



OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT
1700 G STREET NW WASHINGTON DC 20552 (202) 414-3800

STATEMENT

FOR IMMEDIATE RELEASE
Friday, August 22, 2003

Contact: Corinne Russell
CRussell@ofheo.gov
202.414.6921

Statement of OFHEO Director Armando Falcon

“The special examination of accounting and management practices at Freddie Mac is ongoing. In the course of that special examination, OFHEO has reviewed the conduct of certain senior executives. Based on that review, I have concluded that CEO & President Greg Parseghian and General Counsel Maud Mater should be replaced.

“I have informed Freddie Mac’s Board of Directors of my decision and they have agreed to comply. We will work with the Board to ensure a smooth transition. Freddie Mac remains adequately capitalized and safe and sound.”

Attached is the letter Director Falcon has sent to the Board of Directors of Freddie Mac.

###

OFHEO was established as an independent entity within the Department of Housing and Urban Development by the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Title XIII of P.L. 102-550). OFHEO’s primary mission is ensuring the capital adequacy and financial safety and soundness of Fannie Mae and Freddie Mac.

Attachment



OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT
1700 G STREET NW WASHINGTON DC 20552 (202) 414-3800
Office of the Director

August 22, 2003

Shaun F. O'Malley
Chairman
Board of Directors
Freddie Mac
8200 Jones Branch Drive
McLean, Virginia 22102

Dear Mr. O'Malley:

By this letter, I am confirming OFHEO's direction to you regarding certain members of current management. I would appreciate your immediate review of this communication and a reply indicating that you and the Board understand the directions contained herein.

I. Gregory J. Parseghian

The Board will replace Mr. Parseghian as CEO and President and will commence an immediate search for a successor. Mr. Parseghian may remain as CEO and President during this search.

The search will be conducted expeditiously. The Board will keep OFHEO informed of progress on the search, including information regarding candidates and final deliberations regarding a new CEO and President.

When a new CEO is selected, Mr. Parseghian may remain in a consultative role for a reasonable transitional period at the discretion of the Board and the new CEO and President.

Terms regarding Mr. Parseghian's final compensation will be subject to review by OFHEO. Any further relationship of Mr. Parseghian with Freddie Mac may only occur upon notice and approval by OFHEO.

II. Maud Mater

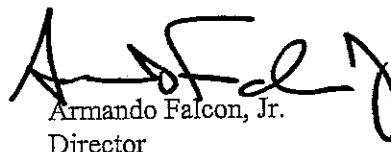
The Board is replacing Ms. Mater as General Counsel and is commencing a search for a successor.

OFHEO will review the terms and benefits attendant to Ms. Mater's separation from the company.

III. Supervision

The Board understands that OFHEO has continuing supervisory authority with regards to the matters addressed in this letter and that OFHEO is committed to the safe and sound operation of Freddie Mac. The actions outlined here should assist in meeting that end. The Board's compliance signals a commitment to cooperation and to ensuring the continued safe and sound operation of the Corporation.

Sincerely,


Armando Falcon, Jr.
Director