

TABLE 2.—DECIMAL FOR ONE DAY'S INTEREST ON \$1,000 AT VARIOUS RATES OF INTEREST, PAYABLE SEMIANNUALLY OR ON A SEMIANNUAL BASIS, IN REGULAR YEARS OF 365 DAYS AND IN YEARS OF 366 DAYS (TO DETERMINE APPLICABLE NUMBER OF DAYS, SEE TABLE 1)—Continued

Rate per annum (percent)	Half-year of 184 days	Half-year of 183 days	Half-year of 182 days	Half-year of 181 days
16 $\frac{7}{8}$ .....	0.458559783	0.461065574	0.463598901	0.466160221
17 .....	0.461956522	0.464480874	0.467032967	0.469613260
17 $\frac{1}{8}$ .....	0.465353261	0.467896175	0.470467033	0.473066298
17 $\frac{1}{4}$ .....	0.468750000	0.471311475	0.473901099	0.476519337
17 $\frac{3}{8}$ .....	0.472146739	0.474726776	0.477335165	0.479972376
17 $\frac{1}{2}$ .....	0.475543478	0.478142077	0.480769231	0.483425414
17 $\frac{5}{8}$ .....	0.478940217	0.481557377	0.484203297	0.486878453
17 $\frac{3}{4}$ .....	0.482336957	0.484972678	0.487637363	0.490331492
17 $\frac{7}{8}$ .....	0.485733696	0.488387978	0.491071429	0.493784530
18 .....	0.489130435	0.491803279	0.494505495	0.497237569
18 $\frac{1}{8}$ .....	0.492527174	0.495218579	0.497939560	0.500690608
18 $\frac{1}{4}$ .....	0.495923913	0.498633880	0.501373626	0.504143646
18 $\frac{3}{8}$ .....	0.499320652	0.502049180	0.504807692	0.507596685
18 $\frac{1}{2}$ .....	0.502717391	0.505464481	0.508241758	0.511049724
18 $\frac{5}{8}$ .....	0.506114130	0.508879781	0.511675824	0.514502762
18 $\frac{3}{4}$ .....	0.509510870	0.512295082	0.515109890	0.517955801
18 $\frac{7}{8}$ .....	0.512907609	0.515710383	0.518543956	0.521408840
19 .....	0.516304348	0.519125683	0.521978022	0.524861878
19 $\frac{1}{8}$ .....	0.519701087	0.522540984	0.525412088	0.528314917
19 $\frac{1}{4}$ .....	0.523097826	0.525956284	0.528846154	0.531767956
19 $\frac{3}{8}$ .....	0.526494565	0.529371585	0.532280220	0.535220994
19 $\frac{1}{2}$ .....	0.529891304	0.532786885	0.535714286	0.538674033
19 $\frac{5}{8}$ .....	0.533288043	0.536202186	0.539148352	0.542127072
19 $\frac{3}{4}$ .....	0.536684783	0.539617486	0.542582418	0.545580110
19 $\frac{7}{8}$ .....	0.540081522	0.543032787	0.546016484	0.549033149
20 .....	0.543478261	0.546448087	0.549450549	0.552486188

3. *Short First Payment Period.* In cases where the first interest payment period for a Treasury fixed-principal security covers less than a full half-year period (a "short coupon"), we multiply the daily interest decimal by the number of days from, but not including, the issue date to, and including, the first interest payment date. This calculation results in the amount of the interest payable per \$1,000 par amount. In cases where the par amount of securities is a multiple of \$1,000, we multiply the appropriate multiple by the unrounded interest payment amount per \$1,000 par amount.

**Example**

A 2-year note paying 8 $\frac{3}{8}$ % interest was issued on July 2, 1990, with the first interest payment on December 31, 1990. The number of days in the full half-year period of June 30 to December 31, 1990, was 184 (See Table 1). The number of days for which interest actually accrued was 182 (not including July 2, but including December 31). The daily interest decimal, \$0.227581522 (See Table 2, line for 8 $\frac{3}{8}$ %, under the column for half-year of 184 days), was multiplied by 182, resulting in a payment of \$41.419837004 per \$1,000. For \$20,000 of these notes, \$41.419837004 would be multiplied by 20, resulting in a payment of \$828.39674008 (\$828.40).

4. *Long First Payment Period.* In cases where the first interest payment period for a bond or note covers more than a full half-year period (a "long coupon"), we multiply the daily interest decimal by the number of days from, but not including, the issue date to, and including, the last day of the fractional period that ends one full half-year before the interest payment date. We add that amount to the regular interest amount for the full half-year ending on the first interest payment date, resulting in the amount of interest payable for \$1,000 par amount. In cases where the par amount of securities is a multiple of \$1,000, the appropriate multiple should be applied to the unrounded interest payment amount per \$1,000 par amount.

**Example**

A 5-year 2-month note paying 7 $\frac{7}{8}$ % interest was issued on December 3, 1990, with the first interest payment due on August 15, 1991. Interest for the regular half-year portion of the payment was computed to be \$39.375 per \$1,000 par amount. The fractional portion of the payment, from December 3 to February 15, fell in a 184-day half-year (August 15, 1990, to February 15, 1991). Accordingly, the daily interest decimal for 7 $\frac{7}{8}$ % was \$0.213994565. This decimal, multiplied by 74 (the number of days from but not including December 3,

1990, to and including February 15), resulted in interest for the fractional portion of \$15.835597810. When added to \$39.375 (the normal interest payment portion ending on August 15, 1991), this produced a first interest payment of \$55.210597810, or \$55.21 per \$1,000 par amount. For \$7,000 par amount of these notes, \$55.210597810 would be multiplied by 7, resulting in an interest payment of \$386.474184670 (\$386.47).

**B. Treasury Inflation-Protected Securities**

1. *Indexing Process.* We pay interest on marketable Treasury inflation-protected securities on a semiannual basis. We issue inflation-protected securities with a stated rate of interest that remains constant until maturity. Interest payments are based on the security's inflation-adjusted principal at the time we pay interest. We make this adjustment by multiplying the par amount of the security by the applicable Index Ratio.

2. *Index Ratio.* The numerator of the Index Ratio, the Ref CPI<sub>Date</sub>, is the index number applicable for a specific day. The denominator of the Index Ratio is the Ref CPI applicable for the original issue date. However, when the dated date is different from the original issue date, the denominator is the Ref CPI applicable for the dated date. The formula for calculating the Index Ratio is:

$$\text{Index Ratio}_{\text{Date}} = \frac{\text{Ref CPI}_{\text{Date}}}{\text{Ref CPI}_{\text{Issue Date}}}$$