To All Banking Institutions and Others Concerned in the Eleventh Federal Reserve District:

Quoted below is the text of a statement issued by the Department of the Treasury yesterday concerning cash financing.

**TREASURY TO AUCTION $1.0 BILLION OF NEW NOTES**

The Treasury will auction under competitive and noncompetitive bidding $1.0 billion, or thereabouts, of 4-1/2 year notes. The coupon rate for the notes will be determined after tenders are allotted. The notes will be Series D-1979, dated November 6, 1974, due May 15, 1979 (CUSIP No. 912827 DY5).

Competitive tenders for the notes must be expressed in terms of annual yield in two decimal places, e.g., 7.91, and not in terms of a price. Tenders at the lowest yields, and noncompetitive tenders, will be accepted to the extent required to attain the $1.0 billion offered. After a determination is made as to which tenders are accepted, a coupon yield will be determined to the nearest 1/8 of 1 percent necessary to make the average accepted price 100.00 or less. That will be the rate of interest that will be paid on all of the notes. Based on such interest rate, the price on each competitive tender allotted will be determined and each successful competitive bidder will pay the price corresponding to the yield he bid. Price calculations will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final. Tenders at a yield that will produce a price less than 99.001 will not be accepted.

Interest on the notes will be payable on a semiannual basis on May 15 and November 15, 1975, and thereafter on May 15 and November 15. They will be issued in registered and bearer form in denominations of $1,000, $5,000, $10,000, $100,000, and $1,000,000, and in book-entry form to designated bidders.

Tenders will be received up to 1:30 p.m., Eastern Daylight Saving time, Wednesday, October 23, at any Federal Reserve Bank or Branch and at the Bureau of the Public Debt, Securities Transactions Branch, Washington, D. C. 20226; provided, however, that noncompetitive tenders
will be considered timely received if they are mailed to any such agency under a postmark no later than Tuesday, October 22. Each tender must be in the amount of $1,000 or a multiple thereof, and all tenders must state the yield, if a competitive tender, or the term "noncompetitive", if a noncompetitive tender. The notation "TENDER FOR TREASURY NOTES" should be printed at the bottom of envelopes in which tenders are submitted.

The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, including the right to accept more or less than $1.0 billion of tenders, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $500,000 or less will be accepted in full at the average price of accepted competitive tenders, which prices will be 100.00 or less.

Commercial banks, which for this purpose are defined as banks accepting demand deposits, and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, may submit tenders for the account of customers, provided the names of the customers are set forth in such tenders. Others will not be permitted to submit tenders except for their own account.

Tenders will be received without deposit from commercial and other banks for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, Federal Reserve Banks, and Government accounts. Tenders from others must be accompanied by payment of 5 percent of the face amount of notes applied for. However, bidders who submit checks in payment on tenders submitted directly to a Federal Reserve Bank or the Treasury may find it necessary to submit full payment for the notes with their tenders in order to meet the time limits pertaining to checks as hereinafter set forth. Allotment notices will not be sent to bidders who submit noncompetitive tenders.

Payment for accepted tenders must be completed on or before Wednesday, November 6, 1974, at the Federal Reserve Bank or Branch or at the Bureau of the Public Debt. Payment must be in cash, in other funds immediately available to the Treasury by November 6, or by check drawn to the order of the Federal Reserve Bank to which the tender
is submitted, or the United States Treasury if the tender is submitted to it, which must be received at such bank or at the Treasury no later than: (1) Friday, November 1, 1974, if the check is drawn on a bank in the Federal Reserve District of the Bank to which the check is submitted, or the Fifth Federal Reserve District in case of the Treasury, or (2) Wednesday, October 30, 1974, if the check is drawn on a bank in another district. Checks received after the dates set forth in the preceding sentence will not be accepted unless they are payable at a Federal Reserve Bank. Where full payment is not completed on time, the allotment will be canceled and the deposit with the tender up to 5 percent of the amount of notes allotted will be subject to forfeiture to the United States. Payment may not be made through Tax and Loan Accounts.

Commercial banks are prohibited from making unsecured loans, or loans collateralized in whole or in part by the securitied bid for, to cover the deposits required to be paid when tenders are entered, and they will be required to make the usual certification to that effect. Other lenders are requested to refrain from making such loans.

All bidders are required to agree not to purchase or to sell, or to make any agreement with respect to the purchase or sale or other disposition of the notes bid for under this offering at a specific rate or price, until after 1:30 p.m., Eastern Daylight Saving time, Wednesday, October 23, 1974.

Combination tender forms/circular letters are enclosed. Please pay particular attention to the basis of bidding.

Yours very truly,

P. E. Coldwell
President

Enclosures
UNITED STATES OF AMERICA
TREASURY NOTES OF SERIES D-1979

Dated and bearing interest from November 6, 1974

DEPARTMENT CIRCULAR
Public Debt Series — No. 12-74

Due May 15, 1979

DEPARTMENT OF THE TREASURY
Office of the Secretary
Washington, October 15, 1974

I. INVITATION FOR TENDERS

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites tenders on a yield basis of $1,000,000,000, or thereabouts, of notes of the United States, designated Treasury Notes of Series D-1979. The interest rate on notes will be determined as set forth in Section III, paragraph 3, hereof. Tenders will be received up to 1:30 p.m., Eastern Daylight Saving Time, Wednesday, October 23, 1974, under competitive and noncompetitive bidding, as set forth in Section III hereof.

II. DESCRIPTION OF NOTES

1. The notes will be dated November 6, 1974, and will bear interest from that date, payable on a semiannual basis on May 15, 1975, and November 15, 1975, and thereafter on May 15 and November 15 in each year until the principal amount becomes payable. They will mature May 15, 1979, and will not be subject to call for redemption prior to maturity.

2. The income derived from the notes is subject to all taxes imposed under the Internal Revenue Code of 1954. The notes are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The notes will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

4. Bearer notes with interest coupons attached, and notes registered as to principal and interest, will be issued in denominations of $1,000, $5,000, $10,000, $100,000 and $1,000,000. Book-entry notes will be available to eligible bidders in multiples of those denominations. Interchanges of notes of different denominations and of coupon and registered notes, and the transfer of registered notes will be permitted.

5. The notes will be subject to the general regulations of the Department of the Treasury, now or hereafter prescribed, governing United States notes.

III. TENDERS AND ALLOTMENTS

1. Tenders will be received at Federal Reserve Bank Branches and at the Bureau of the Public Debt, Washington, D.C. 20226, up to the closing hour, 1:30 p.m., Eastern Daylight Saving time, Wednesday, October 23, 1974. Each tender must state the face amount of notes bid for, which must be $1,000 or a multiple thereof, and the yield desired, except that in the case of non-competitive tenders the term "non-competitive" shall be used in lieu of a yield. In the case of competitive tenders, the yield must be expressed in terms of an annual yield, with two decimals, e.g., 7.91. Noncompetitive tenders from any one bidder may not exceed $500,000.

2. Commercial banks, which for this purpose are defined as banks accepting demand deposits, and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from banking institutions for their own account, Federal or State savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, and Government accounts. Tenders from others must be accompanied by payment of 5 percent of the face amount of notes applied for.

3. Immediately after the closing hour tenders will be opened, following which public announcement will be made by the Department of the Treasury of the amount and yield range of accepted bids. Those submitting competitive tenders will be advised of the acceptance or rejection thereof. In considering the acceptance of tenders, those with the lowest yields will be accepted to the extent required to attain the amount offered. Tenders at the highest accepted yield will be prorated if necessary. After the determination is made as to which tenders are accepted, an interest rate will be established at the nearest one percent necessary to make the average accepted price 100.00 or less. That will be the rate of interest that will be paid on all of the notes. Based on such interest rate, the price on each competitive tender allotted will be determined and each successful competitive bidder will be required to pay the price corresponding to the yield bid. Price calculations will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, including the right to accept more or less than $1,000,000,000 of tenders, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $500,000 or less without stated yield from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive tenders.

4. All bidders are required to agree not to purchase or sell, or to make any agreements with respect to the purchase or sale or other disposition of any notes of this issue at a stated price or rate, until after 1:30 p.m., Eastern Daylight Saving time, Wednesday, October 23, 1974.

5. Commercial banks in submitting tenders will be required to certify that they have no beneficial interest in any of the tenders they enter for the account of their customers, and that their customers have no beneficial interest in the banks' tenders for their own accounts.

IV. PAYMENT

1. Settlement for accepted tenders in accordance with the bids must be made or completed on or before Wednesday, November 6, 1974, at the Federal Reserve Bank or Branch or at the Bureau of the Public Debt. Payment must be in cash, in other funds immediately available to the Tenders, by draft drawn on the Federal Reserve Bank to which the tender is submitted, or the United States Treasury if the tender is submitted to it, which must be received at such bank or at the Treasury no later than: (1) Friday, November 1, 1974, if the check is drawn on a bank in the Federal Reserve District of the Bank to which the check is submitted, or the Fifth Federal Reserve District in case of the Treasury; or (2) Wednesday, October 30, if the check is drawn on a bank in another District. Checks received after the dates set forth in the preceding sentence will not be accepted unless they are payable at a Federal Reserve Bank. Where full payment is not completed on time, the allotment will be cancelled and the deposit with the tender up to 5% of the amount of notes allotted will be subject to forfeiture to the United States. Payments may not be made through Tax and Loan accounts. Payment will not be deemed to have been completed where registered notes are requested if the appropriate identifying number as required on returns and other documents submitted to the Internal Revenue Service (an individual's social security number or an employer identification number) is not furnished.

V. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive tenders, to make such allotments as may be prescribed by the Secretary of the Treasury, to issue such notices as may be necessary, to receive payment for and make delivery of notes on full-paid tenders allotted, and they may issue interim receipts pending delivery of the definitive notes.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

Stephen S. Gardner,
Acting Secretary of the Treasury

(See reverse for tender form)
TREASURY NOTES OF SERIES D-1979

Dated and bearing interest from November 6, 1974

Pursuant to the provision of Treasury Department Circular, Public Debt Series No. 12-74, as shown on the reverse side, the undersigned offers to purchase Treasury notes in the amount shown below, and agrees to pay for the amount allotted, on or before the issue date, by the method and at the rate indicated.

NONCOMPETITIVE TENDER $__ NOT TO EXCEED $500,000

Noncompetitive tenders for $500,000 or less from any one bidder, without stated yield, will be accepted in full at the average price (in three decimals) of accepted competitive tenders.

COMPETITIVE TENDERS

Yields must be expressed in terms of an annual yield, with two decimals, e.g., 7.91. Fractions must not be used.

BANKS ONLY:

- By charge to our reserve account on payment date
- By draft enclosed
- By charge to our correspondent:

(A written authorization for such charge should be provided from your correspondent.)

DENOMINATIONS DESIRED

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CERTIFICATION BY COMMERCIAL BANKS

We hereby certify that we have received tenders from our customers in the amounts set opposite the customers’ names on the list which is made a part of this tender; that there has been paid to us by each such customer as required by the official offering circular, not subject to withdrawal until after allotment, not less than 5 percent of the amount bid for; that we have not made unsecured loans, or loans collateralized in whole or in part by the notes bid for, to supply the amounts of such payments to any of such customers; that we have no beneficial interest in the tenders of such customers; and that none of our customers has any beneficial interest in the amount bid for our own account.

We further certify that tenders received by us, if any, from the other commercial banks for their own account and for the account of their customers have been entered with us under the same conditions, agreements and certifications as set forth in this form.

CERTIFICATION BY ALL SUBSCRIBERS

We certify that all subscribers listed herein have agreed not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any of the notes of this issue at a specific rate or price, until after 1:30 p.m., Eastern Daylight Saving time, Wednesday, October 23, 1974.

PLEASE PRINT OR TYPE (The information below will be used in delivery of securities.)

FEDERAL RESERVE BANK ONLY:

COST:

DEPOSIT:

DUE TO SUBSCRIBER:

DUE FROM SUBSCRIBER: