

FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

Circular No. 6106
January 31, 1968

To All Banking Institutions, and Others Concerned,
in the Second Federal Reserve District:

The following statement was made public today by the Treasury Department:

TREASURY ANNOUNCES REFUNDING AND CASH BORROWING PLANS

The Treasury today announced that it is offering holders of the note issue maturing February 15, 1968, and the note and bond issues maturing August 15 and November 15, 1968, an opportunity to exchange their holdings for a 5-3/4% 7-year note to be dated February 15, 1968, to mature February 15, 1975.

The Treasury also announced that upon completion of this refunding it will borrow about \$4 billion through the offering of a 15-month note. Exact terms will be announced on February 8 with the books open for subscriptions on February 13 and payment on February 20.

The securities eligible for exchange into the 7-year notes are as follows:

5-5/8% Treasury Notes of Series A-1968, maturing February 15, 1968

PREREFUNDING

4-1/4% Treasury Notes of Series C-1968, maturing August 15, 1968

3-3/4% Treasury Bonds of 1968, maturing August 15, 1968

5-1/4% Treasury Notes of Series D-1968, maturing November 15, 1968

3-7/8% Treasury Bonds of 1968, maturing November 15, 1968

The new notes are being offered at par to holders of the February maturities and therefore will yield 5-3/4%. Details for the August and November maturities showing cash and interest adjustments appear in Table 1. Approximate investment yields appear in Table 2. Both tables are attached.

The public holds \$12.1 billion of the securities eligible for exchange, and about \$12.2 billion is held by Federal Reserve and Government investment accounts.

Cash subscriptions for the new 7-year notes will not be received.

The books on the exchange will be open for three days only, on February 5 through February 7, 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 7, will be considered as timely. The payment and delivery date for the new notes will be February 15, 1968. Interest on the securities due November 15, 1968, will be adjusted as of February 15, 1968. 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 February 15, 1968, on the securities tendered in exchange should be detached and cashed when due. Coupons dated May 15, August 15 and November 15, 1968, on the securities due on August 15 and November 15, 1968, must be attached. February 15, 1968 interest due on registered securities will be paid by issue of interest checks in regular course to holders of record on January 15, 1968, the date the transfer books closed.

Interest on the new 7-year notes will be payable semiannually on February 15 and August 15.

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

The official offering circular and subscription forms for this offering will be mailed to reach you by Monday, February 5; however, if they do not reach you by that date, subscriptions may be entered by telegram or letter, subject to confirmation on the forms provided.

Alfred Hayes,
President.

(Over)

TABLE NO. 1

Payments due to or by Subscribers in the February 1968 Prerefunding

(In dollars per \$100 face value)

	Payment by subscribers on account of issue price of offered notes	Payment to subscribers for accrued interest to February 15, 1968, on securities exchanged	Net amount to be paid by subscriber to subscriber
For the 5-3/4% Note of 2/15/75			
4-1/4% Note 8/15/68	.600000	— ^a	.600000
3-3/4% Bond 8/15/68	.850000	— ^a	.850000
5-1/4% Note 11/15/68	.150000	1.326923	1.176923
3-7/8% Bond 11/15/68	1.150000	.979396	.170604

^a Interest will be paid in regular course.

TABLE NO. 2

Investment returns in the February 1968 Prerefunding

Securities eligible for exchange	Approximate investment yield from 2/15/68 to maturity ¹	Approximate reinvestment rate of the extension period ²
4-1/4% Note 8/15/68	5.73%	5.77%
3-3/4% Bond 8/15/68	5.73	5.77
5-1/4% Note 11/15/68	5.73	5.79
3-7/8% Bond 11/15/68	5.72	5.79

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 January 30, 1968.

² Rate for nontaxable holder (or before tax).

Office of the Secretary of the Treasury