

FREDDIE MAC
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

Three Months Ended March 31,

2007 **2006**

**(dollars in millions, except
share-related amounts)**

<i>Interest income</i>		
Mortgage loans	\$ 1,061	\$ 1,040
Mortgage-related securities	8,763	8,245
Cash and investments	972	774
Total interest income	<u>10,796</u>	<u>10,059</u>
<i>Interest expense</i>		
Short-term debt	(2,208)	(2,015)
Long-term debt	(7,176)	(6,433)
Total interest expense on debt securities	<u>(9,384)</u>	<u>(8,448)</u>
Due to Participation Certificate investors	(103)	(91)
Total interest expense	<u>(9,487)</u>	<u>(8,539)</u>
Expense related to derivatives	(331)	(389)
<i>Net interest income</i>	<u>978</u>	<u>1,131</u>
<i>Non-interest income (loss)</i>		
Management and guarantee income (includes interest on Guarantee asset of \$107 and \$107)	460	413
Gains (losses) on Guarantee asset	(410)	160
Income on Guarantee obligation	212	195
Derivative gains (losses)	(528)	273
Gains (losses) on investment activity	(183)	166
Gains on debt retirement	7	64
Resecuritization fees	19	48
Foreign currency losses, net	(197)	(3)
Other income	66	31
<i>Non-interest income (loss)</i>	<u>(554)</u>	<u>1,347</u>
<i>Non-interest expense</i>		
Salaries and employee benefits	(228)	(191)
Professional services	(108)	(100)
Occupancy expense	(14)	(14)
Other administrative expenses	(53)	(68)
Total administrative expenses	<u>(403)</u>	<u>(373)</u>
(Provision) benefit for credit losses	(179)	36
Real estate owned, or REO, operations expense	(14)	(12)
Losses on certain credit guarantees	(144)	(46)
Losses on loans purchased	(170)	(21)
Low-income housing tax credit partnerships	(108)	(115)
Other expenses	(56)	(53)
<i>Non-interest expense</i>	<u>(1,074)</u>	<u>(584)</u>
Income (loss) before income tax benefit	(650)	1,894
Income tax benefit	439	115
<i>Net income (loss)</i>	<u>\$ (211)</u>	<u>\$ 2,009</u>
Preferred stock dividends and issuance costs on redeemed preferred stock (including \$6 and \$- of issuance costs on redeemed preferred stock)	(95)	(58)
Amount allocated to participating stock option holders	-	(2)
<i>Net income (loss) available to common stockholders</i>	<u>\$ (306)</u>	<u>\$ 1,949</u>
Earnings (loss) per common share:		
Basic	\$ (0.46)	\$ 2.81
Diluted	\$ (0.46)	\$ 2.80
Weighted average common shares outstanding (in thousands)		
Basic	661,376	692,814
Diluted	661,376	694,596
Dividends per common share	<u>\$ 0.50</u>	<u>\$ 0.47</u>

The Notes to Unaudited Consolidated Financial Statements included in our Information Statement Supplement dated June 14, 2007 are an integral part of these unaudited consolidated financial statements.

FREDDIE MAC
CONSOLIDATED BALANCE SHEETS

	March 31, 2007 (unaudited)	December 31, 2006
	(in millions, except share-related amounts)	
Assets		
<i>Retained portfolio</i>		
Mortgage loans:		
Held-for-investment, at amortized cost	\$ 65,015	\$ 63,780
Reserve for losses on mortgage loans held-for-investment	(92)	(70)
Held-for-sale, at lower-of-cost-or-market	1,779	1,908
Mortgage loans, net of reserve	66,702	65,618
Mortgage-related securities:		
Available-for-sale, at fair value (includes \$21,170 and \$20,463, respectively, pledged as collateral that may be repledged)	636,809	626,731
Trading, at fair value	8,201	7,597
Participation Certificate residuals, at fair value	339	597
Total mortgage-related securities	645,349	634,925
<i>Retained portfolio</i>		
Cash and cash equivalents	10,002	11,359
Investments:		
Non-mortgage-related securities:		
Available-for-sale, at fair value	31,896	45,586
Securities purchased under agreements to resell and Federal funds sold	34,203	23,028
<i>Cash and investments</i>		
	76,101	79,973
Accounts and other receivables, net	7,277	7,461
Derivative assets, at fair value	6,159	7,908
Guarantee asset, at fair value	6,280	6,070
REO, net	878	743
Other assets	11,084	10,383
<i>Total assets</i>	\$ 819,830	\$ 813,081
Liabilities and stockholders' equity		
<i>Debt securities, net</i>		
Senior debt:		
Due within one year	\$ 280,242	\$ 294,861
Due after one year	472,638	452,677
Subordinated debt, due after one year	5,224	6,400
<i>Total debt securities, net</i>		
	758,104	753,938
Due to Participation Certificate investors	12,472	11,123
Accrued interest payable	7,009	8,345
Guarantee obligation	7,760	7,117
Derivative liabilities, at fair value	230	179
Reserve for guarantee losses on Participation Certificates	453	350
Other liabilities	3,514	3,212
<i>Total liabilities</i>	789,542	784,264
Commitments and contingencies		
<i>Minority interests in consolidated subsidiaries</i>		
	514	516
<i>Stockholders' equity</i>		
Preferred stock, at redemption value	6,609	6,109
Common stock, \$0.21 par value, 726,000,000 shares authorized, 725,863,886 shares issued and 661,554,120 shares and 661,254,178 shares outstanding, respectively	152	152
Additional paid-in capital	961	962
Retained earnings	31,723	32,177
Accumulated other comprehensive income (loss), or AOCI, net of taxes, related to:		
Available-for-sale securities	(1,581)	(2,749)
Cash flow hedge relationships	(4,794)	(5,033)
Defined benefit plans	(81)	(87)
Total AOCI, net of taxes	(6,456)	(7,869)
Treasury stock, at cost, 64,309,766 shares and 64,609,708 shares, respectively	(3,215)	(3,230)
<i>Total stockholders' equity</i>		
	29,774	28,301
<i>Total liabilities and stockholders' equity</i>		
	\$ 819,830	\$ 813,081

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FREDDIE MAC
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Three Months Ended March 31,			
	2007		2006	
	Shares	Amount	Shares	Amount
	(in millions)			
<i>Preferred stock, at redemption value</i>				
Balance, beginning of year	132	\$ 6,109	92	\$ 4,609
Preferred stock issuances	44	1,100	-	-
Preferred stock redemptions	(12)	(600)	-	-
<i>Preferred stock, end of period</i>	<u>164</u>	<u>6,609</u>	<u>92</u>	<u>4,609</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		962		924
Stock-based compensation		19		4
Income tax benefit from stock-based compensation		1		5
Preferred stock issuance costs		(11)		-
Common stock issuances		(10)		1
<i>Additional paid-in capital, end of period</i>		<u>961</u>		<u>934</u>
<i>Retained earnings</i>				
Balance, beginning of year		32,177		31,559
Cumulative effect of change in accounting principle, net of taxes		181		(13)
Balance, beginning of year, as adjusted		32,358		31,546
Net income (loss)		(211)		2,009
Preferred stock dividends declared		(89)		(58)
Common stock dividends declared		(335)		(328)
<i>Retained earnings, end of period</i>		<u>31,723</u>		<u>33,169</u>
<i>AOI, net of taxes</i>				
Balance, beginning of year		(7,869)		(8,773)
Changes in unrealized gains (losses) related to available-for-sale securities, net of reclassification adjustments		1,168		(3,799)
Changes in unrealized gains (losses) related to cash flow hedge relationships, net of reclassification adjustments		239		367
Changes in defined benefit plans		6		-
<i>AOI, net of taxes, end of period</i>		<u>(6,456)</u>		<u>(12,205)</u>
<i>Treasury stock, at cost</i>				
Balance, beginning of year	65	(3,230)	33	(1,280)
Common stock issuances	(1)	15	-	7
<i>Treasury stock, end of period</i>	<u>64</u>	<u>(3,215)</u>	<u>33</u>	<u>(1,273)</u>
<i>Total stockholders' equity</i>		<u>\$ 29,774</u>		<u>\$ 25,386</u>
<i>Comprehensive income (loss)</i>				
Net income (loss)		\$ (211)		\$ 2,009
Changes in other comprehensive income, net of taxes, net of reclassification adjustments		1,413		(3,432)
<i>Total comprehensive income (loss)</i>		<u>\$ 1,202</u>		<u>\$ (1,423)</u>

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