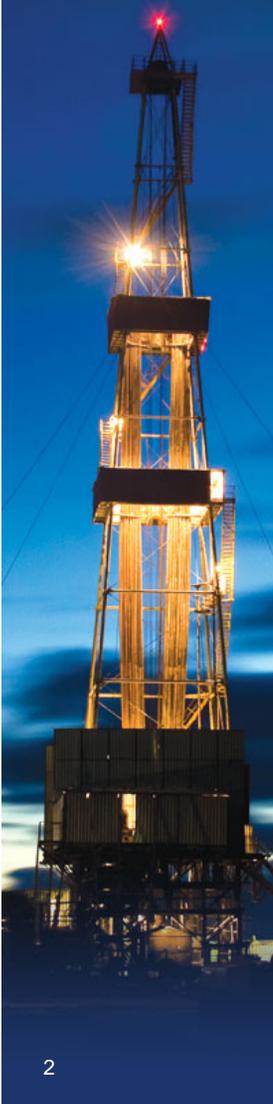


Natural Gas Investment Climate

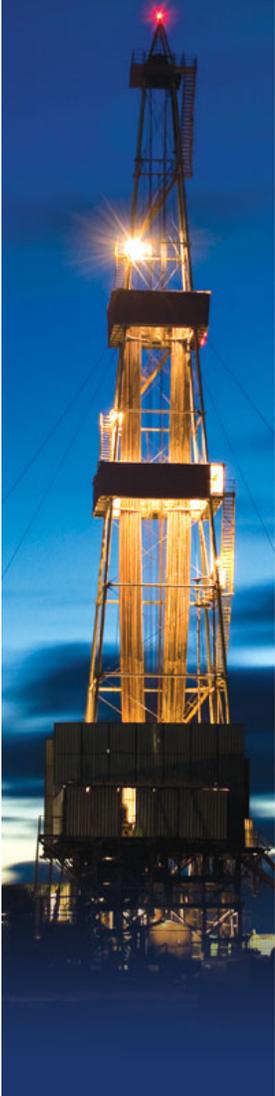
March 29, 2011

Chris Miller
Managing Director
Co-Head North American Energy



Topics

- I. The Investor's Perspective
- II. Financing Sources
- III. Capital Markets Strength

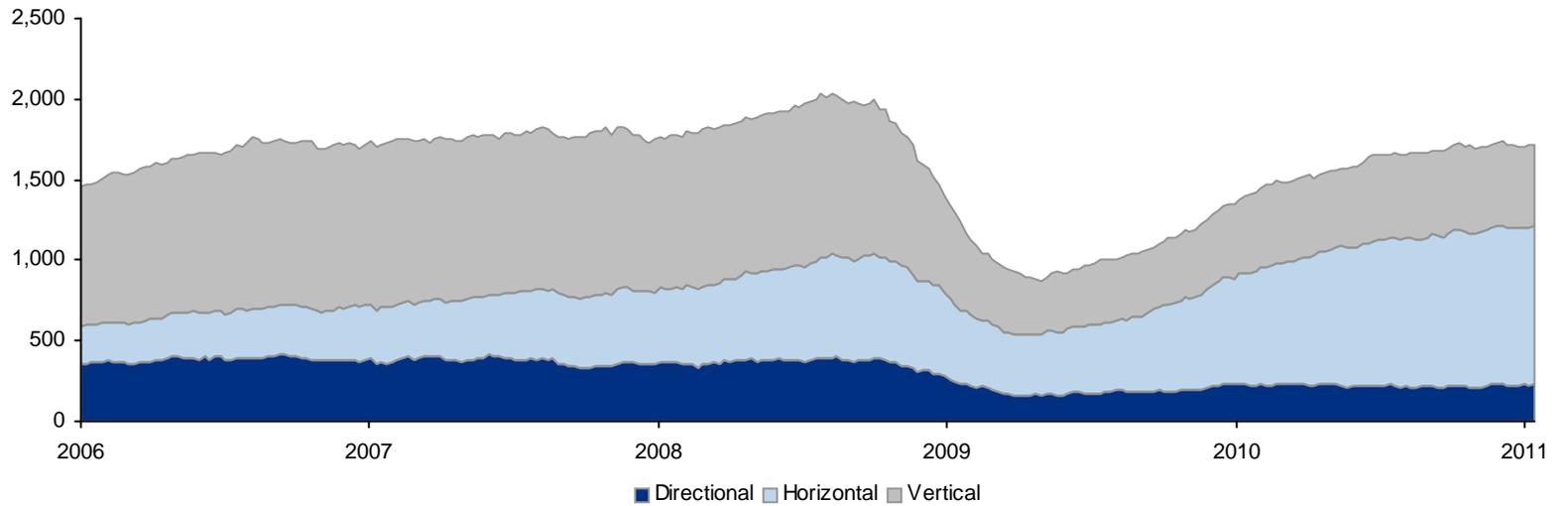


I. The Investor's Perspective

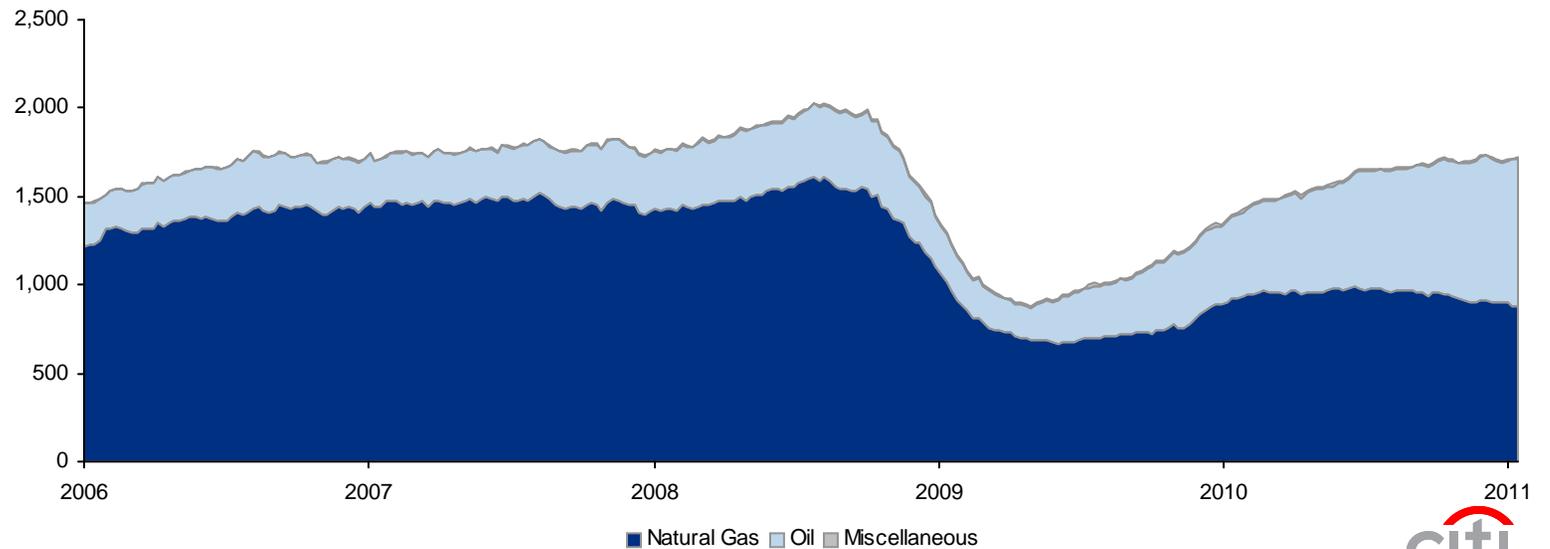


Producers Continue to Excel

North American Rig Count by Drilling Type

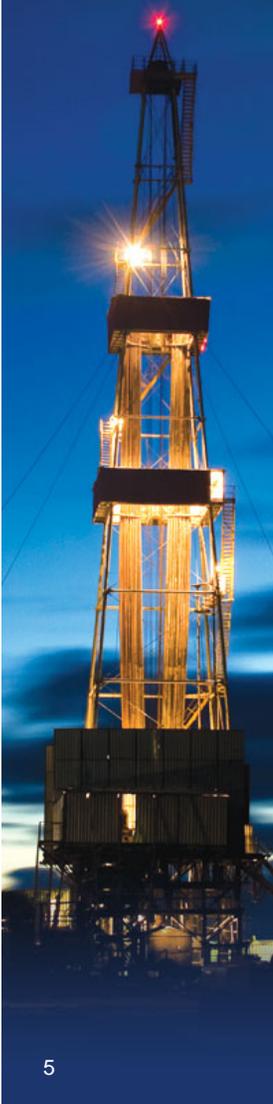


North American Rig Count Oil / Natural Gas Split

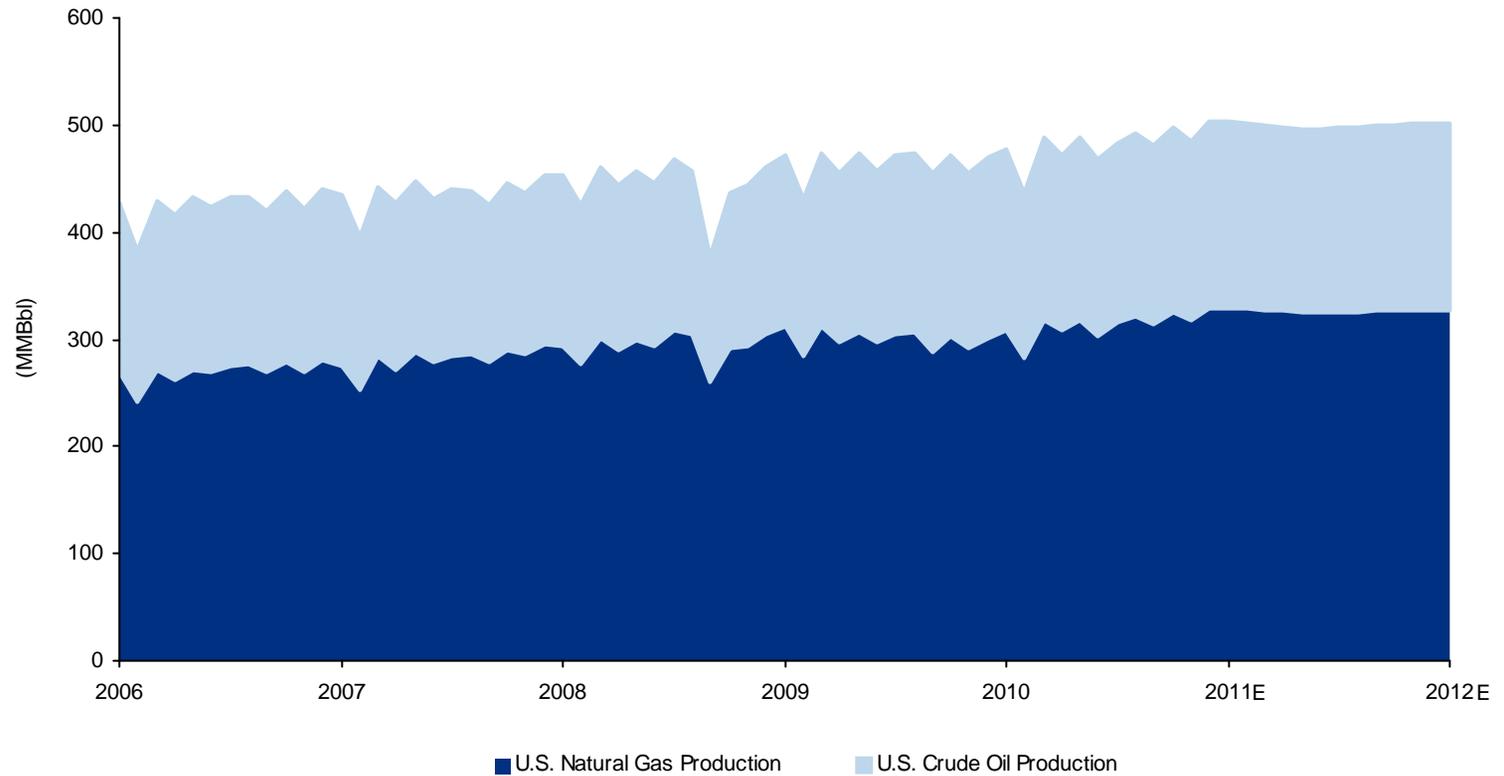


Source: Baker Hughes.





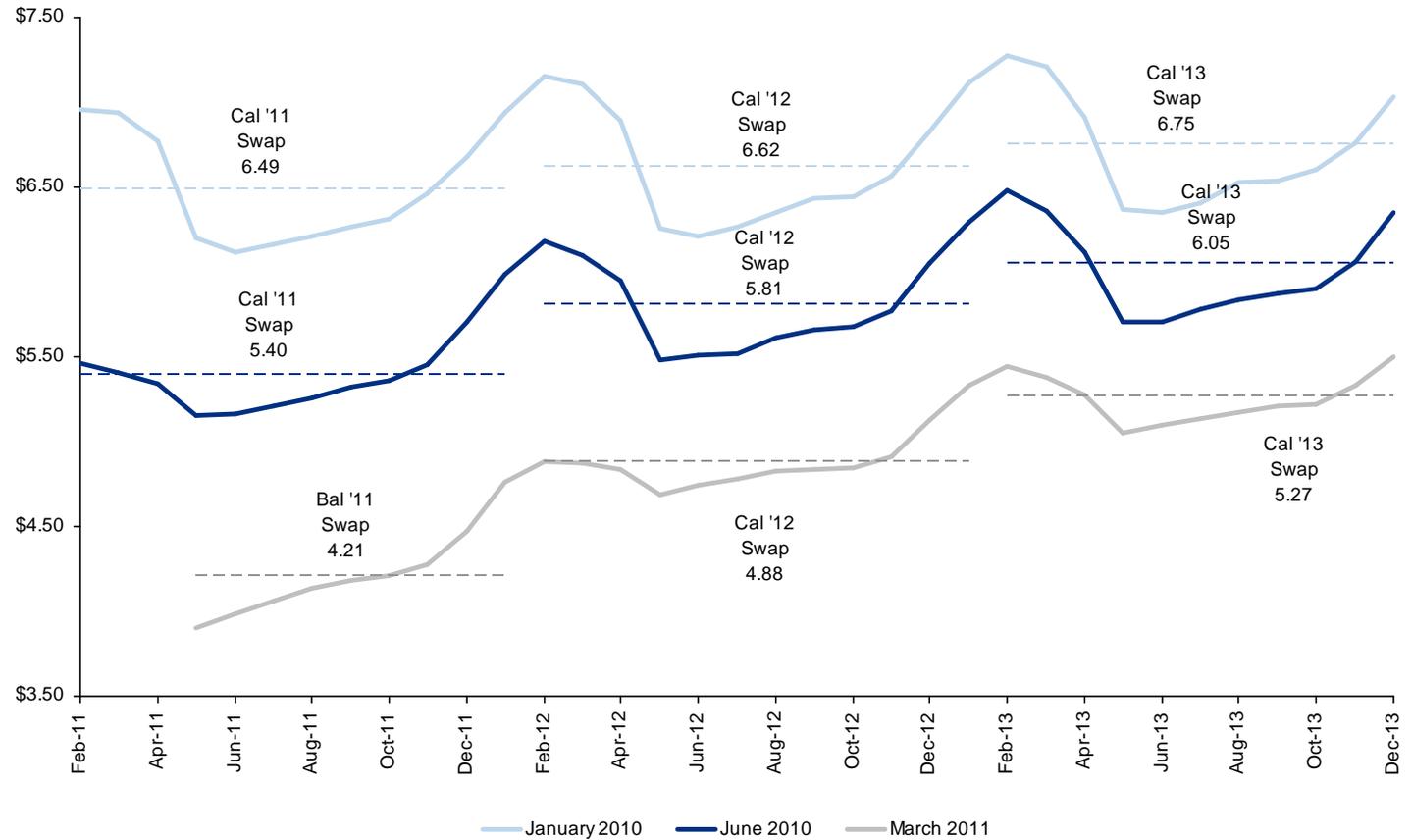
Production Increase From Producers' Success



Source: EIA.

Producer Success Weighing on Natural Gas Prices

Forward Swap Curve Over Time (\$/MMBtu)

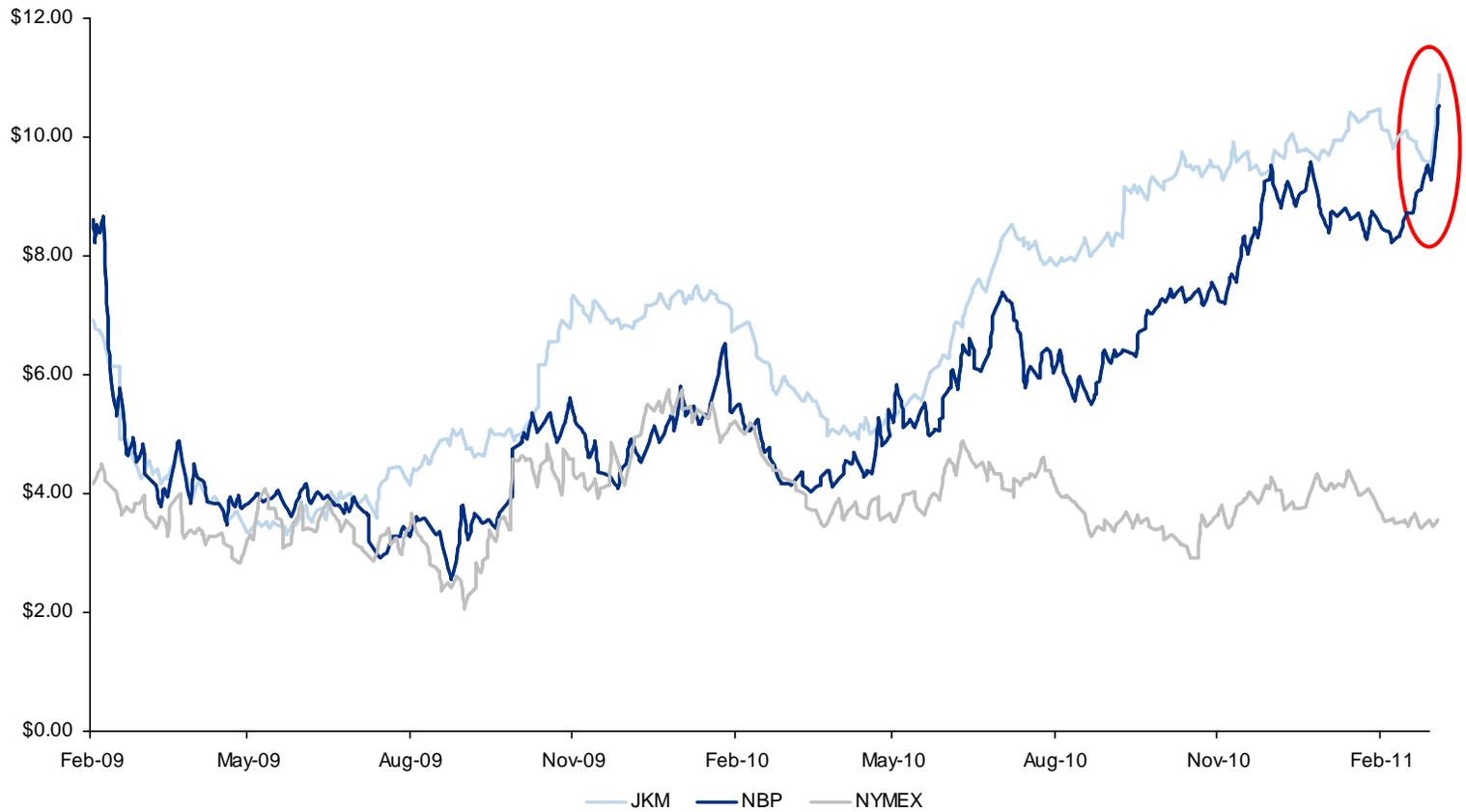


Source: NYMEX, IPE, Citi Global Commodities.



Impact of Japanese Earthquake

Global Natural Gas Indices (\$/MMBtu)



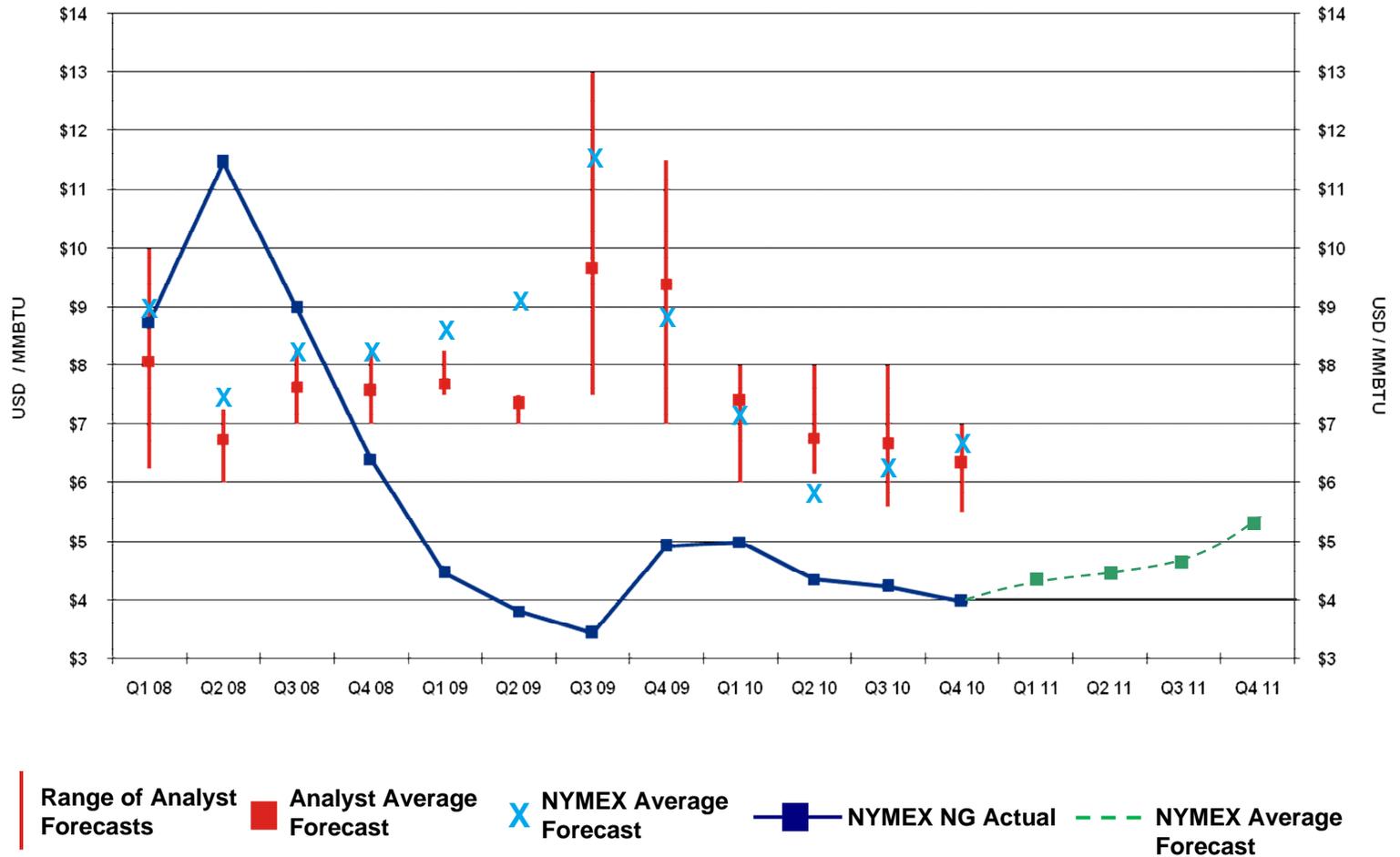
Source: Citi Global Commodities.





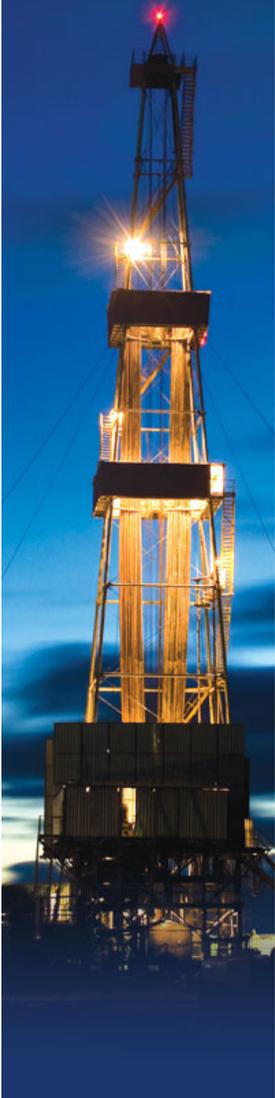
Who Can You Trust?

The chart below illustrates the range of quarterly NYMEX Natural Gas analyst forecasts versus the actual average settlement prices. The forecasts are 1-year in advance – i.e., in Q1 2007, analysts forecasted natural gas to be between \$6.25-\$10.00 in Q1 2008. In actuality, the settlement price in Q1 2008 was \$8.74.



Source: Citi Investment Research ("Citi Commodity Price Forecasts" – March 15, 2011); Citigroup Energy Inc.; Bloomberg.

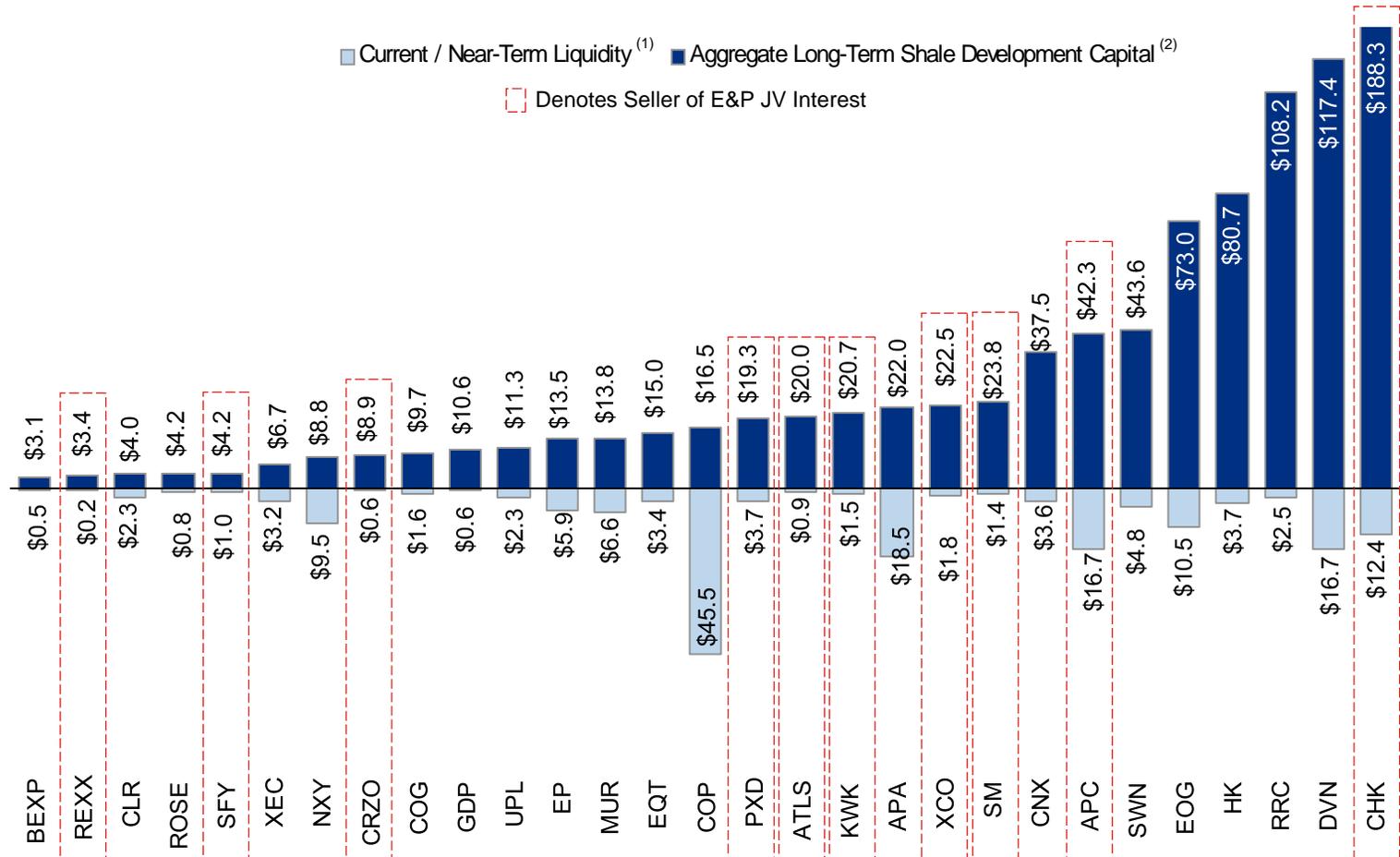




II. Financing Sources

Massive Shale Funding Requirements Driving Activity

In billions of USD\$



Source: Company Filings, Wall Street Research.

Note: Financials are pro forma for all announced transactions.

(1) Current / Near-Term Liquidity equals available revolver capacity plus cash plus projected 2010 and 2011 cash flow from operations.

(2) Aggregate Long-Term Shale Development Capital represents estimated total drilling expenditure for net acreage position across eight major North American shales based on standard spacing requirements and current well costs.

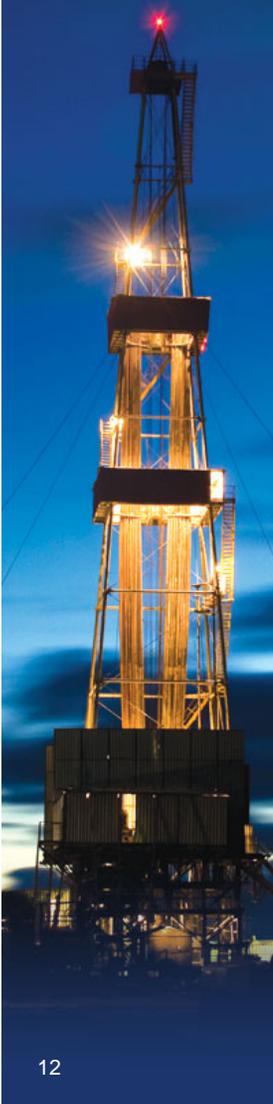
Industry Sources of Capital

**Monetization
(Sale, VPP, etc.)**

Farm-out

**Partner with
Service Provider**

Joint Venture



Renewed Interest from the Big Boys

After a long, slow exit the majors have been compelled to come back into North America – resource potential and technology expansion.

Recent Upstream Acquisitions

Date Announced	Buyer	Seller	Transaction Value (\$mm)
02/21/11	bhpbilliton	Chesapeake	\$4,750
12/23/10	ExxonMobil	PETROHAWK	575
12/10/10	Oxy	Shell	1,800
12/10/10	Oxy	ANECHEUTE EXPLORATION CORPORATION	1,400
11/22/10	HESS	TRACKER	1,050
11/15/10	Williams	Zenergy Inc.	925
11/09/10	Chevron	Atlas Energy, Inc.	4,308
10/10/10	TALISMAN ENERGY / Statoil	Enduring Resources	1,325
07/27/10	HESS		379
07/21/10	ExxonMobil	ELLORA ENERGY	695
06/16/10	B EXCO	SWN	355
05/28/10	Shell	EAST	4,700
05/26/10	Williams	ALTA RESOURCES, LLC	501
03/01/10	Shell	Harrison Ranch	1,000
12/14/09	ExxonMobil	XTO ENERGY	40,496
08/10/09	Williams	Orion Energy Partners	258

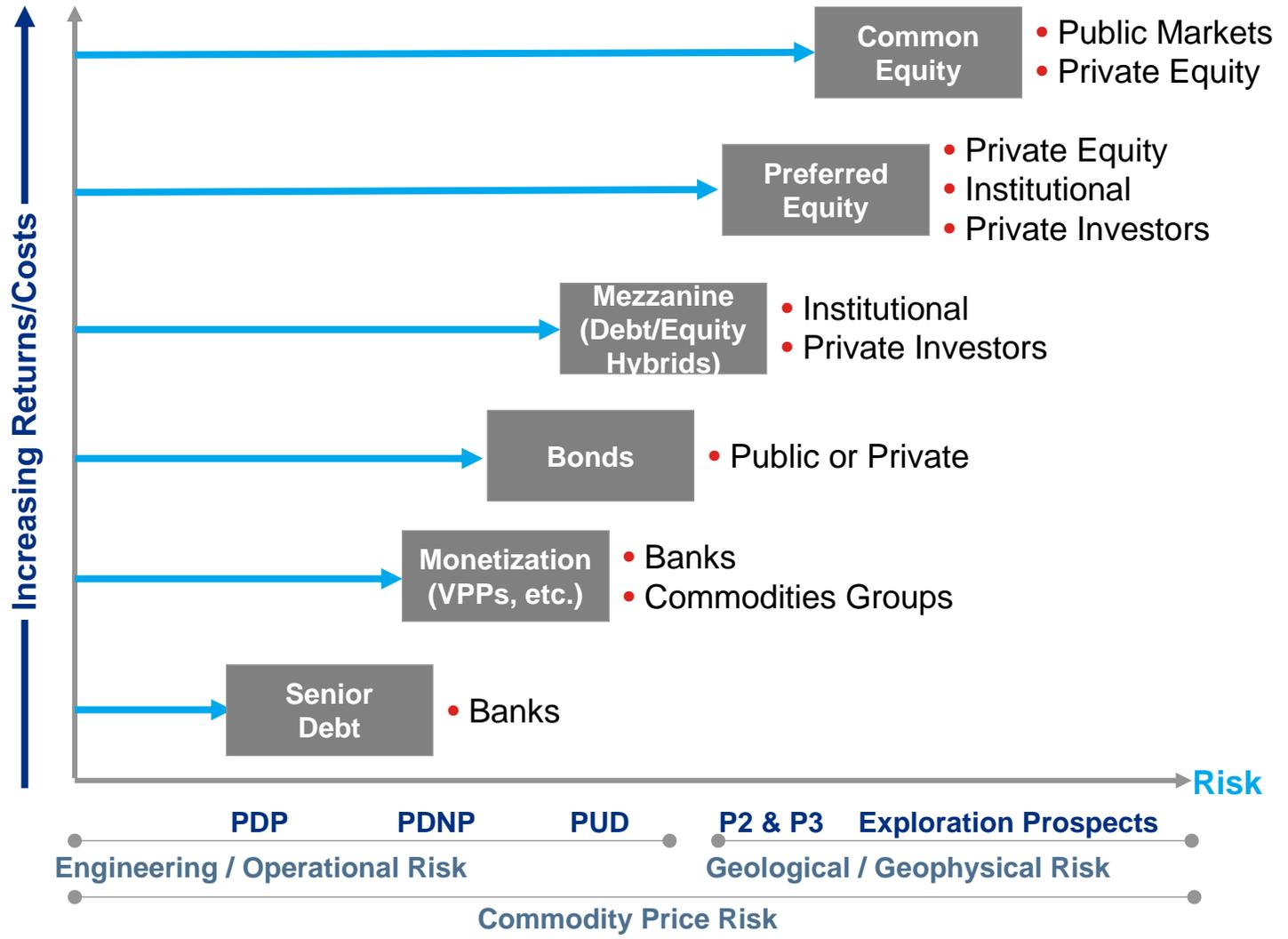
Recent Upstream Joint Ventures

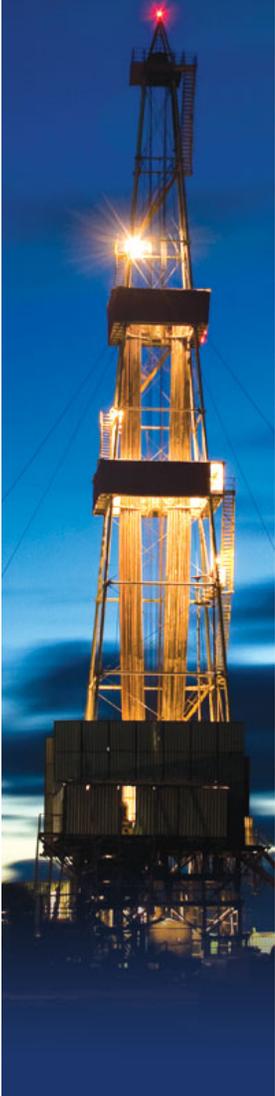
Date Announced	Buyer	Seller	Transaction Value (\$mm)
03/21/11	ENOC	Anadarko	\$1,550
01/30/11		Chesapeake	1,267
10/10/10		Chesapeake	2,200
08/31/10	Sumitomo Corporation	REX ENERGY	140
08/24/10	Mitsubishi Corporation	PennWest ENERGY	428
08/05/10	Reliance Industries Limited	CARRIZO	392
06/24/10	Reliance Industries Limited	PIONEER NATURAL RESOURCES	1,099
06/13/10	KKR	Bluebird Energy	400
05/10/10	B	EXCO	950
04/21/10	B EXCO	Common Resources	446
04/09/10	Reliance Industries Limited	Atlas Energy, Inc.	1,700
02/16/10	MITSUBI & CO., LTD.	Anadarko	1,400
12/30/09	TOTAL	Chesapeake	2,250
06/30/09	B	EXCO	1,055
05/18/09	Eni	QUICKSILVER	280
11/11/08	Statoil	Chesapeake	3,375
09/01/08	bp	Chesapeake	1,900

Source: Company filings, Investor Presentations.



Financing Alternatives



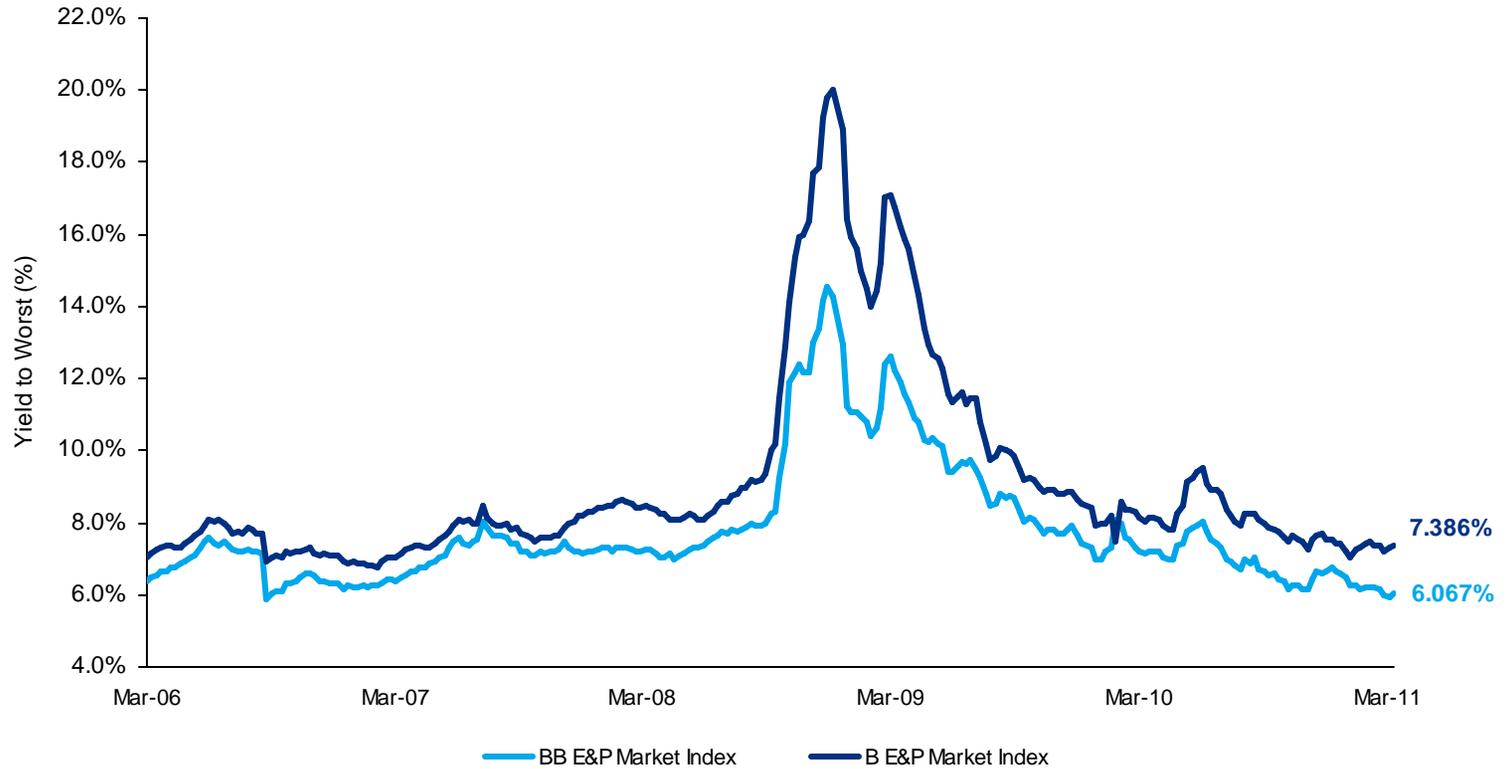


III. Capital Markets Strength





Bond Yields (Prices) Back to Record Levels

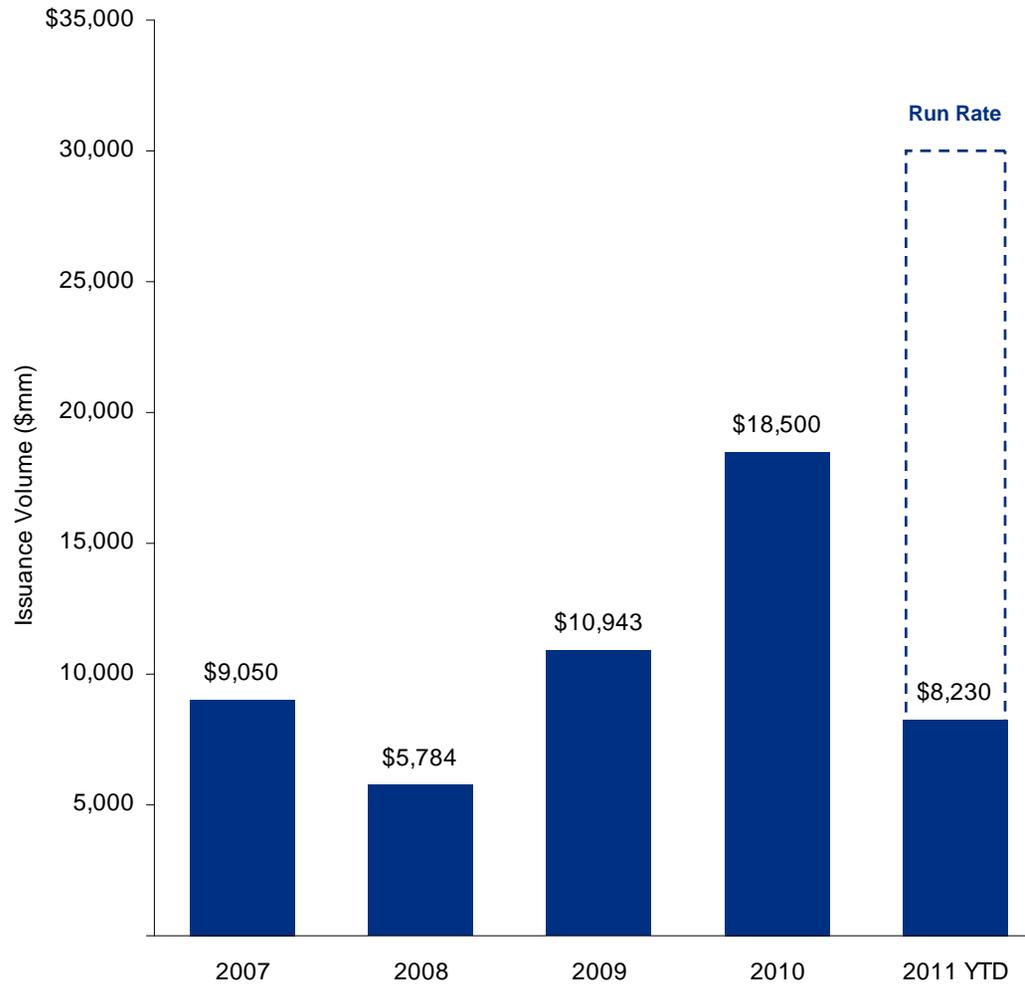


Source: Bloomberg.
 BB E&P Index Includes: CHK, XEC, CXO, CLL, CLR, DNR, HNR, MEG, NFX, PVA, PXD, PXP, QEP, RRC, SM, SWN, SGY, SFY and WLL.
 B E&P Index Includes: ATLS, BTE, BRY, BBG, BBEP, CRZO, CWEI, CMZ, CRK, EXXI, EVEP, FST, GDP, LINE, OAS, PQ, KWK, ROSE, SD, VQ and WTI.





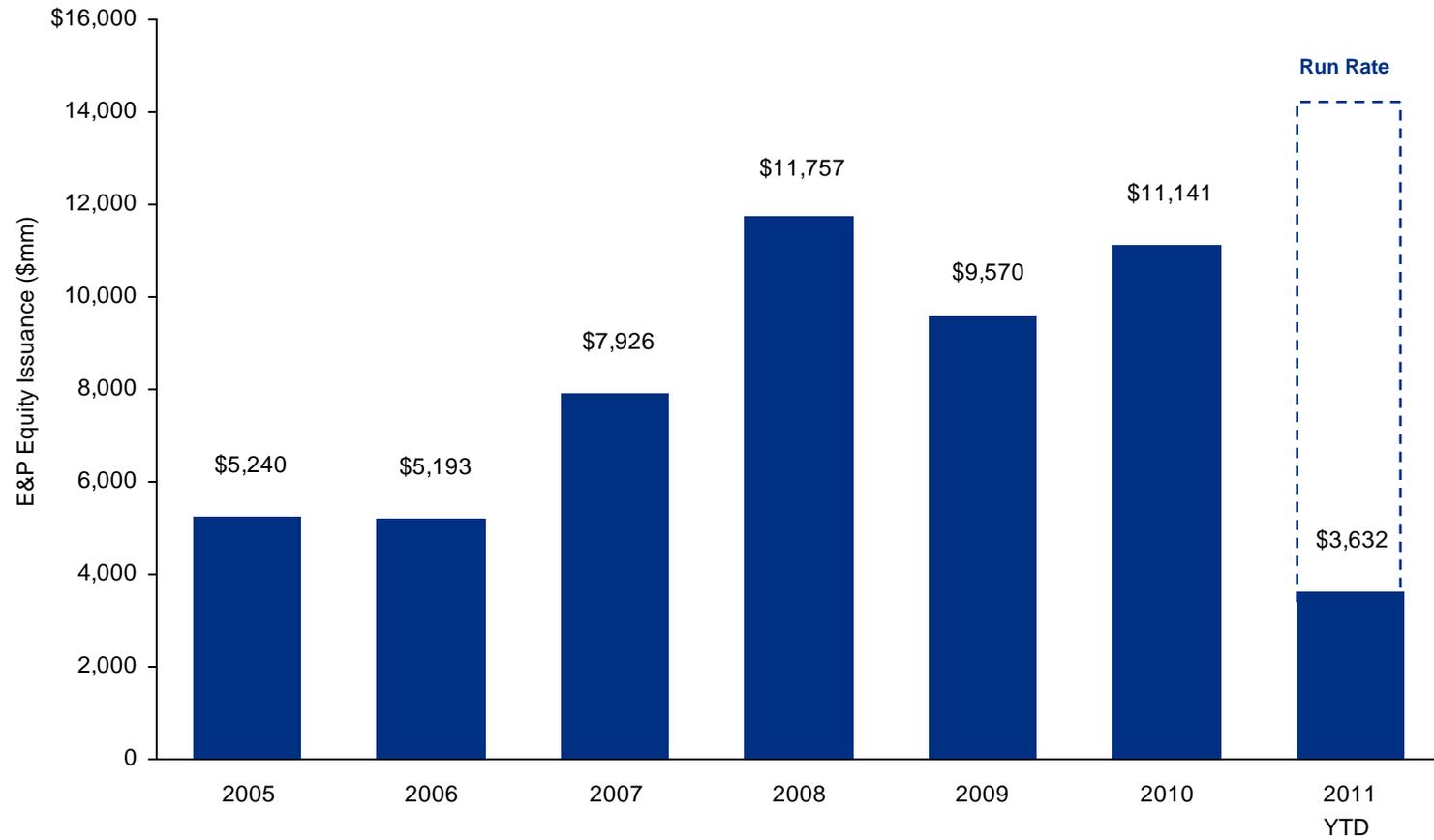
Robust High Yield Bond Issuance



Source: Bloomberg.
Note: Run Rate represents annualized YTD issuance.



Strong Equity Issuance Activity

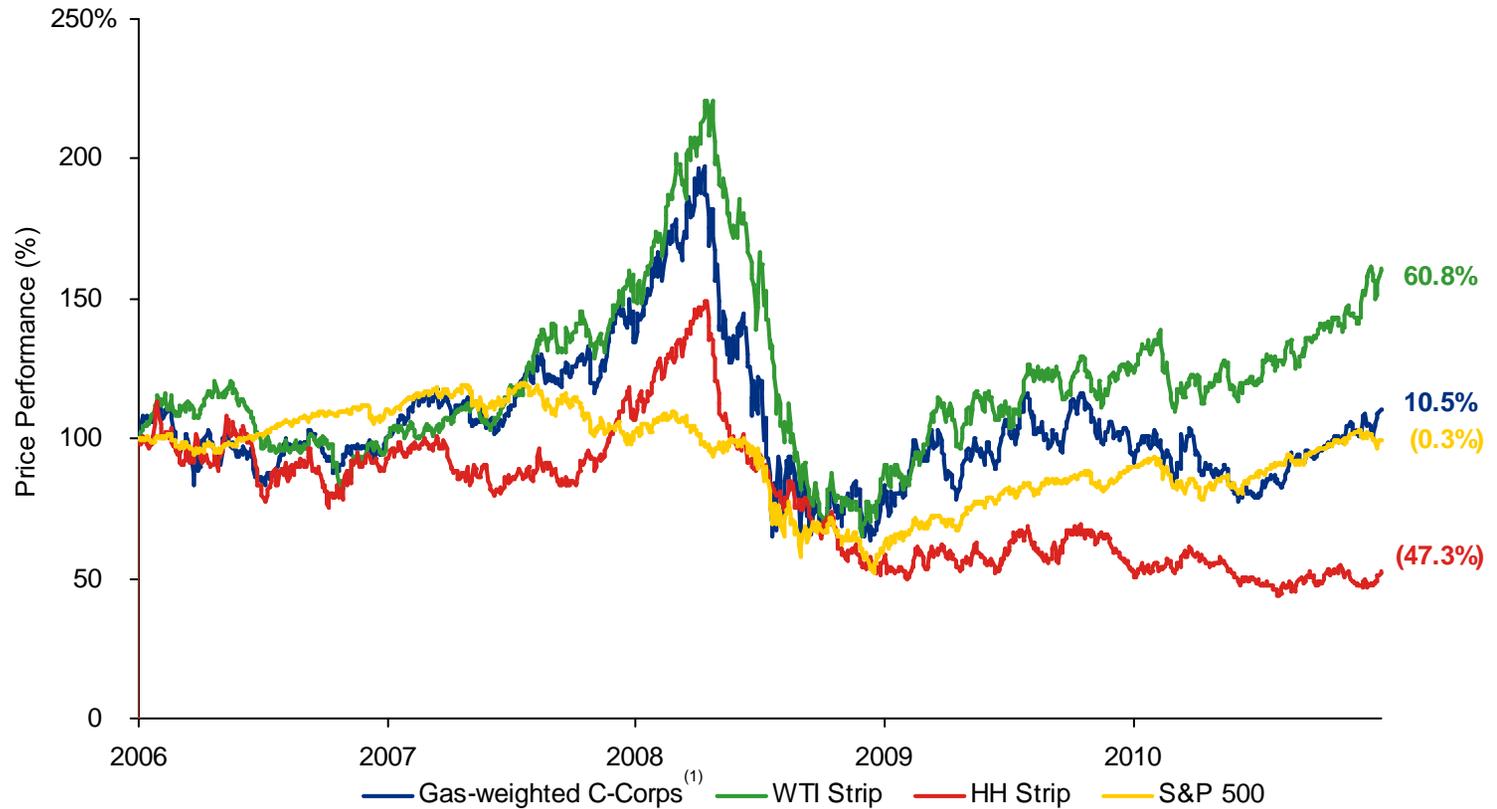


Source: Dealogic.
 Note: Run Rate represents annualized YTD issuance.



Equity Valuations Attractive Despite Gas Prices

5 Year Performance



Source: Factset as of 3/23/11.

(1) Gas-weighted C-Corp index includes COG, CRK, BBG, PVA, CHK, SWN, EQT, HK, UPL and XCO.





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(d) purchasing more than 234,000 MWh of carbon neutral power for our operations over the last three years; (e) establishing in 2008 the Carbon Principles; a framework for banks and their U.S. power clients to evaluate and address carbon risks in the financing of electric power projects; (f) producing equity research related to climate issues that helps to inform investors on risks and opportunities associated with the issue; and (g) engaging with a broad range of stakeholders on the issue of climate change to help advance understanding and solutions.

Citi works with its clients in greenhouse gas intensive industries to evaluate emerging risks from climate change and, where appropriate, to mitigate those risks.

efficiency, renewable energy & mitigation