

A return of nearly 5½% afforded by Illinois Central stock at the present price level can compete for desirability with many bond yields in particular since the only reasonable question is when the dividend will be raised.

International Harvester Co.

The 1926 year marked complete restoration to International Harvester Co. of its former, old-line, peacetime status.

Between 1909 and 1916 with sales from \$100,000,000 to \$132,000,000 this company earned 9½-17½% on its stock, manufacturing and selling in the United States and foreign countries a complete line of agricultural machinery and implements, binder twine, engines, wagons and motor vehicles. Then came an irregular seven year period. First were faced losses of \$47,500,000 for war destruction of foreign business and later the unprecedented shrinkage in the American farmer's purchasing power which really continued until about 1923. Fortunately in the period of foreign losses domestic business was excellent, and oddly enough when the American farmer was stricken the foreign business picked up.

The 1923 year was the first in three that domestic business showed a profit and it was small. From that time the recuperation has been rapid, aided by recent development of motor truck, bus and tractor, so that the total earnings per common share were:

1926.....	\$18.10	1924.....	\$11.90
1925.....	16.30	1923.....	6.10

The dividend record tells the same story. From a regular cash basis of 7% (with 12½% stock extra in 1920) it was found necessary to drop the cash rate in 1921 to 5% supplementing this with 4% in stock. The latter was suspended in 1923 and the cash rate of 5% continued alone until April, 1926 when current cash rate of 6% was restored. In December last the extra stock dividend of 4% per annum was resumed likewise.

International Harvester's capitalization consists of \$65,568,400 7% preferred and \$105,949,000 (July, 1927) common stock, or total capital issues of \$171,517,400. Current assets as of December 31, 1926 totaled \$203,852,000 (including \$25,004,000 cash) and current liabilities were \$34,449,000, providing a net working capital of \$169,402,000. Harvester is one of the few companies with working capital alone equal in amount to its capitalization. Book value of International Harvester common stock is \$170 a share, disregarding liberal reserves which equal nearly \$30 a share more.