

FREDDIE MAC
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2008	2007	2006
	(in millions)		
Cash flows from operating activities			
Net income (loss)	\$ (50,119)	\$ (3,094)	\$ 2,327
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:			
Hedge accounting (gains) losses	16	-	(2)
Derivative losses	13,650	2,231	1,262
Asset related amortization -- premiums, discounts and basis adjustments	(493)	(10)	212
Debt related amortization -- premiums and discounts on certain debt securities and basis adjustments	8,765	10,894	11,176
Net discounts paid on retirements of debt	(8,844)	(8,405)	(7,429)
Gains on debt retirement	(209)	(345)	(466)
Provision for credit losses	16,432	2,854	296
Low-income housing tax credit partnerships	453	469	407
Losses on loans purchased	1,634	1,865	148
(Gains) losses on investment activity	16,122	(305)	538
Foreign-currency (gains) losses, net	-	2,348	(96)
Gains on foreign-currency denominated debt recorded at fair value	(406)	-	-
Deferred income tax expense (benefit)	5,507	(3,943)	(1,012)
Purchases of held-for-sale mortgages	(38,070)	(21,678)	(18,352)
Sales of held-for-sale mortgages	24,711	19,545	18,710
Repayments of held-for-sale mortgages	896	138	104
Due to Participation Certificates and Structured Securities Trust	(104)	946	-
Change in trading securities	-	(1,922)	1,085
Change in accounts and other receivables, net	(2,535)	(909)	(504)
Change in amounts due to Participation Certificate investors, net	-	(10,624)	302
Change in accrued interest payable	(786)	(263)	718
Change in income taxes payable	(1,187)	134	(282)
Change in guarantee asset, at fair value	4,744	(2,203)	(1,125)
Change in guarantee obligation	(1,502)	4,245	1,536
Other, net	827	496	(522)
<i>Net cash (used for) provided by operating activities</i>	<u>(10,498)</u>	<u>(7,536)</u>	<u>9,031</u>
Cash flows from investing activities			
Purchases of trading securities	(200,613)	-	-
Proceeds from sales of trading securities	94,764	-	-
Proceeds from maturities of trading securities	18,786	-	-
Purchases of available-for-sale securities	(174,968)	(319,213)	(386,407)
Proceeds from sales of available-for-sale securities	35,872	109,973	86,737
Proceeds from maturities of available-for-sale securities	194,036	219,047	305,329
Purchases of held-for-investment mortgages	(24,684)	(25,059)	(15,382)
Repayments of held-for-investment mortgages	6,468	9,451	10,207
Increase in restricted cash	(857)	(96)	-
Net proceeds (payments) from mortgage insurance and acquisitions and dispositions of real estate owned	(3,458)	1,798	1,486
Net (increase) decrease in Federal funds sold and securities purchased under agreements to resell	(3,588)	16,466	(7,869)
Derivative premiums and terminations and swap collateral, net	(12,829)	(2,484)	910
Investments in low-income housing tax credit partnerships	-	(158)	(161)
<i>Net cash (used for) provided by investing activities</i>	<u>(71,071)</u>	<u>9,725</u>	<u>(5,150)</u>
Cash flows from financing activities			
Proceeds from issuance of short-term debt	1,194,456	1,016,933	750,201
Repayments of short-term debt	(1,061,595)	(986,489)	(767,427)
Proceeds from issuance of long-term debt	241,222	183,161	177,361
Repayments of long-term debt	(267,732)	(222,541)	(159,204)
Proceeds from increase in liquidation preference of senior preferred stock	13,800	-	-
Proceeds from issuance of preferred stock	-	8,484	1,485
Redemption of preferred stock	-	(600)	-
Repurchases of common stock	-	(1,000)	(2,000)
Payment of cash dividends on senior preferred stock, preferred stock and common stock	(1,008)	(1,553)	(1,579)
Excess tax benefits associated with stock-based awards	3	5	14
Payments of low-income housing tax credit partnerships notes payable	(742)	(1,068)	(1,382)
Other, net	(83)	(306)	(459)
<i>Net cash provided by (used for) financing activities</i>	<u>118,321</u>	<u>(4,974)</u>	<u>(2,990)</u>
Net increase (decrease) in cash and cash equivalents	36,752	(2,785)	891
Cash and cash equivalents at beginning of year	8,574	11,359	10,468
<i>Cash and cash equivalents at end of year</i>	<u>\$ 45,326</u>	<u>\$ 8,574</u>	<u>\$ 11,359</u>
Supplemental cash flow information			
Cash paid (received) for:			
Debt interest	\$ 35,664	\$ 37,473	\$ 33,973
Swap collateral interest	149	445	479
Derivative interest carry, net	804	(1,070)	325
Income taxes	1,230	927	1,250
Non-cash investing and financing activities:			
Held-for-sale mortgages securitized and retained as available-for-sale securities	-	169	13
Transfers from mortgage loans to real estate owned	1,449	3,130	1,603
Investments in low-income housing tax credit partnerships financed by notes payable	-	286	324
Transfers from held-for-sale mortgages to held-for-investment mortgages	-	41	123
Transfers from held-for-investment mortgages to held-for-sale mortgages	-	-	950
Transfers from mortgage-related investments portfolio Participation Certificates to held-for-investment mortgages	-	2,229	1,304
Transfers from available-for-sale securities to trading securities	87,281	-	-
Issuance of senior preferred stock and warrant to purchase common stock to U.S. Department of the Treasury	3,304	-	-

The Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K dated March 11, 2009 are an integral part of these consolidated financial statements.