SPECIAL SERIES — TREASURY BILLS
366 DAYS

Dated January 15, 1960
$1,500,000,000

Maturing January 15, 1961

To All Banking Institutions and Others Concerned

in the Eleventh Federal Reserve District:

Your attention is invited to the following statement giving details of a new issue of Treasury bills:

"The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 366-day Treasury bills, for cash and in exchange for Treasury bills maturing January 15, 1960, in the amount of $2,006,171,000, to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be dated January 15, 1960, and will mature January 15, 1961, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $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 o’clock p.m., Eastern Standard time, Tuesday, January 12, 1960. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and 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., 99.925. Fractions may not be used. (Notwithstanding the fact that these bills will run for 366 days, the discount rate will be computed on a bank discount basis of 360 days, as is currently the practice on all issues of Treasury bills.) 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 thereafter.

"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.

"All bidders are required to agree not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any bills of this issue, until after one-thirty o’clock p.m., Eastern Standard time, Tuesday, January 12, 1960.

"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. Those submitting 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 $400,000 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. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on January 15, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing January 15, 1960. 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.

"The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. 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 not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such 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, as ordinary gain or loss.

"Treasury Department Circular No. 418, Revised, and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

"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. Those submitting 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 $400,000 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. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on January 15, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing January 15, 1960. 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.

"The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. 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 not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such 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, as ordinary gain or loss.

"Treasury Department Circular No. 418, Revised, and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

Payment for this issue of Treasury bills must be made or completed at this bank or proper branch in cash or other immediately available funds on January 15, 1960, or in a like face amount of Treasury bills maturing January 15, 1960. Payment for this issue of bills CANNOT be made by credit to Treasury Tax and Loan Account.

Please note the required agreement not to purchase or sell this security prior to 1:30 o’clock p.m., Eastern Standard time, Tuesday, January 12, 1960.

In accordance with the above announcement, tenders will be received at this bank and its branches at El Paso, Houston and San Antonio, up to twelve-thirty o’clock p.m., Central Standard time, Tuesday, January 12, 1960. Tenders may not be entered by telephone.

Yours very truly,

Watrous H. Irons
President
TENDER FOR TREASURY BILLS
SPECIAL SERIES
366 Days

To: Federal Reserve Bank, Station K, Dallas, Texas
or

The..................................................................................Branch -------------------------
El Paso Houston San Antonio (Date)

Pursuant to the provisions of Treasury Department Circular No. 418, Revised, and to the provisions
of the public announcement, as shown on reverse side, as issued by the Treasury Department, the under­
signed offers to purchase Treasury bills in the amount shown below, and agrees to pay for the amount
allotted, on or before the issue date, by the method and at the rate indicated.

NONCOMPETITIVE TENDER $...................................................NOT TO EXCEED $400,000
Noncompetitive tenders for $400,000 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.

 COMPETITIVE TENDERS

$ @ $ $ @ $ $ @ $

Prices should be ex­
pressed on the basis of
100, with not more than
three decimal places,
e. g., 99.925. Fractions
must not be used.

TENDERS MAY NOT BE ENTERED BY TELEPHONE. TENDERS BY WIRE, IF RECEIVED BEFORE THE
CLOSING HOUR, ARE ACCEPTABLE.

METHOD OF PAYMENT

□ Payment to be made by...........................................................................................................

(Name of Bank)

□ By charge to our reserve account on payment date.

□ By draft enclosed (effectual delivery of enclosed draft
shall be on latest day which will permit presentment in
order to obtain irrevocably collected funds on payment
date).

All bidders are required to agree not to purchase or to sell, or to make
any agreements with respect to the purchase or sale or other disposition
of any bills of this issue, until after one-thirty o'clock p.m., Eastern
Standard Time, Tuesday, January 12, 1960. ___________________________

Delivery Instructions:

□ Hold in Custody Account—Member
banks for own account only

□ Pledge to Secure Treasury Tax and
Loan Account

□ Ship to __________________________

(Subscriber's full name or corporate title)

(For the account of, If tender is for another subscriber)

By...........................-...............................................

(Authorised official signature and title)

(For the account of, If tender is for another subscriber)

(Address)

(Address)

IMPORTANT
1. No tender for less than $1,000 will be considered and each tender must be for an amount in multiples of $1,000 (maturity
value).

2. Tenders should be forwarded in an envelope clearly addressed to this bank or appropriate branch as Fiscal Agent of the
United States, with notation on the envelope reading "TENDER FOR TREASURY BILLS." Since envelopes received
with this legend will not be opened until after the closing time specified in the public announcement, communications
relating to other matters should not be enclosed. Envelopes for submitting tenders are mailed with the announcing
circulars.

3. Any qualified or conditional tender will be rejected.

4. If a corporation makes the tender the form should be signed by an officer of the corporation authorized to make the
tender and the signing of the form by an officer of the corporation will be construed as a representation by him that he
has been so authorized. If the tender is made by a partnership it should be signed by a member of the firm, who
should sign in the form "....................................................., a member of the firm."

5. Tenders from those other than incorporated banks and trust companies or responsible and recognized dealers in invest­
ment securities will be disregarded, unless accompanied by a deposit of 2 per cent of the total amount (maturity
value) of the Treasury bills applied for, or unless the tenders are accompanied by an express guaranty of full payment
by an incorporated bank or trust company.

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

Tenders will be received at this bank and its branches at El Paso, Houston and San Antonio, up to twelve­
thirty o'clock p.m., Central Standard Time, Tuesday, January 12, 1960.