

Clarkeson & Co.

and
 Wm. C. Weisbrod
 Bankers,
 43 Exchange Place
 New York

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 \$39.71

[July 1, 1911]

WE OFFER THE FOLLOWING.
 Subject to sale or change in price.

\$3,500,000.

Government Bonds,
 Bonds for investment by Banks,
 Savings Institutions, Trustees,
 Executors, Administrators,
 and careful private
 investors.
 Letters of credit payable in all
 parts of the world.

FIRST MORTGAGE SERIAL **5 0/0** SINKING FUND GOLD BONDS
 ISSUED BY THE

ELKHORN COAL AND LUMBER COMPANY

Dated July 1st, 1911. Callable at 107 1/2% and interest at any interest date after July 1st, 1921, upon three months prior notice.

Series	Amount	Payable	July 1st	1921	at 107 1/2%	and interest
"A"	\$700,000.	"	"	1921	"	"
"B"	"	"	"	1926	"	"
"C"	"	"	"	1931	"	"
"D"	"	"	"	1936	"	"
"E"	"	"	"	1941	"	"

Coupon bonds \$100, \$500 and \$1,000 each, with privilege of Registration as to Principal.
 Principal and Semi-Annual interest payable in New York at the office of the
NEW YORK TRUST COMPANY, Trustee.

SECURITY

We summarize the salient features, which are fully set forth in the accompanying letter of Charles W. Kohlsaas, President of the Company as follows:

This issue is secured by all the property of the Company comprising 40,800 acres of coal and timber lands, in one body, located near the towns of Hazard and Hyden in the Counties of Perry and Leslie, State of Kentucky, accessible by siding to the Louisville and Nashville Railroad; including coal plant, lumber plant, railroad and equipment to be installed upon property, and all future real and personal assets acquired by the Company.

INTRINSIC VALUATION OF SECURITY.

40,800 acres contain 499,392,000 net tons of coal (2240 lbs.) for market above drainage level	(3c. per ton in ground, value used by U. S. Government Geological Survey as basis of conservative valuation of coal lands.)	\$14,981,760.
36,720 acres standing merchantable timber	220,320,000 board ft.	8,537,400.
3,672,000 Standard R. R. ties		734,400.
Coal plant to mine 3000 tons per day, cost of installation		190,000.
Lumber plant to cut 100,000 board ft. per day, cost of installation		130,000.
20 miles R. R. and equipment cost installation		250,000.
Store bldg. fixtures, stock, supt., miners houses, etc. to cost		100,000.
Total intrinsic valuation of property		\$24,923,560.
Total bonded debt to be issued at present		3,500,000.
Margin beyond bonded debt outstanding		21,423,560.

This valuation is equal to more than 6 3/4 times the outstanding bonded debt and is substantially in excess of the entire authorized bonded debt of \$5,000,000.

INCOME.

With completion of the coal plant the annual net earnings per installation above cost of production will be	450,000.
With completion of the lumber plant the annual net earnings per installation above cost of production will be	968,750.
Estimated net income of Company's stores will be	50,000.
Total	1,468,750.
Less interest, Sinking Fund and all fixed or contingent charges	483,750.
Surplus	\$ 985,000.

SINKING FUND.

A Sinking Fund of 2 1/2c. per ton of coal mined and 1/8c. per foot of lumber cut beginning July 1st, 1913, payable to the Trustee semi-annually is provided for in the Mortgage or Deed of Trust, it is also provided that no additional bonds of the Company are to be issued for any purpose whatever until at least 5,000 tons of coal and 150,000 feet of lumber are produced daily.

This liberal Sinking Fund provision amounting to **\$642. per acre** for redemption of bonds is provided and deposited with the Trustee against an outstanding bonded indebtedness of **\$83.34 per acre** including improvements.

As the Sinking Fund accumulates it will be invested by the Trustee in the bonds of the Company. Holders of the bonds will be asked each year after July 1st, 1921 through public advertisements to tender bonds to the Trustee for purchase. After which date, if the number of bonds tendered does not equal in amount the available Sinking Fund, the Trustee will call by lot at 107 1/2% and interest upon three months prior notice such a number as are to be purchased. Bonds purchased by the Trustee from the proceeds of the Sinking Fund will be cancelled.

In addition to the above after July 1st, 1913 the Company is to deposit each year with the Trustee for the Sinking Fund 3/4 of 1% of the entire outstanding bond issue, which exclusive of the coal and lumber provision will liquidate the present offering of bonds in **25 years.**

PRICE SUBJECT TO PRIOR SALE TO NET OVER 5 3/4 0/0.

If redeemed prior to maturity they will yield a proportionately greater rate.

These bonds have our recommendation.

Reservations may be wired at our expense.