
THE CARLYLE GROUP

GLOBAL ALTERNATIVE ASSET MANAGEMENT

Energy Mezzanine Opportunities Group

IPAA Private Capital Conference

Rahul Culas

Co-Head

Energy Mezzanine Opportunities

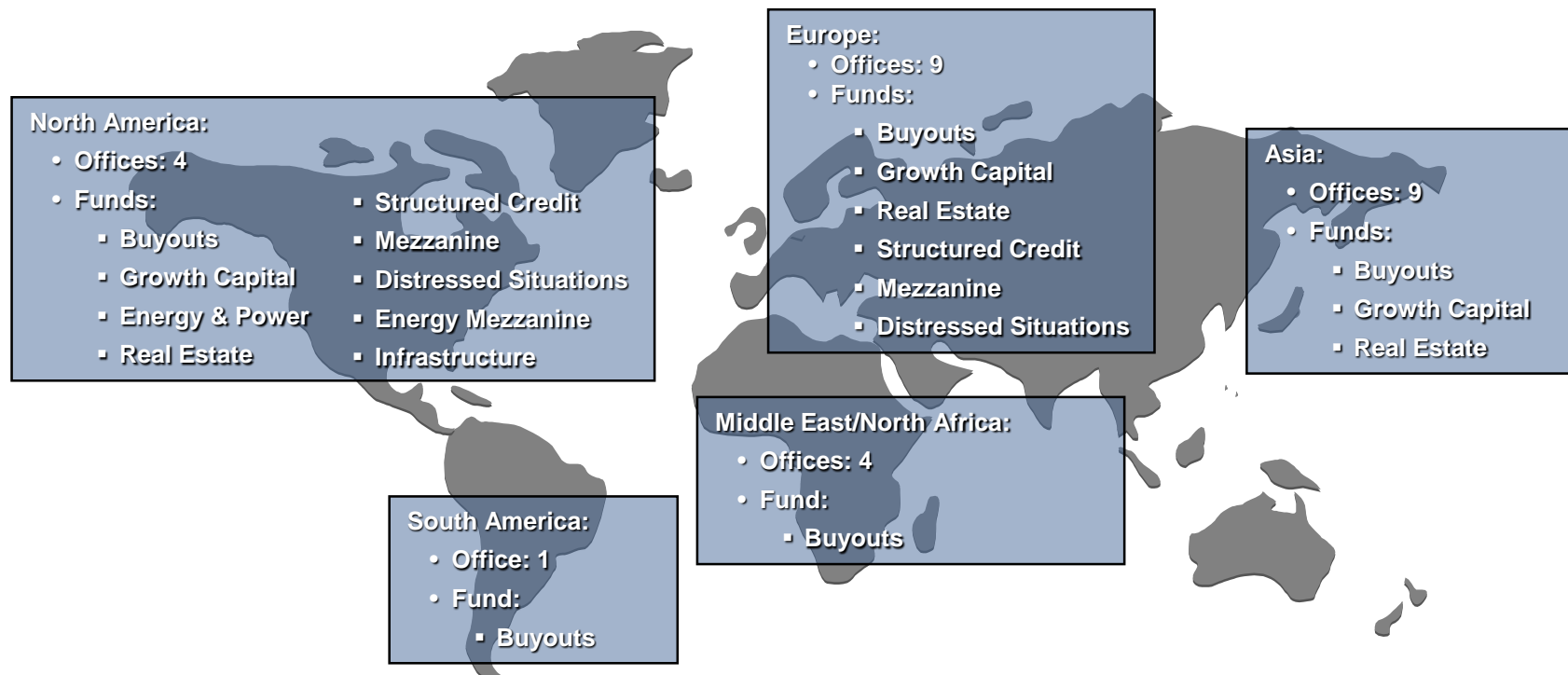
February 24, 2011



Overview of The Carlyle Group

- Established in Washington, D.C. in 1987
- One of the world's largest global alternative asset management firms today:
 - \$97.7 billion in capital committed to 78 private equity and debt funds

917 employees in 27 offices around the world



More than 1,300 investors located in 73 countries

Team Overview¹

Investment Committee

Bill Conway
Co-founder of
The Carlyle Group

Mitch Petrick²
Head of Global
Credit Alternatives
*Former Global Head of
Institutional Sales and
Trading at Morgan Stanley*

David Albert
Co-Head of CEMOF

Rahul Culas
Co-Head of CEMOF

Senior Advisors

Ron Harrell
*Former Chairman & CEO
of Ryder Scott*

Bobby Shackouls
*Former Chairman & CEO
of Burlington Resources Inc*

Senior Advisor 3

Senior Advisor 4

Investment Team

David Albert
Managing Director
Portfolio Manager
Co-Head of CEMOF
*Former Global Head of
Project & Structured Finance
at Morgan Stanley*

Rahul Culas
Principal
Co-Head of CEMOF
*Former Head of
Power Finance
at Morgan Stanley*

David Gibson
Vice President
Petroleum Engineer
*Former SVP at
Central Resources*

Daniel East
Vice President
*Former SVP at KGen Power and
Senior Director at Dynegy*

**Investment
Professional 7**

Julie Kim
Associate
*Former Analyst in
Project & Structured Finance
at Morgan Stanley*

Sun-Young Chung
Associate
*Former Analyst in
Mergers & Acquisitions
at Citi*

**Investment
Professional 8**

Notes:

1. As of February 21, 2011.

2. Chairman of the Investment Committee.

Energy Mezzanine Opportunities Group Overview

- We invest in projects and companies across the energy value chain, primarily in the US and Canada
 - Upstream oil and gas
 - Power generation (commercially proven technologies)
 - Energy-related infrastructure and processing assets
 - Mining and related natural resource assets
- Provider of capital for acquisitions, refinancings, and development and growth
- Investment process emphasizes flexible deal structures, rapid turnarounds, and straightforward negotiations
- Team headed by former Morgan Stanley Project & Structured Finance professionals who have spent their careers focused on investing in, and financing, energy projects
 - Full time reservoir engineer on staff

Investment Profile

Sector Focus	<ul style="list-style-type: none">• Upstream, midstream, downstream
Geographic Focus	<ul style="list-style-type: none">• US and Canada
Investment Size	<ul style="list-style-type: none">• Target \$25 million to \$100 million
Investment Tenor	<ul style="list-style-type: none">• 2 – 6 years
Return	<ul style="list-style-type: none">• Combination of current cash pay, PIK and equity kickers (e.g. warrants)

***We structure creative & flexible capital solutions
tailored for specific company needs***

Benefits & Advantages of Carlyle as a Financial Partner

Cost & Control

- Cheaper than private equity
- Allows management to retain full control
- Management friendly capital – not “loan-to-own” approach

Flexible & Efficient Capital

- Can close quickly
- Structurally flexible
- Streamlined credit and investment approval process

Solution Provider

- Healthy risk appetite for more challenging capital requirements
- Extensive relationships with banks and hedge counterparties
- Houston presence
- Full-time reservoir engineer on staff

What We Look For

Management

- Strong operating capabilities
- Proven track record
- Industry expertise

Assets

- Focus on quality project, not long track record alone
- Leverage specific to assets / production

Risk

- Reserves development and engineering play
 - Not pure exploration risk
 - Not price play

Financial

- Strong cash flow that withstands downside scenario
- “Skin in the game” from owner / developer
- Total return: more than bank debt, less than equity

What We Need

- To Get Started:
 - Overview of development opportunity
 - Financial model / historical statements
 - Meeting with management team
 - Development Plan (projects, properties, timing, funds required, schedule, forecast of outcomes)
- To Get to Financial Close:
 - Reserve report / Resource feasibility study
 - Meeting with technical staff / third-party consultants
 - Site visit

Contact Information

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