

FREDDIE MAC
CONSOLIDATED STATEMENTS OF INCOME

Line:	Year Ended December 31,		
	2006	2005	2004
	(dollars in millions, except share-related amounts)		
	<i>Interest income</i>		
1	\$ 4,152	\$ 4,037	\$ 4,007
2	34,673	29,684	28,460
3	4,262	2,606	3,136
4	43,087	36,327	35,603
	<i>Interest expense</i>		
5	(8,665)	(6,102)	(2,908)
6	(28,218)	(23,246)	(22,950)
7	(36,883)	(29,348)	(25,858)
8	(387)	(551)	(708)
9	(37,270)	(29,899)	(26,566)
10	(1,582)	(1,058)	100
11	4,235	5,370	9,137
	<i>Non-interest income (loss)</i>		
12			
13	1,672	1,450	1,382
14	(800)	(1,064)	(1,135)
15	867	920	732
16	(1,164)	(1,357)	(4,475)
17	2	22	743
18	(474)	(127)	(348)
19	466	206	(327)
20	129	125	159
21	217	24	230
21	915	199	(3,039)
	<i>Non-interest expense</i>		
22	(830)	(805)	(758)
23	(460)	(386)	(588)
24	(61)	(58)	(60)
25	(290)	(286)	(144)
26	(1,641)	(1,535)	(1,550)
27	(215)	(251)	(143)
28	(60)	(40)	3
29	(476)	(234)	(33)
30	(407)	(320)	(281)
31	(58)	(96)	(129)
32	(190)	(537)	(238)
33	(3,047)	(3,013)	(2,371)
34			
35	2,103	2,556	3,727
36	108	(367)	(790)
37	2,211	2,189	2,937
38	-	(59)	-
39	2,211	2,130	2,937
40	(270)	(223)	(210)
41	(5)	-	-
41	\$ 1,936	\$ 1,907	\$ 2,727
	Basic earnings per common share:		
42	\$ 2.84	\$ 2.84	\$ 3.96
43	\$ -	\$ (0.09)	\$ -
44	\$ 2.84	\$ 2.76	\$ 3.96
	Diluted earnings per common share:		
45	\$ 2.84	\$ 2.83	\$ 3.94
46	\$ -	\$ (0.08)	\$ -
47	\$ 2.84	\$ 2.75	\$ 3.94
	Weighted average common shares outstanding (in thousands)		
48	680,856	691,582	689,282
49	682,664	693,511	691,521
50	\$ 1.91	\$ 1.52	\$ 1.20

See our Consolidated Financial Statements as presented in our Information Statement and Annual Report to Stockholders dated March 23, 2007.

FREDDIE MAC
CONSOLIDATED BALANCE SHEETS

Line:	December 31, 2006	December 31, 2005	
	(dollars in millions, except share-related amounts)		
Assets			
<i>Retained portfolio</i>			
Mortgage loans:			
1	Held-for-investment, at amortized cost	\$ 63,780	\$ 60,009
2	Reserve for losses on mortgage loans held-for-investment	(70)	(119)
3	Held-for-sale, at lower-of-cost-or-market	1,908	1,538
4	Mortgage loans, net of reserve	<u>65,618</u>	<u>61,428</u>
Mortgage-related securities:			
5	Available-for-sale, at fair value (includes \$20,463 and \$168, respectively, pledged as collateral that may be repledged)	626,731	638,465
6	Trading, at fair value	7,597	8,894
7	Participation Certificate residuals, at fair value	597	597
8	Total mortgage-related securities	<u>634,925</u>	<u>647,956</u>
9	<i>Retained portfolio</i>	<u>700,543</u>	<u>709,384</u>
<i>Cash and investments</i>			
10	Cash and cash equivalents	11,359	10,468
Investments:			
Non-mortgage-related securities:			
11	Available-for-sale, at fair value	45,586	42,165
12	Securities purchased under agreements to resell and Federal funds sold	23,028	15,159
13	<i>Cash and investments</i>	<u>79,973</u>	<u>67,792</u>
14	Accounts and other receivables, net	7,461	6,373
15	Derivative assets, at fair value	7,908	7,097
16	Guarantee asset, at fair value	6,070	5,083
17	Real estate owned, net	743	629
18	Other assets	10,383	9,864
19	<i>Total assets</i>	<u>\$ 813,081</u>	<u>\$ 806,222</u>
Liabilities and stockholders' equity			
<i>Debt securities, net</i>			
Senior debt:			
20	Due within one year	\$ 294,861	\$ 288,532
21	Due after one year	452,677	454,627
22	Subordinated debt, due after one year	6,400	5,633
23	<i>Total debt securities, net</i>	<u>753,938</u>	<u>748,792</u>
24	Due to Participation Certificate investors	11,123	10,607
25	Accrued interest payable	8,345	7,611
26	Guarantee obligation	7,117	5,541
27	Derivative liabilities, at fair value	179	590
28	Reserve for guarantee losses on Participation Certificates	350	295
29	Other liabilities	3,212	4,646
30	<i>Total liabilities</i>	<u>784,264</u>	<u>778,082</u>
31	Commitments and contingencies		
32	<i>Minority interests in consolidated subsidiaries</i>	516	949
<i>Stockholders' equity</i>			
33	Preferred stock, at redemption value	6,109	4,609
34	Common stock, \$0.21 par value, 726,000,000 shares authorized, 725,863,886 shares and 725,882,280 shares issued, respectively, and 661,254,178 shares and 692,717,422 shares outstanding, respectively	152	152
35	Additional paid-in capital	962	924
36	Retained earnings	32,177	31,559
Accumulated other comprehensive income (loss), or AOCI, net of taxes, related to:			
37	Available-for-sale securities	(2,749)	(2,485)
38	Cash flow hedge relationships	(5,033)	(6,287)
39	Defined benefit plans	(87)	(1)
40	Total AOCI, net of taxes	<u>(7,869)</u>	<u>(8,773)</u>
41	Treasury stock, at cost, 64,609,708 shares and 33,164,858 shares, respectively	(3,230)	(1,280)
42	<i>Total stockholders' equity</i>	<u>28,301</u>	<u>27,191</u>
43	<i>Total liabilities and stockholders' equity</i>	<u>\$ 813,081</u>	<u>\$ 806,222</u>

See our Consolidated Financial Statements as presented in our Information Statement and Annual Report to Stockholders dated March 23, 2007.

FREDDIE MAC
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

		Year Ended December 31,					
		2006		2005		2004	
Line:		Shares	Amount	Shares	Amount	Shares	Amount
		(in millions)					

<i>Preferred stock, at redemption value</i>							
1	Balance, beginning of year	92	\$ 4,609	92	\$ 4,609	92	\$ 4,609
2	Preferred stock issuances	40	1,500	-	-	-	-
3	Preferred stock, end of year	132	6,109	92	4,609	92	4,609
<i>Common stock, par value</i>							
4	Balance, beginning of year	726	152	726	152	726	152
5	Common stock, end of year	726	152	726	152	726	152
<i>Additional paid-in capital</i>							
6	Balance, beginning of year		924		873		814
7	Stock-based compensation		60		67		56
8	Income tax benefit from employee stock option exercises		9		6		20
9	Preferred stock issuance costs		(15)		-		-
10	Common stock issuances		(15)		(13)		(17)
11	Real Estate Investment Trust, or REIT, preferred stock repurchase		(1)		(9)		-
12	Additional paid-in capital, end of year		962		924		873
<i>Retained earnings</i>							
13	Balance, beginning of year		31,559		30,728		28,837
14	Cumulative effect of change in accounting principle, net of taxes		(13)		-		-
15	Balance, beginning of year, as adjusted		31,546		30,728		28,837
16	Net income		2,211		2,130		2,937
17	Preferred stock dividends declared		(270)		(223)		(210)
18	Common stock dividends declared		(1,310)		(1,076)		(836)
19	Retained earnings, end of year		32,177		31,559		30,728
<i>AOCI, net of taxes</i>							
20	Balance, beginning of year		(8,773)		(3,593)		(1,498)
21	Changes in unrealized gains (losses) related to available-for-sale securities, net of reclassification adjustments		(264)		(6,824)		(2,010)
22	Changes in unrealized gains (losses) related to cash flow hedge relationships, net of reclassification adjustments		1,254		1,637		(87)
23	Changes in minimum pension liability		(2)		7		2
24	Changes in other comprehensive income, net of taxes, net of reclassification adjustments		988		(5,180)		(2,095)
25	Adjustment to initially apply Statement of Financial Accounting Standard, or SFAS, No. 158, net of tax		(84)		-		-
26	AOCI, net of taxes, end of year		(7,869)		(8,773)		(3,593)
<i>Treasury stock, at cost</i>							
27	Balance, beginning of year	33	(1,280)	35	(1,353)	37	(1,427)
28	Common stock issuances	(1)	50	(2)	73	(2)	74
29	Common stock repurchases	33	(2,000)	-	-	-	-
30	Treasury stock, end of year	65	(3,230)	33	(1,280)	35	(1,353)
31	Total stockholders' equity		\$ 28,301		\$ 27,191		\$ 31,416
<i>Comprehensive income (loss)</i>							
32	Net income		\$ 2,211		\$ 2,130		\$ 2,937
33	Changes in other comprehensive income, net of taxes, net of reclassification adjustments		988		(5,180)		(2,095)
34	Total comprehensive income (loss)		\$ 3,199		\$ (3,050)		\$ 842

See our Consolidated Financial Statements as presented in our Information Statement and Annual Report to Stockholders dated March 23, 2007.