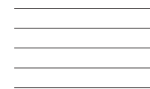


**Freddie
Mac**



Freddie Mac
8200 Jones Branch Drive
McLean, Virginia 22102

TO THE STOCKHOLDERS OF FREDDIE MAC

April 6, 2001

Dear Freddie Mac Stockholder:

We are pleased to invite you to attend the Annual Meeting of Stockholders to be held on Thursday, May 3, 2001, 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 3, 2001**

The Annual Meeting of Stockholders of the Federal Home Loan Mortgage Corporation (“Freddie Mac” or the “Corporation”) will be held on Thursday, May 3, 2001, 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 Arthur Andersen LLP as independent public accountants of the Corporation for 2001; 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 12, 2001, 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, consisting of a large, stylized initial 'M' followed by a long, horizontal, slightly wavy line extending to the right.

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

Dated: April 6, 2001
McLean, Virginia

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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 Arthur Andersen LLP as independent public accountants of the Corporation for 2001

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 12, 2001 (the "Record Date"), are entitled to vote at the Annual Meeting. As of the Record Date, there were 691,912,646 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 3, 2001, 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 First Chicago Trust Company of New York (a division of Equiserve) 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 First Chicago Trust Company 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 2001 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 2002 Annual Meeting due?

A: To be considered for inclusion in next year’s proxy statement, stockholder proposals must be submitted in writing by December 7, 2001, 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, 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. **Maud Mater is being nominated to fill a vacancy on the Board of Directors and will serve as a Director until an external candidate is identified by the Human Resources Committee and recommended either for election at the Annual Stockholders' Meeting or substitution by the Board at a later date pursuant to the Corporation's Bylaws.** 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 has approved the selection of the accounting firm of Arthur Andersen LLP as the independent public accountants for 2001. You are requested to ratify this selection. Arthur Andersen LLP has served as the independent public accountants for Freddie Mac since 1970. This proposal is put before the stockholders in conformity with the current practice of seeking stockholder approval of the selection of independent public accountants.

The appointment of independent public accountants is approved annually by the Board of Directors. The Audit Committee of the Board reviews both the scope and estimated fees for the annual audit. In the opinion of management, the services provided by Arthur Andersen LLP during 2000 were at customary rates and fees 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 21.*

In addition to performing the annual audit, Arthur Andersen LLP rendered certain non-audit services, all of which services were provided at usual and customary rates and fees for similar services. Arthur Andersen LLP is also one of the firms that provides financial planning services to Freddie Mac executives. *See "Audit Committee Report" below at page 21.*

Representatives of Arthur Andersen LLP 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 ARTHUR ANDERSEN LLP 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. BRENDEL

Director since 1990

Age 58

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 57

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 Inc.



GEORGE D. GOULD

Director since 1990

Age 73

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 51

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 Co-Chairman and Chief Executive Officer of SSB Citi Asset Management Group (the asset management division of CitiGroup, Inc.) 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.



HENRY KAUFMAN

Director since 1990

Age 73

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 W.R. Berkley Corp. and Lehman Brothers Inc.



MAUD E. MATER

Director between 1996-1998

Age 53

Ms. Mater has been Executive Vice President — General Counsel and Secretary of Freddie Mac since June 1998. Prior to that, she was Senior Vice President — General Counsel and Secretary from July 1984 and Vice President — General Counsel from October 1982 to June 1984.



JOHN B. McCOY

Director since 1990

Age 57

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. He was Chairman and Chief Executive Officer of BANC ONE CORPORATION from 1987 to September 1998 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 66

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.



RONALD F. POE

Director since 1990

Age 62

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.

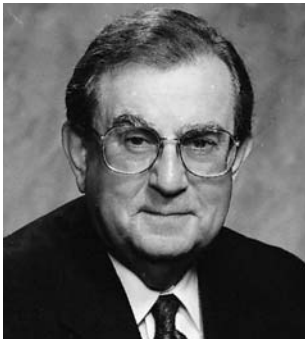


STEPHEN A. ROSS

Director since 1998

Age 57

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 71

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 of Badger Meter, Inc.



CHRISTINA SEIX

Director since 1990

Age 50

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 57

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:



RAHM EMANUEL

Director since February 2000

Age 40

Mr. Emanuel is a Managing Director of Wasserstein Perella & Co., Inc. (an investment banking firm). Prior to joining the firm, Mr. Emanuel served as the Senior Advisor to the President of the United States for Policy and Strategy in the White House. Before that, Mr. Emanuel was Executive Director of the 1993 Presidential Inaugural Committee and the National Finance Director for the Clinton-Gore 1992 Presidential campaign. Mr. Emanuel also serves on the Board of Directors of the Chicago Mercantile Exchange.



JOEL I. FERGUSON

Director between 1996-1997;
between September 1998 - May 1999;
and since December 1999

Age 62

Mr. Ferguson is Chairman of Ferguson Development Company (a real estate development company). He is also President of both F&S Development Company (a multifamily development company) and First Housing Corporation (a real estate management firm) since he cofounded the companies in 1973. He also was President of WLAJ, ABC-TV in Lansing, Michigan from 1990 to August 1998. Mr. Ferguson is also a director of Capitol Bancorp Ltd. and Maxco, Inc.



JAMES C. FREE

Director since December 2000

Age 54

Mr. Free has been President and CEO of The Smith-Free Group since January 1995. Prior to that, he was Vice Chairman of Walker/Free Associates, which he joined in 1981. From 1977 to 1981, Mr. Free served in the White House as Special Assistant to the President for Congressional Affairs.



NEIL F. HARTIGAN

Director between 1997 - May 1999;
and since December 1999

Age 62

Mr. Hartigan has been a partner in the Chicago law firm of McDermott, Will & Emery since 1995. He also has been Chairman of the World Trade Center, Chicago since June 1992. Prior to that, Mr. Hartigan served as President and CEO of the Real Estate Research Corporation from January 1977 to May 1979, and as Senior Vice President of First National Bank of Chicago from May 1979 to December 1982, with responsibility for international banking in the Western Hemisphere. He served two terms as Attorney General of the State of Illinois and is also a former Lieutenant Governor of Illinois.



HAROLD ICKES

Director since January 2001

Age 61

Mr. Ickes has been a partner in the Washington, D.C. firm, The Ickes & Enright Group (a government relations and political consulting firm) since he founded the firm in January 1997. He is also a partner in the New York law firm of Meyer, Suozzi, English and Klein, P.C., which he rejoined in 1998. Prior to joining The Ickes & Enright Group, Mr. Ickes served as Assistant to the President and Deputy Chief of Staff to the President of the United States for Political Affairs and Policy from January 1994.

3. Meetings of the Board and Committees

The Board of Directors met six times in 2000. 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, Credit, Finance and Technology, Human Resources, Investment and Securitization Committees.

The Audit Committee currently is composed of Russell E. Palmer (Chairman), Mr. Hartigan, Mr. Jones and Mr. Turner. The Audit Committee held four meetings in 2000. The functions of the Audit Committee are described in the Charter set forth as Appendix A to this Proxy Statement.

The Credit Committee currently is composed of Mr. Schuenke (Chairman), Mr. Ferguson, Mr. McCoy, Mr. Montgomery and Mr. Poe. The Credit Committee held seven meetings in 2000. The primary functions of the Credit Committee generally are (i) to review the Corporation's credit risk strategies, policies and results and (ii) to approve mortgage purchase transactions that exceed certain limits.

The Finance and Technology Committee currently is composed of Mr. Gould (Chairman), Mr. Hartigan, Mr. Jones, Mr. Ross and Mr. Turner. The Finance and Technology Committee held four meetings in 2000. The primary functions of the Finance and Technology Committee generally are to review (i) the Corporation's capital requirements, management and allocation, (ii) the Corporation's dividend policy and (iii) the Corporation's information technology strategies and data management initiatives.

The Human Resources Committee currently is composed of Mr. McCoy (Chairman), Mr. Palmer and Mr. Schuenke. The Human Resources Committee held seven meetings in 2000. 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. Gould, Mr. Ross and Ms. Seix. The Investment Committee held four meetings in 2000. 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 Securitization Committee currently is composed of Mr. Poe (Chairman), Mr. Ferguson, Mr. Kaufman, Mr. Montgomery and Ms. Seix. The Securitization Committee held six meetings in 2000. The primary function of the Securitization Committee generally is to review the Corporation's mortgage purchase activities, business processes and systems related to securitization and resecuritization.

4. Transactions with Institutions Related to Directors

In the ordinary course of business, Freddie Mac was a party during 2000 to certain business transactions with institutions affiliated with a nominee for election as Director. 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 2000, Salomon participated as an underwriter in the offer and sale of Freddie Mac 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 \$261 billion, which includes approximately \$96 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 2001.

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 (the "Vice Chairman") 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 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 marketplace. Salary levels are determined based on both 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 and mix 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.

The market comparison group used to determine Freddie Mac's executive compensation is comprised of 21 companies that include comparable government-sponsored enterprises and major national and regional financial institutions, financial services companies and insurance companies.

(B) 2000 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 2000 salaries for the named executive officers are outlined in the Summary Compensation Table that follows this report.

(C) 2000 Cash Bonuses

Freddie Mac's short-term incentive program 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 2000, the cash bonuses for the Chairman and CEO and for the Vice Chairman 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 divisional and 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) 2000 Corporate Performance Objectives

For 2000, 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 development of a 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 each of the objectives within the performance areas.

The 2000 performance areas were financial, customer 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 thresholds related to Freddie Mac's stock performance and S&P rating and the performance target focused on earnings per share. In the Customer performance area, the threshold related to market share for mortgage purchases and the performance targets focused on cash purchases of single-family mortgages and the use of technology tools in Freddie Mac's business. The Process performance area had thresholds related to the credit quality of loans and interest rate movement sensitivity and the performance targets focused on the performance of Freddie Mac's debt and mortgage securities.

(ii) Performance Against the 2000 Objectives

In late 1999, the Board of Directors reviewed Freddie Mac's long-term goals and annual performance objectives for 2000. The Board established bonus targets for the Chairman and CEO and for the Vice Chairman, and the Committee fixed the targets for the other executive officers in early 2000. During the year, the Board received written quarterly reports on Freddie Mac's performance against its objectives.

In early 2001, 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. During that executive session, the Board fixed the cash bonus amounts for the Chairman

and CEO and the Vice Chairman. The Committee determined the bonus payouts for the other executive officers.

For purposes of determining cash bonuses for 2000, the Corporation's performance was determined to be on plan. The Board considered the Committee's recommendation, and reviewed the assessment of corporate performance to determine Mr. Brendsel's cash bonus. The Board determined that Mr. Brendsel's cash bonus for 2000 would be \$1,710,000 (156.59 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
- 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. Freddie Mac also considers market data in determining the mix of the stock incentives (restricted stock versus stock options) for executive officers. The target for the CEO's long-term incentive compensation for 2000 was 500 percent of his 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. 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 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 2000, as determined by the formula, was \$33.721 or approximately 81.5 percent of the stock price on the date of grant. In March 2000, the CEO and the Vice Chairman also received special grants of restricted stock in the amounts described in footnote 2 to the Summary Compensation Table. The restrictions on all of the shares awarded in 2000 will lapse on the fifth anniversary of the date of grant.

(ii) Stock Options

The Committee determined the target dollar amount that should be awarded to each executive in stock options. On the date of the grant, that dollar amount was converted into a number of stock options based upon the application 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 2000 stock options were valued at \$15.72 per share. The option exercise price was fixed at \$41.375 per share, which was the average of the stock's high and low trading prices on the date of the grant. The options become available for exercise in accordance with a five-year vesting schedule.

(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
Russell E. Palmer
Donald J. Schuenke

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	2000	\$1,016,667	\$1,710,000	\$108,759	\$4,859,494	174,120	\$ 227,520
Chairman of the Board and Chief Executive Officer	1999	1,092,667	380,000	111,590	2,200,365	66,220	291,215
	1998	975,000	1,950,000	113,946	1,259,720	72,000	218,632
David W. Glenn	2000	806,667	1,009,000	—	2,380,718	71,560	139,806
Vice Chairman and President	1999	693,333	210,000	—	772,740	28,430	162,881
	1998	660,000	950,000	—	612,597	31,130	124,632
Gregory J. Parseghian (4)	2000	816,083	0	—	12,122,933	236,710	58,797
Sr. Vice President—Funding & Investments, Chief Investment Officer	1999	558,600	0	—	0	0	45,208
	1998	532,000	0	—	0	0	253,300
Paul T. Peterson	2000	362,500	429,853	—	1,201,530	19,380	46,944
Executive Vice President — Single Family Business	1999	300,000	78,750	—	150,660	8,430	55,615
	1998	280,000	252,000	—	417,574	6,040	46,126
Maud E. Mater	2000	358,333	356,665	—	193,635	18,610	52,155
Executive Vice President — General Counsel and Secretary	1999	350,000	91,875	—	180,428	10,080	58,226
	1998	306,250	277,356	—	89,580	6,200	45,035

- (1) Amounts shown include certain cash and non-cash compensation for the named individuals that is greater than either \$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. The 2000 figures for Mr. Brendsel, Mr. Glenn, Mr. Parseghian, and Mr. Peterson reflect special grants of restricted stock in the amounts of \$1,500,257, \$1,000,034, \$2,000,092, and \$1,000,034, respectively. 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, 2000, for each of the named executives are as follows:

	Number of Restricted Shares	Dollar Value
Mr. Brendsel	216,880	\$15,066,393
Mr. Glenn	99,870	6,937,849
Mr. Parseghian	391,530	27,199,119
Mr. Peterson	43,730	3,037,871
Ms. Mater	12,620	876,696

- (3) The 2000 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:

	Thrift/401(k) Savings Plan Contributions	SERP Allocations
Mr. Brendsel	\$12,349	\$215,171
Mr. Glenn	9,869	129,937
Mr. Parseghian	1,959	56,837
Mr. Peterson	9,898	37,046
Ms. Mater	15,148	37,007

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. Mr. Parseghian's 1998 figure also reflects \$220,000 paid to him as an inducement to join the Corporation which represents the third of three equal installments paid over three years.

- (4) Mr. Parseghian's compensation figures for 2000 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	174,120	8.84%	\$41.375	March 2, 2010	\$2,737,166
David W. Glenn	71,560	3.63%	41.375	March 2, 2010	1,124,923
Gregory J. Parseghian	236,710	12.01%	47.25	June 2, 2010	4,250,128
Paul T. Peterson	19,380	0.98%	41.375	March 2, 2010	304,654
Maud E. Mater	18,610	0.94%	41.375	March 2, 2010	292,549

- (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 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 37.8 percent.
 - A rate of return assumption. Freddie Mac applied a 5.34 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 used a dividend yield assumption of 0 percent to account for the accrual of dividend equivalents.
 - 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

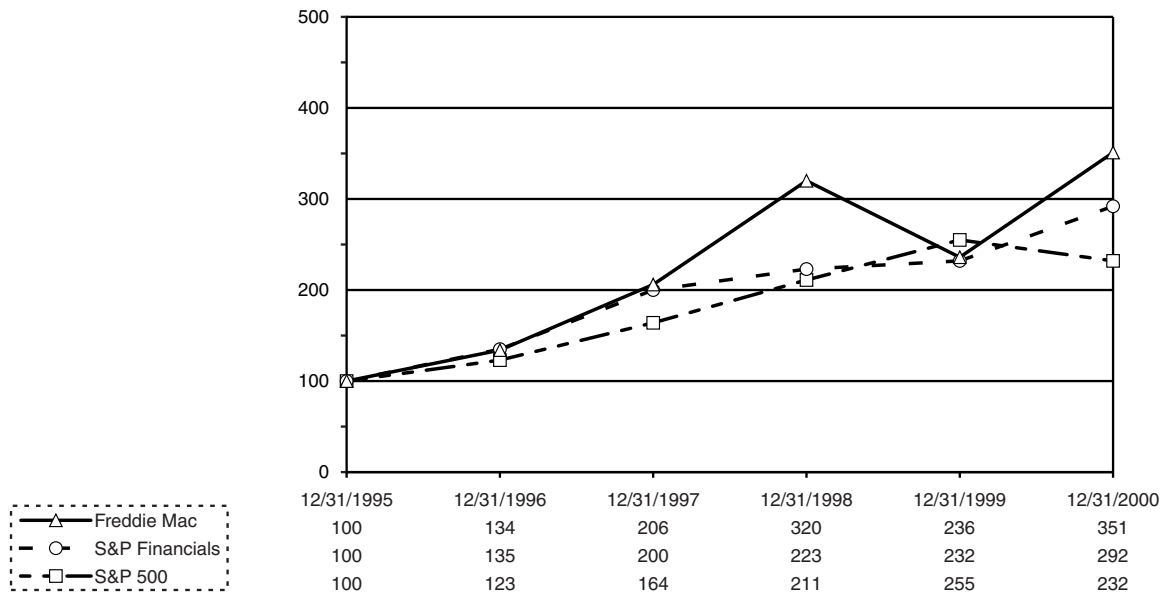
Name	Shares Acquired on Exercise (number of shares)	Value Realized	Number of Unexercised Options at December 31, 2000 <i>Exercisable / Unexercisable</i>	Value of Unexercised In-the-Money Options At December 31, 2000(1) <i>Exercisable / Unexercisable</i>
Leland C. Brendsel	371,600	\$14,150,937	355,740/318,800	\$17,830,485/7,551,677
David W. Glenn	67,600	3,183,903	256,847/136,763	13,234,234/3,257,833
Gregory J. Parseghian	0	0	0/515,590	0/18,680,540
Paul T. Peterson	0	0	29,030/35,900	1,433,888/845,119
Maud E. Mater	6,585	320,141	99,382/37,060	5,320,727/846,176

- (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, 1995.
- 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, 2000, was: Mr. Brendsel, \$2,196,911; Mr. Glenn, \$1,305,967; Mr. Parseghian, \$633,105; Mr. Peterson, \$490,180; and Ms. Mater, \$509,527.
- (3) As of December 31, 2000, Mr. Brendsel had approximately eighteen years of credited service under the Pension Plan, Mr. Glenn had approximately thirteen years of credited service, Mr. Parseghian had approximately four years of credited service, Mr. Peterson had approximately eleven years of credited service, and Ms. Mater had approximately twenty four 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. 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 eighteen 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 2000, the Directors were paid an annual retainer of \$20,000. 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 in May 1998, 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 \$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 \$250,000 and restricted stock units with a fair market value of \$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 the 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 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 2000, interest was credited at the rate of 9.5 percent. Subject to provisions for hardship withdrawals, 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 four 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 2000. The primary functions of the Audit Committee generally are to review (i) the activities of Freddie Mac's internal and external auditors and (ii) Freddie Mac's risk exposures and controls. The Committee operates under a charter adopted by the Board of Directors, which is attached to this proxy statement as Appendix A.

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, 2000.

The Committee has discussed with the independent public accountants 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 the independent public accountants required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and has discussed with the independent public accountants 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, 2000.

During 2000, the independent public accountants performed certain audit and non-audit services for the following fees:

Audit Fees	\$1,133,848
Financial Information Systems Design and Implementation Fees.....	\$1,236,162
All Other Fees	\$6,994,229

The Committee has considered whether the non-audit services provided by the independent public accountants are compatible with maintaining their independence.

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

Russell E. Palmer, *Chairman*
 Neil F. Hartigan
 Thomas W. Jones
 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, 2000, 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	103,870,796 ⁽¹⁾	14.943%

(1) FMR Corp. has informed the Corporation that, collectively with certain affiliated entities, it beneficially owns 103,870,796 shares with sole dispositive power as to all such shares and sole voting power as to 6,146,027 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, 2000, by each Director and Director nominee, including the CEO and the President, by the three most highly compensated executive officers other than the CEO and the 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	847,914 ⁽²⁾
Rahm Emanuel	4,534
Joel I. Ferguson	13,069
James C. Free	2,167 ⁽³⁾
David W. Glenn	432,118
George D. Gould	94,347 ⁽⁴⁾
Neil F. Hartigan	13,002
Harold Ickes	0 ⁽³⁾
Thomas W. Jones	14,622 ⁽⁴⁾⁽⁵⁾
Henry Kaufman	97,613
John B. McCoy	103,748
James F. Montgomery	106,034
Russell E. Palmer	32,760
Ronald F. Poe	91,633 ⁽⁶⁾
Stephen A. Ross	7,028 ⁽⁴⁾⁽⁷⁾
Donald J. Schuenke	102,568
Christina Seix	94,504 ⁽⁴⁾⁽⁸⁾
William J. Turner	3,751
Non-Directors:	
Gregory J. Parseghian	392,020
Paul T. Peterson	80,337
Maud E. Mater ⁽⁹⁾	184,608
All Directors and executive officers as a group (43 persons)	3,576,081

(1) Includes shares of restricted stock. Also includes shares that may be acquired within 60 days through exercise of stock options as follows: Mr. Brendsel, 355,740 shares; Mr. Emanuel, 1,247 shares; Mr. Ferguson, 7,558 shares; Mr. Glenn, 256,847 shares; Mr. Hartigan, 7,184 shares; Mr. Jones, 7,054 shares; Mr. Kaufman, Mr. McCoy and Mr. Schuenke, 72,334 shares each; Ms. Mater, 99,382 shares; Mr. Montgomery, 60,334 shares; Mr. Palmer, 24,734 shares; Mr. Peterson, 29,030 shares; Mr. Poe, 66,334 shares; Mr. Ross, 1,322 shares; Ms. Seix, 48,334 shares; Mr. Turner, 390 shares; and all Directors and executive officers as a group, 1,720,288 shares.

(2) Includes 8,400 shares held jointly with his spouse and 67,960 shares held by a family partnership in which Mr. Brendsel is a limited partner; Mr. Brendsel has shared voting and dispositive power as to such shares.

(3) Mr. Free was appointed to the Board of Directors on December 2, 2000. Mr. Ickes was appointed to the Board on January 17, 2001.

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

(5) Does not include approximately 4,232,279 shares held by SSB Citi Asset Management Group (and affiliated entities) of which Mr. Jones is Co-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 4,675,626 shares held by TIAA-CREF (an affiliated mutual funds) 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.

(9) Also a nominee for Director.

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 2001. 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, 2000, accompanies this Proxy Statement. THE CORPORATION WILL PROVIDE WITHOUT CHARGE TO ANY STOCKHOLDER SOLICITED A COPY OF ITS INFORMATION STATEMENT DATED MARCH 26, 2001, FOR THE YEAR ENDED DECEMBER 31, 2000, AND ANY SUPPLEMENTS WHEN THEY BECOME AVAILABLE. COPIES OF THE INFORMATION STATEMENT, SUPPLEMENTS AND ADDITIONAL COPIES OF THE 2000 ANNUAL REPORT TO STOCKHOLDERS MAY BE OBTAINED WITHOUT CHARGE 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 First Chicago Trust Company, New York, New York (a division of Equiserve) to assist in the solicitation of proxies for a fee of \$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, consisting of a large, stylized initial 'M' followed by a long, horizontal, slightly wavy line extending to the right.

Maud Mater
Executive Vice President — General Counsel and Secretary

April 6, 2001

**CHARTER OF THE AUDIT COMMITTEE
OF THE
BOARD OF DIRECTORS
OF THE
FEDERAL HOME LOAN MORTGAGE CORPORATION**

[Amended and Restated by the Board of Directors on June 2, 2000]

Organization, Membership Requirements and Committee Processes

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of the Federal Home Loan Mortgage Corporation (“Freddie Mac”) shall consist of at least three members, each of whom shall be eligible to serve as a member of the Committee under the rules of the New York Stock Exchange (“NYSE”). At least one member of the Audit Committee shall have accounting or related financial management expertise.

One member of the Committee shall be designated by the Board as the Committee’s Chairman.

The Committee shall meet at least four times each year and shall meet in executive sessions with the internal auditors and independent public accountants at least annually. The minutes of the Committee’s meetings shall be submitted to the Board.

The members of the Committee shall have access to any employees of Freddie Mac, and any outside consultants, including but not limited to attorneys, accountants, auditors and management consultants, as may be appropriate to fulfill the Committee’s responsibilities.

Powers of the Committee

Pursuant to the authority granted to it by the Board, the powers of the Committee shall be:

1. To review, with the Senior Vice President — General Auditor and the independent public accountants, Freddie Mac’s risk exposures and the adequacy of related controls;
2. To approve the Charter for the Internal Audit Department and any subsequent changes thereto;
3. To review the annual plan, organization and staffing for the Internal Audit Department for the upcoming year, including any amendments to such plan;
4. To review, with the Senior Vice President — General Auditor, the status of the internal audit plan, including summary reports on internal audits completed during the prior quarter;
5. To recommend appointment of the independent public accountants, who shall be ultimately accountable to the Board and the Audit Committee;
6. To evaluate with the Board the performance of the independent public accountants and, where appropriate, recommend to the Board that it replace the independent public accountants;
7. To ensure that the independent public accountants submit to the Audit Committee on a periodic basis a formal written statement delineating all relationships between the independent public accountants and Freddie Mac;

8. To discuss with the independent public accountants any disclosed relationships or services that may affect the objectivity and independence of the independent public accountants and to recommend that the Board take appropriate action in response to the independent public accountants' report to satisfy itself as to the independent public accountants' independence;
9. To review the independent public accountants' proposed audit fees, scope and approach, and any other fees that may be paid for services performed by any affiliate of the independent public accountants;
10. To review, with the independent public accountants, the annual audit, the management letter and management's responses to the letter;
11. To review, with the independent public accountants and the Senior Vice President — Corporate Controller, the impact of any significant accounting, financial reporting or federal income tax matters, changes or disputes affecting Freddie Mac's financial statements;
12. To review drafts of the annual financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations for inclusion in the Annual Report to Shareholders;
13. To review a summary of Freddie Mac's approach to significant financial disclosure matters and matters involving management judgment and valuations, including loss reserve adequacy;
14. To review the reports of examination of the Office of Federal Housing Enterprises Oversight regarding the safety and soundness of Freddie Mac, and the findings and conclusions of any investigations of Freddie Mac or its operations produced by any governmental entity;
15. To review, with Freddie Mac's Executive Vice President — General Counsel, on an annual basis, the status of litigation in which Freddie Mac is involved, with such review to be more frequent in the case of litigation which is expected to have a significant impact on Freddie Mac's financial statements;
16. To review and reassess the adequacy of the Committee's charter on an annual basis and recommend any changes to the Board for approval; and
17. To perform such other duties as may from time to time be assigned by the Board or requested by the Chairman and Chief Executive Officer.