BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

DETERMINATION UNDER TITLE 18,
UNITED STATES CODE, SECTION 208

(1) This determination with respect to the services of Kevin M. Warsh as a member of the Board of Governors of the Federal Reserve System is made pursuant to 18 U.S.C. § 208(b)(1). Section 208(b) provides that the prohibition in 18 U.S.C. § 208(a) against the participation by a Board employee in an application, request for ruling or other determination, contract, claim, controversy, charge, accusation or other particular matter in which the employee, the employee's spouse, and certain other persons have a financial interest shall not apply if the employee first advises the Government official responsible for the employee's appointment of the nature of the circumstances of the particular matter, makes full disclosure of the financial interest, and receives a written determination made by such official that the interest is not so substantial as to be deemed likely to affect the integrity of the services which the Government may expect of the employee.

(2) Executive Order 12731 delegates the President's authority to issue individual waivers to Presidential appointees to the head of the relevant agency, in this case, the Chairman of the Board of Governors.

(3). Before joining the federal government in 2002, Governor Warsh was employed by Morgan Stanley & Co., and, as a result, has a vested interest in Morgan Stanley's defined benefit pension plan. Under this plan, he will receive $563 a month at age 65. He is presently 38 years old.

(4) Governor Warsh has played a pivotal role in recent Federal Reserve initiatives to bolster market liquidity and promote orderly market functioning. It is unclear how much longer uncertain financial conditions will exist that might entail action by the Federal Reserve to extend support to an individual financial institution. It is also unclear at this time which financial institutions may be at risk. However, in the very unlikely event that Morgan Stanley experiences the kind of difficulties encountered by other investment banks, it may become necessary for the Federal Reserve to take action to lend to, or otherwise provide support to the company. Such action, depending on the circumstances, could have a direct and

predictable effect on Morgan Stanley's ability to meet its pension obligation to Governor Warsh, and therefore affect his financial interests within the meeting of 18 U.S.C. § 208.

(5) As disclosed on his SF 278, Governor Warsh and his wife have a substantial number of assets and sources of income relative to which the monthly pension he will begin receiving in 2035 is extremely insignificant. Moreover, his participation in all Federal Reserve actions during this period of economic uncertainty is of critical importance in light of his financial expertise and his knowledge of financial markets.

In light of all the facts described above, I hereby make the determination that Governor Warsh's financial interest in Morgan Stanley due to his vested pension interest is not so substantial as to be deemed likely to affect the integrity of the official services that the Board of Governors may expect of him.

Dated this 20th day
of Sept, 2008

Ben S. Bernanke
Chairman