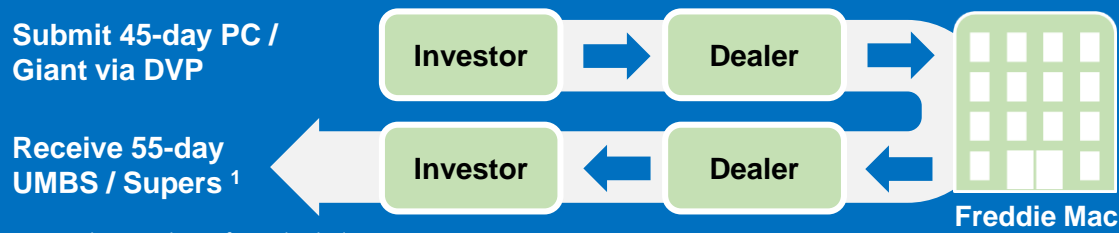


Freddie Mac will provide two paths for exchange of Gold PCs into new UMBSSM

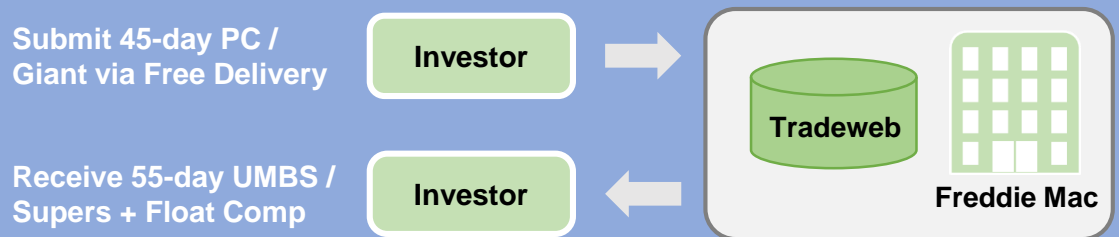


- Holders of Freddie Mac 45-day PCs/Giants will have the option to exchange those securities for 55-day UMBS/SupersSM (or FRE 55-day MBS/Giant MBS for non-TBA)
- Daily disclosures will inform the market of exchange activity
- The Exchange Offer is expected to open in May 2019

1. Dealer-facilitated Exchange



2. Direct-to-Freddie Mac Exchange



Category	1. Dealer-facilitated	2. Direct-to-Freddie
Counterparty	An approved Dealer	Freddie Mac
Delivery method	Most Dealers will settle Delivery vs. Payment (DVP) between Investor and Dealer Dealer delivers free to Freddie Mac (similar to today's Giant model)	Investor settles Free of Payment (FOP) with Freddie Mac as the counterparty Custodians directly interface with Freddie Mac as the issuer
Float compensation	May be netted from price by Dealers	Separate cash wire, following security wire
Front-end booking	Exchange via approved Dealers; Dealers interface with Freddie Mac on capacity calendar, float compensation	Exchange via Tradeweb – may connect via Order Management System; investors agree to exchange terms through Tradeweb interface
TRACE reportable	No	No
Transparency of holdings to Dealers	High	None
Cost	No fee from FRE (Vendor fees may apply)	No fee
Execution level	Whole or partial CUSIPs, at sub-account level	Whole or partial CUSIPs, at sub-account level
Capacity	50K total transactions / day for both paths, settlement calendar has availability for current and following month	50K total transactions / day for both paths, settlement calendar has availability for current month
Trade / Settle	Minimum T+1 (all settlement activity same day)	Minimum T+1 (all settlement activity same day)
Accounting treatment	Minor modification per SEC guidance	Minor modification per SEC guidance
Tax treatment	Security Exchange – non-taxable Float Compensation – consult your tax advisor	Security Exchange – non-taxable Float Compensation – consult your tax advisor
Duration	Open for the foreseeable future	Expected to be open for 3-5 years

Exchange checklist for holders of 45-day Gold PCs:

- Develop your Exchange strategy – e.g., whether you will exchange, exchange timing, bundling and sequencing of exchanges, accounting and tax impacts, etc.
- Determine which Exchange option works best for you – considering account composition, sub-account structure and complexity, flexibility of OMS, manual vs. straight-through processing, etc.
- If you choose the Dealer-facilitated path, reach out to your Dealer(s) to work out the details
- If you choose the Direct-to-Freddie path, questions for Tradeweb can be directed to umbs@tradeweb.com
- Regardless of path, reach out to your Custodian(s) and OMS provider to discuss how the process will work
- Assess impact of new codes and data elements – SWIFT message code or dedicated standard settlement instruction (SSI) to denote Gold PC exchange – specifics TBD in the next few months
- Understand transaction data flow through your internal systems (e.g., trading, accounting, etc.)

Please submit feedback or questions to: single_security@freddiemac.com