

TBAC Presentation to Treasury: Charge 1

Financing this Quarter

We would like the Committee's advice on the following:

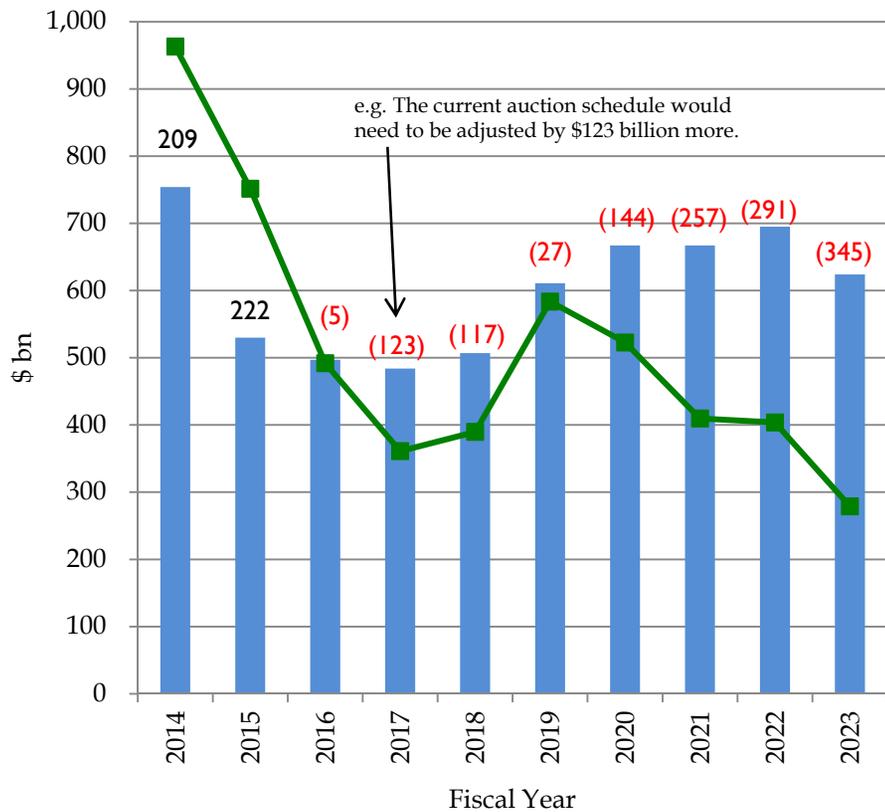
- The composition of Treasury notes and bonds to refund approximately \$69.6 billion of Treasury notes maturing on August 15, 2013.
- The composition of Treasury marketable financing for the remainder of the July-September quarter, including cash management bills.
- The composition of Treasury marketable financing for the October - December quarter, including cash management bills.

Principles for Debt Issuance Strategy

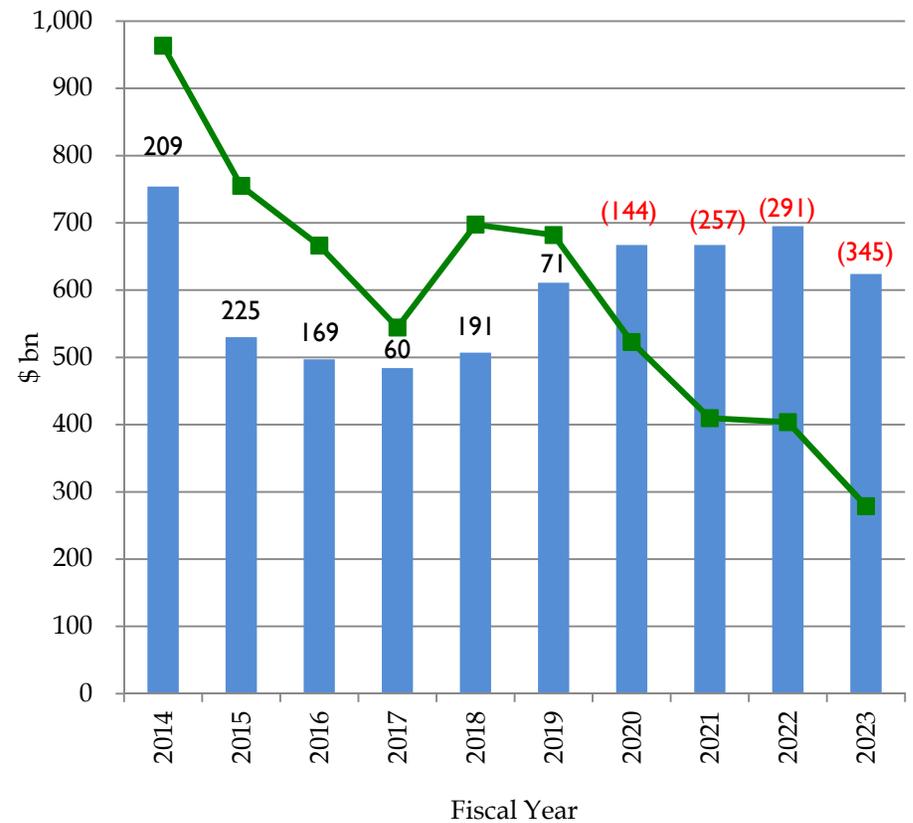
- ▶ Extend the Weighted Average Maturity (WAM) of the Treasury portfolio.
 - ▶ Continuing to increase the WAM will further reduce Treasury's rollover risk and reduce the volatility of Treasury's net interest cost should interest rates rise unexpectedly.
- ▶ Safeguard the liquidity and depth of the Treasury Bills market
 - ▶ Treasury must ensure that there continues to be an adequate supply of bills, given increased structural demand for high-quality, short duration securities.
- ▶ Incorporate Floating Rate Notes (FRN) into Treasury's issuance calendar
 - ▶ Treasury expects to issue the first FRN in either Q4 2013 or Q1 2014.

Potential Impacts on Borrowing Needs

Without Fed Reinvestments



With Fed Reinvestments



■ CBO: Change in Debt Held by the Public
 Data Labels: Over(+)/Under(-) Financed
 ■ Without Fed Reinvestments

■ CBO: Change in Debt Held by the Public
 Data Labels: Over(+)/Under(-) Financed
 ■ With Fed Reinvestments

CBO's change in debt held by the public is from "An Analysis of the President's 2014 Budget," published in May 2013.