

**Supplement dated August 30, 2007 to
Information Statement dated March 23, 2007**

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On August 30, 2007, Freddie Mac announced its financial results for the second quarter of 2007. This Information Statement Supplement includes the content of that announcement as follows:

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FOR IMMEDIATE RELEASE

August 30, 2007

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**FREDDIE MAC RELEASES SECOND QUARTER 2007 FINANCIAL RESULTS;
NET INCOME OF \$764 MILLION, FAIR VALUE INCREASE OF \$800 MILLION**

Second Quarter Highlights

- Net income of \$764 million, or \$1.02 per diluted common share.
- Fair value, before capital transactions, increased by approximately \$800 million.
- Increase in management and guarantee income reflects continued guarantee portfolio growth.
- Provision for credit losses of \$320 million reflects weakening in the housing market.
- Company progresses in remediation efforts and issues second quarter 2007 financial reports ahead of previously announced target.

McLean, VA—Freddie Mac (NYSE:FRE) today reported second quarter net income of \$764 million, or \$1.02 per diluted common share, compared to net income of \$1.4 billion, or \$1.93 per diluted common share, for the same period in 2006. The company also reported an increase in fair value of net assets attributable to common stockholders, before capital transactions, of approximately \$800 million for the second quarter, compared to an increase of \$1.4 billion for the same period a year ago. Compared to the first quarter of 2007, the company reported increases in both net income and growth in fair value primarily due to gains on mark-to-market items.

“Freddie Mac was created to provide liquidity, stability and affordability to the mortgage market in good times and bad,” said Richard F. Syron, chairman and chief executive officer. “Rarely has that role been as important as it has been during this period of volatility in the U.S. housing and residential mortgage markets. Furthermore, we have been able to serve the market while maintaining a disciplined approach to risk.”

“Our business volumes for the quarter were strong, with continued growth in our credit guarantee portfolio and improved commitments for our retained portfolio. And we are seeing a shift in the market back to more traditional products, including larger volumes of fixed-rate mortgages,” Syron continued. “On the credit front we are seeing weakening, but we are well positioned relative to the overall marketplace to weather the ongoing disruptions in the mortgage markets and emerge as an even stronger player. Most important, we are working with our regulator, our customers and others to do our part in developing a market oriented

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response that will help provide stability, liquidity and affordability to the national housing and mortgage markets.”

“In June, when Freddie Mac resumed quarterly financial reporting, we committed to continue to reduce the time it takes us to close our books and report our financial results,” said Buddy Pizsel, chief financial officer. “We have accelerated our second quarter release by two weeks compared to the first quarter and expect to release our third quarter results before Thanksgiving.”

Freddie Mac’s regulatory core capital was estimated at \$36.3 billion at June 30, 2007, which represented an estimated \$1.8 billion in excess of the 30 percent mandatory target capital surplus set by the Office of Federal Housing Enterprise Oversight (OFHEO).

Fair value of net assets attributable to common stockholders was \$25.1 billion at June 30, 2007, compared to \$25.4 billion as of March 31, 2007.

| | <i>Three Months Ended</i> | | |
|--|---------------------------|------------------|-----------------|
| | <i>June 30,</i> | <i>March 31,</i> | <i>June 30,</i> |
| <i>(\$ in millions, except per share amounts)</i> | 2007 | 2007 | 2006 |
| Net Income (Loss) | \$764 | \$(211) | \$1,397 |
| Diluted earnings (loss) per common share | \$1.02 | \$(0.46) | \$1.93 |
| Diluted weighted average common shares outstanding | 655.8 mm | 661.4 mm | 693.0 mm |

Lower net income, year-over-year, was primarily due to a higher provision for credit losses and mark-to-market losses on credit-related items. Within total revenues, net interest income was essentially flat when compared with the first quarter of 2007 and management and guarantee income continued to grow from prior period levels.

| | <i>Three Months Ended</i> | | |
|----------------------------------|---------------------------|------------------|-----------------|
| | <i>June 30,</i> | <i>March 31,</i> | <i>June 30,</i> |
| <i>(\$ in millions)</i> | 2007 | 2007 | 2006 |
| Total Revenues | \$2,255 | \$424 | \$2,151 |
| Net interest income | 973 | 978 | 1,172 |
| Management and guarantee income | 474 | 460 | 389 |
| Other non-interest income (loss) | 808 | (1,014) | 590 |

Net interest income was \$973 million for the second quarter of 2007, compared to \$1.2 billion for the second quarter of 2006. Year-over-year, net interest income declined, reflecting continued higher replacement costs associated with the company’s maturing long-term debt.

During the second quarter of 2007, the unpaid principal balance of the company’s retained portfolio decreased at an annualized rate of one percent to approximately \$712 billion, as liquidations increased and relatively tight mortgage-to-debt option-adjusted spreads (OAS)

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early in the quarter limited net growth in settled positions. Late in the second quarter, wider mortgage-to-debt OAS presented more attractive investment opportunities, resulting in an increase in net purchase commitments during the month of June. Freddie Mac continues to manage the retained portfolio within its voluntary temporary growth limit.

Management and guarantee income on mortgage participation certificates (PCs) and Structured Securities increased to \$474 million in the second quarter of 2007, compared to \$389 million in the second quarter of 2006. The year-over-year increase is primarily due to growth in the average balance of outstanding PCs and Structured Securities and a moderately higher total guarantee fee rate.

The company's total credit guarantee portfolio increased at an annualized rate of 15 percent in the second quarter of 2007 to approximately \$1.6 trillion at June 30, 2007. This compares to forecasted annual growth in total U.S. residential mortgage debt outstanding of approximately six percent in 2007.

During the second quarter of 2007, the company recorded mark-to-market gains totaling \$822 million on items included in other non-interest income (loss), compared to mark-to-market gains of \$504 million in the second quarter of 2006. The mark-to-market gains during the second quarter of 2007 primarily reflect the impact of increasing long-term interest rates on the value of the company's credit guarantee activities, partially offset by security impairments largely related to the anticipated sale of certain seasoned collateral securities.

| <i>(\$ in millions)</i> | <i>Three Months Ended</i> | | |
|-------------------------------------|--------------------------------|---------------------------------|--------------------------------|
| | <i>June 30,</i> 2007 | <i>March 31,</i> 2007 | <i>June 30,</i> 2006 |
| Total Expenses | \$1,378 | \$1,074 | \$714 |
| Administrative expenses | 442 | 403 | 405 |
| Credit-related expenses | 336 | 193 | 63 |
| Other non-interest expense | | | |
| Losses on certain credit guarantees | 187 | 144 | 52 |
| Losses on loans purchased | 205 | 170 | 21 |
| Other | 208 | 164 | 173 |

Administrative expenses totaled \$442 million for the second quarter of 2007, compared to \$405 million for the second quarter of 2006. Administrative expenses increased to support the company's financial reporting, infrastructure and controls-related activities. Year-over-year administrative expenses, expressed as a percentage of the average total mortgage portfolio, declined to 9.2 basis points for the second quarter of 2007 from 9.3 basis points for the second quarter of 2006.

Credit-related expenses, consisting of provision for credit losses and real estate owned (REO) operations expense, were \$336 million for the second quarter of 2007, compared to \$63 million for the second quarter of 2006. The year-over-year increase primarily resulted from the

recognition of a \$320 million provision for credit losses during the second quarter of 2007. This increase largely reflects credit deterioration on 2006 and 2007 loan originations that have exhibited higher transition rates from delinquency to foreclosure and higher loan loss severities resulting from slower home price appreciation and higher unpaid principal balances.

For the second quarter of 2007, other non-interest expense included losses on certain credit guarantees of \$187 million, compared to losses of \$52 million in the second quarter of 2006, primarily related to higher fair values of credit costs recognized on certain guarantees associated with new business activity. Also included in other non-interest expense were losses on loans purchased of \$205 million, compared to losses of \$21 million in the second quarter of 2006, largely due to an increase in the volume of non-performing loan purchases and a decline in the fair value prices of non-performing loans purchased out of PC pools during the quarter.

Capital Management

Estimated regulatory core capital was \$36.3 billion at June 30, 2007, which represented an estimated \$9.8 billion in excess of the regulatory minimum capital requirement, and an estimated \$1.8 billion in excess of the 30 percent mandatory target capital surplus set by OFHEO. In accordance with the previously announced authorization to repurchase up to \$1 billion of common stock in conjunction with the issuance of up to \$1 billion of non-cumulative perpetual preferred stock, the company repurchased \$750 million of common stock (approximately 11.9 million shares) at an average purchase price of \$63.23 per share and issued \$500 million of non-cumulative, perpetual preferred stock during the three months ended June 30, 2007.

During the third quarter of 2007, the company completed its repurchase plan, buying \$250 million of common stock (approximately 4.2 million shares) at an average purchase price of \$58.74 per share and issuing another \$500 million of non-cumulative, perpetual preferred stock.

Fair Value Results

| | <i>Three Months Ended</i> | | |
|--|---------------------------|------------------|-----------------|
| | <i>June 30,</i> | <i>March 31,</i> | <i>June 30,</i> |
| <i>(\$ in billions, after-tax)</i> | 2007 | 2007 | 2006 |
| Fair Value Change (before capital transactions) | \$0.8 | \$(0.3) | \$1.4 |

During the second quarter of 2007, the fair value of net assets attributable to common stockholders, before capital transactions, increased by approximately \$800 million, compared to an increase of \$1.4 billion in the second quarter of 2006.

Attribution of changes in fair value relies on models, assumptions, and other measurement techniques that evolve over time. The following attribution is the company's current estimate

of the items presented (on a pre-tax basis) and excludes the effect of returns on capital and administrative expenses.

Investment activities in the company's retained portfolio decreased fair value by approximately \$800 million during the second quarter of 2007. This estimate includes reductions in fair value of approximately \$1.4 billion attributable to net mortgage-to-debt OAS widening. Market conditions in the second quarter of 2007 did not present opportunities for asset and liability management to generate returns above the core spread earned on the retained portfolio.

In the second quarter of 2006, investment activities increased fair value by approximately \$1.0 billion. This estimate includes increases in fair value attributable to net mortgage-to-debt OAS tightening of approximately \$100 million. During the second quarter of 2006, market conditions and asset and liability management activities contributed to investment returns above the core spread earned on the retained portfolio.

Credit guarantee activities increased fair value by an estimated \$1.8 billion during the second quarter of 2007. This increase includes the receipt of cash primarily related to management, guarantee and other up-front fees. It also includes a fair value increase related to the single-family guarantee asset of approximately \$1.7 billion, primarily attributable to an increase in interest rates during the quarter. These increases were partially offset by an increase in the fair value of the single-family guarantee obligation of approximately \$600 million.

In the second quarter of 2006, credit guarantee activities increased fair value by an estimated \$1.2 billion. This estimate includes a fair value increase related to the single-family guarantee asset of approximately \$500 million with the remainder primarily due to the receipt of cash related to management, guarantee and other up-front fees.

Interest-Rate Risk Management

Consistent with its longstanding record, the company's interest-rate risk remained low. During the second quarter of 2007, the company reported that portfolio market value sensitivity (PMVS-L) and duration gap averaged one percent and zero months, respectively, unchanged compared to the second quarter of 2006.

Internal Controls

Remediation of the material weaknesses and significant deficiencies in Freddie Mac's financial reporting process continues to be a top corporate priority in 2007. The company is continuing to make significant progress on a series of initiatives to improve its financial reporting infrastructure and remediate material weaknesses and other deficiencies in its internal controls. These activities are part of Freddie Mac's comprehensive plan for returning to timely quarterly financial reporting. Efforts made to date have resulted in a strengthened control environment.

Additional Information

For more information, see the Consolidated Financial Statements and Core Tables accompanying this release, the company's Information Statement Supplements, dated August 30, 2007, and the slide presentation that will be available on the Investor Relations page of the company's Web site at www.FreddieMac.com/investors.

Additional information about Freddie Mac and its business is also set forth in the company's Information Statement and Annual Report dated March 23, 2007 and related Information Statement Supplements, available on the Investor Relations page of the company's Web site at www.FreddieMac.com/investors. Printed copies of these documents may be obtained free of charge upon request from the company's Investor Relations department by writing or calling the company at shareholder@freddiemac.com, (703) 903-3883 or (800) 373-3343. Freddie Mac encourages all investors and interested members of the public to review these materials for a more complete understanding of the company's financial results and related disclosures.

Announcement of Conference Call and Webcast

Management will host a conference call discussing today's announcement at 10:00 a.m. Eastern Time today. Domestic investors should call 1-800-230-1074 and international investors can access the call at 612-234-9959. The conference call will be webcast live on the company's Web site. A telephone recording of this conference call will be available continuously beginning at approximately 3:00 p.m. Eastern Time on August 30, 2007 until midnight on September 13, 2007. To access this recording in the United States, call 1-800-475-6701 and use access code 883319. Outside of the United States, call 320-365-3844 and use access code 883319.

* * * *

This Information Statement Supplement contains forward-looking statements. Statements that are not historical facts are forward-looking statements, including statements about management's beliefs, expectations and estimates as to the company's future business plans, capital management plans, remediation initiatives, financial reporting timelines, duration of the voluntary, temporary growth limit, results of operations, financial condition or outlook on a GAAP or fair value basis. These statements involve known and unknown risks, uncertainties, assumptions, estimates, and other factors and can often be identified by the words "remain," "continue," "positions," "expect," "ultimately," "will," "current," "estimate," "forecasted," "plan," "progress," "initiatives" and other expressions which are predictions of or indicate future events and trends. Management's expectations for the company's future necessarily involve a number of assumptions and estimates, including rates of growth in the company's business; spreads earned on business; returns on capital; and capital levels. Actual results could differ materially from these expectations as a result of various factors, including: actions by governmental entities, securities agencies or others that adversely affect the supply or cost of equity capital or debt financing available to us; our ability to identify, manage, mitigate and remediate internal control weaknesses and deficiencies and other risks; our ability to effectively implement our business strategies and manage the risks in our business; any loss of customers

or changes in volume from existing customers; changes in estimates, methodologies, models or other measurement techniques we use; adverse changes in the financial condition of our customers and counterparties; continued uncertainty and volatility in the mortgage markets; the outcome of pending legal proceedings; general business, economic, market and political conditions, including changes in levels and volatilities of interest rates and other market factors, changes in mortgage-to-debt option-adjusted spreads, prepayment behavior, housing prices, credit losses, and employment rates; our ability to complete additional capital transactions; competitive developments in the mortgage market; the rate of growth in total outstanding U.S. residential mortgage debt; changes in applicable legislative or regulatory requirements, including required capital levels, or changes in interpretations of such requirements; the other factors discussed in the Information Statement Supplement dated August 30, 2007 containing the Financial Report for the Three and Six Months Ended June 30, 2007; and the reactions of the marketplace to the foregoing. Additional assumptions and factors are also discussed in the company's Information Statement dated March 23, 2007, and subsequent Information Statement Supplements, which are available on the Investor Relations page of the company's Web site at www.FreddieMac.com/investors. We undertake no obligation to publicly update forward-looking statements we make in light of new information or future events.

FREDDIE MAC
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

| Line: | Three Months Ended | | Six Months Ended | |
|-------|--|------------------|------------------|------------------|
| | June 30, 2007 | June 30, 2006 | June 30, 2007 | June 30, 2006 |
| | (dollars in millions, except share-related amounts) | | | |
| | <i>Interest income</i> | | | |
| 1 | \$ 1,079 | \$ 1,040 | \$ 2,140 | \$ 2,080 |
| 2 | 8,960 | 8,878 | 17,723 | 17,123 |
| 3 | 966 | 1,119 | 1,938 | 1,893 |
| 4 | 11,005 | 11,037 | 21,801 | 21,096 |
| | <i>Interest expense</i> | | | |
| 5 | (2,249) | (2,241) | (4,457) | (4,256) |
| 6 | (7,331) | (7,110) | (14,507) | (13,543) |
| 7 | (9,580) | (9,351) | (18,964) | (17,799) |
| 8 | (121) | (104) | (224) | (195) |
| 9 | (9,701) | (9,455) | (19,188) | (17,994) |
| 10 | (331) | (410) | (662) | (799) |
| 11 | <i>Net interest income</i> | 973 | 1,172 | 1,951 |
| | <i>Non-interest income</i> | | | |
| 12 | | | | |
| | | | | |
| 13 | 474 | 389 | 934 | 802 |
| 14 | 739 | 61 | 329 | 221 |
| 15 | 281 | 217 | 493 | 412 |
| 16 | 281 | 355 | (247) | 628 |
| 17 | (368) | (312) | (551) | (146) |
| 18 | 89 | 244 | 96 | 308 |
| 19 | 35 | 31 | 54 | 79 |
| 20 | (333) | (30) | (530) | (33) |
| 21 | 84 | 24 | 150 | 55 |
| | <i>Non-interest income</i> | 1,282 | 979 | 728 |
| | <i>Non-interest expense</i> | | | |
| 22 | (243) | (203) | (471) | (394) |
| 23 | (117) | (118) | (225) | (218) |
| 24 | (16) | (15) | (30) | (29) |
| 25 | (66) | (69) | (119) | (137) |
| 26 | (442) | (405) | (845) | (778) |
| 27 | (320) | (56) | (499) | (20) |
| 28 | (16) | (7) | (30) | (19) |
| 29 | (187) | (52) | (331) | (98) |
| 30 | (205) | (21) | (375) | (42) |
| 31 | (135) | (104) | (243) | (219) |
| 32 | (73) | (69) | (129) | (122) |
| 33 | <i>Non-interest expense</i> | (1,378) | (714) | (2,452) |
| 34 | 877 | 1,437 | 227 | 3,331 |
| 35 | (113) | (40) | 326 | 75 |
| 36 | <i>Net income</i> | 764 | 1,397 | 553 |
| 37 | | | | |
| | | | | |
| 38 | (95) | (59) | (190) | (117) |
| 39 | (2) | (3) | (1) | (5) |
| | <i>Net income available to common stockholders</i> | \$ 667 | \$ 1,335 | \$ 362 |
| | | | | |
| | | | | |
| 40 | \$ 1.02 | \$ 1.93 | \$ 0.55 | \$ 4.74 |
| 41 | \$ 1.02 | \$ 1.93 | \$ 0.55 | \$ 4.73 |
| | <i>Weighted average common shares outstanding (in thousands)</i> | | | |
| 42 | 652,877 | 691,773 | 657,103 | 692,290 |
| 43 | 655,784 | 693,026 | 659,365 | 693,755 |
| 44 | \$ 0.50 | \$ 0.47 | \$ 1.00 | \$ 0.94 |

See our unaudited Consolidated Financial Statements as presented in our Information Statement Supplement dated August 30, 2007.

FREDDIE MAC
CONSOLIDATED BALANCE SHEETS

| Line: | June 30, 2007 (unaudited) | December 31, 2006 | |
|---|--|----------------------|------------|
| | (dollars in millions, except share-related amounts) | | |
| Assets | | | |
| <i>Retained portfolio</i> | | | |
| Mortgage loans: | | | |
| 1 | Held-for-investment, at amortized cost | \$ 66,101 | \$ 63,780 |
| 2 | Reserve for losses on mortgage loans held-for-investment | (108) | (70) |
| 3 | Held-for-sale, at lower-of-cost-or-market | 2,357 | 1,908 |
| 4 | Mortgage loans, net of reserve | 68,350 | 65,618 |
| Mortgage-related securities: | | | |
| 5 | Available-for-sale, at fair value (includes \$17,777 and \$20,463, respectively, pledged as collateral that may be repledged) | 622,364 | 626,731 |
| 6 | Trading, at fair value | 12,075 | 7,597 |
| 7 | Participation Certificate residuals, at fair value | 497 | 597 |
| 8 | Total mortgage-related securities | 634,936 | 634,925 |
| 9 | <i>Retained portfolio</i> | 703,286 | 700,543 |
| <i>Cash and investments</i> | | | |
| 10 | Cash and cash equivalents | 11,808 | 11,359 |
| Investments: | | | |
| Non-mortgage-related securities: | | | |
| 11 | Available-for-sale, at fair value | 41,746 | 45,586 |
| 12 | Securities purchased under agreements to resell and Federal funds sold | 27,502 | 23,028 |
| 13 | <i>Cash and investments</i> | 81,056 | 79,973 |
| 14 | Accounts and other receivables, net | 7,634 | 7,461 |
| 15 | Derivative assets, at fair value | 7,203 | 7,908 |
| 16 | Guarantee asset, at fair value | 7,777 | 6,070 |
| 17 | REO, net | 1,020 | 743 |
| 18 | Other assets | 13,697 | 10,383 |
| 19 | <i>Total assets</i> | \$ 821,673 | \$ 813,081 |
| Liabilities and stockholders' equity | | | |
| <i>Debt securities, net</i> | | | |
| Senior debt: | | | |
| 20 | Due within one year | \$ 276,974 | \$ 294,861 |
| 21 | Due after one year | 478,295 | 452,677 |
| 22 | Subordinated debt, due after one year | 5,227 | 6,400 |
| 23 | <i>Total debt securities, net</i> | 760,496 | 753,938 |
| 24 | Due to Participation Certificate investors | 13,261 | 11,123 |
| 25 | Accrued interest payable | 8,475 | 8,345 |
| 26 | Guarantee obligation | 8,574 | 7,117 |
| 27 | Derivative liabilities, at fair value | 337 | 179 |
| 28 | Reserve for guarantee losses on Participation Certificates | 682 | 350 |
| 29 | Other liabilities | 3,756 | 3,212 |
| 30 | <i>Total liabilities</i> | 795,581 | 784,264 |
| 31 | Commitments and contingencies | | |
| 32 | Minority interests in consolidated subsidiaries | 282 | 516 |
| <i>Stockholders' equity</i> | | | |
| 33 | Preferred stock, at redemption value | 7,109 | 6,109 |
| 34 | Common stock, \$0.21 par value, 726,000,000 shares authorized, 725,863,886 shares issued and 650,138,001 shares and 661,254,178 shares outstanding, respectively | 152 | 152 |
| 35 | Additional paid-in capital | 954 | 962 |
| 36 | Retained earnings | 32,064 | 32,177 |
| Accumulated other comprehensive income (loss), or AOCI, net of taxes, related to: | | | |
| 37 | Available-for-sale securities | (5,869) | (2,749) |
| 38 | Cash flow hedge relationships | (4,574) | (5,033) |
| 39 | Defined benefit plans | (81) | (87) |
| 40 | Total AOCI, net of taxes | (10,524) | (7,869) |
| 41 | Treasury stock, at cost, 75,725,885 shares and 64,609,708 shares, respectively | (3,945) | (3,230) |
| 42 | <i>Total stockholders' equity</i> | 25,810 | 28,301 |
| 43 | <i>Total liabilities and stockholders' equity</i> | \$ 821,673 | \$ 813,081 |

See our unaudited Consolidated Financial Statements as presented in our Information Statement Supplement dated August 30, 2007.

FREDDIE MAC
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited)

| Line: | Six Months Ended | | | | |
|---------------|--|--------|---------------|--------|------------|
| | June 30, 2007 | | June 30, 2006 | | |
| | Shares | Amount | Shares | Amount | |
| (in millions) | | | | | |
| | <i>Preferred stock, at redemption value</i> | | | | |
| 1 | Balance, beginning of year | 132 | \$ 6,109 | 92 | \$ 4,609 |
| 2 | Preferred stock issuances | 64 | 1,600 | - | - |
| 3 | Preferred stock redemptions | (12) | (600) | - | - |
| 4 | <i>Preferred stock, end of period</i> | 184 | 7,109 | 92 | 4,609 |
| | <i>Common stock, par value</i> | | | | |
| 5 | Balance, beginning of year | 726 | 152 | 726 | 152 |
| 6 | <i>Common stock, end of period</i> | 726 | 152 | 726 | 152 |
| | <i>Additional paid-in capital</i> | | | | |
| 7 | Balance, beginning of year | | 962 | | 924 |
| 8 | Stock-based compensation | | 41 | | 21 |
| 9 | Income tax benefit from stock-based compensation | | 1 | | 9 |
| 10 | Preferred stock issuance costs | | (16) | | - |
| 11 | Common stock issuance | | (27) | | (10) |
| 12 | Real Estate Investment Trust, or REIT, preferred stock repurchase | | (7) | | - |
| 13 | <i>Additional paid-in capital, end of period</i> | | 954 | | 944 |
| | <i>Retained earnings</i> | | | | |
| 14 | Balance, beginning of year | | 32,177 | | 31,559 |
| 15 | Cumulative effect of change in accounting principle, net of taxes | | 181 | | (13) |
| 16 | Balance, beginning of year, as adjusted | | 32,358 | | 31,546 |
| 17 | Net income | | 553 | | 3,406 |
| 18 | Preferred stock dividends declared | | (184) | | (117) |
| 19 | Common stock dividends declared | | (663) | | (657) |
| 20 | <i>Retained earnings, end of period</i> | | 32,064 | | 34,178 |
| | <i>AOCI, net of taxes</i> | | | | |
| 21 | Balance, beginning of year | | (7,869) | | (8,773) |
| 22 | Changes in unrealized gains (losses) related to available-for-sale securities, net of reclassification adjustments | | (3,120) | | (6,300) |
| 23 | Changes in unrealized gains (losses) related to cash flow hedge relationships, net of reclassification adjustments | | 459 | | 685 |
| 24 | Changes in defined benefit plans | | 6 | | - |
| 25 | <i>AOCI, net of taxes, end of period</i> | | (10,524) | | (14,388) |
| | <i>Treasury stock, at cost</i> | | | | |
| 26 | Balance, beginning of year | 65 | (3,230) | 33 | (1,280) |
| 27 | Common stock issuances | (1) | 35 | (1) | 20 |
| 28 | Common stock repurchases | 12 | (750) | 9 | (500) |
| 29 | <i>Treasury stock, end of period</i> | 76 | (3,945) | 41 | (1,760) |
| 30 | <i>Total stockholders' equity</i> | | \$ 25,810 | | \$ 23,735 |
| | <i>Comprehensive income (loss)</i> | | | | |
| 31 | Net income | | \$ 553 | | \$ 3,406 |
| 32 | Changes in other comprehensive income, net of taxes, net of reclassification adjustments | | (2,655) | | (5,615) |
| 33 | <i>Total comprehensive income (loss)</i> | | \$ (2,102) | | \$ (2,209) |

See our unaudited Consolidated Financial Statements as presented in our Information Statement Supplement dated August 30, 2007.

FREDDIE MAC
SUMMARY OF SELECTED FINANCIAL INFORMATION
TABLE 1
SECOND QUARTER 2007
(unaudited)

| Line: | | 2006 | | | | 2007 | | Six Months Ended June 30, | |
|-------|--|-----------------|-----------------|------------------|------------------|------------------|----------------|---------------------------|----------------|
| | | 1Q 2006 | 2Q 2006 | 3Q 2006 | 4Q 2006 | 1Q 2007 | 2Q 2007 | 2006 | 2007 |
| | <u>Net Income (dollars in millions, except share-related amounts) :</u> | | | | | | | | |
| 1 | Net interest income | \$ 1,131 | \$ 1,172 | \$ 959 | \$ 973 | \$ 978 | \$ 973 | \$ 2,303 | \$ 1,951 |
| 2 | Non-interest income (loss) | 1,347 | 979 | (868) | (543) | (554) | 1,282 | 2,326 | 728 |
| 3 | Non-interest expense | (584) | (714) | (827) | (922) | (1,074) | (1,378) | (1,298) | (2,452) |
| 4 | Income (loss) before income tax (expense) benefit | 1,894 | 1,437 | (736) | (492) | (650) | 877 | 3,331 | 227 |
| 5 | Income tax (expense) benefit ⁽¹⁾ | 115 | (40) | 21 | 12 | 439 | (113) | 75 | 326 |
| 6 | Net income (loss) | \$ 2,009 | \$ 1,397 | \$ (715) | \$ (480) | \$ (211) | \$ 764 | \$ 3,406 | \$ 553 |
| 7 | Net income (loss) available to common stockholders ⁽²⁾ | \$ 1,949 | \$ 1,335 | \$ (787) | \$ (561) | \$ (306) | \$ 667 | \$ 3,284 | \$ 362 |
| 8 | Weighted average common shares outstanding - Diluted (in thousands) | 694,596 | 693,026 | 675,556 | 663,661 | 661,376 | 655,784 | 693,755 | 659,365 |
| 9 | Diluted net income (loss) per common share ⁽²⁾ | \$ 2.80 | \$ 1.93 | \$ (1.17) | \$ (0.85) | \$ (0.46) | \$ 1.02 | \$ 4.73 | \$ 0.55 |
| 10 | Common stock dividends declared | \$ 328 | \$ 329 | \$ 318 | \$ 335 | \$ 335 | \$ 328 | \$ 657 | \$ 663 |
| 11 | Effective tax rate ⁽¹⁾ | (6%) | 3% | 3% | 2% | 68% | 13% | (2%) | (144%) |
| | <u>Regulatory Capital (period end, dollars in millions):</u> | | | | | | | | |
| 12 | Total stockholders' equity | \$ 25,386 | \$ 23,735 | \$ 29,031 | \$ 28,301 | \$ 29,774 | \$ 25,810 | | |
| 13 | Less: Accumulated other comprehensive income (loss), net of taxes | (12,205) | (14,388) | (8,004) | (7,869) | (6,456) | (10,524) | | |
| 14 | Regulatory core capital ⁽³⁾ | 37,591 | 38,123 | 37,035 | 36,170 | 36,230 | 36,334 | | |
| 15 | Less: Estimated regulatory minimum capital requirement ⁽⁴⁾ | 25,488 | 26,485 | 25,979 | 25,844 | 26,304 | 26,580 | | |
| 16 | Estimated regulatory minimum capital surplus ⁽⁴⁾ | \$ 12,103 | \$ 11,638 | \$ 11,056 | \$ 10,326 | \$ 9,926 | \$ 9,754 | | |

(1) For additional information about effective tax rates and our provision for income taxes see the "Consolidated Results of Operations" in our Information Statement Supplement, dated August 30, 2007.

(2) Net income (loss) available to common stockholders and diluted net income (loss) per common share are computed independently for each of the quarters presented; therefore, cumulative amounts will not equal the aggregate of quarterly amounts.

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

(4) In January 2004, OFHEO directed us to maintain a mandatory target capital surplus of 30 percent of our minimum capital requirement. At March 31, June 30, September 30, December 31, 2006, and March 31, June 30, 2007, our estimated surplus in excess of the mandatory target capital surplus was approximately \$4.5 billion, \$3.7 billion, \$3.3 billion, \$2.6 billion, \$2.0 billion and \$1.8 billion, respectively.

FREDDIE MAC
NET INTEREST YIELD ANALYSIS
TABLE 2A
SECOND QUARTER 2007
(unaudited)
(dollars in millions)

Line:

| | 1Q 2006 | 2Q 2006 | 3Q 2006 | 4Q 2006 | 1Q 2007 | 2Q 2007 | Six Months Ended June 30, | |
|---|------------|------------|------------|------------|------------|------------|---------------------------|------------|
| | | | | | | | 2006 | 2007 |
| Net Interest Income: | | | | | | | | |
| Interest income: | | | | | | | | |
| 1 Mortgage loans | \$ 1,040 | \$ 1,040 | \$ 1,012 | \$ 1,060 | \$ 1,061 | \$ 1,079 | \$ 2,080 | \$ 2,140 |
| 2 Mortgage-related securities | 8,245 | 8,878 | 8,782 | 8,768 | 8,763 | 8,960 | 17,123 | 17,723 |
| 3 Total Retained portfolio | 9,285 | 9,918 | 9,794 | 9,828 | 9,824 | 10,039 | 19,203 | 19,863 |
| 4 Investments ⁽¹⁾ | 592 | 707 | 761 | 729 | 623 | 634 | 1,299 | 1,257 |
| 5 Securities purchased under agreements to resell and Federal funds sold | 182 | 412 | 502 | 377 | 349 | 332 | 594 | 681 |
| 6 Total income on interest-earning assets | 10,059 | 11,037 | 11,057 | 10,934 | 10,796 | 11,005 | 21,096 | 21,801 |
| Interest expense: | | | | | | | | |
| 7 Short-term debt | (2,015) | (2,241) | (2,183) | (2,226) | (2,208) | (2,249) | (4,256) | (4,457) |
| 8 Long-term debt | (6,433) | (7,110) | (7,418) | (7,257) | (7,176) | (7,331) | (13,543) | (14,507) |
| 9 Total interest expense on debt securities | (8,448) | (9,351) | (9,601) | (9,483) | (9,384) | (9,580) | (17,799) | (18,964) |
| 10 Due to Participation Certificate investors | (91) | (104) | (91) | (101) | (103) | (121) | (195) | (224) |
| 11 Total expense on interest-bearing liabilities | (8,539) | (9,455) | (9,692) | (9,584) | (9,487) | (9,701) | (17,994) | (19,188) |
| 12 Expense related to derivatives | (389) | (410) | (406) | (377) | (331) | (331) | (799) | (662) |
| 13 Total funding of interest-earning assets | (8,928) | (9,865) | (10,098) | (9,961) | (9,818) | (10,032) | (18,793) | (19,850) |
| 14 Net interest income | 1,131 | 1,172 | 959 | 973 | 978 | 973 | 2,303 | 1,951 |
| 15 Fully taxable-equivalent adjustments ⁽²⁾ | 92 | 98 | 105 | 97 | 95 | 99 | 190 | 194 |
| 16 Net interest income (fully taxable-equivalent basis) | \$ 1,223 | \$ 1,270 | \$ 1,064 | \$ 1,070 | \$ 1,073 | \$ 1,072 | \$ 2,493 | \$ 2,145 |
| Average Balances: | | | | | | | | |
| 17 Mortgage loans ⁽³⁾ | \$ 62,777 | \$ 63,211 | \$ 64,129 | \$ 65,362 | \$ 66,583 | \$ 67,994 | \$ 62,994 | \$ 67,288 |
| 18 Mortgage-related securities ⁽⁴⁾ | 647,732 | 661,747 | 649,310 | 641,446 | 642,925 | 647,094 | 654,739 | 645,010 |
| 19 Total Retained portfolio | 710,509 | 724,958 | 713,439 | 706,808 | 709,508 | 715,088 | 717,733 | 712,298 |
| 20 Investments ⁽¹⁾⁽⁴⁾ | 54,770 | 59,576 | 60,020 | 56,455 | 48,741 | 49,106 | 57,173 | 48,924 |
| 21 Securities purchased under agreements to resell and Federal funds sold | 16,208 | 32,840 | 37,305 | 27,954 | 26,482 | 24,887 | 24,525 | 25,684 |
| 22 Total interest-earning assets | 781,487 | 817,374 | 810,764 | 791,217 | 784,731 | 789,081 | 799,431 | 786,906 |
| 23 Short-term debt | 188,758 | 189,120 | 171,331 | 170,319 | 171,249 | 172,592 | 188,939 | 171,921 |
| 24 Long-term debt | 560,244 | 595,030 | 607,538 | 589,101 | 580,146 | 581,482 | 577,637 | 580,814 |
| 25 Total debt securities | 749,002 | 784,150 | 778,869 | 759,420 | 751,395 | 754,074 | 766,576 | 752,735 |
| 26 Due to Participation Certificate investors | 6,979 | 8,082 | 7,170 | 7,668 | 7,667 | 9,061 | 7,530 | 8,364 |
| 27 Total interest-bearing liabilities | 755,981 | 792,232 | 786,039 | 767,088 | 759,062 | 763,135 | 774,106 | 761,099 |
| 28 Net non-interest-bearing funding | 25,506 | 25,142 | 24,725 | 24,129 | 25,669 | 25,946 | 25,325 | 25,807 |
| 29 Total funding of interest-earning assets | \$ 781,487 | \$ 817,374 | \$ 810,764 | \$ 791,217 | \$ 784,731 | \$ 789,081 | \$ 799,431 | \$ 786,906 |
| Yield/Cost: | | | | | | | | |
| 30 Mortgage loans | 6.62 % | 6.58 % | 6.31 % | 6.49 % | 6.37 % | 6.35 % | 6.60 % | 6.36 % |
| 31 Mortgage-related securities | 5.09 | 5.37 | 5.41 | 5.47 | 5.45 | 5.54 | 5.23 | 5.50 |
| 32 Total Retained portfolio | 5.23 | 5.47 | 5.49 | 5.56 | 5.54 | 5.62 | 5.35 | 5.58 |
| 33 Investments | 4.32 | 4.69 | 4.96 | 5.05 | 5.11 | 5.11 | 4.52 | 5.11 |
| 34 Securities purchased under agreements to resell and Federal funds sold | 4.49 | 5.02 | 5.38 | 5.39 | 5.28 | 5.33 | 4.85 | 5.30 |
| 35 Yield on total interest-earning assets | 5.15 | 5.40 | 5.45 | 5.52 | 5.50 | 5.58 | 5.28 | 5.54 |
| 36 Short-term debt | (4.27) | (4.69) | (4.99) | (5.12) | (5.16) | (5.16) | (4.48) | (5.16) |
| 37 Long-term debt | (4.59) | (4.78) | (4.87) | (4.92) | (4.95) | (5.04) | (4.69) | (4.99) |
| 38 Total debt securities | (4.51) | (4.75) | (4.90) | (4.96) | (5.00) | (5.07) | (4.64) | (5.03) |
| 39 Due to Participation Certificate investors | (5.19) | (5.13) | (5.10) | (5.30) | (5.37) | (5.32) | (5.16) | (5.35) |
| 40 Cost of interest-bearing liabilities | (4.52) | (4.76) | (4.90) | (4.97) | (5.00) | (5.07) | (4.64) | (5.04) |
| 41 Expense related to derivatives | (0.20) | (0.21) | (0.21) | (0.19) | (0.17) | (0.17) | (0.21) | (0.17) |
| 42 Impact of net non-interest-bearing funding | 0.15 | 0.15 | 0.16 | 0.16 | 0.17 | 0.17 | 0.15 | 0.17 |
| 43 Total funding of interest-earning assets | (4.57) | (4.82) | (4.95) | (5.00) | (5.00) | (5.07) | (4.70) | (5.04) |
| 44 Net interest yield | 0.58 | 0.58 | 0.50 | 0.52 | 0.50 | 0.51 | 0.58 | 0.50 |
| 45 Fully taxable-equivalent adjustments ⁽²⁾ | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 |
| 46 Net interest yield (fully taxable-equivalent basis) | 0.63 % | 0.63 % | 0.55 % | 0.57 % | 0.55 % | 0.56 % | 0.63 % | 0.55 % |

(1) Investments consist of Cash and cash equivalents and non-mortgage-related securities.

(2) 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 statutory tax rate of 35 percent.

(3) Non-performing loans, where interest income is recognized when collected, are included in average balances.

(4) For securities classified as available-for-sale, 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. For securities in the Retained portfolio classified as trading, we calculate average balances excluding the effects of mark-to-fair-value adjustments.

FREDDIE MAC
NET INTEREST INCOME
TABLE 2B
SECOND QUARTER 2007
(unaudited)
(dollars in millions)

| Line: | 1Q 2006 | 2Q 2006 | 3Q 2006 | 4Q 2006 | 1Q 2007 | 2Q 2007 | Six Months Ended June 30, | |
|-------|--|----------|----------|----------|----------|----------|---------------------------|----------|
| | | | | | | | 2006 | 2007 |
| | Net Interest Income: | | | | | | | |
| 1 | \$ 2,155 | \$ 2,078 | \$ 1,983 | \$ 1,843 | \$ 1,722 | \$ 1,640 | \$ 4,233 | \$ 3,362 |
| | Amortization expense, net: ⁽¹⁾ | | | | | | | |
| 2 | (270) | (64) | (196) | (109) | (90) | 6 | (334) | (84) |
| 3 | (365) | (432) | (422) | (384) | (323) | (342) | (797) | (665) |
| 4 | (635) | (496) | (618) | (493) | (413) | (336) | (1,131) | (749) |
| | Expense related to derivatives: | | | | | | | |
| 5 | (445) | (417) | (389) | (369) | (331) | (331) | (862) | (662) |
| | Accrual of periodic settlements of derivatives: ⁽³⁾ | | | | | | | |
| 6 | 191 | 138 | 116 | 57 | - | - | 329 | - |
| 7 | (135) | (131) | (133) | (65) | - | - | (266) | - |
| 8 | 56 | 7 | (17) | (8) | - | - | 63 | - |
| 9 | (389) | (410) | (406) | (377) | (331) | (331) | (799) | (662) |
| 10 | 1,131 | 1,172 | 959 | 973 | 978 | 973 | 2,303 | 1,951 |
| 11 | 92 | 98 | 105 | 97 | 95 | 99 | 190 | 194 |
| 12 | \$ 1,223 | \$ 1,270 | \$ 1,064 | \$ 1,070 | \$ 1,073 | \$ 1,072 | \$ 2,493 | \$ 2,145 |

- (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) 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.
- (3) Reflects the accrual of periodic cash settlements of all derivatives in qualifying hedge accounting relationships.
- (4) Includes imputed interest on zero-coupon swaps.

FREDDIE MAC
NON-INTEREST INCOME (LOSS)
TABLE 3
SECOND QUARTER 2007
(unaudited)
(dollars in millions)

| Line: | 1Q 2006 | 2Q 2006 | 3Q 2006 | 4Q 2006 | 1Q 2007 | 2Q 2007 | Six Months Ended June 30, | |
|-------|---|---------|----------|----------|----------|----------|---------------------------|--------|
| | | | | | | | 2006 | 2007 |
| | | | | | | | | |
| | <u>Non-Interest Income (Loss):</u> | | | | | | | |
| 1 | \$ 413 | \$ 389 | \$ 427 | \$ 443 | \$ 460 | \$ 474 | \$ 802 | \$ 934 |
| 2 | 160 | 61 | (690) | (331) | (410) | 739 | 221 | 329 |
| 3 | 195 | 217 | 217 | 238 | 212 | 281 | 412 | 493 |
| 4 | 273 | 355 | (783) | (1,009) | (528) | 281 | 628 | (247) |
| | Gains (losses) on investment activity: | | | | | | | |
| 5 | (46) | (26) | 31 | 38 | 31 | 62 | (72) | 93 |
| 6 | 186 | 103 | (230) | (78) | (180) | 114 | 289 | (66) |
| 7 | 21 | 13 | 36 | 16 | 20 | 2 | 34 | 22 |
| 8 | 146 | (180) | (29) | 85 | 51 | (201) | (34) | (150) |
| 9 | (5) | (3) | (48) | (91) | (2) | (2) | (8) | (4) |
| 10 | (128) | (215) | (20) | (30) | (101) | (323) | (343) | (424) |
| 11 | (8) | (4) | 3 | (11) | (2) | (20) | (12) | (22) |
| 12 | 166 | (312) | (257) | (71) | (183) | (368) | (146) | (551) |
| 13 | 64 | 244 | 155 | 3 | 7 | 89 | 308 | 96 |
| 14 | 48 | 31 | 30 | 20 | 19 | 35 | 79 | 54 |
| 15 | (3) | (30) | 8 | 121 | (197) | (333) | (33) | (530) |
| 16 | 31 | 24 | 25 | 43 | 66 | 84 | 55 | 150 |
| 17 | \$ 1,347 | \$ 979 | \$ (868) | \$ (543) | \$ (554) | \$ 1,282 | \$ 2,326 | \$ 728 |

FREDDIE MAC
MANAGEMENT AND GUARANTEE INCOME & RELATED INFORMATION
TABLE 4
SECOND QUARTER 2007
(unaudited)
(dollars in millions)

| Line: | 1Q 2006 | 2Q 2006 | 3Q 2006 | 4Q 2006 | 1Q 2007 | 2Q 2007 | Six Months Ended June 30, | |
|---|----------|----------|----------|----------|----------|----------|---------------------------|----------|
| | | | | | | | 2006 | 2007 |
| <u>Management and guarantee income:</u> ⁽¹⁾ | | | | | | | | |
| 1 | \$ 387 | \$ 393 | \$ 406 | \$ 427 | \$ 451 | \$ 483 | \$ 780 | \$ 934 |
| 2 | 26 | (4) | 21 | 16 | 9 | (9) | 22 | - |
| 3 | \$ 413 | \$ 389 | \$ 427 | \$ 443 | \$ 460 | \$ 474 | \$ 802 | \$ 934 |
| 4 | 15.5 bp | 15.4 bp | 15.3 bp | 15.5 bp | 15.8 bp | 16.0 bp | 15.5 bp | 15.9 bp |
| 5 | 1.0 | (0.1) | 0.8 | 0.6 | 0.3 | (0.3) | 0.4 | - |
| 6 | 16.5 bp | 15.3 bp | 16.1 bp | 16.1 bp | 16.1 bp | 15.7 bp | 15.9 bp | 15.9 bp |
| 7 | \$ 176 | \$ 172 | \$ 151 | \$ 136 | \$ 128 | \$ 138 | \$ 172 | \$ 138 |
| <u>Gains (losses) on Guarantee asset:</u> | | | | | | | | |
| 8 | \$ (351) | \$ (359) | \$ (372) | \$ (393) | \$ (419) | \$ (448) | \$ (710) | \$ (867) |
| 9 | 107 | 125 | 115 | 119 | 107 | 111 | 232 | 218 |
| 10 | (244) | (234) | (257) | (274) | (312) | (337) | (478) | (649) |
| 11 | 364 | 295 | (433) | (57) | (73) | 1,021 | 659 | 948 |
| 12 | 40 | - | - | - | (25) | 55 | 40 | 30 |
| 13 | \$ 160 | \$ 61 | \$ (690) | \$ (331) | \$ (410) | \$ 739 | \$ 221 | \$ 329 |
| <u>Changes in Guarantee asset, at fair value:</u> | | | | | | | | |
| 14 | \$ 5,083 | \$ 5,660 | \$ 6,089 | \$ 5,860 | \$ 6,070 | \$ 6,280 | \$ 5,083 | \$ 6,070 |
| 15 | 417 | 368 | 461 | 541 | 620 | 758 | 785 | 1,378 |
| 16 | 160 | 61 | (690) | (331) | (410) | 739 | 221 | 329 |
| 17 | \$ 5,660 | \$ 6,089 | \$ 5,860 | \$ 6,070 | \$ 6,280 | \$ 7,777 | \$ 6,089 | \$ 7,777 |
| <u>Guarantee obligation:</u> | | | | | | | | |
| 18 | \$ 5,541 | \$ 5,904 | \$ 6,173 | \$ 6,664 | \$ 7,117 | \$ 7,760 | \$ 5,541 | \$ 7,117 |
| 19 | (3) | - | (2) | (4) | (2) | (14) | (3) | (16) |
| Additions, net of repurchases: | | | | | | | | |
| 20 | 277 | 353 | 542 | 547 | 649 | 847 | 630 | 1,496 |
| 21 | 284 | 133 | 168 | 148 | 208 | 262 | 417 | 470 |
| Amortization income related to: | | | | | | | | |
| 22 | (133) | (143) | (148) | (160) | (140) | (192) | (276) | (332) |
| 23 | (62) | (74) | (69) | (78) | (72) | (89) | (136) | (161) |
| 24 | (195) | (217) | (217) | (238) | (212) | (281) | (412) | (493) |
| 25 | \$ 5,904 | \$ 6,173 | \$ 6,664 | \$ 7,117 | \$ 7,760 | \$ 8,574 | \$ 6,173 | \$ 8,574 |
| Components of Guarantee obligation, at period end: | | | | | | | | |
| 26 | \$ 3,885 | \$ 4,094 | \$ 4,486 | \$ 4,869 | \$ 5,376 | \$ 6,016 | \$ 4,094 | \$ 6,016 |
| 27 | 2,019 | 2,079 | 2,178 | 2,248 | 2,384 | 2,558 | 2,079 | 2,558 |
| 28 | \$ 5,904 | \$ 6,173 | \$ 6,664 | \$ 7,117 | \$ 7,760 | \$ 8,574 | \$ 6,173 | \$ 8,574 |
| 29 | 89% | 90% | 90% | 91% | 91% | 92% | 90% | 92% |
| 30 | 94% | 94% | 95% | 95% | 96% | 96% | 94% | 96% |

(1) Excludes amounts related to PCs we held in our Retained Portfolio, which are reported in Net interest income.

(2) Credit and buy-down fees are amortized over the estimated lives of the underlying mortgages using the retrospective effective interest method. Amortization of credit and buy-down fees incurred since 2003 is recorded in Income on Guarantee obligation.

(3) Represent changes in estimates resulting from enhancing our approach for determining the fair value of the Guarantee asset for the six months ended June 30, 2006 and 2007.

(4) Represents transfers of a portion of the Guarantee obligation associated with credit losses reclassified to the Reserve for guarantee losses on PCs.

(5) Includes amortization related to deferred credit and buy-down fees received from counterparties in Guarantor Swap and similar transactions ("upfront fees") of \$43 million and \$53 million for the second quarters of 2006 and 2007, respectively. For the six months ended June 30, 2006 and 2007, amortization related to upfront fees were \$80 million and \$100 million, respectively.

(6) Includes unamortized upfront fees of \$1,303 million and \$1,533 million at June 30, 2006 and 2007, respectively.

FREDDIE MAC
DERIVATIVES NOT IN HEDGE ACCOUNTING RELATIONSHIPS
TABLE 5A
SECOND QUARTER 2007
(unaudited)
(dollars in millions)

| Line: | | 2006 | | | | 2007 | | Six Months Ended June 30, | |
|-------|--|------------|------------|------------|------------|------------|------------|---------------------------|------------|
| | | 1Q 2006 | 2Q 2006 | 3Q 2006 | 4Q 2006 | 1Q 2007 | 2Q 2007 | 2006 | 2007 |
| | <u>Derivative Gains (Losses):</u> | | | | | | | | |
| 1 | Purchased call swaptions | \$ (1,313) | \$ (667) | \$ 1,376 | \$ (524) | \$ (553) | \$ (1,168) | \$ (1,980) | \$ (1,721) |
| 2 | Written call swaptions | - | - | - | - | 2 | 48 | - | 50 |
| 3 | Purchased put swaptions | 237 | 207 | (398) | (146) | (8) | 244 | 444 | 236 |
| 4 | Written put swaptions | - | - | - | - | (2) | (144) | - | (146) |
| 5 | Receive-fixed swaps | (1,220) | (1,270) | 2,545 | (345) | 259 | (3,500) | (2,490) | (3,241) |
| 6 | Pay-fixed swaps | 2,881 | 2,266 | (4,551) | 53 | (478) | 4,531 | 5,147 | 4,053 |
| 7 | Futures | (266) | (212) | 189 | 41 | 19 | (70) | (478) | (51) |
| 8 | Foreign-currency swaps | 4 | 30 | (7) | (119) | 198 | 332 | 34 | 530 |
| 9 | Forward purchase and sale commitments | (82) | (71) | 71 | (4) | (9) | (103) | (153) | (112) |
| 10 | Other ⁽¹⁾ | 35 | 42 | (54) | 16 | 5 | 17 | 77 | 22 |
| 11 | Subtotal | 276 | 325 | (829) | (1,028) | (567) | 187 | 601 | (380) |
| | Accrual of periodic settlements: | | | | | | | | |
| 12 | Receive-fixed swaps ⁽²⁾ | (6) | (73) | (189) | (150) | (58) | (37) | (79) | (95) |
| 13 | Pay-fixed swaps | 3 | 106 | 238 | 194 | 148 | 155 | 109 | 303 |
| 14 | Foreign-currency swaps | - | (4) | (4) | (26) | (52) | (25) | (4) | (77) |
| 15 | Other | - | 1 | 1 | 1 | 1 | 1 | 1 | 2 |
| 16 | Total accrual of periodic settlements | (3) | 30 | 46 | 19 | 39 | 94 | 27 | 133 |
| 17 | Total derivative gains (losses) | \$ 273 | \$ 355 | \$ (783) | \$ (1,009) | \$ (528) | \$ 281 | \$ 628 | \$ (247) |
| | <u>Notional Amounts (period end):</u> | | | | | | | | |
| 18 | Purchased call swaptions | \$ 139,165 | \$ 166,000 | \$ 178,700 | \$ 194,200 | \$ 194,772 | \$ 236,752 | | |
| 19 | Written call swaptions | - | - | - | - | 7,500 | 3,400 | | |
| 20 | Purchased put swaptions | 36,925 | 39,725 | 33,225 | 29,725 | 19,325 | 19,325 | | |
| 21 | Written put swaptions | - | - | - | - | 500 | 2,600 | | |
| 22 | Receive-fixed swaps | 134,830 | 179,076 | 179,689 | 222,631 | 270,053 | 214,657 | | |
| 23 | Pay-fixed swaps | 175,005 | 206,305 | 200,297 | 217,565 | 251,391 | 284,927 | | |
| 24 | Futures | 103,780 | 103,934 | 90,000 | 22,400 | 95,140 | 113,000 | | |
| 25 | Foreign-currency swaps | 748 | 782 | 774 | 29,234 | 23,854 | 22,709 | | |
| 26 | Forward purchase and sale commitments | 22,135 | 22,928 | 13,432 | 9,942 | 8,915 | 54,783 | | |
| 27 | Other ⁽¹⁾ | 27,084 | 38,762 | 30,115 | 31,430 | 33,751 | 34,749 | | |
| 28 | Total notional amounts | \$ 639,672 | \$ 757,512 | \$ 726,232 | \$ 757,127 | \$ 905,201 | \$ 986,902 | | |

(1) Consists of basis swaps, certain option-based contracts (including written options), interest-rate caps, swap guarantee derivatives and credit derivatives.

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

FREDDIE MAC
TOTAL DERIVATIVE PORTFOLIO
TABLE 5B
SECOND QUARTER 2007
(unaudited)
(dollars in millions)

| Line: | December 31, 2006 | | June 30, 2007 | |
|-------|----------------------|---------------------------|-------------------|---------------------------|
| | Notional | Fair Value ⁽¹⁾ | Notional | Fair Value ⁽¹⁾ |
| | Interest-rate swaps: | | | |
| 1 | \$ 222,631 | \$ (334) | \$ 214,657 | \$ (2,590) |
| 2 | 217,565 | (1,352) | 284,927 | 2,405 |
| 3 | 683 | - | 473 | (6) |
| 4 | <u>440,879</u> | <u>(1,686)</u> | <u>500,057</u> | <u>(191)</u> |
| | Option-based: | | | |
| 5 | 194,200 | 4,034 | 236,752 | 2,354 |
| 6 | - | - | 3,400 | (18) |
| 7 | 29,725 | 958 | 19,325 | 895 |
| 8 | - | - | 2,600 | (69) |
| 9 | 27,185 | (15) | 30,268 | (24) |
| 10 | <u>251,110</u> | <u>4,977</u> | <u>292,345</u> | <u>3,138</u> |
| 11 | 22,400 | 28 | 113,000 | (21) |
| 12 | 29,234 | 4,399 | 22,709 | 3,921 |
| 13 | <u>743,623</u> | <u>7,718</u> | <u>928,111</u> | <u>6,847</u> |
| 14 | 10,012 | 15 | 59,281 | 22 |
| 15 | 2,605 | (1) | 2,936 | - |
| 16 | 957 | (3) | 1,072 | (3) |
| 17 | <u>\$ 757,197</u> | <u>\$ 7,729</u> | <u>\$ 991,400</u> | <u>\$ 6,866</u> |

(1) The fair value by derivative type presented on this table is shown prior to netting by counterparty. The fair value of derivatives presented on the consolidated balance sheets, however, is netted by counterparty, and is reported in the Derivative assets, at fair value and Derivative liabilities, at fair value captions. The fair values for futures are directly derived from quoted market prices. Fair values of other derivatives are derived primarily from valuation models using market data inputs.

FREDDIE MAC
NON-INTEREST EXPENSE
TABLE 6
SECOND QUARTER 2007
(unaudited)
(dollars in millions)

| Line: | 1Q 2006 | 2Q 2006 | 3Q 2006 | 4Q 2006 | 1Q 2007 | 2Q 2007 | <u>Six Months Ended June 30,</u> | |
|-------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|----------------------------------|------------|
| | | | | | | | 2006 | 2007 |
| | <u>Non-Interest Expense:</u> | | | | | | | |
| | Administrative expenses: | | | | | | | |
| 1 | \$ 191 | \$ 203 | \$ 207 | \$ 229 | \$ 228 | \$ 243 | \$ 394 | \$ 471 |
| 2 | 100 | 118 | 120 | 122 | 108 | 117 | 218 | 225 |
| 3 | 14 | 15 | 15 | 17 | 14 | 16 | 29 | 30 |
| 4 | <u>68</u> | <u>69</u> | <u>76</u> | <u>77</u> | <u>53</u> | <u>66</u> | <u>137</u> | <u>119</u> |
| 5 | 373 | 405 | 418 | 445 | 403 | 442 | 778 | 845 |
| 6 | (36) | 56 | 93 | 102 | 179 | 320 | 20 | 499 |
| 7 | 12 | 7 | 19 | 22 | 14 | 16 | 19 | 30 |
| 8 | 46 | 52 | 103 | 149 | 144 | 187 | 98 | 331 |
| 9 | 21 | 21 | 30 | 54 | 170 | 205 | 42 | 375 |
| 10 | 115 | 104 | 98 | 90 | 108 | 135 | 219 | 243 |
| 11 | 18 | 16 | 13 | 11 | 9 | 8 | 34 | 17 |
| 12 | <u>35</u> | <u>53</u> | <u>53</u> | <u>49</u> | <u>47</u> | <u>65</u> | <u>88</u> | <u>112</u> |
| 13 | \$ 584 | \$ 714 | \$ 827 | \$ 922 | \$ 1,074 | \$ 1,378 | \$ 1,298 | \$ 2,452 |

(1) Other administrative expenses are presented net of deferred expenses, including those relating to capitalized software development activities.

(2) When the fair value of the Guarantee obligation for Participation Certificates exceeds the fair value of the Guarantee asset (including upfront fees paid or received), at the issuance of a guarantor PC swap, the excess is recorded as Losses on certain credit guarantees.

(3) This amount represents losses on non-performing loans purchased out of our guaranteed PC and Structured Securities, when the unpaid principal balance, net of specific loan loss reserve exceeds the estimated fair market value of the loan purchased.

FREDDIE MAC
CONSOLIDATED FAIR VALUE BALANCE SHEETS ⁽¹⁾
TABLE 7
SECOND QUARTER 2007
(unaudited)
(dollars in billions)

| Line: | 2006 | | | | | | | | 2007 | | | |
|-------|---|---------------------------|--------------------------------|------------|--------------------------------|---------------------------|--------------------------------|---------------------------|--------------------------------|---------------------------|--------------------------------|---------------------------|
| | March 31, | | June 30, | | September 30, | | December 31, | | March 31, | | June 30, | |
| | Carrying Amount ⁽²⁾ | Fair Value ⁽³⁾ | Carrying Amount ⁽²⁾ | Fair Value | Carrying Amount ⁽²⁾ | Fair Value ⁽³⁾ | Carrying Amount ⁽²⁾ | Fair Value ⁽³⁾ | Carrying Amount ⁽²⁾ | Fair Value ⁽³⁾ | Carrying Amount ⁽²⁾ | Fair Value ⁽³⁾ |
| | Assets: | | | | | | | | | | | |
| 1 | \$ 62.8 | \$ 62.3 | \$ 63.6 | \$ 62.1 | \$ 63.9 | \$ 63.8 | \$ 65.6 | \$ 65.4 | \$ 66.7 | \$ 65.6 | \$ 68.4 | \$ 66.1 |
| 2 | 644.7 | 644.7 | 646.0 | 646.0 | 635.0 | 635.0 | 634.3 | 634.3 | 645.0 | 645.0 | 634.4 | 634.4 |
| 3 | 0.8 | 0.8 | 1.0 | 1.0 | 0.8 | 0.8 | 0.6 | 0.6 | 0.3 | 0.3 | 0.5 | 0.5 |
| 4 | 708.3 | 707.8 | 710.6 | 709.1 | 699.7 | 699.6 | 700.5 | 700.3 | 712.0 | 710.9 | 703.3 | 701.0 |
| 5 | 8.5 | 8.5 | 12.5 | 12.5 | 12.2 | 12.2 | 11.4 | 11.4 | 10.0 | 10.0 | 11.8 | 11.8 |
| 6 | 47.0 | 47.0 | 49.5 | 49.5 | 47.5 | 47.5 | 45.6 | 45.6 | 31.9 | 31.9 | 41.7 | 41.7 |
| 7 | | | | | | | | | | | | |
| | 23.4 | 23.4 | 45.8 | 45.8 | 35.5 | 35.5 | 23.0 | 23.0 | 34.2 | 34.2 | 27.5 | 27.5 |
| 8 | 7.3 | 7.3 | 9.8 | 9.8 | 8.5 | 8.5 | 7.9 | 7.9 | 6.2 | 6.2 | 7.2 | 7.2 |
| 9 | 5.7 | 6.1 | 6.1 | 6.5 | 5.9 | 6.2 | 6.1 | 6.4 | 6.3 | 6.6 | 7.8 | 8.1 |
| 10 | 18.9 | 15.2 | 21.4 | 15.6 | 17.9 | 15.7 | 18.6 | 16.7 | 19.2 | 18.4 | 22.4 | 19.2 |
| 11 | \$ 819.1 | \$ 815.3 | \$ 855.7 | \$ 848.8 | \$ 827.2 | \$ 825.2 | \$ 813.1 | \$ 811.3 | \$ 819.8 | \$ 818.2 | \$ 821.7 | \$ 816.5 |
| | Liabilities and minority interests: | | | | | | | | | | | |
| 12 | \$ 765.3 | \$ 758.3 | \$ 801.4 | \$ 790.1 | \$ 769.9 | \$ 768.4 | \$ 753.9 | \$ 752.3 | \$ 758.1 | \$ 757.8 | \$ 760.5 | \$ 753.5 |
| 13 | 5.9 | 3.7 | 6.2 | 3.5 | 6.7 | 4.2 | 7.1 | 4.7 | 7.8 | 5.7 | 8.6 | 6.0 |
| 14 | 0.7 | 0.7 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 |
| 15 | 0.2 | - | 0.2 | - | 0.3 | - | 0.4 | - | 0.5 | - | 0.7 | - |
| 16 | 20.8 | 20.1 | 23.2 | 22.1 | 20.5 | 19.6 | 22.7 | 21.8 | 22.9 | 22.1 | 25.5 | 24.6 |
| 17 | 0.8 | 0.9 | 0.7 | 0.7 | 0.6 | 0.6 | 0.5 | 0.5 | 0.5 | 0.5 | 0.3 | 0.2 |
| 18 | 793.7 | 783.7 | 832.0 | 816.7 | 798.2 | 793.0 | 784.8 | 779.5 | 790.0 | 786.3 | 795.9 | 784.6 |
| | Net assets attributable to stockholders: | | | | | | | | | | | |
| 19 | 4.6 | 4.2 | 4.6 | 4.0 | 5.6 | 5.2 | 6.1 | 5.8 | 6.6 | 6.5 | 7.1 | 6.8 |
| 20 | 20.8 | 27.4 | 19.1 | 28.1 | 23.4 | 27.0 | 22.2 | 26.0 | 23.2 | 25.4 | 18.7 | 25.1 |
| 21 | 25.4 | 31.6 | 23.7 | 32.1 | 29.0 | 32.2 | 28.3 | 31.8 | 29.8 | 31.9 | 25.8 | 31.9 |
| 22 | \$ 819.1 | \$ 815.3 | \$ 855.7 | \$ 848.8 | \$ 827.2 | \$ 825.2 | \$ 813.1 | \$ 811.3 | \$ 819.8 | \$ 818.2 | \$ 821.7 | \$ 816.5 |

- (1) The consolidated fair value balance sheets do not purport to present our net realizable, liquidation or market value as a whole. Furthermore, amounts we ultimately realize from the disposition of assets or settlement of liabilities may vary significantly from the fair values presented.
- (2) Carrying amounts equal the amounts reported on our GAAP consolidated balance sheets.
- (3) Methodologies employed to calculate fair values are periodically changed on a prospective basis to reflect improvements in the underlying estimation processes. The estimated impact of these improvements resulted in net after-tax changes to the fair value of Total net assets of approximately \$0.1 billion at March 31, 2006. The estimated impact of these improvements resulted in net after-tax changes to the fair value of Total net assets that rounded to zero at September 30, 2006 and December 31, 2006. The estimated impact of these improvements resulted in net after-tax changes to the fair value of Total net assets of approximately \$0.1 billion and \$0.2 billion at March 31, 2007 and June 30, 2007, respectively.
- (4) The fair value of the Guarantee asset reported exceeds the carrying value primarily because the fair value includes the Guarantee asset related to some PCs held by third parties that are not recognized on our GAAP consolidated balance sheets because such PCs were issued prior to the implementation of FIN 45 in 2003.
- (5) Fair values include estimated income taxes calculated using the 35 percent statutory rate on the difference between the consolidated fair value balance sheets net assets, including deferred taxes from our GAAP consolidated balance sheets, and the GAAP consolidated balance sheets equity attributable to common stockholders.

FREDDIE MAC
MORTGAGE PORTFOLIO ACTIVITY BASED ON UNPAID PRINCIPAL BALANCES^{(1) (2)}
TABLE 8A
SECOND QUARTER 2007
(unaudited)
(dollars in millions)

| Line: | | 1Q 2006 | 2Q 2006 | 3Q 2006 | 4Q 2006 | 1Q 2007 | 2Q 2007 | Six Months Ended June 30, | |
|-------|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------------|------------------|
| | | | | | | | | 2006 | 2007 |
| | <u>Total Mortgage Portfolio:</u> | | | | | | | | |
| 1 | Beginning balance | \$ 1,684,546 | \$ 1,731,004 | \$ 1,759,767 | \$ 1,786,754 | \$ 1,826,720 | \$ 1,892,132 | \$ 1,684,546 | \$ 1,826,720 |
| 2 | New business purchases | 131,874 | 121,730 | 122,475 | 125,903 | 146,463 | 149,401 | 253,604 | 295,864 |
| 3 | Sales and other activity | (8,401) | (5,442) | (6,041) | (110) | 10 | (893) | (13,843) | (883) |
| 4 | Liquidations | <u>(77,015)</u> | <u>(87,525)</u> | <u>(89,447)</u> | <u>(85,827)</u> | <u>(81,061)</u> | <u>(87,691)</u> | <u>(164,540)</u> | <u>(168,752)</u> |
| 5 | Net additions | 46,458 | 28,763 | 26,987 | 39,966 | 65,412 | 60,817 | 75,221 | 126,229 |
| 6 | Ending balance | \$ 1,731,004 | \$ 1,759,767 | \$ 1,786,754 | \$ 1,826,720 | \$ 1,892,132 | \$ 1,952,949 | \$ 1,759,767 | \$ 1,952,949 |
| 7 | Percent growth (annualized) | 11% | 7% | 6% | 9% | 14% | 13% | 9% | 14% |
| 8 | Liquidation rate (annualized) | 18% | 20% | 20% | 19% | 18% | 19% | 20% | 18% |
| | <u>Total Guaranteed PCs and Structured Securities Issued:</u> | | | | | | | | |
| 9 | Beginning balance | \$ 1,335,524 | \$ 1,379,877 | \$ 1,405,684 | \$ 1,441,254 | \$ 1,477,023 | \$ 1,536,525 | \$ 1,335,524 | \$ 1,477,023 |
| 10 | Issuances | 93,669 | 80,973 | 93,334 | 92,047 | 114,365 | 118,008 | 174,642 | 232,373 |
| 11 | Liquidations | <u>(49,316)</u> | <u>(55,166)</u> | <u>(57,764)</u> | <u>(56,278)</u> | <u>(54,863)</u> | <u>(62,009)</u> | <u>(104,482)</u> | <u>(116,872)</u> |
| 12 | Net additions | 44,353 | 25,807 | 35,570 | 35,769 | 59,502 | 55,999 | 70,160 | 115,501 |
| 13 | Ending balance | \$ 1,379,877 | \$ 1,405,684 | \$ 1,441,254 | \$ 1,477,023 | \$ 1,536,525 | \$ 1,592,524 | \$ 1,405,684 | \$ 1,592,524 |
| 14 | Percent growth (annualized) | 13% | 7% | 10% | 10% | 16% | 15% | 11% | 16% |
| 15 | Liquidation rate (annualized) | 15% | 16% | 16% | 16% | 15% | 16% | 16% | 16% |

(1) Excludes mortgage loans and mortgage-related securities traded, but not yet settled. Also excludes credit-related impairments on mortgage-related securities within our Retained portfolio.

(2) See our Monthly Volume Summary, or MVS, in the Investor Relations section of our website for definitions of certain captions used in this table.

FREDDIE MAC
MORTGAGE PORTFOLIO ACTIVITY BASED ON UNPAID PRINCIPAL BALANCES ^{(1) (2)}

TABLE 8B
SECOND QUARTER 2007

(unaudited)

(dollars in millions)

| Line: | 1Q 2006 | 2Q 2006 | 3Q 2006 | 4Q 2006 | 1Q 2007 | 2Q 2007 | <u>Six Months Ended June 30,</u> | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|----------------------------------|--------------|
| | | | | | | | 2006 | 2007 |
| <u>Retained Portfolio:</u> | | | | | | | | |
| 1 | \$ 710,346 | \$ 715,736 | \$ 722,538 | \$ 702,778 | \$ 703,959 | \$ 714,454 | \$ 710,346 | \$ 703,959 |
| 2 | 65,432 | 79,580 | 46,178 | 54,293 | 59,173 | 60,632 | 145,012 | 119,805 |
| 3 | (17,876) | (24,317) | (19,441) | (7,440) | (8,255) | (19,490) | (42,193) | (27,745) |
| 4 | (42,166) | (48,461) | (46,497) | (45,672) | (40,423) | (43,460) | (90,627) | (83,883) |
| 5 | 5,390 | 6,802 | (19,760) | 1,181 | 10,495 | (2,318) | 12,192 | 8,177 |
| 6 | \$ 715,736 | \$ 722,538 | \$ 702,778 | \$ 703,959 | \$ 714,454 | \$ 712,136 | \$ 722,538 | \$ 712,136 |
| 7 | 3% | 4% | (11%) | 1% | 6% | (1%) | 3% | 2% |
| 8 | 24% | 27% | 26% | 26% | 23% | 24% | 26% | 24% |
| 9 | 41% | 41% | 39% | 39% | 38% | 36% | 41% | 36% |
| <u>Retained Portfolio Components (at period end):</u> | | | | | | | | |
| 10 | \$ 364,609 | \$ 368,455 | \$ 357,278 | \$ 354,262 | \$ 358,847 | \$ 351,711 | \$ 368,455 | \$ 351,711 |
| 11 | 288,192 | 290,379 | 281,423 | 283,850 | 288,471 | 291,382 | 290,379 | 291,382 |
| 12 | 62,935 | 63,704 | 64,077 | 65,847 | 67,136 | 69,043 | 63,704 | 69,043 |
| 13 | \$ 715,736 | \$ 722,538 | \$ 702,778 | \$ 703,959 | \$ 714,454 | \$ 712,136 | \$ 722,538 | \$ 712,136 |
| <u>Outstanding Guaranteed PCs and Structured Securities:</u> | | | | | | | | |
| 14 | \$ 974,200 | \$ 1,015,268 | \$ 1,037,229 | \$ 1,083,976 | \$ 1,122,761 | \$ 1,177,678 | \$ 974,200 | \$ 1,122,761 |
| 15 | 93,669 | 80,973 | 93,334 | 92,047 | 114,365 | 118,008 | 174,642 | 232,373 |
| 16 | (27,227) | (38,823) | (17,037) | (20,437) | (27,075) | (29,239) | (66,050) | (56,314) |
| 17 | 10,712 | 19,819 | 14,613 | 8,986 | 9,638 | 20,565 | 30,531 | 30,203 |
| 18 | (36,086) | (40,008) | (44,163) | (41,811) | (42,011) | (46,199) | (76,094) | (88,210) |
| 19 | 41,068 | 21,961 | 46,747 | 38,785 | 54,917 | 63,135 | 63,029 | 118,052 |
| 20 | \$ 1,015,268 | \$ 1,037,229 | \$ 1,083,976 | \$ 1,122,761 | \$ 1,177,678 | \$ 1,240,813 | \$ 1,037,229 | \$ 1,240,813 |
| 21 | 17% | 9% | 18% | 14% | 20% | 21% | 13% | 21% |
| 22 | 15% | 16% | 17% | 15% | 15% | 16% | 16% | 16% |

(1) Excludes mortgage loans and mortgage-related securities traded, but not yet settled. Also excludes credit-related impairments on mortgage-related securities within our Retained portfolio.

(2) See our MVS in the Investor Relations section of our website for definitions of certain captions used in this table.

FREDDIE MAC
CHARACTERISTICS OF MORTGAGE LOANS AND MORTGAGE-RELATED SECURITIES IN THE RETAINED PORTFOLIO
TABLE 9
SECOND QUARTER 2007
(unaudited)
(dollars in millions)

| Line: | | December 31, 2006 | | | June 30, 2007 | | |
|-------|--|-------------------|------------------------------|-------------------|-------------------|------------------------------|-------------------|
| | | Fixed-Rate | Variable-Rate ⁽¹⁾ | Total | Fixed-Rate | Variable-Rate ⁽¹⁾ | Total |
| 1 | Mortgage loans | \$ 61,273 | \$ 4,574 | \$ 65,847 | \$ 64,564 | \$ 4,479 | \$ 69,043 |
| | Guaranteed PCs and Structured Securities: ⁽²⁾ | | | | | | |
| 2 | Single-family | 282,052 | 71,828 | 353,880 | 269,378 | 81,954 | 351,332 |
| 3 | Multifamily | 241 | 141 | 382 | 240 | 139 | 379 |
| 4 | Total Guaranteed PCs and Structured Securities | <u>282,293</u> | <u>71,969</u> | <u>354,262</u> | <u>269,618</u> | <u>82,093</u> | <u>351,711</u> |
| | Non-Freddie Mac mortgage-related securities: | | | | | | |
| | Agency mortgage-related securities: ⁽³⁾ | | | | | | |
| | Fannie Mae: | | | | | | |
| 5 | Single-family | 25,805 | 17,640 | 43,445 | 23,859 | 19,175 | 43,034 |
| 6 | Multifamily | 987 | 2 | 989 | 834 | 170 | 1,004 |
| | Ginnie Mae: | | | | | | |
| 7 | Single-family | 707 | 231 | 938 | 606 | 204 | 810 |
| 8 | Multifamily | 13 | - | 13 | 13 | - | 13 |
| 9 | Total agency mortgage-related securities | <u>27,512</u> | <u>17,873</u> | <u>45,385</u> | <u>25,312</u> | <u>19,549</u> | <u>44,861</u> |
| | Non-agency mortgage-related securities: | | | | | | |
| 10 | Single-family ⁽⁴⁾ | 4,280 | 174,081 | 178,361 | 3,954 | 170,376 | 174,330 |
| 11 | Commercial mortgage backed securities | 23,768 | 20,992 | 44,760 | 26,698 | 29,808 | 56,506 |
| 12 | Mortgage revenue bonds ⁽⁵⁾ | 13,760 | 74 | 13,834 | 14,181 | 69 | 14,250 |
| 13 | Manufactured housing ⁽⁶⁾ | 1,381 | 129 | 1,510 | 1,323 | 112 | 1,435 |
| 14 | Total non-agency mortgage-related securities ⁽⁷⁾ | <u>43,189</u> | <u>195,276</u> | <u>238,465</u> | <u>46,156</u> | <u>200,365</u> | <u>246,521</u> |
| 15 | Total unpaid principal balance of Retained portfolio | <u>\$ 414,267</u> | <u>\$ 289,692</u> | 703,959 | <u>\$ 405,650</u> | <u>\$ 306,486</u> | 712,136 |
| 16 | Premiums, discounts, deferred fees, impairments of unpaid principal balances and other basis adjustments | | | 103 | | | (558) |
| 17 | Net unrealized gains (losses) on mortgage-related securities, pre-tax | | | (4,046) | | | (8,681) |
| 18 | Participation Certificate residuals, at fair value | | | 597 | | | 497 |
| 19 | Reserve for losses on mortgage loans held-for-investment | | | (70) | | | (108) |
| 20 | Total Retained portfolio per consolidated balance sheets | | | <u>\$ 700,543</u> | | | <u>\$ 703,286</u> |

- (1) Variable-rate mortgage loans and mortgage-related securities include those with a contractual coupon rate that, prior to contractual maturity, is either scheduled to change or is subject to change based on changes in the composition of the underlying collateral. Mortgage loans also include mortgages with balloon/reset provisions.
- (2) For Guaranteed PCs and Structured Securities we issue, we are subject to the credit risk associated with the underlying mortgage loan collateral.
- (3) Agency mortgage-related securities are generally not separately rated by nationally recognized statistical rating organizations, but are viewed as having a level of credit quality at least equivalent to non-agency mortgage-related securities rated AAA or equivalent.
- (4) At December 31, 2006 and June 30, 2007, we held investments of approximately \$124 billion and \$119 billion, respectively, of single-family non-agency mortgage-related securities backed by subprime loans. These securities backed by subprime loans include significant credit enhancements, particularly through subordination, and approximately 99.9 percent of these securities held at June 30, 2007 were rated AAA at August 27, 2007. At December 31, 2006 and June 30, 2007, we believe that \$54 billion and \$55 billion, respectively, of our single-family non-agency mortgage-related securities that are not backed by subprime loans are generally backed by Alt-A mortgage loans. These securities backed by Alt-A mortgage loans include significant credit enhancements, particularly through subordination, and approximately 99.9 percent of these securities held at June 30, 2007 were rated AAA at August 27, 2007.
- (5) Consist of obligations of states and political subdivisions. Approximately 67 percent of these securities were AAA-rated at both December 31, 2006 and June 30, 2007.
- (6) At December 31, 2006 and June 30, 2007, 38 percent and 37 percent, respectively, of mortgage-related securities backed by manufactured housing were rated BBB- or above. For the same dates, 97 percent of these securities were supported by third-party credit enhancements (e.g. bond insurance) and other credit enhancements (e.g., deal structure through subordination). Approximately 30 percent and 29 percent of these securities were AAA-rated at December 31, 2006 and June 30, 2007, respectively.
- (7) Credit ratings for most non-agency mortgage-related securities are designated by at least two nationally recognized statistical rating organizations. At December 31, 2006 and June 30, 2007, approximately 96 percent and 97 percent, respectively, of total non-agency mortgage-related securities were AAA-rated.

**FREDDIE MAC
CREDIT QUALITY INDICATORS
TABLE 10
SECOND QUARTER 2007
(unaudited)
(dollars in millions)**

| Line: | 1Q 2006 | 2Q 2006 | 3Q 2006 | 4Q 2006 | 1Q 2007 | 2Q 2007 | Six Months Ended June 30, | |
|--|---------|---------|---------|---------|---------|----------|---------------------------|----------|
| | | | | | | | 2006 | 2007 |
| <u>Credit Enhancements:</u> | | | | | | | | |
| 1 | 17 % | 15 % | 18 % | 17 % | 14 % | 18 % | 16 % | 16 % |
| 2 | 17 % | 17 % | 16 % | 16 % | 16 % | 16 % | 17 % | 16 % |
| <u>Delinquencies (at period end):</u>⁽¹⁾ | | | | | | | | |
| Single-family: ⁽²⁾ | | | | | | | | |
| <i>Non-credit-enhanced portfolio</i> | | | | | | | | |
| 3 | 0.25 % | 0.22 % | 0.23 % | 0.25 % | 0.25 % | 0.27 % | 0.22 % | 0.27 % |
| 4 | 22,315 | 19,824 | 20,543 | 22,854 | 23,511 | 25,740 | 19,824 | 25,740 |
| <i>Credit-enhanced portfolio</i> | | | | | | | | |
| 5 | 2.16 % | 1.90 % | 1.87 % | 1.86 % | 1.69 % | 1.63 % | 1.90 % | 1.63 % |
| 6 | 41,399 | 36,096 | 35,914 | 36,008 | 33,030 | 32,675 | 36,096 | 32,675 |
| 7 | 0.59 % | 0.52 % | 0.51 % | 0.53 % | 0.50 % | 0.50 % | 0.52 % | 0.50 % |
| Multifamily: ⁽²⁾ | | | | | | | | |
| 8 | - % | 0.01 % | - % | 0.05 % | 0.06 % | 0.05 % | 0.01 % | 0.05 % |
| 9 | \$ 3 | \$ 5 | \$ 1 | \$ 30 | \$ 32 | \$ 30 | \$ 5 | \$ 30 |
| <u>REO Balances (at period end):</u> | | | | | | | | |
| 10 | \$ 636 | \$ 646 | \$ 665 | \$ 734 | \$ 871 | \$ 1,014 | \$ 646 | \$ 1,014 |
| 11 | 18 | 18 | 10 | 9 | 7 | 6 | 18 | 6 |
| 12 | \$ 654 | \$ 664 | \$ 675 | \$ 743 | \$ 878 | \$ 1,020 | \$ 664 | \$ 1,020 |
| <u>REO Inventory (number of units):</u> | | | | | | | | |
| 13 | 8,070 | 8,263 | 8,302 | 8,333 | 8,785 | 9,650 | 8,070 | 8,785 |
| 14 | 4,051 | 4,163 | 4,007 | 4,166 | 4,638 | 5,013 | 8,214 | 9,651 |
| 15 | (3,858) | (4,124) | (3,976) | (3,714) | (3,773) | (4,403) | (7,982) | (8,176) |
| 16 | 8,263 | 8,302 | 8,333 | 8,785 | 9,650 | 10,260 | 8,302 | 10,260 |
| <u>REO Operations Income (Expense):</u> | | | | | | | | |
| 17 | \$ (12) | \$ (7) | \$ (20) | \$ (22) | \$ (14) | \$ (16) | \$ (19) | \$ (30) |
| 18 | - | - | 1 | - | - | - | - | - |
| 19 | \$ (12) | \$ (7) | \$ (19) | \$ (22) | \$ (14) | \$ (16) | \$ (19) | \$ (30) |
| <u>Loan Loss Reserves:</u>⁽³⁾ | | | | | | | | |
| 20 | \$ 414 | \$ 345 | \$ 351 | \$ 389 | \$ 420 | \$ 545 | \$ 414 | \$ 420 |
| 21 | (36) | 56 | 93 | 102 | 179 | 320 | 20 | 499 |
| 22 | (30) | (40) | (35) | (37) | (33) | (36) | (70) | (69) |
| 23 | - | - | (5) | - | - | - | - | - |
| 24 | (6) | (10) | (17) | (38) | (23) | (53) | (16) | (76) |
| 25 | 3 | - | 2 | 4 | 2 | 14 | 3 | 16 |
| 26 | \$ 345 | \$ 351 | \$ 389 | \$ 420 | \$ 545 | \$ 790 | \$ 351 | \$ 790 |
| <u>Total Credit Losses:</u>⁽⁶⁾ | | | | | | | | |
| 27 | \$ 42 | \$ 47 | \$ 59 | \$ 59 | \$ 58 | \$ 79 | \$ 89 | \$ 137 |
| 28 | 1.2 bp | 1.3 bp | 1.6 bp | 1.6 bp | 1.5 bp | 2.0 bp | 1.2 bp | 1.7 bp |

(1) Based on the Total mortgage portfolio, excluding both 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 60 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. Excludes 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) Loan loss reserves equals the sum of Reserve for losses on mortgage loans held-for-investment (consolidated balance sheets - Line 2) and Reserve for guarantee losses on Participation Certificates (consolidated balance sheets - Line 28).

(4) Provision (benefit) for credit losses includes our provision for losses incurred on our mortgage loans held for investment, which are a component of our Retained portfolio, and our provision for guarantee losses incurred on mortgage loans underlying PCs held by third parties.

(5) Represents transfers of a portion of the Guarantee obligation associated with credit losses reclassified to the Reserve for guaranteed losses on PCs.

(6) Equal to REO operations income (expense) (Line 19) plus Charge-offs, net (Lines 22 and 23) plus amounts previously transferred to reduce the carrying value of loans purchased under financial guarantees. The previously transferred reserves totaled \$- million and \$38 million for the six months ended June 30, 2006 and 2007, respectively.