



**Supplement dated October 4, 2004 to
Information Statement dated September 24, 2004**

**FREDDIE MAC ANNOUNCES RESTRUCTURING OF
A UNIT OF MORTGAGE SECURITIES OPERATIONS
*Company's Securities Sales & Trading Group to Cease Market-Making***

As part of its ongoing initiative to focus its business activities on its core mission, Freddie Mac today announced that it is restructuring certain of its mortgage securities operations. This will be accomplished primarily by ceasing the market-making activities of its Securities Sales & Trading Group business unit (SS&TG) and transferring that unit's mortgage sourcing and investment activities to other Freddie Mac business units. In a related decision, the company is also discontinuing its Money Manager program, through which it had designated eight registered investment advisers to manage a small portion of the company's capital under prescribed investment guidelines. The company intends to continue its active support for the liquidity and depth of the market for its mortgage securities through its core securitization and investment business activities.

Richard F. Syron, Chairman and Chief Executive Officer of Freddie Mac, explained that the company is making the changes to simplify its business operations. "Freddie Mac's senior management team is intensely focusing on the full range of our secondary mortgage market activities. Today's actions demonstrate our intention to focus and streamline our business operations so that we execute our mission in the most efficient and effective way possible."

Syron elaborated: "We'll implement the restructuring of SS&TG's business activities, including any disposition of assets, in an orderly manner over a period of months. We intend to redeploy certain of the unit's functions, including its mortgage sourcing capabilities, into the mainstream of our investment and securitization business. We'll also continue to provide support for the market performance of our PCs through these core activities."