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FREDDIE MAC
CONSOLIDATED STATEMENTS OF OPERATIONS

Line:	Year Ended December 31,		
	2008	2007	2006
	(dollars in millions, except share-related amounts)		
	<i>Interest income</i>		
1	\$ 35,067	\$ 36,587	\$ 36,021
2	5,369	4,449	4,152
	Other:		
3	618	594	622
4	423	1,280	1,469
5	<u>1,041</u>	<u>1,874</u>	<u>2,091</u>
6	<u>41,477</u>	<u>42,910</u>	<u>42,264</u>
	<i>Interest expense</i>		
7	(6,800)	(8,916)	(8,665)
8	(26,532)	(29,148)	(28,218)
9	(33,332)	(38,064)	(36,883)
10	—	(418)	(387)
11	<u>(33,332)</u>	<u>(38,482)</u>	<u>(37,270)</u>
12	<u>(1,349)</u>	<u>(1,329)</u>	<u>(1,582)</u>
13	<u>6,796</u>	<u>3,099</u>	<u>3,412</u>
	<i>Non-interest income (loss)</i>		
14			
	3,370	2,635	2,393
15	(7,091)	(1,484)	(978)
16	4,826	1,905	1,519
17	(14,954)	(1,904)	(1,173)
18	(16,108)	294	(473)
19	406	—	—
20	209	345	466
21	495	505	—
22	—	(2,348)	96
23	(453)	(469)	(407)
24	125	246	236
25	<u>(29,175)</u>	<u>(275)</u>	<u>1,679</u>
	<i>Non-interest expense</i>		
26	(828)	(828)	(784)
27	(262)	(392)	(399)
28	(67)	(64)	(61)
29	(348)	(390)	(397)
30	<u>(1,505)</u>	<u>(1,674)</u>	<u>(1,641)</u>
31	(16,432)	(2,854)	(296)
32	(1,097)	(206)	(60)
33	(17)	(1,988)	(406)
34	(1,634)	(1,865)	(148)
35	(1,082)	—	—
36	(8)	8	(58)
37	<u>(415)</u>	<u>(222)</u>	<u>(200)</u>
38	<u>(22,190)</u>	<u>(8,801)</u>	<u>(2,809)</u>
39	(44,569)	(5,977)	2,282
40	(5,550)	2,883	45
41	<u>\$ (50,119)</u>	<u>\$ (3,094)</u>	<u>\$ 2,327</u>
42	(675)	(404)	(270)
43	(1)	(5)	(6)
44	<u>\$ (50,795)</u>	<u>\$ (3,503)</u>	<u>\$ 2,051</u>
	Earnings (loss) per common share:		
45	\$ (34.60)	\$ (5.37)	\$ 3.01
46	\$ (34.60)	\$ (5.37)	\$ 3.00
	Weighted average common shares outstanding (in thousands):		
47	1,468,062	651,881	680,856
48	1,468,062	651,881	682,664
49	\$ 0.50	\$ 1.75	\$ 1.91

FREDDIE MAC
CONSOLIDATED BALANCE SHEETS

Line:	December 31,	
	2008	2007
	(dollars in millions, except share-related amounts)	
	Assets	
1	\$ 45,326	\$ 8,574
2	953	96
3	10,150	6,562
	<i>Investments in securities:</i>	
4	458,898	650,766
5	190,361	14,089
6	649,259	664,855
	<i>Mortgage loans:</i>	
7	16,247	3,685
8	91,344	76,347
9	107,591	80,032
10	6,337	4,927
11	955	827
12	4,847	9,591
13	3,255	1,736
14	15,351	10,304
15	4,145	4,568
16	2,794	2,296
17	\$850,963	\$794,368
	Liabilities and stockholders' equity (deficit)	
18	\$ 6,504	\$ 7,864
	<i>Debt, net:</i>	
19	435,114	295,921
20	407,907	442,636
21	843,021	738,557
22	12,098	13,712
23	2,277	582
24	14,928	2,566
25	2,772	4,187
26	881,600	767,468
27		
28	94	176
	<i>Stockholders' equity (deficit)</i>	
29	14,800	—
30	14,109	14,109
31	—	152
32	19	871
33	(23,191)	26,909
	<i>Accumulated other comprehensive income (loss), or AOCI, net of taxes, related to:</i>	
34	(28,510)	(7,040)
35	(3,678)	(4,059)
36	(169)	(44)
37	(32,357)	(11,143)
38	(4,111)	(4,174)
39	(30,731)	26,724
40	\$850,963	\$794,368

FREDDIE MAC
NET INTEREST YIELD ANALYSIS
TABLE 1A
(unaudited)
(dollars in millions)

Line:	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008	4Q 2008	Full Year	
									2007	2008
Net Interest Income:										
1	\$ 771	\$ 793	\$ 761	\$ 774	\$ 798	\$ 1,529	\$ 1,844	\$ 2,625	\$ 3,099	\$ 6,796
2	95	99	98	100	107	105	98	94	392	404
3	\$ 866	\$ 892	\$ 859	\$ 874	\$ 905	\$ 1,634	\$ 1,942	\$ 2,719	\$ 3,491	\$ 7,200
Average Balances:										
4	\$ 66,583	\$ 67,994	\$ 71,163	\$ 77,821	\$ 84,291	\$ 89,813	\$ 95,174	\$105,316	\$ 70,890	\$ 93,649
5	643,853	648,023	655,215	636,283	628,721	664,727	676,197	677,379	645,844	661,756
6	710,436	716,017	726,378	714,104	713,012	754,540	771,371	782,695	716,734	755,405
7	38,874	38,135	31,249	22,637	30,565	26,935	11,658	9,869	32,724	19,757
8	9,867	10,971	12,886	11,020	8,891	27,126	35,735	40,799	11,186	28,137
9	26,482	24,887	27,046	19,463	14,435	20,660	29,379	27,599	24,469	23,018
10	785,659	790,010	797,559	767,224	766,903	829,261	848,143	860,962	785,113	826,317
11	171,249	172,592	175,407	178,426	204,650	240,119	241,150	292,357	174,418	244,569
12	580,146	581,482	588,936	557,328	538,295	569,443	589,377	547,931	576,973	561,261
13	751,395	754,074	764,343	735,754	742,945	809,562	830,527	840,288	751,391	805,830
14	7,667	9,061	7,401	7,149	—	—	—	—	7,820	—
15	759,062	763,135	771,744	742,903	742,945	809,562	830,527	840,288	759,211	805,830
16	26,597	26,875	25,815	24,321	23,958	19,699	17,616	20,674	25,902	20,487
17	\$785,659	\$790,010	\$797,559	\$767,224	\$766,903	\$829,261	\$848,143	\$860,962	\$785,113	\$826,317
Yield/Cost:										
18	6.40%	6.32%	6.20%	6.19%	5.90%	5.88%	5.72%	5.49%	6.28%	5.73%
19	5.31	5.42	5.46	5.42	5.17	5.04	5.08	5.41	5.40	5.18
20	5.41	5.51	5.53	5.50	5.26	5.14	5.16	5.42	5.49	5.25
21	5.07	5.13	5.32	5.25	4.10	3.31	4.40	5.67	5.18	4.07
22	5.33	5.28	5.39	4.92	3.90	2.60	2.51	1.17	5.31	2.19
23	5.26	5.31	5.41	4.83	3.31	2.29	2.18	0.36	5.23	1.84
24	5.39	5.47	5.51	5.46	5.16	4.93	4.93	5.06	5.46	5.02
25	(5.16)	(5.16)	(5.12)	(4.75)	(3.95)	(2.70)	(2.38)	(2.21)	(5.11)	(2.78)
26	(4.95)	(5.04)	(5.10)	(5.10)	(4.99)	(4.71)	(4.60)	(4.59)	(5.05)	(4.73)
27	(5.00)	(5.07)	(5.10)	(5.02)	(4.70)	(4.11)	(3.96)	(3.76)	(5.07)	(4.14)
28	(5.37)	(5.32)	(5.31)	(5.41)	—	—	—	—	(5.35)	—
29	(5.00)	(5.07)	(5.10)	(5.02)	(4.70)	(4.11)	(3.96)	(3.76)	(5.07)	(4.14)
30	(0.17)	(0.17)	(0.17)	(0.18)	(0.18)	(0.17)	(0.18)	(0.15)	(0.17)	(0.17)
31	0.17	0.18	0.17	0.17	0.15	0.10	0.09	0.09	0.17	0.11
32	(5.00)	(5.06)	(5.10)	(5.03)	(4.73)	(4.18)	(4.05)	(3.82)	(5.07)	(4.20)
33	0.39	0.41	0.41	0.43	0.43	0.75	0.88	1.24	0.39	0.82
34	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.04	0.05	0.05
35	0.44%	0.46%	0.46%	0.48%	0.48%	0.80%	0.93%	1.28%	0.44%	0.87%

- (1) The determination of net interest income/yield (fully taxable-equivalent basis), which reflects fully taxable-equivalent adjustments to interest income, involves the conversion of tax-exempt sources of interest income to the equivalent amounts of interest income that would be necessary to derive the same net return if the investments had been subject to income taxes using our federal statutory tax rate of 35%.
- (2) Non-performing loans, where interest income is recognized when collected, are included in average balances.
- (3) For securities, we calculate average balances based on their unpaid principal balance plus their associated deferred fees and costs (e.g., premiums and discounts), but exclude the effects of mark-to-fair-value changes.
- (4) Certain prior period amounts have been adjusted to conform to the current year presentation.
- (5) As a result of the creation of the securitization trusts in December of 2007, due to Participation Certificate investors interest expense is now recorded in trust management fees within other income on our consolidated statements of operations.

FREDDIE MAC
NET INTEREST INCOME
TABLE 1B
(unaudited)
(dollars in millions)

Line:	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008	4Q 2008	Full Year		
									2007	2008	
Net Interest Income:											
1	Contractual amounts of net interest income	\$1,575	\$1,483	\$1,526	\$1,454	\$1,511	\$2,267	\$2,529	\$2,694	\$ 6,038	\$ 9,001
	Amortization income (expense), net: ⁽¹⁾										
2	Accretion of impairments on available-for-sale securities ⁽²⁾	—	1	3	—	—	—	81	470	4	551
3	Asset-related amortization	(150)	(18)	(84)	(20)	(58)	(90)	(135)	24	(272)	(259)
4	Long-term debt-related amortization	(323)	(342)	(351)	(326)	(326)	(305)	(269)	(248)	(1,342)	(1,148)
5	Total amortization income (expense), net	(473)	(359)	(432)	(346)	(384)	(395)	(323)	246	(1,610)	(856)
	Expense related to derivatives:										
6	Amortization of deferred balances in AOCI ⁽³⁾	(331)	(331)	(333)	(334)	(327)	(307)	(308)	(315)	(1,329)	(1,257)
	Accrual of periodic settlements of derivatives: ⁽⁴⁾										
7	Pay-fixed swaps	—	—	—	—	(2)	(36)	(54)	—	—	(92)
8	Total accrual of periodic settlements of derivatives	—	—	—	—	(2)	(36)	(54)	—	—	(92)
9	Total expense related to derivatives	(331)	(331)	(333)	(334)	(329)	(343)	(362)	(315)	(1,329)	(1,349)
10	Net interest income	771	793	761	774	798	1,529	1,844	2,625	3,099	6,796
11	Fully taxable-equivalent adjustments	95	99	98	100	107	105	98	94	392	404
12	Net interest income (fully taxable-equivalent basis)	\$ 866	\$ 892	\$ 859	\$ 874	\$ 905	\$1,634	\$1,942	\$2,719	\$ 3,491	\$ 7,200

- (1) Represents amortization related to premiums, discounts, deferred fees and other adjustments to the carrying value of our financial instruments and the reclassification of previously deferred balances from AOCI for certain derivatives in cash flow hedge relationships related to individual debt issuances and mortgage purchase transactions.
- (2) We estimate that the future expected principal and interest shortfall on impaired available-for-sale securities will be significantly less than the probable impairment loss required to be recorded under GAAP, as we expect these shortfalls to be less than the recent fair value declines. The portion of the impairment charges associated with these expected recoveries is recognized as net interest income in future periods.
- (3) Represents changes in fair value of derivatives in cash flow hedge relationships that were previously deferred in AOCI and have been reclassified to earnings as the associated hedged forecasted issuance of debt and mortgage purchase transactions affect earnings.
- (4) Reflects the accrual of periodic cash settlements of all derivatives in qualifying hedge accounting relationships.

FREDDIE MAC
NON-INTEREST INCOME (LOSS)
TABLE 2
(unaudited)
(dollars in millions)

Line:	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008	4Q 2008	Full-Year	
									2007	2008
Non-Interest Income (Loss):										
1	\$ 628	\$ 591	\$ 718	\$ 698	\$ 789	\$ 757	\$ 832	\$ 992	\$ 2,635	\$ 3,370
2	(523)	820	(465)	(1,316)	(1,394)	1,114	(1,722)	(5,089)	(1,484)	(7,091)
3	430	474	473	528	1,169	769	783	2,105	1,905	4,826
Derivative gains (losses):										
Foreign-currency denominated derivatives gains (losses) ⁽¹⁾ :										
4	198	332	1,155	656	1,237	(48)	(1,578)	(195)	2,341	(584)
5	(106)	(394)	157	8	193	(490)	228	558	(335)	489
6	(655)	286	(1,612)	(2,261)	(1,330)	1,020	(1,448)	(11,806)	(4,242)	(13,564)
7	39	94	112	87	(345)	(367)	(282)	(301)	332	(1,295)
8	(524)	318	(188)	(1,510)	(245)	115	(3,080)	(11,744)	(1,904)	(14,954)
Gains (losses) on investment activity:										
9	26	20	257	203	971	(2,279)	(932)	3,195	506	955
10	17	3	19	(25)	71	(5)	31	20	14	117
11	34	(249)	228	219	215	38	287	6	232	546
12	(57)	(294)	(1)	(13)	(71)	(1,040)	(9,106)	(7,465)	(365)	(17,682)
13	(2)	(20)	(25)	(46)	33	(41)	(20)	(2)	(93)	(30)
14	—	—	—	—	—	—	(7)	(7)	—	(14)
15	18	(540)	478	338	1,219	(3,327)	(9,747)	(4,253)	294	(16,108)
Gains (losses) on foreign-currency denominated debt recorded at fair value ⁽¹⁾ :										
16	—	—	—	—	(1,214)	88	1,665	171	—	710
17	—	—	—	—	(171)	481	(165)	(449)	—	(304)
18	—	—	—	—	(1,385)	569	1,500	(278)	—	406
19	7	89	91	158	305	(29)	36	(103)	345	209
20	35	72	125	273	226	121	91	57	505	495
21	(197)	(333)	(1,162)	(656)	—	—	—	—	(2,348)	—
22	(108)	(135)	(111)	(115)	(117)	(108)	(121)	(107)	(469)	(453)
23	49	58	47	92	47	75	25	(22)	246	125
24	\$(185)	\$1,414	\$ 6	\$(1,510)	\$ 614	\$ 56	\$(11,403)	\$(18,442)	\$ (275)	\$(29,175)

- (1) We adopted Statement of Financial Accounting Standards, or SFAS, No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities, Including an Amendment of FASB Statement No. 115," on January 1, 2008. We initially elected the fair value option for our foreign-currency denominated debt. Due to this election, foreign currency exposure is now a component of gains (losses) on foreign-currency denominated debt recorded at fair value. Prior to that date, translation gains and losses on our foreign-currency denominated debt were reported in foreign-currency gains (losses), net in our consolidated statements of operations. We use a combination of foreign-currency swaps and foreign-currency denominated receive-fixed swaps to hedge the changes in fair value of our foreign-currency denominated debt related to fluctuations in exchange rates and interest rates.
- (2) Includes mark-to-fair value adjustments recorded in accordance with Emerging Issues Task Force, or EITF, 99-20, "Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets" on securities classified as trading. Certain prior period amounts have been adjusted to conform to the current year presentation.
- (3) Certain prior period amounts have been adjusted to conform to the current year presentation.

FREDDIE MAC
MANAGEMENT AND GUARANTEE INCOME & RELATED INFORMATION
TABLE 3
(unaudited)
(dollars in millions)

Line:	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008	4Q 2008	Full Year	
									2007	2008
Management and Guarantee Income:										
1	\$ 598	\$ 629	\$ 657	\$ 707	\$ 757	\$ 778	\$ 796	\$ 793	\$ 2,591	\$ 3,124
2	30	(38)	61	(9)	32	(21)	36	199	44	246
3	\$ 628	\$ 591	\$ 718	\$ 698	\$ 789	\$ 757	\$ 832	\$ 992	\$ 2,635	\$ 3,370
4	15.9 bp	16.1 bp	16.2 bp	16.8 bp	17.4 bp	17.5 bp	17.6 bp	17.5 bp	16.3 bp	17.5 bp
5	0.8	(1.0)	1.5	(0.2)	0.8	(0.5)	0.8	4.4	0.3	1.4
6	16.7 bp	15.1 bp	17.7 bp	16.6 bp	18.2 bp	17.0 bp	18.4 bp	21.9 bp	16.6 bp	18.9 bp
7	\$ 412	\$ 451	\$ 390	\$ 410	\$ 379	\$ 403	\$ 371	\$ 176	\$ 410	\$ 176
Gains (Losses) on Guarantee Asset:										
8	\$ (523)	\$ (553)	\$ (585)	\$ (627)	\$ (689)	\$ (720)	\$ (730)	\$ (732)	\$ (2,288)	\$ (2,871)
9	127	130	138	154	215	243	299	364	549	1,121
10	(396)	(423)	(447)	(473)	(474)	(477)	(431)	(368)	(1,739)	(1,750)
11	(127)	1,243	(18)	(843)	(920)	1,591	(1,291)	(4,721)	255	(5,341)
12	\$ (523)	\$ 820	\$ (465)	\$ (1,316)	\$ (1,394)	\$ 1,114	\$ (1,722)	\$ (5,089)	\$ (1,484)	\$ (7,091)
Changes in Guarantee Asset, at Fair Value:										
13	\$ 7,389	\$ 7,602	\$ 9,299	\$ 9,867	\$ 9,591	\$ 9,134	\$ 11,019	\$ 9,679	\$ 7,389	\$ 9,591
14	736	877	1,033	1,040	937	858	382	262	3,686	2,439
15	—	—	—	—	—	(87)	—	(5)	—	(92)
16	(523)	820	(465)	(1,316)	(1,394)	1,114	(1,722)	(5,089)	(1,484)	(7,091)
17	\$ 7,602	\$ 9,299	\$ 9,867	\$ 9,591	\$ 9,134	\$ 11,019	\$ 9,679	\$ 4,847	\$ 9,591	\$ 4,847
Changes in Guarantee Obligation:										
18	\$ 9,482	\$ 10,097	\$ 10,852	\$ 11,888	\$ 13,712	\$ 13,669	\$ 14,022	\$ 13,874	\$ 9,482	\$ 13,712
19	—	—	(1)	(6)	(6)	(6)	(3)	(3)	(7)	(18)
20	1,045	1,229	1,510	2,358	1,132	1,255	638	341	6,142	3,366
21	—	—	—	—	—	(127)	—	(9)	—	(136)
22	(430)	(474)	(473)	(528)	(1,169)	(769)	(783)	(2,105)	(1,905)	(4,826)
23	\$ 10,097	\$ 10,852	\$ 11,888	\$ 13,712	\$ 13,669	\$ 14,022	\$ 13,874	\$ 12,098	\$ 13,712	\$ 12,098

(1) Amortization of deferred fees for guarantees issued after 2002 is recorded in income on guarantee obligation.

(2) Represents a reduction associated with the extinguishment of our previously issued long-term credit guarantees upon conversion into either PCs or Structured Transactions within the same month.

(3) Represents portions of the guarantee obligation that correspond to incurred credit losses reclassified to reserve for guarantee losses on PCs.

(4) Beginning January 1, 2008, we adopted SFAS No. 157, "Fair Value Measurements." This did not result in an immediate impact to our financial statements upon adoption; however, we began estimating the fair value of newly-issued guarantee obligations as an amount equal to the fair value of compensation received in the related securitization transaction as a practical expedient. As a result, we no longer record deferred gains nor immediate "day one" losses on most newly-issued guarantees.

FREDDIE MAC
DERIVATIVES NOT IN HEDGE ACCOUNTING RELATIONSHIPS

TABLE 4
(unaudited)
(dollars in millions)

Line:	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008	4Q 2008	Full Year		
									2007	2008	
Derivative Gains (Losses):											
Call swaptions											
1	Purchased	\$ (553)	\$ (1,168)	\$ 1,657	\$ 2,536	\$ 3,240	\$ (2,542)	\$ 1,824	\$ 14,720	\$ 2,472	\$ 17,242
2	Written	2	48	(16)	(155)	(6)	27	(7)	—	(121)	14
Put swaptions											
3	Purchased	(8)	244	(70)	(170)	(125)	72	22	(1,064)	(4)	(1,095)
4	Written	(2)	(144)	27	47	3	(93)	154	92	(72)	156
Receive-fixed swaps:											
5	Foreign-currency denominated	(106)	(394)	157	8	193	(490)	228	558	(335)	489
6	U.S. dollar denominated	365	(3,106)	3,026	3,955	9,503	(7,204)	2,101	25,332	4,240	29,732
7	Total receive-fixed swaps	259	(3,500)	3,183	3,963	9,696	(7,694)	2,329	25,890	3,905	30,221
8	Pay-fixed swaps	(478)	4,531	(6,513)	(8,902)	(15,133)	11,259	(5,296)	(49,125)	(11,362)	(58,295)
9	Futures	19	(70)	105	88	647	(154)	(534)	(2,033)	142	(2,074)
10	Foreign-currency swaps ⁽¹⁾	198	332	1,155	656	1,237	(48)	(1,578)	(195)	2,341	(584)
11	Forward purchase and sale commitments	(5)	(66)	185	331	511	(243)	280	(660)	445	(112)
12	Other ⁽²⁾	5	17	(13)	9	30	(102)	8	932	18	868
13	Subtotal	(563)	224	(300)	(1,597)	100	482	(2,798)	(11,443)	(2,236)	(13,659)
Accrual of periodic settlements:											
14	Receive-fixed swaps ⁽³⁾	(58)	(37)	(66)	(166)	73	648	753	454	(327)	1,928
15	Pay-fixed swaps	148	155	182	218	(477)	(1,118)	(1,128)	(759)	703	(3,482)
16	Foreign-currency swaps	(52)	(25)	(5)	34	57	101	105	56	(48)	319
17	Other	1	1	1	1	2	2	(12)	(52)	4	(60)
18	Total accrual of periodic settlements	39	94	112	87	(345)	(367)	(282)	(301)	332	(1,295)
19	Total	\$ (524)	\$ 318	\$ (188)	\$ (1,510)	\$ (245)	\$ 115	\$ (3,080)	\$ (11,744)	\$ (1,904)	\$ (14,954)

(1) Foreign-currency swaps are defined as swaps in which the net settlement is based on one leg calculated in a foreign-currency and the other leg calculated in U.S. dollars.

(2) Consists of basis swaps, certain option-based contracts (including written options), interest-rate caps, swap guarantee derivatives and credit derivatives. Includes \$27 million loss related to the bankruptcy of Lehman Brothers Holdings, Inc. for both the third quarter and the full year of 2008.

(3) Includes imputed interest on zero-coupon swaps.

FREDDIE MAC
NON-INTEREST EXPENSE
TABLE 5
(unaudited)
(dollars in millions)

Line:	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008	4Q 2008	Full Year	
									2007	2008
Non-Interest Expense:										
Administrative expenses:										
1	\$ 213	\$ 227	\$ 216	\$ 172	\$ 231	\$ 241	\$ 133	\$ 223	\$ 828	\$ 828
2	89	104	103	96	72	55	61	74	392	262
3	14	16	16	18	15	18	16	18	64	67
4	87	95	93	115	79	90	98	81	390	348
5	<u>403</u>	<u>442</u>	<u>428</u>	<u>401</u>	<u>397</u>	<u>404</u>	<u>308</u>	<u>396</u>	<u>1,674</u>	<u>1,505</u>
6	248	447	1,372	787	1,240	2,537	5,702	6,953	2,854	16,432
7	14	16	51	125	208	265	333	291	206	1,097
8	177	150	392	1,269	15	—	2	—	1,988	17
9	216	264	649	736	51	120	252	1,211	1,865	1,634
10	—	—	—	—	—	—	1,082	—	—	1,082
11	9	9	4	(30)	3	5	—	—	(8)	8
12	<u>49</u>	<u>56</u>	<u>63</u>	<u>54</u>	<u>72</u>	<u>106</u>	<u>86</u>	<u>151</u>	<u>222</u>	<u>415</u>
13	<u>\$1,116</u>	<u>\$1,384</u>	<u>\$2,959</u>	<u>\$3,342</u>	<u>\$1,986</u>	<u>\$3,437</u>	<u>\$7,765</u>	<u>\$9,002</u>	<u>\$8,801</u>	<u>\$22,190</u>

- (1) Consist of losses recognized upon issuance of a PC when the fair value of the guarantee obligation exceeds the fair value of the guarantee asset (including upfront fees paid or received). Beginning January 1, 2008, we began estimating the fair value of newly-issued guarantee obligations as an amount equal to the fair value of compensation received in the related securitization transaction. As a result, we no longer record deferred gains nor do we record immediate "day one," losses on most newly-issued guarantees.
- (2) Represent losses on non-performing mortgage loans purchased under our financial guarantees. Effective December 2007, we made certain operational changes for purchasing delinquent loans from PC pools, which reduced the number of these loans we purchase and, consequently, the amount of our losses on loans purchased during the first three quarters of 2008. Increased credit deterioration in the single-family loans we guarantee combined with the effects of higher volumes of loan modifications led to substantial increases in these losses beginning in the fourth quarter of 2008.
- (3) In accordance with PC trust agreements, we manage the funds of the securitization trusts created for administration of remittances on our PCs. To the extent there is an investment loss related to these funds, we, as the administrator, make up the shortfall. We recognized losses during 2008 on loans made to Lehman Brothers Holdings, Inc., on the trusts' behalf.

**FREDDIE MAC
CREDIT QUALITY INDICATORS**

**TABLE 6
(unaudited)
(dollars in millions)**

Line:	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008	4Q 2008	Full Year	
									2007	2008
Credit Enhancements:										
1	14%	18%	22%	28%	25%	19%	23%	16%	21%	21%
2	16%	16%	16%	17%	17%	18%	18%	18%	17%	18%
Delinquencies (at period end):⁽²⁾⁽³⁾										
<i>Single-family:</i>										
<i>Non-credit-enhanced portfolio</i>										
3	0.25%	0.26%	0.34%	0.45%	0.54%	0.67%	0.87%	1.26%	0.45%	1.26%
4	23,173	25,307	32,823	44,948	54,923	68,080	88,786	127,569	44,948	127,569
<i>Credit-enhanced portfolio</i>										
5	1.18%	1.17%	1.34%	1.62%	1.81%	2.10%	2.75%	3.79%	1.62%	3.79%
6	22,285	22,602	27,123	34,621	39,942	47,216	62,729	85,719	34,621	85,719
<i>Total single-family portfolio</i>										
7	0.40%	0.42%	0.51%	0.65%	0.77%	0.93%	1.22%	1.72%	0.65%	1.72%
8	45,458	47,909	59,946	79,569	94,865	115,296	151,515	213,288	79,569	213,288
<i>Multifamily:</i>										
9	0.06%	0.05%	0.06%	0.02%	0.01%	0.04%	0.01%	0.01%	0.02%	0.01%
10	\$ 32	\$ 30	\$ 32	\$ 10	\$ 7	\$ 34	\$ 12	\$ 12	\$ 10	\$ 12
Foreclosure alternatives⁽³⁾⁽⁴⁾ (number of units):										
11	11,072	9,031	8,771	9,935	12,387	10,691	10,270	8,714	38,809	42,062
12	1,902	2,179	1,752	2,272	4,246	4,687	8,456	17,695	8,105	35,084
13	1,063	740	673	632	817	785	828	1,762	3,108	4,192
14	404	530	504	571	831	1,252	1,911	2,375	2,009	6,369
15	14,441	12,480	11,700	13,410	18,281	17,415	21,465	30,546	52,031	87,707
Non-performing assets⁽³⁾⁽⁵⁾ (at period end):										
16	\$ 9,093	\$ 9,890	\$12,168	\$16,710	\$ 20,535	\$ 25,287	\$ 32,671	\$ 45,130	\$16,710	\$ 45,130
17	878	1,020	1,321	1,736	2,214	2,580	3,224	3,255	1,736	3,255
18	\$ 9,971	\$10,910	\$13,489	\$18,446	\$ 22,749	\$ 27,867	\$ 35,895	\$ 48,385	\$18,446	\$ 48,385
REO Operations Expense:										
19	\$ (14)	\$ (16)	\$ (50)	\$ (125)	\$ (208)	\$ (265)	\$ (333)	\$ (291)	\$ (205)	\$ (1,097)
20	—	—	(1)	—	—	—	—	—	(1)	—
21	\$ (14)	\$ (16)	\$ (51)	\$ (125)	\$ (208)	\$ (265)	\$ (333)	\$ (291)	\$ (206)	\$ (1,097)
Loan Loss Reserves:⁽⁶⁾										
22	\$ 619	\$ 803	\$ 1,138	\$ 2,312	\$ 2,822	\$ 3,872	\$ 5,813	\$ 10,220	\$ 619	\$ 2,822
23	248	447	1,372	787	1,240	2,537	5,702	6,953	2,854	16,432
24	(30)	(36)	(32)	(36)	(163)	(451)	(856)	(815)	(134)	(2,285)
25	—	—	(2)	(1)	—	—	(5)	(3)	(3)	(8)
26	(34)	(76)	(164)	(240)	(27)	(145)	(434)	(737)	(514)	(1,343)
27	\$ 803	\$ 1,138	\$ 2,312	\$ 2,822	\$ 3,872	\$ 5,813	\$ 10,220	\$ 15,618	\$ 2,822	\$ 15,618
Total Credit Losses:⁽⁸⁾										
28	\$ 58	\$ 79	\$ 126	\$ 236	\$ 528	\$ 810	\$ 1,275	\$ 1,154	\$ 499	\$ 3,767
29	1.5 bp	2.0 bp	3.0 bp	5.4 bp	11.6 bp	17.3 bp	26.8 bp	24.1 bp	3.0 bp	20.1 bp

(1) Based on the total mortgage portfolio, excluding Freddie Mac Structured Transactions, 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 90 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. Delinquencies exclude 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) Based on loans held by us on our consolidated balance sheet as well as those underlying our PCs, Structured Securities and other mortgage guarantees. Excludes Structured Transactions and that portion of Structured Securities that is backed by Ginnie Mae Certificates.

(4) For more information on our foreclosure alternatives and loss mitigation activities see "Item 7. — CREDIT RISKS — Loss Mitigation Activities" in our Form 10-K filed March 11, 2009.

(5) For more information on our non-performing assets see "Item 7. — CREDIT RISKS — Non-Performing Assets" in our Form 10-K filed March 11, 2009.

(6) Loan loss reserves equals the sum of allowance for loan losses (consolidated balance sheets — Line 8) and reserve for guarantee losses on Participation Certificates (consolidated balance sheets — Line 24).

(7) Provision for credit losses includes our provision for losses incurred on our mortgage loans held for investment, which are a component of our mortgage-related investments portfolio, and our provision for guarantee losses incurred on mortgage loans underlying our issued PCs and Structured Securities.

(8) Equal to REO operations income (expense) (Line 21) plus Charge-offs, net (Lines 24 and 25) plus amounts previously transferred to reduce the carrying value of loans purchased under financial guarantees. The previously transferred reserves totaled \$156 million and \$377 million for the years ended December 31, 2007 and 2008, respectively. Excludes other market-based credit losses recognized on our consolidated statements of operations, including losses on loans purchased, losses on certain credit guarantees, securities administrator loss on investment activity and other than temporary impairments on our mortgage-related investments portfolio.

(9) Calculated using the average total mortgage portfolio, excluding non-Freddie Mac mortgage-related securities and that portion of Structured Securities that is backed by Ginnie Mae Certificates.

FREDDIE MAC
SINGLE-FAMILY NON-CREDIT-ENHANCED DELINQUENCY AND FORECLOSURE ACTIVITY BY REGION⁽¹⁾
TABLE 7
(unaudited)

Line:	4Q 2007		1Q 2008		2Q 2008		3Q 2008		4Q 2008			
	Number of Loans (in thousands)	Percent ⁽³⁾	Number of Loans (in thousands)	Percent ⁽³⁾	Number of Loans (in thousands)	Percent ⁽³⁾	Number of Loans (in thousands)	Percent ⁽³⁾	Number of Loans (in thousands)	Percent ⁽³⁾		
Northeast⁽²⁾												
1	Total number of loans		2,310		2,340		2,339		2,341		2,332	
2	4	0.19%	4	0.19%	6	0.24%	8	0.35%	12	0.53%	12	0.53%
3	5	0.20%	6	0.26%	6	0.29%	8	0.34%	10	0.43%	10	0.43%
4	<u>9</u>	<u>0.39%</u>	<u>10</u>	<u>0.45%</u>	<u>12</u>	<u>0.53%</u>	<u>16</u>	<u>0.69%</u>	<u>22</u>	<u>0.96%</u>	<u>22</u>	<u>0.96%</u>
Southeast⁽²⁾												
5	Total number of loans		1,937		1,971		1,951		1,955		1,950	
6	6	0.28%	6	0.30%	7	0.37%	10	0.50%	16	0.82%	16	0.82%
7	6	0.31%	9	0.46%	12	0.61%	16	0.81%	21	1.04%	21	1.04%
8	<u>12</u>	<u>0.59%</u>	<u>15</u>	<u>0.76%</u>	<u>19</u>	<u>0.98%</u>	<u>26</u>	<u>1.31%</u>	<u>37</u>	<u>1.86%</u>	<u>37</u>	<u>1.86%</u>
North Central⁽²⁾												
9	Total number of loans		2,312		2,313		2,323		2,305		2,289	
10	5	0.21%	5	0.21%	6	0.24%	8	0.32%	11	0.49%	11	0.49%
11	6	0.27%	7	0.31%	8	0.35%	9	0.40%	9	0.49%	11	0.49%
12	<u>11</u>	<u>0.48%</u>	<u>12</u>	<u>0.52%</u>	<u>14</u>	<u>0.59%</u>	<u>17</u>	<u>0.72%</u>	<u>22</u>	<u>0.98%</u>	<u>22</u>	<u>0.98%</u>
Southwest⁽²⁾												
13	Total number of loans		1,368		1,393		1,362		1,364		1,361	
14	2	0.17%	2	0.15%	2	0.19%	3	0.24%	5	0.40%	5	0.40%
15	2	0.15%	3	0.18%	3	0.19%	3	0.22%	4	0.28%	4	0.28%
16	<u>4</u>	<u>0.32%</u>	<u>5</u>	<u>0.33%</u>	<u>5</u>	<u>0.38%</u>	<u>6</u>	<u>0.46%</u>	<u>9</u>	<u>0.68%</u>	<u>9</u>	<u>0.68%</u>
West⁽²⁾												
17	Total number of loans		2,121		2,169		2,192		2,212		2,218	
18	4	0.19%	5	0.23%	7	0.30%	11	0.50%	19	0.86%	19	0.86%
19	5	0.23%	8	0.36%	11	0.50%	13	0.58%	18	0.81%	18	0.81%
20	<u>9</u>	<u>0.42%</u>	<u>13</u>	<u>0.59%</u>	<u>18</u>	<u>0.80%</u>	<u>24</u>	<u>1.08%</u>	<u>37</u>	<u>1.67%</u>	<u>37</u>	<u>1.67%</u>
Total												
21	Total number of loans		10,048		10,186		10,168		10,177		10,150	
22	21	0.21%	22	0.22%	28	0.27%	40	0.39%	64	0.64%	64	0.64%
23	24	0.24%	33	0.32%	40	0.40%	49	0.48%	64	0.62%	64	0.62%
24	<u>45</u>	<u>0.45%</u>	<u>55</u>	<u>0.54%</u>	<u>68</u>	<u>0.67%</u>	<u>89</u>	<u>0.87%</u>	<u>128</u>	<u>1.26%</u>	<u>128</u>	<u>1.26%</u>
25	90-day or more delinquency to REO, transition rate ⁽⁴⁾			15.9%		17.6%		22.8%		25.4%		25.5%

- (1) Includes single-family non-credit-enhanced mortgage loans in our mortgage-related investments portfolio and those underlying our guaranteed PCs and Structured Securities issued, but excluding Structured Transactions and that portion of Structured Securities backed by Ginnie Mae Certificates.
- (2) Region Designation: Northeast (CT, DE, DC, MA, ME, MD, NH, NJ, NY, PA, RI, VT, VA, WV); Southeast (AL, FL, GA, KY, MS, NC, PR, SC, TN, VI); North Central (IL, IN, IA, MI, MN, ND, OH, SD, WI); Southwest (AR, CO, KS, LA, MO, NE, NM, OK, TX, WY); West (AK, AZ, CA, GU, HI, ID, MT, NV, OR, UT, WA).
- (3) Percentages are calculated based on loan counts.
- (4) Calculated based on all loans that have been reported as 90 days or more delinquent or in foreclosure in the preceding year, which have transitioned to REO. The rate excludes other dispositions that can result in a loss, such as short-sales and deed-in-lieu transactions.

**FREDDIE MAC
REAL ESTATE OWNED (REO) ACTIVITY**

TABLE 8

(unaudited)

Line:	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008	4Q 2008	Full Year		
									2007	2008	
Property Units, by Region:⁽¹⁾											
Northeast											
1	Beginning Balance	622	702	828	1,118	1,474	2,119	2,429	2,793	622	1,474
2	Properties Acquired	396	492	644	804	1,267	1,310	1,485	1,063	2,336	5,125
3	Properties Disposed	(316)	(366)	(354)	(448)	(622)	(1,000)	(1,121)	(1,103)	(1,484)	(3,846)
4	Ending Property Inventory	<u>702</u>	<u>828</u>	<u>1,118</u>	<u>1,474</u>	<u>2,119</u>	<u>2,429</u>	<u>2,793</u>	<u>2,753</u>	<u>1,474</u>	<u>2,753</u>
Southeast											
5	Beginning Balance	1,753	1,896	1,960	2,243	2,686	3,259	3,924	4,851	1,753	2,686
6	Properties Acquired	987	1,123	1,276	1,556	1,983	2,614	3,231	2,897	4,942	10,725
7	Properties Disposed	(844)	(1,059)	(993)	(1,113)	(1,410)	(1,949)	(2,304)	(2,576)	(4,009)	(8,239)
8	Ending Property Inventory	<u>1,896</u>	<u>1,960</u>	<u>2,243</u>	<u>2,686</u>	<u>3,259</u>	<u>3,924</u>	<u>4,851</u>	<u>5,172</u>	<u>2,686</u>	<u>5,172</u>
North Central											
9	Beginning Balance	4,466	4,871	5,065	5,540	6,121	7,113	7,763	9,050	4,466	6,121
10	Properties Acquired	2,078	2,137	2,376	2,584	3,137	3,445	3,995	3,101	9,175	13,678
11	Properties Disposed	(1,673)	(1,943)	(1,901)	(2,003)	(2,145)	(2,795)	(2,708)	(2,900)	(7,520)	(10,548)
12	Ending Property Inventory	<u>4,871</u>	<u>5,065</u>	<u>5,540</u>	<u>6,121</u>	<u>7,113</u>	<u>7,763</u>	<u>9,050</u>	<u>9,251</u>	<u>6,121</u>	<u>9,251</u>
Southwest											
13	Beginning Balance	1,741	1,833	1,867	1,987	2,230	2,545	2,651	2,924	1,741	2,230
14	Properties Acquired	957	940	951	1,129	1,370	1,465	1,616	1,235	3,977	5,686
15	Properties Disposed	(865)	(906)	(831)	(886)	(1,055)	(1,359)	(1,343)	(1,398)	(3,488)	(5,155)
16	Ending Property Inventory	<u>1,833</u>	<u>1,867</u>	<u>1,987</u>	<u>2,230</u>	<u>2,545</u>	<u>2,651</u>	<u>2,924</u>	<u>2,761</u>	<u>2,230</u>	<u>2,761</u>
West											
17	Beginning Balance	203	348	540	1,028	1,883	3,383	5,262	8,474	203	1,883
18	Properties Acquired	220	321	658	1,211	2,182	3,576	5,556	4,003	2,410	15,317
19	Properties Disposed	(75)	(129)	(170)	(356)	(682)	(1,697)	(2,344)	(3,068)	(730)	(7,791)
20	Ending Property Inventory	<u>348</u>	<u>540</u>	<u>1,028</u>	<u>1,883</u>	<u>3,383</u>	<u>5,262</u>	<u>8,474</u>	<u>9,409</u>	<u>1,883</u>	<u>9,409</u>
Total											
21	Beginning Balance	8,785	9,650	10,260	11,916	14,394	18,419	22,029	28,092	8,785	14,394
22	Properties Acquired	4,638	5,013	5,905	7,284	9,939	12,410	15,883	12,299	22,840	50,531
23	Properties Disposed	(3,773)	(4,403)	(4,249)	(4,806)	(5,914)	(8,800)	(9,820)	(11,045)	(17,231)	(35,579)
24	Ending Property Inventory	<u>9,650</u>	<u>10,260</u>	<u>11,916</u>	<u>14,394</u>	<u>18,419</u>	<u>22,029</u>	<u>28,092</u>	<u>29,346</u>	<u>14,394</u>	<u>29,346</u>
REO Balance, Net (dollars in millions)											
Single-family property, by region ⁽¹⁾ :											
25	Northeast	\$ 84	\$ 114	\$ 170	\$ 247	\$ 358	\$ 381	\$ 402	\$ 374	\$ 247	\$ 374
26	Southeast	148	174	226	293	330	373	451	460	293	460
27	North Central	405	436	490	542	619	636	715	720	542	720
28	Southwest	169	173	198	233	253	253	266	255	233	255
29	West	65	117	237	421	654	937	1,365	1,399	421	1,399
30	Total single-family property	<u>871</u>	<u>1,014</u>	<u>1,321</u>	<u>1,736</u>	<u>2,214</u>	<u>2,580</u>	<u>3,199</u>	<u>3,208</u>	<u>1,736</u>	<u>3,208</u>
31	Total multifamily property	<u>7</u>	<u>6</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>24</u>	<u>47</u>	<u>—</u>	<u>47</u>
32	Total REO Balance, Net	<u>\$ 878</u>	<u>\$ 1,020</u>	<u>\$ 1,321</u>	<u>\$ 1,736</u>	<u>\$ 2,214</u>	<u>\$ 2,580</u>	<u>\$ 3,223</u>	<u>\$ 3,255</u>	<u>\$ 1,736</u>	<u>\$ 3,255</u>

(1) Region Designation: Northeast (CT, DE, DC, MA, ME, MD, NH, NJ, NY, PA, RI, VT, VA, WV); Southeast (AL, FL, GA, KY, MS, NC, PR, SC, TN, VI); North Central (IL, IN, IA, MI, MN, ND, OH, SD, WI); Southwest (AR, CO, KS, LA, MO, NE, NM, OK, TX, WY); West (AK, AZ, CA, GU, HI, ID, MT, NV, OR, UT, WA).