

**NOTE 5: RETAINED PORTFOLIO AND CASH AND INVESTMENTS PORTFOLIO**

Table 5.1 summarizes amortized cost, estimated fair values and corresponding gross unrealized gains and gross unrealized losses by major security type for available-for-sale mortgage-related securities held in the Retained portfolio and available-for-sale non-mortgage-related securities held in the Cash and investments portfolio at December 31, 2004 and 2003, respectively.

**Table 5.1 — Available-For-Sale Securities**

	December 31, 2004			Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
	(dollars in millions)			
<b>Retained portfolio</b>				
<b>Mortgage-related securities issued by:</b>				
Freddie Mac .....	\$348,034	\$5,506	\$(1,438)	\$352,102
Fannie Mae .....	58,922	950	(353)	59,519
Ginnie Mae .....	1,677	86	(1)	1,762
Other .....	166,738	1,700	(380)	168,058
Obligations of states and political subdivisions .....	8,751	301	(32)	9,020
Total mortgage-related securities .....	<u>584,122</u>	<u>8,543</u>	<u>(2,204)</u>	<u>590,461</u>
<b>Cash and investments portfolio</b>				
<b>Non-mortgage-related securities:</b>				
Asset-backed securities .....	21,668	120	(55)	21,733
Obligations of states and political subdivisions .....	8,098	—	(1)	8,097
Total non-mortgage-related securities .....	<u>29,766</u>	<u>120</u>	<u>(56)</u>	<u>29,830</u>
<b>Total available-for-sale securities .....</b>	<b><u>\$613,888</u></b>	<b><u>\$8,663</u></b>	<b><u>\$(2,260)</u></b>	<b><u>\$620,291</u></b>
	December 31, 2003			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(dollars in millions)			
<b>Retained portfolio</b>				
<b>Mortgage-related securities issued by:</b>				
Freddie Mac .....	\$378,956	\$ 7,010	\$(1,540)	\$384,426
Fannie Mae .....	75,705	1,524	(385)	76,844
Ginnie Mae .....	2,785	134	(1)	2,918
Other .....	107,522	2,152	(265)	109,409
Obligations of states and political subdivisions .....	7,449	306	(26)	7,729
Total mortgage-related securities .....	<u>572,417</u>	<u>11,126</u>	<u>(2,217)</u>	<u>581,326</u>
<b>Cash and investments portfolio</b>				
<b>Non-mortgage-related securities:</b>				
Asset-backed securities .....	16,209	394	(7)	16,596
Corporate debt securities .....	4,698	230	(4)	4,924
Obligations of states and political subdivisions .....	9,494	—	—	9,494
Commercial paper .....	150	—	—	150
Preferred stock .....	64	—	—	64
Total non-mortgage-related securities .....	<u>30,615</u>	<u>624</u>	<u>(11)</u>	<u>31,228</u>
<b>Total available-for-sale securities .....</b>	<b><u>\$603,032</u></b>	<b><u>\$11,750</u></b>	<b><u>\$(2,228)</u></b>	<b><u>\$612,554</u></b>

In 2004, 2003 and 2002, Freddie Mac received proceeds of \$85,583 million, \$142,167 million and \$172,964 million, respectively, from the sale of securities from its available-for-sale portfolio. The proceeds received resulted in gross realized gains of \$800 million and gross realized losses of \$203 million in 2004, gross realized gains of \$1,903 million and gross realized losses of \$1,077 million in 2003 and gross realized gains of \$1,575 million and gross realized losses of \$257 million in 2002.

Management has determined that the \$2,260 million of gross unrealized losses on the company's available-for-sale mortgage-related and non-mortgage-related securities at December 31, 2004 are not other

*Freddie Mac*