CYPRESS
ASSET MANAGEMENT, INC.

MARKET COMMENTARY **APRIL 2012**

The S&P 500 Index rose 12% in the first quarter of 2012, its best first quarter performance in fourteen years and the tenth best start of the year ever. The U.S. economy continues to show improvement and is better positioned this year to withstand concerns over a summer slow down or double dip than in the past two years.

Vehicle Sales & Consumer Spending: Positive Indicators For U.S. Economy In 2012

One of the clearest and most important positive indicators for the economy is the continued strength in vehicle sales. This year vehicle sales are poised to increase roughly 10% and get back to the 14 million unit level. While this is still some 2 million units below the pre recession average, it represents a 50% gain from the fourth quarter 2009 recession bottom.

Consumer spending continues to be surprisingly resilient and is forecast to increase for a third straight year. The Federal Reserve's policy of extended low ("near zero") interest rates combined with quantitative monetary easing ("QE") has thus far promoted a remarkably successful deleveraging of the U.S. consumer and banking system. Contrast the progress here with the situation in Europe where the monetary and policy response to its banking and financial crisis has thus far proved inadequate. The U.S. recently passed a landmark in its recovery when fourth quarter 2011 data showed the first quarterly increase in consumer borrowing since 2008. The odds are that consumer debt has now turned a corner, and will continue to increase. The pickup in borrowing should support consumer spending and aid a recovery in housing. The consumer, however, will probably also continue to delever or reduce the ratio of consumer debt to consumer income.

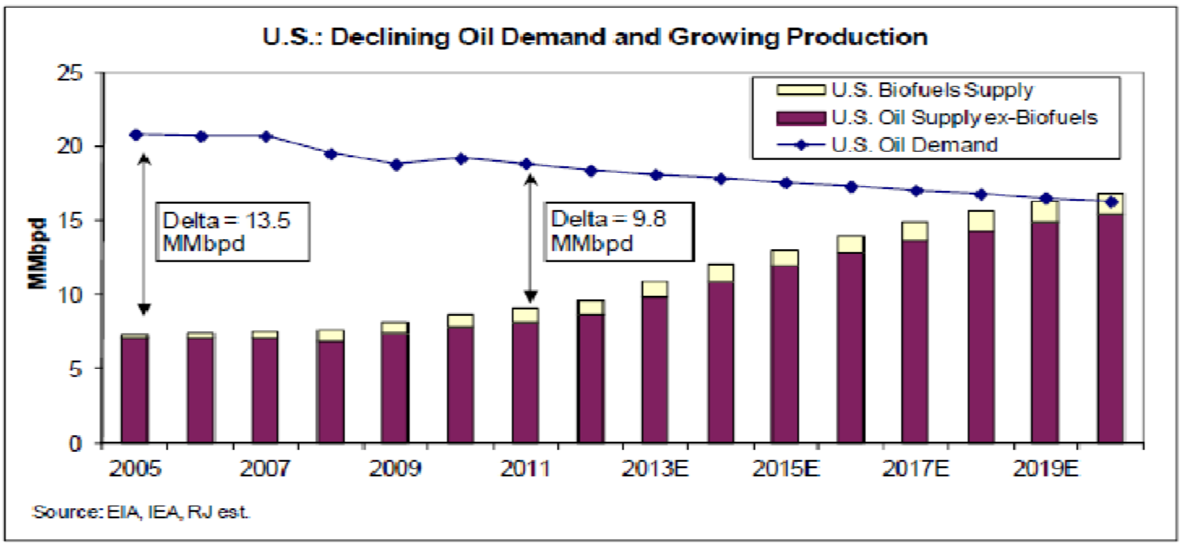
Housing May Have Turned The Corner

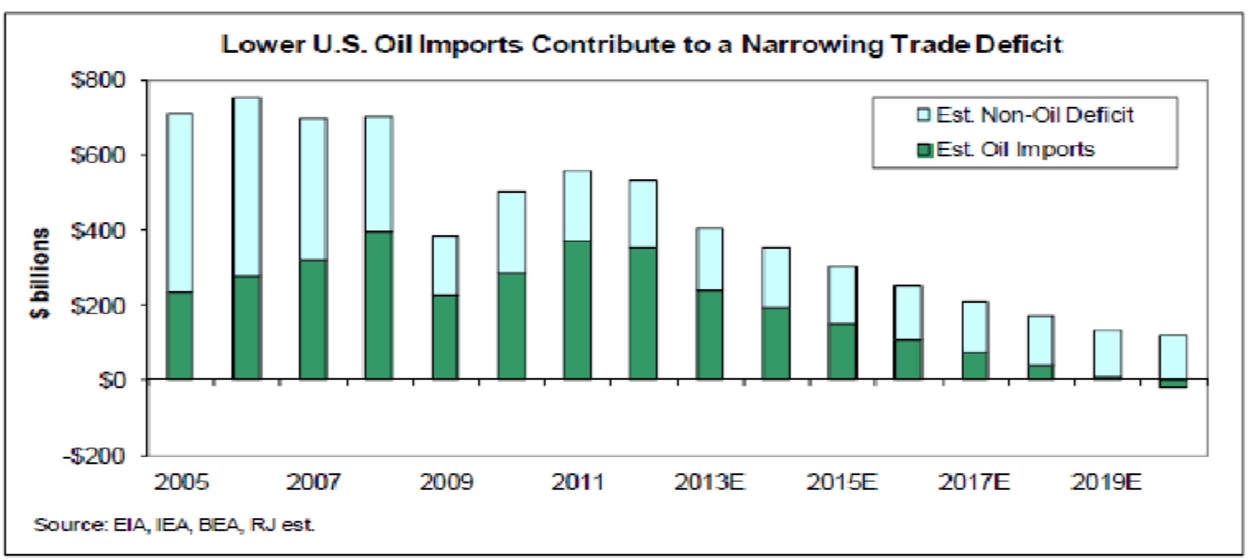
Housing has stabilized and arguably turned the corner as home building permits rose to a 3.5 year high in February. Housing starts are forecast to increase 15%-20% to over 700,000 units in 2012, albeit still well below the 1.4 million average of the past twenty years. So while the recovery in housing is clearly good news, it should be emphasized that we are now operating from a much lower base post the 1995-2005 housing bubble.

Energy & Manufacturing Renaissance, Continued

The energy boom in North America and the related renaissance in U.S. manufacturing (plentiful supply and low cost natural gas and liquids provide a meaningful competitive advantage to U.S. based manufacturing) represent a positive offset to the decline in the size of our domestic housing sector. In fact, "energy and manufacturing" for "housing" is a favorable trade off for both our economy and our national security.

We have written at length before about the amazing resurgence in U.S. oil and gas production. A number of industry analysts believe the U.S. is well on the road to energy independence. Raymond James forecasts that by the end of this decade our net import of crude oil will reach essentially zero, representing a gain of about $400 billion in our trade balance. This is based on the continuation of current trends of declining oil consumption (the U.S. economy is steadily becoming less oil intensive) and growing liquids production. Over the past three years, 2009-2011, while the domestic housing market has been in a historic downturn, the U.S. has created more incremental oil supply than any other country in the world. In 2011, U.S. oil imports declined to a twenty year low, and U.S. oil production increased to a fifteen year high. Simply put, we are consuming less and producing more, and these trends are likely to continue. This energy renaissance has occurred due to remarkable technological innovation and American knowhow that has opened the door to vast resources of unconventional liquids and natural gas. All of this has been accomplished despite regulatory roadblocks and without the government assistance that characterizes the policy of most other major oil producing countries around the world.





In conclusion, the renewal in American energy and manufacturing appears to be reaching a positive tipping point. A U.S. economy more tied to manufacturing and energy and less tied to housing is a good thing. Manufacturing and energy have the largest multiplier effect of all the major sectors of our economy according to the Bureau of Economic Analysis (followed by information technology, agriculture, and construction). The jobs are higher paying, the output is higher value added, and both resource development and manufacturing confer global strategic and competitive advantages. This is a positive trade off for U.S. growth and productivity over the longer term.

Market Outlook

Despite improving fundamentals in the domestic economy, stocks are due for some consolidation after gains of better than 20% in the past six months. There are certainly a lot of cross currents in today's market and we try to summarize some of the positives and negatives in the chart below. From a big picture level, very solid fundamentals are offset by continued macro concerns. These include in order of importance to investors: the European Financial and Banking Crisis; the looming U.S. National Debt Crisis; Middle Eastern Turmoil and the Iran Nuclear Crisis; the Chinese Economy and its ability to avoid a hard landing; and the upcoming Presidential Election.

Expect the election to move up in importance as we approach midsummer and its outcome will certainly have a profound effect on how we deal with our fiscal debt crisis and the prospects for meaningful tax and entitlement reform. We are running out of time, but the President's Bipartisan "Simpson Bowles" Deficit Commission (January 2011 Report) certainly provides a good blue print if we finally decide to tackle federal spending and entitlements and to rationalize government.

Despite the crippling overhang of the federal debt crisis, the longer term fundamental picture for the U.S. economy is potentially very bright. Multi year positives for the U.S. include: an Energy and Manufacturing Renaissance (see above); a housing recovery that has barely begun; agricultural sector strength as U.S. farmers and farmland continue to benefit from one of the great bull markets of modern times – the rising global demand for food as the burgeoning middle class in emerging market countries continue to increase the amount of protein in their diet and to increase consumption levels; and finally a corporate sector that is lean, very profitable, and well capitalized with almost no net debt and mountains of cash to invest as opportunities arise, uncertainty reduced and confidence increases.

Finally, central banks and governments around the world are in a stimulative mode that strongly supports asset prices. The ECB recently eased and provided liquidity to support its banks and the sovereign debt market; China, Brazil and now India have all moved to cut rates, joining earlier moves by Australia and Japan among others. ISI Group recently counted 130 stimulative policy initiatives (fiscal and monetary) announced around the world over the past seven months. This should provide a tailwind to growth and to equities during 2012.

MARKET OUTLOOK

Positives

Multi-Year Trends:

Energy & Manufacturing Renaissance in North America

- Increasing U.S. oil production and declining domestic oil consumption puts U.S. on the path to energy independence – essentially zero oil imports projected by decade end
- Record low natural gas prices benefit both U.S. consumers and manufacturers: U.S. natural gas prices are currently $2, prices in the rest of the world average about $12. Cheap natural gas a competitive advantage for U.S. manufacturers.

Housing has turned the corner and could enjoy a sustainable multi year cycle

America Feeds the world: U.S. farmers and farmland should continue to be primary beneficiaries of global agricultural bull market, one of the greatest bull markets in modern history…

Favorable demographics in the U.S. for growth versus the rest of the developed world

Miscellaneous:

- The Great Re-Allocation Trade: March bond mutual fund inflows were +$34 billion, extending what is arguably a bubble; at some point do investors re-allocate capital out of fixed income and into stocks
- Strong Corporate Fundamentals: Cash, Cash Flow, and Profits at record levels and still growing
- Wave of Stimulative Policy initiatives underway around the world

Negatives

Macro Concerns:

European financial and banking crisis

Middle Eastern turmoil & Iran nuclear crisis

The Chinese Economy:

- Can China slow to sustainable growth levels and transition to a more consumer demand driven economy and avoid a hard landing…
- Can China manage through its real estate and construction "bubble"

U.S. federal debt crisis: Enters center stage in early 2013

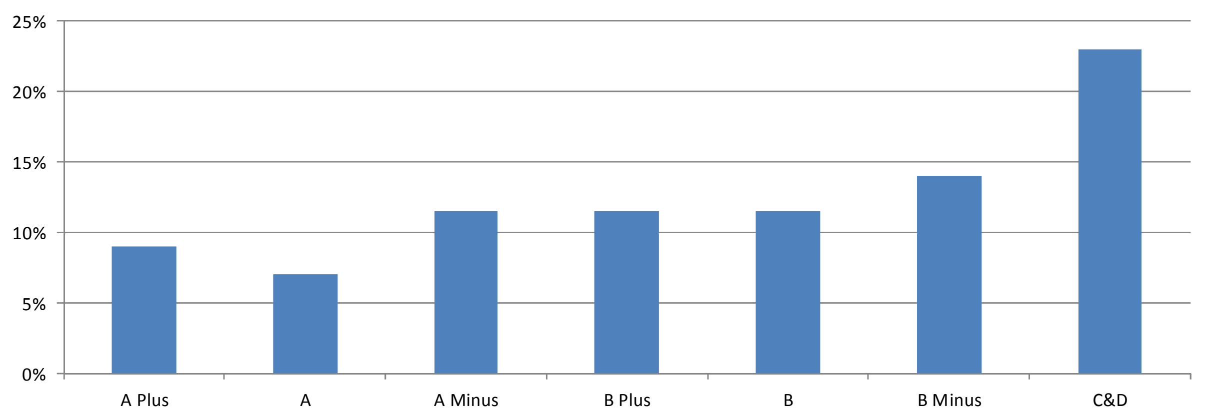
- Growing U.S. federal debt, if not addressed, will ultimately cripple the U.S. economy and fundamentally weaken the U.S. and its global leadership – see Europe.
- The U.S. Presidential Election likely to determine how we will we tackle it – through meaningful entitlement and tax reform and a rationalization of government or through bigger government and a smaller private economy

Tax rates in the U.S. likely to increase no matter who wins election: tax rates on dividends and investment income, and on capital gains are set to go up substantially in 2013. Marginal income tax rate also scheduled to increase by some 13%.

Composition Of Market Performance

The gains in our equity composite trailed the S&P 500 Index in the quarter. Part of the reason for our underperformance in the quarter is our continued focus on long term fundamentals and sustainable growth. Our portfolio is positioned more conservatively than the broad market index in terms of both sector allocations and higher quality equity holdings, and its emphasis on dividend income. During the first quarter, lower quality stocks (as ranked by Standard and Poor's based on historical growth and stability of earnings and dividends) significantly outperformed, and returns were generally weaker as one moved up the quality spectrum:

Chart1: Performance by Quality Index, Q1 2012



Source: BofA Merrill Lynch US Equity & US Quant Strategy

Financial Stocks Outperform

Specifically, Financial Stocks were the top performers in the quarter and we remain underweighted in this sector. Money center banks feared to again be on life support, Bank of America and Citigroup rose 75% and 37% respectively. We do believe select names in banking and credit can gain market share and distinguish themselves (Wells Fargo, JP Morgan and PNC Bank, as examples), but a deleveraging consumer and deleveraging domestic economy limit industry growth. Thousands of pages of new federal banking rules and regulations, the content and impact of significant parts of which is still unknown more than two years after it was legislated, further hampers the future growth and profitability of the industry.

The last spike in financial markets was driven by lax regulatory oversight, unbridled growth in unsustainable and marginal markets (mortgages and housing bubble, low quality borrowers, etc.) and illusory trading profits. Those days are over and unlikely to return for some time. We have made money by being long financials in the past during better regulatory environments and in more constructive business cycles. In the last downturn, one of the things we got right is we saved our clients significant amounts of money by scaling back our exposure to financials prior to the housing and mortgage-related financial debacle from 2008-2010. To date, we remain underweighted in financials and focused on the highest quality financials in terms of capital, earning sustainability, balance sheet strength, prospective dividend growth, and strength of management.

Consumer, Discretionary & Technology Also Enjoy Strong Quarter

Consumer discretionary stocks were also a top performing sector, due mainly to strong performance from automotive and housing related stocks. These are two areas we are unlikely to be particularly active in as long term investors and where reliable returns have been difficult to achieve.

Finally, Technology was another top performer, and here our stock selection added value but our underweight relative to the index diminished the impact on the overall portfolio return.

Cypress Portfolio Strategy: Core Sectors

Consumer Non-Durable Franchise Stocks:

Consumer Non-Durable Stocks, (think Coca Cola, Nestle, Procter & Gamble or Diageo) are well capitalized, global, consistent growth investment vehicles. They are decidedly unsexy investments: the earnings are stable and predictable, their balance sheets are normally excellent, their dividend growth is both consistent, admirable and sometimes awe inspiring when viewed over a longer time frame. Finally, despite their boring reputation, consumer non-durable stocks have some of the best global growth prospects in all of investing. Many of the high quality consumer and non-durable stocks we invest in are well past the inflection point where the faster global and emerging market growth is impacting their bottom line. We are often surprised at outperformance in growth expectations in consumer non-durable stocks directly as a result of their relative and significant international strength.

We remain overweight consumer staples in our composite and it provides a core long term foundations for all our portfolios. The fact that the sector only returned 4.75% in the first quarter (our holdings actually performed significantly better than the sector average, but still underperformed the index) does not alter our positive longer term outlook or their attractiveness as total return stocks.

Energy

We believe the United States is in the midst of an energy renaissance. Industry technology and knowhow have turned energy into a growth industry again both in the United States and in the rest of the world. The rising global commodity price for oil has also dramatically improved cash flow. Oil and gas companies are reinvesting in new exploration, takeovers, and dividend growth. We believe energy fully participates in the global consumer and industrial expansion. Emerging market vehicle sales passed developed market sales in 2009 and should account for roughly 60% of the total by next year, auguring well for the future prospects of hydrocarbons.

MLPs

Most master limited partnerships (MLPs) are energy infrastructure plays: pipelines, processors, storage providers, middle men in the growing energy business. They are toll takers in the energy network; as volumes grow, MLP's generally grow their revenues and profits. They are clearly benefiting from the energy renaissance in North America, and can be viewed as "growth utilities". MLPs underperformed in the first quarter, the Alerian MLP Index produced a total return of only 2% (our holdings did significantly better than this), as investors rotated away from more defensive areas. MLPs are unique because they pay out most of their earnings in dividends, and they remain an important part of our equity income strategy.

Industrials

Industrial stocks are participating in the global growth phenomena and infrastructure development throughout the emerging markets. In addition, the weakness in the dollar makes domestic U.S. industrial companies particularly competitive. International sales are already a large part of industrial markets so incremental growth opportunities have a very meaningful impact on profits and cash flow. Many industrials have great balance sheets and cash flow and most grow the dividend at an above average rate. As discussed above, we see the resurgence in U.S. oil and gas production as directly benefiting U.S. manufacturing and industrials. Cheap and plentiful energy (Natural Gas in the U.S. is currently at $2 compared to an average price of $12 in the rest of the world) in a significant competitive advantage for U.S. manufacturing, and provides flexibility in production and sourcing. The renaissance in energy and manufacturing in America is a still developing trend and investment theme.

Conclusion

The overall Cypress investment strategy places a premium on preserving our client's capital through investing in companies with sustainable businesses and growth prospects. It emphasizes growth and income, favoring companies that are committed to growing their dividend and returning cash to shareholders. We believe that not only is the dividend an important part of the long term return from equities but an important source of stability and support in volatile market conditions.

Cypress Asset Management – April 2012

Good News

China
China's economy grew 8.1 percent in the first quarter, 2012, down from 8.9 percent in the 4Q, 2011. Although it marks a continued slowdown, any number above 8 percent, combined with strong March lending data, should counter the most bearish predictions of a hard landing for the time being. *Financial Times, 4.13.12*

China's weekend reform of its currency regime nails shut the coffin on the last remains of doubt about whether the world's second biggest economy has successfully steered a course past a hard economic landing. *CNBC.com 4.18.12*

Chinese widening yuan band show confidence in strength of economy. China's doubling of the yuan trading band signals official confidence in the strength of the economy's expansion and suggest policymaking is unimpeded. *Bloomberg 4.15.12*

Bo Xila's downfall and arrest of his wife on suspicion of murdering a UK citizen may have a stabilizing influence on China's economy by unifying Communist Party before a once-in-a-decade leadership transition. *Bloomberg 4.13.12*

China's growth numbers coming in better. PMI, auto sales, exports all beat expectations. *JP Morgan US Equity Trading Desk Commentary 4.12.12*

ISI company survey of China sales has stabilized well above hard-landing level. *ISI 4.9.12*

Japan and Rest of Asia
Japan's core machinery orders rose unexpectedly in February 2012. Rebuilding of earthquake battered northeast will bolster corporate spending and economic recovery. *Reuters 4.10.12*

Japanese orders from manufacturers rose 16 percent from the previous month, boosted by demand related to shipbuilding and chemical sectors while non-manufacturing orders rose 2.3 percent as smartphones fuelled orders for telecom equipment. *Reuters 4.10.12*

Japanese bank lending rate rose .8 percent in March, following a .6 percent increase in February, reflecting growing demand for funds related to reconstruction post-earthquake. *Reuters 4.10.12*

Europe
Euro Zone boosts bailout firewall to $1.06 trillion. *CNBC.com 3.30.12*

German employment continues to surprise on the upside. *ISI 4.2.12*

United States

First quarter 2012 US stock market returns are strongly positive and historically significant. S&P 500 generated a 12.6% return for the first quarter, the best quarterly performance since the third quarter of 2009 and the strongest first quarter since 1998. It was the second quarter in a row which produced double digit returns. The unweighted S&P 500 return is posting its biggest annualized return in a bull market in the last 22 years. *Seeking Alpha.com 4.4.12, Bloomberg 4.11.12*

House sales in America are picking up across most of the country, the plunge in housing prices is slowing and attempts by lenders to reclaim properties from borrowers dipped in 2011 to a four year low. The supply of houses listed for sale in February was 2.43 million, the fewest for the month since 2005. *WSJ.com 3.11.12*

Bad News

China
China exports have been increasing more slowly since the global financial crisis and the outlook remains bleak. As for investment, although China still needs far more spending on infrastructure, its capital good expenditures account for almost 50 per cent of its economy, a level that is seen as unsustainable by many economists and officials. *CNBC. Com 4.18.12*

Europe
<u>Daily Debt Debacle Deja Vu</u>

Spain economic woes rattle investors as European market slides. The yield on Spain's 10 year benchmark has jumped nearly one percentage point to 5.84% since March, 2012. Spanish government warned public debt will surge to a record 79.8% of GDP as austerity measures are imposed. *Bloomberg 4.5.12*

Spanish home prices posed to fall the most on record in 2012, leaving one in four homeowners owing more than their properties are worth. *Bloomberg 4.2.12*

The euro zone's public debt crisis is not over yet despite calmer financial markets this year. OECD warns that the euro bloc's bank remains weak, debt levels are still rising and fiscal targets are far from assured. *Reuters 3.27.12*

Measures such as Spanish cement consumption plummet to 1980's levels. *ISI 4.2.12*

<u>Swiss Banking Debacle</u>

Swiss court rejects disclosure of Credit Suisse client data. Swiss court ruled that Credit Suisse can't disclose a client's account data to US tax authorities. *Bloomberg 4.11.112*

United States

Investors hold most bonds since September 2010. Investors held 22.6% of their portfolios in bonds or bond funds, 33rd month that fixed income allocations have been above their historical average of 15%. *CNBC.com 3.1.12*

Record Treasury demand keeps yields low as supply shrinks. Investors are plowing into Treasuries at a record pace as the supply of the world's safest securities dwindles. Since the financial crisis the growth in the money supply in the US has outstripped the rate of growth of the value of assets, leading to a "liquidity overhang", causing investors to purchase bonds in order to put cash to work. *Bloomberg 4.9.12*

US union pensions' hole deepens to $369 billion. The hole in the pension plans of US labor unions now stands at $369 billion according to Credit Suisse. Multi-employer pensions, managed by trade unions on behalf of members working for many employers, are now just 52 percent funded. The underfunded pensions raise the prospect for higher pension contributions for employers and deteriorating industrial relations. *Financial Times 4.8.12*

Student loan debt tops $1 trillion. The total amount Americans owe on student loans is far higher than estimated. Total student debt outstanding appears to have surpassed $1 trillion. Student debt could further depress a recovery in the housing market with payments for student loans crowding out saving for a housing down payment. *WSJ.com 4.12.12*

Good News (continued)

The February 2012 supply of unsold homes listed for sale was down almost 50 percent year over year in markets such as Miami, Phoenix and Oakland. *Bloomberg 3.29.12 and Reuters 4.5.12*

Facebook plans $5 billion IPO in May. *Bloomberg 3.30.12*

JP Morgan earnings beat estimates on mortgage lending gains. *Bloomberg 4.17.12*

Wells Fargo profit rises as a result of improvement from mortgage loans. *Bloomberg 4.13.12*

ISI company surveys start the 2nd quarter of 2012 with widespread gains, led by auto dealers and retailers. *ISI 4.9.12*

Natural gas prices are down to record lows. Good sign for manufacturing, gives US distinct energy cost advantage for manufacturing sector. *ISI 4.9.12*

US housing has turned a corner. ISI homebuilder's sales survey back to 2001 levels. *ISI 4.4.12*

US corporate profits and US corporate cash flows have exploded on the upside. *ISI 3.29.12*

Surge in cash balances worldwide. Cumulative world cash up to $14 trillion. *ISI 3.19.12*

Multi Year positives for the US: manufacturing renaissance, energy boom, housing recovery, agriculture sector strength, Emerging market strength, simulative policy initiatives globally.

Energy Renaissance

US oil imports decline to 20 year low; US oil production increases to 15 year high. *ISI 3.5.12*

Over the three year period, 2009-2011, the US contributed more incremental oil supply than any other country (OPEC or non OPEC), reaching 8.1 million barrels per day in 2011. In addition, demand has declined. Combining rising supply and declining demands equates to a substantial reduction in the US net oil import requirement and trade deficit. *Raymond James 4.2.12*

Cheaper natural gas prices should stimulate resurgence in US manufacturing, especially in the energy-intensive sectors such as fertilizer and petrochemicals. *Raymond James 4.2.12*

The coal industry will suffer the same fate as Osama bin Laden under new climate regulations proposed by the EPA, head of the United Mine Workers of America. *CNBC.com 4.4.12*

Natural gas rig count continues to decline, oil rig count is now 2 times the natural gas rig count. Baker Hughes US natural gas rig count is down 20 percent year to date. The Marcellus rig count is down 25 percent since October 2011, Haynesville rig count has fallen 43 percent over same period. *Raymond James 4.10.12*

Bad News (continued)

Americans brace for next foreclosure wave. More Americans face the prospect of losing their home in 2012 as banks pick up the pace of foreclosures. *Reuters 4.5.12*

United States: The Corporate Tax Global Leader

In April, 2012, America will have the highest corporate income tax rate in the world. The US tax rate is 39.2 percent versus the OECD average of 25 percent.

Obama's Budgets

Obama federal budget deficits: 2009-2011 federal deficit averaged a huge -$1.3 trillion. Now, on top of record 3 year deficit levels, the deficit for first half of FY 2012 is running at -$1.4 trillion annual rate. Troubling for third year of an economic recovery. *ISI 4.10.12*

Entitlement Spending vs. Defense

Spending on guns versus butter continues to decline. US entitlement spending was balanced in the 1980's. It is estimated that entitlement spending versus defense spending as a percent of GDP, has increased to 10 percent versus 4.8 percent in 2010. It is projected that entitlement spending will grow to 10 percent versus 3 percent by 2015. *The Gartman Letter, 3.2.12*

Interest payments will exceed defense budget in 2019. *The Weekly Standard 4.5.12*

Miscellaneous

Businesses in the US increased inventories in January 2012 at a faster pace than projected, led by the biggest jump in automobile stockpiles in more than a year. *Bloomberg 3.13.12*

Three major banks prepare for possible credit downgrades. Moody's has said it will decide in mid-May whether to lower its ratings for 17 global financial companies, including Morgan Stanley, Bank of America and Citigroup. *NYT 3.30.12*

IPO's suffer start to 2012. IPO's globally raised at least $15.8 billion in the first quarter 2012, the least since 2009. *Bloomberg 3.30.12*

Global takeovers drop in quarter. Global takeovers slumped for the third straight quarter as companies funneled cash into share buybacks and new product. The US and Asia led the decline in deals in the first quarter 2012. *Bloomberg 3.29.12*

The Big Picture

Cost of aging rising faster than expected: IMF. People worldwide are living three years longer than expected on average, pushing up the cost of aging by 50 percent. Society would need extra resources equal to 1 to 2 percent GDP per year. Governments and pension funds are ill prepared. *Reuters 4.11.12*

Improving US housing market driving economy: Jamie Dimon of JP Morgan Chase. *CNBC.com 3.28.12*

1Q 2012

Mergers & Acqusitions
One bigger deal, lots of small deals:

- Sesa Goa takes stake in 4 subsidiaries of Vendanta, $9.49 Billion
- Group led by Mofcom and HSBC takes 16% stake in Bank of Commerce, China, $8.7 Billion
- Roche Holdings bids for Illumina, $7 Billion
- Itau Unibanco acquires 50% of Redecard, $6.85 Billion
- UPS bids for TNT Express, $6.7 Billion
- Deutsche Bank buys 40% of Deutsche Post, $5.1 Billion
- Pentair buys Tyco flow control division, $4.5 Billion
- Cisco buys NDS Group, $4 Billion
- ABB acquires Thomas & Betts, $3.88 Billion
- Eastman Chemical acquires Solutia $3.45 Billion
- Advent and GS Capital bid for TransUnion $3 Billion
- Outokumpu buys Thyssen Krupp (Inoxum) $3 Billion
- BCE buys Astral Media $2.9 Billion
- Kellogg acquires P&G’s Pringles brand $2.7 Billion
- Dainippon Sumitomo Pharma buys Boston Biomedical $2.63 Billion
- Bristol Myers buys Inhibitex $2.5 Billion
- Alibaba Group buys 27% of Alibaba China $2.48 Billion
- CVC Capital Partners acquires Ahlsell $2.36 Billion
- Zayo purchases AboveNet $2.28 Billion
- Conscorcio Aeroportos Brasil buys Aeroporto Int’l de Viracopos $2.2 Billion
- Asahi Kasei buys Zoll Medical $2.2 Billion
- Oracle buys Taleo $2.06 Billion

Energy and Resources (related posts)

- Glencore Int’l bids for 66% of Xstrata, $39.8 Billion
- GDF Suez buys 30% of International Power for $9.56 Billion
- Apollo, Riverstone, KNOC,Access Ind. Purchases EP Energy Corp, $7.15 Billion
- Glencore Int’l acquires Viterra, $6.17 Billion
- TonenGeneral Sekiyu buys 99% of ExxonMobil Yugen $3.94 Billion
- Pembina Pipeline purchases Provident Energy $3.2 Billion
- Apache purchases Cordillera Energy Partners III $2.85 Billion
- 1Malaysia Development acquires Tanjong Energy $2.8 Billion
- Williams Cos buys Caiman Eastern Midstream $2.5 Billion
- Ichan Enterprises purchases 85% of CVR Energy $2.28 Billion
- PTT bids for Cove Energy $1.75 Billion
- Agrium purchases Viterra (Agri-products) $1.67 Billion
- Royal Dutch Shell bids for Cove Energy $1.56 Billion