Dallas, Texas, January 28, 1960

FEDERAL RESERVE BANK OF DALLAS
FISCAL AGENT OF THE UNITED STATES

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 in regard to a new exchange offering:

"The Treasury Department will offer on February 1:
4% percent one-year certificates of indebtedness to be dated February 15, 1960, and to mature February 15, 1961, at par;
and
4% percent 4-year 9-month Treasury notes to be dated February 15, 1960, and to mature November 15, 1964, at 99.75 percent of face value, to yield about 4.93 percent,
to holders of:
$11,363 million of 3 3/8 percent Treasury Certificates of Indebtedness of Series A-1960, maturing February 15, 1960;
and
$198 million of 1 1/2 percent Treasury Notes of Series EA-1960, maturing April 1, 1960.
"Cash subscriptions will not be received.
"Interest on the new certificates will be payable on August 15, 1960, and February 15, 1961. Interest on the new notes will be payable May 15 and November 15 in each year until the principal amount is payable.
"Exchanges of the maturing 3 3/8 percent Treasury certificates will be made for a like face amount of the eligible securities as of February 15. Coupons dated February 15 on the maturing certificates should be detached by holders and cashed when due. A cash payment of $2.50 per $1,000 face value of the new 4% percent notes, representing the discount from the face value, will be paid upon issuance of the notes to holders electing to exchange for such notes.
"Exchanges of the 1 1/2 percent Treasury Notes of Series EA-1960 will be made for a like face amount of the eligible securities as of February 15. Interest on the 1 1/2 percent Series EA-1960 notes will be adjusted as of March 15, 1960. Coupons dated April 1 on the Series EA notes should be attached to the notes when surrendered. Interest from October 1 to March 15 will be credited, interest from February 15 to March 15 on the new certificates or notes will be charged and the difference will be paid to subscribers following acceptance of the notes. In addition to the interest adjustments where the Series EA-1960 notes are exchanged for the new 4% percent notes, the $2.50 per $1,000 face value, representing the discount from the face value, will also be paid to holders.
"The subscription books will be open only on February 1 through February 3 for the receipt of subscriptions for these issues. Any subscription for either issue addressed to a Federal Reserve Bank or Branch, or to the Office of the Treasurer of the United States, and placed in the mail before midnight, February 3, will be considered as timely.
"The 4% 4-year 9-month notes will be made available in registered form, as well as bearer form."

Official circulars and subscription forms for the exchange offering will be mailed as soon as possible. However, if the circulars and forms are not received by Wednesday, February 3, subscriptions may be entered by mail, telegraph or telephone, subject to confirmation with official subscription blanks.

Yours very truly,

Watrous H. Irons
President