FEDERAL HOME LOAN MORTGAGE CORPORATION

DISCOUNT NOTE AGREEMENT

AGREEMENT, dated as of December 31, 2003, among the Federal Home Loan Mortgage Corporation (""Freddie Mac") and Holders of Discount Notes (as hereinafter defined).

Whereas:

(a) Freddie Mac is a corporation duly organized and existing under and by virtue of the laws of the United States (Title III of the Emergency Home Finance Act of 1970, as amended (the "Freddie Mac Act"")) and has full corporate power and authority to enter into this Agreement and to undertake the obligations undertaken by it herein;

(b) Pursuant to Section 306(a) of the Freddie Mac Act, Freddie Mac is authorized, 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 securities; and

(c) To provide funds to permit Freddie Mac to engage in activities consistent with its statutory purposes, Freddie Mac has authorized the issuance, from time to time, pursuant to this Agreement, of unsecured general obligations of Freddie Mac ("Discount Notes").

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, it is hereby agreed that the following terms and conditions of this Agreement shall govern the Discount Notes and the rights and obligations of Freddie Mac and Holders with respect to the Discount Notes.

ARTICLE I

Definitions

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

Agreement: This Discount Note Agreement dated as of December 31, 2003, as it may be amended or supplemented from time to time, and successors thereto.

Beneficial Owner: The entity or individual that beneficially owns a Discount Note.

Book-Entry Rules: The Department of Housing and Urban Development regulations (24 C.F.R. Part 81, Subpart H) applicable to Freddie Mac's book-entry securities and such procedures as Freddie Mac and a Federal Reserve Bank may agree to.

Business Day: A day other than (a) a Saturday, (b) a Sunday, (c) a day on which the Federal Reserve Bank of New York is closed, (d) as to any Holder, a day on which the Federal Reserve Bank that maintains the Holder's account is closed or (e) a day on which Freddie Mac's offices are closed.

Code: The Internal Revenue Code of 1986, as amended.

CUSIP Number: A unique nine-character designation assigned to each Discount Note having the same Maturity Date by the CUSIP Service Bureau and used to identify Discount Notes on the records of the Federal Reserve Banks.

Fed Book-Entry System: The book-entry system of the Federal Reserve Banks which provides book-entry holding and settlement for U.S. dollar denominated securities issued by the U.S. Government, certain of its agencies, instrumentalities, government-sponsored enterprises and international organizations of which the United States is a member.

Fed Participants: Entities eligible to maintain book-entry accounts with a Federal Reserve Bank.

Fiscal Agency Agreement: The agreement between Freddie Mac and the Federal Reserve Bank of New York, acting on behalf of the Federal Reserve Banks.

Fiscal Agent: The Federal Reserve Banks.

Freddie Mac Act: Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §1451-1459.

Holder: The Fed Participant whose name appears on the book-entry records of a Federal Reserve Bank as the entity for whose account a Discount Note has been deposited.

Issue Date: The date on which Freddie Mac wires an issue of Discount Notes to Holders.

Maturity Date: The date, one day or longer from the Issue Date, on which a Discount Note will mature.

Offering Circular: The Freddie Mac Debentures, Medium-Term Notes and Discount Notes Offering Circular dated December 31, 2003 and successors thereto.

Reference Bills: U.S. dollar denominated, regularly scheduled issues of Discount Notes in large principal amounts.

Treasury Department: United States Department of the Treasury.

ARTICLE II

Authorization and Terms of Discount Notes

Section 2.01. Authorization and Certain Terms.

Discount Notes shall be issued by Freddie Mac in accordance with the authority vested in Freddie Mac by Section 306(a) of the Freddie Mac Act. Discount Notes shall be offered from time to time by Freddie Mac and shall have maturities of one year or less. The principal amount of a Discount Note shall become due and payable on its Maturity Date. The indebtedness represented by Discount Notes shall be unsecured general obligations of Freddie Mac. Freddie Mac may designate one or more issues of Discount Notes as Reference Bills.

Section 2.02. Purchase Price.

Discount Notes shall be sold on a discounted basis. The purchase price of a Discount Note shall be the difference between the principal amount of such Discount Note and the amount derived from the following formula:

$$\text{Face Amount} \times \frac{\text{Applicable Discount Expressed as a Decimal}}{360 \text{ days}} \times \text{Number of Days From Issue Date to Maturity Date}$$

Section 2.03. Minimum Denominations.

Discount Notes shall be issued and must be maintained and transferred in minimum principal amounts and additional increments of $1,000 (in each case expressed in terms of the principal amount payable on the Maturity Date).

Section 2.04. Business Day Convention.

If a Discount Note's stated Maturity Date is a day that is not a Business Day, the Maturity Date of the Discount Note shall be the first Business Day following such day. In such event, Freddie Mac shall pay interest for the days from the stated Maturity Date to (but excluding) the Maturity Date established according to the preceding sentence based on the percentage of discount at which such Discount Note was issued.

Section 2.05. Repurchase.

Freddie Mac reserves the right, in its discretion and at any time, to purchase Discount Notes at any price or prices in the open market or otherwise. Such Discount Notes may be held, resold or canceled by Freddie Mac.

ARTICLE III

Form; Clearance and Settlement Procedures

Section 3.01. Form.

(a) *General*

Discount Notes shall be issued and maintained only on the Fed Book-Entry System. Discount Notes shall not be exchangeable for definitive Discount Notes.

(b) *Title*

Discount Notes shall be held of record only by Fed Participants. The Fed Participants whose names appear on the book-entry records of a Federal Reserve Bank as the entities to whose accounts Discount Notes have been deposited shall be the Holders of such Discount Notes. The rights of the Beneficial Owner of a Discount Note with respect to Freddie Mac and a Federal Reserve Bank may be exercised only through the Holder of the

Discount Note. Freddie Mac and the Federal Reserve Banks shall have no direct obligation to a Beneficial Owner of a Discount Note that is not also the Holder of the Discount Note. A Federal Reserve Bank shall act only upon the instructions of the Holder in recording transfers of a Discount Note maintained on the Fed Book-Entry System. Freddie Mac and the Federal Reserve Banks may treat the Holders as the absolute owners of Discount Notes for the purpose of making payments in respect thereof and for all other purposes, whether or not such Discount Notes shall be overdue and not withstanding any notice to the contrary.

The Holders and each other financial intermediary holding such Discount Notes directly or indirectly on behalf of the Beneficial Owners shall have the responsibility of remitting payments for the accounts of their customers. All payments on Discount Notes shall be subject to any applicable law or regulation.

(c) *Fiscal Agent*

The Federal Reserve Banks shall be the Fiscal Agent for Discount Notes.

In acting under the Fiscal Agency Agreement, the Federal Reserve Banks shall act solely as Fiscal Agent of Freddie Mac and do not assume any obligation or relationship of agency or trust for or with any Holder of a Discount Note.

Section 3.02. Clearance and Settlement Procedures.

(a) *General*

Discount Notes shall clear and settle only through the Fed Book-Entry System. The transfer, exchange or pledge of Discount Notes shall be governed by the Book-Entry Rules.

(b) *Primary Distribution*

Discount Notes shall be issued and settled through the Fed Book-Entry System in same-day funds and shall be held by designated Fed Participants. After initial issue, all Discount Notes shall continue to be held by such Fed Participants in the Fed Book-Entry System unless arrangements are made for the transfer thereof to other Fed Participants. Discount Notes shall not be exchangeable for definitive Discount Notes.

(c) *Secondary Market Transfers*

Transfers of Discount Notes shall take place only in book-entry form on the Fed Book-Entry System. Such transfers shall occur between Fed Participants in accordance with the rules of the Fed Book-Entry System.

ARTICLE IV

Payments

Payments of principal of a Discount Notes shall be made in U.S. dollars on the applicable Maturity Date to the Holder thereof as of the end of the Business Day preceding such Maturity Date. Payment on a Discount Note shall be made by credit of the payment amount to the Holder's account at the Federal Reserve Banks. All payments to or upon the order of a Holder shall be valid and effective to discharge the liability of Freddie Mac in respect of the related Discount Notes.

In the event that any withholding or other tax should be imposed by any jurisdiction, Freddie Mac shall not pay interest or other amounts, or redeem the Discount Notes prior to maturity in consequence thereof.

ARTICLE V

Miscellaneous Provisions

Section 5.01. Limitations on Liability of Freddie Mac and Others.

Neither Freddie Mac nor any of its directors, officers, employees or agents shall be under any liability to the Holders or Beneficial Owners for any action taken, or not taken, by them in good faith under this Agreement or for errors in judgment. This provision will not protect Freddie Mac or any related person against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence or by reason of reckless disregard of obligations and duties under this Agreement. Freddie Mac and such related persons shall have no liability of whatever nature for special, indirect or consequential damages, lost profits or business, or any other liability or claim (other than for direct damages), even if reasonably foreseeable or Freddie Mac has been advised of the possibility of such loss, damage, liability or claim.

In performing its responsibilities under this Agreement, Freddie Mac may employ agents or independent contractors. Freddie Mac shall not be subject to the control of Holders in any manner in the discharge of its responsibilities pursuant to this Agreement.

Freddie Mac shall not be under any obligation to appear in, prosecute or defend any legal action that is not incidental to its responsibilities under this Agreement and which in its opinion may involve it in any expense or liability. However, Freddie Mac may in its discretion undertake any such legal action which it may deem necessary or desirable in the interests of the Holders. In such event, the legal expenses and costs of such action shall be expenses and costs of Freddie Mac.

Section 5.02. Binding Effect of this Agreement.

(a) By receiving and accepting a Discount Note, each Holder, financial intermediary and Beneficial Owner of such Discount Note unconditionally agrees, without any signature or further manifestation of assent, to be bound by the terms and conditions of this Agreement, as supplemented, modified or amended pursuant to its terms.

(b) This Agreement shall be binding upon and inure to the benefit of any successor to Freddie Mac.

Section 5.03. Conditions to Payment, Transfer or Exchange.

Freddie Mac shall have the right to require a Holder of a Discount Note, as a condition to payment of principal of such Discount Note, or as a condition to transfer or exchange of such Discount Note, 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 Federal Reserve Bank may be required to deduct or withhold from payments in respect of such Discount Note 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, regulations or interpretations. 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 5.04. Amendment.

(a) Freddie Mac may modify, amend and supplement this Agreement and the terms of an issue of Discount Notes, without the consent of the Holders or Beneficial Owners, (i) to cure any ambiguity, or to correct or supplement any defective provision or to make any other provision with respect to matters or questions arising under this Agreement or the terms of any Discount Note that are not inconsistent with any other provision of this Agreement or such Discount Note, (ii) to add to the covenants of Freddie Mac for the benefit of the Holders or surrender any right or power conferred upon Freddie Mac, (iii) to evidence the succession of another entity to Freddie Mac and its assumption of the covenants of Freddie Mac, (iv) to conform the terms of an issue of Discount Notes to, or cure any ambiguity or discrepancy resulting from any changes in, the Book-Entry Rules or any regulation or document that the Book-Entry Rules make applicable to book-entry securities of Freddie Mac, (v) to increase the amount of an issue of Discount Notes or (vi) in any other manner that Freddie Mac may determine and that will not adversely affect in any material respect the interests of Holders or Beneficial Owners at the time of such modification, amendment or supplement.

(b) In addition, either (i) with the written consent of the Holders of at least a majority of the aggregate then outstanding principal amount of an issue of Discount Notes affected thereby, excluding any such Discount Note owned by Freddie Mac, or (ii) by the adoption of a resolution at a meeting of Holders at which a quorum is present, by the Holders of at least a majority of the aggregate then outstanding principal amount of an issue of Discount Notes represented at such meeting, excluding any such Discount Notes owned by Freddie Mac, Freddie Mac may from time to time and at any time modify, amend or supplement the terms of an issue of Discount Notes for the purpose of adding any provisions to or changing in any manner or eliminating any provisions of such Discount Notes or modifying in any manner the rights of the Holders; *provided, however,* that no such modification, amendment or supplement may, without the written consent or affirmative vote of each Holder of a Discount Note, (i) change the Maturity Date of such Discount Note, (ii) reduce the principal amount of, or materially modify the percentage of discount at which such Discount Note was issued, or (iii) reduce the percentage of Holders whose consent or affirmative vote is necessary to modify, amend or supplement the terms of the relevant issue of Discount Notes. A quorum at any meeting of Holders called to adopt a resolution shall be Holders entitled to vote a majority of the then aggregate outstanding principal amount of an issue of such Discount Notes called to such meeting and, at any reconvened meeting adjourned for lack of a quorum, 25% of the then aggregate outstanding principal amount of such issue of Discount Notes, in both cases excluding any such Discount Notes owned by Freddie Mac. It shall not be necessary for the Holders to approve the particular form of any proposed amendment, but it shall be sufficient if such consent or resolution approves the substance of such change.

(c) Freddie Mac may establish a record date for the determination of Holders entitled to vote at any meeting of Holders of Discount Notes, to grant any consent in respect of Discount Notes and to notice with respect to any such meeting or consent.

(d) Any instrument given by or on behalf of any Holder of a Discount Note in connection with any consent to any such modification, amendment or supplement shall be irrevocable once given and shall be conclusive and binding on all subsequent Holders of such Discount Note or any Discount Note issued, directly or indirectly, in exchange or substitution thereof, irrespective of whether or not notation in regard thereto is made thereon. Any modification, amendment or supplement of this Agreement or of the terms of Discount Notes shall be conclusive and binding on all Holders of Discount Notes affected thereby, whether or not they have given such

consent or were present at any meeting (unless by the terms of this Agreement a written consent or an affirmative vote of such Holders is required).

Section 5.05. Securities Owned by Freddie Mac.

Freddie Mac may, from time to time, repurchase or otherwise acquire all or a portion of any issue of Discount Notes. Any Discount Notes owned by Freddie Mac shall have an equal and proportionate benefit under the provisions of this Agreement, without preference, priority or distinction as among such Discount Notes, except that in determining whether the Holders of the required percentage of the outstanding principal amount of an issue of Discount Notes have given any required demand, authorization, notice, consent or waiver under this Agreement, any Discount Notes owned by Freddie Mac or any person directly or indirectly controlling or controlled by or under direct or indirect common control with Freddie Mac shall be disregarded and deemed not to be outstanding for the purpose of such determination.

Section 5.06. Notice.

(a) Any notice, demand or other communication which by any provision of this Agreement is required or permitted to be given to or served upon any Holder may be given or served in writing by deposit thereof, postage prepaid, in the mail, addressed to such Holder as such Holder's name and address may appear in the records of Freddie Mac, a Federal Reserve Bank, or by transmission to such Holder through the communication system linking the Federal Reserve Banks. Such notice, demand or other communication to or upon any Holder shall be deemed to have been sufficiently given or made, for all purposes, upon mailing or transmission.

(b) Any notice, demand or other communication which by any provision of this Agreement is required or permitted to be given to or served upon Freddie Mac shall be given in writing addressed (until another address is published by Freddie Mac) as follows: Federal Home Loan Mortgage Corporation, 8200 Jones Branch Drive, McLean, Virginia 22012 Attention: General Counsel. 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 the writing by Freddie Mac.

Section 5.07. Governing Law.

THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE HOLDERS AND FREDDIE MAC WITH RESPECT TO DISCOUNT NOTES 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 5.08. Headings.

The Article, Section and Subsection headings are for convenience only and shall not affect the construction of this Agreement.

FEDERAL HOME LOAN MORTGAGE CORPORATION