Figure 1: PXD Q4 Results

Q1 Results		Actuals	Consensus	DB Est	
+/=	Volume (mboepd)	194	196	194	Met mid-piont of guidance despite deferring hz well completions in 1Q in the spraberry/wolfcamp. Impacts from weather (3 mboepd) and ethane rejection (5 mboepd) were previously disclosed.
=/▾	CFPS	$2.42		$2.56	Cash margins were lower than expected on lower realizations (ex impact from unrealized hedging gains)
=/▾	Vs. DB Expectations	- Reported adj EPS of -$.03 vs. DBe $0.05, driven by lower realizations for oil and NGLs (~$2.65/bbl and $2.25/bbl delta from our estimates) - Higher production taxes and g&a costs were more than offset by lower lifting costs ($10.32/boe vs. Dbe $11.22/boe)			

Outlook		
=	Volumes	- Q2 guidance of 198 - 203 mboepd - FY15 guidance of 200mboe/d, representing 10% overall growth and 20% oil growth. 25 hz wells in spraberry/wolfcamp to be deferred to the latter part of the year so as to leverage the use of its pumping servcies
= ▾	Pricing	- 90% of 2015 oil production is hedged at $71/bbl and 100% of Permian production is protected against Midland-Cushing diff, while 90% of gas volumes are hedged with Three Way Collars
=	Capital Expenditure	- 2015 capex budget reflects the challenging price environment with PXD only planning on spending $1.6bn on drilling and $250mm on Spraberry/Wolfcamp water infrastructure, vertical integration and facilities.
-	Assets	- Northern Wolfcamp: HZ rig count is being reduced 16 to 6 that will drill 60 wells in 2015 (90% in Wolfcamp B); 85-90 HZ wells will be placed on production due to backlog (113 in 2014). **No completed Hz wells in Q1, being deferred to later in the year so as to utilize Pioneer pumping services.** - D&C costs are expected to $8mm with an average lateral length of 9,000ft and EURs of 900mboe - The vertical drilling program will be shut down by the end of February; PXD looks to have re-negotiated continuous drilling provisions on existing spraberry leases or converted to HZ development assumptions - Spraberry / Jo Mill: 4 Lower Spraberry and 1 Jo Mill well were completed in Q4. The Lower Spraberry wells had mixed results, while the Jo Mill well had the highest 24-hr IP in the area with 914boe/d (81% oil) on a 4,850ft lateral - Southern Wolfcamp: Reducing rig count to 4 by the end of February which will drill 45 new wells in 2015; PXD expects 75-80 wells to be placed on production during the year with an average well cost of $8mm and EURs of 750mboe - Eagle Ford: 16 hz wells on production in 1Q15 (9 upper, 7 lower). 30 Hz wells were placed on production during Q4, with 16 being in the Upper Eagle Ford; HZ rigs are being reduced to 6 by February, which will focus on Karnes and DeWitt. - PXD expects 95-100 HZ wells to be placed on production in 2015, with the production relatively flat for the year due to the timing of the wells

Investment View	
Hold	Thesis PXD has delineated a high-quality, multi-zone resource in the Midland basin that provides a top-tier resource opportunity amongst the peers. While market's willingness to pay has outstripped our own valuation framework, the development plan was expected to hit an inflection point in 2015 which has now been delayed.
=	Our view remains unchanged.

Source: Thomson Reuters, Company data, Deutsche Bank