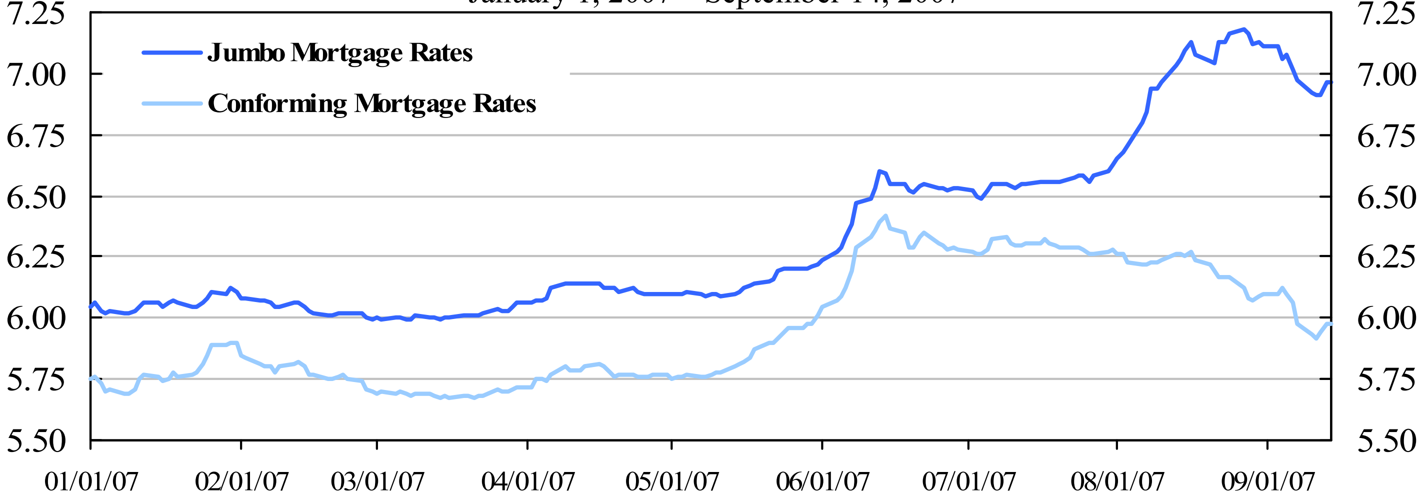
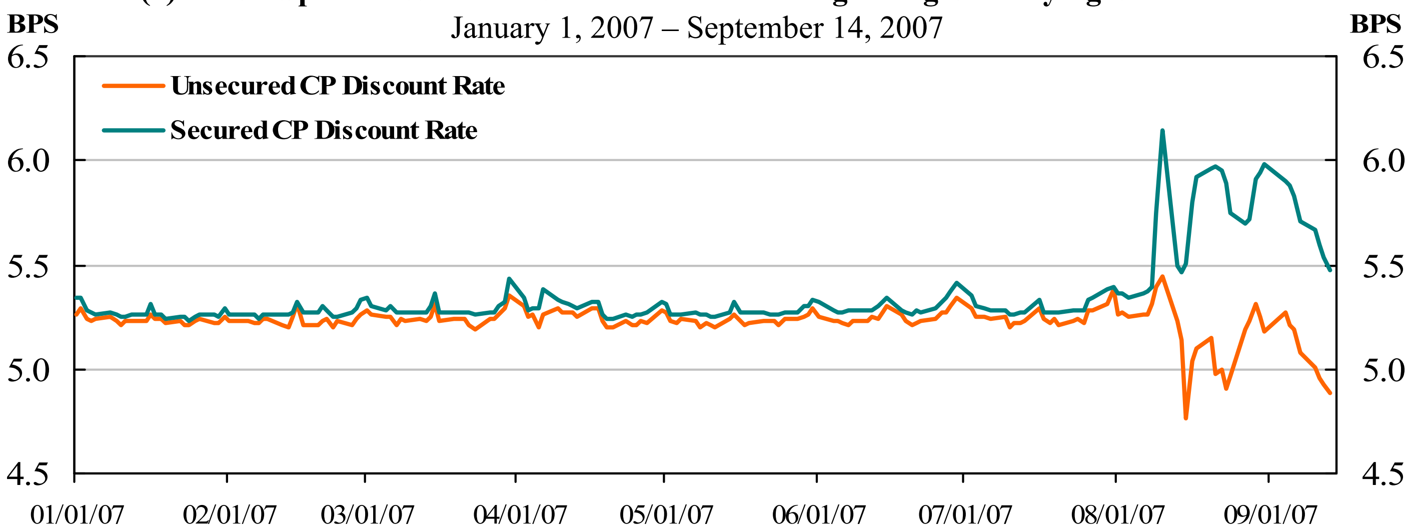
Appendix 1: Materials used by Mr. Dudley

(1) Spread between Jumbo and Conforming Mortgage Rates Widens
January 1, 2007 – September 14, 2007



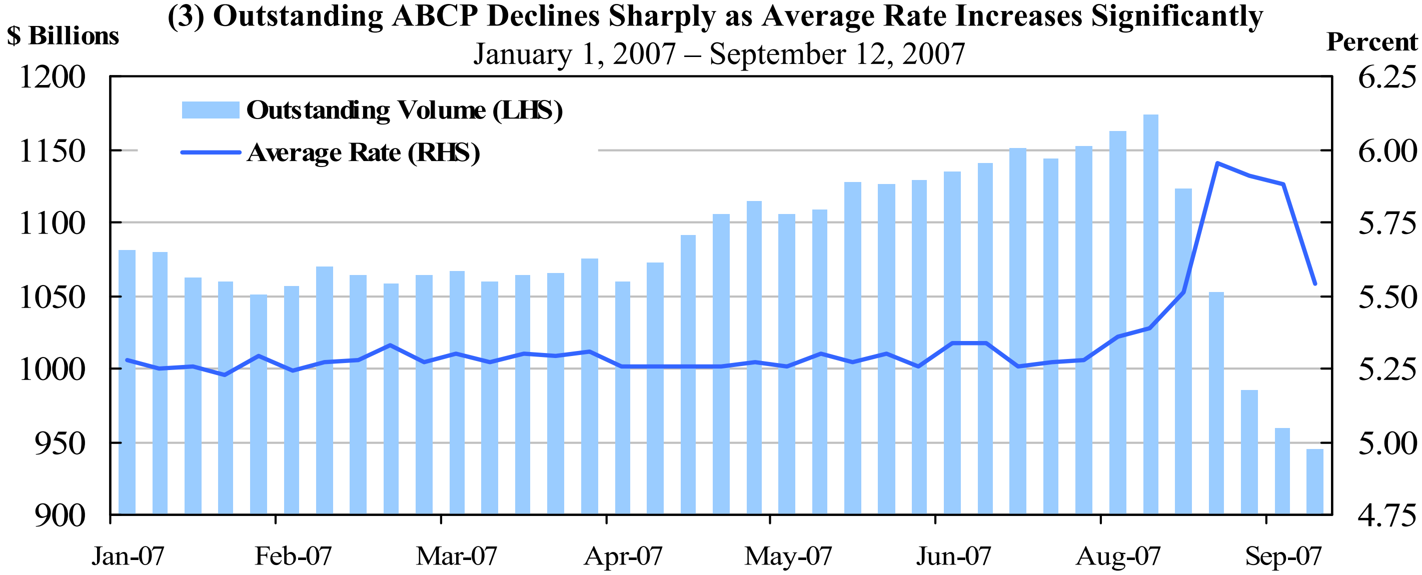
Source: Bloomberg

(2) ABCP Spreads Widen as Concerns Increase Regarding Underlying Collateral
January 1, 2007 – September 14, 2007



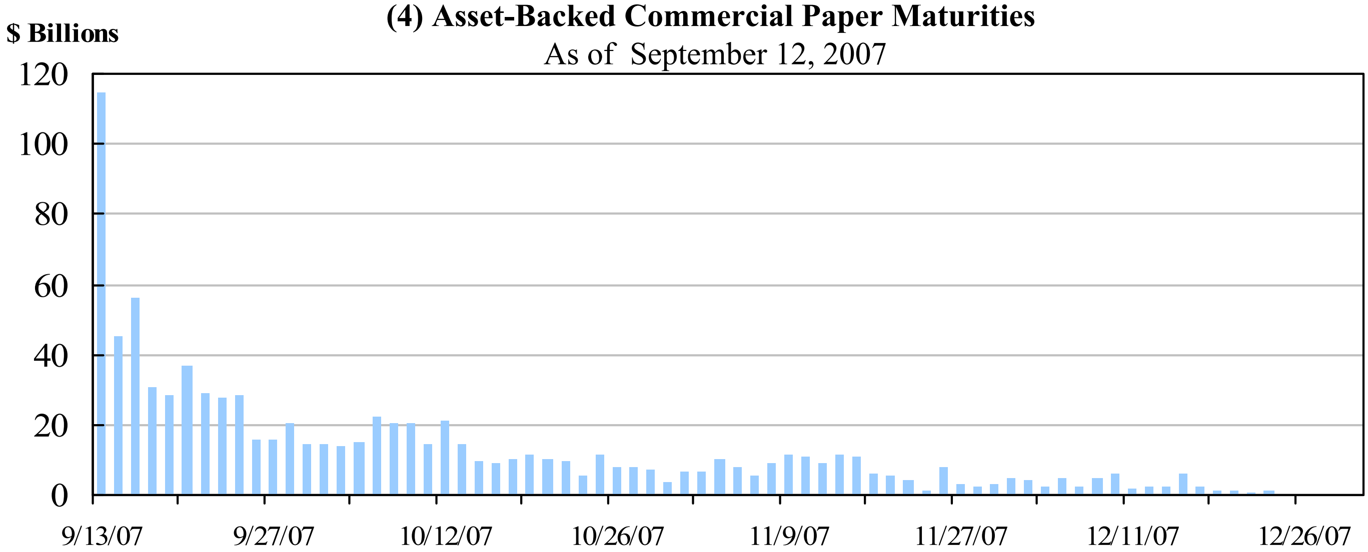
Source: Federal Reserve Board

(3) Outstanding ABCP Declines Sharply as Average Rate Increases Significantly
January 1, 2007 – September 12, 2007



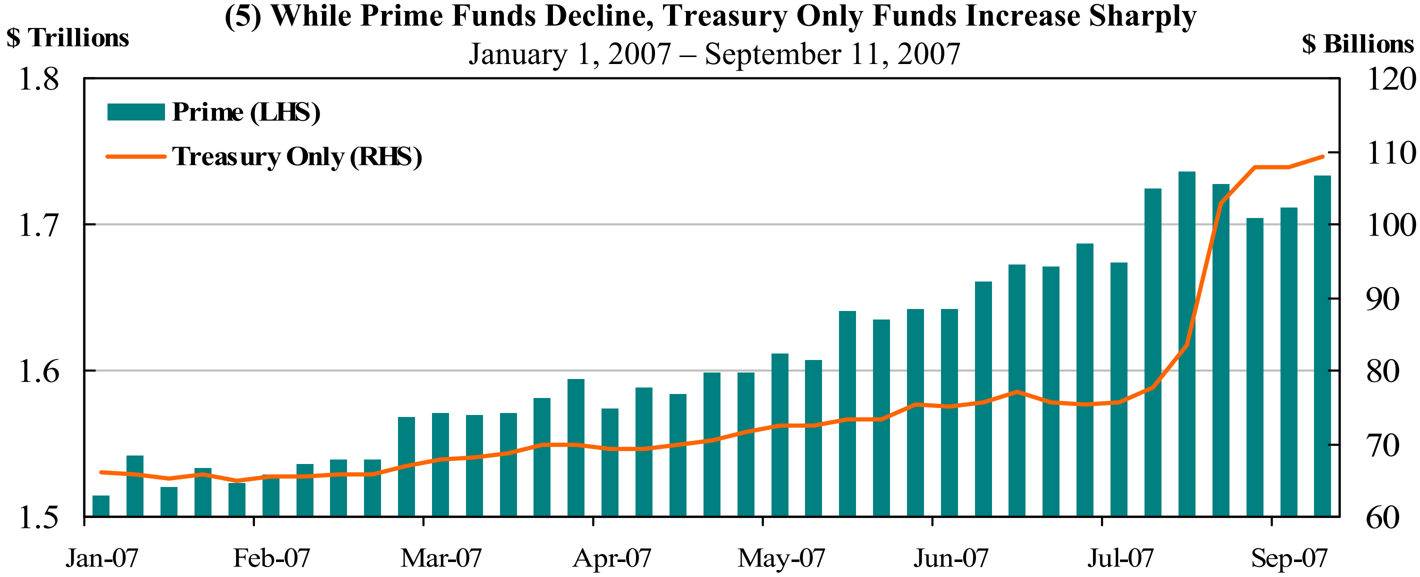
Source: Federal Reserve Board

(4) Asset-Backed Commercial Paper Maturities
As of September 12, 2007



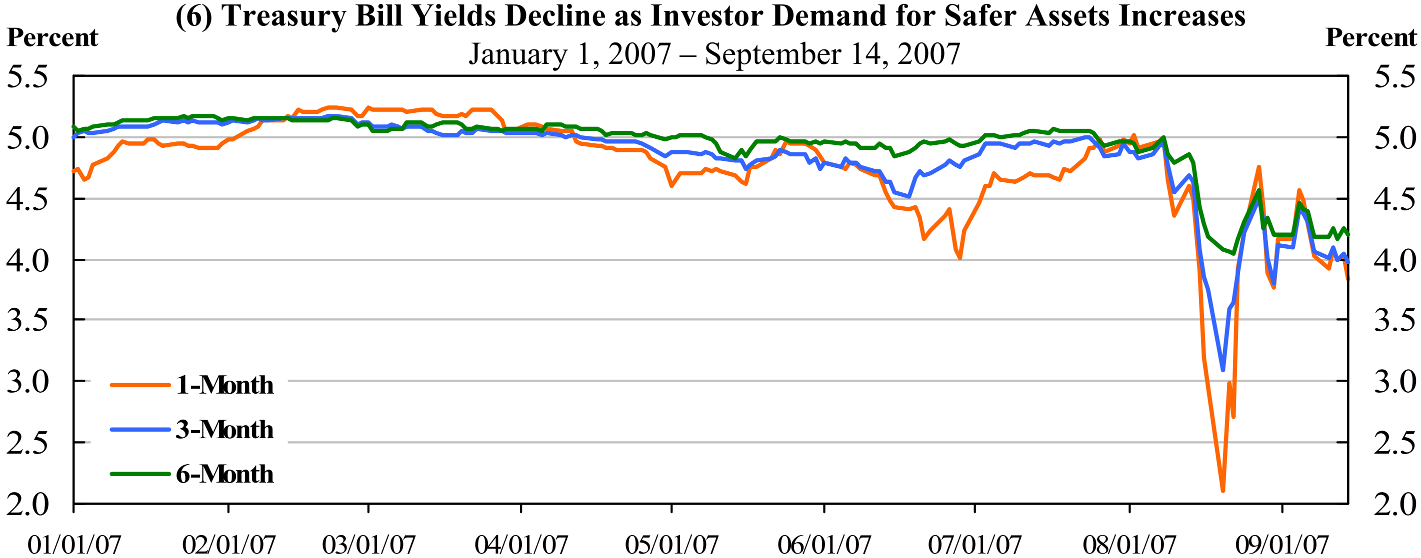
Source: Federal Reserve Board

(5) While Prime Funds Decline, Treasury Only Funds Increase Sharply
January 1, 2007 – September 11, 2007



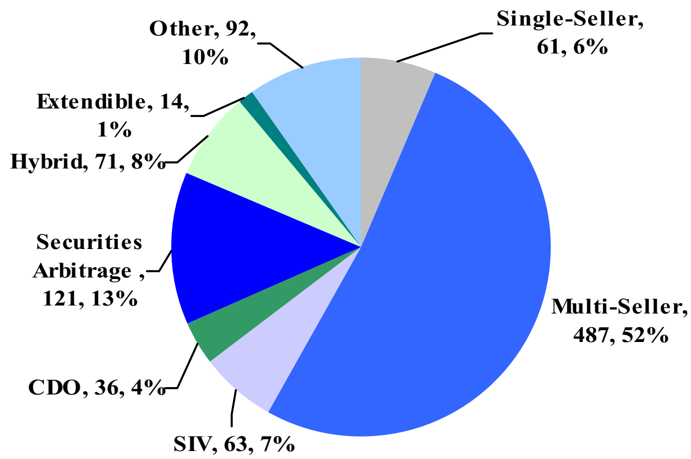
Source: iMoneyNet

(6) Treasury Bill Yields Decline as Investor Demand for Safer Assets Increases
January 1, 2007 – September 14, 2007



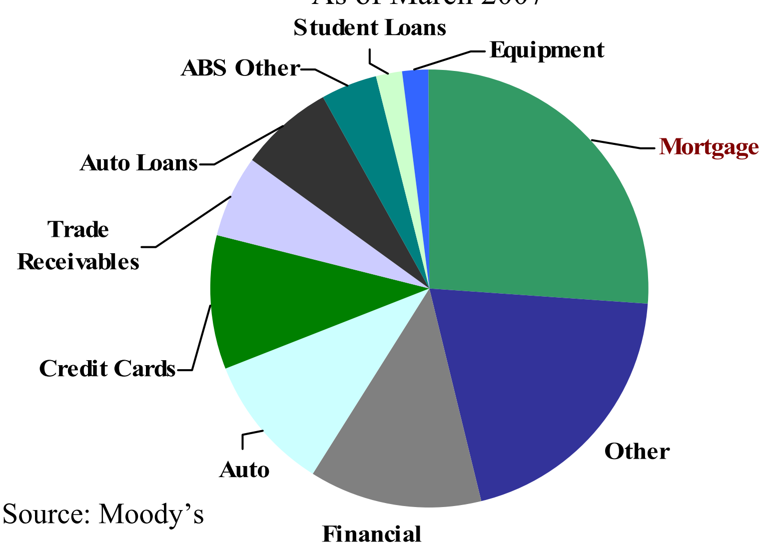
Source: Bloomberg

(7) Asset-Backed Commercial Paper by Type
As of September 14, 2007



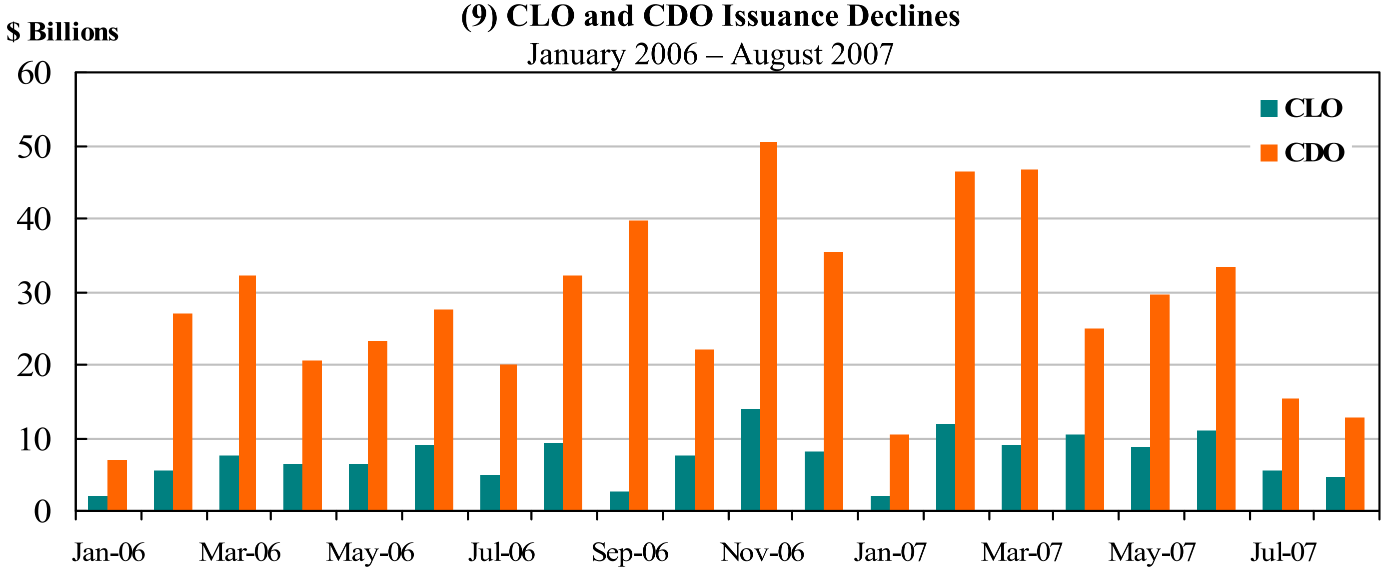
Source: Federal Reserve Board Values in billion of dollars

(8) Asset-Backed Commercial Paper By Underlying Collateral
As of March 2007



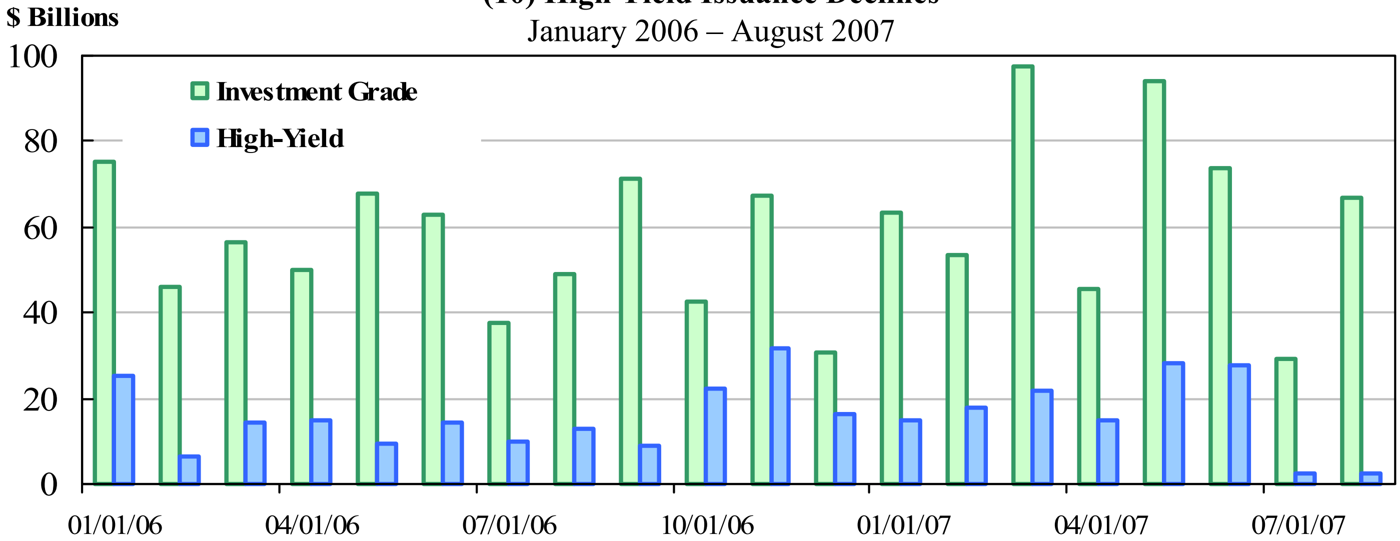
Source: Moody's

(9) CLO and CDO Issuance Declines
January 2006 – August 2007



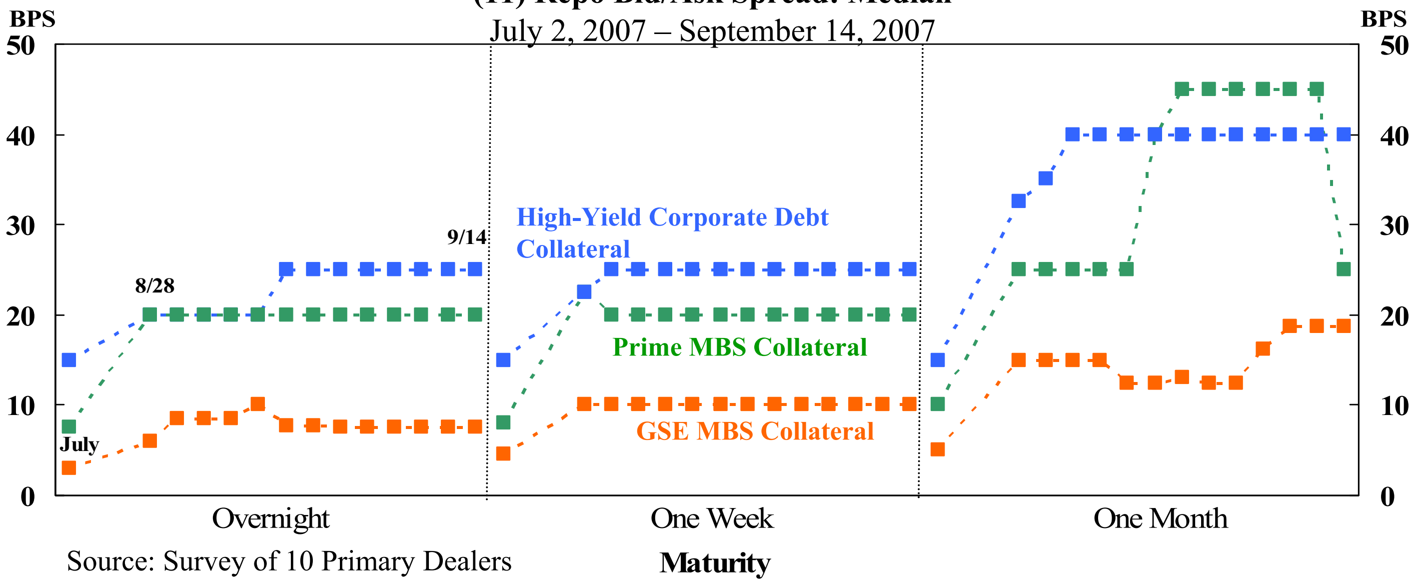
Source: Merrill Lynch

(10) High Yield Issuance Declines
January 2006 – August 2007



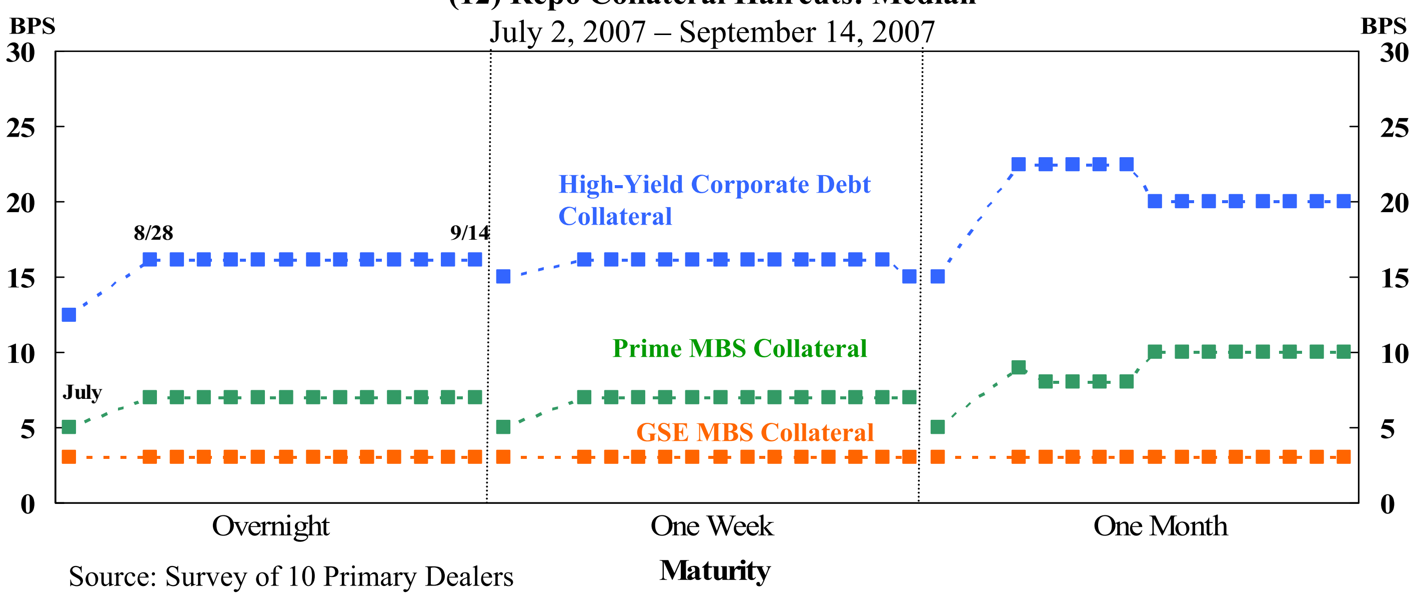
Source: Bloomberg

(11) Repo Bid/Ask Spread: Median
July 2, 2007 – September 14, 2007



Source: Survey of 10 Primary Dealers

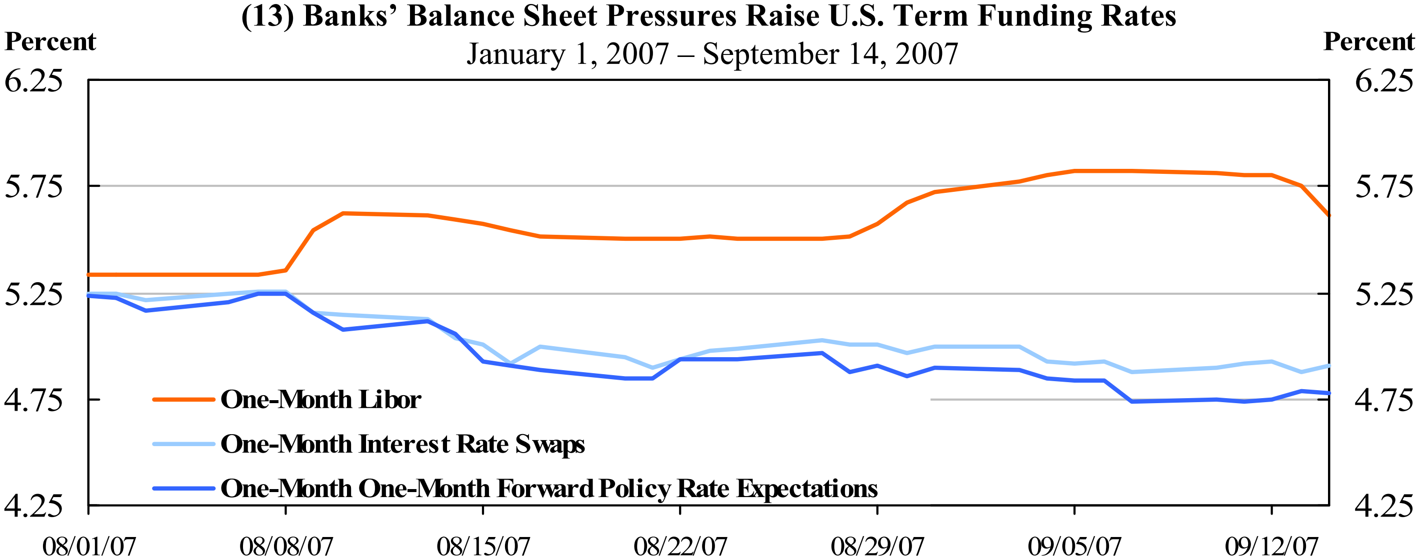
(12) Repo Collateral Haircuts: Median
July 2, 2007 – September 14, 2007



Source: Survey of 10 Primary Dealers

(13) Banks' Balance Sheet Pressures Raise U.S. Term Funding Rates

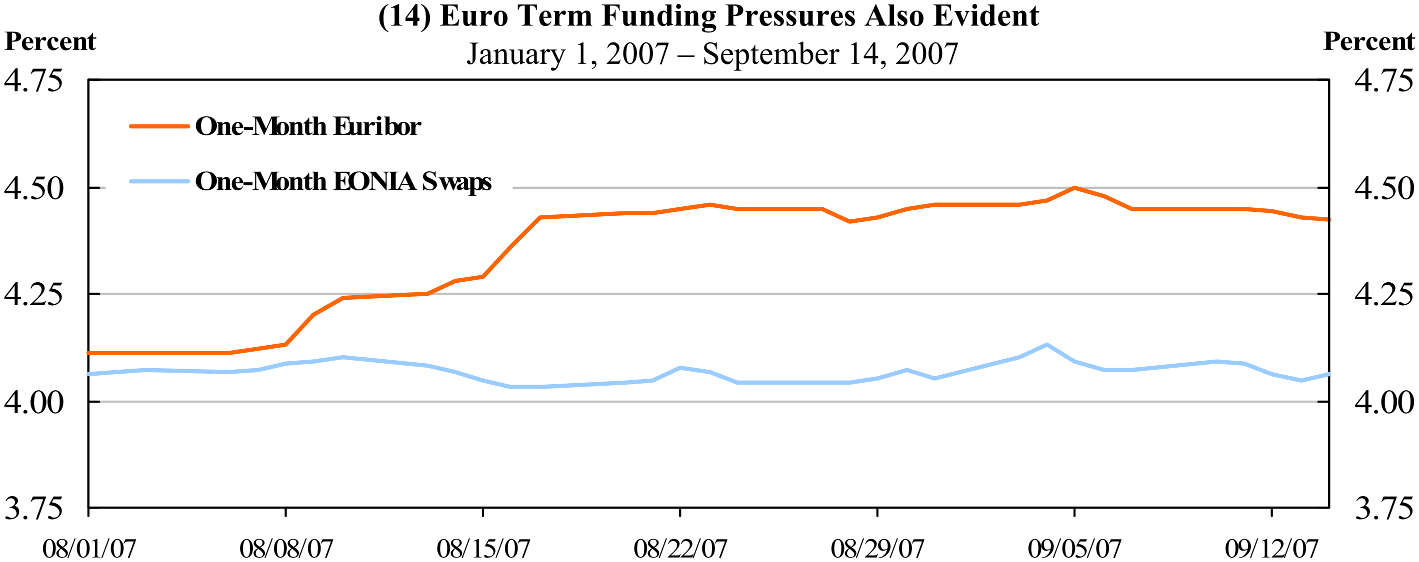
January 1, 2007 – September 14, 2007



Source: Bloomberg

(14) Euro Term Funding Pressures Also Evident

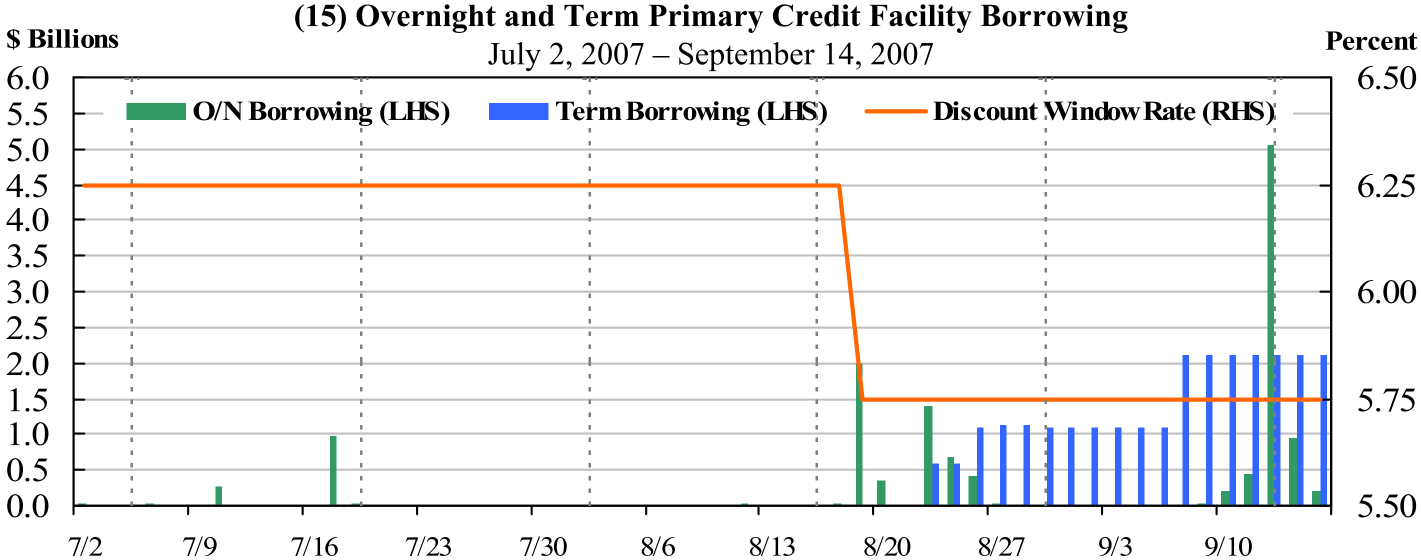
January 1, 2007 – September 14, 2007



Source: Bloomberg

(15) Overnight and Term Primary Credit Facility Borrowing

July 2, 2007 – September 14, 2007



Source: FRBNY

** Vertical dotted line denote maintenance period settlement day*

(16) Correlation of Daily Price/Yield Changes

August 7, 2007 – September 14, 2007

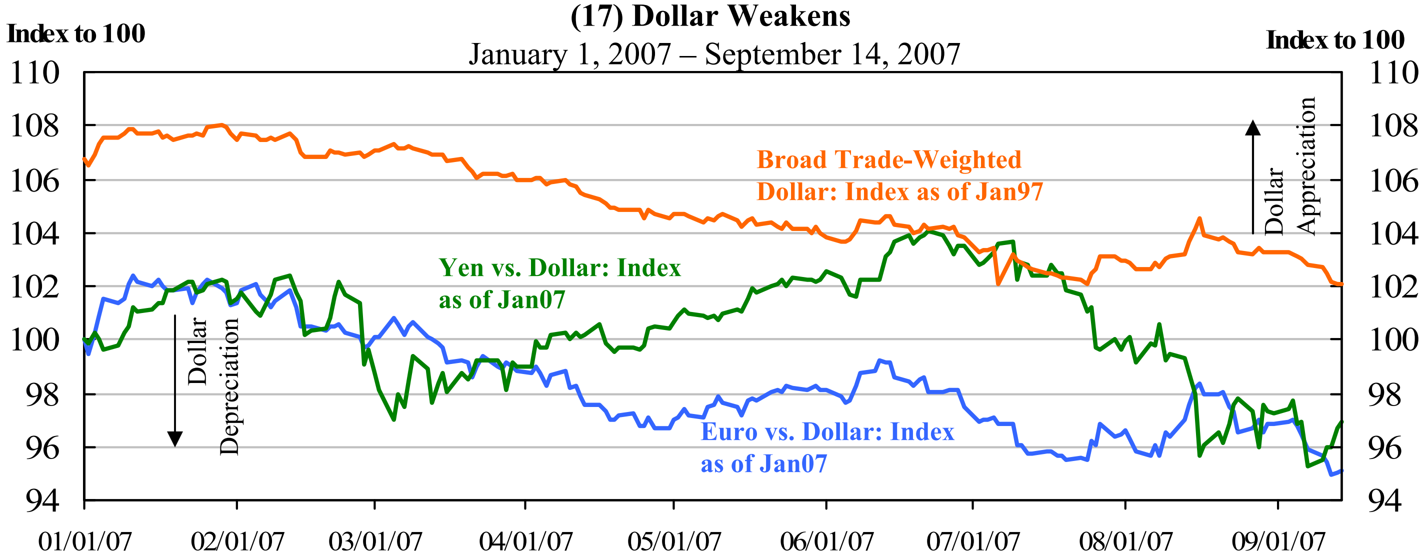
Variables	2YR Yield	10YR Yield	S&P	USD/JPY	Swap Spreads	VIX	CDX IG
2YR Yield							
10YR Yield	0.89						
S&P	0.73	0.74					
USD/JPY	0.80	0.77	0.72				
Swap Spreads	-0.55	-0.36	-0.56	-0.39			
VIX	-0.63	-0.53	-0.82	-0.66	0.58		
CDX IG	0.62	0.64	0.72	0.49	-0.60	-0.60	
Merrill-HY	-0.84	-0.78	-0.54	-0.77	0.53	0.46	-0.55

Source: Bloomberg and JP Morgan

Blue boxes denote correlations greater than 0.50 or less than -0.50

(17) Dollar Weakens

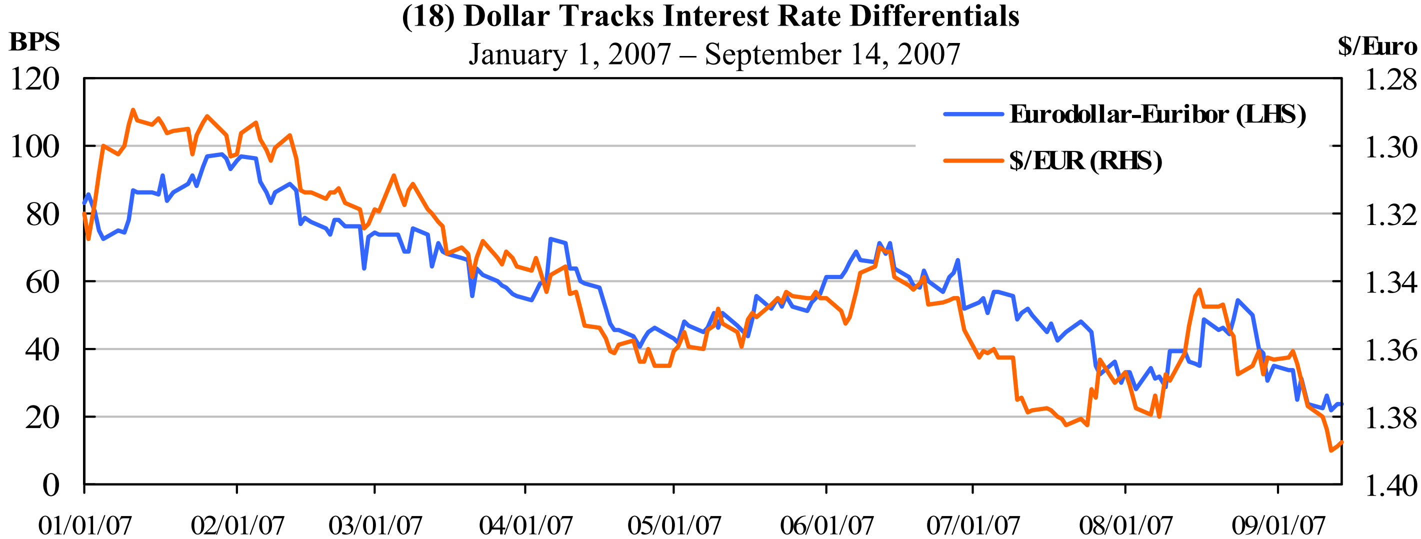
January 1, 2007 – September 14, 2007



Source: Bloomberg and Federal Reserve Board

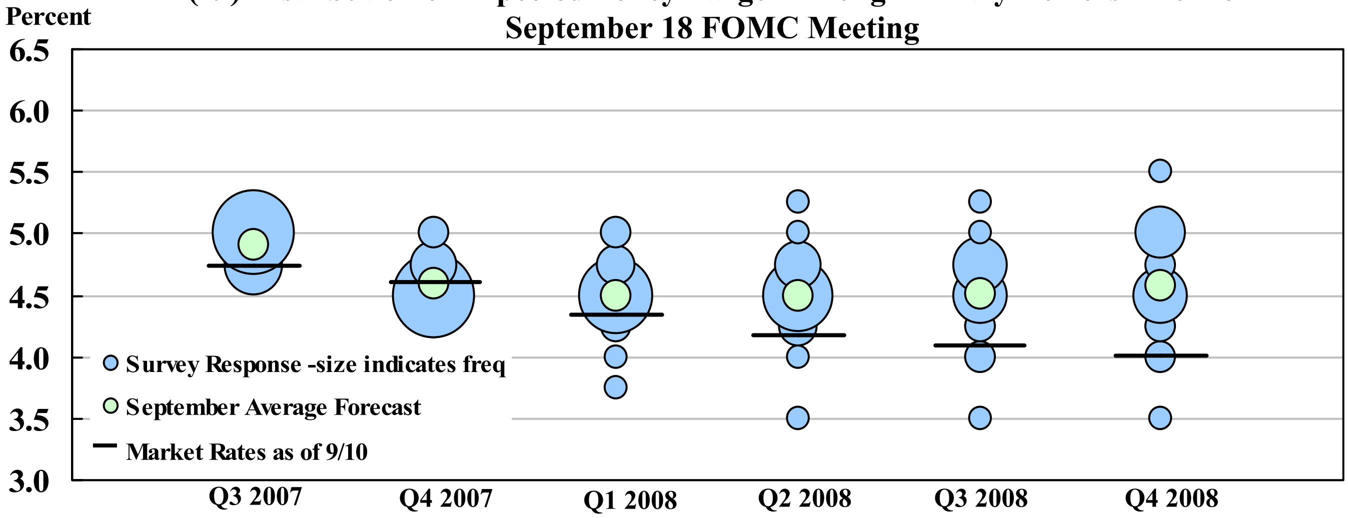
(18) Dollar Tracks Interest Rate Differentials

January 1, 2007 – September 14, 2007



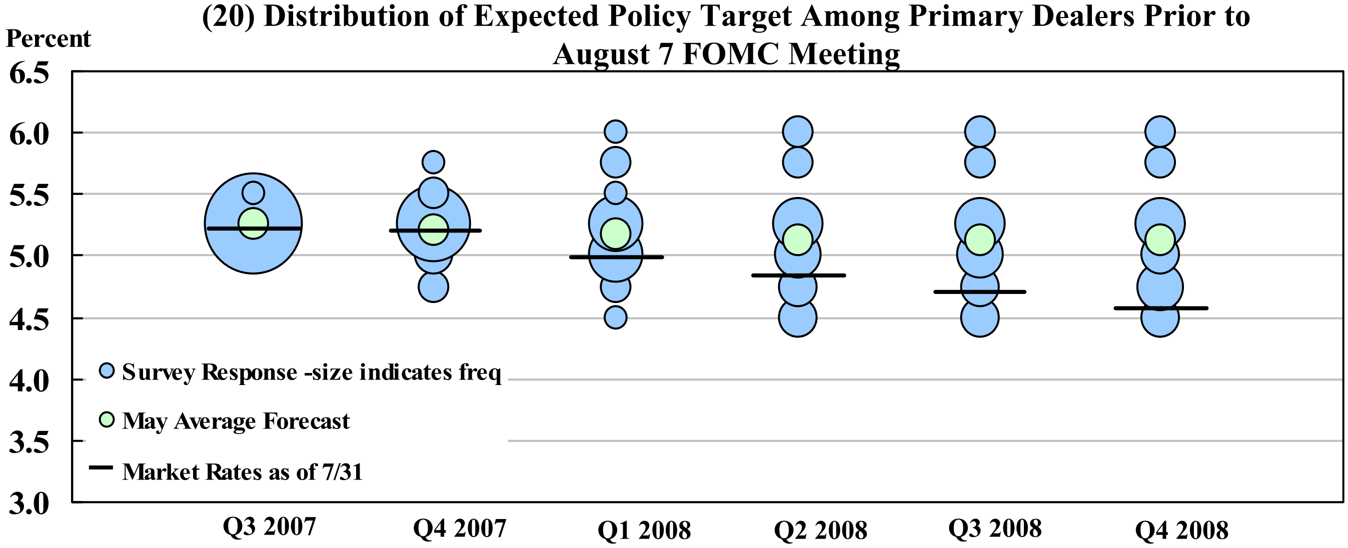
Source: Bloomberg

(19) Distribution of Expected Policy Target Among Primary Dealers Prior to September 18 FOMC Meeting



Source: Dealer Policy Survey

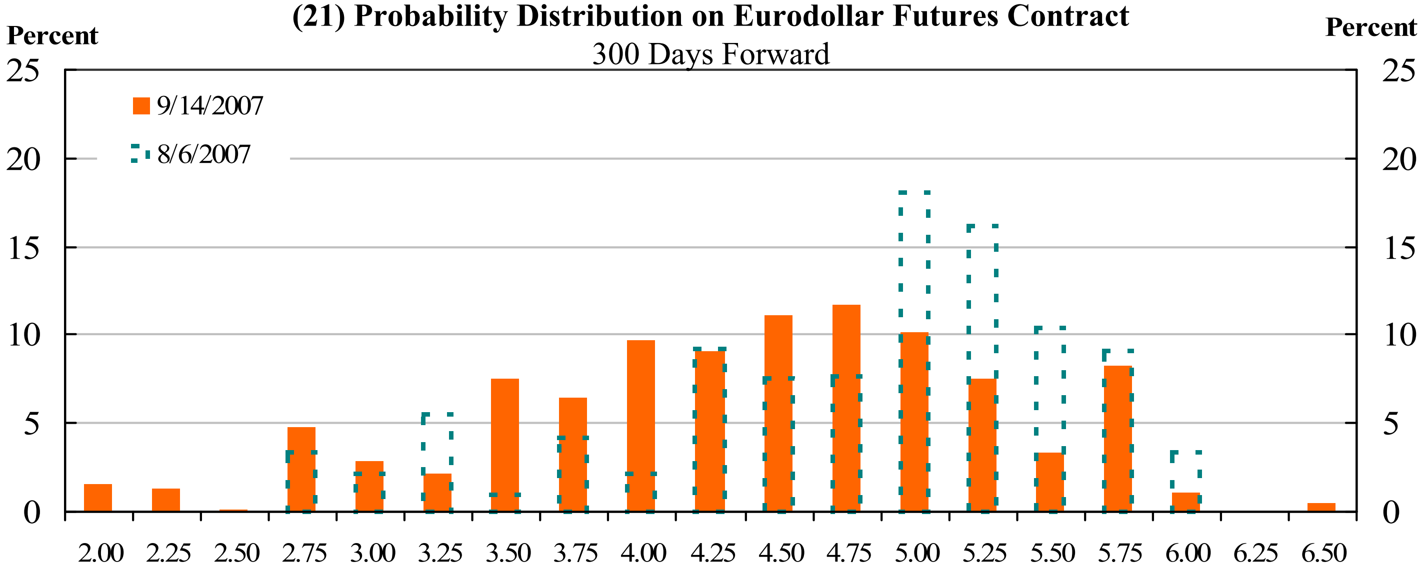
(20) Distribution of Expected Policy Target Among Primary Dealers Prior to August 7 FOMC Meeting



Source: Dealer Policy Survey

(21) Probability Distribution on Eurodollar Futures Contract

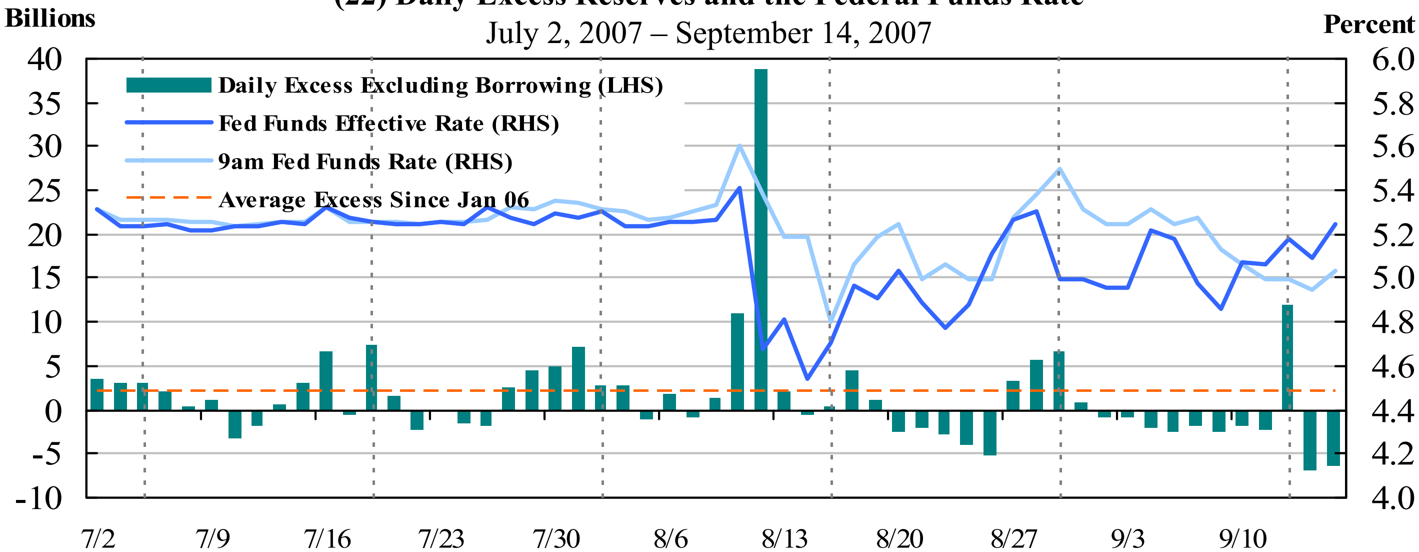
300 Days Forward



Source: CME Option

(22) Daily Excess Reserves and the Federal Funds Rate

July 2, 2007 – September 14, 2007

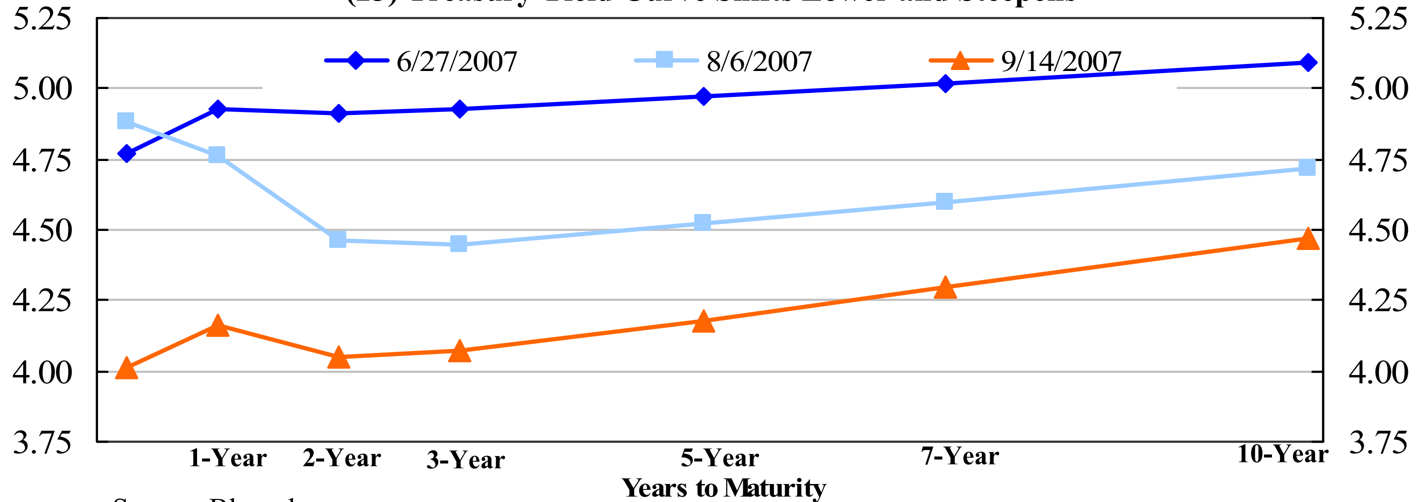


Source: FRBNY

** Vertical dotted line denote maintenance period settlement day*

APPENDIX: Reference Exhibits

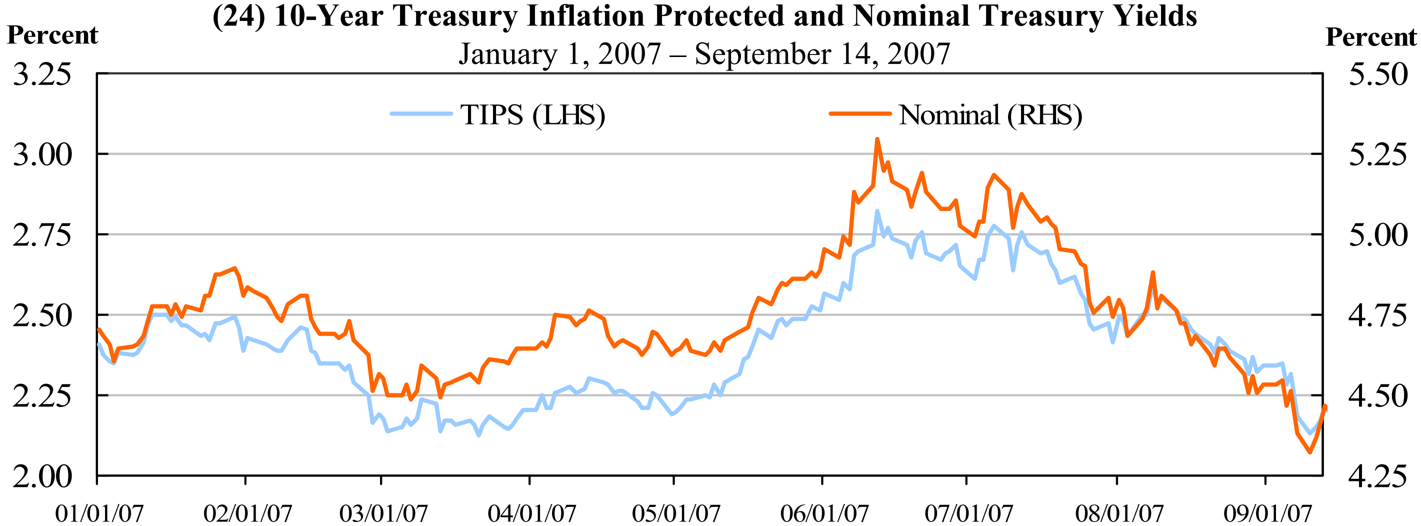
(23) Treasury Yield Curve Shifts Lower and Steepens



Source: Bloomberg

(24) 10-Year Treasury Inflation Protected and Nominal Treasury Yields

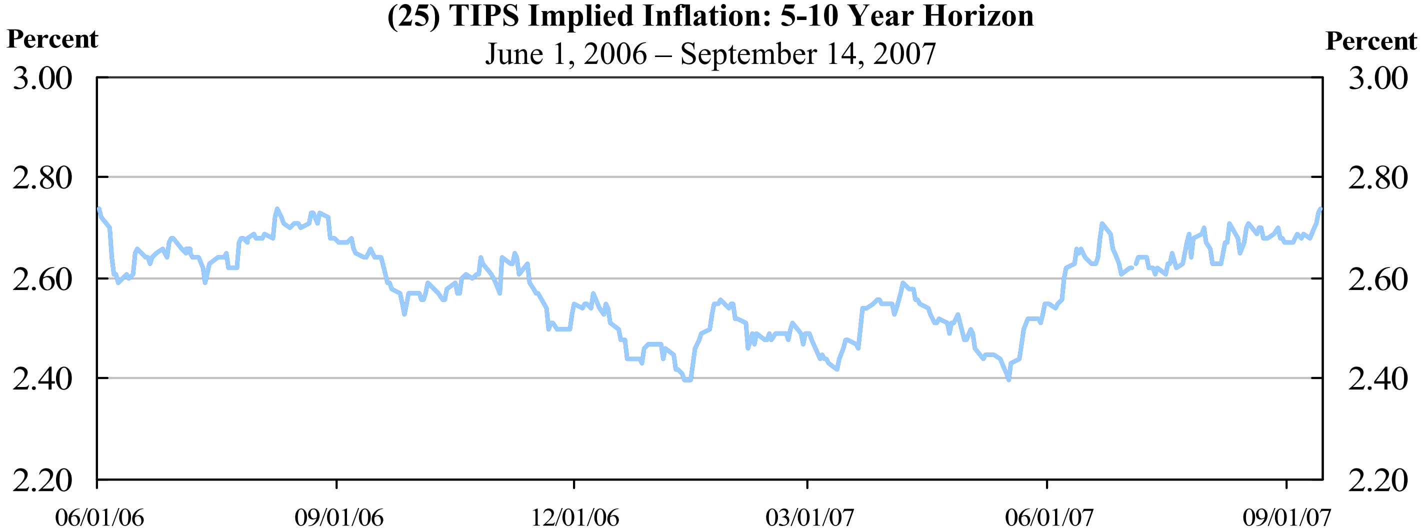
January 1, 2007 – September 14, 2007



Source: Bloomberg

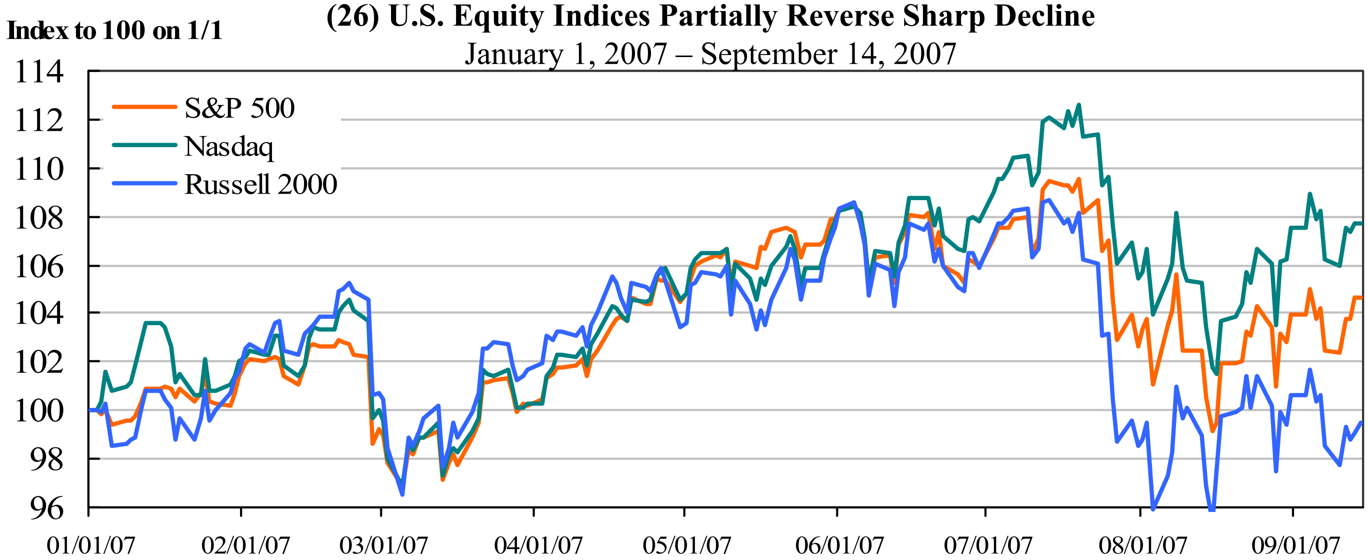
(25) TIPS Implied Inflation: 5-10 Year Horizon

June 1, 2006 – September 14, 2007



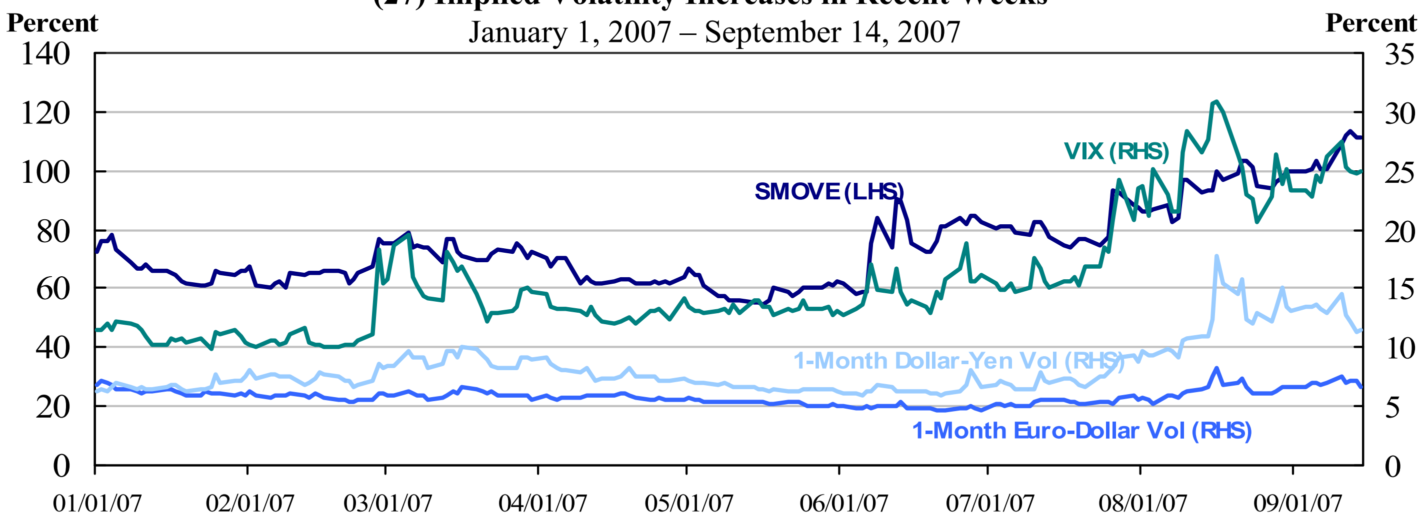
Source: Federal Reserve Board

(26) U.S. Equity Indices Partially Reverse Sharp Decline
January 1, 2007 – September 14, 2007



Source: Bloomberg

(27) Implied Volatility Increases in Recent Weeks
January 1, 2007 – September 14, 2007



Source: Bloomberg

Appendix 2: Materials used by Mr. Madigan

Material for

FOMC Briefing on September Trial-Run Projections

Brian Madigan
September 18, 2007

Participants' Implied Economic Projections for the second half of 2007[1]

	Central Tendency	Range
Real GDP Growth (saar)	**1.7 to 2.3** *(2.0 to 2.7)*	**1.6 to 2.6** *(1.8 to 3.0)*
Unemployment Rate (%, Q4)	**4.7 to 4.8** *(4.6 to 4.7)*	**4.7 to 4.8** *(4.5 to 4.8)*
Total PCE Inflation (saar)	**1.7 to 2.1** *(2.0 to 2.6)*	**1.5 to 2.1** *(1.9 to 3.1)*
Core PCE inflation (saar)	**1.9 to 2.1** *(1.9 to 2.1)*	**1.7 to 2.3** *(1.9 to 2.2)*

[1] Central tendencies and ranges of projections for the second half of 2007 implied by participants' September projections for the first half of 2007 and for 2007 as a whole. (August projections for the second half of 2007 are shown in parentheses.)

Participants' Full-Year Economic Projections for 2007-2010

	2007	2008	2009	2010
Real GDP Growth				
Central Tendency	**2.0 to 2.2**	**1.9 to 2.5**	**2.3 to 2.7**	**2.4 to 2.6**
(Central Tendency of August Projections)		*(2.2 to 2.7)*	*(2.4 to 2.7)*	
Range	**1.9 to 2.4**	**1.6 to 2.7**	**2 to 2.8**	**2.2 to 2.8**
(Range of August Projections)		*(1.9 to 2.8)*	*(2.0 to 3.1)*	
Unemployment Rate				
Central Tendency	**4.7 to 4.8**	**4.8 to 5.0**	**4.8 to 5.0**	**4.8 to 4.9**
(Central Tendency of August Projections)	*(4.6 to 4.7)*	*(4.6 to 4.8)*	*(4.7 to 5.0)*	
Range	**4.7 to 4.8**	**4.6 to 5.1**	**4.6 to 5.1**	**4.6 to 5.0**
(Range of August Projections)	*(4.5 to 4.8)*	*(4.5 to 4.9)*	*(4.4 to 5.2)*	
Total PCE Inflation				
Central Tendency	**2.8 to 3.0**	**1.7 to 2.0**	**1.7 to 2.0**	**1.6 to 1.9**
(Central Tendency of August Projections)		*(1.8 to 2.1)*	*(1.6 to 2.0)*	
Range	**2.7 to 3.0**	**1.6 to 2.4**	**1.5 to 2.3**	**1.5 to 2.2**
(Range of August Projections)		*(1.7 to 2.4)*	*(1.5 to 2.2)*	
Core PCE Inflation				
Central Tendency	**1.9 to 2.0**	**1.8 to 2.0**	**1.7 to 1.9**	**1.6 to 1.9**
(Central Tendency of August Projections)		*(1.8 to 2.0)*	*(1.6 to 1.9)*	
Range	**1.8 to 2.2**	**1.7 to 2.1**	**1.5 to 2.0**	**1.5 to 2.0**
(Range of August Projections)		*(1.7 to 2.1)*	*(1.5 to 2.0)*	

Projections for real GDP growth, total PCE inflation, and core PCE inflation are Q4/Q4 percentage changes. Projections for the unemployment rate are for the average civilian unemployment rate in the fourth quarter of each year. Each respondent's projections are based on his or her assessment of an appropriate path for monetary policy. The central tendencies exclude the three highest and three lowest projections for each variable in each year.

Appendix 3: Materials used by Mr. Madigan

Table 1: Alternative Language for the September 2007 FOMC Announcement				September 18, 2007
	Alternative A	**Alternative B**	**Alternative C**	**Alternative D**
Policy Decision	1. The Federal Open Market Committee decided today to lower its target for the federal funds rate 50 basis points to 4¾ percent.	The Federal Open Market Committee decided today to lower its target for the federal funds rate 50 basis points to 4¾ percent.	The Federal Open Market Committee decided today to lower its target for the federal funds rate 25 basis points to 5 percent.	The Federal Open Market Committee decided today to keep its target for the federal funds rate at 5¼ percent.
Rationale	2. Tighter credit conditions and the intensification of the housing correction appear likely to exert appreciable restraint on economic growth. Moreover, the potential for significant spillovers from credit market disruptions to business and household spending poses a risk to the outlook. Today's action is intended to help mitigate the adverse effects on the broader economy arising from the disruptions in financial markets and to promote moderate growth over time.	Economic growth was moderate during the first half of the year, but the tightening of credit conditions has the potential to intensify the housing correction and to restrain economic growth more generally. Today's action is intended to help forestall some of the adverse effects on the broader economy that might otherwise arise from the disruptions in financial markets and to promote moderate growth over time.	Economic growth was moderate during the first half of the year, but the tightening of credit conditions has the potential to intensify the housing correction and to restrain economic growth more generally. Today's action is intended to help forestall some of the adverse effects on the broader economy that might otherwise arise from the disruptions in financial markets and to promote moderate growth over time.	Economic growth was moderate during the first half of the year. Financial market conditions have deteriorated in recent weeks, leading to tighter credit and an intensification of the housing correction. These developments have the potential to restrain growth in economic activity. Nonetheless, the economy seems likely to continue to expand at a moderate pace over coming quarters, supported by solid growth outside the housing sector and a robust global economy.
	3. Readings on core inflation have improved modestly this year. However, the Committee judges that some inflation risks remain, and it will continue to monitor inflation developments carefully.	Readings on core inflation have improved modestly this year. However, the Committee judges that some inflation risks remain, and it will continue to monitor inflation developments carefully.	Readings on core inflation have improved modestly this year. However, the Committee judges that some inflation risks remain, and it will continue to monitor inflation developments carefully.	Readings on core inflation have improved modestly this year. However, a sustained moderation in inflation pressures has yet to be convincingly demonstrated. Moreover, the high level of resource utilization has the potential to sustain those pressures.
Assessment of Risk	4. Even after today's action, the Committee judges that the downside risks to economic growth outweigh the upside risks to inflation. Future policy adjustments will depend on the outlook for both inflation and economic growth, as implied by incoming information.	Developments in financial markets since the Committee's last regular meeting have increased the uncertainty surrounding the economic outlook. The Committee will continue to assess the effects of these and other developments on economic prospects and will act as needed to foster price stability and sustainable economic growth.	Even after today's action, the Committee judges that the downside risks to economic growth outweigh the upside risks to inflation. Future policy adjustments will depend on the outlook for both inflation and economic growth, as implied by incoming information.	In the current circumstances, the Committee judges that the downside risks to economic growth are now roughly balanced by the upside risks to inflation. Future policy adjustments will depend on the outlook for both inflation and economic growth, as implied by incoming information.

Appendix 4: Materials used by Ms. Krieger

Restricted Controlled (FR)

Material for

Briefing on Staff Proposals for Auction Credit Facility and Swap Arrangements

September 18, 2007

Table 1: Basic ACF Terms and Parameters	
ACF Rate	Fixed-rate determined via centralized single-price auction; expressed to two decimal places, e.g. 5.24 percent
Term	28-day (27 or 29 days in the case of a Thursday holiday, such as Thanksgiving)
Collateral	Any collateral eligible to secure discount window loan. Reserve Banks' standard valuation and haircuts procedures apply.
Auction Cycle	Weekly auctions Announce Friday Bid window closes Monday afternoon Bids transmitted to System auction agent Monday afternoon Winning bids determined Tuesday Auction results announced Wednesday morning Winning bidders notified by local Reserve Bank Wednesday Auction settlement on Thursday
Minimum Bid (Size)	$50 million initially; may be reduced subsequently at discretion of Auction Agent
Maximum Number of Propositions per Depository Institution	2
Maximum Bid (Size) Aggregated Across All Propositions for an Individual Depository	20 percent of announced auction amount
Maximum ACF Available to Any Single Depository, based on Lendable Collateral Value	Bids will be constrained to ensure that total ACF credit outstanding does not exceed 80 percent of lendable collateral value
Eligible Depositories	Those eligible for primary credit—that is, those determined by the lending Reserve Bank to be in generally sound financial condition. Must have borrowing agreements and collateral in place.
Prepayment	Not permitted.
Minimum Bid Rate	"Market-based term rate"; Internally, use the Overnight Index Swap rate plus 10 basis points
Auction Amount	Announced quantity determined by Board ACF subcommittee; System Auction Agent can adjust up or down by 10 percent in light of strength of propositions.
Foreign Branches	Foreign branches bid through their local Reserve Banks, but the Auction Agent will aggregate bids of each FBO and impose the single bidder requirements on the aggregated bids of the branches of the same FBO (i.e. only two bids permitted, together and individually not larger than 20 percent of the total auction amount). The Auction Agent will disaggregate the winning bids of the FBOs proportionally to the corresponding underlying bids and local Reserve Banks will book the loans accordingly.

Auction Credit Facility

Weekly Workflow Timeline* and Roles/Responsibilities

	Announcement Date (Friday)	Bid Submission Date (Monday)	Allocation Date (Tuesday)	Notification Date (Wednesday)	Settlement Date (Thursday)
Board	Auction Announcement auction parameters and minimum bid rate (noon)			Auction Results Announcement (10 am)	
RB Discount Window Staff	Field DI questions on bidding process, auction results, settlement dates, etc.	Prepare automated report listing pledged collateral, lendable values; Receive and verify bids; Validate auction bid criteria met; Complete Bid Submission forms and District Bid Sheet; Provide Bid Submission to Auction Agent		Contact DIs with winning bids	Post awarded funds to winning bidders; Notify Auction Agent upon completion
Auction Agent (NY)		Verify receipt of bid submissions	Consolidate bid submissions; Determine auction awards and stop-out rate based on Dutch Auction principles; Communicate proposed awards to RBs for confirmation; Confirmation required ;		

__Dutch Auction__: Bids accepted in accordance with announced terms (e.g. maximum and minimum bid sizes, and adequate collateral); Acceptable bids sorted from high to low; Auction winners pay the stop-out rate.

* Dates and times are illustrative