

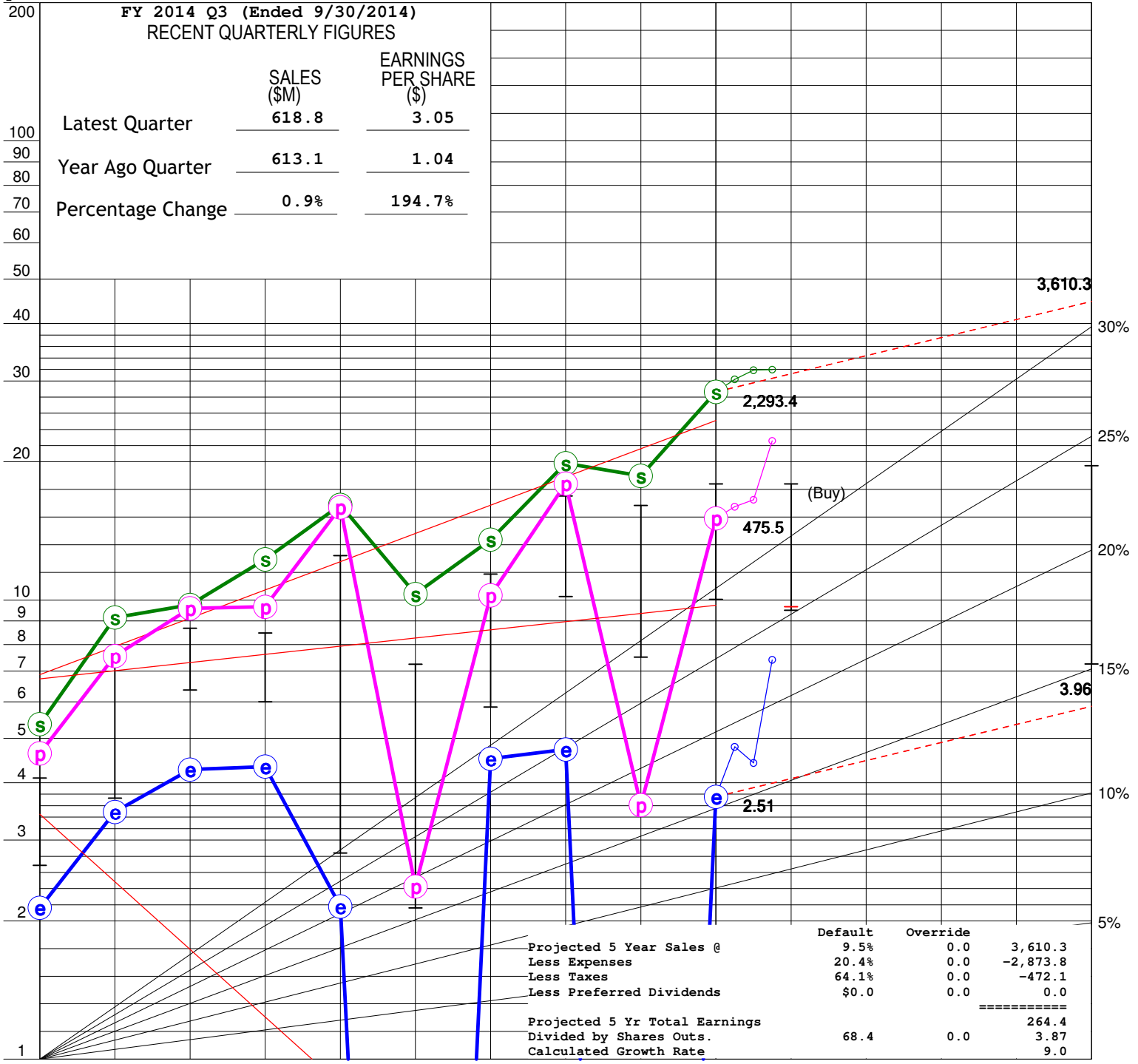


Stock Study

Company	SM Energy	Price Date	11/18/14
Study by	SPatter	Data Date	11/18/14
Sector	Energy	Last Judgment	11/19/14
Industry	Oil & Gas E&P	Data Source	BI
Preferred(\$M)	0.0	Reference	Morningstar
Diluted(M Shares)	68.4	% Insiders	2.5
Debt(\$M)	1,990.0	% Institutions	92.4
% Debt to Tot.Cap.	55.2	Quality	

1 Growth Analysis

NYSE: SM



- | | | | | |
|-----------------------------------|--------|--|---------|---------------|
| (1) Historical Sales Growth | 15.2 % | (3) Historical Earnings Per Share Growth | -28.7 % | www.iclub.com |
| (2) Estimated Future Sales Growth | 9.5 % | (4) Estimated Future Earnings Per Share Growth | 9.5 % | |
| (5) Sales Growth R ² | 0.82 | (6) Earnings Per Share Growth R ² | 0.10 | |

2 QUALITY ANALYSIS

Company **SM Energy** (SM)

11/18/14

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	5 YEAR AVG.	TREND UP / DOWN
A % Pre-tax Profit on Sales	33.8	32.2	38.4	30.8	38.6	9.0	29.6	35.3	7.5	20.7	20.4	EVEN
B % ROE (Beginning Yr)	28.3	27.5	28.6	21.6	10.6	-8.5	19.6	16.6	-3.6	11.8	7.2	UP
C % Debt to Equity	24.2	14.8	48.6	64.4	49.8	47.0	26.0	63.8	103.5	98.2	67.7	UP

3 PRICE, PRICE/EARNINGS RATIO and DIVIDEND ANALYSIS

CURRENT PRICE (P/E) 50.80 (10.2) 52-WEEK HIGH (P/E) 94.00 (18.8) 52-WEEK LOW (P/E) 49.85 (10.0)

Fiscal Year	High Price	Low Price	EPS	High P/E	Low P/E	Dividend	% Payout	% High Yield
1 2009	38.1	11.2	-1.59	NMF	NMF	0.100	-6.3	0.9
2 2010	59.8	30.7	3.04	19.7	10.1	0.100	3.3	0.3
3 2011	88.5	53.5	3.19	27.8	16.8	0.100	3.1	0.2
4 2012	84.4	39.4	-0.83	NMF	NMF	0.100	-12.0	0.3
5 2013	94.0	52.7	2.51	37.4	21.0	0.100	4.0	0.2
6 AVERAGE		37.5		28.3	16.0		-1.6	
AVERAGE P/E RATIO		22.1	PROJECTED P/E RATIO		9.3	TTM EPS		5.00
CURRENT P/E RATIO		10.2	PEG RATIO		1.0	FTM EPS		5.47
RELATIVE VALUE		46.0	PROJ. RELATIVE VALUE		42.0% 44.2%	AVG TTM + FTM EPS		5.23

4 EVALUATING REWARD and RISK over the next 5 years

A FUTURE HIGH PRICE ANALYSIS -- NEXT 5 YEARS

Selected High P/E ~~28.3~~ 26.0 X Estimated High Earnings/Share 3.96 = Forecast High Price \$ 103.0

B FUTURE LOW PRICE ANALYSIS -- NEXT 5 YEARS

(a) Sel. Low P/E 16.0 (as adj.) X Estimated Low Earnings/Share ~~2.51~~ 5.00 = \$ 79.9
 (b) Average 5-Year Low Price = 37.5
 (c) Recent Severe Low Price = 39.4

(d) Price Dividend Will Support = Present Divd. + High Yield = 0.100 + 0.009 = 11.2
 Selected Estimated Low Price = \$ 38.1

C PRICE RANGES

Forecast High Price 103.0 - Estimated Low Price 38.1 = Range 64.9 25% of Range = 16.2

BUY (Lower 25% of Range) = 38.1 to 54.3
 MAYBE (Middle 50% of Range) = 54.3 to 86.8
 SELL (Upper 25% of Range) = 86.8 to 103.0

Current Price 50.800 is in the Buy Range

D REWARD/RISK ANALYSIS (Potential Gain vs. Risk of Loss)

(Forecast High Price 103.0 - Current Price 50.800) ÷ (Current Price 50.800 - Estimated Low Price 38.1) = 4.1 To 1

5 TOTAL RETURN ANALYSIS

A CURRENT YIELD

Present Full Year's Dividend \$ 0.100 ÷ Current Price of Stock \$ 50.800 = 0.2 % Present Yield or % Returned on Purchase Price

B AVERAGE YIELD - USING FORECAST HIGH P/E

Avg. % Payout -1.6 ÷ Forecast High P/E 26.0 = Avg. Yield -0.1

AVERAGE YIELD - USING FORECAST AVERAGE P/E

Avg. % Payout -1.6 ÷ Forecast Avg P/E 21.0 = Avg. Yield -0.1

C % COMPOUND ANNUAL TOTAL RETURN - USING FORECAST HIGH P/E

Average Yield -0.1 % + Annual Appreciation 15.2 % = Compound Annual Total Return 15.1 %

D % PROJECTED AVERAGE RETURN - USING FORECAST AVERAGE P/E

Average Yield -0.1 % + Annual Appreciation 10.4 % = Projected Average Total Return 10.3 %