

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 5975]
April 26, 1967]

Treasury Announces \$22.1 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 issue maturing May 15, 1967 and the certificate, note, and bond issues maturing June 15 and August 15, 1967, 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> |
|--|--|
| 4 1/4% Notes, D-1967 5/15/67 | 4 1/4% Notes, C-1968 8/15/68 |
| 2 1/2% Bonds, 1962-67 6/15/67 | 4 3/4% Notes, B-1972 5/15/72 |

PREREFUNDING

| | |
|--|---|
| 5 1/4% Ctf's., A-1967 8/15/67 | 4 3/4% Notes, B-1972 5/15/72 |
| 3 3/4% Notes, A-1967 8/15/67 | |
| 4 7/8% Notes, E-1967 8/15/67 | |

The new 4 1/4 percent notes are being offered at 99.95, which provides a yield of 4.29 percent. The new 4 3/4 percent notes are being offered at par. Details showing cash and interest adjustments for subscribers exchanging securities due June 15 and August 15 appear in Table 1. Approximate investment yields appear in Table 2. Both tables are attached.

The public holds \$9.0 billion of the securities eligible for exchange and about \$13.1 billion is held by Federal Reserve and Government Investment Accounts.

Cash subscriptions for the new notes will not be received.

The books will be open for three days only, on *May 1 through May 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, May 3, will be considered timely. The payment and delivery date for the new notes will be May 15, 1967. Interest on the securities maturing June 15 and August 15, 1967 will be adjusted as of May 15, 1967. 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 May 15, 1967 on the securities maturing on that date should be detached and cashed when due. Coupons dated June 15 and August 15, 1967 on the securities due on those dates must be attached. The May 15, 1967 interest due on registered securities will be paid by issue of interest checks in regular course to holders of record on April 14, 1967, the date the transfer books closed.

Interest on the 4 1/4 percent notes will be payable on August 15, 1967, and on February 15 and August 15, 1968. Interest on the 4 3/4 percent notes will be payable on November 15, 1967, 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, May 1.

Additional copies of this circular will be furnished upon request.

ALFRED HAYES,
President.

(OVER)

TABLE NO. 1

PAYMENTS DUE TO SUBSCRIBERS IN THE MAY 1967 REFUNDING

(In dollars per \$100 face value)

| <i>Securities to be exchanged</i> | <i>Payment to (+) or by (-) subscribers on account of issue price of offered securities</i> | <i>Accrued interest to May 15, 1967 on securities exchanged to be paid to subscribers</i> | <i>Net amount to be paid to subscribers</i> |
|---|---|---|---|
| FOR THE 4 $\frac{1}{4}$ % NOTE OF 8/15/68 | | | |
| 4 $\frac{1}{4}$ % Note, 5/15/67 | +0.050000 | — ^a | 0.050000 |
| 2 $\frac{1}{2}$ % Bond, 6/15/67 | -0.050000 | 1.037088 | 0.987088 |
| FOR THE 4 $\frac{3}{4}$ % NOTE OF 5/15/72 | | | |
| 4 $\frac{1}{4}$ % Note, 5/15/67 | — | — ^a | — |
| 2 $\frac{1}{2}$ % Bond, 6/15/67 | -0.100000 | 1.037088 | 0.937088 |
| 5 $\frac{1}{4}$ % Cert., 8/15/67 | +0.300000 | 1.290746 | 1.590746 |
| 3 $\frac{3}{4}$ % Note, 8/15/67 | -0.150000 | 0.921961 | 0.771961 |
| 4 $\frac{7}{8}$ % Note, 8/15/67 | +0.200000 | 1.198550 | 1.398550 |

^a Interest will be paid in regular course.

TABLE NO. 2

INVESTMENT RETURNS IN THE MAY 1967 PREREFUNDING

| <i>Securities eligible for exchange</i> | <i>Approximate investment yield from 5/15/67 to maturity¹</i> | <i>Approximate reinvestment rate for the extension period²</i> |
|---|--|---|
| 5 $\frac{1}{4}$ % Cert., 8/15/67 | 4.72% | 4.79% |
| 3 $\frac{3}{4}$ % Note, 8/15/67 | 4.72 | 4.77 |
| 4 $\frac{7}{8}$ % Note, 8/15/67 | 4.72 | 4.79 |

¹ 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 April 25, 1967.

² Rate for nontaxable holder (or before tax).

Office of the Secretary of the Treasury
Office of Debt Analysis