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TABELL'S MARKET LETTER

March 10, 1967

COMMUNICATIONS SATELLITE CORPORATION

Current Price	61 1/4
Current Dividend	nil
Current Yield	nil
Long-Term Debt	None
Common Stock	10,000,014 shs.
Sales - 1966-E	\$10,000,000
Sales - 1967-E	\$25,000,000
Earn. Per Sh. 1966-E	nil
Earn. Per Sh. 1967-E	40¢ to 50¢
Mkt. Range 1966-67	35 - 64 7/8

Holding the distinction of being created by an Act of Congress just a few years ago, the Communications Satellite Corporation already threatens to become a powerful interloper in what heretofore has been the comfortable and stable world of communications. Referred to by most people as "Comsat," the Corporation may be the forerunner of other companies operating communication facilities in outer space as their main area of endeavor, perhaps replacing entirely the underground and underwater cables and long distance lines of today. One Wall Street analyst has put it this way: "... just as the pony express gave way to the telegraph... the revolu-

tionary technology of communications through space via satellites is about to become man's first commercial utilization of space." While only the passage of time will reveal if the hopes that now are held for the successful operation of Comsat are to be realized, to the investor seeking long-term growth potential these shares appear to have distinct appeal at the present time.

There seems to be little doubt that these shares continue to be a favorite trading vehicle for speculative accounts while at the same time being suitable for conservative growth accounts. Despite the fact that half of the outstanding shares are closely held by other communications companies, generally more than 2% of the total shares change hands monthly. Among the common carriers operating within the communications field, AT&T is the largest single shareholder with 29% of the outstanding stock. International Tel & Tel holds 10.5%, General Telephone has 3.75%, RCA 2.5%, and about 5% is held by 130 other communications companies.

The Early Bird satellite success of 1965 was the first major milestone in the development of the global system of communications that constitutes Comsat's main area of operation. This is a synchronous satellite orbiting the earth approximately 22,000 miles above the equator. At this height, the satellite can cover more than one-third of the earth's surface. The recent launching of another satellite brings the earth coverage to just over 65% of the globe. Full global coverage will be completed as soon as stations can be established in central Asia. Early Bird already has increased by more than 50% the telephone capacity across the Atlantic. Operating cost reductions are expected when full coverage is achieved since the cost of operating ground stations is low when compared with the upkeep of underwater cables. With international communications traffic growing at a rate of about 20% annually, the need for expansion of capabilities is apparent. It has been said that better communications at better prices bring their own customers. In addition to the projected expansion of telephone and TV satellite operations, there is believed to be considerable potential in international telegram and cable traffic.

Compared with total revenues of \$2.1 million in 1965, the estimate for 1966 is near the \$10 million level. More than a doubling to around \$25 million is anticipated for 1967. Because of the adoption of a profit-and-loss accounting system throughout 1967, only conventional earnings results will be reported. Earlier, it had seemed likely that between 40¢ and 50¢ a share would have been realized this year. Consequently, dividends in cash are not part of the foreseeable future. Basically, investment in Comsat represents a concept of inevitable growth due to ever increasing demand. Added to this is the attractive prospect that any competition will be a long time in developing.

Technically, Communications Satellite has held in a broad accumulation area recently testing a major support area during the August-October lows. The stock indicates a long-term upside objective in excess of 100. With minimum downside risk present, and a marked improvement recently in relative strength, this issue is being added to our Capital Appreciation List.

HARRY W. LAUBSCHER for ANTHONY W. TABELL
WALSTON & CO. INC.

Dow-Jones Ind. 848.50
Dow-Jones Rails 234.18

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