TREASURY TO AUCTION $2,700 MILLION OF 2-YEAR NOTES

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

The following statement was issued yesterday by the Treasury Department:

The Department of the Treasury will auction $2,700 million of 2-year notes to refund approximately the same amount of notes maturing January 31, 1979. The $2,704 million of maturing notes are those held by the public, including $774 million currently held by Federal Reserve Banks as agents for foreign and international monetary authorities.

In addition to the public holdings, Government accounts and Federal Reserve Banks, for their own accounts, hold $151 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. Additional amounts of the new securities may also be issued at the average price, for new cash only, to Federal Reserve Banks as agents for foreign and international monetary authorities.

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).

Enclosed is a copy of a standard form that can be used in submitting tenders for this offering (or for any subsequent offering of 2-year notes).

This Bank will receive tenders up to 1:30 p.m., Eastern Standard time, Tuesday, January 23, 1979, 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 22.

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 may be made by personal check, or an official bank check, payable on its face to the Federal Reserve Bank of New York; checks endorsed to this Bank will not be accepted. A personal check submitted with the tender, either as a deposit or for the face amount of the securities, does not have to be certified. However, in cases where only a deposit is submitted with the tender, a personal check submitted for the final payment must be certified.

As provided in the official offering circular, “in every case where full payment is not completed on time, the deposit submitted with the tender, up to 5 percent of the face amount of securities allotted, shall, at the discretion of the Secretary of the Treasury, be forfeited to the United States.”

A recorded message (at the Head Office — Tel. No. 212-791-5823; at the Buffalo Branch — Tel. No. 716-849-5046) provides information about this and other Treasury offerings; 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.

PAUL A. VOLCKER,
President.
HIGHLIGHTS OF TREASURY OFFERING TO THE PUBLIC OF 2-YEAR NOTES TO BE ISSUED JANUARY 31, 1979

(Delivery date for coupon securities is February 5, 1979)

Amount Offered:
To the public .......................................... $2,700 million

Description of Security:
Term and type of security .................................. 2-year notes
Series and CUSIP designation .............................. Series P-1981
                                                        (CUSIP No. 912827 JJ2)
Maturity date .................................................. January 31, 1981
Call date ........................................................... No provision
Interest coupon 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 ................................................ Yield auction
Accrued interest payable by investor ........................ None
Preferred allotment ............................................. Noncompetitive bid for $1,000,000 or less
Deposit requirement .......................................... 5% of face amount
Deposit guarantee by designated institutions ......... Acceptable

Key Dates:
Deadline for receipt of tenders ............................ Tuesday, January 23, 1979, by 1:30 p.m., EST
Settlement date (final payment due)
   a) Cash or Federal funds ..................................... Wednesday, January 31, 1979
   b) Check drawn on bank within FRB district where submitted .......... Monday, January 29, 1979
   c) Check drawn on bank outside FRB district where submitted ........... Friday, January 26, 1979
Delivery date for coupon securities ....................... Monday, February 5, 1979
IMPORTANT—This is a standard form. Its terms are subject to change at any time by the Treasury. This tender will be construed as a bid to purchase the 2-year notes for which the Treasury has outstanding an invitation for tenders on the date received by the Federal Reserve Bank of New York or its Buffalo Branch.

TENDER FOR 2-YEAR TREASURY NOTES

To Federal Reserve Bank of New York

Fiscal Agent of the United States

New York, N.Y. 10045

Pursuant to the provisions of the public notice issued by the Treasury Department inviting tenders for the current offering of 2-year Treasury notes, the undersigned hereby offers to purchase such currently offered Treasury notes in the amount indicated below, and agrees to make payment therefor at your Bank on or before the issue date at the price awarded on this tender.

COMPETITIVE TENDER

<table>
<thead>
<tr>
<th>Pieces</th>
<th>Denominations</th>
<th>Maturity value</th>
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<td>$5,000</td>
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Any lesser amount that may be awarded.

$........................................ (maturity value)

Yield: ................................

(Interest must be expressed with not more than two decimal places.)

Subject to allotment, please issue, deliver, and accept payment for the securities as indicated below and on the reverse side (if registered securities are desired, please also complete schedule on reverse side):

INSTRUCTIONS:

1. No tender for less than $5,000 will be considered, and each tender must be for a multiple of $5,000 (maturity value).

2. Only banking institutions, and dealers who make primary markets in Government securities and report daily to this Bank their positions with respect to Government securities and borrowings thereon, may submit tenders for customer accounts. In doing so, they may consolidate competitive tenders at the same yield and may consolidate noncompetitive tenders, provided a list is attached showing the name of each bidder and the amount bid for his account. Others will not be permitted to submit tenders except for their own account.

3. 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, and Government accounts. Tenders from others must be accompanied by payment of at least 5 percent of the face amount of the securities applied for.

4. A personal check, cash, or Treasury securities maturing on or before the issue date of the new securities may be submitted with the tender, either as a deposit or for the face amount of the securities, do not have to be certified. However, in cases where only one deposit is submitted with the tender, a personal check submitted for the final payment must be certified and received at this Bank on the payment date (which is generally three business days before the issue date) shown on the "Notice of Balance Due" that will be mailed to you. All checks must be payable on the face of the Federal Reserve Bank of New York; checks endorsed to this Bank will not be accepted. Settlement on the issue date must be in cash or in other immediately available funds.

5. A recorded message (at the Head Office—Tel. No. 212-791-5823; at the Buffalo Branch—Tel. No. 716-849-5046) provides information about Treasury offerings; additional inquiries regarding Treasury offerings may be made by calling, at the Head Office, Tel. No. 212-791-6619; or, at the Buffalo Branch, Tel. No. 716-849-5016. (If the inquiry relates to competitive tenders, however, the Head Office number to call is 212-791-5465.)

6. If the language of this tender is changed in any respect that, in the opinion of the Secretary of the Treasury, is material, the tender may be disregarded.

(Over)
## SCHEDULE FOR ISSUE OF REGISTERED 2-YEAR TREASURY NOTES

### DELIVERY INSTRUCTIONS
- [ ] DELIVER OVER THE COUNTER
- [ ] SHIP TO SUBSCRIBER
- [ ] OTHER INSTRUCTIONS:

### PAYMENT INSTRUCTIONS
- [ ] BY CHARGE TO OUR RESERVE ACCOUNT
- [ ] BY CASH OR CHECK IN IMMEDIATELY AVAILABLE FUNDS
- [ ] BY SURRENDER OF MATURING SECURITIES
- [ ] BY CHARGE TO MY CORRESPONDENT BANK

### SUBSCRIPTION NO.

### FOR FRB USE ONLY

### TRANS. ACCOUNTING DATE

### ISSUE AGENT 12

### LOAN CODE

### INTEREST COMP. DATE 110-01

### SUBSCRIBER’S NAME

### ADDRESS

### CITY

### STATE

### ZIP

### SIGNATURE

### REGISTRATION INSTRUCTIONS

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