

## **Supplement dated February 28, 2008 to Information Statement dated February 28, 2008**

On February 28, 2008, Freddie Mac announced its 2007 financial results. This Information Statement Supplement includes the content of that announcement as follows:

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**FOR IMMEDIATE RELEASE**  
**February 28, 2008**  
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**FREDDIE MAC RELEASES FOURTH QUARTER 2007 FINANCIAL RESULTS**

*Introduces Accounting Changes and Expanded Disclosures*

*Company Reports Fourth Quarter Net Loss of \$2.5 Billion or \$3.97 Per Diluted Share*

*Returns to Timely Financial Reporting With Release of 2007 Annual Report*

**Summary**

- Fourth quarter net loss of \$2.5 billion, or \$3.97 per diluted share, and full-year net loss of \$3.1 billion, or \$5.37 per diluted share.
- Estimated regulatory core capital was \$37.9 billion at December 31, 2007.
- Credit guarantee portfolio increased 17.7 percent, and retained portfolio grew 2.4 percent for the year.
- Company demonstrates leadership in addressing subprime crisis through the purchase of approximately \$43 billion in conventional conforming product originations to borrowers who otherwise might have been limited to subprime mortgages; helps nearly 47,000 families avoid foreclosure.
- Company initiates use of Adjusted operating income, a non-GAAP financial measure, for evaluating financial performance of company and introduces new segment reporting.

**McLean, VA**—Freddie Mac (NYSE:FRE) today reported a net loss of \$3.1 billion, or \$5.37 per diluted common share, for the year ended December 31, 2007, compared to net income of \$2.3 billion, or \$3.00 per diluted common share, for 2006. For the fourth quarter of 2007, the net loss was \$2.5 billion, or \$3.97 per diluted common share, compared to a net loss of \$401 million in the fourth quarter of 2006, or \$0.73 per diluted common share.

“Today’s economy represents one of the most severe housing downturns in American history, and our results reflect that difficult environment as well as Freddie Mac’s steadfast commitment to its important mission of providing liquidity, stability and affordability to the U.S. housing finance system,” said Richard F. Syron, Freddie Mac chairman and chief executive officer. “Throughout 2007, Freddie Mac worked tirelessly to protect distressed homeowners by stabilizing the conforming mortgage market and reducing mortgage foreclosures. In addition to leadership on behalf of homeowners, we are keenly focused on managing our business through this difficult

cycle towards a stronger future. As a clear sign of our progress, we are gratified that today's release marks Freddie Mac's return to timely financial reporting, an accomplishment that would not have been possible without the terrific efforts of everyone on the Freddie Mac team."

Looking ahead to 2008, Syron commented, "We remain extremely cautious as we enter 2008. If the economy weakens substantially from here – a possibility for which we need to be prepared as a company – it will have a further negative effect on homeowners across the country and drive credit costs higher. However, we have taken the steps to add capital, tighten our management of credit risk and institute pricing policies that are more consistent with the risk we bear. These actions should help us build the business for the future."

"With our large capital raise in the fourth quarter, we boosted our surplus relative to OFHEO's 30 percent mandatory target capital surplus," said Buddy Pizsel, chief financial officer. "In 2008, we will continue to prudently manage our capital, particularly given the outlook for continued weakening in the housing market."

"Likewise, today's release of our full-year 2007 financial results and annual report is significant as it marks Freddie Mac's return to timely financial reporting and is further evidence of the progress the company is making," Pizsel said. "We have also enhanced our financial reporting to provide greater clarity and comparability through the adoption of new accounting policies and introduction of a supplemental non-GAAP financial metric, which we call Adjusted operating income. Today, we are presenting these enhancements -- including detailed segment information on our Investments, Single-family Guarantee and Multifamily businesses – so as to provide investors with an expanded view of Freddie Mac's business performance."

Consistent with the company's efforts to improve the clarity and comparability of its financial reports, Freddie Mac has made two significant changes in its financial presentation -- adoption of new accounting policies and an introduction of a supplemental non-GAAP financial metric. For a more detailed discussion, *see* the Appendix accompanying this release.

While the accounting methods the company applied before the changes are acceptable, Freddie Mac believes that the newly adopted accounting methods are preferable in that they significantly enhance the transparency and understandability of the company's financial results, promote uniformity in the accounting model for the credit risk retained in its primary credit guarantee business and better align revenue recognition to the release from economic risk of loss under its guarantee.

### **Effect of GAAP Accounting Policy Changes Related to the Guarantee Obligation**

Effective December 31, 2007, the company changed its methods of accounting for its guarantee obligation and has retrospectively changed its prior years' financial results to reflect the new methods. *See* the Appendix for more detail. Except where indicated, the GAAP and Adjusted operating income financial information in this release is presented after giving effect to these changes. The table below shows the effects of such changes on the company's previously reported results for the three and nine months ended September 30, 2007.

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(\$ in millions)	<i>Three Months Ended September 30, 2007</i>		<i>Nine Months Ended September 30, 2007</i>	
	As Previously Reported	As Adjusted <sup>(1)</sup>	As Previously Reported	As Adjusted <sup>(1)</sup>
Net interest income	\$ 987	\$ 761	\$ 2,938	\$ 2,325
Management and guarantee income	520	718	1,454	1,937
Other non-interest income (loss)	(2,185)	(601)	(2,391)	(348)
<b>Total revenues</b>	<b>(678)</b>	<b>878</b>	<b>2,001</b>	<b>3,914</b>
Administrative expenses	(428)	(428)	(1,273)	(1,273)
Credit-related expenses	(1,248)	(1,423)	(1,777)	(2,148)
Other non-interest expense	(1,055)	(1,219)	(2,133)	(2,392)
<b>Total expenses</b>	<b>(2,731)</b>	<b>(3,070)</b>	<b>(5,183)</b>	<b>(5,813)</b>
Income (loss) before taxes	(3,409)	(2,192)	(3,182)	(1,899)
Income tax benefit	1,380	954	1,706	1,257
<b>Net income (loss)</b>	<b><u>(2,029)</u></b>	<b><u>(1,238)</u></b>	<b><u>(1,476)</u></b>	<b><u>(642)</u></b>
<b>Estimated regulatory core capital<sup>(2)</sup></b>			<b><u>\$ 34,643</u></b>	<b><u>\$ 34,672</u></b>

(1) Adjusted to give effect to the change in accounting methods for the guarantee obligation.

(2) At period end. Includes the net cumulative effect of accounting policy changes.

**GAAP Results**

(\$ in millions)	<i>Three Months Ended</i>		
	<b>December 31, 2007</b>	<b>September 30, 2007<sup>(1)</sup></b>	<b>December 31, 2006<sup>(1)</sup></b>
Net interest income	\$ 774	\$ 761	\$ 761
Management and guarantee income	698	718	635
Other non-interest income (loss)	(2,093)	(601)	(811)
<b>Total revenues</b>	<b>(621)</b>	<b>878</b>	<b>585</b>
Administrative expenses	(401)	(428)	(445)
Credit-related expenses	(912)	(1,423)	(182)
Other non-interest expense	(2,144)	(1,219)	(380)
<b>Total expenses</b>	<b>(3,457)</b>	<b>(3,070)</b>	<b>(1,007)</b>
Income (loss) before taxes	(4,078)	(2,192)	(422)
Income tax (expense) benefit	1,626	954	21
<b>Net income (loss)</b>	<b><u>(2,452)</u></b>	<b><u>(1,238)</u></b>	<b><u>(401)</u></b>
<b>Estimated regulatory core capital (at period end)</b>	<b><u>\$ 37,867</u></b>	<b><u>\$ 34,672</u></b>	<b><u>\$ 35,365</u></b>

(1) Adjusted to give effect to the change in accounting methods for the guarantee obligation.

**Net loss** was \$2.5 billion for the fourth quarter of 2007, compared to a loss of \$1.2 billion for the third quarter of 2007. The majority of this increase in loss resulted from significant mark-to-market losses detailed below in the discussions of other non-interest loss and other non-interest expense. Without giving effect to the accounting changes for the company's guarantee obligation discussed above, the fourth quarter 2007 net loss would have been \$3.7 billion.

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The key components affecting the company's net loss for the fourth quarter of 2007 as compared to the third quarter of 2007 were:

**Net interest income** was \$774 million for the fourth quarter, a slight increase from \$761 million for the third quarter, primarily due to lower amortization expense, partially offset by lower average balances as the company managed the retained portfolio to the 30 percent mandatory target capital surplus.

**Management and guarantee income** on PCs and Structured Securities was \$698 million for the fourth quarter, a slight decrease from \$718 million for the third quarter, mainly driven by decreased amortization income.

**Other non-interest loss** increased to \$2.1 billion in the fourth quarter, compared to a loss of \$601 million for the third quarter. Included in the fourth quarter non-interest loss were mark-to-market losses of approximately \$0.8 billion on the value of the company's credit guarantee asset and approximately \$2.3 billion on the value of the company's derivatives portfolio, both due to the impact of declining long-term interest rates. The company expects to experience reduced volatility from mark-to-market effects on its guarantee asset and derivatives portfolio as a result of the adoption of SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities, Including an amendment of FASB Statement No. 115" (SFAS 159) (*see* "Core Capital" below) and, to a lesser extent, the company's planned implementation of hedge accounting. *See* the Appendix for more detail on the adoption of SFAS 159.

**Administrative expenses** totaled \$401 million for the fourth quarter, down from \$428 million in the third quarter, primarily due to the reversal of previously accrued compensation expenses.

**Credit-related expenses**, consisting of provision for credit losses and real estate owned (REO) operations expense, were \$912 million for the fourth quarter, compared to \$1.4 billion for the third quarter. The provision for credit losses in the third and fourth quarter included amounts related to increased estimates of incurred losses on mortgage loans associated with higher default rates, an observed increase in delinquency rates and increases in severity of losses on a per-property basis, driven in part by the declines in home sales and home prices. The company expects credit-related expenses to remain high relative to recent periods and to vary from period to period as the U.S. housing market remains under pressure.

Total credit losses, consisting of net charge-offs plus REO operations expense, were \$236 million for the fourth quarter, \$126 million for the third quarter and \$499 million for the full-year 2007. Realized credit losses were an annualized 5.4 basis points, 3.0 basis points and 3.0 basis points of the average total mortgage portfolio for the fourth quarter, the third quarter and full-year 2007, respectively. The company expects total credit losses to increase in 2008.

In addition, as a result of the continuing deterioration in the U.S. housing market, the company has revised its estimate of total credit losses for 2008 and 2009 to \$2.2 billion and \$2.9 billion, respectively.

**Other non-interest expense** for the fourth quarter was \$2.1 billion, compared to \$1.2 billion for the third quarter. Fourth quarter non-interest expense included losses on certain credit guarantees of \$1.3 billion, compared to \$392 million for the third quarter, primarily related to higher expected future credit costs reflected in the market-based valuations of the guarantee obligation associated with newly-issued PCs. The company expects that price increases, including the delivery fee increase effective in March 2008, may mitigate a portion of the losses on certain credit guarantees.

Also included in other non-interest expense for the fourth quarter were losses of \$736 million on loans purchased out of PC pools, compared to losses of \$649 million in the third quarter, largely due to a decline in the estimated fair value and an increase in the average unpaid principal balance per loan of non-performing loans purchased out of PC pools. The company announced in December 2007 certain operational changes for purchasing delinquent loans from PC pools. This action is expected to reduce the losses on loans purchased out of PC pools and result in a higher provision for credit losses associated with our PCs and Structured Securities.

During the fourth quarter, the company recognized \$273 million in other non-interest income associated with the recapture of previously recognized market value losses on purchased loans due to either borrower payoffs or property fair values upon foreclosure that exceeded the carrying basis of the loan.

For a full discussion of year-over-year results, *see* “MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS – EXECUTIVE SUMMARY” of the company’s Information Statement and Annual Report dated February 28, 2008.

### **Core Capital**

Estimated regulatory core capital was \$37.9 billion at December 31, 2007, which represented an estimated \$11.4 billion in excess of the company’s regulatory minimum capital requirement, and an estimated \$3.5 billion in excess of the 30 percent mandatory target capital surplus directed by the Office of Federal Housing Enterprise Oversight (OFHEO).

In order to manage to the 30 percent mandatory target capital surplus and improve business flexibility, during the fourth quarter of 2007, the company issued \$6.0 billion of non-cumulative, perpetual preferred stock, reduced its common dividend by 50 percent and reduced the size of its cash and investments portfolio.

As a result of adopting SFAS 159, the company recognized a \$1.0 billion after-tax increase to its beginning retained earnings, and estimated regulatory core capital, at January 1, 2008, above the estimated regulatory core capital it reported at December 31, 2007. *See* the Appendix for more detail on the adoption of SFAS 159.

**Adjusted Operating Income Results**

Freddie Mac has initiated a new method of managing and evaluating the financial performance of its business, resulting in three reportable segments, the results of which are reported using an Adjusted operating income approach, as discussed below. Prior to December 1, 2007, the company prepared its results as a single segment using GAAP-basis income. Adjusted operating income is a non-GAAP financial measure and should not be used as a substitute for GAAP. With the introduction of a segment-based Adjusted operating income metric, the company has added another measure in addition to its GAAP and fair value results that investors can use to evaluate the performance of the company. See the Appendix for a reconciliation of Adjusted operating income to net income (loss) in accordance with GAAP and other information about how the company uses Adjusted operating income and its limitations as a measure of financial performance for the company.

The company's reportable segments are set forth below. Certain activities that are not part of a segment are included in the All Other category.

- Investments, which encompasses its investment activity in mortgage-related securities and single-family mortgage loans, and its activities related to the company's cash and non-mortgage-related securities investment portfolio.
- Single-family Guarantee, which encompasses its credit guarantee activity for single-family mortgages.
- Multifamily, which encompasses both its investment activity and its credit guarantee activity related to multifamily mortgages and its investments in low-income housing tax credit (LIHTC) partnerships.

**Consolidated Results – Adjusted Operating Income**

Total Adjusted operating income was \$2.1 billion for the year ended December 31, 2007, compared with \$3.9 billion for the year ended December 31, 2006. The year-over-year decline was primarily due to the \$2.9 billion increase in the company's credit-related expenses.

**Segment Results – Adjusted Operating Income**

***Investments***

<b>Adjusted Operating Income - Investments</b> <i>(\$ in millions)</i>	<b><i>Year Ended December 31,</i></b>		
	<b>2007</b>	<b>2006</b>	<b>2005</b>
Net interest income	\$3,626	\$3,736	\$4,117
Non-interest income (loss)	40	38	(74)
Non-interest expense:			
Administrative expenses	(515)	(495)	(466)
Other non-interest expense	(31)	(31)	(63)
Income tax (expense)	<u>(1,092)</u>	<u>(1,137)</u>	<u>(1,230)</u>
<b>Total Adjusted operating income</b>	<b><u>\$2,028</u></b>	<b><u>\$2,111</u></b>	<b><u>\$2,284</u></b>

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Adjusted operating income for the company's Investments segment declined in 2007 compared to 2006. During 2007, the company experienced higher funding costs for its retained portfolio as long-term debt interest expense increased, reflecting the replacement of maturing debt at higher yields, partially offset by lower amortization expense. Wider net mortgage-to-debt option-adjusted spreads (OAS) due to lower demand for mortgage-related securities, along with heightened market uncertainty, resulted in favorable investment opportunities in 2007. However, to manage to its 30 percent mandatory target capital surplus, the company reduced its average balance of interest earning assets.

***Single-family Guarantee***

<b>Adjusted Operating Income - Single-family Guarantee</b> <i>(\$ in millions)</i>	<b>Year Ended December 31,</b>		
	<b>2007</b>	<b>2006</b>	<b>2005</b>
Net interest income	\$703	\$556	\$349
Non-interest income:			
Management and guarantee income	2,889	2,541	2,341
Other non-interest income	117	159	78
Non-interest expense:			
Administrative expenses	(806)	(815)	(767)
Provision for credit losses	(3,014)	(313)	(447)
REO operations expense	(205)	(61)	(40)
Other non-interest expense	(78)	(84)	(30)
Income tax (expense) benefit	138	(694)	(519)
<b>Total Adjusted operating income (loss)</b>	<b><u>\$(256)</u></b>	<b><u>\$1,289</u></b>	<b><u>\$965</u></b>

The company's Single-family Guarantee segment recorded an Adjusted operating loss of \$256 million for the year ended December 31, 2007, compared to Adjusted operating income of \$1.3 billion for the year ended December 31, 2006.

The increase in management and guarantee income in 2007 is primarily due to higher weighted average balances of guaranteed assets. This increase in management and guarantee income was offset by a \$2.7 billion year-over-year increase in the segment provision for credit losses, due to continued credit deterioration in the single-family credit guarantee portfolio, primarily related to 2006 and 2007 loan originations. The mortgages in this portfolio that were originated in 2006 and 2007 have a higher number of loans transitioning from delinquency to foreclosure, higher delinquency rates and higher loss severities on a per-property basis.

*Multifamily*

<b>Adjusted Operating Income - Multifamily</b> <i>(\$ in millions)</i>	<i>Year Ended December 31,</i>		
	<b>2007</b>	<b>2006</b>	<b>2005</b>
Net interest income	\$426	\$479	\$417
Non-interest income:			
Management and guarantee income	59	61	59
Other non-interest income	24	28	19
Non-interest expense:			
Administrative expenses	(189)	(182)	(151)
Provision for credit losses	(38)	(4)	(7)
REO operations expense	(1)	1	-
LIHTC partnerships	(469)	(407)	(320)
Other non-interest expense	(21)	(17)	(20)
LIHTC partnership tax benefits	534	461	365
Income tax benefit	<u>73</u>	<u>14</u>	<u>1</u>
<b>Total Adjusted operating income</b>	<b><u>\$398</u></b>	<b><u>\$434</u></b>	<b><u>\$363</u></b>

Adjusted operating income for the company's Multifamily segment decreased in 2007 compared to 2006, primarily due to lower net interest income, higher provision for credit losses and higher LIHTC losses.

Net interest income for this segment declined slightly in 2007, compared to 2006, as higher funding costs more than offset the increase in the company's loan portfolio balances. The company experienced higher funding costs in 2007 compared to 2006, reflecting the replacement of maturing long-term debt that was issued at lower rates in prior years.

Despite market volatility and credit concerns in the single-family market, multifamily market fundamentals generally continued to display positive trends throughout 2007. Effective rents increased in the majority of areas and vacancy rates were stable, although likely to trend upward in 2008.

Mortgage purchases into the company's multifamily loan portfolio, which were at record levels, increased approximately 50 percent in 2007, to \$18.2 billion from \$12.1 billion in 2006. The unpaid principal balance of the company's multifamily loan portfolio increased to \$57.6 billion at December 31, 2007 from \$45.2 billion at December 31, 2006.

**All Other**

All Other includes corporate-level expenses not allocated to any of the company's reportable segments, such as costs associated with remediating its internal controls and near-term restructuring costs, and costs related to the resolution of certain legal matters and certain income tax items. All Other was a loss of \$103 million for 2007.

### **Fair Value of Net Assets**

The company's attribution of changes in fair value relies on models, assumptions, and other measurement techniques that evolve over time.

At December 31, 2007, the fair value of net assets was \$12.6 billion, reflecting a net after-tax reduction of \$19.2 billion from the December 31, 2006 level of \$31.8 billion. This change in fair value of net assets reflects the impact of net cash flows received from guarantee activities; core spread income received from investment activities; the payment of preferred and common stock dividends; other capital transactions, including the issuance of \$6 billion in preferred stock during the fourth quarter of 2007; and changes in fair value of assets and liabilities managed in the company's underlying businesses.

The company estimates that wider net mortgage-to-debt OAS resulted in a pre-tax reduction in fair value of \$23.8 billion for the year ended December 31, 2007. In addition, the company estimates that a change in fair value of the net single-family guarantee asset and obligation resulted in a pre-tax reduction of \$20.1 billion for the year ended December 31, 2007. *See* the Appendix for more detail on the company's fair value results.

### **Interest-Rate Risk Management**

During 2007, Freddie Mac's interest-rate risk remained low with portfolio market value sensitivity (PMVS-L) averaging \$261 million and duration gap averaging zero months, compared to \$229 million and zero months, respectively, for full-year 2006.

### **Internal Controls**

Remediation of the known material weaknesses and significant deficiencies in Freddie Mac's financial reporting process was a top corporate priority during 2007 and continues into 2008. The company believes the measures it has implemented during 2007 to remediate the material weaknesses in internal control over financial reporting have had a positive impact on its internal control over financial reporting. From January 1, 2007 to date, the company has:

- Designed and implemented the controls it believes are necessary to remediate all known material weaknesses;
- Remediated, through demonstration of the operating effectiveness of the controls implemented by the company, material weaknesses around adequacy of staffing; IT general controls over access to data, security administration and change management, but identified certain new significant deficiencies in IT general controls in connection with testing the controls implemented by the company;
- Implemented new financial accounting applications for guarantee asset valuation in the fourth quarter of 2007 and for the company's entire mortgage-related securities portfolio and credit guarantees as of January 1, 2008;

- Made several changes in its accounting policies that simplified its accounting processes (*see* “NOTE 20: CHANGES IN ACCOUNTING PRINCIPLES” to the company’s consolidated financial statements of its Information Statement and Annual Report dated February 28, 2008 for additional information on the company’s accounting changes); and
- Substantially completed the business process design review through which the company assessed significant risks to the business processes that are important to its financial reporting process, identified the controls to mitigate those risks, and identified for remediation any deficiencies in the design of those controls.

### **Mission Activities**

In 2007, Freddie Mac financed homes for approximately 3.6 million families. In addition to providing much needed liquidity, stability and affordability to the market, Freddie Mac has taken a leadership role in addressing some of the excesses of subprime lending, including taking early steps to enhance the level of underwriting standards in the market. The company exceeded its commitment to support consumer-friendly mortgages that provide better choices for borrowers by purchasing approximately \$43 billion of conventional conforming mortgages that financed borrowers whose credit profiles might have otherwise relegated them to subprime financing. The company has consistently been at the forefront of efforts to help borrowers avoid foreclosure. Freddie Mac and its servicers helped nearly 47,000 borrowers avoid foreclosure and keep their homes in 2007. From time to time, Freddie Mac enters into mission related transactions with lower, or negative, expected economic returns as compared to typical transactions.

### **Additional Information**

For more information, *see* the Appendix accompanying this release, the company’s Information Statement Supplement, including the Consolidated Financial Statements and Core Tables, dated February 28, 2008, a slide presentation, as well as a Summary of Adjusted Operating Income and two papers -- A Comparison of House Price Measures and An Analysis of Freddie Mac’s ABS Portfolio that will be available on the Investor Relations page of the company’s Web site at [www.FreddieMac.com/investors](http://www.FreddieMac.com/investors).

Additional information about Freddie Mac and its business is also set forth in the company’s Information Statement and Annual Report dated February 28, 2008, available on the Investor Relations page of the company’s Web site at [www.FreddieMac.com/investors](http://www.FreddieMac.com/investors). Printed copies of these documents may be obtained free of charge upon request from the company’s Investor Relations department by writing or calling the company at [shareholder@freddiemac.com](mailto:shareholder@freddiemac.com), (703) 903-3883 or (800) 373-3343. Freddie Mac encourages all investors and interested members of the public to review these materials for a more complete understanding of the company’s financial results and related disclosures.

### **Announcement of Conference Call and Webcast**

Management will host a conference call discussing today’s announcement at 1 p.m. Eastern Time today. Domestic investors should call 1-800-230-1074 and international investors can access the

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call at 612-288-0329. The conference call will be webcast live on the company's Web site. A telephone recording of this conference call will be available continuously beginning at approximately 5 p.m. Eastern Time on February 28, 2008 until midnight on March 13, 2008. To access this recording in the United States, call 1-800-475-6701 and use access code 909706. Outside of the United States, call 320-365-3844 and use access code 909706.

\* \* \* \*

This Information Statement Supplement contains forward-looking statements. Statements that are not historical facts are forward-looking statements, including statements about management's beliefs, expectations and estimates as to the company's future business plans, capital management plans, remediation initiatives, results of operations, financial condition or outlook on a GAAP, adjusted operating income or fair value basis. These statements involve known and unknown risks, uncertainties, and other factors and can often be identified by words such as "focused," "progress," "if," "should," "continue," "expects," "estimate," "future," "may," "likely," "continues," "believes," and other expressions which are predictions of or indicate future events and trends. You should not unduly rely on the company's forward-looking statements. Management's expectations for the company's future necessarily involve a number of assumptions and estimates, including rates of growth in the company's business, spreads earned on business, returns on capital, capital levels, and market conditions. Actual results could differ materially from these expectations as a result of various factors, including: continued uncertainty and volatility in the mortgage and credit markets; adverse changes in the financial condition of the company's customers and counterparties; actions by governmental entities, securities agencies or others that adversely affect the supply or cost of equity capital or debt financing available to the company; adverse rating actions by credit rating agencies; the company's ability to identify, manage, mitigate and remediate internal control weaknesses and deficiencies and other risks; the company's ability to effectively implement its business strategies and manage the risks in its business; any loss of customers or changes in volume from existing customers; changes in estimates, methodologies, models or other measurement techniques the company uses; adjustments to reserves for taxes and other contingencies; the outcome of pending legal proceedings; general business, economic, market and political conditions, including changes in levels and volatilities of interest rates and other market factors, changes in mortgage-to-debt option-adjusted spreads, prepayment behavior, housing prices, credit losses, and employment rates; the company's ability to complete additional capital transactions; competitive developments in the mortgage market; the rate of growth in total outstanding U.S. residential mortgage debt; changes in applicable legislative or regulatory requirements, including required capital levels, or changes in interpretations of such requirements; the other factors discussed in this Information Statement Supplement; and the reactions of the marketplace to the foregoing. Additional assumptions and factors are also discussed in the company's Information Statement dated February 28, 2008, and subsequent information Statement Supplements, which are available on the Investor Relations page of the company's Web site at [www.FreddieMac.com/investors](http://www.FreddieMac.com/investors). The company undertakes no obligation to update forward-looking statements it makes to reflect events or circumstances after the date of this Information Statement Supplement or to reflect the occurrence of unanticipated events.

## Appendix

### Effect of GAAP Accounting Policy Changes

#### Changes Related to the Guarantee Obligation

Effective December 31, 2007, the company changed its methods of accounting for its guarantee obligation and has retrospectively changed its prior years' financial results to reflect the new methods. As a result of these new methods, the company no longer extinguishes the guarantee obligation when purchasing all or a portion of a Freddie Mac-guaranteed security. The company has retrospectively removed the mortgage participation certificate (PC) residual, which previously was recorded upon extinguishment of the guarantee obligation, and no longer records a PC residual. Management and guarantee fees and delivery fees earned on all Freddie Mac PCs are now accounted for with no differentiation based on whether the underlying PC is owned by a third party or by Freddie Mac's retained portfolio.

In addition, Freddie Mac changed its method of accounting for recording amortization of its guarantee obligation. Under the new method, the company will amortize its guarantee obligation into earnings in a manner that corresponds more closely to its economic release from risk under its guarantee. The new method uses a static effective yield calculated and fixed at inception of the guarantee based on forecasted unpaid principal balances. The static effective yield will be evaluated and adjusted when significant changes in economic events cause a shift in the pattern of the company's economic release from risk. The previous method amortized the guarantee obligation according to the contractual expiration of the company's guarantee as observed by the decline in the unpaid principal balance of securitized mortgage loans.

The new amortization method better reflects the company's economic release from risk on its guarantee under changing economic conditions and is more consistent with Freddie Mac's competitors than the prior amortization method.

Giving effect to these changes in accounting methods resulted in:

- A downward revision in net interest income in prior periods resulting from the reclassification of guarantee and delivery fees on PCs held by the retained portfolio that were previously recognized as interest income when the guarantee was considered extinguished.
- An upward revision in management and guarantee income in prior periods resulting from the reclassification of guarantee and delivery fees on PCs held by the retained portfolio.
- A change in other non-interest income (loss) in prior periods to reflect reduced gains (losses) on investment activity resulting from the removal of PC residual fair value

changes, increased gains (losses) on guarantee asset relating to PCs held by the company that were previously recognized as part of PC residual and reduced gains (losses) on investment activity resulting from the removal of adjustments to the carrying value of the company's securities that were previously recognized upon purchase related to the extinguishment of deferred income items.

- Increased income on guarantee obligation reflecting both a change in the company's guarantee obligation balance resulting from no longer extinguishing its guarantee obligation and a change in the company's amortization policy for the guarantee obligation to one that recognizes revenue in a manner that corresponds more closely to its economic release from risk under the guarantee.
- Elimination of impairments on PCs held by the company that are now subject to a guarantee and increased provision for credit losses relating to additional PCs subject to the company's loan loss reserve model.
- Increased losses on loans purchased relating to PCs held by the company that were previously recognized as part of PC residual.

While the accounting methods the company applied before the changes are acceptable, Freddie Mac believes that the newly adopted accounting methods are preferable in that they significantly enhance transparency and understandability of the company's financial results, promote uniformity in the accounting model for the credit risk retained in its primary credit guarantee business and better align revenue recognition to the company's release from economic risk of loss under its guarantee. For a detailed explanation of these accounting policy changes, *see* "NOTE 20: CHANGES IN ACCOUNTING PRINCIPLES" to the company's consolidated financial statements of its Information Statement and Annual Report dated February 28, 2008.

### **Adoption of SFAS No. 159**

On January 1, 2008, Freddie Mac adopted SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities, Including an amendment of FASB Statement No. 115" (SFAS 159) and elected the fair value option for certain available-for-sale mortgage-related securities that were identified as an economic offset to the changes in fair value of the guarantee asset, foreign-currency denominated debt and other investments classified as available-for-sale securities. For a detailed explanation of this accounting standard adoption, *see* "NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES" to the company's consolidated financial statements of its Information Statement and Annual Report dated February 28, 2008.

The company's election of the fair value option, for the items discussed above, was made in an effort to better reflect, in the financial statements, the economic offsets that exist related to items that were not previously recognized as changes in fair value through the income statement.

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Giving effect to this accounting standard adoption resulted in the recognition of a \$1.0 billion after-tax increase to the company's beginning retained earnings, and regulatory core capital, at January 1, 2008, above the \$37.9 billion reported at December 31, 2007.

**Consolidated Fair Value Balance Sheets**

The following consolidated fair value balance sheets present the company's estimate of the fair value of its recorded financial assets and liabilities and off-balance sheet financial instruments at December 31, 2007 and 2006.

**Table 1 - Consolidated Fair Value Balance Sheets <sup>(1)</sup>**

	<b>December 31,</b>			
	<b>2007</b>		<b>2006</b>	
	<b>Carrying Amount <sup>(2)</sup></b>	<b>Fair Value</b>	<b>Carrying Amount <sup>(2)</sup></b>	<b>Fair Value</b>
	<b>(in billions)</b>			
<b>Assets</b>				
Mortgage loans	\$ 80.0	\$ 76.8	\$ 65.6	\$ 65.4
Mortgage-related securities	629.8	629.8	634.3	634.3
Retained portfolio	709.8	706.6	699.9	699.7
Cash and cash equivalents	8.6	8.6	11.4	11.4
Investments	35.1	35.1	45.6	45.6
Securities purchased under agreements to resell and federal funds sold	6.6	6.6	23.0	23.0
Derivative assets, net	0.8	0.8	0.7	0.7
Guarantee asset <sup>(3)</sup>	9.6	10.4	7.4	8.3
Other assets <sup>(4)</sup>	23.9	31.8	16.9	14.4
Total assets	<u>\$ 794.4</u>	<u>\$ 799.9</u>	<u>\$ 804.9</u>	<u>\$ 803.1</u>
<b>Liabilities and minority interests</b>				
Total debt securities, net	\$ 738.6	\$ 749.3	\$ 744.3	\$ 742.7
Guarantee obligation	13.7	26.2	9.5	6.1
Derivative liabilities, net	0.6	0.6	0.2	0.2
Reserve for guarantee losses on PCs	2.6	-	0.6	-
Other liabilities	12.0	11.0	22.9	21.8
Minority interests in consolidated subsidiaries	0.2	0.2	0.5	0.5
Total liabilities and minority interests	<u>767.7</u>	<u>787.3</u>	<u>778.0</u>	<u>771.3</u>
<b>Net assets attributable to stockholders</b>				
Preferred stockholders	14.1	12.3	6.1	5.8
Common stockholders	12.6	0.3	20.8	26.0
Total net assets	<u>26.7</u>	<u>12.6</u>	<u>26.9</u>	<u>31.8</u>
Total liabilities, minority interests and net assets	<u>\$ 794.4</u>	<u>\$ 799.9</u>	<u>\$ 804.9</u>	<u>\$ 803.1</u>

(1) The consolidated fair value balance sheets do not purport to present the company's net realizable, liquidation or market value as a whole. Furthermore, amounts the company ultimately realizes from the disposition of assets or settlement of liabilities may vary significantly from the fair values presented.

(2) Equals the amounts reported on the company's GAAP consolidated balance sheets.

(3) The fair value of the guarantee asset reported exceeds the carrying value primarily because the fair value includes the guarantee asset related to PCs that were issued prior to the implementation of FIN 45 in 2003 and thus are not recognized on our GAAP consolidated balance sheets.

(4) Fair values include estimated income taxes calculated using the 35% federal statutory rate on the difference between the consolidated fair value balance sheets net assets, including deferred taxes from our GAAP consolidated balance sheets, and the GAAP consolidated balance sheets equity attributable to common stockholders.

For a detailed explanation of these fair value disclosures, *see* “NOTE 16: FAIR VALUE DISCLOSURES” to the company’s consolidated financial statements of its Information Statement and Annual Report dated February 28, 2008.

**Non-GAAP Financial Measure – Adjusted Operating Income**

In managing its business, Freddie Mac presents the operating performance of its segments using Adjusted operating income. Adjusted operating income differs significantly from, and should not be used as a substitute for, net income (loss) as determined in accordance with GAAP. There are important limitations to using Adjusted operating income as a measure of the company’s financial performance. Among other things, the company’s regulatory capital requirements are based on its GAAP results. Adjusted operating income adjusts for the effects of certain gains and losses and mark-to-market items which, depending on market circumstances, can significantly affect, positively or negatively, the company’s GAAP results and which, in recent periods, have contributed to GAAP net losses. Negative GAAP results will adversely impact the company’s regulatory capital, regardless of results reflected in Adjusted operating income. With the introduction of a segment-based Adjusted operating income metric, the company has added another measure in addition to its GAAP and fair value results that investors can use to evaluate the performance of the company.

Also, Freddie Mac’s definition of Adjusted operating income may differ from similar measures used by other companies. However, the company believes that the presentation of Adjusted operating income highlights the results from ongoing operations and the underlying results of the segments in a manner that is useful to the way the company manages and evaluates the performance of its business.

The objective of Adjusted operating income is to present Freddie Mac’s results on an accrual basis, as cash flows from the company’s segments are earned over time. Freddie Mac is primarily a buy and hold investor in mortgage assets, and given the company’s business objectives, management believes it is meaningful to measure performance of its investment business using long-term returns, not on a short-term fair value basis. The company’s business model for its investment activities is one where it generally holds investments for the long-term, funds the investments with debt and derivatives to minimize interest-rate risk, and generates net interest income in line with the company’s return on equity objectives. The company’s business model for its credit guarantee activities is one where the company is a long-term guarantor of the conforming mortgage markets, manages credit risk, and generates guarantee and credit fees, net of incurred credit losses. As a result of these business models, the company believes that an accrual-based metric is a meaningful way to present the emergence of its financial results as actual cash flows are realized, net of credit losses and impairments. In summary, Adjusted operating income provides a view of the company’s financial results that is more consistent with management’s business objectives, which helps management better evaluate the performance of the company’s business, both from period to period and over the longer term.

As described below, Adjusted operating income is calculated for the segments by adjusting net income (loss) for certain investment-related activities and credit guarantee-related activities. Adjusted operating income includes certain reclassifications among income and expense categories that have no impact on net income but provide the company with a meaningful metric to assess the performance of each segment and the company as a whole.

***Investment activity-related adjustments***

GAAP-basis earnings related to investment activities of the Investments segment, and to a lesser extent, the Multifamily segment, are subject to significant period-to-period variability, which management believes is not necessarily indicative of the risk management techniques it employs and the performance of these segments. The adjustments made, and described below, to the GAAP-basis results are consistent with the financial objectives of the company's investment activities and related hedging transactions and provide management with a view of expected investment returns and effectiveness of the company's risk management strategies that it believes are useful in managing and evaluating its investment-related activities.

Investment activity-related adjustments include the following:

- **Derivative and foreign currency translation-related adjustments:** Adjusted operating income excludes fair value adjustments on derivative positions as these positions economically hedge the company's investments activities. The payments received or paid to terminate derivative positions and the payment of up-front premiums are amortized prospectively into Adjusted operating income on a straight-line basis. The up-front payments, primarily for option premiums, are amortized to reflect the periodic cost associated with the protection provided by the option contract. Foreign-currency translation gains and losses associated with foreign-currency denominated debt along with the foreign-currency derivatives gains and losses are excluded from Adjusted operating income, as the foreign currency exposure is economically hedged.
- **Investment sales, debt retirements and fair value-related adjustments:** Gains and losses on securities sold out of the retained portfolio and cash and investments portfolio and debt retirements are amortized prospectively into Adjusted operating income on a straight-line basis. Trading losses or impairments that reflect expected or realized credit losses are realized immediately pursuant to GAAP and in Adjusted operating income since they are not economically hedged. Fair value adjustments to trading securities related to investments that are economically hedged are not included in Adjusted operating income. Similarly, non-credit related impairment losses on securities are not included in Adjusted operating income. These amounts are deferred and amortized prospectively into Adjusted operating income on a straight-line basis. GAAP-basis accretion income that may result from these impairment adjustments is also not included in Adjusted operating income.
- **Fully taxable-equivalent adjustment:** Interest income generated from tax-exempt investments is adjusted to reflect its equivalent yield on a fully taxable basis.

As discussed above, the company funds its investment assets with debt and derivatives to minimize interest-rate risk as evidenced by its portfolio market value sensitivity (PMVS) and duration gap metrics. As a result, in situations where gains and losses are recorded on derivatives, securities or debt buybacks, these gains and losses are offset by economic hedges that the company does not mark-to-market for GAAP purposes. For example, when the company realizes a gain on the sale of a security, the debt that is funding the security has an embedded loss that is not recognized under GAAP, but instead over time as the company realizes the interest expense on the debt. As a result, in Adjusted operating income, the company defers and amortizes the security gain to interest income to match the interest expense on the debt that funded the asset. Because of Freddie Mac's risk management strategies, the company believes that amortizing gains or losses on economically hedged positions in the same periods as the offsetting gains or losses is a meaningful way to assess performance of its investment activities.

### ***Credit guarantee activity-related adjustments***

Freddie Mac's credit guarantee activities consist largely of the company's guarantee of the payment of principal and interest on mortgages and mortgage-related securities in exchange for a guarantee and other fees. Over the longer-term, earnings from this business consist almost entirely of the guarantee fee revenues Freddie Mac receives less related credit costs (*i.e.*, provision for credit losses), as well as interest earned on assets held in the Investments segment related to single-family guarantee activities, net of allocated funding costs and operating expenses. The company's measure of Adjusted operating income for the credit guarantee business consists primarily of these elements of revenue and expense. Management believes this measure is a relevant indicator of operating performance for specific periods, as well as trends in results over multiple periods, because it more closely aligns with how the company manages and evaluates the performance of the credit guarantee business.

Credit guarantee activity-related adjustments include the following:

- Adjusted operating income excludes: (i) certain amortization and valuation adjustments pertaining to the guarantee asset and guarantee obligation, (ii) initial recognition of gains and losses in connection with the execution of either securitization transactions that qualify as sales or guarantor swap transactions, such as losses on certain credit guarantees, and (iii) fair value adjustments recorded upon the purchase of delinquent loans from pools that underlie Freddie Mac guarantees.
- Under Adjusted operating income, the GAAP-basis loan loss provision is adjusted to reflect the company's estimate of the losses it will ultimately realize on delinquent loans it purchases from pools that underlie securities that Freddie Mac guarantees.

For a detailed explanation of the company's Adjusted operating income metric and segment reporting, *see* "NOTE 15: SEGMENT REPORTING" to the company's consolidated

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financial statements of its Information Statement and Annual Report dated February 28, 2008.

***Reconciliations***

The following table reconciles Adjusted operating income to GAAP net income (loss).

**Table 2 - Reconciliation of Adjusted Operating Income to GAAP Net Income (Loss)**

	<b>Year Ended December 31,</b>		
	<b>2007</b>	<b>2006</b>	<b>2005</b>
	<b>(in millions)</b>		
Adjusted operating income (loss) after taxes:			
Investments	\$ 2,028	\$ 2,111	\$ 2,284
Single-family Guarantee	(256)	1,289	965
Multifamily	398	434	363
All Other	(103)	19	(437)
Total Adjusted operating income, net of taxes	<u>2,067</u>	<u>3,853</u>	<u>3,175</u>
Reconciliation to GAAP net income (loss):			
Derivative- and foreign currency translation-related adjustments	(5,667)	(2,371)	(1,644)
Credit guarantee-related adjustments	(3,268)	(201)	(458)
Investment sales, debt retirements and fair value-related adjustments	987	231	570
Fully taxable-equivalent adjustments	(388)	(388)	(336)
Total pre-tax adjustments	<u>(8,336)</u>	<u>(2,729)</u>	<u>(1,868)</u>
Tax-related adjustments	3,175	1,203	865
Total reconciling items, net of taxes	<u>(5,161)</u>	<u>(1,526)</u>	<u>(1,003)</u>
Net income (loss) <sup>(1)</sup>	<u>\$ (3,094)</u>	<u>\$ 2,327</u>	<u>\$ 2,172</u>

(1) Net income (loss) reflects the impact of the adjustments described in "NOTE 20: CHANGES IN ACCOUNTING PRINCIPLES" to the company's consolidated financial statements of its Information Statement and Annual Report dated February 28, 2008. Additionally, Net income (loss) is presented before the cumulative effect of a change in accounting principle related to 2005.

The following tables reconcile certain financial information for the company's reportable segments and All Other.

Table 3 - Adjusted Operating Income Results and Reconciliation to GAAP Results

	Year Ended December 31, 2007										
	Net Interest Income (Expense)	Management and Guarantee Income	Other Non-Interest Income (Loss)	Administrative Expenses	Provision for Credit Losses	REO Operations Expense (in millions)	LIHTC Partnerships	Other Non-Interest Expense	LIHTC Partnerships Tax Benefit	Income Tax (Expense) Benefit	Net Income (Loss)
Investments	\$ 3,626	\$ -	\$ 40	\$ (515)	\$ -	\$ -	\$ -	\$ (31)	\$ -	\$ (1,092)	\$ 2,028
Single-family Guarantee	703	2,889	117	(806)	(3,014)	(205)	-	(78)	-	138	(256)
Multifamily	426	59	24	(189)	(38)	(1)	(469)	(21)	534	73	398
All Other	(1)	-	11	(164)	-	-	-	(4)	-	55	(103)
Total Adjusted operating income (loss), net of taxes	4,754	2,948	192	(1,674)	(3,052)	(206)	(469)	(134)	534	(826)	2,067
Reconciliation to GAAP net income (loss):											
Derivative- and foreign currency translation-related adjustments	(1,066)	-	(4,601)	-	-	-	-	-	-	-	(5,667)
Credit guarantee-related adjustments	(106)	(342)	915	-	198	-	-	(3,933)	-	-	(3,268)
Investment sales, debt retirements and fair value-related adjustments	266	-	721	-	-	-	-	-	-	-	987
Fully taxable-equivalent adjustments	(388)	-	-	-	-	-	-	-	-	-	(388)
Reclassifications <sup>(1)</sup>	(361)	29	332	-	-	-	-	-	-	-	-
Tax-related adjustments	-	-	-	-	-	-	-	-	-	3,175	3,175
Total reconciling items, net of taxes	(1,655)	(313)	(2,633)	-	198	-	-	(3,933)	-	3,175	(5,161)
Total per consolidated statement of income <sup>(2)</sup>	\$ 3,099	\$ 2,635	\$ (2,441)	\$ (1,674)	\$ (2,854)	\$ (206)	\$ (469)	\$ (4,067)	\$ 534	\$ 2,349	\$ (3,094)
	Year Ended December 31, 2006										
	Net Interest Income (Expense)	Management and Guarantee Income	Other Non-Interest Income (Loss)	Administrative Expenses	Provision for Credit Losses	REO Operations Expense (in millions)	LIHTC Partnerships	Other Non-Interest Expense	LIHTC Partnerships Tax Benefit	Income Tax (Expense) Benefit	Net Income (Loss)
Investments	\$ 3,736	\$ -	\$ 38	\$ (495)	\$ -	\$ -	\$ -	\$ (31)	\$ -	\$ (1,137)	\$ 2,111
Single-family Guarantee	556	2,541	159	(815)	(313)	(61)	-	(84)	-	(694)	1,289
Multifamily	479	61	28	(182)	(4)	1	(407)	(17)	461	14	434
All Other	(3)	-	15	(149)	-	-	-	(42)	-	198	19
Total Adjusted operating income (loss), net of taxes	4,768	2,602	240	(1,641)	(317)	(60)	(407)	(174)	461	(1,619)	3,853
Reconciliation to GAAP net income (loss):											
Derivative- and foreign currency translation-related adjustments	(1,215)	-	(1,156)	-	-	-	-	-	-	-	(2,371)
Credit guarantee-related adjustments	(12)	(172)	600	-	21	-	-	(638)	-	-	(201)
Investment sales, debt retirements and fair value-related adjustments	315	-	(84)	-	-	-	-	-	-	-	231
Fully taxable-equivalent adjustments	(388)	-	-	-	-	-	-	-	-	-	(388)
Reclassifications <sup>(1)</sup>	(56)	(37)	93	-	-	-	-	-	-	-	-
Tax-related adjustments	-	-	-	-	-	-	-	-	-	1,203	1,203
Total reconciling items, net of taxes	(1,356)	(209)	(547)	-	21	-	-	(638)	-	1,203	(1,526)
Total per consolidated statement of income <sup>(2)</sup>	\$ 3,412	\$ 2,393	\$ (307)	\$ (1,641)	\$ (296)	\$ (60)	\$ (407)	\$ (812)	\$ 461	\$ (416)	\$ 2,327
	Year Ended December 31, 2005										
	Net Interest Income (Expense)	Management and Guarantee Income	Other Non-Interest Income (Loss)	Administrative Expenses	Provision for Credit Losses	REO Operations Expense (in millions)	LIHTC Partnerships	Other Non-Interest Expense	LIHTC Partnerships Tax Benefit	Income Tax (Expense) Benefit	Net Income (Loss)
Investments	\$ 4,117	\$ -	\$ (74)	\$ (466)	\$ -	\$ -	\$ -	\$ (63)	\$ -	\$ (1,230)	\$ 2,284
Single-family Guarantee	349	2,341	78	(767)	(447)	(40)	-	(30)	-	(519)	965
Multifamily	417	59	19	(151)	(7)	-	(320)	(20)	365	1	363
All Other	(3)	-	(7)	(151)	-	-	-	(436)	-	160	(437)
Total Adjusted operating income (loss), net of taxes	4,880	2,400	16	(1,535)	(454)	(40)	(320)	(549)	365	(1,588)	3,175
Reconciliation to GAAP net income (loss):											
Derivative- and foreign currency translation-related adjustments	(694)	-	(950)	-	-	-	-	-	-	-	(1,644)
Credit guarantee-related adjustments	(131)	(315)	190	-	147	-	-	(349)	-	-	(458)
Investment sales, debt retirements and fair value-related adjustments	562	-	8	-	-	-	-	-	-	-	570
Fully taxable-equivalent adjustments	(336)	-	-	-	-	-	-	-	-	-	(336)
Reclassifications <sup>(1)</sup>	346	(9)	(337)	-	-	-	-	-	-	-	-
Tax-related adjustments	-	-	-	-	-	-	-	-	-	865	865
Total reconciling items, net of taxes	(253)	(324)	(1,089)	-	147	-	-	(349)	-	865	(1,003)
Total per consolidated statement of income <sup>(2)</sup>	\$ 4,627	\$ 2,076	\$ (1,073)	\$ (1,535)	\$ (307)	\$ (40)	\$ (320)	\$ (898)	\$ 365	\$ (723)	\$ 2,172

(1) Includes the reclassification of: a) the accrual of periodic cash settlements of all derivatives not in qualifying hedge accounting relationships from Other non-interest income (loss) to Net interest income (expense) within the Investments segment; b) implied guarantee fees on whole loans from Investments segment's Net interest income (expense) to Single-family Guarantee segment's Other non-interest income (loss); and c) net buy-up and buy-down fees from Single-family Guarantee segment's Management and guarantee income to Investments segment's Net interest income (expense).

(2) Total per consolidated statement of income reflects the impact of the adjustments described in "NOTE 20: CHANGES IN ACCOUNTING PRINCIPLES" to the company's consolidated financial statements of its Information Statement and Annual Report dated February 28, 2008. Additionally, Net income (loss) is presented before the cumulative effect of a change in accounting principle related to 2005.

**FREDDIE MAC**  
**2007 FINANCIAL RESULTS**  
**FINANCIAL STATEMENTS AND CORE TABLES**

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**FREDDIE MAC**  
**CONSOLIDATED STATEMENTS OF INCOME**

Line:	Year Ended December 31,		
	2007	2006 (adjusted)	2005 (adjusted)
	(dollars in millions, except share-related amounts)		
	<i>Interest income</i>		
1	\$ 4,449	\$ 4,152	\$ 4,010
2	34,893	33,850	28,968
3	3,568	4,262	2,606
4	<u>42,910</u>	<u>42,264</u>	<u>35,584</u>
	<i>Interest expense</i>		
5	(8,916)	(8,665)	(6,102)
6	(29,148)	(28,218)	(23,246)
7	<u>(38,064)</u>	<u>(36,883)</u>	<u>(29,348)</u>
8	(418)	(387)	(551)
9	<u>(38,482)</u>	<u>(37,270)</u>	<u>(29,899)</u>
10	(1,329)	(1,582)	(1,058)
11	<u>3,099</u>	<u>3,412</u>	<u>4,627</u>
	<i>Net interest income</i>		
	<i>Non-interest income</i>		
12	2,635	2,393	2,076
13	(1,484)	(978)	(1,409)
14	1,905	1,519	1,428
15	(1,904)	(1,173)	(1,321)
16	294	(473)	(97)
17	345	466	206
18	505	-	-
19	(2,348)	96	(6)
20	246	236	126
21	<u>194</u>	<u>2,086</u>	<u>1,003</u>
	<i>Non-interest expense</i>		
22	(896)	(830)	(805)
23	(443)	(460)	(386)
24	(64)	(61)	(58)
25	(271)	(290)	(286)
26	<u>(1,674)</u>	<u>(1,641)</u>	<u>(1,535)</u>
27	(2,854)	(296)	(307)
28	(206)	(60)	(40)
29	(1,988)	(406)	(272)
30	(1,865)	(148)	-
31	(469)	(407)	(320)
32	8	(58)	(96)
33	(222)	(200)	(530)
34	<u>(9,270)</u>	<u>(3,216)</u>	<u>(3,100)</u>
35	(5,977)	2,282	2,530
36	<u>2,883</u>	<u>45</u>	<u>(358)</u>
37	(3,094)	2,327	2,172
38	-	-	(59)
39	<u>\$ (3,094)</u>	<u>\$ 2,327</u>	<u>\$ 2,113</u>
40	(404)	(270)	(223)
41	(5)	(6)	-
42	<u>\$ (3,503)</u>	<u>\$ 2,051</u>	<u>\$ 1,890</u>
	<i>Basic earnings (loss) per common share:</i>		
43	\$ (5.37)	\$ 3.01	\$ 2.82
44	-	-	(0.09)
45	<u>\$ (5.37)</u>	<u>\$ 3.01</u>	<u>\$ 2.73</u>
	<i>Diluted earnings (loss) per common share:</i>		
46	\$ (5.37)	\$ 3.00	\$ 2.81
47	-	-	(0.08)
48	<u>\$ (5.37)</u>	<u>\$ 3.00</u>	<u>\$ 2.73</u>
	<i>Weighted average common shares outstanding (in thousands)</i>		
49	651,881	680,856	691,582
50	651,881	682,664	693,511
51	<u>\$ 1.75</u>	<u>\$ 1.91</u>	<u>\$ 1.52</u>

See our Consolidated Financial Statements as presented in our Information Statement and Annual Report to Stockholders dated February 28, 2008.

**FREDDIE MAC**  
**CONSOLIDATED BALANCE SHEETS**

Line:	December 31, 2007	December 31, 2006 (adjusted)	
	(dollars in millions, except share-related amounts)		
<b>Assets</b>			
<i>Retained portfolio</i>			
Mortgage loans:			
1	Held-for-investment, at amortized cost (net of allowance for loan losses of \$256 and \$69, respectively)	\$ 76,347	\$ 63,697
2	Held-for-sale, at lower-of-cost-or-market	3,685	1,908
3	Mortgage loans, net	80,032	65,605
Mortgage-related securities:			
4	Available-for-sale, at fair value (includes \$17,010 and \$20,463, respectively, pledged as collateral that may be repledged)	615,665	626,731
5	Trading, at fair value	14,089	7,597
6	Total mortgage-related securities	629,754	634,328
7	<i>Retained portfolio</i>	709,786	699,933
<i>Cash and investments</i>			
8	Cash and cash equivalents	8,574	11,359
Investments:			
Non-mortgage-related securities:			
9	Available-for-sale, at fair value	35,101	45,586
10	Securities purchased under agreements to resell and federal funds sold	6,562	23,028
11	<i>Cash and investments</i>	50,237	79,973
12	Accounts and other receivables, net	5,003	5,073
13	Derivative assets, net	827	665
14	Guarantee asset, at fair value	9,591	7,389
15	Real estate owned, net	1,736	743
16	Deferred tax asset	10,304	4,346
17	Other assets	6,884	6,788
18	<i>Total assets</i>	\$ 794,368	\$ 804,910
<b>Liabilities and stockholders' equity</b>			
<i>Debt securities, net</i>			
Senior debt:			
19	Due within one year	\$ 295,921	\$ 285,264
20	Due after one year	438,147	452,677
21	Subordinated debt, due after one year	4,489	6,400
22	<i>Total debt securities, net</i>	738,557	744,341
23	Due to Participation Certificate investors	-	11,123
24	Accrued interest payable	7,864	8,307
25	Guarantee obligation	13,712	9,482
26	Derivative liabilities, net	582	165
27	Reserve for guarantee losses on Participation Certificates	2,566	550
28	Other liabilities	4,187	3,512
29	<i>Total liabilities</i>	767,468	777,480
30	Commitments and contingencies		
31	Minority interests in consolidated subsidiaries	176	516
<i>Stockholders' equity</i>			
32	Preferred stock, at redemption value	14,109	6,109
33	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
34	Additional paid-in capital	871	962
35	Retained earnings	26,909	31,372
Accumulated other comprehensive income (loss), or AOCI, net of taxes, related to:			
36	Available-for-sale securities	(7,040)	(3,332)
37	Cash flow hedge relationships	(4,059)	(5,032)
38	Defined benefit plans	(44)	(87)
39	Total AOCI, net of taxes	(11,143)	(8,451)
40	Treasury stock, at cost, 79,597,185 shares and 64,609,708 shares, respectively	(4,174)	(3,230)
41	<i>Total stockholders' equity</i>	26,724	26,914
42	<i>Total liabilities and stockholders' equity</i>	\$ 794,368	\$ 804,910

See our Consolidated Financial Statements as presented in our Information Statement and Annual Report to Stockholders dated February 28, 2008.

**FREDDIE MAC**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

Line:		Year Ended December 31,					
		2007		2006		2005	
		Shares	Amount	Shares	Amount	Shares	Amount
		(in millions)					
<i>Preferred stock, at redemption value</i>							
1	Balance, beginning of year	132	\$ 6,109	92	\$ 4,609	92	\$ 4,609
2	Preferred stock issuances	344	8,600	40	1,500	-	-
3	Preferred stock redemptions	(12)	(600)	-	-	-	-
4	<i>Preferred stock, end of year</i>	464	14,109	132	6,109	92	4,609
<i>Common stock, par value</i>							
5	Balance, beginning of year	726	152	726	152	726	152
6	<i>Common stock, end of year</i>	726	152	726	152	726	152
<i>Additional paid-in capital</i>							
7	Balance, beginning of year		962		924		873
8	Stock-based compensation		81		60		67
9	Income tax benefit from stock-based compensation		-		9		6
10	Preferred stock issuance costs		(116)		(15)		-
11	Common stock issuances		(42)		(15)		(13)
12	Real Estate Investment Trust preferred stock repurchase		(14)		(1)		(9)
13	<i>Additional paid-in capital, end of year</i>		871		962		924
<i>Retained earnings</i>							
14	Balance, beginning of year, as previously reported						30,728
15	Beginning balance adjustments, net of taxes						(904)
16	Balance, beginning of year, as adjusted before cumulative effect of change in accounting principle						29,824
17	Cumulative effect of change in accounting principle, net of taxes		31,372		30,638		-
18	Balance, beginning of year, as adjusted		31,553		30,625		29,824
19	Net income (loss)		(3,094)		2,327		2,113
20	Preferred stock dividends declared		(398)		(270)		(223)
21	Common stock dividends declared		(1,152)		(1,310)		(1,076)
22	<i>Retained earnings, end of year</i>		26,909		31,372		30,638
<i>AOI, net of taxes</i>							
23	Balance, beginning of year, as previously reported						(3,593)
24	Beginning balance adjustments, net of taxes						(587)
25	Balance, beginning of year, as adjusted before cumulative effect of change in accounting principle						(4,180)
26	Changes in unrealized gains (losses) related to available-for-sale securities, net of reclassification adjustments		(8,451)		(9,352)		(6,816)
27	Changes in unrealized gains (losses) related to cash flow hedge relationships, net of reclassification adjustments		(3,708)		(267)		1,637
28	Changes in defined benefit plans		973		1,254		7
29	Change in other comprehensive income, net of taxes, net of reclassification adjustments		43		(2)		(5,172)
30	Adjustment to initially apply Statement of Financial Accounting Standard, or SFAS, No. 158, net of tax		(2,692)		985		-
31	<i>AOI, net of taxes, end of year</i>		(11,143)		(8,451)		(9,352)
<i>Treasury stock, at cost</i>							
32	Balance, beginning of year	65	(3,230)	33	(1,280)	35	(1,353)
33	Common stock issuances	(1)	56	(1)	50	(2)	73
34	Common stock repurchases	16	(1,000)	33	(2,000)	-	-
35	<i>Treasury stock, end of year</i>	80	(4,174)	65	(3,230)	33	(1,280)
36	<i>Total stockholders' equity</i>		\$ 26,724		\$ 26,914		\$ 25,691
<i>Comprehensive income (loss)</i>							
37	Net income (loss)		\$ (3,094)		\$ 2,327		\$ 2,113
38	Changes in other comprehensive income, net of taxes, net of reclassification adjustments		(2,692)		985		(5,172)
39	<i>Total comprehensive income (loss)</i>		\$ (5,786)		\$ 3,312		\$ (3,059)

See our Consolidated Financial Statements as presented in our Information Statement and Annual Report to Stockholders dated February 28, 2008.

**FREDDIE MAC**  
**SUMMARY OF SELECTED FINANCIAL INFORMATION**  
**TABLE 1**  
**(unaudited)**

Line:										Full-Year	
		1Q 2006 (adjusted)	2Q 2006 (adjusted)	3Q 2006 (adjusted)	4Q 2006 (adjusted)	1Q 2007 (adjusted)	2Q 2007 (adjusted)	3Q 2007 (adjusted)	4Q 2007	2006 (adjusted)	2007
	<b>Net Income (dollars in millions, except share-related amounts):</b>										
1	Net interest income	\$ 939	\$ 983	\$ 729	\$ 761	\$ 771	\$ 793	\$ 761	\$ 774	\$ 3,412	\$ 3,099
2	Non-interest income (loss)	1,548	1,178	(464)	(176)	(77)	1,549	117	(1,395)	2,086	194
3	Non-interest expense	(614)	(749)	(846)	(1,007)	(1,224)	(1,519)	(3,070)	(3,457)	(3,216)	(9,270)
4	Income (loss) before income tax (expense) benefit	1,873	1,412	(581)	(422)	(530)	823	(2,192)	(4,078)	2,282	(5,977)
5	Income tax (expense) benefit <sup>(1)</sup>	69	(76)	31	21	397	(94)	954	1,626	45	2,883
6	<b>Net income (loss)</b>	<b>\$ 1,942</b>	<b>\$ 1,336</b>	<b>\$ (550)</b>	<b>\$ (401)</b>	<b>\$ (133)</b>	<b>\$ 729</b>	<b>\$ (1,238)</b>	<b>\$ (2,452)</b>	<b>\$ 2,327</b>	<b>\$ (3,094)</b>
7	<b>Net income (loss) available to common stockholders <sup>(2)</sup></b>	<b>\$ 1,880</b>	<b>\$ 1,274</b>	<b>\$ (624)</b>	<b>\$ (483)</b>	<b>\$ (230)</b>	<b>\$ 632</b>	<b>\$ (1,342)</b>	<b>\$ (2,565)</b>	<b>\$ 2,051</b>	<b>\$ (3,503)</b>
8	Weighted average common shares outstanding - Diluted (in thousands)	694,596	693,026	675,556	663,661	661,376	655,784	647,377	646,110	682,664	651,881
9	<b>Diluted earnings (loss) per common share <sup>(2)</sup></b>	<b>\$ 2.71</b>	<b>\$ 1.84</b>	<b>\$ (0.92)</b>	<b>\$ (0.73)</b>	<b>\$ (0.35)</b>	<b>\$ 0.96</b>	<b>\$ (2.07)</b>	<b>\$ (3.97)</b>	<b>\$ 3.00</b>	<b>\$ (5.37)</b>
10	Common stock dividends declared	\$ 328	\$ 329	\$ 318	\$ 335	\$ 335	\$ 328	\$ 326	\$ 163	\$ 1,310	\$ 1,152
11	Common stock shares outstanding, at period end (in thousands)	692,932	684,749	668,160	661,254	661,554	650,138	646,065	646,267	661,254	646,267
12	Effective tax rate <sup>(1)</sup>	(4%)	5%	5%	5%	75%	11%	44%	40%	(2%)	48%
	<b>Regulatory Capital (period end, dollars in millions):</b>										
13	Total stockholders' equity	\$ 23,774	\$ 22,007	\$ 27,512	\$ 26,914	\$ 28,539	\$ 24,528	\$ 25,483	\$ 26,724		
14	Less: Accumulated other comprehensive income (loss), net of taxes	(12,829)	(15,067)	(8,639)	(8,451)	(6,964)	(11,045)	(9,189)	(11,143)		
15	Regulatory core capital <sup>(3)</sup>	36,603	37,074	36,151	35,365	35,503	35,573	34,672	37,867		
16	Less: Estimated regulatory minimum capital requirement <sup>(4)</sup>	25,278	26,204	25,721	25,607	26,112	26,355	26,001	26,473		
17	Estimated regulatory minimum capital surplus <sup>(4)</sup>	\$ 11,325	\$ 10,870	\$ 10,430	\$ 9,758	\$ 9,391	\$ 9,218	\$ 8,671	\$ 11,394		

**EXPLANATORY NOTE:** Effective December 31, 2007, we retrospectively changed our method of accounting for our guarantee obligation to: 1) no longer extinguish our guarantee obligation when we purchase all or a portion of a Freddie Mac-guaranteed security, and 2) amortize our guarantee obligation into earnings using the static effective yield based on forecasted cash flows. This method will be subsequently evaluated for significant changes in economic events cause a shift in the pattern of our economic release from risk.

When a change is required a cumulative catch-up adjustment will be recognized and a new static effective yield calculated. While our previous accounting methods are acceptable, we believe that the newly adopted methods of accounting for our guaranteed obligation is preferable to understand our financial results and provides consistency across financial statement periods. On October 1, 2007, we adopted FASB Staff Position FIN 39-1, "Amendment of FASB Interpretation No. 39," or FIN 39-1. Certain amounts in prior periods' consolidated balance sheets have been reclassified to conform to the current presentation. The adoption of FIN 39-1 had no effect on our consolidated statements of income. See "NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES" and "NOTE 20: CHANGES IN ACCOUNTING PRINCIPLES" to our consolidated financial statements for more information regarding our policies and adjustments due to these changes. All columns for prior periods affected by these changes are marked as "adjusted" within these tables.

- (1) For additional information about effective tax rates and our provision for income taxes see the "Consolidated Results of Operations" in our Information Statement dated February 28, 2008.
- (2) Net income (loss) available to common stockholders and diluted earnings (loss) per common share are computed independently for each of the quarters presented; therefore, cumulative amounts will not equal the aggregate of quarterly amounts.
- (3) Core capital consists of the par value of outstanding common stock (common stock issued less common stock held in treasury), the par value of outstanding noncumulative perpetual preferred stock, additional paid-in capital and retained earnings, as determined in accordance with GAAP.
- (4) In January 2004, OFHEO, the authoritative source of the capital calculations that underlie our capital classifications, directed us to maintain a mandatory target capital surplus of 30% of our minimum capital requirement. Our estimated surplus in excess of the 30% mandatory target capital surplus was approximately \$3.7 billion, \$3.0 billion, \$2.7 billion and \$2.1 billion at March 31, June 30, September 30, and December 31, 2006, respectively; and \$1.6 billion, \$1.3 billion, \$0.9 billion and \$3.5 billion at March 31, June 30, September 30, and December 31, 2007, respectively.

**FREDDIE MAC**  
**QUARTERLY AND ANNUAL RECONCILIATION OF ADJUSTED RESULTS <sup>(1)</sup>**

**TABLE 1A**  
**2006 and 2005**  
**(unaudited)**

(dollars in millions, except share-related amounts)

Line:	1Q 2006	2Q 2006	3Q 2006	4Q 2006	Full-Year 2006	Full-Year 2005
1 Net interest income, as computed without changes in accounting principles	\$ 1,131	\$ 1,172	\$ 959	\$ 973	\$ 4,235	\$ 5,370
2 Impact of changes in accounting principles	(192)	(189)	(230)	(212)	(823)	(743)
3 Net interest income, as reported with changes in accounting principles	\$ 939	\$ 983	\$ 729	\$ 761	\$ 3,412	\$ 4,627
4 Non-interest income (loss), as computed without changes in accounting principles	\$ 1,347	\$ 979	\$ (868)	\$ (543)	\$ 915	\$ 199
5 Impact of changes in accounting principles	201	199	404	367	1,171	804
6 Non-interest income (loss), as reported with changes in accounting principles	\$ 1,548	\$ 1,178	\$ (464)	\$ (176)	\$ 2,086	\$ 1,003
7 Non-interest expense, as computed without changes in accounting principles	\$ (584)	\$ (714)	\$ (827)	\$ (922)	\$ (3,047)	\$ (3,013)
8 Impact of changes in accounting principles	(30)	(35)	(19)	(85)	(169)	(87)
9 Non-interest expense, as reported with changes in accounting principles	\$ (614)	\$ (749)	\$ (846)	\$ (1,007)	\$ (3,216)	\$ (3,100)
10 Income tax (expense) benefit, as computed without changes in accounting principles	\$ 115	\$ (40)	\$ 21	\$ 12	\$ 108	\$ (367)
11 Impact of changes in accounting principles	(46)	(36)	10	9	(63)	9
12 Income tax (expense) benefit, as reported with changes in accounting principles	\$ 69	\$ (76)	\$ 31	\$ 21	\$ 45	\$ (358)
13 Income (loss) before changes in accounting principles, net of taxes	\$ 2,009	\$ 1,397	\$ (715)	\$ (480)	\$ 2,211	\$ 2,189
14 Impact of changes in accounting principles	(67)	(61)	165	79	116	(17)
15 Income (loss) before cumulative effect of change in accounting principle, net of taxes	1,942	1,336	(550)	(401)	2,327	2,172
16 Net income (loss), as reported with changes in accounting principles	\$ 1,942	\$ 1,336	\$ (550)	\$ (401)	\$ 2,327	\$ 2,113
17 Basic earnings (loss) per common share, as computed without changes in accounting principles	\$ 2.81	\$ 1.93	\$ (1.17)	\$ (0.85)	\$ 2.84	\$ 2.76
18 Impact of changes in accounting principles	(0.10)	(0.09)	0.25	0.12	0.17	(0.03)
19 Basic earnings (loss) per common share, as reported with changes in accounting principles	\$ 2.71	\$ 1.84	\$ (0.92)	\$ (0.73)	\$ 3.01	\$ 2.73
20 Diluted earnings (loss) per common share, as computed without changes in accounting principles	\$ 2.80	\$ 1.93	\$ (1.17)	\$ (0.85)	\$ 2.84	\$ 2.75
21 Impact of changes in accounting principles	(0.09)	(0.09)	0.25	0.12	0.16	(0.02)
22 Diluted earnings (loss) per common share, as reported with changes in accounting principles	\$ 2.71	\$ 1.84	\$ (0.92)	\$ (0.73)	\$ 3.00	\$ 2.73

(1) See "NOTE 20: CHANGES IN ACCOUNTING PRINCIPLES" in our Information Statement dated February 28, 2008 for more information regarding the impact of changes in accounting principles on Full-Year 2006 and 2005 net income.

**FREDDIE MAC**  
**QUARTERLY AND ANNUAL RECONCILIATION OF ADJUSTED RESULTS <sup>(1)</sup>**  
**TABLE 1B**  
**2007**  
**(unaudited)**  
**(dollars in millions, except share-related amounts)**

Line:	1Q 2007	2Q 2007	3Q 2007	4Q 2007	Full-Year 2007
1 Net interest income, as computed without changes in accounting principles	\$ 978	\$ 973	\$ 987	\$ 972	\$ 3,910
2 Impact of changes in accounting principles	(207)	(180)	(226)	(198)	(811)
3 Net interest income, as reported with changes in accounting principles	<u>\$ 771</u>	<u>\$ 793</u>	<u>\$ 761</u>	<u>\$ 774</u>	<u>\$ 3,099</u>
4 Non-interest income (loss), as computed without changes in accounting principles	\$ (554)	\$ 1,282	\$ (1,665)	\$ (3,815)	\$ (4,752)
5 Impact of changes in accounting principles	477	267	1,782	2,420	4,946
6 Non-interest income (loss), as reported with changes in accounting principles	<u>\$ (77)</u>	<u>\$ 1,549</u>	<u>\$ 117</u>	<u>\$ (1,395)</u>	<u>\$ 194</u>
7 Non-interest expense, as computed without changes in accounting principles	\$ (1,074)	\$ (1,378)	\$ (2,731)	\$ (3,163)	\$ (8,346)
8 Impact of changes in accounting principles	(150)	(141)	(339)	(294)	(924)
9 Non-interest expense, as reported with changes in accounting principles	<u>\$ (1,224)</u>	<u>\$ (1,519)</u>	<u>\$ (3,070)</u>	<u>\$ (3,457)</u>	<u>\$ (9,270)</u>
10 Income tax (expense) benefit, as computed without changes in accounting principles	\$ 439	\$ (113)	\$ 1,380	\$ 2,301	\$ 4,007
11 Impact of changes in accounting principles	(42)	19	(426)	(675)	(1,124)
12 Income tax (expense) benefit, as reported with changes in accounting principles	<u>\$ 397</u>	<u>\$ (94)</u>	<u>\$ 954</u>	<u>\$ 1,626</u>	<u>\$ 2,883</u>
13 Net income (loss), as computed without changes in accounting principles	\$ (211)	\$ 764	\$ (2,029)	\$ (3,705)	\$ (5,181)
14 Impact of changes in accounting principles	78	(35)	791	1,253	2,087
15 Net income (loss), as reported with changes in accounting principles	<u>\$ (133)</u>	<u>\$ 729</u>	<u>\$ (1,238)</u>	<u>\$ (2,452)</u>	<u>\$ (3,094)</u>
16 Basic earnings (loss) per common share, as computed without changes in accounting principles	\$ (0.46)	\$ 1.02	\$ (3.29)	\$ (5.91)	\$ (8.58)
17 Impact of changes in accounting principles	0.11	(0.05)	1.22	1.94	3.21
18 Basic earnings (loss) per common share, as reported with changes in accounting principles	<u>\$ (0.35)</u>	<u>\$ 0.97</u>	<u>\$ (2.07)</u>	<u>\$ (3.97)</u>	<u>\$ (5.37)</u>
19 Diluted earnings (loss) per common share, as computed without changes in accounting principles	\$ (0.46)	\$ 1.02	\$ (3.29)	\$ (5.91)	\$ (8.58)
20 Impact of changes in accounting principles	0.11	(0.06)	1.22	1.94	3.21
21 Diluted earnings (loss) per common share, as reported with changes in accounting principles	<u>\$ (0.35)</u>	<u>\$ 0.96</u>	<u>\$ (2.07)</u>	<u>\$ (3.97)</u>	<u>\$ (5.37)</u>

(1) See "NOTE 20: CHANGES IN ACCOUNTING PRINCIPLES" in our Information Statement dated February 28, 2008 for more information regarding the impact of changes in accounting principles on Full-Year 2007 net income.

**FREDDIE MAC**  
**SELECTED QUARTERLY BALANCE SHEET CAPTIONS <sup>(1)</sup>**  
**TABLE 1C**  
**2007 and 2006**  
**(unaudited)**  
**(dollars in millions)**

Line:	March 31, 2007		June 30, 2007		September 30, 2007		December 31, 2007		December 31, 2006	
	As Previously Reported	As Adjusted	As Previously Reported	As Adjusted	As Previously Reported	As Adjusted	As Previously Computed	As Adjusted	As Previously Reported	As Adjusted
1 Retained portfolio	\$ 712,051	\$ 711,684	\$ 703,286	\$ 702,721	\$ 704,899	\$ 705,854	\$ 706,594	\$ 709,786	\$ 700,543	\$ 699,933
2 Accounts and other receivables, net	7,277	5,180	7,634	5,209	6,774	4,785	6,953	5,003	7,461	5,073
3 Derivative assets, net	6,159	269	7,203	462	7,271	716	5,760	827	7,908	665
4 Guarantee asset, at fair value	6,280	7,602	7,777	9,299	8,243	9,867	8,056	9,591	6,070	7,389
5 Deferred tax asset	4,309	4,974	6,855	7,545	5,598	5,776	10,903	10,304	3,600	4,346
6 Other assets	6,775	6,733	6,842	6,806	8,009	7,794	7,270	6,884	6,783	6,788
7 Total assets	819,830	813,421	821,673	814,118	792,873	786,871	797,509	794,368	813,081	804,910
8 Total debt securities, net	758,104	750,157	760,496	751,441	735,262	726,911	745,105	738,557	753,938	744,341
9 Accrued interest payable	7,009	7,002	8,475	8,429	7,655	7,470	8,132	7,864	8,345	8,307
10 Guarantee obligation	7,760	10,097	8,574	10,852	9,573	11,888	11,565	13,712	7,117	9,482
11 Derivative liabilities, net	230	172	337	428	337	173	975	582	179	165
12 Reserve for guarantee losses on Participation Certificates	453	716	682	1,020	1,589	2,087	2,001	2,566	350	550
13 Other liabilities	3,514	3,752	3,756	3,877	2,541	2,763	3,942	4,187	3,212	3,512
14 Total liabilities	789,542	784,368	795,581	789,308	766,772	761,107	771,720	767,468	784,264	777,480
15 Retained earnings	31,723	30,997	32,064	31,303	29,607	29,636	25,627	26,909	32,177	31,372
16 Accumulated other comprehensive income (loss), net of taxes	(6,456)	(6,965)	(10,524)	(11,045)	(8,823)	(9,189)	(10,972)	(11,143)	(7,869)	(8,451)
17 Total stockholders' equity	29,774	28,539	25,810	24,528	25,820	25,483	25,613	26,724	28,301	26,914

(1) See "NOTE 20: CHANGES IN ACCOUNTING PRINCIPLES" in our Information Statement dated February 28, 2008 for more information regarding the impact of changes in accounting principles.

**FREDDIE MAC**  
**EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES**  
**ON THE BEGINNING BALANCE OF STOCKHOLDERS' EQUITY ON JANUARY 1, 2005 <sup>(1)</sup>**

**TABLE 1D**  
**(unaudited)**  
**(dollars in millions)**

Line:	January 1, 2005			
	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Preferred Stock, Common Stock, Additional Paid-in Capital and Treasury Stock	Total Stockholders' Equity
1 Impact of changes in accounting principles	\$ (1,390)	\$ (903)	\$ -	\$ (2,293)
2 Tax impact of changes in accounting principles	486	316	-	802
3 Subtotal: Beginning balance adjustment	<u>(904)</u>	<u>(587)</u>	<u>-</u>	<u>(1,491)</u>
4 Stockholders' equity, beginning balance, net of taxes where applicable, as previously reported	30,728	(3,593)	4,281	31,416
5 Stockholders' equity, beginning balance, net of taxes where applicable, as adjusted	\$ 29,824	\$ (4,180)	\$ 4,281	\$ 29,925

(1) See "NOTE 20: CHANGES IN ACCOUNTING PRINCIPLES" in our Information Statement dated February 28, 2008 for more information regarding the impact of changes in accounting principles.

**FREDDIE MAC**  
**NET INTEREST YIELD ANALYSIS**  
**TABLE 2A**  
**(unaudited)**  
**(dollars in millions)**

Line:	2006				2007				Full-Year 2007	
	1Q 2006 (adjusted)	2Q 2006 (adjusted)	3Q 2006 (adjusted)	4Q 2006 (adjusted)	1Q 2007 (adjusted)	2Q 2007 (adjusted)	3Q 2007 (adjusted)	4Q 2007	2006 (adjusted)	2007
<b>Net Interest Income:</b>										
Interest income:										
1	\$ 1,040	\$ 1,040	\$ 1,012	\$ 1,060	\$ 1,066	\$ 1,075	\$ 1,103	\$ 1,205	\$ 4,152	\$ 4,449
2	8,053	8,689	8,552	8,556	8,551	8,784	8,943	8,615	33,850	34,893
3	9,093	9,729	9,564	9,616	9,617	9,859	10,046	9,820	38,002	39,342
4	592	707	761	729	623	634	592	436	2,789	2,285
5	182	412	502	377	349	332	367	235	1,473	1,283
6	9,867	10,848	10,827	10,722	10,589	10,825	11,005	10,491	42,264	42,910
Interest expense:										
7	(2,015)	(2,241)	(2,183)	(2,226)	(2,208)	(2,249)	(2,292)	(2,167)	(8,665)	(8,916)
8	(6,433)	(7,110)	(7,418)	(7,257)	(7,176)	(7,331)	(7,521)	(7,120)	(28,218)	(29,148)
9	(8,448)	(9,351)	(9,601)	(9,483)	(9,384)	(9,580)	(9,813)	(9,287)	(36,883)	(38,064)
10	(91)	(104)	(91)	(101)	(103)	(121)	(98)	(96)	(387)	(418)
11	(8,539)	(9,455)	(9,692)	(9,584)	(9,487)	(9,701)	(9,911)	(9,383)	(37,270)	(38,482)
12	(389)	(410)	(406)	(377)	(331)	(331)	(333)	(334)	(1,582)	(1,329)
13	(8,928)	(9,865)	(10,098)	(9,961)	(9,818)	(10,032)	(10,244)	(9,717)	(38,852)	(39,811)
14	939	983	729	761	771	793	761	774	3,412	3,099
15	92	98	105	97	95	99	98	100	392	392
16	\$ 1,031	\$ 1,081	\$ 834	\$ 858	\$ 866	\$ 892	\$ 859	\$ 874	\$ 3,804	\$ 3,491
<b>Average Balances:</b>										
17	\$ 62,777	\$ 63,211	\$ 64,129	\$ 65,362	\$ 66,583	\$ 67,994	\$ 71,163	\$ 77,821	\$ 63,870	\$ 70,890
18	648,606	662,683	650,305	642,373	643,853	648,023	655,215	636,283	650,992	645,844
19	711,383	725,894	714,434	707,735	710,436	716,017	726,378	714,104	714,862	716,734
20	54,770	59,576	60,020	56,455	48,741	49,106	44,135	33,657	57,705	43,910
21	16,208	32,840	37,305	27,954	26,482	24,887	27,046	19,463	28,577	24,469
22	782,361	818,310	811,759	792,144	785,659	790,010	797,559	767,224	801,144	785,113
23	188,758	189,120	171,331	170,319	171,249	172,592	175,407	178,426	179,882	174,418
24	560,244	595,030	607,538	589,101	580,146	581,482	588,936	557,328	587,978	576,973
25	749,002	784,150	778,869	759,420	751,395	754,074	764,343	735,754	767,860	751,391
26	6,979	8,082	7,170	7,668	7,667	9,061	7,401	7,149	7,475	7,820
27	755,981	792,232	786,039	767,088	759,062	763,135	771,744	742,903	775,335	759,211
28	26,380	26,078	25,720	25,056	26,597	26,875	25,815	24,321	25,809	25,902
29	\$ 782,361	\$ 818,310	\$ 811,759	\$ 792,144	\$ 785,659	\$ 790,010	\$ 797,559	\$ 767,224	\$ 801,144	\$ 785,113
<b>Yield/Cost:</b>										
30	6.62 %	6.58 %	6.31 %	6.49 %	6.40 %	6.32 %	6.20 %	6.19 %	6.50 %	6.28 %
31	4.97	5.24	5.26	5.33	5.31	5.42	5.46	5.42	5.20	5.40
32	5.11	5.36	5.35	5.44	5.41	5.51	5.53	5.50	5.32	5.49
33	4.32	4.69	4.96	5.05	5.11	5.11	5.25	5.06	4.83	5.20
34	4.49	5.02	5.38	5.39	5.28	5.33	5.42	4.85	5.15	5.25
35	5.04	5.30	5.33	5.40	5.39	5.47	5.51	5.46	5.28	5.46
36	(4.27)	(4.69)	(4.99)	(5.12)	(5.16)	(5.16)	(5.12)	(4.75)	(4.82)	(5.11)
37	(4.59)	(4.78)	(4.87)	(4.92)	(4.95)	(5.04)	(5.10)	(5.10)	(4.80)	(5.05)
38	(4.51)	(4.75)	(4.90)	(4.96)	(5.00)	(5.07)	(5.10)	(5.02)	(4.80)	(5.07)
39	(5.19)	(5.13)	(5.10)	(5.30)	(5.37)	(5.32)	(5.31)	(5.41)	(5.18)	(5.35)
40	(4.52)	(4.76)	(4.90)	(4.97)	(5.00)	(5.07)	(5.10)	(5.02)	(4.81)	(5.07)
41	(0.21)	(0.21)	(0.21)	(0.19)	(0.17)	(0.17)	(0.17)	(0.18)	(0.20)	(0.17)
42	0.17	0.16	0.17	0.17	0.17	0.18	0.17	0.17	0.16	0.17
43	(4.56)	(4.81)	(4.94)	(4.99)	(5.00)	(5.06)	(5.10)	(5.03)	(4.85)	(5.07)
44	0.48	0.49	0.39	0.41	0.39	0.41	0.41	0.43	0.43	0.39
45	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.04	0.05
46	0.53 %	0.54 %	0.44 %	0.46 %	0.44 %	0.46 %	0.46 %	0.48 %	0.47 %	0.44 %

(1) Consist of cash and cash equivalents and non-mortgage-related securities.

(2) The determination of net interest income/yield (fully taxable-equivalent basis), which reflects fully taxable-equivalent adjustments to interest income, involves the conversion of tax-exempt sources of interest income to the equivalent amounts of interest income that would be necessary to derive the same net return if the investments had been subject to income taxes using our federal statutory tax rate of 35%.

(3) Non-performing loans, where interest income is recognized when collected, are included in average balances.

(4) For securities in our retained and investment portfolio, we calculate average balances based on their unpaid principal balance plus their associated deferred fees and costs (e.g., premiums and discounts), but exclude the effects of mark-to-fair-value changes.

**FREDDIE MAC**  
**NET INTEREST INCOME**  
**TABLE 2B**  
**(unaudited)**  
**(dollars in millions)**

Line:		2006				2007				Full-Year	
		1Q 2006 (adjusted)	2Q 2006 (adjusted)	3Q 2006 (adjusted)	4Q 2006 (adjusted)	1Q 2007 (adjusted)	2Q 2007 (adjusted)	3Q 2007 (adjusted)	4Q 2007	2006 (adjusted)	2007
	<b>Net Interest Income:</b>										
1	Contractual amounts of net interest income	\$ 2,012	\$ 1,926	\$ 1,836	\$ 1,698	\$ 1,575	\$ 1,483	\$ 1,526	\$ 1,454	\$ 7,472	\$ 6,038
	Amortization expense, net: <sup>(1)</sup>										
2	Asset-related amortization expense, net	(319)	(101)	(279)	(176)	(150)	(17)	(81)	(20)	(875)	(268)
3	Long-term debt-related amortization expense, net	(365)	(432)	(422)	(384)	(323)	(342)	(351)	(326)	(1,603)	(1,342)
4	Total amortization expense, net	(684)	(533)	(701)	(560)	(473)	(359)	(432)	(346)	(2,478)	(1,610)
	Expense related to derivatives:										
5	Amortization of deferred balances in AOCI <sup>(2)</sup>	(445)	(417)	(389)	(369)	(331)	(331)	(333)	(334)	(1,620)	(1,329)
	Accrual of periodic settlements of derivatives: <sup>(3)</sup>										
6	Receive-fixed swaps <sup>(4)</sup>	191	138	116	57	-	-	-	-	502	-
7	Foreign-currency swaps	(135)	(131)	(133)	(65)	-	-	-	-	(464)	-
8	Total accrual of periodic settlements of derivatives	56	7	(17)	(8)	-	-	-	-	38	-
9	Total expense related to derivatives	(389)	(410)	(406)	(377)	(331)	(331)	(333)	(334)	(1,582)	(1,329)
10	Net interest income	939	983	729	761	771	793	761	774	3,412	3,099
11	Fully taxable-equivalent adjustments	92	98	105	97	95	99	98	100	392	392
12	Net interest income (fully taxable-equivalent basis)	\$ 1,031	\$ 1,081	\$ 834	\$ 858	\$ 866	\$ 892	\$ 859	\$ 874	\$ 3,804	\$ 3,491

- (1) Represents amortization related to premiums, discounts, deferred fees and other adjustments to the carrying value of our financial instruments and the reclassification of previously deferred balances from AOCI for certain derivatives in cash flow hedge relationships related to individual debt issuances and mortgage purchase transactions.
- (2) Represents changes in fair value of derivatives in cash flow hedge relationships that were previously deferred in AOCI and have been reclassified to earnings as the associated hedged forecasted issuance of debt and mortgage purchase transactions affect earnings.
- (3) Reflects the accrual of periodic cash settlements of all derivatives in qualifying hedge accounting relationships.
- (4) Includes imputed interest on zero-coupon swaps.

**FREDDIE MAC**  
**NON-INTEREST INCOME (LOSS)**  
**TABLE 3**  
**(unaudited)**  
**(dollars in millions)**

Line:									<b>Full-Year</b>	
	<b>1Q 2006</b>	<b>2Q 2006</b>	<b>3Q 2006</b>	<b>4Q 2006</b>	<b>1Q 2007</b>	<b>2Q 2007</b>	<b>3Q 2007</b>	<b>4Q 2007</b>	<b>2006</b>	<b>2007</b>
	<b>(adjusted)</b>	<b>(adjusted)</b>	<b>(adjusted)</b>	<b>(adjusted)</b>	<b>(adjusted)</b>	<b>(adjusted)</b>	<b>(adjusted)</b>	<b>(adjusted)</b>	<b>(adjusted)</b>	<b>(adjusted)</b>
	<b>Non-Interest Income (Loss):</b>									
1	\$ 597	\$ 541	\$ 620	\$ 635	\$ 628	\$ 591	\$ 718	\$ 698	\$ 2,393	\$ 2,635
2	200	84	(854)	(408)	(523)	820	(465)	(1,316)	(978)	(1,484)
3	347	384	383	405	430	474	473	528	1,519	1,905
4	253	354	(771)	(1,009)	(524)	318	(188)	(1,510)	(1,173)	(1,904)
	Gains (losses) on investment activity:									
5	(45)	(26)	33	39	27	22	272	219	1	540
6	21	13	38	18	17	3	19	(25)	90	14
7	124	(247)	(77)	60	34	(249)	228	219	(140)	232
8	(5)	(3)	(48)	(91)	(2)	(2)	(15)	(17)	(147)	(36)
9	(59)	(187)	(9)	(2)	(56)	(294)	(1)	(12)	(257)	(363)
10	(8)	(4)	3	(11)	(2)	(20)	(25)	(46)	(20)	(93)
11	28	(454)	(60)	13	18	(540)	478	338	(473)	294
12	64	244	155	3	7	89	91	158	466	345
13	-	-	-	-	35	72	125	273	-	505
14	(3)	(30)	8	121	(197)	(333)	(1,162)	(656)	96	(2,348)
15	62	55	55	64	49	58	47	92	236	246
16	\$ 1,548	\$ 1,178	\$ (464)	\$ (176)	\$ (77)	\$ 1,549	\$ 117	\$ (1,395)	\$ 2,086	\$ 194

**FREDDIE MAC**  
**MANAGEMENT AND GUARANTEE INCOME & RELATED INFORMATION**  
**TABLE 4**  
**(unaudited)**  
**(dollars in millions)**

Line:	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007	Full-Year		
	(adjusted)	(adjusted)	(adjusted)	(adjusted)	(adjusted)	(adjusted)	(adjusted)	(adjusted)	2006 (adjusted)	2007	
<b><u>Management and Guarantee Income:</u></b>											
1	Contractual management and guarantee fees	\$ 530	\$ 545	\$ 553	\$ 573	\$ 598	\$ 629	\$ 657	\$ 707	\$ 2,201	\$ 2,591
2	Amortization of credit and buy-down fees included in other liabilities <sup>(1)</sup>	67	(4)	67	62	30	(38)	61	(9)	192	44
3	Total management and guarantee income	\$ 597	\$ 541	\$ 620	\$ 635	\$ 628	\$ 591	\$ 718	\$ 698	\$ 2,393	\$ 2,635
4	Contractual management and guarantee fees (annualized rate)	15.6 bp	15.7 bp	15.6 bp	15.8 bp	15.9 bp	16.1 bp	16.2 bp	16.8 bp	15.7 bp	16.3 bp
5	Amortization of credit and buy-down fees included in other liabilities (annualized rate)	2.0	(0.1)	1.9	1.7	0.8	(1.0)	1.5	(0.2)	1.4	0.3
6	Total management and guarantee rate	17.6 bp	15.6 bp	17.5 bp	17.5 bp	16.7 bp	15.1 bp	17.7 bp	16.6 bp	17.1 bp	16.6 bp
7	Unamortized balance of credit and buy-down fees received included in other liabilities, at period end	\$ 573	\$ 568	\$ 502	\$ 440	\$ 412	\$ 451	\$ 390	\$ 410	\$ 440	\$ 410
<b><u>Gains (Losses) on Guarantee Asset:</u></b>											
8	Management and guarantee fees due	\$ (442)	\$ (462)	\$ (474)	\$ (495)	\$ (523)	\$ (553)	\$ (585)	\$ (627)	\$ (1,873)	\$ (2,288)
9	Portion of management and guarantee fees due related to imputed interest income	136	156	145	143	127	130	138	154	580	549
10	Return of investment on guarantee asset	(306)	(306)	(329)	(352)	(396)	(423)	(447)	(473)	(1,293)	(1,739)
11	Change in fair value of future management and guarantee fees	452	390	(525)	(56)	(94)	1,171	(18)	(750)	261	309
12	Change in estimate <sup>(2)</sup>	54	-	-	-	(33)	72	-	(93)	54	(54)
13	Gains (losses) on guarantee asset	\$ 200	\$ 84	\$ (854)	\$ (408)	\$ (523)	\$ 820	\$ (465)	\$ (1,316)	\$ (978)	\$ (1,484)
<b><u>Changes in Guarantee Asset, at Fair Value:</u></b>											
14	Beginning balance	\$ 6,264	\$ 7,032	\$ 7,554	\$ 7,172	\$ 7,389	\$ 7,602	\$ 9,299	\$ 9,867	\$ 6,264	\$ 7,389
15	Additions, net:	568	438	472	625	736	877	1,033	1,040	2,103	3,686
16	Gains (losses) on guarantee asset	200	84	(854)	(408)	(523)	820	(465)	(1,316)	(978)	(1,484)
17	Ending balance	\$ 7,032	\$ 7,554	\$ 7,172	\$ 7,389	\$ 7,602	\$ 9,299	\$ 9,867	\$ 9,591	\$ 7,389	\$ 9,591
<b><u>Guarantee Obligation:</u></b>											
18	Beginning balance	\$ 7,907	\$ 8,382	\$ 8,698	\$ 9,060	\$ 9,482	\$ 10,097	\$ 10,852	\$ 11,888	\$ 7,907	\$ 9,482
19	Transfer-out to the loan loss reserve <sup>(3)</sup>	(6)	(1)	-	-	-	-	(1)	(6)	(7)	(7)
Additions, net:											
20	Fair value of performance and other related costs of newly-issued guarantees	522	428	512	635	760	864	1,306	2,311	2,097	5,241
21	Deferred guarantee income of newly-issued guarantees	306	273	233	192	285	365	204	47	1,004	901
Amortization income:											
22	Performance and other related costs	(185)	(198)	(204)	(217)	(237)	(272)	(282)	(355)	(804)	(1,146)
23	Deferred guarantee income	(162)	(186)	(179)	(188)	(193)	(202)	(191)	(173)	(715)	(759)
24	Income on guarantee obligation <sup>(4)</sup>	(347)	(384)	(385)	(405)	(430)	(474)	(473)	(528)	(1,519)	(1,905)
25	Ending balance	\$ 8,382	\$ 8,698	\$ 9,060	\$ 9,482	\$ 10,097	\$ 10,852	\$ 11,888	\$ 13,712	\$ 9,482	\$ 13,712
Components of guarantee obligation, at period end:											
26	Unamortized balance of performance and other related costs	\$ 4,887	\$ 5,115	\$ 5,423	\$ 5,841	\$ 6,364	\$ 6,957	\$ 7,980	\$ 9,930	\$ 5,841	\$ 9,930
27	Unamortized balance of deferred guarantee income	3,495	3,583	3,637	3,641	3,733	3,895	3,908	3,782	3,641	3,782
28	Ending guarantee obligation <sup>(5)</sup>	\$ 8,382	\$ 8,698	\$ 9,060	\$ 9,482	\$ 10,097	\$ 10,852	\$ 11,888	\$ 13,712	\$ 9,482	\$ 13,712
29	Percentage of issued PCs for which a guarantee asset and obligation have been established	85%	86%	87%	88%	88%	89%	90%	91%	88%	91%

(1) Amortization of credit and buy-down fees incurred since 2003 is recorded in income on guarantee obligation.

(2) Represents changes in estimate resulting from enhancing our approach for determining the fair value of the guarantee asset.

(3) Represents portions of the guarantee obligation that correspond to incurred credit losses reclassified to reserve for guarantee losses on PCs.

(4) Includes amortizations related to deferred credit and buy-down fees received from counterparties in Guarantor Swap and similar transactions ("upfront fees") of \$410 million and \$416 million for the years ended December 31, 2006 and 2007, respectively.

(5) Includes unamortized upfront fees of \$2,508 million and \$2,601 million at December 31, 2006 and 2007, respectively.

**FREDDIE MAC**  
**DERIVATIVES NOT IN HEDGE ACCOUNTING RELATIONSHIPS**  
**TABLE 5A**  
**(unaudited)**  
**(dollars in millions)**

Line:									<b>Full-Year</b>	
	<b>1Q 2006</b> <b>(adjusted)</b>	<b>2Q 2006</b> <b>(adjusted)</b>	<b>3Q 2006</b> <b>(adjusted)</b>	<b>4Q 2006</b> <b>(adjusted)</b>	<b>1Q 2007</b> <b>(adjusted)</b>	<b>2Q 2007</b> <b>(adjusted)</b>	<b>3Q 2007</b> <b>(adjusted)</b>	<b>4Q 2007</b>	<b>2006</b> <b>(adjusted)</b>	<b>2007</b>
	<b><u>Derivative Gains (Losses):</u></b>									
1	\$ (1,313)	\$ (667)	\$ 1,376	\$ (524)	\$ (553)	\$ (1,168)	\$ 1,657	\$ 2,536	\$ (1,128)	\$ 2,472
2	-	-	-	-	2	48	(16)	(155)	-	(121)
3	237	207	(398)	(146)	(8)	244	(70)	(170)	(100)	(4)
4	-	-	-	-	(2)	(144)	27	47	-	(72)
5	(1,220)	(1,270)	2,545	(345)	259	(3,500)	3,183	3,963	(290)	3,905
6	2,881	2,266	(4,551)	53	(478)	4,531	(6,513)	(8,902)	649	(11,362)
7	(266)	(212)	189	41	19	(70)	105	88	(248)	142
8	4	30	(7)	(119)	198	332	1,155	656	(92)	2,341
9	(102)	(72)	83	(4)	(5)	(66)	185	331	(95)	445
10	35	42	(54)	16	5	17	(13)	9	39	18
11	256	324	(817)	(1,028)	(563)	224	(300)	(1,597)	(1,265)	(2,236)
	Accrual of periodic settlements:									
12	(6)	(73)	(189)	(150)	(58)	(37)	(66)	(166)	(418)	(327)
13	3	106	238	194	148	155	182	218	541	703
14	-	(4)	(4)	(26)	(52)	(25)	(5)	34	(34)	(48)
15	-	1	1	1	1	1	1	1	3	4
16	(3)	30	46	19	39	94	112	87	92	332
17	\$ 253	\$ 354	\$ (771)	\$ (1,009)	\$ (524)	\$ 318	\$ (188)	\$ (1,510)	\$ (1,173)	\$ (1,904)
	<b><u>Notional or Contractual Amounts (period end):</u></b>									
18	\$ 139,165	\$ 166,000	\$ 178,700	\$ 194,200	\$ 194,772	\$ 236,752	\$ 262,802	\$ 259,272		
19	-	-	-	-	7,500	3,400	1,000	1,900		
20	36,925	39,725	33,225	29,725	19,325	19,325	18,325	18,725		
21	-	-	-	-	500	2,600	1,000	2,650		
22	134,830	179,076	179,689	222,631	270,053	214,657	282,070	301,649		
23	175,005	206,305	200,297	217,565	251,391	284,927	380,370	409,682		
24	103,780	103,934	90,000	22,400	95,140	113,000	109,848	196,270		
25	748	782	774	29,234	23,854	22,709	23,842	20,118		
26	22,135	22,928	13,432	9,942	8,915	54,783	61,800	72,662		
27	27,689	39,469	31,040	32,342	34,650	35,719	62,159	39,953		
28	\$ 640,277	\$ 758,219	\$ 727,157	\$ 758,039	\$ 906,100	\$ 987,872	\$ 1,203,216	\$ 1,322,881		

(1) Consists of basis swaps, certain option-based contracts (including written options), interest-rate caps, swap guarantee derivatives and credit derivatives.

(2) Includes imputed interest on zero-coupon swaps.

**FREDDIE MAC**  
**TOTAL DERIVATIVE PORTFOLIO**  
**TABLE 5B**  
**(unaudited)**  
**(dollars in millions)**

Line:	December 31, 2006		December 31, 2007	
	Notional or Contractual Amount (adjusted)	Fair Value <sup>(1)</sup> (adjusted)	Notional or Contractual Amount	Fair Value <sup>(1)</sup>
	Interest-rate swaps:			
1	\$ 222,631	\$ (334)	\$ 301,649	\$ 3,648
2	217,565	(1,352)	409,682	(11,492)
3	683	-	498	-
4	<u>440,879</u>	<u>(1,686)</u>	<u>711,829</u>	<u>(7,844)</u>
	Option-based:			
5	194,200	4,034	259,272	7,134
6	-	-	1,900	(27)
7	29,725	958	18,725	631
8	-	-	2,650	(74)
9	28,097	(15)	30,486	(23)
10	<u>252,022</u>	<u>4,977</u>	<u>313,033</u>	<u>7,641</u>
11	22,400	28	196,270	92
12	29,234	4,399	20,118	4,568
13	10,012	6	72,662	327
14	2,605	(1)	7,667	10
15	957	(3)	1,302	(4)
16	<u>758,109</u>	<u>7,720</u>	<u>1,322,881</u>	<u>4,790</u>
17		2,346		1,659
18		(26)		-
19		<u>(9,540)</u>		<u>(6,204)</u>
20	<u>\$ 758,109</u>	<u>\$ 500</u>	<u>\$ 1,322,881</u>	<u>\$ 245</u>

(1) The fair value by derivative type presented in this table is shown prior to netting by counterparty. The value of derivatives presented on our consolidated balance sheets, however, is netted by counterparty and includes net derivative-related receivable or payable, and is net of cash collateral held or posted, and is reported in the derivative assets, net and derivative liabilities, net captions. The total fair value of the derivative portfolio, net presented in this table equals the difference between the value of the derivative assets and derivative liabilities presented on our consolidated balance sheets. The fair values for futures are directly derived from quoted market prices. Fair values of other derivatives are derived primarily from valuation models using market data inputs.

(2) Includes the related accrued interest (payable) receivable, net on derivative collateral positions.

**FREDDIE MAC**  
**NON-INTEREST EXPENSE**  
**TABLE 6**  
**(unaudited)**  
**(dollars in millions)**

Line:										<b>Full-Year</b>	
		<b>1Q 2006</b> <b>(adjusted)</b>	<b>2Q 2006</b> <b>(adjusted)</b>	<b>3Q 2006</b> <b>(adjusted)</b>	<b>4Q 2006</b> <b>(adjusted)</b>	<b>1Q 2007</b> <b>(adjusted)</b>	<b>2Q 2007</b> <b>(adjusted)</b>	<b>3Q 2007</b> <b>(adjusted)</b>	<b>4Q 2007</b>	<b>2006</b> <b>(adjusted)</b>	<b>2007</b>
	<b><u>Non-Interest Expense:</u></b>										
	Administrative expenses:										
1	Salaries and employee benefits	\$ 191	\$ 203	\$ 207	\$ 229	\$ 228	\$ 243	\$ 234	\$ 191	\$ 830	\$ 896
2	Professional services	100	118	120	122	108	117	113	105	460	443
3	Occupancy expense	14	15	15	17	14	16	17	17	61	64
4	Other administrative expenses <sup>(1)</sup>	68	69	76	77	53	66	64	88	290	271
5	Total administrative expenses	373	405	418	445	403	442	428	401	1,641	1,674
6	Provision (benefit) for credit losses	(33)	71	98	160	248	447	1,372	787	296	2,854
7	Real estate owned operations expense	12	7	19	22	14	16	51	125	60	206
8	Losses on certain credit guarantees <sup>(2)</sup>	67	63	109	167	177	150	392	1,269	406	1,988
9	Losses on loans purchased <sup>(3)</sup>	25	25	36	62	216	264	649	736	148	1,865
10	Low-income housing tax credit partnerships	115	104	98	90	108	135	111	115	407	469
11	Minority interests in earnings of consolidated subsidiaries	17	16	13	12	9	9	4	(30)	58	(8)
12	Other expenses	38	58	55	49	49	56	63	54	200	222
13	Total non-interest expense	\$ 614	\$ 749	\$ 846	\$ 1,007	\$ 1,224	\$ 1,519	\$ 3,070	\$ 3,457	\$ 3,216	\$ 9,270

(1) Other administrative expenses are presented net of deferred expenses, including those relating to capitalized software development activities.

(2) When the fair value of the guarantee obligation exceeds the fair value of the guarantee asset (including upfront fees paid or received), at the issuance of a Participation Certificate, the excess is recorded as losses on certain credit guarantees.

(3) Represents losses on non-performing loans purchased out of our guaranteed PC and Structured Securities, when the unpaid principal balance, net of our loan loss reserve exceeds the estimated fair market value of the loan purchased.

**FREDDIE MAC**  
**CONSOLIDATED FAIR VALUE BALANCE SHEETS <sup>(1)</sup>**  
**TABLE 7**  
**(unaudited)**  
**(dollars in billions)**

Line:	2006								2007							
	March 31, (adjusted)		June 30, (adjusted)		September 30, (adjusted)		December 31, (adjusted)		March 31, (adjusted)		June 30, (adjusted)		September 30, (adjusted)		December 31,	
	Carrying Amount <sup>(2)</sup>	Fair Value <sup>(3)</sup>	Carrying Amount <sup>(2)</sup>	Fair Value	Carrying Amount <sup>(2)</sup>	Fair Value <sup>(3)</sup>	Carrying Amount <sup>(2)</sup>	Fair Value <sup>(3)</sup>	Carrying Amount <sup>(2)</sup>	Fair Value <sup>(3)</sup>	Carrying Amount <sup>(2)</sup>	Fair Value <sup>(3)</sup>	Carrying Amount <sup>(2)</sup>	Fair Value <sup>(3)</sup>	Carrying Amount <sup>(2)</sup>	Fair Value <sup>(3)</sup>
	<b>Assets:</b>															
1	\$ 62.8	\$ 62.3	\$ 63.6	\$ 62.1	\$ 63.9	\$ 63.8	\$ 65.6	\$ 65.4	\$ 66.7	\$ 65.6	\$ 68.3	\$ 66.1	\$ 71.6	\$ 68.8	\$ 80.0	\$ 76.8
2	644.7	644.7	646.0	646.0	635.0	635.0	634.3	634.3	645.0	645.0	634.4	634.4	634.3	634.3	629.8	629.8
3	707.5	707.0	709.6	708.1	698.9	698.8	699.9	699.7	711.7	710.6	702.7	700.5	705.9	703.1	709.8	706.6
4	8.5	8.5	12.5	12.5	12.2	12.2	11.4	11.4	10.0	10.0	11.8	11.8	12.2	12.2	8.6	8.6
5	47.0	47.0	49.5	49.5	47.5	47.5	45.6	45.6	31.9	31.9	41.7	41.7	21.3	21.3	35.1	35.1
6																
	23.4	23.4	45.8	45.8	35.5	35.5	23.0	23.0	34.2	34.2	27.5	27.5	17.3	17.3	6.6	6.6
7	0.3	0.3	0.9	0.9	0.4	0.4	0.7	0.7	0.3	0.3	0.5	0.5	0.7	0.7	0.8	0.8
8	7.0	8.2	7.6	8.7	7.2	8.2	7.4	8.3	7.6	8.5	9.3	10.2	9.9	10.7	9.6	10.4
9	18.3	13.8	20.0	13.5	16.5	13.5	16.9	14.4	17.7	16.2	20.6	16.8	19.6	20.9	23.9	31.8
10	\$ 812.0	\$ 808.2	\$ 845.9	\$ 839.0	\$ 818.2	\$ 816.1	\$ 804.9	\$ 803.1	\$ 813.4	\$ 811.7	\$ 814.1	\$ 809.0	\$ 786.9	\$ 786.2	\$ 794.4	\$ 799.9
	<b>Liabilities and Minority Interests:</b>															
11	\$ 757.2	\$ 750.2	\$ 790.6	\$ 779.2	\$ 759.6	\$ 758.1	\$ 744.3	\$ 742.7	\$ 750.2	\$ 749.8	\$ 751.4	\$ 744.4	\$ 726.9	\$ 728.9	\$ 738.6	\$ 749.3
12	8.4	5.0	8.7	4.8	9.1	5.5	9.5	6.1	10.1	7.3	10.9	7.7	11.9	14.2	13.7	26.2
13	0.5	0.5	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.4	0.2	0.2	0.6	0.6
14	0.4	-	0.4	-	0.4	-	0.6	-	0.7	-	1.0	-	2.1	-	2.6	-
15	20.9	20.0	23.2	21.9	20.8	19.5	22.9	21.8	23.2	22.0	25.6	24.4	20.0	18.8	12.0	11.0
16	0.8	0.9	0.7	0.7	0.6	0.6	0.5	0.5	0.5	0.5	0.3	0.2	0.3	0.3	0.2	0.2
17	788.2	776.6	823.9	806.9	790.7	783.9	778.0	771.3	784.9	779.8	789.6	777.1	761.4	762.4	767.7	787.3
	<b>Net Assets Attributable to Stockholders:</b>															
18	4.6	4.2	4.6	4.0	5.6	5.2	6.1	5.8	6.6	6.5	7.1	6.8	8.1	7.4	14.1	12.3
19	19.2	27.4	17.4	28.1	21.9	27.0	20.8	26.0	21.9	25.4	17.4	25.1	17.4	16.4	12.6	0.3
20	23.8	31.6	22.0	32.1	27.5	32.2	26.9	31.8	28.5	31.9	24.5	31.9	25.5	23.8	26.7	12.6
21	\$ 812.0	\$ 808.2	\$ 845.9	\$ 839.0	\$ 818.2	\$ 816.1	\$ 804.9	\$ 803.1	\$ 813.4	\$ 811.7	\$ 814.1	\$ 809.0	\$ 786.9	\$ 786.2	\$ 794.4	\$ 799.9

(1) The consolidated fair value balance sheets do not purport to present our net realizable, liquidation or market value as a whole. Furthermore, amounts we ultimately realize from the disposition of assets or settlement of liabilities may vary significantly from the fair values presented.

(2) Carrying amounts equal the amounts reported on our GAAP consolidated balance sheets.

(3) Methodologies employed to calculate fair values are periodically changed on a prospective basis to reflect improvements in the underlying estimation processes. The estimated impact of these improvements resulted in net after-tax changes to the fair value of total net assets of approximately \$0.1 billion at March 31, 2006. The estimated impact of these improvements resulted in net after-tax changes to the fair value of total net assets that rounded to zero at September 30, 2006 and December 31, 2006. The estimated impact of these improvements resulted in net after-tax changes to the fair value of total net assets of approximately \$0.1 billion, \$0.2 billion, \$(0.2) billion and \$0.1 billion at March 31, 2007, June 30, 2007, September 30, 2007 and December 31, 2007, respectively.

(4) The fair value of the guarantee asset reported exceeds the carrying value primarily because the fair value includes the guarantee asset related to PCs that were issued prior to the implementation of FIN 45 in 2003 and thus are not recognized on our GAAP consolidated balance sheets.

(5) Fair values include estimated income taxes calculated using the 35% federal statutory rate on the difference between the consolidated fair value balance sheets net assets, including deferred taxes from our GAAP consolidated balance sheets, and the GAAP consolidated balance sheets equity attributable to common stockholders.

**FREDDIE MAC**  
**MORTGAGE PORTFOLIO ACTIVITY BASED ON UNPAID PRINCIPAL BALANCES** <sup>(1) (2) (3)</sup>  
**TABLE 8A**  
**(unaudited)**  
**(dollars in millions)**

Line:	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007	Full-Year	
									2006	2007
<b><u>Total Mortgage Portfolio:</u></b>										
1	\$ 1,684,546	\$ 1,731,004	\$ 1,759,767	\$ 1,786,754	\$ 1,826,720	\$ 1,892,132	\$ 1,952,949	\$ 2,021,935	\$ 1,684,546	\$ 1,826,720
2	131,874	121,730	122,475	125,903	146,463	149,401	145,185	136,642	501,982	577,691
3	(8,401)	(5,442)	(6,041)	(110)	10	(893)	(2,725)	(38)	(19,994)	(3,646)
4	(77,015)	(87,525)	(89,447)	(85,827)	(81,061)	(87,691)	(73,474)	(55,863)	(339,814)	(298,089)
5	46,458	28,763	26,987	39,966	65,412	60,817	68,986	80,741	142,174	275,956
6	\$ 1,731,004	\$ 1,759,767	\$ 1,786,754	\$ 1,826,720	\$ 1,892,132	\$ 1,952,949	\$ 2,021,935	\$ 2,102,676	\$ 1,826,720	\$ 2,102,676
7	11%	7%	6%	9%	14%	13%	14%	16%	8%	15%
8	18%	20%	20%	19%	18%	19%	15%	11%	20%	16%
<b><u>Total Guaranteed PCs and Structured Securities:</u></b>										
9	\$ 1,335,524	\$ 1,379,877	\$ 1,405,684	\$ 1,441,254	\$ 1,477,023	\$ 1,536,525	\$ 1,592,524	\$ 1,664,776	\$ 1,335,524	\$ 1,477,023
10	93,669	80,973	93,334	92,047	114,365	118,008	125,093	113,510	360,023	470,976
11	(49,316)	(55,166)	(57,764)	(56,278)	(54,863)	(62,009)	(52,841)	(39,453)	(218,524)	(209,166)
12	44,353	25,807	35,570	35,769	59,502	55,999	72,252	74,057	141,499	261,810
13	\$ 1,379,877	\$ 1,405,684	\$ 1,441,254	\$ 1,477,023	\$ 1,536,525	\$ 1,592,524	\$ 1,664,776	\$ 1,738,833	\$ 1,477,023	\$ 1,738,833
14	13%	7%	10%	10%	16%	15%	18%	18%	11%	18%
15	15%	16%	16%	16%	15%	16%	13%	9%	16%	14%

(1) Excludes mortgage loans and mortgage-related securities traded, but not yet settled. Also excludes credit-related impairments on mortgage-related securities within our retained portfolio.

(2) See our Monthly Volume Summary, or MVS, in the Investor Relations section of our website for definitions of certain captions used in this table.

(3) Effective December 2007, we established securitization trusts for the underlying assets of our guaranteed PCs and Structured Securities issued. As a result, we adjusted the reported balance of our mortgage portfolios to reflect the publicly-available security balances of guaranteed PCs and Structured Securities. Previously we reported these balances based on the unpaid principal balance of the underlying mortgage loans.

**FREDDIE MAC**  
**MORTGAGE PORTFOLIO ACTIVITY BASED ON UNPAID PRINCIPAL BALANCES** <sup>(1) (2) (3)</sup>  
**TABLE 8B**  
**(unaudited)**  
**(dollars in millions)**

Line:	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007	Full-Year	
									2006	2007
<b>Retained Portfolio:</b>										
1	\$ 710,346	\$ 715,736	\$ 722,538	\$ 702,778	\$ 703,959	\$ 714,454	\$ 712,136	\$ 713,164	\$ 710,346	\$ 703,959
2	65,432	79,580	46,178	54,293	59,173	60,632	67,201	60,768	245,483	247,774
3	(17,876)	(24,317)	(19,441)	(7,440)	(8,255)	(19,490)	(29,402)	(24,321)	(69,074)	(81,468)
4	(42,166)	(48,461)	(46,497)	(45,672)	(40,423)	(43,460)	(36,771)	(28,798)	(182,796)	(149,452)
5	5,390	6,802	(19,760)	1,181	10,495	(2,318)	1,028	7,649	(6,387)	16,854
6	\$ 715,736	\$ 722,538	\$ 702,778	\$ 703,959	\$ 714,454	\$ 712,136	\$ 713,164	\$ 720,813	\$ 703,959	\$ 720,813
7	3%	4%	(11%)	1%	6%	(1%)	1%	4%	(1%)	2%
8	24%	27%	26%	26%	23%	24%	21%	16%	26%	21%
9	41%	41%	39%	39%	38%	36%	35%	34%	39%	34%
<b>Retained Portfolio Components (at period end):</b>										
10	\$ 364,609	\$ 368,455	\$ 357,278	\$ 354,262	\$ 358,847	\$ 351,711	\$ 356,005	356,970	\$ 354,262	\$ 356,970
11	288,192	290,379	281,423	283,850	288,471	291,382	284,132	281,685	283,850	281,685
12	62,935	63,704	64,077	65,847	67,136	69,043	73,027	82,158	65,847	82,158
13	\$ 715,736	\$ 722,538	\$ 702,778	\$ 703,959	\$ 714,454	\$ 712,136	\$ 713,164	\$ 720,813	\$ 703,959	\$ 720,813
<b>Guaranteed PCs and Structured Securities Held by Third Parties:</b>										
14	\$ 974,200	\$ 1,015,268	\$ 1,037,229	\$ 1,083,976	\$ 1,122,761	\$ 1,177,678	\$ 1,240,813	\$ 1,308,771	\$ 974,200	\$ 1,122,761
15	93,669	80,973	93,334	92,047	114,365	118,008	125,093	113,510	360,023	470,976
16	(27,227)	(38,823)	(17,037)	(20,437)	(27,075)	(29,239)	(47,109)	(37,636)	(103,524)	(141,059)
17	10,712	19,819	14,613	8,986	9,638	20,565	29,423	27,153	54,130	86,779
18	(36,086)	(40,008)	(44,163)	(41,811)	(42,011)	(46,199)	(39,449)	(29,935)	(162,068)	(157,594)
19	41,068	21,961	46,747	38,785	54,917	63,135	67,958	73,092	148,561	259,102
20	\$ 1,015,268	\$ 1,037,229	\$ 1,083,976	\$ 1,122,761	\$ 1,177,678	\$ 1,240,813	\$ 1,308,771	\$ 1,381,863	\$ 1,122,761	\$ 1,381,863
21	17%	9%	18%	14%	20%	21%	22%	22%	15%	23%
22	15%	16%	17%	15%	15%	16%	13%	9%	17%	14%

(1) Excludes mortgage loans and mortgage-related securities traded, but not yet settled. Also excludes credit-related impairments on mortgage-related securities within our retained portfolio.

(2) See our MVS in the Investor Relations section of our website for definitions of certain captions used in this table.

(3) Effective December 2007, we established securitization trusts for the underlying assets of our guaranteed PCs and Structured Securities issued. As a result, we adjusted the reported balance of our mortgage portfolios to reflect the publicly-available security balances of guaranteed PCs and Structured Securities. Previously we reported these balances based on the unpaid principal balance of the underlying mortgage loans.

**FREDDIE MAC**  
**CHARACTERISTICS OF MORTGAGE LOANS AND MORTGAGE-RELATED SECURITIES IN THE RETAINED PORTFOLIO**

**TABLE 9**  
**(unaudited)**  
**(dollars in millions)**

Line:	December 31, 2006 (adjusted)			December 31, 2007		
	Fixed-Rate	Variable-Rate	Total	Fixed-Rate	Variable-Rate	Total
Mortgage loans :						
1 Single-family <sup>(1)</sup>	\$ 19,407	\$ 1,233	\$ 20,640	\$ 21,889	\$ 2,700	\$ 24,589
2 Multifamily <sup>(2)</sup>	41,866	3,341	45,207	53,114	4,455	57,569
3 Total mortgage loans	61,273	4,574	65,847	75,003	7,155	82,158
PCs and Structured Securities: <sup>(1)(3)</sup>						
4 Single-family	282,052	71,828	353,880	269,896	84,415	354,311
5 Multifamily	241	141	382	2,522	137	2,659
6 Total PCs and Structured Securities	282,293	71,969	354,262	272,418	84,552	356,970
Non-Freddie Mac mortgage-related securities: <sup>(1)</sup>						
Agency mortgage-related securities: <sup>(4)</sup>						
Fannie Mae:						
7 Single-family	25,779	17,441	43,220	23,140	23,043	46,183
8 Multifamily	1,013	201	1,214	759	163	922
Ginnie Mae:						
9 Single-family	707	231	938	537	181	718
10 Multifamily	13	-	13	13	-	13
11 Total agency mortgage-related securities	27,512	17,873	45,385	24,449	23,387	47,836
Non-agency mortgage-related securities:						
Single-family:						
12 Subprime <sup>(5)</sup>	408	121,691	122,099	498	100,827	101,325
13 Alt-A and other <sup>(6)</sup>	3,683	52,579	56,262	3,762	47,551	51,313
14 Commercial mortgage backed securities	23,517	21,243	44,760	25,709	39,095	64,804
15 Mortgage revenue bonds <sup>(7)</sup>	13,775	59	13,834	14,870	65	14,935
16 Manufactured housing <sup>(8)</sup>	1,381	129	1,510	1,250	222	1,472
17 Total non-agency mortgage-related securities <sup>(9)</sup>	42,764	195,701	238,465	46,089	187,760	233,849
18 Total unpaid principal balance of retained portfolio	\$ 413,842	\$ 290,117	703,959	\$ 417,959	\$ 302,854	720,813
19 Premiums, discounts, deferred fees, impairments of unpaid principal balances and other basis adjustments			993			(655)
20 Net unrealized gains (losses) on mortgage-related securities, pre-tax			(4,950)			(10,116)
21 Allowance for loan losses on mortgage loans held-for-investment			(69)			(256)
22 Total retained portfolio per consolidated balance sheets			\$ 699,933			\$ 709,786

- (1) Variable-rate single-family mortgage loans and mortgage-related securities include those with a contractual coupon rate that, prior to contractual maturity, is either scheduled to change or is subject to change based on changes in the composition of the underlying collateral. Single-family mortgages with balloon/reset provisions.
- (2) Variable-rate multifamily mortgage loans include only those loans that, as of the reporting date, have a contractual coupon rate that is subject to change.
- (3) For PCs and Structured Securities, we are subject to the credit risk associated with the underlying mortgage loan collateral.
- (4) Agency mortgage-related securities are generally not separately rated by nationally recognized statistical rating organizations, but are viewed as having a level of credit quality at least equivalent to non-agency mortgage-related securities AAA-rated or equivalent.
- (5) Single-family non-agency mortgage-related securities backed by subprime residential loans include significant credit enhancements, particularly through subordination, and approximately 81% of these securities held at December 31, 2007 were AAA-rated at February 25, 2008.
- (6) Single-family non-agency mortgage-related securities backed by Alt-A and other mortgage loans include significant credit enhancements, particularly through subordination, and approximately 98% of these securities held at December 31, 2007 were AAA-rated at February 25, 2008.
- (7) Consist of obligations of states and political subdivisions. Approximately 66% and 67% of these securities were AAA-rated at December 31, 2006 and 2007, respectively.
- (8) At December 31, 2006 and 2007, 30% and 34%, respectively, of mortgage-related securities backed by manufactured housing were rated BBB- or above. For the same dates, 97% of these securities were supported by third-party credit enhancements (e.g., bond insurance) and other credit enhancements (e.g., deal structure through subordination). Approximately 23% and 28% of these securities were AAA-rated at December 31, 2006 and 2007, respectively.
- (9) Credit ratings for most non-agency mortgage-related securities are designated by no fewer than two nationally recognized statistical rating organizations. At both December 31, 2006 and 2007, approximately 96% of total non-agency mortgage-related securities were AAA-rated.

**FREDDIE MAC  
CREDIT QUALITY INDICATORS  
TABLE 10  
(unaudited)  
(dollars in millions)**

Line:	2006				2007				Full-Year	
	1Q 2006 (adjusted)	2Q 2006 (adjusted)	3Q 2006 (adjusted)	4Q 2006 (adjusted)	1Q 2007 (adjusted)	2Q 2007 (adjusted)	3Q 2007 (adjusted)	4Q 2007	2006 (adjusted)	2007
<b>Credit Enhancements:</b>										
1	17 %	15 %	18 %	17 %	14 %	18 %	22 %	28 %	17 %	21 %
2	17 %	17 %	16 %	16 %	16 %	16 %	16 %	17 %	16 %	17 %
<b>Delinquencies (at period end):</b> <sup>(1)(2)</sup>										
Single-family:										
Non-credit-enhanced portfolio										
3	0.25 %	0.22 %	0.23 %	0.25 %	0.25 %	0.26 %	0.34 %	0.45 %	0.25 %	0.45 %
4	22,230	19,725	20,411	22,671	23,173	25,307	32,823	44,948	22,671	44,948
Credit-enhanced portfolio										
5	1.36 %	1.23 %	1.25 %	1.30 %	1.18 %	1.17 %	1.34 %	1.62 %	1.30 %	1.62 %
6	24,876	22,232	23,016	24,106	22,285	22,602	27,123	34,621	24,106	34,621
Total Single-family Portfolio										
7	0.44 %	0.39 %	0.40 %	0.42 %	0.40 %	0.42 %	0.51 %	0.65 %	0.42 %	0.65 %
8	47,106	41,957	43,427	46,777	45,458	47,909	59,946	79,569	46,777	79,569
Multifamily:										
9	- %	0.01 %	- %	0.06 %	0.06 %	0.05 %	0.06 %	0.02 %	0.06 %	0.02 %
10	\$ 3	\$ 5	\$ 1	\$ 30	\$ 32	\$ 30	\$ 32	\$ 10	\$ 30	\$ 10
<b>REO Balances (at period end):</b>										
11	\$ 636	\$ 646	\$ 665	\$ 734	\$ 871	\$ 1,014	\$ 1,321	\$ 1,736	\$ 734	\$ 1,736
12	18	18	10	9	7	6	-	-	9	-
13	\$ 654	\$ 664	\$ 675	\$ 743	\$ 878	\$ 1,020	\$ 1,321	\$ 1,736	\$ 743	\$ 1,736
<b>REO Inventory (number of units):</b>										
14	8,070	8,263	8,302	8,333	8,785	9,650	10,260	11,916	8,070	8,785
15	4,051	4,163	4,007	4,166	4,638	5,013	5,905	7,284	16,387	22,840
16	(3,858)	(4,124)	(3,976)	(3,714)	(3,773)	(4,403)	(4,249)	(4,806)	(15,672)	(17,231)
17	8,263	8,302	8,333	8,785	9,650	10,260	11,916	14,394	8,785	14,394
<b>REO Operations Income (Expense):</b>										
18	\$ (12)	\$ (7)	\$ (20)	\$ (22)	\$ (14)	\$ (16)	\$ (50)	\$ (125)	\$ (61)	\$ (205)
19	-	-	1	-	-	-	(1)	-	1	(1)
20	\$ (12)	\$ (7)	\$ (19)	\$ (22)	\$ (14)	\$ (16)	\$ (51)	\$ (125)	\$ (60)	\$ (206)
<b>Loan Loss Reserves:</b> <sup>(3)</sup>										
21	\$ 548	\$ 484	\$ 504	\$ 541	\$ 619	\$ 803	\$ 1,138	\$ 2,312	\$ 548	\$ 619
22	(33)	71	98	160	248	447	1,372	787	296	2,854
23	(30)	(40)	(35)	(37)	(30)	(36)	(32)	(36)	(142)	(134)
24	-	-	(5)	-	-	-	(2)	(1)	(5)	(3)
25	(7)	(12)	(21)	(45)	(34)	(76)	(165)	(246)	(85)	(521)
26	6	1	-	-	-	-	1	6	7	7
27	\$ 484	\$ 504	\$ 541	\$ 619	\$ 803	\$ 1,138	\$ 2,312	\$ 2,822	\$ 619	\$ 2,822
<b>Total Credit Losses:</b> <sup>(6)</sup>										
28	\$ 42	\$ 47	\$ 59	\$ 59	\$ 58	\$ 79	\$ 126	\$ 236	\$ 207	\$ 499
29	1.2 bp	1.3 bp	1.6 bp	1.6 bp	1.5 bp	2.0 bp	3.0 bp	5.4 bp	1.4 bp	3.0 bp

(1) Based on the total mortgage portfolio, excluding Freddie Mac Structured Transactions, non-Freddie Mac mortgage-related securities and that portion of Structured Securities that is backed by Ginnie Mae Certificates.

(2) Single-family delinquencies are based on the number of mortgages 90 days or more delinquent or in foreclosure while multifamily delinquencies are based on net carrying value of mortgages 60 days or more delinquent or in foreclosure. Includes delinquencies on mortgage loans where the lender or third party retains the largest portion of the default risk. Delinquencies exclude mortgage loans whose original contractual terms have been modified under an agreement with the borrower as long as the borrower complies with the modified contractual terms.

(3) Loan loss reserves equals the sum of allowance for loan losses (consolidated balance sheets - Line 1) and reserve for guarantee losses on Participation Certificates (consolidated balance sheets - Line 27).

(4) Provision (benefit) for credit losses includes our provision for losses incurred on our mortgage loans held for investment, which are a component of our retained portfolio, and our provision for guarantee losses incurred on mortgage loans underlying PCs held by third parties.

(5) Represents transfers of a portion of the guarantee obligation associated with credit losses reclassified to the reserve for guaranteed losses on PCs.

(6) Equal to REO operations income (expense) (Line 20) plus Charge-offs, net (Lines 23 and 24) plus amounts previously transferred to reduce the carrying value of loans purchased under financial guarantees. The previously transferred reserves totaled \$ -- million and \$156 million for the years ended December 31, 2006 and 2007, respectively.

(7) Calculated using the average total mortgage portfolio, excluding non-Freddie Mac mortgage-related securities and that portion of Structured Securities that is backed by Ginnie Mae Certificates.

**FREDDIE MAC**  
**SINGLE-FAMILY NON-CREDIT-ENHANCED DELINQUENCY AND FORECLOSURE ACTIVITY BY REGION <sup>(1)</sup>**

**TABLE 11**  
**(unaudited)**

Line:	4Q 2006		1Q 2007		2Q 2007		3Q 2007		4Q 2007		
	# of Loans (in thousands)	Percent <sup>(3)</sup>	# of Loans (in thousands)	Percent <sup>(3)</sup>	# of Loans (in thousands)	Percent <sup>(3)</sup>	# of Loans (in thousands)	Percent <sup>(3)</sup>	# of Loans (in thousands)	Percent <sup>(3)</sup>	
<u>Northeast <sup>(2)</sup></u>											
1	Total number of loans	2,099	2,138	2,174	2,208	2,310					
2	Delinquent three or more payments	3	0.12%	2	0.11%	3	0.12%	4	0.16%	4	0.19%
3	Foreclosures approved and in-process	2	0.12%	3	0.13%	3	0.13%	3	0.15%	5	0.20%
4	Total delinquent loans	5	0.24%	5	0.24%	6	0.25%	7	0.31%	9	0.39%
<u>Southeast <sup>(2)</sup></u>											
5	Total number of loans	1,728	1,773	1,818	1,856	1,937					
6	Delinquent three or more payments	3	0.17%	3	0.15%	3	0.17%	4	0.22%	6	0.28%
7	Foreclosures approved and in-process	2	0.13%	2	0.14%	3	0.16%	4	0.21%	6	0.31%
8	Total delinquent loans	5	0.30%	5	0.29%	6	0.33%	8	0.43%	12	0.59%
<u>North Central <sup>(2)</sup></u>											
9	Total number of loans	2,243	2,271	2,290	2,304	2,312					
10	Delinquent three or more payments	3	0.13%	3	0.12%	3	0.13%	4	0.17%	5	0.21%
11	Foreclosures approved and in-process	4	0.19%	4	0.19%	4	0.20%	5	0.22%	6	0.27%
12	Total delinquent loans	7	0.32%	7	0.31%	7	0.33%	9	0.39%	11	0.48%
<u>Southwest <sup>(2)</sup></u>											
13	Total number of loans	1,222	1,252	1,278	1,302	1,368					
14	Delinquent three or more payments	2	0.14%	2	0.13%	2	0.12%	2	0.15%	2	0.17%
15	Foreclosures approved and in-process	1	0.12%	1	0.12%	1	0.11%	2	0.12%	2	0.15%
16	Total delinquent loans	3	0.26%	3	0.25%	3	0.23%	4	0.27%	4	0.32%
<u>West <sup>(2)</sup></u>											
17	Total number of loans	1,867	1,938	2,003	2,053	2,121					
18	Delinquent three or more payments	1	0.06%	1	0.06%	1	0.08%	2	0.12%	4	0.19%
19	Foreclosures approved and in-process	1	0.06%	2	0.08%	2	0.09%	3	0.14%	5	0.23%
20	Total delinquent loans	2	0.12%	3	0.14%	3	0.17%	5	0.26%	9	0.42%
<u>Total</u>											
21	Total number of loans	9,159	9,372	9,563	9,723	10,048					
22	Delinquent three or more payments	12	0.13%	11	0.11%	12	0.12%	16	0.16%	21	0.21%
23	Foreclosures approved and in-process	11	0.12%	12	0.14%	13	0.14%	17	0.18%	24	0.24%
24	Total delinquent loans	23	0.25%	23	0.25%	25	0.26%	33	0.34%	45	0.45%
25	90-day or more delinquency to REO, transition rate <sup>(4)</sup>		9.7%		11.0%		13.8%		15.1%		15.9%

(1) Includes Single-family non-credit-enhanced mortgage loans in our retained portfolio and those underlying our total guaranteed PCs and Structured Securities issued, but excluding Structured Transactions and that portion of Structured Securities backed by Ginnie Mae Certificates.

(2) Region Designation: Northeast (CT, DE, DC, MA, ME, MD, NH, NJ, NY, PA, RI, VT, VA, WV); Southeast (AL, FL, GA, KY, MS, NC, PR, SC, TN, VI); North Central (IL, IN, IA, MI, MN, ND, OH, SD, WI); Southwest (AR, CO, KS, LA, MO, NE, NM, OK, TX, WY); West (AK, AZ, CA, GU, HI, ID, MT, NV, OR, UT, WA).

(3) Percentages are calculated based on loan counts.

(4) Calculated based on all loans that have been reported as 90 days or more delinquent or in foreclosure in the preceding year which have transitioned to REO. The rate does not reflect other loss events, such as short-sales and deed-in-lieu transactions.

**FREDDIE MAC  
REAL ESTATE OWNED (REO) ACTIVITY  
TABLE 12  
(unaudited)**

Line:		1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007	Full Year	
										2006	2007
	<b>Property Units, by Region: <sup>(1)</sup></b>										
	Northeast										
1	Beginning Balance	629	597	612	615	622	702	828	1,118	629	622
2	Properties Acquired	291	340	301	321	396	492	644	804	1,253	2,336
3	Properties Disposed	(323)	(325)	(298)	(314)	(316)	(366)	(354)	(448)	(1,260)	(1,484)
4	Ending Property Inventory	<u>597</u>	<u>612</u>	<u>615</u>	<u>622</u>	<u>702</u>	<u>828</u>	<u>1,118</u>	<u>1,474</u>	<u>622</u>	<u>1,474</u>
	Southeast										
5	Beginning Balance	1,915	2,023	1,958	1,684	1,753	1,896	1,960	2,243	1,915	1,753
6	Properties Acquired	1,109	1,061	839	961	987	1,123	1,276	1,556	3,970	4,942
7	Properties Disposed	(1,001)	(1,126)	(1,113)	(892)	(844)	(1,059)	(993)	(1,113)	(4,132)	(4,009)
8	Ending Property Inventory	<u>2,023</u>	<u>1,958</u>	<u>1,684</u>	<u>1,753</u>	<u>1,896</u>	<u>1,960</u>	<u>2,243</u>	<u>2,686</u>	<u>1,753</u>	<u>2,686</u>
	North Central										
9	Beginning Balance	3,524	3,727	3,773	4,136	4,466	4,871	5,065	5,540	3,524	4,466
10	Properties Acquired	1,749	1,661	1,896	1,930	2,078	2,137	2,376	2,584	7,236	9,175
11	Properties Disposed	(1,546)	(1,615)	(1,533)	(1,600)	(1,673)	(1,943)	(1,901)	(2,003)	(6,294)	(7,520)
12	Ending Property Inventory	<u>3,727</u>	<u>3,773</u>	<u>4,136</u>	<u>4,466</u>	<u>4,871</u>	<u>5,065</u>	<u>5,540</u>	<u>6,121</u>	<u>4,466</u>	<u>6,121</u>
	Southwest										
13	Beginning Balance	1,684	1,659	1,756	1,724	1,741	1,833	1,867	1,987	1,684	1,741
14	Properties Acquired	781	993	879	845	957	940	951	1,129	3,498	3,977
15	Properties Disposed	(806)	(896)	(911)	(828)	(865)	(906)	(831)	(886)	(3,441)	(3,488)
16	Ending Property Inventory	<u>1,659</u>	<u>1,756</u>	<u>1,724</u>	<u>1,741</u>	<u>1,833</u>	<u>1,867</u>	<u>1,987</u>	<u>2,230</u>	<u>1,741</u>	<u>2,230</u>
	West										
17	Beginning Balance	318	257	203	174	203	348	540	1,028	318	203
18	Properties Acquired	121	108	92	109	220	321	658	1,211	430	2,410
19	Properties Disposed	(182)	(162)	(121)	(80)	(75)	(129)	(170)	(356)	(545)	(730)
20	Ending Property Inventory	<u>257</u>	<u>203</u>	<u>174</u>	<u>203</u>	<u>348</u>	<u>540</u>	<u>1,028</u>	<u>1,883</u>	<u>203</u>	<u>1,883</u>
	Total										
21	Beginning Balance	8,070	8,263	8,302	8,333	8,785	9,650	10,260	11,916	8,070	8,785
22	Properties Acquired	4,051	4,163	4,007	4,166	4,638	5,013	5,905	7,284	16,387	22,840
23	Properties Disposed	(3,858)	(4,124)	(3,976)	(3,714)	(3,773)	(4,403)	(4,249)	(4,806)	(15,672)	(17,231)
24	Ending Property Inventory	<u>8,263</u>	<u>8,302</u>	<u>8,333</u>	<u>8,785</u>	<u>9,650</u>	<u>10,260</u>	<u>11,916</u>	<u>14,394</u>	<u>8,785</u>	<u>14,394</u>
25	Average Holding Period <sup>(2)</sup> (in days)	189	175	168	170	170	169	165	163	175	167
	<b>REO Balance (dollars in millions)</b>										
	Single-family property, by region <sup>(1)</sup> :										
26	Northeast	\$ 37	\$ 43	\$ 51	\$ 62	\$ 84	\$ 114	\$ 170	\$ 247	\$ 62	\$ 247
27	Southeast	140	133	116	126	148	174	226	293	126	293
28	North Central	296	300	324	359	405	436	490	542	359	542
29	Southwest	140	152	153	157	169	173	198	233	157	233
30	West	23	18	21	30	65	117	237	421	30	421
31	Total single-family property	<u>636</u>	<u>646</u>	<u>665</u>	<u>734</u>	<u>871</u>	<u>1,014</u>	<u>1,321</u>	<u>1,736</u>	<u>734</u>	<u>1,736</u>
32	Total multifamily property	18	18	10	9	7	6	-	-	9	-
33	Total REO Balance	<u>\$ 654</u>	<u>\$ 664</u>	<u>\$ 675</u>	<u>\$ 743</u>	<u>\$ 878</u>	<u>\$ 1,020</u>	<u>\$ 1,321</u>	<u>\$ 1,736</u>	<u>\$ 743</u>	<u>\$ 1,736</u>

(1) Region Designation: Northeast (CT, DE, DC, MA, ME, MD, NH, NJ, NY, PA, RI, VT, VA, WV); Southeast (AL, FL, GA, KY, MS, NC, PR, SC, TN, VI); North Central (IL, IN, IA, MI, MN, ND, OH, SD, WI); Southwest (AR, CO, KS, LA, MO, NE, NM, OK, TX, WY); West (AK, AZ, CA, GU, HI, ID, MT, NV, OR, UT, WA).

(2) Represents weighted average holding period for single-family and multifamily properties based on number of REO properties.

**FREDDIE MAC**  
**ADJUSTED OPERATING INCOME - CONSOLIDATED TABLE <sup>(1)</sup>**  
**TABLE 13**  
**(unaudited)**  
**(dollars in millions)**

Line:	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007	Full-Year	
									2006	2007
	<b><u>Adjusted Operating Income Results:</u></b>									
1	\$ 524	\$ 661	\$ 464	\$ 462	\$ 514	\$ 571	\$ 503	\$ 440	\$ 2,111	\$ 2,028
2	395	313	311	270	224	129	(483)	(126)	1,289	(256)
3	103	114	103	114	125	84	83	106	434	398
4	145	(48)	(45)	(33)	(16)	(43)	(45)	1	19	(103)
5	1,167	1,040	833	813	847	741	58	421	3,853	2,067
	<b><u>Reconciliation to GAAP Net Income:</u></b>									
6	18	(78)	(1,088)	(1,223)	(1,082)	(471)	(1,725)	(2,389)	(2,371)	(5,667)
7	422	294	(645)	(272)	(502)	831	(925)	(2,672)	(201)	(3,268)
8	153	(133)	133	78	69	(379)	659	638	231	987
9	(90)	(97)	(104)	(97)	(93)	(97)	(98)	(100)	(388)	(388)
10	503	(14)	(1,704)	(1,514)	(1,608)	(116)	(2,089)	(4,523)	(2,729)	(8,336)
11	272	310	321	300	628	104	793	1,650	1,203	3,175
12	775	296	(1,383)	(1,214)	(980)	(12)	(1,296)	(2,873)	(1,526)	(5,161)
13	\$ 1,942	\$ 1,336	\$ (550)	\$ (401)	\$ (133)	\$ 729	\$ (1,238)	\$ (2,452)	\$ 2,327	\$ (3,094)

(1) See "NOTE 15: SEGMENT REPORTING" in our Information Statement dated February 28, 2008 for more information regarding Adjusted operating income.

**FREDDIE MAC**  
**ADJUSTED OPERATING INCOME - INVESTMENTS <sup>(1)</sup>**  
**TABLE 14**  
**(unaudited)**  
**(dollars in millions)**

Line:	2006				2007				Full-Year	
	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007	2006	2007
	<b><u>Adjusted Operating Income Results:</u></b>									
1	\$ 913	\$ 1,126	\$ 843	\$ 854	\$ 902	\$ 990	\$ 909	\$ 825	\$ 3,736	\$ 3,626
2	13	19	4	2	24	30	(4)	(10)	38	40
	Non-interest expense:									
3	(113)	(121)	(125)	(136)	(128)	(133)	(125)	(129)	(495)	(515)
4	(7)	(7)	(8)	(9)	(7)	(8)	(7)	(9)	(31)	(31)
5	(120)	(128)	(133)	(145)	(135)	(141)	(132)	(138)	(526)	(546)
6	806	1,017	714	711	791	879	773	677	3,248	3,120
7	(282)	(356)	(250)	(249)	(277)	(308)	(270)	(237)	(1,137)	(1,092)
8	524	661	464	462	514	571	503	440	2,111	2,028
	<b><u>Reconciliation to GAAP Net Income:</u></b>									
9	20	(77)	(1,094)	(1,223)	(1,081)	(464)	(1,719)	(2,394)	(2,374)	(5,658)
10	-	-	-	1	1	-	1	-	1	2
11	153	(133)	133	78	69	(379)	659	638	231	987
12	(90)	(97)	(104)	(97)	(93)	(97)	(98)	(100)	(388)	(388)
13	30	171	441	497	448	394	469	715	1,139	2,026
14	113	(136)	(624)	(744)	(656)	(546)	(688)	(1,141)	(1,391)	(3,031)
15	\$ 637	\$ 525	\$ (160)	\$ (282)	\$ (142)	\$ 25	\$ (185)	\$ (701)	\$ 720	\$ (1,003)

(1) See "NOTE 15: SEGMENT REPORTING" in our Information Statement dated February 28, 2008 for more information regarding Adjusted operating income.

**FREDDIE MAC**  
**ADJUSTED OPERATING INCOME - SINGLE-FAMILY GUARANTEE <sup>(1)</sup>**  
**TABLE 15**  
**(unaudited)**  
**(dollars in millions)**

Line:	2006				2007				Full-Year	
	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007	2006	2007
	<b><u>Adjusted Operating Income Results:</u></b>									
1	\$ 120	\$ 133	\$ 147	\$ 156	\$ 168	\$ 179	\$ 181	\$ 175	\$ 556	\$ 703
	Non-interest income (loss):									
2	615	633	631	662	677	704	738	770	2,541	2,889
3	70	15	44	30	22	28	27	40	159	117
4	685	648	675	692	699	732	765	810	2,700	3,006
	Non-interest expense:									
5	(190)	(196)	(203)	(226)	(199)	(209)	(203)	(195)	(815)	(806)
6	32	(73)	(104)	(168)	(289)	(469)	(1,417)	(839)	(313)	(3,014)
7	(12)	(7)	(20)	(22)	(14)	(16)	(50)	(125)	(61)	(205)
8	(27)	(23)	(17)	(17)	(21)	(19)	(18)	(20)	(84)	(78)
9	(197)	(299)	(344)	(433)	(523)	(713)	(1,688)	(1,179)	(1,273)	(4,103)
10	608	482	478	415	344	198	(742)	(194)	1,983	(394)
11	(213)	(169)	(167)	(145)	(120)	(69)	259	68	(694)	138
12	395	313	311	270	224	129	(483)	(126)	1,289	(256)
	<b><u>Reconciliation to GAAP Net Income:</u></b>									
13	422	294	(649)	(272)	(503)	833	(927)	(2,673)	(205)	(3,270)
14	(147)	(102)	226	95	176	(293)	325	936	72	1,144
15	275	192	(423)	(177)	(327)	540	(602)	(1,737)	(133)	(2,126)
16	\$ 670	\$ 505	\$ (112)	\$ 93	\$ (103)	\$ 669	\$ (1,085)	\$ (1,863)	\$ 1,156	\$ (2,382)
17	15.4 bp	15.5 bp	15.5 bp	15.5 bp	15.5 bp	15.5 bp	15.6 bp	15.9 bp	15.5 bp	15.7 bp
18	2.6 bp	2.6 bp	2.2 bp	2.6 bp	2.4 bp	2.4 bp	2.5 bp	2.2 bp	2.5 bp	2.3 bp
19	18.0 bp	18.1 bp	17.7 bp	18.1 bp	17.9 bp	17.9 bp	18.1 bp	18.1 bp	18.0 bp	18.0 bp

(1) See "NOTE 15: SEGMENT REPORTING" in our Information Statement dated February 28, 2008 for more information regarding Adjusted operating income.

**FREDDIE MAC**  
**ADJUSTED OPERATING INCOME - MULTIFAMILY <sup>(1)</sup>**  
**TABLE 16**  
**(unaudited)**  
**(dollars in millions)**

Line:	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007	Full-Year	
									2006	2007
	<b><u>Adjusted Operating Income Results:</u></b>									
1	\$ 133	\$ 118	\$ 101	\$ 127	\$ 123	\$ 94	\$ 88	\$ 121	\$ 479	\$ 426
	Non-interest income (loss):									
2	14	16	16	15	14	16	14	15	61	59
3	4	4	15	5	4	5	7	8	28	24
4	18	20	31	20	18	21	21	23	89	83
	Non-interest expense:									
5	(43)	(44)	(45)	(50)	(45)	(49)	(48)	(47)	(182)	(189)
6	(6)	2	-	-	(3)	(1)	(16)	(18)	(4)	(38)
7	-	-	1	-	-	-	(1)	-	1	(1)
8	(115)	(104)	(98)	(90)	(108)	(135)	(111)	(115)	(407)	(469)
9	(5)	(4)	(4)	(4)	(4)	(8)	(4)	(5)	(17)	(21)
10	(169)	(150)	(146)	(144)	(160)	(193)	(180)	(185)	(609)	(718)
11	(18)	(12)	(14)	3	(19)	(78)	(71)	(41)	(41)	(209)
12	115	122	112	112	138	135	129	132	461	534
13	6	4	5	(1)	6	27	25	15	14	73
14	103	114	103	114	125	84	83	106	434	398
	<b><u>Reconciliation to GAAP Net Income:</u></b>									
15	(2)	(1)	6	-	(1)	(7)	(6)	5	3	(9)
16	-	-	4	(1)	-	(2)	1	1	3	-
17	1	1	(3)	-	1	3	(3)	(3)	(1)	2
18	(1)	-	7	(1)	-	(6)	(4)	3	5	(7)
19	\$ 102	\$ 114	\$ 110	\$ 113	\$ 125	\$ 78	\$ 79	\$ 109	\$ 439	\$ 391

(1) See "NOTE 15: SEGMENT REPORTING" in our Information Statement dated February 28, 2008 for more information regarding Adjusted operating income.

**FREDDIE MAC**  
**ADJUSTED OPERATING INCOME - ALL OTHER** <sup>(1)(2)</sup>  
**TABLE 17**  
**(unaudited)**  
**(dollars in millions)**

Line:	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007	Full-Year	
									2006	2007
	<b><u>Adjusted Operating Income Results:</u></b>									
1	\$ -	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ -	\$ 1	\$ (1)	\$ (3)	\$ (1)
2	-	-	4	11	3	(1)	5	4	15	11
	Non-interest expense:									
3	(27)	(44)	(45)	(33)	(31)	(51)	(52)	(30)	(149)	(164)
4	1	(16)	(13)	(14)	(9)	(8)	(17)	30	(42)	(4)
5	(26)	(60)	(58)	(47)	(40)	(59)	(69)	-	(191)	(168)
6	(26)	(61)	(55)	(37)	(38)	(60)	(63)	3	(179)	(158)
7	171	13	10	4	22	17	18	(2)	198	55
8	145	(48)	(45)	(33)	(16)	(43)	(45)	1	19	(103)
	<b><u>Reconciliation to GAAP Net Income:</u></b>									
9	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-	-
13	388	240	(343)	(292)	3	-	(2)	2	(7)	3
14	388	240	(343)	(292)	3	-	(2)	2	(7)	3
15	\$ 533	\$ 192	\$ (388)	\$ (325)	\$ (13)	\$ (43)	\$ (47)	\$ 3	\$ 12	\$ (100)

(1) See "NOTE 15: SEGMENT REPORTING" in our Information Statement dated February 28, 2008 for more information regarding Adjusted operating income.

(2) All Other includes corporate-level expenses not allocated to any of our reportable segments such as costs associated with remediating our internal controls and near-term restructuring costs, costs related to the resolution of certain legal matters and certain income tax items. For more information, see our Information Statement dated February 28, 2008.

**FREDDIE MAC**  
**ADJUSTED OPERATING INCOME RESULTS AND RECONCILIATION TO GAAP RESULTS <sup>(1)</sup>**  
**1Q 2006**  
**TABLE 18**  
**(unaudited)**  
**(dollars in millions)**

Line:	Net Interest Income (Expense)	Management and Guarantee Income	Other Non-Interest Income (Loss)	Administrative Expenses	Provision for Credit Losses	REO Operations Expense	LIHTC Partnerships	Other Non-Interest Expense	LIHTC Partnerships Tax Benefit	Income Tax (Expense) Benefit	Net Income (Loss)
<b><u>Adjusted Operating Income Results:</u></b>											
1	\$ 913	\$ -	\$ 13	\$ (113)	\$ -	\$ -	\$ -	\$ (7)	\$ -	\$ (282)	\$ 524
2	120	615	70	(190)	32	(12)	-	(27)	-	(213)	395
3	133	14	4	(43)	(6)	-	(115)	(5)	115	6	103
4	-	-	-	(27)	-	-	-	1	-	171	145
5	1,166	629	87	(373)	26	(12)	(115)	(38)	115	(318)	1,167
<b><u>Reconciliation to GAAP Net Income:</u></b>											
6	(225)	-	243	-	-	-	-	-	-	-	18
7	(1)	(26)	551	-	7	-	-	(109)	-	-	422
8	80	-	73	-	-	-	-	-	-	-	153
9	(90)	-	-	-	-	-	-	-	-	-	(90)
10	9	(6)	(3)	-	-	-	-	-	-	-	-
11	(227)	(32)	864	-	7	-	-	(109)	-	-	503
12	-	-	-	-	-	-	-	-	-	272	272
13	(227)	(32)	864	-	7	-	-	(109)	-	272	775
14	\$ 939	\$ 597	\$ 951	\$ (373)	\$ 33	\$ (12)	\$ (115)	\$ (147)	\$ 115	\$ (46)	\$ 1,942

(1) See "NOTE 15: SEGMENT REPORTING" in our Information Statement dated February 28, 2008 for more information regarding Adjusted operating income.

**FREDDIE MAC**  
**ADJUSTED OPERATING INCOME RESULTS AND RECONCILIATION TO GAAP RESULTS <sup>(1)</sup>**  
**2Q 2006**  
**TABLE 19**  
**(unaudited)**  
**(dollars in millions)**

Line:

	Net Interest Income (Expense)	Management and Guarantee Income	Other Non-Interest Income (Loss)	Administrative Expenses	Provision for Credit Losses	REO Operations Expense	LIHTC Partnerships	Other Non-Interest Expense	LIHTC Partnerships Tax Benefit	Income Tax (Expense) Benefit	Net Income (Loss)
<b><u>Adjusted Operating Income Results:</u></b>											
1	\$ 1,126	\$ -	\$ 19	\$ (121)	\$ -	\$ -	\$ -	\$ (7)	\$ -	\$ (356)	\$ 661
2	133	633	15	(196)	(73)	(7)	-	(23)	-	(169)	313
3	118	16	4	(44)	2	-	(104)	(4)	122	4	114
4	(1)	-	-	(44)	-	-	-	(16)	-	13	(48)
5	1,376	649	38	(405)	(71)	(7)	(104)	(50)	122	(508)	1,040
<b><u>Reconciliation to GAAP Net Income:</u></b>											
6	(365)	-	287	-	-	-	-	-	-	-	(78)
7	1	(98)	503	-	-	-	-	(112)	-	-	294
8	88	-	(221)	-	-	-	-	-	-	-	(133)
9	(97)	-	-	-	-	-	-	-	-	-	(97)
10	(20)	(10)	30	-	-	-	-	-	-	-	-
11	(393)	(108)	599	-	-	-	-	(112)	-	-	(14)
12	-	-	-	-	-	-	-	-	-	310	310
13	(393)	(108)	599	-	-	-	-	(112)	-	310	296
14	\$ 983	\$ 541	\$ 637	\$ (405)	\$ (71)	\$ (7)	\$ (104)	\$ (162)	\$ 122	\$ (198)	\$ 1,336

(1) See "NOTE 15: SEGMENT REPORTING" in our Information Statement dated February 28, 2008 for more information regarding Adjusted operating income.

**FREDDIE MAC**  
**ADJUSTED OPERATING INCOME RESULTS AND RECONCILIATION TO GAAP RESULTS <sup>(1)</sup>**  
**3Q 2006**  
**TABLE 20**  
**(unaudited)**  
**(dollars in millions)**

Line:

	Net Interest Income (Expense)	Management and Guarantee Income	Other Non-Interest Income (Loss)	Administrative Expenses	Provision for Credit Losses	REO Operations Expense	LIHTC Partnerships	Other Non-Interest Expense	LIHTC Partnerships Tax Benefit	Income Tax (Expense) Benefit	Net Income (Loss)
<b><u>Adjusted Operating Income Results:</u></b>											
1	\$ 843	\$ -	\$ 4	\$ (125)	\$ -	\$ -	\$ -	\$ (8)	\$ -	\$ (250)	\$ 464
2	147	631	44	(203)	(104)	(20)	-	(17)	-	(167)	311
3	101	16	15	(45)	-	1	(98)	(4)	112	5	103
4	(1)	-	4	(45)	-	-	-	(13)	-	10	(45)
5	1,090	647	67	(418)	(104)	(19)	(98)	(42)	112	(402)	833
<b><u>Reconciliation to GAAP Net Income:</u></b>											
6	(297)	-	(791)	-	-	-	-	-	-	-	(1,088)
7	(5)	(15)	(460)	-	6	-	-	(171)	-	-	(645)
8	79	-	54	-	-	-	-	-	-	-	133
9	(104)	-	-	-	-	-	-	-	-	-	(104)
10	(34)	(12)	46	-	-	-	-	-	-	-	-
11	(361)	(27)	(1,151)	-	6	-	-	(171)	-	-	(1,704)
12	-	-	-	-	-	-	-	-	-	321	321
13	(361)	(27)	(1,151)	-	6	-	-	(171)	-	321	(1,383)
14	\$ 729	\$ 620	\$ (1,084)	\$ (418)	\$ (98)	\$ (19)	\$ (98)	\$ (213)	\$ 112	\$ (81)	\$ (550)

(1) See "NOTE 15: SEGMENT REPORTING" in our Information Statement dated February 28, 2008 for more information regarding Adjusted operating income.

**FREDDIE MAC**  
**ADJUSTED OPERATING INCOME RESULTS AND RECONCILIATION TO GAAP RESULTS <sup>(1)</sup>**  
**4Q 2006**  
**TABLE 21**  
**(unaudited)**  
**(dollars in millions)**

Line:	Net Interest Income (Expense)	Management and Guarantee Income	Other Non-Interest Income (Loss)	Administrative Expenses	Provision for Credit Losses	REO Operations Expense	LIHTC Partnerships	Other Non-Interest Expense	LIHTC Partnerships Tax Benefit	Income Tax (Expense) Benefit	Net Income (Loss)
<b><u>Adjusted Operating Income Results:</u></b>											
1	Investments	\$ 854	\$ -	\$ 2	\$ (136)	\$ -	\$ -	\$ (9)	\$ -	\$ (249)	\$ 462
2	Single-family Guarantee	156	662	30	(226)	(168)	(22)	(17)	-	(145)	270
3	Multifamily	127	15	5	(50)	-	-	(90)	(4)	112	(1)
4	All Other	(1)	-	11	(33)	-	-	(14)	-	4	(33)
5	Total Adjusted operating income	1,136	677	48	(445)	(168)	(22)	(90)	(44)	112	(391)
<b><u>Reconciliation to GAAP Net Income:</u></b>											
6	Derivative- and foreign currency translation-related adjustments	(328)	-	(895)	-	-	-	-	-	-	(1,223)
7	Credit guarantee-related adjustments	(7)	(33)	6	-	8	-	(246)	-	-	(272)
8	Investment sales, debt retirements and fair value-related adjustments	68	-	10	-	-	-	-	-	-	78
9	Fully taxable-equivalent adjustments	(97)	-	-	-	-	-	-	-	-	(97)
10	Reclassifications	(11)	(9)	20	-	-	-	-	-	-	-
11	Total pre-tax adjustments	(375)	(42)	(859)	-	8	-	(246)	-	-	(1,514)
12	Tax-related adjustments	-	-	-	-	-	-	-	-	300	300
13	Total reconciling items, net of taxes	(375)	(42)	(859)	-	8	-	(246)	-	300	(1,214)
14	Net income (loss) - GAAP basis	\$ 761	\$ 635	\$ (811)	\$ (445)	\$ (160)	\$ (22)	\$ (90)	\$ (290)	\$ 112	\$ (401)

(1) See "NOTE 15: SEGMENT REPORTING" in our Information Statement dated February 28, 2008 for more information regarding Adjusted operating income.

**FREDDIE MAC**  
**ADJUSTED OPERATING INCOME RESULTS AND RECONCILIATION TO GAAP RESULTS <sup>(1)</sup>**  
**1Q 2007**  
**TABLE 22**  
**(unaudited)**  
**(dollars in millions)**

Line:

**Adjusted Operating Income Results:**

	Net Interest Income (Expense)	Management and Guarantee Income	Other Non-Interest Income (Loss)	Administrative Expenses	Provision for Credit Losses	REO Operations Expense	LIHTC Partnerships	Other Non-Interest Expense	LIHTC Partnerships Tax Benefit	Income Tax (Expense) Benefit	Net Income (Loss)
1 Investments	\$ 902	\$ -	\$ 24	\$ (128)	\$ -	\$ -	\$ -	\$ (7)	\$ -	\$ (277)	\$ 514
2 Single-family Guarantee	168	677	22	(199)	(289)	(14)	-	(21)	-	(120)	224
3 Multifamily	123	14	4	(45)	(3)	-	(108)	(4)	138	6	125
4 All Other	(1)	-	3	(31)	-	-	-	(9)	-	22	(16)
5 Total Adjusted operating income	1,192	691	53	(403)	(292)	(14)	(108)	(41)	138	(369)	847

**Reconciliation to GAAP Net Income:**

6 Derivative- and foreign currency translation-related adjustments	(323)	-	(759)	-	-	-	-	-	-	-	(1,082)
7 Credit guarantee-related adjustments	(25)	(64)	(47)	-	44	-	-	(410)	-	-	(502)
8 Investment sales, debt retirements and fair value-related adjustments	60	-	9	-	-	-	-	-	-	-	69
9 Fully taxable-equivalent adjustments	(93)	-	-	-	-	-	-	-	-	-	(93)
10 Reclassifications	(40)	1	39	-	-	-	-	-	-	-	-
11 Total pre-tax adjustments	(421)	(63)	(758)	-	44	-	-	(410)	-	-	(1,608)
12 Tax-related adjustments	-	-	-	-	-	-	-	-	-	628	628
13 Total reconciling items, net of taxes	(421)	(63)	(758)	-	44	-	-	(410)	-	628	(980)
14 Net income (loss) - GAAP basis	\$ 771	\$ 628	\$ (705)	\$ (403)	\$ (248)	\$ (14)	\$ (108)	\$ (451)	\$ 138	\$ 259	\$ (133)

(1) See "NOTE 15: SEGMENT REPORTING" in our Information Statement dated February 28, 2008 for more information regarding Adjusted operating income.

**FREDDIE MAC**  
**ADJUSTED OPERATING INCOME RESULTS AND RECONCILIATION TO GAAP RESULTS <sup>(1)</sup>**  
**2Q 2007**  
**TABLE 23**  
**(unaudited)**  
**(dollars in millions)**

Line:

	Net Interest Income (Expense)	Management and Guarantee Income	Other Non-Interest Income (Loss)	Administrative Expenses	Provision for Credit Losses	REO Operations Expense	LIHTC Partnerships	Other Non-Interest Expense	LIHTC Partnerships Tax Benefit	Income Tax (Expense) Benefit	Net Income (Loss)
<b><u>Adjusted Operating Income Results:</u></b>											
1	\$ 990	\$ -	\$ 30	\$ (133)	\$ -	\$ -	\$ -	\$ (8)	\$ -	\$ (308)	\$ 571
2	179	704	28	(209)	(469)	(16)	-	(19)	-	(69)	129
3	94	16	5	(49)	(1)	-	(135)	(8)	135	27	84
4	-	-	(1)	(51)	-	-	-	(8)	-	17	(43)
5	1,263	720	62	(442)	(470)	(16)	(135)	(43)	135	(333)	741
<b><u>Reconciliation to GAAP Net Income:</u></b>											
6	(326)	-	(145)	-	-	-	-	-	-	-	(471)
7	(1)	(135)	1,380	-	23	-	-	(436)	-	-	831
8	54	-	(433)	-	-	-	-	-	-	-	(379)
9	(97)	-	-	-	-	-	-	-	-	-	(97)
10	(100)	6	94	-	-	-	-	-	-	-	-
11	(470)	(129)	896	-	23	-	-	(436)	-	-	(116)
12	-	-	-	-	-	-	-	-	-	104	104
13	(470)	(129)	896	-	23	-	-	(436)	-	104	(12)
14	\$ 793	\$ 591	\$ 958	\$ (442)	\$ (447)	\$ (16)	\$ (135)	\$ (479)	\$ 135	\$ (229)	\$ 729

(1) See "NOTE 15: SEGMENT REPORTING" in our Information Statement dated February 28, 2008 for more information regarding Adjusted operating income.

**FREDDIE MAC**  
**ADJUSTED OPERATING INCOME RESULTS AND RECONCILIATION TO GAAP RESULTS <sup>(1)</sup>**  
**3Q 2007**  
**TABLE 24**  
**(unaudited)**  
**(dollars in millions)**

Line:	Net Interest Income (Expense)	Management and Guarantee Income	Other Non-Interest Income (Loss)	Administrative Expenses	Provision for Credit Losses	REO Operations Expense	LIHTC Partnerships	Other Non-Interest Expense	LIHTC Partnerships Tax Benefit	Income Tax (Expense) Benefit	Net Income (Loss)
<b><u>Adjusted Operating Income Results:</u></b>											
1	Investments	\$ 909	\$ -	\$ (4)	\$ (125)	\$ -	\$ -	\$ (7)	\$ -	\$ (270)	\$ 503
2	Single-family Guarantee	181	738	27	(203)	(1,417)	(50)	(18)	-	259	(483)
3	Multifamily	88	14	7	(48)	(16)	(1)	(4)	129	25	83
4	All Other	1	-	5	(52)	-	-	(17)	-	18	(45)
5	Total Adjusted operating income	1,179	752	35	(428)	(1,433)	(51)	(46)	129	32	58
<b><u>Reconciliation to GAAP Net Income:</u></b>											
6	Derivative- and foreign currency translation-related adjustments	(261)	-	(1,464)	-	-	-	-	-	-	(1,725)
7	Credit guarantee-related adjustments	(24)	(41)	141	-	61	-	(1,062)	-	-	(925)
8	Investment sales, debt retirements and fair value-related adjustments	84	-	575	-	-	-	-	-	-	659
9	Fully taxable-equivalent adjustments	(98)	-	-	-	-	-	-	-	-	(98)
10	Reclassifications	(119)	7	112	-	-	-	-	-	-	-
11	Total pre-tax adjustments	(418)	(34)	(636)	-	61	-	(1,062)	-	-	(2,089)
12	Tax-related adjustments	-	-	-	-	-	-	-	-	793	793
13	Total reconciling items, net of taxes	(418)	(34)	(636)	-	61	-	(1,062)	-	793	(1,296)
14	Net income (loss) - GAAP basis	\$ 761	\$ 718	\$ (601)	\$ (428)	\$ (1,372)	\$ (51)	\$ (1,108)	\$ 129	\$ 825	\$ (1,238)

(1) See "NOTE 15: SEGMENT REPORTING" in our Information Statement dated February 28, 2008 for more information regarding Adjusted operating income.

**FREDDIE MAC**  
**ADJUSTED OPERATING INCOME RESULTS AND RECONCILIATION TO GAAP RESULTS <sup>(1)</sup>**  
**4Q 2007**  
**TABLE 25**  
**(unaudited)**  
**(dollars in millions)**

Line:	Net Interest Income (Expense)	Management and Guarantee Income	Other Non-Interest Income (Loss)	Administrative Expenses	Provision for Credit Losses	REO Operations Expense	LIHTC Partnerships	Other Non-Interest Expense	LIHTC Partnerships Tax Benefit	Income Tax (Expense) Benefit	Net Income (Loss)
<b><u>Adjusted Operating Income Results:</u></b>											
1	Investments	\$ 825	\$ -	\$ (10)	\$ (129)	\$ -	\$ -	\$ (9)	\$ -	\$ (237)	\$ 440
2	Single-family Guarantee	175	770	40	(195)	(839)	(125)	(20)	-	68	(126)
3	Multifamily	121	15	8	(47)	(18)	-	(115)	132	15	106
4	All Other	(1)	-	4	(30)	-	-	30	-	(2)	1
5	Total Adjusted operating income	1,120	785	42	(401)	(857)	(125)	(4)	132	(156)	421
<b><u>Reconciliation to GAAP Net Income:</u></b>											
6	Derivative- and foreign currency translation-related adjustments	(156)	-	(2,233)	-	-	-	-	-	-	(2,389)
7	Credit guarantee-related adjustments	(56)	(102)	(559)	-	70	-	(2,025)	-	-	(2,672)
8	Investment sales, debt retirements and fair value-related adjustments	68	-	570	-	-	-	-	-	-	638
9	Fully taxable-equivalent adjustments	(100)	-	-	-	-	-	-	-	-	(100)
10	Reclassifications	(102)	15	87	-	-	-	-	-	-	-
11	Total pre-tax adjustments	(346)	(87)	(2,135)	-	70	-	(2,025)	-	-	(4,523)
12	Tax-related adjustments	-	-	-	-	-	-	-	-	1,650	1,650
13	Total reconciling items, net of taxes	(346)	(87)	(2,135)	-	70	-	(2,025)	-	1,650	(2,873)
14	Net income (loss) - GAAP basis	\$ 774	\$ 698	\$ (2,093)	\$ (401)	\$ (787)	\$ (125)	\$ (2,029)	\$ 132	\$ 1,494	\$ (2,452)

(1) See "NOTE 15: SEGMENT REPORTING" in our Information Statement dated February 28, 2008 for more information regarding Adjusted operating income.