Nontaxable Exchanges of Series E, F, or J Savings Bonds
for Series H Savings Bonds, Effective January 1, 1960

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 announced on November 19, 1959 that regulations would be issued in December, under which holders of outstanding Series E savings bonds, and unmatured Series F and J savings bonds, effective on January 1, 1960, and thereafter, may exchange them at current redemption values for Series H bonds. Under this exchange the owners will have the privilege of treating the increase in redemption value (to the extent not previously included in gross income) in excess of the amount paid for such Series E, and unmatured Series F or J bonds, includable in gross income in the taxable year in which the Series H bonds are finally redeemed or disposed of, or in the taxable year of final maturity, whichever is earlier.

Exchanges of Series E and unmatured Series F and J savings bonds under these conditions are authorized in the law requested by the Treasury, and enacted by the Congress during its last session, approved September 22, 1959.

When this announcement was made it was contemplated that further details governing the exchange and instructions to bondowners would be released near the middle of December 1959. In view of the heavy burden of work handled by commercial banks and other financial institutions at the end of December and early in January, the Treasury has decided to delay release of the full details governing the exchange until about January 15, 1960. This will enable the Treasury to place the necessary forms and other data with commercial banks and other financial institutions a few days prior to the release date.

This change in release date will not cause any other changes, as all transactions involving exchanges of Series E, F and J savings bonds for Series H bonds submitted in January 1960, will be effective as of January 1, 1960.

Alfred Hayes,
President.
FEDERAL RESERVE BANK OF NEW YORK
FISCAL AGENT OF COMMODITY CREDIT CORPORATION

COMMODITY CREDIT CORPORATION
4% CERTIFICATES OF INTEREST
(Special Series)
Rate of Interest Subject to Change in Accordance with Offering Circular

OFFERED
JANUARY 6, 1960
and on a continuing basis thereafter

DUE AUGUST 1, 1960

PRICE 100 PER CENT OF FACE AMOUNT

CASH OFFERING
OPEN ONLY TO COMMERCIAL BANKS, SAVINGS BANKS,
AND TRUST COMPANIES
TO BANKS IN THE SECOND FEDERAL RESERVE DISTRICT:

The details of an offering of Commodity Credit Corporation Certificates of Interest (Special Series) priced at 100 per cent of face value are contained in the announcement reproduced on pages three and four of this circular.

Only commercial banks, savings banks, and trust companies are eligible purchasers. Applications should be made by letter or telegram to Controller, Commodity Credit Corporation, U.S. Department of Agriculture, Washington 25, D.C. Applications will be considered in the order received. CCC reserves the right to reject any application, in whole or in part, and to allot less than the amount of certificates applied for.

Applications will be accepted beginning January 6, 1960, and on a continuing basis thereafter until the total amount of certificates issued and outstanding equals the total amount of outstanding price support commodity loans in the pool or until the offering is withdrawn. Price support loans in the pool for which special series certificates may be issued presently exceed $1,000,000,000.

CCC will inform applicants of amounts of allotments promptly after receipt of applications. Upon receipt of notice of approval of applications, banks and trust companies should make payment at face value of the amounts allotted, in immediately available funds at the Federal Reserve bank or branch designated in the notice of approval.

The issue date(s) of certificates will be the date(s) that applicants make funds available to the Federal Reserve bank or branch. The certificates will be issued by CCC in Washington, D.C., and will be mailed promptly to purchasers.

The certificates will be transferable by endorsement and delivery in the manner customarily used in banking channels.

All payments for certificates upon tender prior to maturity or upon call by CCC or at maturity will be made by the Federal Reserve banks or branches as fiscal agents for CCC. Only banks or trust companies may tender certificates for payment and must endorse tendered certificates in accordance with the requirements printed on the reverse thereof.

Banks choosing to tender certificates for payment prior to maturity will be paid the face amount of the certificates and earned interest on the fifteenth day subsequent to the date(s) the certificates are tendered. Date of tender is defined as the date of the post mark for certificates mailed to a Federal Reserve bank or branch or the date of presentment at a Federal Reserve bank of branch if not mailed or, in cases of advance notice, the date that notice of intent to deliver certificates is sent to a Federal Reserve bank or branch by mail or telegram.

Certificates will be eligible as collateral for Treasury Tax and Loan Accounts.

ALFRED HAYES,

PRESIDENT
COMMODITY CREDIT CORPORATION ANNOUNCEMENT

OFFERING COMMERCIAL BANKS, SAVINGS BANKS, AND TRUST COMPANIES THE OPPORTUNITY TO FINANCE PRICE SUPPORT PROGRAM LOANS ON COMMODITIES OTHER THAN COTTON WHICH WERE ORIGINALLY DISBURSED BY CCC OR PURCHASED BY CCC FROM FINANCIAL INSTITUTIONS

SECTION I

Offer of Participation

Commodity Credit Corporation (hereinafter called "CCC") has placed in a pool all outstanding price support program loans on commodities other than cotton. Commercial banks, savings banks, and trust companies (hereinafter called "Banks") may participate in the financing of these price support program loans by making funds available to CCC at the Federal Reserve banks or branches, Fiscal Agents for CCC. Special Series Certificates of Interest (hereinafter called "certificates") currently bearing interest at the rate of 4 per cent per annum will be issued to evidence participation in this pool of loans. Price support program loans in the pool for which certificates may be issued presently exceed $1 billion. Certificates will mature on August 1, 1960, but will be purchased by CCC prior to maturity upon tender and may be called by CCC. The terms and conditions upon which Banks may participate in the pool are set forth in Section II of this announcement.

In the event the face value of outstanding certificates on the last day of any month exceeds the unpaid principal amount of the loans comprising the pool, as determined by CCC, then CCC will call in for payment outstanding certificates in an amount sufficient to reduce the face value of the outstanding certificates to or below the value of the unpaid principal amount of the loans comprising the pool. Although CCC reserves the right to call certificates at any time, CCC does not presently contemplate calling in certificates for payment unless it is necessary to do so because of decreases in the total amount of outstanding loans in the pool.

The rate of interest on these certificates is subject to change in accordance with the terms and conditions in Section II of this offering. CCC will arrange for notices to be issued through the Federal Reserve banks to banks in their districts whenever the interest rate is changed or whenever certificates are called by CCC.

As additional price support program loans are made or purchased by CCC, the loans will be placed in the pool.

SECTION II

Terms and Conditions

The terms and conditions of this offering are set forth below. The complete text of the regulation applicable to these certificates is published in the Federal Register (23 FR 3913, as amended). Copies of the regulation may be obtained from the Controller, CCC, U.S. Department of Agriculture, Washington 25, D.C.

Application for participation. Applications will be accepted by CCC beginning January 6, 1960, and on a continuing basis thereafter until the total amount of certificates issued and outstanding equals the total amount of outstanding price support program loans in the pool or until this offering is withdrawn. CCC reserves the right to reject any application, in whole or in part, and to allot less than the amount of certificates applied for, and action in these respects shall be final. Applicants will be informed of allotments promptly after receipt of applications.

Acceptance of applications. Applications will be considered in the order received. CCC reserves the right to reject any application, in whole or in part. Notification of acceptance or rejection will be made by mail unless CCC is requested to notify applicant bank by collect telegram. The notice of acceptance will designate the Federal Reserve bank or branch at which payment for credit to CCC's account shall be made.

Payment for face amounts of certificates to be issued. Prompt payment for the face amount of the certificates for which applicant bank has received notice of acceptance shall be made in immediately available funds at the designated Federal Reserve bank or branch.

Issuance of certificates. Upon receipt of notice from the Federal Reserve bank or branch of payment therefor, certificates will be issued by CCC and forwarded to the purchasing Bank. The issue date of the certificate will be the date that payment is made to the Federal Reserve bank or branch for the account of CCC and the face amount of the certificate shall be equal to the amount of the payment.
Rate of interest. Certificates will earn interest at the rate of 4 percent per annum. This rate may be increased or decreased by CCC upon publication in the Federal Register, except that with respect to any decrease in the interest rate, the effective date of such decrease shall be at least 30 days subsequent to such publication. CCC will arrange for notices to be issued through the Federal Reserve banks to banks in their districts whenever the interest rate is changed. Interest earned will be paid on a 366 day basis.

Maturity date of certificates. The maturity date of certificates will be August 1, 1960.

Transfer and endorsement of certificates. Certificates will be transferable by endorsement and delivery at any time prior to date of tender for purchase by CCC. All endorsements except the endorsement of the Bank tendering a certificate for purchase by CCC may be made in the manner customarily used in banking channels such as a stamped endorsement. Certificate(s) tendered for purchase by CCC must be endorsed in the space provided on the reverse thereof by autograph signature of an authorized official of the tendering Bank.

Purchase by CCC of outstanding certificates. All payments for outstanding certificates purchased by CCC will be made by the Federal Reserve banks or branches as fiscal agents for CCC. Payments will be made only to a Bank and only after receipt of the certificate(s), properly endorsed, by a Federal Reserve bank or branch. All payments will include the face amount of the certificates and earned interest from the issue date(s), which will be computed using the appropriate factors shown in Table III, of Department Circular 300, "United States Treasury Department General Regulations with respect to United States Securities." Any Bank tendering these certificates for purchase by CCC shall tender them to the Federal Reserve bank or branch in the district where the Bank is located.

(1) Upon tender prior to maturity. CCC will purchase prior to maturity any outstanding certificate tendered by a Bank and payment will be made by CCC on the fifteenth day subsequent to the date the certificate is tendered. Date of tender is defined as the date of the post mark for certificates mailed to a Federal Reserve bank or branch or the date of presentment at a Federal Reserve bank or branch if not mailed or, in cases of advance notice, the date that notice of intent to deliver certificates is sent to a Federal Reserve bank or branch by mail or telegram. If the payment date falls on Saturday, Sunday or National holiday, the payment date shall be the next succeeding business day. For certificates tendered during the 15 day period prior to maturity, payment will be made on the maturity date and will include interest only to maturity date. For called certificates tendered during the 15 day period prior to call date, payment will be made on the call date and will include interest only to the call date.

(2) Upon call by CCC. CCC reserves the right to call in for payment at any time any outstanding certificates. Public announcement of call will be made by publication in the Federal Register at least 15 days prior to the date such certificates are to be called. CCC will arrange for notices to be issued through the Federal Reserve banks to banks in their districts whenever certificates are called by CCC. Such public announcement and notice will identify the particular certificates being called. Banks should tender called certificates as soon as possible after publication of the call notice. Interest on these certificates will be paid to maturity. Interest will not be paid for any period beyond the call date.

(3) At maturity. CCC will purchase from Banks on August 1, 1960, all outstanding certificates. Banks should tender maturing certificates as soon as possible after July 15, 1960. Interest on these certificates will be paid to maturity. Interest will not be paid for any period beyond maturity.

SECTION III

Purpose and Financial Organization of CCC

Commodity Credit Corporation engages in buying, selling, lending, and other activities with respect to agricultural commodities, their products, foods, feeds, and fibers for the purpose of stabilizing, supporting, and protecting farm income and prices; assisting in the maintenance of balanced and adequate supplies of such commodities; and facilitating their orderly distribution. The Corporation also makes available materials and facilities required in connection with the production and marketing of such commodities.

The Corporation is managed by a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is, ex officio, a director and the chairman of the board. In addition to the Secretary, the board consists of six members appointed by the President and confirmed by the Senate. There is also a bipartisan advisory board of five members appointed by the President to survey the general policies of the Corporation and advise the Secretary with respect thereto.

The Corporation has an authorized capital stock of $100 million, all of which is held by the United States, and statutory authority to borrow up to $14.5 billion. On October 31, 1959, outstanding commitments against this borrowing authority amounted to $11.4 billion. CCC will at all times hold in reserve an amount of its borrowing authority sufficient to cover outstanding certificates. Pursuant to arrangements made with the U.S. Department of the Treasury, the Corporation may borrow from the Treasurer of the United States any portion of the uncommitted amount of its borrowing authority whenever needed to meet its obligations.

DECEMBER 24, 1959

J. J. SOMERS, Controller,
COMMODITY CREDIT CORPORATION