

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS 75222

Circular No. 67-86

April 26, 1967

PRELIMINARY ANNOUNCEMENT TREASURY FINANCING

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 \$22.1 Billion Refunding

The Treasury today announced that it is offering holders of the note issue maturing May 15, 1967, and the certificate, note and bond issues maturing June 15, and August 15, 1967, 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	
4¼% notes, D-1967	5/15/67	4¼% notes, C-1968	8/15/68
2½% bonds, 1962-67	6/15/67	4¾% notes, B-1972	5/15/72
Prerefunding			
5¼% ctf's., A-1967	8/15/67	4¾% notes, B-1972	5/15/72
3¾% notes, A-1967	8/15/67		
4⅞% notes, E-1967	8/15/67		

The new 4¼% notes are being offered at 99.95, which provides a yield of 4.29%. The new 4¾% notes are being offered at par. Details showing cash and interest adjustments for subscribers exchanging securities due June 15 and August 15 appear in Table 1. Approximate investment yields appear in Table 2. Both tables are shown on the reverse side.

The public holds \$9.0 billion of the securities eligible for exchange and about \$13.1 billion is held by Federal Reserve and Government Investment Accounts.

Cash subscriptions for the new notes will not be received.

The books will be open for **three days only, on May 1 through May 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, May 3**, will be considered as timely. The payment and delivery date for the new notes will be May 15, 1967. Interest on the securities maturing June 15 and August 15, 1967, will be adjusted as of May 15, 1967. 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 May 15, 1967, on the securities maturing on that date should be detached and cashed when due. Coupons dated June 15, 1967, and August 15, 1967, on the securities due on those dates must be attached. The May 15, 1967, interest due on registered securities will be paid by issue of interest checks in regular course to holders of record on April 14, 1967, the date the transfer books closed.

Interest on the 4¼% notes will be payable on August 15, 1967, and on February 15 and August 15, 1968. Interest on the 4¾% notes will be payable on November 15, 1967, and thereafter on May 15 and November 15 until maturity.

The official circulars and subscription forms for the new issues of Treasury notes will be mailed Thursday, April 27; however, if the forms do not reach you by Monday, May 1, subscriptions may be entered by mail or telegram, subject to confirmation on official subscription blanks.

Yours very truly,

Watrous H. Irons

President

(over)

TABLE No. 1
PAYMENTS DUE TO SUBSCRIBERS IN THE MAY 1967 REFUNDING
(In Dollars Per \$100 Face Value)

Securities To Be Exchanged	Payment To (+) or By (—) Subscribers On Account of Issue Price of Offered Securities	Accrued Interest to May 15, 1967, On Securities Exchanged To Be Paid To Subscribers	Net Amount To Be Paid To Subscribers
For the 4¼ % Note of 8/15/68			
4¼ % Note, 5/15/67	+.050000	— ^A	.050000
2½ % Bond, 6/15/67	— .050000	1.037088	.987088
For the 4¾ % Note of 5/15/72			
4¼ % Note, 5/15/67	—	— ^A	—
2½ % Bond, 6/15/67	— .100000	1.037088	.937088
5¼ % Cert., 8/15/67	+.300000	1.290746	1.590746
3¾ % Note, 8/15/67	— .150000	0.921961	.771961
4⅞ % Note, 8/15/67	+.200000	1.198550	1.398550

^A Interest will be paid in regular course.

TABLE No. 2
INVESTMENT RETURNS IN THE MAY 1967 PREREFUNDING

Securities Eligible for Exchange	Approximate Investment Yield From 5/15/67 to Maturity ¹	Approximate Reinvestment Rate of the Extension Period ²
5¼ % Certificate, 8/15/67	4.72%	4.79%
3¾ % Note, 8/15/67	4.72	4.77
4⅞ % Note, 8/15/67	4.72	4.79

OFFICE OF THE SECRETARY OF THE TREASURY

¹ Yields to nontaxable holders (or before tax) on issues offered in exchange bases 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 April 25, 1967.

² Rate for nontaxable holder (or before tax).