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EMBARGOED UNTIL 2:30 P.M.
May 9, 2002

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TREASURY OFFERS 13-WEEK AND 26-WEEK BILLS

The Treasury will auction 13-week and 26-week Treasury bills totaling \$32,000 million to refund an estimated \$31,194 million of publicly held 13-week and 26-week Treasury bills maturing May 16, 2002, and to raise new cash of approximately \$806 million. Also maturing is an estimated \$14,000 million of publicly held 4-week Treasury bills, the disposition of which will be announced May 13, 2002.

The Federal Reserve System holds \$14,501 million of the Treasury bills maturing on May 16, 2002, in the System Open Market Account (SOMA). This amount may be refunded at the highest discount rate of accepted competitive tenders either in these auctions or the 4-week Treasury bill auction to be held May 14, 2002. Amounts awarded to SOMA will be in addition to the offering amount.

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 each 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 have requested that we reinvest their maturing holdings of approximately \$1,105 million into the 13-week bill and \$683 million into the 26-week bill.

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

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 each of the new securities are given in the attached offering highlights.

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Attachment

HIGHLIGHTS OF TREASURY OFFERINGS OF BILLS
TO BE ISSUED MAY 16, 2002

May 9, 2002

<u>Offering Amount</u>	\$17,000 million	\$15,000 million
<u>Public Offering</u>	\$17,000 million	\$15,000 million
<u>NLP Exclusion Amount</u>	\$ 4,800 million	None

Description of Offering:

Term and type of security	91-day bill	182-day bill
CUSIP number	912795 KW 0	912795 LK 5
Auction date	May 13, 2002	May 13, 2002
Issue date	May 16, 2002	May 16, 2002
Maturity date	August 15, 2002	November 14, 2002
Original issue date	February 14, 2002	May 16, 2002
Currently outstanding	\$19,109 million	---
Minimum bid amount and multiples	\$1,000	\$1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids: Accepted in full up to \$1 million at the highest discount rate of accepted competitive bids.

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 discount rate with three decimals in increments of .005%, e.g., 7.100%, 7.105%.
- (2) Net long position (NLP) for each bidder must be reported when the sum of the total bid amount, at all discount rates, 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 Rate 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.