FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

Circular No. 10140 January 15, 1987

TREASURY TO AUCTION \$10,250 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 \$10,250 million of 2-year notes to refund \$9,447 million of 2-year notes maturing January 31, 1987, and to raise about \$800 million new cash. The \$9,447 million of maturing 2-year notes are those held by the public, including \$1,704 million currently held by Federal Reserve Banks as agents for foreign and international monetary authorities.

The \$10,250 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 \$765 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 Issues Division (Tel. No. 212-720-6621). 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, January 21, 1987, 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 January 20.

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 Depositaries, 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. 212-720-7773 (offerings) and Tel. No. 212-720-5823 (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. 212-720-6621, or, at the Buffalo Branch, Tel. No. 716-849-5016.

E. GERALD CORRIGAN, *President*.

HIGHLIGHTS OF TREASURY OFFERING TO THE PUBLIC OF 2-YEAR NOTES TO BE ISSUED FEBRUARY 2, 1987

Amount Offered: To the public	\$10,250 million
Description of Security: Term and type of security	2-vear notes
Series and CUSIP designation	
Maturity date	January 31, 1989
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	July 31 and January 31
Minimum denomination available	\$5,000
Terms of Sale: Method of sale	
	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 Depositaries
Deposit guarantee by designated institutions	Acceptable
Key Dates: Receipt of tenders	Wednesday, January 21, 1987, prior to 1:00 p.m., EST
Settlement (final payment due from institutions) a) cash or Federal funds	Monday, February 2, 1987
b) readily collectible check	Thursday, January 29, 1987