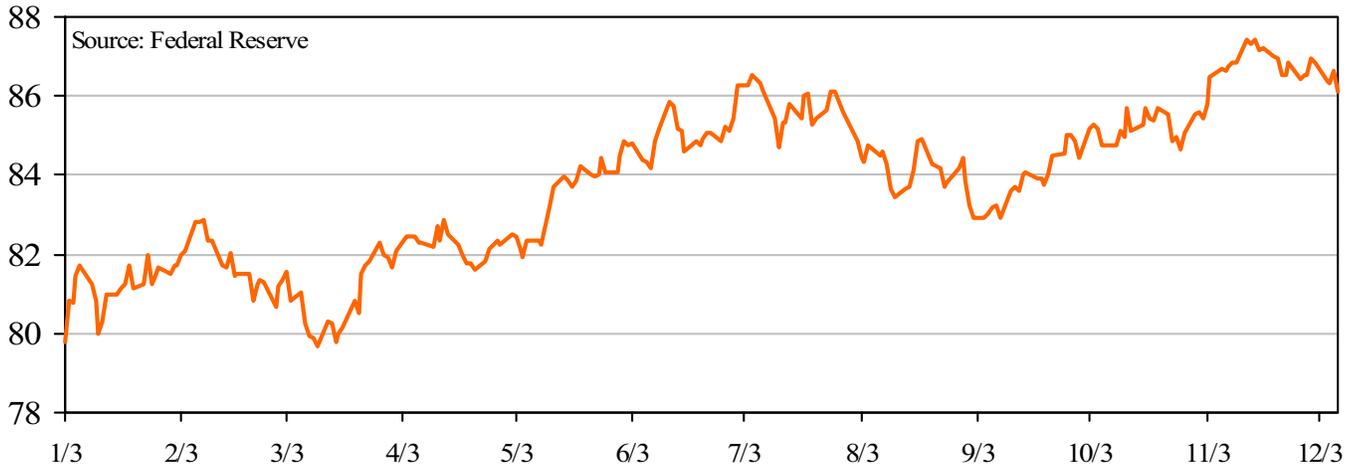


Appendix 1: Materials used by Mr. Kos

Trade Weighted US Dollar January 3, 2005 to December 8, 2005

Index Mar-73 = 100



Yen/Dollar January 3, 2005 to December 12, 2005



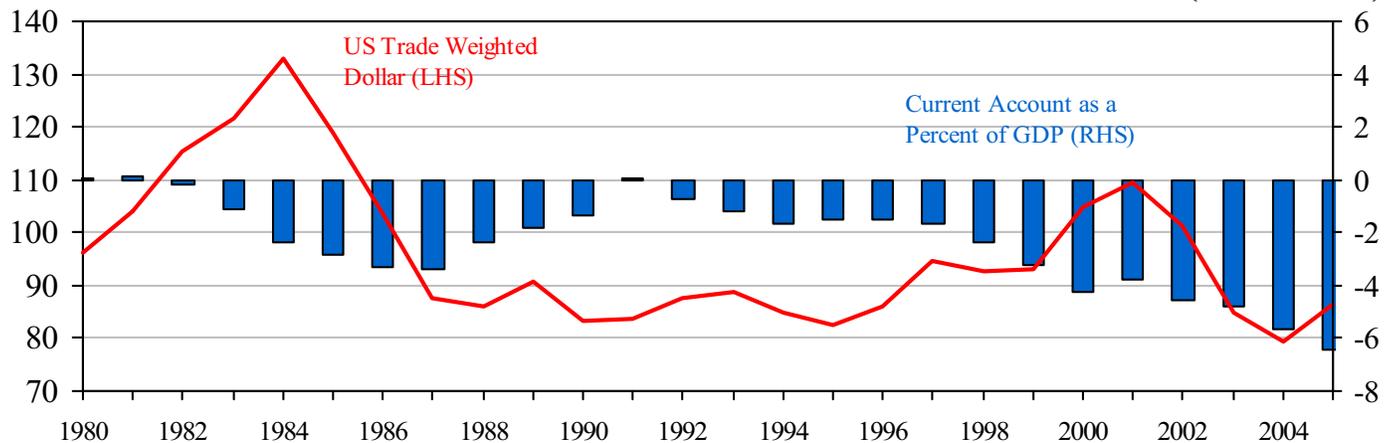
Dollar/Euro January 3, 2005 to December 12, 2005



U.S. Trade Weighted Dollar and Current Account Deficit

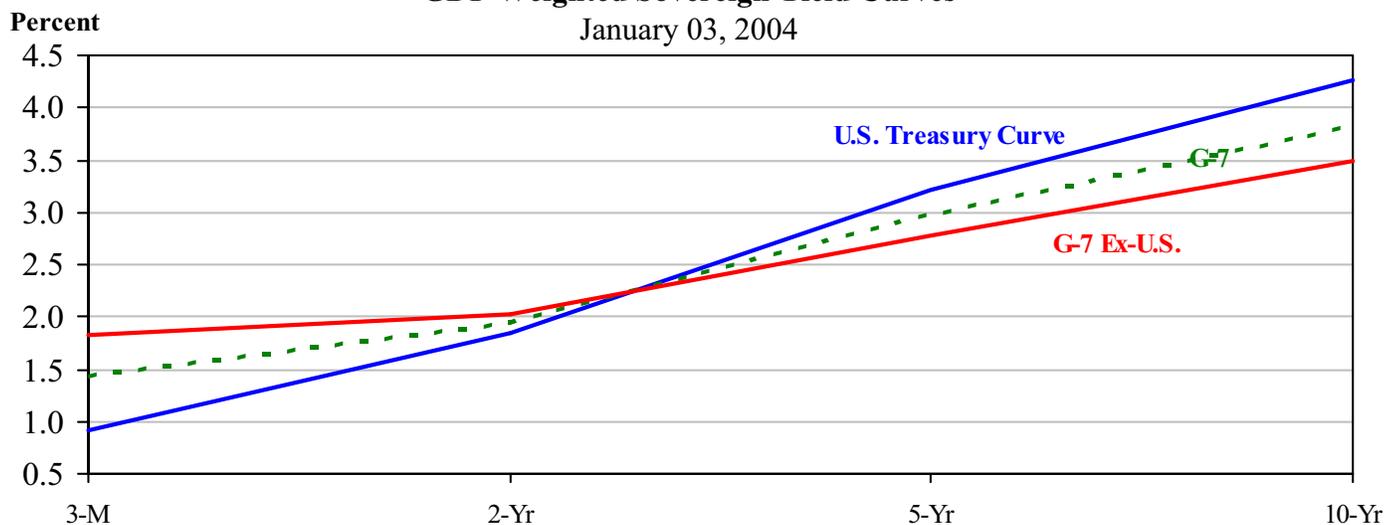
Index Mar-73 = 100

Current Account
(Percent of GDP)



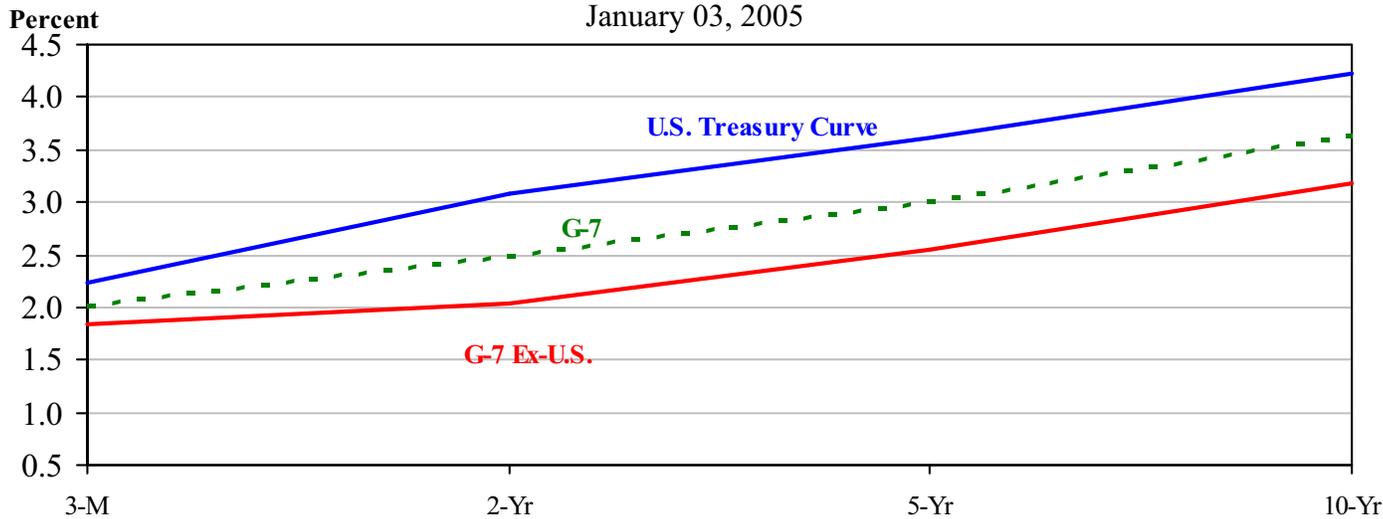
GDP Weighted Sovereign Yield Curves

January 03, 2004



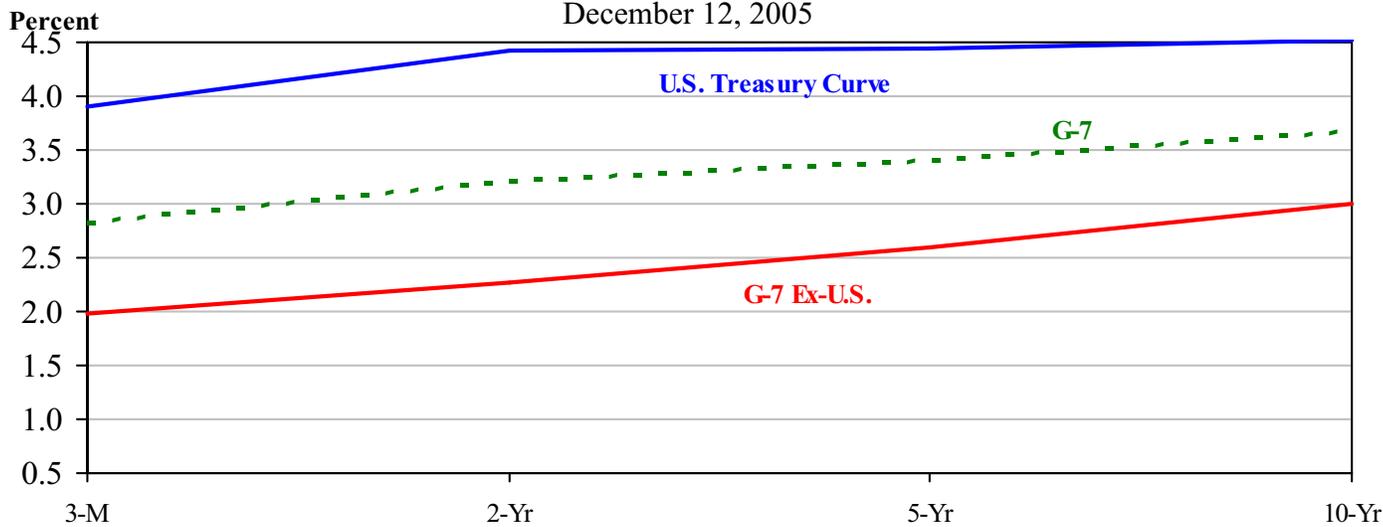
GDP Weighted Sovereign Yield Curves

January 03, 2005



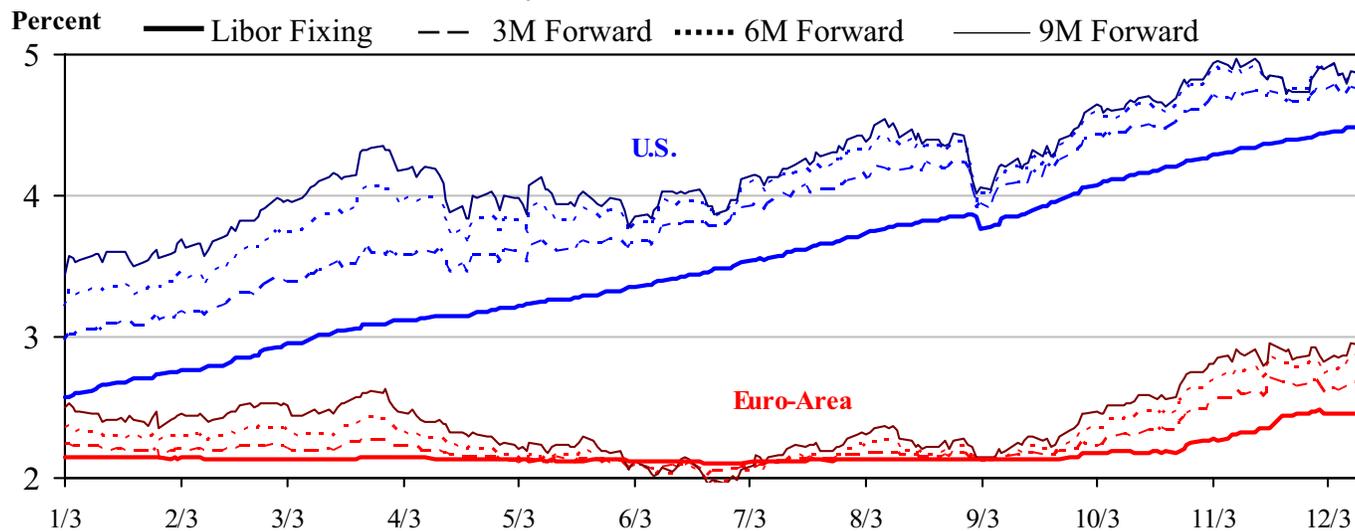
GDP Weighted Sovereign Yield Curves

December 12, 2005



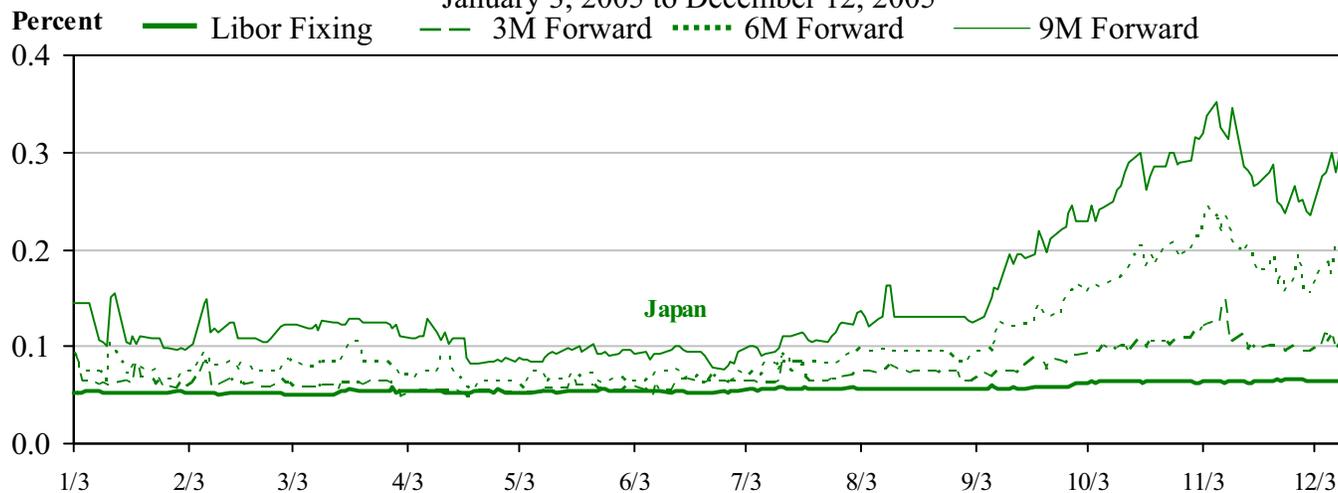
Current U.S. and Euro-area 3-Month Deposit Rates and Rates Implied by Traded Forward Rate Agreements

January 3, 2005 to December 12, 2005



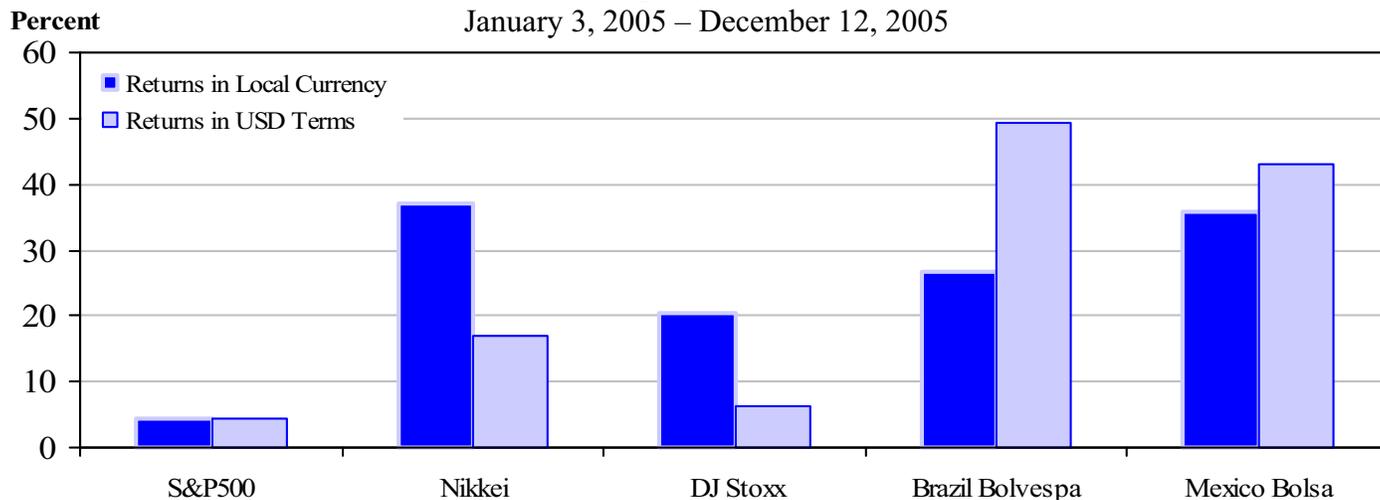
Current Japanese 3-Month Deposit Rates and Rates Implied by Traded Forward Rate Agreements

January 3, 2005 to December 12, 2005



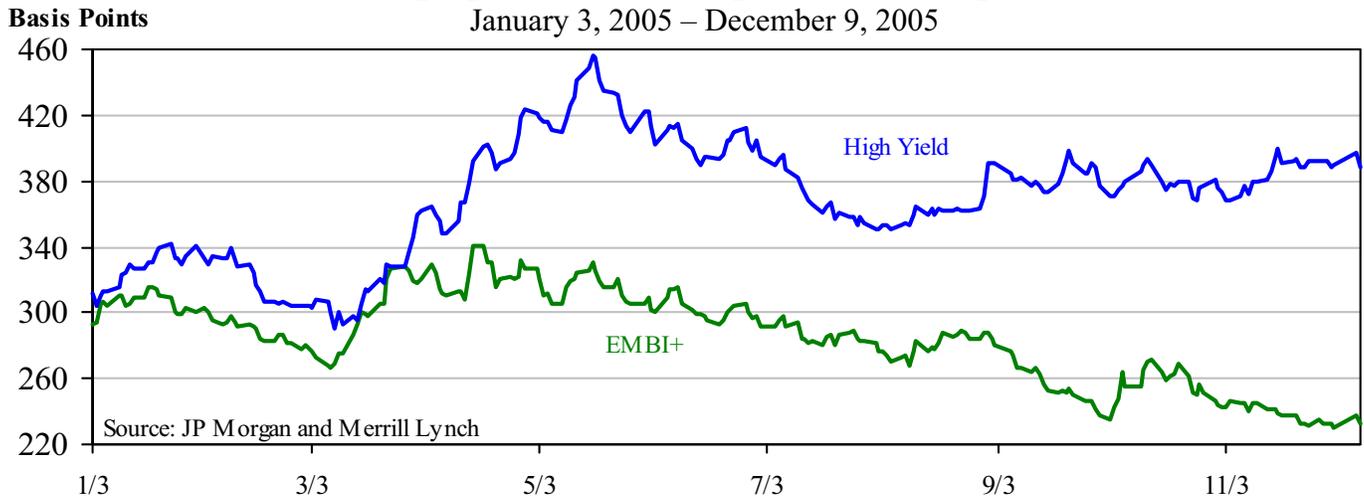
Global Equity Performance

January 3, 2005 – December 12, 2005



Emerging Market and High Yield Debt Spreads

January 3, 2005 – December 9, 2005



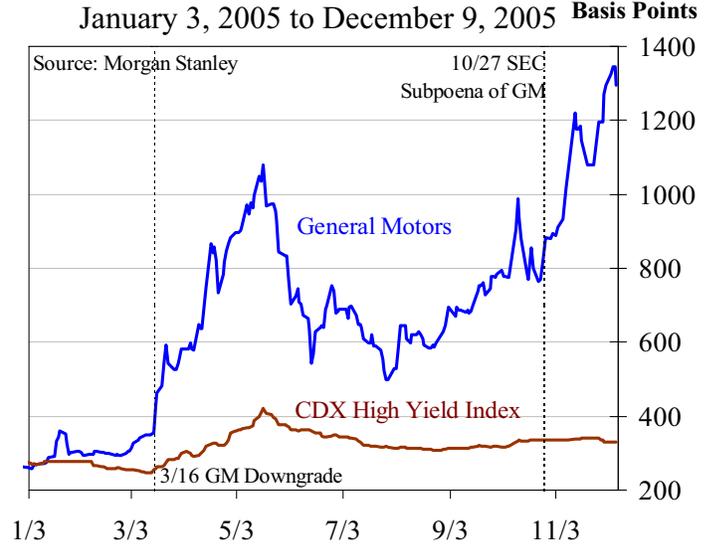
Investment Grade Debt Spread

January 3, 2005 to December 9, 2005



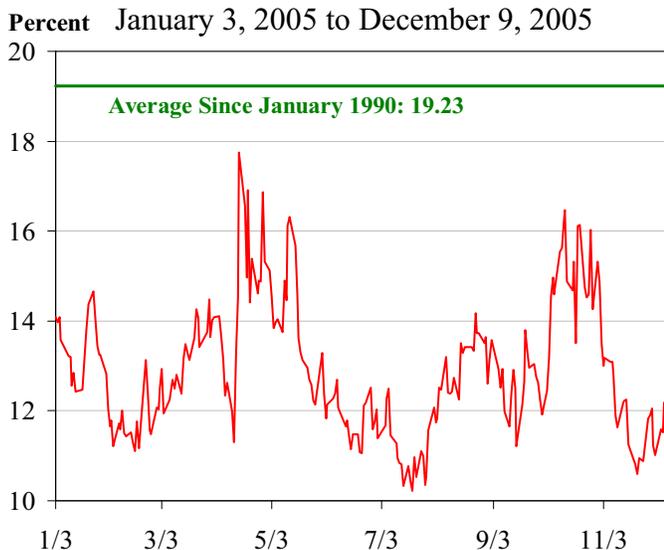
Credit Default Swaps: GM and High Yield Index

January 3, 2005 to December 9, 2005



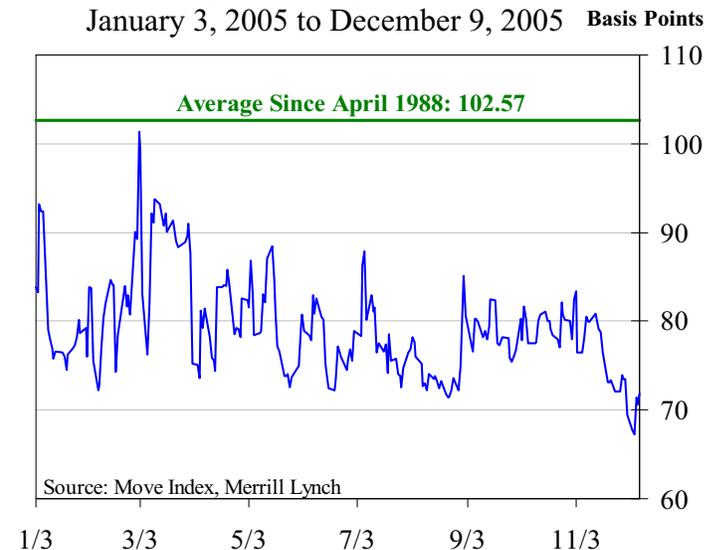
Implied Volatility on the S&P 100

January 3, 2005 to December 9, 2005



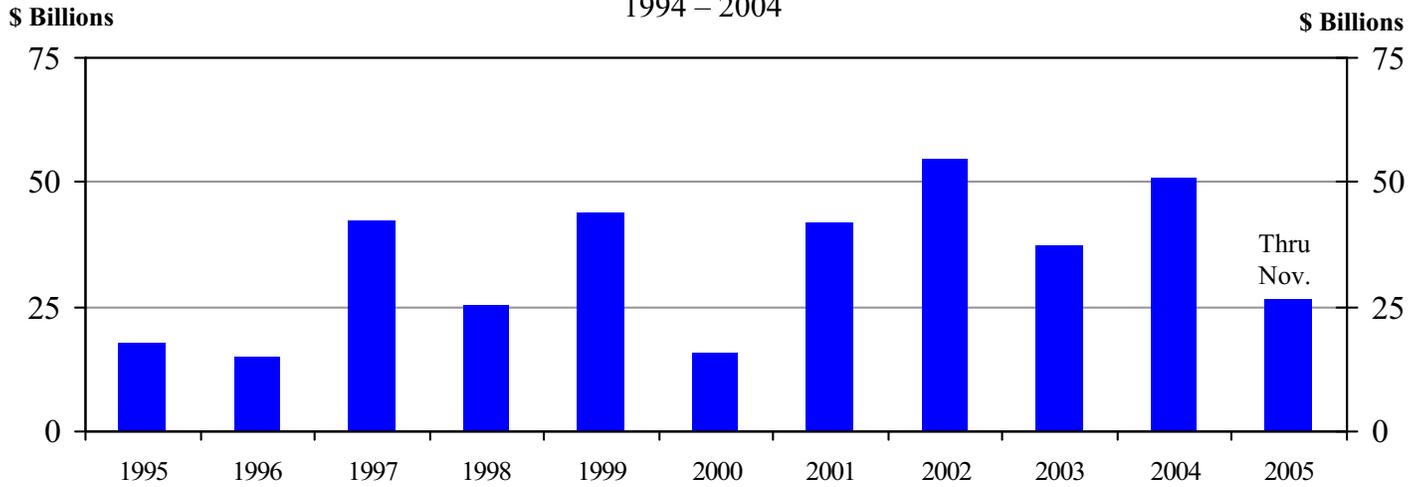
Treasury Yield Implied Volatility

January 3, 2005 to December 9, 2005



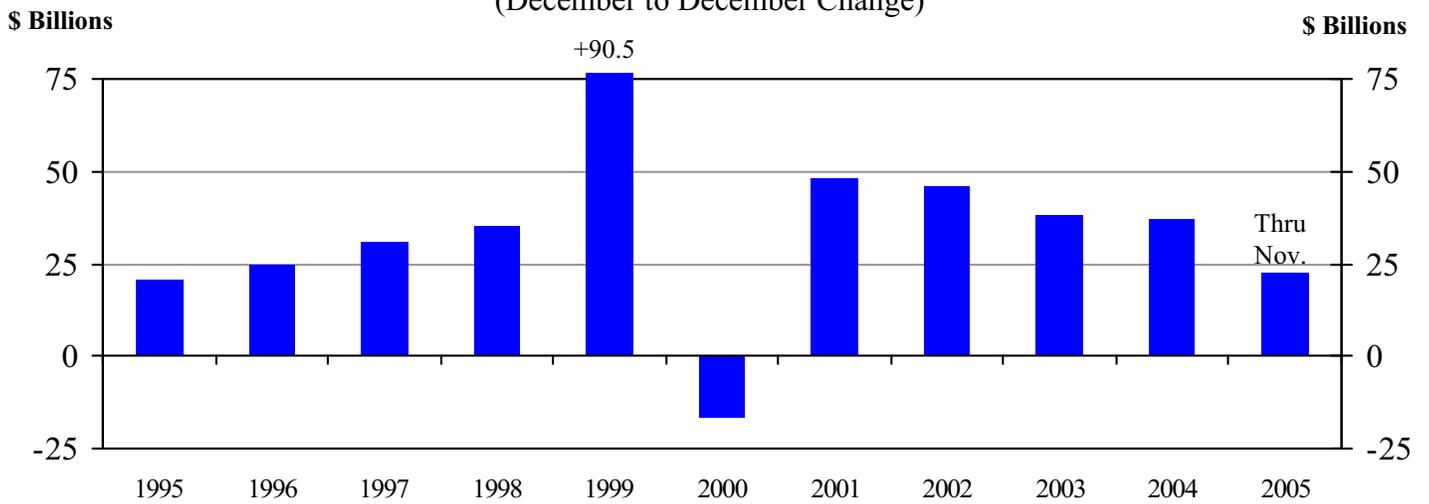
Net SOMA Expansion

1994 – 2004



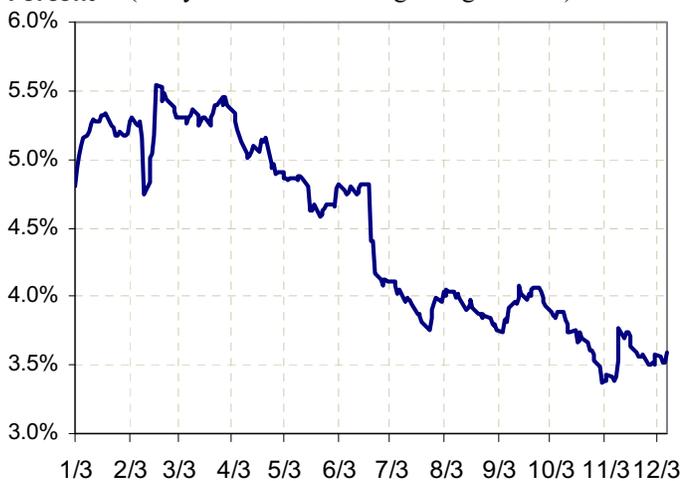
Currency in Circulation

(December to December Change)



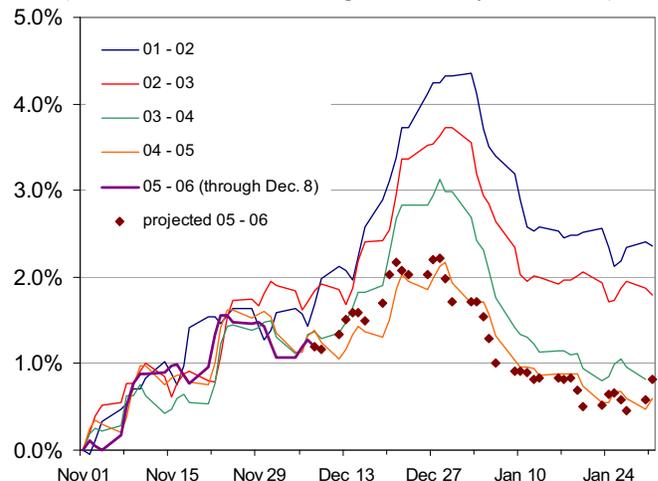
Year-Over-Year Currency Growth Rates

(Daily Data Since the Beginning of 2005)



Rise and Fall of Currency Levels Around Year-Ends

(Cumulative Percent Change from Early November)



Appendix 2: Materials used by Mr. Madigan

Class I FOMC – Restricted Controlled (FR)

Material for

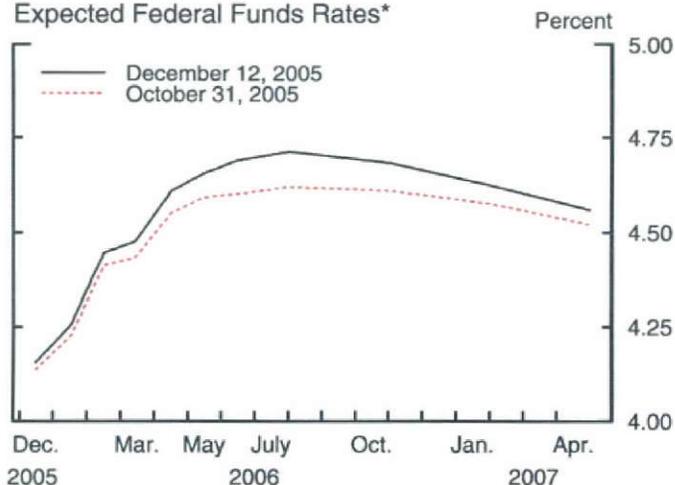
FOMC Briefing on Monetary Policy Alternatives

Brian Madigan

December 13, 2005

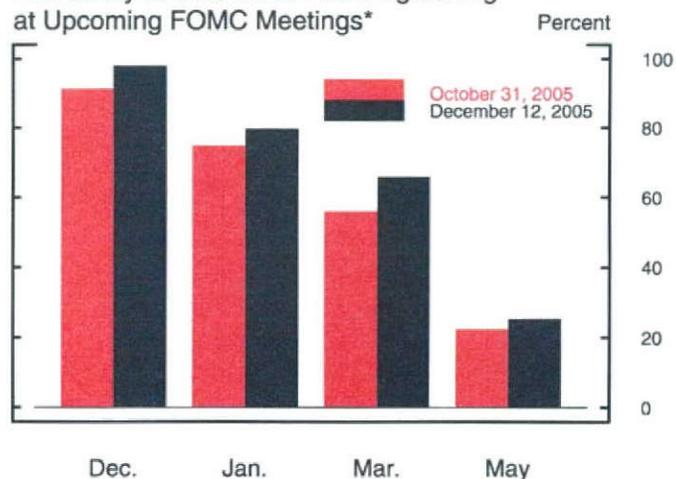
Exhibit 1

Expected Federal Funds Rates*



*Estimates from federal funds and eurodollar futures, with an allowance for term premia and other adjustments.

Probability of a 25 Basis Point Tightening at Upcoming FOMC Meetings*



*Estimated from federal funds futures.

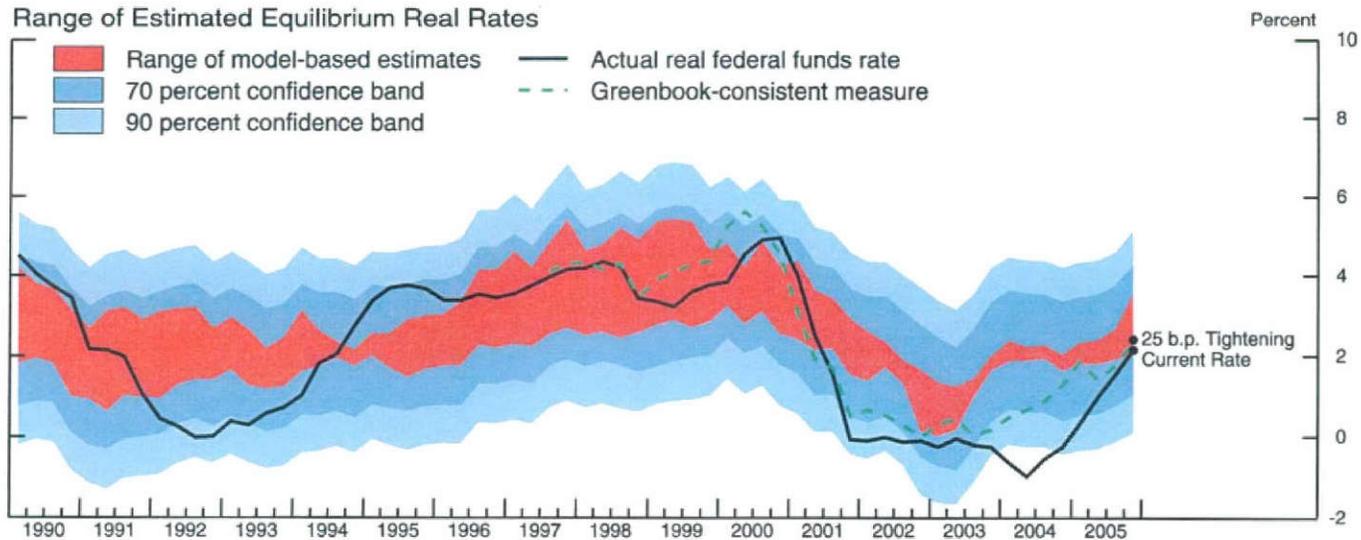
Primary Dealer Survey

- Most expect "accommodation" to be modified or dropped.
- Half expect "measured pace" to be modified or dropped.

A Case for Firming Policy Today

- Probably little remaining slack.
- Considerable economic momentum.
- Real funds rate near lower end of estimates of equilibrium.
- Concern about inflationary pressure.
- Incoming data consistent with continued measured firming.

Range of Estimated Equilibrium Real Rates



An explanatory note is provided in Chart 5 of the Bluebook.

Class I FOMC – Restricted Controlled (FR)

Exhibit 2

Table 1: Alternative Language for the December FOMC Announcement

	November FOMC	Alternative B	Alternative C
Policy Decision	1. The Federal Open Market Committee decided today to raise its target for the federal funds rate by 25 basis points to 4 percent.	The Federal Open Market Committee decided today to raise its target for the federal funds rate by 25 basis points to 4¼ percent.	The Federal Open Market Committee decided today to raise its target for the federal funds rate by 25 basis points to 4¼ percent.
Rationale	2. Elevated energy prices and hurricane-related disruptions in economic activity have temporarily depressed output and employment. However, monetary policy accommodation, coupled with robust underlying growth in productivity, is providing ongoing support to economic activity that will likely be augmented by planned rebuilding in the hurricane-affected areas.	Despite E levated energy prices and hurricane-related disruptions, in the expansion in economic activity appears solid. have temporarily depressed output and employment. However, monetary policy accommodation, coupled with robust underlying growth in productivity, is providing ongoing support to economic activity that will likely be augmented by planned rebuilding in the hurricane-affected areas.	Despite E levated energy prices and hurricane-related disruptions, in economic activity the expansion have temporarily depressed output and employment. remains vigorous, supported by However, monetary policy accommodation, coupled with and robust underlying growth in productivity, is providing ongoing support to economic activity that will likely be augmented by planned rebuilding in the hurricane-affected areas.
	3. The cumulative rise in energy and other costs has the potential to add to inflation pressures; however, core inflation has been relatively low in recent months and longer-term inflation expectations remain contained.	The cumulative rise in energy and other costs has the potential to add to inflation pressures; however, e Core inflation has been stayed relatively low in recent months and longer-term inflation expectations remain contained. Nevertheless, possible increases in resource utilization as well as elevated energy prices have the potential to add to inflation pressures.	Core inflation has been relatively low in recent months and longer-term inflation expectations remain contained. Nevertheless, relatively high levels of resource utilization as well as elevated the cumulative rise in energy prices have and other costs has the potential to add to inflation pressures. however, core inflation has been relatively low in recent months and longer-term inflation expectations remain contained.
Assessment of Risks	4. The Committee perceives that, with appropriate monetary policy action, the upside and downside risks to the attainment of both sustainable growth and price stability should be kept roughly equal.	The Committee judges that some further measured policy firming is likely to be needed to keep the risks to the attainment of both sustainable economic growth and price stability roughly in balance.	[Unchanged]
	5. With underlying inflation expected to be contained, the Committee believes that policy accommodation can be removed at a pace that is likely to be measured. Nonetheless, the Committee will respond to changes in economic prospects as needed to fulfill its obligation to maintain price stability.	In any event, the Committee will respond to changes in economic prospects as needed to foster these objectives.	[Unchanged]