

EXCHANGE STABILIZATION FUND
STATEMENT OF FINANCIAL POSITION, p
AS OF JULY 31, 2009

ASSETS

<i>Fund Balance with Treasury</i>		0.00
<i>MMMFPG GSE Securities</i> (Note 5)		1,725,000,000.00
<i>Special Drawing Rights</i>		
Special Drawing Rights Holdings	9,444,022,336.81	
Accrued interest receivable on Special Drawing Rights holdings	9,475,073.79	
<i>Total Special Drawing Rights</i>		9,453,497,410.60
<i>US Government Securities</i>		
Investments in US Government Securities	16,307,040,619.30	
Accrued interest receivable on U.S. Gov't Securities	-	
<i>Total US Government Securities</i>		16,307,040,619.30
<i>European Euros</i> (Note 1)		
Deposits with Official Institutions	5,692,385,045.42	
Securities:		
Held outright	4,765,781,230.10	
Held under repurchase agreements	4,203,992,755.55	
Accrued interest receivable on Euro investments	94,363,307.95	
<i>Total European Euros</i>		14,756,522,339.02
<i>Japanese Yen</i> (Note 1)		
Deposits with official institutions	3,348,029,522.54	
Securities	6,806,327,026.75	
Accrued interest on Yen investments	14,755,921.56	
<i>Total Japanese Yen</i>		10,169,112,470.85
TOTAL ASSETS (Note 3)		\$ 52,411,172,839.77

LIABILITIES AND CAPITAL

Liabilities		
Special Drawing Rights Certificates	2,200,000,000.00	
Special Drawing Rights Allocations	7,610,586,934.90	
Accrued charges payable on SDR Allocations	7,635,606.42	
Accrued interest on charges payable on SDR Allocations	-	
Due to Treasury	-	
Unearned Income and Advances	134,354,331.32	
TOTAL LIABILITIES		\$ 9,952,576,872.64
Capital		
Capital Account	200,000,000.00	
Retained Earnings	42,258,595,967.14	
TOTAL CAPITAL		42,458,595,967.14
TOTAL LIABILITIES AND CAPITAL		\$ 52,411,172,839.77

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	Current Month	Fiscal Year
INCOME and EXPENSE		
<i>Special Drawing Rights</i>		
Net interest (charges) on Special Drawing Rights	511,675.17	11,210,361.81
Net gain (loss) on SDR valuation	1,299,479.73	(2,918,953.42)
<i>U.S. Government securities</i>		
Interest earned on U.S. Government Securities	2,074,472.18	17,972,138.64
<i>Money Market Mutual Fund Insurance Program</i>		
Insurance Premiums (Note 4)	84,999,679.00	1,020,678,949.12
GSE Securities - Interest Revenue (Note 5)	217,055.56	4,298,842.13
<i>Foreign Exchange</i>		
Interest earned on Foreign Currency Denominated Assets	23,355,328.97	314,227,795.71
Net gain (loss) on Foreign Exchange valuation (Note 2)	465,509,378.00	1,310,495,533.80
	577,967,068.61	2,675,964,667.79
Net Income (Loss)	577,967,068.61	2,675,964,667.79

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EXCHANGE STABILIZATION FUND
NOTES TO THE FINANCIAL STATEMENTS, p
AS OF JULY 31, 2009

1. The Exchange Stabilization Fund carries several long-term instruments in its portfolio. Some of these instruments may have been purchased at a premium and others may have been purchased at a discount. These instruments are reported at cost. Cost is reflected as a face amount paid for the Premiums (which are amortized) and discounts (which accrete) are allocated to expense (amortization expense) and revenue, respectively, over the life of the instrument.
2. Foreign currency denominated assets and liabilities are revalued daily -- and reported monthly -- to reflect fluctuations in market exchange rates. These fluctuations in market exchange rates are reported in the Statement of Income as "Net gain (loss) on valuation." This gain or loss is unrealized to the Exchange Stabilization Fund until such time as the Fund sells the currency.
3. The ESF had an exchange stabilization agreement with Mexico for \$3,000 million; this agreement was renewed in December 2008 for an additional year. No drawings were outstanding under this agreement.
4. The Secretary of the Treasury, with the approval of the President, established a temporary guarantee program for the U.S. money market mutual fund industry. Under the program, the assets of the ESF will be available to guarantee the net asset value for shares of participating eligible money market funds. All publicly offered money market funds regulated under Rule 2a-7 of the Investment Company Act of 1940 and registered with the Securities and Exchange Commission, which had a policy of maintaining a stable net asset value or share price as of September 19, 2008, were eligible to participate if they paid a program participation fee from September 29 through October 10 and were accepted into the program by Treasury. The program had an initial three-month term, after which the Secretary had the option to renew the program up to September 18, 2009. The Treasury Guarantee Program was initially in effect until December 18, 2008, was extended on November 24 until April 30, 2009, and extended for the final time on March 31 until September 18, 2009.
5. On January 15, 2009, based on the terms of the Letter Agreement, the ESF paid approximately \$3.6 billion for the remaining Government Sponsored Enterprise (GSE) securities held by the Reserve Fund's U.S. Government Fund. This purchase price represented the amortized cost of these securities, plus accrued but unpaid interest. Upon consummation of the purchase, these securities were classified as held to maturity. The ESF will thus receive interest and principal payments on these securities.