

# **FEDERAL RESERVE BANK OF DALLAS**

**FISCAL AGENT OF THE UNITED STATES**

Dallas, Texas, November 15, 1962

## **SPECIAL EXCHANGE OFFERING**

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

A press statement issued today by the Treasury Department in regard to an offering of 3 $\frac{7}{8}$  percent Treasury Bonds of 1971 and 4 percent Treasury Bonds of 1980 in exchange for Series F and G Savings Bonds maturing in 1963 and 1964 is quoted below:

### **Exchange Offering for Holders of Series F and G Savings Bonds Maturing in 1963 and 1964**

The Treasury is offering to the holders of approximately \$458 million of Series F and G Savings Bonds issued in 1951 and 1952, which mature January 1, 1963, through April 1, 1964, an opportunity to exchange them at their face amount, with certain interest and other adjustments as of December 15, 1962, for

3 $\frac{7}{8}$ % Treasury Bonds of 1971 (Additional Issue), dated May 15, 1962, maturing November 15, 1971 (about \$1,204 million of these bonds are now outstanding), to be issued at 99.50, or

4% Treasury Bonds of 1980 (Additional Issue), dated January 23, 1959, maturing February 15, 1980 (about \$1,446 million of these bonds are now outstanding), to be issued at 99.50.

Interest is payable May 15 and November 15 on the 3 $\frac{7}{8}$ % bonds and February 15 and August 15 on the 4% bonds.

The Series F and G bonds will be accepted in the exchange at amounts set forth in the offering circulars 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% per annum more than would otherwise accrue from December 15, 1962, to the maturity dates of their bonds, and will receive an investment yield of approximately 3.94% on the 3 $\frac{7}{8}$ % marketable bonds and approximately 4.04% on the 4% marketable bonds received in exchange for the period from the maturity dates of their Series F and G bonds to the respective maturity dates of the marketable bonds.

The subscription books for exchanges of the Series F and G Savings Bonds maturing in 1963 and 1964 will be open for the receipt of subscriptions from all classes of subscribers during the period from November 19 through November 26, 1962, and in addition, subscriptions may be submitted by individuals through November 30, 1962. For this purpose, individuals are defined as natural persons in their own right. 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 of the respective closing dates, accompanied by the Series F and G bonds maturing from January 1, 1963, through April 1, 1964, 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 3 $\frac{7}{8}$ % bonds of 1971 and the 4% bonds of 1980 will be December 17, 1962. 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 1963 and 1964, 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  $3\frac{7}{8}\%$  bonds of 1971 at the rate of  $3\frac{7}{8}\%$  from November 15, 1962, and on the 4% bonds of 1980 at the rate of 4% from August 15, 1962, interest adjustments will be made as follows: Subscribers to the  $3\frac{7}{8}\%$  bonds will be charged accrued interest from November 15 to December 15, 1962 (\$0.32 per \$100), and subscribers to the 4% bonds will be charged accrued interest from August 15 to December 15, 1962 (\$1.33 per \$100). Subscribers to both the  $3\frac{7}{8}\%$  and 4% bonds will be credited with the discount on the issue price of the bonds (\$0.50 per \$100).

The lowest denomination of the new  $3\frac{7}{8}\%$  and 4% bonds is \$500. Holders of smaller denominations of Series F and G bonds may exchange them for the next higher multiple of \$500 upon payment of any cash difference.

The marketable  $3\frac{7}{8}\%$  bonds of 1971 and the 4% bonds of 1980 are subject to fluctuations in prices at which they may be sold. Holders of Series F and G bonds (except bonds registered in the names of commercial banks in their own right, as distinguished from a representative or fiduciary capacity) desiring a security not subject to market fluctuations may exchange them at maturity for Series E or H bonds with interest at  $3\frac{3}{4}\%$  if held to maturity.

Full details of this offering to holders of Series F and G bonds appear in the official circulars being released at this time, and which will be available at banking institutions on November 19, 1962, or shortly thereafter. Holders may consult their local banks for further information after that time.

Copies of the official circulars and subscription forms will be mailed to reach all banking institutions by November 19. 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, Monday, November 26**, will be considered timely. In addition, subscriptions may be submitted by individuals through Friday, November 30, 1962. Additional subscription forms will be furnished upon request.

Yours very truly,

Watrous H. Irons

President