



T. Boone Pickens Media Coverage 12.4.09

Total of 4 Placements

- Print: 1
- Blog/Online: 2
- Broadcast: 1

Coverage Summary:

Pickens appeared on *Your World with Neil Cavuto* yesterday where he discussed the number of jobs that could be created as a result of the NAT GAS Act. He said he met with officials at the White House a few months ago and highlighted how the use of natural gas would directly create 420,000 jobs with the conversion of 350,000 18-wheelers to run on natural gas. He also said that this would indirectly create 1.2 million jobs and cut the dependency on OPEC oil.

The *Lubbock Avalanche-Journal* editorial board wrote a piece discussing China's investment in the U.S. renewable energy market, saying it is disturbing that our economy is floundering and we are letting other countries buy up our future energy sources. Pickens' proposed wind farm is mentioned in the piece.

Highlighted Placements (Full Articles Below)

- **BP Capital - Founder & Chairman Interview** – *Fox News: Your World with Neil Cavuto* – 12/3/09
- **China's Big Investment in Alternative Energy Source for U.S. is Worrisome** – *Lubbock Avalanche Journal* – 12/4/09

Blog/Online Placements (Full Articles Below)

- **UNG: What's Wrong with It?** – *Seeking Alpha* – 12/4/09

HIGHLIGHTED COVERAGE

BP Capital - Founder & Chairman Interview – *Fox News: Your World with Neil Cavuto* – 12/3/09

NEIL CAVUTO, HOST: Now to Boone Pickens, the energy giant who has been looking into wind and all sorts of alternatives, so that our country can grow again.

One of the things I think you've been saying, Boone Pickens, is that maybe we have got our focus out of whack. What do you mean by that?

T. BOONE PICKENS, FOUNDER & CHAIRMAN, BP CAPITAL: Well, Neil, we have got to get off the foreign oil. That is a security issue.

But you can go into the jobs from there. We presented to the White House several months ago to the transition team, we presented a plan that would create 420,000 jobs, and that was to do 350,000 18-wheelers on natural gas, get them off of foreign diesel. What would that do for us?

I said the 420,000 jobs direct, a 1,200,000 jobs indirect. And that would cut dependency on OPEC oil by 4 percent. It's -- natural gas is 50 percent cleaner than diesel. So, you have got an environmental issue that helps. You've got jobs that help, obviously, and you're off of OPEC oil. So, we thought we -- we gave them a home run with plan.

CAVUTO: What did they say? What did they say, Boone?

PICKENS: Oh, "We are looking at it."

And I think we have got a good chance of seeing legislation. Legislation is in place, House Bill 1835 and Senate Bill 1408.

(CROSSTALK)

CAVUTO: Boone, something you're doing is registering. They seem to like you. I have been looking at these White House logs, the number of visits, and you popped up a number of times. They seem to talk about you a great deal.

You like them. You think they are doing a good job?

PICKENS: Well, I'm so focused on what I'm doing. I don't really pay a lot of attention to some of the other things that are going on.

I don't understand health care. And that's occupied a lot of the TV time. But, honestly, I have worked hard on this in Washington with John Larson, a Democrat congressman from Connecticut, and with Dan Boren from Oklahoma and John Sullivan from Oklahoma on this. And then I have worked with the majority leader, Senator Harry Reid, who has done a great job on this, and Senator Menendez from New Jersey, and Senator Hatch from Utah.

CAVUTO: OK.

PICKENS: So, this, I think we are going to get it. I think this is going to happen, and we are going to start to get off of OPEC oil.

CAVUTO: All right. Boone, thank you for your patience, all this breaking news we have got here tonight -- Boone Pickens.

China's Big Investment in Alternative Energy Source for U.S. is Worrisome – *Lubbock Avalanche Journal* – 12/4/09

China's big leap into the U.S. renewable energy market by putting up more than a billion dollars for a wind farm in West Texas is disturbing on several levels.

Something is terribly wrong here. Panhandle investor Boone Pickens couldn't make a potential wind farm happen even with his golden touch, yet the Chinese can put up \$1.5 billion for a 36,000-acre wind farm in West Texas.

Over the summer, Mr. Pickens said he was backing off plans to erect 687 giant wind turbines over four counties in the Texas Panhandle, and is now looking to sell them off.

While the project is a joint venture with U.S. Renewable Energy Group, a private equity firm, Austin-based Cielo Wind Power LP, and Shenyang Power Group of China, the funding is provided by the Chinese and they will share heavily in the wealth of the venture.

Our economy is floundering at best and we are letting other countries buy up our future energy sources.

"With a long track record for building some of the world's biggest wind farms, the U.S. is a real ideal target for foreign alternative energy investment," said Jinxiang Lu, Shenyang Power Group's chairman and chief executive.

Chinese wind turbine manufacturer A-Power Energy Generation Systems Ltd. will begin shipping the 2.5-megawatt turbines in March 2010. The turbines will be built in the company's plant in the city of Shenyang.

The announcement shows how much China's own wind industry has burgeoned and comes shortly after U.S. Energy Secretary Steven Chu told lawmakers the U.S. is falling behind China and others in alternative energy investment, reported the Associated Press.

The joint venture plans to tap into U.S. stimulus funding for alternative energy, said Cappy McGarr, managing partner of U.S. Renewable Energy.

But Sen. Charles Schumer, D-N.Y., wants no federal funds used in U.S.-China wind project, saying it will generate Chinese, not American, jobs. "The idea that stimulus funds would be used to create jobs overseas is quite troubling," Schumer wrote in a letter to be sent to Energy Secretary Chu. "The purpose of the (stimulus program) was to jump-start the economy to create and save jobs - American jobs," the senator wrote.

Walt Hornaday, president of Cielo Wind Power, disputed assertions the project will not produce U.S. jobs. While the wind turbines will be made in China, he said U.S. engineers, contractors and suppliers and Cielo employees in Texas, New Mexico and New York will benefit.

Under the agreement, A-Power Energy Generation Systems Ltd. of Shenyang, China, would be the exclusive provider of 240 2.5-megawatt wind turbines for the 600-megawatt wind farm.

We're not opposed to foreign investment in this country or in other countries, but we are uncomfortable with using our government's stimulus funds for that purpose.

Editorials represent the opinion of The Avalanche-Journal Editorial Board, which consists of Publisher Stephen A. Beasley, Editor Terry Greenberg, Editorial Page Editor Joe Hughes, editorial writer Joe Gulick, in addition to input provided by community advisory board members Adrienne Cozart, Juan Munoz and Dee Jay Wilde.

BLOG/ONLINE COVERAGE

UNG: What's Wrong with It? – *Seeking Alpha* – 12/4/09

By Michael Johnston

In a cruel twist for countless investors, one of the most popular ETF investments of 2009 has also been one of the worst performers. Most equity ETFs and bond ETFs have posted huge gains this year, with several international (HAO and RSX, just to name two) and sector-specific equity funds (such as PKOL) gaining more than 100%. Even among commodity exchange-traded products, the results have been generally stellar: GLD's rise (up 38%) has received the most attention, but most other commodities have delivered solid gains as well. The diversified PowerShares DB Commodity Index Fund (DBC), which includes exposure to more than a dozen different commodities, is up more than 15% year-to-date.

Standing in sharp contrast to the numerous big winners is the United States Natural Gas Fund (UNG), which, through October, had seen cash inflows for the year of about \$5.4 billion but had total assets of only \$4.0 billion. After losing almost 15% in its last four trading sessions, UNG is now off more than 60% for the year, ranking it among 2009's worst performers. But the old adage "once burned, twice shy" apparently doesn't apply to natural gas investors. Despite racking up huge losses, cash continues to flow into UNG (October inflows were \$464 million), and it remains one of the most active ETFs (average daily volume is a staggering 30 million shares). What many investors saw (and continue to see) as a surefire bet has turned into the ultimate portfolio money sink.

So what's wrong with UNG? The answer to the question on the minds of countless "twice burnt" investors is a two-parter:

- 1) Fundamentals > Hype
- 2) Contango, contango, contango.

Fundamentals > Hype

UNG's assets swelled this year to more than \$4 billion on inflows from an incredibly broad group of investors. Those expecting to see some major hedge funds and institutions unmasked as major holders of UNG were proved wrong. The list of UNG owners isn't exactly a "Who's Who" of the investment community, but rather a collection of relatively small, mostly individual investors.

The high level case for natural gas as the next hot investment is a relatively easy one to make (or to buy). Just ask T. Boone Pickens. Natural gas is at the center of the billionaire businessman's plan to reduce American dependence on foreign oil. The basics of the "Pickens Plan" call for huge investments in wind turbines to provide much of the nation's electricity, freeing up natural gas currently used to fuel power plants to be used instead as fuel for cars, trucks, and industrial vehicles. Pickens isn't the only one holding out natural gas as the "fuel of the future." Countless pundits believe that natural gas is the answer to the energy woes of the U.S., a scenario that obviously implies huge surges in demand in coming decades.

Massive demand for natural gas may be the story of the future, but massive supply is the story at present. For the week ended November 27, natural gas storage in the U.S. stood at 3.837 trillion cubic feet, 14% higher than last year and 14.5% higher than the five-year average. Inventories of natural gas are near capacity, and have been for some time.

The drivers of this glut in supply are numerous. Idle factories have reduced the quantities of gas needed to power the still-recovering manufacturing sector, causing supplies to surge. While the manufacturing industry will likely turn around at some point, other reasons behind the glut aren't so "temporary." Advancements in technology have made liquefied natural gas, which has been temporarily converted to

liquid form, more prevalent. This facilitates global transport of a commodity that has historically been a regional resource, and could significantly expand the supply base open to domestic end-users.

Perhaps more importantly, huge discoveries of natural gas reserves have been made in the U.S. in recent years, including the enormous Haynesville shale in northwest Louisiana.

Wrote Pickens (along with Senator Orrin Hatch) for the Salt Lake Tribune:

Every study of natural gas reserves indicates we have not just an abundance, but a super-abundance of natural gas in traditional fields and in shale deposits under Texas, Arkansas, Louisiana and Appalachia.

This observation, used as support for his plan, goes a long way in explaining the downward path of prices this year.

Contango, Contango, Contango

For the most part (some precious metals funds are exceptions), commodity exchange-traded products don't buy or store the physical commodities with which they are associated. They use a futures-based strategy to gain exposure, investing in exchange-traded futures contracts that generally maintain a strong correlation with movements in the spot price of the underlying assets.

But the correlation is far from perfect. Returns to a futures-based investment strategy depend on three things: 1) changes in the price of the underlying asset (in this case, natural gas), 2) the "roll yield," and 3) interest earned on collateral for futures contracts. The first factor is a matter of economics, and the third is negligible in the current low-interest rate environment. But the roll yield paid (or earned) in a futures-based investment strategy can account for a material portion of the total return (for more insights into how complexities of ETFs can impact your bottom line, sign up for our free ETF newsletter).

When futures markets are in contango (as the natural gas market has been for some time), near-month contracts cost less than far-month contracts, reflecting both market expectations of a rise in price and any costs associated with storage and transportation. Because UNG doesn't want to actually take possession of the natural gas underlying its futures contracts, it "rolls" its holdings on a monthly basis, selling near month futures and buying up second-month futures. In the current environment, if UNG sold 100 contracts for January delivery for \$4.53, it would receive enough proceeds to buy only about 98 contracts at \$4.62.

This loss may not seem material, but when contracts are rolled on a monthly basis, the yield can begin to add up if the price of the underlying commodity doesn't rise as expected. If prices go down, the negative returns can be exacerbated by losses from the roll process. "Natural gas investors have had absolutely the worst of all worlds," writes Dave Nadig for Index Universe.

Not only has the spot price just been slaughtered this year...[but] the contango in the natural gas market has been crippling, meaning not only were you an idiot for being in natural gas, you were even more of an idiot for being in natural gas futures.

If spot prices had gone up this year, the roll yield associated with natural gas futures likely would have been offset to some degree. But with both spot prices and contango working against investors, UNG has sunk.

It should be noted that futures-based strategies won't always underperform spot prices: if the futures curve is downward-sloping, investors may be able to roll their contracts at a lower price, pocketing some cash while maintaining the same level of exposure.

Who's To Blame?

UNG is not a flawed product. It does exactly what its prospectus says it will do, and is still one of the best options for investors looking to gain exposure to natural gas. It has become so popular in part for these very reasons. Investors who have incurred big losses in the fund have no one to blame but themselves.

"Know what you own" may sound like obvious advice, but in the complex world of commodity investing, this wisdom is perhaps more important than ever.

BROADCAST COVERAGE

1. Your World With Neil Cavuto

Fox News Channel (---) National
12/03/2009 04:00 PM - 05:00 PM

DMA: N/A
Spot Cost: \$10,579
Est. Audience: 1,156,404

Available formats: QuickView, DVD, CD, digital link, videotape, transcript, NewsBoard

00:47:14 **Energy Savings: T. Boone Pickens** talks about President Barack Obama's job summit today and what happens. SI; **T. Boone Pickens**, oil tycoon, www.Pickensplan.com, talking about his plan to get jobs and stopping dependency on OPEC oil and going to **natural gas** and the plan he gave to the White House and they need legislation. **T. Boone Pickens** saying he does not understand healthcare but he works with Representative John Larson and others from Oklahoma and he is working with Senator Harry Reid, Senator Menendes, and Senator Hatch from Utah to get off OPEC oil. 00:49:55

2. Finneran's Forum

WRKO-AM 680 (FOX) Boston
12/04/2009 06:00 AM - 07:00 AM

DMA: 7
Spot Cost: \$259
Est. Audience: 23,900

00:14:00 ..I was encouraged during the course of presidential campaign..alot of candidates talked about - there was all this talk about drill now...embrace nuclear...In my mind- here is what I envision . For every oil tanker that comes across the oceans and discharges its fuel into American terminal here, we then take that tanker and fill it up with one hundred dollars bills and off goes our currency to other places in the world few of which are really receptive or supportive of American interests, if they are not overtly hostile ... They have been relatively indifferent and I like the idea of one- having trading relationships with allies and friends and two, standing on our own 2 feet in terms of energy independence saying you know what folks .. we are not going to be engaged in this big sham... we have to do nuclear, we have to drill .. we have to do a whole host of things. To add to this **Boone Pickens** has been making .. He's a very consequential player in the energy field and he has started devoting some of his very substantial resources to a drive to get us to use more natural gas, he envisions because we have a lot of natural gas within our own border and he envisions converting over the automobile fleet or at least a good portion of it, the bus fleet etc to vehicles that run on natural gas and he makes a compelling case that we could become energy independent if we focused our attention there... 00:15:59