FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, July 8, 1964

PRELIMINARY ANNOUNCEMENT
ADVANCE REFUNDING OFFER

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 advance refunding:

The Treasury today announced that the further improvement of its cash position at the close of June makes unnecessary any substantial cash borrowing at this time. Instead, the Treasury is offering holders of the four note issues due in August and November of this year and five other selected note and bond issues maturing from May 1965 to February 1967 an opportunity to extend the maturity of their holdings at attractive yields. Three issues are being offered in exchange: An additional amount of the outstanding 4% bonds due October 1, 1969, a new 4⅛% bond due November 15, 1973, and an additional amount of the outstanding 4¼% bonds due in August 1992. The securities eligible for exchange and those being newly offered are as follows:

Securities eligible for exchange and their maturity dates			Securities offered in exchange and their maturity dates
5%	notes	8/15/64	
3¾%	notes	8/15/64	
4⅞%	notes	11/15/64	4% bonds 10/1/69 (reopened issue)
3¾%	notes	11/15/64	
3⅞%	notes	5/15/65	4⅛% bonds 11/15/73 (new issue)
3⅝%	notes	2/15/66	
3¾%	bonds	5/15/66	
4%	notes	8/15/66	4¼% bonds 8/15/87-92 (reopened issue)
3⅝%	notes	2/15/67	

Exchange subscription books will be open for four days, **July 13-16.** Because of differences in coupon and maturity among the various eligible issues, cash adjustments will be made to provide all subscribers with appropriately attractive opportunities, as shown in the table on the reverse side.

The public holds $7.6 billion of the four August and November 1964 maturities and about $8.4 billion is held by official accounts. These issues are nearer to final maturity than any issues included in previous advance refunding offers. Consequently their holders are not being offered the nontaxable exchange privilege that is, as has been customary, being made available to the other five issues eligible for this advance exchange.

The five eligible issues maturing from May 1965 to February 1967 involve $19.0 billion of public holdings. This total is somewhat larger than that involved in the most recent advance refunding in January but is smaller than the total offered in September 1963. Official accounts hold about $6.8 billion of the 1965-1967 maturities.

The Treasury is in a position to undertake this advance refunding operation because its immediate cash needs are much smaller than had been anticipated earlier. At this time, cash borrowing is being confined to increases in the weekly bill issue, beginning with $100 million for the issue dated July 16. The Treasury's cash needs over the balance of the calendar quarter will require sufficient borrowing to permit timely additions to the supply of Treasury bills as necessary to counter any undue downward pressure on Treasury bill yields.

The official circulars, subscription forms, and other material containing additional details of the offering will be mailed in time to reach you by Monday, July 13.

Yours very truly,

Watrous H. Irons
President

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PAYMENTS TO AND BY THE SUBSCRIBER IN THE JULY 1964 ADVANCE REFUNDING

(In Dollars Per $100 Face Value)

Securities To Be Exchanged	Amounts To Be Paid To Or By Subscribers Price Adjustment Payment[1] To Subscriber	By Subscriber	Accrued Interest To July 22, 1964 To Be Paid To Subscriber [2]	By Subscriber [3]	Net Amount To Be Paid To Subscriber	By Subscriber
For the 4% Bond 10/1/69						
1964 Maturities:						
5% Note, 8/15/64	.450000	—	2.170330	1.224044	1.396286	—
3¾% Note, 8/15/64	.300000	—	1.627747	1.224044	.703703	—
4⅞% Note, 11/15/64	.800000	—	.900815	1.224044	.476771	—
3¾% Note, 11/15/64	.450000	—	.692935	1.224044	—	.081109
1965-67 Maturities:						
3⅞% Note, 5/15/65	.500000	—	.716033	1.224044	—	.008011
3⅝% Note, 2/15/66	.100000	—	1.573489	1.224044	.449445	—
3¾% Bond, 5/15/66	.250000	—	.692935	1.224044	—	.281109
4% Note, 8/15/66	.650000	—	1.736264	1.224044	1.162220	—
3⅝% Note, 2/15/67	—	.300000	1.573489	1.224044	.049445	—
For the 4⅛% Bond 11/15/73						
1964 Maturities:						
5% Note, 8/15/64	.900000	—	2.170330	—	3.070330	—
3¾% Note, 8/15/64	.750000	—	1.627747	—	2.377747	—
4⅞% Note, 11/15/64	1.250000	—	.900815	—	2.150815	—
3¾% Note, 11/15/64	.900000	—	.692935	—	1.592935	—
1965-67 Maturities:						
3⅞% Note, 5/15/65	.950000	—	.716033	—	1.666033	—
3⅝% Note, 2/15/66	.550000	—	1.573489	—	2.123489	—
3¾% Bond, 5/15/66	.700000	—	.692935	—	1.392935	—
4% Note, 8/15/66	1.100000	—	1.736264	—	2.836264	—
3⅝% Note, 2/15/67	.150000	—	1.573489	—	1.723489	—
For the 4¼% Bond 8/15/87-92						
1964 Maturities:						
5% Note, 8/15/64	.050000	—	2.170330	1.844780	.375550	—
3¾% Note, 8/15/64	—	.100000	1.627747	1.844780	—	.317033
4⅞% Note, 11/15/64	.400000	—	.900815	1.844780	—	.543965
3¾% Note, 11/15/64	.050000	—	.692935	1.844780	—	1.101845
1965-67 Maturities:						
3⅞% Note, 5/15/65	.100000	—	.716033	1.844780	—	1.028747
3⅝% Note, 2/15/66	—	.300000	1.573489	1.844780	—	.571291
3¾% Bond, 5/15/66	—	.150000	.692935	1.844780	—	1.301845
4% Note, 8/15/66	.250000	—	1.736264	1.844780	.141484	—
3⅝% Note, 2/15/67	—	.700000	1.573489	1.844780	—	.971291

OFFICE OF THE SECRETARY OF THE TREASURY
OFFICE OF DEBT ANALYSIS

July 8, 1964

[1] Payment on account of purchase price of offered securities.
[2] On securities to be exchanged.
[3] On securities offered.

INVESTMENT RETURNS IN THE JULY 1964 ADVANCE REFUNDING

Securities Eligible for Exchange	Approximate Investment Yield From 7/22/64 to Maturity[1] 4% Bond 10/1/69 [3]	4⅛% Bond 11/15/73	4¼% Bond 8/15/87-92[3] To First Call or Maturity	Approximate Reinvestment Rate for the Extension Period[2] 4% Bond 10/1/69 [3]	4⅛% Bond 11/15/73 [3]	4¼% Bond 8/15/87-92[3] To First Call	To Maturity
1964 Maturities:							
5% Note, 8/15/64	4.06%	4.22%	4.24%	4.08%	4.24%	4.25%	4.25%
3¾% Note, 8/15/64	4.06	4.22	4.24	4.07	4.23	4.25	4.25
4⅞% Note, 11/15/64	4.06	4.22	4.24	4.12	4.27	4.26	4.26
3¾% Note, 11/15/64	4.06	4.22	4.24	4.12	4.27	4.26	4.26
1965-67 Maturities:							
3⅞% Note, 5/15/65	4.08%	4.23%	4.25%	4.15%	4.29%	4.28%	4.27%
3⅝% Note, 2/15/66	4.09	4.24	4.25	4.22	4.34	4.30	4.29
3¾% Bond, 5/15/66	4.08	4.23	4.25	4.23	4.36	4.30	4.30
4% Note, 8/15/66	4.08	4.23	4.25	4.24	4.36	4.31	4.30
3⅝% Note, 2/15/67	4.08	4.23	4.25	4.28	4.39	4.32	4.31

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July 8, 1964

[1] Yields to nontaxable holders (or before tax) on issues offered in exchange based on prices of eligible issues (adjusted for payments on account of issue price). Prices are the mean of bid and ask quotations at noon on July 7, 1964.
[2] Rate for nontaxable holders (or before tax).
[3] Reopening of an existing security.