U.S. DEPARTMENT OF THE TREASURY

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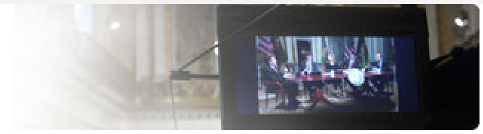

Quarterly Refunding Statement of Acting Assistant Secretary for Financial Markets Seth B. Carpenter

8/5/2015

WASHINGTON – The U.S. Department of the Treasury is offering $64 billion of Treasury securities to refund approximately $67.2 billion of privately-held Treasury notes maturing on August 15, 2015. This will result in a debt pay down of approximately $3.2 billion. The securities are:

- A 3-year note in the amount of $24 billion, maturing August 15, 2018;
- A 10-year note in the amount of $24 billion, maturing August 15, 2025; and
- A 30-year bond in the amount of $16 billion, maturing August 15, 2045.

The 3-year note will be auctioned on a yield basis at 1:00 p.m. ET on Tuesday, August 11, 2015. The 10-year note will be auctioned on a yield basis at 1:00 p.m. ET on Wednesday, August 12, 2015. The 30-year bond will be auctioned on a yield basis at 1:00 p.m. ET on Thursday, August 13, 2015. All of these auctions will settle on Monday, August 17, 2015.

The balance of Treasury financing requirements will be met with the weekly bill auctions, cash management bills, the monthly note and bond auctions, the August 5-year Treasury Inflation Protected Security (TIPS) reopening auction, the September 10-year TIPS reopening auction, the October 30-year TIPS reopening auction, and the regular monthly 2-year Floating Rate Note (FRN) auctions.

Projected Financing Needs

Based on current fiscal forecasts, Treasury intends to maintain coupon issuance sizes at current levels over the upcoming quarter. Treasury will continue to monitor projected financing needs and make appropriate adjustments as necessary. Treasury plans to address changes in any seasonal borrowing needs over the next quarter through changes in regular bill auction sizes and/or cash management bills.

Cash Balance

At the May 2015 Refunding, Treasury announced plans to begin holding a minimum prudent level of cash generally sufficient to cover one week of outflows in the Treasury General Account, subject to a minimum balance of roughly $150 billion. This change in Treasury's cash management policy resulted from an internal review, the TBAC's recommendations, and an assessment of emerging threats, such as potential cyber-attacks, that could cause disruptions to the broader financial system and Treasury's auction capabilities. The new Treasury cash balance policy does not alter the length of time that Treasury can continue to pay the nation's bills without an increase in the debt limit. Unless Congress raises the debt limit, we expect that Treasury's cash balance will fall below $150 billion sometime over the next few months.

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 Temporary Debt Limit Extension Act suspended the debt limit through March 15, 2015.   Since Monday, March 16, the outstanding debt of the United States has been at the statutory limit.

Because Congress did not act to raise the debt limit, the Treasury Department is taking extraordinary measures to continue to finance the government on a temporary basis. These measures, which have been used in previous debt limit impasses, include suspension of the sale of State and Local Government Series securities, suspension of the daily reinvestment of Treasury securities held by the Government Securities Investment Fund of the Federal Employees' Retirement System Thrift Savings Plan, and a debt issuance suspension period with respect to investments of the Civil Service Retirement and Disability Fund. On July 30, 2015, Treasury Secretary Lew notified Congress of his determination that the debt issuance suspension period would continue through October 30, 2015.

The effective duration of the extraordinary measures is subject to considerable uncertainty due to a variety of factors, including the unpredictability of September tax receipts and the normal challenges of forecasting the payments and receipts of the U.S. government months into the future. Given this unavoidable uncertainty, Treasury is not able to provide a specific estimate of how long the extraordinary measures will last. Nonetheless, we believe that the measures will not be exhausted before late October, and it is likely that they will last for at least a brief additional period of time. Secretary Lew has respectfully urged Congress to act in a timely manner to increase the debt limit. We will continue to update Congress as more information becomes available.

Once this issue is resolved, Treasury will return to normal issuance of debt. As communicated in May, Treasury believes it is prudent to, at least somewhat, increase the level of bills outstanding but that this should not be interpreted as changing Treasury's debt issuance strategy. Treasury will continue to provide guidance to the market as any adjustments are considered and made.

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, November 4, 2015.

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