

FEDERAL RESERVE BANK  
OF NEW YORK

Fiscal Agent of the United States

[ Circular No. 5257 ]  
November 15, 1962 ]

Exchange Offering for Holders of Series F and G Savings Bonds  
Maturing in 1963 and 1964

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 to the holders of approximately \$458 million of Series F and G savings bonds issued in 1951 and 1952, which mature January 1, 1963 through April 1, 1964, an opportunity to exchange them at their face amount, with certain interest and other adjustments as of December 15, 1962, for—

3 $\frac{7}{8}$  percent Treasury Bonds of 1971 (Additional Issue), dated May 15, 1962, maturing November 15, 1971 (about \$1,204 million of these bonds are now outstanding), to be issued at 99.50, or

4 percent Treasury Bonds of 1980 (Additional Issue), dated January 23, 1959, maturing February 15, 1980 (about \$1,446 million of these bonds are now outstanding), to be issued at 99.50.

Interest is payable May 15 and November 15 on the 3 $\frac{7}{8}$  percent bonds and February 15 and August 15 on the 4 percent bonds.

The Series F and G bonds will be accepted in the exchange at amounts set forth in the offering circulars for their respective months of maturity. These exchange values are higher than present redemption values. They have been set so that holders of Series F and G bonds who elect to accept this exchange offer will receive, in effect, an investment yield of approximately 1 percent per annum more than would otherwise accrue from December 15, 1962 to the maturity dates of their bonds, and will receive an investment yield of approximately 3.94 percent on the 3 $\frac{7}{8}$  percent marketable bonds and approximately 4.04 percent on the 4 percent marketable bonds received in exchange for the period from the maturity dates of their Series F and G bonds to the respective maturity dates of the marketable bonds.

The subscription books for exchanges of the Series F and G savings bonds maturing in 1963 and 1964 will be open for the receipt of subscriptions from all classes of subscribers during the period from November 19 through November 26, 1962, and in addition, subscriptions may be submitted by individuals through November 30, 1962. For this purpose, individuals are defined as natural persons in their own right. Any subscription addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight of the respective closing dates, accompanied by the Series F and G bonds maturing from January 1, 1963 through April 1, 1964 to be exchanged, together with any cash difference necessary to make up the next higher \$500 multiple (the lowest denomination of the new bonds), will be considered timely.

The delivery date for the 3 $\frac{7}{8}$  percent bonds of 1971 and the 4 percent bonds of 1980 will be December 17, 1962. The bonds will be available in registered form, as well as bearer form. The Treasury bonds may be registered jointly in the names of two individuals, but not in the beneficiary form as in the case of savings bonds. However, unlike savings bonds, Treasury bonds registered jointly in two names require the signature of each owner to effect transfer or sale.

Exchanges of Series F and G savings bonds maturing in 1963 and 1964 will be made on the basis of equal face amounts and will be allotted in full. Since holders of the Series F and G bonds will receive interest on the 3 $\frac{7}{8}$  percent bonds of 1971 at the rate of 3 $\frac{7}{8}$  percent from November 15, 1962, and on the 4 percent bonds of 1980 at the rate of 4 percent from August 15, 1962, interest adjustments will be made as follows: Subscribers to the 3 $\frac{7}{8}$  percent bonds will be charged accrued interest from November 15 to December 15, 1962 (\$0.32 per \$100), and subscribers to the 4 percent bonds will be charged accrued interest from August 15 to December 15, 1962 (\$1.33 per \$100). Subscribers to both the 3 $\frac{7}{8}$  percent and 4 percent bonds will be credited with the discount on the issue price of the bonds (\$0.50 per \$100).

The lowest denomination of the new 3 $\frac{7}{8}$  percent and 4 percent bonds is \$500. Holders of smaller denominations of Series F and G bonds may exchange them for the next higher multiple of \$500 upon payment of any cash difference.

The marketable 3 $\frac{7}{8}$  percent bonds of 1971 and 4 percent bonds of 1980 are subject to fluctuations in prices at which they may be sold. Holders of Series F and G bonds (except bonds registered in the names of commercial banks in their own right, as distinguished from a representative or fiduciary capacity) desiring a security not subject to market fluctuations may exchange them at maturity for Series E or H bonds with interest at 3 $\frac{3}{4}$  percent if held to maturity.

Full details of this offering to holders of Series F and G bonds appear in the official circulars being released at this time, which will be available at banking institutions on November 19, 1962, or shortly thereafter. Holders may consult their local banks for further information after that time.

Circulars and subscription forms for this offering will be mailed to reach you by Monday, November 19.

ALFRED HAYES,  
President.