

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, September 4, 1963

PRELIMINARY ANNOUNCEMENT ADVANCE REFUNDING

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

There is quoted below a portion of a press statement issued today by the Treasury Department in regard to an advance refunding:

The Treasury today announced that it will offer holders of \$32.1 billion of outstanding Treasury securities an opportunity to extend their holdings at attractive yields. Of this total, \$23.0 billion are held by the public.

The current offering combines a junior advance refunding with a "prerefunding," that is, an advance refunding of issues maturing within the next 12 months.

Holders of securities eligible for exchange have the option of exchanging them, as of September 15, 1963, (with payment for the new bonds to be completed by and delivery to be made on September 18) for three new issues as follows:

Securities eligible for exchange and their maturity dates

3¼% C of I, B-1964 5/15/64
4¾% notes, A-1964 5/15/64
3¾% notes, D-1964 5/15/64

Securities offered in exchange and their maturity dates

Prerefunding

3⅞% bonds, 1968 (new issue) 11/15/68
4% bonds, 1973 (new issue) 8/15/73
4½% bonds, 1989-94 (addl. issue) 5/15/89-94

"Junior" Advance Refunding

3¾% bonds, 1966 5/15/66
4% notes, A-1966 8/15/66
3⅝% notes, B-1967 2/15/67
3¾% notes, A-1967 8/15/67

4% bonds, 1973 (new issue) 8/15/73
4½% bonds, 1989-94 (addl. issue) 5/15/89-94

The exchanges will be made on the basis of par for par with accrued interest adjustments as of September 15, 1963, and with cash payments to subscribers which will approximately equalize current market values among eligible issues having different coupons and maturities, and provide an attractive exchange value for each of the issues offered. The amount of the offering will be limited to the amount of securities accepted in exchange. Cash subscriptions are not invited.

The exchanges will not be treated as a sale and purchase for tax purposes; therefore, there will be no recognition of gain or loss for Federal income tax purposes solely on account of the exchange of old for new securities.

The subscription books will be open beginning Monday, September 9, and will remain open through Friday, September 13, 1963, for all classes of subscribers.

The official circulars, subscription forms, and other material containing additional details of the offering will be mailed Thursday, September 5.

Yours very truly,

Watrous H. Irons

President