

FREDDIE MAC
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended	
	March 31,	
	2008	2007
	(dollars in millions, except share-related amounts)	
<i>Interest income</i>		
Mortgage loans	\$ 1,243	\$ 1,066
Mortgage-related securities	8,133	8,551
Cash and investments	520	972
Total interest income	9,896	10,589
<i>Interest expense</i>		
Short-term debt	(2,044)	(2,208)
Long-term debt	(6,725)	(7,176)
Total interest expense on debt securities	(8,769)	(9,384)
Due to Participation Certificate investors	-	(103)
Total interest expense	(8,769)	(9,487)
Expense related to derivatives	(329)	(331)
<i>Net interest income</i>	798	771
<i>Non-interest income (loss)</i>		
Management and guarantee income (includes interest on guarantee asset of \$215 and \$127, respectively)	789	628
Gains (losses) on guarantee asset	(1,394)	(523)
Income on guarantee obligation	1,169	430
Derivative gains (losses)	(245)	(524)
Gains (losses) on investment activity	1,219	18
Unrealized gains (losses) on foreign-currency denominated debt recorded at fair value	(1,385)	-
Gains on debt retirement	305	7
Recoveries on loans impaired upon purchase	226	35
Foreign-currency gains (losses), net	-	(197)
Other income	47	49
<i>Non-interest income (loss)</i>	731	(77)
<i>Non-interest expense</i>		
Salaries and employee benefits	(245)	(228)
Professional services	(77)	(108)
Occupancy expense	(15)	(14)
Other administrative expenses	(60)	(53)
Total administrative expenses	(397)	(403)
Provision for credit losses	(1,240)	(248)
Real estate owned operations expense	(208)	(14)
Losses on certain credit guarantees	(15)	(177)
Losses on loans purchased	(51)	(216)
Low-income housing tax credit partnerships	(117)	(108)
Minority interest in earnings of consolidated subsidiaries	(3)	(9)
Other expenses	(72)	(49)
<i>Non-interest expense</i>	(2,103)	(1,224)
Loss before income tax benefit	(574)	(530)
Income tax benefit	423	397
<i>Net loss</i>	\$ (151)	\$ (133)
Preferred stock dividends and issuance costs on redeemed preferred stock (including \$- and \$6 of issuance costs on redeemed preferred stock, respectively)	(272)	(95)
Amount allocated to participating security option holders	(1)	(2)
<i>Net loss applicable to common stockholders</i>	\$ (424)	\$ (230)
Loss per common share:		
Basic	\$ (0.66)	\$ (0.35)
Diluted	\$ (0.66)	\$ (0.35)
Weighted average common shares outstanding (in thousands):		
Basic	646,338	661,376
Diluted	646,338	661,376
Dividends per common share	\$ 0.25	\$ 0.50

See our unaudited Consolidated Financial Statements as presented in our Information Statement Supplement dated May 14, 2008.

FREDDIE MAC
CONSOLIDATED BALANCE SHEETS

	March 31, 2008 (unaudited)	December 31, 2007
(dollars in millions, except share-related amounts)		
Assets		
<i>Retained portfolio</i>		
Mortgage loans:		
Held-for-investment, at amortized cost (net of allowances for loan losses of \$356 and \$256, respectively)	\$ 78,777	\$ 76,347
Held-for-sale, at lower-of-cost-or-fair-value	7,684	3,685
Mortgage loans, net	86,461	80,032
Mortgage-related securities:		
Available-for-sale, at fair value (includes \$16,704 and \$17,010, respectively, pledged as collateral that may be repledged)	494,465	615,665
Trading, at fair value	106,658	14,089
Total mortgage-related securities	601,123	629,754
<i>Retained portfolio</i>	687,584	709,786
<i>Cash and investments</i>		
Cash and cash equivalents	8,346	8,574
Investments:		
Non-mortgage-related securities:		
Available-for-sale, at fair value	48,226	35,101
Securities purchased under agreements to resell and federal funds sold	17,232	6,562
<i>Cash and investments</i>	73,804	50,237
Accounts and other receivables, net	5,265	5,003
Derivative assets, net	1,037	827
Guarantee asset, at fair value	9,134	9,591
Real estate owned, net	2,214	1,736
Deferred tax asset, net	16,640	10,304
Other assets	7,314	6,884
<i>Total assets</i>	\$ 802,992	\$ 794,368
Liabilities and stockholders' equity		
<i>Debt securities, net</i>		
Senior debt:		
Due within one year (includes \$365 at fair value at March 31, 2008)	\$ 290,540	\$ 295,921
Due after one year (includes \$15,405 at fair value at March 31, 2008)	464,737	438,147
Subordinated debt, due after one year	4,492	4,489
<i>Total debt securities, net</i>	759,769	738,557
Accrued interest payable	5,928	7,864
Guarantee obligation	13,669	13,712
Derivative liabilities, net	903	582
Reserve for guarantee losses on Participation Certificates	3,516	2,566
Other liabilities	3,050	4,187
<i>Total liabilities</i>	786,835	767,468
Commitments and contingencies		
Minority interests in consolidated subsidiaries	133	176
<i>Stockholders' equity</i>		
Preferred stock, at redemption value	14,109	14,109
Common stock, \$0.21 par value, 806,000,000 shares authorized, 725,863,886 shares issued and 646,721,972 shares and 646,266,701 shares outstanding, respectively	152	152
Additional paid-in capital	857	871
Retained earnings	27,345	26,909
Accumulated other comprehensive income (loss), or AOCI, net of taxes, related to:		
Available-for-sale securities	(18,361)	(7,040)
Cash flow hedge relationships	(3,892)	(4,059)
Defined benefit plans	(43)	(44)
Total AOCI, net of taxes	(22,296)	(11,143)
Treasury stock, at cost, 79,141,914 shares and 79,597,185 shares, respectively	(4,143)	(4,174)
<i>Total stockholders' equity</i>	16,024	26,724
<i>Total liabilities and stockholders' equity</i>	\$ 802,992	\$ 794,368

See our unaudited Consolidated Financial Statements as presented in our Information Statement Supplement dated May 14, 2008.

FREDDIE MAC
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Three Months Ended March 31,			
	2008		2007	
	Shares	Amount	Shares	Amount
	(in millions)			
<i>Preferred stock, at redemption value</i>				
Balance, beginning of year	464	\$ 14,109	132	\$ 6,109
Preferred stock issuances	-	-	44	1,100
Preferred stock redemptions	-	-	(12)	(600)
<i>Preferred stock, end of period</i>	<u>464</u>	<u>14,109</u>	<u>164</u>	<u>6,609</u>
<i>Common stock, par value</i>				
Balance, beginning of year	726	152	726	152
<i>Common stock, end of period</i>	<u>726</u>	<u>152</u>	<u>726</u>	<u>152</u>
<i>Additional paid-in capital</i>				
Balance, beginning of year		871		962
Stock-based compensation		25		19
Income tax benefit from stock-based compensation		(7)		1
Preferred stock issuance costs		-		(11)
Common stock issuances		(34)		(10)
Real Estate Investment Trust preferred stock repurchase		2		-
<i>Additional paid-in capital, end of period</i>		<u>857</u>		<u>961</u>
<i>Retained earnings</i>				
Balance, beginning of year		26,909		31,372
Cumulative effect of change in accounting principle, net of taxes		1,023		181
Balance, beginning of year, as adjusted		27,932		31,553
Net loss		(151)		(133)
Preferred stock dividends declared		(272)		(89)
Common stock dividends declared		(164)		(335)
<i>Retained earnings, end of period</i>		<u>27,345</u>		<u>30,996</u>
<i>AOCI, net of taxes</i>				
Balance, beginning of year		(11,143)		(8,451)
Cumulative effect of change in accounting principle, net of taxes		(850)		-
Balance, beginning of year, as adjusted		(11,993)		(8,451)
Changes in unrealized gains (losses) related to available-for-sale securities, net of reclassification adjustments		(10,467)		1,242
Changes in unrealized gains (losses) related to cash flow hedge relationships, net of reclassification adjustments		163		239
Changes in defined benefit plans		1		6
<i>AOCI, net of taxes, end of period</i>		<u>(22,296)</u>		<u>(6,964)</u>
<i>Treasury stock, at cost</i>				
Balance, beginning of year	80	(4,174)	65	(3,230)
Common stock issuances	(1)	31	(1)	15
<i>Treasury stock, end of period</i>	<u>79</u>	<u>(4,143)</u>	<u>64</u>	<u>(3,215)</u>
<i>Total stockholders' equity</i>		<u>\$ 16,024</u>		<u>\$ 28,539</u>
<i>Comprehensive income (loss)</i>				
Net loss		\$ (151)		\$ (133)
Changes in other comprehensive income (loss), net of taxes, net of reclassification adjustments		(10,303)		1,487
<i>Total comprehensive income (loss)</i>		<u>\$ (10,454)</u>		<u>\$ 1,354</u>

See our unaudited Consolidated Financial Statements as presented in our Information Statement Supplement dated May 14, 2008.

FREDDIE MAC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31,	
	2008	2007
	(in millions)	
Cash flows from operating activities		
Net loss	\$ (151)	\$ (133)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Hedge accounting losses	3	-
Derivative (gains) losses	(101)	562
Asset related (accretion) amortization -- premiums, discounts and basis adjustments	(67)	63
Debt related amortization -- premiums and discounts on certain debt securities and basis adjustments	2,622	2,658
Net discounts paid on retirements of debt	(2,276)	(2,165)
Gains on debt retirement	(305)	(7)
Provision for credit losses	1,240	248
Low-income housing tax credit partnerships	117	108
Losses on loans purchased	51	216
Gains on investment activity	(1,217)	(6)
Foreign-currency loss, net	-	197
Unrealized losses on foreign-currency denominated debt recorded at fair value	1,385	-
Deferred income taxes	(882)	(819)
Purchases of held-for-sale mortgages	(11,858)	(4,176)
Sales of held-for-sale mortgages	7,808	4,080
Repayments of held-for-sale mortgages	153	28
Due to Participation Certificates and Structured Securities Trust	(904)	-
Change in trading securities	-	(606)
Change in accounts and other receivables, net	(391)	(310)
Change in amounts due to Participation Certificate investors, net	-	1,741
Change in accrued interest payable	(1,525)	(1,288)
Change in income taxes payable	(187)	224
Change in Guarantee asset, at fair value	458	(213)
Change in Guarantee obligation	(10)	611
Other, net	(6)	159
<i>Net cash provided by (used for) operating activities</i>	<u>(6,043)</u>	<u>1,172</u>
Cash flows from investing activities		
Purchases of trading Securities	(9,015)	-
Proceeds from sales of trading Securities	1,061	-
Proceeds from maturities of trading Securities	3,783	-
Purchases of available-for-sale securities	(106,227)	(71,403)
Proceeds from sales of available-for-sale securities	18,376	13,846
Proceeds from maturities of available-for-sale securities	92,991	62,902
Purchases of held-for-investment mortgages	(4,210)	(4,420)
Repayments of held-for-investment mortgages	932	2,565
Increase in restricted cash	(344)	-
Proceeds from mortgage insurance and sales of real estate owned	80	373
Net increase in securities purchased under agreements to resell and federal funds sold	(10,670)	(11,175)
Derivative premiums and terminations and swap collateral, net	(273)	(427)
<i>Net cash used for investing activities</i>	<u>(13,516)</u>	<u>(7,739)</u>
Cash flows from financing activities		
Proceeds from issuance of short-term debt	266,940	245,454
Repayments of short-term debt	(263,771)	(248,612)
Proceeds from issuance of long-term debt	93,607	68,523
Repayments of long-term debt	(76,780)	(59,873)
Proceeds from the issuance of preferred stock	-	1,089
Redemption of preferred stock	-	(600)
Payment of cash dividends on preferred stock and common stock	(436)	(424)
Excess tax benefits associated with stock-based awards	1	2
Payments of low-income housing tax credit partnerships notes payable	(183)	(351)
Increase (decrease) in cash overdraft	3	(2)
Other, net	(50)	4
<i>Net cash provided by financing activities</i>	<u>19,331</u>	<u>5,210</u>
Net decrease in cash and cash equivalents	(228)	(1,357)
Cash and cash equivalents at beginning of period	8,574	11,359
<i>Cash and cash equivalents at end of period</i>	<u>\$ 8,346</u>	<u>\$ 10,002</u>
Supplemental cash flow information		
Cash paid (received) for:		
Debt Interest	\$ 10,305	\$ 10,567
Swap Collateral Interest	61	116
Derivative interest carry, net	64	(314)
Income taxes	646	198
Non-cash investing and financing activities:		
Held-for-sale mortgages securitized and retained as available-for-sale securities	-	169
Transfers from mortgage loans to real estate owned	1,078	526
Transfers from held-for-sale mortgages to held-for-investment mortgages	-	40
Transfers from retained portfolio Participation Certificates to held-for-investment mortgages	-	447
Transfers from available-for-sale securities to trading securities	87,281	-

See our unaudited Consolidated Financial Statements as presented in our Information Statement Supplement dated May 14, 2008.