

# PickensPlan

## T. Boone Pickens Media Coverage 11.5.10

### Total of 3 Placements

- Print: 2
- Blog/Online: 1

### Coverage Summary:

*Portfolio.com* featured a piece on incoming Congress's mission to work out a coherent energy policy with Obama. The article outlines the various energy resources available to America, notably, mentioning natural gas and Pickens' push to use this source of energy to fuel U.S. trucks and reduce our dependency on foreign oil.

In an *Bloomberg/BusinessWeek* Markets and Finance round-up, Pickens was mentioned as wanting to take part in the Exco Resources (XCO) buyout.

### Highlighted Placements (Full Articles Below)

- **In Search of Energy Coherence** – *Portfolio.com* – 11/5/10
- **Markets & Finance: Bid & Ask** – *Bloomberg/BusinessWeek* – 11/5/10

### Print Placements (Full Articles Below)

- **Not Exactly A Quiet Period** – *The Deal* – 11/5/10

### HIGHLIGHTED COVERAGE

## **In Search of Energy Coherence – *Portfolio.com* – 11/5/10**

John Boehner and his Republican colleagues have a chance to do something Democrats couldn't. Work out a coherent energy policy with President Barack Obama.

President Barack Obama said he could see ways to compromise with Republicans about developing a comprehensive energy strategy.

But the method of steering energy policy preferred by Democrats on Capitol Hill is effectively dead with Republicans in control of the House and more powerful in the Senate, and the president knows it.

And that means a hodgepodge approach to energy policy in the United States, at least for the near future, and perhaps a riskier climate for the companies aiming to start up in the clean-energy game, especially, and for the venture capitalists and others who fund them.

Does that mean forget about starting that biofuels or cutting-edge solar company or electric-car company you had dreamed about? No. There are actually a number of areas where there's little daylight between the Obama administration and Republicans when it comes to energy. And the president said at a press conference yesterday that energy was one area where he could see places to compromise with Republican leaders.

“I don't think there's anybody in America who thinks that we've got an energy policy that works the way it needs to; that thinks that we shouldn't be working on energy independence,” Obama said. “And that gives opportunities for Democrats and Republicans to come together and think about, whether it's natural gas or energy efficiency or how we can build electric cars in this country, how do we move forward on that agenda?”

But first, an example of the hodgepodge.

California will continue to have the toughest regulations in the country, requiring much of the largest state's energy to come from renewable sources. That's because voters in the Golden State Tuesday turned back a proposition funded largely by the oil industry to weaken the state's renewable-energy laws.

So California will have different rules than Illinois, which will have different rules than New York, which will have different rules than North Carolina, and so on. So if you're a small solar installer or even manufacturer—and most such companies range below 30 employees—you might want to concentrate on California for the time being.

Further complicating the picture: The Environmental Protection Agency has declared greenhouse gases a pollutant and has expressed the intent to regulate the amount large utilities are allowed to emit. Since burning coal emits the most greenhouse gas, and the majority of American electricity comes from coal, such regulations could be a big hit to the utility industry and lead to higher electricity prices for businesses and consumers.

That had been precisely the Republican argument against a previous Democratic effort to overhaul energy and pollution regulation.

The Democratic House had passed a bill dubbed cap and trade that would have placed a cap on the amount of greenhouse gases companies would be allowed to emit; greenhouse gases like carbon dioxide come from burning fossil fuels like coal, oil, and natural gas. Companies would have been allowed a certain amount of emissions before paying for excess and would have had the option of trading credits to other companies if they came in under the wire.

But a Senate version of that bill never went anywhere, even with Democrats in control, and it's out of the question for the House now. Republicans campaigned against the bill, calling it “cap and tax.”

At the time House Democrats were working on cap and trade, though, House Republicans did offer an alternative, and that alternative could provide a blueprint for compromise between the White House and GOP leaders. Here are some of the areas where Obama and Democrats could come to see eye to eye with Republicans and craft a national energy strategy:

**Development of Natural Gas:** The United States has some of the largest natural gas reserves in the world, and some thinkers like oilman T. Boone Pickens believe it could be used to fuel large trucks, greatly reducing both emissions and dependence on foreign oil. It could also be used as an alternative to coal for some utilities; natural gas is the cleanest-burning fossil fuel, emitting the least greenhouse gases. Companies that could benefit include the oil majors, who could shift to natural gas production, but also much smaller companies that specialize in getting at gas locked in shale rock formations in places like Texas, Louisiana, Pennsylvania, and Upstate New York.

**Clean-Coal Technology:** This is still an area of research, but one that could pay off huge dividends. The idea is to pump carbon dioxide from coal burning deep underground instead of releasing it into the atmosphere. That would allow the U.S. to use its abundant coal resources while still cutting emissions. The technology is still highly speculative, but Obama has wanted to invest in it, and he might be able to convince Republicans to do the same.

**Nuclear:** Obama has signaled that he favors development of nuclear energy, though not on the scale Republicans have talked about. The bill House Republicans filed calls for building 100 nuclear reactors in the next 20 years. Nuclear provides abundant energy with almost no greenhouse gas emissions. But the trick will be coming to agreement on what to do with waste. There's currently no such solution upon which all sides agree, and that's a big sticking point.

**Alternative Energy:** Many Republicans, like Obama, are actually fans of wind and solar power, even if they haven't stressed it in their rhetoric. In the bill they previously proposed, Republicans advocate wind and solar energy. If they and Obama can agree on a funding mechanism for tax breaks for those industries, it could have a big impact on the companies currently involved and those that could develop new technologies.

**Efficiency:** The Republicans, like Obama, favor increasing efficiency, and in the bill they proposed in the House, they would reward efficiency with tax breaks. That could be a boost for contractors retrofitting homes and offices and for companies developing so-called smart-grid technology aimed at making the delivery of electricity to homes more efficient.

Obama has invited John Boehner, the Ohio Republican almost certain to be the next Speaker of the House, Senate Minority Leader Mitch McConnell of Kentucky, outgoing Speaker Nancy Pelosi of California, and Senate Majority Leader Harry Reid of Nevada to a meeting November 18. There's plenty on the agenda, starting with tax policy.

But here's hoping energy comes up soon as well. It would be a shame to waste an opportunity to bring coherence to energy policy out of the current chaos.

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**Markets & Finance: Bid & Ask** – *Bloomberg/BusinessWeek* – 11/5/10

Banco Bilbao Vizcaya Argentaria, Exco Resources, T. Boone Pickens, Chateau Lafite, and others

By Cristina Lindblad

1. Spain's Banco Bilbao Vizcaya Argentaria (BBVA) is paying \$5.8 billion for a 24.9 percent stake in Turkiye Garanti Bankasi, gaining a foothold in Europe's fastest economy.
2. Douglas Miller, CEO of Exco Resources (XCO), a Dallas-based oil and natural gas producer, has proposed taking the company private in a \$4.4 billion deal. Texas energy investor T. Boone Pickens wants to take part in the buyout.
3. Enel, Italy's largest utility, raised \$3.1 billion in an initial public offering of shares in its renewable energy unit.
4. In its second telecom deal in a week, private equity firm Carlyle Group offered \$2.6 billion for Florida's Syniverse Technologies, which specializes in mobile messaging and network technology.

5. McKesson (MCK), the biggest U.S. drug distributor, acquired US Oncology for a total of \$2.2 billion. US Oncology provides clinical tools, information, and supplies to doctors treating cancer.

6. Spain's Ferrovial is selling its airport ground services business to Paris-based PAI Partners for \$909 million.

7. Ares Life Sciences, a health-care investment company, is paying \$500 million for a 47 percent stake in French allergy medicines maker Stallergenes, in preparation for an eventual takeover.

8. After posting six straight quarterly losses, Wilmington Trust (WL), the Delaware lender founded by the du Pont family, is selling itself to M&T Bank (MTB) for \$351 million, about half its Oct. 29 market value.

9. In a sign that the market for classic cars may be cooling, a DB5 Aston Martin that appeared in the James Bond movie Goldfinger sold for \$4.6 million at auction in London—close to \$1 million below the presale estimate.

10. Three bottles of Chateau Lafite's 1869 vintage sold for a record price of \$230,000 each at a Sotheby's (BID) auction in Hong Kong.

## PRINT COVERAGE

### Not Exactly A Quiet Period – *The Deal* – 11/5/10

By Claire Poole

It's rare to hear a chief executive of a corporation swear on a conference call with analysts and investors. But Exco Resources Inc. (NYSE:XCO) CEO Doug Miller is ... exceedingly voluble on the subject of taking his Dallas oil and gas explorer private.

On Wednesday, the company held a conference call to talk about its third-quarter earnings. But during the Q&A session, the talk was dominated by Miller's \$20.50 per share offer, which amounts to \$4.4 billion and may include shareholders Oaktree Capital Management LP, Ares Management LLC and Dallas billionaire T. Boone Pickens.

Miller delivered quite a performance. He cursed ("We went around all last summer trying to attract interest, but nobody gave a sh\*t so I decided it was time to buy," he said), berated a caller who asked about the debt structure of the privatized company ("You're making some assumptions that you shouldn't be making. Wait to see the structure until you spank me," noting it would be debt-light), complained about the timing of the deal ("It depends on how long the goddamn lawyers take," he said, estimating it would be at least six months) and was asked how Exco would be better off as a private company ("I wouldn't have this call," he joked, but added that being private would give him more flexibility on drilling).

Overall, Miller emphasized that the deal wasn't a bet on natural gas prices (he thinks they will remain low for the next 12 to 18 months) but on the company's assets and management. "It's an opportunity to get private and make some acquisitions," he said, noting the company was looking in the Haynesville and Marcellus Shale regions for deals. As for another company making an offer, he said, "Tell them to come on. If there's a higher bid, they'll take it," referring to Ares, Oaktree and Pickens.

Moody's Investors Service says there's a small chance it might happen. "A more highly rated entity may be willing to pay a premium to gain access to Exco's large natural gas asset base," it wrote in a report Tuesday.

Jones Day said Thursday it's counseling the company's special committee on the bid, including Lyle Ganske, James Dougherty, Mark Betzen and Jeff Schlegel, along with Kirkland & Ellis LLP's Tom Christopher. Financial advisers haven't been hired yet.

In the end, Miller should prevail, especially since he's taken companies private twice before -- once with Exco and once with Coda Energy. When asked if he thought he could get the deal done, Miller responded, "I wouldn't bet against it."