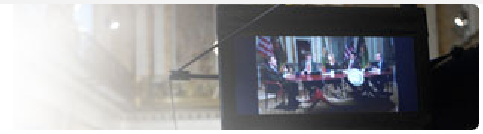
U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Assistant Secretary for Financial Markets Matthew Rutherford May 2013 Quarterly Refunding Statement

5/1/2013

WASHINGTON – The U.S. Department of the Treasury is offering $72 billion of Treasury securities to refund approximately $59.6 billion of securities maturing on May 15, 2013. This will raise approximately $12.4 billion of new cash. The securities are:

- A 3-year note in the amount of $32 billion, maturing May 15, 2016;
- A 10-year note in the amount of $24 billion, maturing May 15, 2023; and
- A 30-year bond in the amount of $16 billion, maturing May 15, 2043.

The 3-year note will be auctioned on a yield basis at 1:00 p.m. ET on Tuesday, May 7, 2013. The 10-year note will be auctioned on a yield basis at 1:00 p.m. ET on Wednesday, May 8, 2013, and the 30-year bond will be auctioned on a yield basis at 1:00 p.m. ET on Thursday, May 9, 2013. All of these auctions will settle on Wednesday, May 15, 2013.

The balance of Treasury financing requirements will be met with the weekly bill auctions, cash management bills, the monthly note and bond auctions, the May 10-year Treasury Inflation Protected Security (TIPS) reopening auction, the June 30-year TIPS reopening auction, and the July 10-year TIPS auction.

Projected Financing Needs

Treasury expects to keep note and bond auction sizes stable in the coming quarter. Treasury believes that the current coupon issuance schedule and offering sizes for notes and bonds are adequate to address forecasted borrowing needs over the near term.

As is typical after the April tax season, borrowing needs have declined. Treasury addressed this seasonal reduction in borrowing needs by reducing weekly bill issuance starting in late April. We anticipate that this seasonal decline in borrowing needs will last through the remainder of the third fiscal quarter.

Depending on how the fiscal situation develops, Treasury may decide to gradually decrease coupon auction sizes. Treasury will continue to provide guidance to market participants regarding any changes in the fiscal outlook that might impact the government's financing needs.

Floating Rate Notes (FRNs)

At the August 2012 Quarterly Refunding, Treasury announced plans to develop a floating rate note (FRN) program to complement our existing suite of securities and to help achieve our objective of financing the government at the lowest cost over time.

Treasury has reviewed the comment letters that were received in response to the Advance Notice of Proposed Rulemaking (ANPR) published on December 5, 2012. We have decided to use the weekly High Rate of 13-week Treasury bill auctions, which was described in the ANPR, as the index for Treasury FRNs. More broadly, we plan to issue a final rule on floating rate notes in the coming months, with the first FRN auction estimated to occur in either Q4 2013 or Q1 2014. This timeframe reflects Treasury's best estimate for implementing required auction regulations and IT systems modifications. Treasury will provide additional information regarding the timing of the first auction at the August refunding.

Debt Limit

The debt limit places a limitation on the total amount of money that the United States government is authorized to borrow to meet its existing legal obligations, including Social Security and Medicare benefits, military salaries, interest on the national debt, tax refunds, and other payments. The debt limit does not authorize new spending commitments. It simply allows the government to finance existing legal obligations that Congresses and presidents of both parties have made in the past.

The No Budget, No Pay Act of 2013 suspended the debt limit through May 18. If Congress fails to increase the debt limit by May 19, Treasury can use extraordinary measures to create additional borrowing room.

Extraordinary measures will provide sufficient "headroom" under the debt limit to allow the government to continue to meet its obligations for a period of time after May 19. There are a number of forecast factors, including the effect of higher tax rates on households earning more than $450,000 a year on estimated income tax payments, a strengthening economy, the impact of sequestration on the timing of outlays, the timing of other sizable cash flows, and other forecasting uncertainty which make it difficult to provide a precise estimate as to how long extraordinary measures would last. We will provide greater clarity at a later date regarding how long extraordinary measures will allow Treasury to continue to borrow.

Please send comments and suggestions on these subjects or others related to debt management to debt.management@treasury.gov. The next quarterly refunding announcement will take place on Wednesday, July 31, 2013.

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