

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, November 18, 1960

PRELIMINARY ANNOUNCEMENT SPECIAL 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 an offering of 4 percent Treasury Bonds of 1969 in exchange for Series F and G Savings bonds maturing in 1961:

"The Treasury is offering to the holders of approximately \$750 million of Series F and G Savings bonds issued in 1949, which mature in 1961, an opportunity to exchange them at their face amount, with certain interest and other adjustments as of December 15, 1960, for 4 percent Treasury Bonds of 1969, dated October 1, 1957, maturing October 1, 1969, to be issued at a price of 100½ percent. These 4 percent Treasury bonds will constitute an additional amount to the \$1,276 million of such bonds now outstanding which were issued on October 1, 1957. Interest is payable on the bonds on April 1 and October 1.

"The Series F and G bonds will be accepted in the exchange at amounts set forth in the offering circular for their respective months of maturity. These exchange values are higher than present redemption values. They have been set so that holders of Series F and G bonds who elect to accept this exchange offer will receive, in effect, an investment yield of approximately 1 percent per annum more than would otherwise accrue from December 15, 1960 to the maturity dates of their bonds, and will receive an investment yield of approximately 3.93 percent on the 4 percent marketable bonds received in exchange for the period from maturity dates of their Series F and G bonds to October 1, 1969.

"The subscription books for exchanges of the Series F and G Savings bonds maturing in 1961 will be open only during the period from November 21 to November 29, 1960, inclusive. Any subscription addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight Tuesday, November 29, 1960, accompanied by the Series F and G bonds maturing from January 1 through December 1, 1961, to be exchanged, together with any cash difference necessary to make up the next higher \$500 multiple (the lowest denomination of the new bonds), will be considered timely.

"The delivery date for the 4 percent Treasury Bonds of 1969 will be December 15, 1960. The bonds will be available in registered form, as well as bearer form. The Treasury bonds may be registered jointly in the names of two individuals, but not in the beneficiary form as in the case of Savings bonds. However, unlike Savings bonds, Treasury bonds registered jointly in two names require the signature of each owner to effect transfer or sale.

"Exchanges of Series F and G Savings bonds maturing in 1961, will be made on the basis of equal face amounts and will be allotted in full. Since holders of the Series F and G bonds will receive interest on the 4 percent bonds of 1969 at the rate of 4 percent from October 1, 1960, interest adjustments will be made as follows: All subscribers will be charged accrued interest on the 4 percent Treasury bonds from October 1, 1960 to December 15, 1960 (\$0.82 per \$100) and will also be charged with the premium on the issue price of the bonds (\$0.50 per \$100). The lowest denomination of the 4 percent Treasury Bonds of 1969 is \$500. Holders of smaller denominations Series F and G bonds may exchange them for the next higher multiple of \$500 upon payment of any cash difference.

"The 4 percent Treasury Bonds of 1969 which, upon the death of the owner, constitute part of his estate, will be redeemed at the option of the duly constituted representatives of the deceased owner's estate, at par and accrued interest to date of payment provided the proceeds are used in payment of Federal Estate taxes.

"The marketable 4 percent Treasury Bonds of 1969 are subject to fluctuations in prices at which they may be sold. Holders of Series F and G bonds desiring a security not subject to market fluctuations may exchange them at maturity for Series E or H bonds with interest at 3¾ percent if held to maturity.

"Full details of this offering to holders of Series F and G bonds appear in the official circular being released at this time, and which will be available at banking institutions on Monday, November 21. Holders may consult their local banks for further information after that time."

Yours very truly,

Watrous H. Irons

President