

A Letter From

Jerome Lienhard
Senior Vice President, Debt & Equity Financing

Dear Freddie Mac Investor:

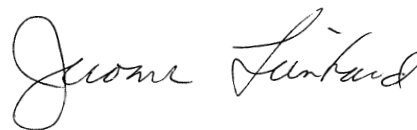
Needless to say, the past year was challenging for Freddie Mac. However, the changes that we implemented and that are underway have enabled Freddie Mac to enter 2004 with greater focus and stronger leadership. I want to assure you that, while we still have a lot of work ahead of us, we remain fully committed to both our housing mission and to you.

I am encouraged by the outlook for the future of Freddie Mac under the leadership of our new Chairman and Chief Executive Officer Dick Syron. Dick came to Freddie Mac with industry expertise, corporate leadership and public policy experience. His experience at the Federal Reserve Bank of Boston and Federal Home Loan Bank of Boston has given him a deep understanding of the financial system and policy and regulatory issues, and his experience as the leader of a major US stock exchange and CEO of a rapidly growing technology company makes him uniquely qualified to handle the management and operational issues before Freddie Mac. I've had the opportunity to spend much time with Dick since his arrival in January and am confident that he will provide the leadership needed to ensure that Freddie Mac emerges from our challenges as a stronger, more disciplined company.

As you may recall, the August 2003 edition of **Reference Point** discussed the change in the Executive Management team that was announced in June. As a result of this change in management, the company underwent a corporate-wide reorganization in November 2003. The reorganization was implemented to align and integrate our business to ensure that we continue to provide our stakeholders, lenders and America's families with our very best, now and into the future.

The reorganization resulted in increased responsibilities for me. In my new position as senior vice president of Debt and Equity Financing, I am now responsible for leading the company's debt funding activities, managing our capital account, and leading debt and equity investor relations. There are three main areas within the Debt and Equity Financing department – the Debt Funding group, which continues to be led by Louise Herrle, the Equity Financing group, led by Joe Amato, and Global Investor Relations, led by Peter Mahoney.

In this edition of **Reference Point**, you will read more about the changes in Global Investor Relations as our primary objective is to renew investor confidence in Freddie Mac. Working toward this goal, Freddie Mac enhanced our 2004 debt funding calendar with features we believe increase the transparency, predictability, and liquidity of our debt products. In addition, we have already been actively reaching out to you and are committed to providing you with the most meaningful information possible. To achieve this, we are making progress on enhancing both our Investor Relations and Debt Securities websites, which can be found at www.freddiemac.com. We stand ready to assist you in any way we can, so please do not hesitate to contact us at any time. Thank you for your continued support in Freddie Mac debt products. ■

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Issuance Summary 2003

Despite the difficulties we faced last year, the business of Freddie Mac continues to function smoothly as evidenced by our ability to fulfill our housing mission. In 2003, we financed a record number of homes, helping more than 4.8 million families buy new homes, lower interest costs, access home equity, and reduce mortgage payments. We met all three of our 2003 affordable housing goals set by the Housing and Urban Development agency, which focuses our efforts on low- and moderate-income families, underserved areas, and special affordable housing. We recognize that we would not have been able to accomplish our mission without your support as our debt outstanding grew by \$73 billion to end the year at \$745 billion.

2003 Global Debt Issuance

	\$Billions
Discount Notes (excluding Overnights)	305.9
Reference Bills	348.5
Total Short-term Debt	654.4
Reference Notes	54.0
€Reference Notes	4.3
Global Floating Rate Notes	12.0
Medium-Term Notes-Callable	171.6
Syndicated Callable	17.0
Medium-Term Notes-Bullet	10.6
FreddieNotes	7.5
Subordinated Debt-Callable	—
Total Medium and Long-Term Debt	277.0
Total Debt	931.4

Growth in our total debt outstanding primarily reflected increases in outstanding short-term and callable debt securities, as outstanding Reference Notes[®] securities (“Reference Notes”) products decreased by \$6.4 billion. Although our short-term debt outstanding increased by \$25 billion to \$189 billion, the ratio of short-term debt to total debt outstanding remained at around 25 percent. Meanwhile, our issuance and amount of outstanding callable debt continued to increase as this instrument is useful for hedging our mortgage-related securities portfolio. Consequently, callable debt will continue to be a critical part of Freddie Mac’s funding program.

It represented the majority of our funding last year, increasing \$35.4 billion to \$250 billion outstanding. We are pleased with the Bond Market Association’s November 3rd launch of standard guidelines for pricing and trading callable debt, which we believe will help to improve transparency and liquidity in the callable debt market.

Meanwhile, the decline in our outstanding Reference Notes securities reflected a culmination of several factors. First, we conducted our largest repurchase operation in June following our announced change in senior management. In three separate operations over the course of a week, Freddie Mac repurchased a total of \$9.8 billion of Reference Notes securities products – the largest buyback operation by any large issuer. Second, Freddie Mac postponed our 5-year €Reference Notes[®] securities issue until January 2004, which was previously scheduled for September 2003. And third, the low interest rate environment resulted in slower growth in our retained portfolio. Although the amount of outstanding Reference Notes securities products declined for the first time since the program was launched in 1998, it is still our largest debt program and a primary source of funding. ■

Global Debt Funding Calendar

Freddie Mac’s 2004 funding calendar continues to enrich our successful Reference Notes and Reference Bills[®] securities programs and provides us with additional flexibility to access the global capital markets. Our 2004 calendar retains our quarterly issuance of 5- and 10-year Reference

Notes securities, while increasing the number of optional issuance dates for 2- and 3-year Reference Notes securities. Use of these optional 2- and 3-year windows will be announced in advance in our *Quarterly Funding Announcement &*

We believe our 2004 funding calendar promotes additional transparency and predictability and anticipate that it will establish a best-in-class practice for agency borrowers.

Summary, released on January 9, April 8, July 9, and October 7 of 2004. The first edition can be downloaded from http://www.freddiemac.com/news/archives/debt/2004/qtrlyfundingann_010904.html. The *Quarterly Funding Announcement & Summary* details the company's funding activity from the previous quarter, and more importantly, outlines our funding expectations for the upcoming quarter.

In addition to our anticipated use of optional 2- and 3-year offerings during the upcoming quarter, the report provides a projected range for gross issuance of Reference Notes securities, guidance on the expected issuance of syndicated callable notes, global floating rate notes, and €Reference Notes securities, expected repurchase activity, and program and product modifications. Indeed, our *Freddie Mac Quarterly Funding Announcement & Summary* significantly expands the breadth of information we provide to investors and to the marketplace on a quarterly basis. We believe our 2004 funding calendar promotes additional transparency and predictability and anticipate that it will establish a best-in-class practice for agency borrowers. Providing liquid securities through transparent and predictable funding further enables us to fulfill our mission of expanding home ownership in the US. ■

Investor Outreach Efforts

Freddie Mac's primary investor relation's objective for 2004 is to renew market confidence in Freddie Mac securities. In an attempt to become more effective in communicating with you, Freddie Mac integrated and strengthened our Global Investor Relations team, headed by Peter Mahoney. Peter is responsible for managing relationships with all of the company's debt and equity securities investors. He comes to Global Investor Relations from our legal area, where he managed legislative and policy matters affecting Freddie Mac, one of our primary concerns.

Within Global Investor Relations, there are three main sections – Debt Relations, Equity Relations, and Research & Communications. Debt and Equity Relations have established an ambitious investor outreach program this year. Demonstrating our determination to regain

your confidence, the investor relations team met with approximately 225 investors between November 21, 2003 and December 31, 2003, the period immediately following our publication of restated financial

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statements for the years 2002, 2001 and 2000. These investor visits spanned 10 European cities, 8 Asian cities, and 25 cities in the United States. Although the year has just begun, our investor outreach efforts have remained strong and will continue

at a vigorous pace through year-end. Freddie Mac's investor relations team remains accessible to you at any time to address your concerns.

Global Investor Relations Contact List		
Debt Relations		(571) 382-3003
Phil Guth	George Bentley	Faye Brown
	Janice Fugler	Kathryn Wescott
Equity Relations		(571) 382-4732
Jon Prince	Rene Fairlie	Lee Jacobson
	Dan Smith	Dan Wentworth
Research & Communications		(571) 382-4334
Grace Sone	Sulaiman Ghaussy	Robin Phillips
	Lisa Viafore	

To more effectively explain our business, a separate Research & Communications function was established within Global Investor Relations, headed by Grace Sone, formerly of our debt investor relations team. Our *Reference Point* publication will be supplemented with a research product that will discuss specific issues related to Freddie Mac, such as how regulatory or legislative changes may impact our business, how we value the company, and how we manage our risks. We invite you to watch for our new publication to be released this Spring. ■

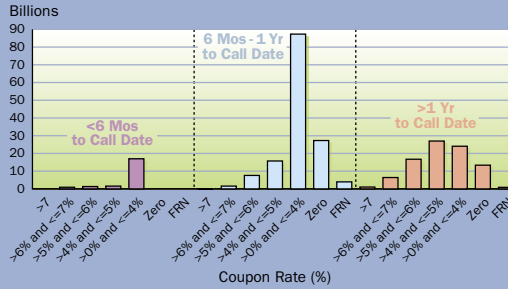
Written by: Grace Sone, Director of Research & Communications

Data Bank

Discount Notes and Reference Bills[®] Issued as of December 31, 2003

Maturity	4th Qtr 2003 Par Amount Issued (billions)	YTD Par Amount Issued (billions)
<1 Month (ex. Overights)	13.20	76.09
1- <2 Months	13.11	76.35
2- <3 Months	0.05	24.11
3- <6 Months	76.31	349.72
6 Months - 1 YR	24.91	128.11
TOTAL	\$127.57	\$654.38

Callable* MTNs Outstanding as of December 31, 2003

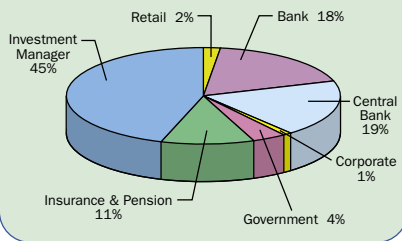


Maturity	Callable MTN O/S (billions)
1- <3 YRS	69.6
> 3- <5 YRS	52.5
> 5- <10 YRS	60.8
> 10 YRS	70.9
TOTAL	\$253.8

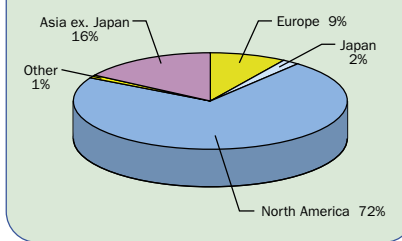
* Including sub-debt

12 Months Ended December 31, 2003

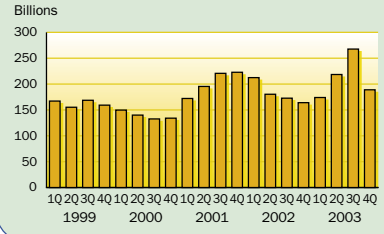
Reference Notes[®] Issuance Investor Distribution (ex. auctions)



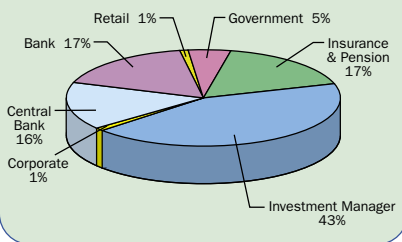
Reference Notes[®] Issuance Geographic Distribution (ex. auctions)



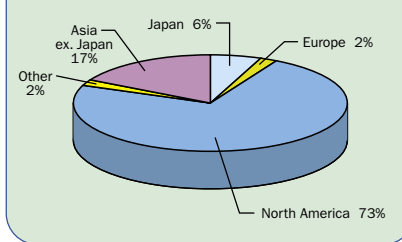
Discount Notes and Reference Bills[®] Outstanding as of December 31, 2003



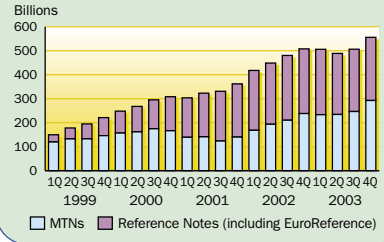
Syndicated MTN Issuance Investor Distribution



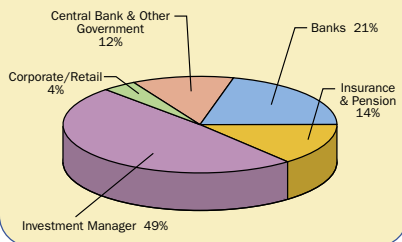
Syndicated MTN Issuance Geographic Distribution



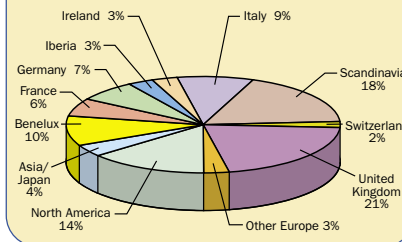
MTNs and Reference Notes[®] Outstanding as of December 31, 2003



€Reference Notes[®] Investor Distribution



€Reference Notes[®] Geographic Distribution



€Reference Notes[®] Outstanding as of December 31, 2003

Structure	Coupon Rate	Date Contractual Maturity	ISIN	Amount Outstanding (Euros in bins)
3-Year	4.500	3/15/04	XS0125902451	7.00
3-Year	4.625	5/15/05	XS0146883581	4.29
5-Year	5.250	1/15/06	XS0121336266	4.05
5-Year	4.625	2/15/07	XS0142391209	3.86
5-Year	3.500	2/15/08	XS0161387468	3.58
10-Year	5.750	9/15/10	XS0117858323	3.95
10-Year	5.125	1/15/12	XS0136341814	3.30
10-Year	4.750	1/15/13	XS0154444870	4.02

For More Information

Freddie Mac Research & Communications
1551 Park Run Drive, McLean, Virginia 22102 USA

www.freddiemac.com/debt

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