

Press Release

January 10, 2008

Reserve Bank income and expense data and transfers to the Treasury for 2007

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The Federal Reserve Board on Thursday announced that the Federal Reserve Banks distributed approximately \$34.437 billion of their \$41.941 billion total income to the U.S. Treasury during 2007.

Federal Reserve System income is derived primarily from interest earned on U.S. government securities that the Federal Reserve has acquired through open market operations. This income amounted to \$40.298 billion in 2007. Additionally, income from fees for the provision of priced services to depository institutions totaled \$878 million. The remaining income of \$765 million includes earnings on foreign currencies, earnings from loans, and other income.

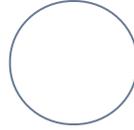
Net operating expenses of the twelve Reserve Banks totaled \$2.608 billion in 2007. In addition, the cost of earnings credits granted to depository institutions amounted to \$242 million. The Reserve Banks were assessed for Board expenditures totaling \$296 million and for the cost of currency totaling \$576 million.

Net additions to income amounted to \$198 million, primarily representing unrealized gains on assets denominated in foreign currencies that are revalued to reflect current market exchange rates, which is offset, in part, by interest expense on reverse repurchase agreements.

Net income for the Federal Reserve Banks in 2007 amounted to \$38.551 billion. Under the Board's policy, each Reserve Bank's net

income was transferred to the U.S. Treasury, after providing for \$992 million in statutory dividends to member banks and \$3.121 billion to equate surplus to paid-in capital.

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