



OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

NEWS RELEASE

FOR IMMEDIATE RELEASE
Wednesday, January 22, 2003

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**STATEMENT OF
OFHEO DIRECTOR ARMANDO FALCON, JR.
REGARDING
FREDDIE MAC FINANCIAL STATEMENTS**

“The delay in certification of Freddie Mac’s 2002 financial statement and the reaudit of past financial statements is the result of accounting interpretations and the resulting uncertainty associated with the timing of their income recognition. A reaudit of Freddie Mac’s statements is prudent and appropriate under these circumstances. Freddie Mac has estimated that the likely cumulative result of the restatements will be an upward adjustment of net income.

Through its supervisory program, OFHEO has found Freddie Mac to be a well-capitalized institution with sound internal controls and prudent risk management. The adjustments being contemplated from reauditing the company’s financial statements will presumptively increase the regulatory surpluses that Freddie Mac has under the regulatory capital requirements, both minimum and risk-based capital. Nonetheless, this is an important development and OFHEO will remain fully engaged with Freddie Mac as the reaudit progresses. OFHEO will take all appropriate steps to ensure Freddie Mac continues to be a safe, sound and well-capitalized company.”

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