

Cranky Cowboy

Pickens, Acting Bitter, Finds Takeover Game Isn't Much Fun Now

Corporate Raider Is Still Rich, But Fans Have Scattered And Enemies Obsess Him

Chasing Editor Out of Town

By GEORGE GETTSCHOW
And BRYAN BURROUGH

Staff Reporters of THE WALL STREET JOURNAL

AMARILLO, Texas—T. Boone Pickens, business celebrity and media hero, is suffering from the corporate raider's version of a midlife crisis.

The Texas oil man is obsessed with enemies. He is as thin-skinned as the chief executives he is always attacking. His following, which at times seemed almost a cult, shows signs of disaffection. In just the past two weeks, two of his three top corporate takeover strategists have left him. At 59, he is still rich, but seems weary and bitter.

Once the scourge of corporate boards, Mr. Pickens is no longer especially feared.



T. Boone Pickens

His raids on companies now are timid intrusions. At Mesa Limited Partnership, Mr. Pickens's oil and gas business, sinking prices have forced him to borrow to keep paying big dividends, a practice that he defends. The lobbying group he founded to fight for shareholder rights is planning, at his request, to drop

his name from its logo. The hope is to improve the group's image.

These days, if Mr. Pickens is dreaded, it is in the publishing industry. His much-ballyhooed 1987 autobiography was a big disappointment. Even here in Amarillo, his adopted hometown, the former hero of the Panhandle has become something of a villain, attacked by the press and former employees. He even gets telephoned death threats.

What has become of the man who said he wanted to take over Gulf Oil Corp. in 1983 (he wasn't serious) and emerged with \$518 million in pretax profit? Last year, the year of the crash, he was only able to make a mere \$10 million on corporate raids.

Changes Come Hard

T. Boone Pickens was called the "Learjet cowboy," and he swept out of the Panhandle intent on ambushing America's rich, entrenched corporate managements. Today, however, his image has changed. "He might have lost some of his glamour," says friend and fellow raider Oscar Wyatt, the chairman of Coastal Corp.

And Mr. Pickens hasn't accepted the change gracefully. In a series of combative interviews here, he lashed out at the Business Roundtable, various Wall Street investment bankers and advisers, local and national reporters, and a laundry list of Amarillo critics and political gadflies who have criticized him—religious fundamentalists, pro-lifers, neo-Nazis, the American Civil Liberties Union, an "explosives expert" and a local hearing-aid salesman. All of the above, he believes, are out to get him.

"I'm not paranoid, I don't think," he says.

The national criticism, Mr. Pickens believes, has come from corporate executives and anti-takeover groups threatened by his diatribes against corporate waste and in behalf of shareholder rights. He acknowledges the difference, for example, between his image and that of Carl Icahn, a corporate raider who has received glowing press reviews for turning around Trans World Airlines. "Carl Icahn doesn't get up and say [General Motors Corp. Chairman] Roger Smith should be fired," Mr. Pickens explains.

Others have noticed the siege mentality in Mr. Pickens and the young people who work for him. "It's like them against the world," says Joseph Nocera, Mr. Pickens's former ghostwriter (whom he fired). "They don't trust the investment bankers, they don't trust the lawyers, they don't trust the courts, they don't trust the press."

'We Trust Us'

Whom do Mr. Pickens and his aides trust? "Us," says Mr. Pickens.

But fellow corporate raiders warn that Mr. Pickens isn't one to be counted out. Though it must borrow to pay its dividend, Mr. Pickens's Mesa is hardly the sick man of the oil patch. Mr. Pickens has plenty of borrowing power and is proud of Mesa's \$2-a-unit annual dividend, one of the largest paid by a publicly traded partnership. While falling oil and gas prices helped depress Mesa's 1987 earnings 55%, to \$31.9 million, Mr. Pickens believes the company's future is rosy because its natural gas reserves are among the longest-lived in the energy business.

Analysts, while concerned about the steep payout, generally give Mr. Pickens credit for riding out the natural-gas slump in good shape. "They have a nice balance sheet, but the story on Mesa is more 1990s and beyond," when gas prices rebound, says Philip Kehl of Dean Witter Reynolds Inc.

While the Texas oil man "has kind of lost credibility," says Dallas raider Harold Simmons, "it could work to his advantage by disarming potential targets." Mr. Pickens proved in the Gulf Oil matter that he is a master of the bluff. Says Mr. Wy-

Please Turn to Page 22, Column 1

Cranky Cowboy: Pickens, Acting Bitter and Weary, Finds the Takeover Game Isn't Much Fun Anymore

Continued From First Page

att: "If you're playing poker with him and he calls you, you had better be sure you're looking down his throat."

Some people find it curious that Mr. Pickens should be thin-skinned, given some of the things he has said about other people. He once called a Gulf Oil executive "abrasive and foulmouthed." He said Unocal Corp.'s chief executive, Fred Hartley, "had a reputation for not keeping his word." He ventured the opinion that "Tom Thumb, Pluto and Mickey Mouse could have done a better job of running Texaco Inc. than its board has."

Now Goliath

But David has become Goliath, and Mr. Pickens doesn't like it. "We just don't [care] what people say anymore," he says, adding an obscenity. "We could go against General Motors today, and they'd figure we were the same weight and size."

On Wall Street, the oil man's unsuccessful raids against a pair of mining companies, Newmont and Homestake, have drawn snickers. His relations with the press have so deteriorated that the man who once cultivated reporters by giving interviews aboard his Learjet now refuses to return most of their phone calls. He and his youthful staff have even dropped their

T. Boone Pickens's Recent Takeover Tally

TARGET	RESULT
Boeing	The aerospace concern disclosed in late July 1987 that Mesa Limited Partnership, Mr. Pickens's company, had asked for federal clearance to buy up to 15% of the company. Mesa accumulated about 250,000 Boeing shares but sold most of them by the end of September.
Singer	A little more than a week after the Boeing announcement, Mr. Pickens disclosed that Mesa held about 4.4% of Singer's shares. Mesa eventually bought 9.9% of the manufacturer and it provided \$150 million in financing for Paul Bilzerian's acquisition of Singer.
Newmont Mining	On Aug. 14, just days after disclosing his stake in Singer, Mr. Pickens said an investment group he headed had acquired 9.1% of Newmont, a gold mining and natural resources company. He eventually offered \$6.24 billion for the company but was turned away by Consolidated Gold Fields, Newmont's largest shareholder. Mr. Pickens's estimated \$100 million in profits from the Newmont bid largely evaporated in the October stock-market crash.
KN Energy	Mr. Pickens made his third offer to buy this natural gas company in December. His bid of \$18 a share or \$156 million was rejected and Mr. Pickens has said that he probably failed to win a seat on the company's board at its March 24 annual meeting.
Homestake Mining	On Feb. 29, 1988, Mr. Pickens offered \$20 a share, or about \$1.87 billion, for the Homestake shares he did not control. His bid was rejected, and Mr. Pickens dropped the offer two weeks later.

still publishing, despite Mr. Pickens's campaign against it. But Mr. Pickens takes credit for driving away the former executive editor, Jerry Huff. "We ran his ass out of town," recalls Mr. Pickens.

'Goodbye, Jerry'

To make sure Amarilloans took note of his victory, Mr. Pickens hung a 90-foot-long banner, nine feet high, across the top of Mesa headquarters and kept it there for a month. It read "Goodbye, Jerry." Mr. Pickens says, "It made a lot of people mad. That's why we did it." (Local boosters, concerned that all the criticism might drive Mr. Pickens and his payroll out of town, recently plastered "We Love You, Boone" billboards all over Amarillo.)

Former employees say Mr. Pickens keeps dossiers on his foes, using his own employees and outside informants to provide him tidbits that, when the need arises, can be used to discredit enemies or at least deflect criticism. He shows dossiers to reporters and brags about his informants. He is interested that an archenemy of his, an older man, recently married a 23-year-old. Another critic Mr. Pickens mentions to reporters supposedly moved from the Midwest to the Rockies to be nearer his mistress. Mr. Pickens says he doesn't have any skeletons in his own closet. "I'm totally immune," he says. "I don't have any girlfriends. I don't run dope."

As for others, no slight seems too small to draw Mr. Pickens's wrath. When Don Stribling, the youth coordinator at Mr. Pickens's church, criticized the Mesa chief in a letter published in an Amarillo newspaper, Mr. Pickens wrote the church's pastor that he was "deeply concerned" about the young man's "totally unfounded" accusations. When the pastor protested that the fellow was merely exercising his right to speak, Mr. Pickens cut his annual donation to the church to \$100 from more than \$29,000 over the previous two years.

"Is this typical executive behavior?" asks Mr. Stribling, who worries that the oil man may not be finished with him. "I'm not sure that once you get into his files you're ever able to redeem yourself."

The Brothers React

Mr. Pickens's advisers are equally sensitive to criticism. When Richard Ware, the president of the Amarillo National Bank, criticized Pickens aide Sidney Tassin in a newspaper interview, Mr. Tassin yanked Mesa accounts from the bank. "Once you screw one of the brothers here," Mr. Pickens says, "you got a problem."

The former official of the Amarillo Chamber of Commerce encountered Trouble when he accused a Pickens aide of putting pressure on the chamber to support the Pickens assault on the local paper. As Mr. Pickens himself tells it, "Someone said, 'Let's get the [obscenity] over here and work him over.'" Mr. Pickens chuckles, recalling that he later saw the official crying after the tongue-lashing he got at Mesa's offices.

Having heard such stories, many of Mr. Pickens's local critics are afraid to talk about him and have their names associated with it. But they tell tales of how Mesa employees who have provoked Mr. Pickens often find next to their desks a "white box" intended for their belongings. That is Mesa's way of saying, "You're fired."

When that happened to Paula Garner, a secretary to Mr. Pickens's wife, Mrs. Garner's husband, Derrell, a local policeman, attempted revenge by printing several hundred "Goodbye, Boone" bumper stickers and told friends he wanted to "whip" Mr. Pickens, who he says "is kind of paranoid. Everyone in this town is afraid of him, and I wanted to show I wasn't."

After hearing of the threat, Mr. Pickens marched down to police headquarters, confronted Detective Garner and the police chief, and, according to the detective, tried to get Mr. Garner fired. Mr. Pickens confirms that the visit took place but denies trying to cost Mr. Garner his job. Whatever the truth, Mr. Garner is still on the force.

Even some retired executives are scared to speak frankly about Mr. Pickens. "He'd really fix me if I said anything bad about him," says one. Mr. Pickens says he rarely forgets a slight. "I remember the doors where I get my fingers mashed," he says.

Mr. Pickens's ways of dealing with his media critics sometimes seem more hostile than his attempts at hostile takeovers. Tommy Denton, a columnist for the Fort Worth Star-Telegram, says Mr. Pickens spent "a good 20 minutes chewing me out" for calling him "a big-mouth chewing in Amarillo" who was trying to "control" the local newspaper. (But after running executive editor Huff out of town, Mesa's chief says he now is successful in getting retractions from the new regime at the Amarillo Globe-News. Garet von Netzer, the paper's executive editor, responds: "We've always corrected errors when they occur.")

Friends trace some of Mr. Pickens's bitterness to the disappointing reception his autobiography got last year. While he bragged to friends that the book would out-

sell "Iacocca," his book, "Boone," so far has sold just under half its big initial printing of 230,000 copies—or roughly 4% of the business Lee Iacocca's autobiography did in hardback. Mr. Pickens says he was pleased with the book and its reception—it did, after all, make the best-seller lists. Some \$1.3 million—Mr. Pickens's advance—will go to United Shareholders Association. (Mr. Pickens also wants it known that, at his death, much of his assets will go to charity.) But "Boone's" publisher, Houghton Mifflin, "thought that the book would do better than it did," says Beth Marton of the company's sales department. "He himself was not very cooperative in promoting his own book," she adds. "If he'd been more cooperative, it would have sold more."

Mr. Pickens has had similarly mixed success with his lobbying group, which had been called T. Boone Pickens's United Shareholders Association. The group, formed in mid-1986, had hoped to have 50,000 members by now but is 35,000 members shy of projections. Mr. Pickens says it is just a matter of over-optimism. But it also appears that Mr. Pickens's name—which

the oil man himself decided to take off the group's stationery—is more hindrance than help. "If the organization is to have broad appeal down the road," a spokesman says, "we felt it's just as well that we don't advertise his name." Mr. Pickens's clout seems not to have helped efforts to block major anti-takeover legislation in Delaware earlier this year. United Shareholders failed to win a single vote in the Delaware House, despite an all-out effort, including personal testimony by Mr. Pickens, supposedly in behalf of small investors.

"People believed the forces of opposition [led by Mr. Pickens] were not looking out for the little shareholder," says Jeffrey Welsh, an aide to Delaware's governor. "If you polled legislators, they'd say [Pickens et al.] were out for themselves." Adds Leigh Trevor, a takeover lawyer and Mr. Pickens's occasional debating partner: "When Boone prostrates himself on the world as the little guy, that's ludicrous."

Businessmen whom Mr. Pickens has scorned for bestowing upon themselves lavish perks—hunting lodges, yachts, planes—say the Texas oil man is hardly one to talk. Insiders say that Mr. Pickens maintains a separate staff at Mesa to handle his personal business—everything from his ranch payroll to his children's trust accounts. And Mr. Pickens has used Mesa's maintenance men to do work ranging from landscaping to building a dance platform for his birthday party at his ranch. "I thought it was hypocritical" for someone who has condemned such practices, says Paula Garner, the recently fired secretary. Mr. Pickens denies that Mesa employees do personal chores for him.

Mesa's failure to bag a single company in a contested takeover has raised questions about whether Mr. Pickens has become an arbitrator looking for quick stock-trading profit rather than a raider truly bent on taking over his targets. "Look at the deals he's been in," Mr. Trevor says. "He didn't get Newmont Mining. He didn't get Homestake. He doesn't follow through."

Mr. Pickens bristles at criticism that he is the rare corporate raider who never consummated a hostile takeover. Except for Gulf, he insists that he has wanted to acquire every company Mesa has raided. In other words, he wasn't trying to make a killing in bids he never intended to be successful. "We make offers that are legitimate offers," he says, but he says he is "not going to be a fool merely to win a contested battle."

Even so, Mr. Pickens's style of raiding

has changed, and his success has been mixed. Mr. Pickens provided \$150 million in financing to help Paul Bilzerian complete his \$1.06 billion takeover of Singer Co. Mr. Pickens says the investment is paying off handsomely. But Investments in Boeing Co. and Homestake Mining have fizzled. And a senior Pickens aide admits Mesa is "uncomfortable" pursuing nonoil companies, even though the company does do that now because of slim pickings in the oil business.

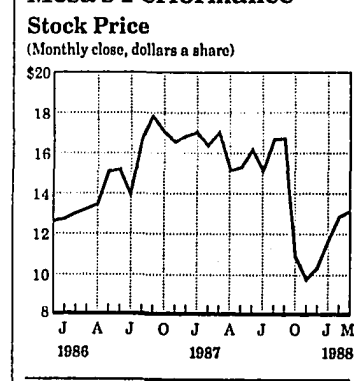
Mr. Pickens was badly beaten in last fall's battle for Newmont Mining, a raid that baffled takeover experts because 26% of Newmont was already controlled by the ultimate victor, Consolidated Gold Fields PLC. Mesa's \$100 million stock profit from the deal—Mr. Pickens's estimate—also evaporated during October's market crash. Adding insult to injury, Mr. Pickens says he lost an additional \$35 million in his per-

sonal stock portfolio. And the usually optimistic Mr. Pickens now predicts that he will "probably lose" his current fight to gain a seat on KN Energy Inc.'s board because pension funds, often the biggest voters in proxy fights, "have no guts" to support him.

Mr. Pickens says deal making hasn't lost its allure, but surely some of its luster is gone. He made only \$10 million in his raids last year. "Deals are different today," he says. "The values aren't there as much. Gulf was a battleship on a 40-acre lake. Now you're looking at something smaller on a bigger lake."

Mr. Pickens vows that his days of high-stakes raiding and campaigning for shareholder rights aren't over. But the indomitable raider suggests that all the skirmishing with his enemies has taken its toll. "Sometimes," he says with a sigh, "the damn thing wears you down."

Mesa's Performance



Operations	1987	1986
Proved reserves		
Natural gas (trillion cu. ft.)	1.921	2.011
Oil and condensate (million bbl.)	14.4	16.4
Natural gas liquids (million bbl.)	75.1	66.7
Total revenues (millions)	\$315.3	\$359.6
Net income (millions)	\$31.9	\$70.6
Net income per common unit	\$0.44	\$0.98
Payout per common unit	\$2.00	\$2.00

membership in the local chamber of commerce after a nasty spat with the chamber's former president. Mr. Pickens says he rarely ventures into the popular local Amarillo Club for fear of getting into arguments.

"It's like 'Circle the wagons, boys,'" says Mr. Nocera, the former ghost.

Mr. Pickens's campaigns against his critics are becoming legend in these parts. Last December, a local paper, the Amarillo Globe-News, reported embarrassing construction cost overruns on a \$1.5 million colonial mansion built for the president of West Texas State University. Mr. Pickens, who is the chairman of the board of regents, promptly urged Amarillo businessmen to stop advertising and citizens to stop subscribing to the paper. The paper is