Freddie Mac
We make home possible℠

Goldman Sachs Financial Services CEO Conference 2007

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Overview

- Freddie Mac continues to play a critical role in the mortgage market
- Freddie Mac has benefited from improved pricing power and investment margins
- Freddie Mac's asset quality is among the strongest in the industry
- Freddie Mac has taken actions to solidify our position in the current economic environment

Freddie Mac's core activities fulfill an enduring purpose in U.S. housing market

Freddie Mac is at the center of the $9 trillion conventional, conforming U.S. residential mortgage market

Credit Guarantee

- $1,678 billion credit guarantee portfolio[1]
- 43% GSE market share [2]
- Guarantee credit of conventional, conforming mortgages
- Nationally diversified

MBS

Global Capital Markets

Debt

Retained Portfolio

- $703 billion mortgages and MBS securities
- Diversified among products
- Securities are 99% Agency and AAA rated
- Well managed exposure to interest rates

"A primary purpose is to provide stability in the secondary market for home mortgages including mortgages securing housing for low and moderate income families. This can be accomplished through both portfolio purchasing and selling activities, as well as through the securitization of home mortgages."[3]

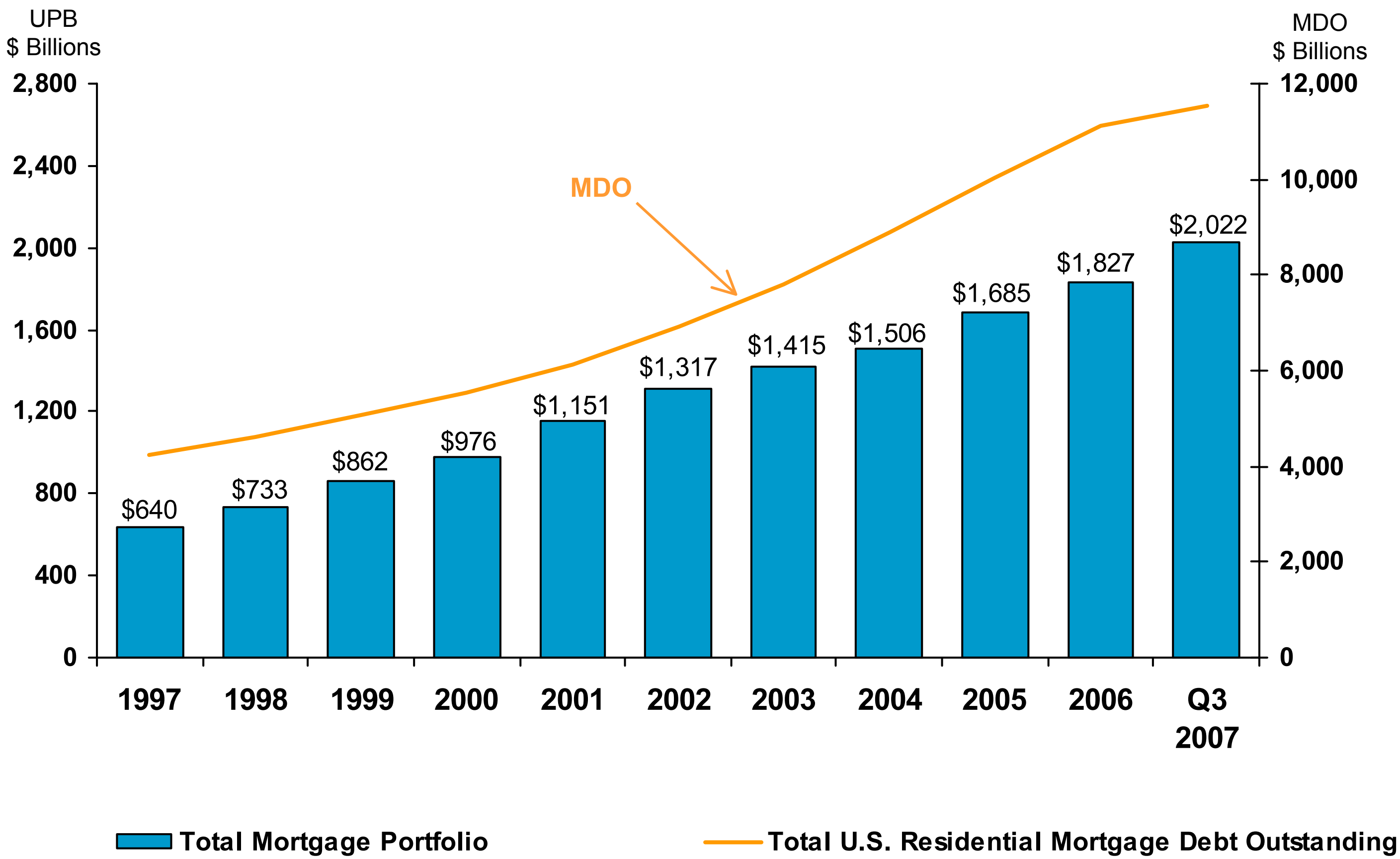
[1] Includes $342 billion of Freddie Mac PCs and structured securities held by Freddie Mac.

[2] As of October 31, 2007.

[3] House of Representatives report on FIRREA, No. 54, 101st Congress, 1st Session, Part 3 at 2 (1989).

Growth in total book of business

Total mortgage portfolio



- Freddie Mac focuses on $9 trillion conventional, conforming market
- Conventional, conforming market has experienced more measured growth and stable credit quality than non-conforming

Source: Total U.S. Residential MDO: Federal Reserve Board's Flow of Funds Accounts. Data represents MDO through Q2 2007.

Today's market plays to Freddie Mac's strengths

1. Guarantee business is experiencing improving pricing power and credit standards

- Outlook for guarantee fees is improving on new purchases
- GSE penetration has increased amidst market turmoil
- Freddie Mac credit underwriting standards have tightened

2. Retained portfolio is realizing wider mortgage spreads and attractive investing opportunities

- High quality portfolio – 99% of securities are Agency and AAA rated
- Option Adjusted Spreads (OAS) have doubled on our existing portfolio
- Freddie Mac's relative funding advantage allows the Company to earn superior returns

3. Credit losses are increasing but remain low by industry standards

- Single-family serious delinquencies are 51 bps as of September 2007 which is significantly below the industry average of 98 bps as of June 2007
- Significant expertise to manage through credit cycles

Steps taken to address current environment

- Tightened subprime underwriting standards in early 2007
- Tightened our credit box for risky mortgage products
- Increased pricing on bulk and flow based guarantee business
- Sharpened our quality control processes on new guarantees and on our ongoing counterparty credit risk procedures
- Issued $6 billion of preferred capital to provide flexibility during the credit cycle

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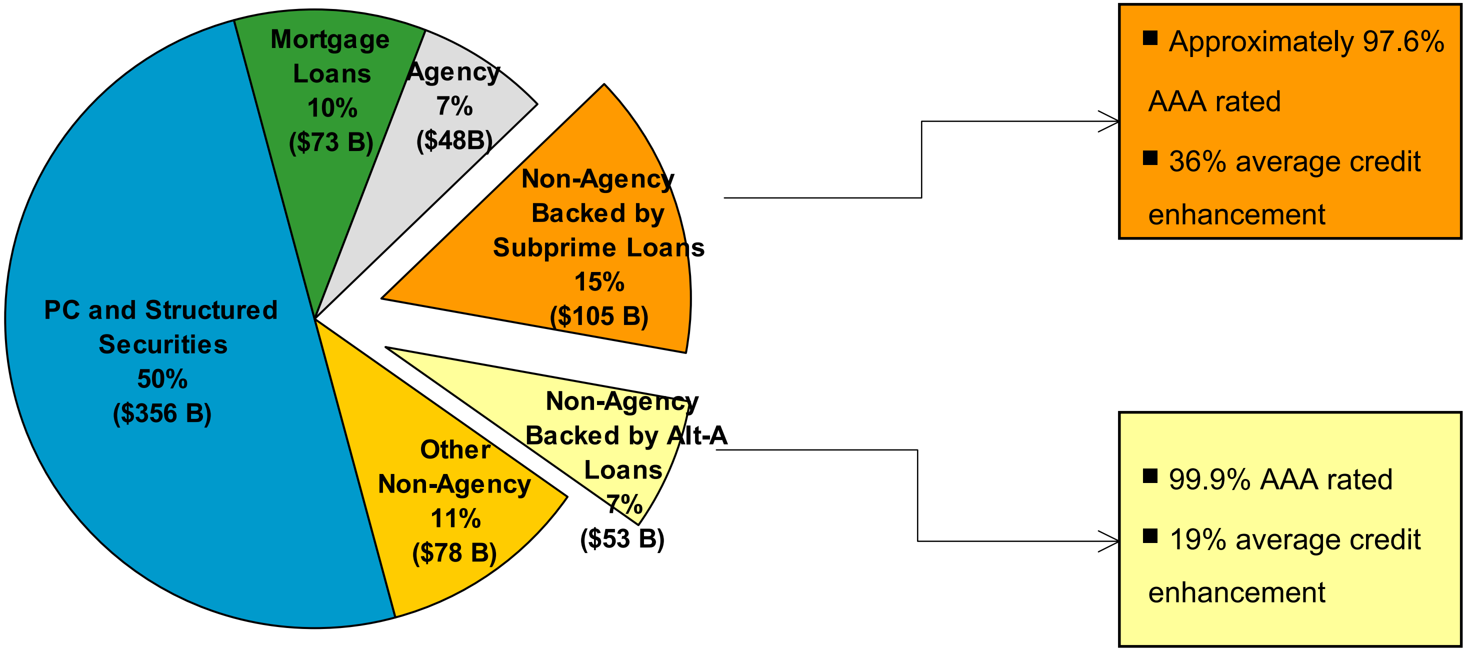
Current credit loss expectation

Current expectation

- ~ 10% peak to trough decline in national house prices
  - » California and Florida expected to decline 27%
- Expect to experience a 3 – 3.5% default rate and 30% severity rate
  - » Compare with 2.4% default rate and 30% severity rate in our worst ever book in 1991
- Current expected credit losses of $10 to $12 billion
  - » Current GAAP financials reflect almost half of this impact as of 3Q07
  - » Fair value results reflect future credit losses of ~ $17 billion

High quality retained portfolio

Retained portfolio composition



$713 billion

Source: Freddie Mac's Information Statement Supplement dated November 20, 2007. Data based on unpaid principal balance as of September 30, 2007.

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

Year of Purchase	Subprime[1] UPB ($ Billions)	Subprime[1] Average Credit Enhancement	Alt-A[2] UPB ($ Billions)	Alt-A[2] Average Credit Enhancement
2007	$31.0	29%	$8.4	16%
2006	$44.0	29%	$16.1	19%
2005	$27.8	50%	$15.2	19%
2004 and Prior	$2.6	79%	$7.1	23%
Total	**$105.4**	**36%**	**$46.8**	**19%**

- ~97.6 percent of MBS backed by subprime loans and 99.9 percent of MBS backed by Alt-A loans held at September 30, 2007 were rated AAA at November 15, 2007
- Stress testing at 50% cumulative default rate and severity assumption produces no expected loss on subprime ABS

[1] Excludes $20 million of single-family mortgage securities rated below AAA at the time of purchase.

[2] Excludes $1.4 billion of securities backed by manufactured housing loans, and $5.1 billion of single-family non-agency mortgage-related securities primarily backed by home equity lines of credit with monoline insurance wraps.

Note: Credit enhancement levels reflect approximately $6 billion in UPB provided by monoline insurance wrapped securities.

Source: Freddie Mac. Data based on unpaid principal balances as of September 30, 2007.

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