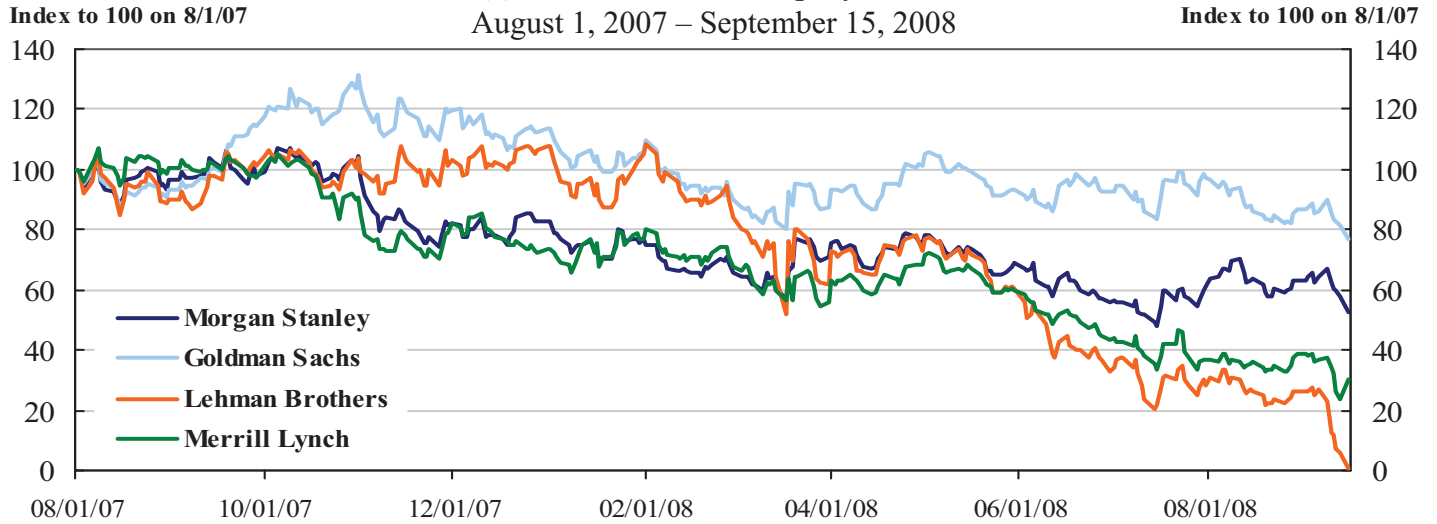


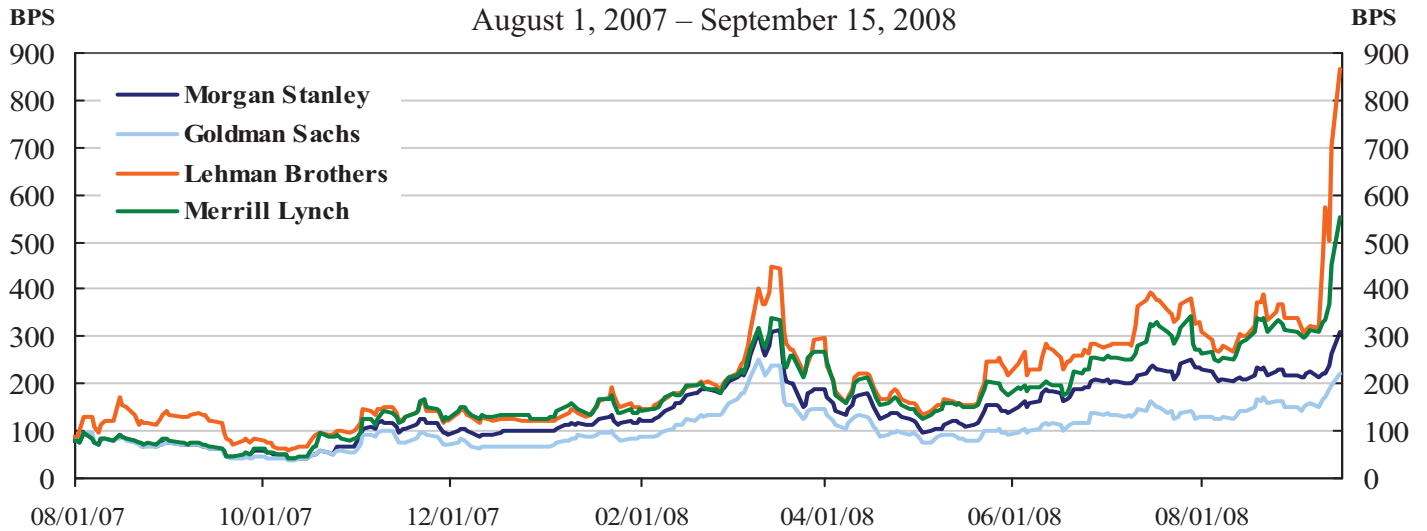
Appendix 1: Materials used by Mr. Dudley

(1) Investment Bank Equity Prices August 1, 2007 – September 15, 2008



Source: Bloomberg

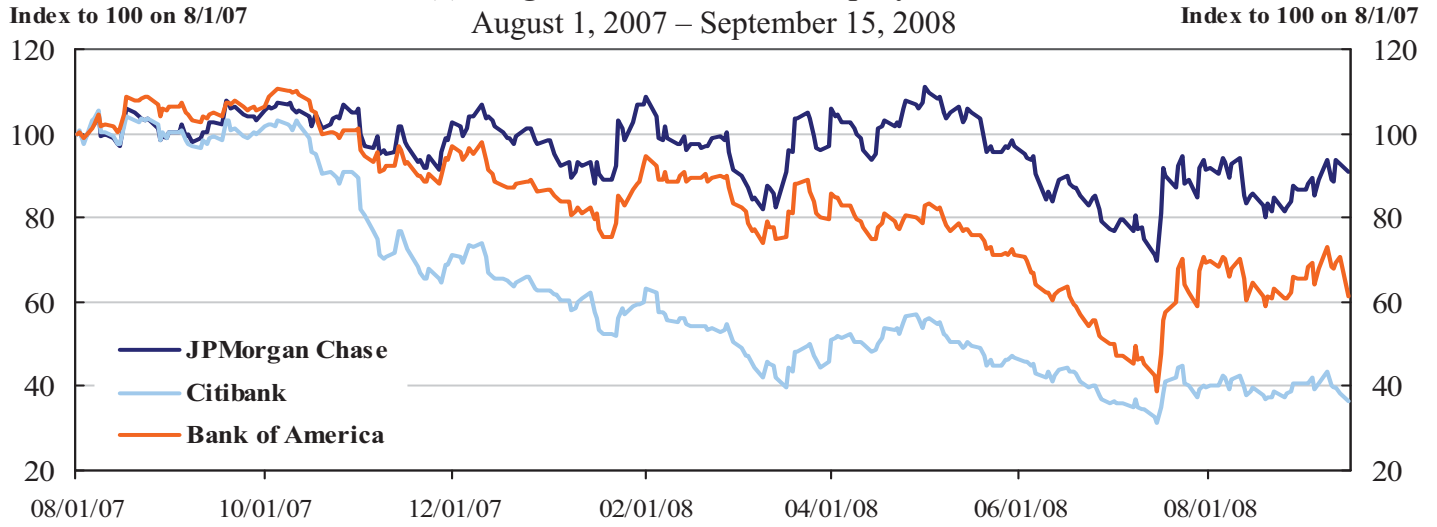
(2) Investment Bank CDS Spreads August 1, 2007 – September 15, 2008



Source: Markit

(3) Large Commercial Bank Equity Prices

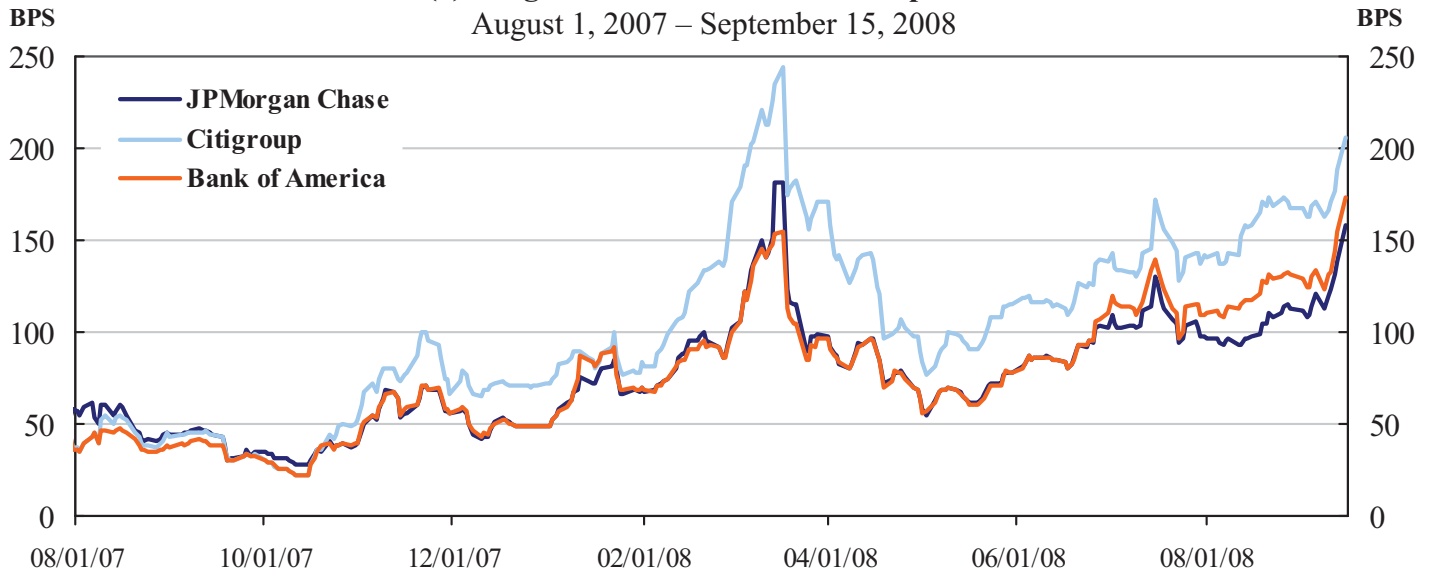
August 1, 2007 – September 15, 2008



Source: Bloomberg

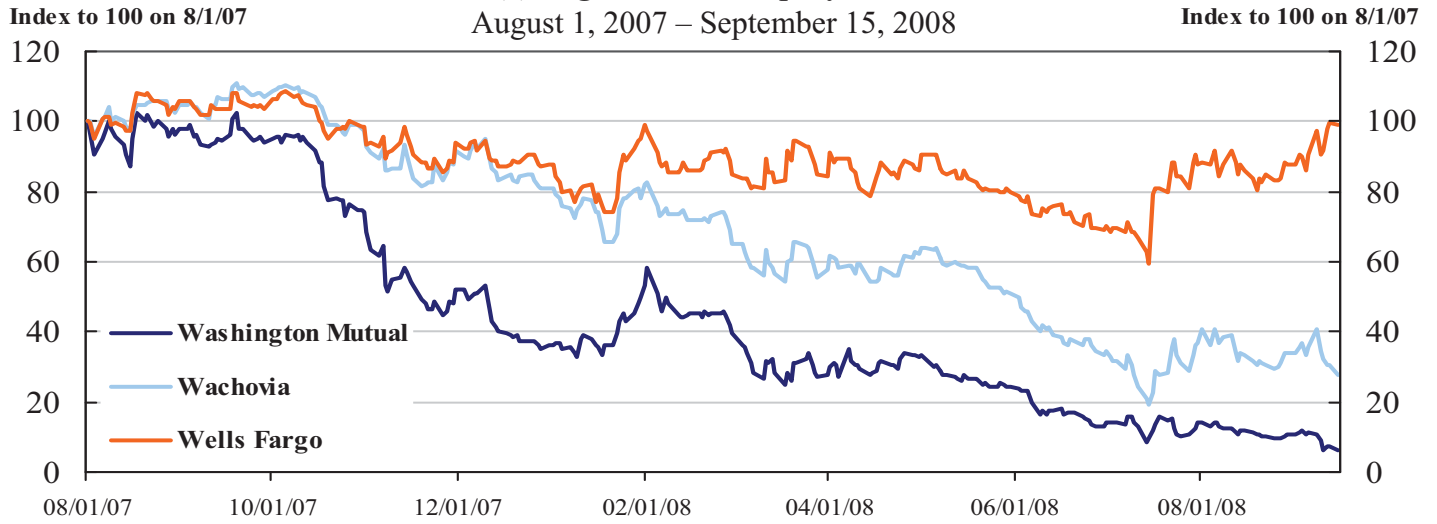
(4) Large Commercial Bank CDS Spreads

August 1, 2007 – September 15, 2008



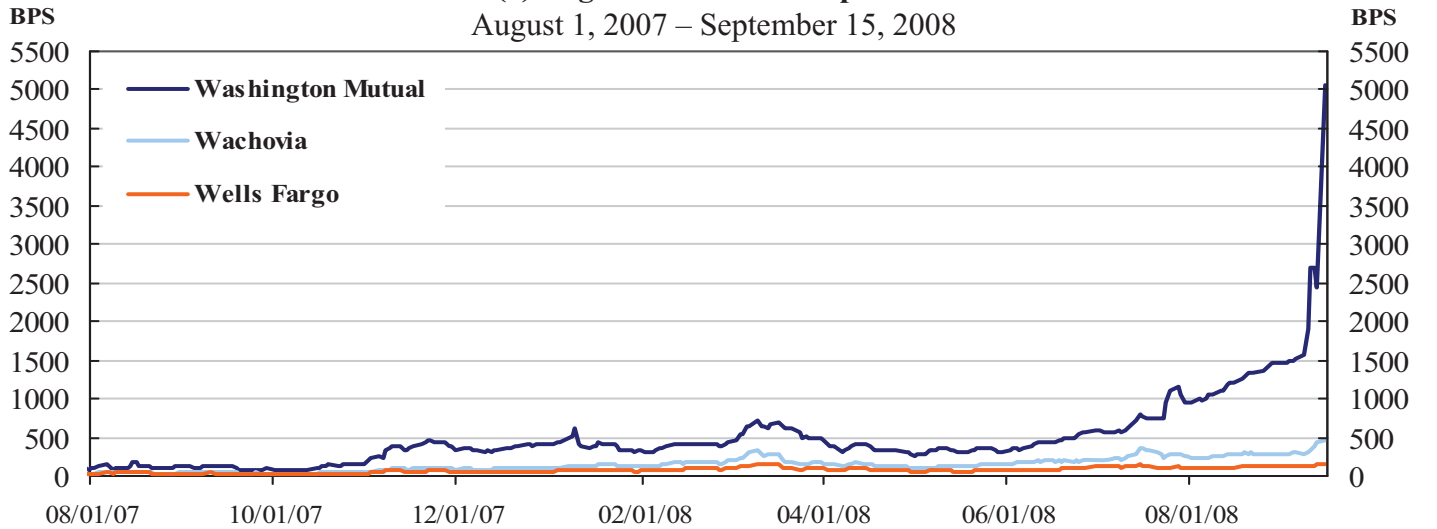
Source: Markit

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



Source: Bloomberg

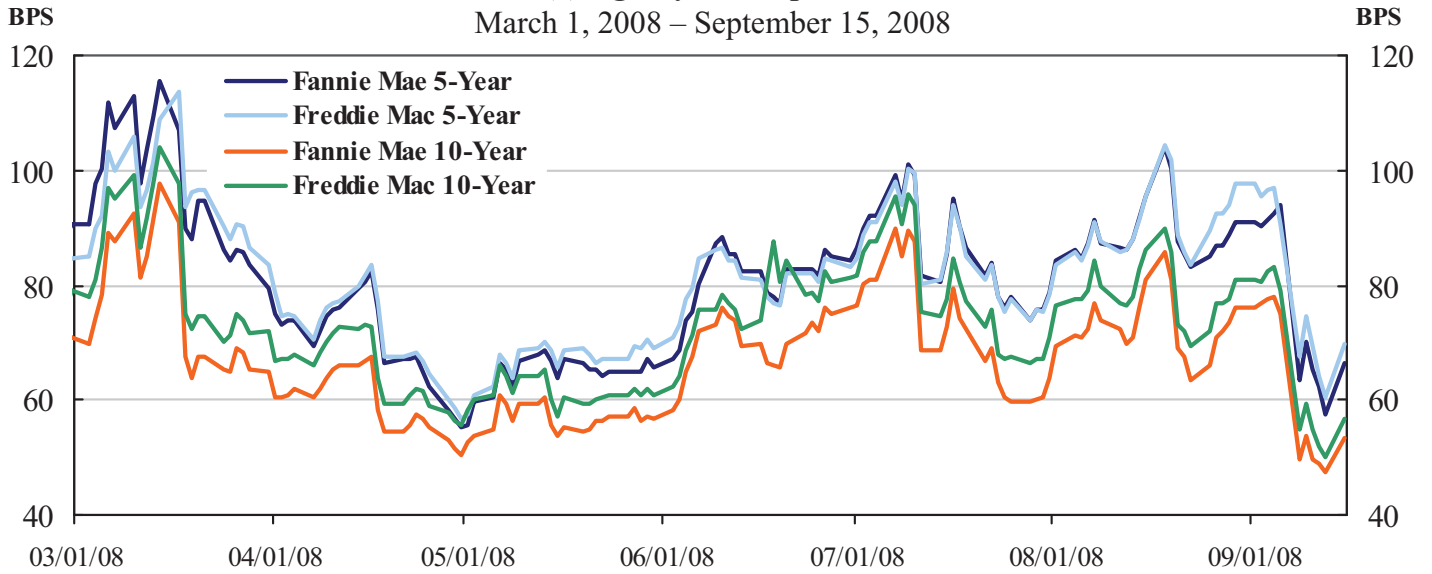
(6) Regional Bank CDS Spreads August 1, 2007 – September 15, 2008



Source: Markit

(7) Agency Debt Spreads

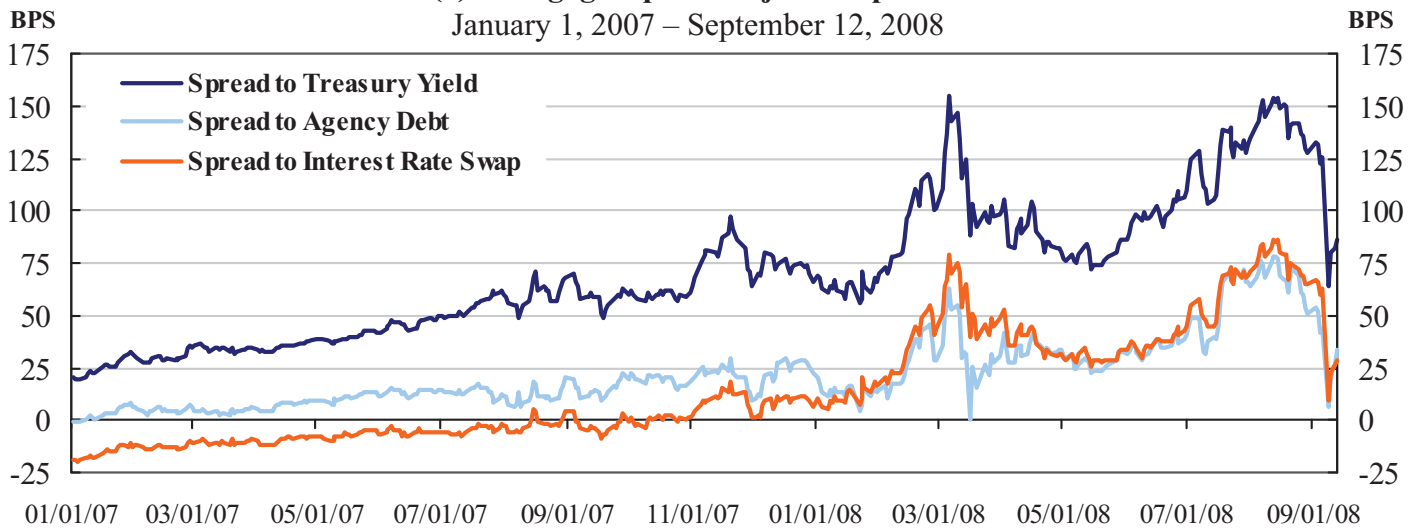
March 1, 2008 – September 15, 2008



Source: Bloomberg

(8) Mortgage Option Adjusted Spreads

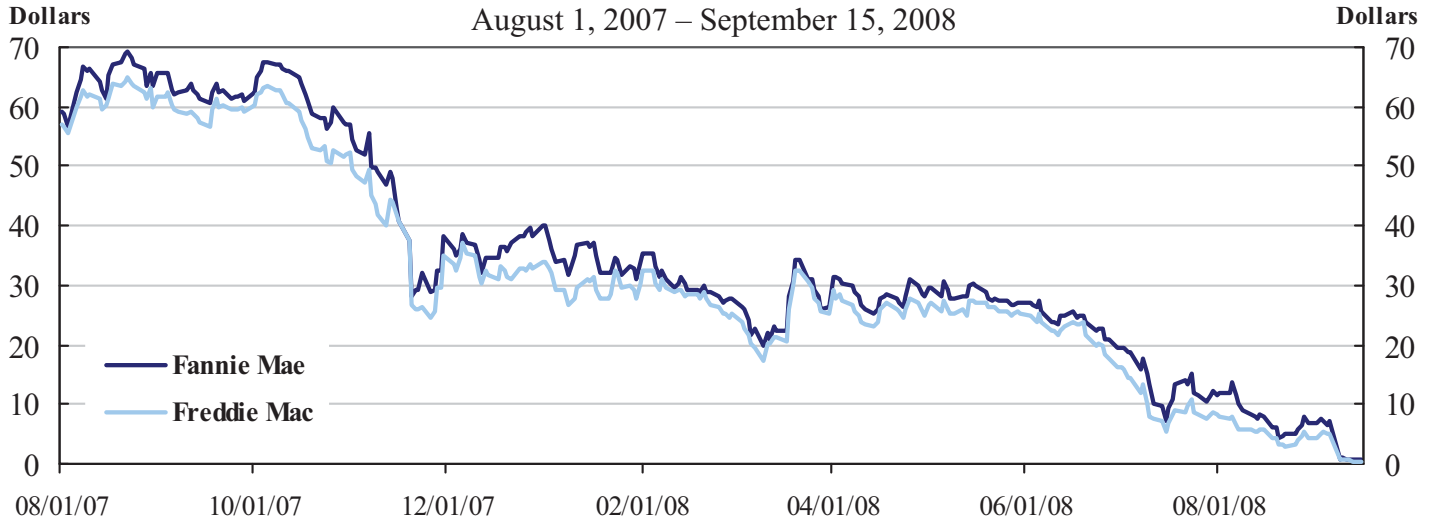
January 1, 2007 – September 12, 2008



Source: Lehman Brothers

(9) Fannie Mae and Freddie Mac Equity Prices

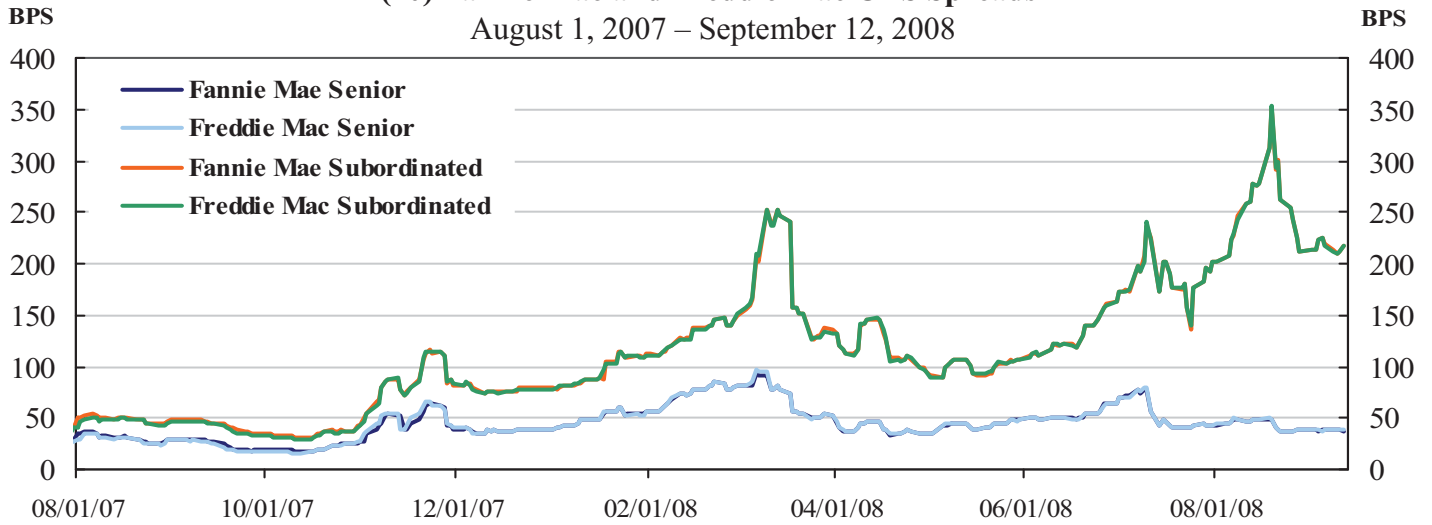
August 1, 2007 – September 15, 2008



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

	<u>Changes Across Monetary Policy Easing Cycles*</u>		
	2007-2008	2001-2002	1989-1992
Fed Funds Target Rate (bps)	-325	-525	-675
Interest Rate Levels (bps)			
3-Month LIBOR	-254	-529	-694
30-Year Fixed Conforming Mortgage	-76	-152	-301
Moody's Baa-Rated Corporate Index	52	-66	-199
Interest Rate Swap Spreads (bps)			
3-Month LIBOR - OIS	75	-12	-2
30Y Fixed Mortgage - 5Y Treasury	85	64	76
Moody's Baa Corporate Index - 10Y Treasury	154	60	71
Exchange Rate (%)			
Nominal Trade-Weighted Dollar	-2	-8	-17
Household Wealth (%)			
S&P 500	-14	-29	35
Case-Shiller 10-City Home Price Index	-17	25	-3
Lending Standards (%)**			
Change in Net % Tightening	58	-6	-30

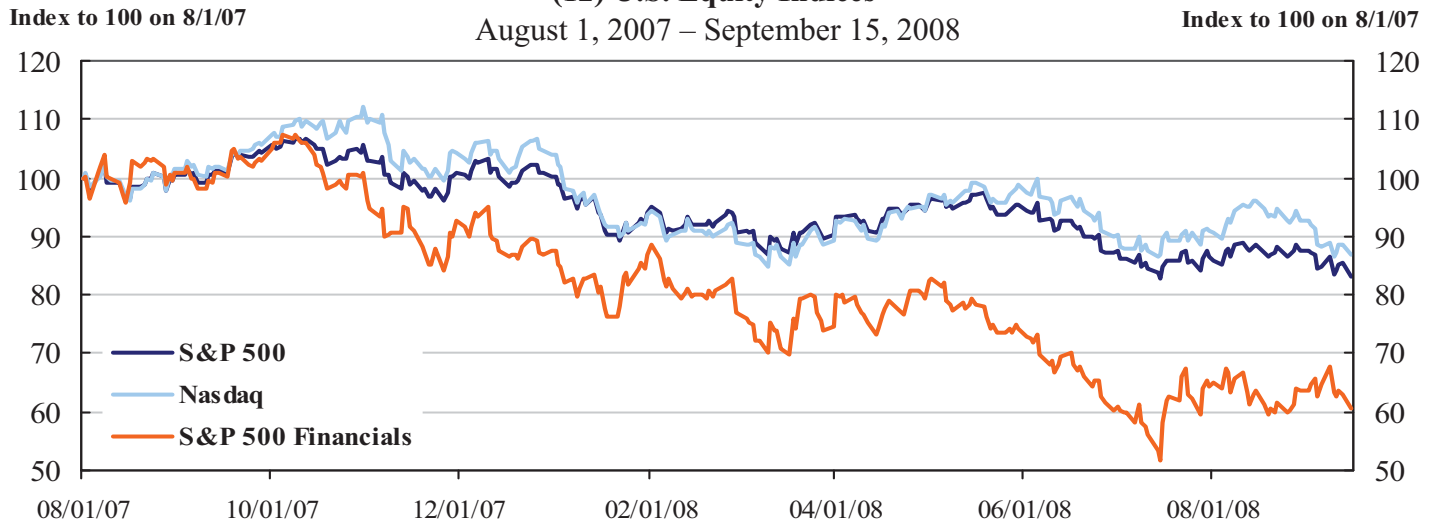
*Dates for the cycles are: 09/2007-present, 01/2001-11/2002, and 06/1989-09/1992. All data is end-of-month.

**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

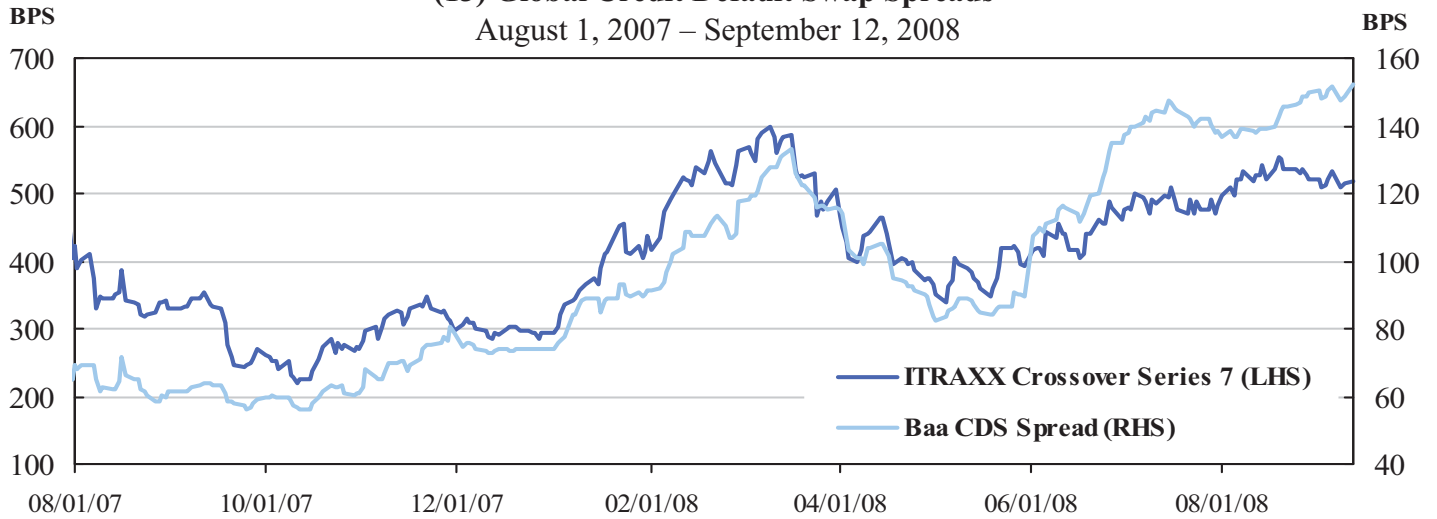
August 1, 2007 – September 15, 2008



Source: Bloomberg

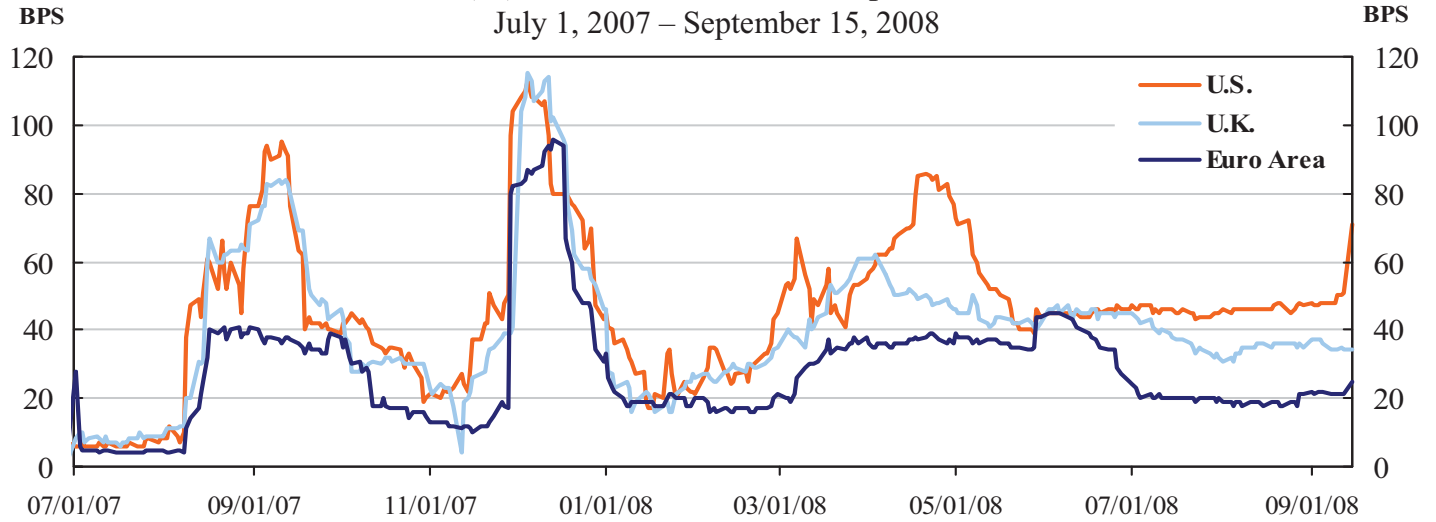
(13) Global Credit Default Swap Spreads

August 1, 2007 – September 12, 2008



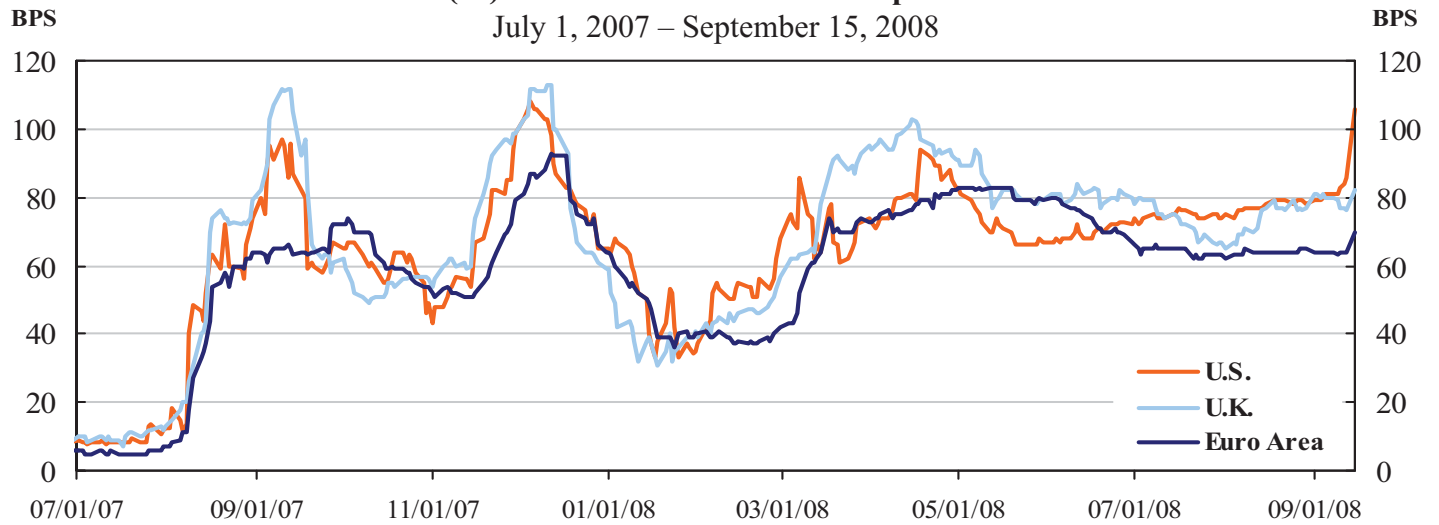
Source: Bloomberg, Lehman Brothers

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



Source: Bloomberg

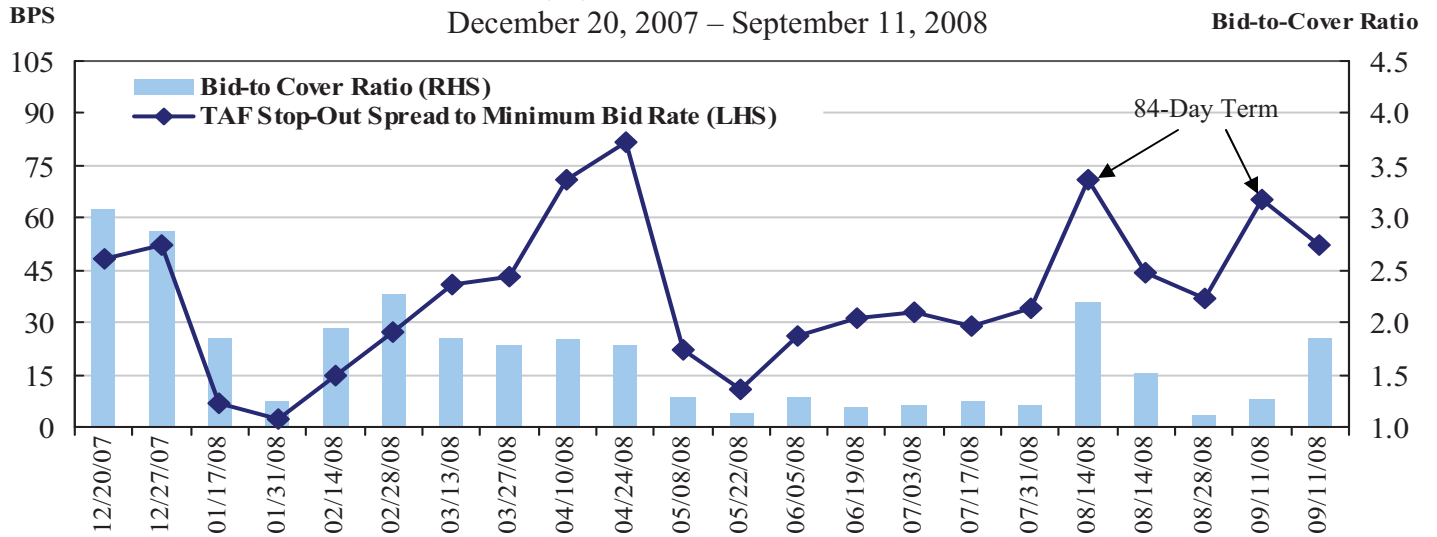
(15) Three-Month Libor – OIS Spreads
July 1, 2007 – September 15, 2008



Source: Bloomberg

(16) TAF Auction Results

December 20, 2007 – September 11, 2008



Source: Federal Reserve Board

(17) Federal Reserve Term Securities Lending Facility Options Program Results

August 27, 2008 – September 10, 2008

<u>Auction Date</u>	<u>Auction Settlement</u>	<u>Term</u>	<u>Collateral</u>	<u>Amount</u>	<u>Minimum Fee Rate</u>	<u>Stop-out Rate</u>	<u>Propositions</u>	<u>Bid/Cover</u>
8/27/2008	9/25/2008	7 Days	Schedule 2	\$50 b	0.01%	0.02%	\$51.0 b	2.04
9/10/2008	9/25/2008	7 Days	Schedule 2	\$50 b	0.01%	0.03%	\$54.5 b	2.18

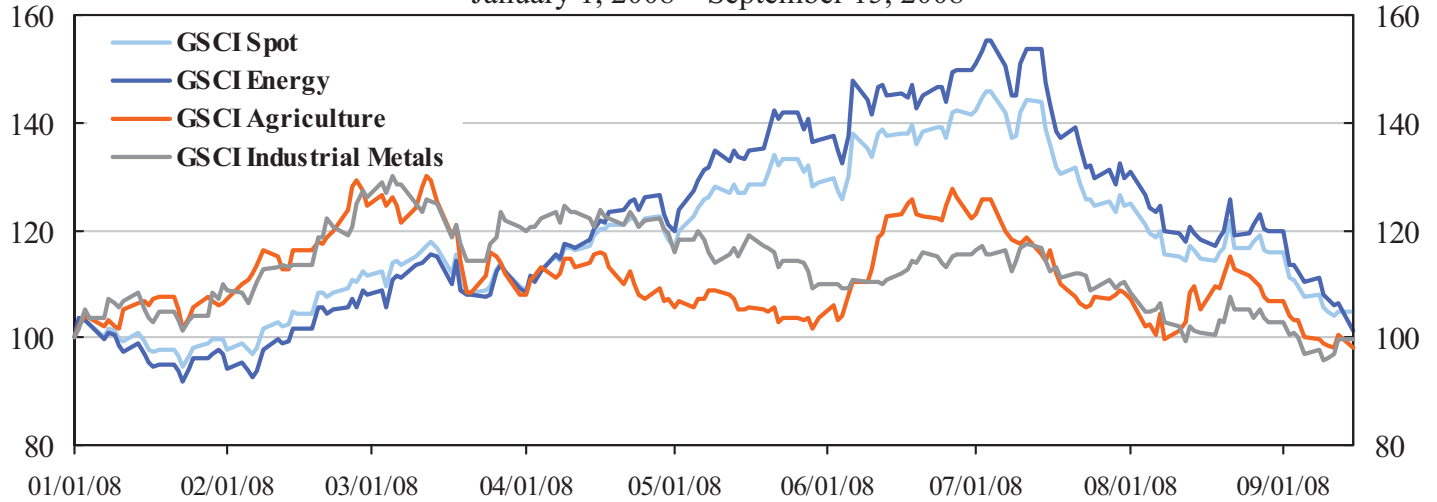
Source: Federal Reserve Bank of New York

(18) Commodity Prices

January 1, 2008 – September 15, 2008

Index to 100 on 1/1/08

Index to 100 on 1/1/08



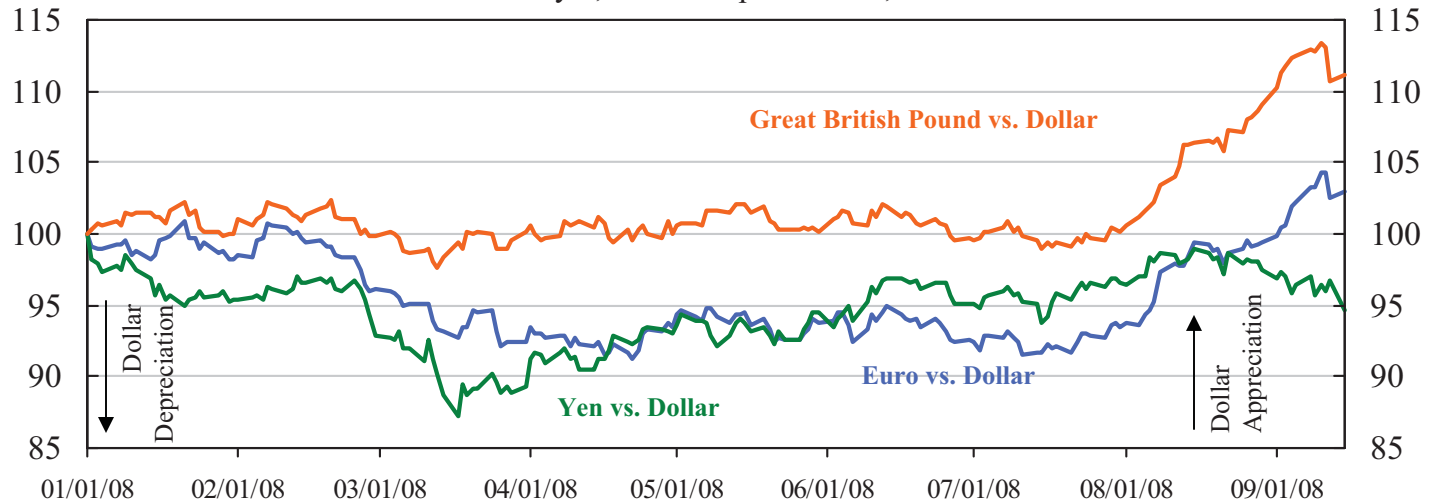
Source: Bloomberg

(19) Dollar Appreciates Against Euro and Great British Pound

January 1, 2008 – September 15, 2008

Index to 100 on 1/1/08

Index to 100 on 1/1/08



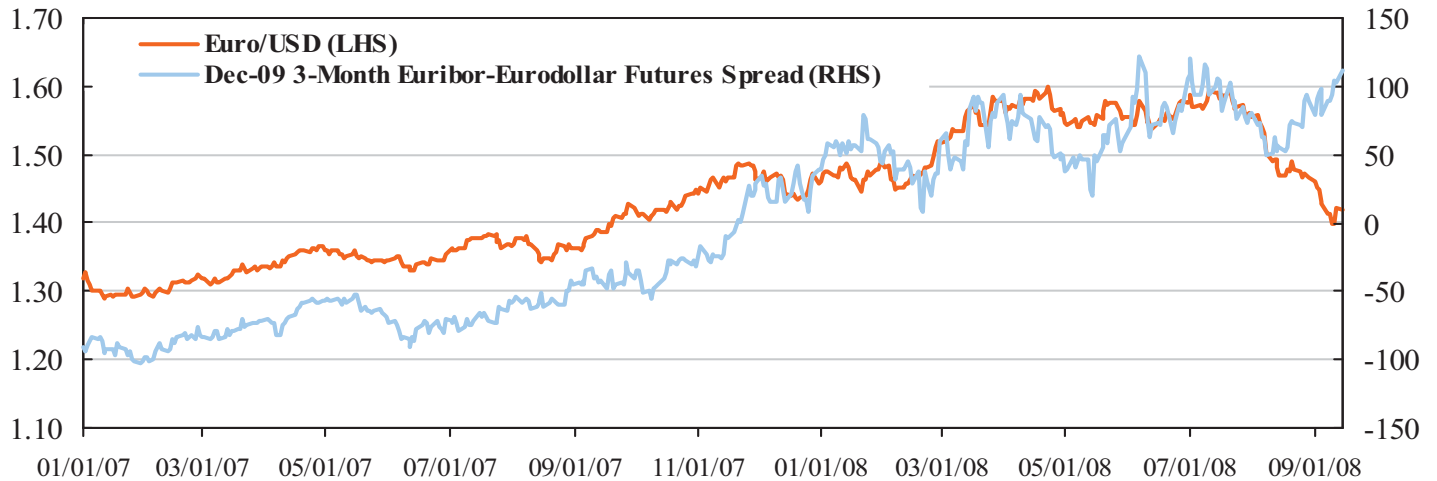
Source: Bloomberg

(20) Dollar Strengthens Against Euro Despite Worsening Interest Rate Differentials

January 1, 2007 – September 15, 2008

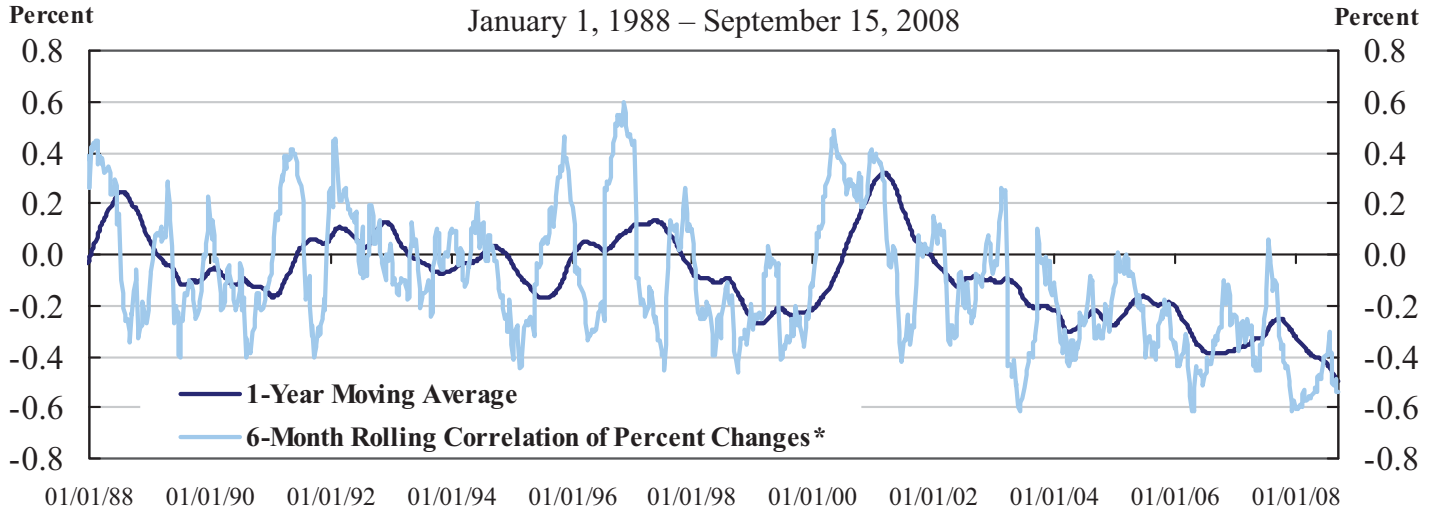
Dollars per Euro

BPS



Source: Bloomberg

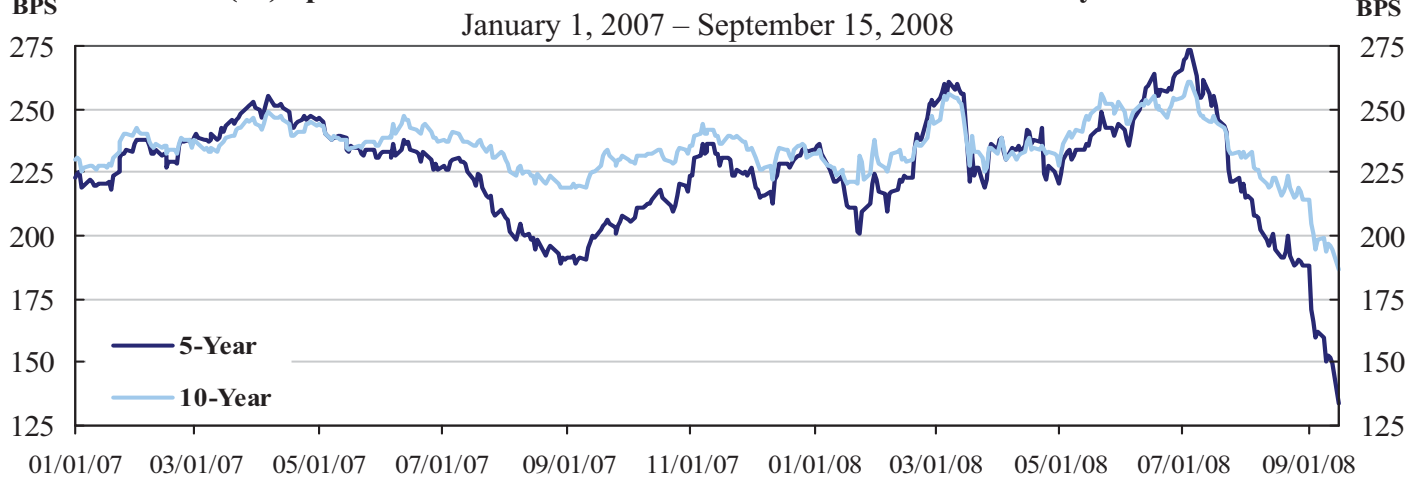
(21) Correlation Between Weekly Changes in S&P GSCI Index and the Trade-Weighted Dollar*



* 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

Source: Bloomberg

(22) Spread Between Nominal and Inflation Protected Treasury Yields

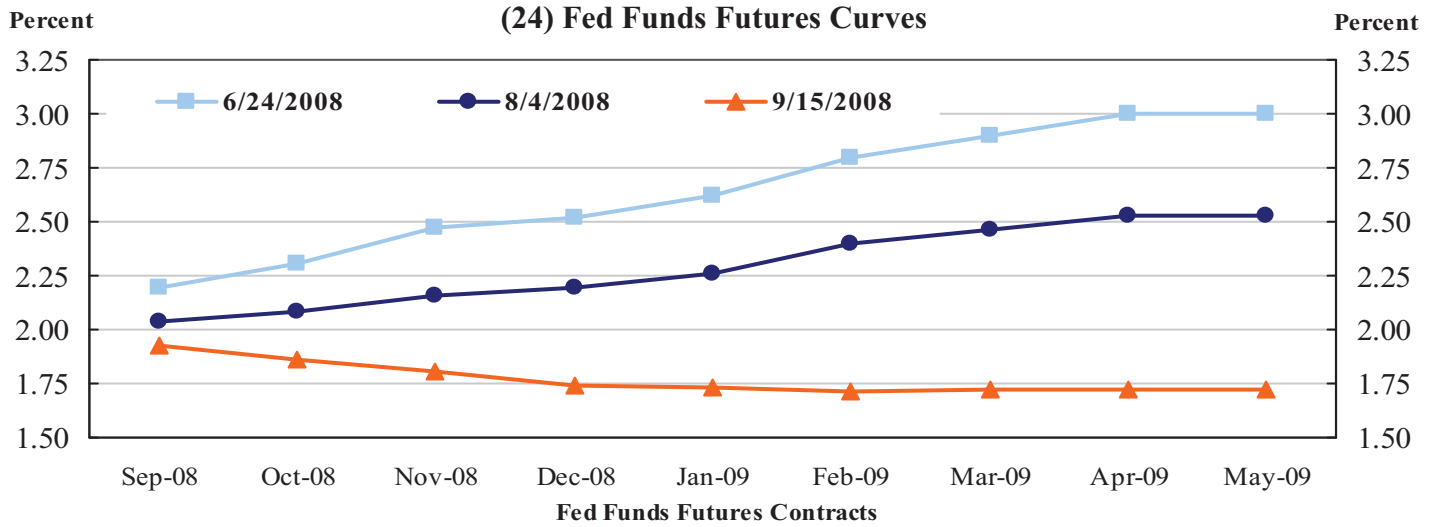


Source: Bloomberg

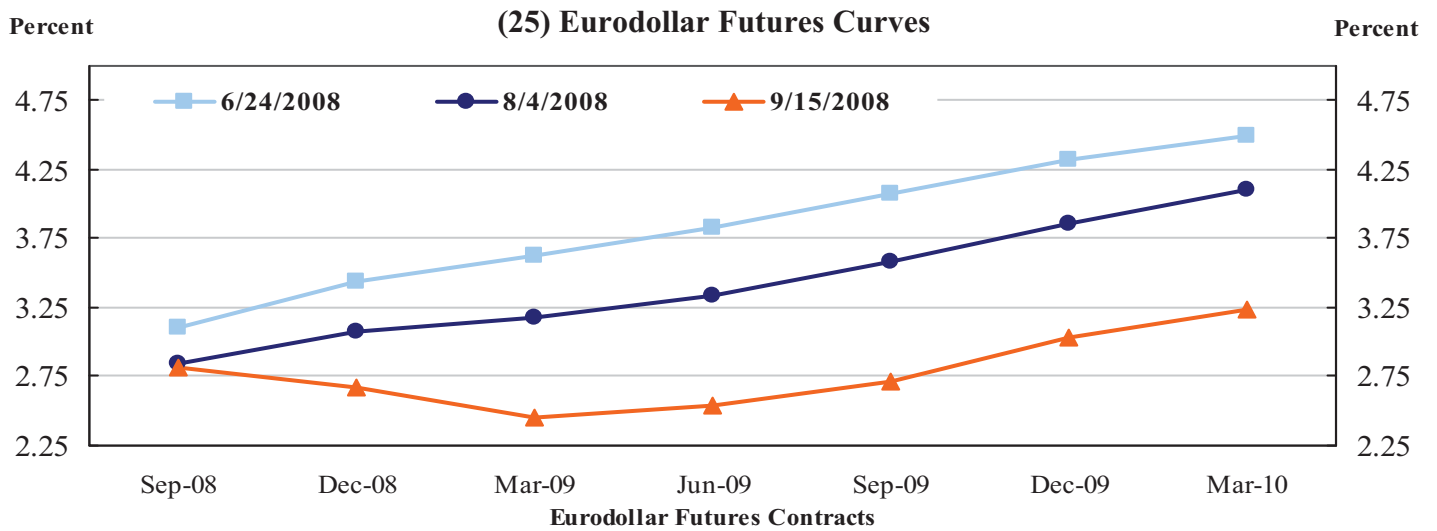
(23) TIPS Implied Average Rate of Inflation: 5-10 Year Horizon



Source: Federal Reserve Board, Barclays Capital

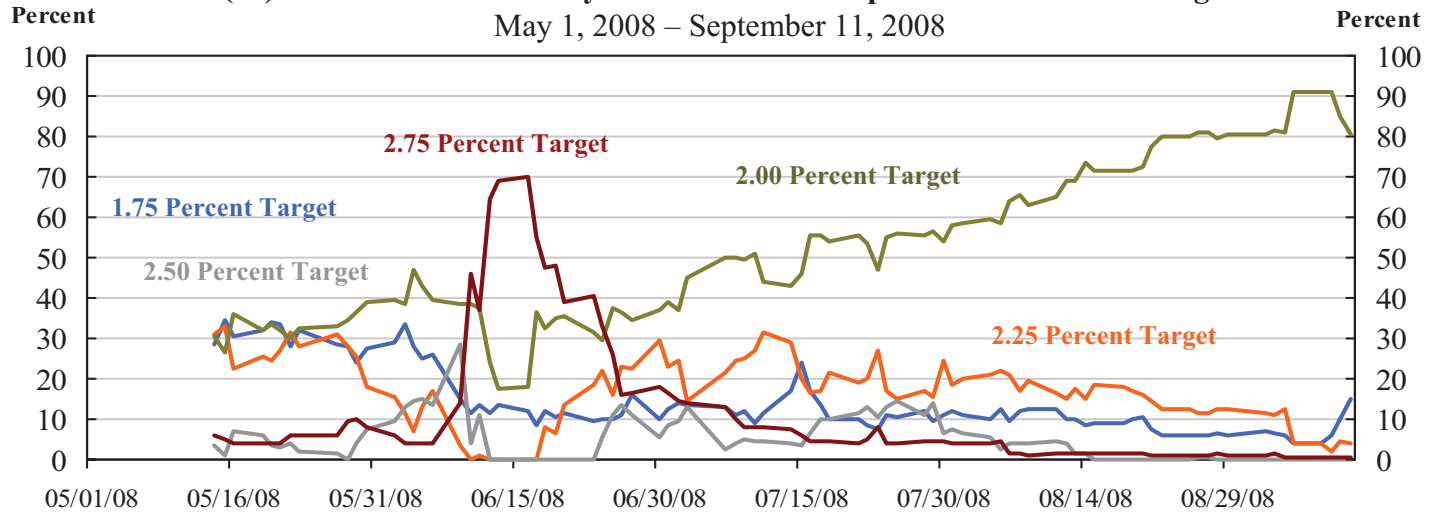


Source: Bloomberg



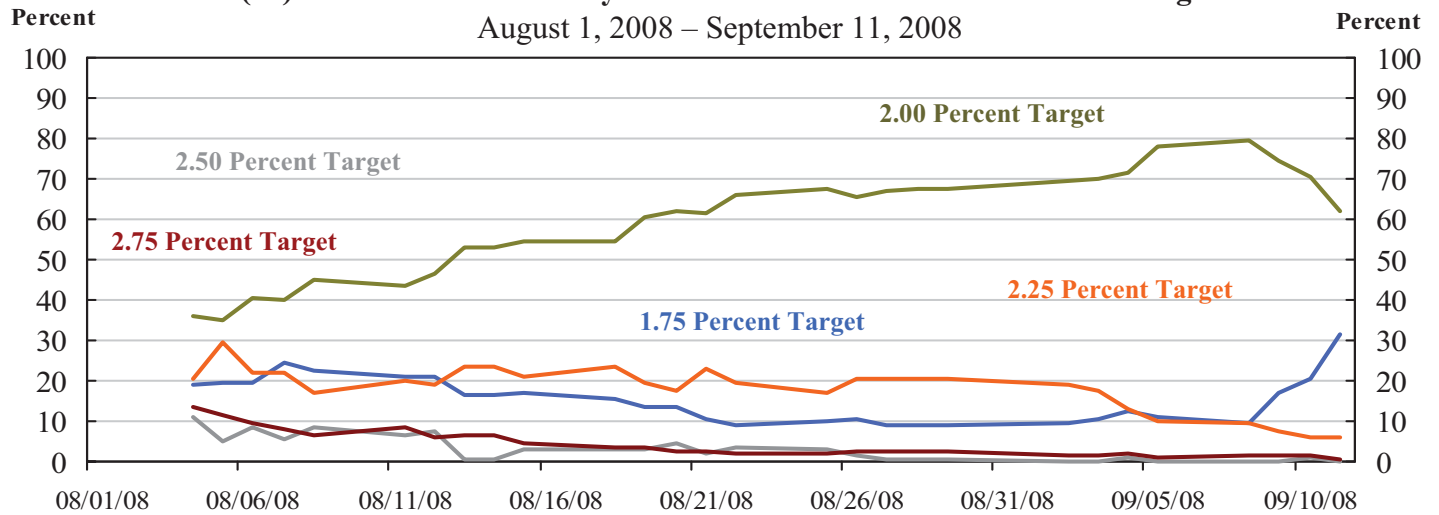
Source: Bloomberg

(26) Probabilities for Policy Rate Outcomes: September FOMC Meeting



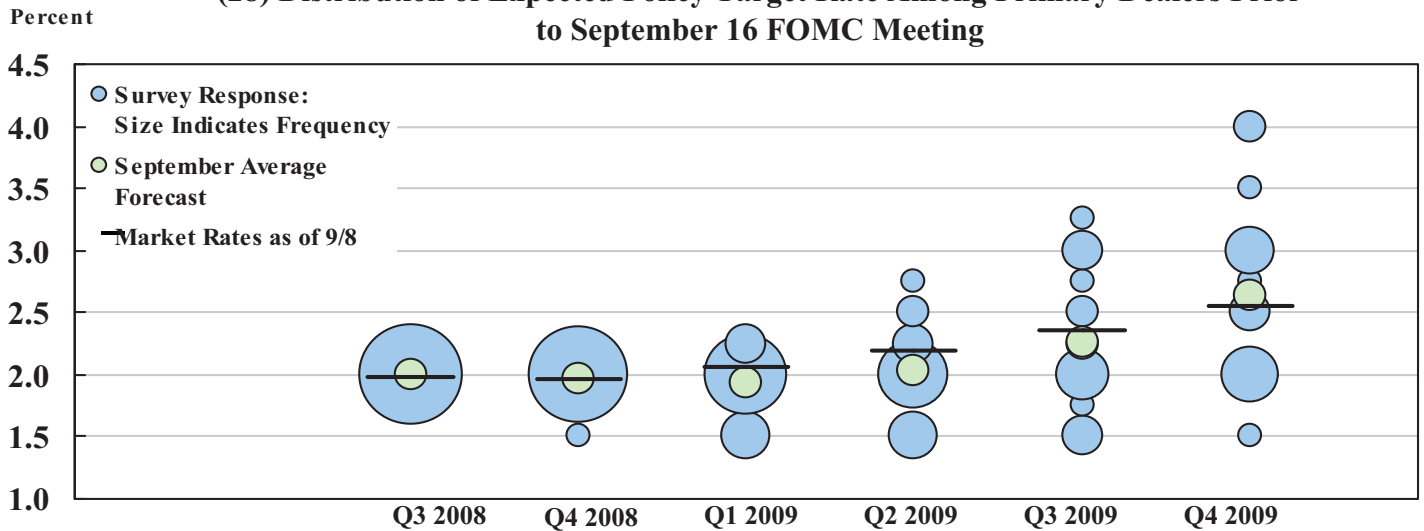
Source: Federal Reserve Bank of Cleveland

(27) Probabilities for Policy Rate Outcomes: October FOMC Meeting



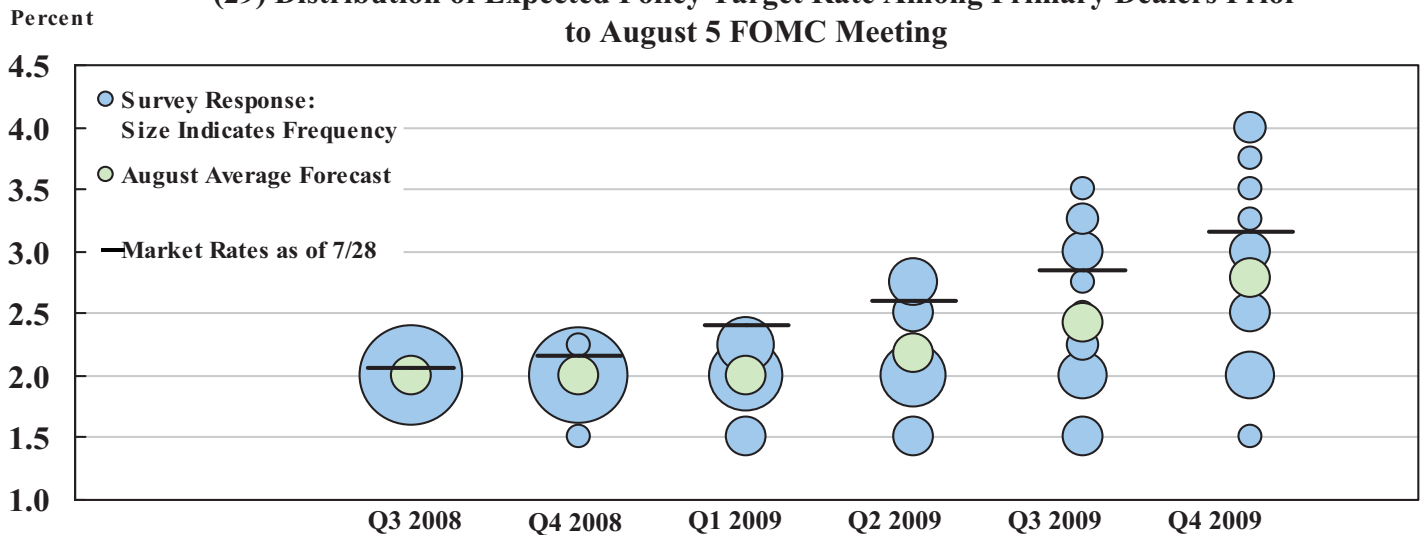
Source: Federal Reserve Bank of Cleveland

(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

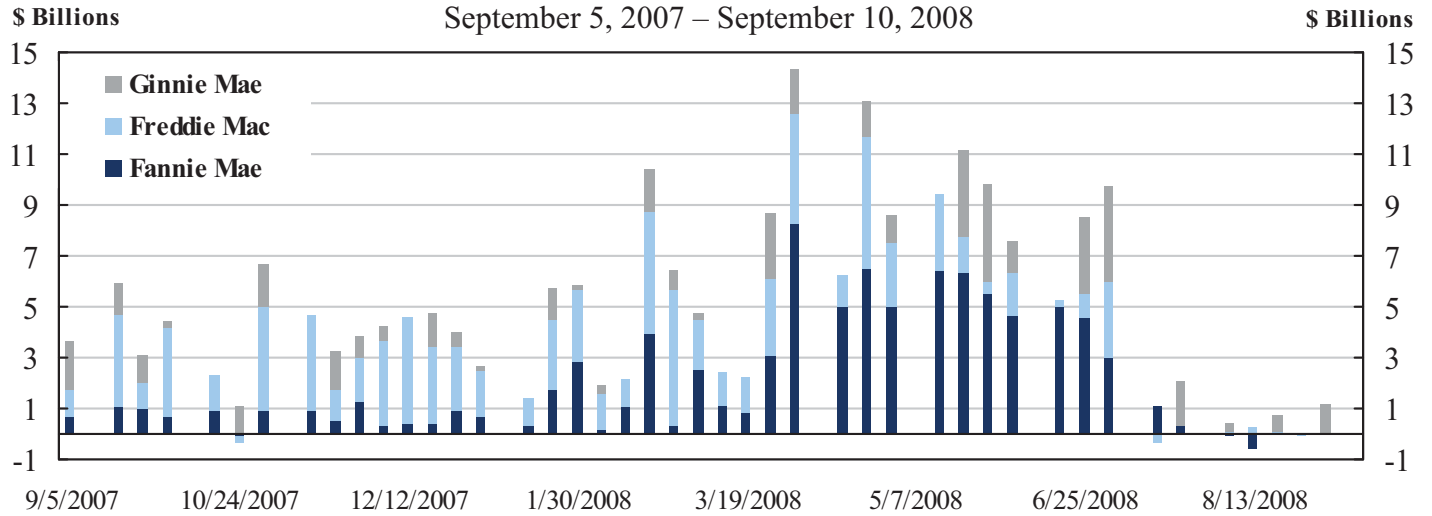


Source: Dealer Policy Survey

APPENDIX: Reference Exhibits

(30) Weekly Changes in Aggregate FIMA Holdings of Agency MBS

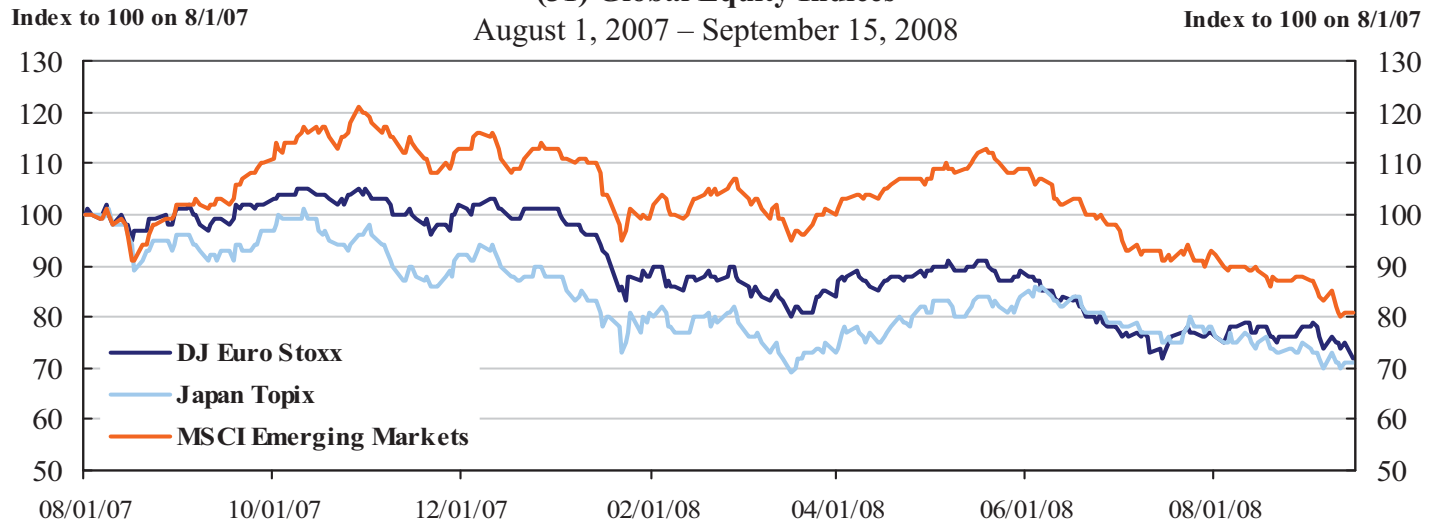
September 5, 2007 – September 10, 2008



Source: Federal Reserve Bank of New York

(31) Global Equity Indices

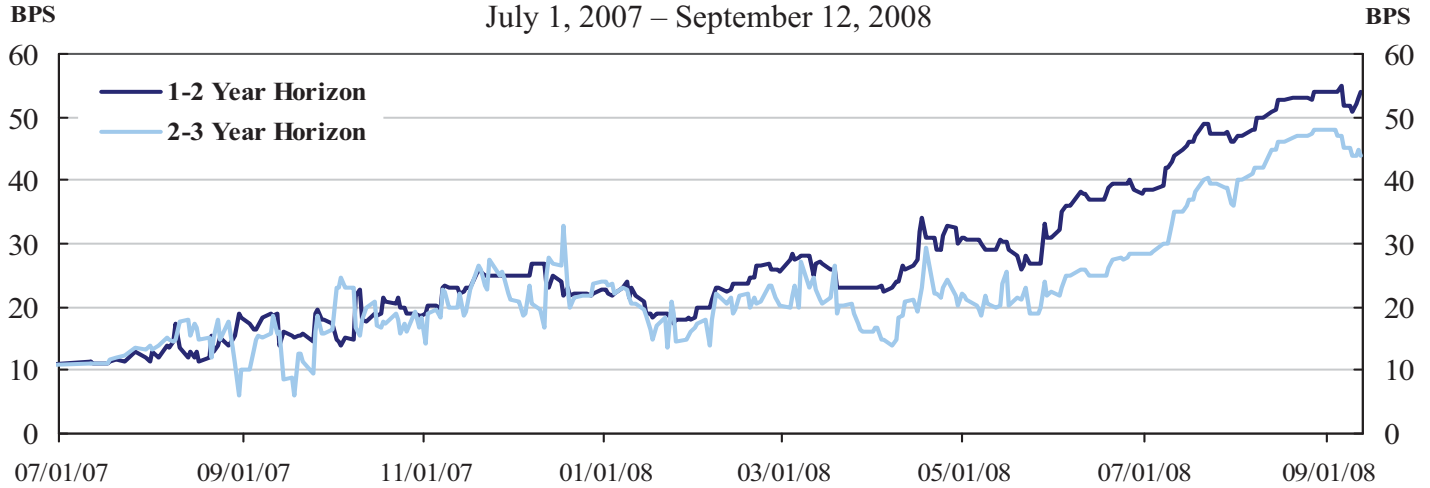
August 1, 2007 – September 15, 2008



Source: Bloomberg

(32) Forward Three-Month Libor-OIS Spreads

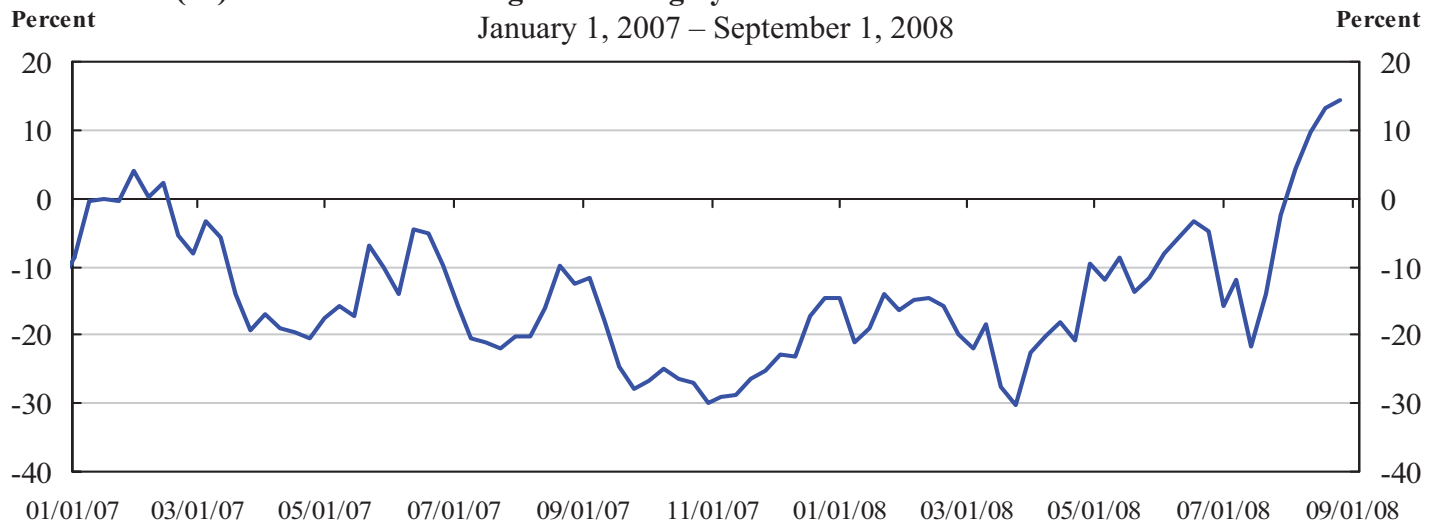
July 1, 2007 – September 12, 2008



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

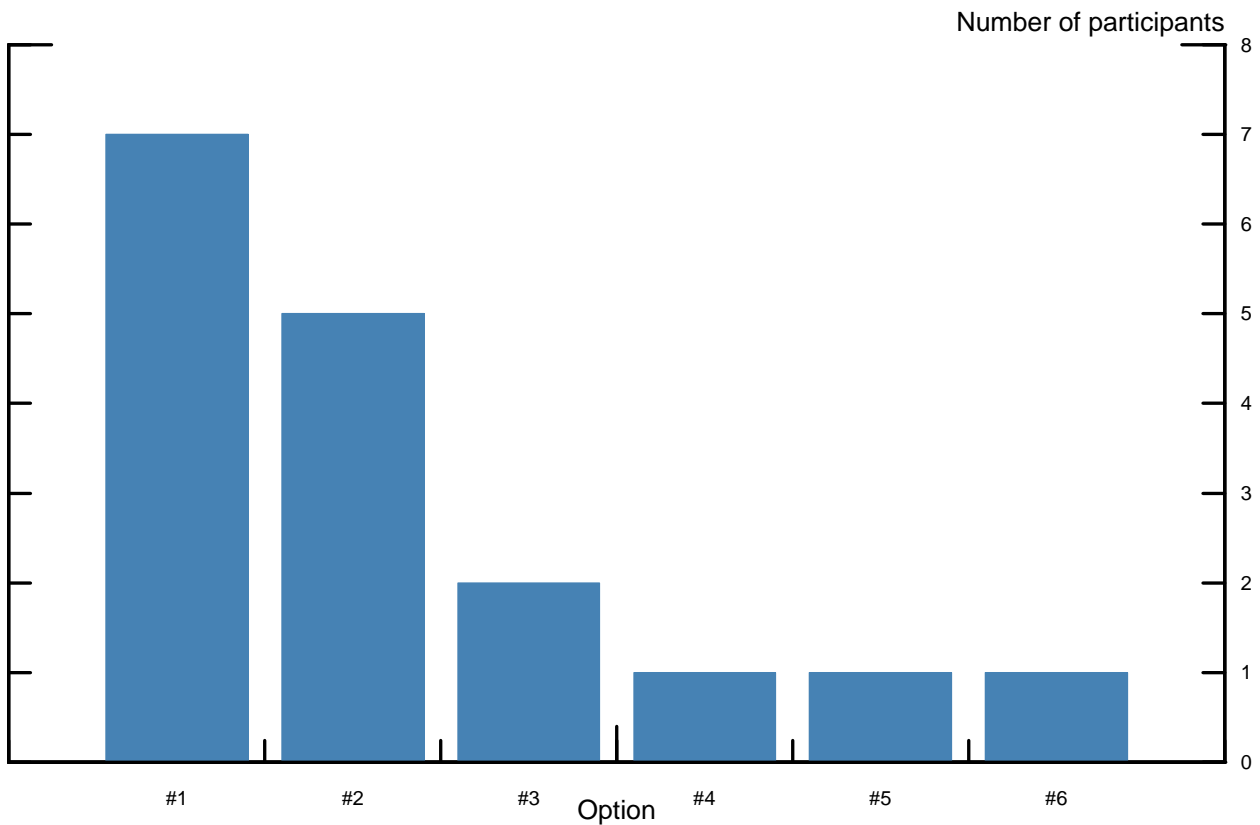
Exhibit 1

Class I FOMC – Restricted Controlled (FR) September 15, 2008				
Table 1: Alternative Language for the September 2008 FOMC Announcement				
	August FOMC	Alternative A	Alternative B	Alternative C
Policy Decision	1. The Federal Open Market Committee decided today to keep its target for the federal funds rate at 2 percent.	The Federal Open Market Committee decided today to <u>lower</u> its target for the federal funds rate <u>25 basis points to 1¾</u> percent.	The Federal Open Market Committee decided today to keep its target for the federal funds rate at 2 percent.	The Federal Open Market Committee decided today to <u>raise</u> its target for the federal funds rate <u>25 basis points to 2¼</u> percent.
Rationale	2. 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.	<u>Strains in</u> financial markets <u>have increased significantly</u> and labor markets have <u>weakened</u> further. <u>Overall economic growth appears to have slowed considerably, and</u> tight credit conditions and the ongoing housing contraction are <u>among the factors</u> likely to weigh on growth over the next few quarters. <u>Today’s policy action, combined with those taken earlier,</u> including the ongoing measures to foster market liquidity, should help to promote moderate economic growth over time.	<u>Economic growth appears to have slowed recently, partly reflecting a softening of household spending. In addition, strains in</u> financial markets <u>have intensified</u> and labor markets have <u>weakened</u> further. Tight credit conditions, the ongoing housing contraction, <u>and some slowing in export growth</u> 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.	<u>Economic growth appears to have slowed recently, partly reflecting a softening of household spending. In addition, strains in</u> financial markets <u>have intensified</u> and labor markets have <u>weakened</u> further. Tight credit conditions, the ongoing housing contraction, <u>and some slowing in export growth</u> are likely to weigh on economic growth over the next few quarters. <u>Nonetheless,</u> the <u>accommodative stance</u> of monetary policy, combined with ongoing measures to foster market liquidity, should help to promote moderate economic growth.
	3. 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.	Inflation has been high, <u>but</u> the Committee expects <u>that the recent decline in energy and other commodity prices and increased slack in resource utilization will foster a moderation of</u> inflation later this year and next year. <u>Nevertheless,</u> the inflation outlook remains highly uncertain.	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.	Inflation has <u>remained</u> high, and some indicators of inflation expectations have been elevated. <u>Although</u> the Committee expects inflation to moderate later this year and next year, <u>the possibility that inflation may fail to decline as anticipated is of significant concern.</u>
Assessment of Risk	4. 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.	<u>The</u> downside risks to growth <u>have intensified,</u> but the upside risks to inflation <u>remain a</u> 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.	<u>The</u> downside risks to growth <u>and</u> the upside risks to inflation are <u>both</u> 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.	<u>The Committee took this action to provide additional assurance that inflation will abate as desired.</u> The Committee will continue to monitor economic and financial developments and will act as needed to promote sustainable economic growth and price stability.

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



Appendix 3: Materials used by Chairman Bernanke

FEDERAL RESERVE press release

For immediate release

September 16, 2008

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-