

FREDDIE MAC
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended, March 31,	
	2009	2008
(dollars in millions, except share-related amounts)		
<i>Interest income</i>		
Investments in securities	\$ 8,971	\$ 8,446
Mortgage loans	1,580	1,243
Other	94	207
Total interest income	<u>10,645</u>	<u>9,896</u>
<i>Interest expense</i>		
Short-term debt	(1,122)	(2,044)
Long-term debt	(5,364)	(6,725)
Total interest expense	<u>(6,486)</u>	<u>(8,769)</u>
Expense related to derivatives	(300)	(329)
<i>Net interest income</i>	<u>3,859</u>	<u>798</u>
<i>Non-interest income (loss)</i>		
Management and guarantee income (includes interest on guarantee asset of \$249 and \$215, respectively)	780	789
Gains (losses) on guarantee asset	(156)	(1,394)
Income on guarantee obligation	910	1,169
Derivative gains (losses)	181	(245)
Gains (losses) on investment activity	(4,944)	1,219
Gains (losses) on debt recorded at fair value	467	(1,385)
Gains (losses) on debt retirement	(104)	305
Recoveries on loans impaired upon purchase	50	226
Low-income housing tax credit partnerships	(106)	(117)
Trust management income (expense)	(207)	3
Other income	41	44
<i>Non-interest income (loss)</i>	<u>(3,088)</u>	<u>614</u>
<i>Non-interest expense</i>		
Salaries and employee benefits	(207)	(231)
Professional services	(60)	(72)
Occupancy expense	(18)	(15)
Other administrative expenses	(87)	(79)
Total administrative expenses	<u>(372)</u>	<u>(397)</u>
Provision for credit losses	(8,791)	(1,240)
Real estate owned operations expense	(306)	(208)
Losses on loans purchased	(2,012)	(51)
Other expenses	(78)	(87)
<i>Non-interest expense</i>	<u>(11,559)</u>	<u>(1,983)</u>
Loss before income tax benefit	(10,788)	(571)
Income tax benefit	937	422
<i>Net loss</i>	<u>(9,851)</u>	<u>(149)</u>
<i>Less: Net (income) attributable to noncontrolling interest</i>	<u>-</u>	<u>(2)</u>
<i>Net loss attributable to Freddie Mac</i>	<u>\$ (9,851)</u>	<u>\$ (151)</u>
Preferred stock dividends	(378)	(272)
Amount allocated to participating security option holders	-	(1)
<i>Net loss attributable to common stockholders</i>	<u>\$ (10,229)</u>	<u>\$ (424)</u>
Loss per common share:		
Basic	\$ (3.14)	\$ (0.66)
Diluted	\$ (3.14)	\$ (0.66)
Weighted average common shares outstanding (in thousands)		
Basic	3,255,718	646,338
Diluted	3,255,718	646,338
Dividends per common share	\$ 0.00	\$ 0.25

See our unaudited Consolidated Financial Statements as presented in our Form 10-Q dated May 12, 2009.

FREDDIE MAC
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	March 31, 2009	December 31, 2008
	(in millions, except share-related amounts)	
Assets		
Cash and cash equivalents	\$ 53,754	\$ 45,326
Restricted cash	1,345	953
Federal funds sold and securities purchased under agreements to resell	34,050	10,150
<i>Investments in securities:</i>		
Available-for-sale, at fair value (includes \$20,552 and \$21,302, respectively, pledged as collateral that may be repledged)	438,157	458,898
Trading, at fair value	264,044	190,361
<i>Total investments in securities</i>	702,201	649,259
<i>Mortgage loans:</i>		
Held-for-sale, at lower-of-cost-or-fair-value (except \$636 and \$401 at fair value, respectively)	24,033	16,247
Held-for-investment, at amortized cost (net of allowances for loan losses of \$840 and \$690, respectively)	96,047	91,344
<i>Total mortgage loans, net</i>	120,080	107,591
Accounts and other receivables, net	6,047	6,337
Derivative assets, net	666	955
Guarantee asset, at fair value	5,026	4,847
Real estate owned, net	2,948	3,255
Deferred tax assets, net	13,282	15,351
Low-income housing tax credit partnerships equity investments	4,043	4,145
Other assets	3,508	2,794
<i>Total assets</i>	<u>\$ 946,950</u>	<u>\$ 850,963</u>
Liabilities and equity (deficit)		
<i>Liabilities</i>		
Accrued interest payable	\$ 4,892	\$ 6,504
<i>Debt, net:</i>		
Short-term debt (includes \$1,563 and \$1,638 at fair value, respectively)	453,312	435,114
Long-term debt (includes \$11,348 and \$11,740 at fair value, respectively)	456,199	407,907
<i>Total debt, net</i>	909,511	843,021
Guarantee obligation	11,759	12,098
Derivative liabilities, net	1,478	2,277
Reserve for guarantee losses on Participation Certificates	21,838	14,928
Other liabilities	3,480	2,769
<i>Total liabilities</i>	952,958	881,597
Commitments and contingencies		
<i>Equity (deficit)</i>		
<i>Freddie Mac stockholders' equity (deficit)</i>		
Senior preferred stock, at redemption value	45,600	14,800
Preferred stock, at redemption value	14,109	14,109
Common stock, \$0.00 par value, 4,000,000,000 shares authorized, 725,863,886 shares issued and 648,183,066 shares and 647,260,293 shares outstanding, respectively	-	-
Additional paid-in capital	-	19
Retained earnings (accumulated deficit)	(33,477)	(23,191)
<i>Accumulated other comprehensive income (loss), or AOCI, net of taxes, related to:</i>		
Available-for-sale securities	(24,666)	(28,510)
Cash flow hedge relationships	(3,470)	(3,678)
Defined benefit plans	(167)	(169)
<i>Total AOCI, net of taxes</i>	(28,303)	(32,357)
Treasury stock, at cost, 77,680,820 shares and 78,603,593 shares, respectively	(4,033)	(4,111)
<i>Total Freddie Mac stockholders' equity (deficit)</i>	(6,104)	(30,731)
Noncontrolling interest	96	97
<i>Total equity (deficit)</i>	(6,008)	(30,634)
<i>Total liabilities and equity (deficit)</i>	<u>\$ 946,950</u>	<u>\$ 850,963</u>

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FREDDIE MAC
CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
(UNAUDITED)

	Three Months Ended March 31,			
	2009		2008	
	Shares	Amount	Shares	Amount
	(in millions)			
<i>Senior preferred stock, at redemption value</i>				
Balance, beginning of year	1	\$ 14,800	-	\$ -
Increase in liquidation preference	-	30,800	-	-
<i>Senior preferred stock, end of period</i>	<u>1</u>	<u>45,600</u>	<u>-</u>	<u>-</u>
<i>Preferred stock, at redemption value</i>				
Balance, beginning of year	464	14,109	464	14,109
<i>Preferred stock, end of period</i>	<u>464</u>	<u>14,109</u>	<u>464</u>	<u>14,109</u>
<i>Common stock, at par value</i>				
Balance, beginning of year	726	-	726	152
<i>Common stock, end of period</i>	<u>726</u>	<u>-</u>	<u>726</u>	<u>152</u>
<i>Additional paid-in capital</i>				
Balance, beginning of year		19		871
Stock-based compensation		17		25
Income tax benefit from stock-based compensation		(22)		(7)
Common stock issuances		(77)		(34)
Real Estate Investment Trust preferred stock repurchase		-		2
Transfer from retained earnings (accumulated deficit)		63		-
<i>Additional paid-in capital, end of period</i>		<u>-</u>		<u>857</u>
<i>Retained earnings (accumulated deficit)</i>				
Balance, beginning of year		(23,191)		26,909
Cumulative effect of change in accounting principle, net of taxes		-		1,023
Balance, beginning of year, as adjusted		(23,191)		27,932
Net loss attributable to Freddie Mac		(9,851)		(151)
Senior preferred stock dividends declared		(370)		-
Preferred stock dividends declared		-		(272)
Common stock dividends declared		-		(162)
Dividend equivalent payments on expired stock options		(2)		(2)
Transfer to additional paid-in capital		(63)		-
<i>Retained earnings (accumulated deficit), end of period</i>		<u>(33,477)</u>		<u>27,345</u>
<i>AOI, net of taxes</i>				
Balance, beginning of year		(32,357)		(11,143)
Cumulative effect of change in accounting principle, net of taxes		-		(850)
Balance, beginning of year, as adjusted		(32,357)		(11,993)
Changes in unrealized gains (losses) related to available-for-sale securities, net of reclassification adjustments		3,844		(10,467)
Changes in unrealized gains (losses) related to cash flow hedge relationships, net of reclassification adjustments		208		163
Changes in defined benefit plans		2		1
<i>AOI, net of taxes, end of period</i>		<u>(28,303)</u>		<u>(22,296)</u>
<i>Treasury stock, at cost</i>				
Balance, beginning of year	79	(4,111)	80	(4,174)
Common stock issuances	(1)	78	(1)	31
<i>Treasury stock, end of period</i>	<u>78</u>	<u>(4,033)</u>	<u>79</u>	<u>(4,143)</u>
<i>Noncontrolling interest</i>				
Balance, beginning of year		97		181
Net income (loss) attributable to noncontrolling interest		-		2
Real Estate Investment Trust preferred stock repurchase		-		(43)
Dividends and other		(1)		(4)
<i>Noncontrolling interest, end of period</i>		<u>96</u>		<u>136</u>
<i>Total equity (deficit)</i>		<u>\$ (6,008)</u>		<u>\$ 16,160</u>
<i>Comprehensive income (loss)</i>				
Net loss		\$ (9,851)		\$ (149)
Changes in other comprehensive income (loss), net of taxes, net of reclassification adjustments		4,054		(10,303)
Comprehensive income (loss)		(5,797)		(10,452)
Less: Comprehensive income (loss) attributable to noncontrolling interest		-		(2)
<i>Total comprehensive income (loss) attributable to Freddie Mac</i>		<u>\$ (5,797)</u>		<u>\$ (10,454)</u>

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FREDDIE MAC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended, March 31,	
	2009	2008
(in millions)		
Cash flows from operating activities		
Net loss	\$ (9,851)	\$ (149)
Adjustments to reconcile net loss to net cash used for operating activities:		
Derivative gains	(917)	(101)
Asset related amortization -- premiums, discounts and basis adjustments	(278)	(67)
Debt related amortization -- premiums and discounts on certain debt securities and basis adjustments	1,535	2,622
Net discounts paid on retirements of debt	(1,880)	(2,276)
Losses (gains) on debt retirement	104	(305)
Provision for credit losses	8,791	1,240
Low-income housing tax credit partnerships	106	117
Losses on loans purchased	2,012	51
Losses (gains) on investment activity	4,944	(1,219)
(Gains) losses on debt recorded at fair value	(467)	1,385
Deferred income tax benefit	(114)	(882)
Purchases of held-for-sale mortgages	(29,326)	(11,858)
Sales of held-for-sale mortgages	20,232	7,808
Repayments of held-for-sale mortgages	1,322	153
Change in:		
Due to Participation Certificates and Structured Securities Trust	705	(904)
Accounts and other receivables, net	(262)	(395)
Accrued interest payable	(1,548)	(1,525)
Income taxes payable	(808)	(186)
Guarantee asset, at fair value	(179)	458
Guarantee obligation	(352)	(8)
Other, net	1,373	68
<i>Net cash used for operating activities</i>	<u>(4,858)</u>	<u>(5,973)</u>
Cash flows from investing activities		
Purchases of trading securities	(119,913)	(9,015)
Proceeds from sales of trading securities	36,586	1,061
Proceeds from maturities of trading securities	11,777	3,783
Purchases of available-for-sale securities	(2,227)	(106,227)
Proceeds from sales of available-for-sale securities	1,239	18,376
Proceeds from maturities of available-for-sale securities	21,156	92,991
Purchases of held-for-investment mortgages	(8,801)	(4,642)
Repayments of held-for-investment mortgages	1,466	1,291
Increase in restricted cash	(392)	(338)
Net (payments) proceeds from mortgage insurance and acquisitions and dispositions of real estate owned	(157)	80
Net increase in federal funds sold and securities purchased under agreements to resell	(23,900)	(10,670)
Derivative premiums and terminations and swap collateral, net	(1,356)	(273)
<i>Net cash used for investing activities</i>	<u>(84,522)</u>	<u>(13,583)</u>
Cash flows from financing activities		
Proceeds from issuance of short-term debt	302,181	268,640
Repayments of short-term debt	(282,069)	(265,471)
Proceeds from issuance of long-term debt	138,471	93,607
Repayments of long-term debt	(91,105)	(76,780)
Proceeds from increase in liquidation preference of senior preferred stock	30,800	-
Payment of cash dividends on senior preferred stock, preferred stock and common stock	(373)	(436)
Excess tax benefits associated with stock-based awards	1	1
Payments of low-income housing tax credit partnerships notes payable	(98)	(183)
Other, net	-	(50)
<i>Net cash provided by financing activities</i>	<u>97,808</u>	<u>19,328</u>
Net increase (decrease) in cash and cash equivalents	8,428	(228)
Cash and cash equivalents at beginning of period	45,326	8,574
<i>Cash and cash equivalents at end of period</i>	<u>\$ 53,754</u>	<u>\$ 8,346</u>
Supplemental cash flow information		
Cash paid (received) for:		
Debt interest	\$ 8,690	\$ 10,305
Swap collateral interest	2	61
Derivative interest carry, net	(921)	64
Income taxes	(15)	646
Non-cash investing activities:		
Transfers from available-for-sale securities to trading securities	-	87,281

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