



EMBARGOED UNTIL 11:00 A.M.  
October 7, 2002

CONTACT: Office of Financing  
202/691-3550

TREASURY OFFERS 9-3/4-YEAR 3% INFLATION-INDEXED NOTES

The Treasury will auction \$7,000 million of 9-3/4-year 3% inflation-indexed notes to raise new 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 \$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.

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).

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 OCTOBER 15, 2002

October 7, 2002

Offering Amount .....\$7,000 million  
Public Offering .....\$7,000 million  
NLP Exclusion Amount .....\$3,200 million

Description of Offering:

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

Series .....C-2012  
CUSIP number .....912828 AF 7  
Auction date .....October 9, 2002  
Issue date .....October 15, 2002  
Dated date .....July 15, 2002  
Maturity date .....July 15, 2012  
Interest rate .....3%  
Amount originally issued .....\$10,015 million  
Adjusted amount currently outstanding .....\$10,038 million  
Real yield .....Determined at auction  
Interest payment dates .....January 15 and July 15  
Minimum bid amount and multiples .....\$1,000  
Accrued interest .....\$7.50000 per \$1,000 (from  
July 15 to October 15, 2002)  
Adjusted accrued interest payable by investor .....\$7.52385 per \$1,000  
Premium or discount .....Determined at auction

STRIPS Information:

Minimum amount required .....\$1,000  
Corpus CUSIP number .....912820 HC 4  
TIIN conversion factor per \$1,000 .....8.342602892

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 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: 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 07/15/2002 .....179.80000  
Ref CPI 10/15/2002 .....180.37097  
Index Ratio 10/15/2002 .....1.00318