

**PART 351—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES EE**

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AUTHORITY: 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3105.

SOURCE: 55 FR 567, Jan. 5, 1990, unless otherwise noted.

**§ 351.0 Offering of bonds.**

The Secretary of the Treasury offers for sale to the people of the United States, United States Savings Bonds of Series EE, hereinafter referred to as *Series EE bonds* or *bonds*. This offer, effective May 1, 1997, will continue until terminated by the Secretary of the Treasury.

[55 FR 567, Jan. 5, 1990, as amended at 58 FR 60938, Nov. 18, 1993; 60 FR 15431, Mar. 23, 1995; 62 FR 24281, May 2, 1997]

**§ 351.1 Governing regulations.**

Series EE bonds are subject to the regulations of the Department of the Treasury, now or hereafter prescribed, governing United States Savings Bonds of Series EE and HH, contained in Department of the Treasury Circular, Public Debt Series No. 3-80 (part 353 of this chapter). Treasury expressly disclaims the effect of, and does not war-

ranty the correctness of, any representations or warranties regarding Series EE bonds, wherever made, that in any way conflict with the terms and conditions of Series EE bonds, as set out in these and other regulations and other applicable law. The regulations in part 370 of this chapter apply to transactions for the purchase of United States Savings Bonds issued through the Bureau of the Public Debt. The regulations in part 370 do not apply to transactions for the purchase of bonds accomplished through issuing agents generally, unless and to the extent otherwise directed by the Commissioner of the Bureau of the Public Debt.

[63 FR 64551, Nov. 20, 1998]

**§ 351.2 Description of bonds.**

(a) *General.* Series EE bonds are issued only in registered form and are nontransferable.

(b) *Denominations and prices.* Series EE bonds are issued on a discount basis. The denominations and purchase prices are as follows:

Denomination	Purchase price
\$50 <sup>1</sup> .....	\$25.00
75 <sup>1</sup> .....	37.50
100 .....	50.00
200 .....	100.00
500 .....	250.00
1,000 .....	500.00
5,000 .....	2,500.00
10,000 .....	5,000.00

<sup>1</sup>As of October 1, 1990, \$50 & \$75 denominations were no longer available through payroll savings plans or through employee thrift, savings, vacation or similar plans.

(c) *Term—original maturity periods for bonds issued prior to May 1, 1995.* The issue date of a Series EE bond is the first day of the month in which payment of the issue price is received by an authorized issuing agent. Series EE bonds issued prior to May 1, 1995, have “original” maturity periods, also referred to as “initial” maturity periods, as follows:

Issue dates—1st day of:	Original maturity dates—1st day of:	Original terms
Jan. 1980–Oct. 1980 .....	Jan. 1991–Oct. 1991 .....	11 years.
Nov. 1980–Apr. 1981 .....	Nov. 1989–Apr. 1990 .....	9 years.
May. 1981–Oct. 1982 .....	May 1989–Oct. 1990 .....	8 years.
Nov. 1982–Oct. 1986 .....	Nov. 1992–Oct. 1996 .....	10 years.
Nov. 1986–Feb. 1993 .....	Nov. 1998–Feb. 2005 .....	12 years.
Mar. 1993–Apr. 1995 .....	Mar. 2011–Apr. 2013 .....	18 years.

(d) *Redemption.* A Series EE bond may be redeemed after 6 months from its issue date. The Secretary of the Treasury may not call Series EE bonds for redemption prior to final maturity.

(e) *Investment yield (interest) during original maturity periods—bonds bearing issue dates of November 1, 1982 through April 1, 1995.* The investment yield of a Series EE bond bearing issue dates of November 1, 1982, through April 1, 1995, from its issue date to each interest accrual date occurring less than 5 years after issue, will be as shown in Tables 1, 2, and 3 in the appendix to this part.

(1) *Guaranteed minimum investment yield.* The guaranteed minimum investment yield of a bond from its issue date to each semiannual interest accrual date occurring on or after 5 years from issue up to original maturity will be 7.5 percent per annum, compounded semiannually, for a bond bearing an issue date of November 1, 1982, through October 1, 1986, and 6 percent per annum, compounded semiannually, for a bond bearing an issue date of November 1, 1986, through February 1, 1993; and, 4 percent per annum, compounded semiannually, for a bond bearing an issue date of March 1, 1993, through April 1, 1995. Interest that accrues on a Series EE bond becomes part of its redemption value and is paid, as set out in § 351.2 (h).

(2) *Market-based variable investment yield.* If a Series EE bond is not sooner redeemed, its yield 5 years after its issue date and on each successive semiannual interest accrual date will be determined as follows:

(i) For each 6-month period, starting with the period beginning on May 1, 1982, the average market yield on outstanding marketable Treasury securities with a remaining term to maturity of approximately 5 years during such period will be determined.

(ii) For bonds bearing issue dates of November 1, 1982, through April 1, 1989, the market-based variable investment yield from the issue date of a bond to its semiannual interest accrual date 5 years thereafter will be 85 percent, rounded to the nearest one-fourth of 1 percent, of the arithmetic average of the market yield averages for the ten 6-month periods starting with the 6-

month period that most recently ended before such issue date.

(iii) For bonds bearing issue dates of May 1, 1989 through April 1, 1995, the market-based variable investment yield from the issue date to the semiannual interest accrual date 5 years thereafter will be 85 percent, rounded to the nearest one-hundredth of 1 percent, of the arithmetic average of the market yield averages for the ten 6-month periods starting with the 6-month period that most recently ended before such issue date.

(iv) In determining the market-based variable investment yield for a bond from its issue date to each successive semiannual interest accrual date occurring after 5 years from issue up to original maturity, the average market yield for each additional 6-month period will be included in the computation.

(v) The determination by the Secretary of the Treasury, or his delegate, of the average market yields shall be final and conclusive.

*Example.* For bonds bearing issue dates of November 1, 1982, through April 1, 1983, the market-based variable investment yield from issue date to 5 years will be determined from the ten 6-month market yield averages for the period from May 1, 1982, through April 30, 1987. The market-based variable investment yield from issue to 5½ years will be determined for the period from May 1, 1982, through October 31, 1987. For bonds bearing issue dates of May 1, 1983, to October 1, 1983, the 5 year market-based variable investment yield will be determined for the period from November 1, 1982, through October 31, 1987, and the 5½ year market-based variable investment yield will be determined from November 1, 1982, through April 30, 1988. In each case where a bond is held for 5 years or longer during its original maturity period, its redemption value on the appropriate interest accrual date will be determined from such yield, unless the guaranteed minimum yield, compounded semiannually, as specified in § 351.2(e)(1), from issue to that accrual date results in a higher redemption value.

(f) *Investment yields (interest) during original maturity periods—bonds issued prior to November 1, 1982.* For bonds bearing issue dates of January 1, 1980, through October 1, 1982, the investment yields shall be as follows:

(1) *Guaranteed minimum investment yield.* The guaranteed minimum investment yields on bonds bearing issue

dates prior to November 1, 1982, are made available, on request, by the Bureau of the Public Debt, Parkersburg, West Virginia 26106-1328.

(2) *Market-based variable investment yield.* If a bond is held for a period of 5 years after its first semiannual interest accrual period, occurring on or after November 1, 1982, its yield for such period, and to each successive semiannual interest accrual date up to its original maturity, shall be either the guaranteed minimum investment yield specified above in paragraph (f)(1) of this section or the market-based variable investment yield computed as provided in paragraph (e)(2) of this section, whichever produces the greater value, using the appropriate number of 6-month periods. The first such period began on May 1, 1982.

(g) *Extended maturity periods for bonds bearing issue dates prior to May 1, 1995—*

(1) *General.* The terms *extended maturity period*, *second extended maturity period*, and *extended maturity*, as used herein, refer to periods after the original maturity dates of the bonds during which owners may retain them at interest. No special action is required of owners desiring to take advantage of any extensions herein granted.

(2) *Extensions granted for bonds bearing issue dates prior to May 1, 1995.* As described in the charts below, owners of Series EE bonds may retain their bonds for an extended maturity period of 10 years. Owners of Series EE bonds also may retain their bonds for a second extended maturity period having a period such that, if outstanding, interest shall accrue for a term totaling 30 years from the issue date. Each Series EE bond will reach its final maturity and cease to accrue interest 30 years after its issue date.

Issues dates—1st day of:	Original terms	Original maturity dates-day of:	Final maturity dates—1st day of:
Jan. 1980–Oct. 1980 .....	11 years .....	Jan. 1991–Oct. 1991 .....	Jan. 2010–Oct. 2010.
Nov. 1980–Apr. 1981 .....	9 years .....	Nov. 1989–Apr. 1990 .....	Nov. 2010–Apr. 2011.
May 1981–Oct. 1982 .....	8 years .....	May 1989–Oct. 1990 .....	May 2011–Oct. 2012.
Nov. 1982–Oct. 1986 .....	10 years .....	Nov. 1992–Oct. 1996 .....	Nov. 2012–Oct. 2016.
Nov. 1986–Feb. 1993 .....	12 years .....	Nov. 1998–Feb. 2005 .....	Nov. 2016–Feb. 2023.
Mar. 1993–Apr. 1995 .....	18 years .....	Mar. 2011–Apr. 2013 .....	Mar. 2023–Apr. 2025

  

Issues dates—1st day of:	1st extended maturity dates—1st day of:*	Years to final maturity	Final maturity dates—1st day of:
Jan. 1980–Oct. 1980 .....	Jan. 2001–Oct. 2001 .....	9 years .....	Jan. 2010–Oct. 2010.
Nov. 1980–Apr. 1981 .....	Nov. 1999–Apr. 2000 .....	11 years .....	Nov. 2010–Apr. 2011.
May 1981–Oct. 1982 .....	May 1999–Oct. 2000 .....	12 years .....	May 2011–Oct. 2012.
Nov. 1982–Oct. 1986 .....	Nov. 2002–Oct. 2006 .....	10 years .....	Nov. 2012–Oct. 2016.
Nov. 1986–Feb. 1993 .....	Nov. 2008–Feb. 2015 .....	8 years .....	Nov. 2016–Feb. 2023.
Mar. 1993–Apr. 1995 .....	Mar. 2021–Apr. 2023 .....	2 years .....	Mar. 2023–Apr. 2025

\* At 10 years after original maturity.

(3) *Determination of redemption values during any extended maturity period for bonds bearing issue dates prior to May 1, 1995.* The redemption value of a bond on a given interest accrual date during an extended maturity period or periods will be the higher of the value produced using the applicable guaranteed minimum investment yield or the value produced using the appropriate market-based variable investment yield. The calculation of these yields and the resulting redemption values are described below:

(i) *Guaranteed minimum investment yield and resulting values during an ex-*

*tended maturity period.* A bond may be subject to one guaranteed minimum investment yield during its original maturity period and to another such yield during each of its extended maturity periods. Bonds that entered an extended maturity period from May 1, 1989, through February 1, 1993, have a guaranteed minimum investment yield of 6 percent per annum, compounded semiannually, during that extended maturity period. Bonds that entered or enter an extended maturity period on or after March 1, 1993, have a guaranteed minimum investment yield of 4

percent per annum, compounded semi-annually, during that extended maturity period, or the guaranteed minimum investment yield in effect at the beginning of that period. In order to determine values for a bond during its first extended maturity period, the value of the bond at the end of its original maturity period is determined using the guaranteed minimum investment yield applicable to that period. This value is then used as the base upon which interest accrues during the first extended maturity period at the applicable guaranteed minimum investment yield for that period. The value thus attained at first extended maturity (10 years after original maturity) is then used as the base upon which interest accrues during the second extended maturity period at the applicable guaranteed minimum investment yield for that period. The resulting semiannual values are then compared with the corresponding values determined using the applicable market-based variable investment yields.

(ii) *Market-based variable investment yield and resulting values during an extended maturity period.* For a bond beginning an extended maturity period, the market-based variable investment yield from its first semiannual interest accrual date occurring on or after November 1, 1982, or its issue date, whichever is later, to each semiannual interest accrual date occurring on or after November 1, 1989, will be 85 percent, rounded to the nearest one-hundredth of one percent, of the arithmetic average of the market yield averages for the appropriate number of 6-month periods involved, beginning with the period from May 1, 1982, or the 6-month period that most recently ended before the issue date, whichever period occurs later. The value of a bond on its first semiannual interest accrual date occurring on or after November 1, 1982, or its issue date, whichever is later, is used as the base upon which interest accrues during the extended maturity period at the applicable market-based variable investment yield. As described above, the bond will receive the higher of the two values produced using the applicable market-based variable in-

vestment yield and guaranteed minimum investment yield.

(h) *Accrual and payment of interest for bonds issued prior to May 1, 1995.* Interest accrues on a Series EE bond and becomes a part of the redemption value which is paid when the bond is cashed. For bonds with issue dates from January 1, 1980, through October 1, 1980, the redemption value increases on the first day of each month from the third through the thirtieth month after issue, and thereafter on the first day of each successive 6-month period. For bonds with issue dates from November 1, 1980, through October 1, 1986, the redemption value increases on the first day of each month from the third through the eighteenth month after issue, and thereafter on the first day of each successive 6-month period. For bonds with issue dates from November 1, 1986, through February 1, 1993, the redemption values increase on the first day of each month from the third through the thirtieth month after issue, and thereafter on the first day of each successive 6-month period. For bonds with issue dates of March 1, 1993 through April 1, 1995, the redemption values increase on the first day of each month from the third through the sixtieth month after issue, and thereafter either on the first day of each month or on the first day of each successive 6-month period, whichever accrual schedule ensures that the actual yield from issue date to redemption date is in no case less than 4 percent per annum, compounded semiannually. The interest on an outstanding bond ceases to accrue 30 years after its issue date.

(i) *Tables of redemption values for bonds issued prior to May 1, 1995.* For bonds with issue dates of November 1, 1982 through April 1, 1995, Tables 1, 2, and 3, in the appendix to this part, show the established redemption values and investment yields for the first 4½ years after issue and redemption values produced by guaranteed minimum investment yields from 5 years after issue to original maturity. For bonds issued prior to November 1, 1982, tables showing the established redemption values and investment yields for interest accrual dates occurring less than 5 years from the first semiannual interest accrual period starting on or after

November 1, 1982, and the guaranteed minimum investment yields and resulting redemption values for interest accrual dates occurring thereafter to original maturity, are made available by the Bureau of the Public Debt, Parkersburg, West Virginia 26106-1328. The market-based variable investment yields for bonds redeemed during each 6-month period, beginning on May 1 and November 1 of each year, are made available prior to each of those dates by the Bureau of the Public Debt, accompanied by tables of the redemption values of bonds for the following 6 months, as determined by applicable market-based variable investment yields or guaranteed minimum investment yields.

(j) *Market-based interest rate and redemption values—bonds bearing issue dates of May 1, 1995, through April 1, 1997.* (1) The following definitions apply for determining the interest rates and redemption values for bonds bearing issue dates of May 1, 1995, through April 1, 1997:

(i) *Market yields.* Treasury uses market bid yields for bills, notes, and bonds to create a yield curve based on the most actively traded Treasury securities. This curve relates the yield on a security to its time to maturity. Yields at particular points on the curve are referred to as “constant maturity yields” and are determined by the Treasury from this daily yield curve. The 6-month and 5-year Treasury securities rates described below are derived from these yield curves.

(ii) *Short-term savings bond rate.* No less frequently than on each May 1 and November 1, Treasury announces a short-term savings bond rate. To determine this rate, Treasury compiles 6-month Treasury securities rates as of the close of business for each day of the previous three months and calculates the monthly average for each month, rounding each monthly average to the nearest one-hundredth of one percent. The short-term savings bond rate is then determined by taking 85 percent of the three-month average and rounding the result to the nearest one-hundredth of one percent. If the regularly scheduled date for the announcement (for example, May 1) is a day when the Treasury is not open for business, then

the announcement is made on the next business day and is effective as of the first day of that month. For bonds entitled to interest accruals at the short-term savings bond rate, that rate applies to the bond’s first full semiannual interest accrual period following each announcement of the rate.

(iii) *Long-term savings bond rate.* No less frequently than on each May 1 and November 1, Treasury announces a long-term savings bond rate. To determine this rate, Treasury compiles 5-year Treasury securities rates as of the close of business for each day of the previous six months and calculates the monthly average for each month, rounding each monthly average to the nearest one-hundredth of one percent. The long-term savings bond rate is then determined by taking 85 percent of the 6-month average and rounding the result to the nearest one-hundredth of one percent. If the regularly scheduled date for the announcement (for example, May 1) is a day when the Treasury is not open for business, then the announcement is made on the next business day and is effective as of the first day of that month. For bonds entitled to interest accruals at the long-term savings bond rate, that rate applies to the bond’s first full semiannual interest accrual period following each announcement of the rate.

(iv) *Base denomination.* All redemption value calculations are performed on a hypothetical denomination of \$25 having a value at the beginning of the first earning period equal to an issue price of \$12.50. Redemption values for bonds of greater denominations are in direct proportion according to the ratio of denominations. *For example,* if the value of a hypothetical \$25 denomination is \$26.80—*i.e.*, \$12.50 issue price plus \$14.30 accrued interest—on the same redemption date, the value of a \$50 bond bearing the same issue date is  $\$26.80 \times (50 \div 25)$  or \$53.60.

(v) *Issue date.* The issue date of a Series EE bond is the first day of the month in which payment of the issue price is received by an authorized issuing agent.

(vi) *Semiannual earning periods and accrual dates.* Bonds bearing issue dates of May 1, 1995, through April 1, 1997, earn interest during each successive six

month period from date of issue to final maturity. Interest accrues, immediately following each earning period, on each semiannual anniversary of the date of issue, including the date of final maturity.

(vii) *Original maturity.* Bonds reach original maturity at 17 years after date of issue.

(viii) *Final maturity.* Bonds reach final maturity at 30 years after date of issue. A bond ceases to earn interest at final maturity.

(2) *Interest rates and redemption values for bonds held 5 years or less.* The interest rate for a Series EE bond bearing an issue date of May 1, 1995, through April 1, 1997, for semiannual earning periods during the first 5 years from date of issue, is the short-term savings bond rate determined as defined in paragraph (j)(1)(ii) of this section. Redemption values for semiannual accrual dates occurring on or before 5 years from date of issue are calculated in accordance with paragraph (j)(5) of this section.

(3) *Interest rates and redemption values for bonds held 5 years and 6 months and longer.* The interest rate for a Series EE bond bearing an issue date of May 1, 1995, through April 1, 1997, for semiannual earning periods beginning 5 years from date of issue through original maturity, is the long-term savings bond rate determined as defined in paragraph (j)(1)(iii) of this section. Redemption values for semiannual accrual dates occurring after 5 years from date of issue, through original maturity, are calculated in accordance with paragraph (j)(5) of this section, except that the redemption value at the date of original maturity, as provided in paragraph (j)(1)(vii) of this section, shall not be less than the denomination (face amount or face value).

(4) *Interest rates and redemption values for bonds during an extended maturity period.* From 17 years after date of issue to the final maturity date (the "extended maturity period") the bond will be subject to the terms and conditions in effect when it is issued, and will continue to earn interest as described in paragraph (j)(3) of this section, unless the terms and conditions applicable to an extended maturity period are ex-

pressly amended prior to the beginning of such period.

(5) *Redemption value calculations.* Interest on a bond accrues and becomes part of the redemption value which is paid when the bond is cashed. The redemption value of a bond on the accrual date immediately following each semiannual earning period is determined as follows:

(i) The applicable long-term or short-term savings bond rate for the semiannual earning period is converted to decimal form by dividing by 100, and is adjusted to a semiannual rate by dividing by 2.

(ii) Using redemption values for the base denomination, as defined in paragraph (j)(1)(iv) of this section, this rate is then multiplied by the redemption value of the bond at the beginning of the semiannual earning period.

(iii) The resulting interest amount, rounded to the nearest cent, is added to the redemption value of the bond at the beginning of the earning period to produce the redemption value at the next semiannual accrual date. The redemption value of a bond remains constant between accrual dates.

(6) *The Secretary's determination.* The determination by the Secretary of the Treasury, or his delegate, of the market yields, and the long-term and short-term savings bond rates, shall be final and conclusive.

(7) *Tables of redemption values.* Tables of redemption value are made available by the Bureau of the Public Debt, Parkersburg, West Virginia 26106-1328, prior to the periods during which the redemption values are payable.

(k) *Interest rate and redemption values—bonds bearing issue dates of May 1, 1997, or thereafter.*

(1) The following definitions apply for determining the interest rates and redemption values for bonds bearing issue dates of May 1, 1997, or thereafter:

(i) *Market yields.* Treasury uses market bid yields for bills, notes, and bonds to create a yield curve based on the most actively traded Treasury securities. This curve relates the yield on a security to its time to maturity. Yields at particular points on the curve are referred to as "constant maturity yields" and are determined by the

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Treasury from this daily yield curve. The 5-year Treasury securities yields described below are derived from these yield curves.

(ii) *Savings bonds rate.* No less frequently than on each May 1 and November 1, Treasury announces a variable market-based savings bonds rate. To determine this rate, Treasury compiles 5-year Treasury securities yields as of the close of business for each day of the previous six months and calculates the monthly average to the nearest one-hundredth of one percent. The savings bonds rate is then determined by taking 90 percent of the 6-month average and rounding the result to the nearest one-hundredth of one percent. If the regularly scheduled date for the announcement (*for example*, May 1) is a day when the Treasury is not open for business, then the announcement is made on the next business day, however, the effective date of the rate remains the first day of the month of the announcement.

(iii) *Base denomination.* All redemption value calculations are performed on a hypothetical denomination of \$25 having a value at the beginning of the first semiannual rate period equal to an issue price of \$12.50. Redemption values for bonds of greater denominations are in direct proportion according to the ratio of denominations.

(iv) *Issue date.* The issue date of a Series EE savings bond is the first day of the month in which payment of the issue price is received by an authorized issuing agent.

(v) *Accrual date.* Interest on a Series EE savings bond accrues on the first day of each month beginning with the

fourth month from the date of issue. The redemption value of a bond does not change between these accrual dates.

(vi) *Semiannual Rate Periods.* Semiannual rate periods are the 6-month periods beginning on the date of issue and on each semiannual anniversary of the date of issue to original maturity.

(vii) *Original maturity.* Bonds reach original maturity at 17 years after date of issue.

(viii) *Final maturity.* Bonds reach final maturity at 30 years after the date of issue. Bonds cease to earn interest at final maturity.

(2) *Interest rates and monthly accruals for bonds with issue dates of May 1, 1997, or thereafter, through original maturity.* Savings bonds rates defined in paragraph (k)(1)(ii) of this section apply to earnings during the first semiannual rate period beginning on or after the effective date of the rate. Interest is credited on the first day of each month and compounded semiannually. Interest accrues beginning with the fourth month from the date of issue. *For example*, a bond issued in January has interest first credited on May 1, which represents one month of interest because of the 3-month interest penalty. The following table shows, for any given month of issue with rates announced each May and November, the months making up the semiannual rate period during which interest is earned at the announced rate (disregarding the penalty for bonds redeemed prior to 5 years after the date of issue) and the months in which the bonds increase in value. This rate is an annual rate compounded semiannually.

If issue month is:	And rate announcement/effective date is:	Then, semiannual rate periods in which interest is earned include months of:	And bonds increase in value on 1st day of months of:
JAN or JUL .....	May 1 .....	JUL through DEC .....	AUG through JAN.
FEB or AUG .....	May 1 .....	AUG through JAN .....	SEP through FEB.
MAR or SEP .....	May 1 .....	SEP through FEB .....	OCT through MAR.
APR or OCT .....	May 1 .....	OCT through MAR .....	NOV through APR.
MAY or NOV .....	May 1 .....	MAY through OCT .....	JUN through NOV.
JUN or DEC .....	May 1 .....	JUN through NOV .....	JUL through DEC.
JAN or JUL .....	November 1 .....	JAN through JUN .....	FEB through JUL.
FEB or AUG .....	November 1 .....	FEB through JUL .....	MAR through AUG.
MAR or SEP .....	November 1 .....	MAR through AUG .....	APR through SEP.
APR or OCT .....	November 1 .....	APR through SEP .....	MAY through OCT.
MAY or NOV .....	November 1 .....	NOV through APR .....	DEC through MAY.
JUN or DEC .....	November 1 .....	DEC through MAY .....	JAN through JUN.

(3) *Interest penalty for Series EE bonds with issue dates of May 1, 1997, or thereafter, redeemed less than 5 years following the issue dates.* If a Series EE savings bond with an issue date of May 1, 1997, or thereafter, is redeemed less than five years following the date of issue, the overall earning period from the date of issue will be reduced by three months. *For example,* if a bond issued January 1, 1998, is redeemed 9 months later on October 1, 1998, the redemption value will be determined by applying the redemption value calculation formula described in paragraph (k)(4) of this section and the savings bonds rate for that bond at 6 months after the date of issue on July 1, 1998. The redemption value of a bond subject to the 3-month interest penalty shall not be reduced below the issue price. This penalty does not apply to bonds redeemed 5 years or more after the date of issue.

(4) *Redemption value calculations.*

(i) Interest on a bond accrues and becomes part of the redemption value which is paid when the bond is surrendered for payment. The redemption value of a bond at original maturity shall not be less than the face amount/denomination of the bond.

(ii)(A) The redemption value of a bond for the accrual date (the first day of each month beginning with the fourth month from the date of issue) is determined in accordance with this section and the following formula:

$FV = PV \times \{[1 + (i \div 2)]^{(m \div 6)}\}$  where  
 FV (future value) = redemption value on redemption date rounded to the nearest cent.

PV (present value) = redemption value at the beginning of the semiannual rate period as defined in paragraph (k)(1)(vi) of this section.

i = savings bonds rate as defined in paragraph (k)(1)(ii) of this section converted to decimal form by dividing by 100.

m = number of full calendar months outstanding during the semiannual rate period.

(B) The following hypothetical example illustrates how this formula is applied:

*Example,* assume a hypothetical savings bonds rate of 5.00% effective May 1, 2002, for a bond denominated at \$25, with an issue

date of September 1, 1997 and a redemption value of \$16.00 as of September 1, 2002. The February 1, 2003, redemption value is calculated as follows: Bonds issue dated in September have semiannual rate periods beginning each March 1 and September 1. The first semiannual rate period to begin on or after the effective date of the May 1, 2002, rate would be the period beginning September 1, 2002. PV, the present value, would be the value of the bond at the beginning of the semiannual rate period, on September 1, 2002. The savings bonds rate of 5.00% converted to a decimal would be 0.05. The number of months, m, is 5 since 5 full calendar months (September through January) have lapsed since the beginning of the rate period. FV is then the result of the formula:

$FV = \$16.00 \times \{ [1 + (0.05 \div 2)]^{(5 \div 6)} \} = \$16.33$  after rounding to the nearest cent.

Using the example, the FV of a savings bond with a \$50 or larger denomination can be determined by applying the appropriate multiple, for example:  $\$16.33 \times (\$50.00 \div \$25.00)$  for a bond with a \$50.00 face amount; or  $\$16.33 \times (\$100.00 \div \$25.00)$  for a bond with a \$100.00 face amount.

(5) *Interest rates and redemption values for bonds during an extended maturity period.* From 17 years after date of issue to the final maturity date (the "extended maturity period") the bond will be subject to the terms and conditions in effect when it is issued and will continue to earn interest as described in paragraph (k)(2) of this section, unless the terms and conditions applicable to an extended maturity period are expressly amended prior to the beginning of such period.

(6) *The Secretary's determination.* The determination by the Secretary of the Treasury, or his delegate, of market yields, savings bonds rates, rates applicable during any extended maturity period, and savings bond redemption values shall be final and conclusive.

(7) *Tables of redemption values.* Tables of redemption values are made available by the Bureau of the Public Debt, Parkersburg, West Virginia 26106-1328. Redemption values published in such tables reflect the 3-month interest penalty applied to bonds redeemed prior to 5 years from the date of issue.

[55 FR 567, Jan. 5, 1990, as amended at 57 FR 14285, Apr. 17, 1992; 58 FR 60938, 60939, Nov. 18, 1993; 60 FR 15431, 15432, Mar. 23, 1995; 62 FR 24281, May 2, 1997]

**§ 351.3 Registration and issue.**

(a) *Registration.* Bonds may be registered as set forth in subpart B of 31 CFR part 353, also published as Department of the Treasury Circular, Public Debt Series No. 3-80.

(b) *Validity of issue.* A bond is validly issued when it (1) is registered as provided in Circular No. 3-80, and (2) bears an issue date, as well as the validation indicia of an authorized issuing agent.

(c) *Taxpayer identifying number.* The inscription of a bond must include the taxpayer identifying number of the owner or first-named coowner. The taxpayer identifying number of the second-named coowner or beneficiary is not required but its inclusion is desirable. If the bond is being purchased as a gift or award and the owner's taxpayer identifying number is not known, the taxpayer identifying number of the purchaser must be included in the inscription on the bond.

(d) *Restrictions on chain letters.* The issuance of bonds in the furtherance of a chain letter or pyramid scheme is considered to be against the public interest and is prohibited. An issuing agent is authorized to refuse to issue a bond if there is reason to believe that a purchase is in connection with a chain letter and the agent's decision is final.

[55 FR 567, Jan. 5, 1990, as amended at 57 FR 14285, Apr. 17, 1992]

**§ 351.4 Limitation on purchases.**

The amount of Series EE bonds which may be purchased in the name of any one person, in any one calendar year, is limited to \$30,000 (face amount). Subpart C of Circular No. 3-80 (31 CFR part 353) contains the rules governing the computation of amounts and the special limitation for employee plans.

**§ 351.5 Purchase of bonds.**

(a) *Payroll sales—(1) Payroll savings plans.* Bonds in \$100 and higher denominations may be purchased through deductions from the pay of employees of organizations that maintain payroll savings plans. The bonds must be issued by an authorized issuing agent.

(2) *Employee thrift, savings, vacation, and similar plans.* Bonds registered in

the names of trustees of employee plans may be purchased in book-entry form in \$100 multiples through a designated Federal Reserve Bank after Bureau of the Public Debt approval of the plan as eligible for the special limitation under § 353.13 of this chapter, also published as § 353.13 of Department of the Treasury Circular, Public Debt Series No. 3-80.

(b) *Over-the-counter sales—(1) Eligible issuing agents.* Bonds may be purchased through any issuing agent, except that an organization serving as an issuing agent because of its status as an employer or an organization operating an employer's payroll savings plan under § 317.2(c) of this chapter may sell bonds only through payroll savings plans.

(2) *Manner of sale.* An application for the purchase of a bond must be accompanied by a remittance to cover the issue price. The purchase application and remittance may be submitted to an issuing agent by any means acceptable to the issuing agent. An application may authorize purchases on a recurring basis. The issuing agent bears the burden of collection and the risk of loss for non-collection or return of the remittance.

[63 FR 64551, Nov. 20, 1998]

**§ 351.6 Delivery of bonds.**

Issuing agents are authorized to arrange for the delivery of Series EE bonds. Mail deliveries are made at the risk and expense of the United States to the address given by the purchaser, if it is within the United States, its territories or possessions, or the Commonwealth of Puerto Rico. No mail deliveries elsewhere will be made, except to residents of Mexico and Canada, who participate in payroll saving plans, and to residents of what was formerly the Panama Canal Zone. Bonds purchased by a citizen of the United States residing abroad will be delivered only to such address in the United States as the purchaser directs.

**§ 351.7 Payment or redemption.**

(a) *Incorporated banks, savings and loan associations and other financial institutions—(1) Payment in general.* A financial institution qualified as a paying agent under the provisions 31 CFR part 321, also published as Department

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of the Treasury Circular, Public Debt Series No. 750, will pay the current redemption value of a Series EE bond presented for payment by an individual whose name is inscribed on the bond as owner or coowner, provided:

(i) The bond is in order for payment; and

(ii) The presenter establishes his or her identity to the satisfaction of the agent, in accordance with Treasury instructions and identification guidelines, and signs and completes the request for payment.

(2) *Payment to beneficiary or legal representative.* A paying agent may (but is not required to) pay the current redemption value of a Series EE bond upon the request of a beneficiary, if he or she survives the owner, or a legal representative designated in the bond registration by name and capacity, or a court-appointed legal representative of the last-deceased registrant's estate provided:

(i) The bond is in order for payment; and

(ii) The presenter establishes his or her identity to the satisfaction of the agent in accordance with Treasury instructions and identification guidelines, and otherwise complies with evidentiary requirements.

(b) *Federal Reserve Banks and Branches.* A Federal Reserve Bank or Branch referred to in § 351.12 will pay the current redemption value of a Series EE bond presented for payment, provided the bond is in order for payment and the request for payment on the bond is properly signed and certified in accordance with Circular No. 3-80.

[55 FR 567, Jan. 5, 1990, as amended at 57 FR 14285, Apr. 17, 1992; 59 FR 10540, Mar. 4, 1994]

#### § 351.8 Taxation.

(a) *General.* The increment in value, represented by the difference between the issue price of a Series EE bond and the redemption value received for it, is interest. This interest is subject to all taxes imposed under the Internal Revenue Code of 1954, as amended. The bonds are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all other taxation now or hereafter imposed on the principal or inter-

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est by any State, any possession of the United States or any local taxing authority.

(b) *Federal income tax on bonds.* An owner of Series EE bonds may use either of the following two methods for reporting the increase in the redemption value of the bond for Federal income tax purposes:

(1) *Cash basis.* Defer reporting the increase to the year of maturity, redemption, or other disposition, whichever is earlier; or

(2) *Accrual basis.* Elect to report the increase each year as it accrues, in which case the election applies to all Series EE bonds then owned by the taxpayer and those subsequently acquired as well as to any other obligations purchased on a discount basis, such as savings bonds of Series E.

(3) If the method in paragraph (b)(1) of this section is used, the taxpayer may change to the method in paragraph (b)(2) of this section without obtaining permission from the Internal Revenue Service. However, once the election to use the method in paragraph (b)(2) of this section is made, the taxpayer may not change the method of reporting unless he or she obtains permission from the Internal Revenue Service. For further information, the District Director of the taxpayer's district, or the Internal Revenue Service, Washington, DC 20224, should be consulted.

(c) *Tax-deferred exchanges.* Department of the Treasury Circular, Public Debt Series No. 2-80 (31 CFR part 352), authorizes the exchange of Series EE bonds for Series HH bonds, with a continuation of the tax-deferral privilege. The rules governing tax-deferred exchanges are contained in that circular.

(d) *Reissue.* A reissue that affects the rights of any of the persons named on a Series EE bond may have a tax consequence.

#### § 351.9 Education savings bond program.

A bond owner or coowner may be able to exclude from income for Federal income tax purposes all or part of the interest received on the redemption of qualified U.S. Savings Bonds during the year if that owner or coowner paid qualified higher education expenses

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during the same year and certain other conditions are satisfied. This exclusion is known as the Education Savings Bond Program, and authoritative information about it can be found in Internal Revenue Service Publication 17, "Your Federal Income Tax", and Publication 550, "Investment Income and Expenses", available from your District Director of the Internal Revenue Service.

[62 FR 24283, May 2, 1997]

**§351.10 Reservation as to issue of bonds.**

The Commissioner of the Public Debt, as delegate of the Secretary of the Treasury, is authorized to reject any application for Series EE bonds, in whole or in part, and to refuse to issue or permit to be issued any bonds in any case or class of cases, if he deems the action to be in the public interest, and his action in any such respect is final.

**§351.11 Waiver.**

The Commissioner of the Public Debt, as delegate of the Secretary of

the Treasury, may waive or modify any provision of this Circular in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship (a) if such action would not be inconsistent with law or equity, (b) if it does not impair any existing rights, and (c) if he is satisfied that such action would not subject the United States to any substantial expense or liability.

**§351.12 Fiscal agents.**

(a) Federal Reserve Banks and Branches referred to below, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury, or his or her delegate, in connection with the issue, servicing and redemption of Series EE bonds.

(b)(1) The following Federal Reserve Offices have been designated to provide savings bond services:

Servicing office	Reserve districts served	Geographic area served
Federal Reserve Bank, Buffalo Branch, P.O. Box 961, Buffalo, NY 14240.	New York, Boston	CT, MA, ME, NH, NJ (northern half), NY (City & State), RI, VT, Puerto Rico and Virgin Islands.
Federal Reserve Bank, Pittsburgh Branch, P.O. Box 867, Pittsburgh, PA 15230.	Cleveland, Philadelphia.	DE, KY, (eastern half), NJ (southern half), OH, PA, WV (northern panhandle).
Federal Reserve Bank of Richmond, P.O. Box 27622, Richmond, VA 23261.	Richmond, Atlanta	AL, DC, FL, LA (southern half), MD, MS (southern half), NC, SC, TN (eastern half), VA, WV (except northern panhandle).
Federal Reserve Bank of Minneapolis, 250 Marquette Avenue, Minneapolis, MN 55480.	Minneapolis, Chicago.	IA, IL (northern half), IN (northern half), MN, MT, ND, SD, WI.
Federal Reserve Bank of Kansas City, 925 Grand Avenue, Kansas City, MO 64198.	Dallas, San Francisco, Kansas City, St. Louis.	AK, AR, AZ, CA, CO, HI, ID, IL (southern half), IN (southern half), KS, KY (western half), LA (northern half), MO, MS (northern half), NE, NM, NV, OK, OR, TN (western half), TX, WA, WY, UT and GU.

(2) Until March 1, 1996, other Federal Reserve Offices may continue to provide some savings bond services, but such services will be phased out over the period prior to that date.

[59 FR 10540, Mar. 4, 1994]

**§351.13 Reservation as to terms of offer.**

The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this offering of bonds.

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APPENDIX TO PART 351—TABLE 1, EE BONDS BEARING ISSUE DATES FROM NOVEMBER 1, 1982 THROUGH OCTOBER 1, 1986. TABLE 2, EE BONDS BEARING ISSUE DATES BEGINNING NOVEMBER 1, 1986. TABLE 3, EE BONDS BEARING ISSUE DATES MARCH 1, 1993, THROUGH APRIL 1, 1995





MONTH, DAY, AND YEAR ON WHICH ISSUES OF NOVEMBER 1, 1986 ENTER EACH PERIOD. FOR SUBSEQUENT ISSUE MONTHS ADD THE APPROPRIATE NUMBER OF MONTHS. MATURITY VALUE IS REACHED 12 YEARS AND 0 MONTHS AFTER ISSUE DATE. THE REDEMPTION VALUES AND INVESTMENT YIELDS SHOWN FOR INTEREST ACCRUAL DATES BEFORE FIVE YEARS AFTER ISSUE ARE THOSE ESTABLISHED UNDER SECTION 351.2(e)(1) OF THIS CIRCULAR. THE REDEMPTION VALUES AND INVESTMENT YIELDS SHOWN FOR INTEREST ACCRUAL DATES FIVE YEARS AFTER ISSUE AND THEREAFTER REPRESENT THE MINIMUM GUARANTEED INVESTMENT YIELDS PROVIDED BY SECTION 351.2(e)(1) OF THIS CIRCULAR. THESE REDEMPTION VALUES WILL APPLY UNLESS APPLICATION OF THE VARIABLE RATE PRESCRIBED UNDER SECTION 351.2(e)(2) PRODUCES A HIGHER REDEMPTION VALUE.

TABLE 3  
EE BONDS BEARING ISSUE DATES MARCH 1, 1993, THROUGH APRIL 1, 1995

PERIOD (YEARS AND MONTHS AFTER ISSUE)	REDEMPTION VALUES DURING EACH PERIOD (VALUES INCREASE ON FIRST DAY OF PERIOD)				ISSUE DATE TO START OF PERIOD	ISSUE DATE ENDING PERIOD	ISSUE DATE STARTING PERIOD TO Maturity	PERCENT	PERCENT	PERCENT	PERCENT
	\$25.00	\$50.00	\$100.00	\$500.00							
A/ 0-0 0 0	25.08	50.17	100.34	500.68	3/1/93	3/1/93	4.00	3.82	4.00	3.82	4.00
0-0 3 10	25.26	50.52	101.04	505.20	6/1/93	6/1/93	4.00	3.83	4.00	3.83	4.00
0-0 5 10	25.44	50.88	101.76	509.76	9/1/93	9/1/93	4.00	3.84	4.00	3.84	4.00
0-0 6 10	25.62	51.24	102.48	514.40	12/1/93	12/1/93	4.00	3.85	4.00	3.85	4.00
0-0 7 10	25.80	51.60	103.20	519.04	3/1/94	3/1/94	4.00	3.86	4.00	3.86	4.00
0-0 8 10	25.98	51.96	103.92	523.68	6/1/94	6/1/94	4.00	3.87	4.00	3.87	4.00
0-0 9 10	26.16	52.32	104.64	528.32	9/1/94	9/1/94	4.00	3.88	4.00	3.88	4.00
0-10 10 0	26.34	52.68	105.36	532.96	12/1/94	12/1/94	4.00	3.89	4.00	3.89	4.00
1-0 10 1	26.52	53.04	106.08	537.60	3/1/95	3/1/95	4.00	3.90	4.00	3.90	4.00
1-1 10 1	26.70	53.40	106.80	542.24	6/1/95	6/1/95	4.00	3.91	4.00	3.91	4.00
1-2 10 1	26.88	53.76	107.52	546.88	9/1/95	9/1/95	4.00	3.92	4.00	3.92	4.00
1-3 10 1	27.06	54.12	108.24	551.52	12/1/95	12/1/95	4.00	3.93	4.00	3.93	4.00
1-4 10 1	27.24	54.48	108.96	556.16	3/1/96	3/1/96	4.00	3.94	4.00	3.94	4.00
1-5 10 1	27.42	54.84	109.68	560.80	6/1/96	6/1/96	4.00	3.95	4.00	3.95	4.00
1-6 10 1	27.60	55.20	110.40	565.44	9/1/96	9/1/96	4.00	3.96	4.00	3.96	4.00
1-7 10 1	27.78	55.56	111.12	570.08	12/1/96	12/1/96	4.00	3.97	4.00	3.97	4.00
1-8 10 1	27.96	55.92	111.84	574.72	3/1/97	3/1/97	4.00	3.98	4.00	3.98	4.00
1-9 10 1	28.14	56.28	112.56	579.36	6/1/97	6/1/97	4.00	3.99	4.00	3.99	4.00
2-0 10 2	28.32	56.64	113.28	584.00	9/1/97	9/1/97	4.00	4.00	4.00	4.00	4.00
2-1 10 2	28.50	57.00	114.00	588.64	12/1/97	12/1/97	4.00	4.01	4.00	4.01	4.00
2-2 10 2	28.68	57.36	114.72	593.28	3/1/98	3/1/98	4.00	4.02	4.00	4.02	4.00
2-3 10 2	28.86	57.72	115.44	597.92	6/1/98	6/1/98	4.00	4.03	4.00	4.03	4.00
2-4 10 2	29.04	58.08	116.16	602.56	9/1/98	9/1/98	4.00	4.04	4.00	4.04	4.00
2-5 10 2	29.22	58.44	116.88	607.20	12/1/98	12/1/98	4.00	4.05	4.00	4.05	4.00
2-6 10 2	29.40	58.80	117.60	611.84	3/1/99	3/1/99	4.00	4.06	4.00	4.06	4.00
2-7 10 2	29.58	59.16	118.32	616.48	6/1/99	6/1/99	4.00	4.07	4.00	4.07	4.00
2-8 10 2	29.76	59.52	119.04	621.12	9/1/99	9/1/99	4.00	4.08	4.00	4.08	4.00
2-9 10 2	29.94	59.88	119.76	625.76	12/1/99	12/1/99	4.00	4.09	4.00	4.09	4.00
3-0 10 3	30.12	60.24	120.48	630.40	3/1/00	3/1/00	4.00	4.10	4.00	4.10	4.00
3-1 10 3	30.30	60.60	121.20	635.04	6/1/00	6/1/00	4.00	4.11	4.00	4.11	4.00
3-2 10 3	30.48	60.96	121.92	639.68	9/1/00	9/1/00	4.00	4.12	4.00	4.12	4.00
3-3 10 3	30.66	61.32	122.64	644.32	12/1/00	12/1/00	4.00	4.13	4.00	4.13	4.00
3-4 10 3	30.84	61.68	123.36	648.96	3/1/01	3/1/01	4.00	4.14	4.00	4.14	4.00
3-5 10 3	31.02	62.04	124.08	653.60	6/1/01	6/1/01	4.00	4.15	4.00	4.15	4.00
3-6 10 3	31.20	62.40	124.80	658.24	9/1/01	9/1/01	4.00	4.16	4.00	4.16	4.00
3-7 10 3	31.38	62.76	125.52	662.88	12/1/01	12/1/01	4.00	4.17	4.00	4.17	4.00
3-8 10 3	31.56	63.12	126.24	667.52	3/1/02	3/1/02	4.00	4.18	4.00	4.18	4.00
3-9 10 3	31.74	63.48	126.96	672.16	6/1/02	6/1/02	4.00	4.19	4.00	4.19	4.00
4-0 10 4	31.92	63.84	127.68	676.80	9/1/02	9/1/02	4.00	4.20	4.00	4.20	4.00
4-1 10 4	32.10	64.20	128.40	681.44	12/1/02	12/1/02	4.00	4.21	4.00	4.21	4.00
4-2 10 4	32.28	64.56	129.12	686.08	3/1/03	3/1/03	4.00	4.22	4.00	4.22	4.00
4-3 10 4	32.46	64.92	129.84	690.72	6/1/03	6/1/03	4.00	4.23	4.00	4.23	4.00
4-4 10 4	32.64	65.28	130.56	695.36	9/1/03	9/1/03	4.00	4.24	4.00	4.24	4.00
4-5 10 4	32.82	65.64	131.28	700.00	12/1/03	12/1/03	4.00	4.25	4.00	4.25	4.00

ISSUE PRICE MATURITY VALUE	PERIOD (YEARS AND MONTHS AFTER ISSUE)	(1) REDEMPTION VALUES DURING EACH PERIOD (VALUES INCREASE ON FIRST DAY OF PERIOD)										APPROXIMATE INVESTMENT YIELD (ANNUAL PERCENTAGE RATE)		APPROXIMATE START OF PERIOD TO MATURITY
		\$35.00	\$37.50	\$50.00	\$100.00	\$250.00	\$500.00	\$1000.00	\$2500.00	\$5000.00	\$10200.00	PERCENT	PERCENT	
4-5 TO 4-6	( 8/1/97)	29.78	44.67	59.56	119.12	297.80	595.60	2978.00	5956.00	29780.00	59560.00	4.00	3.97	4.00
4-6 TO 4-7	( 9/1/97)	29.98	44.87	59.76	119.52	299.80	599.60	2998.00	5996.00	29980.00	5996.00	4.00	3.94	4.00
4-7 TO 4-8	(10/1/97)	30.18	45.07	60.06	120.00	301.80	603.60	3018.00	6036.00	30180.00	6036.00	4.00	3.91	4.00
4-8 TO 4-9	(11/1/97)	30.38	45.27	60.36	120.72	303.80	607.60	3038.00	6076.00	30380.00	6076.00	4.00	3.88	4.00
4-9 TO 4-10	(12/1/97)	30.58	45.47	60.72	121.44	305.80	615.60	3058.00	6156.00	30580.00	6156.00	4.00	3.85	4.00
5-0 TO 5-1	( 1/1/98)	30.78	45.67	61.08	122.16	307.80	623.60	3078.00	6236.00	30780.00	6236.00	4.00	3.82	4.00
5-1 TO 5-2	( 3/1/98)	30.98	45.87	61.44	122.88	309.80	631.60	3098.00	6316.00	30980.00	6316.00	4.00	3.79	4.00
5-2 TO 5-3	( 5/1/98)	31.18	46.07	61.80	123.60	311.80	639.60	3118.00	6396.00	31180.00	6396.00	4.00	3.76	4.00
5-3 TO 5-4	( 7/1/98)	31.38	46.27	62.16	124.32	313.80	647.60	3138.00	6476.00	31380.00	6476.00	4.00	3.73	4.00
5-4 TO 5-5	( 9/1/98)	31.58	46.47	62.52	125.04	315.80	655.60	3158.00	6556.00	31580.00	6556.00	4.00	3.70	4.00
5-5 TO 5-6	(11/1/98)	31.78	46.67	62.88	125.76	317.80	663.60	3178.00	6636.00	31780.00	6636.00	4.00	3.67	4.00
5-6 TO 5-7	( 1/1/99)	31.98	46.87	63.24	126.48	319.80	671.60	3198.00	6716.00	31980.00	6716.00	4.00	3.64	4.00
5-7 TO 5-8	( 3/1/99)	32.18	47.07	63.60	127.20	321.80	679.60	3218.00	6796.00	32180.00	6796.00	4.00	3.61	4.00
5-8 TO 5-9	( 5/1/99)	32.38	47.27	63.96	127.92	323.80	687.60	3238.00	6876.00	32380.00	6876.00	4.00	3.58	4.00
5-9 TO 5-10	( 7/1/99)	32.58	47.47	64.32	128.64	325.80	695.60	3258.00	6956.00	32580.00	6956.00	4.00	3.55	4.00
6-0 TO 6-1	( 9/1/99)	32.78	47.67	64.68	129.36	327.80	703.60	3278.00	7036.00	32780.00	7036.00	4.00	3.52	4.00
6-1 TO 6-2	(11/1/99)	32.98	47.87	65.04	130.08	329.80	711.60	3298.00	7116.00	32980.00	7116.00	4.00	3.49	4.00
6-2 TO 6-3	( 1/1/00)	33.18	48.07	65.40	130.80	331.80	719.60	3318.00	7196.00	33180.00	7196.00	4.00	3.46	4.00
6-3 TO 6-4	( 3/1/00)	33.38	48.27	65.76	131.52	333.80	727.60	3338.00	7276.00	33380.00	7276.00	4.00	3.43	4.00
6-4 TO 6-5	( 5/1/00)	33.58	48.47	66.12	132.24	335.80	735.60	3358.00	7356.00	33580.00	7356.00	4.00	3.40	4.00
6-5 TO 6-6	( 7/1/00)	33.78	48.67	66.48	132.96	337.80	743.60	3378.00	7436.00	33780.00	7436.00	4.00	3.37	4.00
6-6 TO 6-7	( 9/1/00)	33.98	48.87	66.84	133.68	339.80	751.60	3398.00	7516.00	33980.00	7516.00	4.00	3.34	4.00
6-7 TO 6-8	(11/1/00)	34.18	49.07	67.20	134.40	341.80	759.60	3418.00	7596.00	34180.00	7596.00	4.00	3.31	4.00
6-8 TO 6-9	( 1/1/01)	34.38	49.27	67.56	135.12	343.80	767.60	3438.00	7676.00	34380.00	7676.00	4.00	3.28	4.00
6-9 TO 6-10	( 3/1/01)	34.58	49.47	67.92	135.84	345.80	775.60	3458.00	7756.00	34580.00	7756.00	4.00	3.25	4.00
7-0 TO 7-1	( 5/1/01)	34.78	49.67	68.28	136.56	347.80	783.60	3478.00	7836.00	34780.00	7836.00	4.00	3.22	4.00
7-1 TO 7-2	( 7/1/01)	34.98	49.87	68.64	137.28	349.80	791.60	3498.00	7916.00	34980.00	7916.00	4.00	3.19	4.00
7-2 TO 7-3	( 9/1/01)	35.18	50.07	69.00	138.00	351.80	799.60	3518.00	7996.00	35180.00	7996.00	4.00	3.16	4.00
7-3 TO 7-4	(11/1/01)	35.38	50.27	69.36	138.72	353.80	807.60	3538.00	8076.00	35380.00	8076.00	4.00	3.13	4.00
7-4 TO 7-5	( 1/1/02)	35.58	50.47	69.72	139.44	355.80	815.60	3558.00	8156.00	35580.00	8156.00	4.00	3.10	4.00
7-5 TO 7-6	( 3/1/02)	35.78	50.67	70.08	140.16	357.80	823.60	3578.00	8236.00	35780.00	8236.00	4.00	3.07	4.00
7-6 TO 7-7	( 5/1/02)	35.98	50.87	70.44	140.88	359.80	831.60	3598.00	8316.00	35980.00	8316.00	4.00	3.04	4.00
7-7 TO 7-8	( 7/1/02)	36.18	51.07	70.80	141.60	361.80	839.60	3618.00	8396.00	36180.00	8396.00	4.00	3.01	4.00
7-8 TO 7-9	( 9/1/02)	36.38	51.27	71.16	142.32	363.80	847.60	3638.00	8476.00	36380.00	8476.00	4.00	2.98	4.00
7-9 TO 7-10	(11/1/02)	36.58	51.47	71.52	143.04	365.80	855.60	3658.00	8556.00	36580.00	8556.00	4.00	2.95	4.00
7-10 TO 8-0	( 1/1/03)	36.78	51.67	71.88	143.76	367.80	863.60	3678.00	8636.00	36780.00	8636.00	4.00	2.92	4.00
8-0 TO 8-1	( 3/1/03)	36.98	51.87	72.24	144.48	369.80	871.60	3698.00	8716.00	36980.00	8716.00	4.00	2.89	4.00
8-1 TO 8-2	( 5/1/03)	37.18	52.07	72.60	145.20	371.80	879.60	3718.00	8796.00	37180.00	8796.00	4.00	2.86	4.00
8-2 TO 8-3	( 7/1/03)	37.38	52.27	72.96	145.92	373.80	887.60	3738.00	8876.00	37380.00	8876.00	4.00	2.83	4.00
8-3 TO 8-4	( 9/1/03)	37.58	52.47	73.32	146.64	375.80	895.60	3758.00	8956.00	37580.00	8956.00	4.00	2.80	4.00
8-4 TO 8-5	(11/1/03)	37.78	52.67	73.68	147.36	377.80	903.60	3778.00	9036.00	37780.00	9036.00	4.00	2.77	4.00
8-5 TO 8-6	( 1/1/04)	37.98	52.87	74.04	148.08	379.80	911.60	3798.00	9116.00	37980.00	9116.00	4.00	2.74	4.00
8-6 TO 8-7	( 3/1/04)	38.18	53.07	74.40	148.80	381.80	919.60	3818.00	9196.00	38180.00	9196.00	4.00	2.71	4.00
8-7 TO 8-8	( 5/1/04)	38.38	53.27	74.76	149.52	383.80	927.60	3838.00	9276.00	38380.00	9276.00	4.00	2.68	4.00
8-8 TO 8-9	( 7/1/04)	38.58	53.47	75.12	150.24	385.80	935.60	3858.00	9356.00	38580.00	9356.00	4.00	2.65	4.00
8-9 TO 8-10	( 9/1/04)	38.78	53.67	75.48	150.96	387.80	943.60	3878.00	9436.00	38780.00	9436.00	4.00	2.62	4.00
8-10 TO 8-11	(11/1/04)	38.98	53.87	75.84	151.68	389.80	951.60	3898.00	9516.00	38980.00	9516.00	4.00	2.59	4.00
8-11 TO 8-12	( 1/1/05)	39.18	54.07	76.20	152.40	391.80	959.60	3918.00	9596.00	39180.00	9596.00	4.00	2.56	4.00



ISSUE PRICE MATURITY VALUE	PERIOD (YEARS AND MONTHS AFTER ISSUE)	(1) REDEMPTION VALUES DURING EACH PERIOD (VALUES INCREASE ON FIRST DAY OF PERIOD)				APPROXIMATE INVESTMENT YIELD (ANNUAL PERCENTAGE RATE)	(2) FROM ISSUE DATE PERIOD PERCENT	(3) DURING EACH PERIOD PERCENT	(4) FROM START OF PERIOD TO Maturity PERCENT			
		\$25.00	\$37.50	\$50.00	\$100.00							
\$25.00	7 10 13-8	42.82	64.23	85.44	171.28	428.20	854.40	854.40	4.00	3.96	4.00	4.00
51.00	8 10 13-9	42.96	64.44	85.52	171.84	429.60	859.20	859.20	4.00	3.94	4.00	4.00
76.50	9 10 13-10	43.10	64.62	85.60	172.40	431.00	862.00	862.00	4.00	3.92	4.00	4.00
102.00	10 10 13-11	43.24	64.80	85.68	172.96	432.40	864.80	864.80	4.00	3.90	4.00	4.00
127.50	11 10 13-12	43.38	65.00	85.76	173.52	433.80	868.60	868.60	4.00	3.88	4.00	4.00
153.00	12 10 14-1	43.52	65.20	85.84	174.08	435.20	872.40	872.40	4.00	3.86	4.00	4.00
178.50	1 10 14-2	43.66	65.40	85.92	174.64	436.60	876.00	876.00	4.00	3.84	4.00	4.00
204.00	2 10 14-3	43.80	65.60	86.00	175.20	438.00	879.60	879.60	4.00	3.82	4.00	4.00
229.50	3 10 14-4	43.94	65.80	86.08	175.76	439.40	883.20	883.20	4.00	3.80	4.00	4.00
255.00	4 10 14-5	44.08	66.00	86.16	176.32	440.80	886.80	886.80	4.00	3.78	4.00	4.00
280.50	5 10 14-6	44.22	66.20	86.24	176.88	442.20	890.40	890.40	4.00	3.76	4.00	4.00
306.00	6 10 14-7	44.36	66.40	86.32	177.44	443.60	894.00	894.00	4.00	3.74	4.00	4.00
331.50	7 10 14-8	44.50	66.60	86.40	178.00	445.00	897.60	897.60	4.00	3.72	4.00	4.00
357.00	8 10 14-9	44.64	66.80	86.48	178.56	446.40	901.20	901.20	4.00	3.70	4.00	4.00
382.50	9 10 14-10	44.78	67.00	86.56	179.12	447.80	904.80	904.80	4.00	3.68	4.00	4.00
408.00	10 10 14-11	44.92	67.20	86.64	179.68	449.20	908.40	908.40	4.00	3.66	4.00	4.00
433.50	11 10 15-0	45.06	67.40	86.72	180.24	450.60	912.00	912.00	4.00	3.64	4.00	4.00
459.00	1 10 15-1	45.20	67.60	86.80	180.80	452.00	915.60	915.60	4.00	3.62	4.00	4.00
484.50	2 10 15-2	45.34	67.80	86.88	181.36	453.40	919.20	919.20	4.00	3.60	4.00	4.00
510.00	3 10 15-3	45.48	68.00	86.96	181.92	454.80	922.80	922.80	4.00	3.58	4.00	4.00
535.50	4 10 15-4	45.62	68.20	87.04	182.48	456.20	926.40	926.40	4.00	3.56	4.00	4.00
561.00	5 10 15-5	45.76	68.40	87.12	183.04	457.60	930.00	930.00	4.00	3.54	4.00	4.00
586.50	6 10 15-6	45.90	68.60	87.20	183.60	459.00	933.60	933.60	4.00	3.52	4.00	4.00
612.00	7 10 15-7	46.04	68.80	87.28	184.16	460.40	937.20	937.20	4.00	3.50	4.00	4.00
637.50	8 10 15-8	46.18	69.00	87.36	184.72	461.80	940.80	940.80	4.00	3.48	4.00	4.00
663.00	9 10 15-9	46.32	69.20	87.44	185.28	463.20	944.40	944.40	4.00	3.46	4.00	4.00
688.50	10 10 15-10	46.46	69.40	87.52	185.84	464.60	948.00	948.00	4.00	3.44	4.00	4.00
714.00	11 10 16-0	46.60	69.60	87.60	186.40	466.00	951.60	951.60	4.00	3.42	4.00	4.00
739.50	1 10 16-1	46.74	69.80	87.68	186.96	467.40	955.20	955.20	4.00	3.40	4.00	4.00
765.00	2 10 16-2	46.88	70.00	87.76	187.52	468.80	958.80	958.80	4.00	3.38	4.00	4.00
790.50	3 10 16-3	47.02	70.20	87.84	188.08	470.20	962.40	962.40	4.00	3.36	4.00	4.00
816.00	4 10 16-4	47.16	70.40	87.92	188.64	471.60	966.00	966.00	4.00	3.34	4.00	4.00
841.50	5 10 16-5	47.30	70.60	88.00	189.20	473.00	969.60	969.60	4.00	3.32	4.00	4.00
867.00	6 10 16-6	47.44	70.80	88.08	189.76	474.40	973.20	973.20	4.00	3.30	4.00	4.00
892.50	7 10 16-7	47.58	71.00	88.16	190.32	475.80	976.80	976.80	4.00	3.28	4.00	4.00
918.00	8 10 16-8	47.72	71.20	88.24	190.88	477.20	980.40	980.40	4.00	3.26	4.00	4.00
943.50	9 10 16-9	47.86	71.40	88.32	191.44	478.60	984.00	984.00	4.00	3.24	4.00	4.00
969.00	10 10 16-10	48.00	71.60	88.40	192.00	480.00	987.60	987.60	4.00	3.22	4.00	4.00
994.50	11 10 17-0	48.14	71.80	88.48	192.56	481.40	991.20	991.20	4.00	3.20	4.00	4.00
1020.00	1 10 17-1	48.28	72.00	88.56	193.12	482.80	994.80	994.80	4.00	3.18	4.00	4.00
1045.50	2 10 17-2	48.42	72.20	88.64	193.68	484.20	998.40	998.40	4.00	3.16	4.00	4.00
1071.00	3 10 17-3	48.56	72.40	88.72	194.24	485.60	1002.00	1002.00	4.00	3.14	4.00	4.00
1096.50	4 10 17-4	48.70	72.60	88.80	194.80	487.00	1005.60	1005.60	4.00	3.12	4.00	4.00
1122.00	5 10 17-5	48.84	72.80	88.88	195.36	488.40	1009.20	1009.20	4.00	3.10	4.00	4.00
1147.50	6 10 17-6	48.98	73.00	88.96	195.92	489.80	1012.80	1012.80	4.00	3.08	4.00	4.00
1173.00	7 10 17-7	49.12	73.20	89.04	196.48	491.20	1016.40	1016.40	4.00	3.06	4.00	4.00
1198.50	8 10 17-8	49.26	73.40	89.12	197.04	492.60	1020.00	1020.00	4.00	3.04	4.00	4.00
1224.00	9 10 17-9	49.40	73.60	89.20	197.60	494.00	1023.60	1023.60	4.00	3.02	4.00	4.00
1249.50	10 10 18-0	49.54	73.80	89.28	198.16	495.40	1027.20	1027.20	4.00	3.00	4.00	4.00
1275.00	1 10 18-1	49.68	74.00	89.36	198.72	496.80	1030.80	1030.80	4.00	2.98	4.00	4.00
1300.50	2 10 18-2	49.82	74.20	89.44	199.28	498.20	1034.40	1034.40	4.00	2.96	4.00	4.00
1326.00	3 10 18-3	49.96	74.40	89.52	199.84	499.60	1038.00	1038.00	4.00	2.94	4.00	4.00
1351.50	4 10 18-4	50.10	74.60	89.60	200.40	501.00	1041.60	1041.60	4.00	2.92	4.00	4.00
1377.00	5 10 18-5	50.24	74.80	89.68	200.96	502.40	1045.20	1045.20	4.00	2.90	4.00	4.00
1402.50	6 10 18-6	50.38	75.00	89.76	201.52	503.80	1048.80	1048.80	4.00	2.88	4.00	4.00
1428.00	7 10 18-7	50.52	75.20	89.84	202.08	505.20	1052.40	1052.40	4.00	2.86	4.00	4.00
1453.50	8 10 18-8	50.66	75.40	89.92	202.64	506.60	1056.00	1056.00	4.00	2.84	4.00	4.00
1479.00	9 10 18-9	50.80	75.60	89.96	203.20	508.00	1059.60	1059.60	4.00	2.82	4.00	4.00
1504.50	10 10 19-0	50.94	75.80	90.04	203.76	509.40	1063.20	1063.20	4.00	2.80	4.00	4.00
1530.00	1 10 19-1	51.08	76.00	90.12	204.32	510.80	1066.80	1066.80	4.00	2.78	4.00	4.00
1555.50	2 10 19-2	51.22	76.20	90.20	204.88	512.20	1070.40	1070.40	4.00	2.76	4.00	4.00
1581.00	3 10 19-3	51.36	76.40	90.28	205.44	513.60	1074.00	1074.00	4.00	2.74	4.00	4.00
1606.50	4 10 19-4	51.50	76.60	90.36	206.00	515.00	1077.60	1077.60	4.00	2.72	4.00	4.00
1632.00	5 10 19-5	51.64	76.80	90.44	206.56	516.40	1081.20	1081.20	4.00	2.70	4.00	4.00
1657.50	6 10 19-6	51.78	77.00	90.52	207.12	517.80	1084.80	1084.80	4.00	2.68	4.00	4.00
1683.00	7 10 19-7	51.92	77.20	90.60	207.68	519.20	1088.40	1088.40	4.00	2.66	4.00	4.00
1708.50	8 10 19-8	52.06	77.40	90.68	208.24	520.60	1092.00	1092.00	4.00	2.64	4.00	4.00
1734.00	9 10 19-9	52.20	77.60	90.76	208.80	522.00	1095.60	1095.60	4.00	2.62	4.00	4.00
1759.50	10 10 20-0	52.34	77.80	90.84	209.36	523.40	1099.20	1099.20	4.00	2.60	4.00	4.00
1785.00	1 10 20-1	52.48	78.00	90.92	209.92	524.80	1102.80	1102.80	4.00	2.58	4.00	4.00
1810.50	2 10 20-2	52.62	78.20	91.00	210.48	526.20	1106.40	1106.40	4.00	2.56	4.00	4.00
1836.00	3 10 20-3	52.76	78.40	91.08	211.04	527.60	1110.00	1110.00	4.00	2.54	4.00	4.00
1861.50	4 10 20-4	52.90	78.60	91.16	211.60	529.00	1113.60	1113.60	4.00	2.52	4.00	4.00
1887.00	5 10 20-5	53.04	78.80	91.24	212.16	530.40	1117.20	1117.20	4.00	2.50	4.00	4.00
1912.50	6 10 20-6	53.18	79.00	91.32	212.72	531.80	1120.80	1120.80	4.00	2.48	4.00	4.00
1938.00	7 10 20-7	53.32	79.20	91.40	213.28	533.20	1124.40	1124.40	4.00	2.46	4.00	4.00
1963.50	8 10 20-8	53.46	79.40	91.48	213.84	534.60	1128.00	1128.00</				

1/ MONTH, DAY, AND YEAR ON WHICH ISSUES OF MARCH 1, 1993 ENTER EACH PERIOD. FOR SUBSEQUENT ISSUE MONTHS ADD THE APPROPRIATE NUMBER OF MONTHS.  
2/ MATURITY VALUE IS REACHED 18 YEARS AND 0 MONTHS AFTER ISSUE DATE.  
A/ THE REDEMPTION VALUES AND INVESTMENT YIELDS SHOWN FOR INTEREST ACCRUAL DATES BEFORE FIVE YEARS AFTER ISSUE ARE THOSE ESTABLISHED BY THE REDEMPTION VALUES AND INVESTMENT YIELDS SHOWN FOR INTEREST ACCRUAL DATES FIVE YEARS AFTER ISSUE AND THEREAFTER REPRESENT THE MINIMUM GUARANTEED INVESTMENT YIELDS PROVIDED BY SECTION 351.2(e)(1) OF THIS CIRCULAR. THESE REDEMPTION VALUES WILL APPLY UNLESS APPLICATION OF THE VARIABLE RATE PRESCRIBED UNDER SECTION 351.2(e)(2) PRODUCES A HIGHER REDEMPTION VALUE.

[55 FR 567, Jan. 5, 1990, as amended at 58 FR 60939, Nov. 18, 1993; 62 FR 24283, May 2, 1997]