
Syntroleum Corp.
SYNM - \$6.97 – NYSE

Recommendation: Cover Short Sale

Reasons For Closing Out Short Sale Recommendation

Sold Short 9-20-2005 @ \$16.00

Cover Short 10-31-05 @ \$6.97

Profit + \$9.03 + 56.43%

Holding period: 30 days

- **We have over a \$9 per share profit or 56.4% in a little less than one month.**
- **We feel that this is time to take a profit and not get too greedy.**
- **Reasons we gave for selling SYNM short:**
 - Extreme overvaluation: 15 times book value, 120 times sales. \$900 million market cap.
 - Zero net revenue next year in 2006 (Gross revenue less royalties + bonuses +overriding royalty).
 - Unproven technology.
 - Negative free cash flow of \$55.87 million over the trailing 12 months.
 - Additional dilutive capital needed.
 - Much bigger competitors.
 - Alternative fuel investor hype.
 - Over 14 quarters in a row of unprofitability, with many more to come.
 - Stock price has tripled over the last 52 weeks.
- **This one was a lay-up!**