

\$500,000,000

Anglo-French Five Year 5% External Loan

THE JOINT AND SEVERAL OBLIGATION

OF THE GOVERNMENTS OF

THE UNITED KINGDOM OF GREAT BRITAIN AND IRELAND

AND

THE FRENCH REPUBLIC

Dated October 15, 1915

Due October 15, 1920

Interest payable April 15 and October 15

Both principal and interest payable in New York City in United States gold coin, without deduction for any present or future British or French taxes.

Coupon bonds in denominations of \$100, \$500, and \$1,000, which may be registered as to principal. Registered bonds in denominations of \$1,000, \$10,000, and \$50,000 and authorized multiples.
Coupon and registered bonds interchangeable.

Convertible, at the option of the holder, on any date not later than April 15, 1920, or (provided that notice be given not later than April 15, 1920) at maturity, par for par, into 15-25 Year Joint and Several 4½ per cent. Bonds of the Governments of the United Kingdom of Great Britain and Ireland and the French Republic. Such 4½ per cent. bonds will be payable, principal and interest, in United States gold coin, in New York City, free from deduction for any present or future British or French taxes, will mature October 15, 1940, but will be redeemable, at par and accrued interest, in whole or in part, on any interest date not earlier than October 15, 1930, upon three months' notice.

A large amount of these bonds having already been withdrawn for investment, we, whose names appear on the following pages, offer, on behalf of a countrywide group of institutions and bankers, the unsold balance, subject to prior sale and change in price.

PRICE 98 AND INTEREST, YIELDING NEARLY 5½ PER CENT.

Payment may be made either in full on October 29th or at the option of the purchaser, 50 per cent. on October 29th and the balance on December 3rd.

Temporary bonds will be ready for delivery on or about October 29th, exchangeable for the definitive bonds when prepared.
Application will be made to list these bonds on the New York Stock Exchange.

Dated Chicago, October 14, 1915

WM. A. READ & CO.

234 So. La Salle Street, Chicago

**Nassau and Cedar Sts.
New York**

**19 Congress Street
Boston**

**1421 Chestnut Street
Philadelphia**

**6 Austin Friars
London, E. C.**

ALABAMA

BIRMINGHAM, First National Bank
Otto Marx & Company

CALIFORNIA

LOS ANGELES, E. H. Rollins & Sons
SAN FRANCISCO, E. H. Rollins & Sons

COLORADO

DENVER, Boettcher, Porter & Co.

CONNECTICUT

BRIDGEPORT, Connecticut National Bank
First Bridgeport National Bank
Bridgeport Trust Co.
Hincks Bros. & Co.

HARTFORD, First National Bank
Hartford-Aetna National Bank
Phoenix National Bank
Connecticut Trust and Safe Deposit Co.
State Bank and Trust Company

NEW HAVEN, First National Bank
New Haven Bank, N. B. A.
Second National Bank
The Chas. W. Scranton Co.

DISTRICT OF COLUMBIA

WASHINGTON, W. B. Hibbs & Co.

GEORGIA

ATLANTA, Trust Company of Georgia
Robinson-Humphrey-Wardlaw-Company

ILLINOIS

CHICAGO, Central Trust Co. of Illinois
Allerton, Greene and King
Breed, Elliott & Harrison
C. F. Childs & Co.
Curtis & Sanger
H. T. Holtz & Co.
Hornblower & Weeks
Kean, Taylor & Co.
Kissel, Kinnicutt & Co.
Lee, Higginson & Co.
Peabody, Houghteling & Co.
Wm. A. Read & Co.
Russell, Brewster & Co.
Stone & Webster
William Salomon & Co.
Spencer Trask & Co.
White, Weld & Co.

KENTUCKY

LOUISVILLE, United States Trust Co.
Henning, Chambers & Co.
James C. Wilson & Co.

LOUISIANA

NEW ORLEANS, Hibernia Bank & Trust Co.
Interstate Trust & Banking Co.

MARYLAND

BALTIMORE, Citizens National Bank
Merchants-Mechanics National Bank
National Bank of Commerce
Baltimore Trust Co.
Mercantile Trust & Deposit Co.
Alexander Brown & Sons
Robert Garrett & Sons
Townsend Scott & Son

MAINE

AUGUSTA, Granite National Bank
Augusta Trust Company

BANGOR, First National Bank
Kenduskeag Trust Co.
Merrill Trust Co.

LEWISTON, Rumford National Bank

PORTLAND, Canal National Bank
Casco National Bank
First National Bank
Portland National Bank
Fidelity Trust Company
Forrest City Trust Co.
Mercantile Trust Company
Union Safe Deposit and Trust Co.
United States Trust Co.
Maynard S. Bird and Co.
H. M. Payson & Co.

MASSACHUSETTS

ATTLEBORO, Attleboro Trust Co.

BOSTON, Blake Bros.
Blodget & Co.
Brown Brothers & Co.
Curtis & Sanger
R. L. Day & Co.
Estabrook & Co.
Hayden, Stone & Co.
N. W. Harris & Co.
Hornblower & Weeks
Jackson & Curtis
Kidder, Peabody & Co.
Lee, Higginson & Co.
Merrill, Oldham & Co.
F. S. Moseley & Co.
Millett, Roe & Hagen
Moors & Cabot
Parkinson & Burr
Wm. A. Read & Co.
E. H. Rollins & Sons
Tucker, Anthony & Co.
Townsend, Anthony & Tyson
H. C. Wainwright & Co.

FALL RIVER, Massasoit Pocasset National Bank
Metacomet National Bank
Chace & Stafford

FITCHBURG, Safety Fund National Bank
HAVERHILL, Haverhill National Bank
LOWELL, Old Lowell National Bank
James M. Abbott & Co., Inc.
LYNN, Essex Trust Co.

NEW BEDFORD, First National Bank
Mechanics National Bank
Merchants National Bank

NEWBURYPORT, First National Bank
Merchants National Bank
Ocean National Bank

PITTSFIELD, Agricultural National Bank
Pittsfield National Bank
F. C. Peach

SALEM, Naumkeag Trust Company
SPRINGFIELD, Union Trust Company
W. C. Simons
H. H. Skinner

TAUNTON, Machinists National Bank
Taunton National Bank

WORCESTER, Mechanics National Bank
Merchants National Bank
Bonney & Moore
Kinsley & Adams

MICHIGAN

DETROIT, First and Old Detroit National Bank

GRAND RAPIDS, Old National Bank
Michigan Trust Co.

MISSOURI

ST. LOUIS, A. G. Edwards & Sons
Francis Bros. & Co.

NEBRASKA

OMAHA, Burns, Brinker & Co.

NEW HAMPSHIRE

CONCORD, Mechanics National Bank
DOVER, Strafford National Bank

NEW JERSEY

NEWARK, J. S. Rippel

NEW YORK

ALBANY, First National Bank
National Commercial Bank
New York State National Bank
Union Trust Company
BINGHAMTON, Peoples' Trust Company
BUFFALO, Bank of Buffalo
Ford & Enos
ELMIRA, Sawyer, Noble & Co.
MIDDLETOWN, Merchants National Bank

NEW YORK CITY, J. P. Morgan & Co.

American Exchange National Bank
Bank of America
Bank of New York
Chemical National Bank
Chase National Bank
First National Bank
Hanover National Bank
Importers & Traders National Bank
Irving National Bank
Liberty National Bank
Manhattan Company
Mechanics & Metals National Bank
Merchants National Bank
National Bank of Commerce
National City Bank
National Park Bank
Seaboard National Bank
Bankers Trust Company
Central Trust Company
Columbia Trust Company
Equitable Trust Company
Farmers Loan and Trust Company
Guaranty Trust Company
Metropolitan Trust Company
New York Trust Company
Title Guarantee and Trust Company
Union Trust Company
United States Mortgage & Trust Co.
United States Trust Company
August Belmont & Co.
Chas. D. Barney & Co.
Blair & Co.
William P. Bonbright & Co., Inc.
Brown Brothers & Co.
Clark, Dodge & Co.
Harvey Fisk & Sons
Heidelbach, Ickelheimer & Co.
Hallgarten & Co.
Harris, Forbes & Co.
A. Iselin & Co.
Kean, Taylor & Co.
Kidder, Peabody & Co.
Kissel, Kinnicutt & Co.
Kountze Bros.
Lazard Freres
A. B. Leach & Co.
Lee, Higginson & Co.
Ladenburg, Thalmann & Co.
Maitland, Coppel & Co.
Montgomery, Clothier & Tyler
Potter, Choate & Prentice
Wm. A. Read & Co.
Redmond & Co.
Remick, Hodges & Co.
Rhoades & Company
William Salomon & Co.
J. & W. Seligman & Co.
Spencer Trask & Co.
White, Weld & Co.

ROCHESTER, Alliance Bank
Traders' Bank of Rochester
Security Trust Company
Ford & Enos

SYRACUSE, Ford & Enos

TROY, Troy Trust Company

OHIO

CINCINNATI, Citizens National Bank
First National Bank

CLEVELAND, Bonbright-Herrick & Co.
Hayden, Miller & Co.

Otis & Co.

The Tillotson & Wolcott Co.

COLUMBUS, Huntington National Bank

DAYTON, City National Bank

TOLEDO, Second National Bank
Secor and Bell

OREGON

PORTLAND, Hall and Lewis

PENNSYLVANIA

PHILADELPHIA, Dréxel & Co.
Brown Brothers & Co.
Bank of North America
Central National Bank
Corn Exchange National Bank
First National Bank
Fourth Street National Bank
Franklin National Bank
Philadelphia National Bank
Commercial Trust Company
Fidelity Trust Company
Girard Trust Company
Perinsylvania Company for Insurance
on Lives and Granting Annuities
Charles D. Barney & Co.
Thomas A. Biddle & Co.
William P. Bonbright & Co., Inc.
Butcher, Sherrerd & Hansell
Cassatt & Co.
E. W. Clark & Co.
Elkins, Morris & Co.
Ervin & Co.
Charles Fearon & Co.
Frazier & Co.
Robt. Glendinning & Co.
Graham & Co.
Harper & Turner
Harris, Forbes & Co.
Chas. C. Harrison, Jr., & Co.
Henry & West
A. B. Leach & Co.
Mellor & Petry
Montgomery, Clothier & Tyler
W. H. Newbold's Son & Co.

Wm. A. Read & Co.
Reilly, Brock & Co.
E. B. Smith & Co.
E. Lowber Stokes
Townsend, Whelen & Co.

PITTSBURGH, Bank of Pittsburgh, N. A.

Diamond National Bank
Farmers Deposit National Bank
First-Second National Bank
Mellon National Bank
Peoples National Bank
Union National Bank
Western National Bank
Colonial Trust Co.
Pittsburgh Trust Co.
Safe Deposit & Trust Co.
Union Trust Company
Holmes, Wardrop & Co.

SCRANTON, Brooks & Co.

RHODE ISLAND

NEWPORT, Aquidneck National Bank
PAWTUCKET, Slater Trust Company
PROVIDENCE, Columbus Exchange National
Bank
Merchants National Bank
National Exchange Bank
Providence National Bank
Industrial Trust Co.
Rhode Island Hospital Trust Co.
Bodell & Co.
Richardson & Clark
Wilson, Slade & Co.
WESTERLY, Washington Trust Co.

SOUTH CAROLINA

CHARLESTON, First National Bank

TENNESSEE

NASHVILLE, Fourth-First National Bank

VERMONT

BRATTLEBORO, Brattleboro Trust Company
BURLINGTON, Howard National Bank
MONTPELIER, Montpelier National Bank
RUTLAND, Clement National Bank

VIRGINIA

RICHMOND, Thomas Branch & Co.
Davenport & Co.
Scott & Stringfellow
John L. Williams & Sons

WASHINGTON

SEATTLE
SPOKANE, Richards Bros.
TACOMA,

WISCONSIN

MILWAUKEE, Edgar, Ricker & Co.

FROM RECOGNIZED AUTHORITIES FIGURES HAVE BEEN
COMPILED SHOWING SOME OF THE ESSENTIAL FACTS
ABOUT GREAT BRITAIN AND FRANCE. THESE
ARE GIVEN IN THE FOLLOWING PAGES.

A SUMMARY OF WHICH IS GIVEN BELOW

PURPOSE OF ISSUE.

The proceeds of the present loan will be utilized entirely in America by Great Britain and France. Exports from the United States to Great Britain and France amounted to \$837,534,149 during the six months ended June 30, 1915. This period does not include the heavy fall movement of the grain crops, which this year promise to be, in both quantity and value, the largest in the history of the United States. The difficulty of financing a heavy export trade balance through ordinary channels has threatened seriously to curtail the foreign demand for American products. The essential object of the loan is, by providing additional credits in this country, to produce greater stability in the rate of foreign exchange and by this means to assist American export trade.

AN EXTERNAL LOAN.

The bonds will constitute a direct obligation, joint and several, of the governments of the United Kingdom of Great Britain and Ireland and of the French Republic. Both principal and interest will be payable in United States gold coin in the City of New York, without deduction for any present or future tax of either government. This loan is the only external loan of the issuing governments (except a comparatively small issue of French notes of short maturity). The interest charge on this issue equals approximately one-eighth of one per cent of the combined annual income of the people of the two countries, as estimated by competent authorities, and amounts to only about $1\frac{1}{2}$ per cent of the total revenues of the British Government alone, as estimated in the recently proposed budget.

CONVERSION PRIVILEGE.

In connection with the conversion privilege it should be noted that during the last hundred years the prices of British Consols have varied from a $4\frac{1}{2}$ per cent basis to a $2\frac{1}{2}$ per cent basis, the equivalent on the basis of a fifteen year $4\frac{1}{2}$ per cent bond, to a range of from par to over 127. During the twenty-five years prior to July 30, 1914, French Rentes sold uniformly to yield $3\frac{1}{2}$ per cent or less.

PURPOSE OF LOAN

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DESCRIPTION OF BONDS

The bonds will constitute a direct obligation, joint and several, of the Governments of the United Kingdom of Great Britain and Ireland and of the French Republic. Both principal and interest will be payable in United States gold coin in the City of New York, without deduction for any British or French taxes, present or future.

This loan is the only external loan of the issuing Governments (except a comparatively small issue of French notes of short maturity).

The ultimate security behind a national loan lies in the taxing power of the Government, which in turn is limited by the national wealth and the "financial morality" of the governed; that is, the ability and willingness of the people to contribute from their private resources to sustain the nation's honor and credit. The steady accumulation of national wealth in Great Britain and France, and these nations' long record of scrupulous fidelity to their financial obligations have ranked their credit in the very forefront of the nations of the world.

During the last hundred years the foreign trade of the nations of the world has grown to such a magnitude, and their interests have become so interlocked, that the unimpaired maintenance of a nation's credit is recognized as not only of primary importance to the nation itself, but as also vitally affecting the personal credit of its citizens in the world's markets.

GREAT BRITAIN

The estimated wealth of the British people in 1914 was about \$85,000,000,000. The present debt, which approximates \$10,000,000,000, including the entire present issue of \$500,000,000, represents less than 12 per cent. of the estimated present wealth of the British people, whereas the national debt in 1816 amounted to 36 per cent. of their estimated wealth at that time. **Interest on this loan of \$500,000,000 equals only one fifth of one per cent. of the total estimated income of the British people in 1914.**

Since the establishment of the national debt of Great Britain two hundred years ago, it has been the policy of the British Government to pay out of income, in times of peace, not only all ordinary and extraordinary expenditures, but also large amounts in the reduction of the public debt. At the close of the Napoleonic Wars in 1816, the British Government immediately went to work on the problem of reducing the debt and, although in the course of the succeeding century additional debt was incurred in times of special emergencies, the Government's policy resulted in reducing the debt 20 per cent. by 1914.

During the ten years ended March 31, 1914, the Government reduced the public debt over \$430,000,000 out of ordinary income. **Whereas interest on the national debt consumed 11 per cent. of the people's estimated income in 1816, in 1914 interest on the debt amounted to only three quarters of one per cent. of the estimated income of the British people.**

The amount of British capital annually invested abroad in recent years is estimated at \$800,000,000 and the total foreign and colonial investments are estimated at \$17,500,000,000, representing about 20 per cent. of the accumulated wealth of Great Britain. The estimated income of the British people from foreign and colonial investments is approximately \$900,000,000 annually, or about thirty-six times the \$25,000,000 interest charge on this, the only external debt of Great Britain. The estimated total annual income of the people of Great Britain increased from \$1,500,000,000 in 1816 to \$12,000,000,000 in 1914, an eight-fold increase. On the basis of its present income, Great Britain could support, with no greater burden on the people than was successfully carried during the Napoleonic Wars, a national debt of \$40,000,000,000 bearing interest at 5 per cent.

FRANCE.

The wealth of the French people in 1914 was estimated at \$50,000,000,000, and their annual income at \$6,000,000,000. **Interest on this loan of \$500,000,000 equals slightly more than one third of one per cent. of the estimated total annual income of the French people in 1914.**

The French people are widely known for their thrift and their habit of investing in small sums, which is made possible under French methods of issuing securities. The total annual savings of the French people are estimated in normal times at about \$1,000,000,000. Their ability to accumulate wealth was strikingly shown by the payment of an indemnity of \$1,000,000,000 within the three years, following 1870-71, and the investment of large sums abroad within a few years thereafter.

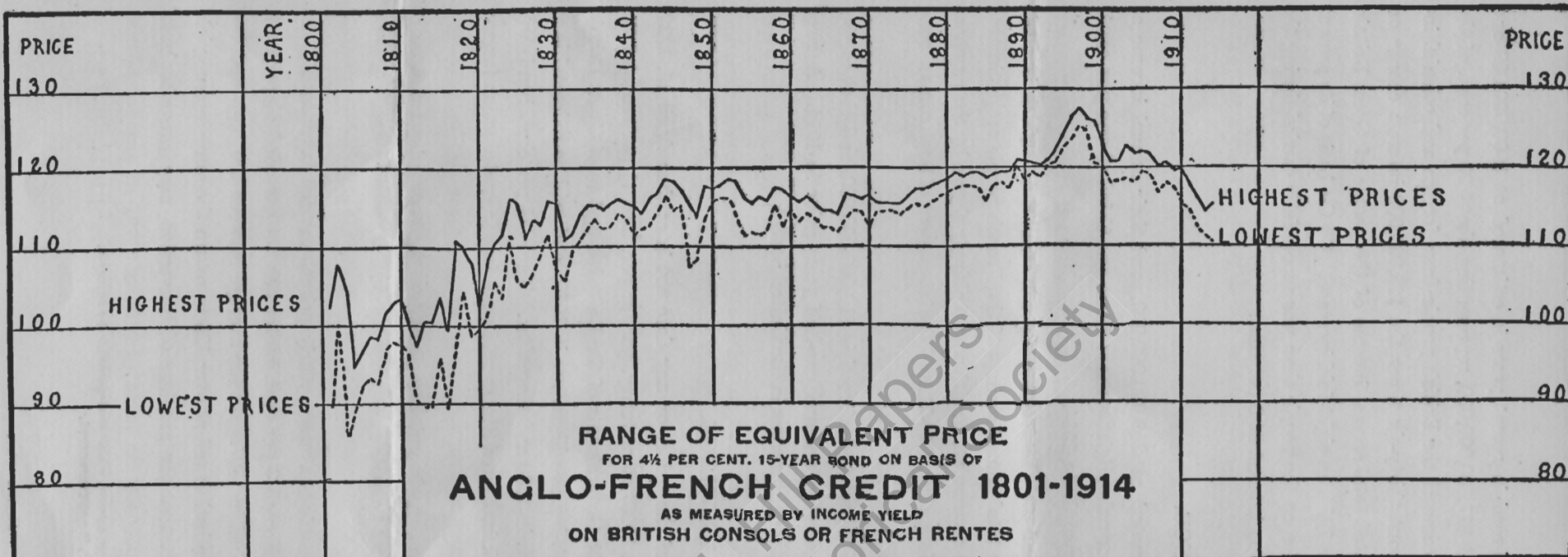
It is estimated that the total amount of French capital invested abroad is \$10,000,000,000, and that of this amount about \$4,000,000,000 was placed abroad during the thirteen and one-half years prior to 1914. A large part of this was used in the development of railroads and other enterprises in the United States.

CONVERSION PRIVILEGE.

The five-year bonds will be convertible at the option of the holder on any date not later than April 15, 1920, or (provided that notice be given not later than April 15, 1920) at maturity, par for par, into $4\frac{1}{2}$ per cent. bonds, which will be the joint and several general obligation of the Governments of the United Kingdom of Great Britain and Ireland and of the French Republic. The $4\frac{1}{2}$ per cent. bonds will mature in 1940, and will be redeemable at the option of the Governments, at par, in whole or in part, in 1930 and thereafter. These $4\frac{1}{2}$ per cent. bonds will be payable, principal and interest, in the City of New York in United States gold coin, free from deduction for any present or future British or French taxes.

Based on the past record of market prices of British consols and French rentes, the conversion privilege of the present loan offers the possibility of substantial increase in market value of the $4\frac{1}{2}$ per cent. bonds, for which the five-year bonds are exchangeable.

According to official quotations, the yield of British consols at average yearly prices, has not been as high as $4\frac{1}{2}$ per cent. since 1817, and the average annual yield of French 3 per cent. rentes has not exceeded $4\frac{1}{2}$ per cent. since 1877. The record high price of consols was established in 1897. At the average between the high and low prices of that year, a 15 year $4\frac{1}{2}$ per cent. bond would have had to sell at over 125 to return the same income yield as the consols. It seems reasonable, therefore, to expect that the privilege of conversion may prove to be of substantial value.



As the 15-25-year 4½ per cent. bonds, into which the 5-year 5 per cent. bonds are convertible, will be the joint and several obligation of the British and French Governments, it is to be expected that the market price of the 4½ per cent. bonds will be approximately on a parity with either British Consols or French Rentes—whichever command the higher price as measured by income yield. On this basis—that is, taking the prices for Consols or Rentes in the past—the chart above shows the prices at which a 15-year 4½ per cent. bond would have sold to yield the same income as the Consols or the Rentes. The following table shows the prices at which such a bond would have sold to yield the equivalent income, similarly computed, in all periods from 1801 to July 30, 1914.

Period	High		Low		Period	High		Low	
	Yield	Equivalent Price On 15-Yr. 4½ % Bond	Yield	Equivalent Price On 15-Yr. 4½ % Bond		Yield	Equivalent Price On 15-Yr. 4½ % Bond	Yield	Equivalent Price On 15-Yr. 4½ % Bond
1801-1816, (Napoleonic Wars)	3.80	107.95	5.97	85.30	1867-1869.....	3.11	116.69	3.34	113.47
1817,	3.56	110.97	4.84	96.75	1870-1871.....	3.16	115.90	3.39	112.84
1818-1830,	3.10	116.69	4.62	98.90	(Franco-Prussian War)				
1831-1832,	3.50	111.59	4.00	105.60	1872-1881.....	2.91	119.35	3.29	114.00
(Trouble in the Netherlands)					1882-1888.....	2.89	119.38	3.17	116.00
1833-1846,	2.95	118.67	3.56	110.97	1889-1893.....	2.77	121.00	2.94	118.75
1847-1849,	3.03	118.00	3.81	107.95	1894-1897.....	2.41	126.32	2.82	120.70
(French Revolution)					1898,	2.42	126.34	2.58	123.55
1850-1851,	3.04	117.50	3.17	115.75	(Spanish-American War)				
(The Coup d'Etat)					1899-1901.....	2.46	125.60	3.02	118.00
1852-1857,	2.94	119.00	3.53	110.50	(Boer War)				
(Crimean War)					1902-1903.....	2.81	120.70	3.12	116.43
1858-1859,	3.03	118.00	3.40	112.84	1904-1906.....	2.72	121.72	3.00	118.00
(Franco-Austrian War)					(Russo-Japanese War)				
1860-1866,	3.13	116.37	3.54	110.97	1907-1914.....	2.82	120.44	3.61	110.00
(American Civil War and Austrian-Prussian War)					(To July 30th)				

The past record of British Consols and French Rentes warrants three general conclusions: (1) Marked fluctuations in the prices of these securities occur only in times of major international disturbances of a political or military character; (2) rapid advance in price follows the disappearance of such disturbance; (3) in times of commercial and financial panics, whether of local or international dimensions, the prices of these securities advance owing to accumulation of money seeking investment of the safest character.