

OFFER TO PURCHASE

\$8,574,479,000



Freddie Mac

**Fixed Spread Tender Offers to
Purchase for Cash**

**Any and All of the Securities Listed
on the Inside Front Cover**

THE OFFERS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON FRIDAY, NOVEMBER 19, 2004, UNLESS EXTENDED. THE SECURITIES WILL BE REPURCHASED ONLY THROUGH GOLDMAN, SACHS & CO. NO TENDER MAY BE MADE OR WILL BE ACCEPTED PRIOR TO 9:00 A.M. OR AFTER 5:00 P.M., NEW YORK CITY TIME, ON ANY BUSINESS DAY DURING THE PERIOD OF THE OFFER.

We, the Federal Home Loan Mortgage Corporation (the "Company" or "Freddie Mac"), are offering to purchase for cash any and all of the outstanding securities of each series listed on the inside front cover of this Offer to Purchase (the "Securities"), upon the terms and subject to the conditions set forth herein. The cash tender offer for each series of Securities is referred to as an "Offer," and collectively, the cash tender offers for all series of Securities are referred to as the "Offers." Each Offer is independent of the other Offers and is not conditioned upon the consummation of any other Offer. The Offers are not contingent upon the tender of any minimum principal amount of Securities. Each Offer, however, is conditioned upon satisfaction of the conditions described under "The Offers — Certain Conditions of the Offers."

Securities must be tendered in the same integral multiples of \$1,000 as the minimum principal amounts in which they were issued and are maintained. The consideration for the principal amount of Securities tendered and accepted for payment pursuant to the Offers (the price for any Security being referred to as the "Purchase Price") will be determined in the manner described herein by reference to the fixed spread specified for each series of Securities and listed on the inside front cover of this Offer to Purchase (each, a "Fixed Spread") over the yield to maturity of the applicable Freddie Mac Reference Notes[®] listed on the inside front cover of this Offer to Purchase (each a "Reference Security"), as calculated at the time of acceptance of the Offer (such time and date, a "Price Determination Date"), plus any accrued and unpaid interest thereon to (but excluding) the date of payment of the Purchase Price, upon the terms and subject to the conditions set forth herein. The Company will pay the Purchase Price plus accrued and unpaid interest on the first New York Stock Exchange trading day following the Price Determination Date (such payment date, the "Payment Date" for such Securities). Securities validly tendered must be delivered to Goldman, Sachs & Co. (the "Dealer Manager") on a delivery versus payment basis no later than 2:00 p.m., New York City time, on the Payment Date.

Any questions or requests for assistance concerning the Offers may be directed to the Dealer Manager or to Morrow & Co., Inc. (the "Information Agent") at the addresses and telephone numbers set forth on the back cover of this Offer to Purchase. Requests for additional copies of this Offer to Purchase or any other related documents may be directed to the Information Agent at the address and telephone numbers set forth on the back cover of this Offer to Purchase. Beneficial owners may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offers.

NONE OF THE COMPANY, THE DEALER MANAGER OR THE INFORMATION AGENT MAKES ANY RECOMMENDATION THAT ANY HOLDER TENDER OR REFRAIN FROM TENDERING ALL OR ANY PORTION OF THE PRINCIPAL AMOUNT OF SUCH HOLDER'S SECURITIES, AND NO ONE HAS BEEN AUTHORIZED BY ANY OF THEM TO MAKE SUCH A RECOMMENDATION. HOLDERS MUST MAKE THEIR OWN DECISIONS WHETHER TO TENDER SECURITIES, AND, IF SO, DECIDE ON THE PRINCIPAL AMOUNT OF SECURITIES TO TENDER.

The Dealer Manager for the Offers is:

Goldman, Sachs & Co.

The date of this Offer to Purchase is November 15, 2004.

LIST OF SECURITIES

<u>Principal Amount Outstanding</u>	<u>Title of Securities</u>	<u>CUSIP Number/ISIN Number</u>	<u>Fixed Spread (bp)</u>	<u>Reference Security</u>
\$ 500,000,000	2.375% Medium-Term Notes due May 19, 2006	3128X1CU9	(4.2)	5.50% Reference Notes due July 15, 2006
\$ 600,000,000	2.15% Debt Securities due June 2, 2006	3128X1EV5/US3128X1EV50	(2.4)	5.50% Reference Notes due July 15, 2006
\$ 325,000,000	2.91% Medium-Term Notes due June 16, 2006	3128X2FP5	0.0	5.50% Reference Notes due July 15, 2006
\$ 250,000,000	2.625% Medium-Term Notes due June 30, 2006	3128X2JZ9	1.3	5.50% Reference Notes due July 15, 2006
\$ 500,000,000	2.00% Debt Securities due July 7, 2006	3128X1QU4/US3128X1QU40	1.0	5.50% Reference Notes due July 15, 2006
\$ 300,000,000	2.05% Medium-Term Notes due July 14, 2006	3128X1RW9	2.7	5.50% Reference Notes due July 15, 2006
\$ 300,000,000	2.125% Medium-Term Notes due July 28, 2006	3128X1SP3	4.0	5.50% Reference Notes due July 15, 2006
\$ 250,000,000	2.75% Medium-Term Notes due August 4, 2006	3128X1XB8	5.1	5.50% Reference Notes due July 15, 2006
\$ 300,000,000	2.65% Medium-Term Notes due August 4, 2006	3128X1WM5	5.1	5.50% Reference Notes due July 15, 2006
\$ 250,000,000	2.50% Medium-Term Notes due August 9, 2006	3128X2QK4	5.5	5.50% Reference Notes due July 15, 2006
\$ 250,000,000	2.625% Medium-Term Notes due August 17, 2006	3128X2VP7	6.3	5.50% Reference Notes due July 15, 2006
\$ 977,669,000	2.75% Debt Securities due October 6, 2006	3128X1T31/US3128X1T316	1.0	2.75% Reference Notes due October 15, 2006
\$ 850,000,000	2.25% Medium-Term Notes due December 4, 2006	3128X1GF8	1.1	2.875% Reference Notes due December 15, 2006
\$1,121,810,000	2.50% Debt Security due December 4, 2006	3128X1DE4/US3128X1DE45	1.1	2.875% Reference Notes due December 15, 2006
\$ 250,000,000	3.00% Medium-Term Notes due January 30, 2007	3128X2NA9	0.9	2.375% Reference Notes due February 15, 2007
\$ 250,000,000	2.75% Medium-Term Notes due January 30, 2007	3128X2PZ2	0.9	2.375% Reference Notes due February 15, 2007
\$ 250,000,000	2.75% Medium-Term Notes due February 9, 2007	3128X2RP2	2.4	2.375% Reference Notes due February 15, 2007
\$ 500,000,000	2.85% Debt Securities due April 6, 2007	3128X1V61/US3128X1V619	(0.7)	2.875% Reference Notes due May 15, 2007
\$ 250,000,000	3.00% Medium-Term Notes due August 27, 2007	3128X2ZK4	11.2	2.875% Reference Notes due May 15, 2007
\$ 300,000,000	3.20% Medium-Term Notes due May 21, 2008	3128X1DD6	5.3	5.75% Reference Notes due April 15, 2008
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<u>\$8,574,479,000</u>				

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THIS OFFER TO PURCHASE DOES NOT CONSTITUTE AN OFFER TO PURCHASE IN ANY JURISDICTION IN WHICH, OR TO OR FROM ANY PERSON TO OR FROM WHOM, IT IS UNLAWFUL TO MAKE SUCH OFFER UNDER APPLICABLE SECURITIES OR “BLUE SKY” LAWS.

Freddie Mac

Freddie Mac is one of the largest participants in the U.S. mortgage market. We are a stockholder-owned government-sponsored enterprise chartered by Congress on July 24, 1970 under the Federal Home Loan Mortgage Corporation Act, as amended.

Our statutory purposes are:

- To provide stability in the secondary market for residential mortgages;
- To respond appropriately to the private capital markets;
- To provide ongoing assistance to the secondary market for residential mortgages (including mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return received on other activities) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage finance; and
- To promote access to mortgage credit throughout the U.S. (including central cities, rural areas and other underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage finance.

We fulfill these statutory purposes primarily by purchasing residential mortgage loans and mortgage-related securities from mortgage lenders and securities dealers, financing these purchases with debt, equity and mortgage-related securities, and guaranteeing the payment of principal and interest on the mortgage-related securities we issue.

The Offers

Upon the terms and subject to the conditions of the Offers (including, if any Offers are extended or amended, the terms and conditions of any such extension or amendment), we hereby offer to purchase for cash any and all of the Securities. Only Securities tendered in the same integral multiples of \$1,000 as the minimum principal amounts in which they were issued and are maintained will be accepted for payment pursuant to the Offers. Each Offer is independent of the other Offers and is not conditioned upon the consummation of any other Offer.

Each Offer is being commenced on November 15, 2004, and will expire at 5:00 p.m., New York City time, on November 19, 2004, unless we in our sole discretion extend the Offers (such date or the latest date to which the Offers are extended being herein referred to as the “Expiration Date”), subject to our right, in our sole discretion, subject to applicable law, to terminate, withdraw or amend the Offers at any time as described below. Securities will be deemed validly tendered pursuant to the Offers at such time as the Dealer Manager and a tendering holder (or such holder’s broker or agent acting on behalf of such holder) execute a transaction for the sale of such holder’s Securities in accordance with customary brokerage practices for corporate fixed income securities (i.e., a “desk to desk” or “broker to broker” tender), upon the terms and subject to the conditions of the Offers. The Securities will be repurchased by Freddie Mac only through Goldman, Sachs & Co.

The Payment Date with respect to any tendered Securities will be the first New York Stock Exchange trading day following the date on which the holder of such Securities properly accepts the applicable Offer. All Securities validly tendered must be delivered to Goldman, Sachs & Co. on a delivery versus payment basis no later than 2:00 p.m., New York City time, on the Payment Date. Payments for Securities purchased pursuant to the Offers will be made in Federal Reserve Funds (i.e., same-day funds).

The Purchase Price for Securities properly tendered pursuant to the Offers will be calculated, as described in Schedule A, as of the Price Determination Date in a manner intended to result in a price for such Securities equal to the price a buyer would pay to acquire such Securities on the Payment Date, at a yield to the maturity date for such Securities, equal to the sum of:

(a) the yield to maturity of the Reference Security for such series calculated as described below as of the Price Determination Date (the “Reference Yield” for such series) plus

(b) the Fixed Spread for the Securities specified on the inside front cover of this Offer to Purchase (the foregoing sum, the “Tender Offer Yield”).

The Dealer Manager will determine the Reference Yield with respect to the Reference Security in accordance with standard market practice, based on the bid-side price for such Reference Security displayed on the Reference Source, as defined below, as of the Price Determination Date.

The “Reference Source” for the Reference Security will be the specified TradeWeb Agency Screen. The applicable TradeWeb Agency Screen may be accessed on the TradeWeb LLC’s online trading network by clicking on “AGCY” and then clicking on “2” (for 2 year debt securities) or “3-5” (for 3-5 year debt securities). If the TradeWeb Agency Screen is not available as of the Price Determination Date or is manifestly erroneous, such other recognized quotation service as the Dealer Manager shall select in its sole discretion, the identity of which will be disclosed by the Dealer Manager to tendering holders.

The Purchase Price applicable to each Security will equal, for the principal amount of such Security tendered, the present value of (i) the principal amount payable at the maturity date of such Security plus (ii) all remaining payments of interest from (but excluding) the Payment Date to (and including) the maturity date, discounted (as of the applicable Payment Date) in accordance with the assumptions and methodologies described in Schedule A hereto, at a discount rate equal to the Tender Offer Yield for such Security. Holders will be paid Accrued Interest (as defined in Schedule A) from the last regular payment of interest to (but excluding) the applicable Payment Date. The formula for determining the Purchase Price and Accrued Interest is set forth in Schedule A. The Purchase Price will be rounded to the nearest cent per \$1,000.

We set forth in Schedule B hypothetical calculations of the Purchase Price and Accrued Interest for all series of Securities, demonstrating the applications of the assumptions and methodologies to be used in pricing the Offers. There can be no assurance that the actual Purchase Price for any Security will be equal to the Hypothetical Purchase Price shown in Schedule B.

In the event of any dispute or controversy regarding any Purchase Price, Reference Yield, Tender Offer Yield or the amount of Accrued Interest for each Security sold pursuant to the Offers, the Dealer Manager’s determination shall be conclusive and binding, absent manifest error.

Each proper acceptance of the Offers with respect to any Securities will become irrevocable by the tendering holder at the time of acceptance, and there are no withdrawal rights with respect to the Offers.

Holders may from time to time obtain current quotes of the Reference Yield, Tender Offer Yield and resulting current Purchase Price of the Securities by contacting their Goldman, Sachs & Co. sales representative or Goldman, Sachs & Co. toll free at (800) 828-3182.

The Offers are not contingent upon each other or upon the tender of any minimum principal amount of Securities. The Offers, however, are conditioned upon satisfaction of the conditions described under “— Certain Conditions of the Offers.”

Source of Funds

We are seeking to repurchase any and all of the outstanding Securities. We expect to use available cash on hand to pay the Purchase Price for all Securities we purchase pursuant to the Offers.

No Recommendation

NONE OF THE COMPANY, THE DEALER MANAGER OR THE INFORMATION AGENT MAKES ANY RECOMMENDATION THAT ANY HOLDER TENDER OR REFRAIN FROM TENDERING ALL OR ANY PORTION OF THE PRINCIPAL AMOUNT OF SUCH HOLDER'S SECURITIES, AND NO ONE HAS BEEN AUTHORIZED BY ANY OF THEM TO MAKE SUCH A RECOMMENDATION. HOLDERS MUST MAKE THEIR OWN DECISIONS WHETHER TO TENDER SECURITIES, AND, IF SO, DECIDE ON THE PRINCIPAL AMOUNT OF SECURITIES TO TENDER.

Procedure for Accepting the Offers and Selling Securities Pursuant Thereto

Accepting the Offers

If a holder has an account with Goldman, Sachs & Co. and desires to sell all or any portion of the principal amount of the holder's Securities pursuant to the Offers, the holder should call the holder's regular contact at Goldman, Sachs & Co. prior to the Expiration Date. The holder will not be required to pay any fees or commissions to Goldman, Sachs & Co.

If a holder does not have an account with Goldman, Sachs & Co., and desires to sell Securities pursuant to the Offers, the holder may do so through the holder's broker, dealer, commercial bank, trust company, other financial institution or other custodian which the holder customarily uses. The holder may be required to pay a fee or commission to the holder's broker or intermediary through whom the Securities are tendered. **The holder should not send Securities to the Company or, prior to a Payment Date, to Goldman, Sachs & Co.**

If the holder has no account with Goldman, Sachs & Co., in order to tender Securities the holder's broker must contact Goldman, Sachs & Co.'s Credit Liability Management Group toll free at (800) 828-3182, in each case on or prior to the Expiration Date at any time during which the Reference Source is properly quoting bids for the applicable Reference Security, which is between 9:00 a.m. and 5:00 p.m., New York City time, on any business day. Securities validly tendered must be delivered to Goldman, Sachs & Co. on a delivery versus payment basis no later than 2:00 p.m., New York City time, on the Payment Date.

Other Matters

Each proper acceptance of the Offers with respect to a Security will be irrevocable and will constitute a binding agreement of the holder to sell and the Company to purchase the Security pursuant to the Offers for the applicable Purchase Price plus Accrued Interest on the applicable Payment Date. The acceptance of the Offers by a holder with respect to any Security will constitute the agreement by such holder to deliver good and marketable title to such Security on the appropriate Payment Date free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind.

All tenders of Securities will settle in accordance with customary brokerage practices for our fixed income securities upon the terms and subject to the conditions of the Offers. All Securities tendered must be delivered to Goldman, Sachs & Co. on a delivery versus payment basis no later than 2:00 p.m., New York City time, on the Payment Date.

All questions as to the validity, form and eligibility (including time of receipt), any acceptance of the Offers and any sale pursuant thereto will be determined by the Company, in its sole discretion, which determination shall be final and binding. We reserve the absolute right, in our sole discretion, to reject any and all acceptances and sales not in proper form or for which the corresponding agreement to purchase, in our opinion, would be unlawful. We also reserve the right to waive any defects, irregularities or conditions in acceptances and sales with regard to any particular Security.

Any defect or irregularity in connection with acceptances and sales in regard to any particular Security must be cured within such time as the Company determines, unless waived by the Company. None of the Company, the Dealer Manager, the Information Agent or any other person will be under any duty to give

notice to accepting or selling holders of Securities of any defects or irregularities in acceptances or sales, nor shall any of them incur any liability for failure to give such notice.

Expiration Date; Extension; Termination; Amendment

The Offers will expire at 5:00 p.m., New York City time, on November 19, 2004, unless we extend some or all of the Offers. In the event that any Offer is extended, the term "Expiration Date" for that Offer shall mean the time and date on which that Offer, as so extended, shall expire.

Subject to applicable law, we expressly reserve the right, for any reason and in our sole discretion, to:

- extend the period of time during which the Offers shall remain open at any time and from time to time by giving oral or written notice of such extension to the Dealer Manager,
- prospectively, terminate or withdraw the Offers at any time,
- at any time prior to the Expiration Date, terminate or withdraw the Offers, suspend the right to accept the Offers, or otherwise amend the Offers if there has occurred any change or development that, in the sole judgment of the Company, has or may have a material adverse effect on the Company, the market price of the Securities or the value of the Securities to the Company,
- at any time until the first time any holder accepts the Offers, amend the terms of the Offers in any respect, and
- at any time after the first time any holder accepts the Offers, amend the terms of the Offers in a manner we deem, in our sole discretion, to be advantageous or neutral to all holders of the Securities, whether or not such holders have previously tendered their Securities.

Please note that the terms of any extension or an amendment of the terms or conditions of the Offers may vary from the terms of the original Offers depending on such factors as prevailing interest rates and the principal amount of Securities previously tendered or otherwise purchased.

There can be no assurance that we will exercise our right to extend, terminate or amend the Offers. Any extension, termination or amendment will be followed as promptly as practicable by public announcement thereof. In the case of an extension, such announcement will be made no later than 9:00 a.m., New York City time, on the next New York Stock Exchange trading day after the previously scheduled Expiration Date. Without limiting the manner in which we may choose to make such public announcement, we shall not have any obligation to publish, advertise or otherwise communicate such public announcement other than by issuing a press release to the Dow Jones News Service or other similar news service.

Certain Conditions of the Offers

Any other provision in the Offers to the contrary notwithstanding, we shall not be required to purchase any Securities not theretofore agreed to be sold pursuant to the Offers, and, subject to applicable law, may terminate or withdraw the Offers, suspend the right of a holder to accept the Offers or otherwise amend the Offers with respect to any such Securities, at any time prior to the Expiration Date for any reason in our sole discretion, including, without limitation, if there has occurred any change (or any condition, event or development involving a prospective change) in the general economic, financial or market conditions in the United States that, in our sole judgment, has or may have a material adverse effect upon the market prices of the Securities or upon trading in the Securities or upon the value of the Securities to us. No such termination or withdrawal will affect Securities that a holder has already tendered to us in accordance with the procedures set forth herein.

Other Transactions Regarding the Securities

Following completion of the Offers, we may purchase additional Securities in the open market, in privately negotiated transactions, through subsequent tender offers or otherwise. Any future purchases may be on the same terms or on terms which are more or less favorable to holders than the terms of the Offers. Any future purchases we engage in will depend on various factors existing at the time.

Market for Securities

The Securities are not listed on any national, regional or foreign securities exchange or reported on a national quotation system. To the extent that Securities are traded, prices of the Securities may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Quotations for Securities may differ from actual trading prices and should be viewed as approximations. Holders are urged to obtain current information with respect to the market prices for the Securities.

The purchase of Securities pursuant to the Offers will reduce the aggregate principal amount of Securities that otherwise might trade publicly (the “float”), which could adversely affect the liquidity and market value of any remaining Securities not tendered and purchased pursuant to the Offers. The reduced float may also tend to make the trading price more volatile. There can be no assurance that any trading market will exist for the Securities following the Offers. The extent of the public market for the Securities following consummation of the Offers will depend upon the number of holders that remain at such time, the interest in maintaining markets in the Securities on the part of firms and other factors.

Where You Can Find More Information

We prepare an annual Information Statement that describes our business and operations and contains important financial and other information, including our consolidated financial statements (the “Information Statement”). We also prepare quarterly and other periodic Information Statement Supplements that include unaudited consolidated financial data and other information concerning our business and operations (each, an “Information Statement Supplement”). These documents are (or upon publication will be) incorporated by reference in this Offer to Purchase, which means that we are disclosing information to you by referring you to those documents. These documents are considered part of this Offer to Purchase. You should read this Offer to Purchase, and any applicable supplements or amendments, in conjunction with our most recent Information Statement and any subsequent Information Statement Supplements we incorporate by reference in this Offer to Purchase. As of the date of this Offer to Purchase, our current Information Statement is dated September 24, 2004 and contains our financial statements for the year 2003. The public release of our quarterly financial results for 2004 has been delayed. Our current objective is to provide quarterly and full-year results for 2004 by March 31, 2005. You should see the Information Statement Supplement dated November 1, 2004 for important information about our timetable for financial reporting.

You can obtain any of these documents and any other documents that we make available by contacting us at:

Freddie Mac
Debt Securities Marketing Office
1551 Park Run Drive
McLean, Virginia U.S.A. 22102-3110
E-Mail: debt_securities@freddiemac.com
www.freddiemac.com*

You can also obtain any of these documents by contacting the Information Agent. You also can read the Information Statement and other information about Freddie Mac at the offices of the New York Stock Exchange.

Certain United States Federal Income Tax Consequences

The following summary addresses certain U.S. federal income tax consequences with respect to holders that sell a Security pursuant to an Offer. The summary is based upon U.S. laws, regulations and decisions now in effect, all of which are subject to change, potentially with retroactive effect, or to differing interpretations.

* We are providing this Internet address solely for informational purposes. We do not intend this Internet address to be an active link and are not using reference to this address to incorporate additional information into this Offer to Purchase.

This summary discusses only Securities held by investors as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended to the date of this Offer to Purchase (the “Code”). It does not discuss all of the tax consequences that may be relevant to an investor in light of its particular circumstances or to investors subject to special rules, such as certain financial institutions, insurance companies, certain former citizens or residents of the United States, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, dealers, investors holding Securities as part of a hedging transaction, straddle, conversion transaction or synthetic security transaction, investors who are U.S. Owners (as defined below) whose functional currency (as defined in Section 985 of the Code) is not the U.S. dollar, partnerships or other pass-through entities, tax-exempt persons, or regulated investment companies. Moreover, this summary does not discuss state, local or foreign tax considerations that may be relevant to a holder’s decision to sell a Security pursuant to an Offer.

This summary of certain U.S. federal income tax consequences is for general information only and is not tax advice for any particular holder. Holders should consult their own tax advisors concerning the U.S. federal income tax consequences of tendering a Security in light of their particular situations as well as any consequences of tendering a Security arising under the U.S. federal estate or gift tax laws or the laws of any state, local, foreign or other taxing jurisdiction.

For purposes of this summary, “U.S. Person” means:

- an individual who, for U.S. federal income tax purposes, is a citizen or resident of the United States;
- a corporation (or other business entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Certain trusts in existence on or before August 20, 1996, that were treated as U.S. persons under the law in effect on such date but fail to qualify as U.S. persons under current law, may elect to continue to be treated as U.S. persons to the extent prescribed in the applicable Treasury regulations.

“Beneficial Owner” means the entity or individual that beneficially owns a Security. “U.S. Owner” means a Beneficial Owner that is a U.S. Person and “Non-U.S. Owner” means a Beneficial Owner that is an individual, a corporation, an estate or a trust that is not a U.S. Person.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds Securities, the treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner in such a partnership, you should consult your tax advisor.

U.S. Owners

In general, a U.S. Owner that sells a Security pursuant to an Offer will recognize gain or loss in an amount equal to the difference, if any, between the amount realized from such sale (not including any amount attributable to accrued but unpaid interest, which will be taxable separately as ordinary interest income to the extent not previously included in gross income) and the U.S. Owner’s adjusted tax basis in the Security. A U.S. Owner’s adjusted tax basis in a Security for determining gain or loss on the disposition of a Security pursuant to an Offer generally is the cost of such Security to such U.S. Owner, increased by the amount of any market discount previously included in such U.S. Owner’s gross income with respect to such Security, and decreased by (i) the amount of any payments on the Security that are part of its stated redemption price at maturity and (ii) the portion of any bond premium that has been amortized.

Gain or loss upon the disposition of a Security pursuant to an Offer will be capital gain or loss, except to the extent the gain represents accrued market discount on the Security not previously included in gross

income, to which extent such gain would be treated as ordinary income. Any capital gain or loss recognized upon the sale of a Security pursuant to an Offer will be long-term capital gain or loss if at the time of sale the U.S. Owner has held the Security for more than one year.

Non-U.S. Owners

Except as provided in the discussion of backup withholding below, a Non-U.S. Owner that sells a Security pursuant to an Offer will not be subject to U.S. federal income and withholding taxes on any gain realized on the sale (other than amounts attributable to accrued interest) unless (i) such gain is, or is deemed to be, effectively connected with a trade or business in the United States of the Non-U.S. Owner (and if an income tax treaty applies, such gain is attributable to a U.S. permanent establishment) or (ii) such Non-U.S. Owner is an individual who is present in the United States for 183 days or more in the taxable year of sale and certain conditions are met. Except as provided in the discussion of backup withholding below, gain on the sale of a Security pursuant to an Offer that is, or is deemed to be, effectively connected with the conduct of a trade or business in the United States by a Non-U.S. Owner (and if an income tax treaty applies, is attributable to a U.S. permanent establishment), although exempt from U.S. federal withholding tax, generally will be subject to U.S. federal income tax at graduated rates, and in the case of a Non-U.S. Owner that is a foreign corporation, may also be subject to U.S. federal branch profits tax.

Additionally, except as provided in the discussion of backup withholding below, any amount received by a Non-U.S. Owner pursuant to an Offer which is attributable to accrued interest on the Security generally will be exempt from U.S. federal income and withholding taxes under the “portfolio interest” exception, provided that: (i) the interest is not effectively connected with a trade or business of the Non-U.S. Owner within the United States (and if an income tax treaty applies, such interest is not attributable to a U.S. permanent establishment); (ii) the Non-U.S. Owner is not a 10-percent shareholder of Freddie Mac within the meaning of Section 871(h)(3)(B) of the Code; (iii) the Non-U.S. Owner is not a “controlled foreign corporation” related to Freddie Mac within the meaning of Section 881(c)(3)(C) of the Code; (iv) the Non-U.S. Owner is not a bank that receives payments on the Security that are described in Section 881(c)(3)(A) of the Code; and (v) the person otherwise required to withhold has received, in the manner provided by U.S. tax authorities, the required certification establishing that the Non-U.S. Owner is not a U.S. Person. A Non-U.S. Owner may provide this certification by providing a properly completed Form W-8BEN or other documentation prescribed by U.S. tax authorities. The appropriate documentation must be effective as to the accrued interest and be provided prior to the payment of such interest. If accrued interest received by a Non-U.S. Owner does not qualify as portfolio interest for U.S. federal income tax purposes as described above and such interest is not effectively connected with a trade or business of the Non-U.S. Owner within the United States (and if an income tax treaty applies, such interest is not attributable to a U.S. permanent establishment), such Non-U.S. Owner will generally be subject to withholding of U.S. federal income tax at a 30 percent rate on the portion of the payment attributable to accrued interest, unless an income tax treaty between the United States and a foreign jurisdiction applies to eliminate or reduce withholding. In general, such treaty exemption (or reduced rate) applies only if the Non-U.S. Owner provides a properly completed Form W-8BEN or other documentation prescribed by U.S. tax authorities. The appropriate documentation must be effective as to the accrued interest and be provided prior to the payment of such interest.

If any accrued interest is effectively connected with the Non-U.S. Owner’s conduct of a trade or business in the United States (and if an income tax treaty applies, is attributable to a U.S. permanent establishment), such interest will be exempt from the 30-percent U.S. federal withholding tax provided that the Non-U.S. Owner establishes this exemption by providing a properly completed Form W-8ECI or other documentation prescribed by U.S. tax authorities. The appropriate documentation must be effective as to the accrued interest and be provided prior to the payment of such interest. Accrued interest on a Security that is, or is deemed to be, effectively connected with the conduct of a trade or business in the United States by a Non-U.S. Owner (and if an income tax treaty applies, is attributable to a U.S. permanent establishment), although exempt from the 30-percent U.S. federal withholding tax, generally will be subject to U.S. federal income tax at graduated rates, and in the case of a Non-U.S. Owner that is a foreign corporation, may also be subject to U.S. federal branch profits tax.

Information Reporting and Backup Withholding

Payments of accrued interest on a Security to a U.S. Owner (other than a corporation or other exempt recipient) are required to be reported to the Internal Revenue Service and the U.S. Owner. Payments of accrued interest on a Security to a Non-U.S. Owner generally will be reported to U.S. tax authorities and the Non-U.S. Owner. Form W-8BEN, Form W-8ECI, or other documentation or information about the Non-U.S. Owner may be provided to U.S. tax authorities.

Backup withholding of U.S. federal income tax at the applicable rate may apply to a payment of proceeds (including accrued interest) from the sale of a Security pursuant to an Offer to a Beneficial Owner (other than a corporation or other exempt recipient), unless the Beneficial Owner provides certain information. Any amount withheld under these rules will be creditable against the Beneficial Owner's U.S. federal income tax liability, and if withholding results in an overpayment of taxes, the Beneficial Owner may apply for a refund from the Internal Revenue Service.

If a Beneficial Owner (other than a corporation or other exempt recipient) sells a Security pursuant to an Offer to (or through) certain brokers, the broker must report the sale to the Internal Revenue Service and the Beneficial Owner unless, in the case of a Non-U.S. Owner, the Non-U.S. Owner certifies that it is not a U.S. Person (and certain other conditions are met). The broker may be required to withhold U.S. federal income tax at the applicable rate on any payment made to a Beneficial Owner unless such Beneficial Owner provides certain information and, in the case of a Non-U.S. Owner, the Non-U.S. Owner certifies that it is not a U.S. Person (and certain other conditions are met).

THE U.S. FEDERAL TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A BENEFICIAL OWNER'S PARTICULAR SITUATION. BENEFICIAL OWNERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM OF THE SALE OF THE SECURITIES PURSUANT TO AN OFFER, INCLUDING THE TAX CONSEQUENCES UNDER THE TAX LAWS OF THE UNITED STATES, STATES, LOCALITIES, COUNTRIES OTHER THAN THE UNITED STATES AND ANY OTHER TAXING JURISDICTIONS AND THE POSSIBLE EFFECTS OF CHANGES IN SUCH TAX LAWS.

The Dealer Manager and the Information Agent

We have retained Goldman, Sachs & Co. to act on our behalf as Dealer Manager in connection with the Offers, and the Company has agreed to pay the Dealer Manager customary fees in connection therewith. The Company has also agreed to reimburse the Dealer Manager for its reasonable out-of-pocket expenses incurred in connection with the Offers, including reasonable fees and disbursements of counsel, and to indemnify the Dealer Manager against certain liabilities in connection with the Offers, including certain liabilities under the federal securities laws.

Goldman, Sachs & Co. in the ordinary course of its business makes markets in our securities, including the Securities, for its own account and for the accounts of its customers. As a result, Goldman, Sachs & Co. at any time may own certain of our debt securities, including the Securities. We also may enter into certain hedging transactions with Goldman, Sachs & Co. in connection with the repurchases of the Securities, for which it may receive compensation.

We have retained Morrow & Co., Inc. to act as Information Agent in connection with the Offers. The Information Agent will assist holders who request assistance in connection with the Offers, and may request brokers, dealers and other nominee holders to forward materials relating to the Offers to beneficial owners. We have agreed to pay the Information Agent customary fees for such services. We have also agreed to reimburse the Information Agent for its reasonable out-of-pocket expenses and to indemnify the Information Agent against certain liabilities in connection with the Offers, including liabilities arising under federal securities laws.

Other Matters

The Offers are not being made to holders of Securities in any jurisdiction in which the making or acceptance of the Offers would not be in compliance with the laws of such jurisdiction. If we become aware of any jurisdiction in which the making or acceptance of the Offers would not be in compliance with applicable law, we may, in our sole discretion, make an effort to comply with any such law. If, after such effort, we cannot comply with any such law, the Offers will not be made to any holder of Securities residing in such jurisdiction.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY REPRESENTATION ON BEHALF OF THE COMPANY NOT CONTAINED IN THIS OFFER TO PURCHASE AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED.

If a holder has questions about the Offers or procedures for accepting the Offers, the holder should call the holder's Goldman, Sachs & Co. sales representative or Goldman, Sachs & Co. toll free at (800) 828-3182 or the Information Agent toll-free at (800) 654-2468. Requests for additional copies of this Offer to Purchase and related materials should be directed to the Information Agent toll free at the above number.

SCHEDULE A

Formulas to Determine Purchase Price and Accrued Interest

YLD	=	Tender Offer Yield (as determined as of the Price Determination Date) expressed as a decimal.
CPN	=	The nominal rate of interest payable on the Securities expressed as a decimal.
N	=	The number of semi-annual interest payments, based on the maturity date for the applicable Security, from (but not including) the applicable Payment Date to (and including) the applicable maturity date pursuant to the terms of the Security.
S	=	The number of days from and including the semi-annual interest payment date immediately preceding the Payment Date up to (but not including) the applicable Payment Date. The number of days is computed using the 30/360 day-count method.
R	=	Assumed principal amount at maturity, which is \$1,000.
/	=	Divide. The term immediately to the left of the division symbol is divided by the term immediately to the right of the division symbol before any other addition or subtraction operations are performed.
exp	=	Exponentiate. The term to the left of “exp” is raised to the power indicated by the term to the right of “exp.”
$\sum_{k=1}^N$	=	Summate. The term in the brackets to the right of the summation symbol is separately calculated “N” times (substituting for “k” in that term each whole number between 1 and N, inclusive), and the separate calculations are then added together.
Purchase Price	=	The applicable Purchase Price per \$1,000 principal amount of the Securities. The Purchase Price is rounded to the nearest cent.
Purchase Price	=	$\left[\frac{R}{(1+YLD/2)^{exp(N-S/180)}} \right] + \sum_{k=1}^N \left[\frac{R(CPN/2)}{(1+YLD/2)^{exp(k-S/180)}} \right] - R(CPN/2)(S/180)$
Accrued Interest	=	$R(CPN/2)(S/180)$

SCHEDULE B

HYPOTHETICAL CALCULATIONS OF PURCHASE PRICE

Assuming a hypothetical Payment Date of November 12, 2004 for each of the Offers and Reference Yields which would have been in effect had they been measured at 9:00 a.m., New York City time, on November 10, 2004, the Reference Yield, Tender Offer Yield, Purchase Price and accrued interest per \$1,000 principal amount for each series of Securities would have been as follows:

Title of Securities	Reference Security	Hypothetical Reference Yield*	Hypothetical Tender Offer Yield*	Hypothetical Purchase Price per \$1,000 Principal Amount*	Hypothetical Accrued Interest per \$1,000 Principal Amount*
2.375% Medium-Term Notes due May 19, 2006	5.50% Reference Notes due July 15, 2006	2.979%	2.937%	\$991.70	\$11.41
2.15% Debt Securities due June 2, 2006	5.50% Reference Notes due July 15, 2006	2.979	2.955	987.84	9.56
2.91% Medium-Term Notes due June 16, 2006	5.50% Reference Notes due July 15, 2006	2.979	2.979	998.92	11.80
2.625% Medium-Term Notes due June 30, 2006	5.50% Reference Notes due July 15, 2006	2.979	2.992	994.17	9.63
2.00% Debt Securities due July 7, 2006	5.50% Reference Notes due July 15, 2006	2.979	2.989	984.15	6.94
2.05% Medium-Term Notes due July 14, 2006	5.50% Reference Notes due July 15, 2006	2.979	3.006	984.50	6.72
2.125% Medium-Term Notes due July 28, 2006	5.50% Reference Notes due July 15, 2006	2.979	3.019	985.18	6.14
2.75% Medium-Term Notes due August 4, 2006	5.50% Reference Notes due July 15, 2006	2.979	3.030	995.30	7.49
2.65% Medium-Term Notes due August 4, 2006	5.50% Reference Notes due July 15, 2006	2.979	3.030	993.63	7.21
2.50% Medium-Term Notes due August 9, 2006	5.50% Reference Notes due July 15, 2006	2.979	3.034	990.98	6.46
2.625% Medium-Term Notes due August 17, 2006	5.50% Reference Notes due July 15, 2006	2.979	3.042	992.87	6.20
2.75% Debt Securities due October 6, 2006	2.75% Reference Notes due October 15, 2006	3.061	3.071	994.10	2.75
2.25% Medium-Term Notes due December 4, 2006	2.875% Reference Notes due December 15, 2006	3.099	3.110	982.95	9.88
2.50% Debt Security due December 4, 2006	2.875% Reference Notes due December 15, 2006	3.099	3.110	987.90	10.97
3.00% Medium-Term Notes due January 30, 2007	2.375% Reference Notes due February 15, 2007	3.144	3.153	996.72	8.50
2.75% Medium-Term Notes due January 30, 2007	2.375% Reference Notes due February 15, 2007	3.144	3.153	991.41	7.79
2.75% Medium-Term Notes due February 9, 2007	2.375% Reference Notes due February 15, 2007	3.144	3.168	991.00	7.10
2.85% Debt Securities due April 6, 2007	2.875% Reference Notes due May 15, 2007	3.204	3.197	992.03	2.85
3.00% Medium-Term Notes due August 27, 2007	2.875% Reference Notes due May 15, 2007	3.204	3.316	991.61	6.25
3.20% Medium-Term Notes due May 21, 2008	5.75% Reference Notes due April 15, 2008	3.474	3.527	989.24	15.20

* Actual amounts will differ from those set forth in this table.

To obtain additional copies of this Offer to Purchase, please contact the Information Agent.

The Information Agent for the Offers is:

Morrow & Co., Inc.

445 Park Avenue, 5th Floor
New York, New York 10022

U.S. Security Holders Please Call Toll Free: (800) 607-0088
Security Holders Outside the U.S. Please Call Collect: (212) 754-8000
Banks and Brokerage Firms Please Call Toll Free: (800) 654-2468
E-mail: fre.info@morrowco.com

Any questions about the Offers or procedures for accepting the Offers or to obtain current quotes of the Reference Yield, Tender Offer Yield and resulting current Purchase Price applicable to the Securities may be directed to the Dealer Manager.

The Dealer Manager for the Offers is:

Goldman, Sachs & Co.

Credit Liability Management Group
85 Broad Street
New York, New York 10004
(212) 357-3047 (Call Collect)
(800) 828-3182 (Toll Free)