

## Whiting Petroleum (WLL) Fracking Productivity Leaps 50%

|  |          |   |       |
|--|----------|---|-------|
| <i>Symbol</i>  | WLL      | <i>Ebitda Next Twelve Months ending 9/30/14 (US\$m)</i> | 2,204 |
| <i>Rating</i>  | Buy      | <i>North American Natural Gas/Ebitda (%)</i>            | 4     |
| <i>Price (\$/sh)</i>   | 68.69    | <i>Natural Gas and Oil Production/Ebitda (%)</i>        | 100   |
| <i>Pricing Date</i>  | 10/28/13 | <i>Adjusted Reserves/Production NTM</i>                 | 8.4   |
| <i>Shares (mm)</i>   | 120      | <i>EV/Ebitda</i>  | 5.0   |
| <i>Market Capitalization (\$mm)</i>  | 8,240    | <i>PV/Ebitda</i>  | 5.3   |
| <i>Debt (\$mm)</i>   | 2,710    | <i>Undeveloped Reserves (%)</i>                         | 36    |
| <i>Enterprise Value (EV) (\$mm)</i>  | 10,960   | <i>Natural Gas and Oil Ebitda (\$/boe)</i>              | 60.00 |
| <i>Present Value (PV) (\$mm)</i>   | 11,710   | <i>Present Value Proven Reserves(\$/boe)</i>            | 31.00 |
| <i>Net Present Value (\$/share)</i>  | 75       | <i>Oil and Gas Ebitda Margin (%)</i>                    | 78    |
| <i>Debt/Present Value</i>  | 0.23     | <i>Earnings Next Twelve Months (US\$/sh)</i>            | 5.46  |
| <i>McDep Ratio - EV/PV</i>   | 0.94     | <i>Price/Earnings Next Twelve Months</i>                | 13    |
| <i>Dividend Yield (%/year)</i>   | 0.0      | <i>Indicated Annual Dividend (US\$/sh)</i>              | 0.00  |
| Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.                      |          |   |       |
| Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.        |          |   |       |
| Estimated present value presumes a long-term price for oil of US\$90 a barrel and natural gas, \$6 a million btu.    |          |   |       |
| For historical analysis of Whiting since 2009 see <a href="http://www.mcdep.com/4wll.htm">www.mcdep.com/4wll.htm</a> |          |   |       |

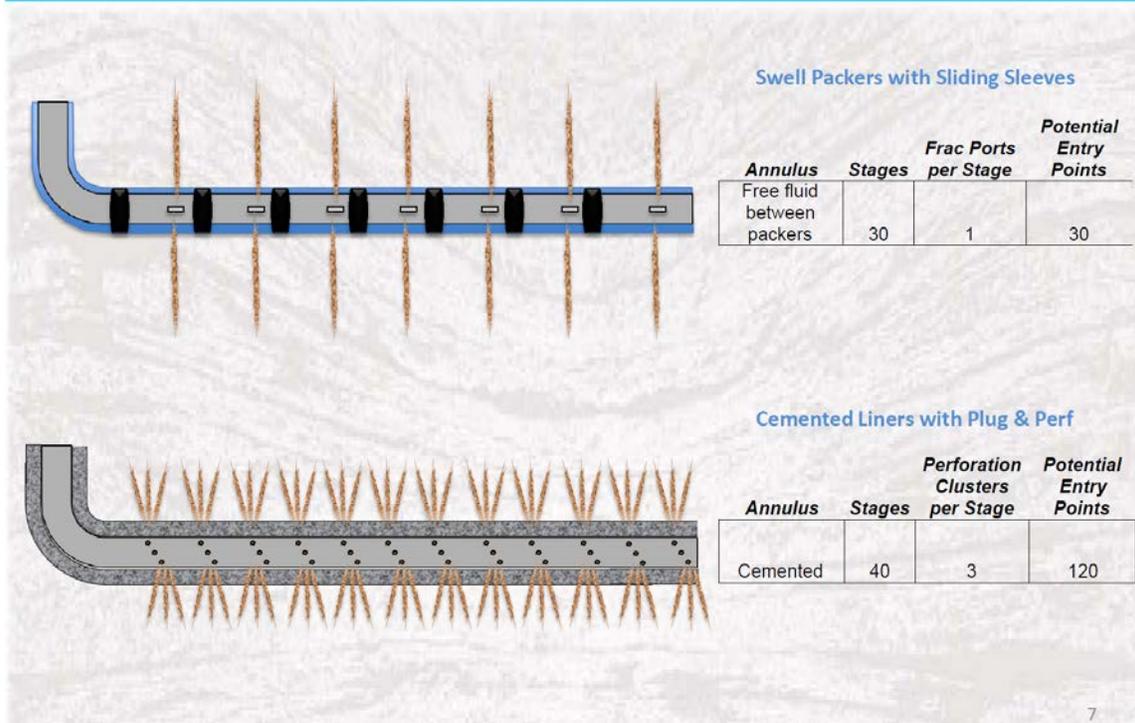
### Summary and Recommendation

Buy-recommended Bakken oil producer **Whiting Petroleum (WLL)** is scoring initial volume gains of 50-100% in wells using a modified frack as detailed in its third quarter presentation on October 24. Initially a proponent of the “sliding sleeve” horizontal well completion technology, WLL has converted to the rival “plug and perf” with the new addition of a “cemented liner” (see slide [Well Completion Evolution](#) on page 2). As a result, initial flow rates of more than a thousand barrels daily a well are practically routine throughout the company’s 600,000 net acres of Bakken leases. Capital costs are little changed for the new technique as parts of it have been long deployed in vertical wells. Total drilling and completion cost may decline further as wells are finished in fewer days. The productivity improvement lends credibility to our estimate of Net Present Value of \$75 a share and may point to a higher number in the future (see table [Present Value](#) on page 2 and [Operating and Financial Estimates](#) on page 3). Meanwhile, management enthusiasm builds for its second shale play at Redtail in the Colorado Niobrara. Hinting that another Whiting exists within the Niobrara, Chairman Jim Volker contemplates that the company would employ up to twenty rigs to drill 3000 wells in seven years to develop a billion barrels of oil equivalent. While such enthusiasm automatically draws skepticism, we have a shale oil boom in large part because drillers have taken risks that few companies would normally attempt. Continuous productivity improvement helps turn those risks into rewards. WLL and its fellow Small Cap Independent Producers are among the industry leaders in developing valuable energy resources (see [Tables 1-4](#) on pages 4-7).

Kurt H. Wulff, CFA

## Well Completion Evolution

Sliding Sleeve vs Cemented Liner with Plug & Perf



| Whiting Petroleum Corporation   |                   |                 |               |                 |       |
|---|-------------------|-----------------|---------------|-----------------|-------|
| Functional Cash Flow and Present Value                                      |                   |                 |               |                 |       |
|   | <i>NTM Ebitda</i> | <i>Adjusted</i> | <i>PV/</i>    | <i>Present</i>  |       |
|   | <i>(US\$mm)</i>   | <i>R/P</i>      | <i>Ebitda</i> | <i>Value</i>    |       |
|   |                   |                 |               | <i>(US\$mm)</i> |       |
| North American Natural Gas  | 79                | 7.1             | 11.3          | 900             | 8%    |
| Oil   | 2,124             | 8.6             | 5.1           | 10,810          | 92%   |
|   | 2,204             | 8.4             | 5.3           | 11,710          | 100%  |
| Debt (US\$mm)   |                   |                 |               |                 | 2,710 |
| Net Present Value (US\$mm)  |                   |                 |               |                 | 9,000 |
| Shares (mm)   |                   |                 |               |                 | 120   |
| Net Present Value - Standard Estimate (US\$/sh)                             |                   |                 |               |                 | 75    |
| NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh) |                   |                 |               |                 | 105   |



# Meter Reader

A Weekly Analysis of Oil and Gas Stocks

October 29, 2013

| Whiting Petroleum Corporation                        |                |               |                |                |                 |               |                |                |                |                                   |
|--|----------------|---------------|----------------|----------------|-----------------|---------------|----------------|----------------|----------------|-----------------------------------|
| Next Twelve Months Operating and Financial Estimates |                |               |                |                |                 |               |                |                |                |                                   |
|  |                |               |                |                |                 |               |                |                |                | <i>Next<br/>Twelve<br/>Months</i> |
|  | <i>Q3</i>      | <i>Year</i>   | <i>Q2</i>      | <i>Q3</i>      | <i>Q4E</i>      | <i>Year</i>   | <i>Q1E</i>     | <i>Q2E</i>     | <i>Q3E</i>     | <i>9/30/14</i>                    |
|  | <i>9/30/12</i> | <i>2012</i>   | <i>6/30/13</i> | <i>9/30/13</i> | <i>12/31/13</i> | <i>2013E</i>  | <i>3/31/14</i> | <i>6/30/14</i> | <i>9/30/14</i> | <i>9/30/14</i>                    |
| <b>Volume</b>  |                |               |                |                |                 |               |                |                |                |                                   |
| Natural Gas (mmcf)                                   | 69             | <b>71</b>     | 72             | 74             | 74              | <b>73</b>     | 74             | 74             | 74             | <b>74</b>                         |
| Days   | 92             | <b>366</b>    | 91             | 92             | 92              | <b>365</b>    | 90             | 91             | 92             | <b>365</b>                        |
| Oil (mmb)  | 6.6            | <b>26</b>     | 7.4            | 7.4            | 7.7             | <b>29</b>     | 7.9            | 8.3            | 8.4            | <b>32</b>                         |
| Oil (mbd)  | 71             | <b>71</b>     | 81             | 80             | 84              | <b>81</b>     | 87             | 91             | 91             | <b>88</b>                         |
| Total (mb)   | 7.6            | <b>30.2</b>   | 8.5            | 8.5            | 8.9             | <b>33.9</b>   | 9.0            | 9.4            | 9.5            | <b>37</b>                         |
| Total (mbd)  | 83             | <b>83</b>     | 93             | 93             | 96              | <b>93</b>     | 100            | 103            | 103            | <b>101</b>                        |
| <b>Price</b>   |                |               |                |                |                 |               |                |                |                |                                   |
| Henry Hub (\$/mmbtu)                                 | 2.80           | <b>2.79</b>   | 4.10           | 3.58           | 3.58            | <b>3.65</b>   | 3.74           | 3.74           | 3.81           | <b>3.72</b>                       |
| Differential (\$/mmbtu)                              | (0.59)         | <b>(0.63)</b> | (0.17)         | (0.06)         | (0.06)          | <b>(0.19)</b> | (0.07)         | (0.07)         | (0.07)         | <b>(0.07)</b>                     |
| Company (\$/mcf)                                     | 3.39           | <b>3.42</b>   | 4.27           | 3.64           | 3.64            | <b>3.83</b>   | 3.81           | 3.80           | 3.88           | <b>3.78</b>                       |
| WTI Cushing (\$/bbl)                                 | 92.22          | <b>94.16</b>  | 94.22          | 105.83         | 99.39           | <b>98.46</b>  | 98.55          | 96.71          | 94.65          | <b>97.32</b>                      |
| Differential   | 15.92          | <b>15.05</b>  | 9.87           | 13.71          | 12.87           | <b>11.80</b>  | 12.76          | 12.53          | 12.26          | <b>12.66</b>                      |
| Company (\$/bbl)                                     | 76.30          | <b>79.11</b>  | 84.36          | 92.12          | 86.52           | <b>86.66</b>  | 85.78          | 84.18          | 82.39          | <b>84.67</b>                      |
| Total (\$/bbl)                                       | 68.55          | <b>70.76</b>  | 76.83          | 82.80          | 78.26           | <b>78.37</b>  | 78.02          | 76.87          | 75.34          | <b>77.09</b>                      |
| <b>Revenue (\$mm)</b>                                |                |               |                |                |                 |               |                |                |                |                                   |
| Natural Gas  | 21             | <b>88</b>     | 28             | 25             | 25              | <b>101</b>    | 25             | 26             | 26             | <b>102</b>                        |
| Oil  | 500            | <b>2,050</b>  | 623            | 682            | 669             | <b>2,555</b>  | 674            | 696            | 689            | <b>2,728</b>                      |
| Total  | 521            | <b>2,138</b>  | 651            | 707            | 693             | <b>2,656</b>  | 700            | 722            | 715            | <b>2,830</b>                      |
| <b>Expense</b>                                       |                |               |                |                |                 |               |                |                |                |                                   |
| Lease operating                                      | 94             | <b>377</b>    | 105            | 109            | 106             | <b>420</b>    |                |                |                |                                   |
| Production taxes                                     | 44             | <b>173</b>    | 54             | 61             | 65              | <b>231</b>    |                |                |                |                                   |
| General and administrative                           | 25             | <b>108</b>    | 29             | 50             | 32              | <b>140</b>    |                |                |                |                                   |
| Total  | 163            | <b>658</b>    | 188            | 220            | 203             | <b>791</b>    | 208            | 215            | -              | <b>626</b>                        |
| <b>Ebitda</b>  |                |               |                |                |                 |               |                |                |                |                                   |
| Exploration  | 24             | <b>128</b>    | 43             | 47             | 47              | <b>174</b>    | 47             | 47             | 47             | <b>188</b>                        |
| Deprec., Deplet., & Amort.                           | 180            | <b>685</b>    | 223            | 220            | 220             | <b>864</b>    | 220            | 220            | 228            | <b>888</b>                        |
| Other  | 2              | <b>(16)</b>   | (13)           | (42)           | 20              | <b>(40)</b>   |                |                |                | <b>20</b>                         |
| <b>Ebit</b>  | 153            | <b>683</b>    | 210            | 261            | 203             | <b>867</b>    | 225            | 240            | 440            | <b>1,107</b>                      |
| Interest   | 19             | <b>75</b>     | 23             | 25             | 25              | <b>94</b>     | 25             | 25             | 25             | <b>100</b>                        |
| <b>Ebt</b>   | 134            | <b>608</b>    | 187            | 236            | 178             | <b>773</b>    | 200            | 215            | 415            | <b>1,007</b>                      |
| Income Tax   | 47             | <b>213</b>    | 65             | 83             | 62              | <b>271</b>    | 70             | 75             | 145            | <b>353</b>                        |
| <b>Net Income (\$mm)</b>                             | 87             | <b>395</b>    | 121            | 154            | 116             | <b>503</b>    | 130            | 140            | 270            | <b>655</b>                        |
| Per Share (\$)                                       | 0.73           | <b>3.32</b>   | 1.02           | 1.28           | 0.96            | <b>4.20</b>   | 1.08           | 1.16           | 2.25           | <b>5.46</b>                       |
| <b>Shares (millions)</b>                             |                |               |                |                |                 |               |                |                |                |                                   |
| Ebitda Margin  | 69%            | <b>69%</b>    | 71%            | 69%            | 71%             | <b>70%</b>    | 70%            | 70%            | 100%           | <b>78%</b>                        |
| Tax rate   | 35%            | <b>35%</b>    | 35%            | 35%            | 35%             | <b>35%</b>    | 35%            | 35%            | 35%            | <b>35%</b>                        |



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A Weekly Analysis of Oil and Gas Stocks

October 29, 2013

| Symbol/Rating<br>B = Buy, CB (see below) | Price<br>(US\$/sh) | EV/<br>Market<br>Cap | Enterprise<br>Value<br>(\$mm) | Present Value by Segment (%) |                  |               |                 | Dist.<br>Yield<br>NTM<br>(%) | McDep<br>Ratio |             |  |
|--|--------------------|----------------------|-------------------------------|------------------------------|------------------|---------------|-----------------|------------------------------|----------------|-------------|--|
|  |                    |                      |                               | North<br>Amer.               | Rest of<br>World | Oil<br>Prod'n | Down-<br>stream |                              |                |             |  |
|  |                    |                      |                               | Natural<br>Gas               | Natural<br>Gas   | Oil<br>Prod'n | Down-<br>stream |                              |                |             |  |
| <b>Global Integrated</b>                 |                    |                      |                               |                              |                  |               |                 |                              |                |             |  |
| Exxon Mobil Corporation                  | XOM CB             | 88.23                | 1.21                          | 474,000                      | 7                | 19            | 54              | 20                           | 2.9            | 0.89        |  |
| Chevron Corporation                      | CVX H              | 120.91               | 1.16                          | 271,000                      | 4                | 11            | 72              | 13                           | 3.3            | 0.83        |  |
| Total S.A.                               | TOT H              | 61.43                | 1.33                          | 186,000                      |                  | 22            | 61              | 17                           | 5.3            | 0.82        |  |
| Royal Dutch Shell plc                    | RDS-A H            | 68.79                | 1.33                          | 288,000                      | 4                | 21            | 55              | 19                           | 5.2            | 0.75        |  |
| Lukoil Oil Company                       | LUKOY B            | 66.19                | 1.13                          | 57,900                       |                  |               | 75              | 25                           | 4.3            | 0.52        |  |
| <i>Total or Median</i>                   |                    |                      | <i>1.21</i>                   | <i>1,277,000</i>             |                  |               | <i>61</i>       | <i>19</i>                    | <i>4.3</i>     | <i>0.82</i> |  |
| <b>U.S. Independent</b>                  |                    |                      |                               |                              |                  |               |                 |                              |                |             |  |
| EOG Resources, Inc.                      | EOG H              | 182.42               | 1.12                          | 55,900                       | 22               | 4             | 74              |                              | 0.4            | 1.01        |  |
| Occidental Petroleum Corp.               | OXY H              | 97.54                | 1.13                          | 88,600                       | 9                | 1             | 79              | 11                           | 2.6            | 0.91        |  |
| ConocoPhillips                           | COP H              | 73.89                | 1.39                          | 124,000                      | 15               | 13            | 71              |                              | 3.7            | 0.80        |  |
| Marathon Oil Corporation                 | MRO B              | 36.07                | 1.41                          | 36,200                       | 9                | 4             | 87              |                              | 2.1            | 0.78        |  |
| Devon Energy Corporation                 | DVN B              | 64.03                | 1.39                          | 36,300                       | 49               |               | 51              |                              | 1.4            | 0.71        |  |
| <i>Total or Median</i>                   |                    |                      | <i>1.39</i>                   | <i>341,000</i>               | <i>15</i>        |               | <i>74</i>       |                              | <i>2.1</i>     | <i>0.80</i> |  |
| <b>Canada/Australia</b>                  |                    |                      |                               |                              |                  |               |                 |                              |                |             |  |
| Woodside Petroleum Ltd.                  | WOPEY H            | 37.26                | 1.16                          | 36,000                       |                  | 70            | 30              |                              | 4.5            | 1.03        |  |
| Imperial Oil Limited (30%)               | IMO H              | 43.89                | 1.27                          | 14,300                       | 2                |               | 79              | 18                           | 1.0            | 0.87        |  |
| Cenovus Energy Inc.                      | CVE H              | 29.44                | 1.33                          | 29,700                       | 13               |               | 67              | 20                           | 3.1            | 0.76        |  |
| EnCana Corporation                       | ECA B              | 18.30                | 1.64                          | 22,100                       | 80               |               | 20              |                              | 4.4            | 0.72        |  |
| Canadian Oil Sands Limited               | COSWF B            | 19.83                | 1.26                          | 12,100                       |                  |               | 100             |                              | 6.8            | 0.64        |  |
| <i>Total or Median</i>                   |                    |                      | <i>1.27</i>                   | <i>114,000</i>               |                  |               | <i>67</i>       |                              | <i>4.4</i>     | <i>0.76</i> |  |
| <b>Small Cap Independent Producers</b>   |                    |                      |                               |                              |                  |               |                 |                              |                |             |  |
| PDC Energy                               | PDCE               | 71.56                | 1.36                          | 3,000                        | 32               |               | 68              |                              | -              | 1.38        |  |
| Continental Resources (32%)              | CLR B              | 116.54               | 1.21                          | 8,300                        | 16               |               | 84              |                              | -              | 0.98        |  |
| Cimarex Energy Company                   | XEC B              | 105.25               | 1.15                          | 10,500                       | 43               |               | 57              |                              | 0.5            | 0.96        |  |
| Whiting Petroleum Corporation            | WLL B              | 68.69                | 1.33                          | 11,000                       | 8                |               | 92              |                              | -              | 0.94        |  |
| WPX Energy Inc.                          | WPX                | 22.59                | 1.49                          | 6,900                        | 68               |               | 32              |                              | -              | 0.91        |  |
| Halcón Resources                         | HK                 | 5.41                 | 2.30                          | 5,500                        | 8                |               | 92              |                              | -              | 0.89        |  |
| Peyto Exploration and Develop            | PEYUF              | 29.48                | 1.18                          | 5,200                        | 80               |               | 20              |                              | 2.5            | 0.88        |  |
| Range Resources                          | RRC CB             | 73.61                | 1.29                          | 15,300                       | 74               |               | 26              |                              | 0.2            | 0.85        |  |
| Birchcliff Energy Ltd.                   | BIREF CB           | 7.21                 | 1.41                          | 1,700                        | 69               |               | 31              |                              | -              | 0.68        |  |
| <i>Total or Median</i>                   |                    |                      | <i>1.33</i>                   | <i>67,000</i>                | <i>43</i>        |               | <i>57</i>       |                              | <i>-</i>       | <i>0.91</i> |  |
| <b>RTF Cash Payers</b>                   |                    |                      |                               |                              |                  |               |                 |                              |                |             |  |
| Freehold Royalties Ltd.                  | FRHLF              | 23.13                | 1.05                          | 1,620                        | 16               |               | 84              |                              | 7.0            | 1.10        |  |
| Dorchester Minerals, L.P.                | DMLP B             | 24.83                | 1.00                          | 760                          | 54               |               | 46              |                              | 7.2            | 0.96        |  |
| Permian Basin RT                         | PBT                | 15.65                | 1.00                          | 730                          | 19               |               | 81              |                              | 7.4            | 0.87        |  |
| Sabine Royalty Trust                     | SBR                | 50.61                | 1.00                          | 740                          | 52               |               | 48              |                              | 7.9            | 0.79        |  |
| San Juan Basin Royalty Trust             | SJT B              | 16.47                | 1.00                          | 770                          | 100              |               | -               |                              | 5.9            | 0.78        |  |
| Enduro Royalty Trust                     | NDRO               | 13.23                | 1.00                          | 440                          | 48               |               | 52              |                              | 11.4           | 0.78        |  |
| Mesa Royalty Trust                       | MTR                | 22.00                | 1.00                          | 40                           | 75               |               | 25              |                              | 8.7            | 0.73        |  |
| Cross Timbers Royalty Trust              | CRT                | 30.32                | 1.00                          | 180                          | 70               |               | 30              |                              | 8.7            | 0.72        |  |
| Hugoton Royalty Trust                    | HGT                | 7.45                 | 1.00                          | 300                          | 90               |               | 10              |                              | 10.0           | 0.62        |  |
| <i>Total or Median</i>                   |                    |                      | <i>1.00</i>                   | <i>5,600</i>                 |                  |               |                 |                              | <i>7.9</i>     | <i>0.78</i> |  |

CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average. H = Hold  
 Estimated present value presumes a long-term price for oil of US\$90 a barrel and natural gas, \$6 a million btu.  
 McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses



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|   |       |                                | <i>Price<br/>(US\$/sh)<br/>28-Oct<br/>2013</i> | <i>Shares<br/>(mm)</i> | <i>Market<br/>Cap<br/>(US\$mm)</i> | <i>Net<br/>Present<br/>Value<br/>(US\$/sh)</i> | <i>Debt/<br/>Present<br/>Value</i> | <i>McDep<br/>Ratio</i> |
|---|-------|--------------------------------|--|------------------------|------------------------------------|--|------------------------------------|------------------------|
|   |       | <i>Symbol/Rating</i>           |  |                        |                                    |  |                                    |                        |
|   |       | <i>B = Buy, CB (see below)</i> |  |                        |                                    |  |                                    |                        |
| <b>Global Integrated</b>                |       |                                |  |                        |                                    |  |                                    |                        |
| Exxon Mobil Corporation                 | XOM   | CB                             | 88.23  | 4,433                  | 391,000                            | 102.00   | 0.16                               | 0.89                   |
| Chevron Corporation                     | CVX   | H                              | 120.91   | 1,937                  | 234,000                            | 150.00   | 0.11                               | 0.83                   |
| Total S.A.                              | TOT   | H                              | 61.43  | 2,274                  | 140,000                            | 80.00  | 0.20                               | 0.82                   |
| Royal Dutch Shell plc                   | RDS-A | H                              | 68.79  | 3,159                  | 217,000                            | 100.00   | 0.18                               | 0.75                   |
| Lukoil Oil Company                      | LUKOY | B                              | 66.19  | 776                    | 51,400                             | 135.00   | 0.06                               | 0.52                   |
|   |       | <i>Total or Median</i>         |  |                        | <i>1,033,000</i>                   |  | <i>0.16</i>                        | <i>0.82</i>            |
| <b>U.S. Independent</b>                 |       |                                |  |                        |                                    |  |                                    |                        |
| EOG Resources, Inc.                     | EOG   | H                              | 182.42   | 273                    | 49,800                             | 180.00   | 0.11                               | 1.01                   |
| Occidental Petroleum Corp.              | OXY   | H                              | 97.54  | 805                    | 78,500                             | 108.00   | 0.10                               | 0.91                   |
| ConocoPhillips                          | COP   | H                              | 73.89  | 1,209                  | 89,000                             | 100.00   | 0.22                               | 0.80                   |
| Marathon Oil Corporation                | MRO   | B                              | 36.07  | 714                    | 25,750                             | 50.00  | 0.23                               | 0.78                   |
| Devon Energy Corporation                | DVN   | B                              | 64.03  | 407                    | 26,100                             | 100.00   | 0.20                               | 0.71                   |
|   |       | <i>Total or Median</i>         |  |                        | <i>269,200</i>                     |  | <i>0.20</i>                        | <i>0.80</i>            |
| <b>Canada/Australia</b>                 |       |                                |  |                        |                                    |  |                                    |                        |
| Woodside Petroleum Ltd.                 | WOPEY | H                              | 37.26  | 823                    | 30,700                             | 36.00  | 0.14                               | 1.03                   |
| Imperial Oil Limited (30%)              | IMO   | H                              | 43.89  | 255                    | 11,200                             | 52.00  | 0.19                               | 0.87                   |
| Cenovus Energy Inc.                     | CVE   | H                              | 29.44  | 758                    | 22,300                             | 42.00  | 0.19                               | 0.76                   |
| EnCana Corporation                      | ECA   | B                              | 18.30  | 736                    | 13,500                             | 30.00  | 0.28                               | 0.72                   |
| Canadian Oil Sands Limited              | COSWF | B                              | 19.83  | 485                    | 9,600                              | 34.00  | 0.13                               | 0.64                   |
|   |       | <i>Total or Median</i>         |  |                        | <i>87,000</i>                      |  | <i>0.19</i>                        | <i>0.76</i>            |
| <b>Small Cap Independent Producers</b>  |       |                                |  |                        |                                    |  |                                    |                        |
| PDC Energy                              | PDCE  |                                | 71.56  | 31                     | 2,200                              | 45.00  | 0.36                               | 1.38                   |
| Continental Resources (32%)             | CLR   | B                              | 116.54   | 59                     | 6,900                              | 120.00   | 0.17                               | 0.98                   |
| Cimarex Energy Company                  | XEC   | B                              | 105.25   | 87                     | 9,100                              | 110.00   | 0.13                               | 0.96                   |
| Whiting Petroleum Corporation           | WLL   | B                              | 68.69  | 120                    | 8,200                              | 75.00  | 0.23                               | 0.94                   |
| WPX Energy Inc.                         | WPX   |                                | 22.59  | 204                    | 4,600                              | 26.00  | 0.30                               | 0.91                   |
| Halcón Resources                        | HK    |                                | 5.41   | 441                    | 2,400                              | 7.00   | 0.50                               | 0.89                   |
| Peyto Exploration and Development Corp. | PEYUF |                                | 29.48  | 149                    | 4,400                              | 34.00  | 0.13                               | 0.88                   |
| Range Resources                         | RRC   | CB                             | 73.61  | 161                    | 11,900                             | 90.00  | 0.19                               | 0.85                   |
| Birchcliff Energy Ltd.                  | BIREF | CB                             | 7.21   | 166                    | 1,200                              | 12.00  | 0.20                               | 0.68                   |
|   |       | <i>Total or Median</i>         |  |                        | <i>51,000</i>                      |  | <i>0.20</i>                        | <i>0.91</i>            |
| <b>RTF Cash Payers</b>                  |       |                                |  |                        |                                    |  |                                    |                        |
| Freehold Royalties Ltd.                 | FRHLF |                                | 23.13  | 67                     | 1,550                              | 21.00  | 0.05                               | 1.10                   |
| Dorchester Minerals, L.P.               | DMLP  | B                              | 24.83  | 31                     | 760                                | 26.00  | -                                  | 0.96                   |
| Permian Basin RT                        | PBT   |                                | 15.65  | 47                     | 730                                | 18.00  | -                                  | 0.87                   |
| Sabine Royalty Trust                    | SBR   |                                | 50.61  | 15                     | 740                                | 64.00  | -                                  | 0.79                   |
| San Juan Basin Royalty Trust            | SJT   | B                              | 16.47  | 47                     | 770                                | 21.00  | -                                  | 0.78                   |
| Enduro Royalty Trust                    | NDRO  |                                | 13.23  | 33                     | 440                                | 17.00  | -                                  | 0.78                   |
| Mesa RoyaltyTrust                       | MTR   |                                | 22.00  | 2                      | 40                                 | 30.00  | -                                  | 0.73                   |
| Cross Timbers Royalty Trust             | CRT   |                                | 30.32  | 6                      | 180                                | 42.00  | -                                  | 0.72                   |
| Hugoton RoyaltyTrust                    | HGT   |                                | 7.45   | 40                     | 300                                | 12.00  | -                                  | 0.62                   |
|   |       | <i>Total or Median</i>         |  |                        | <i>5,500</i>                       |  | <i>-</i>                           | <i>0.78</i>            |

CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average. H = Hold  
 Estimated present value presumes a long-term price for oil of US\$90 a barrel and natural gas, \$6 a million btu.  
 McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses



# Meter Reader

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| Table 3   |   |          |           |         |        |        |     |          |
|---|---|----------|-----------|---------|--------|--------|-----|----------|
| McDep Energy Stocks   |   |          |           |         |        |        |     |          |
| Value Multiples and Dividend  |   |          |           |         |        |        |     |          |
| Ranked by EV/Ebitda   |   |          |           |         |        |        |     |          |
|   |   |          | Price     | Adjustd |        |        |     |          |
|   |   |          | (US\$/sh) | Resrvs/ | PV/    | EV/    |     | Dividend |
|   | Symbol/Rating                           |          | 28-Oct    | Prod    | Ebitda | Ebitda | P/E | NTM      |
|   | B = Buy, CB (see below)                 |          | 2013      | NTM     | NTM    | NTM    | NTM | (\$/sh)  |
| <b>Global Integrated</b>  |   |          |           |         |        |        |     |          |
|   | Exxon Mobil Corporation                 | XOM CB   | 88.23     | 13.2    | 7.4    | 6.6    | 12  | 2.52     |
|   | Chevron Corporation                     | CVX H    | 120.91    | 9.3     | 6.4    | 5.3    | 10  | 4.00     |
|   | Total S.A.                              | TOT H    | 61.43     | 9.9     | 6.4    | 5.2    | 9   | 3.26     |
|   | Royal Dutch Shell plc                   | RDS-A H  | 68.79     | 9.7     | 6.6    | 4.9    | 9   | 3.60     |
|   | Lukoil Oil Company                      | LUKOY B  | 66.19     | 15.8    | 6.0    | 3.1    | 6   | 2.82     |
|   | <i>Median</i>                           |          |           | 9.9     | 6.4    | 5.2    | 9   |          |
| <b>U.S. Independent</b>   |   |          |           |         |        |        |     |          |
|   | EOG Resources, Inc.                     | EOG H    | 182.42    | 7.3     | 6.5    | 6.6    | 23  | 2.56     |
|   | ConocoPhillips                          | COP H    | 73.89     | 11.4    | 8.0    | 6.4    | 13  | 0.75     |
|   | Devon Energy Corporation                | DVN B    | 64.03     | 10.1    | 8.9    | 6.4    | 16  | 0.76     |
|   | Occidental Petroleum Corp.              | OXY H    | 97.54     | 10.1    | 6.8    | 6.2    | 14  | 2.76     |
|   | Marathon Oil Corporation                | MRO B    | 36.07     | 9.4     | 6.8    | 5.3    | 13  | 0.88     |
|   | <i>Median</i>                           |          |           | 10.1    | 6.8    | 6.4    | 14  |          |
| <b>Canada/Australia</b>   |   |          |           |         |        |        |     |          |
|   | EnCana Corporation                      | ECA B    | 18.30     | 7.0     | 12.3   | 8.9    | 13  | 0.93     |
|   | Woodside Petroleum Ltd.                 | WOPEY H  | 37.26     | 9.8     | 8.2    | 8.5    | 18  | 1.66     |
|   | Imperial Oil Limited (30%)              | IMO H    | 43.89     | 20.2    | 9.4    | 8.3    | 9   | 0.46     |
|   | Canadian Oil Sands Limited              | COSWF B  | 19.83     | 19.9    | 9.7    | 6.2    | 9   | 1.34     |
|   | Cenovus Energy Inc.                     | CVE H    | 29.44     | 12.2    | 7.9    | 5.9    | 20  | 0.80     |
|   | <i>Median</i>                           |          |           | 12.2    | 9.4    | 8.3    | 13  |          |
| <b>Small Cap Independent Producers</b>  |   |          |           |         |        |        |     |          |
|   | PDC Energy                              | PDCE     | 71.56     | 15.3    | 10.3   | 14.2   | 81  | -        |
|   | Range Resources                         | RRC CB   | 73.61     | 12.9    | 15.8   | 13.5   | 62  | 0.16     |
|   | Peyto Exploration and Development Corp. | PEYUF    | 29.48     | 8.9     | 11.5   | 10.2   | 22  | 0.75     |
|   | Birchcliff Energy Ltd.                  | BIREF CB | 7.21      | 18.6    | 13.4   | 9.1    | 33  | -        |
|   | WPX Energy Inc.                         | WPX      | 22.59     | 8.0     | 9.7    | 8.8    |     | -        |
|   | Continental Resources (32%)             | CLR B    | 116.54    | 11.4    | 8.4    | 8.2    | 19  | -        |
|   | Cimarex Energy Company                  | XEC B    | 105.25    | 7.4     | 7.2    | 6.9    | 16  | 0.56     |
|   | Halcón Resources                        | HK       | 5.41      | 4.2     | 6.6    | 5.9    | 7   | -        |
|   | Whiting Petroleum Corporation           | WLL B    | 68.69     | 8.4     | 5.3    | 5.0    | 13  | -        |
|   | <i>Median</i>                           |          |           | 8.9     | 9.7    | 8.8    | 20  |          |
| <b>RTF Cash Payers</b>  |   |          |           |         |        |        |     |          |
|   | San Juan Basin Royalty Trust            | SJT B    | 16.47     | 9.6     | 17.7   | 13.9   | 17  | 0.97     |
|   | Sabine Royalty Trust                    | SBR      | 50.61     | 10.1    | 16.1   | 12.7   | 13  | 3.98     |
|   | Freehold Royalties Ltd.                 | FRHLF    | 23.13     | 4.8     | 11.1   | 12.1   | 28  | 1.61     |
|   | Dorchester Minerals, L.P.               | DMLP B   | 24.83     | 7.3     | 11.8   | 11.3   | 18  | 1.79     |
|   | Cross Timbers Royalty Trust             | CRT      | 30.32     | 12.3    | 14.6   | 10.5   | 12  | 2.64     |
|   | Mesa RoyaltyTrust                       | MTR      | 22.00     | 5.0     | 12.8   | 9.4    | 11  | 1.91     |
|   | Permian Basin RT                        | PBT      | 15.65     | 12.7    | 10.0   | 8.7    | 13  | 1.16     |
|   | Hugoton RoyaltyTrust                    | HGT      | 7.45      | 12.8    | 13.5   | 8.4    | 10  | 0.74     |
|   | Enduro Royalty Trust                    | NDRO     | 13.23     | 6.2     | 10.4   | 8.1    | 9   | 1.51     |
|   | <i>Median</i>                           |          |           | 9.6     | 12.8   | 10.5   | 13  |          |
| CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average. H = Hold          |   |          |           |         |        |        |     |          |
| EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation |   |          |           |         |        |        |     |          |
| and amortization; NTM = Next Twelve Months Ended September 30, 2014; P/E = Stock Price to         |   |          |           |         |        |        |     |          |
| Earnings; PV = Present Value of oil and gas and other businesses                                  |   |          |           |         |        |        |     |          |



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| Table 4                                    |               |    |         |        |                   |      |        |         |       |
|--|---------------|----|---------|--------|-------------------|------|--------|---------|-------|
| McDep Energy Stocks                        |               |    |         |        |                   |      |        |         |       |
| Total Return and Enterprise Value Momentum |               |    |         |        |                   |      |        |         |       |
| Ranked by EV/200-Day Average               |               |    |         |        |                   |      |        |         |       |
|  |               |    | Price   | Equity |                   |      |        |         |       |
|  |               |    | (\$/sh) | Total  |                   |      |        |         |       |
|  | Symbol        |    | 28-Oct  | Return | Enterprise Value/ |      |        |         | McDep |
|  | Rating        |    | 2013    | YTD    | 52Wk              | 52Wk | 50 Day | 200 Day | Ratio |
|  |               |    |         | (%)    | High              | Low  | Avg.   | Avg.    |       |
| <b>Global Integrated</b>                   |               |    |         |        |                   |      |        |         |       |
| Total S.A.                                 | TOT           | H  | 61.43   | 24     | 0.99              | 1.23 | 1.05   | 1.12    | 0.82  |
| Lukoil Oil Company                         | LUKOY         | B  | 66.19   | 0      | 0.98              | 1.19 | 1.05   | 1.05    | 0.52  |
| Royal Dutch Shell plc                      | RDS-A         | H  | 68.79   | 4      | 0.96              | 1.07 | 1.04   | 1.03    | 0.75  |
| Chevron Corporation                        | CVX           | H  | 120.91  | 15     | 0.95              | 1.17 | 1.00   | 1.00    | 0.83  |
| Exxon Mobil Corporation                    | XOM           | CB | 88.23   | 4      | 0.94              | 1.03 | 1.01   | 0.99    | 0.89  |
|  | <i>Median</i> |    |         | 4      | 0.96              | 1.17 | 1.04   | 1.03    | 0.82  |
| <b>U.S. Independent</b>                    |               |    |         |        |                   |      |        |         |       |
| EOG Resources, Inc.                        | EOG           | H  | 182.42  | 52     | 0.97              | 1.52 | 1.07   | 1.25    | 1.01  |
| ConocoPhillips                             | COP           | H  | 73.89   | 33     | 1.00              | 1.24 | 1.04   | 1.12    | 0.80  |
| Occidental Petroleum Corp.                 | OXY           | H  | 97.54   | 29     | 0.99              | 1.30 | 1.05   | 1.09    | 0.91  |
| Devon Energy Corporation                   | DVN           | B  | 64.03   | 25     | 0.97              | 1.18 | 1.06   | 1.09    | 0.71  |
| Marathon Oil Corporation                   | MRO           | B  | 36.07   | 19     | 0.97              | 1.16 | 1.02   | 1.03    | 0.78  |
|  | <i>Median</i> |    |         | 29     | 0.97              | 1.24 | 1.05   | 1.09    | 0.80  |
| <b>Canada/Australia</b>                    |               |    |         |        |                   |      |        |         |       |
| Imperial Oil Limited (30%)                 | IMO           | H  | 43.89   | 3      | 0.96              | 1.14 | 1.01   | 1.05    | 0.87  |
| Woodside Petroleum Ltd.                    | WOPEY         | H  | 37.26   | 10     | 0.94              | 1.16 | 1.03   | 1.03    | 1.03  |
| EnCana Corporation                         | ECA           | B  | 18.30   | (4)    | 0.86              | 1.07 | 1.03   | 1.00    | 0.72  |
| Canadian Oil Sands Limited                 | COSWF         | B  | 19.83   | 3      | 0.92              | 1.08 | 1.01   | 1.00    | 0.64  |
| Cenovus Energy Inc.                        | CVE           | H  | 29.44   | (10)   | 0.86              | 1.06 | 1.00   | 0.98    | 0.76  |
|  | <i>Median</i> |    |         | 3      | 0.92              | 1.08 | 1.01   | 1.00    | 0.76  |
| <b>Small Cap Independent Producers</b>     |               |    |         |        |                   |      |        |         |       |
| Cimarex Energy Company                     | XEC           | B  | 105.25  | 84     | 0.94              | 1.69 | 1.11   | 1.31    | 0.96  |
| PDC Energy                                 | PDCE          |    | 71.56   | 115    | 0.98              | 1.89 | 1.12   | 1.26    | 1.38  |
| Whiting Petroleum Corporation              | WLL           | B  | 68.69   | 59     | 0.98              | 1.45 | 1.14   | 1.25    | 0.94  |
| Continental Resources (32%)                | CLR           | B  | 116.54  | 58     | 0.97              | 1.56 | 1.09   | 1.23    | 0.98  |
| WPX Energy Inc.                            | WPX           |    | 22.59   | 52     | 0.99              | 1.34 | 1.09   | 1.16    | 0.91  |
| Peyto Exploration and Development          | PEYUF         |    | 29.48   | 30     | 0.94              | 1.27 | 1.02   | 1.06    | 0.88  |
| Range Resources                            | RRC           | CB | 73.61   | 18     | 0.89              | 1.15 | 0.96   | 0.97    | 0.85  |
| Birchcliff Energy Ltd.                     | BIREF         | CB | 7.21    | (4)    | 0.86              | 1.06 | 1.03   | 0.97    | 0.68  |
| Halcón Resources                           | HK            |    | 5.41    | (22)   | 0.81              | 1.09 | 1.04   | 0.95    | 0.89  |
|  | <i>Median</i> |    |         | 52     | 0.94              | 1.34 | 1.09   | 1.16    | 0.91  |
| <b>RTF Cash Payers</b>                     |               |    |         |        |                   |      |        |         |       |
| Permian Basin RT                           | PBT           |    | 15.65   | 34     | 0.96              | 1.31 | 1.11   | 1.17    | 0.87  |
| Cross Timbers Royalty Trust                | CRT           |    | 30.32   | 19     | 0.95              | 1.29 | 1.04   | 1.06    | 0.72  |
| Dorchester Minerals, L.P.                  | DMLP          | B  | 24.83   | 30     | 0.97              | 1.25 | 1.03   | 1.04    | 0.96  |
| San Juan Basin Royalty Trust               | SJT           | B  | 16.47   | 27     | 0.92              | 1.34 | 1.00   | 1.03    | 0.78  |
| Sabine Royalty Trust                       | SBR           |    | 50.61   | 36     | 0.92              | 1.30 | 0.98   | 1.01    | 0.79  |
| Freehold Royalties Ltd.                    | FRHLF         |    | 23.13   | 10     | 0.95              | 1.14 | 1.01   | 1.01    | 1.10  |
| Mesa RoyaltyTrust                          | MTR           |    | 22.00   | 22     | 0.82              | 1.17 | 0.97   | 0.95    | 0.73  |
| Hugoton RoyaltyTrust                       | HGT           |    | 7.45    | 10     | 0.75              | 1.20 | 0.97   | 0.88    | 0.62  |
| Enduro Royalty Trust                       | NDRO          |    | 13.23   | (16)   | 0.68              | 1.12 | 0.94   | 0.85    | 0.78  |
|  | <i>Median</i> |    |         | 22     | 0.92              | 1.25 | 1.00   | 1.01    | 0.78  |

CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average. H = Hold

Source: Bloomberg, Yahoo, McDep LLC



# Meter Reader

A Weekly Analysis of Oil and Gas Stocks

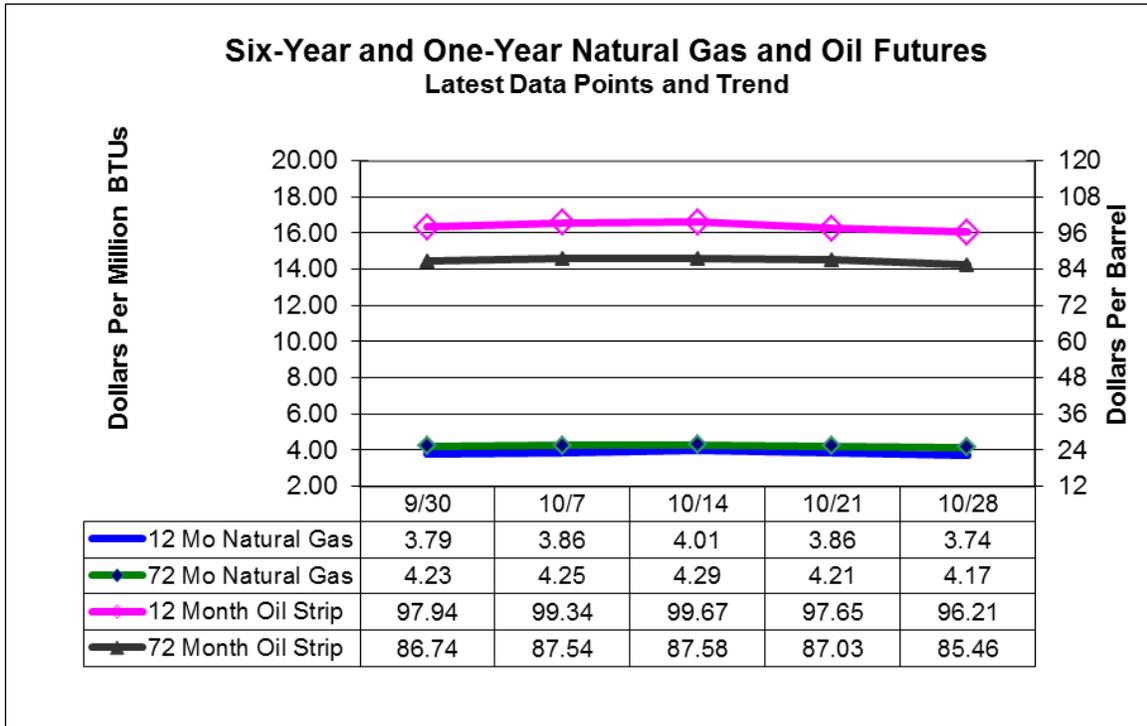
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| Index of Recent Research  |               |                                   |   |
|---|---------------|-----------------------------------|---|
| <b>Stock Ideas</b>  |               |                                   |   |
| <u>Date</u>   | <u>Symbol</u> | <u>Subject</u>                    | <u>Theme</u>  |
| 25-Oct  | ECA           | Encana Corporation                | San Juan Oil Upgraded to Commercial from Emerging                     |
| 22-Oct  | DVN           | Devon Energy                      | Transaction Doubles Midstream Value (Meter Reader)                    |
| 4-Oct   | NDRO          | Enduro Royalty Trust              | Worth Another Look after Stock Price Decline                          |
| 27-Sep  | WPX           | WPX Energy                        | San Juan Basin Innovator (Income and Small Cap Weekly)                |
| 24-Sep  | XOM           | Exxon Mobil                       | Fracking Firms Long-Term Value (Meter Reader)                         |
| 20-Sep  | WLL           | Whiting Petroleum                 | Activity Attracts Attention (Income and Small Cap Weekly)             |
| 17-Sep  | COP           | ConocoPhillips                    | Fracking Upside in Eagle Ford, Bakken and Permian (Meter Reader)      |
| 13-Sep  | CRT           | Cross Timbers Royalty Trust       | Fracking Upside in Permian and Scoop (Income and Small Cap Weekly)    |
| 10-Sep  | OXY           | Occidental Petroleum              | Permian Late Bloomer (Meter Reader)                                   |
| 3-Sep   | LUKOY         | Lukoil                            | Competitive Trends at Half Price (Meter Reader)                       |
| 16-Aug  | BIREF         | Birchcliff Energy                 | Buy Natural Gas in Summer   |
| 16-Aug  | CLR           | Continental Resources             | Raise NPV to \$120 from \$110 on More Oil Growth (ISCW)               |
| 13-Aug  | DVN           | Devon Energy                      | Raise NPV to \$100 from \$92 on Oil Gains (Meter Reader)              |
| 9-Aug   | DMLP          | Dorchester Minerals, L.P.         | More Bakken and Permian Oil Cash (Income and Small Cap Weekly)        |
| 6-Aug   | RDSA          | Royal Dutch Shell plc             | Value Choice after Latest Results (Meter Reader)                      |
| 31-Jul  | COSWF         | Canadian Oil Sands Ltd.           | CEO Change May Catalyze Operating Reliability                         |
| 30-Jul  | ECA, IMO      | Encana, Imperial Oil              | Buy Encana, Hold Imperial Oil (Meter Reader)                          |
| 23-Jul  | WOPEY         | Woodside Petroleum, Ltd.          | Distributing LNG Cash (Meter Reader)                                  |
| 19-Jul  | SJT           | San Juan Basin Royalty Trust      | Acreage 75% in Liquids-Rich Shale Zone (Income and Small Cap Weekly)  |
| 16-Jul  | COSWF, SU     | Canadian Oil Sands Ltd, Suncor    | Buy Canadian Oil Sands, Hold Suncor (Meter Reader)                    |
| 12-Jul  | PBT           | Permian Basin Royalty Trust       | Stock Price Recovering from Short-Term Overreaction                   |
| 9-Jul   | MRO           | Marathon Oil                      | Bakken Strengthens (Meter Reader)                                     |
| 5-Jul   | LINE          | Linn Energy                       | Stock Undervalued while SEC Probes (Income and Small Stock Weekly)    |
| 21-Jun  | RRC           | Range Resources                   | Superlatives (Income and Small Cap Weekly)                            |
| 7-Jun   | XEC           | Cimarex Energy                    | Uncovering Culberson Value (Income and Small Cap Weekly)              |
| 31-May  | HGT           | Hugoton Royalty Trust             | Beating the Bear (Income and Small Cap Weekly)                        |
| 14-May  | EOG           | EOG Resources                     | Raise NPV to \$180 on More Big Wells (Meter Reader)                   |
| 30-Apr  | TOT           | Total                             | Recovery Potential (Meter Reader)                                     |
| 19-Apr  | HK            | Halcón Resources                  | Fourth Core Area - El Halcón ("The Hawk") (Inc. and Small Cap Wkly)   |
| 16-Apr  | CVX           | Chevron                           | Deflation Resistance (Meter Reader)                                   |
| 12-Apr  | MTR           | Mesa Royalty Trust                | RTF Stealth Play on Long-Life Natural Gas (Income and Small Cap Wkly) |
| 5-Apr   | SBR           | Sabine Royalty Trust              | Accelerating Volume Growth (Income and Small Cap Weekly)              |
| 28-Mar  | PEYUF         | Peyto Exploration and Development | Raise NPV to \$32 for Fracking Winner (Income and Small Cap Weekly)   |
| 1-Mar   | ERF           | Enerplus Corporation              | Back on Track, Discontinue Buy (Income and Small Cap Weekly)          |
| 11-Jan  | PDCE          | PDC Energy                        | Mancos (Niobrara) Winner (Income and Small Cap Weekly)                |
| For historical research by stock, go to <a href="http://mcdep.com">mcdep.com</a> , click on <a href="#">Stock Ideas</a> , click on stock by name. |               |                                   |   |
| <b>Meter Reader</b>   |               |                                   |   |
| 22-Oct  | DVN           | Devon Energy                      | Transaction Doubles Midstream Value                                   |
| 15-Oct  |               |                                   | U.S. Natural Gas Net Exports by 2018                                  |
| 8-Oct   |               |                                   | U.S. Energy Independence Anticipation Advancing                       |
| 1-Oct   |               |                                   | Sharpen Focus to Wider Public Ownership and Lower Debt                |
| 24-Sep  | XOM           | Exxon Mobil                       | Fracking Firms Long-Term Value  |
| 17-Sep  | COP           | ConocoPhillips                    | Fracking Upside in Eagle Ford, Bakken and Permian                     |
| For earlier editions, go to <a href="http://mcdep.com">mcdep.com</a> , click on <a href="#">Meter Reader</a> .                                    |               |                                   |   |
| <b>Income and Small Cap Weekly</b> (merged into Meter Reader 10/1/13)   |               |                                   |   |
| <b>Industry Ideas</b>   |               |                                   |   |
| 22-Oct  |               | RTF Cash Payers                   | Oil Rising  |



# Meter Reader

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**Disclaimer:** This analysis was prepared by Kurt Wulff, Manager of McDep LLC. The firm used sources and data believed to be reliable, but makes no representation as to their accuracy or completeness. This analysis is intended for informational purposes and is not a solicitation to buy or sell a security. Past performance is no guarantee of future results.

McDep or its employees may take positions in stocks the firm covers for research purposes. No trades in a subject stock shall be made within a week before or after a change in recommendation.

**Certification:** I, Kurt H. Wulff, certify that the views expressed in this research analysis accurately reflect my personal views about the subject securities and issuers. No part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research analysis.

**Research Methodology/Ratings Description:** McDep LLC is an independent research originator focused on oil and gas stocks exclusively. The firm applies the forty years of experience of its analyst to estimate a present value of the oil and gas resources and other businesses of covered companies. That value is compared with a company's stock market capitalization and debt. Stocks with low market cap and debt relative to present value tend to outperform stocks with high market cap and debt relative to present value. Buy recommendations are expected to deliver a total return better than 7% per year above inflation. Hold recommendations assume the attributes of the underlying business are reflected in the current price of the stock. Sell recommendations are expected to deliver a total return less than inflation.