



# Quarterly Funding Announcement & Summary – October 7, 2004

## Fourth Quarter 2004 Funding Announcement

Freddie Mac expects the following issuance levels under its funding programs for the fourth quarter of 2004 based on current market conditions. All of these activities are subject to market conditions and the Company's needs:

### **Reference Notes® securities**

- Freddie Mac expects to offer \$8 to \$13 billion in maturities up to 10 years according to the 2004 Reference Notes Calendar. As \$7.4 billion of Reference Notes® securities will mature during the fourth quarter, net issuance, excluding repurchases, is expected to be \$0.6 billion to \$5.6 billion.
- We intend to use at least one of our 2- or 3-year optional issuance windows during the fourth quarter.
- Freddie Mac does not plan to issue €Reference Notes® securities during the fourth quarter.
- We will conduct at least one USD Reference Notes securities periodic repurchase operation during the fourth quarter and may conduct €Reference Notes securities periodic repurchase operations depending on market conditions.

### **Other funding activity**

- Freddie Mac expects low volume of USD- and Euro-denominated global floating-rate issuance, if any, during the fourth quarter. Any such issuance would be conducted in response to favorable market conditions.
- We expect to issue \$2 to \$6 billion of syndicated callable notes during the fourth quarter.

## October Funding

- Freddie Mac plans to issue a new \$4 billion 2-year Reference Notes security, CUSIP 3134A4UV4, due on October 15, 2006. The issue will be priced on October 13, 2004 for settlement on October 15, 2004. Freddie Mac will offer the issue via a syndicate of dealers headed by joint leads Goldman Sachs Group, RBS Greenwich Capital Markets, and UBS Investment Bank.
- Freddie Mac plans to reopen its 5% 10-year Reference Notes security, CUSIP number 3134A4UU6, due on July 15, 2014, for \$1 billion. After the reopening, the outstanding issue size will be \$4 billion. The issue, which will be offered via Internet-based auction, will be priced on October 13, 2004 and will settle on October 15, 2004. Investors who wish to participate in Reference Notes auctions must first designate the dealers through which they wish to submit bids. This step, if not previously performed, must be completed via the Internet by Friday, October 8 at 5 p.m. ET for this auction. All auction details and instructions can be found on Freddie Mac's Debt Securities Web page at [www.FreddieMac.com/debt](http://www.FreddieMac.com/debt).

## Program and Product Modifications

As mentioned in our *Quarterly Funding Announcement & Summary* for the third quarter of 2004, Freddie Mac is committed to promoting the continued liquidity and performance of our syndicated callable notes, including those with a European-style call option that has expired. Accordingly, we expect that in the fourth quarter, we will conduct tender offer transactions whereby Freddie Mac will offer to purchase certain issues from investors through a designated tender offer agent. Such actions are subject to prevailing market conditions and our funding needs. We will post results of tender offers, as well as a list of medium-term notes that we have privately repurchased, on the Company's Debt Securities Web page at [www.FreddieMac.com/debt](http://www.FreddieMac.com/debt).

## 2005 Funding Program

Freddie Mac's 2005 Reference Notes and Reference Bills calendars are now available on the Company's website. The Company's 2005 funding calendars, with optional issuance dates, allow Freddie Mac to offer the marketplace securities at the right size and maturity with clarity around timing. Additionally, by publishing the *Quarterly Funding Announcement* earlier, starting in December 2004, we will provide the market with information about specific issuance plans and maturities before each quarter begins.

The Company's 2005 funding plan includes the following key features:

- 2- or 3-year Reference Notes securities may be issued every month, except for August.
- 5-year Reference Notes securities may be issued in March, June, September and December.
- 10-year Reference Notes securities may be issued in January, April, July and October.
- While all issuance dates are optional, we intend to issue at least one new issue of our 2-, 3-, 5- and 10-year maturities of Reference Notes securities during 2005.
- Minimum issue sizes:
  - New 2-, 3-, 5-, 10-year:      \$3 billion
  - Reopening:                      No minimum size.
- Going forward, for upcoming quarters we will announce which of the issuance dates on the calendar we will elect to use in our *Quarterly Funding Announcement*. We will release our *Quarterly Funding Announcements* for upcoming quarters on the following dates:
  - 1<sup>st</sup> Quarter 2005              December 10, 2004
  - 2<sup>nd</sup> Quarter 2005              February 28, 2005
  - 3<sup>rd</sup> Quarter 2005              June 10, 2005
  - 4<sup>th</sup> Quarter 2005              September 9, 2005
- As a result of these earlier release dates, we will begin posting monthly (instead of quarterly) funding summaries on our Debt Securities Web site beginning in the fourth quarter.
- Monthly transaction announcement dates will be used to specify whether there will be a 2- or 3-year issue and announce specific issue size and whether the issue is a new issue or a reopening of an outstanding issue.

- All dates for *Quarterly Funding Announcements* and monthly announcements are identified on our 2005 Reference Notes calendar.
- Euro-denominated securities, including €Reference Notes securities, will continue to play a role in Freddie Mac's global funding strategy. Freddie Mac will provide details on any issuance via the *Quarterly Funding Announcements*.

## July 1, 2004 Through September 30, 2004 Funding

### **USD Reference Notes securities**

Freddie Mac issued \$4 billion of USD Reference Notes securities during the third quarter, comprised of one new issue and one reopening. The total amount issued was within our anticipated funding for the quarter of between \$4 to \$8 billion as announced in our previous *Quarterly Funding Announcement & Summary*. Net issuance was -\$12.8 billion, reflecting the maturity of \$15.1 billion in USD Reference Notes securities and a retirement via periodic repurchase operation of \$1.7 billion on September 9. The total amount of USD Reference Notes securities outstanding stood at \$214.2 billion on September 30, 2004.

### **€Reference Notes securities**

Freddie Mac did not issue any €Reference Notes securities during the third quarter. Freddie Mac did conduct a €670 million €Reference Notes securities periodic repurchase operation during the quarter. The total amount of €Reference Notes securities outstanding stood at €33.4 billion on September 30, 2004.

### **Callable Debt and Other Funding Activity**

During the third quarter, Freddie Mac issued \$24.0 billion of callable debt, which includes syndicated callable notes, euro-denominated callable notes, callable medium-term notes and FreddieNotes® securities. Callable debt outstanding declined \$4.8 billion to \$265.3 billion, as \$27.8 billion was redeemed or repurchased and \$1.1 billion matured during the quarter. Additionally, Freddie Mac did not issue any global floating rate notes during the quarter, which was consistent with prior expectations.

### **Reference Bills® securities**

During the third quarter, Freddie Mac issued \$259.0 billion of discount notes and Reference Bills securities. Short-term debt outstanding increased by \$17.2 billion to \$201.7 billion, with average days to maturity decreasing to 81 days from 82 days.

Additional detailed information is provided below.

## July 1, 2004 Through September 30, 2004 Detailed Funding Summary

The following tables summarize Freddie Mac's debt funding activity for the period from July 1, 2004 through September 30, 2004.

Estimated third quarter 2004 issuance, redemption and balances - unaudited: <sup>(1,2,3)</sup>

	Outstanding 6/30/04	Gross Issuance	Matured	Called	Re- purchased	Net Issuance <sup>(4)</sup>	Outstanding 9/30/04
Reference Bills & Discount Notes	\$184.5	259.0	(241.9)	--	--	17.2	\$201.7
<i>Average days to maturity</i>	82						81
Medium Term Notes							
Global Floating Rate	\$12.0	--	--	--	--	--	\$12.0
Syndicated Callable	36.3	5.0	--	(7.0)	--	(2.0)	34.3
MTN Callable <sup>(5)</sup>	217.2	17.7	(1.1)	(19.3)	(0.9)	(3.5)	213.7
MTN Other	26.3	0.6	(1.9)	--	(0.1)	(1.4)	24.9
FreddieNotes	16.6	1.3	--	(0.6)	--	0.7	17.3
<b>Total Medium Term Notes</b>	<b>\$308.4</b>	<b>24.5</b>	<b>(2.9)</b>	<b>(26.8)</b>	<b>(1.0)</b>	<b>(6.2)</b>	<b>\$302.2</b>
Reference Notes							
USD Reference Notes	\$227.0	4.0	(15.1)	--	(1.7)	(12.8)	\$214.2
€Reference Notes <sup>(6)</sup>	33.7	--	--	--	(0.8)	(0.8)	32.9
<b>Total Reference Notes</b>	<b>\$260.7</b>	<b>4.0</b>	<b>(15.1)</b>	<b>--</b>	<b>(2.5)</b>	<b>(13.6)</b>	<b>\$247.1</b>
Subordinated Debt	\$5.9	--	--	--	--	--	\$5.9
<b>Total Debt</b>	<b>\$759.6</b>	<b>287.6</b>	<b>(259.9)</b>	<b>(26.8)</b>	<b>(3.5)</b>	<b>(2.6)</b>	<b>\$756.9</b>

(1) All figures are estimates based on Freddie Mac's unaudited internal reports and are subject to change. Totals may not recalculate due to rounding.

(2) All figures represent face amounts in USD billions. These figures could differ significantly from proceeds, amortized principal amount and book value figures, particularly for zero-coupon securities.

(3) Effective date for inclusion in the reported period is trade date.

(4) Represents the sum of the "Gross Issuance", "Matured", "Called" and "Repurchased" columns.

(5) "Gross Issuance" and "Repurchased" amounts for MTN Callables include transactions that may be considered exchanges for financial reporting purposes under generally accepted accounting principles, or GAAP.

(6) The euro amount outstanding on June 30, 2004 and September 30, 2004 was €34.0 billion and €33.4 billion, respectively. Freddie Mac did not issue any €Reference Notes during the quarter. Freddie Mac repurchased €670 million of €Reference Notes during the third quarter. The U.S. Dollar amounts reflected in the table above are based on the exchange rate at issuance.

Estimated third quarter 2004 distribution of new issues by geographic location: <sup>(7)</sup>

	U.S.	Asia / Japan	Europe	Other
USD Reference Notes	66%	30%	4%	0%
€Reference Notes	-	-	-	-
Syndicated Callable Notes	63%	31%	6%	1%
Global Floating Rate Notes	-	-	-	-

Estimated third quarter 2004 distribution of new issues by investor type: <sup>(7)</sup>

	Investment Manager	Central Bank	Commercial Bank	Insurance / Pension	Local Gov't	Corporate	Retail/ Other
USD Reference Notes	49%	21%	12%	12%	3%	0%	2%
€Reference Notes	-	-	-	-	-	-	-
Syndicated Callable Notes	30%	19%	19%	25%	7%	0%	0%
Global Floating Rate Notes	-	-	-	-	-	-	-

(7) *Distribution estimates are based on order book composition for syndicated issues furnished to Freddie Mac by underwriters at the time of securities issuance and may not reflect the current distribution of securities. Freddie Mac does not independently validate submitted data. The presentation reflects management's classification of investors based on its best judgment. Totals may not sum to 100% due to rounding.*

This announcement is neither an offer to sell nor a solicitation of offers to buy any of these securities. Any such offering will be made only by an offering circular and pricing supplement.

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Freddie Mac's press releases sometimes contain forward-looking statements. A description of factors that could cause actual results to differ materially from the expectations expressed in these and other forward-looking statements can be found in the Company's Information Statement dated September 24, 2004, which is available on the Investor Relations page of the Company's Web site.

Freddie Mac is a stockholder-owned corporation established by Congress in 1970 to support homeownership and rental housing. Freddie Mac fulfills its mission by purchasing residential mortgages and mortgage-related securities, which it finances primarily by issuing mortgage-related securities and debt instruments in the capital markets. Over the years, Freddie Mac has opened the doors for one in six homebuyers in America. For additional information about Freddie Mac, please see the Company's Web site: [www.FreddieMac.com](http://www.FreddieMac.com).

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