

[June 1, 1918]

\$10,500,000 LOUISVILLE GAS AND ELECTRIC COMPANY

FIRST AND REFUNDING MORTGAGE FIVE YEAR SEVEN PER CENT GOLD BONDS

Dated June 1, 1918. Due June 1, 1923. Redeemable in whole or in part on any interest payment date to and including June 1, 1920 at 103 and interest; thereafter to and including June 1, 1921 at 102 and interest; thereafter to and including June 1, 1922, at 101 and interest, and on December 1, 1922 at 100 and interest. Interest payable June 1 and December 1, in New York or Chicago. Principal payable in New York. Coupon bonds of \$100, \$500 and \$1,000 denominations, with privilege of registration as to principal.

HARRIS TRUST AND SAVINGS BANK, CHICAGO, TRUSTEE

The Company will agree to pay interest without deduction for any normal Federal Income Tax up to 2 per cent.

For information regarding this issue of bonds reference is made to the letter of Messrs. H. M. Byllesby & Company, Managers of the Company, which appears on the following pages and states that:

LOUISVILLE GAS AND ELECTRIC COMPANY and its affiliated companies, operating without competition, directly serve with electric light and power and natural gas the City of Louisville, Kentucky, and several adjacent communities, having a total population estimated in excess of 268,000.

Over 62% of the Company's gross earnings and over 70% of its net earnings are derived from the electric light and power service. Electric energy is generated at the Company's Waterside Station, having a present installed capacity of approximately 43,000 H. P. which, it is anticipated, will be increased during the present year by the installation of an additional 20,000 H. P. unit.

These Bonds will be secured, in the opinion of counsel, by a first lien on the entire property of the Company, subject only to \$3,119,000 Louisville Lighting Company First 5's, which are a first mortgage on the property formerly owned by that company. The First and Refunding Mortgage 7's will therefore be secured by a first lien on more than 75% of the entire property of the Louisville Gas and Electric Company.

EARNINGS AND EXPENSES

Derived from the Operation of Properties Covered by the Mortgage

	For Years Ended April 30,	1918	1917
Gross Earnings		\$2,958,135	\$2,582,176
Operating Expenses, Maintenance and Taxes (Excluding Depreciation)		1,367,400	1,165,260
Net Earnings		\$1,590,735	\$1,416,916
Annual Interest Charge on \$13,619,000 Bonds		890,950	
Balance		\$ 699,785	

The City of Louisville, founded in 1779, one of the oldest and most substantial cities in the middle west, is an important railroad center, being served by eight large railroad systems. Louisville has long been a prominent industrial city and is also the distributing center for a large section south of the Ohio River.

The franchise situation is satisfactory. In the opinion of counsel, the duration of the Company's rights under its electric franchise in the city of Louisville is perpetual and the gas franchise expires in 1933.

WE RECOMMEND THESE BONDS FOR INVESTMENT

PRICE 98 AND INTEREST, YIELDING ABOUT 7 1-2 PER CENT

BOND DEPARTMENT

HARRIS TRUST AND SAVINGS BANK

ORGANIZED AS N. W. HARRIS & CO. 1832. INCORPORATED 1907.

HARRIS, FORBES & CO.
NEW YORK

CHICAGO

HARRIS, FORBES & CO., INC.
BOSTON