

**FEDERAL RESERVE BANK  
OF NEW YORK**

Fiscal Agent of the United States

[ Circular No. 5059 ]  
July 13, 1961

**Treasury to Refund \$12.5 Billion of Securities Maturing  
August 1 to October 1, and to Raise \$3.5 Billion in Cash**

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

The following statement was made public today by the Treasury Department:

The Treasury is offering holders of Treasury securities maturing from August 1, 1961, through October 1, 1961, aggregating \$12,536 million, the right to exchange them for any of the following securities:

3 $\frac{1}{4}$ % 15 $\frac{1}{2}$ -month Treasury notes to be dated August 1, 1961, and to mature November 15, 1962, at par;  
or

3 $\frac{3}{4}$ % 3-year Treasury notes to be dated August 1, 1961, and to mature August 15, 1964, at par; or

3 $\frac{7}{8}$ % Treasury Bonds of 1968, dated June 23, 1960, maturing May 15, 1968, of which \$1,390 million are outstanding, at 99.375.

The additional amounts of 3 $\frac{7}{8}$ % Treasury Bonds maturing May 15, 1968, included in this exchange offering, will be issued at a price of 99.375, to yield 3.98% to maturity.

Cash subscriptions for the securities listed above will not be received.

The maturing issues eligible for exchange are as follows:

\$7,829 million of 3 $\frac{1}{8}$ % Treasury Certificates of Indebtedness of Series C-1961, dated August 15, 1960, maturing August 1, 1961; and

\$2,136 million of 4% Treasury Notes of Series A-1961, dated August 1, 1957, maturing August 1, 1961; and

\$2,239 million of 2 $\frac{3}{4}$ % Treasury Bonds of 1961, dated November 9, 1953, and maturing September 15, 1961; and

\$332 million of 1 $\frac{1}{2}$ % Treasury Notes of Series EO-1961, dated October 1, 1956, due October 1, 1961.

The subscription books will be open only on July 17 through July 19 for the receipt of subscriptions. Subscriptions for any issue 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 July 19, will be considered as timely. The securities will be delivered August 1, 1961, and will be made available in registered form, as well as bearer form.

*Tax Anticipation bills*

In addition to the exchange privileges open to the holders of the maturing Treasury securities, the Treasury will also receive tenders on Thursday, July 20, 1961, for approximately \$3.5 billion of 240-day tax anticipation Treasury bills to be dated July 26, 1961, and to mature March 23, 1962. Qualified depositaries may make payment for the bills by credit in their Treasury Tax and Loan accounts.

*Interest payment dates*

Interest on the new 3 $\frac{1}{4}$ % 15 $\frac{1}{2}$ -month Treasury note will be paid on November 15, 1961, and semi-annually on May 15 and November 15, 1962. Interest on the 3 $\frac{3}{4}$ % 3-year Treasury note will be payable semiannually on February 15 and August 15. Interest on the 3 $\frac{7}{8}$ % Bonds of 1968 is payable semiannually May 15 and November 15.

*Exchanges of 3 $\frac{1}{8}$ % certificates and 4% Treasury notes*

Exchanges of the 3 $\frac{1}{8}$ % certificates of indebtedness and 4% Treasury notes maturing August 1, 1961, may be made for a like face amount of either the 3 $\frac{1}{4}$ % Treasury notes maturing November 15, 1962, or the 3 $\frac{3}{4}$ % Treasury notes maturing August 15, 1964. Coupons dated August 1, 1961, on the maturing 3 $\frac{1}{8}$ % certificates and 4% Treasury notes exchanged for the new Treasury notes should be detached by holders and cashed when due.

(OVER)

Exchanges of the securities maturing August 1, 1961, for additional amounts of the 3 $\frac{7}{8}$ % Treasury bonds maturing May 15, 1968, will be made with interest adjustments as of August 1, 1961. Coupons dated August 1, 1961, on the maturing certificates and notes exchanged, must be attached to the certificates and notes when surrendered. Adjustments will be made with the subscribers to the 3 $\frac{7}{8}$ % Treasury Bonds of 1968, as follows:

<u>Maturing issue exchanged for 3<math>\frac{7}{8}</math>% bond</u>	<u>Credits per \$1,000</u>		<u>Charges per \$1,000</u>	
	<u>Amount due on maturing issue</u>	<u>Discount on 3<math>\frac{7}{8}</math>% bond</u>	<u>Accrued interest to 8/1/61 on 3<math>\frac{7}{8}</math>% bond</u>	<u>Difference to be paid to subscriber</u>
3 $\frac{1}{8}$ % Certificate .....	\$15.625	\$6.25	\$8.21332	\$13.66168
4% Note .....	20.00	6.25	8.21332	18.03668

*Exchanges of 2 $\frac{3}{4}$ % Treasury bonds*

The maturing 2 $\frac{3}{4}$ % Treasury bonds due September 15, 1961, may be exchanged for a like face amount of the new 3 $\frac{1}{4}$ % Treasury notes due November 15, 1962, or the 3 $\frac{3}{4}$ % Treasury notes due August 15, 1964, with interest adjustments as of August 1, 1961. Exchanges of the maturing 2 $\frac{3}{4}$ % Treasury bonds due September 15, 1961, also may be made for a like face amount of the additional 3 $\frac{7}{8}$ % Treasury bonds due May 15, 1968, which will be issued at 99.375, with interest adjustments as of August 1, 1961.

Coupons dated September 15, 1961, must be attached to the 2 $\frac{3}{4}$ % Treasury bonds of 1961 in coupon form when surrendered. Adjustments with the holders who exchange their 2 $\frac{3}{4}$ % bonds will be made as follows:

<u>2<math>\frac{3}{4}</math>% bonds exchanged for</u>	<u>Credits per \$1,000</u>		<u>Charges per \$1,000</u>	
	<u>Accrued interest on 2<math>\frac{3}{4}</math>% bond to 8/1/61</u>	<u>Discount on 3<math>\frac{7}{8}</math>% bond</u>	<u>Accrued interest to 8/1/61 on 3<math>\frac{7}{8}</math>% bond</u>	<u>Amount to be paid to subscriber</u>
3 $\frac{1}{4}$ % Notes, due 11/15/62 .....	\$10.38723	—	—	\$10.38723
3 $\frac{3}{4}$ % Notes, due 8/15/64 .....	10.38723	—	—	10.38723
3 $\frac{7}{8}$ % Bonds of 1968 .....	10.38723	\$6.25	\$8.21332	8.42391

*Exchanges of 1 $\frac{1}{2}$ % Treasury notes*

Holders of the 1 $\frac{1}{2}$ % Treasury Notes, Series EO-1961, maturing October 1, 1961, may exchange them for a like face amount of the new 3 $\frac{1}{4}$ % Treasury notes maturing November 15, 1962, the 3 $\frac{3}{4}$ % Treasury notes maturing August 15, 1964, or additional 3 $\frac{7}{8}$ % Treasury bonds due May 15, 1968, which will be offered at 99.375. Exchanges of the 1 $\frac{1}{2}$ % Treasury Notes, Series EO-1961, will be made with interest adjustments as of September 1, 1961.

Coupons dated October 1, 1961, must be attached to the 1 $\frac{1}{2}$ % Treasury notes when surrendered. Adjustments with the holders who exchange their 1 $\frac{1}{2}$ % Treasury notes will be made as follows:

<u>1<math>\frac{1}{2}</math>% Treasury notes exchanged for</u>	<u>Credits per \$1,000</u>		<u>Charges per \$1,000</u>	
	<u>Accrued interest on 1<math>\frac{1}{2}</math>% note to 9/1/61</u>	<u>Discount on 3<math>\frac{7}{8}</math>% bond</u>	<u>Accrued interest to 9/1/61</u>	<u>Difference to be paid to subscriber</u>
3 $\frac{1}{4}$ % Notes, due 11/15/62 .....	\$6.27049	—	\$2.73777	\$3.53272
3 $\frac{3}{4}$ % Notes, due 8/15/64 .....	6.27049	—	3.18261	3.08788
3 $\frac{7}{8}$ % Bonds of 1968 .....	6.27049	\$6.25	11.47758	1.04291

An announcement concerning the issuance of \$3.5 billion of 240-day Treasury Tax Anticipation bills is also being released at this time.

Circulars and subscription forms for the exchange offerings will be mailed to reach you by Monday, July 17.

ALFRED HAYES,  
President.