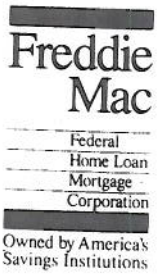
Offering Circular

$7,000,000,000

Federal Home Loan Mortgage Corporation



Zero Coupon Subordinated Capital Debentures Due 2019

The Capital Debentures do not pay interest periodically and will mature in the principal amount of $7,000,000,000 on November 29, 2019. The only scheduled payment to the holder of a Capital Debenture will be the principal amount due at maturity. The Capital Debentures are not redeemable prior to maturity. The Capital Debentures are subordinated and junior in right of payment to all Senior Obligations (as defined herein) of the Federal Home Loan Mortgage Corporation ("Freddie Mac"). The Capital Debentures will be issued in book-entry form only, in minimum denominations of $1,000 (principal amount at maturity) and in integral multiples of $1,000 in excess thereof. See "Description of the Capital Debentures."

The Capital Debentures will be issued with substantial "original issue discount." For a discussion of the United States tax consequences of ownership of the Capital Debentures, see "United States Taxation."

Application has been made to list the Capital Debentures on the New York Stock Exchange and on the Luxembourg Stock Exchange.

THE CAPITAL DEBENTURES DO NOT CONSTITUTE A DEBT OR OBLIGATION OF THE UNITED STATES OR ANY FEDERAL HOME LOAN BANK AND ARE NOT GUARANTEED BY THE UNITED STATES OR ANY FEDERAL HOME LOAN BANK. THE CAPITAL DEBENTURES ARE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933 AND ARE "EXEMPTED SECURITIES" WITHIN THE MEANING OF THE SECURITIES EXCHANGE ACT OF 1934.

Freddie Mac will sell the Capital Debentures to Salomon Brothers Inc for a purchase price of $211,680,000. The Capital Debentures will be offered by Salomon Brothers Inc in negotiated transactions or otherwise at varying prices to be determined at the time of sale. A substantial portion of the Capital Debentures is expected to be sold to purchasers outside the United States. See "Underwriting."

The Capital Debentures are offered subject to receipt and acceptance by Salomon Brothers Inc, to prior sale and to the right of Salomon Brothers Inc to reject any order in whole or in part and to withdraw, cancel or modify the offering without notice. It is expected that delivery of the Capital Debentures will be made by Freddie Mac via book-entry at the Federal Reserve Bank of New York against payment in federal funds on or about November 29, 1984.

Salomon Brothers Inc

Nomura Securities International, Inc.

Atlantic Capital Corporation

The date of this Offering Circular is November 14, 1984.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE CAPITAL DEBENTURES, FREDDIE MAC'S ZERO COUPON CAPITAL DEBENTURES DUE JUNE 23, 1992 AND FREDDIE MAC'S ZERO COUPON SUBORDINATED CAPITAL DEBENTURES DUE 1994, AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED IN THE OVER-THE-COUNTER MARKET, ON THE NEW YORK STOCK EXCHANGE, ON THE LUXEMBOURG STOCK EXCHANGE OR OTHERWISE AND, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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The Information Statement Supplement and the Information Statement follow page A-7.

No dealer, salesman or other person has been authorized to give any information or to make any representation not contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorized by Freddie Mac or the Underwriter. This Offering Circular does not constitute an offer to sell or a soliciation of an offer to buy any securities other than the securities to which this Offering Circular relates or an offer to sell or a solicitation of an offer to buy such securities to any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither delivery of this Offering Circular nor any sale made hereunder shall under any circumstances create an implication that information contained herein is correct as of any time subsequent of the date hereof.

OFFERING CIRCULAR SUMMARY

The information in this Summary and on the cover page of this Offering Circular summarizes, and is qualified in its entirety by, the information appearing elsewhere in this Offering Circular.

Issuer	Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States. The Capital Debentures are obligations solely of Freddie Mac and are not obligations of the United States or any Federal Home Loan Bank.
Issue	Zero Coupon Subordinated Capital Debentures Due 2019 with an aggregate principal amount at maturity of $7,000,000,000.
Proceeds to Freddie Mac	$211,680,000, before deducting expenses of Freddie Mac.
Application of Proceeds	Proceeds from the sale of the Capital Debentures, after deduction of expenses payable by Freddie Mac, will provide funds for Freddie Mac to repay a portion of its discount notes.
Maturity Date	November 29, 2019.
Interest	The Capital Debentures do not pay interest periodically. The only scheduled payment to the holder of a Capital Debenture will be the amount due at maturity.
General	The Capital Debentures are issued under Section 306(a) of the Federal Home Loan Mortgage Corporation Act. The Capital Debentures will be issued in book-entry form, pursuant to the book-entry system maintained by the Federal Reserve Banks, in minimum denominations of $1,000 and in integral multiples of $1,000 in excess thereof. All denominations of Capital Debentures are expressed in terms of principal amount at maturity.
Subordination	The Capital Debentures are subordinated and junior in right of payment to all Senior Obligations (as defined herein) of Freddie Mac.
Redemption	The Capital Debentures are not subject to redemption prior to maturity.
The Agreement	The Capital Debentures will be issued under a Capital Debenture Purchase Agreement to be dated as of November 29, 1984, a copy of which is attached hereto as Exhibit A.
Listing	Application has been made to list the Capital Debentures on the New York Stock Exchange and on the Luxembourg Stock Exchange.
United States Taxation	The Capital Debentures will be issued with substantial "original issue discount." This will require U.S. holders to include amounts in income before the receipt of cash attributable to such income. In the case of a qualifying non-U.S. holder, payments in respect of a Capital Debenture will not be subject to U.S. federal income tax (collected by withholding or otherwise). Upon the sale of a Capital Debenture prior to maturity or upon its payment at maturity, U.S. "backup" withholding of 20 percent of the proceeds may apply unless an exemption is available. For a discussion of these provisions, as well as information as to the income tax effect of original issue discount on U.S. persons, see "United States Taxation."

FEDERAL HOME LOAN MORTGAGE CORPORATION

Freddie Mac is a corporate instrumentality of the United States created pursuant to the Federal Home Loan Mortgage Corporation Act (Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459, the "Freddie Mac Act"). The principal activity of Freddie Mac consists of the purchase of first lien, conventional, residential mortgage loans ("whole loans") and participation interests in such mortgage loans ("participations") from mortgage lending institutions and the resale of the whole loans and participations so purchased in the form of guaranteed mortgage securities. (Whole loans and participations are referred to herein as "mortgages.") To minimize interest rate risk, Freddie Mac generally matches its purchases of mortgages with sales of mortgage securities. Mortgages retained by Freddie Mac are financed with debt and equity capital.

Freddie Mac has prepared an Information Statement dated April 12, 1984 (the "Information Statement") which describes Freddie Mac, its business, operations and financial condition. The Information Statement also contains Freddie Mac's audited financial statements as of December 31, 1983 and December 31, 1982. Freddie Mac has also prepared a Supplement dated November 7, 1984 (the "Supplement") to the Information Statement which contains certain financial data as of September 30, 1984 and September 30, 1983. The Information Statement and the Supplement are included herewith.

APPLICATION OF PROCEEDS

The proceeds to be received by Freddie Mac from the sale of the Capital Debentures, after deduction of expenses payable by Freddie Mac estimated to be $130,000, will provide funds for Freddie Mac to repay a portion of its discount notes.

CAPITALIZATION

The following table sets forth Freddie Mac's capitalization as of September 30, 1984, and as adjusted to reflect (1) the sale of the Capital Debentures offered hereby, (2) the issuance on or about November 30, 1984 of $250,000,000 of Zero Coupon Subordinated Capital Debentures Due 1994, (3) the issuance on or about November 30, 1984 of $556,025,000 of Collateralized Mortgage Obligations, Series E (to be issued as Class E-1, Class E-2, Class E-3 and Class E-4 Bonds), and (4) the corresponding reduction in discount notes.

	September 30, 1984 (Unaudited)	
	Actual	As Adjusted
	(millions of dollars)	
Due within one year:		
Current portion of long-term debt:		
Collateralized Mortgage Obligations, Series E	$ —	$ 22.4
Collateralized Mortgage Obligations, all prior series	154.5	154.5
Other	835.0	835.0
Total current portion of long-term debt	989.5	1,011.9
Discount notes	3,365.1	2,601.9
Mortgage securities sold under agreements to repurchase	40.0	40.0
Total due within one year	4,394.6	3,653.8
Due after one year:		
Collateralized Mortgage Obligations, Series E, net(a)	—	449.8
Collateralized Mortgage Obligations, all prior series	2,708.0	2,708.0
Other	2,408.0	2,408.0
Total due after one year	5,116.0	5,565.8
Reserve for uninsured principal losses	179.0	179.0
Subordinated borrowings and stockholders' equity:		
Capital Debentures Due 1994, net(a)	—	79.3
Capital Debentures Due 2019, net	—	211.7
Capital Debentures Due 1987-1992, net	511.5	511.5
Total subordinated borrowings	511.5	802.5
Common stock	100.0	100.0
Capital in excess of par value	100.0	100.0
Retained earnings	359.0	359.0
Total stockholders' equity	559.0	559.0
Total subordinated borrowings and stockholders' equity	1,070.5	1,361.5
Total capitalization	$10,760.1	$10,760.1
Contingencies:		
Mortgage Participation and Guaranteed Mortgage Certificates	$64,031.9	$64,031.9
Less—Underlying mortgage loans sold	(64,031.9)	(64,031.9)
Total	$ —	$ —

(a) It is anticipated that Freddie Mac will purchase the Class E-4 Bonds issued as part of its Collateralized Mortgage Obligations, Series E and issue $250,000,000 of Zero Coupon Subordinated Capital Debentures Due 1994 to finance its purchase of a portion of the mortgages securing the Collateralized Mortgage Obligations, Series E which otherwise would have been financed with the proceeds from the sale of the Class E-4 Bonds to the public. The amount shown under the "As Adjusted" column for "Due after one year: Collateralized Mortgage Obligations, Series E, net" reflects the aggregate principal amount of the Collateralized Mortgage Obligations, Series E to be issued and due after one year less the aggregate principal amount of the Class E-4 Bonds which Freddie Mac expects to purchase.

DESCRIPTION OF THE CAPITAL DEBENTURES

The Capital Debentures are to be issued pursuant to authority vested in Freddie Mac by Section 306(a) of the Freddie Mac Act, and pursuant to the Capital Debenture Purchase Agreement dated as of November 29, 1984 (the "Agreement"), a copy of which is attached hereto as Exhibit A. The following summary of certain provisions of the Agreement is not complete, and is qualified in its entirety by reference to all of the provisions of the Agreement.

General Terms

The Capital Debentures are unsecured, subordinated obligations of Freddie Mac which will mature on November 29, 2019, in an aggregate principal amount of $7,000,000,000. The Capital Debentures do not pay interest periodically but are being offered at a discount from their principal amount at maturity. See "United States Taxation." The Capital Debentures are not subject to redemption prior to maturity.

The Capital Debentures will be issued in book-entry form only, in the minimum principal amount of $1,000 and in integral multiples of $1,000 in excess thereof. All denominations of the Capital Debentures are expressed in terms of principal amount at maturity.

Freddie Mac's Fiscal Agents for the Capital Debentures are the Federal Reserve Banks. The Federal Reserve Bank of New York will issue the Capital Debentures in book-entry form and each Federal Reserve Bank will maintain book-entry accounts with respect to the Capital Debentures and pay the principal of the Capital Debentures on the maturity date on behalf of Freddie Mac. Each Federal Reserve Bank will initiate wire transfers of the Capital Debentures for delivery by any other Federal Reserve Bank and remit or credit payments in accordance with a depositor's instructions. As used in this Offering Circular, a "depositor" is the bank or other person which has deposited Capital Debentures with a Federal Reserve Bank.

The principal amount at maturity of the Capital Debentures will be paid in such coin or currency of the United States as at the time of payment is legal tender therein for the payment of public and private debts.

Freddie Mac may require a holder of a Capital Debenture, as a condition of payment of the principal amount at maturity of or interest, if any, on such Capital Debenture, to present a certificate in the form prescribed by Freddie Mac to enable it to determine its duties and liabilities with respect to any taxes or other charges which may be required to be deducted or withheld under United States law or any reporting or other requirements thereunder.

The Capital Debentures do not constitute debts or obligations of the United States or any Federal Home Loan Bank and are not guaranteed by the United States or any Federal Home Loan Bank.

Subordination

The indebtedness represented by the Capital Debentures and the payment of the principal of the Capital Debentures is subordinated to prior payment in full of all "Senior Obligations" of Freddie Mac which are due and payable. Senior Obligations means the principal of (and premium, if any) and interest on all other obligations and indebtedness of Freddie Mac, whether outstanding on the date of issuance of the Capital Debentures or thereafter incurred or created, and all direct or indirect guarantees or assurances of payment by Freddie Mac of the indebtedness of others, or any extension or renewal thereof, and all other liabilities existing on the date of issuance of the Capital Debentures or thereafter incurred except Freddie Mac's $250 million principal amount Zero Coupon Subordinated Capital Debentures Due 1994 to be issued on or about November 30, 1984, $600 million principal amount Zero Coupon Capital Debentures, due June 23, 1992, $150 million principal amount 9.375% Capital Debentures, due December 27, 1988, $100 million principal amount 12.20% Capital Debentures, due October 6, 1989 and $50 million principal amount 11.50% Capital Debentures, due June 20, 1987. The Capital Debentures described herein shall be senior in right of payment to the 11.50% Capital Debentures and shall rank equally with such Zero Coupon Subordinated Capital Debentures, Zero Coupon Capital Debentures, 9.375% Capital Debentures and 12.20% Capital Debentures.

In the event and during the continuation of any default with respect to any Senior Obligation, until and unless such default shall have been cured or waived or shall have ceased to exist, no payment of principal or interest on overdue principal, if any, of the Capital Debentures may be made, unless Freddie Mac has made adequate provision for the payment in full of such Senior Obligation. In the event of any distribution of assets of Freddie Mac upon any dissolution, winding-up, total or partial liquidation of Freddie Mac (whether voluntary or involuntary), upon any reorganization of Freddie Mac (whether in bankruptcy, insolvency, reorganization or receivership proceedings), or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of Freddie Mac or otherwise, the principal of (and premium, if any) and interest on all Senior Obligations shall first be paid in full, or adequate provision shall be made for such payment, before any payment is made on account of the Capital Debentures. All statements herein relating to the payment of principal and accrued interest on overdue principal, if any, of the Capital Debentures are subject to any such subordination.

On September 30, 1984, the aggregate principal amount (net of any discount or premium) of Senior Obligations was $73.5 billion. Of this amount, $64.0 billion consisted of contingent guarantee obligations with respect to Mortgage Participation Certificates and Guaranteed Mortgage Certificates. See "Mortgage Securities Programs" in the Information Statement. There is no limitation on the amount of additional Senior Obligations that Freddie Mac may incur.

Modification

The Agreement contains provisions permitting Freddie Mac, with the consent of the holders of not less than a majority in aggregate principal amount at maturity of outstanding Capital Debentures, to amend or supplement the Agreement for the purpose of adding provisions to or changing in any manner any of the provisions of the Agreement, including those governing the rights of holders of the Capital Debentures, provided that, without the consent of the holder of each Capital Debenture affected thereby, no such modification or amendment may (i) extend the maturity date of the Capital Debentures, (ii) reduce the principal amount thereof or reduce the rate of interest payable on any overdue principal amounts, (iii) reduce the amount of any claim a holder of a Capital Debenture may have in the event of a distribution of assets by Freddie Mac upon a dissolution, winding-up, liquidation or reorganization of Freddie Mac, (iv) change the currency in which the principal of or interest, if any, on the Capital Debentures is payable or (v) reduce the percentage of holders necessary to modify or amend the Agreement or change certain waiver provisions thereof.

UNITED STATES TAXATION

Set forth below is a discussion of certain federal tax consequences to holders of the Capital Debentures, which reflects the impact of the recently enacted Tax Reform Act of 1984. The discussion does not purport to deal with all aspects of federal taxation that may be relevant to particular investors. Prospective investors are advised to consult their own tax advisors regarding the federal tax consequences to them of holding and disposing of Capital Debentures, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Original Issue Discount. For federal income tax purposes, each Capital Debenture will be considered to have "original issue discount" equal to the difference between its "Issue Price" and the amount payable upon the maturity of the Capital Debenture. The "Issue Price" of each Capital Debenture will be the initial offering price to the public at which a substantial amount of such Capital Debentures is sold, and the "issue date" will be the date on which a Capital Debenture is first issued to the public.

U.S. Holders. As used herein, "U.S. holder" means a citizen or resident of the United States, a corporation created or organized in or under the laws of the United States or any political subdivision thereof, or an estate or trust whose income from sources without the United States is includible in gross income for U.S. federal income tax purposes regardless of its connection with the conduct of a trade or

business within the United States. The term also includes partnerships, nonresident alien individuals and foreign corporations, estates or trusts to the extent that their ownership of a Capital Debenture is effectively connected with the conduct of a trade or business in the United States, as well as certain former citizens and residents of the United States who, under certain circumstances, are taxed on income from U.S. sources as if they were citizens or residents of the United States.

Each original or subsequent U.S. holder (whether on the cash or accrual method of accounting for federal income tax purposes) must include in ordinary gross income for U.S. federal income tax purposes the sum of the daily portions of original issue discount for each day during the taxable year that such holder holds a Capital Debenture. The daily portion of original issue discount for each day in each one year period (or shorter period to maturity) beginning on the issue date of the Capital Debentures and each anniversary thereof (an "accrual period") will equal the amount of original issue discount accrued in such period divided by the number of days in such period. The original issue discount accrued in an accrual period will equal the product of the Issue Price of the Capital Debenture (increased by any original issue discount accrued in prior accrual periods) multiplied by the yield to maturity of the Capital Debenture (determined on the basis of compounding at the close of each accrual period).

A modification of the foregoing rules will generally apply to a U.S. holder who acquires a Capital Debenture by "purchase" if the cost of such Capital Debenture to that holder exceeds the sum of (a) the issue price of the Capital Debenture and (b) the total original issue discount allocable under the rules of the preceding paragraph to the entire period prior to the U.S. holder's purchase of the Capital Debenture. In that case, the amount of original issue discount includible by such purchaser for any taxable year will equal (i) the amount determined under the rules of the preceding paragraph, reduced by (ii) the portion of such excess purchase price allocable to the days during the taxable year on which the Capital Debenture is held by such purchaser. Such excess would be allocated so as to equal a constant percentage of the daily portion of original issue discount for each day from the purchase date until the maturity date of the Capital Debentures as described above. For this purpose, a "purchase" is any acquisition of a Capital Debenture other than one in which the U.S. holder's basis of the Capital Debenture is determined in whole or in part by reference to the basis of the Capital Debenture in the hands of the person from whom acquired (such as a gift).

The rules described above will require U.S. holders to include amounts in taxable income before the receipt of cash attributable to that income. Unless an exemption applies, under current federal income tax law holders of record and the U.S. Internal Revenue Service will be furnished with information concerning the amount of original issue discount accrued on the Capital Debentures for each year. This information will not take into account the adjustment described in the preceding paragraph nor will it necessarily reflect the actual number of days that a holder held a Capital Debenture during the year.

If a U.S. holder acquires a Capital Debenture that constitutes a "market discount bond," gain realized by such holder on the disposition of such Capital Debenture generally will be recognized as ordinary income to the extent of the market discount that accrues during the period such holder holds the Capital Debenture (computed on a straight line basis or, if the holder irrevocably elects for any Capital Debenture for all years beginning with the year of purchase, on a constant interest rate basis). In addition, if a U.S. holder incurs or continues indebtedness to purchase or carry a Capital Debenture that constitutes a "market discount bond," the interest on such indebtedness for any taxable year may not be fully deductible in such year to the extent it exceeds the original issue discount includible in the holder's income for that year with respect to such Capital Debenture. An exception to these market discount rules would apply if the holder elects to include in income in each taxable year the portion of the market discount attributable to such year (computed on a straight line basis or, if the holder has so elected, on a constant interest rate basis) with respect to all market discount bonds acquired on or after the first day of the taxable year to which the holder's election applies. The market discount on a Capital Debenture will generally equal the amount by which (i) the issue price, increased by the amount of original issue discount includible in gross income for all holders for periods prior to its acquisition by the U.S. holder (without adjustment for any prior purchase premium) exceeds (ii) the U.S. holder's basis in such Capital Debenture immediately after the acquisition thereof. However, if the market discount is less than one-fourth of one percent of the amount payable upon the maturity of the Capital Debenture multiplied by the number of complete years to maturity (after acquisition of the Capital Debenture), such market discount

will be considered to be zero. A Capital Debenture on which there is a market discount greater than zero will constitute a "market discount bond."

A U.S. holder's basis for determining gain or loss on a sale or other disposition of a Capital Debenture generally will equal the U.S. holder's cost therefor, increased by any original issue discount included in such holder's income and any market discount included in income under the election described in the preceding paragraph. Generally, any gain or loss recognized by a U.S. holder on the sale, exchange or payment at maturity of a Capital Debenture held for more than six months (or one year in the case of a Capital Debenture acquired after December 31, 1987) will be long term capital gain or loss, assuming the Capital Debenture is a capital asset in the hands of the U.S. holder and subject to the rules described above for market discount bonds.

The foregoing provisions concerning original issue discount will not apply to a U.S. holder which is a life insurance company to which Section 811(b) of the Internal Revenue Code of 1954, as amended (the "Code"), applies.

Non-U.S. Holders. Under present federal income and estate tax law, payments at the maturity of a Capital Debenture to any holder who is not a U.S. holder and has no other connection to the United States subjecting it to U.S. taxation (a "non-U.S. holder") will not be subject to federal income or withholding tax, provided that the beneficial owner has appropriately certified under penalty of perjury its non-U.S. status, subject to the discussion of backup withholding below. Any gain or income realized by a non-U.S. holder upon the sale of a Capital Debenture will not be subject to federal income or withholding tax, subject to the discussion of backup withholding below. A Capital Debenture held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to federal estate tax upon such individual's death. The U.S. Treasury is empowered to publish a determination that a statement from certain persons or classes of persons will not be sufficient to preclude the imposition of the withholding tax with respect to payments of interest (including original issue discount) on the Capital Debentures made at least one month after the publication of such determination. Freddie Mac and non-U.S. holders will be required to report to the U.S. Internal Revenue Service with respect to payments to, and ownership of the Capital Debentures by, such holders.

Information Reporting and Backup Withholding. U.S. information reporting requirements under Sections 6041, 6045 or 6049 of the Code ("U.S. information reporting") and, in certain cases, a 20 percent "backup" withholding tax, generally apply to the proceeds from the sale of Capital Debentures prior to maturity and payments on Capital Debentures at maturity received by non-corporate U.S. holders. Non-corporate U.S. holders can avoid the imposition of the backup withholding tax by providing certain identifying information in the manner required by law and regulations.

Under current U.S. Treasury regulations, non-corporate non-U.S. holders receiving payments on the Capital Debentures at maturity, or the proceeds of the sale of Capital Debentures prior to maturity, generally will not be subject to U.S. information reporting or backup withholding so long as they provide certain information establishing their status as non-U.S. persons.

No U.S. information reporting or backup withholding will apply in any event to payments of the proceeds from the sale of a Capital Debenture prior to maturity by a foreign office of a foreign "broker" (as defined in U.S. Treasury regulations) to the seller, regardless of whether the seller's identity or status as to the United States has been certified or documented (provided that the foreign broker is not a controlled foreign corporation as to the United States and does not derive more than 50 percent of its income from the conduct of a U.S. trade or business). Payments of sale proceeds by the foreign offices of other brokers will not be subject to backup withholding, but will be subject to U.S. information reporting unless the broker has documentary evidence in its files that the beneficial owner is not a U.S. person and has no actual knowledge that such information is false, or the beneficial owner otherwise establishes an exemption.

The U.S. Treasury has announced that it is currently reviewing the foregoing backup withholding and U.S. information reporting rules, and the application of such rules to the Capital Debentures may be changed by new regulations.

Any amounts withheld under the backup withholding rules from a payment to a holder would be allowed as a refund or a credit against such holder's U.S. federal income tax, provided that the required information is furnished to the U.S. Internal Revenue Service.

LEGALITY OF INVESTMENTS

Funds of federal savings and loan associations and federal savings banks may be invested in the Capital Debentures without regard to limitations generally applicable to investments. 12 U.S.C. § 1464(c)(1)(E).

Federal credit unions may purchase the Capital Debentures without regard to limitations generally applicable to investments. 12 U.S.C. § 1757(7)(E).

National banks may deal in, underwrite and purchase the Capital Debentures for their own accounts without regard to limitations generally applicable to investment securities. 12 U.S.C. § 24, seventh paragraph.

The Capital Debentures are lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds, the investment or deposits of which are under the authority and control of the United States or any officers thereof. 12 U.S.C. § 1452(f). Accordingly, the Capital Debentures are acceptable as collateral for Treasury tax and loan accounts pursuant to 31 C.F.R. § 203.15(d)(1).

The Capital Debentures are eligible as security for advances for periods not exceeding 90 days by Federal Reserve Banks to member banks. 12 U.S.C. § 347 and 12 C.F.R. § 201.108(b)(16).

The Capital Debentures are eligible as security for advances by Federal Home Loan Banks to federal savings and loan associations, federal savings banks and other members for which the Capital Debentures are legal investments. 12 U.S.C. §§ 1430(a) and 1431(g)(3) and 12 C.F.R. § 525.7(b)(2).

Federal Home Loan Banks may invest their surplus and reserve funds in the Capital Debentures. 12 U.S.C. §§ 1431(h) and 1436(a), respectively.

In addition to the specific authorizations discussed above, pursuant to Section 106 of the Secondary Mortgage Market Enhancement Act of 1984, any person, trust, corporation, partnership, association, business trust or business entity created pursuant to or existing under the laws of the United States or any state (including the District of Columbia and Puerto Rico) is authorized to purchase, hold and invest in the Capital Debentures to the same extent as the investor is authorized to purchase, hold or invest in obligations issued by or guaranteed as to principal and interest by the United States or any agency or instrumentality thereof. Prior to October 4, 1991, a state may enact legislation which specifically refers to Section 106 and either prohibits or limits an investor's authority to invest in the Capital Debentures. To Freddie Mac's knowledge, no state has enacted any such legislation. The enactment by any state of legislation which prohibits or limits authority to invest in the Capital Debentures will not affect the validity of any contractual commitment to purchase, hold or invest in the Capital Debentures made prior to the date of enactment and such legislation cannot require the sale or other disposition of any Capital Debentures acquired prior to the date of enactment.

REGULATORY CONSTRAINTS

Any financial institution which is subject to the jurisdiction of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the FDIC, the Federal Home Loan Bank Board, the National Credit Union Administration or other agencies with similar authority should review any applicable rules, guidelines and regulations prior to purchasing the Capital Debentures.

UNDERWRITING

Subject to the terms and conditions set forth in the Underwriting Agreement, Freddie Mac has agreed to sell to Salomon Brothers Inc (the "Underwriter") and the Underwriter has agreed to purchase, all of the Capital Debentures at a price equal to the amount shown as the purchase price payable by the Underwriter to Freddie Mac on the cover page of this Offering Circular.

The distribution of the Capital Debentures by the Underwriter is being effected from time to time in negotiated transactions or otherwise at varying prices to be determined at the time of sale. The Underwriter will effect certain of such transactions by selling Capital Debentures to or through certain dealers, including Nomura Securities International, Inc., Atlantic Capital Corporation, The Nikko Securities Co. International, Inc., and Yamaichi International (America) Inc., and such dealers will receive compensation in the form of underwriting discounts, concessions or commissions from the Underwriter and/or any purchasers of Capital Debentures for whom they may act as agent (which compensation may be in excess of customary commissions). The Underwriter may also receive compensation from purchasers of Capital Debentures for whom it may act as agent. A substantial portion of the Capital Debentures is expected to be sold to purchasers outside the United States.

In the Underwriting Agreement, the Underwriter has agreed, subject to the terms and conditions set forth therein, to purchase all the Capital Debentures if any Capital Debentures are purchased.

The Underwriting Agreement provides that Freddie Mac will indemnify the Underwriter against certain liabilities or contribute to payments the Underwriter may be required to make in respect thereof.

FEDERAL SECURITIES LAWS

In the opinion of Maud Mater, Esq., Senior Vice President—General Counsel and Secretary of Freddie Mac, the Capital Debentures are exempt from the registration requirements of the Securities Act of 1933 and are "exempted securities" within the meaning of the Securities Exchange Act of 1934.

LEGAL OPINIONS

The validity of the Capital Debentures will be passed upon for Freddie Mac by Maud Mater, Esq., Senior Vice President—General Counsel and Secretary of Freddie Mac, and by Cadwalader, Wickersham & Taft, special counsel to Freddie Mac, and for the Underwriter by Cleary, Gottlieb, Steen & Hamilton.

ADDITIONAL INFORMATION

In connection with the application by Freddie Mac for the listing of the Capital Debentures on the Luxembourg Stock Exchange, a copy of the Freddie Mac Act and By-Laws of Freddie Mac and a notice relating to the issuance of the Capital Debentures (Notice Légale) will be deposited prior to listing with the Chief Registrar of the District Court of Luxembourg, where such documents may be inspected and copies obtained.

For the period during which the Capital Debentures are listed on the Luxembourg Stock Exchange, Freddie Mac will make available for inspection at the offices of Banque Générale du Luxembourg, S.A., Luxembourg, copies of the Freddie Mac Act, the By-Laws of Freddie Mac, the Agreement and its most recent annual reports and quarterly reports, if any.

The independent certified public accountants of Freddie Mac are Arthur Andersen & Co.

The execution of the Agreement and the sale and issuance of the Capital Debentures were authorized pursuant to a resolution adopted by the Board of Directors of Freddie Mac on October 11, 1984.

There is no litigation, actual or threatened, which relates to Freddie Mac and to which Freddie Mac is a party or as to which Freddie Mac has been notified that it will be made a party which is material in the context of the issuance of the Capital Debentures.

There has been no material adverse change in the financial condition of Freddie Mac since December 31, 1983.

EXHIBIT A

FEDERAL HOME LOAN MORTGAGE CORPORATION

CAPITAL DEBENTURE PURCHASE AGREEMENT

Zero Coupon Subordinated Capital Debentures Due 2019

CAPITAL DEBENTURE PURCHASE AGREEMENT (hereinafter referred to as the "Agreement"), dated as of November 29, 1984, by and among the Federal Home Loan Mortgage Corporation ("Freddie Mac") and each Holder (as hereinafter defined).

WHEREAS, Freddie Mac, a corporate instrumentality of the United States created pursuant to Title III of the Emergency Home Finance Act of 1970, as amended, which Title III, as amended, is designated the Federal Home Loan Mortgage Corporation Act (herein called the "Freddie Mac Act"), is authorized, pursuant to Section 305(a) of the Freddie Mac Act, to purchase residential mortgages or interests therein from the institutions specified in such Section and to hold and deal with, and sell or otherwise dispose of any such mortgages or interests therein;

WHEREAS, Freddie Mac is authorized, pursuant to Section 306(a) of the Freddie Mac Act, upon such terms and conditions as it may prescribe, to borrow, to pay interest or other return, and to issue notes, debentures, bonds, or other obligations, or other securities;

WHEREAS, in connection with the purchase of residential mortgages or interests therein, and to provide funds to permit Freddie Mac to engage in additional activities consistent with its statutory purposes, Freddie Mac has sold and the Holders have purchased upon the terms and conditions set forth below the aggregate principal amount of certain debentures as described in the Offering Circular applicable to the designation set forth above (such debentures are hereinafter referred to as the "Capital Debentures"), the Capital Debentures to be unsecured, subordinated obligations of Freddie Mac; and

WHEREAS, the Capital Debentures shall be sold by Freddie Mac for an aggregate dollar amount of $211,680,000 and shall have an issue date of November 29, 1984.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, and of other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree that the following terms and conditions of this Agreement shall govern the Capital Debentures and the rights and obligations of the parties with respect to the Capital Debentures:

ARTICLE I

DEFINITIONS

Whenever used in this Agreement, the following capitalized words and phrases shall have the following meanings, unless the context otherwise requires:

Book-Entry Form: A security which is issued in Book-Entry Form (1) is issued by means of an entry on the books and records of a Federal Reserve Bank, which entry includes the name of the Holder, the principal amount owned by such Holder, the designation and the maturity date of the security and (2) is evidenced only by such entry and is not evidenced by a definitive security.

Book-Entry Rules: The provisions from time to time in effect, presently contained at Title 1, Part 462 of the Code of Federal Regulations, setting forth the terms and conditions under which Freddie Mac may issue securities in Book-Entry Form and authorizing the Reserve Banks to act as Freddie Mac's agents in connection with securities issued by means of entries on the books and records of such Reserve Banks.

Business Day: A day other than (i) a Saturday or Sunday, (ii) a day on which any Reserve Bank (or other agent maintained for the purpose of paying principal on the Capital Debentures) is authorized or obligated by law or executive order to remain closed, or (iii) a day on which offices of the federal government located in the District of Columbia are generally closed for business.

Holder: The person whose name appears on the books and records of the Reserve Banks as the person for whose account a Capital Debenture has been deposited.

Issue Date: The date on which the Capital Debentures are first issued to the public.

Issue Price: The initial offering price to the public at which a substantial amount of the Capital Debentures is sold.

Offering Circular: The Offering Circular dated November 14, 1984, with respect to the $7,000,000,000 Zero Coupon Subordinated Capital Debentures Due 2019, specifying the aggregate principal amount, the date of issue, the maturity date and the purchase price paid to Freddie Mac.

Original Issue Discount: The difference between the Issue Price of the Capital Debentures and the principal amount due on the maturity of the Capital Debentures.

Reserve Bank: The Federal Reserve Bank of New York and any other Federal Reserve Bank which has agreed to act as Freddie Mac's agent in connection with the Capital Debentures.

ARTICLE II

Authorization and Terms of Capital Debentures

Section 2.01. Authorization and Purpose. The Capital Debentures shall be issued by Freddie Mac in accordance with the authority vested in Freddie Mac by Section 306(a) of the Freddie Mac Act. The Capital Debentures shall be issued for the purpose set forth in the Offering Circular. The aggregate principal amount of Capital Debentures which may be sold pursuant to this Agreement is limited to the amount set forth in the Offering Circular. The Capital Debentures shall be known and designated as set forth in the Offering Circular. The Capital Debentures shall mature on the date set forth in the Offering Circular, and the aggregate principal amount thereof shall become due and payable on such date. The Capital Debentures shall be issued only in Book-Entry Form and shall at all times remain on deposit with a Reserve Bank in accordance with the provisions of the Book-Entry Rules. The Capital Debentures shall be issued in the minimum principal amount of $1,000. Capital Debentures with a principal amount in excess of $1,000 must be in integral multiples of $1,000. The indebtedness represented by the Capital Debentures and payment of the principal of the Capital Debentures shall be unsecured, subordinated obligations of Freddie Mac.

Section 2.02. Interest. The principal of the Capital Debentures shall not bear interest except in the case of a default in payment of the principal at maturity. Interest on overdue principal with respect to the Capital Debentures shall accrue at the rate of 10.10% per annum, and such interest shall be payable only to the extent that payment of such interest is enforceable under applicable law.

Section 2.03. Medium and Manner of Payment. Freddie Mac promises to pay to the Holders the principal amount of the Capital Debentures on their maturity date. The principal of and the interest, if any, on overdue principal of the Capital Debentures shall be payable in any coin or currency of the United States which at the time of payment is legal tender for the payment of public and private debts.

Payment of the principal of the Capital Debentures (and payment of interest, if any, on the overdue principal of the Capital Debentures) will be made to the Holders by the Reserve Bank maintaining the book-entry accounts relating to such Capital Debentures. Such payment will be remitted or credited in accordance with each Holder's instructions.

Section 2.04. Transfer and Exchange. The transfer, exchange or pledge of the Capital Debentures shall be governed by the Book-Entry Rules and such procedures, insofar as applicable, as may from time to time be established by regulations of the Treasury Department governing obligations of the United States as now set forth in Treasury Department Circular No. 300, and such other procedures as shall be agreed upon from time to time by Freddie Mac and the Reserve Banks.

Section 2.05. Conditions to Payment. Freddie Mac shall have the right to require a Holder of a Capital Debenture as a condition of payment of the principal of or interest, if any, on such Capital Debenture, or as a condition to the transfer or exchange of any Capital Debenture, to present at such place as Freddie Mac shall designate a certificate in such form as Freddie Mac may from time to time prescribe, to enable Freddie Mac to determine its duties and liabilities with respect to (i) any taxes, assessments or governmental charges which Freddie Mac or any Reserve Bank may be required to deduct or withhold from payments in respect of such Capital Debenture under any present or future law of the United States or jurisdiction therein or any regulation or interpretation of any taxing authority thereof and (ii) any reporting or other requirements under such laws or regulations. Freddie Mac shall be entitled to determine its duties and liabilities with respect to such deduction, withholding, reporting or other requirements on the basis of information contained in such certificate or, if no certificate shall be presented, on the basis of any presumption created by any such law, regulation or interpretation, and shall be entitled to act in accordance with such determination.

Section 2.06. Persons Deemed Owners. Freddie Mac and the Reserve Banks and any other agent of Freddie Mac or the Reserve Banks may deem and treat the Holder as the absolute owner of such Capital Debenture for the purpose of receiving payment of principal or interest on overdue principal in respect of such Capital Debenture and for all other purposes whatsoever, and neither Freddie Mac nor the Reserve Bank, nor any other agent of Freddie Mac or the Reserve Bank, shall be affected by any notice to the contrary. All payments made to any such person, or upon its order, shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge liabilities for moneys payable by Freddie Mac on or with respect to any such Capital Debenture.

Section 2.07. Capital Debentures Owned by Freddie Mac. Any Capital Debentures owned by Freddie Mac from time to time shall have an equal and proportionate benefit under the provisions of this Agreement, without preference, priority or distinction as among the Capital Debentures, except as otherwise expressly provided in Section 4.02 of this Agreement.

ARTICLE III

SUBORDINATION

Section 3.01. Capital Debentures Subordinated to Senior Obligations. The indebtedness represented by the Capital Debentures and the payment of the principal of the Capital Debentures is subordinated in right of payment to prior payment in full of all "Senior Obligations" of Freddie Mac which are due and payable. As used in this Agreement, "Senior Obligations" means the principal of (and premium, if any) and all interest on all other obligations and indebtedness of Freddie Mac, whether outstanding on the date of issuance of the Capital Debentures or thereafter incurred or created, and all direct or indirect guarantees or assurances of payment by Freddie Mac of the indebtedness of others, or any extension or renewal thereof, and all other liabilities of Freddie Mac existing on the date of issuance of the Capital Debentures or thereafter incurred except Freddie Mac's $250 million Zero Coupon Subordinated Capital Debentures Due 1994 to be issued on or about November 30, 1984, $600 million principal amount Zero Coupon Capital Debentures, due June 23, 1992, $50 million principal amount 11.50% Capital Debentures, due June 20, 1987, $150 million principal amount 9.375% Capital Debentures, due December 27, 1988 and $100 million principal amount 12.20% Capital Debentures, due October 6, 1989. The Capital Debentures described herein shall be senior in right of payment to the 11.50% Capital Debentures and shall rank equally with such Zero Coupon Subordinated Capital Debentures, Zero Coupon Capital Debentures, 9.375% Capital Debentures and 12.20% Capital Debentures.

Section 3.02. Distribution of Assets. In the event of any distribution of assets of Freddie Mac upon any dissolution, winding-up, total or partial liquidation or reorganization of Freddie Mac, whether in bankruptcy, insolvency, reorganization or receivership procedures, or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of Freddie Mac or otherwise:

(a) The holders of all Senior Obligations shall first be entitled to receive payment in full of the principal thereof (and premium, if any) and interest due thereon, or adequate provision shall be made for such payment, before the Holders of the Capital Debentures are entitled to receive any

payment on account of the principal of, or accrued interest, if any, on overdue principal on, the indebtedness represented by the Capital Debentures;

(b) Any payment by, or distribution of assets of, Freddie Mac of any kind or character, whether in cash, property or securities, to which the holders of the Capital Debentures would be entitled except for this provision of this Article III, shall be paid or delivered by the person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of Senior Obligations or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Obligation may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the Senior Obligations held or represented by each, to the extent necessary to make payment in full of all Senior Obligations remaining unpaid, after giving effect to any concurrent payment or distribution (or provision therefore) to the holders of such Senior Obligations.

(c) The claim of the Holder of a Capital Debenture in such event shall be equal to (i) the Issue Price of such Capital Debenture plus (ii) the aggregate of the portions of the Original Issue Discount added each November 29 and May 29 (which shall be one-half the per annum yield to maturity, based on the Original Issue Discount, times the adjusted amount of principal at the preceding November 29 or May 29) plus (iii) the accrued amount of Original Issue Discount from the most recent such date to the commencement of the proceeding or the assignment. Upon any such event, the same shall become immediately due and payable. Upon payment of such amount, all of Freddie Mac's obligations in respect of payment of principal on the Capital Debentures will terminate.

Section 3.03. Default of Senior Obligations. Upon maturity of any Senior Obligation by lapse of time, acceleration or otherwise, all principal thereof (and premium, if any) and interest due thereon shall first be paid in full, or such payment duly provided for in cash or in a manner satisfactory to the holder or holders of such Senior Obligations, before any payment is made on account of the principal of, or accrued interest, if any, on overdue principal on, the Capital Debentures.

Upon the occurrence of an event of default with respect to any Senior Obligation, as such event of default is defined therein or in the instrument under which such Senior Obligation is outstanding, permitting the holders to accelerate the maturity thereof, and, if the default is other than a default in the payment of the principal of (and premium, if any) or interest of such Senior Obligation, upon written notice thereof given to Freddie Mac by the holder or holders of such Senior Obligation or their representative or representatives, then, unless and until such event of default shall have been cured or waived or shall have ceased to exist, no payment shall be made by Freddie Mac with respect to the principal of, or accrued interest, if any, on overdue principal on, the Capital Debentures or to acquire any of the Capital Debentures, unless Freddie Mac shall have made adequate provision for payment in full of such Senior Obligations.

Section 3.04. Payments to Holders of Senior Obligations. In the event that, notwithstanding the foregoing, any payment by, or distribution of assets of Freddie Mac, of any kind or character, whether in cash, property or securities, shall be received by the Holders of the Capital Debentures before all Senior Obligations which are due and payable have been paid in full, such payment or distribution shall be paid over to the holders of such Senior Obligations or their representatives or to the trustee or trustees under any indenture or other instrument under which any of such Senior Obligations may have been issued, ratably as aforesaid, for application to the payment of all such Senior Obligations remaining unpaid until all such Senior Obligations shall have been paid in full, after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of such Senior Obligations.

Section 3.05. Right of Payment. Nothing contained in this Article III or elsewhere in this Agreement is intended to or shall impair, as between Freddie Mac, its creditors other than the holders of Senior Obligations and the Holders of the Capital Debentures, the obligation of Freddie Mac, which is absolute and unconditional, to pay to the Holders of the Capital Debentures the principal of the Capital Debentures as and when the same shall become due and payable in accordance with their terms, or to affect the

relative rights of the Holders of the Capital Debentures and creditors of Freddie Mac, other than the holders of Senior Obligations and the holders of Freddie Mac's 11.50% Capital Debentures, due June 20, 1987.

Section 3.06. No Waiver. No right of any present or future holder of any Senior Obligation to enforce subordination as herein provided shall at any time be prejudiced or impaired by any act or failure on the part of Freddie Mac or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by Freddie Mac with the terms, provisions and undertakings of this Agreement regardless of any knowledge thereof any such holder may have or be otherwise charged with.

ARTICLE IV

AMENDMENTS

Section 4.01. Amendment Without Consent of Holders. Without the consent of any Holder, Freddie Mac may amend or supplement this Agreement only for the following purposes:

(a) to cure any ambiguity, to correct or supplement any provision contained herein, or in any supplement or amendment hereto, which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Agreement as shall not adversely affect the interests of the Holders of the Capital Debentures; or

(b) to add to the covenants of Freddie Mac, for the benefit of the Holders, or to surrender any right or power herein conferred upon Freddie Mac; or

(c) to evidence the succession of another corporation to Freddie Mac and the assumption by any such successor of the covenants of Freddie Mac herein contained or relating to the Capital Debentures.

Section 4.02. Amendment With Consent of Holders. With the written consent of the Holders of not less than a majority in aggregate unpaid principal amount of the outstanding Capital Debentures, Freddie Mac may amend or supplement this Agreement for the purpose of adding provisions to or changing in any manner or eliminating any of the provisions of this Agreement, or of any amendment or supplement hereto, or of modifying in any manner the rights of the Holders of the Capital Debentures under this Agreement, provided, however, that no such amendment or supplement shall

(a) extend the fixed maturity of any Capital Debenture, or reduce the principal amount thereof, without the consent of the Holder of each Capital Debenture so affected; or

(b) reduce the amount of any claim a Holder may have under Section 3.02(c) above; or

(c) reduce the rate of interest payable on any overdue principal amount with respect to any Capital Debenture; or

(d) change the currency in which the principal of or interest, if any, on any Capital Debenture is payable; or

(e) reduce the percent of the aggregate unpaid principal amount of Capital Debentures, the consent of the Holders of which is required for any such amendment or supplement, without the consent of the Holders of all Capital Debentures then outstanding.

It shall not be necessary for the Holders to consent to the particular form of any proposed supplement or amendment, and it shall be sufficient if such Holders shall consent to the substance thereof. Such consent may be evidenced by an instrument, or any number of instruments of similar tenor, executed by Holders in person, or by an agent or proxy appointed in writing. In determining whether the Holders of not less than a majority in aggregate unpaid principal amount of the outstanding Capital Debentures have consented, any Capital Debentures owned by Freddie Mac or by any obligor on the Capital Debentures or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with Freddie Mac or any other obligor on the Capital Debentures shall be disregarded and deemed not to be outstanding for purposes of such determination.

Section 4.03. Effect of Amending or Supplemental Agreement. Upon the execution of any amending or supplemental agreement under this Article, this Agreement shall be modified in accordance therewith, and such amending or supplemental agreement shall form a part of this Agreement for all purposes; and every Holder of a Capital Debenture theretofore or thereafter issued and delivered shall be bound thereby.

ARTICLE V

NOTICE

Section 5.01. Notice to Freddie Mac. Any notice, demand or other communication which by any provision of this Agreement is required or permitted to be given or served to or upon Freddie Mac shall be given or served in a writing addressed (unless and until another address shall be published by Freddie Mac) to the Federal Home Loan Mortgage Corporation, 1776 G Street, N.W., P.O. Box 37248, Washington, D.C. 20013, Attn: Senior Vice President—Corporate Finance and Treasurer. Such notice, demand or other communication to or upon Freddie Mac shall be deemed to have been sufficiently given or made only upon actual receipt of a writing by Freddie Mac.

Section 5.02. Notice to Holders. Any notice, demand or other communication which by any provision of this Agreement is required or permitted to be given or served to or upon any Holder of the Capital Debentures may be given or served by being deposited first class, postage prepaid in a United States post office letter box addressed to the Holder as such Holder's name and address may appear in the records of the Reserve Bank maintaining the book-entry accounts relating to the Capital Debentures, or by transmission to such Holder through the communication system linking the Reserve Banks.

ARTICLE VI

SATISFACTION AND DISCHARGE

Section 6.01. Payment by Freddie Mac. If all the Capital Debentures shall have become due and payable, and Freddie Mac shall have deposited with a Reserve Bank funds available for distribution to the Holders of the Capital Debentures and sufficient to pay at maturity all of the principal of the Capital Debentures, and if, in any such case, Freddie Mac shall also pay or cause to be paid all other sums payable hereunder by Freddie Mac, then this Agreement shall cease to be of further effect and all obligations of Freddie Mac in respect of the Capital Debentures shall cease and be discharged, and the Holders of such Capital Debentures shall thereafter be restricted exclusively to such funds for any and all claims of whatsoever nature on their part under this Agreement or with respect to such Capital Debentures.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.01. Governing Law. This Agreement and the Holder's and Freddie Mac's rights and obligations with respect to the Capital Debentures shall be construed in accordance with and governed by the laws of the United States. Insofar as there may be no applicable precedent, and insofar as to do so would not frustrate the purposes of the Freddie Mac Act or any provision of this Agreement or the transactions governed thereby, the local laws of the State of New York shall be deemed reflective of the laws of the United States.

Section 7.02. Payments Due on Non-Business Days. If the date fixed for the payment of the principal amount of the Capital Debentures shall be a day which is not a Business Day, then payment of principal need not be made on such date, but may be made on the next succeeding day which is a Business Day, with the same force and effect as though made on the date fixed for payment, and no interest shall accrue for the period after such date.

Section 7.03. Successors. This Agreement shall be binding upon and shall inure to the benefit of any successor to Freddie Mac, including any successor by operation of law.

Section 7.04. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction of this Agreement.

PAYMENT FOR A CAPITAL DEBENTURE BY OR ON BEHALF OF A HOLDER OR DEPOSIT OF A CAPITAL DEBENTURE WITH A RESERVE BANK ON BEHALF OF A HOLDER CONSTITUTES THE HOLDER'S UNCONDITIONAL ACCEPTANCE OF THIS AGREEMENT AND ALL ITS TERMS AND PROVISIONS. NO SIGNATURE OR OTHER FURTHER MANIFESTATION OF ASSENT TO THE TERMS OF THIS AGREEMENT IS INVITED OR NECESSARY FOR ITS OPERATION OR EFFECT BETWEEN FREDDIE MAC AND THE HOLDER.

FEDERAL HOME LOAN MORTGAGE
CORPORATION

By: .....

Leland C. Brendsel
Executive Vice President—Finance and
Chief Financial Officer