different fixed rate applicable to the extended maturity period, or we expressly amend the terms and conditions applicable to the extended maturity period.

(2) The Secretary’s determination of rates of interest and savings bond redemption values is final and conclusive.

(c) Announcement of fixed rate. (1) The Secretary or the Secretary’s designee will furnish a fixed rate of interest in announcements published each May 1 and November 1. The effective date of the rates will be the first day of the month of the announcement.

(2) If the regularly scheduled date for the announcement is a day when the Treasury is not open for business, then the Secretary will make the announcement on the next business day; however, the effective date of the rates remains the first day of the month of the announcement.

(3) The Secretary may announce rates at any other time.

(4) The most recently announced fixed rate applies only to bonds purchased during the six months following the announcement, or for any other period of time announced by the Secretary.

(d) Monthly accruals. Interest accrues on the first day of each month; that is, we add the interest earned on a bond during any given month to its value at the beginning of the following month. The accrued interest compounds semi-annually.

(e) Interest penalty for Series EE bonds redeemed less than 5 years after issue date. If you redeem a bond with an issue date of May 1, 2005, or thereafter, less than five years following the issue date, we reduce the overall earning period from the issue date by three months. However, 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 issue date.

(f) Redemption value of Series EE bonds at original maturity—(1) Definitive bond. At original maturity, the redemption value of a definitive bond shall not be less than the face amount/denomination of the bond.