

**FREDDIE MAC**  
**CONSOLIDATED STATEMENTS OF OPERATIONS** <sup>(1)</sup>  
**(UNAUDITED)**

	Three Months Ended, March 31,	
	2010	2009
	(dollars in millions, except share-related amounts)	
<i>Interest income</i>		
Mortgage loans:		
Held by consolidated trusts	\$ 22,732	\$ -
Unsecuritized	1,961	1,580
<i>Total mortgage loans</i>	24,693	1,580
Investments in securities	3,899	8,971
Other	33	94
<i>Total interest income</i>	28,625	10,645
<i>Interest expense</i>		
Debt securities of consolidated trusts	(19,643)	-
Other debt	(4,599)	(6,486)
<i>Total interest expense</i>	(24,242)	(6,486)
Expense related to derivatives	(258)	(300)
<i>Net interest income</i>	4,125	3,859
Provision for credit losses	(5,396)	(8,915)
<i>Net interest income after provision for credit losses</i>	(1,271)	(5,056)
<i>Non-interest income (loss)</i>		
Gains (losses) on extinguishment of debt securities of consolidated trusts	(98)	-
Gains (losses) on retirement of other debt	(38)	(104)
Gains (losses) on debt recorded at fair value	347	467
Derivative gains (losses)	(4,685)	181
Impairment of available-for-sale securities:		
Total other-than-temporary impairment of available-for-sale securities	(417)	(7,130)
Portion of other-than-temporary impairment recognized in AOCI	(93)	-
Net impairment of available-for-sale securities recognized in earnings	(510)	(7,130)
Other gains (losses) on investment securities recognized in earnings	(416)	2,182
Other income	546	1,316
<i>Non-interest income (loss)</i>	(4,854)	(3,088)
<i>Non-interest expense</i>		
Salaries and employee benefits	(234)	(207)
Professional services	(71)	(60)
Occupancy expense	(16)	(18)
Other administrative expenses	(74)	(87)
Total administrative expenses	(395)	(372)
Real estate owned operations expense	(159)	(306)
Other expenses	(113)	(2,090)
<i>Non-interest expense</i>	(667)	(2,768)
Loss before income tax benefit	(6,792)	(10,912)
Income tax benefit	103	937
<i>Net loss</i>	(6,689)	(9,975)
<i>Less: Net (income) loss attributable to noncontrolling interest</i>	1	-
<i>Net loss attributable to Freddie Mac</i>	(6,688)	(9,975)
Preferred stock dividends	(1,292)	(378)
<i>Net loss attributable to common stockholders</i>	\$ (7,980)	\$ (10,353)
Loss per common share:		
Basic	\$ (2.45)	\$ (3.18)
Diluted	\$ (2.45)	\$ (3.18)
Weighted average common shares outstanding (in thousands):		
Basic	3,251,295	3,255,718
Diluted	3,251,295	3,255,718
Dividends per common share	\$ -	\$ -

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**FREDDIE MAC**  
**CONSOLIDATED BALANCE SHEETS** <sup>(1)</sup>  
**(UNAUDITED)**

	March 31, 2010	December 31, 2009
	(in millions, except share-related amounts)	
<b>Assets</b>		
Cash and cash equivalents (includes \$2 at March 31, 2010 related to our consolidated VIEs)	\$ 55,445	\$ 64,683
Restricted cash and cash equivalents (includes \$9,386 at March 31, 2010 related to our consolidated VIEs)	9,788	527
Federal funds sold and securities purchased under agreements to resell (includes \$8,750 at March 31, 2010 related to our consolidated VIEs)	25,491	7,000
<i>Investments in securities:</i>		
Available-for-sale, at fair value (includes \$598 and \$10,879, respectively, pledged as collateral that may be repledged)	252,353	384,684
Trading, at fair value	75,955	222,250
<i>Total investments in securities</i>	328,308	606,934
<i>Mortgage loans:</i>		
Held-for-investment, at amortized cost:		
By consolidated trusts (net of allowances for loan losses of \$21,758 at March 31, 2010)	1,745,765	-
Unsecuritized (net of allowances for loan losses of \$14,872 and \$1,441, respectively)	160,613	111,565
<i>Total held-for-investment mortgage loans, net</i>	1,906,378	111,565
Held-for-sale, at lower-of-cost-or-fair-value (includes \$2,206 and \$2,799 at fair value, respectively)	2,206	16,305
<i>Total mortgage loans, net</i>	1,908,584	127,870
Accrued interest receivable (includes \$7,565 at March 31, 2010 related to our consolidated VIEs)	9,468	3,376
Derivative assets, net	57	215
Real estate owned, net (includes \$134 at March 31, 2010 related to our consolidated VIEs)	5,468	4,692
Deferred tax assets, net	10,044	11,101
Other assets (includes \$3,080 at March 31, 2010 related to our consolidated VIEs)	7,557	15,386
<i>Total assets</i>	<u>\$ 2,360,210</u>	<u>\$ 841,784</u>
<b>Liabilities and equity (deficit)</b>		
<i>Liabilities</i>		
Accrued interest payable (includes \$6,917 at March 31, 2010 related to our consolidated VIEs)	\$ 10,764	\$ 5,047
<i>Debt, net:</i>		
Debt securities of consolidated trusts held by third parties	1,545,227	-
Other debt (includes \$8,496 and \$8,918 at fair value, respectively)	806,621	780,604
<i>Total debt, net</i>	2,351,848	780,604
Derivative liabilities, net	888	589
Other liabilities (includes \$3,879 at March 31, 2010 related to our consolidated VIEs)	7,235	51,172
<i>Total liabilities</i>	<u>2,370,735</u>	<u>837,412</u>
Commitments and contingencies		
<i>Equity (deficit)</i>		
<i>Freddie Mac stockholders' equity (deficit)</i>		
Senior preferred stock, at redemption value	51,700	51,700
Preferred stock, at redemption value	14,109	14,109
Common stock, \$0.00 par value, 4,000,000,000 shares authorized, 725,863,886 shares issued and 649,105,601 shares and 648,369,668 shares outstanding, respectively	-	-
Additional paid-in capital	-	57
Retained earnings (accumulated deficit)	(50,933)	(33,921)
<i>Accumulated other comprehensive income (loss), or AOCI, net of taxes, related to:</i>		
Available-for-sale securities (includes \$14,719 and \$15,947, respectively, net of taxes, of other-than-temporary impairments)	(18,653)	(20,616)
Cash flow hedge relationships	(2,740)	(2,905)
Defined benefit plans	(137)	(127)
<i>Total AOCI, net of taxes</i>	(21,530)	(23,648)
Treasury stock, at cost, 76,758,285 shares and 77,494,218 shares, respectively	(3,960)	(4,019)
<i>Total Freddie Mac stockholders' equity (deficit)</i>	(10,614)	4,278
Noncontrolling interest	89	94
<i>Total equity (deficit)</i>	(10,525)	4,372
<i>Total liabilities and equity (deficit)</i>	<u>\$ 2,360,210</u>	<u>\$ 841,784</u>

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**FREDDIE MAC**  
**CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)**  
**(UNAUDITED)**

	Three Months Ended March 31,			
	2010		2009	
	Shares	Amount	Shares	Amount
	(in millions)			
<i>Senior preferred stock, at redemption value</i>				
Balance, beginning of year	1	\$ 51,700	1	\$ 14,800
Increase in liquidation preference	-	-	-	30,800
<i>Senior preferred stock, end of period</i>	1	51,700	1	45,600
<i>Preferred stock, at redemption value</i>				
Balance, beginning of year	464	14,109	464	14,109
<i>Preferred stock, end of period</i>	464	14,109	464	14,109
<i>Common stock, at par value</i>				
Balance, beginning of year	726	-	726	-
<i>Common stock, end of period</i>	726	-	726	-
<i>Additional paid-in capital</i>				
Balance, beginning of year		57		19
Stock-based compensation		9		17
Income tax benefit from stock-based compensation		1		(22)
Common stock issuances		(62)		(77)
Noncontrolling interest purchase		(23)		-
Transfer from retained earnings (accumulated deficit)		18		63
<i>Additional paid-in capital, end of period</i>		-		-
<i>Retained earnings (accumulated deficit)</i>				
Balance, beginning of year		(33,921)		(23,191)
Cumulative effect of change in accounting principle		(9,011)		-
Balance, beginning of year, as adjusted		(42,932)		(23,191)
Net loss attributable to Freddie Mac		(6,688)		(9,975)
Senior preferred stock dividends declared		(1,292)		(370)
Dividend equivalent payments on expired stock options		(3)		(2)
Transfer to additional paid-in capital		(18)		(63)
<i>Retained earnings (accumulated deficit), end of period</i>		(50,933)		(33,601)
<i>AOI, net of taxes</i>				
Balance, beginning of year		(23,648)		(32,357)
Cumulative effect of change in accounting principle		(2,690)		-
Balance, beginning of year, as adjusted		(26,338)		(32,357)
Changes in unrealized gains (losses) related to available-for-sale securities, net of reclassification adjustments		4,646		3,844
Changes in unrealized gains (losses) related to cash flow hedge relationships, net of reclassification adjustments		172		208
Changes in defined benefit plans		(10)		2
<i>AOI, net of taxes, end of period</i>		(21,530)		(28,303)
<i>Treasury stock, at cost</i>				
Balance, beginning of year	77	(4,019)	79	(4,111)
Common stock issuances	-	59	(1)	78
<i>Treasury stock, end of period</i>	77	(3,960)	78	(4,033)
<i>Noncontrolling interest</i>				
Balance, beginning of year		94		97
Cumulative effect of change in accounting principle		(2)		-
Balance, beginning of year, as adjusted		92		97
Net income (loss) attributable to noncontrolling interest		(1)		-
Dividends and other		(2)		(1)
<i>Noncontrolling interest, end of period</i>		89		96
<i>Total equity (deficit)</i>		<u>\$ (10,525)</u>		<u>\$ (6,132)</u>
<i>Comprehensive income (loss)</i>				
Net loss		\$ (6,689)		\$ (9,975)
Changes in other comprehensive income (loss), net of taxes, net of reclassification adjustments		4,808		4,054
Comprehensive income (loss)		(1,881)		(5,921)
Less: Comprehensive (income) loss attributable to noncontrolling interest		1		-
<i>Total comprehensive income (loss) attributable to Freddie Mac</i>		<u>\$ (1,880)</u>		<u>\$ (5,921)</u>

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**FREDDIE MAC**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS <sup>(1)</sup>**  
**(UNAUDITED)**

	Three Months Ended, March 31,	
	2010	2009
(in millions)		
<b>Cash flows from operating activities</b>		
Net loss	\$ (6,689)	\$ (9,975)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Derivative losses (gains)	3,337	(917)
Asset related amortization -- premiums, discounts and basis adjustments	(97)	(278)
Debt related amortization -- premiums and discounts on certain debt securities and basis adjustments	592	1,535
Net discounts paid on retirements of other debt	(442)	(1,880)
Net premiums received from issuance of debt securities of consolidated trusts	550	-
Losses on extinguishment of debt securities of consolidated trusts and other debt	136	104
Provision for credit losses	5,396	8,915
Losses on investment activity	810	4,944
Gains on debt recorded at fair value	(347)	(467)
Deferred income tax benefit	(87)	(114)
Purchases of held-for-sale mortgages	(1,004)	(29,253)
Sales of held-for-sale mortgages	1,407	20,095
Repayments of held-for-sale mortgages	7	1,322
Change in:		
Accrued interest receivable	76	(166)
Accrued interest payable	(1,419)	(1,548)
Income taxes payable	182	(808)
Other, net	(346)	3,782
<i>Net cash provided by (used for) operating activities</i>	<u>2,062</u>	<u>(4,709)</u>
<b>Cash flows from investing activities</b>		
Purchases of trading securities	(18,071)	(119,913)
Proceeds from sales of trading securities	26	36,586
Proceeds from maturities of trading securities	7,385	11,463
Purchases of available-for-sale securities	(328)	(2,227)
Proceeds from sales of available-for-sale securities	49	1,239
Proceeds from maturities of available-for-sale securities	10,821	20,827
Purchases of held-for-investment mortgages	(12,861)	(8,697)
Repayments of held-for-investment mortgages	79,893	1,466
Decrease (increase) in restricted cash	5,721	(392)
Net proceeds from mortgage insurance and acquisitions and dispositions of real estate owned	2,634	229
Net increase in federal funds sold and securities purchased under agreements to resell	(10,991)	(23,900)
Derivative premiums and terminations and swap collateral, net	(3,662)	(1,356)
Purchase of West Mac partnership interest	(23)	-
<i>Net cash provided by (used for) investing activities</i>	<u>60,593</u>	<u>(84,675)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of debt securities of consolidated trusts held by third parties	19,690	-
Repayments of debt securities of consolidated trusts held by third parties	(116,600)	-
Proceeds from issuance of other debt	329,379	440,653
Repayments of other debt	(303,037)	(373,174)
Increase in liquidation preference of senior preferred stock	-	30,800
Payment of cash dividends on senior preferred stock, preferred stock and common stock	(1,292)	(370)
Excess tax benefits associated with stock-based awards	1	1
Payments of low-income housing tax credit partnerships notes payable	(34)	(98)
<i>Net cash (used for) provided by financing activities</i>	<u>(71,893)</u>	<u>97,812</u>
Net (decrease) increase in cash and cash equivalents	(9,238)	8,428
Cash and cash equivalents at beginning of period	64,683	45,326
<i>Cash and cash equivalents at end of period</i>	<u>\$ 55,445</u>	<u>\$ 53,754</u>
<b>Supplemental cash flow information</b>		
Cash paid (received) for:		
Debt interest	\$ 25,405	\$ 8,690
Net derivative interest carry and swap collateral interest	524	(919)
Income taxes	(198)	(15)
Non-cash investing and financing activities:		
Held-for-sale mortgages securitized and retained as trading securities	351	-
Underlying mortgage loans related to guarantor swap transactions	75,093	-
Debt securities of consolidated trusts held by third parties established for guarantor swap transactions	75,093	-
Transfers from held-for-investment mortgages to held-for-sale mortgages	196	-

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