

PickensPlan

T. Boone Pickens Media Coverage 12.23.09

Total of 4 Placements

- Print: 1
- Blog/Online: 3

Coverage Summary:

Platts covered EnCana's decision to urge federal officials to provide roughly \$1 billion in incentives to build a network of filling stations for natural gas fueled cars along heavily traveled highways. A spokesperson for EnCana said the initial opportunities are for long-haul transport trucks because they have specific routes, borrowing Pickens' key message points.

A *Dallas Morning News* blog reported on the new order for BAF Technologies to convert 463 of AT&T's company fleet vehicles to run on natural gas.

Highlighted Placements (Full Articles Below)

- **EnCana Calls on Government to Push Natural Gas as Vehicle Fuel** – *Platts* – 12/22/09
- **BAF Gets AT&T Order for Natural Gas Conversion** – *Dallas Morning News Blog* – 12/23/09

Blog/Online Placements (Full Articles Below)

- **What Clean Energy?** – *Portfolio.com* – 12/22/09
- **Three Ways to Profit from Mergers** – *Moneyweek.com* – 12/23/09

HIGHLIGHTED COVERAGE

EnCana Calls on Government to Push Natural Gas as Vehicle Fuel – Platts – 12/22/09

By Rodney White

Canada's largest gas producer is urging federal officials to provide roughly \$1 billion in incentives to build a network of filling stations for natural gas-fueled cars along heavily traveled highways.

"What we would like the federal government in Ottawa to do is consider the possibility of looking at ways to help establish infrastructure to advance the use of natural gas in transportation," EnCana spokesman Alan Boras said in an interview Tuesday.

Boras said Canadian officials have asked Calgary-based EnCana how much money it would take to implement the proposal, and "we didn't have a specific number, but could it be a billion dollars. It could be more than that."

The company has suggested the money be placed in a government technology fund which could examine the idea in detail, he said.

"The question is, how do we look to the opportunity to capture the benefits of natural gas?" Boras said. Transportation is promising and EnCana has "suggested two places: between Quebec City and Windsor, which is through the heartland of the highest populated areas of Canada. The other location we looked at is between Edmonton and Vancouver.

"The initial opportunities are long-haul transport trucks because they have very specific routes," he said. "They go to truck stops to refuel."

The problem "has been described as a chicken-and-egg thing. People won't buy natural gas cars because there are no filling stations, people won't put up any stations because there are no cars," he said.

Boras acknowledged that there are some "commonalities" between EnCana's proposal and the Pickens Plan. Texas entrepreneur T. Boone Pickens has proposed that the federal government provide incentives to encourage the placement of natural gas fueling islands at interstate highway trucks stops and convert diesel-powered trucks to natural gas.

The EnCana plan is "kind of simple in real terms. Obviously it's complex to employ," Boras said. Nevertheless, he said Canadian officials "have been listening and they have been responsive. They've been curious about it."

He stressed, however, that the Canadian government has not submitted any proposals to the Parliament.

BAF Gets AT&T Order for Natural Gas Conversion – Dallas Morning News Blog – 12/23/09

By Elizabeth Souder

Clean Energy's BAF Technologies got another order from AT&T to convert 463 of the company's fleet vehicles to run on natural gas.

AT&T had hired BAF to convert 600 vehicles to natural gas this year. AT&T said at the time it planned to eventually convert 8,000 of its trucks and vans.

Now, AT&T is awarding the next round of contracts. Clean Energy said in a press release Tuesday it will convert 463 Ford E-250 vans to run on compressed natural gas by the second quarter.

AT&T has asked BAF to procure natural gas cylinders for another 463 conversions for the third quarter, though the companies haven't signed a deal.

T. Boone Pickens, who spent the last year stumping for natural gas vehicles, sits on the board of Clean Energy.

BLOG/ONLINE COVERAGE

What Clean Energy? – *Portfolio.com* – 12/22/09

By Kent Bernhard, Jr.

Forget about developing massive solar projects in one of the sunniest places on earth.

Senator Dianne Feinstein has put the kibosh on such development on a million acres of the Mojave Desert, freezing numerous planned projects in their tracks and making it tougher for her home state to meet its goals of getting more of its electricity from renewable power.

Now why would a good liberal—a likely supporter of legislation to cut greenhouse gases—want to do a thing like that? Of course, it's not like that's anything new; the now-canonized liberal lion of the Senate, Edward Kennedy, helped block the development of a wind farm off his beloved Cape Cod for years. So liberals are every bit as NIMBY inclined as anyone else it seems, even when it comes to saving the earth.

But to be fair, Feinstein's opposition to solar plants in the desert isn't just knee-jerk opposition to unsightly industrial-scale development. It comes down to a promise made when the federal government got its hands on that land a decade ago. The feds said they would preserve the desert.

And a bunch of mirrors disturbing the vista and disrupting the delicate desert ecosystem doesn't exactly amount to preservation.

So California companies will have to look elsewhere for their utility-scale solar plants.

But the case of the California solar plants brings up an interesting question as the United States and other countries move to lower their carbon emissions in an attempt to mitigate the worst affects of global warming caused by greenhouse gas. Is there really such a thing as clean energy, at least when it comes to energy produced on the massive scale needed to make a dent in use by a modern economy like that of the United States?

Feinstein is right, for instance, that solar farms and solar thermal plants capable of generating the gigawatts of power California needs to replace the power it gets now from fossil fuel could damage or destroy some of the most scenic and ecologically delicate land in the West. And that goes not just for the Mojave, but for solar plants planned for the deserts throughout the Southwest.

You're talking giant construction projects that will alter the landscape forever when you talk about solar plants capable of producing big wattage numbers.

And that's not the only clean energy that comes with drawbacks. Hydropower was long touted as clean energy, and the massive Three Gorges dam in China is one of the ways that nation is planning to generate emission-free electricity.

But the dams necessary for large-scale hydropower projects have come in for criticism in recent years for damaging streams and rivers and hurting fisheries. There has even been movement in the United States to remove dams from some rivers.

Or then there are the massive wind power projects envisioned by Texas oilman T. Boone Pickens among others. The United States' Great Plains are one of the great wind corridors on earth. But, as with solar, you're talking about massive construction projects, and wind power has been blamed for damaging both bird and bat populations over the years.

OK, then go nuclear. Not a favorite of most environmentalists, and an option still feared by those of us old enough to remember Chernobyl and Three Mile Island. But the plants have gotten a lot better over the

years, we're told. And they don't produce greenhouse-gas emissions. France, for instance, relies heavily on nuclear for so-called clean energy.

But then what do we do with the waste? That's a question we still haven't been able to answer satisfactorily.

OK, so don't go emission free. We have huge deposits of natural gas locked in shale deposits in Texas, Louisiana, Pennsylvania, and other states. Natural gas at least burns a lot cleaner than coal. Not emission free, but still, an improvement over the current mix, which has the U.S. getting around 60 percent of its electricity by burning coal.

Exxon Mobil, at least, is betting \$31 billion on increased natural-gas use, with its planned purchase of XTO.

Oh, but there's a problem there too. It's not known exactly to what extent, but there's evidence out there that the process used to break the shale and free the natural gas pollutes surrounding groundwater.

Now remember, we have a president who pledged to cut emissions when he campaigned for office, and who has since brokered an incomplete climate deal on the international stage in Copenhagen. We have a House of Representatives that has passed legislation capping carbon emissions and a Senate considering similar caps. Our Environmental Protection Agency has determined that it can issue regulations limiting greenhouse-gas emissions.

And all of that may be a good and necessary thing, and it may help lead the world away from the precipice of disastrous climate change. But let's not pretend the energy we get in any large amounts is "clean."

About the best we can hope for is "cleaner."

Kent Bernhard Jr. is News Editor of Portfolio.com

Three Ways to Profit from Mergers – *Moneyweek.com* – 12/23/09

By Louis Basenese

Time and again, history has shown that small-cap companies traditionally outperform their larger-cap peers in the wake of a recession. It's happened in every single one of the past ten recessions.

And we can now extend that winning streak to 11.

Since the market bottomed out, the average small-cap stock has soared 74%, outpacing the gains of the average large-cap by a full 15 percentage points.

And history is sending another loud and clear message about what lies ahead for another sector, too.

In 2010, we can expect mergers and acquisitions (M&A) activity to return in a big way. Here's why - and the three best ways to play the imminent rebound...

M&A activity: deep in the valley... but set to emerge

Not since the early 1990s have we witnessed such a meagre market for M&A activity...

- Worldwide deal volume is expected to slump by 56% this year, according to the Organisation for Economic Cooperation and Development.

- The United States has already matched the 61% drop in M&A activity that followed the 1990-1991 recession. We're not far from the 72% drop that followed the 2001 recession.

But everybody knows the M&A market is notoriously cyclical. Since we're clearly in the valley, it's only a matter of time before activity picks back up. And history is crystal clear about the timing of the turning point...

A positive macro picture for M&A

As this chart from JP Morgan Chase reveals, M&A activity picks back up once a recession officially ends.

Other signs point to this M&A recession coming to an end very soon, too.

For example, the Conference Board released its latest survey of leading economic indicators last week. They rose for the eighth straight month - a clear indication that the recovery is gaining momentum.

And while unemployment remains uncomfortably high, remember that this is a lagging indicator, so we can't rely on it to signal the end of a recession. By the time the employment picture improves, the recession will be long gone - and the M&A market will be back in full swing.

In other words, the time to position our portfolios to profit from a resurgent M&A market is now.

The key fundamentals that should trigger an M&A rebound

However, I'd never base a predication solely on history, or bank on a rebound just because a chart suggests one is imminent. We need to dig deeper - which means making sure the fundamentals line up, too.

And when it comes to signaling an uptick in M&A activity in 2010, they certainly do...

Cash is everywhere

The amount of cash on corporate balance sheets hasn't been this high since 1951. In fact, Fortune 1000 companies alone are sitting on \$1.8 trillion, according to Ernst & Young.

Not only that, there's at least another \$400 billion in dry powder parked in private equity funds, too.

With interest rates so low, there's little incentive to hold onto cash for long. And every other time cash balances have soared, an uptick in M&A activity quickly followed. This time should be no different.

Banks are willing to lend again

In addition to record cash balances fueling deals, banks are ready to get in the mix again, too.

High-yield credit spreads - an indicator of banks' willingness to lend - continue to fall. The spread now rests below 700 basis points - within spitting distance of the historical average of 590 basis points.

Build up by buying out

While some corporations managed to increase earnings throughout the downturn, much of it came as a result of aggressive cost-cutting measures. But you can't cut costs indefinitely.

The lack of revenue growth for most corporations indicates that it will be some time before organic growth rates pick back up. To keep growing earnings then, it's natural for companies to consider strategic acquisitions - especially since countless acquisition candidates still trade at depressed levels.

So now that we've covered the reasons behind an imminent rebound in M&A activity, let's get to the most compelling investments...

The top three M&A sectors... and the best stocks within them

If you're ready to push some chips in and bet on potential takeover targets, I'd focus on three sectors in particular.

Technology

Having entered the downturn in the best financial shape, tech firms are well positioned to go on the offensive coming out of the recession. And they've got plenty of cash to do so. The titans of technology - like Oracle, Cisco, Microsoft, Google and IBM - are sitting on close to \$200 billion in cash and very little debt. Plus, deal volume has been rising here already.

I'd keep an eye on Compellent Technologies (NYSE: CML). It taps into the \$21 billion market for data storage with a niche focus on small- to medium-sized businesses. Some of its top competitors have already been acquired (at sizeable premiums, no less) and CML is the most compelling target left in the space.

Biotechnology

With drug pipeline woes continuing for big pharmaceutical companies, the quickest remedy is to buy compelling biotech firms.

Although no credible rumors have surfaced and management hasn't indicated that it's even interested in a deal, I'd put Northwest Biotherapeutics (OTC BB: NWBO.OB) on my shortlist of takeover targets in this area.

As I wrote back in November, the company's DCVax treatments for prostate cancer, plus the most lethal type of brain cancer - Glioblastoma multiforme - have demonstrated significant promise.

For instance, the median survival time for patients receiving Northwest's DCVax-Brain treatment checked in at 36.4 months, more than double the standard of care (surgery, plus radiation and chemotherapy).

The results prompted Dr. Ronald Warnick, Chairman of the Mayfield Clinic and Director of the Brain Tumor Center at the UC Neuroscience Institute to declare, "DCVax has real potential to become a standard therapy for glioblastoma."

In addition, Northwest's recent success in raising \$2.1 million in funding (per its September 28, 8-k filing) shows that investors also believe the company's treatments hold promise. Receipt of a US patent for its automated manufacturing process could also attract potential suitors, as mainstream interest in immunotherapies picks up and big pharmaceutical companies look to secure key intellectual property.

Again, this is a small company that still has to complete large clinical trials. But for a potential suitor, the early results could be promising enough to entice them to make an offer.

Energy

As oil tycoon T. Boone Pickens famously observed, it's often cheaper to drill for oil on the floor of the New York Stock Exchange than in the ground. That's especially true now, with oil prices still well below their 2008 highs.

M&A activity is already heating up here, as Exxon's plunked down \$30 billion to buy XTO Energy last week. I expect Anadarko Petroleum (NYSE: APC) to be a leading energy sector acquisition target, thanks to its steadily increasing reserves and major discoveries off the coast of Sierra Leone.

The bottom line here is that we're already seeing signs of a legitimate rebound in M&A activity. Even Warren Buffett is getting involved, as his \$26 billion purchase of the Burlington Northern Santa Fe railroad firms shows.

With history and the fundamentals pointing to even brisker activity in the year ahead, I encourage you to take my prediction seriously.
