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EMBARGOED UNTIL 8:15 A.M.
June 28, 2002

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TREASURY OFFERS 2-YEAR NOTES

The Treasury will auction \$27,000 million of 2-year notes to refund \$20,334 million of publicly held notes maturing June 30, 2002, and to raise new cash of approximately \$6,666 million. The announcement of this offering, originally scheduled for June 19, 2002, was postponed on June 17, 2002.

The auction date has been changed from the scheduled date of June 26, 2002 to today, June 28, 2002, with closing times for receipt of noncompetitive and competitive tenders at 10:30 a.m. and 11:00 a.m. eastern daylight saving time, respectively.

In addition to the public holdings, Federal Reserve Banks hold \$7,046 million of the maturing notes for their own accounts, which may be refunded by issuing an additional amount of the new security.

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.

TreasuryDirect customers requested that we reinvest their maturing holdings of approximately \$848 million into the 2-year note.

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 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).

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

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Attachment

HIGHLIGHTS OF TREASURY OFFERING TO THE PUBLIC OF
2-YEAR NOTES TO BE ISSUED JULY 1, 2002

June 28, 2002

Offering Amount \$27,000 million
Public Offering \$27,000 million

Description of Offering:

Term and type of security 2-year notes
Series P-2004
CUSIP number 912828 AE 0
Auction date June 28, 2002
Issue date July 1, 2002
Dated date June 30, 2002
Maturity date June 30, 2004
Interest rate Determined based on the highest
accepted competitive bid
Yield Determined at auction
Interest payment dates December 31 and June 30
Minimum bid amount and multiples \$1,000
Accrued interest payable by investor Determined at auction
Premium or discount Determined at auction

STRIPS Information:

Minimum amount required \$1,000
Corpus CUSIP number 912820 HB 6
Due date(s) and CUSIP number(s)
for additional TINT(s) June 30, 2004 - - 912833 YV 6

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 yield with three decimals, e.g., 7.123%.
- (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 10:30 a.m. eastern daylight saving time on auction day.

Competitive tenders:

Prior to 11:00 a.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