

FREDDIE MAC
CONSOLIDATED BALANCE SHEETS

| | December 31, | |
|---|---|-------------------|
| | 2007 | Adjusted 2006 |
| | (in millions, except share-related amounts) | |
| Assets | | |
| <i>Retained portfolio</i> | | |
| Mortgage loans: | | |
| Held-for-investment, at amortized cost (net of allowance for loan losses of \$256 and \$69, respectively) | \$ 76,347 | \$ 63,697 |
| Held-for-sale, at lower-of-cost-or-market | 3,685 | 1,908 |
| Mortgage loans, net | <u>80,032</u> | <u>65,605</u> |
| Mortgage-related securities: | | |
| Available-for-sale, at fair value (includes \$17,010 and \$20,463, respectively, pledged as collateral that may be repledged) | 615,665 | 626,731 |
| Trading, at fair value | 14,089 | 7,597 |
| Total mortgage-related securities | <u>629,754</u> | <u>634,328</u> |
| <i>Retained portfolio</i> | <u>709,786</u> | <u>699,933</u> |
| <i>Cash and investments</i> | | |
| Cash and cash equivalents | 8,574 | 11,359 |
| Investments: | | |
| Non-mortgage-related securities: | | |
| Available-for-sale, at fair value | 35,101 | 45,586 |
| Securities purchased under agreements to resell and federal funds sold | 6,562 | 23,028 |
| <i>Cash and investments</i> | <u>50,237</u> | <u>79,973</u> |
| Accounts and other receivables, net | 5,003 | 5,073 |
| Derivative assets, net | 827 | 665 |
| Guarantee asset, at fair value | 9,591 | 7,389 |
| Real estate owned, net | 1,736 | 743 |
| Deferred tax asset | 10,304 | 4,346 |
| Other assets | 6,884 | 6,788 |
| <i>Total assets</i> | <u>\$ 794,368</u> | <u>\$ 804,910</u> |
| Liabilities and stockholders' equity | | |
| <i>Debt securities, net</i> | | |
| Senior debt: | | |
| Due within one year | \$ 295,921 | \$ 285,264 |
| Due after one year | 438,147 | 452,677 |
| Subordinated debt, due after one year | 4,489 | 6,400 |
| <i>Total debt securities, net</i> | <u>738,557</u> | <u>744,341</u> |
| Due to Participation Certificate investors | - | 11,123 |
| Accrued interest payable | 7,864 | 8,307 |
| Guarantee obligation | 13,712 | 9,482 |
| Derivative liabilities, net | 582 | 165 |
| Reserve for guarantee losses on Participation Certificates | 2,566 | 550 |
| Other liabilities | 4,187 | 3,512 |
| <i>Total liabilities</i> | <u>767,468</u> | <u>777,480</u> |
| Commitments and contingencies | | |
| Minority interests in consolidated subsidiaries | 176 | 516 |
| <i>Stockholders' equity</i> | | |
| Preferred stock, at redemption value | 14,109 | 6,109 |
| Common stock, \$0.21 par value, 806,000,000 and 726,000,000 shares authorized, respectively, 725,863,886 shares issued and 646,266,701 and 661,254,178 shares outstanding, respectively | 152 | 152 |
| Additional paid-in capital | 871 | 962 |
| Retained earnings | 26,909 | 31,372 |
| Accumulated other comprehensive income (loss), or AOCI, net of taxes, related to: | | |
| Available-for-sale securities | (7,040) | (3,332) |
| Cash flow hedge relationships | (4,059) | (5,032) |
| Defined benefit plans | (44) | (87) |
| Total AOCI, net of taxes | <u>(11,143)</u> | <u>(8,451)</u> |
| Treasury stock, at cost, 79,597,185 shares and 64,609,708 shares, respectively | <u>(4,174)</u> | <u>(3,230)</u> |
| <i>Total stockholders' equity</i> | <u>26,724</u> | <u>26,914</u> |
| <i>Total liabilities and stockholders' equity</i> | <u>\$ 794,368</u> | <u>\$ 804,910</u> |

The Notes to Consolidated Financial Statements included in our Information Statement and Annual Report to Stockholders dated February 28, 2008 are an integral part of these consolidated financial statements.