



EMBARGOED UNTIL 2:30 P.M.  
August 16, 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 \$27,731 million of publicly held securities maturing August 31, 2000, and to pay down about \$17,731 million.

In addition to the public holdings, Federal Reserve Banks hold \$4,220 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 \$4,392 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 \$711 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, August 23, 2000, results in a yield in a range of 6.250 percent through and including 6.374 percent, the 2-year notes will be considered an additional issue of the outstanding 6-1/4% 5-year notes of Series L-2002 (CUSIP No. 9128273G5) originally issued September 2, 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 \$12,732 million.

If the auction results in the issuance of an additional amount of the Series L-2002 notes rather than a new 2-year note, it will be indicated in the Treasury auction results press release. In the event of a reopening, all amounts outstanding for CUSIP No. 9128273G5, including the 5-year notes issued September 2, 1997, would be eligible for the STRIPS program.

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Attachment

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

August 16, 2000

Offering Amount ..... \$10,000 million

Description of Offering:

Term and type of security ..... 2-year notes  
Series ..... Y-2002  
CUSIP number ..... 912827 6K 3  
Auction date ..... August 23, 2000  
Issue date ..... August 31, 2000  
Dated date ..... August 31, 2000  
Maturity date ..... August 31, 2002  
Interest rate ..... Determined based on the highest  
accepted competitive bid  
Yield ..... Determined at auction  
Interest payment dates ..... February 28 and August 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 FU 6  
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.