

| Issue dates of bonds | Percent |
|----------------------------------|---------|
| Nov. 1, 1982–October 1, 1986 ... | 7.5 |
| Nov. 1, 1986–Feb. 1, 1993 | 6 |
| Mar. 1, 1993–Apr. 1, 1995 | 4 |

(b) *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, or its issue date, whichever is later, its market-based variable investment yield for such period, and to each successive semiannual interest accrual date up to its original maturity, will be determined as follows:

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

(2) For bonds bearing an issue date prior to May 1, 1989, 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 its first 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, whichever is later.

(3) 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.

(4) In determining the market-based variable investment yield for a bond from its first semiannual interest accrual date occurring on or after November 1, 1982, or its issue date, whichever is later, 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.

§ 351.21 How are redemption values determined during any extended maturity period of Series EE savings bonds with 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 values produced using either the applicable guaranteed minimum investment yield or the appropriate market-based variable investment yield. The calculation of these yields and the resulting redemption values are described below:

(a) *Guaranteed minimum investment yield and resulting values during an extended 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.

(1) *Bonds entering an extended maturity period from May 1, 1989, through February 1, 1993.* Bonds that entered an extended maturity period from May 1, 1989, through February 1, 1993, had a guaranteed minimum investment yield of 6 percent per annum, compounded semiannually, during that extended maturity period.

(2) *Bonds entering an extended maturity period on or after March 1, 1993.* 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 semiannually, during that extended maturity period, or the guaranteed minimum investment yield in effect at the beginning of that period.

(3) *Determination of values for a bond during extended maturity periods.* In order to determine values for a bond during its first extended maturity period, we determine the value of the bond at the end of its original maturity period 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. We use the value thus attained at first extended maturity as the base upon which interest accrues during the second extended maturity period at the applicable guaranteed minimum investment yield for that period. We then compare the resulting semiannual values with the corresponding values determined using only the applicable market-based variable investment yields.

(b) *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. We use 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, 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: One value produced using the applicable market-based variable investment yield; and, the other value produced using the guaranteed minimum investment yield.

§ 351.22 When does the redemption value increase for bonds issued prior to May 1, 1995?

(a) *Bonds with issue dates from January 1, 1980, through October 1, 1980.* 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.

(b) *Bonds with issue dates from November 1, 1980, through October 1, 1986.* 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.

(c) *Bonds with issue dates from November 1, 1986, through February 1, 1993.* 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.

(d) *Bonds with issue dates of March 1, 1993, through April 1, 1995.* 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