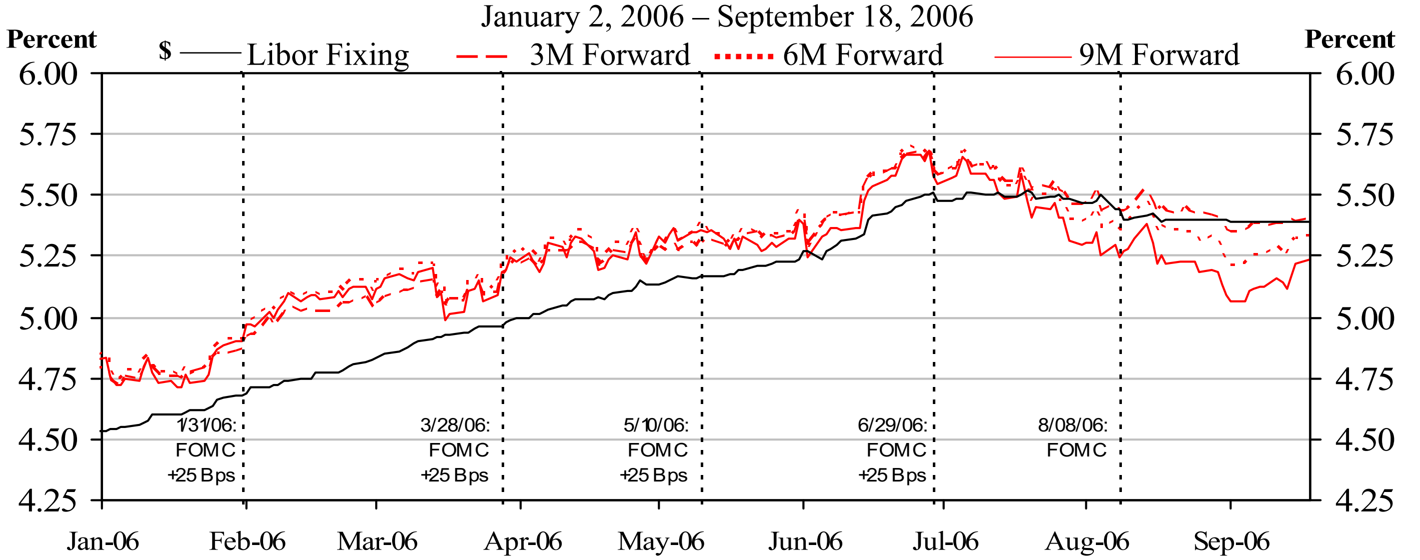
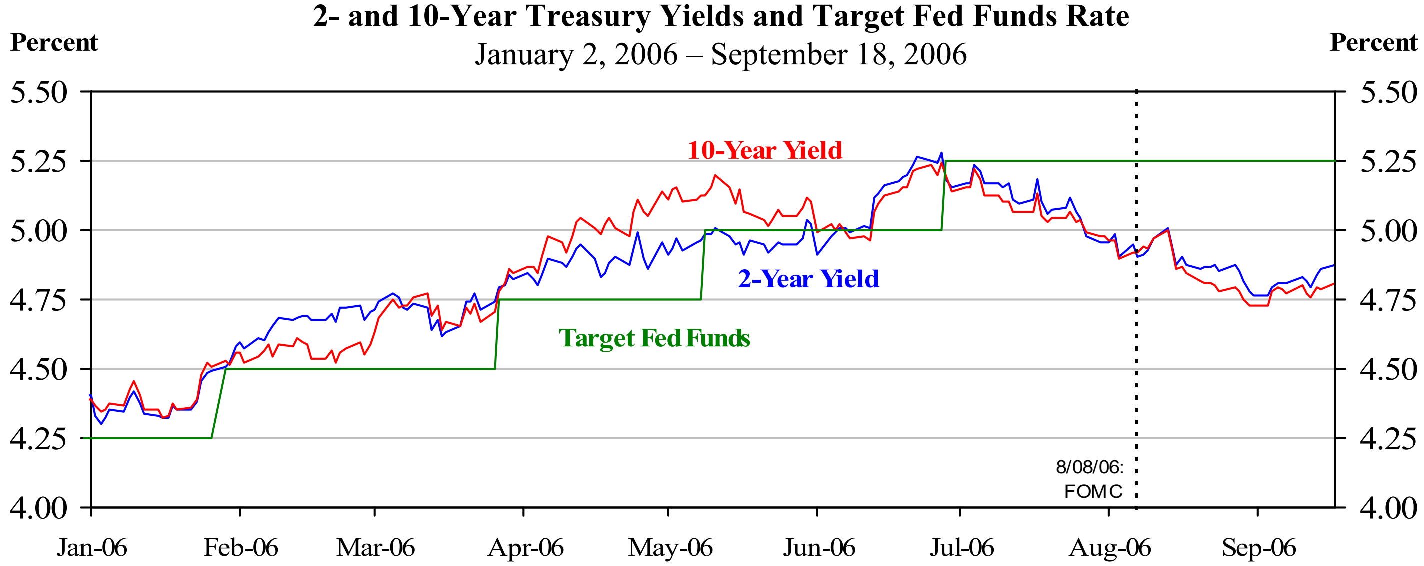
Appendix 1: Materials used by Mr. Kos

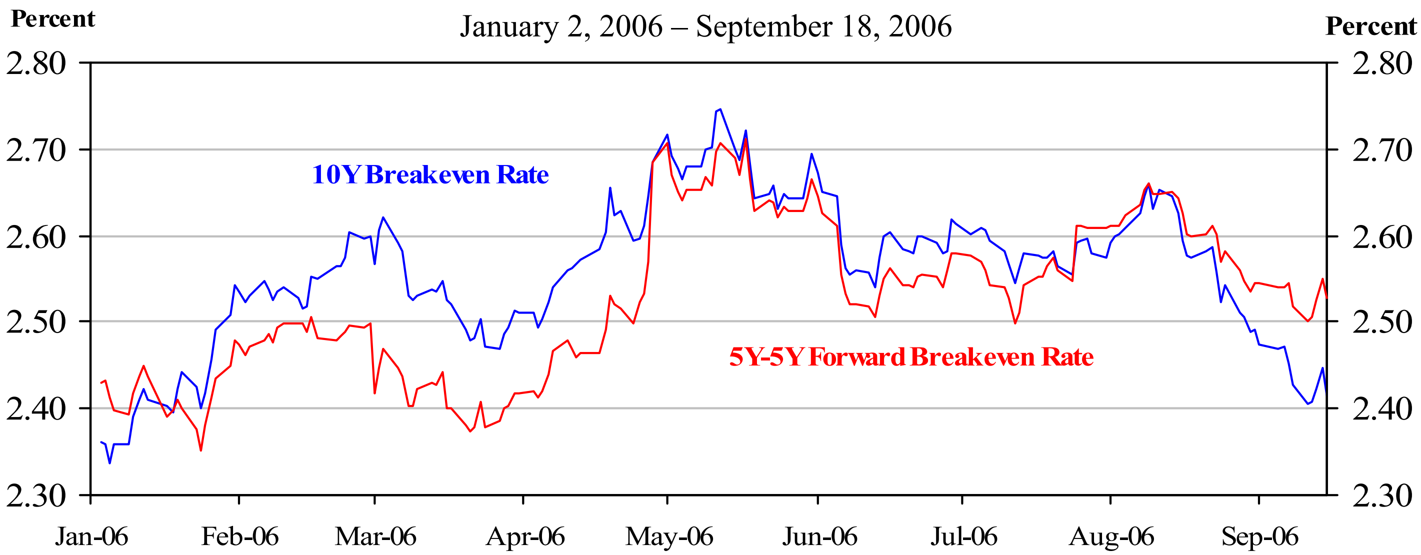
Current U.S. 3-Month Deposit Rates and Rates Implied by Traded Forward Rate Agreements
January 2, 2006 – September 18, 2006



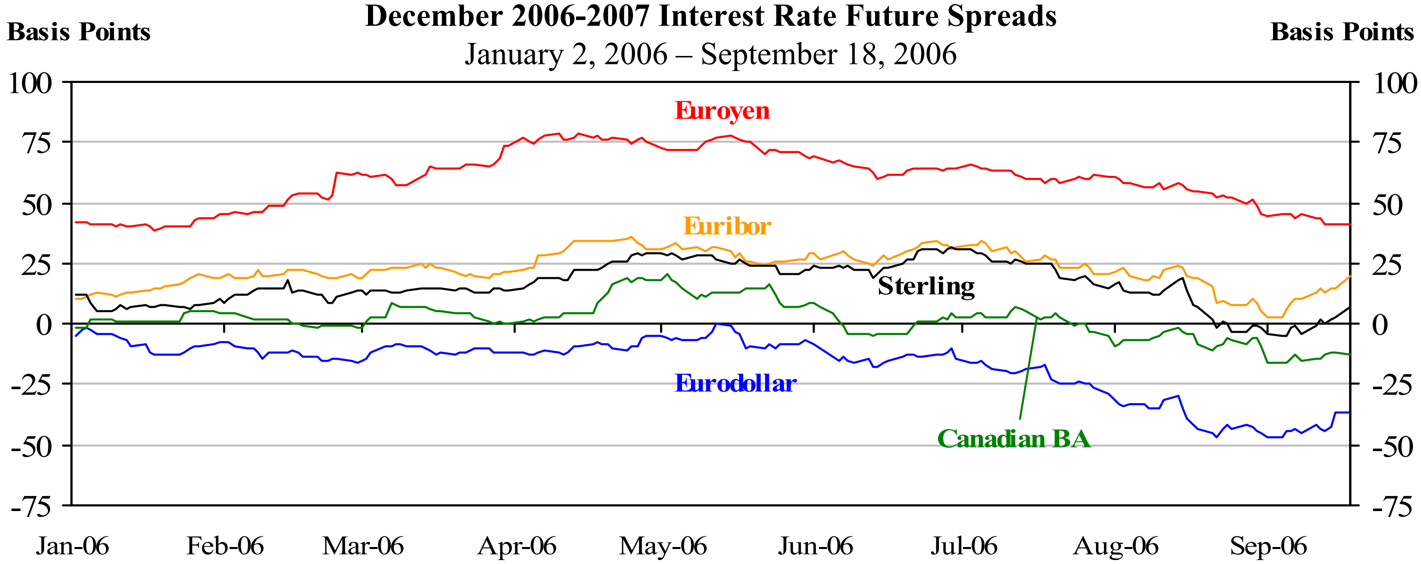
2- and 10-Year Treasury Yields and Target Fed Funds Rate
January 2, 2006 – September 18, 2006



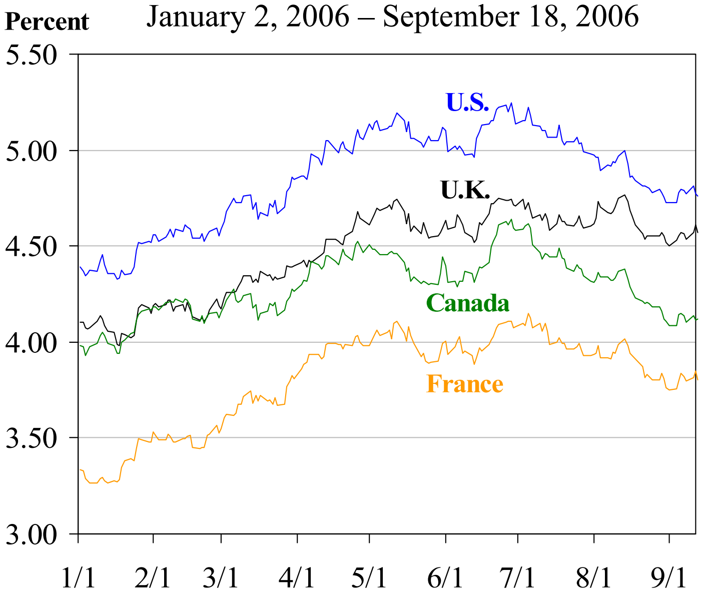
U.S. Breakeven Inflation Rates
January 2, 2006 – September 18, 2006



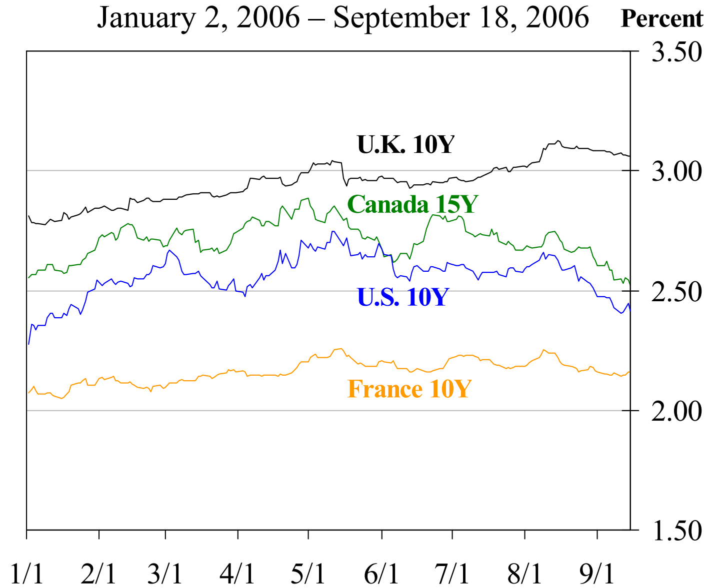
December 2006-2007 Interest Rate Future Spreads
January 2, 2006 – September 18, 2006



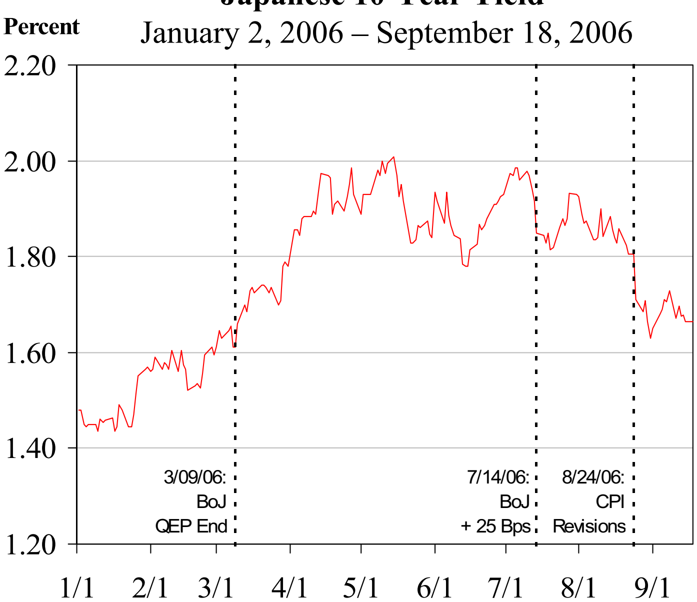
Global 10-Year Yields
January 2, 2006 – September 18, 2006



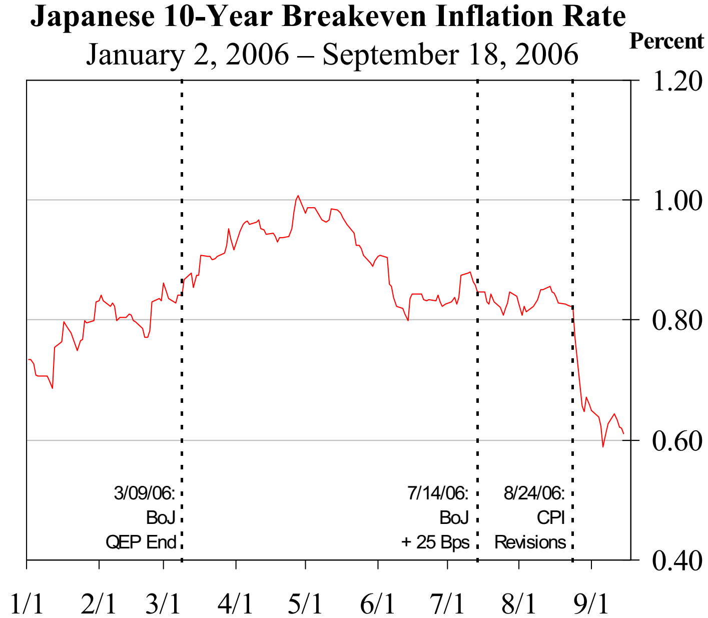
Global Breakeven Inflation Rates
January 2, 2006 – September 18, 2006



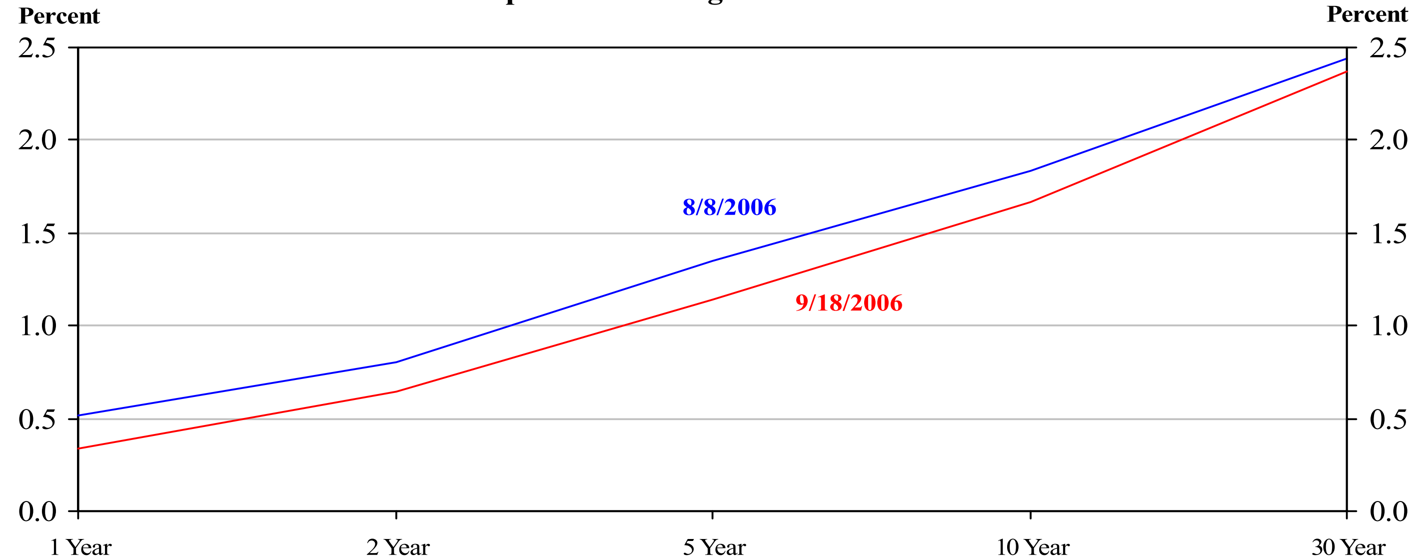
Japanese 10-Year Yield
January 2, 2006 – September 18, 2006



Japanese 10-Year Breakeven Inflation Rate
January 2, 2006 – September 18, 2006

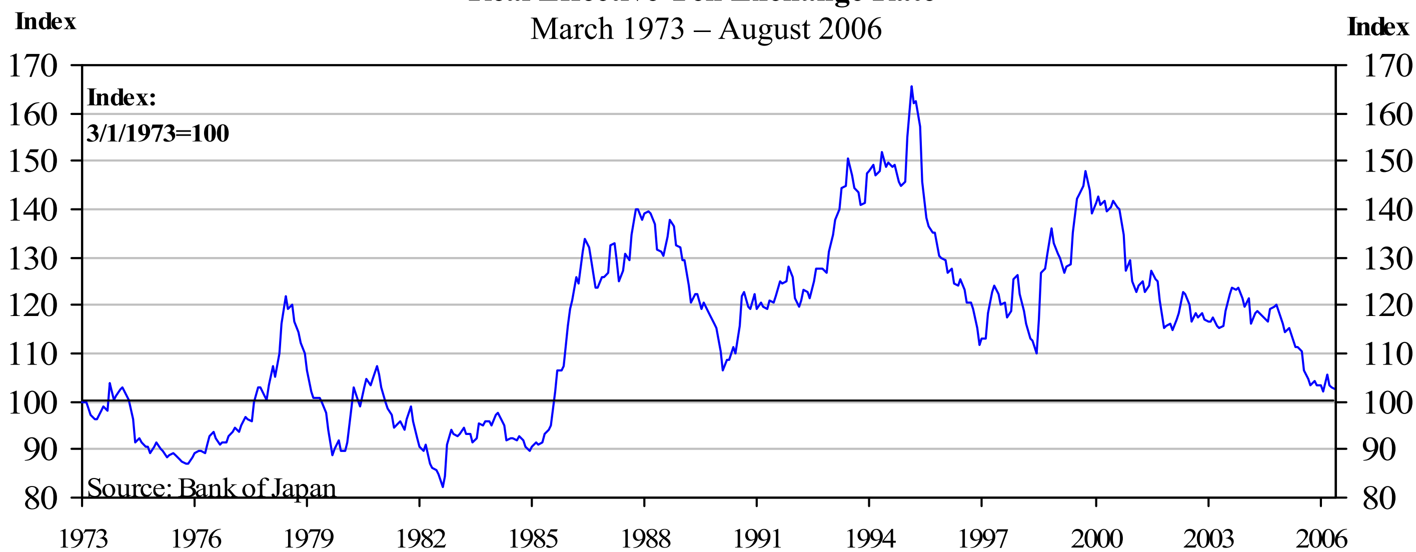


Japanese Sovereign Yield Curve



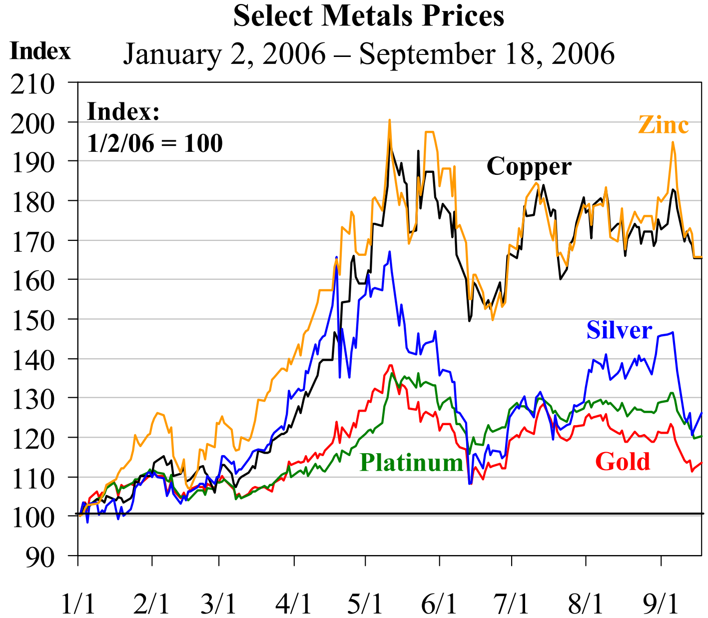
Real Effective Yen Exchange Rate

March 1973 – August 2006



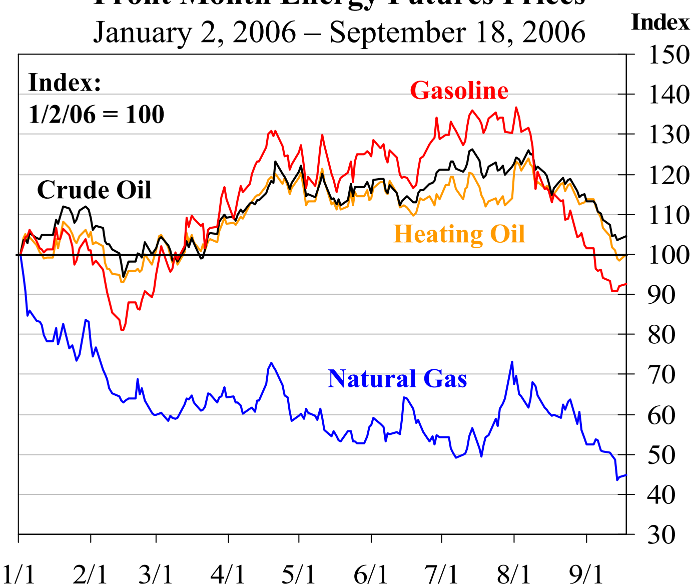
Select Metals Prices

January 2, 2006 – September 18, 2006

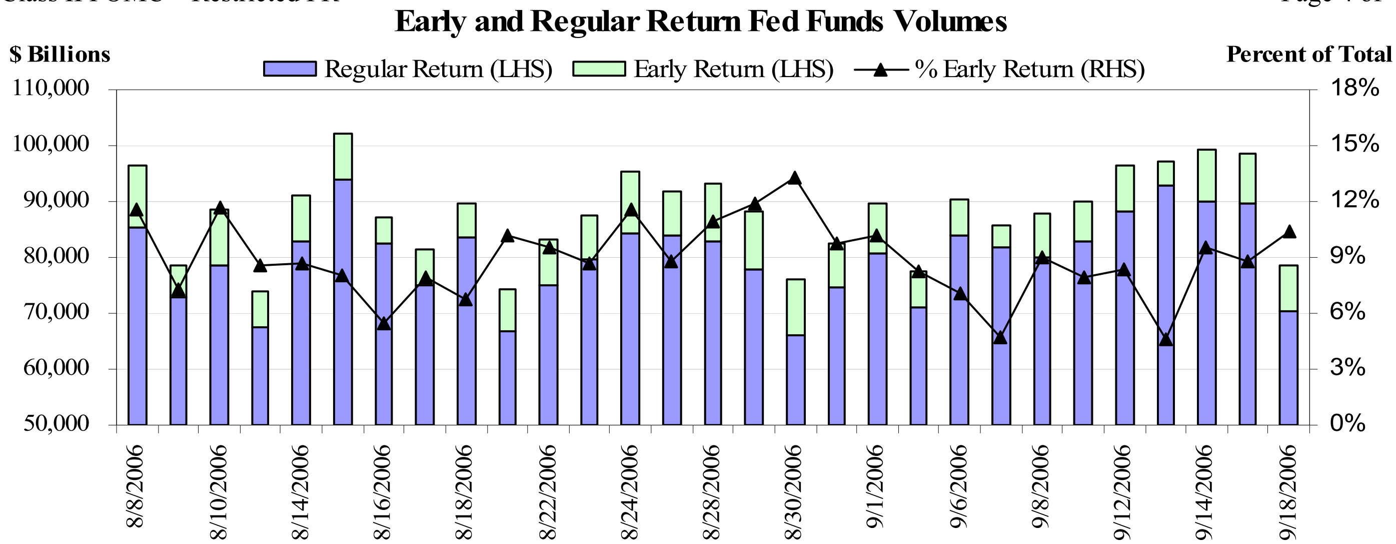


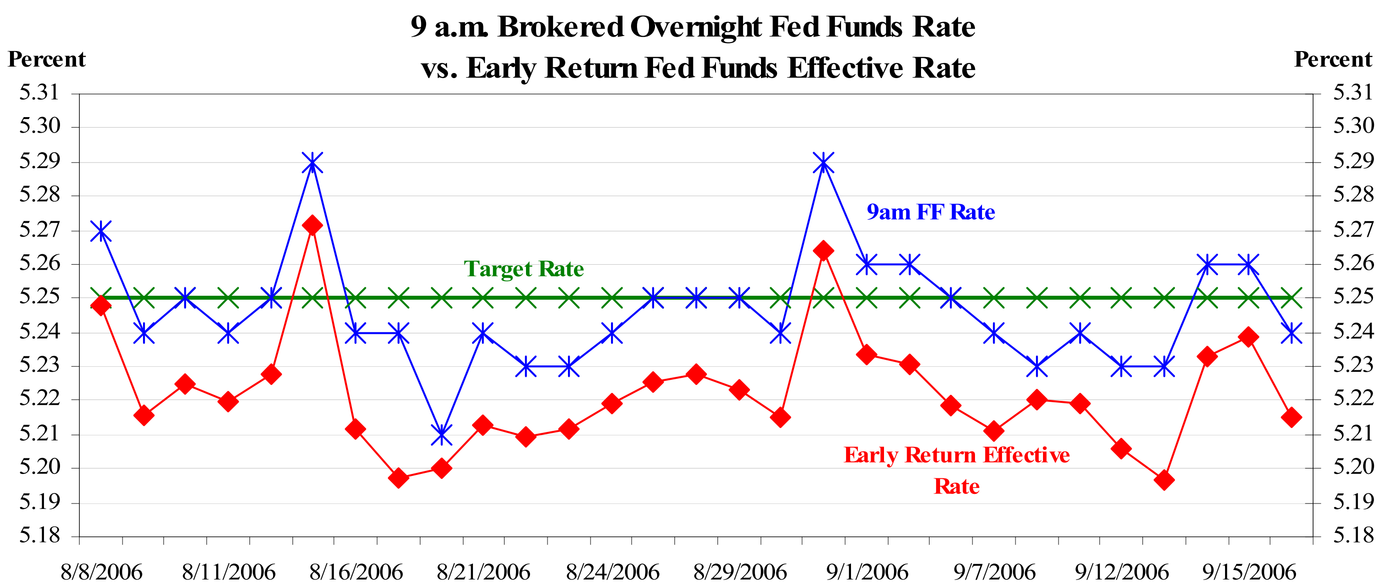
Front Month Energy Futures Prices

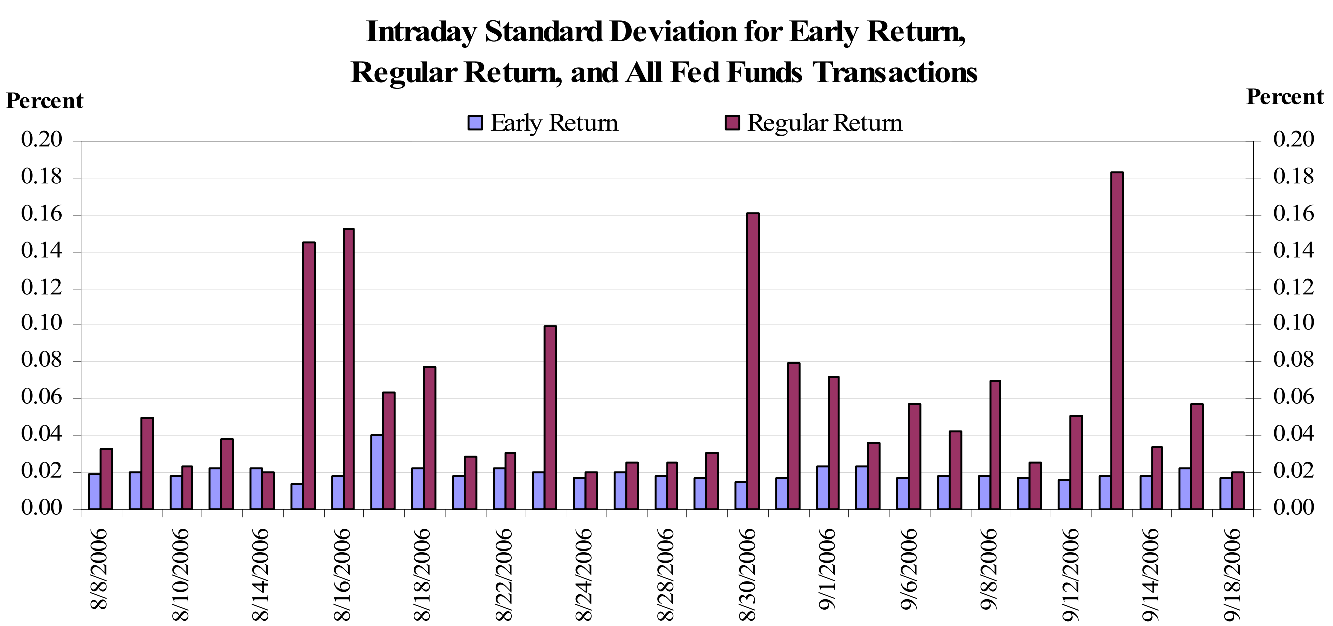
January 2, 2006 – September 18, 2006



Class II FOMC – Restricted FR Page 4 of 4







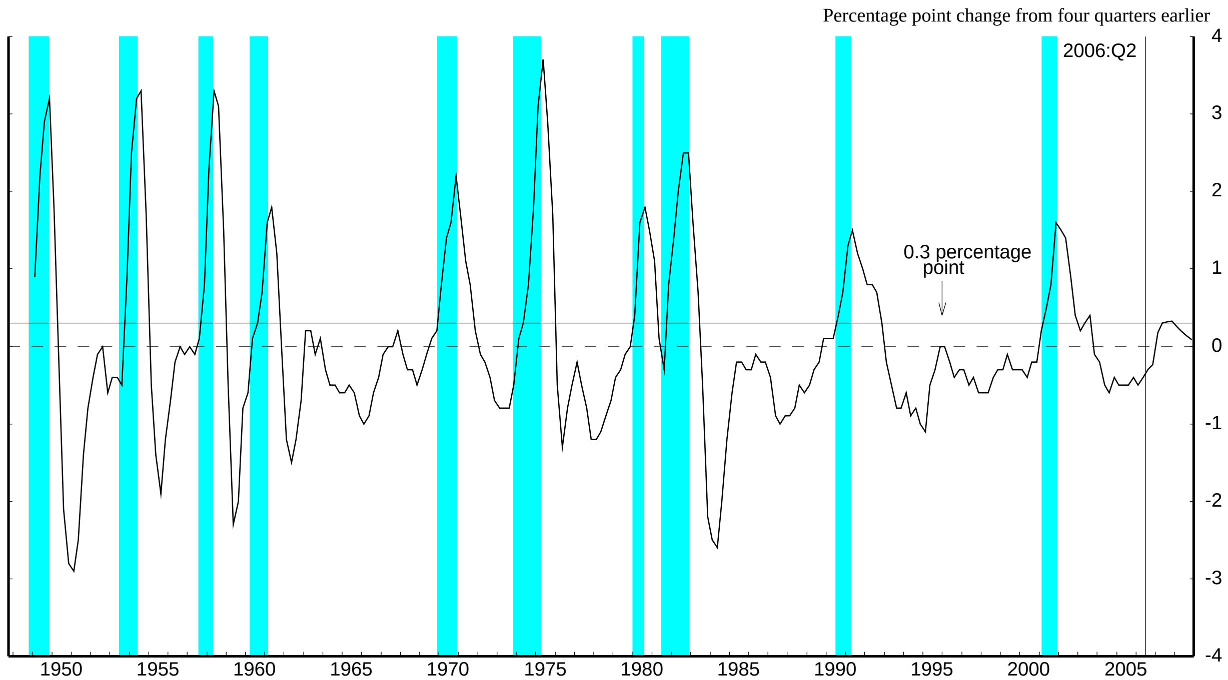
*Large Principal & Interest Payment Dates for the GSEs: 8/15/06, 8/25/06, 9/15/06

Appendix 2: Materials used by Mr. Bernanke

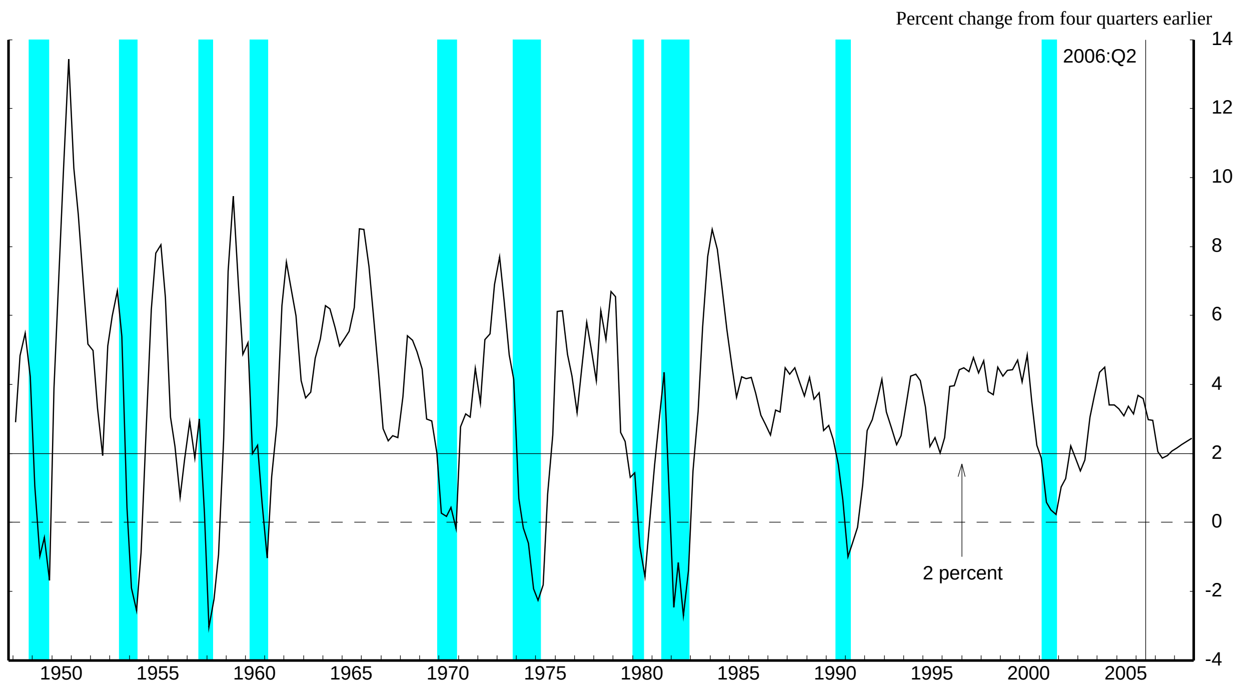
CLASS II FOMC - RESTRICTED (FR)

Page 1 of 1

Unemployment Rate



Real GDP



Appendix 3: Materials used by Mr. Reinhart

Class I FOMC – Restricted Controlled FR

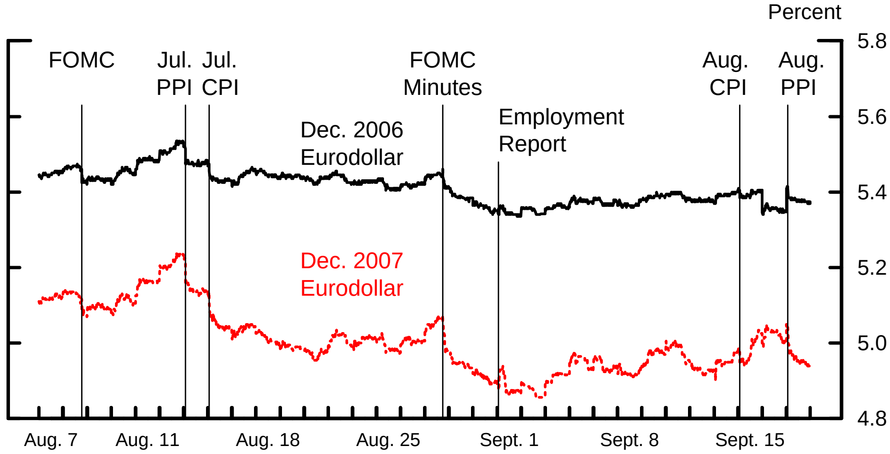
Material for

FOMC Briefing on Monetary Policy Alternatives

Vincent R. Reinhart
September 20, 2006

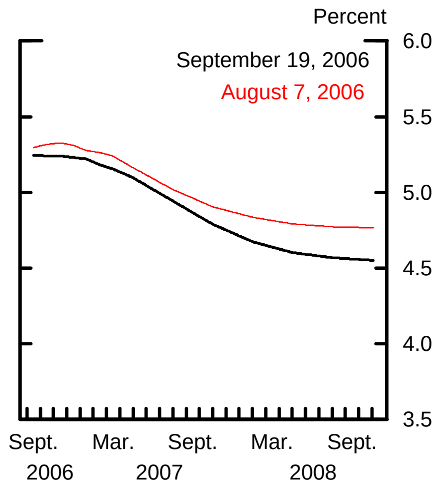
Exhibit 1
Financial Market Developments

Eurodollar futures



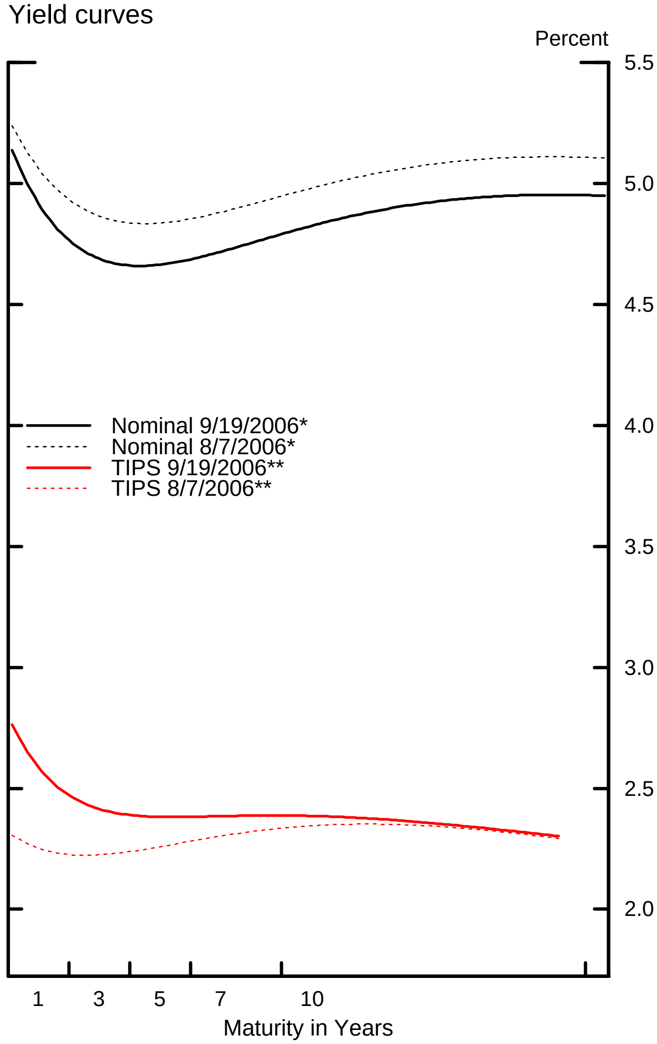
Note. 5-minute intervals.

Expected federal funds rates



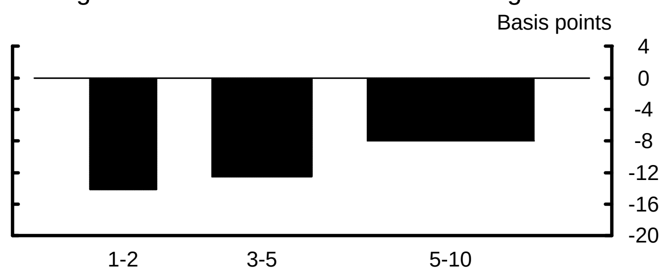
Note. Estimates from federal funds and Eurodollar futures with an allowance for term premiums and other adjustments.

Yield curves

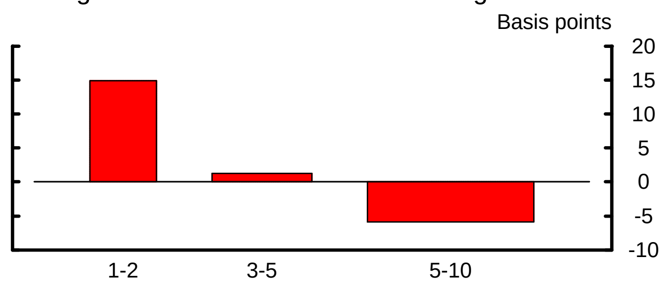


*Smoothed yield curve estimated from off-the-run Treasury coupon securities. Yields shown are those on notional par Treasury securities with semi-annual coupons.
**Smoothed yield curve estimated from TIPS securities. Yields shown are those on notional par TIPS securities with semi-annual coupons.

Change in nominal forward rates since August FOMC



Change in TIPS forward rates since August FOMC



Change in inflation compensation forward rates since August FOMC

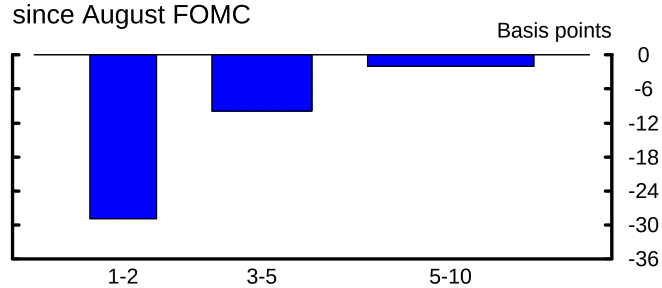
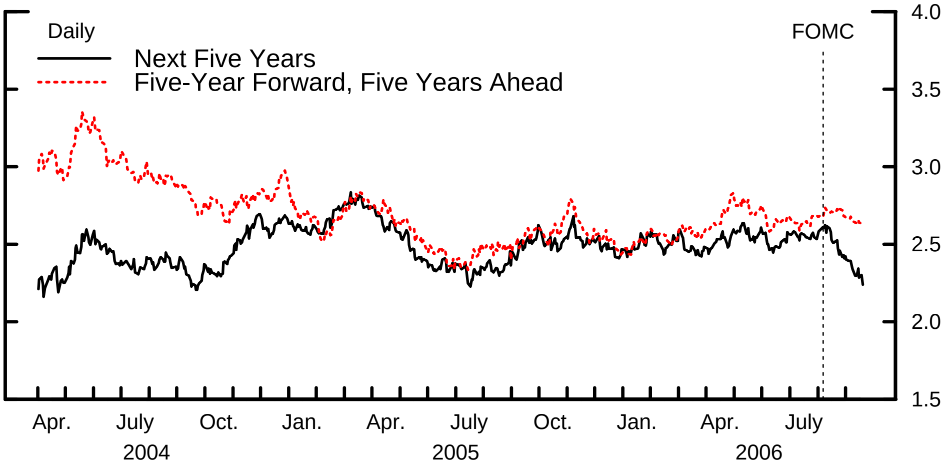


Exhibit 2
The Case for No Action

Inflation compensation

Percent



Note. Estimates based on smoothed nominal and inflation-indexed Treasury yield curves and adjusted for the carry effect.

Merrill Lynch Survey: Global inflation expectations

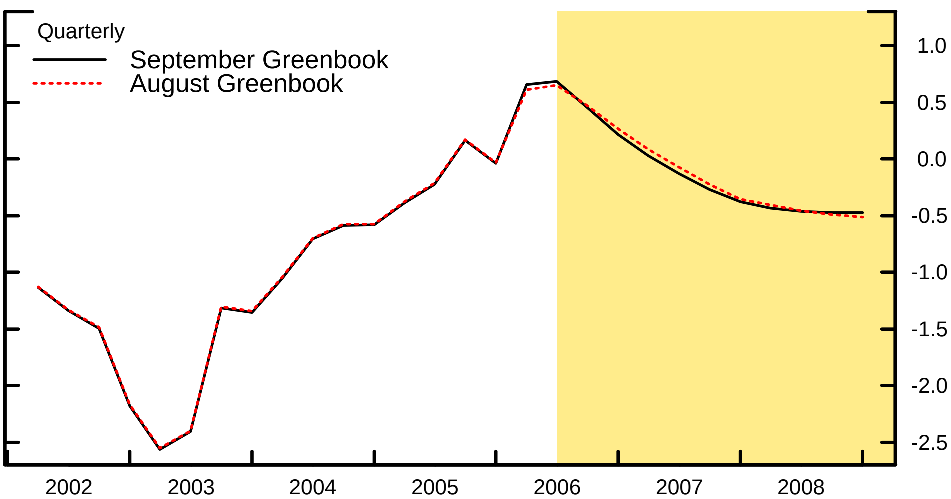
In twelve months inflation will be: Percent

	June	Sept
Higher	62	41
Unchanged	25	22
Lower	12	38

Source. Merrill Lynch Global Fund Manager Survey.

Output gap

Percent



Merrill Lynch Survey: Global growth expectations

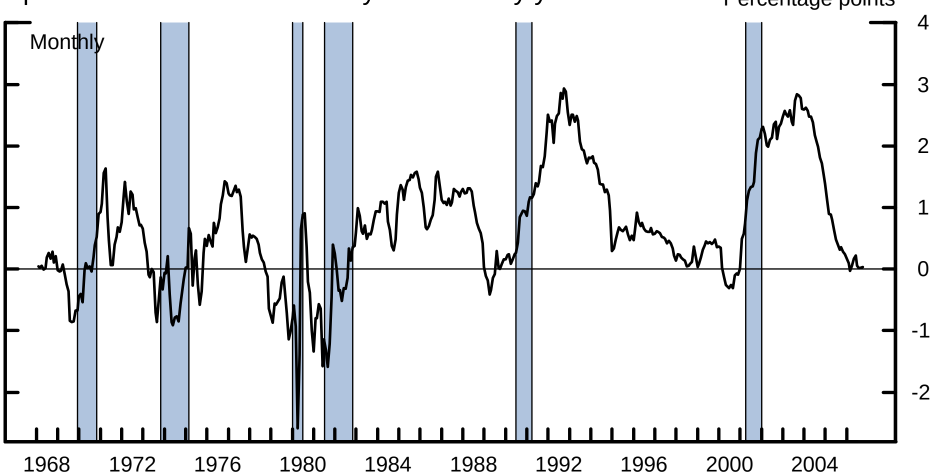
In twelve months growth will be: Percent

	June	Sept
Higher	13	10
Unchanged	25	18
Lower	61	73

Source. Merrill Lynch Global Fund Manager Survey.

Spread between two- and ten-year Treasury yields

Percentage points



Note. Two- and ten-year yields are continuously compounded zero-coupon rates. Shaded regions mark NBER recession dates. Final observation is an average of data through Sept. 19.

Merrill Lynch Survey: Global recession expectations

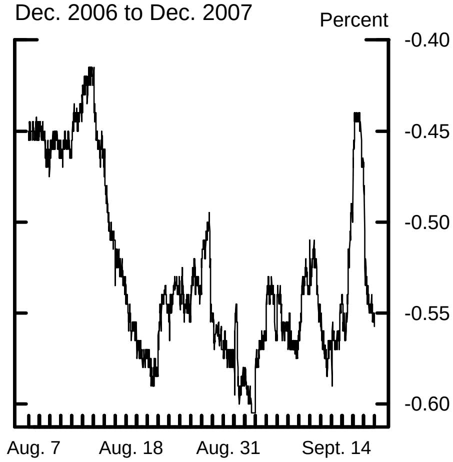
Over the next twelve months a recession is: Percent

	June	Sept
Very Likely	0	1
Fairly Likely	5	6
Fairly Unlikely	53	58
Very Unlikely	41	33

Source. Merrill Lynch Global Fund Manager Survey.

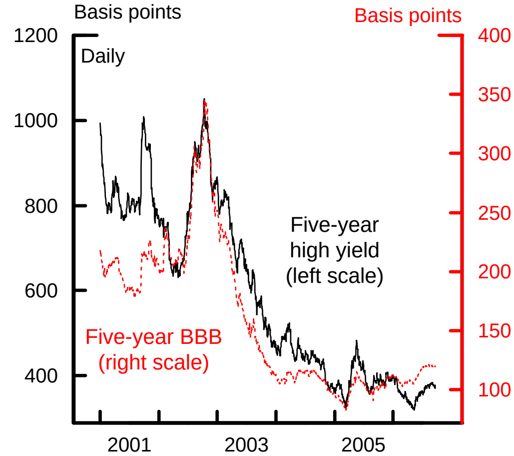
Exhibit 3
The Case for Action

Change in expected federal funds rate
Dec. 2006 to Dec. 2007



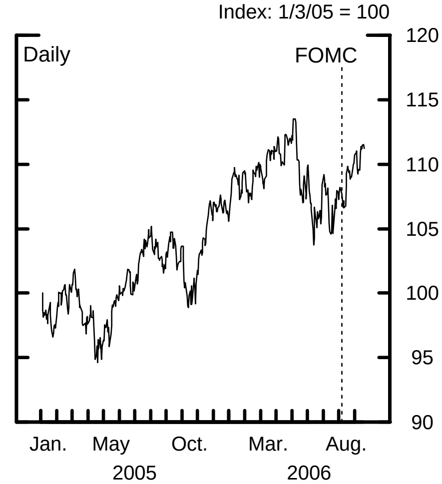
Note. 5-minute intervals.

Corporate bond spreads



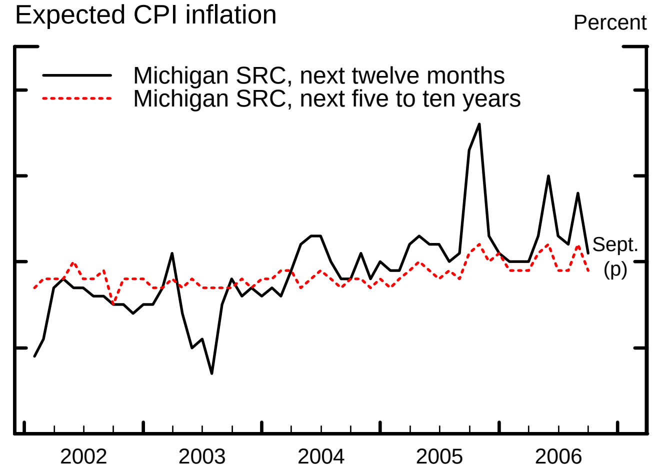
Note. Spreads over comparable-maturity Treasury yields.

Wilshire 5000



Core PCE prices

Expected CPI inflation



p Preliminary.

Compensation per hour
Non-farm business sector

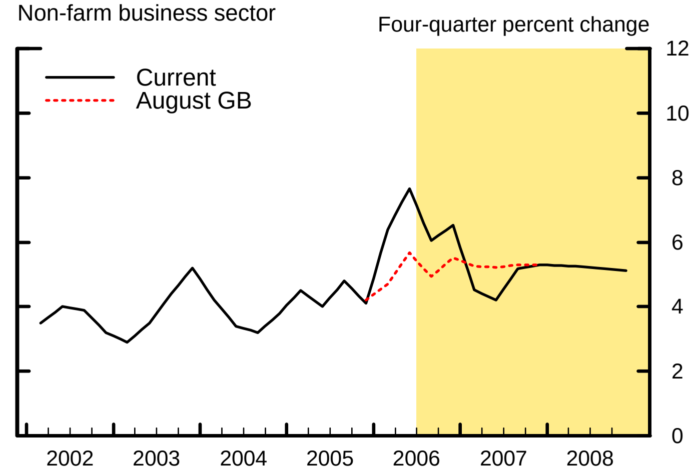


Exhibit 4
Statement Alternatives

Alternative	Intention	Target Rate	Assessment of Risk
A	Ratify expectations of easing	Unchanged	In recent weeks, the upside risks to inflation appear to have diminished somewhat and downside risks to growth have become more significant. In these circumstances, future policy adjustments will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information.
B	Leave expectations about unchanged	Unchanged	Nonetheless, the Committee judges that some inflation risks remain. The extent and timing of any additional firming that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information.
B+	Emphasize that tightening is more likely than easing	Unchanged	Nonetheless, the Committee judges that some inflation risks remain and that policy is more likely to firm than ease going forward. The extent and timing of any additional firming that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information.
C-	Impose additional restraint	+25 basis points	Future policy adjustments will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information.
C	Impose considerable additional restraint	+25 basis points	Nonetheless, the Committee judges that some inflation risks remain. The extent and timing of any additional firming that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information.

Exhibit 5 [Final Exhibit]

Table 1: Alternative Language for the September 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 5¼ percent.	The Federal Open Market Committee decided today to keep its target for the federal funds rate at 5¼ percent.	The Federal Open Market Committee decided today to keep its target for the federal funds rate at 5¼ percent.	The Federal Open Market Committee decided today to raise its target for the federal funds rate by 25 basis points to 5½ percent.
Rationale	2. Economic growth has moderated from its quite strong pace earlier this year, partly reflecting a gradual cooling of the housing market and the lagged effects of increases in interest rates and energy prices.	The moderation in economic growth appears to be continuing, partly reflecting a cooling of the housing market.	The moderation in economic growth appears to be continuing, partly reflecting a cooling of the housing market.	Economic growth has moderated from its quite strong pace earlier this year, partly reflecting a cooling of the housing market.
	3. Readings on core inflation have been elevated in recent months, and the high levels of resource utilization and of the prices of energy and other commodities have the potential to sustain inflation pressures. However, inflation pressures seem likely to moderate over time, reflecting contained inflation expectations and the cumulative effects of monetary policy actions and other factors restraining aggregate demand.	Although core inflation remains elevated, recent readings have been slightly more favorable. While some inflation pressures persist, they seem likely to moderate over time, reflecting reduced impetus from energy prices, contained inflation expectations, and the cumulative effects of monetary policy actions and other factors restraining aggregate demand.	Readings on core inflation have been elevated on balance, and the high levels of resource utilization and of the prices of energy and other commodities have the potential to sustain inflation pressures. However, inflation pressures seem likely to moderate over time, reflecting reduced impetus from energy prices, contained inflation expectations, and the cumulative effects of monetary policy actions and other factors restraining aggregate demand.	Readings on core inflation have been elevated on balance, and the high levels of resource utilization and of the prices of energy and other commodities have the potential to sustain inflation pressures. In these circumstances, the Committee believed that an additional firming of policy was appropriate to foster a decline in inflation.
Assessment of Risk	4. Nonetheless, the Committee judges that some inflation risks remain. The extent and timing of any additional firming that may be needed to address these risks will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information.	In recent weeks, the upside risks to inflation appear to have diminished somewhat and downside risks to growth have become more significant. In these circumstances, future policy adjustments will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information.	[Unchanged]	[Unchanged]