



EMBARGOED UNTIL 11:00 A.M.
May 24, 2007

CONTACT: Office of Financing
202/504-3550

TREASURY OFFERS 2-YEAR NOTES AND 5-YEAR NOTES

The Treasury will auction \$18,000 million of 2-year notes and \$13,000 million of 5-year notes to refund \$21,403 million of publicly held securities maturing on May 31, 2007, and to raise approximately \$9,597 million of new cash.

In addition to the public holdings, Federal Reserve Banks, for their own accounts, hold \$7,716 million of the maturing securities, which may be refunded by issuing additional amounts of the new securities.

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.

Treasury Direct customers have scheduled purchases of approximately \$583 million into the 2-year note and \$92 million into the 5-year note.

The auctions being announced today 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 notes are given in the attached offering highlights.

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Attachment

HIGHLIGHTS OF TREASURY OFFERINGS TO THE PUBLIC OF
2-YEAR NOTES AND 5-YEAR NOTES TO BE ISSUED MAY 31, 2007

May 24, 2007

<u>Offering Amount</u>	\$18,000 million	\$13,000 million
<u>Maximum Award (35% of Offering Amount)</u> ...	\$ 6,300 million	\$ 4,550 million
<u>Maximum Recognized Bid at a Single Yield</u> .	\$ 6,300 million	\$ 4,550 million
<u>NLP Reporting Threshold</u>	\$ 6,300 million	\$ 4,550 million

Description of Offering:

Term and type of security	2-year notes	5-year notes
Series	Z-2009	L-2012
CUSIP number	912828 GT 1	912828 GU 8
Auction date	May 29, 2007	May 30, 2007
Issue date	May 31, 2007	May 31, 2007
Dated date	May 31, 2007	May 31, 2007
Maturity date	May 31, 2009	May 31, 2012
Interest rate	Determined based on the highest accepted competitive bid	Determined based on the highest accepted competitive bid
Yield	Determined at auction	Determined at auction
Interest payment dates	November 30 and May 31	November 30 and May 31
Minimum bid amount and multiples	\$1,000	\$1,000
Accrued interest payable by investor ...	None	None
Premium or discount	Determined at auction	Determined at auction

STRIPS Information:

Minimum amount required	\$1,000	\$1,000
Corpus CUSIP number	912820 PQ 4	912820 PR 2
Due date(s) and CUSIP number(s) for additional TINT(s)	Not applicable	May 31, 2012 - 912833 7K 0

The following rules apply to all securities mentioned above:

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 (NLP) for each bidder must be reported when the sum of the total bid amount, at all yields, and the net long position equals or exceeds the NLP reporting threshold stated above.
- (3) Net long position must be determined as of one-half hour prior to the closing time for receipt of competitive tenders.
- (4) Competitive bids from Treasury Direct customers are not allowed.

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