



Independent Stock Idea

April 5, 2016

Total S.A. (TOT) Globally Diversified Income

<i>Symbol</i>	TOT	<i>Ebitda Next Twelve Months ending 3/31/17 (US\$mm)</i>	24,600
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	1
<i>Price (US\$/sh)</i>	44.43	<i>Natural Gas and Oil Production/Ebitda (%)</i>	54
<i>Pricing Date</i>	4/4/16	<i>Adjusted Reserves/Production NTM</i>	10.2
<i>Shares (mm)</i>	2329	<i>EV/Ebitda</i>	6.7
<i>Market Capitalization (US\$mm)</i>	103,000	<i>PV/Ebitda</i>	11.0
<i>Debt (US\$mm)</i>	61,000	<i>Undeveloped Reserves (%)</i>	47
<i>Enterprise Value (EV) (US\$mm)</i>	164,000	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	16.30
<i>Present Value (PV) (US\$mm)</i>	271,000	<i>Present Value Proven Reserves(US\$/boe)</i>	12.77
<i>Net Present Value (US\$/share)</i>	90	<i>Present Value Proven Reserves(US\$/mcfe)</i>	2.13
<i>Debt/Present Value</i>	0.23	<i>Earnings Next Twelve Months (US\$/sh)</i>	2.75
<i>McDep Ratio - EV/PV</i>	0.61	<i>Price/Earnings Next Twelve Months</i>	16
<i>Dividend Yield (%/year)</i>	6.3	<i>Indicated Annual Dividend (US\$/sh)</i>	2.78
Note: Estimated cash flow and earnings tied to one-year futures prices for oil.			
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\$70 a barrel and natural gas, \$4.00 a million btu.			
For historical analysis of TOT since 2004 see www.mcdep.com/1tot.htm			

Summary and Recommendation

Trading near \$44 a share compared to our Net Present Value (NPV) of \$90, the stock of **Total S.A. (TOT)** offers a solid 6% annual dividend yield from well-managed global integrated oil and gas operations. The dividend draws strength from downstream oil products and chemical businesses (23% of NPV) that have profited from recent price declines in natural gas (22% of NPV and oil production (55% of NPV – see table Present Value on page 2). The French company's production is globally diversified with Asia the leading source for natural gas and Africa the leading source for oil (see table Production and Reserves on page 2). Meanwhile, the price decline may be reversing as signaled by futures contracts which drive our forecast of rising revenue, cash flow and earnings from the first quarter low to be reported on April 24 (see table Operating and Financial Estimates on page 3). In his February 2016 presentation to investors, Chairman and Chief Executive Patrick Pouyanne pointed to the company's outperformance in 2015 and to the projects that would fuel further growth in 2016 (see slides Outperforming and Major Projects on page 4). Our analysis confirms the competitive performance (see chart Volume on page 5). Peers face the same improving price trend (see chart Price on page 5). Cost reductions have helped the Ebitda (cash flow) trend (see charts Production Cost and Ebitda – Production on page 6). Rising cash from Downstream helped to secure the dividend trend (see charts Ebitda – Downstream and Dividends on page 7). The quantitative analysis is summarized in the McDep Ratio of 0.61 which we believe justifies our Buy recommendation (see Tables 1-4 on pages 8-11). Optimistically, TOT stock may soon score the positive sign of the golden cross when the 50 day average crosses the 200-day average at around \$45-46 a share (see chart on page 12).

Kurt H. Wulff, CFA



Independent Stock Idea

April 5, 2016

Total					
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>	
Rest of World Natural Gas	5,010	11.6	12.0	60,000	22%
Oil	8,350	9.2	17.8	149,000	55%
Downstream	11,240		5.5	62,000	23%
	24,600	10.2	11.0	271,000	100%
Debt (US\$mm)					61,000
Net Present Value (US\$mm)					210,000
Shares (mm)					2,329
Net Present Value - Standard Estimate (US\$/sh)					90
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					96

Total S.A.								
Production and Reserves, 2015								
								<i>NTM</i>
			<i>12/31/2015 Proven Reserves</i>			<i>Weighted</i>	<i>Adjusted</i>	
	<i>2015 Production</i>	<i>Developed</i>	<i>Undeveloped</i>	<i>Weighted</i>	<i>Life Index</i>	<i>R/P</i>		
	<i>(daily)</i>	<i>(annual)</i>	<i>(bcf or mmb)</i>	<i>(bcf or mmb)</i>	<i>(bcf or mmb)</i>	<i>(years)</i>	<i>(years)</i>	
Rest of World Natural Gas								
Europe	1,161	424	2,682	1,287	3,326	7.8		
Africa	677	247	1,726	1,503	2,478	10.0		
Americas	896	327	2,153	1,196	2,751	8.4		
Middle East	778	283	5,442	612	5,748	20.3		
Asia	2,542	928	6,607	8,998	11,106	12.0		
Total	6,054	2,209	18,610	13,596	25,408	11.5		11.6
Oil								
Europe	161	60	262	278	401	6.7		
Africa	542	198	865	628	1,179	6.0		
Americas	95	35	245	1,136	813	23.2		
Middle East	351	128	1,032	250	1,157	9.0		
Asia	88	32	351	558	630	19.7		
Total	1,237	453	2,755	2,850	4,180	9.2		9.2
Total Oil Equivalent	2,246	821	5,857	5,116	8,415	10.2		10.2



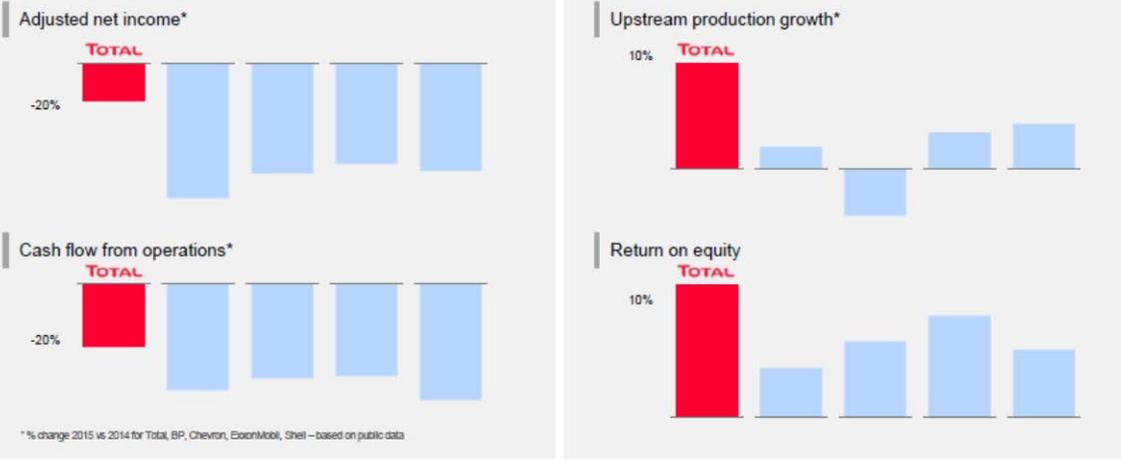
Independent Stock Idea

April 5, 2016

Total S.A.										
Next Twelve Months Operating and Financial Estimates										
	Q1	Q4	Year	Q1E	Q2E	Q3E	Q4E	Year	Q1E	Twelve
	3/31/15	12/31/15	2015	3/31/16	6/30/16	9/30/16	12/31/16	2016	3/31/17	Months
										3/31/17
Volume										
Natural Gas (mmcf)	6,312	5,993	6,053	5,993	5,993	5,993	5,993	5,993	5,993	5,993
Oil (mbd)	1,240	1,251	1,237	1,251	1,251	1,251	1,251	1,251	1,251	1,251
Total gas & oil (mmb)	206	207	820	202	205	207	207	821	202	821
Total gas & oil (mbd)	2,292	2,250	2,246	2,250	2,250	2,250	2,250	2,250	2,250	2,250
Price										
Dollar (euro/\$)	1.13	1.10	1.11	1.14	1.14	1.14	1.14	1.14	1.14	1.14
Natural gas (\$/mmbtu)	5.38	4.45	4.75	4.45	4.45	4.45	4.45	4.45	4.45	4.45
Oil (\$/bbl)										
WTI Cushing	48.62	42.21	48.79	33.47	37.26	39.80	41.15	37.92	42.00	40.05
Brent	53.90	43.80	52.53	34.14	38.01	40.59	41.97	38.68	42.84	40.85
Company	49.50	38.10	45.69	29.69	33.06	35.31	36.51	33.64	37.27	35.53
Total gas & oil (\$/bbl)	41.60	33.04	38.87	28.36	30.24	31.49	32.15	30.57	32.58	31.61
Europe (\$/t)	47.10	38.10	48.53							-
Revenue (mm)										
Natural gas	3,056	2,454	10,490	2,400	2,427	2,454	2,454	9,734	2,400	9,734
Oil	5,524	4,385	21,368	3,343	3,764	4,064	4,202	15,372	4,196	16,225
Total production	8,580	6,839	31,858	5,743	6,190	6,517	6,655	25,106	6,596	25,959
Other	33,733	30,910	133,499	30,910	30,910	30,910	30,910	123,642	30,910	123,642
Total	42,313	37,749	165,357	36,654	37,101	37,428	37,566	148,748	37,507	149,601
Expense										
Production	3,608	2,800	13,509	3,561	3,157	3,194	3,128	13,040	3,100	12,579
Other	31,082	28,095	121,912	28,095	28,095	28,095	28,095	112,382	28,095	112,382
Ebitda (mm)										
Production	4,972	4,038	18,349	2,182	3,033	3,324	3,527	12,067	3,496	13,380
Other	2,651	2,815	11,587	2,815	2,815	2,815	2,815	11,260	2,815	11,260
Total Ebitda	7,623	6,853	29,936	4,997	5,848	6,139	6,342	23,327	6,311	24,640
Exploration	637	727	1,991	727	727	727	727	2,908	727	2,908
Deprec., Deplet., & Amort.	2,826	2,732	11,078	2,732	2,732	2,732	2,732	10,928	2,732	10,928
Excess tax and other	351	1,301	3,697							
Operating Income										
Upstream	2,029	405	5,423							
Downstream	1,780	1,688	7,747							
Marketing and services	445	691	2,098							
Total operating income	3,809	2,093	13,170							
Excess tax and other	(351)	(1,301)	(3,697)							
Ebit	4,160	3,394	16,867	1,538	2,389	2,680	2,883	9,491	2,852	10,804
Interest	188	241	855	241	241	241	241	964	241	964
Ebt	3,972	3,153	16,012	1,297	2,148	2,439	2,642	8,527	2,611	9,840
Income Tax	1,390	1,104	5,604	454	752	854	925	2,984	914	3,444
Net Income (mm)	2,582	2,050	10,408	843	1,396	1,585	1,717	5,543	1,697	6,396
Shares (millions)	2,285	2,329	2,303	2,329	2,329	2,329	2,329	2,329	2,329	2,329
Per share	1.13	0.88	4.52	0.36	0.60	0.68	0.74	2.38	0.73	2.75
Ebitda Margin (E&P)	58%	59%	58%	38%	49%	51%	53%	48%	53%	52%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%

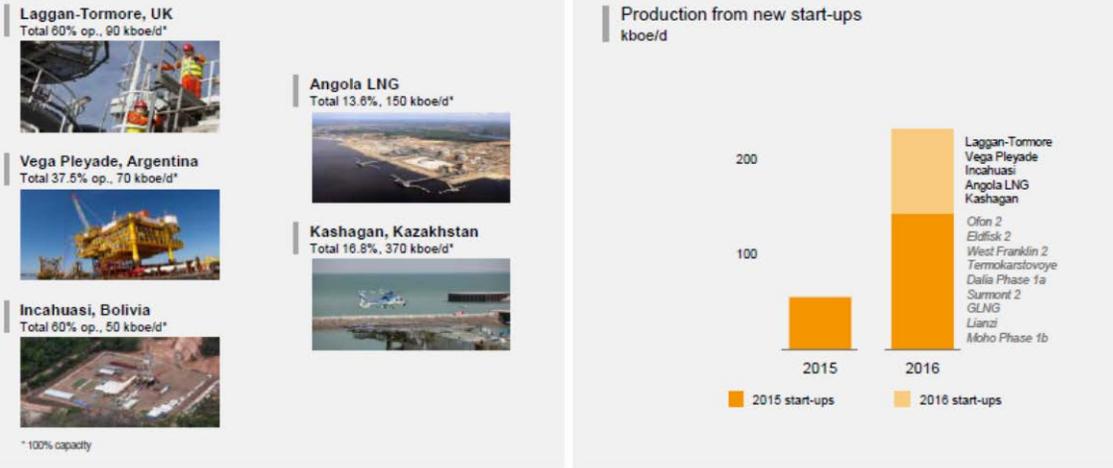
Outperforming peer group in 2015

Strong performance across all segments



Five major projects starting up in 2016

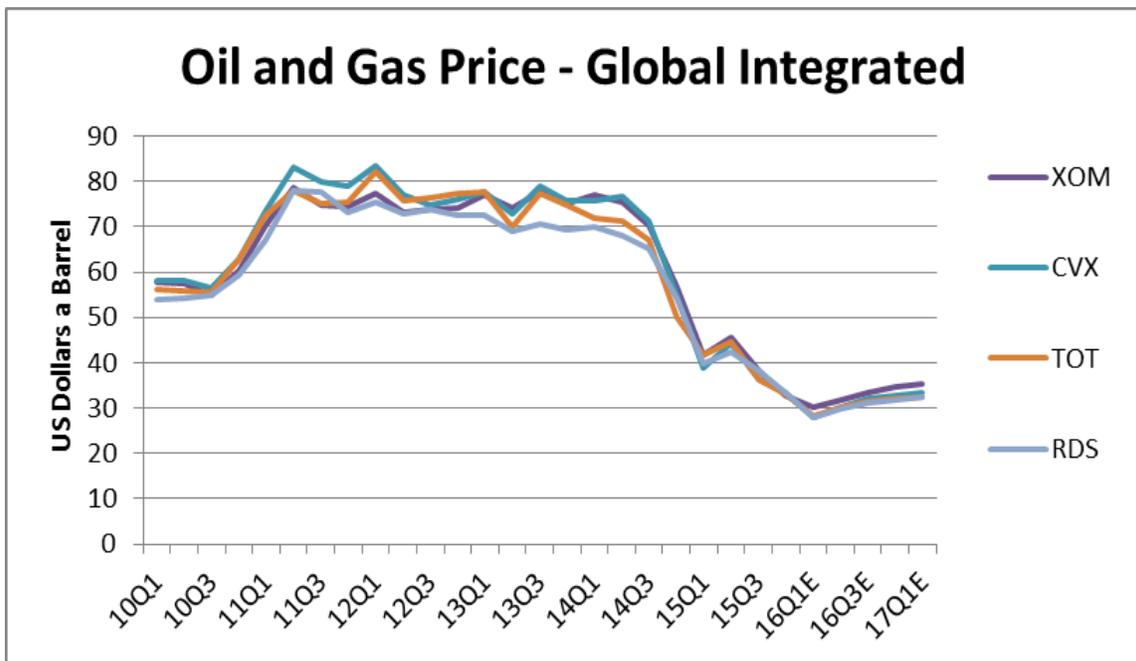
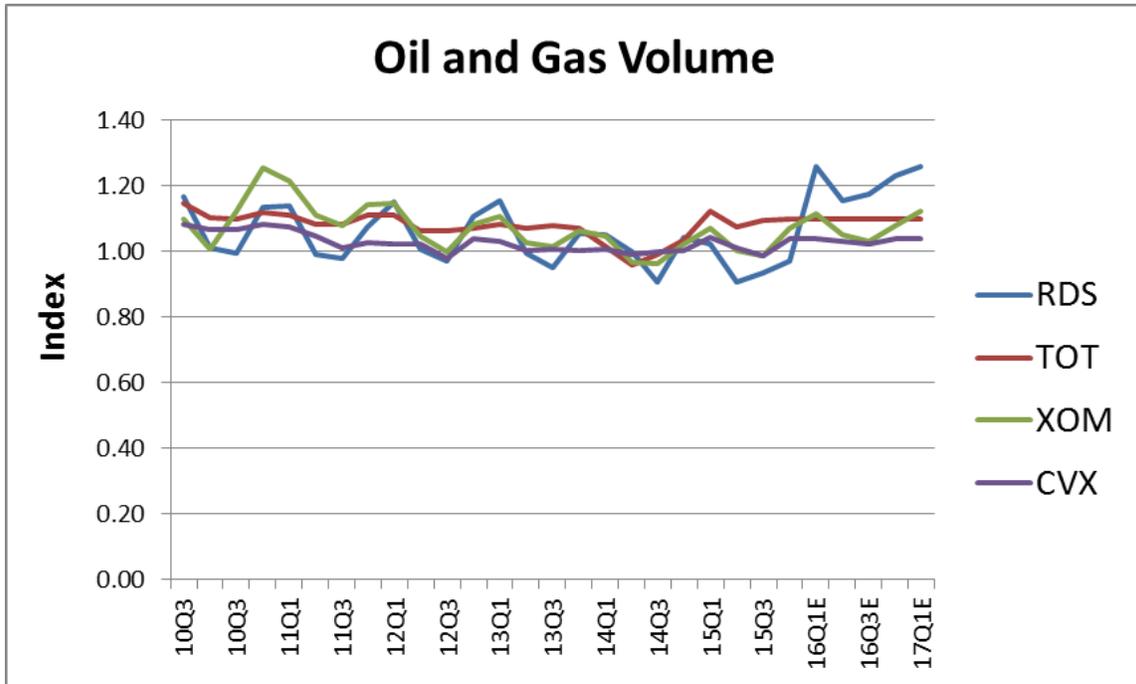
Ramping up nine 2015 start-ups

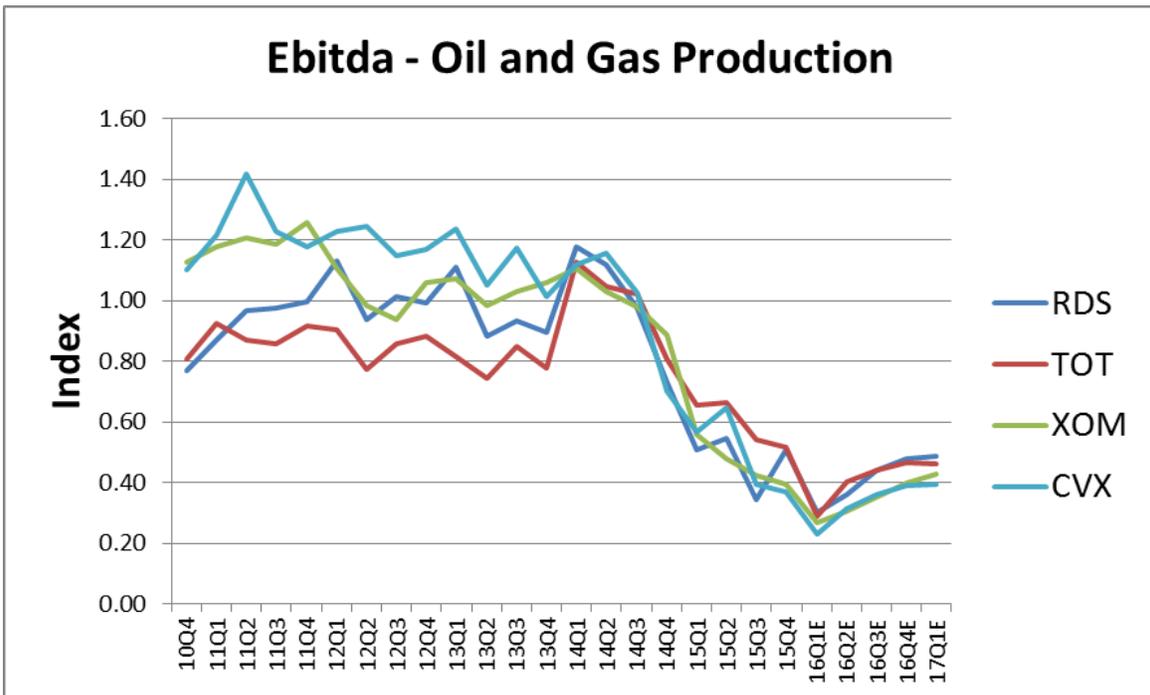
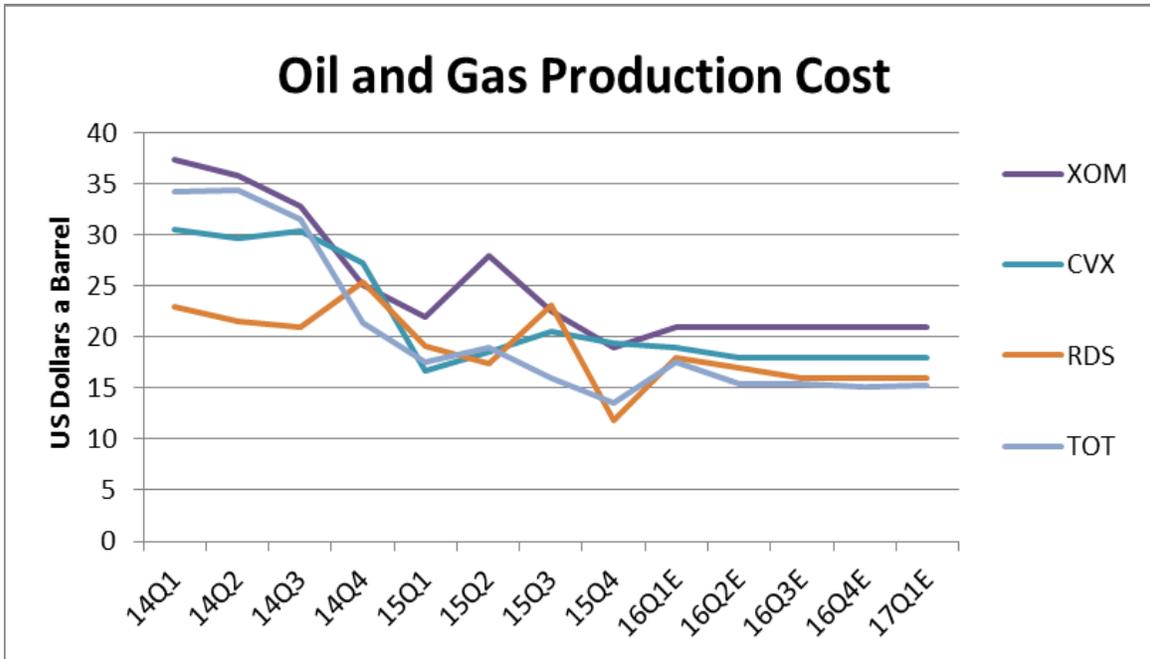




Independent Stock Idea

April 5, 2016

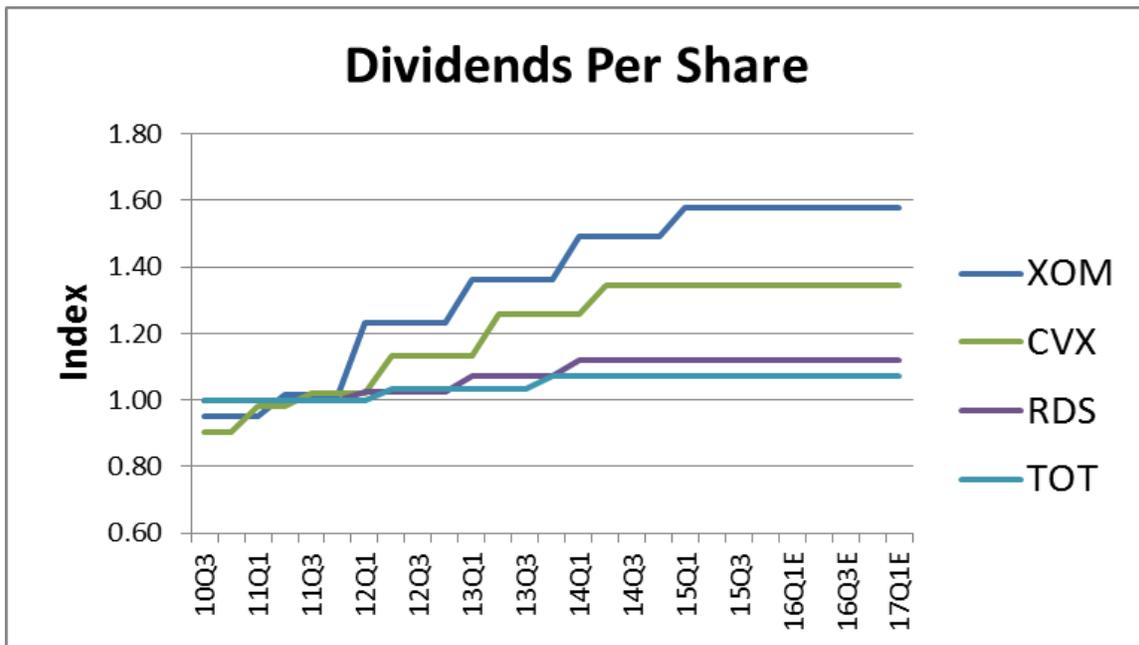
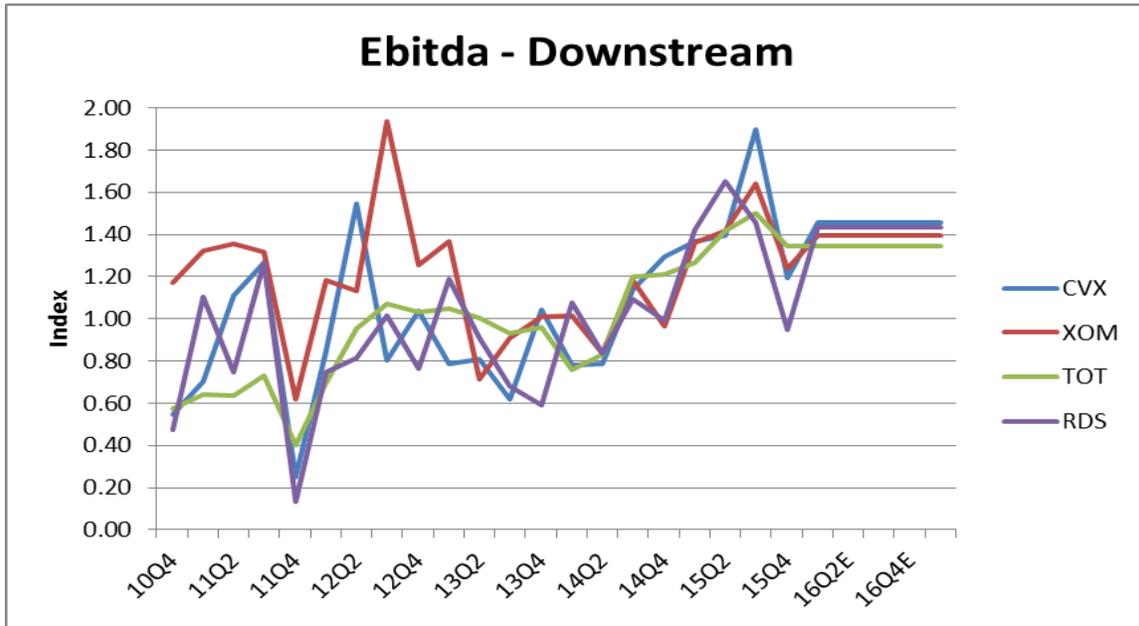






Independent Stock Idea

April 5, 2016





Independent Stock Idea

April 5, 2016

						<i>Present Value by Segment (%)</i>					
		<i>Price</i>	<i>EV/</i>	<i>Enterprise</i>	<i>North</i>	<i>Rest of</i>			<i>Dist.</i>		
		<i>(US\$/sh)</i>	<i>Market</i>	<i>Value</i>	<i>Amer.</i>	<i>World</i>			<i>Yield</i>		
<i>Symbol/Rating</i>	<i>4-Apr</i>	<i>2016</i>	<i>Cap</i>	<i>(\$mm)</i>	<i>Natural</i>	<i>Natural</i>	<i>Oil</i>	<i>Down-</i>	<i>NTM</i>	<i>McDep</i>	
					<i>Gas</i>	<i>Gas</i>	<i>Prod'n</i>	<i>stream</i>	<i>(%)</i>		
Global Integrated											
Exxon Mobil Corporation	XOM	83.16	1.26	439,000	5	17	58	20	3.5	0.86	
Chevron Corporation	CVX	93.43	1.35	237,000	2	11	68	19	4.6	0.75	
Royal Dutch Shell (BG pro form)	RDS-A B	47.74	1.66	314,000	1	17	57	26	7.9	0.71	
Total S.A.	TOT B	44.48	1.59	165,000		22	55	23	6.3	0.61	
<i>Total or Median</i>			<i>1.47</i>	<i>1,155,000</i>			<i>57</i>	<i>21</i>	<i>5.4</i>	<i>0.73</i>	
Large Independent											
EOG Resources, Inc.	EOG	70.26	1.18	45,400	9	1	90		1.0	0.95	
Occidental Petroleum Corp.	OXY	68.20	1.18	61,900	3	1	87	9	4.4	0.92	
Devon Energy Corporation	DVN	26.05	1.75	21,700	24		66	10	0.9	0.87	
Marathon Oil Corporation	MRO B	10.52	1.84	16,400	6	1	93		1.9	0.67	
ConocoPhillips	COP B	39.10	1.78	86,000	11	12	77		2.6	0.63	
<i>Total or Median</i>			<i>1.75</i>	<i>231,000</i>	<i>9</i>		<i>87</i>		<i>1.9</i>	<i>0.87</i>	
Small Independent											
Range Resources	RRC	33.05	1.56	8,600	60		40		0.2	1.19	
Cimarex Energy Company	XEC	94.77	1.21	10,700	30		70		0.3	1.04	
California Resources	CRC	1.16	17.36	7,600	10		90		-	0.84	
Continental Resources (32%)	CLR B	29.18	1.67	5,700	20		80		-	0.64	
Whiting Petroleum Corporation	WLL B	7.80	4.36	6,900	5		95		-	0.60	
<i>Total or Median</i>			<i>1.67</i>	<i>40,000</i>	<i>20</i>		<i>80</i>		<i>-</i>	<i>0.84</i>	
Income											
San Juan Basin Royalty Trust	SJT	5.04	1.00	240	100		-		4.4	0.63	
Permian Basin RT	PBT	6.11	1.00	290	23		77		5.0	0.56	
Cross Timbers Royalty Trust	CRT	14.52	1.00	90	52		48		8.1	0.50	
Sabine Royalty Trust	SBR B	29.17	1.00	430	38		62		7.0	0.49	
Dorchester Minerals, L.P.	DMLP B	10.96	1.00	340	23		77		7.6	0.46	
<i>Total or Median</i>			<i>1.00</i>	<i>1,400</i>	<i>38</i>		<i>62</i>		<i>7.0</i>	<i>0.50</i>	
Canada											
EnCana Corporation	ECA	5.88	2.56	12,800	50		50		1.0	0.99	
Imperial Oil Limited (30%)	IMO	31.47	1.35	10,800	1		73	27	1.4	0.87	
Suncor Energy	SU	27.03	1.42	60,600	-		84	16	3.3	0.83	
Cenovus Energy Inc.	CVE	12.70	1.38	14,500	7		84	8	1.2	0.71	
Birchcliff Energy Ltd.	BIREF B	3.45	2.09	1,100	77		23		-	0.49	
<i>Total or Median</i>			<i>1.42</i>	<i>100,000</i>			<i>73</i>		<i>1.2</i>	<i>0.83</i>	
Estimated present value presumes a long-term price for oil of US\$70 a barrel and natural gas, \$4.00 a million btu.											
Estimated present value capped by unlevered cash flow multiple (EV/Ebitda)											
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses											
For historical research see www.mcdep.com											



Independent Stock Idea

April 5, 2016

Table 2								
McDep Energy Stocks								
Net Present Value and McDep Ratio								
			Price (US\$/sh)	Shares	Market Cap (US\$mm)	Net Present Value (US\$/sh)	Debt/ Present Value	McDep Ratio
	Symbol/Rating		4-Apr 2016	(mm)				
	B = Buy							
Global Integrated								
Exxon Mobil Corporation	XOM		83.16	4,183	348,000	100.00	0.18	0.86
Chevron Corporation	CVX		93.43	1,874	175,000	135.00	0.20	0.75
Royal Dutch Shell (BG pro forma)	RDS-A	B	47.74	3,965	189,000	80.00	0.28	0.71
Total S.A.	TOT	B	44.48	2,329	104,000	90.00	0.23	0.61
	<i>Total or Median</i>				816,000		0.21	0.73
Large Independent								
EOG Resources, Inc.	EOG		70.26	546	38,400	75.00	0.15	0.95
Occidental Petroleum Corp.	OXY		68.20	766	52,200	75.00	0.14	0.92
Devon Energy Corporation	DVN		26.05	478	12,400	33.00	0.37	0.87
Marathon Oil Corporation	MRO	B	10.52	845	8,890	20.00	0.31	0.67
ConocoPhillips	COP	B	39.10	1,244	49,000	80.00	0.28	0.63
	<i>Total or Median</i>				160,900		0.28	0.87
Small Independent								
Range Resources	RRC		33.05	167	5,500	25.00	0.42	1.19
Cimarex Energy Company	XEC		94.77	93	8,800	90.00	0.18	1.04
California Resources	CRC		1.16	382	400	5.00	0.79	0.84
Continental Resources (32%)	CLR	B	29.18	118	3,500	56.00	0.26	0.64
Whiting Petroleum Corporation	WLL	B	7.80	204	1,600	30.00	0.47	0.60
	<i>Total or Median</i>				20,000		0.42	0.84
Income								
San Juan Basin Royalty Trust	SJT		5.04	47	240	8.00	-	0.63
Permian Basin RT	PBT		6.11	47	290	11.00	-	0.56
Cross Timbers Royalty Trust	CRT		14.52	6	90	29.00	-	0.50
Sabine Royalty Trust	SBR	B	29.17	15	430	60.00	-	0.49
Dorchester Minerals, L.P.	DMLP	B	10.96	31	340	24.00	-	0.46
	<i>Total or Median</i>				1,400		-	0.50
Canada								
EnCana Corporation	ECA		5.88	846	5,000	6.00	0.61	0.99
Imperial Oil Limited (30%)	IMO		31.47	255	8,000	38.00	0.22	0.87
Suncor Energy	SU		27.03	1,583	42,800	35.00	0.24	0.83
Cenovus Energy Inc.	CVE		12.70	825	10,500	20.00	0.20	0.71
Birchcliff Energy Ltd.	BIREF	B	3.45	154	500	11.00	0.25	0.49
	<i>Total or Median</i>				67,000		0.24	0.83
Estimated present value presumes a long-term price for oil of US\$70 a barrel and natural gas, \$4.00 a million btu.								
Estimated present value capped by unlevered cash flow multiple (EV/Ebitda)								
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses								
For historical research see www.mcdep.com								



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April 5, 2016

Table 3							
McDep Energy Stocks							
Value Multiples and Dividend							
Ranked by EV/Ebitda							
			Price (US\$/sh)	Adjustd Resrvs/ Prod	PV/ Ebitda	EV/ Ebitda	Dividend NTM
	Symbol/Rating		4-Apr 2016	NTM	NTM	NTM	NTM
	B = Buy						
Global Integrated							
Exxon Mobil Corporation	XOM		83.16	13.8	12.9	11.1	30
Chevron Corporation	CVX		93.43	9.3	12.4	9.3	44
Royal Dutch Shell (BG pro forma)	RDS-A	B	47.74	9.4	11.0	7.8	30
Total S.A.	TOT	B	44.48	10.2	11.0	6.7	16
	<i>Median</i>			9.8	11.7	8.6	30
Large Independent							
EOG Resources, Inc.	EOG		70.26	8.3	22.1	20.9	0.67
Devon Energy Corporation	DVN		26.05	9.3	18.2	15.8	65
Occidental Petroleum Corp.	OXY		68.20	8.1	16.6	15.3	3.00
Marathon Oil Corporation	MRO	B	10.52	13.1	19.9	13.3	0.20
ConocoPhillips	COP	B	39.10	11.3	19.7	12.4	1.00
	<i>Median</i>			9.3	19.7	15.3	65
Small Independent							
Range Resources	RRC		33.05	14.6	25.3	30.0	0.08
Cimarex Energy Company	XEC		94.77	7.8	20.6	21.5	0.32
California Resources	CRC		1.16	11.2	22.4	18.8	-
Continental Resources (32%)	CLR	B	29.18	11.4	23.6	15.2	-
Whiting Petroleum Corporation	WLL	B	7.80	13.2	20.9	12.7	-
	<i>Median</i>			11.4	22.4	18.8	
Income							
San Juan Basin Royalty Trust	SJT		5.04	10.0	30.6	19.3	22
Permian Basin RT	PBT		6.11	8.6	27.6	15.3	20
Cross Timbers Royalty Trust	CRT		14.52	6.0	28.6	14.3	12
Sabine Royalty Trust	SBR	B	29.17	9.5	29.3	14.2	14
Dorchester Minerals, L.P.	DMLP	B	10.96	6.9	28.6	13.1	21
	<i>Median</i>			8.6	28.6	14.3	20
Canada							
EnCana Corporation	ECA		5.88	8.4	19.7	19.6	104
Cenovus Energy Inc.	CVE		12.70	15.0	25.2	17.8	0.15
Suncor Energy	SU		27.03	17.5	18.5	15.3	0.89
Imperial Oil Limited (30%)	IMO		31.47	29.0	15.2	13.1	25
Birchcliff Energy Ltd.	BIREF	B	3.45	15.6	17.8	8.7	-
	<i>Median</i>			15.6	18.5	15.3	65
	<i>Grand Median</i>			11	21	15	

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2017; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

For historical research see www.mcdep.com



Independent Stock Idea

April 5, 2016

Table 4										
McDep Energy Stocks										
Total Return Year-to-Date 2016										
Ranked by Unlevered Total Return										
			Price (\$/sh)	Price (\$/sh)	Price Change (%)	Cash Distrib. (%)	Equity Total Return (%)	Unlevered Total Return (\$/sh) (%)		McDep Ratio
	Symbol/Rati		4-Apr 2016	31-Dec 2015						
Global Integrated										
	Exxon Mobil Corporation	XOM	83.16	77.95	7	1	8	22	6	0.86
	Royal Dutch Shell (BG pro forma)	RDS-A B	47.74	45.79	4	2	6	32	4	0.71
	Chevron Corporation	CVX	93.43	89.96	4	1	5	33	4	0.75
	Total S.A.	TOT B	44.48	44.95	(1)	1	0	26	0	0.61
	<i>Median</i>				4		6		4	0.73
Large Independent										
	Occidental Petroleum Corp.	OXY	68.20	67.61	1	1	2	13	2	0.92
	EOG Resources, Inc.	EOG	70.26	70.79	(1)	-	(1)	13	(1)	0.95
	Marathon Oil Corporation	MRO B	10.52	12.58	(16)	0	(16)	9	(9)	0.67
	ConocoPhillips	COP B	39.10	46.69	(16)	1	(16)	30	(10)	0.63
	Devon Energy Corporation	DVN	26.05	32.00	(19)	0	(19)	19	(12)	0.87
	<i>Median</i>				(16)		(16)		(9)	0.87
Small Independent										
	Range Resources	RRC	33.05	24.62	34	0	34	18	20	1.19
	Continental Resources (32%)	CLR B	29.18	22.98	27	-	27	19	15	0.64
	Cimarex Energy Company	XEC	94.77	89.38	6	0	6	20	5	1.04
	Whiting Petroleum Corporation	WLL B	7.80	9.44	(17)	-	(17)	26	(5)	0.60
	California Resources	CRC	1.16	2.33	(50)	-	(50)	19	(6)	0.84
	<i>Median</i>				6		6		5	0.84
Income										
	San Juan Basin Royalty Trust	SJT	5.04	4.14	22	2	23	-	23	0.63
	Permian Basin RT	PBT	6.11	5.06	21	1	22	-	22	0.56
	Cross Timbers Royalty Trust	CRT	14.52	13.01	12	3	14	-	14	0.50
	Dorchester Minerals, L.P.	DMLP B	10.96	9.89	11	2	13	-	13	0.46
	Sabine Royalty Trust	SBR B	29.17	26.26	11	2	13	-	13	0.49
	<i>Median</i>				12		14		14	0.50
Canada										
	Birchcliff Energy Ltd.	BIREF B	3.45	2.93	18	-	18	4	8	0.49
	EnCana Corporation	ECA	5.88	5.09	16	1	17	9	6	0.99
	Suncor Energy	SU	27.03	25.80	5	1	6	11	4	0.83
	Cenovus Energy Inc.	CVE	12.70	12.62	1	1	2	5	1	0.71
	Imperial Oil Limited (30%)	IMO	31.47	32.52	(3)	0	(3)	11	(2)	0.87
	<i>Median</i>				5		6		4	0.83
	<i>Grand Median</i>				5		6		4	0.71
	Natural Gas (\$/mmbtu)		2.00	2.33	(14)					
	Oil - West Texas Intermediate (\$/bbl)		35.82	37.06	(3)					
	S&P 500		2,066	2,044	1					

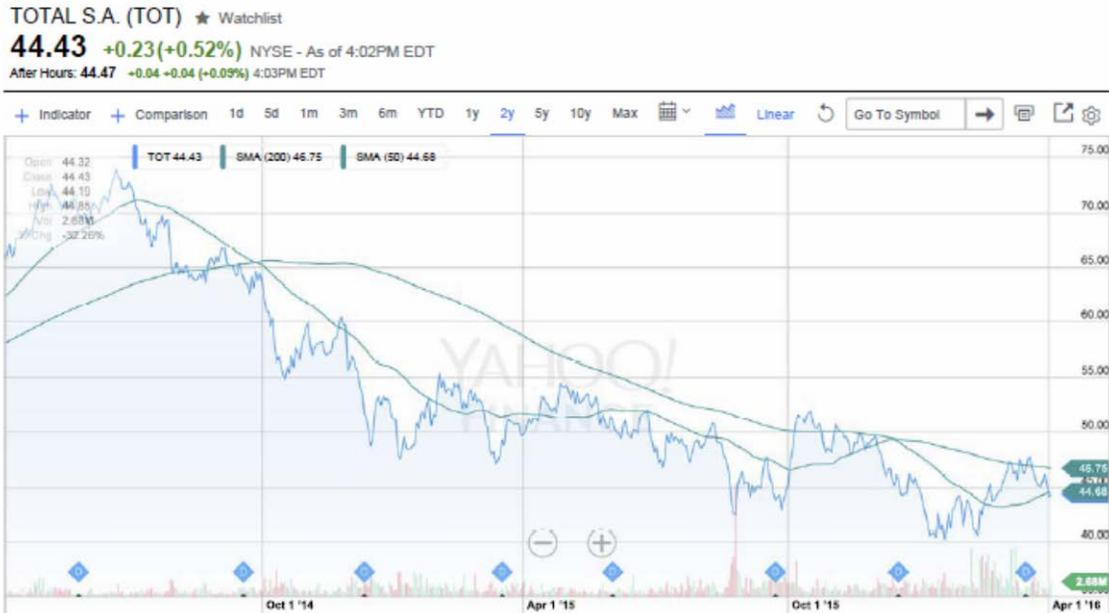
Source: McDep LLC, Yahoo, CME Group, Bloomberg

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TOT Interactive Stock Chart | Yahoo! Inc. Stock - Yahoo! Finance

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