TALKING POINTS
FOR THE
FINANCING PRESS CONFERENCE

February 2, 1994

Today, we are announcing the terms of the regular Treasury February midquarter refunding. I will also discuss Treasury financing requirements for the balance of the current calendar quarter and our estimated cash needs for the April-June 1994 quarter.

1. We are offering $40.0 billion of notes and bonds to refund $24.0 billion of privately held notes and bonds maturing on February 15 and to raise approximately $16.0 billion of cash.

The three securities are:

-- First, a 3-year note in the amount of $17.0 billion, maturing on February 15, 1997. This note is scheduled to be auctioned on a yield basis at 1:00 p.m. Eastern time on Tuesday, February 8, 1994. The minimum purchase amount will be $5,000 and purchases above $5,000 may be made in multiples of $1,000.

-- Second, a 10-year note in the amount of $12.0 billion, maturing on February 15, 2004. This note is scheduled to be auctioned on a yield basis at 1:00 p.m. Eastern time on Wednesday, February 9. The minimum purchase amount will be $1,000.

-- Third, a 29 1/2 year bond in the amount of $11.0 billion, which is a reopening of the 6 1/4 percent bond maturing August 15, 2023. This bond is scheduled to be auctioned on a yield basis at 1:00 p.m. Eastern time on Thursday, February 10. The minimum purchase amount will be $1,000.

2. As announced on Monday, January 31, 1994, we estimate a net market borrowing need of $45.0 billion for the January-March quarter. The estimate assumes a $20 billion cash balance at the end of March. Including this refunding, we will have raised a net $12.6 billion of the $45.0 billion in market borrowing needed this quarter. This net cash from borrowing was accomplished as follows:

-- $3.6 billion from the 2-year note that settled on January 31;

-- $12.6 billion from the 5-year note that settled on January 31;

-- $2.8 billion from the 52-week bills;

-- a paydown of $1.0 billion from the regular weekly bills, including those announced February 1;

-- a paydown of $14.1 billion in the cash management bill which matured on January 20;

-- a paydown of $7.3 billion in the 7-year note that matured January 15; and

-- $16.0 billion of cash from the notes and bonds in the refunding issues announced today.

The Treasury will need to raise $32.4 billion in market borrowing during the rest of the January-March quarter. This financing could be accomplished through regular sales of 13-, 26-, and 52-week bills and 2-year and 5-year notes. Cash management bill financing may be needed in March.

3. We estimate Treasury net market borrowing needs to be in the range of $15 to $20 billion for the April-June 1994 quarter, assuming a $30 billion cash balance on June 30.

4. We will accept noncompetitive tenders up to $5 million for each of the notes and bonds. The 10-year note and 29-1/2 year bond being announced today are eligible for conversion to STRIPS (Separate Trading of Registered Interest and Principal of Securities) and, accordingly, may be divided into separate interest and principal components.

5. Last June the Treasury's Borrowing Advisory Committee suggested that over some period of years the Treasury might want to consider adding new cycles and issuing new types of securities, specifically floating rate notes. The Treasury has begun preliminary research into the potential for adding floating-rate securities to the regular Treasury offering cycles as part of our on-going review of Treasury debt management. We have no plans to change the current regular issue cycles, and we have no bias as to whether or not floating rate notes would be a viable option for us. We have solicited the views of the PSA Treasury Borrowing Advisory Committee on the terms of a floater which might be attractive to investors. In this

connection, the Treasury would also welcome the views of other market participants who are informed on this subject.

6. Finally, the May midquarter refunding press conference will be held on Wednesday, May 4, 1994.