

Sears Adds Bankruptcy Expert to Its Board

By Suzanne Kapner

Sears Holdings Corp. added a bankruptcy expert to its board of directors, another sign the embattled retailer is preparing for a complex restructuring.

Alan Carr, who runs a restructuring advisory firm and previously worked as a restructuring lawyer at Skadden, Arps, Slate, Meagher & Flom LLP, has joined the board, the company said Tuesday. Mr. Carr previously served on the board of LightSquared, a telecommunications company that went through bankruptcy.

The appointment comes as Sears Chairman and Chief Executive Edward Lampert, who is also Sears's biggest lender and the company's controlling shareholder, is pushing the rest of the board to approve a rescue plan to avoid a bankruptcy filing. Before Mr. Carr's appointment, Sears had six members and four were independent directors.

Mr. Lampert, a billionaire hedge-fund manager, has publicly called on the board to sell off the Kenmore appliance business and other units, which he has offered to purchase, and to restructure Sears's roughly \$5.5 billion in debt. The company faces a \$134 million debt payment on Monday.

Spokesmen for Sears and **ESL Investment Inc.**, Mr. Lampert's hedge fund, had no comment. Mr. Carr also wasn't available for comment.

The board has said it is exploring strategic options and asked its legal and financial advisers to work closely with Mr. Lampert and ESL. Sears previously said any decision would require approval of its independent board members.

—Sam Goldfarb contributed to this article.

Oil Industry Bets on Natural Gas

By Sarah Kent
And Sarah McFarlane

Oil companies are betting on natural gas as the fuel of the future—and working hard to ensure new projects deliver profits of the future.

Royal Dutch Shell PLC last week announced a liquefied natural gas project in Canada that will cost \$14 billion, while **Exxon Mobil Corp.** and partners are expected to approve a multibillion-dollar LNG project in Mozambique in 2019. That is a similar timeline to Russia's roughly \$20 billion Arctic LNG-2 project, which is part-owned by France's **Total SA**.

Natural-gas projects historically have delivered lower returns than oil projects, leading companies and shareholders to prioritize oil developments.

According to Edinburgh, Scotland-based consultancy **Wood Mackenzie**, the weighted average internal rate of return for liquefied-natural-gas projects currently in the pipeline is about 13%. That compares with 20% for deep-water projects and 51% for unconventional oil developments like shale.

"The problem for oil companies is that gas is much more difficult to make profitable," said Eirik Wærness, chief economist at Norwegian oil company **Equinor ASA**, formerly known as Statoil.

The case for gas also becomes even more difficult, at least in the short term, when oil prices are high, as they have been recently, though oil companies invest on a long-term horizon.

Yet oil firms have little choice but to double down on gas. Companies have discovered fewer large new oil deposits than natural-gas opportunities over the past decade. Governments, including China and many in Europe, want to reduce pollution by burning cleaner fuels for transport and electricity. A new natural gas power plant emits around half the carbon dioxide emitted by



The AIDAnova, one of the first cruise ships powered by liquefied natural gas, left the Meyer Werft shipyard in Germany on Monday.

a new coal or fuel-oil plant.

Oil consumption is expected to rise by 0.5% a year out to 2040, according to **Wood Mackenzie**, substantially slower than in previous decades. Some forecasts say demand could stop growing altogether within the next decade.

Natural-gas consumption, though, is expected to rise to 24% of the world's energy mix by 2040, from 22% in 2016, according to the **International Energy Agency**. LNG's share of that market is set to rise to almost 40% in 2023, from around a third in 2017, the IEA forecast.

By 2025, both **Shell** and **BP PLC** will be producing more gas than oil. French giant **Total's** production is near 50-50 split. **Exxon** is also planning significant new investments in LNG.

"It's all a balancing act," said **Brian Youngberg**, senior energy analyst at brokerage **Edward**

Jones. "At the end of the day, oil is the most profitable product they produce, but demand is going to slow so you need to start managing that transition."

At the same time, oil companies are considering efforts to curb global warming that could make lower-carbon natural gas more competitive.

Big projects provide much more stable cash flow than most oil developments.

Policies like a substantial price on carbon "moves the dial on gas," Mr. Wærness said.

Oil companies are selling the strategic shift as a smart bet on a growing market.

"The good news is that the natural-gas market will con-

tinue to grow, and this explains why we are aggressive, offensive and expanding," **Total CEO Patrick Pouyanné** told investors last month. "On the contrary, the oil market will stabilize and even decline."

Investors have embraced the strategy, with some reservations. Big gas projects generate lower returns, but they are profitable and provide much more stable long-term cash flow than most oil developments. And internal rate of return is just one measure. Many big gas projects offer opportunities for profit-generation through trading and business integration.


The natural-gas projects provide "very stable and consistent cash flow and this is something oil-and-gas companies have never really had, and what has made them so cyclical," said **Richard Hulf**, a manager of the **Global Energy Fund** at **Artemis Fund Manag-**

ers.

Yet the dash for gas highlights broader risks in an age of lower-carbon energy and an eventual shift away from fossil fuels altogether.


Investment in renewable energy for electricity generation is already outpacing fossil fuels globally, driven by falling costs of producing wind and solar power. More than half of power-generating capacity added in recent years has been in renewable sources, according to the **IEA**.

The moves point to the potential for a more sober oil-and-gas industry, less prone to dramatic slumps yet with equally less promise to reach heady peaks. "You will see lower return on investments for some of these [gas] projects," said **Espen Erlingsen**, a partner at Norwegian consultancy **Rystad Energy**. "I guess that's something they have to live with."



**ALBERT NELSON MARQUIS
LIFETIME ACHIEVEMENT AWARD
2017-2018 RECIPIENT**

Marquis Who's Who is proud to honor its most distinguished listees based on their career longevity, philanthropic endeavors and lasting contributions to society. Out of 1.5 million biographies, only a small percentage are selected for the Albert Nelson Marquis Lifetime Achievement Award. Among that prestigious group, a handful are chosen to represent Marquis in The Wall Street Journal. It is our great pleasure to present one of them here. Congratulations to Dr. Rob B. Moir!



Rob B. Moir, PhD
Executive Director
Ocean River Institute
www.oceanriver.org

Recognized authority in ecosystem-based resource management, Rob B. Moir, PhD, has served as executive director of the Ocean River Institute since its establishment in 2007. In this position, he draws upon his breadth of experience, ranging from tide pools to canyons, to coordinate with local groups toward the shared goal of saving the environment. Dr. Moir further assists the organization's network of partners by connecting them with the resources and services they need to maximize their impact.

Based in Cambridge, Massachusetts, the Ocean River Institute is a nonprofit environmental organization committed to providing support services for environmental groups, citizen science training and support, environmental monitoring, surveying, and assessment, collaborative ecosystem-based management, bio-regional planning and management, and ecosystem and wildlife stewardship.

Dr. Moir's early interest in environmental conservation can be attributed to his family. Growing up, he developed a profound respect for the ocean while sailing with his father in Doodle Bug, a big, old,

blue fiberglass, heavy rowboat. Dr. Moir fondly recalls learning how to steer the boat to windward, the most challenging direction to steer a boat. This became a fitting metaphor for the many trials he would face and overcome throughout his career.

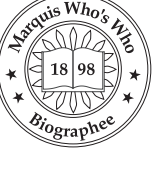
As an environmental scientist, Dr. Moir must contend with two groups of people: those who call for a closing of vulnerable ocean areas from any fishing, and those, mostly fisherman, calling on conservationists to clean up the waters, resulting in improved sustainability. Rather than choose one side, Dr. Moir sees the merit in both, choosing the more difficult course of seeking both better conservation and better resource use. His solution involves the organizing principle of subsidiarity, which assigns management of a given area to the smallest, lowest, or least centralized competent authority. He encourages what he has termed as Ocean Stewardship Places (OSP), or peopled seascapes with varying degrees of stewardship practiced by the users. Both respect and responsibility for how the area is handled is first given to those closest to the natural resource, followed by regional and federal governing authorities, if applicable.


Dr. Moir holds a PhD in environmental studies from Antioch University New England. Outside of his official appointments, he has served as president of the National Marine Educators Association, as founding chair of Ocean Champions, and as founder of Global Warming Solutions. The latter organization seeks to restore Massachusetts as the U.S. leader in the fight against climate change by holding legislators responsible for their role in reducing environmental impacts.

In addition to participating in public speaking engagements to educate communities on the environment, Dr. Moir previously worked as a curator of natural history at the Peabody Essex Museum, as a curator of education at the New England Aquarium, as founder of Salem Sound Harbor Monitors/Salem Sound Coastwatch, and as president of Save the Harbor/Save the Bay. He considers one of his proudest accomplishments to be initiating bio-regional and ecosystem-based collaborative management by naming a portion of the Massachusetts Bay "Salem Sound," and by bringing together the five municipalities, an engaged constituency of citizen scientists, and eco-savvy residents to improve environmental qualities of the region. Looking ahead, he hopes to further engage citizens and families as eco-stewards to create clean and healthy environments and attain a better quality of life for humans and wildlife. He would also like to see an increased, responsible stewardship of natural resources by the government, which would include oceans, rivers, and watersheds.

2017-2018

**MARQUIS
Who'sWho®**
est. 1898
The Original.
"Often imitated... Never duplicated."





**Securing
Officer Stanley's
position in the
community.**

Governments around the world rely on Unisys to protect citizens, infrastructure, and cyber operations, processing over 1.3 billion security transactions daily. So Officer Stanley always has backup. Find out more at Unisys.com/Government.

UNISYS | Securing Your Tomorrow®
Consulting | Services | Technology