

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

Line:		1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005	2Q 2005	Six months ended June 30,	
								2004	2005
	Net Income (dollars in millions, except share-related amounts):								
1	Net interest income ⁽¹⁾	\$ 2,126	\$ 2,625	\$ 2,321	\$ 2,065	\$ 1,661	\$ 1,406	\$ 4,751	\$ 3,067
2	Non-interest income (loss) ⁽¹⁾	(26)	1,532	(3,691)	(854)	39	118	1,506	157
3	Non-interest expense	(503)	(548)	(603)	(717)	(574)	(535)	(1,051)	(1,109)
4	Income (loss) before income tax expense	1,597	3,609	(1,973)	494	1,126	989	5,206	2,115
5	Income tax (expense) benefit	(285)	(855)	467	(117)	(251)	(220)	(1,140)	(471)
6	Net income (loss)⁽¹⁾	\$ 1,312	\$ 2,754	\$ (1,506)	\$ 377	\$ 875	\$ 769	\$ 4,066	\$ 1,644
7	Preferred stock dividends	(52)	(52)	(53)	(53)	(52)	(56)	(104)	(108)
8	Net income (loss) available to common stockholders	\$ 1,260	\$ 2,702	\$ (1,559)	\$ 324	\$ 823	\$ 713	\$ 3,962	\$ 1,536
9	Weighted average common shares outstanding - diluted (thousands)	690,868	690,757	689,510	693,027	693,008	692,968	690,798	692,877
10	Diluted earnings (loss) per common share⁽¹⁾⁽²⁾	\$ 1.82	\$ 3.91	\$ (2.26)	\$ 0.47	\$ 1.19	\$ 1.03	\$ 5.74	\$ 2.22
11	Common stock dividends	\$ 207	\$ 208	\$ 210	\$ 211	\$ 242	\$ 249	\$ 415	\$ 491
12	Effective tax rate	18%	24%	24%	24%	22%	22%	22%	22%
	Regulatory Capital (period end, dollars in millions):								
13	Total stockholders' equity	\$ 33,880	\$ 28,653	\$ 31,672	\$ 31,416	\$ 28,091	\$ 31,963		
14	Less: Accumulated other comprehensive income (loss), net of taxes	(178)	(7,924)	(3,199)	(3,593)	(7,527)	(4,178)		
15	Regulatory core capital ⁽³⁾	34,058	36,577	34,871	35,009	35,618	36,141		
16	Less: Estimated regulatory minimum capital requirement ⁽⁴⁾	24,029	24,134	24,274	24,131	23,749	24,073		
17	Estimated regulatory minimum capital surplus ⁽⁴⁾	\$ 10,029	\$ 12,443	\$ 10,597	\$ 10,878	\$ 11,869	\$ 12,068		

(1) During the second quarter of 2005, we implemented certain model enhancements, primarily with respect to those models used to estimate the fair value of our guarantee-related assets and liabilities. These changes were treated as a change in estimate under generally accepted accounting principles, or GAAP. As a result of these enhancements, we recognized a pre-tax gain included in Gains (losses) on "Guarantee asset for Participation Certificates, at fair value" of \$487 million, a pre-tax loss included in Derivative gains (losses) of \$(10) million and a pre-tax loss included in Gains (losses) on investment activity of \$(3) million. During the first quarter of 2005, we also implemented enhancements to certain models used to estimate prepayment speeds on mortgage-related securities. These enhancements were treated as a change in estimate under GAAP, resulting in the recognition of \$(67) million of additional pre-tax amortization expense in Net interest income. As a result of these model enhancements, Net income increased by \$265 million (\$0.38 per diluted common share), after-tax, for the six months ended June 30, 2005. See Table 7 for more information about the effects of these enhancements on our consolidated fair value balance sheets.

(2) Earnings per share is computed independently for each of the quarters presented. Due to the use of weighted-average common shares outstanding when calculating earnings per share, the sum of the quarters may not equal the six months ended amount. Earnings per share amounts may not recalculate using the amounts in this table due to rounding.

(3) The Office of Federal Housing Enterprise Oversight, or OFHEO, our safety-and-soundness regulator, is the authoritative source of the capital calculation that underlies our estimate of capital requirements and regulatory core capital. Core capital, as defined in 12 C.F.R. Sec. 1750.2, consists of the par value of outstanding common stock (common stock issued less common stock held in treasury), par value of outstanding perpetual noncumulative preferred stock, additional paid in capital and retained earnings, as determined in accordance with GAAP.

(4) Historically, our minimum capital requirement has been in excess of our risk-based capital requirement. Although there are many aspects to the calculation of our minimum capital requirement, it is generally equal to the sum of 2.5 percent of aggregate on-balance sheet assets, as determined in accordance with GAAP, and approximately 0.45 percent of outstanding mortgage-related securities guaranteed by us and other off-balance sheet obligations. We have submitted to OFHEO amended minimum capital reports for March 31, 2005 and June 30, 2005, including an estimate of our capital surplus. In January 2004, OFHEO directed us to maintain a target capital surplus of 30 percent of our minimum capital requirement. At March 31, 2005 and June 30, 2005, our estimated surplus in excess of the target surplus was approximately \$4.7 billion and \$4.8 billion, respectively.

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

Line:

	1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005	2Q 2005	Six months ended June 30,	
							2004	2005
Net Interest Income:								
Interest income:								
1 Mortgage loans	\$ 978	\$ 1,008	\$ 992	\$ 1,029	\$ 999	\$ 1,021	\$ 1,986	\$ 2,020
2 Mortgage-related securities in the Retained portfolio ⁽¹⁾	6,956	7,285	7,027	7,192	7,179	7,243	14,241	14,422
3 Total Retained portfolio	7,934	8,293	8,019	8,221	8,178	8,264	16,227	16,442
4 Investments ⁽²⁾	743	673	766	533	380	419	1,416	799
5 Securities purchased under agreements to resell and Federal funds sold	82	75	107	157	154	206	157	360
6 Total income on interest-earning assets	8,759	9,041	8,892	8,911	8,712	8,889	17,800	17,601
Interest expense:								
7 Short-term debt	(588)	(523)	(826)	(971)	(1,143)	(1,483)	(1,111)	(2,626)
8 Long-term debt	(5,737)	(5,770)	(5,728)	(5,715)	(5,641)	(5,626)	(11,507)	(11,267)
9 Total interest expense on debt securities	(6,325)	(6,293)	(6,554)	(6,686)	(6,784)	(7,109)	(12,618)	(13,893)
10 Due to Participation Certificate investors	(178)	(235)	(142)	(153)	(131)	(140)	(413)	(271)
11 Total expense on interest-bearing liabilities	(6,503)	(6,528)	(6,696)	(6,839)	(6,915)	(7,249)	(13,031)	(14,164)
12 Income (expense) related to derivatives	(130)	112	125	(7)	(136)	(234)	(18)	(370)
13 Total funding of interest-earning assets	(6,633)	(6,416)	(6,571)	(6,846)	(7,051)	(7,483)	(13,049)	(14,534)
14 Net interest income	2,126	2,625	2,321	2,065	1,661	1,406	4,751	3,067
15 Fully taxable-equivalent adjustment ⁽³⁾	63	63	67	74	76	84	126	160
16 Net interest income (fully taxable-equivalent basis)	\$ 2,189	\$ 2,688	\$ 2,388	\$ 2,139	\$ 1,737	\$ 1,490	\$ 4,877	\$ 3,227
Average Balances:								
17 Mortgage loans ⁽⁴⁾	\$ 60,718	\$ 60,436	\$ 62,739	\$ 62,410	\$ 61,716	\$ 61,007	\$ 60,577	\$ 61,362
18 Mortgage-related securities ⁽⁵⁾	583,769	579,252	596,705	601,131	594,343	606,051	581,511	600,197
19 Total Retained portfolio	644,487	639,688	659,444	663,541	656,059	667,058	642,088	661,559
20 Investments ^{(2),(5)}	90,657	81,391	86,765	68,517	56,195	52,967	86,024	54,581
21 Securities purchased under agreements to resell and Federal funds sold	31,258	28,831	29,043	30,851	24,737	27,338	30,044	26,037
22 Total interest-earning assets	766,402	749,910	775,252	762,909	736,991	747,363	758,156	742,177
23 Short-term debt	210,320	183,408	222,503	204,056	190,206	201,905	196,864	196,056
24 Long-term debt	534,183	532,649	524,909	531,524	517,432	512,908	533,416	515,170
25 Total debt securities	744,503	716,057	747,412	735,580	707,638	714,813	730,280	711,226
26 Due to Participation Certificate investors	12,020	16,408	10,125	11,052	9,602	10,593	14,214	10,097
27 Total interest-bearing liabilities	756,523	732,465	757,537	746,632	717,240	725,406	744,494	721,323
28 Net non-interest-bearing funding	9,879	17,445	17,715	16,277	19,751	21,957	13,662	20,854
29 Total funding of interest-earning assets	\$ 766,402	\$ 749,910	\$ 775,252	\$ 762,909	\$ 736,991	\$ 747,363	\$ 758,156	\$ 742,177
Yield/Cost:								
30 Mortgage loans	6.44 %	6.67 %	6.33 %	6.59 %	6.48 %	6.69 %	6.56 %	6.58 %
31 Mortgage-related securities	4.77	5.03	4.71	4.79	4.83	4.78	4.90	4.81
32 Total Retained portfolio	4.92	5.19	4.86	4.96	4.99	4.96	5.05	4.97
33 Investments	3.26	3.30	3.50	3.07	2.71	3.13	3.28	2.91
34 Securities purchased under agreements to resell and Federal funds sold	1.05	1.04	1.47	2.03	2.48	3.01	1.04	2.76
35 Yield on total interest-earning assets	4.57	4.82	4.58	4.67	4.73	4.75	4.70	4.74
36 Short-term debt	(1.11)	(1.13)	(1.45)	(1.86)	(2.40)	(2.91)	(1.12)	(2.66)
37 Long-term debt	(4.29)	(4.33)	(4.36)	(4.29)	(4.36)	(4.38)	(4.31)	(4.37)
38 Total debt securities	(3.39)	(3.51)	(3.49)	(3.62)	(3.84)	(3.97)	(3.45)	(3.90)
39 Due to Participation Certificate investors	(5.92)	(5.73)	(5.61)	(5.54)	(5.43)	(5.30)	(5.81)	(5.36)
40 Cost of interest-bearing liabilities	(3.43)	(3.56)	(3.52)	(3.65)	(3.86)	(3.98)	(3.50)	(3.92)
41 Income (expense) related to derivatives	(0.07)	0.06	0.06	-	(0.08)	(0.13)	-	(0.10)
42 Impact of net non-interest-bearing funding	0.05	0.08	0.08	0.08	0.11	0.12	0.06	0.11
43 Total funding of interest-earning assets ⁽⁶⁾	(3.46)	(3.42)	(3.38)	(3.57)	(3.83)	(3.99)	(3.44)	(3.91)
44 Net interest yield ⁽⁶⁾	1.11	1.40	1.21	1.09	0.90	0.76	1.26	0.83
45 Fully taxable-equivalent adjustment ⁽³⁾	0.03	0.03	0.03	0.04	0.04	0.04	0.03	0.04
46 Net interest yield (fully taxable-equivalent basis) ⁽⁶⁾	1.15 %	1.44 %	1.24 %	1.13 %	0.94 %	0.80 %	1.29 %	0.87 %

(1) As discussed in Table 1, footnote 1, a model enhancement resulted in \$(67) million of additional pre-tax amortization expense in the first quarter of 2005.

(2) Investments consists of Cash and cash equivalents, as well as mortgage-related and non-mortgage-related securities in the Cash and investments portfolio.

(3) Represents the adjustment necessary to calculate the tax exempt income and yield on a tax equivalent basis. We analyze Net interest income and yield on a taxable-equivalent basis, which allows for the comparison of tax-exempt or tax-advantaged securities to those of fully taxable securities.

(4) Non-accrual loans are included in average balances.

(5) For all securities in the Retained portfolio, as well as securities in the Cash and investments portfolio classified as available-for-sale, we calculate average balances excluding their mark-to-fair value adjustments and the effects of other-than-temporary impairments. For securities in the Cash and investments portfolio classified as trading, we calculate average balances based on their fair values.

(6) May not sum due to rounding.

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

Line:		1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005	2Q 2005	Six months ended June 30,	
								2004	2005
	Net Interest Income:								
1	Contractual amounts of net interest income	\$ 3,146	\$ 2,897	\$ 3,008	\$ 2,695	\$ 2,406	\$ 2,344	\$ 6,043	\$ 4,750
	Deferred item amortization expense, net: ⁽¹⁾								
2	Asset-related amortization expense, net	(592)	(62)	(446)	(308)	(219)	(348)	(654)	(567)
3	Debt-related amortization expense, net	(298)	(322)	(366)	(315)	(390)	(356)	(620)	(746)
4	Total deferred item amortization expense, net	(890)	(384)	(812)	(623)	(609)	(704)	(1,274)	(1,313)
	Income (expense) related to derivatives:								
5	Amortization of deferred balances in AOCI, net ⁽²⁾	(367)	(482)	(481)	(484)	(473)	(489)	(849)	(962)
	Accrual of periodic settlements of derivatives: ⁽³⁾								
6	Pay-fixed swaps	(427)	-	-	-	-	-	(427)	-
7	Receive-fixed swaps	527	494	525	422	329	303	1,021	632
8	Foreign-currency swaps	138	101	82	55	8	(48)	239	(40)
9	Other	(1)	(1)	(1)	-	-	-	(2)	-
10	Total accrual of periodic settlements of derivatives	237	594	606	477	337	255	831	592
11	Total income (expense) related to derivatives	(130)	112	125	(7)	(136)	(234)	(18)	(370)
12	Net interest income	2,126	2,625	2,321	2,065	1,661	1,406	4,751	3,067
13	Fully taxable-equivalent adjustment	63	63	67	74	76	84	126	160
14	Net interest income (fully taxable-equivalent basis)	\$ 2,189	\$ 2,688	\$ 2,388	\$ 2,139	\$ 1,737	\$ 1,490	\$ 4,877	\$ 3,227

(1) Amortization relates to premiums, discounts, deferred fees and other adjustments to the carrying value of our financial instruments.

(2) Represents changes in fair values of derivatives in cash flow hedge relationships that were previously deferred in AOCI and have been reclassified to earnings as the associated hedged forecasted issuances of debt and forecasted mortgage purchase transactions affect earnings.

(3) Reflects the accrual of periodic cash settlements in accordance with the contractual terms of all derivatives in qualifying hedge accounting relationships.

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

Line:	1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005	2Q 2005	Six months ended June 30,	
							2004	2005
	<u>Non-Interest Income (Loss):</u>							
1	\$ 384	\$ 251	\$ 380	\$ 367	\$ 334	\$ 386	\$ 635	\$ 720
2	(643)	571	(846)	(217)	(123)	(562)	(72)	(685)
3	151	231	157	193	198	224	382	422
4	101	420	(3,571)	(1,425)	(578)	(169)	521	(747)
5	327	119	262	35	(33)	(38)	446	(71)
	Gains (losses) on investment activity:							
6	(243)	(391)	(243)	(194)	(138)	(17)	(634)	(155)
7	(119)	251	(147)	73	65	(170)	132	(105)
8	63	69	32	45	49	48	132	97
9	65	9	241	269	143	391	74	534
10	(30)	(6)	(16)	(14)	(7)	(60)	(36)	(67)
11	(3)	(38)	(3)	(16)	(6)	(9)	(41)	(15)
12	-	(4)	2	-	-	(2)	(4)	(2)
13	(267)	(110)	(134)	163	106	181	(377)	287
14	(227)	(37)	(14)	(49)	74	22	(264)	96
15	39	45	36	39	38	34	84	72
16	109	42	39	40	23	40	151	63
17	\$ (26)	\$ 1,532	\$ (3,691)	\$ (854)	\$ 39	\$ 118	\$ 1,506	\$ 157

- (1) Represents the change in fair value of the Guarantee asset for Participation Certificates, at fair value related to PCs held by third parties that have previously been sold pursuant to Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," or SFAS 140, and PCs issued through our Guarantor Program.
- (2) The enhancements discussed in Table 1, footnote 1 resulted in (i) a gain of \$487 million in Gains (losses) on "Guarantee asset for Participation Certificates, at fair value", (ii) a loss of \$(10) million in Derivative gains (losses), (iii) a loss of \$(1) million in Gains (losses) on Participation Certificate residuals, at fair value and (iv) a loss of \$(2) million in Lower-of-cost-or-market valuation adjustments during the second quarter of 2005.
- (3) Includes mark-to-fair value of derivatives that are not in a qualifying hedge accounting relationship. In addition, includes the accrual of periodic settlements for derivatives that are not in a qualifying hedge accounting relationship.
- (4) Hedge accounting gains (losses), or hedge accounting ineffectiveness, relates to derivatives that are in a qualifying hedge accounting relationship. For derivatives designated as fair value hedges, hedge accounting ineffectiveness arises when the fair value change of a derivative is not equal to the fair value change of the hedged item. For derivatives designated as cash flow hedges, hedge accounting ineffectiveness generally arises when the change in fair value of a derivative from the inception of the hedge is greater than the cumulative change in the fair value of the expected future cash flows on the hedged transaction.
- (5) 2004 includes gains and losses on the sale of PCs classified as trading attributable to the recognition of guarantee assets and obligations. Other gains and losses on trading securities are included in line 6.
- (6) Includes impairments on securities classified as available-for-sale and trading. Impairments relating to securities within the scope of Emerging Issues Task Force Issue No. 99-20, "Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets," are calculated and recorded for both available-for-sale and trading securities.
- (7) In 1Q 2004, we recorded amounts relating to prior periods to adjust for certain errors not material to the financial statements of previously reported periods. The net adjustment in 1Q 2004 increased Other income by \$58 million (\$38 million after-tax).

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

Line:	1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005	2Q 2005	Six months ended June 30, 2004		2005	
Management and guarantee income: ⁽¹⁾										
1	\$ 320	\$ 322	\$ 324	\$ 337	\$ 345	\$ 350	\$ 642	\$ 695		
2	64	(71)	56	30	(11)	36	(7)	25		
3	\$ 384	\$ 251	\$ 380	\$ 367	\$ 334	\$ 386	\$ 635	\$ 720		
4	16.7 bp	16.6 bp	16.3 bp	16.3 bp	16.0 bp	15.7 bp	16.6 bp	15.8 bp		
5	3.4	(3.7)	2.8	1.4	(0.5)	1.6	(0.2)	0.6		
6	20.1 bp	12.9 bp	19.1 bp	17.7 bp	15.5 bp	17.3 bp	16.4 bp	16.4 bp		
7	\$ 256	\$ 316	\$ 267	\$ 215	\$ 224	\$ 194	\$ 316	\$ 194		
Gains (losses) on "Guarantee asset for Participation Certificates, at fair value": ⁽²⁾										
8	\$ (258)	\$ (268)	\$ (274)	\$ (286)	\$ (302)	\$ (310)	\$ (526)	\$ (612)		
9	59	68	67	63	61	56	127	117		
10	(199)	(200)	(207)	(223)	(241)	(254)	(399)	(495)		
11	(444)	771	(639)	6	118	(795)	327	(677)		
12	-	-	-	-	-	487	-	487		
13	\$ (643)	\$ 571	\$ (846)	\$ (217)	\$ (123)	\$ (562)	\$ (72)	\$ (685)		
Guarantee asset for Participation Certificates, at fair value:										
14	\$ 3,686	\$ 3,583	\$ 4,724	\$ 4,184	\$ 4,516	\$ 4,766	\$ 3,686	\$ 4,516		
15	540	570	306	549	373	464	1,110	837		
16	(643)	571	(846)	(217)	(123)	(562)	(72)	(685)		
17	\$ 3,583	\$ 4,724	\$ 4,184	\$ 4,516	\$ 4,766	\$ 4,668	\$ 4,724	\$ 4,668		
Guarantee obligation for Participation Certificates:										
18	\$ 2,904	\$ 3,241	\$ 3,557	\$ 3,727	\$ 4,065	\$ 4,306	\$ 2,904	\$ 4,065		
19	(2)	(3)	(3)	(5)	(1)	(1)	(5)	(2)		
20	286	322	224	342	221	280	608	501		
21	204	228	106	194	219	271	432	490		
22	(23)	(37)	(28)	(40)	(41)	(51)	(60)	(92)		
23	(128)	(194)	(129)	(153)	(157)	(173)	(322)	(330)		
24	(151)	(231)	(157)	(193)	(198)	(224)	(382)	(422)		
25	\$ 3,241	\$ 3,557	\$ 3,727	\$ 4,065	\$ 4,306	\$ 4,632	\$ 3,557	\$ 4,632		
Components of Guarantee obligation for Participation Certificates, at period end:										
26	\$ 711	\$ 798	\$ 857	\$ 940	\$ 1,050	\$ 1,167	\$ 798	\$ 1,167		
27	2,530	2,759	2,870	3,125	3,256	3,465	2,759	3,465		
28	\$ 3,241	\$ 3,557	\$ 3,727	\$ 4,065	\$ 4,306	\$ 4,632	\$ 3,557	\$ 4,632		
29	77%	80%	82%	82%	81%	81%	80%	81%		
30	81%	84%	85%	87%	89%	90%	84%	90%		

(1) Excludes amounts related to PCs held by us that are reported in Net interest income.

(2) In accordance with Statement of Financial Accounting Standards No. 91, "Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases," or SFAS 91, credit and buy-down fees are amortized over the estimated lives of the underlying securities using the retrospective effective interest method. This method of amortization results in periodic adjustments when the effective interest rate changes due to differences between actual and estimated prepayments and changes in estimated future prepayments. Catch-up adjustments are made to the unamortized balances of the deferred items to reflect the application of the updated effective yield as if it had been in effect since acquisition.

(3) Represents the change in fair value of the Guarantee asset for Participation Certificates, at fair value, related to PCs held by third parties that have previously been sold pursuant to SFAS 140 and PCs issued through our Guarantor Program.

(4) Represents guarantee fees on PCs and Structured Securities held by third parties for which a recognized guarantee asset exists.

(5) As discussed in Table 1, footnote 1, we implemented certain model enhancements during the second quarter of 2005. As a result, the carrying value of our Guarantee asset increased by \$487 million with a corresponding gain presented in Gains (losses) on "Guarantee asset for Participation Certificates, at fair value" in the second quarter of 2005.

(6) Represents the portion of the initial guarantee obligation recognized upon the sale of PCs or Structured Securities that correspond to incurred credit losses inherent in the underlying mortgage loans at the time of sale that are reclassified to Reserve for guarantee losses on Participation Certificates.

(7) Includes the fair value of guarantee obligations that were recognized in connection with transfers of PCs and Structured Securities that qualified as sales, as well as the fair value of guarantee obligations recognized that related to PCs and Structured Securities issued in Guarantor swaps and other similar transactions subject to Financial Accounting Standards Board Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," or FIN 45. The amount is presented net of reductions attributable to purchases of PCs or Structured Securities.

(8) Represents the excess of recognized consideration received on guarantee transactions that are accounted for pursuant to the requirements of FIN 45 over the recognized fair value of corresponding guarantee obligations. Consideration received includes the contractual right to receive guarantee fees, various credit enhancements for which we are the named beneficiary and upfront cash payments that relate to credit and buy-down fees.

(9) Relates to upfront cash payments in the form of credit fees and buy-down payments that are received from counterparties to guarantee transactions that are accounted for pursuant to FIN 45 (e.g., Guarantor swaps).

(10) Represents that portion of recognized guarantee obligations that is unrelated to credit fees and buy-down payments that are received in transactions that are accounted for pursuant to FIN 45.

(11) Based on end-of-period balances.

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

Line:	1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005	2Q 2005	<u>Six months ended June 30,</u>	
							2004	2005
	<u>Derivative Gains (Losses):</u> ⁽¹⁾							
1	\$ 2,691	\$ (5,021)	\$ 3,087	\$ (371)	\$ (942)	\$ 2,203	\$ (2,330)	\$ 1,261
2	(1,194)	975	(1,096)	(108)	273	(348)	(219)	(75)
3	(1,239)	5,788	(4,974)	(368)	1,142	(3,792)	4,549	(2,650)
4	(58)	(59)	31	(310)	(715)	1,295	(117)	580
5	84	(144)	(163)	10	(188)	480	(60)	292
6	79	(500)	116	29	(29)	118	(421)	89
7	-	-	-	-	-	-	-	-
8	(27)	-	(17)	-	(4)	(11)	(27)	(15)
9	336	1,039	(3,016)	(1,118)	(463)	(55)	1,375	(518)
	Accrual of periodic settlements:							
10	(267)	(628)	(562)	(369)	(245)	(254)	(895)	(499)
11	30	7	6	61	130	140	37	270
12	2	2	1	1	-	-	4	-
13	(235)	(619)	(555)	(307)	(115)	(114)	(854)	(229)
14	\$ 101	\$ 420	\$ (3,571)	\$ (1,425)	\$ (578)	\$ (169)	\$ 521	\$ (747)
	<u>Notional Amounts (period end):</u>							
15	\$ 223,505	\$ 226,420	\$ 207,095	\$ 189,945	\$ 152,190	\$ 138,140		
16	128,675	88,715	70,815	25,175	31,985	39,785		
17	29,649	156,133	150,129	95,043	128,988	125,219		
18	835	702	2,702	25,572	40,064	62,227		
19	137,860	125,704	149,390	129,110	78,471	59,212		
20	116,310	83,996	131,875	13,314	35,034	55,329		
21	142,179	128,236	119,977	113,692	99,335	94,000		
22	46,231	41,819	35,063	30,612	29,141	27,926		
23	\$ 825,244	\$ 851,725	\$ 867,046	\$ 622,463	\$ 595,208	\$ 601,838		

(1) Includes gains or losses reclassified from AOCI as a result of the termination of cash flow hedge designations because we determined that the related forecasted transaction is probable of not occurring.

(2) In the first quarter of 2005, we agreed to an early termination of the prepayment management agreement effective December 31, 2005.

(3) Consists of basis swaps, certain option-based contracts, foreign-currency swaps, swap guarantee derivatives, credit derivatives and, in 2004, derivatives held as part of our external Money Manager program.

FREDDIE MAC
TOTAL DERIVATIVE PORTFOLIO ⁽¹⁾
TABLE 5B
(unaudited)
(dollars in millions)

Line:	December 31, 2004		March 31, 2005		June 30, 2005	
	Notional	Fair Value ⁽²⁾	Notional	Fair Value ⁽²⁾	Notional	Fair Value ⁽²⁾
	Interest-rate swaps:					
1	\$ 95,043	\$ (2,879)	\$ 128,988	\$ (932)	\$ 125,219	\$ (4,070)
2	83,602	2,394	96,959	1,705	120,115	3,604
3	94	1	86	-	52	-
4	<u>178,739</u>	<u>(484)</u>	<u>226,033</u>	<u>773</u>	<u>245,386</u>	<u>(466)</u>
	Option-based:					
5	189,945	4,988	152,190	2,640	138,140	4,686
6	25,175	267	31,985	544	39,785	463
7	18,981	2	18,285	2	24,430	7
8	<u>234,101</u>	<u>5,257</u>	<u>202,460</u>	<u>3,186</u>	<u>202,355</u>	<u>5,156</u>
9	129,110	(33)	78,471	(197)	59,212	52
10	56,850	10,303	52,942	8,145	43,743	3,684
11	<u>598,800</u>	<u>15,043</u>	<u>559,906</u>	<u>11,907</u>	<u>550,696</u>	<u>8,426</u>
12	32,952	(9)	52,060	148	56,586	46
13	113,692	-	99,335	-	94,000	-
14	10,926	(2)	10,104	(1)	2,784	(1)
15	<u>408</u>	<u>(1)</u>	<u>465</u>	<u>(1)</u>	<u>464</u>	<u>(1)</u>
16	<u>\$ 756,778</u>	<u>\$ 15,031</u>	<u>\$ 721,870</u>	<u>\$ 12,053</u>	<u>\$ 704,530</u>	<u>\$ 8,470</u>

(1) Includes derivatives designated in hedge accounting relationships and those that are not.

(2) 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 as permitted by GAAP, and is reported in the Derivative assets, at fair value and Derivative liabilities, at fair value captions. The fair value for futures are directly derived from quoted market prices. Fair values of other derivatives are derived primarily from valuation models with incorporation of market-based inputs.

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

Line:		1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005	2Q 2005	Six months ended June 30,	
								2004	2005
	Non-Interest Expense:								
	Administrative expenses:								
1	Salaries and employee benefits	\$ 169	\$ 176	\$ 191	\$ 222	\$ 196	\$ 198	\$ 345	\$ 394
2	Professional services	99	158	149	182	114	78	257	192
3	Occupancy expense	12	15	16	17	14	13	27	27
4	Other administrative expenses ⁽¹⁾	<u>25</u>	<u>19</u>	<u>27</u>	<u>73</u>	<u>50</u>	<u>54</u>	<u>44</u>	<u>104</u>
5	Total administrative expenses	305	368	383	494	374	343	673	717
6	Provision (benefit) for credit losses	2	27	56	58	24	23	29	47
7	REO operations (income) expense	(3)	-	(1)	1	8	5	(3)	13
8	Housing tax credit partnerships	62	61	75	83	83	80	123	163
9	Minority interests in earnings of consolidated subsidiaries	35	34	31	29	27	26	69	53
	Other expenses:								
10	Selected affordable housing transaction fees ⁽²⁾	41	-	-	-	-	-	41	-
11	Amortization of credit enhancements ⁽³⁾	21	25	19	21	20	23	46	43
12	Recognized losses on certain guarantees ⁽⁴⁾	10	6	11	6	8	12	16	20
13	Loan Prospector [®] -related expenses	16	16	12	12	16	13	32	29
14	Other	<u>14</u>	<u>11</u>	<u>17</u>	<u>13</u>	<u>14</u>	<u>10</u>	<u>25</u>	<u>24</u>
15	Total other expenses	<u>102</u>	<u>58</u>	<u>59</u>	<u>52</u>	<u>58</u>	<u>58</u>	<u>160</u>	<u>116</u>
16	Total non-interest expense	\$ 503	\$ 548	\$ 603	\$ 717	\$ 574	\$ 535	\$ 1,051	\$ 1,109

- (1) Other administrative expenses are presented net of deferred expenses, including Salaries and employee benefits, Professional services and certain other expenses, relating to capitalized software development activities. The reduction to Other administrative expenses with respect to capitalized software development, net of impairments, was \$85 million and \$55 million for the six months ended June 30, 2004 and 2005, respectively. These amounts were offset by related amortization expenses of \$22 million and \$53 million for the six months ended June 30, 2004 and 2005, respectively, which were also recorded in Other administrative expenses. Capitalized software development costs are amortized over periods of three years or less based upon useful life.
- (2) Represents the payment of fees totaling \$41 million in the first quarter of 2004, for contractual incentives associated with certain affordable housing transactions. We also incur economic costs, in addition to transaction fees, to support our housing mission that are not reflected in this line item, such as accepting reduced Management and guarantee income to encourage originators to sell certain mortgage loans to us.
- (3) Credit enhancements are amortized into Other expenses over the shorter of the credit enhancement's contractual term or the period the related mortgage loan remains outstanding.
- (4) When the Guarantee obligation for Participation Certificates exceeds the Guarantee asset for Participation Certificates, at fair value at the inception of a particular transaction, the excess is recorded as a loss in Other expenses.

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

Line:	2004								2005			
	March 31,		June 30,		September 30,		December 31,		March 31,		June 30,	
	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⁾	Carrying Amount ⁽²⁾	Fair Value ⁽³⁾
	Assets:											
1	\$ 60.7	\$ 64.1	\$ 59.8	\$ 61.3	\$ 60.7	\$ 63.1	\$ 61.3	\$ 63.3	\$ 61.6	\$ 63.1	\$ 60.9	\$ 63.4
2	594.6	594.9	590.8	591.1	611.9	612.2	603.2	603.4	599.8	600.1	613.0	613.2
3	655.3	659.0	650.6	652.4	672.6	675.3	664.5	666.7	661.4	663.2	673.9	676.6
4	21.9	21.9	19.1	19.1	11.6	11.6	35.3	35.3	19.7	19.7	9.2	9.2
5	71.3	71.3	69.3	69.3	72.9	72.9	29.8	29.8	37.9	37.9	40.9	40.9
6	25.8	25.8	34.2	34.2	18.3	18.3	32.2	32.2	25.4	25.4	29.1	29.1
7	14.9	14.9	12.5	12.5	11.0	11.0	15.3	15.3	12.5	12.5	8.7	8.7
8	3.6	4.2	4.7	5.4	4.2	4.8	4.5	5.0	4.8	5.2	4.7	5.1
9	14.8	14.1	15.0	14.1	17.2	16.2	13.7	13.3	14.0	12.7	13.5	13.5
10	\$ 807.6	\$ 811.2	\$ 805.4	\$ 807.0	\$ 807.8	\$ 810.1	\$ 795.3	\$ 797.6	\$ 775.7	\$ 776.6	\$ 780.0	\$ 783.1
	Liabilities and minority interests:											
11	\$ 737.7	\$ 751.7	\$ 744.3	\$ 746.7	\$ 747.2	\$ 755.1	\$ 731.7	\$ 737.0	\$ 717.7	\$ 717.6	\$ 716.0	\$ 722.0
12	3.3	2.2	3.6	2.5	3.7	2.2	4.1	2.1	4.3	1.9	4.6	2.4
13	0.3	0.3	0.7	0.7	0.5	0.5	0.2	0.2	0.4	0.4	0.2	0.2
14	0.1	-	0.1	-	0.1	-	0.2	-	0.2	-	0.2	-
15	30.5	27.0	26.4	26.0	23.0	21.1	26.2	25.7	23.6	24.0	25.7	25.4
16	1.8	2.0	1.7	1.9	1.6	1.8	1.5	1.7	1.4	1.5	1.3	1.5
17	773.7	783.2	776.8	777.8	776.1	780.7	763.9	766.7	747.6	745.4	748.0	751.5
	Net assets attributable to stockholders:											
18	4.6	4.4	4.6	4.2	4.6	4.2	4.6	4.1	4.6	4.2	4.6	4.2
19	29.3	23.6	24.0	25.0	27.1	25.2	26.8	26.8	23.5	27.0	27.4	27.4
20	33.9	28.0	28.6	29.2	31.7	29.4	31.4	30.9	28.1	31.2	32.0	31.6
21	\$ 807.6	\$ 811.2	\$ 805.4	\$ 807.0	\$ 807.8	\$ 810.1	\$ 795.3	\$ 797.6	\$ 775.7	\$ 776.6	\$ 780.0	\$ 783.1

- (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 consolidated GAAP 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 June 30, 2004, \$(0.1) billion at September 30, 2004, \$0.6 billion at December 31, 2004 and \$0.2 billion at March 31, 2005. During the second quarter of 2005, we implemented enhancements to models, primarily with respect to those we use to estimate the fair values of our guarantee-related assets and liabilities. The net impact of the enhancements implemented in second quarter 2005 on the total fair value of net assets rounds to zero and includes pre-tax increases in the fair values of the Guarantee asset for Participation Certificates of \$0.5 billion and Other assets of \$0.1 billion, offset by an increase to the Guarantee obligation for Participation Certificates of \$0.7 billion.
- (4) The fair value of Mortgage-related securities reported in this table exceeds the carrying value because the fair value includes PC residuals related to Participation Certificates held in the Retained portfolio that are not recognized under GAAP 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% statutory rate on the difference between the consolidated fair value balance sheets pre-tax net assets and the consolidated GAAP balance sheets pre-tax net assets.

FREDDIE MAC
MORTGAGE PORTFOLIO ACTIVITY BASED ON UNPAID PRINCIPAL BALANCES⁽¹⁾
TABLE 8A
(unaudited)
(dollars in millions)

Line:	1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005	2Q 2005	Six months ended June 30,	
							2004	2005
Retained Portfolio: ⁽²⁾								
1	\$ 645,466	\$ 636,172	\$ 644,417	\$ 659,949	\$ 652,936	\$ 656,720	\$ 645,466	\$ 652,936
2	37,879	68,925	67,284	51,627	57,684	75,828	106,804	133,512
3	(6,079)	(7,818)	(8,517)	(14,101)	(13,867)	(21,645)	(13,897)	(35,512)
4	(41,094)	(52,862)	(43,235)	(44,539)	(40,033)	(45,900)	(93,956)	(85,933)
5	(9,294)	8,245	15,532	(7,013)	3,784	8,283	(1,049)	12,067
6	\$ 636,172	\$ 644,417	\$ 659,949	\$ 652,936	\$ 656,720	\$ 665,003	\$ 644,417	\$ 665,003
7	(6%)	5%	10%	(4%)	2%	5%	0%	4%
8	25%	33%	27%	27%	25%	28%	29%	26%
9	44%	44%	44%	43%	43%	42%	44%	42%
Retained Portfolio Components (period end):								
10	\$ 376,114	\$ 373,680	\$ 372,760	\$ 356,698	\$ 350,390	\$ 336,233	\$ 373,680	\$ 336,233
11	199,334	210,920	226,381	234,878	244,594	267,784	210,920	267,784
12	60,724	59,817	60,808	61,360	61,736	60,986	59,817	60,986
13	\$ 636,172	\$ 644,417	\$ 659,949	\$ 652,936	\$ 656,720	\$ 665,003	\$ 644,417	\$ 665,003
Outstanding PCs and Structured Securities: ⁽⁸⁾								
14	\$ 768,933	\$ 795,339	\$ 815,787	\$ 829,143	\$ 852,270	\$ 873,317	\$ 768,933	\$ 852,270
15	90,763	118,888	77,756	77,701	77,128	95,614	209,651	172,742
16	(14,773)	(35,690)	(27,279)	(18,493)	(23,246)	(24,922)	(50,463)	(48,168)
17	7,220	8,119	8,301	14,961	13,072	21,231	15,339	34,303
18	(56,804)	(70,869)	(45,422)	(51,042)	(45,907)	(50,814)	(127,673)	(96,721)
19	26,406	20,448	13,356	23,127	21,047	41,109	46,854	62,156
20	\$ 795,339	\$ 815,787	\$ 829,143	\$ 852,270	\$ 873,317	\$ 914,426	\$ 815,787	\$ 914,426
21	20,155	20,741	20,279	-	-	-	20,741	-
22	\$ 775,184	\$ 795,046	\$ 808,864	\$ 852,270	\$ 873,317	\$ 914,426	\$ 795,046	\$ 914,426
23	12%	10%	7%	21%	10%	19%	11%	15%
24	30%	36%	22%	25%	22%	23%	33%	23%

(1) Excludes mortgage loans and mortgage-related securities traded, but not yet settled.

(2) Excludes mortgage-related securities that were held in connection with our PC market-making and support activities, and reflected in the Investments caption on the consolidated balance sheets. See footnote (10) below.

(3) Includes certain mortgage-related securities that have been transferred from the Investments caption on the consolidated balance sheets during the first, second and third quarters of 2004.

(4) Includes a reduction in the Retained portfolio for mortgage-related securities that have been sold and credit-related impairments net of additions to the Retained portfolio for delinquent mortgage loans and balloon reset mortgage loans that have been purchased out of PC pools.

(5) The Retained portfolio presented in this table differs from the Retained portfolio presented in our consolidated balance sheets because the consolidated balance sheets caption includes valuation adjustments (e.g., fair value adjustments for securities classified as available-for-sale and trading and the Reserve for losses on mortgage loans held-for-investment) and deferred balances (e.g., premiums and discounts).

(6) The sale of mortgages and mortgage-related securities is not included in the calculation of liquidation rates.

(7) Total mortgage portfolio is equal to the sum of Retained portfolio (Table 8A-line 6) and Outstanding PCs and Structured Securities including Other PCs and Structured Securities held by Freddie Mac (Table 8A-line 20).

(8) Equal to ending balance of Total PCs Issued and Structured Securities (Table 8B-line 13), less Freddie Mac securities held in Retained portfolio (Table 8A-line 10) and Other PCs and Structured Securities held by Freddie Mac (Table 8A-line 21).

(9) Liquidations include prepayment activity and delinquent mortgage loans and balloon reset mortgage loans purchased out of PC pools and exclude liquidations on PCs and Structured Securities backed by non-Freddie Mac mortgage-related securities held in the Retained portfolio.

(10) Represents the ending balance of PCs and Structured Securities held by us in connection with our PC market-making and support activities that historically have been reflected in the Investments caption on the consolidated balance sheets. As previously disclosed in our Information Statement Supplement dated October 4, 2004, we ceased our PC market-making and support activities accomplished through our Securities Sales & Trading Group business unit and our external Money Manager program during the fourth quarter of 2004.

(11) Calculated based on the ending balance of Outstanding PCs and Structured Securities (Table 8A-line 22).

(12) Calculated based on Subtotal (includes Other PCs and Structured Securities held by Freddie Mac) (Table 8A-line 20) because Liquidations (Table 8A-line 18) excludes liquidations of Other PCs and Structured Securities held by Freddie Mac.

FREDDIE MAC
MORTGAGE PORTFOLIO ACTIVITY BASED ON UNPAID PRINCIPAL BALANCES ⁽¹⁾
TABLE 8B
(unaudited)
(dollars in millions)

Line:	1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005	2Q 2005	Six months ended June 30,	
							2004	2005
<u>Total Mortgage Portfolio:</u> ⁽²⁾								
1	\$ 1,414,399	\$ 1,431,511	\$ 1,460,204	\$ 1,489,092	\$ 1,505,206	\$ 1,530,037	\$ 1,414,399	\$ 1,505,206
2	113,869	152,123	117,761	110,835	111,566	146,520	265,992	258,086
3	(264)	(771)	(1,323)	(394)	(2,024)	(1,291)	(1,035)	(3,315)
4	(96,493)	(122,659)	(87,550)	(94,327)	(84,711)	(95,837)	(219,152)	(180,548)
5	17,112	28,693	28,888	16,114	24,831	49,392	45,805	74,223
6	\$ 1,431,511	\$ 1,460,204	\$ 1,489,092	\$ 1,505,206	\$ 1,530,037	\$ 1,579,429	\$ 1,460,204	\$ 1,579,429
7	5%	8%	8%	4%	7%	13%	6%	10%
8	27%	34%	24%	25%	23%	25%	31%	24%
<u>Total PCs Issued and Structured Securities:</u> ⁽⁶⁾⁽⁷⁾⁽⁸⁾								
9	\$ 1,162,068	\$ 1,171,453	\$ 1,189,467	\$ 1,201,903	\$ 1,208,968	\$ 1,223,707	\$ 1,162,068	\$ 1,208,968
10	90,763	118,888	77,756	77,701	77,128	95,614	209,651	172,742
11	(81,378)	(100,874)	(65,320)	(70,636)	(62,389)	(68,662)	(182,252)	(131,051)
12	9,385	18,014	12,436	7,065	14,739	26,952	27,399	41,691
13	\$ 1,171,453	\$ 1,189,467	\$ 1,201,903	\$ 1,208,968	\$ 1,223,707	\$ 1,250,659	\$ 1,189,467	\$ 1,250,659
14	3%	6%	4%	2%	5%	9%	5%	7%
15	28%	34%	22%	24%	21%	22%	31%	22%
16	\$ 52,765	\$ 61,239	\$ 52,580	\$ 48,846	\$ 55,980	\$ 43,528	\$ 114,004	\$ 99,508

- (1) Excludes mortgage loans and mortgage-related securities traded, but not yet settled.
- (2) Equal to the sum of Retained Portfolio (Table 8A-line 6) and Outstanding PCs and Structured Securities including Other PCs and Structured Securities held by Freddie Mac (Table 8A-line 20).
- (3) Includes certain mortgage-related securities that have been transferred from the Investments caption on the consolidated balance sheets during the first, second and third quarters of 2004.
- (4) Represents non-Freddie Mac mortgage-related securities sales and credit-related impairments.
- (5) The sale of mortgage-related securities is excluded from the calculation of liquidation rates.
- (6) Equal to the sum of Freddie Mac securities held in the Retained portfolio (Table 8A-line 10) and Outstanding PCs and Structured Securities including Other PCs and Structured Securities held by Freddie Mac (Table 8A-line 20).
- (7) Represents PCs and Structured Securities backed by non-Freddie Mac mortgage-related securities and other credit guarantees of mortgage loans held by third parties. The balances and activities are based on the underlying collateral, which ultimately affects the principal amount of the PCs, Structured Securities or credit guarantees of mortgage loans held by third parties.
- (8) Excludes Structured Securities where we have resecured PCs and other previously issued Structured Securities. These excluded Structured Securities do not increase our credit-related exposure and consist of single-class Structured Securities backed by PCs, Real Estate Mortgage Investment Conduits (REMICs) and principal-only strips. The notional balance of interest-only strips is excluded because this table is based on unpaid principal balance. Also excluded are modifiable and combinable REMIC tranches and Interest and Principal classes, where the holder has the option to exchange the security tranches for other pre-defined security tranches.
- (9) Represents liquidations of all PCs and Structured Securities backed by non-Freddie Mac mortgage-related securities and other credit guarantees of mortgage loans held by third parties. Includes prepayment activity and delinquent mortgage loans and balloon reset mortgage loans purchased out of PC pools.
- (10) Includes activity where we have resecured PCs and other previously issued Structured Securities related to multi-class Structured Securities, primarily REMICs as well as principal-only stripped securities and other Structured Securities backed by non-Freddie Mac mortgage-related securities. These amounts exclude resecutizations of PCs into single-class securities.

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

Line:	December 31, 2004				March 31, 2005				June 30, 2005			
	Amount			% AAA Rated	Amount			% AAA Rated	Amount			% AAA Rated
	Fixed Rate	Variable Rate ⁽¹⁾	Total		Fixed Rate	Variable Rate ⁽¹⁾	Total		Fixed Rate	Variable Rate ⁽¹⁾	Total	
1	\$ 56,530	\$ 4,830	\$ 61,360	N/A	\$ 56,396	\$ 5,340	\$ 61,736	N/A	\$ 55,696	\$ 5,290	\$ 60,986	N/A
	PCs and Structured Securities ⁽²⁾											
2	304,555	51,882	356,437	N/A	295,113	55,018	350,131	N/A	279,904	56,071	335,975	N/A
3	261	-	261	N/A	259	-	259	N/A	258	-	258	N/A
4	304,816	51,882	356,698	N/A	295,372	55,018	350,390	N/A	280,162	56,071	336,233	N/A
	Non-Freddie Mac mortgage-related securities:											
	Agency mortgage-related securities: ⁽³⁾											
	Fannie Mae											
5	41,828	14,504	56,332	N/A	39,349	13,831	53,180	N/A	38,519	12,826	51,345	N/A
6	1,589	83	1,672	N/A	1,547	81	1,628	N/A	1,493	80	1,573	N/A
7	1,630	81	1,711	N/A	1,474	99	1,573	N/A	1,407	139	1,546	N/A
8	45,047	14,668	59,715	N/A	42,370	14,011	56,381	N/A	41,419	13,045	54,464	N/A
	Non-agency mortgage-related securities: ⁽⁴⁾											
9	8,288	115,123	123,411	99.2 %	7,149	128,483	135,632	98.6 %	5,954	151,470	157,424	99.4 %
10	36,791	4,393	41,184	100.0	37,435	4,452	41,887	99.6	39,603	4,571	44,174	100.0
11	8,945	132	9,077	71.5	9,101	125	9,226	70.3	10,175	116	10,291	67.9
12	1,289	202	1,491	33.4	1,267	201	1,468	33.4	1,241	190	1,431	33.2
13	55,313	119,850	175,163	97.4 %	54,952	133,261	188,213	96.9 %	56,973	156,347	213,320	97.6 %
14	\$ 461,706	\$ 191,230	652,936		\$ 449,090	\$ 207,630	656,720		\$ 434,250	\$ 230,753	665,003	
15			4,039				3,901				3,768	
16			6,762				-				4,588	
17			845				939				680	
18			(114)				(113)				(107)	
19			\$ 664,468				\$ 661,447				\$ 673,932	

- (1) Variable rate mortgages include mortgages with a current contractual coupon that is scheduled to change prior to contractual maturity. Includes Adjustable Rate Mortgages, or ARMs, and mortgage-related securities backed by ARMs with 1-, 3-, 5-, 7- and 10-year initial fixed-rate periods. Mortgage loans also include mortgages with balloon/reset provisions.
- (2) With respect to our PCs and Structured Securities, we guarantee the payment of principal and interest and are subject to the credit risk associated with the underlying mortgage loan collateral.
- (3) Agency mortgage-related securities are generally not separately rated by credit rating agencies, but are viewed as having a level of credit quality at least equivalent to non-agency mortgage securities rated "AAA" or equivalent.
- (4) Credit rating of most non-agency mortgage-related securities is designated by at least two nationally recognized credit rating agencies.
- (5) The "Other" component of this line item consists of multifamily mortgage-related securities not structured in a commercial mortgage backed security.
- (6) Consists of commercial mortgage securities backed by pools of loans including significant amounts of multifamily mortgages.
- (7) Consists of obligations of states and political subdivisions.
- (8) 43 percent, 43 percent and 42 percent of mortgage-related securities backed by manufactured housing were rated BBB- or above at December 31, 2004, March 31, 2005 and June 30, 2005, respectively. For the same periods, 96 percent, 95 percent and 95 percent of these securities are supported by credit-enhancements such as deal structure through subordination and bond insurance.

FREDDIE MAC
CREDIT QUALITY INDICATORS
TABLE 10
(unaudited)
(dollars in millions)

Line:	2004				2005		Six months ended June 30,	
	1Q 2004	2Q 2004	3Q 2004	4Q 2004	1Q 2005	2Q 2005	2004	2005
Credit Enhancements:								
1	22 %	17 %	22 %	19 %	17 %	17 %	19 %	17 %
2	21 %	20 %	20 %	19 %	18 %	18 %	20 %	18 %
Delinquencies (period end):⁽¹⁾								
Single-family: ⁽²⁾								
<i>Non-credit-enhanced portfolio</i>								
3	0.25 %	0.23 %	0.23 %	0.24 %	0.22 %	0.21 %	0.23 %	0.21 %
4	19,850	18,387	18,666	19,691	18,464	17,579	18,387	17,579
<i>Credit-enhanced portfolio</i>								
5	2.97 %	2.67 %	2.67 %	2.75 %	2.56 %	2.37 %	2.67 %	2.37 %
6	65,014	56,781	55,710	54,913	49,929	45,527	56,781	45,527
Multifamily: ⁽³⁾								
7	0.06 %	0.05 %	0.05 %	0.06 %	0.05 %	0.01 %	0.05 %	0.01 %
8	\$ 32	\$ 29	\$ 29	\$ 35	\$ 27	\$ 4	\$ 29	\$ 4
REO Balances (period end):								
9	\$ 791	\$ 762	\$ 775	\$ 740	\$ 735	\$ 678	\$ 762	\$ 678
10	37	39	39	1	8	8	39	8
11	\$ 828	\$ 801	\$ 814	\$ 741	\$ 743	\$ 686	\$ 801	\$ 686
REO Inventory (number of units):								
12	9,170	9,530	9,482	9,702	9,604	9,602	9,170	9,604
13	4,809	4,731	4,564	4,385	4,372	4,114	9,540	8,486
14	(4,449)	(4,779)	(4,344)	(4,483)	(4,374)	(4,802)	(9,228)	(9,176)
15	9,530	9,482	9,702	9,604	9,602	8,914	9,482	8,914
REO Operations Income (Expense):								
16	\$ 5	\$ -	\$ 2	\$ (8)	\$ (8)	\$ (5)	\$ 5	\$ (13)
17	(2)	-	(1)	7	-	-	(2)	-
18	\$ 3	\$ -	\$ 1	\$ (1)	\$ (8)	\$ (5)	\$ 3	\$ (13)
Loan Loss Reserves:⁽⁴⁾								
19	\$ 299	\$ 239	\$ 231	\$ 248	\$ 264	\$ 264	\$ 299	\$ 264
20	2	27	56	58	24	23	29	47
21	(27)	(35)	(36)	(42)	(30)	(22)	(62)	(52)
22	-	-	-	-	-	(3)	-	(3)
23	(6)	(3)	(6)	(5)	-	(2)	(9)	(2)
24	(29)	3	3	5	6	1	(26)	7
25	\$ 239	\$ 231	\$ 248	\$ 264	\$ 264	\$ 261	\$ 231	\$ 261
26	0.9 bp	1.1 bp	1.1 bp	1.3 bp	0.9 bp	0.8 bp	1.0 bp	0.9 bp
Total Credit Losses (Gains):⁽⁹⁾								
27	\$ 24	\$ 35	\$ 35	\$ 43	\$ 38	\$ 30	\$ 59	\$ 68
28	0.8 bp	1.1 bp	1.1 bp	1.3 bp	1.2 bp	0.9 bp	1.0 bp	1.1 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) Based on the number of mortgages 90 days or more delinquent or in foreclosure.

(3) Based on net carrying value of mortgages 60 days or more delinquent or in foreclosure.

(4) 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).

(5) 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 uncollectible interest on single-family loans underlying PCs held by third parties.

(6) Represents the reclassification of the reserve amount attributable to uncollectible interest on outstanding PCs and Structured Securities which is included as an offset to the related receivable balance within Accounts and other receivables, net on the consolidated balance sheets.

(7) Represents the portion of the initial guarantee obligation recognized upon the sale of PCs or Structured Securities that correspond to incurred credit losses inherent in the underlying mortgage loans at the time of sale that are reclassified from Guarantee obligation for Participation Certificates. In addition, the amount includes a reduction of loan loss reserves of \$31 million and \$5 million in 1Q 2004 and 1Q 2005, respectively, related to prior period adjustments for which the related income was recorded in Other income.

(8) Calculated using the average total mortgage portfolio, excluding non-Freddie Mac mortgage-related securities and that portion of Structured Securities that is backed by Ginnie Mae Certificates.

(9) Equal to REO operations income (expense) (Line 18) plus Charge-offs, net (Lines 21 and 22).