



U.S. TREASURY DEPARTMENT OFFICE OF PUBLIC AFFAIRS

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August 2010 QUARTERLY REFUNDING STATEMENT

WASHINGTON – The U.S. Department of the Treasury is offering \$74 billion of Treasury securities to refund approximately \$33.0 billion of privately held securities maturing on August 15, 2010. This will raise approximately \$41 billion. The securities are:

- A 3-year note in the amount of \$34 billion, maturing August 15, 2013;
- A 10-year note in the amount of \$24 billion, maturing August 15, 2020; and
- A 30-year bond in the amount of \$16 billion, maturing August 15, 2040.

The 3-year note will be auctioned on a yield basis at 1:00 p.m. EDT on Tuesday, August 10, 2010. The 10-year note will be auctioned on a yield basis at 1:00 p.m. EDT on Wednesday, August 11, 2010, and the 30-year bond will be auctioned on a yield basis at 1:00 p.m. EDT on Thursday, August 12, 2010. All of these auctions will settle on Monday, August 16, 2010.

The balance of Treasury financing requirements will be met with 4-, 13-, 26- and 52-week bills; monthly 2-year, 3-year, 5-year, and 7-year notes; the August 30-year TIPS reopening, the September 10-year TIPS reopening, and the October 5-year TIPS reopening.

Treasury may also issue cash management bills during the quarter.

Projected Financing Needs

In recent months Treasury has reduced coupon offering sizes, particularly in the front to intermediate sectors of the nominal coupon curve. Based on current fiscal forecasts, Treasury expects to continue to decrease coupon auction sizes at a gradual pace. The

ultimate magnitude of offering size reductions will depend on the pace and extent of the economic recovery. Treasury will continue to monitor projected financing needs and make appropriate adjustments.

Treasury Inflation-Indexed Securities (TIPS)

TIPS are an important component of Treasury's debt management strategy. Over the past year, Treasury has taken steps to improve liquidity in the TIPS market. This has included increasing overall TIPS issuance, as well as replacing 20-year TIPS with 30-year TIPS. Based on investor feedback, Treasury also believes that increasing the frequency of TIPS auctions will improve liquidity in the product.

Going forward, Treasury is considering additional reopenings of TIPS offerings. Adding the second reopening to the 10-year TIPS at the May refunding was the first step in this process. Additional information on the 2011 TIPS auction calendar will be provided at the November 2010 quarterly refunding. Any decision will be made after extensive consultation with market participants.

Data Releases

The Office of Debt Management is currently engaged in the development of a new IT system to replace legacy systems. As part of this process we are reevaluating the type, frequency and form of the data that we previously released as part of the quarterly refunding process.

We are seeking suggestions on what data would be useful. Please send comments and suggestions on this and/or other subjects to debt.management@do.treas.gov.

The next quarterly refunding announcement will take place on Wednesday, November 3, 2010.

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