



Freddie Mac's First Quarter 2008 Financial Results

May 14, 2008

GAAP financial results

	(\$ Millions)			1Q 2008 vs 4Q 2007	Line No.	Primary source of change
	1Q 2007	4Q 2007	1Q 2008			
1	\$771	\$774	\$798	\$24	1	Increased due to higher margins on fixed rate assets that more than offset the effects of lower returns on floating rate assets and higher amortization expense.
2	628	698	789	91		
Non-interest income (loss)						
3	(920)	(2,952)	(1,298)	1,654	2	Increased primarily due to growth in the average balance of issued PCs and higher total guarantee fee rates.
4	430	528	1,169	641		
5	(215)	331	71	(260)		
6	694	(621)	1,529	2,150		
7	(403)	(401)	(397)	4	3	Decreased loss due to lower interest-rate related mark-to-market losses (see slide 3).
8	(262)	(912)	(1,448)	(536)		
Non-interest expense						
9	(393)	(2,005)	(66)	1,939	4	Increased due to accelerated amortization of deferred fees due to house price depreciation.
10	(166)	(139)	(192)	(53)		
11	(1,224)	(3,457)	(2,103)	1,354	8	Increased due to increases in delinquency rates and estimated severity of losses.
12	(530)	(4,078)	(574)	3,504		
13	397	1,626	423	(1,203)	9	Decreased due to lower credit-related mark-to-market losses (see slide 3).
14	(\$133)	(\$2,452)	(\$151)	\$2,301		

Capital overview

	Estimated Regulatory Core Capital ²	Estimated Statutory Minimum Capital Surplus ³	Estimated Surplus Over OFHEO Mandatory Target ⁴
1 As previously reported at 1/1/2008 ¹	\$38.9	\$12.4	\$4.5
2 Impact of first quarter 2008 financial results	(\$0.6)	(\$1.0)	\$1.5
3 As of 3/31/2008	\$38.3	\$11.4	\$6.0
4 <i>Pro forma completion of announced capital issuance as of 3/31/2008</i>	\$43.8	\$16.9	\$11.5
5 <i>Pro forma change in mandatory target surplus requirement to 10%</i>			\$2.7
6 <i>Total</i>		\$16.9	\$14.2

¹ Reflects adoption of the fair value option (SFAS 159) on January 1, 2008.

² Core capital consists of the par value of outstanding common stock (common stock issued less common stock held in treasury), the par value of outstanding non-cumulative perpetual preferred stock, additional paid-in capital and retained earnings, as determined in accordance with GAAP.

³ Estimated statutory minimum capital surplus represents surplus above Freddie Mac's estimated statutory minimum capital requirement, as directed by the Office of Federal Housing Enterprise Oversight (OFHEO).

⁴ In January 2004, OFHEO directed the company to maintain a mandatory target capital surplus of 30% of its statutory minimum capital requirement. In March 2008, OFHEO reduced the mandatory target capital surplus to 20% of its estimated statutory minimum capital requirement.

Quarterly mark-to-market items

				1Q 2008 vs 4Q 2007	Line No.	Primary source of change
(\$ Millions)	1Q 2007	4Q 2007	1Q 2008			
1 Losses on derivatives excluding accrual of periodic settlements and swaps denominated in foreign-currency	(\$761)	(\$2,253)	(\$1,330)	\$923	1	Lower interest-rate sensitivity resulted from a shift in the mix of our derivatives portfolio and a steepening of the yield curve.
2 Mark-to-market on guarantee asset	(127)	(843)	(920)	(77)		
3 Mark-to-market on trading securities	27	219	1,268	1,049		
4 Interest-only security impairments	(2)	(17)	(307)	(290)	2/3	Mark-to-market losses on the GA were largely offset by gains on trading securities resulting from the adoption of SFAS 159 on 1/1/2008.
5 Subtotal interest-rate related items (Lines 1, 2, 3, 4)	(863)	(2,894)	(1,289)	1,605		
6 Losses on certain credit guarantees	(177)	(1,269)	(15)	1,254	6	Reduced losses on certain credit guarantees resulted from the implementation of SFAS 157.
7 Losses on loans purchased	(216)	(736)	(51)	685		
8 Low credit quality impairments	-	(9)	(13)	(4)		
9 Subtotal credit-related items (Lines 6,7,8)	(393)	(2,014)	(79)	1,935	7	Reduced losses on loans purchased out of PC pools resulted from lower loan purchase volumes due to certain operational changes made in December 2007.
10 Other	(57)	(49)	4	53		
11 Total mark-to-market items	(\$1,313)	(\$4,957)	(\$1,364)	\$3,593		

GAAP Interest rate sensitivity has decreased

			1Q 2008 vs 4Q 2007
(\$ Millions)	4Q 2007	1Q 2008	
1 Hedging derivative gains/(losses) excluding commitments, accrual of periodic settlements and swaps denominated in foreign-currency	(\$2,584)	(\$1,841)	\$743
2 Gains / (losses) on guarantee asset	(843)	(920)	(77)
3 Mark-to-market on trading securities ¹	219	1,291	1,072
4 Interest-only security impairments	(17)	(307)	(290)
5 Total mark-to-market related items	(\$3,225)	(\$1,777)	\$1,448
6 Less: change attributed to spreads ²	800	(300)	(1,100)
7 Interest-rate related items	(\$4,025)	(\$1,477)	\$2,548
8 Income statement change due to interest rate sensitivity	(\$4,025)	(\$1,477)	\$2,548
9 Decrease in 5-year swap rate (basis points)	(68)	(88)	(20)
10 Pre-tax interest-rate sensitivity to 1 bp move ³	\$59	\$17	(\$42)

¹ Mark-to-market on trading securities (line 3) includes both realized and unrealized gains (losses).

² Changes attributed to spreads relies on models, assumptions and other measurement techniques that will evolve over time.

³ For illustration purposes, estimate of interest rate sensitivity based on 5-year swap rate. Actual sensitivity will depend on the slope of the yield curve and other factors.

Reversal of mark-to-market items adds to earnings

(\$ Millions)	Pre-tax amounts recorded in retained earnings at December 31, 2007	Pre-tax amount recognized in 1Q 2008 earnings
1 Losses on Loans Purchased	\$1,383	
a Amount recognized through net interest income		\$77
b Amount recognized through non- interest income		<u>\$225</u>
c Total		\$302
2 Losses on Certain Credit Guarantees	\$2,404	
a Amount recognized through income on Guarantee Obligation		\$234

Expected Single-family current portfolio credit losses through 2009

(\$ Millions)	4Q 2007	1Q 2008	Full-Year 2008E	Full-Year 2009E
1 Charge-offs, net of recoveries	\$110	\$320	\$2,400	
2 REO operations expense	125	208	700	
3 Total credit losses	\$235	\$528	\$3,100	
4 Total credit losses (basis points)	5.4	11.6	16	20 - 25

Notes: These forecasts are for indicative purposes only and rely on a number of estimates and assumptions some or all of which may not be ultimately realized. Assumes approximately 15% peak-to-trough decline in house prices in conventional conforming market.

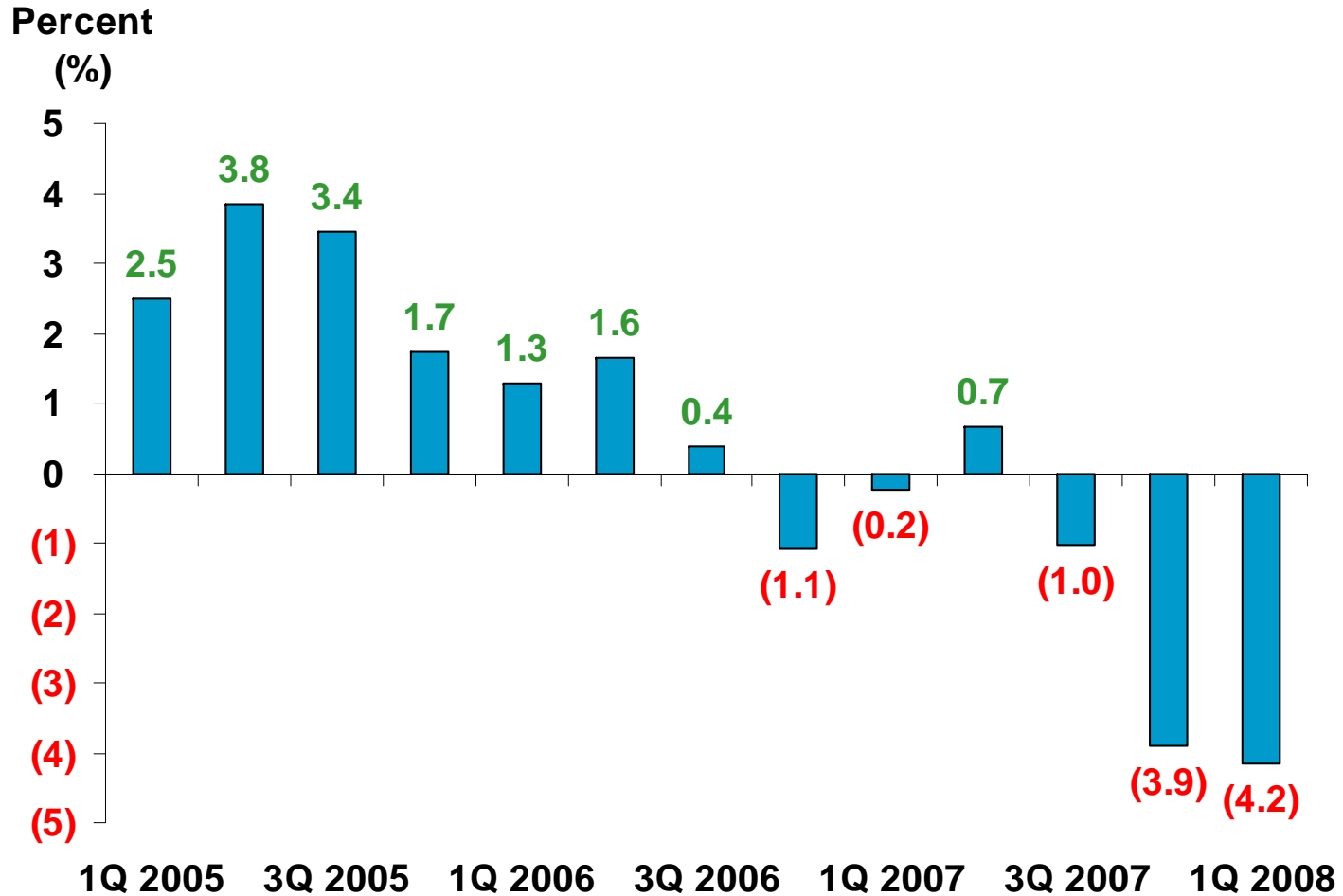
Estimates of charge-offs are net of recoveries. 2009 estimate gives full effect to anticipated 2008 credit performance. Estimates of total credit losses in basis points assume annual 10% growth in guarantee business.

Charge-off outlook relative to Loan Loss Reserves

	(\$ Billions)	As of 4Q 2007	As of 1Q 2008
1	2008 estimated charge-offs, net of recoveries	\$1.7	\$2.4
2	LLR	\$2.8	\$3.9
3	LLR vs 2008 charge-offs (times coverage)	1.6x	1.6x

National home prices have continued to decline¹

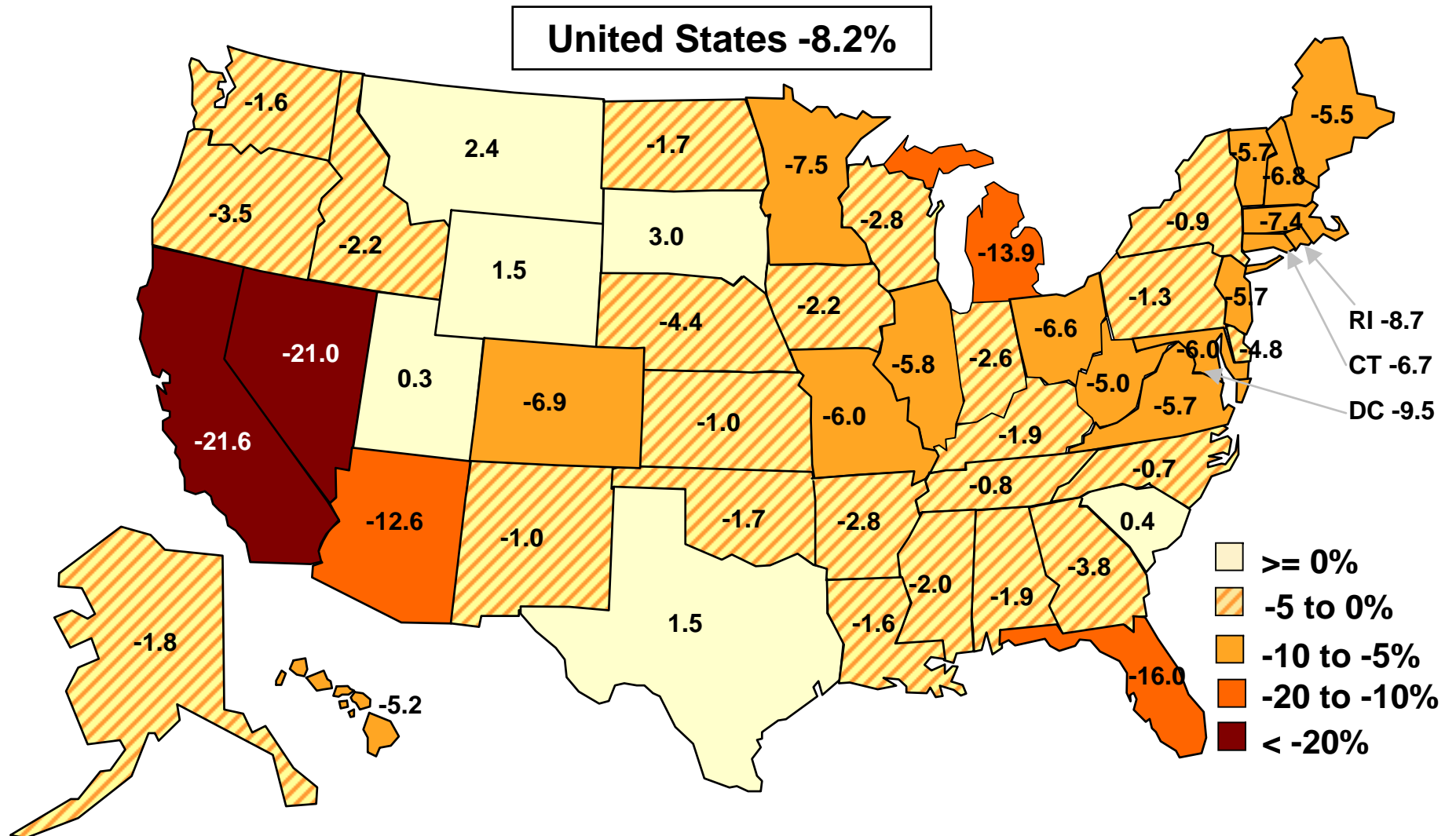
Quarterly home price change



¹ National home prices use the internal Freddie Mac index, which is value-weighted based on Freddie Mac's single-family portfolio.

Source: Freddie Mac.

44 states and Washington DC had home price declines from 1Q 2007 to 1Q 2008¹



¹ National home prices use the internal Freddie Mac index, which is value-weighted based on Freddie Mac's single-family portfolio.

Source: Freddie Mac.

Single-family credit losses by book year and mortgage product

1Q 2008 Single-Family Credit Losses by Book Year					
	Losses (\$ Millions)	Losses (bps)	Total Losses	% of Total Losses	Alt-A
1	2007	1.2	\$52	10%	\$37
2	2006	4.9	225	42	151
3	2005	2.0	91	17	20
4	2004	1.0	46	9	2
5	2003 & Prior	2.5	114	22	5
6	Total Credit Losses	11.6	\$528	100%	\$215

Home Price Change ¹				Credit Losses by State - 2006 Book Year				
	(\$ Millions)	% of Total UPB ²	1Q 2007 to 1Q 2008 HPA	1Q 2008	1Q 2008 Losses	% of 1Q 2008 Losses	Alt-A	Alt-A % of 1Q 2008 Losses
7	CA	13%	(21.6%)	(9.6%)	\$72	32%	\$54	24%
8	FL	7	(16.0)	(7.0)	24	11	14	6
9	AZ	3	(12.6)	(5.2)	23	10	17	8
10	VA	3	(5.7)	(2.4)	17	8	16	7
11	NV	1	(21.0)	(10.2)	13	6	11	5
12	GA	3	(3.8)	(0.7)	11	5	7	3
13	MI	4	(13.9)	(5.2)	10	4	3	1
14	MD	3	(6.0)	(2.9)	5	2	4	2
15	Subtotal	37%	n/a	n/a	\$175	78%	\$126	56%
16	All Other	63	n/a	n/a	50	22	25	11
17	Total U.S.	100%	(8.2%)	(4.2%)	\$225	100%	\$151	67%

¹ National home prices use the internal Freddie Mac index, which is value-weighted based on Freddie Mac's single-family portfolio.

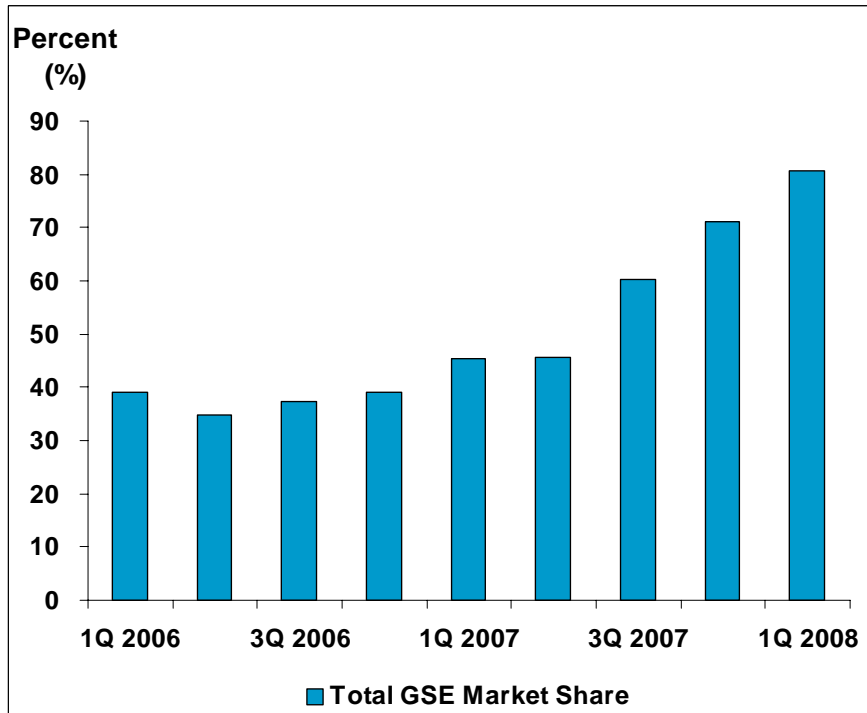
² Based on unpaid principal balance of the underlying mortgage loans in the single-family mortgage portfolio excluding certain structured transactions.

Credit profile of worst quintile has continued to improve

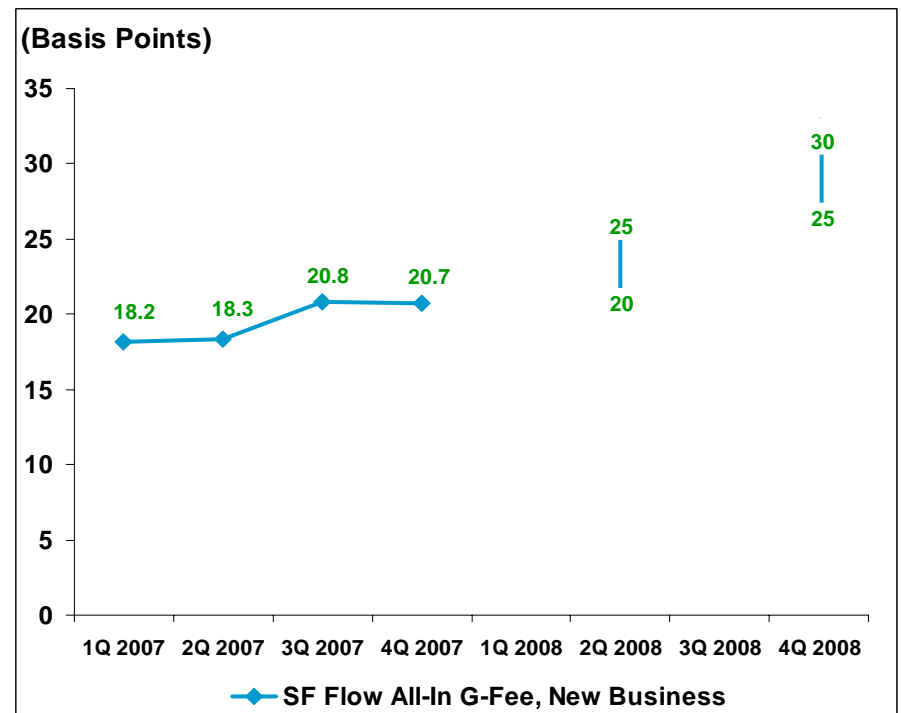
Worst Quintile Credit Characteristics		2007 Peak	March 2008	Total Improvement
1	FICO <620	21%	9%	(12%)
2	TLTV >90	46%	22%	(24%)
3	Reduced documentation loans	41%	12%	(29%)
4	% of loans with 2nd lien exposure at origination	38%	12%	(26%)
5	Expected Default Costs on worst quintile new guarantees (basis points)	97 bps	41 bps	(56) bps

Improved fundamentals in guarantee business

GSE market share of new issuances



Expected all-in g-fees on new volumes

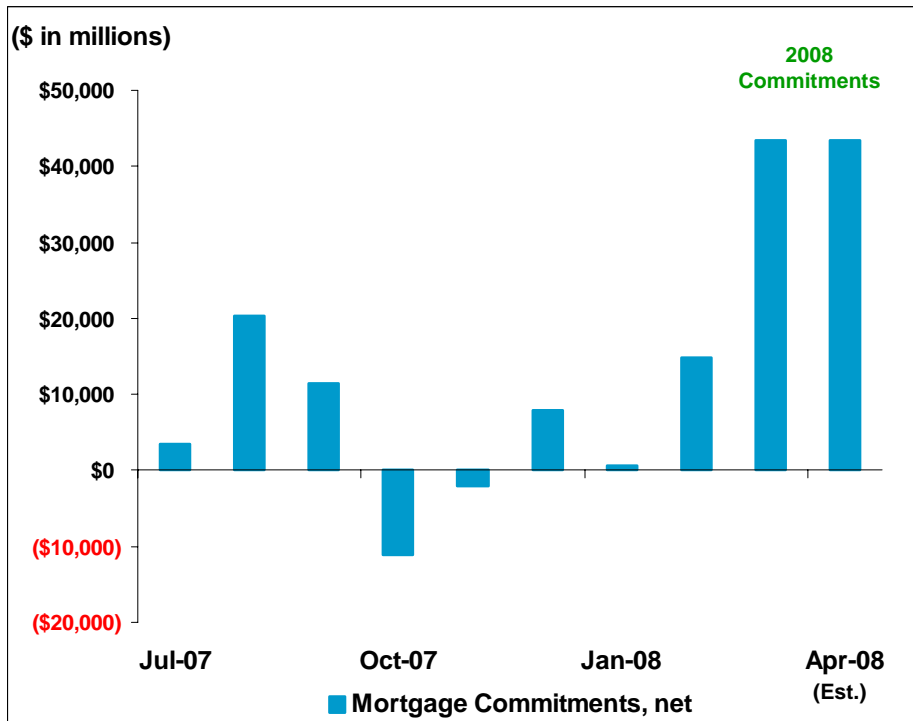


Source: Inside Mortgage Finance and Freddie Mac.

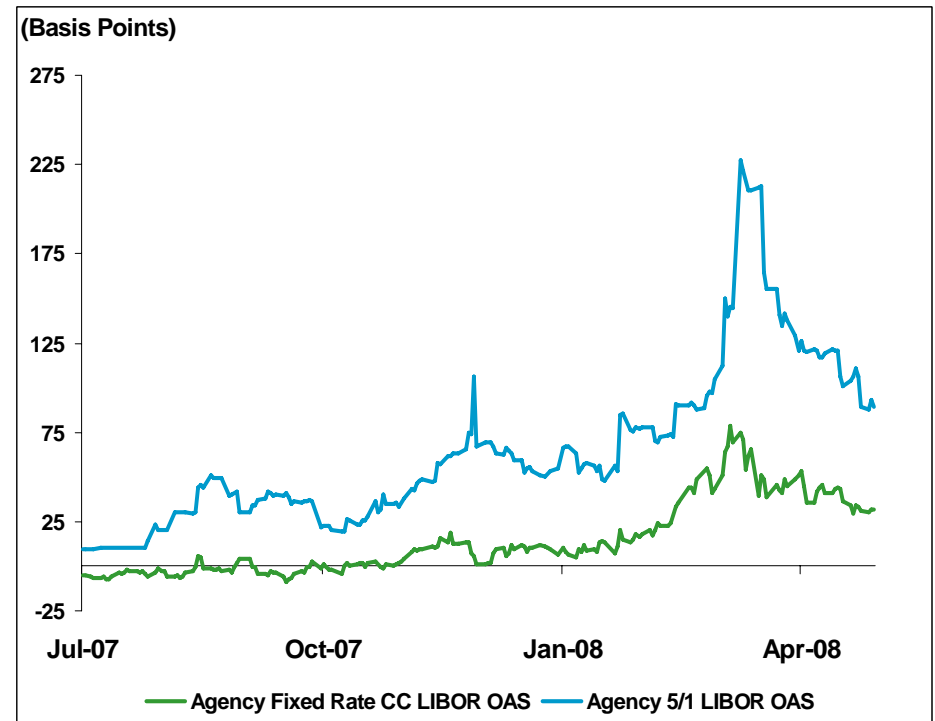
Note: All-in g-fees reflect contractual amounts as well as deferred delivery fee amounts which we recognized as a component of income on Guarantee Obligation.

Improved fundamentals in retained portfolio

Retained portfolio commitments, net



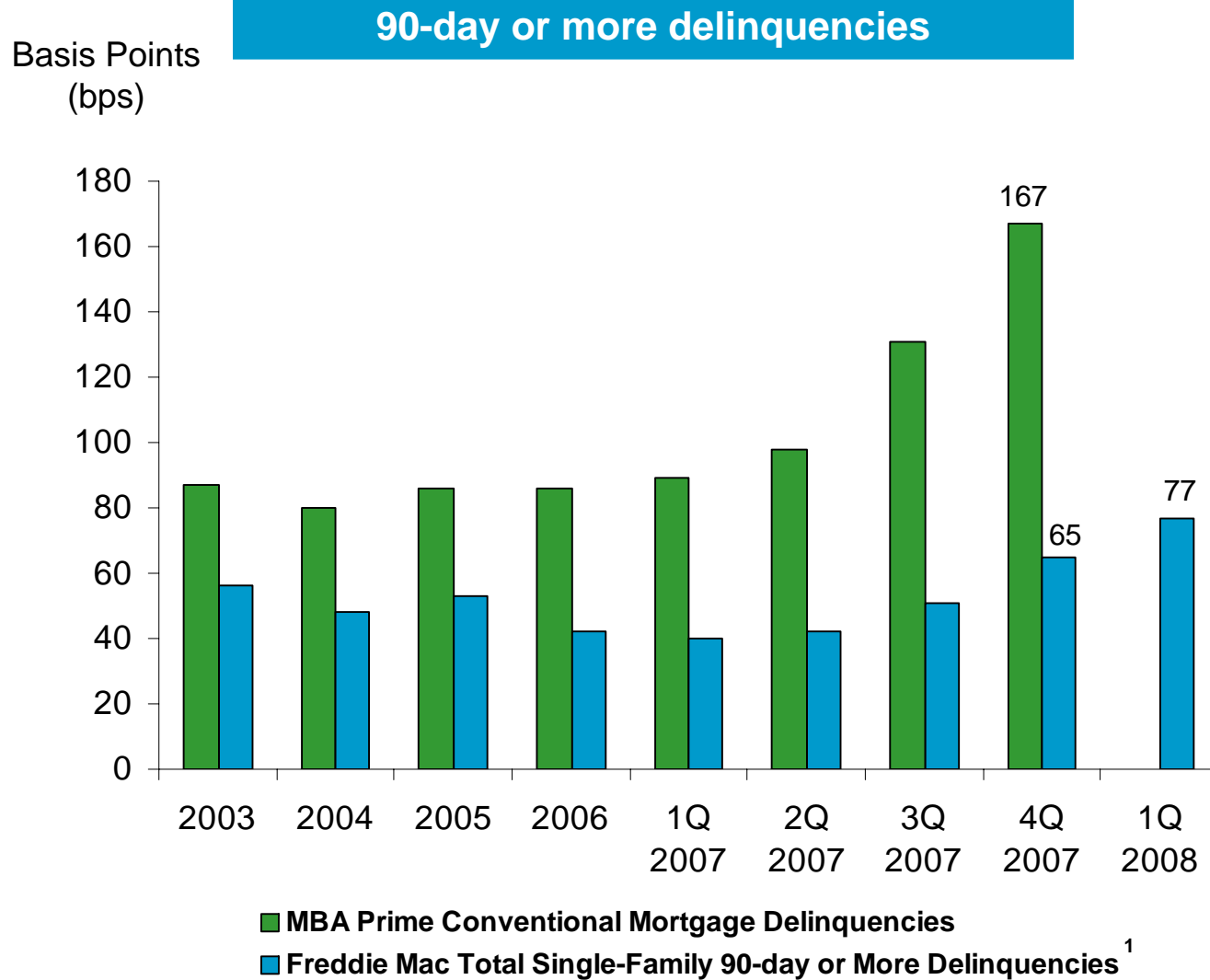
Mortgage-to-debt LIBOR OAS





Appendix

Delinquencies are low relative to the industry



¹ Excludes structured transactions.

Source: Mortgage Bankers Association and Freddie Mac. Annual numbers taken at end of fourth quarter.

Single-family credit guarantee portfolio characteristics

Attribute	Total Portfolio as of March 31, 2008 ¹	Option				Original LTV >90%	FICO<620 and Original LTV>90%
		Alt-A	IO	ARM	FICO<620		
1 Balance (UPB \$ Billions)	\$1,766	\$188	\$162	\$14	\$74	\$139	\$14
2 Share of Total Portfolio	100%	11%	9%	1%	4%	7%	1%
3 Average UPB per loan	\$141,841	\$176,188	\$253,308	\$226,756	\$133,643	\$132,330	\$123,607
4 Fixed Rate (% of total portfolio)	87%	56%	24%	0%	89%	93%	94%
5 Owner Occupied	91%	83%	85%	75%	95%	96%	99%
6 Second liens²	0%	0%	0%	0%	0%	0%	0%
7 % of Loans with Credit Enhancement	18%	16%	14%	14%	35%	92%	95%
8 % Seriously Delinquent (D90+)³	0.78%	2.32%	3.02%	3.58%	3.68%	2.07%	5.69%

¹ Based on the unpaid principal balance of the underlying mortgage loans in the single-family mortgage portfolio excluding certain structured transactions.

² Represents borrowers' secondary mortgage loan financing guaranteed by Freddie Mac.

³ Includes certain structured transactions for which the company has primary credit exposure. Delinquency rate excluding all structured transactions was 0.77% at March 31, 2008.

Note: Categories other than total portfolio based on internal management reports as of March 31, 2008 or most current period. Numbers are not additive across columns.

Single-family credit guarantee portfolio characteristics

Attribute	Total Portfolio as of March 31, 2008 ¹	Option				Original LTV >90%	FICO<620 and Original LTV>90%
		Alt-A	IO	ARM	FICO<620		
1 Balance (UPB \$ Billions)	\$1,766	\$188	\$162	\$14	\$74	\$139	\$14
2 Share of Total Portfolio	100%	11%	9%	1%	4%	7%	1%
3 Original Loan-to-Value (OLTV)	71%	72%	74%	72%	77%	97%	97%
4 OLTV > 90%	7%	4%	4%	2%	19%	100%	100%
5 Current Loan-to-Value (CLTV)	67%	76%	84%	84%	75%	91%	92%
6 CLTV > 90%	14%	26%	35%	40%	24%	63%	66%
7 CLTV > 100%	6%	12%	16%	24%	11%	35%	40%
8 Average FICO Score	723	723	718	712	590	691	589
9 FICO < 620	4%	3%	3%	3%	100%	10%	100%
Book Year Concentration							
10 2008	7%	7%	6%	0%	6%	9%	7%
11 2007	24%	49%	55%	2%	34%	36%	43%
12 2006	16%	26%	28%	31%	17%	13%	14%
13 2005	16%	13%	11%	56%	14%	12%	10%
14 2004	11%	3%	0%	11%	9%	9%	7%
15 <= 2003	26%	2%	0%	0%	20%	21%	19%

¹ Based on the unpaid principal balance of the underlying mortgage loans in the single-family mortgage portfolio excluding certain structured transactions.

Note: Categories other than total portfolio based on internal management reports as of March 31, 2008 or most current period. Numbers are not additive across columns.

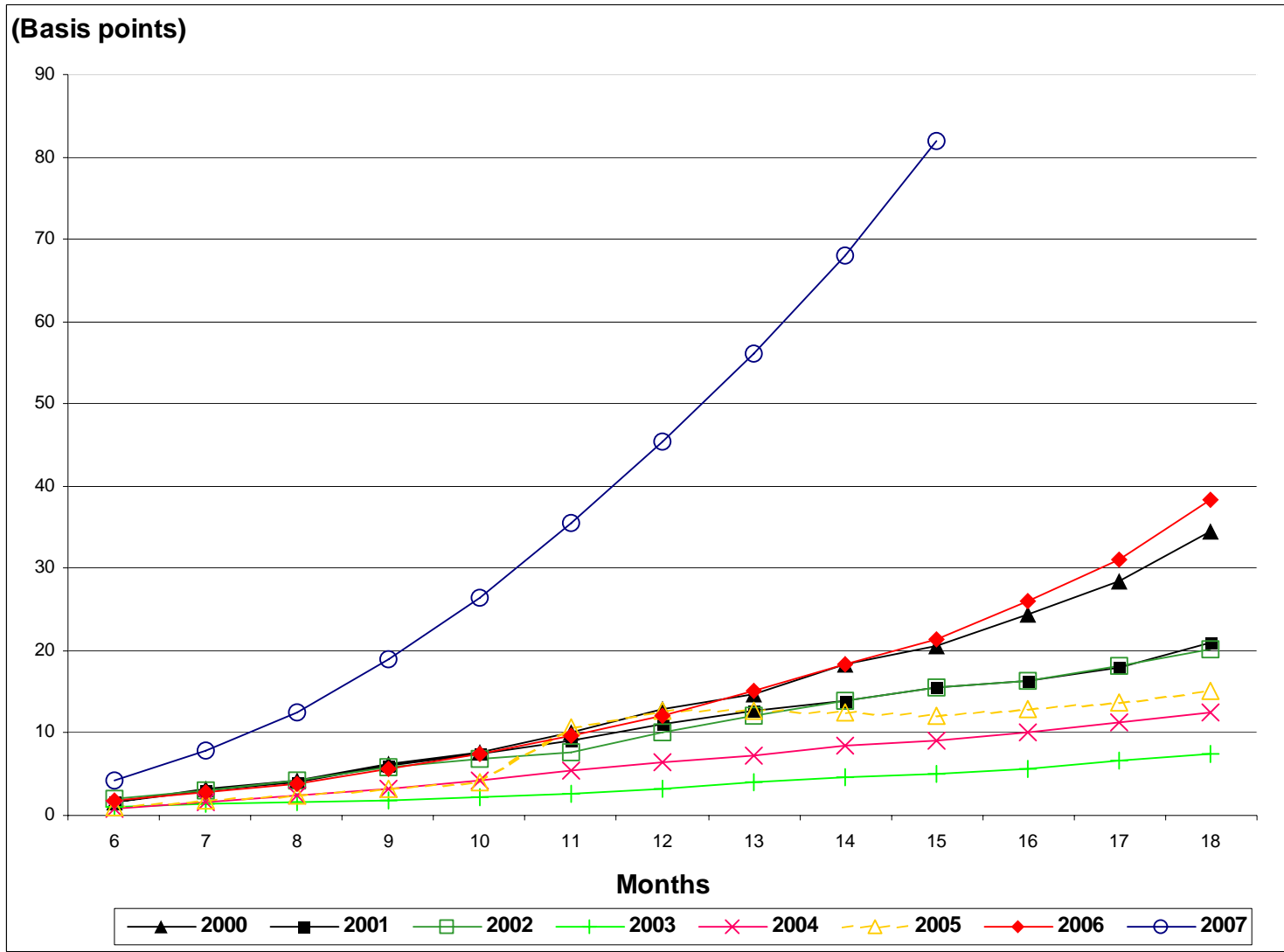
Credit profile by vintage and product feature

Freddie Mac As of March 31, 2008		Alt-A	2008 Vintage	2007 Vintage	2006 Vintage	2005 Vintage	2004 and Earlier Vintages
1	UPB (billions)	\$188	\$6	\$62	\$58	\$33	\$29
2	Share of Alt-A	100%	3%	33%	31%	18%	15%
3	Original Loan-to-Value (OLTV)	72%	70%	73%	74%	73%	66%
4	OLTV>90%	4%	5%	5%	3%	2%	4%
5	Average FICO Score	723	743	722	722	721	729
6	FICO<620	3%	1%	3%	3%	3%	4%
7	Adjustable-rate	44%	14%	42%	52%	59%	21%
8	Interest-Only	37%	14%	45%	48%	34%	5%
9	Investor	10%	8%	12%	10%	11%	8%
10	Condo/Coop	13%	10%	13%	15%	16%	8%
	Geography:						
11	California	22%	20%	27%	21%	22%	15%
12	Florida	10%	6%	9%	11%	12%	8%
13	% of Loans with Credit Enhancement	16%	17%	13%	9%	31%	19%
14	% Seriously Delinquent (D 90+)	2%	0%	2%	4%	3%	1%

Credit losses by state and book year

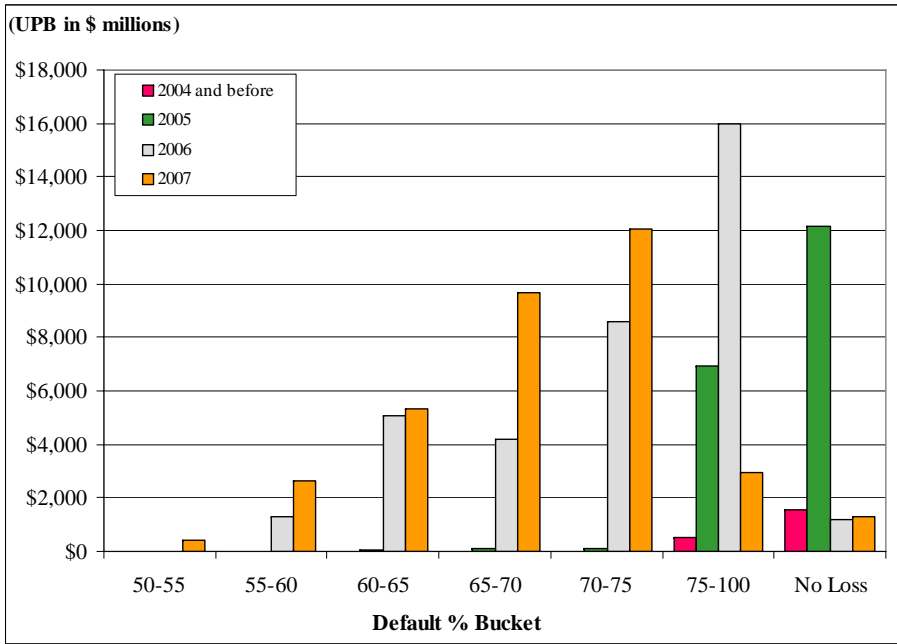
State	2003 and prior			2004			2005			2006			2007			Total		
	bps	\$	%	bps	\$	%	bps	\$	%	bps	\$	%	bps	\$	%	bps	\$	%
1 CA	0.0	1	0%	0.1	3	1%	0.3	15	3%	1.6	72	13%	0.5	21	4%	2.5	112	21%
2 FL	0.1	1	0%	0.0	1	0%	0.3	13	2%	0.5	24	5%	0.0	2	1%	0.9	41	8%
3 AZ	0.0	1	0%	0.0	0	0%	0.1	4	1%	0.5	23	4%	0.1	3	1%	0.7	31	6%
4 VA	0.0	0	0%	0.0	0	0%	0.1	5	1%	0.4	17	3%	0.1	5	1%	0.6	27	5%
5 NV	0.0	0	0%	0.0	1	0%	0.1	2	0%	0.3	13	3%	0.0	1	0%	0.4	17	3%
6 GA	0.2	7	2%	0.0	2	0%	0.1	4	1%	0.2	11	2%	0.2	7	1%	0.7	31	6%
7 MI	0.7	33	6%	0.3	13	3%	0.4	18	3%	0.2	10	2%	0.1	5	1%	1.7	79	15%
8 MD	0.0	0	0%	0.0	0	0%	0.0	0	0%	0.1	5	1%	0.0	1	0%	0.1	6	1%
9 Other	1.5	71	14%	0.6	26	5%	0.6	30	6%	1.1	50	9%	0.2	7	1%	4.0	184	35%
10 Total	2.5	\$114	22%	1.0	\$46	9%	2.0	\$91	17%	4.9	\$225	42%	1.2	\$52	10%	11.6	\$528	100%

Portfolio delinquencies by book year: Months 6 - 18

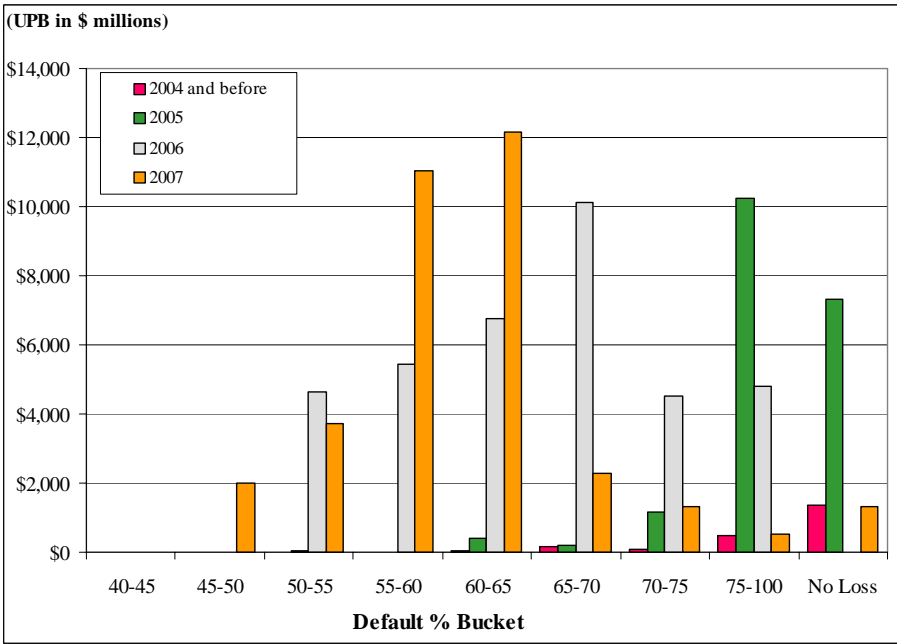


Subprime loss estimates

Subprime portfolio breakeven default distribution (50% Severity)



Subprime portfolio breakeven default distribution (60% Severity)



Retained portfolio: Single-family non-agency securities backed by subprime

Acquisition Date	Quartile	Underlying Collateral Performance			Credit Enhancement Statistics			Stress Test Scenario			
		Total UPB (\$bn)	Avg 3M CPR	Avg 60+ Del	Avg Total CE	Min Subord.	Monoline UPB (\$bn)	50d/50s (\$bn)	50d/60s (\$bn)	60d/50s (\$bn)	
1	2004 & Prior	1	0.51	18%	20%	39%	17%	0.00	0.000	0.000	0.001
2	2004 & Prior	2	0.51	19%	20%	63%	49%	0.00	0.000	0.000	0.000
3	2004 & Prior	3	0.58	19%	21%	93%	81%	0.27	0.000	0.000	0.000
4	2004 & Prior	4	0.47	18%	18%	100%	100%	0.47	0.000	0.000	0.000
5	2004 & Prior	Total	2.07	18%	20%	74%	17%	0.74	0.000	0.000	0.001
6	2005	1	4.78	22%	29%	38%	20%	0.00	0.000	0.000	0.000
7	2005	2	4.72	23%	33%	46%	41%	0.00	0.000	0.000	0.000
8	2005	3	4.84	22%	32%	56%	51%	0.00	0.000	0.000	0.000
9	2005	4	5.07	24%	31%	80%	63%	1.28	0.000	0.000	0.000
10	2005	Total	19.40	23%	31%	55%	20%	1.28	0.000	0.000	0.000
11	2006	1	9.05	15%	29%	23%	19%	0.00	0.000	0.000	0.003
12	2006	2	9.07	16%	34%	28%	26%	0.00	0.000	0.000	0.000
13	2006	3	9.09	19%	31%	32%	30%	0.00	0.000	0.000	0.000
14	2006	4	9.07	27%	34%	39%	34%	0.00	0.000	0.000	0.000
15	2006	Total	36.27	19%	32%	30%	19%	0.00	0.000	0.000	0.003
16	2007	1	8.52	11%	22%	22%	19%	0.00	0.000	0.006	0.042
17	2007	2	8.58	11%	23%	26%	25%	0.00	0.000	0.000	0.000
18	2007	3	8.49	11%	21%	29%	27%	0.00	0.000	0.000	0.000
19	2007	4	8.76	11%	15%	44%	31%	1.32	0.000	0.000	0.000
20	2007	Total	34.36	11%	20%	30%	19%	1.32	0.000	0.006	0.042
21	Total		92.10	17%	27%	37%	17%	3.34	0.000	0.006	0.046

Note: Data based on settlement date.

ABS portfolio

	Product	Total UPB (\$bn)	Monoline Wrapped UPB (\$bn)	Credit Enhancement (w/Monoline)	Current 60+ Delinquency	Original % AAA	3/31/08 % AAA	Current % AAA	Current % Watchlist	% Invest. Grade
1	Subprime	\$92.1	\$3.3	37%	27%	100%	71%	58%	29%	91%
2	Alt-A	24.0	0.6	16%	10%	100%	98%	98%	31%	98%
3	MTA ARMs	20.9	0.8	21%	10%	100%	100%	99%	7%	100%
4	HELOCs	4.3	4.3	53%	6%	100%	85%	85%	15%	97%
5	Closed-end 2nd Lien, and FHA/VA	1.5	0.8	72%	9%	94%	38%	38%	55%	70%
6	Totals	\$142.8	\$9.8	32%	21%	100%	80%	71%	26%	94%

Note: ABS Portfolio data consists of non-agency single-family mortgage backed securities.

Consolidated Segment Earnings¹

(\$ Millions)		1Q 2007	4Q 2007	1Q 2008	1Q 2008 vs 4Q 2007	Line No.	Primary source of change
1	Investments	\$514	\$440	\$113	(\$327)	1	Declined due to lower net interest income driven by spread compression on floating rate assets and higher hedging costs.
2	Single-family Guarantee	224	(126)	(458)	(332)		
3	Multifamily	125	106	98	(8)	2	Declined due to higher provision for credit losses and REO operations expense.
4	All Other	(16)	1	(4)	(5)		
5	Total Segment Earnings (loss)	\$847	\$421	(\$251)	(\$672)		
6	Derivative and foreign-currency denominated debt-related adjustments	(\$1,082)	(\$2,389)	(\$1,194)	\$1,195		
7	Credit guarantee-related adjustments	(502)	(2,672)	(174)	2,498		
8	Investment sales, debt retirements and fair value-related adjustments	69	638	1,525	887		
9	Fully taxable-equivalent adjustments	(93)	(100)	(110)	(10)		
10	Total pre-tax adjustments	(1,608)	(4,523)	47	4,570		
11	Tax-related adjustments	628	1,650	53	(1,597)		
12	Total reconciling items, net of taxes	(980)	(2,873)	100	2,973		
13	Net income (loss) - GAAP Basis	(\$133)	(\$2,452)	(\$151)	\$2,301		

¹ Segment Earnings (formerly referred to as Adjusted operating income) is a non-GAAP measure of performance, as described in the company's Information Statement and Annual Report to Stockholders, dated February 28, 2008 and Information Statement Supplements dated May 14, 2008. [24](#)

Segment Earnings – Investments¹

(\$ Millions)		1Q 2007	4Q 2007	1Q 2008	1Q 2008 vs 4Q 2007	Line No.	Primary source of change
1	Net interest income	\$902	\$825	\$299	(\$526)	1	<p>Declined due to spread compression on floating rate assets and higher hedging costs (see slide 26, lines 8 - 12)</p> <p>(Slide 26 - Line 10) - Derivative interest expense increased due to higher negative interest carry on the net pay-fixed swap portfolio.</p> <p>(Slide 26 - Line 11) - Option premium amortization expense increased due to recognition of deferred realized losses.</p> <p>(Slide 26 - Line 12) - Derivative amortization expense decreased due to realized gains on futures in 1Q 2008 partially offset by amortization of realized losses on pay-fixed swaps.</p>
2	Non-interest income (loss)	24	(10)	15	25		
3	Total revenues	926	815	314	(501)		
Non-interest expense:							
4	Administrative expenses	(128)	(129)	(131)	(2)		
5	Other non-interest expense	(7)	(9)	(9)	-		
6	Total non-interest expense	(135)	(138)	(140)	(2)		
7	Segment Earnings before income tax expense	791	677	174	(503)		
8	Income tax expense	(277)	(237)	(61)	176		
9	Segment Earnings	\$514	\$440	\$113	(\$327)		
10	Net interest yield - FTE - Segment Earnings basis	0.50%	0.51%	0.19%	(0.32%)		

¹ Segment Earnings (formerly referred to as Adjusted operating income) is a non-GAAP measure of performance, as described in the company's Information Statement and Annual Report to Stockholders, dated February 28, 2008 and Information Statement Supplements dated May 14, 2008. 25

Net interest income (NII) / Net interest yield (NIY)

(\$ Millions)					1Q 2008 vs 4Q 2007		
	1Q 2007	2Q 2007	3Q 2007	4Q 2007	1Q 2008	4Q 2007	
GAAP - Consolidated NII / NIY							
1	Contractual amount of net interest income	\$1,575	\$1,483	\$1,526	\$1,454	\$1,511	\$57
2	Premium / discount amortization	(473)	(359)	(432)	(346)	(384)	(38)
3	Derivative expense	(331)	(331)	(333)	(334)	(329)	5
4	Net Interest Income	771	793	761	774	798	24
5	Fully taxable-equivalent (FTE) adjustment	95	99	98	100	107	7
6	Net interest income FTE	\$866	\$892	\$859	\$874	\$905	\$31
7	Net Interest Yield (in bps) - FTE	44	46	46	48	48	-
Segments Earnings - Investments Segment NII / NIY¹							
8	Contractual amounts of net interest income	\$1,299	\$1,200	\$1,271	\$1,203	\$1,289	\$86
9	Premium / discount amortization	(500)	(390)	(498)	(394)	(428)	(34)
10	Interest income (expense) on derivatives	39	94	112	88	(346)	(434)
11	Net options expense amortization	100	122	97	87	(104)	(191)
12	Realized derivative gain (loss) amortization	(106)	(113)	(139)	(219)	(156)	63
13	Realized debt/asset gain (loss) amortization	(23)	(20)	(32)	(40)	(66)	(26)
14	Fully taxable-equivalent adjustment	93	97	98	100	110	10
15	Net interest income - FTE	\$902	\$990	\$909	\$825	\$299	(\$526)
16	Net Interest Yield (in bps) - FTE	50	57	53	51	19	(32)

**Not
included
in GAAP
NII / NIY**

¹ Segment Earnings (formerly referred to as Adjusted operating income) is a non-GAAP measure of performance, as described in the company's Information Statement and Annual Report to Stockholders, dated February 28, 2008 and Information Statement Supplements dated May 14, 2008. [26](#)

Segment Earnings – Single-family Guarantee¹

	(\$ Millions)	1Q 2007	4Q 2007	1Q 2008	1Q 2008 vs 4Q 2007	Line No.	Primary source of change
1	Net interest income	\$168	\$175	\$77	(\$98)	1/3	Decline in Net interest income is primarily due to the establishment of securitization trusts in December 2007. As a result, trust management income is now recorded in Other non-interest income.
2	Management and guarantee income	677	770	895	125		
3	Other non-interest income	22	40	104	64		
4	Total revenues	867	985	1,076	91		
	Non-interest expense:						
5	Administrative expenses	(199)	(195)	(204)	(9)	2	Increased due to higher average balance of guaranteed assets and higher deferred fee amortization.
6	Provision for credit losses	(289)	(839)	(1,349)	(510)		
7	REO operations expense	(14)	(125)	(208)	(83)		
8	Other non-interest expense	(21)	(20)	(19)	1	6	Increased due to increases in delinquency rates and estimated severity of losses.
9	Total non-interest expense	(523)	(1,179)	(1,780)	(601)		
10	Segment Earnings (loss) before income tax (expense) benefit	344	(194)	(704)	(510)		
11	Income tax (expense) benefit	(120)	68	246	178	7	Increased due to higher REO volumes and increased average property disposition losses.
12	Segment Earnings (loss)	\$224	(\$126)	(\$458)	(\$332)		
13	Single-family guarantee fee rate (in basis points) - Segment Earnings	17.9	18.1	20.4	2.3		

¹ Segment Earnings (formerly referred to as Adjusted operating income) is a non-GAAP measure of performance, as described in the company's Information Statement and Annual Report to Stockholders, dated February 28, 2008 and Information Statement Supplements dated May 14, 2008.²⁷

Segment Earnings – Multifamily¹

	(\$ Millions)			1Q 2008 vs 4Q 2007	Line No.	Primary source of change		
	1Q 2007	4Q 2007	1Q 2008					
1	\$123	\$121	\$75	(\$46)	1	Decline was driven by lower prepayment fee income during the period.		
2	14	15	17	2				
3	4	8	8	-				
4	141	144	100	(44)				
Non-interest expense:								
5	(45)	(47)	(49)	(2)				
6	(3)	(18)	(9)	9				
7	(108)	(115)	(117)	(2)				
8	(4)	(5)	(4)	1				
9	(160)	(185)	(179)	6				
10	(19)	(41)	(79)	(38)				
11	138	132	149	17				
12	6	15	28	13				
13	\$125	\$106	\$98	(\$8)				

¹ Segment Earnings (formerly referred to as Adjusted operating income) is a non-GAAP measure of performance, as described in the company's Information Statement and Annual Report to Stockholders, dated February 28, 2008 and Information Statement Supplements dated May 14, 2008. 28

Segment Earnings – All Other^{1,2}

(\$ Millions)					1Q 2008
	1Q 2007	4Q 2007	1Q 2008	1Q 2008	vs 4Q 2007
1 Net interest income	(\$1)	(\$1)	\$ -		\$1
2 Non-interest income (loss)	3	4	4		-
Non-interest expense:					
3 Administrative expenses	(31)	(30)	(13)		17
4 Other non-interest expense	(9)	30	(3)		(33)
5 Total non-interest expense	(40)	-	(16)		(16)
6 Segment Earnings (loss) before income tax (expense) benefit	(38)	3	(12)		(15)
7 Income tax (expense) benefit	22	(2)	8		10
8 Segment Earnings (loss)	(\$16)	\$1	(\$4)		(\$5)

¹ Segment Earnings (formerly referred to as Adjusted operating income) is a non-GAAP measure of performance, as described in the company's Information Statement and Annual Report to Stockholders, dated February 28, 2008 and Information Statement Supplements dated May 14, 2008.

² All Other includes corporate-level expenses not allocated to any of the company's reportable segments. For more information, see the company's Information Statement Supplements dated May 14, 2008.

Change in fair value of net assets

(\$ Billions)	1Q 2007	2Q 2007	3Q 2007	4Q 2007	Full-Year 2007	1Q 2008
1 Investment activities	\$0.7	(\$0.8)	(\$6.2)	(\$12.6)	(\$18.9)	(\$23.2)
2 <i>Impact of OAS¹</i>	<i>(0.3)</i>	<i>(1.4)</i>	<i>(8.0)</i>	<i>(14.1)</i>	<i>(23.8)</i>	<i>(28.8)</i>
3 Guarantee activities	(1.2)	1.8	(6.4)	(12.7)	(18.5)	(3.0)
4 <i>Change in value of single-family GA²</i>	<i>0.2</i>	<i>1.8</i>	<i>0.5</i>	<i>(0.4)</i>	<i>2.1</i>	<i>(0.5)</i>
5 <i>Change in value of single-family GO and LIA portfolio, net of credit enhancements^{2,3}</i>	<i>(2.0)</i>	<i>(0.6)</i>	<i>(7.6)</i>	<i>(12.0)</i>	<i>(22.2)</i>	<i>(2.7)</i>
6 Administrative expenses and other	(0.4)	(0.3)	(0.6)	(0.5)	(1.8)	(0.3)
7 Taxes and returns on capital	0.9	-	4.8	8.8	14.5	9.1
8 Increase (decrease) in fair value before capital transactions (Lines 1, 3, 6, 7)	-	0.7	(8.4)	(17.0)	(24.7)	(17.4)
9 Preferred stock transactions, including dividends	0.4	0.4	0.9	5.9	7.6	(0.3)
10 Common stock transactions, including dividends	(0.3)	(1.1)	(0.6)	(0.1)	(2.1)	(0.1)
11 Increase (decrease) in fair value of net assets (Lines 8, 9, 10)	\$0.1	\$ -	(\$8.1)	(\$11.2)	(\$19.2)	(\$17.8)
12 Total fair value of net assets attributable to stockholders	\$31.9	\$31.9	\$23.8	\$12.6	\$12.6	(\$5.2)

¹ Impact of OAS includes spread related gains/losses for Freddie Mac's preferred stock.

² Line 4 and line 5 include the impact of new business that is associated with Freddie Mac's single-family guarantee activities.

³ Loans in acceleration (LIA) represent non-performing loans Freddie Mac purchased from PC pools.

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