

**A Letter From**

**Jerome Lienhard**  
**Senior Vice President, Global Debt Funding**

Dear Freddie Mac Investor:

Recent events here at Freddie Mac have no doubt garnered your attention. In June, we announced a change in our senior management as a result of events related to the reaudit of our financial statements for the years 2000 through 2002. Later in June, we released more detail regarding the nature of the accounting changes and the implications of the restatement on prior year's financial results. We did this because we want to keep you, our investors, informed as to our progress and to assure you that Freddie Mac remains at the forefront of prudently risk-managed companies in the world.

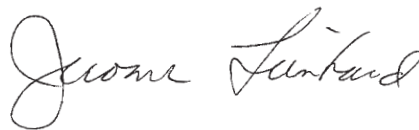
On July 23, Freddie Mac's Board of Directors released a report summarizing the results of its internal investigation of certain accounting matters. This report was prepared by the Board's independent outside counsel—Baker Botts L.L.P.—and reflects their findings to-date, based on an extensive review of documents, staff interviews and voice tapes of trader's phone conversations. The report is available for your review at:

[www.freddiemac.com/news/board\\_report/](http://www.freddiemac.com/news/board_report/)

Freddie Mac is committed to providing investors with correct, audited financial statements as soon as possible. The corporation is working toward completing the restatement process and releasing its restated results during the third quarter. We have already taken significant actions to improve internal controls and address accounting and financial reporting weaknesses. In addition, the new executive management team is implementing a comprehensive remediation program that will lead to broad changes in the finance function, and includes issues related to governance, human resources, financial reporting and disclosure, and accounting policies and controls.

The Global Debt Funding team is actively working to keep you informed of new developments and information. Since June, our team has met with over 150 investors to answer your questions and update you on recent events. We remain committed to providing you with the most current information possible. Please continue to contact us if you need additional information, and be sure to check our web site for the most recent updates. Traveling the globe to meet with you and discuss your concerns, we are heartened by the continued support we have seen for Freddie Mac, and for our debt securities—as evidenced by the strong demand for our recent 2- and 10-year new issues. We appreciate your feedback and stand ready to assist you in any way we can.

I encourage you to read about our new management team. Many of you know Greg Parseghian, our new chief executive officer and president. Prior to his new role, Greg presided over the Funding and Investment Division, where he actively encouraged our debt Investor Relations group to “hit the road,” often accompanying them on investor visits. Joining Greg on the new leadership team are Paul Peterson as the new chief operating officer, and Martin Baumann as the executive vice president—finance and chief financial officer. We have included their biographies on the following pages. Thank you for your continued support. ■



**This Issue**

Executive Biographies  
Data Bank



## Executive Biographies

### Gregory J. Parseghian

#### Chief Executive Officer and President



Gregory J. Parseghian was named chief executive officer and president in June 2003. Prior to being elected to this position, Parseghian was executive vice president and chief investment officer, responsible for the day-to-day management of the corporation's Funding and Investments division.

Freddie Mac's Funding and Investments Division is responsible for the firm's nearly \$570 billion retained mortgage portfolio, non-mortgage contingency and liquidity portfolio, debt issuance and asset/liability risk management. The Division also is responsible for managing Freddie Mac's Single-Class (Gold) and Multi-Class (REMIC) mortgage-backed securities programs.

Before his appointment to executive vice president in June 2002, Parseghian was senior vice president and chief

investment officer of Funding and Investments. He joined the corporation in this capacity in 1996. In this position, Parseghian was primarily responsible for the development and management of key strategies that maximize shareholder value associated with the company's retained mortgage portfolio, non-mortgage investments and debt issuance, while simultaneously minimizing financial risks to which the corporation is exposed.

Prior to joining Freddie Mac, Parseghian was a managing director of Salomon Brothers, a partner and investment manager of Blackrock Financial Management, and a managing director and head of fixed income research of First Boston. He ranked first on Institutional Investor magazine's fixed income and mortgage strategy polls on six occasions.

Parseghian graduated from the University of Pennsylvania with a B.S. in Economics, summa cum laude, and an M.B.A. in Finance. ■

### Paul T. Peterson

#### Executive Vice President, Chief Operating Officer



Paul T. Peterson was named to the position of executive vice president and chief operating officer in June 2003. Peterson reports to Greg Parseghian, chief executive and president.

Prior to being named chief operating officer, Peterson was executive vice president of Freddie Mac's Single Family Group. He was named to that position in December 1999. In this role, he managed Single Family operations, including: Marketing, Sales and Production; Risk Assessment and Model Development; Customer Service and Control; Servicer; and the Securities Sales and Trading Group. In addition, Peterson was responsible for keeping Freddie Mac's Single Family business at the forefront in the changing world of real estate finance.

Peterson has held a series of responsible management positions since joining Freddie Mac in 1989. Prior to being named executive vice president, Peterson was senior vice president of Business Strategy and earlier was senior vice president of the Servicer Division where he was responsible for the overall management of the corporation's mortgage loan servicing business. Previously, Peterson headed Freddie Mac's Corporate Finance Divisions, a role in which he managed the retained portfolio and general funding of the corporation. Earlier, he managed Freddie Mac's assets and liabilities and interest-rate risk as vice president of Corporate Finance. He joined Freddie Mac as director of portfolio management in April 1989.

Originally from Provo, Utah, Peterson holds a doctorate in finance, an M.B.A. from the University of Utah and a B.S. from Brigham Young University. ■

## Martin F. Baumann

### Executive Vice President Finance and Chief Financial Officer



Martin F. Baumann is the executive vice president — finance & chief financial officer for Freddie Mac. Baumann is responsible for accounting, corporate planning, corporate tax, shareholder relations, capital and economics, administration and corporate proprieties, and market and operating risk oversight

functions. Baumann joined Freddie Mac in April 2003 and reports to Greg Parseghian, chief executive officer and president.

Prior to joining Freddie Mac, Baumann was a Partner at PricewaterhouseCoopers (PwC). He joined PwC in 1969 and became a partner in 1980. He has served as the Deputy Chairman — World Financial Services Practice and as the Global Banking Leader and has also served on PwC's U.S. and World Financial Services Executive Committees. Most of his career was spent within PwC's Financial Services Group. He was the lead global client partner responsible for The Prudential Insurance Company of America, The Chase Manhattan Corporation, Marine Midland, Chemical Banking Corporation, MasterCard International and The World Bank. Baumann also has served numerous other banking clients including

Lloyds Bank, Westpac Bank, CIC, Bank of China and Banque Indosuez.

Baumann chaired the Accounting Standards Executive Committee Task Force on the Allowance for Loan Losses. In this position, Baumann was charged with developing definitive guidance for loan loss accounting. He previously served as PwC's representative on the AICPA Banking Committee, as Chairman of the AICPA Foreign Loan Subcommittee, and as Chairman of the Accounting Standards Executive Committee Task Force on Interest Income Recognition on Troubled Loans. For the New York State Society of Certified Public Accountants, he served as a member of the General Committee on Accounting and Auditing, the lead oversight committee, and as Chairman of the Committee on Banking and Savings Institutions.

A frequent speaker on accounting and auditing matters affecting the financial services industry, Baumann has testified in Washington before the House Banking Committee on various issues, including hearings on bank loan loss accounting and the international debt crisis. Baumann is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants, the New York State Society of Certified Public Accountants, and several banking and insurance industry associations. He is the author of several publications, and also has served as an instructor at Queens College on advanced auditing methods.



Baumann holds a Bachelor of Arts degree in Accounting from Queens College and a Master of Business Administration degree with a specialty in Finance from Baruch College. He is also a graduate of Columbia University's Executive Program in Business Administration.

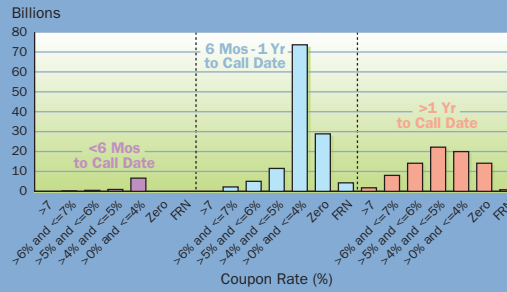
Additionally, Baumann was honored as the recipient of the 2001 Humanitarian of the Year award presented to him by Catholic Community Services of Newark, NJ for his efforts in contributing to the revitalization of Newark. ■

# Data Bank

## Discount Notes and Reference Bills® Issued as of June 30, 2003

Maturity	2nd Qtr 2003 Par Amount Issued (billions)	YTD Par Amount Issued (billions)
< 1 Month (ex. Overnights)	21.13	49.21
1- < 2 Months	15.79	41.85
2- < 3 Months	12.10	20.31
3- < 6 Months	94.20	161.39
6 Months - 1 YR	32.75	61.54
TOTAL	\$175.97	\$334.30

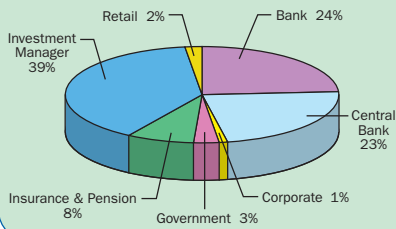
## Callable MTNs Outstanding as of June 30, 2003



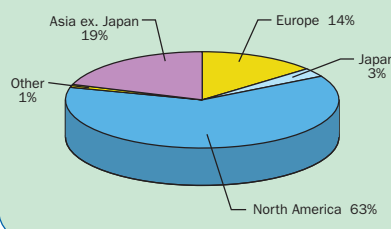
Maturity	Callable MTN O/S (billions)
1-3 YRS	47.3
> 3-5 YRS	52.0
> 5-10 YRS	48.7
> 10 YRS	66.6
TOTAL	\$214.5

## 12 Months Ended June 30, 2003

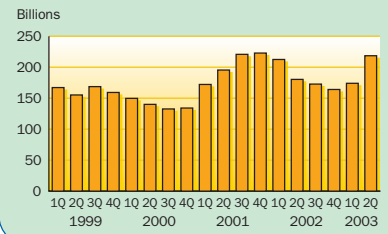
### Reference Notes® Issuance Investor Distribution (ex. auctions)



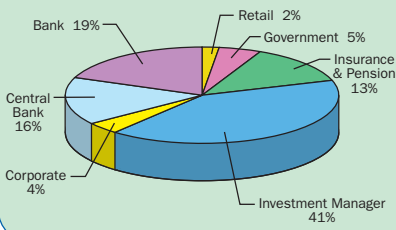
### Reference Notes® Issuance Geographic Distribution (ex. auctions)



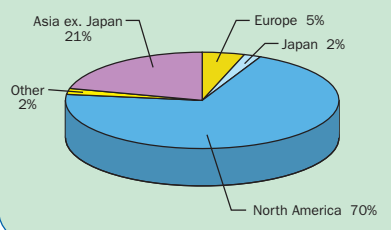
### Discount Notes and Reference Bills® Outstanding as of June 30, 2003



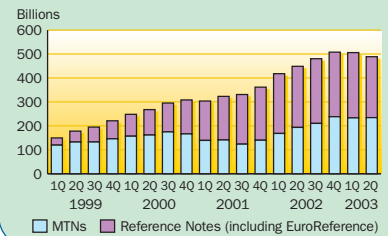
### Syndicated Callable Issuance Investor Distribution



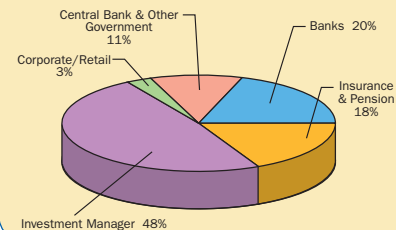
### Syndicated Callable Issuance Geographic Distribution



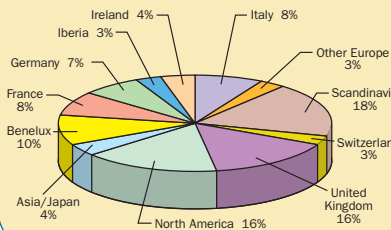
### MTNs and Reference Notes® Outstanding as of June 30, 2003



### €Reference Notes® Issuance Investor Distribution



### €Reference Notes® Issuance Geographic Distribution



### €Reference Notes® Outstanding as of June 30, 2003

Structure	Coupon Rate	Date Contractual Maturity	ISIN	Amount Outstanding (Euros in bins)
3-Year	4.500	3/15/04	XS0125902451	7.00
3-Year	4.625	5/15/05	XS0146883581	4.29
5-Year	5.250	1/15/06	XS0121336266	4.16
5-Year	4.625	2/15/07	XS0142391209	3.86
5-Year	3.500	2/15/08	XS0161387468	4.00
10-Year	5.750	9/15/10	XS0117858323	4.22
10-Year	5.125	1/15/12	XS0136341814	3.58
10-Year	4.750	1/15/13	XS0154444870	4.38

## For More Information

Freddie Mac Debt Marketing  
1551 Park Run Drive, McLean, Virginia 22102 USA

[www.freddiemac.com/debt](http://www.freddiemac.com/debt)

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