

**FEDERAL RESERVE BANK  
OF NEW YORK**

Fiscal Agent of the United States

[ Circular No. 5844 ]  
July 27 1966 ]

**Treasury Announces \$14.9 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 note and bond issues maturing August 15, 1966 and the certificate, note, and bond issues maturing November 15, 1966 an opportunity to exchange their holdings at attractive yields.

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

Securities eligible for exchange and their maturity dates		Securities offered in exchange and their maturity dates						
4% Notes, A-1966	8/15/66	}						
3% Bonds, 1966	8/15/66							
		<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 45%;">5¼% Cts., A-1967</td> <td style="width: 5%;"></td> <td style="width: 50%; text-align: right;">8/15/67</td> </tr> <tr> <td>5¼% Notes, A-1971</td> <td></td> <td style="text-align: right;">5/15/71</td> </tr> </table>	5¼% Cts., A-1967		8/15/67	5¼% Notes, A-1971		5/15/71
5¼% Cts., A-1967		8/15/67						
5¼% Notes, A-1971		5/15/71						

**PREREFUNDING**

4¾% Cts., A-1966	11/15/66	}				
4% Notes, E-1966	11/15/66					
3¾% Bonds, 1966	11/15/66					
			<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 45%;">5¼% Notes, A-1971</td> <td style="width: 5%;"></td> <td style="width: 50%; text-align: right;">5/15/71</td> </tr> </table>	5¼% Notes, A-1971		5/15/71
5¼% Notes, A-1971		5/15/71				

The new securities are being offered at par to holders of the August maturities, and therefore will yield 5¼ percent. Details for the November maturities showing cash and interest adjustments appear in Table 1, and approximate investment yields in Table 2, both tables attached.

The public holds \$8.1 billion of the securities eligible for exchange, and about \$6.8 billion is held by 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 August 1 through August 3, 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, August 3, will be considered timely. The payment and delivery date for the new securities will be August 15, 1966. Interest will be adjusted as of that date on the securities maturing November 15, 1966. The new certificates will be made available in bearer form only. 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.

Coupons dated August 15, 1966 on the securities eligible for exchange should be detached and cashed when due. Coupons dated November 15, 1966 on securities eligible for exchange must be attached. The August 15, 1966 interest due on registered securities will be paid by issue of interest checks in regular course to holders of record on July 15, 1966, the date the transfer books closed.

Interest on the 5¼ percent certificates will be payable on February 15 and August 15, 1967. Interest on the 5¼ percent notes will be payable on November 15, 1966, and thereafter on May 15 and November 15 until maturity.

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, August 1.

Additional copies of this circular will be furnished upon request.

ALFRED HAYES,  
President.

(OVER)

TABLE NO. 1

PAYMENTS DUE TO AND FROM SUBSCRIBERS IN THE AUGUST 1966 PREREFUNDING  
(In dollars per \$100 face value)

<u>Securities to be exchanged</u>	<u>Payment by subscribers on account of issue price of offered securities</u>	<u>Accrued interest to August 15, 1966 on securities exchanged to be paid to subscribers</u>	<u>Net amount to be paid to subscriber</u>
FOR THE 5 1/4% NOTE 5/15/71			
4 3/4% C of I, 11/15/66.....	0.10	1.187500	1.087500
4% Note, 11/15/66.....	0.35	1.000000	0.650000
3 3/8% Bond, 1966 .....	0.55	0.843750	0.293750

TABLE NO. 2

INVESTMENT RETURNS IN THE AUGUST 1966 PREREFUNDING

<u>Securities eligible for exchange<sup>1</sup></u>	<u>Approximate investment yield from 8/15/66 to maturity<sup>2</sup></u>	<u>Approximate reinvestment rate for the extension period<sup>3</sup></u>
3 3/8% Bond, 11/15/66	5.24%	5.23%
4% Note, 11/15/66	5.23	5.24
4 3/4% Certificate, 11/15/66	5.24	5.26

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 July 26, 1966.

3 Rate for nontaxable holder (or before tax).

Office of the Secretary of the Treasury  
Office of Debt Analysis