

December 19, 2003

Fabrice Demarigny, Secretary General
Committee of European Securities Regulators
11-13 Avenue de Friedland
75008 Paris, France

Dear M. Demarigny:

Re: Response of Freddie Mac to CESR's July 2003 consultation paper on its advice on Level 2 implementing measures for the Prospectus Directive: sovereign issuers and financial information

The Federal Home Loan Mortgage Corporation (Freddie Mac) wishes to respond to the consultation paper issued by the Commission of European Securities Regulators (CESR) in July 2003 on the level 2 implementing measures for the Prospectus Directive.

In this letter:

- We provide you with background information about Freddie Mac and our status as a U.S. government-sponsored enterprise and major securities issuer in the European capital markets.
- We state our strong support for the comments made by the International Primary Market Association (IPMA) in its response to the July consultation paper dated 30 October 2003.
- In particular, we believe the disclosure requirements established for Freddie Mac and other U.S. government-sponsored enterprises should be comparable to the disclosure requirements applicable to non-sovereign quasi-government issuers.
- We also agree with IPMA that CESR's advice should specifically recognise the possibility of incorporation by reference in this context.
- Freddie Mac strongly supports IPMA's call for the recognition of US GAAP as equivalent to the IAS Regulation for the purposes of the disclosure requirements under the Prospectus Directive.

Freddie Mac is a U.S. government sponsored enterprise

Freddie Mac is a shareholder-owned corporation chartered by the U.S. Congress in 1970 under the Federal Home Loan Mortgage Corporation Act (the "Freddie Mac Act") to provide a stable, liquid and accessible market for residential mortgage credit. Our statutory purposes are:

- to provide stability in the secondary market for residential mortgages;
- to respond appropriately to the private capital markets;
- to provide ongoing assistance to the secondary market for residential mortgages, including mortgages on housing for low- and moderate-income families; and
- to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing.

We fulfill these statutory purposes primarily by purchasing residential mortgages and mortgage-related securities from mortgage lenders, other mortgage sellers and securities dealers. We finance our purchases primarily by issuing debt and mortgage pass-through securities in the capital markets. We purchase mortgages that finance homes in every geographical segment of the United States to reduce the cost of homeownership and rental housing and improve the quality of life by making the American dream of decent, accessible housing a reality.

Our federal safety and soundness regulator is the Office of Federal Housing Enterprise Oversight (OFHEO) and our mission regulator is the U.S. Department of Housing and Urban Development (“HUD”). OFHEO is a separate office within HUD that implements, monitors, and enforces capital standards for Freddie Mac. OFHEO's regulatory capital requirements include a traditional, ratio-based minimum capital requirement and a risk-based capital requirement designed to ensure that Freddie Mac maintains sufficient capital to survive a sustained and severe financial crisis. In addition, OFHEO conducts comprehensive safety and soundness and risk-based examinations of Freddie Mac.

Freddie Mac's shares are listed on the New York Stock Exchange. In addition, Freddie Mac issues debt securities, including debt securities listed in Europe on the Luxembourg Stock Exchange. Freddie Mac currently has more than \$300 billion principal amount of debt securities listed on the Luxembourg Stock Exchange, including \$236 billion of our Reference Notes® securities, \$31 billion of our syndicated callable debt securities, \$12 billion of our Global floating-rate debt securities, €35 billion of our €Reference Notes® securities and other Global Medium-Term Note securities that we issue and list on the Luxembourg Stock Exchange. Freddie Mac's senior long-term debt is rated AAA/Aaa/AAA by Standard & Poor's, Moody's and Fitch, respectively.

Freddie Mac is not a government agency. We receive no federal funds. We receive our funding from shareholders and investors who purchase the equity securities, mortgage-backed securities and debt securities we issue. Freddie Mac's obligations and securities do not constitute debt of the United States and are not guaranteed by the federal government. The offering documents for each security we issue clearly state this.

However, our securities have a number of attributes that help us operate efficiently and on a large scale in our debt financing activities. These attributes include the high credit quality and liquidity of our securities. They also include legal attributes under our Congressional charter and under other federal laws and regulations. These legal attributes, which facilitate our development and maintenance of the liquid markets that are essential to fulfilling our

Congressional mandate, include (i) our exemption from registration under the Securities Act and other U.S. federal securities laws, (ii) our access to the book-entry system operated by the Federal Reserve Banks that provides book-entry issuance, transfer, payment and settlement for U.S. dollar-denominated securities issued by the U.S. Government, some government agencies and other institutions and government-sponsored enterprises such as Freddie Mac and (iii) the ability of many financial institutions to invest in our debt securities free of legal investment limits that would otherwise apply.

For more information on Freddie Mac please see www.freddiemac.com

Support for IPMA response

We strongly support the response to the July consultation paper submitted by IPMA on 30 October 2003. We believe that IPMA's response articulates the key issues raised by the consultation paper. In particular, we believe that disclosure requirements established for Freddie Mac and other U.S. government sponsored enterprises should be comparable to the disclosure requirements applicable to non-sovereign quasi-government issuers.

As noted in IPMA's response, Freddie Mac and other government-sponsored enterprise issuers would still, in any event, need to comply with the general disclosure requirement under article 5 of the Prospectus Directive. This would ensure that other information which should appropriately be disclosed is disclosed to potential investors.

Incorporation of financial information by reference

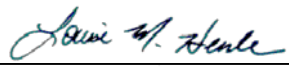
We agree with IPMA that CESR's advice should specifically acknowledge the possibility of incorporation of information by reference in this context. This is an important point for Freddie Mac as allowing the incorporation of financial information by reference would facilitate our ability to comply with the new disclosure requirements under the Prospectus Directive. Freddie Mac will have prepared disclosure documents that include the new required disclosures for other purposes (for example, due to U.S. regulatory requirements). Where such documents contain the disclosure required under the Prospectus Directive, Freddie Mac should be able to satisfy its disclosure obligations by making use of this equivalent financial information, as is contemplated by CESR's July 2003 advice to the Commission on level 2 implementing measures.

US GAAP should be recognised as equivalent to IFRS

Freddie Mac also strongly supports IPMA's call for the recognition of US GAAP as equivalent to the IAS Regulation for the purposes of the disclosure requirements under the Prospectus Directive. Without such recognition, Freddie Mac, and other issuers that present their accounts in accordance with US GAAP, would face practical difficulty in having to develop and maintain dual accounting and financial reporting systems in accordance with both GAAP and IFRS. This requirement would be wholly disproportionate to any benefit gained, in terms of the comparability of financial information or otherwise. If this result is to be avoided, it is important that there is a determination, as soon as possible, that US GAAP is equivalent to IFRS for the purposes of the Prospectus Directive (and the proposed Transparency Obligations Directive).

We appreciate that you have provided Freddie Mac an opportunity to respond to the consultation paper and we hope that this letter is helpful. If you have any questions on any of the matters discussed, please contact Itai Benosh at (US) 571-382-3588.

Yours truly,

By: _____

Name: Louise Herrle

Title: Vice President – Funding & Treasurer