DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED UNTIL 11:00 A.M.
February 22, 2005

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TREASURY OFFERS 2-YEAR NOTES

The Treasury will auction $24,000 million of 2-year notes to refund $26,999 million of publicly held notes maturing February 28, 2005, and to pay down approximately $2,999 million.

In addition to the public holdings, Federal Reserve Banks hold $8,333 million of the maturing notes for their own accounts, which may be refunded by issuing an additional amount of the new security.

Up to $1,000 million in noncompetitive bids from Foreign and International Monetary Authority (FIMA) accounts bidding through the Federal Reserve Bank of New York will be included within the offering amount of the auction. These noncompetitive bids will have a limit of $100 million per account and will be accepted in the order of smallest to largest, up to the aggregate award limit of $1,000 million.

TreasuryDirect customers requested that we reinvest their maturing holdings of approximately $491 million into the 2-year note.

The auction will be conducted in the single-price auction format. All competitive and noncompetitive awards will be at the highest yield of accepted competitive tenders. The allocation percentage applied to bids awarded at the highest yield will be rounded up to the next hundredth of a whole percentage point, e.g., 17.13%.

The notes being offered today are eligible for the STRIPS program.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular for the Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds (31 CFR Part 356, as amended).

Details about the new security are given in the attached offering highlights.

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Attachment

HIGHLIGHTS OF TREASURY OFFERING TO THE PUBLIC OF 2-YEAR NOTES TO BE ISSUED FEBRUARY 28, 2005

February 22, 2005

Offering Amount	$24,000 million
Maximum Award (35% of Offering Amount)	$ 8,400 million
Maximum Recognized Bid at a Single Yield	$ 8,400 million
NLP Reporting Threshold	$ 8,400 million

Description of Offering:

Term and type of security	2-year notes
Series	N-2007
CUSIP number	912828 DN 7
Auction date	February 24, 2005
Issue date	February 28, 2005
Dated date	February 28, 2005
Maturity date	February 28, 2007
Interest rate	Determined based on the highest accepted competitive bid
Yield	Determined at auction
Interest payment dates	August 31 and February 28
Minimum bid amount and multiples	$1,000
Accrued interest payable by investor	None
Premium or discount	Determined at auction

STRIPS Information:

Minimum amount required	$1,000
Corpus CUSIP number	912820 LK 1
Due date(s) and CUSIP number(s) for additional TINT(s)	February 28, 2007 - - 912833 3U 2

Submission of Bids:

Noncompetitive bids:

Accepted in full up to $5 million at the highest accepted yield.

Foreign and International Monetary Authority (FIMA) bids: Noncompetitive bids submitted through the Federal Reserve Banks as agents for FIMA accounts. Accepted in order of size from smallest to largest with no more than $100 million awarded per account. The total noncompetitive amount awarded to Federal Reserve Banks as agents for FIMA accounts will not exceed $1,000 million. A single bid that would cause the limit to be exceeded will be partially accepted in the amount that brings the aggregate award total to the $1,000 million limit. However, if there are two or more bids of equal amounts that would cause the limit to be exceeded, each will be prorated to avoid exceeding the limit.

Competitive bids:

(1) Must be expressed as a yield with three decimals, e.g., 7.123%.

(2) Net long position (NLP) for each bidder must be reported when the sum of the total bid amount, at all yields, and the net long position equals or exceeds the NLP reporting threshold stated above.

(3) Net long position must be determined as of one-half hour prior to the closing time for receipt of competitive tenders.

Receipt of Tenders:

Noncompetitive tenders:

Prior to 12:00 noon eastern standard time on auction day.

Competitive tenders:

Prior to 1:00 p.m. eastern standard time on auction day.

Payment Terms: By charge to a funds account at a Federal Reserve Bank on issue date, or payment of full par amount with tender. *TreasuryDirect* customers can use the Pay Direct feature which authorizes a charge to their account of record at their financial institution on issue date.