

Instructions: So What is this Company Worth per share—ballpark, estimate?

See Financial Statements. Take all numbers as fair and accurate. Is this a good business to invest in? Why or why not? Should you walk away or spend more time trying to understand the company. What JUMPS OUT at you?

What critical information do you need to get or look at if you wanted to fully analyze this company? Take no more than Ten (20) minutes:

Hint: This company is changing the world; it employs the brightest people with cutting edge technology' Can you guess the name of this company for extra credit?

ITEM 6. SELECTED FINANCIAL DATA (UNAUDITED)

	2000	1999	1998	1997	1996
Operating Revenues (millions)	\$100,789	\$40,112	\$31,260	\$20,273	\$13,289
Total Assets (millions)	\$ 65,503	\$33,381	\$29,350	\$22,552	\$16,137
Common Stock Statistics(a)					
Income before cumulative effect of accounting changes					
Total (millions)	979	1,024	703	105	584
Per share - basic	\$1.22	\$1.36	\$1.07	\$0.16	\$1.16
Per share - diluted	\$1.12	\$1.27	\$1.01	\$0.16	\$1.08
Earnings on common stock					
Total (millions)	\$896	\$827	\$686	\$ 88	\$568
Per share - basic	\$1.22	\$1.17	\$1.07	\$0.16	\$1.16
Per share - diluted	\$1.12	\$1.10	\$1.01	\$0.16	\$1.08
Dividends on common stock					
Total (millions)	\$368	\$355	\$312	\$243	\$212
Per share	\$0.50	\$0.50	\$0.48	\$0.46	\$0.43
Shares outstanding (millions)					
Actual at year-end	752	716	662	622	510
Average for the year - basic	736	705	642	544	492
Average for the year - diluted	814	769	695	555	540
Capitalization (millions)					
Short-term and long-term debt	\$10,229	\$ 8,152	\$ 7,357	\$ 6,254	\$3,349
Minority interests	2,414	2,430	2,143	1,147	755
Company-obligated preferred securities of subsidiaries	904	1,000	1,001	993	592
Shareholders' equity	11,470	9,570	7,048	5,618	3,723
Total capitalization	\$25,017	\$21,152	\$17,549	\$14,012	\$8,419

(a) Share and per share amounts have been restated to reflect the two-for-one stock split effective August 13, 1999.

WHAT jumps out at you?

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Net income includes the following:

(In millions)	2000	1999	1998
After-tax results before items impacting comparability	\$1,266	\$ 957	\$ 698
Items impacting comparability:(a)			
Charge to reflect impairment by xxxxxx	(326)	-	-
Gain on XXCX, Inc. (The zzzzzz Company), net	39	-	-
Gains on sales of subsidiary stock	-	345	45
VBCX-related charges	-	(278)	(40)
Cumulative effect of accounting changes	-	(131)	-
Net income	\$ 979	\$ 893	\$ 703

(a) Tax affected at 35%, except where a specific tax rate applied.

Diluted earnings per share of common stock were as follows:

	2000	1999	1998
Diluted earnings per share(a):			
After-tax results before items impacting comparability	\$1.47	\$1.18	\$1.00
Items impacting comparability:			
Charge to reflect impairment by xxxxxx	(0.40)	-	-
Gain on cccc zzz fffffccccc, net	0.05	-	-
Gains on sales of subsidiary stock	-	0.45	0.07
MTBE-related charges	-	(0.36)	(0.06)
Cumulative effect of accounting changes	-	(0.17)	-
Diluted earnings per share	\$1.12	\$1.10	\$1.01

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of XYZ Corp. Corp. and subsidiaries as of December 31, 2000 and 1999, and the results of their operations, cash flows and changes in shareholders' equity for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

XYZ Accountants

February 23, 2001

XYZ CORP. CORP. AND SUBSIDIARIES CONSOLIDATED INCOME STATEMENT

(In millions, except per share amounts)	Year ended December 31,		
	2000	1999	1998
Revenues			
Products	\$ 50,500	\$19,536	\$13,276
Xxxxxxx	33,823	15,238	13,939
zzzzzz	9,234	-	-
Other	7,232	5,338	4,045
Total revenues	100,789	40,112	31,260
Costs and Expenses			
Cost of	4,517	34,761	26,381
Operating expenses	3,184	3,045	2,473
Depreciation, depletion and amortization	855	870	827
Taxes, other than income taxes	280	193	201
Impairment of long-lived assets	-	441	-
Total costs and expenses	98,836	39,310	29,882
Operating Income	1,953	802	1,378
Other Income and Deductions			
Equity in earnings of unconsolidated equity affiliates	87	309	97
Gains on sales of assets	146	541	56
Gain on the issuance of stock by TNPC, Inc.	121	-	-
Interest income	212	162	88
Other income, net	(37)	181	(37)
Income Before Interest, Minority Interests and Income Taxes	2,482	1,995	1,582
Interest and related charges, net	838	656	550
Dividends on company-obligated preferred securities of subsidiaries	77	76	77
Minority interests	154	135	77
Income tax expense	434	104	175
Net income before cumulative effect of accounting changes	979	1,024	703
Cumulative effect of accounting changes, net of tax	-	(131)	-
Net Income	979	893	703
Preferred stock dividends	83	66	17
Earnings on Common Stock	\$ 896	\$ 827	\$ 686
Earnings Per Share of Common Stock			
Basic			
Before cumulative effect of accounting changes	\$ 1.22	\$ 1.36	\$ 1.07
Cumulative effect of accounting changes	-	(0.19)	-
Basic earnings per share	\$ 1.22	\$ 1.17	\$ 1.07
Diluted			
Before cumulative effect of accounting changes	\$ 1.12	\$ 1.27	\$ 1.01
Cumulative effect of accounting changes	-	(0.17)	-
Diluted earnings per share	\$ 1.12	\$ 1.10	\$ 1.01
Average Number of Common Shares Used in Computation			
Basic	736	705	642
Diluted	814	769	695

The accompanying notes are an integral part of these consolidated financial statements.

XYZ CORP. CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions)	Year ended December 31,		
	2000	1999	1998
Net Income	\$ 979	\$ 893	\$ 703
Other comprehensive income:			
Foreign currency translation adjustment and other	(307)	(579)	(14)
Total Comprehensive Income	\$ 672	\$ 314	\$ 689

XYZ CORP. CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

(In millions)	December 31,	
	2000	1999
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,374	\$ 288
Trade receivables (net of allowance for doubtful accounts of \$133 and \$40, respectively)	10,396	3,030
Other receivables	1,874	518
Assets from price risk management activities	12,018	2,205
Inventories	953	598
Deposits	2,433	81
Other	1,333	535
Total current assets	30,381	7,255
Investments and Other Assets		
Investments in and advances to unconsolidated equity affiliates	5,294	5,036
Assets from price risk management activities	8,988	2,929
Goodwill	3,638	2,799
Other	5,459	4,681
Total investments and other assets	23,379	15,445
Property, Plant and Equipment, at cost		
Natural gas transmission	6,916	6,948
Electric generation and distribution	4,766	3,552
Fiber optic network and equipment	839	379
Construction in progress	682	1,120
Other	2,256	1,913
	15,459	13,912
Less accumulated depreciation, depletion and amortization	3,716	3,231
Property, plant and equipment, net	11,743	10,681
Total Assets	\$65,503	\$33,381

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XYZ CORP. CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

(In millions, except shares)	December 31,	
	2000	1999
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 9,777	\$ 2,154
Liabilities from price risk management activities	10,495	1,836
Short-term debt	1,679	1,001
Customers' deposits	4,277	44
Other	2,178	1,724
Total current liabilities	28,406	6,759
Long-Term Debt	8,550	7,151
Deferred Credits and Other Liabilities		
Deferred income taxes	1,644	1,894
Liabilities from price risk management activities	9,423	2,990
Other	2,692	1,587
Total deferred credits and other liabilities	13,759	6,471
Commitments and Contingencies (Notes 13, 14 and 15)		
Minority Interests	2,414	2,430
Company-Obligated Preferred Securities of Subsidiaries	904	1,000
Shareholders' Equity		
Second preferred stock, cumulative, no par value, 1,370,000 shares authorized, 1,240,933 shares and 1,296,184 shares issued, respectively	124	130
Mandatorily Convertible Junior Preferred Stock, Series B, no par value, 250,000 shares issued	1,000	1,000
Common stock, no par value, 1,200,000,000 shares authorized, 752,205,112 shares and 716,865,081 shares issued, respectively	8,348	6,637
Retained earnings	3,226	2,698
Accumulated other comprehensive income	(1,048)	(741)
Common stock held in treasury, 577,066 shares and 1,337,714 shares, respectively	(32)	(49)
Restricted stock and other	(148)	(105)
Total shareholders' equity	11,470	9,570
Total Liabilities and Shareholders' Equity	\$65,503	\$33,381

The accompanying notes are an integral part of these consolidated financial statements.

CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions)	Year ended December 31,		
	2000	1999	1998
Cash Flows From Operating Activities			
Reconciliation of net income to net cash provided by operating activities			
Net income	\$ 979	\$ 893	\$ 703
Cumulative effect of accounting changes	-	131	-
Depreciation, depletion and amortization	855	870	827
Impairment of long-lived assets (including equity investments)	326	441	-
Deferred income taxes	207	21	87
Gains on sales of non-merchant assets	(146)	(541)	(82)
Changes in components of working capital	1,769	(1,000)	(233)
Net assets from price risk management activities	(763)	(395)	350
Merchant assets and investments:			
Realized gains on sales	(104)	(756)	(628)
Proceeds from sales	1,838	2,217	1,434
Additions and unrealized gains	(1,295)	(827)	(721)
Other operating activities	1,113	174	(97)
Net Cash Provided by Operating Activities	4,779*	1,228	1,640
			*1122 Adj
Cash Flows From Investing Activities			
Capital expenditures	(2,381)	(2,363)	(1,905)
Equity investments	(933)	(722)	(1,659)
Proceeds from sales of non-merchant assets	494	294	239
Acquisition of subsidiary stock	(485)	-	(180)
Business acquisitions, net of cash acquired (see Note 2)	(777)	(311)	(104)
Other investing activities	(182)	(405)	(356)
Net Cash Used in Investing Activities	(4,264)	(3,507)	(3,965)
Cash Flows From Financing Activities			
Issuance of long-term debt	3,994	1,776	1,903
Repayment of long-term debt	(2,337)	(1,837)	(870)
Net increase (decrease) in short-term borrowings	(1,595)	1,565	(158)
Net issuance (redemption) of company-obligated preferred securities of subsidiaries	(96)	-	8
Issuance of common stock	307	852	867
Issuance of subsidiary equity	500	568	828
Dividends paid	(523)	(467)	(414)
Net disposition of treasury stock	327	139	13
Other financing activities	(6)	(140)	89
Net Cash Provided by Financing Activities	571	2,456	2,266
Increase (Decrease) in Cash and Cash Equivalents	1,086	177	(59)
Cash and Cash Equivalents, Beginning of Year	288	111	170
Cash and Cash Equivalents, End of Year	\$ 1,374	\$ 288	\$ 111
Changes in Components of Working Capital			
Receivables	\$ (8,203)	\$ (662)	\$ (1,055)
Inventories	1,336	(133)	(372)
Payables	7,167	(246)	433
Other	1,469	41	761
Total	\$ 1,769	\$ (1,000)	\$ (233)

The accompanying notes are an integral part of these consolidated financial statements.

XYZ CORP. CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(In millions, except per share amounts; shares in thousands)	2000		1999		1998	
	Shares	Amount	Shares	Amount	Shares	Amount
Cumulative Second Preferred						
Convertible Stock						
Balance, beginning of year	1,296	\$ 130	1,320	\$ 132	1,338	\$ 134
Exchange of convertible preferred stock for common stock	(55)	(6)	(24)	(2)	(18)	(2)
Balance, end of year	1,241	\$ 124	1,296	\$ 130	1,320	\$ 132
Mandatorily Convertible Junior Preferred Stock, Series B						
Balance, beginning of year	250	\$ 1,000	-	\$ -	-	\$ -
Issuances	-	-	250	1,000	-	-
Balance, end of year	250	\$ 1,000	250	\$1,000	-	\$ -
Common Stock						
Balance, beginning of year	716,865	\$ 6,637	671,094	\$5,117	636,594	\$4,224
Exchange of convertible preferred stock for common stock	1,509	6	465	(1)	-	(7)
Issuances related to benefit and dividend reinvestment plans	28,100	966	10,054	258	-	45
Sales of common stock	-	-	27,600	839	34,500	836
Issuances of common stock in business acquisitions (see Note 2)	5,731	409	7,652	250	-	-
Other	-	330	-	174	-	19
Balance, end of year	752,205	\$ 8,348	716,865	\$6,637	671,094	\$5,117
Retained Earnings						
Balance, beginning of year		\$ 2,698		\$2,226		\$1,852
Net income		979		893		703
Cash dividends						
Common stock (\$0.5000, \$0.5000 and \$0.4812 per share in 2000, 1999 and 1998, respectively)		(368)		(355)		(312)
Cumulative Second Preferred Convertible Stock (\$13.652, \$13.652 and \$13.1402 per share in 2000, 1999 and 1998, respectively)		(17)		(17)		(17)
Series A and B Preferred Stock		(66)		(49)		-
Balance, end of year		\$ 3,226		\$2,698		\$2,226
Accumulated Other Comprehensive Income						
Balance, beginning of year		\$ (741)		\$ (162)		\$ (148)
Translation adjustments and other		(307)		(579)		(14)
Balance, end of year		\$ (1,048)		\$ (741)		\$ (162)
Treasury Stock						
Balance, beginning of year	(1,338)	\$ (49)	(9,334)	\$ (195)	(14,102)	\$ (269)
Shares acquired	(3,114)	(234)	(1,845)	(71)	(2,236)	(61)
Exchange of convertible preferred stock for common stock	-	-	181	4	486	9
Issuances related to benefit and dividend reinvestment plans	3,875	251	9,660	213	6,426	124
Issuances of treasury stock in business acquisitions	-	-	-	-	92	2
Balance, end of year	(577)	\$ (32)	(1,338)	\$ (49)	(9,334)	\$ (195)
Restricted Stock and Other						
Balance, beginning of year		\$ (105)		\$ (70)		\$ (175)
Issuances related to benefit and dividend reinvestment plans		(43)		(35)		105
Balance, end of year		\$ (148)		\$ (105)		\$ (70)
Total Shareholders' Equity		\$11,470		\$9,570		\$7,048

END

So about what do you think this firm is worth? Assume ALL is honest and correct.

Show back of the envelop calculations.