

FREDDIE MAC
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	Year Ended December 31,					
	2008		2007		2006	
	Shares	Amount	Shares	Amount	Shares	Amount
	(in millions)					
<i>Senior preferred stock, at redemption value</i>						
Balance, beginning of year	-	\$ -	-	\$ -	-	\$ -
Senior preferred stock issuance	1	1,000	-	-	-	-
Increase in liquidation preference	-	13,800	-	-	-	-
<i>Senior preferred stock, end of year</i>	<u>1</u>	<u>14,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Preferred stock, at redemption value</i>						
Balance, beginning of year	464	14,109	132	6,109	92	4,609
Preferred stock issuances	-	-	344	8,600	40	1,500
Preferred stock redemptions	-	-	(12)	(600)	-	-
<i>Preferred stock, end of year</i>	<u>464</u>	<u>14,109</u>	<u>464</u>	<u>14,109</u>	<u>132</u>	<u>6,109</u>
<i>Common stock, par value</i>						
Balance, beginning of year	726	152	726	152	726	152
Adjustment to par value	-	(152)	-	-	-	-
<i>Common stock, end of year</i>	<u>726</u>	<u>-</u>	<u>726</u>	<u>152</u>	<u>726</u>	<u>152</u>
<i>Additional paid-in capital</i>						
Balance, beginning of year		871		962		924
Stock-based compensation		74		81		60
Income tax benefit from stock-based compensation		(16)		-		9
Preferred stock issuance costs		-		(116)		(15)
Common stock issuances		(66)		(42)		(15)
Real Estate Investment Trust preferred stock repurchase		4		(14)		(1)
Adjustment to common stock par value		152		-		-
Common stock warrant issuance		2,304		-		-
Commitment from U.S. Department of the Treasury		(3,304)		-		-
<i>Additional paid-in capital, end of year</i>		<u>19</u>		<u>871</u>		<u>962</u>
<i>Retained earnings (accumulated deficit)</i>						
Balance, beginning of year		26,909		31,372		30,638
Cumulative effect of change in accounting principle, net of taxes		1,023		181		(13)
Balance, beginning of year, as adjusted		27,932		31,553		30,625
Net income (loss)		(50,119)		(3,094)		2,327
Senior preferred stock dividends declared		(172)		-		-
Preferred stock dividends declared		(503)		(398)		(270)
Common stock dividends declared		(329)		(1,152)		(1,310)
<i>Retained earnings (accumulated deficit), end of year</i>		<u>(23,191)</u>		<u>26,909</u>		<u>31,372</u>
<i>AOI, net of taxes</i>						
Balance, beginning of year		(11,143)		(8,451)		(9,352)
Cumulative effect of change in accounting principle, net of taxes		(850)		-		-
Balance, beginning of year, as adjusted		(11,993)		(8,451)		(9,352)
Changes in unrealized gains (losses) related to available-for-sale securities, net of reclassification adjustments		(20,616)		(3,708)		(267)
Changes in unrealized gains (losses) related to cash flow hedge relationships, net of reclassification adjustments		377		973		1,254
Changes in defined benefit plans		(125)		43		(2)
Change in other comprehensive income (loss), net of taxes, net of reclassification adjustments		(20,364)		(2,692)		985
Adjustment to initially apply Statement of Financial Accounting Standard No.158, net of tax		-		-		(84)
<i>AOI, net of taxes, end of year</i>		<u>(32,357)</u>		<u>(11,143)</u>		<u>(8,451)</u>
<i>Treasury stock, at cost</i>						
Balance, beginning of year	80	(4,174)	65	(3,230)	33	(1,280)
Common stock issuances	(1)	63	(1)	56	(1)	50
Common stock repurchases	-	-	16	(1,000)	33	(2,000)
<i>Treasury stock, end of year</i>	<u>79</u>	<u>(4,111)</u>	<u>80</u>	<u>(4,174)</u>	<u>65</u>	<u>(3,230)</u>
<i>Total stockholders' equity (deficit)</i>		<u>\$ (30,731)</u>		<u>\$ 26,724</u>		<u>\$ 26,914</u>
<i>Comprehensive income (loss)</i>						
Net income (loss)		\$ (50,119)		\$ (3,094)		\$ 2,327
Changes in other comprehensive income (loss), net of taxes, net of reclassification adjustments		(20,364)		(2,692)		985
<i>Total comprehensive income (loss)</i>		<u>\$ (70,483)</u>		<u>\$ (5,786)</u>		<u>\$ 3,312</u>

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.