

**FREDDIE MAC**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Year Ended December 31,		
	2008	2007	2006
	(dollars in millions, except share-related amounts)		
<i>Interest income</i>			
Investments in securities	\$ 35,067	\$ 36,587	\$ 36,021
Mortgage loans	5,369	4,449	4,152
Other:			
Cash and cash equivalents	618	594	622
Federal funds sold and securities purchased under agreements to resell	423	1,280	1,469
Total other	1,041	1,874	2,091
<i>Total interest income</i>	<u>41,477</u>	<u>42,910</u>	<u>42,264</u>
<i>Interest expense</i>			
Short-term debt	(6,800)	(8,916)	(8,665)
Long-term debt	(26,532)	(29,148)	(28,218)
Total interest expense on debt	(33,332)	(38,064)	(36,883)
Due to Participation Certificate investors	-	(418)	(387)
Total interest expense	(33,332)	(38,482)	(37,270)
Expense related to derivatives	(1,349)	(1,329)	(1,582)
<i>Net interest income</i>	<u>6,796</u>	<u>3,099</u>	<u>3,412</u>
<i>Non-interest income (loss)</i>			
Management and guarantee income (includes interest on guarantee asset of \$1,121, \$549 and \$580, respectively)	3,370	2,635	2,393
Gains (losses) on guarantee asset	(7,091)	(1,484)	(978)
Income on guarantee obligation	4,826	1,905	1,519
Derivative gains (losses)	(14,954)	(1,904)	(1,173)
Gains (losses) on investment activity	(16,108)	294	(473)
Gains (losses) on foreign-currency denominated debt recorded at fair value	406	-	-
Gains (losses) on debt retirement	209	345	466
Recoveries on loans impaired upon purchase	495	505	-
Foreign-currency gains (losses), net	-	(2,348)	96
Low-income housing tax credit partnerships	(453)	(469)	(407)
Other income	125	246	236
<i>Non-interest income (loss)</i>	<u>(29,175)</u>	<u>(275)</u>	<u>1,679</u>
<i>Non-interest expense</i>			
Salaries and employee benefits	(828)	(828)	(784)
Professional services	(262)	(392)	(399)
Occupancy expense	(67)	(64)	(61)
Other administrative expenses	(348)	(390)	(397)
Total administrative expenses	(1,505)	(1,674)	(1,641)
Provision for credit losses	(16,432)	(2,854)	(296)
Real estate owned operations expense	(1,097)	(206)	(60)
Losses on certain credit guarantees	(17)	(1,988)	(406)
Losses on loans purchased	(1,634)	(1,865)	(148)
Securities administrator loss on investment activity	(1,082)	-	-
Minority interests in earnings (loss) of consolidated subsidiaries	(8)	8	(58)
Other expenses	(415)	(222)	(200)
<i>Non-interest expense</i>	<u>(22,190)</u>	<u>(8,801)</u>	<u>(2,809)</u>
Income (loss) before income tax (expense) benefit	(44,569)	(5,977)	2,282
Income tax (expense) benefit	(5,550)	2,883	45
<i>Net income (loss)</i>	<u>\$ (50,119)</u>	<u>\$ (3,094)</u>	<u>\$ 2,327</u>
Preferred stock dividends and issuance costs on redeemed preferred stock (including \$-, \$6 and \$- of issuance costs on redeemed preferred stock, respectively)	(675)	(404)	(270)
Amount allocated to participating security option holders	(1)	(5)	(6)
<i>Net income (loss) available to common stockholders</i>	<u>\$ (50,795)</u>	<u>\$ (3,503)</u>	<u>\$ 2,051</u>
Earnings (loss) per common share:			
Basic	\$ (34.60)	\$ (5.37)	\$ 3.01
Diluted	\$ (34.60)	\$ (5.37)	\$ 3.00
Weighted average common shares outstanding (in thousands)			
Basic	1,468,062	651,881	680,856
Diluted	1,468,062	651,881	682,664
Dividends per common share	\$ 0.50	\$ 1.75	\$ 1.91

*The Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K dated March 11, 2009 are an integral part of these consolidated financial statements.*