



**Supplement dated June 7, 2006 to  
Information Statement dated June 14, 2005**

**RECENT EVENTS**

**Executive Compensation Actions**

On June 1, 2006, the Compensation and Human Resources Committee (the “CHRC”) of the Board of Directors approved 2005 cash bonuses, 2005 long-term incentive awards, 2006 base salaries, 2006 cash bonus targets and 2006 long-term incentive award targets for the company’s executive officers. This Information Statement Supplement describes certain compensation arrangements approved by the CHRC with respect to Richard F. Syron, Chairman of the Board and Chief Executive Officer, Eugene M. McQuade, President and Chief Operating Officer, Patricia L. Cook, Executive Vice President – Investments and Capital Markets, and Joseph A. Smialowski, Executive Vice President – Operations and Technology. We are also providing information about Mr. Smialowski’s letter agreement with Freddie Mac.

The table below sets forth the following information with respect to the listed executive officers: cash bonus and long-term incentive award for 2005; and base salary, cash bonus target and long-term incentive award target for 2006.

Name and Position	2005 Cash Bonus	2005 Long-Term Incentive Award <sup>1</sup>		2006 Base Salary	2006 Cash Bonus Target <sup>4</sup>	2006 Long-Term Incentive Award Target <sup>5</sup>
		Restricted Stock Unit Award <sup>2</sup>	Securities Underlying Options (#) <sup>3</sup>			
Richard F. Syron, Chairman of the Board and Chief Executive Officer	\$2,200,000	\$7,258,277	131,430	\$1,100,000	240%	\$8,800,000
Eugene M. McQuade, President and Chief Operating Officer	\$1,500,000	\$4,946,230	89,610	\$900,000	180%	\$6,000,000
Patricia L. Cook, Executive Vice President – Investments and Capital Markets	\$2,750,000	\$2,187,640	39,580	\$600,000	333%	\$2,400,000
Joseph A. Smialowski, Executive Vice President – Operations and Technology	\$1,300,000	\$2,063,233	37,340	\$550,000	155%	\$1,800,000

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<sup>1</sup> The long-term incentive awards will vest in four equal annual installments beginning on the first anniversary of the effective date of the grant (June 5, 2006). More detailed information regarding these awards is available in the executives' respective Forms 4 available on the investor relations page of the company's website at [www.FreddieMac.com/investors](http://www.FreddieMac.com/investors).

<sup>2</sup> The dollar values of the restricted stock unit awards ("RSUs") presented in the table are based on the closing price of our common stock on June 5, 2006, the effective date of the grant (\$60.10), multiplied by the number of RSUs awarded. RSUs have dividend equivalent rights that entitle the grantee to dividend equivalents on each share of common stock subject to the grant in the amount of dividends per share payable on our outstanding shares of common stock.

<sup>3</sup> Options were granted with an effective date of grant of June 5, 2006 and an exercise price of \$60.45 (which represents the average of the high and low prices of our common stock on June 5, 2006).

<sup>4</sup> The 2006 cash bonus targets for (i) Messrs. Syron and McQuade are expressed as a percentage of the executive's respective base salary and (ii) Ms. Cook and Mr. Smialowski are expressed as a percentage of the executive's respective bonus eligible earnings. Absent CHRC approval, the 2006 cash bonus for each executive cannot exceed two times his or her respective target bonus.

<sup>5</sup> The 2006 long-term incentive award targets are expressed as the targeted dollar value of the award on the effective date of grant.

The 2005 cash bonuses and 2006 cash bonus targets were established by the CHRC in accordance with the company's officer short-term incentive program. The program provides cash awards to eligible officers based on individual performance during the performance year. Bonus pool funding is based on the CHRC's assessment of Freddie Mac's performance against the corporate performance objectives as well as other achievements. The allocation of these funds to individuals is based on an assessment of individual performance against annual objectives.

The long-term incentive awards of options and restricted stock units ("RSUs") were made under Freddie Mac's 2004 Stock Compensation Plan, which was included in the company's proxy statement for the annual meeting of stockholders held on November 4, 2004 and was approved by the stockholders at that meeting.

Messrs. Syron and McQuade recommended that their 2005 cash bonus awards be reduced below the level awarded for 2004 because the company failed to achieve several key financial reporting milestones that were part of the company's corporate performance objectives for 2005. The 2005 cash bonuses awarded to each of Messrs. Syron and McQuade are approximately 12% less than their 2004 cash bonuses of \$2,500,000 and \$565,000 (or \$1,695,000 on an annualized basis), respectively. After reviewing competitive compensation market data from the twenty-one companies we refer to as the 2006 Comparator Group, the CHRC agreed to increase the 2006 performance year cash bonus targets for Messrs. Syron and McQuade to the amounts set forth in the table above. The agreements with Messrs. Syron and McQuade reflecting the 2006 performance year cash bonus targets are available on the investor relations page of the company's website at [www.FreddieMac.com/investors](http://www.FreddieMac.com/investors).

### **Compensation of Mr. Smialowski**

Mr. Smialowski joined Freddie Mac as its Executive Vice President – Operations and Technology on December 1, 2004. Under the terms of a letter agreement dated November 1, 2004, Mr. Smialowski received an annualized base salary of \$500,000 and the opportunity to earn short-term and long-term performance-based incentives. The agreement provided for a guaranteed minimum cash bonus for the 2005 performance year of 125% of bonus eligible earnings, subject to a maximum of 200% of the target incentive, absent CHRC approval. As

indicated in the table above, his base salary has been increased to \$550,000 for 2006 and he received a \$1,300,000 bonus for the 2005 performance year.

Under the terms of the agreement, Mr. Smialowski received a one-time sign-on cash bonus in the amount of \$400,000 in December 2004. If Mr. Smialowski resigns or Freddie Mac terminates his employment for a Loss of Confidence under Freddie Mac's officer severance policy or for violating any standard of conduct, attendance or behavior embodied in the standards of conduct under Freddie Mac's progressive discipline policy before the second anniversary of his employment date, he is required to repay the full amount of his sign-on cash bonus. The agreement provided for Mr. Smialowski to receive a one-time sign-on award of RSUs with an aggregate value on the date of grant of \$750,000, which award vests at the rate of 33% on the first anniversary of the grant date, 33% on the second anniversary of the grant date, and 34% on the third anniversary of the grant date. This award was granted on December 13, 2004. The agreement also provided for an initial long-term incentive award with an aggregate value on the date of grant of \$1.5 million, of which half would be in the form of RSUs and half in the form of stock options; this award was granted on May 6, 2005. The long-term incentive award vests in four equal annual installments beginning on the first anniversary of the date of grant. If Mr. Smialowski's employment with Freddie Mac terminates for any reason (other than disability or death) prior to the lapse of restrictions on his RSU grants, he forfeits all of the units. The agreement also provided for Mr. Smialowski to receive Freddie Mac's executive relocation package.

### **2006 Base Salaries, Bonus Targets and Long-Term Incentive Award Targets**

The CHRC determined the base salaries, bonus targets and long-term incentive award targets for 2006 for the company's executive officers in accordance with individual agreements, individual performance, future potential, scope of responsibilities, individual experience and competitive compensation practices. Bonus payments for 2006 will be based in part on performance against the company's 2006 objectives, which are:

- **Mission**, which focuses on meeting the company's increased affordable housing goals and subgoals;
- **Shareholder Value**, which focuses on achieving objectives relating to short- and long-term fair value growth, GSE and conventional market share, returns on new business, business volumes and improving the risk/return profile on new business;
- **Financial Reporting**, which focuses on returning to timely financial reporting;
- **Employee Engagement**, which focuses on employee retention;
- **Risk Management and Controls**, which focuses on improvements in Freddie Mac's operational controls and risk management processes; and
- **Touch More Loans**, which focuses on expanding product capabilities.

Long-term incentive awards for 2006 will be based in part on performance against the company's 2006 objectives as well as other factors such as individual performance, criticality of skills, retention, and, where applicable, an executive officer's employment or letter agreement.

### **Long-Term Incentive Awards**

As noted above, long-term incentive awards are granted by the CHRC pursuant to the 2004 Stock Compensation Plan.

Freddie Mac expects to provide additional information about the compensation of Messrs. Syron, McQuade and Smialowski and Ms. Cook in the proxy statement for the annual meeting of stockholders to be held on September 8, 2006.