

FEDERAL RESERVE BANK OF DALLAS
FISCAL AGENT OF THE UNITED STATES
DALLAS, TEXAS 75222

Circular No. 68-28
February 1, 1968

EXCHANGE OFFERING

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

There is quoted below a press statement issued January 31 by the Treasury Department in regard to current financing:

Treasury Announces Refunding and Cash Borrowing Plans

The Treasury today announced that it is offering holders of the note issue maturing February 15, 1968, and the note and bond issues maturing August 15 and November 15, 1968, an opportunity to exchange their holdings for a 5¾% 7-year note to be dated February 15, 1968, to mature February 15, 1975.

The Treasury also announced that upon completion of this refunding it will borrow about \$4 billion through the offering of a 15-month note. Exact terms will be announced on February 8 with the books open for subscriptions on February 13 and payment on February 20.

The securities eligible for exchange into the 7-year notes are as follows:

5⅝% Treasury Notes of Series A-1968, maturing February 15, 1968

Prerefunding

4¼% Treasury Notes of Series C-1968, maturing August 15, 1968

3¾% Treasury Bonds of 1968, maturing August 15, 1968

5¼% Treasury Notes of Series D-1968, maturing November 15, 1968

3⅞% Treasury Bonds of 1968, maturing November 15, 1968

The new notes are being offered at par to holders of the February maturities and therefore will yield 5¾%. Details for the August and November maturities showing cash and interest adjustments appear in Table 1. Approximate investment yields appear in Table 2. Both tables follow this announcement.

The public holds \$12.1 billion of the securities eligible for exchange, and about \$12.2 billion is held by Federal Reserve and Government Investment Accounts.

Cash subscriptions for the new 7-year notes will not be received.

The books on the exchange will be open for **three days only, on February 5 through February 7**, 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 February 7**, will be considered as timely. The payment and delivery date for the new notes will be February 15, 1968. Interest on the securities due November 15, 1968, will be adjusted as of February 15, 1968. 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 February 15, 1968, on the securities tendered in exchange should be detached and cashed when due. Coupons dated May 15, August 15 and November 15, 1968, on the securities due on August 15 and November 15, 1968, must be attached. February 15, 1968, interest due on registered securities will be paid by issue of interest checks in regular course to holders of record on January 15, 1968, the date the transfer books closed.

Interest on the new 7-year notes will be payable semiannually on February 15 and August 15.

The official circular and subscription forms for the new issue of Treasury notes are enclosed. Subscriptions will be received at this bank and its branches at El Paso, Houston and San Antonio, and should be submitted on the enclosed forms. Additional circulars and forms will be furnished upon request.

Yours very truly,

P. E. Coldwell

President

TABLE No. 1
PAYMENTS DUE TO OR BY SUBSCRIBERS IN THE FEBRUARY 1968
PREREFUNDING

(In Dollars Per \$100 Face Value)

Securities To Be Exchanged	Payment By Subscribers On Account Of Issue Price Of Offered Notes	Payment To Subscribers For Accrued Interest To February 15, 1968, On Securities Exchanged	Net Amount To Be Paid	
			By Subscriber	To Subscriber
For The 5¾% Note of 2/15/75				
4¼% Note, 8/15/68	.600000	— ^A	.600000	—
3¾% Bond, 8/15/68	.850000	— ^A	.850000	—
5¼% Note, 11/15/68	.150000	1.326923	—	1.176923
3⅞% Bond, 11/15/68	1.150000	.979396	.170604	—

^A Interest will be paid in regular course.

TABLE No. 2
INVESTMENT RETURNS IN THE FEBRUARY 1968 PREREFUNDING

Securities Eligible For Exchange	Approximate Investment Yield From 2/15/68 To Maturity ¹	Approximate Reinvestment Rate Of The Extension Period ²
4¼% Note, 8/15/68	5.73%	5.77%
3¾% Bond, 8/15/68	5.73	5.77
5¼% Note, 11/15/68	5.73	5.79
3⅞% Bond, 11/15/68	5.72	5.79

OFFICE OF THE SECRETARY OF THE TREASURY

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 January 30, 1968.

² Rate for nontaxable holder (or before tax).

UNITED STATES OF AMERICA
5 ¾ PERCENT TREASURY NOTES OF SERIES A-1975

Dated and bearing interest from February 15, 1968

Due February 15, 1975

DEPARTMENT CIRCULAR
Public Debt Series No. 1-68

TREASURY DEPARTMENT
Office of the Secretary
Washington, February 1, 1968

I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, offers notes of the United States, designated 5¾ percent Treasury Notes of Series A-1975 at par:

- (1) in exchange for 5⅝ percent Treasury Notes of Series A-1968, dated November 15, 1966, due February 15, 1968;
- (2) with a cash payment of \$6.00 per \$1,000 to the United States in exchange for 4¼ percent Treasury Notes of Series C-1968, dated May 15, 1967, due August 15, 1968;
- (3) with a cash payment of \$8.50 per \$1,000 to the United States in exchange for 3¾ percent Treasury Bonds of 1968, dated April 18, 1962, due August 15, 1968, in amounts of \$1,000 or multiples thereof;
- (4) with a cash payment of \$1.50 per \$1,000 to the United States in exchange for 5¼ percent Treasury Notes of Series D-1968, dated August 15, 1967, due November 15, 1968;
- (5) with a cash payment of \$11.50 per \$1,000 to the United States in exchange for 3⅞ percent Treasury Bonds of 1968, dated September 15, 1963, due November 15, 1968, in amounts of \$1,000 or multiples thereof.

Interest will be adjusted as of February 15, 1968, in the case of the securities due November 15, 1968. Payments on account of accrued interest and cash adjustments will be made as set forth in Section IV hereof. The amount of this offering will be limited to the amount of eligible securities tendered in exchange. The books will be open only on February 5 through February 7, 1968, for the receipt of subscriptions.

II. DESCRIPTION OF NOTES

1. The notes will be dated February 15, 1968, and will bear interest from that date at the rate of 5¾ percent per annum, payable semiannually on August 15, 1968, and thereafter on February 15 and August 15 in each year until the principal amount becomes payable. They will mature February 15, 1975, and will not be subject to call for redemption prior to maturity.

2. The income derived from the notes is subject to all taxes imposed under the Internal Revenue Code of 1954. The notes are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The notes will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

4. Bearer notes with interest coupons attached, and notes registered as to principal and interest, will be issued in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$1,000,000, \$100,000,000 and \$500,000,000. Provision will be made for the interchange of notes of different denominations and of coupon and registered notes, and for the transfer of registered notes, under rules and regulations prescribed by the Secretary of the Treasury.

5. The notes will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States notes.

III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions accepting the offer made by this circular will be received at the Federal Reserve Banks and Branches and at the Office of the Treasurer of the United States, Washington, D. C. 20220. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies.

2. Under the Second Liberty Bond Act, as amended, the Secretary of the Treasury has the authority to reject or reduce any subscription, and to allot less than the amount of notes applied for when he deems it to be in the public interest; and any action he may take in these respects shall be final. Subject to the exercise of that authority, all subscriptions will be allotted in full.

IV. PAYMENT

1. Payment for the face amount of notes allotted hereunder must be made on or before February 15, 1968, or on later allotment, and may be made only in a like face amount of the securities enumerated in Paragraph 1 of Section I hereof, which should accompany the subscription. Payment will not be deemed to have been completed where registered notes are requested if the appropriate identifying number as required on tax returns and other documents submitted to the Internal Revenue Service (an individual's social security number or an employer identification number) is not furnished. Cash payments due from subscribers (paragraphs 3, 4 and 6 below) should accompany the subscription. Cash payments due to subscribers (paragraph 5 below) will be made by check or by credit in any account maintained by a banking institution with the Federal Reserve Bank of its District following acceptance of the securities surrendered. In the case of registered securities, the payment will be made in accordance with the assignments thereon.

2. **5⁵/₈ percent notes of Series A-1968.**—Coupons dated February 15, 1968, should be **detached** and cashed when due.¹

3. **4¹/₄ percent notes of Series C-1968.**—Coupons dated August 15, 1968, must be **attached** (February 15, 1968, coupons should be detached¹) to the notes in bearer form when surrendered. A cash payment of \$6.00 per \$1,000 must be made by subscribers.

4. **3³/₄ percent bonds of 1968.**—Coupons dated August 15, 1968, must be **attached** (February 15, 1968, coupons should be detached¹) to the bonds in bearer form when surrendered. A cash payment of \$8.50 per \$1,000 must be made by subscribers.

5. **5¹/₄ percent notes of Series D-1968.**—Coupons dated May 15 and November 15, 1968, must be **attached** to the notes in bearer form when surrendered. Accrued interest from November 15, 1967, to February 15, 1968, (\$13.26923 per \$1,000) will be credited, the payment (\$1.50 per \$1,000) due the United States will be charged and the difference (\$11.76923 per \$1,000) will be paid to subscribers.

6. **3⁷/₈ percent bonds of November 15, 1968.**—Coupons dated May 15 and November 15, 1968, must be **attached** to the bonds in bearer form when surrendered. Accrued interest from November 15, 1967, to February 15, 1968 (\$9.79396 per \$1,000) will be credited, the payment (\$11.50 per \$1,000) due the United States will be charged and the difference (\$1.70604 per \$1,000) must be paid by subscribers.

V. ASSIGNMENT OF REGISTERED SECURITIES

1. Treasury securities in registered form tendered in payment for notes offered hereunder should be assigned by the registered payees or assignees thereof, in accordance with the general regulations of the Treasury Department governing assignments for transfer or exchange, in one of the forms hereafter set forth, and thereafter should be surrendered with the subscription to a Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States, Washington, D. C. 20220. The securities must be delivered at the expense and risk of the holder. If the new notes are desired registered in the same name as the securities surrendered, the assignment should be to "The Secretary of the Treasury for exchange for 5³/₄ percent Treasury Notes of Series A-1975"; if the new notes are desired registered in another name, the assignment should be to "The Secretary of the Treasury for exchange for 5³/₄ percent Treasury Notes of Series A-1975 in the name of _____"; if new notes in coupon form are desired, the assignment should be to "The Secretary of the Treasury for exchange for 5³/₄ percent Treasury Notes of Series A-1975 in coupon form to be delivered to _____".

VI. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make such allotments as may be prescribed by the Secretary of the Treasury, to issue such notices as may be necessary, to receive payment for and make delivery of notes on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive notes.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

¹ Interest due on February 15, 1968, on registered securities will be paid by issue of interest checks in regular course to holders of record on January 15, 1968, the date the transfer books closed.

HENRY H. FOWLER,
Secretary of the Treasury.

EXCHANGE SUBSCRIPTION

5¾% Treasury Notes of Series A-1975

Dated February 15, 1968

Due February 15, 1975

To: Federal Reserve Bank, Station K, Dallas, Texas 75222

or —
The _____ Branch
El Paso 79999 Houston 77001 San Antonio 78206

EACH SUBSCRIPTION TO THIS ISSUE MUST BE IN A MULTIPLE OF \$1,000

Pursuant to the provisions of Treasury Department Circular, Public Debt Series No. 1-68, dated February 1, 1968, the undersigned hereby subscribes for \$_____ 5¾% Treasury Notes of Series A-1975, dated February 15, 1968, maturing February 15, 1975, and tenders the following securities in payment:

Securities Tendered	Face Amount	Net Cash Adjustment* (per \$1,000 face amount) Payable to Subscriber Payable by Subscriber		Total Cash Adjustment To be paid to Subscriber	Total Cash Adjustment To be collected from Subscriber
5½% Notes, A-1968	\$ _____				
4¼% Notes, C-1968	_____		\$6.00000		\$ _____
3¾% Bonds, Aug. 15, 1968	_____		8.50000		\$ _____
5¼% Notes, D-1968	_____	\$11.76923		\$ _____	
3⅞% Bonds, Nov. 15, 1968	_____		1.70604		\$ _____
Total	\$ _____			\$ _____	\$ _____
		Net Cash Adjustment		\$ _____	or \$ _____

*See official circular for details

METHOD OF SETTLEMENT:

Reserve account... Check... Otherwise... \$_____

The securities to be applied in payment should be listed on the reverse side and should accompany this subscription. If the securities do not accompany this subscription, please attach a letter giving complete information regarding their location and approximate date of surrender. Coupons maturing February 15, 1968, must be detached and all coupons maturing after that date must be attached to the securities surrendered.

SCHEDULE FOR ISSUE OF BEARER SECURITIES			
Fill in Number of Pieces by Denomination			
Number of Pieces	DO NOT USE THIS COLUMN	At	Amount
		\$1,000	
		\$5,000	
		\$10,000	
		\$100,000	
		\$1,000,000	
		TOTAL \$	

INSTRUCTIONS FOR DELIVERY OF NEW SECURITIES	
<input type="checkbox"/>	Custody—Member bank for own account \$ _____
<input type="checkbox"/>	As collateral—Treasury Tax and Loan account (Bank's own securities) \$ _____
<input type="checkbox"/>	In joint safekeeping for own account and _____ \$ _____
Deliver to _____ \$ _____	
(State whether free or against funds)	

SCHEDULE FOR ISSUE OF REGISTERED SECURITIES

Name or names in which securities are to be registered, tax account number of owner and mailing address for interest checks.	Denominations Desired												
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Social Security No.		Employer Identification No.											

We hereby certify that at the time this subscription was entered the above-described securities surrendered or to be surrendered in connection with this exchange were owned and delivery accepted by the subscriber, or were contracted for purchase for value by the subscriber for delivery to the subscriber prior to the closing of the subscription books.

This is an original subscription This is a confirmation

.....
(Name of subscriber)

.....
(Address)

By.....
(Authorized signature)

Dated.....

PLEASE FILL IN THE FORM BELOW WHICH WILL BE RETURNED TO YOU AS AN ACKNOWLEDGMENT OF YOUR SUBSCRIPTION (OVER)

68-28

This acknowledges your subscription for \$_____ 5¾% Treasury Notes of Series A-1975.

F.R.B. Subscription No.

IMPORTANT — Please use the above number in all matters — whether payment or correspondence — relating to this subscription.

The Federal Reserve Bank or Branch will acknowledge by stamping below.

MAIL TO

Name

Address

