

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

	Year Ended December 31,		
	2010	2009	2008
	(in millions)		
<b>Cash flows from operating activities</b>			
Net loss	\$ (14,026)	\$ (21,554)	\$ (50,116)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:			
Derivative losses (gains)	3,591	(2,046)	13,650
Asset related amortization - premiums, discounts, and basis adjustments	326	163	(493)
Debt related amortization - premiums and discounts on certain debt securities and basis adjustments	1,127	3,959	8,765
Net discounts paid on retirements of other debt	(1,959)	(4,303)	(8,844)
Net premiums received from issuance of debt securities of consolidated trusts	3,888	-	-
Losses (gains) on extinguishment of debt securities of consolidated trusts and other debt	383	568	(209)
Provision for credit losses	17,218	29,530	16,432
Losses on investment activity	5,542	5,356	16,108
(Gains) losses on debt recorded at fair value	(580)	404	(406)
Deferred income tax expense (benefit)	(670)	(670)	5,507
Purchases of held-for-sale mortgages	(10,188)	(101,976)	(38,070)
Sales of mortgages acquired as held-for-sale	5,627	88,094	24,578
Repayments of mortgages acquired as held-for-sale	21	3,050	896
Change in:			
Accrued interest receivable	832	(1,193)	(554)
Accrued interest payable	(1,700)	(1,324)	(786)
Income taxes payable	662	312	(1,185)
Other, net	(233)	2,918	4,568
<i>Net cash provided by (used for) operating activities</i>	<u>9,861</u>	<u>1,288</u>	<u>(10,159)</u>
<b>Cash flows from investing activities</b>			
Purchases of trading securities	(54,550)	(250,411)	(200,613)
Proceeds from sales of trading securities	17,771	153,093	94,764
Proceeds from maturities of trading securities	40,389	69,025	18,382
Purchases of available-for-sale securities	(6,542)	(15,346)	(174,968)
Proceeds from sales of available-for-sale securities	2,645	22,259	35,872
Proceeds from maturities of available-for-sale securities	44,398	86,702	193,573
Purchases of held-for-investment mortgages	(68,180)	(23,606)	(25,099)
Repayments of mortgages acquired as held-for-investment	425,298	6,862	6,516
Decrease (increase) in restricted cash	7,399	426	(857)
Net proceeds from (payments of) mortgage insurance and acquisitions and dispositions of real estate owned	13,093	(4,690)	(2,573)
Net (increase) decrease in federal funds sold and securities purchased under agreements to resell	(32,023)	3,150	(3,588)
Derivative premiums and terminations and swap collateral, net	(3,075)	99	(12,829)
Purchase of noncontrolling interest	(23)	-	-
<i>Net cash provided by (used for) investing activities</i>	<u>386,600</u>	<u>47,563</u>	<u>(71,420)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of debt securities of consolidated trusts held by third parties	96,253	-	-
Repayments of debt securities of consolidated trusts held by third parties	(461,084)	-	-
Proceeds from issuance of other debt	1,115,097	1,333,859	1,435,678
Repayments of other debt	(1,180,935)	(1,395,806)	(1,329,327)
Increase in liquidation preference of senior preferred stock	12,500	36,900	13,800
Repurchase of REIT preferred stock	(100)	-	-
Payment of cash dividends on senior preferred stock, preferred stock, and common stock	(5,749)	(4,105)	(998)
Excess tax benefits associated with stock-based awards	1	1	3
Payments of low-income housing tax credit partnerships notes payable	(115)	(343)	(742)
Other, net	-	-	(83)
<i>Net cash (used for) provided by financing activities</i>	<u>(424,132)</u>	<u>(29,494)</u>	<u>118,331</u>
Net (decrease) increase in cash and cash equivalents	(27,671)	19,357	36,752
Cash and cash equivalents at beginning of year	64,683	45,326	8,574
<i>Cash and cash equivalents at end of year</i>	<u>\$ 37,012</u>	<u>\$ 64,683</u>	<u>\$ 45,326</u>
<b>Supplemental cash flow information</b>			
Cash paid (received) for:			
Debt interest	\$ 95,468	\$ 25,169	\$ 35,664
Net derivative interest carry and swap collateral interest	4,305	2,274	953
Income taxes	(848)	(472)	1,230
Non-cash investing and financing activities:			
Held-for-sale mortgages securitized and retained as trading and available-for-sale securities	372	1,088	-
Underlying mortgage loans related to guarantor swap transactions	324,004	-	-
Debt securities of consolidated trusts held by third parties established for guarantor swap transactions	324,004	-	-
Transfers from held-for-investment mortgages to held-for-sale mortgages	196	435	-
Transfers from held-for-sale mortgages to held-for-investment mortgages	-	10,336	-
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

(1) Our prospective adoption of the changes in the accounting standards related to transfers of financial assets and consolidation of VIEs significantly impacted the presentation of our financial statements. Consequently, our financial results for 2010 are not directly comparable to our financial results for 2009 and 2008. See "NOTE 2: CHANGE IN ACCOUNTING PRINCIPLES" in our Form 10-K for the year ended December 31, 2010 for further information.

*See our consolidated financial statements as presented in our Form 10-K for the year ended December 31, 2010.*