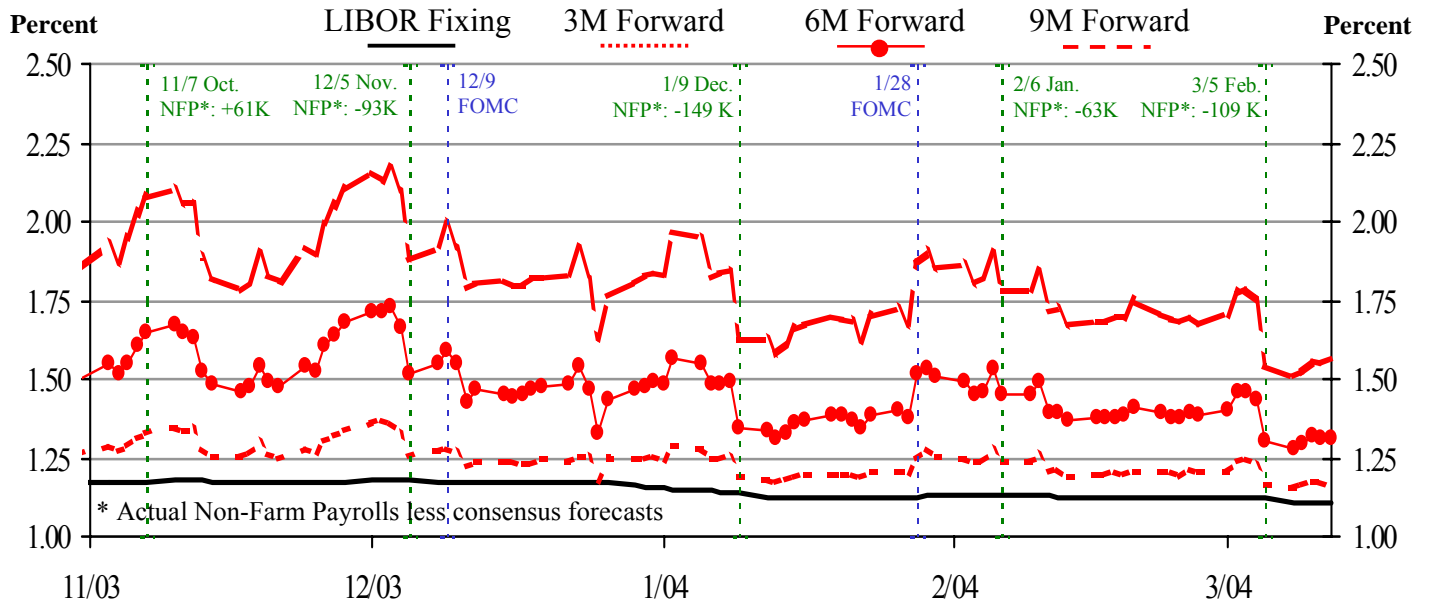


Appendix 1: Materials used by Mr. Kos

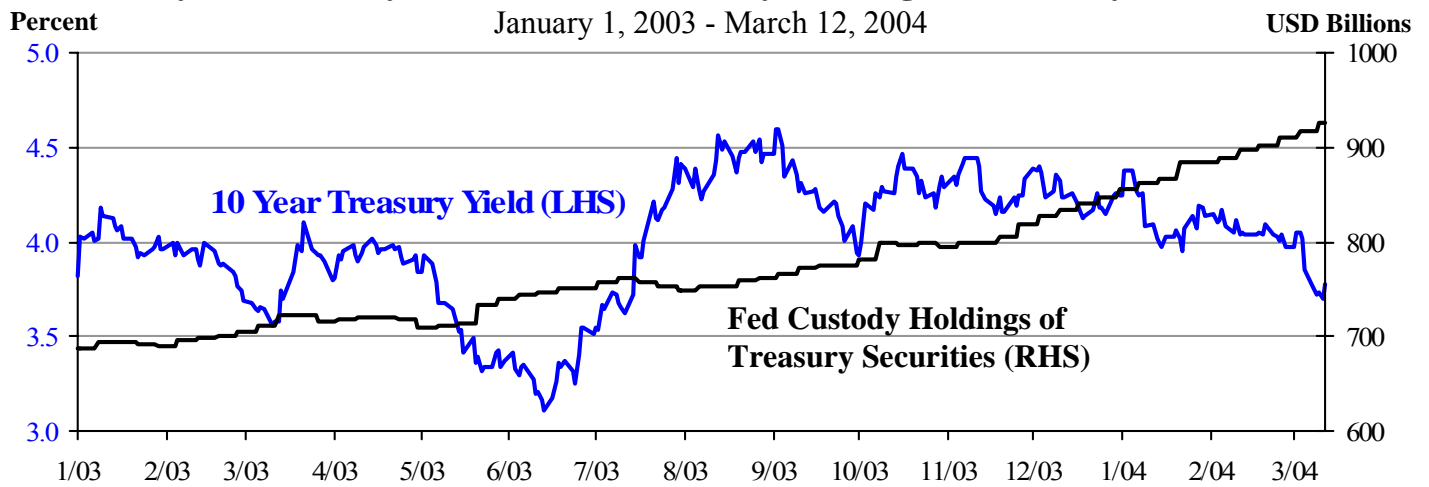
Current U.S. 3-Month Deposit Rates and Rates Implied by Traded Forward Rate Agreements

November 1, 2003 - March 12, 2004



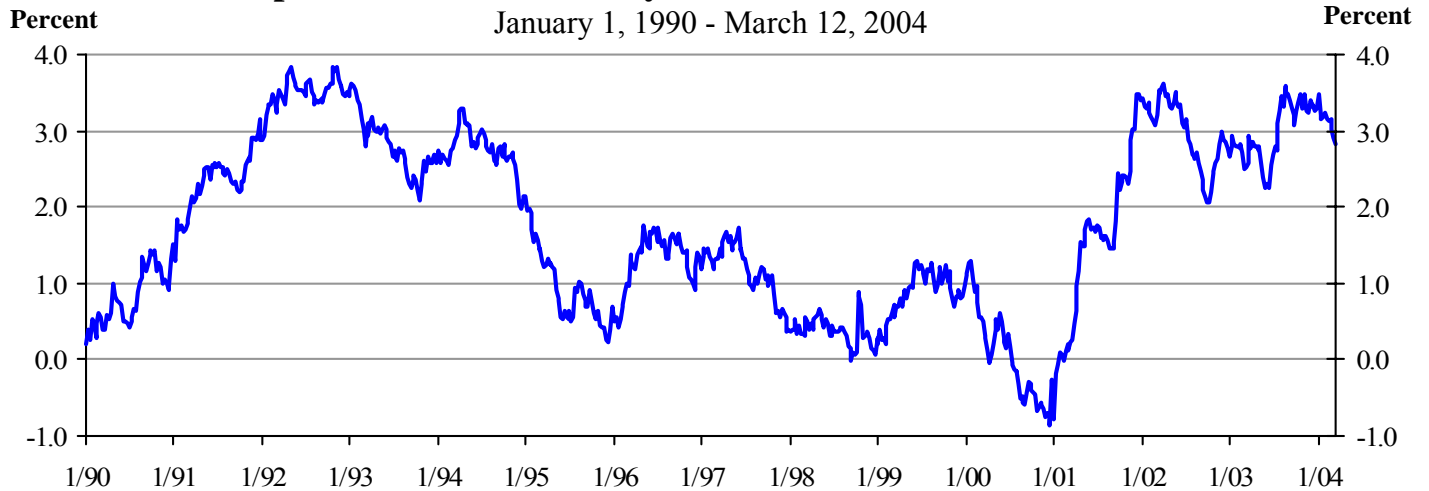
10-year Treasury Yield and Fed Custody Holdings of Treasury Securities

January 1, 2003 - March 12, 2004

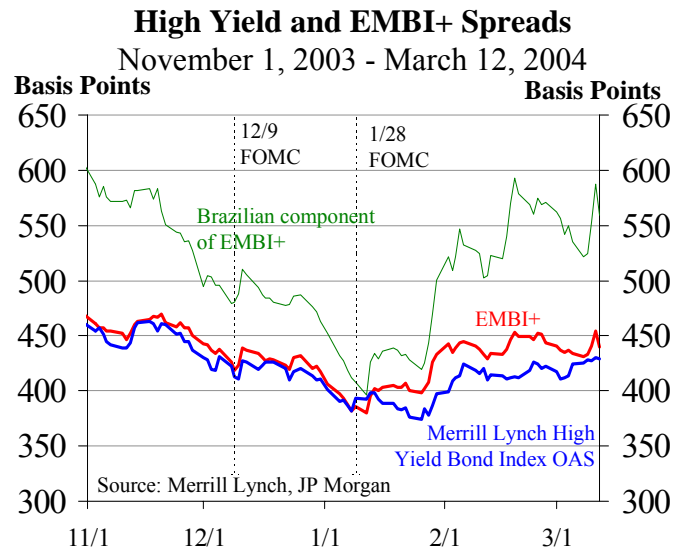
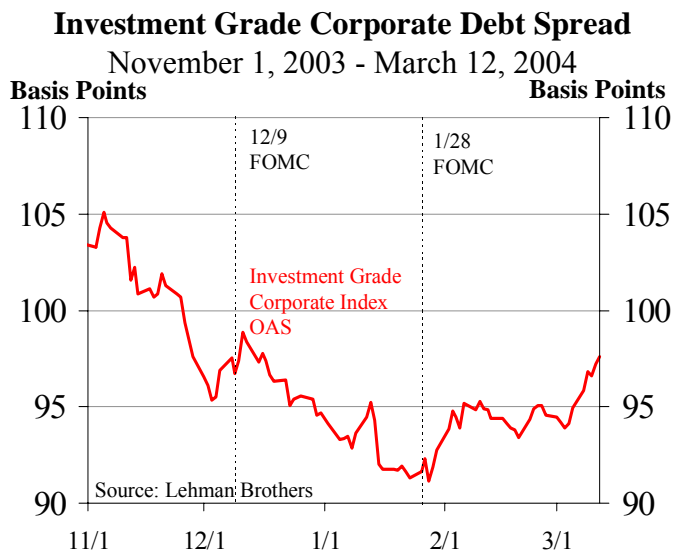
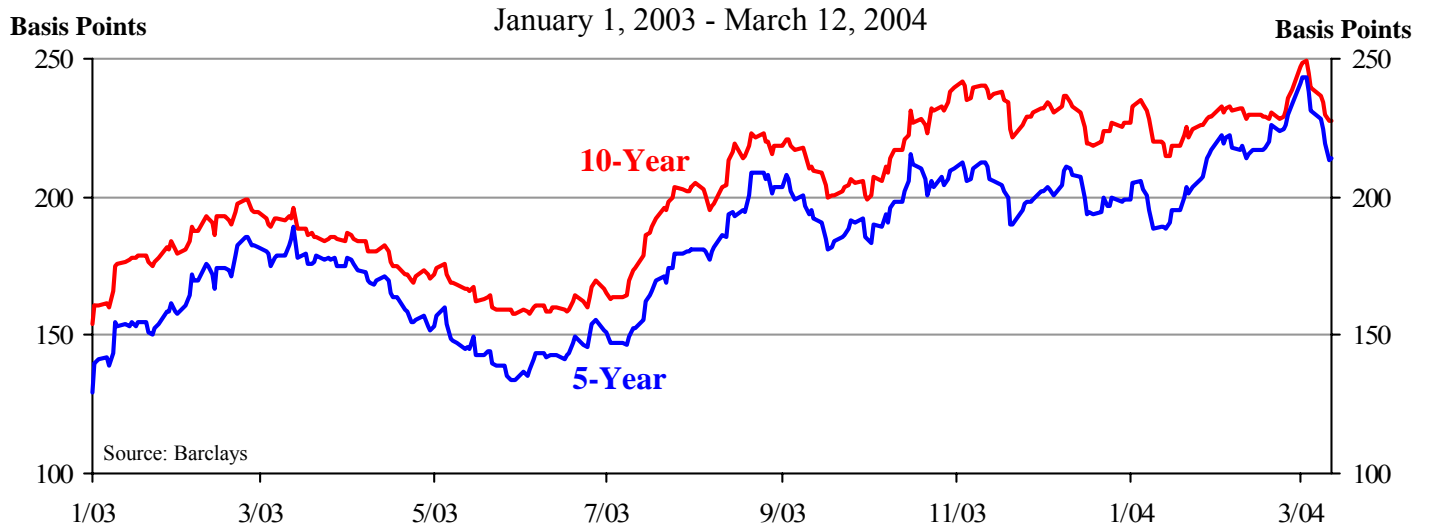


Spread between Treasury 10-Year Note and 3-Month Bill

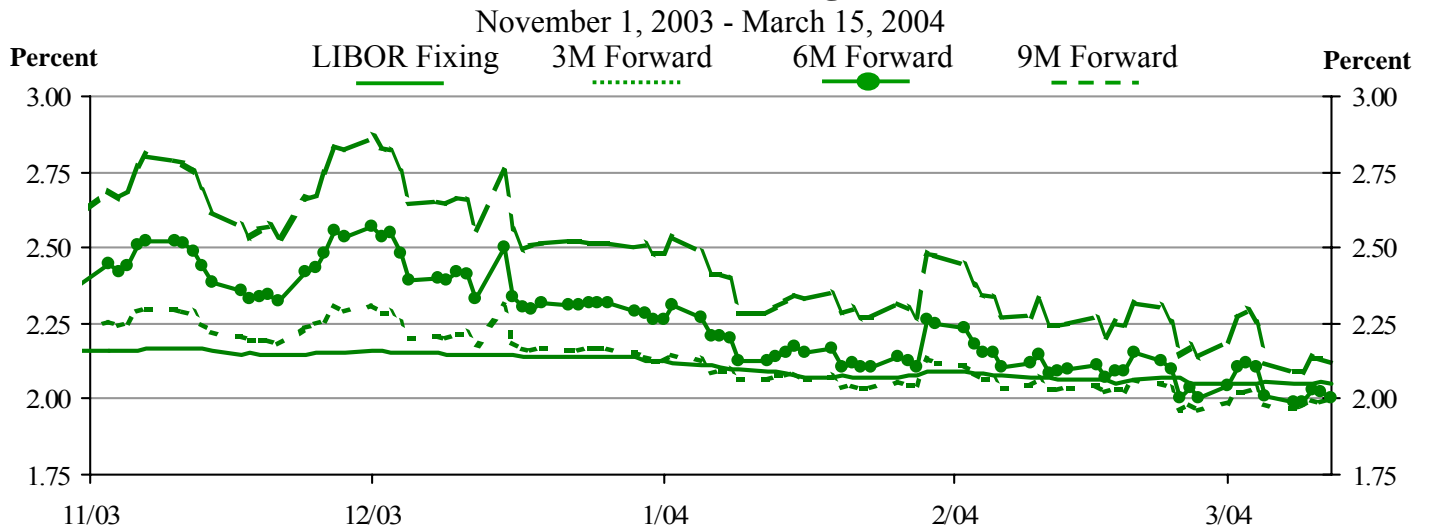
January 1, 1990 - March 12, 2004



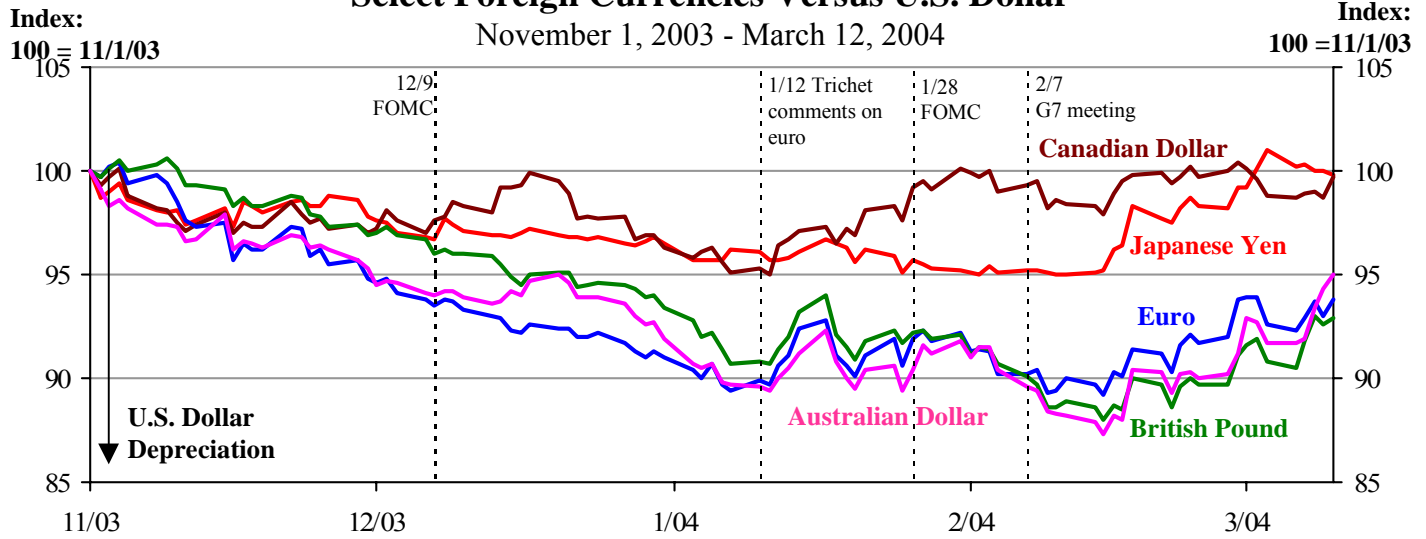
Breakeven Inflation Rates on TIPS: Spreads between U.S. Nominal and Inflation-Indexed Treasury Yields



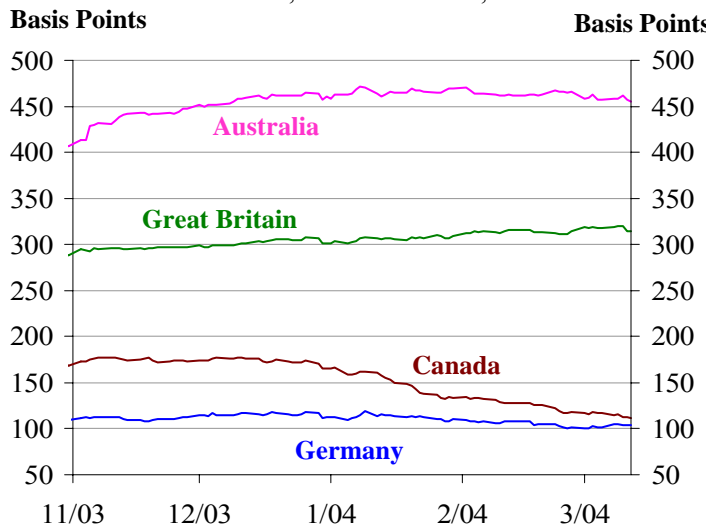
Current Euro Area 3-Month Deposit Rates and Rates Implied by Traded Forward Rate Agreements



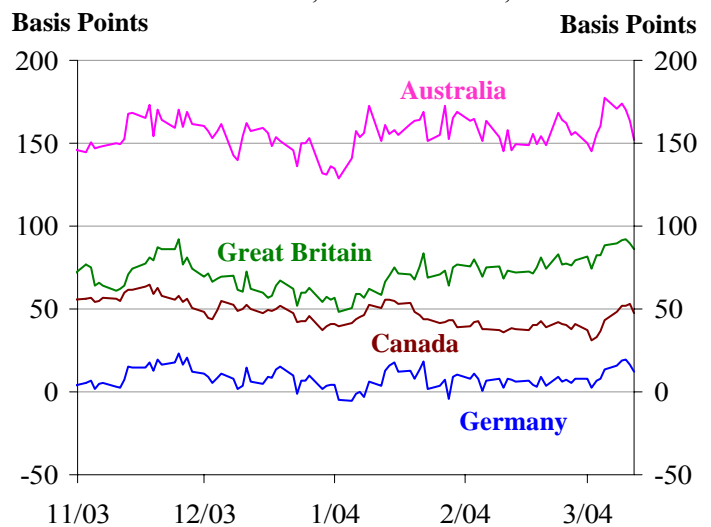
Select Foreign Currencies Versus U.S. Dollar



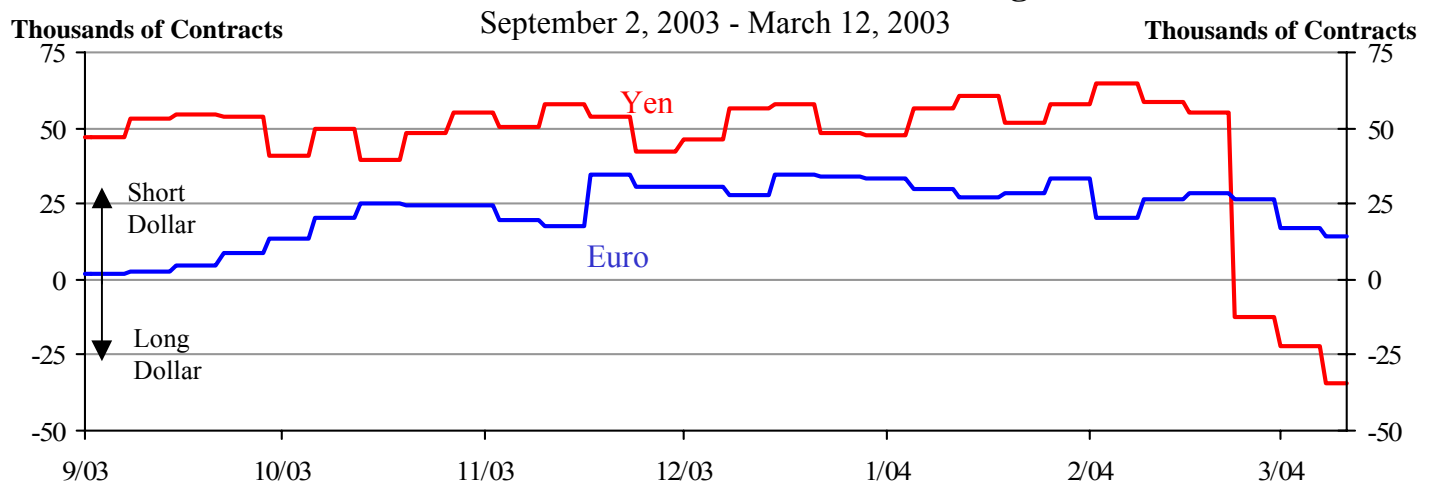
Interest Rate Differentials: Select 3-Month Government Yields Less U.S. Treasury Yields



Interest Rate Differentials: Select 10-Year Government Yields Less U.S. Treasury Yields

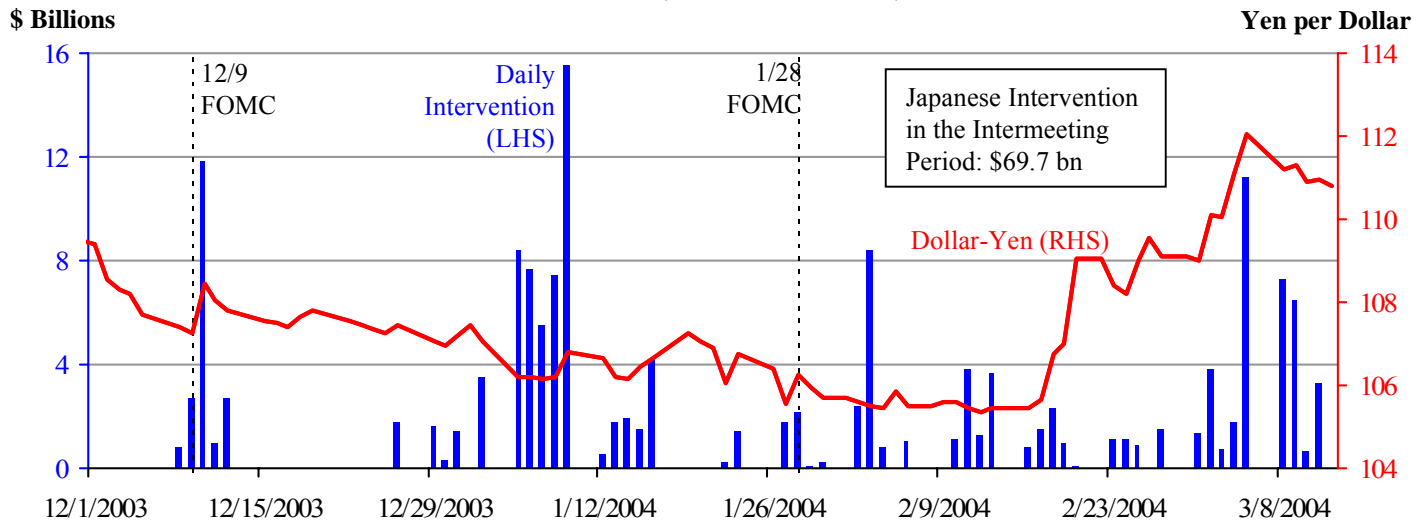


IMM Commitment of Traders Report: Net Non-Commercial Positions in the Yen and Euro against the Dollar



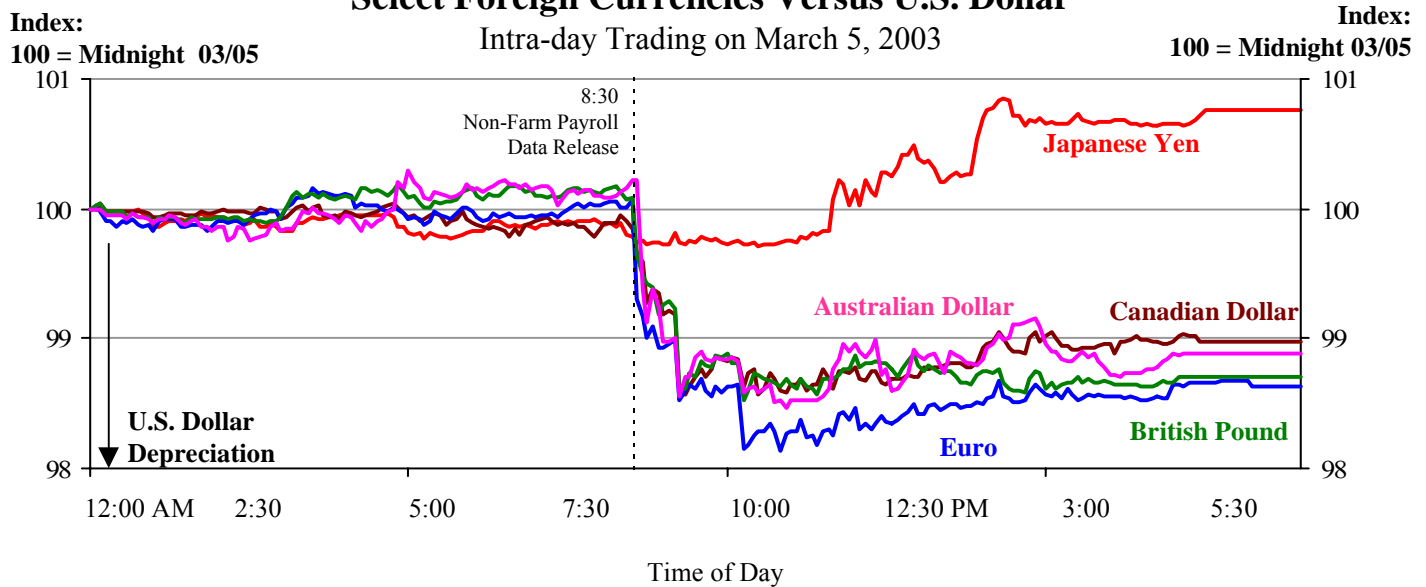
Japanese Yen Versus U.S. Dollar

December 1, 2003 - March 12, 2004



Select Foreign Currencies Versus U.S. Dollar

Intra-day Trading on March 5, 2003



Japanese Equity Indices

May 1, 2003 - March 12, 2004



10-Year Japanese Sovereign Yield

May 1, 2003 - March 12, 2004



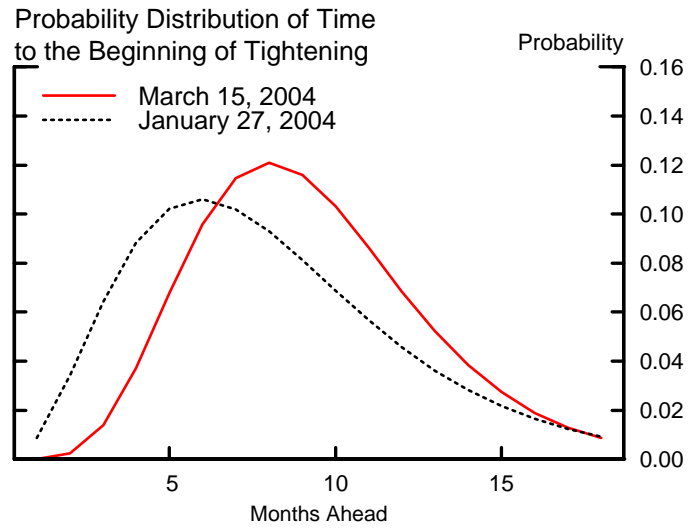
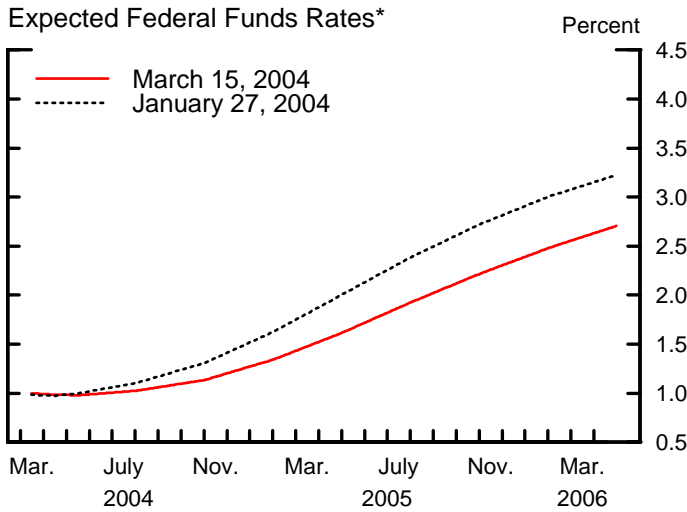
Appendix 2: Materials used by Mr. Reinhart

Treasury Yield Curve Slope

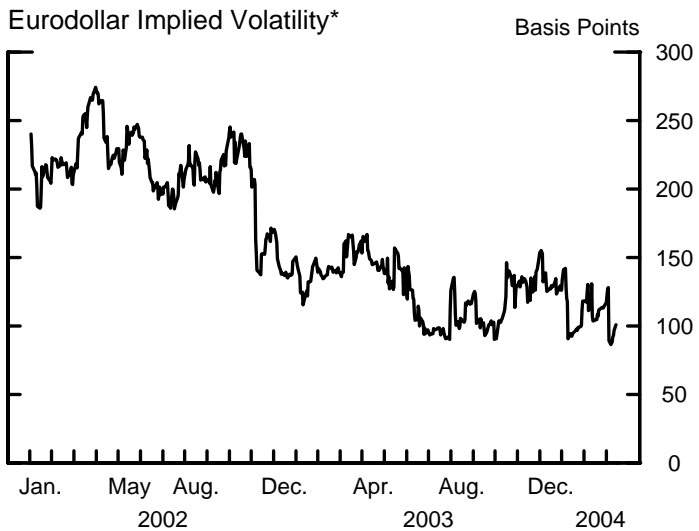
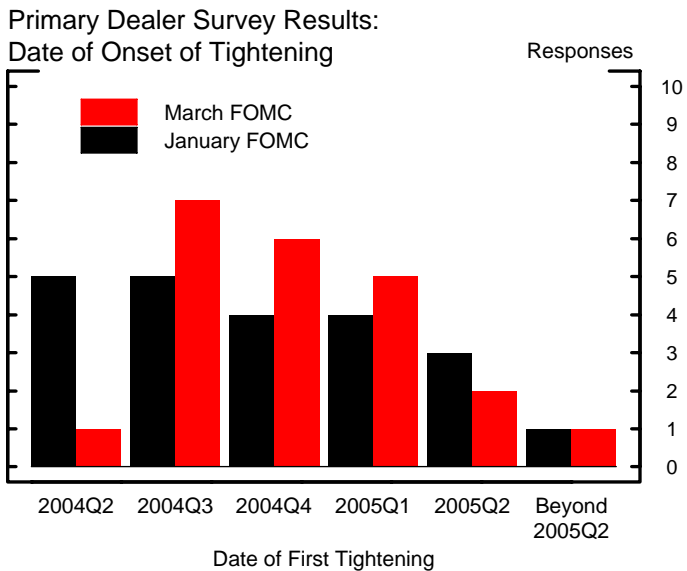


Appendix 3: Materials used by Mr. Reinhart

Exhibit 1 Policy Expectations

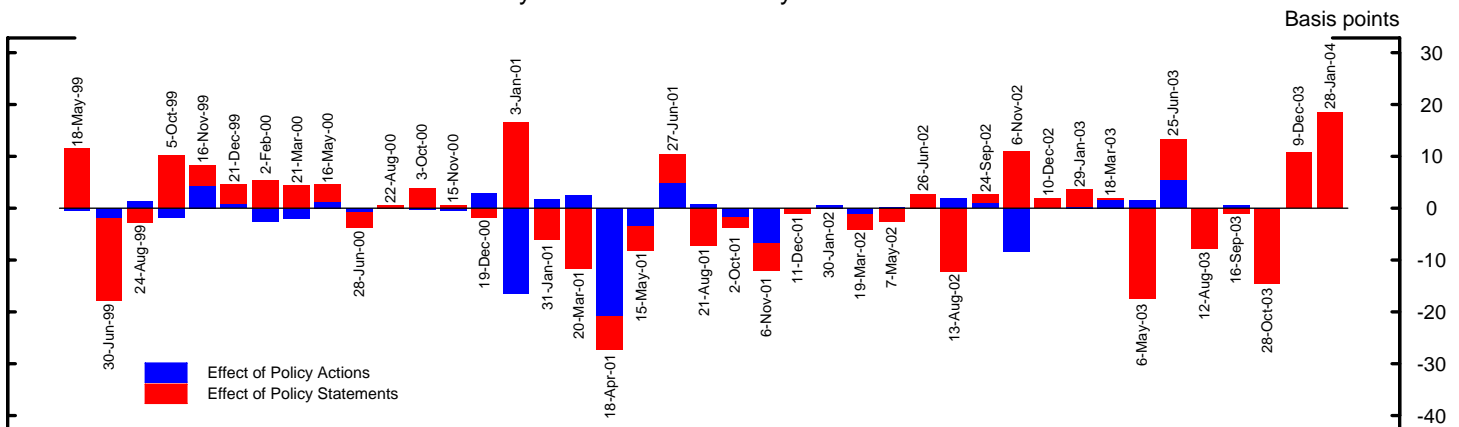


*Estimates from federal funds and eurodollar futures, with an allowance for term premia and other adjustments.



*Eurodollar volatility is calculated on a notional contract with 120 days to expiration.

Estimated Effects on the Two-Year Treasury Yield of FOMC Policy Actions and Statements



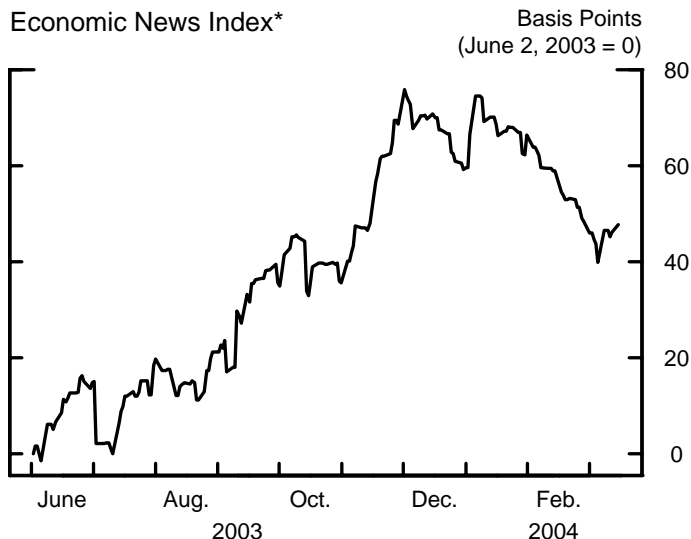
Note. Effect of policy actions is estimated by regressing the change in the on-the-run two-year Treasury yield from 15 minutes before to 1 hour after the FOMC decision on the monetary policy surprise measured from federal funds futures. Effect of policy statement is measured by the residual from the regression.

Table 1: FOMC Statement Alternatives as of March 11

	January FOMC	Alternative A	Alternative B	Alternative C
Policy Decision	The Federal Open Market Committee decided today to keep its target for the federal funds rate at 1 percent.	Unchanged	Unchanged	Unchanged
Rationale	The Committee continues to believe that an accommodative stance of monetary policy, coupled with robust underlying growth in productivity, is providing important ongoing support to economic activity.	Unchanged	Unchanged	Unchanged
	The evidence accumulated over the intermeeting period confirms that output is expanding briskly.	The evidence accumulated over the intermeeting period indicates that output is continuing to expand briskly.	The evidence accumulated over the intermeeting period indicates that output is continuing to expand briskly.	The evidence accumulated over the intermeeting period indicates that output is continuing to expand briskly.
	Although new hiring remains subdued, other indicators suggest an improvement in the labor market.	New hiring has been disappointing and resource utilization generally appears likely to remain somewhat below levels consistent with the economy operating at its productive potential for some time.	Although new hiring has been disappointing, other indicators suggest continued improvement in the labor market.	Although new hiring remains subdued, other indicators suggest continued improvement in the labor market.
	Increases in core consumer prices are muted and expected to remain low.	Unchanged	Unchanged	To date, increases in core consumer prices have been muted, and inflation expectations remain contained.
Assessment of Risks	The Committee perceives that the upside and downside risks to the attainment of sustainable growth for the next few quarters are roughly equal.	Unchanged	Unchanged	Unchanged
	The probability of an unwelcome fall in inflation has diminished in recent months and now appears almost equal to that of a rise in inflation.	The probability, though minor, of an unwelcome fall in inflation has diminished in recent months but likely exceeds that of a rise in inflation.	Unchanged	The probability of a rise in inflation about equals that of an unwelcome decline in inflation.
	With inflation quite low and resource use slack, the Committee believes that it can be patient in removing its policy accommodation.	Unchanged	Unchanged	The Committee recognizes that the stance of monetary policy has been quite accommodative for some time. Nonetheless, with inflation low and resource use slack, the Committee believes that it can still be patient in removing its policy accommodation.

**Exhibit 2
Alternative B**

Economic News Index*



*Estimated cumulative impact of economic releases on two-year Treasury yield.

Changes in Financial Conditions

	Change since Jan. 27
	--basis points--
Two-Year Treasury	-14
Ten-Year Treasury	-33
Ten-Year TIPS	-35
Ten-Year AA	-33
Ten-Year BBB	-31
	--percent--
Wilshire	-3.4
Yen/Dollar	4.7
Euro/Dollar	3.1

Real GDP Growth



January Statement

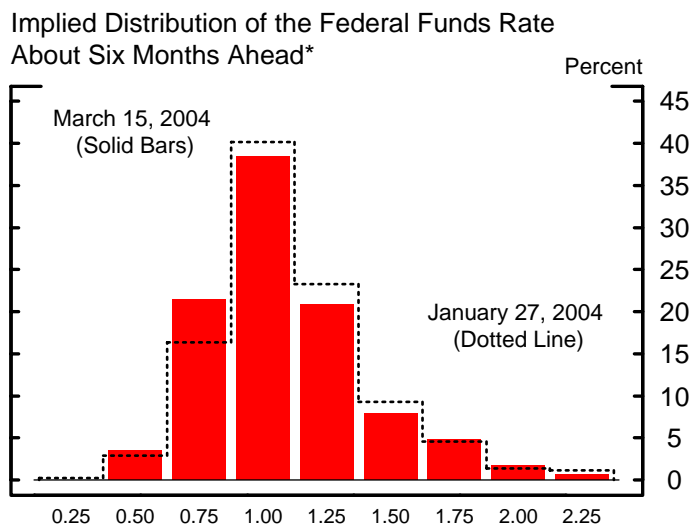
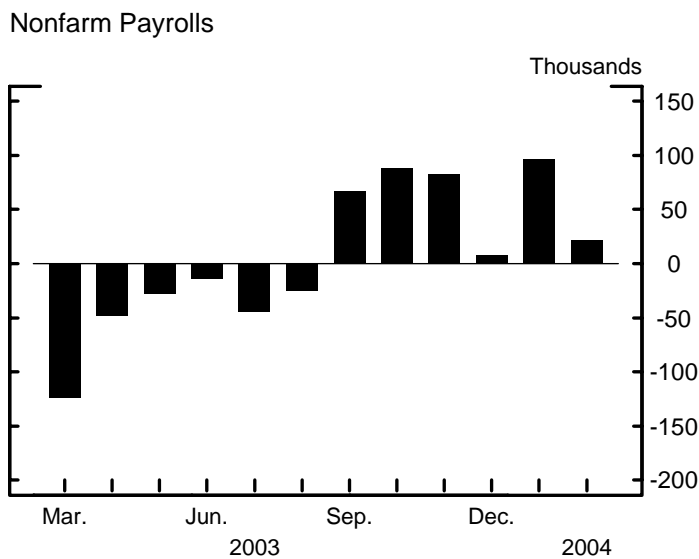
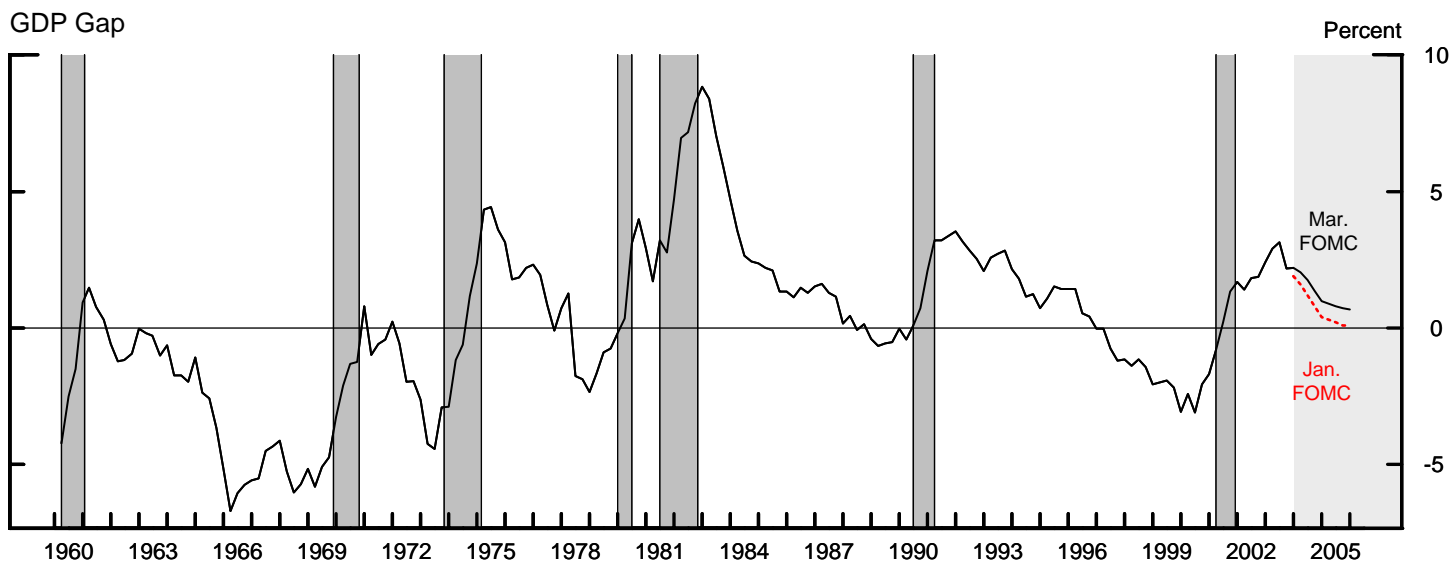
"With inflation quite low and resource use slack, the Committee believes that it can be patient in removing its policy accommodation."

Statement Language Changes

Rationale

- The evidence accumulated over the intermeeting period indicates that output is continuing to expand at a solid pace.
- Although job losses have slowed, new hiring has lagged.

**Exhibit 3
Alternative A**



*Based on the distribution of the three-month eurodollar rate five months ahead (adjusted for a term premium), as implied by options on eurodollar futures contracts.

Statement Language Changes

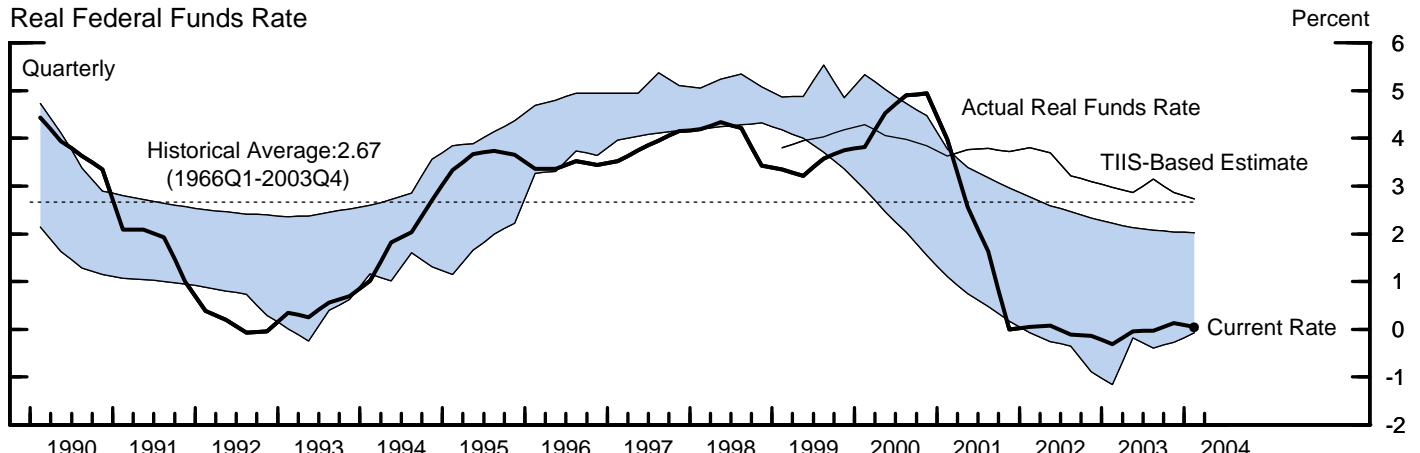
Rationale

- The evidence accumulated over the intermeeting period indicates that output is continuing to expand at a solid pace.
- New hiring has lagged and resource utilization generally appears likely to remain somewhat below levels consistent with the economy operating at its productive potential for some time.

Risk Assessment

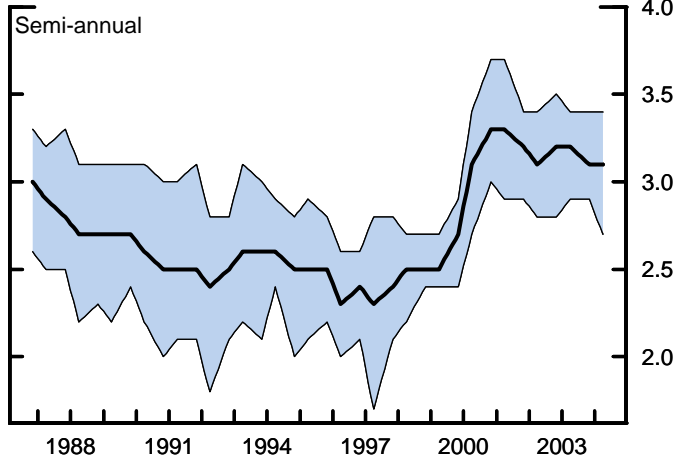
- The probability, though minor, of an unwelcome fall in inflation has diminished in recent months but likely exceeds that of a rise in inflation.

**Exhibit 4
Alternative C**



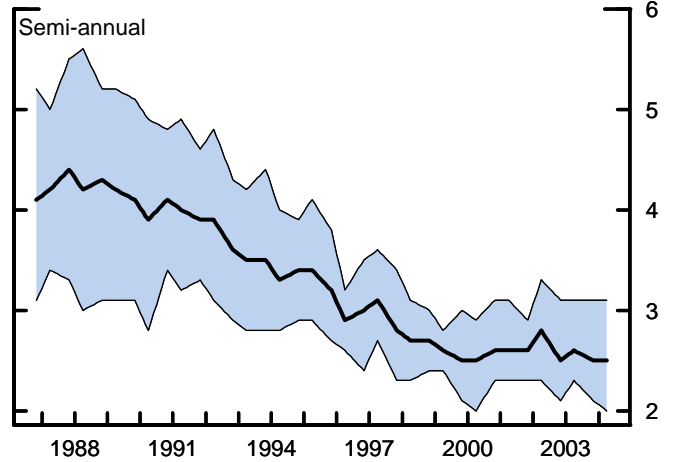
Note: The shaded range represents the maximum and the minimum values each quarter of four estimates of the equilibrium real federal funds rate based on a statistical filter and the FRB/US model. Real federal funds rates employ a four-quarter moving average of core PCE inflation as a proxy for inflation expectations, with the staff projection used for 2004Q1.

Blue Chip Long Range Real GDP Growth Forecast*



* Forecasts of real GDP growth 5 to 10 years ahead. The upper and lower bounds of the shaded region are averages of the ten highest and lowest individual forecasts, respectively.

Blue Chip Long Range CPI Forecast*



* Forecasts of CPI inflation 5 to 10 years ahead. The upper and lower bounds of the shaded region are averages of the ten highest and lowest individual forecasts, respectively.

Statement Language Changes

Rationale

- The evidence accumulated over the intermeeting period indicates that output is continuing to expand at a solid pace.
- Although new hiring has lagged, other indicators suggest an improvement in the labor market.
- To date, increases in core consumer prices have been muted, and inflation expectations remain contained.

Risk Assessment

- The probability of a rise in inflation about equals that of an unwelcome decline in inflation.
- The Committee recognizes that the stance of monetary policy has been quite accommodative for some time. Nonetheless, with inflation low and resource use slack, the Committee believes that it can still be patient in removing its policy accommodation.

Table 1: FOMC Statement Alternatives: Revised as of March 15

	January FOMC	Alternative A	Alternative B	Alternative C
Policy Decision	The Federal Open Market Committee decided today to keep its target for the federal funds rate at 1 percent.	Unchanged	Unchanged	Unchanged
	The Committee continues to believe that an accommodative stance of monetary policy, coupled with robust underlying growth in productivity, is providing important ongoing support to economic activity.	Unchanged	Unchanged	Unchanged
Rationale	The evidence accumulated over the intermeeting period confirms that output is expanding briskly.	The evidence accumulated over the intermeeting period indicates that output is continuing to expand at a solid pace.	The evidence accumulated over the intermeeting period indicates that output is continuing to expand at a solid pace.	The evidence accumulated over the intermeeting period indicates that output is continuing to expand at a solid pace.
	Although new hiring remains subdued, other indicators suggest an improvement in the labor market.	New hiring has lagged and resource utilization generally appears likely to remain somewhat below levels consistent with the economy operating at its productive potential for some time.	Although job losses have slowed, new hiring has lagged.	Although new hiring has lagged, other indicators suggest an improvement in the labor market.
	Increases in core consumer prices are muted and expected to remain low.	Unchanged	Unchanged	To date, increases in core consumer prices have been muted, and inflation expectations remain contained.
Assessment of Risks	The Committee perceives that the upside and downside risks to the attainment of sustainable growth for the next few quarters are roughly equal.	Unchanged	Unchanged	Unchanged
	The probability of an unwelcome fall in inflation has diminished in recent months and now appears almost equal to that of a rise in inflation.	The probability, though minor, of an unwelcome fall in inflation has diminished in recent months but likely exceeds that of a rise in inflation.	Unchanged	The probability of a rise in inflation about equals that of an unwelcome decline in inflation.
	With inflation quite low and resource use slack, the Committee believes that it can be patient in removing its policy accommodation.	Unchanged	Unchanged	The Committee recognizes that the stance of monetary policy has been quite accommodative for some time. Nonetheless, with inflation low and resource use slack, the Committee believes that it can still be patient in removing its policy accommodation.