

BAML Capital Partners

IPAA Private Capital Conference

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BAML Capital Partners, Oil and Gas Investing

John Shimp, Managing Director

Overview of BAML Capital Partners

Legacy:
**Banc of America Capital
Investors (“BACI”)**

Legacy:
**Merrill Lynch Global
Private Equity (“MLGPE”)**

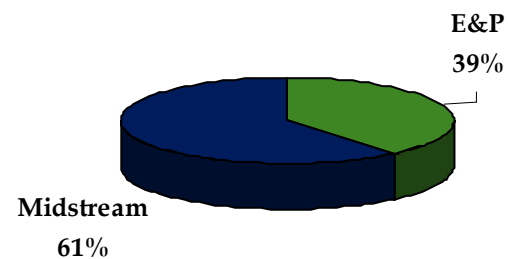
Newly formed:
**BAML Capital Partners
 (“BAMLCP”)**

- BAMLCP represents the combination of the legacy Bank of America and Merrill Lynch private equity groups
- Manage more than \$5 billion in assets today
- Team consists of ~45 investment professionals investing across a variety of industries
- Offices in Charlotte, New York and London
- Plan to invest \$500-600 million per year with Bank of America as sole limited partner
- Top quartile investment performance since 1993

BAMLCP's Oil and Gas Portfolio

- Typical investment size: \$25 million - \$200 million
- >\$300 million of committed / invested capital in oil and gas companies
- Oil and gas investments split between midstream and E&P
- Oilfield service is a sector of growing interest

Oil & Gas Concentration⁽¹⁾



⁽¹⁾ By committed capital; includes current BAML portfolio only and investments since 2005

BAMLCP's Recent Oil and Gas Investments

- Successful track record of oil and gas investing
- 7 investments in oil and gas companies since 2005
 - >\$300 million in committed / invested capital
 - 5 Club / Co-Sponsored Equity
 - 1 PIPE
 - 1 co-investment

Investments	Date	Company Description	Amount invested or committed (\$ millions)
<i><u>Current</u></i>			
Beacon E&P LLC	Jul-09	Start-up E&P	\$25
Indigo Minerals LLC	Dec-07	E&P and mineral interests	\$60
M2 Midstream LLC	Aug-07	Midstream gatherer and processor	\$92
DCP Midstream LP	Aug-07	Midstream MLP	\$20
Celero Energy LP	Nov-06	Diversified E&P	\$18
Targa Resources	Oct-05	Integrated midstream	\$50
<i><u>Former</u></i>			
Momentum Energy Group	Apr-06	Midstream gatherer and processor	\$50

BAMLCP's Oil and Gas Investing Focus

- **Interested in companies at various stages in the oil and gas life cycle:**
 - Nearly all of our oil and gas investments have been in companies at or near the start-up stage
 - We have the ability to offer structured equity/mezzanine solutions if warranted
 - Our large investment size range (\$25 million - \$200 million) allows us to fund a Company's continued growth
- **Active partner, not but an "operating partner":**
 - BAMLCP does not have an internal staff of geologists/petroleum engineers, but instead plays a more typical private equity investor role
 - Investment bank at BAML has deep commodity expertise that we leverage
- **Situation specific energy investor:**
 - We are focused on backing management teams with proven/repeatable track records that make sense to us on a case by case basis
 - We are willing to take on less debt than some other energy private equity investors
- **Can offer creative solutions to management teams:**
 - We can be flexible on management incentive structures; we understand one side doesn't fit all
- **Willing to work with other investors to round out a raise where an appropriate role exists**

Current Themes We Like

Upstream

- “Lease and drill” or “farm-in” strategies in areas with excess leased acreage
- Out of favor mature assets at the right price, with the right operations oriented team
- Natural gas is fine if the cost to find reserves and the entry price is low enough for a private equity player

Midstream

- Greenfield midstream in domestic unconventional plays
 - Many private equity backed teams are willing to fill this void
 - Need the right upstream partners/deal to make this work

Oilfield Service

- Strong companies/teams with balance sheet issues
- Management teams buying distressed assets with fresh capital

Contact Information

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John is a Managing Director for BAML Capital Partners based in New York. He has primary responsibility for the group's investment activity in the energy sector. John also has prior experience in retail, industrials and business services. He currently serves on the boards of M2 Energy, Indigo Minerals, Fleetpride and Bass Pro Group. In addition, he is responsible for investments in Beacon E&P, Celero Energy Company, LP, DCP Midstream Partners MLP, Harrah's, and Nexstar Broadcasting Group. Former portfolio companies of John's include: Celanese, Momentum Energy Group, Worldstrides, Mattress Giant and Varsity Brands.

John joined Banc of America Capital Investors in 2000. Prior to joining BACI, he spent four years as a consultant at McKinsey & Company where he advised clients in the Energy, Financial Services, Business Services, Chemicals and Manufacturing industries. Previously, he was a submarine officer in the United States Navy.

John holds an A.B. degree in chemistry and political science from Duke University, where he was elected to Phi Beta Kappa. He earned his M.B.A. from Duke's Fuqua School of Business.