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# Reference REMIC® R014

October 2007

# Reference REMIC R014 features 30-year underlying securities and a October 2014 final maturity

- **Underlying securities are 30-year 6.0% Gold and Gold Giant PCs**
  - **WAC (Weighted Average Coupon) = 6.507%**
  - **WAM (Weighted Average Maturity) = 342 months**
  - **WALA (Weighted Average Loan Age) = 15 months**
- **Principal balance of $850 million with a Guaranteed Maturity Class (GMC) of $527 million**
- **Guaranteed Maturity Class is a front-end sequential with a guaranteed final maturity of October 15, 2014**
- **Transaction lead managers are Citigroup, Merrill Lynch and Morgan Stanley**
- **Co-managers are Barclays Capital, Deutsche Bank and J.P. Morgan**

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

- **At 108% PSA, FHRR R014 front sequential extension is 2.74 years less than that of 30-year 6.0% pass-throughs**

- **At 1795% PSA, FHRR R014 front sequential contracts 2.75 years less than 30-year 6.0% pass-throughs**

| Parallel Rate Shift (bp)<br>Prepayment Speed | +300<br>108% PSA | +200<br>120% PSA | +100<br>145% PSA | Base Case<br>264% PSA | -100<br>845% PSA | -200<br>1665% PSA | -300<br>1795% PSA |
|---|---|---|---|---|---|---|---|
| **WAL for Various Rate Scenarios** | | | | | | | |
| FHRR R014 front sequential | 4.51 | 4.33 | 3.95 | 2.51 | 0.90 | 0.44 | 0.39 |
| Gold 30 year 6.0% TBA | 10.75 | 10.18 | 9.14 | 6.01 | 2.25 | 1.23 | 1.14 |
| Difference | 6.24 | 5.85 | 5.19 | 3.50 | 1.35 | 0.79 | 0.75 |
| **WAL Change from Base Case** | | | | | | | |
| FHRR R014 front sequential | 2.00 | 1.82 | 1.44 | 0.00 | -1.61 | -2.07 | -2.12 |
| Gold 30 year 6.0% TBA | 4.74 | 4.17 | 3.13 | 0.00 | -3.76 | -4.78 | -4.87 |
| Difference | 2.74 | 2.35 | 1.69 | 0.00 | -2.15 | -2.71 | -2.75 |

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# Principal payment window narrower on Reference REMIC than underlying pass-through securities

- **At 108% PSA, FHRR R014 front sequential principal payment window is 6.92 years versus 29.5 years on 30-year 6.0% pass-throughs**
- **At 1795% PSA, FHRR R014 front sequential principal window is 0.67 years versus 1.92 years on 30-year 6.0% pass-throughs**

| Parallel Rate Shift (bp)<br>Prepayment Speed | +300<br>108% PSA | +200<br>120% PSA | +100<br>145% PSA | Base Case<br>264% PSA | -100<br>845% PSA | -200<br>1665% PSA | -300<br>1795% PSA |
|---|---|---|---|---|---|---|---|
| **Principal Payment Window** | | | | | | | |
| FHRR R014 front sequential | 11/07-10/14 | 11/07-10/14 | 11/07-10/14 | 11/07-04/13 | 11/07-08/09 | 11/07-08/08 | 11/07-07/08 |
| Gold 30 year 6.0% TBA | 12/07-06/37 | 12/07-06/37 | 12/07-06/37 | 12/07-06/37 | 12/07-04/31 | 12/07-01/12 | 12/07-11/09 |

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# Reference REMIC® 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**

* From time to time, market conditions may warrant a minimum tranche size below $1 billion.

# Reference REMIC securities are a good entry point into structured mortgage products

- Simple structure
  - » Less complex than traditional REMIC securities
  - » Shortened stated final maturity date
- Large size
  - » Average issue size of $1.8 billion
- One price
  - » Underwriting syndicate provides single price for all investors
- Transparent pricing
  - » Collateral known at the time of pricing
  - » Daily closing prices available on TradeWeb® and Bloomberg

# Reference REMIC securities offer an unmatched array of attractive features

- **Reference REMIC securities are an outstanding compliment to traditional REMICs and TBA pass-through securities currently offered by Freddie Mac.**

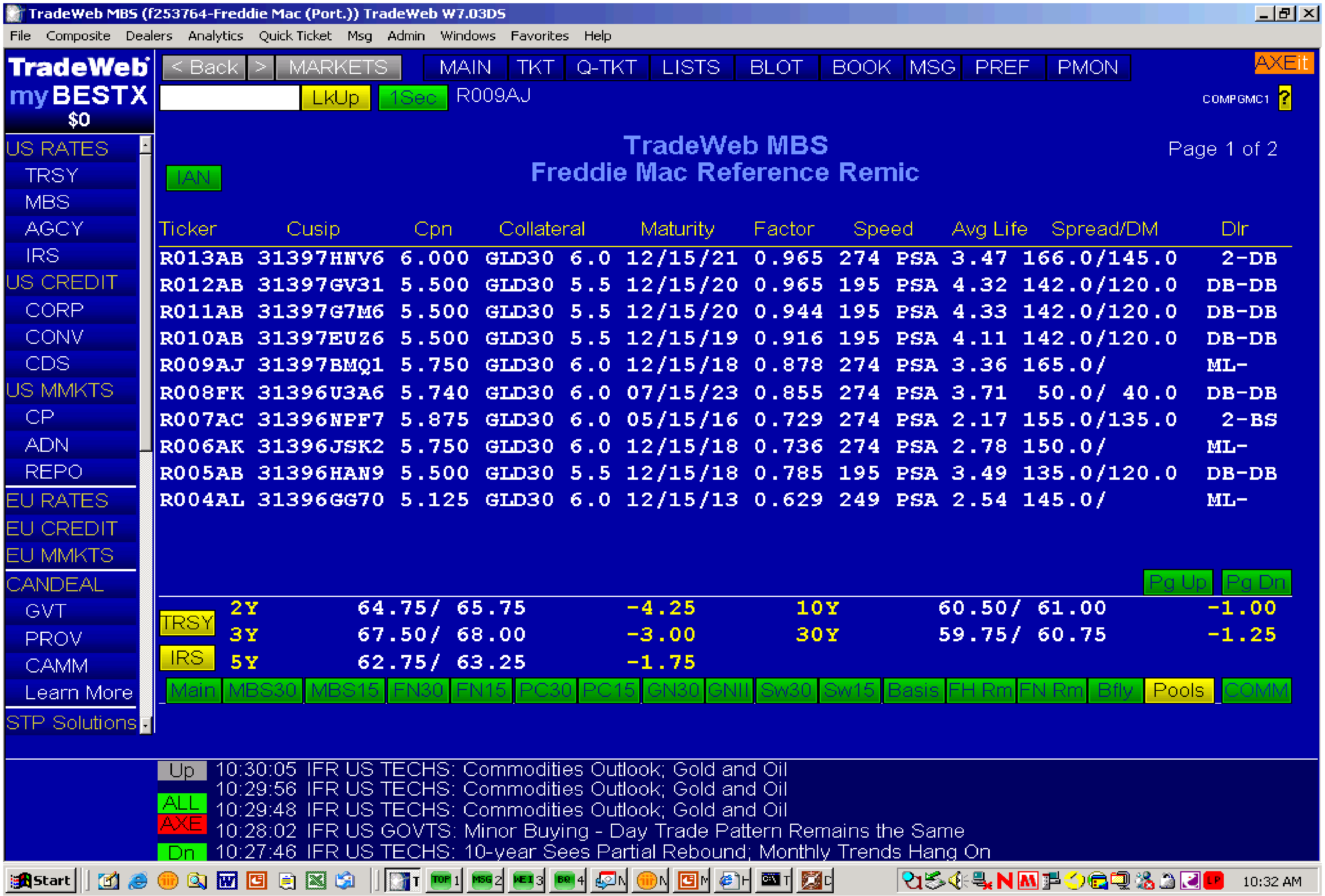
| | Freddie Mac Reference REMIC | Prepayment Linked Notes | Syndicated Callables | ABS |
|---|---|---|---|---|
| **TradeWeb Eligibility** | √ | Some | √ | |
| **Daily Closing Prices** | √ | Some | √ | |
| **Guaranteed Shortened Final Maturity** | √ | √ | | |
| **Syndicate Led** | √ | Some | √ | √ |
| **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 | Calendar-based monthly optional issuance windows |
| Re-REMIC Eligibility | Offering dependent |
| MACR Eligibility | Offering dependent |
| TradeWeb Eligibility | Yes |

* From time to time, market conditions may warrant a minimum tranche size below $1 billion.

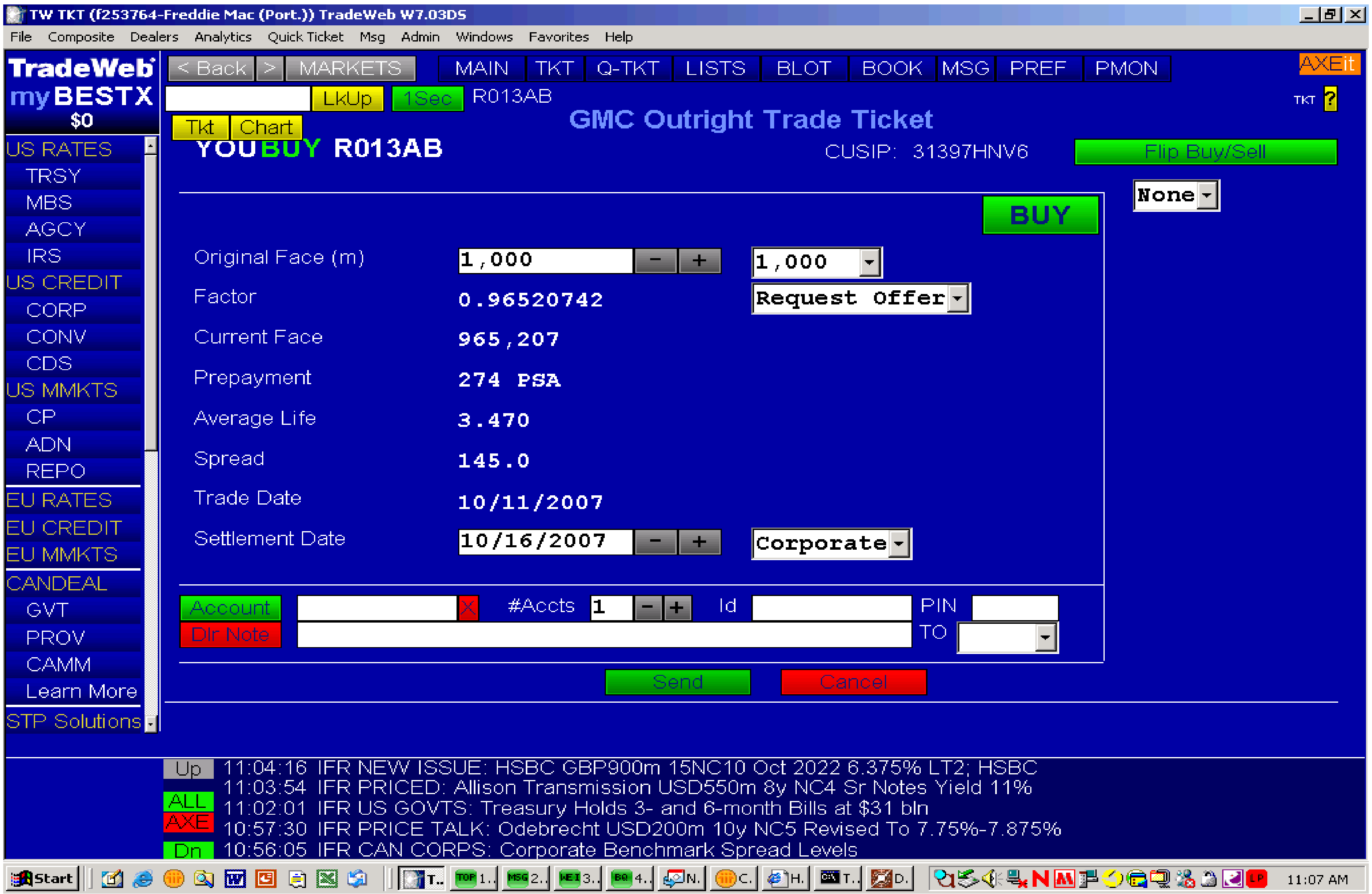
# Price transparency – Live TradeWeb prices from multiple dealers




| Ticker | Cusip | Cpn | Collateral | Maturity | Factor | Speed | Avg Life | Spread/DM | Dlr |
|---|---|---|---|---|---|---|---|---|---|
| R013AB | 31397HNV6 | 6.000 | GLD30 6.0 | 12/15/21 | 0.965 | 274 PSA | 3.47 | 166.0/145.0 | 2-DB |
| R012AB | 31397GV31 | 5.500 | GLD30 5.5 | 12/15/20 | 0.965 | 195 PSA | 4.32 | 142.0/120.0 | DB-DB |
| R011AB | 31397G7M6 | 5.500 | GLD30 5.5 | 12/15/20 | 0.944 | 195 PSA | 4.33 | 142.0/120.0 | DB-DB |
| R010AB | 31397EUZ6 | 5.500 | GLD30 5.5 | 12/15/19 | 0.916 | 195 PSA | 4.11 | 142.0/120.0 | DB-DB |
| R009AJ | 31397BMQ1 | 5.750 | GLD30 6.0 | 12/15/18 | 0.878 | 274 PSA | 3.36 | 165.0/ | ML- |
| R008FK | 31396U3A6 | 5.740 | GLD30 6.0 | 07/15/23 | 0.855 | 274 PSA | 3.71 | 50.0/ 40.0 | DB-DB |
| R007AC | 31396NPF7 | 5.875 | GLD30 6.0 | 05/15/16 | 0.729 | 274 PSA | 2.17 | 155.0/135.0 | 2-BS |
| R006AK | 31396JSK2 | 5.750 | GLD30 6.0 | 12/15/18 | 0.736 | 274 PSA | 2.78 | 150.0/ | ML- |
| R005AB | 31396HAN9 | 5.500 | GLD30 5.5 | 12/15/18 | 0.785 | 195 PSA | 3.49 | 135.0/120.0 | DB-DB |
| R004AL | 31396GG70 | 5.125 | GLD30 6.0 | 12/15/13 | 0.629 | 249 PSA | 2.54 | 145.0/ | ML- |

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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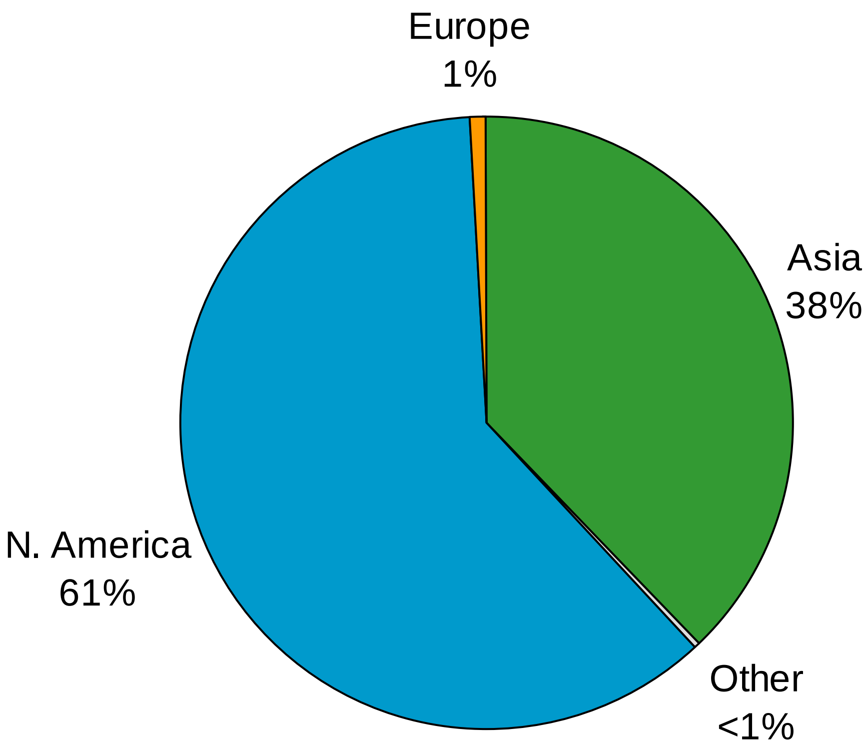
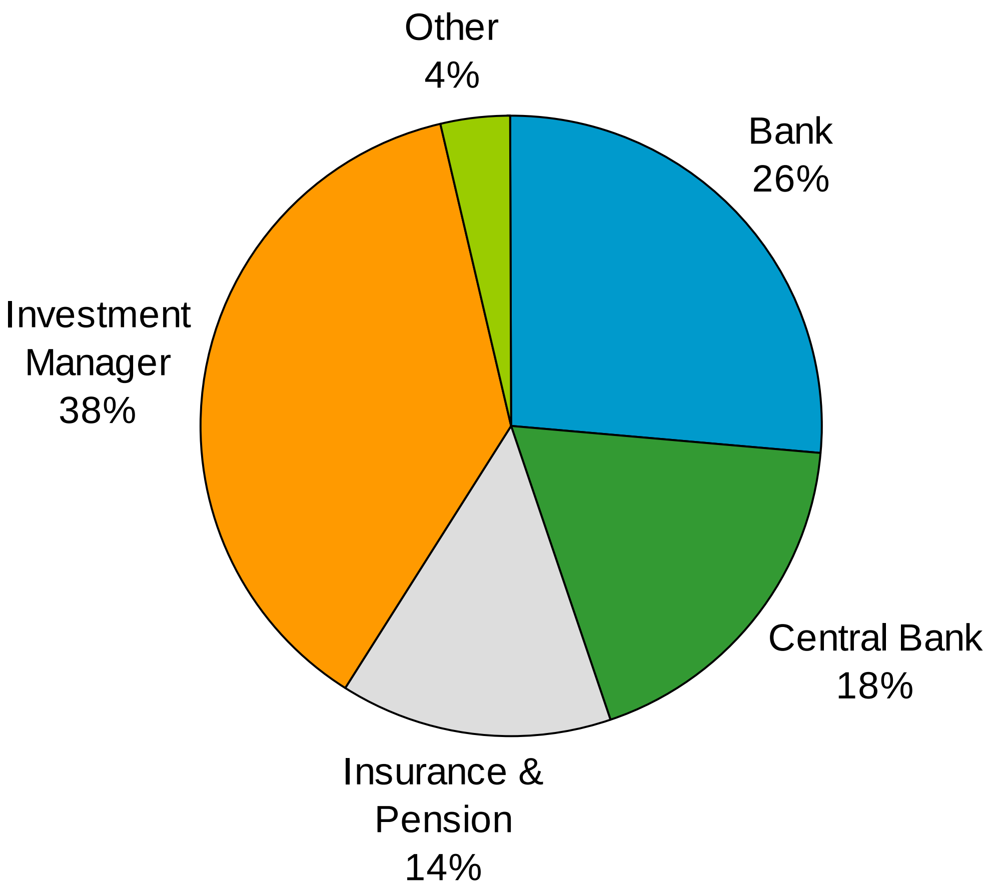
# Reference REMIC securities access diverse pools of global capital

**Geographical area**




**Investor type**




Note: Data reflects orders placed in Freddie Mac's Reference REMIC® securities.

Source: Freddie Mac. Data as of September 30, 2007.

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