

FREDDIE MAC
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2009	2008	2007
	(in millions, except share-related amounts)		
<i>Interest income</i>			
Investments in securities	\$ 33,290	\$ 35,067	\$ 36,587
Mortgage loans	6,815	5,369	4,449
Other:			
Cash and cash equivalents	193	618	594
Federal funds sold and securities purchased under agreements to resell	48	423	1,280
Total other	241	1,041	1,874
Total interest income	40,346	41,477	42,910
<i>Interest expense</i>			
Short-term debt	(2,234)	(6,800)	(8,916)
Long-term debt	(19,916)	(26,532)	(29,148)
Total interest expense on debt	(22,150)	(33,332)	(38,064)
Due to Participation Certificate investors	-	-	(418)
Total interest expense	(22,150)	(33,332)	(38,482)
Expense related to derivatives	(1,123)	(1,349)	(1,329)
<i>Net interest income</i>	17,073	6,796	3,099
<i>Non-interest income (loss)</i>			
Management and guarantee income (includes interest on guarantee asset of \$923, \$1,121 and \$549, respectively)	3,033	3,370	2,635
Gains (losses) on guarantee asset	3,299	(7,091)	(1,484)
Income on guarantee obligation	3,479	4,826	1,905
Derivative gains (losses)	(1,900)	(14,954)	(1,904)
Gains (losses) on investments:			
Impairment-related:			
Total other-than-temporary impairment of available-for-sale securities	(23,125)	(17,682)	(365)
Portion of other-than-temporary impairment recognized in AOCI	11,928	-	-
Net impairment of available-for-sale securities recognized in earnings	(11,197)	(17,682)	(365)
Other gains (losses) on investments	5,841	1,574	659
Total gains (losses) on investments	(5,356)	(16,108)	294
Gains (losses) on debt recorded at fair value	(404)	406	-
Gains (losses) on debt retirement	(568)	209	345
Recoveries on loans impaired upon purchase	379	495	505
Foreign-currency gains (losses), net	-	-	(2,348)
Low-income housing tax credit partnerships	(4,155)	(453)	(469)
Trust management income (expense)	(761)	(70)	18
Other income	222	195	228
<i>Non-interest income (loss)</i>	(2,732)	(29,175)	(275)
<i>Non-interest expense</i>			
Salaries and employee benefits	(912)	(828)	(828)
Professional services	(310)	(262)	(392)
Occupancy expense	(68)	(67)	(64)
Other administrative expenses	(361)	(348)	(390)
Total administrative expenses	(1,651)	(1,505)	(1,674)
Provision for credit losses	(29,530)	(16,432)	(2,854)
Real estate owned operations expense	(307)	(1,097)	(206)
Losses on certain credit guarantees	-	(17)	(1,988)
Losses on loans purchased	(4,754)	(1,634)	(1,865)
Securities administrator loss on investment activity	-	(1,082)	-
Other expenses	(483)	(418)	(226)
<i>Non-interest expense</i>	(36,725)	(22,185)	(8,813)
Loss before income tax benefit (expense)	(22,384)	(44,564)	(5,989)
Income tax benefit (expense)	830	(5,552)	2,887
<i>Net loss</i>	(21,554)	(50,116)	(3,102)
Less: Net (income) loss attributable to noncontrolling interest	1	(3)	8
<i>Net loss attributable to Freddie Mac</i>	\$ (21,553)	\$ (50,119)	\$ (3,094)
Preferred stock dividends and issuance costs on redeemed preferred stock	(4,105)	(675)	(404)
Amount allocated to participating security option holders	-	(1)	(5)
<i>Net loss attributable to common stockholders</i>	\$ (25,658)	\$ (50,795)	\$ (3,503)
Loss per common share:			
Basic	\$ (7.89)	\$ (34.60)	\$ (5.37)
Diluted	\$ (7.89)	\$ (34.60)	\$ (5.37)
Weighted average common shares outstanding (in thousands):			
Basic	3,253,836	1,468,062	651,881
Diluted	3,253,836	1,468,062	651,881
Dividends per common share	\$ -	\$ 0.50	\$ 1.75

The Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K dated February 24, 2010 are an integral part of these consolidated financial statements.