

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, July 27, 1966

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 current financing:

Treasury Announces \$14.9 Billion Refunding

The Treasury today announced that it is offering holders of the note and bond issues maturing August 15, 1966, and the certificate, note and bond issues maturing November 15, 1966, an opportunity to exchange their holdings at attractive yields.

The securities eligible for exchange and those being offered are as follows:

Securities Eligible for Exchange and their Maturity Dates				Securities Offered in Exchange and their Maturity Dates	
4%	notes, A-1966	8/15/66	}	5¼%	ctfs., A-1967 8/15/67
3%	bonds, 1966	8/15/66		5¼%	notes, A-1971 5/15/71
Prerefunding					
4¾%	ctfs., A-1966	11/15/66	}	5¼% notes, A-1971 5/15/71	
4%	notes, E-1966	11/15/66			
3¾%	bonds, 1966	11/15/66			

The new securities are being offered at par to holders of the August maturities, and therefore will yield 5¼%. Details for the November maturities showing cash and interest adjustments appear in Table 1, and approximate investment yields in Table 2, both tables appearing on the reverse hereof.

The public holds \$8.1 billion of the securities eligible for exchange, and about \$6.8 billion is held by Federal Reserve and Government Investment Accounts.

Cash subscriptions for the new securities will not be received.

The books will be open for **three days only, on August 1 through August 3**, for the receipt of subscriptions. Subscriptions 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, August 3**, will be considered as timely. The payment and delivery date for the new securities will be August 15, 1966. Interest on the securities maturing November 15, 1966, will be adjusted as of that date. The new certificates will be made available in bearer form only. The new notes will be made available in registered as well as bearer form. All subscribers requesting registered notes will be required to furnish appropriate identifying numbers as required on tax returns and other documents submitted to the Internal Revenue Service. This is a taxable exchange.

Coupons dated **August 15, 1966**, on the securities eligible for exchange should be **detached** and cashed when due. Coupons dated November 15, 1966, on securities eligible for exchange must be **attached**. The August 15, 1966, interest due on registered securities will be paid by issue of interest checks in regular course to holders of record on July 15, 1966, the date the transfer books closed.

Interest on the 5¼% certificates will be payable on February 15 and August 15, 1967. Interest on the 5¼% notes will be payable on November 15, 1966, and thereafter on May 15 and November 15 until maturity.

The official circulars and subscription forms for the new issues of Treasury notes and certificates will be mailed Thursday, July 28; however, if the forms are not received by Wednesday, August 3, subscriptions may be entered by mail or telegram, subject to confirmation on official subscription blanks.

Yours very truly,

Watrous H. Irons

President

TABLE No. 1

PAYMENTS DUE TO AND DUE FROM SUBSCRIBERS IN THE AUGUST 1966 PREREFUNDING

(In Dollars Per \$100 Face Value)

Securities To Be Exchanged	Payment By Subscribers On Account Of Issue Price Of Offered Securities	Accrued Interest To August 15, 1966, On Securities Exchanged To Be Paid To Subscribers	Net Amount To Be Paid To Subscribers
For the 5¼ % Note 5/15/71			
4¾ % C of I 11/15/66	0.10	1.187500	1.087500
4% Note 11/15/66	0.35	1.000000	0.650000
3¾ % Bond 1966	0.55	0.843750	0.293750

TABLE No. 2

INVESTMENT RETURNS IN THE AUGUST 1966 PREREFUNDING

Securities Eligible for Exchange ¹	Approximate Investment Yield From 8-15-66 to Maturity ²	Approximate Reinvestment Rate for the Extension Period ³
3¾ % Bond 11/15/66	5.24%	5.23%
4% Note 11/15/66	5.23	5.24
4¾ % Certificate 11/15/66	5.24	5.26

**OFFICE OF THE SECRETARY OF THE TREASURY
OFFICE OF DEBT ANALYSIS**

¹ Not eligible for nontaxable exchange privilege.

² 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 26, 1966.

³ Rate for nontaxable holder (or before tax).