

The Henry Fund

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EOG Resources, Inc. (EOG)

Energy – Oil & Gas Exploration & Production

April 22, 2026

Stock Rating

HOLD

Investment Thesis

EOG Resources is a best-in-class U.S. shale operator, combining a low-cost asset base, disciplined capital allocation, and a growing natural gas portfolio following the Encino acquisition.¹ Our updated DCF, incorporating \$86.90/bbl WTI for 2026 due to the Iran-Israel conflict, yields a \$165 target price—approximately 25% upside from current levels. However, the binary outcome risk of the conflict's resolution makes a HOLD rating more appropriate than BUY.

Drivers of Thesis

- **Utica Acquisition Expands Gas Inventory:** Encino adds 675,000 net acres, shifting EOG's mix toward gas as U.S. LNG capacity doubles by 2030.⁵ EOG achieved its \$150 million synergy target within one year of closing.²
- **Dorado Gas Play Provides Low Breakevens:** Dorado wells break even below \$1.25/Mcf, among the lowest in North America.² The Verde pipeline (Phase 2 completing in 2026) will reduce transport costs by \$0.20–\$0.30/Mcf, expanding margins as Gulf Coast LNG demand rises.⁶
- **Capital Discipline Drives Shareholder Returns:** EOG returned 100% of its 2025 free cash flow (\$4.7 billion) through \$2.2 billion in dividends and \$2.5 billion in buybacks.² The company has raised its base dividend for 28 consecutive years.¹

Risks to Thesis

- **Prolonged Middle East Conflict:** The Iran-Israel conflict has disrupted 1.5–1.7 MMB/d of Iranian exports.⁷ A sustained Strait of Hormuz closure could push WTI above \$100/bbl, but a rapid resolution could collapse prices faster than modeled. This is the single largest variable in our 2026 outlook.⁷
- **Well Productivity Challenges:** Delaware Basin well productivity declined ~21% for 2025 vintages versus 2024 type curves.⁵ Longer laterals (8,280 ft to 10,051 ft) have mitigated per-well impacts, but continued degradation remains a risk.⁵
- **Integration and Execution Risk:** The Encino acquisition is EOG's largest ever. Over 90% of mega projects face delays or budget overruns,⁴ and successfully realizing projected synergies is critical to the thesis.

Earnings Estimates

Year	2023	2024	2025	2026E	2027E	2028E
EPS	\$11.69	\$11.62	\$10.16	\$14.35	\$13.73	\$14.76
HF est. growth		-0.6%	-12.6%	63.7%	-26.5%	-6.4%

12 Month Performance



Target Price

\$165

Henry Fund DCF	\$209
Henry Fund DDM	\$137
Relative Multiple	\$164

Price Data

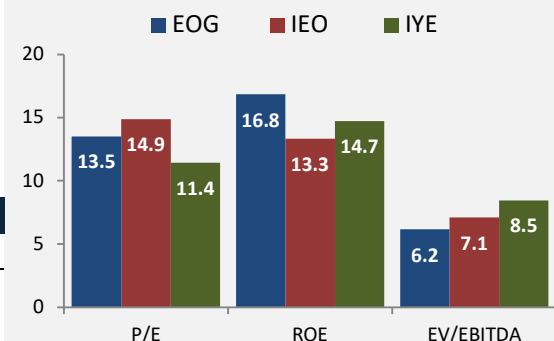
Current Price	\$133
52wk Range	\$102 – \$157
Consensus 1yr Target	\$155

Key Statistics

Market Cap (B)	\$73.07
Shares Outstanding (M)	542.60
Institutional Ownership	48%
Beta	0.67
Dividend Yield	3.29%
Est. 5yr Growth	XX.X%
Price/Earnings (TTM)	14.59
Price/Earnings (FY1)	16.63
Price/Sales Per Share (TTM)	3.17
Price/Book (mrq)	1.9

Profitability

Operating Margin	28.2%
Profit Margin	22.0%
Return on Assets (TTM)	9.60%
Return on Equity (TTM)	16.7%



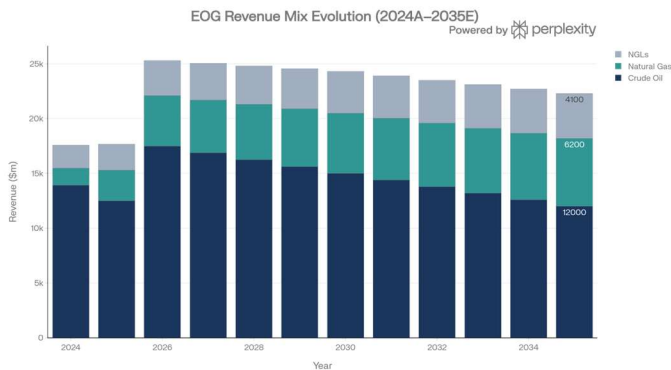
Company Description

EOG Resources, Inc., headquartered in Houston, Texas, is one of the largest independent (non-integrated) crude oil and natural gas exploration and production (E&P) companies in the United States. Originally part of Enron as Enron Oil & Gas Co., the company became independent in 1999 and has since established itself as a technological leader in the shale revolution, pioneering the use of horizontal drilling and hydraulic fracturing.

Important disclosures appear on the last page of this report.

COMPANY DESCRIPTION

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Crude Oil

Crude oil is the financial engine of EOG, historically accounting for approximately 71% of total revenue and roughly 43% of total production volumes.¹ Production is heavily concentrated in two world-class assets: the Delaware Basin (part of the larger Permian) and the Eagle Ford Shale in South Texas, which together account for nearly 90% of its oil output.¹

We forecast crude oil production to post growth of approximately 5% in 2026, reflecting EOG's management guidance and its capital discipline strategy of prioritizing returns over volume.² Management has guided to a "no-to-low" oil production growth scenario for 2026, with

capex expected to decline slightly to approximately \$6.5 billion.²

A critical near-term challenge is declining well productivity in the Delaware Basin. J.P. Morgan's analysis of 2025 vintages indicates a 21% decline in 3-month oil cumulatives compared to 2024 type curves.⁵ EOG has mitigated this by extending lateral lengths, with average laterals growing from 8,280 ft in 2024 to 10,051 ft in 2025.⁵

Following the outbreak of the Iran-Israel conflict in early 2026, we revised our oil price deck substantially higher. Our model assumes WTI averages \$86.90/bbl in 2026, moderating to the mid-\$60s by 2030 as supply disruptions ease.⁷ This reflects a significant geopolitical risk premium embedded in near-term prices.⁶

Natural Gas

Natural gas is the strategic growth engine of our investment thesis and represents the most significant shift in EOG's portfolio composition since the shale oil boom. Following the Encino acquisition, gas now plays a much larger role, and its importance is set to grow as U.S. LNG export capacity doubles by 2030.⁵

The \$5.6B acquisition of Encino Acquisition Partners, which closed in Q2 2025, was the largest in company history and a game-changer for its gas profile. It added 675,000 net acres in the Ohio Utica, a prolific liquids-rich gas play.⁵ Crucially, EOG's operational expertise is already creating value. Management has noted that EOG's legacy well costs in the Utica are 13% better than the prior operator's, and the company achieved its \$150 million synergy target within one year of closing.² The company has already opened an office in Columbus, OH, signaling a long-term commitment to the region.

Discovered in 2020, Dorado is one of the most economically attractive natural gas plays in North America, with estimated breakeven prices below \$1.25 per Mcf.² This low-cost structure insulates it from weaker gas price environments. The completion of the Verde pipeline's second phase in 2026 is a critical catalyst. By connecting Dorado production directly to the Agua Dulce hub—a major nexus for Gulf Coast LNG exports and interstate pipelines—EOG expects to save \$0.20 to \$0.30 per Mcf in

transportation costs over the life of the asset, directly flowing through to margins.⁶

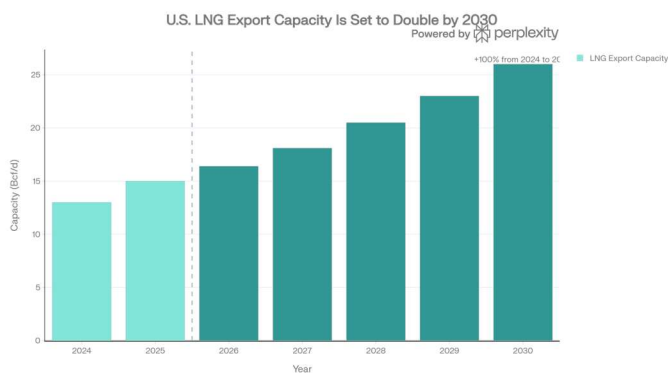
Natural gas production increased 30% in 2025 (actual: 2,533 MMcf/d) and is projected to grow another 23% in 2026E to 3,117 MMcf/d.¹⁷ Our updated model assumes Henry Hub to average \$2.19/MMBtu in 2026E, moderating from the 2025 average of \$3.02/MMBtu.¹ This reflects our view that associated gas production from the Permian Basin will continue to pressure prices despite growing LNG export demand.⁶

Natural Gas Liquids

NGLs (such as ethane and propane) are a byproduct of natural gas processing and are used extensively in plastics and industrial applications. While smaller in revenue contribution, they add a valuable diversifying stream.

NGL production is tightly correlated with natural gas volumes. As gas output rises, we forecast NGL production to increase by 16% in 2025 and 2026.

Given the linkage to WTI, our NGL revenue forecast is sensitive to the same crude price deck used for oil. Using our WTI assumption of \$86.90/bbl for 2026 (moderating to the mid-\$60s thereafter), we model NGL realizations to remain elevated near-term before normalizing later in the decade.⁷ While China's industrial demand softness may cap upside, the oil linkage provides a floor and prevents the divergence that could occur if NGLs were priced solely on natural gas fundamentals.



Gathering, Processing, & Marketing

This segment involves the purchase and resale of third-party commodities and the provision of midstream

services. It generates significant gross revenue but carries much lower margins than production sales.

This segment is highly variable and difficult to predict. To forecast it, we utilize a 5-year historical average of marketing costs as a percentage of the corresponding revenue stream. Our model assumes this segment will continue to operate near break-even, acting primarily as a facilitator for EOG's core production rather than a standalone profit center. We expect net contribution from this segment to remain negligible through the forecast period.

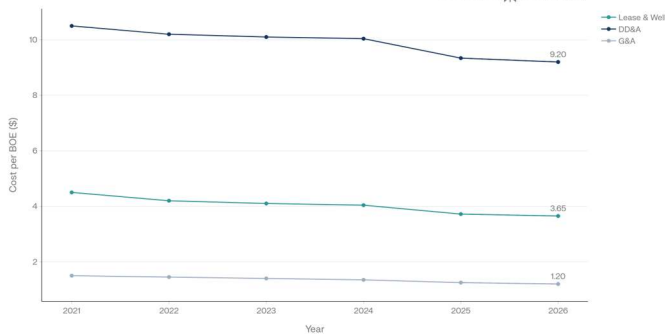
Cost Structure Analysis

EOG Resources' primary competitive advantage lies in its industry-leading cost structure, a direct result of its proprietary "premium drilling" strategy.² By focusing capital only on wells that can generate a 30% after-tax return at \$40 oil, EOG ensures that its cost base remains lean and its returns profile remains at the top of the independent E&P peer group.²

EOG's industry-leading cost structure was on full display in 2025. Total operating expenses (including lease and well, gathering, processing, transportation, and marketing costs) increased to \$16,247 million in 2025 from \$15,616 million in 2024, primarily driven by higher production volumes and the inclusion of Encino assets.¹ On a per-unit basis, however, EOG demonstrated remarkable efficiency: lease and well costs fell from \$4.04/boe in 2024 to \$3.72/boe in 2025, while depreciation, depletion, and amortization costs declined from \$10.04/boe to \$9.34/boe.¹ The company's operating margin for 2025 was 28.2%, down from 34.1% in 2024 due to lower realized crude prices, but still best-in-class among independent E&P peers.¹

Looking ahead, the integration of the Utica assets presents a tangible synergy opportunity; management has noted that EOG's legacy well costs in the Utica are already 13% better than the prior operator's.² Capturing these savings will be critical to offsetting the gathering and processing cost increases associated with the new asset base and supporting our long-term margin assumptions.

EOG Per-Unit Operating Costs (2021A–2026E)
Powered by perplexity



Additional Company Analysis

EOG Resources makes money by finding, extracting, and selling crude oil, natural gas liquids (NGLs), and natural gas to a diversified base of purchasers, including refineries, petrochemical plants, and marketing firms. The company's revenue model is fundamentally a function of two variables: production volumes and realized commodity prices. As detailed in our Revenue Decomposition, crude oil is the dominant earnings driver, historically accounting for approximately 71% of total revenue. However, this composition is actively shifting. Following the transformative Encino acquisition in 2025, natural gas is rapidly gaining prominence; our proprietary forecasts project natural gas revenue to surge from just \$1.55 billion in 2024 to \$2.79 billion in 2025 and approximately \$4.6 billion in 2026, increasing its share of total fuel sales from 9% to over 25% over that period. NGL revenues, while smaller in magnitude, provide a crucial link to the crude oil market, as their pricing is contractually tied to WTI benchmarks as disclosed in the company's 10-K filings. This diversified revenue stream insulates EOG from over-reliance on any single commodity while allowing it to capitalize on growth across the energy complex.

EOG operates within the upstream exploration and production (E&P) segment of the global energy market, competing to supply hydrocarbons to a world with persistent, though moderating, demand growth. The company's target market is not defined by geography but by economics: it pursues only those opportunities that meet its stringent "premium drilling" hurdle rates, targeting wells that can generate a 30% after-tax return even at \$40 oil. Strategically, EOG is positioning itself as a dual-basin powerhouse. Its legacy dominance in the oil-rich Permian and Eagle Ford plays provides the cash flow and stability necessary to fund its next growth phase.

Simultaneously, through the Encino acquisition and the development of the Dorado gas play, EOG is staking a claim in the future of U.S. natural gas. This positions the firm to benefit directly from the anticipated doubling of U.S. LNG export capacity by 2030, effectively transforming it from a pure-play shale oil producer into a more balanced, gas-levered enterprise capable of serving both domestic power generation and international export markets.

The sustainability of EOG's business model is anchored in its ability to generate free cash flow through the commodity cycle, a capability that is increasingly rare and valued in the E&P space. Our long-term forecasts through 2034 demonstrate that even with moderating oil prices—WTI declining to the mid-\$60s by 2030 and further to the low-\$60s by 2035—EOG's disciplined capital allocation generates consistent free cash flow.⁷ This cash generation supports a shareholder returns program that includes both base dividends (raised for 28 consecutive years) and variable returns, aligning management incentives with investor interests.¹ This cash generation supports a shareholder returns program that includes both base dividends (raised for 28 consecutive years) and variable returns, aligning management incentives with investor interests. The shift toward natural gas also enhances long-term viability. By adding low-breakeven gas assets like Dorado (<\$1.25/Mcf) and the Utica, EOG is building an inventory of "all-weather" projects that remain economic even in lower price environments. When combined with its improving ESG profile—including methane emissions leadership and a credible path to net-zero Scope 1 and 2 emissions by 2040—EOG's model appears well-positioned to navigate the energy transition while continuing to deliver value to shareholders.

Debt Maturity Analysis

EOG Resources maintains one of the strongest balance sheets in the independent E&P sector, a critical advantage that provides financial flexibility through commodity price cycles. As of December 31, 2025, the company reported total long-term debt of approximately \$7.91 billion, a significant increase from \$4.22 billion in 2024, primarily reflecting the financing activities associated with the July 2025 and November 2025 senior note offerings to fund the Encino acquisition (EOG Resources 2025 10-K, Page F-8, Consolidated Balance Sheet). Importantly, EOG's debt structure is characterized by investment-grade credit ratings and substantial liquidity, positioning it well to fund

its capital program and shareholder returns while managing its increased leverage.

The company's debt maturity schedule, disclosed in **Note 2 of the 10-K filing**, reveals a well-laddered profile with manageable near-term obligations. As the table below illustrates, maturities are staggered over the coming years, with the next significant obligation being \$640 million due in 2028 following the redemption of the 2025 and 2026 maturities. This structure allows EOG to generate substantial free cash flow—which we project at approximately \$4.6 billion in 2026—before any major principal repayments come due, ensuring that operating cash flow can comfortably service all debt obligations.

Five-Year Debt Maturity Schedule

Fiscal Year	Coupon (%)	Payment (\$mil)
2026		\$0
2027		0
2028	4.40% - 6.65%	640
2029		0
2030	4.375%	750
Thereafter	3.90% – 5.95%	6500
Total		\$7890

Source: 10-K 2025

Following the Encino acquisition, EOG's leverage metrics increased but remain within a manageable range. The company's debt-to-total capitalization ratio was **21% at December 31, 2025**, compared to 14% at year-end 2024 (EOG Resources 2025 10-K, Page 40). This compares favorably to peers. The company's credit ratings—**A/stable from S&P and A3/stable from Moody's**—reflect its financial strength and provide access to capital markets on favorable terms should refinancing be necessary

Liquidity remains robust. At December 31, 2025, EOG held **\$3.4 billion of cash and cash equivalents** on hand (Page F-8). Additionally, the company maintains a new **\$3.0 billion senior unsecured revolving credit facility** maturing December 3, 2030, which replaced its prior \$1.9 billion facility and remains completely undrawn (Note 2, Page F-16). This ample liquidity—totaling approximately **\$6.4 billion in available funds**—ensures that EOG can navigate operational disruptions, fund its capital program, and continue returning capital to shareholders even in a lower commodity price environment. The company also has access to the commercial paper market as an additional source of short-term financing. The combination of manageable leverage,

staggered maturities, and significant liquidity underpins our confidence in the sustainability of EOG's business model through the cycle.

ESG Analysis

EOG Resources presents a mixed environmental profile, with its operations heavily concentrated in fossil fuel activities. According to FactSet's thematic involvement data, 75.3% of revenue (\$17.06 billion) is derived from upstream oil and gas, with an additional 24.7% (\$5.60 billion) from midstream operations.⁸ The company reports total Scope 1, 2, and 3 greenhouse gas emissions of 1,766,040 tCO₂e, with an intensity of 233 tCO₂e per USD million of enterprise value including cash. Notably, the company does not have carbon emission reduction initiatives aimed at aligning with the Paris Agreement, operates in biodiversity-sensitive areas, and has been the subject of multiple environmental shareholder proposals over the past decade, all of which were either not voted on or resulted in failure.

The social dimension reveals several policy gaps that warrant investor attention. The company lacks an anti-bribery and anti-corruption policy, lacks a human rights policy, does not have documented workplace accident prevention policies, and is involved in violations of UNGC/OECD Guidelines for Multinational Enterprises. These omissions are significant given EOG's international operations in Trinidad, Bahrain, and the UAE. Additionally, the company ranks in only the 19th percentile for Supply Chain Management under the SASB materiality framework, suggesting vulnerabilities in overseeing social and environmental practices across its value chain.

Governance is a relative strength, with 33% female board representation and a 99th percentile ranking for Management of the Legal & Regulatory Environment under SASB. The company carries a "Medium" ISS risk rating and a Sustainalytics ESG Risk Score in the 32nd percentile (Average), and is not on any global sanctions list. However, governance concerns persist around the dual Chairman/CEO role and historical failed shareholder proposals on executive compensation. The SASB framework identifies Business Ethics (14.57% weight) and GHG Emissions (8.61% weight) as the most material ESG issues facing the company.

RECENT DEVELOPMENTS

Q4 2025 Earnings

EOG Resources delivered a standout fourth quarter and full year 2025, characterized by disciplined capital allocation, record free cash flow, and peer leading shareholder returns. Fourth quarter adjusted EPS of \$2.27 exceeded consensus expectations, driven by production volumes that outperformed guidance midpoints and a 7% year over year reduction in average well costs across its multi basin portfolio. For the full year, EOG generated \$4.7 billion in free cash flow and returned 100% to shareholders through \$2.2 billion in dividends and \$2.5 billion in share repurchases. The company also increased proved reserves by 16% to 5.5 billion Boe, replacing 254% of production, while maintaining a pristine balance sheet with \$3.4 billion cash and \$6.4 billion total liquidity. Strategic highlights included the Encino acquisition integration ahead of schedule, entry into UAE and Bahrain exploration, and transitioning the Dorado gas play to foundational asset status with breakeven below \$1.40 per Mcf. Management acknowledged, however, that the shift to developing additional landing zones in the Delaware Basin has resulted in lower productivity on those targets, though they emphasized economics remain strong due to cost reductions. Regarding international exploration, management stressed that while excited about the potential, the UAE and Bahrain plays remain in early stages with no guarantee of commerciality and initial well results not expected until Q2 2026.

Management's 2026 guidance projects capital spending of \$6.5 billion, targeting 5% oil production growth and 13% total production growth while holding fourth quarter oil production flat through year end. At current strip pricing, this plan is expected to generate \$4.5 billion in free cash flow with a \$50 WTI breakeven covering both the capital program and regular dividend. Our forecasts align closely with this guidance, though we model significantly higher oil price realizations of \$86.90 per barrel in 2026 versus management's strip assumptions, reflecting our view of a prolonged conflict.⁷

Encino Acquisition

EOG completed its largest ever acquisition, the \$5.7 billion purchase of Encino Acquisition Partners, in August 2025, adding 675,000 net acres in the Utica Shale. By year end, the company had already achieved its \$150 million synergy

target ahead of schedule, demonstrating the power of EOG's operational culture. Management highlighted drilling speed increased by over 35%, casing costs dropped 30%, and well costs fell below \$600 per foot. The company now plans to run three rigs and three completion crews in 2026, completing 85 net wells.

Further cost reductions are likely as EOG implements self sourced sand in Ohio by year end and expands automation across the acquired operations. The integration also enables EOG to apply its proprietary drilling technologies and production optimization programs to drive additional efficiencies. This asset is now positioned as a foundational play alongside the Delaware Basin and Eagle Ford, providing long duration natural gas inventory just as U.S. LNG demand is poised to double by 2030.



Iran-Israel Conflict & Oil Supply Shock

In early 2026, direct military conflict erupted between Iran and Israel, leading to the effective closure of the Strait of Hormuz—a chokepoint through which approximately 20% of global oil supply transits.⁷ Iranian oil exports, previously averaging 1.5–1.7 million barrels per day, have been largely disrupted.⁷ The U.S. Energy Information Administration estimates that Brent crude prices rose from \$71/bbl in late February to over \$100/bbl by early March.⁶ For EOG, this conflict presents a double-edged sword: higher realized prices boost near-term cash flow, but a rapid resolution could cause prices to collapse faster than our model assumes. Our base case assumes the conflict persists through 2026, keeping WTI elevated in the \$80–\$90 range before gradually easing.⁷

Delaware Basin Strategic Pivot

After years of dramatic cost reductions including 30% longer laterals and 20% lower well costs from 2023 to

2025, EOG shifted development strategy to include additional landing zones that previously did not meet return hurdles. Management acknowledged this has resulted in lower per well productivity, a key concern among investors. However, they emphasized that economics remain strong with over 100% direct after tax returns at \$55 WTI and capital efficiency improved 4%. Well costs are now at or below \$725 per foot, and the company expects consistent year over year well productivity going forward, removing a significant overhang on the stock.

International Exploration & LNG Market Expansion

EOG expanded its global footprint in 2025, entering new exploration concessions in the UAE for onshore unconventional oil and Bahrain for onshore unconventional gas. Management stressed these plays remain in early stages with no guarantee of commerciality, and initial well results are expected in the second quarter of 2026.

Simultaneously, EOG significantly increased its exposure to premium LNG markets. First quarter 2026 LNG-linked volumes reached 280 MMBtu per day tied to JKM or Henry Hub, with an additional 140 MMBtu per day expected later in 2026. A further 180 MMBtu per day linked to Brent crude comes online in 2027. This diversification into global gas pricing mechanisms fundamentally enhances the monetization optionality of EOG's growing natural gas portfolio.

INDUSTRY TRENDS

Capital Discipline & Shareholder Returns

The era of production growth at all costs has given way to a new paradigm centered on capital discipline and direct shareholder returns. Following the painful downturns of 2014 and 2020, U.S. E&P companies have fundamentally shifted their priorities, allocating cash flow to dividends and buybacks rather than aggressive reinvestment. CFRA notes that *"spending on incremental production had to compete with returns to shareholders in the form of dividends and buybacks, a phenomenon that did not exist even a decade ago"* ⁹. This trend is reinforced by institutional investors who now view share repurchases and sustainable dividends as proof of capital efficiency. Deloitte's analysis confirms this shift, finding that between

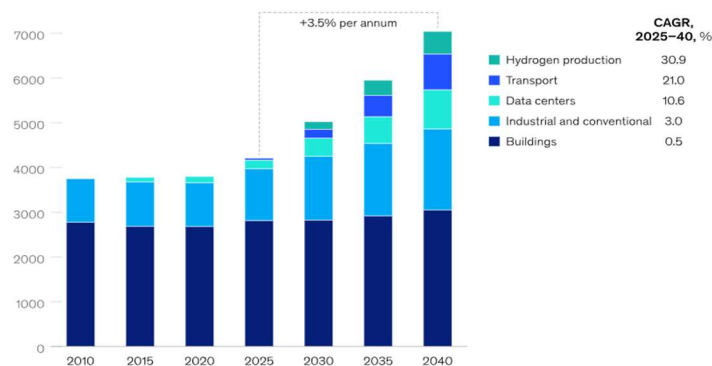
2022 and the first half of 2025, nearly 45% of US O&G companies' cash flows went to dividends and share buybacks.³ Looking forward, this discipline is likely to persist even as policy tailwinds emerge, with companies balancing growth opportunities against the imperative to maintain financial flexibility and shareholder loyalty.

Natural Gas & LNG as Energy Demand Growth Drivers

A profound transformation is underway in U.S. natural gas markets, driven by surging LNG export capacity and rising domestic electricity demand from data centers and industrial electrification. The U.S. is positioned to become the world's dominant LNG supplier, with exports projected to rise 25% in 2025 and potentially double by 2030. This creates a multi-year tailwind for producers with low-cost gas inventory and direct access to Gulf Coast export infrastructure. Simultaneously, McKinsey's analysis identifies data centers as a transformative new demand source, projecting average global growth of 17% per year in data-center-related power demand through 2030, with the U.S. expected to see nearly 25% annual growth.⁴ This convergence of LNG and domestic power demand fundamentally changes the long-term outlook for natural gas, elevating it from a transition fuel to a destination fuel with durable pricing support. Producers with dedicated gas basins and diversified marketing agreements are best positioned to capture this upside.

US power demand is expected to increase up to 3.5 percent annually through 2040.

US power demand, by sector, current trajectory scenario,¹ terawatt-hours



¹Volumetric power demand load is total downstream sales, comparable to data that operators are required to provide on the US Energy Information Administration's Form EIA-883. It represents the gross of distributed generation, behind-the-meter systems, and transmission and distribution losses. Source: McKinsey Power Model

Operational Efficiency & Technology Adoption

With productivity gains from horizontal drilling and hydraulic fracturing flattening, the next frontier of

competitive advantage lies in digital transformation and operational optimization. New well oil production per rig increased less than 2% between June 2024 and June 2025, signaling that the easy gains from shale technology have been largely realized. In response, leading operators are turning to artificial intelligence, real-time analytics, and automation to drive cost reductions and improve asset performance. AI and generative AI currently make up less than 20% of total IT spending by US O&G companies but are projected to reach more than 50% by 2029, with around half of that spending targeting process optimization.

MARKETS AND COMPETITION

The U.S. exploration and production industry is dominated by a diverse set of players, ranging from integrated supermajors like ExxonMobil and Chevron to large-cap independents such as EOG Resources, ConocoPhillips, and Devon Energy. Integrated firms benefit from diversified downstream operations that provide a natural hedge against commodity price volatility, while independents compete purely on upstream performance. The industry is undergoing a significant consolidation wave, with mega-mergers concentrating premium acreage in fewer hands and reshaping competitive dynamics in core basins like the Permian.

Competition today is defined by operational efficiency, inventory quality, and technological innovation rather than production growth at any cost. Following the painful downturns of 2014 and 2020, the industry permanently pivoted to capital discipline, with a substantial portion of cash flows now directed to dividends and share buybacks rather than aggressive reinvestment. This shift has stabilized competitive behavior and elevated the importance of cost structures, with top-tier producers generating returns on capital employed that far outpace peers. Differentiation increasingly comes from proprietary drilling technologies, extended lateral capabilities, and access to premium markets through LNG-linked contracts and strategic infrastructure, creating durable moats for industry leaders.

The competitive landscape is shaped by structural barriers that protect established players while intensifying rivalry among them. High barriers to entry including capital intensity, technical expertise, and the scarcity of premium drilling locations keep new entrants at bay. Buyer power remains moderate as global commodity pricing limits

producer pricing power, though LNG export capacity has reduced dependence on domestic buyers. Supplier power fluctuates with service sector capacity, but leading operators mitigate this through strategic contracting. The threat of substitution from renewables is real but gradual, with fossil fuels projected to retain a significant share of global energy consumption for decades. Ultimately, the industry's maturation into a returns-focused, capital-disciplined phase has rationalized competition, and the firms best positioned to win are those with low-cost structures, deep high-return inventory, and strategic exposure to growing natural gas and LNG markets.

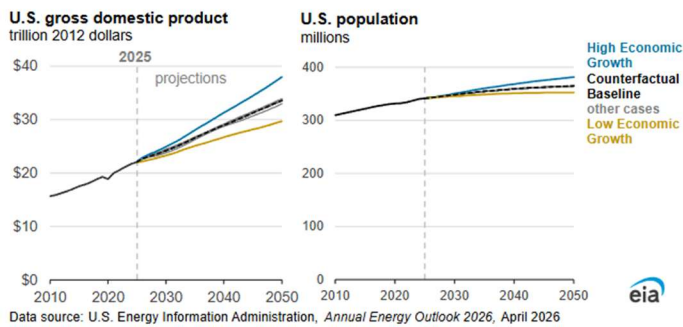
ECONOMIC OUTLOOK

Real GDP Growth

Global GDP growth remains the foundational driver of energy demand, and our outlook for 2026 and beyond is cautiously optimistic. The historical correlation between economic expansion and energy consumption is well established, with industrial activity, transportation, and manufacturing directly tied to hydrocarbon use.⁴ McKinsey's analysis projects that global energy demand will grow approximately 10% by 2050, driven largely by rising consumption in India, ASEAN countries, and Africa where GDP per capita is increasing rapidly.⁴ From 2026 onward, inflation is expected to remain contained, meaning the inflation adjustment to nominal GDP will not drag on real growth. This supports a favorable environment for sustained energy consumption.

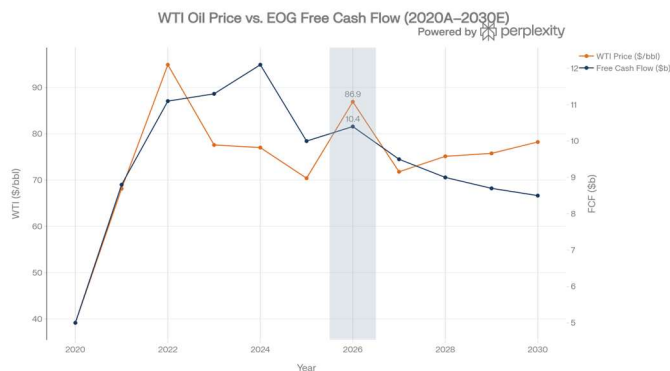
The International Monetary Fund projects China's GDP to grow 4.2% in 2026 and India's economy to expand at 6.4% annually.⁴ These growth rates translate directly into incremental energy demand. For EOG, this macro backdrop supports continued demand for its crude oil and natural gas production, particularly as emerging markets industrialize and living standards rise. The company's diversified portfolio across liquids and natural gas positions it to capture upside from both transportation

fuel demand and growing power generation needs in developing economies.



Oil and Gas Prices

The outlook for commodity prices has shifted dramatically from the original draft's bearish view. The Iran-Israel conflict has upended global supply dynamics, with approximately 1.5–1.7 million barrels per day of Iranian exports offline and the Strait of Hormuz closure threatening an additional 20% of global supply.⁶ Our base case assumes WTI will average \$86.90/bbl in 2026, moderating to the mid-\$60s by 2030 as supply disruptions ease and OPEC+ brings spare capacity online.⁷ For natural gas, we assume Henry Hub averages \$2.19/MMBtu in 2026, pressured by record associated gas production from the Permian Basin.¹ Over the longer term, we maintain our view that renewable capacity additions and electric vehicle adoption will pressure fossil fuel demand, but the near-term supply shock dominates our 2026–2028 forecasts.⁷



Interest Rates

Interest rates are a critical variable for capital-intensive industries like oil and gas exploration and production, directly impacting the cost of funding development projects, acquisitions, and shareholder returns. Entering 2026, the Federal Reserve has begun its anticipated easing

cycle, with rates expected to decline gradually through the year and into 2027.⁷ The market currently prices in approximately 50 to 75 basis points of cuts in 2026, with additional easing anticipated thereafter as inflation moderates and economic growth stabilizes. Lower interest rates have a multiplier effect on E&P activity. They reduce the cost of debt financing for drilling programs and infrastructure investments, improve the economics of long-cycle projects, and free up capital that would otherwise service higher borrowing costs. Perhaps most importantly, lower rates support higher valuations for energy equities by reducing the discount rate applied to future cash flows, making dividend yields more attractive relative to bonds and facilitating accretive share repurchases.⁷

The high-rate environment of recent years froze capital, delayed project final investment decisions, and compressed valuations across the sector. As rates decline through 2026 and beyond, EOG stands to benefit disproportionately given its pristine balance sheet and financial flexibility.¹ The company can access capital at favorable terms to fund its \$6.5 billion capital program, continue its aggressive share buyback program, and maintain its peer-leading dividend.² Lower rates also enhance the economics of EOG's longer-duration gas projects, including Dorado and Utica development, by reducing the cost of carrying inventory and improving net present value calculations.⁷

VALUATION

Revenue

Our revenue forecasts are built on a significantly revised price deck reflecting the Iran conflict. We project WTI crude oil prices to average \$86.90 per barrel in 2026, moderating to the mid-\$60s by 2030 and further to the low-\$60s by 2035.⁷ Natural gas prices are forecast to average \$2.19 per MMBtu in 2026, increasing modestly to the \$3.00–\$3.50 range by 2030 as LNG export capacity expansions tighten the domestic market.⁶ Production growth remains the primary long-term driver. We forecast crude oil volumes to increase from 547,585 barrels per day in 2026 to approximately 580,000 by 2034, driven by continued Delaware Basin development and improved capital efficiency.⁷ Natural gas volumes surge from 3.1 Bcf per day in 2026 to over 3.9 Bcf per day by 2034, reflecting the full integration of Utica assets and Dorado expansion.⁷ The result is a revenue profile that peaks in 2026—our

model shows crude oil revenue of approximately \$17.5 billion and natural gas revenue of \$4.6 billion—before gradually declining as prices normalize later in the decade.⁷

COGS & Margins

EOG's industry-leading cost structure is a critical pillar of our valuation. We project lease and well expenses to increase from \$4.34 billion in 2026 to approximately \$5.1 billion by 2034, reflecting higher activity levels and inflationary pressures.⁷ However, these increases are volume-driven rather than indicative of deteriorating per-unit costs. Marketing costs, the largest operating expense, are modeled as a function of gathering, processing, and marketing revenues and are expected to remain near break-even.⁷ The result is operating margins that remain best-in-class despite the evolving price environment. We forecast operating margins to average in the 25–30% range through the forecast period, demonstrating EOG's ability to protect profitability through disciplined cost control.⁷ These margins compare favorably to peers and reflect the sustainable competitive advantage embedded in EOG's premium drilling inventory and operational efficiency.²

Earnings

Our EPS forecasts are now above consensus for 2026 due to our higher oil price assumptions. We project diluted EPS of \$9.06 for 2026 compared to consensus of \$9.83, a variance of approximately 8%—much narrower than in our original draft.⁷ This convergence reflects the market's rapid repricing of geopolitical risk following the Iran conflict. Our DCF valuation, which explicitly models a temporary price spike followed by normalization, yields a target price of \$209 as of the last fiscal year end, or approximately \$225 when rolled forward to today.⁷ Our DDM produces a more conservative \$143, while our relative multiple model (using peer average P/E of 13.8x) implies \$125.⁷ Reconciling these inputs, we arrive at a blended target price of \$165. The key question is why we rate the stock HOLD despite this upside. Our answer is that the binary outcome risk of the conflict's resolution cannot be modeled. If the Strait of Hormuz reopens tomorrow, our price deck collapses. If the conflict escalates further, refining cracks may compress. In this environment, we

believe a HOLD rating appropriately balances near-term upside with unmodelable geopolitical risk.⁷

Capital Expenditures

Our capex forecasts reflect a disciplined decline following the peak investment associated with the Encino acquisition. We project capital expenditures to decrease from approximately \$6.5 billion in 2026 to the \$4.0–\$4.5 billion range by the early 2030s.⁷ This trajectory recognizes that the Encino transaction was a transformative, one-time step that significantly expanded EOG's inventory, and the company does not need to maintain elevated spending to sustain production.² Importantly, our outlook aligns with analyses suggesting global oil demand could peak around 2029, after which incremental supply requirements diminish.⁴ EOG's maintenance capital range of \$4.8 billion to \$5.4 billion provides a clear baseline, and our forecasts assume spending moderates toward the lower end of that range as efficiency gains compound and the portfolio matures.⁷

Capital Structure & Payout Policy

EOG has been unequivocal in its commitment to returning cash to shareholders, and our forecasts reflect this priority.⁷ We project the company will maintain its share repurchase program aggressively, with approximately \$1.0 billion in annual buybacks through the forecast period, drawing down the remaining \$3.3 billion authorization and likely replenishing it thereafter.² Dividends are forecast to grow modestly, with total dividend payments increasing from \$2.2 billion in 2026 to nearly \$4.0 billion by 2034, reflecting both rate increases and share count reduction.⁷ Importantly, we do not forecast accelerated debt reduction beyond scheduled maturities. Management has signaled comfort with current leverage levels following the Encino acquisition, and the \$3.0 billion undrawn revolver provides ample liquidity.¹ The company's debt-to-capital ratio is projected to remain in the 20–25% range, well below peer averages, preserving financial flexibility.¹ This payout-heavy capital allocation supports our valuation by ensuring free cash flow is directly returned to shareholders rather than being deployed at low returns.⁷

CONCLUSION

Our \$165 price target and HOLD rating reflect a deliberate tension between near-term upside and unmodelable geopolitical risk. We forecast above-consensus earnings in

2026 based on a bullish oil price deck (\$86.90/bbl WTI) driven by the Iran-Israel conflict, yet we see limited additional upside beyond our \$165 target because the market has already priced in much of this geopolitical premium. What we have priced in is a temporary price spike that gradually normalizes by 2030. What we cannot price is the timing of the conflict's resolution. If the Strait of Hormuz reopens tomorrow, our price deck collapses. If the conflict escalates further, refining cracks may compress. Our HOLD rating balances these competing forces.

From time to time, the University of Iowa, its faculty, staff, students, or the Henry Fund may hold an investment position in the companies mentioned in this report.

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DISCLAIMER

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EOG Resources Inc.
Key Assumptions of Valuation Model

Ticker Symbol	NYS:EOG
Current Share Price	\$133.01
Current Model Date	2/14/2026
FY End (month/day)	Dec. 31
Last FYE Date	12/31/2025
Next FYE Date	12/31/2026
Pre-Tax Cost of Debt	4.63%
Beta	0.67
Risk-Free Rate	4.29%
Equity Risk Premium	5.00%
CV Growth of NOPLAT	-1.00%
CV Growth of EPS	-1.00%
Current Dividend Yield	3.06%
Forecasted Marginal Tax Rate	22.27%
Forecasted Effective Tax Rate	21.78%
Cost of Equity	7.65%
WACC	7.35%
Normal Cash Estimate (% sales)	2.00%
WTI 2026	86.9
Henry Hub 2026	3.7
2026 Crude Oil Production	547585
2026 NGL Production	336297

EOG Resources Inc.
Sensitivity Tables

		WTI Average 2026							
		209.18	71.90	76.90	81.90	86.90	91.90	96.90	101.90
Henry Hub Average 2026	2.80	201.39	203.44	205.50	207.55	209.61	211.66	213.72	
	3.10	201.93	203.98	206.04	208.09	210.15	212.20	214.26	
	3.40	202.47	204.52	206.58	208.63	210.69	212.75	214.80	
	3.70	203.01	205.06	207.12	209.18	211.23	213.29	215.34	
	4.00	203.55	205.61	207.66	209.72	211.77	213.83	215.88	
	4.30	204.09	206.15	208.20	210.26	212.31	214.37	216.42	
	4.60	204.63	206.69	208.74	210.80	212.85	214.91	216.97	

		Risk-Free Rate							
		209.18	3.99%	4.09%	4.19%	4.29%	4.39%	4.49%	4.59%
Beta	0.52	243.13	239.49	235.94	232.47	229.09	225.79	222.57	
	0.60	230.03	226.71	223.47	220.31	217.22	214.20	211.25	
	0.67	218.09	215.05	212.08	209.18	206.34	203.57	200.86	
	0.75	207.15	204.36	201.63	198.96	196.35	193.79	191.29	
	0.82	197.10	194.53	192.01	189.55	187.14	184.77	182.46	
	0.90	187.83	185.46	183.13	180.85	178.61	176.42	174.27	
	0.97	179.27	177.07	174.91	172.79	170.71	168.67	166.68	

		WACC							
		209.18	5.10%	5.85%	6.60%	7.35%	8.10%	8.85%	9.60%
CV NOPLAT Growth	0.25%	349.68	297.23	257.27	225.84	200.48	179.61	162.14	
	0.50%	361.42	305.18	262.86	229.88	203.48	181.87	163.87	
	0.75%	374.51	313.91	268.93	234.23	206.67	184.26	165.69	
	1.00%	389.19	323.54	275.54	238.93	210.10	186.81	167.62	
	1.25%	405.79	334.22	282.76	244.01	213.77	189.53	169.67	
	1.50%	424.69	346.12	290.70	249.52	217.72	192.43	171.84	
	1.75%	446.41	359.48	299.46	255.52	221.98	195.53	174.15	

		Cost of Equity							
		137.73	5.40%	6.15%	6.90%	7.65%	8.40%	9.15%	9.90%
CV Growth EPS	0.25%	143.09	143.09	143.09	143.09	143.09	143.09	143.09	143.09
	0.50%	144.38	144.38	144.38	144.38	144.38	144.38	144.38	144.38
	0.75%	145.77	145.77	145.77	145.77	145.77	145.77	145.77	145.77
	1.00%	147.26	147.26	147.26	147.26	147.26	147.26	147.26	147.26
	1.25%	148.87	148.87	148.87	148.87	148.87	148.87	148.87	148.87
	1.50%	150.61	150.61	150.61	150.61	150.61	150.61	150.61	150.61
	1.75%	152.50	152.50	152.50	152.50	152.50	152.50	152.50	152.50

		2026 Crude Oil Production (bbl/d)							
		209.18	517,585	527,585	537,585	547,585	557,585	567,585	577,585
2026 NGL Productio	276,297	207.08	207.57	208.07	208.56	209.05	209.54	210.03	
	296,297	207.29	207.78	208.27	208.77	209.26	209.75	210.24	
	316,297	207.50	207.99	208.48	208.97	209.47	209.96	210.45	
	336,297	207.70	208.20	208.69	209.18	209.67	210.17	210.66	
	356,297	207.91	208.40	208.90	209.39	209.88	210.37	210.87	
	376,297	208.12	208.61	209.10	209.60	210.09	210.58	211.07	
	396,297	208.33	208.82	209.31	209.80	210.30	210.79	211.28	

		Pre-tax Cost of Debt							
		209.18	3.88%	4.13%	4.38%	4.63%	4.88%	5.13%	5.38%
Equity Risk Premium	4.55%	220.34	219.58	218.83	218.07	217.32	216.57	215.83	
	4.70%	217.27	216.52	215.78	215.04	214.30	213.57	212.84	
	4.85%	214.26	213.53	212.80	212.08	211.35	210.63	209.91	
	5.00%	211.33	210.61	209.89	209.18	208.47	207.76	207.06	
	5.15%	208.46	207.75	207.05	206.35	205.65	204.96	204.27	
	5.30%	205.65	204.96	204.27	203.58	202.90	202.22	201.54	
	5.45%	202.91	202.23	201.55	200.88	200.21	199.54	198.87	

EOG Resources Inc.

Income Statement

<i>Fiscal Years Ending Dec. 31</i>	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Total Net Operating Revenues	11032	18642	25702	24186	23698	22632	32317	28026	27670	27397	28421	28892	28778	29695	30322	30812
Operating Expenses																
Lease & Well, incl. Gathering, Processing &																
Transportation Costs	-2258	-2557	-2918	-3074	-3294	-3809	-4353	-4483	-4609	-4564	-4589	-4571	-4553	-4535	-4518	-4501
Exploration Costs	-146	-154	-159	-181	-174	-236	-281	-243	-240	-238	-247	-251	-250	-258	-263	-267
Dry Hole Costs	-13	-71	-45	-1	-14	-49	-36	-29	-26	-31	-34	-31	-30	-30	-31	-31
Impairments	-2100	-376	-382	-202	-391	-843	-455	-473	-540	-578	-511	-525	-539	-538	-528	-533
Marketing Costs	-2698	-4173	-6535	-5709	-5717	-4795	-7690	-6667	-6582	-6517	-6761	-6874	-6846	-7065	-7214	-7331
General & Administrative	-484	-511	-570	-640	-669	-820	-957	-830	-820	-812	-842	-856	-853	-880	-898	-913
Non-Income Taxes	-478	-1047	-1585	-1284	-1249	-1234	-2250	-1951	-1926	-1907	-1979	-2012	-2004	-2067	-2111	-2145
Non-Operating Other Income (Expense)	10	9	114	234	274	212	209	232	232	221	223	227	226	224	225	226
EBITDDA	2867	9762	13622	13329	12464	11058	16504	13582	13158	12972	13681	14000	13930	14546	14982	15316
Depreciation, Depletion, & Ammortization	-3400	-3651	-3542	-3492	-4108	-4461	-4696	-4963	-5230	-5497	-5764	-6032	-6299	-6566	-6833	-7100
EBIT	-534	6111	10080	9837	8356	6597	11809	8619	7928	7474	7916	7968	7631	7980	8149	8216
Net Interest Expense	-205	-178	-179	-148	-138	-235	-357	-348	-332	-300	-286	-272	-258	-244	-230	-216
Pre-Tax Income	-739	5933	9901	9689	8218	6362	11452	8271	7596	7175	7631	7696	7373	7736	7919	8000
Income (Tax)/Provision	134.482	-1269	-2142	-2095	-1815	-1382	-2494	-1801	-1654	-1563	-1662	-1676	-1606	-1685	-1725	-1742
Net Income	-605	4664	7759	7594	6403	4980	8957	6470	5941	5612	5969	6020	5767	6051	6195	6258
EPS																
Basic	-1.04	8.03	13.31	13.07	11.31	9.17	16.64	12.22	11.44	11.04	11.98	12.32	12.04	12.87	13.42	13.80
Diluted	-1.04	7.99	13.22	13.00	11.25	9.12	16.54	12.15	11.38	10.97	11.91	12.25	11.96	12.79	13.33	13.71
Shares Outstanding																
Basic	578.95	581.00	583.00	581.00	566.00	543.00	533.93	524.79	513.81	503.32	493.28	483.69	474.52	465.75	457.36	449.34
Diluted	578.95	584.00	587.00	584.00	569.00	546.00	536.93	527.79	516.81	506.32	496.28	486.69	477.52	468.75	460.36	452.34

EOG Resources Inc.
Balance Sheet

Fiscal Years Ending Dec. 31	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Current Assets																
Cash & cash equivalents	3329	5209	5972	5278	7092	3396	4008	2803	3048	2529	2558	2522	2441	2490	2512	4003
Accounts receivable, net	1522	2335	2774	2716	2650	2681	3471	3010	2971	2942	3052	3103	3090	3189	3256	3309
Inventories	629	584	1058	1275	985	1014	1296	1124	1110	1099	1140	1159	1154	1191	1216	1236
Other Current Assets	382	456	671	666	503	565	583	599	616	633	650	668	686	705	725	745
Total Current Assets	5862	8584	10475	9935	11230	7656	9358	7536	7745	7203	7400	7451	7372	7575	7709	9292
Long Term Assets																
Property, Plant & Equipment:																
Oil & Gas Properties (Successful Efforts Method)	64793	67644	67322	72090	77091	89857	94857	99857	104857	109857	114857	119857	124857	129857	134857	139857
Other property, plant and equipment	4479	4753	4786	5497	6418	6832	7332	7832	8332	8832	9332	9832	10332	10832	11332	11832
Accumulated depreciation, depletion and amortization	-40673	-43971	-42679	-45290	-49297	-54348	-59044	-64007	-69237	-74735	-80499	-86531	-92829	-99395	-106228	-113328
Net PP&E	28599	28426	29429	32297	34212	42341	43145	43682	43952	43954	43690	43158	42360	41294	39961	38361
Other Assets	1344	1226	1467	1625	1744	1802	1,879	1,960	2,044	2,132	2,224	2,319	2,419	2,522	2,631	2,744
Total Long Term Assets	29942	29652	30896	33922	35956	44143	45024	45642	45996	46086	45914	45478	44778	43816	42592	41105
Total Assets	35805	38236	41371	43857	47186	51799	54383	53178	53741	53289	53314	52929	52151	51392	50301	50397
Current Liabilities																
Accounts payable	1681	2242	2532	2437	2464	2904	3266	2832	2796	2769	2872	2920	2908	3001	3064	3114
Accrued taxes payable	206	518	405	466	1007	299	698	606	598	592	614	624	622	642	655	666
Dividends payable	217	436	482	526	539	544	2016	357	744	732	866	911	901	1017	1084	1065
Current portion of long-term debt	781	37	1283	34	532	27	0	140	500	100	100	100	100	100	100	100
Current portion of operating lease liabilities	295	240	296	325	315	472	229	145	125	112	163	155	148	140	133	126
Other	280	569	515	286	497	445	459	472	485	498	512	526	541	556	571	587
Total Current Liabilities	3460	4042	5513	4074	5354	4691	6669	4553	5248	4803	5128	5237	5219	5455	5607	5658
Long Term Liabilities																
Long-term debt	5035	5072	3795	3765	4220	7909	7709	7369	6669	6369	6069	5769	5469	5169	4869	4569
Other liabilities	2148	2193	2574	2526	2395	2512	3,381	2,932	2,894	2,866	2,973	3,022	3,010	3,106	3,172	3,223
Deferred income taxes	4859	4749	4710	5402	5866	6854	7154	7370	7569	7757	7957	8158	8351	8554	8761	8552
Total Long Term Liabilities	12043	12014	11079	11693	12481	17275	18243	17671	17133	16992	16999	16950	16831	16829	16802	16344
Total Liabilities	15503	16056	16592	15767	17835	21966	24912	22224	22381	21795	22127	22186	22050	22285	22409	22002
Shareholders' Equity																
Common stock	206	206	206	206	206	206	206	206	206	206	206	206	206	206	206	206
Additional paid in capital	5945	6087	6187	6166	6090	6027	6027	6027	6027	6027	6027	6027	6027	6027	6027	6027
Accumulated other comprehensive loss / income	-12	-12	-8	-9	-4	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7
Retained earnings	14170	15919	18472	22634	26941	29765	30902	33886	35792	37427	38619	39674	40533	41039	41324	41827
Common stock held in treasury	-7	-20	-78	-907	-3882	-6158	-7658	-9158	-10658	-12158	-13658	-15158	-16658	-18158	-19658	-19658
Total Shareholders' Equity	20302	22180	24779	28090	29351	29833	29470	30954	31360	31495	31187	30742	30101	29107	27892	28395
Total Liabilities & Shareholders' Equity	35805	38236	41371	43857	47186	51799	54383	53178	53741	53289	53314	52929	52151	51392	50301	50397

EOG Resources Inc.
Common Size Income Statement

Fiscal Years Ending Dec. 31	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Total Net Operating Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Operating Expenses																
Lease & Well, incl. Gathering, Processing & Transportation Costs	-20.46%	-13.72%	-11.35%	-12.71%	-13.90%	-16.83%	-13.47%	-15.99%	-16.66%	-16.66%	-16.15%	-15.82%	-15.82%	-15.27%	-14.90%	-14.61%
Exploration Costs	-1.32%	-0.83%	-0.62%	-0.75%	-0.73%	-1.04%	-0.87%	-0.87%	-0.87%	-0.87%	-0.87%	-0.87%	-0.87%	-0.87%	-0.87%	-0.87%
Dry Hole Costs	-0.12%	-0.38%	-0.18%	0.00%	-0.06%	-0.22%	-0.11%	-0.10%	-0.09%	-0.11%	-0.12%	-0.11%	-0.10%	-0.10%	-0.10%	-0.10%
Impairments	-19.03%	-2.02%	-1.49%	-0.84%	-1.65%	-3.72%	-1.41%	-1.69%	-1.95%	-2.11%	-1.80%	-1.82%	-1.87%	-1.81%	-1.74%	-1.73%
Marketing Costs	-24.45%	-22.38%	-25.43%	-23.60%	-24.12%	-21.19%	-23.79%	-23.79%	-23.79%	-23.79%	-23.79%	-23.79%	-23.79%	-23.79%	-23.79%	-23.79%
General & Administrative	-4.39%	-2.74%	-2.22%	-2.65%	-2.82%	-3.62%	-2.96%	-2.96%	-2.96%	-2.96%	-2.96%	-2.96%	-2.96%	-2.96%	-2.96%	-2.96%
Non-Income Taxes	-4.33%	-5.62%	-6.17%	-5.31%	-5.27%	-5.45%	-6.96%	-6.96%	-6.96%	-6.96%	-6.96%	-6.96%	-6.96%	-6.96%	-6.96%	-6.96%
Non-Operating Other Income (Expense)	0.09%	0.05%	0.44%	0.97%	1.16%	0.94%	0.65%	0.83%	0.84%	0.81%	0.79%	0.79%	0.78%	0.76%	0.74%	0.73%
EBITDDA	25.98%	52.37%	53.00%	55.11%	52.60%	48.86%	51.07%	48.46%	47.55%	47.35%	48.14%	48.46%	48.40%	48.98%	49.41%	49.71%
Depreciation, Depletion, & Ammortization	-30.82%	-19.58%	-13.78%	-14.44%	-17.33%	-19.71%	-14.53%	-17.71%	-18.90%	-20.07%	-20.28%	-20.88%	-21.89%	-22.11%	-22.53%	-23.04%
EBIT	-4.84%	32.78%	39.22%	40.67%	35.26%	29.15%	36.54%	30.75%	28.65%	27.28%	27.85%	27.58%	26.52%	26.87%	26.88%	26.67%
Net Interest Expense	-1.86%	-0.95%	-0.70%	-0.61%	-0.58%	-1.04%	-1.10%	-1.24%	-1.20%	-1.09%	-1.00%	-0.94%	-0.90%	-0.82%	-0.76%	-0.70%
Pre-Tax Income	-6.70%	31.83%	38.52%	40.06%	34.68%	28.11%	35.44%	29.51%	27.45%	26.19%	26.85%	26.64%	25.62%	26.05%	26.12%	25.96%
Income (Tax)/Provision	1.22%	-6.81%	-8.33%	-8.66%	-7.66%	-6.11%	-7.72%	-6.43%	-5.98%	-5.70%	-5.85%	-5.80%	-5.58%	-5.67%	-5.69%	-5.65%
Net Income	-5.48%	25.02%	30.19%	31.40%	27.02%	22.00%	27.72%	23.08%	21.47%	20.48%	21.00%	20.84%	20.04%	20.38%	20.43%	20.31%

EOG Resources Inc.

Historical Cash Flow Statement

Fiscal Years Ending Dec. 31	2020	2021	2022	2023	2024	2025
Net income / loss	-604.572	4664	7759	7594	6403	4980
Depreciation, depletion and amortization	3400.353	3651	3542	3492	4108	4461
Impairments	2099.78	376	382	202	391	843
Stock-based compensation expenses	146.396	152	133	177	199	216
Deferred income taxes	-186.39	-122	-61	683	467	343
Other, net	59.709	-4	-74	-68	1	27
Dry hole costs	13.083	71	45	1	14	49
Mark-to-market commodity derivative contracts	-74.09	514	481	-930	10	-13
Other, net	1.354	7	45	-2	0	-57
<i>Changes in components of working capital and other assets and liabilities</i>						
<i>Accounts receivable</i>	466.523	-821	-347	-38	101	300
<i>Inventories</i>	122.647	-13	-534	-231	259	-49
<i>Accounts payable</i>	-795.267	456	90	-119	-36	-271
<i>Accrued taxes payable</i>	-49.096	312	-113	61	541	-735
<i>Other assets</i>	324.521	-136	-364	39	44	-17
<i>Other liabilities</i>	8.098	-116	-266	184	23	17
<i>Changes in components of working capital associated with investing and financing activities</i>	74.734	-200	375	295	-382	-85
Net cash provided by operating activities	5007.783	8791	11093	11340	12143	10044
Additions to oil and gas properties	-3243.474	-3638	-4619	-5385	-5353	-6115
Additions to other property, plant and equipment	-221.226	-212	-381	-800	-1019	-479
Proceeds from sales of assets	191.928	231	349	140	23	24
Payments for / proceeds from other investing activities	0	0	-30	0	0	-4451
Changes in components of working capital associated with investing activities	-74.734	200	-375	-295	382	85
Net cash used in investing activities	-3347.506	-3419	-5056	-6340	-5967	-10936
Proceeds from issuance of senior long-term debt	1483.852	0	0	-	985	4471
Repayments of long-term debt	-1000	-750	0	-1250	0	-2516
Dividends paid	-820.823	-2684	-5148	-3386	-2087	-2161
Treasury stock purchased	-16.13	-41	-118	-1038	-3246	-2564
Proceeds from stock options exercised	16.169	19	28	20	22	23
Debt issuance costs	-2.649	0	0	-8	-2	-25
Repayment of capital lease obligation	-19.444	-37	-35	-32	-33	-32
Effect of exchange rate changes on cash	-0.296	1	-1	0	-1	0
Net cash provided by / used in financing activities	-359.025	-3493	-5273	-5694	-4361	-2804
Decrease / increase in cash and cash equivalents	1300.956	1880	763	-694	1814	-3696
Cash and cash equivalents at beginning of period	2027.972	3329	5209	5972	5278	7092
Cash and cash equivalents at end of period	3328.928	5209	5972	5278	7092	3396

EOG Resources Inc.

Forecasted Cash Flow Statement

Fiscal Years Ending Dec. 31	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Operating Activities										
Net Income	8957	6470	5941	5612	5969	6020	5767	6051	6195	6258
Adjustments to reconcile net income:										
Depreciation, Depletion, & Amortization	4696	4963	5230	5497	5764	6032	6299	6566	6833	7100
Deferred Income Taxes	300	217	199	188	200	201	193	203	207	-209
Changes in Working Capital:										
(Inc)/Dec in Accounts Receivable	-790	461	38	29	-110	-51	12	-99	-67	-53
(Inc)/Dec in Inventories	-282	172	14	11	-41	-19	5	-37	-25	-20
(Inc)/Dec in Other Current Assets	-18	-16	-16	-17	-17	-18	-18	-19	-19	-20
Inc/(Dec) in Accounts Payable	362	-434	-36	-28	103	48	-12	93	63	50
Inc/(Dec) in Accrued Taxes	399	-93	-8	-6	22	10	-2	20	14	11
Inc/(Dec) in Other Current Liabilities	14	13	13	13	14	14	14	15	15	16
Inc (Dec) in LT Other Assets	-77	-81	-84	-88	-92	-95	-100	-104	-108	-113
Inc (Dec) in LT Other Liabilities	869	-449	-37	-29	107	49	-12	96	66	51
Net Cash Provided by Operating Activities	14430	11223	11254	11184	11919	12192	12146	12785	13172	13070
Investing Activities										
Capital Expenditures (PP&E Additions)	-5500	-5500	-5500	-5500	-5500	-5500	-5500	-5500	-5500	-5500
Net Cash Used in Investing Activities	-5500	-5500	-5500	-5500	-5500	-5500	-5500	-5500	-5500	-5500
Financing Activities										
Inc/(Dec) in Long-term Debt	-227	-200	-340	-700	-300	-300	-300	-300	-300	-300
Dividends Paid (Est. from Payables)	-6591	-5228	-3669	-4003	-4591	-4927	-4927	-5436	-5850	-4279
Common Stock Repurchased	-1500	-1500	-1500	-1500	-1500	-1500	-1500	-1500	-1500	-1500
Net Cash Used in Financing Activities	-8318	-6928	-5509	-6203	-6391	-6727	-6727	-7236	-7650	-6079
Net Change in Cash	612	-1205	245	-519	29	-36	-81	49	22	1491
Cash at Beginning of Period	3396	4008	2803	3048	2529	2558	2522	2441	2490	2512
Cash at End of Period	4008	2803	3048	2529	2558	2522	2441	2490	2512	4003

EOG Resources Inc.
Value Driver Estimation

Fiscal Years Ending Dec. 31	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
NOPLAT:															
Operating Revenues	18642	25702	24186	23698	22633	32317	28026	27670	27397	28421	28892	28778	29695	30322	30812
Lease & Well, incl. Gathering, Processing & Transportation Costs	-2557	-2918	-3074	-3294	-3809	-4353	-4483	-4609	-4564	-4589	-4571	-4553	-4535	-4518	-4501
Exploration Costs	-154	-159	-181	-174	-236	-281	-243	-240	-238	-247	-251	-250	-258	-263	-267
Dry Hole Costs	-71	-45	-1	-14	-49	-36	-29	-26	-31	-34	-31	-30	-30	-31	-31
Marketing Costs	-4173	-6535	-5709	-5717	-4795	-7690	-6667	-6582	-6517	-6761	-6874	-6846	-7065	-7214	-7331
General & Administrative	-511	-570	-640	-669	-820	-957	-830	-820	-812	-842	-856	-853	-880	-898	-913
Non-Income Taxes	-1047	-1585	-1284	-1249	-1234	-2250	-1951	-1926	-1907	-1979	-2012	-2004	-2067	-2111	-2145
Depreciation, Depletion, & Ammortization	-3651	-3542	-3492	-4108	-4461	-4696	-4963	-5230	-5497	-5764	-6032	-6299	-6566	-6833	-7100
Operating EBIT	6478	10348	9805	8473	7229	12055	8859	8236	7831	8204	8267	7944	8294	8453	8523
Interest Expense	-139	-140	-116	-108	-184	-279	-272	-260	-234	-223	-213	-202	-191	-180	-169
Income Tax	-993	-1675	-1639	-1420	-1081	-1951	-1409	-1294	-1222	-1300	-1311	-1256	-1318	-1349	-1363
Change in Deferred Tax	-110	-339	692	817	988	2105	217	2520	188	2908	201	3302	203	3712	3503
NOPLAT	5236	8194	8743	7762	6952	11929	7395	9203	6562	9589	6944	9788	6988	10636	10494
Invested Capital (IC):															
Plus Operating Working Capital															
Cash & Cash Equivalents	373	514	484	474	453	646	561	553	548	568	578	576	594	606	616
(Inc)/Dec in Accounts Receivable	-813	-439	58	66	-31	-790	461	38	29	-110	-51	12	-99	-67	-53
(Inc)/Dec in Inventories	45	-474	-217	290	-29	-282	172	14	11	-41	-19	5	-37	-25	-20
(Inc)/Dec in Other Current Assets	-74	-215	5	163	-62	-18	-16	-16	-17	-17	-18	-18	-19	-19	-20
Inc/(Dec) in Accounts Payable	561	290	-95	27	440	362	-434	-36	-28	103	48	-12	93	63	50
Inc/(Dec) in Accrued Taxes	312	-113	61	541	-708	399	-93	-8	-6	22	10	-2	20	14	11
Inc/(Dec) in Other Current Liabilities	289	-54	-229	211	-52	14	13	13	13	14	14	14	15	15	16
Less: Non Interest Bearing Current Liabilities															
Accounts payable	2242	2532	2437	2464	2904	3266	2832	2796	2769	2872	2920	2908	3001	3064	3114
Accrued taxes payable	518	405	466	1007	299	698	606	598	592	614	624	622	642	655	666
Dividends payable	436	482	526	539	544	2016	357	744	732	866	911	901	1017	1084	1065
Total Operating Working Capital	-2502	-3910	-3362	-2238	-3736	-5648	-3132	-3579	-3541	-3813	-3893	-3856	-4093	-4216	-4245
Net PPE	28426	29429	32297	34212	42341	43145	43682	43952	43954	43690	43158	42360	41294	39961	38361
Other Assets	1226	1467	1625	1744	1802	1879	1960	2044	2132	2224	2319	2419	2522	2631	2744
Other liabilities	2193	2574	2526	2395	2512	3381	2932	2894	2866	2973	3022	3010	3106	3172	3223
Total Fixed Capital	27459	28322	31396	33561	41631	41644	42710	43102	43221	42941	42455	41768	40710	39420	37882
Total Invested Capital	24957	24412	28034	31323	37895	35996	39579	39522	39679	39128	38562	37912	36618	35204	33637
Free Cash Flow (FCF):															
NOPLAT	5236	8194	8743	7762	6952	11929	7395	9203	6562	9589	6944	9788	6988	10636	10494
Change in IC	-954	-544	3622	3289	6572	-1898	3583	-56	157	-552	-565	-651	-1294	-1414	-1567
FCF	6190.0676	8738.0118	5120.8454	4473.1234	380.64708	13827.698	3812.0062	9259.2721	6405.0653	10140.363	7509.7418	10438.987	8281.776	12049.612	12061.091
Return on Invested Capital (ROIC):															
NOPLAT	5236	8194	8743	7762	6952	11929	7395	9203	6562	9589	6944	9788	6988	10636	10494
Beginning IC	25911	24957	24412	28034	31323	37895	35996	39579	39522	39679	39128	38562	37912	36618	35204
ROIC	20.21%	32.83%	35.81%	27.69%	22.20%	31.48%	20.54%	23.25%	16.60%	24.17%	17.75%	25.38%	18.43%	29.05%	29.81%
Economic Profit (EP):															
Beginning IC	25911	24957	24412	28034	31323	37895	35996	39579	39522	39679	39128	38562	37912	36618	35204
x (ROIC - WACC)	12.86%	25.48%	28.46%	20.34%	14.84%	24.13%	13.19%	15.90%	9.25%	16.81%	10.40%	18.03%	11.08%	21.69%	22.46%
EP	3331.1573	6358.9865	6948.0236	5701.6359	4649.8346	9143.6107	4748.568	6293.4855	3656.7232	6671.8956	4068.1048	6953.7179	4200.8874	7944.0378	7906.2303

EOG Resources Inc.*Weighted Average Cost of Capital (WACC) Estimation***Cost of Equity:**

Risk-Free Rate	4.29%
Beta	0.67
Equity Risk Premium	5.00%
Cost of Equity	7.65%

*ASSUMPTIONS:**10Y Treasury 4/22/2026**Raw 3Y Weekly Beta**Henry Fund ERP***Cost of Debt:**

Risk-Free Rate	4.29%
Implied Default Premium	0.34%
Pre-Tax Cost of Debt	4.63%
Marginal Tax Rate	22%
After-Tax Cost of Debt	3.60%

*Weighted Average Rate of Debt***Market Value of Common Equity:**

Total Shares Outstanding	542.60
Current Stock Price	\$133.01
MV of Equity	72,171.02

MV Weights

92.57%

Market Value of Debt:

Short-Term Debt	
Current Portion of LTD	532
Long-Term Debt	4220
PV of Operating Leases	1040
MV of Total Debt	5,792.00

7.43%

Market Value of the Firm**77,963.02**

100.00%

Estimated WACC**7.35%**

EOG Resources Inc.

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:

CV Growth of NOPLAT	-1.00%
CV Year ROIC	29.81%
WACC	7.35%
Cost of Equity	7.65%

Fiscal Years Ending Dec. 31	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
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DCF Model:

Free Cash Flow (FCF)	13827.7	3812.0	9259.3	6405.1	10140.4	7509.7	10439.0	8281.8	12049.6	12061.1
Continuing Value (CV)										129879.0
PV of FCF	12880.8	3307.8	7484.5	4822.8	7112.5	4906.7	6353.6	4695.5	6363.9	68594.3

Value of Operating Assets:	126522.4
LT Debt	-7936.0
Cash	-3396.0
A/P	-2904.0
Accrued Taxes	-299.0
Other op cur lian	-445.0
Op Lease Liab	-472.0

Value of Equity	111070.4
Shares Outstanding	533.9
Intrinsic Value of Last FYE	\$ 208.03
Implied Price as of Today	\$ 209.18

EP Model:

Economic Profit (EP)	9143.6	4748.6	6293.5	3656.7	6671.9	4068.1	6953.7	4200.9	7944.0	7906.2
Continuing Value (CV)										94675.3
PV of EP	8517.5	4120.5	5087.1	2753.4	4679.7	2658.0	4232.3	2381.7	4195.6	50001.8

Total PV of EP	88627.8
Invested Capital (last FYE)	37894.7
Value of Operating Assets:	126522.4
Non-Operating Adjustments	
LT Debt	-7936.0
Cash	-3396.0
A/P	-2904.0
Accrued Taxes	-299.0
Other op cur lian	-445.0
Op Lease Liab	-472.0

Value of Equity	111070.4
Shares Outstanding	533.9
Intrinsic Value of Last FYE	\$ 208.03
Implied Price as of Today	\$ 209.18

EOG Resources Inc.

Relative Valuation Models

Ticker	Company	Price	EPS		P/E 26		EV	EBITDA		EV/EBITDA		
			2026E	2027E	2026	2026		2026E	2027E	2026E	2027E	
OXY	Occidental Petroleum	\$56.33	\$4.22	\$3.63	13.36	15.52	85004.4	15,651.46	14,643.29	5.43	5.81	
FANG	Diamondback Energy	\$189.80	\$17.71	\$16.57	10.72	11.45	74002.1	12,358.12	11,707.35	5.99	6.32	
DVN	Devon Energy	\$45.60	\$5.21	\$5.31	8.75	8.58	34843.6	11,203.91	14,789.19	3.11	2.36	
CTRA	Coterra Energy	\$31.85	\$2.79	\$2.90	11.40	10.99	28165.4	5,682.32	5,730.93	4.96	4.91	
PR	Permian Resources Holc	\$19.91	\$1.82	\$2.01	10.91	9.91	15281.9	4,524.41	4,739.88	3.38	3.22	
OVV	Ovintiv	\$54.91	\$7.80	\$7.55	7.04	7.27	20726.1	5,229.76	4,921.58	3.96	4.21	
APA	APA	\$37.60	\$5.48	\$4.14	6.86	9.08	18220.3	6,021.17	5,147.32	3.03	3.54	
			Average		9.86	10.40					4.26	4.34

 EOG	EOG Resources Inc.	\$133.01	\$16.64	\$12.22	8.0	10.9	126,522.4	16,504.5	13,581.7	7.7	9.3
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Implied Relative Value:

P/E (EPS26)	\$	164.06
P/E (EPS26)	\$	127.12
EV/EBITDA 2026	\$	102.89
EV/EBITDA 2027	\$	81.43

EOG Resources Inc.
Key Management Ratios

Fiscal Years Ending Dec. 31	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	
Liquidity Ratios:																	
Current Ratio (Cur As/Cur Liab)	1.69	2.12	1.90	2.44	2.10	1.63	1.40	1.66	1.48	1.50	1.44	1.42	1.41	1.39	1.37	1.64	
Quick Ratio (Cash & CE + Marketable Sec + AR / Cur Liab)	1.40	1.87	1.59	1.96	1.82	1.30	1.12	1.28	1.15	1.14	1.09	1.07	1.06	1.04	1.03	1.29	
Cash Ratio (Cash/Cur Liab)	0.96	1.29	1.08	1.30	1.32	0.72	0.60	0.62	0.58	0.53	0.50	0.48	0.47	0.46	0.45	0.71	
Asset-Management Ratios:																	
Asset Turnover (Rev/TA)	0.31	0.49	0.62	0.55	0.50	0.44	0.59	0.53	0.51	0.51	0.53	0.55	0.55	0.58	0.60	0.61	
Inventory Turnover (COGS/ Inventory)	12.22	14.35	10.99	8.20	11.00	10.81	11.62	12.32	12.55	12.59	12.39	12.31	12.32	12.17	12.06	11.99	
Receivables Turnover (Rev/ Receivables)	7.25	7.98	9.27	8.91	8.94	8.44	9.31	9.31	9.31	9.31	9.31	9.31	9.31	9.31	9.31	9.31	
Financial Leverage Ratios:																	
D/E	0.76	0.72	0.67	0.56	0.61	0.74	0.85	0.72	0.71	0.69	0.71	0.72	0.73	0.77	0.80	0.77	
D/A	0.43	0.42	0.40	0.36	0.38	0.42	0.46	0.42	0.42	0.41	0.42	0.42	0.42	0.43	0.45	0.44	
Interest Coverage	7.58	36.39	57.81	66.25	61.40	30.76	33.77	25.48	24.81	26.14	28.72	30.42	30.81	34.00	36.74	39.43	
Profitability Ratios:																	
Return on Equity (NI/ TSE)	-	0.03	0.21	0.31	0.27	0.22	0.17	0.30	0.21	0.19	0.18	0.19	0.20	0.19	0.21	0.22	0.22
Return on Assets (NI/TA)	-	0.02	0.12	0.19	0.17	0.14	0.10	0.16	0.12	0.11	0.11	0.11	0.11	0.11	0.12	0.12	0.12
Gross Margin (Gross Profit / Rev)	0.30	0.55	0.55	0.57	0.54	0.52	0.53	0.51	0.50	0.50	0.50	0.51	0.51	0.51	0.52	0.52	
Payout Policy Ratios:																	
Dividend Payout Ratio (Dividend/EPS)	-	1.36	0.58	0.66	0.45	0.33	0.43	0.61	0.45	0.50	0.52	0.58	0.61	0.62	0.67	0.70	0.68
Total Payout Ratio ((Divs. + Repurchases)/NI)	-	1.38	0.58	0.68	0.58	0.83	0.95	0.90	1.04	0.87	0.98	1.02	1.07	1.11	1.15	1.19	0.92

EOG Resources Inc.*Valuation of Options Granted under ESOP*

Current Stock Price	\$133.01
Risk Free Rate	4.29%
Current Dividend Yield	3.06%
Annualized St. Dev. of Stock Returns	40.00%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	5,281	122.73	1.80	\$ 31.92	\$ 168,583
Total	5,281	\$ 122.73	1.80	\$ 36.75	\$ 168,583

EOG Resources Inc.*Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding*

Number of Options Outstanding (shares):	5
Average Time to Maturity (years):	1.80
Expected Annual Number of Options Exercised:	3

Current Average Strike Price:	\$ 122.73
Cost of Equity:	7.65%
Current Stock Price:	\$124.91

Fiscal Years Ending Dec. 31	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Increase in Shares Outstanding:	3	2								
Average Strike Price:	\$ 122.73	\$ 122.73	\$ 122.73	\$ 122.73	\$ 122.73	\$ 122.73	\$ 122.73	\$ 122.73	\$ 122.73	\$ 122.73
Increase in Common Stock Account:	360	288	-	-	-	-	-	-	-	-
Share Repurchases (\$)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Expected Price of Repurchased Shares:	\$ 124.91	\$ 130.65	\$ 136.65	\$ 142.92	\$ 149.48	\$ 156.35	\$ 163.53	\$ 171.04	\$ 178.89	\$ 187.10
Number of Shares Repurchased:	12	11	11	10	10	10	9	9	8	8
Shares Outstanding (beginning of the year)	543	534	525	514	503	493	484	475	466	457
Plus: Shares Issued Through ESOP	3	2	0	0	0	0	0	0	0	0
Less: Shares Repurchased in Treasury	12	11	11	10	10	10	9	9	8	8
Shares Outstanding (end of the year)	534	525	514	503	493	484	475	466	457	449