

**FREDDIE MAC**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(UNAUDITED)**

Line:	Year Ended December 31,		
	2005	2004	2003
(dollars in millions, except share-related amounts)			
	<i>Interest income</i>		
1	\$ 4,037	\$ 4,007	\$ 4,251
2	29,684	28,460	29,051
3	2,606	3,136	3,796
4	<u>36,327</u>	<u>35,603</u>	<u>37,098</u>
	<i>Interest expense</i>		
5	(6,102)	(2,908)	(2,785)
6	(23,246)	(22,950)	(22,083)
7	<u>(29,348)</u>	<u>(25,858)</u>	<u>(24,868)</u>
8	(551)	(708)	(1,641)
9	<u>(29,899)</u>	<u>(26,566)</u>	<u>(26,509)</u>
10	(1,058)	100	(1,091)
11	<u>5,370</u>	<u>9,137</u>	<u>9,498</u>
	<i>Non-interest income (loss)</i>		
12	1,450	1,382	1,653
13	(1,064)	(1,135)	(1,461)
14	920	732	925
15	(1,357)	(4,475)	39
16	22	743	644
17	(127)	(348)	(1,114)
18	206	(327)	(1,775)
19	125	159	352
20	24	230	493
21	<u>199</u>	<u>(3,039)</u>	<u>(244)</u>
	<i>Non-interest expense</i>		
22	(805)	(758)	(624)
23	(386)	(588)	(311)
24	(58)	(60)	(52)
25	(286)	(144)	(194)
26	<u>(1,535)</u>	<u>(1,550)</u>	<u>(1,181)</u>
27	(251)	(143)	5
28	(40)	3	(7)
29	(320)	(281)	(200)
30	(96)	(129)	(157)
31	(771)	(271)	(696)
32	<u>(3,013)</u>	<u>(2,371)</u>	<u>(2,236)</u>
33	2,556	3,727	7,018
34	<u>(367)</u>	<u>(790)</u>	<u>(2,202)</u>
35	2,189	2,937	4,816
36	(59)	-	-
37	<u>\$ 2,130</u>	<u>\$ 2,937</u>	<u>\$ 4,816</u>
38	(223)	(210)	(216)
39	<u>\$ 1,907</u>	<u>\$ 2,727</u>	<u>\$ 4,600</u>
	Basic net income (loss) per common share:		
40	\$ 2.84	\$ 3.96	\$ 6.69
41	\$ (0.09)	\$ -	\$ -
42	\$ 2.76	\$ 3.96	\$ 6.69
	Diluted net income (loss) per common share:		
43	\$ 2.83	\$ 3.94	\$ 6.68
44	\$ (0.08)	\$ -	\$ -
45	\$ 2.75	\$ 3.94	\$ 6.68
	Weighted average common shares outstanding (thousands)		
46	691,582	689,282	687,094
47	693,511	691,521	688,675
48	<u>\$ 1.52</u>	<u>\$ 1.20</u>	<u>\$ 1.04</u>

**FREDDIE MAC**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

Line:	December 31, 2005	December 31, 2004	
	(dollars in millions)		
	<b>Assets</b>		
	<i>Retained portfolio</i>		
	Mortgage loans:		
1	Held-for-investment, at amortized cost	\$ 60,009	\$ 58,852
2	Reserve for losses on mortgage loans held-for-investment	(119)	(114)
3	Held-for-sale, at lower of cost or market value	1,538	2,582
4	Mortgage loans, net of reserve	61,428	61,320
	Mortgage-related securities:		
5	Available-for-sale, at fair value (includes \$168 and \$194, respectively, pledged as collateral that may be repledged)	638,465	590,461
6	Trading, at fair value	8,894	11,842
7	Participation Certificate residuals, at fair value	597	845
8	Total mortgage-related securities	647,956	603,148
9	<i>Retained portfolio</i>	709,384	664,468
	<i>Cash and investments</i>		
10	Cash and cash equivalents	10,468	35,253
	Investments:		
	Non-mortgage-related securities:		
11	Available-for-sale, at fair value	42,165	29,830
12	Securities purchased under agreements to resell and Federal funds sold	15,159	32,197
13	<i>Cash and investments</i>	67,792	97,280
14	Accounts and other receivables, net	6,373	7,286
15	Derivative assets, at fair value	7,097	15,257
16	Guarantee asset for Participation Certificates, at fair value	5,083	4,516
17	Real estate owned, net	629	741
18	Other assets	9,864	5,736
19	<i>Total assets</i>	\$ 806,222	\$ 795,284
	<b>Liabilities and stockholders' equity</b>		
	<i>Debt securities, net</i>		
	Senior debt:		
20	Due within one year	\$ 288,532	\$ 282,303
21	Due after one year	454,627	443,772
22	Subordinated debt, due after one year	5,633	5,622
23	<i>Total debt securities, net</i>	748,792	731,697
24	Due to Participation Certificate investors	10,607	13,654
25	Accrued interest payable	7,611	7,329
26	Guarantee obligation for Participation Certificates	5,541	4,065
27	Derivative liabilities, at fair value	590	226
28	Reserve for guarantee losses on Participation Certificates	295	150
29	Other liabilities	4,646	5,238
30	<i>Total liabilities</i>	778,082	762,359
31	Commitments and contingencies		
32	<i>Minority interests in consolidated subsidiaries</i>	949	1,509
	<i>Stockholders' equity</i>		
33	Preferred stock, at redemption value	4,609	4,609
34	Common stock, \$0.21 par value, 726,000,000 shares authorized, 725,882,280 shares issued and 692,717,422 shares and 690,606,185 shares outstanding, respectively	152	152
35	Additional paid-in capital	924	873
36	Retained earnings	31,559	30,728
	Accumulated other comprehensive income (loss) (AOCT), net of taxes, related to:		
37	Available-for-sale securities	(2,485)	4,339
38	Cash flow hedge relationships	(6,287)	(7,924)
39	Minimum pension liability	(1)	(8)
40	Total accumulated other comprehensive income (loss), net of taxes	(8,773)	(3,593)
41	Treasury stock, at cost, 33,164,858 shares and 35,276,095 shares, respectively	(1,280)	(1,353)
42	<i>Total stockholders' equity</i>	27,191	31,416
43	<i>Total liabilities and stockholders' equity</i>	\$ 806,222	\$ 795,284

**FREDDIE MAC**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(UNAUDITED)**

Line:	Year Ended December 31,					
	2005		2004		2003	
	Shares	Amount	Shares	Amount	Shares	Amount
	(dollars and shares in millions)					
	<i>Preferred stock, at redemption value</i>					
1						
2						
	<i>Common stock, par value</i>					
3						
4						
	<i>Additional paid-in capital</i>					
5						
6						
7						
8						
9						
10						
	<i>Retained earnings</i>					
11						
12						
13						
14						
15						
	<i>AOCI, net of taxes</i>					
16						
17						
18						
19						
20						
	<i>Treasury stock, at cost</i>					
21						
22						
23						
24						
	<i>Comprehensive income (loss)</i>					
25						
26						
27						

**FREDDIE MAC**  
**SUMMARY OF SELECTED FINANCIAL INFORMATION**  
**TABLE 1**  
**(unaudited)**

Line:	1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005 (Revised)	2Q 2005 (Revised)	3Q 2005	4Q 2005	Full-Year	
									2004	2005
<b>Net Income (dollars in millions, except share-related amounts): <sup>(1)</sup></b>										
1	\$ 2,126	\$ 2,625	\$ 2,321	\$ 2,065	\$ 1,501	\$ 1,269	\$ 1,363	\$ 1,237	\$ 9,137	\$ 5,370
2	(26)	1,532	(3,691)	(854)	(292)	(278)	423	346	(3,039)	199
3	(503)	(548)	(603)	(717)	(940)	(583)	(729)	(761)	(2,371)	(3,013)
4	1,597	3,609	(1,973)	494	269	408	1,057	822	3,727	2,556
5	(285)	(855)	467	(117)	16	(68)	(177)	(138)	(790)	(367)
6	\$ 1,312	\$ 2,754	\$ (1,506)	\$ 377	\$ 285	\$ 340	\$ 880	\$ 684	\$ 2,937	\$ 2,189
7	-	-	-	-	(59)	-	-	-	-	(59)
8	<b>\$ 1,312</b>	<b>\$ 2,754</b>	<b>\$ (1,506)</b>	<b>\$ 377</b>	<b>\$ 226</b>	<b>\$ 340</b>	<b>\$ 880</b>	<b>\$ 684</b>	<b>\$ 2,937</b>	<b>\$ 2,130</b>
9	(52)	(52)	(53)	(53)	(53)	(56)	(57)	(57)	(210)	(223)
10	<b>\$ 1,260</b>	<b>\$ 2,702</b>	<b>\$ (1,559)</b>	<b>\$ 324</b>	<b>\$ 173</b>	<b>\$ 284</b>	<b>\$ 823</b>	<b>\$ 627</b>	<b>\$ 2,727</b>	<b>\$ 1,907</b>
11	690,868	690,757	689,510	693,027	693,008	692,968	693,642	693,924	691,521	693,511
12	<b>\$ 1.82</b>	<b>\$ 3.91</b>	<b>\$ (2.26)</b>	<b>\$ 0.47</b>	<b>\$ 0.25</b>	<b>\$ 0.41</b>	<b>\$ 1.19</b>	<b>\$ 0.90</b>	<b>\$ 3.94</b>	<b>\$ 2.75</b>
13	\$ 207	\$ 208	\$ 210	\$ 211	\$ 245	\$ 246	\$ 245	\$ 340	\$ 836	\$ 1,076
14	18%	24%	24%	24%	(6%)	17%	17%	17%	21%	14%
<b>Regulatory Capital (period end, dollars in millions):</b>										
15	\$ 33,880	\$ 28,653	\$ 31,672	\$ 31,416	\$ 27,381	\$ 30,868	\$ 27,722	\$ 27,191		
16	(178)	(7,924)	(3,199)	(3,593)	(7,584)	(4,194)	(7,943)	(8,773)		
17	34,058	36,577	34,871	35,009	34,965	35,062	35,665	35,964		
18	24,029	24,134	24,274	24,131	23,740	24,065	24,284	25,010		
19	\$ 10,029	\$ 12,443	\$ 10,597	\$ 10,878	\$ 11,225	\$ 10,997	\$ 11,381	\$ 10,954		

(1) Effective January 1, 2005, we changed our method of accounting for interest expense related to callable debt instruments to recognize interest expense using an effective interest method of the contractual life of the debt. The cumulative effect of the change was a (\$59) million (after-tax) (\$0.08 per diluted common share) reduction in Net income for 2005. Also, during the first quarter of 2005, we implemented certain changes in estimates under generally accepted accounting principles, or GAAP, primarily with respect to (a) our methodologies for determining the fair values of our guarantee-related assets and liabilities, (b) our methodology for estimating uncollectible interest on single-family loans greater than 90 days delinquent, and (c) enhancements to certain models used to estimate prepayment speeds on mortgage-related securities. As a result of these changes, which were all recorded in the first quarter of 2005, Net income for the full year decreased by approximately (\$206) million (\$0.30 per diluted common share), after-tax. On a pre-tax basis, these changes resulted in net losses included in (a) Net interest income of (\$166) million, (b) Management and guarantee income of (\$17) million, (c) Gains (losses) on "Guarantee asset for Participation Certificates, at fair value" of (\$27) million, (d) Gains (losses) on investment activity of (\$78) million, and (e) Other income of (\$27) million.

(2) Earnings per share is computed independently for each of the quarters presented. Earnings per share amounts may not recalculate due to rounding.

(3) Core capital consists of the par value of outstanding common stock (common stock issued less common stock held in treasury), par value of outstanding perpetual noncumulative preferred stock, additional paid-in capital and retained earnings, as determined in accordance with GAAP.

(4) We have submitted to the Office of Federal Housing Enterprise Oversight, or OFHEO, amended minimum capital reports for March 31, June 30, September 30 and December 31, 2005, including estimates of our capital surpluses. In January 2004, OFHEO directed us to maintain a target capital surplus of 30 percent of our minimum capital requirement. At March 31, June 30, September 30 and December 31, 2005, our estimated surplus in excess of the target surplus was approximately \$4.1 billion, \$3.8 billion, \$4.1 billion and \$3.5 billion, respectively.

**FREDDIE MAC**  
**NET INTEREST YIELD ANALYSIS**  
**TABLE 2A**  
**(unaudited)**  
**(dollars in millions)**

Line:

	2004				2005				Full-Year	
	1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005 (Revised)	2Q 2005 (Revised)	3Q 2005	4Q 2005	2004 <sup>(1)</sup>	2005
<b>Net Interest Income:</b>										
Interest income:										
1 Mortgage loans <sup>(2)</sup>	\$ 978	\$ 1,008	\$ 992	\$ 1,029	\$ 906	\$ 1,026	\$ 1,064	\$ 1,041	\$ 4,007	\$ 4,037
2 Mortgage-related securities in the Retained portfolio <sup>(2)</sup>	6,956	7,285	7,027	7,192	7,106	7,122	7,491	7,965	28,460	29,684
3 Total Retained portfolio	7,934	8,293	8,019	8,221	8,012	8,148	8,555	9,006	32,467	33,721
4 Investments <sup>(3)</sup>	743	673	766	534	380	419	432	542	2,716	1,773
5 Securities purchased under agreements to resell and Federal funds sold	82	75	107	156	154	206	194	279	420	833
6 Total income on interest-earning assets	8,759	9,041	8,892	8,911	8,546	8,773	9,181	9,827	35,603	36,327
Interest expense:										
7 Short-term debt	(588)	(523)	(826)	(971)	(1,143)	(1,483)	(1,557)	(1,919)	(2,908)	(6,102)
8 Long-term debt	(5,737)	(5,770)	(5,728)	(5,715)	(5,636)	(5,646)	(5,802)	(6,162)	(22,950)	(23,246)
9 Total interest expense on debt securities	(6,325)	(6,293)	(6,554)	(6,686)	(6,779)	(7,129)	(7,359)	(8,081)	(25,858)	(29,348)
10 Due to Participation Certificate investors	(178)	(235)	(142)	(153)	(130)	(141)	(159)	(121)	(708)	(551)
11 Total expense on interest-bearing liabilities	(6,503)	(6,528)	(6,696)	(6,839)	(6,909)	(7,270)	(7,518)	(8,202)	(26,566)	(29,899)
12 Income (expense) related to derivatives	(130)	112	125	(7)	(136)	(234)	(300)	(388)	100	(1,058)
13 Total funding of interest-earning assets	(6,633)	(6,416)	(6,571)	(6,846)	(7,045)	(7,504)	(7,818)	(8,590)	(26,466)	(30,957)
14 Net interest income	2,126	2,625	2,321	2,065	1,501	1,269	1,363	1,237	9,137	5,370
15 Fully taxable-equivalent adjustment <sup>(4)</sup>	63	63	67	74	76	84	86	93	267	339
16 Net interest income (fully taxable-equivalent basis)	\$ 2,189	\$ 2,688	\$ 2,388	\$ 2,139	\$ 1,577	\$ 1,353	\$ 1,449	\$ 1,330	\$ 9,404	\$ 5,709
<b>Average Balances:</b>										
17 Mortgage loans <sup>(5)</sup>	\$ 60,718	\$ 60,436	\$ 62,739	\$ 62,410	\$ 61,717	\$ 61,008	\$ 61,428	\$ 60,841	\$ 61,576	\$ 61,248
18 Mortgage-related securities in the Retained portfolio <sup>(6)</sup>	583,769	579,252	596,705	601,131	594,338	606,029	612,847	632,592	590,213	611,452
19 Total Retained portfolio	644,487	639,688	659,444	663,541	656,055	667,037	674,275	693,433	651,789	672,700
20 Investments <sup>(3)(6)</sup>	90,657	81,391	86,765	68,517	56,195	52,967	48,864	54,982	81,833	53,252
21 Securities purchased under agreements to resell and Federal funds sold	31,258	28,831	29,043	30,851	24,737	27,338	22,062	27,241	29,996	25,344
22 Total interest-earning assets	766,402	749,910	775,252	762,909	736,987	747,342	745,201	775,656	763,618	751,296
23 Short-term debt	210,320	183,408	222,503	204,056	190,206	201,905	181,543	196,332	205,072	192,497
24 Long-term debt	534,183	532,649	524,909	531,524	517,432	512,908	524,509	542,233	530,816	524,270
25 Total debt securities	744,503	716,057	747,412	735,580	707,638	714,813	706,052	738,565	735,888	716,767
26 Due to Participation Certificate investors	12,020	16,408	10,125	11,052	9,602	10,593	12,082	9,318	12,401	10,399
27 Total interest-bearing liabilities	756,523	732,465	757,537	746,632	717,240	725,406	718,134	747,883	748,289	727,166
28 Net non-interest-bearing funding	9,879	17,445	17,715	16,277	19,747	21,936	27,067	27,773	15,329	24,130
29 Total funding of interest-earning assets	\$ 766,402	\$ 749,910	\$ 775,252	\$ 762,909	\$ 736,987	\$ 747,342	\$ 745,201	\$ 775,656	\$ 763,618	\$ 751,296
<b>Yield/Cost:</b>										
30 Mortgage loans	6.44 %	6.67 %	6.33 %	6.59 %	5.87 %	6.73 %	6.93 %	6.84 %	6.51 %	6.59 %
31 Mortgage-related securities in the Retained portfolio	4.77	5.03	4.71	4.79	4.78	4.70	4.89	5.04	4.82	4.85
32 Total Retained portfolio	4.92	5.19	4.86	4.96	4.89	4.89	5.08	5.20	4.98	5.01
33 Investments	3.26	3.30	3.50	3.07	2.71	3.13	3.46	3.86	3.32	3.33
34 Securities purchased under agreements to resell and Federal funds sold	1.05	1.04	1.47	2.03	2.48	3.01	3.51	4.10	1.40	3.28
35 Yield on total interest-earning assets	4.57	4.82	4.58	4.67	4.64	4.69	4.92	5.06	4.66	4.83
36 Short-term debt	(1.11)	(1.13)	(1.45)	(1.86)	(2.40)	(2.91)	(3.35)	(3.83)	(1.42)	(3.17)
37 Long-term debt	(4.29)	(4.33)	(4.36)	(4.29)	(4.36)	(4.40)	(4.42)	(4.54)	(4.32)	(4.43)
38 Total debt securities	(3.39)	(3.51)	(3.49)	(3.62)	(3.83)	(3.98)	(4.14)	(4.35)	(3.51)	(4.09)
39 Due to Participation Certificate investors	(5.92)	(5.73)	(5.61)	(5.54)	(5.43)	(5.30)	(5.27)	(5.21)	(5.71)	(5.30)
40 Cost of interest-bearing liabilities	(3.43)	(3.56)	(3.52)	(3.65)	(3.86)	(3.99)	(4.16)	(4.35)	(3.55)	(4.11)
41 Income (expense) related to derivatives	(0.07)	0.06	0.06	-	(0.08)	(0.13)	(0.17)	(0.21)	0.01	(0.15)
42 Impact of net non-interest-bearing funding	0.05	0.08	0.08	0.08	0.11	0.12	0.16	0.16	0.07	0.14
43 Total funding of interest-earning assets <sup>(7)</sup>	(3.46)	(3.42)	(3.38)	(3.57)	(3.83)	(4.00)	(4.17)	(4.40)	(3.47)	(4.12)
44 Net interest yield <sup>(7)</sup>	1.11	1.40	1.21	1.09	0.81	0.69	0.75	0.66	1.20	0.71
45 Fully taxable-equivalent adjustment <sup>(4)</sup>	0.03	0.03	0.03	0.04	0.05	0.04	0.05	0.04	0.03	0.05
46 Net interest yield (fully taxable-equivalent basis) <sup>(7)</sup>	1.15 %	1.44 %	1.24 %	1.13 %	0.86 %	0.73 %	0.80 %	0.70 %	1.23 %	0.76 %

(1) Certain amounts for 2004 have been revised to conform with the 2005 presentation.

(2) As discussed in Table 1, footnote 1, a change in estimate resulted in a net pre-tax reduction in Net interest income of (\$166) million in the first quarter of 2005. Of this amount, (\$92) million relates to Mortgage interest income and (\$74) million relates to mortgage-related securities interest income.

(3) Investments consists of Cash and cash equivalents, as well as mortgage-related and non-mortgage-related securities in the Cash and investments portfolio.

(4) Represents the adjustment necessary to calculate the tax-exempt income and yield on a tax equivalent basis. We analyze Net interest income and yield on a taxable-equivalent basis, which allows for the comparison of tax-exempt or tax-advantaged securities to those of fully taxable securities.

(5) Non-accrual loans are included in average balances.

(6) For all securities in the Retained portfolio, as well as securities in the Cash and investments portfolio classified as available-for-sale, we calculate average balances excluding their mark-to-fair value adjustments and the effects of other-than-temporary impairments on the unpaid principal balances of impaired securities. For securities in the Cash and investments portfolio classified as trading, we calculate average balances based on their fair values.

(7) May not sum due to rounding.

**FREDDIE MAC**  
**NET INTEREST INCOME**  
**TABLE 2B**  
**(unaudited)**  
**(dollars in millions)**

Line:	1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005 (Revised)	2Q 2005 (Revised)	3Q 2005	4Q 2005	Full-Year	
									2004	2005
<b>Net Interest Income:</b>										
1	\$ 3,146	\$ 2,897	\$ 3,008	\$ 2,695	\$ 2,210	\$ 2,219	\$ 2,233	\$ 2,215	\$ 11,746	\$ 8,877
	Deferred item amortization expense, net: <sup>(1)</sup>									
2	(592)	(62)	(446)	(308)	(244)	(392)	(202)	(165)	(1,408)	(1,003)
3	(298)	(322)	(366)	(315)	(329)	(324)	(368)	(425)	(1,301)	(1,446)
4	(890)	(384)	(812)	(623)	(573)	(716)	(570)	(590)	(2,709)	(2,449)
	Income (expense) related to derivatives:									
5	(367)	(482)	(481)	(484)	(473)	(489)	(492)	(512)	(1,814)	(1,966)
	Accrual of periodic settlements of derivatives: <sup>(3)</sup>									
6	(427)	-	-	-	-	-	-	-	(427)	-
7	527	494	525	422	329	303	288	265	1,968	1,185
8	138	101	82	55	8	(48)	(96)	(141)	376	(277)
9	(1)	(1)	(1)	-	-	-	-	-	(3)	-
10	237	594	606	477	337	255	192	124	1,914	908
11	(130)	112	125	(7)	(136)	(234)	(300)	(388)	100	(1,058)
12	2,126	2,625	2,321	2,065	1,501	1,269	1,363	1,237	9,137	5,370
13	63	63	67	74	76	84	86	93	267	339
14	\$ 2,189	\$ 2,688	\$ 2,388	\$ 2,139	\$ 1,577	\$ 1,353	\$ 1,449	\$ 1,330	\$ 9,404	\$ 5,709

(1) Amortization relates to premiums, discounts, deferred fees and other adjustments to the carrying value of our financial instruments.

(2) Represents changes in fair values of derivatives in cash flow hedge relationships that were previously deferred in AOCI and have been reclassified to earnings as the associated hedged forecasted issuances of debt and mortgage purchase transactions affect earnings.

(3) Reflects the accrual of periodic cash settlements of all derivatives in qualifying hedge accounting relationships.

**FREDDIE MAC**  
**NON-INTEREST INCOME (LOSS)**  
**TABLE 3**  
**(unaudited)**  
**(dollars in millions)**

Line:	1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005 (Revised)	2Q 2005 (Revised)	3Q 2005	4Q 2005	Full-Year	
									2004	2005
	<b>Non-Interest Income (Loss):</b>									
1	\$ 384	\$ 251	\$ 380	\$ 367	\$ 321	\$ 389	\$ 373	\$ 367	\$ 1,382	\$ 1,450
2	(643)	571	(846)	(217)	(249)	(989)	240	(66)	(1,135)	(1,064)
3	151	231	157	193	198	229	272	221	732	920
4	101	420	(3,571)	(1,425)	(580)	(158)	(544)	(75)	(4,475)	(1,357)
5	327	119	262	35	19	12	(9)	-	743	22
	Gains (losses) on investment activity:									
6	(243)	(391)	(243)	(194)	(134)	(16)	(82)	(57)	(1,071)	(289)
7	(119)	251	(147)	73	(61)	(188)	79	75	58	(95)
8	63	69	32	45	35	34	20	3	209	92
9	65	9	241	269	141	386	39	(20)	584	546
10	(30)	(6)	(16)	(14)	(8)	(59)	(2)	(2)	(66)	(71)
11	(3)	(38)	(3)	(16)	(6)	(10)	(50)	(234)	(60)	(300)
12	-	(4)	2	-	-	(2)	(5)	(3)	(2)	(10)
13	(267)	(110)	(134)	163	(33)	145	(1)	(238)	(348)	(127)
14	(227)	(37)	(14)	(49)	74	22	25	85	(327)	206
15	39	45	36	39	33	32	28	32	159	125
16	109	42	39	40	(75)	40	39	20	230	24
17	\$ (26)	\$ 1,532	\$ (3,691)	\$ (854)	\$ (292)	\$ (278)	\$ 423	\$ 346	\$ (3,039)	\$ 199

(1) As discussed in Table 1, footnote 1, a change in estimate resulted in a net pre-tax reduction in Management and guarantee income of (\$17) million in the first quarter of 2005.

(2) As discussed in Table 1, footnote 1, a change in estimate resulted in a net pre-tax reduction in Gains (losses) on "Guarantee asset for Participation Certificates, at fair value" of (\$27) million in the first quarter of 2005.

(3) Includes mark-to-fair value and the accrual of periodic settlements for derivatives that are not in a qualifying hedge accounting relationship.

(4) Hedge accounting gains (losses), or hedge accounting ineffectiveness, relates to derivatives that are in a qualifying hedge accounting relationship.

(5) As discussed in Table 1, footnote 1, a change in estimate resulted in a net pre-tax reduction of (\$78) million in the first quarter of 2005.

(6) Amounts for 2004 have been revised to conform with the 2005 presentation.

(7) Includes impairments on securities classified as available-for-sale and trading.

(8) In the first quarter of 2004 and 2005, we recorded amounts relating to prior periods to adjust for certain errors not material to the financial statements of previously reported periods. The net adjustment in the first quarter of 2004 increased Other income by \$58 million (\$38 million after-tax). The net adjustment in the first quarter of 2005 decreased Other income by (\$80) million (\$52 million after tax).

(9) As discussed in Table 1, footnote 1, a change in estimate resulted in a net pre-tax reduction in Other income of (\$27) million in the first quarter of 2005.

**FREDDIE MAC**  
**MANAGEMENT AND GUARANTEE INCOME & RELATED INFORMATION**  
**TABLE 4**  
**(unaudited)**  
**(dollars in millions)**

Line:

	1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005 (Revised)	2Q 2005 (Revised)	3Q 2005	4Q 2005	Full-Year	
									2004	2005
<b>Management and guarantee income: (1)</b>										
1 Contractual management and guarantee fees	\$ 320	\$ 322	\$ 324	\$ 337	\$ 345	\$ 350	\$ 365	\$ 371	\$ 1,303	\$ 1,431
2 Amortization of credit and buy-down fees included in Other liabilities (2)	64	(71)	56	30	(24)	39	8	(4)	79	19
3 Total management and guarantee income from the consolidated statements of income	\$ 384	\$ 251	\$ 380	\$ 367	\$ 321	\$ 389	\$ 373	\$ 367	\$ 1,382	\$ 1,450
4 Contractual management and guarantee fees (annualized)	16.7 bp	16.6 bp	16.3 bp	16.3 bp	16.0 bp	15.7 bp	15.8 bp	15.5 bp	16.5 bp	15.7 bp
5 Amortization of credit and buy-down fees included in Other liabilities (annualized)	3.4	(3.7)	2.8	1.4	(1.1)	1.8	0.4	(0.2)	1.0	0.2
6 Total management and guarantee rate (in basis points)	20.1 bp	12.9 bp	19.1 bp	17.7 bp	14.9 bp	17.5 bp	16.2 bp	15.3 bp	17.5 bp	15.9 bp
7 Unamortized balance of credit and buy-down fees received included in Other liabilities, at period end (3)	\$ 395	\$ 456	\$ 393	\$ 323	\$ 232	\$ 199	\$ 183	\$ 186	\$ 323	\$ 186
<b>Gains (losses) on "Guarantee asset for Participation Certificates, at fair value": (4)</b>										
8 Total cash flows received (5)	\$ (258)	\$ (268)	\$ (274)	\$ (286)	\$ (302)	\$ (310)	\$ (323)	\$ (335)	\$ (1,086)	\$ (1,270)
9 Portion of cash flows received related to imputed interest	59	68	67	63	94	86	85	106	257	371
10 Return of investment in guarantee assets	(199)	(200)	(207)	(223)	(208)	(224)	(238)	(229)	(829)	(899)
11 Change in fair value of future cash flows	(444)	771	(639)	6	(14)	(765)	478	163	(306)	(138)
12 Change in estimate (6)	-	-	-	-	(27)	-	-	-	-	(27)
13 Total gains (losses) on "Guarantee asset for Participation Certificates, at fair value"	\$ (643)	\$ 571	\$ (846)	\$ (217)	\$ (249)	\$ (989)	\$ 240	\$ (66)	\$ (1,135)	\$ (1,064)
<b>Guarantee asset for Participation Certificates, at fair value:</b>										
14 Beginning balance	\$ 3,686	\$ 3,583	\$ 4,724	\$ 4,184	\$ 4,516	\$ 4,584	\$ 4,038	\$ 4,765	\$ 3,686	\$ 4,516
15 Additions, net of repurchases	540	570	306	549	317	443	487	384	1,965	1,631
16 Gains (losses) on "Guarantee asset for Participation Certificates, at fair value"	(643)	571	(846)	(217)	(249)	(989)	240	(66)	(1,135)	(1,064)
17 Ending balance	\$ 3,583	\$ 4,724	\$ 4,184	\$ 4,516	\$ 4,584	\$ 4,038	\$ 4,765	\$ 5,083	\$ 4,516	\$ 5,083
<b>Guarantee obligation for Participation Certificates:</b>										
18 Beginning balance	\$ 2,904	\$ 3,241	\$ 3,557	\$ 3,727	\$ 4,065	\$ 4,401	\$ 4,801	\$ 5,137	\$ 2,904	\$ 4,065
19 Transfer-out to the loan loss reserve during the period (7)	(2)	(3)	(3)	(5)	(1)	(1)	(6)	(2)	(13)	(10)
Additions, net of repurchases:										
20 Fair value of newly-issued guarantee obligations (8)	286	322	224	342	348	416	451	414	1,174	1,629
21 Deferred gains on newly-executed guarantees (9)	204	228	106	194	187	214	163	213	732	777
Amortization income related to:										
22 Credit and buy-down fees received in FIN 45 transactions (10)	(23)	(37)	(28)	(40)	(41)	(50)	(61)	(45)	(128)	(197)
23 Other components of recognized guarantee obligations (11)	(128)	(194)	(129)	(153)	(157)	(179)	(211)	(176)	(604)	(723)
24 Income on "Guarantee obligation for Participation Certificates"	(151)	(231)	(157)	(193)	(198)	(229)	(272)	(221)	(732)	(920)
25 Ending balance	\$ 3,241	\$ 3,557	\$ 3,727	\$ 4,065	\$ 4,401	\$ 4,801	\$ 5,137	\$ 5,541	\$ 4,065	\$ 5,541
Components of Guarantee obligation for Participation Certificates, at period end:										
26 Unamortized balance that is attributable to credit and buy-down fees received in FIN 45 transactions (10)	\$ 711	\$ 798	\$ 857	\$ 940	\$ 1,032	\$ 1,123	\$ 1,155	\$ 1,167	\$ 940	\$ 1,167
27 Unamortized balance that is attributable to the other components of recognized guarantee obligations (11)	2,530	2,759	2,870	3,125	3,369	3,678	3,982	4,374	3,125	4,374
28 Ending balance	\$ 3,241	\$ 3,557	\$ 3,727	\$ 4,065	\$ 4,401	\$ 4,801	\$ 5,137	\$ 5,541	\$ 4,065	\$ 5,541
29 Percentage of PCs and Structured Securities held by Freddie Mac with a recognized PC residuals (3)(12)	78%	81%	83%	84%	84%	85%	86%	89%	84%	89%
30 Percentage of outstanding PCs for which a guarantee asset and obligation have been established (3)(12)	83%	86%	87%	89%	90%	92%	93%	93%	89%	93%

- (1) Excludes amounts related to PCs held by us that are reported in Net interest income.  
(2) In accordance with Statement of Financial Accounting Standards, or SFAS, No. 91, "Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases," credit and buy-down fees are amortized over the estimated lives of the underlying securities using the retrospective effective interest method. Catch-up adjustments are made to the unamortized balances of the deferred items to reflect the application of the updated effective yield as if it had been in effect since acquisition.  
(3) 2004 quarterly balances and full year balance have been revised to conform with the 2005 presentation.  
(4) Represents the change in fair value of the Guarantee asset for Participation Certificates, at fair value, related to PCs held by third parties that have previously been sold pursuant to SFAS 140 and PCs issued through our Guarantor Program.  
(5) Represents guarantee fees on PCs and Structured Securities held by third parties for which a recognized guarantee asset exists.  
(6) As discussed in Table 1, footnote 1, amount represents a change in estimate under GAAP resulting from enhanced methodology for determining the fair values of guarantee-related assets and liabilities.  
(7) Represents the portion of the initial guarantee obligation recognized upon the sale of PCs or Structured Securities that correspond to incurred credit losses inherent in the underlying mortgage loans at the time of sale that are reclassified to Reserve for guarantee losses on Participation Certificates.  
(8) Includes the fair value of guarantee obligations that were recognized in connection with transfers of PCs and Structured Securities that qualified as sales, as well as the fair value of guarantee obligations recognized that related to PCs and Structured Securities in Guarantor swaps and other similar transactions subject to Financial Accounting Standards Board Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," or FIN 45. The amount is presented net of reductions attributable to purchases of PCs or Structured Securities.  
(9) Represents the excess of recognized consideration received on guarantee transactions that are accounted for pursuant to the requirements of FIN 45 over the recognized fair value of corresponding guarantee obligations. Consideration received includes the contractual right to receive guarantee fees, various credit enhancements for which we are the named beneficiary and upfront cash payments that relate to credit and buy-down fees.  
(10) Relates to upfront cash payments in the form of credit fees and buy-down payments that are received from counterparties to guarantee transactions that are accounted for pursuant to FIN 45 (e.g., Guarantor swaps).  
(11) Represents that portion of recognized guarantee obligations that is unrelated to credit fees and buy-down payments that are received in transactions that are accounted for pursuant to FIN 45.  
(12) Based on end-of-period balances.

**FREDDIE MAC**  
**DERIVATIVES NOT IN HEDGE ACCOUNTING RELATIONSHIPS**  
**TABLE 5A**  
**(unaudited)**  
**(dollars in millions)**

Line:		1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005 (Revised)	2Q 2005 (Revised)	3Q 2005	4Q 2005	Full-Year	
										2004	2005
	<b><u>Derivative Gains (Losses):</u></b>										
1	Call swaptions	\$ 2,691	\$ (5,021)	\$ 3,087	\$ (371)	\$ (942)	\$ 2,203	\$ (1,421)	\$ (242)	\$ 386	\$ (402)
2	Put swaptions	(1,194)	975	(1,096)	(108)	273	(348)	208	69	(1,423)	202
3	Pay-fixed swaps	(1,239)	5,788	(4,974)	(368)	1,142	(3,792)	2,467	795	(793)	612
4	Receive-fixed swaps	(58)	(59)	31	(310)	(715)	1,295	(1,517)	(598)	(396)	(1,535)
5	Futures	84	(144)	(163)	10	(188)	480	(225)	(4)	(213)	63
6	Commitments	79	(500)	116	29	(31)	128	22	(45)	(276)	74
7	Prepayment management agreement <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	-
8	Other <sup>(2)</sup>	(27)	-	(17)	-	(4)	(10)	(21)	1	(44)	(34)
9	Subtotal	336	1,039	(3,016)	(1,118)	(465)	(44)	(487)	(24)	(2,759)	(1,020)
	Accrual of periodic settlements:										
10	Pay-fixed swaps	(267)	(628)	(562)	(369)	(244)	(254)	(164)	(101)	(1,826)	(763)
11	Receive-fixed swaps	30	7	6	61	129	140	107	50	104	426
12	Other	2	2	1	1	-	-	-	-	6	-
13	Total accrual of periodic settlements	(235)	(619)	(555)	(307)	(115)	(114)	(57)	(51)	(1,716)	(337)
14	Total derivative gains (losses)	\$ 101	\$ 420	\$ (3,571)	\$ (1,425)	\$ (580)	\$ (158)	\$ (544)	\$ (75)	\$ (4,475)	\$ (1,357)
	<b><u>Notional Amounts (period end):</u></b>										
15	Call swaptions	\$ 223,505	\$ 226,420	\$ 207,095	\$ 189,945	\$ 152,190	\$ 138,140	\$ 131,340	\$ 146,615		
16	Put swaptions	128,675	88,715	70,815	25,175	31,985	39,785	37,310	34,675		
17	Pay-fixed swaps	29,649	156,133	150,129	95,043	128,988	125,219	142,396	181,562		
18	Receive-fixed swaps	835	702	2,702	25,572	40,064	62,227	75,919	81,185		
19	Futures	137,860	125,704	149,390	129,110	78,471	59,212	69,117	86,252		
20	Commitments	116,310	83,996	131,875	13,314	35,034	55,329	42,739	21,827		
21	Prepayment management agreement <sup>(1)</sup>	142,179	128,236	119,977	113,692	99,335	94,000	84,997	-		
22	Other <sup>(2)</sup>	46,231	41,819	35,063	30,612	29,141	27,926	26,302	15,442		
23	Total notional amounts	\$ 825,244	\$ 851,725	\$ 867,046	\$ 622,463	\$ 595,208	\$ 601,838	\$ 610,120	\$ 567,558		

(1) Effective December 31, 2005, we agreed to an early termination of the prepayment management agreement.

(2) Consists of basis swaps, certain option-based contracts, foreign-currency swaps, interest-rate caps, swap guarantee derivatives, credit derivatives and, in 2004, derivatives held as part of our external Money Manager program.

**FREDDIE MAC**  
**TOTAL DERIVATIVE PORTFOLIO**  
**TABLE 5B**  
**(unaudited)**  
**(dollars in millions)**

Line:	December 31, 2004		December 31, 2005	
	Notional	Fair Value <sup>(1)</sup>	Notional	Fair Value <sup>(1)</sup>
	Interest-rate swaps:			
1	\$ 95,043	\$ (2,879)	\$ 181,562	\$ (991)
2	83,602	2,394	159,212	756
3	94	1	234	-
4	<u>178,739</u>	<u>(484)</u>	<u>341,008</u>	<u>(235)</u>
	Option-based:			
5	189,945	4,988	146,615	3,453
6	25,175	267	34,675	1,200
7	9,084	(3)	11,814	(7)
8	<u>224,204</u>	<u>5,252</u>	<u>193,104</u>	<u>4,646</u>
9	129,110	(33)	86,252	19
10	56,850	10,303	37,850	2,124
11	9,897	5	45	-
12	<u>598,800</u>	<u>15,043</u>	<u>658,259</u>	<u>6,554</u>
13	32,952	(9)	21,961	(44)
14	10,926	(2)	2,414	(1)
15	408	(1)	738	(2)
16	113,692	-	-	-
17	<u>\$ 756,778</u>	<u>\$ 15,031</u>	<u>\$ 683,372</u>	<u>\$ 6,507</u>

(1) The fair value by derivative type presented on this table is shown prior to netting by counterparty. The fair value of derivatives presented on the consolidated balance sheets, however, is netted by counterparty as permitted by GAAP, and is reported in the Derivative assets, at fair value and Derivative liabilities, at fair value captions. The fair values for futures are directly derived from quoted market prices. Fair values of other derivatives are derived primarily from valuation models using market data inputs.

**FREDDIE MAC**  
**NON-INTEREST EXPENSE**  
**TABLE 6**  
**(unaudited)**  
**(dollars in millions)**

Line:		1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005 (Revised)	2Q 2005 (Revised)	3Q 2005	4Q 2005	Full-Year	
										2004	2005
	<b>Non-Interest Expense:</b>										
	Administrative expenses:										
1	Salaries and employee benefits	\$ 169	\$ 176	\$ 191	\$ 222	\$ 197	\$ 200	\$ 197	\$ 211	\$ 758	\$ 805
2	Professional services	99	158	149	182	114	74	82	116	588	386
3	Occupancy expense	12	15	16	17	14	14	16	14	60	58
4	Other administrative expenses <sup>(1)</sup>	<u>25</u>	<u>19</u>	<u>27</u>	<u>73</u>	<u>49</u>	<u>65</u>	<u>67</u>	<u>105</u>	<u>144</u>	<u>286</u>
5	Total administrative expenses	305	368	383	494	374	353	362	446	1,550	1,535
6	Provision (benefit) for credit losses	2	27	56	58	37	16	146	52	143	251
7	REO operations (income) expense	(3)	-	(1)	1	8	5	7	20	(3)	40
8	Housing tax credit partnerships	62	61	75	83	75	81	80	84	281	320
9	Minority interests in earnings of consolidated subsidiaries	35	34	31	29	27	26	24	19	129	96
	Other expenses:										
10	Legal settlements <sup>(2)</sup>	-	-	-	-	339	-	-	-	-	339
11	Selected affordable housing transaction fees <sup>(3)</sup>	41	-	-	-	-	-	-	-	41	-
12	Amortization of credit enhancements <sup>(4)</sup>	21	25	19	21	20	21	27	31	86	99
13	Realized losses on certain guarantees <sup>(5)</sup>	10	6	11	6	30	56	51	97	33	234
14	Loan Prospector <sup>®</sup> -related expenses	16	16	12	12	16	13	12	10	56	51
15	Other	<u>14</u>	<u>11</u>	<u>17</u>	<u>13</u>	<u>14</u>	<u>12</u>	<u>20</u>	<u>2</u>	<u>55</u>	<u>48</u>
16	Total other expenses	<u>102</u>	<u>58</u>	<u>59</u>	<u>52</u>	<u>419</u>	<u>102</u>	<u>110</u>	<u>140</u>	<u>271</u>	<u>771</u>
17	Total non-interest expense	\$ 503	\$ 548	\$ 603	\$ 717	\$ 940	\$ 583	\$ 729	\$ 761	\$ 2,371	\$ 3,013

- (1) Other administrative expenses are presented net of deferred expenses, including Salaries and employee benefits, Professional services and certain other expenses, relating to capitalized software development activities. The reduction to Other administrative expenses with respect to capitalized software development, net of impairments, was \$157 million and \$99 million for full-year 2004 and 2005, respectively. These amounts were offset by related amortization expenses previously deferred of \$63 million and \$128 million for full-year 2004 and 2005, respectively, which were also recorded in Other administrative expenses. Capitalized software development costs are amortized over periods of three years or less based upon useful life.
- (2) Represents the settlement of the securities class action and shareholder derivative lawsuits filed following restatement of our financial results for full-year 2002 and prior periods, including expected net insurance proceeds and the civil penalty paid to the Federal Election Commission.
- (3) Represents the payment of fees totaling \$41 million in the first quarter of 2004, for contractual incentives associated with certain affordable housing transactions. We also incur economic costs, in addition to transaction fees, to support our housing mission that are not reflected in this line item, such as accepting reduced Management and guarantee income to encourage originators to sell certain mortgage loans to us.
- (4) Credit enhancements are amortized into Other expenses over the shorter of the credit enhancement's contractual term or the period the related mortgage loan remains outstanding.
- (5) When the Guarantee obligation for Participation Certificates exceeds the Guarantee asset for Participation Certificates, at fair value at the inception of a particular transaction, the excess is recorded as a loss in Other expenses.

**FREDDIE MAC**  
**CONSOLIDATED FAIR VALUE BALANCE SHEETS** <sup>(1)</sup>  
**TABLE 7**  
**(unaudited)**  
**(dollars in billions)**

Line:	2004								2005							
	March 31,		June 30,		September 30,		December 31,		March 31, (Revised)		June 30, (Revised)		September 30,		December 31,	
	Carrying Amount <sup>(2)</sup>	Fair Value <sup>(3)</sup>	Carrying Amount <sup>(2)</sup>	Fair Value <sup>(3)</sup>	Carrying Amount <sup>(2)</sup>	Fair Value <sup>(3)</sup>	Carrying Amount <sup>(2)</sup>	Fair Value <sup>(3)</sup>	Carrying Amount <sup>(2)</sup>	Fair Value <sup>(3)</sup>	Carrying Amount <sup>(2)</sup>	Fair Value <sup>(3)</sup>	Carrying Amount <sup>(2)</sup>	Fair Value <sup>(3)</sup>	Carrying Amount <sup>(2)</sup>	Fair Value <sup>(3)</sup>
	<b>Assets:</b>															
1	\$ 60.7	\$ 64.1	\$ 59.8	\$ 61.3	\$ 60.7	\$ 63.1	\$ 61.3	\$ 63.3	\$ 61.6	\$ 63.5	\$ 60.9	\$ 63.8	\$ 61.1	\$ 62.6	\$ 61.4	\$ 62.3
2	594.6	594.9	590.8	591.1	611.9	612.2	603.2	603.4	599.6	599.6	612.8	612.8	625.4	625.4	648.0	648.0
3	655.3	659.0	650.6	652.4	672.6	675.3	664.5	666.7	661.2	663.1	673.7	676.6	686.5	688.0	709.4	710.3
4	21.9	21.9	19.1	19.1	11.6	11.6	35.3	35.3	19.7	19.7	9.2	9.2	10.4	10.4	10.5	10.5
5	71.3	71.3	69.3	69.3	72.9	72.9	29.8	29.8	37.9	37.9	40.9	40.9	38.0	38.0	42.2	42.2
6																
	25.8	25.8	34.2	34.2	18.3	18.3	32.2	32.2	25.4	25.4	29.1	29.1	18.9	18.9	15.2	15.2
7	14.9	14.9	12.5	12.5	11.0	11.0	15.3	15.3	12.4	12.4	8.6	8.6	8.2	8.2	7.1	7.1
8	3.6	4.2	4.7	5.4	4.2	4.8	4.5	5.0	4.6	5.2	4.0	4.5	4.8	5.3	5.1	5.6
9	14.8	14.1	15.0	14.1	17.2	16.2	13.7	13.3	14.0	12.8	13.7	13.6	15.4	13.7	16.7	14.4
10	\$ 807.6	\$ 811.2	\$ 805.4	\$ 807.0	\$ 807.8	\$ 810.1	\$ 795.3	\$ 797.6	\$ 775.2	\$ 776.5	\$ 779.2	\$ 782.5	\$ 782.2	\$ 782.5	\$ 806.2	\$ 805.3
	<b>Liabilities and minority interests:</b>															
11	\$ 737.7	\$ 751.7	\$ 744.3	\$ 746.7	\$ 747.2	\$ 755.1	\$ 731.7	\$ 737.0	\$ 717.6	\$ 717.6	\$ 715.8	\$ 722.0	\$ 723.0	\$ 723.5	\$ 748.8	\$ 747.1
12	3.3	2.2	3.6	2.5	3.7	2.2	4.1	2.1	4.4	3.1	4.8	3.2	5.1	3.7	5.5	3.7
13	0.3	0.3	0.7	0.7	0.5	0.5	0.2	0.2	0.4	0.4	0.2	0.2	0.6	0.6	0.6	0.6
14	0.1	-	0.1	-	0.1	-	0.2	-	0.2	-	0.2	-	0.3	-	0.3	-
15	30.5	27.0	26.4	26.0	23.0	21.1	26.2	25.7	23.8	23.8	26.0	25.5	24.3	23.5	22.9	22.1
16	1.8	2.0	1.7	1.9	1.6	1.8	1.5	1.7	1.4	1.5	1.3	1.4	1.2	1.2	0.9	1.0
17	773.7	783.2	776.8	777.8	776.1	780.7	763.9	766.7	747.8	746.4	748.3	752.3	754.5	752.5	779.0	774.5
	<b>Net assets attributable to stockholders</b>															
18	4.6	4.4	4.6	4.2	4.6	4.2	4.6	4.1	4.6	4.2	4.6	4.1	4.6	4.1	4.6	4.1
19	29.3	23.6	24.0	25.0	27.1	25.2	26.8	26.8	22.8	25.9	26.3	26.1	23.1	25.9	22.6	26.7
20	33.9	28.0	28.6	29.2	31.7	29.4	31.4	30.9	27.4	30.1	30.9	30.2	27.7	30.0	27.2	30.8
21	\$ 807.6	\$ 811.2	\$ 805.4	\$ 807.0	\$ 807.8	\$ 810.1	\$ 795.3	\$ 797.6	\$ 775.2	\$ 776.5	\$ 779.2	\$ 782.5	\$ 782.2	\$ 782.5	\$ 806.2	\$ 805.3

- (1) The consolidated fair value balance sheets do not purport to present our net realizable, liquidation or market value as a whole. Furthermore, amounts we ultimately realize from the disposition of assets or settlement of liabilities may vary significantly from the fair values presented.
- (2) Carrying amounts equal the amounts reported on our consolidated balance sheets prepared in accordance with GAAP.
- (3) Methodologies employed to calculate fair values are periodically changed on a prospective basis to reflect improvements in the underlying estimation processes. The estimated impact of these improvements resulted in net after-tax changes to the fair value of Total net assets of approximately \$0.1 billion at June 30, 2004, \$(0.1) billion at September 30, 2004, \$0.6 billion at December 31, 2004, \$(0.5) billion at March 31, 2005, \$0.1 billion at June 30, 2005. The estimated impact of these improvements resulted in net after-tax changes to the fair value of Total net assets that rounded to zero at March 31, 2004, September 30, 2005 and December 31, 2005.
- (4) The fair value of Mortgage-related securities reported in this table exceeds the carrying value because the fair value includes PC residuals related to some PCs held in the Retained portfolio that are not recognized under GAAP because such PCs were issued prior to the implementation of FIN 45 in 2003.
- (5) The fair value of Guarantee asset for Participation Certificates reported in this table exceeds the carrying value because the fair value includes guarantee assets related to some PCs held by third parties that are not recognized under GAAP because such PCs were issued prior to the implementation of FIN 45 in 2003.
- (6) Fair values include estimated income taxes calculated using the 35 percent statutory rate on the difference between the consolidated fair value balance sheets pre-tax net assets and the consolidated balance sheets pre-tax net assets prepared in accordance with GAAP.
- (7) The estimated impact of changes in option-adjusted spreads, or OAS, increased (decreased) the fair value of net assets (after tax) by approximately \$(0.8) billion, \$0.5 billion, \$(1.0) billion and \$(0.1) billion during the first, second, third and fourth quarters of 2005, respectively. For the full-year 2005, the impact of changes in OAS on the change in fair value of net assets was a net decrease of \$(1.4) billion.

**FREDDIE MAC**  
**MORTGAGE PORTFOLIO ACTIVITY BASED ON UNPAID PRINCIPAL BALANCES** <sup>(1) (2)</sup>  
**TABLE 8A**  
**(unaudited)**  
**(dollars in millions)**

Line:	1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005	2Q 2005	3Q 2005	4Q 2005	Full-Year	
									2004	2005
<b><u>Total Mortgage Portfolio:</u></b>										
1	\$ 1,414,399	\$ 1,431,511	\$ 1,460,204	\$ 1,489,092	\$ 1,505,206	\$ 1,530,037	\$ 1,579,429	\$ 1,627,418	\$ 1,414,399	\$ 1,505,206
2	113,869	152,123	117,761	110,835	111,566	146,520	166,711	157,136	494,588	581,933
3	(264)	(771)	(1,323)	(394)	(2,024)	(1,291)	(7,896)	(7,037)	(2,752)	(18,248)
4	(96,493)	(122,659)	(87,550)	(94,327)	(84,711)	(95,837)	(110,826)	(93,300)	(401,029)	(384,674)
5	17,112	28,693	28,888	16,114	24,831	49,392	47,989	56,799	90,807	179,011
6	\$ 1,431,511	\$ 1,460,204	\$ 1,489,092	\$ 1,505,206	\$ 1,530,037	\$ 1,579,429	\$ 1,627,418	\$ 1,684,217	\$ 1,505,206	\$ 1,684,217
7	5%	8%	8%	4%	7%	13%	12%	14%	6%	12%
8	27%	34%	24%	25%	23%	25%	28%	23%	28%	26%
<b><u>Total Guaranteed PCs and Structured Securities Issued:</u></b>										
9	\$ 1,162,068	\$ 1,171,453	\$ 1,189,467	\$ 1,201,903	\$ 1,208,968	\$ 1,223,707	\$ 1,250,659	\$ 1,284,393	\$ 1,162,068	\$ 1,208,968
10	90,763	118,888	77,756	77,701	77,128	95,614	112,518	112,607	365,108	397,867
11	(81,378)	(100,874)	(65,320)	(70,636)	(62,389)	(68,662)	(78,784)	(61,476)	(318,208)	(271,311)
12	9,385	18,014	12,436	7,065	14,739	26,952	33,734	51,131	46,900	126,556
13	\$ 1,171,453	\$ 1,189,467	\$ 1,201,903	\$ 1,208,968	\$ 1,223,707	\$ 1,250,659	\$ 1,284,393	\$ 1,335,524	\$ 1,208,968	\$ 1,335,524
14	3%	6%	4%	2%	5%	9%	11%	16%	4%	10%
15	28%	34%	22%	24%	21%	22%	25%	19%	27%	22%

(1) Excludes mortgage loans and mortgage-related securities traded, but not yet settled.

(2) See our Monthly Volume Summary, or MVS, in the Investor Relations section of our Web site for definitions of certain captions used in this table.

(3) Includes certain mortgage-related securities that have been transferred from the Investments caption on the consolidated balance sheets during 2004.

**FREDDIE MAC**  
**MORTGAGE PORTFOLIO ACTIVITY BASED ON UNPAID PRINCIPAL BALANCES** <sup>(1) (2)</sup>  
**TABLE 8B**  
**(unaudited)**  
**(dollars in millions)**

Line:	1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005	2Q 2005	3Q 2005	4Q 2005	Full-Year	
									2004	2005
<b>Retained Portfolio:</b>										
1	\$ 645,466	\$ 636,172	\$ 644,417	\$ 659,949	\$ 652,936	\$ 656,720	\$ 665,003	\$ 684,530	\$ 645,466	\$ 652,936
2	37,879	68,925	67,284	51,627	57,684	75,828	97,978	89,063	225,715	320,553
3	(6,079)	(7,818)	(8,517)	(14,101)	(13,867)	(21,645)	(26,254)	(14,632)	(36,515)	(76,398)
4	(41,094)	(52,862)	(43,235)	(44,539)	(40,033)	(45,900)	(52,197)	(48,944)	(181,730)	(187,074)
5	(9,294)	8,245	15,532	(7,013)	3,784	8,283	19,527	25,487	7,470	57,081
6	\$ 636,172	\$ 644,417	\$ 659,949	\$ 652,936	\$ 656,720	\$ 665,003	\$ 684,530	\$ 710,017	\$ 652,936	\$ 710,017
7	(6%)	5%	10%	(4%)	2%	5%	12%	15%	1%	9%
8	25%	33%	27%	27%	25%	28%	31%	29%	28%	29%
9	44%	44%	44%	43%	43%	42%	42%	42%	43%	42%
<b>Retained Portfolio Components (at period end):</b> <sup>(3)</sup>										
10	\$ 376,114	\$ 373,680	\$ 372,760	\$ 356,698	\$ 350,390	\$ 336,233	\$ 341,505	\$ 361,324	\$ 356,698	\$ 361,324
11	199,334	210,920	226,381	234,878	244,594	267,784	281,818	287,212	234,878	287,212
12	60,724	59,817	60,808	61,360	61,736	60,986	61,207	61,481	61,360	61,481
13	\$ 636,172	\$ 644,417	\$ 659,949	\$ 652,936	\$ 656,720	\$ 665,003	\$ 684,530	\$ 710,017	\$ 652,936	\$ 710,017
<b>Outstanding Guaranteed PCs and Structured Securities:</b>										
14	\$ 768,933	\$ 795,339	\$ 815,787	\$ 829,143	\$ 852,270	\$ 873,317	\$ 914,426	\$ 942,888	\$ 768,933	\$ 852,270
15	90,763	118,888	77,756	77,701	77,128	95,614	112,518	112,607	365,108	397,867
16	(14,773)	(35,690)	(27,279)	(18,493)	(23,246)	(24,922)	(43,785)	(44,534)	(96,235)	(136,487)
17	7,220	8,119	8,301	14,961	13,072	21,231	19,406	8,916	38,601	62,625
18	(56,804)	(70,869)	(45,422)	(51,042)	(45,907)	(50,814)	(59,677)	(45,677)	(224,137)	(202,075)
19	26,406	20,448	13,356	23,127	21,047	41,109	28,462	31,312	83,337	121,930
20	\$ 795,339	\$ 815,787	\$ 829,143	\$ 852,270	\$ 873,317	\$ 914,426	\$ 942,888	\$ 974,200	\$ 852,270	\$ 974,200
21	20,155	20,741	20,279	-	-	-	-	-	-	-
22	\$ 775,184	\$ 795,046	\$ 808,864	\$ 852,270	\$ 873,317	\$ 914,426	\$ 942,888	\$ 974,200	\$ 852,270	\$ 974,200
23	12%	10%	7%	21%	10%	19%	12%	13%	13%	14%
24	30%	36%	22%	25%	22%	23%	26%	19%	29%	24%

(1) Excludes mortgage loans and mortgage-related securities traded, but not yet settled.

(2) See our Monthly Volume Summary, or MVS, in the Investor Relations section of our Web site for definitions of certain captions used in this table.

(3) The Retained portfolio presented in this table differs from the Retained portfolio presented on our consolidated balance sheets because the consolidated balance sheets caption includes valuation adjustments (e.g., fair value adjustments for securities classified as available-for-sale and trading and the Reserve for losses on mortgage loans held-for-investment) and deferred balances (e.g., premiums and discounts).

(4) Represents the ending balance of PCs and Structured Securities held by us in connection with our PC market-making and support activities that historically have been reflected in the Investments caption on the consolidated balance sheets. As previously disclosed in our Information Statement dated June 14, 2005, we ceased our PC market-making and support activities accomplished through our Securities Sales & Trading Group and our external Money Manager program during the fourth quarter of 2004.

(5) Calculated based on the ending balance of Outstanding Guaranteed PCs and Structured Securities (Table 8B-line 22).

(6) Calculated based on Subtotal (includes Other PCs and Structured Securities held by Freddie Mac) (Table 8B-line 20) because Liquidations (Table 8B-line 18) excludes liquidations of Other PCs and Structured Securities held by Freddie Mac.

**FREDDIE MAC**  
**CHARACTERISTICS OF MORTGAGES AND MORTGAGE-RELATED SECURITIES IN THE RETAINED PORTFOLIO**  
**TABLE 9**  
**(unaudited)**  
**(dollars in millions)**

Line:	December 31, 2004				December 31, 2005			
	Fixed Rate <sup>(1)</sup>	Variable Rate <sup>(1) (2)</sup>	Total	% AAA Rated	Fixed Rate	Variable Rate <sup>(2)</sup>	Total	% AAA Rated
1	\$ 56,530	\$ 4,830	\$ 61,360	N/A	\$ 56,458	\$ 5,023	\$ 61,481	N/A
	Guaranteed PCs and Structured Securities: <sup>(3)</sup>							
2	304,555	51,882	356,437	N/A	299,188	61,889	361,077	N/A
3	261	-	261	N/A	247	-	247	N/A
4	304,816	51,882	356,698	N/A	299,435	61,889	361,324	N/A
	Non-Freddie Mac mortgage-related securities:							
	Agency mortgage-related securities: <sup>(4)</sup>							
	Fannie Mae:							
5	41,828	14,504	56,332	N/A	28,818	13,180	41,998	N/A
6	1,589	83	1,672	N/A	1,294	41	1,335	N/A
7	1,630	81	1,711	N/A	1,075	218	1,293	N/A
8	45,047	14,668	59,715	N/A	31,187	13,439	44,626	N/A
	Non-agency mortgage-related securities: <sup>(5)</sup>							
9	8,243	115,168	123,411	99.2 %	5,795	180,632	186,427	99.7 %
10	36,791	4,393	41,184	100.0	35,860	7,627	43,487	100.0
11	8,945	132	9,077	71.5	11,171	150	11,321	66.2
12	1,289	202	1,491	33.4	1,183	168	1,351	32.6
13	55,268	119,895	175,163	97.4 %	54,009	188,577	242,586	98.0 %
14	\$ 461,661	\$ 191,275	652,936		\$ 441,089	\$ 268,928	710,017	
15			4,039				2,440	
16			6,762				(3,551)	
17			845				597	
18			(114)				(119)	
19			\$ 664,468				\$ 709,384	

(1) Amounts for 2004 have been revised to conform with the 2005 presentation.

(2) Variable rate mortgages include mortgages with a current contractual coupon that is scheduled to change prior to contractual maturity, ARMs, and mortgage-related securities backed by ARMs with 1-, 3-, 5-, 7- and 10-year initial fixed-rate periods. Mortgage loans also include mortgages with balloon/reset provisions.

(3) We guarantee the payment of principal and interest on our Guaranteed PCs and Structured Securities and are subject to the credit risk associated with the underlying mortgage loan collateral.

(4) Agency mortgage-related securities are generally not separately rated by credit rating agencies, but are viewed as having a level of credit quality at least equivalent to non-agency mortgage securities rated "AAA" or equivalent.

(5) Credit rating of most non-agency mortgage-related securities is designated by at least two nationally recognized credit rating agencies.

(6) Consists of obligations of states and political subdivisions.

(7) At December 31, 2004 and 2005, 43 percent and 51 percent, respectively, of mortgage-related securities backed by manufactured housing were rated BBB- or above. For the same dates, 96 percent and 75 percent of these securities are supported by third-party credit-enhancements (e.g. bond insurance) and other credit enhancements (e.g. deal structure through subordination).

**FREDDIE MAC**  
**CREDIT QUALITY INDICATORS**  
**TABLE 10**  
**(unaudited)**  
**(dollars in millions)**

Line:	1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005 (Revised)	2Q 2005 (Revised)	3Q 2005	4Q 2005	Full-Year	
									2004	2005
<b>Credit Enhancements:</b>										
1	22 %	17 %	22 %	19 %	17 %	17 %	18 %	17 %	19 %	17 %
2	21 %	20 %	20 %	19 %	18 %	18 %	18 %	17 %	19 %	17 %
<b>Delinquencies (at period end):<sup>(1)</sup></b>										
Single-family: <sup>(2)</sup>										
Non-credit-enhanced portfolio										
3	0.25 %	0.23 %	0.23 %	0.24 %	0.22 %	0.21 %	0.22 %	0.30 %	0.24 %	0.30 %
4	19,850	18,387	18,666	19,691	18,464	17,579	18,643	26,037	19,691	26,037
Credit-enhanced portfolio										
5	2.97 %	2.67 %	2.67 %	2.75 %	2.56 %	2.37 %	2.26 %	2.46 %	2.75 %	2.46 %
6	65,014	56,781	55,710	54,913	49,929	45,527	42,845	47,000	54,913	47,000
7	0.83 %	0.74 %	0.73 %	0.73 %	0.67 %	0.61 %	0.59 %	0.69 %	0.73 %	0.69 %
Multifamily: <sup>(2)</sup>										
8	0.06 %	0.05 %	0.05 %	0.06 %	0.05 %	0.01 %	- %	- %	0.06 %	- %
9	\$ 32	\$ 29	\$ 29	\$ 35	\$ 27	\$ 4	\$ 2	\$ 2	\$ 35	\$ 2
<b>REO Balances (at period end):</b>										
10	\$ 791	\$ 762	\$ 775	\$ 740	\$ 735	\$ 678	\$ 647	\$ 611	\$ 740	\$ 611
11	37	39	39	1	8	8	8	18	1	18
12	\$ 828	\$ 801	\$ 814	\$ 741	\$ 743	\$ 686	\$ 655	\$ 629	\$ 741	\$ 629
<b>REO Inventory (number of units):</b>										
13	9,170	9,530	9,482	9,702	9,604	9,602	8,914	8,531	9,170	9,604
14	4,809	4,731	4,564	4,385	4,372	4,114	3,915	3,460	18,489	15,861
15	(4,449)	(4,779)	(4,344)	(4,483)	(4,374)	(4,802)	(4,298)	(3,921)	(18,055)	(17,395)
16	9,530	9,482	9,702	9,604	9,602	8,914	8,531	8,070	9,604	8,070
<b>REO Operations Income (Expense):</b>										
17	\$ 5	\$ -	\$ 2	\$ (8)	\$ (8)	\$ (5)	\$ (7)	\$ (20)	\$ (1)	\$ (40)
18	(2)	-	(1)	7	-	-	-	-	4	-
19	\$ 3	\$ -	\$ 1	\$ (1)	\$ (8)	\$ (5)	\$ (7)	\$ (20)	\$ 3	\$ (40)
<b>Loan Loss Reserves:<sup>(3)</sup></b>										
20	\$ 299	\$ 239	\$ 231	\$ 248	\$ 264	\$ 280	\$ 271	\$ 391	\$ 299	\$ 264
21	2	27	56	58	36	17	146	52	143	251
22	(27)	(35)	(36)	(42)	(30)	(22)	(25)	(24)	(140)	(101)
23	-	-	-	-	-	(3)	(2)	(3)	-	(8)
24	(6)	(3)	(6)	(5)	-	(2)	(5)	(4)	(20)	(11)
25	(29)	3	3	5	10	1	6	2	(18)	19
26	\$ 239	\$ 231	\$ 248	\$ 264	\$ 280	\$ 271	\$ 391	\$ 414	\$ 264	\$ 414
27	0.9 bp	1.1 bp	1.1 bp	1.3 bp	0.9 bp	0.8 bp	0.8 bp	0.8 bp	1.1 bp	0.8 bp
<b>Total Credit Losses (Gains):<sup>(7)</sup></b>										
28	\$ 24	\$ 35	\$ 35	\$ 43	\$ 38	\$ 30	\$ 34	\$ 47	\$ 137	\$ 149
29	0.8 bp	1.1 bp	1.1 bp	1.3 bp	1.2 bp	0.9 bp	1.0 bp	1.4 bp	1.1 bp	1.1 bp

(1) Based on the total mortgage portfolio, excluding both non-Freddie Mac mortgage-related securities and that portion of Structured Securities that is backed by Ginnie Mae Certificates.

(2) Single-family delinquencies are based on the number of mortgages 90 days or more delinquent or in foreclosure while multifamily delinquencies are based on net carrying value of mortgages 60 days or more delinquent or in foreclosure. Includes delinquencies on mortgage loans where the lender or third party retains the largest portion of the default risk as well as Structured Securities backed by alternative collateral deals. Excludes mortgage loans whose original contractual terms have been modified under an agreement with the borrower as long as the borrower complies with the modified contractual terms.

(3) Loan loss reserves equals the sum of Reserve for losses on mortgage loans held-for-investment (consolidated balance sheets - line 2) and Reserve for guarantee losses on Participation Certificates (consolidated balance sheets - line 28).

(4) Provision (benefit) for credit losses includes our provision for losses incurred on our mortgage loans held for investment, which are a component of our Retained portfolio, and our provision for guarantee losses incurred on loans underlying PCs held by third parties.

(5) Represents the reclassification of the reserve amount attributable to uncollectible interest on outstanding PCs and Structured Securities which is included as an offset to the related receivable balance within Accounts and other receivables, net on the consolidated balance sheets.

(6) Represents the portion of the initial guarantee obligation recognized upon the sale of PCs or Structured Securities that correspond to incurred credit losses inherent in the underlying mortgage loans at the time of sale that are reclassified from Guarantee obligation for Participation Certificates. In addition, the amount includes a reduction of loan loss reserves of \$31 million and \$9 million in first quarters of 2004 and 2005, respectively, related to prior period adjustments for which the related income was recorded in Other income.

(7) Equal to REO operations income (expense) (Line 19) plus Charge-offs, net (Lines 22 and 23).