FEDERAL RESERVE BANK
OF NEW YORK
Fiscal Agent of the United States

[Circular No. 3255
September 5, 1947]

STATEMENT REGARDING 2½ PERCENT TREASURY BONDS, INVESTMENT SERIES A-1965

To Institutional Investors Holding Savings, Insurance, and Pension Funds, Commercial Banks Holding Savings Deposits, and Others Concerned, in the Second Federal Reserve District:

The following press statement was released by the Treasury Department for publication today:

Secretary of the Treasury Snyder today released further details with respect to the 2½ percent non-marketable bonds for which subscriptions will be invited the latter part of this month. These bonds are designated 2½ percent Treasury Bonds, Investment Series A-1965. The minimum denomination will be $5,000.

The bonds will be dated October 1, 1947, and will mature October 1, 1965. They may not be called for redemption by the Secretary of the Treasury prior to maturity, but holders will be given the option of redeeming them on and after April 1, 1948, on the first day of any calendar month, on one month's notice in writing, at fixed redemption values, as shown on the attached table.

These bonds will be available for subscription only by or for account of the following organizations and funds doing business in the United States, its territories, and possessions:

1. Insurance companies
2. Savings banks
3. Savings and loan associations and building and loan associations, and cooperative banks
4. Pension and retirement funds, including those of the Federal, State and local governments
5. Fraternal benefit associations
6. Endowment funds
7. Credit unions
8. Commercial and industrial banks holding savings deposits or issuing time certificates of deposit in the names of individuals, and of corporations, associations, and other organizations not operated for profit.

Subscriptions from or for account of such investors (except commercial and industrial banks) will be limited to an amount (adjusted to the next higher multiple of $5,000) not in excess of 25 percent of the increase in the amount of net assets[1] between December 31, 1946, and June 30, 1947, as shown by the financial statements of the subscribers, or $250,000, whichever is greater. Copies of the financial statements, certified to by a public accountant or by a responsible officer of the subscriber, must accompany each subscription for more than $250,000, or should be furnished to the Federal Reserve Bank to which the subscription will be presented prior to the submission of such subscription.

Subscriptions from commercial and industrial banks eligible to subscribe hereunder will be limited to an amount (adjusted to the next higher multiple of $5,000) not in excess of 25 percent of the increase in the combined amount of time certificates of deposit (but only those issued in the names of individuals, and of corporations, associations, and other organizations not operated for profit), and of savings deposits, between December 31, 1946, and June 30, 1947, as certified by an officer of the subscribing bank, or $25,000, whichever is greater.

In addition to the bonds allotted to the above classes of subscribers, the Secretary of the Treasury reserves the right to make an allotment of these bonds to Government investment accounts.

The Secretary stated that he planned to open the subscription books on Monday, September 29, but that the full terms of the offering and the official circular would probably be made available a week earlier. The subscription books will probably remain open for a week or ten days, although the Secretary will reserve the right to close the books as to any or all subscriptions at any time without notice. Deferred payment subscriptions will not be received. Qualified depositaries will be permitted to make payment by credit for bonds allotted to themselves and their customers.

The Secretary reiterated his statement of August 18 that further offerings of securities suitable primarily for institutional investment needs will be made available whenever the situation warrants such action.

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[1] Net assets, for this purpose, means the amount of total assets less outstanding indebtedness for borrowed money, and total assets of insurance companies means the total admitted assets calculated in accordance with the laws of the States in which the company is organized or licensed.

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL, *President.*

(OVER)

2½ PERCENT TREASURY BONDS—INVESTMENT SERIES A-1965

TABLE OF REDEMPTION VALUES AND INVESTMENT YIELDS

Table showing: (1) How 2½ percent Treasury Bonds, Investment Series A-1965 (paying a current return at the rate of 2½ percent per annum on the purchase price, payable semiannually) change in redemption value, by denominations, during successive half-year periods following issue; (2) the approximate investment yield on the purchase price from issue date to the beginning of each half-year period; and (3) the approximate investment yield on the current redemption value from the beginning of each half-year period to maturity. Yields are expressed in terms of rate percent per annum, compounded semiannually.

Maturity Value / Issue Price	$5,000.00 / $5,000.00	$10,000.00 / $10,000.00	$100,000.00 / $100,000.00	$1,000,000.00 / $1,000,000.00	(2) Approximate investment yield on purchase price from issue date to beginning of each half-year period	(3) Approximate investment yield on current redemption value from beginning of each half-year period to maturity
Period after issue date	(1) Redemption values during each half-year period				Percent	Percent
First ½ year	Not redeemable					2.50
½ to 1 year	$4,940.00	$ 9,880.00	$98,800.00	$ 988,000.00	.10	2.59
1 to 1½ years	4,889.90	9,779.80	97,798.00	977,980.00	.30	2.66
1½ to 2 years	4,845.15	9,690.30	96,903.00	969,030.00	.44	2.73
2 to 2½ years	4,810.15	9,620.30	96,203.00	962,030.00	.61	2.80
2½ to 3 years	4,779.60	9,559.20	95,592.00	955,920.00	.75	2.85
3 to 3½ years	4,754.30	9,508.60	95,086.00	950,860.00	.88	2.91
3½ to 4 years	4,733.55	9,467.10	94,671.00	946,710.00	1.00	2.95
4 to 4½ years	4,714.55	9,429.10	94,291.00	942,910.00	1.10	3.00
4½ to 5 years	4,695.90	9,391.80	93,918.00	939,180.00	1.18	3.05
5 to 5½ years	4,681.05	9,362.10	93,621.00	936,210.00	1.26	3.10
5½ to 6 years	4,667.35	9,334.70	93,347.00	933,470.00	1.33	3.15
6 to 6½ years	4,657.00	9,314.00	93,140.00	931,400.00	1.40	3.19
6½ to 7 years	4,646.80	9,293.60	92,936.00	929,360.00	1.46	3.24
7 to 7½ years	4,639.55	9,279.10	92,791.00	927,910.00	1.52	3.29
7½ to 8 years	4,635.25	9,270.50	92,705.00	927,050.00	1.58	3.33
8 to 8½ years	4,634.00	9,268.00	92,680.00	926,800.00	1.64	3.37
8½ to 9 years	4,635.85	9,271.70	92,717.00	927,170.00	1.70	3.40
9 to 9½ years	4,640.90	9,281.80	92,818.00	928,180.00	1.76	3.43
9½ to 10 years	4,649.15	9,298.30	92,983.00	929,830.00	1.82	3.46
10 to 10½ years	4,655.40	9,310.80	93,108.00	931,080.00	1.87	3.50
10½ to 11 years	4,664.40	9,328.80	93,288.00	932,880.00	1.92	3.53
11 to 11½ years	4,676.30	9,352.60	93,526.00	935,260.00	1.97	3.55
11½ to 12 years	4,691.05	9,382.10	93,821.00	938,210.00	2.02	3.57
12 to 12½ years	4,708.85	9,417.70	94,177.00	941,770.00	2.07	3.59
12½ to 13 years	4,722.75	9,445.50	94,455.00	944,550.00	2.11	3.62
13 to 13½ years	4,739.15	9,478.30	94,783.00	947,830.00	2.15	3.65
13½ to 14 years	4,758.05	9,516.10	95,161.00	951,610.00	2.19	3.68
14 to 14½ years	4,779.60	9,559.20	95,592.00	955,920.00	2.23	3.70
14½ to 15 years	4,803.85	9,607.70	96,077.00	960,770.00	2.27	3.71
15 to 15½ years	4,830.85	9,661.70	96,617.00	966,170.00	2.31	3.70
15½ to 16 years	4,860.75	9,721.50	97,215.00	972,150.00	2.35	3.68
16 to 16½ years	4,884.00	9,768.00	97,680.00	976,800.00	2.38	3.71
16½ to 17 years	4,909.50	9,819.00	98,190.00	981,900.00	2.41	3.75
17 to 17½ years	4,937.25	9,874.50	98,745.00	987,450.00	2.44	3.79
17½ to 18 years	4,967.40	9,934.80	99,348.00	993,480.00	2.47	3.83
MATURITY VALUE (18 years from issue date)	$5,000.00	$10,000.00	$100,000.00	$1,000,000.00	2.50	