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TABELL'S MARKET LETTER

June 19, 1970

With a new surge of strength, the market moved ahead last week, the Dow-Jones Industrials reaching a new high at 728.23 on Friday. Strength was variously attributed to a slowed rise in the cost of living, the British elections, and an anticipated rise in the short interest which, indeed, materialized when the NYSE announced a 23% increase after Friday's close. However, figures on mutual fund activity during May, also released Friday, were disappointing, showing redemptions almost equal to sales for the first time in the history of the industry. Funds, however, were net sellers during May, raising their cash position to over 10% of net assets.

While time will be required to sort out these developments, more and more stocks, as the market progresses from the May 26 low, show evidence of improving technical action and continue to present attractive investment buying opportunities. One such issue is reviewed below.

PHILLIPS PETROLEUM COMPANY

Current Price	26 3/8
Current Dividend	\$1.30
Current Yield	4.9%
Long Term Debt	\$787,413,000
Common Stock	47,041,043 shs.
Sales-1970 Est.	\$2.35 billion
Sales-1969	\$2.20 billion
Earn. Per Sh. 1970-E.	\$1.85
Earn. Per Sh. 1969	\$1.73
Mkt. Range 1970-69	38 3/4 - 20

"Oil is where you find it," is an adage long in use in petroleum circles. But finding it and getting it to market are two entirely different-colored birds. While many companies are optimistic about huge oil deposits they believe they have discovered hiding deep beneath the dreary arctic wastes, the problem of getting that oil to consuming markets has yet to be completely resolved. Phillips Petroleum, one of the largest of the international petroleum companies, has an important stake in this arctic program through its 48% interest in Pacific Petroleum Ltd., and will benefit once the problems have been solved.

However, it is another important oil discovery area that attracts our immediate attention to Phillips. The recent strength in these shares stems from development of the company's properties in the Norwegian North Sea where production capacity of a newly-discovered field could be as high as 600,000 to 1 million barrels daily. Phillips' interest in this field is 37%. The steadily growing appetite of oil hungry Europe, just a short pipeline distance away, suggests an assured market.

Phillips has interests in other areas such as Venezuela, Iran and North Africa. Recent important discoveries in Nigeria, offshore New Guinea and offshore Egypt are additional plusses. Domestically, Phillips is a leading integrated oil company and is one of the most broadly based in the industry, with important representation in natural gas liquids, petrochemicals and plastics. Being one of the largest producers of natural gas in the continental U.S.A., Phillips should benefit from any increase in gas rates, action toward which already is underway. Its Pacific Pete interest is a further important factor in long-range natural gas production and distribution.

The earnings performance in recent years has been sluggish. However, the prospects for more rapid improvement are now favorable, although higher taxes and increased costs will have some dragging effect on 1970 results. Despite this, however, net per share should rise to around \$1.85, from \$1.73 last year. Continued firming in the LPG area and more favorable chemical prices augur well for the 1971 outlook. Looking further down the road, a leading advisory service makes so bold as to suggest earnings in the \$3 to \$4 a share area by 1973-1975. Dividends, which have been raised annually since 1961, should parallel this growth.

Technically, the years of unsatisfactory earnings performance have enabled Phillips to build a base of considerable breadth extending from the low-20s to around the mid-30s. This enables an initial price projection at 37, followed by a higher objective in the low 50s. On the downside there would appear to be a minimum risk factor, considering the extensive support recently built into the 24-20 range.

Already in the Quality & Long Term Growth section of our Recommended List, we feel that Phillips Petroleum is again an attractive purchase for accounts seeking attractive longer-term investment potential as well as for those accounts seeking well-defined intermediate term appreciation.

Dow-Jones Ind. 720.43
Dow-Jones Trans. 139.87

ANTHONY W. TABELL - HARRY W. LAUBSCHER
WALSTON & CO.

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