

# Exxon Mobil Corp

**S&P Capital IQ Recommendation** **HOLD** ★★☆☆☆  
**S&P Capital IQ Equity Analyst** S. Glickman, CFA

**Price** \$100.74 (as of May 16, 2014 4:00 PM ET)  
**12-Mo. Target Price** \$105.00

**Report Currency** USD

**Investment Style** Large-Cap Blend

**GICS Sector** Energy  
**Sub-Industry** Integrated Oil & Gas

**Summary** XOM, formed through the merger of Exxon and Mobil in late 1999, is the world's largest publicly owned integrated oil company.

**Key Stock Statistics** (Source S&P Capital IQ, Vickers, company reports)

|                          |                       |                            |                |                             |                  |                             |             |
|--------------------------|-----------------------|----------------------------|----------------|-----------------------------|------------------|-----------------------------|-------------|
| 52-Wk Range              | <b>\$103.45–84.79</b> | S&P Oper. EPS 2014E        | <b>7.63</b>    | Market Capitalization(B)    | <b>\$432.615</b> | Beta                        | <b>0.59</b> |
| Trailing 12-Month EPS    | <b>\$7.34</b>         | S&P Oper. EPS 2015E        | <b>7.70</b>    | Yield (%)                   | <b>2.74</b>      | S&P 3-Yr. Proj. EPS CAGR(%) | <b>2</b>    |
| Trailing 12-Month P/E    | <b>13.7</b>           | P/E on S&P Oper. EPS 2014E | <b>13.2</b>    | Dividend Rate/Share         | <b>\$2.76</b>    | S&P Quality Ranking         | <b>A</b>    |
| \$10K Invested 5 Yrs Ago | <b>\$16,576</b>       | Common Shares Outstg. (M)  | <b>4,294.4</b> | Institutional Ownership (%) | <b>51</b>        |                             |             |

**Price Performance**



Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst **S. Glickman, CFA** on May 13, 2014 01:51 PM, when the stock traded at **\$102.48**.

**Highlights**

- In March, XOM updated its production outlook over the medium term (through 2017). We note that annual production targets have been ratcheted back, such that by 2017, annual production is anticipated to hit 4.3 mboe/d, down 0.5 mboe/d from last year's forecast for 2017. We think XOM has pared back its assumptions for U.S. natural gas fundamentals, resulting in less production to come from gas-directed activity. Longer-term, we still think U.S. natural gas has secular demand drivers, such as LNG exports and U.S. chemical industry expansion, but in the near-to-medium term we remain cautious.
- XOM projects 2014 output flat with 2013, but sees capex of \$39.8 billion in 2014, down from \$42.5 billion in 2013, and expects it to average less than \$37 billion in 2015-2017, excluding potential acquisitions. We anticipate that liquids should constitute an increasingly higher proportion of product mix. Capital IQ consensus data suggest that XOM will generate 53% of its production from liquids in 2014, up one percentage point from 2013.
- We see operating EPS of \$7.63 in 2014, versus \$7.37 in 2013, and \$7.70 in 2015.

**Investment Rationale/Risk**

- We see upstream growth opportunities (deepwater, Arctic and Black Sea, LNG, unconventional), but projections have been pushed further out than previously forecast. We think XOM's project development capabilities have provided a strong pipeline of long-lived upstream assets with improving decline rates, and the downstream unit should benefit over the long term from its complex large refineries. We see further expansion of activities in global LNG and frontier regions and targeted divestments across businesses. We think XOM will remain active in M&A markets.
- Risks to our recommendation and target price include deterioration in economic, industry and operating conditions, such as difficulty replacing reserves and increased production costs.
- Our 12-month target price of \$105 reflects a forward EBITDA multiple of 6.1X, above XOM's 5-year average forward multiple, and a premium to supermajor oil peer Chevron (CVX Buy 125). We estimate 2014 ROIC of 12.5%, above CVX and above the E&P peer average. We think that free cash flows should expand as XOM high-grades its portfolio and as capex is trimmed back.

**Analyst's Risk Assessment**

|            |               |             |
|------------|---------------|-------------|
| <b>LOW</b> | <b>MEDIUM</b> | <b>HIGH</b> |
|------------|---------------|-------------|

Our risk assessment reflects our view of the company's diversified and strong business profile in volatile, cyclical and capital-intensive segments of the energy industry. We consider ExxonMobil's earnings stability and corporate governance practices to be above average.

**Revenue/Earnings Data**

**Revenue (Million U.S. \$)**

|      | 1Q      | 2Q      | 3Q      | 4Q      | Year    |
|------|---------|---------|---------|---------|---------|
| 2014 | 95,331  | --      | --      | --      | --      |
| 2013 | 108,807 | 106,469 | 112,372 | 100,207 | 393,716 |
| 2012 | 119,189 | 112,745 | 111,554 | 109,635 | 482,295 |
| 2011 | 114,000 | 125,486 | 125,330 | 113,119 | 486,429 |
| 2010 | 90,250  | 92,490  | 95,300  | 105,190 | 383,221 |
| 2009 | 64,028  | 74,457  | 82,260  | 89,841  | 310,586 |

**Earnings Per Share (U.S. \$)**

|      | 2014 | 2013  | 2012  | 2011  | 2010  | 2009 |
|------|------|-------|-------|-------|-------|------|
| 2014 | 2.10 | E1.90 | E1.94 | E1.86 | E7.63 |      |
| 2013 | 2.12 | 1.55  | 1.79  | 1.91  | 7.37  |      |
| 2012 | 2.00 | 3.41  | 2.09  | 2.20  | 9.70  |      |
| 2011 | 2.14 | 2.18  | 2.13  | 1.97  | 8.42  |      |
| 2010 | 1.33 | 1.60  | 1.44  | 1.85  | 6.22  |      |
| 2009 | 0.92 | 0.81  | 0.98  | 1.27  | 3.98  |      |

Fiscal year ended Dec. 31. Next earnings report expected: Early August. EPS Estimates based on S&P Capital IQ Operating Earnings; historical GAAP earnings are as reported in Company reports.

**Dividend Data**

| Amount (\$) | Date Decl. | Ex-Div. Date | Stk. of Record | Payment Date |
|-------------|------------|--------------|----------------|--------------|
| 0.630       | Jul 31     | Aug 9        | Aug 13         | Sep 10 '13   |
| 0.630       | Oct 30     | Nov 7        | Nov 12         | Dec 10 '13   |
| 0.630       | Jan 29     | Feb 6        | Feb 10         | Mar 10 '14   |
| 0.690       | Apr 30     | May 9        | May 13         | Jun 10 '14   |

Dividends have been paid since 1882. Source: Company reports.

Past performance is not an indication of future performance and should not be relied upon as such.

**Please read the Required Disclosures and Analyst Certification on the last page of this report.**

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**Exxon Mobil Corp****Business Summary** May 13, 2014

**CORPORATE OVERVIEW.** In late 1999, the FTC allowed Exxon and Mobil to reunite, creating Exxon Mobil Corp. ExxonMobil's businesses include oil and natural gas exploration and production (79% of 2013 segment earnings versus 64% in 2012); refining and marketing (10% versus 28%); chemicals (11% versus 8%); and other operations, such as electric power generation, coal and minerals.

Including non-consolidated equity interest, proved oil and gas reserves grew 0.2% in 2013, to 25.2 billion BOE (53% liquids; 66% developed). Oil and gas production fell 1.5%, to 4.18 million barrels of oil equivalent per day (BOE/d; 53% liquids). XOM expects production, ex-divestitures, to remain flat at about 4.0 million BOE/d in 2014, but rise to 4.3 million BOE/d by 2017. XOM replaced 103% of its 2013 production, down from 115% in 2012. Using data from IHS Herold, we estimate XOM's three-year (2010-2012) reserve replacement at 150%, versus the peer average of 161%; three-year finding and development costs at \$24.78 per BOE, above the peer average of \$18.48; proved acquisition costs at \$7.81 per BOE, below the peer average of \$9.42; and its reserve replacement costs at \$18.24 per BOE, above the peer average of \$17.27.

At year-end 2013, XOM had an ownership interest in 31 refineries with 5.29 million barrels per day (b/d) of atmospheric distillation capacity (U.S. 37%, Europe 31%, Asia Pacific 20%, Canada 8%, and Middle East/Latin America/Other 6%). The marketing operations sell products and services throughout the world. Exxon, Esso and Mobil brands serve customers at over 19,000 retail service stations.

XOM's Chemical segment manufactures and sells petrochemicals, supplying olefins, polyolefins, aromatics, and a wide variety of other petrochemicals. At year-end 2013, XOM had a chemicals complex capacity of 23.6 million metric tons per year.

**MARKET PROFILE.** Based on a blend of oil and gas assets and production volumes, we estimate that XOM is the largest publicly traded integrated oil company in the world, serving customers in over 200 countries. XOM maintains the largest portfolio of proved reserves and production in North America, and is the biggest net producer of oil and gas in Europe. Through wholly owned ExxonMobil Canada Ltd. and its 69.6%-owned affiliate Imperial Oil, XOM is one of the largest oil and gas producers in Canada and is building the Kearl oil sands project.

**CORPORATE STRATEGY.** XOM's capital spending peaked at \$42.5 billion in 2013. For 2014, XOM plans to reduce capital spending to \$39.8 billion, and to level out below \$37.0 billion, on average, for the period 2015-2017. A total of 21 major oil and gas projects will begin production between 2014 and 2017, including 10 major startups in 2014. XOM anticipates adding over 1 million BOE/d by 2017. This includes the Kearl oil sands project in Canada and the Papua New Guinea LNG project.

**IMPACT OF MAJOR DEVELOPMENTS.** In August 2011, XOM and Russia's Rosneft executed a Strategic Cooperation Agreement under which the companies plan to undertake joint exploration and development of hydrocarbon resources in Russia, the U.S. and other countries throughout the world, and commence technology- and expertise-sharing activities. The agreement includes approximately US\$3.2 billion to be spent funding exploration in the Kara Sea and Black Sea, among the most promising and least explored offshore areas globally. The agreement provides Rosneft with an opportunity to gain equity interest in a number of XOM's exploration opportunities in North America, including the deepwater Gulf of Mexico and tight oil fields, as well as additional opportunities in other countries. The companies also agreed to conduct a joint study of developing tight oil resources in Western Siberia, and will create an Arctic Research and Design Center for Offshore Developments.

On June 25, 2010, XOM purchased XTO Energy, Inc. in an all-stock deal valued at \$40.5 billion (including \$10.0 billion of long-term debt). The deal added 2,471 million BOE (84% natural gas) at an implied value of \$11.51 per proved BOE. We believe XOM's technical expertise will unlock additional XTO resource potential in the coming years.

**FINANCIAL TRENDS.** As of December 31, 2013, XOM had a cash balance of \$4.6 billion, compared with long-term debt of \$6.9 billion. We believe XOM has enjoyed above-average returns versus peers. Return on capital employed was 17.2% in 2013 and has averaged 22.3% for the three year period 2011-2013.

XOM has continued its share repurchases, and appears to be using them to balance its cash use. XOM's common stock repurchases totaled \$16 billion in 2013, versus about \$11 billion in cash dividends. We believe that share repurchases will continue, but will be treated as a use of excess cash flow after capital spending needs are met and after dividends are paid. XOM has reduced its share count to 4.4 billion shares outstanding, down from 7 billion shares after the Exxon/Mobil merger in 1999 and 5.1 billion after the XTO acquisition in 2010.

**Corporate Information****Office**

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**Telephone**

972-444-1000.

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972-444-1348.

**Website**<http://www.exxonmobil.com>**Officers****Chrmn, CEO & Pres**

R.W. Tillerson

**Treas**

R.N. Schleckser

**SVP & CFO**

A.P. Swiger

**Secy**

D.S. Rosenthal

**Chief Acctg Officer & Cntrl**

P.T. Mulva

**Board Members**

M. J. Boskin

P. Brabeck-Letmathe

U. M. Burns

L. R. Faulkner

J. S. Fishman

H. H. Fore

K. C. Frazier

W. W. George

S. J. Palmisano

S. S. Reinemund

R. W. Tillerson

W. C. Weldon

**Domicile**

New Jersey

**Founded**

1870

**Employees**

75,000

**Stockholders**

466,674

# Exxon Mobil Corp

## Quantitative Evaluations

|   |    |   |   |   |   |         |
|---|----|---|---|---|---|---------|
| <b>S&amp;P Capital IQ Fair Value Rank</b> | 3+ | 1   | 2 | 3 | 4 | 5       |
|   |    | LOWEST  |   |   |   | HIGHEST |
|   |    | Based on S&P Capital IQ's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5). |   |   |   |         |

|                               |                |   |
|-------------------------------|----------------|---|
| <b>Fair Value Calculation</b> | <b>\$97.80</b> | Analysis of the stock's current worth, based on S&P Capital IQ's proprietary quantitative model suggests that XOM is slightly overvalued by \$2.94 or 2.9%. |
|-------------------------------|----------------|---|

|  |   |
|--|---|
| <b>Investability Quotient Percentile</b> | <b>100</b>  |
|  | LOWEST = 1 HIGHEST = 100  |
|  | XOM scored higher than 100% of all companies for which an S&P Capital IQ Report is available. |

|                   |            |         |      |
|-------------------|------------|---------|------|
| <b>Volatility</b> | <b>LOW</b> | AVERAGE | HIGH |
|-------------------|------------|---------|------|

|                             |                |  |
|-----------------------------|----------------|--|
| <b>Technical Evaluation</b> | <b>BULLISH</b> | Since March, 2014, the technical indicators for XOM have been BULLISH. |
|-----------------------------|----------------|--|

|                         |                    |         |           |
|-------------------------|--------------------|---------|-----------|
| <b>Insider Activity</b> | <b>UNFAVORABLE</b> | NEUTRAL | FAVORABLE |
|-------------------------|--------------------|---------|-----------|

For further clarification on the terms used in this report, please visit [www.standardandpoors.com/stockreportguide](http://www.standardandpoors.com/stockreportguide)

## Expanded Ratio Analysis

|                                | 2013    | 2012    | 2011    | 2010    |
|--------------------------------|---------|---------|---------|---------|
| Price/Sales                    | 1.02    | 0.83    | 0.85    | 0.93    |
| Price/EBITDA                   | NA      | 6.09    | 5.93    | 6.52    |
| Price/Pretax Income            | 7.75    | 5.09    | 5.64    | 6.76    |
| P/E Ratio                      | 13.73   | 8.92    | 10.06   | 11.76   |
| Avg. Diluted Shares Outstg (M) | 4,419.0 | 4,628.0 | 4,875.0 | 4,897.0 |

Figures based on calendar year-end price

## Key Growth Rates and Averages

| Past Growth Rate (%) | 1 Year | 3 Years | 5 Years | 9 Years |
|----------------------|--------|---------|---------|---------|
| Sales                | -9.13  | 4.02    | 3.29    | 3.69    |
| Net Income           | -27.41 | 2.95    | 3.47    | 1.38    |

## Ratio Analysis (Annual Avg.)

|                             | 2013  | 2012  | 2011  | 2010  |
|-----------------------------|-------|-------|-------|-------|
| Net Margin (%)              | 7.43  | 8.39  | 7.87  | 8.78  |
| % LT Debt to Capitalization | 3.47  | 4.29  | 5.07  | 4.89  |
| Return on Equity (%)        | 19.17 | 24.83 | 23.10 | 28.61 |

## Company Financials Fiscal Year Ended Dec. 31

| Per Share Data (U.S. \$)     | 2013   | 2012  | 2011  | 2010  | 2009  | 2008  | 2007  | 2006  | 2005  | 2004  |
|------------------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Tangible Book Value          | 40.14  | 36.84 | 32.61 | 29.49 | 23.39 | 22.70 | 22.62 | 19.87 | 18.13 | 15.90 |
| Cash Flow                    | 11.26  | 13.13 | 11.62 | 9.43  | 6.44  | 11.08 | 9.48  | 8.89  | 7.34  | 5.38  |
| Earnings                     | 7.37   | 9.70  | 8.42  | 6.22  | 3.98  | 8.69  | 7.28  | 6.62  | 5.71  | 3.89  |
| S&P Capital IQ Core Earnings | 7.74   | 9.17  | 8.47  | 6.48  | 4.36  | 8.64  | 7.40  | 6.75  | 5.72  | 4.01  |
| Dividends                    | 2.46   | 2.18  | 1.85  | 1.74  | 1.66  | 1.55  | 1.37  | 1.28  | 1.14  | 1.06  |
| Payout Ratio                 | 33%    | 22%   | 22%   | 28%   | 42%   | 18%   | 19%   | 19%   | 20%   | 27%   |
| Prices:High                  | 101.74 | 93.67 | 88.23 | 73.69 | 82.73 | 96.12 | 95.27 | 79.00 | 65.96 | 52.05 |
| Prices:Low                   | 84.79  | 77.13 | 67.03 | 55.94 | 61.86 | 56.51 | 69.02 | 56.42 | 49.25 | 39.91 |
| P/E Ratio:High               | 14     | 10    | 11    | 12    | 21    | 11    | 13    | 12    | 12    | 13    |
| P/E Ratio:Low                | 12     | 8     | 8     | 9     | 16    | 7     | 9     | 9     | 9     | 10    |

## Income Statement Analysis (Million U.S. \$)

|  | 2013    | 2012    | 2011    | 2010    | 2009    | 2008    | 2007    | 2006    | 2005    | 2004    |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Revenue                                  | 438,255 | 482,295 | 486,429 | 383,221 | 310,586 | 477,359 | 404,552 | 377,635 | 370,680 | 298,035 |
| Operating Income                         | NA      | 65,769  | 69,687  | 54,882  | 38,159  | 78,669  | 69,905  | 68,355  | 59,255  | 45,639  |
| Depreciation, Depletion and Amortization | 17,182  | 15,888  | 15,600  | 14,760  | 11,917  | 12,379  | 12,250  | 11,416  | 10,253  | 9,767   |
| Interest Expense                         | 9.00    | 327     | 247     | 259     | 548     | 673     | 957     | 654     | 496     | 638     |
| Pretax Income                            | 57,711  | 78,726  | 73,257  | 52,959  | 34,777  | 81,750  | 71,479  | 68,453  | 60,231  | 42,017  |
| Effective Tax Rate                       | 42.0%   | 39.4%   | 42.4%   | 40.7%   | 43.5%   | 44.7%   | 41.8%   | 40.8%   | 38.7%   | 37.9%   |
| Net Income                               | 32,580  | 44,880  | 41,060  | 30,460  | 19,280  | 45,220  | 40,610  | 39,500  | 36,130  | 25,330  |
| S&P Capital IQ Core Earnings             | 34,206  | 42,420  | 41,327  | 31,732  | 21,109  | 44,959  | 41,250  | 40,263  | 36,164  | 26,089  |

## Balance Sheet & Other Financial Data (Million U.S. \$)

|                                    | 2013    | 2012    | 2011    | 2010    | 2009    | 2008    | 2007    | 2006    | 2005    | 2004    |
|------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Cash                               | 4,644   | 9,582   | 12,664  | 7,827   | 10,862  | 32,007  | 34,500  | 32,848  | 28,671  | 18,531  |
| Current Assets                     | 59,308  | 64,460  | 72,963  | 58,984  | 55,235  | 72,266  | 85,963  | 75,777  | 73,342  | 60,377  |
| Total Assets                       | 346,808 | 333,795 | 331,052 | 302,510 | 233,323 | 228,052 | 242,082 | 219,015 | 208,335 | 195,256 |
| Current Liabilities                | 71,724  | 64,139  | 77,505  | 62,633  | 52,061  | 49,100  | 58,312  | 48,817  | 46,307  | 42,981  |
| Long Term Debt                     | 6,516   | 7,497   | 9,062   | 11,923  | 6,761   | 7,025   | 7,183   | 6,645   | 6,220   | 5,013   |
| Common Equity                      | 174,003 | 165,863 | 154,396 | 146,839 | 110,569 | 112,965 | 121,762 | 113,844 | 111,186 | 101,756 |
| Total Capital                      | 188,045 | 180,182 | 173,237 | 170,787 | 123,037 | 144,274 | 156,126 | 141,340 | 138,284 | 131,813 |
| Capital Expenditures               | 33,669  | 34,271  | 31,000  | 26,871  | 22,491  | 19,318  | 15,387  | 15,462  | 13,839  | 11,986  |
| Cash Flow                          | 49,762  | 60,768  | 56,660  | 46,158  | 31,197  | 57,599  | 52,860  | 50,916  | 46,383  | 35,097  |
| Current Ratio                      | 0.8     | 1.0     | 0.9     | 0.9     | 1.1     | 1.5     | 1.5     | 1.6     | 1.6     | 1.4     |
| % Long Term Debt of Capitalization | 3.5     | 4.2     | 5.2     | 7.0     | 5.5     | 4.9     | 4.6     | 4.7     | 4.4     | 3.8     |
| % Return on Assets                 | 9.6     | 13.5    | 13.0    | 11.4    | 8.4     | 19.2    | 17.6    | 18.5    | 17.9    | 13.7    |
| % Return on Equity                 | 19.2    | 28.0    | 27.3    | 23.7    | 17.3    | 38.5    | 34.5    | 35.1    | 33.9    | 26.4    |

Data as originally reported in Company reports.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

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# Exxon Mobil Corp

## Sub-Industry Outlook

Our fundamental outlook for the integrated oil & gas sub-industry for the next 12 months is positive. We look for integrations to benefit from superior earnings, cash flow and dividend quality. Standard & Poor's Economics estimates that global GDP expanded 2.4% in 2013 and sees growth of 3.2% and 3.6% in 2014 and 2015, respectively, driven by non-OECD nations. We think M&A activity will remain focused onshore U.S. Integrated oils continue to restructure and downsize downstream operations. Production growth has been difficult, but we think project start-ups and natural gas and LNG growth, particularly in Asia, will drive growth over the next five years.

The U.S. Energy Information Administration (EIA) estimates that global oil demand grew by 1.21 million barrels per day (MMb/d) in 2013, to 90.38 MMb/d, and, as of January 2014, sees growth of 1.21 MMb/d in 2014, to 91.59 MMb/d, and 1.37 MMb/d in 2015, to 92.96 MMb/d. The EIA estimates that global oil supply grew by 0.61 MMb/d in 2013, to 89.92 MMb/d, and forecasts supply growth of 1.6 MMb/d in 2014 and 1.63 MMb/d in 2015. The EIA expects OPEC to produce close to 30 MMb/d through 2015, and expects supply to subside as Saudi Arabia responds to non-OPEC growth. According to the EIA, OPEC spare production capacity grew to 2.2 MMb/d in the fourth quarter of 2013, in line with lower oil prices.

Global supply growth, mainly stemming from North America, is expected to outpace higher global demand in 2014 and 2015. As of December 2013, using S&P Capital IQ estimates based on data from IHS Global Insight, West Texas Intermediate (WTI) spot oil prices were projected to average \$97.95/bbl. in 2013 and \$98.62 in 2014, versus \$94.21 in 2012. The price differential for WTI versus Brent narrowed to under \$2/bbl. in 2013, but the spread has been very volatile and stands near \$10/bbl. as of January 24.

For U.S. natural gas, we look for low prices to depress U.S. gas drilling activity. According to the EIA, after growing 8% and 4% in 2011 and 2012, respectively, natural gas production is expected to rise 2% in 2014 and 1% in 2015. Natural gas working inventories, as of January 17, 2014, had fallen about 13% below the five-year average, on cold weather in the Northeast. As of December 2013, based on data from IHS Global Insight, S&P Capital IQ expected Henry Hub spot prices to average \$3.66 per million Btu in 2013, rising to \$3.69 in 2014, versus \$2.75 in 2012.

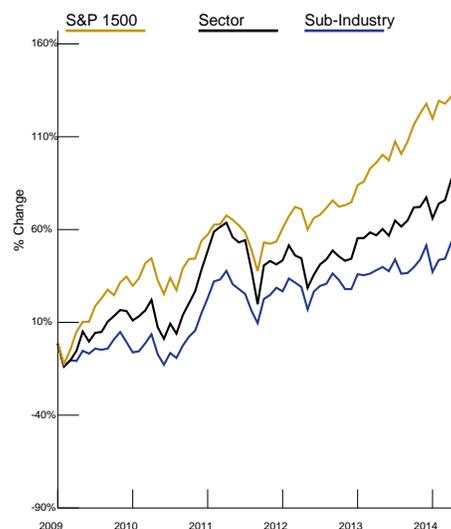
Year to date to January 17, the S&P Integrated Oil & Gas Sub-Industry Index was down 3.2%, versus a 0.5% decline in the S&P 1500 Composite Index. In 2013, the sub-industry index was up 18.1%, versus a 30.1% advance for the 1500.

--Michael Kay

## Industry Performance

**GICS Sector: Energy**  
**Sub-Industry: Integrated Oil & Gas**

Based on S&P 1500 Indexes  
Five-Year market price performance through May 17, 2014



**NOTE:** All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Past performance is not an indication of future performance and should not be relied upon as such.

## Sub-Industry : Integrated Oil & Gas Peer Group\*: Supermajor Integrated Oil & Gas

| Peer Group                   | Stock Symbol | Stk.Mkt. Cap. (Mil. \$) | Recent Stock Price(\$) | 52 Week High/Low(\$) | Beta        | Yield (%)  | P/E Ratio | Fair Value Calc.(\$) | Quality Ranking | S&P IQ %ile | Return on Revenue (%) | LTD to Cap (%) |
|------------------------------|--------------|-------------------------|------------------------|----------------------|-------------|------------|-----------|----------------------|-----------------|-------------|-----------------------|----------------|
| <b>Exxon Mobil</b>           | <b>XOM</b>   | <b>432,615</b>          | <b>100.74</b>          | <b>103.45/84.79</b>  | <b>0.59</b> | <b>2.7</b> | <b>14</b> | <b>97.80</b>         | <b>A</b>        | <b>100</b>  | <b>7.4</b>            | <b>3.5</b>     |
| BG Group plc ADR             | BRGYY        | 74,080                  | 21.75                  | 22.25/16.56          | 0.82        | 1.3        | 32        | 21.10                | NR              | 61          | 11.5                  | 34.8           |
| BP p.l.c. ADS                | BP           | 157,807                 | 51.30                  | 51.43/40.51          | 1.50        | 4.4        | 16        | 55.30                | NR              | 81          | 6.0                   | 22.9           |
| Chevron Corp                 | CVX          | 234,492                 | 123.18                 | 127.83/109.27        | 0.86        | 3.5        | 12        | 123.30               | A               | 99          | 9.4                   | 11.7           |
| China Petrol & Chem ADS      | SNP          | 106,281                 | 91.07                  | 95.68/64.76          | 0.79        | 3.8        | 11        | NA                   | NR              | 78          | 2.4                   | 17.9           |
| ENI S.p.A. ADS               | E            | 92,821                  | 51.29                  | 52.72/39.65          | 1.17        | 4.7        | 14        | 50.30                | NR              | 19          | 4.4                   | 24.9           |
| Ecopetrol S.A. ADS           | EC           | 76,744                  | 37.33                  | 49.45/33.01          | 0.74        | 6.2        | 11        | NA                   | NR              | 81          | 19.6                  | 21.9           |
| LUKOIL Company ADS           | LUKOY        | 41,706                  | 55.25                  | 66.97/49.12          | 1.15        | 4.6        | 5         | 96.40                | NR              | 80          | 5.4                   | 10.6           |
| Occidental Petroleum         | OXY          | 75,175                  | 95.69                  | 99.42/84.91          | 1.20        | 3.0        | 13        | 92.50                | B+              | 98          | 24.2                  | 13.8           |
| Petroleo Brasileiro S.A. ADS | PBR          | 99,660                  | 15.28                  | 19.17/10.20          | 1.39        | 3.2        | 10        | 20.70                | NR              | 4           | 7.5                   | 40.4           |
| Royal Dutch Shell 'A' ADS    | RDS.A        | 249,521                 | 78.94                  | 80.83/62.65          | 1.08        | 3.9        | 20        | 78.10                | NR              | 92          | 3.6                   | 16.1           |
| Royal Dutch Shell 'B' ADR    | RDS.B        | 117,470                 | 86.58                  | 87.25/65.02          | 1.08        | 4.2        | 11        | 84.60                | NR              | 89          | 8.3                   | 7.1            |
| Statoil ASA ADS              | STO          | 95,901                  | 30.15                  | 31.58/20.02          | 1.15        | 2.8        | 10        | 29.40                | NR              | 28          | 6.2                   | 30.7           |
| Suncor Energy                | SU           | 56,973                  | 38.80                  | 39.96/28.32          | 1.39        | 2.2        | 14        | 41.40                | A-              | 36          | 9.7                   | 19.7           |
| Total 'B' ADS                | TOT          | 161,103                 | 71.00                  | 73.52/46.79          | 1.11        | 4.8        | 12        | 72.50                | NR              | 85          | 5.0                   | 25.1           |

NA-Not Available NM-Not Meaningful NR-Not Rated. \*For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

**S&P Capital IQ Analyst Research Notes and other Company News****May 2, 2014**

12:32 pm ET ... S&P CAPITAL IQ KEEPS BUY OPINION ON SHARES OF CHEVRON CORPORATION (CVX 124.63\*\*\*\*): We lift our '14 EPS est. by \$0.02 to \$10.76, and '15's by \$0.04 to \$11.67. Our 12-mo. target price of \$138, raised today by \$9, reflects a forward EV-to-EBITDA multiple of 5.2X, higher than previously applied but still at a discount to rival Exxon Mobil (XOM 102 Hold). CVX posts Q1 EPS of \$2.36, vs. \$3.18, \$0.09 below our est. While CVX fell short in our view on international upstream, partly on impairment charges and adverse foreign exchange movement, we still like CVX's prospects through '17, especially for the Gorgon and Wheatstone LNG projects, and deepwater Gulf of Mexico. /Stewart Glickman, CFA

**May 1, 2014**

05:07 pm ET ... UPDATE - S&P CAPITAL IQ KEEPS HOLD OPINION ON SHARES OF EXXON MOBIL (XOM 101.41\*\*\*\*): We raise our '14 EPS estimate by \$0.01 to \$7.63, but trim '15's by \$0.46 to \$7.70. We raise our 12-mo. target price by \$4, to \$105. XOM should generate solid ROIC, which, based on Capital IQ consensus estimates, looks to be ahead of peers for 2014. Recent efforts to rein in capital spending, especially international, should enable strong excess free cash flows that we expect to be plowed back to shareholders via either dividend increases or share repurchases. On the other hand, upstream production growth still looks muted, due in part to efforts to high-grade the portfolio. /Stewart Glickman, CFA

**May 1, 2014**

09:31 am ET ... S&P CAPITAL IQ KEEPS HOLD OPINION ON SHARES OF EXXON MOBIL (XOM 102.41\*\*\*\*): XOM posts Q1 EPS of \$2.10 vs. \$2.12, \$0.18 above our estimate and \$0.22 above the Capital IQ consensus number. Results for Q1 include about a \$0.07 benefit from asset management activities. We attribute the beat mainly to better than expected international upstream earnings. Upstream production was 4.15 million barrels of oil equivalent per day, down 2.9% y-o-y on a pro forma basis, but 1.7% above the run-rate in the Capital IQ consensus expectation for CY14. Overall, upstream earnings growth was basically offset by lower earnings downstream. We will update after the 11am call. /Stewart Glickman, CFA

**May 1, 2014**

08:20 am ET ... SNAPSHOT - CORPORATE EARNINGS - EXXON MOBIL (XOM 102.41\*\*\*\*): XOM reports Q1 EPS of \$2.10 vs. \$2.12 a year ago. The last S&P Capital IQ consensus estimate was \$1.88. Profits from the upstream segment rose by \$746 million to \$7.78 billion on higher natural gas price realizations, partly offset by lower liquids prices. Oil-equivalent production declined 5.6%. Refining earnings declined by \$732 million to \$813 million mostly due to weak refining margins. The company increased its quarterly dividend per share by 11% to \$0.63. /Global Markets Intelligence

**April 11, 2014**

10:35 am ET ... UPDATE - S&P CAPITAL IQ KEEPS BUY OPINION ON SHARES OF CHEVRON CORPORATION (CVX 117.33\*\*\*\*): We cut our '14 EPS est. by \$0.54 to \$10.74, but raise '15's by \$0.10 to \$11.63. Our 12-mo. target price of \$129, cut today by \$2, implies a forward EV/EBITDA multiple of 4.8X, a discount to rival ExxonMobil (XOM 96 Hold). After speaking with CVX, we remain positive on CVX's prospects over the medium term. For '14, we think production will remain challenged, and we note that the Capital IQ consensus est. for '14 production shows growth of a mere 0.2% on a boe basis. Still, CVX is nearing first production on major overseas LNG projects, which are long-lived with low decline rates. /Stewart Glickman, CFA

**March 12, 2014**

Syncrude President and Chief Executive Officer Scott Sullivan is returning to ExxonMobil effective May 1, 2014. Scott's new assignment is Business Development Manager and Lead Country Manager, China. He has served as Syncrude's President and CEO since August 2010.

**March 11, 2014**

11:20 am ET ... S&P CAPITAL IQ KEEPS BUY OPINION ON SHARES OF CHEVRON CORPORATION (CVX 115.27\*\*\*\*): We cut our '14 EPS est. by \$0.40 to \$11.28, and start '15's at \$11.53. Our 12-mo. target price remains unchanged at \$131, reflecting a forward EV-to-EBITDA multiple of 4.8X, a premium to its 5-year average forward multiple, but a discount to its chief rival ExxonMobil (XOM 96 Hold). Following today's Analyst Meeting presentations, we remain bullish on

CVX. CVX guided to upstream production growth of 20% by '17, which we view as stronger than XOM's medium-term forecast. Key catalysts remain the Gorgon LNG project, Angola LNG, deepwater Gulf of Mexico and onshore Permian Basin. /Stewart Glickman, CFA

**March 5, 2014**

12:49 pm ET ... S&P CAPITAL IQ KEEPS HOLD OPINION ON SHARES OF EXXON MOBIL (XOM 93.6525\*\*\*\*): Following today's Analyst Meeting, we remain cautious with our outlook on XOM. We trim our '14 EPS est. by \$0.58 to \$7.62, and initiate '15's at \$8.16. Our 12-month target price of \$101, lowered today by \$2, implies a forward EV-to-EBITDA multiple of 5.7X, modestly above XOM's recent forward average. Near term, however, XOM has cut its medium term production forecast by about 500,000 b/d by '17, relative to that forecast one year earlier. We interpret this change in forecast as illustrative, in part, of concern over North American natural gas fundamentals in the medium term. /Stewart Glickman, CFA

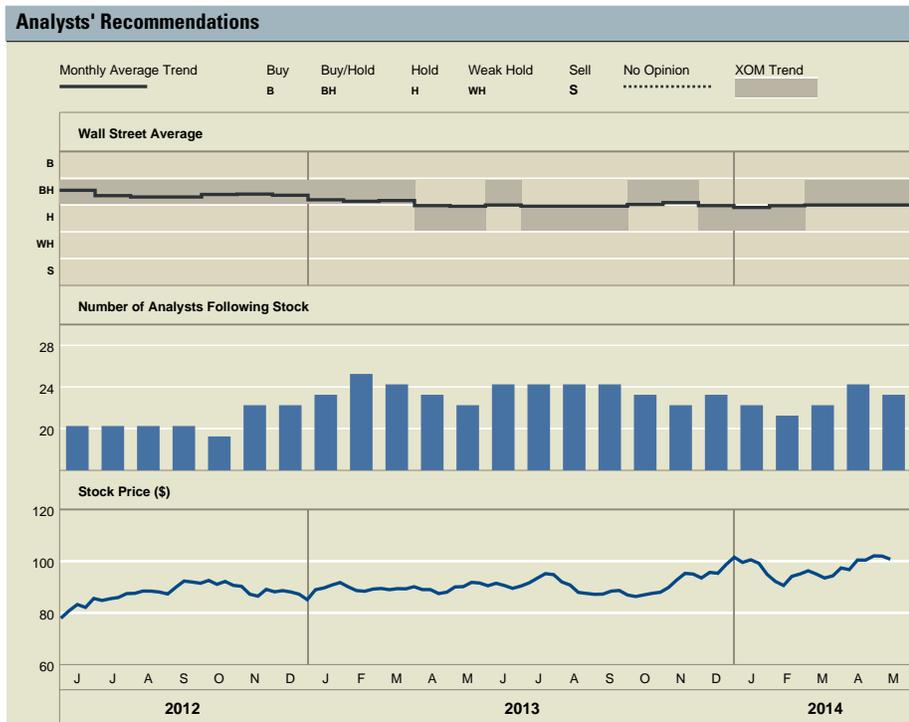
**January 30, 2014**

12:46 pm ET ... S&P CAPITAL IQ MAINTAINS HOLD RECOMMENDATION ON SHARES OF EXXONMOBIL (XOM 94.69\*\*\*\*): Q4 EPS of \$1.91, vs. \$2.20, is \$0.07 below our view. Upstream production beat, but the oil/gas mix was unfavorable, taking segment earnings lower. U.S. and Canadian oil were up 5% and 17% from a year ago, respectively. 2013 production fell 1.5%, on Kearl facility delays and Kashagan pipeline issues. Downstream beat forecasts despite weak refining. With LNG start-ups, Kearl completion, and U.S. drilling, we think XOM will lift production 2% in '14 and 3% in '15. We see natural gas/LNG fueling growth in '15-'17. XOM will release '13 reserve data in Feb. and '14 targets in Mar. /M. Kay

**January 27, 2014**

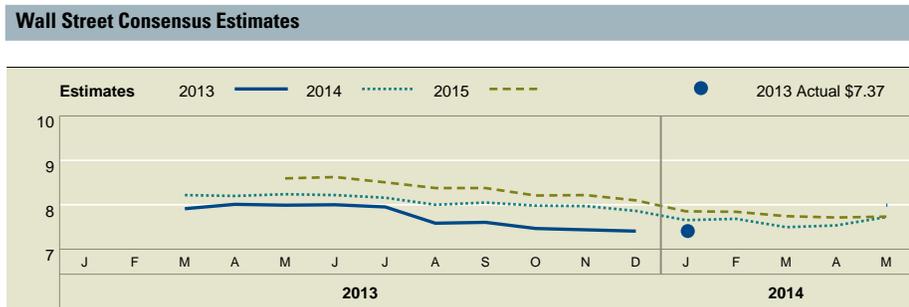
07:05 am ET ... S&P CAPITAL IQ ADDS SUNCOR ENERGY TO HIGH QUALITY CAPITAL APPRECIATION PORTFOLIO (SU 33.31\*\*\*\*): Near term, we think debottlenecking initiatives will lead to improved production. Long term, we see SU's Fort Hills project adding meaningfully to its portfolio and providing strong cash flow visibility. We think SU will generate above-average return on invested capital relative to its energy peers. The shares trade at discounted enterprise value/EBITDA multiple versus their historical average and have an S&P Capital IQ Quality Ranking of A-. SU replaces Exxon Mobil (XOM 96\*\*\*\*) in the S&P Capital IQ High Quality Capital Appreciation Portfolio. /Todd Rosenbluth, S. Biggar

# Exxon Mobil Corp



Of the total 33 companies following XOM, 23 analysts currently publish recommendations.

|              | No. of Recommendations | % of Total | 1 Mo. Prior | 3 Mos. Prior |
|--------------|------------------------|------------|-------------|--------------|
| Buy          | 7                      | 30         | 7           | 6            |
| Buy/Hold     | 5                      | 22         | 5           | 4            |
| Hold         | 8                      | 35         | 8           | 8            |
| Weak Hold    | 1                      | 4          | 1           | 0            |
| Sell         | 2                      | 9          | 3           | 3            |
| No Opinion   | 0                      | 0          | 0           | 0            |
| <b>Total</b> | <b>23</b>              | <b>100</b> | <b>24</b>   | <b>21</b>    |



| Fiscal Years           | Avg Est.      | High Est.   | Low Est.     | # of Est. | Est. P/E       |
|------------------------|---------------|-------------|--------------|-----------|----------------|
| 2015                   | 7.74          | 8.88        | 6.66         | 22        | 13.0           |
| 2014                   | 7.73          | 8.40        | 7.34         | 22        | 13.0           |
| <b>2015 vs. 2014</b>   | <b>▲ 0.1%</b> | <b>▲ 6%</b> | <b>▼ -9%</b> | <b>0%</b> | <b>0%</b>      |
| Q2'15                  | 1.89          | 2.11        | 1.63         | 14        | 53.3           |
| Q2'14                  | 1.88          | 2.11        | 1.68         | 14        | 53.6           |
| <b>Q2'15 vs. Q2'14</b> | <b>▲ 0.5%</b> | <b>0%</b>   | <b>▼ -3%</b> | <b>0%</b> | <b>▼ -0.6%</b> |

A company's earnings outlook plays a major part in any investment decision. S&P Capital IQ organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

### Wall Street Consensus Opinion

**BUY/HOLD**

### Companies Offering Coverage

Over 30 firms follow this stock; not all firms are displayed.

- Argus Research Company
- Axia Financial research
- Barclays
- Benchmark Company, LLC
- BofA Merrill Lynch
- CLSA Americas LLC
- Citigroup Inc
- Collins Stewart LLC
- Cowen Securities LLC, Research Division
- Credit Suisse
- Daiwa Securities Co. Ltd.
- Deutsche Bank
- Erste Group Bank AG
- Goldman Sachs
- HSBC
- Howard Weil Incorporated
- ISI Group Inc.
- JP Morgan
- Jefferies LLC
- Macquarie Research
- Morgan Stanley
- Morningstar Inc.
- Oppenheimer & Co. Inc.
- RBC Capital Markets
- Raymond James & Associates
- Raymond James Euro Equities
- S&P Capital IQ Equity Research
- Sanford C. Bernstein & Co., Inc.
- Simmons & Company International
- Societe Generale Cross Asset Research

### Wall Street Consensus vs. Performance

For fiscal year 2014, analysts estimate that XOM will earn US\$ 7.73. For the 1st quarter of fiscal year 2014, XOM announced earnings per share of US\$ 2.10, representing 27% of the total annual estimate. For fiscal year 2015, analysts estimate that XOM's earnings per share will grow by 0.1% to US\$ 7.74.

## Glossary

### S&P Capital IQ STARS

Since January 1, 1987, S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, S&P Capital IQ Equity Research has ranked Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), S&P Capital IQ equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

### S&P Capital IQ Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ's earnings and dividend rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

|                  |                     |
|------------------|---------------------|
| A+ Highest       | B Below Average     |
| A High           | B- Lower            |
| A- Above Average | C Lowest            |
| B+ Average       | D In Reorganization |
| NR Not Ranked    |                     |

### S&P Capital IQ EPS Estimates

S&P Capital IQ earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P Capital IQ EPS estimates reflect either forecasts of S&P Capital IQ equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to S&P Capital IQ Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

### S&P Capital IQ Core Earnings

S&P Capital IQ Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the S&P Capital IQ definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

### S&P Capital IQ 12-Month Target Price

The S&P Capital IQ equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Capital IQ Fair Value.

### S&P Capital IQ Equity Research

S&P Capital IQ Equity Research U.S. includes Standard & Poor's Investment Advisory Services LLC; Standard & Poor's Equity Research Services Europe includes McGraw-Hill Financial Research Europe Limited trading as S&P Capital IQ; Standard & Poor's Equity Research Services Asia includes: McGraw-Hill Financial Singapore Pte. Limited, Standard & Poor's Investment Advisory Services (HK) Limited, Standard & Poor's Malaysia Sdn Bhd, and Standard & Poor's Information Services (Australia) Pty Ltd.

### Abbreviations Used in S&P Capital IQ Equity Research Reports

|                                    |
|------------------------------------|
| CAGR - Compound Annual Growth Rate |
| CAPEX - Capital Expenditures       |
| CY - Calendar Year                 |
| DCF - Discounted Cash Flow         |
| DDM - Dividend Discount Model      |

|   |
|---|
| EBIT - Earnings Before Interest and Taxes                               |
| EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization |
| EPS - Earnings Per Share  |
| EV - Enterprise Value   |
| FCF - Free Cash Flow  |
| FFO - Funds From Operations   |
| FY - Fiscal Year  |
| P/E - Price/Earnings  |
| P/NAV - Price to Net Asset Value  |
| PEG Ratio - P/E-to-Growth Ratio   |
| PV - Present Value  |
| R&D - Research & Development  |
| ROCE - Return on Capital Employed                                       |
| ROE - Return on Equity  |
| ROI - Return on Investment  |
| ROIC - Return on Invested Capital                                       |
| ROA - Return on Assets  |
| SG&A - Selling, General & Administrative Expenses                       |
| SOTP - Sum-of-The-Parts   |
| WACC - Weighted Average Cost of Capital                                 |

### Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

### S&P Capital IQ Qualitative Risk Assessment

Reflects an S&P Capital IQ equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The S&P Capital IQ Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

### STARS Ranking system and definition:

#### ★★★★★ 5-STARS (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

#### ★★★★☆ 4-STARS (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

#### ★★★☆☆ 3-STARS (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

#### ★★★☆☆ 2-STARS (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

#### ★★☆☆☆ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

### Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

## Required Disclosures

S&P Capital IQ ranks stocks in accordance with the following ranking methodologies:

### STARS Stock Reports:

S&P Capital IQ's qualitative STARS recommendations are determined and assigned by S&P Capital IQ equity analysts. For reports containing STARS recommendations refer to the Glossary section of this report for detailed methodology and the definition of STARS rankings.

### Quantitative Stock Reports:

S&P Capital IQ's quantitative evaluations are derived from S&P Capital IQ's proprietary Fair Value quantitative ranking model. The Fair Value Ranking methodology is a relative ranking methodology. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity. Some Quantitative Stock Reports contain Buy, Hold and Sell recommendations. Reports that do not contain a recommendation may or may not contain ranking information. For reports containing a recommendation or ranking information refer to the Glossary Section of this report for more information, including a detailed description of the methodology and definition of S&P Quality Ranking and S&P Fair Value Rank.

### STARS Stock Reports and Quantitative Stock Reports:

The methodologies used in Stock Reports and Quantitative Stock Reports (collectively, the "Research Reports") reflect different criteria, assumptions and analytical methods and may have differing recommendations. S&P Capital IQ believes that the methodologies and data used to generate the different types of Research Reports are reasonable and appropriate. Generally, S&P Capital IQ does not generate reports with different ranking methodologies for the same issuer. However, in the event that different methodologies or data are used on the analysis of an issuer, the methodologies may lead to different views or recommendations on the issuer, which may at times result in contradicting assessments of an issuer. S&P Capital IQ reserves the right to alter, replace or vary models, methodologies or assumptions from time to time and without notice to clients.

### STARS Stock Reports:

#### S&P Capital IQ Global STARS Distribution as of March 31, 2014

| Ranking | North America | Europe | Asia  | Global |
|---------|---------------|--------|-------|--------|
| Buy     | 35.4%         | 35.8%  | 41.9% | 36.2%  |
| Hold    | 52.3%         | 43.3%  | 54.3% | 51.0%  |
| Sell    | 12.3%         | 20.9%  | 3.8%  | 12.8%  |
| Total   | 100%          | 100%   | 100%  | 100%   |

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### Quantitative Stock Reports:

The Fair Value ranking distribution is a fixed distribution based on relative weightings as described in the Glossary section of this report under S&P Capital IQ Fair Value Rank. Certain reports with Fair Value Rank do not have a Buy/Hold/Sell recommendation, for ranking definition please refer to the Glossary section of the respective report. The Fair Value Ranking distribution includes all the stocks that have S&P Fair Value Ranking. Quantitative Stock Reports are prepared by the equity research group of SPIAS. All of the views expressed in these reports reflect S&P Capital IQ's research models output regarding any and all of the subject securities or issuers. Quantitative Stock Reports are updated daily. Quantitative Stock Reports rely on the availability of data and therefore SPIAS do not provide a report when sufficient data is not available.

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