Appendix 1: Materials used by Ms. Yellen

Class I FOMC – Restricted Controlled (FR)

Material for

Action on Proposed Adjustments to External Communications Policy for System Staff

June 19, 2012

FOMC Policy on External Communications of Federal Reserve System Staff[1]

Preamble

In the course of making monetary policy decisions, the Federal Open Market Committee (FOMC) makes extensive use of background materials prepared by the staff of the Federal Reserve System, and senior staff give regular briefings at FOMC meetings. In addition, staff are directly involved in the implementation and communication of the Committee's policy decisions.

Federal Reserve System staff have contacts with members of the public in the process of gathering information about current economic and financial conditions. In addition, staff synthesize that information using a variety of analytical methods and statistical tools, and the continual refinement of these methods and tools is facilitated by ongoing interactions with academic researchers, staff at foreign central banks, and other outside analysts. Finally, staff play a significant role in helping the public understand the rationale for FOMC decisions. T**he principles described below recognize the importance of these activities for monetary policymaking and are not intended to inhibit the staff from conducting or broadly disseminating economic research or from carrying out other appropriate communications with members of the public.**

To reinforce the public's confidence in the transparency and integrity of the monetary policy process, the FOMC has established the following principles to govern the public contacts of Federal Reserve System staff who have access to confidential FOMC information.[2] The FOMC maintains responsibility for ensuring that all System staff **with such access** abide by these principles. Specifically, the President of each Federal Reserve Bank is responsible for ensuring the confidentiality of FOMC information at that Bank and for the conduct and discretion of that Bank's staff with regard to the use of that information, and the Chairman fulfills this role for Board staff.

[1] This document complements the FOMC policy regarding the external communications of Committee participants, which is set forth in a separate document.
[2] This policy is fully consistent with and complements the rules for ethical conduct prescribed for the staff of the Board of Governors and for staff at each Federal Reserve Bank.

General Principles

1. Federal Reserve staff play a significant role in enhancing public understanding of the FOMC's actions, thereby promoting the effectiveness of monetary policy. In all communications with the public regarding monetary policy issues, members of the ~~official~~ staff should refrain from publicly expressing their own personal **opinions or predictions** ~~views~~ regarding prospective monetary policy decisions ~~and should never speculate about future monetary policy decisions or actions that have not been announced by the Committee~~. In explaining the rationale for announced FOMC decisions, staff should draw on Committee communications, the Chairman's press conference remarks, and other published materials as appropriate. Whenever staff make public comments on monetary policy, they should clearly indicate that those comments are solely their own responsibility and should not be interpreted as **necessarily** representing the views of the FOMC, its principals, or any other person associated with the Federal Reserve System.

2. To foster the ongoing frank exchange of views at FOMC meetings, staff will refrain from characterizing such discussions—apart from what has been published in the minutes of each FOMC meeting—in any contact with an individual, firm, or organization outside of the Federal Reserve System.

3. To protect the independence of the FOMC's decision-making process from short-term political pressures, members of the ~~official~~ staff **of the Board and Reserve Banks** will **follow their respective codes of conduct regarding partisan political activities and** strive to avoid any appearance of political partisanship **when discussing economic or policy issues** ~~in their contacts~~ with the public.

4. Staff will carefully safeguard all confidential FOMC information.[3] No confidential information may be released except pursuant to Committee instructions or with written authorization from the Chairman and prompt notification to the Committee.

5. ~~To ensure that no member of the public is able to profit financially from acquiring nonpublic information about economic and financial conditions or about the methods and tools that are currently being used to assess those conditions, staff will not provide such information to any individual, firm, or organization outside of the Federal Reserve System unless the information has been cleared for publication and is made widely available to the public.~~ **Unless the information has been made widely available to the public, Federal Reserve staff members will refrain from**

[3] The Committee's regulations concerning the designation and handling of confidential FOMC information are set forth in a separate document, *"Program for Security of FOMC Information."*

disseminating information outside the Federal Reserve System, such as information about economic and financial conditions or about the methods and tools that are currently being used to assess those conditions, that might allow an individual, firm, or organization to profit financially.

6. Staff will strive to ensure that their contacts with members of the public do not provide any profit-making person**, firm,** or organization with a prestige advantage over its competitors. They will consider this principle carefully and rigorously in considering invitations to speak at meetings sponsored by profit-making organizations and in scheduling meetings with anyone who might benefit financially from apparently-exclusive contacts with Federal Reserve staff.

7. To facilitate the effectiveness of the Committee's policy deliberations and the clarity of its communications, staff **will** observe the blackout period on monetary policy communication that begins ~~on the Tuesday morning of the week~~ **at midnight Eastern time seven days** prior to each regularly-scheduled FOMC meeting and ends at midnight Eastern Time on the ~~Thursday following~~ **next day after** the meeting. During each blackout period, staff **will** refrain from ~~providing information~~ **expressing their views or providing analysis** to members of the public about macroeconomic or financial developments or about current or prospective monetary policy issues unless that information has already been cleared for publication and made widely available to the public prior to the blackout period. **Staff will be able to carry out their responsibilities for public dissemination of published Federal Reserve data and System surveys and reports, including answering technical questions specific to a data release.**

8. In carrying out their official responsibilities, Federal Reserve staff engage in certain closely-held communications with other parts of the U.S. government, with foreign central banks and governments, and with international organizations such as the International Monetary Fund and the Bank for International Settlements. In communicating with individuals from such institutions, staff may exchange views on current economic and financial conditions or discuss policy-related matters of interest to the Federal Reserve, including nonpublic information, and such communications are not subject to the blackout period described above. In all such interactions, however, no confidential FOMC information may be released except pursuant to Committee instructions or with written authorization from the Chairman and prompt notification to the Committee.

Practical Examples

To assist Federal Reserve System staff in understanding the application of these principles, the FOMC has considered how the principles should be applied to some common requests for public contact. For example, the following contacts would generally be consistent with the Committee's policy on external communications, as long as the staff member carefully adheres to all of the principles listed above during the contact itself:

1. A presentation at a widely-attended meeting, where the event is organized by a non-profit entity and does not involve fundraising. Such a meeting might be sponsored by an academic institution, non-profit organization, or civic or trade association (such as a chamber of commerce or a state or national bankers' association).
2. A private meeting with members of the public—such as bankers, community representatives, industry representatives, or labor representatives—to collect information about current economic and financial conditions, without disseminating any information that is not widely available to the public. Whenever practical, at least two Federal Reserve staff should be present at such a meeting.
3. **A working paper, presentation, or publication that evaluates the effectiveness of monetary policy actions taken in the past.**
4. **A discussion between Federal Reserve and Treasury staff (including during the blackout period) regarding recent economic and financial developments in a foreign economy, how to interpret them, and their implications for future developments.**

In contrast, the following contacts would *not* be consistent with the principles set out above:

1. Disclosure of confidential FOMC information.
2. Disclosure or characterization of the views expressed at an FOMC meeting.
3. Disclosure of an FOMC participant's personal views on monetary policy that have not previously been communicated to the public.
4. Public communications in which a Federal Reserve ~~officer~~ **staff member** expresses personal opinions about prospective monetary policy decisions.
5. A prediction to members of the public about Committee action prior to the Committee's announcement of such decisions.
6. A private meeting with selected clients of a regulated entity or financial firm to discuss monetary policy.

Of course, the foregoing examples are not intended to serve as an exhaustive list, and hence good judgment will be essential in applying these principles. Moreover, whenever staff are unsure about whether specific contacts with the public would be appropriate, they should consult in advance with the appropriate staff person or with the head of their respective institution—namely, the Chairman in the case of staff at the Board of Governors, and the President in the case of staff at a Federal Reserve Bank.

Appendix 2: Materials used by Ms. Yellen

Material for

Discussion on Developing a Consensus Forecast and Quarterly Monetary Policy Report (QMPR)

June 19, 2012

Questions for FOMC Discussion on Developing a Consensus Forecast and Quarterly Monetary Policy Report (QMPR)

June 19, 2012

1. Do you think that the development of an FOMC consensus forecast and QMPR would comprise a significant enhancement to the Committee's policy communications?

2. If the Committee decides to explore this initiative further, does it seem reasonable that the Chairman would consult with the Committee in developing the consensus forecast but would have ultimate responsibility for the consensus forecast and the accompanying narrative in the QMPR, which would also convey the diversity of participants' views?

3. Would it be worthwhile to conduct an experimental exercise in conjunction with the July FOMC meeting before deciding whether to proceed any further with this initiative?

Appendix 3: Materials used by Mr. Sack

Material for

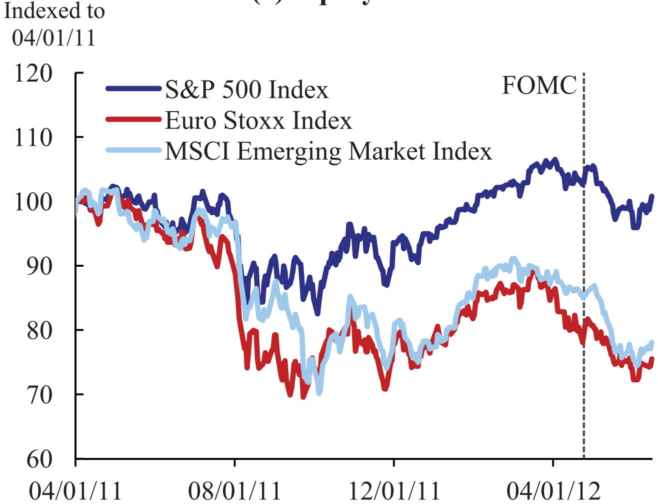
FOMC Presentation:
Financial Market Developments and Desk Operations

Brian Sack

June 19, 2012

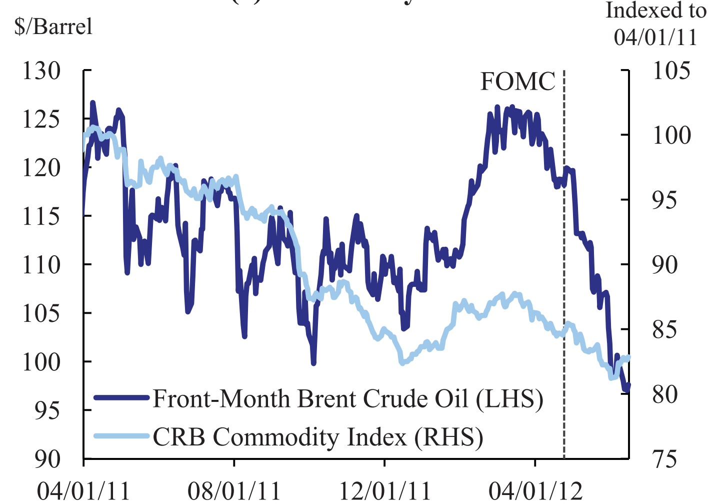
Exhibit 1

(1) Equity Prices



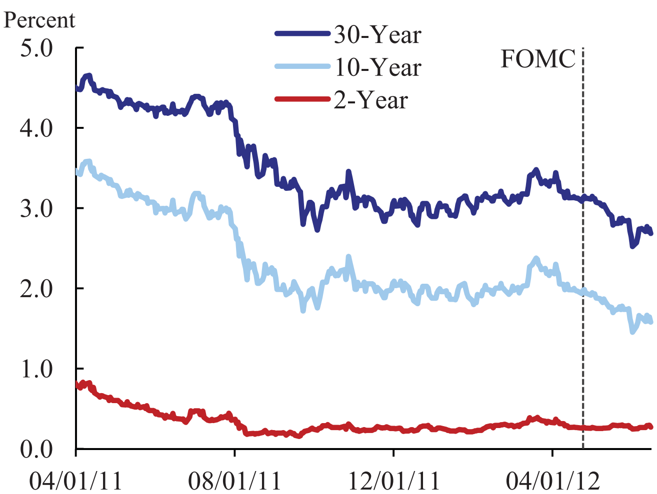
Source: Bloomberg

(2) Commodity Prices



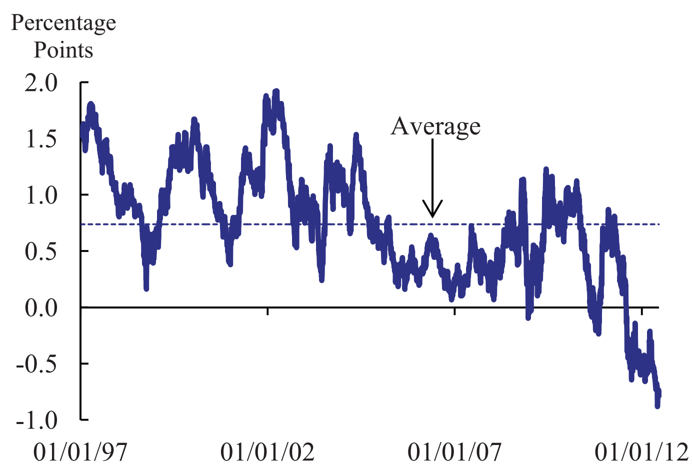
Source: Bloomberg

(3) Treasury Yields



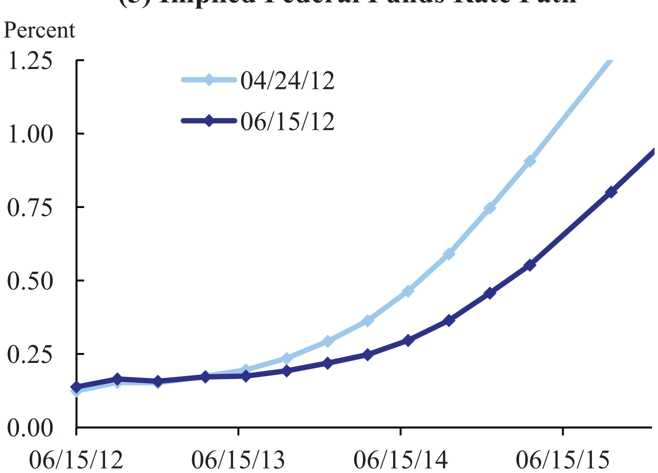
Source: Bloomberg

(4) Term Premium for Ten-Year Treasury Yield*



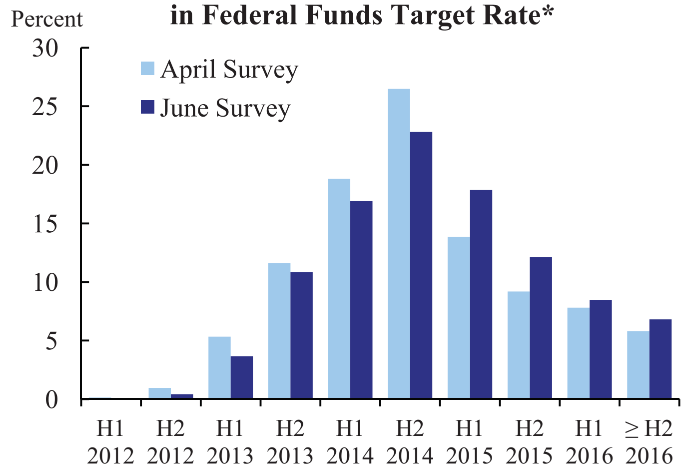
*Estimate from Kim-Wright model.
Source: Federal Reserve Board of Governors

(5) Implied Federal Funds Rate Path*



*Derived from federal funds futures and eurodollar futures.
Source: Bloomberg, Federal Reserve Bank of New York

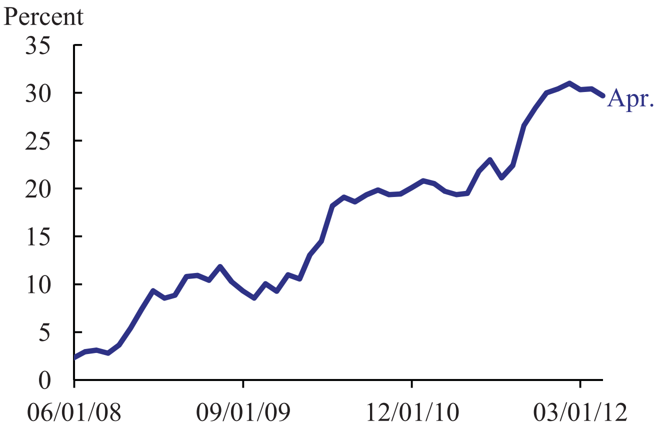
(6) Probability Distribution of First Increase in Federal Funds Target Rate*



*Average probabilities from dealer responses.
Source: Federal Reserve Bank of New York Survey

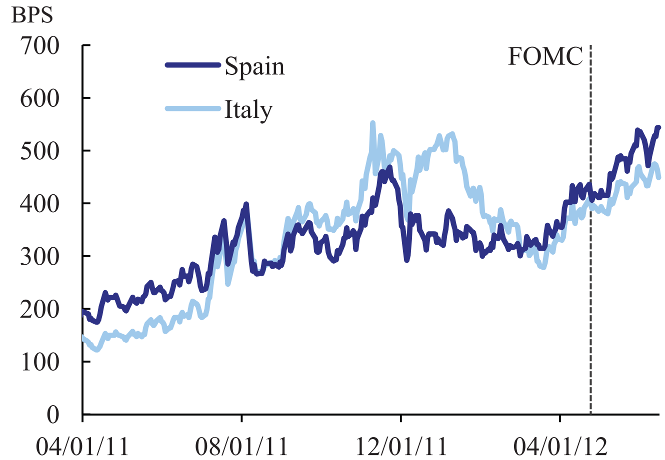
Exhibit 2

(7) Greek Borrowing from Central Bank as Percent of Banking Sector Liabilities*



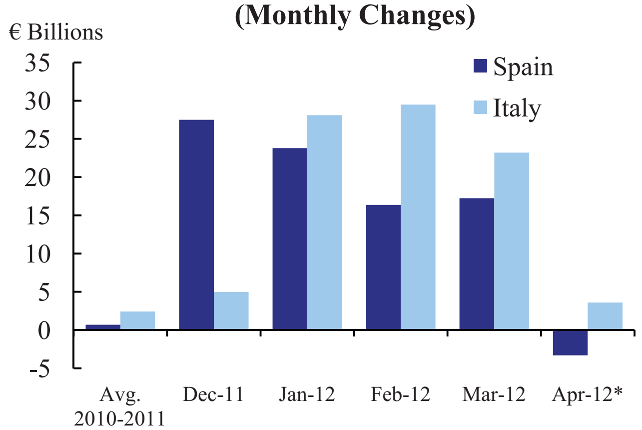
*Includes regular ECB operations and funding under ELA arrangements.
Source: Bank of Greece

(8) Euro Area Sovereign Debt Spreads*



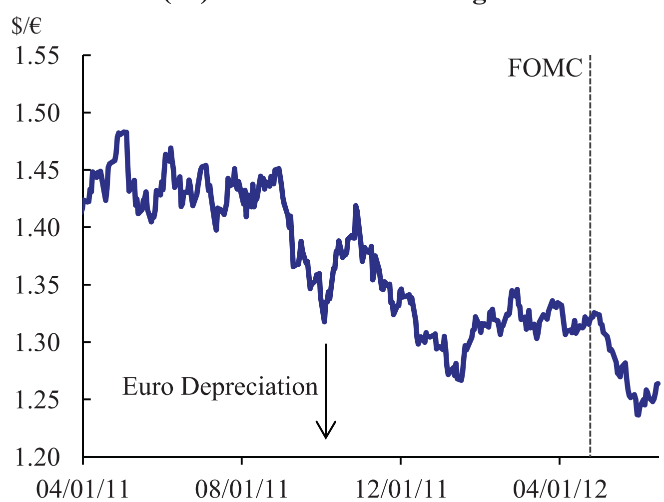
*10-year spreads to Germany.
Source: Bloomberg

(9) Bank Holdings of Domestic Sovereign Debt (Monthly Changes)



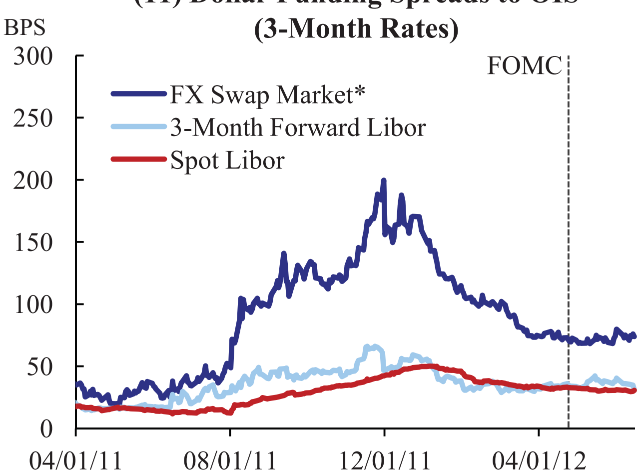
*April data represent change in holdings of all euro area sovereign debt, rather than only home sovereign.
Source: Bank of Spain, Bank of Italy, ECB

(10) Euro-Dollar Exchange Rate



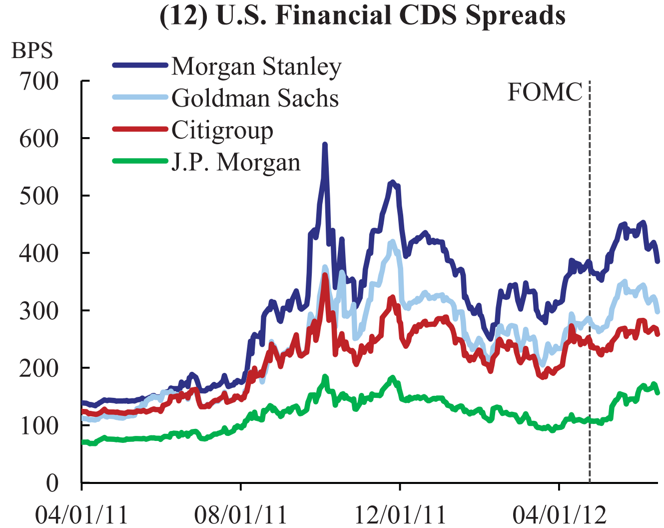
Source: Bloomberg

(11) Dollar Funding Spreads to OIS (3-Month Rates)



*Euro Libor rate swapped to dollars.
Source: Bloomberg, Federal Reserve Bank of New York

(12) U.S. Financial CDS Spreads



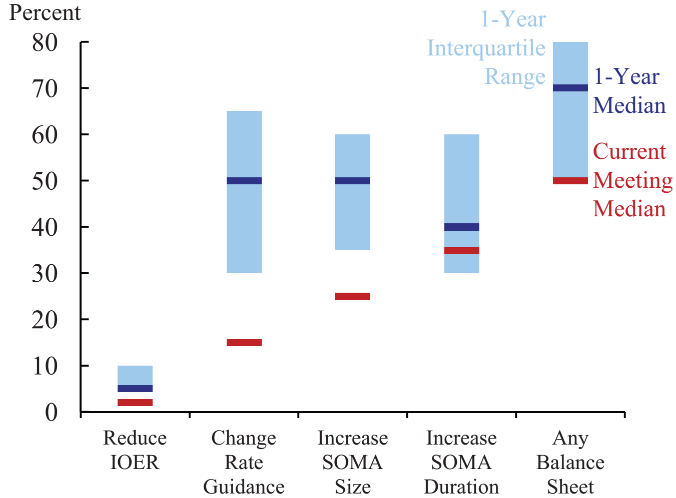
Source: Bloomberg

(13) Operations for Maturity Extension Program (Through 06/18/12)

	Purchases	Sales
Par Amount ($ Bil.)	380.4	383.5
Duration (Years)	10.5	1.5
10-Year Equivalents ($ Bil.)	479.3	69.1
Number of Operations	121	52
Bid-to-Cover (Median)	3.0	7.1

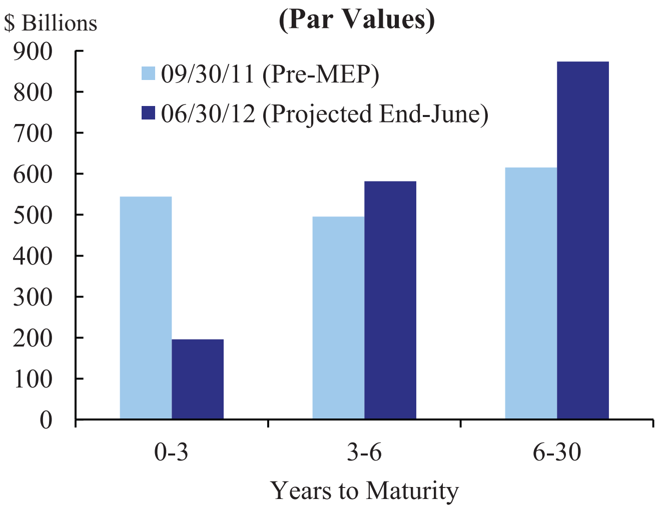
Source: Federal Reserve Bank of New York

(14) Probability of Additional Policy Actions



Source: Federal Reserve Bank of New York Survey

(15) SOMA Treasury Holdings (Par Values)



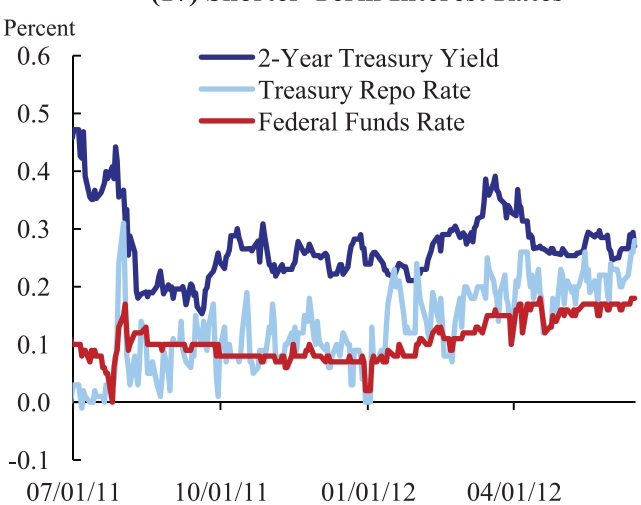
Source: Federal Reserve Bank of New York

(16) SOMA Treasury Holdings as Percent of Outstanding

Maturity Range	Pre-MEP	Current MEP End-June	Extended MEP End-Dec.
0-3 Years	11%	4%	0%
3-6 Years	23%	25%	26%
6-30 Years	24%	30%	33%

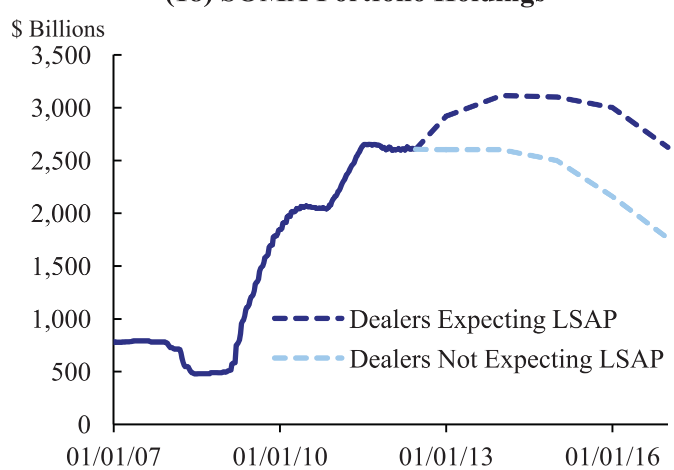
Source: Federal Reserve Bank of New York

(17) Shorter-Term Interest Rates



Source: Bloomberg, Federal Reserve Bank of New York

(18) SOMA Portfolio Holdings*



*Median response of dealers in the category listed.
Source: Federal Reserve Bank of New York Survey

Appendix 4: Materials used by Messrs. Bowman, Lebow, and Palumbo

CLASS II FOMC - Restricted (FR)

Material for

Staff Presentation on the Economic Outlook

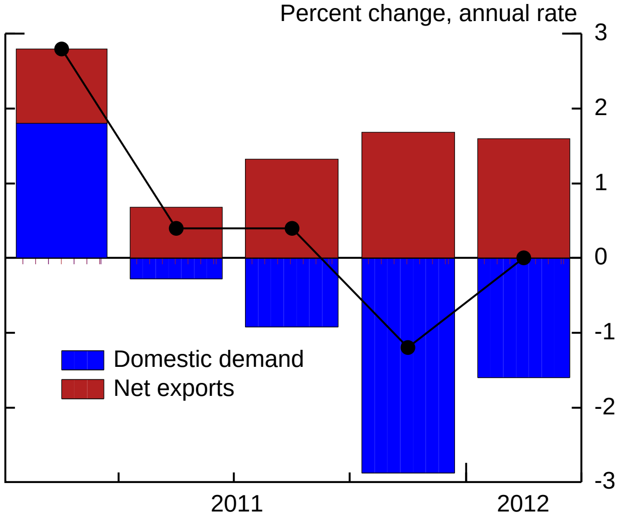
June 19-20, 2012

Class II FOMC - Restricted (FR)

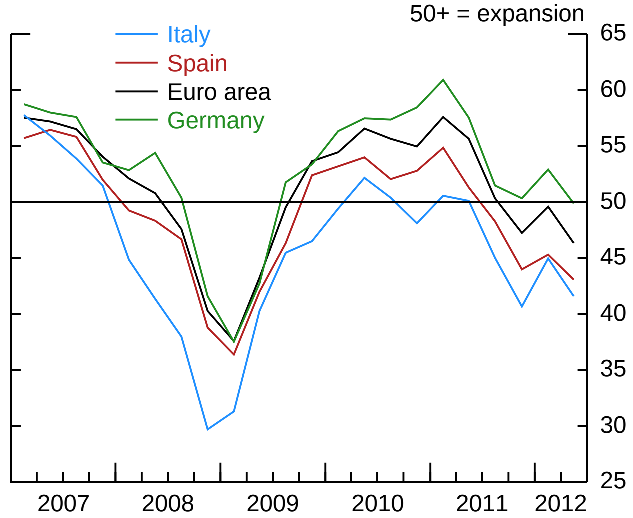
Exhibit 1

Euro-Area Baseline

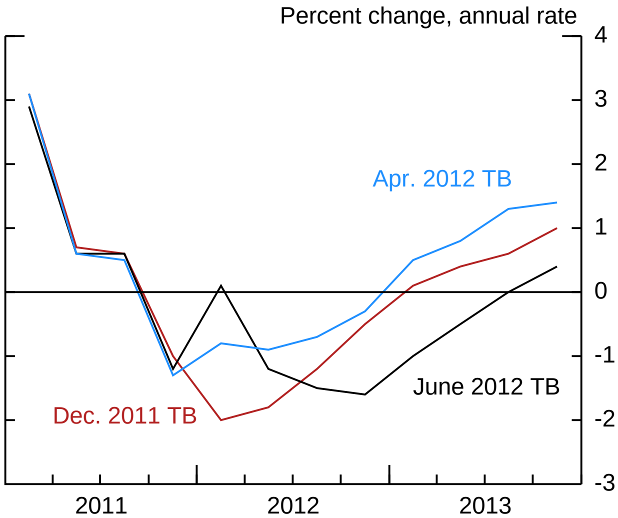
Contributions to GDP Growth



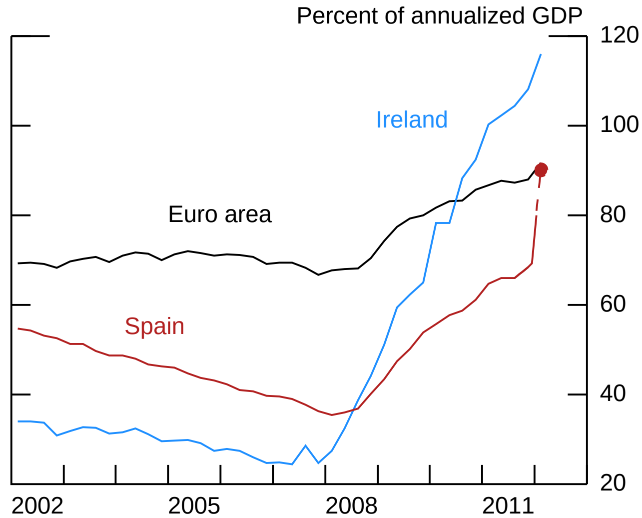
Composite PMIs



Staff Euro-area GDP Forecast



General Government Debt to GDP



Baseline Assumptions

- Any Greek exit some time off, allowing time to prepare
- Financial stresses increase before Europe takes new action
- European leaders do just enough this year to contain the crisis:
  - ECB offers further liquidity measures
  - Gradual progress on fiscal and financial union
  - Full EU/IMF packages for Spain and Italy if needed

Projected Euro-area GDP Growth

Percent

	2012	2013
1. Staff	**-0.7**	**-0.9**
2. Consensus	**-0.4**	**0.7**
3. ECB	**-0.1**	**1.0**

Class II FOMC - Restricted (FR)

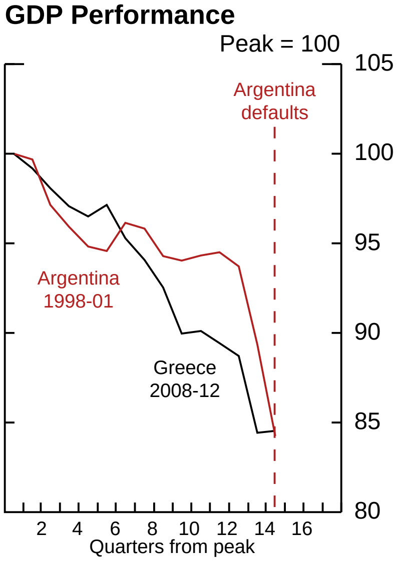
Exhibit 2

Euro-Area Risks

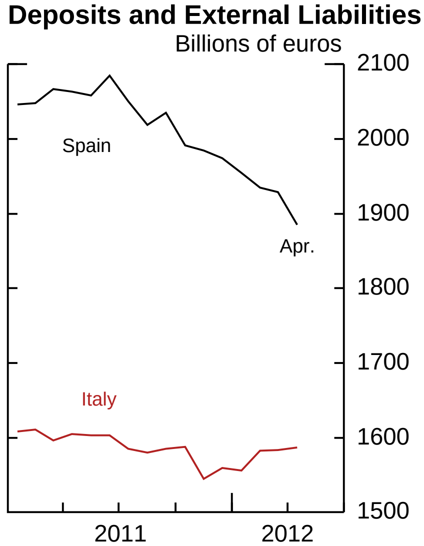
Potential Sources of Risk

- Greek Exit
  - Could prompt sharper deterioration in financial conditions
- Deposit Runs
  - Spanish deposits and external liabilities already declining
  - June 9 package likely sufficient to cover NPLs, but not prevent a run
  - About €2 billion in Spain's deposit insurance fund
  - National insurance schemes cannot protect against redenomination
- TARGET2 Balances
  - Creditor countries could seek to limit ECB funding of these balances
- Runs on Sovereign Debt
  - EU/IMF funds may be inadequate if more countries come under pressure

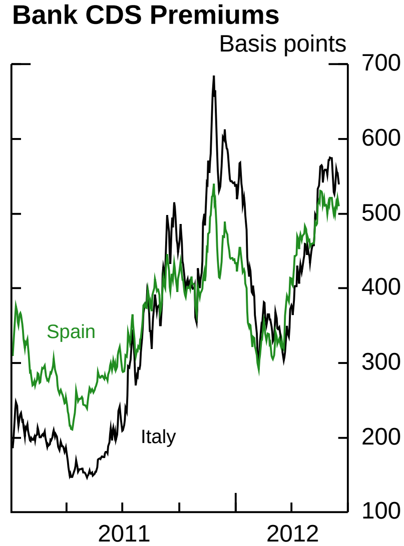
GDP Performance



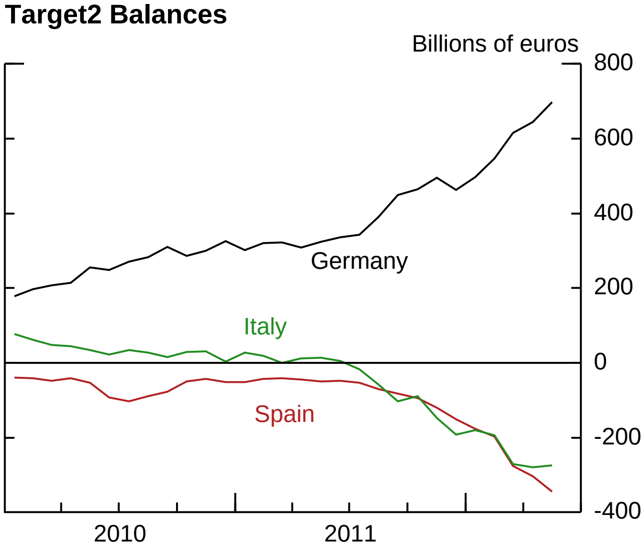
Deposits and External Liabilities



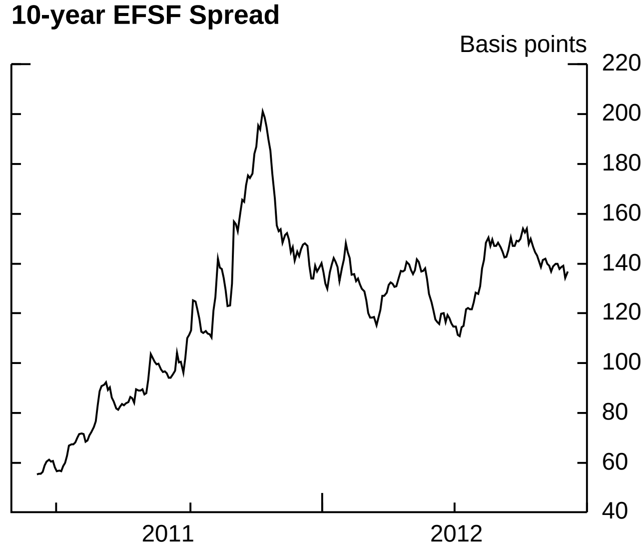
Bank CDS Premiums



Target2 Balances



10-year EFSF Spread



Class II FOMC - Restricted (FR)

Exhibit 3

Global Outlook

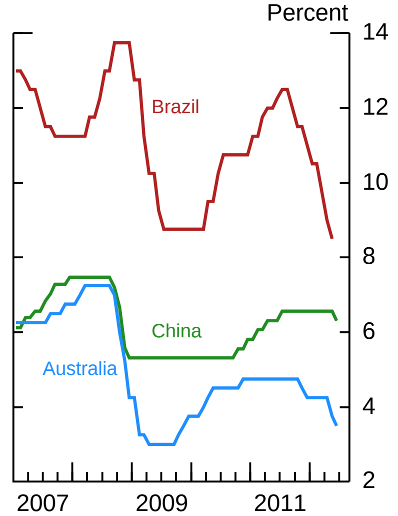
Real GDP*

	2012 Q1	2012 Q2-Q4[f]	2013[f]	2014[f]
1. Total Foreign GDP	**3.4**	**2.4**	**2.7**	**3.2**
2. April Tealbook	*3.2*	*2.9*	*3.2*	*3.6*
3. Advanced Foreign Economies	**1.5**	**0.8**	**1.2**	**1.9**
4. Euro Area	-0.0	-1.4	-0.3	1.1
5. Other AFE	1.8	1.2	1.4	2.1
6. Emerging Market Economies	**5.5**	**4.2**	**4.3**	**4.6**
7. China	7.4	7.7	7.9	8.1
8. EME Asia ex China	5.7	4.1	4.3	4.6
9. Latin America	4.8	3.0	3.1	3.2

* GDP aggregates weighted by shares of U.S. merchandise exports.

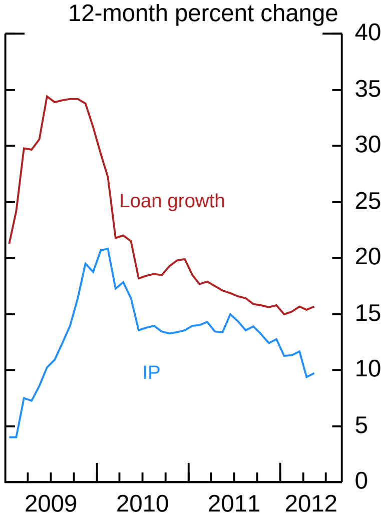
Policy Rates

Percent



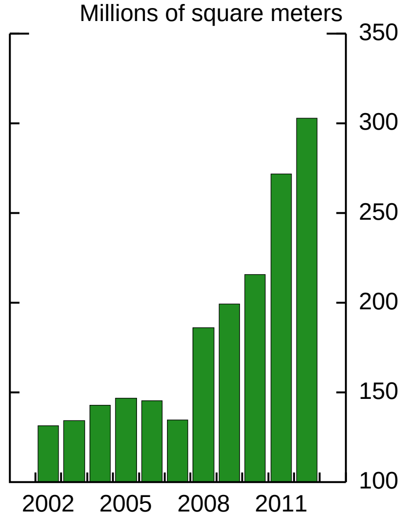
Chinese Indicators

12-month percent change



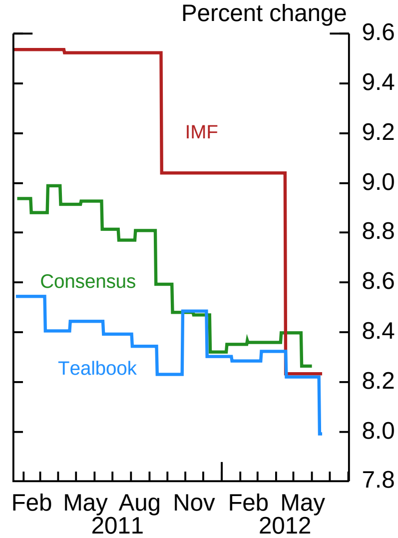
China: Unsold Floor Space

Millions of square meters



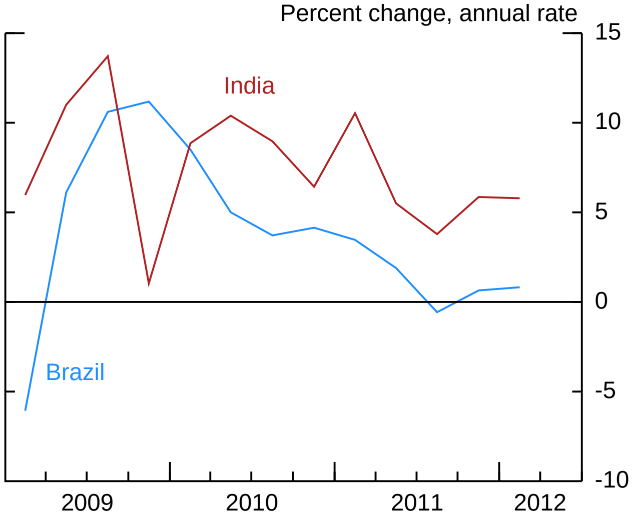
2012 Chinese GDP Forecasts

Percent change



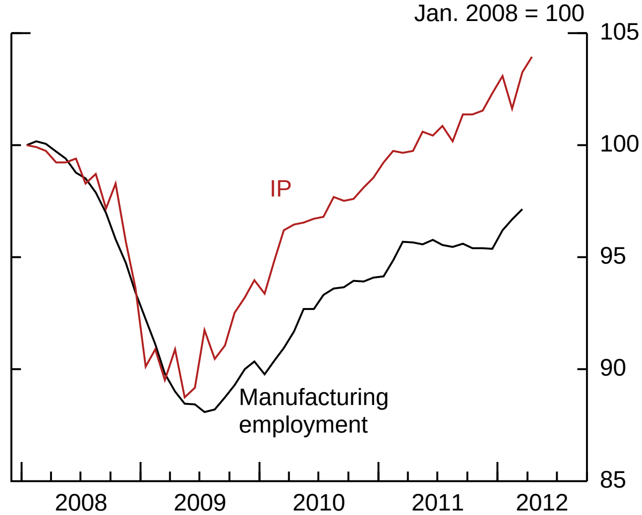
Brazilian and Indian GDP

Percent change, annual rate



Mexico

Jan. 2008 = 100

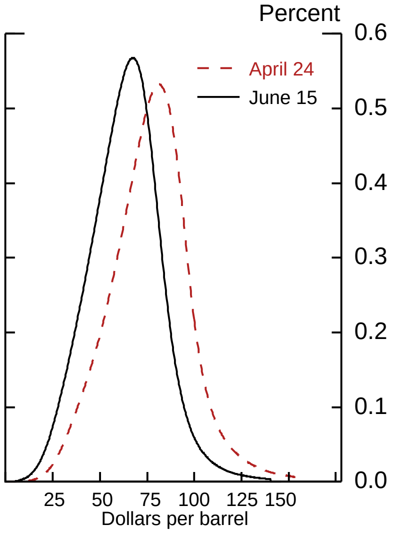


Class II FOMC - Restricted (FR)

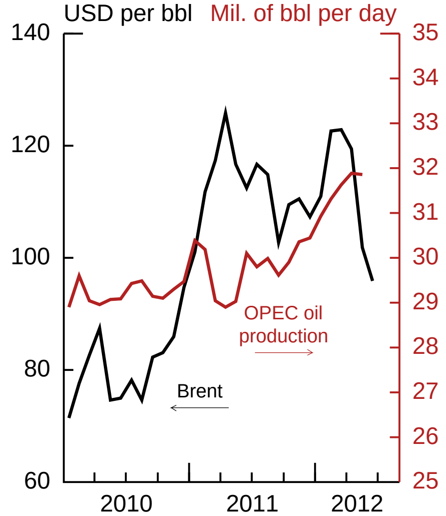
Exhibit 4

Commodities and Trade

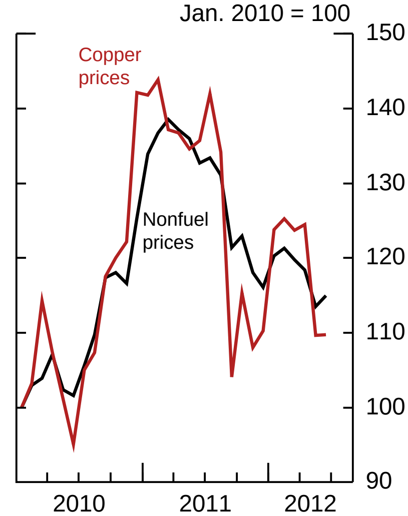
December 2012 Oil Prices



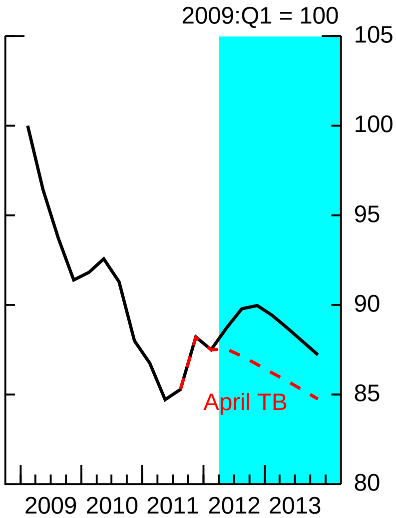
Oil



Nonfuel Commodities



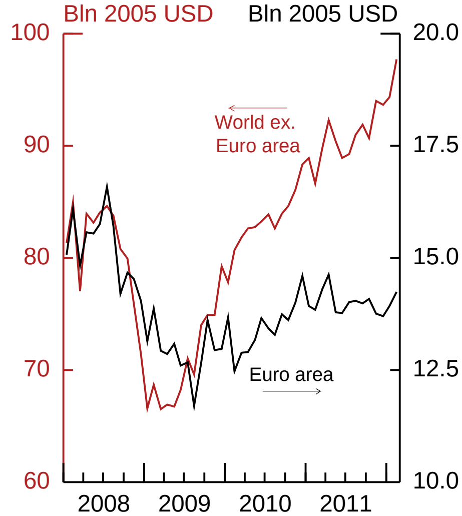
Broad Real Dollar



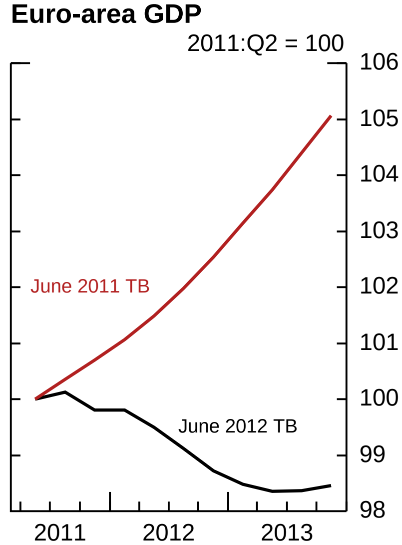
Trade in Real Goods and Services

	2012 Q1	2012 Q2[f]	2012 H2[f]	2013[f]	2014[f]
Annualized percent change					
1. Exports	4.1	3.9	3.4	3.7	5.5
2. Imports	2.8	4.6	5.0	4.2	4.5
Contribution to Real GDP Growth (percentage points, a.r.)					
3. Net Exports	0.1	-0.3	-0.4	-0.2	-0.0
4. Revision from April Tealbook	*-0.2*	*-0.3*	*-0.2*	*-0.3*	*-0.1*
5. Estimated Effect of Euro-area Crisis	*-0.7*	*-0.7*	*-1.1*	*-1.0*	*n.a.*

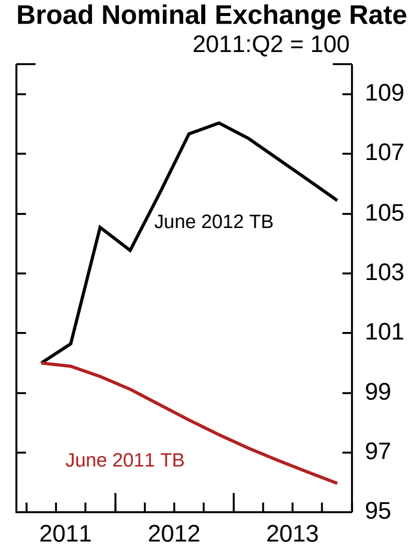
U.S. Real Exports



Euro-area GDP



Broad Nominal Exchange Rate

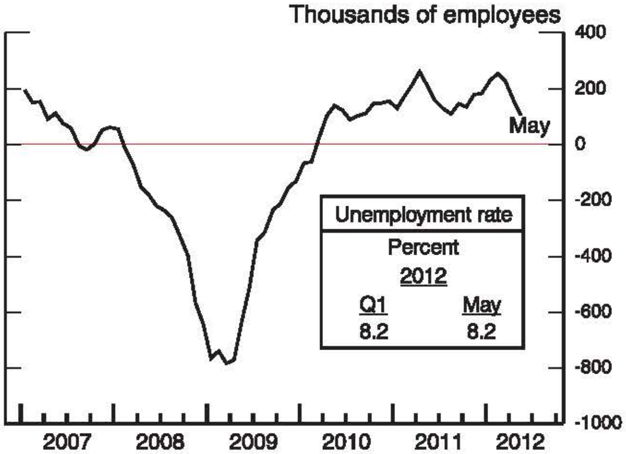


Class II FOMC - Restricted (FR)

Exhibit 5

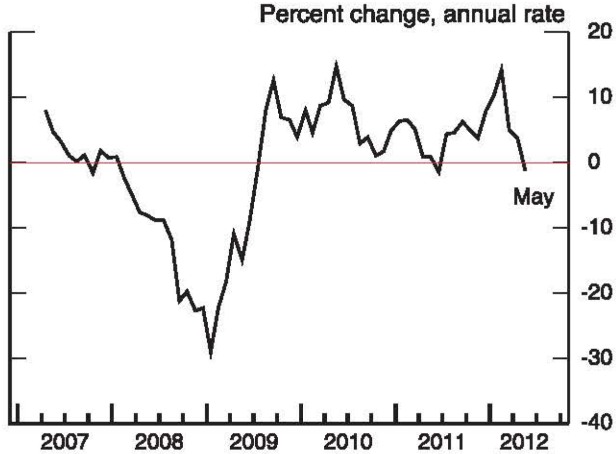
Recent U.S. Indicators

Change in Private Payroll Employment



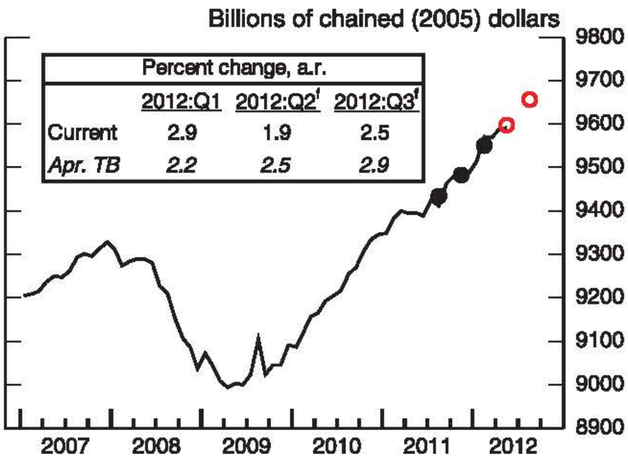
Note: Three-month moving average.

Manufacturing IP



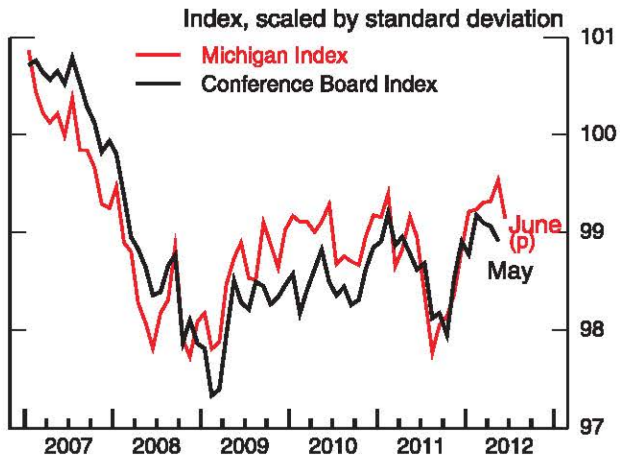
Note: Three-month moving average.

Real Personal Consumption Expenditures



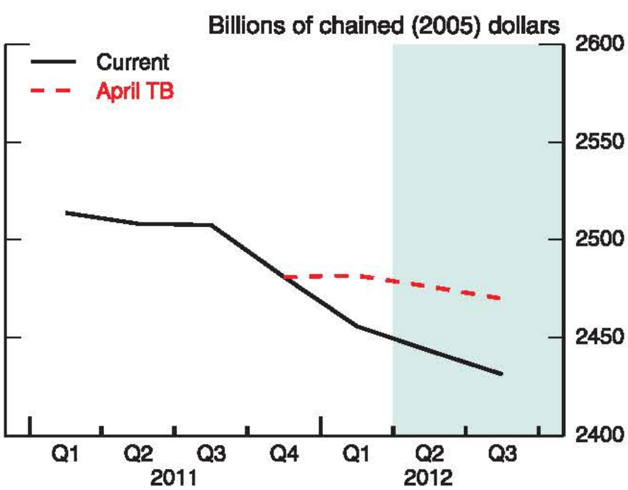
Note: 2012:Q2 and 2012:Q3 are staff estimates.

Consumer Confidence

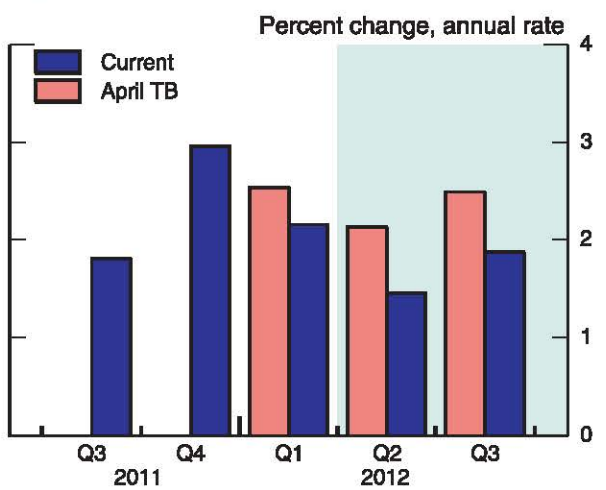


Note: Average value since 1978 equals 100.

Real Government Purchases



Real GDP



Class II FOMC - Restricted (FR)

Exhibit 6

Europe and the Medium-term Outlook

Effects of Europe on the June Tealbook

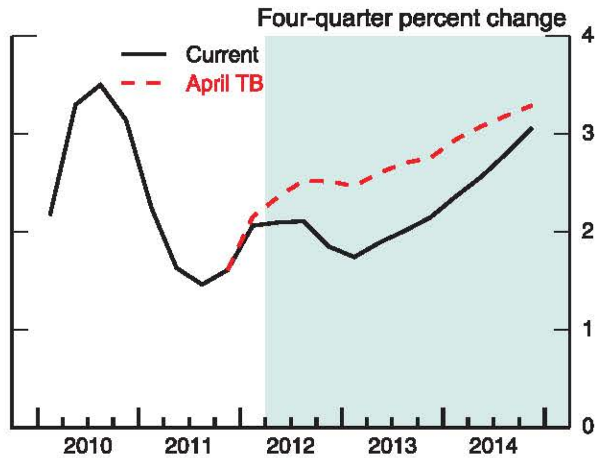
Adverse:

- Dollar stronger
- Foreign growth weaker
- Equity prices lower

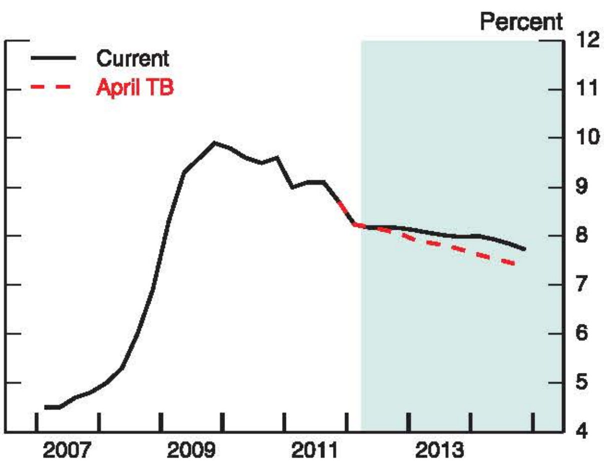
Mitigating:

- Oil prices lower
- Interest rates lower

Real GDP



U.S. Unemployment Rate

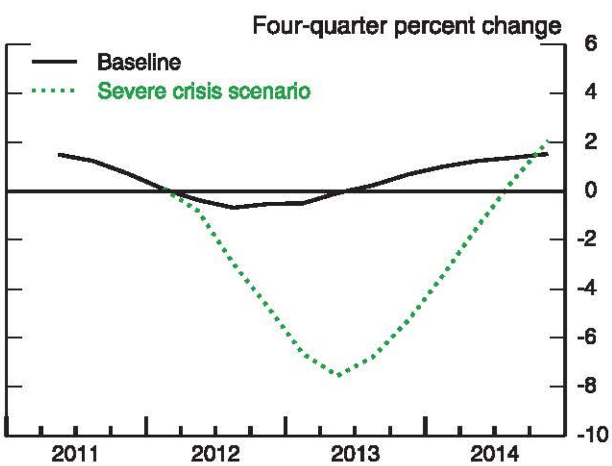


European Crisis with Severe Spillovers

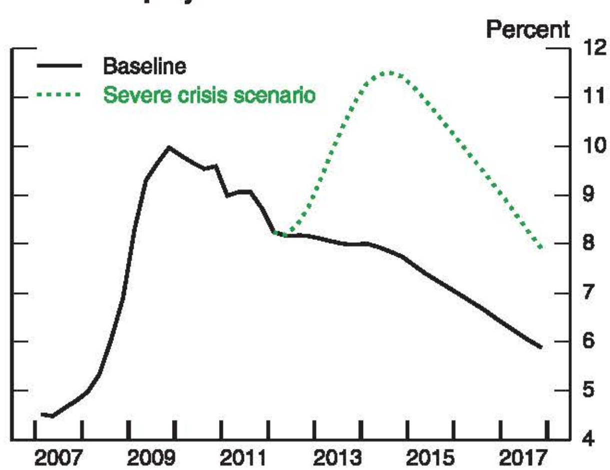
Severe crisis in Europe leads to

- Sizable appreciation of the dollar
- Sharply wider U.S. bond spreads
- Much weaker stock market
- Erosion in household and business confidence

Alternative Simulation: Euro-area GDP



Alternative Simulation: U.S. Unemployment Rate



Class II FOMC - Restricted (FR)

Exhibit 7

Fiscal Cliff

Fiscal Assumptions in the Tealbook

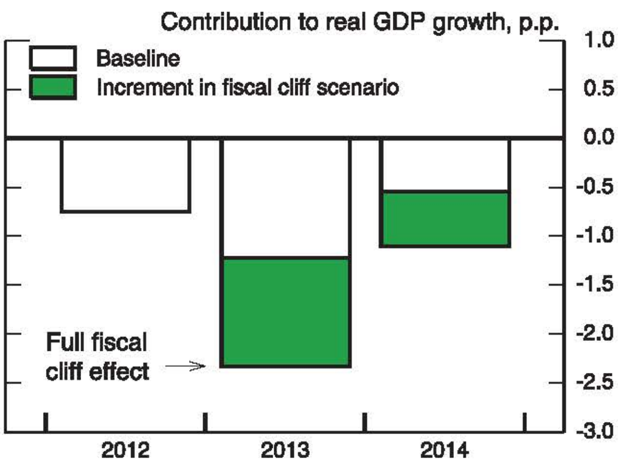
In the baseline

- Payroll tax cut and EUC program expire
- Discretionary spending restrained by caps and by reduced defense spending
- Gradual deficit-reduction policies in place of sequestration
- 2001-03 tax cuts and AMT relief extended

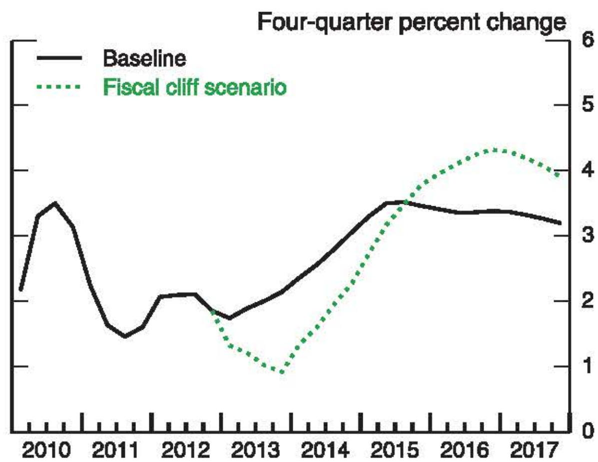
In the fiscal cliff alternative

- 2001-03 tax cuts expire
- AMT relief expires
- No Medicare doc fix
- Full sequestration

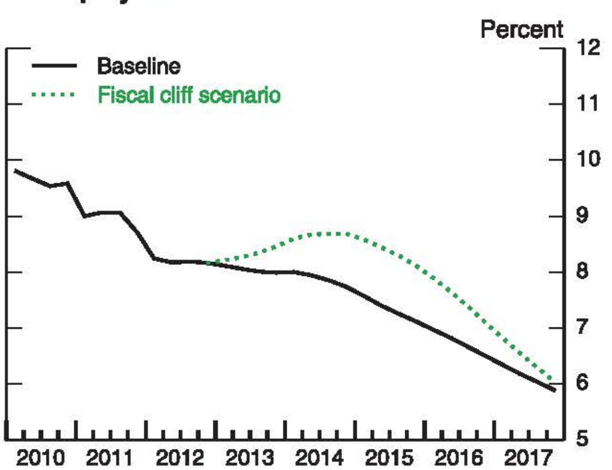
Alternative Simulation: Federal Fiscal Impetus



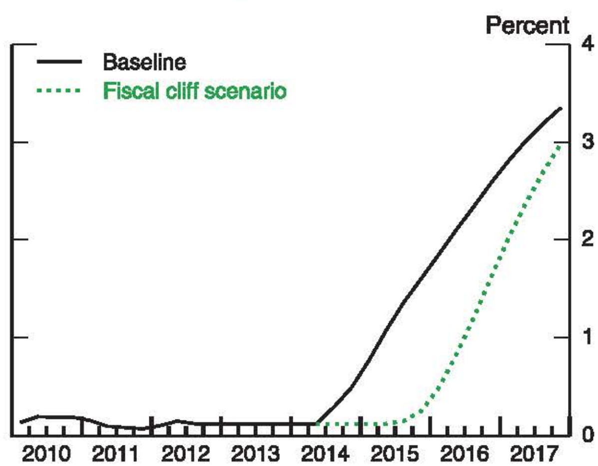
Alternative Simulation: Real GDP



Alternative Simulation: Unemployment Rate



Alternative Simulation: Federal Funds Rate

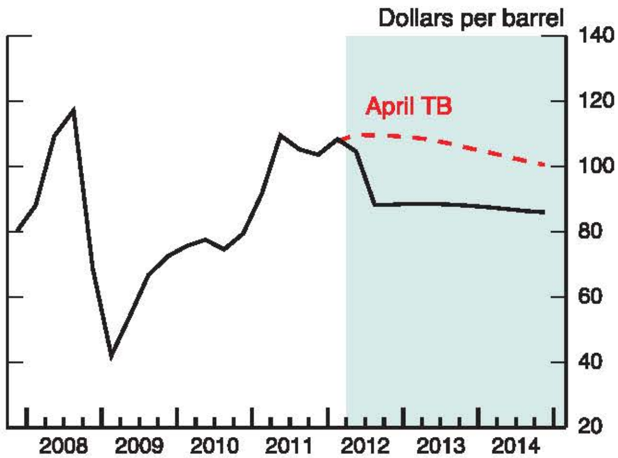


Class II FOMC - Restricted (FR)

Exhibit 8

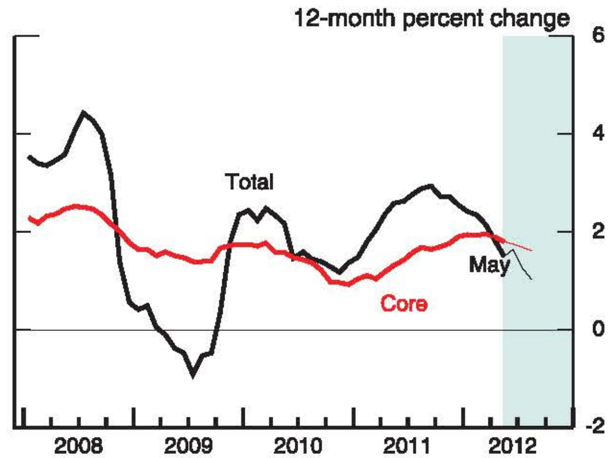
Inflation Projection

Crude Oil Prices



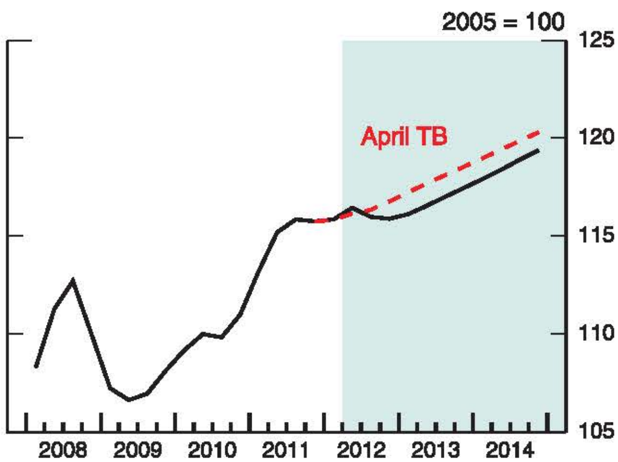
Note: Price of imported oil, BOP basis.

PCE Prices

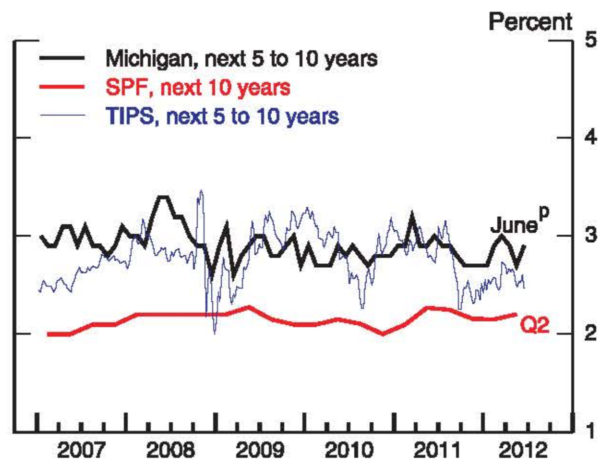


Note: Staff estimate for May.

Core Nonfuel Import Prices

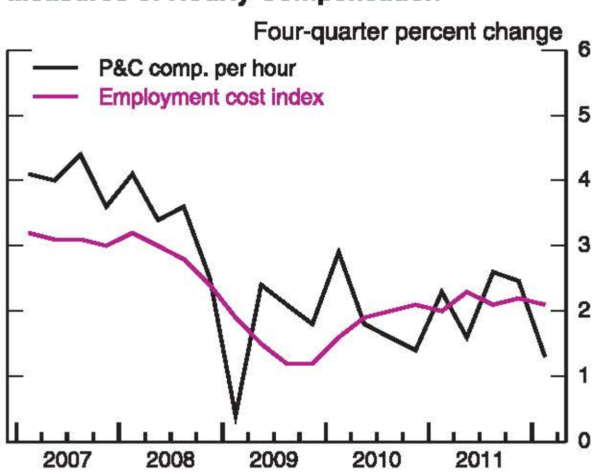


Inflation Expectations



p. Preliminary.
Note: Median responses to the Michigan survey. The SPF projection is for the PCE price index.

Measures of Hourly Compensation



PCE Price Projection
(Percent change, Q4/Q4)

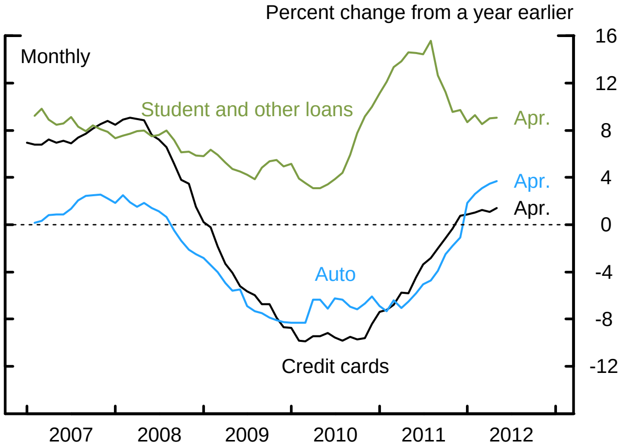
	2012	2013	2014
1. Total	1.2	1.5	1.5
2. Apr. TB	*1.9*	*1.5*	*1.5*
3. Food	1.5	1.5	1.4
4. Energy	-7.5	0.7	-0.4
5. Apr. TB	*3.0*	*-1.1*	*-1.7*
6. Core	1.7	1.6	1.6
7. Apr. TB	*1.8*	*1.7*	*1.7*

Class II FOMC - Restricted (FR)

Exhibit 9

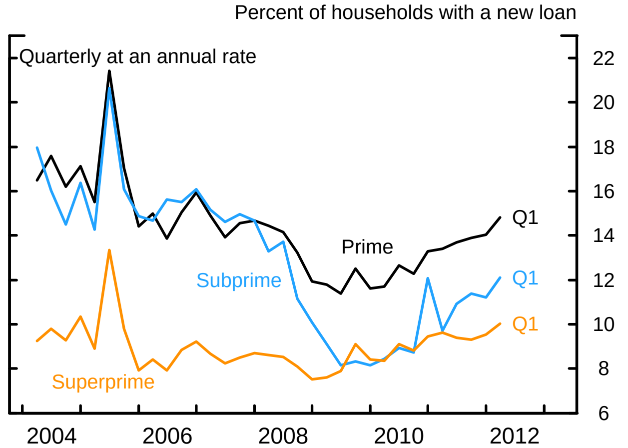
Household Credit Conditions

Consumer Credit



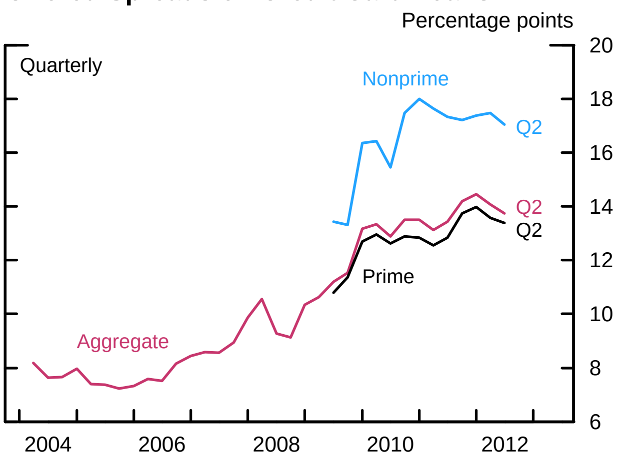
Source: Federal Reserve Board; not seasonally adjusted.

Newly Originated Auto Loans



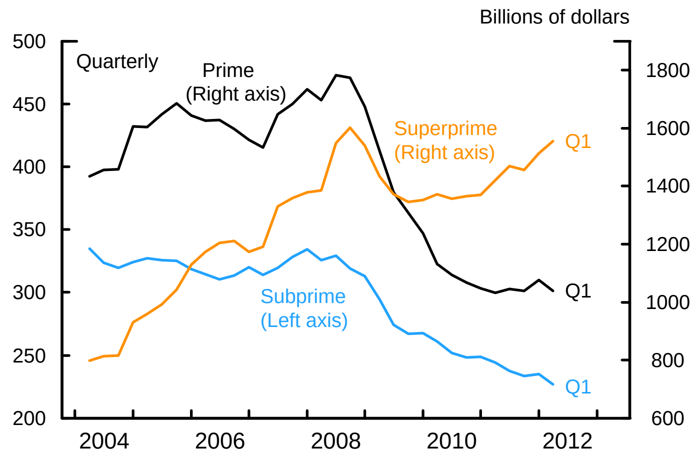
Note: Newly originated auto loans are proxied by increases in balances exceeding $2,000. Prime credit scores from 660 to 779, superprime greater than 779.
Source: Equifax.

Offered Spreads on Credit Card Loans



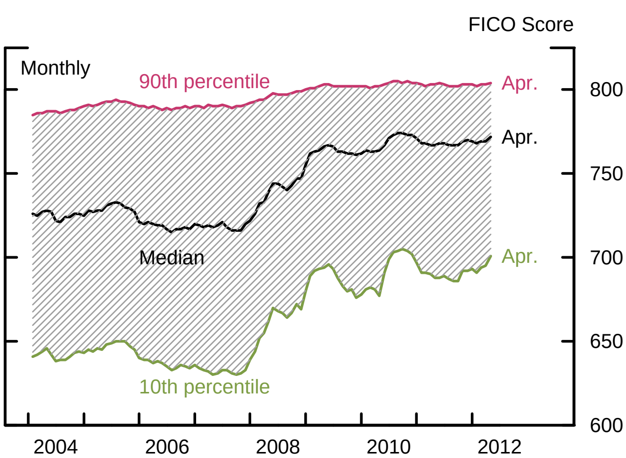
Note: Spread to yield on 2-year Treasury notes.
Source: Mintel.

Credit Card Limits



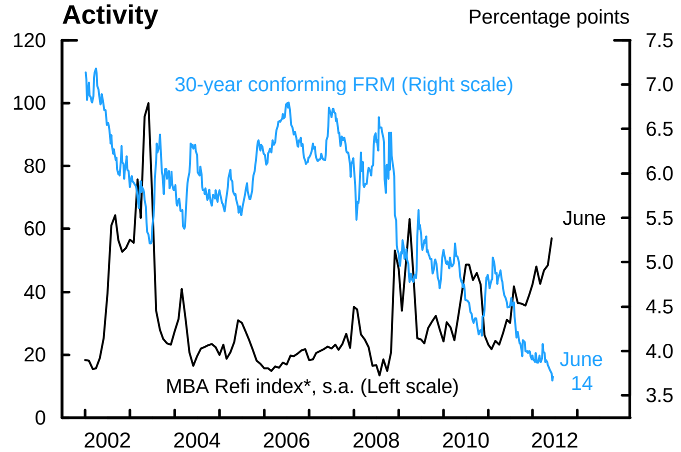
Note: Prime credit scores from 660 to 779, superprime greater than 779.
Source: Equifax.

Credit Scores on New Prime Mortgages



Note: Concerns 30-year fixed-rate mortgages originated in month shown.
Source: LPS Applied Analytics.

Prime Mortgage Loan Rates and Refinance Activity



* Index, June 2003 = 100.
Source: For mortgage rates, FHLMC (weekly); for Refi index, Mortgage Bankers Association (monthly).

Class II FOMC - Restricted (FR) Exhibit 10

Risks to U.S. Financial Stability

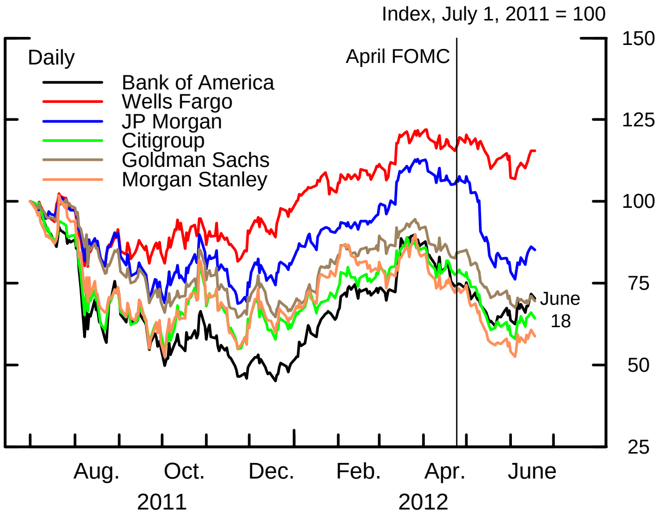
Risks Emanating from Europe

- Greek exit from euro a real possibility
- Mounting pressures on Spain and its banks
- Scenarios could include:
  - Runs on banks
  - Imposition of capital controls

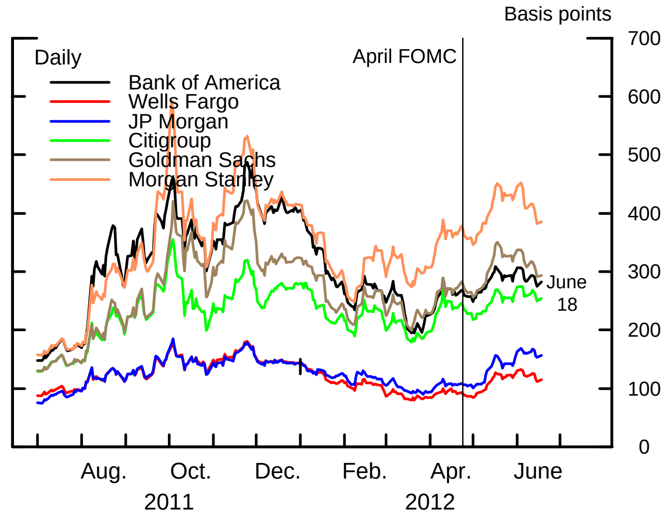
Key Vulnerability

- Redenomination could stress European payment and settlement systems
- Could disrupt market functioning and impair credit intermediation
- Market participants report increased attention to exposures to counterparties and other FMUs

Stock Prices for Select LISCC Firms



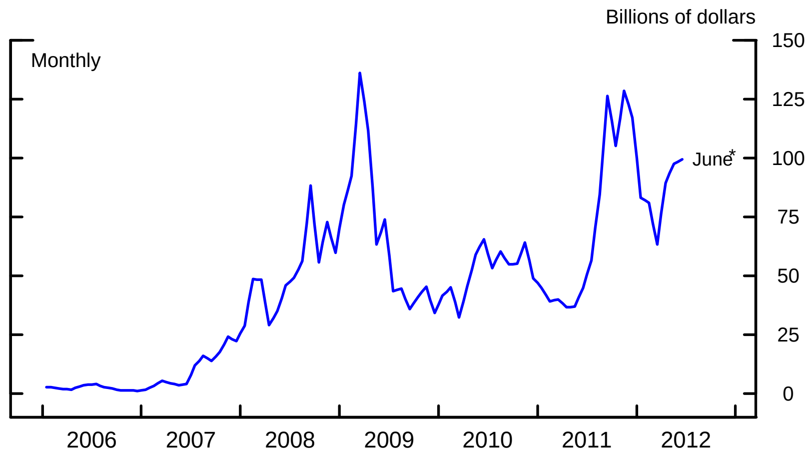
5-Year CDS Premiums for Select LISCC Firms



Indicator of Systemic Risk: Distressed Insurance Premium

- Cost of hypothetical insurance to cover losses should a systemic shock be realized
- Keys off of firms' size, CDS spreads, and correlation among asset prices

Distressed Insurance Premium



Note: The Distressed Insurance Premium (DIP) is averaged across the 6 largest LISCC banks (BAC, C, GS, JPM, MS, and WFC).

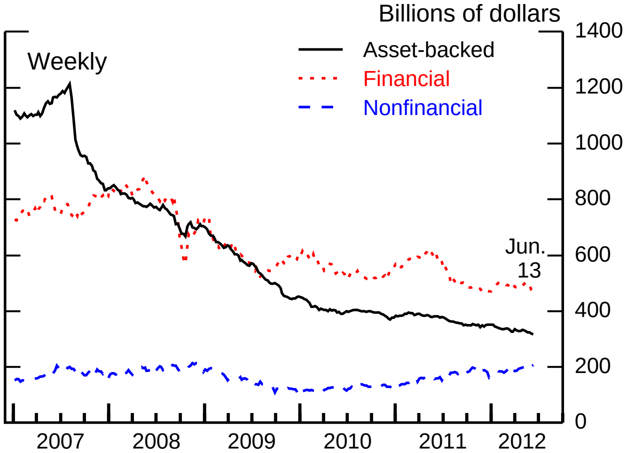
* Last data point is based off of June 11, 2012 values.

Class II FOMC - Restricted (FR)

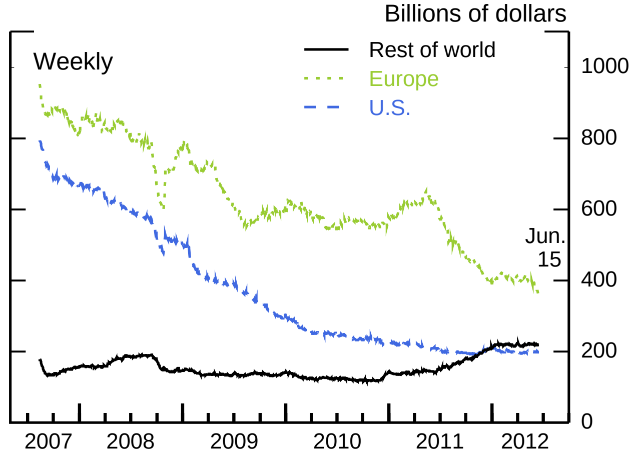
Exhibit 11

Commercial Paper and Money Market Mutual Funds

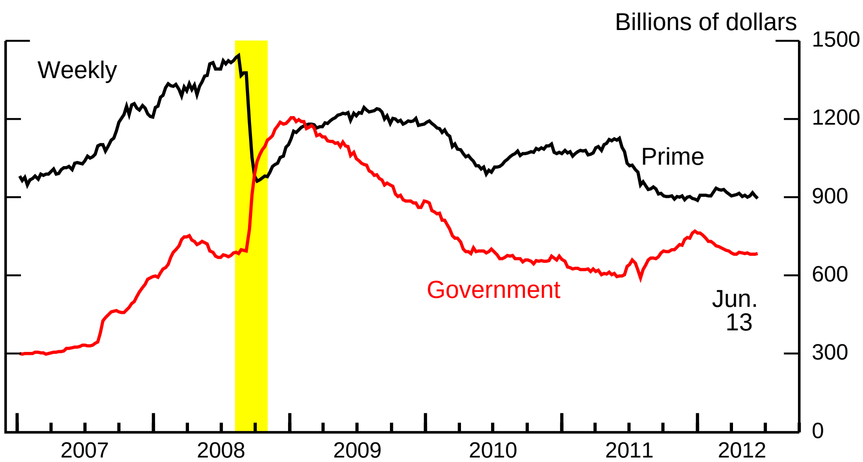
Commercial Paper Outstanding



Financial CP and ABCP Outstanding by Country of Parent

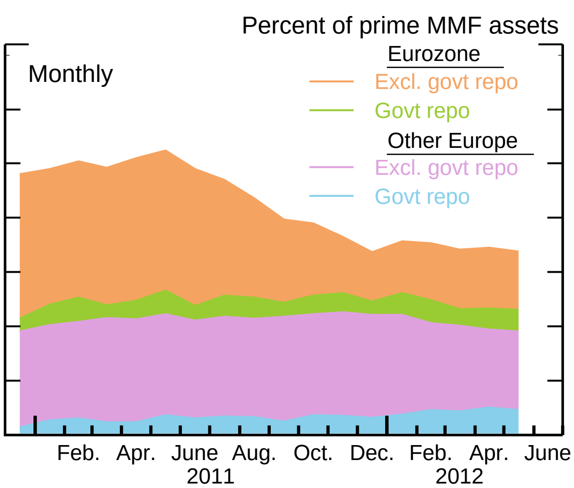


Taxable Institutional Money Market Fund Assets



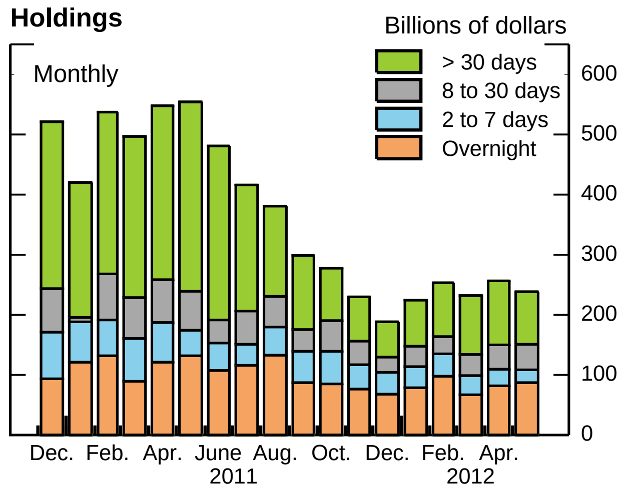
Source: Investment Company Institute.
Note: Shading around Lehman Brothers bankruptcy filing.

U.S. Prime MMF Exposures to Europe



Source: SEC form N-MFP.

Maturity Distribution of Prime MMF Euro-zone Holdings



Source: SEC form N-MFP.

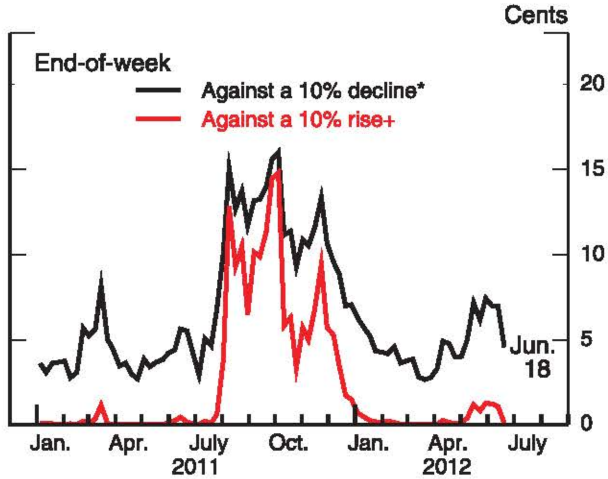
Class II FOMC - Restricted (FR) Exhibit 12 (Last)

U.S. Asset Valuations: Pressures and Risks

S&P 500 Equity Valuations

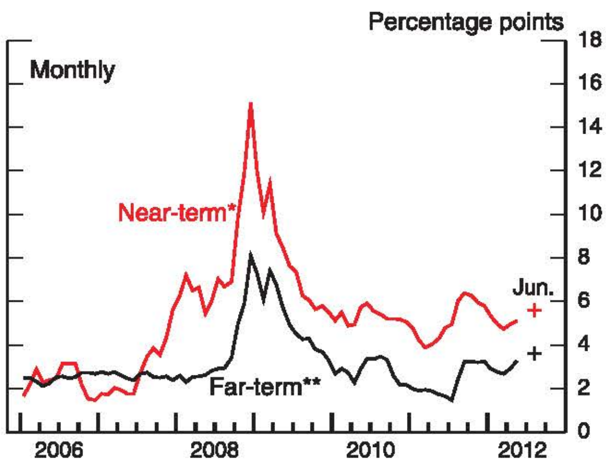
Note: Using 12-month forward operating EPS.
Source: IBES.

Equity Options-Implied Cost of Insurance



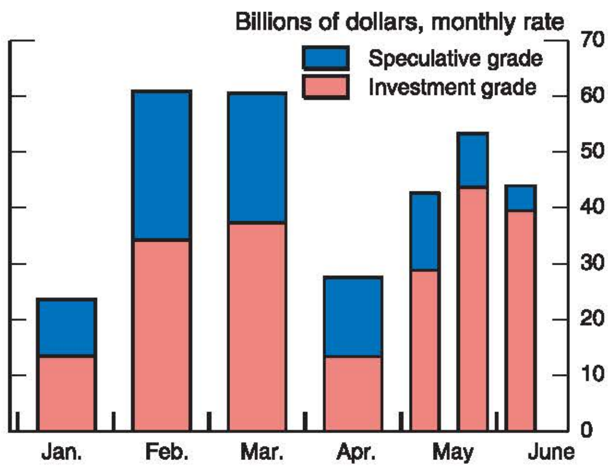
Note: Price of a binary option that pays $1 if the S&P 500 declines/rises (*/+) 10% or more over the next 30 days, and zero otherwise.

Near- and Far-term Forward Spreads on BB-rated Corporate Bonds



* Near-term forward spreads between years one and two.
** Far-term forward spreads between years nine and ten.

Gross Corporate Bond Issuance



Risks to Asset Values

Europe

- Prices of risky assets would likely plunge in more severe European scenarios
- Reduction in liquidity may compound increase in volatility
- But low levels of leverage and large cash cushions could reduce somewhat forced asset sales

Prolonged low interest rates

- Institutional investors reportedly have appetite for corporate credit
- Also generating yield lending against less-liquid collateral
- But scale of these activities appears moderate

Appendix 5: Materials used by Ms. Meade

Class I FOMC – Restricted Controlled (FR)

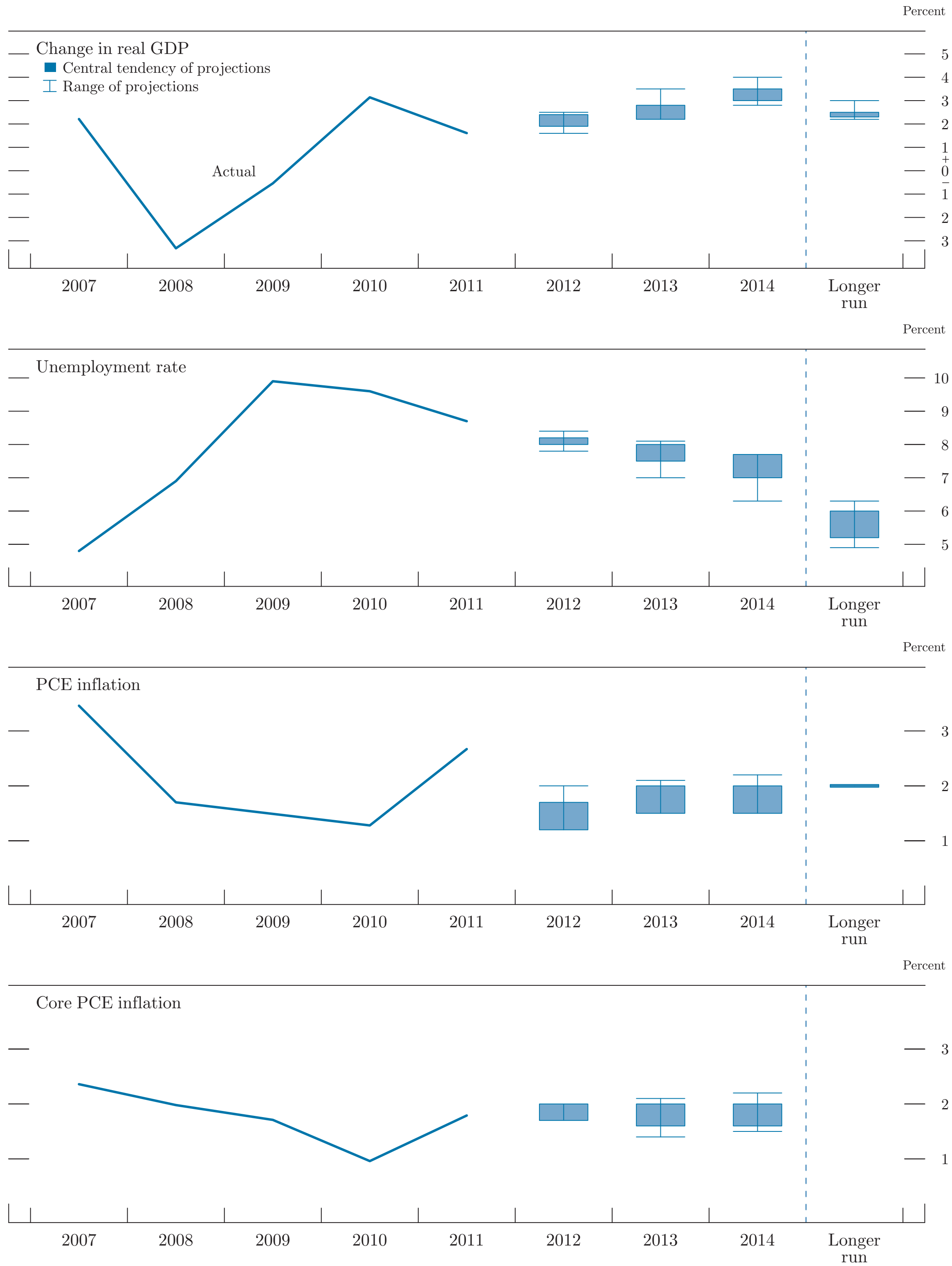
Material for Briefing on the

Summary of Economic Projections

Ellen E. Meade

June 19, 2012

Exhibit 1. Central tendencies and ranges of economic projections, 2012–14 and over the longer run

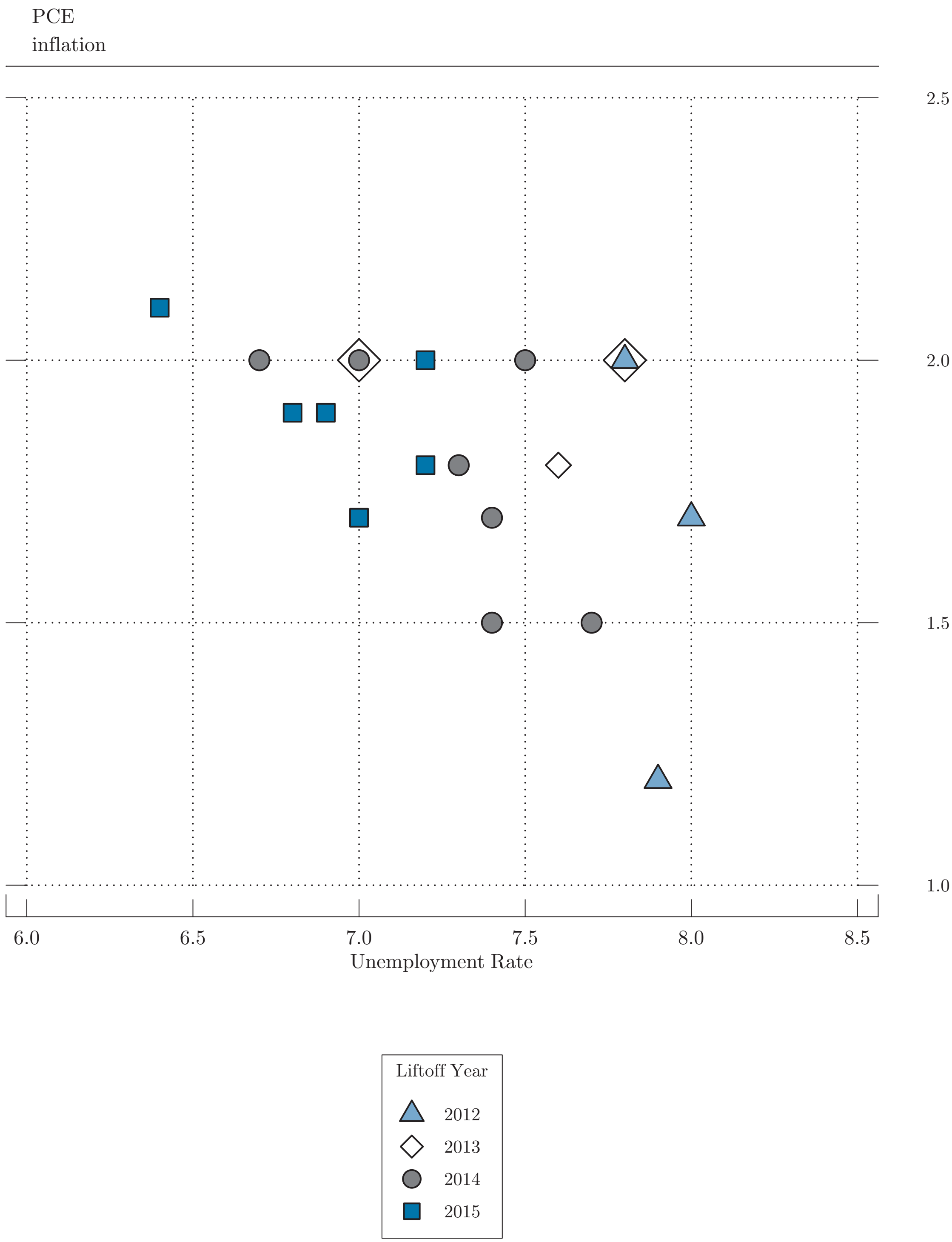


NOTE: The data for the actual values of the variables are annual.

Exhibit 2. Overview of FOMC participants' assessments of appropriate monetary policy

NOTE: In the upper panel, the height of each bar denotes the number of FOMC participants who judge that, under appropriate monetary policy, the first increase in the target federal funds rate from its current range of 0 to 1/4 percent will occur in the specified calendar year. In the middle and lower panels, each circle indicates the value (rounded to the nearest 1/4 percentage point) of an individual participant's judgment of the appropriate level of the target federal funds rate at the end of the specified calendar year or over the longer run.

Exhibit 3. Scatterplot of unemployment and PCE inflation rates in the liftoff year (in percent)



Note: When the projections of two or more participants are identical, larger markers, which represent one participant each, are used so that each projection can be seen.

Exhibit 4. Economic projections for 2012-2014 and over the longer run (percent)

Change in real GDP

	2012	2013	2014	Longer run
Central Tendency	1.9 to 2.4	2.2 to 2.8	3.0 to 3.5	2.3 to 2.5
April projections	*2.4 to 2.9*	*2.7 to 3.1*	*3.1 to 3.6*	*2.3 to 2.6*
Range	1.6 to 2.5	2.2 to 3.5	2.8 to 4.0	2.2 to 3.0
April projections	*2.1 to 3.0*	*2.4 to 3.8*	*2.9 to 4.3*	*2.2 to 3.0*
Memo: Tealbook	1.9	2.2	3.1	2.5
April Tealbook	*2.5*	*2.8*	*3.3*	*2.5*

Unemployment rate

	2012	2013	2014	Longer run
Central Tendency	8.0 to 8.2	7.5 to 8.0	7.0 to 7.7	5.2 to 6.0
April projections	*7.8 to 8.0*	*7.3 to 7.7*	*6.7 to 7.4*	*5.2 to 6.0*
Range	7.8 to 8.4	7.0 to 8.1	6.3 to 7.7	4.9 to 6.3
April projections	*7.8 to 8.2*	*7.0 to 8.1*	*6.3 to 7.7*	*4.9 to 6.0*
Memo: Tealbook	8.2	8.0	7.7	5.2
April Tealbook	*8.0*	*7.7*	*7.4*	*5.2*

PCE inflation

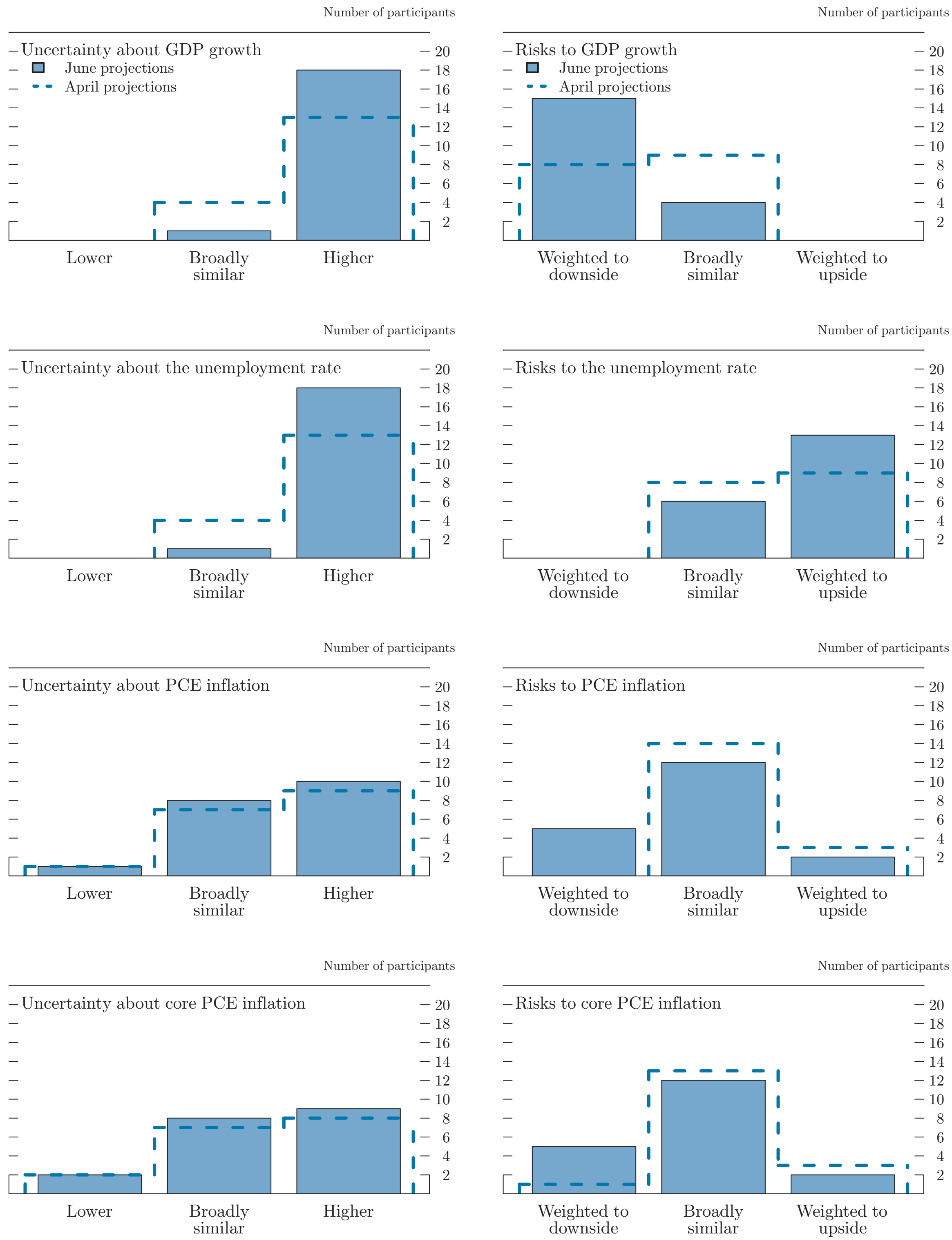
	2012	2013	2014	Longer run
Central Tendency	1.2 to 1.7	1.5 to 2.0	1.5 to 2.0	2.0
April projections	*1.9 to 2.0*	*1.6 to 2.0*	*1.7 to 2.0*	*2.0*
Range	1.2 to 2.0	1.5 to 2.1	1.5 to 2.2	2.0
April projections	*1.8 to 2.3*	*1.5 to 2.1*	*1.5 to 2.2*	*2.0*
Memo: Tealbook	1.2	1.5	1.5	2.0
April Tealbook	*1.9*	*1.5*	*1.5*	*2.0*

Core PCE inflation

	2012	2013	2014
Central Tendency	1.7 to 2.0	1.6 to 2.0	1.6 to 2.0
April projections	*1.8 to 2.0*	*1.7 to 2.0*	*1.8 to 2.0*
Range	1.7 to 2.0	1.4 to 2.1	1.5 to 2.2
April projections	*1.7 to 2.0*	*1.6 to 2.1*	*1.7 to 2.2*
Memo: Tealbook	1.7	1.6	1.6
April Tealbook	*1.8*	*1.7*	*1.7*

NOTE: The changes in real GDP and inflation are measured Q4/Q4.

Exhibit 5. Uncertainty and risks in economic projections



Appendix 6: Materials used by Mr. English

Class I FOMC – Restricted Controlled (FR)

Material for

FOMC Briefing on Monetary Policy Alternatives

Bill English
June 20, 2012

APRIL FOMC STATEMENT

1. Information received since the Federal Open Market Committee met in March suggests that the economy has been expanding moderately. Labor market conditions have improved in recent months; the unemployment rate has declined but remains elevated. Household spending and business fixed investment have continued to advance. Despite some signs of improvement, the housing sector remains depressed. Inflation has picked up somewhat, mainly reflecting higher prices of crude oil and gasoline. However, longer-term inflation expectations have remained stable.

2. Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects economic growth to remain moderate over coming quarters and then to pick up gradually. Consequently, the Committee anticipates that the unemployment rate will decline gradually toward levels that it judges to be consistent with its dual mandate. Strains in global financial markets continue to pose significant downside risks to the economic outlook. The increase in oil and gasoline prices earlier this year is expected to affect inflation only temporarily, and the Committee anticipates that subsequently inflation will run at or below the rate that it judges most consistent with its dual mandate.

3. To support a stronger economic recovery and to help ensure that inflation, over time, is at the rate most consistent with its dual mandate, the Committee expects to maintain a highly accommodative stance for monetary policy. In particular, the Committee decided today to keep the target range for the federal funds rate at 0 to ¼ percent and currently anticipates that economic conditions—including low rates of resource utilization and a subdued outlook for inflation over the medium run—are likely to warrant exceptionally low levels for the federal funds rate at least through late 2014.

4. The Committee also decided to continue its program to extend the average maturity of its holdings of securities as announced in September. The Committee is maintaining its existing policies of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. The Committee will regularly review the size and composition of its securities holdings and is prepared to adjust those holdings as appropriate to promote a stronger economic recovery in a context of price stability.

JUNE FOMC STATEMENT—ALTERNATIVE A

1. Information received since the Federal Open Market Committee met in ~~March~~ **April** suggests that the economy has been expanding moderately **this year**. ~~Labor market conditions have improved~~ **However, growth in employment has slowed notably** in recent months**, and** the unemployment rate ~~has declined but~~ remains elevated. ~~Household spending and~~ Business fixed investment ~~have~~ **has** continued to advance. **Household spending appears to be rising at a somewhat slower pace than earlier in the year**. Despite some signs of improvement, the housing sector remains depressed. Inflation has ~~picked up~~ **declined** somewhat **more than anticipated**, mainly reflecting ~~higher~~ **lower** prices of crude oil and gasoline, ~~However,~~ **while** longer-term inflation expectations have remained stable.

2. Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects economic growth to remain moderate over coming quarters ~~and then to pick up gradually~~. Consequently, the Committee anticipates that the unemployment rate will decline ~~gradually~~ **only slowly** toward levels that it judges to be consistent with its dual mandate. **Furthermore,** strains in global financial markets continue to pose significant downside risks to the economic outlook. ~~The increase in oil and gasoline prices earlier this year is expected to affect inflation only temporarily, and~~ The Committee anticipates that ~~subsequently~~ inflation **over the medium term** will run at or below the rate that it judges most consistent with its dual mandate.

3. The Committee expects to maintain a highly accommodative stance for monetary policy. In particular, the Committee ~~decided today to~~ **will** keep the target range for the federal funds rate at 0 to ¼ percent and currently anticipates ~~that economic conditions—including low rates of resource utilization and a subdued outlook for inflation over the medium run—are likely to warrant~~ **maintaining** exceptionally low levels for the federal funds rate at least through **[** late 2014 **| mid-2015]** **in order** to support a stronger economic recovery and to help ensure that inflation, over time, is at the rate most consistent with its dual mandate.

4. The Committee also decided to ~~continue its~~ **purchase an additional [$500] billion of agency mortgage-backed securities by the end of June 2013. This program should put downward pressure on longer-term interest rates, support mortgage markets, and help to make broader financial conditions more accommodative. The Committee will complete this month the** program to extend the average maturity of its holdings of securities ~~as~~ **that it** announced in September. The Committee is maintaining its existing policies of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. The Committee will regularly review the size and composition of its securities holdings and is prepared to ~~adjust those holdings~~ **take further action** as appropriate to promote a stronger economic recovery **and more rapid improvement in labor market conditions** in a context of price stability.

OR

4′. The Committee also decided to ~~continue its~~ **begin purchasing additional agency mortgage-backed securities, initially at a rate of about [$40] billion per month.** The Committee will ~~regularly review the size and composition of its securities holdings and is prepared to adjust those holdings as appropriate~~ **adjust the pace of purchases and determine the ultimate size of the program as needed** to promote a stronger economic recovery **and more rapid improvement in labor market conditions** in a context of price stability. **This program should put downward pressure on longer-term interest rates, support mortgage markets, and help to make broader financial conditions more accommodative. The Committee will complete this month the** program to extend the average maturity of its holdings of securities ~~as~~ **that it** announced in September. The Committee is maintaining its existing policies of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction.

5. **[The situation in Europe remains a source of stress in global financial markets. The Committee will continue to closely monitor European developments and their potential consequences for the economic recovery. The Federal Reserve will deploy its tools as necessary to address the effects of global financial strains on the U.S. financial system and economy.]**

JUNE FOMC STATEMENT—ALTERNATIVE B

1. Information received since the Federal Open Market Committee met in ~~March~~ **April** suggests that the economy has been expanding moderately **this year**. ~~Labor market conditions have improved~~ **However, growth in employment has slowed** in recent months**, and** the unemployment rate ~~has declined but~~ remains elevated. ~~Household spending and~~ Business fixed investment ~~have~~ **has** continued to advance. **Household spending appears to be rising at a somewhat slower pace than earlier in the year**. Despite some signs of improvement, the housing sector remains depressed. Inflation has ~~picked up somewhat~~ **declined**, mainly reflecting ~~higher~~ **lower** prices of crude oil and gasoline, ~~However,~~ **and** longer-term inflation expectations have remained stable.

2. Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects economic growth to remain moderate over coming quarters and then to pick up **very** gradually. Consequently, the Committee anticipates that the unemployment rate will decline ~~gradually~~ **only slowly** toward levels that it judges to be consistent with its dual mandate. **Furthermore,** strains in global financial markets continue to pose significant downside risks to the economic outlook. ~~The increase in oil and gasoline prices earlier this year is expected to affect inflation only temporarily, and~~ The Committee anticipates that ~~subsequently~~ inflation **over the medium term** will run at or below the rate that it judges most consistent with its dual mandate.

3. To support a stronger economic recovery and to help ensure that inflation, over time, is at the rate most consistent with its dual mandate, the Committee expects to maintain a highly accommodative stance for monetary policy. In particular, the Committee decided today to keep the target range for the federal funds rate at 0 to ¼ percent and currently anticipates that economic conditions—including low rates of resource utilization and a subdued outlook for inflation over the medium run—are likely to warrant exceptionally low levels for the federal funds rate at least through late 2014.

4. The Committee also decided to continue **through the end of the year** its program to extend the average maturity of its holdings of securities ~~as announced in September~~. **Specifically, the Committee intends to purchase Treasury securities with remaining maturities of 6 years to 30 years at the current pace and to sell or redeem an equal amount of Treasury securities with remaining maturities of approximately 3 years or less. This continuation of the maturity extension program should put downward pressure on longer-term interest rates and help to make broader financial conditions more accommodative.** The Committee is maintaining its existing ~~policies~~ **policy** of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities ~~and of rolling over maturing Treasury securities at auction~~. The Committee ~~will regularly review the size and composition of its securities holdings and~~ is prepared to ~~adjust those holdings~~ **take further action** as appropriate to promote a stronger economic recovery **and sustained improvement in labor market conditions** in a context of price stability.

5. **[The situation in Europe remains a source of stress in global financial markets. The Committee will continue to closely monitor European developments and their potential consequences for the economic recovery. The Federal Reserve will deploy its tools as necessary to address the effects of global financial strains on the U.S. financial system and economy.]**

JUNE FOMC STATEMENT—ALTERNATIVE B′

1. Information received since the Federal Open Market Committee met in ~~March~~ **April** suggests that the economy has been expanding moderately **this year**. ~~Labor market conditions have improved~~ **However, growth in employment has slowed** in recent months**, and** the unemployment rate ~~has declined but~~ remains elevated. ~~Household spending and~~ Business fixed investment ~~have~~ **has** continued to advance. **Household spending appears to be rising at a somewhat slower pace than earlier in the year**. Despite some signs of improvement, the housing sector remains depressed.

2. The Committee **[** expects **|** **sees it as most likely** **]** **that** economic growth ~~to~~ **will** remain moderate over coming quarters and then ~~to~~ pick up **very** gradually. Consequently, the Committee anticipates that the unemployment rate will decline ~~gradually~~ **only slowly** toward levels that it judges to be consistent with its dual mandate.

3. Inflation has ~~picked up somewhat~~ **declined**, mainly reflecting ~~higher~~ **lower** prices of crude oil and gasoline. ~~However,~~ Longer-term inflation expectations have remained stable. ~~The increase in oil and gasoline prices earlier this year is expected to affect inflation only temporarily and~~ The Committee **[** anticipates **|** **views it as most likely** **]** that ~~subsequently~~ inflation **over the medium term** will run at or below the rate that it judges most consistent with its dual mandate.

4. **In the Committee's assessment, the risks to the outlook for growth in output and employment are primarily to the downside, while the risks to the outlook for inflation are roughly balanced.** Strains in global financial markets continue to pose significant downside risks to the ~~economic~~ outlook **for economic activity; these risks have become somewhat greater since earlier this year. The risk of a sharp increase in the prices of oil and other commodities, which could lead to temporarily higher inflation and temporarily weaker growth, has diminished recently.**

5. ~~To support a stronger economic recovery and to help ensure that inflation, over time, is at the rate most consistent with its dual mandate, the Committee expects to maintain a highly accommodative stance for monetary policy. In particular,~~ The Committee decided today to keep the target range for the federal funds rate at 0 to ¼ percent and currently anticipates that economic conditions—including low rates of resource utilization and a subdued outlook for inflation over the medium run—are likely to warrant exceptionally low levels for the federal funds rate at least through late 2014.

6. The Committee also decided to continue **through the end of the year** its program to extend the average maturity of its holdings of securities ~~as announced in September~~. **Specifically, the Committee intends to purchase Treasury securities with remaining maturities of 6 years to 30 years at the current pace and to sell or redeem an equal amount of Treasury securities with remaining maturities of approximately 3 years or less. This continuation of the maturity extension program should put downward pressure on longer-term interest rates and help to make broader financial conditions more accommodative.** The Committee is maintaining its existing ~~policies~~ **policy** of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities ~~and of rolling over maturing Treasury securities at auction~~.

7. ~~Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability.~~ **The Committee's action today is intended to support a stronger economic recovery and mitigate downside risks, thereby fostering a faster return of the unemployment rate to mandate-consistent levels, while maintaining inflation near its 2 percent objective in the medium term.** The Committee ~~will regularly review the size and composition of its securities holdings and~~ is prepared to ~~adjust those holdings~~ **take further action** as appropriate to promote a stronger economic recovery **and sustained improvement in labor market conditions** in a context of price stability.

8. **[The situation in Europe remains a source of stress in global financial markets. The Committee will continue to closely monitor European developments and their potential consequences for the economic recovery. The Federal Reserve will deploy its tools as necessary to address the effects of global financial strains on the U.S. financial system and economy.]**

JUNE FOMC STATEMENT—ALTERNATIVE C

1. Information received since the Federal Open Market Committee met in ~~March~~ **April** suggests that the economy has been expanding moderately, **and** labor-market conditions have improved**, on balance, this year** ~~in recent months~~. ~~The unemployment rate has declined but remains elevated. Household spending and business fixed investment have~~ **Private domestic demand has** continued to advance. ~~Despite some signs of improvement, the housing sector remains depressed.~~ Inflation has ~~picked up~~ **declined** somewhat, mainly reflecting ~~higher~~ **lower** prices of crude oil and gasoline, ~~However,~~ **and** longer-term inflation expectations have remained stable.

2. Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects economic growth to remain moderate over coming quarters and then to pick up gradually. Consequently, the Committee anticipates that the unemployment rate will decline gradually toward levels that it judges to be consistent with its dual mandate. Strains in global financial markets continue to pose significant downside risks to the economic outlook. ~~The increase in oil and gasoline prices earlier this year is expected to affect inflation only temporarily, and~~ The Committee anticipates that ~~subsequently~~ inflation **over the medium term** will run at ~~or below~~ **about** the rate that it judges most consistent with its dual mandate.

3. To support a ~~stronger~~ **sustainable** economic recovery and to help ensure that inflation, over time, is at the rate most consistent with its dual mandate, the Committee expects to maintain a highly accommodative stance for monetary policy. In particular, the Committee decided today to keep the target range for the federal funds rate at 0 to ¼ percent and currently anticipates that economic conditions—including low rates of resource utilization and a subdued outlook for inflation over the medium run—are likely to warrant exceptionally low levels for the federal funds rate at least through late **[** 2014 **|** **2013** **]**.

OR

3'. To support a ~~stronger~~ **sustainable** economic recovery and to help ensure that inflation, over time, is at the rate most consistent with its dual mandate, the Committee expects to maintain a highly accommodative stance for monetary policy. In particular, the Committee decided today to keep the target range for the federal funds rate at 0 to ¼ percent ~~and currently anticipates that economic conditions—including low rates of resource utilization and a subdued outlook for inflation over the medium run—are likely to warrant exceptionally low levels for the federal funds rate at least through late 2014~~. **As rates of resource utilization rise toward levels consistent with maximum employment, the Committee eventually will need to make monetary policy less accommodative in order to ensure that the economy expands at a sustainable pace and to prevent inflation from persistently exceeding its longer-run objective. In determining the appropriate time to increase its target for the federal funds rate, the Committee will consider a range of factors, including actual and projected labor market conditions, the medium-term outlook for inflation, and the risks to the achievement of the Committee's objectives.**

4. The Committee also decided to ~~continue its~~ **complete at the end of this month the** program to extend the average maturity of its holdings of securities ~~as~~ **that it** announced in September. The Committee is maintaining its existing policies of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. The Committee will regularly review the size and composition of its securities holdings and is prepared to adjust those holdings as ~~appropriate~~ **necessary** to promote ~~a stronger economic recovery in a context of~~ **maximum employment and** price stability.

APRIL 2012 DIRECTIVE

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. To further its long-run objectives, the Committee seeks conditions in reserve markets consistent with federal funds trading in a range from 0 to ¼ percent. The Committee directs the Desk to continue the maturity extension program it began in September to purchase, by the end of June 2012, Treasury securities with remaining maturities of approximately 6 years to 30 years with a total face value of $400 billion, and to sell Treasury securities with remaining maturities of 3 years or less with a total face value of $400 billion. The Committee also directs the Desk to maintain its existing policies of rolling over maturing Treasury securities into new issues and of reinvesting principal payments on all agency debt and agency mortgage-backed securities in the System Open Market Account in agency mortgage-backed securities in order to maintain the total face value of domestic securities at approximately $2.6 trillion. The Committee directs the Desk to engage in dollar roll transactions as necessary to facilitate settlement of the Federal Reserve's agency MBS transactions. The System Open Market Account Manager and the Secretary will keep the Committee informed of ongoing developments regarding the System's balance sheet that could affect the attainment over time of the Committee's objectives of maximum employment and price stability.

JUNE 2012 DIRECTIVE—ALTERNATIVE A

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. To further its long-run objectives, the Committee seeks conditions in reserve markets consistent with federal funds trading in a range from 0 to ¼ percent. The Committee directs the Desk to continue the maturity extension program it began in September to purchase, by the end of June 2012, Treasury securities with remaining maturities of approximately 6 years to 30 years with a total face value of $400 billion, and to sell Treasury securities with remaining maturities of 3 years or less with a total face value of $400 billion. **[The Committee also directs the Desk to execute purchases of agency mortgage-backed securities by the end of June 2013 in order to increase the total face value of domestic securities held in the System Open Market Account to approximately $3.1 trillion. | The Committee also directs the Desk to execute purchases of agency mortgage-backed securities in order to increase the total face value of domestic securities held in the System Open Market Account by approximately $40 billion per month.]** The Committee also directs the Desk to maintain its existing policies of rolling over maturing Treasury securities into new issues and of reinvesting principal payments on all agency debt and agency mortgage-backed securities in the System Open Market Account in agency mortgage-backed securities ~~in order to maintain the total face value of domestic securities at approximately $2.6 trillion~~. The Committee directs the Desk to engage in dollar roll **and coupon swap** transactions as necessary to facilitate settlement of the Federal Reserve's agency MBS transactions. The System Open Market Account Manager and the Secretary will keep the Committee informed of ongoing developments regarding the System's balance sheet that could affect the attainment over time of the Committee's objectives of maximum employment and price stability.

JUNE 2012 DIRECTIVE—ALTERNATIVE B OR B'

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. To further its long-run objectives, the Committee seeks conditions in reserve markets consistent with federal funds trading in a range from 0 to ¼ percent. The Committee directs the Desk to continue the maturity extension program it began in September to purchase, by the end of June 2012, Treasury securities with remaining maturities of ~~approximately~~ 6 years to 30 years with a total face value of $400 billion, and to sell Treasury securities with remaining maturities of 3 years or less with a total face value of $400 billion. **Following the conclusion of these purchases, the Committee directs the Desk to purchase Treasury securities with remaining maturities of 6 years to 30 years with a total face value of about $267 billion by the end of December 2012, and to sell or redeem Treasury securities with remaining maturities of approximately 3 years or less with a total face value of about $267 billion. For the duration of this program, the Committee directs the Desk to suspend its current policy** ~~The Committee also directs the Desk to maintain its existing policies~~ of rolling over maturing Treasury securities into new issues. ~~and~~ **The Committee directs the Desk to maintain its existing policy** of reinvesting principal payments on all agency debt and agency mortgage-backed securities in the System Open Market Account in agency mortgage-backed securities. ~~in order to~~ **These actions should** maintain the total face value of domestic securities at approximately $2.6 trillion. The Committee directs the Desk to engage in dollar roll transactions as necessary to facilitate settlement of the Federal Reserve's agency MBS transactions. The System Open Market Account Manager and the Secretary will keep the Committee informed of ongoing developments regarding the System's balance sheet that could affect the attainment over time of the Committee's objectives of maximum employment and price stability.

JUNE 2012 DIRECTIVE—ALTERNATIVE C

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. To further its long-run objectives, the Committee seeks conditions in reserve markets consistent with federal funds trading in a range from 0 to ¼ percent. The Committee directs the Desk to continue the maturity extension program it began in September to purchase, by the end of June 2012, Treasury securities with remaining maturities of approximately 6 years to 30 years with a total face value of $400 billion, and to sell Treasury securities with remaining maturities of 3 years or less with a total face value of $400 billion. The Committee also directs the Desk to maintain its existing policies of rolling over maturing Treasury securities into new issues and of reinvesting principal payments on all agency debt and agency mortgage-backed securities in the System Open Market Account in agency mortgage-backed securities in order to maintain the total face value of domestic securities at approximately $2.6 trillion. The Committee directs the Desk to engage in dollar roll transactions as necessary to facilitate settlement of the Federal Reserve's agency MBS transactions. The System Open Market Account Manager and the Secretary will keep the Committee informed of ongoing developments regarding the System's balance sheet that could affect the attainment over time of the Committee's objectives of maximum employment and price stability.

Appendix 7: Materials used by Mr. Sack

Class II FOMC – Restricted (FR)

Material for

FOMC Presentation:
Operational Plan for Maturity Extension and Reinvestment Initiatives

Brian Sack
June 20, 2012

Statement Regarding Continuation of the Maturity Extension Program

On June 20, 2012, the Federal Open Market Committee (FOMC) directed the Open Market Trading Desk (the Desk) at the Federal Reserve Bank of New York to continue through the end of the year its program to extend the average maturity of the Federal Reserve's holdings of Treasury securities. Specifically, the Desk was directed to purchase Treasury securities with remaining maturities of 6 years to 30 years and to sell or redeem an equal par value of Treasury securities with remaining maturities of approximately 3 years or less. This continuation of the maturity extension program will proceed at the current pace, adding about $267 billion to the overall size of the program by the end of 2012.

The FOMC also directed the Desk to continue reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities (MBS) in agency MBS, and to suspend, for the duration of the maturity extension program, rolling over maturing Treasury securities into new issues at auction.

Purchases of Treasury securities for the maturity extension program will be distributed across five sectors using the same approximate weights that have been used in the purchases to date:

Nominal Coupon Securities by Remaining Maturity *				TIPS**
6 – 8 Years	8 – 10 Years	10 – 20 Years	20 – 30 Years	TIPS 6 – 30 Years
32%	32%	4%	29%	3%

**The on-the-run 10-year note will be considered part of the 8- to 10-year sector.*
***TIPS weights are based on unadjusted par amounts.*

This distribution could be altered if market conditions warrant.

A combination of sales and redemptions of Treasury securities will be conducted to match the amount of purchases over the program. Sales of Treasury securities will take place in securities maturing between January 2013 and January 2016. Securities maturing in the second half of 2012 will be redeemed – that is, allowed to mature without reinvestment – since redeeming maturing Treasury securities has a nearly identical effect on the portfolio as selling securities nearing maturity. Once the maturity extension program is completed, the Federal Reserve will hold almost no securities maturing through January 2016.

The Desk will continue to publish a tentative schedule of operations for the following calendar month on or around the last business day of each month. The schedule will include the anticipated amount of redemptions, purchases and sales to be conducted, operation dates, settlement dates, security types (nominal coupons or TIPS) to be purchased or sold, the maturity date range of eligible issues, and an expected range for the size of each operation. The next schedule of operations will be released on Friday, June 29. All other program details remain the same at this time.

Additional details on the program's structure can be found in the revised Frequently Asked Questions for the Maturity Extension Program.