

January 25, 2012

Ms. Cary Williams
Assistant General Counsel
Designated Agency Ethics Official
Board of Governors of the Federal Reserve System
Washington, D.C. 20551

Dear Ms. Williams:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Governor of the Board of Governors of the Federal Reserve System.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I resigned as a partner of the Carlyle Group in 2005. I have interests in the following Carlyle Group investment funds: Carlyle SWM Partners, LP; Carlyle Credit Partners; CP III Investment Holdings, LP; TCG Holdings II, LP; TCG Holdings Cayman II, LP; CELF Loan Partners B.V.; and Carlyle High Yield Partners VI, Ltd. After confirmation but before I assume the duties of the position of Federal Reserve Governor, I will sell all of my interests, including carried profits interest, in these funds back to the Carlyle Group based on the September 30, 2011, valuation and will receive a fixed payment from the Carlyle Group covering this divestiture and the distribution of my escrow accounts.

I will divest my interests in the following investment funds: Bay Bridge TMT Value Fund, LP; Larch Lane Absolute Return I, LP; Goldman Sachs Hedge Fund Opportunities (2008), LLC; Goldman Sachs Hedge Fund Partners, LLC Class A Series 46; and Goldman Sachs Princeton Fund, Class A Series 1. As to Bay Bridge TMT Value Fund, LP and Larch Lane Absolute Return I, LP, the funds' managers declined to provide me with sufficient information to enable me to disclose the funds' underlying assets in my financial disclosure report. Under the terms of these five investment funds, I have the right to withdraw on a quarterly basis subject to notice by a deadline within the quarter, and I will complete these divestitures as soon as contractually permitted following my confirmation. With regard to each of these funds, until I

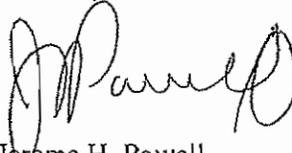
have divested the fund, I will not participate personally and substantially in any particular matter in which to my knowledge I have a financial interest, if the particular matter has a direct and predictable effect on the financial interests of that fund, or its underlying assets, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). In addition, after confirmation, but before I assume the duties of the position of Federal Reserve Governor, I will divest my interests in the entities listed in Attachment A.

After confirmation, but before I assume the duties of the position of Federal Reserve Governor, I will resign from my positions with the Global Environment Fund, the Bipartisan Policy Center, the Nature Conservancy, DC Prep, the Bendheim Center at Princeton University, Sidwell Friends School, and the Chevy Chase Club. For a period of one year after my resignation from each of these entities, I will not participate personally and substantially in any particular matter involving specific parties in which that entity is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d). In addition, upon confirmation, I will resign from my position as trustee of four grantor retained annuity trusts for FOIA Exemption (b)(6) and I will resign from my position as managing member of series A through series E of the Powell Family LLC.

I understand that as an appointee I am required to sign the Ethics Pledge (Exec. Order No. 13490) and that I will be bound by the requirements and restrictions therein in addition to the commitments I have made in this and any other ethics agreement.

I have been advised that this ethics agreement will be posted publicly, consistent with 5 U.S.C. § 552, on the website of the U.S. Office of Government Ethics with other ethics agreements of Presidential nominees who file public financial disclosure reports.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Powell", written in a cursive style.

Jerome H. Powell

ATTACHMENT A

Powell Family LP

Allstate Corp.

American Express

Ameriprise Financial

BB&T Corp.

Banco Bradesco

Bank of New York Mellon Corp.

Blackrock Inc.

BNP Paribas

Capital One Financial Corp

Charles Schwab Corp.

Citigroup

CME Group

Comerica Inc.

Deere &Co.

Eksportfinans ASA Linked to Asian FX Bask vs USD 0% due Jan 2012 Structured Note

First Horizon National Corp.

Franklin Resources

Fulton Financial Group

General Electric Co.

Huntington Bancshares Inc.

Industrial and Commercial Bank of China

Intercontinental Exchange Inc.

JP Morgan Chase and Co.

M&T Bank Corp.

Mastercard Inc.

McGraw Hill

Morgan Stanley

Nordstrom, Inc.

NYSE Euronext

PNC Financial Services Group, Inc.

Principal Financial Group

Raymond James Financial Inc.

Regions Financial Corp.

Streettracks Series Trust -- KBW Bank ETF

Swedbank AB

T. Rowe Price Group

TD Ameritrade

U.S. Bancorp

Valley National Bancorp

Visa Inc.

Wells Fargo and Co.

Zions Bancorp

Powell Family LLC

Brink's Company
Franklin Resources Inc.
General Electric
T. Rowe Price
Visa Inc.

Joint Holdings

Allstate Corp.
American Express
Ameriprise Financial Inc.
American International Group, Inc.
Bank of America Corp.
BB&T Corp.
Blackrock, Inc.
BNP Paribas Linked to Dec 2012 WTI Crude Oil 0% Structured Note
Capital One Financial Corp.
Charles Schwab Corp
Citigroup
Comerica Inc.
Deere and Co.
Discover Financial Services
Eksportfinans ASA Linked to TPX Index 0% Structured Note
Fidelity National Information Service, Inc.
Franklin Resources Inc.
General Electric Co.
Goldman Sachs Group Linked to MSCI EAFE Index 0% Structured Note
Huntington Bancshares Inc.
JP Morgan Chase & Co.
Keycorp
Lincoln National Corp.
McGraw Hill
MetLife, Inc.
Moody's Corp.
Morgan Stanley
M&T Bank
Nasdaq OMX Group, Inc.
Nordstrom, Inc.
NYSE Euronext
PNC Financial Services Group, Inc.
Principal Financial Group
Prudential Financial Inc.
State Street Corp.
Streettracks Series Trust – KBW Bank ETF

T. Rowe Price Group
TD Ameritrade
U.S. Bancorp
Visa Inc.
Wells Fargo and Co.