

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

[Circular No. 6825
October 27, 1971]

*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 \$21.4 BILLION REFUNDING AND CASH OFFERING

The Treasury today announced that it is offering holders of \$7.9 billion of notes and bonds maturing November 15, 1971, an opportunity to exchange their holdings for a 7-year 6% note or a 15-year 6-1/8% bond. The bonds are also being offered for cash subscription to individuals in amounts not to exceed \$10,000 for any one person. Cash subscriptions for the notes will not be accepted.

The public holds \$3.7 billion of the securities eligible for exchange and about \$4.2 billion is held by Federal Reserve and Government accounts.

In addition, the same securities are being made available to holders of \$13.5 billion of securities maturing in May and August of 1972. Of these, \$8.0 billion are held by the public.

Details showing cash and interest adjustments applying in exchanges of securities due in 1972 appear in the table at the end of this release.

The Treasury also said that on Thursday, November 4, it will announce the amount and terms of a new short-term issue to be sold at auction for delivery November 15.

The securities eligible for exchange are as follows:

5-3/8% Treasury Notes of Series B-1971, maturing November 15, 1971
7-3/4% Treasury Notes of Series G-1971, maturing November 15, 1971
3-7/8% Treasury Bonds of 1971, maturing November 15, 1971
4-3/4% Treasury Notes of Series B-1972, maturing May 15, 1972
6-3/4% Treasury Notes of Series D-1972, maturing May 15, 1972
5% Treasury Notes of Series E-1972, maturing August 15, 1972
4% Treasury Bonds of 1972, maturing August 15, 1972

Interest will be adjusted as of November 15, 1971, for the securities due in 1972. The securities being offered in exchange are:

6% Treasury Notes of Series B-1978, dated November 15, 1971, due November 15, 1978 (CUSIP No. 912827 CM2), at 99.75 to yield 6.04%.

6-1/8% Treasury Bonds of 1986, dated November 15, 1971, due November 15, 1986 (CUSIP No. 912810 BK3), at 99.75 to yield 6.15%.

Subscription books for the offering will be open until 8:00 p.m., local time, Wednesday, November 3, 1971. To be timely subscriptions MUST BE RECEIVED by a Federal Reserve Bank or Branch or by the Office of the Treasurer of the United States by such time, except that subscriptions addressed to a Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States postmarked before midnight, Tuesday, November 2, 1971, will be deemed to be timely.

(Over)

The notes and bonds will be made available in registered as well as bearer form in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. All subscribers requesting registered securities will be required to furnish appropriate identifying numbers as required on tax returns and other documents submitted to the Internal Revenue Service.

Any coupons dated November 15, 1971, on notes and bonds tendered in exchange should be detached and cashed when due. The November 15, 1971 interest due on registered notes and bonds will be paid by issue of interest checks in regular course to holders of record on October 15, 1971, the date the transfer books closed. Coupons dated February 15, May 15 and August 15, 1972, must be attached to the appropriate securities when they are surrendered.

Subscriptions for cash must be accompanied by payment of 10% of the amount of bonds applied for. Cash subscriptions will be allotted in full and payment therefor must be completed by Monday, November 15, 1971, in cash or other funds immediately available to the Treasury by that date. The Treasury will construe as timely payment any check payable to the Federal Reserve Bank or the Treasurer of the United States that is received at such Bank or Office by Wednesday, November 10, 1971, provided the check is drawn on a bank in the Federal Reserve District of the Bank or Office to which the subscription was submitted.

Banking institutions in submitting cash subscriptions for customers will be required to certify that they have no beneficial interest in any of the subscriptions they enter.

The payment and delivery date for the securities will be November 15.

TABLE OF PAYMENTS TO OR BY SUBSCRIBERS IN EXCHANGES
FOR THE 6% NOTES AND THE 6-1/8% BONDS

(In dollars per \$100 face value)

Securities to be exchanged	Payment to or by (-) subscribers to adjust exchange values	Payment to subscribers for accrued interest to November 15, 1971 on securities exchanged	Net amount to be paid to subscribers
<i>For 6% Notes of Series B-1978</i>			
4-3/4% Note 5/15/72 .....	.236678	-	.236678
6-3/4% Note 5/15/72	1.211515	-	1.211515
5% Note 8/15/72 .....	.386700	1.250000	1.636700
4% Bond 8/15/72	-.339353	1.000000	.660647
<i>For 6-1/8% Bonds of 1986</i>			
4-3/4% Note 5/15/72 .....	.136678	-	.136678
6-3/4% Note 5/15/72	1.111515	-	1.111515
5% Note 8/15/72 .....	.286700	1.250000	1.536700
4% Bond 8/15/72	-.439353	1.000000	.560647

As indicated in the above statement, the subscription books will be open until 8 p.m., Wednesday, November 3, and to be timely subscriptions must be received by this Bank or its Branch or by the Office of the Treasurer of the United States by such time, except that subscriptions postmarked before midnight, Tuesday, November 2, will be deemed timely. If there is any doubt that mail will reach this Bank or its Branch as required above, subscribers should use other means of transmitting their subscriptions.

The official offering circular and subscription forms for this offering will be mailed to reach you by Monday, November 1.

Alfred Hayes,
President.