



Reference REMICSM Securities

A Mortgage-Backed Securities Investment Innovation Offered by Freddie Mac

January 2006



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Reference REMICSM R004

Reference REMIC R004 features 30-year underlying securities and a December 2013 final maturity

- **Underlying securities are 30-year 6.0% Gold and Gold Giant PCs**
 - » **WAC (Weighted Average Coupon) = 6.41%**
 - » **WAM (Weighted Average Maturity) = 339 months**
 - » **WALA (Weighted Average Loan Age) = 17 months**

- **Principal balance of \$4.1 billion with a Guaranteed Maturity Class (GMC) of \$3.116 billion**

- **Guaranteed Maturity Class is a front-end sequential with a guaranteed final maturity of December 15, 2013**

- **Transaction lead managers are Bear Stearns, Credit Suisse and RBS Greenwich Capital**

- **Co-managers are Barclays Capital, Goldman Sachs, JP Morgan, Lehman Brothers, Merrill Lynch and Morgan Stanley**

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 R004 Offering Circular Supplement dated January 9, 2006, which investors should review before making any investment decision.

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

- At 129 PSA, Series R004 front sequential extension is 1.96 years less than that of 30-year 6.0s
- At 725 PSA, Series R004 front sequential contracts 1.51 years less than 30-year 6.0s

Parallel Rate Shift (bp)	+300	+200	+100	Base Case	-100	-200	-300
Prepayment Speed	117 PSA	129 PSA	153 PSA	256 PSA	725 PSA	1325 PSA	1491 PSA
WAL for Various Rate Scenarios							
FHRR R004 front sequential	5.21	5.02	4.67	3.37	1.30	0.69	0.58
Gold 30 6.0 TBA	10.23	9.69	8.76	6.08	2.50	1.46	1.31
Difference	5.02	4.67	4.09	2.71	1.20	0.77	0.73
WAL Change from Base Case							
FHRR R004 front sequential	1.84	1.65	1.30	0.0	-2.07	-2.68	-2.79
Gold 30 6.0 TBA	4.15	3.61	2.68	0.0	-3.58	-4.62	-4.77
Difference	2.31	1.96	1.38	0.0	-1.51	-1.94	-1.98

Principal payment window: Narrower payment window on Reference REMIC

- At 129 PSA, Series R004 front sequential principal payment window is 7.8 years versus 29.3 years on 30-year 6.0s
- At 725 PSA, Series R004 front sequential contracted principal window is 2.8 years versus 27.1 years on 30-year 6.0s

Parallel Rate Shift (bp)	+300	+200	+100	Base Case	-100	-200	-300
Prepayment Speed	117 PSA	129 PSA	153 PSA	256 PSA	725 PSA	1325 PSA	1491 PSA
Principal payment window							
FHRR R004 front sequential	02/06 - 12/13	02/06 - 12/13	02/06 - 12/13	02/06 - 12/13	02/06 - 12/08	02/06 - 07/07	02/06 - 04/07
Gold30 6.0 TBA	02/06 - 06/35	02/06 - 06/35	02/06 - 06/35	02/06 - 06/35	02/06 - 06/33	02/06 - 08/17	02/06 - 08/14

Reference REMICSM Background

Reference REMICSM securities – a structured mortgage-backed securities investment option

- 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-, or 12-year)
 - » Average outstanding issue size of \$2.0 billion
- Integrated into Freddie Mac's Reference suite of products, Reference Bills[®], Reference Notes[®] and Euro Reference Notes[®], 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

- **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**
 - » **Calendar-based monthly optional issuance windows**
 - » **Maximum of three Reference REMICs issued per quarter**
 - » **Average life extension limited by shortened stated final maturity date**

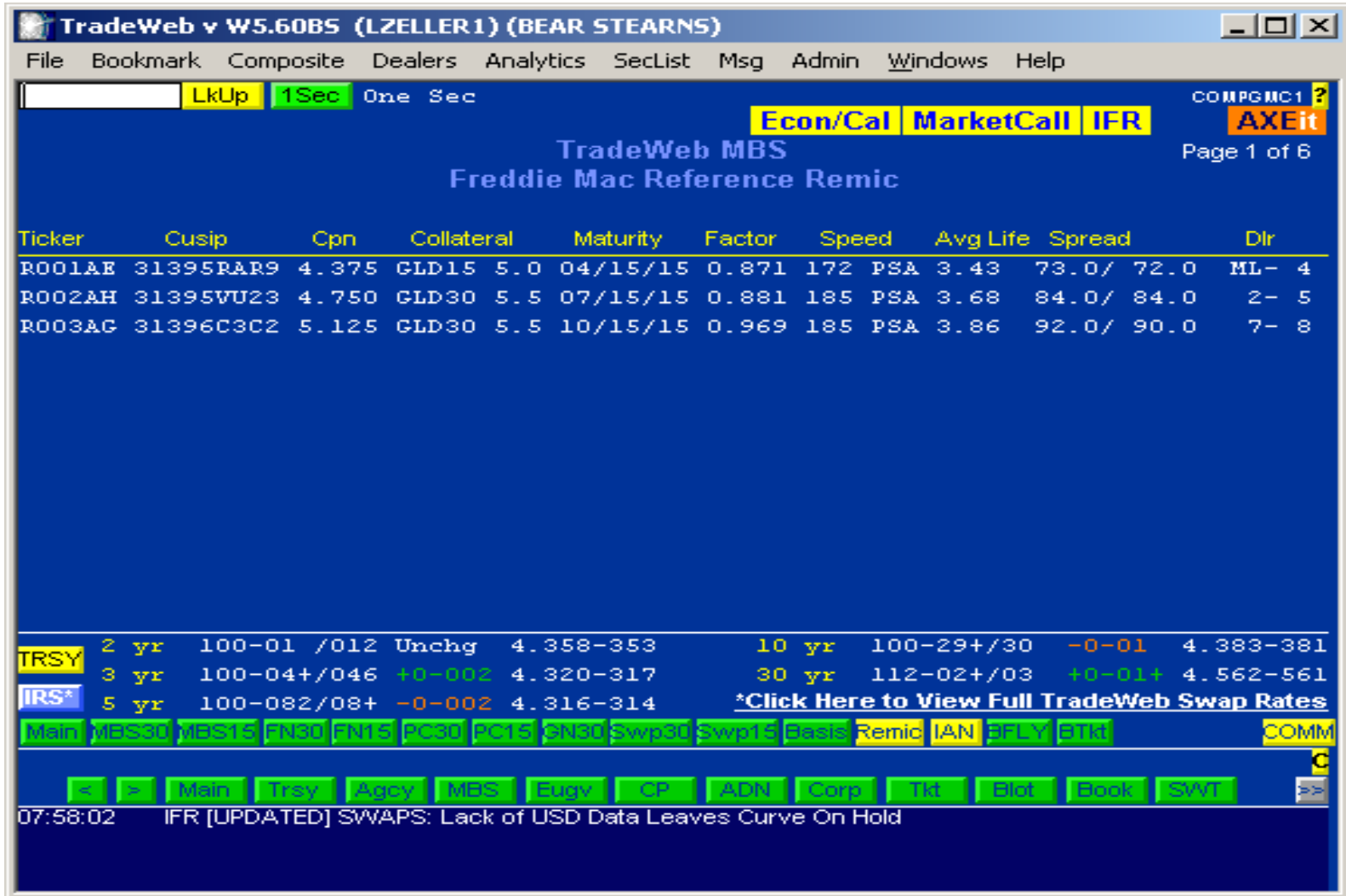
Reference REMIC securities offer an unmatched array of attractive features

	Freddie Mac Reference REMIC	Prepayment Linked Notes	Syndicated Callables	ABS	REMIC Securities	TBA Passthroughs
TradeWeb Eligibility	√	Some	√			√
Daily Closing Prices	√	Some	√			√
Guaranteed Shortened Final Maturity	√	√			Some	
Syndicate Led	√	Some	√	√		
Issuance Calendar	√					
Fully Collateralized by Mortgages/MBS	√			√	√	√
Collateral Disclosed Pre-Pricing	√					
Re-REMIC/Restructuring Eligible	√			√	√	
No Upsize (or "Tapping") Post-Pricing	√			√	√	√

Key features of 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-, or 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 2006	Calendar-based monthly optional issuance windows
Concurrent Reference REMICs	Yes, for REMICs backed by underlying PCs of different terms or coupons, but no more than three REMICs per quarter
Distribution Period	The earlier of: - Two calendar months after Reference REMIC pricing or - Subsequent issuance of Reference REMIC backed by underlying PCs of the same term and coupon
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



TradeWeb v W5.60BS (LZELLER1) (BEAR STEARNS)

File Bookmark Composite Dealers Analytics SecList Msg Admin Windows Help

LkUp 1Sec One Sec

Econ/Cal MarketCall IFR

COMP MC1 ? AXEit

TradeWeb MBS
Freddie Mac Reference Remic

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Ticker	Cusip	Cpn	Collateral	Maturity	Factor	Speed	Avg Life	Spread	Dlr
R001AE	31395RAR9	4.375	GLD15	5.0 04/15/15	0.871	172 PSA	3.43	73.0/ 72.0	ML- 4
R002AH	31395VU23	4.750	GLD30	5.5 07/15/15	0.881	185 PSA	3.68	84.0/ 84.0	2- 5
R003AG	31396C3C2	5.125	GLD30	5.5 10/15/15	0.969	185 PSA	3.86	92.0/ 90.0	7- 8

TRSY 2 yr 100-01 /012 Unchg 4.358-353 10 yr 100-29+/30 -0-01 4.383-381
 3 yr 100-04+/046 +0-002 4.320-317 30 yr 112-02+/03 +0-01+ 4.562-561
 IRS* 5 yr 100-082/08+ -0-002 4.316-314 [^Click Here to View Full TradeWeb Swap Rates](#)

Main MBS30 MBS15 FN30 FN15 PC30 PC15 GNS0 Swp30 Swp15 Basis Remic IAN BFLY BTG COMM

< > Main Trsy Agcy MBS Euvy CP ADN Corp Tlt Blot Book SWT

07:58:02 IFR [UPDATED] SWAPS: Lack of USD Data Leaves Curve On Hold

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 Request Offer

Current Face

Prepayment

Average Life

Spread

Trade Date

Settlement Date -

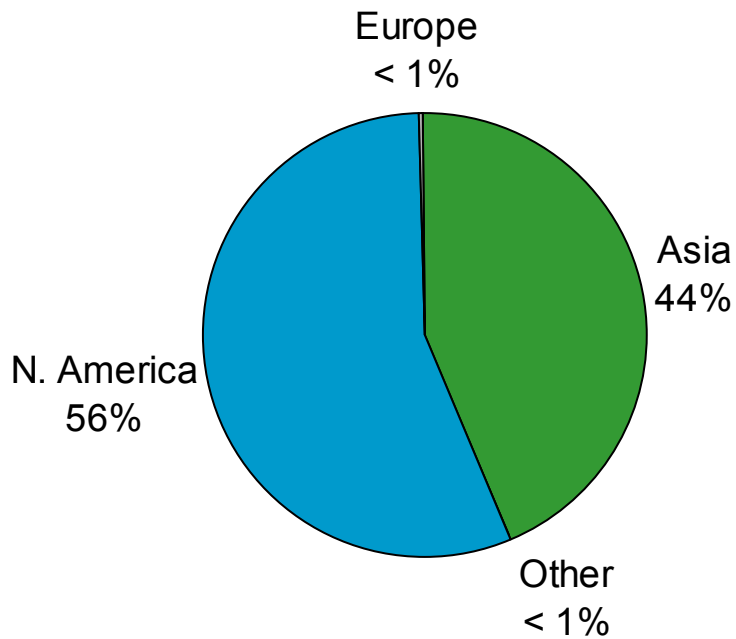
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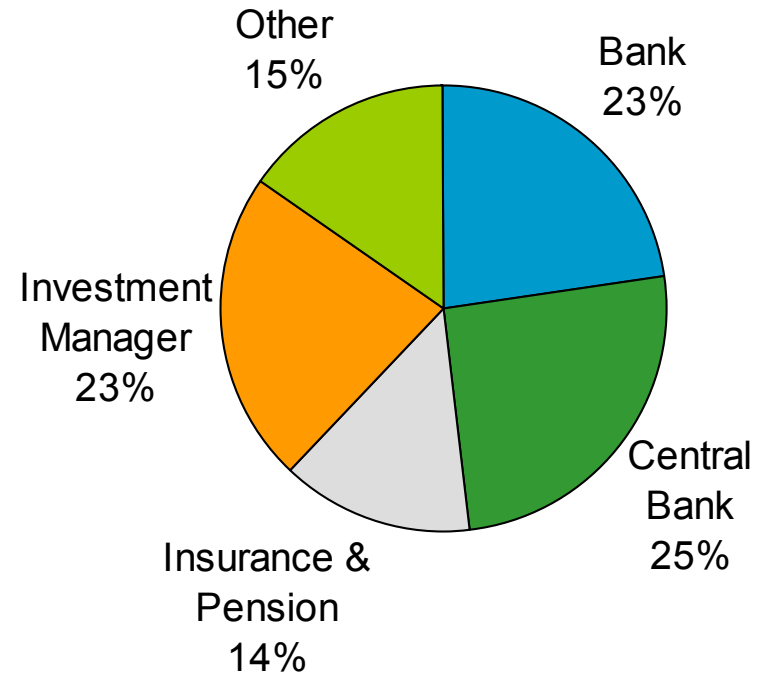
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< > Main IRS Trsy Agcy MBS Eugy CP ADN Corp Tkt Blot Book

Geographical Area



Investor Type



Note: Data reflects orders placed in Reference REMICSM R-001, R-002 and R-003.

Source: Freddie Mac.