Department of the Treasury

PRESS RELEASES

The following numbers were not used:
41 and 65

Number 28 is not available.

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
January 02, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 14-DAY BILLS

Term:	14-Day Bill
Issue Date:	January 02, 2001
Maturity Date:	January 16, 2001
CUSIP Number:	912795KF7

High Rate: 6.44 %   Investment Rate 1/: 6.53 %   Price: 99.750

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 97%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 62,790,000	$ 30,013,000
Noncompetitive	0	0
TOTAL	$ 62,790,000	$ 30,013,000

Median rate 6.40 %: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 6.38 %: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 62,790,000 / 30,013,000 = 2.09

1/ Equivalent coupon-issue yield.

http://www.publicdebt.treas.gov

LS-1105

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
January 02, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	January 04, 2001
Maturity Date:	April 05, 2001
CUSIP Number:	912795GA3

High Rate: 5.700% Investment Rate 1/: 5.864% Price: 98.559

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 92%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 20,212,990	$ 9,733,800
Noncompetitive	1,316,588	1,316,588
PUBLIC SUBTOTAL	21,529,578	11,050,388 2/
Foreign Official Refunded	1,455,000	1,455,000
SUBTOTAL	22,984,578	12,505,388
Federal Reserve	7,233,800	7,233,800
Foreign Official Add-On	0	0
TOTAL	$ 30,218,378	$ 19,739,188

Median rate 5.670%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 5.650%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 21,529,578 / 11,050,388 = 1.95

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,022,604,000

http://www.publicdebt.treas.gov

PUBLIC DEBT NEWS
Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
January 02, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	January 04, 2001
Maturity Date:	July 05, 2001
CUSIP Number:	912795HA2

High Rate: 5.360% Investment Rate 1/: 5.586% Price: 97.290

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 40%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 16,376,375	$ 5,388,150
Noncompetitive	1,699,325	1,699,325
PUBLIC SUBTOTAL	18,075,700	7,087,475 2/
Foreign Official Refunded	3,422,000	3,422,000
SUBTOTAL	21,497,700	10,509,475
Federal Reserve	5,653,846	5,653,846
Foreign Official Add-On	0	0
TOTAL	$ 27,151,546	$ 16,163,321

Median rate 5.350%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 5.320%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 18,075,700 / 7,087,475 = 2.55

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,332,154,000

http://www.publicdebt.treas.gov

LS-1107

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

U.S. International Reserve Position 01/03/01

The Treasury Department today released U.S. reserve assets data for the week ending December 29, 2000. As indicated in this table, U.S. reserve assets totaled $66,930 million as of December 29, 2000, up from $66,927 million as of December 22, 2000.

(in US millions)

I. Official U.S. Reserve Assets	December 22, 2000			December 29, 2000		
TOTAL	66,927			66,930		
1. Foreign Currency Reserves [1]	Euro	Yen	TOTAL	Euro	Yen	TOTAL
a. Securities	5,408	11,146	16,554	5,510	10,992	16,502
Of which, issuer headquartered in the U.S.			0			0
b. Total deposits with:						
b.i. Other central banks and BIS	9,155	5,580	14,735	9,320	5,503	14,323
b.ii. Banks headquartered in the U.S.			0			0
b.ii. Of which, banks located abroad			0			0
b.iii. Banks headquartered outside the U.S.			0			0
b.iii. Of which, banks located in the U.S.			0			0
2. IMF Reserve Position [2]			14,040			*14,021*
3. Special Drawing Rights (SDRs) [2]			10,553			*10,539*
4. Gold Stock [3]			11,046			11,046
5. Other Reserve Assets			0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for December 22 are final. The entries in the table above for December 29 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of November 30, 2000. The October 31, 2000 value was $11,046 million.

LS-1108

U.S. International Reserve Position (cont'd)

II. Predetermined Short-Term Drains on Foreign Currency Assets		
	December 22, 2000	December 29, 2000
1. Foreign currency loans and securities	0	0
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
3. Other	0	0

III. Contingent Short-Term Net Drains on Foreign Currency Assets		
	December 22, 2000	December 29, 2000
1. Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
2. Foreign currency securities with embedded options	0	0
3. Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:30 P.M.
January 3, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY TO AUCTION $6,000 MILLION OF
10-YEAR INFLATION-INDEXED NOTES

The Treasury will auction $6,000 million of 10-year inflation-indexed notes to raise cash.

Amounts bid by Federal Reserve Banks for their own accounts and as agents for foreign and international monetary authorities will be added to the offering.

The auction will be conducted in the single-price auction format. All competitive and noncompetitive awards will be at the highest yield of accepted competitive tenders.

The notes being offered today are eligible for the STRIPS program.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about the security are given in the attached offering highlights.

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Attachment

LS-1109

HIGHLIGHTS OF TREASURY OFFERING TO THE PUBLIC OF 10-YEAR INFLATION-INDEXED NOTES TO BE ISSUED JANUARY 16, 2001

January 3, 2001

Offering Amount .... $6,000 million

Description of Offering:

Term and type of security .... 10-year inflation-indexed notes
Series .... Series A-2011
CUSIP number 912827 6R 8
Auction date .... January 10, 2001
Issue date .... January 16, 2001
Dated date .... January 15, 2001
Maturity date .... January 15, 2011
Interest rate .... Determined based on the highest accepted competitive bid
Real yield .... Determined at auction
Interest payment dates .... July 15 and January 15
Minimum bid amount and multiples $1,000
Adjusted accrued interest payable by investor .... Determined at auction
Premium or discount .... Determined at auction

STRIPS Information:

Minimum amount required $1,000
Corpus CUSIP number .... 912820 GA 9
Due date(s) and CUSIP number(s) for additional TIIN(s) .... July 15, 2010 - - 912833 XV 7
January 15, 2011 - - 912833 XW 5

Submission of Bids:

Noncompetitive bids: Accepted in full up to $5,000,000 at the highest accepted yield.

Competitive bids:

(1) Must be expressed as a real yield with three decimals, e.g., 3.123%.
(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all yields, and the net long position is $2 billion or greater.
(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Yield ....35% of public offering
Maximum Award ....35% of public offering

Receipt of Tenders:

Noncompetitive tenders Prior to 12:00 noon eastern standard time on auction day
Competitive tenders ... Prior to 1:00 p.m. eastern standard time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

Indexing Information:

CPI Base Reference Period 1982-1984
Ref CPI 01/15/2001 .... 174.04516
Ref CPI 01/16/2001 .... 174.04839
Index Ratio 01/16/2001 .... 1.00002

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
January 4, 2001

Contact: Office of Financing
(202) 691-3550

**TREASURY'S 10-YEAR INFLATION-INDEXED NOTES
JANUARY REFERENCE CPI NUMBERS AND DAILY INDEX RATIOS**

Public Debt announced today the reference Consumer Price Index (CPI) numbers and the daily index ratios for the month of January for the 10-year Treasury inflation-indexed notes of Series A-2011. This information is based on the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers (CPI-U) published by the Bureau of Labor Statistics of the U.S. Department of Labor.

In addition to the publication of the reference CPI numbers (Ref CPI's) and index ratios, this release provides the non-seasonally adjusted CPI-U for the prior three-month period.

This information is available through the Treasury's Office of Public Affairs automated fax system by calling 202-622-2040 and requesting document number 1110. The information is also available on the Internet at Public Debt's website (http://www.publicdebt.treas.gov).

The information for February is expected to be released on January 17, 2001.

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Attachment

LS-1110

TREASURY 10-YEAR INFLATION-INDEXED NOTES

DESCRIPTION:	Series A-2011
CUSIP NUMBER:	9128276R3
AUCTION DATE:	January 10, 2001
DATED DATE:	January 15, 2001
ORIGINAL ISSUE DATE:	January 16, 2001
MATURITY DATE:	January 15, 2011
Ref CPI on DATED DATE:	174.04516
TABLE FOR MONTH OF:	January 2001
NUMBER OF DAYS IN MONTH:	31
CPI-U (NSA) September 2000	173.7
CPI-U (NSA) October 2000	174.0
CPI-U (NSA) November 2000	174.1

Ref CPI and Index Ratios for January 2001:

Month	Calendar Day	Year	Ref CPI	Index Ratio
January	1	2001	174.00000	
January	2	2001	174.00323	
January	3	2001	174.00645	
January	4	2001	174.00968	
January	5	2001	174.01290	
January	6	2001	174.01613	
January	7	2001	174.01935	
January	8	2001	174.02258	
January	9	2001	174.02581	
January	10	2001	174.02903	
January	11	2001	174.03226	
January	12	2001	174.03548	
January	13	2001	174.03871	
January	14	2001	174.04194	
January	15	2001	174.04516	1.00000
January	16	2001	174.04839	1.00002
January	17	2001	174.05161	1.00004
January	18	2001	174.05484	1.00006
January	19	2001	174.05806	1.00007
January	20	2001	174.06129	1.00009
January	21	2001	174.06452	1.00011
January	22	2001	174.06774	1.00013
January	23	2001	174.07097	1.00015
January	24	2001	174.07419	1.00017
January	25	2001	174.07742	1.00019
January	26	2001	174.08065	1.00020
January	27	2001	174.08387	1.00022
January	28	2001	174.08710	1.00024
January	29	2001	174.09032	1.00026
January	30	2001	174.09355	1.00028
January	31	2001	174.09677	1.00030

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:30 P.M.
January 4, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $23,000 million to refund $18,672 million of publicly held securities maturing January 11, 2001, and to raise about $4,328 million of new cash.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $10,044 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts issued to these accounts will be in addition to the offering amount.

The maturing bills held by the public include $4,905 million held by Federal Reserve Banks as agents for foreign and international monetary authorities, which may be refunded within the offering amount at the highest discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills.

TreasuryDirect customers requested that we reinvest their maturing holdings of approximately $965 million into the 13-week bill and $907 million into the 26-week bill.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

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Attachment

LS-1111

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED JANUARY 11, 2001

January 4, 2001

Offering Amount	$12,500 million	$10,500 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912795 GB 1	912795 HC 8
Auction date	January 8, 2001	January 8, 2001
Issue date	January 11, 2001	January 11, 2001
Maturity date	April 12, 2001	July 12, 2001
Original issue date	October 12, 2000	January 11, 2001
Currently outstanding	$16,045 million	---
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids .... Accepted in full up to $1,000,000 at the highest discount rate of accepted competitive bids.

Competitive bids .... (1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate .... 35% of public offering

Maximum Award .... 35% of public offering

Receipt of Tenders:

Noncompetitive tenders ...... Prior to 12:00 noon eastern standard time on auction day

Competitive tenders .... Prior to 1:00 p.m. eastern standard time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR RELEASE AT 3:00 PM
January 5, 2001

Contact: Peter Hollenbach
(202) 691-3502

PUBLIC DEBT ANNOUNCES ACTIVITY FOR SECURITIES IN THE STRIPS PROGRAM FOR DECEMBER 2000

The Bureau of the Public Debt announced activity for the month of December 2000, of securities within the Separate Trading of Registered Interest and Principal of Securities program (STRIPS).

Dollar Amounts in Thousands

Principal Outstanding (Eligible Securities)	$2,194,221,217
Held in Unstripped Form	$2,010,688,617
Held in Stripped Form	$183,532,600
Reconstituted in December	$15,868,907

The accompanying table gives a breakdown of STRIPS activity by individual loan description. The balances in this table are subject to audit and subsequent revision. These monthly figures are included in Table V of the Monthly Statement of the Public Debt, entitled "Holdings of Treasury Securities in Stripped Form."

The Strips Table along with the new Monthly Statement of the Public Debt is available on Public Debt's Internet site at: **www.publicdebt.treas.gov**. A wide range of information about the public debt and Treasury securities is also available at the site.

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LS-1113

TABLE V - HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, DECEMBER 31, 2000

Loan Description			Corpus STRIP CUSIP	Maturity Date	Principal Amount Outstanding in Thousands: Total Outstanding	Principal Amount Outstanding in Thousands: Portion Held in Unstripped Form	Principal Amount Outstanding in Thousands: Portion Held in Stripped Form	Reconstituted This Month
Treasury Bonds:								
CUSIP:		Interest Rate:						
912810 DM7		11-5/8	912803 AB9	11/15/04	8,301,806	4,175,406	4,126,400	73,600
DQ8		12	AD5	05/15/05	4,260,758	1,803,808	2,456,950	22,000
DR6		10-3/4	AG8	08/15/05	9,269,713	5,739,313	3,530,400	507,200
DU9		9-3/8	AJ2	02/15/06	4,755,916	4,676,492	79,424	0
DN5		11-3/4	912800 AA7	11/15/14	6,005,584	2,041,584	3,964,000	51,200
DP0		11-1/4	912803 AA1	02/15/15	11,350,799	6,297,039	5,053,760	766,240
DS4		10-5/8	AC7	08/15/15	5,215,916	3,667,436	1,548,480	280,000
DT2		9-7/8	AE3	11/15/15	5,925,859	3,178,659	2,747,200	187,200
DV7		9-1/4	AF0	02/15/16	6,802,754	6,063,554	739,200	492,000
DW5		7-1/4	AH6	05/15/16	18,823,551	18,311,551	512,000	538,400
DX3		7-1/2	AK9	11/15/16	18,824,448	17,537,408	1,287,040	13,120
DY1		8-3/4	AL7	05/15/17	16,856,669	11,634,749	5,221,920	1,420,160
DZ8		8-7/8	AM5	08/15/17	12,929,358	10,572,558	2,356,800	478,400
EA2		9-1/8	AN3	05/15/18	7,367,439	3,821,839	3,545,600	790,400
EB0		9	AP8	11/15/18	7,689,470	3,177,470	4,512,000	518,400
EC8		8-7/8	AQ6	02/15/19	17,061,298	11,680,498	5,380,800	1,168,000
ED6		8-1/8	AR4	08/15/19	19,595,932	18,350,812	1,245,120	79,040
EE4		8-1/2	AS2	02/15/20	9,918,268	8,184,668	1,733,600	398,000
EF1		8-3/4	AT0	05/15/20	8,373,783	3,415,223	4,958,560	612,640
EG9		8-3/4	AU7	08/15/20	18,872,306	9,063,026	9,809,280	860,320
EH7		7-7/8	AV5	02/15/21	10,414,573	9,731,373	683,200	196,800
EJ3		8-1/8	AW3	05/15/21	10,718,788	6,268,548	4,450,240	106,880
EK0		8-1/8	AX1	08/15/21	10,683,482	9,411,162	1,272,320	609,600
EL8		8	AY9	11/15/21	31,731,194	13,008,069	18,723,125	1,639,225
EM6		7-1/4	AZ6	08/15/22	10,288,790	9,551,190	737,600	97,600
EN4		7-5/8	BA0	11/15/22	8,844,626	3,987,026	4,857,600	60,800
EP9		7-1/8	BB8	02/15/23	17,480,261	9,985,861	7,494,400	385,600
EQ7		6-1/4	BC6	08/15/23	22,669,044	18,154,036	4,515,008	285,600
ES3		7-1/2	BD4	11/15/24	10,526,662	3,988,422	6,538,240	299,520
ET1		7-5/8	BE2	02/15/25	11,476,170	3,282,570	8,193,600	345,600
EV6		6-7/8	BF9	08/15/25	12,007,007	7,368,287	4,638,720	105,600
EW4		6	BG7	02/15/26	12,837,916	11,149,416	1,688,500	210,600
EX2		6-3/4	BH5	08/15/26	10,823,818	7,667,818	3,156,000	108,000
EY0		6-1/2	BJ1	11/15/26	11,483,177	6,946,777	4,536,400	141,600
EZ7		6-5/8	BK8	02/15/27	10,286,071	6,721,271	3,564,800	96,000
FA1		6-3/8	BL6	08/15/27	10,415,756	9,118,156	1,297,600	99,200
FB9		6-1/8	BM4	11/15/27	22,518,539	16,609,739	5,908,800	420,800
FE3		5-1/2	BP7	08/15/28	11,776,201	11,603,401	172,800	0
FF0		5-1/4	BV4	11/15/28	10,947,052	10,559,052	388,000	32,000
FG8		5-1/4	BW2	02/15/29	11,350,341	11,113,541	236,800	8,800
FJ2		6-1/8	CG6	08/15/29	11,178,580	11,125,780	52,800	0
FM5		6-1/4	CH4	05/15/30	17,043,162	17,032,762	10,400	0
Total Treasury Bonds............					515,702,837	367,777,350	147,925,487	14,506,145
Treasury Inflation-Indexed Notes:								
CUSIP:	Series:	Interest Rate:						
912827 3A8	J	3-5/8	912820 BZ9	07/15/02	18,270,207	18,270,207	0	0
2M3	A	3-3/8	BV8	01/15/07	17,305,089	17,305,089	0	0
3T7	A	3-5/8	CL9	01/15/08	18,105,535	17,997,838	107,697	0
4Y5	A	3-7/8	DN4	01/15/09	16,871,171	16,871,171	0	0
5W8	A	4-1/4	EK9	01/15/10	11,707,574	11,645,525	62,049	0
Total Inflation-Indexed Notes.............					82,259,576	82,089,830	169,746	0
Treasury Inflation-Indexed Bonds:								
CUSIP:		Interest Rate:						
912810 FD5		3-5/8	912803 BN2	04/15/28	18,081,552	18,027,765	53,787	0
FH6		3-7/8	CF8	04/15/29	20,873,480	20,820,561	52,919	0
Total Inflation-Indexed Bonds............					38,955,033	38,848,327	106,706	0

TABLE V - HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, DECEMBER 31, 2000 -- Continued

Loan Description			Corpus STRIP CUSIP	Maturity Date	Principal Amount Outstanding in Thousands			Reconstituted This Month
					Total Outstanding	Portion Held in Unstripped Form	Portion Held in Stripped Form	
Treasury Notes:								
CUSIP:	Series:	Interest Rate:						
912827 W65	E	5-1/4	912820 EZ6	01/31/01	12,816,189	12,816,189	0	0
4Z2	U	4-1/2	DP9	01/31/01	19,777,278	19,775,678	1,600	0
ZX3	A	7-3/4	AZ0	02/15/01	11,312,802	6,013,602	5,299,200	525,600
3W0	S	5-3/8	CP0	02/15/01	15,367,153	15,367,153	0	0
X23	F	5-5/8	FA0	02/28/01	12,819,771	12,819,771	0	0
5C2	V	5	DR5	02/28/01	19,586,630	19,586,630	0	0
X49	G	6-3/8	FB8	03/31/01	14,180,740	14,180,740	0	0
5D0	W	4-7/8	DS3	03/31/01	21,605,352	21,579,752	25,600	0
X64	H	6-1/4	FC6	04/30/01	13,780,470	13,780,470	0	0
5E8	X	5	DT1	04/30/01	21,033,523	21,031,123	2,400	0
A85	B	8	BA4	05/15/01	12,398,083	7,006,658	5,391,425	73,050
4E9	T	5-5/8	CX3	05/15/01	12,873,752	12,873,752	0	0
Y22	J	6-1/2	FD4	05/31/01	13,721,702	13,721,702	0	0
5H1	Y	5-1/4	DW4	05/31/01	19,885,985	19,785,985	100,000	0
Y48	K	6-5/8	FE2	06/30/01	14,282,240	14,282,240	0	0
5J7	Z	5-3/4	DX2	06/30/01	19,001,309	18,997,309	4,000	0
Y71	L	6-5/8	FF9	07/31/01	14,136,833	14,136,833	0	0
5L2	AB	5-1/2	DY0	07/31/01	20,541,318	20,083,318	458,000	0
B92	C	7-7/8	BB2	08/15/01	12,339,185	7,694,385	4,644,800	52,800
Z39	M	6-1/2	FG7	08/31/01	14,000,224	14,000,224	0	0
5P3	AC	5-1/2	EB9	08/31/01	20,118,595	20,118,595	0	0
Z54	N	6-3/8	FH5	09/30/01	14,518,514	14,518,514	0	0
5Q1	AD	5-5/8	EC7	09/30/01	18,797,828	18,297,028	500,800	0
Z88	P	6-1/4	FJ1	10/31/01	14,639,843	14,639,843	0	0
5R9	AE	5-7/8	ED5	10/31/01	19,196,002	19,194,402	1,600	0
D25	D	7-1/2	BC0	11/15/01	24,226,102	19,359,702	4,866,400	42,160
2C5	Q	5-7/8	EG8	11/30/01	33,504,627	33,504,627	0	0
2E1	R	6-1/8	EJ2	12/31/01	31,166,321	31,087,921	78,400	0
2G6	C	6-1/4	FK8	01/31/02	13,453,346	13,453,346	0	0
5X6	R	6-3/8	EL7	01/31/02	19,381,251	19,381,251	0	0
2L5	D	6-1/4	FL6	02/28/02	13,799,902	13,799,902	0	0
6A5	S	6-1/2	EN3	02/28/02	16,563,375	16,538,575	24,800	800
2P6	E	6-5/8	FM4	03/31/02	14,301,310	14,301,310	0	0
6B3	T	6-1/2	EP8	03/31/02	17,237,943	17,235,543	2,400	0
2S0	F	6-5/8	FN2	04/30/02	14,474,673	14,474,673	0	0
6C1	U	6-3/8	EQ6	04/30/02	17,390,900	17,390,900	0	0
F49	A	7-1/2	BD8	05/15/02	11,714,397	7,815,037	3,899,360	72,000
2W1	G	6-1/2	FP7	05/31/02	13,503,890	13,503,890	0	0
6E7	V	6-5/8	ES2	05/31/02	14,871,823	14,871,823	0	0
2Y7	H	6-1/4	FQ5	06/30/02	13,058,694	13,058,694	0	0
6F4	W	6-3/8	ET0	06/30/02	14,320,609	14,320,609	0	0
3C4	K	6	FR3	07/31/02	12,231,057	12,231,057	0	0
6H0	X	6-1/4	EU7	07/31/02	15,057,900	15,057,900	0	0
G55	B	6-3/8	BE6	08/15/02	23,859,015	21,113,415	2,745,600	371,200
3G5	L	6-1/4	FS1	08/31/02	12,731,742	12,731,742	0	0
6K3	Y	6-1/8	FU6	08/31/02	15,072,214	15,072,214	0	0
3J9	M	5-7/8	CC9	09/30/02	12,806,814	12,768,414	38,400	0
6L1	Z	6	FV4	09/30/02	15,144,024	15,144,024	0	0
3L4	N	5-3/4	CE5	10/31/02	26,593,882	26,534,682	59,200	0
3Q3	P	5-3/4	CH8	11/30/02	12,120,580	11,838,980	281,600	0
6P2	AC	5-5/8	FY8	11/30/02	15,058,753	15,013,633	45,120	14,720
3S9	Q	5-5/8	CK1	12/31/02	12,052,433	11,862,033	190,400	0
3V2	C	5-1/2	CN5	01/31/03	13,100,640	13,100,640	0	0
J78	A	6-1/4	BF3	02/15/03	23,562,691	22,732,067	830,624	22,912
3Z3	D	5-1/2	CS4	02/28/03	13,670,354	13,626,354	44,000	0
4B5	E	5-1/2	CU9	03/31/03	14,172,892	14,172,092	800	0
4D1	F	5-3/4	CW5	04/30/03	12,573,248	12,573,248	0	0
4H2	G	5-1/2	DA2	05/31/03	13,132,243	13,132,243	0	0
4K5	H	5-3/8	DC8	06/30/03	13,126,779	13,125,179	1,600	0
L83	B	5-3/4	BG1	08/15/03	28,011,028	26,915,828	1,095,200	48,000
4N9	J	5-1/4	DE4	08/15/03	19,852,263	19,786,663	65,600	0
4U3	K	4-1/4	DJ3	11/15/03	18,625,785	18,304,185	321,600	25,600
N81	A	5-7/8	BH9	02/15/04	12,955,077	12,609,477	345,600	17,600
5A6	E	4-3/4	DQ7	02/15/04	17,823,228	17,797,628	25,600	0
P89	B	7-1/4	BJ5	05/15/04	14,440,372	14,075,572	364,800	32,800
5F5	F	5-1/4	DU8	05/15/04	18,925,383	18,925,383	0	0
Q88	C	7-1/4	BK2	08/15/04	13,346,467	12,008,867	1,337,600	4,000
5M0	G	6	DZ7	08/15/04	18,089,806	18,089,806	0	0
R87	D	7-7/8	BL0	11/15/04	14,373,760	14,368,960	4,800	3,200
5S7	H	5-7/8	EE3	11/15/04	32,658,145	32,658,145	0	0
S86	A	7-1/2	BM8	02/15/05	13,834,754	13,499,314	335,440	6,720
T85	B	6-1/2	BN6	05/15/05	14,739,504	14,739,104	400	6,000
6D9	E	6-3/4	ER4	05/15/05	28,562,370	28,562,370	0	0
U83	C	6-1/2	BP1	08/15/05	15,002,580	15,002,580	0	0
V82	D	5-7/8	BQ9	11/15/05	15,209,920	14,835,520	374,400	8,000
6N7	F	5-3/4	FX0	11/15/05	15,812,250	15,812,250	0	0
W81	A	5-5/8	BR7	02/15/06	15,513,587	15,513,267	320	0
X80	B	6-7/8	BS5	05/15/06	16,015,475	15,090,675	924,800	32,000
Y55	C	7	BT3	07/15/06	22,740,446	22,740,446	0	0
Z62	D	6-1/2	BU0	10/15/06	22,459,675	22,459,675	0	0
2J0	B	6-1/4	BW6	02/15/07	13,103,678	13,015,006	88,672	0
2U5	C	6-5/8	BX4	05/15/07	13,958,186	13,822,186	136,000	1,600
3E0	D	6-1/8	CA3	08/15/07	25,636,803	25,571,203	65,600	0
3X8	B	5-1/2	CQ8	02/15/08	13,583,412	13,576,212	7,200	2,000
4F6	C	5-5/8	CY1	05/15/08	27,190,961	27,190,961	0	0
4V1	D	4-3/4	DK0	11/15/08	25,083,125	25,038,325	44,800	0
5G3	B	5-1/2	DV6	05/15/09	14,794,790	14,790,790	4,000	0
5N8	C	6	EA1	08/15/09	27,399,894	27,149,794	250,100	0
5Z1	B	6-1/2	EM5	02/15/10	23,355,709	23,355,709	0	0
6J6	C	5-3/4	FT9	08/15/10	22,437,594	22,437,594	0	0
Total Treasury Notes					1,557,303,772	1,521,973,111	35,330,661	1,362,762
Grand Total					2,194,221,217	2,010,688,617	183,532,600	15,866,507

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
January 08, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	January 11, 2001
Maturity Date:	July 12, 2001
CUSIP Number:	912795HC8

High Rate: 4.825% Investment Rate 1/: 5.014% Price: 97.561

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 41%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 16,757,830	$ 5,863,030
Noncompetitive	1,287,181	1,287,181
PUBLIC SUBTOTAL	18,045,011	7,150,211 2/
Foreign Official Refunded	3,350,000	3,350,000
SUBTOTAL	21,395,011	10,500,211
Federal Reserve	4,915,991	4,915,991
Foreign Official Add-On	0	0
TOTAL	$ 26,311,002	$ 15,416,202

Median rate 4.800%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 4.780%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 18,045,011 / 7,150,211 = 2.52

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $987,703,000

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PUBLIC DEBT NEWS

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TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
January 08, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	January 11, 2001
Maturity Date:	April 12, 2001
CUSIP Number:	912795GB1

High Rate: 5.050% Investment Rate 1/: 5.188% Price: 98.723

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 51%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 21,097,772	$ 9,855,942
Noncompetitive	1,430,335	1,430,335
PUBLIC SUBTOTAL	22,528,107	11,286,277 2/
Foreign Official Refunded	1,225,000	1,225,000
SUBTOTAL	23,753,107	12,511,277
Federal Reserve	5,127,907	5,127,907
Foreign Official Add-On	0	0
TOTAL	$ 28,881,014	$ 17,639,184

Median rate 5.020%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 5.000%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 22,528,107 / 11,286,277 = 2.00

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,082,312,000

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

U.S. International Reserve Position 01/09/01

The Treasury Department today released U.S. reserve assets data for the week ending January 5, 2001. As indicated in this table, U.S. reserve assets totaled $67,900 million as of January 5, 2001, up from $67,733 million as of December 29, 2000.

(in US millions)

Official U.S. Reserve Assets[1]		December 29, 2000			January 5, 2001		
	TOTAL			67,733			67,900
1. Foreign Currency Reserves		Euro	Yen	TOTAL	Euro	Yen	TOTAL
a. Securities		5,510	10,992	16,502	5,617	10,818	16,435
Of which, issuer headquartered in the U.S.				0			0
b. Total deposits with:							
b.i. Other central banks and BIS		9,320	5,503	14,823	9,475	5,417	14,891
b.ii. Banks headquartered in the U.S.				0			0
b.ii. Of which, banks located abroad				0			0
b.iii. Banks headquartered outside the U.S.				0			0
b.iii. Of which, banks located in the U.S.				0			0
2. IMF Reserve Position[2]				14,824			*14,921*
3. Special Drawing Rights (SDRs)[2]				10,539			*10,608*
4. Gold Stock[3]				11,046			11,046
5. Other Reserve Assets				0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for December 29 are final. The entries in the table above for January 5 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of November 30, 2000. The October 31, 2000 value was $11,046 million.

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U.S. International Reserve Position (cont'd)

II. Predetermined Short-Term Drains on Foreign Currency Assets	December 29, 2000	January 5, 2001
1. Foreign currency loans and securities	0	0
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
3. Other	0	0

III. Contingent Short-Term Net Drains on Foreign Currency Assets	December 29, 2000	January 5, 2001
1. Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
2. Foreign currency securities with embedded options	0	0
3. Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
January 9, 2001

Contact: Steve Posner
(202) 622-2960

TREASURY TESTS NEW INTERNET TAX PAYMENT FEATURE FOR BUSINESSES

The Treasury Department and the Internal Revenue Service announced today that they are conducting a pilot program to test a new Internet-based application for businesses to pay federal taxes on-line. The new Internet version of Treasury's Electronic Federal Tax Payment System (EFTPS) will allow businesses to enroll in the system, securely make federal tax payments, and receive electronic payment history -- all through the Internet.

"EFTPS-OnLine is a more convenient and cost-efficient way for businesses to pay Federal taxes," said Treasury Secretary Lawrence H. Summers. "This program represents another important step in Treasury and IRS efforts to improve service to American taxpayers."

"With the introduction of Internet payment capabilities, we look forward to increased participation in the use of electronic tax payments," said IRS Commissioner Charles Rossotti. "Initial reaction to the concept of using the Internet has been very positive, with business owners reporting that moving EFTPS to the Internet would help them consolidate their tax business with all other business applications."

EFTPS-OnLine will make it possible for businesses to schedule future payments through the Internet and cancel payments if necessary. The Internet site will provide on-line help and how-to pages with step-by-step instructions. EFTPS-OnLine will use the strongest available security features and encryption technology to ensure taxpayer privacy and protection. After evaluating the results of the pilot program, Treasury and the IRS plan to offer the feature to all businesses in the U.S. and abroad, as well as individuals who are required to make estimated quarterly payments.

“Allowing businesses to pay their taxes online is another example of how Treasury has adopted new technologies to make the government work better,” said Treasury Under Secretary for Domestic Finance Gary Gensler.

EFTPS-OnLine builds on the existing EFTPS program which already serves about 3 million businesses 24 hours a day, seven days a week. Instead of the traditional method of using paper coupons and checks, taxpayers can pay by phone, by personal computer using software, or through their financial institution. Since the inception of EFTPS in 1996, more than 180 million transactions have been processed, totaling $5 trillion.

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LS-1117

January 9, 2001

Statement of the Parties
Following the Meetings on California's Electricity Situation

The Governor of California and the bipartisan leadership of the State legislature met with major generators (including qualifying facilities), marketers, utilities, regulators, and Federal officials, to discuss the electricity situation in California.

Recognizing the importance of the issue, as laid out in the Governor's State of the State speech last evening, the participants agreed on the need for cooperation to maintain stability and avoid bankruptcy of California utilities, and assure the long-term regularity of market conditions.

Crucial elements of a solution include:

- The development of approaches to promote long-term purchases of electricity, possible by the State, from generators at an attractive fixed rate.

- The willingness of generators, qualifying facilities, and marketers to provide on a short-term basis forbearance of amounts owed by Pacific Gas and Electric and Southern California Edison in the context of the framework of a comprehensive long-term solution.

- The need to find satisfactory approaches with respect to the obligation accumulation of the utilities for the purchase of power, consistent with contractual obligations, and which are in the public interest.

- Cooperation to better match supply and demand in the short and long term.

- Review of the existing qualifying facilities payment structures.

The parties acknowledge that the problem must be addressed while taking into account the regional nature of the market.

To advance the process further, working groups will be convened Wednesday to address addition technical details. The principals will reconvene this weekend.

LS-1118

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EMBARGOED UNTIL 1:30 PM EST
January 10, 2001

Contact: Steven Posner
(202) 622-2960

TREASURY TO PROPOSE REVISED STANDARDS OF PRACTICE FOR TAX PRACTITIONERS

The Treasury Department on Thursday will issue proposed regulations that would modernize the standards of practice for attorneys, accountants, and others who practice before the Internal Revenue Service. These standards, known as Circular 230, would be revised to include stricter requirements for rendering tax shelter opinions.

"Abusive tax shelters are the most serious compliance problem in the U.S. tax system," Treasury Secretary Lawrence H. Summers said. "These proposed measures would deter the purveyance of these shelters, protect the integrity of our tax system, and ultimately reduce the tax burdens of honest taxpayers."

The proposed regulations would modify existing standards of practice. In particular, the proposed regulations would revise standards for opinions rendered by tax practitioners regarding tax shelter transactions. These opinions give prospective investors an assurance that the purported tax benefit of a shelter is likely to be sustained if challenged by the IRS and may be offered in an effort to provide a potential investor comfort that penalties will not be imposed if the transaction is successfully challenged.

The new rules would strengthen the standards regarding factual due diligence and legal analysis. In particular, they would help ensure that practitioners analyze and address carefully whether a particular transaction has a legitimate business reason and is not being done solely for the tax benefits, and that they consider and analyze all potentially relevant judicial doctrines and anti-abuse rules. In addition, the proposed regulations would:

- prohibit certain contingent fee arrangements where the practitioner's fee is based on the tax benefit being sustained;
- require that practitioners in firms who have responsibility for a firm's tax practice take reasonable steps to put in place adequate procedures to ensure compliance with the Circular 230 standards; and,
- authorize the IRS to issue a public reprimand, or censure, in cases warranting a sanction less severe than suspension or disbarment.

LS-1119

Secretary Summers announced last February that the Circular 230 opinion standards would be revised to complement Treasury Department and IRS efforts to combat the proliferation of abusive tax shelters. The proposed regulations were completed following a period of public comment and input from the tax practitioner community, including the American Bar Association, the New York State Bar Association, and the American Institute of Certified Public Accountants. A public hearing on the proposed regulations is scheduled for May 2, 2001. The regulations will take effect only upon publication in final form in the Federal Register.

The Treasury Department has also issued regulations requiring the reporting and registration of tax shelters, shut down many tax shelter transactions that have come to Treasury's attention, and proposed legislation to further halt the marketing and promotion of shelters. In addition, the IRS has created an Office of Tax Shelter Analysis to coordinate its anti-shelter activities and stepped up its efforts to curb abusive trusts based in tax havens.

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
January 10, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 10-YEAR INFLATION-INDEXED NOTES

Interest Rate:	3 1/2%	Issue Date:	January 16, 2001
Series:	A-2011	Dated Date:	January 15, 2001
CUSIP No:	9128276R8	Maturity Date:	January 15, 2011
STRIPS Minimum:	$1,000	TIIN Conversion Factor per $1,000 =	10.054861623 1/

High Yield: 3.522% Adjusted Price: 99.818

All noncompetitive and successful competitive bidders were awarded securities at the high yield. Tenders at the high yield were allotted 17%. All tenders at lower yields were accepted in full.

Adjusted accrued interest of $ 0.09669 per $1,000 must be paid for the period from January 15, 2001 to January 16, 2001.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 10,031,577	$ 5,921,826
Noncompetitive	78,604	78,604
TOTAL	$ 10,110,181	$ 6,000,430 2/

Both the unadjusted price of $ 99.816 and the unadjusted accrued interest of $ 0.09669 were adjusted by an index ratio of 1.00002, for the period from January 15, 2001, through January 16, 2001.

Median yield 3.470%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low yield 3.370%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 10,110,181 / 6,000,430 = 1.68

1/ This factor is used to calculate the Adjusted Values for any TIIN face amount and will be maintained to 2-decimals on Book-entry systems.
2/ Awards to TREASURY DIRECT = $17,061,000

http://www.publicdebt.treas.gov

LS-1120

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 2:30 P.M.
January 11, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $24,000 million to refund $19,001 million of publicly held securities maturing January 18, 2001, and to raise about $4,999 million of new cash.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $8,861 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts issued to these accounts will be in addition to the offering amount.

The maturing bills held by the public include $5,476 million held by Federal Reserve Banks as agents for foreign and international monetary authorities, which may be refunded within the offering amount at the highest discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills.

TreasuryDirect customers requested that we reinvest their maturing holdings of approximately $868 million into the 13-week bill and $1,219 million into the 26-week bill.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

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LS-1121

Attachment

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS TO BE ISSUED JANUARY 18, 2001

January 11, 2001

Offering Amount	$13,000 million	$11,000 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912795 GC 9	912795 GP 0
Auction date	January 16, 2001	January 16, 2001
Issue date	January 18, 2001	January 18, 2001
Maturity date	April 19, 2001	July 19, 2001
Original issue date	October 19, 2000	January 18, 2001
Currently outstanding	$14,611 million	---
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids.......... Accepted in full up to $1,000,000 at the highest discount rate of accepted competitive bids.

Competitive bids............. (1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.
(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.
(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate............. 35% of public offering

Maximum Award.................. 35% of public offering

Receipt of Tenders:

Noncompetitive tenders....... Prior to 12:00 noon eastern standard time on auction day

Competitive tenders.......... Prior to 1:00 p.m. eastern standard time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

THE WHITE HOUSE

Office of the Press Secretary

FOR PLANNING PURPOSES ONLY Contact: 202-456-7150
January 12, 2001

SECRETARY OF THE TREASURY, SECRETARY OF STATE, SECRETARY OF LABOR AND NATIONAL ECONOMIC ADVISOR TO ANNOUNCE NEW ADMINISTRATION EFFORTS TO FIGHT SWEATSHOPS AND CHILD LABOR

Washington D.C. – Secretary of the Treasury Larry Summers, Secretary of State Madeline Albright, Secretary of Labor Alexis Herman and National Economic Advisor Gene Sperling will announce a series of measures that the Clinton Administration is taking to combat international sweatshops and abusive child labor on Tuesday, January 16, 2001 at 10:15 a.m.

Under President Clinton's leadership, the United States has been the international leader in advocating the improvement of working standards around the world, including efforts to fight sweatshops and abusive child labor. In 1996, the President brought together a diverse group of manufacturers, consumer groups, labor and rights organizations and universities to form the Apparel Industry Partnership. Out of this partnership, the Fair Labor Association was created, a coalition organization dedicated to ensuring that products purchased by Americans consumers were not made in overseas sweatshops.

President Clinton has highlighted the importance ending abusive child labor in several State of the Union addresses. The President has also signed ILO Convention 182, which prohibits the worst forms of child labor and has established the United States as the largest contributor to international efforts to eliminate abusive child labor.

WHO:	Secretary of the Treasury Summers Secretary of State Albright Secretary of Labor Herman National Economic Advisor Sperling
WHAT:	Announcing new measures to combat sweatshops and abusive child labor
WHEN:	Tuesday, January 16, 2001 at 10: 15 a.m.
WHERE:	Presidential Hall Eisenhower Executive Office Building The White House

COVERAGE: **OPEN PRESS**

Pre-set	9:00 a.m.
Final Access:	10:00 a.m.

NOTE: Media needing White House clearance to cover this event should contact the Office of the Press Secretary at 202-456-7150.

Press should gather in the press briefing room prior to pre-set and final access times for escorts to Presidential Hall.

-30-30-30-

Joint Release **Board of Governors of the Federal Reserve System**
U.S. Department of the Treasury

FOR IMMEDIATE RELEASE January 12, 2001

FEDERAL RESERVE AND TREASURY DEPARTMENT RELEASE REPORT ON FEASIBILITY OF MANDATORY SUBORDINATED DEBT

The Board of Governors of the Federal Reserve System and the Secretary of the Treasury found that subordinated debt issuance by large depository institution organizations may encourage market discipline and generate other supervisory benefits. A joint report released today also indicated that the Board and the Treasury's Office of the Comptroller of the Currency and Office of Thrift Supervision (agencies) will consider ways to enhance their use of voluntarily issued subordinated debt in supervisory monitoring. The Board and the Secretary, however, chose not to recommend that Congress make subordinated debt issuance mandatory at this time.

The report to Congress, required by the Gramm-Leach-Bliley Act, called for continued research and, most importantly, continued evaluation of financial institution supervisors' experience in using information derived from voluntarily issued subordinated debt. Virtually all of the largest banking organizations already issue subordinated debt. The agencies monitor subordinated debt yields and issuance patterns in evaluating the condition of large depository institution organizations.

The study found that existing evidence supports the use of subordinated debt to encourage market discipline. But it said that the net benefits of a mandatory policy are not clear enough to justify such a policy. Going forward, if additional evidence suggests that requiring institutions to issue subordinated debt is appropriate, either the Board or the Secretary may recommend legislation.

Copies of the report, *The Feasibility and Desirability of Mandatory Subordinated Debt*, are available on the web sites of the Board, www.federalreserve.gov/boarddocs/RptCongress/, and the Treasury Department, www.ustreas.gov.

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Media Contacts:
Federal Reserve: Dave Skidmore (202) 452-2955
Treasury: Bill Buck (202) 622-2960

LS-1122

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
January 16, 2001

Contact: Public Affairs
(202) 622-2960

NEW MONEY LAUNDERING GUIDANCE ISSUED

The Treasury Department, the Federal Reserve Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, and the Department of State, today announced the issuance of new guidance to help U.S. financial institutions avoid transactions that may involve the proceeds of foreign official corruption.

The guidance, issued in furtherance of our National Money Laundering Strategy, encourages U.S. financial institutions to apply enhanced scrutiny to their private banking and similar high dollar-value accounts and transactions where such accounts or transactions may involve the proceeds of corruption by senior foreign political figures, their immediate family or close associates. The guidance provides a set of suggested account establishment and maintenance procedures designed to help institutions obtain appropriate information on accounts held by such persons, as well as a list of potentially suspicious transactions that will often warrant enhanced scrutiny.

Treasury Secretary Lawrence H. Summers said, "Foreign official corruption undermines U.S. efforts to promote democratic institutions and economic development around the world. This guidance will help keep U.S. financial institutions from providing unintended assistance to corrupt foreign officials seeking to hide their ill-gotten gains."

The guidance, developed by an interagency group led by Treasury Deputy Secretary Stuart E. Eizenstat, is available on Treasury's web site at www.treas.gov. Each of the issuing agencies will disseminate the guidance through their formal channels, as well.

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LS-1123

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
January 17, 2001

Contact: Office of Financing
202-691-3550

TREASURY'S INFLATION-INDEXED SECURITIES
FEBRUARY REFERENCE CPI NUMBERS AND DAILY INDEX RATIOS

Public Debt announced today the reference Consumer Price Index (CPI) numbers and daily index ratios for the month of February for the following Treasury inflation-indexed securities:

(1) 3-3/8% 10-year notes due January 15, 2007
(2) 3-5/8% 5-year notes due July 15, 2002
(3) 3-5/8% 10-year notes due January 15, 2008
(4) 3-5/8% 30-year bonds due April 15, 2028
(5) 3-7/8% 10-year notes due January 15, 2009
(6) 3-7/8% 30-year bonds due April 15, 2029
(7) 4-1/4% 10-year notes due January 15, 2010
(8) 3-1/2% 10-year notes due January 15, 2011

This information is based on the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers (CPI-U) published by the Bureau of Labor Statistics of the U.S. Department of Labor.

In addition to the publication of the reference CPI's (Ref CPI) and index ratios, this release provides the non-seasonally adjusted CPI-U for the prior three-month period.

This information is available through the Treasury's Office of Public Affairs automated fax system by calling 202-622-2040 and requesting document number 1124. The information is also available on the Internet at Public Debt's website (http://www.publicdebt.treas.gov).

The information for March is expected to be released on February 21, 2001.

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Attachment

TREASURY INFLATION-INDEXED SECURITIES
Ref CPI and Index Ratios for
February 2001

Security:		3-3/8% 10-Year Notes	3-5/8% 5-Year Notes	3-5/8% 10-Year Notes	3-5/8% 30-Year Bonds
Description:		Series A-2007	Series J-2002	Series A-2008	Bonds of April 2028
CUSIP Number:		9128272M3	9128273A8	9128273T7	912810FD5
Dated Date:		January 15, 1997	July 15, 1997	January 15, 1998	April 15, 1998
Original Issue Date:		February 6, 1997	July 15, 1997	January 15, 1998	April 15, 1998
Additional Issue Date(s):		April 15, 1997	October 15, 1997	October 15, 1998	July 15, 1998
Maturity Date:		January 15, 2007	July 15, 2002	January 15, 2008	April 15, 2028
Ref CPI on Dated Date:		158.43548	160.15484	161.55484	161.74000
Date	**Ref CPI**	**Index Ratio**	**Index Ratio**	**Index Ratio**	**Index Ratio**
Feb. 1 2001	174.10000	1.09887	1.08707	1.07765	1.07642
Feb. 2 2001	174.09643	1.09885	1.08705	1.07763	1.07640
Feb. 3 2001	174.09286	1.09882	1.08703	1.07761	1.07637
Feb. 4 2001	174.08929	1.09880	1.08701	1.07759	1.07635
Feb. 5 2001	174.08571	1.09878	1.08698	1.07756	1.07633
Feb. 6 2001	174.08214	1.09876	1.08696	1.07754	1.07631
Feb. 7 2001	174.07857	1.09873	1.08694	1.07752	1.07629
Feb. 8 2001	174.07500	1.09871	1.08692	1.07750	1.07626
Feb. 9 2001	174.07143	1.09869	1.08689	1.07748	1.07624
Feb. 10 2001	174.06786	1.09867	1.08687	1.07745	1.07622
Feb. 11 2001	174.06429	1.09864	1.08685	1.07743	1.07620
Feb. 12 2001	174.06071	1.09862	1.08683	1.07741	1.07618
Feb. 13 2001	174.05714	1.09860	1.08681	1.07739	1.07615
Feb. 14 2001	174.05357	1.09858	1.08678	1.07737	1.07613
Feb. 15 2001	174.05000	1.09855	1.08676	1.07734	1.07611
Feb. 16 2001	174.04643	1.09853	1.08674	1.07732	1.07609
Feb. 17 2001	174.04286	1.09851	1.08672	1.07730	1.07607
Feb. 18 2001	174.03929	1.09849	1.08669	1.07728	1.07604
Feb. 19 2001	174.03571	1.09846	1.08667	1.07725	1.07602
Feb. 20 2001	174.03214	1.09844	1.08665	1.07723	1.07600
Feb. 21 2001	174.02857	1.09842	1.08663	1.07721	1.07598
Feb. 22 2001	174.02500	1.09840	1.08660	1.07719	1.07596
Feb. 23 2001	174.02143	1.09837	1.08658	1.07717	1.07593
Feb. 24 2001	174.01786	1.09835	1.08656	1.07714	1.07591
Feb. 25 2001	174.01429	1.09833	1.08654	1.07712	1.07589
Feb. 26 2001	174.01071	1.09831	1.08652	1.07710	1.07587
Feb. 27 2001	174.00714	1.09828	1.08649	1.07708	1.07584
Feb. 28 2001	174.00357	1.09826	1.08647	1.07706	1.07582

CPI-U (NSA) for : October 2000 174.0 November 2000 174.1 December 2000 174.0

TREASURY INFLATION-INDEXED SECURITIES
Ref CPI and Index Ratios for
February 2001

Security: Description: CUSIP Number: Dated Date: Original Issue Date: Additional Issue Date(s): Maturity Date: Ref CPI on Dated Date:		3-7/8% 10-Year Notes Series A-2009 9128274Y5 January 15, 1999 January 15, 1999 July 15, 1999 January 15, 2009 164.00000	3-7/8% 30-Year Bonds Bonds of April 2029 912810FH6 April 15, 1999 April 15, 1999 October 15, 1999 October 15, 2000 April 15, 2029 164.39333	4-1/4% 10-Year Notes Series A-2010 9128275W8 January 15, 2000 January 18, 2000 July 15, 2000 January 15, 2010 168.24516	3-1/2% 10-Year Notes Series A-2011 9128276R8 January 15, 2001 January 16, 2001 January 15, 2011 174.04516
Date	**Ref CPI**	**Index Ratio**	**Index Ratio**	**Index Ratio**	**Index Ratio**
Feb. 1 2001	174.10000	1.06159	1.05905	1.03480	1.00032
Feb. 2 2001	174.09643	1.06156	1.05902	1.03478	1.00029
Feb. 3 2001	174.09286	1.06154	1.05900	1.03476	1.00027
Feb. 4 2001	174.08929	1.06152	1.05898	1.03474	1.00025
Feb. 5 2001	174.08571	1.06150	1.05896	1.03471	1.00023
Feb. 6 2001	174.08214	1.06148	1.05894	1.03469	1.00021
Feb. 7 2001	174.07857	1.06145	1.05892	1.03467	1.00019
Feb. 8 2001	174.07500	1.06143	1.05889	1.03465	1.00017
Feb. 9 2001	174.07143	1.06141	1.05887	1.03463	1.00015
Feb. 10 2001	174.06786	1.06139	1.05885	1.03461	1.00013
Feb. 11 2001	174.06429	1.06137	1.05883	1.03459	1.00011
Feb. 12 2001	174.06071	1.06135	1.05881	1.03457	1.00009
Feb. 13 2001	174.05714	1.06132	1.05878	1.03454	1.00007
Feb. 14 2001	174.05357	1.06130	1.05876	1.03452	1.00005
Feb. 15 2001	174.05000	1.06128	1.05874	1.03450	1.00003
Feb. 16 2001	174.04643	1.06126	1.05872	1.03448	1.00001
Feb. 17 2001	174.04286	1.06124	1.05870	1.03446	0.99999
Feb. 18 2001	174.03929	1.06122	1.05868	1.03444	0.99997
Feb. 19 2001	174.03571	1.06119	1.05865	1.03442	0.99995
Feb. 20 2001	174.03214	1.06117	1.05863	1.03440	0.99993
Feb. 21 2001	174.02857	1.06115	1.05861	1.03437	0.99990
Feb. 22 2001	174.02500	1.06113	1.05859	1.03435	0.99988
Feb. 23 2001	174.02143	1.06111	1.05857	1.03433	0.99986
Feb. 24 2001	174.01786	1.06108	1.05855	1.03431	0.99984
Feb. 25 2001	174.01429	1.06106	1.05852	1.03429	0.99982
Feb. 26 2001	174.01071	1.06104	1.05850	1.03427	0.99980
Feb. 27 2001	174.00714	1.06102	1.05848	1.03425	0.99978
Feb. 28 2001	174.00357	1.06100	1.05846	1.03423	0.99976

CPI-U (NSA) for : October 2000 174.0 November 2000 174.1 December 2000 174.0

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

January 16, 2001

Statement of John D. Hawke, Jr.
Comptroller of the Currency

The OCC is pleased to join with the Treasury Department, the other bank regulators and the Department of State in issuing this guidance, which will assist banks in detecting transactions that may involve proceeds of foreign official corruption and will help ensure that banks are not unwittingly used to launder the proceeds of such entities.

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
January 16, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	January 18, 2001
Maturity Date:	April 19, 2001
CUSIP Number:	912795GC9

High Rate: 5.220% Investment Rate 1/: 5.361% Price: 98.681

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 8%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 22,100,620	$ 10,836,620
Noncompetitive	1,289,281	1,289,281
PUBLIC SUBTOTAL	23,389,901	12,125,901 2/
Foreign Official Refunded	880,000	880,000
SUBTOTAL	24,269,901	13,005,901
Federal Reserve	4,352,666	4,352,666
Foreign Official Add-On	0	0
TOTAL	$ 28,622,567	$ 17,358,567

Median rate 5.185%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 5.160%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 23,389,901 / 12,125,901 = 1.93

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $977,851,000

http://www.publicdebt.treas.gov

LS-1125

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
January 16, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	January 18, 2001
Maturity Date:	July 19, 2001
CUSIP Number:	912795GP0

High Rate: 5.055% Investment Rate 1/: 5.261% Price: 97.444

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 79%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 15,412,315	$ 5,897,265
Noncompetitive	1,634,365	1,634,365
PUBLIC SUBTOTAL	17,046,680	7,531,630 2/
Foreign Official Refunded	3,470,000	3,470,000
SUBTOTAL	20,516,680	11,001,630
Federal Reserve	4,508,390	4,508,390
Foreign Official Add-On	0	0
TOTAL	$ 25,025,070	$ 15,510,020

Median rate 5.025%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 5.000%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 17,046,680 / 7,531,630 = 2.26

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,302,704,000

http://www.publicdebt.treas.gov

LS-1126

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 9:00 A.M.
January 17, 2001

PUBLIC CONTACT: Office of Financing
202-691-3550
MEDIA CONTACT: Una Gallagher
202-622-2960

TREASURY ANNOUNCES DEBT BUYBACK OPERATION

On January 18, 2001, the Treasury will buy back up to $1,750 million par of its outstanding issues that mature between November 2022 and November 2027. Treasury reserves the right to accept less than the announced amount.

This debt buyback (redemption) operation will be conducted by Treasury's Fiscal Agent, the Federal Reserve Bank of New York, using its Open Market operations system. Only institutions that the Federal Reserve Bank of New York has approved to conduct Open Market transactions may submit offers on behalf of themselves and their customers. Offers at the highest accepted price for a particular issue may be accepted on a prorated basis, rounded up to the next $100,000. As a result of this rounding, the Treasury may buy back an amount slightly larger than the one announced above.

This debt buyback operation is governed by the terms and conditions set forth in 31 CFR Part 375 and this announcement.

The debt buyback operation regulations are available on the Bureau of the Public Debt's website at www.publicdebt.treas.gov.

Details about the operation and each of the eligible issues are given in the attached highlights.

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Attachment

LS-1127

HIGHLIGHTS OF TREASURY DEBT BUYBACK OPERATION

January 17, 2001

Par amount to be bought back .. Up to $1,750 million
Operation date .... January 18, 2001
Operation close time .... 11:00 a.m. eastern standard time
Settlement date .... January 22, 2001
Minimum par offer amount $100,000
Multiples of par $100,000
Format for offers ..... Expressed in terms of price per $100 of par with three decimals. The first two decimals represent fractional 32nds of a dollar. The third decimal represents eighths of a 32nd of a dollar, and must be a 0, 2, 4, or 6.
Delivery instructions .... ABA Number 021001208 FRB NYC/CUST

Treasury issues eligible for debt buyback operation (in millions):

Coupon Rate (%)	Maturity Date	CUSIP Number	Par Amount Outstanding*	Par Amount Privately Held*	Par Amount Held as STRIPS**
7.625	11/15/2022	912810 EN 4	8,845	7,244	4,826
7.125	02/15/2023	912810 EP 9	17,480	14,845	7,616
6.250	08/15/2023	912810 EQ 7	22,669	21,116	3,952
7.500	11/15/2024	912810 ES 3	10,527	8,912	6,599
7.625	02/15/2025	912810 ET 1	11,476	10,300	8,403
6.875	08/15/2025	912810 EV 6	12,007	10,208	4,323
6.000	02/15/2026	912810 EW 4	12,838	11,723	1,649
6.750	08/15/2026	912810 EX 2	10,824	9,210	3,124
6.500	11/15/2026	912810 EY 0	11,483	9,759	4,573
6.625	02/15/2027	912810 EZ 7	10,286	9,366	3,501
6.375	08/15/2027	912810 FA 1	10,416	8,776	1,290
6.125	11/15/2027	912810 FB 9	22,519	19,334	5,909
		Total	161,370	140,793	55,765

* Par amounts are as of January 16, 2001.
** Par amounts are as of January 12, 2001.

The difference between the par amount outstanding and the par amount privately held is the par amount of those issues held by the Federal Reserve System.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

U.S. International Reserve Position 01/17/01

The Treasury Department today released U.S. reserve assets data for the week ending January 12, 2001. As indicated in this table, U.S. reserve assets totaled $67,415 million as of January 12, 2001, down from $67,990 million as of January 5, 2001.

(in US millions)

I. Official U.S. Reserve Assets	January 5, 2001			January 12, 2001		
TOTAL	67,990			67,415		
1. Foreign Currency Reserves [1]	Euro	Yen	TOTAL	Euro	Yen	TOTAL
a. Securities	5,617	10,818	16,435	5,578	10,463	16,041
Of which, issuer headquartered in the U.S.			0			0
b. Total deposits with:						
b.i. Other central banks and BIS	9,475	5,417	14,891	9,435	5,560	14,995
b.ii. Banks headquartered in the U.S.			0			0
b.ii. Of which, banks located abroad			0			0
b.iii. Banks headquartered outside the U.S.			0			0
b.iii. Of which, banks located in the U.S.			0			0
2. IMF Reserve Position [2]			14,979			*14,813*
3. Special Drawing Rights (SDRs) [2]			10,639			*10,521*
4. Gold Stock [3]			11,046			11,046
5. Other Reserve Assets			0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for January 5 are final. The entries in the table above for January 12 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of November 30, 2000. The October 31, 2000 value was $11,046 million.

LS-1128

U.S. International Reserve Position (cont'd)

II. Predetermined Short-Term Drains on Foreign Currency Assets

	January 5, 2001	January 12, 2001
1. Foreign currency loans and securities	0	0
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
3. Other	0	0

III. Contingent Short-Term Net Drains on Foreign Currency Assets

	January 5, 2001	January 12, 2001
1. Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
2. Foreign currency securities with embedded options	0	0
3. Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:30 P.M.
January 17, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY TO AUCTION $10,000 MILLION OF 2-YEAR NOTES

The Treasury will auction $10,000 million of 2-year notes to refund $28,398 million of publicly held securities maturing January 31, 2001, and to pay down about $18,398 million.

In addition to the public holdings, Federal Reserve Banks hold $4,195 million of the maturing securities for their own accounts, which may be refunded by issuing an additional amount of the new security.

The maturing securities held by the public include $6,633 million held by Federal Reserve Banks as agents for foreign and international monetary authorities. Amounts bid for these accounts by Federal Reserve Banks will be added to the offering.

TreasuryDirect customers requested that we reinvest their maturing holdings of approximately $600 million into the 2-year note.

The auction will be conducted in the single-price auction format. All competitive and noncompetitive awards will be at the highest yield of accepted competitive tenders.

The notes being offered today are eligible for the STRIPS program.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about the new security are given in the attached offering highlights.

oOo

Attachment

LS-1129

HIGHLIGHTS OF TREASURY OFFERING TO THE PUBLIC OF
2-YEAR NOTES TO BE ISSUED JANUARY 31, 2001

January 17, 2001

Offering Amount ....$10,000 million

Description of Offering:
Term and type of security ....2-year notes
Series L-2003
CUSIP number 912827 6S 6
Auction date ....January 24, 2001
Issue date ....January 31, 2001
Dated date ....January 31, 2001
Maturity date ....January 31, 2003
Interest rate ....Determined based on the highest accepted competitive bid
Yield ....Determined at auction
Interest payment dates ....July 31 and January 31
Minimum bid amount and multiples $1,000
Accrued interest payable by investor ....Determined at auction
Premium or discount ....Determined at auction

STRIPS Information:
Minimum amount required ....Determined at auction
Corpus CUSIP number ....912820 GB 7
Due date(s) and CUSIP number(s)
for additional TINT(s) ....Not applicable

Submission of Bids:
Noncompetitive bids:
Accepted in full up to $5,000,000 at the highest accepted yield.
Competitive bids:
(1) Must be expressed as a yield with three decimals, e.g., 7.123%.
(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all yields, and the net long position is $2 billion or greater.
(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Yield ....35% of public offering
Maximum Award ....35% of public offering

Receipt of Tenders:
Noncompetitive tenders: Prior to 12:00 noon eastern standard time on auction day.
Competitive tenders: Prior to 1:00 p.m. eastern standard time on auction day.

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
January 18, 2001

TREASURY RELEASES TWO REPORTS ON CREDIT UNIONS

The Treasury Department today released two congressionally mandated reports on credit unions, *Credit Union Membership Business Lending* and *Comparing Credit Unions with Other Depository Institutions*, both were prepared in response to the Credit Union Membership Access Act, which President Clinton signed into law on August 7, 1998.

In the report, *Credit Union Membership Business Lending*, Treasury surveyed all 1,514 credit unions that carried member business loans on their books as of June 30, 1999. The report finds that few credit unions are active business lenders. As of June 30, 2000, only 92 of 10,337 credit unions had total member business loans outstanding exceeding their net worth. While this group comprises less than one percent of credit unions, they account for over 46 percent of the unpaid principal balance of all member business loans. The report also finds that over half of all member business loans are collateralized with non-agricultural real estate, and rental properties make up one-third of the dollar volume of all member business loans.

In preparing the second report, *Comparing Credit Unions with Other Depository Institutions*, Treasury compared the federal regulations and statutes applicable to credit unions with those applicable to other federally insured depository institutions, focusing on such areas as safety and soundness, consumer protection, and the product offerings of these different institutions. The report also reviews the history of credit unions' exemption from the federal corporate income tax and estimates the potential revenue that could be raised were Congress to remove that exemption (between $13.7 billion and $16.2 billion over a ten-year period). Finally, the report outlines the steps taken during this Administration to promote the viability of small banks and discusses the tax policy principles that must be satisfied to expand bank eligibility for electing Subchapter S status.

These reports are available on Treasury's website at www.treas.gov/press

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LS-1130

APPENDIX

COMPARISON OF DEPOSITORY INSTITUTION POWERS AND REGULATORY REQUIREMENTS[1]

Rule	OCC/FDIC/FRB	OTS	NCUA
		Customer Base	
Field of membership	National banks face no restrictions on the customers they may serve.	Same as national banks.	Federal credit unions may only serve persons within the field of membership who join the credit union. 12 U.S.C. § 1759. Federal credit unions may choose from among three types of charters: (1) single common bond (*i.e.*, occupational and associational); (2) multiple common bond (*i.e.*, more than one group each having a common bond of occupation or association); and (3) community common bond. 63 Fed. Reg. 71,998 (Dec. 30, 1998). The immediate family and those residing in the household of one satisfying the common bond requirement are themselves eligible to join the credit union, whether or not the eligible individuals actually join the credit union. 12 U.S.C. § 1759(e)(1); 63 Fed. Reg. 71,998, 72,027 (Dec. 30, 1998).

[1] This table compares statutory and regulatory rules across *federally chartered* depository institutions (*i.e.*, national banks, federal savings associations, and federal credit unions), although many of these rules apply to all federally insured depository institutions. However, the table does not attempt to catalogue all of the authority available to federally chartered depository institutions; rather, it presents a sample that will illustrate how federal credit unions compare with other federally chartered depository institutions.

Rule	OCC/FDIC/FRB	OTS	NCUA
		Depository Institution Powers[2]	
Deposits			
Checking accounts (demand deposits)	National banks may offer demand deposits to any customer. Such accounts may not earn interest. However, banks may offer NOW accounts (negotiable order of withdrawal accounts) to individuals and nonprofit organizations, but not to businesses, which may earn interest. The bank may reserve the right to require at least seven days notice prior to withdrawal of funds from such accounts, but such restrictions are rarely enforced. 12 U.S.C. § 24(seventh), 12 C.F.R. §§ 204.130 and 217.3.	Similar to national banks. 12 U.S.C. § 1464(b); 12 C.F.R. part 557, subpart B and § 561.29.	Federal credit unions may offer to their members share draft accounts (*i.e.*, demand deposits). 12 U.S.C. § 1757(6); 12 C.F.R. § 701.35(a).[3] Generally, credit unions may only serve individuals. However, community credit unions may accept businesses as members. 63 Fed. Reg. 71,998, 72,037 (Dec. 30, 1998). Similarly, credit unions that primarily serve predominantly low-income members may accept deposits from non-members, including businesses. 12 U.S.C. § 1757(6); 12 C.F.R. § 701.34(a)(1). Unlike national banks and federal savings associations, federal credit unions with businesses as members may pay interest on business checking accounts.
Time deposits	National banks may offer certificates of deposit, savings accounts, and similar deposits without significant restrictions. 12 U.S.C. § 24(seventh).	Same as national banks. 12 U.S.C. § 1464(b), 12 C.F.R. part 557, subpart B.	Federal credit unions may offer share certificate accounts. 12 U.S.C. § 1757(6); 12 C.F.R. § 701.35(a).
Trust accounts	National banks may offer trust and other	Generally the same as national banks,	Federal credit unions may not offer trust

[2] This portion of the table primarily addresses those activities in which depository institutions may engage directly. Activities engaged in through affiliates are discussed elsewhere in this table.

[3] Federal credit unions are member-owned cooperatives. 12 U.S.C. §§ 1752(1) and (5). Therefore, the Federal Credit Union Act refers to member deposits as member shares, whether the share represents a demand deposit, time deposit, or certificate of deposit. 12 U.S.C. § 1752(5).

Rule	OCC/FDIC/FRB	OTS	NCUA
	fiduciary accounts. 12 U.S.C. §§ 24(seventh) and 92a; 12 C.F.R. part 9.	except that specific permission is required. 12 U.S.C. § 1464(n).	services directly, but may do so through affiliates called Credit Union Service Organizations (CUSOs). 12 C.F.R. § 712.5(o).
Customer Services			
Travel services and foreign exchange services	National banks may offer traveler's checks and travel information, but may not act directly as a travel agent. However, financial subsidiaries may act as a travel agent. They may also provide directly foreign exchange services for their customers, but not for their own account. OCC Interpretive Letter No. 553, May 2, 1991; *Arnold Tours v. Camp*, 472 F.2d 427 (1st Cir. 1972); 12 U.S.C. § 24a; 12 C.F.R. § 5.39	Same as national banks. 12 U.S.C. § 1464; FHLBB Op. Gen. Couns., Nov. 24, 1965.	Federal credit unions may offer travelers checks, 12 U.S.C. § 1757(12), and foreign exchange services. NCUA Op. Gen. Couns., Dec. 9, 1999. Like national banks, federal credit unions may not act as travel agents directly, but may do so through CUSOs. 12 C.F.R. § 712.5(n).
Electronic banking services	National banks may offer any services electronically that it is otherwise authorized to offer. 12 C.F.R. § 7.1019.	Same as national banks. 12 C.F.R. § 555.200(a).	Same as national banks. 12 U.S.C. § 1757(17).
Insurance	National banks may sell liability, casualty, automobile, life, health, and accident insurance on an agency basis from places of 5,000 or less in population without restriction on the location of a bank's customers. Through a financial subsidiary, a national bank may engage in general insurance agency activities without the restrictions. 12 U.S.C. §§ 92 and 24a; 12 C.F.R. § § 7.1001 and 5.39.	Federal savings associations have similar powers, but without geographic restriction. OTS Op. Acting Ch. Couns., Oct. 17, 1994. Moreover, through service corporations, federal savings associations may sell insurance on an agency basis without geographic restriction. 12 C.F.R. § 559.4(f)(3).	Federal credit unions may not offer insurance products directly, but may broker and sell any type of insurance through a CUSO. 12 C.F.R. § 712.5(g). No geographic restriction applies to a CUSO's insurance authority. *See* 12 C.F.R. part 712.
Securities brokerage	National banks directly and without	Federal savings associations may only	Federal credit unions may not broker

Rule	OCC/FDIC/FRB	OTS	NCUA
	registering with the SEC may engage in many types of securities brokerage activities. 12 U.S.C. §§ 78c(a)(4) and (5).	engage this activity through a service corporation, and then only on an agency basis. 12 C.F.R. § 545.74.	securities directly, but may do so through a CUSO. 12 C.F.R. § 712.5(k).
Investment advice and financial consulting	National banks may provide financial and investment advisory services, including advising an investment company. 12 U.S.C. § 24(seventh).	Federal savings associations may offer certain forms of investment advice, but only through a service corporation. 12 C.F.R. § 545.74.	Federal credit unions may not provide these services directly, but may do so through a CUSO. 12 C.F.R. § 712.5(e).
Securities underwriting	National banks may directly, and through operating subsidiaries, underwrite various types of securities, including U.S. government securities, municipal general obligation and revenue bonds, and asset-backed securities. Financial subsidiaries may engage in the underwriting of all types of securities. 12 U.S.C. §§ 24(seventh) and 24a. 12 C.F.R. parts 1 and 12.	No similar authority.	No similar authority.
Mutual fund activities	National banks and their operating subsidiaries may offer a broad range of administrative and investment advisory services, serve as custodian and transfer agent, and broker investment company shares. Interp. Let. Nos. 406-408.	Through a service corporation, federal savings associations may sponsor, advise, and distribute, as well as sell shares in both proprietary and third-party mutual funds. 12 C.F.R. § 545.74.	Federal credit unions may only broker mutual funds. 12 C.F.R. § 712.5(k).
Real estate brokerage	National banks may not engage in real estate brokerage, but may act as finders. 12 U.S.C. § 29; 12 C.F.R. § 7.1002.	Federal savings associations may engage in limited real estate brokerage, but only through a service corporation. 12 C.F.R. § 559.4(e).	Federal credit unions may not engage directly in real estate brokerage, but may do so through a CUSO. 12 C.F.R. § 712.5(p).
Derivatives activities	National banks may engage in a variety of derivatives activities as a financial intermediary or to control or reduce risk. 12 U.S.C. § 24(seventh).	Similar to national banks. 12 C.F.R. § 563.172.	Federal credit unions may purchase or sell derivatives only to manage the risk of loss through a decrease in value of its commitments to originate real estate loans at specified interest rates by entering into long put positions on Ginnie Mae, Fannie Mae,

Rule	OCC/FDIC/FRB	OTS	NCUA
			and Freddie Mac securities. 12 C.F.R. §§ 703.110(a) and 701.21(i)(2).
Asset securitization	National banks may directly securitize their assets. 12 U.S.C. § 24(seventh); 12 C.F.R. § 1.3(g).	Same as national banks.	No similar authority.
Lending: Non-Commercial			
Lending limits[4]	Lending limits protect the safety and soundness of banks by preventing excessive lending to one person or to related persons. National banks follow federal statutory lending limits, while state banks follow state law in this regard. A national bank's total outstanding credit to one borrower generally may not exceed 15 percent of the bank's capital and surplus. An additional 10 percent is permissible if fully secured by readily marketable collateral (i.e., financial instruments and bullion salable under ordinary market conditions with reasonable promptness at a fair market value determined by quotations based upon actual transactions on an auction or similarly available daily bid and ask price market). 12 U.S.C. § 84(a); 12 C.F.R. part	Section 84 of the National Bank Act applies to savings associations in the same manner and to the same extent as it applies to national banks. 12 U.S.C. § 1464(u)(1); 12 C.F.R. § 560.93. In addition, a savings association may make loans to one borrower of up to $500,000 even if its general lending limit is less than that amount. Certain other special rules provide additional exceptions. 12 U.S.C. § 1464(u)(2).	A federal credit union's lending to any one member is limited to 10 percent of unimpaired capital and surplus. 12 U.S.C. § 1757(5)(A)(x). According to the NCUA, this amounts to 10% of the amount equal to a federal credit union's net worth plus its deposits. The term unimpaired capital and surplus has not been defined in the lending limits regulation,[5] although the Federal Credit Union Bylaws define paid-in and unimpaired capital and surplus as a federal credit union's shares and undivided earnings. Art. XVIII, §§ 1(g) and (h). In addition, the Federal Credit Union Act refers to member shares as equity, 12 U.S.C. § 1757(6). Based on this and the definition of paid-in capital and surplus, the NCUA

[4] The lending limits apply to all forms of lending by all federally-chartered depository institutions unless specifically exempted.

[5] A similar term, "paid-in and unimpaired capital and surplus" is defined, for purposes of Central Liquidity Facility rules, as generally consisting of the paid-in balance of share accounts and deposits plus undivided earnings. 12 C.F.R. § 725.2(o). However, the regulations governing federal credit union lending limits contain no definition.

Rule	OCC/FDIC/FRB	OTS	NCUA
	32 (OCC). State lending limits generally range from 10% to 20% of capital and surplus. William A. Lovett, *Banking and Financial Institutions Law*, West, 1992, pp. 156-157.		interprets the applicable lending limit as including a federal credit union's deposits (shares) as equity for purposes of this limit. As a result, the limit for federal credit unions far exceeds that applicable to other federal depository institutions, which are only based on a proportion of capital, rather than on a proportion of the combination of capital and deposits. Federal credit unions also face restrictions on commercial lending. The aggregate amount of business loans outstanding to any one member may not exceed 15 percent of reserves or $100,000, whichever is higher. 12 C.F.R. § 723.8. The aggregate amount of member business loans made by a credit union may not exceed 1.75 times the credit union's net worth or 12.25% of the credit union's total assets. 12 U.S.C. § 1757a(a); 12 C.F.R. § 723.16. Exceptions to the aggregate loan limit apply to: (1) low-income credit unions, or those participating in the Community Development Financial Institutions program; (2) those chartered for the purpose of making business loans; and (3) those with a history of primarily making such loans. 12 U.S.C. § 1757a(b); 12 C.F.R. § 723.17. Generally, federal credit union loans may not have terms that exceed 12 years, except for residential real estate loans. 12 U.S.C. § 1757(5).
Usury	A national bank may generally charge as much interest as a bank chartered by the state in which the national bank is located.	Similar to national banks. 12 U.S.C. § 1463(g)(1).	Federal credit unions may not charge more than 18% on extensions of credit to their members. 12 U.S.C. § 1757(5)(A)(vi)(I); 12

Rule	OCC/FDIC/FRB	OTS	NCUA
	12 U.S.C. § 85.		C.F.R. § 701.21(c)(7)(ii)(B).
Loans secured by residential real estate	National banks may make these loans subject to OCC regulation. 12 U.S.C. § 24(seventh); 12 C.F.R. part 34.	Same as national banks. 12 U.S.C. §§ 1464(c)(1)(B), (E), and (R).	Federal credit unions may make long term real estate loans only for a member's principal residence and for a term not to exceed 40 years. 12 U.S.C. § 1757(5)(A)(i); 12 C.F.R. § 701.21(g)(1). In addition, any second mortgage may not exceed 20 years. 12 U.S.C. § 1757(5)(A)(ii); 12 C.F.R. § 701.21(f)(2).
Unsecured home improvement loans	National banks may make these loans. 12 U.S.C. § 24(seventh).	Same as national banks. 12 U.S.C. § 1464(c)(1)(J); 12 C.F.R. § 560.30.	Same as national banks, except that such loans may not exceed 20 years. 12 U.S.C. § 1757(5); 12 C.F.R. § 701.21(f)(3).
Unsecured residential construction loans	National banks may make these loans. 12 U.S.C. § 24(seventh).	Federal savings associations may make these loans subject to a limit equal to the greater of 5% of assets or 100% or capital. 12 U.S.C. § 1464(c)(3)(C).	No similar authority.
Consumer loans	National banks may make these loans. 12 U.S.C. § 24(seventh).	Federal savings associations may make these loans as long as the aggregate amount does not exceed 35% of assets when combined with commercial paper and corporate debt securities. 12 U.S.C. § 1464(c)(2)(D).	Same as national banks, except for the 12-year term limit. 12 U.S.C. § 1757(5); 12 C.F.R. § 701.21(a).
Credit card loans	National banks may make these loans. 12 U.S.C. § 24(seventh).	Same as national banks. 12 U.S.C. § 1464(c)(1)(T).	Same as national banks, except for the 12-year term limit. 12 U.S.C. § 1757(5); 12 C.F.R. § 701.21(a).
Overdraft loans	National banks may make these loans. 12 U.S.C. § 24(seventh).	Similar to national banks. 12 U.S.C. § 1464(c)(1)(A).	Same as national banks, except for the 12-year term limit. 12 U.S.C. § 1757(5); 12 C.F.R. § 701.21(c)(3).
Lending: Commercial			

Rule	OCC/FDIC/FRB	OTS	NCUA
Commercial loans	National banks may make these loans. 12 U.S.C. § 24(seventh).	Federal savings associations may make these loans subject to a limit of 20% of total assets, provided that any amount over 10 percent of assets consists of small business loans. 12 U.S.C. § 1464(c)(2)(A); 12 C.F.R. § 560.30.	Federal credit unions may provide business loans to their members. The aggregate limit on outstanding business loans is the lesser of 1.75 times the credit union's net worth or 12.25% of the credit union's total assets. 12 U.S.C. § 1757a(a);12 C.F.R. § 723.16.
Construction and development loans	National banks may make these loans. 12 C.F.R. part 34 (secured); 12 U.S.C. § 24(seventh) (unsecured).	Federal savings associations may make unsecured construction loans, subject to a limit equal to the greater of total capital or 5% of total assets. They may also make loans secured by non-residential real estate, up to a limit of 400% of capital. 12 U.S.C. §§ 1464(c)(2)(B) and 1464(c)(3)(C).	Federal credit unions may make member business loans to finance the acquisition or construction of income-producing property. Such loans must not exceed 15% of net worth, and the borrower must have at least a 35% equity interest in the project. 12 C.F.R. § 723.3.
Leasing			
Leasing	National banks may acquire personal property for the purpose of leasing it, provided that the lease qualifies as a net, full-payout[6] lease. The bank's recovery of its investment and costs depends upon the residual value of the property. Any unguaranteed portion of the estimated residual value must not exceed 25% of the original cost of the property to the lessor. Any amount guaranteed may exceed 25% of the original cost if the guarantor has sufficient resources and is not an affiliate	Federal savings associations may engage in lease financing of personal property subject to a limit of 10% of assets, without regard to residual value. 12 U.S.C. § 1464(c)(2)(C); 12 C.F.R. § 560.41(d). Federal savings associations may also engage in lease financing that amounts to the functional equivalent of lending. Such leases may be for residential real estate, non-residential real estate,	Federal credit unions lack express authority to engage in lease financing. However, they may engage in lease financing of personal property, provided that such leases are the functional equivalent of secured loans for personal property. Thus, federal credit unions must enter into only net, full-payout leases, and they operate under rules similar to those of national banks for their implied leasing authority. 65 Fed. Reg. 34,581 (May 31, 2000) (codified at 12 C.F.R. part 714).

[6] Under a net lease, the institution bears no obligation to service, repair, maintain, replace or insure the leased property. 12 C.F.R. § 23.2(f). With a full-payout lease, the institution reasonably expects to realize the return of its investment in the leased property, as well as estimated costs of financing. 12 C.F.R. § 23.2(e). For federal savings associations, a full-payout lease also requires that the estimated cost of financing the property over the term of the lease does not exceed 25% of the original cost of the property to the savings association. 12 C.F.R. § 560.41(b)(2). Under these leases, an institution's return comes from the periodic lease payments, tax benefits, and the residual value of the property.

Rule	OCC/FDIC/FRB	OTS	NCUA
	of the bank. 12 U.S.C. § 24(seventh); 12 C.F.R. §§ 23.20 and 23.21. Under separate statutory authority, national banks may engage in lease financing (with minimum lease periods of 90 days) up to a limit of 10% of assets. 12 U.S.C. § 24(tenth); 12 C.F.R. §§ 23.10-23.12. National banks may purchase and lease real estate only under special circumstances, such as the purchasing and leasing of municipal buildings. 12 C.F.R. § 7.1000 and part 23.	commercial, business, corporate, or agricultural purposes. These leases must be net, full-payout leases; and (2) the amount invested counts towards the appropriate limit on the particular type of lending (*e.g.*, commercial leases must be counted towards the limits on commercial lending). 12 C.F.R. § 560.41(c).	Federal credit union CUSOs may engage in lease financing of personal property without these limitations. 12 C.F.R. § 712.5(h).
Investments			
U.S. government securities and state and local securities	Without limit, national banks may invest in securities issued or guaranteed by the United States, any U.S. agency, or by any state or local general obligation. 12 U.S.C. § 24(seventh); 12 C.F.R. §§ 1.2 and 1.3. Subject to a 10% of capital limit on the holdings of any one obligor, national banks may invest in state and local obligations (that are not general obligations) and municipal revenue bonds. 12 U.S.C. § 24(seventh); 12 C.F.R. §§ 1.2 and 1.3.	Same as national banks. 12 U.S.C. §§ 1464(c)(1)(C) and (H).	Similar to national banks. Federal credit unions face various regulatory limitations. 12 U.S.C. §§ 1757(7)(B) and (K); 12 C.F.R. §§ 703.100 and 703.110.
Government-sponsored enterprise securities	Without limit, national banks may invest in the securities of Fannie Mae, Freddie Mac, the FHLBank System, and Ginnie Mae. 12 U.S.C. § 24(seventh); 12 C.F.R. §§ 1.2 and 1.3.	Same as national banks. 12 U.S.C. §§ 1464(c)(1)(D), (E), (F), (M), (N), and (P); 12 C.F.R. § 566.1(g)(3).	Same as national banks. 12 U.S.C. § 1757(7)(E).

Rule	OCC/FDIC/FRB	OTS	NCUA
Residential mortgage-backed securities	Without limit, national banks may invest in securities issued or guaranteed by Fannie Mae, Freddie Mac, Ginnie Mae, or any U.S. agency, and in privately issued mortgage-backed securities if rated in one of the two highest rating categories. 12 U.S.C. § 24(seventh); 12 C.F.R. §§ 1.2 and 1.3.	Same as national banks. 12 U.S.C. §§ 1464(c)(1)(E), (F), and (R).	Generally, federal credit unions may invest in mortgage-backed securities. However, they may not invest in stripped mortgage-backed securities, residual interests in CMOs/REMICS, or commercial mortgage-related securities, unless issued by certain government sponsored enterprises. 12 U.S.C. § 1757(7);12 C.F.R. § 703.110(c).
Other asset-backed securities	Subject to a 25% of capital limit on the holdings of any one obligor, national banks may invest in non-residential asset-backed securities (*e.g.*, securities backed by credit card, auto loans, or small business loans). 12 U.S.C. § 24(seventh); 12 C.F.R. §§ 1.2 and 1.3.	Federal savings associations may invest in small business related securities (*i.e.*, securities rated in one of the four highest rating categories that represents an interest in loans or leases of personal property evidencing the obligations of a small business. 12 U.S.C. § 1464(c)(1)(S). Federal savings associations may also invest in commercial real estate mortgage-backed securities. 12 U.S.C. § 1464(c)(1)(R).	Federal credit unions may invest in such securities if issued by certain government sponsored enterprises. 12 U.S.C. § 1757(7).
Mutual fund shares	National banks may purchase for their own account shares in mutual funds, provided the national bank complies with certain investment limitations that would be applicable to the underlying investments of the mutual fund portfolio. 12 U.S.C. § 24 (seventh); 12 C.F.R. § 1.4(e).	Federal savings associations may purchase for their own accounts, without limit, the shares of any registered open-end mutual fund, provided the fund invests exclusively in assets that federal savings associations may hold without limitation. 12 U.S.C. § 1464(c)(1)(Q).	Federal credit unions may invest without limit in any mutual fund that may itself invest in assets and engage in transactions permissible for a federal credit union. 12 C.F.R. § 703.100(d).
Corporate debt securities	National banks may invest in corporate debt under certain limited conditions. Among other things, such debt must be of investment grade and exposure to any one issuer may not exceed 10% of the bank's capital. 12 U.S.C. § 24(seventh); 12 C.F.R. §§ 1.2 and 1.3.	Federal savings associations may invest in corporate debt. Among other things, such debt must be rated in one of the four highest rating categories by a national statistical rating organization, and may not exceed 35% of the institution's assets when combined with	Federal credit unions may invest in zero coupon bonds, provided that they mature no later than 10 years after the settlement date. 12 C.F.R. § 703.110(d).

Rule	OCC/FDIC/FRB	OTS	NCUA
		commercial paper and consumer loans. 12 U.S.C. §§ 1464(c)(1)(M) and (c)(2)(D), and 1831e(d); 12 C.F.R. § 560.40.	
Affiliates[7]			
Operating subsidiary	National banks may establish or acquire operating subsidiaries, which may engage only in activities that the national bank may engage in directly. The bank must own more than 50% of the voting stock of its operating subsidiary or otherwise controls the subsidiary. 12 C.F.R. § 5.34.	Substantially the same as national banks. 12 C.F.R. §§ 559.3(c) and (e)(1).	Federal credit unions may own as a subsidiary or jointly with others a credit union service organization (CUSO). Federal credit unions may only invest up to 1% of their capital in such entities, 12 U.S.C. § 1757(7)(I), and may only lend an amount up to 1% of their capital to such entities. 12 U.S.C. § 1757(5)(D). CUSOs may engage in a wide range of activities, only some of which a federal credit union may engage in directly. However, all CUSO activities must be approved by the NCUA Board. 12 U.S.C. § 1757(5)(D). Therefore, CUSOs may engage only in those activities specifically permitted in regulation. Any additional activities require an amendment to the regulation. 12 C.F.R. § 712.7. CUSO activities include providing ATM services, data processing, securities brokerage, insurance agency, travel advisory service, financial consulting, and personal property leasing. 12 C.F.R. § 712.5.
Service companies or corporations	National banks may invest up to 10% of their capital in any one service company	Federal savings associations may invest up to 2% of their assets (and in some	CUSOs may engage in some of these activities, but generally may not engage in

[7] Federal credit unions cannot be owned by a holding company, but may only exist in a cooperative form, 12 U.S.C. § 1753, and they may not own other depository institutions, 12 U.S.C. § 1757(7)(I). Therefore, the discussion of affiliates does not include holding companies.

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	and no more than 5% of their assets in all such companies, after giving notice to the OCC. Such companies may provide only to depository institutions certain limited services, such as check and deposit posting and sorting, preparation and mailing of checks and statements, and accounting services, without being subject to approval requirements and other limitations. If a state and a national bank jointly own the company, the company may only provide those products and services that the state and national banks both could provide. However, the company may not accept deposits. In serving any customers, including depository institutions, a company may engage in any nonbanking activity (with the approval of the Federal Reserve and subject to certain other limitations) that the Federal Reserve has determined to be so closely related to banking (for a bank holding company or its subsidiary) or to managing or controlling banks as to be a proper incident thereto (under section 4(c)(8) of the Bank Holding Company Act). Such activities include securities brokerage, owning a savings association, financial advisory services, acting as a futures commission merchant, underwriting and dealing in government obligations, and engaging in insurance brokerage pursuant to the town of 5,000	cases, up to 3%) in service corporations engaged in any activity reasonably related to the activities of federal savings associations. Such activities include real estate development, real estate management for third parties, and selling insurance on an agency basis. 12 U.S.C. § 1464(c)(4)(B); 12 C.F.R. § 559.4.	4(c)(8) activities. 12 C.F.R. § 712.5.

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	authority. 12 U.S.C. § 1861 *et seq.*; 12 C.F.R. § 5.35.		
Financial subsidiary	A well capitalized and well managed national bank may control or invest in a financial subsidiary, subject to certain other limitations and safeguards. A financial subsidiary may engage: (1) in any activity closely related to banking (as determined under section 4(c)(8) of the Bank Holding Company Act); (2) in any activity in the United States that a bank holding company may engage in outside of the United States; and (3) in the underwriting, distributing, and dealing in of all types of securities; (4) in selling insurance nationwide; and (5) in any activity that the Treasury, in consultation with the Federal Reserve, determines to be financial in nature or incidental to a financial activity. Financial subsidiaries may also engage in activities permissible for operating subsidiaries. 12 U.S.C. § 24a; 12 C.F.R. § 5.39.	*See* service companies above.	No similar provision.
Transactions with affiliates	Specific limits apply to certain covered transactions between a bank and its affiliated companies (*e.g.*, loans; guarantees; and other extensions of credit to, and purchases of assets from, those companies). Such transactions with any one affiliate may not exceed 10% of the bank's capital. Such transactions with all affiliates may not exceed 20% of capital. Generally, high-quality collateral must fully secure all such transactions. 12 U.S.C. § 371c.	Same as national banks. 12 U.S.C. § 1468(a). In addition, a savings association may not make any extension of credit to any affiliate engaged in activities not permissible for a bank holding company. 12 U.S.C. § 1468(a)(1)(A).	Federal credit unions do not have affiliate transaction restrictions similar to those applicable to other depository institutions. However, a specific conflict of interest provision prohibits a person who serves as a credit union official or in senior management, or any immediate family members, from receiving any compensation from a CUSO. All transactions with the organization must be conducted at arm's length. 12 C.F.R. § 712.8.

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	Most transactions between a bank and its affiliates must also be conducted at arm's length. 12 U.S.C. § 371c-1. These statutory provisions also apply to state-chartered non-member banks. 12 U.S.C. § 1828(j). Affiliates in this context do not generally include bank subsidiaries. However, these affiliate restrictions do apply to transactions between banks and their "financial subsidiaries," subject to certain exceptions. 12 U.S.C. § 371c(e).		A federal credit union may invest up to 1 percent of its total paid-in and unimpaired capital and surplus in a CUSO. 12 U.S.C. § 1757(7)(I). In addition, a credit union may lend another 1 percent of its total paid-in and unimpaired capital and surplus to a CUSO. 12 U.S.C. § 1757(5)(D). According to the NCUA, unimpaired capital includes deposits, less any losses that may have been incurred for which there are no reserves or which have not been charged against undivided earnings. Federal Credit Union Bylaws, Article XVIII, Section 1(g).
Safety and Soundness Rules			
Capital			
Definition of capital	Total capital consists of core capital (Tier 1) and supplementary capital (Tier 2). Tier 1 capital includes common stock, noncumulative perpetual preferred stock, and minority interests in the equity accounts of consolidated subsidiaries. Tier 2 includes cumulative perpetual preferred stock, the allowance for loan and lease losses, and hybrid instruments that combine debt and equity features. Tier 2 also includes subordinated debt and limited amounts of unrealized gains on equity securities. Deductions from capital include goodwill	Similar, but with some minor variations. 12 C.F.R. part 567. For example, in the case of mutual savings associations, Tier 1 capital also includes certain nonwithdrawable accounts and pledged deposits. 12 C.F.R. § 567(a)(iv).	Credit union capital consists of "net worth," that is, retained earnings, as determined under generally accepted accounting principles. For low-income designated credit unions only, "net worth" includes uninsured secondary capital accounts, which are subordinate to the claims of creditors, shareholders, and the National Credit Union Share Insurance Fund. 12 U.S.C. § 1790d(o)(2). This statutory definition of "net worth" reflects that credit unions are not-for-profit entities that lack the means to raise capital available to other federally-insured depository institutions, for example, by selling shares to the public.

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	and other intangibles and investments in certain subsidiaries. 12 C.F.R. part 3, app. A (OCC); 12 C.F.R. part 325, app. A (FDIC); 12 C.F.R. part 208, app. A (FRB).		
Capital adequacy	Banks must meet two minimum capital requirements: (1) a minimum leverage ratio, generally requiring 4% Tier 1 capital to total assets; and (2) a total risk-based capital ratio of 8% capital to risk-weighted assets. 12 C.F.R. part 3, app. A (OCC); 12 C.F.R. § 325.103(b)(2) (FDIC); 12 C.F.R. § 208.43(b)(2) (FRB). The risk-based system assigns each class of assets a risk weight of 0%, 20%, 50%, or 100%. The 0% category includes assets such as cash and direct claims on OECD governments (*e.g.*, securities). The 20% category includes most claims on banks and securities issued by the federal government or its agencies that are not backed by the full faith and credit of the United States. The 50% category includes some types of mortgage loans and certain mortgage-backed securities. Also includes most derivative transactions. The 100% category—the standard risk category—includes typical commercial loans. Off-balance sheet items are also factored into the four risk categories. 12 C.F.R. part 3, app. A (OCC); 12 C.F.R. part 325, app. A (FDIC); 12 C.F.R. part 208, app. A (FRB). Tier 2 capital may count toward meeting the 8% risk-based capital requirement, but only up to 50% of the total capital	Savings associations must generally meet the same basic capital requirements as banks. 12 U.S.C. §§ 1464(t)(1)(C), (2)(C); 12 C.F.R. § 567.5.	To be "adequately capitalized," a credit union must maintain net worth of at least 6%, as measured by the ratio of net worth to total assets. 12 U.S.C. § 1790d(c)(1)(B). This statutory framework prescribes five net worth categories (*i.e.*, well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized). 65 Fed. Reg. 8,584 (Feb. 18, 2000) (to be codified at 12 C.F.R. part 702). To be "well capitalized," a credit union must have at least 7% net worth. Credit unions that have a net worth ratio of less than 7% are required, on a quarterly basis, to set aside quarterly as net worth an amount equal to at least 0.1% of their total assets. 12 U.S.C. § 1790d(e)(1); 65 Fed. Reg. 8,586 (Feb. 18, 2000) (to be codified at 12 C.F.R. § 702.201(a)). A risk-based capital requirement applies to credit unions that meet the definition of a complex credit union (*i.e.*, any credit union with more than $10 million in assets and whose risk-based net worth requirement exceeds 6%). 65 Fed. Reg. 44,950 (Jul. 20, 2000) (to be codified at 12 C.F.R. part 702). The risk-based requirement takes into account material risks against which the 6%

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	requirement. *Id.*		net worth ratio, the level required to be adequately capitalized, does not provide adequate protection. 12 U.S.C. § 1790d(d). To determine whether a credit union is complex, it must calculate its risk-based net worth requirement by combining eight risk-based components, each consisting of a risk portfolio multiplied by a corresponding risk factor.[8] A credit union whose net worth ratio does not meet its risk-based requirement has the option of substituting three specific risk-based components with any of three corresponding alternative components that may reduce its risk-based requirement.
Regulatory capital	No similar authority.	No similar authority.	Federal credit unions serving predominantly low-income members may offer uninsured regulatory capital accounts to businesses and organizations, whether they are members or not. Such capital must be issued for at least five years, may not be redeemable prior to maturity, must be subordinate to all other claims, and must be available to cover losses. 12 C.F.R. §701.34.
Prompt corrective action	All FDIC-insured depository institutions are subject to a regulatory system of prompt-corrective action: a set of statutory provisions aimed at resolving capital deficiencies before they grow into large problems. The system classifies depository institutions into five capital categories (*i.e.*, well capitalized, adequately capitalized,	Same as national banks. 12 C.F.R. part 565.	Similar to the rules of the banking agencies. 65 Fed. Reg. 8,560 (Feb. 18, 2000) (to be codified at 12 C.F.R. part 702).

[8] For example, the total value of long-term real estate loans in excess of 25% of the institution's portfolio (*i.e.*, real estate loans and lines of credit–excluding member business loans and lines of credit–that will not mature or reprice within five years). 12 C.F.R. § 702.104(b).

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	undercapitalized, significantly undercapitalized, and critically undercapitalized). These capital categories are defined in terms of four capital measures: (1) a total risk-based capital ratio; (2) a Tier 1 risk-based capital ratio; (3) a leverage ratio; and (4) a statutory tangible equity ratio of 2%, below which a bank is deemed to be critically undercapitalized. To be well capitalized, a bank must have a total risk-based capital ratio of 10%, Tier 1 risk-based capital ratio of 6%, and a leverage ratio of 5%. 12 U.S.C. § 1831o; 12 C.F.R. part 6 (OCC); 12 C.F.R. part 325, subpart B (FDIC); 12 C.F.R. part 208, subpart B (FRB).		
Audit Requirements			
General audit requirements	All FDIC-insured institutions must submit annual reports to their appropriate federal banking regulator on their financial condition and management. 12 U.S.C. § 1831m(a).	Same as national banks. 12 U.S.C. § 1831m(a).	A credit union's board of directors must appoint a supervisory committee. 12 U.S.C. § 1761b(5). The supervisory committee must conduct, or hire competent parties to conduct, an annual audit, depending on the credit union's size. The supervisory committee must also verify that the institution's financial statements accurately and fairly represent the institution's financial condition and that management practices and procedures sufficiently protect member assets. 12 U.S.C. § 1761d; 12 C.F.R. §§ 715.3 and 715.4.
Independent audit requirements	Each large FDIC-insured institution must establish an independent audit committee and obtain an annual independent audit of	Same as national banks. However, the OTS also requires any savings association with an unsatisfactory	Similar with respect to credit unions having assets of $500 million or more. If a credit union with more than $10 million in assets,

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	its financial statements by an independent public accountant in accordance with generally accepted auditing standards. 12 U.S.C. §§ 1831m(d), (g)(1). This requirement does not apply to institutions with less than $500 million in assets. 12 C.F.R. §§ 363.1 *et seq.*	CAMEL rating (3, 4, or 5) to obtain an independent audit. 12 C.F.R. § 562.4(b)(1).	but less than $500 million, chooses to obtain a financial statement audit, the audit must be performed in a manner consistent with the accountancy and licensing laws of the appropriate jurisdiction. 12 U.S.C. § 1782(a)(6)(D); 12 C.F.R. part 715.
Miscellaneous			
Frequency of safety and soundness examinations	All FDIC-insured institutions, must generally be examined at least once each year. However, an 18-month examination cycle is permissible for certain healthy, well-capitalized and well managed institutions with less then $250 million in assets. 12 U.S.C. § 1820(d).	Same as national banks.	No statutory annual examination requirement applies, but since 1985 the NCUA has had a policy of examining federal credit unions annually, and allowing exceptions only with the approval of the agency's Executive Director. Federally insured state-chartered credit unions are examined by their chartering state at least once every 18 months. If these institutions are troubled, however, they may be examined every 120 days either by the NCUA alone or jointly by the NCUA and the state. NCUA, Examiner's Guide (Alexandria, VA: NCUA, 1996).
Liquidity	Depository institutions may obtain emergency liquidity from the Federal Reserve discount window, as well as short-term adjustment credit or longer-term seasonal credit. 12 C.F.R. part 201.3 and §§ 347a and 347b.	Same as national banks. Savings associations must also comply with separate statutory liquidity requirements. 12 U.S.C. § 1465.	Same as national banks. Credit unions can also obtain liquidity from the Central Liquidity Facility and from corporate credit unions. 12 U.S.C. §§ 1795-1795k; 12 C.F.R. parts 725 and 704. The NCUA recently provided general guidance to federal credit unions concerning both balance sheet liquidity management and contingency funding. Letter to Credit Unions 00-CU-13.
Change in officials	An FDIC-insured institution that does not	Same as national banks. 12 U.S.C.	Similar to national banks. Regional

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	meet its capital requirement or is otherwise in troubled condition must notify its federal regulator of any new senior executive officer or board member at least 30 days before such additions become effective. Notice must also be given if the agency determines it is appropriate in connection with its review of a plan required under the prompt corrective action provisions of 12 U.S.C. § 1831i. The regulator then may disapprove the new addition before the end of the notice period. 12 U.S.C. § 1831i.	§ 1831i.	directors, who have delegated authority to approve or disapprove changes, must comply with slightly different time frames. 12 C.F.R. § 701.14. In addition, the notification of such personnel changes must be made if the institution has been chartered for less than two years. 12 U.S.C. § 1790a.
Bond coverage	All officers and employees of a national bank must have adequate fidelity coverage. 12 C.F.R. § 7.2013.	Each savings association must maintain fidelity bond coverage for each director, officer, employee, and agent who has control over or access to cash, securities, or other property of the savings association. 12 C.F.R. § 563.190.	Federal credit union employees and officials must be covered by fidelity bonds. In addition, federal credit unions must have general insurance to cover losses due to vandalism, theft, holdups, *etc.* 12 U.S.C. §§ 1761a, 1761b(2), 1766(h); 12 C.F.R. part 713, § 741.201.
Management interlocks	The Depository Institution Management Interlocks Act prohibits a management official from serving two nonaffiliated depository institutions where such management interlocks would be anti-competitive. 12 U.S.C. § 3201 *et seq.*; 12 C.F.R. part 26 (OCC); 12 C.F.R. part 348 (FDIC); 12 C.F.R. part 212 (FRB).	Same as national banks. 12 C.F.R. part 563f.	Similar to national banks. However, the statute exempts interlocking arrangements between two credit unions and, therefore, in the case of credit unions, only restricts interlocks between credit unions and other depository institutions. 12 U.S.C. § 3204(3); 12 C.F.R. § 711.4(c).
		Enforcement	
Bank Secrecy Act	The Bank Secrecy Act (BSA) requires financial institutions to file reports and records of certain transactions where they may have a high degree of usefulness in	Same as national banks. 12 C.F.R. § 563.177.	Same as national banks, except that the NCUA has also promulgated guidelines for BSA compliance. 12 C.F.R. part 748.

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	criminal, tax, or regulatory investigations or proceedings. 31 U.S.C. § 5311 et seq. The Treasury Department promulgates regulations concerning the BSA that apply to all financial institutions. *Id.* Each federal banking regulator has promulgated regulations to ensure BSA compliance. 12 C.F.R. part 21, subpart B (OCC); 12 C.F.R. part 326, subpart B (FDIC); 12 C.F.R. § 208.63.		
Cease and desist orders	If a bank or an institution-affiliated party[9] has engaged or will engage in an unsafe or unsound practice or violate a statute, regulation, written agreement, then the regulator may issue a notice of charges stating the alleged violation and setting a time for a hearing to determine if the agency should issue a cease-and-desist order. The hearing must occur 30 to 60 days after the notice is issued. 12 U.S.C. § 1818(b)(1). The remedies sought in the order may limit an institution's activities or functions or require the institution to take affirmative action to address the problems cited in the order (*e.g.*, restitution, growth restrictions, disposition of loans or assets, and hiring qualified officers or employees). 12 U.S.C. §§1818(b)(6)-(7).	Same as national banks. 12 U.S.C. § 1818(b)(1); 12 U.S.C. §§1818(b)(6)-(7).	Same as national banks. 12 U.S.C. § 1786(e)(1).
Temporary cease-and-	If the regulator determines that the activity	Same as national banks. 12 U.S.C. §	Same as national banks. 12 U.S.C. §§

[9] Institution-affiliated parties include: directors, officers, employees, and agents of the institution; anyone who has or is required to file a change-in-control notice; a shareholder, joint venture partner, or consultant who participates in the conduct of the institution's activities; and any independent contractor who knowingly or recklessly participates in any violation of statute or regulation, any breach of fiduciary duty, or any unsafe or unsound practice which has or may harm the institution in a significant fashion. 12 U.S.C. § 1813(u).

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desist order	covered in a notice of charges may weaken the bank or compromise its depositors before the proceedings described above can be completed, it can issue a temporary cease-and-desist order, which becomes effective immediately and remains effective until the issue has been resolved. 12 U.S.C. § 1818(c)(1).	1818(c)(1).	1786(e)(3)-(4), (f)(1).
Permanent cease-and-desist order	After a hearing on a notice of charges, the regulator may issue a permanent cease-and-desist order against the bank. The order becomes effective 30 days after issuance (except that a consensual order becomes effective immediately). 12 U.S.C. §§ 1818(b)(1)-(2).	Same as national banks. 12 U.S.C. §§ 1818(b)(1)-(2).	Same as national banks. 12 U.S.C. §§ 1786(e)(1)-(2).
Removal and prohibition authority	If the regulator determines that an institution-affiliated party has, directly or indirectly, engaged in prohibited practices, the regulator may permanently remove the party from office or prohibit the party from any further participation in the affairs of any insured depository institution. Prohibited practices include violations of statutes, regulations, cease-and-desist orders, and written conditions or agreements; unsafe or unsound practices; and breaches of fiduciary duty. Such actions must also: (1) harm or threaten to harm the institution, prejudice or potentially prejudice depositors, or result in financial gain to the party; and (2) involve dishonesty or demonstrate willful or continuing disregard for the institution's safety and soundness. 12 U.S.C. § 1818(e)(1). A notice of intent to remove or prohibit must describe the charge and set a hearing date that must occur 30 to 60 days	Same as national banks. 12 U.S.C. § 1818(e)(1); 12 U.S.C. §§ 1818(e)(3)-(4).	Similar to national banks. 12 U.S.C. §§ 1786(g)(1), (3), (4).

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	after issuance. If appropriate, the regulator may suspend the party before the hearing until the matter is resolved. 12 U.S.C. §§ 1818(e)(3)-(4).		
Civil money penalties	For violations of statute or regulation, permanent or temporary orders, or written conditions or agreements, the regulator may require an institution, or a person affiliated with the institution, to pay a civil money penalty of up to $5,000 for each day the violation continues. The agency may impose a penalty of up to $25,000 a day for such violations, or for recklessly engaging in an unsafe or unsound practice, or breaches of a fiduciary duty, if those acts: (1) are part of a pattern of misconduct; (2) are likely to cause the institution a significant loss; or (3) result in financial gain to the person committing the act. If the acts described above are committed knowingly, the daily fine may be up to $1 million for individuals or the lesser of $1 million or 1% of assets for institutions. 12 U.S.C. §§ 1818(i)(1), (2)(A)-(D).	Same as national banks. 12 U.S.C. §§ 1818(i)(1), (2)(A)-(D).	Same as national banks. 12 U.S.C. §§1786(k), (2)(A)-(D), (H).
Consumer Protection			
Truth in Savings Act	The Truth in Savings Act (TISA) requires depository institutions to disclose in a standard form the terms of deposit accounts so that customers can meaningfully compare these terms across institutions. 12 U.S.C. § 4301 *et seq.* Depository institutions must also disclose to their existing customers changes in the	Same as national banks. 12 U.S.C. § 4305(c).	Same as national banks. 12 U.S.C. § 4305(c).

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	terms of deposit accounts. 12 U.S.C. § 4305(c). TISA directs the Federal Reserve to promulgate regulations applicable to banks and savings associations, but permits the other regulators to promulgate rules for enforcing TISA. 12 U.S.C. § 4308(a); 12 C.F.R. part 230.	Same as national banks. 12 U.S.C. § 4308(a); 12 C.F.R. part 230.	TISA directs the NCUA to promulgate rules "substantially similar" to those promulgated by the Federal Reserve. 12 U.S.C. § 4311; 12 C.F.R. part 707. Non-automated credit unions have been exempted from TISA. 12 U.S.C. § 4313(6).
Truth in Lending Act	The Truth in Lending Act (TILA) requires creditors to disclose the cost and terms of credit to promote the informed use of credit by consumers, establishes remedies for consumers injured by violations of the law, and provides a process for resolving billing disputes. 15 U.S.C. § 1601 *et seq.*; 12 C.F.R. § 226.1(b). TILA directs the Federal Reserve to promulgate regulations, but permits the other regulators to promulgate rules for enforcing TILA. 15 U.S.C. § 1604. The regulations of the Federal Reserve apply to all creditors, including credit unions. 15 U.S.C. § 1602(f).	Same as national banks. 15 U.S.C. § 1601 *et seq.*; 12 C.F.R. § 226.1(b). Same as national banks. 15 U.S.C. § 1602(f).	Same as national banks. 15 U.S.C. § 1601 *et seq.*; 12 C.F.R. § 226.1(b). Same as national banks. 15 § 1602(f).
Equal Credit Opportunity Act	The Equal Credit Opportunity Act (ECOA) seeks to ensure the availability of credit to all creditworthy applicants regardless of race, color, religion, national origin, sex, marital status, or age. ECOA achieves this end by directing creditors to notify applicants of action taken on their application, and by retaining records of credit applications. 15 U.S.C. § 1691 *et seq.*; 15 C.F.R. § 202.1(b).	Same as national banks. 15 U.S.C. § 1691 *et seq.*; 12 C.F.R. § 202.1(b).	Same as national banks. 15 U.S.C. § 1691c(a)(1)(C)(3); 12 C.F.R. § 701.31.

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	ECOA directs the Federal Reserve to promulgate regulations applicable to all creditors, including credit unions, but permits the other regulators to promulgate rules for enforcing ECOA. 15 U.S.C. §§ 1691a(e), 1691b; 12 C.F.R. part 202.		
Fair Debt Collection Practices Act	The Fair Debt Collection Practices Act (FDCPA) seeks to eliminate the abusive practices of debt collectors. 15 U.S.C. § 1692(e). FDCPA achieves this end by, among other things, regulating the ability of the debt collector to communicate with consumers, by circumscribing the manner in which debt collectors may obtain information from consumers, prohibiting harassment by debt collectors, and by providing a procedure within which consumers may dispute the validity of a debt. 15 U.S.C. § 1692 *et seq.* The Federal Trade Commission generally enforces the FDCPA with respect to nonbank institutions, 15 U.S.C. § 1692l(a), while the federal depository institution regulators enforce it with regard to their regulated entities. 15 U.S.C. § 1692l(b).	Same as national banks. 15 U.S.C. § 1692 *et seq.* Same as national banks. 15 U.S.C. § 1692l(a); 15 U.S.C. § 1692l(b).	Same as national banks. 15 U.S.C. § 1692l(b)(3).
Electronic Fund Transfer Act	The Electronic Fund Transfer Act (EFTA) establishes the rights, liabilities, and responsibilities of participants in electronic fund transfer systems (*e.g.*, telephone, ATM, or computer transactions). 15 U.S.C. § 1693. The Federal Reserve promulgates EFTA regulations applicable to any financial institution that holds an account belonging	Same as national banks. 15 U.S.C. § 1693. Same as national banks. 15 U.S.C. §§ 1693b(a), 1693a(8); 12 C.F.R. part 205.	Same as national banks. 15 U.S.C. § 1693a(8).

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	to a consumer or issues an access device and agrees to provide EFT services. The Federal Trade Commission generally enforces the EFTA with respect to nonbank institutions, while the federal depository institution regulators enforce it with regard to their regulated entities. 15 U.S.C. §§ 1693b(a), 1693a(8); 12 C.F.R. part 205.		
Home Mortgage Disclosure Act	The Home Mortgage Disclosure Act (HMDA) requires certain lenders to collect loan data to determine, among other things, whether financial institutions serve the housing needs of their areas and to identify possible discriminatory lending practices. 12 U.S.C. § 2801; 12 C.F.R. § 203.1(b).	Same as national banks. 12 U.S.C. § 2801; 12 C.F.R. § 203.1(b);	Same as national national banks. 12 U.S.C. § 2801; 12 C.F.R. § 203.1(b);
	Financial institutions must report to their supervisory agency data about home purchase and home improvement loans they originate or purchase, or for which they receive applications. 12 U.S.C. § 2803; 12 C.F.R. § 203.1(c).	Same as national banks. 12 U.S.C. § 2803; 12 C.F.R. § 203.1(c).	Same as national banks. 12 U.S.C. § 2803; 12 C.F.R. § 203.1(c).
	Based on these data, the Federal Financial Institutions Examination Council prepares disclosure statements illustrating lending patterns by area, age of housing stock, income level, race, and sex. 12 U.S.C. § 2803(f); 12 C.F.R. § 203.1(d).	Same as national banks. 12 U.S.C. § 2803(f); 12 C.F.R. § 203.1(d).	Same as national banks. 12 U.S.C. § 2803(f); 12 C.F.R. § 203.1(d).
	HMDA generally applies to banks, savings associations, credit unions, and certain mortgage banks. 12 U.S.C. § 2802; 12 C.F.R. § 203.2(e).	Same as national banks. 12 U.S.C. § 2802; 12 C.F.R. § 203.2(e).	Same as national banks. 12 U.S.C. § 2802; 12 C.F.R. § 203.2(e).
	HMDA directs the Federal Reserve to promulgate any necessary regulations. 12	Same as national banks. 12 U.S.C. § 2804(a).	Same as national banks. 12 U.S.C. § 2804(a).

Rule	OCC/FDIC/FRB	OTS	NCUA
	U.S.C. § 2804(a). The federal depository institution regulators enforce the statute for those institutions they oversee. 12 U.S.C. § 2804(b).	Same as national banks. 12 U.S.C. § 2804(b).	Same as national banks. 12 U.S.C. § 2804(b).
Community Reinvestment Act	The Community Reinvestment Act (CRA) encourages insured depository institutions to help meet the credit needs of the local communities in which they are chartered. 12 U.S.C. § 2901(b). Each federal banking agency maintains regulations applicable to the institutions they oversee. 12 U.S.C. § 2905.	Same as national banks. 12 U.S.C. § 2901(b).	Federal credit unions are not subject to CRA. However, a recent NCUA regulation requires any federal credit union expanding, converting to, or chartering a community credit union to prepare a written plan for serving its entire community. Existing community credit unions are expected to have their plans in place by December 31, 2001. 65 Fed. Reg. 64,512 (Oct. 27, 2000).
Consumer Leasing Act	The Consumer Leasing Act (CLA) requires those leasing personal property (*e.g.*, cars, furniture, or appliance) to disclose in a uniform manner the terms of the lease. The CLA applies to leases exceeding four months. The CLA also requires advertised lease terms to be accurate, and it limits the amount of any balloon payments in consumer lease transactions. 15 U.S.C. §§ 1667-1667c; 12 C.F.R. § 213.1(b). The Federal Reserve has the authority to promulgate regulations concerning the CLA. 15 U.S.C. § 1604(a).	Same as national banks. 15 U.S.C. § 1667-1667c; 12 C.F.R. § 213.1(b). Same as national banks. 15 U.S.C. § 1604(a).	Same as national banks. 15 U.S.C. § 1667-1667c; 12 C.F.R. § 213.1(b). Same as national banks. 15 U.S.C. § 1604(a).
Expedited Funds Availability Act	The Expedited Funds Availability Act (EFAA) provides schedules detailing when depository institutions must make deposited funds available for withdrawal and requires the disclosure of funds availability schedules. 12 U.S.C. § 4001 *et seq.*; 12 C.F.R. part 229.	Same as national banks. 12 U.S.C. § 4001 *et seq.*; 12 C.F.R. part 229.	Same as national banks. 12 U.S.C. § 4001 *et seq.*; 12 C.F.R. part 229.

Rule	OCC/FDIC/FRB	OTS	NCUA
	The Federal Reserve has the authority to promulgate regulations regarding the EFAA. 12 U.S.C. § 4008.	Same as national banks. 12 U.S.C. § 4008.	Same as national banks. 12 U.S.C. § 4008.
Privacy	National banks must disclose their privacy policies and practices, including their sharing of customer information with affiliated and non-affiliated entities. Before sharing consumers' non-public personal information with non-affiliated third parties, banks must provide consumers with an opportunity to "opt out." However, banks may share consumer information with service providers for such purposes as marketing the institution's products and services. 15 U.S.C. § 6802. Each depository institution regulator bears the responsibility for implementing and enforcing these requirements. 15 U.S.C. §§ 6804 and 6805. Joint regulations have been published by the banking regulators. 12 C.F.R. part 40 (OCC); 12 C.F.R. part 332 (FDIC); 12 C.F.R. part 216 (FRB).	Same as national banks. 15 U.S.C. § 6802; 12 C.F.R. part 573.	Substantially the same as national banks. 15 U.S.C. § 6802; 12 C.F.R. part 716.
Real Estate Settlement Procedures Act	The Real Estate Settlement Procedures Act (RESPA) seeks to improve the disclosure of settlement costs to home buyers, eliminate kickbacks or referral fees that may unnecessarily increase the costs of certain settlement services, and reduce the amount of funds home buyers must place in escrow to cover real estate tax and insurance costs. 12 U.S.C. § 2601 *et seq.* The Department of Housing and Urban Development, in consultation with the	Same as national banks. 12 U.S.C. § 2601 *et seq.* Same as national banks. 12 U.S.C. § 2603(a); 24 C.F.R. § 3500.8.	Same as national banks. 12 U.S.C. § 2601 *et seq.* Same as national banks. 12 U.S.C. § 2603(a); 24 C.F.R. § 3500.8.

Rule	OCC/FDIC/FRB	OTS	NCUA
	Department of Veterans' Affairs, the FDIC, and the OTS promulgates regulations prescribing the form in which settlement costs must be disclosed. 12 U.S.C. § 2603(a); 24 C.F.R. § 3500.8. Federal depository institution regulators may enforce RESPA with respect to their regulated entities. 24 C.F.R. § 3500.19.		

COMPARING CREDIT UNIONS WITH OTHER DEPOSITORY INSTITUTIONS

UNITED STATES DEPARTMENT OF THE TREASURY

January 2001

The Honorable Paul S. Sarbanes
Chairman
Committee on Banking, Housing,
and Urban Affairs
U.S. Senate
Washington, D.C. 20510-6075

Dear Mr. Chairman:

I am pleased to transmit the Department of the Treasury's report on credit union regulation and taxation, and on preserving the growth and viability of small banks. We prepared this report as required by sections 401 and 403 of the Credit Union Membership Access Act of 1998.

In preparing this report, we compared the safety and soundness regulations governing credit unions with those governing all other federally insured depository institutions. We also compared the application of regulatory enforcement authority and federal consumer protection laws across credit unions and all other federally insured depository institutions. Finally, we compared the product offerings of these various institutions.

We reviewed the history of credit unions' exemption from the federal corporate income tax and estimated the potential revenue that could be raised were Congress to remove the exemption.

We also reviewed the steps taken during this Administration to promote the viability of small banks, and discuss the tax policy principles that govern any expansion of Subchapter S eligibility.

The report contains no recommendations.

Sincerely,

Lawrence H. Summers

Enclosure

[Identical letters sent to the Honorable Phil Gramm, the Honorable Max Baucus, and the Honorable Charles Grassley]

The Honorable Michael G. Oxley
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515-6050

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Enclosure

[Identical letters sent to the Honorable John LaFalce, the Honorable Bill Thomas, and the Honorable Charles Rangel]

COMPARING CREDIT UNIONS WITH OTHER DEPOSITORY INSTITUTIONS

SUMMARY

Credit unions are depository institutions that accept deposits and make loans. As of June 30, 2000, there were 10,477 federally insured credit unions with $426.8 billion in assets. Although the average credit union is small, with only $41 million in assets, those with more than $50 million in assets hold more than 79 percent of all credit union assets, even though they account for only 15 percent of all credit unions.

As a group, credit unions have grown larger in recent years and have expanded their offerings of financial products and services. According to an industry survey, more than half of all credit unions accept loan applications through the Internet. Moreover, more than 10 percent provide stock brokerage services or sell mutual funds, albeit through a subsidiary.

Although they provide many of the same products and services as banks and thrifts, credit unions have certain distinguishing characteristics. They are member-owned cooperatives, with each member having one vote regardless of the amount of a member's deposits. Moreover, they do not issue capital stock; rather, they are non-profit entities that build capital by retaining earnings. Finally, credit unions may serve only an identifiable group of customers with a common bond (*e.g.*, the employees of a particular firm, the members of a certain organization, or the members of a specific community).

Federal Laws and Regulations

Despite their relatively small size and their restricted fields of membership, federally insured credit unions operate under banking statutes and rules virtually identical to those applicable to banks and thrifts. Significant differences have existed in the past, but have been gradually disappearing. Recently, most of the remaining major regulatory differences between credit unions and other depository institutions were removed.

In 1998, Congress established net worth requirements for credit unions and directed the National Credit Union Administration (NCUA) to promulgate prompt corrective action (PCA) rules and risk-based net worth requirements for credit unions. Although the NCUA's final rules mirrored those applicable to other depository institutions in most respects, a few differences can be noted. Each of these two rules contains a placeholder for the role that "regulatory capital" could play should the NCUA authorizes it. Such "capital" would be uninsured, but would be viewed as adding to the net worth available to a credit union to absorb losses. However, history shows that uninsured depositors withdraw their funds at the first sign of financial difficulty, thus rendering such funds unavailable to absorb losses and, in some cases, precipitating runs on institutions. In addition, under the PCA regulation, the NCUA waived its right to take certain

statutorily authorized actions against undercapitalized credit unions, such as requiring a new election of a credit union's board of directors.

We have identified only two other important differences. First, the NCUA's loans-to-one-borrower restriction greatly exceeds the limit applicable to other depository institutions, which is typically set at 15 percent of capital. The limit for credit unions stands at 10 percent of net worth *and 10 percent of deposits.* Second, credit unions are exempt from the Community Reinvestment Act (CRA), which requires that banks and thrifts serve all customers within their geographic area. However, the NCUA recently promulgated a regulation requiring that any credit union seeking to expand, convert to, or charter a community credit union would have to prepare a written plan for serving its entire community.

At this time, we do not believe these differences raise any particular safety and soundness or competitive equity concerns. Therefore, we offer no administrative or legislative recommendations.

The Credit Union Tax Exemption

Historically, cooperative depository institutions were generally exempted from the federal corporate income tax. For example, cooperative banks had always been exempt, whereas state credit unions obtained an exemption in 1917. Federal credit unions have also always enjoyed an exemption, one that stemmed from the cooperative character of federal credit unions and the desire to tax them in a manner consistent with federal thrift institutions.

In 1951, however, Congress removed the thrift tax exemption because these institutions had evolved into commercial bank competitors, and had lost their "mutuality," in the sense that the institutions' borrowers and depositors were not necessarily the same individuals. Congress determined that, under these circumstances, their tax exemption afforded them an unfair advantage over commercial banks. Although it removed the thrift exemption, Congress left intact the credit union exemption.

In directing the Treasury Department to study this issue, Congress asked us to analyze "the potential effects of the application of . . . Federal tax laws . . . on credit unions in the same manner as those laws are applied to other federally insured financial institutions." Thus, we analyzed how much revenue might be raised by removing the exemption. We estimated that between $13.7 billion and $16.2 billion would be raised over a ten-year period if all credit unions were taxed.

Preserving Small Banks

The Administration has, throughout its tenure, taken substantial steps to preserve the growth and viability of small banks. The Credit Availability Program (CAP), for example, was unveiled by the President shortly after taking office in 1993. In the midst of a slow economic recovery, the CAP updated certain important regulations, thereby curtailing regulatory burden on banks and improving the availability of credit, particularly to small and medium-sized businesses, farms, and low-income communities. Other initiatives included streamlining compliance with the Bank Secrecy Act, reducing regulatory burden, streamlining CRA rules, and simplifying small bank capital standards. Believing that we have taken those actions best tailored to preserving the growth and viability of small banks, we recommend no new policy initiatives at this time.

Small banks have also benefited from the tax benefits of Subchapter S status. By the end of 1999, more than 1,260 banks were operating as S corporations. These institutions represent over 15 percent of U.S. banks, but only about 2 percent of banking assets, suggesting that smaller institutions have been among the first to elect S corporation status. This strong response by smaller banks suggests that Subchapter S offers considerable advantages in terms of more favorable tax treatment and lower compliance burdens. If further policy changes are considered, they should satisfy two broad requirements. First, any additional measures to simplify the tax treatment of small banks must be crafted with a recognition that small businesses electing Subchapter S status play a vital role in the U.S. economy, and that only a small number of these firms are banks. Second, proposed modifications to Subchapter S must be evaluated with respect to potential effects on the competitive environment faced by smaller banks.

CHAPTER 1

INTRODUCTION

The Credit Union Membership Access Act of 1998 (CUMAA) directed the Treasury to study several depository institution issues.[1] Most of these concerned credit unions, but one addressed the viability of community banks. This report presents the results of our study with regard to sections 401 and 403 of CUMAA. A report on section 203, which required a study of credit union member business lending, will be submitted under separate cover.

Section 401 requires the Treasury to evaluate:

> the differences between credit unions and other federally insured financial institutions, including regulatory differences with respect to regulations enforced by the Office of Thrift Supervision, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Administration; and
>
> the potential effects of the application of Federal laws, including Federal tax laws, on credit unions in the same manner as those laws are applied to other federally insured financial institutions.

Under section 403, Congress directed Treasury to submit:

> recommendations for such legislative and administrative action as the Secretary deems appropriate, that would reduce and simplify the tax burden for insured depository institutions having less than $1,000,000,000 in assets; and banks having total assets of not less than $1,000,000,000 nor more than $10,000,000,000; and
>
> any other recommendations that the Secretary deems appropriate that would preserve the viability and growth of small banking institutions in the United States.

I. Credit Union Characteristics

Like banks and thrifts, credit unions are depository institutions that accept deposits and make loans.[2] Also like banks and thrifts, their member deposits are insured by the federal government up to $100,000.[3] As of June 30, 2000, 10,477 federally insured credit unions with

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[1] Pub. L. No. 105-219, §§ 203, 401, and 403, 112 Stat. 913, 922 and 934-935 (1998) (codified at 12 U.S.C. §§ 1752a note and 1757a note).

[2] For a thorough analysis of credit unions, their business operations, and how they compare to banks and thrifts as financial service providers, *see* U.S. Dept. of the Treasury, *Credit Unions* (Wash., DC: 1997), pp. 15-27. Congress directed the Treasury to conduct this study in section 2606 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996. Pub. L. No. 104-208, § 2606, 110 Stat. 3009-473 (Sept. 30, 1996) (codified at 12 U.S.C. § 1752a note).

[3] 12 U.S.C. § 1787(k)(1).

$426.8 billion in assets served 76.3 million members.[4] Thus, the average credit union asset size is $41 million. As Table 1-1 shows, the vast majority of credit unions is small and holds a relatively small share of credit union assets. About 57 percent of all credit unions hold less than $10 million in assets. Moreover, credit union assets are concentrated within the largest institutions. Credit unions with more than $50 million in assets comprise less than 15 percent of all credit unions, but they hold over 79 percent of total federally insured credit union assets.

Table 1-1: Number of Federally Insured Credit Unions and Total Assets by Size Category
(Dollars in billions; data as of June 2000)

Asset Size Category	Number of Institutions	Percent of All Credit Unions	Total Assets	Percent of Total Assets
< $2 million	2,537	24%	$2.2	0.5
$2 -$10 million	3,457	33%	$17.9	4.2
$10-$50 million	2,939	28%	$68.0	15.9
> $50 million	1,544	15%	$338.7	79.4
Total	10,477	100%	$426.8	100.0

Source: Sheshunoff Information Services, Inc., *BankSearch* (Austin, TX: 2000).

Credit unions have grown larger in recent years. As of year-end 1994, 67 percent of all credit unions had less than $10 million in assets,[5] compared with 57 percent as of June 30, 2000. Of this 10 percent difference, credit unions with more than $50 million in assets account for half of this change.[6]

Although credit unions have certain characteristics in common with banks and thrifts, (*e.g.*, the intermediation function), they are clearly distinguishable from these other depository institutions in their structural and operational characteristics. Many banks or thrifts exhibit one or more of the following five characteristics; but only credit unions exhibit all five together.

First, credit unions are member-owned,[7] and each member is entitled to one vote in selecting board members and in certain other decisions.[8] Although other mutual institutions are

[4] Sheshunoff Information Services, Inc., *BankSearch* (Austin, TX: 2000). Note that this figure will overstate membership, because some people belong to more than one credit union.

[5] *Ibid.*

[6] *Ibid.*

[7] 12 U.S.C. § 1752(1) (defining a federal credit union as "a cooperative association organized . . . for the purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes . . . ."). Mutual thrifts are also owned by their depositors, but the other credit union characteristics do not necessarily apply to these depository institutions.

[8] 12 U.S.C. § 1760.

also member-owned, voting rights are generally allocated according to the size of the mutual member's deposits, rather than being "one member, one vote."[9]

Second, credit unions do not issue capital stock. Credit unions create capital, or net worth, by retaining earnings. Most credit unions begin with no net worth and gradually build it over time.[10]

Third, credit unions rely on volunteer, unpaid boards of directors whom the members elect from the ranks of membership.[11]

Fourth, credit unions operate as not-for-profit institutions, in contrast to shareholder-owned depository institutions. All earnings are retained as capital or returned to the members in the form of interest on share accounts, lower interest rates on loans, or otherwise used to provide products or services.

Fifth, credit unions may only accept as members those individuals identified in a credit union's articulated field of membership.[12] Generally, a field of membership may consist of a single group of individuals that share a common bond; more than one group, each of which consists of individuals sharing a common bond; or a geographical community.[13] A common bond may take one of three forms: an occupational bond applies to the employees of a firm; an associational bond applies to members of an association; and a geographical bond applies to individuals living, working, attending school, or worshiping within a particular defined community.[14]

Table 1-2 shows the number of federal credit unions and their total assets for each type of field of membership category. A multiple common bond credit union holds more than one occupational or associational common bond or a combination of both types of common bonds. (Community common bonds may not be part of a multiple common bond federal credit union.)

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[9] 12 C.F.R. § 544.1 (presenting the federal mutual charter, section 6 of which provides that "each holder of an account shall be permitted to cast one vote for each $100 . . . ."). Federal mutual institutions may set the number of votes per member anywhere from 1 to 1,000. 12 C.F.R. § 544.2(b)(4).

[10] 12 U.S.C. § 1790d(b)(2)(B)(ii) (requiring credit union prompt corrective action regulations "to recognize that credit unions (as cooperatives that do not issue capital stock) initially have no net worth, and give new credit unions reasonable time to accumulate net worth . . . ."). This contrasts with banks and thrifts, which will be chartered only if they have sufficient capital with which to begin operations. 12 C.F.R. § 5.20(h)(4)(national banks); 12 C.F.R. § 552.2-1(b)(3)(ii)(federal savings associations). Even federal mutual associations must have a minimum amount of capital with which to begin operations. 12 C.F.R. § 543.2(g)(2)(ii).

[11] *See* 12 U.S.C. § 1761. Nevertheless, federal credit unions do have the authority to permit a specified number of paid credit union employees to serve as directors. *See* NCUA, *The Federal Credit Union Bylaws*, art. VI, § 2. Also, some state chartered credit unions may have paid boards of directors.

[12] 12 U.S.C. § 1759(b). Such requirements for state credit unions vary from state to state.

[13] 12 U.S.C. § 1759(b).

[14] NCUA, *Chartering and Field of Membership Manual* (Alexandria, VA: 1999), 63 Fed. Reg. 71,998 (Dec. 30, 1998), as amended, 65 Fed. Reg. 37,065 (Jun. 13, 2000).

Note that 49 percent of federal credit unions have multiple common bonds, but they hold 71 percent of federal credit union assets. Of the institutions organized around a single common bond, most serve particular occupational groups. Occupational bonds account for 31 percent of all federal credit unions and 16 percent of federal credit union assets.

Table 1-2: Federal Credit Unions by Type of Membership*
(Dollars in billions; data as of December 31, 1999)

	Number	Percent of all Federal Credit Unions	Total Assets ($ in billions)	Percent of all Federal Credit Union Assets
Single Common Bond	3,317	51.3%	$71.7	29.3%
Occupational	1,978	30.6%	$40.2	16.4%
Associational	666	10.3%	$3.8	1.6%
Community	649	10.0%	$26.4	10.8%
Other**	24	0.4%	$1.3	0.5%
Multiple Common Bond	3,149	48.7%	$172.6	70.7%
Total	6,466	100.0%	$244.3	100.0%

* Data on state chartered credit unions were not available.
** Common bonds in this category consist of atypical common bonds that have been grandfathered.
Source: National Credit Union Administration

II. Organization of the Report

This report is divided into four chapters. Chapter 2 analyzes the differences between federally chartered credit unions and other federally chartered depository institutions generally and compares the different statutory and regulatory requirements applicable to all federally chartered depository institutions. Chapter 3 examines the revenue implications of eliminating the federal income tax exemption currently applicable to federally insured credit unions. Finally, Chapter 4 describes actions taken by this Administration to preserve the viability and growth of small banks. The report also contains an Appendix containing a detailed comparison of the statutes and regulations applicable to banks, savings associations, and credit unions.

CHAPTER 2

COMPARING THE DIFFERENCES BETWEEN FEDERALLY INSURED CREDIT UNIONS AND OTHER FEDERALLY INSURED DEPOSITORY INSTITUTIONS

Pursuant to section 401 of CUMAA, this chapter identifies the major statutory and regulatory differences between federally insured credit unions and other federally insured depository institutions. In preparing this chapter, Treasury drew upon its 1997 credit union study.[15] In that report, we enumerated several important characteristics that differentiate credit unions from banks and thrifts.[16] We also compiled a table comparing both the enforcement and the safety and soundness laws and regulations applicable to federally chartered depository institutions, that is, those depository institutions supervised by the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), and the Office of Thrift Supervision (OTS).[17]

Given the mandate of section 401, we updated and expanded that table (see Appendix). The updated table compares rules applicable to federally insured depository institutions as implemented by all six federal depository institution regulators, including the Federal Reserve Board (FRB) and the Federal Deposit Insurance Corporation (FDIC). Where applicable, meaningful divergences between state and federal rules are noted. Moreover, the updated table augments the previous one by summarizing the safety and soundness rules recently implemented by the NCUA and by comparing the basic consumer protection laws and regulations across depository institutions. It also identifies the major powers enjoyed by national banks, federal savings associations, and federal credit unions.[18]

Our 1997 report included several safety and soundness recommendations.[19] Most of these have been enacted in the CUMAA, including credit union net worth requirements, risk-based net worth requirements, prompt corrective action, and updated audit standards. This chapter examines the NCUA's regulations implementing these statutory requirements.

Given the important structural and operational differences between credit unions and other depository institutions highlighted in Chapter 1, one would expect credit union rules to

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[15] Treasury, *Credit Unions, op. cit.* footnote 2.

[16] *Ibid.*, pp. 17-19.

[17] *Ibid.*, pp. pp. 131-143.

[18] State depository institution powers vary by state and will not be considered in this report. Moreover, a federally insured state bank (or its subsidiary) or savings association (or its subsidiary) may not engage in any activity impermissible for a national bank (or its subsidiary) unless the FDIC finds that it poses no significant risk to the appropriate deposit insurance fund and the institution complies with all applicable capital rules. 12 U.S.C. § 1831a(a)(1)(state banks); 12 U.S.C. § 1831e(a)(state savings associations).

[19] Treasury, *Credit Unions, op. cit.* footnote 2, p. 128.

differ in some respects from those applicable to banks and thrifts. For example, credit unions' cooperative character precludes them from issuing stock to raise capital, but also excludes them from the myriad rules governing stock issuance and the payment of dividends. On the other hand, banks and thrifts may serve any customer and need not limit their operations to pre-established fields of membership, whereas credit unions may only serve those who fall within their fields of membership. This chapter examines whether the most important statutory and regulatory requirements applicable to depository institutions differ in any significant respect for credit unions.

This chapter has been divided into three sections. Section I evaluates the recent safety and soundness rules promulgated by the NCUA pursuant to statutory mandates. Section II compares the banking statutes and regulations under which depository institutions operate. Section III summarizes our conclusions.

I. NCUA Implementation of Mandated Safety and Soundness Rules

Treasury's 1997 report, *Credit Unions*, noted that credit unions operated under less rigorous and formal safety and soundness rules than did banks and thrifts even as "a growing number of credit unions evolve into larger and more complex financial institutions."[20] Contending that "[s]afety and soundness regulation must keep pace with expanding credit union operations,"[21] our report recommended, among other things, that credit unions be subject to statutory net worth requirements, including: a risk-based net worth requirement; prompt corrective action; and independent audit requirements for larger institutions.[22]

Congress incorporated these three recommendations into the CUMAA.[23] These requirements and the NCUA's proposed and final regulations implementing them are discussed and evaluated below.

A. Net Worth Requirements for Credit Unions

Prior to CUMAA, NCUA regulations did not impose any net worth requirement on credit unions. In other words, credit unions were not required to maintain a given ratio of net worth to total assets for safety and soundness purposes. Instead, credit unions were required only to add to their reserves a specified percentage of current earnings. If reserves reached a certain threshold, credit unions were no longer required to add to reserves, but no law or regulation stipulated that credit unions were required to reach that level.[24] The major differences between

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[20] Treasury, *Credit Unions*, *op. cit.* footnote 2, pp. 82-83.

[21] *Ibid.*

[22] *Ibid.*

[23] Pub. L. No. 105-219, 112 Stat. 913 (Aug. 7, 1998).

[24] For example, a credit union operating for more than four years and having at least $500,000 in assets had to transfer annually 10 percent of its gross income to a reserve account until that account reached 4 percent of outstanding loans and assets. Other credit unions had to transfer the same proportion of gross income until they

the capital requirements of credit unions and those of the other depository institutions are delineated below. The Appendix contains a more detailed comparison.

In contrast, banks and thrifts are required to meet two capital requirements in order to be adequately capitalized: (1) a minimum ratio of total capital to total assets, generally 4 percent of Tier 1 capital,[25] which includes common stock and non-cumulative perpetual preferred stock;[26] and (2) a risk-based capital ratio of 8 percent capital to risk-weighted assets.[27] Half of the 8 percent risk-based capital requirement may consist of Tier 2 capital, which may include cumulative perpetual preferred stock, the allowance for loan and lease losses, and hybrid instruments that combine debt and equity features.[28]

CUMAA's net worth requirements direct federally insured credit unions to maintain at least 6 percent net worth to total assets to be considered adequately capitalized.[29] Note that this exceeds the 4 percent Tier 1 leverage ratio applicable for banks and thrifts (and is statutory, as opposed to regulatory). Congress determined that a higher ratio was appropriate because credit unions cannot quickly issue capital stock to raise their net worth as soon as a financial need arises. Instead, credit unions must rely on retained earnings to build net worth, which necessarily takes time. Moreover, Congress established a capital level two percentage points higher, a level recommended by Treasury, because one percent of a credit union's capital is dedicated to the National Credit Union Share Insurance Fund and another one percent of the typical credit union's capital is dedicated to its corporate credit union.[30]

Congress also directed the NCUA to develop risk-based net worth requirements for complex credit unions.[31] The NCUA was directed to both define what attributes cause a credit

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reached 7.5 percent. At that point, their transfer requirement declined to 5 percent until the reserve reached 10 percent. 12 U.S.C. § 1762 (repealed 1998).

[25] 12 C.F.R. § 6.4(b)(2)(iii) (OCC); 12 C.F.R. § 565.4(b)(2)(iii) (OTS); 12 C.F.R. § 325.103(b)(2)(iii) (FDIC); and 12 C.F.R. § 208(b)(2)(iii) (FRB). Savings associations must meet capital requirements as stringent as those applicable to banks. 12 U.S.C. § 1464(t)(1)(C).

[26] 12 C.F.R. part 3, app. A (OCC); 12 C.F.R. part 325, app. A (FDIC); and 12 C.F.R. part 208, app. A (FRB). In the case of savings associations, Tier 1 capital also includes certain non-withdrawable accounts and pledged deposits. 12 C.F.R. part 567 (OTS).

[27] 12 C.F.R. § 6.4(b)(2)(i) (OCC); 12 C.F.R. § 565.4(b)(2)(i) (OTS); 12 C.F.R. § 325.103(b)(2)(i) (FDIC); and 12 C.F.R. § 208(b)(2)(i) (FRB). The risk-based capital requirements for savings associations may deviate from those applicable to national banks to account for interest rate risk or other risks, but any deviations may not result in materially lower levels of capital for savings associations. 12 U.S.C. § 1464(t)(2)(C).

[28] 12 C.F.R. part 3, app. A (OCC); 12 C.F.R. part 325, app. A (FDIC); 12 C.F.R. part 208, app. A (FRB); and 12 C.F.R. part 567 (OTS).

[29] 12 U.S.C. § 1790d(c)(1)(B)(i).

[30] Treasury, *Credit Unions*, *op. cit.* footnote 2, pp. 58 and 70-71.

[31] 12 U.S.C. § 1790d(d)(1).

union to be considered complex,[32] and design a system for complex credit unions that accounts for any material risks not adequately addressed by the 6 percent leverage requirement.[33] To be adequately capitalized, a complex credit union must meet the higher of the 6 percent leverage requirement and the risk-based net worth requirement.[34]

The risk-based capital system for banks and thrifts assigns each class of assets a risk weight that varies from 0 percent to 100 percent. The 0 percent category includes assets such as cash, the 20 percent category includes assets such as securities issued by government-sponsored enterprises, the 50 percent category includes mortgage loans, and the 100 percent category consists of typical commercial loans.[35] These rules stemmed from a 12-country effort to develop internationally uniform capital standards.[36] As such, this system best serves larger, internationally active commercial banks, but it would not likely serve credit unions as well. In this case, credit unions should operate under different rules, but rules aimed at the same goal of requiring capital to account for risks not adequately covered by the leverage ratio.

1. NCUA's Risk-Based Net Worth Requirement

The NCUA's risk-based capital rule applies to any credit union with more than $10 million in assets and whose risk-based net worth requirement exceeds 6 percent.[37] A credit union's risk-based requirement is the sum of eight standard components, as depicted in Table 2-1. Each of the eight components constitutes a "risk portfolio," which is a portfolio of assets, liabilities, or contingent liabilities expressed as a percentage of total assets. A risk-weighting is applied to each component, and all are summed to determine the credit union's requirement. A credit union is undercapitalized if its net worth is less than the applicable risk-based net worth requirement.

[32] *Ibid.*

[33] 12 U.S.C. § 1790d(d)(2).

[34] 12 U.S.C. § 1790d(c)(1)(B)(ii).

[35] 12 C.F.R. part 3, app. A (OCC); 12 C.F.R. part 325, app. A (FDIC); 12 C.F.R. part 208, app. A (FRB); and 12 C.F.R. part 567 (OTS).

[36] William A. Lovett, *Banking and Financial Institutions Law* (St. Paul, MN: 1997), pp. 127-128.

[37] 65 Fed. Reg. 44,950, 44,966 (Jul. 20, 2000) (to be codified at 12 C.F.R. part 702).

Table 2-1: Standard Calculation of Risk-Based Net Worth Requirement

Risk Portfolio Component	Allocation of Risk Portfolios (as % of total assets)	Multiplying Factor
Long-term real estate loans[38]	0 to 25 over 25	.06 .14
Outstanding member business loans	0 to 12.25 over 12.25	.06 .14
Investments	0 to 1 year > 1 year to 3 years > 3 years to 10 years > 10 years	.03 .06 .12 .20
Low risk assets[39]	All	.00
Average-risk assets[40]	All	.06
Loans sold with recourse	All	.06
Unused member business loan lines of credit	All	.06
Allowance for loan losses	Limited to the equivalent of 1.5% of total loans (expressed as a % of assets)	(1.00)

Source: NCUA. *See also* 65 Fed. Reg. 44,969.

The final rule offers an alternative method of calculating the requirement, which a credit union may use if it results in a lower risk-based net worth requirement. Three of the above-mentioned "risk portfolios"–long-term real estate loans, member business loans, and investments–are weighted according to their remaining maturity. If the alternative results in any

[38] Long-term real estate loans consists of all real estate loans and lines of credit–excluding member business loans–that will not reprice or mature within five years. 65 Fed. Reg. 44,966 (to be codified at 12 C.F.R. § 702.104(a)).

[39] Low risk assets consist of cash on hand and the one percent deposit held by credit unions in the National Credit Union Share Insurance Fund. 65 Fed. Reg. 44,966 (to be codified at 12 C.F.R. § 702.104(d)).

[40] Average risk assets equals total assets minus the sum of long-term real estate loans, outstanding member business loans, investments, and low risk assets. 65 Fed. Reg. 44,966 (to be codified at 12 C.F.R. § 702.104(e)).

component generating a lower requirement, the credit union may substitute the lower determination for the standard calculation of that component.[41]

2. Assessment of the NCUA's Risk-Based Net Worth Requirement

In general, the NCUA implemented the risk-based net worth requirements as Congress intended. However, the rule contains a placeholder for the role that "regulatory capital" might play as "a criterion in evaluating net worth restoration plans" if regulatory capital is approved by the NCUA.[42] Under CUMAA, only retained earnings calculated according to generally accepted accounting principles (GAAP) may count as net worth,[43] which means that no form of uninsured regulatory capital may count as net worth. Nevertheless, the NCUA finds such capital valuable, believing that it would be available to absorb losses. Specifically, the NCUA will take regulatory capital, which may be established by NCUA regulation or authorized by state law and recognized by NCUA, into account when evaluating a credit union's net worth restoration plan.

A credit union with regulatory capital would likely be permitted to have lower net worth targets in its net worth restoration plan than a similarly situated credit union without regulatory capital, on the theory that regulatory capital would be available to absorb potential losses. However, depository institution experience with uninsured depositors shows that these account holders tend to withdraw their funds at the first sign of financial difficulty, thus rendering such funds unavailable to absorb losses and, in some cases, precipitating runs on institutions.

B. Prompt Corrective Action for Credit Unions

In response to the large number of bank and thrift failures in the late 1980s and early 1990s, Congress enacted a regulatory structure known as prompt corrective action (PCA). PCA consists of a set of statutory and regulatory provisions aimed at resolving capital deficiencies before they grow into larger problems.[44] This system classifies depository institutions into five categories, according to their capital holdings: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized.[45] An institution that becomes undercapitalized faces progressively more stringent regulatory restrictions and

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[41] *See* 65 Fed. Reg. 44,969 (to be codified at 12 C.F.R. § 702.107).

[42] 65 Fed. Reg. 8,607 (Feb. 18, 2000). Net worth restoration plans will be codified at 12 C.F.R. § 702.206(e). The NCUA's approach relies in part on the standards applicable to low-income credit unions, which may accept uninsured secondary capital accounts that count towards meeting net worth requirements. Although CUMAA specifically permitted these credit unions to count such capital as net worth, it did not permit its use in any form by other credit unions.

[43] 12 U.S.C. § 1790d(o)(2).

[44] 12 U.S.C. § 1831o. Regulations implementing these statutory requirements can be found at 12 C.F.R. part 6 (OCC); 12 C.F.R. part 325, subpart B (FDIC); 12 C.F.R. part 208, subpart D (FRB); and 12 C.F.R. part 565 (OTS).

[45] 12 U.S.C. § 1831o(b)(1). Although created by statute, these terms are defined only in regulation. 12 C.F.R. § 6.4 (OCC); 12 C.F.R. § 565.4 (OTS); 12 C.F.R. § 325.103 (FDIC); 12 C.F.R. § 208.43 (FRB).

requirements. Depending on how undercapitalized an institution becomes, and how long the institution remains undercapitalized, the primary federal regulator may direct the institution to issue capital stock or to refrain from increasing its asset size. Regulators also have the authority to require a new election of the board of directors and to dismiss managers. Ultimately, an institution may be placed into receivership if it remains critically undercapitalized for a long period of time and shows no ability to recover.[46]

Treasury's 1997 report determined that prompt corrective action would benefit credit unions. At that time, we found that the:

> relevant statutes, regulations, and policies fall short of providing a system of prompt corrective action for credit unions. The NCUA has no regulations or even formal guidelines for taking corrective action regarding a troubled credit union, and once a credit union depletes its net worth, the NCUA's response may be to provide assistance from the Share Insurance Fund rather than to close the institution. Although this approach may sometimes turn around a troubled institution, it also has risks. In particular, regulatory forbearance may delay the actual recognition and correction of serious deficiencies. When this occurs in a general downturn with many institutions getting into difficulty, what might otherwise have produced small losses to the insurance fund could produce much larger losses. The breakdown in regulatory discipline and management discipline becomes difficult to correct. Unstructured regulatory discretion may also promote unfairly disparate treatment of similarly situated credit unions.[47]

Based on Treasury's recommendation, Congress directed the NCUA to implement a system of PCA for credit unions.[48] Recognizing the differences between credit unions and other depository institutions, Congress did not simply apply the then-existing PCA system to credit unions; rather, it adapted that system to the characteristics of credit unions.[49] For example, given that credit unions can only increase net worth through retained earnings and that credit unions are generally chartered with little or no net worth, the statute directed the NCUA to promulgate separate PCA rules for newly chartered credit unions.[50] Similarly, the legislation grants the

[46] 12 U.S.C. § 1831o(h)(3)(C)(i) (directing the regulator to appoint a receiver for an insured depository institution has remained "critically undercapitalized on average by the calendar quarter beginning 270 days after the date on which the institution became critically undercapitalized"). Subject to certain stringent restrictions, the FDIC and the critically undercapitalized institution's federal regulator may spare the institution from receivership if it "is viable and not expected to fail." 12 U.S.C. § 1831o(h)(3)(C)(ii)(II).

[47] Treasury, *Credit Unions*, *op. cit.* footnote 2, p. 76.

[48] Pub. L. No. 105-219, § 301, 112 Stat. 913, 923-931 (codified at 12 U.S.C. § 1790d).

[49] For example, CUMAA directed the NCUA to design a system of prompt corrective action "to take into account that credit unions are not-for-profit cooperatives that do not issue capital stock, must rely on retained earnings to build net worth, and have boards of directors that consist primarily of volunteers." 12 U.S.C. § 1790d(b)(1)(B).

[50] CUMAA required the NCUA to "prescribe a system of prompt corrective action that shall apply to new credit unions in lieu of this section [which must] recognize that credit unions (as cooperatives that do not issue capital stock) initially have no net worth and give new credit unions reasonable time to accumulate net worth . . . ." 12 U.S.C. § 1790d(b)(2)(B).

NCUA more time to allow a critically undercapitalized credit union to build net worth and return to financial health than generally permitted for banks and thrifts.[51]

In addition to tailoring specific statutory PCA provisions to credit unions, the legislation directs the NCUA to develop a PCA system that is "comparable" to the PCA rules applicable to banks and thrifts.[52] According to the Senate Banking Committee report, "comparable" means "parallel in substance (though not necessarily identical in detail) and equivalent in rigor."[53]

1. NCUA's Prompt Corrective Action Rule

PCA consists of two primary components: (1) a framework of mandatory actions prescribed by statute together with discretionary actions developed by the NCUA; and (2) an alternative system of PCA that applies to "new" credit unions. With regard to the first component, CUMAA mandated a set of required actions, corresponding to five statutory net worth categories. Those actions that would trigger conservatorship or liquidation are prescribed in CUMAA. Discretionary actions were left for the NCUA to devise, provided they are "comparable" to those devised by the federal banking agencies for banks and thrifts.

New credit unions are those that have been in operation less than ten years and have $10 million or less in assets.[54] Pursuant to CUMAA, the NCUA devised a completely different system of PCA for these institutions, taking into account the fact that new credit unions begin with no net worth and can only build it slowly over time. The final rule expanded the net worth categories from five to six and delineated how long it would normally take a new credit union to work its way from uncapitalized, on the day it is chartered, to higher levels of net worth. For example, the NCUA anticipates that it would require five years to accumulate 2 percent net worth and about 10 years to become adequately capitalized, with at least 6 percent net worth.

The NCUA promulgated its final PCA rule on February 18, 2000,[55] and it became effective on August 7, 2000.

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[51] For example, the NCUA may, under certain conditions, decide not to liquidate a critically undercapitalized credit union, but it must revisit that decision every six months. 12 U.S.C. § 1790d(i)(2). In contrast, the other federal depository institution regulators must revisit such a decision every three months. 12 U.S.C. § 1831o(h)(3)(B). The NCUA must generally liquidate a credit union that has remained critically undercapitalized on average during the calendar quarter beginning 18 months after the date on which the credit union initially became critically undercapitalized. 12 U.S.C. § 1790d(i)(3)(A). For the other federal regulators, the comparable time period is nine months. 12 U.S.C. § 1831o(h)(3)(C)(i).

[52] 12 U.S.C. § 1790d(b)(1)(A)(ii).

[53] S. REP. NO. 193, 105th Cong., 2nd Sess. p. 12 (1998).

[54] 12 U.S.C. § 1790d(o)(4).

[55] 65 Fed. Reg. 8,560 (Feb. 18, 2000).

2. Assessment of the NCUA's Prompt Corrective Action Rule

As with its approach to devising a risk-based net worth requirement, the NCUA has generally implemented its PCA rule as Congress intended, including the congressional mandate that PCA for credit unions be "comparable" to PCA for banks and thrifts. To the extent there are differences, for the most part they derive from the structural distinction between credit unions and other depository institutions.

We found, however, that the rule differs unnecessarily from the bank and thrift PCA rule in two respects. First, the NCUA has decided explicitly to forego its right to take certain discretionary actions against undercapitalized credit unions. For example, the NCUA has decided not to use its authority to require a new election of an undercapitalized credit union's board of directors, although it will retain its authority to do so in the case of a significantly or critically undercapitalized institution. With regard to an undercapitalized credit union, the NCUA believes that a wholesale election of the board of directors may be an overreaction when a credit union's net worth falls below six percent. Although this may be true in many, or nearly all such situations, there may well be exceptions. Treasury believes that it would have been more appropriate for the NCUA to articulate its perspective in the preamble and in guidance, while at the same time retaining the authority.

Second, as with the proposed risk-based net worth rule, the final PCA rule contains a placeholder for the role that "regulatory capital" could play in the PCA system if the NCUA authorizes it. As noted previously, only GAAP calculated retained earnings count as net worth.[56] Recognizing this, the NCUA states in the preamble that "the final rule is revised to establish as a criterion in evaluating net worth restoration plans the type and amount of any forms of regulatory capital as may be established by NCUA . . . ."[57] The prospect of new forms of regulatory capital raises concerns, as mentioned in the discussion of the NCUA's proposed risk-based net worth requirement rule.

C. Independent Audits

All federally insured banks and thrifts must complete annual reports on their financial condition and management.[58] Moreover, all banks and thrifts with at least $500 million in assets must establish an independent audit committee and obtain an annual independent audit of its financial statements by an independent public accountant in accordance with generally accepted accounting standards.[59] Furthermore, the OTS requires any savings association with an unsatisfactory supervisory rating (3, 4, or 5) to obtain an independent audit.[60]

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[56] 12 U.S.C. § 1790d(o)(2).

[57] 65 Fed. Reg. 8,560, 8,564 (Feb. 18, 2000).

[58] 12 U.S.C. § 1831m(a).

[59] 12 C.F.R. part 363, implementing 12 U.S.C. § 1831m(d) and (g)(1).

[60] 12 C.F.R. § 562.4(b)(1).

Credit unions have traditionally followed much different audit procedures. First, a credit union's volunteer board of directors must appoint a supervisory committee from among the credit union's membership.[61] The supervisory committee must then conduct, or hire a competent party to conduct, an annual audit of the credit union. The supervisory committee must also verify that the institution's financial statements accurately and fairly represent the institution's financial condition and that management practices and procedures sufficiently protect member assets.[62] NCUA regulations require that a credit union's financial statements provide full and fair disclosure of all assets, liabilities, and member equity.[63]

In our 1997 report, we noted that with the "rise of large, financially complex credit unions, the audit becomes increasingly more difficult for unpaid volunteers to carry out personally."[64] At that time, the NCUA required that supervisory committee audits be performed by "persons having adequate technical training and proficiency as an auditor commensurate with the level of sophistication and complexity of the credit union under audit," but did not require that even the largest, most complex credit union hire a professional accountant.[65]

Therefore, we recommended that the NCUA require each large federally insured credit union to obtain an annual audit from an independent certified public accountant, in a manner comparable to that required by the FDIC.[66]

CUMAA modified the audit requirements as recommended in our report. First, all financial reports and statements required to be filed with the NCUA must be uniform and consistent with GAAP, although credit unions with less than $10 million in assets are exempt.[67] The NCUA may substitute its own accounting principles for GAAP, provided that (1) GAAP is found to be inappropriate for credit unions, and (2) the substitute principles are "no less stringent" than GAAP.[68]

Like banks and thrifts, all insured credit unions with at least $500 million in assets must now obtain an annual independent audit of their financial statements, performed in accordance with GAAP by an independent certified public accountant or public accountant licensed to

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[61] 12 U.S.C. § 1761b(5).

[62] 12 C.F.R. part 715, implementing 12 U.S.C. § 1761d.

[63] 12 C.F.R. § 702.3.

[64] Treasury, *Credit Unions, op. cit.* footnote 2, p. 80.

[65] *See* 12 C.F.R. § 701.12(c)(2)(i) (superseded).

[66] Treasury, *Credit Unions, op. cit.* footnote 2, p. 80.

[67] 12 U.S.C. § 1782(a)(6)(C)(i) and (iii).

[68] *Ibid.*, § 1782(a)(6)(C)(ii)

perform these services by the appropriate jurisdiction.[69] Certain audit requirements also apply to insured credit unions with more than $10 million in assets, but less than $500 million, that voluntarily choose to be audited by an independent auditor who is compensated for the service.[70]

II. Depository Institution Rules Compared

This section compares the basic statutory and regulatory rules applied to depository institutions across four broad categories: institution powers, safety and soundness, regulatory enforcement authority, and consumer protection. The Appendix contains a detailed table summarizing these findings.

A. Institution Powers

In general, federal credit unions have more limited powers than national banks and federal savings associations. Most notably, federal credit unions face stricter limitations on their commercial lending and securities activities. In addition, a usury ceiling prevents them from charging more than 18 percent on any loan, and the term of many types of loans may not extend beyond 12 years. At the same time, however, federal credit unions have ample authority to offer most other consumer products and services, whether directly or through an affiliate. Table 2-2 identifies the major products and services available from credit unions and shows the proportion of credit unions offering such products and services by asset size.

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[69] 12 U.S.C. § 1782(a)(6)(D)(i).

[70] 12 U.S.C. § 1782(a)(6)(D)(ii).

Table 2-2: Credit Union Products and Services by Asset Size
(Percent of credit unions; data as of December 31, 1999)

	Asset Size (in millions)				
	$1-2m	$5-10m	$50-100m	Over $500m	All Credit Unions
Loans:					
Unsecured	98.4	99.7	100.0	100.0	98.8
First Mortgage	8.6	33.9	84.6	100.0	41.2
Guaranteed Student	3.7	14.5	35.7	52.3	18.4
Used Auto	96.4	99.0	100.0	100.0	96.1
New Auto	96.4	99.2	100.0	100.0	95.3
Auto Leasing	1.9	8.0	27.8	45.2	11.6
Plane/Boat/RV	71.6	88.4	94.5	97.7	80.6
Credit Cards	3.6	45.1	92.0	97.7	46.3
Member Services:					
Stock/Bond Brokerage*	0.3	3.5	32.7	73.8	10.8
Mutual Funds*	0.4	2.5	32.6	78.6	10.3
Safe Deposit Boxes	0.0	2.9	49.0	66.7	14.5
Loan Application Through Audio Response	2.1	5.4	36.4	66.3	12.8
Loan Application Through a PC	0.8	12.2	67.4	80.2	23.4
Loan Application Through the Internet	0.0	48.3	72.5	78.9	62.6
ATM Cards	2.8	53.4	94.1	100.0	49.1
Deposit Accounts/Services:					
CDs	38.3	75.5	94.7	97.7	66.6
Traditional IRAs	18.5	61.6	93.2	98.8	56.1
Business Checking	5.9	37.8	58.2	48.3	31.9
Personal Checking	13.8	74.8	96.1	100.0	60.7

Source: Credit Union National Association, *Credit Union Services Profile 1999*. (Data consists of responses from 68 percent of the 11,012 credit unions in existence at the end of 1999).

* Institutions may not provide these services themselves, but may offer them if another entity actually provides the services.

One of the most apparent differences between federal credit unions and other federally chartered depository institutions stems from the restrictions federal credit unions have regarding their customer base. Whereas banks and savings associations may offer products and services to anyone, federal credit unions may serve only their members.[71] In addition, federal credit unions may accept only individuals as members, although community credit unions may also serve qualified businesses.[72] Despite these restrictions, a federal credit union may extend its offerings to non-members through an affiliate known as a credit union service organization (CUSO).

[71] 12 U.S.C. § 1759.

[72] 63 Fed. Reg. 71,998, 72,037 (Dec. 30, 1998).

CUSOs may be owned as a subsidiary or jointly with other depository institutions, including banks and thrifts.[73]

Below we compare the activities in which federal credit unions may engage to those in which national banks and federal savings associations may engage. A more complete comparison is provided in the Appendix.

1. Deposits and Trust Accounts

Like national banks and federal savings associations, federal credit unions may offer checking and savings accounts, although the Federal Credit Union Act (FCUA) refers to them as share accounts.[74] Unlike banks and savings associations, however, credit unions may pay interest on business checking accounts. Whereas federal credit unions may only offer trust accounts through a CUSO, national banks and federal savings associations may offer them directly.

2. Customer Services

Generally, federal credit unions may provide the same financial products and services as national banks and federal savings associations, including travel and foreign exchange services, insurance, securities brokerage, investment advice, and real estate brokerage. However, while national banks may offer these directly, federal credit union customers may only obtain these from a CUSO. A federal savings association may not offer these products directly, unless registered as a broker/dealer or investment advisor.

3. Derivatives

Federal credit unions have very limited authority to purchase or sell derivatives, even for the purpose of hedging risk,[75] unlike national banks and federal savings associations. Also in contrast to other federally chartered depository institutions, a federal credit union may not directly securitize its assets through its own trust. Furthermore, neither federal savings associations nor federal credit unions may underwrite securities, whereas national banks, through financial subsidiaries, may underwrite any security under certain conditions.

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[73] Federal credit unions may only invest up to one percent of their total paid in and unimpaired capital and surplus in CUSOs. 12 U.S.C. § 1757(7)(I).

[74] Federal credit unions are member-owned cooperatives. 12 U.S.C. § 1752(1). Therefore, the FCUA refers to member deposits as member shares, whether the share represents a demand deposit, time deposit, or certificate of deposit. 12 U.S.C. § 1752(5).

[75] Federal credit union may use derivatives to manage the risk of loss through a decrease in value of its commitments to originate real estate loans at specified interest rates by entering into long put positions on securities issued by the Government National Mortgage Association, the Federal National Mortgage Corporation, and the Federal Home Loan Mortgage Corporation. 12 C.F.R. § 701.21(i)(2).

4. *Lending*

Federal credit unions may offer residential mortgage loans, but such loans may not extend beyond 40 years, and any second mortgage may not extend beyond 20 years. In addition, national banks and federal savings associations must obtain a certified appraisal of such properties only when the loan amount exceeds $250,000,[76] whereas federal credit unions must generally obtain a certified appraisal if the loan exceeds $100,000.[77] Similarly, federal credit unions must obtain a certified appraisal for any business loan in excess of $50,000,[78] while other federally chartered depository institutions need only obtain such appraisals for loans in excess of $1 million.[79]

Federal credit unions may not make unsecured residential construction loans, whereas national banks and federal savings associations face only limited restrictions on such lending. On the other hand, federal credit unions may make other types of unsecured loans without specific additional limitations.

Federal credit unions' member business (commercial) lending may not exceed the lesser of 1.75 times net worth or 12.25 percent of total assets, unless the credit union is either chartered to make such loans, has a history of concentrating on making such loans, is a low income credit union, or participates in the Community Development Financial Institutions program. In contrast, national banks face no specific restrictions on this type of lending, and federal savings associations' commercial loans may not exceed 20 percent of their total assets.

5. *Investments*

NCUA regulations limit a federal credit union's investments to those specifically listed in the Act, such as government and agency securities, which may be purchased without limitation. Aside from the issuances of certain government sponsored enterprises, federal credit unions may not invest in residential mortgage-backed securities, such as strips; residual interests in collateral mortgage obligations or real estate mortgage investment conduits; or commercial mortgages and related securities. Moreover, unlike national banks and federal savings associations, federal credit unions may not invest in securities backed by non-residential assets, such as credit cards or automobiles, unless issued by certain government sponsored enterprises. Furthermore, subject to certain restrictions, national banks and federal savings associations may invest in corporate debt securities, but federal credit unions lack such authority.

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[76] 12 C.F.R. § 34.43(a)(1) (national banks); 564.3(a)(1) (federal savings associations).

[77] 12 C.F.R. § 722.3(a)(1).

[78] *Ibid.*

[79] 12 C.F.R. § 34.43(a)(5)(i) (national banks); 12 C.F.R. § 564.3(a)(5)(i) (federal savings associations).

B. Safety and Soundness Rules

As the table in the Appendix shows, credit unions face nearly the same safety and soundness rules as other depository institutions, with one notable exception: the NCUA's loans-to-one-borrower regulation. Currently, a credit union may lend to one borrower up to 10 percent of its "unimpaired capital and surplus,"[80] which the NCUA defines as retained earnings *plus* deposits (or shares). Relying on the FCUA, which refers to shares as "equity,"[81] NCUA regulations permit any federal credit union to lend to any borrower an amount up to 10 percent of the institution's capital plus 10 percent of the institution's deposits.[82] This greatly exceeds the limits on other depository institutions, which is typically 15 percent of capital.[83]

C. Regulatory Enforcement Authority

When comparing enforcement authority across federal depository institution regulators, few differences are found. As the Appendix shows, credit unions in fact operate under almost identical enforcement rules as banks and thrifts. For example, the NCUA may issue cease-and-desist orders and impose civil money penalties under the same rules as the other federal depository institution regulators.

D. Consumer Protection

Credit unions are also subject to the same consumer protection rules as other depository institutions. The Truth in Lending Act, the Truth in Savings Act, the Real Estate Settlement Procedures Act, the Home Mortgage Disclosure Act, and the Expedited Funds Availability Act, for example, apply uniformly to all depository institutions. However, the Community Reinvestment Act (CRA)[84] applies to all depository institutions except credit unions.[85]

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[80] 12 U.S.C. § 1757(5)(A)(x); 12 C.F.R. § 701.21(c)(5).

[81] 12 U.S.C. § 1757(6).

[82] 12 C.F.R. § 701.21(c)(5).

[83] 12 U.S.C. § 84 (national banks); 12 U.S.C. § 1464(u) (federal savings associations). The following example illustrates how much greater the limit on loans to one borrower is for credit unions than for other depository institutions. Assume that a federal credit union and a national bank each have $100 million in assets and $8 million in net worth (8 percent). The national bank's lending limit is 15 percent of $8 million–or $1.2 million. By contrast, a federal credit union's statutory lending limit is keyed to the sum of its deposits and its net worth, a sum roughly equaling the credit union's total assets. Thus, the credit union's lending limit is 10 percent of approximately $100 million–or $10 million. The credit union therefore has a lending limit over eight times larger than that of the bank. Treasury, *Credit Unions, op. cit.* footnote 2, p. 65.

[84] Pub. L. No. 95-128, 91 Stat. 1111, 1147-48, title VIII (Oct. 12, 1977) (codified at 12 U.S.C. § 2900 *et seq.*).

[85] 12 U.S.C. § 2902(2) (referring to the definition of "insured depository institution" in 12 U.S.C. § 1813(c)(2), which includes only those banks and thrifts insured by the FDIC).

The CRA established an obligation on the part of federally insured depository institutions to help meet the credit needs of their entire communities, including low- and moderate-income neighborhoods and individuals, consistent with safe and sound banking practices. An inadequate record under CRA may be grounds for denying or conditioning an application, for example, to merge with or acquire another depository institution, or to open or close a branch.

Although the CRA does not apply to credit unions, the NCUA recently promulgated a regulation requiring that any credit union seeking to expand, convert to, or charter a community credit union would have to prepare a written plan for serving its entire community.[86] Existing community credit unions would be expected to develop a plan, which would have to be in place by December 31, 2001.

III. Conclusion

Federal credit unions generally operate within the same legal framework as other federally insured depository institutions. Most differences between credit unions and other depository institutions derive from the structure of credit unions. We found this to be most likely in the case of safety and soundness rules, where credit union operations interact directly with the operation of the rules. With regard to enforcement and consumer protection rules, few differences exist. Credit unions have fewer powers available to them than do banks and thrifts, but, through CUSOs, credit unions may provide their members with a panoply of sophisticated financial services and products that rivals the offerings of banks and thrifts.

[86] 65 Fed. Reg. 64,512 (Oct. 27, 2000).

CHAPTER 3

THE POTENTIAL REVENUE EFFECTS OF APPLYING FEDERAL TAX LAWS TO CREDIT UNIONS

Section 401 of the Credit Union Membership Access Act requires the Treasury to study and report on "the potential effects of the application of federal laws, including federal tax laws, on credit unions in the same manner as those laws are applied to other federally insured financial institutions."[87] Under current law, credit unions are exempt from federal income taxation, unlike all other federally insured depository institutions.[88]

In general, depository institutions are taxed under varying rules depending on the structure of the institution. The revenue model applied below assumes that, in the absence of an exemption, the appropriate rules for taxing credit unions are those applicable to mutual thrifts (*i.e.*, mutual savings associations, mutual savings banks, cooperative banks, and domestic building and loan associations). Mutual thrifts are the federally insured depository institutions most similar in structure to credit unions, because like credit unions, mutual thrifts generally do not have corporate stock, are not-for-profit entities, and are owned by their depositors, or members, rather than by shareholders.

This chapter is organized as follows. Section I describes corporate taxation generally. Section II describes the manner in which depository institutions are taxed specifically. Section III relates the history of the federal income tax exemption for credit unions. Section IV explains the model used to estimate the revenue effect of taxing credit unions like mutual thrifts. Because a critical assumption underlying our revenue estimates is the forecasted growth rate for credit unions, two series of revenue projections, using both higher and lower growth rates, are presented.

I. Taxation of Corporations

Corporations are generally taxed under one of two sections of the Internal Revenue Code: Subchapter C (rendering the corporation a "C" corporation)[89] and Subchapter S (rendering the corporation an "S" corporation).[90]

Most corporations, including depository institutions, are C corporations.[91] Under Subchapter C, income is taxed at both the corporate level and at the shareholder level.

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[87] Pub. L. No. 105-219, 112 Stat. 913, 934-935 (Aug. 7, 1998).

[88] 26 U.S.C. § 501(c)(14).

[89] 26 U.S.C. §§ 11,301-305.

[90] 26 U.S.C. §§ 1361-1379.

[91] Internal Revenue Service, Statistics of Income Division, *1997 Corporation Source Book*, Publication 1053 (March 2000).

Distributions of corporate income, in the form of dividends, which have already been taxed at the corporate level constitute taxable income at the individual level to stockholders. At the corporate level, such entities are generally taxed at a 35 percent tax rate on taxable income. To compute taxable income, a C corporation deducts its business expenses, such as employee compensation, depreciation, and interest paid. However, a deduction is not allowed for dividends paid. When deductions exceed income, the corporation has a net operating loss for the taxable year. Carryover rules permit corporations to use the net operating loss to offset taxable income in preceding or succeeding taxable years. In general, a corporation can carry a net operating loss back two years and forward 20 years.[92]

Some corporations may elect to be taxed under Subchapter S. Eligibility criteria include, among other things, a requirement that an S corporation have no more than 75 shareholders and that it not use the reserve method of accounting for bad debts. Unlike C corporations, the income of S corporations is allocated for tax purposes to shareholders and then taxed at their applicable rates; the entity itself does not pay federal income tax. Prior to 1997, depository institutions were ineligible to elect S corporation status.

II. Tax Treatment of Depository Institutions

A. General Provisions

In addition to the rules applicable to corporations generally, special rules apply to depository institutions.[93] These special rules reflect the fact that the income of depository institutions is primarily derived from taking deposits and making loans. Thus, depository institutions, unlike taxpayers generally, are allowed a bad debt deduction for securities that become worthless.[94] Similarly, sales or exchanges of debt obligations held by a depository institution result in ordinary income or loss, rather than capital gain or loss.[95] Depository institutions are also subject to a special *pro rata* allocation rule for purposes of determining the amount of interest expense that is nondeductible as an expense relating to tax-exempt interest income. With very limited exceptions, a depository institution is not allowed a deduction for interest expense allocable to tax-exempt obligations acquired after August 7, 1986.[96]

Special rules also apply to small depository institutions (those with assets of $500 million or less). In general, taxpayers are required to use a specific charge-off method to account for bad debts. Under this method, a deduction for a bad debt is allowed only when a loan becomes

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[92] C corporations are also subject to the alternative minimum tax (AMT), which applies only if their minimum tax exceeds their regular tax liability. 26 U.S.C. § 55.

[93] 26 U.S.C. § 585.

[94] 26 U.S.C. § 582.

[95] 26 U.S.C. § 1221.

[96] 26 U.S.C. § 265.

wholly or partially worthless. Depository institutions (other than small depository institutions) are required to use this method.[97] Small depository institutions, however, are permitted to use either the specific charge-off method or the reserve method of accounting for bad debts. Under the reserve method, a depository institution establishes a reserve for bad debts, charges actual losses against the reserve, and is allowed a deduction for annual additions to restore the reserve to its proper balance. The reserve method thus allows loss deductions to be taken before the year in which the loss actually occurs and can be viewed as equivalent to an interest-free loan from the government to the taxpayer in an amount equal to the reserve balance multiplied by the tax rate.[98]

A taxable depository institution that grows too large no longer qualifies for the reserve method and must use the specific charge-off method of accounting for bad debts. To prevent the duplication of deductions, first as a reserve addition and then when the loan is specifically charged off, the institution must recapture its existing bad debt reserve (*i.e.*, include the amount of the reserve in income) unless it elects to use the "cut-off" method.[99] A depository institution that voluntarily changes its method of accounting to the specific charge-off method (*e.g.*, so that it can become an S corporation) must also recapture its existing bad debt reserve.[100]

B. Tax Treatment of Mutual Thrifts

The tax treatment of a depository institution depends, in part, on whether the institution is a stock or a mutual company. In a stock company, the shareholders and the depositors are not necessarily the same individuals. The equity of the corporation is derived from amounts paid by shareholders to purchase stock from the corporation and from earnings retained by the corporation, rather than distributed to shareholders. In general, the corporation's net income is taxed at the corporate level, whether it is retained or distributed to shareholders. Income that is distributed to shareholders as dividends is also taxed at the shareholder level.

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[97] Under Treasury regulations, banks and other corporations subject to federal or state regulatory supervision may treat debts as worthless for tax purposes when they are treated as worthless for regulatory purposes. This often allows the losses to be recognized earlier than would be the case under generally applicable standards. For supporting analysis, *see* Dept. of the Treasury, *Report to The Congress on The Tax Treatment of Bad Debts by Financial Institutions* (Wash., DC: 1991).

[98] For a discussion of when reserves may lower taxes for financial institutions, *see* Treasury, *The Tax Treatment of Bad Debts, op. cit.* footnote 101.

[99] The recapture is generally spread over four years. In the first year, 10 percent of the reserve is recaptured unless the taxpayer chooses to recapture a higher percentage. The reserve remaining after the first year is recaptured 2/9ths in the second year, 3/9ths in the third year, and 4/9ths in the fourth year.

[100] The recapture after a voluntary change is also generally spread over four years, but 25 percent of the reserve is recaptured in each year.

In contrast, mutual corporations are owned by their depositors, and the equity of a mutual corporation is derived solely from retained earnings.[101] Because depositors are the owners, payments to depositors can include both interest and an equity return to depositors in their role as owners. While depository institutions are generally permitted to deduct interest paid on deposits, mutual thrifts are also allowed a deduction for amounts paid or credited to their depositors as dividends on their accounts, including amounts that represent an equity return, if such amounts may be withdrawn on demand subject only to customary notice of intention to withdraw.[102] These dividends, whether representing interest or a return on equity, are thus taxed only at the depositor level. In effect, mutual thrifts, unlike other taxable depository institutions, are taxed only on retained earnings, and not on earnings distributed to owners.

III. The History of Credit Unions' Tax Treatment

The first credit unions that appeared in the United States at the beginning of the previous century were state chartered. When the federal income tax was first enacted, state chartered credit unions were not specifically exempt. In 1917, however, an administrative ruling by the U.S. Attorney General exempted these credit unions from federal income taxation. The Attorney General ruled that the credit unions closely resembled cooperative banks and similar institutions that Congress had expressly exempted from taxation in 1913 and 1916.[103]

Congress first established a federal charter for credit unions in 1934.[104] However, that Act did not exempt federal credit unions from the federal taxation of their income, although they were exempt under the previous administrative ruling. A statutory exemption was not provided until 1937.[105] Two reasons were given for granting this exemption: (1) that taxing credit unions on their shares, much as banks are taxed on their capital shares, "places a disproportionate and excessive burden on the credit unions" because credit union shares function as deposits; and (2) that "credit unions are mutual or cooperative organizations operated entirely by and for their members . . . ."[106] Thus, the tax exemption was based primarily on the organizational form of credit unions and ensured consistent treatment with federal thrift institutions, including mutual savings banks.

In 1951, thrift institutions lost their tax exemption, but the credit union exemption was retained.[107] The Senate report to the Revenue Act of 1951 stated that mutual savings banks and

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[101] As of June 30, 2000, there were 730 mutual savings institutions with $141 billion in assets. Federal Deposit Insurance Corporation, *FDIC Quarterly Banking Profile Graph Book* (Wash., DC: second quarter 2000), p. 45.

[102] 26 U.S.C. § 591.

[103] *See* General Accounting Office, *Credit Unions: Reforms for Ensuring Future Soundness* (Wash. DC: 1991) (providing a brief history of the tax exemption for credit unions).

[104] Federal Credit Union Act, Pub. L. No. 467, c. 750, 48 Stat. 1216 (Jun. 26, 1934).

[105] Pub. L. No. 416, c. 3, § 4, 51 Stat. 4 (Dec. 6, 1937).

[106] H.R. REP. NO. 1579, 75th Cong., 1st Sess. p. 2.

[107] Revenue Act of 1951, Pub. L. No. 183, § 313, 65 Stat. 490 (Oct. 18, 1951).

savings and loan associations were losing their tax exemption because they had evolved into commercial bank competitors. In addition, thrifts had evolved from mutual organizations to ones that operated in a similar manner to banks. Finally, the exemption had given thrifts a competitive advantage over taxable commercial banks and life insurance companies.

> At the present time, mutual savings banks are in active competition with commercial banks and life insurance companies for the public savings, and they compete with many types of taxable institutions in the security and real estate markets. As a result your committee believes that the continuance of the tax-free treatment now accorded mutual savings banks would be discriminatory.[108]

> In the early days of [savings and loan associations], the transactions of the associations were confined to members, and no one could participate in the benefits they afforded without becoming a shareholder . . . The fact that the members were both the borrowers and the lenders was the essence of the "mutuality" of these organizations. Although many of the old forms have been preserved to the present day, few of the associations have retained the substance of their earlier mutuality . . . More and more, investing members are becoming simply depositors, while borrowing members find dealing with a savings and loan association only technically different from dealing with other mortgage lending institutions in which the lending group is distinct from the borrowing group . . . The grounds on which your committee's bill taxes savings and loan associations on their retained earnings . . . are the same as those on which mutual savings banks are taxed under the bill.[109]

IV. Estimating the Revenue Effects of Taxing Credit Unions

A. General Issues

To evaluate the effect on federal revenues of applying the present tax rules for mutual thrifts to credit unions, we developed a model to forecast taxable credit union income for fiscal years 2000 through 2009. The model is based upon a number of income and balance sheet items available from the Call Reports database. These are then forecast into the future, with their growth a function of certain macroeconomic aggregates and the size, measured in assets, of each institution. Assumptions concerning the behavior of relevant macroeconomic aggregates are taken from the Administration's fiscal year 2000 budget forecast.[110]

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[108] S. REP. NO. 781, 82d Cong. 1st Sess. 25.

[109] *Ibid.*, pp. 27-28.

[110] The model forecasts credit union tax revenues in two steps. First, the total assets for the entire credit union industry are projected into the future based on the Administration's forecast for the fiscal year 2000 Budget from February 1999. Based on this forecast, projected annual growth rates are generated and then adjusted to take into account historical differences in the growth of small and large credit unions. Because larger credit unions with assets in excess of $10 million have been growing faster than smaller credit unions, the growth rate for large credit unions is adjusted upwards and the one for small credit unions downward. Second, to reflect the variation in income growth rates in the model, the previous year's net charge-offs are increased by the asset growth rate and then randomly adjusted to allow the net charge-off growth rate to be positive or negative.

Credit union consolidation is also addressed. Between 1992 and 1997, the number of credit unions declined by an average of 2.7 percent. Our model assumes that trends observed over this time period continue through 2009, and makes appropriate adjustment to the composition of the industry with respect to asset base, income and other measures.

The exact response of credit unions to imposition of a corporate tax is unclear. Our model therefore considers two alternate scenarios: A higher growth rate assumes that credit unions can absorb the corporate income tax without any effect on asset growth. A lower growth rate assumes that credit unions will pay the tax out of their retained earnings on a dollar-for-dollar basis, thereby reducing their available capital and opportunity for growth.[111] The two alternative rates thus serve as an upper and lower bound on the model's estimation of credit union asset growth in the absence of a tax exemption.

Credit unions are assumed to modify their behavior to lower their taxable income without lowering their "true" income in order to reduce their tax liability. For example, credit unions are assumed to alter their investment portfolios to hold more tax-exempt securities in order to lower their tax liability.

B. Estimating the Revenue Derived from Taxing Credit Unions

The estimated revenue raised by applying the federal corporate income tax to credit unions, subject to a high and low asset growth rate, as shown in Tables 3-1 and 3-2, respectively.

Under the high growth rate assumption, we estimated that taxing credit unions would raise $6.8 billion over a five-year period (fiscal years 2000 through 2004) and $16.2 billion over a ten-year period (fiscal years 2000 through 2009). The vast majority of the revenue raised would come from larger credit unions. For example, Table 3-1 suggests that credit unions with at least $100 million in assets would account for more than 75 percent of the revenue, while comprising just over 10 percent of the number of credit unions.

The estimated tax revenue from large credit unions increases relatively more than for small credit unions over time, primarily because credit unions with at least $10 million in assets have higher growth rates. This differential growth rate reflects historical patterns. As a result, over time the income and assets of large credit unions, as well as their number, increase faster than those of small credit unions. Moreover, consolidation results in there being fewer small credit unions over time. Finally, the total tax liability estimated includes the alternative minimum tax which, because of exemptions for small corporations, generally would affect only larger credit unions.

Similarly, the tables illustrate the revenue effects of exempting smaller credit unions from the imposition of any federal corporate income tax. For example, credit unions with less than

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[111] The assumption of efficient operation implies that credit unions may not obtain the funds necessary to pay federal income taxes on a given book of business simply by lowering their operating expenses. Instead, paying taxes would result in lower after-tax earnings, which would lower the rate at which credit unions retained earnings. Lower retained earnings, in turn, means that credit unions' net worth would grow more slowly, and hence credit unions could experience somewhat lower overall growth.

$10 million in assets account for 2 percent of the revenue, although they comprise roughly 50 percent of all credit unions. Using the tables, the revenue effects of other potential thresholds may be determined.

Table 3-1: Estimated Tax Revenue of Applying Mutual Thrift Tax Rules to Credit Unions: High Growth Rate Assumption
(Dollar figures are in millions)

Asset Size Category	Fiscal Years 2000 - 2004			Fiscal Years 2000 - 2009		
	Estimated Tax		Estimated Percentage of Average Number of Institutions	Estimated Tax		Estimated Percentage of Average Number of Institutions
	Amount	Percentage		Amount	Percentage	
Less than $5 million	$49	1%	38%	$86	1%	35%
$5 - 10 million	$89	1%	15%	$163	1%	14%
$10 - 20 million	$186	3%	12%	$329	2%	12%
$20 - 50 million	$630	9%	17%	$1,281	8%	17%
$50 - 100 million	$696	10%	8%	$1,569	10%	10%
$100 - $500 million	$2,474	36%	9%	$5,559	34%	11%
Greater than $500 million	$2,688	40%	2%	$7,211	45%	2%
Total	$6,811	100%	100%	$16,200	100%	100%

Source: Treasury estimates using Credit Union Call Report data obtained from Sheshunoff Information Services *One Source*. *See* text for information about the model and underlying assumption used to generate these estimates.

Revenue estimates using the lower growth rate are shown in Table 3-2. In this case, credit union tax revenues are estimated to be $6.1 billion between fiscal years 2000 and 2004, or approximately 10 percent less than with the higher growth rate. For fiscal years 2000 to 2009 the estimated tax revenue would be approximately $13.7 billion, or 15 percent less than when using the higher growth forecast. The tax revenue gap between the high and low growth scenarios widens over time because the growth rate for large credit unions, which has a disproportionate effect on overall industry growth rates, is approximately one-third less than under the high growth rate scenario. As with the high growth rate estimate, the vast majority of revenue raised comes from larger credit unions.

Table 3-2: Estimated Tax Revenue of Applying Mutual Thrift Tax Rules to Credit Unions: Low Growth Rate Assumption
(Dollar figures are in millions)

Asset Size Category	Fiscal Years 2000 - 2004			Fiscal Years 2000 - 2009		
	Estimated Tax		Estimated Percentage of Average Number of Institutions	Estimated Tax		Estimated Percentage of Average Number of Institutions
	Amount	Percentage		Amount	Percentage	
Less than $5 million	$49	1%	39%	$89	1%	36%
$5 - 10 million	$90	2%	15%	$165	1%	14%
$10 - 20 million	$209	3%	14%	$387	3%	13%
$20 - 50 million	$609	10%	16%	$1,262	9%	17%
$50 - 100 million	$662	11%	8%	$1,418	10%	9%
$100 - $500 million	$2,236	37%	8%	$4,989	36%	9%
Greater than $500 million	$2,222	37%	2%	$5,410	39%	2%
Total	$6,078	100%	100%	$13,719	100%	100%

Source: Treasury estimates using Credit Union Call Report data obtained from Sheshunoff Information Services *One Source*. *See* text for information about the model and underlying assumption used to generate these estimates.

V. Conclusion

In laws enacted in 1913 and 1916, Congress expressly exempted mutual thrifts from federal corporate income tax. Congress extended that exemption to credit unions in 1937, although an administrative ruling in 1917 gave credit unions an effective exemption from taxation. In 1951, Congress decided that mutual thrifts had evolved into direct competitors with banks and removed the tax exemption in order to provide greater competitive equity between banks and mutual thrifts.

If Congress decided to remove credit unions' tax exemption, credit unions would receive the same treatment under the federal corporate income tax code as do mutual thrifts. We estimate that removing the exemption would raise between $6.1 billion and $6.8 billion over five years, and between $13.7 billion and $16.2 billion over ten years.

CHAPTER 4

PRESERVING THE GROWTH AND VIABILITY OF SMALL BANKS

Section 403 of the Credit Union Membership Access Act directed the Treasury Department to submit a report to Congress containing:

- recommendations, as the Secretary deems appropriate, that would reduce and simplify the tax burden (1) on insured depository institutions with less than $1 billion in assets and (2) on banks with assets equal to or in excess of $1 billion, but not greater than $10 billion; and

- any other recommendations that the Secretary deems appropriate that would preserve the growth and viability of small banks.[112]

The Administration has, throughout its tenure, taken meaningful steps to preserve the growth and viability of small banks. Its first efforts came during the first weeks of the Administration and additional efforts continue to this day. Many of these actions have reduced the regulatory costs and improved the quality of bank regulation. We believe that we have taken those actions best tailored to furthering these aims. Thus, we recommend no new policy initiatives in this area at this time.

We highlight below some of the ways in which the Administration has implemented policies that promote the growth and viability of small banks, and then address issues surrounding the taxation of small depository institutions under Subchapter S of the Internal Revenue Code.

I. Administration Accomplishments

A. The Credit Availability Program

On March 10, 1993, shortly after taking office, the President unveiled the Credit Availability Program (CAP), which created a better climate for bank lending. At that time, the country was in the midst of a slow economic recovery, and the CAP improved the availability of credit, particularly to small- and medium-sized businesses, farms, and low-income communities. Largely in place within 90 days of the President's announcement, the CAP addressed: (1) real estate lending and appraisals; (2) appeals of examination decisions and complaint handling; and (3) examination processes and procedures.

At that time, some were concerned that costly formal appraisals may have been rendering otherwise sound loans uneconomical. Three significant changes resulted. First, the bank regulatory agencies increased from $100,000 to $250,000 the threshold level at or below which certified or licensed appraisals would not be required for a real estate-related transaction. They identified additional circumstances, particularly for small business lending, in which appraisals

[112] Pub. L. No. 105-219, 112 Stat. 913, 935 (Aug. 7, 1998).

are not required. Finally, they permitted renewals and refinancings without an appraisal if there had been no deterioration in market conditions.

The agencies also revamped their appeals processes to ensure that bankers had a fair and prompt review of examination disagreements. The OCC and the OTS have each created an Office of Ombudsman, which manages the appeals process. The OCC has also revamped its procedures for handling the nearly 15,000 general complaints it receives annually. For example, it has established a toll-free number and improved its complaint tracking system.

Third, the regulators have begun to coordinate many of their interactions with the industry. For example, they have determined that examinations will be conducted by the primary federal regulator. Moreover, the OCC and the FDIC share examination schedules to better coordinate the supervision of holding companies with both national and state-chartered banks, and coordinate enforcement actions.

B. Streamlining Compliance with the Bank Secrecy Act

Treasury and the federal banking regulators promulgate regulations to implement the Bank Secrecy Act, which Congress passed to combat money laundering. Proper enforcement requires adequate recordkeeping on the part of financial institutions to support federal prosecutions of money launderers. Working with a Bank Secrecy Act Advisory Group, composed of 30 representatives of financial institutions and federal and state regulatory and enforcement officials, Treasury pared down the amount of required recordkeeping. Treasury eliminated the requirement that institutions record and retain for five years special records of all cash purchases of travelers checks, bank checks, and cashier's checks over $3,000. Proposed regulations that would have required mandatory electronic filing of currency transaction reports (CTRs), and would have established a mandatory system to "aggregate" cash transactions, were withdrawn. Treasury also streamlined by 30 percent the CTR, a form long criticized as too cumbersome by bankers.

C. A-to-Z Review of Regulations

Pursuant to a Presidential directive, each regulatory agency within the government undertook a line-by-line review of its regulations with the goal of eliminating redundant and unnecessary requirements, streamlining procedures, and rewriting rules to be more easily understood. The OCC and OTS have both completed this review and are in the process of putting their regulations into plain English.

There are concrete examples of the burden-reducing benefits resulting from this intense review. The OCC and OTS reduced, by six times, the number of lending limit calculations institutions must perform, requiring quarterly, rather than daily, analyses. The OCC has also reduced some of its fees and its national bank assessment rate, which covers the cost of examination and supervision. For example, the fee for establishing a shared automated teller machine has been reduced from $1,500 to zero, corporate application fees have been reduced by 50 percent, and the national bank assessment rate has been reduced by six percent.

D. Refocusing Supervision

Our nation's thousands of depository institutions vary greatly in size, complexity, and financial strength. Yet, regulations often ignore these differences by treating all institutions alike, and relying on generally applicable procedures. This provides institutions with little regulatory incentive to reduce risk or increase their capacity to manage risk. It also creates needless regulatory burden and costs when rules are inappropriate, irrelevant, or even counterproductive as applied in certain instances.

The OCC and OTS have been working diligently to make appropriate differentiations in their regulations. For example, both bureaus have streamlined the examinations process for smaller, well-capitalized, well-managed institutions. Materials requested for noncomplex small national bank examinations have been reduced by nearly 600 percent, from some 200 items (or more at the examiner's discretion) to 35 standardized items. Moreover, the streamlined nature of such examinations is evidenced from the OCC small bank examination handbook, which has been reduced from 1,216 pages to just over 30 pages. In addition, small, well-capitalized, well-managed savings associations need no longer automatically obtain a costly annual independent audit.

The difficulty of supervising a diverse banking industry has also led regulators to focus on eliminating and streamlining procedures. The Administration has worked to refocus supervision on results instead, and to thereby provide institutions with the incentive to perform well, rather than simply to avoid criticism or follow needless procedures. In this vein, the OCC revised its examination guidelines to emphasize operational results, such as default rates, rather than operational procedures, such as loan underwriting.

E. Streamlining CRA Rules

Responding to complaints about how the CRA has been implemented over the years, the President, in 1993, called on the federal banking agencies to rewrite their CRA rules to stress performance, not paperwork. In 1995, after one of the most comprehensive joint rule-making efforts the regulators have ever conducted, the agencies promulgated final regulations, culminating a lengthy process in which they sought and obtained the input of thousands of interested parties, including banks, savings associations, trade associations, customers, and community groups. The regulators received over 6,700 comments in 1993 and over 7,200 in 1994. The new rules provide real incentives for depository institutions to serve all our communities, and a streamlined, straightforward process for assessing their success.

F. Regulatory Burden Relief Legislation

In 1996, the Administration worked with Congress on regulatory burden relief legislation and supported the final passage of the Economic Growth and Paperwork Reduction Act. The Act included nearly 300 pages of regulatory burden relief legislation. Among other things, the 1996 Act streamlined the home mortgage lending process and eliminated numerous unnecessary regulatory requirements, such as eliminating the need to file a branch application to establish an ATM.

G. Simplifying Small Bank Capital Standards

Most recently, the federal banking agencies published an interagency advance notice of proposed rulemaking that will lead to simplified capital requirements for small banks.[113] The purpose of the proposal is to develop a simplified capital framework that will reduce the regulatory burden on smaller non-complex banks and thrifts.

II. Eligibility of Depository Institutions for Taxation Under Subchapter S

In general, U.S. tax law treats corporations and their investors as separate taxable entities. Corporate earnings are taxed first at the corporate level and again at the shareholder level, as dividends if the corporation distributes earnings to shareholders, or as capital gains from the sale of stock. In contrast, the earnings of S corporations are taxed only once at the shareholder level, whether or not the income is distributed. Corporations that elect Subchapter S status are subject to certain restrictions on the number of shareholders and capital structure. For example, an S corporation may not have more than 75 shareholders, all of whom must be U.S. resident individuals (except for certain trusts and estates) and may issue only one class of stock. Prior to 1996, banks and other depository institutions could not elect S corporation status. A provision of the Small Business Job Protection Act of 1996 repealed this prohibition.

By the end of 1999, more than 1,260 banks were operating as S corporations. These institutions represent over 15 percent of U.S. banks but only about 2 percent of banking assets, suggesting that smaller institutions have been among the first to elect S corporation status. This strong response by smaller banks suggests that Subchapter S offers considerable advantages in terms of more favorable tax treatment and lower compliance burdens.

In view of a continuing, and perhaps even accelerating, election of Subchapter S status by small banks, additional modifications intended to reduce or simplify the tax burden of smaller banks may be premature at this time. In addition, they may raise tax policy concerns with respect to their effect on S corporations in other industries and concerns about their potential effect on the competitive position of all S corporations, including small banks. If policy changes are considered, however, they should satisfy two broad requirements:

First, any additional measures to simplify the tax treatment of small banks must be crafted with a recognition that small businesses electing Subchapter S status play a vital role in the U.S. economy, and that only a small number of these firms are banks. In fact, banks and depository institutions account for less than one percent of all entities electing Subchapter S status. Thus, any changes to Subchapter S in order to accommodate small banks must not complicate or otherwise disrupt the broader effect of Subchapter S to benefit a small number of firms in one specific industry.

In addition, proposed modifications to Subchapter S must be evaluated with respect to potential effects on the competitive environment faced by smaller banks. As noted above, the

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[113] 65 Fed. Reg. 66,193 (Nov. 3, 2000).

first firms to elect Subchapter S treatment have been disproportionately smaller banks. The expressed intent of the Small Business Job Protection Act of 1996 was to protect the viability of such institutions; further modifications to Subchapter S that would permit larger banks with greater access to capital to elect simplified treatment may be inconsistent with this aim. Unfortunately, some proposals offered in recent years are intended specifically to facilitate the election of Subchapter S status by larger depository institutions.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
January 18, 2001

TREASURY RELEASES REPORT ON CAPITAL ACCESS PROGRAMS

The Treasury Department on Thursday released the third edition of a report summarizing the nationwide performance of state-run Capital Access Programs (CAPs). The new statistics show that CAPs lending in 1999 totaled $212 million, and that through June 2000 the cumulative volume of CAPs loans originated climbed to over $1.5 billion.

CAPs are lending programs in which participating states and municipalities make contributions to lenders' loan loss reserve pools, allowing lenders to make slightly more challenging small business loans than they would using conventional underwriting. The report, an update of editions released in late 1998 and 1999, details a projected 25 percent growth in CAPs loan volume in 2000 for the 20 states and 2 municipalities that operate these programs.

The report also reviews CAPs performance in successfully encouraging lending to minority-owned businesses and businesses in low-to-moderate income communities, and examines the key aspects of the largest state CAPs, including active marketing to banks and adequate state appropriations.

"The results of Treasury's survey and the 14-year track record of CAPs confirm that these programs provide an important source of capital for small businesses that may otherwise be unable to obtain financing," said Michael S. Barr, Deputy Assistant Secretary for Community Development Policy. "The fact that new states are adopting CAPs every year signals that these programs provide a cost-efficient and simple way to promote the growth of small businesses."

The report features the results of a survey conducted of the following states and municipalities that operate CAPs: Arkansas, California, Colorado, Connecticut, Delaware, Florida, Illinois, Indiana, Massachusetts, Michigan, Minnesota, New Hampshire, New York City, North Carolina, Akron (OH), Oklahoma, Oregon, Pennsylvania, Texas, Vermont, Virginia and Wisconsin. In 2000 and 2001, CAPs were initiated in Hawaii, Louisiana and Maryland.

The report is available on the Treasury website at www.ustreas.gov/reports/cap.pdf.

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ıuary 18, 2001

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TREASURY DEBT BUYBACK OPERATION RESULTS

Today, Treasury completed a debt buyback (redemption) operation for $1,750 million
: of its outstanding issues. A total of 12 issues maturing between November 2022 and
'ember 2027 were eligible for this operation. The settlement date for this operation will
January 22, 2001. Summary results of this operation are presented below.

(amounts in millions)

ers Received (Par Amount):	$5,242
ers Accepted (Par Amount):	1,750
al Price Paid for Issues (Less Accrued Interest):	2,120
ber of Issues Eligible:	
For Operation:	12
For Which Offers were Accepted:	10
ghted Average Yield of all Accepted Offers (%):	5.597
ghted Average Maturity for all Accepted Securities (in years):	24.1

ıils for each issue accompany this release.

·-1132

January 18, 2001

TREASURY DEBT BUYBACK OPERATION RESULTS

(amounts in millions, prices in decimals)

Table I

Coupon Rate (%)	Maturity Date	Par Amount Offered	Par Amount Accepted	Highest Accepted Price	Weighted Average Accepted Price
7.625	11/15/2022	649	260	125.468	125.416
7.125	02/15/2023	391	136	119.265	119.256
6.250	08/15/2023	212	0	N/A	N/A
7.500	11/15/2024	428	368	124.937	124.881
7.625	02/15/2025	455	350	126.656	126.629
6.875	08/15/2025	500	129	116.937	116.904
6.000	02/15/2026	493	0	N/A	N/A
6.750	08/15/2026	555	365	115.562	115.525
6.500	11/15/2026	420	30	112.218	112.218
6.625	02/15/2027	200	35	114.015	113.971
6.375	08/15/2027	367	20	110.750	110.742
6.125	11/15/2027	572	57	107.406	107.378

Table II

Coupon Rate (%)	Maturity Date	CUSIP Number	Lowest Accepted Yield	Weighted Average Accepted Yield	Par Amount Privately Held*
7.625	11/15/2022	912810EN4	5.589	5.593	6,984
7.125	02/15/2023	912810EP9	5.594	5.595	14,709
6.250	08/15/2023	912810EQ7	N/A	N/A	21,116
7.500	11/15/2024	912810ES3	5.592	5.596	8,545
7.625	02/15/2025	912810ET1	5.595	5.597	9,950
6.875	08/15/2025	912810EV6	5.598	5.600	10,079
6.000	02/15/2026	912810EW4	N/A	N/A	11,723
6.750	08/15/2026	912810EX2	5.598	5.600	8,845
6.500	11/15/2026	912810EY0	5.599	5.599	9,729
6.625	02/15/2027	912810EZ7	5.596	5.600	9,331
6.375	08/15/2027	912810FA1	5.593	5.594	8,756
6.125	11/15/2027	912810FB9	5.588	5.590	19,277

Total Par Amount Offered: 5,242

Total Par Amount Accepted: 1,750

Note: Due to rounding, details may not add to totals.

*Amount outstanding after operation. Calculated using amounts reported on announcement.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:30 P.M.
January 18, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $24,000 million to refund $19,360 million of publicly held securities maturing January 25, 2001, and to raise about $4,640 million of new cash.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $8,976 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts issued to these accounts will be in addition to the offering amount.

The maturing bills held by the public include $5,687 million held by Federal Reserve Banks as agents for foreign and international monetary authorities, which may be refunded within the offering amount at the highest discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills.

TreasuryDirect customers requested that we reinvest their maturing holdings of approximately $929 million into the 13-week bill and $853 million into the 26-week bill.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

oOo

Attachment

LS-1133

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED JANUARY 25, 2001

January 18, 2001

Offering Amount	$13,000 million	$11,000 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912795 GD 7	912795 HD 6
Auction date	January 22, 2001	January 22, 2001
Issue date	January 25, 2001	January 25, 2001
Maturity date	April 26, 2001	July 26, 2001
Original issue date	October 26, 2000	January 25, 2001
Currently outstanding	$14,658 million	---
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids .... Accepted in full up to $1,000,000 at the highest discount rate of accepted competitive bids.

Competitive bids .... (1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.
(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.
(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate .... 35% of public offering

Maximum Award.................... 35% of public offering

Receipt of Tenders:

Noncompetitive tenders ...... Prior to 12:00 noon eastern standard time on auction day
Competitive tenders .... Prior to 1:00 p.m. eastern standard time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

The United States Department of Justice

The United States Department of Treasury

FOR IMMEDIATE RELEASE
THURSDAY, JANUARY 18, 2001
WWW.USDOJ.GOV

AG
(202) 616-2777
(202) 622- 2960
TDD (202) 514-1888

DEPARTMENTS OF JUSTICE AND TREASURY RELEASE NATIONAL INTEGRATED GUN VIOLENCE REDUCTION STRATEGY

WASHINGTON, D.C. – The Departments of Treasury and Justice today released the National Integrated Firearms Violence Reduction Strategy (The National Strategy). The National Strategy represents the coordinated multifaceted approach to reducing gun violence that the Clinton Administration has implemented. Building on the historic reduction in crime over the past eight years, the National Strategy also presents common sense gun violence reduction legislation needed to correct limitations in current firearms laws.

In March of 1999, President Clinton asked the Secretary of the Treasury and the Attorney General to build on effective and innovative programs and to establish local strategies to respond to particular gun violence problems facing individual communities across the country. In response to the President's directive, the United States Attorneys and the Bureau of Alcohol, Tobacco and Firearms (ATF) Field Division Directors, working with local law enforcement and the community, established and implemented gun violence reduction plans in each of the 94 federal judicial districts. These local plans describe the on-going efforts, innovative initiatives and best practices that are a cornerstone of the National Strategy.

"The National Strategy demonstrates that tough enforcement of the gun laws at the state and federal level has kept guns out of the wrong hands and has put firearms offenders behind bars," said Attorney General Janet Reno. "Over the past eight years, we established unprecedented collaboration with our state and local law enforcement partners. Working together, we effectively and efficiently investigated and prosecuted violent crime offenders. I am very proud of the record we have achieved. As a nation, we must continue to build on what works and ensure that gun violence continues to decline."

"Through ATF's leadership and close working relationship with state and local law enforcement and prosecutors, we have demonstrated the importance of firearms enforcement at every link in the chain of gun crime from illegal sale and acquisition to illegal possession and use," said Treasury Secretary

Lawrence H. Summers. "That comprehensive enforcement commitment must continue."

The National Strategy addresses each link in the chain of gun violence -- illegal sale, acquisition, possession and use of firearms -- and sets forth a six-part approach to eliminating the scourge of gun violence by:

- vigorously investigating and prosecuting those who commit gun crimes;
- breaking the cycle of violence by punishing violent offenders and reducing recidivism;
- combating illegal trafficking and possession of firearms;
- investing in law enforcement technology;
- preventing gun accidents and suicides; and
- enacting new laws to close loopholes in existing federal law.

The National Strategy acknowledges that, even with adequate resources and aggressive use of the tools currently available to federal law enforcement, gaps still exist in federal firearms laws that must be addressed to achieve a lasting reduction in gun violence.

Therefore, the Clinton Administration's National Strategy sets forth crucial legislative proposals, such as addressing the secondary market in firearms by closing the gun show loophole, limiting firearms purchases to one handgun a month, licensing handgun purchasers to ensure that they have adequate gun safety training, and strengthening criminal penalties for armed career criminals, firearms traffickers, and juvenile offenders. These new laws, combined with our strategic collaborations with state, local and tribal law enforcement, will help to further reduce gun violence in this nation and to fulfill our duty to try to keep our streets and communities safe.

The Treasury Department today also announced the results of ATF regulatory enforcement actions undertaken in February 2000, initiated in response to findings published in ATF's annual report on Commerce in Firearms in the United States (Firearms Commerce report). The Firearms Commerce report showed that only 1.2 percent of federal firearms licensees (FFL) accounted for over half the crime guns traced to current FFLs. It also indicated that some FFLs failed to cooperate with ATF crime gun trace requests, hindering ATF's tracing and other enforcement activities, and that ATF's inability to trace re-sold guns was a major enforcement problem.

In response to these findings, ATF took a series of regulatory actions. ATF inspected the more than one thousand FFLs who in 1999 had the highest number of crime gun traces or had failed to cooperate with ATF trace requests. Nearly half of these FFLs had Gun Control Act violations serious enough to require further ATF action. ATF recommended license revocation for 20 FFLs and made nearly 700 referrals to ATF special agents for criminal investigation. ATF's inspections also disclosed over 13,000 missing guns, associated with about 200 FFLs (20 percent of those inspected). ATF also obtained supplemental records from certain uncooperative FFLs and from others with large numbers of short time-to-crime traces, that produced 750 crime gun traces, most involving used guns. These investigative leads have been forwarded to local and state law enforcement offices for further action.

The National Strategy is available through Treasury and Justice Public Affairs and at www.atf.treas.gov and http://www.usdoj.gov/opd/gunviolence.htm.

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01-32

TREASURY RELEASES FINAL REPORT ON THE COMMUNITY REINVESTMENT ACT: STUDY FINDS THAT CRA IS HELPING TO STRENGTHEN AMERICA'S COMMUNITIES IS - AND WILL CONTINUE TO BE - AN IMPORTANT TOOL FOR COMMUNITY LENDING UNDER THE GRAMM LEACH BLILEY ACT

JANUARY 2001

›day, the Treasury Department delivered its final report to Congress on the .pact of the Gramm-Leach-Bliley Act (GLB Act) on the provision of services to nerica's communities under the Community Reinvestment Act (CRA). The ɔort provides new evidence that CRA has had a positive and significant impact bank and thrift home purchase and refinance lending to low- and moderate- ;ome communities and individuals over the last several years. It also finds that ꞦA will continue to encourage federally insured depository institutions to serve ; home-ownership, small business, community development, and financial :vices needs of communities across the nation.

easury now submits the second of two reports required by the GLB Act, which ntains preliminary findings about the likely effects of the GLB Act on the livery of services under CRA. These findings are based upon industry :erviews, an econometric analysis of factors affecting financial institutions' ares of CRA originations, and metropolitan-area case-studies, because antitative data on the impact of the GLB Act is not likely to be available for ⁄eral more years.

is report is theThe report study was co-authored by a team of experts :luding: Robert E. Litan, Vice President and Director of Economic Studies at e Brookings Institution, Nicolas Retsinas and Eric Belsky, Director and Executive Director, ›ectively, of the Joint Center for Housing Studies at Harvard University, and Gary Fauth, Paul onard, and Maureen Kennedy, independent economic and housing experts. ;asury Department staff guided the study, and received input and advice from : federal banking regulators. Key findings of the report include the following.

- Interviews with major financial institutions suggest that the GLB Act CRA performance will remain strong under the GLB Act. will not likely change CRA performance in the futureWhile it is too soon to quantify the impact of financial modernization the GLB Act on the CRA performance of the banking industry, Tthose the institutions interviewed - comprising some of the nation's largest financial service institutions - stated that they most likely to be in the vanguard of capitalizing capitalize on the broadened powers of financial service holding companies to diversify into a broader line of products under the new law intend to continue to meet the credit needs of comply with CRAlow-and moderate-income communities and individuals. Some of the institutions indicated that the GLB Act requirement that firms have at least a satisfactory CRA rating to pursue new financial opportunities has increased their pressure to perform at the "outstanding" level. broaden their efforts to meet the credit needs of low- and moderate-income communities and individuals. Something more about Sunshine.

- The reporting provisions in the GLB Act are expected to lead to modestly higher compliance costs. Nearly all of the traditional-banking institutions interviewed reported the disclosure and reporting provisions will likely increase their paperwork and staffing requirements in order to comply with the requirements. Most reported that the requirements would not affect the institution's level of CRA activity.
- Metropolitan level statistical analysis demonstrates that CRA has had a favorable impact on home purchase lending to low- and moderate-income communities and individuals. While recognizing that other variables, including economic conditions of local areas, play a key role in encouraging CRA lending, the statistical analysis demonstrates that CRA is a significant factor in providing credit for home purchase loans.
- **CRA lenders and their affiliates, adjusting for differences in product specialization, increased their home purchase lending to low- and moderate-income individuals and communities faster than independent non-bank lenders.** Even after netting out non-bank affiliates acquired after 1993, CRA lenders and their affiliates increased their prime home purchase lending by 9.0 percent and their subprime and manufactured housing lending by 79.6 percent while independent non-bank lenders increased theirs by only 6.7 percent and 36.6 respectively. Had CRA lenders and their affiliates grown their prime and other lending at the slower rates of independent non-banks, they would have advanced about one-fifth fewer home purchase loans to low and moderate income individuals and communities.
- **Interviews with experts in Boston, Detroit, Denver, and Houston - metropolitan areas chosen for more in-depth analysis - provide further evidence that CRA has played a role in the expansion of lending to low- and moderate-income individuals in each of those regions.** Lenders, civic leaders, and public officials alike believe that CRA has made a substantial difference in the behavior of lending institutions and in credit flows to low- and moderate-income communities.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
Friday, January 19, 2001

TREASURY, JUSTICE AND OMB RELEASE STUDY ON FINANCIAL PRIVACY IN BANKRUPTCY

Today, The Treasury and Justice Departments along with the Office of Management and Budget announced the release of an important study of the protection of personal financial information which could be disclosed to the general public in a consumer bankruptcy proceeding.

Directed by President Clinton in April 2000, the study finds that sensitive personal information, such as bank account numbers and balances that are protected typically in other instances are often available in bankruptcy files. Therefore The Departments of Treasury and Justice along with the Office of Management and Budget are recommending that privacy protections be increased for individuals in the bankruptcy system.

The study calls for a balanced approach that will protect individual privacy while improving the effectiveness of the bankruptcy system. New bankruptcy information policies should limit the amount of highly sensitive personal financial data available in public case files to prevent identity theft and other abuse. At the same time, adequate information should remain publicly available to ensure the full accountability of the bankruptcy system. Parties with claims in bankruptcy should continue to have full access to all of the information they need to pursue those claims, subject to appropriate re-use and re-disclosure provisions.

The study is available on Treasury's web site at www.treas.gov.

LS-1136

Study Findings

The study finds that financial information in personal bankruptcy proceedings is generally available to the public without restriction. However, some of this information, such as details about a debtor's financial accounts, is highly sensitive, and individuals have a privacy interest in such information that is not adequately recognized in the current system.

At the same time, access by creditors to detailed financial information is essential for the efficient operation of the bankruptcy system, as is access by governmental entities for law enforcement and other purposes. Public access to some information about bankruptcies plays an important role in the accountability of the system as a whole.

Finally, increased use of electronic information systems in bankruptcy proceedings can make the system more efficient, but may entail additional privacy protections in order to avoid large increases in the level of disclosure of sensitive personal data. Widespread access to such sensitive information can provide unwarranted opportunities for harm to consumers and other abuses.

Study Recommendations

Based on these findings, the study agencies recommend, among other measures, that:

- The protection of personal privacy should be given greater emphasis in the bankruptcy system.

- The general public should have access to core information about personal bankruptcies - such as the fact that an individual has filed for bankruptcy and the identities of parties in interest - in order to ensure the accountability of the system.

- Access to other detailed information, such as bank account numbers and detailed profiles of personal spending habits, should be limited.

- Creditors and other parties in interest in bankruptcies should continue to have access to detailed information about individual bankruptcies in order to pursue their legitimate claims as efficiently as possible.

- However, private entities granted such access should be subject to re-use and redisclosure protections that restrict the use of the information to the pursuit of claims in a given bankruptcy proceeding.

- Any new system developed to address the flow of data in personal bankruptcies should incorporate widely-recognized fair information principles, such as rights to access and correction and appropriate data security safeguards.

- Finally, any policy regarding sensitive financial information in personal bankruptcies should not infringe upon the current ability of law enforcement and governmental entities to have access to and use of this information.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
January 19, 2001

Contact: Office of Public Affairs
(202) 622-2960

U.S., HUNGARY TO NEGOTIATE NEW INCOME TAX TREATY

The United States and the Republic of Hungary have scheduled negotiations of a new income tax treaty. The negotiations are scheduled to take place in Budapest the week of March 5, 2001. The new treaty would replace the treaty currently in force between the two countries, which was signed on February 12, 1979.

There have been substantial changes in the tax laws of both countries during the past twenty-two years and the present treaty no longer adequately reflects current treaty policies of the U.S. and Hungary. The negotiations will be based on the U.S. and OECD model treaties. The treaty will deal with the taxation of income from business activities, investment, and personal services. It will contain provisions to avoid double taxation, ensure nondiscrimination, and prevent treaty shopping. It will also provide for exchange of information and other administrative cooperation between the tax authorities of the two countries.

The Treasury Department invites written comments from the public regarding the upcoming negotiations. Comments should be sent to Manal Corwin, Acting International Tax Counsel, Room 1000 Main Treasury Building, Washington, D.C. 20220. Comments may also be sent by fax to (202) 622-0646, or by e-mail to Manal.Corwin@do.treas.gov.

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LS-1137

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
January 19, 2001

Contact: Office of Public Affairs
(202) 622-2960

U.S., AUSTRALIA TO NEGOTIATE REVISION TO INCOME TAX TREATY

The United States and Australia have scheduled the negotiation of a revision to their current income tax treaty. The negotiations are scheduled to begin in Canberra on March 26, 2001. The revision would modify the treaty currently in force between the two countries, which has been in effect since 1983. The two Governments have decided that the current treaty needs to be updated to take into account developments in both countries' tax systems and tax treaty policies.

The Treasury Department invites written comments from the public regarding the upcoming negotiations. Comments on the proposed treaty revision should be sent to Manal Corwin, Acting International Tax Counsel, Room 1000 Main Treasury, Washington, DC 20220, with a copy to Patricia A. Brown, Deputy International Tax Counsel, Room 4224 Main Treasury,Washington, DC 20220. Comments may also be sent by fax to (202) 622-0646, or by e-mail to Manal.Corwin@do.treas.gov, with a copy to Patricia.A.Brown@do.treas.gov.

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LS-1138

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

ͻR IMMEDIATE RELEASE
anuary 22, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	January 25, 2001
Maturity Date:	April 26, 2001
CUSIP Number:	912795GD7

High Rate: 5.090% Investment Rate 1/: 5.229% Price: 98.713

All noncompetitive and successful competitive bidders were awarded ͽcurities at the high rate. Tenders at the high discount rate were llotted 22%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 23,735,172	$ 10,619,531
Noncompetitive	1,337,712	1,337,712
PUBLIC SUBTOTAL	25,072,884	11,957,243 2/
Foreign Official Refunded	1,050,000	1,050,000
SUBTOTAL	26,122,884	13,007,243
Federal Reserve	4,422,217	4,422,217
Foreign Official Add-On	0	0
TOTAL	$ 30,545,101	$ 17,429,460

Median rate 5.080%: 50% of the amount of accepted competitive tenders s tendered at or below that rate. Low rate 5.070%: 5% of the amount accepted competitive tenders was tendered at or below that rate.

d-to-Cover Ratio = 25,072,884 / 11,957,243 = 2.10

Equivalent coupon-issue yield.
Awards to TREASURY DIRECT = $1,026,173,000

http://www.publicdebt.treas.gov

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

OR IMMEDIATE RELEASE
anuary 22, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	January 25, 2001
Maturity Date:	July 26, 2001
CUSIP Number:	912795HD6

High Rate: 4.920% Investment Rate 1/: 5.115% Price: 97.513

All noncompetitive and successful competitive bidders were awarded ecurities at the high rate. Tenders at the high discount rate were llotted 92%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 17,667,930	$ 6,167,100
Noncompetitive	1,185,580	1,185,580
PUBLIC SUBTOTAL	18,853,510	7,352,680 2/
Foreign Official Refunded	3,655,000	3,655,000
SUBTOTAL	22,508,510	11,007,680
Federal Reserve	4,553,860	4,553,860
Foreign Official Add-On	0	0
TOTAL	$ 27,062,370	$ 15,561,540

Median rate 4.910%: 50% of the amount of accepted competitive tenders is tendered at or below that rate. Low rate 4.890%: 5% of the amount accepted competitive tenders was tendered at or below that rate.

d-to-Cover Ratio = 18,853,510 / 7,352,680 = 2.56

Equivalent coupon-issue yield.
Awards to TREASURY DIRECT = $922,796,000

http://www.publicdebt.treas.gov

federal financing bank NEWS
WASHINGTON, D.C. 20220
Press 202-622-2960
FFB 202-622-2450

FEDERAL FINANCING BANK December 31, 2000

Kerry Lanham, Secretary, Federal Financing Bank (FFB), announced the following activity for the month of November 2000.

FFB holdings of obligations issued, sold or guaranteed by other Federal agencies totaled $40.2 billion on November 30, 2000, posting a decrease of $1,109.9 million from the level on October 31, 2000. This net change was the result of a decrease in holdings of agency debt of $673.7 million and in holdings of agency assets of $480.0 million, and an increase in holdings of government-guaranteed loans of $43.8 million. FFB made 78 disbursements during the month of November. FFB also received 9 prepayments in November.

Attached to this release are tables presenting FFB November loan activity and FFB holdings as of November 30, 2000.

PO-3

FEDERAL FINANCING BANK
NOVEMBER 2000 ACTIVITY

Borrower	Date	Amount of Advance	Final Maturity	Interest Rate
ENCY DEBT				
.S. POSTAL SERVICE				
.S. Postal Service	11/01	$1,565,000,000.00	11/02/00	6.511% S/A
.S. Postal Service	11/01	$372,900,000.00	11/02/00	6.490% S/A
.S. Postal Service	11/02	$1,475,000,000.00	11/03/00	6.501% S/A
.S. Postal Service	11/02	$216,700,000.00	11/03/00	6.500% S/A
.S. Postal Service	11/03	$1,975,000,000.00	11/06/00	6.490% S/A
.S. Postal Service	11/03	$203,600,000.00	11/06/00	6.507% S/A
.S. Postal Service	11/06	$1,070,000,000.00	11/07/00	6.500% S/A
.S. Postal Service	11/06	$258,000,000.00	11/07/00	6.543% S/A
.S. Postal Service	11/07	$770,000,000.00	11/08/00	6.507% S/A
.S. Postal Service	11/07	$195,900,000.00	11/08/00	6.543% S/A
.S. Postal Service	11/08	$580,000,000.00	11/09/00	6.543% S/A
.S. Postal Service	11/08	$181,600,000.00	11/09/00	6.532% S/A
.S. Postal Service	11/09	$1,300,000,000.00	11/13/00	6.543% S/A
.S. Postal Service	11/09	$500,000,000.00	11/13/00	6.521% S/A
.S. Postal Service	11/13	$1,560,000,000.00	11/14/00	6.532% S/A
.S. Postal Service	11/13	$59,500,000.00	11/14/00	6.511% S/A
.S. Postal Service	11/14	$1,370,000,000.00	11/15/00	6.521% S/A
.S. Postal Service	11/14	$455,600,000.00	11/15/00	6.490% S/A
.S. Postal Service	11/15	$1,250,000,000.00	11/16/00	6.511% S/A
.S. Postal Service	11/15	$427,900,000.00	11/16/00	6.501% S/A
.S. Postal Service	11/16	$1,275,000,000.00	11/17/00	6.490% S/A
.S. Postal Service	11/16	$208,500,000.00	11/17/00	6.479% S/A
.S. Postal Service	11/17	$1,070,000,000.00	11/20/00	6.501% S/A
.S. Postal Service	11/17	$251,700,000.00	11/20/00	6.475% S/A
.S. Postal Service	11/20	$865,000,000.00	11/21/00	6.479% S/A
.S. Postal Service	11/20	$290,500,000.00	11/21/00	6.489% S/A
.S. Postal Service	11/21	$560,000,000.00	11/22/00	6.475% S/A
.S. Postal Service	11/21	$296,800,000.00	11/22/00	6.489% S/A
.S. Postal Service	11/22	$440,000,000.00	11/24/00	6.489% S/A
.S. Postal Service	11/22	$213,100,000.00	11/24/00	6.489% S/A
.S. Postal Service	11/24	$1,285,000,000.00	11/27/00	6.489% S/A
.S. Postal Service	11/24	$309,100,000.00	11/27/00	6.486% S/A
.S. Postal Service	11/27	$1,575,000,000.00	11/28/00	6.489% S/A
.S. Postal Service	11/27	$381,600,000.00	11/28/00	6.459% S/A
S. Postal Service	11/28	$1,500,000,000.00	11/29/00	6.486% S/A
S. Postal Service	11/28	$310,200,000.00	11/29/00	6.407% S/A
S. Postal Service	11/29	$1,320,000,000.00	11/30/00	6.459% S/A
S. Postal Service	11/29	$336,400,000.00	11/30/00	6.365% S/A
S. Postal Service	11/30	$1,000,000,000.00	2/28/01	6.407% S/A
S. Postal Service	11/30	$1,150,000,000.00	12/01/00	6.407% S/A
S. Postal Service	11/30	$383,900,000.00	12/01/00	6.332% S/A

FEDERAL FINANCING BANK
NOVEMBER 2000 ACTIVITY

Borrower	Date	Amount of Advance	Final Maturity	Interest Rate
GOVERNMENT-GUARANTEED LOANS				
GENERAL SERVICES ADMINISTRATION				
Chamblee Office Building	11/03	$7,505.94	10/01/26	6.036% S/A
Atlanta CDC Lab	11/03	$16,875.00	1/30/02	6.133% S/A
Chamblee Office Building	11/13	$7,505.94	10/01/26	6.096% S/A
Atlanta CDC Lab	11/17	$64,488.32	1/30/02	6.136% S/A
Chamblee Office Building	11/24	$7,505.94	10/01/26	5.905% S/A
DEPARTMENT OF EDUCATION				
Tougaloo College	11/08	$142,043.45	9/04/29	6.000% S/A
Tougaloo College	11/09	$75,020.56	9/04/29	5.987% S/A
RURAL UTILITIES SERVICE				
Big Horn Rural Elec. #631	11/01	$615,000.00	1/03/34	5.822% Qtr.
Hawkeye Tri-County Elec. #643	11/01	$664,000.00	1/02/35	5.815% Qtr.
Medina Electric #622	11/01	$4,000,000.00	12/31/15	5.852% Qtr.
Pennyrile Elec. #513	11/01	$6,000,000.00	1/03/33	5.952% Qtr.
Miller Tele. #474	11/02	$111,757.00	12/31/15	5.892% Qtr.
Tri-County EMC #557	11/02	$1,400,000.00	1/03/34	5.810% Qtr.
Brazos Electric #561	11/03	$10,991,000.00	4/02/01	6.317% Qtr.
Cherokee Dlectric #562	11/03	$6,970,000.00	1/02/29	6.232% Qtr.
Socorro Elec. #541	11/03	$1,460,000.00	1/03/33	5.820% Qtr.
Southwest Mississippi #628	11/03	$3,200,000.00	1/03/34	5.814% Qtr.
Goodhue County #672	11/07	$800,000.00	1/02/35	5.915% Qtr.
Dairyland Power #588	11/08	$11,052,000.00	1/03/28	6.095% Qtr.
Dairyland Power #589	11/08	$2,093,000.00	1/03/28	5.971% Qtr.
Cental Virginia Elec. #593	11/09	$2,000,000.00	12/31/30	5.932% Qtr.
Mecklenberg Electric #612	11/09	$3,720,000.00	1/03/34	5.911% Qtr.
Orange County Elec. #466	11/09	$500,000.00	4/02/29	6.065% Qtr.
S.W. Tennessee EMC #510	11/09	$1,600,000.00	1/03/33	6.040% Qtr.
Ozark Electric #629	11/14	$2,039,000.00	1/02/35	5.855% Qtr.
East Central Energy #660	11/15	$4,000,000.00	1/02/35	5.826% Qtr.
Washington Electric #655	11/15	$255,000.00	1/02/35	5.826% Qtr.
BLUE GRASS ENERGY #674	11/16	$4,000,000.00	4/02/01	6.319% Qtr.
Georgia Trans. Corp. #559	11/16	$11,323,959.00	12/31/25	5.839% Qtr.
Otsego Electric #653	11/16	$426,000.00	1/03/34	5.788% Qtr.
Horry Electric Coop. #536	11/17	$3,000,000.00	1/03/34	5.762% Qtr.
Otsego Electric #653	11/17	$137,000.00	1/03/34	5.762% Qtr.
Seminole Electric #678	11/21	$30,000,000.00	12/31/19	5.776% Qtr.
N. Pittsburgh Tele. #449	11/24	$943,000.00	12/31/12	5.743% Qtr.
Blue Ridge Elec. Coop. #659	11/28	$17,000,000.00	12/31/29	5.746% Qtr.
Decatur County #575	11/28	$893,000.00	1/03/34	5.723% Qtr.
Hancock-Wood Elec. #469	11/28	$950,000.00	12/31/31	5.857% Qtr.

S/A is a Semiannual rate.
Qtr. is a Quarterly rate.

FEDERAL FINANCING BANK HOLDINGS
(in millions of dollars)

Program	November 30, 2000	October 31, 2000	Monthly Net Change 11/1/00-11/30/00	Fiscal Year Net Change 10/1/00-11/30/00
Agency Debt:				
U.S. Postal Service	$7,133.9	$7,807.6	-$673.7	-$2,128.1
Subtotal*	$7,133.9	$7,807.6	-$673.7	-$2,128.1
Agency Assets:				
FmHA-RDIF	$3,150.0	$3,410.0	-$260.0	-$260.0
FmHA-RHIF	$5,320.0	$5,540.0	-$220.0	-$220.0
DHHS-Medical Facilities	$0.6	$0.6	$0.0	$0.0
Rural Utilities Service-CBO	$4,326.9	$4,326.9	$0.0	$0.0
Subtotal*	$12,797.5	$13,277.5	-$480.0	-$480.0
Government-Guaranteed Lending:				
DOD-Foreign Military Sales	$2,374.8	$2,387.8	-$12.9	-$15.6
DoEd-HBCU+	$21.7	$21.5	$0.2	$1.0
DHUD-Community Dev. Block Grant	$10.0	$10.0	$0.0	-$0.8
DHUD-Public Housing Notes	$1,278.7	$1,348.5	-$69.8	-$69.8
General Services Administration+	$2,310.0	$2,313.4	-$3.4	-$2.6
DOI-Virgin Islands	$14.7	$14.7	$0.0	$0.0
DON-Ship Lease Financing	$1,047.5	$1,047.5	$0.0	$0.0
Rural Utilities Service	$13,023.1	$12,891.0	$132.1	$33.6
SBA-State/Local Development Cos.	$154.5	$156.9	-$2.4	-$4.6
DOT-Section 511	$3.5	$3.5	$0.0	$0.0
Subtotal*	$20,238.6	$20,194.8	$43.8	-$58.7
Grand total*	$40,170.0	$41,279.9	-$1,109.9	-$2,666.8

* figures may not total due to rounding
\+ does not include capitalized interest

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

U.S. International Reserve Position 1/23/01

The Treasury Department today released U.S. reserve assets data for the week ending January 19, 2001. As indicated in this table, U.S. reserve assets totaled $67,150 million as of January 19, 2001, down from $67,699 million as of January 12, 2001.

(in US millions)

I. Official U.S. Reserve Assets	January 12, 2001			January 19, 2001		
TOTAL	67,699			67,150		
1. Foreign Currency Reserves [1]	Euro	Yen	TOTAL	Euro	Yen	TOTAL
a. Securities	5,578	10,463	16,041	5,514	10,511	16,025
Of which, issuer headquartered in the U.S.			0			0
b. Total deposits with:						
b.i. Other central banks and BIS	9,435	5,560	14,995	9,321	5,585	14,906
b.ii. Banks headquartered in the U.S.			0			0
b.ii. Of which, banks located abroad			0			0
b.iii. Banks headquartered outside the U.S.			0			0
b.iii. Of which, banks located in the U.S.			0			0
2. IMF Reserve Position [2]			14,979			*14,648*
3. Special Drawing Rights (SDRs) [2]			10,639			*10,525*
4. Gold Stock [3]			11,046			11,046
5. Other Reserve Assets			0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for January 12 are final. The entries in the table above for January 19 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of November 30, 2000. The October 31, 2000 value was $11,046 million.

PO-4

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 9:00 A.M.
January 24, 2001

PUBLIC CONTACT: Office of Financing
202-691-3550
MEDIA CONTACT: Office of Public Affairs
202-622-2960

TREASURY ANNOUNCES DEBT BUYBACK OPERATION

On January 25, 2001, the Treasury will buy back up to $1,000 million par of its outstanding callable issues with final maturity between February 2010 and November 2014. Treasury reserves the right to accept less than the announced amount.

This debt buyback (redemption) operation will be conducted by Treasury's Fiscal Agent, the Federal Reserve Bank of New York, using its Open Market operations system. Only institutions that the Federal Reserve Bank of New York has approved to conduct Open Market transactions may submit offers on behalf of themselves and their customers. Offers at the highest accepted price for a particular issue may be accepted on a prorated basis, rounded up to the next $100,000. As a result of this rounding, the Treasury may buy back an amount slightly larger than the one announced above.

This debt buyback operation is governed by the terms and conditions set forth in 31 CFR Part 375 and this announcement.

The debt buyback operation regulations are available on the Bureau of the Public Debt's website at www.publicdebt.treas.gov.

Details about the operation and each of the eligible issues are given in the attached highlights.

oOo

Attachment

PO-5

HIGHLIGHTS OF TREASURY DEBT BUYBACK OPERATION

January 24, 2001

Par amount to be bought back .. Up to $1,000 million
Operation date .... January 25, 2001
Operation close time .... 11:00 a.m. eastern standard time
Settlement date .... January 29, 2001
Minimum par offer amount $100,000
Multiples of par $100,000
Format for offers ..... Expressed in terms of price per $100 of par with three decimals. The first two decimals represent fractional 32nds of a dollar. The third decimal represents eighths of a 32nd of a dollar, and must be a 0, 2, 4, or 6.
Delivery instructions .... ABA Number 021001208 FRB NYC/CUST

Treasury issues eligible for debt buyback operation (in millions):

Coupon Rate (%)	Maturity Date	CUSIP Number	Par Amount Outstanding*	Par Amount Privately Held*
11.750	02/15/05-10	912810 CM 8	2,494	1,636
10.000	05/15/05-10	912810 CP 1	2,987	1,811
12.750	11/15/05-10	912810 CS 5	4,736	3,476
13.875	05/15/06-11	912810 CV 8	4,609	3,535
14.000	11/15/06-11	912810 CY 2	4,901	3,925
10.375	11/15/07-12	912810 DB 1	10,452	8,533
12.000	08/15/08-13	912810 DF 2	13,459	10,418
13.250	05/15/09-14	912810 DJ 4	4,481	3,611
12.500	08/15/09-14	912810 DL 9	4,781	3,875
11.750	11/15/09-14	912810 DN 5**	6,006	4,811
		Total	58,906	45,631

* Par amounts are as of January 23, 2001.

** This is the only callable security eligible for the STRIPS program. As of January 22, 2001, the par amount held as STRIPS is $4,018 million.

The difference between the par amount outstanding and the par amount privately held is the par amount of those issues held by the Federal Reserve System and Federal Government accounts.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
JANUARY 24, 2001

TREASURY ANNOUNCES CHANGE IN THE TIME OF THE MEETING OF THE TREASURY BORROWING ADVISORY COMMITTEE

The Treasury Department announced today a change in the time of the public meeting of the Bond Market Association Treasury Borrowing Advisory Committee (TBAC) held as part of its regular quarterly refunding operations. The public meeting of the TBAC originally scheduled for Tuesday, January 30 at 9:00 a.m. has been rescheduled for 10:00 a.m. on January 30 at the Treasury Department, 1500 Pennsylvania Avenue, N.W., Washington, DC.

PO-6

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
January 24, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 2-YEAR NOTES

Interest Rate: 4 3/4%
Series: L-2003
CUSIP No: 9128276S6
STRIPS Minimum: $800,000

Issue Date: January 31, 2001
Dated Date: January 31, 2001
Maturity Date: January 31, 2003

High Yield: 4.760% Price: 99.981

All noncompetitive and successful competitive bidders were awarded securities at the high yield. Tenders at the high yield were allotted 1%. All tenders at lower yields were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 25,377,510	$ 9,022,950
Noncompetitive	980,769	980,769
PUBLIC SUBTOTAL	26,358,279	10,003,719 1/
Federal Reserve	3,333,333	3,333,333
Foreign Official Inst.	2,100,000	2,100,000
TOTAL	$ 31,791,612	$ 15,437,052

Median yield 4.740%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low yield 4.690%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 26,358,279 / 10,003,719 = 2.63

1/ Awards to TREASURY DIRECT = $779,246,000

http://www.publicdebt.treas.gov

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
January 25, 2001

PUBLIC CONTACT: Office of Financing
202-691-3550
MEDIA CONTACT: Office of Public Affairs
202-622-2960

TREASURY DEBT BUYBACK OPERATION RESULTS

Today, Treasury completed a debt buyback (redemption) operation for $1,000 million par of its outstanding callable issues. A total of 10 callable issues with final maturity between February 2010 and November 2014 were eligible for this operation. The settlement date for this operation will be January 29, 2001. Summary results of this operation are presented below.

(amounts in millions)

Offers Received (Par Amount):	$5,158
Offers Accepted (Par Amount):	1,000
Total Price Paid for Issues (Less Accrued Interest):	1,381
Number of Issues Eligible:	
For Operation:	10
For Which Offers were Accepted:	4
Weighted Average Yield to Call of all Accepted Offers (%):	5.318
Weighted Average Maturity to Call for all Accepted Securities (in years):	5.3

Details for each issue accompany this release.

'0-8

January 25, 2001

TREASURY DEBT BUYBACK OPERATION RESULTS

(amounts in millions, prices in decimals)

Table I

Coupon Rate (%)	Maturity Date	Par Amount Offered	Par Amount Accepted	Highest Accepted Price	Weighted Average Accepted Price
11.750	02/15/05-10	202	43	123.390	123.389
10.000	05/15/05-10	500	0	N/A	N/A
12.750	11/15/05-10	220	220	131.187	131.155
13.875	05/15/06-11	325	325	139.109	139.030
14.000	11/15/06-11	462	412	142.750	142.653
10.375	11/15/07-12	585	0	N/A	N/A
12.000	08/15/08-13	1,632	0	N/A	N/A
13.250	05/15/09-14	435	0	N/A	N/A
12.500	08/15/09-14	512	0	N/A	N/A
11.750	11/15/09-14	285	0	N/A	N/A

Table II

Coupon Rate (%)	Maturity Date	CUSIP Number	Lowest Accepted Yield to Call	Weighted Average Accepted Yield to Call	Par Amount Privately Held*
11.750	02/15/05-10	912810CM8	5.256	5.256	1,593
10.000	05/15/05-10	912810CP1	N/A	N/A	1,811
12.750	11/15/05-10	912810CS5	5.293	5.299	3,256
13.875	05/15/06-11	912810CV8	5.300	5.314	3,210
14.000	11/15/06-11	912810CY2	5.323	5.338	3,513
10.375	11/15/07-12	912810DB1	N/A	N/A	8,533
12.000	08/15/08-13	912810DF2	N/A	N/A	10,418
13.250	05/15/09-14	912810DJ4	N/A	N/A	3,611
12.500	08/15/09-14	912810DL9	N/A	N/A	3,875
11.750	11/15/09-14	912810DN5	N/A	N/A	4,811

Total Par Amount Offered: 5,158

Total Par Amount Accepted: 1,000

Note: Due to rounding, details may not add to totals.

*Amount outstanding after operation. Calculated using amounts reported on announcement.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 2:30 P.M.
January 25, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $24,000 million to refund $30,230 million of publicly held securities maturing February 1, 2001, and to pay down about $6,230 million.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $13,814 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts issued to these accounts will be in addition to the offering amount.

The maturing bills held by the public include $7,266 million held by Federal Reserve Banks as agents for foreign and international monetary authorities, which may be refunded within the offering amount at the highest discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills.

TreasuryDirect customers requested that we reinvest their maturing holdings of approximately $1,074 million into the 13-week bill and $1,354 million into the 26-week bill.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

oOo

Attachment

PO-9

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED FEBRUARY 1, 2001

January 25, 2001

Offering Amount	$13,000 million	$11,000 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912795 GB 5	912795 HE 4
Auction date	January 29, 2001	January 29, 2001
Issue date	February 1, 2001	February 1, 2001
Maturity date	May 3, 2001	August 2, 2001
Original issue date	November 2, 2000	February 1, 2001
Currently outstanding	$14,542 million	---
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids .... Accepted in full up to $1,000,000 at the highest discount rate of accepted competitive bids.

Competitive bids .... (1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.
(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.
(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate .... 35% of public offering

Maximum Award .... 35% of public offering

Receipt of Tenders:

Noncompetitive tenders ...... Prior to 12:00 noon eastern standard time on auction day
Competitive tenders .... Prior to 1:00 p.m. eastern standard time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 3:00PM
January 29, 2001

CONTACT: Frank Keith
(202) 622-2960

TREASURY ANNOUNCES MARKET BORROWING ESTIMATES

The Treasury Department announced today that it expects to borrow a net of $46 billion in marketable debt during the January – March 2001 quarter and to target a cash balance of $45 billion on March 31. This includes the previously announced estimate of $9 billion of buybacks of Treasury marketable securities. In the quarterly announcement of its borrowing needs on October 30, 2000, the Treasury announced that it expected to borrow $20 billion in marketable debt and to target an end-of-quarter cash balance of $30 billion. The increase in borrowing is due primarily to a lower cash balance at the beginning of the quarter and a higher target cash balance on March 31.

The Treasury also announced that it expects to pay down $197 billion in marketable debt during the April – June 2001 quarter and to target a cash balance of $60 billion on June 30.

The Treasury paid down $26 billion in marketable debt during the October – December 2000 quarter and ended with a cash balance of $21 billion on December 31. On October 30, the Treasury announced that it expected to pay down $23 billion in marketable debt and to target an end-of-quarter cash balance of $30 billion. The lower cash balance was primarily the result of timing in the deposits of individual taxes, which were received in the first week of January 2001 instead of the last week of December 2000.

The Quarterly Refunding Press Conference will be held at 9:00AM on Wednesday, January 31, 2001.

PO-10

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
January 30, 2001

DIRECTOR OF THE OFFICE OF MACROECONOMIC ANALYSIS JOHN H. AUTEN REMARKS TO THE TREASURY BORROWING ADVISORY COMMITTEE OF THE BOND MARKET ASSOCIATION

When we met three months ago, the economy had moved fairly smoothly to a lower and more sustainable pace of growth. There were some financial and other uncertainties at the time, but further economic expansion at a solid pace appeared to be the most likely outcome. With the wisdom of hindsight, that now seems to have been a rather optimistic assessment. There has, as you know, been a run of much softer economic readings and a policy response earlier this month by the Federal Reserve to a changing set of circumstances.

Somewhat paradoxically, this economic downshift is still not clearly revealed in the economy's recent rates of growth. The advance estimate of fourth quarter Gross Domestic Product will not be known until tomorrow, but private estimates of real growth have been centered in the 1-1/2 to 2 percent range. This would be within hailing distance of the third quarter's 2.2 percent and would at least superficially seem difficult to reconcile with the increased pessimism and perception of downside risk that has developed. The discrepancy largely reflects nothing more profound than the fact that Gross Domestic Product is measured on the basis of quarterly averages.

We do not have monthly data for Gross Domestic Product, but real personal consumption expenditure (two-thirds of GDP) is available monthly and can serve as a rough GDP proxy for illustrative purposes. Consumer spending started the fourth quarter well above its third-quarter average, about 2 percentage points above at an annual rate, made dwindling gains in October and November, and then weakened in December, when unit auto sales fell sharply. It is as if there were two fourth quarters: one as recorded in the GDP account quarterly averages, not very different from the third-quarter results; another as the picture has emerged in the evolving flow of real-time statistics, very different indeed.

PO-11

However far back the origins of the current slowdown might be traced, two statistical releases – one late last year, the other early this year – were the alarm signals that both consumption and production might be weakening significantly.

- In late December, as the press reported at the time, the University of Michigan index of consumer sentiment tumbled by more than 9 percentage points to a two-year low. Consumers felt that the economy had weakened and expected it to deteriorate further in the new year.

- This was followed on January 2 by a much larger-than-expected decline in the index of the National Association of Purchasing Management which tracks activity in the manufacturing sector. Their December index was the lowest since April 1991 and close to the level which historically has corresponded with no growth in the overall economy.

These were the earliest available readings on the economy as it closed out last year and soon were followed by a number of other statistics, confirming that the pace of activity had, indeed, slowed in December.

- Sales at major retail chain stores edged up a disappointing 1/4 percent in December 2000 from a year earlier. This followed four strong years in which December sales rose by an average of more than 5 percent. The broader, official series on retail sales inched up by 0.1 percent in December in nominal terms, and earlier results for October and November were revised down.

- Private sector employment gains slowed in December, although the unemployment rate held steady at a low 4.0 percent. But the shocker was a 62,000 drop in manufacturing employment and a plunge in factory work hours, possibly aggravated by severe winter weather in the Midwest. This was reflected in December industrial production which fell by 0.6 percent, pulling the fourth quarter down at a 1.1 percent annual rate, the first such quarterly decline since 1991.

- Finally, the Conference Board's composite index of leading indicators fell by 0.6 percent in December. It has been pointing toward a slowing trend since last spring and now is coming closer to an outright warning of a downturn but is not there yet. One problem of interpretation is that much of the weakness in the leading indicator index is due to its yield curve component which has shown a sustained inversion over the past year. That may reflect special factors that were not present in the past, such as the Treasury buyback program, since substitution of a AAA corporate index for the 10-year Treasury seems to remove the inversion.

There is a different, somewhat more positive, tone to scattered reports on activity in January. It is difficult to be sure how much importance to attach to these latest fragmentary readings, but they tend to undercut the notion that the economy is in anything like a free fall. Trade sources suggest that consumers may have picked up their pace of spending with sales above plan for some retailers. Mortgage refinancing took a big jump in early January as mortgage rates fell below 7 percent. More generally, the housing sector has remained at a relatively high level of activity. That may be changing with recent declines in building permits and existing home sales, but the surprise is how resistant housing has been. Initial claims for unemployment insurance, which soared to the highest level in 2-1/2 years at the end of December, have fallen back in January and suggest that labor markets are still tight.

Inflationary pressures have remained relatively subdued in recent months. While inflation remains a significant problem, the slowing pace of real activity is a more immediate concern.

- The consumer price index rose at a 2.1 percent seasonally adjusted annual rate in the three months ended in December and the core rate (excluding the food and energy components) rose at a 2.0 percent rate. Both of these rates were well below the corresponding rates over the 12 months ending in December: 3.4 percent for the total CPI and 2.6 percent for the core.

- The employment cost index, released last week, showed a surprisingly modest increase for the three months ended in December – well below market estimates. Hourly compensation (wages and salaries plus benefits) rose by a seasonally adjusted 0.8 percent or 3.3 percent at an annual rate. This was well below the 4.1 percent advance over the 12 months ended in December.

Looking to the future – a hazardous enterprise at best – it seems likely that the current quarter will be relatively weak statistically. From a narrow technical point of view, first quarter real growth will suffer from a low starting point – the reverse of the fourth quarter situation. In addition, first quarter growth may be held down by seasonal adjustment factors which will reflect a run of mild winters in the recent past and present a fairly high statistical hurdle to clear. From a more fundamental point of view, at least a moderate inventory adjustment is underway. But these have occurred before during the current expansion without lasting adverse impact. It hardly needs repeating that downside risk for the economy has increased; but there are also important elements of continuing strength, too easily ignored when pessimism temporarily becomes the dominant theme.

That is a summary of recent economic developments and the near term economic outlook.

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
January 29, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	February 01, 2001
Maturity Date:	May 03, 2001
CUSIP Number:	912795GE5

High Rate: 4.980% Investment Rate 1/: 5.114% Price: 98.741

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 98%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 24,197,997	$ 10,655,997
Noncompetitive	1,518,337	1,518,337
PUBLIC SUBTOTAL	25,716,334	12,174,334 2/
Foreign Official Refunded	850,000	850,000
SUBTOTAL	26,566,334	13,024,334
Federal Reserve	7,253,443	7,253,443
Foreign Official Add-On	0	0
TOTAL	$ 33,819,777	$ 20,277,777

Median rate 4.970%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 4.940%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 25,716,334 / 12,174,334 = 2.11

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,197,835,000

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
January 29, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	February 01, 2001
Maturity Date:	August 02, 2001
CUSIP Number:	912795HE4

High Rate: 4.840% Investment Rate 1/: 5.031% Price: 97.553

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 10%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 16,268,754	$ 5,651,254
Noncompetitive	1,778,821	1,778,821
PUBLIC SUBTOTAL	18,047,575	7,430,075 2/
Foreign Official Refunded	3,575,000	3,575,000
SUBTOTAL	21,622,575	11,005,075
Federal Reserve	5,923,077	5,923,077
Foreign Official Add-On	0	0
TOTAL	$ 27,545,652	$ 16,928,152

Median rate 4.810%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 4.700%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 18,047,575 / 7,430,075 = 2.43

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,431,398,000

http://www.publicdebt.treas.gov

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
January 31, 2001

STATEMENT BY TREASURY SECRETARY PAUL H. O'NEILL

The Administration respects the independence of the Federal Reserve in making decisions about our nation's monetary policy. We share the Federal Reserve's goals of maintaining healthy economic growth while preserving low inflation.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
January 31, 2001

DEPUTY ASSISTANT SECRETARY OF THE TREASURY FOR FEDERAL FINANCE MICHAEL J. PAULUS REMARKS AT THE FEBRUARY 2001 TREASURY QUARTERLY REFUNDING

Good morning. I am pleased to be with you today to discuss the government's refunding needs for the current quarter. In addition, I will be making a few announcements with respect to other aspects of Treasury's debt management.

52-Week Bills

One year ago, Treasury announced a reduction in the frequency of issuance of 52-week Treasury bills from monthly to quarterly, consistent with the recommendation of the Treasury's Borrowing Advisory Committee. This change has allowed us to add to the liquidity of the three- and six-month bills while we respond to the overall reduction in Treasury's borrowing needs.

Since then, we have worked with Congress to enact legislation that will help to ensure a smooth transition to the elimination of this security. These statutory changes, which replace references to the auction yield of 52-week bills with the one-year Constant Maturity Treasury (CMT) yield, were enacted at the end of the 106th Congress. I would like to take this opportunity to thank those who devoted their time and effort to this issue, both within the Treasury and in Congress.

Today we are announcing the elimination of the 52-week Treasury bill. The final auction of this security will take place on February 27, 2001. This change will eliminate roughly $20 billion in debt issuance this fiscal year. We expect that a portion of this amount will be re-allocated elsewhere in the bill sector, consistent with our borrowing needs.

Buybacks

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Since our last quarterly refunding announcement, we have successfully completed our buyback operations for calendar year 2000 and have begun our operations for calendar year 2001. Total buybacks for 2000 reached our stated goal of $30 billion par amount of securities. We continue to be pleased with the results of our buyback operations.

As we announced at our last quarterly refunding in November, we will provide our buyback goals going forward on a quarterly basis. In November, we indicated that we expect to conduct buyback operations of approximately $9 billion par amount of securities in the January to March quarter. Today we are announcing that we expect to conduct buyback operations for approximately $9 billion of securities in the April to June quarter as well.

FIMA Adjustments

On November 14, Treasury announced a series of technical changes to the rules that apply to Foreign and International Monetary Authority (FIMA) account participation in Treasury auctions. These changes, which will become effective on February 1, 2001, are designed to facilitate the continued participation of FIMA accounts in the auction process, improve the liquidity and efficiency of the Treasury market, and allow the Treasury to better control the amount of funds raised at auction.

As announced in November, individual FIMA accounts will be limited to non-competitive bids of no more than $200 million per account per auction, which will apply to both new bids and "roll-overs." In addition, total non-competitive bids from all FIMA accounts will be limited to $1 billion per auction, per security, which will be included in the total amount of the announced auction size. Allocation of FIMA non-competitive bids will be from smallest to largest, up to the aggregate award limit of $1 billion.

At the time we stated that we expected to increase our publicly announced auction amounts initially by the amount that we otherwise would have expected to raise through the "add-ons" related to FIMA accounts. As a result, we will increase the size of our 5- and 10-year note auctions by $1 billion per auction.

Terms of the February Refunding

I will now turn to the terms of the February Refunding. We are offering $32 billion of notes and bonds to refund approximately $25.1 billion of privately held notes maturing on February 15, raising approximately $6.9 billion. The securities are:

- A re-opening of the 5 ¾ percent 5-year notes issued in November 2000, maturing November 15, 2005, in an amount of $11 billion.
- A 10-year note in an amount of $11 billion, maturing February 15, 2011.
- A 30-year bond in an amount of $10 billion, maturing February 15, 2031.

These securities will be auctioned on a yield basis at 1:00 PM Eastern Standard Time on February 6, 7, and 8, respectively.

With respect to the re-opening of the 5-year note, it should be noted that this security currently trades at a premium to par. This is of particular significance to small bidders in the auction, especially those who are participants in the *TreasuryDirect* system, who should be aware that additional funds may be required to cover the cost of the premium. In addition to possible premium, investors will be required to pay three months of accrued interest.

As announced on Monday, we estimate that we will have a $45 billion cash balance on March 31 and a $60 billion cash balance on June 30. We expect to issue cash management bills this quarter to bridge seasonal low points in our cash position.

Our next quarterly refunding announcement will take place on Wednesday, May 2.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

U.S. International Reserve Position 01/31/01

The Treasury Department today released U.S. reserve assets data for the week ending January 26, 2001. As indicated in this table, U.S. reserve assets totaled $67,431 million as of January 26, 2001, down from $67,594 million as of January 19, 2001.

(in US millions)

I. Official U.S. Reserve Assets	January 19, 2001			January 26, 2001		
TOTAL	67,594			67,431		
1. Foreign Currency Reserves [1]	Euro	Yen	TOTAL	Euro	Yen	TOTAL
a. Securities	5,514	10,511	16,025	5,425	10,518	15,943
Of which, issuer headquartered in the U.S.			0			0
b. Total deposits with:						
b.i. Other central banks and BIS	9,321	5,585	14,906	9,180	5,590	14,770
b.ii. Banks headquartered in the U.S.			0			0
b.ii. Of which, banks located abroad			0			0
b.iii. Banks headquartered outside the U.S.			0			0
b.iii. Of which, banks located in the U.S.			0			0
2. IMF Reserve Position [2]			14,979			*15,193*
3. Special Drawing Rights (SDRs) [2]			10,639			*10,481*
4. Gold Stock [3]			11,046			11,046
5. Other Reserve Assets			0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for January 19 are final. The entries in the table above for January 26 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of November 30, 2000. The October 31, 2000 value was $11,046 million.

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U.S. International Reserve Position (cont'd)

II. Predetermined Short-Term Drains on Foreign Currency Assets

	January 19, 2001	January 26, 2001
1. Foreign currency loans and securities	0	0
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
3. Other	0	0

III. Contingent Short-Term Net Drains on Foreign Currency Assets

	January 19, 2001	January 26, 2001
1. Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
2. Foreign currency securities with embedded options	0	0
3. Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR RELEASE WHEN AUTHORIZED AT PRESS CONFERENCE
January 31, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY FEBRUARY QUARTERLY FINANCING

The Treasury will auction $11,000 million of 4-3/4-year 5-3/4% notes, $11,000 million of 10-year notes, and $10,000 million of 30-year bonds to refund $25,049 million of publicly held securities maturing February 15, 2001, and to raise about $6,951 million of new cash.

In addition to the public holdings, Federal Reserve Banks hold $3,132 million of the maturing securities for their own accounts, which may be refunded by issuing additional amounts of the new securities.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers requested that we reinvest their maturing holdings of approximately $193 million into the 4-3/4-year note, $11 million into the 10-year note, and $1 million into the 30-year bond.

All of the auctions being announced today will be conducted in the single-price auction format. All competitive and noncompetitive awards will be at the highest yield of accepted competitive tenders.

All of the securities being offered today are eligible for the STRIPS program.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about the notes and bond are given in the attached offering highlights.

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Attachment

PO-17

HIGHLIGHTS OF TREASURY OFFERINGS TO THE PUBLIC
FEBRUARY 2001 QUARTERLY FINANCING

January 31, 2001

Offering Amount	$11,000 million	$11,000 million	$10,000 million
Description of Offering:			
Term and type of security	4-3/4-year notes (reopening)	10-year notes	30-year bonds
Series	F-2005	B-2011	Bonds of February 2031
CUSIP number	912827 6N 7	912827 6T 4	912810 FP 8
Auction date	February 6, 2001	February 7, 2001	February 8, 2001
Issue date	February 15, 2001	February 15, 2001	February 15, 2001
Dated date	November 15, 2000	February 15, 2001	February 15, 2001
Maturity date	November 15, 2005	February 15, 2011	February 15, 2031
Interest rate	5-3/4%	Determined based on the highest accepted competitive bid	Determined based on the highest accepted competitive bid
Amount currently outstanding	$15,812 million	Not applicable	Not applicable
Yield	Determined at auction	Determined at auction	Determined at auction
Interest payment dates	May 15 and November 15	August 15 and February 15	August 15 and February 15
Minimum bid amount and multiples	$1,000	$1,000	$1,000
Accrued interest payable by investor	$14.61326 per $1,000 (from November 15, 2000 to February 15, 2001)	None	None
Premium or discount	Determined at auction	Determined at auction	Determined at auction
STRIPS Information:			
Minimum amount required	$800,000	Determined at auction	Determined at auction
Corpus CUSIP number	912820 FX 0	912820 GC 5	912803 CK 7
Due date(s) and CUSIP number(s) for additional TINT(s)	Not applicable	Not applicable	February 15, 2030--912833 XX 3 August 15, 2030--912833 XY 1 February 15, 2031--912833 XZ 8

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $5,000,000 at the highest accepted yield.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a yield with three decimals, e.g., 7.123%.
(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all yields, and the net long position is $2 billion or greater.
(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Yield: 35% of public offering

Maximum Award: 35% of public offering

Receipt of Tenders: Noncompetitive tenders: Prior to 12:00 noon eastern standard time on auction day
Competitive tenders: Prior to 1:00 p.m. eastern standard time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

STATEMENT BY SECRETARY PAUL H. O'NEILL ON REVIEW OF NEW R&E REGULATIONS

"The President has insisted that the flurry of regulations issued at the end of the previous administration be reviewed. Consistent with that moratorium, Treasury is delaying the effective date and reopening the comment period for the R&E tax credit regulations issued January 3.

"Impacted taxpayers have voiced strong concerns that they were not given an opportunity to review and comment on the operation of the new provisions in the rules. It's only fair for those taxpayers to have an opportunity to comment further on the complexity of these regulations that were announced just as the Administration changed hands."

"Further, the R&E tax credit is a significant element of the President's tax plan -- a plan I fully support and am committed to enacting as quickly as possible. These regulations limited the value of the current credit for those who have chosen to rely on it."

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:30 P.M.
February 1, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $22,000 million to refund $20,098 million of publicly held securities maturing February 8, 2001, and to raise about $1,902 million of new cash.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $10,806 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts awarded to these accounts will be in addition to the offering amount.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers have requested that we reinvest their maturing holdings of approximately $1,016 million into the 13-week bill and $873 million into the 26-week bill.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

oOo

Attachment

PO-19

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED FEBRUARY 8, 2001

February 1, 2001

Offering Amount	$12,000 million	$10,000 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912795 GF 2	912795 HG 9
Auction date	February 5, 2001	February 5, 2001
Issue date	February 8, 2001	February 8, 2001
Maturity date	May 10, 2001	August 9, 2001
Original issue date	November 9, 2000	February 8, 2001
Currently outstanding	$16,188 million	---
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1,000,000 at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate.... 35% of public offering

Maximum Award.............................. 35% of public offering

Receipt of Tenders:

Noncompetitive tenders .. Prior to 12:00 noon eastern standard time on auction day

Competitive tenders ..... Prior to 1:00 p.m. eastern standard time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
February 5, 2001

Contact: Peter Hollenbach
(202) 691-3502

PUBLIC DEBT LAUNCHES TREASURY HUNT

New Website Helps Public Find Money And Bonds

The Bureau of the Public Debt, today, launched Treasury Hunt, a new web site to help people put their money back to work. Treasury Hunt makes it easy for people to find out if they may have a matured savings bond, a bond that the postal service couldn't deliver or an interest payment that was returned to Public Debt. Customer privacy is protected by encrypted communications and a follow-up process to assure payment or holdings information is disclosed only to the bond owner.

"Treasury Hunt is one more step in our effort to encourage owners of savings bonds that have stopped earning interest to redeem them and put their money back to work," said Van Zeck, Commissioner of the Public Debt. "The new website will also help us in our efforts to get bonds and savings bond interest payments reunited with their rightful owners."

Treasury Hunt is easy to use. Once investors go to www.savingsbonds.gov and click on the Treasury Hunt link, they are prompted for identifying information such as name, city and state and in some cases Social Security Number. If there is a possible match, the customer is given instructions for following up. The site is available 24 hours a day, seven days a week.

The Treasury Hunt database currently contains information about 160,000 undeliverable bonds, undeliverable interest payments, and matured Series E, H, and HH savings bonds. Treasury Hunt will be updated regularly as new information becomes available.

One goal of Treasury Hunt is helping Public Debt find the owners of some 35,000 undeliverable bonds it now has. Savings bonds become undeliverable and are sent to Public Debt only after financial institution issuing agents or the Federal Reserve made several attempts at delivering the bonds to investors. Bonds returned as undeliverable are a tiny fraction of the 45 million bonds sold each year.

Holders of Series H or HH savings bonds, which pay interest currently, can also check the site to see if an interest payment was returned to Public Debt as undeliverable. The most common cause for a payment to be returned is when a customer changes bank accounts or address and doesn't give Public Debt new delivery instructions.

-More-

Treasury Hunt also helps in Public Debt's outreach effort to encourage the holders of some 20 million matured savings bonds worth $8 billion to redeem their bonds. Although nearly all of the owners of matured bonds that Public Debt has contacted know where their bonds are, two out of three didn't realize that their bond had stopped earning interest.

Series E bonds sold from May of 1941 through November of 1965 earn interest for 40 years. Bonds sold from December of 1965 on earn interest for 30 years. So, bonds issued in February of 1961 and earlier have stopped earning interest as have bonds issued between December of 1965 and February of 1971.

Public Debt has a number of employees assigned to a special locator group that finds owners of undeliverable payments and bonds. Each year they locate and deliver several millions of dollars in returned interest payments and thousands of previously undeliverable bonds to their owners. Treasury Hunt adds to the effectiveness of this effort by making it easy for the public to check and see if they've got a bond or payment waiting for them.

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
February 05, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	February 08, 2001
Maturity Date:	May 10, 2001
CUSIP Number:	912795GF2

High Rate: 4.920% Investment Rate 1/: 5.053% Price: 98.756

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 69%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 24,542,365	$ 10,446,645
Noncompetitive	1,388,851	1,388,851
FIMA (noncompetitive)	165,000	165,000
SUBTOTAL	26,096,216	12,000,496 2/
Federal Reserve	5,823,306	5,823,306
TOTAL	$ 31,919,522	$ 17,823,802

Median rate 4.890%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 4.870%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 26,096,216 / 12,000,496 = 2.17

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,125,826,000

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
February 05, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	February 08, 2001
Maturity Date:	August 09, 2001
CUSIP Number:	912795HG9

High Rate: 4.755% Investment Rate 1/: 4.940% Price: 97.596

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 46%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 23,881,572	$ 8,703,572
Noncompetitive	1,227,509	1,227,509
FIMA (noncompetitive)	75,000	75,000
SUBTOTAL	25,184,081	10,006,081 2/
Federal Reserve	4,983,162	4,983,162
TOTAL	$ 30,167,243	$ 14,989,243

Median rate 4.720%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 4.700%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 25,184,081 / 10,006,081 = 2.52

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $946,381,000

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

U.S. International Reserve Position 02/06/01

The Treasury Department today released U.S. reserve assets data for the week ending February 2, 2001. As indicated in this table, U.S. reserve assets totaled $67,981 million as of February 2, 2001, up from $67,324 million as of January 26, 2001.

(in US millions)

I. Official U.S. Reserve Assets	January 26, 2001			February 2, 2001		
TOTAL	67,324			67,981		
1. Foreign Currency Reserves [1]	Euro	Yen	TOTAL	Euro	Yen	TOTAL
a. Securities	5,425	10,518	15,943	5,522	10,656	16,177
Of which, issuer headquartered in the U.S.			0			0
b. Total deposits with:						
b.i. Other central banks and BIS	9,180	5,590	14,770	9,332	5,663	14,995
b.ii. Banks headquartered in the U.S.			0			0
b.ii. Of which, banks located abroad			0			0
b.iii. Banks headquartered outside the U.S.			0			0
b.iii. Of which, banks located in the U.S.			0			0
2. IMF Reserve Position [2]			15,088			*15,204*
3. Special Drawing Rights (SDRs) [2]			10,479			*10,559*
4. Gold Stock [3]			11,046			11,046
5. Other Reserve Assets			0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for January 26 are final. The entries in the table above for February 2 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of November 30, 2000. The October 31, 2000 value was $11,046 million.

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U.S. International Reserve Position (cont'd)

II. Predetermined Short-Term Drains on Foreign Currency Assets

	January 26, 2001	February 2, 2001
1. Foreign currency loans and securities	0	0
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
3. Other	0	0

III. Contingent Short-Term Net Drains on Foreign Currency Assets

	January 26, 2001	February 2, 2001
1. Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
2. Foreign currency securities with embedded options	0	0
3. Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR RELEASE AT 3:00 PM
February 6, 2001

Contact: Peter Hollenbach
(202) 691-3502

PUBLIC DEBT ANNOUNCES ACTIVITY FOR SECURITIES IN THE STRIPS PROGRAM FOR JANUARY 2001

The Bureau of the Public Debt announced activity for the month of January 2001, of securities within the Separate Trading of Registered Interest and Principal of Securities program (STRIPS).

Dollar Amounts in Thousands

Principal Outstanding (Eligible Securities)	$2,196,244,025
Held in Unstripped Form	$2,014,032,931
Held in Stripped Form	$182,211,094
Reconstituted in January	$15,078,211

The accompanying table gives a breakdown of STRIPS activity by individual loan description. The balances in this table are subject to audit and subsequent revision. These monthly figures are included in Table V of the Monthly Statement of the Public Debt, entitled "Holdings of Treasury Securities in Stripped Form."

The Strips Table along with the new Monthly Statement of the Public Debt is available on Public Debt's Internet site at: **www.publicdebt.treas.gov**. A wide range of information about the public debt and Treasury securities is also available at the site.

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TABLE V - HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, JANUARY 31, 2001

Loan Description	Series	Interest Rate	Corpus STRIP CUSIP	Maturity Date	Amount Outstanding in Thousands: Total Outstanding	Amount Outstanding in Thousands: Portion Held in Unstripped Form	Amount Outstanding in Thousands: Portion Held in Stripped Form	Reconstituted This Month [18]
Treasury Bonds:								
CUSIP:		Interest Rate:						
912810 DM7		11-5/8	912803 AB9	11/15/04	8,301,806	4,425,006	3,876,800	396,800
DQ8		12	AD5	05/15/05	4,260,758	1,914,008	2,346,750	180,000
DR6		10-3/4	AG8	08/15/05	9,269,713	5,605,713	3,664,000	39,200
DU9		9-3/8	AJ2	02/15/06	4,755,916	4,687,116	68,800	34,880
DN5 [9]		11-3/4	912800 AA7	11/15/14	6,005,584	2,006,384	3,999,200	118,400
DP0		11-1/4	912803 AA1	02/15/15	11,350,799	6,478,639	4,872,160	718,400
DS4		10-5/8	AC7	08/15/15	5,215,916	3,495,916	1,720,000	56,640
DT2		9-7/8	AE3	11/15/15	5,925,859	3,245,859	2,680,000	160,000
DV7		9-1/4	AF0	02/15/16	6,802,754	6,289,954	512,800	408,000
DW5		7-1/4	AH6	05/15/16	18,823,551	18,144,351	679,200	298,400
DX3		7-1/2	AK9	11/15/16	18,824,448	17,511,968	1,312,480	253,760
DY1		8-3/4	AL7	05/15/17	16,856,669	10,676,669	6,180,000	569,920
DZ8		8-7/8	AM5	08/15/17	12,929,358	10,418,958	2,510,400	145,600
EA2		9-1/8	AN3	05/15/18	7,367,439	3,279,439	4,088,000	123,200
EB0		9	AP8	11/15/18	7,689,470	3,143,470	4,546,000	48,400
EC8		8-7/8	AQ6	02/15/19	17,061,298	11,128,498	5,932,800	281,600
ED6		8-1/8	AR4	08/15/19	19,595,932	18,338,972	1,256,960	107,200
EE4		8-1/2	AS2	02/15/20	9,918,268	8,334,668	1,583,600	281,600
EF1		8-3/4	AT0	05/15/20	8,373,783	3,454,743	4,919,040	227,680
EG9		8-3/4	AU7	08/15/20	18,872,306	9,049,426	9,822,880	363,840
EH7		7-7/8	AV5	02/15/21	10,414,573	9,753,773	660,800	294,400
EJ3		8-1/8	AW3	05/15/21	10,718,788	6,442,948	4,275,840	407,360
EK0		8-1/8	AX1	08/15/21	10,683,482	9,391,002	1,292,480	150,400
EL8		8	AY9	11/15/21	31,731,194	14,406,869	17,324,325	2,283,050
EM6		7-1/4	AZ6	08/15/22	10,288,790	9,238,390	1,050,400	10,400
EN4		7-5/8	BA0	11/15/22	8,584,626	3,776,626	4,808,000	171,200
EP9		7-1/8	BB8	02/15/23	17,344,061	10,011,261	7,332,800	632,000
EQ7		6-1/4	BC6	08/15/23	22,669,044	18,939,412	3,729,632	1,112,992
ES3		7-1/2	BD4	11/15/24	10,159,162	3,683,242	6,475,920	601,680
ET1		7-5/8	BE2	02/15/25	11,126,170	3,014,170	8,112,000	433,600
EV6		6-7/8	BF9	08/15/25	11,878,207	7,636,287	4,241,920	511,360
EW4		6	BG7	02/15/26	12,837,916	11,476,616	1,361,300	353,700
EX2		6-3/4	BH5	08/15/26	10,458,418	7,456,818	3,001,600	469,600
EY0		6-1/2	BJ1	11/15/26	11,453,177	6,823,177	4,630,000	99,600
EZ7		6-5/8	BK8	02/15/27	10,251,071	6,743,871	3,507,200	168,000
FA1		6-3/8	BL6	08/15/27	10,395,756	9,078,956	1,316,800	155,200
FB9		6-1/8	BM4	11/15/27	22,461,339	15,965,339	6,496,000	321,600
FE3		5-1/2	BP7	08/15/28	11,776,201	11,591,801	184,400	0
FF0		5-1/4	BV4	11/15/28	10,947,052	10,559,852	387,200	13,600
FG8		5-1/4	BW2	02/15/29	11,350,341	11,023,141	327,200	1,600
FJ2		6-1/8	CG6	08/15/29	11,178,580	11,109,780	68,800	0
FM5		6-1/4	CH4	05/15/30	17,043,162	17,030,746	12,416	0
Total Treasury Bonds........................					513,952,737	366,783,834	147,168,903	13,004,862
Treasury Inflation-Indexed Notes:								
CUSIP:	Series:	Interest Rate:						
912827 3A8	J	3-5/8	912820 BZ9	07/15/02	18,281,307	18,281,307	0	0
2M3	A	3-3/8	BV8	01/15/07	17,315,646	17,315,646	0	0
3T7	A	3-5/8	CL9	01/15/08	18,116,631	18,008,868	107,763	0
4Y5	A	3-7/8	DN4	01/15/09	16,881,508	16,881,508	0	0
5W8	A	4-1/4	EK9	01/15/10	11,714,706	11,714,706	0	60,000
6R8	A	3-1/2	GA9	01/15/11	6,002,918	6,002,918	0	0
Total Inflation-Indexed Notes.............					88,312,716	88,204,953	107,763	60,000
Treasury Inflation-Indexed Bonds:								
CUSIP:		Interest Rate:						
912810 FD5		3-5/8	912803 BN2	04/15/28	18,092,646	18,092,646	0	50,000
FH6		3-7/8	CF8	04/15/29	20,886,300	20,886,300	0	50,000
Total Inflation-Indexed Bonds............					38,978,946	38,978,946	0	100,000

Loan Description			Corpus STRIP CUSIP	Maturity Date	Amount Outstanding in Thousands			Reconstituted This Month [18]
					Total Outstanding	Portion Held in Unstripped Form	Portion Held in Stripped Form	
Treasury Notes								
CUSIP	Series	Interest Rate						
912827 ZX3	A	7-3/4	912820 AZ0	02/15/01	11,312,802	6,066,402	5,246,400	126,400
3W0	S	5-3/8	CP0	02/15/01	15,367,153	15,367,153	0	0
X23	F	5-5/8	FA0	02/28/01	12,819,771	12,819,771	0	0
5C2	V	5	DR5	02/28/01	19,586,630	19,586,630	0	0
X49	G	6-3/8	FB8	03/31/01	14,180,740	14,180,740	0	0
5D0	W	4-7/8	DS3	03/31/01	21,605,352	21,579,752	25,600	0
X64	H	6-1/4	FC6	04/30/01	13,780,470	13,780,470	0	0
5E6	X	5	DT1	04/30/01	21,033,523	21,031,123	2,400	0
A85	B	8	BA4	05/15/01	12,398,083	7,059,083	5,339,000	127,525
4E9	T	5-5/8	CX3	05/15/01	12,873,752	12,873,752	0	0
Y22	J	6-1/2	FD4	05/31/01	13,721,702	13,721,702	0	0
5H1	Y	5-1/4	DW4	05/31/01	19,885,985	19,785,985	100,000	0
Y48	K	6-5/8	FE2	06/30/01	14,282,240	14,282,240	0	0
5J7	Z	5-3/4	DX2	06/30/01	19,001,309	18,996,509	4,800	800
Y71	L	6-5/8	FF9	07/31/01	14,136,833	14,136,833	0	0
5L2	AB	5-1/2	DY0	07/31/01	20,541,318	20,083,318	458,000	0
B92	C	7-7/8	BB2	08/15/01	12,339,185	7,459,185	4,880,000	25,600
Z39	M	6-1/2	FG7	08/31/01	14,000,224	14,000,224	0	0
5P3	AC	5-1/2	EB9	08/31/01	20,118,595	20,118,595	0	0
Z54	N	6-3/8	FH5	09/30/01	14,518,514	14,518,514	0	0
5Q1	AD	5-5/8	EC7	09/30/01	18,797,828	18,297,028	500,800	0
Z88	P	6-1/4	FJ1	10/31/01	14,639,843	14,639,843	0	0
5R9	AE	5-7/8	ED5	10/31/01	19,196,002	19,194,402	1,600	0
D25	D	7-1/2	BC0	11/15/01	24,226,102	19,371,462	4,854,640	28,000
2C5	Q	5-7/8	EG8	11/30/01	33,504,627	33,504,627	0	0
2E1	R	6-1/8	EJ2	12/31/01	31,166,321	31,087,921	78,400	0
2G6	C	6-1/4	FK8	01/31/02	13,453,346	13,453,346	0	0
5X6	R	6-3/8	EL7	01/31/02	19,381,251	19,381,251	0	0
2L5	D	6-1/4	FL6	02/28/02	13,799,902	13,799,902	0	0
6A5	S	6-1/2	EN3	02/28/02	16,563,375	16,538,175	25,200	800
2P6	E	6-5/8	FM4	03/31/02	14,301,310	14,301,310	0	0
6B3	T	6-1/2	EP8	03/31/02	17,237,943	17,235,543	2,400	0
2S0	F	6-5/8	FN2	04/30/02	14,474,673	14,474,673	0	0
6C1	U	6-3/8	EQ6	04/30/02	17,390,900	17,390,900	0	0
F49	A	7-1/2	BD8	05/15/02	11,714,397	7,835,997	3,878,400	58,160
2W1	G	6-1/2	FP7	05/31/02	13,503,890	13,503,890	0	0
6E7	V	6-5/8	ES2	05/31/02	14,871,823	14,871,823	0	0
2Y7	H	6-1/4	FQ5	06/30/02	13,058,694	13,058,694	0	0
6F4	W	6-3/8	ET0	06/30/02	14,320,609	14,319,009	1,600	1,600
3C4	K	6	FR3	07/31/02	12,231,057	12,231,057	0	0
6H0	X	6-1/4	EU7	07/31/02	15,057,900	15,057,900	0	0
G55	B	6-3/8	BE6	08/15/02	23,859,015	21,438,215	2,420,800	436,800
3G5	L	6-1/4	FS1	08/31/02	12,731,742	12,731,742	0	0
6K3	Y	6-1/8	FU6	08/31/02	15,072,214	15,072,214	0	0
3J9	M	5-7/8	CC9	09/30/02	12,806,814	12,768,414	38,400	0
6L1	Z	6	FV4	09/30/02	15,144,116	15,144,116	0	0
3L4	N	5-3/4	CE5	10/31/02	26,593,882	26,534,682	59,200	0
3Q3	P	5-3/4	CH8	11/30/02	12,120,580	11,838,980	281,600	0
6P2	AC	5-5/8	FY8	11/30/02	15,058,723	14,995,683	63,040	0
3S9	Q	5-5/8	CK1	12/31/02	12,052,433	11,862,033	190,400	0
6Q0	AD	5-1/8	FZ5	12/31/02	14,836,432	14,836,432	0	0
3V2	C	5-1/2	CN5	01/31/03	13,100,640	13,100,640	0	0
6S6	L	4-3/4	GB7	01/31/03	15,452,778	15,452,778	0	0
J78	A	6-1/4	BF3	02/15/03	23,562,691	22,744,835	817,856	58,304
3Z3	D	5-1/2	CS4	02/28/03	13,670,354	13,626,354	44,000	0
4B5	E	5-1/2	CU9	03/31/03	14,172,892	14,172,092	800	0
4D1	F	5-3/4	CW5	04/30/03	12,573,248	12,573,248	0	0
4H2	G	5-1/2	DA2	05/31/03	13,132,243	13,132,243	0	0
4K5	H	5-3/8	DC8	06/30/03	13,126,779	13,125,179	1,600	0
L53	B	5-3/4	BG1	08/15/03	28,011,028	26,940,628	1,070,400	60,800
4N9	J	5-1/4	DE4	08/15/03	19,852,263	19,786,663	65,600	0
4U3	K	4-1/4	DJ3	11/15/03	18,625,785	18,276,185	349,600	0
N81	A	5-7/8	BH9	02/15/04	12,955,077	12,603,077	352,000	19,200
5A6	E	4-3/4	DQ7	02/15/04	17,823,228	17,797,628	25,600	0
P89	B	7-1/4	BJ5	05/15/04	14,440,372	14,075,572	364,800	4,000
5F5	F	5-1/4	DU8	05/15/04	18,925,383	18,925,383	0	0
Q88	C	7-1/4	BK2	08/15/04	13,346,467	11,998,467	1,348,000	0
5M0	G	6	DZ7	08/15/04	18,089,806	18,089,806	0	0
R87	D	7-7/8	BL0	11/15/04	14,373,760	14,368,960	4,800	0
5S7	H	5-7/8	EE3	11/15/04	32,658,145	32,658,145	0	0
S56	A	7-1/2	BM8	02/15/05	13,834,754	13,464,514	370,240	3,200
T65	B	6-1/2	BN6	05/15/05	14,739,504	14,739,104	400	0
6D9	E	6-3/4	ER4	05/15/05	28,562,370	28,562,370	0	0
U53	C	6-1/2	BP1	08/15/05	15,002,580	15,002,580	0	0
V52	D	5-7/8	BQ9	11/15/05	15,209,920	14,864,320	345,600	57,600
6N7	F	5-3/4	FX0	11/15/05	15,812,300	15,812,300	0	0
W81	A	5-5/8	BR7	02/15/06	15,513,587	15,493,107	20,480	0
X80	B	6-7/8	BS5	05/15/06	16,015,475	15,736,435	279,040	647,360
Y55	C	7	BT3	07/15/06	22,740,446	22,740,446	0	0
Z62	D	6-1/2	BU0	10/15/06	22,459,675	22,459,675	0	0
2J0	B	6-1/4	BW6	02/15/07	13,103,678	12,994,846	108,832	1,600
2U5	C	6-5/8	BX4	05/15/07	13,958,186	13,801,386	156,800	0
3E0	D	6-1/8	CA3	08/15/07	25,636,803	25,225,603	411,200	0
3X8	B	5-1/2	CQ8	02/15/08	13,583,412	13,571,812	11,600	5,600
4F6	C	5-5/8	CY1	05/15/08	27,190,961	27,125,361	65,600	0
4V1	D	4-3/4	DK0	11/15/08	25,083,125	25,011,925	71,200	0
5G3	B	5-1/2	DV6	05/15/09	14,794,790	14,789,190	5,600	0
5N8	C	6	EA1	08/15/09	27,399,894	27,399,794	100	250,000
5Z1	B	6-1/2	EM5	02/15/10	23,355,709	23,165,709	190,000	0
6J6	C	5-3/4	FT9	08/15/10	22,437,594	22,437,594	0	0
Total Treasury Notes					1,554,999,627	1,520,065,199	34,934,428	1,913,349
Grand Total					2,196,244,025	2,014,032,92?	182,211,094	15,078,211

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
February 06, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 4-3/4-YEAR NOTES

This issue is a reopening of a note originally issued November 15, 2000.

Interest Rate:	5 3/4%	Issue Date:	February 15, 2001
Series:	F-2005	Dated Date:	November 15, 2000
CUSIP No:	9128276N7	Maturity Date:	November 15, 2005
STRIPS Minimum:	$800,000		

High Yield: 4.904% Price: 103.527

All noncompetitive and successful competitive bidders were awarded securities at the high yield. Tenders at the high yield were allotted 12%. All tenders at lower yields were accepted in full.

Accrued interest of $ 14.61326 per $1,000 must be paid for the period from November 15, 2000 to February 15, 2001.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 21,633,291	$ 10,676,291
Noncompetitive	323,798	323,798
SUBTOTAL	21,957,089	11,000,089 1/
Federal Reserve	1,278,593	1,278,593
TOTAL	$ 23,235,682	$ 12,278,682

Median yield 4.880%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low yield 4.840%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 21,957,089 / 11,000,089 = 2.00

1/ Awards to TREASURY DIRECT = $266,638,000

PUBLIC DEBT NEWS
Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
February 07, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 10-YEAR NOTES

Interest Rate:	5%	Issue Date:	February 15, 2001
Series:	B-2011	Dated Date:	February 15, 2001
CUSIP No:	9128276T4	Maturity Date:	February 15, 2011
STRIPS Minimum:	$40,000		

High Yield: 5.067% Price: 99.479

All noncompetitive and successful competitive bidders were awarded securities at the high yield. Tenders at the high yield were allotted 100%. All tenders at lower yields were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted	
Competitive	$ 22,926,930	$ 10,870,130	
Noncompetitive	83,801	83,801	
FIMA (noncompetitive)	50,000	50,000	
SUBTOTAL	23,060,731	11,003,931	1/
Federal Reserve	970,760	970,760	
TOTAL	$ 24,031,491	$ 11,974,691	

Median yield 5.050%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low yield 4.990%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 23,060,731 / 11,003,931 = 2.10

1/ Awards to TREASURY DIRECT = $37,675,000

http://www.publicdebt.treas.gov

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
February 8, 2001

STATEMENT BY TREASURY SECRETARY PAUL H. O'NEILL

Through hard work and ingenuity, Americans have created a booming economy that has produced an enormous budget surplus in Washington. It's the people's money, and we should get it back to them as quickly as possible.

Today we are proposing a tax cut for every taxpayer. This package is a pay raise for every working American. Four-person families earning $35,000 a year will no longer bear any federal income tax burden. Four-person families earning $50,000 will see their taxes cut in half. And four-person families earning $75,000 will see their tax burden reduced by 25 percent.

This tax relief package is sound fiscal and economic policy. It fits easily within our budget framework which walls off the Social Security surplus and continues to pay down the public debt in increasing amounts each year.

Despite the rhetoric of some, the President's tax relief plan increases the progressivity of our tax code. In 1998, the top 10 percent of income earners paid 65 percent of federal income taxes, while the bottom half of income earners paid 4.2 percent of the total federal income tax burden. After implementing the President's tax relief plan, the top 10 percent of income earners will pay 66 percent of all federal income taxes. More importantly, this tax bill reflects our optimism about America's future. Lowering income tax rates keeps the American Dream firmly within everyone's reach and helps people move up the economic ladder of success. We must have a tax code that encourages entrepreneurship and rewards hard work.

There is no downside to enacting this tax relief package. Today, Washington takes more from American taxpayers than it needs to run the government. That's not fair. And it isn't useful to pile up resources in Washington, where they will be spent to enlarge government. Individual Americans know better how to spend their money. The average family will keep $1,600 a year that they would otherwise have sent to Washington. That's enough for two monthly mortgage payments or a year of junior college tuition.

PO-27

Evidence of an economic slowdown makes this tax relief all the more compelling. While the Fed has already acted to stem a downturn, I believe in a 'belts and suspenders' approach. Cutting income tax rates can help keep this downturn from taking root. If the economy does worsen, I don't want to look back and say "if only we had acted sooner." We have a surplus that should be returned to the American taxpayers. To the extent that getting it back to them sooner can help stave off a worsening of the economic slowdown, we should move forward immediately.

I look forward to working with Congress to give relief to every taxpayer, and to do it quickly.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:30 P.M.
February 8, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $21,000 million to refund $20,008 million of publicly held securities maturing February 15, 2001, and to raise about $992 million of new cash.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $9,168 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts awarded to these accounts will be in addition to the offering amount.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers have requested that we reinvest their maturing holdings of approximately $1,037 million into the 13-week bill and $1,221 million into the 26-week bill.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

oOo

Attachment

PO-29

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED FEBRUARY 15, 2001

February 8, 2001

Offering Amount	$11,000 million	$10,000 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912795 GG 0	912795 GQ 8
Auction date	February 12, 2001	February 12, 2001
Issue date	February 15, 2001	February 15, 2001
Maturity date	May 17, 2001	August 16, 2001
Original issue date	November 16, 2000	February 15, 2001
Currently outstanding	$14,594 million	---
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate ... 35% of public offering

Maximum Award ... 35% of public offering

Receipt of Tenders:

Noncompetitive tenders .. Prior to 12:00 noon eastern standard time on auction day

Competitive tenders ..... Prior to 1:00 p.m. eastern standard time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

The President's Agenda for Tax Relief

"These are the basic ideas that guide my tax policy: lower income taxes for all, with the greatest help for those most in need. Everyone who pays income taxes benefits — while the highest percentage tax cuts go to the lowest income Americans. I believe this is a formula for continuing the prosperity we've enjoyed, but also expanding it in ways we have yet to discover. It is an economics of inclusion. It is the agenda of a government that knows its limits and shows its heart."

— President George W. Bush

Executive Summary

The President has proposed a bold and fair tax relief plan that will reduce the inequities of the current tax code and help ensure that America remains prosperous. This tax relief plan promotes the values that make the American economy second to none -- access to the middle class, family, equal opportunity, and the entrepreneurial spirit. This plan will reduce taxes for everyone who pays income taxes, and it will encourage enterprise by lowering marginal tax rates.

Under the President's tax relief plan, the typical American family of four will be able to keep at least $1,600 more of their own money.

Over the past several months, the economy has slowed dramatically. President Bush's tax cut will give the economy a timely second wind by placing more money in the hands of consumers and entrepreneurs. President Bush also understands that, over the long run, wealth is created by hard-working, risk-taking individuals, not government programs. Countries with low taxes, limited regulation, and open trade grow faster, create more jobs, and enjoy higher standards of living than countries with bigger, more centralized governments and higher taxes. The United States has led the way in economic performance over the last century because America is a freer country. If people are given the freedom to create, they do. If people are given a stake in the outcome, they succeed.

President Bush's tax relief plan reflects this basic trust in the American people and confidence in the American ideal by increasing tax fairness and enhancing the performance of the economy. It includes:

- Replacing the current tax rates of 15, 28, 31, 36, and 39.6 percent with a simplified rate structure of 10, 15, 25, and 33 percent (see Appendix for rate schedule);
- Doubling the child tax credit to $1,000 per child and applying the

credit to the Alternative Minimum Tax (AMT);

- Reducing the marriage penalty by reinstating the 10 percent deduction for two-earner couples;
- Eliminating the death tax;
- Expanding the charitable deduction to non-itemizers; and
- Making the Research and Experimentation (R&D) tax credit permanent.

Increasing Tax Fairness

"My tax cut plan is not just about productivity, it is about people. Economics is more than narrow interests or organized envy. A tax plan must apply market principles to the public interest. And my plan sets out to make life better for average men, women and children."

— President George W. Bush

The current tax code is full of inequities. Many single moms face higher marginal tax rates than the wealthy. Couples frequently face a higher tax burden after they marry. The majority of Americans cannot deduct their charitable donations. Family farms and businesses are sold to pay the death tax. And the owners of the most successful small businesses share nearly half of their income with the government. President Bush's tax cut will greatly reduce these inequities. It is a fair plan that is designed to provide tax relief to everyone who pays income taxes.

Increasing Access to the Middle Class:

High marginal tax rates act as a tollgate, limiting the access of low and moderate-income earners to the middle class. The belief that any worker, with enough effort, can join the middle class is at the heart of the American Dream. But when government attempts to help the poor by simply redistributing income, it often undermines incentives to work harder and earn more.

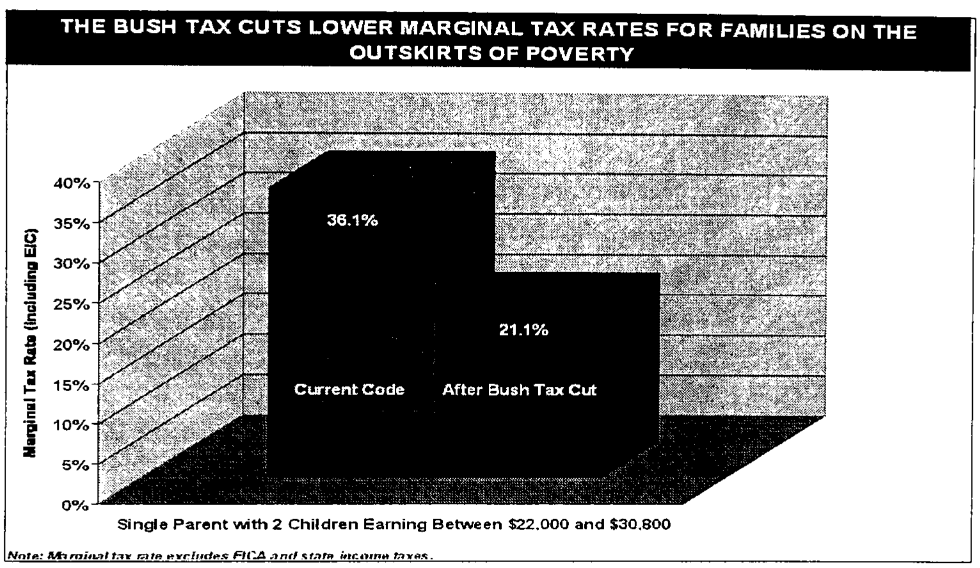
Because the benefit of the Earned Income Credit diminishes as a worker's income increases, a single mother with two children on the outskirts of poverty will lose nearly half of any additional dollar she earns (taking into account social insurance taxes, state income taxes, and federal income taxes). The benefit of taking an extra training course, working an extra shift, or assuming additional responsibility is cut in half by the government. As a result, a single mother with two children earning $25,000 a year faces a higher marginal tax rate than a lawyer earning $250,000.

Lowering these barriers to the middle class is one of President Bush's top priorities. To provide a greater reward for those who make the sacrifices needed to move ahead, the President's tax cut plan will substantially lower the marginal tax rate for low-income parents. The marginal federal income tax rate would fall by over 40 percent for low-income families with two children (see Chart 1), and by nearly 50 percent for families with one child. These lower rates result from two key changes in the tax code:

- Cuts the current 15 percent tax bracket to 10 percent for the first $6,000 of taxable income for singles, the first $10,000 for single parents, and the first $12,000 for married couples; and

- Doubles the existing child tax credit to $1,000 and applying the credit to the AMT.

CHART 1



Lowering the High Tax Burden on Families:

Federal income tax revenue rose dramatically in the 1990s. Today, federal taxes from all sources are the highest they have ever been during peacetime, topping 20 percent of GDP. High taxes force families to work harder each year to fuel a growing government. Overall, Americans now work over four months of the year to fund government at all levels.

This high tax burden strips families of resources needed to help solve their most pressing problems. Every family faces different challenges: some need better childcare, some need tutoring for their children, and others need a greater variety of after-school programs. Government cannot tailor its programs to the needs of each family. That is why President Bush believes that the best way to help *all* families is to let each family keep more of its income — and spend it as it deems appropriate. His plan will lower the tax burden on families by, among other things, reducing tax rates, expanding the child credit, and reducing the marriage penalty. His plan will also raise the threshold for the phase-out of the child tax credit from $110,000 to $200,000 for married couples, and from $75,000 to $200,000 for single parents.

Reducing the Marriage Penalty

The current tax code frequently taxes couples more after they get married. This marriage tax contradicts our values and any reasonable sense of fairness. President Bush's tax relief plan will greatly reduce the marriage penalty by restoring the deduction for two-earner families. This will allow the lower-earning spouse to deduct 10 percent - up to $3,000 - of the first $30,000 of income. The marriage penalty will be further mitigated by lowering marginal tax rates, which will reduce the portion of the marriage penalty that is derived from a steep rate structure.

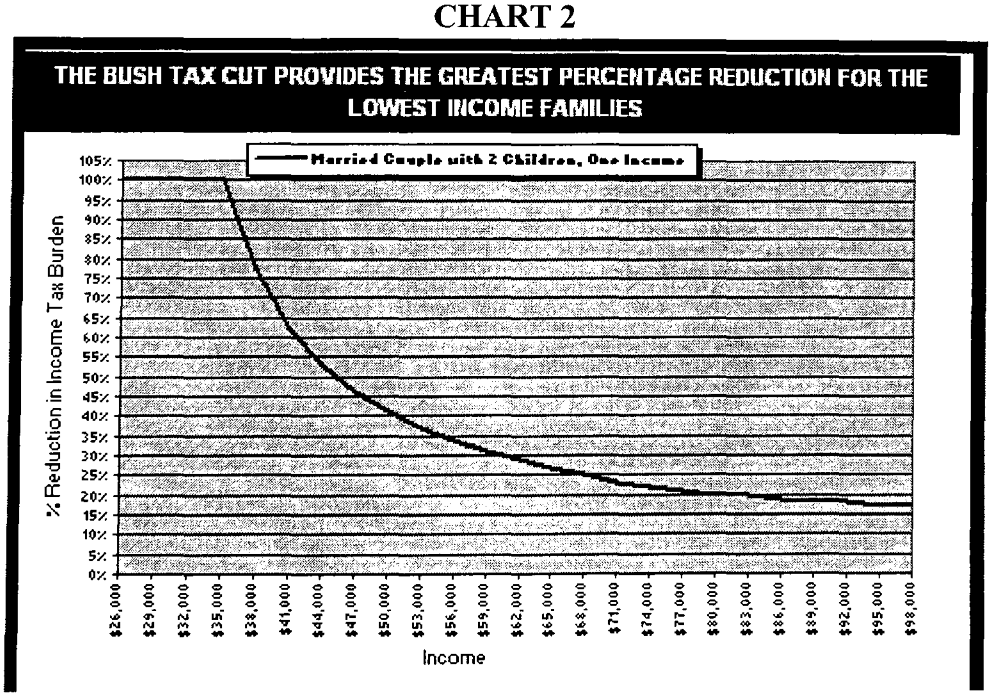
Promoting Charitable Giving:

Since the introduction of the income tax, the law has recognized the importance of encouraging charitable giving by providing a deduction. Today, however, 70 percent of all filers cannot deduct their charitable donations because they do not itemize deductions. Thus, to encourage an outpouring of giving, President Bush's plan will expand the federal charitable deduction to non-itemizers. This change will allow every taxpayer to deduct his or her charitable donations and will generate billions of dollars annually in additional charitable contributions. The President also supports other proposals to increase charitable giving.

A Fair and Balanced Tax Cut:

President Bush believes that a fair tax cut does not pick winners and losers. Everyone who pays income taxes should receive a tax cut. He also believes that a tax cut should especially benefit lower and middle-income families. Accordingly, the lowest income families will receive the largest percentage reduction (see Chart 2). As a result, more affluent Americans will shoulder a larger portion of the federal income tax burden. The President looks forward to working with the Congress to address other fairness issues, such as the Alternative Minimum Tax, to further his goal of lowering income taxes for all Americans that pay them.

CHART 2



Note: Two earner families would receive higher percentage reductions. Does not include FICA or state income tax.

Real Tax Relief for Real Families:

When President Bush's proposal is fully in place, the typical family with two children will receive at least $1,600 in tax relief. This is real and practical help:

- Sixteen hundred dollars will pay the average mortgage for almost two months;
- Sixteen hundred dollars will pay for a year's tuition at a community college;
- Sixteen hundred dollars will pay the gasoline cost for two cars for a year; and
- Sixteen hundred dollars will buy an average family 24 months worth of electric power.

Preserving Prosperity

> **"The momentum of today's prosperity began in the 1980s — with sound money, deregulation, the opening of global trade and a 25 percent tax cut. Along the way we have confirmed some truths and discarded some dogmas. Government can be an ally of enterprise — by creating an environment that rewards work and inspires investment. But government does not create wealth. Wealth is the economic measure of human creativity and enterprise."**
>
> **— President George W. Bush**

In addition to making the tax code more fair, President Bush's agenda will also improve the performance of the economy. His tax cut will help prevent a prolonged economic downturn, and it will encourage innovation. His plan will also allow workers to pay down consumer debt, while leaving growing surpluses to pay down a record amount of public debt.

A Slowing Economy:

The evidence that the economy is slowing continues to build:

- Consumer confidence has dropped for four straight months;
- The manufacturing sector has contracted for six straight months;
- Bankruptcies are on the rise;
- The unemployment rate is beginning to climb; and
- Economic growth slowed to a 1.4 percent annual rate at the end of

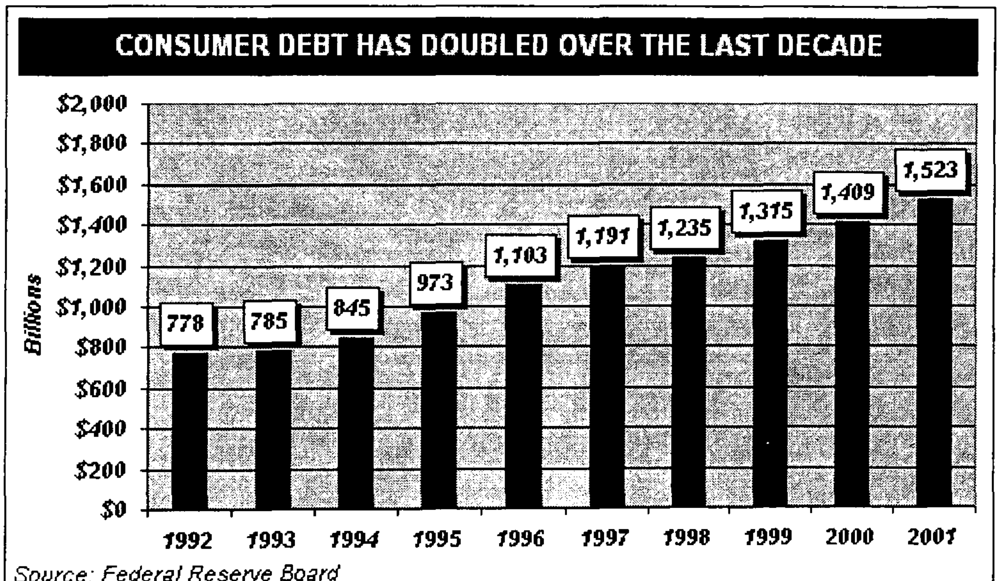
2000.

Every week we hear about another round of layoffs. Last month, Federal Reserve Chairman Alan Greenspan testified that the economy had almost stopped growing. President Bush believes that the best way to ensure that prosperity continues is to put more money in the hands of consumers and entrepreneurs. That is why he advocates cutting tax rates now. President Bush will work with the Congress to accelerate a portion of his tax plan to the beginning of 2001. An immediate tax cut would give the economy a timely second wind.

Lowering the Debt Burden on Working Americans:

Although the federal government is facing an enormous surplus, many Americans are not. Consumer debt has reached an all-time high and now exceeds $1.5 trillion (see Chart 3). Credit card debt alone totals over $600 billion, more than $2,000 for every man, woman, and child in the country. This high debt level will eventually restrict consumer spending. And if consumer spending slows, the economy will slow also. Tax relief would give these families the ability to pay down their debt.

CHART 3



Source: Federal Reserve Board

Cutting Marginal Tax Rates to Raise the Standard of Living:

One of the most powerful tools the federal government has to raise standards of living is to lower marginal tax rates. The marginal tax rate is the tax on each additional dollar of income. The lower the marginal rate, the greater the incentive to find a better job, to save for the future, or start a new business. Lower marginal tax rates also leave more resources with innovative entrepreneurs, instead of funding government bureaucracies.

The marginal tax cuts of the 1980s helped generate the venture capital that is now fueling the growth of the Internet and other technologies. New technologies are boosting productivity and economic growth by helping companies achieve new efficiencies. In this environment, entrepreneurship has become the path to prosperity for many minorities, women, and young people. Yet, today's high marginal tax rates tend to penalize continued innovation and business formation and expansion.

High marginal tax rates inhibit entrepreneurial activity because they act as a success tax, claiming a larger share of income from flourishing enterprises, while the government shares little of the risk of loss. For most entrepreneurs, income taxes reduce their companies' cash flow — the money businesses need to expand, buy more equipment, and hire more workers.

To ensure continued innovation, President Bush believes the tax system should be revised to restore incentives for success. In this period of revolutionary technological change, the government should leave as many resources as possible with the entrepreneurs and companies that are generating new ideas, better jobs, and greater wealth. The President's tax relief plan will cut the top marginal rate, which many small businesses pay, from nearly 40 percent to 33 percent. Reducing the top rate will spur entrepreneurial activity and investment, helping to attract the best workers from around the globe to America.

Encouraging Innovation through the Research and Experimentation Tax Credit:

Another impediment to innovation and economic growth is the uncertainty surrounding whether the current Research and Experimentation tax credit will continue to exist. The tax credit was originally enacted in 1981 and currently provides companies with a 20 percent tax credit for incremental R&D expenditures. The credit encourages the technological developments that are an important component of economic growth. However, extensions of the tax credit have resulted in three gaps in coverage, two of which were retroactively filled. The on-again, off-again nature of the tax credit impedes long-term research in the U.S. Thus, President Bush will make the Research and Experimentation tax credit permanent. This should help spur the sustained, long-term investment in R&D that America needs to develop the next generation of critical technologies.

Ending the Death Tax:

The death tax also impedes economic growth because it levies yet another layer of taxes on capital. More capital investment means higher incomes for all workers. Since the marginal federal tax rate on savings can reach 68 percent (the 40 percent top income tax rate combined with the effect of the 55 percent top death tax rate and the state death tax credit), the death tax can also create a disincentive for seniors who want to save for their children or grandchildren.

The punitively high death tax can fall most heavily on small businesses and family farms that are asset rich but cash poor. According to a 1993 survey, nine of ten successors whose family businesses failed within three years of the owner's death listed the death tax as a contributing factor. Finally, by encouraging intricate planning techniques to reduce taxes, the death tax has created an entire industry of specialized lawyers and accountants. The added complexity and compliance costs make this one of the least efficient federal taxes.

President Bush believes that the bias of the death tax against the famil farm and family business is the antithesis of the American Dream Accordingly, his tax relief plan will eliminate the death tax. Eliminating th death tax will allow family farms and businesses to be passed from on generation to the next without having to break up or sell the assets to pay punitive tax to the federal government. As a result, wealth would be taxe only when it is earned, not again when entrepreneurs and senior citizen pass the fruits of their labors to the next generation.

APPENDIX

Tax Rates by 2001 Taxable Income*

Current Code			**Bush Plan****		
Single			Single		
$0	$27,050	**15%**	$0	$6,000	**10%**
$27,050	$65,550	**28%**	$6,000	$27,050	**15%**
$65,550	$136,750	**31%**	$27,050	$136,750	**25%**
$136,750	$297,350	**36%**	$136,750	--	**33%**
$297,350	--	**39.6%**			
Head of Household			Head of Household		
$0	$36,250	**15%**	$0	$10,000	**10%**
$36,250	$93,650	**28%**	$10,000	$36,250	**15%**
$93,650	$151,650	**31%**	$36,250	$151,650	**25%**
$151,650	$297,350	**36%**	$151,650	--	**33%**
$297,350	--	**39.6%**			
Married- Joint Filing			Married- Joint Filing		
$0	$45,200	**15%**	$0	$12,000	**10%**
$45,200	$109,250	**28%**	$12,000	$45,200	**15%**

$109,250	$166,500	**31%**	$45,200	$166,500	**25%**
$166,500	$297,350	**36%**	$166,500	--	**33%**
$297,350	--	**39.6%**			

* Taxable income is income less deductions and personal exemptions.

**Rate schedule assumes tax plan is fully phased in.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
February 8, 2001

Contact: Public Affairs
(202) 622-2960

TREASURY SECRETARY PAUL H. O'NEILL ANNOUNCES PAM OLSON AS DEPUTY ASSISTANT SECRETARY FOR TAX POLICY

Treasury Secretary Paul O'Neill today announced that Pam Olson has joined the Department of the Treasury as Deputy Assistant Secretary for Tax Policy.

"Pam brings incredible tax code expertise to the Treasury," said O'Neill. "The President is determined that we cut taxes for every American quickly. Pam's experience means she's ready to hit the ground running. And that makes her a valuable asset to every American eagerly awaiting tax relief."

Olson is the immediate past Chair of the American Bar Association Section of Taxation. She was a partner at Skadden, Arps, Slate, Meagher, & Flom, LLP, prior to joining the Treasury Department. Before joining Skadden Arps, Olson spent 5 years in the Office of the Chief Counsel at the Internal Revenue Service. Olson is married to Grant Aldonas and has three children.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
February 13, 2001

Contact: Public Affairs
(202-622-2960

MEDIA ADVISORY

Treasury Secretary Paul H. O'Neill will hold a pre G-7 press conference at 10:00 a.m. EST on Thursday, February 15, 2001 in the Treasury Department's Diplomatic Reception Room (Room 3311), 1500 Pennsylvania Avenue, NW.

The Room will be available for pre-set at 9:00 a.m.

Media without Treasury or White House press credentials planning to attend should contact Treasury's Office of Public Affairs at (202-622-2960) with the following information: name, social security number and date of birth. This information may also be faxes to (202) 622-1999.

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
February 12, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	February 15, 2001
Maturity Date:	May 17, 2001
CUSIP Number:	912795GG0

High Rate: 4.900% Investment Rate 1/: 5.032% Price: 98.761

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 42%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 23,347,294	$ 9,320,850
Noncompetitive	1,443,611	1,443,611
FIMA (noncompetitive)	250,000	250,000
SUBTOTAL	25,040,905	11,014,461 2/
Federal Reserve	4,707,177	4,707,177
TOTAL	$ 29,748,082	$ 15,721,638

Median rate 4.880%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 4.870%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 25,040,905 / 11,014,461 = 2.27

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,137,431,000

http://www.publicdebt.treas.gov

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
February 12, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	February 15, 2001
Maturity Date:	August 16, 2001
CUSIP Number:	912795GQ8

High Rate: 4.745% Investment Rate 1/: 4.929% Price: 97.601

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 54%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 22,943,240	$ 8,317,240
Noncompetitive	1,640,205	1,640,205
FIMA (noncompetitive)	50,000	50,000
SUBTOTAL	24,633,445	10,007,445 2/
Federal Reserve	4,461,296	4,461,296
TOTAL	$ 29,094,741	$ 14,468,741

Median rate 4.720%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 4.690%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 24,633,445 / 10,007,445 = 2.46

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,296,005,000

http://www.publicdebt.treas.gov

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 10 A.M. EST
Text as prepared for Delivery
February 13, 2001

Contact: Tara Bradshaw
(202) 622-2960

TESTIMONY OF TREASURY SECRETARY PAUL O'NEILL BEFORE THE HOUSE COMMITTEE ON WAYS AND MEANS

Good morning Mr. Chairman, Mr. Rangel and members of the Committee. It gives me great pleasure to be here this morning, as we move one step closer to providing comprehensive income tax relief to American taxpayers. On Thursday I presented the President's tax package to House and Senate leaders, and I urged then that we get right to work to deliver tax relief to working Americans as soon as possible.

I am pleased that you are starting the hearing process so quickly. I hope that your leadership will help ensure early passage of the President's proposals. With you I am ready to roll up my sleeves, get down to work and leave money in the pockets of every income tax paying American.

Through hard work and ingenuity, Americans have created a booming economy that has spread prosperity around the world. Individuals have created new technologies that have made our industries more productive and have improved the standard of living for millions of Americans.

Our prosperity has made the unthinkable possible. After decades of budget deficits, we now have the opportunity to wall off the Social Security surplus so it can't be spent on other government programs. And even after we lock away Social Security, we still have more tax dollars coming into Washington than Washington needs to pay for agreed upon public services.

This isn't just a budget surplus, it's a tax surplus. We have no business continuing to collect more in Federal taxes than the cost of the services the government provides. If the phone company overcharged one of your constituents, you'd join them in calling for a refund. The same principle applies to this tax surplus – it's not the government's money, it's the people's money, and we should return it to them as quickly as possible.

PO-34

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

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The President has proposed tax relief that reinforces the values that make America great – opportunity, entrepreneurship, strong families and individual success.

First, the President has proposed reducing income taxes for every American who pays income taxes. The current five rate system will be simplified to four rates, and the tax rate on the first $6,000 of taxable income earned by every American -- $12,000 in the case of married couples -- will fall from 15 to 10 percent.

High income tax rates block access to the middle class for working Americans struggling to get ahead. And high income tax rates punish success. We should not allow the threat of higher taxes on the next dollars earned to discourage Americans from working harder. Increased productivity has been one of the fundamental engines of our economic success, and the tax system should not dampen our ability to be more productive. We must have a tax code that keeps the American Dream in everyone's reach and helps people move up the economic ladder of success. We must have a tax code that encourages entrepreneurship and rewards hard work.

The President's tax relief plan also strengthens the ties that bind families together.

- It doubles the child tax credit to $1,000 per child. Parents everywhere have one goal above all others: to give their children the best possible opportunity for success and happiness in life. The increased child tax credit will give parents more resources to save for college tuition, pay for braces or hire a tutor.

- This plan also reduces the unfair marriage penalty. We as a society celebrate when two people decide to spend their lives together. Why would our tax code punish them?

- And this plan eliminates the unfair death tax. Government has no business confiscating the legacy parents work their entire lives to build for their children.

Today we are proposing a tax cut for every income tax payer. Four-person families earning $35,000 a year will no longer bear any federal income tax burden. Four-person families earning $45,000 will see their income taxes cut in half. And four-person families earning $75,000 will see their tax burden reduced by 22 percent.

The President's tax relief plan ensures that higher income earners pay a larger share of taxes than they do now. In 1998, the top 10 percent of income earners paid 65 percent of federal income taxes, while the bottom half of income earners paid 4.2 percent of the total federal income tax burden. After implementing the President's tax relief plan, the top 10 percent of income earners will pay 66 percent of all federal income taxes.

This plan provides relief to all income tax payers. There's a strange attitude around this town that once the money gets here it doesn't belong to the taxpayers anymore – it belongs to some amorphous thing called government. That's simply not true. Every person who paid income taxes created the tax surplus. And every one of the people who paid income taxes deserves to get some of it back.

Taxpayers in the higher tax brackets will invest their tax relief in the economy, creating jobs for all Americans. Economic studies have documented that higher income individuals tend to save the bulk of any new income they receive. A small businessman receiving tax relief will plow that back into the firm, either to increase productivity, which results in higher wages, or to hire more workers. A farmer receiving a large tax relief check will be able to trade in his tractor and purchase the newest technology to improve his crop yield. America's economy will grow as these investments go forward.

This tax relief package is sound fiscal and economic policy. It fits easily within our budget framework which walls off the Social Security surplus and continues to pay down the public debt in increasing amounts each year. I like to refer to it as the Goldilocks tax relief plan – not too big, not too small, just right.

There is no downside to enacting this tax relief package. Today, Washington takes more from American taxpayers than it needs to run the government. That's not fair. And it isn't useful to pile up resources in Washington, where they will be spent to enlarge government. Alan Greenspan has pointed out that at the current pace, we'll pay off most of the publicly held debt in a few years, and then there will be no place to put the surplus. We do not want government taking money from the taxpayers and using it to buy up private resources.

Individual Americans know better how to spend their money. The typical family of four will keep $1,600 a year that they would otherwise have sent to Washington. That's enough for two monthly mortgage payments or for a year of junior college tuition.

Evidence of an economic slowdown makes this tax relief all the more compelling. While the Fed has already acted to stem a downturn, I believe in a 'belts and suspenders' approach. Cutting income tax rates can help keep this downturn from taking root. If the economy does worsen, I don't want to look back and say "if only we had acted sooner." We have a surplus that should be returned to the American taxpayers. To the extent that getting it back to them sooner can help stave off a worsening of the economic slowdown, we should move forward immediately. Taking action soon will boost consumer confidence, which in turn will boost consumer demand. And getting money in people's pockets quickly will enable Americans struggling with consumer debt to pay their credit card bills and get ready for another consumer-led expansion.

I can't accept the idea that it takes nine months to get tax relief on its way to the American people. I used to run a 140,000-employee company. If I decided to give my employees a raise, I wouldn't wait nine months to do it. With our economy slowing, now is the time to boost consumer confidence with quick congressional action.

I look forward to working with Congress to give relief to every income tax payer, and to do it quickly. It's time to give working Americans a raise.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

U.S. International Reserve Position 02/13/01

The Treasury Department today released U.S. reserve assets data for the week ending February 9, 2001. As indicated in this table, U.S. reserve assets totaled $67,382 million as of February 9, 2001, down from $68,059 million as of February 9, 2001.

(in US millions)

I. Official U.S. Reserve Assets	February 2, 2001			February 9, 2001		
TOTAL	68,059			67,382		
1. Foreign Currency Reserves [1]	Euro	Yen	TOTAL	Euro	Yen	TOTAL
a Securities	5,522	10,656	16,177	5,475	10,483	15,957
Of which, issuer headquartered in the U.S			0			0
b. Total deposits with:						
b.i. Other central banks and BIS	9,332	5,663	14,995	9,250	5,572	14,822
b.ii. Banks headquartered in the U.S.			0			0
b.ii. Of which. banks located abroad			0			0
b.iii. Banks headquartered outside the U.S.			0			0
b.iii Of which, banks located in the U.S.			0			0
2 IMF Reserve Position [2]			15,094			*14,928*
3. Special Drawing Rights (SDRs) [2]			10,748			*10,630*
4 Gold Stock [3]			11,046			11,046
5 Other Reserve Assets			0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for February 2 are final. The entries in the table above for February 9 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of November 30, 2000. The October 31, 2000 value was $11,046 million.

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U.S. International Reserve Position (cont'd)

II. Predetermined Short-Term Drains on Foreign Currency Assets	February 2, 2001	February 9, 2001
1. Foreign currency loans and securities	0	0
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
3. Other	0	0

III. Contingent Short-Term Net Drains on Foreign Currency Assets	February 2, 2001	February 9, 2001
1. Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
2. Foreign currency securities with embedded options	0	0
3. Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
February 13, 2001

Contact: Tara Bradshaw
(202) 622-2960

FACT SHEET
The Budget Surplus

Total Surplus: (CBO 10-year estimate)	$5.6 trillion
minus	
Social Security Surplus: (CBO 10-year estimate)	$2.5 trillion
President's Tax Relief Package: (Treasury 10-year estimate)	$1.6 trillion
Remainder, for Medicare and other purposes:	$1.5 trillion

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 2:30 P.M.
February 14, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY TO AUCTION $11,000 MILLION OF 2-YEAR NOTES

The Treasury will auction $11,000 million of 2-year notes to refund $27,211 million of publicly held securities maturing February 28, 2001, and to pay down about $16,211 million.

In addition to the public holdings, Federal Reserve Banks hold $5,196 million of the maturing securities for their own accounts, which may be refunded by issuing an additional amount of the new security.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of the auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers requested that we reinvest their maturing holdings of approximately $537 million into the 2-year note.

The auction will be conducted in the single-price auction format. All competitive and noncompetitive awards will be at the highest yield of accepted competitive tenders.

The notes being offered today are eligible for the STRIPS program.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about the new security are given in the attached offering highlights.

oOo

Attachment

PO-37

HIGHLIGHTS OF TREASURY OFFERING TO THE PUBLIC OF 2-YEAR NOTES TO BE ISSUED FEBRUARY 28, 2001

February 14, 2001

Offering Amount .... $11,000 million

Description of Offering:

Term and type of security .... 2-year notes
Series M-2003
CUSIP number 912827 6U 1
Auction date .... February 21, 2001
Issue date .... February 28, 2001
Dated date .... February 28, 2001
Maturity date .... February 28, 2003
Interest rate .... Determined based on the highest accepted competitive bid
Yield .... Determined at auction
Interest payment dates .... August 31 and February 28
Minimum bid amount and multiples $1,000
Accrued interest payable by investor .... None
Premium or discount .... Determined at auction

STRIPS Information:

Minimum amount required .... Determined at auction
Corpus CUSIP number .... 912820 GD 3
Due date(s) and CUSIP number(s) for additional TINT(s) .... Not applicable

Submission of Bids:

Noncompetitive bids:
Accepted in full up to $5 million at the highest accepted yield.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:
(1) Must be expressed as a yield with three decimals, e.g., 7.123%.
(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all yields, and the net long position is $2 billion or greater.
(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Yield .... 35% of public offering
Maximum Award .... 35% of public offering

Receipt of Tenders:

Noncompetitive tenders: Prior to 12:00 noon eastern standard time on auction day.
Competitive tenders: Prior to 1:00 p.m. eastern standard time on auction day.

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED
Text as prepared for Delivery
February 15, 2001

Contact: Tara Bradshaw
(202) 622-2960

STATEMENT BY TREASURY SECRETARY PAUL H. O'NEILL AT THE PRE-G-7 PRESS CONFERENCE

Good morning. The G-7 meeting in Palermo on Saturday will be my first, and I look forward to meeting and engaging with my colleagues on a number of important issues. The occasion of these meetings provides a key opportunity to frame the Administration's priorities on international economic and financial policy.

I want to underscore that on economic and financial policy, as in other areas, the United States will remain fully engaged internationally. Our vision is of a world in which people have the opportunity to achieve their full potential. Prudent national policies, active cooperation and discussion with other governments, and effective international institutions are essential to achieve this goal. Three particular priorities have stood out during my early days as Treasury Secretary.

Sustaining economic growth must be at the heart of our efforts. As the world economy begins to slow somewhat, policies focused on sustaining growth are more important than ever. The United States in particular has experienced an extraordinary period – leading expansion in the world economy and the innovations that have helped improve potential. We remain committed to the goal of achieving healthy economic growth while preserving low inflation. Nonetheless, the world must not rely on the United States as the engine of global growth. Others must also grow at their true potential rate. Europe and Japan must tackle challenges in their economies to help contribute to global expansion and a reduction in external imbalances.

PO-38

At the same time, we must protect against financial crises that have the potential to disrupt growth – as they did in emerging Asia, for instance, in the late 1990s. Crisis prevention needs re-invigoration. Crises strike when there is a failure to detect them early, or a failure to identify and implement the measures needed to avert them. With the knowledge and understanding available today, the international community should be able to do a better job of anticipating weaknesses and undertaking necessary steps to keep crises from taking full form. IMF surveillance of member economies provides a key tool for foreseeing and correcting potential problems. Implementation of international standards and codes should be pursued with energy, and countries' performance monitored closely – by investors as well as the international community. We need a common understanding of macroeconomic, real and financial variables that are key indicators of potential trouble, and the IMF and others should help make the information available.

And as we address the macroeconomic priorities of growth and financial stability, we must also attend to the critical task of building the policy, regulatory and legal infrastructure necessary to permit market economies to work. This is a particularly fundamental challenge in a number of countries still making the transition from command economies to market-based economies – and it needs to be given top priority along with macroeconomic stabilization. Identifying the key measures that need to be pursued is admittedly easier than implementing them. Highest priority should be given to the elements of market infrastructure that support the engines of growth - small and medium enterprises, foreign direct investment, and exports. Macroeconomic stability is fundamental. But tax, regulatory and judicial systems that are simple, fair, and credible are equally essential. This means, among other things, ensuring that contracts are enforceable and enforced, private property is respected, and corruption is avoided. We hope that by identifying successes among transition economies, and helping those still struggling to begin to put the basic elements in place, even in microcosm if necessary, we can pave the way for these countries to achieve lasting recovery and contribute productively to the world economy as a whole.

Effective and accountable international institutions are a cornerstone of effective work in all of these areas. In Palermo, I look forward to engaging with my colleagues on ways to continue reforms in this area. I attach particular priority to a transparent and accountable IMF. I also look forward to further progress on the principles laid out by the G-7 for reform of the multilateral development banks through more efficient allocation of and better accountability for their resources. And finally, I want to emphasize the important role that the United States and the G-7 believe both the IMF and World Bank need to play in the ongoing international effort to fight financial abuse.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 2:30 P.M.
February 15, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $20,000 million to refund $19,683 million of publicly held securities maturing February 22, 2001, and to raise about $317 million of new cash.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $9,616 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts awarded to these accounts will be in addition to the offering amount.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers have requested that we reinvest their maturing holdings of approximately $994 million into the 13-week bill and $833 million into the 26-week bill.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

oOo

Attachment

PO-39

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED FEBRUARY 22, 2001

February 15, 2001

Offering Amount	$10,000 million	$10,000 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912795 GH 8	912795 HH 7
Auction date	February 20, 2001	February 20, 2001
Issue date	February 22, 2001	February 22, 2001
Maturity date	May 24, 2001	August 23, 2001
Original issue date	November 24, 2000	February 22, 2001
Currently outstanding	$14,927 million	---
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate.... 35% of public offering

Maximum Award.......................... 35% of public offering

Receipt of Tenders:

Noncompetitive tenders .. Prior to 12:00 noon eastern standard time on auction day

Competitive tenders ..... Prior to 1:00 p.m. eastern standard time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR RELEASE UPON DELIVERY
February 17, 2001

STATEMENT BY TREASURY SECRETARY PAUL H. O'NEILL
AT THE POST G-7 PRESS CONFERENCE

Good evening. I want to begin by noting how much I have enjoyed meeting my colleagues and how much I appreciate the productive and thought-provoking discussions we have had today. Coming together to share ideas and discuss key issues that we all face is indeed an important and useful opportunity. We live in a global economy in which developments in one country affect others, and thus it is important to work closely together – in the G-7 in particular – to promote common goals.

Although world growth has slowed somewhat, we agreed that the fundamentals for sustained growth remain in place and that macroeconomic and structural policies need to focus on supporting growth. My colleagues were particularly interested in hearing about the U.S. economy and our policies. We noted that policies in Europe need to focus on enhancing growth potential, and we shared concern about remaining downside risks in Japan.

On exchange rates, let me repeat for you what we said together:

> "We discussed developments in our exchange and financial markets. We reiterated our view that exchange rates among major currencies should reflect economic fundamentals. We will continue to monitor developments closely and to cooperate in exchange markets as appropriate."

Finance Minister Kudrin and Central Bank Governor Gerashenko joined us to discuss Russia's economic policy priorities. Together, the G-7 urged the Russian authorities to step up the process of economic reform and meet in full their financial obligations. As they face the task of reform, we underscored the importance of creating the policy, regulatory and legal infrastructure necessary to make market economies work. We also urged Russia to move quickly to take action against money laundering, as outlined by the Financial Action Task Force (FATF) in June 2000.

PO-40

*U.S. Government Printing Office: 1998 - 619-559

We took note of recent progress under the HIPC debt initiative and indicated the importance of a broader approach to poverty reduction – an issue that we will focus our attention on as we prepare for the Genoa Summit. We also recognized progress and looked forward to further steps to strengthen the international financial architecture, including the need to do a better job in anticipating and preventing crises. In particular, we discussed the key priorities for reform of the multilateral development banks – greater selectivity, sharper focus on the needs of the poorest countries, more effective and transparent internal governance and enhanced development impact. This issue will be a key focus when we next meet in Washington in April.

Finally, we reviewed developments in our shared effort to fight financial abuse. We look forward to continued steps by identified jurisdictions to undertake needed reforms and urged the IMF and World Bank to help countries implement relevant anti-money laundering standards. At the same time, we reiterated our commitment to implement coordinated countermeasures in cases in of ongoing non-cooperation, based on recommendations by FATF. We also reaffirmed our support for efforts to address harmful tax practices. While I indicated to my colleagues that certain aspects of these efforts are under review by the new Administration, I support the priority placed on transparency and cooperation to facilitate effective tax information exchange. At the same time, it is critical to clarify that this project is not about dictating to any country what should be the appropriate level of tax rates.

Again, I found today's discussion very useful, and I look forward to working closely with all my G-7 colleagues.

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
February 20, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	February 22, 2001
Maturity Date:	May 24, 2001
CUSIP Number:	912795GH8

High Rate: 4.905% Investment Rate 1/: 5.036% Price: 98.760

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 75%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 23,791,916	$ 8,086,616
Noncompetitive	1,378,341	1,378,341
FIMA (noncompetitive)	540,000	540,000
SUBTOTAL	25,710,257	10,004,957 2/
Federal Reserve	4,765,401	4,765,401
TOTAL	$ 30,475,658	$ 14,770,358

Median rate 4.890%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 4.865%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 25,710,257 / 10,004,957 = 2.57

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,102,200,000

http://www.publicdebt.treas.gov

'0-42

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

ƆR IMMEDIATE RELEASE
ɘbruary 20, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	February 22, 2001
Maturity Date:	August 23, 2001
CUSIP Number:	912795HH7

High Rate: 4.770% Investment Rate 1/: 4.955% Price: 97.589

All noncompetitive and successful competitive bidders were awarded ɜcurities at the high rate. Tenders at the high discount rate were .lotted 88%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 24,536,619	$ 8,864,619
Noncompetitive	1,142,917	1,142,917
SUBTOTAL	25,679,536	10,007,536 2/
Federal Reserve	4,850,291	4,850,291
TOTAL	$ 30,529,827	$ 14,857,827

Median rate 4.750%: 50% of the amount of accepted competitive tenders s tendered at or below that rate. Low rate 4.725%: 5% of the amount accepted competitive tenders was tendered at or below that rate.

D-TO-COVER RATIO = 25,679,536 / 10,007,536 = 2.57
FIMA NONCOMPETITIVE BIDS WERE TENDERED IN TODAY'S AUCTION.

Equivalent coupon-issue yield.
Awards to TREASURY DIRECT = $905,967,000

http://www.publicdebt.treas.gov

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 9:00 A.M.
February 21, 2001

PUBLIC CONTACT: Office of Financing
202-691-3550

MEDIA CONTACT: Office of Public Affairs
202-622-2960

TREASURY ANNOUNCES DEBT BUYBACK OPERATION

On February 22, 2001, the Treasury will buy back up to $1,750 million par of its outstanding issues that mature between February 2015 and August 2019. Treasury reserves the right to accept less than the announced amount.

This debt buyback (redemption) operation will be conducted by Treasury's Fiscal Agent, the Federal Reserve Bank of New York, using its Open Market operations system. Only institutions that the Federal Reserve Bank of New York has approved to conduct Open Market transactions may submit offers on behalf of themselves and their customers. Offers at the highest accepted price for a particular issue may be accepted on a prorated basis, rounded up to the next $100,000. As a result of this rounding, the Treasury may buy back an amount slightly larger than the one announced above.

This debt buyback operation is governed by the terms and conditions set forth in 31 CFR Part 375 and this announcement.

The debt buyback operation regulations are available on the Bureau of the Public Debt's website at www.publicdebt.treas.gov.

Details about the operation and each of the eligible issues are given in the attached highlights.

oOo

Attachment

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HIGHLIGHTS OF TREASURY DEBT BUYBACK OPERATION

February 21, 2001

Par amount to be bought back .... Up to $1,750 million
Operation date .... February 22, 2001
Operation close time .... 11:00 a.m. eastern standard time
Settlement date .... February 26, 2001
Minimum par offer amount $100,000
Multiples of par $100,000
Format for offers ..... Expressed in terms of price per $100 of par with three decimals. The first two decimals represent fractional 32nds of a dollar. The third decimal represents eighths of a 32nd of a dollar, and must be a 0, 2, 4, or 6.
Delivery instructions .... ABA Number 021001208 FRB NYC/CUST

Treasury issues eligible for debt buyback operation (in millions):

Coupon Rate (%)	Maturity Date	CUSIP Number	Par Amount Outstanding*	Par Amount Privately Held*	Par Amount Held as STRIPS**
11.250	02/15/2015	912810 DP 0	11,351	9,505	5,215
10.625	08/15/2015	912810 DS 4	5,216	4,049	1,684
9.875	11/15/2015	912810 DT 2	5,926	4,919	2,557
9.250	02/15/2016	912810 DV 7	6,803	5,766	528
7.250	05/15/2016	912810 DW 5	18,824	17,724	112
7.500	11/15/2016	912810 DX 3	18,824	17,199	1,270
8.750	05/15/2017	912810 DY 1	16,857	14,102	6,392
8.875	08/15/2017	912810 DZ 8	12,929	10,871	2,539
9.125	05/15/2018	912810 EA 2	7,367	6,128	4,043
9.000	11/15/2018	912810 EB 0	7,689	6,921	4,547
8.875	02/15/2019	912810 EC 8	17,061	14,906	5,742
8.125	08/15/2019	912810 ED 6	19,596	17,663	1,210
		Total	148,443	129,753	35,839

* Par amounts are as of February 20, 2001.
** Par amounts are as of February 16, 2001.

The difference between the par amount outstanding and the par amount privately held is the par amount of those issues held by the Federal Reserve System.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

U.S. International Reserve Position 02/21/01

The Treasury Department today released U.S. reserve assets data for the week ending February 16, 2001. As indicated in this table, U.S. reserve assets totaled $67,608 million as of February 16, 2001, down from $67,666 million as of February 9, 2001.

(in US millions)

I. Official U.S. Reserve Assets	February 9, 2001			February 16, 2001		
TOTAL	67,666			67,608		
1. Foreign Currency Reserves [1]	Euro	Yen	TOTAL	Euro	Yen	TOTAL
a. Securities	5,475	10,483	15,957	5,412	10,977	16,389
Of which, issuer headquartered in the U.S.			0			0
b. Total deposits with:						
b.i. Other central banks and BIS	9,250	5,572	14,822	9,154	5,372	14,526
b.ii. Banks headquartered in the U.S.			0			0
b.ii. Of which, banks located abroad			0			0
b.iii. Banks headquartered outside the U.S.			0			0
b.iii. Of which, banks located in the U.S.			0			0
2. IMF Reserve Position [2]			15,094			*15,014*
3. Special Drawing Rights (SDRs) [2]			10,748			*10,633*
4. Gold Stock [3]			11,046			11,046
5. Other Reserve Assets			0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for February 9 are final. The entries in the table above for February 16 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of December 31, 2000. The November 30, 2000 value was $11,046 million.

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U.S. International Reserve Position (cont'd)

I. Predetermined Short-Term Drains on Foreign Currency Assets

	February 9, 2001	February 16, 2001
. Foreign currency loans and securities	0	0
. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
. Other	0	0

I. Contingent Short-Term Net Drains on Foreign Currency Assets

	February 9, 2001	February 16, 2001
Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
Foreign currency securities with embedded options	0	0
Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

OR IMMEDIATE RELEASE CONTACT: Office of Financing
ebruary 21, 2001 202-691-3550

RESULTS OF TREASURY'S AUCTION OF 2-YEAR NOTES

nterest Rate:	4 5/8%	Issue Date:	February 28, 2001
eries:	M-2003	Dated Date:	February 28, 2001
JSIP No:	9128276U1	Maturity Date:	February 28, 2003
TRIPS Minimum:	$1,600,000		

High Yield: 4.685% Price: 99.887

All noncompetitive and successful competitive bidders were awarded ecurities at the high yield. Tenders at the high yield were llotted 78%. All tenders at lower yields were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 25,313,975	$ 10,087,875
Noncompetitive	920,681	920,681
SUBTOTAL	26,234,656	11,008,556 1/
Federal Reserve	3,666,667	3,666,667
TOTAL	$ 29,901,323	$ 14,675,223

Median yield 4.663%: 50% of the amount of accepted competitive tenders s tendered at or below that rate. Low yield 4.620%: 5% of the amount accepted competitive tenders was tendered at or below that rate.

D-TO-COVER RATIO = 26,234,656 / 11,008,556 = 2.38
FIMA NONCOMPETITIVE BIDS WERE TENDERED IN TODAY'S AUCTION.

Awards to TREASURY DIRECT = $711,893,000

http://www.publicdebt.treas.gov

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
February 21, 2001

Contact: Office of Financing
202-691-3550

**TREASURY'S INFLATION-INDEXED SECURITIES
MARCH REFERENCE CPI NUMBERS AND DAILY INDEX RATIOS**

Public Debt announced today the reference Consumer Price Index (CPI) numbers and daily index ratios for the month of March for the following Treasury inflation-indexed securities:

(1) 3-3/8% 10-year notes due January 15, 2007
(2) 3-5/8% 5-year notes due July 15, 2002
(3) 3-5/8% 10-year notes due January 15, 2008
(4) 3-5/8% 30-year bonds due April 15, 2028
(5) 3-7/8% 10-year notes due January 15, 2009
(6) 3-7/8% 30-year bonds due April 15, 2029
(7) 4-1/4% 10-year notes due January 15, 2010
(8) 3-1/2% 10-year notes due January 15, 2011

This information is based on the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers (CPI-U) published by the Bureau of Labor Statistics of the U.S. Department of Labor.

In addition to the publication of the reference CPI's (Ref CPI) and index ratios, this release provides the non-seasonally adjusted CPI-U for the prior three-month period.

This information is available through the Treasury's Office of Public Affairs automated fax system by calling 202-622-2040 and requesting document number 41. The information is also available on the Internet at Public Debt's website (http://www.publicdebt.treas.gov).

The information for April is expected to be released on March 21, 2001.

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Attachment

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TREASURY INFLATION-INDEXED SECURITIES
Ref CPI and Index Ratios for
March 2001

Security:		3-7/8% 10-Year Notes	3-7/8% 30-Year Bonds	4-1/4% 10-Year Notes	3-1/2% 10-Year Notes
Description:		Series A-2009	Bonds of April 2029	Series A-2010	Series A-2011
CUSIP Number:		9128274Y5	912810FH6	9128275W8	9128276R8
Dated Date:		January 15, 1999	April 15, 1999	January 15, 2000	January 15, 2001
Original Issue Date:		January 15, 1999	April 15, 1999	January 18, 2000	January 16, 2001
Additional Issue Date(s):		July 15, 1999	October 15, 1999 October 15, 2000	July 15, 2000	
Maturity Date:		January 15, 2009	April 15, 2029	January 15, 2010	January 15, 2011
Ref CPI on Dated Date:		164.00000	164.39333	168.24516	174.04516
Date	**Ref CPI**	**Index Ratio**	**Index Ratio**	**Index Ratio**	**Index Ratio**
March 1 2001	174.00000	1.06098	1.05844	1.03421	0.99974
March 2 2001	174.03548	1.06119	1.05865	1.03442	0.99994
March 3 2001	174.07097	1.06141	1.05887	1.03463	1.00015
March 4 2001	174.10645	1.06162	1.05908	1.03484	1.00035
March 5 2001	174.14194	1.06184	1.05930	1.03505	1.00056
March 6 2001	174.17742	1.06206	1.05952	1.03526	1.00076
March 7 2001	174.21290	1.06227	1.05973	1.03547	1.00096
March 8 2001	174.24839	1.06249	1.05995	1.03568	1.00117
March 9 2001	174.28387	1.06271	1.06016	1.03589	1.00137
March 10 2001	174.31935	1.06292	1.06038	1.03610	1.00158
March 11 2001	174.35484	1.06314	1.06060	1.03631	1.00178
March 12 2001	174.39032	1.06336	1.06081	1.03653	1.00198
March 13 2001	174.42581	1.06357	1.06103	1.03674	1.00219
March 14 2001	174.46129	1.06379	1.06124	1.03695	1.00239
March 15 2001	174.49677	1.06400	1.06146	1.03716	1.00259
March 16 2001	174.53226	1.06422	1.06167	1.03737	1.00280
March 17 2001	174.56774	1.06444	1.06189	1.03758	1.00300
March 18 2001	174.60323	1.06465	1.06211	1.03779	1.00321
March 19 2001	174.63871	1.06487	1.06232	1.03800	1.00341
March 20 2001	174.67419	1.06509	1.06254	1.03821	1.00361
March 21 2001	174.70968	1.06530	1.06275	1.03842	1.00382
March 22 2001	174.74516	1.06552	1.06297	1.03863	1.00402
March 23 2001	174.78065	1.06574	1.06319	1.03885	1.00423
March 24 2001	174.81613	1.06595	1.06340	1.03906	1.00443
March 25 2001	174.85161	1.06617	1.06362	1.03927	1.00463
March 26 2001	174.88710	1.06638	1.06383	1.03948	1.00484
March 27 2001	174.92258	1.06660	1.06405	1.03969	1.00504
March 28 2001	174.95806	1.06682	1.06426	1.03990	1.00525
March 29 2001	174.99355	1.06703	1.06448	1.04011	1.00545
March 30 2001	175.02903	1.06725	1.06470	1.04032	1.00565
March 31 2001	175.06452	1.06747	1.06491	1.04053	1.00586

CPI-U (NSA) for : November 2000 174.1 December 2000 174.0 January 2001 175.1

TREASURY INFLATION-INDEXED SECURITIES
Ref CPI and Index Ratios for
March 2001

Security:	3-3/8% 10-Year Notes	3-5/8% 5-Year Notes	3-5/8% 10-Year Notes	3-5/8% 30-Year Bonds
Description:	Series A-2007	Series J-2002	Series A-2008	Bonds of April 2028
CUSIP Number:	9128272M3	9128273A8	9128273T7	912810FD5
Dated Date:	January 15, 1997	July 15, 1997	January 15, 1998	April 15, 1998
Original Issue Date:	February 6, 1997	July 15, 1997	January 15, 1998	April 15, 1998
Additional Issue Date(s):	April 15, 1997	October 15, 1997	October 15, 1998	July 15, 1998
Maturity Date:	January 15, 2007	July 15, 2002	January 15, 2008	April 15, 2028
Ref CPI on Dated Date:	158.43548	160.15484	161.55484	161.74000

Date	Ref CPI	Index Ratio	Index Ratio	Index Ratio	Index Ratio
March 1 2001	174.00000	1.09824	1.08645	1.07703	1.07580
March 2 2001	174.03548	1.09846	1.08667	1.07725	1.07602
March 3 2001	174.07097	1.09869	1.08689	1.07747	1.07624
March 4 2001	174.10645	1.09891	1.08711	1.07769	1.07646
March 5 2001	174.14194	1.09913	1.08733	1.07791	1.07668
March 6 2001	174.17742	1.09936	1.08756	1.07813	1.07690
March 7 2001	174.21290	1.09958	1.08778	1.07835	1.07712
March 8 2001	174.24839	1.09981	1.08800	1.07857	1.07734
March 9 2001	174.28387	1.10003	1.08822	1.07879	1.07756
March 10 2001	174.31935	1.10025	1.08844	1.07901	1.07778
March 11 2001	174.35484	1.10048	1.08866	1.07923	1.07799
March 12 2001	174.39032	1.10070	1.08889	1.07945	1.07821
March 13 2001	174.42581	1.10093	1.08911	1.07967	1.07843
March 14 2001	174.46129	1.10115	1.08933	1.07989	1.07865
March 15 2001	174.49677	1.10137	1.08955	1.08011	1.07887
March 16 2001	174.53226	1.10160	1.08977	1.08033	1.07909
March 17 2001	174.56774	1.10182	1.08999	1.08055	1.07931
March 18 2001	174.60323	1.10205	1.09022	1.08077	1.07953
March 19 2001	174.63871	1.10227	1.09044	1.08099	1.07975
March 20 2001	174.67419	1.10249	1.09066	1.08121	1.07997
March 21 2001	174.70968	1.10272	1.09088	1.08143	1.08019
March 22 2001	174.74516	1.10294	1.09110	1.08165	1.08041
March 23 2001	174.78065	1.10317	1.09132	1.08187	1.08063
March 24 2001	174.81613	1.10339	1.09154	1.08209	1.08085
March 25 2001	174.85161	1.10361	1.09177	1.08230	1.08107
March 26 2001	174.88710	1.10384	1.09199	1.08252	1.08129
March 27 2001	174.92258	1.10406	1.09221	1.08274	1.08150
March 28 2001	174.95806	1.10429	1.09243	1.08296	1.08172
March 29 2001	174.99355	1.10451	1.09265	1.08318	1.08194
March 30 2001	175.02903	1.10473	1.09287	1.08340	1.08216
March 31 2001	175.06452	1.10496	1.09310	1.08362	1.08238

CPI-U (NSA) for : November 2000 174.1 December 2000 174.0 January 2001 175.1

Joint Release **Board of Governors of the Federal Reserve System**
Department of the Treasury

FOR IMMEDIATE RELEASE February 21, 2001

FEDERAL RESERVE AND TREASURY EXTEND COMMENT PERIOD
ON REAL ESTATE ACTIVITIES PROPOSAL

The Federal Reserve Board and the Department of the Treasury today announced an extension of the deadline, through May 1, 2001, on their request for comment on whether real estate brokerage and real estate management are activities that are financial in nature or incidental to a financial activity and therefore permissible for financial holding companies and financial subsidiaries of national banks.

A notice of the extension will be published in the Federal Register.

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Attachment

Media Contacts:
Federal Reserve: Dave Skidmore (202) 452-2955
Treasury: Tara Bradshaw (202) 622-2960

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
February 22, 2001

STATEMENT BY TREASURY SECRETARY PAUL O'NEILL ON ACTION IN TURKEY

Treasury Secretary Paul O'Neill made the following statement regarding the decision of the Turkish government to float the Turkish lira:

We fully support the government of Turkey's actions today to float the Turkish lira.

Over the last year, Turkey's economic reform program, supported by the IMF, has successfully achieved many of its important goals on both the macroeconomic and structural fronts. We believe that today's actions, coupled with firm and determined implementation of appropriate supportive policies, can be successful in preserving the gains from the program so far and strengthening the foundation for sustained growth and disinflation in Turkey.

Turkey is an important ally and good friend of the United States. The United States continues to back the IMF's ongoing support for Turkey's economic reform program.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 2:30 P.M
FEBRUARY 22, 2001

CONTACT: TARA BRADSHAW
(202) 622-2960

TREASURY ANNOUNCES TECHNICAL CHANGES IN YIELD CURVE

The Department of Treasury announced today that effective August 27, 2001 it will no longer incorporate the prevailing market bond equivalent yield for the most-recently auctioned 52-week bill in estimating the yield curve for Treasury securities. This change will result in a more accurate estimate of Treasury's current cost of borrowing in the 1-year maturity range.

As announced on January 31, 2001, the Treasury will cease offering 52-week Treasury bills after the February 27, 2001 auction (issue date March 1, 2001). Historically, the Treasury has used the daily closing market bond equivalent yield on the most recently issued 52-week bill as an input in estimating the 1-year Constant Maturity Treasury (CMT) yield on Treasury's daily yield curve. Treasury will continue to use the March 1 dated 52-week bill as an input for the daily yield curve through the close of business on Friday, August 24, the last business day before the auction of a new 26-week bill. On Monday, August 27, Treasury will auction a new 26-week bill (a standard reopening of the 52-week bill CUSIP), and the use of a 52-week bill as a yield curve input will be discontinued. This transitional process is designed to avoid any potential effects of abruptly discontinuing the use of the 52-week Treasury bill in the estimation of Treasury's yield curve. Thereafter, the Treasury will estimate the 1-year CMT yield by using a nonlinear interpolation between the yields for the on-the-run 6-month bill and 2-year note.

The Treasury yield curve is a line graph constructed daily that estimates the interest rates at which Treasury could borrow at any maturity from 3-months to 30-years under market conditions prevailing as of the close of business. The Treasury estimates the yield curve using a cubic spline model. The model inputs are primarily bid-side yields for the most recently issued Treasury securities in each maturity class for which Treasury currently conducts auctions.

The Treasury will continue to provide 1-year CMT yields to the Federal Reserve Board for publication in their Statistical Releases H.15, G.13 and other publications along with yields for 3- and 6-month, and 2-, 3-, 5-, 7-, 10-, 20-, and 30-year maturities. Treasury will also make these CMT yields available through the Commerce Department's Economic Bulletin Board and the Treasury Department's Debt Management web page site at http://www.ustreas.gov/domfin/.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
February 22, 2001

U.S. WELCOMES NEW IFAD PRESIDENT

We are pleased to congratulate Mr. Lennart Bage of Sweden on his appointment today as the new President of the International Fund for Agricultural Development (IFAD), an international institution that finances agricultural development projects for the rural poor in developing nations. The United States strongly supported Mr. Bage's candidacy, and we view his appointment as very positive for the future of the institution. We look forward to our continued participation in IFAD under his highly capable leadership.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:30 P.M.
February 22, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK, 26-WEEK, AND 52-WEEK BILLS

The Treasury will auction three series of Treasury bills totaling approximately $30,000 million to refund $31,177 million of publicly held securities maturing March 1, 2001, and to pay down about $1,177 million.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $7,938 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts awarded to these accounts will be in addition to the offering amount.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers have requested that we reinvest their maturing holdings of approximately $997 million into the 13-week bill, $866 million into the 26-week bill, and $417 million into the 52-week bill.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

oOo

Attachment

0-52

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED MARCH 1, 2001

February 22, 2001

Offering Amount	$10,000 million	$10,000 million	$10,000 million
Description of Offering:			
Term and type of security	91-day bill	182-day bill	364-day bill
CUSIP number	912795 GJ 4	912795 HL 8	912795 HJ 3
Auction date	February 26, 2001	February 26, 2001	February 27, 2001
Issue date	March 1, 2001	March 1, 2001	March 1, 2001
Maturity date	May 31, 2001	August 30, 2001	February 28, 2002
Original issue date	June 1, 2000	August 31, 2000	March 1, 2001
Currently outstanding	$24,639 million	$13,033 million	---
Minimum bid amount and multiples	$1,000	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate .... 35% of public offering

Maximum Award .... 35% of public offering

Receipt of Tenders:

Noncompetitive tenders... Prior to 12:00 noon eastern standard time on auction day

Competitive tenders...... Prior to 1:00 p.m. eastern standard time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:30 P.M.
February 22, 2001

Contact: Office of Financing
202/691-3550

TREASURY TO AUCTION CASH MANAGEMENT BILLS

The Treasury will auction approximately $28,000 million of 50-day and $26,000 million of 13-day Treasury cash management bills.

Tenders will not be accepted for bills to be maintained on the book-entry records of the Department of the Treasury (*TreasuryDirect*).

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

The auctions being announced today will be conducted in the single-price auction format. All competitive and noncompetitive awards will be at the highest discount rate of accepted competitive tenders.

NOTE: Competitive bids in cash management bill auctions must be expressed as a discount rate with two decimals, e.g., 7.10%.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about the new securities are given in the attached offering highlights.

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Attachment

PO-53

HIGHLIGHTS OF TREASURY OFFERINGS OF CASH MANAGEMENT BILLS

February 22, 2001

Offering Amount	$28,000 million	$26,000 million
Description of Offering:		
Term and type of security	50-day bill	13-day bill
CUSIP number	912795 GC 9	912795 FX 4
Auction date	February 27, 2001	February 28, 2001
Receipt of Tenders (Eastern Standard time):		
Noncompetitive tenders	Prior to 11:00 a.m. on auction day	Prior to 12:00 noon on auction day
Competitive tenders	Prior to 11:30 a.m. on auction day	Prior to 1:00 p.m. on auction day
Issue date	February 28, 2001	March 2, 2001
Maturity date	April 19, 2001	March 15, 2001
Original issue date	October 19, 2000	September 14, 2000
Currently outstanding	$31,977 million	$29,867 million
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids .... (1) Must be expressed as a discount rate with two decimals, e.g., 7.10%.
(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.
(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate .... 35% of public offering

Maximum Award .... 35% of public offering

Payment Terms .... By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender.

Statement of G7 Finance Ministers and Central Bank Governors

17 February 2001
Palermo

1. We, the Finance Ministers of the G7 countries, the Central Bank Governors of Canada, Japan, the United States, and the United Kingdom, the President of the Euro-group, and the President of the European Central Bank, met today in Palermo with the Managing Director of the International Monetary Fund to review recent developments in the world economy. We, the Finance Ministers and Central Bank Governors of the G7 also discussed the progress made towards strengthening the international financial architecture, in particular by laying plans for the reform of Multilateral Development Banks, the implementation of the HIPC Initiative and ways to proceed beyond debt relief, including for the preparation for the Genova Summit. We also met with the Finance Minister and the Central Bank Governor of Russia and with Representatives of the European Commission to discuss recent developments of the Russian economy.

Developments in the World Economy

2. Although global growth this year is likely to be somewhat slower than we expected when we last met, the basic factors that have supported sustained growth in many of the major industrial economies remain in place. We agreed on the need for both macroeconomic and structural policies in all our countries to support growth. In this context, lower energy prices and stable oil markets are important.

3. We reemphasized our commitment to foster conditions for sustainable growth worldwide. In this context, we stressed the importance of continued cooperation among the G7 countries. More specifically:

   - In the United States, economic growth has slowed, though economic fundamentals remain strong. Monetary and fiscal policies should aim at supporting sustained growth, while preserving budgetary restraint and price stability and increasing national saving over the medium term.
   - In the United Kingdom and Canada, growth remains healthy and unemployment is low, with some signs of a temporary slowing in economic growth. Policies should continue to sustain growth and employment over the medium term, while meeting inflation targets.
   - In the euro area growth prospects remain favourable, thanks to strong domestic demand. Policies should be directed at enhancing growth potential, through continued coordinated reform efforts aimed at increasing product and labour market efficiency. Tax reforms are being implemented while pursuing fiscal consolidation. In view of Europe's aging population, budgets and social security systems need to be further strengthened.
   - In Japan, while a modest recovery is expected, prices continue to decline and downside risks remain. In this context, monetary policy should continue to ensure that liquidity is provided in ample terms. Efforts to strengthen the financial sector should be enhanced.

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Exchange Rates

4. We discussed developments in our exchange and financial markets. We reiterated our view that exchange rates among major currencies should reflect economic fundamentals. We will continue to monitor developments closely and to cooperate in exchange markets as appropriate.

Emerging Market Economies

5. After two years of strong recovery, the outlook for emerging market economies has become more mixed. We welcome the substantial progress achieved in emerging Asia to reduce vulnerabilities, including the improvement of the external debt structure in the crisis-affected countries, and the adoption of more sustainable exchange rate regimes. To secure future growth, it is important to pursue necessary reforms of the financial and corporate sectors. In Latin America, sound macroeconomic and structural policies are needed to help reduce vulnerabilities. In all emerging market economies, we stress the importance of further intensifying efforts to implement internationally agreed standards and codes. The pace of reforms should not be relaxed.

Russia

6. We welcome the recent improvements in the macroeconomic and balance of payments situation of the Russian economy. We strongly urge the Russian authorities to step up the process of economic reforms and meet in full their financial obligations in order to restore promptly normal relations with the international financial community. While some elements of the comprehensive tax reform package have been adopted, critical challenges remain, such as enforcing the rule of law, attacking nonpayments and barter, strengthening the banking system, improving corporate governance, and fighting money laundering. On the latter, we urge the Russian authorities to move quickly to remedy the deficiencies identified by the FATF in June 2000. We call upon the Russian authorities, as they address the difficult and complex process of economic transition, to implement a credible programme of reform, and create the essential market institutions and infrastructure for sound growth. In this context, we encourage the Russian authorities to continue to work with the IMF and World Bank.

HIPC and Development Beyond Debt Relief

7. We noted with satisfaction that the implementation of the enhanced HIPC (Heavily Indebted Poor Countries) Initiative has already enabled 22 countries to reach the Decision Point. These countries are now receiving significant debt relief. We are committed to helping them implement their poverty reduction strategies and thereby reach their Completion Points. This will lead to $34 billion of debt relief under HIPC, reducing the debt of these countries on average by two thirds. We noted that most of the eligible countries that have not yet reached the Decision Point are currently in, or just emerging from, conflict. We call on these countries to reach a peaceful resolution of their problems, and we intend to help them in their reconstruction efforts.

8. We urge all creditors to participate fully in providing on a timely basis their share of debt reduction under the enhanced HIPC Initiative. The G7 governments have gone beyond the HIPC targets and agreed to commit to provide 100 percent debt reduction on ODA and eligible commercial credits for countries qualifying for HIPC debt reduction. We urge other bilateral creditors to take similar action.

9. We consider that debt reduction is only one element of a broader, more ambitious strategy for poverty reduction, based on three pillars. First, action is needed to launch a new multilateral trade round and to open further markets to exports from the poorest countries. Second, a more favourable environment for attracting private investment needs to be created in the poorest countries. Third, within country-owned poverty reduction strategies, resources need to be channelled, in a more efficient and coordinated way, to the social sector, as we work towards the objectives contained in the 2015 International Development Goals (IDG).

Strengthening the International Financial Architecture, including Reform of the Multilateral Development Banks

10. We noted the progress made to reinforce the international financial system. We look forward to further progress on prioritization of IMF conditionality, implementation of the internationally agreed codes and standards, crisis prevention, private sector involvement, and financial liberalization. We note the need for further discussion on quotas at the IMF Board.

11. We also discussed the main features of the reform of the MDBs, following on the recommendations contained in the Fukuoka report of July 2000. The MDBs have made considerable progress on internal and policy reforms in recent years, but more can be done to focus their action on poverty reduction, consistent with the IDG. Key principles of the reform are: greater selectivity in setting priorities, focus on the needs of the poorest, effective and transparent internal governance, and improving development impact.

12. To this end, MDBs should:

- further improve and strengthen accountability and transparency, including through the establishment or the reinforcement of central control mechanisms to ensure compliance with agreed policies and safeguards;
- enhance substantially coordination and interaction among themselves and with other development actors;
- ensure full and timely disclosure of all program and policy documents;
- undertake expeditiously a comprehensive review of pricing policies;
- integrate due diligence and fiduciary diagnostics into country assistance strategies and in decisions on the choice of lending instruments.

In our view, selectivity in setting priorities and improving development impact require particular attention to: appropriate provision of global public goods, good governance, private sector development in lower income countries, and financial sector development, including fighting financial abuse. We look forward to intensifying our dialogue with the MDBs to this end and to reviewing progress at the Spring meetings.

Action against the Abuses of the Global Financial System

13. Following our report to the Okinawa Summit and the Heads' recommendations we note the positive evolution of the dialogue with the countries involved. The Financial Action Task Force (FATF) has recently reported the significant progress made by most of the fifteen non co-operative countries and territories (NCCTs) listed in June 2000. Seven countries have already enacted most, if not all, of the legislation needed to fight money laundering effectively. We encourage those jurisdictions to demonstrate their willingness and ability to implement these reforms, so that they can be de-listed at the earliest possible time. To this end, we remain committed to continuing dialogue with the identified countries, and to provide technical assistance where possible. However, we reaffirm our commitment, where dialogue has failed to generate adequate progress, to implement coordinated countermeasures that may be recommended by the FATF at its meeting in June 2001. We urge the International Financial Institutions, in particular the International Monetary Fund and the World Bank, to help NCCTs implement the relevant international anti-money laundering standards (the FATF 40 Recommendations), as appropriate, through technical assistance, programme design and policy dialogue.

14. We reaffirm our support for the efforts of OECD to address harmful tax practices. We encourage the OECD to continue its efforts. We encourage the efforts of the OECD member countries to meet their commitments. We welcome the cooperative dialogue which has been established with countries and jurisdictions outside the OECD area. We welcome the new commitments made by some jurisdictions to eliminate their harmful tax practices by end of 2005. We encourage others to make early commitments, so that as few jurisdictions as possible are included in the list of uncooperative tax havens which we look forward to examining at the Genova Summit. We encourage all OECD governments to consider offering, under the auspices of the OECD and other international organizations, technical assistance to cooperating jurisdictions, if needed to comply with their commitments.

15. We welcome the intent of certain OFCs to improve supervisory, regulatory, co-operation and information exchange policies and practices and encourage OFCs to disclose assessment findings, including those done by the IMF, as a means of demonstrating compliance with and progress in meeting international standards in these areas. We ask the FSF to monitor the implementation of its recommendations and to consider means of recognising progress being made by certain OFCs and recommend any future action, if necessary.

PUBLIC DEBT NEWS

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TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

ıR IMMEDIATE RELEASE
·bruary 26, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	March 01, 2001
Maturity Date:	August 30, 2001
CUSIP Number:	912795HL8

High Rate: 4.495% Investment Rate 1/: 4.662% Price: 97.728

All noncompetitive and successful competitive bidders were awarded :urities at the high rate. Tenders at the high discount rate were lotted 76%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 21,075,597	$ 8,588,237
Noncompetitive	1,212,331	1,212,331
FIMA (noncompetitive)	200,800	200,800
SUBTOTAL	22,488,728	10,001,368 2/
Federal Reserve	1,975,913	1,975,913
TOTAL	$ 24,464,641	$ 11,977,281

Median rate 4.490%: 50% of the amount of accepted competitive tenders tendered at or below that rate. Low rate 4.450%: 5% of the amount accepted competitive tenders was tendered at or below that rate.

-to-Cover Ratio = 22,488,728 / 10,001,368 = 2.25

Equivalent coupon-issue yield.
Awards to TREASURY DIRECT = $928,580,000

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TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

R IMMEDIATE RELEASE
bruary 26, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	March 01, 2001
Maturity Date:	May 31, 2001
CUSIP Number:	912795GJ4

High Rate: 4.710% Investment Rate 1/: 4.835% Price: 98.809

All noncompetitive and successful competitive bidders were awarded :urities at the high rate. Tenders at the high discount rate were .otted 60%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 25,710,857	$ 8,386,157
Noncompetitive	1,365,891	1,365,891
FIMA (noncompetitive)	259,200	259,200
SUBTOTAL	27,335,948	10,011,248 2/
Federal Reserve	3,204,819	3,204,819
TOTAL	$ 30,540,767	$ 13,216,067

Median rate 4.695%: 50% of the amount of accepted competitive tenders tendered at or below that rate. Low rate 4.650%: 5% of the amount accepted competitive tenders was tendered at or below that rate.

·to-Cover Ratio = 27,335,948 / 10,011,248 = 2.73

:quivalent coupon-issue yield.
ıwards to TREASURY DIRECT = $1,097,847,000

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Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
February 26, 2001

Contact: Peter Hollenbach
(202) 691-3502

BUREAU OF THE PUBLIC DEBT AIDS SAVINGS BOND OWNERS AFFECTED BY TORNADOES IN ARKANSAS AND MISSISSIPPI

The Bureau of Public Debt took action to assist victims of severe weather in Arkansas and Mississippi by expediting the replacement or payment of United States Savings Bonds for owners in the affected areas. The emergency procedures are effective immediately for paying agents and owners in those areas of Arkansas and Mississippi affected by the storms. These procedures will remain in effect through April 30, 2001.

Public Debt's action waives the normal six-month minimum holding period for Series EE and Series I savings bonds presented to authorized paying agents for redemption by residents of the affected area. Most financial institutions serve as paying agents for savings bonds.

Arkansas counties involved are Lonoke and Pulaski and Bolivar, Holmes, Lee, Leflore, Lowndes, Oktibbeha, Pontotoc, Prentis, and Tallahatchie counties in Mississippi. Should additional counties be declared disaster areas the emergency procedures for savings bonds owners will go into effect for those areas.

The replacement of bonds lost or destroyed will also be expedited by Public Debt. Bond owners should complete form PD-1048, available at most financial institutions or by writing the Kansas City Federal Reserve Bank's Savings Bond Customer Service Department, 925 Grand Boulevard, Kansas City, Missouri 64198; phone (816) 881-2000. This form can also be downloaded from Public Debt's website at: www.publicdebt.treas.gov. Bond owners should include as much information as possible about the lost bonds on the form. This information should include how the bonds were inscribed, social security number, approximate dates of issue, bond denominations and serial numbers if available. The completed form must be certified by a notary public or an officer of a financial institution. Completed forms should be forwarded to Public Debt's Savings Bond Operations Office located at 200 Third St., Parkersburg, West Virginia 26106-1328. Bond owners should write the word "DISASTER" on the front of their envelopes, to help expedite the processing of claims.

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PUBLIC DEBT NEWS

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TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
February 27, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 50-DAY BILLS

Term:	50-Day Bill
Issue Date:	February 28, 2001
Maturity Date:	April 19, 2001
CUSIP Number:	912795GC9

High Rate: 4.95 % Investment Rate 1/: 5.05 % Price: 99.313

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 16%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 46,910,000	$ 28,035,000
Noncompetitive	1,000	1,000
TOTAL	$ 46,911,000	$ 28,036,000

Median rate 4.89 %: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 4.85 %: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

BID-TO-COVER RATIO = 46,911,000 / 28,036,000 = 1.67
NO FIMA NONCOMPETITIVE BIDS WERE TENDERED IN TODAY'S AUCTION.

1/ Equivalent coupon-issue yield.

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TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
February 27, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 52-WEEK BILLS

Term:	364-Day Bill
Issue Date:	March 01, 2001
Maturity Date:	February 28, 2002
CUSIP Number:	912795HJ3

High Rate: 4.240% Investment Rate 1/: 4.442% Price: 95.713

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 31%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 17,388,432	$ 8,877,392
Noncompetitive	1,124,568	1,124,568
SUBTOTAL	18,513,000	10,001,960 2/
Federal Reserve	2,757,335	2,757,335
TOTAL	$ 21,270,335	$ 12,759,295

Median rate 4.195%: 50% of the amount of accepted competitive tenders 'as tendered at or below that rate. Low rate 4.150%: 5% of the amount ›f accepted competitive tenders was tendered at or below that rate.

ID-TO-COVER RATIO = 18,513,000 / 10,001,960 = 1.85
O FIMA NONCOMPETITIVE BIDS WERE TENDERED IN TODAY'S AUCTION.

/ Equivalent coupon-issue yield.
/ Awards to TREASURY DIRECT = $611,159,000

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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Text as prepared for Deliver
February 28, 2001

Contact: Tara Bradshaw
(202) 622-2960

TESTIMONY OF TREASURY SECRETARY PAUL O'NEILL BEFORE THE SENATE FINANCE COMMITTEE

Good afternoon Chairman Grassley, Senator Baucus and members of the Committee. It's a pleasure to be here with you today.

President Bush unveiled his budget this morning, and it is full of good news for the American people. First, it funds America's priorities, especially in education. Second, it walls off every dollar of the Social Security surplus and proposes Medicare reform to strengthen retirement security for every generation. And finally it reduces individual income taxes, to eliminate the structural overtaxation that has created a tax surplus today.

There's no question that the numbers in the federal budget are enormous. We are proposing $1.9 trillion in government spending for next year alone. For the next 10 years, total spending will be over $22 trillion. These are changes of an entire order of magnitude since the last time I served in Washington. In fact, this year's projected budget surplus of $281 billion is almost as large as the total on-budget government spending in my last year of service in Washington. That's evidence of how much our economy has grown, and how much Washington has grown.

The federal budget surplus is projected to be $5.6 trillion over the next ten years. And this is a fairly conservative estimate, given that we've underestimated the surplus several years in a row now. Even after setting aside the Social Security surplus, there is plenty of room for a $1.6 trillion tax cut. The numbers are big, but the math is fairly simple: Start with the $5.6 trillion surplus, take away $2.6 trillion in Social Security surplus and $1.6 trillion for tax relief, and we are left with a $1.4 trillion cushion to address our priorities - beginning with Medicare reform, to service the debt, and to be prepared for unexpected needs.

This is a fiscally prudent budget. Under this plan, we will pay off a large portion of the publicly held debt over the next six years. Washington ran deficits instead of surpluses for so long that no one gave much serious thought to the prospect of retiring our debt instruments before they mature.

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Only now, as we face the reality of rapidly mounting surpluses, are we confronted with serious questions about the potential impact of buying back the publicly held debt from a public that may not be willing to sell it all back early.

The debt held by the public will amount to $3.2 trillion at the end of this year. Retirement funds, state and local governments and foreign investors all have come to rely on the security of U.S. Treasuries. It could be very costly – if not impossible – to retire all of those holdings prematurely. Moreover, there needs to be a replacement opportunity for them. Experts are already thinking about alternatives to Treasury Securities for use by the Federal Reserve and others, but these are novel concepts that will take time to put in place.

In addition to systemic adjustment questions, there are cost questions related to paying off the entire publicly held debt. In testimony before the Senate Budget Committee, Fed Chairman Alan Greenspan explained it this way: "some holders of long-term Treasury securities may be reluctant to give them up, especially those who highly value the risk-free status of those issues. Inducing such holders, including foreign holders, to willingly offer to sell their securities prior to maturing could require paying premiums that far exceed any realistic value of retiring the debt before maturity."

Under the assumptions supporting the President's plan, we pay off all but this "non-retireable" debt by 2008. While we are paying off the retireable debt, the plan also increases spending on education next year by 11 percent, increases defense spending next year by $14 billion, and provides $661 billion in overall discretionary spending next year. Discretionary spending will increase by 4 percent, more than enough to account for inflation and address real needs.

Some want to increase spending even further. We disagree. Instead of simply piling on new spending, we must be better stewards of the taxpayers' dollars. We have overlapping programs throughout the government with little or no information on how well they deliver services to the taxpayers. We need to find out where we are getting results and where we aren' and adjust federal spending accordingly.

Once we've paid down the debt that can be retired, walled off Social Security funds where they can't be drained for other government spending, and increased spending for America's priorities, we face the question of how to use any additional surplus dollars. If they aren't returned to the taxpayers, they can only be spent in Washington, creating new government programs or buying up private assets. Government is big enough, and it has no business owning private companies.

People make better decisions than government about how to spend their money. That's why we must eliminate structural overtaxation and let people keep more of what they earn.

Today the federal individual income tax burden is higher than at any other time in our nation's history. We have no business taking from taxpayers more than it costs to pay for agreed public purposes.

The President has proposed tax relief that reinforces the values that make America great – opportunity, entrepreneurship, strong families and individual success.

First, the President has proposed reducing income taxes for every American who pays income taxes. The current five rate system will be simplified to four rates, and the tax rate on the first $6,000 of taxable income earned by every American will fall from 15 to 10 percent.

High income tax rates block access to the middle class for working Americans struggling to get ahead. And high income tax rates punish success. We must have a tax code that keeps the American Dream in everyone's reach and helps people move up the economic ladder of success. We must have a tax code that fosters entrepreneurship and does not penalize hard work.

Cutting income tax rates is the most effective fiscal policy action we can take to put our economy back on the path of long-term economic growth. The best minds in this nation contain incredible knowledge and creativity. If we work together to unleash that potential, we can achieve permanent high rates of growth that will make all our other goals more achievable.

The President's tax relief plan also strengthens the ties that hold families together.

- It doubles the child tax credit to $1,000 per child. Parents everywhere have one goal above all others: to give their children the best possible opportunity for success and happiness in life. The increased child tax credit will give parents more resources to save for college tuition, pay for braces or hire a tutor.
- This plan also reduces the unfair marriage penalty. We as a society celebrate when two people decide to spend their lives together. Why would our tax code punish them?
- And this plan eliminates the unfair death tax. Government has no business confiscating the legacy parents work their entire lives to build for their children.

This package is a pay raise for working Americans. Four-person families earning $35,000 a year will no longer bear any federal income tax burden. Four-person families earning $45,000 will see their income taxes cut in half. And four-person families earning $75,000 will see their income tax burden reduced by 22 percent.

The President's tax relief plan maintains the progressivity of our tax code – and, in fact, increases the share of federal income taxes paid by upper-income taxpayers. In 1998, the top 10 percent of income earners paid 65 percent of federal income taxes, while the bottom half of income earners paid 4.2 percent of the total federal income tax burden. After implementing the President's tax relief plan, the top 10 percent of income earners will pay 66 percent of all federal income taxes. The average family will keep $1,600 a year that they would otherwise have sent to Washington. That's enough for two monthly mortgage payments or for a year of junior college tuition.

Taxpayers in the higher tax brackets are likely to invest their tax relief in the economy, creating jobs for all Americans. Small businesses are the engine of growth in our economy, and a majority of small businesses pay taxes under the individual income tax system. A small businessman receiving tax relief will plow that back into the firm, either to increase productivity, which results in higher wages, or to hire more workers.

A farmer will be able to use his tax savings to trade in his old tractor and purchase the newest technology to improve his crop yield. America's economy will grow as these investments go forward.

This tax relief package is sound fiscal and economic policy. It fits easily within our budget framework, leaving a $1.4 trillion cushion over the next ten years to service the debt, to address priorities – beginning with Medicare reform, and to handle unexpected needs. I like to refer to it as the Goldilocks tax relief plan – not too big, not too small, just right.

This budget strengthens the three platforms that make success and prosperity possible for all generations of Americans – improved education, fiscal responsibility, and tax fairness. I look forward to working with the members of this committee to implement these common sense budget priorities, so that America continues to lead the world toward greater freedom and opportunity.

Thank you.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

MBARGOED UNTIL 9:00 A.M.
ebruary 28, 2001

PUBLIC CONTACT: Office of Financing
202-691-3550
MEDIA CONTACT: Office of Public Affairs
202-622-2960

TREASURY ANNOUNCES DEBT BUYBACK OPERATION

On March 1, 2001, the Treasury will buy back up to $1,750 million par f its outstanding issues that mature between February 2019 and November 2022. reasury reserves the right to accept less than the announced amount.

This debt buyback (redemption) operation will be conducted by Treasury's iscal Agent, the Federal Reserve Bank of New York, using its Open Market perations system. Only institutions that the Federal Reserve Bank of New ork has approved to conduct Open Market transactions may submit offers on ehalf of themselves and their customers. Offers at the highest accepted rice for a particular issue may be accepted on a prorated basis, rounded up the next $100,000. As a result of this rounding, the Treasury may buy ack an amount slightly larger than the one announced above.

This debt buyback operation is governed by the terms and conditions set orth in 31 CFR Part 375 and this announcement.

The debt buyback operation regulations are available on the Bureau of e Public Debt's website at www.publicdebt.treas.gov.

Details about the operation and each of the eligible issues are given the attached highlights.

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tachment

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HIGHLIGHTS OF TREASURY DEBT BUYBACK OPERATION

February 28, 2001

Par amount to be bought back .... Up to $1,750 million
Operation date .... March 1, 2001
Operation close time .... 11:00 a.m. eastern standard time
Settlement date .... March 5, 2001
Minimum par offer amount $100,000
Multiples of par $100,000
Format for offers ..... Expressed in terms of price per $100 of par with three decimals. The first two decimals represent fractional 32nds of a dollar. The third decimal represents eighths of a 32nd of a dollar, and must be a 0, 2, 4, or 6.
Delivery instructions .... ABA Number 021001208 FRB NYC/CUST

Treasury issues eligible for debt buyback operation (in millions):

Coupon Rate (%)	Maturity Date	CUSIP Number	Par Amount Outstanding*	Par Amount Privately Held*	Par Amount Held as STRIPS**
8.875	02/15/2019	912810 EC 8	16,761	14,606	5,555
8.125	08/15/2019	912810 ED 6	19,436	17,503	1,098
8.500	02/15/2020	912810 EE 4	9,918	8,479	1,604
8.750	05/15/2020	912810 EF 1	8,374	6,872	4,855
8.750	08/15/2020	912810 EG 9	18,872	16,991	9,697
7.875	02/15/2021	912810 EH 7	10,415	9,471	712
8.125	05/15/2021	912810 EJ 3	10,719	9,101	4,329
8.125	08/15/2021	912810 EK 0	10,683	9,025	1,263
8.000	11/15/2021	912810 EL 8	31,731	28,663	16,614
7.250	08/15/2022	912810 EM 6	10,289	9,415	1,009
7.625	11/15/2022	912810 EN 4	8,585	6,984	4,789
		Total	155,783	137,110	51,525

* Par amounts are as of February 27, 2001.
** Par amounts are as of February 26, 2001.

The difference between the par amount outstanding and the par amount privately held is the par amount of those issues held by the Federal Reserve System.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

U.S. International Reserve Position 02/28/01

The Treasury Department today released U.S. reserve assets data for the week ending February 16, 2001. As indicated in this table, U.S. reserve assets totaled $67,293 million as of February 23, 2001, down from $67,802 million as of February 16, 2001.

(in US millions)

I. Official U.S. Reserve Assets	February 16, 2001			February 23, 2001		
TOTAL	67.802			67 293		
	Euro	Yen	TOTAL	Euro	Yen	TOTAL
1. Foreign Currency Reserves						
a. Securities	5,412	10,977	16,389	5,378	10,913	16,291
Of which, issuer headquartered in the U.S.			0			0
b. Total deposits with.						
b.i. Other central banks and BIS	9,154	5,372	14,526	9,095	5,341	14,436
b.ii. Banks headquartered in the U.S.						0
b ii Of which, banks located abroad						0
b.iii. Banks headquartered outside the U S.						0
b iii Of which, banks located in the U.S.						0
2. IMF Reserve Position [2]			15,094			*14,945*
3. Special Drawing Rights (SDRs)			10,748			*10,576*
4. Gold Stock			11,046			11,046
5. Other Reserve Assets			0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for February 16 are final. The entries in the table above for February 23 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of December 31, 2000. The November 30, 2000 value was $11,046 million.

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U.S. International Reserve Position (cont'd)

II. Predetermined Short-Term Drains on Foreign Currency Assets	February 16, 2001	February 23, 2001
1. Foreign currency loans and securities	0	0
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
3. Other	0	0

III. Contingent Short-Term Net Drains on Foreign Currency Assets	February 16, 2001	February 23, 2001
1. Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
2. Foreign currency securities with embedded options	0	0
3. Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

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Text as prepared for Deliver
February 28, 2001

Contact: Tara Bradshaw
(202) 622-2960

MARK A. WEINBERGER
NOMINEE TO BE ASSISTANT SECRETARY OF THE TREASURY (TAX POLICY)
TESTIMONY BEFORE THE SENATE FINANCE COMMITTEE

Mr. Chairman, Senator Baucus, Members of the Senate Finance Committee:

I am deeply honored to appear before this Committee as the President's nominee to serve as Assistant Secretary of the Treasury for Tax Policy. I am grateful to President Bush and Secretary O'Neill for the opportunity to serve my country in this capacity, and to Chairman Grassley and Senator Baucus for expediting this process and holding this hearing.

It was a short four months ago that I appeared before this Committee as a nominee of President Clinton to serve as a member of the Social Security Advisory Board. I appreciated then this Committee's consideration, and the support of the full Senate, in confirming me to serve the government and the American people in that capacity. I am proud of the work of the board and honored to serve with its other distinguished members to analyze the important policy and administrative issues that our Social Security and disability programs face.

I began my government service with a Member of this Committee, Senator John Danforth (R-MO), in 1990. Working with the Members and staff of the Finance Committee taught me some of the fundamentals of good government which are highly relevant today. This Committee's thoughtful consideration of policy, its search for consensus, and its tradition of comity are the benchmarks to which any public official or organization aspires. I am proud to have had the opportunity to serve this Committee.

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On the path to this point in my career I have taken many turns. Upon leaving the Finance Committee I was fortunate to have the opportunity to serve as Chief of Staff and Counsel to the President's Bipartisan Commission on Entitlement and Tax Reform, chaired by Senators Bob Kerrey (D-NE) and Jack Danforth. I also served as a Commissioner on the bipartisan National Commission on Retirement Security, with Senator Breaux (D-LA), of this Committee. If confirmed by the Senate I will continue to work in the same bipartisan spirit.

I started a law firm with several friends and colleagues named Washington Counsel, PC. The firm was made up of an outstanding group of individuals who taught me the true value of teamwork. I most recently served as the Director of the National Tax practice for Ernst & Young. I was truly humbled by the incredible talent of the people there.

Once again - now - I find myself before this Committee. This Committee is on the front line for decision-making at one of the most momentous times in our history. The Federal government's projected surpluses over the next decade are unprecedented. The scope of the issues that will be faced in this regard over the next few years, primarily with respect to programs under the jurisdiction of the Committee on Finance, could not be broader.

Decisions this Committee makes will have a profound effect on the quality of life of every man, woman and child in this country. If confirmed, I look forward to being a part of that discussion with you, and I am sure that the answers you arrive at will serve our country well.

Lastly, and most importantly, I would like to recognize my family. If I could have them at this table with me today I would. I can not do justice in words when expressing my love and appreciation for my wonderful wife and children. My wife Nancy, and four children Rachel, Noah, Sean and Ben, truly are my beginning and end. They cheerfully support all my mounting commitments in life and give me the strength, courage and refuge needed to face life's challenges and opportunities.

It is a great privilege to be here today and I look forward to answering your questions.

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
February 28, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-DAY BILLS

Term:	13-Day Bill
Issue Date:	March 02, 2001
Maturity Date:	March 15, 2001
CUSIP Number:	912795FX4

High Rate: 5.39 % Investment Rate 1/: 5.49 % Price: 99.805

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 8%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 55,962,000	$ 26,026,000
Noncompetitive	1,135	1,135
TOTAL	$ 55,963,135	$ 26,027,135

Median rate 5.32 %: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 5.22 %: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

BID-TO-COVER RATIO = 55,963,135 / 26,027,135 = 2.15
NO FIMA NONCOMPETITIVE BIDS WERE TENDERED IN TODAY'S AUCTION.

1/ Equivalent coupon-issue yield.

http://www.publicdebt.treas.gov

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 11:00 A.M. EST
Text as prepared for Deliver
March 1, 2001

Contact: Tara Bradshaw
(202) 622-2960

TESTIMONY OF TREASURY SECRETARY PAUL O'NEILL BEFORE THE SENATE BUDGET COMMITTEE

Good morning Chairman Domenici, Senator Conrad and members of the Committee. It's a pleasure to be here with you today.

President Bush unveiled his budget this morning, and it is full of good news for the American people. First, it funds America's priorities, especially in education. Second, it walls off every dollar of the Social Security surplus and proposes Medicare reform to strengthen retirement security for every generation. And finally it reduces individual income taxes, to eliminate the structural overtaxation that has created a tax surplus today.

There's no question that the numbers in the federal budget are enormous. We are proposing $1.9 trillion in government spending for next year alone. For the next 10 years, total spending will be over $22 trillion. These are changes of an entire order of magnitude since the last time I served in Washington. In fact, this year's projected budget surplus of $281 billion is almost as large as the total on-budget government spending in my last year of service in Washington. That's evidence of how much our economy has grown, and how much Washington has grown.

The federal budget surplus is projected to be $5.6 trillion over the next ten years. And this is a fairly conservative estimate, given that we've underestimated the surplus several years in a row now. Even after setting aside the Social Security surplus, there is plenty of room for a $1.6 trillion tax cut. The numbers are big, but the math is fairly simple: Start with the $5.6 trillion surplus, take away $2.6 trillion in Social Security surplus and $1.6 trillion for tax relief, and we are left with a $1.4 trillion cushion to address our priorities - beginning with Medicare reform, to service the debt, and to be prepared for unexpected needs.

This is a fiscally prudent budget. Under this plan, we will pay off a large portion of the publicly held debt over the next six years. Washington ran deficits instead of surpluses for so long that no one gave much serious thought to the prospect of retiring our debt instruments before they mature. Only now, as we face the reality of rapidly mounting surpluses, are we confronted with serious questions about the potential impact of buying back the publicly held debt from a public that may not be willing to sell it all back early.

PO-66

*U.S. Government Printing Office: 1998 - 619-559

The debt held by the public will amount to $3.2 trillion at the end of this year. Retirement funds, state and local governments and foreign investors all have come to rely on the security of U.S. Treasuries. It could be very costly – if not impossible – to retire all of those holdings prematurely. Moreover, there needs to be a replacement opportunity for them. Experts are already thinking about alternatives to Treasury Securities for use by the Federal Reserve and others, but these are novel concepts that will take time to put in place.

In addition to systemic adjustment questions, there are cost questions related to paying off the entire publicly held debt. In testimony before the Senate Budget Committee, Fed Chairman Alan Greenspan explained it this way: "some holders of long-term Treasury securities may be reluctant to give them up, especially those who highly value the risk-free status of those issues. Inducing such holders, including foreign holders, to willingly offer to sell their securities prior to maturing could require paying premiums that far exceed any realistic value of retiring the debt before maturity."

Under the assumptions supporting the President's plan, we pay off all but this "non-retireable" debt by 2008. While we are paying off the retireable debt, the plan also increases spending on education next year by 11 percent, increases defense spending next year by $14 billion, and provides $661 billion in overall discretionary spending next year. Discretionary spending will increase by 4 percent, more than enough to account for inflation and address real needs.

Some want to increase spending even further. We disagree. Instead of simply piling on new spending, we must be better stewards of the taxpayers' dollars. We have overlapping programs throughout the government with little or no information on how well they deliver services to the taxpayers. We need to find out where we are getting results and where we aren't, and adjust federal spending accordingly.

Once we've paid down the debt that can be retired, walled off Social Security funds where they can't be drained for other government spending, and increased spending for America's priorities, we face the question of how to use any additional surplus dollars. If they aren't returned to the taxpayers, they can only be spent in Washington, creating new government programs or buying up private assets. Government is big enough, and it has no business owning private companies.

People make better decisions than government about how to spend their money. That's why we must eliminate structural overtaxation and let people keep more of what they earn.

Today the federal individual income tax burden is higher than at any other time in our nation's history. We have no business taking from taxpayers more than it costs to pay for agreed public purposes.

The President has proposed tax relief that reinforces the values that make America great – opportunity, entrepreneurship, strong families and individual success.

First, the President has proposed reducing income taxes for every American who pays income taxes. The current five rate system will be simplified to four rates, and the tax rate on the first $6,000 of taxable income earned by every American will fall from 15 to 10 percent.

High income tax rates block access to the middle class for working Americans struggling to get ahead. And high income tax rates punish success. We must have a tax code that keeps the American Dream in everyone's reach and helps people move up the economic ladder of success. We must have a tax code that fosters entrepreneurship and does not penalize hard work.

Cutting income tax rates is the most effective fiscal policy action we can take to put our economy back on the path of long-term economic growth. The best minds in this nation contain incredible knowledge and creativity. If we work together to unleash that potential, we can achieve permanent high rates of growth that will make all our other goals more achievable.

The President's tax relief plan also strengthens the ties that hold families together.

- It doubles the child tax credit to $1,000 per child. Parents everywhere have one goal above all others: to give their children the best possible opportunity for success and happiness in life. The increased child tax credit will give parents more resources to save for college tuition, pay for braces or hire a tutor.

- This plan also reduces the unfair marriage penalty. We as a society celebrate when two people decide to spend their lives together. Why would our tax code punish them?

- And this plan eliminates the unfair death tax. Government has no business confiscating the legacy parents work their entire lives to build for their children.

This package is a pay raise for working Americans. Four-person families earning $35,000 a year will no longer bear any federal income tax burden. Four-person families earning $45,000 will see their income taxes cut in half. And four-person families earning $75,000 will see their income tax burden reduced by 22 percent.

The President's tax relief plan maintains the progressivity of our tax code – and, in fact, increases the share of federal income taxes paid by upper-income taxpayers. In 1998, the top 10 percent of income earners paid 65 percent of federal income taxes, while the bottom half of income earners paid 4.2 percent of the total federal income tax burden. After implementing the President's tax relief plan, the top 10 percent of income earners will pay 66 percent of all federal income taxes. The average family will keep $1,600 a year that they would otherwise have sent to Washington. That's enough for two monthly mortgage payments or for a year of junior college tuition.

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-30-

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 3:00 P.M. EST
Text as prepared for Deliver
March 1, 2001

Contact: Tara Bradshaw
(202) 622-2960

TESTIMONY OF TREASURY SECRETARY PAUL O'NEILL BEFORE THE HOUSE BUDGET COMMITTEE

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PO-67

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'OR IMMEDIATE RELEASE
:arch 1, 2001

PUBLIC CONTACT: Office of Financing
202-691-3550
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202-622-2960

TREASURY DEBT BUYBACK OPERATION RESULTS

Today, Treasury completed a debt buyback (redemption) operation for $1,750 million ar of its outstanding issues. A total of 11 issues maturing between February 2019 and ovember 2022 were eligible for this operation. The settlement date for this operation will e March 5 2001. Summary results of this operation are presented below.

(amounts in millions)

ffers Received (Par Amount):	$5,490
ffers Accepted (Par Amount):	1,750
otal Price Paid for Issues (Less Accrued Interest):	2,357
umber of Issues Eligible:	
For Operation:	11
For Which Offers were Accepted:	11
ighted Average Yield of all Accepted Offers (%):	5.432
ighted Average Maturity for all Accepted Securities (in years):	19.6

tails for each issue accompany this release.

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March 1, 2001

TREASURY DEBT BUYBACK OPERATION RESULTS

(amounts in millions, prices in decimals)

Table I

Coupon Rate (%)	Maturity Date	Par Amount Offered	Par Amount Accepted	Highest Accepted Price	Weighted Average Accepted Price
8.875	02/15/2019	636	431	139.625	139.578
8.125	08/15/2019	511	120	131.343	131.319
8.500	02/15/2020	255	30	136.156	136.135
8.750	05/15/2020	342	120	139.343	139.321
8.750	08/15/2020	766	234	139.625	139.570
7.875	02/15/2021	382	160	129.375	129.355
8.125	05/15/2021	325	45	132.578	132.571
8.125	08/15/2021	400	180	132.812	132.750
8.000	11/15/2021	1,180	299	131.421	131.382
7.250	08/15/2022	296	46	122.390	122.378
7.625	11/15/2022	397	85	127.312	127.273

Table II

Coupon Rate (%)	Maturity Date	CUSIP Number	Lowest Accepted Yield	Weighted Average Accepted Yield	Par Amount Privately Held*
8.875	02/15/2019	912810EC8	5.400	5.403	14,175
8.125	08/15/2019	912810ED6	5.417	5.419	17,383
8.500	02/15/2020	912810EE4	5.423	5.424	8,449
8.750	05/15/2020	912810EF1	5.425	5.426	6,752
8.750	08/15/2020	912810EG9	5.426	5.430	16,757
7.875	02/15/2021	912810EH7	5.443	5.444	9,311
8.125	05/15/2021	912810EJ3	5.445	5.445	9,056
8.125	08/15/2021	912810EK0	5.445	5.449	8,845
8.000	11/15/2021	912810EL8	5.449	5.452	28,364
7.250	08/15/2022	912810EM6	5.465	5.466	9,369
7.625	11/15/2022	912810EN4	5.460	5.463	6,899

Total Par Amount Offered: 5,490

Total Par Amount Accepted: 1,750

Note: Due to rounding, details may not add to totals.

*Amount outstanding after operation. Calculated using amounts reported on announcement.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:30 P.M.
March 1, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $20,000 million to refund $20,414 million of publicly held securities maturing March 8, 2001, and to pay down about $414 million.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $10,986 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts awarded to these accounts will be in addition to the offering amount.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers have requested that we reinvest their maturing holdings of approximately $973 million into the 13-week bill and $770 million into the 26-week bill.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

oOo

Attachment

PO-69

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED MARCH 8, 2001

March 1, 2001

Offering Amount	$10,000 million	$10,000 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912795 GK 1	912795 HN 4
Auction date	March 5, 2001	March 5, 2001
Issue date	March 8, 2001	March 8, 2001
Maturity date	June 7, 2001	September 6, 2001
Original issue date	December 7, 2000	March 8, 2001
Currently outstanding	$15,396 million	---
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate.... 35% of public offering

Maximum Award............................ 35% of public offering

Receipt of Tenders:

Noncompetitive tenders .. Prior to 12:00 noon eastern standard time on auction day

Competitive tenders ..... Prior to 1:00 p.m. eastern standard time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
March 2, 2000
Contact: Tara Bradshaw
(202) 622-2960

TREASURY RECEIVES CLEAN AUDIT REPORT
O'Neill Commends Progress

The Department of the Treasury today announced that it has received its first unqualified, or "clean," auditor's opinion on its Department wide financial statements. The Government Management Reform Act required federal agencies to have their agency wide financial statements audited every year, beginning in fiscal year 1996. Treasury has made steady improvement in both timeliness and quality of its financial statements over the past five years, culminating in this year's unqualified audit opinion.

Despite reaching this financial milestone, the Department acknowledges that it must continue its efforts to correct its financial systems problems. These problems are particularly acute at the Internal Revenue Service and the U.S. Customs Service. While the IRS received an unqualified opinion on its own financial statements, which was a major accomplishment, the IRS alone is responsible for about half (15 of 32) of the outstanding financial problem areas within the Department. The Department will continue to work with both bureaus to correct this situation.

The Department's financial statements are included in its fiscal year 2000 Accountability Report, the federal government's version of a corporate annual report. The Accountability Report includes management's discussion and analysis of key performance measures, the Department wide financial statements, a description of management control problems, the auditor's report on the Department's financial statements, and other key financial management information.

In his message opening the Accountability Report, Treasury Secretary Paul O'Neill states that "Good stewardship of taxpayer resources is a responsibility I take very seriously. We must provide the taxpayers with real value for the hard-earned tax dollars they entrust to the Treasury. I intend to use this report as a starting place, and to continue to improve Treasury's performance during my tenure here."

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PO #70

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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For Release Upon Delivery
Expected at 12:00 noon
March 5, 2001

STATEMENT OF
JOSEPH MIKRUT
TAX LEGISLATIVE COUNSEL
DEPARTMENT OF THE TREASURY
BEFORE THE SUBCOMMITTEE ON OVERSIGHT
COMMITTEE ON WAYS AND MEANS

Mr. Chairman, Mr. Coyne, and Members of the Subcommittee:

I appreciate the opportunity to discuss with you today the current tax incentives for the domestic production of oil and gas and for energy conservation.

Increasing Domestic Oil and Gas Production

Before I turn to my discussion of the present tax treatment of oil and gas activities, I would like to provide a brief overview of this sector.

Overview

Oil is an internationally traded commodity with its domestic price set by world supply and demand. Domestic exploration and production activity is affected by the world price of crude oil. Historically, world oil prices have fluctuated substantially. From 1970 to the early 1980s, there was a fivefold increase in real oil prices. World oil prices fell sharply in 1986 and were relatively more stable from 1986 through 1997. During that period, average refiner acquisition prices ranged from $14.91 to $23.59 in real 1992 dollars. In 1998, however, oil prices at the refiner declined to $12.52 per barrel in nominal dollars ($11.14 per barrel in 1992 dollars), their lowest level in 25 years in real terms. Since 1998, the decline has reversed with refiner acquisition costs (in nominal dollars) rising to $17.46 per barrel in 1999 and $30.92 per barrel in November 2000, the latest month for which composite figures are available. The equivalent prices in 1992 dollars are $15.31 per barrel in 1999 and $26.56 per barrel in November 2000.

Domestic oil production has been on the decline since the mid-1980's. From 1978 to 1983 oil consumption in the United States also declined, but increasing consumption since 1983 has more than erased this decline. In 2000, domestic oil consumption was 15 percent higher than in 1970. The decline in oil production and increase in consumption have led to an increase in oil

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*U.S. Government Printing Office: 1998 - 619-559

imports. Net petroleum (crude and product) imports have risen from approximately 38 percent of consumption in 1988 to 51 percent in 1999.

A similar pattern of large recent price increases and increasing dependence on imports has occurred in the natural gas market. During the second half of the 1990s, spot prices for natural gas exceeded $4.00 per million Btu (MMBtu) in only one month (February 1996). The spot price again exceeded $4.00 per MMBtu in May 2000, rose above $5.00 per MMBtu in September 2000, and has recently exceeded $10.00 per MMBtu.[1]

The United States has large natural gas reserves and was essentially self-sufficient in natural gas until the late 1980s. Since 1986, natural gas consumption has increased by more than 30 percent but natural gas production has increased by only 17 percent. Net imports as a share of consumption more than tripled from 1986 to 1999, rising from 4.2 percent to 15.4 percent. Natural gas from Canada makes up nearly all of the imports into the United States.

These increases in energy prices over the past two years have focused attention on the impact of shortages and high prices on individual consumers and businesses. In announcing this hearing, the Chairman noted the three-fold increase in crude oil prices, the four- to seven-fold increase in natural gas prices, and the near doubling of the price of home heating oil. He also said we "have to find out where the tax code helps, where it causes problems, and whether it needs to be changed." To assist the Subcommittee in this effort, I would now like to discuss the current tax incentives for domestic oil and gas production.

Current law tax incentives for oil and gas production

The importance of maintaining a strong domestic energy industry has been long recognized and the Internal Revenue Code includes a variety of measures to stimulate domestic exploration and production. They are generally justified on the ground that they reduce vulnerability to an oil supply disruption through increases in domestic production, reserves, and exploration and production capacity. The tax incentives contained in present law address the drop in domestic exploratory drilling that has occurred since the mid-1950s and the continuing loss of production from mature fields and marginal properties.

Incentives for oil and gas production in the form of tax expenditures are estimated to total $9.8 billion for fiscal years 2002 through 2006.[2] They include the nonconventional fuels (i.e., oil

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[1] All price references are to the spot price at the Henry Hub and are in nominal dollars.

[2] Estimates prepared by the Office of Tax Analysis, Department of the Treasury, for inclusion in *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2002*, U.S. Government Printing Office, Washington, DC (publication expected in March 2001). These estimates are measured on an "outlay equivalent" basis. They show the amount of outlay that would be required to provide the taxpayer the same after-tax income as would be received

produced from shale and tar sands, gas produced from geopressured brine, Devonian shale, coal seams, tight formations, or biomass, and synthetic fuel produced from coal) production credit ($2.4 billion), the enhanced oil recovery credit ($4.4 billion), the allowance of percentage depletion for independent producers and royalty owners, including increased percentage depletion for stripper wells ($2.3 billion), the exception from the passive loss limitation for working interests in oil and gas properties ($100 million), and the expensing of intangible drilling and development costs ($640 million). In addition to those tax expenditures, oil and gas activities have largely been eliminated from the alternative minimum tax. These provisions are described in detail below.

Percentage Depletion

Certain costs incurred prior to drilling an oil- or gas-producing property are recovered through the depletion deduction. These include costs of acquiring the lease or other interest in the property, and geological and geophysical costs (in advance of actual drilling). Any taxpayer having an economic interest in a producing property may use the cost depletion method. Under this method, the basis recovery for a taxable year is proportional to the exhaustion of the property during the year. The cost depletion method does not permit cost recovery deductions that exceed the taxpayer's basis in the property or that are allowable on an accelerated basis. Thus, the deduction for cost depletion is not generally viewed as a tax incentive.

Independent producers and royalty owners (as contrasted to integrated oil companies)[3] may qualify for percentage depletion. A qualifying taxpayer determines the depletion deduction for each oil or gas property under both the percentage depletion method and the cost depletion method and deducts the larger of the two amounts. Under the percentage depletion method, generally 15 percent of the taxpayer's gross income from an oil- or gas-producing property is

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through the tax preference. This outlay equivalent measure allows a comparison of the cost of the tax expenditure with that of a direct Federal outlay.

[3] An independent producer is any producer who is not a "retailer" or "refiner." A retailer is any person who directly, or through a related person, sells oil or natural gas or any product derived therefrom (1) through any retail outlet operated by the taxpayer or related person, or (2) to any person that is obligated to market or distribute such oil or natural gas (or product derived therefrom) under the name of the taxpayer or the related person, or that has the authority to occupy any retail outlet owned by the taxpayer or a related person. Bulk sales of crude oil and natural gas to commercial or industrial users, and bulk sales of aviation fuel to the Department of Defense, are not treated as retail sales for this purpose. Further, a person is not a retailer within the meaning of this provision if the combined gross receipts of that person and all related persons from the retail sale of oil, natural gas, or any product derived therefrom do not exceed $5 million for the taxable year. A refiner is any person who directly or through a related person engages in the refining of crude oil, but only if such person or related person has a refinery run in excess of 50,000 barrels per day on any day during the taxable year.

allowed as a deduction in each taxable year. The amount deducted may not exceed 100 percent of the net income from that property in any year (the "net-income limitation").[4] Additionally, the percentage depletion deduction for all oil and gas properties may not exceed 65 percent of the taxpayer's overall taxable income (determined before such deduction and adjusted for certain loss carrybacks and trust distributions).[5]

A taxpayer may claim percentage depletion with respect to up to 1,000 barrels of average daily production of domestic crude oil or an equivalent amount of domestic natural gas. For producers of both oil and natural gas, this limitation applies on a combined basis. All production owned by businesses under common control and members of the same family must be aggregated; each group is then treated as one producer for application of the 1,000-barrel limitation.

Special percentage depletion provisions apply to oil and gas production from marginal properties. The statutory percentage depletion rate is increased (from the general rate of 15 percent) by one percentage point for each whole dollar that the average price of crude oil (as determined under the provisions of the nonconventional fuels production credit of section 29) for the immediately preceding calendar year is less than $20 per barrel. In no event may the rate of percentage depletion under this provision exceed 25 percent for any taxable year. The increased rate applies for the taxpayer's taxable year which immediately follows a calendar year for which the average crude oil price falls below the $20 floor. To illustrate the application of this provision, the average price of a barrel of crude oil for calendar year 1999 was $15.56; thus, the percentage depletion rate for production from marginal wells was increased by four percent (to 19 percent) for taxable years beginning in 2000. The 100-percent-of-net-income limitation has been suspended for marginal wells for taxable years beginning after December 31, 1997, and before December 31, 2002.

Marginal production is defined for this purpose as domestic crude oil or domestic natural gas which is produced during any taxable year from a property which (1) is a stripper well property for the calendar year in which the taxable year begins, or (2) is a property substantially all of the production from which during such calendar year is heavy oil (i.e., oil that has a weighted average gravity of 20 degrees API or less corrected to 60 degrees Fahrenheit). A stripper well property is any oil or gas property for which daily average production per producing oil or gas well is not more than 15 barrel equivalents in the calendar year during which the

[4] By contrast, for any other mineral qualifying for the percentage depletion deduction, the deduction may not exceed 50 percent of the taxpayer's taxable income from the depletable property.

[5] Amounts disallowed as a result of this rule may be carried forward and deducted in subsequent taxable years, subject to the 65-percent-of-taxable-income limitation for those years.

taxpayer's taxable year begins.[6] A property qualifies as a stripper well property for a calendar year only if the wells on such property were producing during that period at their maximum efficient rate of flow.

If a taxpayer's property consists of a partial interest in one or more oil- or gas-producing wells, the determination of whether the property is a stripper well property or a heavy oil property is made with respect to total production from such wells, including the portion of total production attributable to ownership interests other than the taxpayer's. If the property satisfies the requirements of a stripper well property, then each owner receives the benefits of this provision with respect to its allocable share of the production from the property for its taxable year that begins during the calendar year in which the property so qualifies.

The allowance for percentage depletion on production from marginal oil and gas properties is subject to the 1,000-barrel-per-day limitation discussed above. Unless a taxpayer elects otherwise, marginal production is given priority over other production for purposes of utilization of that limitation.

Because percentage depletion, unlike cost depletion, is computed without regard to the taxpayer's basis in the depletable property, cumulative depletion deductions may be far greater than the amount expended by the taxpayer to acquire or develop the property. The excess of the percentage depletion deduction over the deduction for cost depletion is generally viewed as a tax expenditure.

Intangible Drilling and Development Costs

In general, costs that benefit future periods must be capitalized and recovered over such periods for income tax purposes, rather than being expensed in the period the costs are incurred. In addition, the uniform capitalization rules require certain direct and indirect costs allocable to property to be included in inventory or capitalized as part of the basis of such property. In general, the uniform capitalization rules apply to real and tangible personal property produced by the taxpayer or acquired for resale.

Special rules apply to intangible drilling and development costs ("IDCs").[7] Under these

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[6] Equivalent barrels is computed as the sum of (1) the number of barrels of crude oil produced, and (2) the number of cubic feet of natural gas produced divided by 6,000. If a well produced 10 barrels of crude oil and 12,000 cubic feet of natural gas, its equivalent barrels produced would equal 12 (i.e., 10 + (12,000 / 6,000)).

[7] IDCs include all expenditures made by an operator for wages, fuel, repairs, hauling, supplies, etc., incident to and necessary for the drilling of wells and the preparation of wells for the production of oil and gas. In addition, IDCs include the cost to operators of any drilling or development work (excluding amounts payable only out of production or gross or net proceeds

special rules, an operator (i.e., a person who holds a working or operating interest in any tract or parcel of land either as a fee owner or under a lease or any other form of contract granting working or operating rights) who pays or incurs IDCs in the development of an oil or gas property located in the United States may elect either to expense or capitalize those costs. The uniform capitalization rules do not apply to otherwise deductible IDCs.

If a taxpayer elects to expense IDCs, the amount of the IDCs is deductible as an expense in the taxable year the cost is paid or incurred. Generally, IDCs that a taxpayer elects to capitalize may be recovered through depletion or depreciation, as appropriate; or in the case of a nonproductive well ("dry hole"), the operator may elect to deduct the costs. In the case of an integrated oil company (i.e., a company that engages, either directly or though a related enterprise, in substantial retailing or refining activities) that has elected to expense IDCs, 30 percent of the IDCs on productive wells must be capitalized and amortized over a 60-month period.[8]

A taxpayer that has elected to deduct IDCs may, nevertheless, elect to capitalize and amortize certain IDCs over a 60-month period beginning with the month the expenditure was paid or incurred. This rule applies on an expenditure-by-expenditure basis; that is, for any particular taxable year, a taxpayer may deduct some portion of its IDCs and capitalize the rest under this provision. This allows the taxpayer to reduce or eliminate IDC adjustments or preferences under the alternative minimum tax.

The election to deduct IDCs applies only to those IDCs associated with domestic properties.[9] For this purpose, the United States includes certain wells drilled offshore.[10]

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from production, if the amounts are depletable income to the recipient, and amounts properly allocable to the cost of depreciable property) done by contractors under any form of contract (including a turnkey contract). Such work includes labor, fuel, repairs, hauling, and supplies which are used in the drilling, shooting, and cleaning of wells; in such clearing of ground, draining, road making, surveying, and geological works as are necessary in preparation for the drilling of wells; and in the construction of such derricks, tanks, pipelines, and other physical structures as are necessary for the drilling of wells and the preparation of wells for the production of oil and gas. Generally, IDCs do not include expenses for items which have a salvage value (such as pipes and casings) or items which are part of the acquisition price of an interest in the property.

[8] The IRS has ruled that if an integrated oil company ceases to be an integrated oil company, it may not immediately write off the unamortized portion of the IDCs capitalized under this rule, but instead must continue to amortize those IDCs over the 60-month amortization period.

[9] In the case of IDCs paid or incurred with respect to an oil or gas well located outside of the United States, the costs, at the election of the taxpayer, are either (1) included in adjusted basis for purposes of computing the amount of any deduction allowable for cost depletion or (2)

Intangible drilling costs are a major portion of the costs necessary to locate and develop oil and gas reserves. Because the benefits obtained from these expenditures are of value throughout the life of the project, these costs would be capitalized and recovered over the period of production under generally applicable accounting principles. The acceleration of the deduction for IDCs is viewed as a tax expenditure.

Nonconventional fuels production credit

Taxpayers that produce certain qualifying fuels from nonconventional sources are eligible for a tax credit ("the section 29 credit") equal to $3 per barrel or barrel-of-oil equivalent.[11] Fuels qualifying for the credit must be produced domestically from a well drilled, or a facility treated as placed in service, before January 1, 1993.[12] The section 29 credit generally is available for qualified fuels sold to unrelated persons before January 1, 2003.[13]

For purposes of the credit, qualified fuels include: (1) oil produced from shale and tar sands; (2) gas produced from geopressured brine, Devonian shale, coal seams, a tight formation, or biomass (i.e., any organic material other than oil, natural gas, or coal (or any product thereof); and (3) liquid, gaseous, or solid synthetic fuels produced from coal (including lignite), including

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capitalized and amortized ratably over a 10-year period beginning with the taxable year such costs were paid or incurred.

[10] The term "United States" for this purpose includes the seabed and subsoil of those submerged lands that are adjacent to the territorial waters of the United States and over which the United States has exclusive rights, in accordance with international law, with respect to the exploration and exploitation of natural resources (i.e., the Continental Shelf area).

[11] A barrel-of-oil equivalent generally means that amount of the qualifying fuel which has a Btu (British thermal unit) content of 5.8 million.

[12] A facility that produces gas from biomass or produces liquid, gaseous, or solid synthetic fuels from coal (including lignite) generally will be treated as being placed in service before January 1, 1993, if it is placed in service by the taxpayer before July 1, 1998, pursuant to a written binding contract in effect before January 1, 1997. In the case of a facility that produces coke or coke gas, however, this provision applies only if the original use of the facility commences with the taxpayer. Also, the IRS has ruled that production from certain post-1992 "recompletions" of wells that were originally drilled prior to the expiration date of the credit would qualify for the section 29 credit.

[13] If a facility that qualifies for the binding contract rule is originally placed in service after December 31, 1992, production from the facility may qualify for the credit if sold to an unrelated person before January 1, 2008.

such fuels when used as feedstocks. The amount of the credit is determined without regard to any production attributable to a property from which gas from Devonian shale, coal seams, geopressured brine, or a tight formation was produced in marketable quantities before 1980.

The amount of the section 29 credit generally is adjusted by an inflation adjustment factor for the calendar year in which the sale occurs.[14] There is no adjustment for inflation in the case of the credit for sales of natural gas produced from a tight formation. The credit begins to phase out if the annual average unregulated wellhead price per barrel of domestic crude oil exceeds $23.50 multiplied by the inflation adjustment factor.[15]

The amount of the section 29 credit allowable with respect to a project is reduced by any unrecaptured business energy tax credit or enhanced oil recovery credit claimed with respect to such project.

As with most other credits, the section 29 credit may not be used to offset alternative minimum tax liability. Any unused section 29 credit generally may not be carried back or forward to another taxable year; however, a taxpayer receives a credit for prior year minimum tax liability to the extent that a section 29 credit is disallowed as a result of the operation of the alternative minimum tax. The credit is limited to what would have been the regular tax liability but for the alternative minimum tax.

This provision provides a significant tax incentive (currently about $6 per barrel of oil equivalent or $1 per thousand cubic feet of natural gas, over one quarter of the average wellhead price of gas in 2000. Coalbed methane and gas from tight formations currently account for most of the credit.

Enhanced oil recovery credit

Taxpayers are permitted to claim a general business credit, which consists of several different components. One component of the general business credit is the enhanced oil recovery credit. The general business credit for a taxable year may not exceed the excess (if any) of the taxpayer's net income over the greater of (1) the tentative minimum tax, or (2) 25 percent of so much of the taxpayer's net regular tax liability as exceeds $25,000. Any unused general business credit generally may be carried back one taxable year and carried forward 20 taxable years.

The enhanced oil recovery credit for a taxable year is equal to 15 percent of certain costs attributable to qualified enhanced oil recovery ("EOR") projects undertaken by the taxpayer in the

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[14] The inflation adjustment factor for the 1999 taxable year was 2.0013. Therefore, the inflation-adjusted amount of the credit for that year was $6.00 per barrel or barrel equivalent.

[15] For 1999, the inflation adjusted threshold for onset of the phaseout was $47.03 ($23.50 x 2.0013) and the average wellhead price for that year was $15.56.

United States during the taxable year. To the extent that a credit is allowed for such costs, the taxpayer must reduce the amount otherwise deductible or required to be capitalized and recovered through depreciation, depletion, or amortization, as appropriate, with respect to the costs. A taxpayer may elect not to have the enhanced oil recovery credit apply for a taxable year.

The amount of the enhanced oil recovery credit is reduced in a taxable year following a calendar year during which the annual average unregulated wellhead price per barrel of domestic crude oil exceeds $28 (adjusted for inflation since 1990).[16] In such a case, the credit would be reduced ratably over a $6 phaseout range.

For purposes of the credit, qualified enhanced oil recovery costs include the following costs which are paid or incurred with respect to a qualified EOR project: (1) the cost of tangible property which is an integral part of the project and with respect to which depreciation or amortization is allowable; (2) IDCs that the taxpayer may elect to deduct;[17] and (3) the cost of tertiary injectants with respect to which a deduction is allowable, whether or not chargeable to capital account.

A qualified EOR project means any project that is located within the United States and involves the application (in accordance with sound engineering principles) of one or more qualifying tertiary recovery methods which can reasonably be expected to result in more than an insignificant increase in the amount of crude oil which ultimately will be recovered. The qualifying tertiary recovery methods generally include the following nine methods: miscible fluid displacement, steam-drive injection, microemulsion flooding, in situ combustion, polymer-augmented water flooding, cyclic-steam injection, alkaline flooding, carbonated water flooding, and immiscible non-hydrocarbon gas displacement, or any other method approved by the IRS. In addition, for purposes of the enhanced oil recovery credit, immiscible non-hydrocarbon gas displacement generally is considered a qualifying tertiary recovery method, even if the gas injected is not carbon dioxide.

A project is not considered a qualified EOR project unless the project's operator submits to the IRS a certification from a petroleum engineer that the project meets the requirements set forth in the preceding paragraph.

The enhanced oil recovery credit is effective for taxable years beginning after December 31, 1990, with respect to costs paid or incurred in EOR projects begun or significantly expanded after that date.

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[16] The average per-barrel price of crude oil for this purpose is determined in the same manner as for purposes of the section 29 credit.

[17] In the case of an integrated oil company, the credit base includes those IDCs which the taxpayer is required to capitalize.

Conventional oil recovery methods do not recover all of a well's oil. Some of the remaining oil can be extracted by unconventional methods, but these methods are generally more costly and uneconomic at current world oil prices. In this environment, the EOR credit can increase recoverable reserves. Although recovering oil using EOR methods is more expensive than recovering it using conventional methods, it may be less expensive than producing oil from new reservoirs. Although the credit could phase out at higher oil prices, it is fully effective at present world oil prices.

Alternative minimum tax

A taxpayer is subject to an alternative minimum tax ("AMT") to the extent that its tentative minimum tax exceeds its regular income tax liability. A corporate taxpayer's tentative minimum tax generally equals 20 percent of its alternative minimum taxable income in excess of an exemption amount. (The marginal AMT rate for a noncorporate taxpayer is 26 or 28 percent, depending on the amount of its alternative minimum taxable income above an exemption amount.) Alternative minimum taxable income ("AMTI") is the taxpayer's taxable income increased by certain tax preferences and adjusted by determining the tax treatment of certain items in a manner which negates the deferral of income resulting from the regular tax treatment of those items.

As a general rule, percentage depletion deductions claimed in excess of the basis of the depletable property constitute an item of tax preference in determining the AMT. In addition, the AMTI of a corporation is increased by an amount equal to 75 percent of the amount by which adjusted current earnings ("ACE") of the corporation exceed AMTI (as determined before this adjustment). In general, ACE means AMTI with additional adjustments that generally follow the rules presently applicable to corporations in computing their earnings and profits. As a general rule a corporation must use the cost depletion method in computing its ACE adjustment. Thus, the difference between a corporation's percentage depletion deduction (if any) claimed for regular tax purposes and its allowable deduction determined under the cost depletion method is factored into its overall ACE adjustment.

Excess percentage depletion deductions related to crude oil and natural gas production are not items of tax preference for AMT purposes. In addition, corporations that are independent oil and gas producers and royalty owners may determine depletion deductions using the percentage depletion method in computing their ACE adjustments.

The difference between the amount of a taxpayer's IDC deductions and the amount which would have been currently deductible had IDCs been capitalized and recovered over a 10-year period may constitute an item of tax preference for the AMT to the extent that this amount exceeds 65 percent of the taxpayer's net income from oil and gas properties for the taxable year (the "excess IDC preference"). In addition, for purposes of computing a corporation's ACE adjustment to the AMT, IDCs are capitalized and amortized over the 60-month period beginning with the month in which they are paid or incurred. The preference does not apply if the taxpayer elects to capitalize and amortize IDCs over a 60-month period for regular tax purposes.

IDCs related to oil and gas wells are generally not taken into account in computing the excess IDC preference of taxpayers that are not integrated oil companies. This treatment does not apply, however, to the extent it would reduce the amount of the taxpayer's AMTI by more than 40 percent of the amount that the taxpayer's AMTI would have been if those IDCs had been taken into account.

In addition, for corporations other than integrated oil companies, there is no ACE adjustment for IDCs with respect to oil and gas wells. That is, such a taxpayer is permitted to use its regular tax method of writing off those IDCs for purposes of computing its adjusted current earnings.

Absent these rules, the incentive effect of the special provisions for oil and gas would be reduced for firms subject to the AMT. These rules, however, effectively eliminate AMT concerns for independent producers.

Passive activity loss and credit rules

A taxpayer's deductions from passive trade or business activities, to the extent they exceed income from all such passive activities of the taxpayer (exclusive of portfolio income), generally may not be deducted against other income.[18] Thus, for example, an individual taxpayer may not deduct losses from a passive activity against income from wages. Losses suspended under this "passive activity loss" limitation are carried forward and treated as deductions from passive activities in the following year, and thus may offset any income from passive activities generated in that later year. Losses from a passive activity may be deducted in full when the taxpayer disposes of its entire interest in that activity to an unrelated party in a transaction in which all realized gain or loss is recognized.

An activity generally is treated as passive if the taxpayer does not materially participate in it. A taxpayer is treated as materially participating in an activity only if the taxpayer is involved in the operations of the activity on a basis which is regular, continuous, and substantial.

A working interest in an oil or gas property generally is not treated as a passive activity, whether or not the taxpayer materially participates in the activities related to that property. This exception from the passive activity rules does not apply if the taxpayer holds the working interest through an entity which limits the liability of the taxpayer with respect to the interest. In addition, if a taxpayer has any loss for any taxable year from a working interest in an oil or gas property which is treated pursuant to this working interest exception as a loss which is not from a passive activity, then any net income from such property (or any property the basis of which is determined in whole or in part by reference to the basis of such property) for any succeeding taxable year is

[18] This provision applies to individuals, estates, trusts, personal service corporations, and closely held C corporations.

treated as income of the taxpayer which is not from a passive activity.

Similar limitations apply to the utilization of tax credits attributable to passive activities. Thus, for example, the passive activity rules (and, consequently, the oil and gas working interest exception to those rules) apply to the nonconventional fuels production credit and the enhanced oil recovery credit. However, if a taxpayer has net income from a working interest in an oil and gas property which is treated as not arising from a passive activity, then any tax credits attributable to the interest in that property would be treated as credits not from a passive activity (and, thus, not subject to the passive activity credit limitation) to the extent that the amount of the credits does not exceed the regular tax liability which is allocable to such net income.

As a result of this exception from the passive loss limitations, owners of working interests in oil and gas properties may use losses from such interests to offset income from other sources.

Tertiary injectants

Taxpayers are allowed to deduct the cost of qualified tertiary injectant expenses for the taxable year. Qualified tertiary injectant expenses are amounts paid or incurred for any tertiary injectant (other than recoverable hydrocarbon injectants) which is used as a part of a tertiary recovery method.

The provision allowing the deduction for qualified tertiary injectant expenses resolves a disagreement between taxpayers (who considered such costs to be IDCs or operating expenses) and the IRS (which considered such costs to be subject to capitalization).

Energy Efficiency and Alternative Energy Sources

Incentives for energy efficiency and alternative energy sources are also essential elements of national energy policy. Individuals and businesses do not invest in energy-saving and alternative energy technologies at a level that reflects the benefits the technologies provide to society in excess of their private returns. If a new technology reduces pollution or emissions of greenhouse gases, those "external benefits" should be included in the decision about whether to undertake the investment. But potential investors have an incentive to consider only the private benefits in making decisions. Thus, they avoid technologies that are not profitable even though their benefits to society exceed their costs. Tax incentives can offset the failure of market prices to signal the desirable level of investment in energy-saving technologies because they increase the private return from the investment by reducing its after-tax cost. The increase in private return encourages additional investment in energy-saving technologies.

The continuing strength of our economy over the past two years, despite oil price rises, underscores the dramatic improvements in energy efficiency we have achieved over the past quarter century, as well as the changing economy. While past oil shortages have taken a significant toll on the U.S. economy, the recent increases in oil prices have not affected the economy much. Increased energy efficiency in cars, homes, and manufacturing has helped insulate the economy from these short-term market fluctuations. In 1974, we consumed 15 barrels of oil for every $10,000 of gross domestic product. Today we consume only 8 barrels of oil for the same amount of economic output.

Current law tax incentives for energy efficiency and alternative fuels

Tax incentives currently provide an important element of support for energy-efficiency improvements and increased use of renewable and alternative fuels. Current incentives in the form of tax expenditures are estimated to total $1.2 billion for fiscal years 2002 through 2006. They include a tax credit for electric vehicles and expensing for clean-fuel vehicles ($20 million), a tax credit for the production of electricity produced from wind or biomass and a tax credit for certain solar energy property ($590 million), and an exclusion from gross income for certain energy conservation subsidies provided by public utilities to their customers ($580 million).[19]

Electric and clean-fuel vehicles and clean-fuel vehicle refueling property

A 10-percent tax credit is provided for the cost of a qualified electric vehicle, up to a maximum credit of $4,000. A qualified electric vehicle is a motor vehicle that is powered primarily by an electric motor drawing current from rechargeable batteries, fuel cells, or other portable sources of electric current, the original use of which commences with the taxpayer, and that is acquired for use by the taxpayer and not for resale. The full amount of the credit is available for purchases prior to 2002. The credit begins to phase down in 2002 and does not apply to vehicles placed in service after 2004.

Certain costs of qualified clean-fuel vehicles and clean-fuel vehicle refueling property may be deducted when such property is placed in service. Qualified electric vehicles do not qualify for the clean-fuel vehicle deduction. The deduction begins to phase down in 2002 and does not apply to property placed in service after 2004.

Energy from wind or biomass

A 1.5-cent-per-kilowatt-hour tax credit is provided for electricity produced from wind, "closed-loop" biomass (organic material from a plant that is planted exclusively for purposes of being used at a qualified facility to produce electricity), and poultry waste. The electricity must be sold to an unrelated third party and the credit is limited to the first 10 years of production. The credit applies only to facilities placed in service before January 1, 2002. The credit amount is indexed for inflation after 1992.

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[19] Estimates prepared by the Office of Tax Analysis, Department of the Treasury, for inclusion in *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2002*, U.S. Government Printing Office, Washington, DC (publication expected in March 2001).

Solar energy

A 10-percent investment tax credit is provided to businesses for qualifying equipment that uses solar energy to generate electricity, to heat or cool or provide hot water for use in a structure, or to provide solar process heat.

Energy conservation subsidies

Subsidies provided by public utilities to their customers for the purchase or installation of energy conservation measures are excluded from the customers' gross income. An energy conservation measure is any installation or modification primarily designed to reduce consumption of electricity or natural gas or to improve the management of energy demand with respect to a dwelling unit.

Administration proposals

The Administration's budget proposals for fiscal year 2002 will include tax incentives for renewable energy resources. The proposals would extend the credit for electricity produced from wind and biomass and expand eligible biomass sources. The proposals also would provide a new 15-percent tax credit for residential solar energy property, up to a maximum credit of $2,000. We are developing the details of these proposals and will provide a complete description when the Administration presents its budget to Congress later this month.

Mr. Chairman, this concludes my prepared testimony. I will be pleased to answer any questions you or other members of the Subcommittee may have.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
MARCH 06, 2001
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Testimony of Joseph M. Myers
Acting Deputy Assistant Secretary (Enforcement Policy)
U.S. Department of the Treasury
March 6, 2001
Before the Senate Permanent Subcommittee on Investigations
of the
Committee on Governmental Affairs
United States Senate

Introduction

Madame Chairperson, Senator Levin, and members of the Subcommittee, I am pleased to appear before you today to discuss the issues raised in your Minority Staff's February 5, 2001 report, "Correspondent Banking: A Gateway to Money Laundering" (the "Minority Staff Report"). We at the Department of the Treasury appreciate the efforts you have made to focus attention on this important topic.

In my testimony today, I would like to describe some of the steps we have taken at the Treasury to address the threat of international money laundering, to report on the concrete results of some of those steps and on some of the current efforts that are underway.

I hope you will understand that we are still formulating our positions on a number of issues raised by this hearing and the report that underlies it. Accordingly, I am not in a position today to address the majority of the specific recommendations from the Minority Staff Report. I can assure you, however, that we are taking a hard look at them, and are reviewing the factual record included in the report and amassed during the hearing as part of our deliberations. We also have asked the minority staff for the complete results of the survey they conducted of banks in the correspondent banking business, and we look forward to reviewing those results in detail.

The National Money Laundering Strategy

As you know, the Treasury and Justice Departments have jointly issued two National Money Laundering Strategies to meet our obligations under the Money Laundering and Financial Crimes Strategy Act of 1998, Pub. L. 105-310 (October 30, 1998 (the "1998 Strategy Act"). In both Strategies, we have identified a broad range of activities intended to improve our ability to combat money laundering at home and abroad. These measures involve the investigation and

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prosecution of violations of our laws, regulation of financial services providers, cooperation with state and local officials, and the pursuit of policies to ensure effective international cooperation.

In this broad context, both Strategies have identified correspondent banking relationships - and in particular international correspondent banking relationships - as vulnerable to abuse by criminals seeking to disguise the proceeds of crime. At the same time, we have recognized that international correspondent banking is critically important to international business and finance, and to the continuing predominance of the dollar as the preferred currency for financing international trade.

Last year's Strategy acknowledged that correspondent banking accounts and other international financial mechanisms such as payable through accounts, private banking, and wire transfers - important features of the international banking system - are potential vehicles for money laundering. The Strategy thus recognized the need for further examination of these mechanisms, and to find ways of addressing potential abuses without disrupting legitimate economic activity. The Strategy also outlined steps to be taken in the regulatory area, including the development of guidance for enhanced scrutiny and reporting of suspicious transactions, and the implementation of revised bank examination procedures. Each of these items anticipated incorporating the results of the review of correspondent banking activity. Finally, the 2000 National Money Laundering Strategy called for continued support of a range of international efforts to combat "financial abuse", including in particular the Financial Action Task Force's ("FATF's") project to identify jurisdictions that are not sufficiently cooperating in the international fight against money laundering.

The interagency community has substantially accomplished the goals articulated in last year's Strategy in this area. In September, 2000, the Office of the Comptroller of the Currency (OCC) issued the Bank Secrecy Act/Anti-Money Laundering Examination Handbook. This handbook establishes examination procedures for evaluating a bank's system to detect and report suspicious activity, and identifies common money laundering schemes (e.g., structuring, the Black Market Peso Exchange, Mexican Bank Drafts, and factored third party checks). The handbook also identifies high risk products and services, including international correspondent banking relationships, special use accounts, and private banking, and establishes examination procedures to address these subjects, including specialized procedures for foreign correspondent banking.

In addition, the OCC has initiated a program to identify banks that may be vulnerable to money laundering and examine those banks using agency experts and specialized procedures. Some of those examinations have focused on foreign correspondent banking. Banks are selected for such examinations based on, among other things*inter alia*, their location in high-intensity drug trafficking or money laundering areas, law enforcement leads, excessive currency flows, significant private banking activities, suspicious activity reporting and large currency transaction reporting patterns, and funds transfers or account relationships with drug source or stringent bank secrecy countries.

We have also made a great deal of progress in addressing the risks involved in international correspondent banking through our active support of the Financial Action Task Force's project to identify non-cooperative countries and territories ("NCCTs"). Meetings last spring with U.S. financial services providers to discuss international correspondent banking - especially those with the New York money center banks - convinced us of several important things:

- First, that world trade depends upon the rapid and reliable clearing of dollar accounts held at U.S. financial institutions by respondent banks across the globe;

- Second, that billions, if not trillions, of dollars are cleared through U.S. money center bank accounts each and every day (so that any regulatory solution to the problem of abuse in this area would have to be extremely carefully targeted to avoid interfering with this trade);

- Third, that although anecdotal information exists, no serious systemic study has yet been done to document the scope and nature of abuses of international correspondent banking relationships; and,

- Fourth, that the banking community wants more assistance from the government in terms of identifying high risk areas of their correspondent banking business, and that they want us to do so in a way that does not undermine their competitive position in the global economy.

At around the same time we were meeting with the banks, the Treasury Department became aware of the Subcommittee Staff's survey of a number of banks and the investigation that ultimately led to this hearing. The Treasury Department has focused its efforts on identifying NCCTs, and warning our domestic financial institutions about them.

Of the eight foreign jurisdictions involved in the case studies outlined in the Minority Staff Report, six of them are on the FATF list of 15 NCCTs, and seven of them are the subject of the formal advisories from Treasury's Financial Crime Enforcement Network ("FinCEN"). The FinCEN advisories alert U.S. financial institutions of specific deficiencies identified by the FATF review and confirmed by our own analysis, and encourage our institutions to apply enhanced scrutiny to transactions involving those jurisdictions. However, the advisories do not discourage banks from maintaining these relationships. 23 of the 29 FATF members have issued similar warnings to their domestic financial institutions.

On August 9, 2000, the OCC issued Advisory Letter 2000-8, "U.S. Department of the Treasury FinCEN Advisories 13 through 17." The OCC transmitted to financial institutions under its supervision, FinCEN Advisories advising banks of the serious deficiencies in the counter-money-laundering systems in the 15 jurisdictons identified in the FATF NCCT process. In addition, the OCC emphasized the need for banks to pay particular attention to the possibility of suspicious transactions in high-risk areas, including foreign correspondent banking. As a result of the FinCEN advisories, the OCC implemented a program to review the anti-money laundering programs in all banks with significant exposure to one or more of the NCCTs. The OCC is in the process of evaluating these banks to determine whether their systems and processes are adequate to control the anti-money laundering risks associated with the NCCTs.

We have also been working with our allies and with officials from NCCTs themselves to correct deficiencies in law, regulation, and practice that aggravate the risk associated with the international correspondent banking business. In response to these efforts, seven of the 15 NCCTs - the Bahamas, the Cayman Islands, the Cook Islands, Israel, Liechtenstein, and Panama

-- have already enacted most, if not all, of the legislative or regulatory changes necessary to bring their systems into line with international standards. These jurisdictions are now developing and discussing with the FATF specific plans to implement these changes, and we are working on a timetable that will allow jurisdictions that have taken appropriate remedial measures to be de-listed at the earliest possible time.

Not only has the NCCT list and the FinCEN advisories prompted movement within the NCCTs; they have also increased the quantity and quality of suspicious activity reports ("SARs") filed by U. S. financial institutions. The Financial Crimes Enforcement Network has embarked upon an analysis of the SAR filings related to the 15 NCCTs. The findings from their work will be incorporated into the second Review of SAR filings that the interagency community expects to publish jointly with the American Bankers' Association in April. The report will show, among other things, that since the issuance of the advisories last July through November 2000, U.S. financial institutions (including foreign banks operating in the U.S.) roughly doubled the rate of filing of SARs for most NCCTs. Preliminary analysis of December 2000 SARs confirms this trend. The majority of these filings describe wire transfer activity either to or from the country in question. Dollar amounts involving wire transfer activity tend to be high - frequently in the millions of dollars. The remaining SARs describe, for the most part, structuring of cash and monetary instrument transactions involving money orders, travelers checks and cashiers checks. In most instances, financial institutions in the U.S. are a link in a chain of international transactions as opposed to the originating or end point in the movement of suspicious funds. Although further FinCEN analysis is needed with respect to the NCCT SARs, it is apparent that international correspondent account activity of the type discussed in the PSI Report has been and continues to be noted. Such correspondent account activity was also identified in a separate study of domestic U.S. shell company activity that was summarized last fall in the initial issue of the *SAR Activity Review - Trends, Tips and Issues*. The challenge we now face is to make effective use of this SAR information both in investigations and in providing feedback to the financial services community.

I want to emphasize that the FATF NCCT project, and our domestic support for it, are works in progress. The FATF has embarked upon a second round of review, and should be in a position to list additional jurisdictions in June. As I have indicated, we are also actively involved in helping listed jurisdictions respond to the concerns identified by the FATF, and many are working effectively to do so. But some, unfortunately, have shown little progress. The FATF has indicated its special concern about the relative lack of progress in the Russian Federation, Lebanon, the Philippines, and Nauru. Each has its own particular obstacles to address, but the international community is expecting a positive response to the concerns identified. The FATF is planning in June to reach a decision with respect to countermeasures for those jurisdictions, identified as non-cooperative in June 2000, which have not made adequate progress. Secretary O'Neill attended his first meeting with his G-7 counterparts in Palermo two weeks ago, where the ministers confirmed their support for countermeasures, as appropriate.

Finally, it is important to recognize that the FATF work on NCCTs is taking place in a broad context of initiatives to protect against abuse of the international financial system. The OECD is working to ensure transparency and information sharing on fiscal matters, and the Financial Stability Forum has identified the need for improved supervision in a number of offshore centers. We are working within the G-7 to ensure that the true originators are identified on all funds transfer payment orders, and we have also seen progress toward a consensus that financial institutions should apply enhanced due diligence in private banking relationships with foreign officials.

Next Steps

By statute, the National Money Laundering Strategy is due to the Congress each year on February 1. This year, we have asked for an extension of the deadline until April 1. As we work to meet that deadline, we look forward to continuing a cooperative effort in pursuit of our common goal - preventing criminals from realizing the proceeds of their crimes.

The Minority Staff Report raises a number of important issues that deserve careful consideration. As we consider what, if any, additional measures may be necessary to reduce the risk of abuse in this area, it will be important to ensure that such measures do not interfere with legitimate commerce and international trade finance, or put our institutions at a competitive disadvantage in the global marketplace. The Treasury Department is committed to work with the Congress to ensure that we have all the necessary tools to combat money laundering. We will carefully evaluate the various legislative proposals that have been put forward in this area. In doing so, we will consult with the interagency community and financial institutions, and seek to balance the legitimate interests of law enforcement with the equally legitimate concerns about privacy and regulatory burdens.

Meanwhile, we will continue to pursue the productive path of the FATF NCCT project, to identify and then work with countries to correct serious, systemic deficiencies in anti-money laundering regimes. And we will be prepared, as necessary, to implement countermeasures with respect to countries that make inadequate progress to address the concerns identified by the international community.

We will also take the work of the Subcommittee into consideration in the context of the review of the FATF 40 recommendations, specifically in the context of the effort to elaborate best practices for customer identification.

Conclusion

In closing, I again would like to thank the Subcommittee and its staff for its work in this area. The Minority Staff Report explores an important area. Law enforcement is all too accustomed to encountering obstacles to international investigations. It is troubling for all of us to encounter case histories where foreign financial institutions are actively facilitating financial crimes.

At the same time, it is clear that international correspondent banking is the underpinning of the global financial system, and U.S. banks are already subject to extensive obligations and regulatory oversight to protect against money laundering. As we prepare the 2001 National Money Laundering Strategy, we will take into serious consideration the results of this hearing, with a particular focus on ways that we can improve our oversight and enforcement of existing laws and regulations.

Thank you again for the opportunity to appear before you today. I will be happy to answer any questions you might have.

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FOR IMMEDIATE RELEASE
March 6, 2001

Contact: Public Affairs
(202) 622-2960

O'Neill Announces Nichols as Deputy Assistant Secretary for Public Affairs

Treasury Secretary Paul O'Neill today announced that Robert Nichols will join the Department of the Treasury as Deputy Assistant Secretary for Public Affairs on March 7, 2001.

"Rob brings an extensive public affairs background to the Treasury," said O'Neill. "Rob will play a critical role in communicating and articulating the President's goals for a prosperous nation and a vibrant global economy."

Prior to joining the Treasury Department, Nichols was Director of Communications for the Electronic Industries Alliance (EIA) a high-tech trade association based in Arlington, Virginia. Before joining EIA, Nichols was Communications Director for U.S. Senator Slade Gorton (R-WA) and Press Secretary for U.S. Representative Jennifer Dunn (R-WA). Originally from Seattle, WA, Nichols is married to Rebecca Larish and resides in Washington, D.C.

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PUBLIC DEBT NEWS
Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
March 5, 2001

Contact: Peter Hollenbach
(202) 691-3502

BUREAU OF THE PUBLIC DEBT AIDS SAVINGS BOND OWNERS AFFECTED BY EARTHQUAKES IN WASHINGTON STATE

The Bureau of Public Debt took action to assist victims damaged by an earthquake in the state of Washington by expediting the replacement or payment of United States Savings Bonds for owners in the affected areas. The emergency procedures are effective immediately for paying agents and owners in those areas in Washington affected by the earthquake. These procedures will remain in effect through April 30, 2001.

Public Debt's action waives the normal six-month minimum holding period for Series EE and Series I savings bonds presented to authorized paying agents for redemption by residents of the affected area. Most financial institutions serve as paying agents for savings bonds.

Washington counties involved are King, Kitsap, Lewis, Mason, Pierce and Thurston. Should additional counties be declared disaster areas the emergency procedures for savings bonds owners will go into effect for those areas.

The replacement of bonds lost or destroyed will also be expedited by Public Debt. Bond owners should complete form PD-1048, available at most financial institutions or by writing the Kansas City Federal Reserve Bank's Savings Bond Customer Service Department, 925 Grand Boulevard, Kansas City, Missouri 64198; phone (816) 881-2000. This form can also be downloaded from Public Debt's website at: www.publicdebt.treas.gov. Bond owners should include as much information as possible about the lost bonds on the form. This information should include how the bonds were inscribed, social security number, approximate dates of issue, bond denominations and serial numbers if available. The completed form must be certified by a notary public or an officer of a financial institution. Completed forms should be forwarded to Public Debt's Savings Bond Operations Office located at 200 Third St., Parkersburg, West Virginia 26106-1328. Bond owners should write the word "DISASTER" on the front of their envelopes, to help expedite the processing of claims.

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR RELEASE AT 3:00 PM
March 6, 2001

Contact: Peter Hollenbach
(202) 691-3502

PUBLIC DEBT ANNOUNCES ACTIVITY FOR SECURITIES IN THE STRIPS PROGRAM FOR FEBRUARY 2001

The Bureau of the Public Debt announced activity for the month of February 2001, of securities within the Separate Trading of Registered Interest and Principal of Securities program (STRIPS).

Dollar Amounts in Thousands

Principal Outstanding (Eligible Securities)	$2,185,147,195
Held in Unstripped Form	$2,008,494,966
Held in Stripped Form	$176,652,229
Reconstituted in February	$13,129,528

The accompanying table gives a breakdown of STRIPS activity by individual loan description. The balances in this table are subject to audit and subsequent revision. These monthly figures are included in Table V of the Monthly Statement of the Public Debt, entitled "Holdings of Treasury Securities in Stripped Form."

The Strips Table along with the new Monthly Statement of the Public Debt is available on Public Debt's Internet site at: **www.publicdebt.treas.gov**. A wide range of information about the public debt and Treasury securities is also available at the site.

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TABLE V - HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, FEBRUARY 28, 2001

Loan Description			Corpus STRIP CUSIP	Maturity Date	Amount Outstanding in Thousands: Total Outstanding	Portion Held in Unstripped Form	Portion Held in Stripped Form	Reconstituted This Month
Treasury Bonds:								
CUSIP:		Interest Rate:						
912810 DM7		11-5/8	912803 AB9	11/15/04	8,301,806	4,665,006	3,636,800	288,000
DQ8		12	AD5	05/15/05	4,260,758	1,856,308	2,404,450	23,000
DR6		10-3/4	AG8	08/15/05	9,269,713	5,918,513	3,351,200	460,800
DU9		9-3/8	AJ2	02/15/06	4,755,916	4,668,876	87,040	0
DN5		11-3/4	912800 AA7	11/15/14	6,005,584	2,033,584	3,972,000	56,800
DP0		11-1/4	912803 AA1	02/15/15	11,350,799	6,243,439	5,107,360	498,240
DS4		10-5/8	AC7	08/15/15	5,105,916	3,381,436	1,724,480	203,200
DT2		9-7/8	AE3	11/15/15	5,890,859	3,388,459	2,502,400	260,800
DV7		9-1/4	AF0	02/15/16	6,347,754	5,985,354	362,400	414,400
DW5		7-1/4	AH6	05/15/16	18,823,551	18,710,751	112,800	903,200
DX3		7-1/2	AK9	11/15/16	18,824,448	17,533,968	1,290,480	282,000
DY1		8-3/4	AL7	05/15/17	16,621,669	10,319,429	6,302,240	916,320
DZ8		8-7/8	AM5	08/15/17	12,674,358	10,410,358	2,264,000	336,000
EA2		9-1/8	AN3	05/15/18	7,217,439	3,273,439	3,944,000	257,600
EB0		9	AP8	11/15/18	7,639,470	3,135,470	4,504,000	137,000
EC8		8-7/8	AQ6	02/15/19	16,761,298	11,063,698	5,697,600	664,000
ED6		8-1/8	AR4	08/15/19	19,435,932	18,297,692	1,138,240	257,920
EE4		8-1/2	AS2	02/15/20	9,918,268	8,314,668	1,603,600	158,400
EF1		8-3/4	AT0	05/15/20	8,373,783	3,451,383	4,922,400	308,640
EG9		8-3/4	AU7	08/15/20	18,872,306	9,431,186	9,441,120	771,040
EH7		7-7/8	AV5	02/15/21	10,414,573	9,648,173	766,400	217,600
EJ3		8-1/8	AW3	05/15/21	10,718,788	6,389,828	4,328,960	184,000
EK0		8-1/8	AX1	08/15/21	10,683,482	9,408,922	1,274,560	145,920
EL8		8	AY9	11/15/21	31,731,194	14,609,619	17,121,575	1,608,400
EM6		7-1/4	AZ6	08/15/22	10,288,790	9,287,190	1,001,600	136,800
EN4		7-5/8	BA0	11/15/22	8,584,626	3,795,826	4,788,800	43,200
EP9		7-1/8	BB8	02/15/23	17,344,061	9,998,461	7,345,600	382,400
EQ7		6-1/4	BC6	08/15/23	22,669,044	19,150,100	3,518,944	362,688
ES3		7-1/2	BD4	11/15/24	10,159,162	3,712,362	6,446,800	491,280
ET1		7-5/8	BE2	02/15/25	11,126,170	3,111,770	8,014,400	241,600
EV6		6-7/8	BF9	08/15/25	11,878,207	7,702,527	4,175,680	217,280
EW4		6	BG7	02/15/26	12,837,916	11,442,916	1,395,000	209,900
EX2		6-3/4	BH5	08/15/26	10,458,418	7,189,618	3,268,800	307,200
EY0		6-1/2	BJ1	11/15/26	11,453,177	6,757,977	4,695,200	64,000
EZ7		6-5/8	BK8	02/15/27	10,251,071	6,689,471	3,561,600	352,000
FA1		6-3/8	BL6	08/15/27	10,395,756	9,054,956	1,340,800	113,600
FB9		6-1/8	BM4	11/15/27	22,461,339	15,581,339	6,880,000	323,200
FE3		5-1/2	BP7	08/15/28	11,776,201	11,227,401	548,800	75,200
FF0		5-1/4	BV4	11/15/28	10,947,052	10,599,052	348,000	145,600
FG8		5-1/4	BW2	02/15/29	11,350,341	10,981,541	368,800	25,600
FJ2		6-1/8	CG6	08/15/29	11,178,580	11,112,980	65,600	3,200
FM5		6-1/4	CH4	05/15/30	17,043,162	17,030,746	12,416	0
FP8		5-3/8	CK7	02/15/31	10,886,993	10,886,993	0	0
Total Treasury Bonds...........................					523,089,730	377,452,785	145,636,945	12,848,028
Treasury Inflation-Indexed Notes:								
CUSIP:	Series:	Interest Rate:						
912827 3A8	J	3-5/8	912820 BZ9	07/15/02	18,271,553	18,271,553	0	0
2M3	A	3-3/8	BV8	01/15/07	17,306,349	17,306,349	0	0
3T7	A	3-5/8	CL9	01/15/08	18,107,048	17,999,342	107,706	0
4Y5	A	3-7/8	DN4	01/15/09	16,872,443	16,872,443	0	0
5W8	A	4-1/4	EK9	01/15/10	11,708,480	11,708,480	0	0
6R8	A	3-1/2	GA9	01/15/11	6,001,095	6,001,095	0	0
Total Inflation-Indexed Notes..............					88,266,968	88,159,262	107,706	0
Treasury Inflation-Indexed Bonds:								
CUSIP:		Interest Rate:						
912810 FD5		3-5/8	912803 BN2	04/15/28	18,082,897	18,082,897	0	0
FH6		3-7/8	CF8	04/15/29	20,875,058	20,775,058	100,000	0
Total Inflation-Indexed Bonds.............					38,957,955	38,857,955	100,000	0

NGS OF TREASURY SECURITIES IN STRIPPED FORM, FEBRUARY 28, 2001 -- Continued

Loan Description			Corpus STRIP CUSIP	Maturity Date	Amount Outstanding in Thousands: Total Outstanding	Amount Outstanding in Thousands: Portion Held in Unstripped Form	Amount Outstanding in Thousands: Portion Held in Stripped Form	Reconstituted This Month [18]
Treasury Notes:								
CUSIP:	Series:	Interest Rate:						
912827 X49	G	6-3/8	912820 FB8	03/31/01	14,180,740	14,180,740	0	0
5D0	W	4-7/8	DS3	03/31/01	21,605,352	21,579,752	25,600	0
X64	H	6-1/4	FC6	04/30/01	13,780,470	13,780,470	0	0
5E8	X	5	DT1	04/30/01	21,033,523	21,031,123	2,400	0
A85	B	8	BA4	05/15/01	12,398,083	7,058,733	5,339,350	90,300
4E9	T	5-5/8	CX3	05/15/01	12,873,752	12,873,752	0	0
Y22	J	6-1/2	FD4	05/31/01	13,721,702	13,721,702	0	0
5H1	Y	5-1/4	DW4	05/31/01	19,885,985	19,785,985	100,000	0
Y48	K	6-5/8	FE2	06/30/01	14,282,240	14,282,240	0	0
5J7	Z	5-3/4	DX2	06/30/01	19,001,309	18,996,509	4,800	0
Y71	L	6-5/8	FF9	07/31/01	14,136,833	14,136,833	0	0
5L2	AB	5-1/2	DY0	07/31/01	20,541,318	20,083,318	458,000	0
B92	C	7-7/8	BB2	08/15/01	12,339,185	7,391,985	4,947,200	19,200
Z39	M	6-1/2	FG7	08/31/01	14,000,224	14,000,224	0	0
5P3	AC	5-1/2	EB9	08/31/01	20,118,595	20,118,595	0	0
Z54	N	6-3/8	FH5	09/30/01	14,518,514	14,518,514	0	0
5Q1	AD	5-5/8	EC7	09/30/01	18,797,828	18,297,028	500,800	0
Z88	P	6-1/4	FJ1	10/31/01	14,639,843	14,639,843	0	0
5R9	AE	5-7/8	ED5	10/31/01	19,196,002	19,194,402	1,600	0
D25	D	7-1/2	BC0	11/15/01	24,226,102	19,283,062	4,943,040	23,200
2C5	Q	5-7/8	EG8	11/30/01	33,504,627	33,504,627	0	0
2E1	R	6-1/8	EJ2	12/31/01	31,166,321	31,087,921	78,400	0
2G6	C	6-1/4	FK8	01/31/02	13,453,346	13,453,346	0	0
5X6	R	6-3/8	EL7	01/31/02	19,381,251	19,381,251	0	0
2L5	D	6-1/4	FL6	02/28/02	13,799,902	13,799,902	0	0
6A5	S	6-1/2	EN3	02/28/02	16,563,375	16,533,375	30,000	0
2P6	E	6-5/8	FM4	03/31/02	14,301,310	14,301,310	0	0
6B3	T	6-1/2	EP8	03/31/02	17,237,943	17,235,543	2,400	0
2S0	F	6-5/8	FN2	04/30/02	14,474,673	14,474,673	0	0
6C1	U	6-3/8	EQ6	04/30/02	17,390,900	17,390,900	0	0
F49	A	7-1/2	BD8	05/15/02	11,714,397	7,745,037	3,969,360	15,200
2W1	G	6-1/2	FP7	05/31/02	13,503,890	13,503,890	0	0
6E7	V	6-5/8	ES2	05/31/02	14,871,823	14,871,823	0	0
2Y7	H	6-1/4	FQ5	06/30/02	13,058,694	13,058,694	0	0
6F4	W	6-3/8	ET0	06/30/02	14,320,609	14,319,009	1,600	0
3C4	K	6	FR3	07/31/02	12,231,057	12,231,057	0	0
6H0	X	6-1/4	EU7	07/31/02	15,057,900	15,057,900	0	0
G55	B	6-3/8	BE6	08/15/02	23,859,015	20,961,415	2,897,600	27,200
3G5	L	6-1/4	FS1	08/31/02	12,731,742	12,731,742	0	0
6K3	Y	6-1/8	FU6	08/31/02	15,072,214	15,072,214	0	0
3J9	M	5-7/8	CC9	09/30/02	12,806,814	12,768,414	38,400	0
6L1	Z	6	FV4	09/30/02	15,144,115	15,144,115	0	0
3L4	N	5-3/4	CE5	10/31/02	26,593,882	26,534,682	59,200	0
3Q3	P	5-3/4	CH8	11/30/02	12,120,580	11,838,980	281,600	0
6P2	AC	5-5/8	FY8	11/30/02	15,058,723	14,995,683	63,040	0
3S9	Q	5-5/8	CK1	12/31/02	12,052,433	11,862,033	190,400	0
6Q0	AD	5-1/8	FZ5	12/31/02	14,821,852	14,821,852	0	0
3V2	C	5-1/2	CN5	01/31/03	13,100,640	13,100,640	0	0
6S6	L	4-3/4	GB7	01/31/03	15,452,421	15,452,421	0	0
J78	A	6-1/4	BF3	02/15/03	23,562,691	22,543,235	1,019,456	0
3Z3	D	5-1/2	CS4	02/28/03	13,670,354	13,626,354	44,000	0
6U1	M	4-5/8	GD3	02/28/03	14,686,746	14,686,746	0	0
4B5	E	5-1/2	CU9	03/31/03	14,172,892	14,172,092	800	0
4D1	F	5-3/4	CW5	04/30/03	12,573,248	12,573,248	0	0
4H2	G	5-1/2	DA2	05/31/03	13,132,243	13,132,243	0	0
4K5	H	5-3/8	DC8	06/30/03	13,126,779	13,125,179	1,600	0
L83	B	5-3/4	BG1	08/15/03	28,011,028	26,893,428	1,117,600	3,200
4N9	J	5-1/4	DE4	08/15/03	19,852,263	19,742,663	109,600	0
4U3	K	4-1/4	DJ3	11/15/03	18,625,785	18,284,985	340,800	14,400
N81	A	5-7/8	BH9	02/15/04	12,955,077	12,609,477	345,600	41,600
5A6	E	4-3/4	DQ7	02/15/04	17,823,228	17,797,628	25,600	0
P89	B	7-1/4	BJ5	05/15/04	14,440,372	14,067,572	372,800	0
5F5	F	5-1/4	DU8	05/15/04	18,925,383	18,925,383	0	0
Q88	C	7-1/4	BK2	08/15/04	13,346,467	11,965,667	1,380,800	17,600
5M0	G	6	DZ7	08/15/04	18,089,806	18,089,806	0	0
R87	D	7-7/8	BL0	11/15/04	14,373,760	14,368,960	4,800	0
5S7	H	5-7/8	EE3	11/15/04	32,658,145	32,658,145	0	0
S86	A	7-1/2	BM8	02/15/05	13,834,754	13,435,074	399,680	0
T85	B	6-1/2	BN6	05/15/05	14,739,504	14,739,104	400	0
6D9	E	6-3/4	ER4	05/15/05	28,562,370	28,562,370	0	0
U83	C	6-1/2	BP1	08/15/05	15,002,580	15,002,580	0	0
V82	D	5-7/8	BQ9	11/15/05	15,209,920	14,838,720	371,200	1,600
6N7	F	5-3/4	FX0	11/15/05	28,083,841	28,083,841	0	0
W81	A	5-5/8	BR7	02/15/06	15,513,587	15,493,107	20,480	0
X80	B	6-7/8	BS5	05/15/06	16,015,475	15,736,435	279,040	0
Y55	C	7	BT3	07/15/06	22,740,446	22,740,446	0	0
Z62	D	6-1/2	BU0	10/15/06	22,459,675	22,459,675	0	0
2J0	B	6-1/4	BW6	02/15/07	13,103,678	12,998,046	105,632	16,800
2U5	C	6-5/8	BX4	05/15/07	13,958,186	13,801,386	156,800	3,200
3E0	D	6-1/8	CA3	08/15/07	25,636,803	25,232,003	404,800	6,400
3X8	B	5-1/2	CQ8	02/15/08	13,583,412	13,571,012	12,400	0
4F6	C	5-5/8	CY1	05/15/08	27,190,961	27,098,161	92,800	0
4V1	D	4-3/4	DK0	11/15/08	25,083,125	25,011,925	71,200	0
5G3	B	5-1/2	DV6	05/15/09	14,794,790	14,789,190	5,600	0
5N8	C	6	EA1	08/15/09	27,399,894	27,399,794	100	0
5Z1	B	6-1/2	EM5	02/15/10	23,355,709	23,166,509	189,200	1,600
6J6	C	5-3/4	FT9	08/15/10	22,437,594	22,437,594	0	0
6T4	B	5	GC5	02/15/11	11,975,922	11,975,922	0	0
Total Treasury Notes............................					1,534,832,542	1,504,024,964	30,807,578	281,500
Grand Total..					2,185,147,195	2,008,494,966	176,652,229	13,129,528

U.S. International Reserve Position

The Treasury Department today released U.S. reserve assets data for the week ending March 2, 2001. As indicated in this table, U.S. reserve assets totaled $67,100 million as of March 2, 2001, up from $66,907 million as of February 23, 2001.

(in US millions)

I. Official U.S. Reserve Assets		February 23, 2001			March 2, 2001		
	TOTAL		66,907			67,100	
		Euro	Yen	TOTAL	Euro	Yen	TOTAL
1. Foreign Currency Reserves [1]							
a. Securities		5,378	10,913	16,291	5,536	10,648	16,184
Of which, issuer headquartered in the U.S.				0			0
b. Total deposits with:							
b.i. Other central banks and BIS		9,095	5,341	14,436	9,348	5,210	14,559
b.ii. Banks headquartered in the U.S.				0			0
b.ii. Of which, banks located abroad				0			0
b.iii. Banks headquartered outside the U.S.				0			0
b.iii. Of which, banks located in the U.S.				0			0
2. IMF Reserve Position [2]				14,559			*14,661*
3. Special Drawing Rights (SDRs) [2]				10,576			*10,650*
4. Gold Stock [3]				11,046			11,046
5. Other Reserve Assets				0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for February 23 are final. The entries in the table above for March 2 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of January 31, 2000. The December 31, 2000 value was $11,046 million.

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U.S. International Reserve Position (cont'd)

II. Predetermined Short-Term Drains on Foreign Currency Assets	February 23, 2001	March 2, 2001
1. Foreign currency loans and securities	0	0
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
3. Other	0	0

III. Contingent Short-Term Net Drains on Foreign Currency Assets	February 23, 2001	March 2, 2001
1. Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
2. Foreign currency securities with embedded options	0	0
3. Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	[illegible]	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

OR IMMEDIATE RELEASE
arch 05, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	March 08, 2001
Maturity Date:	June 07, 2001
CUSIP Number:	912795GK1

High Rate: 4.700% Investment Rate 1/: 4.822% Price: 98.812

All noncompetitive and successful competitive bidders were awarded ecurities at the high rate. Tenders at the high discount rate were llotted 40%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 28,380,044	$ 8,470,944
Noncompetitive	1,346,060	1,346,060
FIMA (noncompetitive)	193,000	193,000
SUBTOTAL	29,919,104	10,010,004 2/
Federal Reserve	5,390,746	5,390,746
TOTAL	$ 35,309,850	$ 15,400,750

Median rate 4.690%: 50% of the amount of accepted competitive tenders s tendered at or below that rate. Low rate 4.670%: 5% of the amount accepted competitive tenders was tendered at or below that rate.

d-to-Cover Ratio = 29,919,104 / 10,010,004 = 2.99

Equivalent coupon-issue yield.
Awards to TREASURY DIRECT = $1,085,598,000

http://www.publicdebt.treas.gov

'0-77

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

?OR IMMEDIATE RELEASE
March 05, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	March 08, 2001
Maturity Date:	September 06, 2001
CUSIP Number:	912795HN4

High Rate: 4.530% Investment Rate 1/: 4.700% Price: 97.710

All noncompetitive and successful competitive bidders were awarded ecurities at the high rate. Tenders at the high discount rate were llotted 45%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 22,221,883	$ 8,857,533
Noncompetitive	1,121,174	1,121,174
FIMA (noncompetitive)	25,000	25,000
SUBTOTAL	23,368,057	10,003,707 2/
Federal Reserve	5,384,615	5,384,615
TOTAL	$ 28,752,672	$ 15,388,322

Median rate 4.510%: 50% of the amount of accepted competitive tenders s tendered at or below that rate. Low rate 4.480%: 5% of the amount accepted competitive tenders was tendered at or below that rate.

d-to-Cover Ratio = 23,368,057 / 10,003,707 = 2.34

Equivalent coupon-issue yield.
Awards to TREASURY DIRECT = $843,801,000

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?0-78

DEPARTMENT OF THE TREASURY
TREASURY NEWS
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For Immediate Release
March 8, 2001

Contact: Tara Bradshaw
(202) 622-2960

Treasury Releases Distribution Table for the President's Tax Relief Plan

Attached is a table prepared by the Department of the Treasury that shows the distributional effects of the major individual income tax provisions in the President's proposal. The effects are shown for the proposal with all provisions fully phased in.

The share of income tax relief provided to families with incomes under $100,000 is larger than their share of current income taxes paid (compare the first and second columns.) As a result, these families will pay a smaller share of the total income tax burden under the President's proposal than they do under current law.

Conversely, the share of the income tax relief provided to families with incomes of $100,000 or more is smaller than their share of current income taxes paid. As a result, these families will pay a larger share of the total income tax burden under the President's proposal than they do under current law.

The table also presents the average individual income taxes paid for the representative income groups under the President's plan. Those in the lowest income group (under $30,000) will on average receive $457 and those in the second lowest income group will pay an average $993. Those earning over $200,000 will on average pay approximately $104,000 in income taxes.

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Major Individual Income Tax Provisions of the President's Tax Proposal[1]

(2000 Income Levels)

Cash Income Class[2]	Distribution of Proposed Changes in Individual Income Taxes (%)	Distribution of Total Individual Income Taxes[3] Current Law (%)	Distribution of Total Individual Income Taxes[3] With Proposed Changes[4] (%)	Average Individual Income Taxes With Proposed Changes ($)	Percent Change in Individual Income Taxes (%)
0 - 30	9.3	-1.0	-2.8	-457	-136.2
30 - 40	6.5	2.5	1.8	993	-38.3
40 - 50	7.8	4.1	3.4	2,210	-28.0
50 - 75	17.2	12.2	11.3	4,279	-20.8
75 - 100	13.6	12.2	12.0	7,848	-16.3
100 - 200	19.8	27.1	28.3	16,625	-10.7
200 & over	25.4	42.9	45.9	103,931	-8.7
Total[5]	100.0	100.0	100.0	6,322	-14.6

Department of the Treasury
Office of Tax Analysis

March 8, 2001

[1] The major individual income tax provisions are: i) lower individual income tax rates (lower 39.6 and 36 percent rates to 33 percent, lower 31 and 28 percent rates to 25 percent, and introduce a new 10 percent rate bracket for taxable income (in 2006) under $6,000 for single filers, $10,000 for head of household filers, and $12,000 for joint filers); ii) increase the child credit to $1,000, raise the income level at which it phases out, and allow the child credit against the AMT; iii) allow a 10% deduction for the earnings of the lower earning spouse (up to $30,000) in two-earner families; iv) allow taxpayers who do not itemize to deduct charitable contributions up to the amount of the taxpayer's standard deduction; and v) provide a refundable tax credit for individually-purchased health insurance

[2] Cash Income consists of wages and salaries, net income from a business or farm, taxable and tax-exempt interest, dividends, rental income, realized capital gains, cash transfers from the government, and retirement benefits. Employer contributions for payroll taxes and the federal corporate income tax are added to place cash on a pre-tax basis. Cash income is shown on a family rather than on a tax return basis. The cash incomes of all members of a family are added to arrive at a family's cash income used in the distributions.

[3] The refundable portions of the earned income tax credit (EITC) and the child credit are included in the individual income tax. Federal taxes are estimated at 2000 income levels but assuming fully phased in law and, therefore, exclude provisions that expire prior to the end of the Budget period and are adjusted for the effects of unindexed parameters

[4] The change in Federal taxes is estimated at 2000 income levels assuming fully phased in law

[5] Families with negative incomes are excluded from the lowest income class but included in the total line.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 2:30 P.M.
March 8, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $19,000 million to refund $46,369 million of publicly held securities maturing March 15, 2001, and to pay down about $27,369 million. The amount of maturing publicly held securities includes the 13-day cash management bills issued March 2, 2001, in the amount of $26,027 million.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $9,526 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts awarded to these accounts will be in addition to the offering amount.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers have requested that we reinvest their maturing holdings of approximately $1,025 million into the 13-week bill and $1,161 million into the 26-week bill.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

oOo

Attachment
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HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED MARCH 15, 2001

March 8, 2001

Offering Amount	$10,000 million	$9,000 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912795 GL 9	912795 GR 6
Auction date	March 12, 2001	March 12, 2001
Issue date	March 15, 2001	March 15, 2001
Maturity date	June 14, 2001	September 13, 2001
Original issue date	December 14, 2000	March 15, 2001
Currently outstanding	$14,567 million	---
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate....35% of public offering

Maximum Award..........................35% of public offering

Receipt of Tenders:

Noncompetitive tenders...Prior to 12:00 noon eastern standard time on auction day

Competitive tenders......Prior to 1:00 p.m. eastern standard time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
March 8, 2001

CONTACT: Tara Bradshaw
(202) 622-2960

MARK A. WEINBERGER CONFIRMED ASSISTANT SECRETARY OF THE TREASURY FOR TAX POLICY

Mark A. Weinberger was sworn in today to be the Assistant Secretary of the Treasury (Tax Policy). He was confirmed by the United States Senate March 1. Mr. Weinberger has extensive public and private sector experience in tax and Federal budget issues.

Weinberger most recently served as the Director of Ernst & Young LLP's U.S. National Tax Practice where he was responsible for overseeing the development of technical, legislative and regulatory guidance for the firm's tax practice. Prior to that, Mr. Weinberger co-founded a law firm based in Washington, D.C. called Washington Counsel, P.C. which merged into Ernst & Young in May 2000.

Weinberger previously served as Chief of Staff and Counsel to the President's 1994 Bipartisan Commission on Entitlement and Tax Reform. He also served as a senior advisor to the Kemp Commission and as a Commissioner on the National Commission on Retirement Policy.

Mr. Weinberger was appointed by President Clinton - and confirmed by the Senate - last year to serve on the Social Security Advisory Board. The Board advises the President, Congress and the Social Security Commissioner on all aspects of the program.

As Assistant Secretary for Tax Policy, Weinberger has supervisory responsibility for providing the Secretary of the Treasury with policy analysis, advice and recommendations relating to all aspects of domestic and international issues of Federal taxation, including all legislative proposals, regulatory guidance, and tax treaties. The Assistant Secretary for Tax Policy is also responsible for providing the official estimates of all Government receipts for the President's budget, fiscal policy decisions, and Treasury cash management decisions.

A graduate of Emory University, Weinberger holds a Master's degree in Business Administration and a law degree from Case Western Reserve University, as well as an LL.M in Taxation from Georgetown University Law Center.

Mr. Weinberger lives in Gaithersburg, Maryland with his wife Nancy and children Rachel, Noah, Sean and Benjamin.

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FOR IMMEDIATE RELEASE
March 8, 2001

Contact: Tara Bradshaw
(202) 622-2960

O'NEILL STATEMENT ON THE HOUSE PASSAGE OF THE TAX RELIEF BILL

Treasury Secretary Paul O'Neill made the following statement upon passage by the House of Representatives of H.R. 3, the Economic Growth and Tax Relief Act of 2001:

"Today's passage of the President's tax bill moves us one step closer to allowing hardworking American families to keep more of their own money. When this bill is passed and signed into law, the average American family will have an additional $1,600 to use for education, buying a house or saving for retirement. It is time for Washington to return the tax overpayment to the people who sent it in. I'm very delighted the House of Representatives moved to reduce income tax rates. Now we are 51 votes away from making tax relief a reality."

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
March 9, 2001

Contact: Tara Bradshaw
(202) 622-2960

JOHN M. DUNCAN SWORN IN AS TREASURY ASSISTANT SECRETARY FOR LEGISLATIVE AFFAIRS

John M. Duncan was sworn in Tuesday night to be the Treasury Assistant Secretary for Legislative Affairs by Treasury Secretary Paul O'Neill. He was confirmed by the United States Senate on February 28. Duncan brings to the position more than 25 years of Capitol Hill experience.

Duncan served as the Chief of Staff and Legislative Director for U.S. Senator William V. Roth, Jr. from 1985 until January 2, 2001. Duncan provided political and managerial guidance on major legislative initiatives that passed under Roth's Chairmanship of the Senate Finance Committee, including welfare reform, tax cuts, pension reform, elimination of the marriage penalty, reducing capital gains taxes, IRS reform, and trade expansion. From 1984 to 1985, he served as the Majority Staff Director for the U.S. Senate Committee on Governmental Affairs for Chairman Roth.

From 1978 to 1984 he served as the Minority Staff Director for the House Committee on Government Operations for Ranking Republican Member Frank Horton. He began his Capitol Hill career as a Professional Staff Member for the Subcommittee on Intergovernmental Relations and Human Resources of the House Committee on Governmental Operations, where he worked for Ranking Republican Member John W. Wydler.

In the private sector, Duncan worked for CNA Financial Corporation and Continental Casualty Company. He also served in the U.S Army Reserves and the American Peace Corps.

He holds a B.S. in Industrial Administration from the University of Illinois and a Masters Degree from the New School University.

Duncan and his wife Marcia have one son.

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DEPARTMENT OF THE TREASURY

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EMBARGOED UNTIL 2 P.M. EST
Test as prepared for Deliver
March 13, 2001

Contact: Tony Fratto
(202) 622-2960

TESTIMONY OF TREASURY ACTING UNDER SECRETARY DONALD V. HAMMOND BEFORE THE SUBCOMMITTEE ON FINANCIAL INSTITUTIONS AND CONSUMER CREDIT OF THE COMMITTEE ON FINANCIAL SERVICES U.S. HOUSE OF REPRESENTATIVES

Chairman Bachus, Ms. Waters, and Members of the Subcommittee, I appreciate this opportunity to present the Treasury Department's views on repealing prohibitions on the payment of interest on business checking accounts, and on permitting the payment of interest on reserve balances that depository institutions maintain at the Federal Reserve. The Treasury Department supports permitting banks and thrifts to pay interest on business deposits. While sympathetic to many of the arguments in favor of permitting the Federal Reserve to pay interest on reserve account balances, we are not prepared to endorse this proposal at this time.

Paying Interest on Demand Deposits

The Treasury Department has consistently supported provisions repealing the prohibition on paying interest on demand deposits. Such provisions have in the past been included in broader regulatory burden relief legislation or proposed on a stand-alone basis, such as H.R. 4067, which passed the full House of Representatives last year. Repeal of this prohibition would eliminate a needless government control on the price that banks may pay for business deposits, consistent with the earlier elimination of Regulation Q rate ceilings on other deposits. The result should be more efficient resource allocation. By earning a positive return on their transaction balances, small businesses especially should benefit from the repeal of the prohibition. Larger firms have been better able to offset the lack of interest on checking account funds by using sweep accounts to earn interest or by obtaining price concessions on other bank products.

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Most proposals that would have allowed banks and thrifts to pay interest on demand deposits would have delayed repeal of the current prohibition for a number of years, and provided for transitional mechanisms. The Treasury Department continues to prefer a relatively quick repeal of the prohibition on paying interest on demand deposits, obviating the need for special transitional arrangements.

Permitting the Federal Reserve to Pay Interest on Reserve Balances

Background

The Federal Reserve Act requires depository institutions to maintain reserves against certain of their deposit liabilities. The first $5.5 million of an institution's transaction accounts are currently exempt from reserve requirements. Transaction balances between that level and $42.8 million are subject to a 3 percent reserve requirement. The Federal Reserve prescribes a 10 percent requirement on balances above that amount, within a statutorily prescribed range of 8 to 14 percent.[1] Institutions typically meet these reserve requirements through vault cash and a portion of their reserve balances at a Federal Reserve Bank, known as required reserve balances. Depository institutions may voluntarily hold reserve balances above the amount necessary to meet reserve requirements, which are called excess reserves. They may also enter into agreements with the Federal Reserve to hold certain balances that would cover transactions cleared through their accounts, called clearing balances. These clearing balances do not count toward meeting reserve requirements.

Required reserve balances and excess reserves held at the Federal Reserve do not earn interest. They are therefore sometimes referred to as sterile reserves. Clearing balances earn implicit interest through the offset of fees for Federal Reserve services.

As of January 2001, depository institution reserve requirements totaled $38.5 billion. Depository institutions met these requirements with $32.6 billion in vault cash and $5.9 billion in required reserve balances at Federal Reserve Banks. They also held $1.25 billion in excess reserves.

[1] The Federal Reserve may also set reserve requirements on nonpersonal time and savings deposits within a statutorily set range of zero to 9 percent (currently set at zero), and may prescribe requirements for Eurocurrency liabilities (currently zero).

Since the beginning of the 1990s, required reserve balances at the Federal Reserve Banks have declined by 83 percent ($5.9 billion currently compared to $34.4 billion at year-end 1989).

Three factors may be primarily responsible for the decline: (1) regulatory actions taken by the Federal Reserve in the early 1990s reducing reserve requirements, (2) banks' growing use of new products and technology, such as retail sweep accounts, to minimize required reserves, and (3) growth in the use of vault cash to meet reserve requirements, as increased ATM usage has increased the need for such cash. The proportion of reserve requirements met by vault cash rose from 44 percent in December 1989 to 85 percent in January 2001.

The three principal grounds for paying interest on reserve balances are to: (1) promote economic efficiency, (2) facilitate monetary policy, and (3) lower costs to the banking industry.

Economic Efficiency

Large banks have long offered "sweep" accounts to their commercial customers – arrangements whereby balances in corporate demand deposits are routinely swept into repurchase agreements, Eurodollar deposits, and money market funds until they are drawn down by the account holders. Although intended to put otherwise "idle" corporate funds to work (since these accounts are prohibited by law from earning interest), as a byproduct these arrangements also reduce the reserve requirements of banks. More recently, the declining cost of technology has allowed banks to establish new types of sweep arrangements for retail customer accounts (both interest-earning NOW accounts and retail demand deposits) with the express purpose of minimizing reserve requirements. This sweeping is often invisible to the customer as a practical matter.

Permitting the payment of interest on reserve balances might lead to greater economic efficiency. Banks have expended resources to avoid holding non-interest bearing required reserve balances. If banks earned interest on these reserve balances, they would be less likely to expand the use of sweeps and might unwind some existing sweep programs. But the extent of efficiency gains for banks, their customers, and the economy is highly uncertain. Advances in technology have lowered the cost of sweep programs. How many sweeps would unwind would also depend on: (1) whether banks would also be permitted to pay interest on business demand deposits; (2) what customers would earn on their transaction accounts compared to sweep instruments; and (3) what banks would earn on reserve balances compared to alternative investments.

Monetary Policy

As you will hear from the Federal Reserve, the decline in required reserve balances could potentially lead to greater short-term interest rate volatility, although such volatility is not a serious problem at present. For various reasons, the demand for balances to meet reserve requirements is more stable than the demand for balances to clear transactions through the Federal Reserve (Fedwire).

Thus the smaller the required reserve balances, the greater the role that less predictable daily clearing needs of banks would have in determining the demand for reserves.

This may make it more difficult for the Federal Reserve to supply the amount of reserves consistent with its federal funds rate target – the short-term, operational target of monetary policy. As a result, the daily volatility in the federal funds rate could increase. The Federal Reserve believes that such volatility would impair its ability to use federal funds rate targeting as a means of implementing monetary policy. Payment of interest on reserve balances would give banks greater incentives to hold balances at the Federal Reserve. This in turn may make the demand for reserve balances more stable and lessen the potential volatility of the federal funds rate.

Banking Industry Costs and Competitiveness

Banks have long contended that the costs of reserve requirements (i.e., forgone earnings) put them at a competitive disadvantage relative to non-bank competitors that are not subject to reserve requirements. Securities firms and other competitors offer transaction services through money market mutual funds and similar arrangements. Yet the forgone earnings that depository institutions currently incur through reserve requirements must be viewed in the context of their overall relationship to the federal government, including benefits derived from federal deposit insurance and access to the Federal Reserve payments system and discount window.

Budget and Taxpayer Issues

The Office of Management and Budget and Congressional Budget Office have in the past estimated that paying interest on required reserve balances (together with permitting banks to pay interest on business demand deposits) would cost approximately $600 million to $700 million over 5 years. Both the OMB and CBO estimates take into account the effect on tax revenues from depository institutions that receive interest. In addition, both project that the proposal would result in higher required reserve balances, which they estimate would generate some new earnings for the Federal Reserve and thus new Treasury receipts. Neither of these effects is enough to completely offset the revenue loss from the payment of interest.

Some proposals have provided for an "offset" to the budget cost by transferring a part of the Federal Reserve's surplus to the Treasury. It is true that in some previous years budget accounting rules have permitted the transfer of Federal Reserve surplus funds to the Treasury to count as receipts that would offset the cost of other programs. Yet, over time, transfers of the surplus do not result in budget savings.

In transferring a portion of its surplus to the Treasury, the Federal Reserve would reduce its portfolio of interest-earning assets. This would in turn decrease the Federal Reserve's future earnings and remittances to the Treasury.

Therefore budgetary receipts in the near term would increase only at the expense of longer-term receipts. Thus using the Federal Reserve surplus as a "pay-for" would not reduce the taxpayer cost associated with the proposal to pay interest on depository institution reserve balances maintained at the Federal Reserve.

Conclusion

Congress should act to repeal prohibitions on paying interest on business checking accounts at banks and thrifts. This would eliminate unnecessary restrictions on these institutions' ability to serve their commercial customers and would level the playing field between them and other financial services providers that can compensate businesses for deposits without similar legal restrictions. Repeal would especially benefit the nation's small businesses.

Proponents of paying interest on reserve balances maintained at the Federal Reserve have put forth a number of reasons in its favor. The ability to pay interest on these balances may improve the effectiveness of the tools that the Federal Reserve has to implement monetary policy.

Financial system efficiency might improve as fewer resources would likely be devoted to minimizing reserve balances. As a general matter, we are sympathetic to many of the arguments put forth by proponents of paying interest on reserve balances, particularly with respect to monetary policy.

At the same time, however, we are also mindful of the budgetary costs associated with this proposal, which would be significant. The President's Budget does not include the use of taxpayer resources for this purpose. At this time, then, the Administration is not prepared to endorse this proposal.

Thank you for the opportunity to appear before the Subcommittee. I am happy to respond to any questions.

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
March 12, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	March 15, 2001
Maturity Date:	June 14, 2001
CUSIP Number:	912795GL9

High Rate: 4.520% Investment Rate 1/: 4.638% Price: 98.857

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 92%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 23,986,862	$ 8,533,266
Noncompetitive	1,410,621	1,410,621
FIMA (noncompetitive)	60,000	60,000
SUBTOTAL	25,457,483	10,003,887 2/
Federal Reserve	5,103,719	5,103,719
TOTAL	$ 30,561,202	$ 15,107,606

Median rate 4.510%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 4.500%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 25,457,483 / 10,003,887 = 2.54

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,132,700,000

http://www.publicdebt.treas.gov

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
March 12, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	March 15, 2001
Maturity Date:	September 13, 2001
CUSIP Number:	912795GR6

High Rate: 4.420% Investment Rate 1/: 4.585% Price: 97.765

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 77%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 19,148,375	$ 7,418,075
Noncompetitive	1,538,769	1,538,769
FIMA (noncompetitive)	50,000	50,000
SUBTOTAL	20,737,144	9,006,844 2/
Federal Reserve	4,421,800	4,421,800
TOTAL	$ 25,158,944	$ 13,428,644

Median rate 4.390%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 4.350%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 20,737,144 / 9,006,844 = 2.30

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,241,888,000

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

U.S. International Reserve Position 03/14/01

The Treasury Department today released U.S. reserve assets data for the week ending March 9, 2001. As indicated in this table, U.S. reserve assets totaled \$66,494 million as of March 9, 2001, down from \$66,548 million as of March 2, 2001.

(in US millions)

I. Official U.S. Reserve Assets	March 2, 2001			March 9, 2001		
TOTAL		66,548			66,494	
1. Foreign Currency Reserves [1]	Euro	Yen	TOTAL	Euro	Yen	TOTAL
a. Securities	5,536	10,648	16,184	5,528	10,590	16,118
Of which, issuer headquartered in the U.S.			0			0
b. Total deposits with:						
b.i. Other central banks and BIS	9,348	5,210	14,559	9,332	5,183	14,514
b.ii. Banks headquartered in the U.S.			0			0
b.ii. Of which, banks located abroad			0			0
b.iii. Banks headquartered outside the U.S.			0			0
b.iii. Of which, banks located in the U.S.			0			0
2. IMF Reserve Position [2]			14,119			*14,151*
3. Special Drawing Rights (SDRs) [2]			10,641			*10,665*
4. Gold Stock [3]			11,046			11,046
5. Other Reserve Assets			0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for March 2 are final. The entries in the table above for March 9 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at \$42.2221 per fine troy ounce. Values shown are as of January 31, 2000. The December 31, 2000 value was \$11,046 million.

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U.S. International Reserve Position (cont'd)

II. Predetermined Short-Term Drains on Foreign Currency Assets	March 2, 2001	March 9, 2001
1. Foreign currency loans and securities	0	0
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
3. Other	0	0

III. Contingent Short-Term Net Drains on Foreign Currency Assets	March 2, 2001	March 9, 2001
1. Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
2. Foreign currency securities with embedded options	0	0
3. Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

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FOR IMMEDIATE RELEASE
March 14, 2001

MEDIA ADVISORY

Treasury Secretary Paul O'Neill will host a press conference to release **the 2001 Annual Report of the Social Security and Medicare Trustees**. The press conference will take place at **11:30 a.m. on Monday, March 19 in the Treasury Department's Diplomatic Reception Room** (Room 3311), 1500 Pennsylvania Avenue, NW.

As Trustees, Health & Human Services Secretary Tommy Thompson, Labor Secretary Elaine Chao, and Social Security Administration Acting Commissioner William Halter will participate in the press conference.

The room will be available for pre-set at 10:30 a.m. Media without Treasury or White House press credentials planning to attend should contact Treasury's Office of Public Affairs at (202) 622-2960 with the following information: name, social security number and date of birth. This information may also be faxed to (202) 622-1999.

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*U.S. Government Printing Office: 1998 - 619-559

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 2:30 P.M.
March 15, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $18,000 million to refund $20,351 million of publicly held securities maturing March 22, 2001, and to pay down about $2,351 million.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $8,916 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts awarded to these accounts will be in addition to the offering amount.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers have requested that we reinvest their maturing holdings of approximately $983 million into the 13-week bill and $830 million into the 26-week bill.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

oOo

Attachment

PO-89

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED MARCH 22, 2001

March 15, 2001

<u>Offering Amount</u>	$10,000 million	$8,000 million
<u>Description of Offering</u>:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912795 GM 7	912795 HP 9
Auction date	March 19, 2001	March 19, 2001
Issue date	March 22, 2001	March 22, 2001
Maturity date	June 21, 2001	September 20, 2001
Original issue date	December 21, 2000	March 22, 2001
Currently outstanding	$14,382 million	---
Minimum bid amount and multiples	$1,000	$1,000

<u>The following rules apply to all securities mentioned above</u>:
<u>Submission of Bids</u>:
Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.
Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.
Competitive bids:
(1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.
(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.
(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

<u>Maximum Recognized Bid at a Single Rate</u> ... 35% of public offering
<u>Maximum Award</u> .... 35% of public offering
<u>Receipt of Tenders</u>:
Noncompetitive tenders .. Prior to 12:00 noon eastern standard time on auction day
Competitive tenders ..... Prior to 1:00 p.m. eastern standard time on auction day
<u>Payment Terms</u>: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

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March 16, 2001
FOR IMMEDIATE RELEASE

Contact: Tara Bradshaw
202-622-2960

TREASURY RELEASES LATEST NUMBER OF INCOME TAX RETURNS FILED BY SMALL BUSINESS OWNERS AND ENTREPRENEURS

Attached is a state-by-state breakdown of the number of income tax returns which included income from sole proprietorships. The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999. Returns that may have included other kinds of business income were not included in these data. From these data it is evident that at least 17.4 million small business owners and entrepreneurs, many of whom currently pay at the 39.6% rate, stand to benefit from the President's tax relief plan. The President's proposal reduces all marginal tax rates, including a reduction in the top rate to 33%.

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*U.S. Government Printing Office: 1998 - 619-559

Individual Income Tax Returns Filed for 1999 with Non-Farm Proprietor Income[1]
(Number of returns in thousands)

United States	17,463
Alabama	246
Alaska	55
Arizona	276
Arkansas	164
California	2,342
Colorado	329
Connecticut	218
Delaware	38
Florida	1,019
Georgia	486
Hawaii	80
Idaho	94
Illinois	700
Indiana	343
Iowa	194
Kansas	178
Kentucky	240
Louisiana	240
Maine	104
Maryland	327
Massachusetts	427
Michigan	536
Minnesota	337
Montana	76
Mississippi	149
Missouri	346
North Carolina	488
North Dakota	45
Nebraska	117
Nevada	107
New Hampshire	92
New Jersey	465
New Mexico	113
New York	1,187
Ohio	638
Oklahoma	236
Oregon	235
Pennsylvania	674
Rhode Island	60
South Carolina	218
South Dakota	55
Tennessee	372
Texas	1,364
Utah	135
Vermont	53
Virginia	396
Washington	363
Wisconsin	293
West Virginia	92
Wyoming	38
District of Columbia	34
Other Areas	52

[1] Only returns with positive non-farm proprietor income are included.

<u>Notes</u>
The figures in the table were tabulated from all individual income tax returns filed and processed through the IRS Individual Master File (IMF) during calendar year 2000. Most returns filed in 2000 were for tax year 1999.

Classification by state was based on the address used on the return. Usually this address is the taxpayer's home address. However, some taxpayers may have used the address of a tax attorney or accountant, or a place of business, and that address could be in a different state than the taxpayer's home.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
March 16, 2001

* * * NEW TIME * * *

Social Security, Medicare Trustees Report Press Conference

MEDIA ADVISORY

Treasury Secretary Paul O'Neill will host a press conference to release **the 2001 Annual Report of the Social Security and Medicare Trustees**. The press conference will take place at **10:30 a.m. on Monday, March 19 in the Treasury Department's Diplomatic Reception Room** (Room 3311), 1500 Pennsylvania Avenue, NW.

As Trustees, Health & Human Services Secretary Tommy Thompson, Labor Secretary Elaine Chao, and Social Security Administration Acting Commissioner William Halter will participate in the press conference.

The room will be available for pre-set at 9:30 a.m. Media without Treasury or White House press credentials planning to attend should contact Treasury's Office of Public Affairs at (202) 622-2960 with the following information: name, social security number and date of birth. This information may also be faxed to (202) 622-1999.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 10:30 AM
March 19, 2001

Contact: Tony Fratto
(202) 622-2960

TREASURY SECRETARY PAUL O'NEILL REMARKS AT THE MEDICARE AND SOCIAL SECURITY TRUSTEES PRESS CONFERENCE

Today, the boards of Trustees of the Medicare and Social Security Trust Funds met to complete our annual review of the financial status of the trust funds and to forward the reports to Congress.

While the short-term financial status of each program has improved some since last year's report, substantial challenges remain which need to be addressed at the earliest opportunity.

Let me first talk about Medicare. The Medicare program as a whole presents financial challenges that will require integrated and comprehensive solutions. Costs for the two Medicare program components -- HI and SMI combined -- will grow from 2.2 percent of GDP today to 8.5 percent in 2075. By comparison, HI tax income and SMI premium revenues will only grow from 1.8 percent of GDP today to 2.5 percent in 2075. Medicare spending is ultimately projected to exceed even the costs of Social Security. The financing gap for HI alone is larger than the gap for Social Security, and the HI Trust Fund will become insolvent 9 years sooner than the OASDI Trust Funds. HI tax income will fall short of outlays beginning in 2016.

It might be tempting to ignore Medicare's problems by pointing to the improved short-term solvency of the HI fund and the fact that on an actuarial basis the Supplementary Medical Insurance (SMI) Trust Fund is projected to remain adequately financed into the indefinite future. Neither of these factors should be used as an excuse for complacency. First, because a panel of experts recommended changes in health cost assumptions to improve the accuracy of the Trustees' projections, the long-term cost estimates for both HI and SMI are raised substantially, thus worsening the long-term actuarial deficit in the Medicare HI Trust fund. Second, the SMI trust fund automatically relies on general revenues to make up the difference between its premium revenues and costs. This method hides the fact that the SMI trust fund will consume a rapidly growing share of general revenues over time and beneficiary premiums will be increased substantially.

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*U S Government Printing Office 1998 - 619-559

Because I think it is so important to this discussion, I also want to take a minute to elaborate on what I see as the tremendous potential for improvements in the health care sector. The main reason I bring up this issue, is out of concern for the health of the American public, and particularly for the elderly and disabled who depend on Medicare. The recent reports of the prestigious Institute of Medicine on medical errors and quality of care are quite sobering. In 1999, the IOM reported uncovering a stunningly high rate of medical error – errors that resulted in death, premature disability, and unnecessary suffering. Earlier this month, the Institute released a follow-up report on the overall quality of health care in America, concluding that reforms could close the enormous chasm between the current level of health care quality and the potential we know exists.

I know that Secretary Thompson shares my concerns and that his Department has just launched a campaign to improve the quality of health care, promote healthy lifestyles, and reduce health care costs dramatically. I look forward to working with him as the Administration tackles this vital issue – because when it comes to America's health, we all need to be "in search of excellence."

Turning to the Social Security Trust Fund, annual outlays will begin to exceed annual tax income in 2016. The fund continues to be in long-term deficit and these deficits are expected to persist and rise to more than 6 percent of taxable payroll by 2075. The primary cause of the deficit is the aging of the population and increasing longevity. It is clear that action needs to be taken to address the projected financial shortfall now, as the sooner adjustments are made, the smaller and less abrupt they will need to be.

This spring President Bush will form a commission to reform Social Security. The commission is expected to make its recommendations by next fall. The President's goal is clear: Social Security must be safe and secure for this generation and for future generations. We must work now to preserve and protect Social Security, so we keep our commitment to current seniors, and meet the needs of our children and grandchildren.

Today is the first opportunity for each of us to comment publicly as Trustees on the status of the Medicare and Social Security trust funds. In recent years, efforts to achieve bipartisan reform have not succeeded, and the Trustees have come to this podium to announce that minor reforms and "improved economic projections" have given us a few additional years of short-term solvency-- while serious long-term structural imbalances remain. Our report today is similar to previous recent reports. It is the hope of each of us that this Administration and the Congress will find the necessary confluence of opinion, wisdom and courage to restore long-term health to these programs.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 10 A.M. EST
March 20, 2001

Contact: Tony Fratto
(202) 622-2960

TREASURY SECRETARY PAUL H. O'NEILL
TESTIMONY BEFORE A JOINT HEARING OF THE
HOUSE COMMITTEE ON WAYS AND MEANS
AND SENATE COMMITTEE ON FINANCE

It is a pleasure to be here today before this unique joint hearing of the House Committee on Ways and Means and Senate Committee on Finance. I applaud Chairman Grassley and Chairman Thomas for focusing more than the usual attention on the Social Security and Medicare Trustees' reports on the financial status of these two vital programs.

Yesterday, the Trustees met to complete our annual review of the trust funds and to forward the reports to Congress. While the short-term financial status of both Social Security and Medicare has improved somewhat since last year's report, our long-term analysis highlights a real threat to the retirement security of future generations and has led us to conclude that both programs need to be reformed and strengthened at the earliest opportunity. Focusing only on the short-term ignores the long-term impact of a rapidly aging population on both trust funds which results in both funds being widely out of long-term actuarial balance.

Medicare

Let me first talk about Medicare. The Medicare program as a whole presents financial challenges that will require integrated and comprehensive solutions. Costs for the two Medicare program components -- HI and SMI combined -- will grow from 2.2 percent of GDP today to 8.5 percent in 2075. By comparison, HI tax income and SMI premium revenues will only grow from 1.8 percent of GDP today to 2.5 percent in 2075, leaving a gap of 6 percentage points in 2075. Counting current law general revenues dedicated to SMI, the shortfall will still be 3 percentage points at the end of the projection period. Medicare spending is ultimately projected to exceed even the costs of Social Security. The financing gap for HI alone is larger than the gap for Social Security, and the HI Trust Fund will become insolvent 9 years sooner than the OASDI Trust Funds. HI tax income will fall short of outlays beginning in 2016.

PO-93

It might be tempting to ignore Medicare's problems by pointing to the improved short-term solvency of the HI fund and the fact that on an actuarial basis the Supplementary Medical Insurance (SMI) Trust Fund is projected to remain adequately financed into the future. Neither of these factors should be used as an excuse for complacency.

First, because a panel of experts recommended changes in health cost assumptions to improve the accuracy of the Trustees' projections, the long-term cost estimates for both HI and SMI are raised substantially, thus worsening the long-term actuarial deficit in the Medicare HI Trust fund. Second, the SMI trust fund automatically relies on general revenues to make up the difference between its premium revenues and costs. This method hides the fact that the SMI trust fund will consume a rapidly growing share of general revenues over time and beneficiary premiums will be increased substantially.

With the accounting complexities of two trust funds, it might be easy to lose sight of the basic fact: we need to focus on Medicare in its entirety. It is clear that steps should be taken now to develop a more accurate overall measure of Medicare's financial health, and to work together to improve it.

Because I think it is so important to this discussion, I also want to elaborate on what I see as the tremendous potential for improvements in the health care sector. I raise this issue out of concern for the health of the American public, and particularly for the elderly and disabled who depend on Medicare. The recent reports of the prestigious Institute of Medicine on medical errors and quality of care are quite sobering. In 1999, the IOM reported uncovering a stunningly high rate of medical error – errors that resulted in death, premature disability, and unnecessary suffering. Earlier this month, the Institute released a follow-up report on the overall quality of health care in America, concluding that reforms could close the enormous chasm between the current level of health care quality and the potential we know exists.

<u>Social Security</u>

Turning to the combined OASDI Trust Fund, the Trustees report a financial outlook that has improved a little since last year -- a projected exhaustion date of 2038, one year later than last year. Still, the fund continues to be in long-term deficit – with a financing gap equal to 1.86 percent of payroll. Moreover, once the baby boom generation starts to retire, financial pressure will build and continue to be a factor beyond the 75-year projection period.

The primary cause of the long-term deficit is the aging of the population that will occur as the baby boom generation retires and expected increases in longevity become reality. Annual OASDI outlays will exceed OASDI tax revenue beginning in 2016. Deficits are expected to persist and are projected to rise to more than 6 percent of taxable payroll by 2075. These large deficits at the end of the projection period are an indication that costs will almost certainly continue to exceed tax revenue after 2075. As a result, ensuring the sustainability of the system after 2075 will require larger changes than needed to restore the system to 75-year balance. The Trustees believe that action should be taken to address the financial shortfall now, as the sooner adjustments are made, the smaller and less abrupt they will have to be.

This spring President Bush will form a Presidential commission to study how to reform Social Security. The commission could make its recommendations by next fall. Reform should be based on these principles: it should preserve the benefits of all current retirees and those nearing retirement and preserve the disability and survivors components: it should return Social Security to sound financial footing without increasing payroll taxes or allowing the Government itself to invest Social Security funds in the private economy; and it should offer personal retirement accounts to younger workers who want them.

The President's goal is clear: Social Security must be safe and secure for this generation and for future generations. We must work now to preserve and protect Social Security by putting it on a firm financial footing so we can keep our commitment to current seniors and also meet the needs of our children and grandchildren.

Finally, this is the first opportunity I have had as a Trustee to comment on the status of the Medicare and Social Security trust funds. In recent years, bipartisan reform efforts have not succeeded, and the Trustees have reported that minor reforms and "improved economic projections" have allowed us to add a few additional years of life to the trust funds – though serious long-term structural imbalances have remained. This report, sadly, is similar to previous recent reports. However, it is my hope that this Administration and Congress can work together in a bipartisan way to find the necessary confluence of opinion, wisdom and courage to restore long-term health to these programs.

Thank you for inviting me to testify today. I look forward to answering your questions.

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TREASURY NEWS

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FOR IMMEDIATE RELEASE
March 19, 2001

Contact: Tony Fratto
(202) 622-2960

STATEMENT BY THE G7 FINANCE MINISTERS AND CENTRAL BANK GOVERNORS ON TURKEY

We welcome the announcement of the Turkish authorities on the framework for a strong new economic reform program, supported by the IMF and the World Bank.

The program will rightly focus on achieving low inflation and sustainable public finances through sound fiscal and monetary policies, supported by vigorous implementation of structural reform. We particularly welcome the comprehensive and urgent plans in the program to tackle the problems of the banking sector, in co-operation with the World Bank and the IMF.

Long-term political commitment by the Turkish authorities to rigorous implementation of their program remains absolutely critical to its success, and we will maintain our support for these efforts. A return of market confidence and the continuous engagement of the private sector are also critical for the Turkish economic recovery.

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
March 19, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	March 22, 2001
Maturity Date:	June 21, 2001
CUSIP Number:	912795GM7

High Rate: 4.370% Investment Rate 1/: 4.482% Price: 98.895

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 83%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 22,119,311	$ 8,472,810
Noncompetitive	1,379,439	1,379,439
FIMA (noncompetitive)	150,000	150,000
SUBTOTAL	23,648,750	10,002,249 2/
Federal Reserve	5,065,675	5,065,675
TOTAL	$ 28,714,425	$ 15,067,924

Median rate 4.340%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 4.320%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 23,648,750 / 10,002,249 = 2.36

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,100,856,000

http://www.publicdebt.treas.gov

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
March 19, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	March 22, 2001
Maturity Date:	September 20, 2001
CUSIP Number:	912795HP9

High Rate: 4.220% Investment Rate 1/: 4.371% Price: 97.867

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 10%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 16,866,085	$ 6,715,085
Noncompetitive	1,189,835	1,189,835
FIMA (noncompetitive)	100,000	100,000
SUBTOTAL	18,155,920	8,004,920 2/
Federal Reserve	3,850,056	3,850,056
TOTAL	$ 22,005,976	$ 11,854,976

Median rate 4.180%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 4.150%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 18,155,920 / 8,004,920 = 2.27

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $917,095,000

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
March 21, 2001

Contact: Office of Financing
202-691-3550

TREASURY'S INFLATION-INDEXED SECURITIES
APRIL REFERENCE CPI NUMBERS AND DAILY INDEX RATIOS

Public Debt announced today the reference Consumer Price Index (CPI) numbers and daily index ratios for the month of April for the following Treasury inflation-indexed securities:

(1) 3-3/8% 10-year notes due January 15, 2007
(2) 3-5/8% 5-year notes due July 15, 2002
(3) 3-5/8% 10-year notes due January 15, 2008
(4) 3-5/8% 30-year bonds due April 15, 2028
(5) 3-7/8% 10-year notes due January 15, 2009
(6) 3-7/8% 30-year bonds due April 15, 2029
(7) 4-1/4% 10-year notes due January 15, 2010
(8) 3-1/2% 10-year notes due January 15, 2011

This information is based on the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers (CPI-U) published by the Bureau of Labor Statistics of the U.S. Department of Labor.

In addition to the publication of the reference CPI's (Ref CPI) and index ratios, this release provides the non-seasonally adjusted CPI-U for the prior three-month period.

This information is available through the Treasury's Office of Public Affairs automated fax system by calling 202-622-2040 and requesting document number 97. The information is also available on the Internet at Public Debt's website (http://www.publicdebt.treas.gov).

The information for May is expected to be released on April 17, 2001.

o0o

Attachment

PO-97

TREASURY INFLATION-INDEXED SECURITIES
Ref CPI and Index Ratios for
April 2001

Security:		3-3/8% 10-Year Notes	3-5/8% 5-Year Notes	3-5/8% 10-Year Notes	3-5/8% 30-Year Bonds
Description:		Series A-2007	Series J-2002	Series A-2008	Bonds of April 2028
CUSIP Number:		9128272M3	9128273A8	9128273T7	912810FD5
Dated Date:		January 15, 1997	July 15, 1997	January 15, 1998	April 15, 1998
Original Issue Date:		February 6, 1997	July 15, 1997	January 15, 1998	April 15, 1998
Additional Issue Date(s):		April 15, 1997	October 15, 1997	October 15, 1998	July 15, 1998
Maturity Date:		January 15, 2007	July 15, 2002	January 15, 2008	April 15, 2028
Ref CPI on Dated Date:		158.43548	160.15484	161.55484	161.74000
Date	**Ref CPI**	**Index Ratio**	**Index Ratio**	**Index Ratio**	**Index Ratio**
April 1 2001	175.10000	1.10518	1.09332	1.08384	1.08260
April 2 2001	175.12333	1.10533	1.09346	1.08399	1.08275
April 3 2001	175.14667	1.10548	1.09361	1.08413	1.08289
April 4 2001	175.17000	1.10562	1.09375	1.08428	1.08303
April 5 2001	175.19333	1.10577	1.09390	1.08442	1.08318
April 6 2001	175.21667	1.10592	1.09405	1.08456	1.08332
April 7 2001	175.24000	1.10607	1.09419	1.08471	1.08347
April 8 2001	175.26333	1.10621	1.09434	1.08485	1.08361
April 9 2001	175.28667	1.10636	1.09448	1.08500	1.08376
April 10 2001	175.31000	1.10651	1.09463	1.08514	1.08390
April 11 2001	175.33333	1.10665	1.09477	1.08529	1.08404
April 12 2001	175.35667	1.10680	1.09492	1.08543	1.08419
April 13 2001	175.38000	1.10695	1.09507	1.08558	1.08433
April 14 2001	175.40333	1.10710	1.09521	1.08572	1.08448
April 15 2001	175.42667	1.10724	1.09536	1.08586	1.08462
April 16 2001	175.45000	1.10739	1.09550	1.08601	1.08477
April 17 2001	175.47333	1.10754	1.09565	1.08615	1.08491
April 18 2001	175.49667	1.10769	1.09579	1.08630	1.08505
April 19 2001	175.52000	1.10783	1.09594	1.08644	1.08520
April 20 2001	175.54333	1.10798	1.09609	1.08659	1.08534
April 21 2001	175.56667	1.10813	1.09623	1.08673	1.08549
April 22 2001	175.59000	1.10827	1.09638	1.08688	1.08563
April 23 2001	175.61333	1.10842	1.09652	1.08702	1.08578
April 24 2001	175.63667	1.10857	1.09667	1.08716	1.08592
April 25 2001	175.66000	1.10872	1.09681	1.08731	1.08606
April 26 2001	175.68333	1.10886	1.09696	1.08745	1.08621
April 27 2001	175.70667	1.10901	1.09710	1.08760	1.08635
April 28 2001	175.73000	1.10916	1.09725	1.08774	1.08650
April 29 2001	175.75333	1.10931	1.09740	1.08789	1.08664
April 30 2001	175.77667	1.10945	1.09754	1.08803	1.08679

CPI-U (NSA) for : December 2000 174.0 January 2001 175.1 February 2001 175.8

TREASURY INFLATION-INDEXED SECURITIES
Ref CPI and Index Ratios for
April 2001

Security:	3-7/8% 10-Year Notes	3-7/8% 30-Year Bonds	4-1/4% 10-Year Notes	3-1/2% 10-Year Notes
Description:	Series A-2009	Bonds of April 2029	Series A-2010	Series A-2011
CUSIP Number:	9128274Y5	912810FH6	9128275W8	9128276R8
Dated Date:	January 15, 1999	April 15, 1999	January 15, 2000	January 15, 2001
Original Issue Date:	January 15, 1999	April 15, 1999	January 18, 2000	January 16, 2001
Additional Issue Date(s):	July 15, 1999	October 15, 1999 October 15, 2000	July 15, 2000	
Maturity Date:	January 15, 2009	April 15, 2029	January 15, 2010	January 15, 2011
Ref CPI on Dated Date:	164.00000	164.39333	168.24516	174.04516

Date	Ref CPI	Index Ratio	Index Ratio	Index Ratio	Index Ratio
April 1 2001	175.10000	1.06768	1.06513	1.04074	1.00606
April 2 2001	175.12333	1.06783	1.06527	1.04088	1.00619
April 3 2001	175.14667	1.06797	1.06541	1.04102	1.00633
April 4 2001	175.17000	1.06811	1.06555	1.04116	1.00646
April 5 2001	175.19333	1.06825	1.06570	1.04130	1.00660
April 6 2001	175.21667	1.06839	1.06584	1.04144	1.00673
April 7 2001	175.24000	1.06854	1.06598	1.04158	1.00687
April 8 2001	175.26333	1.06868	1.06612	1.04171	1.00700
April 9 2001	175.28667	1.06882	1.06626	1.04185	1.00713
April 10 2001	175.31000	1.06896	1.06641	1.04199	1.00727
April 11 2001	175.33333	1.06911	1.06655	1.04213	1.00740
April 12 2001	175.35667	1.06925	1.06669	1.04227	1.00754
April 13 2001	175.38000	1.06939	1.06683	1.04241	1.00767
April 14 2001	175.40333	1.06953	1.06697	1.04255	1.00780
April 15 2001	175.42667	1.06967	1.06712	1.04268	1.00794
April 16 2001	175.45000	1.06982	1.06726	1.04282	1.00807
April 17 2001	175.47333	1.06996	1.06740	1.04296	1.00821
April 18 2001	175.49667	1.07010	1.06754	1.04310	1.00834
April 19 2001	175.52000	1.07024	1.06768	1.04324	1.00847
April 20 2001	175.54333	1.07039	1.06783	1.04338	1.00861
April 21 2001	175.56667	1.07053	1.06797	1.04352	1.00874
April 22 2001	175.59000	1.07067	1.06811	1.04366	1.00888
April 23 2001	175.61333	1.07081	1.06825	1.04379	1.00901
April 24 2001	175.63667	1.07096	1.06839	1.04393	1.00914
April 25 2001	175.66000	1.07110	1.06853	1.04407	1.00928
April 26 2001	175.68333	1.07124	1.06868	1.04421	1.00941
April 27 2001	175.70667	1.07138	1.06882	1.04435	1.00955
April 28 2001	175.73000	1.07152	1.06896	1.04449	1.00968
April 29 2001	175.75333	1.07167	1.06910	1.04463	1.00981
April 30 2001	175.77667	1.07181	1.06924	1.04477	1.00995

CPI-U (NSA) for : December 2000 174.0 January 2001 175.1 February 2001 175.8

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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U.S. International Reserve Position 03/21/01

The Treasury Department today released U.S. reserve assets data for the week ending March 16, 2001. As indicated in this table, U.S. reserve assets totaled $64,871 million as of March 16, 2001, down from $66,312 million as of March 9, 2001.

(in US millions)

I. Official U.S. Reserve Assets		March 9, 2001			March 16, 2001		
	TOTAL	66,312			64,871		
1. Foreign Currency Reserves [1]		Euro	Yen	TOTAL	Euro	Yen	TOTAL
a. Securities		5,528	10,590	16,118	5,311	10,727	16,037
Of which, issuer headquartered in the U.S.				0			0
b. Total deposits with:							
b.i. Other central banks and BIS		9,332	5,183	14,514	8,953	4,644	13,597
b.ii. Banks headquartered in the U.S.				0			0
b.ii. Of which, banks located abroad				0			0
b.iii. Banks headquartered outside the U.S.				0			0
b.iii. Of which, banks located in the U.S.				0			0
2. IMF Reserve Position [2]				13,984			*13,733*
3. Special Drawing Rights (SDRs) [2]				10,650			*10,458*
4. Gold Stock [3]				11,046			11,046
5. Other Reserve Assets				0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for March 9 are final. The entries in the table above for March 16 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of February 28, 2001. The January 31, 2001 value was $11,046 million.

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U.S. International Reserve Position (cont'd)

II. Predetermined Short-Term Drains on Foreign Currency Assets

	March 9, 2001	March 16, 2001
1. Foreign currency loans and securities	0	0
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
3. Other	0	0

III. Contingent Short-Term Net Drains on Foreign Currency Assets

	March 9, 2001	March 16, 2001
1. Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
2. Foreign currency securities with embedded options	0	0
3. Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 9:00 A.M.
March 21, 2001

PUBLIC CONTACT: Office of Financing
202-691-3550
MEDIA CONTACT: Office of Public Affairs
202-622-2960

TREASURY ANNOUNCES DEBT BUYBACK OPERATION

On March 22, 2001, the Treasury will buy back up to $1,750 million par of its outstanding issues that mature between February 2023 and November 2027. Treasury reserves the right to accept less than the announced amount.

This debt buyback (redemption) operation will be conducted by Treasury's Fiscal Agent, the Federal Reserve Bank of New York, using its Open Market operations system. Only institutions that the Federal Reserve Bank of New York has approved to conduct Open Market transactions may submit offers on behalf of themselves and their customers. Offers at the highest accepted price for a particular issue may be accepted on a prorated basis, rounded up to the next $100,000. As a result of this rounding, the Treasury may buy back an amount slightly larger than the one announced above.

This debt buyback operation is governed by the terms and conditions set forth in 31 CFR Part 375 and this announcement.

The debt buyback operation regulations are available on the Bureau of the Public Debt's website at www.publicdebt.treas.gov.

Details about the operation and each of the eligible issues are given in the attached highlights.

oOo

Attachment

PO-99

HIGHLIGHTS OF TREASURY DEBT BUYBACK OPERATION

March 21, 2001

Par amount to be bought back ...Up to $1,750 million
Operation date ....March 22, 2001
Operation close time ....11:00 a.m. eastern standard time
Settlement date ....March 26, 2001
Minimum par offer amount $100,000
Multiples of par $100,000
Format for offers ..... Expressed in terms of price per $100 of par with three decimals. The first two decimals represent fractional 32nds of a dollar. The third decimal represents eighths of a 32nd of a dollar, and must be a 0, 2, 4, or 6.
Delivery instructions ....ABA Number 021001208 FRB NYC/CUST

Treasury issues eligible for debt buyback operation (in millions):

Coupon Rate (%)	Maturity Date	CUSIP Number	Par Amount Outstanding*	Par Amount Privately Held*	Par Amount Held as STRIPS**
7.125	02/15/2023	912810 EP 9	17,344	14,709	7,447
6.250	08/15/2023	912810 EQ 7	22,669	21,116	3,644
7.500	11/15/2024	912810 ES 3	10,159	8,544	6,311
7.625	02/15/2025	912810 ET 1	11,126	9,668	7,683
6.875	08/15/2025	912810 EV 6	11,878	10,079	4,316
6.000	02/15/2026	912810 EW 4	12,838	11,723	1,459
6.750	08/15/2026	912810 EX 2	10,458	8,844	3,153
6.500	11/15/2026	912810 EY 0	11,453	9,729	4,656
6.625	02/15/2027	912810 EZ 7	10,251	9,060	3,598
6.375	08/15/2027	912810 FA 1	10,396	8,756	1,440
6.125	11/15/2027	912810 FB 9	22,461	19,150	7,683
		Total	151,033	131,378	51,390

* Par amounts are as of March 20, 2001.
** Par amounts are as of March 19, 2001.

The difference between the par amount outstanding and the par amount privately held is the par amount of those issues held by the Federal Reserve System.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
March 21, 2001

Contact: Tara Bradshaw
(202) 622-2960

STATEMENT OF JAMES F. SLOAN ACTING UNDER SECRETARY (ENFORCEMENT) PENNSYLVANIA AVENUE HEARING BEFORE THE HOUSE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT DISTRICT OF COLUMBIA SUBCOMMITTEE

MADAM CHAIRWOMAN, AND MEMBERS OF THE SUBCOMMITTEE, THANK YOU FOR INVITING ME TO TESTIFY TODAY ABOUT THIS IMPORTANT MATTER. AS THE ACTING UNDER SECRETARY FOR ENFORCEMENT I HAVE OVERSIGHT RESPONSIBILITY FOR TREASURY'S LAW ENFORCEMENT BUREAUS WHICH INCLUDE THE CUSTOMS SERVICE, ATF, THE FEDERAL LAW ENFORCEMENT TRAINING CENTER, THE FINANCIAL CRIMES ENFORCEMENT NETWORK, AND THE UNITED STATES SECRET SERVICE. I WOULD LIKE TO OFFER SOME GENERAL REMARKS AND THEN INTRODUCE DIRECTOR STAFFORD TO PROVIDE MORE DETAILED ANALYSIS OF THIS ISSUE.

IN 1995, FORMER SECRETARY OF THE TREASURY RUBIN DIRECTED THE SECRET SERVICE TO CLOSE A SEGMENT OF PENNSYLVANIA AVENUE IN FRONT OF THE WHITE HOUSE TO VEHICULAR TRAFFIC. THIS DECISION WAS, IN PART, BASED ON RECOMMENDATIONS OF THE ADVISORY COMMITTEE OF THE WHITE HOUSE SECURITY REVIEW, WHICH WAS THE MOST EXTENSIVE REVIEW OF SECURITY OF THE WHITE HOUSE EVER CONDUCTED. OTHER FACTORS INFLUENCING THIS DECISION INCLUDED THE LOSS OF LIFE AND INJURIES SUFFERED IN THE BOMBINGS OF THE U.S. MARINE BARRACKS IN BERUIT, THE WORLD TRADE CENTER IN NEW YORK CITY, AND THE MURRAH FEDERAL BUILDING IN OKLAHOMA CITY. THE CONCLUSION OF THE WHITE HOUSE SECURITY REVIEW WAS CLEAR – THAT CLOSING PENNSYLVANIA AVENUE IN FRONT OF THE WHITE HOUSE WAS THE ONLY ALTERNATIVE AVAILABLE THAT

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WOULD PROTECT THE WHITE HOUSE FROM THE DEVASTATING IMPACT OF A VEHICLE BOMB DETONATED ON THE AVENUE IN FRONT OF THE COMPLEX.

THE WHITE HOUSE SECURITY REVIEW WAS INITIATED FOLLOWING SEVERAL SECURITY INCIDENTS AT THE WHITE HOUSE. IN ADDITION TO REVIEW STAFF, SECRETARY BENTSEN APPOINTED A NONPARTISAN ADVISORY COMMITTEE COMPOSED OF SIX DISTINGUISHED AMERICANS TO ENSURE THAT THE REVIEW'S WORK WAS THOROUGH AND UNBIASED. THESE ADVISORS WERE: ROBERT CARSWELL, FORMER DEPUTY SECRETARY OF THE TREASURY; WILLIAM COLEMAN, FORMER SECRETARY OF TRANSPORTATION; CHARLES DUNCAN, FORMER SECRETARY OF ENERGY AND DEPUTY SECRETARY OF DEFENSE; GENERAL DAVID JONES, FORMER CHAIRMAN OF THE JOINT CHIEFS OF STAFF; DR. JUDITH RODIN, PRESIDENT OF THE UNIVERSITY OF PENNSYLVANIA; AND JUDGE WILLIAM WEBSTER, FORMER DIRECTOR OF THE FBI AND CIA. THE REVIEW EXAMINED SEVERAL SECURITY RELATED INCIDENTS THAT OCCURRED IN THE VICINITY OF THE WHITE HOUSE.

THE REVIEW WAS AN EXTENSIVE, EIGHT MONTH STUDY, INVOLVING INTERVIEWS AND BRIEFINGS OF MORE THAN 300 INDIVIDUALS FROM OVER TEN GOVERNMENT AGENCIES, AND ANALYSIS OF MORE THAN 1,000 DOCUMENTS. EXPERTS FROM EIGHT FOREIGN COUNTRIES WERE ALSO CONSULTED AS WELL AS THREE FORMER PRESIDENTS IN ORDER TO BRING ADDITIONAL PERSPECTIVE TO THE REVIEW. THE REVIEW RESULTED IN THE ISSUANCE OF A CLASSIFIED REPORT OF MORE THAN 500 PAGES, AS WELL AS A SHORTER PUBLIC REPORT. TREASURY'S OUTSIDE PANEL OF DISTINGUISHED EXPERTS CONCURRED WITH ALL OF THE RECOMMENDATIONS, INCLUDING THE CLOSING OF PENNSYLVANIA AVENUE.

BEFORE RECOMMENDING TO CLOSE PENNSYLVANIA AVENUE, THE WHITE HOUSE SECURITY REVIEW EXPLORED A WIDE VARIETY OF OPTIONS IN AN EFFORT TO PROVIDE AN APPROPRIATE LEVEL OF SECURITY AT THE WHITE HOUSE, YET MINIMIZE THE PUBLIC IMPACT. AFTER ITS EXTENSIVE INFORMATION GATHERING WAS COMPLETE, THE REVIEW CONCLUDED THAT "THERE IS NO ALTERNATE TO PROHIBITING VEHICULAR TRAFFIC ON PENNSYLVANIA AVENUE THAT WOULD ENSURE THE SAFETY OF THE PRESIDENT AND OTHERS IN THE WHITE HOUSE COMPLEX FROM EXPLOSIVE DEVICES CARRIED BY VEHICLES NEAR ITS BOUNDARIES."

SINCE THAT DECISION, NUMEROUS STUDIES HAVE BEEN UNDERTAKEN AND MANY PROPOSALS OFFERED FOR ALTERNATIVE WAYS TO ENSURE THE SAFETY OF THE PRESIDENT AND REOPEN PENNSYLVANIA AVENUE TO TRAFFIC. THE SECRET SERVICE CONTINUES TO MONITOR ALL PROPOSALS AND NEW TECHNOLOGIES TO DETERMINE WHETHER THERE ARE ANY ALTERNATIVES THAT WOULD ADEQUATELY ENSURE THE SAFETY OF THE WHITE HOUSE COMPLEX. AFTER CAREFUL ANALYSIS, THE SECRET SERVICE HAS CONCLUDED THAT OPENING PENNSYLVANIA AVENUE DIRECTLY IN FRONT OF THE WHITE HOUSE WOULD INCREASE THE THREAT TO THE WHITE HOUSE COMPLEX POSED BY AN EXPLOSIVE-LADEN VEHICLE.

WE DO NOT BELIEVE THE CLOSURE OF PENNSYLVANIA AVENUE HAS AFFECTED THE PUBLIC'S ACCESS TO THE WHITE HOUSE. THE WHITE HOUSE COMPLEX IS STILL VISITED BY THOUSANDS OF PEOPLE EACH DAY, AND THE AREA IN FRONT OF THE WHITE HOUSE HAS REMAINED OPEN TO PEDESTRIAN TRAFFIC. THERE ARE SEVERAL DESIGNS THAT HAVE BEEN PROPOSED THAT WOULD MAKE THE SEGMENT OF PENNSYLVANIA AVENUE IN FRONT OF THE WHITE HOUSE A BEAUTIFUL AND INVITING PEDESTRIAN AREA.

OUR JOB IS TO PROTECT THE PRESIDENT, THE WHITE HOUSE, THE PEOPLE WHO WORK IN THE BUILDING, AND THE PEOPLE WHO VISIT IT. THE CLOSING OF PENNSYLVANIA AVENUE IS A REAL PUBLIC SAFETY ISSUE THAT AFFECTS NOT ONLY THE SAFETY OF THE FIRST FAMILY, BUT OF ALL THOSE WHO VISIT AND WORK IN THE AREA AROUND THE WHITE HOUSE. THE OKLAHOMA CITY BOMBING, FOR EXAMPLE, DAMAGED OVER 300 BUILDINGS, INCLUDING TEN STRUCTURES THAT COLLAPSED. ANY DISCUSSION ABOUT REOPENING PENNSYLVANIA AVENUE SHOULD INCLUDE AN OBJECTIVE ASSESSMENT OF RISK.

I AM AWARE THAT THE NATIONAL CAPITAL PLANNING COMMISSION HAS CONVENED A TASK FORCE TO REVIEW THE IMPACT OF SECURITY MEASURES AROUND THE WHITE HOUSE. IT IS MY UNDERSTANDING THAT THIS PANEL IS COMPRISED OF REPRESENTATIVES FROM THE ADMINISTRATION, CONGRESS, AND THE DISTRICT OF COLUMBIA, WHO WILL WORK WITH THE SECRET SERVICE AND OTHER AGENCIES TO REVIEW SECURITY AND LOOK AT WAYS TO MAKE FEDERAL SECURITY LESS INTRUSIVE. THERE MAY BE OTHER INDEPENDENT STUDIES ONGOING. I CAN ASSURE YOU THAT THE DEPARTMENT OF THE TREASURY WILL CONTINUE TO MONITOR THIS ISSUE CAREFULLY, AND WE WILL ASSESS NEW DEVELOPMENTS AS THEY OCCUR.

THE DEPARTMENT OF THE TREASURY REMAINS FULLY COMMITTED TO THE RECOMMENDATIONS OF THE SECRET SERVICE REGARDING SECURITY MEASURES AT THE WHITE HOUSE. THANK YOU.

federal financing bank NEWS
WASHINGTON, D.C. 20220
Press 202-622-2960
FFB 202-622-2450

FEDERAL FINANCING BANK February 28, 2001

Kerry Lanham, Secretary, Federal Financing Bank (FFB), announced the following activity for the month of January 2001.

FFB holdings of obligations issued, sold or guaranteed by other Federal agencies totaled $39.4 billion on January 31, 2001, posting a decrease of $1,226.7 million from the level on December 31, 2000. This net change was the result of a decrease in holdings of agency debt of $963.0 million, in holdings of agency assets of $200.0 million, and in holdings of government-guaranteed loans of $63.7 million. FFB made 65 disbursements during the month of December. FFB also received 10 prepayments in January, and extended the maturity of 109 loans guaranteed by the Rural Utilities Service. In addition, FFB processed 7 refinancings and 4 buydowns during the month of January.

Attached to this release are tables presenting FFB January loan activity and FFB holdings as of January 31, 2001.

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FEDERAL FINANCING BANK
JANUARY 2001 ACTIVITY

Borrower	Date	Amount of Advance	Final Maturity	Interest Rate
AGENCY DEBT				
NATIONAL CREDIT UNION ADMIN. - CLF				
National Credit Union	1/30	$4,000,000.00	4/30/01	5.239% S/A
U.S. POSTAL SERVICE				
U.S. Postal Service	1/02	$67,700,000.00	1/03/01	5.999% S/A
U.S. Postal Service	1/05	$175,000,000.00	1/08/01	5.811% S/A
U.S. Postal Service	1/05	$379,600,000.00	1/08/01	5.246% S/A
U.S. Postal Service	1/08	$400,000,000.00	1/09/01	5.498% S/A
U.S. Postal Service	1/08	$59,800,000.00	1/09/01	5.311% S/A
U.S. Postal Service	1/09	$480,000,000.00	1/10/01	5.246% S/A
U.S. Postal Service	1/09	$160,600,000.00	1/10/01	5.363% S/A
U.S. Postal Service	1/10	$515,300,000.00	1/11/01	5.415% S/A
U.S. Postal Service	1/11	$120,000,000.00	1/12/01	5.363% S/A
U.S. Postal Service	1/11	$241,900,000.00	1/12/01	5.435% S/A
U.S. Postal Service	1/12	$304,200,000.00	1/16/01	5.453% S/A
U.S. Postal Service	1/16	$100,700,000.00	1/17/01	5.509% S/A
U.S. Postal Service	1/19	$165,000,000.00	1/22/01	5.488% S/A
U.S. Postal Service	1/19	$417,900,000.00	1/22/01	5.360% S/A
U.S. Postal Service	1/22	$530,000,000.00	1/23/01	5.404% S/A
U.S. Postal Service	1/22	$359,600,000.00	1/23/01	5.353% S/A
U.S. Postal Service	1/23	$400,000,000.00	1/24/01	5.360% S/A
U.S. Postal Service	1/23	$254,800,000.00	1/24/01	5.363% S/A
U.S. Postal Service	1/24	$195,000,000.00	1/25/01	5.353% S/A
U.S. Postal Service	1/24	$325,300,000.00	1/25/01	5.405% S/A
U.S. Postal Service	1/25	$140,000,000.00	1/26/01	5.363% S/A
U.S. Postal Service	1/25	$165,600,000.00	1/26/01	5.404% S/A
U.S. Postal Service	1/26	$680,000,000.00	1/29/01	5.405% S/A
U.S. Postal Service	1/26	$193,300,000.00	1/29/01	5.298% S/A
U.S. Postal Service	1/29	$92,900,000.00	1/30/01	5.239% S/A
GOVERNMENT-GUARANTEED LOANS				
GENERAL SERVICES ADMINISTRATION				
Chamblee Office Building	1/25	$3,406.96	10/01/26	5.763% S/A
Atlanta CDC Lab	1/25	$2,265,895.21	1/30/02	4.976% S/A
ICTC Building	1/29	$466,192.00	11/02/26	5.734% S/A
DEPARTMENT OF EDUCATION				
Tougaloo College	1/18	$103,020.69	9/04/29	5.505% S/A
Tougaloo College	1/19	$95,508.37	9/04/29	5.443% S/A

FEDERAL FINANCING BANK
JANUARY 2001 ACTIVITY

Borrower	Date	Amount of Advance	Final Maturity	Interest Rate
RURAL UTILITIES SERVICE				
*Allegheny Electric #255	1/02	$3,192,291.59	7/02/01	5.775% Qtr.
*Allegheny Electric #255	1/02	$1,162,288.61	7/02/01	5.775% Qtr.
*Allegheny Electric #255	1/02	$930,365.56	7/02/01	5.775% Qtr.
*Allegheny Electric #255	1/02	$4,760,484.16	7/02/01	5.775% Qtr.
*Allegheny Electric #255	1/02	$1,640,168.38	7/02/01	5.775% Qtr.
*Allegheny Electric #908	1/02	$825,689.49	4/02/01	5.882% Qtr.
*Allegheny Electric #908	1/02	$2,526,547.99	4/02/01	5.882% Qtr.
*Allegheny Electric #908	1/02	$3,731,214.18	4/02/01	5.882% Qtr.
*Allegheny Electric #908	1/02	$1,214,809.40	7/02/01	5.775% Qtr.
*Allegheny Electric #908	1/02	$1,492,906.67	7/02/01	5.775% Qtr.
*Allegheny Electric #908	1/02	$4,128,075.80	7/02/01	5.775% Qtr.
*Allegheny Electric #908	1/02	$3,957,205.92	7/02/01	5.775% Qtr.
*Allegheny Electric #908	1/02	$2,343,043.76	7/02/01	5.775% Qtr.
*Allegheny Electric #908	1/02	$5,008,599.29	7/02/01	5.775% Qtr.
*A & N Electric #584	1/02	$1,982,000.00	4/02/01	5.882% Qtr.
*Big Sand Elec. #540	1/02	$800,000.00	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$3,286,889.20	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$1,459,897.55	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$363,065.68	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$837,433.10	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$1,093,428.16	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$728,154.36	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$418,649.59	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$782,699.40	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$942,588.08	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$303,955.26	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$220,598.75	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$377,841.93	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$221,447.08	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$158,660.66	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$138,224.86	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$75,729.57	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$114,434.40	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$36,831.87	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$1,215,529.44	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$50,568.99	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$243,235.18	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$917,530.70	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$2,748,382.00	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$1,645,931.47	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$986,406.11	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$595,568.00	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$923,036.73	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$501,468.53	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$1,446,952.89	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$1,743,392.98	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$2,042,558.00	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$835,618.67	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$639,280.38	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$422,549.52	4/02/01	5.882% Qtr.

FEDERAL FINANCING BANK
JANUARY 2001 ACTIVITY

Borrower	Date	Amount of Advance	Final Maturity	Interest Rate
*Brazos Electric #917	1/02	$1,133,705.16	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$1,473,054.86	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$2,421,776.85	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$2,592,246.60	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$508,287.69	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$16,446.59	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$867,153.49	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$2,840,913.63	4/02/01	5.882% Qtr.
*Brazos Electric #917	1/02	$2,226,271.79	4/02/01	6.007% Qtr.
*Brazos Electric #437	1/02	$4,148,359.77	4/02/01	6.007% Qtr.
*Brazos Electric #437	1/02	$1,401,870.10	4/02/01	6.007% Qtr.
*Brazos Electric #437	1/02	$317,983.67	4/02/01	6.007% Qtr.
*Brazos Electric #437	1/02	$3,045,965.50	4/02/01	6.007% Qtr.
*Brazos Electric #437	1/02	$1,176,340.26	4/02/01	6.007% Qtr.
*Brazos Electric #561	1/02	$11,085,156.02	4/02/01	5.882% Qtr.
*Brazos Electric #561	1/02	$5,579,415.70	4/02/01	5.882% Qtr.
*Codington-Clark Elec. #551	1/02	$500,000.00	12/31/01	5.278% Qtr.
+Central Elec. Power #923	1/02	$132,532.02	1/03/06	5.009% Qtr.
+Central Elec. Power #923	1/02	$135,633.78	1/03/06	5.009% Qtr.
+Central Elec. Power #923	1/02	$217,162.65	1/03/06	5.006% Qtr.
+Central Elec. Power #923	1/02	$95,633.14	1/03/06	5.006% Qtr.
+Central Elec. Power #923	1/02	$114,392.70	1/03/06	5.006% Qtr.
+Central Elec. Power #923	1/02	$4,686.57	1/03/06	4.999% Qtr.
*Central Elec. Power #624	1/02	$2,920,000.00	4/02/01	5.882% Qtr.
*Central Elec. Power #624	1/02	$2,075,000.00	4/02/01	5.882% Qtr.
*Clark Energy Coop. #611	1/02	$1,000,000.00	1/03/11	5.086% Qtr.
*Clark Energy Coop. #611	1/02	$3,000,000.00	1/03/11	5.086% Qtr.
*Consolidated Eled. #658	1/02	$1,000,000.00	1/02/35	5.417% Qtr.
Delaware County Elec. #682	1/02	$364,000.00	12/31/01	5.277% Qtr.
*Fleming-Mason Energy #644	1/02	$2,600,000.00	4/02/01	5.882% Qtr.
*Farmers Telephone #399	1/02	$1,840,878.37	12/31/01	5.404% Qtr.
*Grayson Rural Elec. #619	1/02	$1,200,000.00	4/02/01	5.882% Qtr.
*Harrison County #532	1/02	$1,000,000.00	4/02/01	5.882% Qtr.
*Harrison County #532	1/02	$900,000.00	4/02/01	5.882% Qtr.
*Inter-County Energy #592	1/02	$1,500,000.00	4/02/01	5.882% Qtr.
*Inter-County Energy #592	1/02	$2,000,000.00	4/02/01	5.882% Qtr.
*Jackson Energy #527	1/02	$2,000,000.00	1/03/11	5.086% Qtr.
*Jackson Energy #527	1/02	$2,000,000.00	1/03/11	5.086% Qtr.
*Johnson County Elec. #482	1/02	$1,600,000.00	12/31/01	5.401% Qtr.
*Meade County Elec. #662	1/02	$1,300,000.00	4/02/01	5.882% Qtr.
*New Horizon Elec. #473	1/02	$5,060,054.21	4/02/01	6.007% Qtr.
*New Horizon Elec. #473	1/02	$1,355,063.78	4/02/01	6.007% Qtr.
*New Horizon Elec. #473	1/02	$2,192,080.75	4/02/01	6.007% Qtr.
*New Horizon Elec. #473	1/02	$6,496,857.45	4/02/01	6.007% Qtr.
*New Horizon Elec. #473	1/02	$3,308,758.95	4/02/01	6.007% Qtr.
*New Horizon Elec. #473	1/02	$6,743,426.20	4/02/01	6.007% Qtr.
*New Horizon Elec. #473	1/02	$1,702,388.38	4/02/01	6.007% Qtr.
*Nolin Rural Elec. #528	1/02	$1,893,000.00	4/02/01	5.882% Qtr.
*Nolin Rural Elec. #577	1/02	$2,583,000.00	4/02/01	5.882% Qtr.
*Oglethorpe Power #445	1/02	$28,067,933.92	12/31/02	5.206% Qtr.

FEDERAL FINANCING BANK
JANUARY 2001 ACTIVITY

Borrower	Date	Amount of Advance	Final Maturity	Interest Rate
*Oglethorpe Power #445	1/02	$22,949,044.43	12/31/02	5.206% Qtr.
*Owen Electric #525	1/02	$3,000,000.00	1/03/34	5.417% Qtr.
*Piedmont Tel. #566	1/02	$271,667.00	1/03/11	5.084% Qtr.
*Saluda River Elec. #472	1/02	$1,263,748.58	4/02/01	6.007% Qtr.
*San Miguel Electric #919	1/02	$8,560,098.76	4/02/01	5.882% Qtr.
*San Miguel Electric #919	1/02	$8,988,203.86	4/02/01	5.882% Qtr.
Southeastern Indiana #496	1/02	$2,150,000.00	1/03/33	5.500% Qtr.
*Shelby Energy Coop. #607	1/02	$1,000,000.00	1/03/06	4.965% Qtr.
*Shelby Energy Coop. #607	1/02	$1,300,000.00	1/03/06	4.965% Qtr.
*Steele-Waseca Coop. #550	1/02	$3,695,000.00	4/02/01	5.882% Qtr.
*Steele-Waseca Coop. #550	1/02	$914,000.00	4/02/01	5.882% Qtr.
*Surry-Yadkin Elec. #534	1/02	$1,000,000.00	4/02/01	5.882% Qtr.
*Surry-Yadkin Elec. #534	1/02	$1,000,000.00	4/02/01	5.882% Qtr.
*Surry-Yadkin Elec. #534	1/02	$500,000.00	4/02/01	5.882% Qtr.
*Surry-Yadkin Elec. #534	1/02	$1,000,000.00	4/02/01	5.882% Qtr.
*Tri-State E.M.C. #503	1/02	$698,405.47	1/03/33	5.541% Qtr.
*Upsala Coop. Tele. #429	1/02	$259,397.16	4/02/01	6.007% Qtr.
Central Power Elec. #451	1/05	$111,000.00	12/31/29	5.497% Qtr.
Hamilton County Elec. #686	1/05	$1,326,000.00	1/02/35	5.385% Qtr.
Morgan County Elec. #539	1/05	$515,000.00	1/03/34	5.383% Qtr.
Grayson Rural Elec. #619	1/08	$600,000.00	7/02/01	4.959% Qtr.
Jackson Energy #527	1/08	$5,000,000.00	3/31/11	4.894% Qtr.
Charles Mix Elec. #630	1/09	$190,000.00	12/31/30	5.330% Qtr.
Ocmulgee Electric #654	1/09	$1,000,000.00	1/02/35	5.347% Qtr.
Inter-County Energy #592	1/11	$2,607,000.00	7/02/01	5.142% Qtr.
Washington Electric #655	1/11	$250,000.00	1/02/35	5.430% Qtr.
Farmer's Rural Elec. #657	1/12	$4,602,000.00	1/02/35	5.491% Qtr.
+Tri-State #915	1/12	$4,610,752.08	1/03/23	5.347% Qtr.
Atchison-Holt Elec. #673	1/17	$698,000.00	1/02/35	5.549% Qtr.
Central Florida Elec. #521	1/17	$3,800,000.00	1/03/33	5.545% Qtr.
Coweta-Fayette Elec. #620	1/17	$13,000,000.00	3/31/08	5.179% Qtr.
S. Central Arkansas #605	1/22	$958,000.00	1/03/34	5.504% Qtr.
Alabama Electric #695	1/23	$129,676,000.00	12/31/25	5.524% Qtr.
Cumberland Electric #623	1/23	$3,500,000.00	3/31/06	4.855% Qtr.
North Star Elec. #495	1/23	$1,402,000.00	1/03/33	5.675% Qtr.
Fleming-Mason Energy #644	1/24	$1,400,000.00	7/02/01	5.138% Qtr.
Grundy County Elec. #689	1/24	$400,000.00	1/02/35	5.600% Qtr.
Jefferson Energy #692	1/24	$8,220,000.00	1/02/35	5.600% Qtr.
Whetstone Valley #571	1/24	$300,000.00	1/02/29	5.588% Qtr.
Farmer's Rural Elec. #657	1/25	$451,000.00	1/02/35	5.617% Qtr.
A & N Electric #584	1/26	$367,000.00	12/31/30	5.562% Qtr.
Citizens Tel (VA) #680	1/26	$336,000.00	12/31/15	5.276% Qtr.
Marlboro Elec. #642	1/26	$1,000,000.00	1/02/35	5.566% Qtr.
Tri-County Elec. TN #647	1/26	$6,200,000.00	3/31/06	4.931% Qtr.
Hawkeye Tri-County Elec. #643	1/29	$608,000.00	1/02/35	5.591% Qtr.
N. Pittsburgh Tele. #449	1/29	$1,552,000.00	12/31/12	5.263% Qtr.
Carbon Power & Light #533	1/30	$1,100,000.00	3/31/16	5.317% Qtr.
Consolidated Eled. #658	1/30	$943,000.00	1/02/35	5.626% Qtr.
Owen Electric #525	1/30	$2,000,000.00	12/31/01	4.753% Qtr.
Primelink #700	1/30	$4,226,000.00	1/03/17	5.351% Qtr.

FEDERAL FINANCING BANK
JANUARY 2001 ACTIVITY

Borrower	Date	Amount of Advance	Final Maturity	Interest Rate
@Dairyland Power #161	1/31	$8,474,275.28	12/31/20	5.519% Qtr.
@Dairyland Power #161	1/31	$15,253,025.20	1/03/22	5.547% Qtr.
@Dairyland Power #173	1/31	$419,748.05	12/31/20	5.519% Qtr.
@Dairyland Power #173	1/31	$1,927,069.64	1/03/22	5.547% Qtr.

S/A is a Semiannual rate.
Qtr. is a Quarterly rate.
@ interest rate buydown
* maturity extension or interest rate reset
+ 306C refinancing

FEDERAL FINANCING BANK HOLDINGS
(in millions of dollars)

Program	January 31, 2001	December 31, 2000	Monthly Net Change 1/1/01- 1/31/01	Fiscal Year Net Change 10/1/00- 1/31/01
Agency Debt:				
U.S. Postal Service	$6,550.0	$7,517.0	-$967.0	-$2,712.0
National Credit Union Adm.-CLF	$4.0	$0.0	$4.0	$4.0
Subtotal*	$6,554.0	$7,517.0	-$963.0	-$2,708.0
Agency Assets:				
FmHA-RDIF	$3,070.0	$3,150.0	-$80.0	-$340.0
FmHA-RHIF	$5,155.0	$5,275.0	-$120.0	-$385.0
DHHS-Medical Facilities	$0.5	$0.5	$0.0	-$0.2
Rural Utilities Service-CBO	$4,326.9	$4,326.9	$0.0	$0.0
Subtotal*	$12,552.4	$12,752.4	-$200.0	-$725.2
Government-Guaranteed Lending:				
DOD-Foreign Military Sales	$2,325.1	$2,355.6	-$30.5	-$65.4
DoEd-HBCU+	$22.5	$22.3	$0.2	$1.8
DHUD-Community Dev. Block Grant	$9.7	$9.8	-$0.2	-$1.1
DHUD-Public Housing Notes	$1,278.7	$1,278.7	$0.0	-$69.8
General Services Administration+	$2,292.8	$2,295.3	-$2.6	-$19.8
DOI-Virgin Islands	$13.6	$14.7	-$1.1	-$1.1
DON-Ship Lease Financing	$949.1	$1,047.5	-$98.4	-$98.4
Rural Utilities Service	$13,197.4	$13,126.1	$71.2	$207.9
SBA-State/Local Development Cos.	$149.7	$152.2	-$2.4	-$9.4
DOT-Section 511	$3.5	$3.5	$0.0	$0.0
Subtotal*	$20,241.9	$20,305.7	-$63.7	-$55.4
Grand total*	$39,348.3	$40,575.0	-$1,226.7	-$3,488.6

* figures may not total due to rounding
\+ does not include capitalized interest

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:30 P.M.
March 21, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY TO AUCTION $11,000 MILLION OF 2-YEAR NOTES

The Treasury will auction $11,000 million of 2-year notes to refund $30,047 million of publicly held securities maturing March 31, 2001, and to pay down about $19,047 million.

In addition to the public holdings, Federal Reserve Banks hold $5,739 million of the maturing securities for their own accounts, which may be refunded by issuing an additional amount of the new security.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of the auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers requested that we reinvest their maturing holdings of approximately $762 million into the 2-year note.

The auction will be conducted in the single-price auction format. All competitive and noncompetitive awards will be at the highest yield of accepted competitive tenders.

The notes being offered today are eligible for the STRIPS program.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about the new security are given in the attached offering highlights.

oOo

Attachment

PO-102

HIGHLIGHTS OF TREASURY OFFERING TO THE PUBLIC OF
2-YEAR NOTES TO BE ISSUED APRIL 2, 2001

March 21, 2001

Offering Amount ....$11,000 million

Description of Offering:
Term and type of security ....2-year notes
Series N-2003
CUSIP number 912827 6V 9
Auction date ....March 28, 2001
Issue date ....April 2, 2001
Dated date ....March 31, 2001
Maturity date ....March 31, 2003
Interest rate ....Determined based on the highest accepted competitive bid
Yield ....Determined at auction
Interest payment dates ....September 30 and March 31
Minimum bid amount and multiples $1,000
Accrued interest payable by investor ....Determined at auction
Premium or discount ....Determined at auction

STRIPS Information:
Minimum amount required $1,000
Corpus CUSIP number ....912820 GZ 1
Due date(s) and CUSIP number(s) for additional TINT(s) ....Not applicable

Submission of Bids:
Noncompetitive bids:
Accepted in full up to $5 million at the highest accepted yield.
Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.
Competitive bids:
(1) Must be expressed as a yield with three decimals, e.g., 7.123%.
(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all yields, and the net long position is $2 billion or greater.
(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Yield ....35% of public offering
Maximum Award ....35% of public offering

Receipt of Tenders:
Noncompetitive tenders: Prior to 12:00 noon eastern standard time on auction day.
Competitive tenders: Prior to 1:00 p.m. eastern standard time on auction day.

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
March 22, 2001

PUBLIC CONTACT: Office of Financing
202-691-3550
MEDIA CONTACT: Office of Public Affairs
202-622-2960

TREASURY DEBT BUYBACK OPERATION RESULTS

Today, Treasury completed a debt buyback (redemption) operation for $1,750 million par of its outstanding issues. A total of 11 issues maturing between February 2023 and November 2027 were eligible for this operation. The settlement date for this operation will be March 26, 2001. Summary results of this operation are presented below.

(amounts in millions)

Offers Received (Par Amount):	$3,750
Offers Accepted (Par Amount):	1,750
Total Price Paid for Issues (Less Accrued Interest):	2,118
Number of Issues Eligible:	
For Operation:	11
For Which Offers were Accepted:	10
Weighted Average Yield of all Accepted Offers (%):	5.395
Weighted Average Maturity for all Accepted Securities (in years):	24.4

Details for each issue accompany this release.

?0-103

March 22, 2001

TREASURY DEBT BUYBACK OPERATION RESULTS

(amounts in millions, prices in decimals)

Table I

Coupon Rate (%)	Maturity Date	Par Amount Offered	Par Amount Accepted	Highest Accepted Price	Weighted Average Accepted Price
7.125	02/15/2023	546	340	122.265	122.142
6.250	08/15/2023	586	10	110.984	110.984
7.500	11/15/2024	371	295	128.093	127.975
7.625	02/15/2025	308	257	129.937	129.776
6.875	08/15/2025	334	163	120.000	119.908
6.000	02/15/2026	300	0	N/A	N/A
6.750	08/15/2026	270	155	118.593	118.538
6.500	11/15/2026	320	155	115.187	115.167
6.625	02/15/2027	110	40	117.078	117.047
6.375	08/15/2027	310	200	113.718	113.658
6.125	11/15/2027	295	135	110.218	110.189

Table II

Coupon Rate (%)	Maturity Date	CUSIP Number	Lowest Accepted Yield	Weighted Average Accepted Yield	Par Amount Privately Held*
7.125	02/15/2023	912810EP9	5.381	5.389	14,369
6.250	08/15/2023	912810EQ7	5.398	5.398	21,106
7.500	11/15/2024	912810ES3	5.384	5.392	8,249
7.625	02/15/2025	912810ET1	5.383	5.393	9,411
6.875	08/15/2025	912810EV6	5.391	5.397	9,916
6.000	02/15/2026	912810EW4	N/A	N/A	11,723
6.750	08/15/2026	912810EX2	5.396	5.400	8,689
6.500	11/15/2026	912810EY0	5.399	5.400	9,574
6.625	02/15/2027	912810EZ7	5.393	5.395	9,020
6.375	08/15/2027	912810FA1	5.394	5.398	8,556
6.125	11/15/2027	912810FB9	5.397	5.399	19,015

Total Par Amount Offered: 3,750

Total Par Amount Accepted: 1,750

Note: Due to rounding, details may not add to totals.

*Amount outstanding after operation. Calculated using amounts reported on announcement.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:30 P.M.
March 22, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $17,000 million to refund $20,262 million of publicly held securities maturing March 29, 2001, and to pay down about $3,262 million.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $9,557 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts awarded to these accounts will be in addition to the offering amount.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers have requested that we reinvest their maturing holdings of approximately $947 million into the 13-week bill and $1,145 million into the 26-week bill.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

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Attachment

PO-104

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED MARCH 29, 2001

March 22, 2001

Offering Amount	$9,000 million	$8,000 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912795 GN 5	912795 HQ 7
Auction date	March 26, 2001	March 26, 2001
Issue date	March 29, 2001	March 29, 2001
Maturity date	June 28, 2001	September 27, 2001
Original issue date	December 28, 2000	March 29, 2001
Currently outstanding	$14,511 million	---
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate ... 35% of public offering

Maximum Award .... 35% of public offering

Receipt of Tenders:

Noncompetitive tenders .. Prior to 12:00 noon eastern standard time on auction day

Competitive tenders ..... Prior to 1:00 p.m. eastern standard time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 2:30 P.M.
March 22, 2001

Contact: Office of Financing
202/691-3550

TREASURY TO AUCTION CASH MANAGEMENT BILLS

The Treasury will auction approximately $40,000 million of 21-day Treasury cash management bills to be issued March 29, 2001.

Tenders will not be accepted for bills to be maintained on the book-entry records of the Department of the Treasury (*TreasuryDirect*).

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of the auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

The auction being announced today will be conducted in the single-price auction format. All competitive and noncompetitive awards will be at the highest discount rate of accepted competitive tenders.

NOTE: Competitive bids in cash management bill auctions must be expressed as a discount rate with two decimals, e.g., 7.10%.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about the new security are given in the attached offering highlights.

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Attachment

PO-105

HIGHLIGHTS OF TREASURY OFFERING
OF 21-DAY CASH MANAGEMENT BILLS

March 22, 2001

Offering Amount .... $40,000 million

Description of Offering:

Term and type of security	21-day Cash Management Bill
CUSIP number	912795 GC 9
Auction date	March 27, 2001
Issue date	March 29, 2001
Maturity date	April 19, 2001
Original issue date	October 19, 2000
Currently outstanding	$60,012 million
Minimum bid amount and multiples ...	$1,000

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a discount rate with two decimals, e.g., 7.10%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate: 35% of public offering
Maximum Award: 35% of public offering

Receipt of Tenders:

Noncompetitive tenders:
Prior to 12:00 noon eastern standard time on auction day

Competitive tenders:
Prior to 1:00 p.m. eastern standard time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

March 23, 2001
FOR IMMEDIATE RELEASE

Contact: Tara Bradshaw
202-622-2960

TREASURY RELEASES LATEST NUMBER OF TAXPAYERS BY STATE

Attached is a state-by-state breakdown of the number of filers who paid income taxes for tax year 1999. The data were compiled by the Internal Revenue Service based on income tax returns filed in the year 2000 for tax year 1999. From these data it is evident that at least 98 million taxpayers stand to benefit from the President's tax relief plan.

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*U.S. Government Printing Office: 1998 - 619-559

Individual Income Tax Returns Filed for 1999 with Income Tax After Non-Refund Credits (Number of returns in thousands)

This table shows the number of returns that had positive income tax (including alternative minimum tax) after non-refundable credits (such as the child credit). This number of taxpayers in each state therefore stands to benefit from the President's tax relief plan.

United States	97,957		
Alabama	1,354	**Missouri**	1,945
Alaska	282	**North Carolina**	2,735
Arizona	1,603	**North Dakota**	231
Arkansas	787	**Nebraska**	631
California	10,957	**Nevada**	730
Colorado	1,633	**New Hampshire**	507
Connecticut	1,374	**New Jersey**	3,231
Delaware	299	**New Mexico**	539
Florida	5,456	**New York**	6,473
Georgia	2,663	**Ohio**	4,417
Hawaii	433	**Oklahoma**	1,047
Idaho	405	**Oregon**	1,192
Illinois	4,493	**Pennsylvania**	4,491
Indiana	2,193	**Rhode Island**	385
Iowa	1,072	**South Carolina**	1,310
Kansas	954	**South Dakota**	263
Kentucky	1,286	**Tennessee**	1,906
Louisiana	1,278	**Texas**	6,384
Maine	465	**Utah**	693
Maryland	2,020	**Vermont**	232
Massachusetts	2,540	**Virginia**	2,619
Michigan	3,600	**Washington**	2,193
Minnesota	1,927	**Wisconsin**	2,087
Montana	299	**West Virginia**	546
Mississippi	786	**Wyoming**	176
		District of Columbia	210
		Other Areas	625

Notes

The figures in the table were tabulated from all individual income tax returns filed and processed through the IRS Individual Master File (IMF) during calendar year 2000. Most returns filed in 2000 were for tax year 1999.

Classification by state was based on the address used on the return. Usually this address is the taxpayer's home address. However, some taxpayers may have used the address of a tax attorney or accountant, or a place of business, and that address could be in a different state than the taxpayer's home.

TREASURY NEWS

FROM THE OFFICE OF PUBLIC AFFAIRS

FOR IMMEDIATE RELEASE
March 18, 2001
PO-107

REMARKS BY THE CHAIRMAN OF THE BOARDS OF GOVERNORS OF THE INTER-AMERICAN DEVELOPMENT BANK AND THE INTER-AMERICAN INVESTMENT CORPORATION AT THE SANTIAGO INAUGURAL SESSION
William E. Schuerch

President Iglesias, my fellow Governors, ladies and gentlemen:

1. I would like to begin by thanking the Chilean authorities and Minister Nicolas Eyzaguirre for hosting this meeting and on behalf of President Iglesias and fellow Governors to say how pleased we are to be in the beautiful city of Santiago.
2. The United States would like to express its appreciation for the honor of chairing the Board of Governors during a challenging and successful year for Latin America and the Caribbean and for the Inter-American Development Bank.
3. During the campaign, President Bush promised to look to the South "as a fundamental commitment" of his presidency and to make the next hundred years the "Century of the Americas." Increased trade, free-markets and democracy are at the heart of President Bush's strategy to achieve this goal. President Bush desires an equal partnership with all of the countries in Latin America based on mutual respect and trust. Secretary O'Neill and the entire Treasury team are strongly committed to working with each partner country to make the Inter-American Development Bank even more effective at development and poverty reduction. The U.S. has always played an important role in the success and effectiveness of the IDB, and the new Administration will continue its leadership and support for reform and growth.
4. Last year in New Orleans, we reflected on what the previous decade had meant to Latin America, on how it was a period of reform, a period when governments began to embrace free markets and global integration. Even during times of difficulty, when reform historically has waned, many governments pushed forward.
5. And the reward for this reform was growth. Latin America's GDP grew just shy of 4 percent per year in the 1990s, well above the 2.2 percent of the Eighties.

    - Brazil's balance of payments crisis just two years ago was greatly diminished due to appropriate and quickly implemented policies that reassured both investors and consumers. Today, Brazil is expected to have one of the highest growth rates and lowest inflation rates in the region.

- In 1998, when sinking oil prices jeopardized Mexico's budget deficit target, the government cut spending on three different occasions. Market confidence increased, and Mexico received an investment grade rating in March 2000.

- And of course, Chile stands out as an example of how appropriate policies can alter the course of an economy. I first visited Chile in 1981, when the face of economic hardship could be seen in the empty shops and closed down businesses. That is clearly not the case today. Now we see a vibrant economy nurtured by extensive, sustained economic reforms.

6. Unfortunately, there is a danger that governments will think that the reforms undertaken and the economic resiliency achieved over the past decade need only be maintained, that increased market openness is unnecessary or, even worse, at odds with social development. This is particularly relevant as elections approach in many countries in the region. If there is one lesson we should have learned from the efforts made over the past several years, it is that prudent macroeconomic policies, an open trading environment, and healthy financial markets are necessary conditions for strong and sustainable growth. We have also learned that growth, if it is to last, can be -- and must be -- accompanied by policies that ensure that benefits are shared by all segments of society.

Fiscal and Monetary Discipline

Highlighting the importance of prudent fiscal and monetary policy to an audience such as this is stating the obvious. Many countries in the region have had to undertake painful but necessary steps to compensate for a history of fiscal or monetary excess. Yet, even as fiscal deficits shrink throughout much of the region, even as inflation continues to decline to levels generally on par with many industrialized nations, the markets still require a premium for past digressions. Only by continually showing progress will this premium be reduced. To backslide now would be a tragedy.

Trade and Integration

8. Trade with this hemisphere is a priority for President Bush. As the former governor of a major border state, he has seen the free exchange of goods and services across borders spark economic growth, opportunity, dynamism, fresh ideas and democratic values. He understands that trade liberalization can enable countries to benefit from expanding regional and global trade and can help boost our collective recovery from the present economic slowdown. For these reasons, President Bush has recently reaffirmed the United States Government's strong commitment to trade negotiations such as a Free Trade Agreement with Chile and renewal of the Andean Trade Preference Act. The Bush Administration is also looking forward to upcoming discussions on the

Free Trade Area of the Americas at the Buenos Aires Trade Ministerial and the Quebec Summit of the Americas.

National Balance Sheets

9.But prudent fiscal management is not a sufficient condition for economic growth and resiliency. Governments need to focus beyond their own balance sheets, to the economic health of the private sector and the nation overall.

10.International capital flows, particularly to the private sector, can greatly increase productive capacity by directing resources optimally. But with such benefits come risks, namely the exposure of banks, finance companies and individual firms to a loss of investor confidence or a sudden drying up of capital. Government authorities must develop policies and regulations that maintain the benefits of international capital flows while discouraging risky private sector behavior.

Strengthening Financial Systems

11. Efforts to strengthen financial sectors are also vital. Latin American countries were ahead of the curve when they committed in 1997 to implement the Basle Core Principles. This relative strength of Latin banks is one reason the region survived the financial turmoil of the past years with less damage than elsewhere.
12. But more can and needs to be done. Latin American financial markets are, by and large, relatively small and underdeveloped. Investment in domestic financial institutions has often been limited by inadequate legal protection for property rights or by less than robust regulatory and supervisory frameworks. These changes will take time to develop but must begin now if the financial systems are to encourage rather than impede growth.
13. Countries must work to implement high quality international standards to bring their economies in line with best practices. Assessing where each of us stands through the IMF and World Bank Report on Observance of Standards and Codes (ROSC) programs is a good start.
14. The Financial Sector Assessment Program (FSAP) can also provide an even more detailed assessment of the overall financial sector, including potential vulnerabilities and potential development needs.

CHFI

15.The Committee on Hemispheric Financial Issues was established in 1994 as a forum where Finance Ministers of the Hemisphere could meet and discuss relevant economic and financial issues. We will meet in Toronto in early April to discuss surveillance, globalization challenges, and the continuing work needed in good governance.

Sound Policies, Transparency and Corruption

16.As our economies become more integrated with each other, there is an increasing need to work individually and jointly to improve governance and transparency of national institutions to foster greater growth and stability. More can be done to deal with corruption, which adversely affects

investment, public revenues, growth, and development.
Role of the IDB

17. The United States regards the IDB as a key player in promoting sound, sustainable economic growth and improvement in living standards. We strongly support the role that the Bank plays in promoting national and regional development. Working with all its shareholders, the IDB has a tremendous opportunity to help shape the way in which its borrowing members address the common goals of sustained growth and poverty reduction.
18. Important progress has been made in the past few years in achieving key goals of the 8^{th} Replenishment. We agree with focusing implementation on four areas: social sector reform, modernization of the state, competitiveness and regional integration. Implementation, however, must promote our fundamental goals of poverty reduction, social equity and environmentally sustainable growth.
19. The Bank's contribution to private sector development also has been enhanced. The Inter-American Investment Corporation (IIC), reinvigorated through the recent replenishment, is now welcoming five new members. Its promotion of small and medium enterprise is important to the Bank's poverty reduction mission. The Multilateral Investment Fund (MIF) plays a unique role by financing small, targeted programs that play a critical role in improving the environment for private sector growth, particularly for small and micro enterprises.

Review of Policies and Instruments

20. Just as the region continues to face challenges, so too does the Bank. Looking to the future, we need to be sure that the IDB's range of policies and lending and non-lending instruments are meeting today's needs and are ready for tomorrow's challenges. We welcome the recent discussion papers and are ready to consider these and related MDB reform issues in the context of a Governors' working group. We must keep in mind that the world increasingly asks if development assistance really works. Taxpayers are increasingly skeptical and frustrated with development programs that fail to achieve results. "Are we getting what we've paid for?" is a legitimate question that needs a solid answer, particularly as we consider new lending programs, which propose to move even further away from traditional investment approaches.
21. Appropriate Instruments. The appropriateness of existing instruments to meet borrower development needs is an important question which includes consideration of the need to increase the policy-based lending guidelines beyond the current 15 percent. Some countries increasingly seek loans with extremely short disbursement periods - substantially less than three years. These accelerated disbursement patterns themselves pose special challenges for prudential financial management of the Bank.
22. Country Programming should be the key mechanism for identifying needs, setting priorities, and defining the Bank's role. While the process has been strengthened, more needs to be done to ensure the relevancy of the Bank's Country Papers and to make them more accessible to those affected by Bank

programs.

23. Governance and Corruption. Another fundamental challenge to the Bank is to strengthen accountability, transparency, due diligence and performance of fiduciary obligations. In all areas of its operations, the IDB must be above reproach. We expect quick and aggressive implementation of the recently approved anti-corruption strategy and action plan. More work should target improved transparency and accountability of public sector management.
24. IDB Role in Higher Income Countries. We also believe that the Bank needs to review its policy regarding borrowing by high-income countries that have strong likelihood of market access and have social and economic institutions comparable to those of developed countries. Such countries should rely primarily on market finance. We call upon the Bank to set out a spectrum of options for consideration - including selective access and establishing price differentiation.

HIPC Debt Relief

25. Finally, let us recognize that the Bank and shareholders have made important progress this past year in ensuring the financing for the IDB's full participation in the enhanced HIPC initiative. We now have an agreement fostered by the Bank providing a financial framework that covers not only the IDB's HIPC costs but also much of the needed assistance to sub-regional financial institutions. President Bush's commitment to this process is reflected by the inclusion of the full United States contribution in our current budget proposals. The broad participation in this agreement by institutions and shareholders celebrates our solidarity to assist the poorest countries.
26. The United States ends this year as chair of the Board of Governors, pleased with the good progress made in the Bank's work and continuing in its commitment to the Western Hemisphere. We look forward to working with Chile as the next chair to continue the important work of the Bank - an institution that greatly benefits from the leadership of President Enrique Iglesias and Executive Vice President Burke Dillon. Thank you.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASES
March 25, 2001

Contact: Treasury Public Affairs
(202) 622-2960

O'Neill to Divest Alcoa Holdings

In order to ensure that there at no bounds placed on him in addressing all issues related To the nation's economic health, Treasury Secretary Paul O'Neill Friday instructed his counsel to Begin divesting his holdings in securities of individual companies, including Alcoa aluminum.

O'Neill based his decision on his recognition that there is essentially no limit to the range Of policy issues that impact the US economy and therefore come before him for review. "I never want to be in a position where I can't advise the President as he makes a decision that's crucial to the health of the US economy, " said O'Neill.

Secretary O'Neill has instructed his counsel to prepare a new commitment letter for the Office of Government Ethics. The letter will pledge to terminate the Secretary's holdings in securities of individual companies, including Alcoa Aluminum. It will also reaffirm an earlier commitment to recuse the Secretary from those extremely limited matters that that could directly and predictably affect Alcoa's ability to fulfill its pension obligations to Mr. O'Neill.

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U.S. Government Printing Office: 1998 - 619-559

PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
March 26, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Term:	91-Day Bill
Issue Date:	March 29, 2001
Maturity Date:	June 28, 2001
CUSIP Number:	912795GN5

High Rate: 4.200% Investment Rate 1/: 4.305% Price: 98.938

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 15%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 19,046,350	$ 7,602,850
Noncompetitive	1,277,046	1,277,046
FIMA (noncompetitive)	122,000	122,000
SUBTOTAL	20,445,396	9,001,896 2/
Federal Reserve	5,359,929	5,359,929
TOTAL	$ 25,805,325	$ 14,361,825

Median rate 4.165%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 4.135%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 20,445,396 / 9,001,896 = 2.27

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,036,324,000

http://www.publicdebt.treas.gov

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
March 26, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Term:	182-Day Bill
Issue Date:	March 29, 2001
Maturity Date:	September 27, 2001
CUSIP Number:	912795HQ7

High Rate: 4.120% Investment Rate 1/: 4.266% Price: 97.917

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 42%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 22,383,927	$ 6,311,917
Noncompetitive	1,436,222	1,436,222
FIMA (noncompetitive)	259,000	259,000
SUBTOTAL	24,079,149	8,007,139 2/
Federal Reserve	4,197,375	4,197,375
TOTAL	$ 28,276,524	$ 12,204,514

Median rate 4.100%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 4.095%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

Bid-to-Cover Ratio = 24,079,149 / 8,007,139 = 3.01

1/ Equivalent coupon-issue yield.
2/ Awards to TREASURY DIRECT = $1,201,706,000

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 9:20 A.M. EDT
Remarks as Prepared for Delivery

Address by
Treasury Secretary Paul O'Neill
to the
National Association of Business Economists
March 27, 2001

Good morning.

The American economy will remain the great engine of prosperity for the world because innovation thrives here. If you have a good idea, this will always be the best place to make it happen.

Why is this true? Because we have amazing flexibility in our capital and labor markets, broader and deeper capital markets that match resources to good ideas faster than anywhere else in the world, creating greater return on capital here than anywhere else in the world. We have the world's most productive workers and the world's freest labor markets. Free markets, productive labor and lower taxes will in turn keep capital flowing here, even during a downturn like the one we are experiencing today.

The strength of the U.S. economy is not to be found in any one asset price or any one number. The strength of the U.S. economy is in the flexibility and adaptability with which our markets and our people develop new ideas and respond to new challenges.

Before we assess the current economic slow down I think it is important to put it in the proper perspective. Of course you all know that this recent slowdown is still part of the longest economic expansion in American history. That expansion began in March 1991, a full 10 years ago!

PO-111

Our key challenge is to keep the US economy on the path to the highest possible sustainable real rate of growth over the next 25 to 50 years. Perhaps the single most important thing in economic policy is that we work to keep ourselves on a track of real growth rates at the upper end of what most people believe is possible, because without that we are so hobbled in doing the other things that we care about as a society. Growth makes our other goals more easily attainable, whether its retirement security or income security. And reducing marginal tax rates is one of the most important contributions to growth we can now make.

We've been doing pretty well, both recently and for the last 20 years.

The US economy has been the envy of the world because of the high rates of real growth that we have achieved for most of the last two decade. Even in recent years, real GDP growth accelerated to more than 4 percent a year since 1995 and the unemployment rate fell to the lowest in 30 years. This occurred even as the inflation rate remained low and stable, with consumer prices rising just 2-1/2 percent a year over the last five years.

America prospers because of the flexibility and adaptability of US markets. That is government's role – to ensure the continued ability of US markets to adapt to new circumstances, rise to new challenges, and embrace new ideas.

America's ever-increasing prosperity began in the early 1980s with the tax cuts, deregulation and free-trade policies of the Reagan administration. I would take you back to 1980. There were lots of us out there in the world that makes real things who went and looked at the rate of progress in some other countries around the world and were startled to find that, while we were beating our breasts about how good we were, they were better. Let me tell you, fear of competition and failure is a strong motivator. And we rose to the challenge. We incorporated good ideas we discovered elsewhere, like just in time delivery. We welcomed new technology to increase productivity.

And now out in the world where people make real goods, the US has recaptured the lead and we are not ever going to back down again. We are determined to lead the world. That is how we have actually gotten the huge tax surpluses we have in Washington today. They've come from hard-working Americans making things, creating jobs, improving productivity and achieving higher wages.

The U.S. economy has experienced an extraordinary pickup in productivity growth during the past five years. Since the end of 1995, the productivity of labor in the non-farm business economy has averaged a 2.9 percent annual rate – the strongest performance for any five-year period since 1968 and more than double the 1.4 percent rate averaged from 1973 through 1995.

Growth of productivity has helped keep labor costs per unit of output under control. Unit labor costs have risen at only a 1.5 percent annual rate over the past five years, compared to 4.5 percent from 1973-95. Even so, in real terms hourly compensation has risen by 2.0 percent annually during the past five years, up from 0.7 percent during the 1973-95 period, creating a virtuous cycle of low inflation yielding high real wage gains without forcing compensation costs higher.

To what can we attribute the revitalization of productivity growth? Some of these improvements are due to the expanding role of information and communications technology in the economy.

More important has been the mentality of the American people who saw the promise of this new technology. Lowering taxes and cutting red tape since 1980 has created an atmosphere where the rewards to hard-work and risk-taking inspire scientists, entrepreneurs, and investors to new heights of achievement.

Assessing the recent slowdown

We must view the current slowdown within the broader context of recent economic performance:

- The U.S. economy is fundamentally sound, with low inflation and low unemployment.

- Although equity markets have been unsettled recently, we need to recognize that broad equity measures still have tripled in value over the past decade.
    - Let's not make the mistake of focusing on what's easy to measure rather than what's important. Strength of US economy is not reflected in any one asset price or number but in the flexibility and adaptability of our entire economy to new challenges.

The recent slowdown occurs against the backdrop of this fundamental soundness and follows on the heels of the extraordinary real growth of recent years – with real GDP growth averaging in excess of 4 percent per year over the past 5 years.

But the U.S. economy also faces real challenges. The investment boom of recent years masked the detrimental effects of over-taxation.

Neglect of the energy sector opened the way to a painful increase in prices and in some cases outright shortages.

We know the keys to creating growth and prosperity

- Stable government policy.
- Tax reduction and debt reduction strategies.
- Maintaining price stability
- Increasing efficiency through regulatory reform

- Investment in human capital, the source of the ideas for technological improvement and productivity gains;
- Open markets, which give consumers access to the best goods and the lowest prices in the world; allow our workers and businesses to compete and be the best in the world; and allow our farmers to be the most efficient and feed the world. An estimated 12 million jobs depended on exports last year, or one out of every eleven.
- Global price pressures force companies to continuously improve. And 95 percent of the world's consumers live outside our borders. So free trade is extremely important to maintaining US productivity.

Policy prescriptions

Right now, we must pursue economic policies that address the short-term slowdown while laying the groundwork for long-term growth. I think, far and away, cutting marginal tax rates is the cleanest and simplest instrument that we have available to have an impact quickly. And we must cut every rate. Today, 17 million business owners and entrepreneurs are taxed under the individual income tax rates. Many of them are taxed at the highest rate, 39.6%. These small businesses are the engines of growth and job creation in our economy. Yet today our tax code punishes them with the highest marginal tax rate. Returning to strong growth requires that these entrepreneurs keep more of their own money to invest in new workers and new technology.

The President's tax relief package structurally reforms a tax code that is taking too much from working Americans and placing a drag on our economy. The President asked the Congress to pass his tax relief package quickly, and make it more retroactive. I've been working with the Congress to figure out how we can do just that – because retroactivity and rate reform will provide a short-term stimulus and enhance long-term growth.

Some suggest we send a rebate to the taxpayers now, and stop there. That's not good enough. I was here when we tried that in 1975, and it just didn't work. If we want to change consumption patterns, we need to make a permanent change in people's tax burdens.

The current short-term slowdown in the economy does not change the fact that Washington will bring in enormous surpluses over the next ten years if we do not reform the tax code. The economic assumptions underlying the $5.6 trillion surplus estimate anticipated a slowdown in growth during the next two fiscal years. Our forecasts are right in the middle of the range of private sector forecasts available today.

I'm therefore confident that enacting the President's tax plan is fiscally responsible. And even after providing $1.6 trillion in tax relief and locking away the $2.6 trillion Social Security surplus, we maintain a responsible cushion in case of unexpected needs. And we'll pay down every possible dollar of publicly held debt over the next 10 years. It's time to get money out of Washington that would otherwise be spent on bigger government, and leave it with the people who earned it and know better how to spend it productively.

We have additional work to do, reforming Social Security to protect current and future retirees and increase the savings potential of younger working Americans; and improving the productivity of our health care system to increase patient care while reducing skyrocketing costs.

We must also expand trade and work to improve growth in other vital economies around the world. With regard to Japan, it is crucial for the second largest economy in the world to return to a path of strong and stable growth. I will save that for a later date, and simply point out how crucial it is to the standard of living around the world that the second largest economy in the world return to a path of stable growth.

I'm looking forward to helping the President with his trade initiatives later this year. It seems to me so obvious that we are sufficiently good and should hold ourselves to a high enough standard that we should not fear absolute free trade. In the right kind of world, in the world that we should dream of, we should be thinking free trade, absolute free trade without trade and tariff barriers, anywhere.

Together, these initiatives can help to ensure that the current slowdown is short-lived. And they will lay the groundwork for another consumer-led expansion and a new golden age of prosperity here and around the globe.

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PUBLIC DEBT NEWS
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TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
March 27, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 21-DAY BILLS

Term:	21-Day Bill
Issue Date:	March 29, 2001
Maturity Date:	April 19, 2001
CUSIP Number:	912795GC9

High Rate: 4.93 % Investment Rate 1/: 5.02 % Price: 99.712

All noncompetitive and successful competitive bidders were awarded securities at the high rate. Tenders at the high discount rate were allotted 27%. All tenders at lower rates were accepted in full.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 59,555,000	$ 40,009,800
Noncompetitive	0	0
TOTAL	$ 59,555,000	$ 40,009,800

Median rate 4.90 %: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low rate 4.85 %: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

BID-TO-COVER RATIO = 59,555,000 / 40,009,800 = 1.49
NO FIMA NONCOMPETITIVE BIDS WERE TENDERED IN TODAY'S AUCTION.

1/ Equivalent coupon-issue yield.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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U.S. International Reserve Position 3/27/01

The Treasury Department today released U.S. reserve assets data for the week ending March 23, 2001. As indicated in this table, U.S. reserve assets totaled $64,439 million as of March 23, 2001, down from $65,247 million as of March 16, 2001.

(in US millions)

I. Official U.S. Reserve Assets		March 16, 2001			March 23, 2001		
	TOTAL		65,247			64,439	
		Euro	Yen	TOTAL	Euro	Yen	TOTAL
1. Foreign Currency Reserves [1]							
a. Securities		5,311	10,727	16,037	5,319	10,746	16,065
Of which, issuer headquartered in the U.S.				0			0
b. Total deposits with:							
b.i. Other central banks and BIS		8,953	4,644	13,597	8,958	4,652	13,610
b.ii. Banks headquartered in the U.S.				0			0
b.ii. Of which, banks located abroad				0			0
b.iii. Banks headquartered outside the U.S.				0			0
b.iii. Of which, banks located in the U.S.				0			0
2. IMF Reserve Position [2]				13,746			*13,271*
3. Special Drawing Rights (SDRs) [2]				10,821			*10,447*
4. Gold Stock [3]				11,046			11,046
5. Other Reserve Assets				0			0

1/ Includes holdings of the Treasury's Exchange Stabilization Fund (ESF) and the Federal Reserve's System Open Market Account (SOMA), valued at current market exchange rates. Foreign currency holdings listed as securities reflect marked-to-market values, and deposits reflect carrying values.

2/ The items, "2. IMF Reserve Position" and "3. Special Drawing Rights (SDRs)," are based on data provided by the IMF and are valued in dollar terms at the official SDR/dollar exchange rate for the reporting date. The IMF data for March 16 are final. The entries in the table above for March 23 (shown in italics) reflect any necessary adjustments, including revaluation, by the U.S. Treasury to the prior week's IMF data.

3/ Gold stock is valued monthly at $42.2221 per fine troy ounce. Values shown are as of February 28, 2001. The January 31, 2001 value was $11,046 million.

U.S. International Reserve Position (cont'd)

II. Predetermined Short-Term Drains on Foreign Currency Assets	March 16, 2001	March 23, 2001
1. Foreign currency loans and securities	0	0
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the U.S. dollar:		
2.a. Short positions	0	0
2.b. Long positions	0	0
3. Other	0	0

III. Contingent Short-Term Net Drains on Foreign Currency Assets	March 16, 2001	March 23, 2001
1. Contingent liabilities in foreign currency	0	0
1.a. Collateral guarantees on debt due within 1 year		
1.b. Other contingent liabilities		
2. Foreign currency securities with embedded options	0	0
3. Undrawn, unconditional credit lines	0	0
3.a. With other central banks		
3.b. With banks and other financial institutions headquartered in the U.S.		
3.c. With banks and other financial institutions headquartered outside the U.S.		
4. Aggregate short and long positions of options in foreign currencies vis-à-vis the U.S. dollar	0	0
4.a. Short positions		
4.a.1. Bought puts		
4.a.2. Written calls		
4.b. Long positions		
4.b.1. Bought calls		
4.b.2. Written puts		

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED UNTIL 9:00 A.M.
March 28, 2001

PUBLIC CONTACT: Office of Financing
202-691-3550
MEDIA CONTACT: Office of Public Affairs
202-622-2960

TREASURY ANNOUNCES DEBT BUYBACK OPERATION

On March 29, 2001, the Treasury will buy back up to $1,000 million par of its outstanding callable issues with final maturity between February 2010 and November 2014. Treasury reserves the right to accept less than the announced amount.

This debt buyback (redemption) operation will be conducted by Treasury's Fiscal Agent, the Federal Reserve Bank of New York, using its Open Market operations system. Only institutions that the Federal Reserve Bank of New York has approved to conduct Open Market transactions may submit offers on behalf of themselves and their customers. Offers at the highest accepted price for a particular issue may be accepted on a prorated basis, rounded up to the next $100,000. As a result of this rounding, the Treasury may buy back an amount slightly larger than the one announced above.

This debt buyback operation is governed by the terms and conditions set forth in 31 CFR Part 375 and this announcement.

The debt buyback operation regulations are available on the Bureau of the Public Debt's website at www.publicdebt.treas.gov.

Details about the operation and each of the eligible issues are given in the attached highlights.

oOo

Attachment

PO-114

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
March 28, 2001

Contact: Tara Bradshaw
(202)622-2960

O'NEILL STATEMENT ON THE DEATH TAX

Today, Treasury Secretary Paul O'Neill reiterated President Bush's steadfast support for elimination of the death tax.

"The President made a compelling case for eliminating the unfair death tax. Government has no business confiscating the legacy parents work their entire lives to build for their children," said O'Neill.

Secretary O'Neill looks forward to the House Ways and Means Committee mark-up of death tax repeal tomorrow.

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TREASURY/COMMERCE LETTER TO EUROPEAN COMMISSION ON MODEL CONTRACTS

Mr. John Mogg
Director General
Internal Market Directorate General
European Commission
Rue de la Los 200
B-1049 Brussels
Belgium

We are writing to reinforce our concerns over the proposed standard contract clauses as described in the Treasury- Commerce joint letter on February 16, 2001.

Over the last year, U.S. financial institutions have been implementing new consumer privacy protections mandated by the Gramm-Leach-Bliley Act of 1999. In the coming months, the U.S. Treasury Department would like to resume negotiations with the EU Commission on the adequacy of data protections provided by U.S. laws governing the financial services sector.

We are concerned future negotiations for the financial services sector may be adversely affected by the Commission's proposal to adopt standard clauses for contracts goveming data transfers from firms in the EU to firms in other countries. The standard clauses incorporate duties and liabilities that are not found in the directive. We recognize the model contracts are not the only means to meet the requirements of the directive. Still, we believe there is a serious danger the adoption of the standard clauses as drafted will create a de facto standard that would raise the bar for U.S. and foreign firms that might be covered by other agreements -- including any arrangement resulting from Treasury's financial services negotiations.

In short, we share the concern of a number of multinational firms that the adoption of the proposed standard clauses will introduce uncertainty about the use of contracts.

The proposed standard clauses are not a workable alternative model. They impose unduly burdensome requirements that are incompatible with real world operations. While revisions and improvements have been made since the standard contract clauses were presented for comment in September 2000, the revision process has not been transparent to those seeking participation.

We urge the Commission to provide more time for an open exchange of views with the private sector, impacted countries, and other stakeholders, especially given the above concerns. In light of our broad concerns and the specific implications for future Treasury negotiations on adequacy, it is our view that the Commission should defer consideration of the standard contract clauses.

It is in the interest of both the U.S. and the EU to ensure that neither side adopts new measures that will weaken the prospects for reaching an agreement on an adequacy finding for the U.S. financial services sector. We appreciate your consideration of our views and look forward to further discussions on these issues in the coming months.

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Sincerely,

Donald V. Hammond
Acting Under Secretary
(Domestic Finance)

Bernard Carreau
Acting Under Secretary for
International Trade
U.S- Department of Commerce

HTML>

DEPARTMENT OF THE TREASURY

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FOR IMMEDIATE RELEASES
March 28, 2001

Contact: Tara Bradshaw
(202) 622-2960

J. D. FOSTER JOINS OFFICE OF TAX POLICY AT THE TREASURY DEPARTMENT

On March 27, J. D. Foster joined the Office of Tax Policy as the Senior Advisor (Economics) to Assistant Secretary (Tax Policy) Mark Weinberger. In that position, he is responsible for providing policy analysis and advice on economic and tax policy issues.

"J.D. is well known in the economic and political communities for his experience and knowledge in economic and tax policy analysis," stated Mark Weinberger. "We look forward to the guidance and perspective he brings to our tax policy team."

Before coming to Treasury, Foster was the Legislative Director and Economic Counsel to the Honorable Philip M. Crane, Vice-Chairman of the House Ways and Means Committee and prior to that Executive Director and Chief Economist of the Tax Foundation, a non-profit research and education organization. In that latter position, he was the author of many articles and editorials on public finance and tax policy especially relating to international tax policy, tax reform, capital formation, and education. Prior to joining the Tax Foundation, Foster provided economic counsel and advice to the President's Council of Economic Advisers, Senators Don Nickles, Steve Symms, and Bill Armstrong, and the Institute for Research on the Economics of Taxation.

Foster is a graduate of the University of Colorado holding a B.A. in Economics and a B.A. in Mathematics. He received his M.A. in Economics from Brown University and his Ph.D. in Economics from Georgetown University.

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PUBLIC DEBT NEWS

Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

TREASURY SECURITY AUCTION RESULTS
BUREAU OF THE PUBLIC DEBT - WASHINGTON DC

FOR IMMEDIATE RELEASE
March 28, 2001

CONTACT: Office of Financing
202-691-3550

RESULTS OF TREASURY'S AUCTION OF 2-YEAR NOTES

Interest Rate:	4 1/4%	Issue Date:	April 02, 2001
Series:	N-2003	Dated Date:	March 31, 2001
CUSIP No:	9128276V9	Maturity Date:	March 31, 2003

High Yield: 4.300% Price: 99.905

All noncompetitive and successful competitive bidders were awarded securities at the high yield. Tenders at the high yield were allotted 4%. All tenders at lower yields were accepted in full.

Accrued interest of $ 0.23224 per $1,000 must be paid for the period from March 31, 2001 to April 02, 2001.

AMOUNTS TENDERED AND ACCEPTED (in thousands)

Tender Type	Tendered	Accepted
Competitive	$ 29,578,820	$ 9,875,815
Noncompetitive	1,131,090	1,131,090
SUBTOTAL	30,709,910	11,006,905 1/
Federal Reserve	3,666,667	3,666,667
TOTAL	$ 34,376,577	$ 14,673,572

Median yield 4.285%: 50% of the amount of accepted competitive tenders was tendered at or below that rate. Low yield 4.240%: 5% of the amount of accepted competitive tenders was tendered at or below that rate.

BID-TO-COVER RATIO = 30,709,910 / 11,006,905 = 2.79
NO FIMA NONCOMPETITIVE BIDS WERE TENDERED IN TODAY'S AUCTION. THE STRIPS MINIMUM AMOUNT FOR THIS NOTE IS $1,000.

1/ Awards to TREASURY DIRECT = $912,123,000

DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED FOR DELIVERY
March 29, 2001

Contact: Tara Bradshaw
(202)-622-2960

STATEMENT OF KENNETH W. DAM NOMINEE TO BE DEPUTY SECRETARY OF THE TREASURY TO THE COMMITTEE ON FINANCE UNITED STATES SENATE

Chairman Grassley, Ranking Member Baucus, and members of the Senate Finance Committee, I am grateful for the opportunity to appear before you today in connection with my nomination to be Deputy Secretary of the Treasury. I am honored that President Bush has asked me to serve in this important position, and I thank you for the privilege of appearing before you today.

Mr. Chairman, I have a deep and great respect for public service. And while I could not imagine the road my career would take when I grew up on a small farm in Kansas, among my other life experiences I have been most fortunate to serve our country and to make close friends during my years with the federal government. Here is how I arrived before you today:

After graduating from the University of Chicago Law School in 1957, I served as a law clerk to U.S. Supreme Court Justice Charles Whittaker and then joined a New York law firm. I became a faculty member of the University of Chicago Law School in 1960, and in 1971 I left to become Assistant Director of the Office of Management and Budget for national security and international affairs. After two years, I was appointed Executive Director of the Council on Economic Policy, responsible for coordination of U.S. domestic and international economic policy, under the leadership of the Chairman of that Council, George P. Shultz.

I returned to the University of Chicago Law School at the end of 1973 and was named Provost of the University in 1980. In 1982, I was appointed Deputy Secretary of State. After three years of implementing President Reagan's foreign policy initiatives, I departed for IBM, where I worked as a corporate vice president until 1992.

In 1992, I took a leave from IBM to serve, on an interim basis, as president and CEO of the United Way of America in order to clean up a scandal in that organization and to put into place a new system of controls and governance. Once I accomplished that goal, I returned to the teaching of law.

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Members of the committee, this nomination appeals to me for three fundamental reasons.

First, I believe deeply in President Bush's vision for economic prosperity and security for our nation. I strongly support the tenets of his plan: tax cuts that tear down the barriers to the middle class, debt reduction, and a secure Social Security system. In addition, I would like the opportunity to be an active advocate for the President, who understands our nation's international role and its responsibility for a more open and vibrant world economy.

Second, I look forward to the prospect of working side by side again with my long-time friend Paul O'Neill. In a distinguished career, Paul has earned a reputation as a straight shooter, an innovator, and a deep thinker. I value his conviction and leadership, and I would be proud to serve with him again.

And third, I would be privileged to join the ranks of the Treasury Department, whose employees are known throughout government for their dedication and professional excellence. The Department boasts a rich legacy, and I hope to gain your agreement to allow me to be associated with that heritage.

Thank you once again, Mr. Chairman, for the privilege of appearing before this committee. If I am confirmed, I assure you that I will work closely and with enthusiasm with you and the members of the Committee in the coming months. I would be pleased to respond to questions.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED FOR DELIVERY
March 29, 2001

Contact: Tara Bradshaw
(202) 622-2960

STATEMENT OF DAVID D. AUFHAUSER NOMINEE TO BE GENERAL COUNSEL TO THE COMMITTEE ON FINANCE UNITED STATES SENATE

Thank you Mr. Chairman, Senator Baucus and Members of the Committee for the opportunity to appear before you today. I am honored to be President Bush's nominee to serve as General Counsel of the Department of the Treasury and I am particularly grateful to Secretary O'Neill for recommending me to the President. I also deeply appreciate the expeditious manner in which you have scheduled this hearing and the opportunity for my family to share in the proceedings.

More than twenty years ago, I interviewed for a job with Edward Bennett Williams who was to become my teacher and partner. He asked what makes a good lawyer. I responded, "eloquence." Williams shook his head. A lawyer's first, perhaps his greatest talent he told me is the ability to listen – "Only then will you know what to say."

That lesson has been the foundation of my twenty-three years of legal practice litigating criminal and civil trade, securities, tax and federal regulatory matters in courtrooms, boardrooms and in proceedings before committees of Congress. And it is a lesson that I will continue to honor as the chief legal officer of the Treasury Department.

I pledge to listen and respond, to the best of my ability, with well-founded scholarship, sound counsel and balanced advocacy in an open partnership with the staff and members of this Committee and Congress.

Mr. Chairman, I am grateful to you for bringing me before this Committee and respectfully ask that I be permitted to introduce my family to you and members of the Committee.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

EMBARGOED FOR DELIVERY
March 29, 2001

Contact: Tara Bradshaw
(202)-622-2960

STATEMENT OF MICHELE DAVIS
NOMINEE TO BE ASSISTANT SECRETARY FOR PUBLIC AFFAIRS
TO THE COMMITTEE ON FINANCE
UNITED STATES SENATE

Chairman Grassley, Ranking Member Baucus, and members of the Senate Finance Committee, thank you for the opportunity to appear before you today. It is a great privilege to be considered for the position of Assistant Secretary of the Treasury for Public Affairs. I am honored that Secretary O'Neill has selected me and President Bush has nominated me to serve in this position, and that you are taking the time to consider my nomination today.

The Treasury Department is at the center of President Bush's efforts to work with Congress to keep America's economy strong and to spread prosperity around the world. The public affairs office at Treasury plays an essential role in educating the public about tax policy, debt management, Social Security financing, and a host of international issues that impact our prosperity. I look forward to helping to make the case publicly for the President's agenda and to keeping the media and all interested parties - including you and your committee - informed on Treasury's work.

I believe an informed public is crucial to the democratic process. I learned in my years working in the House that an informed public debate leads to better policymaking. I can think of no greater honor than to be asked to do this job and to work with Secretary O'Neill, who teaches me something new every day and whose enthusiasm for getting things done has already energized the entire staff at the Treasury. I am eager to get to work with the talented people in the Department, across the Administration and here in the Congress. Thank you.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 2:30 P.M.
March 29, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction two series of Treasury bills totaling approximately $17,000 million to refund $21,780 million of publicly held securities maturing April 5, 2001, and to pay down about $4,780 million.

In addition to the public holdings, Federal Reserve Banks for their own accounts hold $11,722 million of the maturing bills, which may be refunded at the highest discount rate of accepted competitive tenders. Amounts awarded to these accounts will be in addition to the offering amount.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of each auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers have requested that we reinvest their maturing holdings of approximately $963 million into the 13-week bill and $802 million into the 26-week bill.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about each of the new securities are given in the attached offering highlights.

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Attachment

PO-122

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED APRIL 5, 2001

March 29, 2001

Offering Amount	$9,000 million	$8,000 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912795 HA 2	912795 HR 5
Auction date	April 2, 2001	April 2, 2001
Issue date	April 5, 2001	April 5, 2001
Maturity date	July 5, 2001	October 4, 2001
Original issue date	January 4, 2001	April 5, 2001
Currently outstanding	$16,169 million	---
Minimum bid amount and multiples	$1,000	$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate.... 35% of public offering

Maximum Award............................ 35% of public offering

Receipt of Tenders:

Noncompetitive tenders .. Prior to 12:00 noon eastern daylight saving time on auction day

Competitive tenders ..... Prior to 1:00 p.m. eastern daylight saving time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 2:30 P.M.
March 29, 2001

Contact: Office of Financing
202/691-3550

TREASURY TO AUCTION CASH MANAGEMENT BILLS

The Treasury will auction approximately $35,000 million of 13-day Treasury cash management bills to be issued April 3, 2001. The auction date is Monday, April 2, 2001, and the noncompetitive and competitive closing time will be 11:30 a.m. eastern daylight saving time.

Tenders will not be accepted for bills to be maintained on the book-entry records of the Department of the Treasury (*TreasuryDirect*).

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of the auction. These noncompetitive bids will have a limit of $200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

The auction being announced today will be conducted in the single-price auction format. All competitive and noncompetitive awards will be at the highest discount rate of accepted competitive tenders.

NOTE: Competitive bids in cash management bill auctions must be expressed as a discount rate with two decimals, e.g., 7.10%.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about the new security are given in the attached offering highlights.

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Attachment

PO-123

HIGHLIGHTS OF TREASURY OFFERING
OF 13-DAY CASH MANAGEMENT BILLS

March 29, 2001

Offering Amount .... $35,000 million

Description of Offering:

Term and type of security	13-day Cash Management Bill
CUSIP number	912795 KG 5
Auction date	April 2, 2001
Issue date	April 3, 2001
Maturity date	April 16, 2001
Original issue date	April 3, 2001
Minimum bid amount and multiples ...	$1,000

Submission of Bids:

Noncompetitive bids: Accepted in full up to $1 million at the highest discount rate of accepted competitive bids.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $200 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a discount rate with two decimals, e.g., 7.10%.

(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $1 billion or greater.

(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Rate: 35% of public offering

Maximum Award: 35% of public offering

Receipt of Tenders:

Noncompetitive tenders:

Prior to 11:30 a.m. eastern daylight saving time on auction day

Competitive tenders:

Prior to 11:30 a.m. eastern daylight saving time on auction day

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
March 29, 2001

PUBLIC CONTACT: Office of Financing
202-691-3550
MEDIA CONTACT: Office of Public Affairs
202-622-2960

TREASURY DEBT BUYBACK OPERATION RESULTS

Today, Treasury completed a debt buyback (redemption) operation for $1,000 million par of its outstanding callable issues. A total of 10 callable issues with final maturity between February 2010 and November 2014 were eligible for this operation. The settlement date for this operation will be April 2, 2001. Summary results of this operation are presented below.

(amounts in millions)

Offers Received (Par Amount):	$6,197
Offers Accepted (Par Amount):	1,000
Total Price Paid for Issues (Less Accrued Interest):	1,380
Number of Issues Eligible:	
For Operation:	10
For Which Offers were Accepted:	4
Weighted Average Yield to Call of all Accepted Offers (%):	4.864
Weighted Average Maturity to Call for all Accepted Securities (in years):	5.0

Details for each issue accompany this release.

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March 29, 2001

TREASURY DEBT BUYBACK OPERATION RESULTS

(amounts in millions, prices in decimals)

Table I

Coupon Rate (%)	Maturity Date	Par Amount Offered	Par Amount Accepted	Highest Accepted Price	Weighted Average Accepted Price
11.750	02/15/05-10	121	86	124.390	124.336
10.000	05/15/05-10	465	0	N/A	N/A
12.750	11/15/05-10	195	195	132.515	132.432
13.875	05/15/06-11	554	554	140.468	140.319
14.000	11/15/06-11	449	165	144.187	144.178
10.375	11/15/07-12	964	0	N/A	N/A
12.000	08/15/08-13	1,750	0	N/A	N/A
13.250	05/15/09-14	561	0	N/A	N/A
12.500	08/15/09-14	678	0	N/A	N/A
11.750	11/15/09-14	460	0	N/A	N/A

Table II

Coupon Rate (%)	Maturity Date	CUSIP Number	Lowest Accepted Yield to Call	Weighted Average Accepted Yield to Call	Par Amount Privately Held*
11.750	02/15/05-10	912810CM8	4.774	4.787	1,507
10.000	05/15/05-10	912810CP1	N/A	N/A	1,811
12.750	11/15/05-10	912810CS5	4.812	4.829	3,061
13.875	05/15/06-11	912810CV8	4.849	4.876	2,656
14.000	11/15/06-11	912810CY2	4.904	4.906	3,348
10.375	11/15/07-12	912810DB1	N/A	N/A	8,533
12.000	08/15/08-13	912810DF2	N/A	N/A	10,418
13.250	05/15/09-14	912810DJ4	N/A	N/A	3,611
12.500	08/15/09-14	912810DL9	N/A	N/A	3,875
11.750	11/15/09-14	912810DN5	N/A	N/A	4,811

Total Par Amount Offered: 6,197

Total Par Amount Accepted: 1,000

Note: Due to rounding, details may not add to totals.

*Amount outstanding after operation. Calculated using amounts reported on announcement.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 10 A.M. EST
March 30, 2001

Contact: Tony Fratto
(202) 622-2960

TESTIMONY OF DONALD V. HAMMOND
ACTING UNDER SECRETARY FOR DOMESTIC FINANCE
BEFORE THE HOUSE GOVERNMENT REFORM
SUBCOMMITTEE ON GOVERNMENT EFFICIENCY, FINANCIAL MANAGEMENT AND INTERGOVERNMENTAL RELATIONS
U. S. HOUSE OF REPRESENTATIVES
FINANCIAL REPORT OF THE UNITED STATES GOVERNMENT
FISCAL YEAR 2000

Mr. Chairman and members of the Subcommittee, I am pleased to appear today to discuss the Financial Report of the United States Government. I would like to thank you, Mr. Chairman, Ms. Schakowsky, and other members of the Subcommittee for focusing on improving Federal Government financial accountability and reporting.

The Department of the Treasury is dedicated to producing useful Governmentwide financial statements and has devoted considerable resources to this effort. While we are pleased to issue the FY 2000 Financial Report on time again this year, reporting not fully reliable financial results six months after the close of a fiscal year is simply not good enough. Working with the federal community, we have made incremental progress each year but incremental progress may not prove to be sufficient. We are committed to improving the process to make the financial statements more useful.

Treasury, in conjunction with the Office of Management and Budget (OMB), and the General Accounting Office (GAO), will conduct a comprehensive review of the financial statement production process. While we have made significant progress in performing the consolidation, particularly with respect to resolving differences in net position, classifying agency activity, reducing the number of adjusting entries, and making certain intergovernmental eliminations, the remaining challenges, especially with respect to consistency and intergovernmental eliminations, warrant a fresh look. This review will lead to recommended changes and improvements.

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Should any require legislation, we will report them to you. Additionally, later this year, Treasury will implement the first phase of our multi-year revamping of Governmentwide central accounting systems and processes for reporting budget execution information. This initiative will improve data access, reduce redundant reporting, and eliminate time-consuming reconciliations. This is a critical first step to improving overall federal financial management.

BACKGROUND

The Department of the Treasury continues to be a strong advocate for the preparation of financial statements by Government agencies and for Governmentwide consolidated financial statements. The Government Management Reform Act of 1994 (GMRA) requires that not later than March 31 of each year, the Secretary of the Treasury, in coordination with the OMB Director, shall prepare and submit to the President and the Congress audited financial statements for the preceding fiscal year. The statements cover all accounts and associated activities of the executive branch of the United States Government and are prepared in accordance with generally accepted accounting principles, as established by the Federal Accounting Standards Advisory Board (FASAB). The Financial Report of the United States Government for fiscal year 2000, which includes the financial statements, provides information to the President, the Congress, and the American people about the Government's financial position, the cost of its operations, its sources of financing, and stewardship information.

PROGRESS MADE

We are committed to producing financial statements that meet FASAB standards and provide timely, accurate, reliable and, most importantly, useful information. Since issuing the first consolidated financial statements just three years ago, we have been working closely with OMB, GAO, and the program agencies to improve the quality of the Financial Report. Within Treasury, the Financial Management Service (FMS) is responsible for producing these statements. This past year, FMS continued to focus on three critically important areas: first, ensuring that the financial information reported to us by the program agencies is consistent with the information in the agencies' own financial statements; second, identifying, reconciling and eliminating intragovernmental transactions; and, third, assisting agencies in reconciling their fund balances with Treasury records. We also worked to modernize and improve the systems used to report both the budget execution information and the accrual based information contained in this report. We had improvement in each of these areas.

Consistency and Accuracy of Financial Information

The process of preparing the Financial Report begins in early February when about 130 Federal departments, independent agencies and commissions electronically transmit to Treasury approximately 2000 adjusted trial balances and related notes. It is essential that this information be consistent with the information presented in the agencies' financial statements, since the audit of the Governmentwide financial statements relies in large part on the separate audits of the agency-level financial statements. Our auditors, GAO reported this year, however, that they couldn't fully verify the information provided to us as consistent with the information in agency-level financial statements. This finding comes in spite of a process that requires agency Chief Financial Officers to prepare and Inspectors General to review a detailed, comprehensive worksheet that crosswalks the data submitted to Treasury to individual line items on the agency's audited financial statements. This process resulted in an unreconciled amount of $7.3 billion in changes in net position.

Additional improvements have been made in the accuracy of FY 2000 opening net position balances. Over the last year, Treasury worked very closely with program agencies to reach agreement on opening balances. An agency's opening net position balance as recorded by Treasury should agree with the agency's opening balance submission. Any difference should be explainable so adjustments can be made. Last year, the unexplained opening balance differences were approximately $70 billion. This year, considering an opening net position of over $6 trillion, the unexplained differences for all agencies are approximately $8 billion, with the Departments of Agriculture and Transportation accounting for $7 billion of the differences.

We continue to take actions that improve data accuracy. As agencies become more comfortable with the data reporting requirements, we will experience even greater improvement. A clear indication of progress was a reduction in the number of adjustments submitted during our review process from 575 for the fiscal 1999 Financial Report to 280 this year.

Elimination of Intragovernmental Transactions

The audits of the agencies' financial statements have disclosed that the agencies continue to have difficulties identifying transactions with each other so the transactions can be reconciled or "eliminated" for Governmentwide reporting. If these transactions are not eliminated, total Government assets, liabilities, revenues, and expenses are misstated by the net amount of these transactions. While GAO reports a $250 billion absolute value of reported differences, the net amount for the fiscal year 2000 statements was $1 billion after Treasury's reconciliation.

Excellent progress continues to be made in reconciling certain intragovernmental transactions that represent the largest dollar amounts. As a result, these transactions can be properly accounted for and reported in agency financial statements and also properly identified and eliminated at the consolidated financial report level. For the second year in a row, we were able to resolve the intragovernmental elimination issue for borrowing and investment transactions between program agencies and either the Bureau of the Public Debt or the Federal Financing Bank. We lack specific explanations for only about $3 million in Public Debt and Federal Financing Bank borrowing and investments out of a total of more that $2 trillion. We are confident that these transactions have no material impact on the financial statements, since the values presented in the statements are rounded to the nearest hundred million.

This year, we focused on addressing issues regarding transactions between the program agencies and the Office of Personnel Management (OPM) and the Department of Labor as well as buying and selling transactions between program agencies. During FY 2000, Treasury established new procedures for reconciling transactions with OPM relating to employee retirement benefits. To assist agencies and OPM to reconcile transactions in pension, health and insurance benefits; Treasury, OMB and OPM implemented additional guidance and disclosure requirements. These disclosures helped resolve differences and are required to be reviewed and audited by the agencies' respective auditors. While we still have work to do, we were able to significantly reduce the unexplained differences from $1.5 billion in FY 1999 to $.6 billion in FY 2000. We will work with agencies to formulate additional guidance based on the progress we made this year.

With regard to buying and selling transactions between Federal agencies, Treasury has been working with a consultant to develop a buy/sell model that allows for eliminating such transactions and moving the costs to the end user. This model produced significant improvements this year and we hope that next year the information will be sufficient to justify that the buy/sell transactions are immaterial at the Governmentwide level.

Reconciliation of Fund Balances

Treasury continues to assist agencies in reconciling their fund balance amount with the amount reported to them by Treasury. The fund balance amount is an agency-level asset account that reflects the available budget spending authority of that agency. Treasury has implemented an internet-based Information Access System that provides agencies information about potential deposit and disbursement discrepancies. Agencies are responsible for resolving the differences in a timely fashion. This year, Treasury provided special assistance to the Departments of Agriculture and Defense and the Postal Service in identifying and/or writing off very old differences. Today, the discrepancies most often are a result of timing differences and are resolved in a few monthly cycles.

On a Governmentwide basis, as of September 30, 2000, there were about $.5 billion, $1.1 billion, and $8.5 billion of net differences between our records and those of the program agencies in three key areas – Deposits, Disbursements, and Checks Issued, respectively. For the most part, these differences are timing differences (much like your checkbook and your bank statement) and most are quickly resolved by the agencies. For example, when you review only those differences that are 6 months old or greater, the differences are $.2 billion, $34 million, and $66 million respectively.

In order to capitalize on improvements over the last few years, program agencies' reconciliation of fund balances must be a management priority and a routine, on-going accounting function. Agencies have made much progress in institutionalizing the process. To further facilitate this, as more fully discussed later in my statement, Treasury is redesigning its systems to simplify the process to improve the availability of the data.

PLANNED IMPROVEMENTS

As you have heard, the current state of Federal financial reporting is not satisfactory. I am confident that a creative and committed effort by Treasury, program agencies, OMB, the CFO Council, and GAO combined with adequate funding can result in breakthrough changes. In the short term, we will make the changes that can be made to improve the preparation of the Financial Report of the United States Government. For the long term, we are taking considerably more aggressive action.

Short-term

Our most critical short-term challenges remain in the three areas pertaining to preparation of the Financial Report that I have already discussed. As indicated in the message from the Secretary in this Financial Report, we intend to conduct a comprehensive review of the processes necessary to produce the financial statements. In the area of intragovernmental transactions, at the request of the principal agencies, the Joint Financial Management Improvement Program has initiated an effort to better define the problems and identify areas for focused attention. While the outcome of these reviews is unknown, it is certain that it would permit Governmentwide statements to be prepared earlier than 6 months after the close of the fiscal year.

Additionally, we must fully develop the process for a complete reconciliation of the budget results with the financial statements' results of operations. An analysis by our consultant and the fact that the unreconciled amount is $7.2 billion this year indicates we are on the right track. As we continue to reduce the unreconciled transactions reported on the Statement of Operations and Changes in Net Position, we will be fine-tuning the reconciliation report. We will also provide comparative financial statements at the appropriate time.

One other area where usefulness can be dramatically improved is in the content of our reports. Adding consolidating schedules containing agency financial results to this report would make it much more informative. While this is not presently within our capability, we will be looking for ways to capture this data in the future.

Recently, we modified our systems and processes to provide agencies with easier and quicker access to certain budgetary information through the Internet. Using our legacy central accounting system, agencies can obtain web-based access to such information as statements of differences, and ledger and trial balances. With this system, agencies can access their statement of differences the day after submitting their month-end reports and then submit corrected reports to resolve any out-of-balance conditions during the same accounting month. As we roll this out Governmentwide over the next 7 months, we are confident that this will go a long way toward assisting agencies with reconciling their fund balances more timely. Furthermore, Governmentwide implementation also provides a good preview of our long-term approach to redesigning Governmentwide accounting processes.

Long-term

Treasury's new Governmentwide budgetary accounting system will be implemented in a modular, phased approach over the next several years. The redesigned system will be internet-based, and users will be able to access the FMS portal 24 hours a day, 7 days a week. We will capture necessary accounting information, including the Treasury Account Symbol, at the initiation of the business transaction instead of after the funds have left the Government, as is presently the case. This will reduce redundant reporting among the agencies, OMB and the Treasury. Also, it will reduce after-the-fact reconciliations for payment and collection transactions. Additionally, Treasury's plan is to provide a daily account statement for each Treasury Account Symbol. The statement would show the beginning balances, increases and decreases to the account based on collections or disbursements, and the closing balance. With that level of information, agencies will know their fund balances on a daily basis. A fully operational system will provide agencies one-stop shopping for accounting data and information retrieval.

We continue to improve our Standard General Ledger based reporting systems. Using the Federal Financial Management Improvement Act of 1996 as a base, these systems strive to collect data needed by OMB and GAO directly from agency accounting systems. Just as manufacturers reject components that do not meet specifications, our new reporting systems reject reports that do not meet specifications of the U.S. Standard General Ledger. As agencies move toward Standard General Ledger compliant accounting systems, the reports continue to improve.

The FACTS II system, jointly developed with OMB, became fully operational with year-end 1999 reporting. Agencies submit one budget execution report for both OMB and Treasury. This provides consistency between OMB and Treasury numbers. Most importantly, FACTS II loads the prior year results directly into the budget formulation process, which help budget offices ensure that the budget process begins with what actually happened the previous year.

CHALLENGES AND CONCLUSION

Improving financial management and accountability is a top priority for Treasury and we are prepared to take a lead role. We will work closely with OMB and program agencies to raise the bar in financial management improvements. As I mentioned at the beginning of my testimony, Treasury, OMB, and GAO will reevaluate the process we use to prepare the Governmentwide financial statements. Where that will take us and how much of the current process we retain remains to be seen. Our review may indicate that it may not be workable within 30 days of completing agency financial statements to produce the Financial Report, complete the consistency evaluation, and obtain an audit opinion. Our goals include accelerating the timeframes for issuing year-end audited financial statements, providing for comparative reporting, and moving toward the preparation of quarterly statements by program agencies. We will also consider new ideas such as audit committees and the use of pro forma financial statements with budget submissions. These changes will require sufficient funding in the future that we will request at the appropriate times.

Our ultimate success will be achieved when we reliably and accurately report on the distinctly different financial activities of many agencies of Government as if they were one entity and do so in a time frame and a manner that is truly useful.

Thank you, Mr. Chairman. This concludes my formal remarks and I would be happy to respond to questions.

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