

ates a twenty-year life and thus rate of 5% is used for depreciation.

With restored earning power after a single lapse 1921-22 (entirely abnormal), cash holdings admittedly larger than needed in conduct of its business, prudent capitalization, good management, and challenged only by such standards as Illinois Central R. R. and Pennsylvania R. R. for its dividend record, the Pullman Co. as half public utility and half industrial has justified a position for its stock among equities of real investment character whether in old form or new split-up shares.

Reading Co.

Without selling bonds or stocks to pay for added facilities, the Reading Co. handled 31,230,000 tons of freight in 1900 and 70,758,000 in 1926, and total operating revenues were \$20,683,000 in 1896, \$39,658,000 in 1906, \$57,298,000 in 1916, and \$99,290,000 in 1926, a record suggestive of the value meanwhile put behind the common shares.

Steadily, an increasing traffic in merchandise and bituminous coal has cut down the proportion of anthracite to total, from 38% in 1900 to 19% in 1926 although actually hard coal tonnage increased 9%, and Reading now enjoys "well-balanced rations."

Aside from a small equipment note issue during war control years, and the refunding of \$18,811,000 bonds in 1911, the last financing amounted to \$27,731,000 in 1901, annual charge \$1,109,000, for purchase of \$14,504,000 stock of Central R. R. of New Jersey, present annual dividend receipts \$1,740,000, book value \$23,713,000, market value over \$44,000,000, intrinsic value over \$70,000,000 estimated. This 53% stock control of Jersey Central gives Reading entry to New York harbor terminals with five miles of water frontage mostly unused yet, and also lines in Pennsylvania as supplemented by its own representing the very heart of eastern rail merger ambitions. For years 43% of Reading stock was owned in nearly equal share by New York Central and Baltimore & Ohio and new purchases begun in 1925 result at present in at least 50% control.

Segregation of the anthracite and iron properties in 1923 meant to Reading Co. the receipt of \$27,100,000 cash, the release from liability for \$31,542,000 4% bonds and from sinking fund requirements on \$62,724,000 others, the increase from 4% to 4½% interest on the latter, and the loss of dividend income, none ever