



**\$120,000,000**

**Freddie Mac**

**Zero Coupon Medium-Term Notes Due June 20, 2028**  
**Redeemable periodically, beginning June 20, 2005**

Issue Date: June 20, 2003  
Maturity Date: June 20, 2028  
Subject to Redemption: Yes. The Medium-Term Notes are redeemable at our option, upon notice of not less than 5 Business Days. See "Redemption" herein. We will redeem all of the Medium-Term Notes if we exercise our option.  
Redemption Date(s): Semiannually, on June 20 and December 20, commencing June 20, 2005  
Interest Rate: None  
Principal Payment: At maturity, or upon redemption  
CUSIP Number: 3128X1JE8

There will be no periodic payments of interest on the Medium-Term Notes. The only scheduled payment that will be made to the holder of a Medium-Term Note will be made on the Maturity Date or the redemption date, as applicable, in an amount equal to the product of the call price for such redemption date and the principal amount of the Medium-Term Notes. See "Redemption" herein.

The Medium-Term Notes will be issued with original issue discount. See "Certain United States Federal Tax Consequences - U.S. Owners - Debt Obligations with Original Issue Discount" in the Offering Circular.

You should read this Pricing Supplement together with Freddie Mac's Debentures, Medium-Term Notes and Discount Notes Offering Circular, dated April 4, 2003 (the "Offering Circular"), and all documents that are incorporated by reference in the Offering Circular, which contain important detailed information about the Medium-Term Notes and Freddie Mac. See "Available Information" in the Offering Circular. Capitalized terms used in this Pricing Supplement have the meanings we gave them in the Offering Circular, unless we specify otherwise.

**The Medium-Term Notes may not be suitable investments for you. You should not purchase the Medium-Term Notes unless you understand and are able to bear the redemption, yield, market, liquidity and other possible risks associated with the Medium-Term Notes. You should read and evaluate the discussion of risk factors (especially those risk factors that may be particularly relevant to this security) that appears in the Offering Circular under "Risk Factors" before purchasing any of the Medium-Term Notes.**

The Medium-Term Notes, including any interest or return of discount on the Medium-Term Notes, are not guaranteed by and are not debts or obligations of the United States or any federal agency or instrumentality other than Freddie Mac.

|                      | <u>Price to Public <sup>(1)(2)</sup></u> | <u>Underwriting Discount <sup>(2)</sup></u> | <u>Proceeds to Freddie Mac <sup>(1)(3)</sup></u> |
|----------------------|--|---|--|
| Per Medium-Term Note | 23.542174%                               | .1325%                                      | 23.409674%                                       |
| Total                | \$28,250,609                             | \$159,000                                   | \$28,091,609                                     |

- (1) Plus return of discount, if any, from June 20, 2003.  
(2) See "Distribution Arrangements" in the Offering Circular.  
(3) Before deducting expenses payable by Freddie Mac estimated at \$5,000.

**Lehman Brothers**

# **OFFERING**

1. Pricing date: May 28, 2003
2. Method of Distribution: ☒ Principal ☐ Agent
3. Concession: .1325%
4. Reallowance: N/A
5. Underwriter: Lehman Brothers Inc.

# **OTHER SPECIAL TERMS**

☐ None  
☒ Yes; as follows:

In connection with the issuance of the Medium-Term Notes, the Underwriter may receive compensation in connection with a related swap transaction Freddie Mac has entered into with an affiliate of the Underwriter. See "Distribution Arrangements" in the Offering Circular.

# **REDEMPTION**

The Medium-Term Notes are subject to redemption by Freddie Mac, at its option, on the dates and at the respective call prices set forth in the following Call Price Schedule. Upon exercise of Freddie Mac's option to redeem the Medium-Term Notes, each investor will receive the product of the call price for such redemption date and the principal amount of Medium-Term Notes held by such investor.

**Call Price Schedule**

| Redemption Date | Call Price Percentage | Call Amount  | Redemption Date | Call Price Percentage | Call Amount   |
|-----------------|-----------------------|--------------|-----------------|-----------------------|---------------|
| 6/20/2005       | 26.430102%            | \$31,716,122 | 6/20/2017       | 52.919104%            | \$63,502,925  |
| 12/20/2005      | 27.205825%            | \$32,646,990 | 12/20/2017      | 54.472280%            | \$65,366,736  |
| 6/20/2006       | 28.004316%            | \$33,605,179 | 6/20/2018       | 56.071041%            | \$67,285,249  |
| 12/20/2006      | 28.826243%            | \$34,591,492 | 12/20/2018      | 57.716727%            | \$69,260,072  |
| 6/20/2007       | 29.672293%            | \$35,606,752 | 6/20/2019       | 59.410712%            | \$71,292,854  |
| 12/20/2007      | 30.543175%            | \$36,651,810 | 12/20/2019      | 61.154417%            | \$73,385,300  |
| 6/20/2008       | 31.439617%            | \$37,727,540 | 6/20/2020       | 62.949299%            | \$75,539,159  |
| 12/20/2008      | 32.362370%            | \$38,834,844 | 12/20/2020      | 64.796861%            | \$77,756,233  |
| 6/20/2009       | 33.312205%            | \$39,974,646 | 6/20/2021       | 66.698649%            | \$80,038,379  |
| 12/20/2009      | 34.289918%            | \$41,147,902 | 12/20/2021      | 68.656254%            | \$82,387,505  |
| 6/20/2010       | 35.296328%            | \$42,355,594 | 6/20/2022       | 70.671315%            | \$84,805,578  |
| 12/20/2010      | 36.332275%            | \$43,598,730 | 12/20/2022      | 72.745518%            | \$87,294,622  |
| 6/20/2011       | 37.398627%            | \$44,878,352 | 6/20/2023       | 74.880599%            | \$89,856,719  |
| 12/20/2011      | 38.496277%            | \$46,195,532 | 12/20/2023      | 77.078345%            | \$92,494,014  |
| 6/20/2012       | 39.626142%            | \$47,551,370 | 6/20/2024       | 79.340594%            | \$95,208,713  |
| 12/20/2012      | 40.789170%            | \$48,947,004 | 12/20/2024      | 81.669241%            | \$98,003,089  |
| 6/20/2013       | 41.986332%            | \$50,383,598 | 6/20/2025       | 84.066233%            | \$100,879,480 |
| 12/20/2013      | 43.218631%            | \$51,862,357 | 12/20/2025      | 86.533577%            | \$103,840,292 |
| 6/20/2014       | 44.487098%            | \$53,384,518 | 6/20/2026       | 89.073337%            | \$106,888,004 |
| 12/20/2014      | 45.792794%            | \$54,951,353 | 12/20/2026      | 91.687640%            | \$110,025,168 |
| 6/20/2015       | 47.136812%            | \$56,564,174 | 6/20/2027       | 94.378672%            | \$113,254,406 |
| 12/20/2015      | 48.520278%            | \$58,224,334 | 12/20/2027      | 97.148686%            | \$116,578,423 |
| 6/20/2016       | 49.944348%            | \$59,933,218 | 6/20/2028       | 100.000000%           | \$120,000,000 |
| 12/20/2016      | 51.410215%            | \$61,692,258 |                 |                       |               |

## **RISK FACTORS**

An investment in the Medium-Term Notes entails certain risks not associated with an investment in conventional fixed-rate debt securities that pay interest periodically. While the Medium-Term Notes, if held to maturity or redemption, will provide return of their principal, including return of the accreted value to the optional redemption date, their market value could be adversely affected by changes in prevailing interest rates and the optional redemption feature. This effect on the market value could be magnified in a rising interest rate environment in the case of the Medium-Term Notes due to their relatively long remaining term to maturity. In such an environment, the market value of the Medium-Term Notes generally will fall, which could result in significant losses to investors whose circumstances do not permit them to hold the Medium-Term Notes until maturity. It is also unlikely that Freddie Mac would redeem the Medium-Term Notes in such an interest rate environment, when Freddie Mac's costs of borrowing would be relatively high. On the other hand, in a falling interest rate environment, in which the market value of the Medium-Term Notes generally would rise, it is likely that Freddie Mac would redeem the Medium-Term Notes, when its costs of borrowing would be relatively low; under those circumstances, it is likely that the optional redemption provision would restrict the market value that the Medium-Term Notes otherwise would have. Those factors, combined with the fact that payments on the Medium-Term Notes will be made only at maturity or upon redemption, and not periodically, also could affect the secondary market for and the liquidity of the Medium-Term Notes. Investors therefore should have the financial status and, either alone or with a financial advisor, the knowledge and experience in financial and business matters sufficient to evaluate the merits and to bear the risks of investing in the Medium-Term Notes in light of each investor's particular circumstances and should consider whether their circumstances permit them to hold the Medium-Term Notes until maturity, or otherwise to bear the risks of illiquidity, redemption and changes in interest rates. See "Risk Factors" in the Offering Circular.