APPENDIX

Charts used by Mr. Kos.
Current Deposit Rates and Rates Implied by Traded Forward Rate Agreements
September 3 to December 7, 2001

United States
Libor Fixing 3M Forward 9M Forward

Euro-area

Japan

Percent

United States and Euro-area

Percent

Japan

Percent

9/3 9/17 10/1 10/15 10/29 11/12 11/26

9/3 9/17 10/1 10/15 10/29 11/12 11/26
Treasury Coupon Yields
September 3 to December 7, 2001

2-Year Treasury Volatility\(^1\) vs. Fed Funds Target Rate
February 1988 to December 2001

1 60-day moving average of daily basis point changes (absolute values) of the on-the-run 2 year note yield.
Outstanding Agency-Guaranteed Mortgage-Backed Securities and Outstanding Publicly Held Marketable Treasury Debt

May 1997 to October 2001

$ Trillions

Outstanding Publicly Held Marketable Treasury Debt

Outstanding Agency-Guaranteed Mortgage-Backed Securities *

Footnote: The outstanding amount of agency-guaranteed mortgage-backed securities includes only pass-through certificates.

10-Year Treasury Yield and Duration of the MBS Market

September 4 to December 7, 2001

Percent

Duration in Years

5.5%

5.0%

5.0%

4.5%

4.0%

3.0%

2.0%


10-Year Treasury Note (LHS)

Option-adjusted Duration * (RHS)

Source: Goldman Sachs and Bloomberg

Footnote: The price/yield sensitivity of the entire MBS forward trading (TBA) market derived from Goldman Sachs’ option-adjusted spread pricing models.