



Debt Product Overview

> We make home possible.



In 1970, Congress chartered Freddie Mac to fulfill a public mission — to stabilize the nation's mortgage markets and expand opportunities for homeownership and affordable rental housing. Since then, we've financed homes for more than 50 million American homebuyers.

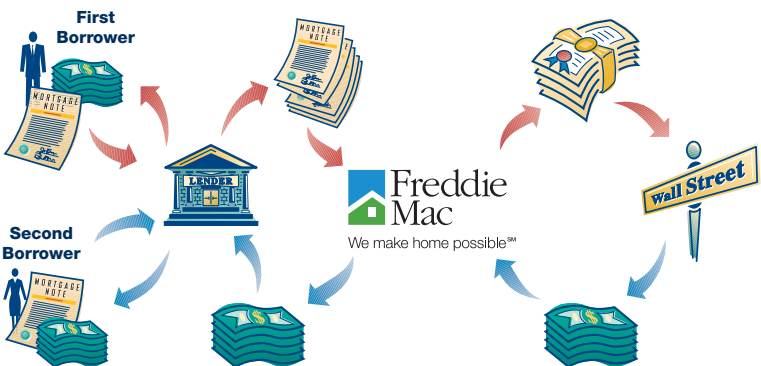
Freddie Mac doesn't make mortgage loans directly to homebuyers. Instead, we make it possible for primary market mortgage lenders — such as commercial banks, mortgage companies and savings institutions — to make mortgage loans to homebuyers by creating a constant flow of funds that lenders can use to finance mortgages. Investors play an important role in this process.

Investing in the U.S. Housing Market

When a homebuyer obtains a mortgage loan from a primary market mortgage lender, the lender may sell that loan in the secondary mortgage market. The lender then uses the proceeds of that sale to make new loans to other homebuyers.

As a leader in the secondary mortgage market, Freddie Mac is one of the largest buyers of mortgage loans in the United States. We purchase mortgages that meet our underwriting and product standards, then bundle them into mortgage-backed securities that can be sold to investors around the world. We then use the proceeds to purchase additional mortgages from primary market mortgage lenders. This provides a continuous flow of funds to primary market mortgage lenders, enabling them to originate new mortgage loans and, ultimately, to make the lending process faster, more convenient and more affordable for homebuyers.

At times, Freddie Mac also purchases mortgage loans and mortgage-related securities for our investment portfolio, which enables us to fulfill our housing mission. We issue a variety of debt securities to fund these purchases.



Growing Opportunities

For nearly a decade, the U.S. has experienced the longest housing expansion on record. Given the growth in population and its changing demographics, there will be greater demand for housing and innovation in housing finance.

By 2015, the homeownership rate is expected to exceed 69 percent. The rising homeownership rate will translate into 16 million new first time homebuyers and as many as 68 percent of them will be minorities.

American families will likely need 15 million new homes by 2015 and approximately \$10 trillion will be needed by these families to finance their homes. The funds to support mortgage originations will come from the sale and securitization of loans in the secondary market, and from our issuance of debt securities to the global capital markets.

A High Quality Investment

Our leadership in the secondary mortgage market not only benefits homebuyers, but investors as well. Investing in Freddie Mac means expanding opportunities for homeownership and affordable rental housing for millions of American families.

We are a federally regulated, stockholder-owned, government-sponsored enterprise that must meet stringent capital standards. Equally important, we are committed to financial safety and soundness in order to fulfill our mission to American homebuyers and to fulfill our fiduciary obligation to investors.

We offer Aaa/AAA-rated, high quality liquid debt products that can be structured to meet investors' needs, ranging from debt securities geared toward fixed-income retail investors investing a few thousand dollars, to debt securities designed for institutional investors investing millions of dollars.

The core principles of Freddie Mac's funding programs are to offer liquid securities in a transparent and predictable manner, which enables us to attract capital from investors around the world. Our suite of debt products includes:

- **Reference Bills® Securities:** a predictable, significant supply of short-term debt that has popular maturities, from one to twelve months.
- **Reference Notes® Securities:** a full and highly liquid yield curve of fixed-rate non-callable debt, with maturities ranging from two through ten years.
- **Callable Medium-Term Notes:** a wide array of customizable, medium-term notes with varying maturities, call features and structures.
- **FreddieNotes®:** callable medium-term notes offered in the retail market with a unique estate-planning feature.
- **Discount Notes:** short-term debt securities issued at a discount that mature at par and are ideal for cash and liability management.



» Freddie Mac Investor Tools

Because access to information is key to successful investment decisions, Freddie Mac offers a suite of informational tools to help investors decide which products are right for them.

Funding Calendar: Freddie Mac publishes an annual calendar, which provides announcement dates for our Reference Notes securities and announcement and auction dates for our Reference Bills securities. All issuance dates for Reference Notes are optional.

Quarterly Funding Summary: This report provides details about our debt issuances, matured debt, redemptions, repurchases and outstanding balances by debt product type for the previous quarter. We also post monthly and annual debt funding summaries on our Debt Securities Web site (www.FreddieMac.com/debt).

Reference Point®: Published quarterly, *Reference Point* features industry trends and market insights as well as our Data Bank featuring relevant topic or product data.

Reference Bills Securities

Freddie Mac's Reference Bills securities provide a predictable supply of highly-rated, short-term debt at popular investment maturities, from one to twelve months. Reference Bills are issued at a discount and pay par at maturity. Reference Bills are sold weekly through a uniform price auction that has the quickest response time in the industry — two minutes or less. Bids are submitted via the Internet from a group of participating dealers, which helps increase transparency and achieve widespread global distribution of our money-market instruments. To ensure broad-based distribution, no more than 35 percent of the auctioned amount is awarded to any single participant. Weekly auctions ensure that a smooth, predictable supply of Reference Bills are brought to market.

Reference Bills are re-opened when the remaining maturities of outstanding issues coincide with regular auctions of new, shorter maturity issues. Freddie Mac believes that producing larger issues of Reference Bills increases liquidity.

Reference Notes Securities

Reference Notes are the cornerstone of Freddie Mac's suite of products, offering investors a full and highly liquid yield curve of fixed-rate, non-callable debt, with maturities from two through ten years. Freddie Mac may also issue Reference Notes with longer-dated maturities based on market conditions and will provide advance notice for such issuances. Through our Reference Notes program, Freddie Mac sells large issues of medium- and long-term debt that provide investors worldwide with a AAA/Aaa-rated, liquid investment vehicle.

A dedicated dealer group comprised of more than 40 securities dealers worldwide supports trading of Freddie Mac's Reference Notes. These securities actively trade on electronic trading systems such as TradeWeb® and BrokerTec — increasing price transparency in the secondary market and supporting liquidity in our debt securities.

Callable Medium-Term Notes

Callable notes are a key component of Freddie Mac's funding program that gives the issuer the right — but not the obligation — to call (or retire) the debt prior to the stated maturity of the issue. To compensate for the possibility that the debt may be retired prior to its final maturity, callable debt is priced to yield a premium over the yield obtainable from bullet (or non-callable) debt with the same final maturity.

Freddie Mac issues an array of callable notes in a variety of forms, with stated maturities typically ranging from one to 30 years, and call provisions effective as early as three months or as distant as ten years after the securities are issued.

Callables are generally issued through a reverse inquiry process where investors and underwriters can customize the callable note to match their needs for yield, structure and size.

FreddieNotes

FreddieNotes securities are senior unsecured debt obligations of Freddie Mac issued as part of our medium-term notes program. FreddieNotes are offered in the retail market and are rated AAA/Aaa by Standard & Poor's and Moody's Investor Service.

Structures are posted on our Web site weekly and provide a selection of FreddieNotes securities featuring various interest rates, frequency of interest payments, maturities and call provisions. FreddieNotes securities are available for a minimum investment amount of \$1,000 and in increments of \$1,000. FreddieNotes have a unique estate-planning feature that permit persons acting on behalf of deceased FreddieNotes investors to require Freddie Mac to repay principal on the FreddieNotes prior to their maturity.

Discount Notes

Freddie Mac's discount notes program is one of the largest non-government issuers of short-term debt securities in the world. Discount notes give institutional and retail investors choices in selecting the investment date, maturity date and size of their short-term investments, making this product ideal for cash and liability management. Freddie Mac's discount notes offer tailored, flexible investment opportunities for money managers seeking to invest discrete U.S. dollar amounts (in \$1,000 increments) for precise, short time periods.

Discount notes are available 24 hours a day, on a limited basis, Monday through Friday (except holidays). They are offered on a reverse inquiry basis, with maturities ranging from overnight to 365 days. Freddie Mac will not issue discount notes with maturities that are the same as the maturity dates of our outstanding on-the-run Reference Bills. Discount notes are issued at a discount and mature at par.

Repurchase Operations

Freddie Mac conducts periodic repurchase operations to support the liquidity and price performance of our Reference Notes, €Reference Notes and callable notes, and to manage our asset and liability mix. These repurchase operations are conducted transparently at Freddie Mac's discretion. We provide overnight advance public notice that includes targeted issues, the deadline for submitting offers, the maximum purchase amount and settlement date.

Tender Offers

Freddie Mac uses tender offers to repurchase a designated amount, or any and all outstanding amounts, of a particular group of targeted securities at fixed spreads to liquid reference securities or reference swap rates. Tender offers differ from our standard repurchase operations in that the offer typically remains open for at least five business days.

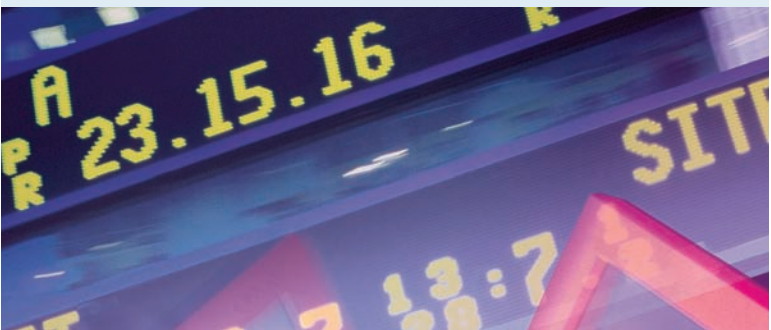
Exchange Offers

Freddie Mac executes exchange offers for outstanding debt securities to allow investors to exchange off-the-run securities for a new on-the-run issue. Exchange transactions consolidate liquidity in a new security that serves as an active, bellwether issue for fixed income investors.

»» We make home possible... *Together*

Freddie Mac's suite of debt products offers investors a variety of customizable opportunities to invest in the U.S. housing market. By doing so, investors help Freddie Mac expand opportunities for homeownership and affordable rental housing — making homeownership possible for millions of American families.

For more information about Freddie Mac products or a copy of the funding calendar, call **(571) 382-4334**, or visit our Web site at **www.FreddieMac.com/debt**.





We make home possible®