



Freddie Mac's Third Quarter 2007 Financial Results

November 20, 2007

Overview

- Recent market has proven difficult
- Continued to focus on advancing our mission, tightening credit standards and enhancing our long-term profitability
- Credit position remains among the strongest in the industry
- Considering a variety of options to manage to the mandatory target capital surplus and respond to regulatory concerns

Third quarter 2007 financial summary

(\$ Millions, except line 6 in \$ billions)		3Q 2007	2Q 2007	3Q 2007 vs 2Q 2007
1	Net interest income	\$ 987	\$ 973	\$ 14
2	Management and guarantee income	520	474	46
3	Mark-to-market losses on interest-rate related items	(1,484)	1,102	(2,586)
4	Provision for credit losses	(1,197)	(320)	(877)
5	Mark-to-market losses on credit-related items	(2,260)	(435)	(1,825)
6	Change in fair value of common equity before capital transactions	(8.1)	0.8	(8.9)

Analysis of credit-related items

(\$ Millions)		3Q 2007		YTD 2007		Included in Credit- related Costs ¹	Adjusted Provision ²	Adjusted Reserves ²
1	Provision for credit losses	\$	1,197	\$	1,696	\$ 494	\$ 2,190	\$ 2,558
<i>Credit Mark-to-Market Costs</i>								
2	Losses on loans purchased	\$	483	\$	858			
3	PC residual ³		1,082		1,208			
4	Recaptured income ⁴		(118)		(227)			
5	Low credit quality impairments		299		394			
6	Subtotal (2 + 3 + 4 + 5)	\$	1,746	\$	2,233			
7	Subtotal (1 + 6)	\$	2,943	\$	3,929			
8	Net losses on certain credit guarantees ⁵		367		648			
9	Total credit-related costs (7 + 8)	\$	3,310	\$	4,577			

¹ Primarily included in lines 2 and 3.

² Includes \$494 million and \$719 million of provision for credit losses and loan loss reserves, respectively, primarily attributable to credit mark-to-market costs.

³ Primarily credit related.

⁴ Represents recapture of previously recognized losses on loans purchased from PCs.

⁵ Includes \$29 million and \$79 million of accretion for prior losses in 3Q 2007 and YTD 2007, respectively.

2006 and 2007 book year contributions to reserves, charge-offs and delinquencies

	YTD 2007
(\$ Millions)	
1 Charge-offs, net of recoveries	\$ 182
2 Percentage from 2006 / 2007 vintages	19%
3 Total serious delinquencies ¹	51 bps
4 Percentage from 2006 / 2007 vintages	23%
5 Adjusted reserve	\$ 2,558
6 Percentage from 2006 / 2007 vintages	67%

¹ Represents single-family delinquency rates based on the number of loans that are 90 days or more past due.

Single-family current portfolio credit losses through 2009

	3Q 2007		4Q 2007E		2007E			2008E			2009E			Total 4Q 2007 - 2009E	
	(\$ Millions)														
1	Charge-offs, net of recoveries	\$	72	\$	178	\$	357	\$	1,100	\$	1,600	\$	2,878		
2	REO operations expense		50		56		136		400		500		956		
3	Total credit losses	\$	122	\$	234	\$	493	\$	1,500	\$	2,100	\$	3,834		
4	Total credit losses (basis points)		2.9		5		3		8		11				
												Adjusted Reserve	\$	2,558	

Notes: Forecasts rely on models of defaults and assumptions about the housing economy. Assume 5% peak-to-trough decline in house prices in conventional conforming market.

Estimates of charge-offs, net of recoveries do not include losses related to future purchases. Estimates of total credit losses in basis points assume annual 10% growth in guarantee business.

Seriously delinquent loans purchased from pools

Average market price of loans purchased

	Q4 2006	Q1 2007	Q2 2007	Q3 2007
Average market price of loans purchased	93%	87%	83%	72%

Status of loans purchased (based on loan count)

	Year loans purchased from PCs			
	2003	2004	2005	2006
1 Cured ¹	65%	62%	58%	56%
2 REO / foreclosure alternatives	32%	34%	34%	29%
3 Seriously delinquent (90-days or more delinquent)	3%	4%	8%	15%
4 Total	100%	100%	100%	100%

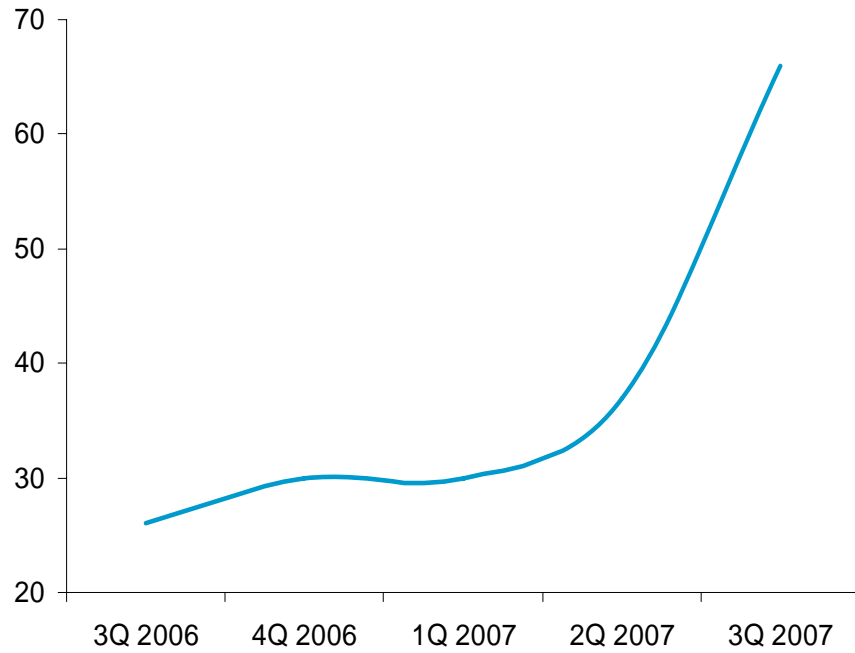
¹ Payoffs and less than 90-days delinquent.

Retained portfolio growth

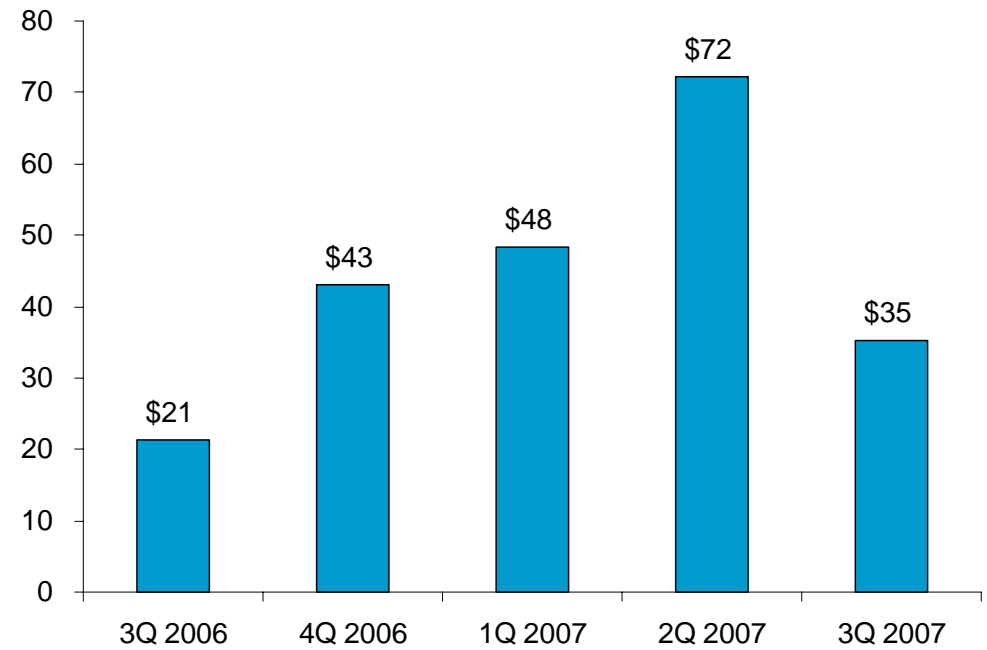
Retained portfolio Mortgage-to-Debt OAS¹

Retained portfolio purchase commitments, net

Basis Points



UPB
\$ Billions



¹ As market conditions change, our estimate of expected fair value gains from OAS may also change, leading to significantly different fair value results.

Single-family credit guarantee portfolio characteristics

Attribute	Total Portfolio as of September 30, 2007 ¹	Alt-A	IO	Option ARM	FICO<620	Original LTV >90%	FICO<620 and Original LTV>90%
1 Balance (UPB \$ Billions)	\$1,655	\$131	\$149	\$15	\$66	\$114	\$12
2 Share of Total Portfolio	100%	8%	9%	1%	4%	7%	1%
3 Average UPB per loan	\$140,129	\$201,454	\$250,362	\$223,679	\$130,885	\$126,312	\$117,216
4 Fixed Rate (% of total portfolio)	86%	41%	22%	0%	88%	91%	93%
5 Owner Occupied	91%	81%	85%	76%	95%	96%	99%
6 Second liens	0%	0%	0%	0%	0%	0%	0%
7 % of Loans with Credit Enhancement	17%	19%	13%	16%	34%	92%	95%
8 % Seriously Delinquent (D90+)	0.51%	1.61%	1.21%	1.32%	2.86%	1.62%	4.54%

¹ Based on the unpaid principal balance of the single-family mortgage portfolio excluding certain structured transactions and non-performing loans purchased under financial guarantees.

Note: Categories other than total portfolio based on internal management reports as of September 30, 2007 or most current period. Numbers are not additive across columns.

Single-family credit guarantee portfolio characteristics

Attribute	Total Portfolio as of September 30, 2007 ¹	FICO<620 and Original LTV>90%					
		Alt-A	IO	Option ARM	FICO<620	Original LTV >90%	FICO<620 and Original LTV>90%
1 Balance (UPB \$ Billions)	\$1,655	\$131	\$149	\$15	\$66	\$114	\$12
2 Share of Total Portfolio	100%	8%	9%	1%	4%	7%	1%
3 Original Loan-to-Value (OLTV)	71%	73%	74%	71%	76%	96%	97%
4 OLTV > 90%	7%	4%	3%	2%	18%	100%	100%
5 Current Loan-to-Value (CLTV)	60%	72%	75%	71%	68%	83%	84%
6 CLTV > 90%	5%	8%	8%	12%	12%	46%	51%
7 CLTV > 100%	1%	2%	1%	3%	2%	10%	11%
8 Average FICO Score	724	715	718	713	590	690	589
9 FICO < 620	4%	4%	4%	3%	100%	10%	100%
Book Year Concentration							
10 2007	20%	45%	54%	0%	28%	29%	35%
11 2006	18%	32%	33%	30%	21%	17%	19%
12 2005	18%	16%	13%	58%	16%	15%	13%
13 2004	13%	4%	0%	12%	11%	12%	9%
14 <= 2003	31%	3%	0%	0%	24%	27%	24%

¹ Based on the unpaid principal balance of the single-family mortgage portfolio excluding certain structured transactions and non-performing loans purchased under financial guarantees.

Note: Categories other than total portfolio based on internal management reports as of September 30, 2007 or most current period. Numbers are not additive across columns.

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

Year of Purchase	Subprime ¹		Alt-A ²	
	UPB (\$ Billions)	Average Credit Enhancement	UPB (\$ Billions)	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%

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.

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.



Appendix

GAAP financial results

(\$ Millions)		1Q 2007	2Q 2007	3Q 2007	3Q 2006	3Q 2007 vs 3Q 2006	3Q 2007 vs 2Q 2007
1	Net interest income	\$ 978	\$ 973	\$ 987	\$ 959	\$ 28	\$ 14
2	Management and guarantee income	460	474	520	427	93	46
3	Non-interest income (loss) - mark-to-market	(1,061)	813	(2,679)	(1,462)	(1,217)	(3,492)
4	Non-interest income (loss) - other	47	(5)	494	167	327	499
5	Total revenues	424	2,255	(678)	91	(769)	(2,933)
6	Administrative expenses	(403)	(442)	(428)	(418)	(10)	14
7	Credit-related expenses	(193)	(336)	(1,248)	(112)	(1,136)	(912)
8	Non-interest expense - mark-to-market	(314)	(392)	(879)	(133)	(746)	(487)
9	Non-interest expense - other	(164)	(208)	(176)	(164)	(12)	32
10	Total expenses	(1,074)	(1,378)	(2,731)	(827)	(1,904)	(1,353)
11	Net income (loss) before taxes	(650)	877	(3,409)	(736)	(2,673)	(4,286)
12	Income tax (expense) benefit	439	(113)	1,380	21	1,359	1,493
13	Net income (loss)	\$ (211)	\$ 764	\$ (2,029)	\$ (715)	\$ (1,314)	\$ (2,793)

Mark-to-market items

(\$ Millions)		1Q 2007	2Q 2007	3Q 2007	3Q 2006	3Q 2007 vs 3Q 2006	3Q 2007 vs 2Q 2007
1	Losses on derivatives excluding accrual of periodic settlements and foreign-currency swaps	\$ (765)	\$ (145)	\$ (1,417)	\$ (822)	\$ (595)	\$ (1,272)
2	Mark-to-market on Guarantee asset	(98)	1,076	(67)	(433)	366	(1,143)
3	Mark-to-market on PC Residual ¹ (includes net GA and GO mark-to-market)	-	171	-	(174)	174	(171)
4	Subtotal interest-rate related items (Lines 1, 2, 3)	(863)	1,102	(1,484)	(1,429)	(55)	(2,586)
5	Losses on certain credit guarantees	(144)	(187)	(396)	(103)	(293)	(209)
6	Losses on loans purchased	(170)	(205)	(483)	(30)	(453)	(278)
7	Mark-to-market on PC Residual ² (includes net GA and GO mark-to-market)	(126)	-	(1,082)	-	(1,082)	(1,082)
8	Low credit quality impairments	(52)	(43)	(299)	(11)	(288)	(256)
9	Subtotal credit-related items (Lines 5, 6, 7)	(492)	(435)	(2,260)	(144)	(2,116)	(1,825)
10	Other	(20)	(246)	186	(22)	208	432
11	Total mark-to-market items	\$ (1,375)	\$ 421	\$ (3,558)	\$ (1,595)	\$ (1,963)	\$ (3,979)

¹Primarily interest-rate related.

²Primarily credit related.

Fair value attributable to common stockholders

(\$ Billions)				3Q 2006	3Q 2007	3Q 2007
	1Q 2007	2Q 2007	3Q 2007		vs 3Q 2006	vs 2Q 2007
1 Investment activities	\$ 0.4	\$ (0.8)	\$ (5.9)	\$ 0.5	\$ (6.4)	\$ (5.1)
2 <i>Impact of OAS</i>	(0.3)	(1.4)	(8.0)	-	(8.0)	(6.6)
3 Guarantee activities	(1.2)	1.8	(6.4)	(0.4)	(6.0)	(8.2)
4 <i>Change in value of single-family GA¹</i>	0.2	1.7	0.6	(0.5)	1.1	(1.1)
5 <i>Change in value of single-family GO and LIA portfolio, net of credit enhancements^{1,2}</i>	(2.0)	(0.6)	(7.6)	(0.8)	(6.8)	(7.0)
6 Administrative expenses and other	(0.4)	(0.3)	(0.6)	(0.2)	(0.4)	(0.3)
7 Taxes and returns on capital	0.9	0.1	4.8	0.4	4.4	4.7
8 Increase (decrease) in fair value before capital transactions (Lines 1, 3, 6, 7)	\$ (0.3)	\$ 0.8	\$ (8.1)	\$ 0.3	\$ (8.4)	\$ (8.9)
9 Fair value ROE before capital transactions	(4.4%)	12.4%	(156.7%)	3.7%	(160.4%)	(169.1%)
10 Common dividends and repurchases	\$ (0.3)	\$ (1.1)	\$ (0.6)	\$ (1.3)	\$ 0.7	\$ 0.5
11 Common fair value	\$ 25.4	\$ 25.1	\$ 16.4	\$ 27.0	\$ (10.6)	\$ (8.7)

¹Line 4 and line 5 include amounts related to the GA and GO components of the PC Residual, respectively. Also include the impact of new business that is associated with Freddie Mac's single-family guarantee activities.

²Loans in acceleration (LIA) represent non-performing loans Freddie Mac purchased from PC pools.

Net interest income (NII) and net interest yield (NIY)

(\$ Millions)	3Q 2007		3Q 2006		Change	
	\$	%	\$	%	\$	%
1 Contractual amounts of NII	\$ 1,689		\$ 1,983		\$ (294)	
2 Debt and mortgage and mortgage-related amortization, net	(369)		(618)		249	
3 NII (excluding effect of derivatives)	\$ 1,320	0.69%	\$ 1,365	0.71%	\$ (45)	(0.02%)
4 Effect of derivatives on NII	(333)	(0.17%)	(406)	(0.21%)	73	0.04%
5 NII / NIY	\$ 987	0.52%	\$ 959	0.50%	\$ 28	0.02%
6 Fully taxable-equivalent adjustments	98	0.05%	105	0.05%	(7)	0.00%
7 NII / NIY (FTE)	\$ 1,085	0.57%	\$ 1,064	0.55%	\$ 21	0.02%
8 Accrual of periodic settlements on NHD derivatives	\$ 112	0.06%	\$ 46	0.02%	\$ 66	0.04%

Detail of change in net interest yield

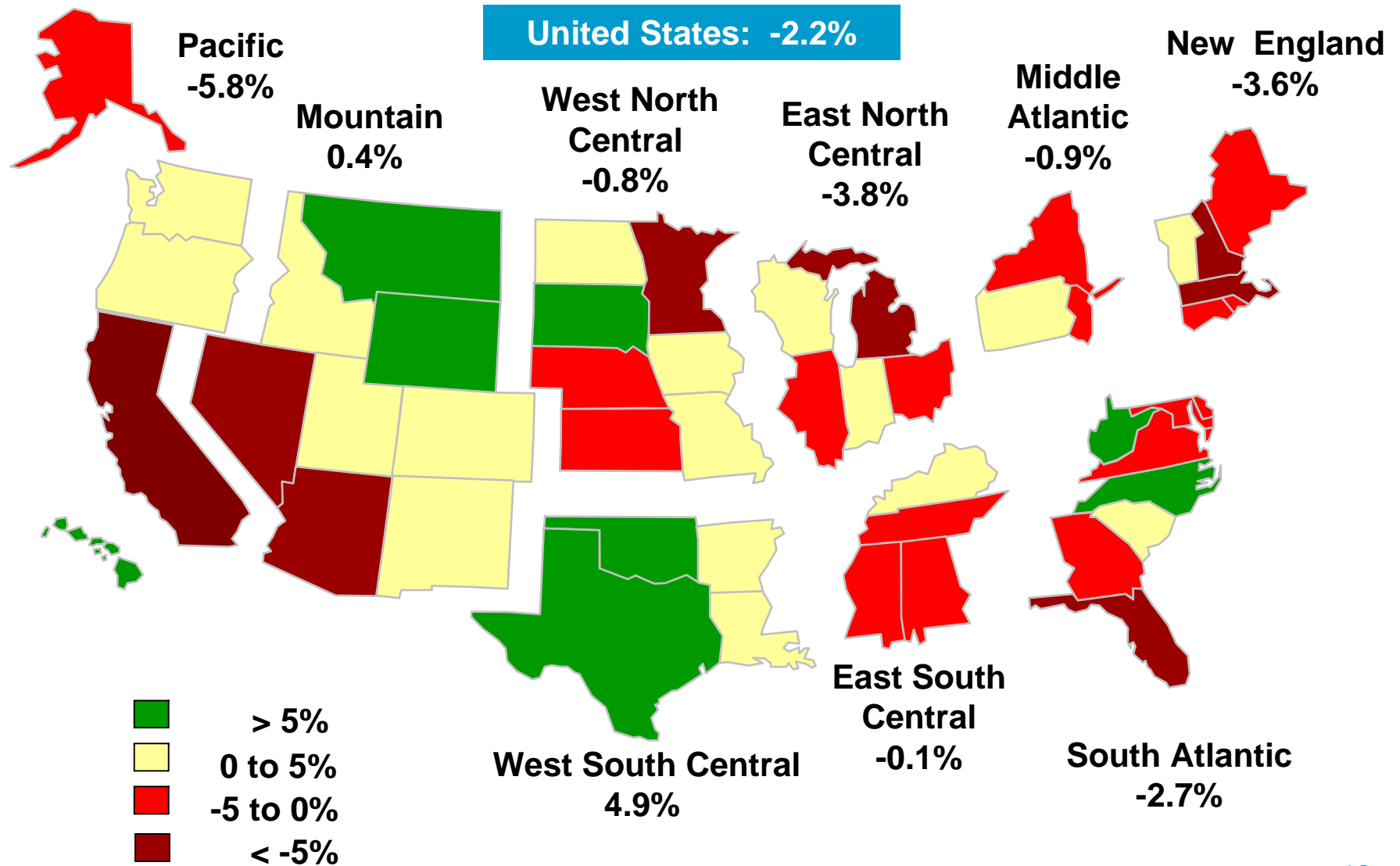
1	NIY (FTE) - Third quarter 2006	0.55%
	Estimated impact of:	
2	Retained portfolio asset spread compression mainly due to replacement of long-term debt	(0.17%)
3	Retained portfolio asset spread improvement mainly due to a decline in amortization expense	0.09%
4	Expense related to derivatives	0.10%
5	NIY (FTE) - Third quarter 2007	0.57%
6	Accrual of periodic settlements on NHD derivatives (recorded in non-interest income)	0.04%

Guarantee fee analysis

(\$ Millions, Rates in Basis Points)	3Q 2007	Rate	3Q 2006	Rate
1 Contractual management and guarantee fees	\$ 503	16.0 bps	\$ 406	15.3 bps
2 Amortization of pre-2003 deferred fees	17	0.6	21	0.8
3 Total (Line 1 + Line 2)	\$ 520	16.6 bps	\$ 427	16.1 bps
4 Amortization of deferred fees ¹	44	1.4	42	1.6
5 Total (Line 3 + Line 4)	\$ 564	18.0 bps	\$ 469	17.7 bps
6 Average outstanding PCs	\$ 1,255,794		\$ 1,058,956	

¹Recognized in "Income on guarantee obligation" on the income statement.

Annualized quarterly house price growth



Source: Freddie Mac Conventional Mortgage Home Price Index Purchase-only Series – annualized quarterly change for 2Q 2007 – 3Q 2007.

Single-family delinquency rates by region

(In Basis Points)			
	1Q 2007	2Q 2007	3Q 2007
Non-credit enhanced delinquency rates ¹			
North Central	31	33	39
Northeast	24	25	31
Southeast	29	33	43
Southwest	25	23	27
West	14	17	26

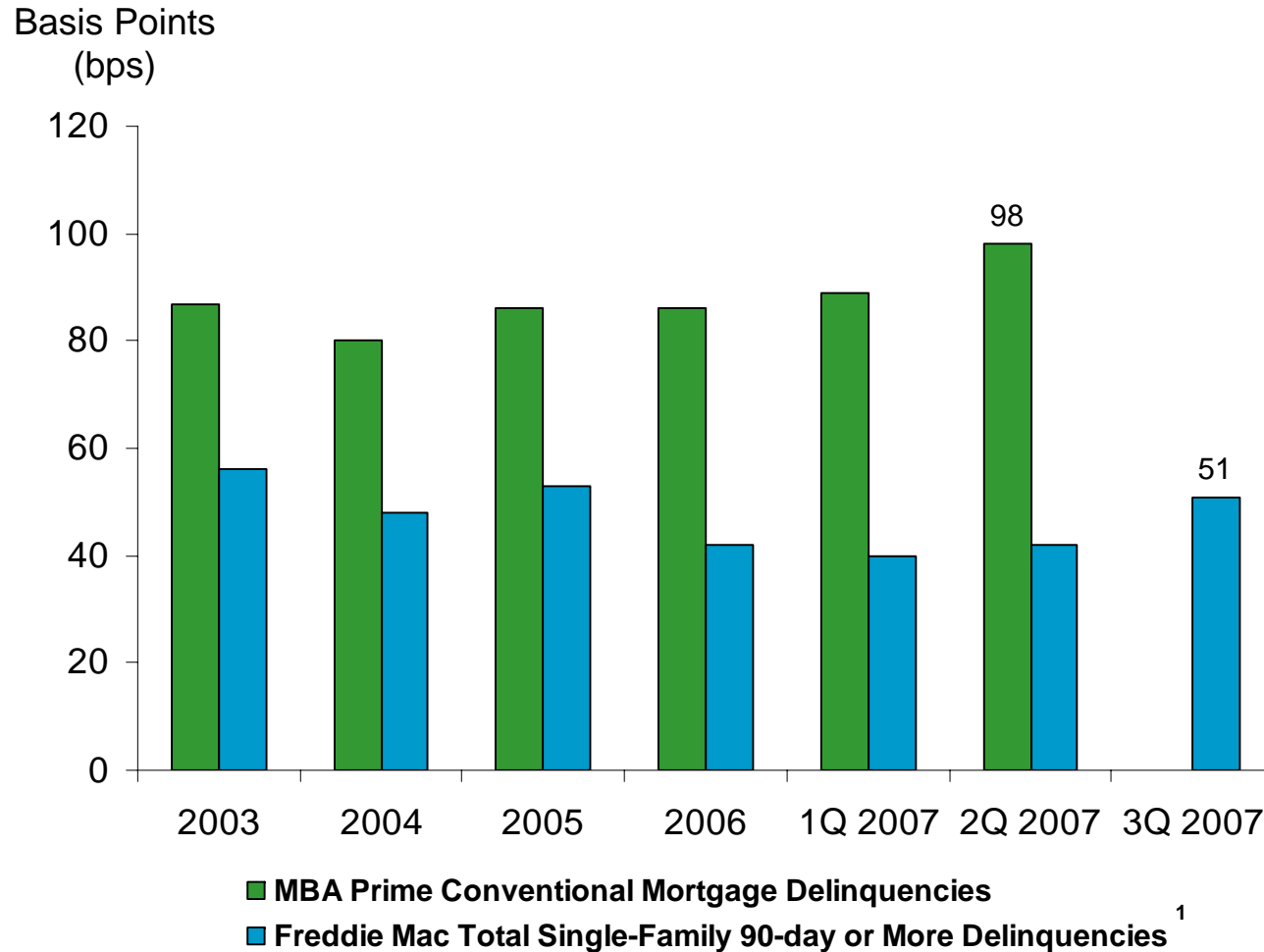
Total single-family delinquency rate ²			
California	15	20	31
Florida	35	47	75
Total portfolio	40	42	51

¹ Excludes structured transactions.

² Total credit enhanced and non-credit enhanced delinquency rate excluding structured transactions.

Delinquencies are low relative to the industry

90-day or more delinquencies



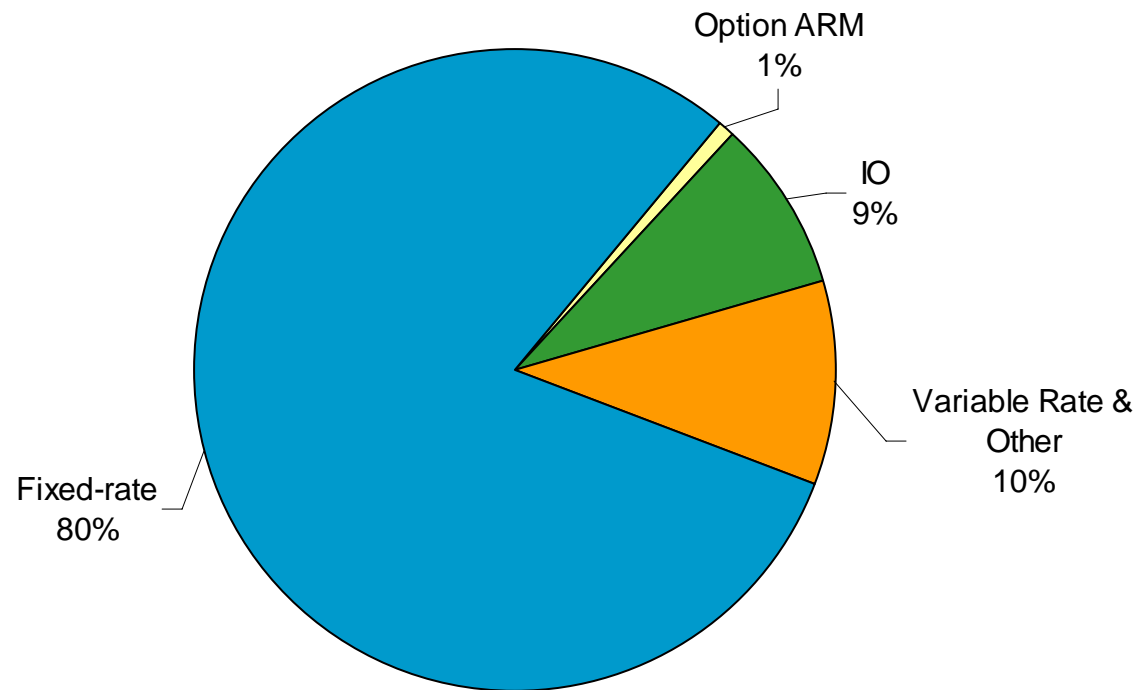
¹ Excludes structured transactions.

Source: Lehman Live and Freddie Mac. Annual numbers taken at end of fourth quarter.

Asset quality is high

Total mortgage portfolio As of September 30, 2007

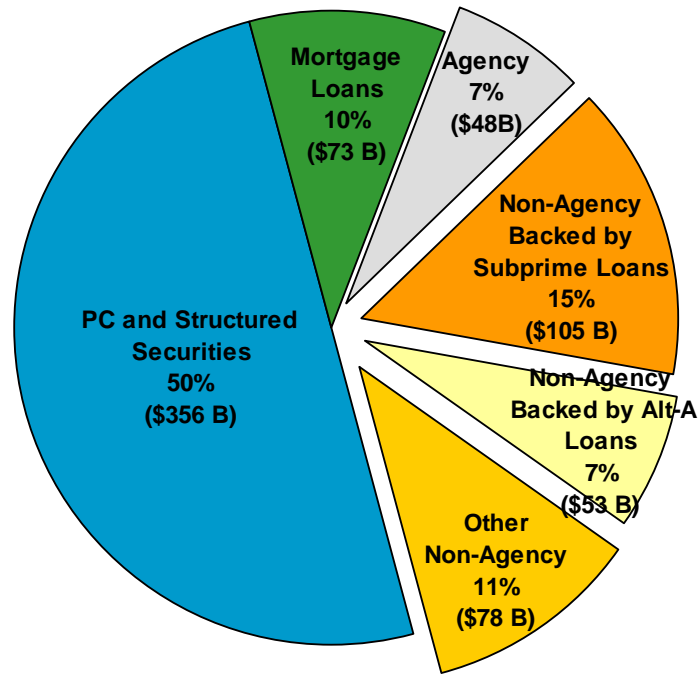
\$1.7 Trillion



Note: Excludes non-Freddie Mac mortgage-related securities held in our retained portfolio, but includes those that underlie Freddie Mac Structured Securities.

Retained portfolio composition

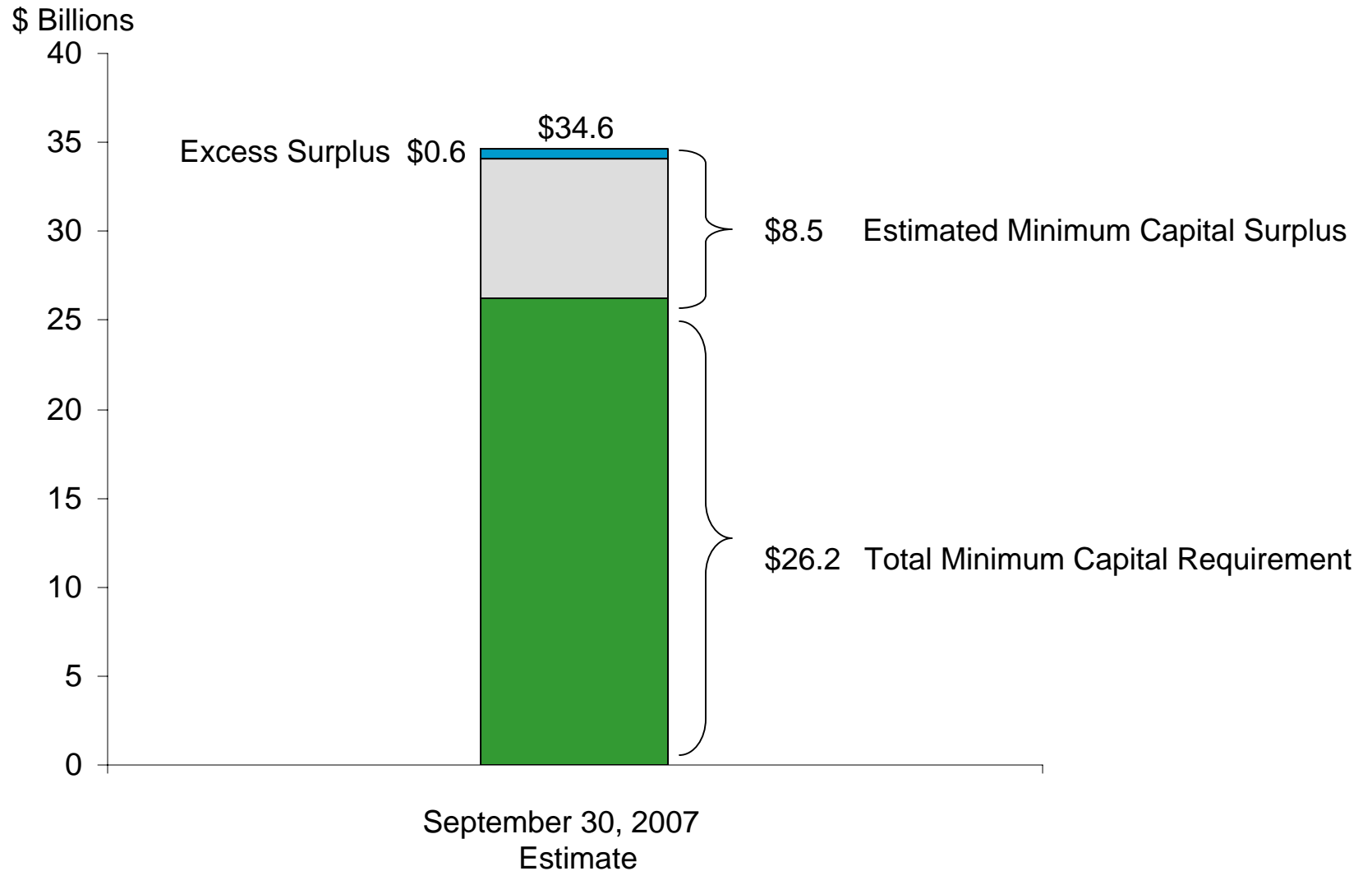
Retained portfolio



Note: Non-agency mortgage-related securities backed by subprime loans and Alt-A loans include significant credit enhancements, particularly through subordination. Approximately 97.6 percent of the securities backed by subprime loans and 99.9 percent of the securities backed by Alt-A loans held at September 30, 2007 were rated AAA at November 15, 2007.

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

Regulatory capital adequacy



Note: Amounts may not calculate due to rounding.

Source: Freddie Mac.

Safe Harbor Statements

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