

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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CONTACT: Office of Financing
202/504-3550

TREASURY OFFERS 4-YEAR 6-MONTH 0-7/8% TREASURY INFLATION-PROTECTED SECURITIES (TIPS)

The Treasury will auction \$7,000 million of 4-year 6-month 0-7/8% Treasury inflation-protected securities to be issued October 28, 2005.

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 \$100 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of \$1,000 million.

Treasury Direct customers have scheduled purchases of approximately \$11 million into the 4-year 6-month 0-7/8% Treasury inflation-protected security.

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 allocation percentage applied to bids awarded at the highest yield will be rounded up to the next hundredth of a whole percentage point, e.g., 17.13%.

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).

For original issue discount (OID), IRS regulations permit reopenings of Treasury inflation-protected securities without regard to OID rules, provided that the reopenings occur not more than one year after the original securities were first issued to the public. Therefore, the OID limit does not apply to this auction.

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

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Attachment

HIGHLIGHTS OF TREASURY OFFERING TO THE PUBLIC OF

4-YEAR 6-MONTH 0-7/8% TREASURY INFLATION-PROTECTED SECURITIES TO BE ISSUED OCTOBER 28, 2005

October 20, 2005

<u>Offering Amount</u>	\$7,000 million
<u>Maximum Award (35% of Offering Amount)</u>	\$2,450 million
<u>Maximum Recognized Bid at a Single Yield</u>	\$2,450 million
<u>NLP Reporting Threshold</u>	\$2,450 million
<u>NLP Exclusion Amount</u>	\$7,100 million

Description of Offering:

Term and type of security	4-year 6-month Treasury inflation-protected securities (reopening)
Series	D-2010
CUSIP number	912828 CZ 1
Auction date	October 25, 2005
Issue date	October 28, 2005
Dated date	October 15, 2004
Maturity date	April 15, 2010
Interest rate	0-7/8%
Amounts outstanding	\$21,001 million
Adjusted amounts currently outstanding	\$21,729 million
Real yield	Determined at auction
Interest payment dates	April 15 and October 15
Minimum bid amount and multiples	\$1,000
Accrued interest	\$0.31250 per \$1,000 (from October 15 to October 28, 2005)
Adjusted accrued interest payable by investor	\$0.32376 per \$1,000
Premium or discount	Determined at auction

STRIPS Information:

Minimum amount required	\$1,000
Corpus CUSIP number	912820 KV 8
TIIN conversion factor per \$1,000	2.309375441

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 \$100 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 real yield with three decimals, e.g., 3.123%.
- (2) Net long position (NLP) for each bidder must be reported when the sum of the total bid amount, at all yields, and the net long position equals or exceeds the NLP reporting threshold stated above.
- (3) Net long position must be determined as of one-half hour prior to the closing time for receipt of competitive tenders.
- (4) Competitive bids from Treasury Direct customers are not allowed.

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.

Indexing Information:

CPI Base Reference Period	1982-1984
Ref CPI 10/15/2004	189.44516
Ref CPI 10/28/2005	196.27097
Index Ratio 10/28/2005	1.03603