



EMBARGOED UNTIL 2:30 P.M.
July 5, 2001

CONTACT: Office of Financing
202/691-3550

TREASURY TO AUCTION \$5,000 MILLION OF
9-1/2-YEAR 3-1/2% INFLATION-INDEXED NOTES

The Treasury will auction \$5,000 million of 9-1/2-year 3-1/2% inflation-indexed notes to raise cash.

Amounts bid by Federal Reserve Banks for their own accounts will be added to the offering.

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 \$200 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of \$1,000 million.

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%.

NOTE: The net long position reporting threshold amount for this 9-1/2-year inflation-indexed note is \$1 billion.

The notes 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 inflation-indexed 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.

oOo

Attachment

*For press releases, speeches, public schedules and official biographies, call our
24-hour fax line at (202) 622-2040*

HIGHLIGHTS OF TREASURY OFFERING TO THE PUBLIC OF
9-1/2-YEAR INFLATION-INDEXED NOTES TO BE ISSUED JULY 16, 2001

July 5, 2001

Offering Amount\$5,000 million
Public OfferingOffering amount less the
amount awarded for FIMA accounts

Description of Offering:

Term and type of security9-1/2-year inflation-
indexed notes (reopening)
SeriesA-2011
CUSIP number912827 6R 8
Auction dateJuly 11, 2001
Issue dateJuly 16, 2001
Dated dateJanuary 15, 2001
Maturity dateJanuary 15, 2011
Interest rate3-1/2%
Amount originally issued\$6,001 million
Adjusted amount currently outstanding\$6,103 million
Real yieldDetermined at auction
Interest payment datesJanuary 15 and July 15
Minimum bid amount and multiples\$1,000
Accrued interest\$0.09511 per \$1,000 (from
July 15 to July 16, 2001)
Adjusted accrued interest payable by investor..... \$0.09688 per \$1,000
Premium or discountDetermined at auction

STRIPS Information:

Minimum amount required\$1,000
Corpus CUSIP number912820 GA 9
TIIN conversion factor per \$1,00010.054861623

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 \$200
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 for each bidder must be reported when the sum of the total bid amount, at all yields, and the net long position is \$1 billion or greater.
- (3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid at a Single Yield 35% of public offering
Maximum Award 35% of public offering

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.

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.

Indexing Information:

CPI Base Reference Period..... 1982-1984
Ref CPI 01/15/2001 174.04516
Ref CPI 07/16/2001 177.28710
Index Ratio 07/16/2001..... 1.01863