

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

DALLAS, TEXAS 75222

Circular No. 72-19  
January 26, 1972

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

There is quoted below the text of a press statement issued by  
the Treasury Department today in regard to current financing:

TREASURY ANNOUNCES REFUNDING

The Treasury today announced that it is offering holders of \$4.5 billion of notes and bonds maturing February 15, 1972, an opportunity to exchange their holdings for a 4-year 3-month 5-3/4% note or a 10-year 6-3/8% bond. The bonds are also being offered for cash subscription to individuals in amounts not to exceed \$10,000 for any one person. Cash subscriptions for the notes will not be accepted.

The public holds \$3.7 billion of the securities eligible for exchange, and about \$0.8 billion is held by Federal Reserve Banks Government Accounts.

In addition, the 6-3/8% bonds are being made available to holders of \$14.3 billion of securities maturing in February and May of 1974. Of these, \$11.8 billion are held by the public. Details showing cash and interest adjustments applying in exchanges of securities due in 1974, appear in the table at the end of this release. The 5-3/4% notes are not being offered to these holders.

The securities eligible for exchange for either the notes or bonds are as follows:

4-3/4% Treasury Notes of Series A-1972,  
maturing February 15, 1972

7-1/2% Treasury Notes of Series C-1972,  
maturing February 15, 1972

4% Treasury Bonds of 1972, maturing February 15,  
1972

The securities eligible for exchange for the bonds only are as follows:

7-3/4% Treasury Notes of Series C-1974,  
maturing February 15, 1974

4-1/8% Treasury Bonds of 1974, maturing  
February 15, 1974

7-1/4% Treasury Notes of Series D-1974,  
maturing May 15, 1974

4-1/4% Treasury Bonds of 1974, maturing  
May 15, 1974

The securities being offered in exchange are:

5-3/4% Treasury Notes of Series E-1976,  
dated February 15, 1972, due May 15, 1976  
(CUSIP No. 912827 CP5), at par

6-3/8% Treasury Bonds of 1982, dated  
February 15, 1972, due February 15, 1982  
(CUSIP No. 912810 BL1), at par

Subscription books for the offering will be open until 5:00 p.m., local time, Wednesday, February 2, 1972. To be timely subscriptions must be received by a Federal Reserve Bank or Branch or by the Office of the Treasurer of the United States by such time, except that subscriptions addressed to a Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States postmarked before midnight, Tuesday, February 1, 1972, will be deemed to be timely.

The notes and bonds will be made available in registered as well as bearer form in denominations of \$1,000, \$5,000, \$10,000, \$100,000, and \$1,000,000. All subscribers requesting registered securities will be required to furnish appropriate identifying numbers as required on tax returns and other documents submitted to the Internal Revenue Service.

Any coupons dated February 15, 1972, on notes and bonds tendered in exchange should be detached and cashed when due. The February 15, 1972, interest due on registered notes and bonds will be paid by issue of interest checks in regular course to holders of record on January 14, 1972, the date the transfer books closed. All coupons dated subsequent to February 15, 1972, must be attached to surrendered notes and bonds due on

February 15, 1974. Interest will be adjusted as of February 15, 1972, for the securities due May 15, 1974.

Subscriptions for cash must be accompanied by payment of 10% of the amount of bonds applied for. Cash subscriptions will be allotted in full and payment therefor must be completed by Tuesday, February 15, 1972, in cash or other funds immediately available to the Treasury by that date.

The Treasury will construe as timely payment any check payable to the Federal Reserve Bank or the Treasurer of the United States that is received at such bank or office by Wednesday, February 9, 1972, provided the check is drawn on a bank in the Federal Reserve District of the bank or office to which the subscription was submitted.

Banking institutions in submitting cash subscriptions for customers will be required to certify that they have no beneficial interest in any of the subscriptions they enter.

Subscribers exchanging securities due in 1974 may elect, for Federal income tax purposes, to recognize gain or loss on account of the exchange either in the taxable year of the exchange or (except to the extent that cash is received) in the taxable year of disposition or redemption of the securities received in the exchange. Any gain to the extent that cash is received by the subscriber (other than as an interest adjustment) must be recognized in the year of the exchange. Subscribers exchanging securities due in 1972 must recognize gain or loss on account of the exchange in the taxable year of the exchange.

The payment and delivery date for the securities will be February 15.

Interest on the notes will be payable on a semi-annual basis on May 15 and November 15 in each year until the notes mature. Interest on the bonds will be payable semiannually on August 15, 1972, and February 15, and August 15 in each year until maturity.

The official circulars and subscription forms for the new issues will be mailed in time to reach you by Monday, January 31; however, should you not receive the forms by Tuesday, February 1, subscriptions may be entered by mail or telegram, subject to confirmation on official subscription blanks.

Yours very truly,

P. E. Coldwell

President

TABLE OF PAYMENTS TO OR BY SUBSCRIBERS IN EXCHANGES  
 FOR THE 6-3/8% BONDS  
 (In Dollars Per \$1,000 Face Value)

<u>Securities to be Exchanged</u>	<u>Payment to or by (-) Subscriber to Adjust Exchange Values</u>	<u>Payment to Subscriber for Accrued Interest to February 15, 1972, on Securities Exchanged</u>	<u>Net Amount to be Paid</u>	
			<u>To Subscriber:</u>	<u>By Subscriber</u>
7-3/4% Note of 2/15/74	53.21583	---	53.21583	---
4-1/8% Bond of 2/15/74	-14.40167	---	---	14.40167
7-1/4% Note of 5/15/74	47.56228	18.32418	65.88646	---
4-1/4% Bond of 5/15/74	-15.04946	10.74176	---	4.30770