



EMBARGOED UNTIL 2:30 P.M.
October 18, 2000

CONTACT: Office of Financing
202/691-3550

TREASURY TO AUCTION \$10,000 MILLION OF 2-YEAR NOTES

The Treasury will auction \$10,000 million of 2-year notes to refund \$28,485 million of publicly held securities maturing October 31, 2000, and to pay down about \$18,485 million.

In addition to the public holdings, Federal Reserve Banks hold \$4,120 million of the maturing securities for their own accounts, which may be refunded by issuing an additional amount of the new security.

The maturing securities held by the public include \$5,667 million held by Federal Reserve Banks as agents for foreign and international monetary authorities. Amounts bid for these accounts by Federal Reserve Banks will be added to the offering.

TreasuryDirect customers requested that we reinvest their maturing holdings of approximately \$547 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 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.

If the auction of 2-year notes to be held Wednesday, October 25, 2000, results in a yield in a range of 5.750 percent through and including 5.874 percent, the 2-year notes will be considered an additional issue of the outstanding 5-3/4% 5-year notes of Series N-2002 (CUSIP No. 9128273L4) originally issued October 31, 1997. The additional issue of the notes would have the same CUSIP number as the outstanding notes, which are currently outstanding in the amount of \$11,737 million.

If the auction results in the issuance of an additional amount of the Series N-2002 notes rather than a new 2-year note, it will be indicated in the Treasury auction results press release.

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Attachment

HIGHLIGHTS OF TREASURY OFFERING TO THE PUBLIC OF
2-YEAR NOTES TO BE ISSUED OCTOBER 31, 2000

October 18, 2000

Offering Amount \$10,000 million

Description of Offering:

Term and type of security 2-year notes
Series AB-2002
CUSIP number 912827 6M 9
Auction date October 25, 2000
Issue date October 31, 2000
Dated date October 31, 2000
Maturity date October 31, 2002
Interest rate Determined based on the highest
accepted competitive bid
Yield Determined at auction
Interest payment dates April 30 and October 31
Minimum bid amount and multiples \$1,000
Accrued interest payable by investor None
Premium or discount Determined at auction

STRIPS Information:

Minimum amount required Determined at auction
Corpus CUSIP number 912820 FW 2
Due date(s) and CUSIP number(s)
for additional TINT(s) Not applicable

Submission of Bids:

Noncompetitive bids:

Accepted in full up to \$5,000,000 at the highest accepted yield.

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 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.