Appendix 1: Materials used by Mr. Dudley
(1) Investment Bank Equity Prices
August 1, 2007 – September 15, 2008

Source: Bloomberg

(2) Investment Bank CDS Spreads
August 1, 2007 – September 15, 2008

Source: Markit
(3) Large Commercial Bank Equity Prices
August 1, 2007 – September 15, 2008

Index to 100 on 8/1/07

Source: Bloomberg

(4) Large Commercial Bank CDS Spreads
August 1, 2007 – September 15, 2008

Source: Markit
(5) Regional Bank Equity Prices
August 1, 2007 – September 15, 2008

Source: Bloomberg

(6) Regional Bank CDS Spreads
August 1, 2007 – September 15, 2008

Source: Markit
(7) Agency Debt Spreads
March 1, 2008 – September 15, 2008
Source: Bloomberg

(8) Mortgage Option Adjusted Spreads
January 1, 2007 – September 12, 2008
Source: Lehman Brothers
(9) Fannie Mae and Freddie Mac Equity Prices
August 1, 2007 – September 15, 2008

Source: Bloomberg

(10) Fannie Mae and Freddie Mac CDS Spreads
August 1, 2007 – September 12, 2008

Source: Markit
### (11) Changes in Financial Conditions
1989 – 2008

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Fed Funds Target Rate (bps)</strong></td>
<td>-325</td>
<td>-525</td>
<td>-675</td>
</tr>
<tr>
<td><strong>Interest Rate Levels (bps)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-Month LIBOR</td>
<td>-254</td>
<td>-529</td>
<td>-694</td>
</tr>
<tr>
<td>30-Year Fixed Conforming Mortgage</td>
<td>-76</td>
<td>-152</td>
<td>-301</td>
</tr>
<tr>
<td>Moody's Baa-Rated Corporate Index</td>
<td>52</td>
<td>-66</td>
<td>-199</td>
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<tr>
<td><strong>Interest Rate Swap Spreads (bps)</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3-Month LIBOR - OIS</td>
<td>75</td>
<td>-12</td>
<td>-2</td>
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<tr>
<td>30Y Fixed Mortgage - 5Y Treasury</td>
<td>85</td>
<td>64</td>
<td>76</td>
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<tr>
<td>Moody's Baa Corporate Index - 10Y Treasury</td>
<td>154</td>
<td>60</td>
<td>71</td>
</tr>
<tr>
<td><strong>Exchange Rate (%)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nominal Trade-Weighted Dollar</td>
<td>-2</td>
<td>-8</td>
<td>-17</td>
</tr>
<tr>
<td><strong>Household Wealth (%)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>-14</td>
<td>-29</td>
<td>35</td>
</tr>
<tr>
<td>Case-Shiller 10-City Home Price Index</td>
<td>-17</td>
<td>25</td>
<td>-3</td>
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<tr>
<td><strong>Lending Standards (%)</strong></td>
<td></td>
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</tr>
<tr>
<td>Change in Net % Tightening</td>
<td>58</td>
<td>-6</td>
<td>-30</td>
</tr>
</tbody>
</table>


**Lending standards are the simple average of the net % of respondents to the Senior Loan Officer Survey reporting tightening standards on C&I, commercial real estate, mortgage, credit card, and other consumer loans. Changes for 1989-1994 are based on a start-date of July 1990, when the data is first available.

Source: Federal Reserve Bank of New York
(12) U.S. Equity Indices
August 1, 2007 – September 15, 2008

Index to 100 on 8/1/07

Source: Bloomberg

(13) Global Credit Default Swap Spreads
August 1, 2007 – September 12, 2008

Source: Bloomberg, Lehman Brothers
(14) One-Month Libor–OIS Spreads
July 1, 2007 – September 15, 2008

Source: Bloomberg

(15) Three-Month Libor – OIS Spreads
July 1, 2007 – September 15, 2008

Source: Bloomberg
### (16) TAF Auction Results
#### December 20, 2007 – September 11, 2008

#### Chart

- **Bid-to-Cover Ratio (RHS)**
- **TAF Stop-Out Spread to Minimum Bid Rate (LHS)**

**Source:** Federal Reserve Board

### (17) Federal Reserve Term Securities Lending Facility Options Program Results
#### August 27, 2008 – September 10, 2008

<table>
<thead>
<tr>
<th>Auction Date</th>
<th>Auction Settlement Date</th>
<th>Term</th>
<th>Collateral</th>
<th>Amount</th>
<th>Minimum Fee Rate</th>
<th>Stop-out Propositions</th>
<th>Bid/Cover</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/27/2008</td>
<td>9/25/2008</td>
<td>7 Days</td>
<td>Schedule 2</td>
<td>$50 b</td>
<td>0.01%</td>
<td>$51.0 b</td>
<td>2.04</td>
</tr>
<tr>
<td>9/10/2008</td>
<td>9/25/2008</td>
<td>7 Days</td>
<td>Schedule 2</td>
<td>$50 b</td>
<td>0.01%</td>
<td>$54.5 b</td>
<td>2.18</td>
</tr>
</tbody>
</table>

**Source:** Federal Reserve Bank of New York
(18) Commodity Prices
January 1, 2008 – September 15, 2008

Source: Bloomberg

(19) Dollar Appreciates Against Euro and Great British Pound
January 1, 2008 – September 15, 2008

Source: Bloomberg

(20) Dollar Strengthens Against Euro Despite Worsening Interest Rate Differentials
January 1, 2007 – September 15, 2008

Source: Bloomberg
(21) Correlation Between Weekly Changes in S&P GSCI Index and the Trade-Weighted Dollar*
January 1, 1988 – September 15, 2008

Source: Bloomberg

* Six-month rolling correlation of percentage changes in the weekly average of daily closing prices of the S&P GSCI Spot Index and the Trade-Weighted Dollar Spot Index

(22) Spread Between Nominal and Inflation Protected Treasury Yields
January 1, 2007 – September 15, 2008

Source: Bloomberg

(23) TIPS Implied Average Rate of Inflation: 5-10 Year Horizon
January 1, 2007 – September 12, 2008

Source: Federal Reserve Board, Barclays Capital
(24) Fed Funds Futures Curves

Source: Bloomberg

(25) Eurodollar Futures Curves

Source: Bloomberg
(26) Probabilities for Policy Rate Outcomes: September FOMC Meeting
May 1, 2008 – September 11, 2008

Source: Federal Reserve Bank of Cleveland

(27) Probabilities for Policy Rate Outcomes: October FOMC Meeting
August 1, 2008 – September 11, 2008

Source: Federal Reserve Bank of Cleveland
(28) Distribution of Expected Policy Target Rate Among Primary Dealers Prior to September 16 FOMC Meeting

Source: Dealer Policy Survey

(29) Distribution of Expected Policy Target Rate Among Primary Dealers Prior to August 5 FOMC Meeting

Source: Dealer Policy Survey
## APPENDIX: Reference Exhibits

### (30) Weekly Changes in Aggregate FIMA Holdings of Agency MBS
**September 5, 2007 – September 10, 2008**

Source: Federal Reserve Bank of New York

### (31) Global Equity Indices
**August 1, 2007 – September 15, 2008**

Source: Bloomberg
(32) **Forward Three-Month Libor-OIS Spreads**  
July 1, 2007 – September 12, 2008

Source: Reuters

(33) **U.S. Dollar Net Long Positioning by Non-Commercial Accounts Increases**  
January 1, 2007 – September 1, 2008

*Calculated as ($ amount of non-commercial long - short positioning) / ($ amount of total open interest). USD compared against the following currencies: EUR, JPY, GBP, CHF, CAD, MXN, AUD

Source: Bloomberg, Chicago Mercantile Exchange
Appendix 2: Materials used by Mr. Madigan
Class I FOMC – Restricted Controlled (FR)

Material for
FOMC Briefing on Monetary Policy Alternatives
and Trial Run Survey Results

Brian Madigan
September 16, 2008
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>August FOMC</strong></td>
<td><strong>Alternative A</strong></td>
</tr>
<tr>
<td><strong>Policy Decision</strong></td>
<td>The Federal Open Market Committee decided today to keep its target for the federal funds rate at 2 percent.</td>
</tr>
<tr>
<td>1. Economic activity expanded in the second quarter, partly reflecting growth in consumer spending and exports. However, labor markets have softened further and financial markets remain under considerable stress. Tight credit conditions, the ongoing housing contraction, and elevated energy prices are likely to weigh on economic growth over the next few quarters. Over time, the substantial easing of monetary policy, combined with ongoing measures to foster market liquidity, should help to promote moderate economic growth.</td>
<td>Strains in financial markets have increased significantly and labor markets have weakened further. Overall economic growth appears to have slowed considerably, and tight credit conditions and the ongoing housing contraction are among the factors likely to weigh on growth over the next few quarters. Today’s policy action, combined with those taken earlier including the ongoing measures to foster market liquidity, should help to promote moderate economic growth over time.</td>
</tr>
<tr>
<td><strong>Rationale</strong></td>
<td>Inflation has been high, spurred by the earlier increases in the prices of energy and some other commodities, and some indicators of inflation expectations have been elevated. The Committee expects inflation to moderate later this year and next year, but the inflation outlook remains highly uncertain.</td>
</tr>
<tr>
<td><strong>Assessment of Risk</strong></td>
<td>Although downside risks to growth remain, the upside risks to inflation are also of significant concern to the Committee. The Committee will continue to monitor economic and financial developments and will act as needed to promote sustainable economic growth and price stability.</td>
</tr>
</tbody>
</table>
Survey Options

1. I prefer that the trial run encompass both Alternative 1 and Alternative 2.

2. I prefer that the trial run encompass only Alternative 1 (projections of long-run values, say 5 to 6 years ahead, absent further shocks).

3. I prefer that the trial run encompass only Alternative 2 (steady-state values).

4. I agree that a trial run should be conducted but have no preference regarding the two alternatives.

5. I propose that the following alternative approach to longer-term projections be considered (please explain)

6. Other (please explain).

Survey Responses

- Option #1
- Option #2
- Option #3
- Option #4
- Option #5
- Option #6

Number of participants:

0 1 2 3 4 5 6 7 8
Appendix 3: Materials used by Chairman Bernanke
The Federal Open Market Committee decided today to keep its target for the federal funds rate at 2 percent.

Strains in financial markets have increased significantly and labor markets have weakened further. Economic growth appears to have slowed recently, partly reflecting a softening of household spending. Tight credit conditions, the ongoing housing contraction, and some slowing in export growth are likely to weigh on economic growth over the next few quarters. Over time, the substantial easing of monetary policy, combined with ongoing measures to foster market liquidity, should help to promote moderate economic growth.

Inflation has been high, spurred by the earlier increases in the prices of energy and some other commodities. The Committee expects inflation to moderate later this year and next year, but the inflation outlook remains highly uncertain.

The downside risks to growth and the upside risks to inflation are both of significant concern to the Committee. The Committee will monitor economic and financial market developments closely and will act as needed to promote sustainable economic growth and price stability.

Voting for the FOMC monetary policy action were:

-0-