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TABELL'S MARKET LETTER

April 7, 1955

In an article entitled, "How High Is The Stock Market", in the April 7th issue of the Commercial & Financial Chronicle, Edmund W. Tabell says that the market appears to be in a middle area, neither vulnerably high nor drastically undervalued and that each stock must be examined individually as to whether it is under-priced or over-priced.

He says that, from a technical viewpoint, there is no immediate evidence of a major top in the market. His immediate attitude is conservatively bullish with commitments limited to less exploited situations with a minimum downside risk. If speculative excesses develop, he would be inclined to gradually lighten capital gains holdings on strength. From the longer term investment viewpoint, there seems to be no reason to disturb undervalued present holdings or to refrain from adding to commitments in undervalued situations.

He still believes a rise to the 600 level is a possibility by 1958-1960 and does not believe the industrial average will sell below 335 in the next five years.

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BARBER OIL COMPANY

Statistics

Current Market	59
Current Dividend	\$2.00
Current Yield	3.9
Funded Debt. & Pfd. Stk.	None
Common Stock (shs.)	754,882
Earnings per share, 1954	\$1.21
Earnings per share, 1953	\$5.11*
Price Range—1955-1951	66 5/8-29 1/2

*Includes \$3.35 non-recurring profits.

Assuming that cash in the hands of a proven, successful management is a good investment, the shares of Barber Oil Company would bear watching as an attractive long-term oil industry participation. Barber's principal asset consists of 375,000 shares of American Republics. The assets of this company have recently been sold to Sinclair Oil, and it will shortly be liquidated at \$72 per share. This will result in cash for Barber of about \$22 million after capital gains taxes, or close to \$30 per Barber share. Added to present cash in the coffers, Barber now has

about \$35 per share in cash for investment.

It is the stated intention of the management to use this cash for various operations in the oil industry. Considering the successful record of Mr. T. Rieber and his associates in changing Barber from a roofing company with oil royalties into the major stockholder in a successful oil producer, it seems fair to conclude that this money will be used wisely. The faith of the management in the company's progress is indicated by their stated willingness to buy the company's own stock if this can be done at advantageous prices. Since Barber is selling at a discount from probable break-up value, such prices would presumably not be too far below current levels. Barber's other assets, beside the \$35 a share mentioned above, seem to give the stock real value. It has recently acquired 160,000 shares of TXL Oil Corporation and 10,000 Texas Pacific Land Trust. Since this has a current market value of \$8 per Barber share, the current buyer of Barber Oil at \$59. is paying only \$16. per share for all of Barber's other assets. These include a fleet of eight ocean-going tankers, all under charter, a 48% interest in another tanker company, and perhaps, most interesting, a 50% interest in American Gilsonite Inc. which it owns jointly with Standard Oil of California. Gilsonite is a hydro-carbon product now used in the manufacture of storage batteries, electrical insulation and other products. Research is now under way on possible extraction of petroleum from this mineral, and while this is still in an exploratory stage, it represents an interesting potentiality.

It would thus appear that at current prices Barber represents fair value to the current purchaser. The stock is now selling close to its 58-54 technical support level and the chart pattern indicates 75-80 followed by a long-term 105-115. Further development of the large cash position on the part of an astute management could very possibly result in substantial capital gains.

ANTHONY W. TABELL

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