

Walston & Co.

Inc

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TABELL'S MARKET LETTER

June 5, 1964

The first four days of last week saw the Dow-Jones Industrial Average, along with most individual stocks, decline sharply. Thursday's low was 800.76, close to our down-side objective of 795-785.

In an uncertain market of this nature, holdings should combine a minimum of down-side risk with good long range upside potential. American Can Company is therefore being added to our Recommended List for quality and long term growth.

AMERICAN CAN COMPANY

Current Price	44	American Can, currently at 44, is selling at 17 times last year's earnings of \$2.56
Current Dividend	\$2.00	to yield 4 1/2% on the \$2.00 dividend. A similar statement could have been made at almost
Current Yield	4.5%	any time during the past 10 years. With short
Long Term Debt	\$227,685,000	periods of exception, the price range since
\$1.75 Pfd. Stock	1,661,502 shs.	1954 has been 40-50 and earnings have held
Common Stock	16,112,107 shs.	between \$3.04 peak and \$2.06. The \$2.00
Sales 1963	\$1,149,400,000	payout has been a fixture since 1956. Al-
Earned per share 1963	\$2.56	though this is hardly the picture of a growth
Market Range: 1964-62	47 3/8-38 1/8	stock, there have been profound changes taking
		place during the past decade which have not
		been reflected in the income statement.

American Can is no longer purely a tin can maker, operating on razor-thin profit margins brought about by intense competition. It is, in 1964, a diversified company spanning the entire packaging field with strong technological and financial abilities auguring well for growth outside the packaging area. Since 1956 Dixie Cup and Marathon Paper have been acquired. In 1960 the company entered the glass container field. In 1962 it acquired Metal & Thermit Corporation giving it representation in the chemical and metallurgical fields and has recently announced the acquisition of Hanson Van Winkle, a New Jersey electroplating concern with sales of \$17 million. It has been a leader in new product development throughout the packaging area.

It is certainly legitimate to ask why all this has not been reflected in results. The answer is that growth of newly introduced packages is slow but steady. The metal beer can, for example, took 20 years from the date of its introduction to achieve the commanding share of the market it now holds. Many recent American Can introductions may be in the early stage of similar growth patterns. For example, soft drink cans increased their sales by 28% over 1962. Their total market share should double by 1967.

That American Can intends to remain in the forefront of packaging technology is evident by its recent formation of a corporate planning and development department with an executive vice-president in charge. This department is now building its own research and development center.

An example of American's technological leadership is the metal-blowing process, licensed by American from Ilikon Corporation. Capable of forming seamless aluminum containers of any type by forcing gas bubbles through a bath of molten metal, the process has recently passed from the experimental to the pilot production stage and will be applied to other materials, including plastic. It could well revolutionize the entire can-making field by affording significant economies over the present highly complex process.

From a technical point of view, if the narrow range in which the stock has long held is considered a base, the ultimate upside potential could be well above current levels. It is felt that continued development and expansion will produce the earnings to justify such levels over the long term, and the stock is recommended for income and long-term growth.

ANTHONY W. TABELL
WALSTON & CO., INC.

Dow-Jones Industrials 806.03
Dow-Jones Rails 202.50