

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

December 23, 2002

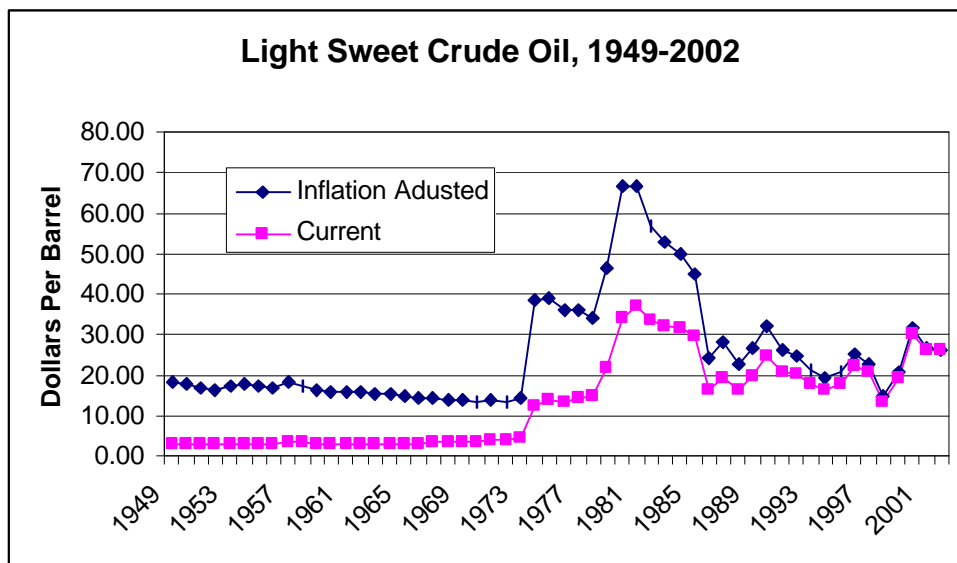
\$40 Oil in 2003

Summary and Recommendation

We encourage investors to implement the recommendations in the McDep Energy Portfolio to benefit from, or protect against, commodity pressures likely to take energy values higher next year. During the 1970s the price of crude oil went from about \$3 a barrel to about \$30 a barrel. Adjust for inflation and the 1973 level becomes about \$40 in today's currency. As a result, we see much upside to oil futures prices for the next six years that average less than \$24 today. Meanwhile, our sell recommendations gained traction on December 17 when a leading energy income partnership announced that its general partner would scale back the GP take to 25% from 50%. We have criticized the abusive compensation arrangement. At the same time the move calls attention to the questionable nature of remaining "high greed" entities including our sell recommendations. We highlight sell and buy recommendations in our ranking of 85 stocks by McDep Ratio and unlevered cash flow multiple (see Tables L-1, L-2, M-1, M-2, S-1, S-2).

Oil Price Pressures Building

The historical pattern of crude oil price seems to trace alternating periods of stability and instability. We think we are now entering a period of instability on the upside (see Chart).



One-year oil futures are currently \$27.47 a barrel implying a modest increase from an actual average of \$26.06 in 2002. Yet six-year oil futures are a low \$23.69. It seems highly likely to us that actual price will average higher than \$23.69 for the next six years.

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Compensation Reduction Pressures the Remaining Greedy General Partners

Enterprise Products Partners (EPD) announced that its general partner would no longer expect to pocket 50% of distributions above a target level. Instead the GP would limit its incremental share to the 25% it has begun to receive.

This breakthrough comes as the financing well has started to dry up for high greed partnerships. Investors increasingly question and scrutinize financial arrangements that in the bull market received little attention. EPD's action should give it preferential access to capital from those providers who may be comparing it to high greed alternatives.

EPD creates a competitive advantage as its action turns up the heat on the greediest general partners to become increasingly defensive about arrangements that, in our opinion, cannot be defended. Sell recommended **Kinder Morgan (KMI)** is most vulnerable as it takes an average 40% of all distributions and 50% of incremental distributions by sell recommended **Kinder Morgan Energy Partners (KMP)**. The sweet deal for the promoters is made more one-sided by the issuance of a low quality payment-in-kind (PIK) security that creates an obligation for the partnership to pay more cash to the GP to match mere paper distributions made to holders of the PIK, **Kinder Morgan Management (KMR)**.

Similarly, sell recommended **Enbridge Energy Partners (EEP)** and **Enbridge Energy Management (EEQ)**, essentially Kinder Morgan wannabes, are likely to be viewed increasingly distastefully by investors. Sell recommended **El Paso Energy Partners (EPN)** is the second greediest of partnerships after Kinder Morgan. Rounding out the top four is **TEPPCO Partners (TPP)**.

Buy recommended **Royal Dutch (RD)** is 30% owner of the privately held general partner of EPD. That has been a concern for us and we are partly relieved that RD has moved to make the partnership fairer to investors. We remain disturbed that buy recommended **ConocoPhillips (COP)** is the minority owner of the GP of TPP. We would not consider recommending **Duke Energy (DUK)**, majority owner of the GP of TPP, as long as it pursues a high greed strategy at the expense of investors.

Obviously we give low credence to the value of any economic contribution by high greed partnerships. That said, if the compensation structure was cleaned up, balance sheets were strengthened, accounting became less deceptive and promotion less self-serving, some of those energy partnerships could be attractive investments at lower stock price.

Kurt H. Wulff, CFA

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Table L-1
Mega Cap and Large Cap Energy Companies
Rank by McDep Ratio: Market Cap and Debt to Present Value

	Symbol/ Rating	Price (\$/sh) 19-Dec 2002	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
Mega Cap							
Exxon Mobil Corporation	XOM	35.15	6,787	239,000	36.00	0.09	0.98
BP plc	BP	39.90	3,738	149,000	50.00	0.15	0.83
TotalFinaElf S.A.	TOT	67.42	1,346	90,700	90.00	0.14	0.78
Royal Dutch/Shell	RD B	42.51	3,481	148,000	60.00	0.15	0.75
ChevronTexaco Corporation	CVX B	66.25	1,063	70,400	101.00	0.17	0.72
<i>Total or Median</i>				<i>697,000</i>		<i>0.15</i>	<i>0.78</i>
Energy Infrastructure							
Southern Company	SO	28.65	701	20,100	23.90	0.47	1.11
American Electric Power Co. Inc.	AEP N	27.27	326	8,900	27.40	0.74	1.00
Enel S.p.a. (32%)	EN	24.61	388	9,600	32.70	0.39	0.85
Exelon Corporation	EXC N	51.35	323	16,600	70.80	0.45	0.85
Dominion Resources	D	53.95	269	14,500	76.20	0.45	0.84
Duke Energy Corporation	DUK	19.70	792	15,600	30.40	0.48	0.82
El Paso Corporation	EP N	7.15	590	4,200	20.00	0.66	0.78
<i>Total or Median</i>				<i>69,000</i>		<i>0.47</i>	<i>0.84</i>
Natural Gas and Oil							
Occidental Petroleum Corp.	OXY	28.68	376	10,800	32.00	0.38	0.94
Devon Energy	DVN	46.62	165	7,700	55.00	0.48	0.92
Encana Corporation	ECA B	30.86	470	14,500	35.00	0.28	0.91
Anadarko Petroleum Corp.	APC	48.23	266	12,800	56.00	0.26	0.90
ENI S.p.A.	E	74.12	776	57,500	85.00	0.18	0.89
OAo Lukoil	LUKOY	60.90	299	18,200	70.00	0.08	0.88
Burlington Resources	BR B	42.12	202	8,500	57.00	0.28	0.81
Unocal Corporation	UCL	31.35	245	7,700	45.00	0.33	0.80
ConocoPhillips	COP B	48.86	680	33,200	80.00	0.32	0.74
Marathon Oil Corporation	MRO B	21.14	310	6,600	40.00	0.37	0.70
Petroleo Brasileiro S. A.	PBR N	15.33	1,086	16,600	30.00	0.27	0.64
<i>Total or Median</i>				<i>183,000</i>		<i>0.28</i>	<i>0.85</i>
Service							
Baker Hughes Inc.	BHI	32.01	339	10,900	25.00	0.09	1.26
Schlumberger Ltd.	SLB	43.06	581	25,000	44.00	0.22	0.98
Halliburton Company	HAL	19.50	434	8,500	22.00	0.25	0.92

Buy/Sell rating after symbol: B - Buy, N - Neutral, S - Sell

McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses

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Table L-2
Mega Cap and Large Cap Energy Companies
Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

	Symbol/ Rating	Price (\$/sh) 19-Dec 2002	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM	
Mega Cap								
Exxon Mobil Corporation	XOM	35.15	1.2	9.4	20	2.6	9.6	
BP plc	BP	39.90	1.0	7.6	16	3.6	9.1	
Royal Dutch/Shell	RD	B	42.51	0.9	7.1	16	4.0	9.5
TotalFinaElf S.A.	TOT		67.42	1.1	7.1	14	3.8	9.0
ChevronTexaco Corporation	CVX	B	66.25	0.9	6.4	14	4.2	9.0
	<i>Median</i>			<i>1.0</i>	<i>7.1</i>	<i>16</i>	<i>3.8</i>	<i>9.1</i>
Energy Infrastructure								
Southern Company	SO		28.65	3.4	10.0	17	4.7	9.0
American Electric Power Co. Inc.	AEP	N	27.27	0.6	9.0	9	8.8	9.0
Enel S.p.a. (32%)	EN		24.61	2.1	7.7	30	6.6	9.0
Exelon Corporation	EXC	N	51.35	2.3	7.6	11	3.4	9.0
Dominion Resources	D		53.95	3.2	7.6	11	4.8	9.0
Duke Energy Corporation	DUK		19.70	0.7	7.4	8	5.6	9.0
El Paso Corporation	EP	N	7.15	2.2	6.0	4	12.2	7.7
	<i>Median</i>			<i>2.2</i>	<i>7.6</i>	<i>11</i>	<i>5.6</i>	<i>9.0</i>
Natural Gas and Oil								
Devon Energy	DVN		46.62	3.0	6.8	47	0.4	7.4
Burlington Resources	BR	B	42.12	4.5	6.8	22	1.3	8.4
ConocoPhillips	COP	B	48.86	0.8	6.7	14	3.3	9.1
ENI S.p.A.	E		74.12	1.6	6.5	14	4.6	7.3
Encana Corporation	ECA	B	30.86	2.8	6.4	16	0.8	7.0
Anadarko Petroleum Corp.	APC		48.23	2.6	6.0	11	0.8	6.7
Occidental Petroleum Corp.	OXY		28.68	1.4	5.7	10	3.5	6.0
Marathon Oil Corporation	MRO	B	21.14	0.4	5.3	10	4.4	7.6
Unocal Corporation	UCL		31.35	2.2	4.9	11	2.6	6.2
OAOLukoil	LUKOY		60.90	1.6	4.3	9	1.8	4.9
Petroleo Brasileiro S. A.	PBR	N	15.33	1.3	3.2	4	8.8	5.0
	<i>Median</i>			<i>1.6</i>	<i>6.0</i>	<i>11</i>	<i>2.6</i>	<i>7.0</i>
Service								
Baker Hughes Inc.	BHI		32.01	2.3	13.6	38	1.4	10.8
Schlumberger Ltd.	SLB		43.06	2.3	8.8	32	1.7	8.9
Halliburton Company	HAL		19.50	1.0	8.3	17	2.6	9.0

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended September 30, 2003; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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Mid Cap Energy Companies
Rank by McDep Ratio: Market Cap and Debt to Present Value

	Symbol/ Rating		Price (\$/sh) 19-Dec 2002	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
Energy Infrastructure								
Kinder Morgan Energy Partners, L.P.	KMP	S	33.99	135	4,600	14.00	0.47	1.75
Kinder Morgan Management, LLC	KMR	S	30.20	40	1,200	14.00	0.47	1.60
Enterprise Products Part.	EPD		19.22	175	3,400	9.50	0.43	1.58
Kinder Morgan, Inc.	KMI	S	41.00	123	5,000	8.10	0.87	1.51
Constellation Energy Group	CEG		28.05	164	4,600	20.00	0.69	1.13
Calpine Corporation	CPN	N	3.17	375	1,200	1.00	0.97	1.06
AES Corporation	AES		3.28	543	1,800	1.00	0.98	1.05
Williams Companies	WMB		2.35	521	1,200	1.00	0.97	1.04
Dynegy Inc.	DYN		1.01	418	400	1.00	0.94	1.00
CMS Energy Corporation	CMS		8.65	137	1,200	8.70	0.90	1.00
Sempra Energy	SRE		23.40	207	4,800	24.30	0.64	0.99
Valero Energy Corporation	VLO		36.80	115	4,300	40.00	0.60	0.97
Mirant Corporation	MIR		1.50	413	600	4.00	0.86	0.91
<i>Total or Median</i>					<i>34,300</i>		<i>0.86</i>	<i>1.05</i>
Natural Gas and Oil								
Petro-Canada	PCZ		31.26	262	8,200	31.00	0.11	1.01
Murphy Oil Corporation	MUR		82.65	46	3,800	82.00	0.18	1.01
Ocean Energy, Inc.	OEI		20.15	178	3,600	20.00	0.30	1.01
XTO Energy Inc.	XTO	B	25.10	125	3,100	26.00	0.25	0.97
Suncor Energy	SU		15.71	454	7,100	17.00	0.25	0.94
Imperial Oil Limited (30%)	IMO		29.16	114	3,300	33.00	0.13	0.90
Norsk Hydro ASA (49%)	NHY		42.94	126	5,400	54.00	0.18	0.83
CNOOC Limited (19%)	CEO	B	26.83	78	2,090	33.00	-	0.81
PetroChina Company Ltd (10%)	PTR	B	20.03	176	3,500	30.00	0.17	0.72
<i>Total or Median</i>					<i>40,100</i>		<i>0.18</i>	<i>0.94</i>
Coal Producers (Small Cap)								
Consol Energy Inc.	CNX		16.41	79	1,300	5.00	0.88	1.27
Penn Virginia Res. Part, L.P.	PVR		20.15	15	300	17.00	-	1.19
Peabody Energy	BTU		28.08	55	1,600	18.00	0.75	1.14
Arch Coal	ACI		21.60	48	1,000	18.00	0.61	1.08
Fording Inc (US\$)	FDG		21.40	52	1,100	23.00	0.04	0.93
Alliance Res. Part, L.P.	ARLP		23.68	16	400	29.00	0.36	0.88
Massey Energy	MEE		10.25	75	800	18.00	0.37	0.73
					<i>6,500</i>		<i>0.37</i>	<i>1.08</i>

Buy/Sell rating after symbol: B - Buy, N - Neutral, S - Sell

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Table M-2
Mid Cap Energy Companies
Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

			Price (\$/sh)	EV/ Sales	EV/ Ebitda	P/E	Dividend or Distribution	PV/ Ebitda
	Symbol/ Rating		19-Dec 2002	NTM	NTM	NTM	NTM (%)	NTM
Energy Infrastructure								
Enterprise Products Part.	EPD		19.22	1.7	17.4	42	6.5	11.0
Kinder Morgan Energy Partners, L.P.	KMP	S	33.99	3.3	14.8	17	7.2	8.4
Kinder Morgan Management, LLC	KMR	S	30.20	3.0	13.5	15	8.1	8.4
Kinder Morgan, Inc.	KMI	S	41.00	3.6	13.3	16	0.5	8.8
Calpine Corporation	CPN	N	3.17	1.8	10.8			10.2
Constellation Energy Group	CEG		28.05	2.9	10.3	11	3.4	9.2
AES Corporation	AES		3.28	2.8	9.5			9.0
Williams Companies	WMB		2.35	1.9	9.3		-	9.0
Dynegy Inc.	DYN		1.01	0.2	9.0		-	9.0
CMS Energy Corporation	CMS		8.65	1.3	9.0	5	8.3	9.0
Sempra Energy	SRE		23.40	2.5	8.9	9	4.3	9.0
Mirant Corporation	MIR		1.50	0.4	8.2	1	-	9.0
Valero Energy Corporation	VLO		36.80	0.4	7.6	9	1.1	7.8
	<i>Median</i>			<i>1.9</i>	<i>9.5</i>	<i>11</i>	<i>3.4</i>	<i>9.0</i>
Natural Gas and Oil								
Suncor Energy	SU		15.71	3.4	10.2	22	1.4	10.8
Murphy Oil Corporation	MUR		82.65	0.9	8.1	39	1.8	8.0
Ocean Energy, Inc.	OEI		20.15	4.7	7.9	34	0.8	7.8
Petro-Canada	PCZ		31.26	1.9	7.4	19	0.8	7.4
Imperial Oil Limited (30%)	IMO		29.16	1.1	7.3	14	1.8	8.1
XTO Energy Inc.	XTO	B	25.10	4.6	6.2	12	0.2	6.4
CNOOC Limited (19%)	CEO	B	26.83	3.6	4.6	9	2.3	5.7
Norsk Hydro ASA (49%)	NHY		42.94	0.8	4.0	12	2.4	4.8
PetroChina Company Ltd (10%)	PTR	B	20.03	1.6	3.7	7	6.3	5.1
	<i>Median</i>			<i>1.9</i>	<i>7.3</i>	<i>14</i>	<i>1.8</i>	<i>7.4</i>
Coal Producers (Small Cap)								
Penn Virginia Res. Part, L.P.	PVR		20.15	9.5	13.1	15	9.9	11.0
Consol Energy Inc.	CNX		16.41	2.0	12.3	37	3.4	9.7
Peabody Energy	BTU		28.08	1.6	10.2	24	1.4	9.0
Arch Coal	ACI		21.60	1.6	9.7	121	1.1	9.0
Fording Inc (US\$)	FDG		21.40	1.9	8.4	19	1.8	9.0
Massey Energy	MEE		10.25	1.1	6.5	256	1.6	8.9
Alliance Res. Part, L.P.	ARLP		23.68	1.3	5.3	7	8.4	6.0
				<i>1.6</i>	<i>9.7</i>	<i>24</i>	<i>1.8</i>	<i>9.0</i>

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2003; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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Energy Infrastructure								
El Paso Energy Partners	EPN	S	28.50	57.0	1,620	5.60	0.64	2.46
Enbridge Energy Partners, L.P.	EEP	S	41.10	35.0	1,440	14.90	0.64	1.64
Plains All Amer. Pipeline	PAA		23.77	50.0	1,190	11.60	0.49	1.54
Enbridge Energy Management, L.L.C	EEQ	S	36.15	9.0	330	14.90	0.64	1.53
Northern Border Partners	NBP		37.23	44.0	1,640	20.40	0.62	1.31
TEPPCO Partners, L.P.	TPP		27.25	50.0	1,360	17.70	0.56	1.24
AmeriGas Partners, L.P.	APU		22.52	49.4	1,110	18.30	0.51	1.11
Western Gas Resources	WGR		36.57	33.8	1,240	37.60	0.28	0.98
<i>Total or Median</i>					9,900		0.59	1.42
Natural Gas and Oil								
Dorchester Hugoton, Ltd.	DHULZ		14.61	10.7	157	11.60	(0.17)	1.30
Provident Energy Trust	PVX		6.74	63.5	430	5.00	0.28	1.25
Pogo Producing Company	PPP		37.40	64.5	2,410	35.00	0.23	1.05
Unit Corporation	UNT		18.81	40.0	750	18.00	0.03	1.04
Newfield Exploration Company	NFX		36.49	48.9	1,780	35.00	0.24	1.03
Quicksilver Resources Inc.	KWK		22.00	20.4	450	22.00	0.38	1.00
Enerplus Resources Fund	ERF		17.79	75.0	1,330	18.00	0.16	0.99
Pengrowth Energy Trust	PGH		9.32	84.6	790	9.50	0.18	0.98
Penn Virginia Corporation	PVA		35.85	9.0	320	38.00	0.09	0.95
Spinnaker Exploration Company	SKE		23.43	34.0	800	25.00	-	0.94
Encore Acquisition Corp. (25%)	EAC		18.39	7.0	129	21.00	0.20	0.90
Forest Oil Corporation	FST	N	28.55	48.1	1,370	35.00	0.32	0.87
Swift Energy Company	SFY		9.79	27.1	270	13.00	0.48	0.87
Stone Energy Company	SGY		33.35	26.5	880	42.00	0.28	0.85
Southwestern Energy Company	SWN		11.18	26.1	290	17.00	0.46	0.81
Magnum Hunter Resources, Inc.	MHR		6.03	69.0	420	11.00	0.45	0.75
Canadian Oil Sands Trust (US\$)	COS_u.TO	B	22.59	57.3	1,290	40.00	0.13	0.62
<i>Total or Median</i>					13,900		0.23	0.95
Natural Gas Royalty Trusts								
Cross Timbers Royalty Trust	CRT		19.21	6.0	115	20.30	-	0.94
San Juan Basin Royalty Trust	SJT	B	13.46	46.6	630	16.50	-	0.82
Hugoton RoyaltyTrust (46%)	HGT		12.68	18.4	230	16.40	-	0.77
Micro Cap								
Energy Partners Ltd.(30%)	EPL	B	11.45	8.3	94	10.00	0.38	1.09
Abraxas Petroleum Corporation	ABP		0.57	30.0	17	1.00	0.91	0.96
Purcell Energy, Ltd. (US\$)	PEL.TO	N	1.73	26.6	46	2.50	0.29	0.78

Buy/Sell rating after symbol: B - Buy, N - Neutral, S - Sell

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	Symbol/ Rating		Price (\$/sh) 19-Dec 2002	EV/ Sales NTM	EV/ Ebitda NTM	P/E NTM	Dividend or Distribution NTM (%)	PV/ Ebitda NTM
Energy Infrastructure								
El Paso Energy Partners	EPN	S	28.50	8.2	22.1	71	9.5	9.0
Enbridge Energy Partners, L.P.	EEP	S	41.10	1.9	14.8	31	8.8	9.0
Plains All Amer. Pipeline	PAA		23.77	0.2	13.8	19	9.0	9.0
Enbridge Energy Management, L.L.C	EEQ	S	36.15	1.8	13.8	27	10.0	9.0
Northern Border Partners	NBP		37.23	6.7	11.8	14	8.6	9.0
TEPPCO Partners, L.P.	TPP		27.25	0.9	11.1	14	8.8	9.0
AmeriGas Partners, L.P.	APU		22.52	1.6	10.0	22	9.8	9.0
Western Gas Resources	WGR		36.57	0.7	8.8	20	0.5	9.0
	<i>Median</i>			<i>1.7</i>	<i>12.8</i>	<i>21</i>	<i>8.9</i>	<i>9.0</i>
Natural Gas and Oil								
Dorchester Hugoton, Ltd.	DHULZ		14.61	7.1	10.6	14	8.3	8.1
Unit Corporation	UNT		18.81	3.7	10.2	32	-	9.8
Quicksilver Resources Inc.	KWK		22.00	5.2	8.6	21	-	8.6
Enerplus Resources Fund	ERF		17.79	5.1	7.0	13	13.2	7.0
Canadian Oil Sands Trust (US\$)	COS_u.TO	B	22.59	3.6	7.0	8	5.7	11.2
Forest Oil Corporation	FST	N	28.55	3.9	6.6	21	-	7.5
Provident Energy Trust	PVX		6.74	3.6	6.5	69	20.9	5.2
Swift Energy Company	SFY		9.79	4.0	6.4	37	-	7.4
Magnum Hunter Resources, Inc.	MHR		6.03	3.3	6.0	24	-	7.9
Encore Acquisition Corp. (25%)	EAC		18.39	4.0	5.8	12	-	6.5
Pogo Producing Company	PPP		37.40	3.6	5.8	19	0.3	5.5
Pengrowth Energy Trust	PGH		9.32	3.5	5.5	14	16.9	5.6
Penn Virginia Corporation	PVA		35.85	3.4	5.5	23	2.5	5.8
Southwestern Energy Company	SWN		11.18	2.6	5.1	8	-	6.3
Newfield Exploration Company	NFX		36.49	3.2	4.5	15	-	4.4
Stone Energy Company	SGY		33.35	3.2	4.5	12	-	5.3
Spinnaker Exploration Company	SKE		23.43	3.4	4.0	15	-	4.3
	<i>Median</i>			<i>3.6</i>	<i>6.0</i>	<i>15</i>	<i>-</i>	<i>6.5</i>
Natural Gas Royalty Trusts								
Cross Timbers Royalty Trust	CRT		19.21	6.2	8.6	9	10.8	9.1
San Juan Basin Royalty Trust	SJT	B	13.46	5.1	6.4	9	11.7	7.8
Hugoton RoyaltyTrust (46%)	HGT		12.68	4.5	6.2	9	11.6	8.1
Micro Cap								
Abraxas Petroleum Corporation	ABP		0.57	5.5	9.1		-	9.5
Energy Partners Ltd.(30%)	EPL	B	11.45	3.3	6.3		-	5.8
Purcell Energy, Ltd. (US\$)	PEL.TO	N	1.73	4.1	6.1	21	-	7.8

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2003; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

Analyses are prepared from original sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Mr. Wulff is not paid by covered companies. He and his spouse do not sell short nor act contrary to a buy or sell rating except for tax loss purposes.