Quarterly Refunding Charts

U.S. Department of the Treasury
Office of Debt Management
October 30, 2006
Financing
Summary of FY 2006 and Near Term Outlook

- Net marketable borrowing for FY 2006 Q4 totaled $45 billion
- Net marketable borrowing for FY 2006 was $203 billion compared to nearly $216 billion in FY 2005 and $380 billion in FY 2004
- FY 2006 net non-marketable borrowing was $6 billion versus a record $58 billion in FY 2005
- FY 2006 deficit was $248 billion versus $319 billion for FY 2005
- FY 2007 Q1 and Q2 Outlook:
  - Net marketable borrowing is estimated at $63 billion this quarter and $175 billion next quarter
A surge in corporate tax receipts led to a higher than expected end of quarter cash balance.

Net non-marketable issuance declined sharply from prior year record.

Maturing securities and coupon payments result in large outflows on November 15.

### Treasury Financing Requirements

<table>
<thead>
<tr>
<th></th>
<th>July - September 2006 (Projected)</th>
<th>October - December 2006 (Projected)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deficit Funding (Def + / Surplus -)</td>
<td>55</td>
<td>108</td>
</tr>
<tr>
<td>Change in Cash Balance</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>Net Non-Marketable Financing</td>
<td>-5</td>
<td>4</td>
</tr>
<tr>
<td>Other*</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Net Marketable Financing</td>
<td>30</td>
<td>63</td>
</tr>
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<td><strong>Net Marketable Financing</strong></td>
<td><strong>30</strong></td>
<td><strong>63</strong></td>
</tr>
<tr>
<td><strong>Notes:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Starting Cash Balance</td>
<td>46</td>
<td>52</td>
</tr>
<tr>
<td>Ending Cash Balance</td>
<td>35</td>
<td>30</td>
</tr>
</tbody>
</table>

* Includes direct loan activity, changes in accrued interest, checks outstanding, minor miscellaneous transactions, discount and inflation accretion on Treasuries.

Note: Totals may not add due to rounding.

### Marketable Treasury Coupon Flows

<table>
<thead>
<tr>
<th>Date</th>
<th>Maturing Coupon Securities (Excluding SOMA holdings)</th>
<th>Coupon Payments</th>
<th>Total Outflows</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 15, 2006</td>
<td>58</td>
<td>22</td>
<td>79</td>
</tr>
<tr>
<td>November 30, 2006</td>
<td>23</td>
<td>3</td>
<td>25</td>
</tr>
<tr>
<td>December 15, 2006</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>December 31, 2006</td>
<td>24</td>
<td>3</td>
<td>27</td>
</tr>
<tr>
<td>January 15, 2007</td>
<td>18</td>
<td>5</td>
<td>23</td>
</tr>
<tr>
<td>January 31, 2007</td>
<td>23</td>
<td>3</td>
<td>26</td>
</tr>
<tr>
<td>February 15, 2007</td>
<td>35</td>
<td>26</td>
<td>61</td>
</tr>
<tr>
<td>February 28, 2007</td>
<td>23</td>
<td>2</td>
<td>25</td>
</tr>
</tbody>
</table>
For the year, receipts were up nearly 12 percent. Single-day corporate and total receipts reached an all-time high on September 15.

Total net marketable borrowing for FY 2006 was $203 billion, the lowest level since FY 2002.

For the second consecutive year, annual net bill issuance resulted in a pay down.
Net nonmarketable issuance for FY 2006 was sharply lower than the record amount reached in FY 2005.
Debt Portfolio

Over the next 5 years

- Average maturity of total outstanding debt rises to 58 months
- Average maturity of issuance stabilizes between 63-64 months
- The percent of debt maturing with 3 years or less to maturity declines to 56 percent

Assumptions used in the next 5 charts:

- Future residual financing needs are spread proportionally across auctioned securities to maintain constant maturity of issuance, based on hypothetical initial auction sizes
- OMB 2007 MSR estimates used for fiscal year projections
In moving to quarterly bonds, we are showing 30-year issuance at the high end of the $20-30 billion guidance we initially provided. This is no indication of actual issuance sizes in 2007. Those will be determined based on financing needs and market consultation in January.

As projected financing needs fall, current issuance patterns will lead to a lower proportion of short-dated securities.

Net financing projections for FY 2007-2011 are based on OMB 2007 MSR estimates. Future residual financing needs are spread proportionally across auctioned securities to maintain constant maturity of issuance.

Projections for FY 2007-2011 are based on OMB 2007 MSR Budget estimates. Future residual financing needs are spread proportionally across auctioned securities to maintain constant maturity of issuance.
Debt with a residual maturity of 3 years or less stabilizes near the lower end of historical ranges.

Issuance across all sectors remain in line with historic trends.
A major portion of net marketable borrowing through FY 2011 is projected to be met by TIPS and intermediate notes.
OMB estimates project declining borrowing needs for the next 5 years

If the forecast errors reverse, however, the current issuance pattern requires heavy reliance on bills in early FY 2007. Given the reduction in bill supply recently, we believe the bill sector could accommodate negative FY 2007 fiscal shocks.
Primary dealer and CBO deficit estimates are lower than OMB MSR estimates.

Current coupon pattern and issuance amounts will provide approximately $183 billion of new financing in FY07.
Capital Markets

- Reduced Treasury bill issuance and higher private sector activity reduced Treasury’s share of the money market
The share of total short-term Treasuries outstanding fell in the second quarter of CY 2006.

This was a result of declines in both outstanding bills and coupons with less than a year to maturity coupled with a rise in open market paper outstanding.

As a percentage of total privately held Treasury debt, both foreign holdings and official holdings at the FRBNY increased marginally over the past quarter.

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Outstanding Short-term Marketable Treasury Securities as a Percentage of Money Market Instruments

Foreign Holdings as a Percent of Total Privately Held Public Debt

1/ Privately held debt excludes holdings of the Federal Reserve System.
2/ Data through August 31, 2006.
No current quarter exceptions to Treasury’s 2 minute (+/- 30 seconds) target auction release times