

EMBARGOED UNTIL 2:30 P.M.  
April 2, 1997

CONTACT: Office of Financing  
202/219-3350

TREASURY TO AUCTION \$8,000 MILLION OF  
9-3/4-YEAR INFLATION-INDEXED NOTES

The Treasury will auction \$8,000 million of 9-3/4-year inflation-indexed notes to raise cash.

Amounts bid by Federal Reserve Banks for their own accounts, and as agents for foreign and international monetary authorities will be added to the offering.

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 notes being offered today are eligible for the STRIPS program.

Tenders will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular (31 CFR Part 356, as amended) for the sale and issue by the Treasury to the public of marketable Treasury bills, notes, and bonds.

Because the issue date and the dated date are different in this offering, Treasury wishes to clarify the formula which is applicable to the price and accrued interest for the inflation-indexed note. Therefore:

$$\text{Index Ratio}_{\text{Date}} = \frac{\text{Ref CPI}_{\text{Date}}}{\text{Ref CPI}_{\text{Dated Date}}}$$

Where Date = Valuation date

Bidders should understand that the settlement amount for these securities in this auction may be greater than the par amount.

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.

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Attachment

**HIGHLIGHTS OF TREASURY OFFERING TO THE PUBLIC OF  
9-3/4-YEAR INFLATION-INDEXED NOTES TO BE ISSUED APRIL 15, 1997**

April 2, 1997

Offering Amount . . . . . \$8,000 million

STRIPS Information:

Description of Offering:

Term and type of security . 9-3/4-year inflation-indexed notes (reopening)

Series . . . . . A-2007

CUSIP number . . . . . 912827 2M 3

Auction date . . . . . April 8, 1997

Issue date . . . . . April 15, 1997

Dated date . . . . . January 15, 1997

Maturity date . . . . . January 15, 2007

Interest Rate . . . . . 3-3/8%

Due dates and CUSIP numbers for TINTs:

|                  | 912833 |
|------------------|--------|
| July 15, 1997    | SA 9   |
| January 15, 1998 | SB 7   |
| July 15, 1998    | SC 5   |
| January 15, 1999 | SD 3   |
| July 15, 1999    | SE 1   |
| January 15, 2000 | SF 8   |
| July 15, 2000    | SG 6   |
| January 15, 2001 | SH 4   |
| July 15, 2001    | SJ 0   |
| January 15, 2002 | SK 7   |
| July 15, 2002    | SL 5   |
| January 15, 2003 | SM 3   |
| July 15, 2003    | SN 1   |
| January 15, 2004 | SP 6   |
| July 15, 2004    | SQ 4   |
| January 15, 2005 | SR 2   |
| July 15, 2005    | SS 0   |
| January 15, 2006 | ST 8   |
| July 15, 2006    | SU 5   |
| January 15, 2007 | SV 3   |

Real yield . . . . . Determined at auction

Interest payment dates . . July 15 and January 15

Minimum bid amount . . . . \$1,000

Multiples . . . . . \$1,000

Accrued interest . . . . . 8.39088 per \$1,000  
(from January 15 to  
April 15, 1997)

Adjusted accrued interest payable by investor . . . . 8.43846 per \$1,000

Premium or discount . . . . Determined at auction

STRIPS Information:

Minimum amount required . . \$1,600,000

Corpus CUSIP number . . . . 912820 EV 8

Submission of Bids:

Noncompetitive bids: Will be accepted in full up to \$5,000,000 at the highest accepted yield.

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 \$2 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: Full payment with tender or by charge to a funds account at a Federal Reserve Bank on issue date.

Indexing Information:

CPI Base Reference Period . . . . . 1982-1984

Ref CPI 01/15/1997 . . . . . 158.43548

Ref CPI 04/15/1997 . . . . . 159.33333

Index Ratio 04/15/1997 . . . . . 1.00567