

FEDERAL RESERVE BANK
OF NEW YORK
Fiscal Agent of the United States

Circular No. 10,003
February 13, 1986

TREASURY TO AUCTION \$9,500 MILLION OF 2-YEAR NOTES

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

The following statement was issued by the Treasury Department:

The Department of the Treasury will auction \$9,500 million of 2-year notes to refund \$8,479 million of 2-year notes maturing February 28, 1986, and to raise about \$1,025 million new cash. The \$8,479 million of maturing 2-year notes are those held by the public, including \$418 million currently held by Federal Reserve Banks as agents for foreign and international monetary authorities.

The \$9,500 million is being offered to the public, and any amounts tendered by Federal Reserve Banks as agents for foreign and international monetary authorities will be added to that amount. Tenders for such accounts will be accepted at the average price of accepted competitive tenders.

In addition to the public holdings, Government accounts and Federal Reserve Banks, for their own accounts, hold \$662 million of the maturing securities that may be refunded by issuing additional amounts of the new notes at the average price of accepted competitive tenders.

Printed on the reverse side is a table summarizing the highlights of the offering. Copies of the official offering circular will be furnished upon request directed to our Government Bond Division (Tel. No. 212-791-6619). In addition, enclosed is a copy of the form to be used in submitting tenders for this offering.

This Bank will receive tenders prior to 1:00 p.m., Eastern Standard time, Wednesday, February 19, 1986, at the Securities Department of its Head Office and at its Buffalo Branch. *All competitive tenders*, whether transmitted by mail or by other means, must reach this Bank or its Branch by that time. However, for investors who wish to submit noncompetitive tenders and who find it more convenient to mail their tenders than to present them in person, the official offering circular provides that *noncompetitive* tenders will be considered timely received if they are mailed to this Bank or its Branch under a postmark *no later than February 18*.

Bidders submitting noncompetitive tenders should realize that it is possible that the average price may be above par, in which case they would have to pay more than the face value for the securities.

Payment with a tender may be made in cash, by check, in Treasury securities maturing on or before the issue date of the securities being purchased, by a charge to an institution's reserve account at this Bank, or, in the case of Treasury Tax and Loan Note Option Depositories, by credit to a Treasury Tax and Loan Note Account. Payment by check must be in the form of an official bank check, a Federal funds check (a check drawn by a depository institution on its Federal Reserve account), or a personal check, which need not be certified. All checks must be drawn payable to the Federal Reserve Bank of New York; *checks endorsed to this Bank will not be accepted*.

Recorded messages provide information about Treasury offerings and about auction results: at the Head Office — Tel. No. 212-791-7773 (offerings) and Tel. No. 212-791-5823 (results); at the Buffalo Branch — Tel. No. 716-849-5158 (offerings) and Tel. No. 716-849-5046 (results). Additional inquiries regarding this offering may be made by calling, at the Head Office, Tel. No. 212-791-6619, or, at the Buffalo Branch, Tel. No. 716-849-5016.

E. GERALD CORRIGAN,
President.

(Over)

**HIGHLIGHTS OF TREASURY
OFFERING TO THE PUBLIC
OF 2-YEAR NOTES
TO BE ISSUED FEBRUARY 28, 1986**

Amount Offered:

To the public \$9,500 million

Description of Security:

Term and type of security 2-year notes
 Series and CUSIP designation Series W-1988
 (CUSIP No. 912827 TH5)
 Maturity date February 29, 1988
 Call date No provision
 Interest rate To be determined, based on the
 average of accepted bids
 Investment yield To be determined at auction
 Premium or discount To be determined after auction
 Interest payment dates August 31, 1986; February 28, 1987;
 August 31, 1987; and February 29, 1988
 Minimum denomination available \$5,000

Terms of Sale:

Method of sale Yield auction
 Competitive tenders Must be expressed as an annual yield,
 with two decimals, e.g., 7.10%
 Noncompetitive tenders Accepted in full at the average
 price up to \$1,000,000
 Accrued interest payable by investor None
 Payment by non-institutional investors Full payment to be submitted
 with tender
 Payment through Treasury Tax and Loan (TT&L)
 Note Accounts Acceptable for TT&L Note
 Option Depositories
 Deposit guarantee by designated institutions Acceptable

Key Dates:

Receipt of tenders Wednesday, February 19, 1986,
 prior to 1:00 p.m., EST
 Settlement (final payment due from institutions)
 a) cash or Federal funds Friday, February 28, 1986
 b) readily collectible check Wednesday, February 26, 1986

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TREASURY NEWS

Department of the Treasury • Washington, D.C. • Telephone 566-2041

RESULTS OF PREVIOUS AUCTION OF 2-YEAR NOTES

Auction date: February 19, 1986

The Department of the Treasury has accepted \$9,530 million of \$22,319 million of tenders received from the public for the 2-year notes, Series W-1988, auctioned today. The notes will be issued February 28, 1986, and mature February 29, 1988.

The interest rate on the notes will be 8%. The range of accepted competitive bids, and the corresponding prices at the 8% interest rate are as follows:

	<u>Yield</u>	<u>Price</u>
Low	7.99%	100.018
High	8.03%	99.946
Average	8.02%	99.964

Tenders at the high yield were allotted 100%.

TENDERS RECEIVED AND ACCEPTED (In Thousands)

<u>Location</u>	<u>Received</u>	<u>Accepted</u>
Boston	\$ 42,490	\$ 30,490
New York	19,714,875	8,507,875
Philadelphia	22,100	22,100
Cleveland	61,785	60,785
Richmond	110,635	74,620
Atlanta	78,430	63,430
Chicago	1,047,270	289,270
St. Louis	147,675	130,675
Minneapolis	34,405	34,400
Kansas City	135,295	133,295
Dallas	32,785	27,785
San Francisco	885,860	149,360
Treasury	5,840	5,840
Totals	\$22,319,445	\$9,529,925

The \$9,530 million of accepted tenders includes \$826 million of noncompetitive tenders and \$8,704 million of competitive tenders from the public.

In addition to the \$9,530 million of tenders accepted in the auction process, \$375 million of tenders was awarded at the average price to Federal Reserve Banks as agents for foreign and international monetary authorities. An additional \$662 million of tenders was also accepted at the average price from Government accounts and Federal Reserve Banks for their own account in exchange for maturing securities.