

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 5648]
April 28, 1965]

Treasury Announces May 15 Refunding Terms

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 today offered a choice between a 4 percent 15-month note and a 9-year $4\frac{1}{4}$ percent bond to holders of \$8,436 million of Treasury notes maturing May 15. Public holdings of the maturing securities amount to \$4.1 billion; the remaining \$4.3 billion is held by the Federal Reserve and Government Investment Accounts. The two securities offered in exchange are as follows:

An additional amount of 4 percent Treasury Notes of Series A-1966, dated February 15, 1962, and maturing August 15, 1966, at 99.85 (to yield about 4.12 percent) and accrued interest from February 15 to May 15, 1965 (\$9.83425 per \$1,000); or

An additional amount of $4\frac{1}{4}$ percent Treasury Bonds of 1974, dated May 15, 1964, and maturing May 15, 1974, at 100.25 (to yield about 4.22 percent).

There are now outstanding \$5,156 million of the 4 percent notes and \$1,532 million of the $4\frac{1}{4}$ percent bonds.

Cash subscriptions for the new securities will not be received. The maturing notes eligible for exchange are as follows:

\$1,816 million of $4\frac{5}{8}$ percent Treasury Notes of Series A-1965, dated May 15, 1960; and
\$6,620 million of $3\frac{7}{8}$ percent Treasury Notes of Series C-1965, dated November 15, 1963.

The books will be open for three days only, on May 3 through May 5, for the receipt of subscriptions. Subscriptions 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, May 5, will be considered timely. The payment and delivery date for the new securities will be May 17, 1965. The new notes and bonds will be made available in registered as well as bearer form. All subscribers requesting registered notes and bonds will be required to furnish appropriate identifying numbers as required on tax returns and other documents submitted to the Internal Revenue Service.

Exchanges of the maturing notes will be made in a like face amount of the new securities as of May 15. Coupons dated May 15 on the maturing notes should be *detached* and cashed when due. The final interest due on registered maturing notes will be paid by issue of interest checks in regular course to holders of record on April 15, 1965, the date the transfer books closed.

The $4\frac{1}{4}$ percent bonds are redeemable prior to maturity at par in payment of Federal estate taxes if owned by the decedent at time of death.

Interest on the 4 percent notes will be payable on August 15, 1965, and February 15 and August 15, 1966. Interest on the $4\frac{1}{4}$ percent bonds will be payable on May 15 and November 15.

The official offering circulars and subscription forms for the new securities will be mailed to reach you by Monday, May 3.

ALFRED HAYES,
President.