

Walston & Co.

Inc

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OFFICES COAST TO COAST AND OVERSEAS

TABELL'S MARKET LETTER

March 10, 1961

After reaching an intra-day high of 678.23 on Monday, the Dow-Jones Industrial average declined to an intra-day low of 658.57 on Friday. Probably a technical correction is overdue. A one-third correction of the 115-point advance from the October lows would bring the average back to 640. This would be a 5% decline, which is about the maximum to be expected at this stage of the technical pattern.

ELECTRIC STORAGE BATTERY CO.

Current Price	58	Expanding technology and new product development, have created many opportunities for investors over recent years. Such opportunities, however, have all too often involved the purchase of extremely speculative securities with consequent assumption of a good deal of downside risk. It is all too rare to find an established and stable company with an excellent earnings base which still has an opportunity to increase revenues sharply, through applied research and technological develop-
Current Dividend	\$2.00	
Current Yield	3.5%	
Long-Term Debt	\$2,851,000	
Common Stock	1,712,145 shs.	
Sales-1960	\$148,124,000	
Earned Per. Sh. 1960	\$3.58	
Mkt. Range (1961-60)	73 - 50 3/8	

ments. Such a company is Electric Storage Battery.

ESB is a major producer of batteries of all shapes and sizes, ranging from flash light batteries, through automobile cells, to the largest industrial batteries. Earnings per share (\$3.58 in 1960) have been extremely stable, averaging \$3.25 over the past five years. Continuity of the \$2.00 dividend appears assured, and financial position is excellent with net working capital per share amounting to almost half the market price, and book value of \$48.93 per share.

Not content simply to be a leading manufacturer of batteries, ESB prefers to regard itself as a leader in the entire field of packaged power. To this end, it has expended significant amounts on research, engineering and product development in this area. Among the new fields which the company is engaged in exploring are the following:

Fuel Cells - These devices which produce electric power from a chemical reaction could ultimately be a major source of energy. ESB's research in this field has been intensified, and the company has signed agreements with seventeen leading materials-handling-equipment manufacturers, to develop a fuel cell to power their vehicles. With these agreements, the company could have an assured market for fuel cells once a practicable product is developed.

Electric Trucks - The company owns a 51% interest in the Cleveland Electric Vehicle Company, now in initial stages of production. The possibilities of the use of electric trucks by Post Offices have been extensively investigated, and it is estimated that, in many cities they could be utilized at a 50% saving over gasoline-powered vehicles. Obviously, any increased use of electric vehicles could have an important effect on battery sales.

Microporous Plastics - This material, a joint development of ESB and Reeves Brothers, Inc., is water-proof and yet allows the penetration of air. Raincoats, and other garments made from this material have received an excellent trade reception and are now available in retail stores. Industry sources feel that within a few years a major portion of the raincoat market could be captured and important applications in their fields could be developed. (REEVES BROS., which is being added to our recommended list, also offers an interesting participation in this and other fields to those investors who can afford a greater degree of risk).

Desalinization - The company holds a government research and development contract for an electro-chemical process removing salt from sea water.

The above projects, plus the company's stable earnings base, combine to create an attractive investment opportunity. This is reflected in the technical pattern for the stock which shows a long-term objective of over 100, with strong support at around the 50 level. The stock, which has been on the recommended list for some time, is again suggested for purchase in investment accounts.

Dow-Jones Ind. 663.56

ANTHONY W. TABELL

Dow Jones Rails 143.00

WALSTON & CO., INC.

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