



## **Reference REMIC<sup>SM</sup> Securities**

# **A Mortgage-Backed Securities Investment Innovation Offered by Freddie Mac**

October 2005



We make home possible™

# Safe Harbor Statements

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## Reference REMIC<sup>SM</sup> securities – a structured mortgage-backed securities investment option

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- **Quarterly issuance of REMIC securities with a guaranteed maturity class (GMC) offered through a syndicate underwriting group**
- **Minimum GMC tranche size of \$1 billion with shortened stated final maturity date guaranteed by Freddie Mac (e.g., 3/5/7/10/12 year)**
- **Integrated into Freddie Mac's Reference suite of products, Reference Bills<sup>®</sup>, Reference Notes<sup>®</sup> and Euro Reference Notes<sup>®</sup>, featuring:**
  - » **Liquidity**
  - » **Transparency**
  - » **Calendar-based predictability**
- **Designed to further Freddie Mac's housing mission by broadening the investor base for mortgage-backed securities**

# Reference REMIC securities offer liquidity, transparency and predictability

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- **Liquidity**
  - » **\$1 billion GMC minimum tranche size**
  - » **Broad dealer sponsorship and secondary market support**
  
- **Transparency**
  - » **Primary market support through syndicated offerings**
  - » **Secondary market pricing via TradeWeb and Bloomberg**
  - » **PCs underlying the offered GMC are disclosed prior to pricing**
  
- **Predictability**
  - » **Pre-announced quarterly issuance calendar**
  - » **Maximum of two Reference REMICs issued per quarter**
  - » **Average life extension limited by shortened stated final maturity date**

## Reference REMIC securities offer an unmatched array of attractive features

	Freddie Mac Reference REMIC	Syndicated Callables	ABS	REMIC Securities	TBA Passthroughs	Specified Pools
<b>TradeWeb Eligibility</b>	√	√			√	√
<b>Daily Closes</b>	√	√			√	
<b>Extension Protection</b>	√	√	Some	Some		
<b>Syndicate Led</b>	√	√	√			
<b>Issuance Calendar</b>	√					

## Key features of the Reference REMIC securities

Reference REMIC Product Details	
Underlying PCs	PCs underlying the offered GMC are disclosed prior to pricing
Guaranteed Maturity Class (GMC)	Varying maturities based on market conditions (e.g., 3/5/7/10/12-year)
Structure	Announced during pre-marketing period
GMC Tranche Size	Minimum of \$1 billion
REMIC Size	Minimum REMIC size subject to GMC tranche size
Offering Frequency for 2005	<ul style="list-style-type: none"> <li>- Calendar quarter Reference REMIC issuance</li> <li>- GMC tranche offerings are intended up to once per month throughout the quarter</li> </ul>
Concurrent Reference REMICs	Yes, for REMICs backed by underlying PCs of different terms or coupons, but no more than two REMICs per quarter
Distribution Period	The earlier of: <ul style="list-style-type: none"> <li>- Two calendar months after Reference REMIC pricing or</li> <li>- Subsequent issuance of Reference REMIC backed by underlying PCs of the same term and coupon</li> </ul>
Re-REMIC Eligibility	Re-REMICs are eligible following the distribution period
MACR Eligibility	Offering dependent
TradeWeb Eligibility	Yes

# Price transparency – Live TradeWeb prices from multiple dealers

LkUp 1Sec One Sec
COMPGMC1 ?

Econ/Cal MarketCall IFR AXEit

**TradeWeb MBS**  
**Freddie Mac GMC OTR**
Page 1 of 6

Ticker	Cusip	Cpn	Collateral	Maturity	Factor	Speed	Avg Life	Spread	Dlr
R001AE	31395RAR9	4.375	GLD15	5.0 04/15/15	0.921	195	PSA 3.38	72.5 / 72.0	CS- 3
R002AH	31395VU23	4.750	GLD30	5.5 07/15/15	0.943	244	PSA 3.12	82.5 / 82.5	ML-CS

<b>TRSY</b>	2 yr	99-212/21+	+0-016	4.178-174	10 yr	99-08 /08+	+0-04	4.344-342
	3 yr	99-272/27+	+0-02+	4.179-176	30 yr	112-00+/01+	+0-05+	4.569-568
	5 yr	98-17+/18	+0-036	4.203-200	*Click Here to View Full TradeWeb Swap Rates			

Main MBS30 MBS15 FNB0 FNB15 PC30 PC15 GN30 Swp30 Swp15 Basis Remic COMM

< > Main IRS Trsy Agcy MBS Eurp CP ADN Corp Tkt Blot Book >>

06:15:26 CSFB MBS Commentary: PASS-THRUS: 10/06 RUN

# Reference REMIC securities can be traded on TradeWeb

LkUp 1Sec R002AH TKT ?

Tkt Chart **GMC Outright Trade Ticket** IFR AXEit

**YOU BUY R002AH** CUSIP: 31395VU23 Flip Buy/Sell

BUY None

Original Face (m)  -

Factor 0.94324157 Request Offer

Current Face 943,242

Prepayment 244 PSA

Average Life 3.120

Spread 82.5

Trade Date 10/06/2005

Settlement Date  -

Account  #Accts  -  Id  PIN

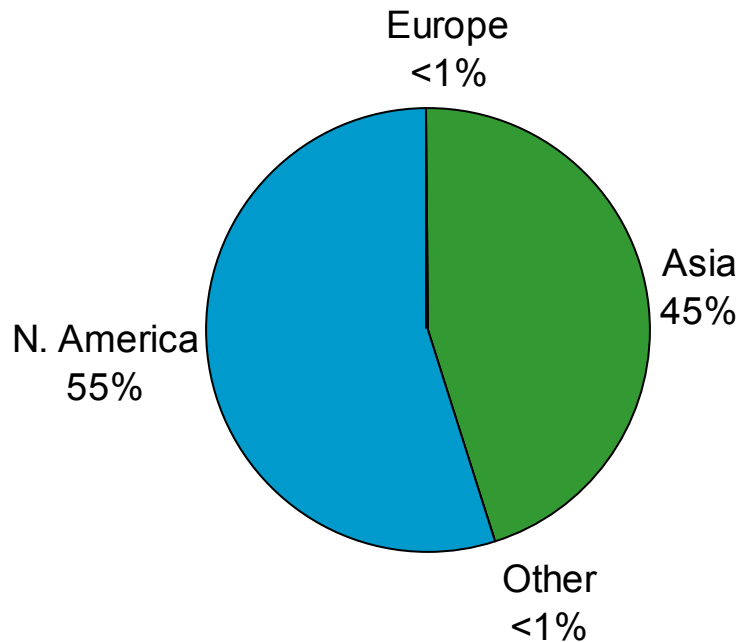
Dir Note  TO

Send Cancel

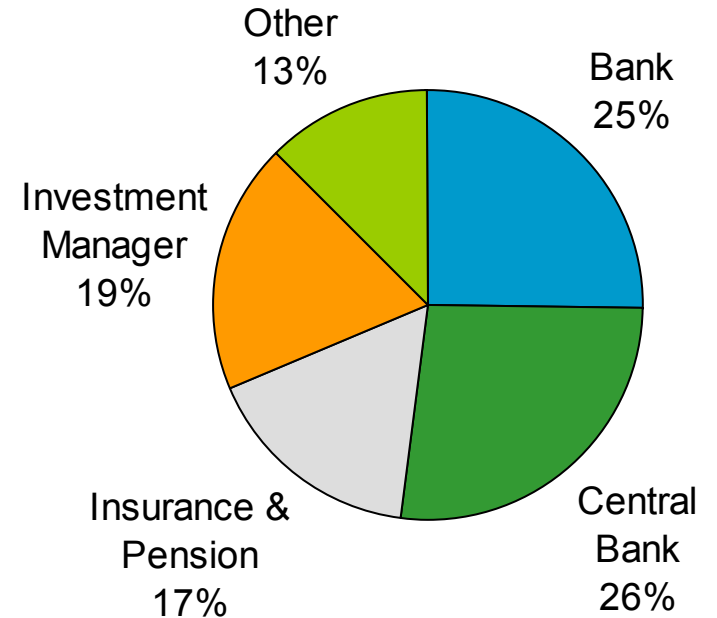
< > Main IRS Trsy Agcy MBS Eugy CP ADN Corp Tkt Blot Book

# Reference REMIC securities access diverse pools of global capital

## Geographical Area



## Investor Type



Note: Data reflects orders placed in Reference REMIC<sup>SM</sup> R-001 and R002.

Source: Freddie Mac.

## Reference REMIC<sup>SM</sup> R003

## Reference REMIC R003 features 30-year underlying securities

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- **Underlying securities are 30-year 5.5% Gold and Gold Giant PCs**
  - » **WAC (Weighted Average Coupon) = 5.905%**
  - » **WAM (Weighted Average Maturity) = 352 months**
  - » **WALA (Weighted Average Loan Age) = 6 months**
  
- **Principal balance of \$4 billion with a Guaranteed Maturity Class (GMC) of \$2.64 billion**
  
- **Guaranteed Maturity Class is a front-end sequential with a 10-year guaranteed final maturity**
  
- **Transaction lead managers are Credit Suisse First Boston, Deutsche Bank, and UBS**
  
- **Co-managers are Bank of America, Bear Stearns, Citigroup, Goldman Sachs, JP Morgan, Lehman Brothers, Merrill Lynch, Morgan Stanley, RBS Greenwich**

This information does not constitute an offer to sell or a solicitation of an offer to buy securities. All information is qualified in its entirety by the R003 Offering Circular Supplement dated October 3, 2005, which investors should review before making any investment decision.

# WAL profile: Limited extension/contraction of Reference REMIC versus underlying pass-through

- At 121 PSA, Series R003 front sequential extension is 1.7 years less than that of 30-year 5.5s
- At 907 PSA, Series R003 front sequential contracts 2.2 years less than 30-year 5.5s

Parallel Rate Shift (bp)	+300	+200	+100	Base Case	-100	-200	-300
Prepayment Speed	110 PSA	121 PSA	141 PSA	244 PSA	907 PSA	1644 PSA	1667 PSA
<b>WAL for Various Rate Scenarios</b>							
FHRR R003 front sequential	5.59	5.32	4.86	3.25	1.24	0.80	0.79
Gold30 5.5 TBA	10.40	9.98	9.07	6.21	1.99	1.13	1.09
Difference	4.81	4.66	4.21	2.96	0.75	0.33	0.30
<b>WAL Change from Base Case</b>							
FHRR R003 front sequential	2.3	2.1	1.6	0.0	-2.0	-2.5	-2.5
Gold30 5.5 TBA	4.2	3.8	2.9	0.0	-4.2	-5.1	-5.1
Difference	1.9	1.7	1.3	0.0	-2.2	-2.6	-2.6

# Principal payment window: Narrower payment window on Reference REMIC

- At 121 PSA, Series R003 front sequential principal payment window is 9.9 years versus 29.4 years on 30-year 5.5s
- At 907 PSA, Series R003 front sequential contracts principal window is 2.2 years versus 22.7 years on 30-year 5.5s

Parallel Rate Shift (bp)	+300	+200	+100	Base Case	-100	-200	-300
Prepayment Speed	110 PSA	121 PSA	141 PSA	244 PSA	907 PSA	1644 PSA	1667 PSA
<b>Principal payment window</b>							
FHRR R003 front sequential	11/05 - 10/15	11/05 - 10/15	11/05 - 10/15	11/05 - 09/12	11/05 - 01/08	11/05 - 04/07	11/05 - 03/07
Gold30 5.5 TBA	12/05 - 04/35	12/05 - 04/35	12/05 - 04/35	12/05 - 04/35	12/05 - 08/28	12/05 - 12/13	12/05 - 07/13