes;
- the outstanding amount of the Notes;
- the amount of other securities linked to any applicable index or indices;
- the amount of Notes being sold in any secondary market from time to time;
- any legal restrictions or tax treatment that limits demand for the Notes;
- the availability of comparable securities;
- fluctuations in the “spread” of the Notes to comparable U.S. Treasury securities; and
- the level, direction and volatility of market interest rates generally.

No investor should purchase any Notes unless it understands and can bear the risks that it may not be able to resell certain Notes easily, that the Notes’ value will fluctuate over time and that these fluctuations may be significant and cause losses to the investor. These risks of limited liquidity and price volatility are greatest for Notes that are:

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

### ***Redeemable Notes***

As described in the applicable Pricing Supplement, Freddie Mac may have the option to redeem certain Notes after a specified date, typically at 100% of their principal amount plus accrued interest. These optional redemption provisions tend to restrict the market values that the Notes would otherwise have. For example, the market price of the Notes generally will not rise substantially above the redemption price during (and possibly before) any period when Freddie Mac may redeem the Notes because of the increased likelihood of redemption. In general, Freddie Mac is most likely to redeem such Notes when prevailing interest rates and its costs of borrowing are low and is least likely to redeem when these rates and costs are high. Freddie Mac’s decision to redeem or not to redeem an issue of Notes may also be affected by any related hedge or derivative transactions that Freddie Mac has entered into. If Freddie Mac redeems the Notes when prevailing interest rates are relatively low, an investor may not be able to reinvest the redemption proceeds in comparable securities with similar yields.

Certain Notes may be redeemable at a variable amount determined by reference to one or more interest rate or exchange rate indices. The redemption proceeds of those Notes will vary depending on the level of the applicable index, and investors in those Notes may receive less than 100% of their original principal amount upon redemption.

### ***Fixed Rate and Zero Coupon Notes***

Fixed Rate Notes, if held to maturity, will provide return of their principal and the certainty of interest payments at a fixed rate. Similarly, Zero Coupon Notes, if held to maturity, will provide return of their principal, including return of the applicable discount. However, the market values of Fixed Rate and Zero Coupon Notes are likely to fluctuate with changes in prevailing interest rates. In a falling interest rate environment, the market values of fixed rate and discount instruments generally will rise. In a rising interest rate environment, the market values of these instruments generally will fall, which creates risk of loss of investment capital if they are sold prior to maturity. This effect on market values is generally greater for Notes that have relatively long remaining terms to maturity (especially in the case of Zero Coupon Notes or other Notes issued at substantial discounts) than for Notes that have relatively short remaining terms to maturity.

### ***Step Notes***

Step Notes provide for one or more prescribed increases (or decreases) in their interest rates at specified dates. However, Freddie Mac typically will have the option to redeem Step Notes at the beginning of a step period or at any time after a step period has begun. Therefore, investors should consider the possibility that Freddie Mac may redeem Step Notes if the Step Notes' subsequent interest rates exceed the interest rates then available to Freddie Mac for comparable borrowings. Although the interest rate on a Step Note may increase on the specified dates, the increased interest rate may be below the interest rate then available on newly issued but otherwise comparable instruments with the same remaining term to maturity as the Step Note.

### ***Variable Rate Notes***

If a Variable Rate Note's interest rate is based on a direct relationship to a specified index or indices, lower than anticipated levels of the index or indices could result in actual yields that are lower than anticipated. Conversely, if a Variable Rate Note's interest rate is based on an inverse relationship to a specified index or indices, higher than anticipated levels of the index or indices could result in actual yields that are lower than anticipated.

The interest rate formula for a Variable Rate Note may include a multiplier that is applied to an index in determining the applicable interest rate. In general, a multiplier of greater than one will cause changes in the interest rate of the Note to be more pronounced than changes in the value of the applicable index, while a multiplier of less than one will have the opposite effect. Variable Rate Notes with multipliers of greater than one are referred to as "leveraged," and those with multipliers of less than one are referred to as "deleveraged." In general, the volatility associated with the level of an applicable index is higher for leveraged Notes and lower for deleveraged Notes. For example, the interest rate of a leveraged Variable Rate Note based on an inverse relationship to a specified index generally will decline sharply as the value of the applicable index increases. By contrast, the interest rate of a deleveraged Variable Rate Note based on an inverse relationship to a specified index generally will decline more slowly as the value of the applicable index increases. In addition, investors in Variable Rate Notes should consider the effects on interest rates and yields of any applicable maximum interest rates ("Caps") or minimum interest rates ("Floors") and of any delays in periodic interest rate adjustments.

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

or positively affected if changes in the index applicable to that investor's Note do not reflect changes in interest rates generally.

### **Legal Investment Considerations**

Investors should consult their own legal advisors in determining whether and to what extent the Notes are legal investments for them and whether and to what extent they can pledge the Notes as collateral for various types of borrowings. In addition, financial institutions should consult their legal advisors or regulators to determine how to treat Notes under any applicable risk-based capital or similar rules.

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

### **Credit Ratings**

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

## **DESCRIPTION OF THE NOTES**

The Notes will be issued pursuant to authority vested in Freddie Mac by Section 306(a) of the Freddie Mac Act and pursuant to the Global Facility Agreement. Copies of the Global Facility Agreement are available from Freddie Mac's Debt Securities Marketing office upon request. By receiving and accepting a Note, or an interest in a Note, each Holder, financial intermediary for the Note and Beneficial Owner agrees to be bound by the terms and conditions of the Global Facility Agreement, as amended from time to time.

Freddie Mac may require a Holder of a Note, as a condition to payment of principal of or interest on such Note or as a condition to transfer or exchange of such Note, to present a certificate in the form prescribed by Freddie Mac to enable Freddie Mac to determine its duties and liabilities with respect to any taxes or other charges which may be required to be deducted or withheld under United States law or any reporting or other requirements as described in "Certain United States Federal Tax Consequences."

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

*The following description will apply to the Notes unless otherwise specified in the Pricing Supplement for an issue of Notes or in any amendment or supplement to this Offering Circular. With respect to any particular issue of Notes, the description of Notes in this Offering Circular can be superseded or replaced, in whole or in part, by such Pricing Supplement, amendment or supplement. Investors should read such Pricing Supplement, amendment or supplement in conjunction with this Offering Circular.*

### **General**

Freddie Mac may issue Notes from time to time under the Facility in an unlimited amount. The Notes will be unsecured general obligations of Freddie Mac.

Freddie Mac will prepare a Pricing Supplement for each issue of Notes that describes the terms of, and pricing information for, the Notes of that issue.

Notes of any issue will be in book-entry, global registered or definitive registered form. The U.S. Federal Reserve Banks will act as fiscal agents for Book-Entry Notes pursuant to the Fiscal Agency Agreement between Freddie Mac and the Federal Reserve Bank of New York, acting on behalf of the U.S. Federal Reserve Banks (singly or collectively, the “FRB”). Citibank—London will act as Global Agent for Registered Notes pursuant to the Global Agency Agreement between Freddie Mac and Citibank, N.A., acting through its London office.

### ***Specified Currencies and Specified Payment Currencies***

Each Note will be denominated and payable in one or more currencies or currency units (each, a “Specified Currency”) as determined by Freddie Mac, including Australian dollars, British pounds sterling, Canadian dollars, Danish kroner, Euros, Hong Kong dollars, Japanese yen, New Zealand dollars, Swedish kronor, Swiss francs and U.S. dollars. Book-Entry Notes will be denominated and payable in U.S. dollars only.

Except under the limited circumstances referred to in “Description of the Notes — General — Specified Currencies and Specified Payment Currencies — Unavailability,” Freddie Mac will make payments of any interest on Notes in the Specified Currency provided for the payment of interest (the “Specified Interest Currency”) and will make payments of the principal of Notes in the Specified Currency provided for the payment of principal (the “Specified Principal Currency”). The Specified Currency for the payment of interest and principal with respect to any Note will be specified in the applicable Pricing Supplement. Such Specified Interest Currency and Specified Principal Currency are referred to in this Offering Circular collectively as the “Specified Payment Currency.” See “Description of the Notes — Registered Notes — Payments.” However, any amounts paid to Holders in the United States by Freddie Mac on DTC Registered Notes in a Specified Payment Currency other than U.S. dollars will be converted into U.S. dollars for payment to such Holders as described under “Currency Conversions — Payment on DTC Registered Notes,” unless such Holders elect to receive payments in such Specified Payment Currency.

Government or monetary authorities or laws or regulations applicable to currencies or currency units in which Notes are denominated or payable and regulations applicable to Notes listed on certain stock exchanges may require from time to time certain denominations or minimum or maximum maturities for Notes denominated in such currencies or currency units. Some requirements with respect to such denominations and maturities are described in this Offering Circular. The Pricing Supplement for an issue of Notes will describe additional requirements, if any, applicable to such Notes.

### ***European Economic and Monetary Union***

The treaty establishing the European Community (the “EC”), as amended by the treaty on European Union (as so amended, the “Treaty”), contemplated that European economic and monetary union (“EMU”) would occur in three stages. The Treaty provided that the third stage of EMU will start January 1, 1999 and on that date the currencies of certain participating member states, as determined by the Council of the European Union, will be replaced by a single currency. On May 2, 1998, the Council of the European Union decided that the participating member states would be Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. Consequently, the currencies of those countries will be replaced by the new currency. On June 17, 1997, the Council of the European Union adopted Council Regulation (EC) No. 1103/97, which recites that, in accordance with the Treaty, the name of that currency will be the Euro.

### ***Unavailability***

Except as set forth below, if the principal of, premium, if any, or interest on, any Note is payable in a Specified Currency other than U.S. dollars and such Specified Currency is not available to Freddie Mac for making payments due to the imposition of exchange controls or other circum-

stances beyond the control of Freddie Mac or is no longer used by the government of the country issuing such currency or for the settlement of transactions by public institutions within the international banking community, then Freddie Mac will be entitled to satisfy its obligations to Holders of the Notes by making such payments in U.S. dollars on the basis of the noon U.S. dollar buying rate in New York City for cable transfers for such Specified Currency published by the Federal Reserve Bank of New York on the date of such payment, or, if such currency exchange rate is not available on such date, as of the most recent prior practicable date. Notwithstanding the provisions of the preceding sentence, if Euros have replaced such Specified Currency as described under “Description of the Notes — General — Specified Currencies and Specified Payment Currencies — European Economic and Monetary Union” above, Freddie Mac may at its option (or will, if so required by applicable law), without the consent of the Holders of such Notes, effect the payment of principal of, premium, if any, or interest on, any Note denominated in such Specified Currency in Euros in lieu of such Specified Currency, in conformity with legally applicable measures taken pursuant to, or by virtue of, the Treaty or other applicable legal or regulatory requirements. Any payment made in U.S. dollars or in Euros as described above where the required payment is in an unavailable or replaced Specified Currency will not constitute an Event of Default.

### ***Denominations***

The Notes will be issued and maintained in the minimum denominations specified in the applicable Pricing Supplement and as may be allowed or required from time to time by the relevant regulatory authority or any laws or regulations applicable to the relevant Specified Currency. In the case of Zero Coupon Notes, denominations will be expressed in terms of the principal amount payable on the Maturity Date.

### ***Status of Notes***

The Notes will be unsecured general obligations of Freddie Mac. The Global Facility Agreement will not limit other indebtedness or securities that may be incurred or issued by Freddie Mac and will not contain any financial or similar restrictions on Freddie Mac or any restrictions on its ability to secure indebtedness.

### ***Maturity, Redemption and Optional Repayment***

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

The Pricing Supplement relating to any particular issue of Notes will specify whether such Notes may be redeemable at Freddie Mac’s option or repayable at the Holder’s option, in whole or in part, prior to their Maturity Date.

If so specified in the applicable Pricing Supplement, an issue of Notes will be subject to redemption at the option of Freddie Mac, in whole or from time to time in part, on one or more specified dates, at any time on or after a specified date, or during one or more specified periods of time. The redemption price for Notes that are redeemed will be an amount specified in, or determined in a manner described in, the applicable Pricing Supplement, together with accrued and unpaid interest to the date fixed for redemption.

Unless otherwise specified in the applicable Pricing Supplement, notice of optional redemption will be given to Holders of the related Notes not less than 10 calendar days nor more than 60

calendar days prior to the date of redemption in the manner described under “Global Facility Agreement — Notice.”

In the case of a partial redemption of an issue of Book-Entry Notes by Freddie Mac, such Book-Entry Notes will be redeemed pro rata. In the case of a partial redemption of an issue of Registered Notes by Freddie Mac, one or more of such Registered Notes will be reduced by the Global Agent in the amount of such redemption, subject to the principal amount of such Registered Notes remaining after redemption being in authorized denominations. The effect of any partial redemption of an issue of Registered Notes on the Beneficial Owners of such Registered Notes will depend on the procedures of the applicable clearing system and, if such Beneficial Owner is not a participant in the applicable clearing system, on the procedures of the participant through which such Beneficial Owner owns its interest.

In certain circumstances, Freddie Mac may issue Notes that are repayable at the option of the Holders of the Notes, on one or more specified dates, at any time on or after a specified date, or during one or more specified periods of time, upon terms and procedures described in the applicable Pricing Supplement.

The principal amount payable on the Maturity Date or upon redemption or repayment of a Note will be a fixed amount (the “Fixed Principal Repayment Amount”) equal to 100% of the principal amount (*i.e.*, par), or a specified amount above or below such principal amount, or an amount (the “Variable Principal Repayment Amount”) determined by reference to one or more interest rate or exchange rate indices or otherwise, in each case as specified in the applicable Pricing Supplement.

#### ***Payment Terms of the Notes***

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

- “Fixed Rate Notes” are Notes that bear interest at a single fixed rate.
- “Step Notes” are Notes that bear interest at different fixed rates in different specified periods.
- “Variable Rate Notes” are Notes that bear interest at a variable rate determined by reference to one or more interest rate or exchange rate indices, or otherwise.
- “Fixed/Variable Rate Notes” are Notes that bear interest at a fixed rate for one or more periods and at a variable rate for other periods.
- “Zero Coupon Notes” are Notes that do not bear interest and are issued at a discount to their principal amount.

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

The applicable Pricing Supplement will specify the frequency with which interest, if any, is payable on the related Notes. Interest on Notes will be payable in arrears on the Interest Payment Dates specified in the applicable Pricing Supplement.

Each issue of interest-bearing Notes will bear interest from and including the most recent Interest Payment Date or, if no interest has been paid or made available for payment in respect of such issue of Notes, from and including the issue date of such issue of Notes (or other date specified in the applicable Pricing Supplement) to but excluding the applicable Interest Payment Date (each such period is referred to in this Offering Circular as an “Interest Period”). The Maturity Date or, if applicable, earlier date of redemption or repayment is referred to in this Offering Circular

as the “Principal Payment Date” with respect to the principal of such Notes redeemable or repayable on such date. No interest on the principal of any Note will accrue on or after the Principal Payment Date on which such principal is redeemed or repaid.

The determination by Freddie Mac or the Calculation Agent of the interest rate on, or any index in relation to, a Variable Rate Note, and the determination of any payment on any Note (or any interim calculation in the determination of such interest rate, index or payment) shall, absent manifest error, be final and binding on all parties. See “Description of the Notes — General — Corrections” below.

Payments on Notes will be rounded, in the case of U.S. dollars, to the nearest cent or, in the case of a Specified Payment Currency other than U.S. dollars, to the nearest smallest transferable unit (with one-half cent or unit being rounded upwards).

In the event that any withholding or other tax is imposed by any jurisdiction, Freddie Mac will not pay additional interest or other amounts, or redeem the Notes prior to maturity, as a consequence.

#### *Fixed Rate Notes*

The applicable Pricing Supplement will specify the fixed interest rate per annum on a Fixed Rate Note. Unless otherwise specified in the applicable Pricing Supplement, interest on a Fixed Rate Note will be computed on the basis of a 360-day year consisting of twelve 30-day months.

#### *Step Notes*

Each Step Note will bear interest from its issue date to a specified date at its initial fixed interest rate and from that date to its Maturity Date at one or more different interest rates that are prescribed as of the issue date. A Step Note can have one or more step periods. Step Notes may contain provisions giving Freddie Mac the option to redeem such Notes at the beginning of a step period or at any time after a step period has begun. The applicable Pricing Supplement will specify the fixed interest rate per annum payable on Step Notes for each related period from issuance to maturity. Unless otherwise specified in the applicable Pricing Supplement, interest on a Step Note will be computed on the basis of a 360-day year consisting of twelve 30-day months.

#### *Variable Rate Notes*

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

The interest rate formula for a Variable Rate Note may contain a Spread and/or one or more Multipliers. A “Spread” means a constant or variable number to be added to or subtracted from the relevant index or formula. A “Multiplier” means a constant or variable number (which may be greater or less than one) to be multiplied by the relevant index or formula.

Variable Rate Notes also may have a Cap and/or a Floor. A “Cap” means a maximum interest rate at which interest may accrue on a Note during any Interest Reset Period. A “Floor” means a minimum interest rate at which interest may accrue on a Note during any Interest Reset Period.

The applicable Pricing Supplement will specify the accrual method (*i.e.*, the day count convention) for interest on the related Variable Rate Notes and may incorporate one or more of the following defined terms:

“Actual/360” means that interest or any other relevant accrual factor will be calculated on the basis of the actual number of days elapsed in a year of 360 days.

“Actual/365 (fixed)” means that interest or any other relevant accrual factor will be calculated on the basis of the actual number of days elapsed in a year of 365 days, regardless of whether payment occurs during a leap year.

“Actual/Actual” means that interest or any other relevant accrual factor will be calculated on the basis of (i) the actual number of days elapsed in the Interest Period divided by 365, or (ii) if any portion of the Interest Period falls in a calendar leap year, (A) the actual number of days in that portion of the Interest Period falling in the calendar leap year divided by 366 plus (B) the actual number of days in that portion, if any, of the Interest Period falling in a calendar non-leap year divided by 365.

The applicable Pricing Supplement will specify the frequency with which the rate of interest on the related Variable Rate Notes will reset (which may be daily, weekly, monthly, quarterly, semiannually, annually or any other frequency). The applicable Pricing Supplement also will specify the dates on which a new rate of interest becomes effective (each, a “Reset Date”). Variable Rate Notes may bear interest prior to the initial Reset Date at an initial interest rate. Such initial interest rate, or the method to be used to determine the initial interest rate, will be specified in the applicable Pricing Supplement. Each period beginning on the applicable Reset Date and ending on the calendar day preceding the next Reset Date is referred to herein as an “Interest Reset Period.” The rate of interest applicable to each Interest Reset Period will be determined as of the applicable Determination Date. Except as described in the succeeding sentence, the Determination Date for a Variable Rate Note means the second Business Day preceding the Reset Date applicable to an Interest Reset Period, unless otherwise specified in the applicable Pricing Supplement. The Determination Date for a Variable Rate Note as to which the rate of interest is determined by reference to LIBOR means the second London Banking Day preceding the Reset Date applicable to an Interest Reset Period, unless the Index Currency is Sterling, in which case the Determination Date will be the applicable Reset Date.

If the rate of interest on a Variable Rate Note is subject to adjustment within an Interest Period, accrued interest will be calculated by multiplying the principal amount of such Variable Rate Note by an accrued interest factor. Unless otherwise specified in the applicable Pricing Supplement, this accrued interest factor will be computed by adding the interest factor calculated for each Interest Reset Period in such Interest Period and rounding the sum to nine decimal places. The interest factor for each such Interest Reset Period will be computed by multiplying the number of days in the Interest Reset Period by the interest rate (expressed as a decimal) applicable to such Interest Reset Period and dividing the product by the number of days in the year referred to in the accrual method specified in the applicable Pricing Supplement.

If the format of a page, screen, display, press release or other source related to an index specified in the Offering Circular, the applicable Pricing Supplement or other applicable supplement or amendment to the Offering Circular to be used in determining the rate of interest on a Note changes but, in the discretion of the Calculation Agent, such page, screen, display, press release or other source continues to disclose the information necessary to determine such rate substantially as described in the Offering Circular or in such Pricing Supplement or other supplement or amendment to the Offering Circular, the procedure for obtaining information from such page, screen, display, press release or other source as described in the Offering Circular, such Pricing Supplement or such other supplement or amendment to the Offering Circular, as the case may be, shall be deemed to be amended as determined by the Calculation Agent.

The “Calculation Agent” will be Freddie Mac or a bank or broker-dealer designated by Freddie Mac, as specified in the applicable Pricing Supplement.

Information concerning the current interest rate on Variable Rate Notes is expected to be available from Freddie Mac, by contacting the Debt Securities Marketing office at Freddie Mac as shown under “Availability of Information and Incorporation by Reference,” and, if Freddie Mac is not the Calculation Agent, from the Calculation Agent. In addition, if and so long as an issue of Variable Rate Notes is listed on the Luxembourg Stock Exchange or the Singapore Stock Exchange or any

other exchange and the rules of such Exchange or Exchanges so require, the Calculation Agent will cause the interest rate for the applicable Interest Reset Period and the amount of interest on the minimum denomination in respect of such issue that would accrue through the last day of such Interest Reset Period, as well as the last day of such Interest Reset Period, to be provided to such Exchange or Exchanges as required and in no event later than two Business Days after their determination. Such interest amounts so made available may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Reset Period.

*LIBOR.* If the applicable Pricing Supplement specifies LIBOR as the applicable interest rate index for determining the rate of interest for the related Variable Rate Note, the following provisions will apply (unless otherwise specified in the applicable Pricing Supplement):

“LIBOR” means, with respect to a Reset Date (in the following order of priority):

(i) the rate (expressed as a percentage per annum) for Deposits in the Index Currency having the Index Maturity that appears on the Bridge Telerate Capital Markets Report Page 3750, or any successor page or such other page (or any successor page) on that service or any successor service specified in the applicable Pricing Supplement (the “Designated Telerate Page”) as of 11:00 a.m. (London time) on the related Determination Date;

(ii) if such rate does not appear on the Designated Telerate Page as of 11:00 a.m. (London time) on the related Determination Date, LIBOR will be the rate (expressed as a percentage per annum) for Deposits in the Index Currency having the Index Maturity that appears on the Reuters Page ISDA, or any successor page or such other page (or any successor page) on that service or any successor service specified in the applicable Pricing Supplement (the “Designated Reuters Page”) as of 11:00 a.m. (London time) on such Determination Date;

(iii) if such rate does not appear on the Designated Reuters Page as of 11:00 a.m. (London time) on the related Determination Date, the Calculation Agent will request the principal London offices of four leading banks in the London interbank market selected by the Calculation Agent (after consultation with Freddie Mac, if Freddie Mac is not then acting as Calculation Agent) to provide such bank’s offered quotation (expressed as a percentage per annum) to prime banks in the London interbank market for Deposits in the Index Currency having the Index Maturity as of 11:00 a.m. (London time) on such Determination Date and in a Representative Amount. If at least two quotations are provided, LIBOR will be the arithmetic mean (if necessary rounded upwards) of such quotations;

(iv) if fewer than two such quotations are provided as requested in clause (iii) above, the Calculation Agent will request four major banks in the applicable Principal Financial Center selected by the Calculation Agent (after consultation with Freddie Mac, if Freddie Mac is not then acting as Calculation Agent) to provide such bank’s offered quotation (expressed as a percentage per annum) to leading European banks for loans in the Index Currency for a period of time corresponding to the Index Maturity, commencing on such Reset Date, as of approximately 11:00 a.m. in the applicable Principal Financial Center on such Determination Date and in a Representative Amount. If at least two such quotations are provided, LIBOR will be the arithmetic mean (if necessary rounded upwards) of such quotations; and

(v) if fewer than two such quotations are provided as requested in clause (iv) above, LIBOR will be LIBOR determined with respect to the Reset Date immediately preceding such Reset Date (or, in the case of the first Reset Date, will be the rate for deposits in the Index Currency having the Index Maturity as of 11:00 a.m. (London time) on the most recent London Banking Day preceding the related Determination Date for which such rate shall have been displayed on either the Designated Telerate Page or the Designated Reuters Page with respect to deposits commencing on the second London Banking Day following such date (or, if the Index Currency is Sterling, commencing on such date) (and if such rate appears on both such screens on such London Banking Day, using the Designated Telerate Page)).

“Deposits” means deposits commencing on the applicable Reset Date.

“Index Currency” means the currency or currency unit specified in the applicable Pricing Supplement with respect to which LIBOR will be calculated; provided, however, that if Euros are substituted for such currency or currency unit, the Index Currency will be Euros. If no such currency or currency unit is specified in the applicable Pricing Supplement, the Index Currency will be U.S. dollars.

“Index Maturity” means the period with respect to which LIBOR will be calculated that is specified in the applicable Pricing Supplement.

“London Banking Day” means any day on which commercial banks are open for business (including dealings in foreign exchange and deposits in the Index Currency) in London.

“Principal Financial Center” means the capital city of the country of the Specified Payment Currency, or solely with respect to the calculation of LIBOR, the Index Currency, as the case may be, except that with respect to U.S. dollars, Australian dollars and Swiss francs, the Principal Financial Center will be the City of New York, Sydney and Zurich, respectively. With respect to Euros, the Principal Financial Center will be Frankfurt, or such other city or cities as may be specified in the applicable Pricing Supplement.

“Representative Amount” means a principal amount of not less than U.S. \$1,000,000 (or, if the Index Currency is other than U.S. dollars, a principal amount not less than the equivalent thereof in such Index Currency) that, in the Calculation Agent’s sole judgment, is representative for a single transaction in the relevant market at the relevant time.

*EURIBOR.* If the applicable Pricing Supplement specifies EURIBOR as the applicable interest rate index for determining the rate of interest for the related Variable Rate Note, the following provisions will apply (unless otherwise specified in the applicable Pricing Supplement):

“EURIBOR” means, with respect to a Reset Date (in the following order of priority):

(i) the rate (expressed as a percentage per annum) for Deposits in Euros having the Index Maturity that appears on Bridge Telerate Capital Markets Report Page 248, or any successor page or such other page (or any successor page) on that service or any successor service specified in the applicable Pricing Supplement (the “Designated EURIBOR Page”) as of 11:00 a.m. (Brussels time) on the relevant Determination Date;

(ii) if such rate does not appear on the Designated EURIBOR Page as of 11:00 a.m. (Brussels time) on the related Determination Date, then the Calculation Agent will request the principal offices of four major banks in the Euro-zone selected by the Calculation Agent (after consultation with Freddie Mac, if Freddie Mac is not then acting as Calculation Agent) to provide such bank’s offered quotation (expressed as a percentage per annum) to prime banks in the Euro-zone interbank market for Deposits in Euros having the Index Maturity as of 11:00 a.m. (Brussels time) on such Determination Date and in a Representative Amount. If at least two quotations are provided, EURIBOR for that date will be the arithmetic mean (if necessary rounded upwards) of the quotations. If fewer than two such quotations are provided as requested, EURIBOR will be the arithmetic mean (if necessary rounded upwards) of the rates quoted by major banks in the Euro-zone, selected by the Calculation Agent, at approximately 11:00 a.m. (Brussels time) on the Determination Date for loans in Euros to leading European banks for a period of time corresponding to the Index Maturity and in a Representative Amount.

“Euro-zone” means the region comprising member states of the European Union that adopt a single currency in accordance with the Treaty.

#### *Fixed/Variable Rate Notes*

Fixed/Variable Rate Notes will bear interest at a fixed rate for one or more specified periods (see “Description of the Notes — General — Payment Terms of the Notes — Fixed Rate Notes”)

and at a rate determined by reference to one or more interest rate or exchange rate indices, or otherwise, for one or more other specified periods (see “Description of the Notes — General — Payment Terms of the Notes — Variable Rate Notes”).

#### *Zero Coupon Notes*

Zero Coupon Notes will not bear interest and will be issued at a price that is less than the principal amount payable on the Maturity Date. As a result, Zero Coupon Notes are issued with original issue discount for U.S. federal income tax purposes. See “Certain United States Federal Tax Consequences — U.S. Owners — Debt Obligations with Original Issue Discount.”

#### **Corrections**

All value inputs into indexing formulas, intermediate calculations, numbers resulting from any calculation, interest rates, interest factors, accrued interest factors, principal amounts or components used to determine principal or interest payable on an issue of Notes are subject to correction within 30 days from the applicable Interest Payment Date or Principal Payment Date. The source of a corrected value input must be the same page, screen, display, press release or other source from which the previously-used value input was obtained. A correction might result in an adjustment to an amount paid to a Holder. For example, if the applicable index initially used for determining the rate of interest or principal amount payable in respect of an issue of Notes is superseded by a corrected value input from the source of such applicable index, such corrected value input will be the applicable index used by the Calculation Agent for determining the rate of interest or principal amount payable in respect of such Notes on the applicable Interest Payment Date or Principal Payment Date, as the case may be. To illustrate, assume that the applicable Pricing Supplement for a Variable Rate Note specifies LIBOR as the applicable interest rate index for determining the rate of interest payable on such Note. If LIBOR with respect to a Reset Date is obtained from the Designated Telerate Page in accordance with clause (i) of the definition of LIBOR above, such rate may be superseded only by a corrected rate for such Reset Date obtained from the Designated Telerate Page. Such corrected rate would be used by the Calculation Agent for determining the rate of interest payable in respect of such Variable Rate Note as of the applicable Interest Payment Date.

The Luxembourg Stock Exchange and the Singapore Stock Exchange will be notified if a correction to an applicable rate for Notes listed on either the Luxembourg Stock Exchange or the Singapore Stock Exchange, respectively, takes place.

#### **Business Day Convention**

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

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

(i) with respect to Book-Entry Notes, any day other than (a) a Saturday, (b) a Sunday, (c) a day on which the Federal Reserve Bank of New York is authorized or obligated by law or executive order to remain closed or (d) as to any Holder of a Book-Entry Note, a day on which the U.S. Federal Reserve Bank at which such Holder’s account is maintained is authorized or obligated by law or executive order to remain closed; and

(ii) with respect to Registered Notes, any day other than (a) a Saturday, (b) a Sunday, (c) a day on which banking institutions are required or permitted by law or governmental action

to close in (1) the City of New York or (2) if the Specified Payment Currency is other than U.S. dollars or Euros, the Principal Financial Center of the country of such Specified Payment Currency, (d) if the Specified Payment Currency is Euros, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (“TARGET”) system is not open for settlements, or a day on which payments in Euros cannot be settled in the international interbank market as determined by the Global Agent or (e) with respect to any required payment, a day on which banking institutions are required or permitted by law or governmental action to close in the place of payment.

### ***Targeted Registered Issues***

Certain issues of Registered Notes (“Targeted Registered Notes”) may be “targeted to foreign markets” under U.S. tax regulations. These regulations generally do not allow Targeted Registered Notes, in connection with their original issuance, to be offered or sold to persons who are within the United States or its possessions or to or for the account of U.S. Persons. Such regulations also require Holders, and in certain cases Beneficial Owners, of Targeted Registered Notes to comply with certain periodic certification requirements, including certification of non-U.S. beneficial ownership. In addition, these regulations generally prohibit the delivery of Registered Notes representing Targeted Registered Notes within the United States or its possessions. Only the Dealers that have represented and warranted as to those matters summarized under “Plan of Distribution — Selling Restrictions — Targeted Registered Notes” and certain other matters may offer or sell Targeted Registered Notes. If Freddie Mac issues Targeted Registered Notes, special provisions applicable to such Targeted Registered Notes, including form, selling and transfer restrictions and tax considerations and certifications, will be described in the applicable Pricing Supplement. The applicable Pricing Supplement generally may not be distributed in the United States or to U.S. Persons. Targeted Registered Notes will not be issued as Book-Entry Notes.

### ***Further Issues***

In its discretion and at any time, Freddie Mac may offer additional Notes which have the same terms (other than issue date, interest commencement date and issue price) and conditions as Notes for which settlement has previously occurred so as to form a single series of Notes as specified in the applicable Pricing Supplement.

### ***Repurchase***

Freddie Mac at any time may purchase Notes at any price or prices in the open market or otherwise. Such Notes may be held, resold or cancelled by Freddie Mac.

## **Clearance and Settlement**

### ***General***

Notes may be held through organizations participating in one or more international and domestic clearing systems, principally the systems operated by the U.S. Federal Reserve Banks and DTC, in the United States, and Euroclear and Cedelbank, in Europe. Electronic notes and payment transfer, processing, depository and custodial arrangements among these systems and others, either directly or indirectly through custodians and depositories, may enable certain Notes to be issued, held and transferred among the systems as described below. Special procedures among these systems allow clearance and settlement of certain Notes traded across borders in the secondary market. Cross-market transfers of Notes denominated in certain Specified Currencies may be cleared and settled using these procedures. However, there can be no assurance that cross-market transfers of any Notes will be possible.

Each relevant system has its own separate operating procedures and arrangements with participants or accountholders that govern the relationship between them and such system and to which Freddie Mac is not and will not be a party. The clearing systems may impose fees in respect

of the maintenance and operation of the accounts in which beneficial interests in Notes are maintained.

Freddie Mac expects that (i) most Notes denominated and payable in U.S. dollars and distributed within the United States will clear and settle through the Fed Book-Entry System, (ii) most Notes denominated and payable in U.S. dollars and distributed simultaneously within and outside of the United States will clear and settle, within the United States, through the Fed Book-Entry System and, outside of the United States, through the systems operated by Euroclear, Cedelbank and/or any other relevant clearing system, (iii) Notes denominated or payable in a Specified Currency other than U.S. dollars (and Notes denominated and payable in U.S. dollars that are not cleared and settled in accordance with clauses (i) and (ii) above) and distributed solely within the United States will clear and settle through the system operated by DTC, (iv) Notes denominated or payable in a Specified Currency other than U.S. dollars (and Notes denominated and payable in U.S. dollars that are not cleared and settled in accordance with clauses (i) and (ii) above) and distributed simultaneously within and outside of the United States will clear and settle through the systems operated by DTC, Euroclear, Cedelbank and/or any other relevant clearing system and (v) Notes, irrespective of the Specified Currency in which such Notes are denominated or payable, distributed solely outside of the United States will clear and settle through the systems operated by Euroclear, Cedelbank and/or any other relevant clearing system or, in certain cases, DTC.

### **Clearing Systems**

Freddie Mac understands the following:

*Fed Book-Entry System.* The FRB operates a book-entry system (the “Fed Book-Entry System”) which provides book-entry holding and settlement for U.S. dollar denominated securities issued by the U.S. Government, certain of its agencies, instrumentalities and GSEs and international organizations of which the United States is a member. The system enables Holding Institutions to hold, make payments and transfer securities and funds.

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

*Euroclear.* Euroclear was created in 1968 to hold securities for its participants and to clear and settle transactions between its participants through simultaneous electronic book-entry delivery against payment. Euroclear is operated by Morgan Guaranty Trust Company of New York, Brussels office (“Morgan — Brussels”), and all Euroclear securities clearance and cash accounts are with Morgan — Brussels. They are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law. Morgan — Brussels acts only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

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

*Other.* Any other clearing system which Freddie Mac makes available for a particular issue of Notes will be described in the applicable Pricing Supplement.

### ***Clearance and Settlement Procedures—Primary Distribution***

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

*U.S. Federal Reserve Banks.* Book-Entry Notes will be issued and settled through the Fed Book-Entry System in same-day funds and will be held by designated Holding Institutions. After initial issue, all Book-Entry Notes will continue to be held by such Holding Institutions in the Fed Book-Entry System unless arrangements are made for the transfer thereof to another Holding Institution.

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

*Euroclear and Cedelbank.* Investors holding Other Registered Notes through Euroclear, Cedelbank or another clearing system will follow the settlement procedures applicable to conventional Eurobonds in registered form. Freddie Mac understands that such Other Registered Notes will be credited to Euroclear, Cedelbank or such other clearing system participants' securities clearance accounts either on the relevant issue date or on the settlement day following the relevant issue date against payment in same-day funds (for value on the relevant issue date).

### ***Clearance and Settlement Procedures—Secondary Market Transfers***

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

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

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

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

## **Book-Entry Notes**

Book-Entry Notes will be issued and maintained only on the Fed Book-Entry System. Book-Entry Notes will not be exchangeable for definitive Notes. Pursuant to the Fiscal Agency Agreement between Freddie Mac and the FRB, the FRB is Freddie Mac's fiscal agent for Notes issued in book-entry form. Department of Housing and Urban Development regulations, 24 C.F.R. Part 81, Subpart H (the "Book-Entry Rules"), are applicable to Freddie Mac's book-entry securities, as are such other procedures as may be agreed upon from time to time by Freddie Mac and the FRB. The Book-Entry Rules relate primarily to the issuance and recordation of and transfers of interests (including security interests) in Freddie Mac's book-entry securities. The Book-Entry Rules may be modified, amended, supplemented, superseded, eliminated or otherwise altered without the consent of any Holder of Book-Entry Notes.

The accounts of Holders of Book-Entry Notes on the Fed Book-Entry System are governed by applicable operating circulars and letters of the FRB.

### ***Title***

Book-Entry Notes may be held of record only by entities eligible to maintain book-entry accounts with the FRB (the "Holding Institutions"). Such entities whose names appear on the book-entry records of the FRB as the entities to whose accounts Book-Entry Notes have been deposited are referred to in this Offering Circular as "Holders" of such Book-Entry Notes.

A Holder is not necessarily the Beneficial Owner of a Book-Entry Note. Beneficial Owners of Book-Entry Notes ordinarily will hold such Notes through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. For example, an investor may hold a Book-Entry Note through a brokerage firm which, in turn, holds the Book-Entry Note through an entity eligible to maintain book-entry accounts with the FRB. In that case, the investor would be the Beneficial Owner of the Note and the entity that appears as the holder on the records of the FRB would be the Holder.

A Holder that is not the Beneficial Owner of a Note, and each other financial intermediary in the chain between the Holder and the Beneficial Owner, will be responsible for establishing and maintaining accounts for their respective customers. The rights of the Beneficial Owner of a Note in book-entry form with respect to Freddie Mac and the FRB may be exercised only through the Holder of the Book-Entry Note. Neither Freddie Mac nor any FRB will have a direct obligation to a Beneficial Owner of a Book-Entry Note that is not also the Holder of the Book-Entry Note. The FRB will act only upon the instructions of the Holder in recording transfers of a Note maintained on the Fed Book-Entry System. Freddie Mac and the FRB may treat the Holders as the absolute owners of Book-Entry Notes for the purpose of making payments in respect of Book-Entry Notes and for all other purposes, whether or not such Book-Entry Notes shall be overdue and notwithstanding any notice to the contrary.

### ***Payments***

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

### ***Fiscal Agent***

The FRB will be the fiscal agent for Book-Entry Notes. Freddie Mac and the FRB may amend, modify or supplement in any respect, or may terminate, substitute or replace, the Fiscal Agency Agreement.

In acting under the Fiscal Agency Agreement, the FRB acts solely as fiscal agent of Freddie Mac and does not assume any obligation or relationship of agency or trust for or with any Holder of a Book-Entry Note.

### **Registered Notes**

Registered Notes will be deposited with (i) a custodian for, and registered in the name of a nominee of, DTC (such Registered Notes are referred to in this Offering Circular as the “DTC Registered Notes”) or (ii) a common depository for, and registered in the name of such common depository or a nominee of such common depository for Euroclear, Cedelbank, and/or any other relevant clearing system, as specified in the applicable Pricing Supplement. (Registered Notes that are not DTC Registered Notes are referred to in this Offering Circular as “Other Registered Notes”). Citibank — London or another designated institution will act as custodian for DTC and as common depository for Euroclear, Cedelbank and/or any other relevant clearing system (in the latter capacity, the “Common Depository”). Registered Notes will be exchangeable for definitive Notes only under the limited circumstances described under “Description of the Notes — Registered Notes — Exchange for Definitive Notes.”

### ***Title***

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

Freddie Mac and the Global Agent may treat the Holders as the absolute owners of Registered Notes for the purpose of making payments and for all other purposes, whether or not such Registered Notes shall be overdue and notwithstanding any notice to the contrary. Owners of beneficial interests in a Registered Note will not be considered by Freddie Mac or the Global Agent as the owner or Holder of such Registered Note and, except under limited circumstances described under “Description of the Notes — Registered Notes — Exchange for Definitive Notes,” will not be entitled to have Notes registered in their names and will not receive or be entitled to receive definitive Notes. Accordingly, any Beneficial Owner must rely on the procedures of the applicable clearing system and, if such Beneficial Owner is not a participant in the applicable clearing system, on the procedures of the participant through which such Beneficial Owner owns its interest, to exercise any rights of a Holder of such Registered Notes.

Freddie Mac understands that, under existing industry practices, if Freddie Mac requests any action of Holders or if Beneficial Owners desire to give or take any action that a Holder is entitled to give or take, DTC, Euroclear, Cedelbank or any other applicable clearing system, or their respective nominees, as the case may be, as the Holder of the related Registered Note, would authorize the participants through which the relevant beneficial interests are held (or persons holding beneficial

interests in the Registered Notes through participants) to give or take such action, and such participants would authorize Beneficial Owners owning through such participants (or such persons holding beneficial interests in the Registered Notes through participants) to give or take such action and would otherwise act upon the instructions given to such participants (or such persons) by such Beneficial Owners, in each case in accordance with the relevant rules and procedures of the applicable system.

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

### **Payments**

Payments in respect of the Registered Notes will be made to DTC, Euroclear, Cedelbank or any other applicable clearing system, or their respective nominees, as the case may be, as the Holders thereof. Such payments will be made in the Specified Payment Currency (except as described under “Description of the Notes — General — Specified Currencies and Specified Payment Currencies,” or as otherwise described below). For certain currency conversion facilities with respect to DTC Registered Notes, see “Currency Conversions — Payment on DTC Registered Notes.” All payments to or upon the order of the Holder of a Registered Note will be valid and effective to discharge the liability of Freddie Mac in respect of such Registered Note. Ownership positions within each system will be determined in accordance with the normal conventions observed by such system. Neither Freddie Mac nor the Global Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Registered Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Freddie Mac has been advised that, upon receipt of any payment of principal or interest on a DTC Registered Note, DTC will credit its participants’ accounts with payment in amounts proportionate to their respective beneficial interests in the principal amount of such DTC Registered Note. Payments by such participants to owners of beneficial interests in such DTC Registered Note held through such participants will be the responsibility of such participants, as is now the case with securities held for the accounts of customers registered in “street name.” Freddie Mac also has been advised that payments with respect to Other Registered Notes held through Euroclear, Cedelbank or any other applicable clearing system will be credited to Euroclear participants, Cedelbank participants or participants of any other applicable clearing system in accordance with the relevant system’s rules and procedures.

Interest on a Registered Note will be paid on the applicable Interest Payment Date. Such interest payment will be made to the Holder of such Registered Note as of the close of business on the fifteenth calendar day (each, a “Record Date”) preceding such Interest Payment Date. (Owners of beneficial interests in such Registered Note should be aware that the applicable clearing system may apply a different record date for the payment of interest on such Interest Payment Date.) The first payment of interest on any Registered Note originally issued between a Record Date and the related Interest Payment Date will be made on the Interest Payment Date following the next Record Date to the Holder on such next Record Date. The principal of each Registered Note, together with accrued and unpaid interest thereon, is due on the Principal Payment Date for such Registered Note (subject to the right of the Holder thereof on the related Record Date to receive interest due on an Interest Payment Date that is on or prior to such Principal Payment Date) and will be paid to the Holder thereof against presentation and surrender of such Registered Note. See “Description of the Notes — General — Business Day Convention.”

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

### ***Global Agent***

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

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

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

### ***Exchange for Definitive Notes***

In the event that Freddie Mac issues definitive Notes in exchange for Registered Notes issued in global form under the limited circumstances described below, such definitive Notes will have terms identical to the Registered Notes for which they were exchanged except as described below.

*Issuance of Definitive Notes.* Unless otherwise specified in the applicable Pricing Supplement, beneficial interests in Registered Notes issued in global form will be subject to exchange for definitive Notes only if such exchange is permitted by applicable law and (i) in the case of a DTC Registered Note, DTC notifies Freddie Mac that it is no longer willing or able to discharge properly its responsibilities as depository with respect to such DTC Registered Note, or ceases to be a "clearing agency" registered under the Securities Exchange Act of 1934 (if so required), or is at any time no longer eligible to act as such, and in each case Freddie Mac is unable to locate a successor within 90 calendar days of receiving notice of such ineligibility on the part of DTC, (ii) in the case of any Other Registered Note, if all of the systems through which it is cleared or settled are closed for business for a continuous period of 14 calendar days (other than by reason of holidays, statutory or otherwise) or are permanently closed for business or have announced an intention permanently to cease business and in any such situations Freddie Mac is unable to locate a single successor within 90 calendar days of such closure, (iii) a Holder has instituted a judicial proceeding in a court to enforce its rights under such Registered Note and such Holder has been advised by counsel that in connection with such proceeding it is necessary for such Holder to obtain possession of definitive Notes, (iv) Freddie Mac (at its discretion), upon the request of a Holder and at such Holder's expense, elects to issue definitive Notes or (v) Freddie Mac (at its discretion) elects to issue definitive Notes. In such circumstances, Freddie Mac will cause sufficient definitive Notes to be executed and delivered as soon as practicable (and in any event within 45 calendar days of Freddie Mac's receiving notice of the occurrence of such circumstances) to the Global Agent or its agent for completion, authentication and delivery to the relevant registered holders of such definitive Notes. DTC, Euroclear, Cedelbank or another applicable clearing system, or their respective nominees, as the case may be, as Holders of the related Registered Notes, must provide Freddie Mac or the Global Agent with a written order containing instructions and such other information as Freddie Mac or the Global Agent may require to complete, execute and deliver such

definitive Notes in authorized denominations. With respect to (iv) above, Freddie Mac intends to grant requests for definitive Notes only in exceptional circumstances.

*Title.* The person in whose name a definitive Note is registered in the Register will be the “Holder” of such definitive Note. Freddie Mac and the Global Agent may treat the Holders as the absolute owners of definitive Notes for the purpose of making payments and for all other purposes, whether or not such definitive Notes shall be overdue and notwithstanding any notice to the contrary.

*Payments.* Interest on a definitive Note will be paid on the applicable Interest Payment Date. Such interest payments will be made by check mailed to the Holder of the definitive Note as of the close of business on the Record Date preceding such Interest Payment Date at such Holder’s address appearing in the Register. The principal of each definitive Note, together with accrued and unpaid interest on such definitive Note, will be due on the Principal Payment Date (subject to the right of the Holder on the related Record Date to receive interest due on an Interest Payment Date that is on or prior to such Principal Payment Date) and will be paid against presentation and surrender of such definitive Note at the offices of the Global Agent or other paying agent. Payments on the Principal Payment Date will be made by check provided at the appropriate office of the Global Agent or other paying agent or mailed by the Global Agent to the Holder of such definitive Note. U.S. dollar checks will be drawn on a bank in the United States. Checks in a Specified Payment Currency other than U.S. dollars may be drawn on a bank office located outside the United States. If and so long as an issue of Notes of which definitive Notes form a part is listed on the Luxembourg Stock Exchange and the rules of such Exchange so require, Freddie Mac will maintain a paying agent in Luxembourg with respect to such issue of Notes. See “Global Facility Agreement — Notice” for a description of the manner in which Freddie Mac will notify the Holders of definitive Notes of the appointment of such paying agent as soon as practicable after such appointment and the location of the office through which such paying agent will act.

Notwithstanding the provisions described in the preceding paragraph relating to payments by check, the Holder of an aggregate principal amount of at least \$10,000,000 of an issue of Notes of which definitive Notes form a part (or, in the case of a definitive Note denominated in a Specified Currency other than U.S. dollars, the Specified Currency equivalent of at least \$10,000,000) may elect to receive payments on the Notes by wire transfer of immediately available funds in the Specified Payment Currency to an account in such Specified Payment Currency with a bank designated by such Holder that is acceptable to Freddie Mac, provided such bank has appropriate facilities therefor and accepts such transfer and such transfer is permitted by any applicable law or regulation and will not subject Freddie Mac to any liability, requirement or unacceptable charge. In order for such Holder to receive such payments, the relevant paying agent (including the Global Agent) must receive at its office (or, if Freddie Mac maintains a paying agent in Luxembourg pursuant to the rules of the Luxembourg Stock Exchange, such paying agent must receive at its specified office) from such Holder (i) in the case of payments on an Interest Payment Date, a written request therefor not later than the close of business on the related Record Date or (ii) in the case of payments on the Principal Payment Date, a written request therefor not later than the close of business on the date 15 days prior to such Principal Payment Date and the related definitive Note not later than two Business Days prior to such Principal Payment Date. Such written request must be delivered to the relevant paying agent (including the Global Agent) by mail, by hand delivery or by tested or authenticated telex. Any such request will remain in effect until the Global Agent receives written notice to the contrary.

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

*Partial Redemption.* Definitive Notes subject to redemption in part by Freddie Mac will be selected by the Global Agent by lot or in such other manner as the Global Agent deems fair and

appropriate, subject to the requirement that the principal amount of each outstanding definitive Note after such redemption is in an authorized denomination.

*Transfer and Exchange.* Definitive Notes may be presented for registration of transfer or exchange (with the form of transfer included on the Notes properly endorsed, or accompanied by a written instrument of transfer, with such evidence of due authorization and guaranty of signature as may be required by the Registrar, duly executed) at the office of the Registrar or any other transfer agent upon payment of any taxes and other governmental charges and other amounts, but without payment of any service charge to the Registrar or such transfer agent for such transfer or exchange. If and so long as an issue of Notes of which definitive Notes form a part is listed on the Luxembourg Stock Exchange and the rules of such Exchange so require, Freddie Mac will maintain a transfer agent in Luxembourg with respect to such issue of Notes.

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

## **CURRENCY CONVERSIONS**

### **Payment for Notes**

Purchasers of Notes will be required to pay for such Notes in the applicable Specified Currency. Each Dealer to whom or through whom Registered Notes are sold may, under certain terms and conditions, arrange for the conversion of the Investor’s Currency into such Specified Currency to enable purchasers to pay for such Registered Notes if purchasers so request not later than the day determined by such Dealer. Freddie Mac will not be involved in any manner in, and will have no responsibility for, any such conversion. Each such conversion will be made by a Dealer on such terms and subject to such conditions, limitations and charges as such Dealer may from time to time establish. All costs of conversion will be borne by the purchasers of such Registered Notes.

### **Payment on DTC Registered Notes**

Except as described under “Description of the Notes — General — Specified Currencies and Specified Payment Currencies — Unavailability,” Freddie Mac is obligated to make payments of principal of and any interest on all Notes in the Specified Payment Currency. At the present time, there are limited facilities in the United States for the conversion of foreign currencies or currency units into U.S. dollars, and commercial banks generally do not offer non-U.S. dollar checking or savings account facilities in the United States. Accordingly, in the case of DTC Registered Notes whose Specified Payment Currency is other than U.S. dollars, the currency exchange bank specified in the applicable Pricing Supplement (the “Currency Exchange Bank”), for Holders of such DTC Registered Notes, will convert any amounts paid by Freddie Mac in such Specified Payment Currency into U.S. dollars, unless such Holders elect to receive payments in such Specified Payment Currency as described in the next two paragraphs. Freddie Mac will not be involved in any manner in, and will have no responsibility for, the conversion of the Specified Payment Currency for such DTC Registered Notes into U.S. dollars.

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

The Holder of a DTC Registered Note to be paid in a Specified Payment Currency other than U.S. dollars will have the option to receive payments of the principal of and any interest on such DTC Registered Note in the Specified Payment Currency by notifying DTC no later than the third New York business day after the related Record Date, in the case of payments on an Interest Payment Date, or the date 12 days prior to the Principal Payment Date, in the case of payments on the Principal Payment Date. Freddie Mac understands that Euroclear and Cedelbank, unless specifically requested not to do so by a participant prior to the 15th day preceding the applicable Interest Payment Date or Principal Payment Date, will elect to receive all payments of principal and interest in respect of DTC Registered Notes held through them in the applicable Specified Payment Currency if it is other than U.S. dollars.

## **GLOBAL FACILITY AGREEMENT**

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

### **Binding Effect of the Global Facility Agreement**

By receiving and accepting a Note, each Holder, financial intermediary and Beneficial Owner of such Note agrees, without any signature or further manifestation of assent, to be bound by the terms and conditions of the Global Facility Agreement, as supplemented, modified or amended pursuant to its terms.

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

### **Certain Matters Regarding Freddie Mac**

The Global Facility Agreement provides that neither Freddie Mac nor any director, officer, employee or agent of Freddie Mac will be under any liability to the Holders for any action taken, or for refraining from the taking of any action, in good faith pursuant to the Global Facility Agreement or for errors in judgment. However, neither Freddie Mac nor any such person will be protected against any liability imposed by reason of willful misfeasance, bad faith or gross negligence or by reason of reckless disregard of obligations and duties.

In performing its responsibilities under the Global Facility Agreement, Freddie Mac may employ agents or independent contractors. Except upon an Event of Default (as defined below), Freddie Mac will not be subject to the control of Holders in any manner in the discharge of its responsibilities pursuant to the Global Facility Agreement. Except with regard to its payment obligations, Freddie Mac will have no liability to any Holder other than for any direct damage resulting from Freddie Mac’s failure to exercise that degree of ordinary care which it exercises in the conduct and

management of its own affairs. Freddie Mac will have no liability of any nature for consequential damages.

In addition, the Global Facility Agreement provides that Freddie Mac is not under any obligation to appear in, prosecute or defend any legal action that is not incidental to its responsibilities under the Global Facility Agreement and that in its opinion may involve it in any expense or liability. However, Freddie Mac may in its discretion undertake any such legal action that it may deem necessary or desirable in the interests of the Holders. In such event, the legal expenses and costs of such action will be expenses and costs of Freddie Mac.

### **Events of Default**

Under the Global Facility Agreement, an “Event of Default” with respect to a specific issue of Notes will consist of (i) any failure by Freddie Mac to pay to Holders of such Notes any required payment that continues unremedied for 30 days; (ii) any failure by Freddie Mac to perform in any material respect any other covenant or agreement in the Global Facility Agreement, which failure continues unremedied for 60 days after the giving of notice of such failure to Freddie Mac by the Holders of not less than 25% of the outstanding principal amount (or notional principal amount) of such Notes; or (iii) certain events of bankruptcy, insolvency or similar proceedings involving Freddie Mac. Any payment made in U.S. dollars or in Euros as described under “Description of the Notes — General — Specified Currencies and Specified Payment Currencies — Unavailability” shall not constitute an Event of Default.

Any event associated with EMU (an “EMU Event”) will not give rise to an Event of Default. An EMU Event may include, without limitation, each (and any combination) of (i) the introduction of, changeover to or implementation of the Euro; (ii) the fixing of exchange rates between the currency of a member state of the European Union and Euros or between the currencies of member states of the European Union; (iii) the substitution of Euros for the ECU as the unit of account of the EC or the currency of the European Central Bank; (iv) the introduction of Euros as lawful currency in a member state of the European Union; (v) the withdrawal from legal tender of any currency that, before the introduction of Euros, was lawful currency in any of the member states of the European Union; or (vi) the disappearance or replacement of a relevant rate option or other price source for the national currency of any member state of the European Union, or the failure of the agreed sponsor (or a successor sponsor) to publish or display a relevant rate, index, price, page or screen.

### **Rights Upon Event of Default**

As long as an Event of Default under the Global Facility Agreement remains unremedied, Holders of not less than 50% of the outstanding principal amount (or notional principal amount) of an issue of Notes to which such Event of Default relates may, by written notice to Freddie Mac, declare such Notes due and payable.

No Holder has any right under the Global Facility Agreement to institute any action or proceeding at law or in equity or in bankruptcy or otherwise, or for the appointment of a receiver or trustee, or for any other remedy, unless (i) such Holder previously has given to Freddie Mac written notice of an Event of Default and of the continuance thereof; (ii) the Holders of not less than 50% of the outstanding principal amount (or notional principal amount) of an issue of Notes to which such Event of Default relates have given written notice to Freddie Mac of such Event of Default; and (iii) such Event of Default continues uncured for a period of 60 days following such notice. No Holder of an issue of Notes has any right in any manner whatsoever by virtue of or by availing itself of any provision of the Global Facility Agreement to affect, disturb or prejudice the rights of any other such Holder, or to obtain or seek to obtain preference or priority over any other such Holder or to enforce any right under the Global Facility Agreement, except in the manner provided in such Global Facility Agreement and for the ratable and common benefit of all such Holders.

Prior to or after the institution of any action or proceeding relating to an issue of Notes, the Holders of not less than 50% of the outstanding principal amount (or notional principal amount) of

such Notes may waive an Event of Default, whether or not it has resulted in a declaration of an acceleration of the maturity of such Notes, and may rescind and annul any previously declared acceleration.

Whenever in the Global Facility Agreement it is provided that the Holders of a specified percentage in outstanding principal amount (or notional principal amount) of an issue of Notes may take any action (including the making of any demand or request, or the giving of any authorization, notice, consent or waiver), the fact that at the time of taking any such action the Holders of such specified percentage have joined therein may be evidenced by a writing, or any number of writings of similar tenor, executed by Holders in person, or by an agent or proxy appointed in writing.

## **Amendment**

Freddie Mac may modify, amend or supplement the Global Facility Agreement and the terms of an issue of Notes, without the consent of any Holder or Holders, (i) for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision or to make any other provision with respect to matters or questions arising under the Global Facility Agreement or the terms of any Note that are not inconsistent with any other provision of the Global Facility Agreement or the Note, (ii) to add to the covenants of Freddie Mac for the benefit of the Holders or surrender any right or power conferred upon Freddie Mac, (iii) to evidence the succession of another entity to Freddie Mac and its assumption of the covenants of Freddie Mac, (iv) in the case of Book-Entry Notes only, for the purpose of conforming the terms of such Book-Entry Notes to, or curing any ambiguity or discrepancy resulting from any changes in, the Book-Entry Rules, (v) for the purpose of increasing the amount of an issue of Notes as contemplated under “Description of the Notes — Further Issues” or (vi) in any manner that Freddie Mac may determine and that will not adversely affect in any material respect the interests of Holders or Beneficial Owners at the time of such modification, amendment or supplement.

In addition, either (a) with the written consent of the Holders of at least a majority of the aggregate then outstanding principal amount (or notional principal amount) of an issue of Notes affected thereby, excluding any such Notes owned by Freddie Mac, or (b) by the adoption of a resolution at a meeting of Holders at which a quorum is present, by the Holders of at least a majority of the aggregate then outstanding principal amount (or notional principal amount) of an issue of Notes represented at such meeting, excluding any such Notes owned by Freddie Mac, Freddie Mac may from time to time and at any time modify, amend or supplement the terms of an issue of Notes for the purpose of adding any provisions to or changing in any manner or eliminating any provisions of such Notes or modifying in any manner the rights of the Holders; *provided, however*, that no such modification, amendment or supplement may, without the written consent or affirmative vote of each Holder of a Note, (i) change the Maturity Date or Interest Payment Date of such Note, (ii) materially modify the redemption provisions, if any, relating to the redemption price of, or any redemption date or period for, such Note, (iii) reduce the principal amount of, or materially modify the rate of interest or the calculation of the rate of interest on, such Note, (iv) in the case of Registered Notes only, change the Specified Payment Currency of such Registered Note or (v) reduce the percentage of Holders whose consent or affirmative vote is necessary to modify, amend or supplement the terms of the relevant issue of Notes. A quorum at any meeting of Holders called to adopt a resolution will be Holders entitled to vote a majority of the then aggregate outstanding principal amount of an issue of such Notes called to such meeting and, at any reconvened meeting adjourned for lack of a quorum, 25% of the then aggregate outstanding principal amount (or notional principal amount) of such issue of Notes, in both cases excluding any such Notes owned by Freddie Mac. It shall not be necessary for the Holders to approve the particular form of any proposed amendment, but it shall be sufficient if such consent or resolution approves the substance of such change. Special rules for determining the “principal amount” of certain Notes are described below.

The “principal amount,” for purposes of the preceding paragraph, for a Note that is a Zero Coupon Note or for a Note issued at an “offering price” of 80% or less of its principal amount will be equal to (i) the issue price of such Note, plus (ii) the original issue discount that has accrued from

the issue date of such Note to the OID Determination Date (as defined below), minus (iii) any amount considered as part of the “stated redemption price at maturity” of such Note that has been paid from the issue date of such Note to the OID Determination Date. The “OID Determination Date” is the last day of the last accrual period ending prior to the date of the meeting of Holders (or, with respect to consents not at a meeting, prior to a date established by Freddie Mac). The accrual period will be the same as the accrual period used by Freddie Mac to determine its deduction for accrued original issue discount under section 163(e) of the Code. For a description of original issue discount and definitions of “offering price” and “stated redemption price at maturity,” see “Certain United States Federal Tax Consequences — U.S. Owners — Debt Obligations with Original Issue Discount.”

The “principal amount,” for purposes of the second preceding paragraph, of a Note whose Specified Principal Currency is other than U.S. dollars will be the U.S. dollar equivalent, determined on the issue date, of the principal amount (or, in the case of the Notes referred to in the preceding paragraph, the amount determined in accordance with the provisions described in such preceding paragraph) of such Note. The “principal amount” of a Note with principal determined by reference to an index, exchange rate or formula will be described in the applicable Pricing Supplement.

As provided in the Global Facility Agreement, Freddie Mac may establish a record date for the determination of Holders entitled to vote at any meeting of Holders of Notes, to grant any consent in respect of Notes and to notice with respect to any such meeting or consent.

Any instrument given by or on behalf of any Holder of a Note in connection with any consent to any such modification, amendment or supplement will be irrevocable once given and will be conclusive and binding on all subsequent Holders of such Note or any Note issued, directly or indirectly, in exchange or substitution therefor, irrespective of whether or not notation in regard thereto is made thereon. Any modification, amendment or supplement of the Global Facility Agreement or of the terms of Notes will be conclusive and binding on all Holders of Notes affected thereby, whether or not they have given such consent or were present at any meeting (unless by the terms of the Global Facility Agreement a written consent or an affirmative vote of such Holders is required), and whether or not notation of such modification, amendment or supplement is made upon the Notes.

### **Replacement**

Any Registered Note in definitive form that becomes mutilated, destroyed, stolen or lost will be replaced by Freddie Mac at the expense of the Holder upon delivery to the Global Agent of evidence of the destruction, theft or loss thereof, and an indemnity satisfactory to Freddie Mac and the Global Agent.

### **Securities Owned by Freddie Mac**

Freddie Mac may, from time to time, repurchase or otherwise acquire all or a portion of any issue of Notes. Any Notes owned by Freddie Mac shall have an equal and proportionate benefit under the provisions of the Global Facility Agreement, without preference, priority or distinction as among such Notes, except that in determining whether the Holders of the required percentage of the outstanding principal amount (or notional principal amount) of an issue of Notes have given any required demand, authorization, notice, consent or waiver under the Global Facility Agreement, any Notes owned by Freddie Mac or any person directly or indirectly controlling or controlled by or under direct or indirect common control with Freddie Mac shall be disregarded and deemed not to be outstanding for the purposes of such determination.

### **Notice**

Any notice, demand or other communication which by any provision of the Global Facility Agreement is required or permitted to be given to or served upon any Holder may be given or served in writing by deposit thereof, postage prepaid, in the mail, addressed to such Holder as such

Holder's name and address may appear in the records of Freddie Mac, the FRB or the Global Agent, as the case may be, or, in the case of a Holder of a Book-Entry Note, by transmission to such Holder through the communication system linking the FRB. Such notice, demand or other communication to or upon any Holder shall be deemed to have been sufficiently given or made, for all purposes, upon mailing or transmission.

If and so long as an issue of Notes is listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, notices with respect to such issue of Notes also will be published in a newspaper of general circulation in Luxembourg (which is expected to be the *Luxembourg Wort*) or, if such publication is not practical, elsewhere in Europe. If and so long as an issue of Notes is listed on the Singapore Stock Exchange and the rules of that Exchange so require, notices with respect to such issue of Notes also will be published in a newspaper of general circulation in Singapore (which is expected to be the *Business Times*) or, if such publication is not practical, elsewhere in Asia. Notice by publication will be deemed to have been given on the date of publication or, if published more than once, on the date of first publication.

Any notice, demand or other communication which by any provision of the Global Facility Agreement is required or permitted to be given to or served upon Freddie Mac shall be given in writing addressed (until another address is published by Freddie Mac) as follows: Freddie Mac, 8200 Jones Branch Drive, McLean, Virginia 22012 Attention: Executive Vice President — General Counsel and Secretary. Such notice, demand or other communication to or upon Freddie Mac shall be deemed to have been sufficiently given or made only upon actual receipt of the writing by Freddie Mac.

### **Governing Law**

The Global Facility Agreement and the rights and obligations of the Holders and Freddie Mac with respect to the Notes shall be construed in accordance with and governed by the laws of the United States. Insofar as there may be no applicable precedent, and insofar as to do so would not frustrate the purposes of the Freddie Mac Act or any provision of the Global Facility Agreement or the transactions governed thereby, the local laws of the State of New York shall be deemed reflective of the laws of the United States.

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

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

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

The following summary addresses certain U.S. federal tax consequences of an investment in Notes other than Notes having a Variable Principal Repayment Amount and Targeted Registered Notes (such Notes hereinafter referred to as "Debt Obligations"). The summary is based upon U.S. laws, regulations and decisions now in effect, all of which are subject to change, potentially with retroactive effect, or differing interpretations.

This summary discusses only Debt Obligations held by Beneficial Owners as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended to the date of this Offering Circular (the "Code"). It does not discuss all of the tax consequences that may be relevant to a Beneficial Owner in light of its particular circumstances or to Beneficial Owners subject to special rules, such as certain financial institutions, insurance companies, dealers, Beneficial Owners holding Debt Obligations as part of a hedging transaction or straddle, or Beneficial Owners who are U.S. Owners (as defined below) and whose functional currency (as defined in Section 985

of the Code) is not the U.S. dollar. Further, the tax consequences arising from the ownership of any Debt Obligations with special characteristics (e.g., Debt Obligations involving multiple currencies) may be set forth in the applicable Pricing Supplement. The discussion below does not deal with the tax consequences of separating the ownership rights to principal and interest payments on Debt Obligations or the purchase, ownership or disposition of such stripped payment rights. In all cases, prospective investors are advised to consult their own tax advisors regarding the U.S. federal tax consequences to them of purchasing, owning and disposing of Debt Obligations (or of stripped payment rights derived from such Debt Obligations), including the advisability of making any of the elections described below, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

For purposes of this summary, “U.S. Person” means (i) an individual who, for U.S. federal income tax purposes, is a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) 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 U.S. Treasury regulations (“Regulations”). “U.S. Owner” means a Beneficial Owner that is a U.S. Person and “Non-U.S. Owner” means a Beneficial Owner that is not a U.S. Person.

U.S. tax authorities have issued new Regulations which substantially revise and replace existing Regulations regarding withholding on payments to non-U.S. persons, information reporting and backup withholding. The new Regulations generally are effective for payments made after December 31, 1999. The following summary generally describes the requirements under both the existing Regulations and the new Regulations.

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

If Freddie Mac issues Notes having a Variable Principal Repayment Amount or Targeted Registered Notes, the U.S. federal tax treatment of Beneficial Owners of such Notes will be described in the applicable Pricing Supplement.

## **U.S. Owners**

### ***In General***

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

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

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

### ***Payments of Interest***

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

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

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

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

### ***Debt Obligations with Original Issue Discount***

Debt Obligations that are Zero Coupon Notes will, and other Debt Obligations may, be issued with original issue discount. As provided in the Code and Regulations concerning the tax treatment of debt instruments issued with original issue discount (the "OID Regulations"), the excess of the "stated redemption price at maturity" of a Debt Obligation over its "issue price" will be original issue discount unless such excess is *de minimis* (defined below). The "stated redemption price at maturity" of a Debt Obligation is equal to the sum of all payments on the Debt Obligation other than interest based on a fixed rate (or a variable rate, unless an applicable Pricing Supplement states otherwise) and payable unconditionally at least annually. The "issue price" of a Debt Obligation is the first price at which a substantial amount of the issue of which the Debt Obligation is a part is sold

to persons other than those acting as placement agents, underwriters, brokers or wholesalers. The issue price of a Debt Obligation generally includes any pre-issuance accrued interest unless a U.S. Owner excludes such amount from the issue price and treats a portion of the stated interest payable on the first interest payment date as a return of that accrued interest rather than as an amount payable under the Debt Obligation. Original issue discount is considered to be *de minimis* if it is less than one-quarter of one percent of a Debt Obligation's stated redemption price at maturity multiplied by the number of complete years to its maturity. A Debt Obligation having original issue discount is referred to as an "OID Debt Obligation." A U.S. Owner of a Debt Obligation with *de minimis* original issue discount will include any *de minimis* original issue discount in income, as capital gain, on a *pro rata* basis as principal payments are made on the Debt Obligation.

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

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

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

### ***Callable Debt Obligations***

The OID Regulations provide special rules for determining the yield and maturity of debt instruments that are unconditionally callable prior to their final maturity date. Under these rules, the issuer will be presumed to exercise a call right if such exercise would minimize the yield to maturity of the Debt Obligation. If a call right with respect to an OID Debt Obligation is presumed to be exercised but the issuer does not in fact exercise the call right, the Debt Obligation will be treated as reissued at the "adjusted issue price" on the call date for purposes of determining future accruals of interest and original issue discount. The adjusted issue price is defined as the sum of the issue price of the Debt Obligation and the aggregate amount of previously accrued original issue discount, less any prior payments of amounts included in its stated redemption price at maturity.

For example, if a fixed rate Debt Obligation is issued at a discount and is callable at par, such a Debt Obligation would not be deemed to be called because exercise of the call right would not minimize the yield of such Debt Obligation. If a Step Debt Obligation is issued at par and is callable at par on the dates specified for increases in interest rates, it would be deemed to be called on the first step date because the yield to maturity on such Debt Obligation would be lower than if the interest rate were stepped up. If such Step Debt Obligation is not called on that date, or is called only in part, the Step Debt Obligation (to the extent of its remaining outstanding principal amount) will be

deemed to be called and reissued at par. As a result of these special rules, such Step Debt Obligation will not have any original issue discount, and stated interest is taken into account by a U.S. Owner under its regular method of accounting.

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

### ***Debt Obligations with a Term of One Year or Less***

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

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

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

### ***Acquisition Premium and Market Discount***

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

the denominator of which is the remaining original issue discount on the Debt Obligation as of the acquisition date.

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

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

#### ***Debt Obligations Purchased at a Premium***

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

increase capital loss realized on the disposition or retirement. See “Certain United States Federal Tax Consequences — U.S. Owners — Disposition or Retirement of Debt Obligations.”

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

### ***Accrual Method Election***

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

### ***Disposition or Retirement of Debt Obligations***

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

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

### ***Exchange of Amounts in Non-U.S. Currency***

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

### **Non-U.S. Owners**

#### ***Interest***

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

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

*Exemption for Portfolio Interest.* Interest on a Debt Obligation held by a Non-U.S. Owner that is not effectively connected with a trade or business of the Non-U.S. Owner within the United States generally will be exempt from U.S. federal income and withholding taxes if the person otherwise required to withhold receives, in the manner provided by U.S. tax authorities, a certification that the Non-U.S. Owner is not a U.S. Person. A Non-U.S. Owner may provide this certification by providing a properly completed Form W-8, Form W-8BEN or other documentation as may be prescribed by U.S. tax authorities. In the case of payments made after December 31, 1999, on a Debt Obligation owned by a foreign partnership, the documentation described above must also be provided by the partners. The appropriate documentation must be effective as to the interest and be provided prior to the payment of such interest. If a change in circumstances makes any information on such documentation incorrect, then the Non-U.S. Owner must report the change within 30 days and provide new documentation.

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

*Exemption or Reduced Rate for Non-U.S. Owners Entitled to the Benefits of a Treaty.* Interest on a Debt Obligation held by a Non-U.S. Owner may be exempt from U.S. federal income and withholding taxes (or subject to such tax at a reduced rate) under an income tax treaty between the United States and a foreign jurisdiction. In general, the exemption (or reduced rate) applies only if the Non-U.S. Owner provides a properly completed Form 1001, Form W-8BEN or other documentation as may be prescribed by U.S. tax authorities. In the case of payments made after December 31, 1999, on a Debt Obligation owned by a foreign partnership, the documentation described above must also be provided by the partners. The appropriate documentation must be effective as to the interest and be provided prior to the payment of such interest. If a change in circumstances makes any information on such documentation incorrect, then the Non-U.S. Owner must report the change, generally within 30 days, and provide new documentation.

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

*Exemption for Non-U.S. Owners with Effectively Connected Income.* Interest on a Debt Obligation held by a Non-U.S. Owner will be exempt from the 30-percent U.S. federal withholding tax if it is effectively connected with the conduct of a trade or business within the United States and the Non-U.S. Owner establishes this exemption by providing a properly completed Form 4224, Form W-8ECI or other documentation as may be prescribed by U.S. tax authorities. The appropriate documentation must be effective as to the interest and be provided prior to the payment of such interest. If a change in circumstances makes any information on such documentation incorrect, then the Non-U.S. Owner must report the change, generally within 30 days, and provide new documentation. Interest on a Debt Obligation that is, or is deemed to be, effectively connected with the conduct of a trade or business in the United States by a Non-U.S. Owner, although exempt from the withholding tax, generally will be subject to U.S. federal income tax at graduated rates and, in the case of a foreign corporation, U.S. federal branch profits tax.

#### ***Disposition or Retirement of Debt Obligations***

Except as provided in the discussion of backup withholding below, a Non-U.S. Owner of a Debt Obligation will not be subject to U.S. federal income and withholding taxes on any gain realized on the sale, exchange, retirement or other disposition of a Debt Obligation unless such gain is, or is deemed to be, effectively connected with a trade or business in the United States of the Non-U.S. Owner.

#### ***U.S. Federal Estate and Gift Taxes***

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

#### **Information Reporting and Backup Withholding**

Payments of interest on a Debt Obligation to a U.S. Owner (other than a corporation or other exempt recipient) are required to be reported to the IRS and the U.S. Owner. Payments of interest

on a Debt Obligation to a Non-U.S. Owner (other than interest described above under “United States Federal Tax Consequences — Non-U.S. Owners — Interest — Exemption for Certain Short-Term Obligations”) generally will be reported to U.S. tax authorities and the Non-U.S. Owner. Form W-8, Form W-8BEN, Form W-8ECI, Form 1001, Form 4224 or other documentation or information about the Non-U.S. Owner may be provided to U.S. tax authorities.

Backup withholding of U.S. federal income tax at a rate of 31% may apply to a payment made in respect of a Debt Obligation, as well as a payment of proceeds from the sale of a Debt Obligation, to an Owner (other than a corporation or other exempt recipient), unless the Owner provides certain information. A U.S. Owner may provide such information by providing a properly completed Form W-9 or other documentation as may be prescribed by the IRS. A Non-U.S. Owner may provide such information by providing a properly completed Form W-8, Form W-8BEN, Form W-8ECI, Form 1001, Form 4224 or other documentation as may be prescribed by U.S. tax authorities. In the case of payments made after December 31, 1999, on a Debt Obligation owned by a foreign partnership, the documentation described above must also be provided by the partners.

If an Owner (other than a corporation or other exempt person) sells a Debt Obligation before the stated maturity to (or through) certain brokers, the broker must report the sale to the IRS and the Owner unless, in the case of a Non-U.S. Owner, the Non-U.S. Owner certifies that it is not a U.S. Person (and certain other conditions are met). The broker may be required to withhold U.S. federal income tax at a rate of 31% of the entire sale price unless such Owner provides certain information and, in the case of a Non-U.S. Owner, the Non-U.S. Owner certifies that it is not a U.S. Person (and certain other conditions are met). In the case of payments made after December 31, 1999, on a Debt Obligation owned by a foreign partnership, the documentation described above must also be provided by the partners.

**THE U.S. FEDERAL TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A BENEFICIAL OWNER’S PARTICULAR SITUATION. BENEFICIAL OWNERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER THE TAX LAWS OF THE UNITED STATES, STATES, LOCALITIES, COUNTRIES OTHER THAN THE UNITED STATES AND ANY OTHER TAXING JURISDICTIONS AND THE POSSIBLE EFFECTS OF CHANGES IN SUCH TAX LAWS.**

#### **APPLICATION OF PROCEEDS**

The net proceeds received by Freddie Mac from sales of the Notes will provide funds to Freddie Mac for general corporate purposes, including without limitation the purchase and financing of mortgages and interests therein.

#### **PLAN OF DISTRIBUTION**

##### **Distribution**

The Notes will be offered to or through Dealers subject to the terms and conditions set forth in a Dealer Agreement, dated as of May 19, 1995, as amended by an amendment thereto dated as of December 30, 1998 and as further amended and supplemented or modified from time to time (the “Dealer Agreement”), among Freddie Mac and certain Dealers. Under the terms of the Dealer Agreement, other securities dealers or banks may be added from time to time in connection with the distribution of the Notes or any particular issue of Notes. Such securities dealers or banks, together with the initial Dealers with whom Freddie Mac executed the Dealer Agreement, are referred to in this Offering Circular collectively as the “Dealers.” The Dealer Agreement also provides that Dealers may be removed from the Facility from time to time.

Freddie Mac intends to sell Notes primarily to Dealers as principals, either individually or as part of a syndicate, for resale to investors at a fixed offering price or at varying offering prices related to market prices prevailing at the time of resale as determined by such Dealer or Dealers. The Dealer Agreement entitles the Dealers or Freddie Mac to terminate such sale in certain circumstances prior to payment for the Notes being made to Freddie Mac. Except as noted below with respect to Targeted Registered Notes and in certain other circumstances, any such Dealer may sell the Notes it has purchased as principal to other dealers at a concession, which may be all or a portion of the underwriting discount to be received by such Dealer from Freddie Mac. The applicable Dealer or Dealers will advise Freddie Mac whether an offering is on a fixed price or variable price basis and of any concessions or reallowances that will be provided to other dealers in connection with such offering, and such information will be specified in the applicable Pricing Supplement. After the initial offering of any issue of Notes, the offering price (in the case of a fixed price offering), the concession and the reallowance may be changed.

If Freddie Mac agrees, Notes also may be offered through certain Dealers as agents of Freddie Mac. The Dealer Agreement requires each Dealer severally and not jointly to solicit purchases of the Notes for which it is authorized to solicit offers as agent. Freddie Mac will have the sole right to accept offers to purchase such Notes and may reject any proposed purchase of such Notes in whole or in part. Each Dealer will have the right, in its discretion reasonably exercised, without notice to Freddie Mac, to reject in whole or in part any proposed purchase of the Notes through it as agent. In soliciting offers to purchase Notes as agent, each Dealer is acting solely as agent for Freddie Mac, and not as principal, and does not assume any obligation towards or relationship of agency or trust with any purchaser of Notes.

No Dealer participating in the distribution of Targeted Registered Notes (whether as principal or agent) may allow any person (including an affiliate) to participate in the distribution of Targeted Registered Notes without the prior written consent of Freddie Mac and such person having entered into such agreement with Freddie Mac as Freddie Mac may from time to time require.

Freddie Mac also may sell Notes directly to investors on its own behalf. No commission will be paid to any Dealer in respect of any such sales.

In connection with an offering of Notes purchased by one or more Dealers as principal for resale on a fixed price basis, a Dealer identified as “Stabilizing Manager” in the applicable Pricing Supplement is permitted to engage in certain transactions that stabilize the price of the Notes. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Notes.

If a Dealer creates a short position in the Notes in connection with the offering, *i.e.*, if a Dealer sells more Notes than are set forth under “Offering” in the relevant Pricing Supplement, then a Stabilizing Manager may reduce that short position by purchasing Notes in the open market.

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

In general, purchases of a Note for the purpose of stabilization or to reduce a short position could cause the price of the Note to be higher than it might be in the absence of such purchases. Neither Freddie Mac nor the Dealers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither Freddie Mac nor any of the Dealers makes any representation that the Dealers will engage in such transactions or that such transactions, once commenced, will continue. A Dealer that engages in such transactions does so on its own behalf and not as a representative of Freddie Mac.

Unless otherwise specified in the applicable Pricing Supplement, payment of the purchase price of Notes to Freddie Mac must be made in immediately available funds and will be effective only upon receipt of such funds by Freddie Mac.

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

Purchasers of the Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase. Neither Freddie Mac nor any Dealer represents that the Notes may be sold lawfully in the secondary market at any time in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating such sales.

The Dealers and certain affiliates thereof engage in transactions with and perform services for Freddie Mac in the ordinary course of business. Freddie Mac, such Dealers or other parties may receive compensation, trading gain or other benefits in connection with such transactions. In connection with any particular issue of Notes, Freddie Mac may enter into swaps or other hedging transactions with, or arranged by, the applicable Dealer or an affiliate of such Dealer.

### **Trading Markets**

Freddie Mac has applied to list the Notes to be issued under the Facility, that are agreed at the time of issue to be so listed, on the Luxembourg Stock Exchange and the Singapore Stock Exchange. Unlisted Notes and Notes listed on other or additional stock exchanges determined by Freddie Mac also may be issued under the Facility. The Pricing Supplement will identify any stock exchange to which application for listing initially will be made.

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

### **Selling Restrictions**

#### ***General***

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

The Dealers have represented and agreed that (i) they have complied and will comply with all applicable laws and regulations in each jurisdiction in which or from which they may purchase, offer, sell or deliver any Notes or distribute this Offering Circular or any other offering material and (ii) they have not directly or indirectly offered, sold or delivered, and will not directly or indirectly offer, sell or deliver, any Notes, and have not distributed and will not distribute this Offering Circular or any other offering material in or from any country or jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations and that will not impose any obligations on Freddie Mac.

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

#### ***United Kingdom***

The Dealers have represented and agreed that (i) they have not offered or sold Notes that have an original maturity of one year or more and, prior to six months after the closing date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as

principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) they have complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by them in relation to the Notes in, from or otherwise involving the United Kingdom; and (iii) they have only issued or passed on and will only issue or pass on in the United Kingdom any document received by them in connection with an issue of such Notes to a person who is of a kind described in Article 11(3) of the Financial Services Act of 1986 (Investment Advertisements) (Exemptions) Order 1996, as amended, or is a person to whom such document may otherwise lawfully be issued or passed on.

### **Japan**

The Dealers have represented and agreed that they have not offered or sold, and will not offer or sell, directly or indirectly, any of the Notes in Japan or to any resident of Japan or to any person for reoffering or resale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of the Securities and Exchange Law available thereunder and in compliance with the other relevant laws of Japan.

The Dealers also have represented and agreed to provide any necessary information regarding Yen denominated Notes 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.

### **France**

The Dealers have represented and agreed that they have not offered or sold, and will not offer or sell, Notes in France, whether or not such Notes are listed on the Paris Stock Exchange, and have not distributed and will not distribute or cause to be distributed in France this Offering Circular or any other offering material relating to the Notes, except to (i) qualified investors (*investisseurs qualifiés*) or (ii) a restricted group of investors (*cercle restreint d'investisseurs*), all as defined in Article 6 of *Ordonnance* no. 67-833 dated September 28, 1967 (as amended) and *Decret* no. 98-880 dated October 1, 1998.

### **Germany**

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

### **Hong Kong**

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

### **Singapore**

Pursuant to Section 106B(2)(a) of the Companies Act, Chapter 50, of Singapore (the "Singapore Companies Act"), exemption has been obtained from the Minister for Finance of

Singapore from compliance with Divisions 1 and 5 of Part IV of the Singapore Companies Act in relation to the issue and offering of the Notes pursuant to the Facility.

The Dealers have acknowledged that the Offering Circular has not been registered as a prospectus with the Registrar of Companies in Singapore. Accordingly, the Dealers have represented, warranted and agreed that they have not offered or sold, and will not offer or sell, any Notes, nor will they circulate or distribute this Offering Circular or any other offering document or material relating to the Notes, directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor or other person specified in Section 106C of the Singapore Companies Act, (ii) to a sophisticated investor, and in accordance with the conditions specified in Section 106D of the Singapore Companies Act or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Singapore Companies Act.

### ***Targeted Registered Notes***

If Freddie Mac issues Targeted Registered Notes, the applicable Pricing Supplement will describe the selling restrictions that apply to the Targeted Registered Notes. Each Dealer has represented and agreed, and each Dealer identified in the applicable Pricing Supplement will have represented and agreed, that it (i) will not offer or sell Targeted Registered Notes during a “restricted period,” as defined in U.S. tax regulations, to persons who are within the United States or its possessions (with certain exceptions) or to or for the account of U.S. Persons (with certain exceptions) and (ii) has in effect procedures reasonably designed to ensure that its employees and agents who will be directly engaged in offering or selling the Targeted Registered Notes are aware of these selling restrictions. See “Description of the Notes — General — Targeted Registered Issues.”

### **LEGALITY OF THE NOTES**

The legality of the Notes will be passed upon for Freddie Mac by Maud Mater, Esq., Executive Vice President — General Counsel and Secretary of Freddie Mac. Certain legal matters relating to the Notes will be passed upon for the Dealers by Brown & Wood LLP, Washington, D.C.

### **GENERAL INFORMATION**

Freddie Mac has applied to list the Notes that are agreed at the time of issue to be so listed on the Luxembourg Stock Exchange and the Singapore Stock Exchange. As of the date of the Offering Circular, Notes with maturities of less than seven days may not be listed on the Luxembourg Stock Exchange and Notes with maturities of less than one month may not be listed on the Singapore Stock Exchange. In connection with the application to list the Notes on the Luxembourg Stock Exchange, the Freddie Mac Act and Bylaws of Freddie Mac and a legal notice relating to the issuance of Notes have been deposited with the Chief Registrar of the District Court of Luxembourg, where copies may be inspected or obtained upon request. Holders of the Notes may obtain, free of charge, copies of Freddie Mac’s most recent Information Statement and all Information Statement Supplements to such Information Statement from the Luxembourg Listing Agent so long as any Notes issued hereunder are listed on the Luxembourg Stock Exchange. Holders may also obtain, free of charge, from the Luxembourg Listing Agent, the documents incorporated herein by reference and this Offering Circular and Pricing Supplements applicable to Notes listed on the Luxembourg Stock Exchange. Copies of the Fiscal Agency Agreement and the Global Agency Agreement will be available for inspection by Holders at the Office of the Luxembourg Listing Agent. The Luxembourg Stock Exchange has allocated to the Facility the number 9574 for listing purposes.

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

So long as Notes are listed on the Singapore Stock Exchange, copies of the Freddie Mac Act and Bylaws of Freddie Mac, the Fiscal Agency Agreement, the Global Agency Agreement, the Global Facility Agreement and the documents incorporated in this Offering Circular by reference will be

available for inspection by Holders during usual business hours at the office of Allen & Gledhill in Singapore.

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

As of the date of this Offering Circular, there has been no material adverse change in the financial position of Freddie Mac since September 30, 1998.

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

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

In relation to any Notes which are issued pursuant to an exempt transaction under regulation 13(3) of the Banking Act Regulations where such Notes would fall within regulation 13(4)(d) of the Regulations, Freddie Mac confirms that, as at the date hereof:

- (a) it has complied with its obligations under the relevant rules (as defined in the Banking Act Regulations) in relation to the initial ongoing authorization for the listing of Notes under the Facility and to the admission to and continuing listing of any previous issues made under it and listed on the same exchange;
- (b) it will have complied with its obligations under the relevant rules (as defined in the Banking Act Regulations) in relation to the admission to listing of such Notes by the time when such Notes are so admitted;
- (c) it has not, since the last publication, if any, in compliance with the relevant rules (as defined in the Banking Act Regulations) of information about such Notes, the Facility or any previous issues made under it and listed on the same exchange, having made all reasonable inquiries, become aware of any change in circumstances which could reasonably be regarded as significantly and adversely affecting its ability to meet its obligations as Issuer in respect of such Notes as they fall due; and
- (d) where such Notes would fall within regulation 13(4)(b) of the Banking Act Regulations, it has complied and will continue to comply with its obligations under the Banking Act Regulations to lodge all relevant information (as defined in the Banking Act Regulations) in relation to any such Notes with the London Stock Exchange Limited.

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

## CAPITALIZATION TABLE

The following table sets forth Freddie Mac's capitalization as of September 30, 1998. Dollars are in millions.

Debt securities:	
Notes and bonds payable due within one year:	
Discount notes, medium-term notes and securities sold under agreements to repurchase .....	\$143,296
Current portion of long-term debt .....	5,117
	148,413
Notes and bonds payable due after one year .....	84,421
Total debt securities, net .....	232,834
Subordinated borrowings .....	160
Minority interest in real estate investment trusts (1) .....	3,553
Stockholders' equity .....	9,288
Total capitalization .....	\$245,835

(1) Represents preferred stock ownership interest in Freddie Mac's real estate investment trust subsidiaries.

Freddie Mac engages in transactions affecting stockholders' equity from time to time and issues or retires debentures, notes and other debt obligations on an ongoing basis. Accordingly, on any date subsequent to September 30, 1998, stockholders' equity may differ, and the amount of debt obligations outstanding will differ, and may differ substantially, from the figures contained in the capitalization table set forth above.

## FORM OF PRICING SUPPLEMENT

This is a form of Pricing Supplement for Notes. This form is provided for illustration purposes only. This form of Pricing Supplement is subject to completion, amendment or supplementation as Freddie Mac in its discretion may determine for any and all issues, types or categories of Notes. Investors should review the Pricing Supplement relating to a particular issue of Notes.

### PRICING SUPPLEMENT DATED

(To Offering Circular dated December 30, 1998)

# Freddie Mac

## GLOBAL DEBT FACILITY

This Pricing Supplement relates to the Notes of the Federal Home Loan Mortgage Corporation (“Freddie Mac”) described below and should be read in conjunction with the Offering Circular dated December 30, 1998 (the “Offering Circular”) and all documents incorporated by reference in the Offering Circular including Freddie Mac’s Information Statement dated \_\_\_\_\_ and any supplements to such Information Statement. Capitalized terms used in this Pricing Supplement and not otherwise defined in this Pricing Supplement have the meanings given to them in the Offering Circular.

The Notes are not suitable investments for all investors. In particular, no investor should purchase the Notes unless the investor understands and is able to bear the yield, market and liquidity risks associated with the Notes. See “Risk Factors and Investment Considerations — Suitability” in the Offering Circular.

**The Notes are obligations of Freddie Mac only. The Notes, including any interest or return of discount on the Notes, are not obligations of, or guaranteed by, the United States or any agency or instrumentality of the United States other than Freddie Mac. The Notes and income derived from the Notes generally are not exempt from taxation. Non-U.S. owners generally will be subject to United States federal income and withholding tax unless they establish an exemption. The Notes are exempt from the registration requirements of the Securities Act of 1933 and are “exempted securities” within the meaning of the Securities Exchange Act of 1934.**

### Certain Notes Terms

1. Title:
  
2. Form:
  - Book-Entry
  - Registered
    - DTC Registered Notes
    - Global Registered Notes
  
3. Specified Payment Currency:
  - a. Specified Interest Currency: \_\_\_\_\_
  - b. Specified Principal Currency: \_\_\_\_\_
  
4. Aggregate Original Principal Amount: \_\_\_\_\_
  
5. Issue Date: \_\_\_\_\_

6. Denominations:

7. Maturity Date: \_\_\_\_\_  
a. Amount Payable on the Maturity Date

- Fixed Principal Repayment Amount
  - 100% of principal amount
  - % of principal amount
- Variable Principal Repayment Amount

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

- No
- Yes
  - Mandatory
  - Redemption at Option of Freddie Mac
    - In whole or in part at any time (and from time to time) on or after \_\_\_\_\_ at a redemption price of 100% of the principal amount redeemed, plus accrued interest on the Notes to the date of redemption
  - Repayment at Option of Holders

9. Payment Terms of the Notes:

- Fixed Rate Notes
- Step Notes
- Variable Rate Notes
- Fixed/Variable Rate Notes
- Zero Coupon Notes

10. Interest:

- a. Frequency of Interest Payments
- Annually
  - Semiannually
  - Quarterly
  - Monthly
  - Other: \_\_\_\_\_
- b. Interest Payment Dates: \_\_\_\_\_
- c. Interest rate per annum: \_\_\_\_\_%

**Additional Information Relating to the Notes**

1. Identification Number(s)

- a. CUSIP: \_\_\_\_\_
- b. ISIN: \_\_\_\_\_

- c. Common Code: \_\_\_\_\_
- d. Other: \_\_\_\_\_

2. Listing Application

- No
- Yes
  - Luxembourg Stock Exchange
  - Stock Exchange of Singapore Limited
  - Other: \_\_\_\_\_

3. Eligibility for Stripping

- Yes
- No

**Offering**

1. Pricing Date: \_\_\_\_\_

2. Method of Distribution:  Principal  Agent

3. Dealer

Underwriting Commitment

Total .....

Representatives:

Stabilizing Manager:

4. Offering Price:

- Fixed Offering Price: \_\_\_\_\_%, plus accrued interest, if any, from the issue date
- Variable Price Offering

5. Purchase Price to Applicable Dealer: \_\_\_\_\_% of principal amount  
Concession: \_\_\_%  
Reallowance: \_\_\_%

**Settlement**

1. Settlement Date: \_\_\_\_\_
  
2. Settlement Basis
  - Delivery versus payment
  - Free delivery
  
3. Settlement Clearing System
  - U.S. Federal Reserve Banks
  - DTC
  - Euroclear
  - Cedel
  - Other

**Other**

## GLOSSARY

*Arranger:* Lehman Brothers International (Europe).

*Beneficial Owner:* The entity or individual that beneficially owns a Note.

*Book-Entry Notes:* U.S. dollar denominated Notes issued and maintained in book-entry form on the Fed Book-Entry System.

*Book-Entry Rules:* The Department of Housing and Urban Development regulations (24 C.F.R. Part 81, Subpart H) applicable to Freddie Mac's book-entry securities.

*Business Day:* Unless otherwise specified in the applicable Pricing Supplement (i) with respect to Book-Entry Notes, any day other than (a) a Saturday, (b) a Sunday, (c) a day on which the Federal Reserve Bank of New York is authorized or obligated by law or executive order to remain closed or (d) as to any Holder of a Book-Entry Note, a day on which the U.S. Federal Reserve Bank at which such Holder's account is maintained is authorized or obligated by law or executive order to remain closed; and (ii) with respect to Registered Notes, any day other than (a) a Saturday, (b) a Sunday, (c) a day on which banking institutions are required or permitted by law or governmental action to close in (1) the City of New York or (2) if the Specified Payment Currency is other than U.S. dollars or Euros, the Principal Financial Center of the country of such Specified Payment Currency, (d) if the Specified Payment Currency is Euros, a day on which the TARGET system is not open for settlements, or a day on which payments in Euros cannot be settled in the international interbank market as determined by the Global Agent or (e) with respect to any required payment, a day on which banking institutions are required or permitted by law or governmental action to close in the place of payment.

*Calculation Agent:* Freddie Mac or a bank or broker-dealer designated by Freddie Mac as the entity responsible for determining the interest rate on a Variable Rate Note.

*Cap:* A maximum interest rate at which interest may accrue on a Variable Rate Note during any Interest Reset Period.

*Cedelbank:* Cedelbank is incorporated under the laws of Luxembourg as a limited company. Cedelbank holds securities for its participants and facilitates the clearance and settlement of securities transactions between its participants through electronic book-entry changes in accounts of its participants.

*Citibank — London:* Citibank, N.A., London office, the Global Agent for Registered Notes.

*Code:* The U.S. Internal Revenue Code of 1986, as amended.

*Common Depositary:* The common depositary for Euroclear, Cedelbank and/or any other applicable clearing system, which will hold Other Registered Notes on behalf of Euroclear, Cedelbank and/or any such other applicable clearing system.

*Currency Exchange Bank:* The currency exchange bank specified in the applicable Pricing Supplement that will convert any amounts paid by Freddie Mac in a Specified Payment Currency on DTC Registered Notes to Holders into U.S. dollars.

*Dealer Agreement:* The agreement among Freddie Mac and certain securities dealers or banks, dated as of May 19, 1995, as amended, supplemented or modified from time to time, pursuant to which the Notes will be offered by Dealers.

*Dealers:* Persons or entities (other than Freddie Mac) that engage, either for all or part of such persons' or entities' time, directly or indirectly, as agents, brokers or principals, in the business of offering, buying, selling or otherwise dealing or trading in the Notes.

*Debt Obligations:* Notes other than Notes with a Variable Principal Repayment Amount and Targeted Registered Notes.

*Deposits:* Deposits in the Index Currency commencing on the applicable Reset Date.

*Designated Reuters Page:* The display on the Reuters Page ISDA, or any successor page or such other page (or any successor page) on that service or any successor service specified in the applicable Pricing Supplement for the purpose of displaying interbank rates from London in the Index Currency.

*Designated Telerate Page:* The display on the Bridge Telerate Capital Markets Report Page 3750, or any successor page or such other page (or any successor page) on that service or any successor service specified in the applicable Pricing Supplement for the purpose of displaying British Bankers' Association Interest Settlement Rates for Deposits in the Index Currency.

*Determination Date:* The date as of which the rate of interest applicable to an Interest Reset Period is determined.

*Dollars:* U.S. dollars.

*DTC:* The Depository Trust Company of New York, a limited-purpose trust company, which holds securities for DTC participants and facilitates the clearance and settlement of transactions between DTC participants through electronic book-entry changes in accounts of DTC participants.

*DTC Registered Notes:* Registered Notes deposited with a custodian for DTC, which will clear and settle through the system operated by DTC.

*EC:* The European Community.

*Euroclear:* Euroclear System, a depository which holds securities for its participants and clears and settles transactions between its participants through simultaneous electronic book-entry delivery against payment. Euroclear is operated by Morgan — Brussels.

*EMU:* European economic and monetary union; the convergence of key features of the economies of certain participating European countries, including the adoption of a common monetary unit called the Euro.

*Facility:* The Global Debt Facility described in this Offering Circular under which Freddie Mac will issue the Notes.

*Fed Book-Entry System:* The book-entry system of the FRB which provides book-entry holding and settlement for U.S. dollar denominated securities issued by the U.S. Government, certain of its agencies, instrumentalities and government-sponsored enterprises and international organizations of which the United States is a member.

*Fiscal Agency Agreement:* The agreement between Freddie Mac and the FRB.

*Fiscal Agent:* The FRB.

*Fixed Principal Repayment Amount:* An amount equal to 100% of the principal amount of a Note, or a specified amount above or below such principal amount, payable on the applicable Maturity Date or date of redemption as specified in the applicable Pricing Supplement.

*Fixed Rate Notes:* Notes that bear interest at a fixed rate.

*Fixed/Variable Rate Notes:* Notes that bear interest at a fixed rate for one or more specified periods and at a variable rate determined by reference to one or more interest rate or exchange rate indices, or otherwise, for one or more other periods.

*Floor:* A minimum interest rate at which interest may accrue on a Variable Rate Note during any Interest Reset Period.

*FRB:* Singly or collectively, the Federal Reserve Bank of New York, acting on behalf of the U.S. Federal Reserve Banks.

*Freddie Mac:* The Federal Home Loan Mortgage Corporation, a shareholder owned United States government-sponsored enterprise chartered pursuant to the Freddie Mac Act.

*Freddie Mac Act:* Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§1451-1459.

*Global Agency Agreement:* The agreement between Freddie Mac and Citibank, N.A., acting as Freddie Mac's Global Agent for Registered Notes through its London office.

*Global Agent:* Citibank — London as the entity selected by Freddie Mac to act as its fiscal, transfer and paying agent for Registered Notes.

*Global Facility Agreement:* The Global Debt Facility Agreement dated as of December 30, 1998 pursuant to which Freddie Mac will issue the Notes.

*GSE:* A United States government-sponsored enterprise.

*Holder:* The entity whose name appears on the books and records of a U.S. Federal Reserve Bank or the Global Agent as the entity to whose account a Note has been deposited.

*Holding Institutions:* Entities eligible to maintain book-entry accounts with a U.S. Federal Reserve Bank.

*Hong Kong:* The Hong Kong Special Administrative Region of the People's Republic of China.

*Index Currency:* The currency or currency unit specified in the applicable Pricing Supplement with respect to which LIBOR will be calculated for a Variable Rate Note. If no such currency or currency unit is specified in the applicable Pricing Supplement, the Index Currency will be U.S. dollars.

*Index Maturity:* The period with respect to which LIBOR will be calculated for a Variable Rate Note that is specified in the applicable Pricing Supplement.

*Information Statement:* An annual statement prepared by Freddie Mac that describes Freddie Mac and its business and operations and contains Freddie Mac's audited financial statements.

*Information Statement Supplement:* A supplement, prepared by Freddie Mac, to the Information Statement.

*Interest Payment Date:* The date or dates on which interest on Notes will be payable in arrears.

*Interest Period:* Unless otherwise described in the applicable Pricing Supplement, the period beginning on (and including) the issue date or an Interest Payment Date, as the case may be, and ending on (but excluding) the earlier of the next Interest Payment Date, the redemption date or the Maturity Date.

*Interest Reset Period:* The period beginning on the applicable Reset Date and ending on the calendar day preceding the next Reset Date.

*Investor's Currency:* The currency or currency unit in which an investor's financial activities are principally denominated.

*IRS:* The U.S. Internal Revenue Service.

*LIBOR:* The daily average of the London interbank offered rate for Deposits in the Index Currency having the Index Maturity, as determined by the Calculation Agent as described in the applicable Pricing Supplement.

*London Banking Day:* Any day on which commercial banks are open for business (including dealings in foreign exchange and deposits in an Index Currency) in London.

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

*Maturity Date:* The date, one day or longer from the issue date, on which a Note will mature unless redeemed or repaid prior thereto.

*Morgan-Brussels:* Morgan Guaranty Trust Company of New York, Brussels office, the operator of Euroclear.

*Multiplier:* A constant or variable number to be multiplied by the relevant index or formula for the interest rate of a Variable Rate Note (which may be greater than or less than one).

*Non-U.S. Currency:* A Specified Currency other than U.S. dollars.

*Non-U.S. Owner:* A Beneficial Owner of a Debt Obligation that is not a U.S. Person.

*Notes:* Notes and other debt securities to be issued from time to time by Freddie Mac under the Facility.

*Offering Circular:* The Freddie Mac Global Debt Facility Offering Circular dated December 30, 1998.

*OID Debt Obligation:* A Debt Obligation having original issue discount.

*OID Regulations:* United States Treasury regulations concerning the tax treatment of debt instruments issued with original issue discount.

*Other Registered Notes:* Registered Notes that are not DTC Registered Notes, that are deposited with a common depository for Euroclear, Cedelbank and/or any other applicable clearing system, and that will clear and settle through the systems operated by Euroclear, Cedelbank and/or any such other applicable clearing system.

*Pricing Supplement:* A supplement to the Offering Circular which describes the terms of, and provides pricing and other information for, an issue of Notes.

*Principal Financial Center:* The capital city of the country of the Specified Payment Currency, or solely with respect to the calculation of LIBOR, the Index Currency, as the case may be, except that with respect to U.S. dollars, Australian dollars and Swiss francs, the Principal Financial Center will be the City of New York, Sydney and Zurich, respectively. With respect to Euros, the Principal Financial Center will be Frankfurt, or such other city or cities as may be specified in the applicable Pricing Supplement.

*Principal Payment Date:* The Maturity Date of a Note or the earlier date of redemption or repayment (whether such redemption or repayment is in whole or in part).

*Record Date:* As to Registered Notes, the fifteenth calendar day preceding an Interest Payment Date. Interest on a Registered Note will be paid to the Holder of such Registered Note as of the close of business on the Record Date.

*Register:* A register of the Holders of Registered Notes maintained by the Global Agent.

*Registered Notes:* Notes issued and maintained in global registered or definitive registered form on the books and records of the Global Agent.

*Registrar:* The Global Agent maintaining the Register.

*Representative Amount:* A principal amount of not less than U.S. \$1,000,000 (or, if the Index Currency is other than U.S. dollars, a principal amount not less than the equivalent of U.S. \$1,000,000 in such Index Currency) that, in the Calculation Agent's sole judgment, is representative for a single transaction in the relevant market at the relevant time.

*Reset Date:* The date on which a new rate of interest on a Note becomes effective.

*Short-Term Debt Obligation:* A Debt Obligation that matures one year or less from the date of its issuance.

*Singapore Stock Exchange:* The Stock Exchange of Singapore Limited.

*Specified Currency:* The currency or currency unit in which a Note may be denominated and in which payments of principal of and interest on a Note may be made.

*Specified Interest Currency:* The Specified Currency provided for the payment of interest on Notes.

*Specified Payment Currency:* The term by which the Specified Interest Currency and Specified Principal Currency are referred to collectively.

*Specified Principal Currency:* The Specified Currency provided for the payment of principal of Notes.

*Spread:* A constant or variable number to be added to or subtracted from the relevant index or formula for the interest rate of a Variable Rate Note.

*Step Debt Obligations:* Debt Obligations that are Step Notes and have an initial fixed interest rate that will change to a different fixed rate on the first day on which such Debt Obligation may be redeemed.

*Step Notes:* Notes that bear interest at specified fixed rates for specified periods.

*Sterling:* British pounds sterling.

*Targeted Registered Notes:* Notes “targeted to foreign markets” under U.S. tax regulations and offered or sold solely to persons outside the United States or its possessions.

*U.S. Federal Reserve Bank:* Each U.S. Federal Reserve Bank that maintains Book-Entry Notes.

*U.S. Person:* For certain tax purposes, (i) an individual who, for U.S. federal income tax purposes, is a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) 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.

*Variable Principal Repayment Amount:* The principal amount determined by reference to one or more interest rate or exchange rate indices or otherwise, payable on the applicable Maturity Date or date of redemption of a Note, as specified in the applicable Pricing Supplement.

*Variable Rate Notes:* Notes that bear interest at a variable rate determined by reference to one or more interest rate or exchange rate indices or otherwise.

*Yen:* Japanese yen.

*Zero Coupon Notes:* Notes that do not bear interest and are issued at a discount to their principal amount.



**PRINCIPAL OFFICE OF FREDDIE MAC**

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**FISCAL AGENT**

**Federal Reserve Bank of New York**

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Freddie  
Mac

