Freddie Mac

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# Reference REMIC℠ R009

October 2006

# Reference REMIC R009 features 30-year underlying securities and a December 2018 final maturity

- **Underlying securities are 30-year 6.0% Gold and Gold Giant PCs**
  - **WAC (Weighted Average Coupon) = 6.470%**
  - **WAM (Weighted Average Maturity) = 355 months**
  - **WALA (Weighted Average Loan Age) = 4 months**
- **Principal balance of $1.4 billion with a Guaranteed Maturity Class (GMC) of $1.148 billion**
- **Guaranteed Maturity Class is a front-end sequential with a guaranteed final maturity of December 15, 2018**
- **Transaction lead managers are Citigroup, Credit Suisse and Goldman Sachs**
- **Co-managers are Barclays Capital, Bear Stearns and Merrill Lynch**

# WAL profile: Limited extension/contraction of Reference REMIC versus underlying passthrough securities

- **At 124% PSA, FHRR R009 front sequential extension is 1.46 years less than that of 30-year 6.0% passthroughs**
- **At 1740% PSA, FHRR R009 front sequential contracts 1.55 years less than 30-year 6.0% passthroughs**

| Parallel Rate Shift (bp)<br>Prepayment Speed | +300<br>124% PSA | +200<br>135% PSA | +100<br>160% PSA | Base Case<br>289% PSA | -100<br>1040% PSA | -200<br>1615% PSA | -300<br>1740% PSA |
|---|---|---|---|---|---|---|---|
| **WAL for Various Rate Scenarios** | | | | | | | |
| FHRR R009 front sequential | 6.85 | 6.58 | 6.00 | 3.91 | 1.51 | 1.11 | 1.05 |
| Gold 30 year 6.0% TBA | 9.87 | 9.36 | 8.43 | 5.47 | 1.76 | 1.16 | 1.06 |
| Difference | 3.02 | 2.78 | 2.43 | 1.56 | 0.25 | 0.05 | 0.01 |
| **WAL Change from Base Case** | | | | | | | |
| FHRR R009 front sequential | 2.94 | 2.67 | 2.09 | 0.00 | -2.40 | -2.80 | -2.86 |
| Gold 30 year 6.0% TBA | 4.40 | 3.89 | 2.96 | 0.00 | -3.71 | -4.31 | -4.41 |
| Difference | 1.46 | 1.22 | 0.87 | 0.00 | -1.31 | -1.51 | -1.55 |

# Principal payment window narrower on Reference REMIC than underlying passthrough securities

- **At 124% PSA, FHRR R009 front sequential principal payment window is 12.08 years versus 29.08 years on 30-year 6.0% passthroughs**

- **At 1740% PSA, FHRR R009 front sequential principal window is 1.75 years versus 1.83 years on 30-year 6.0% passthroughs**

| Parallel Rate Shift (bp)<br>Prepayment Speed | +300<br>124% PSA | +200<br>135% PSA | +100<br>160% PSA | Base Case<br>289% PSA | -100<br>1040% PSA | -200<br>1615% PSA | -300<br>1740% PSA |
|---|---|---|---|---|---|---|---|
| **Principal Payment Window** | | | | | | | |
| FHRR R009 front sequential | 11/06-12/18 | 11/06-12/18 | 11/06-12/18 | 11/06-12/15 | 11/06-8/09 | 11/06-10/08 | 11/06-08/08 |
| Gold 30 year 6.0% TBA | 12/06-04/36 | 12/06-04/36 | 12/06-04/36 | 12/06-04/36 | 12/06-07/24 | 12/06-01/13 | 12/06-10/08 |

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# Reference REMIC$^{SM}$ Background

# 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

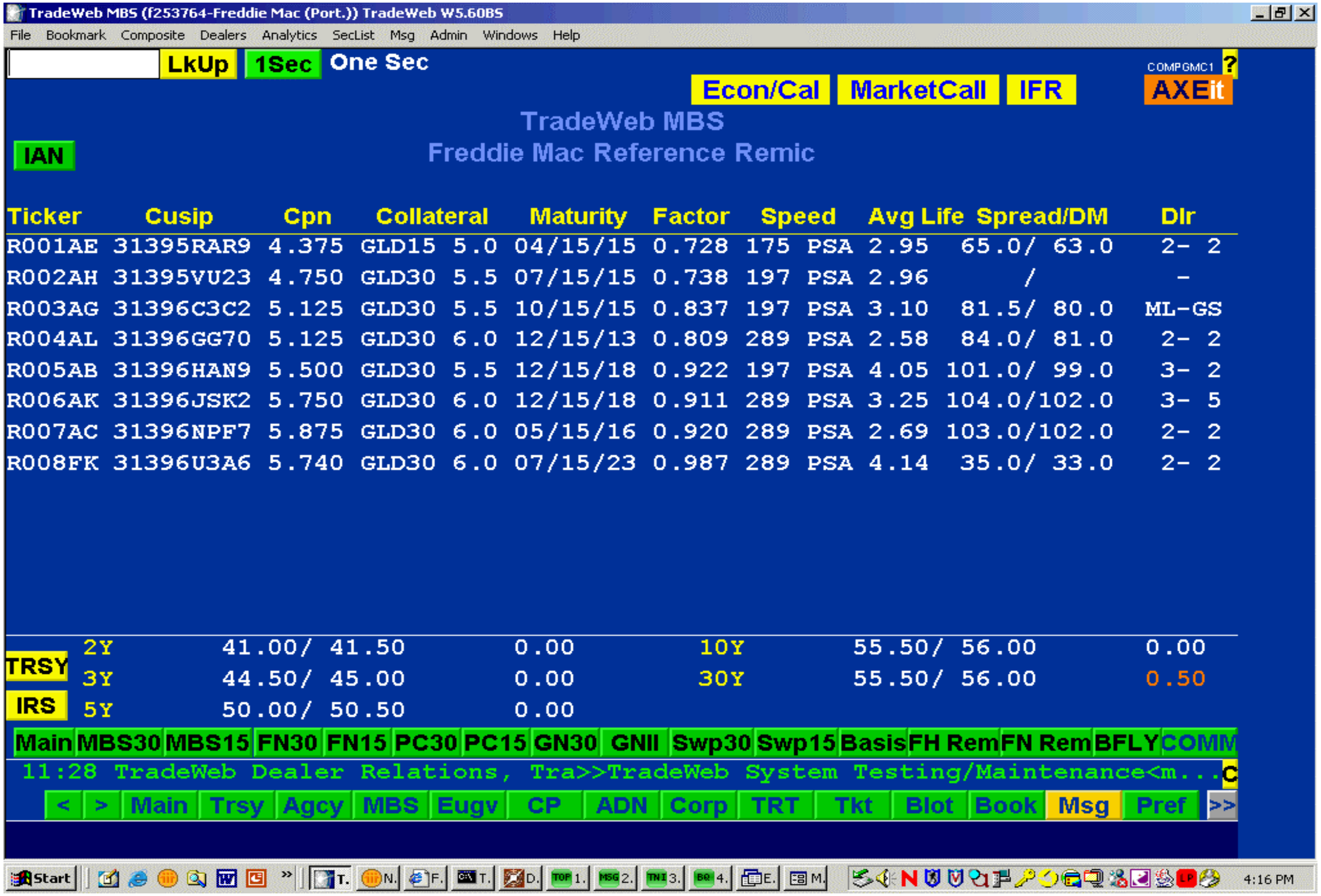
# Reference REMIC securities offer an unmatched array of attractive features

| | 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/MACR Eligible** | √ | | | √ | √ | |
| **No Upsize (or "Tapping") Post-Pricing** | √ | | | √ | √ | √ |

# Key features of Reference REMIC securities

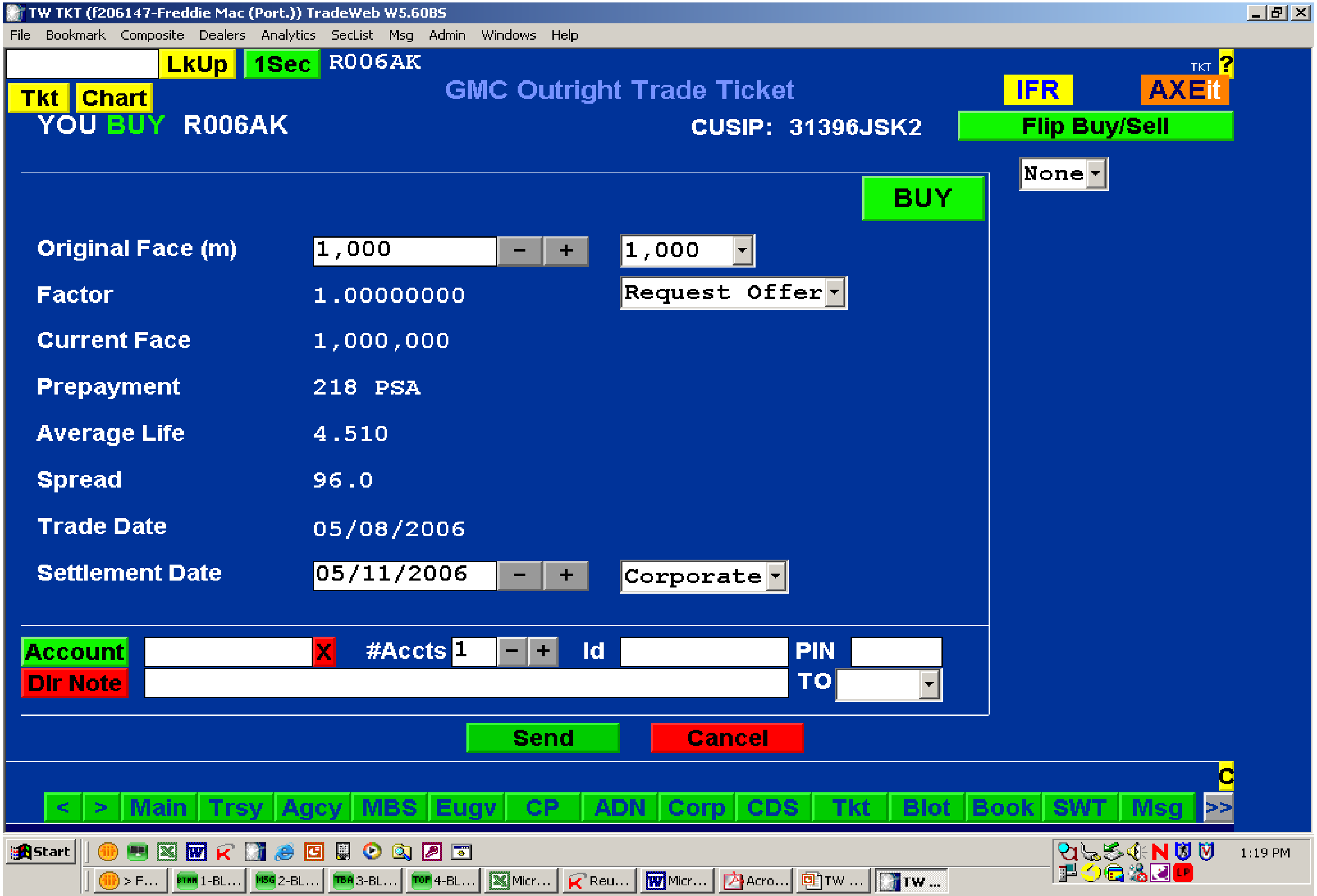
| Reference REMIC Product Details | |
|---|---|
| Underlying PCs | PCs underlying the offered GMC are disclosed prior to pricing |
| Guaranteed Maturity Class (GMC) | Varying maturities based on market conditions and collateral |
| Structure | Announced during pre-marketing period |
| Par Coupon | Issued with the closest coupon that trades at a discount to par |
| GMC Tranche Size | Minimum of $1 billion |
| 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:<br>- Two calendar months after Reference REMIC pricing or<br>- Subsequent issuance of Reference REMIC backed by underlying PCs of the same term, coupon and GMC final |
| Re-REMIC Eligibility | Re-REMICs are eligible following the distribution period, or earlier at Freddie Mac's discretion |
| MACR Eligibility | Offering dependent |
| TradeWeb Eligibility | Yes |

# Price transparency – Live TradeWeb prices from multiple dealers




Note: Freddie Mac is not responsible for pricing and other information about its securities posted on TradeWeb.

# Reference REMIC securities can be traded on TradeWeb

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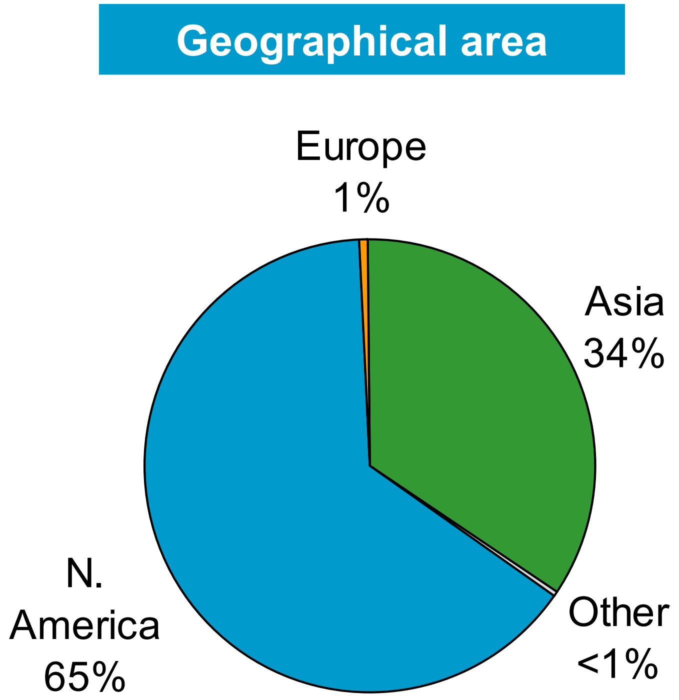
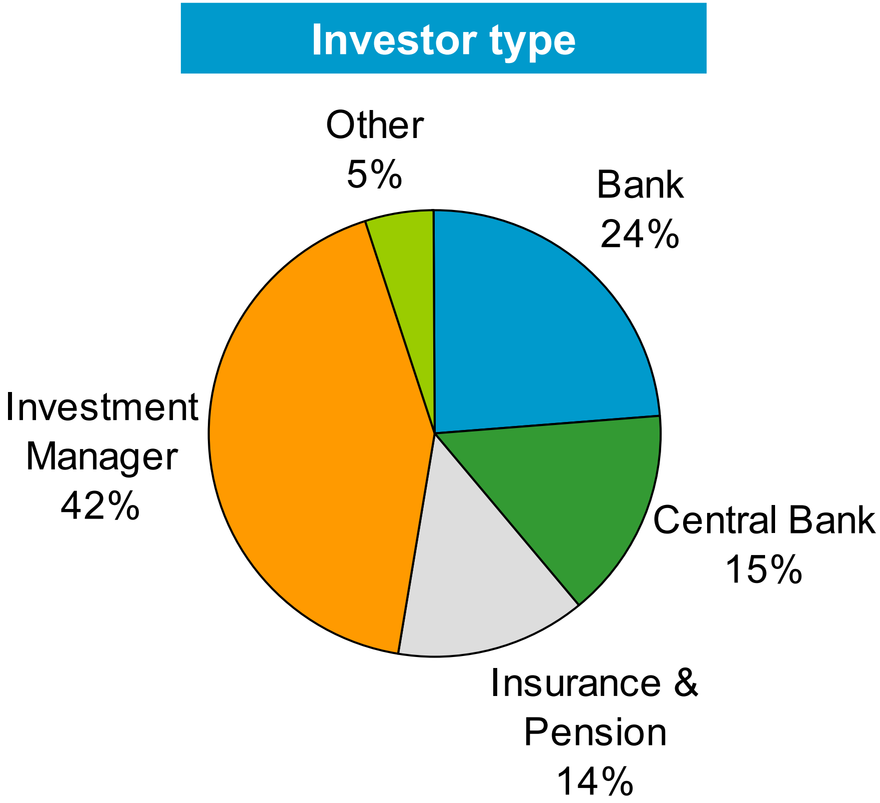
# Reference REMIC securities access diverse pools of global capital




Note: Data reflects orders placed in Freddie Mac's Reference REMIC℠ securities as of September 30, 2006.

Source: Freddie Mac.

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