

**Freddie
Mac**

Freddie Mac
8200 Jones Branch Drive
McLean, Virginia 22102

TO THE STOCKHOLDERS OF FREDDIE MAC

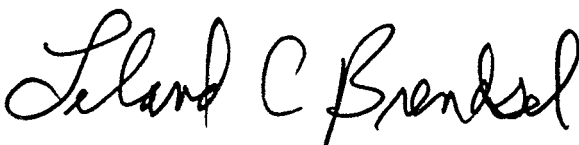
April 2, 2002

Dear Freddie Mac Stockholder:

We are pleased to invite you to attend the Annual Meeting of Stockholders to be held on Thursday, May 2, 2002, at 9:00 a.m. at The McLean Hilton, 7920 Jones Branch Drive, McLean, Virginia. The notice of the Annual Meeting and proxy statement accompanying this letter describe the business to be transacted at the meeting.

We hope you will be able to attend the meeting and urge you to read the enclosed notice and proxy statement for information about your corporation and the Annual Meeting. Please complete, sign and return the enclosed proxy card at your earliest convenience. Sending your proxy will not affect your right to vote your shares personally if you do attend the meeting. Please indicate whether you plan to attend the meeting on the proxy card.

Sincerely,



Leland C. Brendsel
Chairman of the Board

FEDERAL HOME LOAN MORTGAGE CORPORATION

**NOTICE OF ANNUAL MEETING
OF STOCKHOLDERS
TO BE HELD ON MAY 2, 2002**

The Annual Meeting of Stockholders of the Federal Home Loan Mortgage Corporation (“Freddie Mac” or the “Corporation”) will be held on Thursday, May 2, 2002, at 9:00 a.m. at The McLean Hilton, 7920 Jones Branch Drive, McLean, Virginia, for the purposes of:

- (1) Electing 13 members to the Board of Directors, each for a term ending on the date of the next Annual Meeting of Stockholders;
- (2) Ratifying the appointment of PricewaterhouseCoopers LLP as independent public accountants of the Corporation for 2002; and
- (3) Transacting such other business as may properly come before the meeting or any adjournment thereof.

Stockholders of record as of the close of business on March 11, 2002, will be entitled to vote at the Annual Meeting of Stockholders or any meeting adjournment. The accompanying proxy statement contains information describing each matter expected to be presented for action at the meeting.

Please indicate whether you plan to attend the Annual Meeting of Stockholders on the enclosed proxy card.

Please also complete, sign, date and return the proxy card in the enclosed envelope whether or not you expect to attend the meeting. It is important that the proxy be returned regardless of the number of shares owned. You have the power to revoke a proxy at any time before its exercise by giving the Secretary of Freddie Mac written notice of your revocation, by submitting a later dated proxy or by voting the shares in person at the meeting. THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF FREDDIE MAC.

By Order of the Board of Directors,

A handwritten signature in black ink, appearing to read 'Maud Mater', with a long horizontal line extending to the right.

Maud Mater
*Executive Vice President — General Counsel
and Secretary*

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Federal Home Loan Mortgage Corporation Annual Meeting Of Stockholders

Proxy Statement

QUESTIONS AND ANSWERS

Q: What am I voting on?

A: The current voting items are:

- Election of 13 members to the Board of Directors
- Ratification of the appointment of PricewaterhouseCoopers LLP as independent public accountants of the Corporation for 2002

The Board is not aware of any other matters to be presented for a vote at the meeting.

Q: Who is entitled to vote?

A: Holders of record of Freddie Mac's common stock, par value \$0.21 per share, as of the close of business on March 11, 2002 (the "Record Date"), are entitled to vote at the Annual Meeting. As of the Record Date, there were 695,488,029 outstanding shares of common stock. Freddie Mac has no other outstanding classes of stock that are entitled to vote at the Annual Meeting.

Q: When and where is the meeting?

A: The meeting will be held at 9:00 a.m. on Thursday, May 2, 2002, at The McLean Hilton, 7920 Jones Branch Drive, McLean, Virginia.

Q: How do I vote?

A: You may vote in person or through a proxy. To vote by proxy, you should sign and date each proxy card you receive and return it in the prepaid envelope. If you do not mark any selections, your proxy card will be voted in favor of the two proposals.

Q: Can I change my vote?

A: You have the right to revoke your proxy at any time before the meeting by any of the following methods:

- Notifying the Corporate Secretary
- Returning a later-dated proxy card
- Voting in person

Q: What is a quorum?

A: A quorum is a majority of the shares outstanding, either present at the meeting or represented by proxy. A quorum must be present for the meeting to be held. If a quorum is not present, the meeting will be adjourned until a quorum is present.

Q: What are the voting requirements?

A: Generally, stockholders entitled to vote have one vote per share on all matters. For purposes of determining the number of votes cast with respect to any voting matter, only those votes cast “for” or “against” are included. Abstentions and broker non-votes are counted only for purposes of determining whether a quorum is present at the Annual Meeting. The thirteen nominees for Director who receive the greatest number of votes will be elected. The proposal for ratification of the selection of the independent public accountants must receive more than 50 percent of the votes cast to be adopted.

Q: Is my vote confidential?

A: Yes. Proxy cards, ballots and voting tabulations that identify individual stockholders are confidential. Only the inspectors of election and certain Freddie Mac employees associated with processing proxy cards and counting the vote have access to your card.

Q: Who will count the vote?

A: Representatives of EquiServe, Inc. will tabulate the votes and act as inspectors of election.

Q: Who can attend the meeting?

A: Only stockholders as of the Record Date may attend. The bottom half of the proxy card distributed by EquiServe, Inc. serves as an admission ticket. If you receive your proxy material from another source, such as a broker or trustee, you should bring a copy of your account statement, an omnibus proxy or a letter from your broker. *Please also bring a picture identification, which will be required in order to enter the meeting.*

Q: How will voting on any other business be conducted?

A: We currently do not know of any business to be considered at the 2002 Annual Meeting other than the proposals described in this proxy statement. If any other business is properly presented at the Annual Meeting, your signed proxy gives authority to the Chairman of the meeting to vote your shares on such matters at his discretion.

Q: When are the stockholder proposals for the 2003 Annual Meeting due?

A: To be considered for inclusion in next year’s proxy statement, stockholder proposals must be submitted in writing by December 3, 2002, to Maud Mater, Executive Vice President — General Counsel and Secretary, Freddie Mac, 8200 Jones Branch Drive, McLean, VA 22102.

Q: Can stockholders submit proposals or nominate a Director during an annual meeting?

A: Yes, but any stockholder wishing to submit a proposal from the floor at an annual meeting, or to nominate one or more candidates for election to the Board of Directors, must comply with the provisions of the Corporation’s Bylaws relating to such matters. These provisions require that stockholders provide notice to the Secretary of the Corporation not less than 50 days nor more than 75 days prior to the date of the meeting (or by the 15th day following the notice if

less than 65 days' notice of the date of the meeting is given to stockholders). To be considered for submission at an annual meeting, stockholder proposals must include:

- A brief description of the business the stockholder desires to bring before the meeting and the reasons for conducting such business at the meeting
- The name and address of the stockholder proposing such business
- The class and number of shares of the Corporation's stock that are beneficially owned by the stockholder
- Any material interest of the stockholder in such business

Q: What are the procedures for nominations by stockholders of candidates for membership on the Board of Directors?

A: In order to be considered for inclusion in the proxy statement, nominations of candidates for election to the Board of Directors must be received by the deadline specified for stockholder proposals and must contain the following information:

(1) For each proposed nominee for election or reelection as a director:

- The name, age, business address and residential address of the person
- The principal occupation or employment of the person
- A description of any arrangement or understanding between the stockholder and any nominee and any other person(s) (naming such persons) regarding the nomination(s) being made by the stockholder
- The information regarding the nominee that is required by Section 14(a) of the Securities Exchange Act of 1934 and its related rules and regulations

(2) As to the stockholder giving the notice:

- The name and address of the stockholder
- The number of shares of stock of the Corporation that are beneficially owned by the stockholder
- A representation that the stockholder intends to appear in person or by proxy at the meeting to make the nomination

PROPOSALS SUBMITTED FOR VOTE

1. Election of Directors

Freddie Mac's enabling legislation establishes the membership of the Board of Directors at 13 directors elected by the stockholders and five directors appointed by the President of the United States. All directors serve for a term ending on the date of the next annual meeting of stockholders. Thirteen directors are to be elected at this meeting. If any of the 13 nominees is unable or unwilling to serve on the date of the Annual Meeting of Stockholders or any adjournment of the meeting, the proxies received on behalf of that nominee will be voted for a substitute nominee. The Board has no reason to believe that any of the nominees will be unable or unwilling to serve if elected.

UNLESS STOCKHOLDERS SPECIFY OTHERWISE IN THE PROXY, PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED FOR EACH OF THE 13 NOMINEES FOR ELECTION NAMED IN THIS PROXY STATEMENT. THE 13 NOMINEES WHO RECEIVE THE GREATEST NUMBER OF VOTES WILL BE ELECTED. NO STOCKHOLDER IS ENTITLED TO CUMULATE HIS OR HER VOTES IN THE ELECTION OF DIRECTORS.

2. Appointment of Independent Public Accountants

The Board of Directors approved a change on March 2, 2002 in the Corporation's independent public accountants, from Arthur Andersen LLP ("Arthur Andersen") to PricewaterhouseCoopers LLP ("PricewaterhouseCoopers"), after the solicitation by the Corporation of proposals to audit its financial statements for 2002 and upon the recommendation and approval of the Audit Committee. The Board of Directors appoints the independent public accountants annually. The Audit Committee of the Board reviews both the scope and estimated fees for the annual audit. You are requested to ratify the Board of Directors' appointment of the independent public accountants for 2002. Although advisory only, this proposal is put before the stockholders so as to seek the stockholders' views on this important corporate matter. If the stockholders do not ratify the appointment, the Board will take the matter under advisement.

During Freddie Mac's two most recent fiscal years ended December 31, 2001 and the interim period through PricewaterhouseCoopers' appointment, there were no disagreements between Freddie Mac and Arthur Andersen on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which disagreements, if not resolved to Arthur Andersen's satisfaction, would have caused them to make reference to the subject matter of the disagreement in connection with their reports. None of the reportable events described under Item 304(a)(1)(v) of Regulation S-K of the Securities Exchange Act of 1934 occurred within Freddie Mac's two most recent fiscal years and the interim period through PricewaterhouseCoopers' appointment. The audit reports of Arthur Andersen on the consolidated financial statements of Freddie Mac for the fiscal years ended December 31, 2001 and 2000 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles. Prior to the Corporation's releasing the foregoing information in this paragraph in its March 6, 2002 press release, Arthur Andersen reviewed the information and advised the Corporation that it was in agreement with the statements it contains.

During Freddie Mac's two most recent fiscal years ended December 31, 2001 and the interim period through PricewaterhouseCoopers' appointment, Freddie Mac did not consult with PricewaterhouseCoopers regarding any of the matters or events set forth in Item 304(a)(2)(i) and (ii) of Regulation S-K.

In the opinion of management, the services provided by Arthur Andersen were at customary rates and fees for the last fiscal year, and there was no understanding or agreement that placed a

limit on the fees for the services provided. See “*Audit Committee Report*” below at page 22. In addition to performing the annual audit, Arthur Andersen rendered related services, including the review of Freddie Mac’s quarterly Information Statement Supplements, all of which services were provided at usual and customary rates and fees for similar services. Arthur Andersen is also one of the firms that provided financial planning services to Freddie Mac executives. See “*Audit Committee Report*” below at page 22.

Representatives of PricewaterhouseCoopers and Arthur Andersen have been invited to attend the Annual Meeting of Stockholders and will have the opportunity to make a statement if they desire to do so and to respond to appropriate questions from stockholders present at the meeting.

UNLESS STOCKHOLDERS SPECIFY OTHERWISE IN THE PROXY, PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED FOR THE RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS AS INDEPENDENT PUBLIC ACCOUNTANTS OF THE CORPORATION. A MAJORITY OF THE VOTES CAST AT THE ANNUAL MEETING WILL BE REQUIRED FOR RATIFICATION OF THAT APPOINTMENT.

BOARD OF DIRECTORS

1. Nominees for Election:



LELAND C. BRENDSEL

Director since 1990

Age 59

Mr. Brendsel has been Chairman of the Board of Freddie Mac since November 1989 and Chief Executive Officer since 1987. From 1987 to November 1989, Mr. Brendsel was President and Chief Executive Officer. Mr. Brendsel was Acting President — Chief Executive Officer of Freddie Mac from 1985 to 1987 and Executive Vice President — Finance and Chief Financial Officer from 1982 to 1985.



DAVID W. GLENN

Director since 1990

Age 58

Mr. Glenn has been Vice Chairman of Freddie Mac since June 2000, President since March 1990 and Chief Operating Officer since November 1989. From 1987 to November 1989, Mr. Glenn was Executive Vice President — Finance and Chief Financial Officer. Prior to joining Freddie Mac, Mr. Glenn was Senior Vice President of CalFed, Inc. and California Federal Savings and Loan Association. He is also a director of Neuberger Berman, LLC.



GEORGE D. GOULD

Director since 1990

Age 74

Mr. Gould has been Vice Chairman of Klingenstein, Fields & Company (an investment management firm) since August 1989. From 1985 through 1988, Mr. Gould was Undersecretary for Finance of the Department of the Treasury. Prior to that, Mr. Gould was a general partner with Wertheim & Co., Inc. and Chairman of Madison Resources.



THOMAS W. JONES

Director since 1997

Age 52

Mr. Jones has been Chairman and Chief Executive Officer of Global Investment Management and Private Banking Group (a division of Citigroup, Inc.) since August 1999, and also has been Chairman and Chief Executive Officer of Citigroup Asset Management since October 1998. He was Vice Chairman of Travelers Group Inc., and Chairman and Chief Executive Officer of Salomon Smith Barney Asset Management from August 1997 to October 1998. Prior to that, Mr. Jones was Vice Chairman of Teacher's Insurance and Annuity Association — College Retirement Equities Fund ("TIAA-CREF") from 1995 and President and Chief Operating Officer from 1993. Before that time he was Executive Vice President of Finance and Planning and Chief Financial Officer of TIAA-CREF. He is also a director of Pepsi Bottling Group, Inc. and Fox Entertainment Group.



HENRY KAUFMAN

Director since 1990

Age 74

Mr. Kaufman has been President of Henry Kaufman & Company, Inc. (a firm specializing in economic and financial consulting and investment management) since April 1988. Prior to establishing the firm in April 1988, Mr. Kaufman worked for Salomon Brothers Inc for 26 years, serving as Managing Director, member of the Executive Committee and manager of the firm's four research departments. He was also a Vice Chairman of the parent company, Salomon Inc. Mr. Kaufman is also a director of Lehman Brothers Holdings Inc.



JOHN B. McCOY

Director since 1990

Age 58

Mr. McCoy is Retired Chairman of BANK ONE CORPORATION (a bank holding company). From October 1998 to December 1999, he was Chairman and Chief Executive Officer of that company. Prior to that, he was Chairman and Chief Executive Officer of BANC ONE CORPORATION beginning in 1987 and was President and Chief Executive Officer from 1984 to 1987. Mr. McCoy is also a director of Cardinal Health, Inc., Corillion Corp. and SBC Communications, Inc.



JAMES F. MONTGOMERY

Director since 1990

Age 67

Mr. Montgomery has been the Chairman and Chief Executive Officer of Frontier Bank (a savings and loan company) since June 1998. Prior to that, he was Chairman of Great Western Financial Corporation from 1981 to 1997. He also was Chief Executive Officer of that company from 1979 to 1995.



SHAUN F. O'MALLEY

Director since 2001

Age 66

Mr. O'Malley is the Retired Chairman of Price Waterhouse LLP, where he was Chairman and Senior Partner from 1988 to 1995. He was also President of the Financial Accounting Foundation from 1990 to 1992. Mr. O'Malley also serves on the board of directors of Horace Mann Educators Corporation and The Finance Company of Pennsylvania.



RONALD F. POE

Director since 1990

Age 63

Mr. Poe has been President of Ronald F. Poe & Associates (a private real estate investment firm) since February 1999. From September 1998 to January 1999, he was Senior Advisor to Legg Mason Dorman & Wilson, Inc. (a mortgage banking company). Prior to that, he served as Chairman of that company beginning in April 1988 and as Chief Executive Officer from 1977. Mr. Poe is also a director of Charter One Financial, Inc. and Hudson Valley Holding Corp.

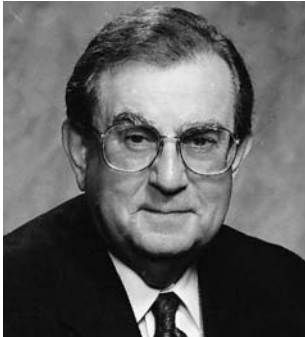


STEPHEN A. ROSS

Director since 1998

Age 58

Mr. Ross has been the Franco Modigliani Professor of Finance and Economics at the Massachusetts Institute of Technology since 1998. He also has been Co-Chairman of Roll and Ross Asset Management Corporation (a quantitative financial management firm) since 1986. He was a Professor at Yale University from 1976 to 1998. Mr. Ross is also a director of TIAA-CREF and Algorithmics, Inc.



DONALD J. SCHUENKE

Director since 1990

Age 73

Mr. Schuenke has been Non-Executive Chairman of Allen-Edmonds Shoe Company (a shoe manufacturing company) since April 1999. Prior to that, he was Non-Executive Chairman of both Northern Telecom Limited and Northern Telecom, Inc., its subsidiary, from 1994. He also held the position of Retired Chairman of The Northwestern Mutual Life Insurance Company from 1994. Prior to that, he was Chairman of Northwestern Mutual from 1990 to January 1994, Chief Executive Officer from 1983 to 1993, and President from 1983 to 1990. Mr. Schuenke is also a director emeritus of Badger Meter, Inc.



CHRISTINA SEIX

Director since 1990

Age 51

Ms. Seix has been Chairman, Chief Executive Officer and Chief Investment Officer of Seix Investment Advisors, Inc. (an investment management firm) since 1992. From 1992 to January 1, 1997, she also was President. Ms. Seix was Chairman, Chief Executive Officer and Chief Investment Officer of MacKay-Shields Financial Corporation from 1987 to 1992.



WILLIAM J. TURNER

Director since 1990

Age 58

Mr. Turner has been Co-Manager of Signature Capital, Inc. (a venture capital investment firm) since he founded the company in April 1996. He also is Chairman and Chief Executive Officer of Turner & Partners, Inc. (a management services and investment firm) since he founded the firm in 1993. From 1989 to 1992, he was Chairman and Chief Executive Officer of several Forstmann Little companies engaged in manufacturing (F.L. Industries, F.L. Aerospace, Lear Siegler and Pullman). Prior to that, Mr. Turner served in a number of capacities for Automatic Data Processing, Inc., including Chief Operating Officer (commencing in 1987), President (commencing in 1986) and Director (commencing in 1983).

2. Directors Appointed by the President of the United States:



CESAR B. CABRERA

Director since May 2001

Age 54

Mr. Cabrera is President and owner of several real estate development companies, including Rocca Development Corporation. In 2000, he was elected Chairman of the Puerto Rico Delegation to the Republican National Convention. From 1984 to 2000, Mr. Cabrera represented the Republican Party of Puerto Rico in key positions and was the founder of the Republican Island Caucus.



MICHELLE ENGLER

Director since May 2001

Age 44

Ms. Engler is a Trustee of the Investor Series Trust (an investment company) and member of the Boards of Managers of JNL Variable Funds (investment companies) since 2000. She is of counsel to Varnum, Riddering, Schmidt & Howlett (a law firm). Prior to that she was a partner in the law firm of Nathan, Wood & Sommers.



DAVID J. GRIBBIN III

Director since May 2001

Age 62

Mr. Gribbin is Managing Director at Clark and Weinstock (a government affairs firm). Prior to that, he served as the Director of Congressional Relations for the Bush-Cheney Transition Team. From 1996 through 2000, Mr. Gribbin was Vice President of Government Relations for Halliburton Company. During 1996 he served as Executive Director of the Republican Platform Committee for the Republican National Convention. From 1993 to 1996, Mr. Gribbin served as the Chief of Staff for U.S. Senator Dan Coats. From 1989 to 1992 he was the Assistant Secretary of Defense for Legislative Affairs. Mr. Gribbin also worked for then-Congressman Dick Cheney and for the National Automobile Dealers Association.



WILLIAM D. POWERS

Director since May 2001

Age 60

Mr. Powers is a principal of Powers, Crane & Company, LLC (a government relations firm). From 1991 to 2001, he served as the Chairman of the New York Republican State Committee. Mr. Powers was Chairman of the Republican National Committee's State Chairman's Advisory Committee from 1993 to 1995. Mr. Powers also serves on the board of directors of Trustco Bank NA.



CATHERINE L. STEPP

Director since May 2001

Age 38

Ms. Stepp has been co-owner and Vice President of First Stepp Builders, Inc. (a firm specializing in building affordable, quality, single-family homes) since 1991. Ms. Stepp also serves as a member of the board of directors of the National Association of Home Builders and of the Natural Resources Board (the body that oversees the State of Wisconsin's Department of Natural Resources).

3. Meetings of the Board and Committees

The Board of Directors met six times in 2001. Each of the stockholder-elected Directors attended more than 75 percent of the meetings of the Board of Directors and committees on which he or she served.

The Board of Directors has established standing Audit, Finance, Human Resources, Investment, Mortgage Operations, and Risk Committees.

The Audit Committee currently is composed of Mr. Jones (Chairman), Ms. Engler, Mr. O'Malley, Mr. Poe and Mr. Turner. The Audit Committee is composed of five directors who are independent as that term is defined in Sections 303.01(B)(2)(a) and (3) of the listing standards of the New York Stock Exchange. The Audit Committee met four times in 2001. The primary functions of the Audit Committee generally are to review (i) the activities of Freddie Mac's internal and external auditors, (ii) selected control and risk-related matters and (iii) certain financial disclosure matters. The Committee operates under a written charter adopted by the Board of Directors.

The Finance Committee currently is composed of Mr. Gould (Chairman), Mr. Gribbin, Mr. Jones, Mr. Powers and Ms. Seix. The Finance Committee held five meetings in 2001. The primary functions of the Finance Committee generally are to review (i) the Corporation's capital requirements, management and allocation, (ii) the Corporation's dividend policy and (iii) debt and mortgage-related securities activities.

The Human Resources Committee currently is composed of Mr. McCoy (Chairman), Mr. Montgomery, Mr. Powers, Mr. Schuenke and Ms. Stepp. The Human Resources Committee held seven meetings in 2001. The primary functions of the Human Resources Committee generally are (i) to recommend or approve executive compensation and employee benefits plans, (ii) to recommend nominees for election to the Board and (iii) to review compliance with the Corporation's Code of Conduct.

The Investment Committee currently is composed of Mr. Kaufman (Chairman), Mr. Cabrera, Mr. Gould, Mr. Gribbin, Mr. Ross and Ms. Seix. The Investment Committee held four meetings in 2001. The primary functions of the Investment Committee generally are to review (i) the Corporation's investment, funding and hedging strategies and activities and (ii) the Corporation's asset/liability management techniques.

The Mortgage Operations Committee currently is composed of Mr. Poe (Chairman), Mr. Cabrera, Mr. McCoy, Mr. Montgomery, Ms. Stepp and Mr. Turner. The Mortgage Operations Committee held four meetings in 2001. The primary function of the Mortgage Operations Committee generally is to review the Corporation's mortgage purchase activities, business processes and systems related to securitization and resecuritization.

The Risk Committee currently is composed of Mr. Schuenke (Chairman), Ms. Engler, Mr. Kaufman, Mr. O'Malley and Mr. Ross. The Risk Committee held eight meetings in 2001. The primary functions of the Risk Committee generally are (i) to review certain of the Corporation's credit and market risk strategies, policies and results and (ii) to approve mortgage purchase transactions that exceed certain limits.

4. Transactions With Institutions Related to Directors

In the ordinary course of business, Freddie Mac was a party during 2001, or expects to be a party during 2002, to certain business transactions with institutions affiliated with some Directors. Management believes that the terms and conditions of the various transactions were no less favorable to the Corporation than the terms of similar transactions with unaffiliated institutions to which the Corporation is, or expects to be, a party. These transactions are described below.

Salomon Smith Barney, Inc. (“Salomon”) is the broker-dealer affiliate of Citigroup, Inc. (where Mr. Jones is Chairman and Chief Executive Officer of the Global Investment Management and Private Banking Group). During 2001, Salomon participated as an underwriter in the offer and sale of Freddie Mac equity, mortgage-related and debt securities to the public. Salomon and Citibank, N.A. (the commercial banking affiliate of Citigroup, Inc.) also were Freddie Mac’s counterparties in certain derivatives transactions that involved payments to and from Freddie Mac. The amount of these securities and derivatives transactions was approximately \$204 billion (including notional amounts that serve as a factor in determining periodic amounts to be received and paid and generally do not represent actual amounts to be exchanged). That amount includes approximately \$33 billion of short-term discount notes purchased from Freddie Mac in daily dealer group sales to provide Freddie Mac with current working capital. These transactions were conducted at arm’s length in the ordinary course of business. Salomon received standard underwriter’s discounts for its underwriting activities. Salomon and its affiliates expect to engage in similar transactions with Freddie Mac in 2002.

Clark and Weinstock, a government affairs firm in Washington, D.C. provides services to Freddie Mac. In 2001 Freddie Mac paid \$364,377 to the firm, of which Mr. Gribbin is Managing Director. Clark and Weinstock expects to provide similar services to Freddie Mac in 2002.

During 2002 the Corporation retained PricewaterhouseCoopers as its independent public accountants for 2002. Since 1995 Mr. O’Malley has been Retired Chairman and Chairman Emeritus of Price Waterhouse LLP, a predecessor firm to PricewaterhouseCoopers. As Retired Chairman and Chairman Emeritus of Price Waterhouse LLP, Mr. O’Malley provides no services to PricewaterhouseCoopers. Mr. O’Malley receives retirement benefits arising from his past services to Price Waterhouse LLP. These benefits are received from a trust established in accordance with the auditor independence standards of the U.S. Securities and Exchange Commission. In addition, Mr. O’Malley rents personal office space from PricewaterhouseCoopers at market rates. During 2001 PricewaterhouseCoopers provided consulting services to Freddie Mac, involving payments from the Corporation of approximately \$850,000.

EXECUTIVE COMPENSATION

1. Human Resources Committee Report on Executive Compensation

(A) Compensation Philosophy and Methodology

Freddie Mac’s Board of Directors and the Human Resources Committee of the Board (the “Committee”) determine the Corporation’s policies on executive compensation. All Committee members are outside Directors (*i.e.*, Directors who are not Freddie Mac employees). The Board of Directors determines the salary, annual cash bonus targets and payouts, and stock compensation for the Chairman and Chief Executive Officer (the “Chairman and CEO”) and the Vice Chairman and President based on the recommendations of the Committee. The Committee determines these elements of compensation for the other executive officers. The Chairman and CEO, the Vice Chairman and President and the three other most highly compensated executive officers are collectively referred to as the “named executive officers.”

Freddie Mac seeks to make its executive compensation package competitive with the market-place. Salary levels are determined based on market compensation for comparable executive officer positions as well as each executive officer’s individual experience and performance. Freddie Mac also refers to market compensation to determine the cash bonus target amounts and the target amounts of stock incentives. The cash bonus and stock compensation of the executives are variable pay that reflect corporate performance and also reinforce Freddie Mac’s commitment to both excellent performance and pay for performance.

For 2001 the market comparison group used to determine Freddie Mac's executive compensation was comprised of 20 companies that included comparable government-sponsored enterprises and major national and regional financial institutions, financial services companies, and insurance companies.

(B) 2001 Salaries

The salaries of Freddie Mac's executive officers, including that of the Chairman and CEO, were reviewed against the median of salaries for comparable positions in the market. The 2001 salaries for the named executive officers are outlined in the Summary Compensation Table that follows this report.

(C) 2001 Cash Bonuses

Freddie Mac's short-term incentive program generally consists of cash bonuses paid after review of the Corporation's performance against annual objectives. The short-term incentive program reflects Freddie Mac's commitment to pay for performance.

For 2001 the cash bonuses for the Chairman and CEO and for the Vice Chairman and President were based primarily on corporate performance. For the other executive officers, 40 percent of each individual's bonus was based on corporate performance and 60 percent on individual performance. The target for the Chairman and CEO's cash bonus was 125 percent of his base salary. The target bonus would apply if the Corporation met the performance thresholds discussed below and if overall corporate performance was "on plan." Bonus payouts on a graduated scale would be made if performance was above or below plan, provided that the performance thresholds had been achieved.

(i) 2001 Corporate Performance Objectives

For 2001 Freddie Mac selected three performance areas and related objectives to measure the Corporation's performance relative to its long-term corporate goals. The performance objectives link Freddie Mac's ability to operate competitively and successfully to the performance-based culture within the Corporation. The amount of the executive officers' annual cash bonuses is based in part on the Corporation's performance against specific objectives in the three performance areas. For these compensation purposes, the Committee assigned a weight to each performance area and to major components within the performance areas.

The 2001 performance areas were financial, market innovation, and people and process. The Committee continued the practice of previous years of establishing both performance thresholds and performance targets in each performance area. The performance thresholds are minimum levels of acceptable performance that must be met in order to fund the bonus pool for the relevant performance area. If the performance thresholds were attained, the Committee would make a bonus award primarily based on the Corporation's performance against the performance targets.

In the Financial performance area, the performance threshold and target focused on capital management and on earnings per share. In the Market Innovation performance area, the thresholds and targets focused on growth and quality of the business, success of certain customer oriented initiatives, and low-cost financing. The People and Process performance area had thresholds and targets focused on expense management, capital, risk management and disclosure standards, selected processes, and human resources goals.

(ii) Performance Against the 2001 Objectives

In late 2000, the Board of Directors reviewed Freddie Mac's long-term goals and annual performance objectives for 2001. The Board established bonus targets for the Chairman and CEO and for the Vice Chairman and President, and the Committee fixed the targets for the other executive officers in early 2001. During the year, the Board received written quarterly reports on Freddie Mac's performance against its objectives.

In early 2002, the Chairman and CEO discussed the Corporation's performance and individual executive performance with the Committee, and made bonus payout recommendations. During an executive session of the Board, with only outside Directors present, the Committee made recommendations to the Board regarding the bonus payouts for the Chairman and CEO and the Vice Chairman and President. During that executive session, the Board fixed the cash bonus amounts for the Chairman and CEO and the Vice Chairman and President. The Committee determined the bonus payouts for the other executive officers.

For purposes of determining cash bonuses for 2001, the Corporation's performance was determined to be above plan. The Board considered the Committee's recommendation and reviewed the assessment of corporate performance to determine the Chairman and CEO's cash bonus. The Board determined that the Chairman and CEO's cash bonus for 2001 would be \$2,123,438 (187.5 percent of his salary).

(D) Long-Term Stock Incentives

The primary purposes of Freddie Mac's long-term stock incentive program are:

- To enable the Corporation to attract and retain key performers; and
- To focus executive decision making on the long-term success of the Corporation by aligning the interests of executive officers with those of stockholders.

Freddie Mac's 1995 Stock Compensation Plan permits the issuance of a wide variety of stock-based instruments, including stock options, restricted stock, performance shares and stock appreciation rights ("SARs").

The Committee reviews market compensation data regarding the levels of stock-based incentive awards in order to determine the amount of the executive officers' stock-based incentives. The levels of executive officers' stock incentives are expressed as a percentage of salary and generally are reviewed against the market median. The Chairman and CEO's long-term incentive compensation for 2001 was valued at \$7,800,000 (684 percent of his annualized salary), divided equally between stock options and restricted stock.

(i) Restricted Stock

Restricted stock is granted to the executive officer group, including the Chairman and CEO and the Vice Chairman and President. In order to determine the number of restricted shares for each annual award to the executive officer group, the Committee applied a formula that is based on the long-term incentive value (determined based on market compensation data in the manner described in the preceding subsection) and the stock price on the grant date discounted for a turnover risk factor over the period of the restrictions. The value of one share of restricted stock awarded in 2001, as determined by the formula, was \$55.2978 or approximately 81.5 percent of the stock price on the date of grant.

(ii) Stock Options

The Committee determined the dollar amount that should be awarded to each executive in stock options based on its review of market compensation data. On the date of the grant, that dollar amount was converted into a number of stock options based upon Freddie Mac's variation of the Black-Scholes model for valuation of stock options. Freddie Mac's application of the Black-Scholes model took into account the assumptions stated in footnote 2 to the table, "Option Grants in the Last Fiscal Year," that follows this report. The 2001 stock options were valued at \$25.7830 per share.

(E) *Impact of IRS Limits on Deductibility of Compensation*

Freddie Mac is not subject to the provisions of Section 162(m) of the Internal Revenue Code relating to the deductibility of executive compensation expenses. Consequently, the qualification of certain items of executive compensation for deductibility under that Code section is not considered by the Committee in establishing Freddie Mac's compensation policy. However, the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 requires that Freddie Mac's executive compensation be reasonable and comparable with compensation for employment involving similar duties and responsibilities in other similar businesses. A significant portion of that compensation also must be based on corporate performance.

This report is made by the Human Resources Committee of the Board of Directors. The members of the Committee are:

John B. McCoy, *Chairman*
James F. Montgomery
William D. Powers
Donald J. Schuenke
Catherine L. Stepp

2. Compensation Tables

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation		All Other Compensation (3)
		Salary	Bonus	Other Annual Compensation (1)	Restricted Stock Awards (2)	Securities Underlying Options (#)	
Leland C. Brendsel	2001	\$1,132,500	\$2,123,438	\$86,452	\$4,711,404	151,270	\$227,023
Chairman of the Board and	2000	1,092,667	1,710,000	108,759	4,859,494	174,120	227,520
Chief Executive Officer	1999	1,016,667	380,000	111,590	2,200,365	66,220	291,215
David W. Glenn	2001	850,000	1,275,000	—	3,020,028	96,970	147,988
Vice Chairman and President	2000	806,667	1,009,000	—	2,380,718	71,560	139,806
	1999	693,333	210,000	—	772,740	28,430	162,881
Gregory J. Parseghian (4)	2001	1,000,000	750,000	—	0	0	91,644
Sr. Vice President —Funding &	2000	816,083	0	—	12,122,933	236,710	58,797
Investments, Chief Investment Officer	1999	558,600	0	—	0	0	45,208
Paul T. Peterson	2001	416,667	729,167	—	269,872	16,080	68,079
Executive Vice President —	2000	362,500	429,853	—	1,201,530	19,380	46,944
Single Family Business	1999	300,000	78,750	—	150,660	8,430	55,615
William I. Ledman	2001	412,500	496,031	—	219,772	13,090	66,320
Senior Vice President —	2000	388,333	306,888	—	214,736	20,680	58,456
Information Systems & Services	1999	330,000	188,688	—	142,155	7,920	29,482

- (1) Amounts shown include certain cash and non-cash compensation for the named individuals that is greater than the lesser of \$50,000 or 10 percent of the sum of salary and bonus, including special life insurance premiums.
- (2) Although the Corporation awards restricted stock at a discounted value to reflect officer turnover risk during the restricted period, amounts are based on market price of the Corporation's common stock on the date of grant in each year. The restricted stock granted to the named executive officers will vest on the fifth anniversary of the date of grant except that Mr. Parseghian's 2000 grants vest on June 2, 2002 and December 31, 2005, respectively, in accordance with the terms of his employment agreement which is described below in "Other Benefit and Compensation Programs — Employment Agreements." Dividends are payable on restricted stock to the same extent and in the same amounts as on the Corporation's other issued and outstanding shares of common stock. The value and number of restricted stockholdings at December 31, 2001, for each of the named executives are as follows:

	<u>Number of Restricted Shares</u>	<u>Dollar Value</u>
Mr. Brendsel	278,210	\$18,194,934
Mr. Glenn	140,730	9,203,742
Mr. Parseghian	256,570	16,779,678
Mr. Peterson	39,360	2,574,144
Mr. Ledman	24,178	1,581,241

- (3) The 2001 figures represent (i) basic and matching contributions made by Freddie Mac to the Corporation's Thrift/401(k) Savings Plan and (ii) allocations pursuant to Freddie Mac's supplemental executive retirement plan, as follows:

	<u>Thrift/401(k) Savings Plan Contributions</u>	<u>SERP Allocations</u>
Mr. Brendsel	\$ 9,656	\$217,367
Mr. Glenn	7,824	140,164
Mr. Parseghian	2,039	89,605
Mr. Peterson	14,793	53,286
Mr. Ledman	15,476	50,844

The supplemental executive retirement plan provides for accruals for amounts that may not be contributed to the Thrift/401(k) Savings Plan or the Employees' Pension Plan because of limitations imposed by the Internal Revenue Code.

- (4) Mr. Parseghian's compensation figures for 2001 reflect the terms of his employment agreement, which is described below under "Other Benefit and Compensation Programs — Employment Agreements."

OPTION GRANTS IN THE LAST FISCAL YEAR

Name	Number of Securities Underlying Options Granted(1)	Percentage of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Sh)	Expiration Date	Grant Date Present Value(2)
Leland C. Brendsel	151,270	10.92%	\$67.85	March 2, 2011	\$3,899,741
David W. Glenn	96,970	7.00%	67.85	March 2, 2011	2,499,887
Gregory J. Parseghian	N/A	N/A	N/A	N/A	N/A
Paul T. Peterson	16,080	1.16%	67.85	March 2, 2011	414,542
William I. Ledman	13,090	.94%	67.85	March 2, 2011	337,460

- (1) The options granted will vest over five years at the rate of 25 percent following each of the second, third, fourth and fifth anniversaries of the date of grant. The options have dividend rights that entitle the grantee to dividend equivalents on the shares subject to the option in the amount of dividends per share payable on the Corporation's outstanding shares of common stock. The dividend equivalents are accrued and are payable upon exercise or expiration of the options.
- (2) The options are valued pursuant to a variation of the Black-Scholes valuation model, applied to reflect the following market factors and plan design features:
- A stock price volatility assumption, which refers to the daily fluctuations of expected future stock returns over a 12-month period. Freddie Mac applied a volatility rate of 40.4 percent.
 - A rate of return assumption. Freddie Mac applied a 5.16 percent risk-free rate of return. This rate is the same as that of ten-year Treasury securities on the date of grant because Freddie Mac anticipates that the actual option life will be ten years.
 - A dividend yield assumption. Freddie Mac accrues dividend equivalents for option holders.
 - A time of exercise assumption. Freddie Mac used an anticipated actual option life of ten years.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

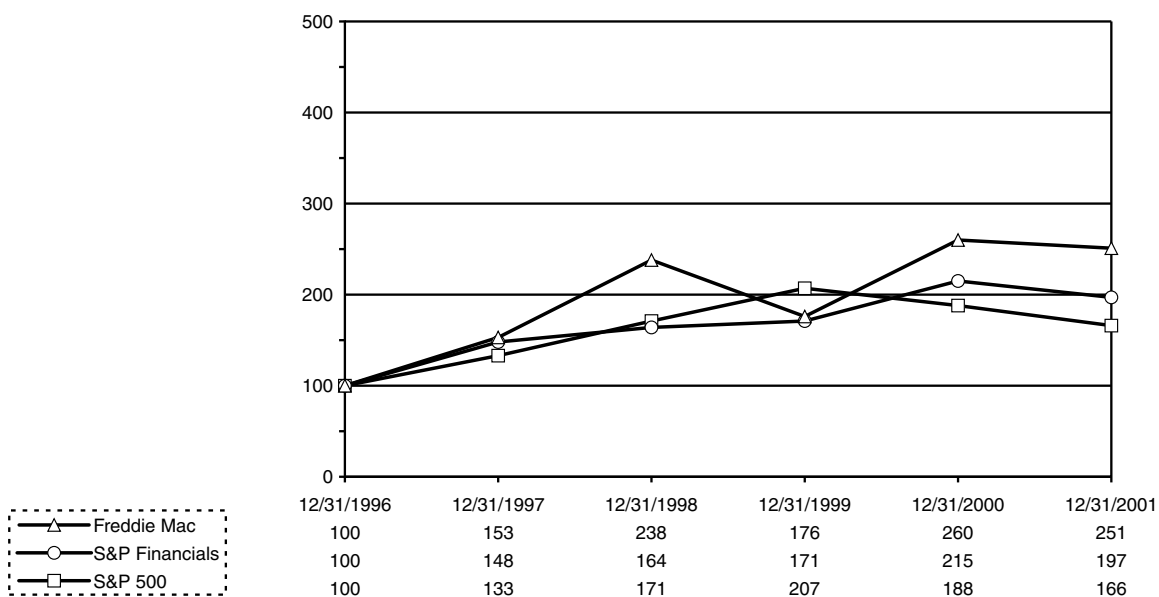
Name	Shares Acquired on Exercise (number of shares)	Value Realized	Number of Unexercised Options at December 31, 2001 <i>Exercisable / Unexercisable</i>	Value of Unexercised In-the-Money Options At December 31, 2001(1) <i>Exercisable / Unexercisable</i>
Leland C. Brendsel	0	\$ 0	402,525/423,285	\$17,227,372/5,501,284
David W. Glenn	132,740	6,819,298	145,709/212,131	5,748,661/2,331,846
Gregory J. Parseghian	278,880	11,577,955	0/236,710	0/4,328,242
Paul T. Peterson	5,000	301,006	29,427/46,583	1,134,340/ 610,339
William I. Ledman	0	0	38,143/44,721	1,522,992/ 647,739

- (1) The value of the shares subject to the options is calculated by subtracting the aggregate exercise price from the aggregate market price.

3. Stock Performance Graph

The following graph compares the five-year cumulative total stockholder return on Freddie Mac's common stock with that of (i) the Standard & Poor's 500 Stock Index and (ii) the Standard & Poor's Financial Index.

COMPARATIVE CUMULATIVE TOTAL SHAREHOLDER RETURN



- Assumes \$100 invested in Freddie Mac stock, S&P Financials and S&P 500 indices on December 31, 1996.
- Total return calculations assume annual dividend reinvestment.

4. Other Benefit and Compensation Programs

(A) Pension Plan, Excess Benefit Plan and Supplemental Executive Retirement Plan

The following table shows estimated annual benefits payable from the Corporation's pension plan, excess benefit plan and supplemental executive retirement plan, in combination (collectively the "Pension Plan"), upon retirement (estimated at age 65) and calculated in accordance with the Pension Plan formula currently in effect for specified years-of-service and compensation classes. The excess benefit plan and supplemental executive retirement plan ensure that designated participants receive the full amount of benefits to which they would have been entitled under the pension plan in the absence of limits on benefit levels imposed by the Internal Revenue Code.

ESTIMATED ANNUAL BENEFITS⁽¹⁾⁽²⁾⁽³⁾

Highest Average Annual Compensation	Years of Credited Service				
	15	20	25	30	35
\$ 100,000	\$15,000	\$20,000	\$25,000	\$30,000	\$35,000
150,000	22,500	30,000	37,500	45,000	52,500
200,000	30,000	40,000	50,000	60,000	70,000
250,000	37,500	50,000	62,500	75,000	87,500
300,000	45,000	60,000	75,000	90,000	105,000
400,000	60,000	80,000	100,000	120,000	140,000
500,000	75,000	100,000	125,000	150,000	175,000
600,000	90,000	120,000	150,000	180,000	210,000
750,000	112,500	150,000	187,500	225,000	262,500
1,000,000	150,000	200,000	250,000	300,000	350,000
1,250,000	187,500	250,000	312,500	375,000	437,500
1,500,000	225,000	300,000	375,000	450,000	525,000
1,750,000	262,500	350,000	437,500	525,000	612,500
2,000,000	300,000	400,000	500,000	600,000	700,000
2,500,000	375,000	500,000	625,000	750,000	875,000

(1) Benefits payable as a straight life annuity are shown above based on the benefit formula under the Pension Plan for service after 1988. Additional benefits are provided based on service before 1989, including (i) accrued benefits under the prior pension plan as of December 31, 1988 and (ii) supplemental benefits under the current plan based on certain service before 1989.

(2) The remuneration covered by the Pension Plan is the participant's highest consecutive 36-month average compensation. Covered pay for the named executives as of December 31, 2001 was: Mr. Brendsel, \$2,394,411; Mr. Glenn, \$1,336,271; Mr. Parseghian, \$797,971; Mr. Peterson, \$531,772; and Mr. Ledman, \$629,956.

(3) As of December 31, 2001, Mr. Brendsel had approximately 19 years of credited service under the Pension Plan, Mr. Glenn had approximately 14 years of credited service, Mr. Parseghian had approximately 5 years of credited service, Mr. Peterson had approximately 12 years of credited service, and Mr. Ledman had approximately 7 years of credited service.

(B) Employment Agreements

The Corporation has employment agreements with Mr. Brendsel and Mr. Glenn. Both agreements, in their current form, have been in effect since September 7, 1990, and, by their terms, continue in effect until the occurrence of an event giving rise to termination of employment.

The employment agreements provide that in the event of the termination of employment due to disability or death, (i) targeted base salary will continue through the end of the month in which termination of employment occurs, (ii) Freddie Mac will pay any and all earned but unpaid bonus amounts from the most recently completed fiscal year, plus a prorated percentage of such individual's target bonus for the fiscal year in which employment termination occurs, (iii) restrictions on all shares of restricted stock will immediately lapse and all options awarded will become immediately exercisable, (iv) Freddie Mac will continue to pay for family health insurance and, if applicable, individual life insurance policies for 60 months upon disability and (v) upon death, Freddie Mac will pay family health insurance coverage for 12 months and permit the family to participate in the health care plans offered to Freddie Mac employees for an additional 48-month

period. The availability of other compensation or benefits is governed by the terms of the plan pursuant to which the compensation or benefits may be payable.

The employment agreements provide that in the event of termination of employment other than by voluntary resignation, for cause, or by reason of disability or death, compensation and benefits payable will be identical to those described above for disability and death, except that targeted base salary will continue for a period of 24 months following termination of employment.

The Corporation also has an employment agreement with Mr. Parseghian, Senior Vice President — Funding and Investments and Chief Investment Officer, which guarantees a base salary for five years and provides a potential short-term incentive payment based on performance starting in the 2001 performance period. Pursuant to the agreement, Mr. Parseghian also received grants of restricted stock and stock options that will vest on December 31, 2005, and a second grant of restricted stock that will vest on the second anniversary of the date of grant, or June 2, 2002. The agreement provides for immediate termination of his salary if Mr. Parseghian terminates his employment voluntarily. If Freddie Mac terminates Mr. Parseghian's employment other than for gross misconduct, the agreement provides that a severance package will be offered that includes continuation of base salary for 18 months and accelerated vesting of a portion of his stock grants, subject to certain conditions. Freddie Mac retains the right to renew the agreement for an additional five years. Freddie Mac has obtained regulatory approval of the severance provisions, as required by the Corporation's Charter. The Corporation has no employment agreements with any of the other named executive officers.

(C) Directors' Compensation

The key components of the compensation for outside Directors are cash fees and stock awards that enable them to share in the long-term value of the Corporation. Freddie Mac does not have any pension or retirement plans for those Directors.

In 2001 the Directors were paid an annual retainer of \$35,000. The retainer paid to Directors who are elected or appointed after the last Annual Stockholders' Meeting is pro-rated based on the quarter in which they join the Board. Directors also were paid \$1,000 for attendance at each meeting of the Board or any Board committee and were reimbursed for out-of-pocket costs of attending such meetings. Each Board committee chairman also received an annual retainer of \$5,000. Directors may elect to receive stock in lieu of their cash retainer and attendance fees. Pursuant to the 1995 Directors' Stock Compensation Plan, as amended and restated in May 1998 and further amended, each re-elected or re-appointed Director was granted options to purchase shares of the Corporation's common stock with a fair market value of approximately \$125,000 on the date of the grant. Each such Director also received restricted stock units with a fair market value of approximately \$65,000 on the date of the award. Newly elected and newly appointed Directors received options to purchase shares with a fair market value of approximately \$250,000 and restricted stock units with a fair market value of approximately \$130,000. Those Directors are not eligible to receive any additional grants in their second term.

The Board of Directors' Deferred Compensation Plan is an unfunded, non-qualified plan, which allows Directors to elect to defer cash compensation for any number of years specified by the Director. Elections under the Directors' Deferred Compensation Plan, as well as elections under the 1995 Directors' Stock Compensation Plan to receive stock in lieu of cash, must be made by December 31 of the year preceding the year for which election is made. Cash deferred is credited to a Director's account as of the date such amounts would have otherwise been paid to the Director. Deferred compensation to be settled in cash is credited with interest compounded quarterly at the rate of (i) one percent per annum in excess of the prime rate as reported by *The Wall Street Journal* on the first business day of the year or (ii) such other rate as is determined by the Human Resources

Committee of the Board of Directors. In 2001, interest was credited at the rate of 10.5 percent. Deferred compensation to be settled in deferred stock is credited with dividend equivalents, to be reinvested in additional deferred stock, as dividends are declared and paid on Freddie Mac common stock. Subject to provisions for hardship withdrawals and certain terminations of Board membership, deferred compensation distributions are payable at the end of the deferral period in lump sums. Distributions may not be deferred beyond the earlier of a Director's termination of membership on the Board of Directors, disability or death.

AUDIT COMMITTEE REPORT

The Audit Committee currently is composed of five Directors who are independent as that term is defined in Sections 303.01(B)(2)(a) and (3) of the listing standards of the New York Stock Exchange. The Audit Committee met four times in 2001. The primary functions of the Audit Committee generally are to review (i) the activities of Freddie Mac's internal and external auditors, (ii) selected control and risk-related matters and (iii) certain financial disclosure matters. The Committee operates under a charter adopted by the Board of Directors.

The Audit Committee has reviewed and discussed with management the consolidated audited financial statements for Freddie Mac as of and for the fiscal year ended December 31, 2001.

The Committee has discussed with Arthur Andersen LLP the matters required to be discussed by Statement on Auditing Standards No. 61, as amended.

The Committee has received the written disclosures and the letter from Arthur Andersen LLP required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and has discussed with Arthur Andersen LLP their independence. The Committee also has considered whether the non-audit services provided by Arthur Andersen LLP are compatible with maintaining their independence.

Based on the reviews and discussions referred to above, the Committee recommended to the Board of Directors that the audited financial statements referred to above be included in Freddie Mac's Information Statement for the year ended December 31, 2001.

During 2001, Arthur Andersen LLP performed certain audit and non-audit services for the following fees:

Audit Fees	\$ 999,800
Financial Information Systems Design and Implementation Fees.....	\$1,042,019
All Other Fees	
Audit Related Fees*	\$1,747,435
Other Fees	<u>\$ 973,972</u>
Total All Other Fees.....	<u>\$2,721,407</u>

* Audit-related fees include accounting consultation, comfort letters, various attest services under professional standards, and technical advice.

This report is made by the Audit Committee of the Board of Directors. The members of the Committee are:

Thomas W. Jones, *Chairman*
Michelle Engler
Shaun F. O'Malley
Ronald F. Poe
William J. Turner

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth information on the beneficial ownership of the common stock of the Corporation, as of December 31, 2001, by those persons known to the Corporation to own, or who are deemed to own, beneficially more than five percent of the Corporation's common stock. Under the restated Certificate of Designation governing the common stock (the "Certificate of Designation"), Freddie Mac requires that beneficial owners of more than five percent of the common stock report the amount of their ownership interest and certain other information to Freddie Mac. All persons who have filed such a report to date are identified in the following table. The Certificate of Designation permits Freddie Mac to take such steps as it deems necessary to enforce compliance with the reporting requirement. Freddie Mac may deny beneficial owners who have failed to file the required report the right to vote any shares in excess of the five percent threshold. Any shares as to which voting rights are denied will not be counted as outstanding shares for determining whether a quorum exists or whether a majority of shares has been voted for or against any proposal.

<u>Name and Address of Beneficial Owner</u>	<u>Number of Shares Beneficially Owned</u>	<u>Percent of Class</u>
FMR Corp. 82 Devonshire Street Boston, MA 02109	68,243,061 ⁽¹⁾	9.853%
AXA Financial, Inc. 1290 Avenue of the Americas New York, NY 10104	38,515,346 ⁽²⁾	5.5%

(1) FMR Corp. has informed the Corporation that, collectively with certain affiliates, it beneficially owns 68,243,061 shares with sole dispositive power as to all such shares and sole voting power as to 4,444,779 such shares.

(2) AXA Financial, Inc. has informed the Corporation that, collectively with certain affiliates, it beneficially owns 38,515,346 shares with sole dispositive power as to 38,424,906 such shares and sole voting power as to 15,271,818 such shares.

STOCK OWNERSHIP OF MANAGEMENT

The following table sets forth information on the beneficial ownership of the common stock of the Corporation as of December 31, 2001, by each Director and Director nominee, including the Chairman and CEO and the Vice Chairman and President, by the three most highly compensated executive officers other than the Chairman and CEO and the Vice Chairman and President and by all Directors and executive officers as a group. The number of shares owned by all Directors and executive officers as a group totals less than one percent of the Corporation's outstanding common stock.

<u>Name of Beneficial Owner</u>	<u>Number of Shares Beneficially Owned (1)</u>
Directors:	
Leland C. Brendsel	882,623 ⁽²⁾
Cesar B. Cabrera	1,987 ⁽³⁾
Michelle Engler	1,987 ⁽³⁾
David W. Glenn	362,678
George D. Gould	88,668 ⁽⁴⁾
David J. Gribbin III	1,987 ⁽³⁾
Thomas W. Jones	19,853 ⁽⁴⁾⁽⁵⁾
Henry Kaufman	100,923
John B. McCoy	98,961
James F. Montgomery	68,088
Shaun F. O'Malley	2,251 ⁽³⁾
Ronald F. Poe	85,969 ⁽⁶⁾
William D. Powers	2,176 ⁽³⁾
Stephen A. Ross	10,157 ⁽⁴⁾⁽⁷⁾
Donald J. Schuenke	109,370
Christina Seix	95,601 ⁽⁴⁾⁽⁸⁾
Catherine L. Stepp	1,987 ⁽³⁾
William J. Turner	4,263
Non-Directors:	
Gregory J. Parseghian	257,082
Paul T. Peterson	81,027
William I. Ledman	86,248
All Directors and executive officers as a group (29 persons)	2,819,026

(1) Includes restricted stock and restricted stock units. Also includes shares that may be acquired within 60 days through exercise of stock options as follows: Mr. Brendsel, 402,525 shares; Mr. Glenn, 145,709 shares; Mr. Gould and Mr. Kaufman, 53,603 shares each; Mr. Jones, 10,403 shares; Mr. Ledman, 38,143; Mr. McCoy and Mr. Schuenke, 65,603 shares each; Mr. Montgomery, 41,603 shares; Mr. Peterson, 29,427 shares; Mr. Poe, 59,603 shares; Mr. Ross, 2,570 shares; Ms. Seix, 47,603 shares; Mr. Turner, 780 shares; and all Directors and executive officers as a group, 1,165,055 shares.

(2) Includes 139,837 shares held jointly with his spouse, 27,960 shares held by a family partnership in which Mr. Brendsel is a limited partner; and 5,504 shares held in a memorial fund of which Mr. Brendsel is chairman of the board. Mr. Brendsel has shared voting and dispositive power as to such shares.

(3) Messrs. Cabrera, Gribbin, and Powers and Ms. Engler and Ms. Stepp were appointed to the Board of Directors in May 2001. Mr. O'Malley was elected to the Board in September 2001.

(4) From time to time, Klingenstein, Fields & Company, an investment management firm of which Mr. Gould is Vice Chairman, Citigroup Asset Management, of which Mr. Jones is Chairman and Chief Executive Officer, Roll and Ross Asset Management Corporation, a quantitative financial management firm of which Mr. Ross is Co-Chairman, and Seix Investment Advisors, Inc., an investment management firm of which Ms. Seix is Chairman of the Board, Chief Executive Officer and Chief Investment Officer, may purchase Freddie Mac common stock on behalf of their respective clients.

(5) Does not include approximately 1,264,424 shares held by Citigroup Asset Management (and affiliated entities) of which Mr. Jones is Chairman and Chief Executive Officer, as to which he disclaims beneficial ownership.

(6) Includes 4,000 shares held by his spouse, as to which he disclaims beneficial ownership.

(7) Does not include approximately 4,840,000 shares held by TIAA-CREF (an affiliated mutual fund) of which Mr. Ross is a member of the Board of Trustees, as to which he disclaims beneficial ownership.

(8) Includes 21,000 shares held by a family foundation for which Ms. Seix is a trustee; Ms. Seix has shared voting and dispositive power as to such shares.

OTHER MATTERS

As of the date of this proxy statement, there are no matters that the Board of Directors intends to present, or has reason to believe others will present, for a vote at the Annual Meeting other than the election of directors, and ratification of the appointment of independent public accountants for 2002. If any other matters come before the Annual Meeting, the persons designated as proxies will vote in accordance with their best judgment.

FINANCIAL INFORMATION

Freddie Mac's Annual Report to Stockholders for the year ended December 31, 2001, accompanies this proxy statement. THE CORPORATION WILL PROVIDE WITHOUT CHARGE TO ANY STOCKHOLDER SOLICITED A COPY OF ITS INFORMATION STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2001, AND ANY SUPPLEMENTS WHEN THEY BECOME AVAILABLE. COPIES OF THE INFORMATION STATEMENT, SUPPLEMENTS AND ADDITIONAL COPIES OF THE 2001 ANNUAL REPORT TO STOCKHOLDERS MAY BE OBTAINED WITHOUT CHARGE BY VISITING FREDDIE MAC'S INTERNET WEBSITE (www.freddiemac.com), BY WRITING FREDDIE MAC AT MAIL STOP A57, 8250 JONES BRANCH DRIVE, McLEAN, VIRGINIA 22102, OR BY CALLING 800/FREDDIE (373-3343).

All expenses in connection with the solicitation of the enclosed proxy will be paid by Freddie Mac. In addition to solicitation by mail, officers and employees of Freddie Mac, who will receive no extra compensation for their services, may solicit proxies by telephone, in writing or in person. The Corporation has retained EquiServe, Inc. to assist in the solicitation of proxies for a fee amounting to approximately \$6,500 plus reimbursement of out-of-pocket expenses. Freddie Mac will request brokers and nominees who hold shares in their names to furnish proxy materials to the beneficial owners of such shares and, upon request, will reimburse such brokers and nominees for their reasonable out-of-pocket expenses.

By Order of the Board of Directors,

A handwritten signature in black ink, appearing to be 'Maud Mater', with a long horizontal line extending to the right.

Maud Mater
Executive Vice President — General Counsel and Secretary

April 2, 2002