

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

[Circular No. 5768]
[January 26, 1966]

Treasury Announces \$28.8 Billion Refunding

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 announced that it is offering holders of the notes maturing February 15, 1966, and five other note and bond issues maturing from April 1 to August 15, 1966, an opportunity to exchange their holdings at attractive yields.

The securities eligible for exchange and those being offered are as follows:

<i>Securities eligible for exchange and their maturity dates</i>	<i>Securities offered in exchange and their maturity dates</i>
3 $\frac{5}{8}$ % Notes, B-1966 2/15/66	} 4 $\frac{7}{8}$ % Notes, E-1967 8/15/67
3 $\frac{7}{8}$ % Notes, C-1966 2/15/66	
1 $\frac{1}{2}$ % Notes, EA-1966 4/1/66	
PREREFUNDING	
4% Notes, D-1966 5/15/66	} 5% Notes, A-1970 11/15/70
3 $\frac{3}{4}$ % Bonds, 1966 5/15/66	
4% Notes, A-1966 8/15/66	
3% Bonds, 1966 8/15/66	

The public holds \$13.7 billion of the securities eligible for exchange, and about \$15.1 billion is held by the Federal Reserve and Government Investment Accounts.

Cash subscriptions for the new securities will not be received. The books will be open for three days only, on January 31 through February 2, 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, February 2, will be considered timely. The payment and delivery date for the new notes will be February 15, 1966. Interest will be adjusted as of that date except in the case of the notes of Series EA-1966 on which interest will be adjusted as of March 15, 1966. The new notes will be made available in registered as well as bearer form. All subscribers requesting registered notes will be required to furnish appropriate identifying numbers as required on tax returns and other documents submitted to the Internal Revenue Service. This is a taxable exchange.

All coupons dated February 15, 1966 on the securities eligible for exchange should be detached and cashed when due. All other coupons on securities eligible for exchange must be attached. The February 15, 1966 interest due on registered securities will be paid by issue of interest checks in regular course to holders of record on January 14, 1966, the date the transfer books closed. If a net amount is payable by the subscriber it should accompany the subscription.

Interest on the 4 $\frac{7}{8}$ percent notes will be payable on August 15, 1966, and February 15 and August 15, 1967. Interest on the 5 percent notes will be payable on May 15 and November 15, 1966, and thereafter on May 15 and November 15 until maturity.

Details showing cash and interest adjustments appear in Table 1, and approximate investment yields in Table 2.

Tables 1 and 2, referred to above, are printed on the reverse side.

The official offering circulars and subscription forms will be mailed to reach you by Monday, January 31.

Additional copies of this circular will be furnished upon request.

ALFRED HAYES,
President.

(OVER)

TABLE NO. 1

PAYMENTS TO AND BY THE SUBSCRIBER IN FEBRUARY 1966 REFUNDING
(In dollars per \$100 face value)

<i>Securities to be exchanged</i>	<i>Amounts to be paid to or by subscribers</i>					
	<i>Price adjustment payment¹</i>		<i>Accrued interest to adjustment date⁴ to be paid</i>		<i>Net amount to be paid</i>	
	<i>To subscriber</i>	<i>By subscriber</i>	<i>To subscriber²</i>	<i>By subscriber³</i>	<i>To subscriber</i>	<i>By subscriber</i>
FOR THE 47/8% NOTE 8/15/67						
35/8% Note 2/15/66.....	.125000					.125000
37/8% Note 2/15/66.....	.125000					.125000
1 1/2% Note 4/ 1/66.....	.125000		.679945	.377072		.427873
FOR THE 5% NOTE 11/15/70						
35/8% Note 2/15/66.....						
37/8% Note 2/15/66.....						
1 1/2% Note 4/ 1/66.....			.679945	.386740		.293205
4% Note 5/15/66.....		.250000	1.016575			.766575
3 3/4% Bond 5/15/66.....		.300000	.953039			.653039
4% Note 8/15/66.....		.450000				.450000
3% Bond 8/15/66.....		.900000				.900000

1 Payment on account of purchase price of offered securities.

2 On securities exchanged.

3 On securities offered.

4 March 15, 1966 for the 1 1/2% notes, and February 15, 1966 for the May 15, 1966 maturities.

TABLE NO. 2

INVESTMENT RETURNS IN THE FEBRUARY 1966 PRE-REFUNDING

<i>Securities eligible for exchange¹</i>	<i>Approximate investment yield from 2/15/66 to maturity²</i>	<i>Approximate reinvestment rate for the extension period³</i>
3 3/4% Bond, 5/15/66	4.98%	5.00%
4% Note, 5/15/66	4.98	5.00
3% Bond, 8/15/66	4.98	5.02
4% Note, 8/15/66	4.97	5.00

1 Not eligible for nontaxable exchange privilege.

2 Yields to nontaxable holders (or before tax) on issues offered in exchange based on prices of eligible issues (adjusted for payments on account of issue price). Prices are the mean of bid and ask quotations at noon on January 25, 1966.

3 Rate for nontaxable holder (or before tax).

January 26, 1966

Office of the Secretary of the Treasury
Office of Debt Analysis