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TABELL'S MARKET LETTER

December 5, 1958

The price range for the week held within a relatively narrow trading area of less than ten points in the Dow-Jones Industrial average as contrasted with the thirty-point swing down and up again in the previous week. As far as general market action is concerned, the November high and low of 572.05 and 538.43 are the points to watch for indications of the nearby trend. An upside penetration would indicate a continued uptrend to the 600 level, and a downside penetration would, from a technical viewpoint, indicate a decline to the 525-520 support level. Friday's close was 556.75. It is possible that with the cross currents of tax selling, the Industrials will remain within the 570-540 range during the remainder of December and not break out of the pattern until early next year when some of the present uncertainties, like automobile sales, are clarified. Individual issues still have constructive patterns and a new stock is being added to my recommended list.

ROHR AIRCRAFT CORP

Current Price	36
Current Dividend	\$1.40 + 4% stock
Current Yield	3.9% +
Long Term Debt	\$8,100,500 (1)
Common Stock	940,078 shs.
Sales, 1958 (2)	\$147,538,056
Earned Per. Sh.	\$4.28
1958 (2)	
Mkt. Range 1958-54	37 1/2 - 19 1/4

(1) Includes \$7,391,000 Debentures convertible into common at \$28.

(2) Fiscal Year Ends July 31st.

and adds the necessary components to make a package ready for installation on the wing. Since the company sells to most major airframe producers, it is less vulnerable to cancellation of contracts to any one producer. In addition, its \$245 million backlog is now 60% composed of commercial business, thus giving it representation in this fast growing segment of the aircraft industry and further protecting it from defense spending fluctuations.

Rohr manufactures power packages for many of the major planes now in use including the Boeing 707, Lockheed Electra, the Convair 880 and, in the military field, the Boeing 52-G and the Lockheed C-130-B. In addition to power packages, Rohr manufactures structural panels of "honeycomb sandwich" stainless steel, which it has patented and developed. The company is one of the largest users of titanium and maintains an extensive research department working on new metallurgical techniques. Rohr has also recently moved into the field of noise suppressors and thrust reversers for jet engines. The reader will recall the recent controversies between jet manufacturers and airports and the resultant requirements that noise suppressors be installed. Rohr now manufactures the Boeing-designed noise suppressor for the 707 and has designed its own suppressor which is now undergoing tests. Rohr's long term record is one of continued growth. The company earned \$4.28 per share in the fiscal year ended July 31, 1958 on sales of \$147 million. In 1951, net was only \$1.07 on sales of \$26 million. Earnings have increased in every year since 1951 with one exception. Despite this growth record, and future potential, the current market marks Rohr common at less than nine times 1958 earnings of \$4.28. There is some potential dilution from convertible debentures outstanding, but on a fully converted basis the company would have earned some \$3.50, making the adjusted multiple just 10.

From a technical viewpoint, the stock has broken out of a long 35-20 range. The stock appears to have a long term potential above 60, with downside support at the 33-30 level. Both the common and convertible debentures are recommended for purchase.

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WALSTON & CO. INC.

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