GRAHAM-NEWMAN CORPORATION

52 WALL STREET

NEW YORK 5, N. Y.

Feb. 28th, 1946.

To the Stockholders of Graham-Newman Corporation:

On January 31st, 1946, the Company concluded its tenth year of operations. This event makes it appropriate to depart from former custom and to include with our Annual Report some extended comment on our policies, results and prospects.

General Policy and Over-all Results.

The current Prospectus of the Corporation states that its general investment policy is:

(1) To purchase securities at prices less than their intrinsic value as determined by careful analysis, with particular emphasis on purchase of securities at less than their liquidating value.

(2) To engage in arbitrage and hedging operations in the securities field.

This policy means that, in our operations, relatively little stress is laid upon forecasting the future course of the securities market or the future prospects of individual companies on a basis differing materially from their past performance. With regard to "general portfolio operations" -- as distinguished from arbitrage, liquidation and hedging operations -- it means that we tend to purchase securities when general sentiment is pessimistic and prices are generally low, and to sell them out in periods of optimism and high prices.

The over-all results realized by the Corporation in the past decade are summarized in Tables I, II and III appended.

We may point out here that, for the ten-year period, total earnings before contingent compensation to officers aggregated $245 per share, as against the original issue price, adjusted, of $99 per share. Of these earnings, $41 per share was paid as contingent compensation and $204 accrued to the stockholders. Of the latter sum, $161 was paid in cash dividends (including $3.87 as the later cash value of a distribution in kind); $16 represents the value of subscription rights offered; and $27 represents the increase in the remaining net asset value of the shares.

The annual percentage gain to stockholders, based on net asset value at the beginning of each year, averaged 17.6%. This compares with 10.1% in the same period shown by the Standard Statistics - Poor's Index of 90 stocks, and 10% shown by the Dow-Jones Industrial Average -- in both cases with allowance for dividends received.

In the first six years of operation (calendar 1936-1941) -- a period of generally declining prices -- our over-all gain averaged 11.8% per annum, against a loss of .6% for the 90-stock average. In the past four years (calendar 1942-1945 inclusive) -- a period of steadily rising prices -- we averaged 26.3% against 26.0% for the 90 stocks. In our last fiscal year, we showed, for the first time, a lower percentage gain than that of the general market. These comparative results follow directly from our investment policy, which grows more conservative as the market level rises.

Future Policy and Prospects.

Because of the large advance in the general market in the past three years, we have substantially changed the character of our security holdings during this period. The percentage held in "general portfolio common stocks" has been greatly reduced, and the percentage in arbitrages, hedging operations and convertible senior issues correspondingly increased. These changes are summarized in the accompanying percentage-analysis of our portfolio as at January 31st, 1943 and January 31st, 1946.

Percentage Distribution of Portfolio by Type of Operations

(Based on Market Value of Long Securities)

	Jan. 31, 1943	Jan. 31, 1946
	% of Total	% of Total
Cash and Government Securities	3.4%	10.7%
Arbitrages, Reorganizations, Guaranteed Issues	17.2	36.1
Liquidations	11.7	12.2
Hedges and Convertible Issues	-	20.0
Financial Companies	8.5	13.0
General Portfolio	59.2	8.0
	100.0%	100.0%

The sharp reduction in our general portfolio has not been based on an opinion that the rise in the market has now run its course, but on the fact that very few common stocks remain attractive holdings judged by our technical standards. Under our established policy, we neither participate in clearly speculative profit opportunities nor assume clearly speculative risks. As long as the present rising market continues it is not likely that we shall be able to match the percentage gain shown by common stocks generally. There is reason to believe, however, that we may continue to make satisfactory, though not spectacular, profits in arbitrage and similar operations, which entail less risk than ordinary stock purchases at this time. The field of such operations has tended to expand with the increase in general market and corporate activity. For this reason we believe that we shall be able to find sound employment for our capital, including the limited expansion recently

provided for.

If the market should decline substantially, we can not expect our holdings to be unaffected; but we believe that any shrinkage in the net asset value of our shares should be moderate in itself, and relatively less severe than that shown by the market generally.

The chief objective of the management has been to conduct our operations so as to show an attractive rate of return on our shares during periods when stock prices generally have not moved substantially (net) in either direction. In spite of problems presented by rising and falling markets, we are hopeful that we shall be able to carry out this objective in the future as in the past decade.

Results for the Year Ended January 31, 1946.

Submitted herewith is a copy of the report of our auditors, Messrs. Stern, Porter, Kingston & Coleman, covering the fiscal year ended January 31, 1946.

The appended balance sheet indicates a net asset value of $125.88 per share on January 31, 1946, compared with $131.95 per share on January 31, 1945. These figures give effect to the sale of additional stock in January, 1946.

Dividends of $33.20 per share were paid during the year, all of which have been designated as Capital Gains Dividends, pursuant to Section 362 of the Internal Revenue Code. Subscription rights issued in January, 1946 had a computed value of $5.20 for each share owned.

The over-all gain for the fiscal year, including the increase in unrealized appreciation, amounted to $32.31 per share on the average number of shares outstanding. This was equal to 24.5% of the value at the beginning of the year.

The indicated net asset value as of February 21, 1946, was approximately $126 per share.

The annual meeting of stockholders is scheduled to be held on Monday, April 8, 1946. In connection therewith, it is expected that formal notice will be mailed to stockholders before March 30, 1946, together with a proxy statement and request for proxies.

Very truly yours,

Benj. Graham,
President

Jerome A. Newman,
Vice-President & Treasurer

INVESTMENTS IN SECURITIES

JANUARY 31, 1946

(CONTINUED)

NO. OF SHARES	DESCRIPTION OF SECURITIES	MARKET VALUE JANUARY 31, 1946 Price	Amount
PREFERRED STOCKS- INDUSTRIALS			
1,000	Aviation Corp. (The) $2.25 Cumulative Convertible	80	$ 80,000.00
500	Cities Service Company $6.00 Cumulative Preferred	151	75,500.00
300	Di Giorgio Fruit Corporation $3.00 Cumulative Participating Preferred	110	33,000.00
500	Gar Wood Industries, Inc. 4½% Cumulative Convertible Preferred	62	31,000.00
6,800	Graham-Paige Motors Corp. Convertible 5% Cumulative Preferred	47-1/4	321,300.00
1,000	Jones & Laughlin Steel Corporation 5% Series B Convertible Preferred	155-1/4	155,250.00
290	Mansfield Tire & Rubber Co. Convertible $1.20 Cumulative Preferred	32	9,280.00
300	The Murray Company $4.50 Cumulative Preferred	52-3/4	15,825.00
	Total - Industrial Preferred Stocks		$721,155.00
PREFERRED STOCKS - INVESTMENT COMPANIES			
900	Alleghany Corporation Cumulative Convertible $2.50 Prior Preferred	76-1/4	$ 68,625.00
PREFERRED STOCKS - UTILITIES			
3,000	Market Street Railway Company Cumulative Prior Preference 6%	18-1/2	55,500.00
300	Twin City Rapid Transit Co. 5% Convertible Prior Preferred	59-3/8	17,812.50
	Total - Utilities Preferred Stocks		$ 73,312.50
	TOTAL - PREFERRED STOCKS		$863,092.50
COMMON STOCKS - INDUSTRIALS			
1,300	A. D. F. Co.	6	7,800.00
100	American Shipbuilding Company	44-5/8	4,462.50
3,890	Bell Aircraft Corporation	32-1/2	126,425.00
10,000	Brewster Aeronautical Corporation	5	50,000.00
2,500	Buda Company	31	77,500.00
3,000	Compania Manufacturers Del Patrero S.A.	-	-
1,000	Cuban American Manganese Corporation	5-1/4	5,250.00
2,200	Electric Boat Company	24-1/8	53,075.00
2,200	L. H. Gilmer Company	3-1/2	7,700.00
200	Gisholt Machine Company	22	4,400.00
625	W. F. Hall Printing Company	31-1/4	19,531.25
300	International Match Realization Company, Ltd.	25-1/4	7,575.00
	Forward		$363,718.75

STERN, PORTER, KINGSTON & COLEMAN

INVESTMENTS IN SECURITIES

JANUARY 31, 1946

(CONTINUED)

NO. OF SHARES	DESCRIPTION OF SECURITIES	MARKET VALUE JANUARY 31, 1946 Price	Amount
COMMON STOCKS - INDUSTRIALS (Continued)			
	Forward		$363,718.75
1,000	Jones & Lamson Machine Company	31-1/2	31,500.00
600	McGraw-Hill Publishing Company, Inc.	33-1/4	19,950.00
1,600	Nipissing Mines Company, Limited	4-1/4	6,800.00
200	Pacific Mills	76-1/2	15,300.00
100	Pittsburgh Incline Plane Company	190	19,000.00
89	Pittsburgh Terminal Realization Corporation	14-1/2	1,290.50
	Total - Industrial Common Stocks		$457,559.25
COMMON STOCKS - INVESTMENT COMPANIES			
1,500	American International Corporation	15-5/8	23,437.50
7,400	Carriers and General Corporation	10-1/8	74,925.00
1,200	General Shareholdings Corporation	6	7,200.00
7,000	Pacific American Investors, Inc.	5-1/4	36,750.00
10,600	The Pennroad Corporation	8-7/8	94,075.00
3,100	Railway and Light Securities Company	23-1/8	71,687.50
1,000	Tri-Continental Corporation	12	12,000.00
	Total - Investment Companies Common Stocks		$320,075.00
COMMON STOCKS - RAILROADS			
512	Canada Southern Railway Company	54-3/4	28,032.00
1,200	Illincis Central Railroad Company	42	50,400.00
370	Mine Hill and Schuylkill Haven Railroad Company	53	19,610.00
700	Northern Pacific Railway Company	34-1/2	24,150.00
	Total - Railroad Common Stocks		$122,192.00
COMMON STOCKS - UTILITIES			
300	International Ocean Telegraph Company	115	34,500.00
162	Pacific and Atlantic Telegraph Company of U.S.	21	3,402.00
223	Southern and Atlantic Telegraph Company	21-1/2	4,794.50
	Total - Utilities Common Stocks		$ 42,696.50
COMMON STOCKS - INSURANCE COMPANIES			
250	American Surety Company	79-1/2	19,875.00
910	Employers' Group Associates	45-1/4	41,177.50
100	National Union Fire Insurance Company	203	20,300.00
1,000	New Amsterdam Casualty Company	38	38,000.00
1,000	Standard Accident Insurance Company	43-1/2	43,500.00
1,000	Universal Insurance Company	25	25,000.00
	Total - Common Stocks - Insurance Companies		$187,852.50

STERN, PORTER, KINGSTON & COLEMAN

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENTS IN SECURITIES

JANUARY 31, 1946

SUMMARY

	MARKET VALUE
BONDS	
Railroads	$1,366,746.39
Industrials	291,500.00
Utilities	56,330.00
Real Estate	75,250.00
Holding Companies	80,137.50
U. S. Government	307,593.75
Total Bonds	$2,177,557.64
PREFERRED STOCKS	
Industrials	721,155.00
Investment Companies	68,625.00
Utilities	73,312.50
Total Preferred Stocks	$ 863,092.50
COMMON STOCKS	
Industrials	457,559.25
Investment Companies	320,075.00
Railroads	122,192.00
Utilities	42,696.50
Insurance Companies	187,852.50
Real Estate	1,015.00
Total Common Stocks	$1,131,390.25
TOTAL	$4,172,040.39

STERN, PORTER, KINGSTON & COLEMAN

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GRAHAM-NEWMAN CORPORATION

52 WALL STREET

NEW YORK 5, N. Y.

August 28, 1947

To the Stockholders of Graham-Newman Corporation:

Submitted herewith is a copy of the report of our auditors, Messrs. Stern, Porter, Kingston & Coleman, covering the six months ended July 31st, 1947.

The appended balance sheet indicates a net asset value of $119.76 on July 31st, 1947, compared with $116.84 per share on January 31st, 1947. A dividend of $1.75 per share was paid during the six months period, and $1.75 per share was paid on August 15th, 1947.

As at August 15th, 1947, the net asset value was approximately $118.50 per share, after deducting the dividend paid on August 15th.

Very truly yours.

Benj. Graham,
President

Jerome A. Newman,
Vice-President & Treasurer.

STERN, PORTER, KINGSTON & COLEMAN
CERTIFIED PUBLIC ACCOUNTANTS
ALFRED J. STERN, C. P. A.
S. CARLTON KINGSTON, C. P. A.
LUCIUS H. COLEMAN, C. P. A.

551 Fifth Avenue - New York
MURRAY HILL 2-8075

To the Board of Directors and Stockholders of
Graham-Newman Corporation:

We have examined the Balance Sheet of Graham-Newman Corporation as at July 31, 1947 and the related statements of Profit and Loss, Surplus and unrealized appreciation of investments for the six months 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 and in accordance with generally accepted standards applicable in the circumstances.

Pursuant to regulations of the Securities and Exchange Commission applicable to regulated investment companies, the Balance Sheet herein gives effect to the evaluation of investments in securities at their quoted market values as at the date thereof.

In our opinion, the accompanying Balance Sheet and related statements of Profit and Loss, Surplus and unrealized appreciation of investments together with the notes appended thereto, present fairly the position of Graham-Newman Corporation as at July 31, 1947 and the results of its operations for the six months then ended, in conformity with the accounting principles set forth hereinabove applied on a basis consistent with that of the preceding year.

Stern Porter Kingston + Coleman

STERN, PORTER, KINGSTON & COLEMAN
Certified Public Accountants

New York, N. Y.
August 20, 1947.

GRAHAM-NEWMAN
NEW
B A L A N C E
JULY 31,
(ON BASIS OF QUOTED MARKET VALUES OF

A S S E T S

CASH IN BANKS		$ 257,448.52
DUE FROM BROKERS		87,374.83
INVESTMENTS IN SECURITIES (see Note A)		
Marketable Securities-at Quoted Market Values as at July 31, 1947 (Cost $3,650,447.24)		3,740,158.00
OTHER ASSETS		
Dividends Receivable and Interest Accrued	$ 5,975.00	
When Issued Contracts (see Notes A and E)- at amount realizable on basis of quoted market values as at July 31,1947 (Cost $7,156.46)	3,106.00	
Note Receivable (Secured)	76,000.00	
Deposit	30,000.00	
Advance	400.00	
		115,481.00
		$4,200,462.35

The comments contained in the
are an integral part of this statement

CORPORATION
YORK
S H E E T
1947
SECURITIES AS AT JULY 31, 1947)

L I A B I L I T I E S A N D C A P I T A L

SECURITIES SHORT - at Quoted Market Values as at July 31, 1947 (see Note A) (Net Proceeds of Sales - $72,117.77)		$ 37,250.00
DUE TO BROKERS		225.04
ACCOUNTS PAYABLE, RESERVES AND ACCRUALS		
Reserve for Federal Income Tax (see Note D)	$ None	
Reserves for Other Taxes	2,841.26	
Other	2,668.50	5,509.76
Total Liabilities		42,984.80
NET ASSETS APPLICABLE TO CAPITAL STOCK		
Capital Stock: Authorized-40,000 shares of no par value Issued and Outstanding- 34,715 shares, at stated value of $50.00 per share	1,735,750.00	
Capital Surplus	2,211.694.45	
Earned Surplus	89,505.03	
Total Capital Stock and Surplus	4,036,949.48	
Unrealized Appreciation of Investments	120,528.07	
		4,157,477.55
		$4,200,462.35

accompanying notes to financial statements
and should be read in conjunction therewith.

GRAHAM-NEWMAN CORPORATION

NEW YORK

NOTES TO FINANCIAL STATEMENTS

JULY 31, 1947

NOTE A - LIQUIDATING VALUE

The Balance Sheet herein presents the financial condition of the company as at July 31, 1947 on the basis of quoted market values of the securities positions as at that date, thus giving effect to the net unrealized appreciation in the market value of securities as at that date (including open positions in securities short and in "when issued" contracts) in the amount of $120,528.07, but without making any provision for Federal income taxes in respect of such appreciation, the amount of which, if any, cannot presently be determined (see Note D).

As thus adjusted, the liquidating value of the capital stock as at July 31, 1947 was $119.76 per share. The comparable liquidating value as at January 31, 1947 was $116.84 per share.

The net unrealized appreciation in quoted market value as at July 31, 1947 in the amount of $120,528.07 is represented as follows:

	Cost	Quoted Market Value at July 31,1947	Unrealized Appreciation
Securities Long	$3,650,447.24	$3,740,158.	$ 89,710.76
Securities Short	-72,117.77	-37,250.(a)	34,867.77
When Issued Contracts	7,156.46	3,106.(b)	-4,050.46
Total	$3,585,485.93	$3,706,014.	$120,528.07

(a) Cover Value. (b) Indicated amount realizable on basis of market value of "when issued" contracts.

The company has made investments in the securities of a railroad company which is in the process of reorganization, and has made sales upon a "when as and if issued" basis of the new securities which are to be issued by the reorganized company upon the consummation of the reorganization plan. It has also made purchases and sales of when issued contracts. The company's investment in the quoted market value as at July 31, 1947 of the old securities is included above in the item "Securities Long", and its investment in when issued contracts and the quoted market value thereof as at July 31, 1947 are reflected in the item "When Issued Contracts".

NOTE B - PROFIT AND LOSS

The Profit and Loss Statement herein presents the operations of the company for the six months ended July 31, 1947 on the basis of quoted market values of the securities positions as at January 31, 1947 and as at July 31, 1947, thus giving effect to the increase in the net unrealized appreciation as at July 31, 1947 as compared with the net unrealized appreciation as at January 31, 1947.

As adjusted upon this basis (i.e. on the basis of quoted market values) the operations for the period were as follows:

NOTE B - PROFIT AND LOSS (Continued)

		No. of Shares	Per Share
Net Assets as at January 31, 1947	$3,996,593.16	34,207	$116.84
Add-Proceeds from sale of Capital Stock during period February 1,1947 to July 31,1947	65,240.13	508	128.42
Total	4,061,833.29	34,715	117.00
Net Profit for the six months ended July 31,1947 including increase in unrealized appreciation of investments ($6,139.23)	153,104.02		4.41(a)
Surplus Adjustments (net credit)	3,291.49		.09(a)
Total	4,218,228.80		
Deduct - Dividend Paid	60,751.25	34,715	1.75(b)
Net Assets as at July 31, 1947	$4,157,477.55	34,715	$119.76

(a) Computed on number of shares outstanding at close of period.

(b) Computed on number of shares outstanding at record date.

NOTE C - COMPENSATION OF OFFICERS

Compensation of Benjamin Graham and Jerome A. Newman as officers of the company for the fiscal year ended January 31,1946 was voted by the Board of Directors at March 21,1945, and ratified by the stockholders at their annual meeting on April 9,1945 at (a) a stated salary of $15,000. per annum to each, - plus (b) additional compensation equivalent to the lesser of either (i) 12½% to each, of the excess of the dividends paid during the year over an amount equal to $0.018 per share per day (or at the rate of $6.57 for the year) on the number of shares outstanding during the year, or (ii) 10% to each of the excess of the over-all net profit, adjusted to reflect unrealized appreciation or depreciation in the market value of securities, which had been earned subsequent to January 31, 1945, over a similar amount (viz: $0.018 per share per day on the number of shares outstanding during the year). In the event of the death of either of these officers, or upon the termination of their tenure of office, any excess of the amount computed under (ii) above over the amounts of additional compensation which had previously been paid to such officer subsequent to January 31, 1945 would be payable to him or to his estate.

By resolution of the Board of Directors on April 23, 1946, this arrangement was continued for the fiscal year ending January 31, 1947. By resolution of the Board of Directors on February 17, 1947, this arrangement was modified to provide that the amount to be excluded from dividends paid, or from over-all net profit, be fixed at $0.01724 per share per day, for the fiscal year ended January 31,1947, and at $0.016 per share per day for the current fiscal year, which amounts are equivalent of 5% on the net liquidating value of the capital stock as at the beginning of the respective fiscal years, viz: at January 31,1946 $125.88 per share, and as at January 31,1947 $116.84 per share.

NOTE C - COMPENSATION OF OFFICERS (Continued)

Upon the basis of the operations for the period subsequent to January 31, 1946 (to July 31, 1947), there is no additional compensation payable to these officers for the current period. There would likewise have been no additional compensation payable to either of them as at July 31, 1947 in the event of death or termination of tenure of office at that date.

NOTE D - TAX STATUS

The company is a regulated investment company under the Internal Revenue Code, and as such it is subject to Federal Income Tax at 25% of the excess of its net long term capital gain (less its net short term capital loss, if any) over the amount distributed as "capital gain dividends", and at 38% of the excess of its other net income over the amount distributed as dividends and chargeable thereto. The company intends to distribute substantially all of its net income as dividends. For this reason, no provision has been made in the statements herewith for Federal Income Tax on the net income for the current period, or on the net unrealized appreciation in market values as at July 31, 1947.

NOTE E - EVALUATION OF WHEN ISSUED CONTRACTS

When Issued Contracts have been evaluated at the quoted market value thereof, viz: upon the basis of the discount on the indicated profits or losses which will be realizable upon the consummation of the reorganization plans.

NOTE F - PURCHASES AND SALES OF INVESTMENT SECURITIES

The aggregate amounts of purchases and sales of investment securities (other than government securities) during the period were $2,615,303.00 and $2,898,610.00, respectively.

GRAHAM-NEWMAN CORPORATION

NEW YORK

EARNED SURPLUS

FOR THE SIX MONTHS ENDED JULY 31, 1947

BALANCE AT JANUARY 31, 1947		None
ADD:-		
Net Income for the six months ended July 31, 1947:		
Net Income, excluding gain or loss on investments	$ 33,027.02	
Realized Gains on sales of investments	113,937.77	146,964.79
Surplus Adjustments - tax refund and adjustment of reserves for taxes of prior years (net credit)		3,291.49
TOTAL		150,256.28
DEDUCT:-		
Dividend Paid May 22, 1947 ($1.75 per share)		60,751.25
BALANCE AT JULY 31, 1947		$ 89,505.03

STATEMENT OF UNREALIZED APPRECIATION OF INVESTMENTS

FOR THE SIX MONTHS ENDED JULY 31, 1947

UNREALIZED APPRECIATION AT JANUARY 31, 1947	$114,388.84
ADD - Increase in Unrealized Appreciation for the six months ended July 31, 1947	6,139.23
UNREALIZED APPRECIATION AT JULY 31, 1947	$120,528.07

GRAHAM-NEWMAN CORPORATION

NEW YORK

CAPITAL STOCK AND CAPITAL SURPLUS

FOR THE SIX MONTHS ENDED JULY 31, 1947

	CAPITAL STOCK		CAPITAL SURPLUS
	No. of Shares	Stated Value ($50. per share)	
CAPITAL STOCK AUTHORIZED AT JANUARY 31, 1947 (no change during period)	40,000		
CAPITAL STOCK OUTSTANDING AT JANUARY 31, 1947	34,207	$1,710,350.	
CAPITAL SURPLUS AT JANUARY 31, 1947			$2,171,854.32
CAPITAL STOCK ISSUED DURING PERIOD-For Cash 508 shares-Amount Realized $65,240.13 (average per share $128.42)			
Of which:			
Credited to Capital Stock at $50.00 per share (stated value)	508	25,400.	
Excess over $50.00 per share-credited to Capital Surplus			39,840.13
BALANCES AT JULY 31, 1947:			
Capital Stock	34,715	$1,735,750.	
Capital Surplus			$2,211,694.45

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENT IN SECURITIES

JULY 31, 1947

SUMMARY

	MARKET VALUE
BONDS	
Railroads	$ 278,720.
Utilities	364,128.
Real Estate	3,750.
Holding Companies	2,514.
U. S. Government	306,938.
Total Bonds	$ 956,050.
PREFERRED STOCKS	
Industrials	111,563.
Investment Companies	172,000.
Utilities	216,725.
Insurance Companies	4,150.
Holding Companies	123,900.
Total Preferred Stocks	$ 628,338.
COMMON STOCKS	
Industrials	1,408,399.
Holding Companies	91,059.
Investment Companies	245,327.
Railroads	146,025.
Utilities	34,201.
Insurance Companies	230,759.
Total Common Stocks	$2,155,770.
TOTAL	$3,740,158.

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENT IN SECURITIES

JULY 31, 1947

FACE AMOUNT	DESCRIPTION OF SECURITIES	MARKET VALUE JULY 31,1947
BONDS - RAILROADS		
$ 20,000.	Chicago, Rock Island & Pacific Railway Co. General Mortgage 4% - 1/1/1988	$ 16,800.
$ 96,000.	Chicago, Terre Haute & Southeastern Railway Co. Income Mortgage 2-3/4% - 1/1/1994	74,880.
$110,000.	Choctaw, Oklahoma & Gulf Railroad Co. Consolidated Mortgage 5% 5/1/1952-Stamped do do do -C/D-Stamped	85,250.
$171,000.	Northwestern Terminal Railway Co. First Mortgage Income 5% - 1/1/1977	80,370.
$ 63,000.	Rio Grande & Western Railway Co. First Consolidated Mortgage-Series A 4% - 4/1/1949 (stubs)	5,670.
$ 20,000.	Wisconsin Central Railway Co. First General Mortgage 4% - 7/1/1949	15,750.
	Total Railroad Bonds	$278,720.
BONDS - UTILITIES		
	Chicago Rapid Transit Company:	
$ 12,500.	1st & Refunding Mtge. Series A 6%-7/1/1953	7,380.
23,500.	1st & Refunding Mtge. 6½% - 7/1/1944	
$ 80,000.	Chicago Railways Co. First Mtge. C/D stamped 5% 2/1/27 25% Principal Paid	58,000.
$ 45,000.	Inland Gas Corporation First Mortgage - Series A 6½% 2/1/38	11,475.
	Metropolitan West Side Elevated Ry. Co. (Chicago):	
$ 38,000.	Ext. Mtge. 4% 7/1/1938	102,043.
305,000.	1st Mtge. 4% 8/1/1938	
$ 36,000.	Northwestern Elevated Railway Company 1st Mtge. 5% 9/1/1941	13,590.
$ 60,000.	Portland Electric Power Co. Collateral Trust Cumulative Income 6% 3/1/1950	88,800.
	Union Elevated Railroad Company:	
$102,000.	1st Mortgage 5% 10/1/1945	82,840.
116,000.	1st Mortgage C/D 5% 10/1/1945	
	Total Utilities Bonds	$364,128.
BONDS - REAL ESTATE		
2,500 Units	Schulco Company Incorporated Scrip 5% 7/1/1963	$ 3,750.
BONDS - HOLDING COMPANIES		
$ 30,000.	Continental Securities Corp.Deb.Series "A" 5% 5/1/42	825.
$ 96,500.	Reynolds Realization Corporation Debentures 5% 4/1/1946	1,689.
	Total Holding Companies Bonds	$ 2,514.
BONDS - U. S. GOVERNMENT		
$300,000.	U. S. Treasury Bonds 2¼% 12/15/1959-62	$306,938.
	TOTAL BONDS	$956,050.

STERN, PORTER, KINGSTON & COLEMAN

INVESTMENT IN SECURITIES

JULY 31, 1947

(CONTINUED)

NO. OF SHARES	DESCRIPTION OF SECURITIES	MARKET VALUE JULY 31,1947
PREFERRED STOCKS - INDUSTRIALS		
1,100	Avco Manufacturing Corp. Cum. Conv. Pfd.	$ 45,925.
300	Franklin Simon & Co, Inc. Cumulative Conv. Pfd.	9,525.
500	Gar Wood Industries Inc. 4½% Cumulative Conv. Pfd.	13,500.
700	Graham Paige Motors Corp. Cumulative Conv. Pfd.	10,063.
300	Murray Company $4.50 Cum. Pfd.	12,150.
400	Thermoid Co. $2.50 Cum. Conv. Pfd.	20,400.
	Total Preferred Stocks - Industrials	$111,563.
PREFERRED STOCKS- INVESTMENT COMPANIES		
1,800	Alleghany Corporation Cum. Conv. $2.50 Prior Pfd.	114,300.
925	Railway and Light Securities Company 4% Cum.Conv. Pfd.	45,325.
3,000	Transit Investment Corp. 6% Cum. Part. Pfd.	12,375.
	Total Preferred Stocks-Investment Companies	$172,000.
PREFERRED STOCKS - UTILITIES		
4,000	Market Street Railway Company Cum. Prior Preference 6%	45,500.
500	New England Public Service Company $6. Prior Lien Cum. Pfd.	80,500.
500	New England Public Service Company $7. Prior Lien Cum. Pfd.	86,625.
100	Twin City Rapid Transit Co. 5% Conv.Prior Preferred	4,100.
	Total Preferred Stocks - Utilities	$216,725.
PREFERRED STOCKS - INSURANCE COMPANIES		
400	U. S. Casualty Co. $0.45 Cum. Conv. Participating Pfd.	$ 4,150.
PREFERRED STOCKS - HOLDING COMPANIES		
5,000	Electric Bond & Share Co. $6.00 Preferred Contingent Certificates for additional amounts due	10,000.
100	Electric Power and Light Corp. $6.00 Cumulative Preferred	15,100.
200	Standard Gas and Electric Co. $6.00 Cumulative Prior Preferred	19,700.
700	Standard Power and Light Corporation $7.00 Cumulative Preferred	79,100.
	Total Preferred Stocks - Holding Companies	$123,900.
	TOTAL PREFERRED STOCKS	$628,338.
COMMON STOCKS - INDUSTRIALS		
4,600	A. D. F. Company	9,200.
1,000	American Hawaiian Steamship Company	38,000.
500	Aspinook Corporation	11,500.
1,000	BeechAircraft Corporation	8,000.
12,300	Bell Aircraft Corporation	152,212.
	Forward	$218,912

INVESTMENT IN SECURITIES

JULY 31, 1947

(CONTINUED)

NO. OF SHARES	DESCRIPTION OF SECURITIES	MARKET VALUE JULY 31,1947
COMMON STOCKS - INDUSTRIALS (Continued)		
	Forward	$218,912.
500	Boeing Airplane Company	8,000.
12,100	Brewster Aeronautical Company	58,988.
4,000	Buda Company	67,000.
3,000	Compania Manufactures del Patrero, S.A.	-
2,800	Consolidated Steel Corporation	73,150.
500	Consolidated Vultee Aircraft Corporation	5,813.
200	Douglas Aircraft Co.	11,200.
800	Fajardo Sugar Co. of Porto Rico	23,000.
2,200	L. H. Gilmer Company	6,600.
200	Gisholt Machine Company	3,225.
300	International Match Realiz ation Company, Ltd.	4,125.
600	Jones & Lamson Machine Company	12,300.
1,000	Merchants & Minders Transportation Company	42,000.
2,300	Mission Corporation	93,150.
700	National Department Stores Corp.	12,600.
44,790	National Transit Company*	683,048.
300	N. Y. Shipbuilding Corp.	3,600.
100	Pittsburgh Incline Plane Company	16,500.
2,000	Tide Water Associated Oil Company	41,750.
500	United Aircraft Corporation	9,688.
1,000	R. C. Williams Company	13,750.
	Total Common Stocks - Industrials	$1,408,399.
COMMON STOCKS - HOLDING COMPANIES		
1,000	Amerex Holding Corporation	32,250.
500	Central & Southwest Utilities Co.	5,125.
2,805	Engineers Public Service Company-Ex-distribution	5,259.
100	Georgia Railroad and Banking Company	16,400.
3,000	Midland Realization Company	17,625.
600	Railroad Securities Company	14,400.
	Total Common Stocks - Holding Companies	$ 91,059.
COMMON STOCKS - INVESTMENT COMPANIES		
530	Aldred Investment Trust Shareholders	4,515.
1,500	American International Corp.	18,375.
7,400	Carriers and General Corporation	50,875.
1,800	General Shareholdings Corporation	6,750.
1,000	Niagara Shares Corp. "B"	9,625.
7,000	Pacific American Investors, Inc.	19,250.
15,000	The Pennroad Corporation	90,000.
2,500	Railway and Light Securities Company	45,937.
	Total Common Stocks - Investment Companies	$245,327.

*Non-controlled affiliate.

INVESTMENT IN SECURITIES

JULY 31, 1947

(CONTINUED)

NO. OF SHARES	DESCRIPTION OF SECURITIES	MARKET VALUE JULY 31,1947
COMMON STOCKS - RAILROADS		
300	Denver and Rio Grande Western Railroad Co.	$ 3,675.
1,600	Mine Hill and Schuykill Haven Railroad Company	77,600.
1,000	Northern Pacific Railway Company	21,000.
500	Vicksburg Shreveport & Pacific Railway Company	43,750.
	Total Common Stocks - Railroads	$146,025.
COMMON STOCKS - UTILITIES		
300	International Ocean Telegraph Company	24,750.
500	Middle West Corporation	7,563.
59	Monongahela Street Railway Company	1,888.
	Total Common Stocks - Utilities	$ 34,201.
COMMON STOCKS - INSURANCE COMPANIES		
400	American Surety Company	22,200.
1,000	Employers Group Associates	29,000.
100	National Union Fire Insurance Company	15,300.
3,305	New Amsterdam Casualty Company	91,714.
200	Northern Insurance Company of New York	15,400.
40	Northwestern National Insurance Co.	5,020.
1,100	Standard Accident Insurance Company	31,625.
1,000	Universal Insurance Company	20,500.
	Total Common Stocks - Insurance Companies	$230,759.
COMMON STOCKS - REAL ESTATE		
290	Mercantile Properties	-0-
	TOTAL COMMON STOCKS	$2,155,770.

GRAHAM-NEWMAN CORPORATION

NEW YORK

WHEN ISSUED CONTRACTS

JULY 31, 1947

SHORT PRINCIPAL AMOUNT OR NO. OF SHARES		AMOUNT PAID (DR.)	INDICATED PROFIT (OR LOSS*) ON BASIS OF TRADE VALUES AND QUOTED MARKET VALUES AT JULY 31, 1947
Chicago, Rock Island & Pacific Ry. Co.:			
$12,996.15	4% - 1994	$ 130.30	$ -434.*
Even	do	-	406.
$62,915.25	4½% - 2019	131.91	-1,977.*
Even	do	6,601.82	1,534.
Even	do	-	6,501.
651.0494	5% Preferred	114.82	-1,255.*
268.9136	Common	177.61	-1,669.*
		$7,156.46	$3,106.

*Loss

GRAHAM-NEWMAN CORPORATION

NEW YORK

SECURITIES SHORT

JULY 31,1947

COMMON STOCKS - INDUSTRIALS

NO. OF SHARES		NET PROCEEDS OF SALE	COVER VALUE JULY 31, 1947 Price	Amount
2,800	Avco Manufacturing Corp.	$31,938.63	5-3/8	$15,050.
2,100	Graham Paige Motors Corporation	22,690.07	4	8,400.
1,200	Thermoid Co.	17,489.07	11-1/2	13,800.
	Total	$72,117.77		$37,250.

GRAHAM-NEWMAN CORPORATION

52 WALL STREET

NEW YORK 5, N. Y.

February 27, 1948

To the Stockholders of Graham-Newman Corporation:

Submitted herewith is a copy of the report of our auditors, Messrs. Stern, Porter, Kingston & Coleman, covering the fiscal year ended January 31, 1948.

The appended balance sheet indicates a net asset value of $114.13 per share on January 31, 1948, compared with $116.84 per share on January 31, 1947.

Dividends of $17.10 per share were paid during the year, of which $12.87 has been designated as Capital Gain Dividends, pursuant to Section 362 of the Internal Revenue Code.

The over-all gain for the fiscal year, after deduction of the decrease in unrealized appreciation, amounted to $14.39 per share on the average number of shares outstanding. Net realized profits for the year, without reflecting the shrinkage in unrealized appreciation, amounted to $17.01 per share.

The indicated net asset value as of February 14, 1948, was approximately $111 per share.

The annual meeting of stockholders is scheduled to be held on Monday, April 12, 1948. In connection therewith, it is expected that formal notice will be mailed to stockholders before April 2, 1948, together with a proxy statement and request for proxies.

Very truly yours,

Benj. Graham,
President

Jerome A. Newman,
Vice-President & Treasurer

1168 / 12.5
14590
1168
27060
23368
3692
2768

STERN, PORTER, KINGSTON & COLEMAN
CERTIFIED PUBLIC ACCOUNTANTS

551 Fifth Avenue, New York 17, N. Y.
MURRAY HILL 2-8075

To the Board of Directors and Stockholders of
Graham-Newman Corporation:

We have examined the Balance Sheet of Graham-Newman Corporation as at January 31, 1948 and the related statements of Profit and Loss, Surplus and Unrealized Appreciation of Investments for the 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 and in accordance with generally accepted standards applicable in the circumstances.

Pursuant to regulations of the Securities and Exchange Commission applicable to regulated investment companies, the Balance Sheet herein gives effect to the evaluation of investments in securities at their quoted market values as at the date thereof.

In our opinion, the accompanying Balance Sheet and related statements of Profit and Loss, Surplus and Unrealized Appreciation of Investments together with the notes appended thereto, present fairly the position of Graham-Newman Corporation as at January 31, 1948 and the results of its operations for the year then ended, in conformity with the accounting principles set forth hereinabove applied on a basis consistent with that of the preceding year.

Stern Porter Kingston & Coleman

STERN, PORTER, KINGSTON & COLEMAN
Certified Public Accountants

New York, N. Y.
February 24, 1948.

GRAHAM-NEWMAN

NEW

B A L A N C E

JANUARY 31,

(ON BASIS OF QUOTED MARKET VALUES OF

A S S E T S

CASH IN BANKS		$ 81,955.51
DUE FROM BROKERS		156,178.27
INVESTMENTS IN SECURITIES (see Note A)		
Marketable Securities-at Quoted Market Values as at January 31, 1948 (Cost $3,818,607.17)		3,808,176.00
OTHER ASSETS		
Interest accrued	$782.50	
Advance	400.00	1,182.50
		$4,047,492.28

The comments contained in the
are an integral part of this statement

CORPORATION

YORK

S H E E T

1948

SECURITIES AS AT JANUARY 31, 1948)

L I A B I L I T I E S AND C A P I T A L

SECURITIES SHORT - at Quoted Market Values as at January 31, 1948 (see Note A) (Net Proceeds of Sales $71,077.77)		$ 37,388.00
DUE TO BROKERS - for securities purchased		6,658.15
ACCOUNTS PAYABLE AND ACCRUALS		
Officers' Compensation Payable (see Note B)	$ 33,664.84	
Sundry Payables and Accruals	7,832.90	41,497.74
Total Liabilities		85,543.89
NET ASSETS APPLICABLE TO CAPITAL STOCK		
Capital Stock:		
Authorized-40,000 shares of no par value		
Issued and Outstanding- 34,715 shares, at stated value of $50.00 per share	1,735,750.00	
Capital Surplus	2,202,939.79	
Earned Surplus	None	
Total Capital Stock and Surplus	3,938,689.79	
Unrealized Appreciation of Investments	23,258.60	
Total Assets Applicable to Capital Stock (see Notes A and C) (Equivalent to $114.13 per share)		3,961,948.39
		$4,047,492.28

accompanying notes to financial statements
and should be read in conjunction therewith.

GRAHAM-NEWMAN CORPORATION

NEW YORK

PROFIT AND LOSS STATEMENT

FOR THE FISCAL YEAR ENDED JANUARY 31, 1948

STATEMENT OF INCOME AND EXPENSES - excluding Gain or Loss on Investments		
Income		
Dividends		$109,980.28
Interest on Investments		44,664.31
Total Income		154,644.59
Expenses		
Officers' Compensation (see Note B):		
Banjamin Graham	$ 31,832.42	
Jerome A. Newman	31,832.42	
Seymour Cohn	10,000.00	
Other:		
Office Salaries	10,422.50	
Executive Committee Fees	4,400.00	
Directors' Fees	875.00	
Rent and Light	2,995.66	
Telephone and Telegraph	1,476.79	
Insurance	412.50	
Taxes (other than Federal Income Tax)	5,938.61	
Auditing and Legal	12,735.87	
Custodian Fees	1,738.27	
General Expense	3,045.07	
Interest	1,564.58	
Total Expenses		119,269.69
Net Income, exclusive of gain or loss on investments		35,374.90
REALIZED GAIN ON SALES OF INVESTMENTS	546,205.45	
UNREALIZED APPRECIATION OR DEPRECIATION OF INVESTMENTS		
Unrealized Appreciation at January 31,1947	114,388.84	
Unrealized Appreciation at January 31,1948	23,258.60	
Net Decrease of Unrealized Appreciation	91,130.24	455,075.21
TOTAL NET INCOME, including Unrealized Appreciation of Investments (see Notes A and C)		$490,450.11

GRAHAM-NEWMAN CORPORATION

NEW YORK

STATEMENT OF CHANGES IN NET ASSETS

FOR THE FISCAL YEAR ENDED JANUARY 31, 1948

				NO. OF SHARES	PER SHARE
NET ASSETS AT JANUARY 31,1947			$3,996,593.16	34,207	$116.84
ADD:-					
Capital Stock issued during the year for cash			65,240.13	508	128.42
				34,715	
Net Income for year (adjusted for decrease in unrealized appreciation):					
Net Income, excluding gain or loss on investments		$ 35,374.90			
Realized Gain on Investments		546,205.45			
Total		581,580.35			
Less-Decrease in Unrealized Appreciation		91,130.24	490,450.11		14.13(a)
Surplus Adjustments-Tax refund and adjustment of tax reserves for prior years			3,291.49		.09(a)
TOTAL			4,555,574.89		131.23
DEDUCT - DIVIDENDS PAID					
Date Paid	Per Share				
May 22,1947	$ 1.75	60,751.25			
August 15,1947	1.75	60,751.25			
November 25,1947	4.00	138,860.00			
January 29,1948	9.60	333,264.00			
Total	$17.10		593,626.50		17.10(b)
NET ASSETS AT JANUARY 31, 1948			$3,961,948.39	34,715	$114.13

ANALYSIS	Total	Capital Stock	Capital Surplus	Earned Surplus	Unrealized Appreciation
Net Assets at January 31,1947	3,996,593.16	$1,710,350.	$2,171,854.32	$ -	$114,388.84
Add:-					
Capital Stock issued during year(508 shs.)	65,240.13	25,400.(c)	39,840.13(d)		
Net Income for year	490,450.11			581,580.35	-91,130.24
Surplus Adjustments	3,291.49			3,291.49	
Total	4,555,574.89	1,735,750.	2,211,694.45	584,871.84	23,258.60
Deduct-Dividends Paid	593,626.50		8,754.66	584,871.84	
Net Assets at January 31,1948	$3,961,948.39	$1,735,750.	$2,202,939.79	$ -0-	$ 23,258.60

(see following page for footnotes)

STATEMENT OF CHANGES IN NET ASSETS

FOR THE FISCAL YEAR ENDED JANUARY 31, 1948

(CONTINUED)

FOOTNOTES

(a) Computed on number of shares outstanding at close of year.

(b) Computed on number of shares upon which dividends were actually paid.

(c) At stated value of $50.00 per share.

(d) Excess of amount realized from sales of capital shares over stated value thereof ($50.00 per share).

GRAHAM-NEWMAN CORPORATION

NEW YORK

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 1948

NOTE A - UNREALIZED APPRECIATION OF INVESTMENTS

The unrealized appreciation of investments at January 31, 1948 was $23,258.60, represented as follows:

	Cost	Quoted Market Value at January 31,1948	Unrealized Appreciation (or Depreciation)
Investments in Securities	$3,818,607.17	$3,808,176.	$-10,431.17
Securities Short	-71,077.77	-37,388(a)	+33,689.77
Together	$3,747,529.40	$3,770,788.	$+23,258.60

(a) Cover Value

NOTE B - COMPENSATION OF OFFICERS

The compensation of Benjamin Graham and Jerome A. Newman as officers of the company for the current fiscal year is, in respect of each of them (a) a stated salary of $15,000. per annum, and (b) additional compensation in an amount equal to 10% of the excess of the "over-all net profit" (as adjusted for the net change as at the end of the year, as compared with the status at the beginning of the year, in the unrealized appreciation of investments) over the sum of (i) the amount by which the "over-all net profit" for the prior year was less than an amount equal to $0.01724 per share per day on the average number of shares outstanding during that year, and (ii) an amount equal to $5.84 per share on the average number of shares outstanding during the current year. The above amounts viz: $0.1724 per share per day and $5.84 per share per year represent respectively the equivalent of 5% on the asset value of the capital stock at the beginning of the respective fiscal years, viz: at January 31,1946 $125.88 per share and at January 31,1947 $116.84 per share. In effect, additional compensation is therefore payable to each of these officers in an amount equal to 10% of the excess of the "over-all net profit" over an amount equal to 5% of the asset value of the capital stock at the beginning of the year, - any deficiency in profits as compared with such exclusion (of 5% on the asset value of the stock at the beginning of the year) being chargeable against the profits of the subsequent year or years in arriving at the base upon which additional compensation is to be computed. The additional compensation payable to these officers cannot be in excess of 25% (12½% to each) of the amount of dividends paid during the year. In the event that additional compensation had been computed and paid upon this latter basis, then, in the event of the death of either, or upon the termination of his tenure of office, he or his estate would be entitled to receive any excess of the amount of additional compensation as computed on the basis of the "over-all net profits" (after deducting the exclusions above noted) over the amounts that had previously been paid to him. Had such event occurred as at January 31,1948 there would, however, have been no additional compensation payable to either officer or to his estate other than the amounts set forth in the statements herein.

NOTE C - TAX STATUS

The company is a "regulated investment company" under the Internal Revenue Code, and as such it is subject to Federal income tax at 25% of the excess of its net long term capital gain (less its net short term capital loss, if any) over the amount distributed as "capital gain dividends", and at 38% of the excess of its other net income over the amount distributed as dividends and chargeable thereto. Dividends were paid during the year in an amount which exceeded both the "capital gains" and other income, so that the company is not subject to income tax for the current year. The company intends in the future to distribute all of its net income as dividends. No provision has therefore been made in the statements herewith for Federal income tax on the net unrealized appreciation in market values as at January 31, 1948.

NOTE D - The aggregate dollar amounts of purchases and sales of investment securities, other than government securities, made by the company during the fiscal year ended January 31, 1948 were as follows:

Cost of Purchases	$4,459,501.
Proceeds from Sales	4,920,352.

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENT IN SECURITIES

JANUARY 31, 1948

SUMMARY

	MARKET VALUE
BONDS	
Railroads	$ 233,365.
Utilities	157,969.
Real Estate	9,913.
Holding Companies	1,021.
U. S. Government	200,000.
Total Bonds	$ 602,268.
PREFERRED STOCKS	
Industrials	211,288.
Investment Companies	150,375.
Utilities	385,750.
Insurance Companies	4,150.
Holding Companies	121,678.
Total Preferred Stocks	$ 873,241.
COMMON STOCKS	
Industrials	1,366,888.
Holding Companies	83,522.
Investment Companies	320,544.
Railroads	156,092.
Utilities	116,955.
Insurance Companies	288,666.
Total Common Stocks	$2,332,667.
TOTAL	$3,808,176.

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENT IN SECURITIES

JANUARY 31, 1948

FACE AMOUNT	DESCRIPTION OF SECURITIES	MARKET VALUE JANUARY 31,1948
BONDS - RAILROADS		
$ 50,000.	Boston Terminal Co. 3½% 2/1/1947	$ 31,750.
$ 96,000.	Chicago, Terre Haute and Southeastern Railway Co. Income Mortgage 2-3/4% 1/1/1994	72,240.
$180,000.	Northwestern Terminal Railway Company First Mortgage Income 5% 1/1/1977	88,200.
$ 63,000.	Rio Grande & Western Railway Co. First Consolidated Mortgage Series A 4% 4/1/1949 (stubs)	6,300.
$ 50,000.	Wisconsin Central Railway Company First General Mortgage 4% 7/1/1949	34,875.
	Total Railroad Bonds	$233,365.
BONDS - UTILITIES		
	Chicago Rapid Transit Company:	
$43,000.	First and Refunding Mortgage Series A 6% 7/1/1953 (stubs)	6,600.
$67,000.	First and Refunding Mortgage 6½% 7/1/1944 (stubs)	
$5,000.	Federal Street & Pleasant Valley Passenger Railway Co. Consolidated Mortgage 5% 5/1/1942	3,700.
	Metropolitan West Side Elevated Railway Co. (Chicago):	
$ 93,000.	Extension Mortgage 4% 7/1/1938 (stubs)	47,694.
494,000.	First Mortgage 4% 8/1/1938 (stubs)	
	Northwestern Elevated Railway Company:	
$ 1,000.	First Mortgage 5% 9/1/1941 (stubs)	2,100.
20,000.	First Mortgage C/D 5% 9/1/1941 (stubs)	
$ 50,000.	Portland Electric Power Co. Collateral Trust Cumulative Income 6% 3/1/1950	74,375.
$ 43,000.	Union Elevated Railroad Company First Mortgage 5% 10/1/1945 (stubs)	4,300.
$ 30,000.	West End Traction Co. General Mortgage 5% 1/1/1938	19,200.
	Total Utilities Bonds	$157,969.
BONDS - REAL ESTATE		
2,500 Units	Schulco Company Incorporated Scrip 5% 7/1/1963	2,813.
$10,000.	Sunnyside Properties, Inc. 6% Cumulative Income Notes (Registered)	7,100.
	Total Real Estate Bonds	$ 9,913.
BONDS - HOLDING COMPANIES		
$30,000.	Continental Securities Corp. Debenture Series,"A" 5% 5/1/42 (Stubs)	900.
$96,500.	Reynolds Realization Corporatinn Debentures 5% 4/1/1946 (Stubs)	121.
	Total Holding Companies Bonds	$ 1,021.

STERN, PORTER, KINGSTON & COLEMAN

INVESTMENT IN SECURITIES

JANUARY 31, 1948

(CONTINUED)

NO. OF SHARES OR FACE AMOUNT	DESCRIPTION OF SECURITIES	MARKET VALUE JANUARY 31,1948
	BONDS - U. S. GOVERNMENT	
$200,000.	U. S. Treasury Bonds 2¼% 12/15/1959-62	$200,000.
	PREFERRED STOCKS - INDUSTRIALS	
1,100	Avco Manufacturing Corp. Cumulative Convertible Preferred	41,250.
1,000	Autocar Company Cumulative 5% Convertible Preferred Series A, B and C	18,250.
300	Cluett, Peabody & Company 4% Cumulative Convertible Second Preferred	26,250.
500	Eastern Sugar Associates $5.00 Cumulative Preferred Certificates of Beneficial Interest	26,250.
300	Franklin Simon & Co. Inc. Cumulative Convertible Preferred	8,775
500	Gar Wood Industries, Inc. 4½% Cumulative Convertible Preferred	16,125.
700	Graham Paige Motors Corp. Cumulative Convertible Preferred	12,425.
200	Marion Power Shovel Company 7% Cumulative Preferred	31,000.
300	Murray Company $4.50 Cumulative Preferred	12,563.
400	Thermoid Co. $2.50 Cumulative Convertible Preferred	18,400.
	Total Preferred Stocks - Industrials	$211,288.
	PREFERRED STOCKS - INVESTMENT COMPANIES	
1,300	Alleghany Corporation Cumulative Convertible $2.50 Prior Preferred	92,950.
925	Railway and Light Securities Company 4% Cumulative Convertible Preferred	42,550.
3,500	Transit Investment Corp. 6% Cumulative Participating Preferred	14,875.
	Total Preferred Stocks - Investment Companies	$150,375.
	PREFERRED STOCKS - UTILITIES	
500	Illinois Power Company 5% Cumulative Convertible Preferred	27,000.
4,000	Market Street Railway Company Cumulative Prior Preference 6%	65,000.
685	New England Public Service Company $6.00 Prior Lien Cumulative Preferred Contingent Certificate for Additional Amount Due (stubs)	2,055.
1,020	New England Public Service Company $7.00 Prior Lien Cumulative Preferred Contingent Certificate for Additional Amount Due (stubs)	5,865.
1,300	North American Light & Power Company $6.00 Cumulative Preferred	248,300.
775	United Public Utilities Corporation $1.87 Cumulative Convertible Preferred	30,806.
165	United Public Utilities Corporation $2.04 Cumulative Convertible Preferred	6,724.
	Total Preferred Stocks - Utilities	$385,750.

INVESTMENT IN SECURITIES

JANUARY 31, 1948

(CONTINUED)

NO. OF SHARES	DESCRIPTION OF SECURITIES	MARKET VALUE JANUARY 31,1948
PREFERRED STOCKS - INSURANCE COMPANIES		
400	U. S. Casualty Co. $0.45 Cumulative Convertible Participating Preferred	$ 4,150.
PREFERRED STOCKS - HOLDING COMPANIES		
8,850	Electric Bond & Share Co. $6.00 Preferred Contingent Certificates for Additional Amounts Due (stubs)	26,550.
100	Electric Power and Light Corp. $6.00 Cumulative Preferred	13,213.
200	Federal Light & Traction Co. Cumulative Preferred Contingent Certificate for Additional Amount Due	700.
740	Standard Power and Light Corporation $7.00 Cumulative Preferred	81,215.
	Total Preferred Stocks-Holding Companies	$121,678.
COMMON STOCKS - INDUSTRIALS		
4,600	A. D. F. Company	10,925.
3,000	American Hawaiian Steamship Company	116,625.
12,300	Bell Aircraft Corporation	221,400.
500	Boeing Airplane Company	12,188.
12,100	Brewster Aeronautical Company	7,562.
4,000	Buda Company	52,000.
3,000	Compania Manufactures del Patrero, S. A.	-
5,000	Consolidated Steel Corporation	162,500.
500	Consolidated Vultee Aircraft Corporation	7,125.
300	Continental Steel Corporation	4,875.
900	Cuban-American Sugar Company	12,825.
200	Douglas Aircraft Co.	10,900.
7,128	Equitable Office Building Corporation	32,967.
1,000	Fairchild Engine & Airplane Corporation	4,125.
4,200	Fajardo Sugar Co. of Porto Rico	127,050.
500	Franklin Railway Supply Company	8,875.
2,200	L. H. Gilmer Company	6,325.
300	International Match Realization Company, Ltd.	2,700.
600	Jones & Lamson Machine Company	13,650.
1,000	Lee Rubber & Tire Corporation	43,375.
500	Mandel Brothers, Inc.	4,625.
1,550	Merchants & Miners Transportation Company	75,369.
2,400	National Department Stores Corp.	39,600.
44,790	National Transit Pump & Machine Company*	274,339.
500	New Britain Machine Company	12,875.
300	N. Y. Shipbuilding Corp.	4,800.
100	Pittsburgh Incline Plane Company	17,000.
2,000	Tide Water Associated Oil Company	42,000.
573	Utica Knitting Company	26,788.
1,000	R. C. Williams Company	11,500.
	Total Common Stocks - Industrials	$1,366,888.

*Non-controlled affiliate.

INVESTMENT IN SECURITIES

JANUARY 31, 1948

(CONTINUED)

NO. OF SHARES	DESCRIPTION OF SECURITIES	MARKET VALUE JANUARY 31,1948
COMMON STOCKS - HOLDING COMPANIES		
1,500	Amerex Holding Corporation	$ 41,250.
500	Central & Southwest Utilities Co.	4,500.
3,005	Engineers Public Service Company-ex distribution	4,507.
100	Georgia Railroad and Banking Company	16,250.
3,000	Midland Realization Company	2,250.
4,500	Midland Utilities Company	765.
500	Railroad Securities Company	14,000.
	Total Common Stocks - Holding Companies	$ 83,522.
COMMON STOCKS - INVESTMENT COMPANIES		
530	Aldred Investment Trust	5,168.
1,000	American Research & Development Corporation	25,000.
1,500	American International Corp.	17,438.
7,400	Carriers and General Corporation	51,800.
5,000	General Shareholdings Corporation	15,625.
5,000	General Tin Investments Ltd.-American Certificate for Ordinary Capital	8,125.
800	Mission Corporation	40,600.
1,000	Niagara Shares Corp. "B"	8,750.
7,000	Pacific American Investors, Inc.	19,250.
15,000	The Pennroad Corporation	90,000.
2,300	Railway and Light Securities Company	36,800.
100	U. S. & Foreign Securities Corporation	1,988.
	Total Common Stocks-Investment Companies	$320,544.
COMMON STOCKS - RAILROADS		
810	Boston Elevated Railway Co. Stamped as to Liquidation Payment	15,592.
1,700	Mine Hill and Schuykill Haven Railroad Company	76,500.
1,000	Northern Pacific Railway Company	20,250.
500	Vicksburg, Shreveport & Pacific Railway Company	43,750.
	Total Common Stocks - Railroads	$156,092.
COMMON STOCKS - UTILITIES		
300	International Ocean Telegraph Company	25,500.
10,000	Longview Bridge Company 4% Non-cumulative Class A	70,000.
684	Monongahela Street Railway Company	17,955.
400	United Public Utilities Corporation	3,500.
	Total Common Stocks-Utilities	$116,955.

INVESTMENT IN SECURITIES

JANUARY 31, 1948

(CONTINUED)

NO. OF SHARES	DESCRIPTION OF SECURITIES	MARKET VALUE JANUARY 31,1948
COMMON STOCKS - INSURANCE COMPANIES		
800	American Surety Company	$ 45,500.
1,000	Employers Group Associates	28,625.
727	National Union Fire Insurance Company	23,446.
4,355	New Amsterdam Casualty Company	123,029.
200	Northern Insurance Company of New York	14,400.
40	Northwestern National Insurance Co.	4,800.
900	Standard Accident Insurance Company	28,238
1,025	Universal Insurance Company	20,628.
	Total Common Stocks-Insurance Companies	$288,666.

GRAHAM-NEWMAN CORPORATION

NEW YORK

SECURITIES SHORT

JANUARY 31, 1948

COMMON STOCKS - INDUSTRIALS

NO. OF SHARES		NET PROCEEDS OF SALE	COVER JANUARY 31,1948 Price	VALUE Amount
2,800	Avco Manufacturing Corp.	$31,378.63	5-1/4	$14,700.
2,100	Graham Paige Motors Corporation	22,690.07	5-3/8	11,288.
1,200	Thermoid Co.	17,009.07	9-1/2	11,400.
	Total	$71,077.77		$37,388.

GRAHAM-NEWMAN CORPORATION

52 WALL STREET

NEW YORK 5, N. Y.

February 25 , 1949

To the Stockholders of Graham-Newman Corporation:

Submitted herewith are financial statements of the Corporation covering the fiscal year ended January 31, 1949.

The appended balance sheet indicates a net asset value of $97.56 per share on January 31, 1949, compared with $114.13 per share on January 31, 1948.

In July 1948 a capital distribution was made consisting of all of the shares of Government Employees Insurance Co. owned by the Corporation, which were carried at a book cost equivalent to $21.21 per share of Graham-Newman Corp. stock. In addition, dividends of $5.75 were paid during the year. Of this amount $4.31 per share has been designated as Capital Gain dividends, pursuant to Section 362 of the Internal Revenue Code.

The over-all net gain for the fiscal year, including the net increase in unrealized appreciation, amounted to $9.15 per share on the average number of shares outstanding. Net realized profits for the year, without reflecting the increase in unrealized appreciation, amounted to $6.07 per share.

If effect is given to the increase over book cost in the quoted value of the Insurance Company shares at the date of their distribution in July 1948, the over-all gain would be $14.94 per share. In addition, stockholders who received and retained their Insurance Company shares have a further gain thereon—based on their market price of $30.00 per share on January 31, 1949, plus dividends received—amounting to no less than $28.80 per share of their Graham-Newman Corp. stock.

The results for the full year ended January 31, 1949, to stockholders who held their Graham-Newman Corp. and Insurance Company shares throughout the applicable period, may be summarized as follows:-

	Per Share of Graham-Newman Stock
Net asset value on January 31st, 1949 shown herewith	$ 97.56
Add:	
Cash dividends paid in year	5.75
Market value on January 31st, 1949 of stock of Government Employees Insurance Co. distributed in July 1948, plus stock dividend thereon (1.8 shares of Insurance Co. stock at $30 per share)	54.00
Cash dividends paid in July 1948 and January 1949 on the Insurance Co. shares	1.80
Total -	$159.11
Net asset value on January 31st, 1948	114.13
Gain for the year	$ 44.98

The indicated net asset value as of February 19, 1949 was approximately $97.00 per share.

The financial statements have been reviewed by Messrs. Stern, Porter, Kingston and Coleman, independent public accountants, whose certificate is set forth herein.

The proxy statement for the annual meeting to be held April 11, 1949 will be sent to stockholders on or about April 1, 1949.

By Order of the Board of Directors,

Benj. Graham,
President

Jerome A. Newman,
Vice-President & Treasurer

STERN, PORTER, KINGSTON & COLEMAN
CERTIFIED PUBLIC ACCOUNTANTS

551 Fifth Avenue, New York 17, N. Y.
MURRAY HILL 2-8075

To the Board of Directors and Stockholders of
Graham-Newman Corporation:

We have examined the Balance Sheet of Graham-Newman Corporation as at January 31, 1949 and the related statements of Profit and Loss and Changes of Net Assets for the fiscal year ended January 31, 1949, 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 and in accordance with generally accepted standards applicable in the circumstances.

Pursuant to regulations of the Securities and Exchange Commission applicable to regulated investment companies, the Balance Sheet herein gives effect to the evaluation of investments in securities at their quoted market values as at the date thereof.

In our opinion, the accompanying Balance Sheet and related statements of Profit and Loss and Changes of Net Assets, subject however to the notes appended thereto, present fairly the position of Graham-Newman Corporation as at January 31, 1949 and the results of its operations for the fiscal year then ended, in conformity with the accounting principles set forth hereinabove applied on a basis consistent with that of the preceding year.

Stern Porter Kingston & Coleman

STERN, PORTER, KINGSTON & COLEMAN
Certified Public Accountants

New York, N. Y.
February 18, 1949.

GRAHAM-NEWMAN

NEW

B A L A N C E

JANUARY 31,

(ON BASIS OF QUOTED MARKET VALUE

A S S E T S

CASH IN BANKS		$ 86,243.81
DUE FROM BROKERS		
For Securities Sold	$ 2,874.05	
Other	166,279.90	169,153.95
INVESTMENTS IN SECURITIES (see Note A) (Cost $5,076,072.43)		5,242,969.00
OTHER ASSETS		
Interest Accrued on Bonds		220.00
		$5,498,586.76

CORPORATION

YORK

S H E E T

1949

OF SECURITIES AS AT JANUARY 31,1949)

L I A B I L I T I E S A N D C A P I T A L

NOTES PAYABLE - BANK (secured)		$ 450,000.00
SECURITIES SHORT (see Note A) (Net Proceeds of Sales $131,496.61)		112,290.00
ACCOUNTS PAYABLE AND ACCRUALS		
Officers' Additional Compensation (see Note B)	$21,260.56	
Other	4,213.14	25,473.70
PROVISION FOR ADDITIONAL CONTINGENT COMPENSATION OF OFFICERS (on increase in unrealized appreciation subsequent to January 31,1948)		32,568.92
NET ASSETS APPLICABLE TO OUTSTANDING CAPITAL STOCK		4,878,254.14
Capital Stock: Authorized, Issued and Outstanding- 50,000 shares of no par value Stated Value $50.00 per share	2,500,000.00	
Capital Surplus	2,224,719.88	
Earned Surplus	-	
Total Capital Stock and Surplus	4,724,719.88	
Unrealized Appreciation of Investments (after deducting provision for additional contingent compensation of officers)	153,534.26	
Total as above equivalent to $97.56 per share	$4,878,254.14	
		$5,498,586.76

GRAHAM-NEWMAN CORPORATION

STATEMENT OF CHANGES IN NET ASSETS
APPLICABLE TO OUTSTANDING CAPITAL STOCK
FOR THE FISCAL YEAR ENDED JANUARY 31, 1949

			NO. OF SHARES	PER SHARE
NET ASSETS AT JANUARY 31, 1948		$3,961,948.39	34,715	$114.13
ADD				
Capital Stock issued during year - for cash		1,528,500.00	15,285	100.00
		5,490,448.39	50,000	109.91
Net Income for year:				
Net Income, excluding gain or loss on investments, and before deducting additional compensation of officers	$ 52,966.31			
Realized Net Gain on Sales of Investments	225,589.55			
Total	278,555.86			
Deduct-Additional compensation of officers (see Note B)	21,260.56			
Provision for Federal income tax (see Note C)	-			
Net Income for year		257,295.30		6.07(a)
Increase in Unrealized Appreciation	162,844.58			
Deduct-Provision for additional contingent compensation of officers (see Note B)	32,568.92	130,275.66		3.08(a)
TOTAL		5,878,019.35		
DEDUCT				
Distribution to Stockholders at July 6,1948 of 37,492-20/100 shares Government Employees Insurance Company stock-at Cost	736,190.95			21.21(c)
Dividends Paid:				
Total	260,751.25			5.75(b)
Recapitalization Expenses (see Note D)	2,823.01			.06(d)
		999,765.21		
NET ASSETS AT JANUARY 31, 1949		$4,878,254.14		$ 97.56(d)

Date Paid	Per Share	No. of Shares	
June 18,1948	$1.75	34,715	60,751.25
Sept.17,1948	1.25	50,000	62,500.00
Dec. 17,1948	1.25	50,000	62,500.00
Jan. 28,1949	1.50	50,000	75,000.00
Total	$5.75		260,751.25

(a) computed on basis of average number of shares outstanding during year-42,357-1/2 shares.

(b) computed on number of shares upon which dividends were actually paid.

(c) computed on number of shares upon which distribution of Government Employees Insurance Co. stock was made (34,715 shares).

(d) computed on number of shares outstanding at close of year (50,000 shares).

STATEMENT OF CHANGES IN NET ASSETS
APPLICABLE TO OUTSTANDING CAPITAL STOCK

FOR THE FISCAL YEAR ENDED JANUARY 31, 1949

		TOTAL	CAPITAL STOCK STATED VALUE $50. PER SHARE	CAPITAL SURPLUS	EARNED SURPLUS	UNREALIZED APPRECIATION
ANALYSIS OF CHANGES IN NET ASSETS						
Net Assets at January 31, 1948		$3,961,948.39	$1,735,750.	$2,202,939.79	$ -	$ 23,258.60
Add:						
Capital Stock issued during year (15,285 shares)		1,528,500.00	764,250.	764,250.00		
Net Income for year		257,295.30			257,295.30	
Increase in Unrealized Appreciation less provision for additional contingent compensation of officers		130,275.66				130,275.66
Total		5,878,019.35	2,500,000.	2,967,189.79	257,295.30	153,534.26
Deduct:						
Distribution-Government Employees Insurance Company stock	736,190.95			736,190.95		
Dividends Paid	260,751.25			3,455.95	257,295.30	
Recapitalization Expense	2,823.01			2,823.01		
		999,765.21				
Net Assets at January 31, 1949		$4,878,254.14	$2,500,000.	$2,224,719.88	$ -0-	$153,534.26

GRAHAM-NEWMAN CORPORATION

NEW YORK

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 1949

NOTE A - VALUE OF INVESTMENTS-UNREALIZED APPRECIATION OF INVESTMENTS

The unrealized appreciation of investments at January 31, 1949 is represented as follows:

	Cost	Value at January 31,1949	Unrealized Appreciation
Investments in Securities	$5,076,072.43	$5,242,969.	$166,896.57
Securities Short	131,496.61	112,290.	19,206.61
Net Securities Position	$4,944,575.82	$5,130,679.	186,103.18
The unrealized appreciation of investments at January 31, 1948 was			23,258.60
and the increase in unrealized appreciation at the close of the year as compared with the status at the close of the prior year was			$162,844.58

The investment in Atlantic Gulf & West Indies Steamship Lines Common Stock has been valued per resolution of the board of directors at its quoted market value on the New York Stock Exchange as at the close of the year, and on this basis shows an unrealized appreciation of $166,341.50, thus representing an amount slightly in excess of the increase in unrealized appreciation for the year and the greater part of the unrealized appreciation at the close thereof. The company and other persons associated with it in this transaction acquired an effective control of that company (A.G.W.I.) in December 1948 and there have recently been only occasional transactions in this security on the Exchange.

Current values of investments at January 31, 1949 are based on market quotations and are not intended as representations of the amounts which may actually be realizable upon sale of these securities.

NOTE B - COMPENSATION OF OFFICERS

Pursuant to a resolution of the directors approved by the stockholders at a special meeting held on February 27, 1949, the corporation pays the President and Treasurer each a salary at the rate of $25,000.00 per annum from February 1, 1948 and as additional compensation to each, a sum equal to 10% of the over-all earnings from February 1, 1948 above a cumulative annual dividend of $4.00 per share, to the extent that the balance of such excess over-all earnings shall have been paid in dividends. Any such additional compensation is payable in five equal annual amounts on or about each successive January 31st, beginning January 31, 1949. The directors have voted to accelerate the payment of the additional compensation for the current year. In the event of death of either officer or the election of a successor, additional compensation will be payable of a sum which, together with the total additional compensation previously paid, shall equal 10% of the excess of the over-all net earnings of the corporation from February 1, 1948 to the date of termination of office over an amount equal to $4.00 per share per annum on the average number of shares outstanding for such period.

NOTE C - TAX STATUS

The company is a "regulated investment company" under the Internal Revenue Code, and as such is subject to Federal income tax at 25% of the excess of its net long term capital gain (less its net short term capital loss, if any) over the amount distributed as dividends which are designated by it as "capital gain dividends", and at 38% of the excess of its other net income over the amount of dividend distributions therefrom. The Company has distributed as dividends the entire amount of its net income for the current year, so that no provision for Federal income tax for the year is required. The Company likewise intends to follow the same practice in the future and no Federal income taxes will be payable on the basis of the Internal Revenue Code presently in force for any year in which this practice is followed. No provision has therefore been made for Federal income tax on unrealized appreciation of investments at January 31, 1949.

NOTE D - ISSUE OF ADDITIONAL STOCK

At June 16, 1948 the directors voted to increase the authorized Capital Stock of the Company from 40,000 to 50,000 shares of no par value and to offer the balance of the unissued stock to stockholders of record July 14, 1948 at $100.00 per share in the ratio of 44/100 of a share of new stock for each share then outstanding. The rights to subscribe expired August 9, 1948 and the entire number of authorized and unissued shares (15,285 shares) were subscribed for. Of the amount received, $50.00 per share, being the stated value per share of the capital stock, was credited to Capital Stock account, and the balance of $50.00 per share was credited to Capital Surplus.

NOTE E - SUPPLEMENTARY INFORMATION

The aggregate dollar amount of purchases and sales of investment securities, other than Government securities, made during the year were as follows:

	Cost of Purchases	Proceeds from Sales
First half (February 1,1948 to July 1,1948)	$2,231,534.44	$1,373,835.93
Second half(August 1,1948 to January 31,1949)	1,919,694.03	885,194.72
Total for the year	$4,151,228.47	$2,259,030.65

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENTS IN SECURITIES

JANUARY 31, 1949

SUMMARY

	QUOTED MARKET VALUE AT JANUARY 31,1949
INVESTMENT COMPANIES	
Preferred Stocks	$ 35,063.
Common Stocks	248,741.
HOLDING COMPANIES	
Preferred Stocks	447,356.
Common Stocks	174,342.
OTHER SECURITIES	
Bonds	
Railroads	342,865.
Utilities	391,663.
Real Estate	1,500.
Preferred Stocks	
Utilities	203,240.
Insurance Companies	4,000.
Industrials	154,830.
Common Stocks	
Railroads	22,750.
Utilities	198,520.
Banks	50,625.
Insurance Companies	289,661.
Industrials	2,677,813.
	$5,242,969.

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENTS IN SECURITIES

JANUARY 31, 1949

NO. OF SHARES	DESCRIPTION OF SECURITIES	QUOTED MARKET VALUE AT JANUARY 31,1949 Amount
INVESTMENT COMPANIES		
Preferred Stocks		
825	Railway & Light Securities Co. 4% Cumulative Convertible Preferred	$ 35,063.
Common Stocks		
530	Aldred Investment Trust	66.
1,000	American Research & Development Corporation	22,250.
1,500	American International Corporation	18,000.
3,400	Carriers and General Corporation	23,800.
1,000	Niagara Share Corporation "B"	9,500.
7,000	Pacific American Investors, Inc.	21,000.
18,000	The Pennroad Corporation	137,250.
2,500	Tri-Continental Corporation	16,875.
		$248,741.
HOLDING COMPANIES		
Preferred Stocks		
1,300	Alleghany Corporation Cumulative Convertible $2.50 Prior Preferred	85,800.
600	American & Foreign Power Co. $6.00 Cumulative Preferred	30,600.
400	American & Foreign Power Co. $7.00 Cumulative Preferred	22,800.
8,850	Electric Bond & Share Co. $6.00 Preferred (stubs)	34,294.
300	Electric Power & Light Corp. $6.00 Cumulative Preferred	41,325.
1,251	Federal Light & Traction Co. $6.00 Cumulative Preferred	6,724.
500	International Hydro-Electric System $3.50 Cumulative Convertible Preferred	26,063.
1,700	Standard Power & Light Corporation $7.00 Cumulative Preferred	199,750.
		$447,356.

INVESTMENTS IN SECURITIES

JANUARY 31, 1949

NO. OF SHARES	DESCRIPTION OF SECURITIES	QUOTED MARKET VALUE AT JANUARY 31,1949 Amount
HOLDING COMPANIES (Continued)		
Common Stocks		
3,000	Amerex Holding Corporation	$ 74,250.
3,405	Engineers Public Service Company-ex-distributions	5,107.
5,000	General Tin Investments, Ltd.-American Certificate for Ordinary Capital	5,625.
130	Georgia Railroad & Banking Company	18,785.
2,000	Marine Midland Corporation	13,500.
3,000	Midland Realization Company	3,180.
4,500	Midland Utilities Company	562.
500	Mission Corporation	23,750.
166-2/3	Mission Development Company	1,458.
500	North American Company	8,125.
2,000	Transamerica Corporation	20,000.
		$174,342.

OTHER SECURITIES - BONDS

Face Amount		
Railroads		
$ 75,000.	Boston Terminal Co. 1st Registered 3½% 2/1/1947	57,750.
50,000.	Central Railroad Co. of New Jersey-First Mortgage 5% 7/1/1987 (C/D)	37,500.
96,000.	Chicago, Terre Haute and Southeastern Railway Co. Income Mortgage 2-3/4% 1/1/1994	69,120.
100,000.	The New York, New Haven & Hartford R.R. Co. General Mortgage Series "A" Income 4½% 7/1/2022	46,000.
185,000.	Northwestern Terminal Railway Company First Mortgage Income 5% 1/1/1977	122,100.
63,000.	Rio Grande & Western Railway Co. First Consolidated Mortgage Series A 4% 4/1/1949(stubs)	10,395.
		$342,865.

INVESTMENTS IN SECURITIES

JANUARY 31, 1949

FACE AMOUNT	DESCRIPTION OF SECURITIES	QUOTED MARKET VALUE AT JANUARY 31,1949 Amount
OTHER SECURITIES - BONDS (Continued)		
Utilities		
$100,000.	Chicago City Railway Company First Mortgage 5% 2/1/1927 (C/D) (Stubs)	$ 11,125.
359,000.	Chicago Rapid Transit Company: First & Refunding Mortgage Series "A" 6% 7/1/1953 (stubs) First & Refunding Mortgage 6½% 7/1/1944 (stubs)	12,116.
	Federal Street and Pleasant Valley Passenger Railway Co.:	
34,000.	Consolidated Mortgage 5% 5/1/1942	44,000.
21,000.	Consolidated Mortgage 5% 5/1/1942 Stamped	
1,131,000.	Metropolitan West Side Elevated Railway Co. (Chicago): Extension Mortgage 4% 7/1/1938 (stubs) First Mortgage 4% 8/1/1938 (stubs)	52,309.
145,000.	Northwestern Elevated Railway Company: First Mortgage 5% 9/1/1941 (stubs) First Mortgage 5% 9/1/1941 (C/D)(stubs)	8,156.
	Second Avenue Traction Co.:	
9,000.	First Mortgage 5% 12/1/1934	
56,000.	First Mortgage 5% 12/1/1934 (C/D)	48,910.
2,000.	First Mortgage 5% 12/1/1934-Stamped(C/D)	
	Southern Traction Company:	
150,000.	First and Coll.5% 10/1/1950	172,190.
107,000.	First and Coll.5% 10/1/1950 Stamped	
126,000.	Union Elevated Railroad Company First Mortgage 5% 10/1/1945 (stubs)	7,087.
	West End Traction Co.:	
13,000.	General Mortgage 5% 1/1/1938	
36,000.	General Mortgage 5% 1/1/1938 Stamped (C/D)	35,770.
		$391,663.

INVESTMENTS IN SECURITIES

JANUARY 31, 1949

NO. OF SHARES OR FACE AMOUNT	DESCRIPTION OF SECURITIES	QUOTED MARKET VALUE AT JANUARY 31,1949 Amount
OTHER SECURITIES - BONDS (Continued)		
Real Estate		
2,500 units	Schulco Company Incorporated 5% 7/1/1963 Scrip	$ -
$10,000.	Sunnyside Properties,Inc. 6% Cumulative Income Notes 10/1/1950 - Registered	1,500.
		$ 1,500.
OTHER SECURITIES - PREFERRED STOCKS		
Utilities		
8,600	Market Street Railway Company Cumulative Prior Preferred 6%	146,200.
	New England Public Service Company:	
685	$6.00 Prior Lien Cumulative Preferred Contingent Certificate for additional amount due (stubs)	2,740.
1,120	$7.00 Prior Lien Cumulative Preferred Contingent Certificate for additional amount due (stubs)	9,800.
500	Vicksburg, Shreveport and Pacific Railway Company 5% Common guaranteed by Illinois Central Railroad Company	44,500.
		$203,240.
Insurance Companies		
400	U.S. Casualty Company $.45 Cumulative Convertible Participating Preferred	$ 4,000.
Industrials		
	Autocar Company:	
609	Cumulative Convertible Preferred Series A - 5%	
291	Convertible Preferred Series B - 5%	13,000.
100	Cumulative Convertible Preferred Series C - 5%	
1,200	Avco Manufacturing Corporation $2.25 Cumulative Convertible Preferred	49,950.
300	Cluett Peabody and Co. 4% Cumulative Convertible 2nd Preferred	24,900.
	Forward	$ 87,850.

INVESTMENTS IN SECURITIES

JANUARY 31, 1949

NO. OF SHARES	DESCRIPTION OF SECURITIES	QUOTED MARKET VALUE AT JANUARY 31,1949 Amount
	OTHER SECURITIES - PREFERRED STOCKS (Continued)	
	Industrials (Continued)	
	(Forward)	$ 87,850.
300	Franklin Simon & Company, Incorporated 4½% Cumulative Convertible Preferred	7,500.
1,100	Gar Wood Industries, Inc. 4½% Cumulative Convertible Preferred	31,900.
200	General Cable Corp. 4% Cumulative Convertible 2nd Preferred	5,750.
100	Mansfield Tire & Rubber Company $1.20 Cumulative Convertible Preferred	1,850.
300	Murray Corporation of America 4% Cumulative Preferred	10,425.
260	Thermoid Co. $2.50 Cumulative Convertible Preferred	9,555.
		$154,830.
	OTHER SECURITIES - COMMON STOCKS	
	Railroads	
1,400	Northern Pacific Railway Company	$ 22,750.
	Utilities	
1,450	Boston Elevated Railway Company	24,650.
6,200	Federal Water & Gas Corporation	30,225.
1,400	Illinois Power Company	37,975.
300	International Ocean Telegraph Company	23,700.
11,000	Longview Bridge Company	16,500.
700	Monongahela Street Railway Company	18,550.
196	Pittsburgh Incline Plane Company*	23,520.
1,000	Portland General Electric Company	22,750.
400	United Public Utilities Corporation	650.
		$198,520.
	Banks	
5,000	Continental Bank & Trust Company	$ 50,625.
	Insurance Companies	
800	American Surety Company	49,600.
1,100	Employers Group Associates	37,812.
4,755	New Amsterdam Casualty Company	147,405.
900	Standard Accident Insurance Company	29,475.
1,025	Universal Insurance Company	25,369.
		$289,661.

*See Page for footnote.

INVESTMENTS IN SECURITIES

JANUARY 31, 1949

NO. OF SHARES	DESCRIPTION OF SECURITIES	QUOTED MARKET VALUE AT JANUARY 31,1949 Amount
OTHER SECURITIES - COMMON STOCKS (Continued)		
Industrials		
4,600	A.D.F. Company	$ 5,750.
5,000	American-Hawaiian Steamship Company	181,250.
23,763	Atlantic Gulf & West Indies Steamship Lines*	1,295,084.
12,600	Brewster Aeronautical Corporation	1,008.
3,700	Buda Company	39,775.
3,000	Compania Manufactures del Patrero S. A.	-
5,000	Consolidated Liquidating Corporation	87,500.
1,000	Diamond T. Motor Car Company	11,875.
7,000	Equitable Office Building Corporation	34,125.
1,000	Fairchild Engine & Airplane Corporation	4,125.
10,500	Fajardo Sugar Company of Porto Rico	244,807.(a)
1,200	Franklin Railway Supply Company	14,400.
300	Hercules Motors Corporation	4,125.
2,000	Hunt Foods, Incorporated	20,750.
999	Jones & Lamson Machine Company	20,230.
1,000	Lee Rubber & Tire Corporation	39,250.
500	Mandel Brothers, Incorporated	4,000.
1,400	Manhattan Shirt Company	24,500.
1,500	Maryland Dry Dock Company	20,250.
1,550	Merchants & Miners Transport Company	13,175.
1,500	Mohawk Rubber Company	20,625.
3,100	National Department Stores Corporation	46,500.
44,790	National Transit Pump & Machine Company*	246,345.
745	New Britain Machine Company	13,410.
3,300	New York Merchandise Co., Inc.	37,950.
300	Rice-Stix Dry Goods Company	7,650.
110	Shuron Optical Company, Inc.	2,640.
1,000	Stewart Warner Corporation	12,750.
265	Taylor-Wharton Iron & Steel Co.	8,745.
600	Todd Shipyards Corporation	34,950.
4,079	Utica Knitting Company*	146,844.
1,000	White Motor Company	15,000.
1,100	R.C. Williams & Company, Inc.	7,425.
500	Yale & Towne Manufacturing Company	11,000.
		$2,677,813.

*Represents investment in a non-controlled affiliate, as defined in Investment Company Act of 1940, under which an issuer is an "affiliate" of one who owns 5% or more of its outstanding voting securities.

(a) Includes dividend receivable.

GRAHAM-NEWMAN CORPORATION

NEW YORK

SECURITIES SHORT

JANUARY 31, 1949

NO. OF SHARES	DESCRIPTION OF SECURITIES	COVER VALUE, JANUARY 31,1949 Amount
PREFERRED STOCKS - RAILROADS		
1,000	New York, New Haven & Hartford R.R. Co. 5% Series A	$ 31,625.
COMMON STOCKS - RAILROADS		
1,000	Central Railroad Co. of New Jersey	31,750.
COMMON STOCKS - INDUSTRIALS		
2,800	Avco Manufacturing Corporation	18,900.
4,600	Gar Wood Industries, Inc.	27,025.
400-70/100	Utah Fuel Co. When Issued	2,990.
		$112,290.

GRAHAM-NEWMAN CORPORATION
120 WALL STREET
NEW YORK 5, N. Y.

February 27, 1950

To the Stockholders of Graham-Newman Corporation:

Submitted herewith are the financial statements of the Corporation, covering the fiscal year ended January 31, 1950.

The appended balance sheet indicates a net asset value of $106.57 per share on January 31, 1950, compared with $97.56 on January 31, 1949.

During the fiscal year total dividends of $10 per share were paid, of which $7.63 has been designated as Capital Gain Dividends, pursuant to Section 362 of the Internal Revenue Code; $0.28 per share represents a return of capital, and the balance of $2.09 per share represents ordinary income.

The over-all gain for the year, including the net increase in unrealized appreciation, amounted to $19.01 per share. Net realized profits for the year, without reflecting the increase in unrealized appreciation, amounted to $9.12 per share.

The attached financial statements have been reviewed by Messrs. Stern, Porter, Kingston & Coleman, independent public accountants, whose certificate is set forth herein.

During the year, the Corporation moved its offices to larger quarters at 120 Wall Street. This enabled us to effect a much needed increase in our personnel by the addition of Messrs. Edward E. Laufer and Howard A. Newman to the staff. During the year, also, a limited partnership was formed, known as Newman & Graham, with a present capital of $2,570,000, to operate on a basis similar to that of Graham-Newman Corporation. Operating expenses are being shared between the two businesses in proportion to capital. As a result, we have been able to expand our organization without increase in the Corporation's overhead.

With deep regret we report the untimely death in December, 1949, of Seymour T. Cohn, our good friend and the Secretary of the Corporation since its inception. At a subsequent meeting of the Board of Directors, Mr. Laufer was elected Secretary to succeed Mr. Cohn and Mr. Howard A. Newman was elected Assistant Treasurer and Assistant Secretary.

The annual meeting of stockholders is scheduled to be held on Monday, April 10, 1950 at 2:00 P.M. Formal notice thereof, together with a proxy statement and request for proxies, will be sent to stockholders on or about March 31, 1950.

By Order of the Board of Directors,

Benj. Graham,
President

Jerome A. Newman,
Vice-President & Treasurer

STERN, PORTER, KINGSTON & COLEMAN
CERTIFIED PUBLIC ACCOUNTANTS

551 Fifth Avenue, New York 17, N. Y.
MURRAY HILL 2-8075

To the Board of Directors and Stockholders
of Graham-Newman Corporation:

We have examined the Balance Sheet of Graham-Newman Corporation as at January 31, 1950 and the related statements of Profit and Loss and Changes of Net Assets for the fiscal year ended January 31, 1950, 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 and in accordance with generally accepted standards applicable in the circumstances.

Pursuant to regulations of the Securities and Exchange Commission applicable to regulated investment companies, the Balance Sheet herein gives effect to the evaluation of investments in securities at their quoted market values as at the date thereof.

In our opinion, the accompanying Balance Sheet and related statements of Profit and Loss and Changes of Net Assets, subject however to the notes appended thereto, present fairly the position of Graham-Newman Corporation as at January 31, 1950 and the results of its operations for the fiscal year then ended, upon the basis of the accounting principles set forth hereinabove and applied, except for the change noted in Note D to the Financial Statements, which change we approve, on a basis consistent with that of the preceding year.

Stern Porter Kingston & Coleman

STERN, PORTER, KINGSTON & COLEMAN
Certified Public Accountants

New York, N. Y.
February 21, 1950

GRAHAM-NEWMAN

NEW

B A L A N C E

JANUARY 31,

(ON BASIS OF QUOTED

A S S E T S

CASH IN BANKS		$ 53,867.42
DEPOSITS WITH BROKERS		121,850.24
INVESTMENTS IN SECURITIES (See Note A) (Cost $4,777,929.56)		5,568,145.00
OTHER ASSETS		
Dividends Receivable	$21,275.10	
Interest Accrued on Bonds	220.00	
Deposits and Sundry Receivables	963.59	22,458.69
FURNITURE AND FIXTURES		5,005.86
		$5,771,327.21

CORPORATION

YORK

S H E E T

1950

MARKET VALUE OF SECURITIES)

L I A B I L I T I E S A N D C A P I T A L

NOTE PAYABLE - BANK (secured)		$ 100,000.00
SECURITIES SHORT (see Note A) (Net proceeds of sales $120,580.65)		106,418.00
DUE TO BROKERS - for securities purchased		9,577.64
ACCOUNTS PAYABLE AND ACCRUALS		
Benjamin Graham- Additional compensation (see Note B)	$ 31,972.55	
Jerome A. Newman- Additional compensation (see Note B)	31,972.55	
Other	6,508.07	70,453.17
PROVISION FOR ADDITIONAL CONTINGENT COMPENSATION OF OFFICERS (on increase in unrealized appreciation of investments subsequent to January 31, 1948) (see Note B)		156,223.90
NET ASSETS APPLICABLE TO OUTSTANDING CAPITAL STOCK		5,328,654.50
Capital Stock: Authorized, issued and outstanding: 50,000 shares of no par value - at stated value of $50.00 per share	2,500,000.00	
Capital Surplus	2,180,500.31	
Earned Surplus	-	
Total Capital Stock and Surplus	4,680,500.31	
Unrealized Appreciation of Investments (after deducting provision for related additional contingent compensation of officers)	648,154.19	
Total, as above	$5,328,654.50	
Equivalent to $106.57 per share		
		$5,771,327.21

GRAHAM-NEWMAN CORPORATION
PROFIT AND LOSS STATEMENT
FOR THE FISCAL YEAR ENDED JANUARY 31, 1950

STATEMENT OF INCOME AND EXPENSES (excluding gain or loss on investments)			
Income			
Dividends (see Note D)		$199,574.50	
Interest on Investments		13,598.05	
Total		213,172.55	
Expenses			
Salaries of Officers:			
Benjamin Graham (see Note B)	$ 25,000.00		
Jerome A. Newman (do)	25,000.00		
Other	10,499.99		
Other:			
Office salaries	18,820.57		
Executive committee fees	5,550.00		
Directors' fees	1,075.00		
Rent and light	3,459.32		
Telephone and telegraph	1,700.47		
Insurance	467.50		
Taxes (other than Federal income tax)	2,924.41		
Legal and accounting	6,536.23		
Custodian fees	2,436.83		
General expense	3,268.83		
Depreciation	359.05		
Payment to widow of deceased officer	3,500.00		
Total	110,598.20		
Interest Paid	1,927.22		
Total Expenses (exclusive of additional compensation of officers)		112,525.42	
Net Income, excluding gain or loss on investments-before deducting additional compensation of officers and provision for Federal income tax		100,647.13	
Add-Expenditures for office fixtures, etc. written off in prior year-capitalized		1,643.15	$102,290.28
NET REALIZED GAIN ON SALES OF INVESTMENTS			417,435.25
Amount realized	2,301,654.90		
Cost	1,884,219.65		
NET INCOME, before deducting additional compensation of officers and provision for Federal income tax			519,725.53
Deduct-Additional compensation of officers (see Note B):			
Benjamin Graham	31,972.55		
Jerome A. Newman	31,972.55	63,945.10	
Provision for Federal income tax (see Note C)		-	63,945.10
NET INCOME FOR YEAR			455,780.43
ADD:-			
Increase in Unrealized Appreciation (see Note A)		618,274.91	
Unrealized Appreciation-at January 31,1949	186,103.18		
-at January 31,1950	804,378.09		
Deduct-Provision for additional contingent compensation of officers (see Note B)		123,654.98	494,619.93
NET INCOME FOR YEAR - including increase in unrealized appreciation of investments (see Notes A and B)			$950,400.36

Equivalent (on 50,000 shares outstanding during year) to $19.01 per share.

GRAHAM-NEWMAN CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JANUARY 31, 1950

			PER SHARE*
NET ASSETS AT JANUARY 31, 1949		$4,878,254.14	$ 97.56
ADD-NET INCOME FOR YEAR			
Net Income, excluding gain or loss on investments (before deducting additional compensation of officers)	$102,290.28		
Net Realized Gain on Sales of Investments	417,435.25		
Total	519,725.53		
Deduct-Additional Compensation of Officers	63,945.10		
Net Income for year		455,780.43	9.12
Increase in Unrealized Appreciation of Investments	618,274.91		
Deduct-Provision for related additional contingent compensation of officers	123,654.98	494,619.93	9.89
Total		5,828,654.50	116.57
Deduct-Dividends Paid (on 50,000 shares)			
April 25,1949 — Per share $ 1.25	62,500.00		
July 20,1949 — 1.25	62,500.00		
October 21,1949 — 1.25	62,500.00		
January 31,1950 — 6.25	312,500.00		
Total — $10.00		500,000.00	10.00
NET ASSETS AT JANUARY 31,1950		$5,328,654.50	$106.57

ANALYSIS OF CHANGES IN NET ASSETS

	Total	Capital Stock	Capital Surplus	Earned Surplus	Unrealized Appreciation(x)
Net Assets At January 31,1949	$4,878,254.14	$2,500,000.	$2,224,719.88	$ -0-	$153,534.26
Add-Net Income for year	455,780.43			455,780.43	
Increase in unrealized appreciation less provision for related additional contingent compensation of officers	494,619.93				494,619.93
Total	5,828,654.50	2,500,000.	2,224,719.88	455,780.43	648,154.19
Deduct-Dividends Paid	500,000.00		44,219.57	455,780.43	
Net Assets at January 31,1950	$5,328,654.50	$2,500,000.	$2,180,500.31	$ -0-	$648,154.19

* Capital Stock - 50,000 shares of no par value-stated value $50.per share

(x) Unrealized Appreciation of Investments, after deducting provision for related additional contingent compensation of officers.

GRAHAM-NEWMAN CORPORATION
NEW YORK
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 1950

NOTE A - VALUE OF INVESTMENTS-UNREALIZED APPRECIATION OF INVESTMENTS

Investments have been evaluated at their quoted market values as at January 31, 1950 except for an investment (American Maracaibo Co. participation note) of $43,752.60 for which no market quotation was obtainable and which has been included at cost, being the fair value thereof as determined by the management.

The unrealized appreciation of investments at January 31,1950 is represented as follows:

	Cost	Value at January 31,1950	Unrealized Appreciation
Investments in securities	$4,777,929.56	$5,568,145.	$790,215.44
Securities short	120,580.65	106,418.	14,162.65
Net Securities position	$4,657,348.91	$5,461,727.	804,378.09
The unrealized appreciation at January 31, 1949 was			186,103.18
and the increase in unrealized appreciation for the year was			$618,274.91

The investment in Atlantic Gulf & West Indies Steamship Lines (AGWI) common stock has been valued at its quoted market value on the New York Stock Exchange as at January 31, 1950, and upon this basis shows an unrealized appreciation at that date of $507,934.50 of which $341,593. represents appreciation during the year. Unrealized appreciation is therefore represented as follows:

	Increase in Unrealized Appreciation during year	Total Unrealized Appreciation at January 31, 1950
AGWI Common Stock	$341,593.00	$507,934.50
Other Securities	276,681.91	296,443.59
Total	$618,274.91	$804,378.09

Effective control of AGWI was acquired by Jerome A. Newman, by virtue of the control by him or power to influence a majority of the outstanding stock of that company, including the holdings of Graham-Newman Corporation. There have recently been only occasional transactions in AGWI common stock on the New York Stock Exchange.

Current values of investments at January 31,1950 are based upon market quotations, except as noted above, and are not intended as representations of the amounts which may actually be realizable upon sale of these securities.

NOTE B - COMPENSATION OF OFFICERS

Pursuant to resolution of the board of directors at March 24, 1949 the President and Treasurer of the company each receive a salary at the rate of $25,000. per annum and additional compensation, computed upon an annual basis, of 10% of the excess of net realized income (less the net unrealized depreciation if any in value of investments) over an amount equivalent to $1.00 per share per quarter, - such additional compensation as to each being limited to 12½% of the excess of dividends actually paid over an amount equal to $1.00 per share per quarter. The additional compensation is cumulative from February 1, 1948 and is payable in five equal annual installments within 60 days of the close of the respective years.

NOTE B - COMPENSATION OF OFFICERS (continued)

In the event of death of either officer or the termination of his tenure of office, additional compensation will be payable to such officer, or to his estate, in an amount equal to 10% of the increase in unrealized appreciation subsequent to January 31, 1948, less an amount equal to $1.00 per share per quarter, to the extent that such amounts had not previously been taken into consideration in computing additional compensation.

NOTE C - TAX STATUS

The company is a "regulated investment company" under the Internal Revenue Code, and as such is subject to Federal income tax at 25% of the excess of its net long term capital gain (less its net short term capital loss, if any) over the amount distributed as dividends which are designated by it as "capital gain dividends", and at 38% of the excess of its other net income over the amount of dividend distributions therefrom. Dividends have been paid during the year in an amount in excess of net income, and no provision for Federal income tax for the year is therefore required. The company likewise intends in the future to distribute its entire realized net income each year as dividends, and if this practice is followed, it will not under the present Federal Internal Revenue Code be liable to income tax on the presently unrealized appreciation, as and when realized.

NOTE D - INCOME FROM DIVIDENDS

Income from dividends includes both (a) dividends received during the year on stocks which were selling ex-dividend at the close of the prior year in the amount of $18,100.01 (which had not been set up as an asset in the balance sheet as of that date, except for a special dividend of $11,182.50 which had been included in the evaluation of investments) and (b) dividends in the amount of $21,275.10 on stocks which were selling ex-dividend at the close of the year, which latter amount has been set up as an asset in the balance sheet herein.

NOTE E - SUPPLEMENTARY INFORMATION

The aggregate dollar amounts of purchases and sales of investment securities, other than United States Government securities, made during the year were as follows:

Cost of securities purchased	$1,712,875.80
Proceeds of sales of securities	2,417,537.96

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENTS IN SECURITIES

JANUARY 31, 1950

SUMMARY

	QUOTED MARKET VALUE AT JANUARY 31, 1950
INVESTMENT COMPANIES	
Preferred Stocks	$ 27,169
Common Stocks	94,912
HOLDING COMPANIES	
Preferred Stocks	192,067
Common Stocks	148,965
OTHER SECURITIES	
Bonds and Notes	
Railroads	221,945
Utilities	162,889
Industrials	43,753
Preferred Stocks	
Utilities	190,000
Industrials	176,263
Common Stocks	
Railroads	303,488.
Utilities	238,483
Banks	33,750
Insurance Companies	123,857
Industrials	3,610,604
TOTAL	$5,568,145

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENTS IN SECURITIES

JANUARY 31, 1950

NO. OF SHARES	DESCRIPTION OF SECURITIES	QUOTED MARKET VALUE AT JANUARY 31, 1950 Amount
	INVESTMENT COMPANIES	
	Preferred Stocks	
525	Railway & Light Securities Co. 4% Cumulative Convertible Preferred	$ 27,169.
	Common Stocks	
1,000	American Research & Development Corporation	24,500.
2,200	Carriers & General Corporation	17,600.
14,500	Pacific American Investors, Inc.	47,125.
242	Railway & Light Securities Co.	5,687.
		$ 94,912.
	HOLDING COMPANIES	
	Preferred Stocks	
800	American & Foreign Power Co. $6.00 Cumulative Preferred	48,400.
12,400	Electric Bond & Share Co. $6.00 Preferred (stubs)	106,950.
3,405	Engineers Public Service Company ex distributions (stubs)	647.
987	Federal Light & Traction Co. $6.00 Cumulative Preferred (stubs)	9,870.
400	Queens Borough Gas & Electric Co. 6% Cumulative Preferred	26,200.
		$192,067.
	Common Stocks	
1,000	Amerex Holding Corporation	34,000.
5,000	General Tin Investments, Ltd.- American Certificate for Ordinary Capital	5,938.
155	Georgia Railroad & Banking Company	21,002.
2,000	Marine Midland Corporation	18,000.
10,000	Middle West Corporation	26,250.
500	Mission Corporation	23,250.
400	Mission Development Company	4,150.
1,000	Transamerica Corporation	16,375.
		$148,965.
	OTHER SECURITIES - BONDS	
Face Amount		
	Railroads	
	Boston Terminal Co.:	
$21,000.	First Mortgage 3½% 2/1/1947	109,500.
$123,000.	do do do (Registered)	
$6,000.	First Mortgage 4% 7/1/50 do	
$96,000.	Chicago, Terre Haute & Southeastern Railway Co. Income Mortgage 2-3/4% 1/1/1994	75,840.
	Forward	$185,340

INVESTMENTS IN SECURITIES

JANUARY 31, 1950

FACE AMOUNT	DESCRIPTION OF SECURITIES	QUOTED MARKET VALUE AT JANUARY 31,1950 Amount
OTHER SECURITIES - BONDS (Continued)		
Railroads (continued)		
	Forward	$185,340.
$50,000.	The New York, New Haven & Hartford R.R.Co.General Mortgage Series "A" Income 4½% 7/1/2022	23,375.
63,000.	Rio Grande & Western Railway Co. First Consolidated Mortgage Series A 4% 4/1/1949 (stubs)	13,230.
		$221,945.
Utilities		
$100,000.	Chicago City Railway Company First Mortgage 5% 2/1/1927 (C/D) (Stubs)	9,750.
400,000.	Chicago Rapid Transit Company: First and Refunding Mortgage Series "A" 6% 7/1/1953(stubs); First and Refunding Mortgage 6½% 7/1/1944 (stubs)	15,000.
1,131,000.	Metropolitan West Side Elevated Railway Co. (Chicago): Extension Mortgage 4% 7/1/1938 (stubs); Extension Mortgage 4% 7/1/1938 (stubs)(C/D)	57,964.
145,000.	Northwestern Elevated Railway Company: First Mortgage 5% 9/1/41(stubs); First Mortgage 5% 9/1/41 (stubs)(C/D)	8,881.
65,000.	Southern Traction Company: First & Collateral 5% 10/1/1950; First & Collateral 5% 10/1/1950 Stamped	58,988.
126,000.	Union Elevated Railroad Company First Mortgage 5% 10/1/1945 (stubs)	7,718.
5,000.	Washington & Cannonsburg Railway Co. First Mortgage 5% 7/1/1932 Stamped; First Mortgage 5% 7/1/1932 Stamped Registered	4,588.
		$162,889.
Industrials		
	American Maracaibo Company 50% Participation in Note for $109,381.49	$ 43,753.(x)

INVESTMENTS IN SECURITIES

JANUARY 31, 1950

NO. OF SHARES	DESCRIPTION OF SECURITIES	QUOTED MARKET VALUE AT JANUARY 31, 1950 Amount
OTHER SECURITIES-PREFERRED STOCKS		
Utilities		
10,000	Market Street Railway Company Cumulative Prior Preferred 6%	$190,000.
Industrials		
	Autocar Company:	
609	Cumulative Convertible Preferred Series A - 5%	10,500.
100	Cumulative Convertible Preferred Series C - 5%	
291	Convertible Preferred Series B 5%	
1,200	Avco Manufacturing Corporation $2.25 Cumulative Convertible Preferred	51,150.
300	Cluett Peabody & Co. 4% Cumulative Convertible 2nd Preferred	23,850.
800	Gar Wood Industries, Inc. 4½% Cumulative Convertible Preferred	20,600.
500	General Cable Corp. 4% Cumulative Convertible 2nd Preferred	14,000.
100	Mansfield Tire & Rubber Company $1.20 Cumulative Convertible Preferred	1,800.
500	Murray Corporation of America 4% Cumulative Preferred	18,313.
700	Willys-Overland Motors Incorporated $4.50 Cumulative Convertible Preferred Series A	36,050.
		$176,263.
OTHER SECURITIES - COMMON STOCKS		
Railroads		
4,000	Montgomery & Erie Railway Company 3½%* (Guaranteed by Erie Railroad Company)	29,000.
13,500	Northern Pacific Railway Company	254,813.
200	Vicksburg, Shreveport & Pacific Railway Company 5% (Guaranteed by Illinois Central Railroad Company)	19,675.
		$303,488.

x)

INVESTMENTS IN SECURITIES

JANUARY 31, 1950

NO. OF SHARES	DESCRIPTION OF SECURITIES	QUOTED MARKET VALUE AT JANUARY 31,1950 Amount
OTHER SECURITIES - COMMON STOCKS (Continued)		
Utilities		
5,653	Boston Elevated Railway Company	$ 82,675.
3,000	Federal Water & Gas Corporation (stubs)	22,125.
300	International Ocean Telegraph Company	23,250.
1,230	Monongahela Street Railway Company	55,965.
100	Pittsburgh & Birmingham Traction Co.	4,750.
106	Pittsburgh Incline Plane Company*	17,384.
1,000	Portland General Electric Company	24,875.
155	Suburban Rapid Transit Street Railway Company	6,859.
400	United Public Utilities Corporation	600.
		$238,483.
Banks		
5,000	Continental Bank & Trust Company	$ 33,750.
Insurance Companies		
800	American Surety Company	48,400.
800	Employers Group Associates	29,200.
700	Standard Accident Insurance Company	26,863.
725	Universal Insurance Company	19,394.
		$123,857.
Industrials		
4,600	A. D. F. Company	6,325.
500	A. T. F. Incorporated	6,875.
500	Allied Kid Company	10,063.
3,550	American Arch Company Delaware	74,106.
3,550	American Arch Company, Inc. New York	
5,000	American Hawaiian Steamship Company	207,500.
500	American Laundry Machinery Co.	10,188.
23,763	Atlantic Gulf & West Indies Steamship Lines*	1,636,677.
1,200	Baldwin Locomotive Works	14,550.
200	Bates Manufacturing Company	5,925.
12,600	Brewster Aeronautical Corporation	1,008.
4,000	Buda Company	45,000.
1,500	Bunte Brothers	14,438.
100	Burd Piston Ring Company	800.
500	Colts Manufacturing Co.	21,750.
5,000	Consolidated Liquidating Corporation	23,750.
557	Cramp Shipbuilding Company	13,925.
1,000	Crowley Milner & Company	6,500.
	Forward	$2,099,380.

INVESTMENTS IN SECURITIES

JANUARY 31, 1950

NO. OF SHARES	DESCRIPTION OF SECURITIES	QUOTED MARKET VALUE AT JANUARY 31,1950 Amount
OTHER SECURITIES - COMMON STOCKS (Continued)		
Industrials (continued)		
	Forward	$3,287,900.
1,500	Rice Stix Inc.	37,875.
321-6/10	Shuron Optical Company,Inc.	9,648.
3,000	Stewart-Warner Corporation	43,500.
600	Todd Shipyards Corporation	24,450.
250	Tyer Rubber Company	5,500.
4,595	Utica Knitting Company*	178,056.
1,000	White Motor Company	16,250.
1,100	R. C.Williams & Company, Inc.	7,425.
		$3,610,604.

*Represents investment in a non-controlled affiliate, as defined in Investment Company Act of 1940, under which an issuer is an affiliate of one who owns 5% or more of its outstanding voting securities.

(x) Evaluation by management.

GRAHAM-NEWMAN CORPORATION

NEW YORK

SECURITIES SHORT

JANUARY 31, 1950

NO. OF SHARES	DESCRIPTION OF SECURITIES	COVER VALUE JANUARY 31,1950 Amount
PREFERRED STOCKS-RAILROADS		
500	New York, New Haven & Hartford R.R. Co. 5% Series A	$ 15,875.
HOLDING COMPANIES-PREFERRED STOCKS		
3,200	American & Foreign Power Co. 2nd Preferred Series A ($7.) Cumulative	56,800.
COMMON STOCKS - INDUSTRIALS		
2,800	Avco Manufacturing Corporation	19,600.
2,000	Gar Wood Industries, Inc.	9,750.
400-70/100	Utah Fuel Co. When Issued	4,393
		$106,418.

GRAHAM-NEWMAN CORPORATION
120 WALL STREET
NEW YORK 5, N. Y.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

- - - - - -

To the Stockholders of Graham-Newman Corporation:

NOTICE IS HEREBY GIVEN THAT the Annual Meeting of Stockholders of Graham-Newman Corporation will be held at the office of the Corporation at 120 Wall Street, New York, N.Y., on Monday, April 9th, 1951, at 2:00 P.M., for the following purposes:

(1) To elect seven Directors to hold office until the Annual Meeting of Stockholders next ensuing after their election and until their successors shall have been elected and shall have qualified.

(2) To consider and vote upon a proposal to ratify the selection of Messrs. Stern, Porter, Kingston & Coleman as auditors of the Corporation for the Corporation's fiscal year ending January 31st, 1952.

(3) To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

There will be laid before the meeting the Annual Report of the Corporation, including financial statements for the fiscal year ending January 31st, 1951, in the form in which it was mailed to the Stockholders of the Corporation on March 2, 1951. Stockholders will not be called upon to take any action in connection with the said Annual Report. The minute book of the Corporation, containing the minutes of all meetings of the Board of Directors since the last Annual Meeting of Stockholders, will be available at the meeting for inspection.

The stock transfer books of the Corporation will not be closed, but in lieu thereof, the Board of Directors has fixed the close of business on March 30, 1951, as the record date for the determination of Stockholders entitled to notice of, and to vote, at the meeting.

Each Stockholder who does not expect to attend in person is requested promptly to date, fill in, sign and return the enclosed Form of Proxy. This Proxy is solicited on behalf of the Management of the Company.

By Order of the Board of Directors,

EDWARD E. LAUFER,
Secretary.

New York, N.Y.
March 30, 1951.

PLEASE SIGN AND RETURN THE ENCLOSED PROXY PROMPTLY. A SELF-ADDRESSED, STAMPED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE.

PROXY STATEMENT

* * * * * * * * * *

Annual Meeting of Stockholders

GRAHAM-NEWMAN CORPORATION

To be held April 9, 1951

* * * * * * * * * *

This statement is furnished in connection with a solicitation by the management of Graham-Newman Corporation (hereinafter called the "Corporation") of proxies to be used at the Annual Meeting of Stockholders of the Corporation to be held at 2:00 P.M. on Monday, April 9, 1951, at the office of the Corporation at 120 Wall Street, in the City of New York, N.Y., for the purpose set forth in the accompanying Notice of Annual Meeting of Stockholders.

An Annual Report of the Corporation was mailed to Stockholders on March 2nd, 1951. This report included financial statements for the fiscal year ended January 31, 1951. Such report is not to be incorporated in this Proxy Statement by reference and is not to be deemed to be a part of the proxy soliciting material.

At the close of business on March 30, 1951, there were 5,000 shares of capital stock of the Corporation outstanding. Each of such shares held of record on March 30, 1951 is entitled to one vote.

If the enclosed Form of Proxy is executed and returned, it may, nevertheless, be revoked at any time in so far as it has not been exercised.

A. Election of Directors.

Seven Directors are to be elected, each to hold office until the annual meeting of Stockholders next ensuing after his election and until his successor shall have been elected and shall have qualified. It is the intention of the persons named in the enclosed Form of Proxy to nominate and vote such proxy for the election of the following persons, all of whom are candidates for re-election:

Benjamin Graham	Robert J. Marony	William K. Jacobs, Jr.
Jerome A. Newman	Elias Reiss	David L. Dodd
	Sylvan E. Weil	

In the event of the inability of any of such nominees to accept nomination or election, it is the intention of the persons named in the enclosed Form of Proxy to vote such proxy for the election of such other person as Director as they may in their discretion determine.

B. Information about Nominees for Election as Directors.

Names	Principal Occupation or Employment	Served Continuously as a Director Since	Number of Shares Graham-Newman Corporation Common Stock Beneficially Owned Directly and/or Indirectly on March 5, 1951	
Benjamin Graham	President, Graham-Newman Corp.	1936	(1)	92
Jerome A. Newman	Vice President and Treasurer, Graham-Newman Corporation	1936	(2)	207
Robert J. Marony	Consultant for Chicago, Milwaukee, St. Paul & Pacific RR	1936	(3)	61
Elias Reiss	President Reiss Factors Corp.	1936	(4)	87
Wm. K. Jacobs, Jr.	Financial Counsel	1940	(5)	None
David L. Dodd	Professor of Finance, Columbia University	1944	(6)	34
Sylvan E. Weil	Former Member of New York Stock Exchange Retired	1944	(7)	30

(1) Mrs. Graham owns 12 shares.

(2) Mrs. Newman owns 159 shares.

(3) Mrs. Marony owns 21 shares.

(4) Through a corporation wholly owned by Mr. and Mrs. Reiss, Mrs. Reiss, individually, owns 16 shares.

(5) Mrs. Jacobs owns 50 shares and is a life tenant of a trust owning 60 shares in which Mr. Jacobs has a contingent beneficial interest. Trust funds of which Mr. Jacobs is co-trustee, a charitable corporation of which he is an officer and director, and various clients (including Mrs. Weil) own in the aggregate in excess of 15% of the outstanding stock.

(6) Mrs. Dodd owns 56 shares.

(7) Mrs. Ruth Alice N. Weil (Mrs. Sylvan E. Weil) owns 150 shares.

C. Remuneration and Other Transactions with Directors, Nominees, Officers and Others

Name of Individual	Capacity in which Remuneration was Received	Salaries for Fiscal Year ended Jan. 31, 1951	Shares in Profits	Pension Retirement and Similar Payments
Benjamin Graham	President, Graham-Newman Corporation.	$25,000	$55,214.85 (1)	None
Jerome A. Newman	Vice President and Treasurer, Graham-Newman Corporation.	$25,000	$55,214.85 (1)	None

No other Director or Officer of the Graham-Newman Corporation received remuneration in excess of $25,000. for the fiscal year ending January 31, 1951.

All persons, as a group, who were Directors or Officers of the Corporation:

Salaries of Directors and Officers as such	$ 69,607.31
Additional compensation based on profits	110,429.70
	$180,037.01 (2)

(1) Of these amounts $88,343.76 is payable after January 31, 1952. Total amount shown is $23,242.30 more than that received in the previous fiscal year.

(2) Represents an increase of $55,591.92 over preceding year.

D. Selection of Independent Public Accountants.

Pursuant to the Investment Company Act of 1940, those members of the Board of Directors of the Corporation who are not Officers or employees thereof have selected Messrs. Stern, Porter, Kingston & Coleman as the firm of independent public accountants to audit the accounts and to report on the financial statements of the Corporation for or during the year ended January 31, 1952. This firm has been the independent public accountants for the Corporation since January 31, 1939. This selection will be submitted for ratification or rejection at the Annual Meeting.

E. Other Matters.

The management knows of no other matters which are to be brought before the meeting. However, if any other matters, not now known or determined, properly come before the meeting, it is the intention of the persons named in the enclosed Form of Proxy to vote such proxy in accordance with their judgment on such matters.

All proxies received will be voted in accordance with the instructions and specifications contained therein, as regards selection of auditors and other matters.

F. Expenses.

The cost of preparing, assembling and mailing material in connection with this solicitation of proxies will be borne by the Corporation, and will not exceed $100.

Very truly yours,

Benj. Graham,
President.

March 30, 1951.

GRAHAM-NEWMAN CORPORATION
120 WALL STREET
NEW YORK 5, N. Y.

March 2,1951

To the Stockholders of Graham-Newman Corporation:

Submitted herewith are financial statements of the Corporation covering the fiscal year ended January 31,1951.

The appended balance sheet indicates a net asset value of $1,232.48 per share on January 31,1951, compared with $1,065.73 per share on January 31,1950.

As approved by the stockholders on April 10,1950, the number of authorized and issued shares of the Corporation was reduced from 50,000 to 5,000, by the issuance of one new share for ten old shares.

A final dividend of $27.14 per share out of the earnings for this fiscal year was declared on February 21,1951, payable on March 28,1951. The total amount of dividends declared applicable to the earnings for the fiscal year ended January 31,1951, aggregated $147.14 per share, consisting of the quarterly dividends of $12.50 per share paid in April, July and October 1950 and in January 1951, a dividend of $70.00 per share paid in December, 1950, and the dividend of $27.14 payable March 28,1951.

Of the total dividends of $147.14 per share, $127.28 per share has been designated as capital gain dividends, pursuant to Section 362 of the Internal Revenue Code, and $19.86 per share represents ordinary income.

In the future, the Corporation will follow the practice of taking regular dividend action in March, June, September and December.

The overall gain for the fiscal year, including the net increase in unrealized appreciation was $286.75 per share, or 26.9% on the asset value of the shares at the beginning of the fiscal year. Net realized profits for the year, without reflecting the increase in unrealized appreciation, amounted to $128.34 per share. The total distributions made for the year exceed such net realized profit for the following reasons: (a) a net amount of $15.11 per share representing reserve for officers' compensation is not tax deductible until paid; and (b) a net amount of $3.49 per share represents an adjustment between dividend income accrued and received during the year.

The indicated asset value on February 17,1951, was approximately $1257.00 per share.

The financial statements have been reviewed by Messrs. Stern, Porter, Kingston and Coleman, independent public accountants, whose certificate is set forth herein.

The proxy statement for the annual meeting of stockholders which will be held on April 9,1951 will be mailed to the stockholders on or about April 1,1951.

By Order of the Board of Directors,

Benj. Graham,
President

Jerome A. Newman,
Vice-President & Treasurer

STERN, PORTER, KINGSTON & COLEMAN
CERTIFIED PUBLIC ACCOUNTANTS

551 Fifth Avenue, New York 17, N. Y.
MURRAY HILL 2-8075

To the Board of Directors and Stockholders
of Graham-Newman Corporation:

We have examined the Balance Sheet of Graham-Newman Corporation as at January 31, 1951 and the related statements of Profit and Loss and Changes in Net Assets for the fiscal year ended January 31, 1951, 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 and in accordance with generally accepted standards applicable in the circumstances.

In our opinion, the accompanying Balance Sheet and related statements of Profit and Loss and Changes in Net Assets, subject however to the notes appended thereto, present fairly the position of Graham-Newman Corporation as at January 31, 1951 and the results of its operations for the fiscal year then ended, applied, except for the change noted in Note D to the Financial Statements, which change we approve, on a basis consistent with that of the preceding year.

Stern Porter Kingston & Coleman

STERN, PORTER, KINGSTON & COLEMAN
Certified Public Accountants

New York, N. Y.
February 23, 1951.

GRAHAM-NEWMAN
NEW
B A L A N C E
JANUARY 31,

A S S E T S

CASH IN BANKS		$ 74,250.11
DEPOSITS WITH BROKERS	$212,206.12	
DUE FROM BROKERS FOR SECURITIES PURCHASED	28,426.13	240,632.25
INVESTMENTS IN SECURITIES-AT MARKET VALUE (Note A) (Cost $5,391,381.77)		7,204,634.00
OTHER ASSETS		
Dividends receivable	3,825.01	
Interest receivable	1,750.00	
Deposits and sundry receivables	2,942.60	
Furniture and fixtures	4,492.43	13,010.04
		$7,532,526.40

CORPORATION
YORK
S H E E T
1951

L I A B I L I T I E S AND C A P I T A L

NOTE PAYABLE - BANK (secured)		$ 525,000.00
SECURITIES SHORT - AT COVER VALUE (Note A) (Net proceeds of sales $222,145.85)		240,989.00
DUE TO BROKERS		
Deposit to cover securities loaned	$ 44,000.00	
For securities purchased	32,440.00	76,440.00
SUNDRY PAYABLES AND ACCRUALS		11,883.43
DUE TO OFFICERS (Benjamin Graham and Jerome A. Newman) for additional compensation (Note B)		161,585.78
of which-payable currently	34,874.96	
payable in annual installments (1952 to 1955)	126,710.82	
PROVISION FOR ADDITIONAL CONTINGENT COMPENSATION OF OFFICERS (Benjamin Graham and Jerome A.Newman) On increase in unrealized appreciation of investments subsequent to January 31,1948 (Note B)		354,230.10
NET ASSETS APPLICABLE TO OUTSTANDING CAPITAL STOCK		6,162,398.09
Capital Stock: Authorized, issued and outstanding- 5,000 shares of no par value- stated value $500.00 per share	2,500,000.00	
Capital Surplus	2,180,500.31	
Earned Surplus	41,718.80	
Total Capital Stock and Surplus	4,722,219.11	
Unrealized appreciation of investments after deducting provision for related additional contingent compensation of officers	1,440,178.98	
Total, as above (equivalent to $1,232.48 per share)	$6,162,398.09	
		$7,532,526.40

GRAHAM-NEWMAN CORPORATION

NEW YORK

PROFIT AND LOSS STATEMENT

FOR THE FISCAL YEAR ENDED JANUARY 31, 1951

STATEMENT OF INCOME AND EXPENSES (excluding gain or loss on investments)			
Income			
Dividends			$218,182.30
Interest on investments			6,304.10
Total			224,486.40
Expenses			
Salaries of officers:			
Benjamin Graham (Note B)		$ 25,000.00	
Jerome A. Newman (Note B)		25,000.00	
Other		19,607.31	
Other:			
Office salaries		13,191.25	
Executive committee fees		8,850.00	
Directors' fees		1,225.00	
Rent and light		3,146.90	
Telephone and telegraph		1,382.28	
Insurance		315.35	
Taxes (other than Federal income tax)		7,580.85	
Legal and auditing		8,625.00	
Custodian fees		2,989.57	
General expense		5,235.68	
Depreciation		1,555.42	
Payment to widow of deceased officer		7,500.00	
Total		131,204.61	
Interest paid		4,650.80	
Total Expenses (exclusive of additional compensation of officers)			135,855.41
Net Income, excluding gain or loss on investments-before deducting additional compensation of officers and provision for Federal income tax			88,630.99
NET REALIZED GAIN ON SALE OF INVESTMENTS			663,517.51
Amount realized		2,566,555.09	
Cost		1,903,037.58	
NET INCOME, before deducting additional compensation of officers and provision for Federal income tax			752,148.50
Deduct			
Additional Compensation of Officers (Note B)			
Benjamin Graham	$55,214.85		
Jerome A. Newman	55,214.85	110,429.70	
Provision for Federal income tax (Note C)		None	110,429.70
NET INCOME FOR THE FISCAL YEAR ENDED JANUARY 31, 1951			641,718.80
ADD-INCREASE IN UNREALIZED APPRECIATION (Note A)		990,030.99	
At January 31, 1950	804,378.09		
At January 31, 1951	1,794,409.08		
Deduct-Provision for related additional compensation of officers		198,006.20	792,024.79
NET INCOME FOR YEAR - including increase in unrealized appreciation			$1,433,743.59

Equivalent to (on 5,000 shares new stock) to $286.75 per share

GRAHAM-NEWMAN CORPORATION

NEW YORK

STATEMENT OF CHANGES IN NET ASSETS

FOR THE FISCAL YEAR ENDED JANUARY 31, 1951

				PER SHARE*
NET ASSETS AT JANUARY 31, 1950			$5,328,654.50	$1,065.73
ADD:-				
Net Income for fiscal year ended January 31, 1951:				
Net Income, excluding gain or loss on investments (before deducting additional compensation of officers)		$ 88,630.99		
Net Realized Gain on sales of investments		663,517.51		
Total		752,148.50		
Deduct-Additional compensation of officers (Note B)		110,429.70		
Net Income for year			641,718.80	128.34
Increase in Unrealized Appreciation of Investments		990,030.99		
Deduct-Provision for related additional contingent compensation of officers (Note B)		198,006.20	792,024.79	158.41
TOTAL			6,762,398.09	1,352.48
DEDUCT-DIVIDENDS PAID				

	Per Share		No.of shares		
April 15, 1950	$ 1.25	on	50,000	shares(x)	62,500.00
July 28, 1950	12.50	"	5,000	"	62,500.00
October 28, 1950	12.50	"	"	"	62,500.00
December 27, 1950	70.00	"	"	"	350,000.00
January 26, 1951	12.50	"	"	"	62,500.00
Total					600,000.00

NET ASSETS AT JANUARY 31, 1951	$6,162,398.09	$1,232.48

* per share amounts have been computed on basis of 5,000 shares new stock outstanding at January 31, 1951

(x) 50,000 shares old stock outstanding prior to recapitalization.

ANALYSIS OF CHANGES IN NET ASSETS

	Total	Capital Stock	Capital Surplus	Earned Surplus	Unrealized Appreciation(x)
NET ASSETS AT JANUARY 31, 1950	$5,328,654.50	$2,500,000	$2,180,500.31	-0-	$ 648,154.19
ADD:-					
Net Income for year	641,718.80			$641,718.80	
Increase in unrealized appreciation for year, less provision for related additional contingent compensation of officers	792,024.79				792,024.79
TOTAL	6,762,398.09	2,500,000	2,180,500.31	641,718.80	1,440,178.98
DEDUCT - Dividends Paid	600,000.00			600,000.00	
BALANCE-NET ASSETS AT JANUARY 31, 1951	$6,162,398.09	$2,500,000	$2,180,500.31	$ 41,718.80	$1,440,178.98

(x) the amounts shown in this column represent the balance of unrealized appreciation, after deducting the provision for related additional contingent compensation of officers.

GRAHAM-NEWMAN CORPORATION

NEW YORK

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 1951

NOTE A - VALUE OF INVESTMENTS-UNREALIZED APPRECIATION OF INVESTMENTS

Investments have been evaluated at their quoted market values as at January 31, 1951.

The unrealized appreciation of investments at January 31, 1951 is represented as follows:

	Cost	Value at Jan. 31,1951	Unrealized Appreciation
Investments in securities	$5,391,381.77	$7,204,634.	$1,813,252.23
Securities short	222,145.85(a)	240,989.(b)	18,843.15
Net securities position	$5,169,235.92	$6,963,645.	1,794,409.08

(a) proceeds of sales (b) cover value

The unrealized appreciation at January 31, 1950 was 804,378.09

and the increase in unrealized appreciation for the year was $ 990,030.99

The investment in Atlantic Gulf & West Indies Steamship Lines (AGWI) common stock has been valued at its quoted market value on the New York Stock Exchange as at January 31, 1951 and upon that basis shows an unrealized appreciation at that date of $932,697.50, of which $424,763. represents appreciation during the current year. Unrealized appreciation is therefore represented as follows:

	Increase in Unrealized Appreciation during year	Total Unrealized Appreciation at Jan. 31, 1951
AGWI Common Stock	$424,763.00	$ 932,697.50
Other Securities	565,267.99	861,711.58
Total	$990,030.99	$1,794,409.08

Effective control of AGWI was acquired by Jerome A. Newman, by virtue of the control by him or power to influence a majority of the outstanding stock of that company, including the holdings of Graham-Newman Corporation. There have recently been only occasional transactions in AGWI common stock on the New York Stock Exchange.

Current values of investments at January 31, 1951 are based upon market quotations, and are not intended as representations of the amounts which may actually be realizable upon sale of these securities.

NOTE B - COMPENSATION OF OFFICERS

The President and Treasurer each receive a salary at the rate of $25,000. per annum and additional compensation, computed upon an annual basis, of 10% of the excess of the net realized income (less the net unrealized depreciation, if any, in value of investments) over an amount equivalent to $10.00 per share per quarter (equivalent to $1.00 per share per quarter on the old stock outstanding prior to the change in capitalization) - such additional compensation as to each being limited to 12½% of the excess of dividends actually paid over an amount equal to $10.00 per share per quarter. The additional compensation is cumulative from February 1, 1948 and is payable in five equal annual installments within 60 days of the close of the

NOTE B - COMPENSATION OF OFFICERS (Continued)

respective years. In the event of death of either officer or the termination of his tenure of office, additional compensation will be payable to such officer, or to his estate, in an amount equal to 10% of the increase in unrealized appreciation subsequent to January 31, 1948, less an amount equal to $10.00 per share per quarter on the stock presently outstanding (or the equivalent thereof on the old stock), to the extent that such amounts had not previously been taken into consideration in computing additional compensation.

NOTE C - TAX STATUS

The company is a "regulated investment company" under the Internal Revenue Code, and as such is subject to Federal income tax at 25% of the excess of its net long term capital gain (less its net short term capital loss, if any) over the amount distributed as dividends which are designated by it as "capital gain dividends", and, in respect of the excess of its other net income over the amount of the dividend distributions therefrom - at 23% of such undistributed net income up to $25,000. and 42% of the excess over that amount. By reason of the fact that deduction is taken on the company's tax return of additional compensation to officers only to the extent that such additional compensation is currently payable (see Note B) the net income to be shown on the company's tax return will be substantially in excess of the amount of dividends paid during the year. The company has however the right under the Internal Revenue Code to offset against this amount the first dividend to be declared during the current year. The company has in prior years paid dividends in an amount which resulted in leaving no corporate taxable income, and intends to follow this practice in the future. No provision for Federal income taxes has therefore been made either in respect of the net income for the current year or in respect of unrealized appreciation at January 31, 1951.

NOTE D - INCOME FROM DIVIDENDS

Under the company's present accounting practice dividends received are taken into income as of the dates upon which the related stocks are quoted ex-dividend. In the prior fiscal year (ended January 31, 1950) the amount reported as income from dividends included also dividends of approximately $18,000. which were actually received during that year but which, upon the ex-dividend basis representing the company's present accounting practice, would have been included as income for the preceding year.

NOTE E - CHANGE IN CAPITALIZATION

Pursuant to resolution of the board of directors adopted March 15, 1950 and approved by the stockholders at their annual meeting April 10, 1950, the authorized capital stock of the company was changed

from 50,000 shares of no par value, with a stated value of $50.00 per share

to 5,000 shares of no par value, with a stated value of $500.00 per share

the newstock being issued in exchange for the old stock in the ratio of 1 share of new stock for each 10 shares of old stock. Suitable provisions were made for the acquisition and re-sale of fractional shares of the new stock.

NOTE F - SUPPLEMENTARY INFORMATION

The aggregate dollar amounts of purchases and sales of investment securities, other than United States Government securities, made during the year were as follows:

Cost of securities purchased	$2,590,045.57
Proceeds of sales of securities	2,741,676.07

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENTS IN SECURITIES

JANUARY 31, 1951

SUMMARY

	MARKET VALUE AT JANUARY 31, 1951
INVESTMENT COMPANIES	
Common Stocks	$ 26,000
HOLDING COMPANIES	
Preferred Stocks	422,750
Common Stocks	227,084
OTHER SECURITIES	
Bonds	
Railroads	284,923
Utilities	46,314
Preferred Stocks	
Utilities	57,987
Industrial	505,988
Common Stocks	
Railroads	909,950
Utilities	136,973
Banks	25,000
Insurance companies	104,997
Industrial	4,456,668
TOTAL	$7,204,634

GRAHAM-NEWMAN CORPORATION
NEW YORK
INVESTMENTS IN SECURITIES
JANUARY 31, 1951

	NO. OF SHARES	DESCRIPTION OF SECURITIES	MARKET VALUE AT JANUARY 31,1951
		INVESTMENT COMPANIES	
		Common Stocks	
	1,000	American Research & Development Corporation	$ 26,000
		HOLDING COMPANIES	
		Preferred Stocks	
+ 1000	2,000	American & Foreign Power Co.Inc. $6.00 Cumulative Preferred	154,000
+ 3300	25,000	Electric Bond & Share Co. $6.00 Preferred (stubs)	268,750
			$422,750
		Common Stocks	
	3,405	Engineers Public Service Company (stubs)	579
	5,000	General Tin Investments, Ltd.- American Certificates for Ordinary Capital	7,800
+ 600	800	Georgia Railroad & Banking Company	109,600
	2,000	Marine Midland Corporation	19,500
	10,000	Middle West Corporation	2,500
+ 2500	18,500	Pacific American Investors, Inc.	77,700
	500	Transamerica Corporation	9,405
			$227,084
		OTHER SECURITIES - BONDS	
	Face Amount		
		Railroads	
		Boston Terminal Company:	
+114m	$294 M	First Mortgage 3½% 2/1/1947	270,000
	6 M	First Mortgage 4% 7/1/1950	
		Denver & Rio Grande Western Railroad:	
-402m	$250 M	5% 8/1/1955 (stubs)	2,187
	443 M	5% 4/1/1978 (stubs)	12,736
			$284,923
		Utilities	
	$100 M	Chicago City Railway Company First Mortgage 5% 2/1/1927 (stubs)	4,500
		Chicago Rapid Transit Company:	
	$ 89 M	First and Refunding Mortgage Series A 6% 7/1/1953(stubs)	7,500
	311 M	First and Refunding Mortgage Series A 6½% 7/1/1944(stubs)	
	$1,131 M	Metropolitan West Side Elevated Railway Co.(Chicago) Extension Mortgage 4% 7/1/1938 (stubs)	26,861
		Forward	$ 38,861

INVESTMENTS IN SECURITIES

JANUARY 31, 1951

	DESCRIPTION OF SECURITIES	MARKET VALUE AT JANUARY 31,1951
	OTHER SECURITIES-BONDS (Continued)	
Face Amount		
	Utilities (continued) - Forward	$ 38,861
$145 M	Northwestern Elevated Railroad Company First Mortgage 5% 9/1/1941 (stubs)	3,988
$126 M	Union Elevated Railroad Company First Mortgage 5% 10/1/1945 (stubs)	3,465
		$ 46,314
No.of Shares		
	OTHER SECURITIES-PREFERRED STOCKS	
	Utilities	
987	Federal Light & Traction Company $6.00 Cumulative Preferred	10,487
10,000	Market Street Railway Company 6% Cumulative Prior Preferred (X)	47,500
		$ 57,987
	Industrial	
+ 200 200	American Woolen Co., Inc. $4.00 Cumulative Convertible Preferred	18,000
	Autocar Company:	
609	5% Cumulative Convertible Preferred-Series A	15,125
291	5% Convertible Preferred Series B	
100	5% Cumulative Convertible Preferred-Series C	
1,200	Avco Manufacturing Corporation $2.25 Cumulative Convertible Preferred	59,400
300	Cluett Peabody & Co. 4% Cumulative Convertible Second Preferred	27,375
+ 2500 2,500	Edison Oil Company Preferred	250,000
200	Gar Wood Industries, Inc. 4½% Cumulative Convertible Preferred	6,450
500	General Cable Corporation 4% Cumulative Convertible Second Preferred	16,875
500	Murray Corporation of America 4% Cumulative Preferred	24,563
+ 100 100	Thomas G. Plant Corporation 7% Cumulative First Preferred	3,000
	Forward	$420,788

INVESTMENTS IN SECURITIES

JANUARY 31, 1951

NO. OF SHARES	DESCRIPTION OF SECURITIES	MARKET VALUE AT JANUARY 31,1951
	OTHER SECURITIES-PREFERRED STOCKS (Continued)	
	Industrial (continued) - Forward	$420,788
+ 500 500	United Air Lines, Inc. 4½% Cumulative Convertible Preferred	58,500
+ 400 400	United States Leather Company $3.00 Class A Convertible Preferred	26,700
		$505,988
	OTHER SECURITIES-COMMON STOCKS	
	Railroads	
4,000	Montgomery & Erie Railway Company (3½%-guaranteed by Erie Railroad Company) (X)	32,000
− 2400 22,600	Northern Pacific Railway Company	807,950
1,000	Southwestern Railroad Company	70,000
		$909,950
	Utilities	
7,000	Boston Elevated Railway Company	44,625
+ 1500 3,500	Eastern Utilities Associates-Convertible	30,188
300	International Ocean Telegraph Company	25,500
2,000	Puget Sound Power & Light Company	36,000
400	United Public Utilities Corporation	660
		$136,973
	Banks	
5,000	Continental Bank & Trust Company (N. Y.)	$ 25,000
	Insurance Companies	
400	American Surety Company	22,500
800	Employers Group Associates	29,000
+ 300 1,000	Standard Accident Insurance Company	34,375
725	Universal Insurance Company	19,122
		$104,997

INVESTMENTS IN SECURITIES

JANUARY 31, 1951

	NO. OF SHARES	DESCRIPTION OF SECURITIES	MARKET VALUE AT JANUARY 31,1951
		OTHER SECURITIES-COMMON STOCKS (Continued)	
		Industrials	
+ 700	700	Adam Hat Stores, Inc.	$ 3,325
	500	Allied Kid Company	11,562
	3,550	American Arch Company (Delaware)	
	3,550	American Arch Company, Inc. (New York)	19,525
	500	American Hardware Corporation	10,500
	5,000	American Hawaiian Steamship Company	230,000
+ 2500	2,500	American La France Foamite Corporation	33,125
+ 300	800	American Laundry Machinery Company	20,000
	23,763	Atlantic Gulf & West Indies Steamship Lines (X)	2,061,440
− 2900	1,800	Baldwin-Lima-Hamilton Corporation	25,650
	12,600	Brewster Aeronautical Corporation	-
+ 1900	1,000	Brunswicke Balke Collander Co.	22,500
	4,000	Buda Company	54,000
+ 600	2,100	Bunte Brothers	24,938
	1,250	Cleveland Worsted Mills Company	162,500
	5,000	Consolidated Liquidating Corporation	13,125
+ 700	4,700	De Vilbiss Company	78,138
- 1900	1,700	Diamond T. Motor Car Co.	31,663
+ 300	500	Easy Washing Machine Corporation-Class B	6,438
+ 2,300	2,300	Edison Oil Company	2,300
	5,700	Equitable Office Building Corporation	39,900
	11,500	Fajardo Sugar Company	294,688
	600	Foster Wheeler Corporation	27,450
	1,200	Franklin Railway Supply Company	15,750
+ 300	700	Gisholt Machine Company	13,825
+ 200	300	Grinnell Corporation	13,275
	800	Harnischfeger Corporation	26,400
	600	Hercules Motors Corporation	12,900
	1,000	Howe Scale Company	4,750
	500	Jenkins Brothers (non-voting)	10,062
+ 300	1,300	Jones & Lamson Machine Co.	43,550
		Forward	$3,313,279

INVESTMENTS IN SECURITIES

JANUARY 31, 1951

NO. OF SHARES	DESCRIPTION OF SECURITIES	MARKET VALUE AT JANUARY 31,1951
	OTHER SECURITIES-COMMON STOCKS (Continued)	
	Industrials (continued) - Forward	$3,313,279
400	Kearney & Trecker Corporation	7,350
2,500	Kingan & Co., Inc.	10,938
300	J.B.Kleinert Rubber Company	4,313
2,700	Lamson Corporation	27,000
1,500	Lawrence Portland Cement Company	30,562
400	Lee Rubber & Tire Corporation	25,500
1,000	Lit Brothers	13,750
200	Lukens Steel Company	7,550
1,500	Mandel Bros., Inc.	17,062
1,400	Manhattan Shirt Company	36,050
250	Marshall-Wells Company	50,750
1,900	Maryland Drydock Company	34,200
2,000	Merchants & Miners Transportation Company	15,500
1,200	Miami Copper Co.	24,150
2,000	Mohawk Rubber Company	41,500
400	Montgomery Ward & Co., Inc.	28,000
2,000	Namm's Incorporated	9,250
1,300	Nathan Straus-Duparquet, Inc.	13,650
2,800	National Department Stores Corporation	62,300
6,000	Nesco, Inc.	56,250
500	New Britain Machine Company	16,625
4,500	New York Merchandise Co.,Inc.	52,313
	New York Shipbuilding Corporation:	
3,000	Participating	58,875
1,000	Founders	18,625
800	Niles-Bement-Pond Company	12,700
1,800	Pullman, Inc.	82,800
2,300	Pyrene Manufacturing Company	22,713
1,600	Real Silk Hosiery Mills, Inc.	27,600
500	Reliable Stores Corporation	13,875
900	Rice-Stix, Inc.	31,725
321	Shuron Optical Company, Inc.	10,512
1,000	Thor Corporation	14,500
200	Timely Clothes, Inc.	2,825
600	Todd Shipyards Corporation	30,000
350	Tyer Rubber Company	10,150
300	United States Industrial Chemicals, Inc.	16,200
4,595	Utica Knitting Company (X)	194,139
100	White Motor Company	2,812
900	R.C.Williams & Company,Inc.	8,775
	TOTAL	$4,456,668

(X) Represents investment in a non-controlled affiliate as defined in Investment Company Act of 1940, under which an issuer is an affiliate of one who owns 5% or more of its outstanding voting securities.

GRAHAM-NEWMAN CORPORATION

NEW YORK

SECURITIES SHORT

JANUARY 31, 1951

NO. OF SHARES		COVER VALUE JANUARY 31,1951
PREFERRED STOCKS		
Holding Companies		
4,000	American & Foreign Power Co.Inc. $7.00 Cumulative Second Preferred-Series A	$ 62,000
COMMON STOCKS		
Railroads		
+150 1,500	New York, New Haven & Hartford Railroad Co.	34,687
Industrials		
400	American Woolen Co.,Inc.	17,200
3,800	Avco Manufacturing Corporation	31,350
600	Gar Wood Industries, Inc.	4,050
1,700	United Air Lines, Inc.	47,388
1,200	United States Leather Company	27,300
400-7/10	Utah Fuel Co.- When Issued	17,014
		$240,989

GRAHAM-NEWMAN CORPORATION
120 WALL STREET
NEW YORK 5, N. Y.

February 29, 1952.

To the Stockholders of Graham-Newman Corporation:

Submitted herewith are financial statements of the Corporation covering the fiscal year ended January 31,1952.

The appended balance sheet indicates a net asset value of $1,257.85 per share on January 31,1952, compared with $1,232.48 per share on January 31,1951. In March 1951, a dividend of $27.14 per share was paid applicable to the result of the previous fiscal year.

Net realized profits for the year, without reflecting the increase in unrealized appreciation, amounted to $152.57 per share. The total distributions applicable for the year exceed such net realized profit for the following reasons: (a) a net amount of $15.54 per share representing reserve for officers' compensation is not tax deductible until paid; and (b) a net amount of $.31 per share represents an adjustment between dividend income accrued and received during the year.

The dividends paid applicable to the earnings for the fiscal year ended January 31,1952 aggregated $150.36 per share, consisting of the quarterly dividends of $12.50 per share, paid in June and September 1951 and a dividend of $125.36 per share paid in December 1951. It is expected that the directors will declare a dividend of $17.44 payable in March 1952 thus making a total of $167.80 per share.

Of such total dividends of $167.80 per share, $158.93 per share consists of long-term capital gains, $.04 per share short-term capital loss and $8.91 ordinary income.

The overall gain for the fiscal year, including the net increase in unrealized appreciation was $202.87 per share, or 16.5% on the asset value of the shares at the beginning of the fiscal year. The indicated asset value on February 16, 1952,was approximately $1,268.00 per share.

The financial statements have been reviewed by Messrs. Stern,Porter,Kingston and Coleman, independent public accountants, whose certificate is set forth herein.

The proxy statement for the annual meeting of stockholders which will be held on April 14,1952 will be mailed to the stockholders on or about April 1,1952.

By order of the Board of Directors,

Benj. Graham,
President

Jerome A. Newman,
Vice-President & Treasurer

OFFICERS

Benjamin Graham,
President

Jerome A. Newman,
Vice Pres. & Treasurer

Edward E. Laufer,
Secretary

Howard A. Newman, Ass't
Secretary & Ass't Treasurer

DIRECTORS

Benjamin Graham

Jerome A. Newman

Wm.K. Jacobs,Jr.

Robert J. Marony

David L. Dodd

Elias Reiss

Sylvan E. Weil

STERN, PORTER, KINGSTON & COLEMAN
CERTIFIED PUBLIC ACCOUNTANTS

551 Fifth Avenue, New York 17, N. Y.
MURRAY HILL 2-8075

To the Board of Directors and Stockholders
of Graham-Newman Corporation:

We have examined the Balance Sheet of Graham-Newman Corporation as at January 31, 1952 and the related statements of Profit and Loss and Changes in Net Assets 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 and in accordance with generally accepted standards applicable in the circumstances.

In our opinion, the accompanying Balance Sheet and related statements of Profit and Loss and Changes in Net Assets, subject however to the notes appended thereto, present fairly the position of Graham-Newman Corporation as at January 31, 1952 and the results of its operations for the fiscal year then ended, applied on a basis consistent with that of the preceding year.

Stern Porter Kingston & Coleman

STERN, PORTER, KINGSTON & COLEMAN
Certified Public Accountants

New York, N. Y.
February 25, 1952.

INVESTMENTS IN SECURITIES

JANUARY 31,1950

NO. OF SHARES	DESCRIPTION OF SECURITIES	QUOTED MARKET VALUE AT JANUARY 31,1950 Amount
OTHER SECURITIES - COMMON STOCKS (Continued)		
Industrials (continued)		
	Forward	$2,099,380.
4,000	De Vilbiss Company	52,500.
3,500	Diamond T. Motor Car Co.	43,313.
200	Douglas Aircraft Company	14,500.
200	Easy Washing Machine Corp."B"	2,000.
6,300	Equitable Office Building	44,100.
500	Fairchild Engine & Airplane Corporation	2,688.
11,500	Fajardo Sugar Company	281,750.
1,500	Federal Motor Truck Company	6,938.
1,200	Franklin Railway Supply Company	11,400.
500	General Precision Equipment Corp.	7,188.
700	Gisholt Machine Company	9,363.
500	Hercules Motors Corporation	8,188.
1,000	Howe Scale Company	5,000.
500	Jenkins Brothers	9,500.
1,000	Jones & Lamson Machine Co.	20,500.
500	Kearney & Trecker Corp.	6,563.
300	I. B. Kleinert Rubber Company	3,788.
1,000	Lee Rubber & Tire Corporation	42,000.
2,500	Lima-Hamilton Corp.	20,938.
1,000	Lukens Steel Company	19,375.
375	Lunkenheimer Company	5,812.
1,000	Mandel Brothers, Inc.	9,000.
1,400	Manhattan Shirt Company	25,725.
100	Marshall Wells Company	17,750.
2,200	Maryland Drydock Company	27,225.
2,000	Merchants & Miners Transport Company	15,250.
2,600	Mohawk Rubber Company	34,775.
3,100	National Department Stores Corporation	52,312.
1,400	National Enameling & Stamping Company	13,300.
29,790	National Transit Pump & Machine Company*	178,740.
745	New Britain Machine Company	15,365.
4,200	New York Merchandise Company	45,675.
2,000	New York Shipbuilding Corp. (Participating)	36,000.
1,500	Niles-Bement-Pond Company	15,187.
1,500	Pullman Incorporated	53,062.
2,000	Pyrene Manufacturing Company	13,750.
1,500	Real Silk Hosiery Mills, Inc.	18,000.
	Forward	$3,287,900.

GRAHAM-NEWMAN
NEW
B A L A N C E
JANUARY 31,

A S S E T S

CASH		$ 98,802.08
DEPOSITS WITH BROKERS		255,379.75
INVESTMENTS IN SECURITIES-AT MARKET VALUE (Note A) (Cost $5,366,763.09)		7,470,365.00
OTHER ASSETS		
Dividends receivable	$5,378.76	
Interest accrued on bonds	697.92	
Deposits and sundry receivables	3,429.64	
Furniture and fixtures	3,976.75	13,483.07
		$7,838,029.90

CORPORATION

YORK

S H E E T

1952

L I A B I L I T I E S A N D C A P I T A L

NOTES PAYABLE - BANK (secured)		$ 600,000.00
SECURITIES SHORT - AT COVER VALUE (net proceeds of sales $249,834.38)		244,688.00
DUE TO BROKERS for securities purchased		7,650.00
SUNDRY PAYABLES AND ACCRUALS		11,936.41
DUE TO OFFICERS (Benjamin Graham and Jerome A. Newman) for additional compensation-on basis of realized net income for the three fiscal years ended January 31, 1952 (Note B)		267,426.28
of which payable currently	$ 63,018.06	
balance payable in installments (1953-1956)	204,408.22	
PROVISION FOR ADDITIONAL CONTINGENT COMPENSATION OF OFFICERS (Benjamin Graham and Jerome A. Newman) On increase in unrealized appreciation of investments subsequent to January 31, 1948 (Note B)		417,097.94
NET ASSETS APPLICABLE TO OUTSTANDING CAPITAL STOCK		6,289,231.27
Capital Stock: Authorized, issued and outstanding- 5,000 shares of no par value- stated value $500.00 per share	2,500,000.00	
Capital Surplus	2,097,580.92	
Earned Surplus	-	
Total Capital Stock and Surplus	4,597,580.92	
Unrealized appreciation of investments- after deducting provision for related additional contingent compensation of officers (Note A)	1,691,650.35	
Total, as above (equivalent to $1,257.85 per share)	$6,289,231.27	
		$7,838,029.90

GRAHAM-NEWMAN CORPORATION

NEW YORK

PROFIT AND LOSS STATEMENT

FOR THE FISCAL YEAR ENDED JANUARY 31, 1952

STATEMENT OF INCOME AND EXPENSES
(excluding gain or loss on investments)

Income			
Dividends			$238,970.42
Interest on investments			1,114.18
Total			240,084.60
Expenses			
Salaries of Officers:			
Benjamin Graham (Note B)		$ 25,000.00	
Jerome A. Newman (" B)		25,000.00	
Other		20,102.94	
Other:			
Office salaries		17,000.48	
Executive committee fees		8,383.34	
Directors' fees		1,350.00	
Rent and light		2,748.30	
Telephone and telegraph		2,437.69	
Taxes (other than Federal taxes on income)		7,582.32	
Legal and auditing		6,000.00	
Custodian fees		2,980.40	
General expense		7,607.85	
Depreciation		515.68	
Total		126,709.00	
Interest paid		4,259.68	
Total Expenses (exclusive of additional compensation of officers)			130,968.68
Net Income (excluding gain or loss on investments-before deducting additional compensation of officers and provision for Federal taxes on income)			109,115.92
NET REALIZED GAIN ON INVESTMENTS			794,461.35
Amount realized		2,921,727.99	
Cost		2,127,266.64	
NET INCOME, before deducting additional compensation of officers and provision for Federal taxes on income			903,577.27
Deduct:			
Additional compensation of officers (Note B)			
Benjamin Graham	$70,357.73		
Jerome A. Newman	70,357.73	140,715.46	
Provision for Federal taxes on income (Note C)		None	140,715.46
NET INCOME FOR YEAR			762,861.81
ADD-INCREASE IN UNREALIZED APPRECIATION (NOTE A)		314,339.21	
At January 31, 1951	$1,794,409.08		
At January 31, 1952	2,108,748.29		
Deduct-Provision for related additional contingent compensation of officers		62,867.84	251,471.37
NET "OVER ALL" INCOME FOR YEAR including increase in unrealized appreciation			$1,014,333.18

equivalent (on 5,000 shares) to . . . . . $202.87 per share

GRAHAM-NEWMAN CORPORATION

NEW YORK

STATEMENT OF CHANGES IN NET ASSETS

FOR THE FISCAL YEAR ENDED JANUARY 31, 1952

				Per share
NET ASSETS AT JANUARY 31,1951			$6,162,398.09	$1,232.48
ADD:-				
Net Income for the fiscal year ended January 31, 1952:				
Net income, excluding gain or loss on investments (before deducting additional compensation of officers)		$109,115.92		
Net realized gain on sales of investments		794,461.35		
Total		903,577.27		
Deduct-Additional compensation of officers (Note B)		140,715.46		
Net Income for year			762,861.81	152.57
Increase in Unrealized Appreciation of Investments		314,339.21		
Deduct-Provision for related additional contingent compensation of officers		62,867.84	251,471.37	50.30
TOTAL			7,176,731.27	1,435.35
DEDUCT - DIVIDENDS PAID	Per share			
March 28,1951	$ 27.14	135,700.00*		
June 28,1951	12.50	62,500.00		
September 28,1951	12.50	62,500.00		
December 22,1951	125.36	626,800.00		
Total	$177.50		887,500.00	177.50
BALANCE - NET ASSETS AT JANUARY 31, 1952			$6,289,231.27	$1,257.85

ANALYSIS OF CHANGES IN NET ASSETS-FOR THE FISCAL YEAR ENDED JANUARY 31,1952

	Total	Capital Stock	Capital Surplus	Earned Surplus	Unrealized Appreciation (a) (Net)
Net Assets at Jan.31,1951	$6,162,398.09	$2,500,000	$2,180,500.31	$ 41,718.80	$1,440,178.98
Add-Net Income for year	762,861.81			762,861.81	
Increase in unrealized appreciation (net)(a)	251,471.37				251,471.37
Total	7,176,731.27			804,580.61	1,691,650.35
Deduct-Dividends paid	887,500.00		82,919.39(b)	804,580.61	
Balance-Net Assets at Jan.31, 1952	$6,289,231.27	$2,500,000	$2,097,580.92	$ -0-	$1,691,650.35

(a) Unrealized appreciation as shown herein represents the net amounts after deducting related contingent additional compensation of officers.

(b) Dividends charged to Capital Surplus represents the excess of dividends paid ($887,500) over the balance of Earned Surplus ($804,580.61)

* The dividend paid March 28,1951 was paid out of the net income for the prior fiscal year.

STERN, PORTER, KINGSTON & COLEMAN

NOTE A - VALUATION OF INVESTMENTS-UNREALIZED APPRECIATION OF INVESTMENTS

Investments have been evaluated at their quoted market values as at January 31, 1952 except as noted below. These valuations are not, however, intended as representations of the amounts which may be actually realizable upon sale of the securities.

The unrealized appreciation of investments at January 31, 1952 is represented as follows:

	Cost	Value at Jan.31,1952	Unrealized Appreciation
Investments in securities	$5,366,763.09	$7,470,365	$2,103,601.91
Securities short	249,834.38(a)	244,688(b)	5,146.38(c)
Net securities position	$5,116,928.71	$7,225,677	$2,108,748.29

Securities short are stated at (a)proceeds of sale (b)cover value and (c)indicated gain

The unrealized appreciation of investments at the beginning of the year, the increase therein for the current year, the related additional contingent compensation of officers (see Note B) and the balance applicable to the outstanding capital stock were as follows:

	At Jan.31,1951	Increase for year	At Jan.31,1952
Total unrealized appreciation	$1,794,409.08	$314,339.21	$2,108,748.29
Deduct-related additional compensation of officers	354,230.10	62,867.84	417,097.94
Balance-applicable to outstanding capital stock	$1,440,178.98	$251,471.37	$1,691,650.35

The investment in Atlantic Gulf and West Indies Steamship Lines (AGWI) common stock has been valued at its quoted market value on the New York Stock Exchange as at January 31,1952, and upon this basis shows an unrealized appreciation at that date of $1,247,557.50, of which $314,860.00 represents appreciation during the current year. Effective control of AGWI has been acquired by Jerome A. Newman, one of the officers of Graham-Newman Corporation. There have recently been only occasional transactions in AGWI common stock on the New York Stock Exchange. The investments in Monterey Oil Company Preferred and Common Stock for which no market quotations were available have been evaluated by the management and in the statements herein at $336,000, which amount represents unrealized appreciation for the year and also at the close thereof of $158,700. The management is of the opinion that these investments have beenconservatively valued.

NOTE B - COMPENSATION OF OFFICERS

The President and Treasurer each receive a salary of $25,000 per annum, and additional compensation of 10% of the excess of the realized net income in each year as determined at the close thereof (less the net unrealized depreciation, if any, in the value of investments at the year end which had accrued subsequent to January 31, 1948) over an amount equivalent to $40.00 per share per annum ($10.00 per share per quarter) on the presently outstanding capital stock. The total amount of additional compensation payable to each of these officers from and after February 1,1948 is, however, limited to 12½% of the excess of total dividends paid during this period over an amount equivalent to $40.00 per share per annum on the presently outstanding stock (or the equivalent on the old stock outstanding prior to recapitalization in 1950). The additional compensation for the

NOTE B - COMPENSATION OF OFFICERS (Continued)

fiscal year ended January 31, 1949 has been paid in full, and for all subsequent years is payable in five equal annual installments within sixty days of the close of the respective years. In the event of the death of either of these officers, or the termination of his tenure of office, such officer or his estate will be entitled to receive further additional compensation in an amount equal to 10% of the increase in unrealized appreciation, if any, which had accrued subsequent to January 31, 1948, less the amount, if any, of the $40.00 per share per annum exclusion noted above, to the extent that such exclusion had not previously been applied in the computation of additional compensation in any prior year.

NOTE C - TAX STATUS

The Corporation has elected to be taxed as a "regulated investment company" under the Internal Revenue Code, and as such will be liable to Federal taxes on income on such amount only as is represented by its undistributed net long term capital gains (less its net short term capital loss if any) and its undistributed net income from other sources. The Corporation has in the past, and intends in the future, to distribute as dividends each year, or within the time limit provided by the terms of the Internal Revenue Code, an amount which will absorb the total net income in each of the above categories which is reportable for Federal income tax purposes, and in this event will not be liable for Federal taxes on income. No provision has therefore been made for such taxes either in respect of the realized net income for the current period or in respect of unrealized appreciation at the close thereof.

NOTE D - SUPPLEMENTARY INFORMATION

The aggregate dollar amounts of purchases and sales of investment securities, other than United States Government obligations, made during the year were as follows:

Cost of Securities	$2,102,647.96
Proceeds of sales of securities	2,949,416.52

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENTS IN SECURITIES

JANUARY 31, 1952

SUMMARY

	MARKET VALUE AT JANUARY 31, 1952
INVESTMENT COMPANIES	
Common Stocks	$ 74,250
HOLDING COMPANIES	
Preferred Stocks	295,119
Common Stocks	153,738
OTHER SECURITIES	
Bonds	
Railroads	422,381
Utilities	69,905
Preferred Stocks	
Utilities	81,750
Industrial	561,525
Common Stocks	
Railroads	762,550
Utilities	174,045
Banks	29,375
Insurance Companies	95,750
Industrial	4,749,977
TOTAL	$7,470,365

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENTS IN SECURITIES

JANUARY 31, 1952

NO. OF SHARES	DESCRIPTION OF SECURITIES	MARKET VALUE AT JANUARY 31,1952
INVESTMENT COMPANIES		
Common Stocks		
5,000	General Public Service Corporation	$ 18,750
10,000	Pacific American Investors,Inc.	55,500
		$ 74,250
HOLDING COMPANIES		
Preferred Stocks		
900	American & Foreign Power Co.Inc. $6.00 Cumulative Preferred	86,850
250	American Water Works & Electric Co.Inc. $6.00 Preferred (stubs)	2,781
1,500	Associated Telephone & Telegraph Company $6.00 Cumulative First Preferred	201,000
25	Standard Power & Light Corp. $7.00 Cumulative Preferred	4,413
100	Western Pacific Railroad 6% Cumulative Convertible Preferred	75
		$295,119
Common Stocks		
3,405	Engineers Public Service Company (stubs)	613
1,000	Georgia Railroad & Banking Company	150,000
10,000	Middle West Corporation	3,125
		$153,738
OTHER SECURITIES - BONDS		
Face Amount		
Railroads		
	Boston Terminal Company:	
$294 M.	First Mortgage 3½% 2/1/1947)	276,000
6 M.	First Mortgage 4% 7/1/1950)	
16 M.	Chicago,Indianapolis & Louisville Railway Co. First Income 4% 1/1/1983	10,640
	Forward	$286,640

STERN, PORTER, KINGSTON & COLEMAN

INVESTMENTS IN SECURITIES

JANUARY 31, 1952

Face Amount	DESCRIPTION OF SECURITIES	MARKET VALUE AT JANUARY 31,1952
OTHER SECURITIES - BONDS (Continued)		
Railroads (Continued) (Forward)		$286,640
$100 M.	Chicago, Terra Haute & Southeastern Railway Co. Income Mortgage 2-3/4% 1/1/1994	70,500
443 M.	Denver & Rio Grande Western Railroad 5% 4/1/1978 (stubs)	13,290
50 M.	International Great Northern Railroad Company Adjustment Mortgage Series A 6% 1952	26,250
	Missouri Pacific Railroad:	
23 M.	5½% Series A 5/1/1949	14,576
300 M.	4½% 65 Year Series A When Issued	11,625*
100 M.	4½% 75 Year Series B When Issued	(500)*
		$422,381
Utilities		
25 M.	Brazilian Traction Light & Power Co. Ltd. Series E Convertible Collateral Trust 4½% 9/1/1971	24,750
100 M.	Chicago City Railway Company First Mortgage 5% 2/1/1927 (stubs)	2,250
	Chicago Rapid Transit Company:	
89 M.	First & Refunding Mortgage Series A 6% 7/1/1953(stubs)	6,500
311 M.	First & Refunding Mortgage Series A 6½% 7/1/1944 (stubs)	
1,131 M.	Metropolitan West Side Elevated Railway Co. (Chicago) Extension Mortgage 4% 7/1/1938 (stubs)	28,275
145 M.	Northwestern Elevated Railroad Company First Mortgage 5% 9/1/1941 (stubs)	4,350
126 M.	Union Elevated Railroad Company First Mortgage 5% 10/1/1945 (stubs)	3,780
		$ 69,905

*indicated gain (or loss)

INVESTMENTS IN SECURITIES

JANUARY 31, 1952

No. of Shares	DESCRIPTION OF SECURITIES	MARKET VALUE AT JANUARY 31,1952
OTHER SECURITIES - PREFERRED STOCKS		
Utilities		
1,000	Central States Electric Corporation 7% Cumulative Preferred (stubs)	$ 39,250
10,000	Market Street Railway Company 6% Cumulative Prior Preferred (x)	42,500
		$ 81,750
Industrial		
500	American Woolen Co. Inc. $4.00 Cumulative Convertible Preferred	37,188
500	American Zinc, Lead & Smelting Company $5.00 Cumulative Prior Preferred	53,500
	Autocar Company:	
609	5% Cumulative Convertible Preferred-Series A	14,375
291	5% Convertible Preferred Series B	
100	5% Cumulative Convertible Preferred-Series C	
1,200	Avco Manufacturing Corporation $2.25 Cumulative Convertible Preferred	54,300
300	Cluett Peabody & Co. 4% Cumulative Convertible Second Preferred	26,025
400	Crucible Steel Company of America 5% Cumulative Convertible Preferred	36,400
600	Fedders Quigan Corporation Series A 5% Cumulative Convertible Preferred	29,700
400	Gar Wood Industries, Inc. 4½% Cumulative Convertible Preferred	15,000
500	General Cable Corporation 4% Cumulative Convertible Second Preferred	15,500
1,750	Monterey Oil Company 4% Preferred	175,000
1,500	Murray Corporation of America 4% Cumulative Preferred	66,937
800	Thermoid Company $2.50 Cumulative Convertible Preferred	37,600
		$561,525

INVESTMENTS IN SECURITIES

JANUARY 31, 1952

No. of Shares	DESCRIPTION OF SECURITIES	MARKET VALUE AT JANUARY 31,1952
OTHER SECURITIES - COMMON STOCKS		
Railroads		
	Cleveland & Pittsburgh Railroad Co.:	
400	$3.50 Regular Guaranteed	$ 27,200
400	$2.00 Special Guaranteed Betterment	15,500
1,000	Delaware Railroad Company	38,500
180	Mahoning Coal Railroad Co.	91,350
4,000	Montgomery & Erie Railway Company (3½%-guaranteed by Erie Railroad Company)(x)	32,000
7,500	Northern Pacific Railway Company	461,250
1,000	Southwestern Railroad Company	70,000
500	West Jersey & Seashore Railroad Company	26,750
		$762,550
Utilities		
7,000	Boston Elevated Railway Company	51,625
150	Gold & Stock Telegraph Company	18,900
3,300	Eastern Utilities Associates-Convertible	29,700
500	Green Mountain Power Corporation	8,812
300	International Ocean Telegraph Company	29,250
2,000	Puget Sound Power & Light Company	35,750
400	United Public Utilities Corporation	8
		$174,045
Banks		
5,000	Continental Bank & Trust Company (N. Y.)	$ 29,375
Insurance Companies		
400	American Surety Company	21,250
1,000	Employers Group Associates	37,250
1,000	Standard Accident Insurance Company	37,250
		$ 95,750
Industrials		
1,000	Adam Hat Stores, Inc.	3,500
1,500	Allied Kid Company	30,000
3,550	American Arch Company(Delaware)	1,775
3,550	American Arch Company, Inc. (New York)	75,688
3,500	American Crystal Sugar Company	9,750
500	American Hardware Corporation	
	Forward	$120,713

INVESTMENTS IN SECURITIES

JANUARY 31, 1952

No. of Shares	DESCRIPTION OF SECURITIES	MARKET VALUE AT JANUARY 31,1952
OTHER SECURITIES - COMMON STOCKS (Continued)		
Industrials (Continued)(Forward)		$ 120,713
6,500	American Hawaiian Steamship Company	307,125
1,500	American La France Foamite Corporation	19,125
700	American Laundry Machinery Company	18,638
23,763	Atlantic Gulf & West Indies Steamship Lines (x)	2,376,300
1,800	Baldwin-Lima-Hamilton Corporation	19,125
200	Brockway Motor Company	4,100
1,000	Brunswick Balke Collander Co.	17,625
4,000	Buda Company	56,000
2,100	Bunte Brothers	19,950
600	Caribbean Sugar Co.	13,200
2,000	Carman & Co., Inc.	9,000
1,150	Cleveland Worsted Mills Company	115,000
500	C. G. Conn Ltd.	3,625
5,000	Consolidated Liquidating Corporation	8,750
2,500	Coro, Inc.	21,875
4,500	De Vilbiss Company	81,000
600	Diamond T Motor Car Co.	8,175
800	Dictograph Products Co., Inc.	4,600
500	Easy Washing Machine Corporation - Class B	6,000
1,200	Franklin Railway Supply Company	13,200
400	General Cigar Co.	6,700
240	Gisholt Machine Company	4,200
650	Harnischfeger Corporation	23,075
400	Hercules Motors Corporation	7,900
600	Howe Scale Company	3,975
600	Jenkins Brothers (non-voting)	15,075
1,300	Jones & Lamson Machine Co.	44,038
2,900	Kingan & Co., Inc.	11,600
300	I. B. Kleinert Rubber Company	4,163
2,200	Lamson Corporation	20,900
1,000	Lit Brothers	13,000
1,500	Mandel Bros., Inc.	11,812
1,400	Manhattan Shirt Company	30,625
50	Marshall-Wells Company	14,100
2,000	Merchants & Miners Transportation Company	16,750
900	Miami Copper Co.	21,262
2,300	Monterey Oil Company	161,000
2,000	Namm's, Incorporated	7,500
2,400	Nathan Straus-Duparquet,Inc.	18,000
2,300	National Department Stores Corporation	37,375
6,000	Nesco, Inc.	61,500
	Forward	$3,777,676

INVESTMENTS IN SECURITIES

JANUARY 31, 1952

No. of Shares	DESCRIPTION OF SECURIRIES	MARKET VALUE AT JANUARY 31,1952
OTHER SECURITIES - COMMON STOCKS (Continued)		
Industrials (Continued)(Forward)		$3,777,676
2,300	New York Merchandise Co.,Inc.	22,138
3,000	New York Shipbuilding Corporation - Participating	54,000
1,000	New York Shipbuilding Corporation - Founders	18,000
200	Pacific Mills	6,475
23,500	Philadelphia & Reading Coal & Iron Co.	439,500(1)
900	Pullman, Inc.	38,137
1,400	Pyrene Manufacturing Company	20,125
1,200	Real Silk Hosiery Mills, Inc.	15,000
900	Reliable Stores Corporation	22,950
1,000	Rice-Stix, Inc.	28,750
200	Sargent & Co.	3,400
200	Shuron Optical Company, Inc.	7,900
1,600	Thor Corporation	21,600
480	Timely Clothes, Inc.	6,720
500	Todd Shipyards Corporation	25,125
450	Tyer Rubber Company	15,863
45,950	Utica Knitting Company (x)	178,056
1,500	Wealden Corporation	28,312
1,500	Wheeler Osgood Company	20,250
		$4,749,977

(1) Philadelphia & Reading Coal & Iron Co.:

20,000 at 19	$380,000
3,500 at 17 (option price)	59,500
	$439,500

(x) Represents investment in a non-controlled affiliate as defined in Investment Company Act of 1940, under which an issuer is an affiliate of one who owns 5% or more of its outstanding voting securities.

GRAHAM-NEWMAN CORPORATION

NEW YORK

SECURITIES SHORT

JANUARY 31, 1952

No. of Shares	DESCRIPTION OF SECURITIES	COVER VALUE, JANUARY 31,1952
	PREFERRED STOCKS	
	Holding Companies	
1,600	American & Foreign Power Co., Inc. $7.00 Cumulative Second Preferred - Series A	$ 16,600
	Railroads	
1,700	Missouri Pacific Railroad Company 5% Cumulative Convertible Preferred	39,525
1,000	Missouri Pacific Railroad Company $5.00 Preferred-when issued	(1,275)*
	COMMON STOCKS	
	Railroads	
1,000	New York, New Haven & Hartford Railroad Co.	15,625
	Industrials	
800	American Woolen Co., Inc.	27,400
2,000	American Zinc Lead & Smelting Company	49,250
3,800	Avco Manufacturing Corporation	27,075
720	Crucible Steel Company of America	27,360
2,100	Fedders Quigan Corporation	28,350
1,800	Gar Wood Industries, Inc.	13,275
400-70/100	Utah Fuel Co.-When Issued	1,503
		$244,688

*indicated gain

GRAHAM-NEWMAN CORPORATION
122 EAST 42ND STREET
NEW YORK 17, N. Y.

March 2nd, 1953

To the Stockholders of Graham-Newman Corporation:

Submitted herewith are financial statements of the Corporation covering the fiscal year ended January 31st, 1953.

The appended balance sheet indicates a net asset value of $1,361.11 per share on January 31st, 1953, compared with $1,257.85 per share on January 31st, 1952. The indicated net asset value on February 16th, 1953 was approximately $1,359.00 per share.

FISCAL YEAR RESULTS AND DIVIDENDS

Net realized profits for the fiscal year (without reflecting the increase in unrealized appreciation) amounted to $123.90 per share. The total dividends paid and declared applicable to the net realized profits for the fiscal year aggregate $127.81. Such dividends consist of the quarterly dividends of $12.50 each paid in June and September 1952, the dividend of $50 paid in December 1952 and a dividend of $52.81, declared February 17th, 1953 payable March 12th, 1953 to stockholders of record March 9th, 1953.

Total dividends of $127.81 applicable to the fiscal year exceed the net realized profit for the fiscal year by $3.91 per share and is represented by (a) a net amount of $4.19 per share reflecting a reserve for officers' compensation which is not tax deductible until paid out and (b) less a net amount of $.28 per share covering an adjustment between dividend income accrued from portfolio securities and that actually received during the fiscal year.

Of the total dividends of $127.81 applicable to the fiscal year, $112.31 per share represents long term capital gains, $15.50 is ordinary income.

The overall gain for the fiscal year, including the net increase in unrealized appreciation, was $195.71 per share, or 15.6% on the asset value of the shares at the beginning of the fiscal year.

CALENDAR YEAR DIVIDENDS

During the calendar year 1952 the total dividends paid amounted to $92.44, consisting of a dividend of $17.44 paid in March out of net realized profits of the fiscal year ended January 31st, 1952 and the $75 of dividends paid as stated above.

Of the dividends of $92.44 paid during the calendar year of 1952, $83.57 per share represents long term capital gains, $.04 per share represents short term capital loss and $8.91 per share is ordinary income.

The financial statements have been reviewed by Messrs. Stern, Porter, Kingston and Coleman, independent public accountants, whose certificate is set forth herein.

The proxy statement for the annual meeting of stockholders which will be held on April 13th, 1953 will be mailed to the stockholders on or about April 1st, 1953.

By order of the Board of Directors,

Benj. Graham,
President

Jerome A. Newman,
Vice President & Treasurer

OFFICERS

Benjamin Graham,
President

Jerome A. Newman
Vice President & Treasurer

Edward E. Laufer,
Secretary

Howard A. Newman,
Vice President

Walter J. Schloss,
Assistant Secretary

DIRECTORS

Benjamin Graham

Jerome A. Newman

Wm. K. Jacobs, Jr.

Robert J. Marony

David L. Dodd

Howard A. Newman

STERN, PORTER, KINGSTON & COLEMAN
CERTIFIED PUBLIC ACCOUNTANTS

551 Fifth Avenue, New York 17, N. Y.
MURRAY HILL 2-8075

To the Board of Directors and Stockholders
of Graham-Newman Corporation:

We have examined the Balance Sheet of Graham-Newman Corporation as at January 31, 1953 and the related statements of Profit and Loss, and Changes in Net Assets for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Balance Sheet and related statements of Profit and Loss and Changes in Net Assets, as supplemented by the notes appended thereto present fairly the financial position of Graham-Newman Corporation as at January 31, 1953 and the results of its operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Stern Porter Kingston & Coleman

STERN, PORTER, KINGSTON & COLEMAN
Certified Public Accountants

New York, N. Y.
February 24, 1953.

GRAHAM-NEWMAN

NEW

B A L A N C E

JANUARY 31,

A S S E T S

CASH		$ 276,395.26
DUE FROM BROKERS FOR SECURITIES SOLD		7,360.38
DEPOSITS WITH BROKERS		382,073.06
INVESTMENTS IN SECURITIES-AT MARKET VALUE (Note A) (Cost $4,661,456.70)		7,307,498.00
OTHER ASSETS		
Dividends receivable	$ 6,776.26	
Interest accrued on bonds	398.45	
Deposits and sundry receivables	9,366.30	
Furniture and fixtures	10,051.45	26,592.46
		$7,999,919.16

CORPORATION

YORK

S H E E T

1953

L I A B I L I T I E S A N D C A P I T A L

SECURITIES SHORT - at cover value (net proceeds of sales $275,978.05)		$ 364,507.00
SUNDRY PAYABLES AND ACCRUALS		13,704.97
DUE TO OFFICERS (Benjamin Graham and Jerome A. Newman) for additional compensation-on basis of realized net income for the four fiscal years ended January 31, 1953 (Note B)		309,289.36
of which currently payable	$ 83,994.28	
balance payable in installments (1954-1957)	225,295.08	
PROVISION FOR ADDITIONAL CONTINGENT COMPENSATION OF OFFICERS (Benjamin Graham and Jerome A. Newman) on increase in unrealized appreciation of investments subsequent to January 31, 1948 (Note B)		506,850.74
NET ASSETS APPLICABLE TO OUTSTANDING CAPITAL STOCK		6,805,567.09
Capital Stock:		
Authorized, issued and outstanding- 5,000 shares of no par value- stated value $500.00 per share	2,500,000.00	
Capital Surplus	2,097,580.92	
Earned Surplus	157,324.56	
Total Capital Stock and Surplus	4,754,905.48	
Unrealized appreciation of investments-after deducting provision for related additional contingent compensation of officers (Note A)	2,050,661.61	
Total, as above (equivalent to $1,361.11 per share)	$6,805,567.09	
		$7,999,919.16

GRAHAM-NEWMAN CORPORATION

NEW YORK

PROFIT AND LOSS STATEMENT

FOR THE FISCAL YEAR ENDED JANUARY 31, 1953

STATEMENT OF INCOME AND EXPENSES (excluding gain or loss on investments)			
Income			
Dividends			$280,518.69
Interest on investments			6,979.31
Other Income			5,833.20
Total			293,331.20
Expenses			
Salaries of Officers:			
Benjamin Graham (Note B)		$ 25,000.00	
Jerome A. Newman (do)		25,000.00	
Other		22,445.33	
Other:			
Office salaries		13,138.91	
Executive committee fees		10,000.00	
Directors' fees		450.00	
Rent and light		4,400.08	
Telephone and telegraph		3,136.31	
Taxes (other than Federal taxes on income)		8,210.42	
Legal and auditing		6,000.00	
Custodian fees		2,761.08	
General expense		6,848.14	
Depreciation (furniture and fixtures)		1,239.87	
Total		128,630.14	
Interest paid		6,034.72	
Total Expenses (exclusive of additional compensation of officers)			134,664.86
Net Income (excluding gain or loss on investments, before deducting additional compensation of officers and provision for Federal taxes on income)			158,666.34
NET REALIZED GAIN ON INVESTMENTS			
Amount realized		2,291,263.14	
Cost		1,725,523.78	565,739.36
NET INCOME before deducting additional compensation of officers and provision for Federal taxes on income			724,405.70
Deduct-Provision for additional compensation of officers (Note B):			
Benjamin Graham	$52,440.57		
Jerome A. Newman	52,440.57	104,881.14	
Provision for Federal taxes on income (Note C)		None	104,881.14
NET INCOME FOR YEAR			619,524.56
ADD-INCREASE IN UNREALIZED APPRECIATION (Note A)			
At January 31, 1953	$2,557,512.35		
At January 31, 1952	2,108,748.29	448,764.06	
Deduct-Provision for related additional contingent compensation of officers		89,752.80	359,011.26
NET "OVER ALL" INCOME FOR YEAR including increase in unrealized appreciation			$978,535.82

equivalent (on 5,000 shares) to . . . . . $195.71 per share

STERN, PORTER, KINGSTON & COLEMAN

GRAHAM-NEWMAN CORPORATION

NEW YORK

STATEMENT OF CHANGES IN NET ASSETS

FOR THE FISCAL YEAR ENDED JANUARY 31, 1953

			Per Share
NET ASSETS AT JANUARY 31, 1952		$6,289,231.27	$1,257.85
ADD			
Net Income for the fiscal year ended January 31,1953:			
Net Income, excluding gain or loss on investments (before deducting additional compensation of officers)	$158,666.34		
Net realized gain on sales of investments	565,739.36		
Total	724,405.70		
Deduct-Additional compensation of of officers (Note B)	104,881.14		
Net Income for the year		619,524.56	123.90
Increase in unrealized appreciation of investments	448,764.06		
Deduct-Provision for related additional contingent compensation of officers	89,752.80	359,011.26	71.80
TOTAL		7,267,767.09	1,453.55

DEDUCT - DIVIDENDS PAID

	Per Share			
March 28, 1952	$17.44	87,200.00(a)		
June 27, 1952	12.50	62,500.00		
Sept. 26, 1952	12.50	62,500.00		
Dec. 29, 1952	50.00	250,000.00		
	$92.44		462,200.00	92.44
BALANCE - NET ASSETS AT JANUARY 31, 1953			$6,805,567.09	$1,361.11

ANALYSIS OF CHANGES IN NET ASSETS-FOR THE FISCAL YEAR ENDED JANUARY 31,1953

	Total	Capital Stock	Capital Surplus	Earned Surplus	Unrealized Appreciation (net) (b)
Net Assets at Jan.31,1952	$6,289,231.27	$2,500,000	$2,097,580.92	$ -	$1,691,650.35
Add:					
Net Income for the year	619,524.56			619,524.56	
Increase in unrealized appreciation (net) (b)	359,011.26				359,011.26
Total	7,267,767.09	2,500,000	2,097,580.92	619,524.56	2,050,661.61
Deduct:					
Dividends paid	462,200.00			462,200.00	
Balance-Net Assets at Jan.31,1953	$6,805,567.09	$2,500,000	$2,097,580.92	$157,324.56	$2,050,661.61

(a) The dividend paid March 28,1952 was paid out of the net income for the prior fiscal year.

(b) Unrealized appreciation as shown herein represents the net amount after deducting related contingent additional compensation of officers.

STERN, PORTER, KINGSTON & COLEMAN

NOTE A - VALUATION OF INVESTMENTS-UNREALIZED APPRECIATION OF INVESTMENTS

Investments have been evaluated at their quoted market values as at January 31, 1953 except as noted below. These valuations are not, however, intended as representations of the amounts which may be actually realizable upon sale of the securities.

The unrealized appreciation of investments at January 31,1953 is represented as follows:

	Cost	Value at Jan.31,1953	Unrealized Appreciation
Investments in securities	$4,661,456.70	$7,307,498	$2,646,041.30
Securities short (a)	275,978.05	364,507	(-88,528.95)
Net securities position	$4,385,478.65	$6,942,991	
Unrealized Appreciation at January 31, 1953			$2,557,512.35

(a) Securities short are stated at amount realized on sale, cover value, and indicated loss.

The unrealized appreciation of investments at the beginning of the year, the increase therein for the current year, the related additional contingent compensation of officers (see Note B) and the balance applicable to the outstanding capital stock were as follows:

	Total	Additional Contingent Compensation	Balance Applicable to Stock
At January 31, 1952	$2,108,748.29	$417,097.94	$1,691,650.35
Increase for year	448,764.06	89,752.80	359,011.26
At January 31, 1953	$2,557,512.35	$506,850.74	$2,050,661.61

The investment in Atlantic Gulf and West Indies Steamship Lines (AGWI) common stock has been valued at its quoted market value on the New York Stock Exchange as at January 31, 1953, and upon this basis shows an unrealized appreciation at that date of $1,544,595.50, of which $297,038.00 represents appreciation during the current year. Effective control of AGWI has been acquired by Jerome A. Newman, one of the officers of Graham-Newman Corporation. There have recently been only occasional transactions in AGWI common stock on the New York Stock Exchange. The investments in Monterey Oil Co. common stock and in Perkin-Elmer Corporation 5% Income Debentures (March 1, 1967), for which no market quotations were available, have been evaluated by the management and in the statements herein at $452,500.00 which amount represents unrealized appreciation of $400,200, of which $241,000 represents appreciation during the current year. The management is of the opinion that these investments have been fairly valued.

NOTE B - COMPENSATION OF OFFICERS

The President and Treasurer each receive a salary of $25,000 per annum, and additional compensation of 10% of the excess of the realized net income in each year as determined at the close thereof (less the net unrealized depreciation, if any, in the value of investments at the year end which had accrued subsequent to January 31, 1948) over an amount equivalent to $40.00 per share per annum ($10.00 per share per quarter) on the presently outstanding capital stock. The total amount of addi-

NOTE B - COMPENSATION OF OFFICERS (continued)

tional compensation payable to each of these officers from and after February 1, 1948 is, however, limited to 12½% of the excess of total dividends paid during this period over an amount equivalent to $40.00 per share per annum on the presently outstanding stock (or the equivalent on the old stock outstanding prior to recapitalization in 1950). The board of directors, with the approval of the company's counsel, has determined that for the purpose of computing this limitation, a dividend paid subsequent to the close of a fiscal year out of income for the fiscal year, as permitted under the Internal Revenue Code, is to be included in the total dividends for the fiscal year. The additional compensation for the fiscal year ended January 31, 1949 has been paid in full, and for all subsequent years is payable in five equal annual installments within sixty days of the close of the respective years. In the event of the death of either of these officers, or the termination of his tenure of office, such officer or his estate will be entitled to receive further additional compensation in an amount equal to 10% of the increase in unrealized appreciation, if any, which had accrued subsequent to January 31, 1948, less the amount, if any, of the $40.00 per share per annum exclusion noted above to the extent that such exclusion had not previously been applied in the computation of additional compensation in any prior year.

NOTE C - TAX STATUS

The Corporation has elected to be taxed as a "regulated investment company" under the Internal Revenue Code, and as such will be liable to Federal taxes on income on such amount only as is represented by its undistributed net long term capital gains (less its net short term capital loss if any) and its undistributed net income from other sources. The Corporation has in the past, and intends in the future, to distribute as dividends each year, or within the time limit provided by the terms of the Internal Revenue Code, an amount which will absorb the total net income in each of the above categories which is reportable for Federal income tax purposes, and in this event will not be liable for Federal taxes on income. No provision has therefore been made for such taxes either in respect of the realized net income for the current period or in respect of unrealized appreciation at the close thereof.

NOTE D - SUPPLEMENTARY INFORMATION

The aggregate dollar amounts of purchases and sales of investment securities, other than United States Government obligations, made during the year were as follows:

Cost of Securities purchased	$ 981,404.89
Proceeds of sales of securities	2,278,594.31

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENTS IN SECURITIES

JANUARY 31, 1953

SUMMARY

	MARKET VALUE AT JANUARY 31, 1953
INVESTMENT COMPANIES	
Common Stocks	$ 156,375
HOLDING COMPANIES	
Preferred Stocks	8,622
Common Stocks	388,842
OTHER SECURITIES	
Bonds	
Railroads	204,950
Utilities	32,273
Industrials	50,000
Preferred Stocks	
Utilities	68,450
Industrial	458,724
Common Stocks	
Railroads	535,000
Utilities	187,557
Banks	61,250
Insurance Companies	20,875
Industrial	5,134,580
TOTAL	$7,307,498

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENTS IN SECURITIES

JANUARY 31, 1953

No. of Shares		MARKET VALUE JAN. 31, 1953
INVESTMENT COMPANIES		
Common Stocks		
800	Amoskeag Company	$ 132,000
1,300	Mission Development Company	24,375
		$ 156,375
HOLDING COMPANIES		
Preferred Stocks		
25	Standard Power & Light Corp. $7.00 Cumulative Preferred	5,247
1,000	Western Pacific Railroad 6% Cumulative Convertible Preferred	3,375
		$ 8,622
Common Stocks		
3,405	Engineers Public Service Company (stubs)	579
1,100	Georgia Railroad & Banking Company	183,700
10,000	Middle West Corporation	6,500
1,500	Royal Dutch Petroleum Company	40,875
2,500	Western Pacific Railroad Company	157,188
		$ 388,842
OTHER SECURITIES - BONDS		
Face Amount		
Railroads		
25 M.	Chicago, Indianapolis & Louisville Railway Co. First Income 4% 1/1/1983	18,000
50 M.	International Great Northern Railroad Company Adjustment Mortgage Series A 6% 1952	37,750
	Missouri Pacific Railroad	
50 M.	5½% Series A 5/1/49	46,875
75 M.	4% General Mortgage 3/1/75	84,750
	4½% 65 year Series A When issued	1,690*
	4½% 75 year Series B When issued	260*
100 M.	New York, New Haven & Hartford Railroad certificates of beneficial interest	15,625
		$ 204,950
Utilities		
25 M.	Brazilian Traction Light & Power Co.,Ltd.Series E Convertible Collateral Trust 4½% 9/1/71	24,062
100 M.	Chicago City Railway Company First Mortgage 5% 2/1/1927 (stubs)	625
	Chicago Rapid Transit Company: First & Refunding Mortgage Series A:	
155 M..	6% 7/1/1953 (stubs)	7,130
	6½% 7/1/1944 (stubs)	
6 M.	Union Elevated Railroad Company First Mortgage 5% 10/1/1945 (stubs)	456
		$ 32,273

*Indicated gain

INVESTMENTS IN SECURITIES

JANUARY 31, 1953

OTHER SECURITIES - BONDS (Continued)	MARKET VALUE JAN. 31, 1953
Face Amount	
Industrials	
50 M. Perkin-Elmer Corporation Subordinated Convertible Income 5% 3/1/67	$ 50,000 **

OTHER SECURITIES-PREFERRED STOCKS	
No. of Shares	
Utilities	
1,200 Central States Electric Corporation 7% Cumulative Preferred (stubs)	22,200
10,000 Market Street Railway Company 6% Cumulative Prior Preferred (x)	46,250
	$ 68,450
Industrial	
300 American Woolen Co.,Inc.$4.00 Cumulative Convertible Preferred	21,300
100 American Zinc, Lead & Smelting Company $5.00 Cumulative Prior Preferred	9,525
Autocar Company: 609 5% Cumulative Convertible Preferred Series A; 291 5% Convertible Preferred Series B; 100 5% Cumulative Convertible Preferred Series C	16,875
1,000 Avco Manufacturing Corporation $2.25 Cumulative Convertible Preferred	49,625
300 Cluett Peabody & Co. 4% Cumulative Convertible Second Preferred	23,775
1,000 Crucible Steel Company of America 5% Cumulative Convertible Preferred	86,250
600 Fedders Quigan Corporation Series A 5% Cumulative Convertible Preferred	36,000
400 Gar Wood Industries, Inc. 4½% Cumulative Convertible Preferred	13,850
500 General Cable Corporation 4% Cumulative Convertible Second Preferred	16,562
200 Mengel Company 5% Cumulative Convertible First Preferred	9,400
1,500 Murray Corporation of America 4% Cumulative Preferred	72,562
800 Thermoid Company $2.50 Cumulative Convertible Preferred	34,000
1,000 Tung-Sol Electric, Inc. Cumulative Convertible Preferred 5%	69,000
	$ 458,724

INVESTMENTS IN SECURITIES

JANUARY 31, 1953

No. of Shares		MARKET VALUE JAN. 31, 1953
OTHER SECURITIES-COMMON STOCKS		
Railroads		
	Cleveland & Pittsburgh Railroad Co.	
400	$3.50 Regular Guaranteed	$ 29,400
400	$2.00 Special Guaranteed Betterment	17,500
1,000	Delaware Railroad Company	44,750
200	Mahoning Coal Railroad Co.	108,200
4,000	Montgomery & Erie Railway Company (3½% guaranteed by Erie Railroad Company)(x)	32,000
200	Northern Central Railway Company	17,050
2,500	Northern Pacific Railway Company	197,500
1,000	Southwestern Railroad Company	70,000
300	West Jersey & Seashore Railroad Company	18,600
		$ 535,000
Utilities		
7,000	Boston Elevated Railway Company	97,125
1,200	Eastern Utilities Associates-Convertible	13,800
260	Gold & Stock Telegraph Company	34,320
300	International Ocean Telegraph Company	30,000
500	Puget Sound Power & Light Company	12,312
400	United Public Utilities Corporation	-
		$ 187,557
Banks		
10,000	Continental Bank & Trust Company (N.Y.)	$ 61,250
Insurance Companies		
500	Standard Accident Insurance Company	$ 20,875
Industrials		
7,500	Adam Hat Stores, Inc.	24,375
1,500	Allied Kid Company	30,000
3,550	American Arch Company (Delaware) / American Arch Company, Inc. (New York)	1,775
3,500	American Crystal Sugar Company	76,562
6,500	American Hawaiian Steamship Company	365,625
1,500	American La France Foamite Corporation	20,062
600	American Laundry Machinery Company	14,850
23,763	Atlantic Gulf & West Indies Steamship Lines(x)	2,673,338
800	Brockway Motor Company	16,000
1,000	Brunswicke Balke Collander Co.	18,875
4,000	Buda Company	57,500
600	Carribean Sugar Co.	300
2,500	Carman & Co., Inc.	10,000
1,150	Cleveland Worsted Mills Company	108,675
1,000	C. G. Conn Ltd.	7,125
5,000	Consolidated Liquidating Corporation	5,000
500	Consolidated Cigar Corporation	15,688
3,200	Coro, Inc.	32,400
600	Crowley Milner & Company	3,975
	Forward	$3,482,125

INVESTMENTS IN SECURITIES

JANUARY 31, 1953

No. of Shares		MARKET VALUE JAN. 31, 1953
OTHER SECURITIES-COMMON STOCKS (Continued)		
Industrials (continued)		
	Forward	$3,482,125
4,500	De Vilbiss Company	84,938
600	Diamond T Motor Car Co.	7,950
1,000	Dictograph Products Co., Inc.	5,625
2,500	Easy Washing Machine Corporation-Class B	40,312
45,950	Flagg Utica Corp. (x)	218,262
1,500	General Cigar Co.	28,500
240	Gisholt Machine Company	3,810
500	Grief Brothers Cooperage Corp. Series "A"	8,187
500	Hart Schaffner & Marx	11,562
400	Hercules Motors Corporation	7,400
300	Howe Scale Company	1,762
600	Jenkins Brothers (Non-Voting)	13,425
900	Jones & Lamson Machine Co.	34,088
1,500	Kalamazoo Stove & Furnace Company	12,000
300	I. B. Kleinert Rubber Company	4,875
2,400	Lamson Corporation	20,400
1,000	Lit Brothers	16,500
1,500	Mandel Bros., Inc.	9,562
1,400	Manhattan Shirt Company	32,200
25	Marshall-Wells Company	7,350
400	Miami Copper Co.	10,650
2,300	Monterey Oil Company	402,500*
1,400	Namm's-Loeser's, Inc.	5,600
4,000	Nathan Straus-Duparquet, Inc.	25,000
2,300	National Department Stores Corporation	33,062
2,300	New York Merchandise Co., Inc.	19,550
600	New York Shipbuilding Corporation-Participating	11,475
1,000	New York Shipbuilding Corporation-Founders	19,250
600	Pacific Mills	16,050
21,100	Philadelphia & Reading Coal & Iron Co.	377,162
1,400	Real Silk Hosiery Mills, Inc.	19,075
900	Reliable Stores Corporation	26,887
1,000	Rice-Stix, Inc.	26,750
200	Sargent & Company	3,800
220	Shuron Optical Company, Inc.	7,040
945	Timely Clothes, Inc.	12,521
450	Tyer Rubber Company	14,625
1,500	Wealdon Corporation	29,812
500	Youngstown Sheet & Tube Company	22,938
		$5,134,580

* *Valued by management

(x) Represents investment in a non-controlled affiliate as defined in Investment Company Act of 1940 under which an issuer is an affiliate of one who owns 5% or more of its outstanding voting securities.

GRAHAM-NEWMAN CORPORATION

NEW YORK

SECURITIES SHORT

JANUARY 31, 1953

No. of Shares		COVER VALUE JAN. 31, 1953
PREFERRED STOCKS		
Railroads		
	Missouri Pacific Railroad Company	
2,500	5% Cumulative Convertible Preferred	$126,562
	$5.00 Preferred Series A-When issued	2,694*
COMMON STOCKS		
Industrials		
400	American Zinc Lead & Smelting Company	7,600
3,800	Avco Manufacturing Corporation	31,350
2,506-78/100	Crucible Steel Company of America	80,530
2,184	Fedders Quigan Corporation	34,671
1,800	Gar Wood Industries, Inc.	12,150
2,800	Tung-Sol Electric, Inc.	68,950
		$364,507

*Indicated Loss

GRAHAM-NEWMAN CORPORATION
122 EAST 42ND STREET
NEW YORK 17, N. Y.

March 1st, 1954

To the Stockholders of Graham-Newman Corporation:

Submitted herewith are financial statements of the Corporation covering the fiscal year ended January 31st, 1954.

The appended balance sheet indicates a net asset value of $1,286.69 per share on January 31st, 1954, compared with $1,361.11 per share on January 31st, 1953. The indicated net asset value on February 12th, 1954, was approximately $1,288 per share.

FISCAL YEAR RESULTS AND DIVIDENDS

The overall gain for the fiscal year, including the net increase in unrealized appreciation, was $15.89 per share, or 1.2% on the asset value of the shares at the beginning of the fiscal year.

Net realized profits for the fiscal year (without reflecting the decrease in unrealized appreciation) amounted to $139.12 per share. The total dividends paid and declared applicable to the net realized profits for the fiscal year aggregate $154 per share. Such dividends consist of the quarterly dividends of $12.50 each paid in June, September and December 1953, and a dividend of $116.50 declared February 17th, 1954 payable March 5th, 1954 to stockholders of record February 23rd, 1954.

Total dividends of $154 per share applicable to the fiscal year exceed the net realized profit for the fiscal year by $14.88 per share. This distribution is necessary due to applicable provisions of the Internal Revenue Code under which we have elected to be taxed as a "regulated investment company".

Of the total dividends of $154 per share applicable to the fiscal year, the entire amount represents long term capital gains.

CALENDAR YEAR DIVIDENDS

During the calendar year 1953 the total dividends paid amounted to $90.31, consisting of a dividend of $52.81 paid in March out of net realized profits of the fiscal year ended January 31st, 1953 and dividends of $37.50 paid as stated above.

Of the dividends of $90.31 paid during the calendar year 1953, $74.81 per share represents long term capital gains, $14.67 per share represents ordinary income, and $.83 is a return of capital.

The financial statements have been reviewed by Messrs. Stern, Porter, Kingston and Coleman, independent public accountants, whose certificate is set forth herein.

THE ANNUAL MEETING

The proxy statement for the annual meeting of stockholders which will be held on April 12th, 1954 will be mailed to the stockholders on or about March 31st, 1954.

At the annual meeting resolutions, previously approved by the Board of Directors, will be presented, providing a more responsible position for Howard A. Newman in the Management of the Corporation. Mr. Howard A. Newman is presently Vice President and a Director of the Corporation, and a General Partner of Newman & Graham. Under the new arrangement Benjamin Graham will become Chairman of the Board, Jerome A. Newman will become President and Howard A. Newman will become Vice President and Treasurer of the Corporation. The Management contract will be revised so as to name Howard A. Newman as a third Manager of the Corporation. However, there will be no increase in the total compensation provided for the Managers, including therein amounts paid last year to Howard A. Newman.

By order of the Board of Directors,

Benj. Graham,
President

Jerome A. Newman,
Vice President & Treasurer

OFFICERS

Benjamin Graham, President
Jerome A. Newman, Vice Pres. & Treas.
Edward E. Laufer, Secretary
Howard A. Newman, Vice Pres.
Walter J. Schloss, Asst. Secy.

DIRECTORS

Benjamin Graham
Jerome A. Newman
Wm. K. Jacobs, Jr.
Robert J. Marony
David L. Dodd
Howard A. Newman

STERN, PORTER, KINGSTON & COLEMAN
CERTIFIED PUBLIC ACCOUNTANTS

551 Fifth Avenue, New York 17, N. Y.
MURRAY HILL 2-8075

To the Board of Directors and Stockholders
of Graham-Newman Corporation:

We have examined the Balance Sheet of Graham-Newman Corporation as at January 31, 1954 and the related statements of Profit and Loss, and Changes in Net Assets for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Balance Sheet and related statements of Profit and Loss and Changes in Net Assets, as supplemented by the notes appended thereto present fairly the financial position of Graham-Newman Corporation as at January 31, 1954 and the results of its operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Stern Porter Kingston & Coleman

STERN PORTER KINGSTON & COLEMAN
Certified Public Accountants

New York, N.Y.
February 20, 1954.

GRAHAM-NEWMAN

NEW

B A L A N C E

JANUARY 31,

A S S E T S

CASH		$1,041,274.63
U. S. TREASURY BILLS DUE MARCH 4,1954 ($750,000)		747,056.25
DUE FROM BROKERS FOR SECURITIES SOLD		9,195.56
DEPOSITS WITH BROKERS		254,993.35
INVESTMENTS IN SECURITIES-AT MARKET VALUE (Note A) (Cost $3,495,507.20)		5,326,213.00
OTHER ASSETS		
Dividends receivable	$ 6,137.26	
Interest accrued on bonds	2,488.64	
Deposits and sundry receivables	4,874.36	
Furniture and fixtures	10,595.35	24,095.61
		$7,402,828.40

CORPORATION

YORK

S H E E T

1954

L I A B I L I T I E S A N D C A P I T A L

SECURITIES SHORT - at cover value (net proceeds of sales $209,597.20)		$ 252,998.00
DUE TO BROKERS FOR SECURITIES PURCHASED		2,307.76
SUNDRY PAYABLES AND ACCRUALS		12,051.78
DUE TO OFFICERS (Benjamin Graham and Jerome A. Newman) for additional compensation-on basis of realized net income for the five fiscal years ended January 31, 1954 (Note B)		349,198.14
of which payable within one year	$ 108,774.88	
balance payable in installments (1955-1958)	240,423.26	
PROVISION FOR ADDITIONAL CONTINGENT COMPENSATION OF OFFICERS (Benjamin Graham and Jerome A. Newman) on increase in unrealized appreciation of investments subsequent to January 31, 1948 (Note B)		352,809.28
NET ASSETS APPLICABLE TO OUTSTANDING CAPITAL STOCK		6,433,463.44
Capital Stock: Authorized, issued and outstanding- 5,000 shares of no par value- stated value $500.00 per share	2,500,000.00	
Capital Surplus	2,097,580.92	
Earned Surplus	401,386.80	
Total Capital Stock and Surplus	4,998,967.72	
Unrealized appreciation of investments-after deducting provision for related additional contingent compensation of officers (Note A)	1,434,495.72	
Total, as above (equivalent to $1,286.69 per share)	$6,433,463.44	
		$7,402,828.40

GRAHAM-NEWMAN CORPORATION

NEW YORK

PROFIT AND LOSS STATEMENT

FOR THE FISCAL YEAR ENDED JANUARY 31, 1954

STATEMENT OF INCOME AND EXPENSES (excluding gain or loss on investments)			
Income			
Dividends			$160,366.54
Interest on investments			7,040.22
Total			167,406.76
Expenses			
Salaries of Officers:			
Benjamin Graham (Note B)		$ 25,000.00	
Jerome A. Newman (do)		25,000.00	
Other		30,856.67	
Other:			
Office salaries		11,358.66	
Executive committee fees		10,000.00	
Directors' fees		450.00	
Rent and light		5,242.13	
Telephone and telegraph		1,300.85	
Taxes (other than Federal taxes on income)		6,900.69	
Legal and auditing		10,304.08	
Custodian fees		1,801.90	
Contributions		4,650.00	
General expense		2,761.94	
Depreciation (furniture and fixtures)		1,667.17	
Total Expenses (exclusive of additional compensation of officers)			137,294.09
Net Income (excluding gain or loss on investments, before deducting additional compensation of officers and provision for Federal taxes on income)			30,112.67
NET REALIZED GAIN ON INVESTMENTS			
Amount realized		2,751,366.22	
Cost		1,961,963.59	789,402.63
NET INCOME, before deducting additional compensation of officers and provision for Federal taxes on income			819,515.30
Deduct-Additional compensation of officers (Note B):			
Benjamin Graham	$61,951.53		
Jerome A. Newman	61,951.53	123,903.06	
Provision for Federal taxes on income (Note C)		None	123,903.06
NET INCOME FOR YEAR			695,612.24
DEDUCT-DECREASE IN UNREALIZED APPRECIATION (Note A)			
At January 31, 1954	$1,787,305.00		
At January 31, 1953	2,557,512.35	(770,207.35)	
Less-Reduction in related additional compensation of officers (Note B)		(154,041.46)	(616,165.89)
"OVER ALL" NET INCOME FOR YEAR			$ 79,446.35

Equivalent to $15.89 per share

GRAHAM-NEWMAN CORPORATION

NEW YORK

STATEMENT OF CHANGES IN NET ASSETS

FOR THE FISCAL YEAR ENDED JANUARY 31, 1954

				Per Share
NET ASSETS AT JANUARY 31, 1953			$6,805,567.09	$1,361.11
ADD-NET INCOME FOR THE FISCAL YEAR ENDED JAN.31,1954				
Net Income, excluding gain or loss on investments (before deducting additional compensation of officers)		$ 30,112.67		
Net realized gain on sales of investments		789,402.63		
Total		819,515.30		
Deduct-Additional compensation of officers (Note B)		123,903.06		
Net Income for year			695,612.24	139.12
DEDUCT-Decrease in unrealized appreciation of investments		(770,207.35)		
Less-Reduction in related additional contingent compensation of officers(Note B)		(154,041.46)	(616,165.89)	(123.23)
TOTAL			6,885,013.44	1,377.00
DEDUCT-DIVIDENDS PAID	Per Share			
March 12, 1953	$52.81	264,050.00		
June 12, 1953	12.50	62,500.00		
Sept. 10, 1953	12.50	62,500.00		
Dec. 18, 1953	12.50	62,500.00		
	$90.31		451,550.00	90.31
BALANCE-NET ASSETS AT JANUARY 31, 1954			$6,433,463.44	$1,286.69

ANALYSIS OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JANUARY 31, 1954

	Total	Capital Stock	Capital Surplus	Earned Surplus	Unrealized Appreciation (Net) (*)
Net Assets at Jan.31,1953	$6,805,567.09	$2,500,000	$2,097,580.92	$157,324.56	$2,050,661.61
Add-Net Income for the year	695,612.24			695,612.24	
Deduct-Decrease in unrealized appreciation (net)(*)	(616,165.89)				(616,165.89)
Total	6,885,013.44			852,936.80	1,434,495.72
Deduct-Dividends paid	451,550.00			451,550.00	
Balance-Net Assets at Jan.31,1954	$6,433,463.44	$2,500,000	$2,097,580.92	$401,386.80	$1,434,495.72

(*) Unrealized appreciation as shown herein represents the net amount after deducting related contingent additional compensation of officers.

GRAHAM-NEWMAN CORPORATION

NEW YORK

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 1954

NOTE A - VALUATION OF INVESTMENTS-UNREALIZED APPRECIATION OF INVESTMENTS

Investments have been evaluated at their quoted market values as at January 31, 1954 except as noted below. These valuations are not, however, intended as representations of the amounts which may be actually realizable upon sale of the securities.

The unrealized appreciation of investments at January 31, 1954 is represented as follows:

	Cost	Value at Jan.31,1954	Unrealized Appreciation
Investments in securities	$3,495,507.20	$5,326,213.	$1,830,705.80
Securities short (a)	(209,597.20)	(252,998)	(43,400.80)
Net securities position	$3,285,910.00	$5,073,215	
Unrealized Appreciation at January 31, 1954			$1,787,305.00

(a) Securities short are stated at amount realized on sale, cover value, and indicated loss.

The unrealized appreciation of investments at the beginning of the year, the decrease therein for the current year, the related additional contingent compensation of officers (see Note B) and the balance applicable to the outstanding capital stock were as follows:

	Total	Additional Contingent Compensation	Balance Applicable to Stock
At January 31, 1953	$2,557,512.35	$506,850.74	$2,050,661.61
Decrease for year	(770,207.35)	(154,041.46)	(616,165.89)
At January 31, 1954	$1,787,305.00	$352,809.28	$1,434,495.72

The investment in Atlantic Gulf and West Indies Steamship Lines (AGWI) common stock (the entire cost of which has already been realized through liquidating distributions) has been valued at its quoted market value on the New York Stock Exchange as at January 31, 1954, and upon this basis shows an unrealized appreciation at that date of $1,399,047.00. There have recently been only occasional transactions in AGWI common stock on the New York Stock Exchange. The investment in Perkin Elmer Corporation 5% Income Debentures due March 1, 1967, for which no market quotations were available, has been evaluated by the management and in the statements herein at cost ($50,000), and the investment in Market Street Railway Company Prior Preferred stock (the entire cost of which has likewise already been realized through liquidating distributions) has been evaluated by the management at $10,000. The management is of the opinion that these investments have been fairly valued.

NOTE B - COMPENSATION OF OFFICERS

The President and Treasurer each receive a salary of $25,000 per annum, and additional compensation of 10% of the excess of the realized net income in each year as determined at the close thereof (less the net unrealized depreciation, if any, in the value of investments at the year end which had accrued subsequent to January 31, 1948) over an amount equivalent to $40.00 per share per annum ($10.00 per share per quarter) on the presently outstanding capital stock. The total amount of addi-

NOTE B - COMPENSATION OF OFFICERS (continued)

tional compensation payable to each of these officers from and after February 1, 1948 is, however, limited to 12½% of the excess of total dividends paid during this period over an amount equivalent to $40.00 per share per annum on the presently outstanding stock (or the equivalent on the old stock outstanding prior to recapitalization in 1950). The board of directors, with the approval of the company's counsel, has determined that for the purpose of computing this limitation, the first dividend paid in any fiscal year which, under the provisions of the Internal Revenue Code, may be included for tax purposes in the amount of dividends paid during the prior year shall be so included in the amount of dividends paid during such prior year. The additional compensation for the fiscal years ended January 31, 1950 to January 31, 1954 is payable in five equal annual installments within sixty days of the close of the respective years. In the event of the death of either of these officers, or the termination of his tenure of office, such officer or his estate will be entitled to receive further additional compensation in an amount equal to 10% of the increase in unrealized appreciation, if any, which had accrued subsequent to January 31,1948, less the amount, if any, of the $40.00 per share per annum exclusion noted above to the extent that such exclusion had not previously been applied in the computation of additional compensation in any prior year.

NOTE C - TAX STATUS

The Corporation has elected to be taxed as a "regulated investment company" under the Internal Revenue Code, and as such will be liable to Federal taxes on income on such amount only as is represented by its undistributed net long term capital gains (less its net short term capital loss if any) and its undistributed net income from other sources. The Corporation has in the past, and intends in the future, to distribute as dividends each year, or within the time limit provided by the terms of the internal revenue code, an amount which will absorb the total net income in each of the above categories which is reportable for Federal income tax purposes, and in this event will not be liable for Federal taxes on income. No provision has therefore been made for such taxes either in respect of the realized net income for the current period or in respect of unrealized appreciation at the close thereof.

NOTE D - SUPPLEMENTARY INFORMATION

The aggregate dollar amounts of purchases and sales of investment securities, other than United States Government obligations, made during the year were as follows:

Cost of Securities purchased	$808,974.09
Proceeds of sales of securities	$2,684,985.37

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENTS IN SECURITIES

JANUARY 31, 1954

S U M M A R Y

	MARKET VALUE AT JANUARY 31,1954
INVESTMENT COMPANIES	
Common Stocks	$ 112,350
HOLDING COMPANIES	
Common Stocks	305,211
OTHER SECURITIES	
Bonds	
Railroads	240,212
Utilities	21,427
Industrial	50,000
Preferred Stocks	
Utilities	31,600
Industrial	405,537
Common Stocks	
Railroads	566,520
Utilities	109,250
Banks	40,000
Industrial	3,444,106
TOTAL	$5,326,213

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENTS IN SECURITIES

JANUARY 31, 1954

No.of shares or Face amount		MARKET VALUE JAN. 31,1954
INVESTMENT COMPANIES		
Common Stocks		
700	Amoskeag Company	$ 94,850
1,000	Mission Development Co.	17,500
		$112,350
HOLDING COMPANIES		
Common Stocks		
3,405	Engineers Public Service Company (stubs)	511
1,100	Georgia Railroad & Banking Company	234,300
2,200	Royal Dutch Petroleum Co. (Certificates for New York shares)	70,400
		305,211
OTHER SECURITIES-BONDS		
Railroads		
25 M.	Chicago, Indianapolis & Louisville Railway Co. First Income 4% 1/1/1983	16,562
70 M.	Chicago, Terre Haute & Southeastern Railroad Co. Income Mortgage 2-3/4% 1/1/1994	49,350
50 M.	International Great Northern Railroad Company Adjustment Mortgage Series A 6% 1952	39,375
	Missouri Pacific Railroad:	
50 M.	5½% Series A 5/1/49	44,250
75 M.	4% General Mortgage 3/1/1975	74,625
200 M.	4½% 65 year Series A When Issued	(300)*
150 M.	4½% 75 year Series B When Issued	(400)*
100 M.	New York, New Haven & Hartford Railroad Co. Certificates of Beneficial Interest	16,750
		$240,212
Utilities		
25 M.	Brazilian Traction Light & Power Co., Ltd. Series E Convertible Collateral Trust 4½% 9/1/71	20,750
155 M.	Chicago Rapid Transit Company First & Refunding Mortgage Series A 6% 7/1/1953 (stubs) do 6½% 7/1/1944 (stubs)	636
6 M.	Union Elevated Railroad Company First Mortgage 5% 10/1/1945 (stubs)	41
		21,427

*Indicated loss

INVESTMENTS IN SECURITIES

JANUARY 31, 1954

No. of shares or Face amount		MARKET VALUE JAN. 31,1954
OTHER SECURITIES-BONDS (Continued)		
Industrial		
50 M.	Perkin Elmer Corporation 5% subordinated Convertible Income 3/1/1967	$ 50,000**
OTHER SECURITIES-PREFERRED STOCKS		
Utilities		
1,200	Central States Electric Corporation 7% Cumulative Preferred (stubs)	21,600
10,000	Market Street Railway Company 6% Cumulative Prior Preferred (x)	10,000**
		31,600
Industrial		
500	American Woolen Co.,Inc.$4.00 Cumulative Convertible Preferred	42,250
800	Avco Manufacturing Corporation $2.25 Cumulative Convertible Preferred	31,200
300	Cluett, Peabody & Co. 4% Cumulative Convertible Second Preferred	27,975
200	Consolidated Cigar Co. $5.00 Cumulative Preferred	16,200
900	Crucible Steel Company of America 5% Cumulative Convertible Preferred	70,200
600	Fedders Quigan Corporation Series A 5% Cumulative Convertible Preferred	36,300
400	Gar Wood Industries, Inc. 4½% Cumulative Convertible Preferred	10,850
400	Mengel Co. 5% Cumulative Convertible First Preferred	19,200
1,500	Murray Corporation of America 4% Cumulative Preferred	66,562
800	Thermoid Company $2.50 Cumulative Convertible Preferred	32,800
1,000	Tung Sol Electric, Inc. 5% Cumulative Convertible Preferred	52,000
		405,537
OTHER SECURITIES-COMMON STOCKS		
Railroads		
	Cleveland & Pittsburgh Railroad Co.:	
400	$3.50 Regular Guaranteed	29,000
400	$2.00 Special Guaranteed Betterment	17,200
200	Mahoning Coal Railroad Co.	104,400
4,000	Montgomery & Erie Railway Company (3½% guaranteed by Erie Railroad Company) (x)	32,000
200	Northern Central Railroad Co.	17,300
2,000	Northern Pacific Railway Company	119,500
240	Vermont & Massachusetts Railroad Co.	25,440
4,163	Western Pacific Railroad Company	221,680
		566,520

**Evaluated by management

INVESTMENTS IN SECURITIES

JANUARY 31, 1954

No. of Shares		MARKET VALUE JAN.31, 1954
OTHER SECURITIES-COMMON STOCKS (Continued)		
Utilities		
500	Gold & Stock Telegraph Company	$ 77,750
300	International Ocean Telegraph Company	31,500
		109,250
Banks		
10,000	Continental Bank & Trust Company (N. Y.)	40,000
Industrials		
1,000	A.C.F.Brill Motors Corp.	6,500
7,500	Adam Hat Stores, Inc.	21,562
1,500	Allied Kid Company	27,562
5,800	American Hawaiian Steamship Company	362,500
1,500	American La France Foamite Corporation	22,125
1,300	American Woolen Co.	21,288
23,763	Atlantic Gulf & West Indies Steamship Lines (x)	1,399,047
400	Brockway Motors	10,100
1,300	Burnswicke Balke Collander Co.	19,012
600	Carribean Sugar Co.	138
2,500	Carman & Co., Inc.	6,875
1,000	Chamberlin Co. of America	5,625
1,150	Cleveland Worsted Mills Company	91,425
1,500	C. G. Conn Ltd.	9,188
1,000	Consolidated Cigar Corporation	20,875
5,000	Consolidated Liquidating Corporation	5,625
3,200	Coro, Inc.	29,600
1,200	Crowley Milner & Co.	7,350
3,000	De Vilbiss Company	55,500
1,600	Diamond T Motor Car Co.	18,800
1,000	Dictograph Products Co., Inc.	6,000
4,000	Easy Washing Machine Corporation Class B	51,500
45,950	Flagg Utica Corporation	166,569
1,600	General Cigar Co.	31,600
1,300	Greif Bros. Cooperage Class A	23,888
1,600	Gruen Watch Company	26,400
500	Hart Schaffner & Marx	12,875
800	Hercules Motors Corporation	11,800
700	Holland Furnace Co.	8,138
600	Howe Scale Company	3,000
600	Jenkins Brothers (Non-voting)	14,550
500	Jones & Lamson Machine Co.	20,625
1,500	Kalamazoo Stove & Furnace Co.	4,875
400	Kayser (Julius) & Co.	5,800
300	I. B. Kleinert Rubber Company	4,725
700	Mandel Bros., Inc.	3,500
200	Manhattan Shirt Company	5,275
	Forward	$2,541,817

INVESTMENTS IN SECURITIES

JANUARY 31, 1954

No. of Shares		MARKET VALUE JAN. 31,1954
OTHER SECURITIES-COMMON STOCKS (Continued)		
Industrials (Continued)		
	Forward	$2,541,817
25	Marshall-Wells Company	6,362
420	Miller Falls Co.	9,240
6,000	Monterey Oil Company	203,250
500	Montgomery Ward & Co.	30,000
4,160	Nathan Straus-Duparquet, Inc.	19,240
1,100	National Department Stores Corporation	13,888
2,300	Nesco, Inc.	36,800
2,300	New York Merchandise Co.,Inc.	18,400
2,600	Pacific Mills	63,700
26,600	Philadelphia & Reading Coal & Iron Co.	269,325
500	Reliable Stores Corporation	14,000
1,100	Reliance Manufacturing Co.	11,138
1,100	Rice-Stix, Inc.	25,987
200	Sargent & Co.	2,775
220	Shuron Optical Company, Inc.	6,930
945	Timely Clothes, Inc.	12,167
1,450	Todd Shipyards Corporation	79,025
450	Tyer Rubber Company	14,400
700	Underwood Corporation	19,600
1,100	Youngstown Sheet & Tube Co.	46,062
		$3,444.106

(x) represents investment in a non-controlled affiliate as defined in Investment Company Act of 1940, under which an issuer is an affiliate of one who owns 5% or more of its outstanding voting securities.

GRAHAM-NEWMAN CORPORATION

NEW YORK

SECURITIES SHORT

JANUARY 31, 1954

No. of Shares		COVER VALUE JAN.31,1954
PREFERRED STOCKS		
Railroads		
	Missouri Pacific Railroad Company:	
2,500	5% Cumulative Convertible Preferred	$114,687
2,694-98/100	$5.00 Preferred Series A-When Issued	(467)*
COMMON STOCKS		
Industrials		
1,999-36/100	Crucible Steel Company of America	48,984
2,362	Fedders Quigan Corporation	34,544
1,800	Gar Wood Industries, Inc.	7,650
2,800	Tung Sol Electric, Inc.	47,600
		$252,998

*Indicated gain

GRAHAM-NEWMAN CORPORATION
122 EAST 42ND STREET
NEW YORK 17, N. Y.

February 28th, 1955

To the Stockholders of Graham-Newman Corporation:

Submitted herewith are financial statements of the Corporation covering the fiscal year ended January 31st, 1955.

The appended balance sheet indicates a net asset value of $1,018.24 after deduction of the dividend of $290.23 declared February 15th, 1955 payable March 10th, 1955. This dividend, although declared after the end of the fiscal year, is payable solely from profits realized during the year covered by this report. The comparable net asset value on January 31st, 1954 after deducting the dividend paid March 5th, 1954 from earnings during the 1954 fiscal year was $1,170.19.

The indicated net asset value on February 11th, 1955 giving effect to the dividend payable March 10th, 1955, was approximately $1,038.

FISCAL YEAR RESULTS AND DIVIDENDS

The overall gain for the fiscal year, including the net decrease in unrealized appreciation, was $175.78 per share or 15.0% on the adjusted asset value of the shares at the beginning of the fiscal year.

Net realized profits for the fiscal year (without reflecting the decrease in unrealized appreciation) amounted to $272.99 per share. The total dividends paid and declared applicable to the realized "Capital Gains" for the fiscal year aggregate $327.73. Such dividends consist of the quarterly dividends of $12.50 each paid in June, September and December 1954, and a dividend of $290.23 declared February 15th, 1955 payable March 10th, 1955 to stockholders of record February 28th, 1955.

Total dividends of $327.73 per share applicable to the fiscal year exceed the net realized profit for the fiscal year by $54.74 per share. This difference is accounted for as follows:

a. Excess of compensation accrued for year over compensation paid and allowable for tax purposes - $27.40 per share.

b. Deficit in ordinary income after deducting compensation paid - $27.34 per share. This amount may not be offset against Capital Gains Dividends otherwise payable.

The entire amount of the above dividends represents long term capital gains.

CALENDAR YEAR DIVIDENDS

During the calendar year 1954 the total dividends paid amounted to $154.00, consisting of a dividend of $116.50 paid in March out of net realized profits of the fiscal year ended January 31st, 1954 and dividends of $37.50 paid as stated above. All such dividends represent long-term capital gains.

The financial statements have been reviewed by Messrs. Stern, Porter, Kingston and Coleman, independent public accountants, whose certificate is set forth herein.

The proxy statement for the annual meeting of stockholders which will be held on April 11th, 1955 will be mailed to the stockholders on or about March 30th, 1955.

By Order of the Board of Directors,

Benjamin Graham,
Chairman of the Board

Jerome A. Newman,
President

BOARD OF DIRECTORS

David L. Dodd
Benjamin Graham
William K. Jacobs, Jr.
Robert J. Marony
Howard A. Newman
Jerome A. Newman

OFFICERS

Benjamin Graham, Chairman of the Board
Howard A. Newman, Vice-President, Treasurer and Secretary
Jerome A. Newman, President
Walter J. Schloss, Assistant Secretary

STERN, PORTER, KINGSTON & COLEMAN
CERTIFIED PUBLIC ACCOUNTANTS

11 West 42nd Street, New York 36, N. Y.
OXFORD 5-3660

To the Board of Directors and Stockholders
of Graham-Newman Corporation:

We have examined the Balance Sheet of Graham-Newman Corporation as at January 31, 1955 and the related statements of Profit and Loss, and Changes in Net Assets for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The company has adopted the policy of charging against surplus and setting up as a liability at the close of the fiscal year the final dividend for the year, which although declared and payable subsequent to the close thereof may, under the provisions of the internal revenue code applicable to regulated investment companies, be included for tax purposes in the amount of dividends paid during the prior year.

In our opinion, the accompanying Balance Sheet and related statements of Profit and Loss and Changes in Net Assets, as supplemented by the notes appended thereto present fairly the financial position of Graham-Newman Corporation as at January 31, 1955 and the results of its operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied, except for the change noted in the preceding paragraph, in which change we concur, on a basis consistent with that of the preceding year.

Stern Porter Kingston & Coleman

STERN, PORTER, KINGSTON & COLEMAN
Certified Public Accountants

New York, N. Y.
February 15, 1955.

GRAHAM-NEWMAN

NEW

B A L A N C E

JANUARY 31,

A S S E T S

CASH		$ 958,599.98
U. S. TREASURY BILLS		1,246,681.00
DEPOSITS WITH BROKERS		493,128.66
INVESTMENTS IN SECURITIES-AT MARKET VALUE (Note A) (Cost $3,854,374.64)		5,058,053.00
OTHER ASSETS		
Dividends receivable	$3,027.50	
Interest accrued on bonds	2,894.42	
Deposits and sundry receivables	5,159.93	
Furniture and fixtures	6,985.09	18,066.94
		$7,774,529.58

CORPORATION

YORK

S H E E T

1955

L I A B I L I T I E S A N D C A P I T A L

FINAL DIVIDEND FOR FISCAL YEAR ENDED JANUARY 31, 1955 (declared February 15,1955 and payable March 10,1955)		$1,451,150.00
SECURITIES SHORT-AT COVER VALUE (Note A) (net proceeds of sales $426,174.64)		450,138.00
SUNDRY PAYABLES AND ACCRUALS		19,111.51
DUE TO OFFICERS for additional compensation-on basis of realized net income for the five fiscal years ended January 31,1955		531,658.10
of which payable within one year	$ 154,232.80	
balance payable in installments(1956-1959)	377,425.30	
PROVISION FOR ADDITIONAL CONTINGENT COMPENSATION OF OFFICERS on increase in unrealized appreciation of investments subsequent to January 31, 1948 (Note B)		231,291.28
NET ASSETS APPLICABLE TO OUTSTANDING CAPITAL STOCK		5,091,180.69
Capital Stock: Authorized, issued and outstanding- 5,000 shares of no par value- stated value $500.00 per share	2,500,000.00	
Capital Surplus	1,642,756.97	
Earned Surplus	-	
Total Capital Stock and Surplus	4,142,756.97	
Unrealized appreciation of investments-after deducting provision for related additional contingent compensation of officers (Note A)	948,423.72	
Total, as above (equivalent to $1,018.24 per share)	$5,091,180.69	
		$7,774,529.58

GRAHAM-NEWMAN CORPORATION

NEW YORK

PROFIT AND LOSS STATEMENT

FOR THE FISCAL YEAR ENDED JANUARY 31, 1955

STATEMENT OF INCOME AND EXPENSES (excluding gain or loss on investments)			
Income			
Dividends		$134,300.19	
Less-Dividends paid on short securities		3,210.00	$ 131,090.19
Interest on investments			19,257.89
Other income			150.00
Total			150,498.08
Expenses			
Salaries of officers:			
Benjamin Graham (Note B)		25,000.00	
Jerome A. Newman (do)		25,000.00	
Howard A. Newman (do)		18,000.00	
Other		11,766.67	
Other:			
Office salaries		12,344.17	
Executive committee fees		10,000.00	
Directors' fees		200.00	
Rent and light		5,528.15	
Taxes (other than Federal taxes on income)		14,045.47	
Legal and auditing		7,368.76	
Custodian fees		2,480.68	
General expense		9,706.05	
Depreciation (furniture and fixtures)		1,702.61	
Total expenses (exclusive of additional compensation of officers)			143,142.56
Net Income (excluding gain or loss on investments-before deducting additional compensation of officers and provision for Federal taxes on income)			7,355.52
NET REALIZED GAIN ON INVESTMENTS-Amount realized		3,824,577.87	
Cost		2,175,759.32	1,648,818.55
NET INCOME-before deducting additional compensation of officers and provision for Federal taxes on income			1,656,174.07
DEDUCT:-			
Additional compensation of officers (Note B):			
Benjamin Graham	$145,617.41		
Jerome A. Newman	145,617.41	291,234.82	
Provision for Federal taxes on income (Note C)		None	291,234.82
NET INCOME FOR YEAR			1,364,939.25
DEDUCT-DECREASE IN UNREALIZED APPRECIATION (Note A)			
At January 31, 1955	1,179,715.00		
At January 31, 1954	1,787,305.00	(607,590.00)	
Less-Reduction in related additional contingent compensation of officers (Note B)		(121,518.00)	(486,072.00)
"OVER ALL" NET INCOME FOR YEAR			$ 878,867.25
(Equivalent to $175.77 per share)			

GRAHAM-NEWMAN CORPORATION

NEW YORK

STATEMENT OF CHANGES IN NET ASSETS

FOR THE FISCAL YEAR ENDED JANUARY 31, 1955

			Per Share
NET ASSETS AT JANUARY 31, 1954	$6,433,463.44		$1,286.69
Less-Final dividend for the fiscal year ended January 31, 1954 declared February 17, 1954	582,500.00		116.50
		$5,850,963.44	1,170.19
NET INCOME FOR YEAR			
Net Income, excluding gain or loss on investments (before deducting additional compensation of officers)	7,355.52		
Net realized gain on sales of investments	1,648,818.55		
Total	1,656,174.07		
Deduct-Additional compensation of officers (Note B)	291,234.82		
Net Income for year		1,364,939.25	272.99
DEDUCT - Decrease in unrealized appreciation of investments	(607,590.00)		
Less-Reduction in related additional contingent compensation of officers (Note B)	(121,518.00)	(486,072.00)	(97.21)
TOTAL		6,729,830.69	1,345.97

DEDUCT-DIVIDENDS DECLARED*

Date Declared	Date Paid (or payable)	Per Share			
May 17,1954	June 4,1954	$ 12.50	62,500.00		
Sept. 8,1954	Sept. 24,1954	12.50	62,500.00		
Dec. 15,1954	Dec. 22,1954	12.50	62,500.00		
Feb. 15,1955	March 10,1955	290.23	1,451,150.00		
				1,638,650.00	327.73
BALANCE-NET ASSETS AT JANUARY 31, 1955				$5,091,180.69*	$1,018.24

*Dividends declared includes the final dividend for the year, declared February 15, 1955 and payable March 10, 1955 ($1,451,150) and Net Assets at January 31, 1955 represents the net assets at that date after deducting this dividend.

GRAHAM-NEWMAN CORPORATION

NEW YORK

ANALYSIS OF CHANGES IN NET ASSETS

FOR THE FISCAL YEAR ENDED JANUARY 31, 1955

	TOTAL	CAPITAL STOCK	CAPITAL SURPLUS	EARNED SURPLUS	UNREALIZED APPRECIATION (Net)*
NET ASSETS AT JAN.31,1954 before deducting final dividend for year	$6,433,463.44	2,500,000	2,097,580.92	$ 401,386.80	1,434,495.72
Deduct-Final dividend for fiscal year ended Jan.31,1954; declared Feb.17,1954 and paid March 5,1954	582,500.00		181,113.20*	401,386.80	
	5,850,963.44		1,916,467.72	-0-	
ADD-Net Income for year	1,364,939.25			1,364,939.25	
LESS-Decrease in unrealized appreciation (net)*	(486,072.00)				(486,072.00)
	6,729,830.69		1,916,467.72	1,364,939.25	948,423.72
DEDUCT-Dividends declared (exclusive of final dividend for the fiscal year ended Jan.31,1954, and including the final dividend for the current year-declared Feb.15,1955 and payable March 10, 1955)	1,638,650.00		273,710.75*	1,364,939.25	
BALANCE-NET ASSETS AT JAN.31,1955 (after deducting final dividend for year)	$5,091,180.69	2,500,000	1,642,756.97	$ -0-	$ 948,423.72

*Excess of dividends declared over balance of Earned Surplus.

GRAHAM-NEWMAN CORPORATION

NEW YORK

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 1955

NOTE A - VALUATION OF INVESTMENTS-UNREALIZED APPRECIATION OF INVESTMENTS

Investments have been evaluated at their quoted market values as at January 31, 1955. These valuations are not, however, intended as representations of the amounts which may be actually realizable upon sale of the securities.

The unrealized appreciation at January 31, 1955 is represented as follows:

	Ledger Value (Cost-or Proceeds)	Value at Jan.31,1955	Unrealized Appreciation
Investments in securities	$3,854,374.64	$5,058,053	$1,203,678.36
Securities short (a)	(426,174.64)	(450,138)	(23,963.36)
Net securities position	$3,428,200.00	$4,607,915	
Unrealized appreciation at January 31, 1955			$1,179,715.00

(a) Securities short are stated at amount realized on sale, cover value, and indicated loss.

The unrealized appreciation of investments at the beginning of the year, the decrease therein for the year, and the balance at the close thereof, together with the related additional contingent compensation of officers (see Note B) and the balance applicable to the outstanding capital stock in respect of each of these items, were as follows:

	Total	Deduct- Additional Contingent Compensation	Balance applicable to Capital Stock
At January 31, 1954	$1,787,305.00	$352,809.28	$1,434,495.72
Decrease for year	(607,590.00)	(121,518.00)	(486,072.00)
At January 31, 1955	$1,179,715.00	$231,291.28	$ 948,423.72

NOTE B - COMPENSATION OF OFFICERS

The Chairman of the Board and the President receive salaries of $25,000 per annum each, and the Treasurer a salary of $18,000 per annum. In addition thereto, additional compensation is payable to them as a group of 20% of the excess of the realized net income in each year as determined at the close thereof (less the net unrealized depreciation, if any, in the value of the investments at the year end which had accrued subsequent to January 31, 1948) - over an amount equivalent to $40.00 per share per annum ($10.00 per share per quarter) on the outstanding capital stock. The total amount of such additional compensation subsequent to January 31, 1948 is however limited to 25% of the excess of the dividends paid during this period over an amount equivalent to $40.00 per share per annum on the presently outstanding capital stock (or the equivalent on the old stock outstanding prior to recapitalization in 1950). For the purpose of computing this limitation, the first dividend paid in any fiscal year (which under the provisions of the Internal Revenue Code may be included for tax purposes in the amount of dividends paid during the prior year) is considered as having been paid during such prior year. The additional compensation is payable in five equal annual installments within sixty days of the close of the respective fiscal years, but payment of deferred installments may be accelerated at the discretion of the directors. In the event

NOTE B - COMPENSATION OF OFFICERS (continued)

of the death of any officer who is entitled to additional compensation, or upon the termination of his tenure of office, the additional compensation due him is to be determined upon the basis of the value of investments (including unrealized appreciation or depreciation) as at the date of such event.

NOTE C - TAX STATUS

The Corporation has elected to be taxed as a "regulated investment company" under the Internal Revenue Code, and as such will be liable to Federal taxes on income on such amount only as is represented by its undistributed net long term capital gains (less its net short term capital loss if any) and its undistributed net income from other sources. The Corporation has in the past, and intends in the future, to distribute as dividends each year, or within the time limit provided by the terms of the internal revenue code, an amount which will absorb the total net income in each of the above categories which is reportable for Federal income tax purposes, and in this event will not be liable for Federal taxes on income. No provision has therefore been made for such taxes either in respect of the realized net income for the current period or in respect of unrealized appreciation at the close thereof.

NOTE D - SUPPLEMENTARY INFORMATION

The aggregate dollar amounts of purchases and sales of investment securities, other than United States Government obligations, made during the year were as follows:

Cost of Securities purchased	$2,534,626.76
Proceeds of sales of securities	4,041,155.31

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENTS IN SECURITIES

JANUARY 31, 1955

SUMMARY

	MARKET VALUE AT JAN.31,1955
HOLDING COMPANIES	
Preferred Stocks	$ 12,975
Common Stocks	44,615
OTHER SECURITIES	
Bonds	
Railroads	593,162
Utilities	22,000
Industrial	67,096
Preferred Stocks	
Utilities	21,575
Industrial	607,490
Common Stocks	
Railroads	469,700
Utilities	113,808
Banks	43,750
Industrial	3,061,882
TOTAL	$5,058,053

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENTS IN SECURITIES

JANUARY 31, 1955

No.of shares or Face amount		MARKET VALUE JAN. 31,1955
HOLDING COMPANIES		
Preferred Stocks		
100	Alleghany Corp. $4.00 Convertible Prior Preferred	$ 12,975
Common Stocks		
3,405	Engineers Public Service Company (stubs)	340
7,700	First Railroad & Banking Company of Georgia	44,275
		$ 44,615
OTHER SECURITIES-BONDS		
Railroads		
25 M.	Chicago, Terre Haute & Southeastern Railroad Co. Income Mortgage 2-3/4% 1/1/1994	19,625
195 M.	International Great Northern Railroad Company Adjustment Mortgage Series A 6% 1952	179,016*
313 M.	Missouri Pacific Railroad 5½% Series A 5/1/49	344,006*
31 M.	Missouri Pacific Railroad 5¼% Secured Serial 12/1/1956	46,515*
20 M.	New York, New Haven & Hartford Railroad Co. Certificates of Beneficial Interest	4,000
		$593,162
Utilities		
25 M.	Brazilian Traction Light & Power Co. Ltd. Series E Convertible Collateral Trust 4½% 9/1/71	$ 22,000
Industrial		
25 M.	Perkin Elmer Corporation 5% Subordinated Convertible Income 3/1/1967	61,531#
7 M.	Walworth Co. 3-1/4%-1976	5,565
		$ 67,096

*Evaluated on basis of realizable value of sales contracts of when issued securities receivable in proposed reorganization.

#Evaluated on basis of market value of stock receivable upon conversion.

INVESTMENTS IN SECURITIES

JANUARY 31, 1955

Number of Shares		MARKET VALUE JAN. 31,1955
OTHER SECURITIES-PREFERRED STOCKS		
Utilities		
2,200	Central States Electric Corporation 7% Cumulative Preferred (stubs)	$ 20,075
10,000	Market Street Railway Company 6% Cumulative Prior Preferred (x)	1,500
		$ 21,575
Industrial		
1,000	A C F Industries Inc. 5% Cumulative Preferred	54,500
1,000	American Airlines 3½% Cumulative Convertible Preferred	113,000
197	American Bosch Arma Corp. 5½% Cumulative Convertible Second Preferred	13,790
400	Avco Manufacturing Corporation $2.25 Cumulative Convertible Preferred	18,750
1,000	Brown Co. $5.00 Cumulative Convertible First Preferred	110,500
200	Burlington Mills 4½% Second Preferred	15,900
400	Crucible Steel Company of America 5% Cumulative Convertible Preferred	42,200
500	Fedders Quigan Corporation Series A 5% Cumulative Convertible Preferred	27,125
200	Gar Wood Industries, Inc. 4½% Cumulative Convertible First Preferred	7,000
800	Granite City Steel Co. 5½% Cumulative Convertible Preferred	103,800
300	Hamilton Watch Co. 4% Cumulative Convertible Preferred	28,500
200	McCord Corporation $2.50 Convertible Preferred	8,875
600	National Container Corp. $1.25 Cumulative Convertible Preferred	15,750
100	Olin Mathieson Chemical Corporation 4¼% Convertible Preferred-1951	12,000
800	Thermoid Company $2.50 Cumulative Convertible Preferred	35,800
		$607,490

(x) Represents investment in a non-controlled affiliate as defined in Investment Company Act of 1940, under which an issuer is an affiliate of one who owns 5% or more of its outstanding voting securities.

INVESTMENTS IN SECURITIES

JANUARY 31, 1955

No. of shares		MARKET VALUE JAN. 31,1955
OTHER SECURITIES-COMMON STOCKS		
Railroads		
	Cleveland & Pittsburgh Railroad Co.:	
400	$3.50 Regular Guaranteed	$ 29,700
400	$2.00 Special Guaranteed Betterment	17,600
10,500	Illinois Terminal Railroad Co.	152,250
200	Mahoning Coal Railroad Co.	112,000
200	Northern Central Railway Co.	17,550
240	Vermont & Massachusetts Railroad Co.	25,800
1,600	Western Pacific Railroad Company	114,800
		$469,700
Utilities		
2-64/154	Brooklyn & Richmond Ferry Co.	208
500	Gold & Stock Telegraph Company	81,500
300	International Ocean Telegraph Company	32,100
		$113,808
Banks		
10,000	Continental Bank & Trust Company (N.Y.)	$ 43,750
Industrials		
2,500	A.C.F. Brill Motors Corp.	29,062
1,500	Allied Kid Company	30,000
6,800	American Hawaiian Steamship Company	438,600
23,763	Atlantic Gulf & West Indies Steamship Lines (x)	493,082
500	B.S.F. Co.	9,750
500	Barker Bros.	8,188
400	Brockway Motor Co.	11,700
350	Brunswick Balke Collender Co.	7,481
2,000	Butler Bros.	50,000
2,500	Carman & Co. Inc.	16,250
2,500	Chamberlin Co. of America	15,312
1,150	Cleveland Worsted Mills Company	107,525
1,500	C. G. Conn Ltd.	10,125
210	Consolidated Cigar Corporation	5,880
5,000	Consolidated Liquidating Corporation	3,125
1,200	Coro, Inc.	16,350
1,500	Crowley Milner & Co.	11,625
2,000	Crompton & Knowles Loom Works	33,000
1,300	Davenport Hosiery Mills, Inc.	20,800
900	Demlein Corp.	19,125
2,800	Diamond T. Motor Car Co.	39,200
1,000	Dictograph Products Co., Inc.	6,125
4,000	Easy Washing Machine Corporation	58,500
400	General Cigar Co.	10,400
700	General Realty & Utilities Corp.	12,162
		$1,463,367

(x) Represents investment in a non-controlled affiliate as defined in Investment Company Act of 1940, under which an issuer is an affiliate of one who owns 5% or more of its outstanding voting securities.

INVESTMENTS IN SECURITIES

JANUARY 31, 1955

No. of shares	OTHER SECURITIES-COMMON STOCKS (Continued)	MARKET VALUE JAN. 31,1955
	Industrials (continued)	
	Forward	$1,463,367
1,300	Greif Bros. Cooperage Class A	32,988
1,400	Gruen Watch Company	20,650
500	Hart, Schaffner & Marx	16,062
900	Hercules Motors Corporation	17,325
1,000	International Packers Ltd.	15,875
100	Jenkins Brothers (Non-voting)	3,450
1,800	Kalamazoo Stove & Furnace Co.	4,050
300	I. B. Kleinert Rubber Company	6,262
200	Mandel Bros., Inc.	1,375
25	Marshall-Wells Company	6,975
900	Miami Copper Co.	35,550
220	Millers Falls Co.	5,995
2,200	Monterey Oil Company	76,175
1,900	Mohawk Rubber Co.	27,787
2,000	Moore Handley Hardware Co.	13,750
600	Motor Products Corp.	13,050
4,368	Nathan Straus-Duparquet, Inc.	25,662
1,300	National Department Stores Corporation	24,050
2,300	New York Merchandise Co., Inc.	24,150
40,000	Philadelphia & Reading Coal & Iron Co.	550,000
2,500	Pressed Metals Co.of America,Inc.	33,750
5,075	Publicker Industries, Inc.	58,362
7,600	Reo Holding Corp.	213,750
1,500	Rockwood & Co.	137,250
800	Reliable Stores Corporation	23,500
2,500	Reliance Manufacturing Co.	34,375
500	Sargent & Co.	7,125
800	Schenley Industries, Inc.	19,800
220	Shuron Optical Company, Inc.	8,855
100	Singer Manufacturing Co.	4,100
1,000	Spiegel, Inc.	11,625
945	Timely Clothes, Inc.	16,065
1,450	Todd Shipyards Corporation	89,900
1,350	Tyer Rubber Company	17,212
500	Willys Overland Motors, Inc. (stubs)	1,665
		$3,061,882

GRAHAM-NEWMAN CORPORATION

NEW YORK

SECURITIES SHORT

JANUARY 31, 1955

No. of shares		COVER VALUE JAN. 31, 1955
COMMON STOCKS-INDUSTRIALS		
1,600	Alleghany Corp.	$ 12,800
4,800	American Airlines	112,800
709	American Bosch Arma Corp.	13,117
7,000	Brown Co.	109,375
1,298-16/100	Crucible Steel Company of America	45,110
2,028	Fedders Quigan Corporation	24,336
800	Gar Wood Industries, Inc.	5,400
4,200	Granite City Steel Co.	100,800
1,000	National Container Corp.	15,250
200	Olin Mathieson Chemical Corp.	11,150
		$450,138

GRAHAM-NEWMAN CORPORATION

122 EAST 42ND STREET

NEW YORK 17, N. Y.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

to be held August 20th, 1956

To the Stockholders of

GRAHAM-NEWMAN CORPORATION:

NOTICE IS HEREBY GIVEN that a special meeting of the stockholders of Graham-Newman Corporation will be held at the office of the Corporation, at 122 East 42nd Street, New York, N. Y., on Monday, August 20th, 1956 at 10:30 A.M. to take action on a proposition to liquidate and dissolve the Corporation.

The stock transfer books of the Corporation will not be closed, but in lieu thereof, the Board of Directors has fixed the close of business on July 30th, 1956 as the record date for the determination of stockholders entitled to notice and to vote at the meeting.

Each stockholder who does not expect to attend in person is requested promptly to date, fill in, sign and return the enclosed Form of Proxy.

By Order of the Board of Directors

Douglass Newman
Secretary

New York, N. Y.
July 30th, 1956.

STOCKHOLDERS ARE URGED TO FILL IN, SIGN, DATE AND RETURN PROMPTLY THE ENCLOSED PROXY IN THE STAMPED, SELF-ADDRESSED ENVELOPE.

P R O X Y S T A T E M E N T

SPECIAL MEETING OF STOCKHOLDERS OF

GRAHAM-NEWMAN CORPORATION

This statement is furnished to stockholders of Graham-Newman Corporation in connection with the solicitation by the management of the Company of proxies for use at a Special Meeting of Stockholders to be held on August 20th, 1956, and at all adjournments of such meeting, for the purpose set forth in the accompanying Notice of Special Meeting of Stockholders.

As of June 30th the Company had 5,000 shares of capital stock outstanding. Up to July 20th, 82 shares had been tendered and paid for leaving 4,918 shares of capital stock outstanding. Each of such shares (less any redeemed up to the record date which has been set at the close of business July 30th, 1956) is entitled to one vote.

If the enclosed Form of Proxy is executed and returned, it may, nevertheless, be revoked at any time in so far as it has not been exercised.

The Board of Directors has deemed it advisable to recommend the liquidation and dissolution of the corporation and has voted that a Special Meeting of Stockholders be convened for the purpose of voting upon such liquidation and dissolution. Their recommendation was prompted by the facts that Mr. Graham, who now lives in California, and Mr. Jerome A. Newman, the founders of the Corporation, do not choose to continue the management of a publicly owned investment company and Mr. Howard A. Newman, who is President of the Philadelphia and Reading Corporation, finds it impossible to direct the management of this Company as well as carry on his duties as President of the Philadelphia and Reading Corporation.

Management believes it in the interest of all stockholders to permit orderly liquidation of its securities and pro-rata distributions as fast as possible, to each stockholder. If liquidation is voted, then promptly thereafter there will be distributed to stockholders in excess of 50% of the net asset value of the stock, including at the stockholders' election, which will be requested later, either Philadelphia and Reading stock or the cash equivalent thereof as outlined further along in this communication. It is anticipated that the liquidation of the Corporation's assets will be completed in not more than one year from the date such liquidation is voted. We anticipate that additional substantial payments may be made within six months. As of July 13th, 1956, the approximate net asset value was $915.72 per share after reserves for liquidating expense of $10 per share. Appended hereto is the pertinent financial data of the corporation.

The Corporation's prospectus issued July 14th, 1948, provides

> "To the extent at the time permitted by law, the corporation may redeem or purchase from its stockholders, shares of its own stock for not exceeding their proportionate interests in the properties of the corporation, or for not exceeding the cash equivalent of such proportionate interests, no value shall be ascribed to good will but indicated and unrealized profits and losses and accrued liabilities shall be taken into account. Any stockholder shall be entitled to redemption of his stock for its proportionate interest in the corporation's properties, or the cash liquidating equivalent thereof, such redemption or payment to be made not more than seven days after tender of such stock to the corporation."

The prospectus also provides under "Redemption Rights" - - a flat charge of $1.50 per share is deducted from the net asset value to cover approximate brokerage commissions and transfer taxes incurred in the sale of the portfolio. Since there was an exchange of 1 share for 10 in April 1950, this charge becomes $15 per share. This Right of Redemption and "the Redemption charge of $15 per share" will continue right up to final liquidation. However the stockholder who does not tender his stock for redemption but retains it until final liquidation will not have any such charge made against his pro-rata interest in the Corporation assets.

The portfolio contained some slow moving securities. These have been turned over to the Manufacturers Trust Company and Jerome A. Newman as co-trustees solely for the purpose of liquidation; these securities had an approximate market value of $795,000 on June 29th, 1956. To the extent tenders of Graham-Newman shares are made for redemption, assignments of the Corporation's interest in the trustied securities will be made in the ratio of 1/5000 interest therein for each share of Graham-Newman stock tendered. It is anticipated that the Trustees of the Liquidation Trust will make distributions of cash at the earliest moments after a reasonable amount of securities has been liquidated.

The Corporation has one substantial holding that permits distribution "in kind". A stockholder, at his option, may receive either 10 shares of Philadelphia and Reading Corporation for each share of Graham-Newman or the market price equivalent in cash, (where cash is preferred, stock may be sold on the New York Stock Exchange or at the market price to Messrs. Graham & Newman and Associates or others) as a partial distribution of his pro-rata interest in the entire portfolio. Attention is directed to the fact that electing to receive such stock in lieu of cash is the same as purchasing it at the market. A stockholder who tenders and does not elect to have such stock, will in effect be selling his share of Philadelphia and Reading stock at the market. No recommendation is made as to the advisability of electing to take the Philadelphia and Reading stock in lieu of cash.

The Management knows of no other matters which are to be brought before the meeting. However, if any other matters not now known or determined properly come before the meeting, it is the intention of the persons named in the enclosed Form of Proxy to vote such proxy in accordance with their judgment on such matters.

All proxies received will be voted in accordance with the instructions and specifications contained therein.

The cost of preparing, assembling and mailing material in connection with this solicitation of proxies will be borne by the Corporation and will not exceed $500.

On the proposition to be acted upon, the Stock Corporation Law requires a vote, cast in person or by proxy, of the holders of record of two-thirds of the outstanding shares of the Corporation entitled to vote thereon. It is important that your vote be cast.

If you cannot attend the meeting please fill in, execute and return the enclosed proxy in the stamped envelope provided. Your cooperation in giving this matter your immediate attention will be appreciated.

By Order of the Board of Directors.

Douglass Newman
Secretary

New York, N. Y.
July 30th, 1956

GRAHAM-NEWMAN
NEW
BALANCE
JANUARY 31,
(on basis of quoted
of securities

A S S E T S

CASH		$ 213,220.88
DIVIDENDS RECEIVABLE	$ 1,962.50	
INTEREST RECEIVABLE	2,784.15	4,746.65
ACCOUNTS RECEIVABLE		
For securities sold	None	
Brokers	571,854.36	
Other	3,632.87	575,487.23
INVESTMENTS IN SECURITIES OF UNAFFILIATED ISSUERS (Note A)		
United States Treasury Bills due March 8-April 5,1956- at cost	745,298.00	
Securities of other investment companies	None	
Other securities (cost $4,488,996.99)	5,128,177.00	5,873,475.00
INVESTMENTS IN AFFILIATES-NOT CONTROLLED		None
FURNITURE AND FIXTURES	11,631.25	
Provision for depreciation	5,939.33	5,691.92
		$6,672,621.68

The comments contained in the accompanying Notes to Financial Statements are an integral part of this statement and should be read in conjunction therewith.

CORPORATION
YORK
SHEET
1956
market values
at that date)

LIABILITIES AND CAPITAL

FINAL DIVIDEND FOR FISCAL YEAR ENDED JANUARY 31,1956 (declared February 16,1956 payable March 12,1956)		$ 950,850.00
SECURITIES SHORT AT COVER VALUE (net proceeds of sales $493,724.08)		515,671.00
ACCOUNTS PAYABLE AND ACCRUALS		
For securities purchased	$ 47,475.00	
Officers' compensation payable:		
payable currently	169,907.80	
payable in annual installments(1957-1960)	396,321.96	
Other	15,538.04	629,242.80
Total Liabilities		2,095,763.80
PROVISION FOR ADDITIONAL CONTINGENT COMPENSATION OF OFFICERS (on increase in unrealized appreciation of investments subsequent to January 31, 1948) (Notes A and B)		118,794.90
NET ASSETS APPLICABLE TO OUTSTANDING CAPITAL SHARES (equivalent to $891.61 per share)		4,458,062.98
Represented by:		
Capital shares-authorized, issued and outstanding-5,000 shares of no par value stated value $500.00 per share	2,500,000.00	
Capital Surplus	1,459,624.79	
Accumulated net realized gain on investments	881,273.63	
Unrealized appreciation of investments (after deducting provision for related additional contingent compensation of officers) (Note A)	498,438.19	
Total Capital	5,339,336.61	
Balance of Undistributed Income	(881,273.63)	
Total, as above	4,458,062.98	
		$6,672,621.68

NOTES

Capital Stock issued or repurchased during year	$ None
Dividend distributions from date of organization (February 8, 1936)	
paid out of Capital Surplus	1,572,896.62
including distribution of Government Employees Insurance Co. stock-July 6,1948-cost $736,190.95	
from Realized Gains on Investments	$9,299,236.03

GRAHAM-NEWMAN CORPORATION

NEW YORK

PROFIT AND LOSS STATEMENTS

	FISCAL YEARS ENDED JANUARY 31st,					
	1 9 5 6		1 9 5 5		1 9 5 4	
A - STATEMENTS OF INCOME AND EXPENSES						
Income						
Cash dividends (net of dividends paid on short securities at June 30, 1956 $22,187.15; at June 30, 1955 $ 3,210.00)	$ 81,968.32		$131,090.19		$160,366.54	
Interest on investments	15,534.58		19,257.89		7,040.22	
Other income	110.94		150.00		-	
Total Income		$ 97,613.84		$ 150,498.08		$ 167,406.76
Expenses						
Officers' compensation (Note B):						
Benjamin Graham	96,679.23		170,617.41		86,951.53	
Jerome A. Newman	106,679.23		170,617.41		86,951.53	
Howard A. Newman	50,446.00		18,000.00		(	
Other			11,766.67		(30,856.67	
Other:						
Office salaries	21,512.17		12,344.17		11,358.66	
Executive committee fees	10,000.00		10,000.00		10,000.00	
Directors' fees	350.00		200.00		450.00	
Rent and light	6,104.92		5,528.15		5,242.13	
Telephone and telegraph	1,452.87		1,569.09		1,300.85	
Taxes (other than Federal taxes on income)	10,970.97		14,045.47		6,900.69	
Legal and accounting	10,231.00		7,368.76		10,304.08	
Custodian fees	2,544.40		2,480.68		1,801.90	
General expense	(5,002.87		(8,136.96		2,761.94	
Contributions	(		(		4,650.00	
Depreciation of furniture and fixtures	1,542.34		1,702.61		1,667.17	
Total Expenses		323,516.00		434,377.38		261,197.15
Balance, before provision for Federal taxes on income		(225,902.16)		(283,879.30)		(93,790.39)
Provision for Federal taxes on income (Note C)		None		None		None
Net Loss		$ (225,902.16)		$ (283,879.30)		$(93,790.39)
B - NET REALIZED GAIN ON INVESTMENTS		$1,181,119.98		$1,648,818.55		$ 789,402.63
(see following page)						
C - DECREASE IN UNREALIZED APPRECIATION OF INVESTMENTS (after deducting provision for related additional contingent compensation of officers)		$ (449,985.53)		$ (436,072.00)		$(616,165.89)
(see following page)						

The comments contained in the accompanying Notes to Financial Statements are an integral part of these statements and should be read in conjunction therewith.

FISCAL YEARS ENDED JANUARY 31st.

B - STATEMENTS OF REALIZED GAIN OR LOSS ON INVESTMENTS ON SALES OF

	1956			1955			1954		
	Proceeds of sale	Cost	Gain	Proceeds of sale	Cost	Gain	Proceeds of sale	Cost	Gain
Securities of affiliates	$545,584.20	-	$ 545,584.20*	$ 946,394.00	$ 29,000.00	$ 917,394.00*	$1,214,491.35	$1,146,480.00	$ 68,011.35*
U.S.Government obligations	-	-	-	-	-	-	-	-	-
Securities of other investment companies	-	-	-	109,098.26	100,219.87	8,878.39	-	-	-
Other securities	3,057,470.49	2,421,934.71	635,535.78	2,769,085.61	2,046,539.45	722,546.16	1,536,874.87	815,483.59	721,391.28
Total	$3,603,054.69	$2,421,934.71	1,181,119.98	$3,824,577.87	$2,175,759.32	1,648,818.55	$2,751,366.22	$1,961,963.59	789,402.63
Provision for Federal taxes on income (Note C)			None			None			None
Net Realized Gain on Investments			$1,181,119.98			$1,648,818.55			$789,402.63

*represented primarily by gain on liquidation of Atlantic Gulf and West Indies Steamship Lines.

Cost of securities acquired during year:			
Securities of affiliates	None	None	None
U.S. Government obligations	745,298.00	1,246,681.00	747,056.25
Securities of other investment companies	None	None	None
Other securities	3,056,557.06	2,534,626.76	808,974.09
Total	$3,801,855.06	$3,781,307.76	$1,556,030.34

Cost of securities sold has been determined upon the "first in-first out" basis. It is not practicable to determine gains or losses on the average cost basis.

C - STATEMENTS OF UNREALIZED APPRECIATION OR DEPRECIATION ON INVESTMENTS (Note A)

Unrealized appreciation at beginning of year	$1,179,715.00	$1,787,305.00	$2,557,512.35
do at close of year	617,233.09	1,179,715.00	1,787,305.00
Decrease in unrealized appreciation	(562,481.91)	(607,590.00)	(770,207.35)
Deduct-Reduction in provision for related additional contingent compensation of officers (Note B)	(112,496.38)	(121,518.00)	(154,041.46)
Balance-Decrease in unrealized appreciation applicable to outstanding capital shares	$(449,985.53)	$ (486,072.00)	$ (616,165.89)

The comments contained in the accompanying Notes to Financial Statements are an integral part of these statements and should be read in conjunction therewith.

GRAHAM-NEWMAN CORPORATION

NEW YORK

STATEMENTS OF CHANGES IN NET ASSETS

	FISCAL YEARS ENDED JANUARY 31st.					
	1 9 5 6		1 9 5 5		1 9 5 4	
NET ASSETS AT BEGINNING OF YEAR		$5,091,180.69		$5,850,963.44		$6,541,517.09
Undistributed net income included therein (Deficit) (excess of accumulated distributions over accumulated net income)	$(655,371.47)		$(371,492.17)		$(277,701.78)	
INCOME						
Net Loss (per Exhibit III)	(225,902.16)		(283,879.30)		(93,790.39)	
Distributions paid (or payable)	None		None		None	
Balance of income undistributed (loss)		(225,902.16)		(283,879.30)		(93,790.39)
REALIZED GAIN ON INVESTMENTS						
Net realized gain on investments (per Exhibit III)	1,181,119.98		1,648,818.55		789,402.63	
Distributions paid (or payable)	955,217.82*		1,364,939.25*		695,612.24*	
Balance of realized gain on investments for the year		225,902.16		283,879.30		93,790.39
DECREASE IN UNREALIZED APPRECIATION OF INVESTMENTS (per Exhibit III)	(562,481.91)		(607,590.00)		(770,207.35)	
Less-Reduction in provision for related contingent compensation of officers (Note B)	(112,496.38)		(121,518.00)		(154,041.46)	
Balance-Decrease in unrealized appreciation applicable to outstanding capital shares		(449,985.53)		(486,072.00)		(616,165.89)
SECURITIES ISSUED		None		None		None
SECURITIES REPURCHASED		None		None		None
DISTRIBUTIONS OF CAPITAL		(183,132.18)*		(273,710.75)*		(74,387.76)*
NET ASSETS AT CLOSE OF YEAR		$4,458,062.98		$5,091,180.69		$5,850,963.44
Undistributed net income included therein (Deficit) (excess of accumulated distributions over accumulated net income)	$(881,273.63)		$(655,371.47)		$(371,492.17)	

*Distributions paid (or payable)

	Per share			Per share		Per share	
July 1,1955	$12.50	$ 62,500.00	June 4,1954	$ 12.50	$ 62,500.00	June 12,1953 $12.50	$ 62,500.00
Sept. 1,1955	12.50	62,500.00	Sept.24, "	12.50	62,500.00	Sept.10, " 12.50	62,500.00
Dec. 1,1955	12.50	62,500.00	Dec.22, "	12.50	62,500.00	Dec.18, " 12.50	62,500.00
March 12,1956	190.17	950,850.00*	Mar.10,1955	290.23	1,451,150.00	Mar. 5,1954 116.50	582,500.00
Total	$227.67	$1,138,350.00		$327.73	$1,638,650.00	$154.00	$770,000.00

of which-charged to Earned Surplus:						
out of income		None			None	None
out of realized gain on investment		955,217.82			1,364,939.25	695,612.24
do Capital Surplus (excess of distributions over balance of Earned Surplus)		183,132.18			273,710.75	74,387.76
Total, as above		$1,138,350.00			$1,638,650.00	$770,000.00
Net Loss (not including capital gains)	(45.18)	(225,902.16)		(56.78)	(283,879.30)	(18.76)	(93,790.39
Realized gain on investments	236.22	1,181,119.98		329.76	1,648,818.55	157.88	789,402.63
Decrease in Unrealized Appreciation applicable to outstanding capital shares	(90.00)	(449,985.53)		(97.21)	(486,072.00)	(123.23)	(616,165.89
Total	$101.05	$ 505,232.29		$175.77	$ 878,867.25	$ 15.89	$ 79,446.35

STATEMENTS OF CHANGES IN NET ASSETS

FOR THE FISCAL YEARS ENDED
JANUARY 31,1954, JANUARY 31,1955 AND JANUARY 31,1956

	TOTAL NET ASSETS	CAPITAL				NET INCOME
		Capital Shares	Capital Surplus	Realized Gains on Investments	Unrealized Appreciation of Investments(3)	
FISCAL YEAR ENDED JANUARY 31, 1954						
Balances at January 31, 1953	$6,805,567.09	$2,500,000.00	$2,097,580.92	$ 435,026.34	$2,050,661.61	$(277,701.78)
Deduct-Final dividend for prior year(paid March 12,1953)	264,050.00		106,725.44	157,324.56		
	6,541,517.09		1,990,855.48	277,701.78		
Net income for year (deficit)	(93,790.39)					(93,790.39)
Realized gains on investments	789,402.63			789,402.63		
Decrease in unrealized appreciation of investments (3)	(616,165.89)				(616,165.89)	
	6,620,963.44		1,990,855.48	1,067,104.41	1,434,495.72	(371,492.17)
Distributions paid (1)	770,000.00		74,387.76(2)	695,612.24		
Balances at January 31, 1954	5,850,963.44	2,500,000.00	1,916,467.72	371,492.17	1,434,495.72	(371,492.17)
FISCAL YEAR ENDED JANUARY 31, 1955						
Net income for year (deficit)	(283,879.30)					(283,879.30)
Realized gains on investments	1,648,818.55			1,648,818.55		
Decrease in unrealized appreciation of investments (3)	(486,072.00)				(486,072.00)	
	6,729,830.69			2,020,310.72	948,423.72	(655,371.47)
Distributions paid (1)	1,638,650.00		273,710.75(2)	1,364,939.25		
Balances at January 31, 1955	5,091,180.69	2,500,000.00	1,642,756.97	655,371.47	948,423.72	(655,371.47)
FISCAL YEAR ENDED JANUARY 31, 1956						
Net income for year (deficit)	(225,902.16)					(225,902.16)
Realized gains on investments	1,181,119.98			1,181,119.98		
Decrease in unrealized appreciation of investments (3)	(449,985.53)				(449,985.53)	
	5,596,412.98			1,336,491.45	498,438.19	(881,273.63)
Distributions paid (1)	1,138,350.00		183,132.18(2)	955,217.82		
Balances at January 31, 1956	$4,458,062.98	$2,500,000.00	$1,459,624.79	$ 381,273.63	$ 498,438.19	$ (881,273.63)

(1) The accounts for the fiscal years ended January 31, 1954 and January 31, 1955 have been restated to include in "distributions paid" the final dividends for the year which were paid subsequent to the close thereof (at March 12,1953 $264,050; at March 5,1954 $582,500; at March 10,1955 $1,451,150).

(2) The distributions paid which are shown as having been paid out of capital surplus represent the excess of such distributions over the balance of Earned Surplus -

	Jan.31,1954	Jan.31,1955	Jan.31,1956
Earned surplus at the close of the year ended before deducting distributions paid being represented as follows:			
Accumulated balance of realized gains	$1,067,104.41	$2,020,310.72	$1,836,491.45
Accumulated net income, exclusive of capital gains(deficit)	(371,492.17)	(655,371.47)	(881,273.63)
Total - Earned Surplus	695,612.24	1,364,939.25	955,217.82
Distributions paid	770,000.00	1,638,650.00	1,138,350.00
Excess of Distributions paid over Earned Surplus balance	$ 74,387.76	$ 273,710.75	$ 183,132.18

(3) The amounts shown as Unrealized Appreciation of Investments (and the decreases therein) represent the net amounts applicable to outstanding capital shares, after deducting the related additional contingent compensation of officers (and the decreases therein).

GRAHAM-NEWMAN CORPORATION

EXHIBIT V

NEW YORK

STATEMENT OF SOURCES OF NET ASSETS

JANUARY 31, 1956

CAPITAL		
Excess of amounts received from sale of capital shares over amounts paid out in redeeming or reacquiring shares	$5,532,521.41	
Number of shares authorized and outstanding - 5,000 shares		
Stated value thereof-$500.00 per share $5,000,000		
Aggregate distributions from net proceeds from sale of capital shares (including distribution of Government Employees Insurance Co.stock July 6,1948 at cost $736,190.95)	1,572,896.62	
Balance of Capital paid in on shares		$3,959,624.79
ACCUMULATED NET REALIZED GAIN ON INVESTMENTS	10,180,509.66	
Accumulated distributions of realized gain on investments	9,299,236.03	881,273.63
UNREALIZED APPRECIATION OF ASSETS	617,233.09	
less provision for related additional contingent compensation of officers	118,794.90	498,438.19
TOTAL		5,339,336.61
BALANCE OF UNDISTRIBUTED NET INCOME (DEFICIT) (excess of accumulated distributions over net income)		(881,273.63)
NET ASSETS APPLICABLE TO OUTSTANDING SHARES		$4,458,062.98

GRAHAM-NEWMAN CORPORATION

EXHIBIT VI

NEW YORK

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 1956

NOTE A - VALUATION OF INVESTMENTS-
UNREALIZED APPRECIATION OF INVESTMENTS

Investments have been evaluated at their quoted market values as at January 31, 1956 except that an investment in respect of which the company has a put option, exercisble during a period of one year commencing one year subsequent to the date of each purchase, has been valued on the basis provided for in the put option - at $495,236. These valuations are not, however, intended as representations of the amounts which may be actually realizable upon sale of the securities.

The unrealized appreciation of investments as at January 31, 1956 is represented as follows:

	Cost	Value at Jan. 31,1956	Unrealized Appreciation at Jan.31,1956
Investments in securities of unaffiliated issuers:			
United States Treasury bills	$ 745,298.00	$ 745,298.00	$ -
Securities of other investment companies	-	-	-
Other securities	4,488.996.99	5,128,177.00	639,180.01
Investments in affiliates (not controlled)		None	
Total	5,234,294.99	5,873,475.00	639,180.01
Securities short (a)	(493,724.08)	(515,671.00)	(21,946.92)
Net securities position	$4,740,570.91	$5,357,804.00	617,233.09
Deduct-Provision for related additional contingent compensation of officers on the increase in unrealized appreciation subsequent to January 31, 1948			118,794.90
Net unrealized appreciation of investments, after providing for related additional contingent compensation of officers			$498,438.19

(a) Securities short are stated at proceeds of sale, market value at January 31, 1956 and indicated gain or loss on the basis of such market value.

NOTE B - COMPENSATION OF OFFICERS

The Chairman of the Board receives a salary of $15,000 per annum and the President and the Treasurer each receive a salary of $25,000 per annum. (For the fiscal year ended January 31, 1955 the salaries paid were $25,000, $25,000 and $18,000; and for the prior fiscal year - ended January 31, 1954, salaries were paid to Benjamin Graham as President and to Jerome A.Newman as Vice-President and Treasurer of $25,000 to each.) In addition thereto, additional compensation is payable to them as a group of 20% of the excess of the realized net income in each year as determined at the close thereof (less the net unrealized depreciation, if any, in the value of the investments at the year end which had accrued subsequent to January 31, 1948) over an amount equivalent to $40.00 per share per annum ($10.00 per share per quarter) on the outstanding capital stock. The total amount of such additional compensation subsequent to January 31, 1948 is, however, limited to 25% of the excess of the dividends paid during this period over the amount equivalent to $40.00 per share per annum on the presently outstanding capital stock (or the equivalent on the old stock outstanding prior to recapitalization in 1950). For the purpose of computing this limitation, the final dividend for any fiscal year, although declared and payable subsequent to the close of the year (but which under the provisions of the Internal Revenue Code may be included for tax purposes in the amount of dividends paid during the prior year) is considered as includible in the amount of dividends paid during such prior year. The additional compensation is payable in five equal annual installments within sixty days of the close of the respective fiscal years, but payment of the deferred installments may be accelerated at the discretion of the directors. In the event of the death of any officer who is entitled to additional compensation, or upon the termination of his tenure of office, the additional compensation due him is to be determined upon the basis of the value of investments (including unrealized appreciation or depreciation) as at the date of such event.

NOTE C - TAX STATUS

The corporation has elected to be taxed as a "regulated investment company" under the Internal Revenue Code, and as such will be liable to Federal taxes on income on such amount only as is represented by its undistributed net long term capital gains (less its short term capital losses, if any) and its undistributed net income from other sources. The corporation has in the past, and intends in the future, to distribute as dividends each year, or within the time limit provided by the terms of the Internal Revenue Code, an amount which will absorb the total net income in each of the above categories which is reportable for Federal income tax purposes, and in this event will not be liable for Federal taxes on income. No provision has therefore been made for such taxes either in respect of the realized net income for the current year or in respect of the unrealized appreciation at the close thereof.

By reason of the fact that deduction is taken on the corporation's tax return in respect of officers' compensation for such amount only as is currently payable (including installments of compensation earned in prior years which become currently payable - see Note B), the net income reported for tax purposes is greater than the net income shown by the statements herein.

NOTE D - FINAL DIVIDEND FOR THE YEAR

The "final dividend" of a regulated investment company for any year may, under the provisions of the Internal Revenue Code, be included for tax purposes in the amount of dividends paid during the prior year, even though declared and paid subsequent to the close thereof. The company has adopted the policy of including the final dividend for the year in its accounts for the year to which it relates. This change in accounting procedure became effective for the fiscal year ended January 31, 1955. The accounts for the fiscal years ended January 31, 1954 and January 31, 1955 have been re-stated to give effect to this change.

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENTS IN SECURITIES

JANUARY 31, 1956

SUMMARY

	MARKET VALUE AT JAN.31,1956
HOLDING COMPANIES	
Preferred Stocks	$ 13,500
Common Stocks	869,159
OTHER SECURITIES	
Bonds	
Railroads	1,141,489
Utilities	20,250
Industrial	160,660
Preferred Stocks	
Railroad	65,000
Utilities	6,600
Industrial	552,699
Common Stocks	
Railroads	620,390
Utilities	298,616
Industrial	1,379,814
TOTAL	$5,128,177

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENTS IN SECURITIES

JANUARY 31, 1956

No.of shares or Face amount		MARKET VALUE JAN. 31,1956
HOLDING COMPANIES		
Preferred Stocks		
100	Alleghany Corp. $4.00 Convertible Prior Preferred	$ 13,500
Common Stocks		
3,405	Engineers Public Service Company (stubs)	409
50,000	Philadelphia & Reading Corp.	868,750
		$869,159
OTHER SECURITIES-BONDS		
Railroads		
195 M.	International Great Northern Railroad Company Adjustment Mortgage Series A 6% 1952	196,770*
313 M.	Missouri Pacific Railroad 5-1/2% Series A 5/1/1949	374,084*
31 M.	Missouri Pacific Railroad 5-1/4% Secured Serial 12/1/1956	50,212*
2,039 M.	New York, New Haven & Hartford Railroad Co. Certificates of Beneficial Interest	495,236(x)
25 M.	New Orleans, Texas & Mexico- 5-1/2% Series A-1954	25,187
		$1,141,489
Utilities		
25 M.	Brazilian Traction Light & Power Co. Ltd. Series E Convertible Collateral Trust 4-1/2% 9/1/1971	$ 20,250
Industrial		
100 M.	Dow Chemical Co. 3% Convertible Subordinated Debentures 7/1/1982	126,250
37 M.	Standard Coil Products, Inc.5% Convertible Subordinated Debentures 12/1/1967	34,410
		$160,660

*Evaluated on basis of realizable value of sales contracts of when issued securities receivable in proposed reorganization.

(x) Evaluated upon the basis of a put option (see Note A).

INVESTMENTS IN SECURITIES

JANUARY 31, 1956

Number of Shares		MARKET VALUE JAN.31, 1956
OTHER SECURITIES-PREFERRED STOCKS		
Railroad		
500	Norwich & Worcester Railroad Co. Preferred	$ 65,000
Utilities		
2,200	Central States Electric Corporation 7% Preferred (stubs)	$ 6,600
Industrial		
1,000	American Airlines 3-1/2% Convertible Preferred	113,500
1,000	American Cyanamid 3-3/4% Convertible Preferred-Series C	130,500
500	Fedders Quigan Corporation 5% Convertible Preferred-Series A	25,625
100	Fedders Quigan Corporation 5-1/2% Convertible Preferred	4,750
500	Hamilton Watch Co. 4% Convertible Preferred	44,375
200	McCord Corporation $2.50 Convertible Preferred	9,200
430	McCrory Stores Corp. 3-1/2% Convertible Preferred	34,400
600	National Container Corp. $1.25 Convertible Preferred	21,150
500	Olin Mathieson Chemical Corporation 4-1/4% Convertible Preferred-1951	57,500
460	Pfizer & Co.,Inc. (Chas.)- 4% Convertible Preferred	47,380
201	Rockwood & Co. 5% Preferred-Class A	16,582
500	Thermoid Company $2.50 Convertible Preferred	22,437
1,100	Twin Coach Co. $1.50 Convertible Preferred	25,300
		$552,699
OTHER SECURITIES-COMMON STOCKS		
Railroads		
	Cleveland & Pittsburgh Railroad Co.:	
500	$3.50 Regular Guaranteed	38,125
400	$2.00 Special Guaranteed Betterment	18,000
200	Erie & Pittsburgh Railroad Co.	14,275
19,000	Illinois Terminal Railroad Co.	299,250
200	Mahoning Coal Railroad Co.	117,750
60	Providence & Worcester Railroad Co.	9,630
240	Vermont & Massachusetts Railroad Co.	27,360
1,500	Western Pacific Railroad Company	96,000
		$620,390

INVESTMENTS IN SECURITIES

JANUARY 31, 1956

Number of Shares		MARKET VALUE JAN.31, 1956
OTHER SECURITIES-COMMON STOCKS (Continued)		
Utilities		
1,000	American Telephone & Telegraph Co.	$184,375
2-64/154	Brooklyn & Richmond Ferry Co.	441
500	Gold & Stock Telegraph Company	77,000
320	International Ocean Telegraph Company	36,800
		$298,616
Industrials		
400	Allied Kid Company	9,550
900	Arkansas Fuel Oil Corp.	29,588
400	Brockway Motor Co.	11,700
400	Butler Bros.	11,800
2,300	Chamberlin Co. of America	14,088
1,100	Cleveland Worsted Mills Company	160,600
1,500	Conn (C.G.) Ltd.	12,188
1,300	C.W.C. Liquidating Corp.	7,312
4,100	Clinton Foods, Inc.	183,475
5,000	Consolidated Liquidating Corporation	2,500
5,000	Continental Foundry & Machine Co.	40,000
700	Crompton & Knowles Loom Works	13,912
1,300	Davenport Hosiery Mills, Inc.	21,450
700	Diamond T Motor Car Co.	13,475
1,000	Dictograph Products Co., Inc.	7,125
500	Fowler Hosiery Co.	3,375
770	General Realty & Utilities Corp.	11,550
1,600	Greif Bros. Cooperage Class A	50,600
1,400	Gruen Watch Company	21,000
500	Hart, Schaffner & Marx	15,250
2,500	Hercules Motors Corporation	44,062
900	Houston Oil Co. of Texas	141,750
234	Industrial Enterprises, Inc.	5,499
1,000	International Packers, Ltd.	12,875
1,800	Kalamazoo Stove & Furnace Co.	3,375
700	Kirby Petroleum Trust #1 Certificates of Beneficial Interest	4,812
1,200	Kirby Petroleum Trust #2 Certificates of Beneficial Interest	3,150
25	Laundry & Cleaners Supply Corp.	1,625
500	Francis H. Leggett & Co.	5,750
100	Marshall-Wells Company	35,200
	Forward	$898,636

INVESTMENTS IN SECURITIES

JANUARY 31, 1956

Number of Shares		MARKET VALUE JAN.31, 1956
OTHER SECURITIES-COMMON STOCKS (Continued)		
Industrials (Continued)		
	(Forward)	$898,636
1,900	Mohawk Rubber Co.	32,300
2,000	Moore Handley Hardware Co.,Inc.	15,500
1,000	National Department Stores Corporation	22,875
1,600	National Presto Industries	17,400
3,000	P.R.M. Incorporated	61,875
5,329	Publicker Industries, Inc.	50,625
400	Reliable Stores Corporation	6,000
1,500	Rockwood & Co.	120,000
500	Sargent & Co.	9,750
100	Schenley Industries, Inc.	2,000
220	Shuron Optical Company, Inc.	7,975
100	Singer Manufacturing Co.	4,012
1,000	Spiegel, Inc.	15,750
325	J. H. Thorpe, Inc.	15,925
845	Timely Clothes, Inc.	15,316
1,000	Todd Shipyards Corporation	65,250
1,350	Tyer Rubber Company	16,875
500	Willys Overland Motors, Inc.(stubs)	1,750
		$1,379,814

GRAHAM-NEWMAN CORPORATION

NEW YORK

SECURITIES SHORT

JANUARY 31, 1956

Number of Shares		COVER VALUE JAN. 31, 1956
1,600	Alleghany Corporation	$ 13,400
4,800	American Airlines	111,600
2,000	American Cyanamid	131,500
2,142	Dow Chemical Co.	125,307
2,028	Fedders Quigan Corporation	22,815
1,020	National Container Corp.	20,655
1,050	Olin Mathieson Chemical Corp.	55,519
900	Pfizer & Co., Inc. (Chas.)	34,875
		$515,671

STERN, PORTER, KINGSTON & COLEMAN
CERTIFIED PUBLIC ACCOUNTANTS

11 West 42nd Street, New York 36, N.Y.
OXFORD 5-3660

ACCOUNTANTS' REPORT

To the Board of Directors and Stockholders of
Graham-Newman Corporation:

We have examined the Balance Sheet of Graham-Newman Corporation as of January 31, 1956 and the related statements of Income and Expense, Realized Gain or Loss on Investments, Unrealized Appreciation or Depreciation of investments, and Changes in Net Assets, for the three fiscal years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The company has adopted the policy of charging against surplus and setting up as a liability at the close of the fiscal year the final dividend for the year, which although declared and payable subsequent to the close thereof, may, under the provisions of the Internal Revenue Code applicable to regulated investment companies, be included for tax purposes in the amount of dividends paid during the prior year.

In our opinion, the accompanying Balance Sheet and the related statements herein covering the operations of the company for the fiscal years ended January 31, 1954, 1955 and 1956, together with the Notes appended thereto and the related schedules herein, present fairly the position of Graham-Newman Corporation as at January 31, 1956 and the results of its operations for the three fiscal years then ended, in conformity with generally accepted accounting principles applicable to regulated investment companies, applied on a consistent basis.

Stern Porter Kingston & Coleman

STERN, PORTER, KINGSTON & COLEMAN
Certified Public Accountants

New York, N. Y.
July 17, 1956.

GRAHAM-NEWMAN CORPORATION

122 EAST 42ND STREET

NEW YORK 17, N. Y.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

****

To the Stockholders of Graham-Newman Corporation:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Graham-Newman Corporation will be held at the office of the Corporation at 122 East 42nd Street, New York, N. Y., on Monday, April 9, 1956, at 2:00 P.M., for the following purposes:

(1) To elect six Directors to hold office until the Annual Meeting of Stockholders next ensuing after their election and until their successors shall have been elected and shall have qualified.

(2) To consider and vote upon a proposal to ratify the selection of Messrs. Stern, Porter, Kingston & Coleman as auditors of the Corporation for the Corporation's fiscal year ending January 31, 1957.

(3) To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

There will be laid before the meeting the Annual Report of the Corporation, including financial statements for the fiscal year ending January 31st, 1956, in the form in which it was mailed to the Stockholders of the Corporation on February 24, 1956. Stockholders will not be called upon to take any action in connection with the said Annual Report. The minute book of the Corporation, containing the minutes of all meetings of the Board of Directors since the last Annual Meeting of Stockholders, will be available at the meeting for inspection.

The stock transfer books of the Corporation will not be closed, but in lieu thereof, the Board of Directors has fixed the close of business on March 28, 1956, as the record date for the determination of stockholders entitled to notice of, and to vote, at the meeting.

Each stockholder who does not expect to attend in person is requested promptly to date, fill in, sign and return the enclosed Form of Proxy. This Proxy is solicited on behalf of the Management of the Company.

By Order of the Board of Directors.

WARREN E. BUFFETT
Secretary

New York, N. Y.
March 15, 1956.

PLEASE SIGN AND RETURN THE ENCLOSED PROXY PROMPTLY. A SELF-ADDRESSED, STAMPED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE.

PROXY STATEMENT

****

Annual Meeting of Stockholders

GRAHAM-NEWMAN CORPORATION

to be held April 9, 1956

****

This statement is furnished in connection with a solicitation by the management of Graham-Newman Corporation (hereinafter called the "Corporation") of proxies to be used at the Annual Meeting of Stockholders of the Corporation to be held at 2:00 P.M. on Monday, April 9, 1956 at the office of the Corporation, 122 East 42nd Street, in the City of New York, N. Y., for the purpose set forth in the accompanying Notice of Annual Meeting of Stockholders.

An Annual Report of the Corporation was mailed to Stockholders on February 24, 1956. This report included financial statements for the fiscal year ended January 31, 1956. Such report is not to be incorporated in this Proxy Statement by reference and is not to be deemed to be a part of the proxy soliciting material.

At the close of business on March 15, 1956, there were 5,000 shares of capital stock of the Corporation outstanding. Each of such shares held of record on March 28, 1956 is entitled to one vote.

If the enclosed Form of Proxy is executed and returned, it may, nevertheless, be revoked at any time in so far as it has not been exercised.

A. Election of Directors.

Six Directors are to be elected, each to hold office until the annual meeting of Stockholders next ensuing after his election and until his successor shall have been elected and shall have qualified. It is the intention of the persons named in the enclosed Form of Proxy to nominate and vote such proxy for the election of the following persons, all of whom are candidates for re-election:

Benjamin Graham	Robert J. Marony	William K. Jacobs, Jr.
Jerome A. Newman	David L. Dodd	Howard A. Newman

In the event of the inability of any of such nominees to accept nomination or election, it is the intention of the persons named in the enclosed Form of Proxy to vote such proxy for the election of such other person as Director as they may in their discretion determine.

The By-Laws provide that the Board of Directors shall consist of six members and may be increased to not more than nine. The number of directors now has been fixed at six.

B. Information about Nominees for Election as Directors.

Names	Principal Occupation or Employment	Served continuously as a Director Since		Number of Shares Graham-Newman Corporation Common Stock Beneficially Owned Directly and/or Indirectly on February 16, 1956
Benjamin Graham	Chairman of Board of Directors, Graham-Newman Corp.	1936	(1)	84
Jerome A. Newman	President, Graham-Newman Corp.	1936	(2)	207
Robert J. Marony	Director, Chicago, Milwaukee, St. Paul & Pacific RR	1936	(3)	61
Wm.K.Jacobs, Jr.	Financial Counsel	1940	(4)	None
David L. Dodd	Professor of Finance, Columbia University	1944	(5)	41
Howard A. Newman	President, Phila. and Reading Corp. and Vice President and Treasurer, Graham-Newman Corp.	1952		4

(1) Mrs. Graham owns 12 shares.

(2) Mrs. Newman owns 159 shares.

(3) Mrs. Marony owns 21 shares.

(4) Mrs. Jacobs is a life tenant of a trust owning 60 shares in which Mr. Jacobs has a contingent beneficial interest.

(5) Mrs. Dodd owns 56 shares.

Stryker & Brown, investment securities-brokers own in excess of 10% of the oustanding stock, but we are advised this is not entirely owned for permanent investment.

C. Remuneration and Other Transactions with Directors, Nominees, Officers and Others

Name of Individual	Capacity in which Remuneration was Received	Salaries for Fiscal Year ended Jan. 31, 1956	Shares in Profits	Pension Retirement and Similar Payments
Benjamin Graham	Chairman of Board of Directors, Graham-Newman Corp.	$15,000.	$ 81,679.23 (1)	None
Jerome A. Newman	President, Graham-Newman Corp.	$25,000.	$ 81,679.23 (1)	None
Howard A. Newman	Vice-President and Treasurer, Graham-Newman Corp.	$25,000.	$ 25,446.00 (2)	None

No other Director or Officer of the Graham-Newman Corporation received remuneration in excess of $25,000, for the fiscal year ending January 31, 1956.

All persons, as a group, who were Directors or Officers of the Corporation:

Salaries of Directors and Officers as such	$ 83,582.33
Additional compensation based on profits	188,804.46
	272,386.79 (3)

(1) Of these amounts $65,343.39 is payable after January 31, 1956. Total amount shown is $63,938.18 less than that received in the previous fiscal year.
(2) Of this amount $20,356.80 is payable after January 31, 1956. Total amount shown is $25,446 - more than that received in previous fiscal year.
(3) Represents decrease of $108,814.70 over preceding year.

D. Selection of Independent Public Accountants.

Pursuant to the Investment Company Act of 1940, those members of the Board of Directors of the Corporation who are not officers or employees thereof have selected Messrs. Stern, Porter, Kingston & Coleman as the firm of independent public accountants to audit the accounts and to report on the financial statements of the Corporation for or during the year ended January 31, 1957. This firm has been the independent public accountants for the Corporation since January 31, 1939. This selection will be submitted for ratification or rejection at the Annual Meeting.

E. Other Matters

The management knows of no other matters which are to be brought before the meeting. However, if any other matters, not now known or

determined, properly come before the meeting, it is the intention of the persons named in the enclosed Form of Proxy to vote such proxy in accordance with their judgment on such matter.

All proxies received will be voted in accordance with the instructions and specifications contained therein, as regard selection of auditors and other matters.

F. Expenses.

The cost of preparing, assembling and mailing material in connection with this solicitation of proxies will be borne by the Corporation, and will not exceed $150.

Very truly yours,

JEROME A. NEWMAN
President.

March 15, 1956.

GRAHAM-NEWMAN CORPORATION
122 EAST 42ND STREET
NEW YORK 17, N. Y.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

****

TO THE STOCKHOLDERS OF GRAHAM-NEWMAN CORPORATION:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Graham-Newman Corporation will be held at the office of the Corporation at 122 East 42nd Street, New York, N.Y., on Monday, April 8, 1957, at 2:00 P.M., for the following purposes:

(1) To elect five Directors to hold office until the Annual Meeting of Stockholders next ensuing after their election and until their successors shall have been elected and shall have qualified or until the dissolution of the corporation, whichever occurs first.

(2) To consider and vote upon a proposal to ratify the selection of Messrs. Stern, Porter, Kingston & Coleman as auditors of the Corporation for the Corporation's fiscal year ending January 31, 1958.

(3) To transact such other business as may properly come before the meeting of any adjournment or adjournments thereof.

There will be laid before the meeting the Annual Report of the Corporation, including financial statements for the fiscal year ending January 31st, 1957, in the form in which it was mailed to the Stockholders of the Corporation on February 25, 1957. Stockholders will not be called upon to take any action in connection with the said Annual report. The minute book of the Corporation, containing the minutes of all meetings of the Board of Directors since the last Annual Meeting of Stockholders, will be available at the meeting for inspection.

The stock transfer books of the Corporation will not be closed, but in lieu thereof, the Board of Directors has fixed the close of business on March 15, 1957, as the record date for the determination of stockholders entitled to notice of, and to vote, at the meeting.

Each stockholder who does not expect to attend in person is requested promptly to date, fill in, sign and return the enclosed Form of Proxy. This Proxy is solicited on behalf of the Management of the Company.

By Order of the Board of Directors.

New York, N. Y.
March 15, 1957.

DOUGLAS NEWMAN
Secretary

PLEASE SIGN AND RETURN THE ENCLOSED PROXY PROMPTLY. A SELF-ADDRESSED STAMPED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE.

PROXY STATEMENT

****

Annual Meeting of Stockholders

GRAHAM-NEWMAN CORPORATION

to be held April 8, 1957

****

This statement is furnished in connection with a solicitation by the management of Graham-Newman Corporation (hereinafter called the "Corporation") of proxies to be used at the Annual Meeting of Stockholders of the Corporation to be held at 2:00 P.M. on Monday, April 8, 1957 at the Office of the Corporation, 122 East 42nd Street, in the City of New York, N. Y., for the purpose set forth in the accompanying Notice of Annual Meeting of Stockholders.

An Annual Report of the Corporation was mailed to Stockholders on February 25, 1957. This report included financial statements for the fiscal year ended January 31, 1957. Such report is not to be incorporated in this Proxy Statement by reference and is not to be deemed to be a part of the proxy soliciting material.

At the close of business on March 15, 1957, there were 4,855 shares of capital stock of the Corporation outstanding. Each of such shares held of record on March 15, 1957 is entitled to one vote.

If the enclosed Form of Proxy is executed and returned, it may, nevertheless, be revoked at any time in so far as it has not been exercised.

A. Election of Directors.

Five Directors are to be elected, each to hold office until the annual meeting of Stockholders next ensuing after his election and until his successor shall have been elected and shall have qualified or until the dissolution of the Corporation, whichever occurs first. It is the intention of the persons named in the enclosed Form of Proxy to nominate and vote such proxy for the election of the following persons, all of whom are candidates for re-election.

Benjamin Graham — Robert J. Marony
Jerome A. Newman — David L. Dodd
Howard A. Newman

In the event of the inability of any of such nominees to accept nomination or election, it is the intention of the persons named in the enclosed Form of Proxy to vote such proxy for the election of such other person as Director as they may in their discretion determine.

The By-Laws provide that the Board of Directors shall consist of five members and may be increased to not more than nine. The number of Directors now has been fixed at five.

B. Information about Nominees for Election as Directors.

Names	Principal Occupation or Employment	Served continuously as a Director Since	Number of Shares Graham-Newman Corporation Common Stock Beneficially Owned Directly and/or Indirectly on February 15, 1957	
Benjamin Graham	Chairman of Board of Directors, Graham-Newman Corp.	1936	(1)(3)	84
Jerome A. Newman	President Graham-Newman Corp.	1936	(2)(3)	None
Robert J. Marony	Director, Chicago Milwaukee, St. Paul & Pacific RR	1936	(3)	None
David L. Dodd	Professor of Finance, Columbia University	1944	(4)(3)	41
Howard A. Newman	President, Phila. and Reading Corp. and Vice President, Graham-Newman Corp.	1952	(3)	4

(1) Mrs. Graham owns 12 shares.

(2) Mrs. Newman owns 159 shares.

(3) Partners in a firm that owns 289 shares.

(4) Mrs. Dodd owns 56 shares.

C. Remuneration and other Transactions with Directors, Nominees, Officers and Others

Name of Individual	Capacity in which Renumeration was Received	Salaries for Fiscal Year ended Jan. 31, 1957	Shares in Profits	Pension Retirement and Similar Payments
Benjamin Graham	Chairman of Board of Directors, Graham-Newman Corp.	To August 31, 1956 $7500.	$35,226.43(1)	None
Jerome A. Newman	President Graham-Newman Corp.	$25,000	$53,458.13(2)	None
Howard A. Newman	Vice-President and Treasurer, Graham-Newman Corp.	To March 31, 1956 $4,166.67	$44,960.76(3)	None

No other Director or Officer of the Graham-Newman Corporation received remuneration in excess of $25,000, for the fiscal year ending January 31, 1957.

All persons, as a group, who were Directors or Officers of the Corporation:

Salaries of Directors and Officers as such	$ 43,733.31	
Additional compensation based on profits	133,645.32	
	$177,378.63	(4)

(1) Of this amount $35,226.43 is payable after January 31, 1957. Total amount shown is $46,452.80 less than that received in the previous fiscal year.
(2) Of this amount $53,458.13 is payable after January 31, 1957. Total amount shown is $28,221.10 less than that received in previous fiscal year.
(3) Of this amount $44,960.76 is payable after January 31, 1957. Total amount shown is $19,514.76 more than that received in previous fiscal year.
(4) Represents decrease of $95,008.16 over preceding year.

D. Selection of Independent Public Accountants.

Pursuant to the Investment Company Act of 1940, those members of the Board of Directors of the Corporation who are not officers or employees thereof have selected Messrs. Stern, Porter, Kingston & Coleman as the firm of independent public accountants to Audit the accounts and to report on the financial statements of the Corporation for or during the year ended January 31, 1958. This firm has been the independent

public accountants for the Corporation since January 31, 1939. This selection will be submitted for ratification or rejection at the Annual Meeting.

E. Liquidation

On August 20th, 1956, the stockholders voted the liquidation and dissolution of the Corporation within one year of that date. Liquidating dividends of $760.62 per share have been paid to stockholders. It is contemplated that the liquidation will be completed by August 1957.

F. Other Matters

The management knows of no other matters which are to be brought before the meeting. However, if any other matters, not now known or determined, properly come before the meeting, it is the intention of the persons named in the enclosed Form of Proxy to vote such proxy in accordance with their judgment on such matter.

All proxies received will be voted in accordance with the instructions and specifications contained therein, as regard selection of auditors and other matters.

G. Expenses

The cost of preparing, assembling and mailing material in connection with this solicitation of proxies will be borne by the Corporation, and will not exceed $150.

Very truly yours,

JEROME A. NEWMAN
President

March 15, 1957.

GRAHAM-NEWMAN CORPORATION

122 EAST 42ND STREET

NEW YORK 17, N. Y.

February 25, 1957

TO THE STOCKHOLDERS OF GRAHAM-NEWMAN CORPORATION:

Submitted herewith are financial statements of the Corporation covering the fiscal year ended January 31, 1957.

On August 20,1956 the stockholders voted to dissolve the corporation within one year from that date. Therefore, these figures include the period of liquidation from August 20,1956 to January 31,1957.

The appended Balance Sheet indicates a net asset value of $165.66 per share after deducting the liquidating dividend voted January 28,1957 and paid on February 11,1957.

The overall profit for the year exclusive of the provision for liquidation expenses, was $56.48 per share.

The indicated net asset value on February 15,1957 after giving effect to the aforementioned dividend, was approximately $165.70 per share.

The auditor's report sets forth total dividends and dividends per share paid during the fiscal year.

It is anticipated that final distribution in liquidation will be made in accordance with the resolution adopted at the special meeting.

The proxy statement for the Annual Meeting of Stockholders, which will be held on April 8,1957, will be mailed to the stockholders on or about March 15,1957.

By order of the Board of Directors,

Benjamin Graham,
Chairman of the Board

Jerome A. Newman,
President

BOARD OF DIRECTORS

David L. Dodd
Benjamin Graham
Robert J. Marony
Howard A. Newman
Jerome A. Newman

STERN, PORTER, KINGSTON & COLEMAN
CERTIFIED PUBLIC ACCOUNTANTS

11 West 42nd Street, New York 36, N. Y.
OXFORD 5-3660

To the Board of Directors and Stockholders
of Graham-Newman Corporation:

We have examined the Balance Sheet of Graham-Newman Corporation as at January 31, 1957 and the related statements of Profit and Loss, and Changes in Net Assets for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Balance Sheet and related statements of Profit and Loss and Changes in Net Assets, as supplemented by the notes appended thereto, present fairly the financial position of Graham-Newman Corporation as at January 31, 1957 and the results of its operations for the fiscal year then ended, and except for the change noted in Note A-3 of the Notes to Financial Statements in respect of expenses incurred subsequent to August 31, 1956, which change has our approval, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Stern Porter Kingston & Coleman

STERN, PORTER, KINGSTON & COLEMAN
Certified Public Accountants

New York, N. Y.
February 14, 1957.

GRAHAM-NEWMAN
NEW
B A L A N C E
JANUARY 31,

A S S E T S

CASH		$ 186,812.03
DEPOSIT WITH BROKER		416,227.59
INVESTMENTS IN SECURITIES-AT MARKET VALUE (Note B) (Cost $809,920.69)		931,646.62
OTHER ASSETS		
Dividends receivable	$ 62.50	
Interest accrued on bonds	250.00	
Sundry receivables	1,984.80	
Furniture and fixtures	4,137.15	6,434.45
		$1,541,120.69

CORPORATION
YORK
S H E E T
1957

L I A B I L I T I E S AND C A P I T A L

THIRD LIQUIDATING DISTRIBUTION PAYABLE ($40.00 per share on 4,855 shares declared January 28, 1957; payable February 11, 1957)		$ 194,200.00
SECURITIES SHORT-AT COVER VALUE (Note B) (net proceeds of sale $339,577.24)		371,673.00
SUNDRY PAYABLES AND ACCRUALS		6,683.47
DUE TO OFFICERS (Note C) for additional compensation-on basis of realized net income for the four fiscal years ended January 31, 1956	$ 396,321.96	
less-amounted deposited with Manufacturers Trust Co. with instructions to pay when due (payable in installments 1957-1960)	396,321.96	-
PROVISION FOR ADDITIONAL COMPENSATION SUBSEQUENT TO JANUARY 31, 1956 (Note C) on basis of realized net income to January 31,1957	133,645.32	
on basis of increase in unrealized appreciation subsequent to January 31, 1948 (payable in five equal annual installments-1957 to 1961)	9,627.66	143,272.98
PROVISION FOR LIQUIDATION EXPENSES (unexpended balance) (Note A)		21,028.15
NET ASSETS APPLICABLE TO CAPITAL STOCK (after providing for third liquidating distribution as above)		804,263.09
Capital Stock: Authorized and issued- 5,000 shares of no par value stated value $500.00 per share ($2,500,000)		
Less-retired - 145 shares ($72,500)		
Outstanding -4,855 shares	2,427,500.00	
Capital Surplus	1,401,271.37	
Earned Surplus	588,322.99	
Total	4,417,094.36	
Less-Liquidating distributions	3,692,833.78	
Balance-Net Assets before including unrealized appreciation of investments	724,260.58	
Add-Unrealized appreciation of investments-after deducting provision for related additional contingent compensation of officers	80,002.51	
Total (equivalent to - on 4,855 shares outstanding - after deducting liquidating distribution of $40.00 per share payable February 11, 1957 - $165.66 per share)	$ 804,263.09	
		$1,541,120.69

GRAHAM-NEWMAN CORPORATION

NEW YORK

PROFIT AND LOSS STATEMENT

FOR THE FISCAL YEAR ENDED JANUARY 31, 1957

STATEMENT OF INCOME AND EXPENSES (excluding gain or loss on investments)			
Income			
Dividends		$ 36,258.50	
Less-Dividends paid on short securities		17,191.25	$ 19,067.25
Interest on investments			7,195.47
Share of net income of Graham-Newman Corporation Liquidating Trust (excluding gain or loss on investments) (Note F)			3,089.60
Total			29,352.32
Expenses (Notes A(3) and F)			
Salaries of officers		28,750.00	
Office salaries		7,914.74	
Executive committee fees		1,666.64	
Directors' fees		400.00	
Rent and light		2,014.81	
Taxes (other than Federal income tax)		3,105.04	
Legal and auditing		3,500.00	
Custodian fees		1,068.89	
Interest		1,234.39	
General expenses		3,157.57	
Depreciation		906.97	
Total expenses (exclusive of additional compensation of officers)			53,719.05
Net Loss (excluding gain or loss on investments-before deducting additional compensation of officers and provision for Federal income tax)			(24,366.73)
NET REALIZED GAIN ON INVESTMENTS (Note F)			
Amount realized		4,596,431.48	
Cost		3,801,064.04	
Gain		795,367.44	
Add-Share of net realized gain on investments of Graham-Newman Corporation Liquidating Trust (Note F)		63,467.60	858,835.04
NET INCOME (before deducting provision for additional compensation of officers and provision for Federal income tax)			834,468.31
DEDUCT			
Provision for additional compensation of officers (Note C)		133,645.32	
Provision for Federal income tax (Note D)		None	133,645.32
NET INCOME FOR PERIOD			700,822.99
DEDUCT-DECREASE IN UNREALIZED APPRECIATION			
At January 31, 1957	$ 89,630.17		
At January 31, 1956	617,233.09	(527,602.92)	
Less-Reduction in related additional contingent compensation of officers (Note C)		(109,167.24)	(418,435.68)
"OVER ALL" NET INCOME FOR PERIOD (Notes A(3) and F)			$282,387.31

GRAHAM-NEWMAN CORPORATION

STATEMENT OF CHANGES IN NET ASSETS

FOR THE FISCAL YEAR ENDED JANUARY 31, 1957

			Per share
NET ASSETS AT JANUARY 31, 1956 (5,000 shares issued and outstanding)		$4,458,062.98(1)	$891.61
NET INCOME FOR YEAR			
Loss for year-excluding gain or loss on investments (before deducting additional compensation of officers)	$(24,366.73)		
Net realized gain on sales of investments	858,835.04		
Total	834,468.31		
Deduct-Additional compensation of officers (Note C)	133,645.32		
Net Income for year		700,822.99	140.17
DEDUCT			
Decrease in unrealized appreciation of investments	(527,602.92)		
Less-Reduction in related additional contingent compensation of officers (Note C)	(109,167.24)	(418,435.68)	(83.69)
Provision for liquidation expenses(Note A)		(50,000.00)	(10.00)
		4,690,450.29	938.09
Dividend paid June 14, 1956 $12.50 per share		62,500.00	12.50
		4,627,950.29	925.59
Capital Stock redeemed-July 6,1956 to Oct.5,1956 (Note E) (145 shares)		130,853.42	902.44
Balance (applicable to 4,855 shares)		4,497,096.87	926.28(2)
Liquidating distributions (on 4,855 shares):			
	per share		
September 19, 1956	$620.625	$3,013,133.78	
October 25, 1956	100.	485,500.00	
February 11, 1957 (declared Jan.28,1957)	40.	194,200.00	
Total	$760.625		3,692,833.78	760.62(2)
BALANCE-NET ASSETS AT JANUARY 31, 1957 (after deducting liquidating distribution declared January 28, 1957-payable February 11, 1957 - $40.00 per share)		$ 804,263.09	$165.66(2)

(1) Net assets at January 31, 1956, after deducting final dividend for the fiscal year then ended - paid March 12, 1956, viz: $950,850 ($190.17 per share)

(2) Computed on basis of 4,855 shares outstanding (after retirement of 145 shares)

GRAHAM-NEWMAN CORPORATION

ANALYSIS OF CHANGES IN NET ASSETS

FOR THE FISCAL YEAR ENDED JANUARY 31, 1957

	TOTAL		CAPITAL STOCK	CAPITAL SURPLUS	EARNED SURPLUS	UNREALIZED APPRECIATION (Net*)
NET ASSETS AT JANUARY 31, 1956		$4,458,062.98	$2,500,000.00	$1,459,624.79	$ -0-	$498,438.19*
ADD - Net income for year	$700,822.99				700,822.99	
DEDUCT						
Decrease in unrealized appreciation (net*)	(418,435.68)					(418,435.68)*
Provision for liquidation expenses	(50,000.00)				(50,000.00)	
		232,387.31				
BALANCE		4,690,450.29	2,500,000.00	1,459,624.79	650,822.99	80,002.51*
DEDUCT						
Dividend paid (June 14,1956)	62,500.00				62,500.00	
Capital stock retired (145 shares)	130,853.42		72,500.00	58,353.42		
		193,353.42				
BALANCE		4,497,096.87	2,427,500.00	$1,401,271.37	$588,322.99	80,002.51*
Capital Stock			2,427,500.00			
Capital Surplus			1,401,271.37			
Earned Surplus			588,322.99			
Total			4,417,094.36			80,002.51*
DEDUCT - Liquidating distributions		3,692,833.78	3,692,833.78			
BALANCE-NET ASSETS AT JANUARY 31, 1957		$ 804,263.09	$ 724,260.58			$ 80,002.51*

*Unrealized appreciation as shown herein represents the amounts applicable to the outstanding capital stock, after deducting the related additional contingent compensation of officers.

NOTE A - LIQUIDATION AND DISSOLUTION OF THE CORPORATION

1 - Liquidation and Dissolution

At June 28, 1956 the directors voted to recommend liquidation and dissolution of the corporation, and at a special meeting of stockholders on August 20, 1956 it was voted to liquidate and dissolve the corporation, such liquidation to be completed within twelve months thereafter.

2 - Graham-Newman Corporation Liquidating Trust

At June 28, 1956 certain not readily marketable securities were transferred to Manufacturers Trust Company and Jerome A. Newman, as trustees. The trust was designated as Graham-Newman Corporation Liquidating Trust, and trust certificates were issued to the corporation in exchange for the assets transferred. The total number of certificates received was 5,000 (being the equivalent of one certificate for each share of stock), of which 130 certificates were distributed in connection with the retirement of 130 shares of capital stock (see #4 below) and 4,870 certificates are presently held by the corporation.

3 - Provision for Liquidation Expenses

The management determined to set up a Provision for Liquidation Expenses in the amount of $50,000 (equivalent to $10.00 per share), and further, to consider all expenses incurred subsequent to August 31,1956 as liquidation expenses and chargeable to this Provision. The Provision has accordingly been charged with expenses incurred during the period September 1, 1956 to January 31, 1957 for rent, salaries and other expenses of a character which would ordinarily, in the case of a continuing business, be chargeable to Income, in the aggregate amount of $26,152.21. At January 31, 1957 the unexpended balance of the Provision was $21,028.15. Whether this amount is excessive or insufficient is not presently determinable.

4 - Retirement of Stock

Between July 6, 1956 and October 5, 1956, 145 shares of Capital Stock were tendered by stockholders and retired. As part of the amount paid in redemption of 130 shares the retiring stockholders received Graham-Newman Corporation Liquidating Trust certificates on the basis of one certificate for each share tendered.

5 - Liquidating Distributions

Liquidating distributions have been made to January 31, 1957 totalling $720.62⅝ per share (on 4,855 shares outstanding, after providing for the retirement of 145 shares noted hereinabove), as follows:

	Per share	Amount
At September 19, 1956	$620.62⅝	$3,013,133.78
" October 25, 1956	100.00	485,500.00
total distributions to January 31,1957	720.62⅝	3,498,633.78
to which is to be added a third liquidating distribution, declared January 28, 1957 and payable February 11, 1957	40.00	194,200.00
Total	$760.62⅝	$3,692,833.78

NOTE A - LIQUIDATION AND DISSOLUTION OF THE CORPORATION (Continued)

5 - Liquidating Distributions (continued)

The distribution at September 19, 1956 is represented by (a) $400.00 per share, plus (b) distribution in kind-to those stockholders who elected to take-of 10 shares Philadelphia & Reading Corporation stock for each share of Graham-Newman Corporation stock-(valued at the average price on the New York Stock Exchange on September 5th, 6th and 7th, 1956-subsequently determined to be 22-1/16, equivalent for the 10 shares of the distributed stock to 220.62\frac{5}{}$) - or in the alternative, to those stockholders not exercising this option, of the equivalent amount in cash, viz: 220.62\frac{5}{}$ per share.

NOTE B - VALUATION OF INVESTMENTS-UNREALIZED APPRECIATION OF INVESTMENTS

Investments have been evaluated at their quoted market values as at January 31, 1957, except as noted below. These valuations are not, however, intended as representations of the amounts which may be actually realizable upon sale of the securities.

The unrealized appreciation at January 31, 1957 is represented as follows:

	Ledger Value	Value at Jan.31,1957	Unrealized Appreciation
Investments in securities	$338,944.31	$364,250.00	$ 25,305.69
Certificates of interest in Graham-Newman Corporation Liquidating Trust (4,870 certificates)	470,976.38	567,396.62	96,420.24
Total	809,920.69	931,646.62	121,725.93
Securities short (a)	(339,577.24)	(371,673.00)	(32,095.76)
Net securities position	$470,343.45	$559,973.62	
Unrealized appreciation at January 31, 1957			$ 89,630.17

(a) securities short are stated at amount realized on sale, cover value and indicated loss.

The unrealized appreciation at the beginning of the year, the decrease for the year, and the unrealized appreciation at the close thereof, together with the related additional contingent compensation of officers (Note C) and the balance applicable to the outstanding capital stock in respect of each of these items, were as follows:

	Total Unrealized Appreciation	Deduct-Related Additional Contingent Compensation of officers	Balance of Unrealized Appreciation applicable to Capital Stock
At January 31, 1956	$617,233.09	$118,794.90	$498,438.19
Decrease for year	527,602.92	109,167.24	418,435.68
At January 31, 1957	$ 89,630.17	$ 9,627.66	$ 80,002.51

STERN, PORTER, KINGSTON & COLEMAN

NOTE B - VALUATION OF INVESTMENTS-UNREALIZED APPRECIATION OF INVESTMENTS (Continued)

The investment in Graham-Newman Corporation Liquidating Trust certificates has been evaluated on the basis of the net assets in the Trust - securities having been evaluated on the basis of their market values as at January 31, 1957, except for an investment in respect of which the company has a put option exercisable at June 28, 1957, which has been evaluated at its present value as at January 31, 1957 ($241,951) on the basis of the option price, and an investment for which no market quotation was obtainable which has been evaluated at cost ($441.00).

NOTE C - COMPENSATION OF OFFICERS

Salaries were paid to the officers during the year as follows: to the chairman of the board $7,500; to the president $25,000; to the vice-president (and former treasurer) $4,166.67 and to his successor as treasurer $5,000, a total of $41,666.67, of which $28,750 was applicable to the period ended August 31, 1956, and has been charged to income, and the balance, viz: $12,916.67, applicable to the period subsequent to August 31, 1956, has been charged to the provision for liquidation expenses. (see Note A). The salary of the chairman of the board was reduced at April 1, 1956 at his request from $15,000 to $12,000 per year, and was terminated, also at his request, at August 31, 1956. The salary of the vice-president (and former treasurer) was terminated, at his request, at March 31, 1956. The salary of his successor as treasurer became effective at April 1, 1956.

Additional compensation is payable to the first three of the above named officers, as a group, of 20% of the excess of the realized net income in each year, as determined at the close thereof (less the net unrealized depreciation, if any, in the value of investments at the year end which had accrued subsequent to January 31, 1948) - over an amount equivalent to $40.00 per share per annum ($10.00 per share per quarter) on the outstanding capital stock - such additional compensation, however, being limited (upon a cumulative basis from and after February 1, 1948) to 25% of the excess of dividends paid during this period over the amount of the exclusion above noted. For the purpose of computing this limitation, the "final dividend" in respect of any fiscal year, which is in fact declared and paid subsequent to the close of the year, is considered as having been paid in the prior year. The additional compensation is payable in five equal installments within sixty days after the close of the respective years, but payment of deferred installments may be accelerated at the discretion of the directors.

The balance of accrued and unpaid additional compensation at February 28, 1956 (after payment at February 15, 1956 of the installments then due) for the four fiscal years ended January 31, 1956 was $396,321.96, which amount will become payable in annual installments in the early part (within 60 days of the close of the respective fiscal years) of 1957 to 1960. Pursuant to resolution of the board of directors at a meeting held June 28, 1956 this amount was on July 9, 1956 deposited with Manufacturers Trust Co. in a special account with instructions to pay to the respective officers (or to their executors, administrators or assigns) on February 1st

NOTE C - COMPENSATION OF OFFICERS (Continued)

of each of these years (1957 to 1960) the amounts which would become payable to them on these dates.

In the event of the death of any officer who was or might be entitled to additional compensation, or upon the termination of his tenure of office, the additional compensation due him was to be determined upon the basis of the value of investments (including unrealized appreciation or depreciation) as at the date of such event.

However, the directors at a meeting held August 21, 1956 determined that, in view of the pending liquidation of the company, the additional compensation accruing from and after February 1, 1956 would in no event be greater than the amount thereof as computed on the basis of the net assets as at August 31, 1956; that no additional compensation would be payable in respect of any subsequent appreciation and that in the event of a subsequent shrinkage in assets upon final liquidation, the amount of additional compensation would be subject to downward revision. The amount of additional compensation upon the basis of August 31, 1956 asset values, and therefore the maximum amount payable in respect of additional compensation accruing from and after February 1, 1956 has been determined at $143,272.98. This additional compensation (subject to possible downward adjustment as hereinabove noted) will be payable in five equal annual installments, the first of which is to be made at the date of the final liquidating distribution to stockholders.

Of the above amount, $133,645.32 is applicable to realized net income, and the balance, viz: $9,627.66, to unrealized appreciation. For the purpose of determining the base upon which the additional compensation applicable to realized net income is computed, deduction has been taken from income of the amount set up as provision for liquidation expenses ($50,000).

NOTE D - TAX STATUS

The corporation has elected to be taxed as a "regulated investment company" under the internal revenue code, and as such will be liable for Federal income taxes only on the amount of its undistributed net long term capital gain (less its net short term capital loss, if any) and its undistributed net income from other sources. The corporation has during the year made liquidating distributions, and will likewise in the future make further liquidating distributions, in an amount which will absorb the total net income reportable for Federal tax purposes in each of the above categories. No provision has therefore been made for Federal income tax, either in respect of the realized net income for the year or in respect of unrealized appreciation at the close thereof.

NOTE E - REDEMPTION OF CAPITAL STOCK

There were tendered to the corporation between July 6,1956 and October 5, 1956 - 145 shares which were redeemed for $130,853.42, representing an average of $902.44 per share. In connection with such redemptions, distributions were made in kind - (to those stockholders who elected to receive these securities) - 130 certificates of interest of Graham Newman Corporation Liquidating Trust, and 250 shares Philadelphia & Reading Corporation stock.

NOTE F - PROFIT AND LOSS ITEMS

The expenses for the year as shown in the Profit and Loss statement herein represent the expenses incurred to August 31, 1956 only, the expenses incurred subsequent to that date having been considered as liquidation expenses, and charged to the Provision for Liquidation Expenses. (see Note A(3)).

The share of the income and capital gains of Graham-Newman Corporation Liquidating Trust allocable to the certificates of interest owned by the company have been reflected in the statement.

The net realized gain on investments as shown in the statement includes the excess of the amounts at which securities which were distributed to stockholders in kind were evaluated when distributed, over their cost, these amounts being (1) as to 32,920 shares Philadelphia & Reading Corporation distributed as part of the first liquidating distribution at September 19, 1956 - $311,139.26; (2) as to 250 shares Philadelphia & Reading Corporation distributed as part of the redemption price of the company's stock - $1,791.05, and (3) as to 130 certificates of interest of Graham-Newman Liquidating Trust distributed as part of the redemption price of the company's stock $3,128.23.

NOTE G - SUPPLEMENTARY INFORMATION

The aggregate amount of purchases and sales of investment securities, other than United States Government obligations, made during the year were as follows:

Cost of securities purchased	$ 298,930.54
Proceeds of sales of securities	3,690,063.32
During the year securities were distributed to stockholders in the amount of (evaluated as of dates of distribution)	752,221.32

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENTS IN SECURITIES

JANUARY 31, 1957

No. of Shares (or face amount)		
	SECURITIES LONG	
1,000	American Airlines, Inc. 3½% Cumulative Convertible Preferred	$102,000.00
900	American Cyanamid Co. 3-3/4% Convertible Preferred "C"	129,600.00
100 M.	Dow Chemical Co. Convertible Subordinated Debentures 3/82	129,500.00
70	Thermoid Co. $2.50 Cumulative Convertible Preferred	3,150.00
	Total	364,250.00
4,870	Graham-Newman Corporation Liquidation Trust-Certificates of Interest	567,396.62
	Total	$931,646.62
	SECURITIES SHORT	
4,800	American Airlines, Inc.	$ 99,000.00
1,900	American Cyanamid Co.	137,750.00
2,184	Dow Chemical Co.	130,767.00
350	Thermoid Co.	4,156.00
	Total	$371,673.00

GRAHAM-NEWMAN CORPORATION LIQUIDATION TRUST

NEW YORK

SCHEDULE OF NET ASSETS

JANUARY 31, 1957

No. of Shares (or face amount)		
	INVESTMENTS ON SECURITIES	
1,100	Arkansas Fuel Oil Corporation	$ 40,012.00
2-64/154	Brooklyn & Richmond Ferry Co. Inc.	441.00(a)
4,100	C.N.I. Liquidating Corporation	16,400.00
2,500	Carman & Co. Inc.	225.00
1,100	Cleveland Worsted Mills Company	172,150.00
5,000	Consolidated Liquidating Corp.	3,125.00
3,405	Engineers Public Company Stubs	409.00
1,100	Houston Oil Co. of Texas	4,400.00
1,800	Kalamazoo Stove & Furnace Company	2,475.00
25	Laundry & Cleaner Supply Corp.	1,125.00
80	McCrory Stores Corp. 3½% Cumulative Convertible Preferred	5,720.00
400	National Presto Industries, Inc.	4,100.00
1019 M.	New York, New Haven & Hartford Certificates of Beneficial Interest	241,951.00(b)
600	Publicker Industries, Inc.	5,250.00
37 M.	Standard Coil Products, Inc. 5% Convertible subordinated debentures-12/1/67	27,010.00
		524,793.00
	CASH - MANUFACTURERS TRUST CO.	57,441.40
	ACCRUED INTEREST RECEIVABLE	308.33
	TOTAL - represented by 5,000 Certificates of Interest	$582,542.73
	SHARE OF NET ASSETS-applicable to Certificates owned by Graham-Newman Corporation - 4,870 Certificates	$567,396.62

(a) Evaluated at cost (no market quotation obtainable)

(b) Evaluated on basis of put option-see Note B

GRAHAM-NEWMAN CORPORATION

122 EAST 42ND STREET

NEW YORK 17, N. Y.

February 25, 1957

TO THE STOCKHOLDERS OF GRAHAM-NEWMAN CORPORATION:

Submitted herewith are financial statements of the Corporation covering the fiscal year ended January 31, 1957.

On August 20,1956 the stockholders voted to dissolve the corporation within one year from that date. Therefore, these figures include the period of liquidation from August 20,1956 to January 31,1957.

The appended Balance Sheet indicates a net asset value of $165.66 per share after deducting the liquidating dividend voted January 28,1957 and paid on February 11,1957.

The overall profit for the year exclusive of the provision for liquidation expenses, was $56.48 per share.

The indicated net asset value on February 15,1957 after giving effect to the aforementioned dividend, was approximately $165.70 per share.

The auditor's report sets forth total dividends and dividends per share paid during the fiscal year.

It is anticipated that final distribution in liquidation will be made in accordance with the resolution adopted at the special meeting.

The proxy statement for the Annual Meeting of Stockholders, which will be held on April 8,1957, will be mailed to the stockholders on or about March 15,1957.

By order of the Board of Directors,

Benjamin Graham,
Chairman of the Board

Jerome A. Newman,
President

BOARD OF DIRECTORS

David L. Dodd
Benjamin Graham
Robert J. Marony
Howard A. Newman
Jerome A. Newman

STERN, PORTER, KINGSTON & COLEMAN
CERTIFIED PUBLIC ACCOUNTANTS

11 West 42nd Street, New York 36, N. Y.
OXFORD 5-3660

To the Board of Directors and Stockholders
of Graham-Newman Corporation:

We have examined the Balance Sheet of Graham-Newman Corporation as at January 31, 1957 and the related statements of Profit and Loss, and Changes in Net Assets for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Balance Sheet and related statements of Profit and Loss and Changes in Net Assets, as supplemented by the notes appended thereto, present fairly the financial position of Graham-Newman Corporation as at January 31, 1957 and the results of its operations for the fiscal year then ended, and except for the change noted in Note A-3 of the Notes to Financial Statements in respect of expenses incurred subsequent to August 31, 1956, which change has our approval, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Stern Porter Kingston & Coleman

STERN, PORTER, KINGSTON & COLEMAN
Certified Public Accountants

New York, N. Y.
February 14, 1957.

GRAHAM-NEWMAN
NEW
B A L A N C E
JANUARY 31,

A S S E T S

CASH		$ 186,812.03
DEPOSIT WITH BROKER		416,227.59
INVESTMENTS IN SECURITIES-AT MARKET VALUE (Note B) (Cost $809,920.69)		931,646.62
OTHER ASSETS		
Dividends receivable	$ 62.50	
Interest accrued on bonds	250.00	
Sundry receivables	1,984.80	
Furniture and fixtures	4,137.15	6,434.45
		$1,541,120.69

CORPORATION
YORK
S H E E T
1957

L I A B I L I T I E S AND C A P I T A L

THIRD LIQUIDATING DISTRIBUTION PAYABLE ($40.00 per share on 4,855 shares declared January 28, 1957; payable February 11, 1957)		$ 194,200.00
SECURITIES SHORT-AT COVER VALUE (Note B) (net proceeds of sale $339,577.24)		371,673.00
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less-amounted deposited with Manufacturers Trust Co. with instructions to pay when due (payable in installments 1957-1960)	396,321.96	-
PROVISION FOR ADDITIONAL COMPENSATION SUBSEQUENT TO JANUARY 31, 1956 (Note C) on basis of realized net income to January 31,1957	133,645.32	
on basis of increase in unrealized appreciation subsequent to January 31, 1948	9,627.66	
(payable in five equal annual installments-1957 to 1961)		143,272.98
PROVISION FOR LIQUIDATION EXPENSES (unexpended balance) (Note A)		21,028.15
NET ASSETS APPLICABLE TO CAPITAL STOCK (after providing for third liquidating distribution as above)		804,263.09
Capital Stock:		
Authorized and issued- 5,000 shares of no par value stated value $500.00 per share ($2,500,000)		
Less-retired - 145 shares ($72,500)		
Outstanding -4,855 shares	2,427,500.00	
Capital Surplus	1,401,271.37	
Earned Surplus	588,322.99	
Total	4,417,094.36	
Less-Liquidating distributions	3,692,833.78	
Balance-Net Assets before including unrealized appreciation of investments	724,260.58	
Add-Unrealized appreciation of investments-after deducting provision for related additional contingent compensation of officers	80,002.51	
Total (equivalent to - on 4,855 shares outstanding - after deducting liquidating distribution of $40.00 per share payable February 11, 1957 - $165.66 per share)	$ 804,263.09	
		$1,541,120.69

GRAHAM-NEWMAN CORPORATION

NEW YORK

PROFIT AND LOSS STATEMENT

FOR THE FISCAL YEAR ENDED JANUARY 31, 1957

STATEMENT OF INCOME AND EXPENSES (excluding gain or loss on investments)			
Income			
Dividends		$ 36,258.50	
Less-Dividends paid on short securities		17,191.25	$ 19,067.25
Interest on investments			7,195.47
Share of net income of Graham-Newman Corporation Liquidating Trust (excluding gain or loss on investments) (Note F)			3,089.60
Total			29,352.32
Expenses (Notes A(3) and F)			
Salaries of officers		28,750.00	
Office salaries		7,914.74	
Executive committee fees		1,666.64	
Directors' fees		400.00	
Rent and light		2,014.81	
Taxes (other than Federal income tax)		3,105.04	
Legal and auditing		3,500.00	
Custodian fees		1,068.89	
Interest		1,234.39	
General expenses		3,157.57	
Depreciation		906.97	
Total expenses (exclusive of additional compensation of officers)			53,719.05
Net Loss (excluding gain or loss on investments-before deducting additional compensation of officers and provision for Federal income tax)			(24,366.73)
NET REALIZED GAIN ON INVESTMENTS (Note F)			
Amount realized		4,596,431.48	
Cost		3,801,064.04	
Gain		795,367.44	
Add-Share of net realized gain on investments of Graham-Newman Corporation Liquidating Trust (Note F)		63,467.60	858,835.04
NET INCOME (before deducting provision for additional compensation of officers and provision for Federal income tax)			834,468.31
DEDUCT			
Provision for additional compensation of officers (Note C)		133,645.32	
Provision for Federal income tax (Note D)		None	133,645.32
NET INCOME FOR PERIOD			700,822.99
DEDUCT-DECREASE IN UNREALIZED APPRECIATION			
At January 31, 1957	$ 89,630.17		
At January 31, 1956	617,233.09	(527,602.92)	
Less-Reduction in related additional contingent compensation of officers (Note C)		(109,167.24)	(418,435.68)
"OVER ALL" NET INCOME FOR PERIOD (Notes A(3) and F)			$282,387.31

GRAHAM-NEWMAN CORPORATION

STATEMENT OF CHANGES IN NET ASSETS

FOR THE FISCAL YEAR ENDED JANUARY 31, 1957

			Per share
NET ASSETS AT JANUARY 31, 1956 (5,000 shares issued and outstanding)		$4,458,062.98(1)	$891.61
NET INCOME FOR YEAR			
Loss for year-excluding gain or loss on investments (before deducting additional compensation of officers)	$(24,366.73)		
Net realized gain on sales of investments	858,835.04		
Total	834,468.31		
Deduct-Additional compensation of officers (Note C)	133,645.32		
Net Income for year		700,822.99	140.17
DEDUCT			
Decrease in unrealized appreciation of investments	(527,602.92)		
Less-Reduction in related additional contingent compensation of officers (Note C)	(109,167.24)	(418,435.68)	(83.69)
Provision for liquidation expenses(Note A)		(50,000.00)	(10.00)
		4,690,450.29	938.09
Dividend paid June 14, 1956 $12.50 per share		62,500.00	12.50
		4,627,950.29	925.59
Capital Stock redeemed-July 6,1956 to Oct.5,1956 (Note E) (145 shares)		130,853.42	902.44
Balance (applicable to 4,855 shares)		4,497,096.87	926.28(2)
Liquidating distributions (on 4,855 shares):			
	per share		
September 19, 1956	$620.625	$3,013,133.78	
October 25, 1956	100.	485,500.00	
February 11, 1957 (declared Jan.28,1957)	40.	194,200.00	
Total	$760.625		3,692,833.78	760.62(2)
BALANCE-NET ASSETS AT JANUARY 31, 1957 (after deducting liquidating distribution declared January 28, 1957-payable February 11, 1957 - $40.00 per share)		$ 804,263.09	$165.66(2)

(1) Net assets at January 31, 1956, after deducting final dividend for the fiscal year then ended - paid March 12, 1956, viz: $950,850 ($190.17 per share)

(2) Computed on basis of 4,855 shares outstanding (after retirement of 145 shares)

GRAHAM-NEWMAN CORPORATION

ANALYSIS OF CHANGES IN NET ASSETS

FOR THE FISCAL YEAR ENDED JANUARY 31, 1957

	TOTAL		CAPITAL STOCK	CAPITAL SURPLUS	EARNED SURPLUS	UNREALIZED APPRECIATION (Net*)
NET ASSETS AT JANUARY 31, 1956		$4,458,062.98	$2,500,000.00	$1,459,624.79	$ -0-	$498,438.19*
ADD - Net income for year	$700,822.99				700,822.99	
DEDUCT						
Decrease in unrealized appreciation (net*)	(418,435.68)					(418,435.68)*
Provision for liquidation expenses	(50,000.00)				(50,000.00)	
		232,387.31				
BALANCE		4,690,450.29	2,500,000.00	1,459,624.79	650,822.99	80,002.51*
DEDUCT						
Dividend paid (June 14,1956)	62,500.00				62,500.00	
Capital stock retired (145 shares)	130,853.42		72,500.00	58,353.42		
		193,353.42				
BALANCE		4,497,096.87	2,427,500.00	$1,401,271.37	$588,322.99	80,002.51*
Capital Stock			2,427,500.00			
Capital Surplus			1,401,271.37			
Earned Surplus			588,322.99			
Total			4,417,094.36			80,002.51*
DEDUCT - Liquidating distributions		3,692,833.78	3,692,833.78			
BALANCE-NET ASSETS AT JANUARY 31, 1957		$ 804,263.09	$ 724,260.58			$ 80,002.51*

*Unrealized appreciation as shown herein represents the amounts applicable to the outstanding capital stock, after deducting the related additional contingent compensation of officers.

NOTE A - LIQUIDATION AND DISSOLUTION OF THE CORPORATION

1 - Liquidation and Dissolution

At June 28, 1956 the directors voted to recommend liquidation and dissolution of the corporation, and at a special meeting of stockholders on August 20, 1956 it was voted to liquidate and dissolve the corporation, such liquidation to be completed within twelve months thereafter.

2 - Graham-Newman Corporation Liquidating Trust

At June 28, 1956 certain not readily marketable securities were transferred to Manufacturers Trust Company and Jerome A. Newman, as trustees. The trust was designated as Graham-Newman Corporation Liquidating Trust, and trust certificates were issued to the corporation in exchange for the assets transferred. The total number of certificates received was 5,000 (being the equivalent of one certificate for each share of stock), of which 130 certificates were distributed in connection with the retirement of 130 shares of capital stock (see #4 below) and 4,870 certificates are presently held by the corporation.

3 - Provision for Liquidation Expenses

The management determined to set up a Provision for Liquidation Expenses in the amount of $50,000 (equivalent to $10.00 per share), and further, to consider all expenses incurred subsequent to August 31,1956 as liquidation expenses and chargeable to this Provision. The Provision has accordingly been charged with expenses incurred during the period September 1, 1956 to January 31, 1957 for rent, salaries and other expenses of a character which would ordinarily, in the case of a continuing business, be chargeable to Income, in the aggregate amount of $26,152.21. At January 31, 1957 the unexpended balance of the Provision was $21,028.15. Whether this amount is excessive or insufficient is not presently determinable.

4 - Retirement of Stock

Between July 6, 1956 and October 5, 1956, 145 shares of Capital Stock were tendered by stockholders and retired. As part of the amount paid in redemption of 130 shares the retiring stockholders received Graham-Newman Corporation Liquidating Trust certificates on the basis of one certificate for each share tendered.

5 - Liquidating Distributions

Liquidating distributions have been made to January 31, 1957 totalling $720.62⅝ per share (on 4,855 shares outstanding, after providing for the retirement of 145 shares noted hereinabove), as follows:

	Per share	Amount
At September 19, 1956	$620.62⅝	$3,013,133.78
" October 25, 1956	100.00	485,500.00
total distributions to January 31,1957	720.62⅝	3,498,633.78
to which is to be added a third liquidating distribution, declared January 28, 1957 and payable February 11, 1957	40.00	194,200.00
Total	$760.62⅝	$3,692,833.78

NOTE A - LIQUIDATION AND DISSOLUTION OF THE CORPORATION (Continued)

5 - Liquidating Distributions (continued)

The distribution at September 19, 1956 is represented by (a) $400.00 per share, plus (b) distribution in kind-to those stockholders who elected to take-of 10 shares Philadelphia & Reading Corporation stock for each share of Graham-Newman Corporation stock-(valued at the average price on the New York Stock Exchange on September 5th, 6th and 7th, 1956-subsequently determined to be 22-1/16, equivalent for the 10 shares of the distributed stock to 220.62\frac{5}{}$) - or in the alternative, to those stockholders not exercising this option, of the equivalent amount in cash, viz: 220.62\frac{5}{}$ per share.

NOTE B - VALUATION OF INVESTMENTS-UNREALIZED APPRECIATION OF INVESTMENTS

Investments have been evaluated at their quoted market values as at January 31, 1957, except as noted below. These valuations are not, however, intended as representations of the amounts which may be actually realizable upon sale of the securities.

The unrealized appreciation at January 31, 1957 is represented as follows:

	Ledger Value	Value at Jan.31,1957	Unrealized Appreciation
Investments in securities	$338,944.31	$364,250.00	$ 25,305.69
Certificates of interest in Graham-Newman Corporation Liquidating Trust (4,870 certificates)	470,976.38	567,396.62	96,420.24
Total	809,920.69	931,646.62	121,725.93
Securities short (a)	(339,577.24)	(371,673.00)	(32,095.76)
Net securities position	$470,343.45	$559,973.62	
Unrealized appreciation at January 31, 1957			$ 89,630.17

(a) securities short are stated at amount realized on sale, cover value and indicated loss.

The unrealized appreciation at the beginning of the year, the decrease for the year, and the unrealized appreciation at the close thereof, together with the related additional contingent compensation of officers (Note C) and the balance applicable to the outstanding capital stock in respect of each of these items, were as follows:

	Total Unrealized Appreciation	Deduct-Related Additional Contingent Compensation of officers	Balance of Unrealized Appreciation applicable to Capital Stock
At January 31, 1956	$617,233.09	$118,794.90	$498,438.19
Decrease for year	527,602.92	109,167.24	418,435.68
At January 31, 1957	$ 89,630.17	$ 9,627.66	$ 80,002.51

NOTE B - VALUATION OF INVESTMENTS-UNREALIZED APPRECIATION OF INVESTMENTS (Continued)

The investment in Graham-Newman Corporation Liquidating Trust certificates has been evaluated on the basis of the net assets in the Trust - securities having been evaluated on the basis of their market values as at January 31, 1957, except for an investment in respect of which the company has a put option exercisable at June 28, 1957, which has been evaluated at its present value as at January 31, 1957 ($241,951) on the basis of the option price, and an investment for which no market quotation was obtainable which has been evaluated at cost ($441.00).

NOTE C - COMPENSATION OF OFFICERS

Salaries were paid to the officers during the year as follows: to the chairman of the board $7,500; to the president $25,000; to the vice-president (and former treasurer) $4,166.67 and to his successor as treasurer $5,000, a total of $41,666.67, of which $28,750 was applicable to the period ended August 31, 1956, and has been charged to income, and the balance, viz: $12,916.67, applicable to the period subsequent to August 31, 1956, has been charged to the provision for liquidation expenses. (see Note A). The salary of the chairman of the board was reduced at April 1, 1956 at his request from $15,000 to $12,000 per year, and was terminated, also at his request, at August 31, 1956. The salary of the vice-president (and former treasurer) was terminated, at his request, at March 31, 1956. The salary of his successor as treasurer became effective at April 1, 1956.

Additional compensation is payable to the first three of the above named officers, as a group, of 20% of the excess of the realized net income in each year, as determined at the close thereof (less the net unrealized depreciation, if any, in the value of investments at the year end which had accrued subsequent to January 31, 1948) - over an amount equivalent to $40.00 per share per annum ($10.00 per share per quarter) on the outstanding capital stock - such additional compensation, however, being limited (upon a cumulative basis from and after February 1, 1948) to 25% of the excess of dividends paid during this period over the amount of the exclusion above noted. For the purpose of computing this limitation, the "final dividend" in respect of any fiscal year, which is in fact declared and paid subsequent to the close of the year, is considered as having been paid in the prior year. The additional compensation is payable in five equal installments within sixty days after the close of the respective years, but payment of deferred installments may be accelerated at the discretion of the directors.

The balance of accrued and unpaid additional compensation at February 28, 1956 (after payment at February 15, 1956 of the installments then due) for the four fiscal years ended January 31, 1956 was $396,321.96, which amount will become payable in annual installments in the early part (within 60 days of the close of the respective fiscal years) of 1957 to 1960. Pursuant to resolution of the board of directors at a meeting held June 28, 1956 this amount was on July 9, 1956 deposited with Manufacturers Trust Co. in a special account with instructions to pay to the respective officers (or to their executors, administrators or assigns) on February 1st

NOTE C - COMPENSATION OF OFFICERS (Continued)

of each of these years (1957 to 1960) the amounts which would become payable to them on these dates.

In the event of the death of any officer who was or might be entitled to additional compensation, or upon the termination of his tenure of office, the additional compensation due him was to be determined upon the basis of the value of investments (including unrealized appreciation or depreciation) as at the date of such event.

However, the directors at a meeting held August 21, 1956 determined that, in view of the pending liquidation of the company, the additional compensation accruing from and after February 1, 1956 would in no event be greater than the amount thereof as computed on the basis of the net assets as at August 31, 1956; that no additional compensation would be payable in respect of any subsequent appreciation and that in the event of a subsequent shrinkage in assets upon final liquidation, the amount of additional compensation would be subject to downward revision. The amount of additional compensation upon the basis of August 31, 1956 asset values, and therefore the maximum amount payable in respect of additional compensation accruing from and after February 1, 1956 has been determined at $143,272.98. This additional compensation (subject to possible downward adjustment as hereinabove noted) will be payable in five equal annual installments, the first of which is to be made at the date of the final liquidating distribution to stockholders.

Of the above amount, $133,645.32 is applicable to realized net income, and the balance, viz: $9,627.66, to unrealized appreciation. For the purpose of determining the base upon which the additional compensation applicable to realized net income is computed, deduction has been taken from income of the amount set up as provision for liquidation expenses ($50,000).

NOTE D - TAX STATUS

The corporation has elected to be taxed as a "regulated investment company" under the internal revenue code, and as such will be liable for Federal income taxes only on the amount of its undistributed net long term capital gain (less its net short term capital loss, if any) and its undistributed net income from other sources. The corporation has during the year made liquidating distributions, and will likewise in the future make further liquidating distributions, in an amount which will absorb the total net income reportable for Federal tax purposes in each of the above categories. No provision has therefore been made for Federal income tax, either in respect of the realized net income for the year or in respect of unrealized appreciation at the close thereof.

NOTE E - REDEMPTION OF CAPITAL STOCK

There were tendered to the corporation between July 6,1956 and October 5, 1956 - 145 shares which were redeemed for $130,853.42, representing an average of $902.44 per share. In connection with such redemptions, distributions were made in kind - (to those stockholders who elected to receive these securities) - 130 certificates of interest of Graham Newman Corporation Liquidating Trust, and 250 shares Philadelphia & Reading Corporation stock.

NOTE F - PROFIT AND LOSS ITEMS

The expenses for the year as shown in the Profit and Loss statement herein represent the expenses incurred to August 31, 1956 only, the expenses incurred subsequent to that date having been considered as liquidation expenses, and charged to the Provision for Liquidation Expenses. (see Note A(3)).

The share of the income and capital gains of Graham-Newman Corporation Liquidating Trust allocable to the certificates of interest owned by the company have been reflected in the statement.

The net realized gain on investments as shown in the statement includes the excess of the amounts at which securities which were distributed to stockholders in kind were evaluated when distributed, over their cost, these amounts being (1) as to 32,920 shares Philadelphia & Reading Corporation distributed as part of the first liquidating distribution at September 19, 1956 - $311,139.26; (2) as to 250 shares Philadelphia & Reading Corporation distributed as part of the redemption price of the company's stock - $1,791.05, and (3) as to 130 certificates of interest of Graham-Newman Liquidating Trust distributed as part of the redemption price of the company's stock $3,128.23.

NOTE G - SUPPLEMENTARY INFORMATION

The aggregate amount of purchases and sales of investment securities, other than United States Government obligations, made during the year were as follows:

Cost of securities purchased	$ 298,930.54
Proceeds of sales of securities	3,690,063.32
During the year securities were distributed to stockholders in the amount of (evaluated as of dates of distribution)	752,221.32

GRAHAM-NEWMAN CORPORATION

NEW YORK

INVESTMENTS IN SECURITIES

JANUARY 31, 1957

No. of Shares (or face amount)		
	SECURITIES LONG	
1,000	American Airlines, Inc. 3½% Cumulative Convertible Preferred	$102,000.00
900	American Cyanamid Co. 3-3/4% Convertible Preferred "C"	129,600.00
100 M.	Dow Chemical Co. Convertible Subordinated Debentures 3/82	129,500.00
70	Thermoid Co. $2.50 Cumulative Convertible Preferred	3,150.00
	Total	364,250.00
4,870	Graham-Newman Corporation Liquidation Trust-Certificates of Interest	567,396.62
	Total	$931,646.62
	SECURITIES SHORT	
4,800	American Airlines, Inc.	$ 99,000.00
1,900	American Cyanamid Co.	137,750.00
2,184	Dow Chemical Co.	130,767.00
350	Thermoid Co.	4,156.00
	Total	$371,673.00

GRAHAM-NEWMAN CORPORATION LIQUIDATION TRUST

NEW YORK

SCHEDULE OF NET ASSETS

JANUARY 31, 1957

No. of Shares (or face amount)		
	INVESTMENTS ON SECURITIES	
1,100	Arkansas Fuel Oil Corporation	$ 40,012.00
2-64/154	Brooklyn & Richmond Ferry Co. Inc.	441.00(a)
4,100	C.N.I. Liquidating Corporation	16,400.00
2,500	Carman & Co. Inc.	225.00
1,100	Cleveland Worsted Mills Company	172,150.00
5,000	Consolidated Liquidating Corp.	3,125.00
3,405	Engineers Public Company Stubs	409.00
1,100	Houston Oil Co. of Texas	4,400.00
1,800	Kalamazoo Stove & Furnace Company	2,475.00
25	Laundry & Cleaner Supply Corp.	1,125.00
80	McCrory Stores Corp. 3½% Cumulative Convertible Preferred	5,720.00
400	National Presto Industries, Inc.	4,100.00
1019 M.	New York, New Haven & Hartford Certificates of Beneficial Interest	241,951.00(b)
600	Publicker Industries, Inc.	5,250.00
37 M.	Standard Coil Products, Inc. 5% Convertible subordinated debentures-12/1/67	27,010.00
		524,793.00
	CASH - MANUFACTURERS TRUST CO.	57,441.40
	ACCRUED INTEREST RECEIVABLE	308.33
	TOTAL - represented by 5,000 Certificates of Interest	$582,542.73
	SHARE OF NET ASSETS-applicable to Certificates owned by Graham-Newman Corporation - 4,870 Certificates	$567,396.62

(a) Evaluated at cost (no market quotation obtainable)

(b) Evaluated on basis of put option-see Note B

GRAHAM-NEWMAN CORPORATION
400 Park Avenue
New York 22, N.Y.

March 21, 1958

TO THE "STOCKHOLDERS OF GRAHAM-NEWMAN CORPORATION":

The Corporation has been dissolved. The Directors are acting as Trustees for the benefit of stockholders and we are pleased to enclose a copy of the report of the auditors for the year ending January 31,1958, which shows an overall profit for the twelve months.

When the New Haven matter is disposed of, a final accounting will be made to you. Pending that, the assets will continue to be invested in short term Government obligations.

Jerome A. Newman
Benjamin Graham
Robert J. Marony
David L. Dodd
Howard A. Newman
Trustees

STERN, PORTER, KINGSTON & COLEMAN
CERTIFIED PUBLIC ACCOUNTANTS

11 West 42nd Street, New York 36, N. Y.
OXFORD 5-3660

To the Board of Directors and Stockholders
of Graham-Newman Corporation:

We have examined the Balance Sheet of Graham-Newman Corporation as at January 31, 1958 and the related statements of Profit and Loss, and Changes in Net Assets for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Balance Sheet and related statements of Profit and Loss and Changes in Net Assets, as supplemented by the notes appended thereto, present fairly the financial position of Graham-Newman Corporation as at January 31, 1958 and the results of its operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Stern Porter Kingston & Coleman

STERN, PORTER, KINGSTON & COLEMAN
Certified Public Accountants

New York, N. Y.
March 6, 1958

GRAHAM-NEWMAN
(IN LIQUIDATION

B A L A N C E

JANUARY 31,

A S S E T S

CASH	$ 37,033.39
UNITED STATES TREASURY BILLS due March 24, 1958 (face amount $100,000)	99,433.34
GRAHAM-NEWMAN CORPORATION LIQUIDATION TRUST CERTIFICATES (4,870 certificates-ledger value $420,605.58) (Notes A and D)	432,028.50
	$568,495.23

CORPORATION
- NOTE A)

S H E E T

1958

L I A B I L I T I E S A N D C A P I T A L

SUNDRY PAYABLES AND ACCRUALS		$ 2,550.00
DUE TO OFFICERS-for balance of additional compensation payable-on basis of realized net income for the three fiscal years ended January 31st 1954, 1955 and 1956 (Note B)	$ 254,557.26	
Less-Amount on deposit with Manufacturers Trust Co. with instructions to pay installments as and when payable (at February 1st, 1958, 1959 and 1960)	254,557.26	-
PROVISION FOR ADDITIONAL CONTINGENT COMPENSATION for period subsequent to January 31, 1956 (Note B)		114,618.38
CONTINGENT LIABILITIES (Note E)		
NET ASSETS APPLICABLE TO CAPITAL STOCK (Note E)		451,326.85
Capital Stock:		
Authorized and issued-5,000 shares of no par value; stated value $500.00 per share		
Less retired 145 shares		
Outstanding 4,855 shares	2,427,500.00	
Capital Surplus	1,401,271.37	
Earned Surplus	692,366.34	
Total	4,521,137.71	
Less Liquidating Distributions	4,081,233.78	
Balance-Net Assets before including unrealized appreciation of Graham-Newman Corporation Liquidation Trust certificates	439,903.93	
Unrealized appreciation	11,422.92	
Total (equivalent to-on 4,855 shares-$92.96 per share)	$ 451,326.85	
		$568,495.23

GRAHAM-NEWMAN CORPORATION
(IN LIQUIDATION - NOTE A)

PROFIT AND LOSS STATEMENT

FOR THE FISCAL YEAR ENDED JANUARY 31, 1958

STATEMENT OF INCOME AND EXPENSES (excluding gain or loss on investments)		
Income		
Dividends	$ 875.00	
Less-Dividends paid on short securities	(2,510.40)	$ (1,635.40)
Interest on investments		2,972.23
Share of loss of Graham-Newman Corporation Liquidation Trust (excluding gain or loss on investments) (Note D)		(3,757.58)
Total		(2,420.75)
Expenses		
Salary of officer (Note B)	13,541.63	
Office salaries (including severance pay)	6,935.00	
Directors' fees	250.00	
Rent and light	1,508.02	
Taxes (other than Federal income tax)	1,111.05	
Legal and accounting	4,000.00	
General expense	940.26	
Depreciation	581.55	
Loss on abandonment of furniture and fixtures	2,701.60	
Total	31,569.11	
Deduct-Unabsorbed balance of provision for Liquidation expenses as at January 31,1957 (Note D)	21,028.15	10,540.96
Net Loss (excluding gain or loss on investments) (before deducting provision for additional contingent compensation of officers and provision for Federal income tax)		(12,961.71)
NET REALIZED GAIN ON INVESTMENTS		
Amount realized	437,413.96	
Cost	439,488.03	
Loss	(2,074.07)	
Share of net realized gain on investments of Graham-Newman Corporation Liquidation Trust (Note D)	128,706.79	126,632.72
NET INCOME (before deducting provision for additional contingent compensation of officers and provision for Federal income tax)		113,671.01
DEDUCT		
Provision for additional contingent compensation of officers (Note B)	9,627.66	
Provision for Federal income tax (Note C)	None	9,627.66
NET INCOME FOR YEAR		104,043.35
DEDUCT-DECREASE IN UNREALIZED APPRECIATION		
At January 31, 1957	89,630.17	
At January 31, 1958	11,422.92	
Decrease	(78,207.25)	
Less reduction in related additional contingent compensation of officers (Note B)	(9,627.66)	(68,579.59)
OVER ALL NET INCOME FOR YEAR (Note E)		$ 35,463.76

GRAHAM-NEWMAN CORPORATION
(IN LIQUIDATION - NOTE A)

STATEMENT OF CHANGES IN NET ASSETS

FOR THE FISCAL YEAR ENDED JANUARY 31, 1958

			Per share (4,855 shares)
NET ASSETS AT JANUARY 31, 1957		$804,263.09(a)	$165.66
NET INCOME FOR YEAR			
Loss for year-excluding gain or loss on investments (before deducting additional compensation of officers) (Note D)	$(12,961.71)		
Net realized gain on investments (Note D)	126,632.72		
Total	113,671.01		
Deduct-Additional contingent compensation of officers (Note B)	9,627.66		
Net Income for year		104,043.35	21.43
		908,306.44	187.09
DEDUCT			
Decrease in unrealized appreciation of investments	(78,207.25)		
Less reduction in related additional contingent compensation of officers (Note B)	(9,627.66)	(68,579.59)	(14.13)
		839,726.85	172.96
Liquidating distribution May 24, 1957 - $80.00 per share		(388,400.00)	80.00
BALANCE - NET ASSETS AT JANUARY 31, 1958		$451,326.85	$ 92.96

Represented by	At January 31, 1958		At January 31, 1957
Capital Stock		$2,427,500.00	$2,427,500.00
Capital Surplus		1,401,271.37	1,401,271.37
Earned Surplus - at January 31, 1957	$588,322.99		588,322.99
Add - Net income for year	104,043.35	692,366.34	
Total		4,521,137.71	4,417,094.36
Less-Liquidating distributions-to January 31,1957	3,692,833.78		3,692,833.78
at May 24,1957	388,400.00	4,081,233.78	
Balance-Net Assets, before including unrealized appreciation of investments		439,903.93	724,260.58
Add-Unrealized appreciation of investments at January 31, 1957	80,002.51(b)		80,002.51(b)
Decrease for year	(68,579.59)(b)	11,422.92	
Total - Net Assets		$ 451,326.85	$ 804,263.09

(a) after providing for third liquidating distribution ($40.00 per share on 4,855 shares-$194,200) declared January 28, 1957; paid February 11, 1957.

(b) represents the amount of unrealized appreciation applicable to the outstanding capital stock, after deducting the related additional contingent compensation of officers.

GRAHAM-NEWMAN CORPORATION LIQUIDATION TRUST

SUMMARY STATEMENTS

FOR THE PERIOD FEBRUARY 1,1957 TO JANUARY 31,1958

			TOTAL (5,000 certificates)	APPLICABLE TO CERTIFICATES OWNED BY GRAHAM-NEWMAN CORPORATION (4,870 certificates)
OPERATIONS				
Net Realized Gain on sales of securities			$132,142.50	$128,706.79
Other Income				
Dividends		$ 1,240.00		
Interest		5,024.97		
Total		6,264.97		
Less-New York State franchise taxes	6,597.95*			
Legal expense	2,824.92			
Accounting	700.00	10,122.87	(3,857.90)	(3,757.58)
Total Net Income for period			$128,284.60	$124,949.21

*includes tax on gains reported in prior year

SUMMARY STATEMENT for the period February 1,1957 to January 31, 1958		
Net Assets at January 31,1957 (on basis of cost of securities)	$483,548.64	$470,976.37
Add-Realized net income for period,as above	128,284.60	124,949.21
Total	611,833.24	595,925.58
Deduct-Distributions to certificate holders:		
Feb. 6,1957 $11.00 per ctf. 55,000.00		
May 22,1957 25.00 " " 125,000.00	180,000.00	175,320.00
Balance-Net Assets at January 31,1958 on basis of cost of securities	$431,833.24	$420,605.58
on basis of market value (see below)	$443,561.09	$432,028.50

ASSETS AT JANUARY 31, 1958	Cost	Value
Cash-Manufacturers Trust Co.	$ 99,929.84	$ 99,929.84
U.S.Treasury Notes 2-7/8%-6/15/58	297,328.13	297,328.13
accrued interest thereon	1,078.12	1,078.12
Other securities		
1,100 shares Arkansas Fuel Oil Corp.	35,297.15	40,425.00
1,100 shares Cleveland Worsted Mills Co.	-	6,600.00
Total	433,633.24	445,361.09
Deduct-Provision for New York State Franchise tax	1,800.00	1,800.00
Net Assets at January 31,1958	$431,833.24	$443,561.09
Per certificate (5,000 certificates)	$ 86.37	$88.71
Applicable to certificates owned by Graham-Newman Corporation (4,870 certificates)	$420,605.58	$432,028.50

NOTE A - LIQUIDATION-DISSOLUTION-LIQUIDATING DISTRIBUTIONS

The company was dissolved on September 30, 1957 and is presently in the process of winding up its affairs. Liquidation and dissolution had been voted by the stockholders at a special meeting held August 20, 1956. At June 28, 1956 the company-in order to effect an orderly liquidation of certain not readily marketable securities-transferred certain securities to Manufacturers Trust Company and Jerome A. Newman as trustees, in exchange for 5,000 trust certificates (being the equivalent of one certificate for each share of stock then outstanding). The trust was designated Graham Newman Corporation Liquidation Trust, and is herein referred to as the "liquidation trust".

Between July 6, 1956 and October 5, 1956, 145 shares of the company's stock were tendered to the company and retired, leaving 4,855 outstanding-upon which liquidating distributions were made as noted below. Certain of these stockholders elected to take liquidation trust certificates in part payment of the redemption price of their stock, and 130 trust certificates were distributed to them, reducing the company's holding to 4,870 trust certificates.

Liquidating distributions have been made totalling 840.62\frac{5}{}$ per share (on 4,855 shares) of which 760.62\frac{5}{}$ per share were voted during the prior fiscal year (including the distribution of $40 per share which was paid on February 11, 1957) and $80 per share additional was paid at May 24, 1957.

By July 31, 1957 the company had disposed of all of its securities other than the liquidation trust certificates, and the liquidation trust had disposed of substantially all of its securities (retaining only two investments which had a then market value of $85,800). At August 7, 1957 the directors voted-in view of the pending litigation in which the company had been named as one of the defendants (see Note E) to retain its then present assets until the company's liability, if any, shall have been finally determined.

At January 31, 1958, the assets of the company consisted solely of cash, short term United States Government obligations, and Graham Newman Corporation Liquidation Trust certificates. At that date the assets of Graham Newman Liquidation Trust consisted solely of cash, short term United States Government obligations, and two other investments having a market value of $47,025.

NOTE B - COMPENSATION OF OFFICERS

The president was paid a salary at the rate of $25,000 per annum for the period February 1, 1957 to August 15, 1957 (6-1/2 months).

The three principal executive officers (chairman of the board, president, and vice-president) were entitled, as a group, to additional compensation equivalent to 20% of the excess of the realized net income in each year (less the net unrealized depreciation, if any, in the value of investments at the year end which had accrued subsequent to January 31, 1948) over an amount equivalent to $40 per share per annum ($10 per share per quarter) on the outstanding capital stock-subject to certain limitations as noted in prior annual reports;-such additional annual compensation being payable in five equal annual installments-within sixty days after the close

NOTE B - COMPENSATION OF OFFICERS (Continued)

of the respective fiscal years, but payment of deferred installments could be accelerated at the discretion of the directors.

The balance of the accrued additional compensation (in respect of the four fiscal years ended January 31, 1956) which remained unpaid at June 28, 1956, was, pursuant to resolution of the board of directors at a meeting on that date, deposited on July 9, 1956 with Manufacturers Trust Company in a special account with instructions to make payment to the respective officers (or to their executors, administrators or assigns) on February 1st of each year (1957 to 1960), as the respective installments became due and payable. The installment due on February 1, 1957 was paid. At January 31, 1958 the unpaid balance of additional compensation (being the unpaid installments of additional compensation accrued for the three fiscal years ended January 31, 1954-1955 and 1956) and likewise the amount on deposit with Manufacturers Trust Company to pay the same, amounted to $254,557.26.

With respect to additional compensation accruable from February 1, 1956 to date of final liquidation, the directors at a meeting held August 21, 1956 determined that, in view of the then pending liquidation of the company, the additional compensation for such period would in no event be greater than the amount thereof as computed on the basis of the value of the net assets as at August 31, 1956; that accordingly no additional compensation would be payable in respect of any subsequent appreciation in value, and that, in the event of a subsequent shrinkage in value upon final liquidation, the amount of additional compensation for this period would be subject to downward revision. The amount of the additional compensation for the period February 1, 1956 to August 31,1956, computed on the basis of asset values as at the latter date (after making provision as at that date in the amount of $50,000 to cover liquidation expenses) has been determined at $143,272.98. Of this amount there had been charged to income for the prior fiscal year-ended January 31, 1957- the sum of $133,645.32 (computed on the basis of the realized net income for that year), leaving a balance of $9,627.66 which has been charged against income for the current fiscal year.

The additional compensation in respect of the period subsequent to January 31, 1956 is payable in five annual installments. At August 7, 1957 the directors voted to make immediate payment of the first installment (computed on the basis of the maximum amount of additional compensation for the period as computed, viz $143,272.98) in the amount of $28,654.60, leaving a balance of $114,618.38, which amount, in their opinion (in which we concur) is in excess of any downward adjustment in the amount of their additional compensation which would result from the most unfavorable determination in the pending litigation in which the company has been named as one of the defendants (see Note E). No further payments on account of additional compensation are to be made until the termination of this litigation. The balance of additional compensation, as then determined, will be payable in four installments, viz: as at the date of such final determination, and at February 1st of each of the three succeeding years.

NOTE C - TAX STATUS

The corporation had in prior years elected to be taxed as a regulated investment company under the internal revenue code, and, as such, having distributed its entire net income in each year, either as dividends or as liquidating distributions, was not liable for Federal income tax in those years. The corporation, having been dissolved during the current fiscal year, is no longer, in the opinion of its counsel, a regulated investment company. By reason of the fact that gains on the sale of securities made within twelve months after the adoption of a plan of liquidation are not reportable as taxable income under the internal revenue code and that deduction may be taken for tax purposes of the amount paid during the year on account of officers' deferred additional compensation, the company will not be subject to Federal income tax in the current year. The statement herein includes certain income and gains, and unrealized appreciation as at the year end of the liquidating trust, which are not yet reportable for tax purposes, but which will be more than offset by the allowable deduction noted above. No provision has therefore been made in the statements herein for Federal income tax for the current year or in respect of the items referred to in the preceding sentence.

NOTE D - PROFIT AND LOSS ITEMS

The share of income (loss) and capital gains of Graham-Newman Corporation Liquidation Trust allocable to the trust certificates owned by the company have been incorporated in the Profit and Loss statement herein. The book carrying value of the company's investment in the trust certificates has been correspondingly increased.

In July 1956 the management had determined to set up a provision to cover liquidation expenses in the amount of $50,000, and to charge thereto all expenses subsequent to August 31, 1956. The unexpended balance of this provision as at January 31, 1957 was $21,028.15 which amount has been applied in the statements herein against the expenses incurred during the current year.

NOTE E - CONTINGENT LIABILITIES

An action has been commenced against certain directors of New York, New Haven & Hartford Railroad Company and a large group of other defendants who had transactions with that company, - in which suit Graham-Newman Corporation has been named as one of the defendants. The company had during 1955 purchased in the open market "certificates of beneficial interest" of the railroad company which, under a "put" option, it subsequently sold to the railroad company, realizing a total sum of $512,610.83. The suit seeks to have this purchase contract by the railroad company declared null and void. The quoted market value of the "certificates of interest" at January 31, 1958 was approximately $82,000. The company has been advised by its counsel that in their opinion the suit can be successfully defended. The amount of loss, if any, which may be sustained by the company is not presently determinable. No provision for loss or for expenses in connection with this litigation has been set up, nor has any adjustment in the amount of the provision for officers' additional contingent compensation been made in the statements herein.