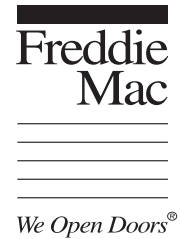


**Supplement dated August 25, 2003 to
Information Statement dated March 29, 2002**



RECENT EVENTS

Management

In a letter dated August 22, 2003, the Office of Federal Housing Enterprise Oversight (OFHEO), the safety and soundness regulator for Freddie Mac, directed Freddie Mac's Board of Directors to replace the company's Chief Executive Officer and President, Greg Parseghian, and commence a search for his successor. The Board has acceded to OFHEO's direction. It is currently anticipated that Mr. Parseghian will remain as CEO until a replacement is named.

The search for Mr. Parseghian's successor will begin promptly. No timetable has been set for its completion, although the company anticipates the search will be conducted expeditiously.

In addition, OFHEO directed that the Board replace Freddie Mac's Executive Vice President and General Counsel, Maud Mater. Deputy General Counsel Joan Donoghue will act as General Counsel until a permanent General Counsel is named.

Legal Proceedings

Securities Class Action Lawsuit. On June 9, 2003, Freddie Mac and certain former executive officers were named as defendants in a securities class action lawsuit alleging violations of federal securities laws and regulations. This action is pending in the U.S. District Court for the Southern District of New York. The plaintiffs claim that the defendants disseminated materially false and misleading statements to the market and failed to disclose material information concerning, among others, the following matters: (1) the lack of adequate internal accounting controls and personnel expertise; (2) the failure to follow accounting rules that require derivative securities to be marked to market; (3) the use of accounting techniques to lower earnings results in good times and lift results when business conditions deteriorated; and (4) providing investigators with altered records to conceal improper accounting techniques. These allegations covered the period from January 27, 2003 through June 9, 2003. The plaintiffs seek unspecified compensatory damages, costs and expenses.

Since the filing of that initial lawsuit, 17 additional lawsuits relating to the same matters have been filed against Freddie Mac and certain former executive officers. These lawsuits seek class action treatment, include slightly different allegations, cover different class periods (which begin on dates ranging from April 18, 2000 to January 27, 2003, and end on dates ranging from June 6, 2003 to July 22, 2003), and seek unspecified

compensatory damages, costs and expenses. These later lawsuits include one filed by the Ohio Public Employees Retirement System and the State Teachers Retirement System of Ohio, and another by the West Virginia Investment Management Board and the Central States, Southeast and Southwest Areas Pension Fund. The latter suit also names Greg Parseghian, Freddie Mac's current CEO, as a defendant and includes allegations that he, as well as the former CEO, former President and former Chief Financial Officer, engaged in insider trading.

Shareholder Derivative Lawsuit. On July 1, 2003, certain former and current members of the Board of Directors of Freddie Mac were named as defendants in a shareholder derivative action alleging breach of fiduciary duty and abuse of trust. The current members of the Board of Directors were recently dismissed as defendants from this lawsuit with the consent of the plaintiff. The two former Board members, who also formerly served as Freddie Mac executives, are the only remaining individual defendants. Freddie Mac is named as a nominal defendant in that action, which is pending in the U.S. District Court for the Southern District of New York.

Freddie Mac anticipates that additional lawsuits relating to the matters described above may be filed.

SEC Formal Investigation. On June 11, 2003, Freddie Mac announced that it has been informed by the staff of the Securities and Exchange Commission (SEC) that the SEC has commenced a formal investigation. Opening a formal investigation enables the SEC to issue subpoenas for witnesses and documents, particularly from third parties outside the corporation. Freddie Mac received a subpoena from the SEC on June 11, 2003 requesting document production and testimony, and Freddie Mac's current CEO, a former member of the Board of Directors and PricewaterhouseCoopers, Freddie Mac's current independent audit firm, have also received subpoenas for documents. Beginning in August 2003, the SEC has subpoenaed documents and begun to take witness testimony from certain present and former Freddie Mac employees.

OFHEO Investigation. On June 9, 2003, OFHEO directed Freddie Mac and its Board of Directors to take certain actions to address the issues surrounding the restatement. OFHEO also announced that it had tasked a special investigative team to assume the review of accounting practices relevant to the restatement process at Freddie Mac and to investigate employee misconduct. The team includes personnel from various OFHEO internal offices, including OFHEO's examination and legal staffs.

Freddie Mac's Board and management have undertaken to comply fully and effectively with OFHEO's directions and have been working diligently to fulfill the requests of OFHEO's investigative team. In this connection, OFHEO has submitted to Freddie Mac multiple requests for documents, and it has also subpoenaed certain current Freddie Mac employees and directors, as well as former employees, requesting testimony and documents. In July 2003, OFHEO began to conduct interviews in which it took sworn testimony from certain Freddie Mac employees and directors. Freddie Mac's Board and management are fully cooperating with OFHEO and will continue to do so.

U.S. Attorney's Criminal Investigation. On June 11, 2003, Freddie Mac was informed that the U.S. Attorney's office in Alexandria, Virginia has opened a criminal investigation involving the company. The U.S. Attorney's Office has interviewed certain Freddie Mac employees and has made requests for documents from Freddie Mac. Freddie Mac intends to cooperate in all respects with this investigation.

Legislative and Regulatory Developments

Several members of the Congress have recently introduced bills to change Freddie Mac and Fannie Mae's regulatory oversight. The bills that have been introduced include H.R. 2575, introduced by Representative Richard Baker on June 24, 2003; H.R. 2803, introduced by Representative Edward Royce on July 21, 2003; and S. 1508, introduced by Senator Chuck Hagel on July 31, 2003. Management anticipates that additional bills will be introduced by other members of the Congress prior to adjournment of this session of Congress. At this time, management cannot predict with certainty whether or in what form any of these bills will be enacted.

Each of these bills would abolish OFHEO as the safety and soundness regulator for Freddie Mac and Fannie Mae, and transfer that agency's responsibilities to a bureau of the Department of the Treasury. Each bill would also enhance certain of the safety and soundness regulator's supervisory and enforcement authorities over Freddie Mac and Fannie Mae and transfer certain other authorities from the Secretary of the Department of Housing and Urban Development (HUD) to the new regulatory agency.

Specifically, these bills would transfer, from the Secretary of HUD to the new regulatory agency, general supervisory and regulatory authority to ensure that Freddie Mac and Fannie Mae accomplish the purposes of their Charter Acts and of the Federal Housing Enterprise Financial Safety and Soundness Act of 1992. In addition, one or more of the bills would provide Freddie Mac and Fannie Mae's safety and soundness regulator with expanded authority to set risk-based capital and minimum and critical capital standards for Freddie Mac and Fannie Mae, issue cease-and-desist orders and take prompt corrective capital-based actions. H.R. 2575 would grant the regulator authority to appoint a receiver in the event Freddie Mac or Fannie Mae become critically undercapitalized, the lowest possible capital category.

On May 7, 2003, Representatives Shays and Markey introduced H.R. 2022. This bill would repeal Freddie Mac and Fannie Mae's exemption from registering their securities with the SEC. Representatives Shays and Markey introduced a similar bill in 2002.

Freddie Mac has received inquiries from the Internal Revenue Service in connection with its regular audits of the company's tax returns for prior years, some of which relate to matters connected with the restatement. The Department of Labor has also advised the company that it is conducting a review of certain pension issues related to the restatement.

Rating Agency Actions

On August 25, 2003, Fitch Ratings announced that it has downgraded its ratings of Freddie Mac's subordinated debt and preferred stock to "AA-" from "AA" and that it is leaving those ratings on a negative ratings watch. Fitch also affirmed its "AAA" rating of Freddie Mac's senior long-term debt and its short-term rating of "F1+".

On the same date, Moody's Investors Service affirmed its current ratings of Freddie Mac's senior debt, subordinated debt, preferred stock and short-term debt but noted that Freddie Mac's financial strength rating remains under review for possible downgrade. Similarly, Standard and Poor's has stated that the recent management changes have not affected its ratings of Freddie Mac's senior unsecured debt but that its various Freddie Mac ratings will continue to be monitored while the company's reaudit is ongoing.

Voluntary Commitments

Freddie Mac has posted an update regarding the current status of its compliance with the Voluntary Commitments (announced in October 2000) on the Investor Relations page of its website, www.freddiemac.com.