

FREDDIE MAC
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Year Ended December 31,					
	2007		Adjusted			
	Shares	Amount	Shares	Amount	Shares	Amount
			2006		2005	
			(in millions)			
<i>Preferred stock, at redemption value</i>						
Balance, beginning of year	132	\$ 6,109	92	\$ 4,609	92	\$ 4,609
Preferred stock issuances	344	8,600	40	1,500	-	-
Preferred stock redemptions	(12)	(600)	-	-	-	-
<i>Preferred stock, end of year</i>	<u>464</u>	<u>14,109</u>	<u>132</u>	<u>6,109</u>	<u>92</u>	<u>4,609</u>
<i>Common stock, par value</i>						
Balance, beginning of year	726	152	726	152	726	152
<i>Common stock, end of year</i>	<u>726</u>	<u>152</u>	<u>726</u>	<u>152</u>	<u>726</u>	<u>152</u>
<i>Additional paid-in capital</i>						
Balance, beginning of year		962		924		873
Stock-based compensation		81		60		67
Income tax benefit from stock-based compensation		-		9		6
Preferred stock issuance costs		(116)		(15)		-
Common stock issuances		(42)		(15)		(13)
Real Estate Investment Trust preferred stock repurchase		(14)		(1)		(9)
<i>Additional paid-in capital, end of year</i>		<u>871</u>		<u>962</u>		<u>924</u>
<i>Retained earnings</i>						
Balance, beginning of year, as previously reported						30,728
Beginning balance adjustments, net of taxes						(904)
Balance, beginning of year, as adjusted before cumulative effect of change in accounting principle						<u>29,824</u>
Cumulative effect of change in accounting principle, net of taxes		181		(13)		-
Balance, beginning of year, as adjusted		31,553		30,625		29,824
Net income (loss)		(3,094)		2,327		2,113
Preferred stock dividends declared		(398)		(270)		(223)
Common stock dividends declared		(1,152)		(1,310)		(1,076)
<i>Retained earnings, end of year</i>		<u>26,909</u>		<u>31,372</u>		<u>30,638</u>
<i>AOCI, net of taxes</i>						
Balance, beginning of year, as previously reported						(3,593)
Beginning balance adjustments, net of taxes						(587)
Balance, beginning of year, as adjusted before cumulative effect of change in accounting principle						<u>(4,180)</u>
Changes in unrealized gains (losses) related to available-for-sale securities, net of reclassification adjustments		(3,708)		(267)		(6,816)
Changes in unrealized gains (losses) related to cash flow hedge relationships, net of reclassification adjustments		973		1,254		1,637
Changes in defined benefit plans		43		(2)		7
Change in other comprehensive income, net of taxes, net of reclassification adjustments		(2,692)		985		(5,172)
Adjustment to initially apply Statement of Financial Accounting Standard, or SFAS, No.158, net of tax		-		(84)		-
<i>AOCI, net of taxes, end of year</i>		<u>(11,143)</u>		<u>(8,451)</u>		<u>(9,352)</u>
<i>Treasury stock, at cost</i>						
Balance, beginning of year	65	(3,230)	33	(1,280)	35	(1,353)
Common stock issuances	(1)	56	(1)	50	(2)	73
Common stock repurchases	16	(1,000)	33	(2,000)	-	-
<i>Treasury stock, end of year</i>	<u>80</u>	<u>(4,174)</u>	<u>65</u>	<u>(3,230)</u>	<u>33</u>	<u>(1,280)</u>
<i>Total stockholders' equity</i>		<u>\$ 26,724</u>		<u>\$ 26,914</u>		<u>\$ 25,691</u>
<i>Comprehensive income (loss)</i>						
Net income (loss)		\$ (3,094)		\$ 2,327		\$ 2,113
Changes in other comprehensive income, net of taxes, net of reclassification adjustments		(2,692)		985		(5,172)
<i>Total comprehensive income (loss)</i>		<u>\$ (5,786)</u>		<u>\$ 3,312</u>		<u>\$ (3,059)</u>

The Notes to Consolidated Financial Statements included in our Registration Statement on Form 10 dated July 18, 2008 are an integral part of these consolidated financial statements.