

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, January 27, 1954

PRELIMINARY ANNOUNCEMENT EXCHANGE OFFERING

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

There is quoted below a press statement issued today by the Treasury Department:

"Subscription books will open on Monday, February 1, for the exchange of the 2½ percent Certificates of Indebtedness which will mature February 15, 1954, in the amount of \$8,114,165,000, and the 1¾ percent Treasury Notes which will mature March 15, 1954, in the amount of \$4,675,067,000.

"Holders of the maturing securities will be offered the choice of one-year 1½ percent Certificates of Indebtedness and 7-year and 9-month 2½ percent Treasury Bonds in exchange for their present holdings.

"In addition, holders of the 2 percent Bonds of 1952-54 which reach final maturity on June 15, 1954, in the amount of \$5,825,463,500, and holders of the 2¼ percent Bonds of 1952-55 and the 2½ percent Bonds of 1954-56 which will be called for redemption on June 15, 1954, in the amounts of \$1,500,780,800 and \$680,691,850, respectively, will also be given an opportunity to exchange their holdings at this time for the new 2½ percent Treasury Bonds, with interest adjustments as of February 15, 1954.

"The new certificates will carry an interest coupon payable with the principal at maturity, and any premium paid on the acquisition of these certificates in the market may be amortized in accordance with Sec. 125 of the Internal Revenue Code.

"While the amount of the public debt outstanding in relation to the statutory limitation of \$275 billion precludes the sale of a longer term bond for cash at this time, consideration is being given to such an offering at a later date.

"The Treasury will issue calls on February 15 for the redemption on June 15, 1954, of the 2½ percent Bonds of 1952-55 and the 2½ percent Bonds of 1954-56. The option to call the 2 percent Bonds of 1951-55 and the 2 percent Bonds of 1952-54 (due December 15, 1954) for redemption on June 15, 1954, will not be exercised.

"The subscription books will close at the close of business Wednesday, February 3, 1954. Any subscriptions addressed to a Federal Reserve Bank or Branch or to the Treasury Department and placed in the mail before midnight February 3 will be considered as timely."

The official circulars and subscription forms for the exchange offering will be mailed to reach all banking institutions on Monday, February 1, the date the books open. If the circulars and forms are not received in sufficient time, however, subscriptions may be entered by mail or by telephone, subject to confirmation with an official application blank.

Yours very truly,

W. D. GENTRY

First Vice President