

Equity Research—Americas

Industry: Natural Gas February 3, 1997 GT0224

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Enron Corp. (ENE)

Summary

BUY

Maintaining our Buy on ENE despite its slower 1997 EPS outlook as it is the best positioned company to capitalize on further growth in wholesale gas marketing, wholesale electric marketing, and retail gas and electric marketing.

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Price	Ta	arget				Mkt. Value		52-Week
1/31/97 ¹	(12 Mo	nths)	Dividend	Yi	ield	(Millions)	Pric	e Range
41 ¹ / ₄		\$50	\$0.90		2.2%	\$10,494		35–48
	Ar	nnual	Prev.	Α	\bs.	Rel.		EBITDA/
		EPS	EPS		P/E	P/E		Share
12/97E	c,	\$2.60		1	15.9X	87%		\$7.15
12/96A		2.31		1	17.9	89		6.40
12/95A		2.07		1	19.9	95		5.82
	Ν	larch	June	Septem	ber	December		FY End
1996A	\$	0.62	\$0.45 ²	\$0	0.48	\$0.52		Dec. 31
1995A		0.72	0.34	(0.39	0.62		
ROIC (12/95)	— T	otal Deb	ot (9/96)	\$3	3.6 bil.	Book Value/Share (12/95)	\$13.58
WACC (12/95)	— D	ebt/Tota	al Capital (1	2/95)	37%	Common Shares		254.4 mil.
EVA® (Trend)	Up E	st. 5-Yr.	EPS Grow	th	15%	Est. 5-Yr. Div. Grow	/th	5%

¹On 1/31/97 DJIA closed at 6813 and S&P 500 at 786.2.

²Adjusted for \$18.2 million gain on sale of EOG stock and \$16.1 million aftertax litigation reserve.

Enron is one of the world's largest integrated energy providers with operations in energy marketing, international development, oil & gas E&P, electricity, and natural gas transmission and storage.

Viewpoint

Enron Corp. held a two-day analyst seminar on January 23-24, 1997. Management reiterated its statement that 1997 EPS growth is likely to be in the "lower half" of Enron's expected 10-15% annual EPS growth goal. Investors will recall that in mid 1996, management stated after years of 15% annual EPS growth, it now expects growth of 10-15% in any single year—but on a compound basis it still expects 15% growth through the year 2000. Thus, after EPS growth of 11.6% in 1996 to \$2.31 from \$2.07 in 1995, most Street estimates have been reduced to the \$2.60 range from \$2.70 for 1997, implying EPS growth of about 12.5% this year.

In our opinion, reasons for the current EPS growth slowdown include, but are not necessarily limited to:

• While retail gas and electric marketing could be "equal to or bigger than" all of Enron today in five to seven years, according to chairman and CEO Ken Lay, building a retail gas and electric presence will be expensive and time-consuming. Large expenditures for a retail marketing infrastructure and advertising will negatively affect earnings in 1997 and 1998.



• The exact timing of the realization of international earnings remains lumpy and subject to many political, regulatory, and other forces beyond Enron's control. In addition, the company noted that increased competition for international projects has reduced returns about 300-400 basis points.

• We maintain our view that wholesale electric marketing will be huge and Enron will be dominant. However, the vested interests of incumbent, fully-integrated electric utilities will continue to prevent a rapid, optimal opening of full wholesale electric marketing.

• Wholesale gas marketing has matured. Despite having additional growth and improved profitability as consolidation among gas marketers continues, the blistering growth rate of the past few years has clearly slowed.

• The continued selldown of businesses and partial business lines (i.e., Enron Oil & Gas) has been very positive overall for Enron, but leaves less residual earnings and earnings growth.

As noted by management since mid 1996 and discussed by us earlier, earnings growth at Enron has clearly slowed in 1996-1997. This has been well noted by the market and (we believe) reflected in the contraction in Enron's multiple to 16 times estimated 1997 EPS, about in line with the gas pipeline group—a group itself experiencing impressive earnings growth in the past few years of optimal and perhaps better-than-normal industry conditions.

We maintain our Buy on Enron despite the 1997 EPS growth outlook for one major reason: *It is absolutely the best-positioned company to capitalize on further growth in wholesale gas marketing, wholesale electric marketing, and retail gas and electric marketing*, business lines that we continue to believe hold huge profit potential. We acknowledge that near-term EPS growth has slowed and this appears to be reflected in the multiple. This could result in Enron common being only a market performer in 1997 as we await the acquisition of Portland General and further development of wholesale electric and retail gas and electric markets.

Enron Capital & Trade

ECT for the first time outlined a retail gas and electric marketing plan and longterm profitability goals. Given the huge number of legislative, regulatory, competitive, and market-size vagaries associated with the deregulation of wholesale electric and retail gas and electric markets, these should obviously be used as guidance.

ECT's vision of 2001 includes 26 states with full or partial retail gas and electric access. ECT will spend \$75 million on average over the next three years to build an initial marketing infrastructure of 9,000 employees in 95 regional branches. ECT's eight million retail customers will generate *gross revenue* of \$20 billion. ECT hopes to achieve a 1-2% return on gross sales, or \$200-400 million of EBIT, by providing retail gas all-in at 10-15% less in the Northeast and other high-cost gas regions and electricity at almost 10% below competitors in high-cost electric markets such as California.

Enron Capital & Trade continues to increase its market share and profitability in gas marketing and strengthen its position as the leading electricity wholesaler. This industry position, together with colder weather and tight and volatile natural gas commodity markets, drove 1996 EBIT to \$280 million versus \$232 million despite a net \$42 million increase in ECT's reserves for "credit" and "prudency."

Highlights from the January Meeting

ECT noted a margin improvement above and beyond current "gas heaven" industry conditions as natural gas wholesaling consolidates. According to ECT data, the top ten gas marketers have almost a 90% market share today versus 48% in 1990. ECT also noted that the top ten electric wholesalers already have almost 75% of today's small but rapidly growing wholesale electric market. Those data imply that a substantial reduction in margins may be far less likely in the early years of electric marketing, unlike the gas experience.

Enron International

Enron International again defined the huge worldwide market for energy infrastructure projects, but conceded that increased competition has reduced returns by 300-400 basis points. The company stressed its multiple capabilities across a spectrum of skills, and its integrated strategies to increase its chance of success as well as profitability, while minimizing risk. The company has a \$20 billion portfolio of projects in various stages of development. International has an aggressive goal of closing seven new development projects in 1997.

Gas Pipeline Group

Despite faster growth in other areas, the Gas Pipeline group still contributed 40% of Enron's 1996 EBIT. The group continues to enhance customer services, reduce O&M and other operating costs, and produce EBIT growth generally better than anticipated (5% annually). Included in future expansion plans is an \$800 million expansion of the Northern Border Pipeline that will increase Canadian imports by 700 MMcf/day when completed in November 1998, as well as smaller expansions of Northern Natural and Transwestern.

Enron Oil & Gas

Enron Oil & Gas, 53% owned by Enron Corp., continues with its now well-known strategies to increase production 10% annually, drive down costs, and maximize its marketing and other nonproduction revenue. Year-end 1996 reserves were 4 Bcf equivalent, 88% natural gas. Excluding its deep Wyoming reserves, EOG has 2.8 Bcf equivalent in total reserves. The company expects tight U.S. gas markets "through 1998" but may look to increase commodity price hedges for 1998 and beyond. However, the company does not expect to hedge to past levels as a percentage of total production.

Portland General Merger

A presentation on the pending Portland General acquisition stressed its low-cost generation and interconnects to 32 other service territories (see our July 29, 1996 report on the ENE/PGN merger proposal for detail). Enron still wants to close the merger in "mid 1997" after an expected March 17 Oregon PUC decision. However, the company acknowledged the risks within numerous issues raised by the PUC staff, noting that many of the staff's positions are "onerous." Our concern regarding the timely and satisfactory closing of the PGN merger, once almost non-existent, has increased. While we had considered the closing a complete certainty, our current concern relates to the PUC staff's conditions for the proposed merger.

Enron Oil & Gas (EOG, 23¹/₄, Hold) Portland General (PGN, 39¹/₄)

N.B.: CREDIT SUISSE FIRST BOSTON CORPORATION may have, within the last three years, served as a manager or co-manager of a public offering of securities for or makes a primary market in issues of any or all of the companies mentioned. Closing prices are as of January 31, 1997':

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Natural Gas Companies: Earnings Estimates and Comparable Multiples	es: Earn	nings Estima	tes and Con	ıparabl€	Multipl	es											
		Shares	Market	Earni	Earnings Per Share	hare	Ρ	P/E Ratio		Book	Book Value	Casl	Cash Flow Data	ita	Dividend	dend	
τ	Price	Outstanding		1001	1000					Latest	Latest Market	1996E		Ent. Val.	Annual Current		-
Company	1/31/9/	(1 housands) (1 housands)		∢	Ъ	Ы	đ١	ц	ΞÌ.	er Share	<u>10 B00K F</u>	Per Shareto Book Per Share Cash Fl.		<u>/EBITDA</u>	Kate	X1eld	Symbol
Gas Pipelines	(I)	(7)	(3)	4)	(c)	9	E	8	(6)	(10)	(11)	(71)	(13)	(14)	(cI)	(91)	(11)
Coastal Corp.	\$48.375	105,564	\$5,106,659	\$2.30	\$2.88 A	\$3.25		x 16.8 x 14.9	14.9 x	\$26.44	1.83 x	\$7.15	6.77 x	8.15 x	\$0.40	0.8 %	CGP
El Paso Natural (b)	53.875		3,003,801	2.47	2.85 A	3.19		18.9	16.9	31.57	1.71	5.79	MN	MN	1.46		
Enron Corp. (BUY)	41.250	(4	10,464,465	2.07	2.31 A	2.60	19.9	17.9	15.9	13.47	3.06	5.15	8.01	9.11	0.90	2.2	ENE
Sonat Inc. (BUY)	53.250		4,592,866	1.31	2.33 A	2.60	40.6	22.9	20.5	17.58	3.03	6.34	8.40	8.48	1.08	2.0	INS
TransCan PipeLn (c)	24.100	205,800	4,959,780	1.75	1.85 A		13.8	13.0	12.7	14.29	1.69	3.95	6.10	7.02	1.08	4.5	TRP
Williams Companies	40.000	168,231	6,729,240	1.68	2.10 A	2.35	23.8	19.0	17.0	18.88	2.12	5.03	7.95	9.12	1.04	2.6	WMB
								I	l					l			
Gas Pipeline Averages							23.5 x	18.1 x	16.3 x		2.24 x		7.45	8.38 x		2.5 %	-
Integrated Cos.																	
Columbia Gas System	\$65.125	55,200	\$3,594,900	\$3.04	\$4.68 A	\$4.80	21.4 x			∽	X	\$10.00	6.51 x		\$0.60	0.9 %	-
Consol. Natural (BUY)	55.625		5,238,929	2.29	3.25	3.35	24.3	17.1	16.6	23.21	2.40	6.45	8.62	7.62	1.94	3.5	CNG
Equitable Resources	32.500		1,141,725	1.23	1.55	1.95	26.4	21.0	16.7	20.99	1.55	4.05	8.02	7.24	1.18	3.6	EQT
Questar Corp.	39.125	40,842	1,597,943	2.00	2.25	2.50	19.6	17.4	15.7	18.38	2.13	5.10	7.67	7.05	1.22	3.1	STR
Integrated Co. Averages	S						22.9 x	17.3 x	15.6 x		2.12 x		x 17.7	7.30 x		2.8 %	-
Gas Distributors																	
Atlanta Gas Light	\$20.875	55,527	\$1,159,126	\$1.33	\$1.37 A	31.45	15.7 x	15.2 x	14.4 x	\$10.84	1.93 x	\$3.06	6.82 x		\$1.08	5.2 %	ATG
Brooklyn Union Gas	29.625		1,474,525	1.90	1.96 A	2.10	15.6	15.1	14.1	18.30	1.62	3.70	8.01	7.86	1.46	4.9	BU
MCN Corp.	32.375		2,170,032	1.48	1.68 A	1.80	21.9	19.3	18.0	11.29	2.87	4.05	7.99	9.72	0.97	3.0	MCN
NICOR Inc.	36.125	50,073	1,808,887	1.96	2.42 A	2.40	18.4	14.9	15.1	14.69	2.46	4.90	7.37	6.65	1.32	3.7	GAS
Washington Gas Light	22.125	43,573	964,053	1.41	1.94 A	1.70	15.7	11.4	13.0	13.46	1.64	3.40	6.51	6.18	1.14	5.2	MGL
Gas Distributor Averages	jes						17.5 x	15.2 x	14.9 x		2.10 x		7.34 x	7.72 x		4.4 %	_
S&P 500	786.160	1		38.72	40.49	42.93	20.3 x	20.3 x 19.4 x 18.3		x 225.00	3.49 x	75.00	10.48 x		\$14.75	1.9 %	SPX
(a) Based on continuing operations; excludes significant(b) We have not yet initiated coverage. Estimates are Fi(c) Canadian dollars.	operatio iated cove	ns; excludes s erage. Estima	gnificant non tes are First C	non-recurring items rst Call consensus.	g items. nsus.	₩ Z Z	C - Credi M - Noi lote - Bo	it Suisse I meanin ok value	First Bo gful; dat : as of Ju	ston Estin ta are exc me 30, 19	nate; A - luded fro 96. All o	E - Credit Suisse First Boston Estimate; A - Actual; R - Restricted NM - Not meaningful; data are excluded from calculations Note - Book value as of June 30, 1996. All companies rated Hold u	R - Restrictions tions rated Ho	 E - Credit Suisse First Boston Estimate; A - Actual; R - Restricted NM - Not meaningful; data are excluded from calculations Note - Book value as of June 30, 1996. All companies rated Hold unless otherwise indicated. 	herwise i	ndicated.	

Enron Corp.

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Table 2 Earnings Model, 1993–19997E \$ in millions, except per share data

181 184 140 163 163 164 763 169 <th></th>														
1333 1344 143.03 203.04 203.04 203.04 203.04 203.04 203.04 203.04 203.0						1995A					1996A			
n 322 431 1540 611 827 123 137 231 736 930 4004 17.100 2230 2231 51.4 47.7 221 73.8 50.0 73.0 50.0 73 50.0		1993	1994	1st QA	2nd QA	3rd QA	4th QA	Year	1st QA	2nd QA	3rd QA	4th Q A	Year	1997E
$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$	Operating income				:	:								
$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	ENE Operations	382.2	403.1	154.0	69.1	82.7	109.7	415.5	142.5	101.4	97.5	139.0	480.4	500.0
cestion 23.0 (22.9) -	ENE Capital & Trade	168.8	225.1	51.4	46.7	60.4	74.0	232.5	97.7	52.1	73.8	56.0	279.6	330.0
$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$	Domestic Processing	28.0	(22.9)	:	:	:	:	:	:	:	:	:	:	:
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	International	131.3	147.7	51.2	24.3	39.8	26.8	142.1	40.3	39.3	37.3	35.0	151.9	180.0
$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	Explorat & Production	108.9	162.4	58.3	84.5	52.9	45.0	240.7	29.7	76.9	49.6	43.0	199.2	250.0
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	Other	(35.0)	14.1	25.7	(1.9)	(1.5)	(6.0)	(54.6)	10.0	(11.8)	(0.7)	19.0	16.5	40.0
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net 30.0 24.9 67.0 7.9 7.8 5.3 3.1 5.1 6.5 7.4 5.2 7.4 5.4 6.5 7.4 5.4 6.5 7.4 5.4 6.5 7.4 5.4 6.5 7.4 5.4 6.5 7.4 5.4 6.5 7.4 5.4 6.5 7.4 5.4 6.5 7.1 3.13 7.1 3.13 7.5 3.13 7.5 3.13 7.5 3.13 7.5 3.13 7.3 3.3 3.15 3.13	Total	784.2	929.5	340.6	216.7	234.3	184.6	976.2	320.2	257.9	257.5	292.0	1,127.6	1,300.0
$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	Interest expense, net	300.0	274.9	67.0	20.9	76.8	69.5	284.2	69.7	65.4	65.2	74.0	274.3	275.0
216 29.5 5.9 9.7 6.5 5.2 27.3 19.2 12.9 15.0 57.4 456.6 605.2 28.9 12.8 10.7 10.5 12.8 11.3 19.0 761.9 16.6 17.3 13.8 0.7 0.5 28.4 16.5 17.13 19.0 761.9 31.8 15.8 31.78 28.7 9.65 10.2 49.4 15.4 11.6 12.2 13.8 23.3 31.8 15.0 17.1 8.7 9.65 10.2 49.4 15.4 11.4 12.2 13.8 23.3 31.8 15.0 27.3 3.3 4.0 15.4 13.9 13.7 13.8 13.7 13.8 13.7 13.8 13.7 13.8 13.7 13.8 13.7 14.0 4.0 4.0 15.8 31.40 51.40 51.41 23.3 24.3 24.3 24.1 0.4 15.8 13.7 </td <td>Subsid Preferred Div</td> <td></td> <td>19.9</td> <td>7.8</td> <td>7.9</td> <td>7.9</td> <td>8.3</td> <td>31.9</td> <td>7.8</td> <td>8.1</td> <td>8.1</td> <td>10.0</td> <td>34.0</td> <td>35.0</td>	Subsid Preferred Div		19.9	7.8	7.9	7.9	8.3	31.9	7.8	8.1	8.1	10.0	34.0	35.0
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848 165.5 82.4 40.7 43.6 (28.6) 133.1 78.2 50.6 43.4 61.0 238.2 18.6% 27.3% 31.7% 31.8% 30.5% 28.1% 21.8% 33.6% 28.3% 31.6% 31.3% 371.18 439.7 177.5 87.5 99.5 130.2 44.46 15.4 39 40 14.6 12.2.9 132.0 53.1 354.9 24.5 13.3 8.3 9.4 15.4 39 40 15.8 31.3% 354.9 24.5 13.5 13.0 24.3 24.3 24.3 24.3 24.3 24.3 24.3 24.3 24.3 24.3 24.3 24.3 24.3 24.3 24.4 24.1 16.7 24.1	Pretax income	456.6	605.2	259.9	128.2	143.1	101.6	632.8	232.4	165.2	171.3	193.0	761.9	934.0
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3718 337 177.5 87.5 99.5 130.2 434.6 154.2 114.6 122.9 132.0 53.7 olds 16.9 15.2 3.7 3.8 3.9 4.0 15.4 3.9 4.0 15.8 354.9 424.5 173.8 83.7 95.6 12.8.2 479.2 150.3 110.7 118.9 128.0 507.9 354.9 424.5 17.3 83.7 95.6 12.8.2 479.2 150.3 100.7 118.0 507.9		18.0%	21.3%	31.1%	31.8%	30.3%	%1.82-	21.8%	33.0%	30.0%	20.3%	31.0%	0.1.5%	30.0%
nds 153 15.2 3.7 3.8 3.9 4.0 15.4 3.9 4.0 4.0 15.8 354.9 424.5 173.8 83.7 95.6 126.2 479.2 150.3 110.7 118.9 128.0 50.7 354.9 424.5 173.8 83.7 95.6 126.2 479.2 150.3 10.7 118.9 128.0 50.7 239.0 243.5 244.0 243.5 244.2 246.3 246.1 187.7 36.16 50.06 50.07 50.3 50.00 50.10 50.24 50.17 50.25 52.07 51.40 51.78 0.65 0.31 0.36 0.47 50.7 50.25 52.07 51.20 50.16 50.05 50.3 50.01 50.24 50.25 52.31 50.25 51.22 51.28 0.66 0.51 50.26 50.24 50.25 50.23 50.25 51.22 51.28 <t< td=""><td>Net income</td><td>371.8</td><td>439.7</td><td>177.5</td><td>87.5</td><td>99.5</td><td>130.2</td><td>494.6</td><td>154.2</td><td>114.6</td><td>122.9</td><td>132.0</td><td>523.7</td><td>653.8</td></t<>	Net income	371.8	439.7	177.5	87.5	99.5	130.2	494.6	154.2	114.6	122.9	132.0	523.7	653.8
3549 4245 173.8 83.7 95.6 126.2 479.2 150.3 110.7 118.9 128.0 507.9 239.0 23.5 24.5 24.0 24.3 24.3 24.5 24.6 3.7 96.6 10.7 118.9 128.0 507.9 239.0 21.45 51.46 51.47 50.34 50.34 50.34 50.34 50.34 50.45 54.6 24.6 146 50.75 23.06 187 50.6 50.74 0.44 0.47 187 50.25 53.3 50.25 52.3 50.15 50.25 50.3 50.05 50.01 50.24 50.15 50.25 52.3 50.16 50.25 52.3 50.25 52.3 50.25 52.3 50.25 52.3 50.25 52.3 50.25 52.3 50.25 52.3 50.25 52.3 50.25 52.3 50.25 52.3 50.25 52.3 50.25 52.3 50.25 52.3 50.25 52.3 50.25 52.3 50.25 50.25 50.25 50.24 50.11 50.25<	Preferred dividends	16.9	15.2	3.7	3.8	3.9	4.0	15.4	3.9	3.9	4.0	4.0	15.8	15.0
2330 2435 242.5 244.0 243.9 243.5 245.2 246.3 246.8 247.0 246.1 \$14.8 \$17.4 \$0.72 \$0.31 0.36 0.47 \$1.78 \$0.65 0.41 0.47 \$1.87 \$14.0 \$165 0.65 0.31 0.36 \$0.03 \$0.00 \$0.10 \$0.65 \$0.47 \$1.78 \$0.65 \$0.41 \$0.47 \$0.7 \$0.05 \$0.07 \$0.03 \$0.00 \$0.10 \$0.24 \$0.01 \$0.24 \$0.01 \$0.25 \$2.307 \$0.05 \$0.05 \$0.05 \$0.05 \$0.05 \$0.05 \$0.05 \$0.05 \$0.05 \$0.05 \$0.05 \$0.05 \$0.07 \$0.05 \$0.07 \$0.01 \$0.01 \$0.01 \$0.05 \$0.05 \$0.05 \$0.05 \$0.05 \$0.05 \$0.05 \$0.05 \$0.05 \$0.05 \$0.01 \$0.05 \$0.01 \$0.05 \$0.05 \$0.05 \$0.05 \$0.05 \$0.05 \$0.05 \$0.05	Net to common	354.9	424.5	173.8	83.7	95.6	126.2	479.2	150.3	110.7	118.9	128.0	507.9	638.8
Iy Diluted \$1.46 \$1.74 \$0.72 \$0.34 \$0.35 \$0.47 \$1.78 \$0.65 \$0.41 \$0.44 \$0.72 \$2.06 Iy Diluted \$1.40 \$1.65 0.56 0.31 0.36 0.47 \$1.78 0.56 0.41 0.44 0.47 187 ecuring items (\$0.16) \$0.06 \$0.07 \$0.03 \$0.00 \$0.01 \$0.24 \$0.01 \$0.25 \$2.31 red EPS \$1.30 \$0.07 \$0.03 \$0.00 \$0.01 \$0.05 \$0.47 \$1.74 \$0.24 \$0.01 \$0.25 \$2.31 1.0 gain on sale of gathering/processing assets; \$50.26 \$0.31 \$0.52 \$2.207 \$0.25 \$2.21 \$0.25 \$2.31 1.0 gain on sale of gathering/processing assets; \$50.26 \$1.81 <t< td=""><td>Average shares</td><td>239.0</td><td>243.5</td><td>242.5</td><td>244.0</td><td>243.9</td><td>243.6</td><td>243.5</td><td>244.2</td><td>246.3</td><td>246.8</td><td>247.0</td><td>246.1</td><td>246.0</td></t<>	Average shares	239.0	243.5	242.5	244.0	243.9	243.6	243.5	244.2	246.3	246.8	247.0	246.1	246.0
\$1.40 \$1.65 0.31 0.36 0.47 \$1.78 0.56 0.41 0.47 1.87 \$(50.16) \$0.06 \$0.07 \$0.03 \$0.00 \$0.10 \$0.24 \$0.01 \$0.25 \$(13.12) \$1.30 \$0.79 \$0.33 \$0.00 \$0.10 \$0.24 \$0.01 \$0.25 \$(13.12) \$1.30 \$0.79 \$0.37 \$0.39 \$0.55 attert ax on sale of gathering and processing assets, \$26.9 pre, \$17.5 after 120 \$0.48 \$0.48 \$0.52 \$2.31 \$(13.12) \$1.00 \$0.167 \$0.35 \$1.00 \$0.50 \$0.10 \$0.15 \$0.23 \$0.23 \$(13.16) \$0.06 \$0.07 \$0.30 \$0.00 \$0.10 \$0.10 \$0.24 \$0.01 \$0.22 \$2.31 \$0.25 \$2.31 \$0.25 \$2.33 \$0.25 \$2.33 \$0.25 \$2.33 \$0.25 \$2.33 \$0.25 \$2.33 \$0.25 \$2.33 \$0.25 \$2.33 \$0.25 \$2.33 \$0.25 \$2.33 \$0.25 \$2.33 \$0.25 \$2.33 \$0.25 \$2.33 \$0.25 \$2.33 <td>EPS</td> <td>\$1.48</td> <td>\$1.74</td> <td>\$0.72</td> <td>\$0.34</td> <td>\$0.39</td> <td>\$0.52</td> <td>\$1.97</td> <td>\$0.62</td> <td>\$0.45</td> <td>\$0.48</td> <td>\$0.52</td> <td>\$2.06</td> <td>\$2.60</td>	EPS	\$1.48	\$1.74	\$0.72	\$0.34	\$0.39	\$0.52	\$1.97	\$0.62	\$0.45	\$0.48	\$0.52	\$2.06	\$2.60
(50.16) \$0.06 \$0.07 \$0.0 \$0.10 \$0.24 \$0.01 \$0.25 51.32 51.30 \$0.79 \$0.37 \$0.39 \$0.52 \$2.07 \$0.46 \$0.48 \$0.52 \$2.31 51.32 51.30 \$0.79 \$0.37 \$0.39 \$0.52 \$2.07 \$0.46 \$0.48 \$0.52 \$2.31 e of gathering/processing assets. \$25.2n \$0.0 \$0.10 \$0.5 \$0.46 \$0.52 \$2.31 on charge for ENE Operations litigation/regulatory reserve. \$75 million pretax charge at ECT for "Clean Fuel Costs", basically as asset write-down. \$50.9 \$6.0 \$0.0 \$0.0 \$0.0 \$0.0 \$0.0 \$0.0 \$0.55 \$0.55 \$0.57 \$0.55 \$0.57 \$0.55 \$0.57 \$0.55 \$0.79 \$0.57 \$0.55 \$0.79 \$0.55 \$0.79 \$0.55 \$0.79 \$0.55 \$0.79 \$0.55 \$0.79 \$0.55 \$0.57 \$0.55 \$0.57 \$0.55 \$0.79 \$0.55 \$0.79 \$0.55 \$0.79 \$0.55 \$0.79 \$0.55 \$0.79 \$0.55 \$0.79 \$0.57 <	Fully Diluted	\$1.40	\$1.65	0.65	0.31	0.36	0.47	\$1.78	0.56	0.41	0.44	0.47	1.87	\$2.39
51.32 51.30 50.79 50.37 50.39 50.52 \$2.07 50.46 50.48 50.52 \$2.31 of gathering/processing assets, \$26.9 pre, \$17.5 after 120 gain on sale of \$10 pre, \$5.5 after tax on sale of gathering and processing assets, \$2.9 pre, \$17.5 after 120 gain on sale of \$10 pre, \$5.5 after tax on sale of gathering and processing assets, \$2.9 pre, \$17.5 after 120 gain on sale of \$10 pre, \$5.5 after tax on sale of gathering processing assets, \$2.9 pre, \$5.0 after; Charge by EOTT for West Coast processing termination, \$8.5 pre, \$5.5 after tax. \$0.46 \$0.48 \$0.22 \$2.31 \$0.79 \$0.52 \$2.31 \$0.52 \$2.31 \$0.51 \$0.52 \$2.31 \$0.52 \$2.31 \$0.51 \$0.55 \$2.37 \$0.55 \$0.52 \$2.31 \$0.55 \$0.52 \$2.31 \$0.55 \$0.55 \$2.37 \$0.55 \$0.55 \$0.55 \$2.47 \$0.55 \$0.55 \$0.55 \$0.55 \$0.55 \$0.55 \$0.57 \$0.79 \$0.79 \$0.79 \$0.79 \$0.79 \$0.79 \$0.79 \$0.79 \$0.79 \$0.79 \$0.79 \$0.79 \$0.79 \$0.79 \$0.79 \$0.79 \$0.79 \$0.79 \$0.79 <td>Nonrecurring items</td> <td>(\$0.16)</td> <td>\$0.06</td> <td>\$0.07</td> <td>\$0.03</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$0.10</td> <td>\$0.24</td> <td>\$0.01</td> <td></td> <td></td> <td>\$0.25</td> <td></td>	Nonrecurring items	(\$0.16)	\$0.06	\$0.07	\$0.03	\$0.00	\$0.00	\$0.10	\$0.24	\$0.01			\$0.25	
o of gathering/processing assets, \$26.9 pre, \$17.5 after 2Q gain on sale of \$10 pre, \$6.5 after tax on sale of \$10 pre, \$6.5 after tax on sale of gathering and processing assets, \$28.2 pre, \$5.0 after; Charge by EOTT for West Coast processing termination, \$8.5 pre, \$5.5 after tax. the of gathering/processing assets, \$3.2 pre, \$5.0 after; Charge by EOTT for West Coast processing termination, \$8.5 pre, \$5.5 after tax. an charge for ENE Operations filigation/results of reserve, \$75 million pretax charge at ECT for "Clean Fuel Cosis", basically as asset write-down. A interest in EOG, resulting in \$233 pre, \$18.2 million pretax charge at ECT for "Clean Fuel Cosis", basically as asset write-down. 12 after-tax fligation gain; \$122 pre, \$61 after-tax EOG stock sale gain; \$83 pre, \$54 after-tax litigation reserve. 354.9 424.5 50.0 00.0 0.0 10.0 0.0 0.0 0.0 0.0 0.0 0.	Reported EPS	\$1.32	\$1.80	\$0.79	\$0.37	\$0.39	\$0.52	\$2.07	\$0.86	\$0.46	\$0.48	\$0.52	\$2.31	\$2.60
12 after tax lligation gain. \$122 pre. \$61 after tax EOG stock sale gain. \$83 pre. \$54 after tax lligation reserve. 507.9 354.9 424.5 507.9 364.9 424.5 507.6 51.2 93.0 45.0 507.6 51.2 93.0 45.0 50.0 51.2 84.0 0.0 100.0 940.0 1.042.8 44.3 54.68 53.93 54.28 54.43 54.86 53.93 54.28 54.43 54.43 53.93 54.28 54.43 54.48 53.93 54.28 54.43 54.48 53.93 54.28 54.43 54.43 53.93 54.28 54.43 54.43 53.91 54.15 54.43 54.43 53.81 54.15 54.43 54.43 51.25 51.321 51.321 51.43 51.44 51.24 51.321 51.321 51.44 51.44	1995-1Q gain on sale of gatt 3Q gain on sale of gat 4Q \$83.4 million charg 4Q Sale of 20% intere 1996-1Q gain on sale of 2Q (lering/process hering/process fe for ENE Op st in EOG, re gain on sale o	sing assets, \$2 sing assets, \$5 berations litigati sulting in \$293 of EOG shares,	6.9 pre, \$17.5 aft 3.2pre, \$6.0 after; on/regulatory res pre-tax gain, \$16 \$28.0 million pre	er.2Q gain on Charge by E erve, \$75 mil 1 after tax ga -tax, \$18.2 m	sale of \$10 p EOTT for Wes lion pretax ch in on sale. Illion after-tax	ore, \$6.5 after st Coast proce arge at ECT ; Lititagation	tax on sale of ssing terminati or "Clean Fuel reserve, \$24.7	gathering and ion, \$8.5 pre, \$ Costs", basica pre-tax, \$16.1	orocessing fav 5.5 after tax. Illy as asset w million after-ti	cilities /rite-down. ax.			
354.9 424.5 479.2 507.9 458.2 441.3 500.0 537.5 458.2 441.3 500.0 537.5 450.1 45.0 45.0 507.9 940.0 1,042.8 1,114.2 1,195.4 1 83.93 54.28 54.45 54.45 54.45 53.93 54.28 54.43 54.43 54.48 53.93 54.15 54.43 54.43 54.48 53.93 54.15 54.43 54.43 54.48 53.93 54.15 54.43 54.43 54.48 53.91 54.15 54.43 54.43 54.48 53.21 51.31 51.31 51.41 51.41 51.25 51.321 51.34 51.44 51.44 51.21 51.31 51.41 51.41 51.44	4Q \$18 pre, \$12 after-		Jain; \$122 pre,	\$61 after-tax EO	G stock sale	gain; \$83 pre,	\$54 after-tax	litigation reser	ve.					
458.2 441.3 50.0 537.5 51.2 93.0 45.0 50.0 537.5 75.7 84.0 90.0 100.0 100.0 940.0 1,042.8 90.0 11,142 1,195.4 1 53.93 54.28 54.65 54.65 54.86 54.76 53.93 54.28 54.56 54.43 54.76 54.46 53.91 54.15 54.43 54.43 54.76 53.92 661.0 900.0 1,700.0 1 51.21 51.321 51.34 54.43 54.43 51.215 51.321 51.34 51.74 51.74	Net to common	354,9	424.5					479.2					507.9	638.8
51.2 93.0 45.0 50.0 exp. 75.7 84.0 90.0 100.0 940.0 1,042.8 91.14.2 1,195.4 1 53.93 54.28 54.86 54.46 54.46 53.91 54.15 54.43 54.86 54.46 54.46 53.81 54.15 54.43 54.43 54.46 54	Depreciation	458.2	441.3					500.0					537.5	550.0
(eX). 75.7 84.0 90.0 100.0 940.0 1.042.8 1,114.2 1,195.4 1 83.93 54.28 54.88 54.86 54.86 83.91 54.15 54.43 54.76 54.76 170.7 188.7 243.9 54.70 244.8 695.0 661.0 900.0 1,700.0 1 51.25 51.321 51.321 51.34 51.34	Deferred taxes	51.2	9 3,0					45.0					50.0	60.0
940.0 1,042.8 1,142 1,155.4 53.93 54.28 54.58 54.36 53.81 54.15 54.43 54.70 53.81 54.15 54.43 54.70 53.81 54.15 54.33 54.70 53.81 54.15 54.33 54.70 53.81 54.15 54.33 54.70 54.16 54.33 54.43 54.70 55.0 661.0 900.0 1,700.0 51.21 51.21 51.21 51.74 51.21 51.21 51.74 51.74	Lease impair & explo exp	75.7	84.0					90.0					100.0	100.0
\$3.93 \$4.28 \$4.58 \$4.86 \$4.86 \$4.85 \$4.86 \$4.93 \$5.470 \$5.423 \$5.443	Total	940.0	1,042.8					1,114.2					1,195.4	1,348.8
53.81 54.15 54.43 54.70 170.7 188.7 243.9 244.8 170.7 188.7 243.9 244.8 170.7 188.7 243.9 244.8 170.7 188.7 243.9 244.8 170.6 661.0 900.0 1 51.215 51.321 51.37 51.574 4 51.521 51.321 51.374 51.574 4	Cash flow per share	\$3.93	\$4.28					\$4.58					\$4.86	\$5.48
170.7 188.7 243.9 244.8 695.0 661.0 900.0 1 51.215 51,321 51,321 51,374 51.226 51,321 51,374 51,574	Fully Diluted	\$3.81	\$4.15					\$4.43					\$4.70	\$5.29
695.0 661.0 1,700.0 1 \$1,215 \$1,321 \$1,324 \$1,574	Common dividends	170.7	188.7					243.9					244.8	257.0
91,213 91,321 91,374 3 1,574 0 1,321 0 1,374 0 1,074 0 1,074 0 1,074 0 1,074 0 1,074 0 1,074 0 1,074 0 1,074 0 1,074 0 1,074 0 1,074 0	Capital expenditures	695.0 Å 24 r	661.0					900.0					1,700.0	1,700.0
	2		175.16					1-4-1-0 20-000					4 20 L L	» () ()

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