



Royalist Independent Equity Research, Ltd.

Independence, Integrity and Investor Respect

**Capital Market Considerations and
Disclosure Concerns**

Donato J. Eassey

President



R-I-S-K

R = Regulatory

I = Interest Rates

S = Senior Management

K = A Kaleidoscope of Other Issues

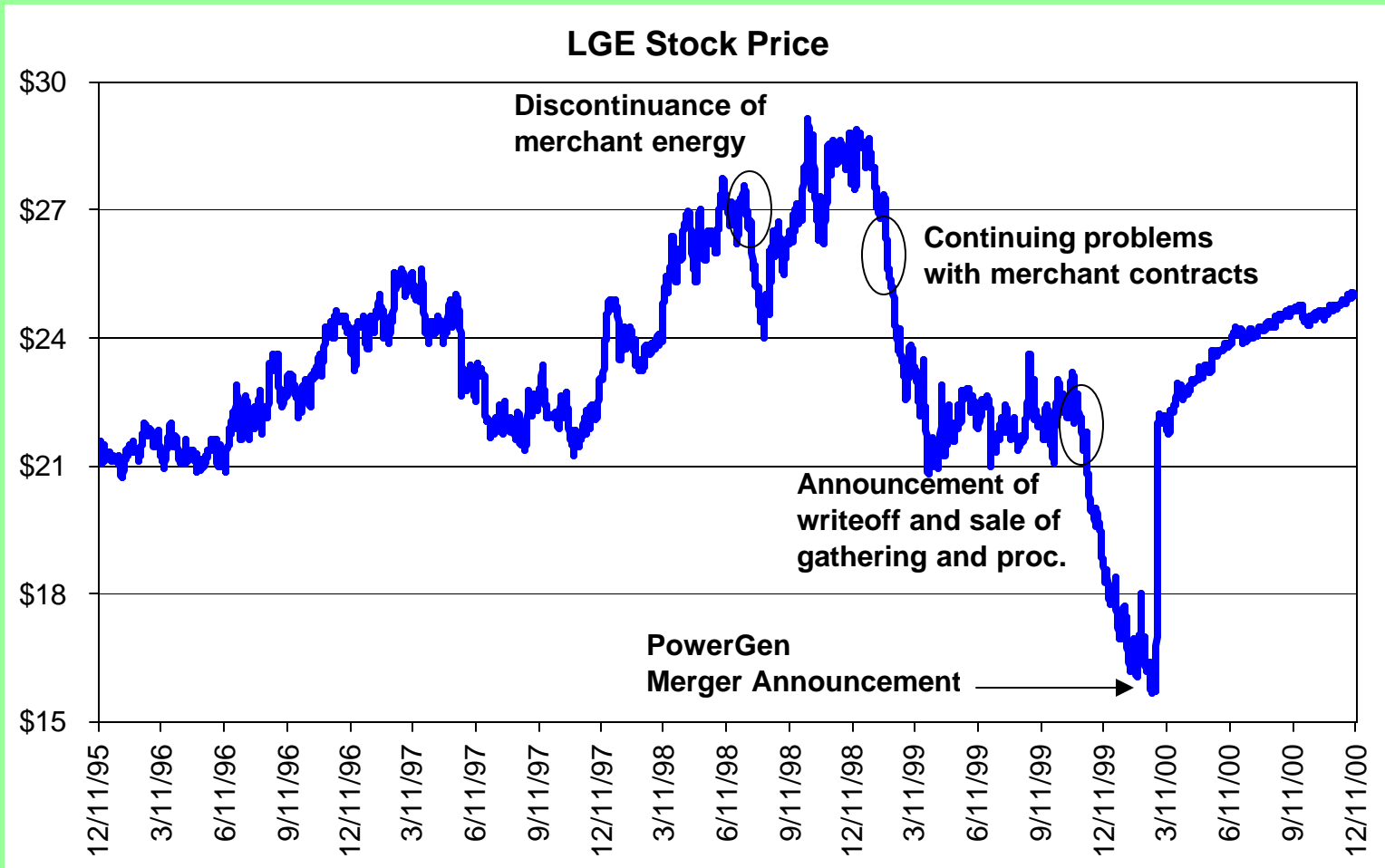


The “Don’ts”



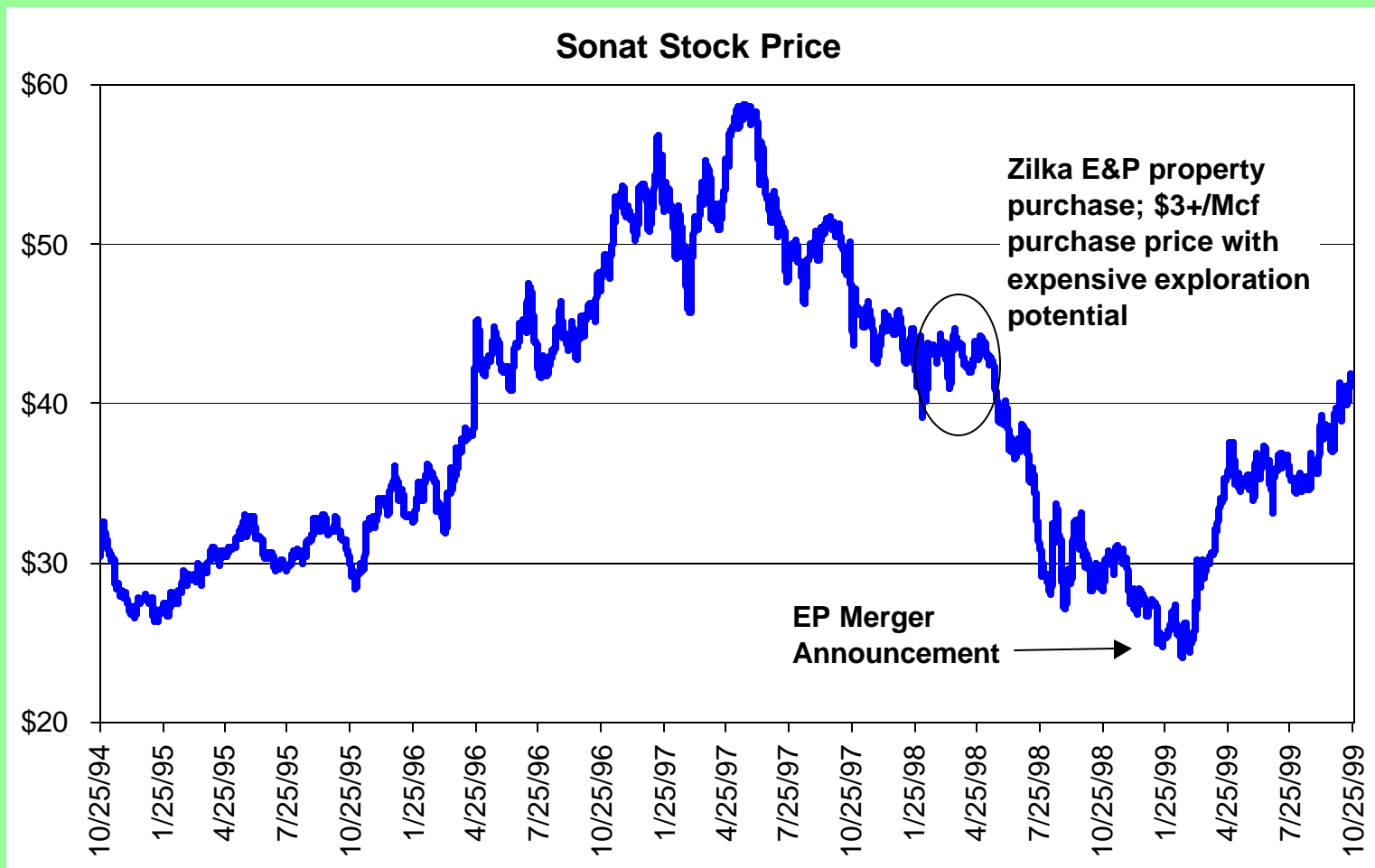


The "Don'ts"



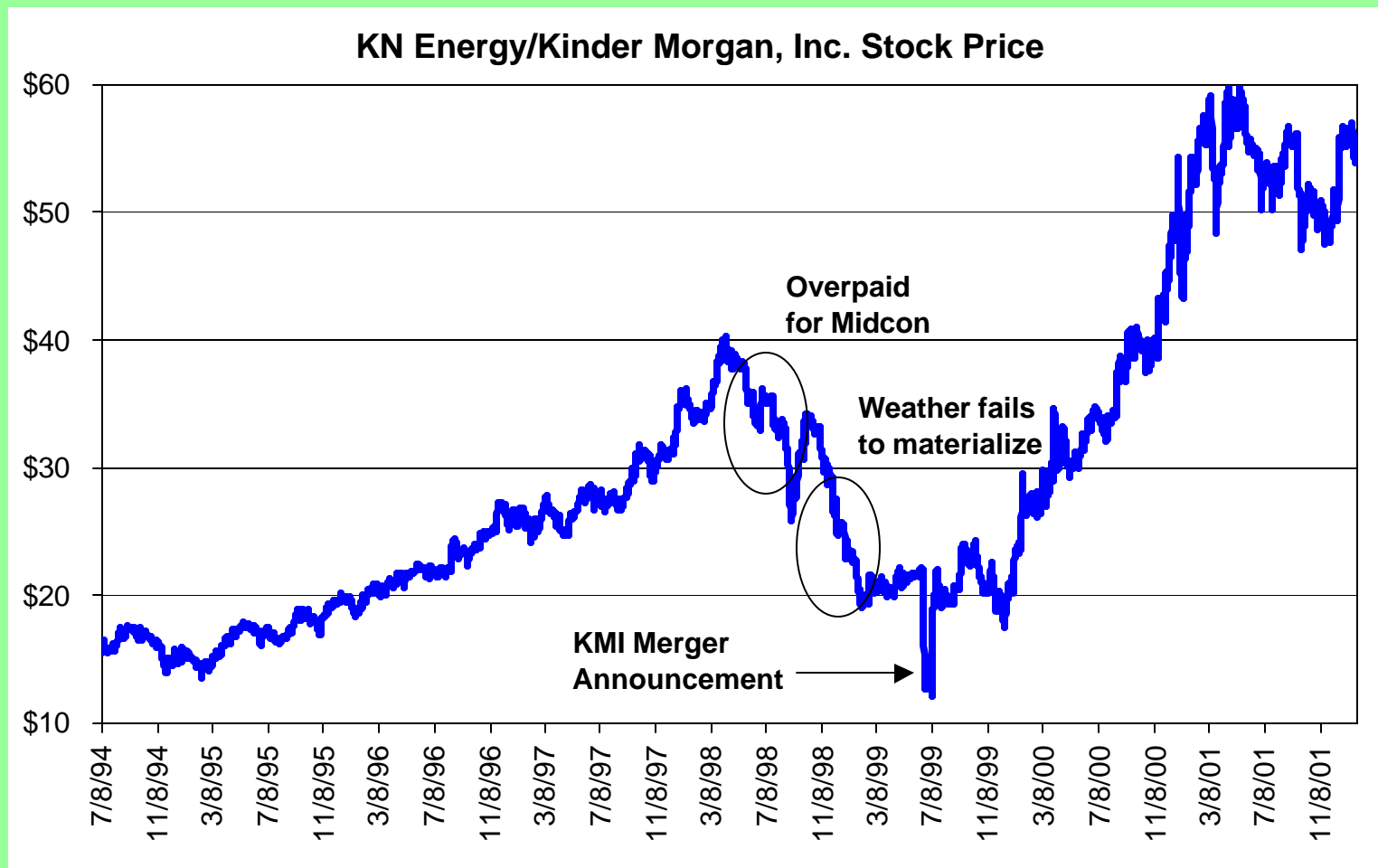


The ‘Don’ts’



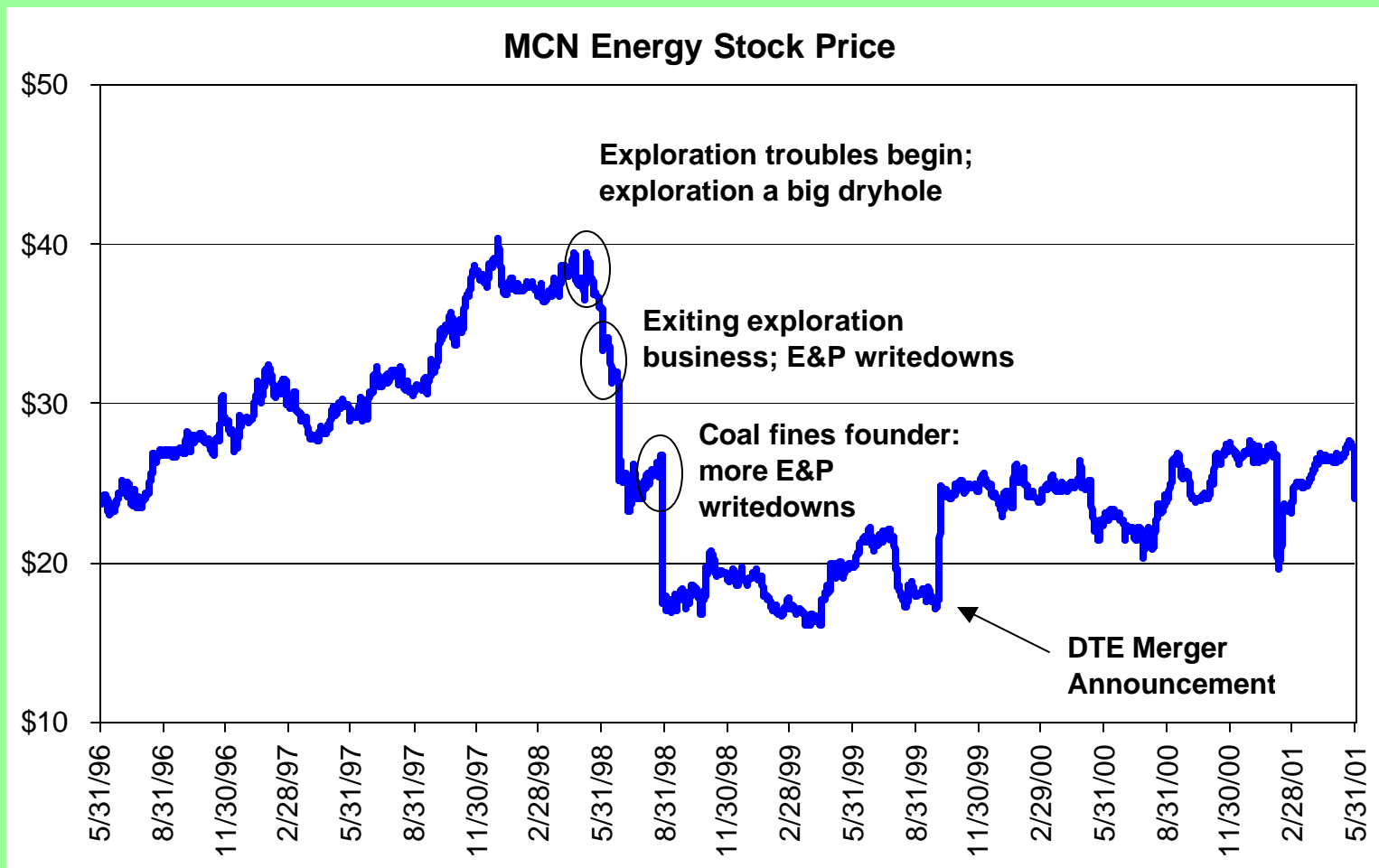


The "Don'ts"



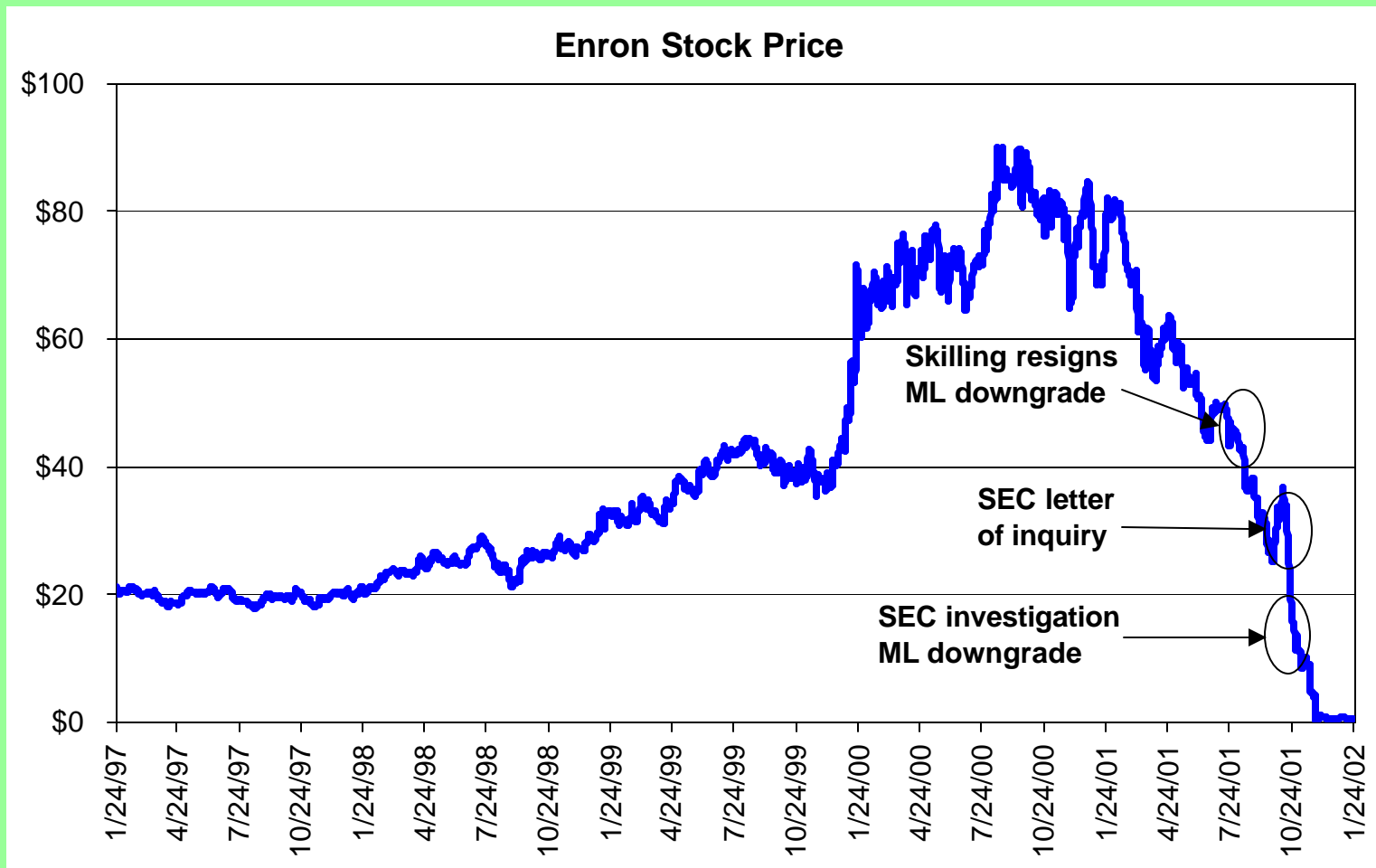


The "Don'ts"





The "Don'ts"





The “Do’s”

- Invest wisely and FULLY disclose investment details
- With respect to disclosure -
“When in doubt put it out”
- With respect to accounting -
KISS: KEEP IT SIMPLE STUPID
- Stick with core competencies & remain disciplined

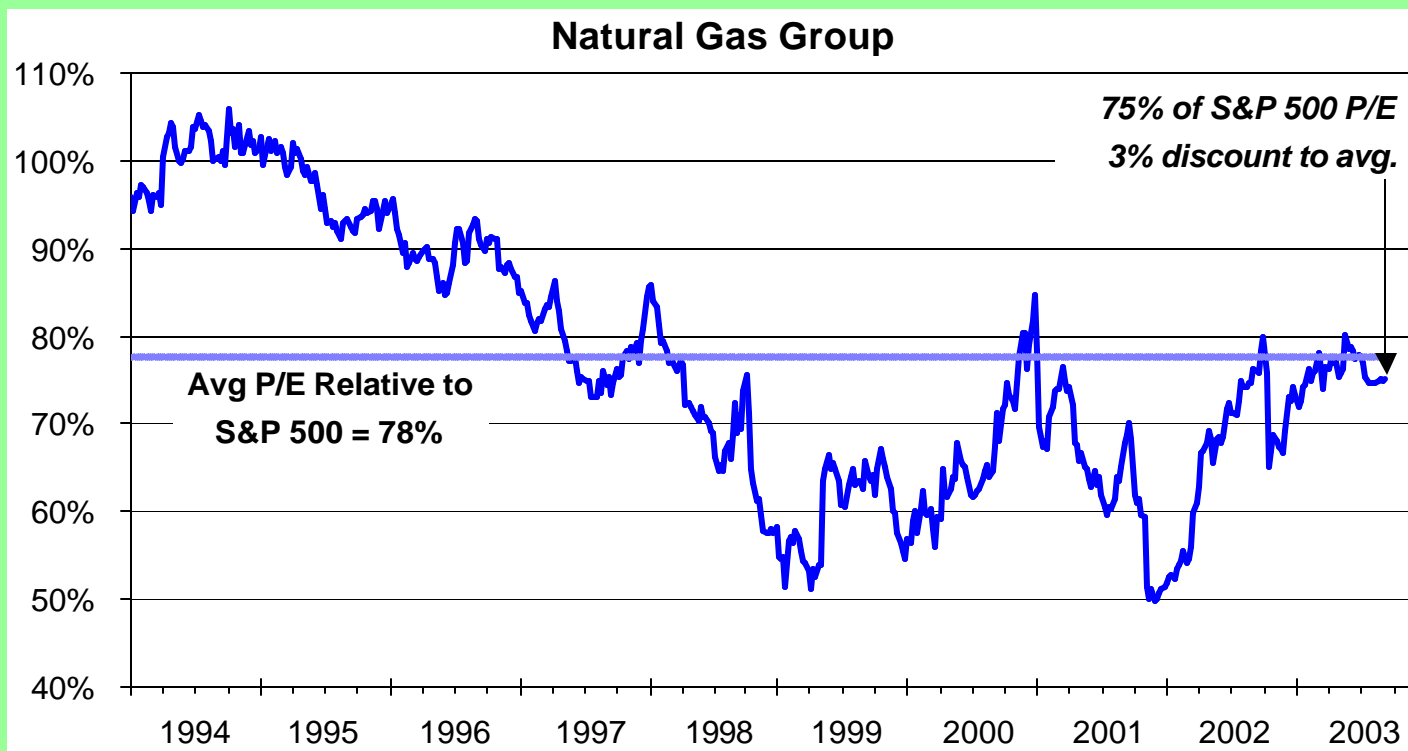


Four Valuation Methods

- Traditional price-to-earnings (P/E)
- 6-factor relative valuation
- Dividend discount model
- M&A takeover analysis

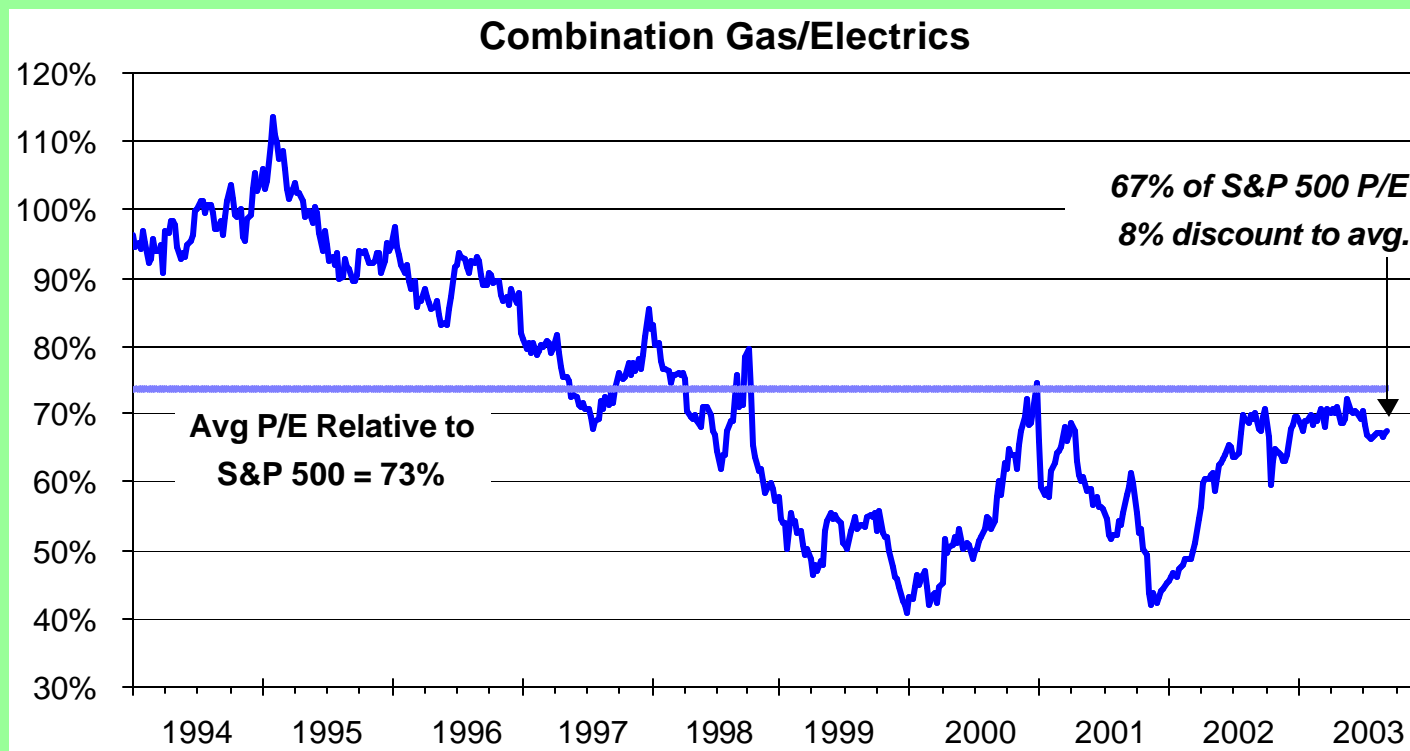


Natural Gas Equity P/Es: A Historical Perspective



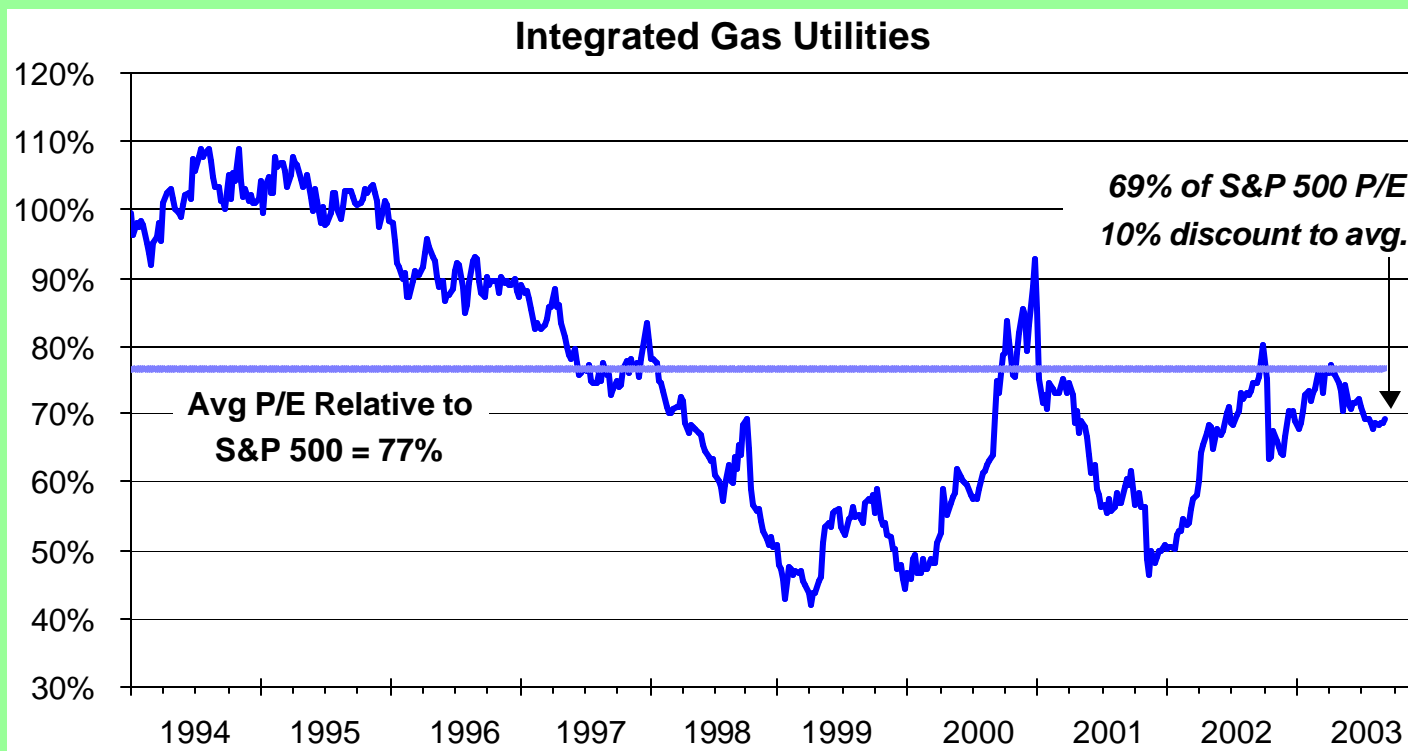


Natural Gas Equity P/Es: A Historical Perspective



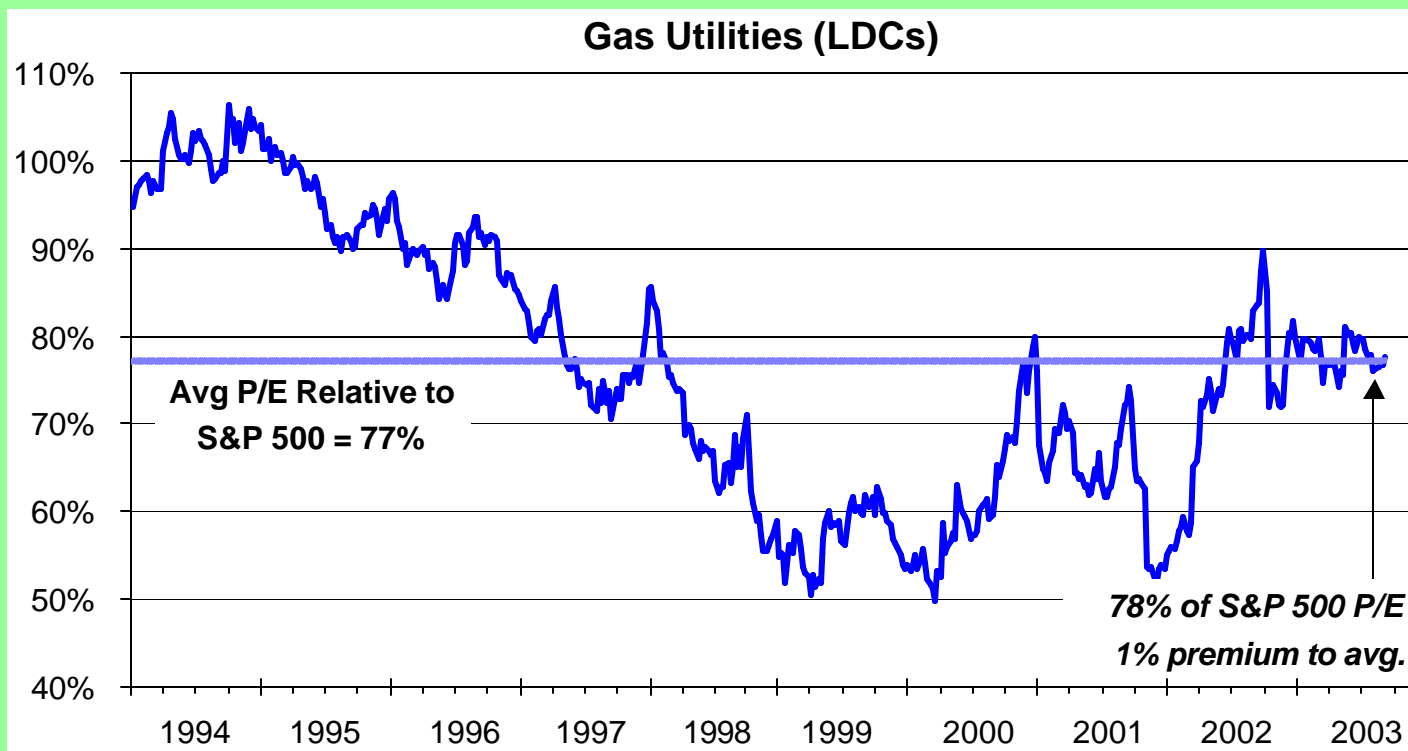


Natural Gas Equity P/Es: A Historical Perspective



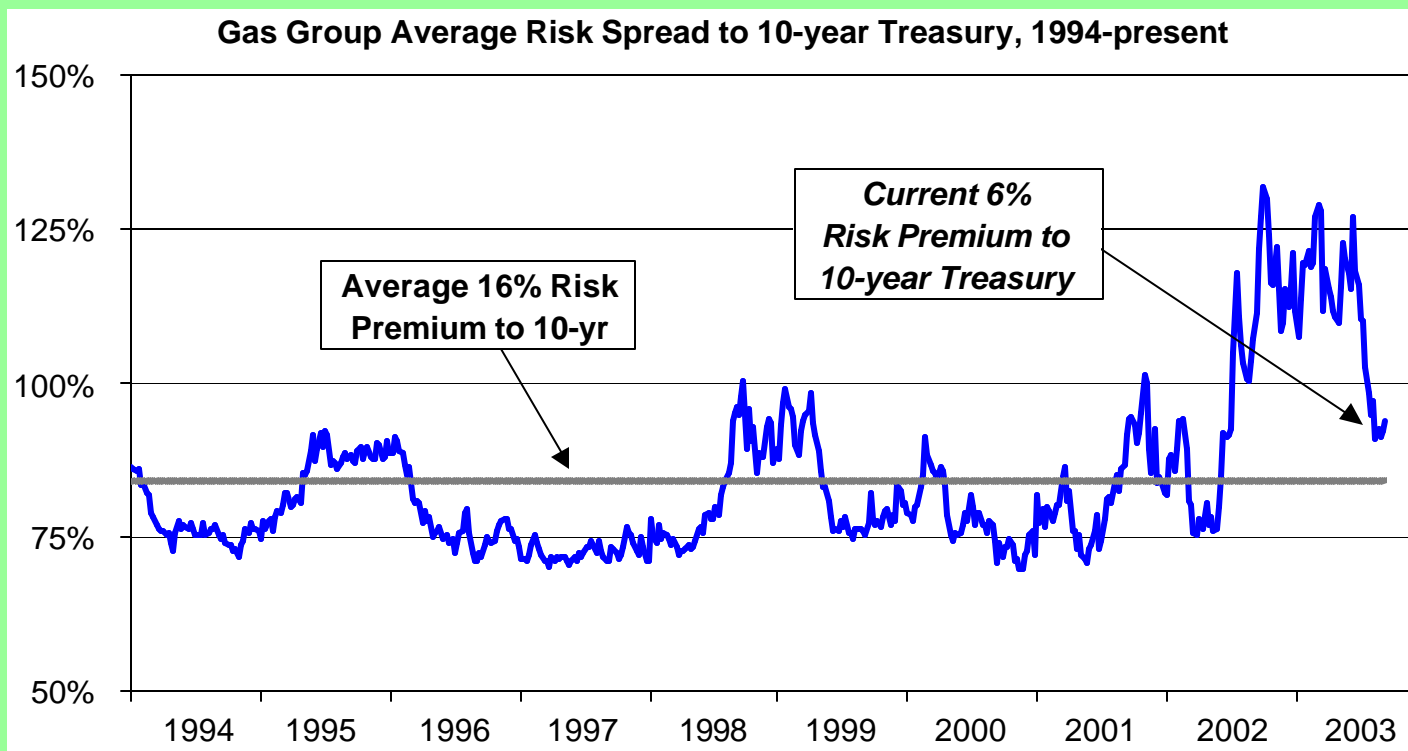


Natural Gas Equity P/Es: A Historical Perspective



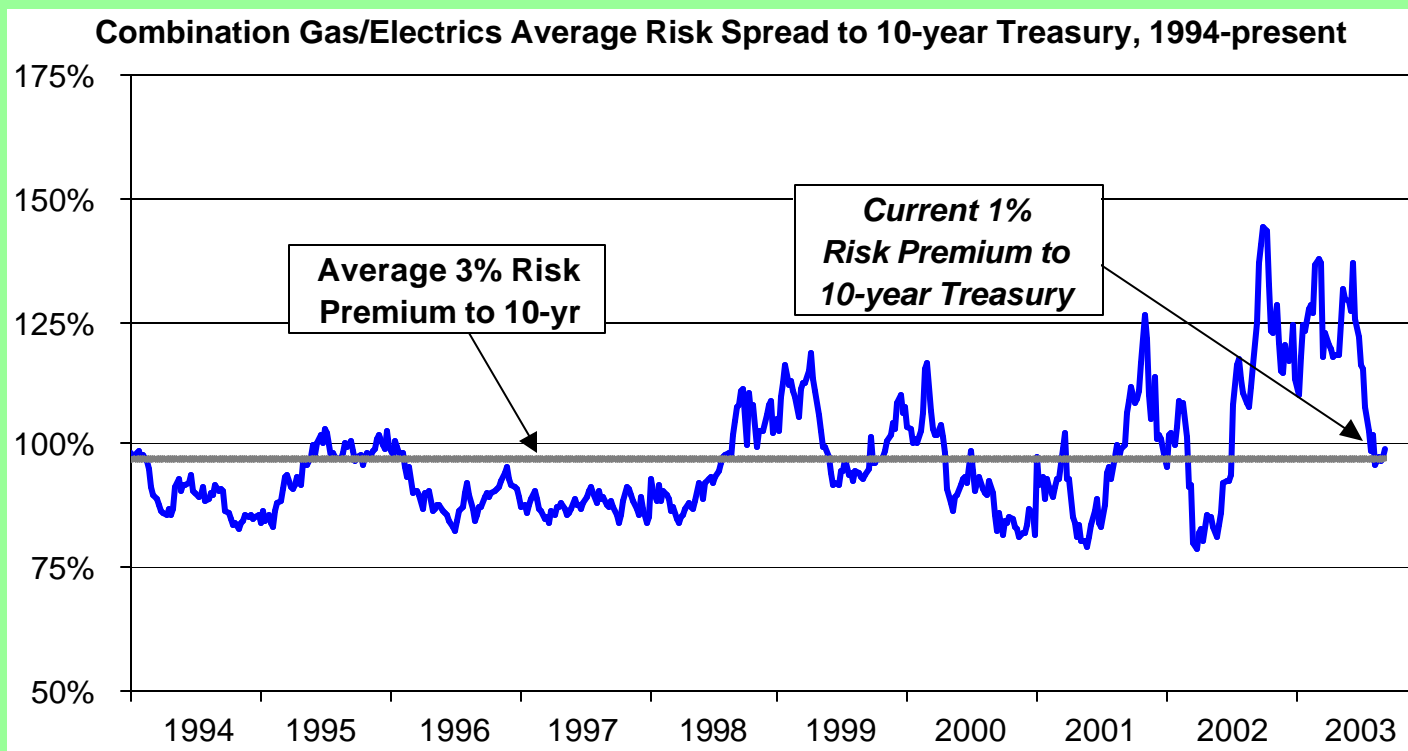


Natural Gas Equity Yield: A Historical Perspective



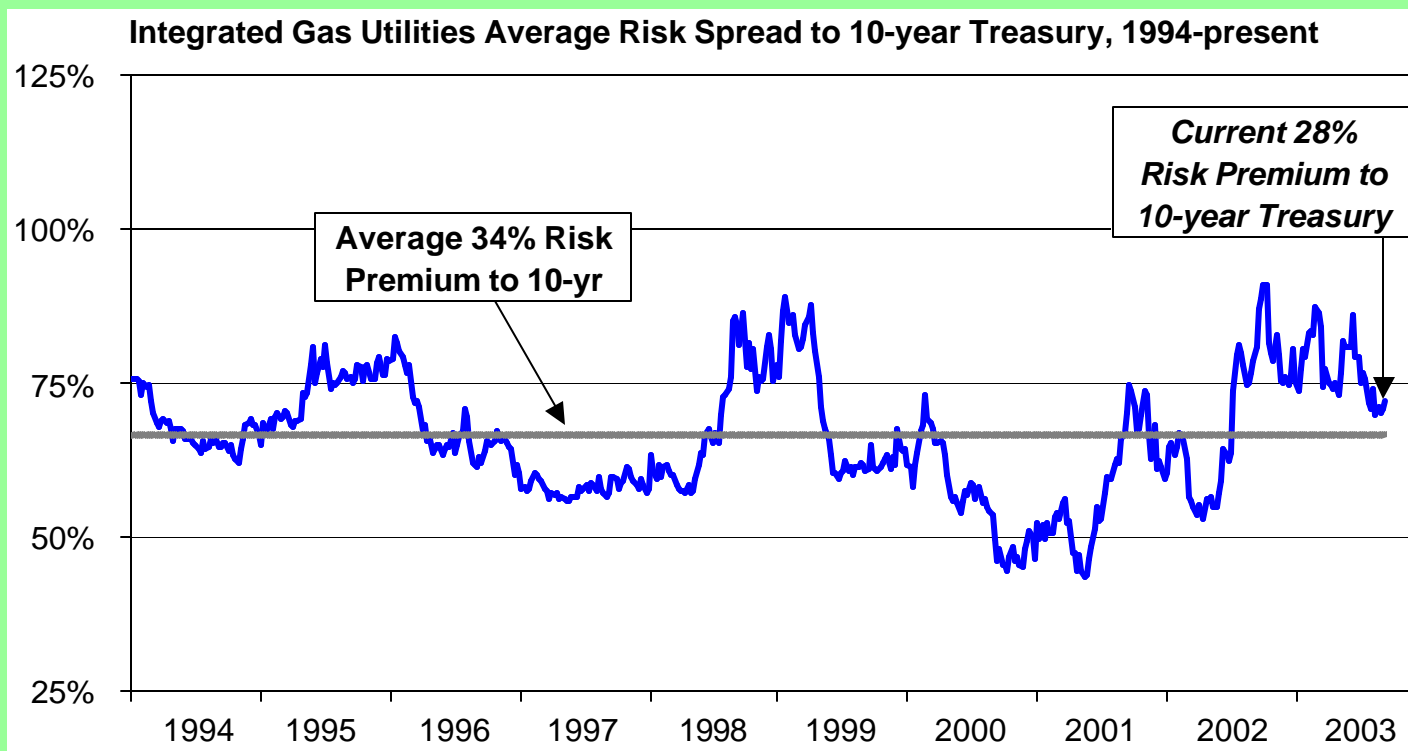


Natural Gas Equity Yield: A Historical Perspective



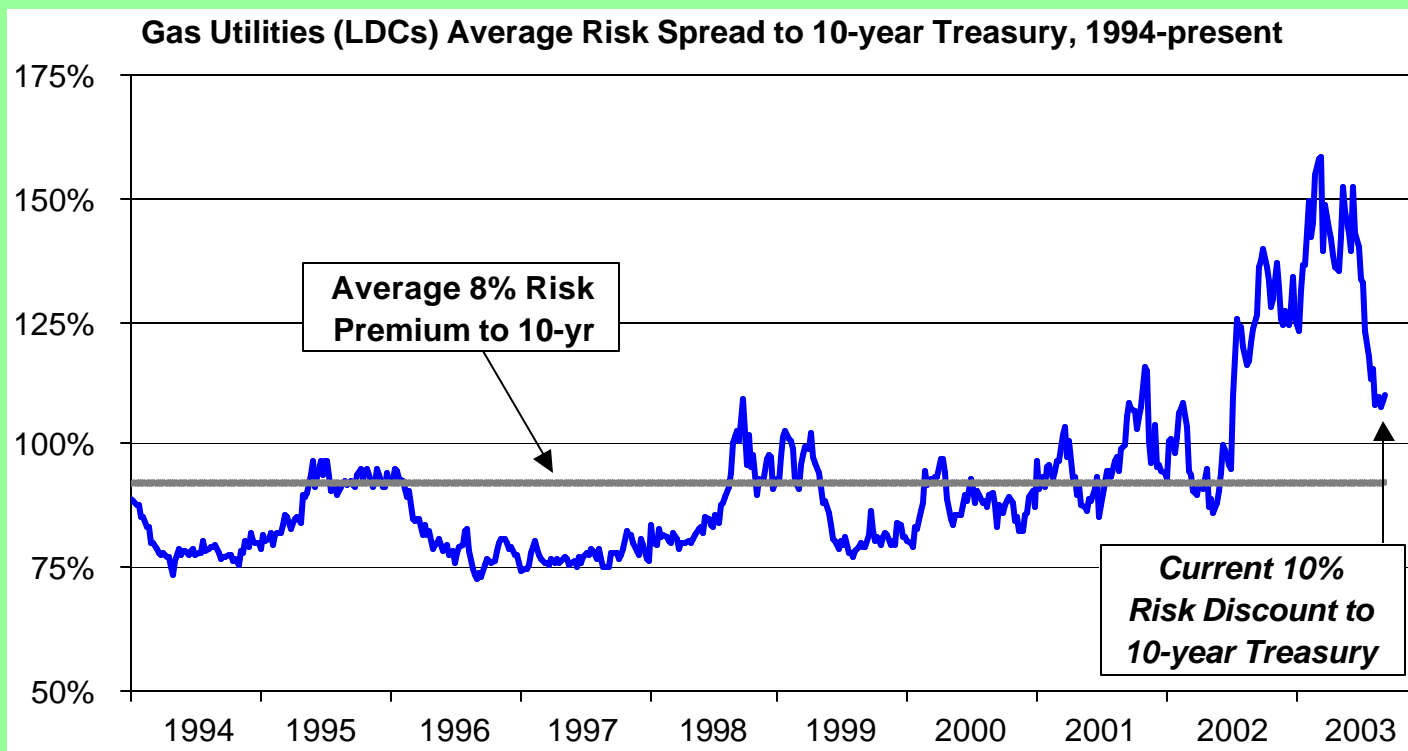


Natural Gas Equity Yield: A Historical Perspective



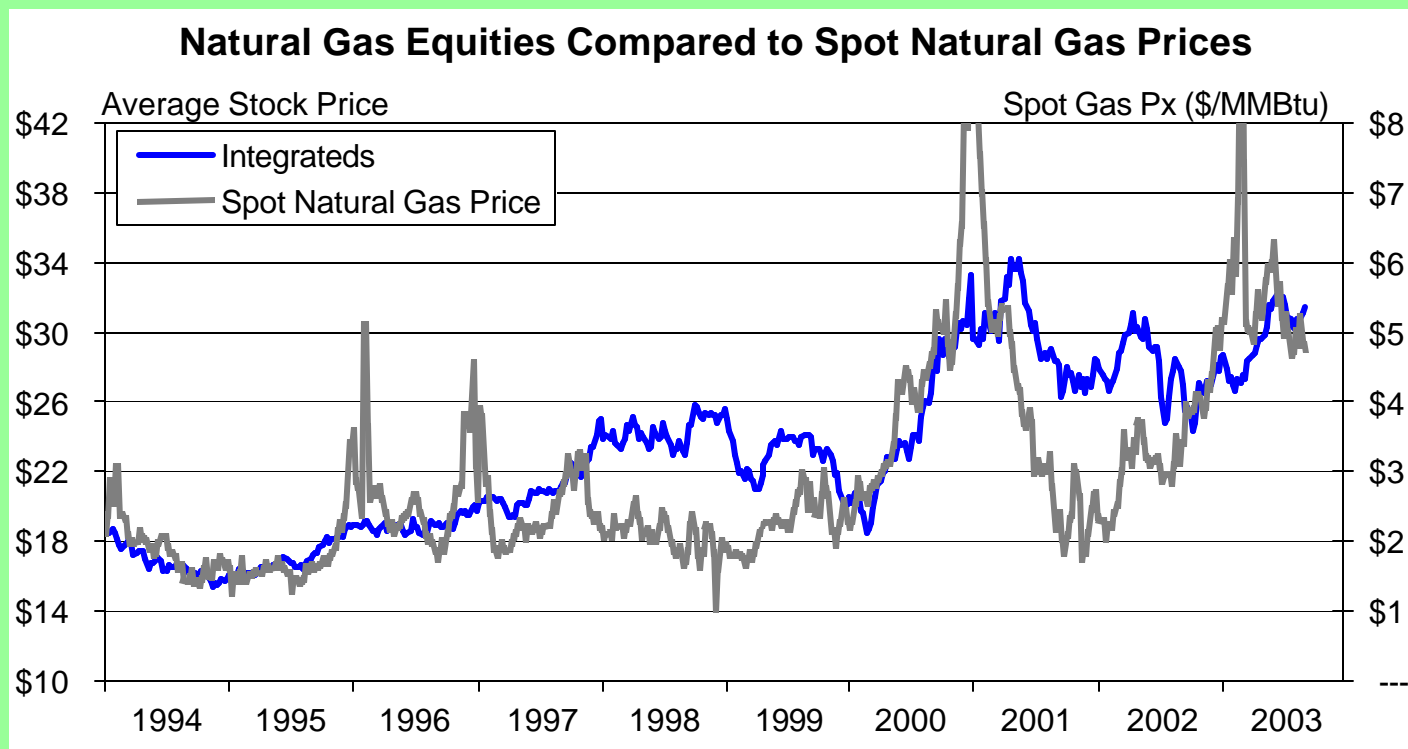


Natural Gas Equity Yield: A Historical Perspective



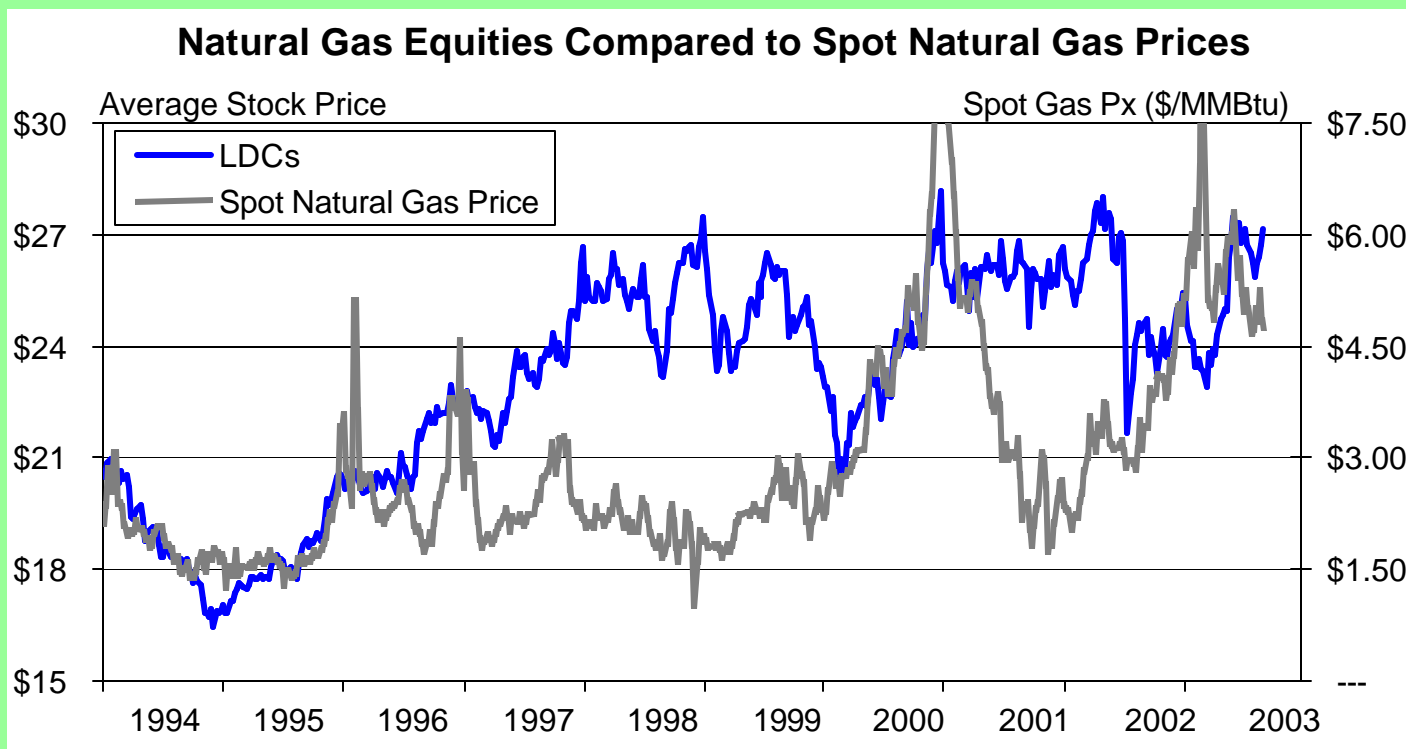


Gas Prices vs. Equity Prices: A Historical Perspective





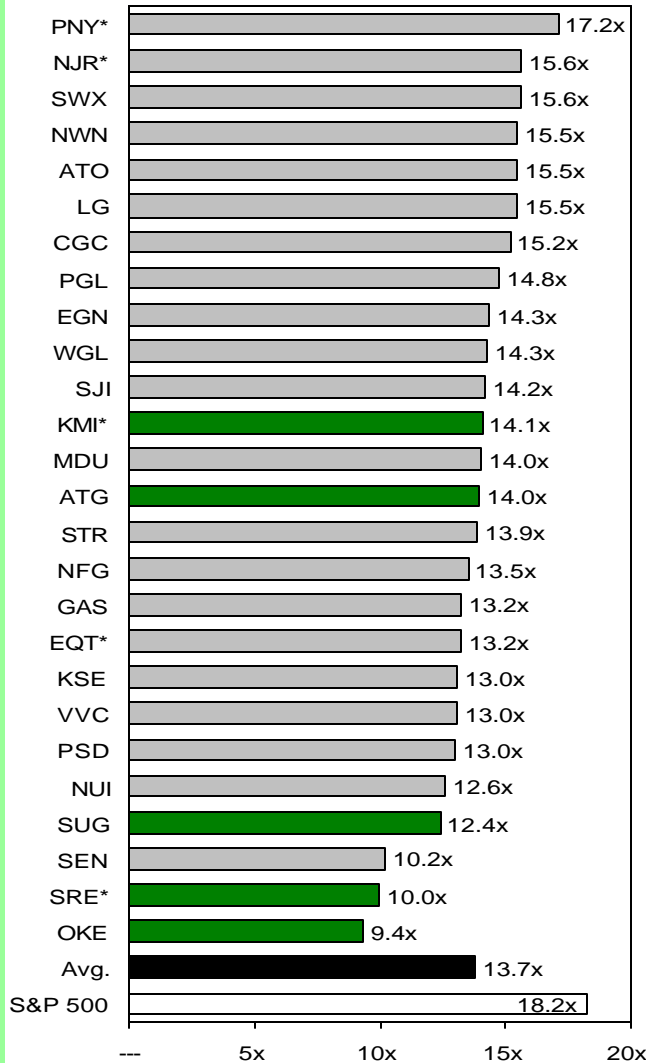
Gas Prices vs. Equity Prices: A Historical Perspective





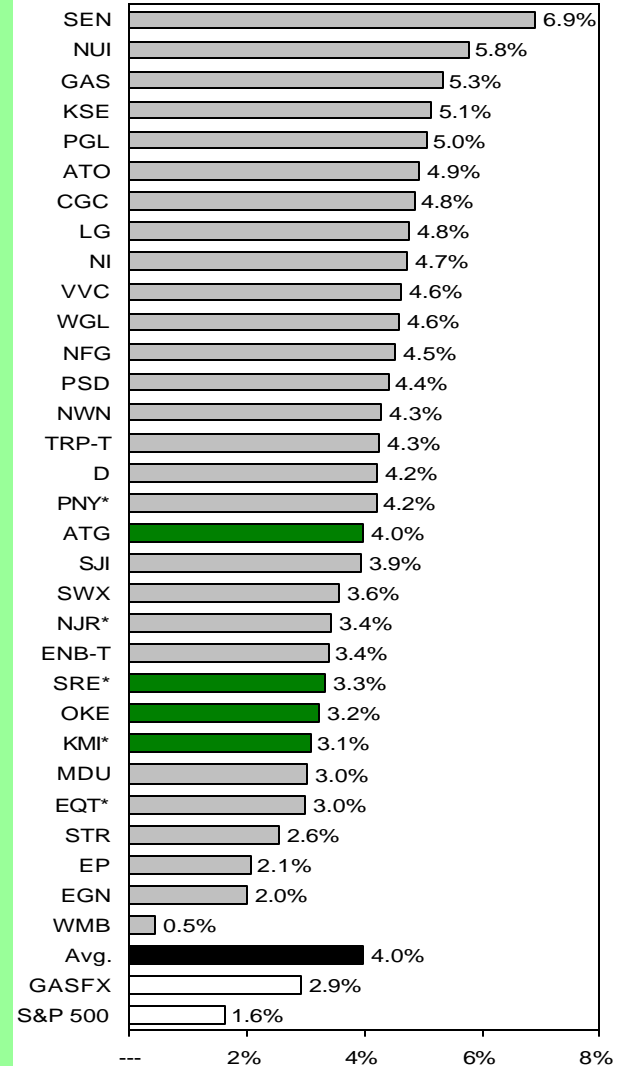
Natural Gas Group Current P/Es & Yields

Royalist Gas Group 2004E P/Es



* "Best-in-Class/Core Holding." With the exception of SRE, we believe the market already recognizes and appreciates these companies premium investing credentials. We recommend accumulating on price dips.

Royalist Gas Group Current Yield



* "Best-in-Class/Core Holding." With the exception of SRE, we believe the market already recognizes and appreciates these companies premium investing credentials. We recommend accumulating on price dips.



Gas Equity Valuation Conclusion

- **P/E multiples** for gas group overall appear modestly attractive; Integrations undervalued, LDCs overvalued
- **Yields** for the group seem very attractive relative to 10-year, but this is an anomaly. In reality, yields probably only modestly attractive.
- **Gas commodity price** drives equity prices – which way will they go?
- **Final analysis:** focus on a select few.



Visit Royalist Research!

Independence, Integrity & Investor Respect

ROYALIST *Royalist Independent Equity Research, Ltd.*

HOME UNIVERSE OF COVERAGE SERVICES MEMBERSHIP FAQ POLICIES ABOUT US

WELCOME TO ROYALIST RESEARCH

Our vision is for every client of Royalist Research, be they institutional, financial professional or individual investor, should have access to affordable high-quality, independent research.

To that end, our mission is to provide investors with Unbiased, Independent equity research that has its analyst's Integrity firmly set in its foundation. Our fundamental research philosophy begins with the idea that our clients deserve Respect that is second to none. [More About Us](#)

Value to Client

Royalist provides clients with a menu of products, services, and analytical tools to consider and incorporate in their investment decisions. Specifically, Royalist identifies, through its Model Portfolios, attractive investment opportunities providing for income and the prospect for long-term capital appreciation.

If you are interested in the diversified natural gas sector - Royalist Independent Equity Research is for you. We have done the homework so you don't have to. More on [Investment Rationale](#)

Research Focus

Royalist research focuses on one of the core components of the economy, energy infrastructure ([Universe of Coverage](#)). To that end, we provide investors with a number

CLIENT LOGIN
 Username:
 Password:

Not a Registered Client?

Recent Highlights

Royalist Independent Equity Research, Ltd. Embarks From Houston, Texas.

SAMPLE REPORTS
 • [Gas Storage \(3/5/03\)](#)

