

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

Circular No. 72-159  
July 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 notes and bonds maturing during the remainder of 1972 an opportunity to exchange their holdings for 3-year 6-month 5-7/8% notes, priced to yield 5.96%, 7-year 6-1/4% notes, or 12-year 6-3/8% bonds, priced to yield 6.45%.

The public holds \$8.6 billion of these securities maturing on August 15, September 15, November 15, and December 15, 1972. In addition, about \$2.2 billion is held by Federal Reserve Banks and Government accounts.

The 7-year notes and 12-year bonds are also being made available to holders of securities maturing in November 1974 and February 1975. The public holds \$11.1 billion of such securities. The 3-year 6-month notes are not being offered to these holders.

Details showing cash and interest adjustments applying to securities due subsequent to August 15, 1972, appear in the table at the end of this release. A cash payment will be made to holders exchanging securities maturing August 15, 1972, for the 3-year 6-month notes and the bonds.

The bonds are also being offered for cash subscription to individuals in amounts not to exceed \$10,000 for any one person, at 99.40. Cash subscriptions for the notes will not be accepted.

The securities eligible for exchange for either the notes or bonds are as follows (in multiples of \$1,000):

5% Treasury Notes of Series E-1972, maturing  
August 15, 1972

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

2-1/2% Treasury Bonds of 1967-72; maturing  
September 15, 1972

6% Treasury Notes of Series F-1972, maturing  
November 15, 1972

2-1/2% Treasury Bonds of 1967-72, maturing  
December 15, 1972

The securities eligible for exchange for the 7-year notes  
and bonds only are as follows (in multiples of \$1,000):

5-3/4% Treasury Notes of Series A-1974, matur-  
ing November 15, 1974

3-7/8% Treasury Bonds of 1974, maturing  
November 15, 1974

5-3/4% Treasury Notes of Series A-1975,  
maturing February 15, 1975

5-7/8% Treasury Notes of Series E-1975,  
maturing February 15, 1975

The securities being offered in exchange are:

5-7/8% Treasury Notes of Series F-1976, dated  
August 15, 1972, due February 15, 1976 (Cusip  
No. 912827 CS9), at 99.75 to yield 5.96%

6-1/4% Treasury Notes of Series A-1979, dated  
August 15, 1972, due August 15, 1979 (Cusip  
No. 912827 CT7), at par

6-3/8% Treasury Bonds of 1984, dated August 15,  
1972, due August 15, 1984 (Cusip No. 912810 BM9)  
at 99.40 to yield 6.45%

Subscription books for the offering will be open until  
5:00 p.m., local time, Wednesday, August 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 the Office of the Treasurer of the  
United States postmarked before midnight, Tuesday, August 1,  
1972, will be deemed to be timely. In addition, subscriptions  
from individuals exchanging registered securities or subscrib-  
ing for cash will be received until 5:00 p.m., local time,  
Friday, August 4, 1972; such subscriptions will be deemed to be  
timely if postmarked before midnight, Thursday, August 3, 1972.

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 August 15, 1972, on notes and bonds tendered in exchange should be detached and cashed when due. The August 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 July 14, 1972, the date the transfer books closed. All coupons dated subsequent to August 15, 1972, must be attached to surrendered notes and bonds. Interest will be adjusted as of August 15, 1972, for the securities due subsequent to that date.

Subscriptions for cash must be accompanied by payment of 10% of the amount of bonds applied for. Payment in full must be completed by Tuesday, August 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 a Federal Reserve Bank or the Treasurer of the United States that is received by Wednesday, August 9, 1972, provided the check is drawn on a bank in the Federal Reserve District in 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 and 1975 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 August 15. Interest on the notes and bonds will be payable semiannually on 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, July 31; however, should you not receive the forms by Tuesday, August 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 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 August 15, 1972, on Securities Exchanged</u>	<u>Net Amount to be Paid</u>	
			<u>To Subscriber</u>	<u>By Subscriber</u>
<u>5-7/8 % Notes of Series F-1976</u>				
2-1/2% Bond of 9/15/72	1.37780	10.39402	11.77182	-----
6% Note of 11/15/72	6.70838	15.00000	21.70838	-----
2-1/2% Bond of 12/15/72	-3.50915	4.16667	.65752	-----
<u>6-1/4 % Notes of Series A-1979</u>				
2-1/2% Bond of 9/15/72	-1.12220	10.39402	9.27182	-----
6% Note of 11/15/72	4.20838	15.00000	19.20838	-----
2-1/2% Bond of 12/15/72	-6.00915	4.16667	-----	1.84248
5-3/4% Note of 11/15/74	6.10880	14.37500	20.48390	-----
3-7/8% Bond of 11/15/74	-30.23856	9.68750	-----	20.55106
5-3/4% Note of 2/15/75	3.06136	-----	3.06136	-----
5-7/8% Note of 2/15/75	5.81659	-----	5.81659	-----
<u>6-3/8 % Bonds of 1984</u>				
2-1/2% Bond of 9/15/72	4.87780	10.39402	15.27182	-----
6% Note of 11/15/72	10.20838	15.00000	25.20838	-----
2-1/2% Bond of 12/15/72	-.00915	4.16667	4.15752	-----
5-3/4% Note of 11/15/74	12.10880	14.37500	26.48380	-----
3-7/8% Bond of 11/15/74	-24.23856	9.68750	-----	14.55106
5-3/4% Note of 2/15/75	9.06136	-----	9.06136	-----
5-7/8% Note of 2/15/75	11.81659	-----	11.81659	-----