OFFERING OF TWO SERIES OF TREASURY BILLS

$2,300,000,000 of 91-Day Bills, Additional Amount, Series Dated July 29, 1971, Due January 27, 1972
(To Be Issued October 28, 1971)

$1,600,000,000 of 182-Day Bills, Dated October 28, 1971, Due April 27, 1972

To All Incorporated Banks and Trust Companies, and Others Concerned, in the Second Federal Reserve District:

Following is the text of a notice issued by the Treasury Department, released at 4 p.m. today:

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $3,900,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing October 28, 1971, in the amount of $3,714,390,000, as follows:

91-day bills (to maturity date) to be issued October 28, 1971, in the amount of $2,300,000,000, or thereabouts, representing an additional amount of bills dated July 29, 1971, and to mature January 27, 1972 (CUSIP No. 912793 MK9), originally issued in the amount of $1,600,705,000, the additional and original bills to be freely interchangeable.

182-day bills, for $1,600,000,000, or thereabouts, to be dated October 28, 1971, and to mature April 27, 1972 (CUSIP No. 912793 MY9).

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $10,000, $15,000, $50,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty p.m., Eastern Daylight Saving time, Friday, October 22, 1971. Tenders will not be received at the Treasury Department, Washington. Each tender must be for a minimum of $10,000. Tenders over $10,000 must be in multiples of $5,000. In the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., .99925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Banking institutions generally may submit tenders for account of customers, provided the names of the customers are set forth in such tenders. Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Only those submitting competitive tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for each issue for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on October 28, 1971, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 28, 1971. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

Under Sections 454(b) and 1221(5) of the Internal Revenue Code of 1954, the amount of discount at which bills issued hereunder are sold is considered to accrue when the bills are sold, redeemed or otherwise disposed of, and the bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder must include in his income tax return, as ordinary gain or loss, the difference between the price paid for the bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made.

Tender for the previous offering of Treasury bills, to be issued October 21, 1971, will take place on Monday, October 18; the results of that bidding will be announced after release by the Treasury Department.

Alfred Hayes, President.

Closing date for receipt of tenders is Friday, October 22.