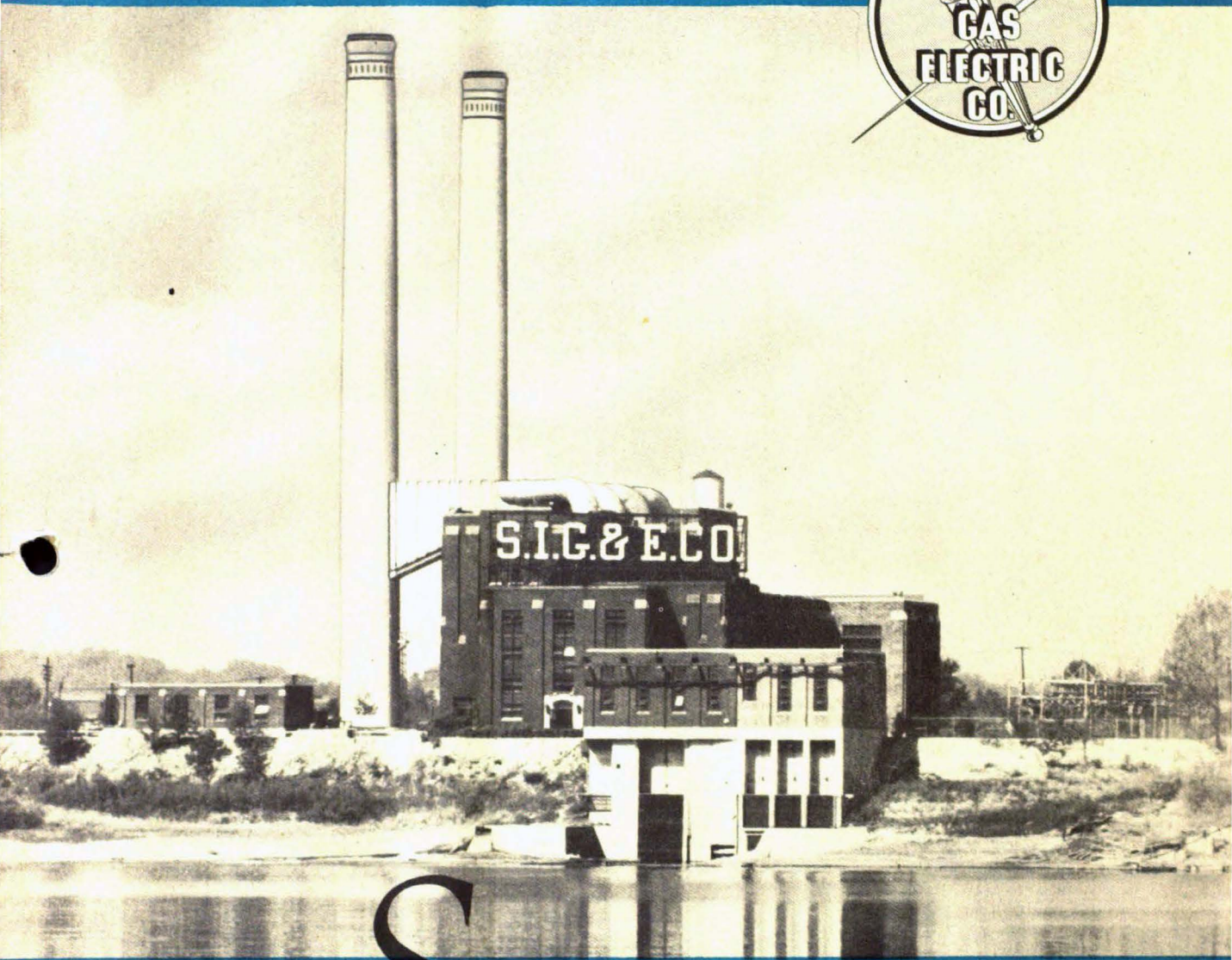


ANNUAL REPORT • 1946



SOUTHERN INDIANA
GAS AND ELECTRIC COMPANY

DIRECTORS

W. H. BARTHOLD..... Peoria, Ill.
W. E. BLAKELEY..... New York, N.Y.
G. H. BOURNE..... New York, N.Y.
J. A. BROWN..... New York, N.Y.
F. B. CULLEY..... Evansville, Ind.
C. B. ENLOW..... Evansville, Ind.
C. B. FROELICH..... Evansville; Ind.
H. C. KLEYMEYER..... Evansville, Ind.
E. F. ORTMAYER..... Evansville, Ind.
C. E. OSWALD..... Evansville, Ind.
JUSTIN R. WHITING..... New York, N.Y.

OFFICERS

J. A. BROWN..... *President*
F. B. CULLEY..... *Executive Vice-President*
G. H. BOURNE..... *Comptroller*
C. E. OSWALD..... *Secretary*
C. B. FROELICH..... *Treasurer*
G. R. WOehler..... *Asst. Secy. and Asst. Treas.*
E. E. NELSON..... *Asst. Secy. and Asst. Treas.*
E. C. WILKINS..... *Asst. Secy. and Asst. Treas.*
C. WIGAND..... *Assistant Treasurer*

TRANSFER AGENTS *For Preferred Stock*

Office of the Company..... Evansville 3, Ind.
Agents of the Company..... 120 Wall St.,
New York 5, N.Y.

REGISTRARS *For Preferred Stock*

The National City Bank..... Evansville 9, Ind.
Bankers Trust Company..... New York 15, N.Y.



EVANSVILLE 3, INDIANA

THIS report and accompanying financial statements are submitted for information of stockholders, and are not intended for use in connection with any sale or purchase of, or any offer or solicitation of offers to buy or sell, any securities; neither do they constitute any part of the proxy solicitation material mailed to stockholders in the same envelope.

Evansville, Indiana,
February 24, 1947.

TO THE STOCKHOLDERS OF
SOUTHERN INDIANA GAS AND ELECTRIC COMPANY:

The Evansville area has been fortunate in the ready reconversion of its industries to the manufacture of civilian goods. Certain war plants have been taken over by enterprises engaged in large scale production for nation wide distribution, and numerous small wartime businesses have continued in new fields.

Gross revenues of the Company for the year 1946 amounted to \$7,750,764, a slight reduction below total revenues for 1945. There was a substantial decrease in the sale of electricity to manufacturing industries in the first half of the year but commencing in July, increases in sales and revenue over the previous year were recorded in growing volume, month by month. This steady improvement reflected both the changeover in industry to peacetime operations and the substantial business development which is under way in Evansville and adjacent territory.

Reductions in certain classes of electric and gas rates were made by the Company as of April 1, 1946, under the direction of the Public Service Commission of Indiana, estimated to amount to approximately \$250,000 a year.

Along with an increase in the number of customers, the volume of electric and gas sales to the several classes of customers reached new totals, except for the sale of electric power to industry. The average number of kilowatt hours of electricity used by the Company's residential customers was also greater than in the previous year. The number of bus passengers carried continued at a high level.

With an increased payroll and higher cost of fuel and other materials and supplies, operating expenses were greater by \$269,638 than in 1945. Wages and salaries, natural gas, and coal used to generate electricity represent the larger items of operating costs.

Taxes remain one of the largest items of expense, although certain Federal wartime taxes were repealed effective at the beginning of the year. Total taxes for the support of local, state and federal governments amounted to \$1,669,183 for 1946. The Company charged \$1,657,968 to tax account as shown in the income statement on page 18, and \$11,215 to various other accounts.

There is a marked impetus to industrial, commercial and building activity in this territory, which should contribute to increased business for the Company, and for which additional service facilities are being provided.

The part played by the employees in the Company's operations and in maintaining satisfactory relations between Company, customer and community, is of first importance. On behalf of the directors and officers, it is a pleasure to express commendation to the employees for the results accomplished during the year.

By order of the Board of Directors.

F. B. CULLEY
Executive Vice-President

J. A. BROWN
President



DEVELOPMENT OF PEACETIME BUSINESS

The ability of the augmented wartime industries to carry on in peacetime production has meant that a large number of the people who came to work in this territory in recent years, have remained.





There has thus been presented a considerable problem to provide homes for the increase in the population. Building permits for 915 single and multiple dwelling units, valued at \$2,760,000 were issued in the Evansville area in 1946, with some 250 units completed. Additional housing for 2500 families is presently required.

This type of growth, in addition to producing gains in electric and gas sales to expanding manufacturing and retail trade, creates new sources of residential business. There is a widening field of uses for electricity in the home, and most housing under way is designed for gas heating. During the past year, 1537 house heating installations were made, bringing the total to 3430 gas heated homes and business establishments served by the Company.




The Company serves 74% of the farms in its territory with electricity, as compared with a national average of 63%. At the close of 1946, electric service had been extended to 95% of the farms in Vanderburgh County, in which Evansville is located. The use of electricity in the farm household and its application to farm operations has shown a steady growth during the year.

There is still a short supply in many items of appliance merchandise and electrical equipment for homes and farms and for commercial use. The Company resumed the sale of merchandise appliances during the year as they became available from the manufacturers. Total sales of electric and gas appliances amounted to \$563,890 as compared with \$211,873 in 1945. This year should see a greater choice of appliances on the market, to replace those which have outlived their normal life in recent years and to fill the needs of the many new homes to be built.

SOURCE OF REVENUE

	1946	% of Total Revenue	1945	% of Total Revenue
Received From Sale of				
Electricity 	\$4,588,600	59.20	\$4,685,605	60.31
Natural Gas 	1,486,629	19.18	1,334,041	17.17
Transportation 	1,305,602	16.85	1,349,187	17.37
Steam Heating, Water and Other Income 	369,933	4.77	399,896	5.15
Total	\$7,750,764	100.00	\$7,768,729	100.00

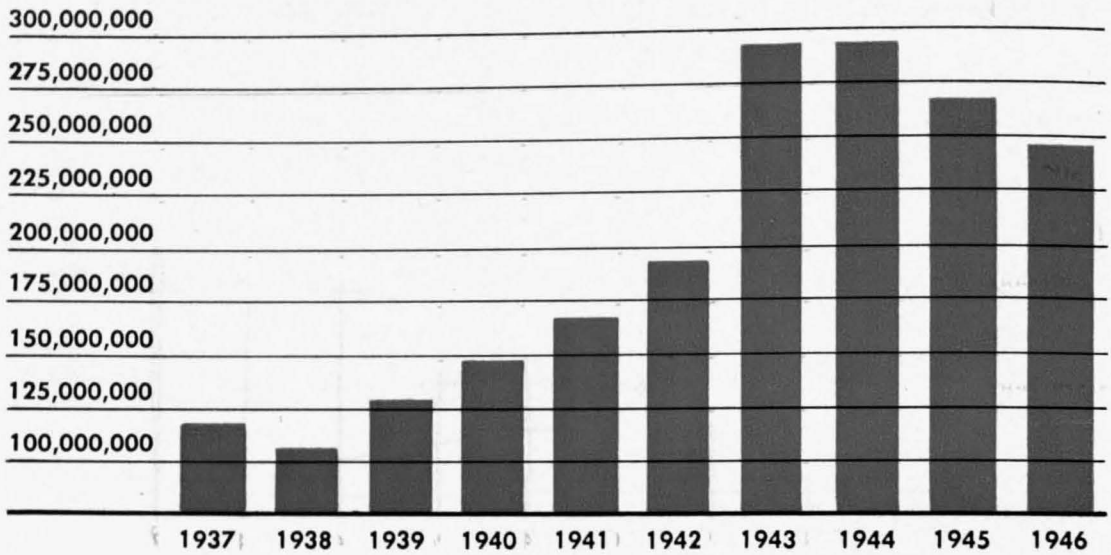
DISPOSITION OF REVENUE

	1946	Cents Per Revenue Dollar	1945	Cents Per Revenue Dollar
Wages and Salaries to employees, including cost of pensions and group insurance 	\$1,718,452	22.17	\$1,537,057	19.79
Purchase of Natural Gas	598,287	7.72	511,124	6.58
Coal Consumed 	487,808	6.29	501,634	6.46
Materials, Supplies and Other Expenses	638,697	8.24	623,791	8.03
Depreciation and Amortization of Plant	794,093	10.25	771,728	9.93
Taxes—Federal, State and Local 	1,657,968	21.39	2,544,372	32.75
Interest and Other Income Deductions	261,006	3.37	278,454	3.58
Preferred Stock Dividends	412,296	5.32	412,296	5.31
Common Stock Dividends	800,000	10.32	450,000	5.79
Balance retained for future needs	382,157	4.93	138,273	1.78
Total	\$7,750,764	100.00	\$7,768,729	100.00



Growth in Sales of Electricity

KILOWATT HOURS SOLD:



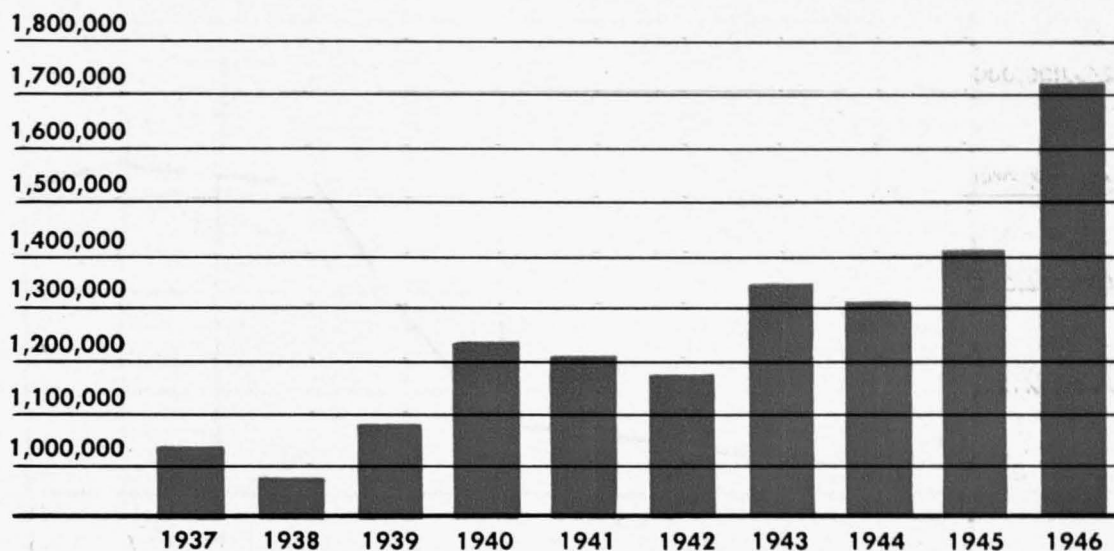
ELECTRICAL OPERATING STATISTICAL DATA

ELECTRIC:	1946	1945	Increase or Decrease*	Per Cent Increase or Decrease*
<i>Sales in kilowatt hours—</i>				
Residential.....	52,803,267	48,451,842	4,351,425	8.98
Commercial Light and Power.....	55,866,947	48,560,732	7,306,215	15.05
Industrial.....	129,944,672	165,479,451	<i>35,534,779*</i>	<i>21.47*</i>
Other.....	7,447,179	7,233,543	213,636	2.95
Total.....	<u>246,062,065</u>	<u>269,725,568</u>	<u>23,663,503*</u>	<u>8.77*</u>
<i>Revenue from sales—</i>				
Residential.....	\$1,693,683	\$1,645,473	\$ 48,210	2.93
Commercial Light and Power.....	1,297,910	1,159,013	138,897	11.98
Industrial.....	1,454,189	1,743,711	<i>289,522*</i>	<i>16.60*</i>
Other.....	142,818	137,408	5,410	3.94
Total.....	<u>\$4,588,600</u>	<u>\$4,685,605</u>	<u>\$ 97,005*</u>	<u>2.07*</u>
<i>Customers served at end of year—</i>				
Residential.....	42,768	40,922	1,846	4.51
Commercial Light and Power.....	5,948	5,324	624	11.72
Industrial.....	107	107	—	—
Other.....	12	12	—	—
Total.....	<u>48,835</u>	<u>46,365</u>	<u>2,470</u>	<u>5.33</u>
Kilowatt hours per residential customer—average....	1,263	1,192	71	5.96
Average rate per kilowatt hour—residential—cents..	3.21	3.40	.19*	5.59*

*Decrease shown in Italics.

Growth in Sales of Gas

GAS SALES IN THOUSANDS OF CUBIC FEET:

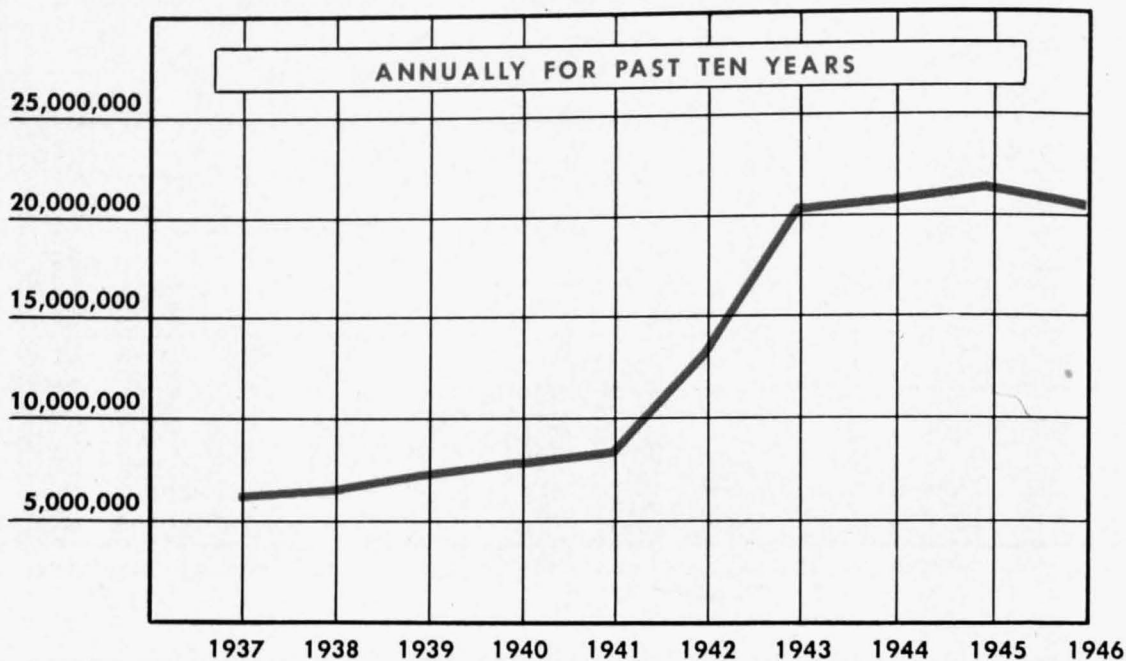


GAS OPERATING STATISTICAL DATA

GAS:	1946	1945	Increase or Decrease*	Per Cent Increase or Decrease*
<i>Sales in cubic feet—</i>				
<i>Domestic</i>	646,092,600	612,305,400	33,787,200	5.52
<i>Space Heating</i>	423,522,800	376,130,600	47,392,200	12.60
<i>Commercial and Industrial</i>	637,280,000	413,274,900	224,005,100	54.20
<i>Other</i>	5,773,000	6,294,900	<i>521,900*</i>	<i>8.29*</i>
<i>Total</i>	<u>1,712,668,400</u>	<u>1,408,005,800</u>	<u>304,662,600</u>	21.64
<i>Revenue from sales—</i>				
<i>Domestic</i>	\$ 794,617	\$ 791,497	\$ 3,120	.39
<i>Space Heating</i>	274,872	238,171	36,701	15.41
<i>Commercial and Industrial</i>	414,057	301,035	113,022	37.54
<i>Other</i>	3,083	3,338	<i>255*</i>	<i>7.64*</i>
<i>Total</i>	<u>\$1,486,629</u>	<u>\$1,334,041</u>	<u>\$152,588</u>	11.44
<i>Customers served at end of year—</i>				
<i>Domestic</i>	25,567	26,445	<i>878*</i>	<i>3.32*</i>
<i>Space Heating</i>	3,429	1,892	1,537	81.24
<i>Commercial and Industrial</i>	1,473	1,334	139	10.42
<i>Total</i>	<u>30,469</u>	<u>29,671</u>	<u>798</u>	2.69

*Decrease shown in Italics.

REVENUE BUS PASSENGERS CARRIED



Transportation service, as measured by the 20,456,799 revenue passengers carried in 1946, exceeded all but the two heaviest wartime years, and was more than double the highest prewar year. This service was furnished by a fleet of 84 gasoline-powered buses, and was maintained in the face of shortages of repair parts and accelerated wear on equipment caused by the heavy traffic demands. The replacement of older equipment in 1946 by 9 new buses of larger capacity and 15 new buses promised for delivery in 1947, should assist in relieving the situation.

STEAM HEATING

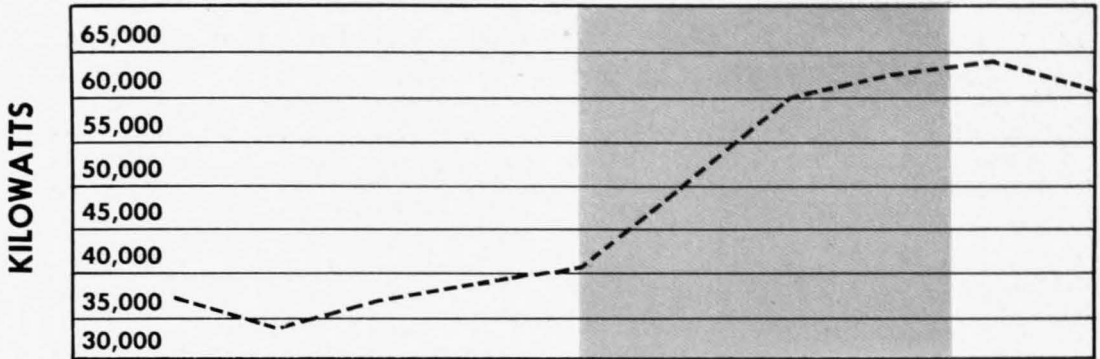
Steam heating service, supplied in the Evansville business district to 352 customers, principally stores, office buildings and public establishments, showed a decrease from 1945, due to milder weather conditions during the heating season.

PEAK LOAD COMPARISONS

1937-1941

1942-1945

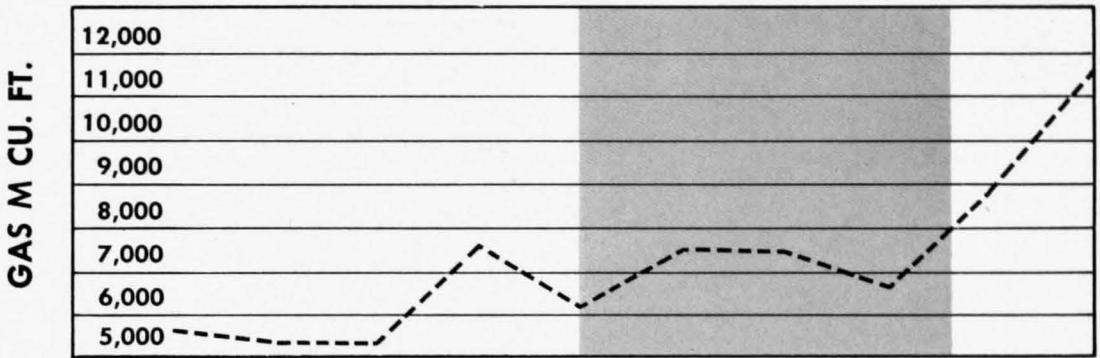
1946



ELECTRIC OPERATIONS

A new peacetime hourly peak load of 61,960 kilowatts was reached on December 10, 1946 and confirms the re-establishment and growth of

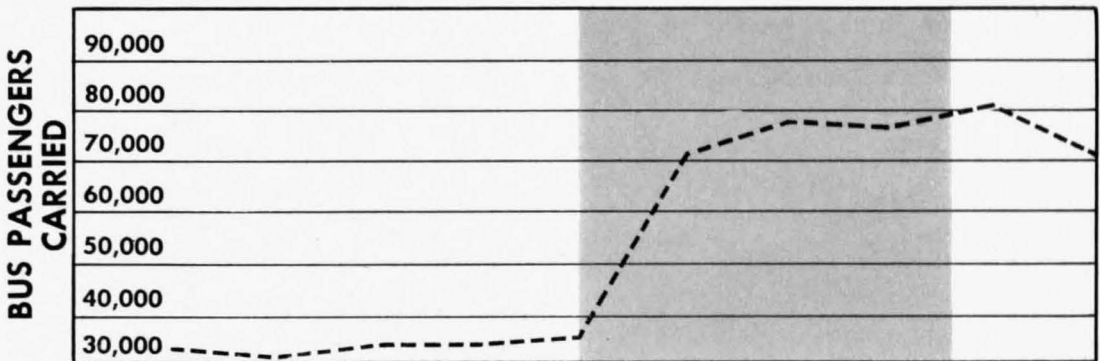
peacetime business. The chart above portrays the Company's substantial progress as measured by electric demand over the past ten years.



GAS OPERATIONS

The chart above indicates, for each year commencing with 1937, the daily peak load on the gas distribution system supplying Evansville and Newburgh. Growth in number of customers, increased use for house heating and in-

dustrial processes, and weather conditions are factors in the day's sendout. When viewed in conjunction with the over-all growth of annual sales as shown on page 5, the trend indicates a favorable outlook for future development.



TRANSPORTATION OPERATIONS

The chart above depicts the maximum number of revenue bus passengers carried in one day for each of the ten years, showing the

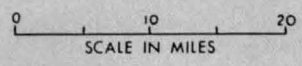
effect of wartime industry traffic and the continued heavy demand for bus service in 1946 as compared with 1941 and prior years.

INDIANA

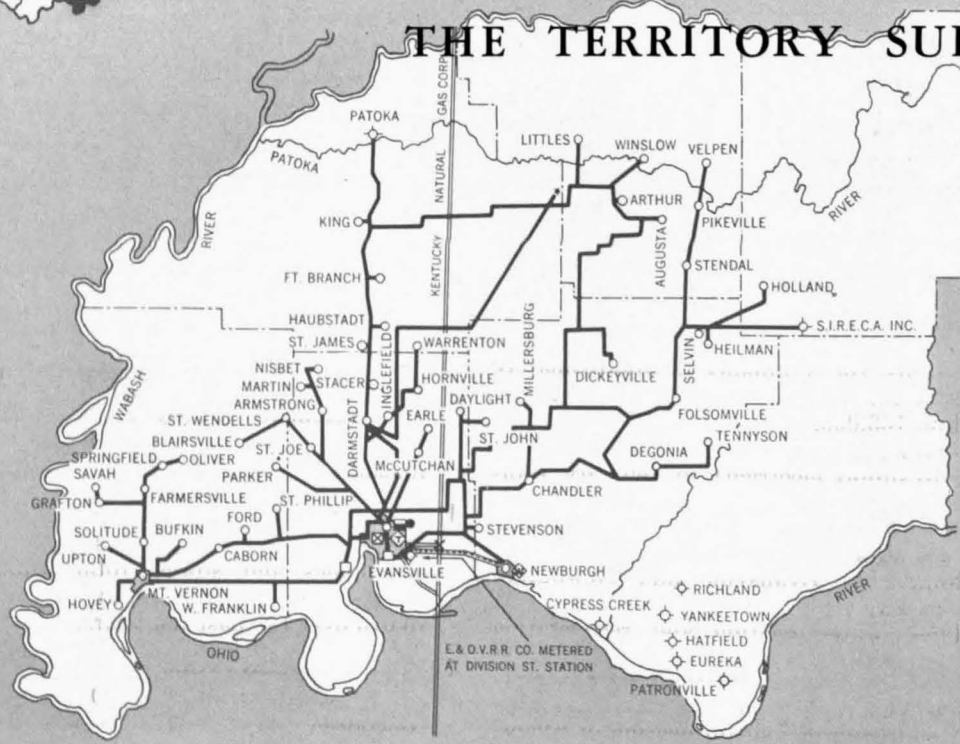


LEGEND

- ELECTRIC TRANS. AND DIST. LINES
- STEAM ELECTRIC PLANT
- ELECTRIC SERVICE — RETAIL
- ◇ ELECTRIC SERVICE — WHOLESALE
- ⊠ STEAM HEATING SERVICE
- ★ EMERGENCY INTERCONNECTION WITH P.S. CO. OF IND., INC.
- GAS PLANT
- GAS SERVICE
- ◇ TRANSPORTATION
- ◇ WATER SERVICE
- NATURAL GAS PIPE LINES (Other Companies)
- NATURAL GAS PIPE LINES (Company)
- × PIPE LINE METER LOCATION

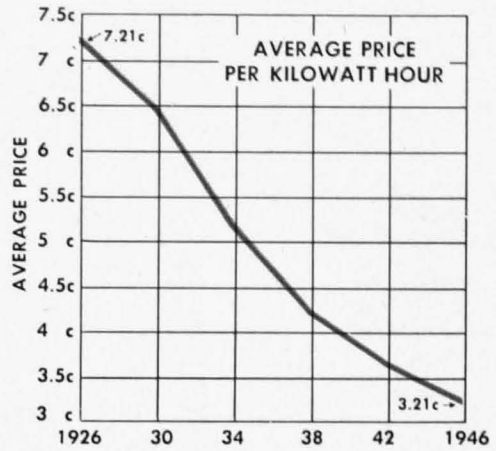
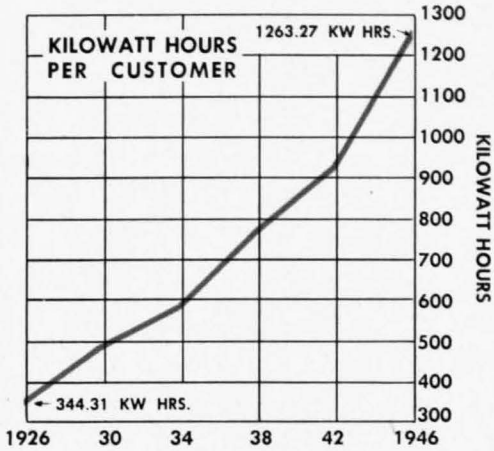


THE TERRITORY SUPPLIED



K E N T U C K Y

AVERAGE ANNUAL USE OF ELECTRICITY AND AVERAGE PRICE PAID BY RESIDENCE CUSTOMERS



Use of electricity by the Company's 42,768 residential and farm customers increased to an average of 1263 kilowatt hours for 1946, compared with 1192 kilowatt hours

in 1945. In contrast to generally higher living costs, the Company supplied this service at a new low average of 3.21c per kilowatt hour.

WITH UTILITY SERVICES BY THE COMPANY

ELECTRIC SERVICE AREA

The Company supplies electric service directly to 53 southern Indiana cities and towns, including Evansville, Newburgh, Mt. Vernon, Winslow and Fort Branch, and in a six-county rural area as shown by the map. Electricity is also supplied at wholesale to three distributing agencies serving 18 communities and rural areas with approximately 2000 customers. Total area served by the Company is approximately 1000 square miles, with a population exceeding 160,000.

Work is under way on the extension of lines to supply electricity to Tell City, Can-

nelton, Troy and adjacent areas, and to increase the power supply to a rural co-operative now serving approximately 1300 farm and other rural customers in Perry and Spencer Counties.

Industrial development has resulted in a 104.20% increase in industrial power and lighting sales over the ten year period ending with 1946, and the Company has added 15,476 electric customers during this time.

Customers directly served with electricity as of December 31, 1946, numbered 48,835.

GAS SERVICE AREA

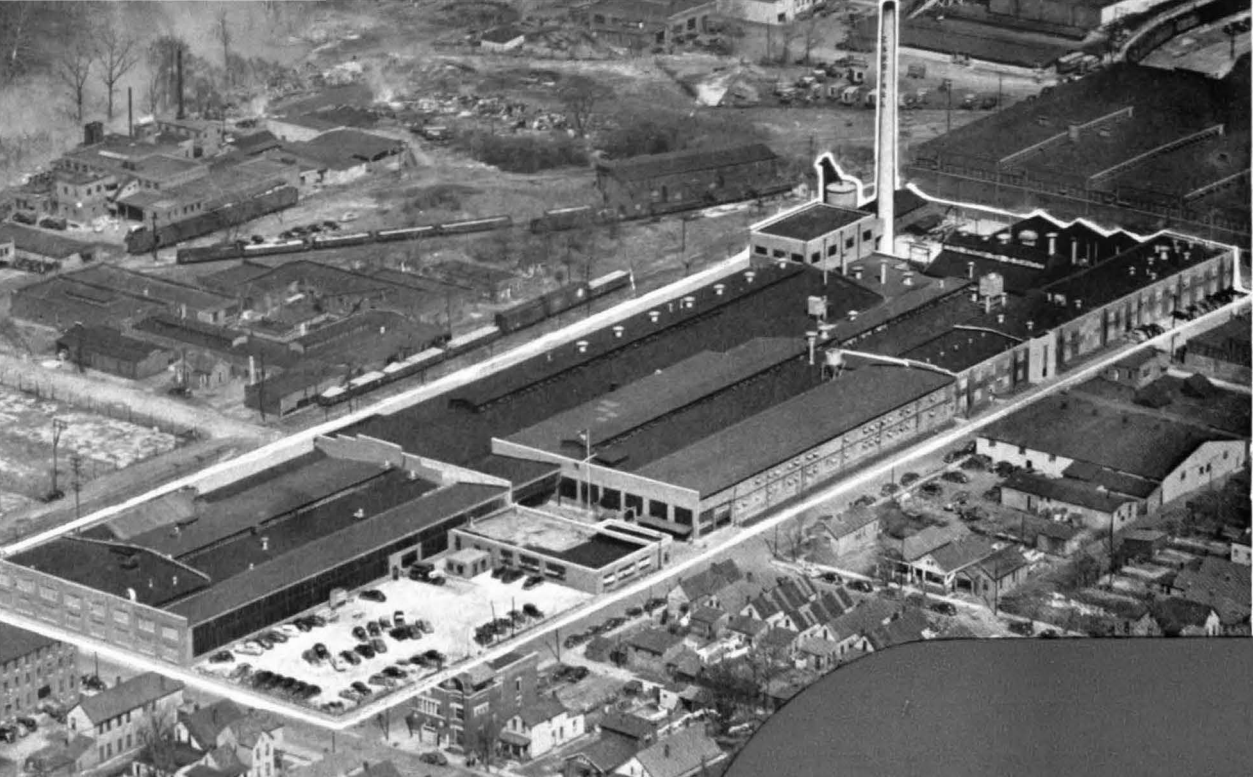
Natural gas service is supplied to 30,469 customers in Evansville and Newburgh. Residential customers for such services as cooking, water heating and refrigeration

total 25,522. Gas heating customers, including homes and stores, total 3,430. The number of gas customers has increased by 10,076 over the past ten years.

TRANSPORTATION AND OTHER SERVICES

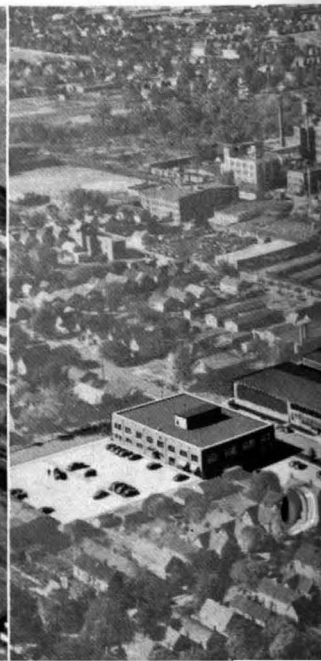
Bus transportation is supplied in Evansville and environs; steam heating in Evans-

ville; and water service to 405 customers in Newburgh.



SERVING A
VARIETY OF
INDUSTRIES

Illustrated are upper left, HOOSIER CARD
HARVESTER CO.; lower center, INTER





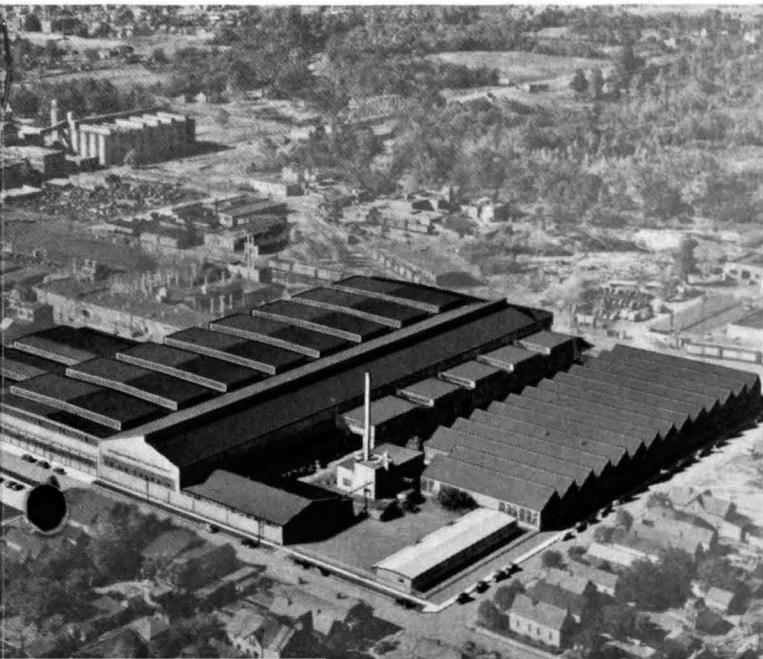
A favorable and stabilizing characteristic of the industrial structure in the area served by the Company lies in the diversified nature of products manufactured. This diversity makes for more stable operations and is reflected in steadier local employment which, in turn, benefits the Company's residential and commercial business.

Among the names of industries served by the Company are American Fork and Hoe, Briggs, Bucyrus-Erie, Chrysler, Hoosier Cardinal, Igleheart (General Foods), International Harvester, Servel, Seeger (Refrigerators), and Swift, and among the Company's coal mining customers, Ayrshire, Blackfoot, Ingle, Sunlight, and Tecumseh.

The sources of the Company's industrial electric revenue for 1946 are indicated in the following tabulation of the types of business served:

Automobile and Automobile Equipment.....	\$ 97,384
Coal Mining.....	317,667
Electric and Gas Refrigeration Mfgs.....	397,512
Food Stuffs and Tobacco.....	160,334
Ice and Refrigeration.....	51,460
Iron and Steel Manufacture.....	31,925
Lumber and Wood Products.....	47,639
Machinery, Apparatus and Metal Products.....	195,162
Oil—Oil Refining.....	38,656
All Other.....	116,450
Total.....	\$1,454,189

NAL CORP.; upper right, SERVEL, INC.; lower left, INTERNATIONAL NATIONAL STEEL CO.; lower right, CHRYSLER CORPORATION.



GENERAL

At the close of the year there were 754 men and women employed by the Company.

The Company's Pension Plan was amended during the year with the approval of the stockholders, to extend the age limits in computing pensions for past service for older employees, to correspond with the age limits for which credit is given under the Plan to new employees.

The Company actively promotes year-round safety programs in all operating departments, and in May received an award from the American Transit Association for achievements in traffic and passenger safety by the Transportation Department in the year 1945. A program of safe driving awards for the bus operators was instrumental in winning this distinction, and carries with it tangible benefits to the Company in reduction of claims and damage to equipment.

On March 8, 1946, the Company entered into a contract with Local Union B-702 of the International Brotherhood of Electrical Workers (A.F.L.) covering employees in the electric, gas, steam heating and water departments, except supervisory and clerical workers, with respect to rates of pay, hours of work and other conditions, to continue in effect until October 1, 1946 with automatic renewal from year to year. The Union reopened the contract, upon due notice, and all matters under discussion were agreed

upon except wages, which were settled by arbitration on February 15, 1947.

A new agreement, effective August 1, 1946, and covering rates of pay, hours of work and other conditions of employment, was entered into after submission to arbitration, with Local 878 of the Amalgamated Association of Street and Electric Railway and Motor Coach Employees of America, Inc. (A.F.L.), representing all employees of the Bus Transportation Department, except office, clerical and supervisory employees.

The Commonwealth & Southern Corporation, owner of this Company's common stock, filed application with the Securities and Exchange Commission in February, 1947, as a part of an over-all holding company reorganization plan, for approval of an offer of exchange of the shares of the common stock of this Company and of shares of the common stocks of Consumers Power Company and Ohio Edison Company, which are also subsidiaries of Commonwealth, for shares of Commonwealth's preferred stock. At this writing, the matter has not been concluded. If and when this plan or some modification thereof is made completely effective, this Company will no longer be a subsidiary of the Commonwealth & Southern Corporation.

As of December 31, 1946, the number of preferred stockholders totalled 2542, of whom 1454 were residents of Indiana.

[13]

Preliminary work is also scheduled for this year on the installation of an additional boiler and steam turbine-generator unit of 20,000 kilowatt rated capacity in the Ohio River Station, including the construction of a building addition to accommodate the new units. Upon the completion of this installation, which will take a matter of two years or so because of the time required to obtain delivery of the generating equipment, the station will have a rated electric generating capacity of 92,500 kilowatts.

Illustrated here is the present Ohio River Station turbine room.



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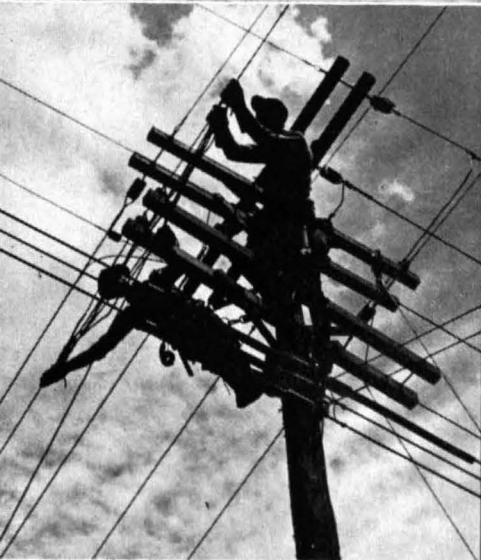
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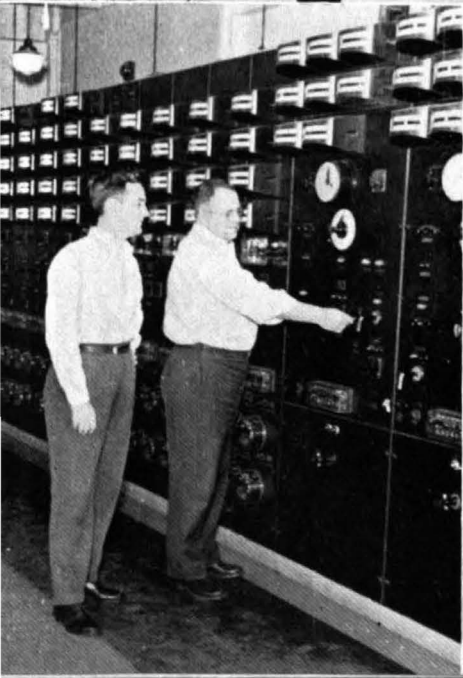
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Illustrated here is the present Ohio River Station turbine room.





The Southern Indiana Gas and Electric Company is not only an elaborate system of power plants, substations, transmission lines and mains, machinery, equipment and offices; these are but the inanimate things which need the brains, hands and spirit of loyal men and women to manufacture and deliver the products we sell.



ARTHUR ANDERSEN & COMPANY

Accountants and Auditors

506 OLIVE STREET
ST. LOUIS 1

To the Board of Directors,
Southern Indiana Gas and Electric Company:

We have examined the balance sheet of SOUTHERN INDIANA GAS AND ELECTRIC COMPANY (an Indiana corporation) as of December 31, 1946, and the statements of income and earned surplus for the fiscal year then ended, have reviewed the system of internal control and the accounting procedures of the company and, without making a detailed audit of the transactions, have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and related statements of income and earned surplus present fairly the position of Southern Indiana Gas and Electric Company at December 31, 1946, and the results of its operations for the year ended that date, and are in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR ANDERSEN & CO.

*St. Louis, Missouri,
January 25, 1947.*

SOUTHERN INDIANA GAS

BALANCE SHEET

ASSETS

UTILITY PLANT:

At original cost, including organization expenses of \$12,401.09	\$21,699,349.21	
Cost in addition to original cost (plant acquisition adjustments)—see reserve	1,295,400.76	\$22,994,749.97

INVESTMENTS:

Capital stock of mutual service company, at cost	15,500.00
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CURRENT ASSETS:

Cash	\$ 313,270.73	
U.S. Government securities at cost or current redemption value	3,283,852.00	
Accounts and interest receivable—		
Service accounts	\$408,533.67	
Interest, merchandise and miscellaneous accounts.	70,769.61	
	\$479,303.28	
Less—Reserve for uncollectible accounts	8,181.78	471,121.50
Materials and supplies, stated at average cost	625,277.55	
Prepayments	23,554.64	4,717,076.42

DEFERRED DEBITS:

Debt discount and expense in process of amortization	\$ 26,150.35	
Expenditures on leased office space—in process of amortization over life of the lease, etc.	44,473.64	70,623.99
		\$27,797,950.38

NOTE:

The payment of dividends on common stock, other than dividends payable in common stock, is restricted (a) under an order dated October 12, 1944 of the Securities and Exchange Commission, to an aggregate amount not in excess of 75% of net income earned subsequent to December 31, 1943 available

AND ELECTRIC COMPANY

DECEMBER 31, 1946

LIABILITIES

CAPITAL STOCK AND SURPLUS:

Preferred stock, cumulative, par value \$100 per share—		
Authorized 400,000 shares—4.8% series, authorized, issued		
and outstanding 85,895 shares		\$ 8,589,500.00
Common stock, without par value—		
Authorized 500,000 shares—		
Issued and outstanding 400,000 shares, stated at	\$ 3,335,644.05	
Earned surplus, of which \$1,393,117.93 is not available for		
payment of common stock dividends (see Note)	1,549,450.68	4,885,094.73
Total capital stock and surplus		<u>\$13,474,594.73</u>

LONG-TERM DEBT:

First mortgage bonds—		
3.35% series of 1936, due October 1, 1961	\$ 6,700,000.00	
3½% series of 1937, due October 1, 1961	800,000.00	7,500,000.00
Total capitalization		<u>\$20,974,594.73</u>

CURRENT LIABILITIES:

Accounts payable	\$ 338,660.37	
Accrued taxes—		
General	513,761.79	
Federal income and excess profits	1,177,019.09	
Accrued interest	87,963.88	
Dividends declared on preferred stock—payable February 1,		
1947	103,074.00	
Customers' deposits	70,309.63	
Miscellaneous	56,368.71	2,347,157.47
CUSTOMERS' ADVANCES FOR CONSTRUCTION, ETC.		<u>119,398.53</u>

RESERVES:

Reserve for depreciation	\$ 3,884,343.25	
Reserve for amortization of plant acquisition adjustments		
being provided at rate of \$86,400 per annum	259,200.00	
Injuries and damages reserve	84,181.93	4,227,725.18
CONTRIBUTIONS IN AID OF CONSTRUCTION		<u>129,074.47</u>
		<u><u>\$27,797,950.38</u></u>

for such payments, if the aggregate of the par or stated value of the outstanding common stock and surplus would be less than 25% of the total capitalization and surplus, and (b) under the Articles of Reorganization, unless there shall remain to the credit of earned surplus account an amount equal to twice the annual dividend requirements on the outstanding preferred stock.

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY

STATEMENT OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 1946 AND 1945

PARTICULARS	Year Ended December 31	
	<u>1946</u>	<u>1945</u>
GROSS REVENUE:		
Electric	\$4,646,898.75	\$4,741,343.19
Gas	1,506,400.34	1,472,303.78
Transportation	1,311,538.94	1,354,946.69
Heating and water	96,824.95	108,681.89
Nonoperating	189,101.75	91,453.92
Total gross revenue	<u>\$7,750,764.73</u>	<u>\$7,768,729.47</u>
OPERATING EXPENSES AND TAXES:		
Operation (including purchased gas in 1946, \$598,236.67; 1945, \$511,124.42)	\$2,791,792.61	\$2,603,650.06
Maintenance	651,451.81	569,955.92
Provision for depreciation	707,692.84	685,327.77
Provision for amortization of plant acquisition adjustments	86,400.00	86,400.00
General taxes	707,544.41	628,747.03
Provision for estimated Federal income taxes	950,424.00	394,335.00
Provision for estimated Federal excess profits taxes	—	1,521,290.00
Total operating expenses and taxes	<u>\$5,895,305.67</u>	<u>\$6,489,705.78</u>
Gross income	<u>\$1,855,459.06</u>	<u>\$1,279,023.69</u>
INCOME DEDUCTIONS:		
Interest on long-term debt	\$ 252,450.00	\$ 252,450.00
Amortization of debt discount and expense	1,772.76	1,772.76
Miscellaneous interest and other charges	8,514.81	28,312.91
	<u>\$ 262,737.57</u>	<u>\$ 282,535.67</u>
Less—Interest charged to construction	1,731.76	4,081.24
Total income deductions	<u>\$ 261,005.81</u>	<u>\$ 278,454.43</u>
Net income	<u>\$1,594,453.25</u>	<u>\$1,000,569.26</u>
DIVIDENDS ON PREFERRED STOCK	412,296.00	412,296.00
Net income after dividends on preferred stock	<u>\$1,182,157.25</u>	<u>\$ 588,273.26</u>

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY

SUMMARY OF EARNED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1946

BALANCE DECEMBER 31, 1945, per previous report	\$1,167,293.43
ADD—Net income after dividends on preferred stock for the year ended December 31, 1946	1,182,157.25
	\$2,349,450.68
DEDUCT:	
Dividends on common stock.	800,000.00 ✓
	\$1,549,450.68
BALANCE DECEMBER 31, 1946, of which \$1,393,117.93 is not available for payment of common stock dividends (see Note to balance sheet)	\$1,549,450.68

Dividend - \$800,000 ÷ 400,000 = \$2.00 per share