

THE
ASSOCIATED GAS AND ELECTRIC
SYSTEM

*Containing a Brief History
and Statistical Information*

HARRIS, FORBES & CO

INCORPORATED

24 FEDERAL STREET

BOSTON

THE
ASSOCIATED GAS AND ELECTRIC

*All statements made herein have been obtained from
sources which we believe to be reliable*

October, 1929

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FOREWORD

THE Associated Gas and Electric System, established three generations ago, is today one of the major public utility enterprises in this country, having assets valued at more than three quarters of a billion dollars and serving an estimated population of five and a quarter million in more than two thousand two hundred communities.

The Associated Gas and Electric System had its inception with the establishment of the Ithaca Gas Light Company in Ithaca, New York, in 1852. This was an isolated property for over 50 years, when its owners became interested in and secured control of several other electric and gas properties in the south central part of New York State. The group of properties thus united under a common ownership came to be known as The Associated Gas and Electric Companies and these properties formed the nucleus around which the Associated Gas and Electric System has grown to its present commanding position. The original Associated Companies are still part of the Associated System. In 1906 the owners of these properties organized the Associated Gas and Electric Company under the laws of New York State, and since that time, through a program of acquisition and expansion, numerous properties have been acquired or constructed with the result that the System now embraces properties located in eighteen states, the Maritime Provinces of Canada and the Philippine Islands and is one of the larger Public Utility Systems in this country.

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1. The first step in the process of gas and electric service is the installation of a meter. This is done by the utility company and is usually done at the time of the initial connection. The meter is used to measure the amount of gas and electricity used by the customer. The utility company then bills the customer based on the amount of gas and electricity used.



2. The second step in the process is the installation of the gas and electric lines. This is done by the utility company and is usually done at the time of the initial connection. The lines are run from the meter to the customer's premises. The utility company then bills the customer based on the amount of gas and electricity used.

3. The third step in the process is the installation of the gas and electric appliances. This is done by the utility company and is usually done at the time of the initial connection. The appliances are connected to the gas and electric lines. The utility company then bills the customer based on the amount of gas and electricity used.

4. The fourth step in the process is the installation of the gas and electric service. This is done by the utility company and is usually done at the time of the initial connection. The service is provided to the customer's premises. The utility company then bills the customer based on the amount of gas and electricity used.

HISTORY

THE principal growth of the Associated System has occurred since 1922. In 1925 the System acquired the former Penn Public Service Corporation, serving throughout western Pennsylvania over 378 communities having an aggregate population estimated at nearly 800,000. During the same year the electric properties serving the City and suburbs of Manila, Philippine Islands, were obtained. During 1926 the properties of the Gas Utilities Group were acquired, providing gas service in a number of communities in Indiana, Illinois, South Dakota, Ohio and Pennsylvania. In March, 1927, the New England Gas and Electric Association acquired the Cambridge Electric Light Company and in May of the same year purchased the Cambridge Gas Light Company, both serving the residential and industrial city of Cambridge, Massachusetts. In June of the same year the New England Gas and Electric Association obtained control of the Worcester Gas Light Company serving Worcester, Massachusetts. Numerous small properties, located principally in New York State and the Philippine Islands, were added to the System in 1928. In February, 1929, the General Gas & Electric Group of properties was acquired. These served over 235,000 customers in more than 1,000 communities located through New York, New Jersey, Pennsylvania, South Carolina and Florida.

The latest major acquisition by the System has been that of the Rochester Central

Power Group of properties, serving over 300,000 customers in a territory in west central New York State extending from Lake Ontario to the Pennsylvania State line and from near Syracuse to within 50 miles of Buffalo. This addition was made in May, 1929, and was the final step to date in the program of expansion which has placed the System in its important position in the electric power and light industry in the United States.

ASSOCIATED GAS AND ELECTRIC SYSTEM

The principal Associated Gas and Electric Company subsidiaries and affiliated companies included in the Associated System as of June 30, 1929, were as follows:

Associated Electric Company Group

GAS UTILITIES, INC.

- Indiana Gas Utilities Company
- Lake Shore Gas Company
- Lock Haven Gas and Coke Company
- Portsmouth Gas Company
- Owensboro Gas Company
- Sioux Falls Gas Light Company
- Union Gas and Electric Company
- Van Wert Gas Light Company

KENTUCKY-TENNESSEE LIGHT AND POWER COMPANY

PENNSYLVANIA GROUP

- Metropolitan Edison Company
- Northern Pennsylvania Power Company
- Pennsylvania Electric Company
- Clarion River Power Company

Associated Gas and Electric System

Eric Lighting Company
Youghiogheny Hydro-electric Company

PHILIPPINE GROUP
Manila Electric Company

New York Electric Company Group

NEW YORK STATE ELECTRIC & GAS CORP.
BINGHAMTON LIGHT, HEAT & POWER CO.
STATEN ISLAND EDISON CORPORATION
NEW JERSEY POWER & LIGHT COMPANY
PATCHOGUE ELECTRIC LIGHT COMPANY
LONG ISLAND WATER CORPORATION
LOCKPORT LIGHT, HEAT & POWER CO.

Rochester Central Power Corporation Group

ROCHESTER GAS AND ELECTRIC CORPORATION
ELMIRA WATER, LIGHT & RAILROAD CO.
EMPIRE GAS AND ELECTRIC COMPANY
NEW YORK CENTRAL ELECTRIC CORP.

New England Gas and Electric Association Group (Affiliated*)

CAMBRIDGE ELECTRIC LIGHT COMPANY
CAMBRIDGE GAS LIGHT COMPANY
CAPE AND VINEYARD ELECTRIC COMPANY
DERRY ELECTRIC COMPANY
MARITIME ELECTRIC COMPANY
NEW BEDFORD GAS & EDISON LIGHT CO.
NEW HAMPSHIRE GAS AND ELECTRIC CO.
WORCESTER GAS LIGHT COMPANY

General Gas & Electric Corporation Group

BROAD RIVER POWER COMPANY
FLORIDA PUBLIC SERVICE COMPANY
LEXINGTON WATER POWER COMPANY

Utility Management Corporation Group

W. S. BARSTOW & COMPANY, INC.
J. G. WHITE MANAGEMENT CORPORATION

Eastern Utilities Investing Corporation (Affiliated*)

Railway & Bus Associates (Affiliated*)

BINGHAMTON RAILWAY CO.
DOVER, SOMERSWORTH & ROCHESTER COACH
COMPANY
MASSACHUSETTS NORTHEASTERN ST. RY. CO.
NEW YORK STATE RAILWAYS
READING TRANSIT CO.
RICHMOND RAILWAYS, INC.
SCHENECTADY RAILWAY CO.
UNITED TRACTION CO.

The operating properties, of which substantially 100% actual ownership is held within the System, are grouped for administrative convenience into twelve operating groups as follows:

New York State	Philippine Islands
Staten Island (N. Y.)	Maritime Provinces (Can.)
Long Island	Gas Utilities, Inc.
New Jersey	New England
Pennsylvania	South Carolina
Kentucky-Tennessee	Florida

In the corporate set-up of the System there are at present four principal units, the Associated Gas and Electric Company, the General Gas & Electric Corporation, the New England Gas and Electric Association, and Eastern Utilities Investing Corporation (described on page 59).

ASSOCIATED GAS AND ELECTRIC COMPANY
The Associated Gas and Electric Company was incorporated in New York State

*Affiliated with but not controlled by Associated Gas and Electric Co.

Associated Gas and Electric System

on March 17, 1906. It is the principal holding company in the Associated Gas and Electric System and is the medium through which the major portion of the financing for the System is handled.

The Company's operating subsidiaries and those of General Gas and Electric Corporation serve 808,900 electric customers and 367,600 gas customers throughout a territory having an estimated population of 4,600,000. The operating subsidiaries own electric generating stations with a total capacity of 783,000 kw., of which 565,000 kw. is steam and 173,000 kw. is hydro-electric. They have 8,169 miles of high tension transmission lines, gas works capacity of 59,000,000 cu. ft. per day, and 3,004 miles of gas mains.

A considerable portion of the kwh. output of electricity of the Associated Gas and Electric Company and subsidiaries is power purchased from neighboring hydro systems such as those at Niagara Falls and Conowingo. The power purchased is obtained under long term and favorable contracts which permit the Company to purchase power cheaply and without the necessity of making heavy investments in generating stations, a considerable portion of the capacity of which would necessarily be used only as an emergency reserve or as the power requirements increased in the territories served. Where conditions are such that cheap power is not available for purchase, the System has or is engaged in the construction of large and efficient generating stations to operate both by hydro-electric and steam power. Notable among these is the Holland Station, being constructed for the New Jersey Power & Light Company. This station is to have an ul-

timate capacity of 220,000 kw. It is expected to be in operation in November, 1929, and will employ the most modern equipment for the generation of electric energy through the burning of powdered coal. The station will serve the New York, New Jersey and Pennsylvania Groups of properties. The Saluda River development of the Lexington Water Power Company, which is mentioned in greater detail elsewhere in this booklet, will be an outstanding hydro-electric generating station having an ultimate capacity of 200,000 kw. and serving the South Carolina properties of the System.

Substantial additions are being made to a number of existing generating stations, including the 25,000 kw. steam unit for the Parr Shoals steam-electric generating station of the Broad River Power Company and the 25,000 kw. hydro-electric unit for the Manila Electric Company in the Philippine Islands.

NEW ENGLAND GAS AND ELECTRIC ASSOCIATION

The New England Gas and Electric Association is a Massachusetts Voluntary Association, formed under a Declaration of Trust dated December 31, 1926. It is affiliated with the Associated Gas and Electric System through ownership and control of the Common Shares by individuals who are important stockholders and officials of the Associated Gas and Electric Company. While the Association is not owned or controlled by the latter company or its subsidiaries, the Trustees have established and maintained close contact in operation and management between the Associated Groups and the utilities owned

Associated Gas and Electric System

or controlled by the New England Gas and Electric Association.

In September, 1929, the Association acquired the Dedham & Hyde Park Gas & Electric Light Company, the West Boston Gas Company and the New Bedford Gas & Edison Light Company, serving 86,200 customers and adding over \$5,500,000 to the gross earnings and over \$2,500,000 to the consolidated net earnings of the Association. The following statistics do not contain figures for these companies.

The operating subsidiaries of the Association serve a total of 71,040 electric customers and 94,880 gas customers in a territory having an estimated population of 696,000, and own electric generating stations with a total capacity of 41,918 kw., of which 39,990 is steam and 1,945 is hydro-electric. The Association has 295 miles of high tension transmission lines, 2 gas works with a daily capacity of 20,450,000 cu. ft., which is being increased by 7,000,000 cu. ft. through an addition to the Worcester plant, total gas holder capacity of 17,044,000 cu. ft. and 532 miles of gas mains. The principal operating companies and the territories served thereby are as follows:

The CAMBRIDGE GAS LIGHT COMPANY provides gas service to over 50,000 customers in the cities of Cambridge and Somerville, Massachusetts.

The CAMBRIDGE ELECTRIC LIGHT COMPANY furnishes electric light and power to 31,476 customers in the city of Cambridge and wholesales electricity to the city of Belmont, Massachusetts.

The WORCESTER GAS LIGHT COMPANY serves over 42,000 customers with gas for heating, lighting, refrigeration and indus-

trial uses in the city of Worcester and adjacent territory in Massachusetts.

The CAPE & VINEYARD ELECTRIC COMPANY serves with electricity over 14,000 customers on Cape Cod and Martha's Vineyard, Massachusetts.

The NEW HAMPSHIRE GAS AND ELECTRIC CORPORATION serves with electric light and power over 10,000 customers in Portsmouth, N. H., and adjacent towns.

The MIDDLESEX COUNTY ELECTRIC COMPANY serves Shirley and Pepperell and adjacent territory in Massachusetts.

GENERAL GAS & ELECTRIC CORPORATION

General Gas & Electric Corporation owns or controls public utility companies rendering electric, gas and other utility service to more than 44,000 consumers in important communities in South Carolina and Florida. The principal operating subsidiaries are the FLORIDA PUBLIC SERVICE COMPANY, operating throughout the central section of Florida, BROAD RIVER POWER COMPANY, serving the north central portion of South Carolina, and LEXINGTON WATER POWER COMPANY, which is developing a hydro-electric site on the Saluda River near Columbia, South Carolina, to have an initial installed capacity of 130,000 kw. and an ultimate capacity of 200,000 kw. The Corporation has also made large investments in securities of the Associated Gas and Electric Company and other public utility enterprises. The management regards many of these investments as temporary and plans to dispose of them as opportunities permit, with a view to investing the proceeds in securities representing interests in additional operating utility properties.

Associated Gas and Electric System

Through the operating companies, the Corporation controls electric generating stations with a total installed capacity of 101,505 kw., of which 78,776 kw. is steam and 22,730 kw. hydro-electric. In addition the new Parr Shoals hydro-electric station with an ultimate capacity of 200,000 kw. is under construction and additional steam-electric capacity of 30,000 kw. is being installed in existing stations. The subsidiaries operate 805 miles of transmission lines and 1,154 miles of distribution lines. Gas plants are owned having a daily generating capacity of 5,300,000 cu. ft., gas holder capacity of 1,410,000 cu. ft. and 175 miles of gas mains.

RAILWAY & BUS ASSOCIATES

Railway & Bus Associates was organized in April, 1926, under a Massachusetts Declaration of Trust. It is not a part of the Associated System and is not controlled thereby but is indirectly affiliated. This organization controls a number of transportation organizations including the Manson Transportation Company, Massachusetts Northeastern Street Railway Co., New Jersey and Staten Island Ferry Company, New York State Railways, the United Traction Company of Albany, N. Y., Schenectady Railway Company, Reading Transit Company and subsidiaries, and Binghamton Railway Company.



TERRITORIES SERVED

THE Associated System serves one in every thirty-one electric customers and one in every forty-two gas customers in this country. In addition to the wide geographical diversity of properties, assuring a stable income, the Associated System has the added advantage of concentrated service in three leading eastern states. It serves nearly one-half of the area of New York State, one-third of Pennsylvania and one-quarter of New Jersey. The location of the properties is shown by the map in the back of this booklet.

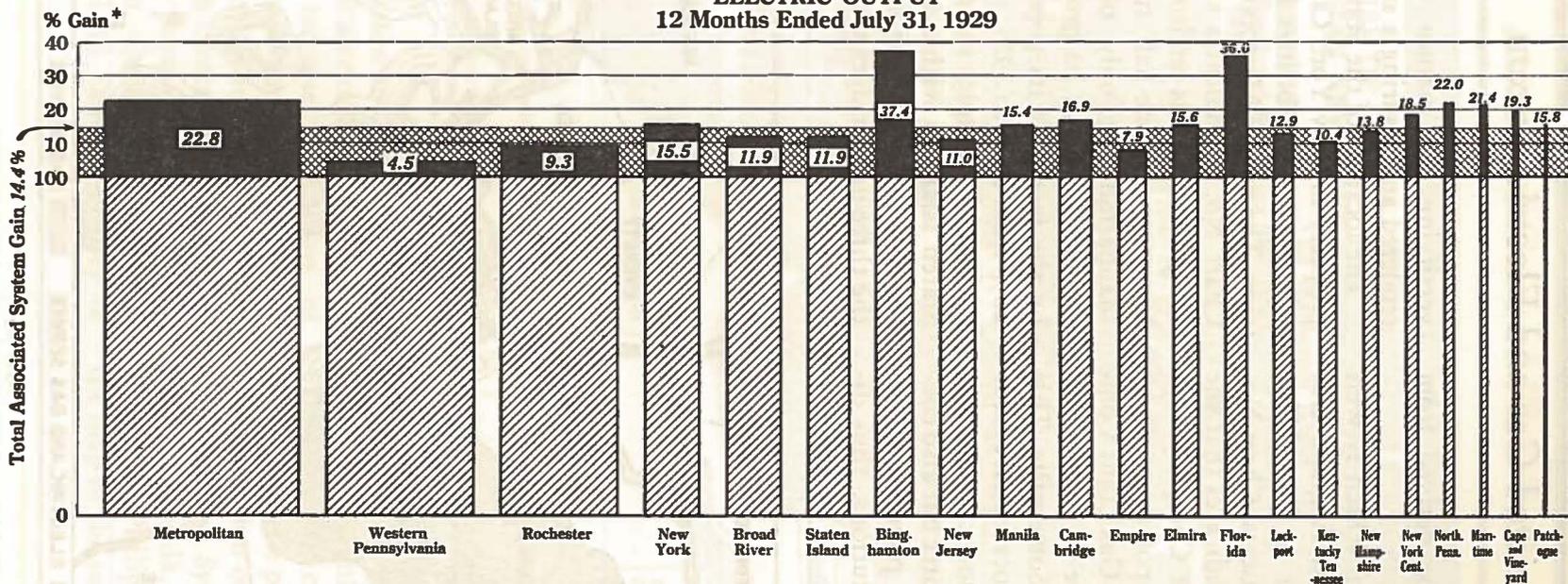
By having a widely diversified geographical arrangement of properties, the Associated System secures an increasingly broad diversification in types of population, in sizes of communities, and in industries served. Business conditions, even in generally prosperous times, vary widely at any given time in different parts of the country. At one time certain types of agricultural territories are more prosperous than others, certain industrial areas are more active at given times than others, certain mining enterprises may be more or less prosperous at different times. By the very fact that the System's properties are located throughout different sections of the country, the System is assured of a stable income. This point is well illustrated in Chart No. 1 showing the electric output of the various groups for the twelve months ended July 31, 1929.

This chart indicates by the width of the bars the relative total output of the

various groups of properties and by the height of the bars the total output in kilowatt-hours for the period covered. The heavy black portion of the bars represents the percent gain in output of the various groups for the period as compared with the twelve months period ended in the previous year. From this it may be seen that, while the total gain for the Associated System as a whole was 14.4%, certain properties gained as little as 4.5% and others as much as 37%. By having diversified properties, the varying gains of the different groups resolve into a more constant gain for the System as a whole, thus providing a much desired degree of stability of earnings.

Certain of the property groups have special significance. For example, the properties located in New York, New Jersey and Pennsylvania, as shown in Chart No. 7, on page 15 following, practically draw a ring around Pennsylvania and the central part of New York State. These properties are nearly all interconnected and by continuing this process of interconnection, all parts of the group may thus effect interchanges of power with the other parts. Southern New York may exchange its power for that of the hydro-electric stations of north central New York, and vice versa. Likewise, the properties extend in an almost unbroken line from Lake Ontario to within twenty-five miles of New York City and from Lake Erie to West Virginia. This unification offers great possibilities

**ASSOCIATED GAS AND ELECTRIC SYSTEM
ELECTRIC OUTPUT
12 Months Ended July 31, 1929**



[7]

Total Associated System Gain, 14.4%

* Scale above 100 represents % gain for 12 months ended July 31, 1929 over 12 months ended July 31, 1928

Height of bars from 0 to 100 represents Electric Output for 12 months ended July 31, 1928

Width of bars indicates relative total output of Groups of Properties for 1929 period.

CHART No. 1
Stable electric output of System assured by diversification of properties.

Associated Gas and Electric System

for the advantages to be derived from interconnection.

Another property group which is well located is that of the New England Gas and Electric Association in Cambridge and Somerville, Massachusetts. Chart No. 2 as below on this page indicates that the Cambridge Electric Light Company supplies electric light and power to Cambridge and the Cambridge Gas Light Company provides gas service in both Cambridge and about half of Somerville. This territory is very centrally located as regards Greater Boston and is not only an important manufacturing center but also contains a large residential population and several educational institutions, thus di-

versifying the nature of the services rendered and assuring a steady load.

The location of the Staten Island Edison property in New York City is such that it offers great possibilities for future expansion. The map of Metropolitan New York, Chart No. 3, indicates the opportunities for growth of this territory. Staten Island has two and one-half times the area of Manhattan but only one-fourteenth as much population. Its growth is indicated by the fact that its population increased 16% from 1920 to 1925, while New York City as a whole increased only 6%. Staten Island is within thirty minutes of the center of Metropolitan New York, and the three new bridges recently constructed

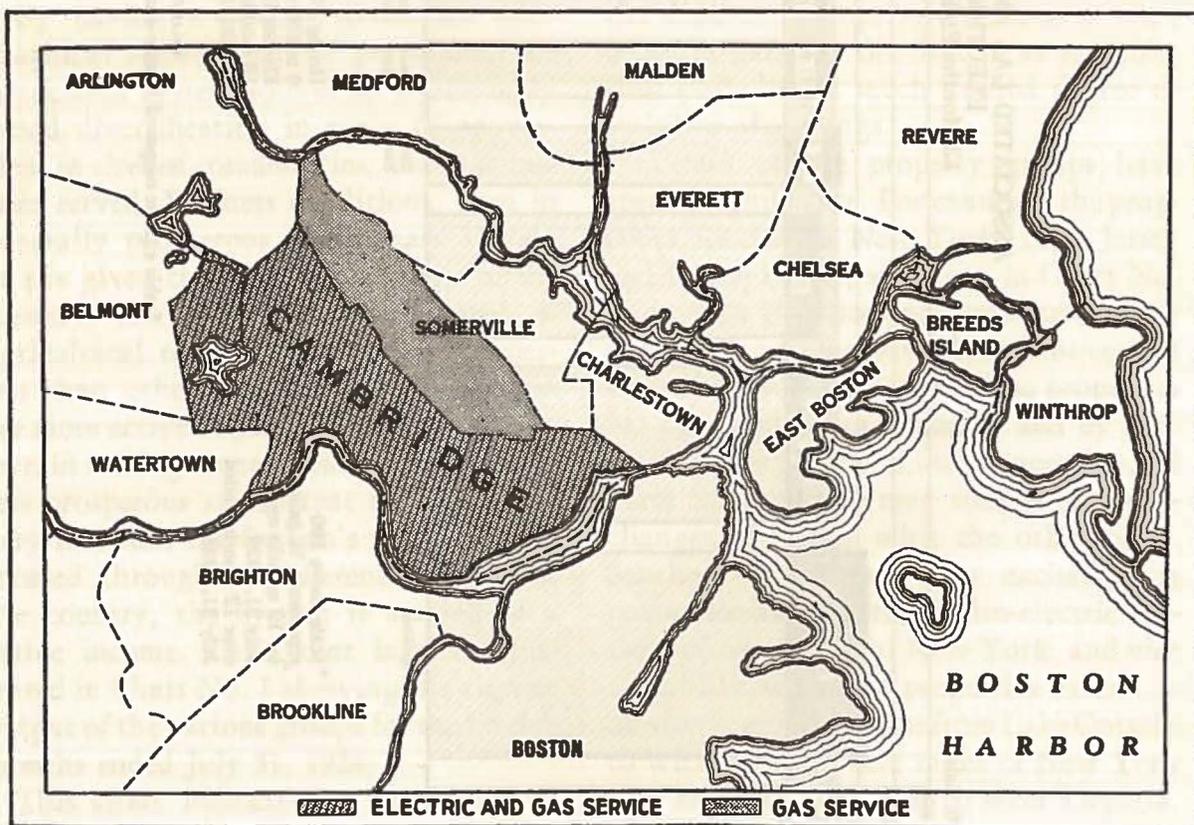


CHART No. 2
Electricity and gas served in heart of Greater Boston.

Associated Gas and Electric System

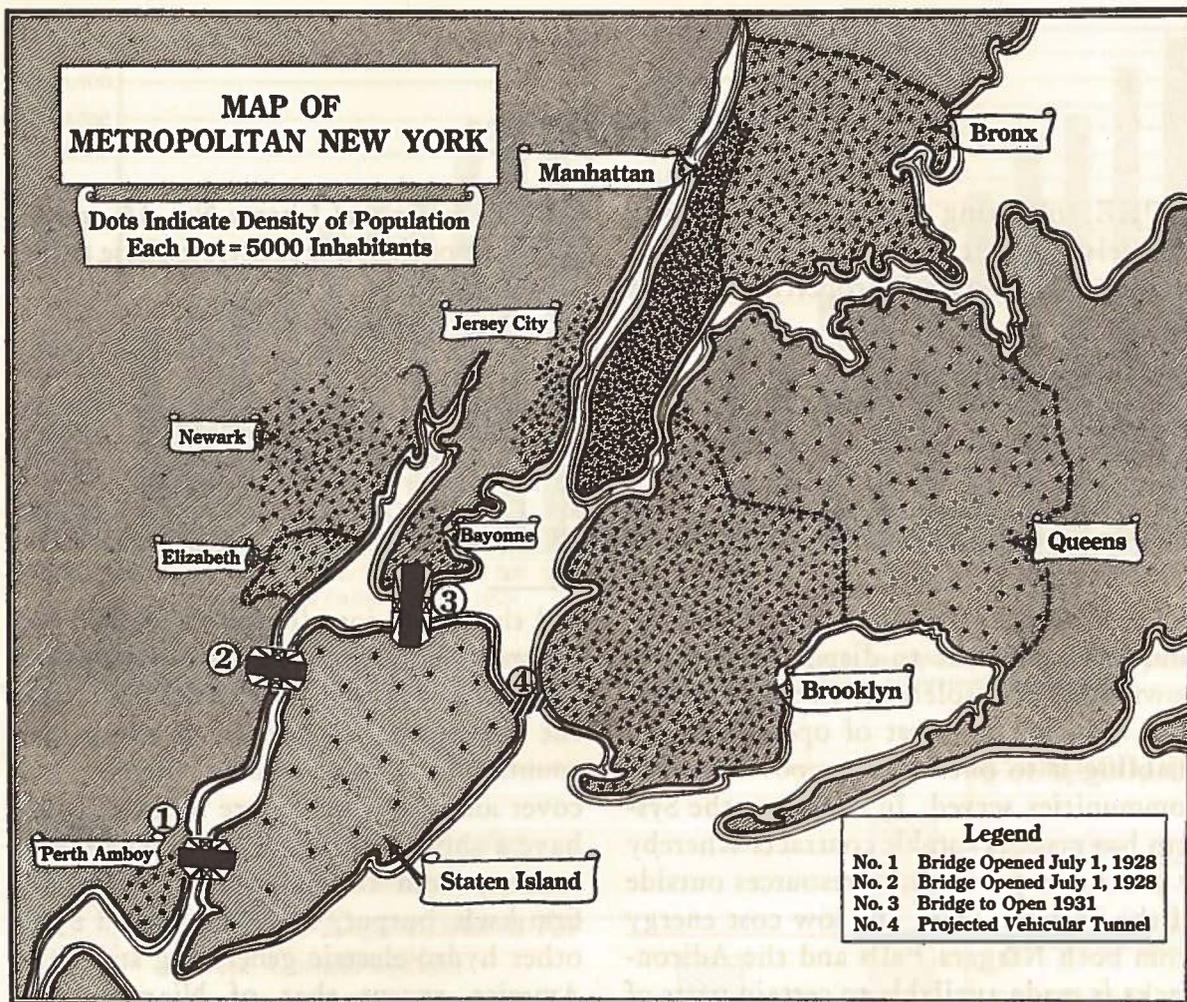


CHART No. 3

Electricity served to all of Staten Island, a rapidly growing section of New York City capable of large increase in population.

or under construction to New Jersey and the proposed vehicular tunnel to Brooklyn should greatly increase the inflow of population. Staten Island may thus expect much improvement industrially and residentially through direct connection with the more densely populated areas of Manhattan, Brooklyn, Queens and New Jersey. If Staten Island had the density of

Brooklyn, its population would be 1,677,000 instead of only 150,000. It would have 500,000 electric customers instead of only 36,000 as at the present time.

The location of other important groups of Associated System properties, such as those in Florida, South Carolina, Tennessee and the Philippine Islands, is shown on the map in the rear of this booklet.

PROPERTIES

THE following table sets forth the principal statistics showing the growth of the System's properties over the last five years and Charts No. 4A and 4B on the opposite page illustrate these points in graphic form.

	CALENDAR YEARS				
	1925	1926	1927	1928	1929*
Number of consumers served					
with electric power and light	619,556	685,625	728,430	790,101	794,936
with gas	331,691	342,042	353,251	362,710	366,264
with steam heat	1,625	1,807	1,856	1,854	1,854
with water	32,528	41,046	44,518	46,896	47,585
Total consumers	985,400	1,070,520	1,128,055	1,201,561	1,210,639
Kilowatt-hour sales of electricity	1,431,300†	1,689,551†	1,755,166†	1,949,158†	2,088,196†

* 12 months ended May 31, 1929.

†000 omitted

The Company's policy of interconnection has enabled it to dispose of or shut down small or obsolete generating stations, thus reducing the cost of operations and enabling it to offer cheaper power to the communities served. In addition, the System has made favorable contracts whereby it purchases power from resources outside of the System. Thus, the low cost energy from both Niagara Falls and the Adirondacks is made available to certain parts of the System.

The Company's properties have been maintained in excellent condition and the larger and more important generating stations are all of modern construction. In addition, several new stations of large capacity are in the process of being built.

The Saluda River development of the Lexington Water Power Company is the largest hydro-electric project under development. Construction was started in 1927

and the initial installation of 130,000 kw. is expected to be in operation in the fall of 1930. The dam being constructed will have the largest cubical content of any in this country. The lake created thereby will cover an area of 76 square miles and will have a shore line of 450 miles. The power station, from the standpoint of average firm kwh. output, will be exceeded by no other hydro-electric generating station in America except that of Niagara Falls Power Company. Long term contracts covering the sale of a minimum annual output of 300,000,000 kwh. have already been made. A bird's-eye view of the dam and generating station as they will appear will be found opposite page 30.

The System has carried on an aggressive policy of new construction in extending its lines in the territories served. These expenditures are indicated by the following table and by Chart No. 5:

	NEW CONSTRUCTION EXPENDITURES				
	1925	1926	1927	1928	1929
Annual Expenditures	\$39,605,000	\$39,480,000	\$37,248,000	\$29,282,000	\$40,000,000*
Cumulative Expenditures	—	79,085,000	116,335,000	145,615,000	185,615,000

*Budget for 1929.

Associated Gas and Electric System

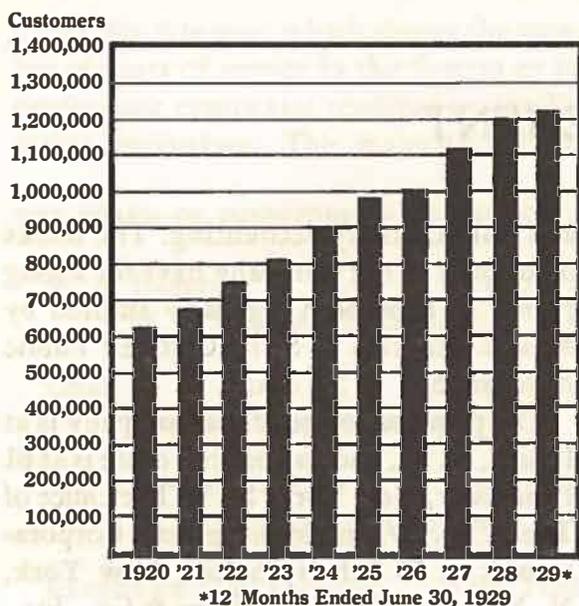


CHART No. 4-A
Associated System has for many years shown steady and uninterrupted growth in customers served.

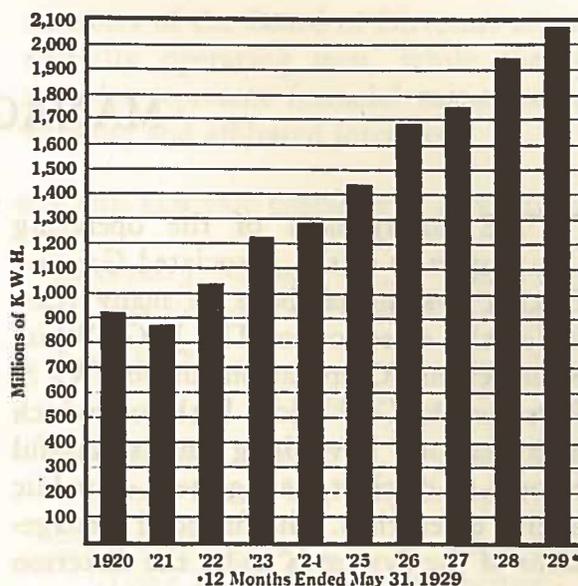


CHART No. 4-B
Electric output of System has expanded rapidly and is at present over two billion kilowatt-hours annually.

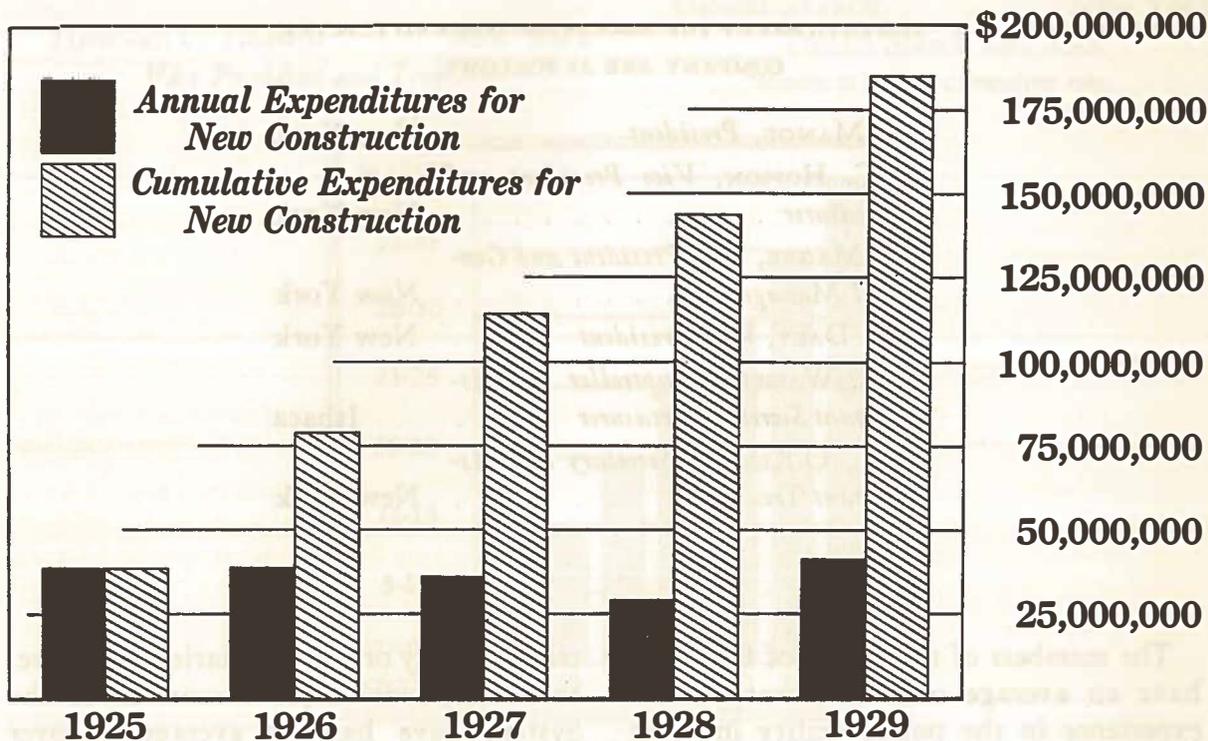


CHART No. 5
Large expenditures have been made by Associated System for new construction to furnish service in growing territories.

MANAGEMENT

THE management of the operating properties of the Associated Gas and Electric System has been for many years under the direction of The J. G. White Management Corporation and/or W. S. Barstow & Co., Inc., both of which organizations have long and successful records of efficient management of public utility enterprises. The financial management of the System is under the direction of H. C. Hopson & Co., Inc., who are specialists in the field of finances, taxes,

and public utility accounting. The books of account of the Company have for a long period of time been regularly audited by Messrs. Haskins & Sells, Certified Public Accountants.

The principal office of the Company is at Ithaca, N. Y., and its financial office is at 61 Broadway, New York, N. Y. The Office of The J. G. White Management Corporation is at 33 Liberty Street, New York, N. Y., and of W. S. Barstow & Co., Inc., at 50 Pine Street, New York, N. Y.

THE OFFICERS OF THE ASSOCIATED GAS AND ELECTRIC COMPANY ARE AS FOLLOWS:

J. I. MANGE, <i>President</i>	New York
H. C. HOPSON, <i>Vice President and Treasurer</i>	New York
S. J. MAGEE, <i>Vice President and General Manager</i>	New York
J. M. DALY, <i>Vice President</i>	New York
O. E. WASSER, <i>Comptroller and Assistant Secretary-Treasurer</i>	Ithaca
M. C. O'KEEFE, <i>Secretary and Assistant Treasurer</i>	New York

The members of the Board of Directors have an average of over twenty years' experience in the public utility industry and many have been connected for long periods with the Associated Gas and Elec-

tric Company or its subsidiaries. Likewise, the thirty-four major executives of the System have had an average of over twenty-two years of public utility experience. This point is well illustrated by

Associated Gas and Electric System

Chart No. 6 below, which shows the number of years of service in the System or its predecessor companies rendered by the 283 major executives. The majority of the

members of the Board of Directors are essentially operating men, while the remainder represent financial management, banking and affiliated interests.

THE BOARD OF DIRECTORS OF THE ASSOCIATED GAS AND ELECTRIC COMPANY IS AS FOLLOWS:

W. S. BARSTOW New York
W. S. Barstow & Company

CHARLES W. BEALL New York
Harris, Forbes & Company

WILLIAM BUCHSBAUM New York
W. S. Barstow & Company

FREDERICK S. BURROUGHS New York
Harris, Forbes & Company

JOHN M. DALY* New York
Vice President

HOWARD C. HOPSON New York
Vice President and Treasurer

SANFORD J. MAGEE New York
Vice President and General Manager

JOHN I. MANGE New York
President

GEORGE W. OLMSTED New York
Long Island Lighting Company

ELLIS L. PHILLIPS New York
Long Island Lighting Company

ROBERT M. SEARLE Rochester
Rochester Gas & Electric Corporation

DANIEL STARCH New York
Daniel Starch and Staff

*Member of Executive Committee only.

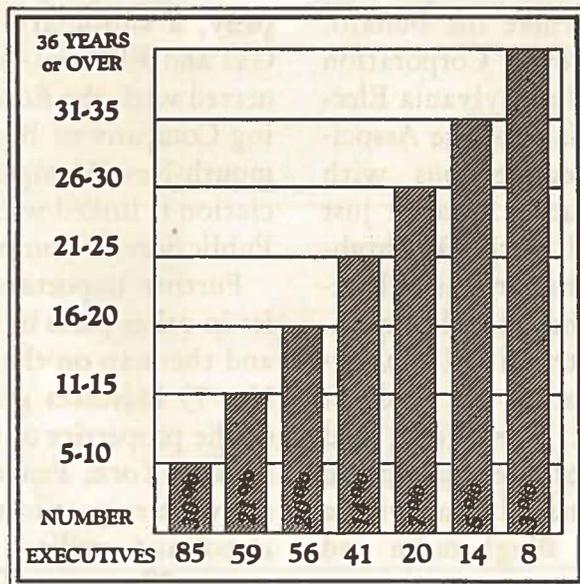


CHART No. 6
The 283 major executives of the System have an average of 14 years of service.

INTERCONNECTION

THE Associated Gas and Electric System has been actively interconnecting with high tension transmission lines its various groups of properties and plans to spend more than \$40,000,000 during the next twelve months on further interconnections, additions to existing facilities and in the construction of new plants.

The major properties of the Associated System are at present tied in with the power pool of the Atlantic Seaboard and further interconnections of an important nature are planned. Part of the Associated territory is already served with electricity from Niagara Falls and Conowingo, the outstanding sources of hydro-electric power in the East. The interconnection with Niagara Falls is at the Pennsylvania-New York State line where the Buffalo, Niagara and Eastern Power Corporation lines meet those of the Pennsylvania Electric Company, a subsidiary of the Associated System. Other connections with Niagara are at Depew and Lancaster just outside of Buffalo and with the high-tension lines of the Rochester Gas & Electric Corporation at Rochester and Geneva. Interconnections with the Mohawk-Hudson Power Corporation are made at Cortland and Colliers, New York, and inter-system connections are maintained between Binghamton and Elmira, with a further tie-in between Binghamton and Cortland.

The high tension connection with the Conowingo power development of the

Philadelphia Electric Company occurs at Freemansburg, Pennsylvania, and is with the Pennsylvania-New Jersey Group of Associated properties. This group is also interconnected at the West Wharton substation in New Jersey with the Central Hudson Gas and Electric Company serving New York State along the Hudson above and below Poughkeepsie.

The New Jersey properties of the Associated System are inter-connected with the Public Service Corporation of New Jersey at Dover, New Jersey, and at the Roseland substation. The Public Service Corporation of New Jersey also interconnects with the Livingston Station of the Staten Island Edison Company, an Associated property.

The Cambridge Electric Light Company, a subsidiary of the New England Gas and Electric Association, is interconnected with the Edison Electric Illuminating Company of Boston, while the Portsmouth-New Hampshire unit of the Association is linked with the New Hampshire Public Service Company.

Further important interconnections exist in other parts of the Associated System and the map on the opposite page (Chart No. 7) indicates graphically the relation of the properties of the Associated System in New York, Pennsylvania and New Jersey with respect to the properties of other important utility companies in those states. The areas shown are the approximate electric franchise areas covered by the various companies.

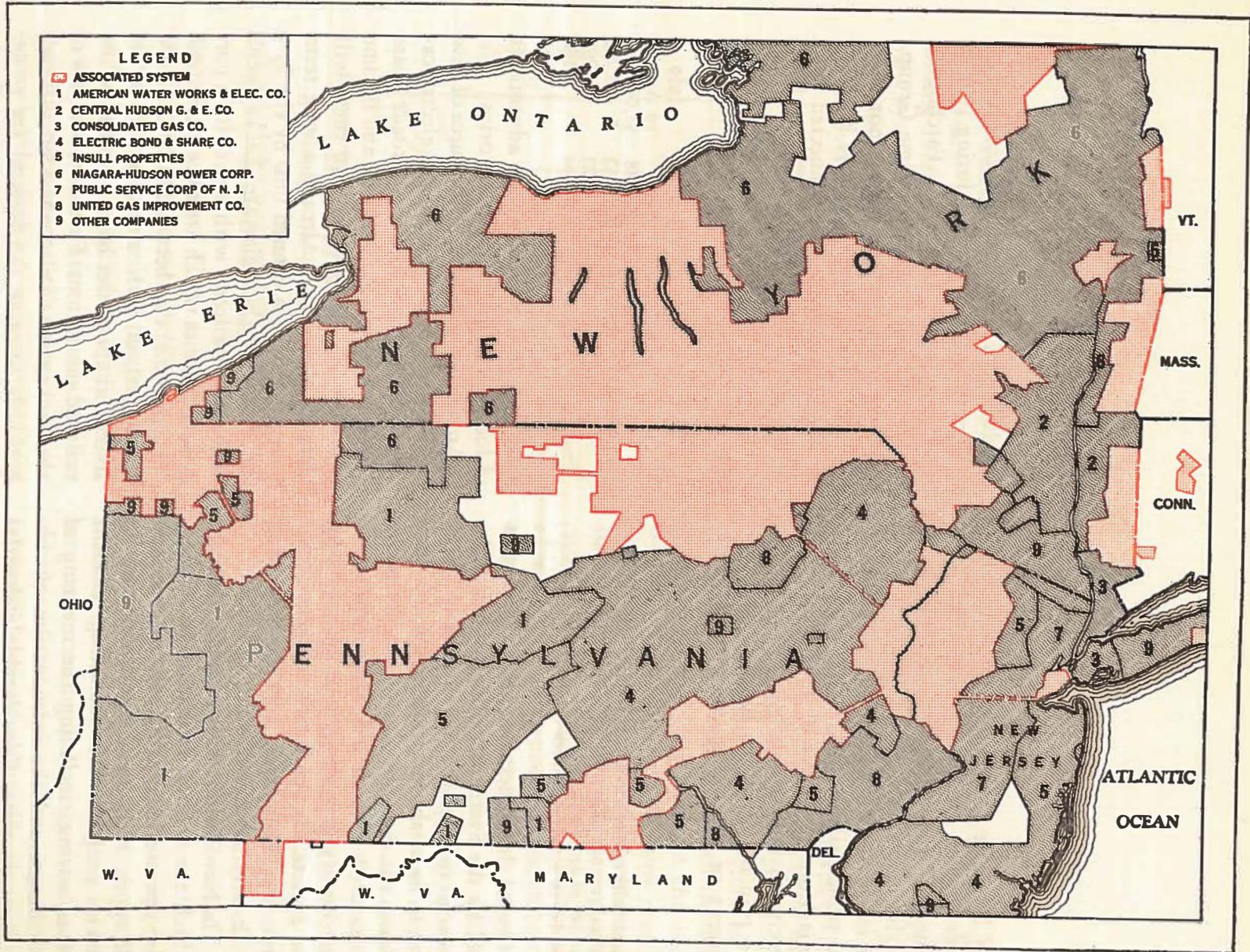


CHART No. 7
 Electric properties of Associated System serve large areas in New York, New Jersey and Pennsylvania and are interconnected within the System and with neighboring properties.

NEW BUSINESS

IN 1926 the Associated System first undertook to establish a centralized New Business Department for the purpose of developing greater use of electricity and gas in the territory served. The year 1927 was principally devoted to surveys and organization. In 1928 and 1929 systematic merchandising campaigns were undertaken and primarily directed toward the development of the residential market. Mer-

chandising of domestic and commercial appliances was inaugurated during 1928 in the Pennsylvania Group; in Patchogue, New York; and in the Maritime Group. The appliances sold contribute not only a direct profit to the Company, but also considerably augment the connected load of the System. The sales of appliances, together with the additional annual revenue caused thereby, have been as shown below:

SALES OF APPLIANCES

	1927	1928	1929 to Aug. 1
Gross Sales of electric and gas appliances.	\$677,825	\$2,544,448	\$2,040,625
Annual revenue of appliances sold during period.	\$218,218	\$ 611,152	\$ 408,200
Number of appliance salesmen at end of period	135	227	298
Number of appliance stores	52	94	160

One of the principal types of appliances sold by the System to its customers is the electric refrigerator. The sales of this article have shown tremendous increases during the past few years not only in the Associated System but also throughout the country as a whole, the units sold by the System for the twelve months ended June 30, 1929, being 3,397 as compared with only 990 in 1928.

The New Business Departments, through which the sale of appliances is handled, also operate in securing new customers of all types, and, in addition, carry on an active program for installing efficient house wiring, including the rewiring of old homes and the introduction of convenience outlets. Considerable industrial research and investigation are carried on and assistance is offered to any business

enterprise in determining the advantages of location in Associated territories.

An increasingly important source of new business lies in steam railroad electrification. Numerous steam railroads pass through Associated territories and in time undoubtedly a large number of these will electrify their lines. Already a long term contract has been entered into by the System to supply the Delaware, Lackawanna & Western Railroad with power for a portion of its lines which are to be electrified. It is estimated that between 6,000,000 kwh. and 10,000,000 kwh. annually will be delivered at the outset by the System to the railroad substations. Further extensions of the Lackawanna's electrification will very probably increase the demand for power from the Associated System in New Jersey and eventually in New York State.

MODERN RATES

THE management of the Associated System has been particularly active during 1928 and 1929 in the development of a system of rates which would make it possible for customers to make greater use of the System's services. These rates con-

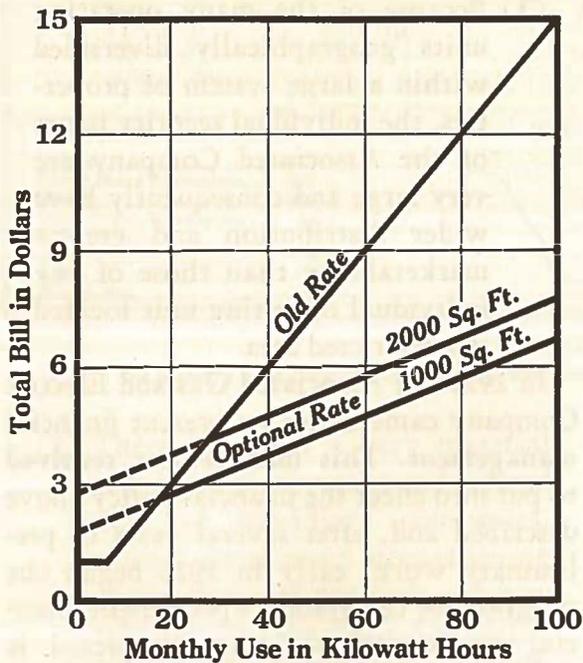


CHART No. 8
New rates stimulate larger consumption of electricity by reducing unit cost to consumer.

sist of two parts: First, a fixed charge which is to compensate the Company for the facilities required to furnish service and, Second, a charge which applies to the actual energy used. After the customer has paid the fixed charge, the energy used for light, heat and power may be purchased at a relatively low cost and the average rate paid by the customer is automatically

reduced as additional quantities are used.

These new low energy rates have been introduced widely throughout nearly all parts of the Associated System for both electric and gas service.

In most cases the new rates have been made optional to existing rates and have meant a reduction during at least the first year in the amount of revenue received by the System. However, although the margin of profit to the System in the additional energy sold at the low energy charge is small, the new rates ultimately should be as beneficial to it, through increased sales, as they are of immediate advantage to the customer through lower cost, for the services received.

Chart No. 8 compares the new and old types of rates. It is based upon *hypothetical* rates for illustrative purposes and applies to electric service in residences. It *assumes* that the old rate is 15c per kwh. with a minimum charge of \$1 per month and that the new optional rate is as follows:

Fixed Charge (per month): 75c, plus 10c per 100 square feet of net floor area

Energy Charge: 5c per kilowatt hour

From an examination of this chart it will be seen that where the consumption of electricity exceeds a relatively small amount, under the new rates the total bill becomes increasingly less than under the old type of rate, thus encouraging a more substantial use of electricity through a lower cost for the increase of service received by the customer.

FINANCIAL POLICY

COINCIDENT with the growth and expansion of the Company's properties, there has been a corresponding change in its financial position. From a small organization with total assets of \$6,375,000 and gross earnings of \$1,203,000 in 1919, the System has developed until it now controls assets valued at more than \$800,000,000 with gross revenues at the annual rate of over \$100,000,000.

The financial policy of the Associated management has been characterized by a radical departure from the practice that had hitherto prevailed among nearly all the large public utility groups. The essence of this policy is the restriction to a minimum of the issue of underlying bonds and preferred stocks of local operating companies and the building up in every possible way of the credit of the Associated Company to a point where it could obtain all the money needed for the operating properties through the issuance of its own securities either by loan or by share capital or both. As contrasted with the policy of issuing mortgage bonds or other long term obligations of local operating companies and providing only a small amount of the needed funds through the issuance of parent company securities, the financial plan of the Associated System has three distinct advantages:

(1) It provides a much wider diversification of business and earnings behind the securities of the Associated Company.

(2) By substituting Associated Company securities for subsidiary company securities, the earnings of the System are more directly applicable to the securities of the Associated Company.

(3) Because of the many operating units geographically diversified within a large system of properties, the individual security issues of the Associated Company are very large and consequently have wider distribution and greater marketability than those of any individual operating unit located in a restricted area.

In 1921 the Associated Gas and Electric Company came under its present financial management. This management resolved to put into effect the financial policy above described and, after several years of preliminary work, early in 1926 began the program for the System's permanent financial structure which, when completed, is expected to endure at least in general outline for a great many years to come. The excellent results and the great strengthening of the financial position of the Company resulting therefrom to date is indicated by the following two facts:

(1) Associated Bonds have, since the year 1927, been selling on a rapidly decreasing yield basis. The financing during 1928 was done with $4\frac{1}{2}\%$ and 5% bonds as against $5\frac{1}{2}\%$ bonds the year before.

Associated Gas and Electric System

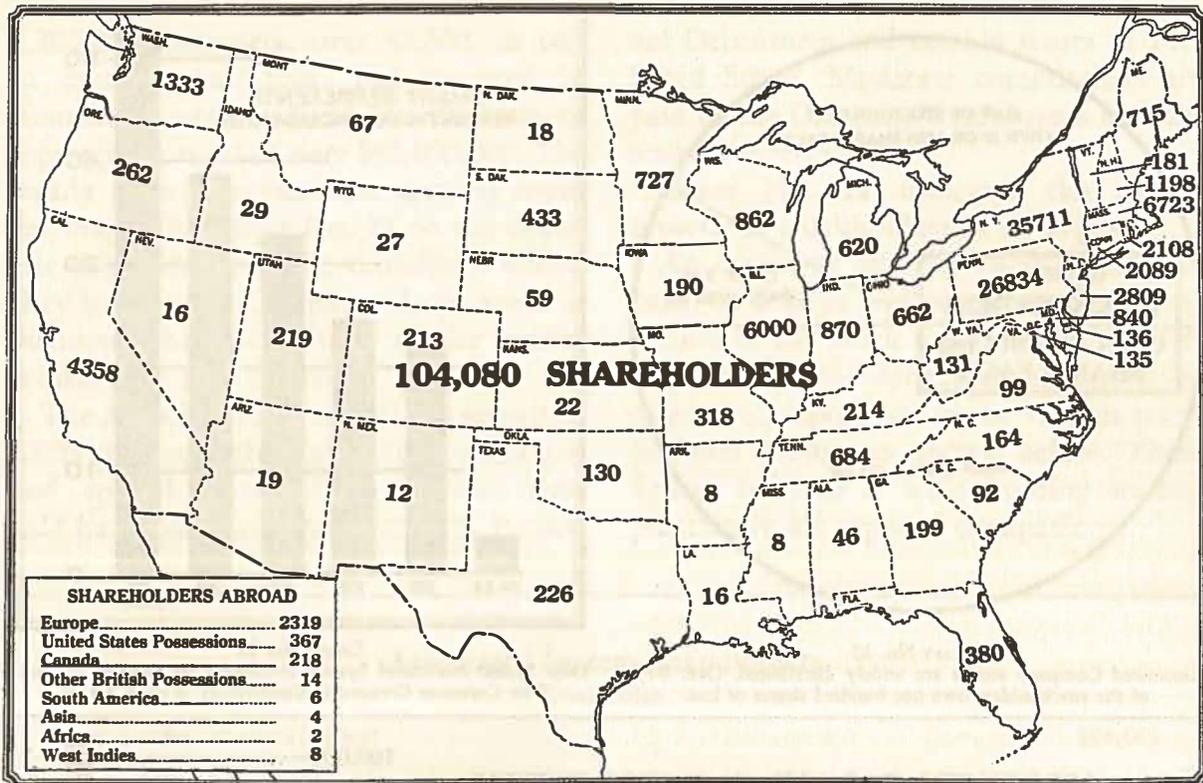


CHART No. 9

The System's large body of stockholders is well distributed through the United States and foreign countries.

(2) There has been a very material reduction in mortgage and secured debt of subsidiary companies, with a consequent strengthening of the financial position and borrowing capacity of the Associated Gas and Electric Company itself.

As a consequence of this policy, a broader interest in the securities of the Company has developed to the point where the System now has over 104,000 stockholders located throughout every state in the United States, in every Canadian province except one, and in twenty-three other leading countries of the world. That the shareholders of the Associated System are not residents alone of the financial sections of the eastern states nor of only the

territories served by the System is graphically illustrated in Chart No. 9 which shows the shareholders by states throughout the United States as well as the number of holders in foreign countries, indicating a wide geographical distribution. Many hundreds of foreign holders also, of course, keep their holdings in the names of domestic banks and bankers.

A further situation which tends to strengthen the stability of the market for Associated securities lies in the fact that over 90% of the Associated stockholders own one hundred or less shares each. This is shown by Chart No. 10 on page 20.

Not only does the Associated System serve the public but it is also in a large measure owned by the public. Of its

Associated Gas and Electric System

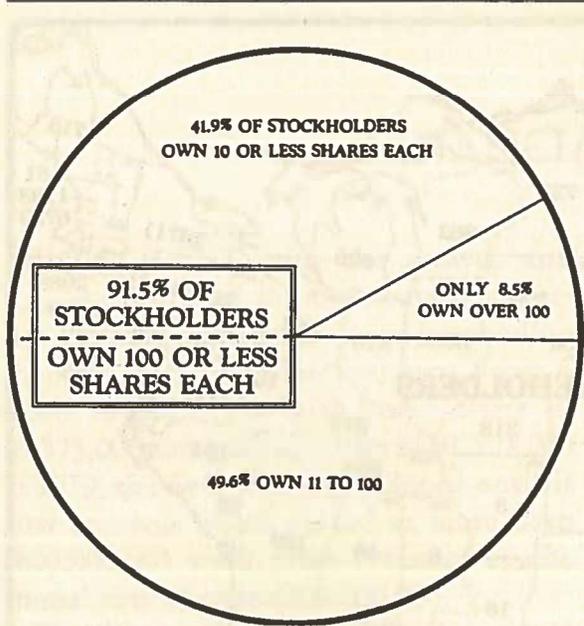


CHART No. 10

Associated Company stocks are widely distributed. Over 90% of the stockholders own one hundred shares or less.

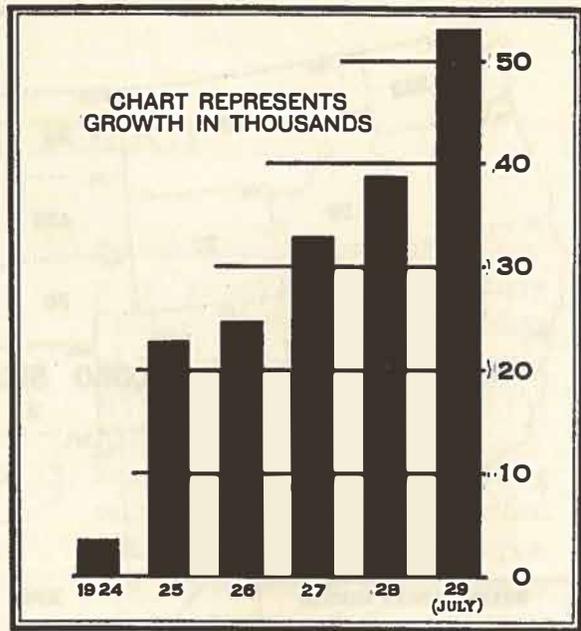


CHART No. 11

Over 50,000 Associated System consumers are security holders. The Customer Ownership Department is most active.

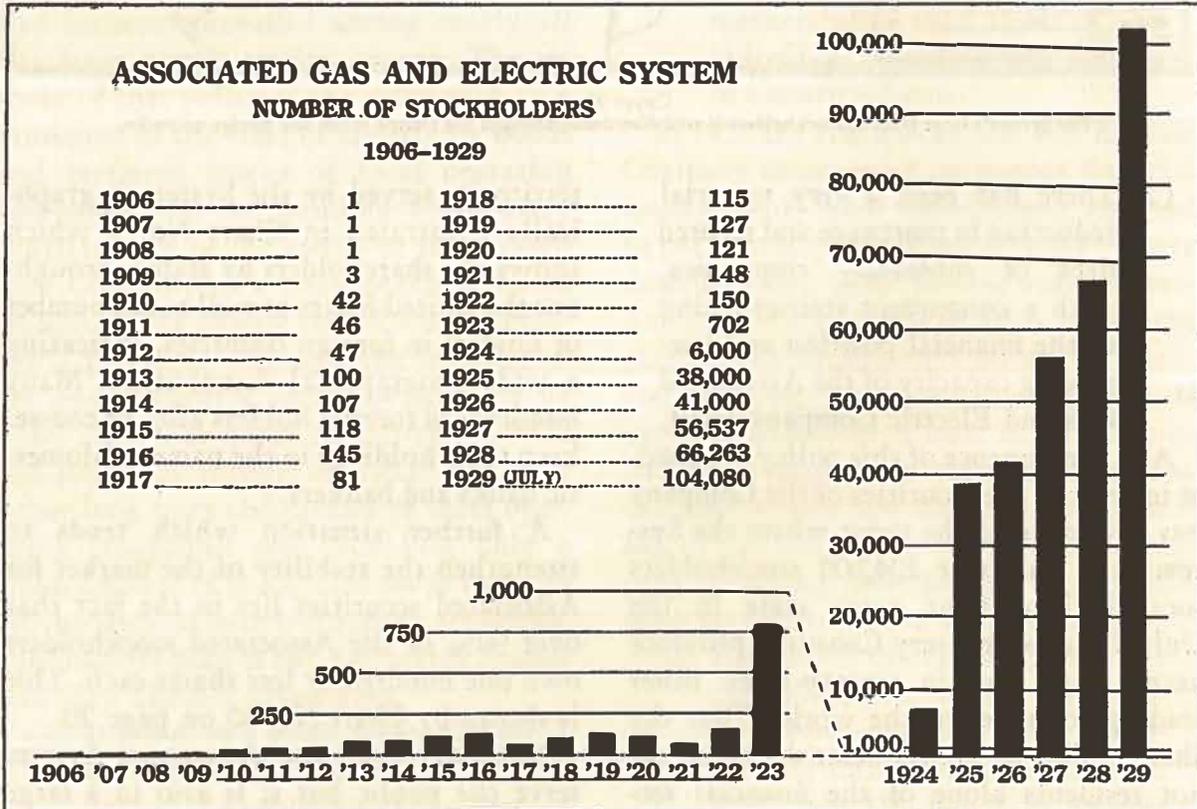


CHART No. 12

Growth in number of Associated stockholders is indicative of extensive distribution.

Associated Gas and Electric System

1,200,000 customers, over 52,300, or one in every twenty-four, has invested in Associated securities and this investment represents a total of over \$42,000,000. The steady growth in customer security owners, shown by Chart No. 11 on the opposite page, indicates the confidence which they have in the Company. As partners in business, they participate in the profits which they help to create.

The Associated System sells its securities to its customers through active campaigns and special drives. The securities thus sold have been principally the 6% Perpet-

ual Debentures and certain issues of Preferred Stock. Moderate commissions are paid to the Company's employees for subscriptions received.

Chart No. 12 indicates the steady growth in stockholders of all types.

An extensive analysis as of January 1, 1929, of a large and representative cross-section of the stock and customer ownership convertible debenture holders indicated the proportions in the various occupational groups as shown below. These figures indicate a wide holding among practically all types of occupations.

Associated System Shareholders		
Classification		
Total number of stockholders		104,080
Classification	%	Number
Housewives	25.9	26,957
Executives and Proprietors of Business Establishments	11.1	11,553
Skilled Labor	10.7	11,136
Clerks	8.4	8,743
Professional	8.2	8,534
Associated System Employees	7.6	7,910
Unskilled Labor	7.1	7,390
Farmers	6.3	6,557
Retired	6.3	6,557
Institutions, Societies, and Business Organizations	1.9	1,978
Bankers and Brokers	1.8	1,873
Salesmen	1.7	1,769
Students	1.5	1,561
Minor Children	0.8	833
City, State, and Government Employees	0.7	729
Total	100.0%	104,080

CAPITALIZATION

BY FOLLOWING the financial policy outlined above, over 78% of the capitalization of the System on December 31, 1928, was represented by securities of the Associated Gas and Electric Company. This, however, has been temporarily reduced to 50% because of the underlying securities outstanding against the recently acquired properties, but over \$60,000,000 of the securities of these new companies have been exchanged for Associated securities and additional exchanges are being steadily made.

The effect of the working out of this policy is indicated by Chart No. 13, showing the relationship between mortgage and unsecured debt of the System,

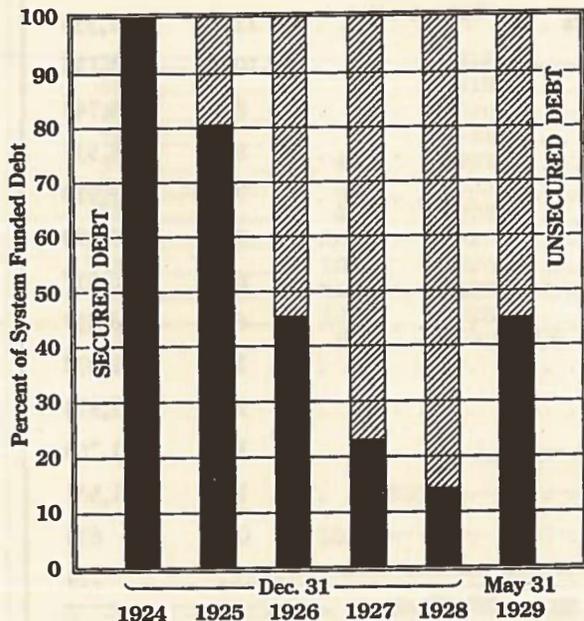


CHART No. 13

Mortgage securities represent less than one-half of System's total funded debt.

existing at May 31, 1929, and at the end of each of the past five years, including subsidiaries' Preferred Stocks in secured debt. Of the total capitalization of the System at May 31, 1929, 56% was represented by capital stock and 44% by Funded Debt, the Class A and Common Stock being valued at present market prices.

When the final steps have been taken in retiring underlying securities and when the various perpetual debentures have been converted into stock, the financial structure of the Company will have the following general form:

- (1) Associated Company Junior Stocks—Class A, Class B and Common Stocks.
- (2) Associated Company Preferred Stocks—all with equal rights except as to rate of dividends and call prices.
- (3) Associated Company Debentures—straight and convertible, bearing different rates of interest and different maturities.
- (4) Sub-holding Company Debentures, among which will be the Associated Electric Company Gold Bonds, 4½% Series, due 1953.
- (5) A few non-callable subsidiary company issues which either mature or become callable within a comparatively few years and/or which may be called for redemption from time to time.

Associated Gas and Electric System

The consolidated capitalization of the Associated Gas and Electric System as of May 31, 1929, and compared with December 31, 1928 and 1927, is shown below. This statement includes outstanding securities of Associated Gas and Electric

Company and subsidiaries and also outstanding securities of New England Gas and Electric Association which is owned and controlled by affiliated interests and not by Associated Gas and Electric Company or its subsidiaries.

ASSOCIATED GAS AND ELECTRIC SYSTEM

ASSOCIATED GAS AND ELECTRIC COMPANY SECURITIES	May 31 1929	December 31 1928	1927
<i>Common Stocks</i>			
Class A issued and/or to be issued	2,933,718 sh.	1,044,837 sh.	500,000 sh.
Class B	300,000 sh.	300,000 sh.	300,000 sh.
Common	1,396,674 sh.	1,313,682 sh.	1,239,885 sh.
<i>Preferred Stocks</i>			
\$3.50 Dividend Series	53,724 sh.	98,547 sh.	143,975 sh.
\$5.00 Dividend Series	6,527 sh.	5,841 sh.	—
\$6.00 Dividend Series	65,062 sh.	111,577 sh.	143,384 sh.
\$6.50 Dividend Series	112,106 sh.	185,591 sh.	254,926 sh.
\$7.00 Dividend Series	27,024 sh.	41,453 sh.	96,236 sh.
<i>Debtenture Obligations Convertible now or later at Company's option into Stock</i>			
<i>Perpetual</i>			
Manila Series "B" 6½%	\$ 952,000	\$ 1,212,950	\$ 1,707,250
Manila Series "C" 6½%	733,600	808,500	986,100
Conv. Debtenture 6's Ser. "A"	—	—	4,702,600
Conv. Debtenture 6's Ser. "B"	728,900	841,100	4,850,400
Conv. Debtenture 6's Ser. "C"	1,920,600	2,546,500	4,045,000
Conv. Debtenture 6's Ser. "D"	2,044,600	3,033,600	895,900
Conv. Debtenture 6's Ser. "E" & "F"	3,397,400	5,521,800	—
Conv. Deb. 6% Ser. "A" of 1929	13,368,578	—	—
Payments rec'd on Subs. & Misc	1,664,701	2,368,098	5,038,417
5½% Investment Cert. due 1938	19,915,220	17,933,920	—
<i>Funded Debt</i>			
Convertible 4½% Deb. due 1948	\$ 6,352,515	\$37,746,266	—
Convertible 4½% Deb. due 1949	51,933,600	—	—
Consolidated Ref. 4½% Deb. due 1958	61,600	69,600	—
Consolidated Ref. 5% Deb. due 1968	35,625,105	35,033,755	—
Consolidated Ref. 5% Deb. due 2875	42,000	39,000	—
5½% Conv. Gold Deb. due 1977	3,829,000	16,077,000	\$39,107,000
<i>SUBSIDIARY COMPANIES' SECURITIES</i>			
<i>Common Stocks</i>			
Gen'l Gas & Elec. Corp. Common Stock			
Class A	\$ 1,435,626	—	—
Class B	174,361	—	—
Other Minority Common Stocks	16,685,557	\$ 242,657	\$ 460,270
<i>Preferred Stocks</i>	73,631,546	2,184,800	7,979,770
<i>Funded Debt</i>			
Associated Electric Co. 4½% Deb. due 1953	17,850,000	17,955,000	7,550,000
Other Subsidiaries' Funded Debt	240,572,928	49,813,650	109,266,500

There were also outstanding on May 31, 1929, the following Associated Gas and Electric Company Stock Purchase Rights and Debtenture Rights:

Common Stock Purchase Rights	310,180
Debtenture Rights	1,545,888

Associated Gas and Electric System

The above capitalization statement reflects the issuance of securities in connection with the acquisition of General Gas & Electric Corporation and Rochester Central Power Corporation. Outstanding

securities of these two corporations are being rapidly exchanged for Associated securities. Earnings statements of the Associated Gas and Electric System will be found on page 29 following.

For the purpose of comparison with figures shown in the Company's annual reports, bond and stock circulars, etc., a Statement of Capitalization of the Asso-

ciated Gas and Electric Company and subsidiaries as of May 31, 1929, and excluding securities of affiliated companies, is shown below:

ASSOCIATED GAS AND ELECTRIC COMPANY AND SUBSIDIARIES		May 31, 1929
ASSOCIATED GAS AND ELECTRIC COMPANY SECURITIES		
<i>Common Stocks</i>		
Class A issued and/or to be issued		3,681,405 sh.
Class B		300,000 sh.
Common		1,394,383 sh.
<i>Preferred Stocks</i>		
\$3.50 Dividend Series (Liquidation)		53,724 sh.
5.00 Dividend Series (Value at)		475,593 sh.
6.00 Dividend Series (May 31, 1929)		65,062 sh.
6.50 Dividend Series (\$70,664,700)		112,106 sh.
7.00 Dividend Series		27,024 sh.
<i>Debture Obligations Convertible now or later at Company's option into Stock:</i>		
<i>Perpetual</i>		
Manila Series "B" 6½%	\$	952,000
Manila Series "C" 6½%		733,600
Conv. Debture 6's Series A of 1929		13,368,578
Conv. Debture 6's Series B		728,900
Conv. Debture 6's Series C		1,920,600
Conv. Debture 6's Series D		2,044,600
Conv. Debture 6's Series E & F		3,397,400
Payments received on subscriptions and misc.		1,664,700
5½% Investment Certificates due 1938		19,915,220
<i>Funded Debt</i>		
Convertible 4½% Deb. due 1948	\$	6,352,515
Convertible 4½% Deb. due 1949		51,933,600
Consolidated Ref. 4½% Deb. due 1958		10,061,600
Consolidated Ref. 5% Deb. due 1968		53,182,105
Consolidated Ref. 5% Deb. due 2875		42,000
5½% Conv. Gold Deb. due 1977		8,075,000
SUBSIDIARY COMPANIES' SECURITIES		
<i>Common Stocks</i>		\$14,307,652
<i>Preferred Stocks</i>		62,875,032
<i>Funded Debt</i>		
Associated Electric Co. 4½% Deb. due 1953		\$19,850,000
Other Subsidiaries Funded Debt		143,041,200
There were also outstanding on May 31, 1929, the following Associated Gas and Electric Company Stock Purchase Rights and Debture Rights:		
Common Stock Purchase Rights		310,180
Debture Rights		1,545,888

Associated Gas and Electric System

The differences between the above statement and that of the System as shown on page 23 are due to intercompany holdings which are eliminated in the statement on page 23 and to the fact that the above statement excludes securities of affiliated companies. Earnings statements of the Company and subsidiaries will be found

on page 31 following and in Appendix I.

On page 33 and thereafter will be found descriptions in detail of the various debenture and capital stock securities of the Associated Gas and Electric Company. The securities of the principal affiliated and sub-holding companies will be found on page 52 and following pages.



BALANCE SHEET

FOLLOWING is the consolidated balance sheet of the Associated Gas and Electric System as of May 31, 1929:

ASSETS		
Plant, Property, Franchises and Cost of Acquiring Capital		\$790,559,953.90
Investments (principally Investments in and Net Advances to Subsidiary and Affiliated Companies not included in the consolidation)		11,720,386.73
TOTAL CAPITAL ASSETS		<u>\$802,280,340.63</u>
CURRENT ASSETS		
Cash	\$ 18,816,293.34	
Special Deposits	1,031,496.98	
Notes Receivable	129,343.91	
Accounts Receivable:		
Consumers	6,951,089.10	
Miscellaneous	2,779,837.06	
Due from Subscribers for Stocks and for Obligations Convertible into Stock	562,274.96	
Material and Supplies	8,500,200.75	
Total Current Assets		<u>38,770,536.10</u>
Sinking Funds for Retirement of Bonds		258,347.26
Deferred Charges:		
Prepaid Expenses	\$ 874,496.88	
Miscellaneous Items in Suspense	3,178,442.75	
Unamortized Debt Discount and Expenses	33,060,815.78	37,113,755.41
TOTAL ASSETS		<u>\$878,422,979.40</u>

Associated Gas and Electric System

LIABILITIES AND CAPITAL

Capital Stock and Surplus:		
Associated Gas and Electric Co.:		
Preferred Stocks—Stated at Liquidation Values	\$ 23,758,173.99	
Class A and B Stocks at Liquidation Values and Common Stock—		
Capital and Surplus	155,572,582.71	
	<u>179,330,756.70</u>	
Subsidiary Companies:		
Preferred Stocks—Stated at Liquidation Values	\$ 73,631,546.08	
Common Stocks and Surplus applicable thereto	18,295,544.01	
	<u>91,927,090.09</u>	
TOTAL CAPITAL STOCK AND SURPLUS		\$271,257,846.79
OBLIGATIONS CONVERTIBLE INTO STOCK AT COMPANY'S OPTION		24,810,379.08
FUNDED DEBT:		
Associated Gas and Electric Co.:		
5½% Investment Certificates	\$ 19,915,220.00	
5½% Convertible Gold Debentures due 1977	3,829,000.00	
5% Gold Debenture Bonds—1st Ref. due 1968	35,625,105.00	
4½% Gold Debenture Bonds due 1948	6,352,515.25	
4½% Gold Debenture Bonds due 1949	51,933,600.00	
Other	103,600.00	
	<u>117,759,040.25</u>	
Subsidiary Companies' Funded Debt held by Public	258,422,927.84	
TOTAL FUNDED DEBT		376,181,968.09
PROPERTY PURCHASE AND STOCK CONTRACT OBLIGATIONS		104,131,392.20*
CURRENT LIABILITIES:		
Notes Payable	\$34,247,470.74	
Accounts Payable	10,915,586.81	
Accrued Accounts:		
Dividends, Interest and Miscellaneous Taxes, including Companies'		
Accruals for Federal Income Tax for the year 1928 and 1929	11,115,926.89	
TOTAL CURRENT LIABILITIES		56,278,984.44
CONSUMERS' DEPOSITS		5,343,688.83
RESERVES:		
Renewals, Replacements and Retirement of Property	\$ 35,075,506.80	
Other Reserves	5,343,213.17	
TOTAL RESERVES		<u>40,418,719.97</u>
TOTAL LIABILITIES AND CAPITAL		<u>\$878,422,979.40</u>

Appendix II sets forth Comparative Consolidated Balance Sheets of the Company and Subsidiaries as of Dec. 31, 1924 to 1928, inclusive.

*A large portion of these obligations has been paid off.

Associated Gas and Electric System

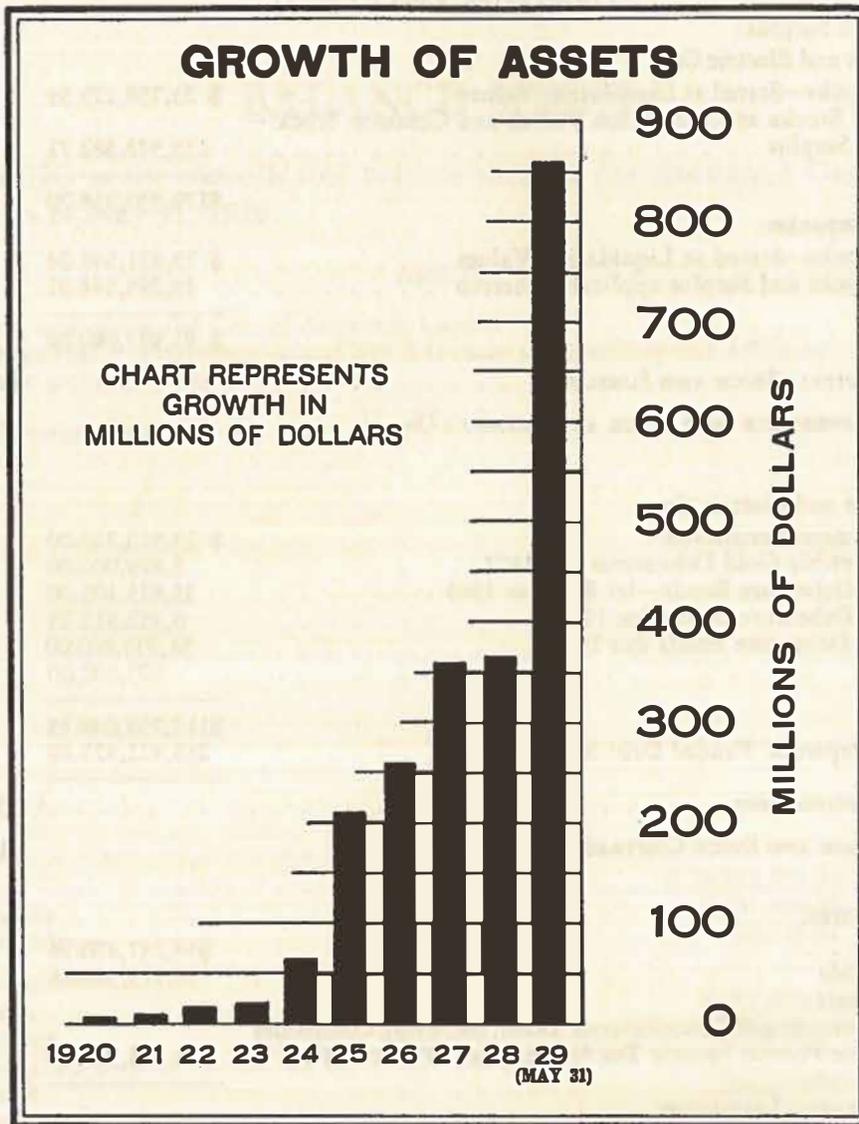


CHART No. 14
Assets of System have increased eight hundred million dollars in six years.

Chart No. 14 indicates the growth of assets of the Associated Gas and Electric System from December 31, 1920 to May

31, 1929, including therein the assets of properties acquired only since dates of acquisition.

EARNINGS STATEMENTS

THE following Earning Power statement shows the earnings and expenses for the twelve months ended May 31, 1929 and 1928 of all the properties included in

the Associated Gas and Electric System at May 31, 1929, irrespective of the dates on which they were acquired or first included as a part of the System.

ASSOCIATED GAS AND ELECTRIC SYSTEM

	12 months ended May 31 1929	12 months ended May 31 1928	Increase Amount	%
Gross Earnings including Other Income	\$93,555,193	\$87,402,153	\$6,153,040	7
Operating Exp., Maintenance and All Taxes	49,184,586	46,888,971	2,295,615	5
Net Earnings	\$44,370,607	\$40,513,182	\$3,857,425	10

The above statement indicates the substantial natural growth of the System as a whole during the past year.

The steady and consistent growth of the

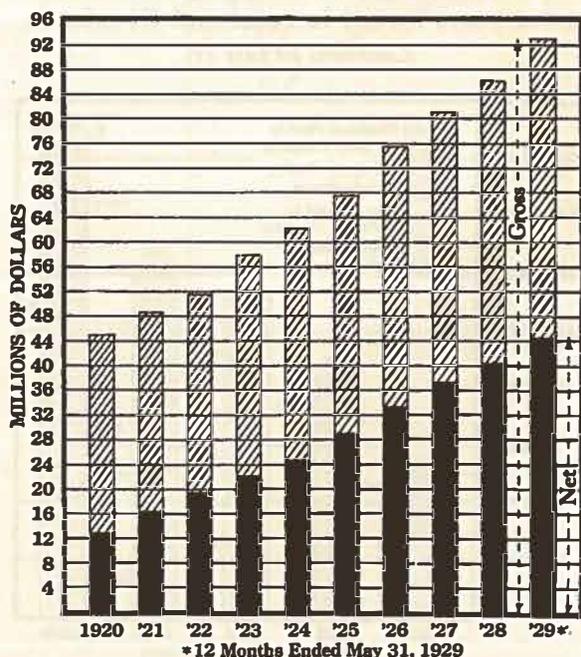


CHART No. 15

Gross and Net Earnings show steady growth and Net Earnings constitute increasingly greater percentages of gross income.

gross and net earnings of the System is shown by Chart No. 15 which sets forth the figures from 1920 to date.

The following is a condensed consolidated income statement showing the operating results of the System for the 12 months ended May 31, 1929 and 1928, and includes the income from the properties of the Associated Gas and Electric Company and subsidiaries and also the properties in the New England Gas and Electric Association Group which are owned and controlled by affiliated interests and not by Associated Gas and Electric Company or its subsidiaries. The figures, similar to those published each month, include earnings and expenses only since date of acquisition for properties added to the System during the year. This statement thus reflects the acquisition of General Gas & Electric Corporation and Rochester Central Power Corporation only for the periods during which they have been a part of the Associated System.

Associated Gas and Electric System

ASSOCIATED GAS AND ELECTRIC SYSTEM

	12 months ended May 31		Increase	
	1929	1928	Amount	%
Gross Earnings and Other Income	\$57,140,821	\$42,006,909	\$15,133,912	36
Operating, Maintenance, All Taxes, Minority Interests, etc.	31,127,122	23,839,007	7,288,115	31
Net Earnings	\$26,013,699	\$18,167,902	\$ 7,845,797	43
Underlying Pfd. Dividends and Interest	5,236,355	5,350,361	114,006*	2*
Balance	\$20,777,344	\$12,817,541	\$ 7,959,803	62
All Other Interest	8,991,475	4,700,814	4,290,661	91
Balance for Dividends and Depreciation	\$11,785,869	\$ 8,116,727	\$ 3,669,142	45
Dividends on Preferred Stock	2,932,987	3,682,993	750,006*	20*
Balance	\$ 8,852,882	\$ 4,433,734	\$ 4,419,148	100
Provision for Replacements, Renewals and Retirement of Fixed Capital (depreciation)	3,561,114	2,014,835	1,546,279	77
Balance Available for Dividends on Class A Stock	\$ 5,291,768	\$ 2,418,899	\$ 2,872,869	119
Class A Priority Dividends	2,441,218	1,037,940	1,403,278	135
Balance for Other Dividends and Surplus	\$ 2,850,550	\$ 1,380,959	\$ 1,469,591	107

* Decrease.

From the above statement it may be seen that the Net Earnings were 4.9 times all Interest and Subsidiaries' Preferred Dividend Charges for the 12 months ended May 31, 1929, as compared with 3.4 times for the 12 months ended May 31, 1928. Likewise, the ratio of Net Earnings to all Interest and all Preferred Dividend Charges including those of the Parent Company was 1.5 for the period ended May 31, 1929, as compared with 1.3 for the period ended May 31, 1928. In addition, the result of the Company's financial policy in reducing underlying Interest and Preferred Dividend Charges may be seen from the fact that these charges amounted to \$5,236,355 in the period ended in 1929 as compared with \$5,350,361 in 1928, a decrease of \$114,006, in spite of the acquisition during 1929 of properties having substantial amounts of underlying securities outstanding. This general trend is more clearly indicated by

Chart No. 16 which gives the amounts paid out during each of the past four calendar years for all Interest and Dividends, (Continued on page 31)

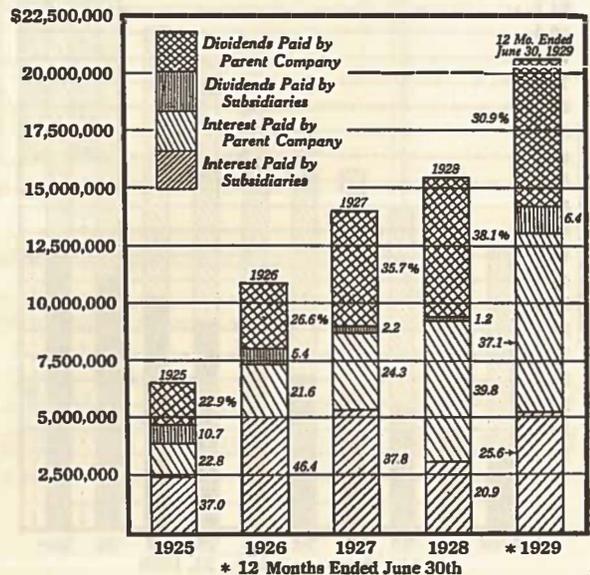
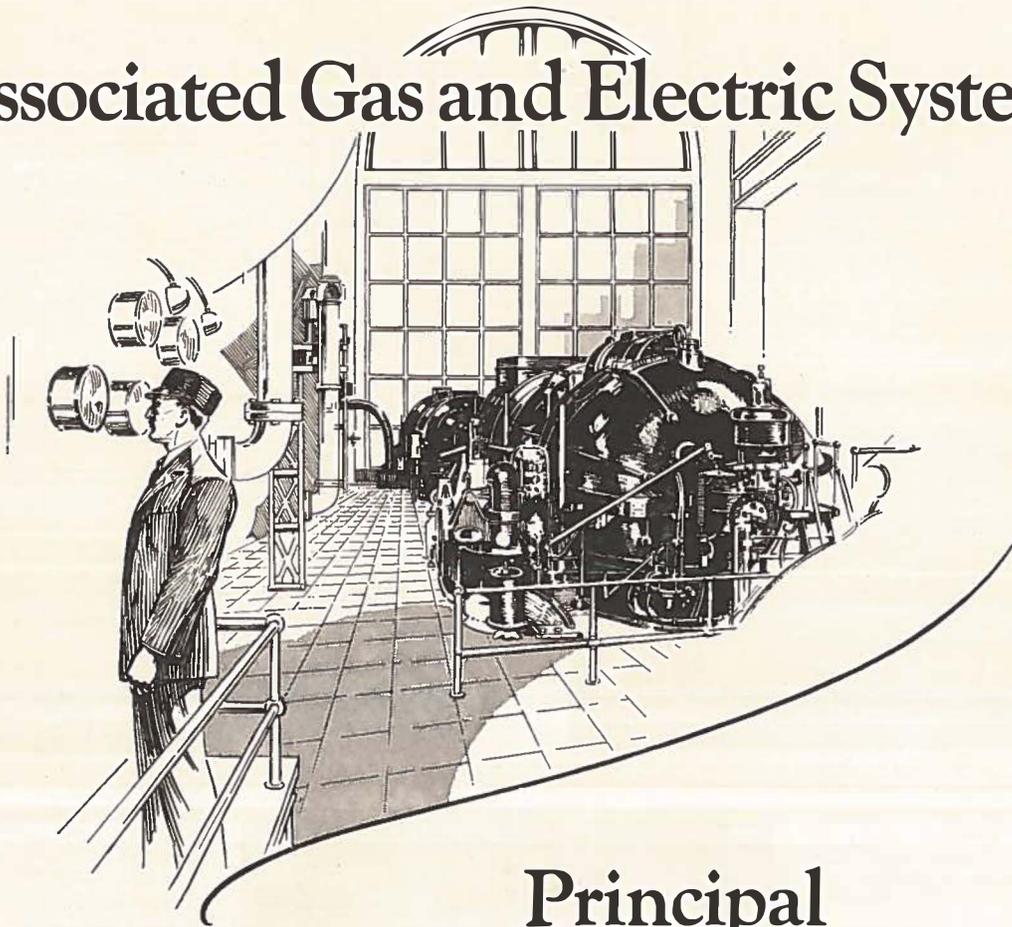


CHART No. 16

Increased interest and dividends paid on Associated Company securities reflect operation of Company's Financial Policy.

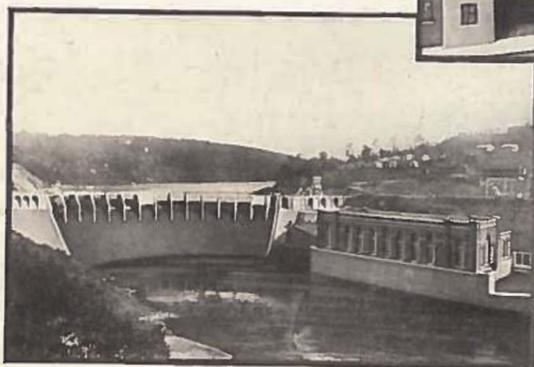
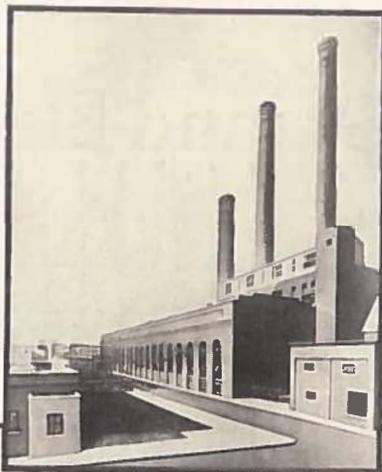
Associated Gas and Electric System



Principal
Generating
Stations

Associated Gas and Electric System

Livingston Steam Power Station of Staten Island Edison Company. Capacity 50,500 kw.

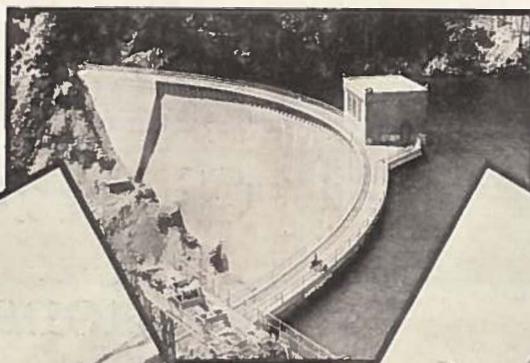
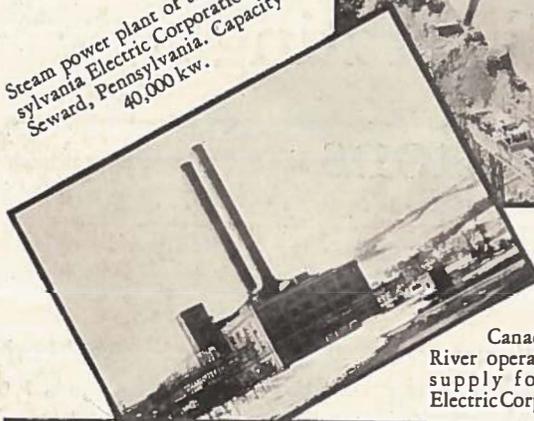


Hydro-Electric Power Station and Dam of Clarion River Power Company at Piney, Pennsylvania. Capacity 36,000 kw.



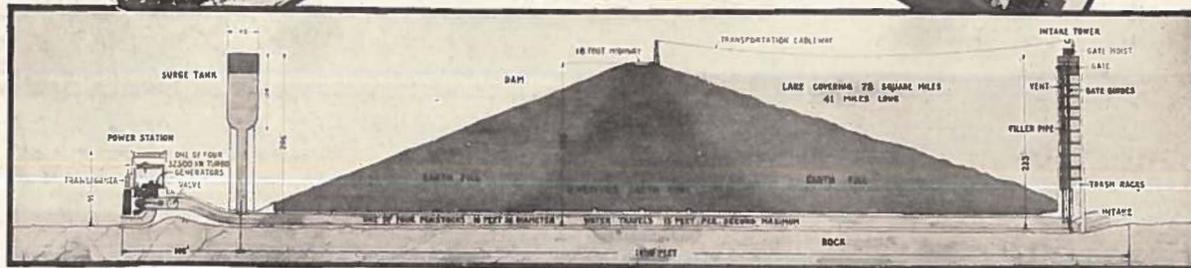
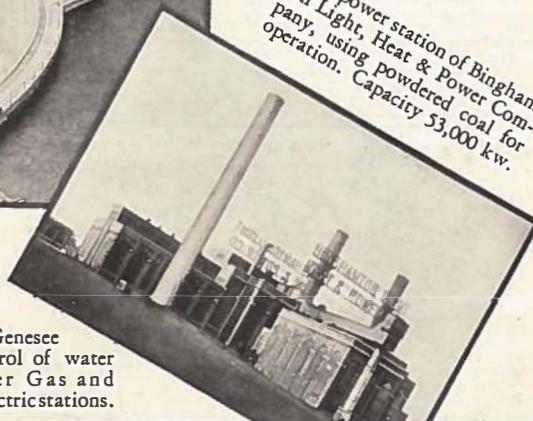
Power Station of Metropolitan Edison Company at Middletown, Pa., as it will appear when completed to a capacity of 200,000 kw.

Steam power plant of the Pennsylvania Electric Corporation at Seward, Pennsylvania. Capacity 40,000 kw.



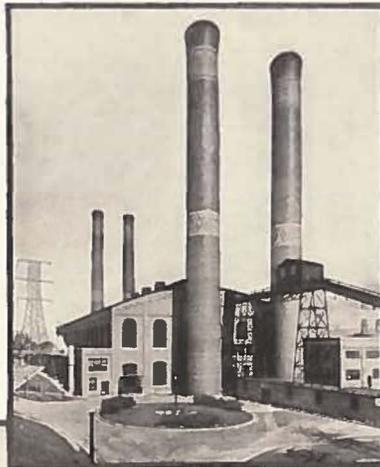
(above)
Canada Dam on Genesee River operating in control of water supply for Rochester Gas and Electric Corp.'s hydro-electric stations.

Main power station of Binghamton Light & Power Company, using powdered coal for operation. Capacity 33,000 kw.

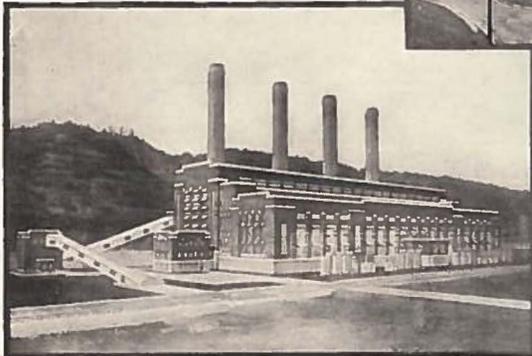


Cross section of Saluda Dam showing dimensions, character of construction, location of proposed power station and method of operation upon completion of the project.

Associated Gas and Electric System



The Reading Power Station of Metropolitan Edison Company at West Reading, Pa. Total capacity 69,000 kw.

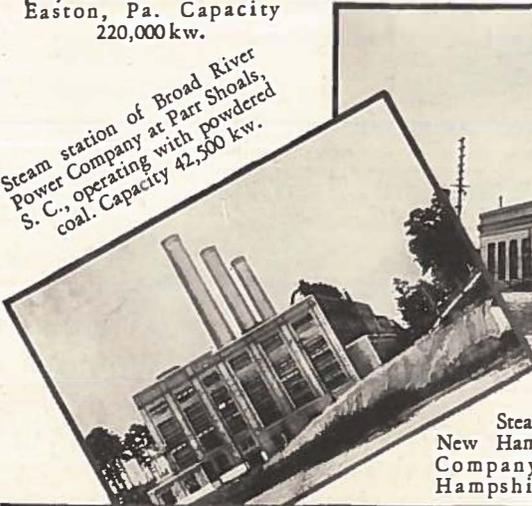


Holland Station of New Jersey Power & Light Company under construction near Easton, Pa. Capacity 220,000 kw.

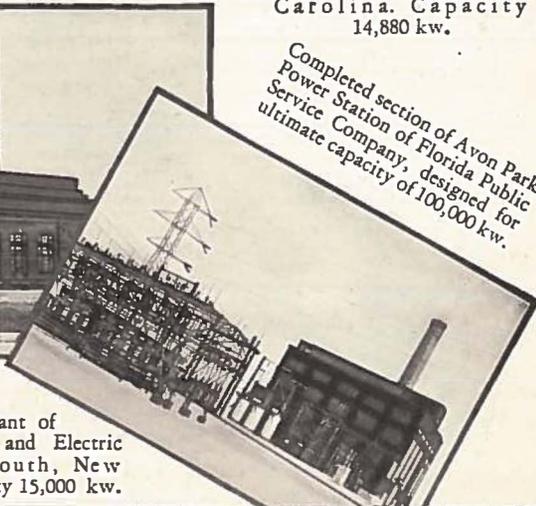


Hydro-electric station of Broad River Power Company at Parr Shoals, South Carolina. Capacity 14,880 kw.

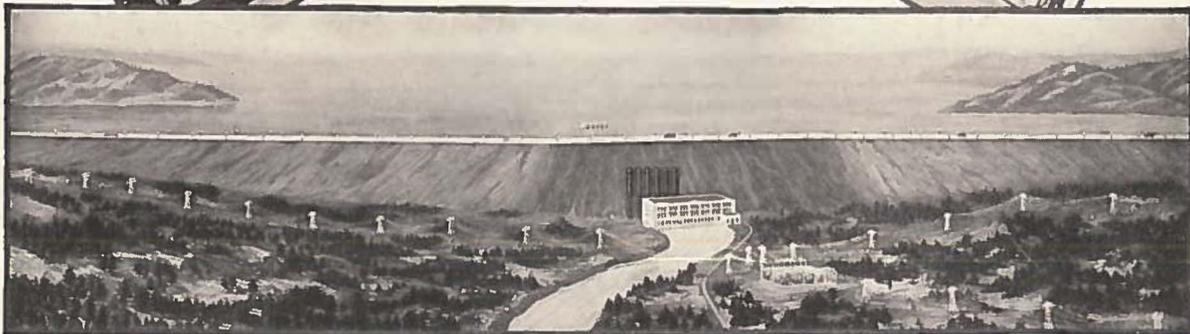
Steam station of Broad River Power Company at Parr Shoals, S. C., operating with powdered coal. Capacity 42,500 kw.



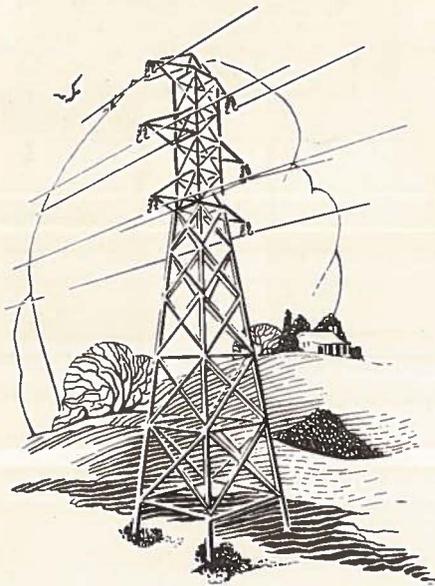
(above)
Steam power plant of New Hampshire Gas and Electric Company, Portsmouth, New Hampshire. Capacity 15,000 kw.



Completed section of Avon Park Power Station of Florida Public Service Company, designed for ultimate capacity of 100,000 kw.



Birdseye view of Lexington Water Power Company development on the Saluda River near Columbia, S. C., as it will look when completed to an ultimate capacity of 200,000 kw.



Associated Gas and Electric System

segregated to show the amounts applicable to subsidiaries' securities and applicable to Parent Company securities.

The above Earnings Statement of the System also shows the balance available for the payment of the Class A priority dividend and the amounts paid thereon. These figures show the priority dividend

as being earned 2.16 times in the period ended May 31, 1929. Further reference is made to the earnings available for the Class A priority dividend on page 46 and a Capitalization Statement of the System as of May 31, 1929, including securities of affiliated Companies, will be found on page 23.

For the purpose of comparison with figures shown in the annual reports of the Company, the following statement of earnings of the Associated Gas and Electric Company and its subsidiaries, for the

twelve months ended May 31, 1929 and 1928, and not including the consolidated earnings of affiliated companies, is presented. The figures exclude earnings of added properties prior to acquisition.

ASSOCIATED GAS AND ELECTRIC COMPANY AND SUBSIDIARIES

	12 months ended May 31		Increase %
	1929	1928	
Gross Earnings and Other Income	\$47,726,096	\$36,097,731	32
Operating Expenses, Maintenance and all Taxes	23,174,196	18,263,514	27
Net Earnings	\$24,551,900	\$17,834,217	37
Underlying Pfd. Dividends and Interest	4,725,364	5,221,431	9*
Balance	\$19,826,536	\$12,612,786	57
All Other Interest	8,131,900	4,298,717	89
Balance for Dividends and Depreciation	\$11,694,636	\$ 8,314,069	41
Dividends on Preferred Stock	3,204,051	3,684,114	13*
Balance	\$ 8,490,585	\$ 4,629,955	83
Depreciation	2,768,983	1,693,841	63
Balance Available for Dividends on Class A Stock	\$ 5,721,602	\$ 2,936,114	95
Class A Priority Dividends	2,952,273	1,133,359	161
Balance for Other Dividends and Surplus	\$ 2,769,329	\$ 1,802,755	54

* Decrease.

A capitalization statement of the Company and subsidiaries as of May 31, 1929, is shown on page 24 preceding.

Chart No. 17 on the following page sets forth the segregation of the gross income of the Company and subsidiaries by de-

partments for the 12 months ended December 31, 1928, and indicates that the principal business is in the distribution of electrical energy, over 72% of the total income at that time being derived from this source. Approximately 93% of the total

Associated Gas and Electric System

income during this period resulted from sales of electricity and gas.

The disposition of the average monthly revenue per customer of the Company and subsidiaries during the year 1928, is shown on Chart No. 18.

Expenditures for maintenance and depreciation of the properties of the Com-

pany and subsidiaries, excluding figures of added properties prior to date of acquisition by the Associated System, have been as shown below during the past five years.

Appendix I sets forth Comparative Consolidated Earnings Statements of the Associated Gas and Electric Company and subsidiaries for the past five years.

EXPENDITURES FOR MAINTENANCE AND DEPRECIATION

	1925	1926	1927	1928	1929*
Maintenance	\$1,457,085	\$1,976,404	\$2,064,206	\$1,947,252	\$2,838,383
Depreciation	1,036,112	1,627,193	1,698,731	1,830,455	2,768,283
Total	\$2,493,197	\$3,603,597	\$3,762,937	\$3,777,707	\$5,606,666
% Gross Operating Revenue	13.3%	12.8%	12.0%	11.6%	13.2%

* 12 months ended May 31st.

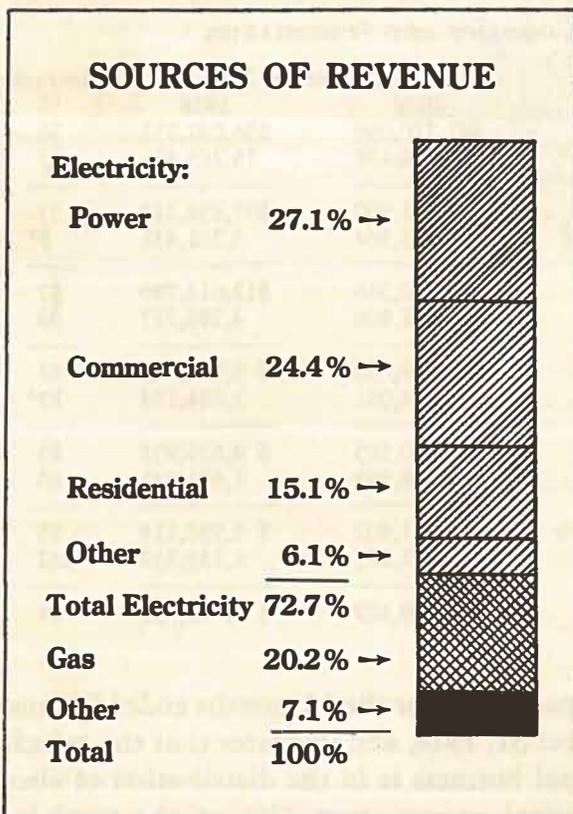


CHART No. 17

Revenues of Company and subsidiaries are well diversified by types of service rendered.

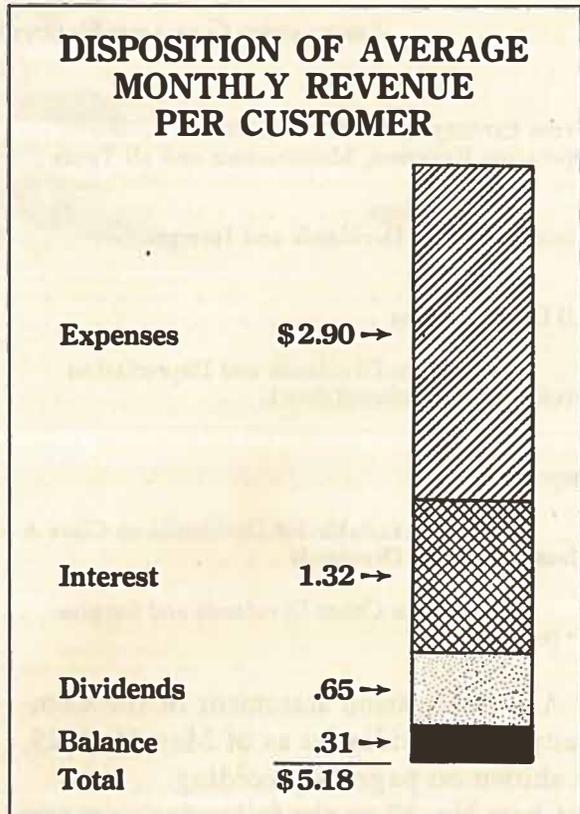


CHART No. 18

Nearly half of average monthly revenue per customer is allocated to interest, dividends and surplus.

DESCRIPTION OF SECURITIES

OF THE outstanding securities of the Associated Gas and Electric Company certain issues deserve particular mention due to the fact that they have been broadly distributed or because they are at present considered a part of the permanent financial structure of the Company. These securities are as follows:

(1) DEBENTURE OBLIGATIONS

(a) GOLD DEBENTURE BONDS, CONSOLIDATED REFUNDING 5% SERIES DUE 1968

Description: These Debentures are a direct obligation of the Company but are not secured by mortgage. The Convertible Debenture obligations which are now or will later become convertible into Stocks at the Company's option, and the Preferred, Class A, Class B and Common Stocks are all junior to these Debentures. The Debentures are dated October 1, 1928, and are due October 1, 1968. Interest is payable April 1 and October 1. Coupons are payable at the office of H. C. Hopson & Co., Inc., 61 Broadway, New York, N. Y. Checks covering interest on fully registered debentures are mailed from the office of the Company at Ithaca, N. Y. They are redeemable in whole or in part at any time prior to maturity on thirty days' notice at 102 to and including April 1, 1966; thereafter at a premium decreasing $\frac{1}{2}\%$ semi-annually to and including October 1, 1967; thereafter at 100; in all cases with accrued interest. Coupon Debentures are available in \$1,000 and \$500 denominations, regis-

terable as to principal, and fully registered Debentures in denominations of \$100 and authorized multiples. The Trustee is Guaranty Trust Company of New York. The Debentures were offered in May, 1928, at par and interest to the public and were also placed through exchanges for securities of the Company and subsidiaries. They are not listed at present.

Tax Provisions: None.

Price Range:

	1929 to Sept. 10	1928	Initial Of- fering Price
High	100*	92 $\frac{1}{2}$ *	} 100
Low	88 $\frac{1}{2}$ *	88*	

* Bid price.

(b) CONVERTIBLE 4 $\frac{1}{2}$ % GOLD DEBENTURES, DUE 1948

Description: These Debentures are the direct obligation of the Company but are not secured by mortgage. The Indenture provides, among other things, that the Company will not pledge any of its property without ratably securing the Debentures issued under this Indenture, except in the case of Purchase Money Mortgages and Liens and except in the cases of pledges in the usual course of business as security for temporary loans maturing not more than one year after date of issue or indemnity for not exceeding one year. They are senior to the Convertible Debenture obligations of the Company which are now or will later become convertible into stocks at the Company's option, and the Preferred, Class A, Class B and Common Stocks. They are dated March 1, 1928, and are due

Associated Gas and Electric System

March 1, 1948. Interest is payable March 1 and September 1. Coupons are payable at the office of H. C. Hopson & Co., Inc., 61 Broadway, New York, N. Y. Checks covering interest on fully registered Debentures are mailed from the office of the Company, Ithaca, N. Y. The Debentures are redeemable as a whole or in part at any time on not less than 30 days' published notice at 103 on or before February 28, 1938; thereafter at 102 on or before February 28, 1943; thereafter at 101 on or before January 28, 1947; thereafter at 100 to maturity; in each case with accrued interest. Coupon Debentures are available in denominations of \$1,000 and \$500, registerable as to principal, and fully registered Debentures in denominations of \$100 and authorized multiples. The New York Trust Company is Trustee. The Debentures were originally offered under Rights to all stockholders and holders of fully registered convertible securities of record March 22, 1928, at 97 and interest. They are traded in on the New York Curb Exchange.

Tax Provisions: The Company has agreed to pay interest without deduction for any Federal Income Taxes not exceeding 2% per annum which it may be required or permitted to pay thereon or retain therefrom, and to reimburse the holders of these Debentures, upon application within 60 days after payment, for the Pennsylvania or Connecticut Personal Property Tax not exceeding four mills or for the Maryland Securities Tax not exceeding four and one-half mills or for the Massachusetts Income Tax on the interest not exceeding 6% of such interest per annum.

Conversion and Warrants: The Debentures are convertible at the holder's option at

any time on or before January 2, 1931, into Class A Stock at the rate of 20 shares for each \$1,000 Debenture. In addition, the Debentures originally carried warrants, detachable after October 31, 1928, entitling holders to purchase after that date and on or before January 2, 1931, stock of the Company at the rate of 16 shares of Class A Stock and 9 shares of Common Stock for each \$1,000 Debenture to which the warrant was attached, for the price of \$1,000 payable at the holder's option either in cash or by surrender of a like principal amount of Debentures. "Debenture Rights," equivalent to one twenty-fifth of a warrant, are traded in on the New York Curb and are described on page 51 following. The Debentures continue through January 2, 1931, to be convertible into Class A Stock after the exercise of warrants for cash. In case the Debentures are called for redemption on or before January 2, 1931, the conversion privilege may be exercised only up to and including the 10th day before the redemption date. The Class A and Common Stock to be issued upon conversion and upon exercise of Warrants will be such stocks as they are from time to time constituted. No fractional shares will be issued, but appropriate provisions have been made in the Indenture for the issuance of scrip representing fractional shares in lieu thereof. The Indenture also contains provisions for the adjustment of interest and/or dividends on conversion or exercise of Warrants.

Price Range (with warrants):

	1929 to Sept. 10	1928	Initial Offering Price
High	208 $\frac{1}{2}$	114 $\frac{7}{8}$	} 97
Low	99 $\frac{5}{8}$	99	

Associated Gas and Electric System

(c) CONVERTIBLE 4½% GOLD DEBENTURES, DUE 1949

Description: These Debentures are direct obligations of the Company but are not secured by mortgage. The Indenture provides, among other things, that the Company will not pledge any of its property without ratably securing the Debentures issued under this Indenture, except in the case of Purchase Money Mortgages and Liens and except in the case of pledges in the usual course of business as security for temporary loans maturing not more than one year after date of issue or indemnity for not exceeding one year. They are senior to the Convertible Debenture obligations of the Company which are now or will later become convertible into Stocks at the Company's option, and the Preferred, Class A, Class B and Common Stocks. They are dated January 15, 1929, and are due January 15, 1949. Interest is payable January 15 and July 15. Coupons are payable at the office of H. C. Hopson & Co., Inc., 61 Broadway, New York; checks covering interest on fully registered debentures are mailed from the office of the Company, Ithaca, N. Y. The Debentures are redeemable as a whole or in part at any time on not less than 30 days' published notice at 103 on or before January 14, 1939; thereafter at 102 on or before January 14, 1944; thereafter at 101 on or before January 14, 1948; thereafter at 100 to maturity; in each case with accrued interest. Coupon Debentures are available in the denomination of \$1,000 registerable as to principal, and fully registered Debentures in denominations of \$100 and authorized multiples. The Seaboard National Bank is Trustee.

The Debentures were originally offered to the public in January, 1929, at 95 and interest. They are not listed at present.

Tax Provisions: The Company has agreed to pay interest without deduction for any Federal Income Taxes not exceeding 2% per annum which it may be required or permitted to pay thereon or retain therefrom, and to reimburse the holders of these Debentures, in any year, upon application within sixty days after payment, either for the Pennsylvania or for the Connecticut Personal Property Tax not exceeding four mills or for any Maryland securities tax not exceeding 4½ mills or for the Massachusetts Income Tax on the interest not exceeding 6% of such interest per annum.

Conversion Privilege: These Debentures will be convertible at the holder's option at any time after March 1, 1930, and on or before March 1, 1932, into Class A Stock, as from time to time constituted, at the rate of 17½ shares for each \$1,000 Debenture. In case the Debentures are called for redemption on or before March 1, 1932, the conversion privilege may be exercised only up to and including the 10th day before the redemption date. No fractional shares will be issued upon conversion, but appropriate provisions have been made in the Indenture for the issuance of scrip representing fractional shares in lieu thereof. The Indenture contains provisions for the adjustment of interest and/or dividends on conversion.

Price Range:

	1929 to Sept. 10	Initial Of- fering Price
High	105*	} 95
Low	88*	

* Bid price.

Associated Gas and Electric System

(d) 5½% CONVERTIBLE GOLD DEBENTURES, DUE 1977

Description: These Debentures are the direct obligation of the Company but are not secured by mortgage. The Convertible Debenture obligations which are now or will later become convertible into Stocks at the Company's option, and the Preferred, Class A, Class B and Common Stocks are all junior to these Debentures. The Debentures are dated February 1, 1927, and are due February 1, 1977. Interest is payable February 1 and August 1 at H. C. Hopson & Co., Inc., 61 Broadway, New York, N. Y. They are redeemable in whole or in part on the first of any month prior to maturity on sixty days' notice at 105 and interest to and including February 1, 1932; at a premium decreasing ½% for each five year period thereafter to and including February 1, 1972; thereafter at 100½ and interest to and including February 1, 1976; and thereafter at 100 and interest. Coupon Debentures are available in \$1,000 denomination, registerable as to principal only. The Trustee is The New York Trust Company. The Debentures were first publicly offered in February, 1927, at 95¾ and interest. These Debentures are traded in on the Boston Stock Exchange and the New York Curb Exchange.

Tax Provision: The Company has agreed to pay interest without deduction for any present Federal normal income tax not exceeding 2% per annum which it may be required or permitted to pay thereon or retain therefrom.

Conversion Privilege: These Debentures are convertible, on terms and conditions

set forth in the Indenture, on the first day of any month after February 1, 1928, up to and including February 1, 1933, at the option of the holder on ten days' notice into units consisting of two shares of Class A Stock and one share of Common Stock as said classes of stock are from time to time constituted, on the following basis:

For the first \$10,000,000 Debentures surrendered for conversion @ \$110 per unit.

For the next \$5,000,000 Debentures surrendered for conversion @ \$115 per Unit.

For the next \$5,000,000 Debentures surrendered for conversion @ \$120 per Unit.

For the next \$5,000,000 Debentures surrendered for conversion @ \$125 per Unit.

For the next \$5,000,000 Debentures surrendered for conversion @ \$130 per Unit.

For the next \$5,000,000 Debentures surrendered for conversion @ \$135 per Unit.

For the last \$5,000,000 Debentures surrendered for conversion @ \$140 per Unit.

On October 29, 1929, conversion was being made at \$135 per Unit. In case the Debentures are called for redemption at any time during the period in which they are convertible, the conversion privilege shall continue until the close of business on the redemption date. No fractional shares will be issued upon conversion but appropriate provision has been made in the Indenture for the issuance of scrip certificates representing fractional interests. At the time of conversion, adjustment will be made so that interest on the Debenture and dividends on the stocks will not be paid for the same period.

Price Range:

	1929 to Sept. 10	1928	1927	Initial Of- fering Price
High .	143	111⅞	103½	} 95¾
Low .	98¾	98¾	95	

Associated Gas and Electric System

(e) 5½% CONVERTIBLE INVESTMENT CERTIFICATES, DUE 1938

Description: These Investment Certificates are until conversion direct obligations of the Company and rank equally with the other debt obligations but are not secured by mortgage. They are senior to the convertible debenture obligations of the Company which are now or presently will become convertible into stock at the Company's option, and the Preferred, Class A, Class B and Common Stocks. The Investment Certificates are dated November 15, 1928, and are due November 15, 1938. Interest is payable May 15 and November 15 on coupon certificates at H. C. Hopson & Co., Inc., 61 Broadway, New York, N. Y., and February 15, May 15, August 15 and November 15 on registered certificates at the Company's office in Ithaca, N. Y. They are redeemable at any time in whole or in part on 30 days' published notice at 105 through November 15, 1933, and thereafter at 100, plus accrued interest in each case. Coupon Certificates are available in \$1,000 denomination and registered Certificates in \$100 denomination and authorized multiples. The Registrar is the Irving Trust Company, New York, and the Transfer Agents are F. E. Taylor and W. L. Freund, 61 Broadway, New York, N. Y. The Investment Certificates were originally offered to the public in October, 1928, at 99 and interest. They are not listed at present.

Tax Provision: The Company has agreed to reimburse the holders of Investment Certificates, upon application within 60 days after payment, for the Massachusetts Income Tax on the interest not exceeding

6% of such interest per annum and for the Pennsylvania Four Mills Tax.

<i>Price Range:</i>	1929 to Sept. 10	1928	Initial Of- fering Price
High	99½*	99*	} 99
Low	96*	98½*	

* Bid price.

Conversion Privilege: Each \$1,000 Certificate is convertible as follows:

- (1) At any time after May 15, 1929, at the holder's option, into a like principal amount of 5% Convertible Gold Debentures due 1965 of Associated Gas and Electric Company, convertible at the holder's option on and after November 15, 1933, and to and including November 15, 1943, into ten shares of its \$5.50 Dividend Series Preferred Stock for each \$1,000 Debenture,

or:

- (2) At any time, at the holder's option, into 15 shares of Stock (as from time to time constituted) of Eastern Utilities Investing Corporation, consisting of:
 - 3 Shares \$5 Cumulative Prior Preferred Stock
 - 2 Shares \$6 Cumulative Preferred Stock
 - 5 Shares Participating Preference Stock
 - 5 Shares Class A Common Stock*

*If an initial priority dividend on the Class A Common Stock has not been declared, there may be issued Warrants exchangeable without charge for Class A Common Stock upon declaration of such a dividend;

or:

- (3) At any time after November 15, 1933, at the option of either the Associated Gas and Electric Com-

Associated Gas and Electric System

pany or the holder, into ten shares of its \$5.50 Dividend Series Preferred Stock. Thirty days' notice must be given by the Company in the event it exercises such option to convert.

In the event of redemption, holders may exercise the conversion privilege only up to and including the 10th day before the redemption date. In the event of conversion into preferred stock at the option of the Associated Gas and Electric Company, holders may exercise their conversion privileges up to and including the date fixed for conversion into preferred stock.

Description of the Stocks of Eastern Utilities Investing Corporation will be found on page 60 following.

(f) ASSOCIATED ELECTRIC COMPANY 4½% GOLD BONDS, DUE 1953

Description: These bonds are direct obligations of the Associated Electric Company but are not secured by mortgage. Description of the Indenture Provisions will be found below.

The Debentures are dated January 3, 1928, and are due January 1, 1953. Interest on Coupon Debentures is payable January 1 and July 1 at the office of H. C. Hopson & Co., Inc., 61 Broadway, New York, N. Y. Checks covering interest on fully registered Debentures are mailed from the office of the Company, Ithaca, N. Y. The Debentures are redeemable in whole or in part at any time on 30 days' notice at 100 and interest to and including December 31, 1932; thereafter at 102 and interest to December 31, 1937; thereafter at 101½ and interest to December 31, 1942; thereafter

at 101 and interest to December 31, 1947; and thereafter at 100 and interest. Coupon bonds are available in \$1,000 denomination, registerable as to principal, and fully registered bonds in denomination of \$1,000 and authorized multiples. The Guaranty Trust Company of New York is Trustee. The Debentures were first publicly offered in December, 1927, at 94½ and interest. They are traded in on the Boston Stock Exchange.

Restrictions of the Indenture: Additional Bonds, either of this series, or of other series, having such rates of interest, maturity dates and other provisions as the Company may determine, may be issued, except to an amount less than \$200,000 reserved for a special purpose, only (a) for refunding or replacing an equal amount of refundable securities including bonds and preferred stocks of subsidiary companies (as defined in the Indenture) or Bonds of any series outstanding under the Indenture; or (b) for not more than 75% of the cost or fair value (as defined in the Indenture), whichever is less, of new subsidiary companies and property additions.

Additional Bonds may not be issued under the Indenture, except for the purpose of refunding or replacing outstanding bonds, or bonds or stocks of subsidiary companies, unless consolidated net earnings before depreciation (as defined in the Indenture) for 12 months within the 15 months immediately preceding application for issue have been at least equal to twice the annual interest and fixed dividend charges on all bonds and preferred stocks of subsidiary companies held by the public and all bonds outstanding under the Indenture, including those to be issued, un-

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less such consolidated net earnings exceed \$15,000,000, in which case the ratio of such consolidated net earnings to such annual charges need only be twice the first \$7,500,000 of such annual charges and one and three-quarters times the remainder.

The Indenture contains conservative restrictions upon the sale of bonds and preferred stocks of subsidiary companies and among other things provides that they shall not be sold to the public, if the total amount of such securities held by the public is thereby increased to an amount exceeding 50% of the bonds then outstanding under the Indenture, including as outstanding any bonds issued under the Indenture and converted into a junior security, and also that bonds and preferred stocks of subsidiary companies may not be sold to the public, except to refund or replace outstanding bonds and preferred stocks of subsidiary companies, unless the earnings ratio applicable to the issue of bonds under the Indenture is met.

The Indenture contains certain provisions permitting the modification or alteration thereof or of any supplemental indenture with the assent of the Company and of the holders of not less than 85% in aggregate principal amount of the outstanding bonds, not including any bonds owned by the Company; provided that any such modification or alteration shall not permit (a) the extension of the maturity of any bond, or the reduction in rate of interest thereon, or any other modification in the terms of payment of such principal or interest, without the consent of the holder thereof, or (b) the creation by the Company of any indebtedness not permitted by the Indenture or of any mort-

gage or pledge of any of the assets of the Company unless the bonds issued or to be issued under the Indenture are secured by such mortgage or pledge on an equality with any other indebtedness to be secured thereby.

Tax Provision: The Company has agreed to pay interest without deduction for any Federal Income Tax not exceeding 2% per annum which the Company or the Trustee may be required or permitted to pay thereon or deduct therefrom, and to reimburse the holders of these bonds upon application within 60 days after payment for the Pennsylvania Four Mills Tax and for the Massachusetts Income Tax on the interest not exceeding 6% of such interest per annum.

Price Range:

	1929 to Sept. 10	1928	Initial Of- fering Price
High	91½*	99¾*	} 94½
Low	81*	88⅜*	

* Bid price.

(2) PERPETUAL DEBENTURE OBLIGATIONS, CONVERTIBLE NOW OR LATER AT THE COMPANY'S OPTION INTO STOCK

The following is a brief description of the various perpetual debenture obligations of the Company which are convertible into stock. These Debenture obligations are direct obligations of the Company but are not secured by mortgage and rank junior to the Debenture obligations convertible only at the holder's option and having fixed maturities. In all cases, interest is payable in the case of Coupon Debentures at the office of H. C. Hopson & Co., Inc., 61 Broadway, New York, N. Y., and in the case of registered debentures by

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mail from the office of the Company at Ithaca, N. Y. In all cases the Guaranty Trust Company is Registrar and F. E. Taylor and W. L. Freund, 61 Broadway, New York, N. Y., are Transfer Agents. Tax provisions are mentioned only where existing.

(a) 6½% CONVERTIBLE DEBENTURE CERTIFICATES, SERIES B

Description: These Debenture Certificates are dated July 1, 1925, and are without fixed maturity but become due in case of 90 days' default in the payment of interest or in case of the happening of certain other events. They are redeemable at any time on 30 days' notice at 105 and accrued interest. Interest is payable January 1 and July 1 on Coupon Debenture Certificates and January 1, April 1, July 1 and October 1 on Registered Debenture Certificates. Coupon and fully registered Debenture Certificates are available in interchangeable denominations of \$1,000, \$500 and \$100.

Conversion: These Debenture Certificates are convertible after October 1, 1925, at the Company's option, on 15 days' notice, and after June 1, 1930, at the holder's option, on 30 days' notice, into \$7 Dividend Series Preferred Stock on the basis of ten shares for each \$1,000 face amount of Debentures, with proper adjustment for accrued interest and accrued dividends. These certificates are not convertible, in the event of redemption, on or after the second day before the date fixed for redemption.

Price Range:

	1929 to Sept. 10	1928	1927	1926	1925
High . . .	101½*	103¼*	103*	99½	84
Low . . .	98*	97*	98½*	Bid	Bid

*High and low bid prices.

(b) 6½% CONVERTIBLE DEBENTURE CERTIFICATES, SERIES C

Description: These Debenture Certificates are dated July 1, 1925, and are without fixed maturity but become due in case of 90 days' default in interest payment or in case of the happening of certain other events. They are redeemable at any time at 105 and accrued interest on 30 days' notice. Interest is payable January 1 and July 1 on Coupon Debenture Certificates and on January 1, April 1, July 1 and October 1 in the case of fully registered Debenture Certificates. Coupon Debenture Certificates are available in denominations of \$500 and \$1,000 and Fully Registered Debenture Certificates in denominations of \$100, \$500, and \$1,000 and are interchangeable.

Tax Provisions: The Company has agreed to pay any normal Federal Income Tax up to 2% per annum and will refund, upon application within 60 days after payment, the Pennsylvania and Connecticut taxes not exceeding four mills, the Maryland tax not exceeding four and one-half mills and the Kentucky tax not exceeding five mills, in any one year, per dollar of taxable value, and the Massachusetts Income Tax not exceeding 6% per annum.

Conversion Privilege: These Debenture Certificates are convertible upon 30 days' notice, at the option of either the holder or the Company, into \$7 Dividend Series

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Preferred Stock at the rate of ten shares of Preferred Stock for each \$1,000 Debenture Certificate, with adjustment for interest and dividends. These certificates are not convertible, in the event of redemption, on or after the second day before the date fixed for redemption.

Price Range:

	1929 to Sept. 10	1928	1927	1926	1925
High . .	101½*	103½*	103*	99½	90
Low . .	98*	98*	94½*	Bid	Bid

* High and low bid prices.

(c) 6% CONVERTIBLE DEBENTURE CERTIFICATES, SERIES A OF 1929

Description: These Debenture Certificates have no fixed maturity but will mature 120 days after default in payment of interest or in other specified events. Debenture Certificates are redeemable at any time in whole or in part on 30 days' published notice at \$100 plus accrued interest. Interest is payable June 1 and December 1 on Coupon Debenture Certificates, and March 1, June 1, September 1 and December 1 on Registered Debenture Certificates. Coupon Debenture Certificates are available in denominations of \$1,000 only and Registered Debenture Certificates in \$100 denominations and authorized multiples.

Conversion Feature: Each \$100 Debenture Certificate may be converted up to December 31, 1932, at the holder's option at any time after six months from the first interest payment date following date of original issue, on 60 days' written notice (or without notice in case of notice of redemption or conversion by the Company) into Class A Stock of the Company on the basis of 1¾ shares during 1930 and 1½

shares during 1931 and 1932. Delivery on conversion may be made in receipts exchangeable for definitive stock certificates after six months from date of issue. Holders of such receipts are entitled, in the meantime, to dividends as though actual stock had been delivered.

Each \$100 Debenture Certificate may be converted at the Company's option at any time after six months from the first interest payment date following date of original issue, on 30 days' notice, into one share of Preferred Stock entitled to Cumulative Preferred Dividends at \$6 per share per annum, or into Class A Stock at the market sufficient to equal the principal amount of the Debenture Certificate, but not less than two shares for each \$100 Debenture Certificate.

(d) 6% CONVERTIBLE DEBENTURES, SERIES B OF 1929

Description: These Debentures have no fixed maturity but mature 120 days after default in payment of interest or in other specified events. Debentures are redeemable at any time, in whole or in part, on 30 days' published notice at \$100 plus accrued interest. Interest is payable June 1 and December 1 on Coupon Debentures and March 1, June 1, September 1 and December 1 on Registered Debentures. Coupon Debentures are available in denominations of \$1,000 only and Registered Debentures in denominations of \$100 and authorized multiples.

Conversion Feature: Each \$100 Debenture may be converted up to December 31, 1933, at the holder's option, after six months from the first interest payment following the date of issue of the Certificate on 60

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days' written notice (or without notice in case of notice of redemption or conversion by the Company) into Class A Stock of the Company on the basis of $1\frac{1}{4}$ shares during 1930 and 1931, and one share during 1932 and 1933. Delivery on conversion may be made in receipts exchangeable for definitive stock certificates after six months from date of issue. Holders of such receipts are entitled, in the meantime, to dividends as though actual stock had been delivered.

Each \$100 Debenture may be converted at the Company's option on 30 days' notice into one share of Preferred Stock, entitled to Cumulative Preferred Dividends at \$6 per share per annum or into Class A Stock at the market, sufficient to equal the principal amount of the Debenture, but not less than two shares for each \$100 Debenture.

(e) 6% CONVERTIBLE DEBENTURE CERTIFICATES, SERIES B

Description: These Debenture Certificates are dated January 1, 1927, and have no fixed maturity but principal becomes due in case of 90 days' default in the payment of interest or in certain other events. They are redeemable at any time on 30 days' notice up to and including January 1, 1932, at 102 and accrued interest; thereafter at 101, decreasing $\frac{1}{8}\%$ each six months to $100\frac{1}{4}$ and at that amount thereafter. Interest is payable on Coupon Certificates on January 1 and July 1 and on Registered Certificates on January 1, April 1, July 1 and October 1. Coupon Certificates are available in interchangeable denominations of \$500 and \$1,000 and Registered Certificates in denominations of \$100 and \$1,000 and authorized multiples thereof.

Conversion Feature: These Debenture Certificates are convertible after January 1, 1928, at the Company's option on 15 days' notice and after January 1, 1932, at the holder's option on 30 days' written notice into ten shares of the \$6.50 Dividend Series Preferred Stock for each \$1,000 face amount of Certificates, with adjustment for interest and dividends. These Certificates are not convertible in the event of redemption on or after the second day before the date fixed for redemption.

(f) 6% CONVERTIBLE DEBENTURE CERTIFICATES, SERIES C

Description: These Debenture Certificates are dated March 1, 1927, and have no fixed date of maturity but become due in case of 120 days' default in interest payment or in certain other events. They are callable on 30 days' notice at 101 and interest. Interest is payable March 1 and September 1 on Coupon Certificates and March 1, June 1, September 1 and December 1 on Registered Certificates. Coupon Certificates are available in denominations of \$1,000 and Registered Certificates in denominations of \$100 and \$1,000 and authorized multiples thereof and are interchangeable.

Conversion Feature: These Certificates are convertible at the holder's option at any time up to January 1, 1932, upon 60 days' notice, into Class A Stock at the rate of two shares for each \$100 principal amount of Certificates, with adjustment for accrued interest and accrued priority dividends on the Class A Stock at the cash dividend rate thereon. They are also convertible at the option of the Company on 15 days' notice and after March 1, 1930, at

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the option of the holder on 30 days' notice into one share \$6 Dividend Series Preferred Stock for each \$100 principal amount of Certificates with proper adjustment for accrued interest and accrued dividends. Delivery of Class A Stock on conversion may be made in receipts exchangeable for Definitive Stock Certificates after six months from date of issue. Holders of such receipts are entitled, in the meantime, to dividends as though actual stock had been issued.

Stock Purchase Rights: These Certificates were sold through customer ownership and each \$100 Certificate carries a stock purchase right which is non-detachable except for exercise and bears the right to purchase one share of Common Stock at \$30 until September 1, 1930. The stock purchase rights on certain certificates were detachable.

(g) 6% CONVERTIBLE DEBENTURES, SERIES D

Description: These Debentures are dated September 1, 1927, and are without fixed date of maturity but principal becomes due in case of 120 days' default in interest payment or on certain other conditions. They are callable on 30 days' notice at 100 and interest. Interest is payable March 1 and September 1 on Coupon Debentures and March 1, June 1, September 1 and December 1 on Registered Debentures. Coupon Debentures are available in denominations of \$1,000 and Registered Debentures in denominations of \$100 and \$1,000 and authorized multiples thereof and are interchangeable.

Conversion Feature: These Debentures are convertible at the option of the holder up

to January 1, 1931, on 60 days' notice (or without notice in case of notice of redemption or conversion by the Company) into Class A and Common Stock on the basis of \$100 face amount of Debentures for $1\frac{1}{2}$ shares of Class A Stock and $1\frac{1}{3}$ shares of Common Stock during 1930. Delivery on conversion may be made in receipts for units of Class A and Common Stock exchangeable for Definitive Stock Certificates after six months from date of issue. Holders of such receipts are entitled in the meantime to dividends as though actual stock had been issued. The Debentures are also convertible at the option of the Company after July 1, 1928, on 30 days' notice, on the basis of \$100 face amount of Debentures for one share of \$6 Dividend Series Preferred Stock.

Stock Purchase Rights: These Debentures were sold through customer ownership and each \$100 Certificate carries a non-detachable right to purchase one share of Common Stock at \$30 until January 1, 1931.

(h) 6% CONVERTIBLE DEBENTURES, SERIES E AND SERIES F

Description: These Debentures are dated March 1, 1928, and are without fixed date of maturity but principal becomes due in case of 120 days' default in interest payment or on certain other conditions. They are callable on 30 days' notice at 100 and accrued interest. Interest is payable March 1 and September 1 on Coupon Debentures and March 1, June 1, September 1 and December 1 on Registered Debentures. Coupon Debentures are available in denominations of \$1,000 and Registered Debentures in de-

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nominations of \$100 and \$1,000 and authorized multiples.

Conversion Feature: Each \$100 Debenture may be converted at the holder's option up to January 1, 1931, on 60 days' notice (or without notice in case of notice of redemption or conversion by the Company) into Class A and Common Stocks on the basis of $1\frac{1}{2}$ shares of Class A and $1\frac{1}{3}$ shares of Common Stock during 1929 and one share of Class A and one share of Common Stock during 1930. Delivery on conversion may be made in receipts for units of Class A and Common Stock exchangeable for Definitive Certificates after six months from date of issue. Holders of such receipts are entitled, in the meantime, to dividends as though actual stock had been issued. Each \$100 Debenture may be converted into one share \$6 Dividend Series Preferred Stock at any time after January 1, 1929, at the Company's option, on 30 days' notice.

(i) 6% CONVERTIBLE DEBENTURE CERTIFICATES, DUE 1999

Description: These Certificates are dated when issued and are due, if not previously converted, on November 1, 1999. The Certificates are non-callable prior to maturity. Each \$100 principal amount of Debenture Certificates is convertible into two shares of Class A Stock at the option of the holder at any time after six months, or at the option of the Company at any time after 30 days, from their date, on 30 days' notice in either case. The Certificates bear interest at the rate of 6% per annum, payable quarterly February 1, May 1, August 1 and November 1, if the holder so elects upon notice given 30 days prior to an interest payment date, and entitles the hold-

er until such election is made and becomes effective, to receive in lieu of cash interest payments, the dividends, including stock dividends in Class A Stock, which would be received on the Class A Stock into which the Certificates are convertible had the holder converted the same. Certificates are available only in registered form in denominations of \$100 and authorized multiples.

These Certificates have been from time to time issued in exchange for underlying securities of the System and have been delivered in this manner in place of Definitive Class A Stock Certificates.

The Transfer Agents and Registrars are as follows:

TRANSFER AGENTS

F. E. Taylor and W. L. Freund,
61 Broadway,
New York, N. Y.

REGISTRARS

H. B. Brown and J. J. McCarthy,
c/o The J. G. White Management Corporation,
33 Liberty Street,
New York, N. Y.

(3) PREFERRED STOCKS

Description: The Preferred Stocks of Associated Gas and Electric Company are fully paid and non-assessable and have preference over the Class A, Class B and Common Stocks, both as to cumulative dividends and assets. There are five series outstanding, all of no par value and ranking equally except as to dividends. They are as follows:

\$3.50 Dividend Series (Original Series)			
5.00	"	"	
6.00	"	"	
6.50	"	"	
7.00	"	"	

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Dividends on all series are payable at the Company's office in Ithaca, N. Y.

The Preferred Stocks are subject to call at any time in whole or in part, on thirty days' notice, the Original Series at \$60 per share, the \$5 Dividend Series at \$102 per share and the other series at \$105 per share, all with accrued unpaid dividends. In the event of liquidation, the Preferred Stocks, all series ranking equally but with preference over the Class A, Class B and Common Stocks, are entitled to \$50 per share in the case of the Original Series and \$100 per share each in the case of the other series. These Preferred Stocks have voting rights if default shall be made in cumulative dividends on any class of Preferred Stocks and two years' cumulative dividends on such class shall be in arrears, in which event during the continuation of such default the holders of Preferred Stocks of all classes have voting rights on an equality with the holders of the Class B Stock.

Dividend Record: Dividends on the various series of Preferred Stocks have been regularly paid quarterly as follows:

\$3.50 Dividend Series; from April 1, 1922, to date

\$5.00 Dividend Series; from December 15, 1928, to date

\$6.00 Dividend Series; from June 1, 1925, to date

\$6.50 Dividend Series; from March 1, 1926, to date

\$7.00 Dividend Series; from October 1, 1925, to date

During various periods previous to 1929 Preferred stockholders were given the privilege of receiving dividends on certain

of these stocks in Class A Stock in lieu of the cash dividend.

The Transfer Agents and Registrars for the Preferred Stocks are as follows:

SERIES	TRANSFER AGENTS	REGISTRAR
\$3.50 Dividend	F. E. Taylor and W. L. Freund 61 Bway, N. Y.	Irving Trust Company New York
\$5.00 Dividend	F. E. Taylor and W. L. Freund 61 Bway, N. Y.	Guaranty Trust Company of New York New York
\$6.00 Dividend	F. E. Taylor and W. L. Freund 61 Bway, N. Y.	The Chase National Bank of the City of New York New York
\$6.50 Dividend	F. E. Taylor and W. L. Freund 61 Bway, N. Y.	Chemical Bank & Trust Company New York
\$7.00 Dividend	F. E. Taylor and W. L. Freund 61 Bway, N. Y.	The Bank of America New York

Price Ranges:

	1929 to Sept. 10	1928	1927	1926
Original Series				
High	56 $\frac{1}{4}$	58	54	52 $\frac{1}{2}$
Low	51	51	50 $\frac{1}{2}$	49
\$5 Dividend Series				
High	97 $\frac{1}{8}$	95	—	—
Low	90	90	—	—
\$6 Dividend Series				
High	105 $\frac{1}{2}$	103	99 $\frac{1}{4}$	87
Low	94	93	87 $\frac{1}{2}$	78
\$6.50 Dividend Series				
High	105 $\frac{1}{2}$	103	100 $\frac{1}{2}$	95 $\frac{1}{8}$
Low	98	96	94 $\frac{1}{8}$	88
\$7.00 Dividend Series				
High	105 $\frac{1}{2}$	106 $\frac{1}{2}$	103 $\frac{3}{4}$	100 $\frac{1}{2}$
Low	98	100 $\frac{1}{4}$	99	94

(4) CLASS A, CLASS B, AND COMMON STOCKS

(a) CLASS A STOCK

Description: The Class A Stock, of which there are 6,000,000 shares authorized, is fully paid and non-assessable, is non-callable and represents an interest in one-half of the available earnings of the Com-

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pany after the payment of dividends on the Preferred Stocks. It is entitled to quarterly non-cumulative dividends at the annual rate of \$2 per share in priority to the Class B and Common Stocks, and, if the Board of Directors so determines, to an additional 50c per share per calendar year, even though these amounts may aggregate more than one-half of the net earnings after dividends on the Preferred Stocks. After the payment of a like aggregate amount on the Class B and Common Stocks, the Class A Stock is entitled to one-half of any additional dividends. The non-cumulative dividends at the rate of \$2 per share per annum are payable, when and as declared, on the first days of February, May, August and November to holders of record on about the last day of the second month preceding. Upon dissolution or liquidation the Class A Stock is entitled to \$35 per share in priority to the Class B and Common Stocks and to equal participating rights with the Common Stock, after payment on the Class B and Common Stocks of amounts together equal to the aggregate priority payment on the Class A Stock. The Class A Stock is without par value and has no voting power, unless dividends are in arrears for two years, when it is entitled to vote for two directors to the exclusion of the Class B and Common Stocks, until dividends shall be resumed and continued in any two years.

Earnings Applicable to Class A Stock: The

balance of earnings of the Company and subsidiaries, including the earnings of

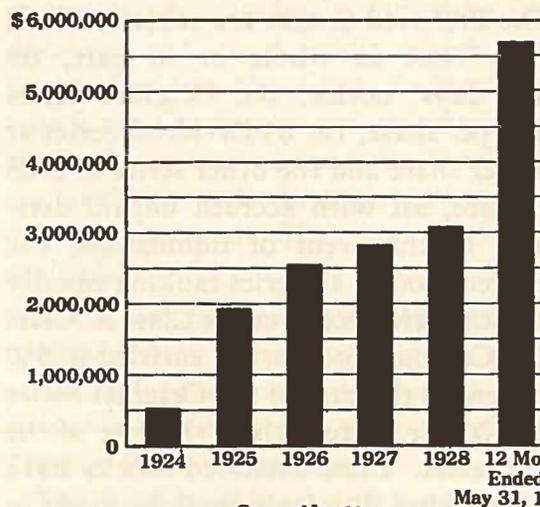


CHART No. 19
Balance of earnings available for Class A Priority Dividend shows large increase.

properties acquired only since dates of acquisition, after dividends on the Preferred Stocks and available for the payment of the priority dividend on the Class A Stock, has shown a steady upward trend since 1925. This is indicated by Chart No. 19 and by the table below.

During the same period the Company has been very active in distributing the Class A Stock. A large number of shares have been sold for cash and a considerable amount has been issued in exchange for underlying securities of operating companies. The average number of shares of Class A Stock outstanding during each year since 1925 has been as shown in the table on the opposite page.

EARNINGS AVAILABLE FOR CLASS A PRIORITY DIVIDEND

	1925	1926	1927	1928	1929*
Net Earnings available for Priority Dividend on Class A Stock	\$1,926,847	\$2,537,491	\$2,805,145	\$3,172,794	\$5,721,602

*12 months ended May 31st.

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CLASS A STOCK OUTSTANDING

	1925	1926	1927	1928	1929*
Average Number of Shares outstanding during period.	228,248 sh.	303,880 sh.	487,857 sh.	736,560 sh.	1,476,137 sh.

*12 months ended May 31st

The issuance of Class A Stock has been a continuation of the Company's policy of obtaining funds by selling its own securities and has the further advantage of increasing the ratio of capital stock to funded debt, thus eliminating fixed interest bearing obligations.

For the twelve months ended May 31, 1929, the balance of earnings of the Company and subsidiaries available for the payment of the priority dividend on the Class A Stock amounted to \$3.87 per share. The Class A Stock now represents a par-

ticipating interest in the equity of a large and successful organization having ample credit and able management. Estimated future earnings of the Company and subsidiaries indicate that in all probability the amounts available for the payment of the priority dividend on the Class A Stock will show a substantial increase during the next 12 months. That the Class A Stock represents an increasingly attractive security is shown by Chart No. 20 indicating the trend of the average monthly price of the Class A Stock since its original issue.

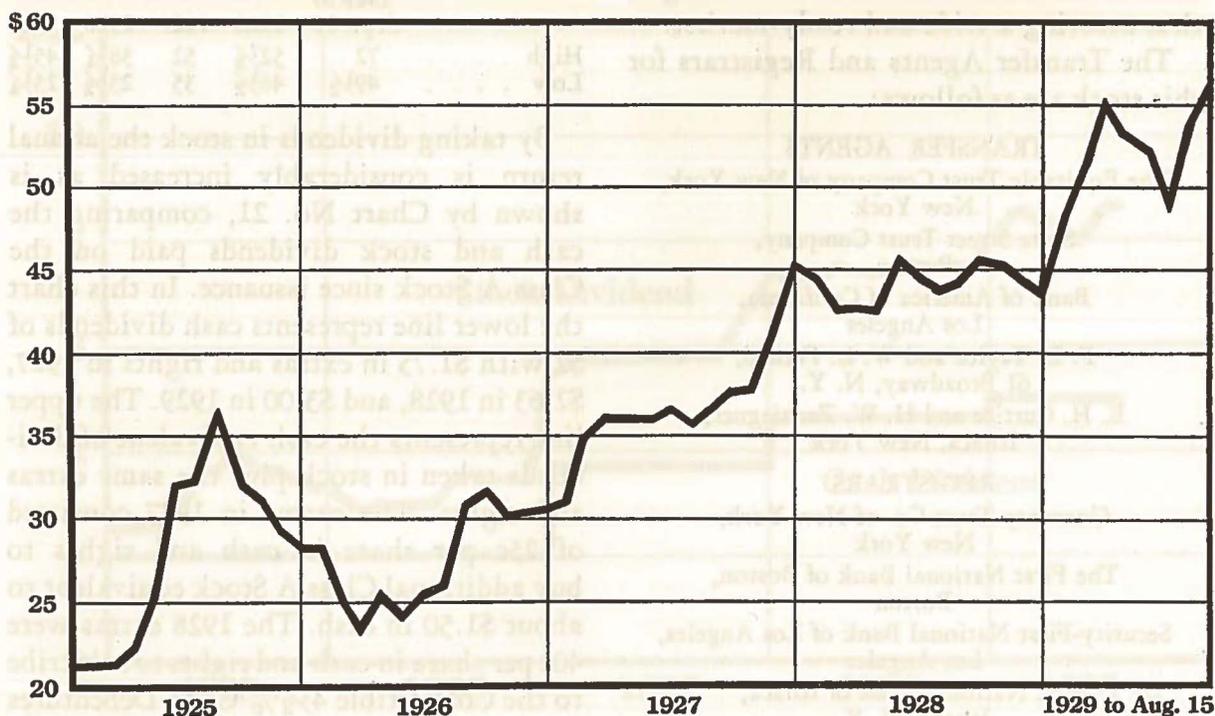


CHART No. 20

Associated Class A Stock has increased materially in value since issuance.

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It is estimated that in the neighborhood of 5,000,000 shares of Class A Stock will be outstanding by the end of 1929. This stock will have been issued both for cash and in exchange for outstanding securities of subsidiary companies as a continuation of the Company's future financial policy. Much of the benefit to be expected from the exchange of underlying securities, from the utilization of the proceeds of the stock sold for cash, and from the economies to result from interconnection and general operation of the larger system have not yet been fully realized in earnings but should contribute materially thereto during the near future.

Listing: The Class A Stock is listed on the New York Curb Exchange, the Boston and Los Angeles Stock Exchanges and the London and Amsterdam Stock Exchanges, thus assuring a wide and ready market.

The Transfer Agents and Registrars for this stock are as follows:

TRANSFER AGENTS

The Equitable Trust Company of New York,
New York

State Street Trust Company,
Boston

Bank of America of California,
Los Angeles

F. E. Taylor and W. L. Freund,
61 Broadway, N. Y.

E. H. Curtice and H. W. Zschiegner,
Ithaca, New York

REGISTRARS

Guaranty Trust Co. of New York,
New York

The First National Bank of Boston,
Boston

Security-First National Bank of Los Angeles,
Los Angeles

First National Bank of Ithaca,
Ithaca, N. Y.

Dividend Record: The Class A Stock was

created and issued in January, 1925. An initial quarterly dividend of 50c per share was paid May 1, 1925, which quarterly rate has been maintained to date. Stockholders have the option of taking dividends in Class A Stock at the rate of 1/40th of a share per quarter for each share held, thus yielding 10% annually. In addition, extra cash dividends have been paid amounting to 25c per share on February 1, 1928, and 40c per share on February 1, 1929. Furthermore, valuable subscription rights to purchase additional Class A Stock at prices below the existing market have been offered from time to time.

Price Range: The Class A Stock was originally issued in 1925 at \$26 per share. The price range from issuance to date has been as follows:

	1929 to Sept. 10	1928	1927	1926	1925
High	72	52 ⁷ / ₈	52	38 ³ / ₄	45 ¹ / ₂
Low	49 ¹ / ₂	46 ¹ / ₂	35	25 ¹ / ₂	25 ¹ / ₄

By taking dividends in stock the annual return is considerably increased as is shown by Chart No. 21, comparing the cash and stock dividends paid on the Class A Stock since issuance. In this chart the lower line represents cash dividends of \$2 with \$1.75 in extras and rights in 1927, \$2.63 in 1928, and \$3.00 in 1929. The upper line represents the cash equivalent of dividends taken in stock plus the same extras and rights. The extras in 1927 consisted of 25c per share in cash and rights to buy additional Class A Stock equivalent to about \$1.50 in cash. The 1928 extras were 40c per share in cash and rights to subscribe to the Convertible 4¹/₂% Gold Debentures due 1948 and to the Class A stock, equivalent to an average value of \$2.23 in cash.

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The 1929 extra (to August 15) consisted of rights to purchase additional Class A stock, equivalent to an average value of about \$3.00.

Transferable Subscription Receipts: Delivery of Class A Stock under the rights offered to holders of record on June 14, 1929, was made, upon application, in the form of transferable subscription receipts. The subscription receipts call for the delivery of the Class A Stock on January 15, 1930, or earlier at the option of the Corporation. Dividends on subscription receipts commence to accrue August 1, 1929, to the amount of dividends accruing on the Class A Stock called for by the subscription receipts. Dividends are payable February 1, May 1, August 1 and November 1

to holders of record on about the last day of the second month preceding.

Transfer Agents and Registrars for the Subscription Receipts are as follows:

TRANSFER AGENTS	REGISTRARS
F. E. Taylor and	H. B. Brown and
W. L. Freund	J. J. McCarthy
61 Broadway	33 Liberty St.
New York City	New York City

(b) CLASS B STOCK

Description: The Class B Stock of which there are 500,000 shares authorized, is fully paid and non-assessable and is entitled to quarterly non-cumulative dividends at the annual rate of \$2 per share in priority to the Common Stock and after a similar quarterly priority dividend at the annual rate of \$2 per share has been paid

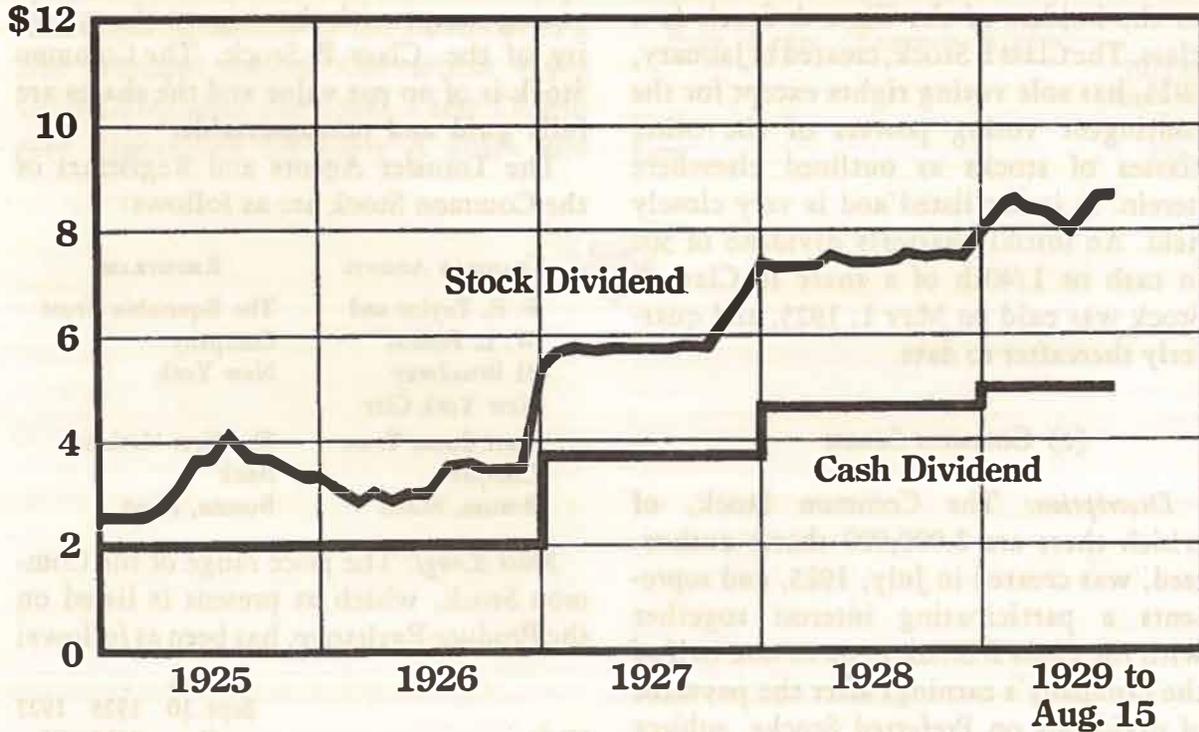


CHART No. 21
Stock dividend adds substantially to return on Associated Class A Stock.

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on the Class A Stock. In addition, at the discretion of the Board of Directors and provided an additional dividend of 50c per share per annum has been paid on the Class A Stock, the Class B Stock may receive a further non-cumulative dividend of 50c per share per annum. In addition, if dividends are declared on the Common Stock to an amount per share in excess of the amount per share declared on the Class B Stock (including the priority dividend and the further dividend of 50c per share, if declared), the Class B Stock is entitled to additional dividends equal to such excess. In liquidation the Class B Stock is entitled in preference to the Common Stock to an amount up to \$35 per share after the Class A Stock has received \$35 per share, but not exceeding in the aggregate, the aggregate amount paid to the holders of the Class A Stock as a class. The Class B Stock, created in January, 1925, has sole voting rights except for the contingent voting powers of the other classes of stocks as outlined elsewhere herein. It is not listed and is very closely held. An initial quarterly dividend of 50c in cash or 1/40th of a share in Class A Stock was paid on May 1, 1925, and quarterly thereafter to date.

(c) COMMON STOCK

Description: The Common Stock, of which there are 2,000,000 shares authorized, was created in July, 1925, and represents a participating interest together with the Class B Stock in up to one-half of the Company's earnings after the payment of dividends on Preferred Stocks, subject to the prior payment of quarterly priority

dividends at the rate of \$2 per share per annum and, if the Board of Directors so determines, an additional 50c per share per annum, on the Class A and Class B Stocks and to the further restriction that the aggregate dividends paid on the Class B and Common Stock in any quarterly dividend period shall not exceed the aggregate amount paid on the Class A Stock in such quarterly dividend period as preference and additional dividends. The Class B Stock can share with the Common Stock in dividends only to the extent that the rate of dividend on the Common Stock exceeds the priority dividend on the Class B Stock. On liquidation the Common Stock is entitled to the assets remaining after preference distribution on prior stocks, subject to the participating rights of the Class A Stock. The Common Stock is non-voting except with the consent of a majority of the Class B Stock. The Common Stock is of no par value and the shares are fully paid and non-assessable.

The Transfer Agents and Registrars of the Common Stock are as follows:

TRANSFER AGENTS	REGISTRARS
F. E. Taylor and W. L. Freund 61 Broadway New York City State Street Trust Company Boston, Mass.	The Equitable Trust Company New York The First National Bank Boston, Mass.

Price Range: The price range of the Common Stock, which at present is listed on the Produce Exchange, has been as follows:

	1929 to Sept. 10	1928	1927
High	65	24½	22
Low	15	14	9½

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No dividends have been paid on the Common Stock since issuance but valuable rights to purchase Class A Stock have from time to time been offered to the holders of the Common Stock.

Common Stock as from time to time constituted.

Price Range (Debenture Rights)

	1929 to Sept. 10	1928
High	28½	31⅞
Low	5½	2

(d) DEBENTURE RIGHTS

Description: The Debenture Rights, traded in on the New York Curb Exchange, are equal to 1/25th of a Warrant as originally attached to the Convertible 4½% Gold Debentures, due 1948. Thus each Debenture Right entitles the holder thereof to purchase on or before January 2, 1931, stock of the Company at the rate of 16/25ths of a share of Class A Stock and 9/25ths of a share of Common Stock for the price of \$40 payable at the holder's option either in cash or by the surrender of a like principal amount Convertible 4½% Gold Debentures due 1948. These Debenture Rights call for Class A Stock and

(e) COMMON STOCK PURCHASE RIGHTS

Description: There are outstanding and traded in on the Produce Exchange, Stock Purchase Rights which entitle the holder thereof to purchase one share of Common Stock for \$30 up to and including September 1, 1930. Stock Purchase Rights are also outstanding entitling the holder to purchase one share of Common Stock for \$30 up to and including January 1, 1931. These Stock Purchase Rights call for Common Stock as from time to time constituted.

Price Range (Common Rights)

	1929 to Sept. 10	
High	31⅞	
Low	1⅞	



CERTAIN SUBSIDIARY AND AFFILIATED COMPANIES

THE following pages set forth statistical and financial information concerning the more important affiliated or subsidiary companies which render diversified financial, investing or sub-holding company services to the Associated System or to the Associated Gas and Electric Company itself. These companies are as follows:

(a) ASSOCIATED GAS AND ELECTRIC
SECURITIES COMPANY, INC.

This Company, a wholly owned subsidiary of the Associated Gas and Electric Company, was formed to deal in the securities of public utilities and other companies and to assist the Associated Gas and Electric Company in the distribution of its security issues.

(b) NEW ENGLAND GAS AND ELECTRIC
ASSOCIATION

Description: The New England Gas and Electric Association is described on page 3 preceding. However, no mention has been made of the outstanding securities of the Association since the Association is not owned by the Associated Gas and Electric Company, but by affiliated interests. Certain additional information is here appended:

Consolidated Capitalization: The capitalization of New England Gas and Electric Association and its subsidiaries as of June 30, 1929, was as follows:

NEW ENGLAND GAS AND ELECTRIC ASSOCIATION

Funded Debt:

5% Convertible Gold Debenture Bonds	
Series due 1947	\$16,883,000
Series due 1948	5,997,000

Preferred Shares

\$5.50 Dividend (no par value), 100,000 shrs.*

Common Shares (no par value). . . 100,000 shrs.

SUBSIDIARY COMPANIES

<i>Funded Debt</i>	\$ 36,800
<i>Preferred Stock</i> (liquidation value)	24,200
<i>Minority Common Stocks</i> (at par)	11,775

*Note—Excludes 113,800 shares reserved for conversion of \$11,380,000 principal amount of 5% Convertible Gold Debentures of the Association.

Earnings: The consolidated earnings statement of the Association and its subsidiaries for the 12 months ended June 30, 1929, was as follows:

NEW ENGLAND GAS AND ELECTRIC ASSOCIATION	
Gross Earnings including Other Income	\$8,429,874
Operating Expenses, Maintenance, All Taxes and Amounts Applicable to Minority Interests	5,833,888
Net Earnings	\$2,595,986
Annual Interest and Dividend Charges on All Funded Debt of the Company and subsidiaries and Subsidiaries' Preferred Stocks	1,147,954
Balance	\$1,448,032
Annual Dividend requirements on Preferred Stock of Association	550,000
Balance	\$ 898,032
Depreciation	457,742
Balance	\$ 440,290

Net earnings, as above, amounted to over

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2.26 times the above interest charges before depreciation and over 1.86 times after depreciation. The combined provision for maintenance and depreciation during the period amounted to 11% of Gross Operating Revenues.

5% CONVERTIBLE GOLD DEBENTURE BONDS

The Series due 1947 is dated September 1, 1927, and is due September 1, 1947. Interest is payable March 1 and September 1 at the office of Harris, Forbes & Co., Inc., Boston; Harris, Forbes & Co., New York; or Harris Trust and Savings Bank, Chicago; or at the option of the Association at its own office or agency in said cities. Coupon debentures are available in denominations of \$1,000, registered as to principal only. The Debentures are redeemable in whole or in part on the first day of any month prior to maturity on 60 days' notice at 103 and interest through September 1, 1932; thereafter at a premium decreasing 1% for each five year period to and including September 1, 1942; thereafter at 100½ and interest to and including September 1, 1946, and thereafter at 100 and interest. The Trustee is The First National Bank of Boston. These Debentures were first publicly offered in August, 1927, at 99 and interest.

Conversion Privilege: An aggregate of \$8,500,000 Bonds in the order of surrender for conversion will be convertible on terms set forth in the Indenture on the first day of any month through September 1, 1931 (or on or before the redemption date if previously called for redemption), into \$5.50 Dividend Series Preferred Shares of the Association at the rate of ten shares

for each \$1,000 bond. Adjustments will be made with respect to any accruals of interest on the bonds and all dividends on the shares.

Tax Provision: The Association has agreed to reimburse the holders of these bonds upon application within 60 days after payment for the Massachusetts Income Tax on the interest not exceeding 6% of such interest per annum.

<i>Price Range</i> (Series due 1947):				Initial Offering Price
	1929 to Sept. 10	1928	1927	
High . . .	97½	101	100¼	} 99
Low . . .	87	93½	98¼	

The Series due 1948 is dated December 1, 1928, and is due December 1, 1948. Interest is payable June 1 and December 1 at the offices mentioned under the Series due 1947. Coupon debentures are available in \$1,000 denomination, registerable as to principal only. The Debentures are redeemable in whole or in part on the first day of any month prior to maturity on 60 days' notice at 103 and interest to and including December 1, 1933; thereafter at a premium decreasing 1% for each five year period to and including December 1, 1943; thereafter at 100½ and interest to and including December 1, 1947; and thereafter at 100 and interest. The First National Bank of Boston is Trustee. These Debentures were first publicly offered in December, 1928, at 97 and interest.

Conversion Privilege: An aggregate of \$3,000,000 Bonds in the order of surrender for conversion will be convertible on terms set forth in the Indenture on the first day of any month through September 1, 1931, or on or before the redemption date if previously called for redemption

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into \$5.50 Dividend Series Preferred Shares of the Association at the rate of ten shares for each \$1,000 bond. Adjustments will be made with respect to any accruals of interest on the bonds and all dividends on the shares.

Tax Provision: The Association has agreed to reimburse the holders of these bonds upon application within 60 days after payment for the Massachusetts Income Tax on the interest not exceeding 6% of such interest per annum.

Price Range: (Series due 1948):

	1929 to Sept. 10	1928	Initial Of- fering Price
High	97¼	97	} 97
Low	87	96¾	

Indenture Provisions: The Indentures covering the Series due 1947, and the Series due 1948, contain provisions whereby the Association covenants not to pledge any of its assets without ratably securing these bonds, except in case of purchase money mortgages and liens and except in case of pledges in the usual course of business as security for temporary loans maturing not more than one year from their date or for indemnity for terms not exceeding one year. The Association covenants not to issue any additional funded debt unless consolidated net earnings before depreciation (as defined in the Indentures) for twelve consecutive months out of the 15 months immediately preceding the month of issue shall have been at least twice the aggregate of the annual interest charges on the Association's entire outstanding funded debt including the proposed issue and the annual interest and/or cumulative dividend charges on all funded debt and preferred stocks of the subsidiary companies

held by the public, excluding such interest and/or dividend charges on all funded debt or preferred stocks to be acquired or retired out of proceeds of proposed issue.

PREFERRED SHARES:

Description: The Preferred Shares, \$5.50 Dividend Series, are without par value and are preferred over the Common Shares both as to Dividends and Assets and are fully paid and non-assessable. They are entitled to cumulative dividends at the rate of \$5.50 per share per annum, payable quarterly January 1, April 1, July 1 and October 1 before any dividends are paid on or set apart for the Common Shares. These Preferred Shares may be redeemed in whole or in part on the first day of any calendar month upon 30 days' previous notice at \$105 per share, plus accrued dividends. In the event of any termination, liquidation or winding up of the Association, the holders of the Preferred Shares are entitled to be paid the sum of \$100 per share and an amount equal to the unpaid cumulative dividends thereon accrued to the time of payment before any amount is paid to or assets distributed to the holders of the Common Shares, except that if all assets are transferred to a new Company or Association, Preferred Shareholders may be given, in lieu of cash, a like number of preferred shares of such new company or association having similar preferential rights.

No class of shares superior to the present class of Preferred Shares may be authorized or created, nor may the rights of the holders of the Preferred Shares be changed so as to affect the holders adversely, unless the holders of two-thirds of the outstand-

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ing Preferred Shares adversely affected, present at a meeting held for such purpose, consent thereto. The Preferred Shares have no voting rights except as above mentioned. This Preferred Stock is listed on the Boston Stock Exchange.

Tax Provision: The Association has agreed to reimburse the holders of the Preferred Shares for any Massachusetts Income Tax which such holders shall pay, pursuant to a lawful assessment therefor, on account of the dividends received upon such Preferred Shares, to an amount not exceeding 6% of the dividends so received, provided application for such reimbursement be made at such time and in such form as the Board of Directors or Trustees of the Association may from time to time require.

The Transfer Agent is the State Street Trust Company of Boston.

<i>Price Range:</i>	1928	1927
High	99 $\frac{5}{8}$	102
Low	98 $\frac{1}{2}$	97

(c) GENERAL GAS & ELECTRIC CORPORATION

Description: A general description of General Gas & Electric Corporation is given on page 4 preceding. The following is certain supplemental information concerning the Corporation:

Consolidated Capitalization: The capitalization of General Gas & Electric Corporation and subsidiaries as of June 30, 1929, after giving effect to recent financing up to September 10, 1929, was as follows:

GENERAL GAS AND ELECTRIC CORPORATION

Funded Debt—none

Preferred Stock

\$6 Convertible	300,000 shs.
\$6 Convertible, Series "B"	150,000 shs.
\$7	83,399 shs.
\$8	62,601 shs.

Common Stock

Class A	773,716 shs.*
Class B	399,098 shs.

SUBSIDIARY COMPANIES

<i>Funded Debt</i>	\$37,831,600
<i>Preferred Stocks</i> (par value)	4,838,060
<i>Minority Common Stocks</i>	33,824 shs.

*In addition there are outstanding 380,320 Dividend Participations in exchange for which it is proposed to offer Common Stock, Class A, on the basis of 3 shares of Common Stock, Class A, for each 8 Dividend Participations. Upon completion of such exchanges there would be 142,620 additional shares of Common Stock, Class A, outstanding.

Earnings: The following statement reflects the annual cash dividend and interest income on the securities owned by the Corporation at June 30, 1929, based on present cash dividend and interest rates, and includes the estimated income to be derived from the permanent investment of the proceeds of recent financing.

GENERAL GAS AND ELECTRIC CORPORATION

Dividend and Interest Income	\$8,641,056
Expenses and Taxes	450,746
Net Income	\$8,190,310
Annual Dividend Requirements on the outstanding Preferred Stock	3,784,601

Net Income, as above, applicable to the Preferred Stocks, would be equivalent to over 2.16 times all annual dividend requirements thereon. Net Income, as above, after deducting all annual dividend requirements on Preferred Stocks, applicable to the Common Stocks, Class A and Class B, would be equivalent to \$3.34 per share of Common Stock, Class A and Class B outstanding, including shares proposed to be issued in exchange for Dividend Par-

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ticipations which, for the purpose of this calculation, are treated as not being outstanding.

In the above Income Statement all dividend income is taken at present cash dividend rates. The dividends on certain stocks (of companies not controlled by this Corporation) are at present being received in stock. By taking such stock dividends at present market of the dividend stock, the net income applicable to the Preferred Stocks on the above basis would be increased by upwards of \$1,500,000, making the earnings applicable thereto \$9,690,310, equivalent to over 2.56 times all annual Preferred Stock Dividend requirements. Likewise, the net income applicable to the Common Stocks, Class A and Class B, would be increased to the equivalent of \$4.48 per share of Common Stock, Class A and Class B, outstanding, including shares proposed to be issued in exchange for Dividend Participations which are not included as above set forth.

Assets: The Corporation has no debt except current obligations incurred in the ordinary course of business. Net Assets as of June 30, 1929, after deducting such current obligations and after giving effect to recent financing, aggregate more than \$162,500,000, or over 272% of the total liquidation value of the 596,000 shares of Preferred Stock outstanding. After deducting from the Net Assets, as above, the liquidation value of the Preferred Stocks, there remains a total of more than \$101,400,000 applicable to the Common Stocks, Class A and Class B, or over \$86 per share now outstanding.

Preferred Stock: All outstanding Preferred Stocks of the General Gas & Electric Cor-

poration are without par value, are of equal rank and are entitled, in case of liquidation or dissolution, to \$100 per share and accrued dividends before any distribution is made to the Common Stocks, Class A and Class B. The Preferred Stocks are non-voting except in case four quarterly dividends are in default when they become entitled to vote until all accumulated dividends have been paid in full. The authorized Preferred Stock will be subject to increase by vote of the Common Stock, Class B, only.

In addition to the above, the following are special provisions of each of the outstanding series of Preferred Stocks:

\$7 and \$8 Cumulative Preferred Stocks are outstanding as shown above. They are at present non-callable. Cumulative dividends are paid quarterly Jan. 1, April 1, July 1 and Oct. 1 to stockholders of record about 30 days preceding date of payment.

\$6 Cumulative Convertible Preferred Stock is outstanding as shown above. The \$6 Series and the \$6 Series B Cumulative Convertible Preferred Stocks are each redeemable as a whole or in part on any dividend date on 30 days' notice at \$105 per share. Dividends on both series are payable quarterly on March 15, June 15, September 15 and December 15, to stockholders of record about the 15th day of the preceding month.

Tax Provision: The Corporation has agreed to reimburse, out of surplus or net profits remaining after dividends, holders of the \$6 Cumulative Convertible Preferred Stock, \$6 Series and \$6 Series B, resident in the respective states, upon application within 60 days after payment, for the Pennsylvania personal property tax not

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exceeding four mills per annum and the Massachusetts Income Tax on the dividend not exceeding 6% of such dividends per annum.

The \$6 Series was offered to the public at \$95 per share in June, 1929, and the \$6 Series B at \$99 per share in September, 1929. For both Series the Transfer Agents are F. E. Taylor and W. L. Freund, 61 Broadway, and Harris Forbes Trust Company, Boston, Mass., and the Registrars are Central Hanover Bank and Trust Company, New York, and Lee, Higginson Trust Company, Boston, Mass.

Conversion Privileges: Each share of \$6 *Cumulative Convertible Preferred Stock* will be convertible, at the option of the holder, at any time after May 1, 1930, and before May 1, 1935 (or if called for redemption before May 1, 1935, at any time up to but not after the tenth day before the redemption date) into one and one-fifth shares of the Common Stock, Class A, of the Corporation, subject to the provisions of this series of Preferred Stock with respect to stock dividends, recapitalization, etc. The Common Stock, Class A, issuable upon conversion, will be delivered within 30 days after surrender of the Preferred Stock.

Each share of the \$6 *Cumulative Convertible Preferred Stock, Series B*, will be convertible, at the option of the holder, at any time after May 1, 1930, and before May 1, 1935 (or, if called for redemption before May 1, 1935, at any time up to, but not after the tenth day before the redemption date) into one and one-tenth shares of the Common Stock, Class A, of the Corporation, subject to the provisions of this series of Preferred Stock with respect to stock dividends, recapitalization, etc. The Com-

mon Stock, Class A, issuable upon completion, will be delivered within 30 days after surrender of the Preferred Stock, Series B.

The provisions covering both of the above series of Convertible Preferred Stock protect the conversion privilege directly in case of any split-up of the Common Stock, Class A, against the payment of any stock dividends thereon in the Common Stock, Class A, in excess of an aggregate of 15% per annum; against the issuance of subscription rights entitling the stockholders to subscribe, at a price less than \$80 per share in the case of the \$6 Series and at a price less than \$90 per share in the case of the \$6 Series B, for shares of the Common Stock, Class A, exceeding 25% of the outstanding shares or in case of recapitalization, consolidation or merger of the Corporation, or the conveyance of all or substantially all of its assets to any other corporation. In these cases appropriate adjustment in the conversion privilege will be made.

Common Stock, Class A, is authorized at 2,000,000 shares and is of no par value, and, subject to the rights of the Cumulative Preferred Stocks, is entitled, in priority to the Common Stock, Class B, to non-cumulative dividends, when, as and if declared by the Board of Directors, from the surplus or net profits of the Corporation at the rate of \$1.50 per share per annum, payable quarterly on the first day of January, April, July and October in each year to holders of record 30 days preceding date of payment. After a dividend of \$1.50 per share has also been declared on the Common Stock, Class B, any additional dividends which may be declared in such calendar year shall be divided in

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such manner that each share of Common Stock, Class A, and each share of Common Stock, Class B, and each Dividend Participation shall receive the same amount of such additional dividends. In liquidation or dissolution of the Corporation, subject to the rights of the Cumulative Preferred Stocks, the Common Stock, Class A, has priority over the Common Stock, Class B, to the amount of \$25 per share. After the Common Stock, Class B, has received \$25 per share, any remaining assets of the Corporation shall be distributed in such manner that each share of Common Stock, Class A, and each share of Common Stock, Class B, shall receive the same amount.

Dividend Record: Dividends at the annual cash rate of \$1.50 per share have been paid regularly on the Common Stock, Class A, since issuance in July, 1925, and in 1928 an extra cash dividend of 50c per share was declared and paid, which it is expected will be continued annually hereafter. It is the policy of the Corporation to permit the holders of Common Stock to apply not only the priority dividend but also any additional dividends up to 50c per share, which may be declared, to the purchase of additional shares of Common Stock, Class A, at \$25 per share. On this basis the shares obtained for the dividend would be equivalent to a stock dividend of 8%.

Common Stock, Class B, is authorized at 1,500,000 shares, is of no par value and is entitled to non-cumulative dividends of

\$1.50 per share after the Common Stock, Class A, has received a like amount per share and participates equally with the Common Stock, Class A, and the Dividend Participations in any further distribution. In liquidation or dissolution of the Corporation, subject to the rights of the Cumulative Preferred Stocks, the Common Stock, Class B, is entitled to \$25 per share after the Common Stock, Class A, has received \$25 per share; any remaining assets are distributed in such a manner that each share of Common Stock, Class A, and each share of Common Stock, Class B, shall receive the same amount. The Common Stock, Class B, has exclusive voting power except in certain cases when the Preferred Stock may be entitled to vote. Dividends at the annual rate of \$1.50 per share have been paid since January 1, 1928, and an additional dividend of 50c per share was declared in 1928. Dividends are payable quarterly on the same dates as on the Common Stock, Class A.

The Dividend Participations were called for redemption on November 1, 1929.

Listing: The \$7 and \$8 Cumulative Preferred Stocks, Class A, and the Common Stocks, Class A and Class B, are listed on the New York Stock Exchange.

Transfer Agent and Registrar: In all cases F. E. Taylor and W. L. Freund, 61 Broadway, New York, are Transfer Agents and the Chase National Bank of the City of New York is Registrar.

<i>Price Ranges:</i>	1929 to Sept. 10		1928		1927		1926		1925	
	High	Low	High	Low	High	Low	High	Low	High	Low
\$6 Convertible Pfd.	105	95								
\$7 Preferred A	116½	102	118½	108½	110½	100	100	95	100	95
\$8 Preferred A	135	111½	144	121	123¾	113¼	113	105½	110	103
Common, Class A	109	70	74	35¼	47½	34	59	34	64¼	53½
Common, Class B	112	76	80	37	46	35½	49	28	62½	45

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(d) EASTERN UTILITIES INVESTING CORPORATION

Description: This Company (formerly Pennsylvania Electric Corporation) was organized in 1922 under the laws of the State of Delaware. It is engaged primarily in the business of acquiring and holding for long term investment securities deriving their income from public utility and allied enterprises. The Corporation is not controlled by the Associated Gas and Electric Company but is affiliated with it. All the members of the Board of Directors are at the present time connected in either an official or an advisory capacity with the management of the Associated Gas and Electric System.

Capitalization: The capitalization of Eastern Utilities Investing Corporation as of July 31, 1929, was as follows:

Funded Debt:	
5% Gold Debentures due 1954 . . .	\$35,000,000
Preferred Stocks:	
\$5 Cumulative Prior Preferred Stock	75,000 shs.
Cumulative Preferred Stock	
\$6 Dividend	64,072 shs.
\$7 Dividend	10,928 shs.
Participating Preference Stock . . .	175,000 shs.
Common Stock:	
Class A	905,000 shs.
Class B	500,000 shs.

Substantially all of the Preferred Stocks (excepting the \$7 Dividend Cumulative Preferred Stock) are owned by the Associated Gas and Electric Company and are held for the conversion of the 5½% Convertible Investment Certificates of that Company.

EASTERN UTILITIES INVESTING CORPORATION

BALANCE SHEET

The balance sheet of the Corporation as of July 31, 1929, on the basis of present values, was as follows:

ASSETS		LIABILITIES AND CAPITAL	
Investments	\$100,163,555	Funded Debt	\$ 35,000,000
Cash	122,413	Preferred Stocks at Liquidation Values	32,500,000
Dividends Receivable	301,420	Accounts Payable	100,765
Interest Receivable	86,575	Accrued Interest and Dividends	764,321
		Reserves	53,586
		Common Stocks and Surplus	32,255,291
TOTAL ASSETS	\$100,673,963	TOTAL LIABILITIES AND CAPITAL	\$100,673,963

Earnings: The earnings of the Corporation for the calendar years 1927 and 1928, and the annual interest and dividend in-

come on securities owned at July 31, 1929, based on current cash dividend rates, were as follows:

Associated Gas and Electric System

EASTERN UTILITIES INVESTING CORPORATION

	Calendar Years		Annual Income on Securities held July 31, 1929
	1927	1928	
Revenues—Dividend Income	\$1,766,494	\$2,108,631	\$4,738,645
Interest Income	170,400	132,330	209,725
TOTAL INCOME	\$1,936,894	\$2,240,961	\$4,948,370
Expenses and Taxes	25,508	33,268	11,063
NET INCOME	\$1,911,386	\$2,207,693	\$4,937,307
Annual Interest Requirements on Total Funded Debt			1,750,000
BALANCE			\$3,187,307
Annual Preferred Dividend Requirements on all Preferred Stocks and Participating Preference Stocks			2,235,928
BALANCE AVAILABLE FOR CLASS A AND CLASS B COMMON STOCKS AND SURPLUS			\$ 951,379

In addition the Corporation earned \$233,540 in 1927; \$317,892 in 1928 and \$1,596,476 during the 12 months ended July 31, 1929, from realized profit on transactions in securities.

The above earnings statement as of July 31, 1929, shows Debenture interest requirements as being earned at the rate of over 2.8 times. On the same basis the overall ratio of net income to all interest and preferred dividend requirements is 1.2. The balance available for priority dividends on the Class A Common Stock, after including \$1,596,476 realized profit from transactions in securities, amounts to \$2.81 per share. By including dividends receivable in stock at the current market thereof, rather than at the cash dividend rate, the earnings available for the priority dividend on Class A Common Stock would amount to \$3.55 per share.

Board of Directors: The Board of Directors of Eastern Utilities Investing Corporation is as follows:

Garrett A. Brownback,
Roberts & Montgomery

Frederick S. Burroughs,
Harris, Forbes & Company
John M. Daly,
Vice-Pres., New England Gas and
Electric Association
Howard C. Hopson, *President*
John I. Mange,
Pres., Associated Gas and Electric Co.
Warren Partridge,
Vice-Pres., Pennsylvania Electric Co.
Daniel Starch,
Daniel Starch and Staff
Charles B. Stuart,
Halsey, Stuart & Co.

Securities: The outstanding securities of the Eastern Utilities Investing Corporation are as follows:

(a) 5% GOLD DEBENTURES, DUE
MARCH 15, 1954

Description: These Debentures are dated March 15, 1929, and are due March 15, 1954. Interest is payable March 15 and September 15 at the office of the Company in New York City. They are redeemable at any time in whole or in part on 30 days' published notice at 103 and accrued interest. Coupon Debentures are available

Associated Gas and Electric System

in \$1,000 denominations, registerable as to principal only. The New York Trust Company is Trustee. The Debentures were first publicly offered in March, 1929, at 98 and accrued interest.

Restrictions of Indenture: The Indenture provides, among other things, that:

The Corporation may not issue any funded indebtedness in addition to these Debentures unless upon the issue and sale thereof, the Corporation's total assets excluding, under certain conditions, assets pledged under temporary indebtedness, shall at the time equal at least 200% of the aggregate principal amount of all outstanding funded indebtedness of the Corporation, including such additional funded indebtedness.

The Corporation will not mortgage or pledge any of its assets, except in the case of purchase money mortgages and liens and except to secure temporary indebtedness or indemnity for terms not exceeding one year, without securing these Debentures equally and ratably with the obligations or indebtedness to be secured by such mortgage or pledge.

Upon the affirmative vote of the holders of at least 85% in principal amount of the outstanding Debentures, with the consent of the Corporation, the terms and provisions of the Indenture may be modified in any respect, except that no such modification shall be made which will permit a change in the provisions regarding payment of principal and/or interest on any Debenture.

Stock Purchase Warrants: Each \$1,000 principal amount of Debentures carries warrants void after December 31, 1934, and non-detachable except as hereinafter

provided, entitling the holder to purchase 20 shares of Class A Common Stock of the Corporation, subject to the Indenture provisions regarding stock dividends, recapitalization, etc., at any time after December 31, 1929, and on or before December 31, 1934, at a price of \$15 per share.

Upon the exercise of the stock purchase warrant, the Debenture with the warrant attached must be presented at the office or agency of the Company, where the warrant will be detached. In case the Debentures are called for redemption before December 31, 1934, the stock purchase warrants will become detachable and may thereafter be exercised by the bearer thereof at any time on or before December 31, 1934. The Class A Common Stock will be delivered and payment therefor will be required thirty days or earlier, at the option of the Corporation, after surrender of the stock purchase warrant. The purchase right evidenced by any warrant may be exercised only as an entirety.

Tax Provision: The Corporation has agreed to pay interest without deduction for any Federal Income Taxes not in excess of 2% of such interest per annum which it or the Trustee or any paying agent may be required or permitted to pay thereon or retain therefrom.

(b) DESCRIPTION OF STOCKS OF EASTERN UTILITIES INVESTING CORPORATION

The \$5 *Prior Preferred Stock* is preferred as to dividends and assets over all other classes, and is entitled to cumulative dividends at the rate of \$5 per share per annum, payable semi-annually, quarterly, or monthly, and to \$100 per share and ac-

Associated Gas and Electric System

crued dividends in the event of dissolution. It is redeemable on the first day of any month in whole or in part at \$103 per share and accrued dividends after thirty days' notice.

The *\$6 Cumulative Preferred Stock* is on an equality with the *\$7 Cumulative Preferred Stock* and is preferred as to assets and dividends over the Participating Preference Stock and Common Stocks. It is entitled to cumulative dividends at the rate of \$6 per share per annum, payable semi-annually, quarterly, or monthly, and to \$100 per share and accrued dividends in the event of dissolution. It is redeemable on the first day of any month in whole or in part at \$105 per share and accrued dividends after 30 days' notice.

The *\$6 Cumulative Preferred Stock* and *\$7 Cumulative Preferred Stock* are convertible into Prior Preferred Stock at the holder's option, upon proper notice, share for share, but only with the consent of the Board of Directors of the Corporation (which may be withdrawn at any time) expressed by resolutions setting forth a specified number of shares so convertible and the period, if any, during which such conversion may be made, and provided the annual net income of the Corporation applicable to the Prior Preferred Stock dividend (as defined in the amended certificate of incorporation) is at least three times the annual dividends on all Prior Preferred Stock (and any other stock on an equality therewith) at the time outstanding, plus the shares issuable upon such conversions to the amount consented to by the Board of Directors.

The *Participating Preference Stock* is entitled to non-cumulative dividends, in

preference over the Common Stocks, up to \$7 per share in any calendar year, and to non-cumulative additional dividends hereinafter mentioned, on a parity with the Common Stocks, up to \$1 per share (but no more) in any calendar year, payable on such dates as the Board of Directors shall determine, but only if and when declared, and in the event of dissolution, to \$100 per share and dividends declared and unpaid, in preference over the Common Stocks. It is redeemable, in whole or in part, on the first day of any month upon 30 days' notice at \$110 per share, plus any dividends declared and unpaid.

No dividends may be paid on the Class A and Class B Common Stocks unless simultaneously therewith additional dividends are paid to the holders of the Participating Preference Stock as a class equal to the aggregate dividends paid on the Class A and Class B Common Stocks, until additional dividends shall be so paid on the Participating Preference Stock, aggregating, but never exceeding \$1 per share in any one calendar year.

Class A Common Stock: The Class A Common Stock is entitled to non-cumulative dividends in any quarterly period at the annual rate of \$1 per share before dividends are paid in the same quarter on the Class B Common Stock. After payment of dividends at a like rate per share on the Class B Common Stock in any quarterly dividend period, the Class A Common Stock participates equally with the Class B Common Stock, share for share, in any additional dividends. Dividends on the Class A Common Stock are subject, however, to the provisions with respect to additional dividends on the Participating Preference

Associated Gas and Electric System

Stock. The Class A Stock is non-callable and shares equally, share for share, with the Class B Common Stock on dissolution, liquidation or winding up. The Class A Stock is listed and traded in on the Boston Stock Exchange and the New York Curb Exchange. The range on the latter for 1929 to September 10, has been 31 high and 24 low.

The Transfer Agents and Registrars for the Class A Stock are as follows:

TRANSFER AGENTS

Company's Office
61 Broadway
New York City

State Street Trust Company
Boston, Massachusetts

REGISTRARS

Company's Office
61 Broadway
New York City

First National Bank of Boston
Boston, Massachusetts

The Prior Preferred Stock, the Cumulative

Preferred Stocks, the Participating Preference Stock and the Class A Common Stock are without par value and non-voting, except that the rate of dividends, the amount of preference in the event of liquidation, dissolution or winding up of the Corporation, or the redemption price or the rate of preferential dividends upon the Class A Common Stock may not be reduced, unless a majority of the number of shares of the class affected by the reduction, which are present at a meeting held for the purpose, vote in favor thereof, and except that the Corporation may not create any class of stock having priority over the Prior Preferred Stock in payment of dividends, in redemption or in the event of liquidation, dissolution or winding up, unless a majority of the number of shares of Prior Preferred Stock (including any other classes on an equality therewith), which are present at a meeting held for the purpose, vote in favor thereof.



APPENDIX I

Income Accounts of Associated Gas and Electric
Company and Subsidiaries

1924-1928

APPENDIX I

Comparative Consolidated Income Accounts of the Associated Gas and Electric Company and Subsidiaries, including therein the earnings of properties only since dates of acquisition

	Calendar Years				
	1924	1925	1926	1927	1928
GROSS EARNINGS:					
Electric	\$4,496,650.05	\$14,358,261.14	\$21,504,148.71	\$23,302,139.58	\$24,531,431.00
Gas	668,857.95	1,209,817.34	2,188,593.13	4,147,801.08	4,490,146.54
Water, Transportation, Heat and Miscellaneous	147,109.71	3,108,809.30	4,370,284.09	3,873,346.21	3,335,535.77
TOTAL	<u>\$5,312,617.71</u>	<u>\$18,676,887.78</u>	<u>\$28,063,025.93</u>	<u>\$31,323,286.87</u>	<u>\$32,357,113.31</u>
OPERATING EXPENSES, MAINTENANCE AND TAXES	3,497,206.47	11,080,384.03	15,521,978.16	18,264,654.74	18,290,276.40
NET EARNINGS	\$1,815,411.24	\$ 7,596,503.75	\$12,541,047.77	\$13,058,632.13	\$14,066,836.91
OTHER INCOME	345,955.33	774,259.09	1,220,262.03	3,973,454.32	3,934,755.50
GROSS INCOME	<u>\$2,161,366.57</u>	<u>\$ 8,370,762.84</u>	<u>\$13,761,309.80</u>	<u>\$17,032,086.45</u>	<u>\$18,001,592.41</u>
LESS FIXED CHARGES AND OTHER DEDUCTIONS OF SUBSIDIARY AND AFFILIATED COMPANIES	820,468.27	3,101,883.03	5,615,965.27	5,650,613.48	3,389,810.10
BALANCE	<u>\$1,340,898.30</u>	<u>\$ 5,268,879.81</u>	<u>\$ 8,145,344.53</u>	<u>\$11,381,472.97</u>	<u>\$14,611,782.31</u>
FIXED CHARGES AND OTHER DEDUCTIONS OF ASSOCIATED GAS AND ELECTRIC COMPANY:					
Interest on Funded Debt	\$ 148,568.46	\$ 971,924.71	\$ 1,904,988.85	\$ 2,893,426.54	\$ 4,978,479.74
Interest on Floating Debt	79,486.60	505,322.27	413,517.95	530,662.93	1,117,416.20
TOTAL FIXED CHARGES OF ASSOCIATED GAS AND ELECTRIC COMPANY.	<u>\$ 228,055.06</u>	<u>\$ 1,477,246.98</u>	<u>\$ 2,318,506.80</u>	<u>\$ 3,424,089.47</u>	<u>\$ 6,095,895.94</u>
NET INCOME AVAILABLE FOR RENEWALS AND REPLACEMENT RESERVES, DIVIDENDS AND SURPLUS	\$1,112,843.24	\$ 3,791,632.83	\$ 5,826,837.73	\$ 7,957,383.50	\$ 8,515,886.37
DIVIDENDS ON PREFERRED STOCK	284,371.75	828,673.77	1,662,153.57	3,453,507.02	3,512,636.95
BALANCE	<u>\$ 828,471.49</u>	<u>\$ 2,962,959.06</u>	<u>\$ 4,164,684.16</u>	<u>\$ 4,503,876.48</u>	<u>\$ 5,003,249.42</u>
LESS: RESERVED FOR RENEWALS AND REPLACEMENTS	289,414.19	1,036,112.55	1,627,193.10	1,698,731.00	1,830,454.52
BALANCE FOR FURTHER DIVIDENDS AND SURPLUS	\$ 539,057.30	\$ 1,926,846.51	\$ 2,537,491.06	\$ 2,805,145.48	\$ 3,172,794.90
DEDUCT—CLASS A PRIORITY DIVIDEND \$2.00 PER SHARE	*	456,496.19	607,760.13	975,714.08	1,473,118.93
REMAINDER OF INCOME FOR OTHER DIVIDENDS AND SURPLUS	—	<u>\$ 1,470,350.32</u>	<u>\$ 1,929,730.93</u>	<u>\$ 1,829,431.40</u>	<u>\$ 1,699,675.97</u>

*Class A not issued.

APPENDIX II

Comparative Consolidated Balance Sheets of Associated
Gas and Electric Company and Subsidiaries
December 31, 1924, to 1928, incl.

APPENDIX II

Comparative Consolidated Balance Sheet of Associated Gas and Electric Company and Subsidiary Companies December 31, 1924 to 1928, inclusive

ASSETS					
CAPITAL ASSETS:	1924	1925	1926	1927	1928
Plant, Property, Franchises and Cost of Acquiring Capital . . .	\$52,885,211.29	\$185,337,470.65	\$231,258,132.70	\$236,312,524.24	\$242,091,175.42
Investments (Including Invest- ments in and Advances (net) to Subsidiary and Affiliated Com- panies not included in the Con- solidation)	1,403,560.91	4,357,867.51	1,248,851.98	58,957,542.09	51,417,044.31*
TOTAL CAPITAL ASSETS . . .	\$54,288,772.20	\$189,695,338.16	\$232,506,984.68	\$295,270,066.33	\$293,508,219.73
CURRENT ASSETS:					
Cash, Call Loans and Special De- posits	4,074,005.19	4,031,089.84	9,047,200.91	5,717,510.94	7,013,643.71
Notes Receivable	164,057.28	117,564.22	34,512.47	589,254.58	147,694.28
Accounts Receivable:					
Consumers, less reserve	1,581,412.83	2,482,119.48	3,083,753.04	2,853,844.96	2,599,244.54
Miscellaneous	5,780.58	341,613.54	1,305,085.40	704,531.58	936,063.86
Due from Subscribers for Stocks and for Obligations Convertible into Stock	524,811.47	8,955,974.46	4,919,754.46	3,077,525.00	2,923,586.00
Materials and Supplies	1,100,900.86	3,078,148.02	3,164,174.97	2,926,419.38	2,555,911.57
TOTAL CURRENT ASSETS . . .	\$ 7,450,968.21	\$ 19,006,509.56	\$ 21,554,481.25	\$ 15,869,086.44	\$ 16,176,143.96
SINKING FUNDS FOR RETIREMENT OF BONDS	—	145,434.11	184,215.99	81,356.48	39,638.30
DEFERRED CHARGES:					
Prepaid Expenses	108,373.56	331,272.30	477,361.97	457,283.20	434,436.44
Miscellaneous Items in Suspense .	408,983.04	422,623.74	438,525.75	1,023,889.72	1,059,775.84
Unamortized Debt Discount and Expense	—	—	—	—	7,296,279.99
TOTAL DEFERRED CHARGES . . .	\$ 517,356.60	\$ 753,896.04	\$ 915,887.72	\$ 1,481,172.92	\$ 8,790,492.27
TOTAL ASSETS	\$62,257,097.01	\$209,601,177.87	\$255,161,569.64	\$312,701,682.17	\$318,514,494.26

* Stated net for purposes of comparison with previous years.

APPENDIX II

Comparative Consolidated Balance Sheet of Associated Gas and Electric
Company and Subsidiary Companies
December 31, 1924 to 1928, inclusive

LIABILITIES AND CAPITAL					
CAPITAL STOCK AND SURPLUS:	1924	1925	1926	1927	1928
Preferred Stocks—Stated at Liquidation Values	\$ 5,151,450.00	\$ 14,116,550.00	\$ 42,974,060.00	\$ 56,653,350.00	\$ 39,373,538.50
Class A and B Stocks—Liquidation Values, and Common Stock—Capital and Surplus	8,658,783.02	20,559,412.45	36,221,875.60	43,311,641.41	60,833,064.40
TOTAL CAPITAL STOCK AND SURPLUS	\$13,810,233.02	\$ 34,675,962.45	\$ 79,195,935.60	\$ 99,964,991.41	\$100,206,602.90
SUBSIDIARY AND AFFILIATED COMPANIES' STOCKS OUTSTANDING:					
Preferred Stocks	2,608,500.00	15,875,420.00	6,415,200.00	4,504,970.00	145,015.00
Common Stocks and Surplus Applicable Thereto	3,797,782.01	6,303,080.52	8,207.43	42,423.75	3,400.00
TOTAL SUBSIDIARY AND AFFILIATED COMPANIES' STOCKS OUTSTANDING	\$ 6,406,282.01	\$ 22,178,500.52	\$ 6,423,407.43	\$ 4,547,393.75	\$148,415.00
OBLIGATIONS WHICH ARE CONVERTIBLE INTO STOCK AT BOTH THE COMPANY'S AND HOLDERS' OPTION	230,600.00	26,519,157.50	16,407,900.00	17,396,167.50	16,332,548.43
FUNDED DEBT:					
Associated Gas and Electric Company	4,000,000.00	14,172,700.00	8,527,600.00	43,936,500.00	106,869,541.00
Subsidiary and Affiliated Companies	16,452,900.00	70,862,150.00	109,768,600.00	99,852,500.00	44,635,050.00
TOTAL FUNDED DEBT	\$20,452,900.00	\$ 85,034,850.00	\$118,296,200.00	\$143,789,000.00	\$151,504,591.00
PROPERTY PURCHASE AND STOCK CONTRACT OBLIGATIONS	5,799,417.44	11,377,576.25	1,385,827.00	2,393,724.00	1,986,483.81
CURRENT LIABILITIES:					
Notes Payable	6,170,900.79	8,415,077.38	8,097,316.67	20,717,066.55	21,893,837.93
Accounts Payable	1,261,632.67	1,935,201.00	2,806,616.43	1,400,721.82	1,439,869.26
Bonds Called for Redemption	—	—	—	—	1,948,863.00
Accrued Interest, Dividends and Miscellaneous Accounts	462,565.88	1,874,964.65	2,811,117.23	3,469,747.48	3,521,729.62
Accrued Taxes	419,829.70	746,079.24	1,232,918.12	1,461,324.66	1,610,466.41
TOTAL CURRENT LIABILITIES	\$ 8,314,929.04	\$ 12,971,322.27	\$ 14,947,968.45	\$ 27,048,860.51	\$ 30,414,766.22
CONSUMERS' DEPOSITS	627,228.41	1,218,991.37	1,648,526.35	1,861,373.82	1,950,523.59
RESERVES:					
Renewals, Replacements and Retirement of Property	5,302,581.32	12,319,507.83	14,279,659.45	12,702,032.63	14,439,574.63
Other Reserves	1,312,925.77	3,305,309.68	2,576,145.36	2,998,138.55	1,530,988.68
TOTAL RESERVES	\$ 6,615,507.09	\$ 15,624,817.51	\$ 16,855,804.81	\$ 15,700,171.18	\$ 15,970,563.31
TOTAL LIABILITIES AND CAPITAL	\$62,257,097.01	\$209,601,177.87	\$255,161,569.64	\$312,701,682.17	\$318,514,494.26

Harris, Forbes & Company

INCORPORATED

HARRIS FORBES BUILDING

24 FEDERAL STREET

BOSTON

Harris, Forbes & Company
Pine Street, corner William
New York

Bond Department
Harris Trust & Savings Bank
Chicago

Harris, Forbes & Co., Ltd.
77 Cornhill
London, E. C. 3

Harris, Forbes & Co., Ltd.
21 St. John Street
Montreal

Harris, Forbes & Co., Ltd.
King and Yonge Streets
Toronto

Correspondent Offices of Harris, Forbes & Co., Inc., Boston

Providence, Rhode Island
440 Hospital Trust Building

Springfield, Massachusetts
Third National Bank Building

Worcester, Massachusetts
207 Slater Building

Correspondent Offices of Harris, Forbes & Company, New York

Albany, New York
13 North Pearl Street

Atlanta, Georgia
810 Atlanta Trust Co. Building

Baltimore, Maryland
309 Keyser Building

Bethlehem, Pennsylvania
401 First National Bank Building

Buffalo, New York
802 Ellicott Square

Cincinnati, Ohio
2304 Union Central Building

Cleveland, Ohio
1539 Union Trust Building

Columbus, Ohio
1125 Huntington Bank Building

Harrisburg, Pennsylvania
606 Mechanics Trust Building

Hartford, Connecticut
36 Pearl Street

Lancaster, Pennsylvania
405 Agricultural Trust Building

Newark, New Jersey
316-318 Kinney Building

New Orleans, Louisiana
827 Hibernia Bank Building

Philadelphia, Pennsylvania
1118 Widener Building

Pittsburgh, Pennsylvania
1105 Commonwealth Building

Reading, Pennsylvania
526 Washington Street

Rochester, New York
914 Lincoln-Alliance Bank Bldg.

Syracuse, New York
1002 Hills Building

Troy, New York
11 State Street

Uniontown, Pennsylvania
705 Fayette Title and Trust Co. Bldg.

Washington, District of Columbia
Ground Floor, Woodward Building

Wilkes-Barre, Pennsylvania
848 Miners Bank Building

Williamsport, Pennsylvania
740 Grace Street

Representatives of Bond Department, Harris Trust & Savings Bank, Chicago

Davenport, Iowa
419 First National Bank Building

Des Moines, Iowa
406 Iowa National Bank Building

Detroit, Michigan
1212 Penobscot Building

Grand Rapids, Michigan
531 Michigan Trust Building

Houston, Texas
2001 Second National Bank Building

Indianapolis, Indiana
1212 Merchants Bank Building

Kansas City, Missouri
1214 Scarritt Building

Los Angeles, California
410 Van Nuys Building

Milwaukee, Wisconsin
702 First Wisconsin National Bank Bldg.

Minneapolis, Minnesota
801 First National Soo Line Building

Omaha, Nebraska
812 First National Bank Building

Pasadena, California
726 Pacific Southwest Bank Building

St. Louis, Missouri
919 National Bank of Commerce Bldg.

Saint Paul, Minnesota
605 Pioneer Building

San Diego, California
733 John D. Spreckels Building

San Francisco, California
560 Mills Building

Seattle, Washington
1700 Northern Life Tower