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An Oxbridge Research Investment Summary

Universal Bioengery Inc.
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Universal Bioenergy (UBRG)

Stock Ticker:	UBRG
Recent Price	$0.07
Target Price	$0.47
Expected Return	571%
Recommendation:	Undervalued
Shares Outstanding	135.56 million
Market Cap	$6 million
Average 50 – day Volume	800,000

INITIATION OF COVERAGE

September 15th, 2011

ANALYST CERTIFYING THIS REPORT

AIRAN FRIEDMAN, MBA, CFA

Introducing Airan

Airan Friedman has 15 years of capital markets experience, including 8 years in Equity Research and 7 years in Risk Management. He has covered a variety of sectors while in research including insurance, transportation, banking, consumer retail, technology, minning, and others. Mr. Friedman has worked primarily for Canada's major banks including Scotiabank, CIBC, TD, and most recently at Royal Bank ($720 billion in assets). The media (both TV and newspaper) has quoted Mr. Friedman on a number of occassions regarding his opinion on equities. He has also earned his CFA designation and an MBA in Finance from Schulich School of Business at York University (in addition to a Bachelors in Commerce from Carleton University). He is a member of the CFA Institute as well as GARP. Outside of work Mr. Friedman enjoys playing squash, basketball, and spending time with his wife and daughter.

Company Introduction

Universal Bioenergy Inc., is an independent diversified energy company, headquartered in Irvine, California. Universal's primary business focus is the production, marketing and sales of natural gas, oil and alternative energy. Through their subsidiary, the Company presently sells natural gas to 22 of the largest public utilities, electric power producers and local gas distribution companies that serve millions of commercial, industrial and residential customers throughout the United States. The Company is also engaged in the acquisition of oil and gas fields, lease acquisitions, development of newly discovered or recently discovered oil and gas fields, and re-entering existing wells.

Table of Contents

Introduction……………………………………………….………………..2

Strengths 3

Opportunities 3

Focus 3

Highlights……………………………………………………………………….4
Company Profile………….………………………………………….……......5
New Profit Centers……………………………………………………….......6
Significant Events…………………………………………………………………7
Current State and Future Outlook for Natural Gas Industry………....10
Natural Gas Industry…………………………...10
Energy Portfolio…………..12
Management Biographies…………………………………………………….14
Recent Financial Performance………………………………………………..16
Risks……………………………………………………………………………………19
Future Outlook of Company...20
Projected Gas Sales Summary………………………………………………..21
Valuation………………………………..…………………………………………22
Valuation Conclusion………………………………………………………...25

Strengths

- Significant growth in revenues of 87% in 2nd Quarter 2011
- Diversified energy portfolio – natural gas, oil and propane
- Seasoned professional management with Fortune 500 experience
- Successful completion and integration of recent acquisitions
- 12 Trailing Months (TTM) Revenues of $63.38 million

Opportunities

- Strong upward trend towards domestically developed energy
- Natural gas and oil field development, drilling and distribution deals
- Bullish short and long-term outlook for natural gas market
- Current sales per share is $0.047

FOCUS

In the year 2010, management of Universal Bioenergy totally re-organized and re-structured the Company with a new strategic direction and business plan. The Company's primary objective is to exploit changes in the energy market, with the intent to propel the company to a dominant market position, and be one of the top independent energy companies in the United States. Another major objective in their revised business plan is to finding new ways to create more value for their shareholders and investors.

Management intends to deliver greater value to their shareholders and investors by generating increasing revenues, producing solid earnings, and improving returns on invested capital, for the long-term growth of the Company.

HIGHLIGHTS

- ***Record Revenues of $41.3 million for 2010*** were generated in only 8 1/2 months.
- ***Revenues of $22.24 million for 1st Qtr of 2011,*** *equals* 54% of 2010 revenues
- ***R*****evenues totaled $36.04 million for 2nd Qtr 2011,** equals 87% of 2010 revenues
- ***Revenues projected at $80 to $100 million for 2011***
- ***Universal's subsidiary NDR Energy's 22 major utility customers include:*** Southern California Gas Company, Pacific Gas & Electric, CenterPoint Energy Resources, Baltimore Gas & Electric, Memphis Light Gas & Water, Duke (Ohio & Kentucky), Michigan Consolidated and National Grid.
- ***NDR's Major Gas Suppliers.*** Their gas suppliers include: EDF Trading, Chevron Texaco, Conoco Phillips, Chesapeake Energy Marketing, and Anadarko.
- ***Plans for Listing on the Frankfurt Stock Exchange.***
  The Company has applied to have its stock listed on the Frankfurt Stock Exchange in Frankfurt, Germany. This Exchange is one of largest trading exchanges for securities in the world, and is home to public companies from over 80 different countries with almost 40% from North America.
- ***Standard & Poor's Initiates Stock Report Coverage on Universal.***
  On April 7, 2011, Standard & Poor's commenced Factual Stock Report coverage on Universal Bioenergy, which will be accessible to the investment community by scores of buy-side institutions, and sell-side firms that utilize S&P research and information platforms daily.
- ***Company paid a 10 for 1 stock dividend in July.***
- Based on valuation metrics vs. peers, Universal appears to provide attractive valuation and offers investors greater leverage with a higher beta;
- Experienced management team with a solid mergers and acquisitions experience, which we believe is paramount to a company in its infancy stage;
- Little to no debt
- With projected sales of close to $253 million in 3 years time and applying a comparable industry multiple, we believe the shares are fairly valued at $0.47, utilizing a conservative discount factor of 33% of the industry average Sales Multiple.

COMPANY PROFILE

Universal's primary business focus is the production, marketing and sales of natural gas, oil and alternative energy. Through their subsidiary, they presently sell natural gas to 22 of the largest public utilities, electric power producers and local gas distribution companies that serve millions of commercial, industrial and residential customers throughout the United States. Universal Bioenergy Inc. (previously known as Palomine Inc.) transformed their operations in 2010 with their acquisition of 49% of NDR Energy Group.

Prior to 2007, Palomine's primary business was as an exploration stage company engaged in the acquisition and exploration of mineral properties. Beginning with Q4-2009, the board of directors directed the Company's management to begin searching for acquisition targets with a business possessing greater potential to add value for shareholders, and one which may be less capital intensive. We applaud this shift in strategy as we favor companies that operate in an environment where capex does not have to be excessive.

Business Growth Strategy

Management has determined that it was in its best interests to chart a bold new course for the Company to grow by mergers and acquisitions. Management is planning for expansion, by additional mergers and acquisitions, to generate greater revenues and profits, and by shifting the Company's focus to invest in far more profitable natural and alternative energy technologies. They anticipate, but can provide no assurances, acquiring 5 to 10 additional new companies in the next 2 to 3 years.

Some companies being targeted are, natural gas producers to obtain natural gas directly from the wellhead, gas gathering pipeline companies, solar energy companies for polymer based thin film solar cells, and the acquisition of energy technology patents and licenses. They are also looking at acquiring natural petroleum and gas assets and properties in Texas, Louisiana and other states. Acquiring interests in properties in these areas will work very well with their strategic plans for Texas Gulf Oil & Gas Inc. and Progas Energy Services. They have adapted their business strategy to become a more vertically integrated company, to give them greater management control over their supply chain, from the producer, through marketing, distribution, and directly to the customer. Management believes this will bring even greater revenues for the Company and more value to their shareholders.

Market Expansion

Currently there are an estimated 3240 utilities in the United States. Through NDR Energy, the Company has firm contracts signed with 22 of these major utilities, and are in discussions with another 14 utility companies to obtain contracts from them also. The Company plans are to develop an aggressive sales force, to obtain agreements with a total of 100 utilities, and other customers including, Federal and State Departments and Agencies, Cities, Municipalities, and large commercial and industrial corporate clients, in the next 12 to 24 months. This will give the Company a much greater market share, more customers for their gas supply division, thereby further increasing their revenues and profits.

The Company has created an aggressive marketing campaign that will allow for the rapid and sustained growth of the Company. Management is presently researching new opportunities and more potential customers in multiple industry sectors to advance the use of natural gas. They are working towards establishing a strong financial foundation and effective long-term marketing strategies that they believe will help position them to potentially achieve continued significant increases in sales and market capitalization value.

NEW PROFIT CENTERS

The Company also plans to increase its revenues and profits by engaging in some are all of the services indicated below. These services are currently being provided to them by their natural gas suppliers, and the cost for these services are charged to the Company, and are included in the price of the gas that they purchase from them. Implementing these new profit centers may generate an additional $0.05 to $0.12 in revenue per mcf, of natural gas that they sell to their customers. These services include;

1. Gas Scheduling - tracking nominations, confirmations product movement and verification
2. Gas Nominations - delivery of a specified volume over a defined period of time
3. Capacity Releases - release of transportation capacity on interstate natural gas pipelines
4. Gas Transmission - delivery via the interstate pipeline system to the Local Utility and customers
5. Pipeline Balancing - matching customer's daily usage with the confirmed pipeline delivery
6. Risk Management – developing supply pricing strategy, options, demand, daily and futures contracts
7. Gas Storage - match seasonal load variations, and production over periods of fluctuating demand
8. Gas Trading - physical trading and financial trading, and hedging of gas futures

Distribution

Distribution of the Company's natural gas product is managed and transported through the 2.3 million mile intrastate and interstate underground gas pipeline system through the United States. They typically would deliver the gas to the local gas utility, also called a local distribution company (LDC), to delivery points located on large interstate and intrastate pipelines. The local distribution companies will typically transport the natural gas from these delivery points located on the pipelines to households and businesses through thousands of miles of small-diameter distribution pipe.

National Stock Exchange Listing

With the Company's planned growth by mergers, acquisitions, and future revenues, its management is evaluating and positioning the Company to potentially qualify, and apply to be listed on a major national stock exchange, which stock exchanges list similarly situated alternative energy technology companies, such as NASDAQ, NYSE Amex Equities, or others. Management believes that, if they can successfully position the company to qualify to meet the listing requirements for one of the stock exchanges, it would greatly increase the Company's market value, and should make it attractive to more retail and institutional investors. They also feel this would be of great benefit to their shareholders. No assurances can be provided that this aspect of their long-term business plan will be achieved.

Universal Bioenergy Inc. today is a premier energy company working to contribute both to the traditional and clean energy industries by marketing natural and alternative energy sources including, Natural Gas, Petroleum, Propane, LNG, CNG, Solar, Wind, Synthetic Fuels and related energy technology products, internationally. It plans to build the company into a prominent player in alternative green energy. Universal Bioenergy is becoming a vertically integrated producer, marketer, and distributer for clean and alternative energies:

- Diversifying its business through mergers and acquisitions in both the traditional and green energy sector.

- Successfully diversifying their business to become vertically integrated, with management control over its supply chain, from the producer, through marketing and distribution, directly to the customer. This facilitates control over costs and generates multiple sources of revenue, with higher profit margins.

SIGNIFICANT EVENTS

NDR ENERGY GROUP

On April 12, 2010, Universal acquired a 49% stake in NDR Energy Group, a marketer of natural gas and energy. Universal's officers own 2% of NDR Energy Group. Through NDR Energy, the Company has contracts signed with 22 major utility companies in the United States, with strong Standard & Poor's credit ratings. Their customers include Southern California Gas Company, Pacific Gas & Electric, CenterPoint Energy Resources, Baltimore Gas & Electric, Memphis Light Gas & Water, Duke (Ohio & Kentucky), Michigan Consolidated and National Grid. Their gas suppliers include EDF Trading, Chevron Texaco, Conoco Phillips, Chesapeake Energy Marketing, Total SAand Anadarko.

This acquisition has powered much of Universal's growth. Recent important developments include:

- ***Universal's NDR Energy Group Awarded $2.8 Million Gas Supply Agreement with Nicor Gas***
  On May 5, 2011, Universal announced that NDR Energy Group was awarded a contract to supply natural gas to Nicor Gas, one of the nation's largest gas distribution companies. Nicor Gas has distributed natural gas for over 50 years, and serves more than 2 million customers in a service territory that encompasses most of the northern third of Illinois, excluding the city of Chicago. In 2010, the customer's parent company reported revenues of over $2.7 billion.

- ***Universal's NDR Energy Awarded $3.6 Million Gas Supply Contract with Southern California Gas***
  On May 16, 2011, Universal announced that NDR Energy was awarded a contract to supply natural gas to Southern California Gas Company, a subsidiary of Sempra Energy. Southern California Gas Company is the nation's largest natural gas distribution utility, with 20.7 million customers. The contract signed on May 12, 2011, is to supply 775 million cubic feet of natural gas with an estimated value of $3.6 million.

- **NDR *Energy Awarded $1.9 Million Gas Supply Contract with Keyspan Gas East Corporation***
  On May 31, 2011, Universal announced that NDR Energy was awarded a gas supply contract with Keyspan Gas East Corporation. The contract was awarded by a subsidiary of a $21.2 billion international electric and gas utility company, and is one of the largest natural gas distribution utilities in the United States that provides gas to around 3.5 million customers in its service area.

- ***NDR Energy Group Expands into Propane Market – Awarded $1.5 Million Contract with Washington Gas Light Company***
  On July 27, 2011 the Company announced that they were expanding into the propane gas market. NDR Energy was awarded a contract to supply propane gas to Washington Gas Light Company. Washington Gas Light Company (Washington Gas Company) delivers natural gas to more than one million residential, commercial and industrial customers throughout Washington, DC, and the surrounding region. Washington Gas is a regulated subsidiary of WGL Holdings, Inc., a public utility holding company.

- **NDR *Energy Awarded $1.9 Million Gas Supply Contract with Pacific Gas & Electric***
  On August 8, 2011, the Company announced that NDR Energy was awarded a gas supply contract with Pacific Gas & Electric's (PG&E), Electric Fuel Division Corporation. PG&E is one of the largest combination natural gas and electric utilities in the United States. PG&E provides natural gas and electric service to approximately 15 million people throughout a 70,000-square-mile service area in northern and central California. Its parent company is traded on the NYSE and reported revenues of $13.84 billion in its 2010 annual report.

- **NDR *Energy Awarded Gas Supply Contract with Ameren Illinois***
  On August 17, 2011 the Company announced that NDR Energy was awarded a contract to supply natural gas to Ameren Illinois, the third largest natural gas distribution utility in Illinois. The parent company, Ameren Corporation is one of the largest investor owned utilities in the nation, and provides natural gas and electric service to approximately 2.4 million electric customers and nearly one million natural gas customers. Its parent company, traded on the NYSE, reported revenues of $7.6 billion in 2010.

PROGAS ENERGY SERVICES JOINT VENTURE

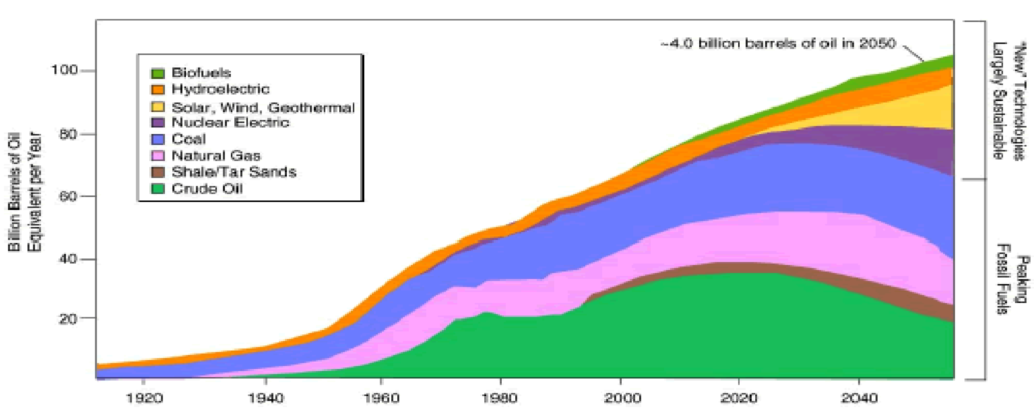
On December 17, 2010, the Company signed an agreement with ProGas Energy Services Inc., of Texas, to jointly develop the Northwest Premont Oil & Gas Field located in Texas's Gulf Coast natural trend, in Jim Wells County Texas. Although no assurances can be provided, the plans include potentially developing up to 115 oil and gas wells from this field.

This joint venture is major step for the Company, and has three major benefits. First it allows the Company to acquire natural gas reserves from the ground, for a small fraction of the purchase costs that they currently pay to other producers that it markets natural gas for. Second it would provide the Company with a source of natural gas of its own, which can be marketed to its major utility customers. While most gas marketers are limited to a 1% to 2% profit on the spread of natural gas prices, (less than 1 cent per mcf), the Company's exploration costs for its share of the field is estimated to be less than 10% of the NYMEX price, allowing the Company to earn a 90% gross profit. Third, while many gas marketing companies have to buy gas from others, their ability to purchase gas is somewhat subject to availability. The Company will be able to supply the natural gas produced (that it owns), as well as the natural gas of the other industry partners in the development of the field, such as ProGas, who have offered them the right to market their gas.

On March 3, 2011, the Company announced that Progas Energy Services had struck oil and gas on several wells that it had drilled in the Northwest Premont oil and gas field in Jim Wells County, Texas. According to Progas, the field possibly houses 20,000,000 Bbls of oil, with an estimated value of $1.78 billion based on the, August 31, 2011 NYMEX, West Texas Intermediate (WTI) price of, $89.15, and over 20,000,000 mcf of natural gas, with an estimated value of $81.40 million, based on the, August 31, 2011 NYMEX price of $4.07. No guarantees can be provided that the oil and gas field can be developed profitably, or that the price of oil will be similar to the August 31, 2011 price discussed.

On August 31, 2011, the Company announced another major discovery of more oil and gas in the wells in the Premont Northwest field in Jim Wells County Texas. After running 45 days of tests on the Guerra #2 well, and selling test gas to the Tennessee Gas Pipeline, the open flow calculations were performed by independent engineer A.P. Yang PE of Houston. There was a combined absolute open flow rate total of 20,604 mcf/d or 20,604,000 cubic feet per day, from the upper and lower lobes of the Laughlin sand deposits. This is a new zone that was not expected to produce natural gas, and therefore new field discovery documents will be filed with the Railroad Commission of Texas. Though the extent of the field is unknown at this time, the first three wells were drilled far enough apart to allow them to drill 15 to 20 development wells, which drilling should be initiated by the partners in the next 30 to 60 days. According to Progas, third party reserve estimates for the Guerra #2 well have not been completed at this time, however preliminary estimates are 100,000 to 150,000 barrels (Bbls) of oil, and 1,5000,000 mcf to 2,500,000 mcf (1.5 bcf to 2.5 bcf) of natural gas, which should provide the partners an exceptional return on their investment. The gas reserves and tests results are approximately 60% higher for this well than was previously announced in their news release on March 3, 2011. For the Guerra #2 well alone, based on the August 31, 2011 NYMEX, West Texas Intermediate (WTI) price of, $89.15 per barrel, the 100,000 to 150,000 Bbls of oil would have an estimated value of $8.91 to $13.37 million. Based on the August 31, 2011 NYMEX price of, $4.07 per mcf, the 1,500,000 to 2,500,000 mcf of natural gas would have an estimated value of $6.10 to $10.17 million. There are at least another 9 zones and 2 oil sands in this well, that cored and tested for natural gas, that are not included in the above estimates of reserves and revenues for oil and gas.

World Energy Demand—Long-Term Energy Sources



Sources: Lynn Orr, *Changing the World's Energy Systems*, Stanford University Global Climate & Energy Project (after John Edwards, American Association of Petroleum Geologists); SRI Consulting.

Texas Gulf Oil & Gas Inc.

As part of their plans for growth and expansion, the Company established a new division, known as Texas Gulf Oil & Gas Inc. Its purpose is to develop oil and gas projects, and allow Universal to be a producer and direct supplier of natural gas, and to manage the transmission and marketing of the product to their major utility customers nationwide.

Thermal Coal Mining Operations

Since June of 2011, Management has been in advanced discussions with a company to acquire an interest in a thermal coal production and mining operation in eastern Kentucky. Steam plant power production is reliant on thermal coal. The mining operations are the surface and high wall mining type of operations. Since Universal through NDR Energy Group, already sells natural gas to its customers to generate electricity, this would give the Company another energy related product to sell to their current and expanding customer base. According to the Energy Information Administration, coal as a fuel source for electricity generation will increase 25% by 2035 in the U.S. As petroleum reserves diminish, gas to liquid process can use coal as a source for many chemical compounds for the chemical, polymer and other industries. Additionally, an advantage of using clean coal technology will be to increase demand for coal as the source to produce synthetic natural gas (syngas). If Universal completes the acquisition it could produce potentially millions of dollars in additional revenue and profit for the Company.

Current State and Future Outlook for the Natural Gas Industry

United States Natural Gas Market Overview

According to the American Petroleum Institute, the "Oil and Gas Industry" supports more than 9 million American jobs and makes significant economic contributions as an employer and purchaser of American goods and services. In 2009, the most recent year for which data is available, the industry supported a total value added to the national economy of more than $1 trillion or 7.7 percent of the U.S. gross domestic product. The natural gas industry supports nearly 3 million jobs and adds about $385 billion to the national economy.

Natural gas is very important part of the energy sector of the U.S. economy. About 99 percent of the natural gas used in the United States comes from North America, and is transported through a 2.3-million mile underground pipeline system. According to the U.S. Energy Information Administration, (EIA), the United States used approximately 22.84 trillion cubic feet (Tcf) of natural gas in 2009. A total of about 25% of all energy used in the United States in 2009 came from natural gas. Additionally, it is one of the cleanest burning fossil fuels, and its use is expected to continue to grow. Natural gas is used in the production of steel, glass, paper, clothing, brick, electricity, and as an essential raw material for many common products. Some products that use natural gas as a raw material are: paints, fertilizer, plastics, antifreeze, dyes, photographic film, medicines, and explosives. Slightly more than half of the homes in the United States use natural gas as their main heating fuel. Natural gas is also used in homes to fuel stoves, water heaters, clothes dryers, and other household appliances.

In 2009, the Natural Gas Supply Association reviewed existing data and estimated that in 2008 there were approximately 4 million Americans who are employed either directly or indirectly by the natural gas industry - America's "Blue Jobs." Using a different set of parameters, America's Natural Gas Alliance placed the number at closer to 3 million Americans working as a result of natural gas production, delivery, and usage.

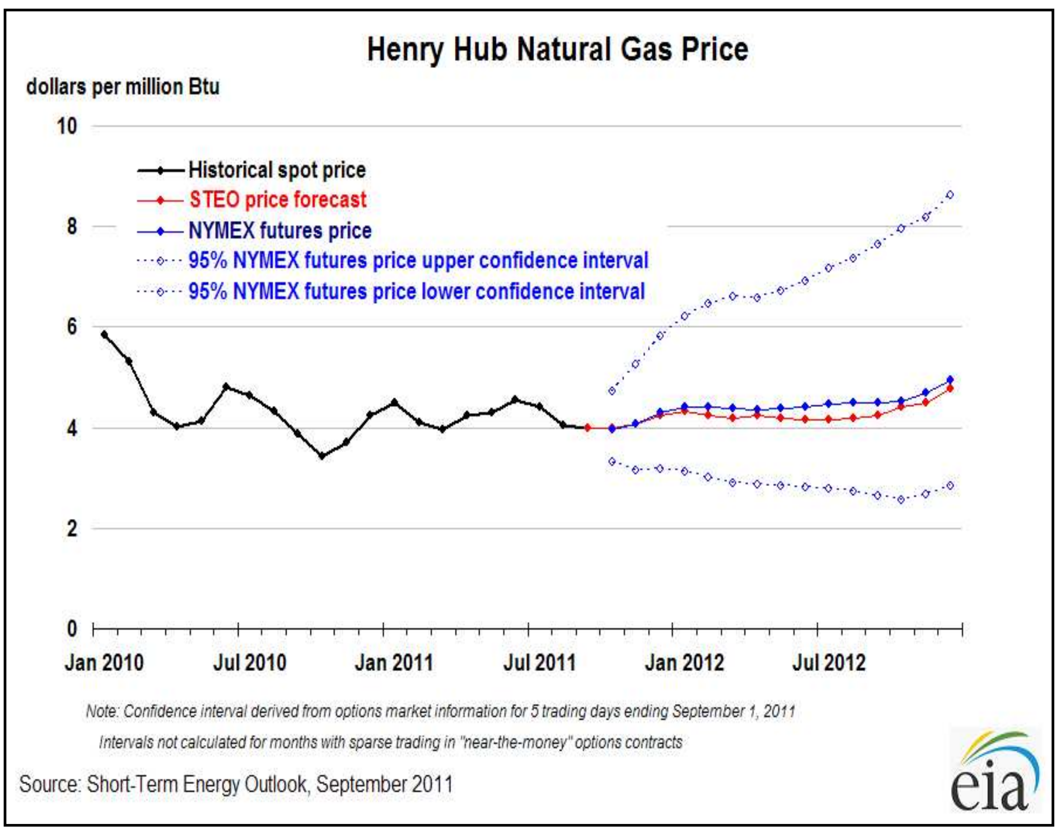
Gas Inventories - The EIA reported that natural gas working inventories ended May 2011 at 2.2 trillion cubic feet (Tcf), about 10 percent, or 245 billion cubic feet (Bcf), below the 2010 end-of-May level. EIA expects that working gas inventories will build strongly during the summer and approach record-high levels in the second half of 2011. The projected Henry Hub natural gas spot price averages $4.25 per million British thermal units (MMBtu) in 2011, $0.13 per MMBtu lower than the 2010 average. EIA expects the natural gas market to begin tightening in 2012, with the Henry Hub spot price increasing to an average of $4.58 per MMBtu.

U.S. Exports to Canada and Mexico Increase Year-To-Date 2011

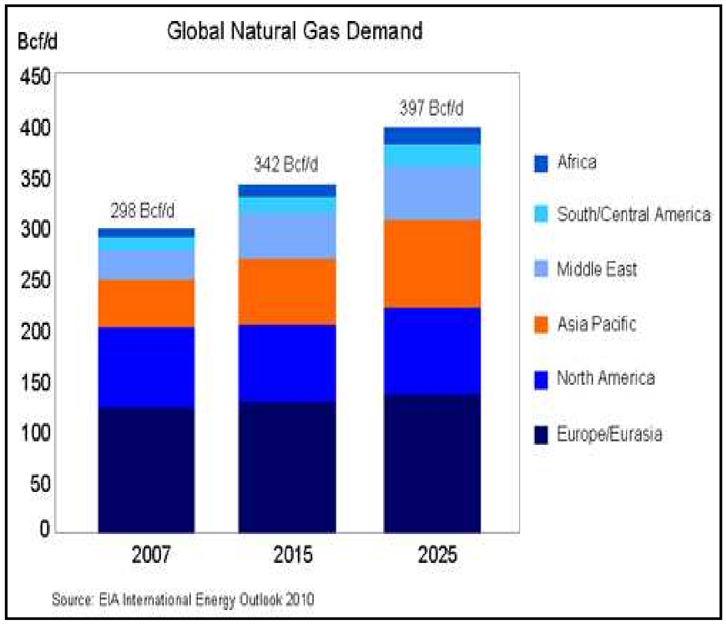
According to the EIA, U.S. pipeline exports of natural gas have increased substantially in 2011, likely one result from continued near-record high U.S. natural gas production. As reported in the "Natural Gas Monthly" for May 2011, U.S. exports to Canada for the first quarter of 2011 increased a total of about 50 Bcf or approximately 24.7 percent in comparison with 2010. This increase is having an effect on net imports from Canada, which decreased year-to-year 6.5 percent through the first quarter of 2011. Gross U.S. pipeline exports to Mexico, which is historically the recipient of the second largest volume of U.S. exports behind those to Canada, in the first three months of 2011 nearly doubled in comparison to the same time period in 2010. Through March 2011, U.S. exports to Mexico reached 113.4 Bcf, compared with 66.5 Bcf in 2010.

Future Outlook of Natural Gas Market

Short Term Outlook - On June 7, 2011 the U.S. Energy Information Administration ("EIA") announced that it "Expects Strength in Natural Gas Production in 2011". The EIA released its "Short-Term Energy Outlook" on June 8, 2011, which includes short-term forecasts through the end of 2012. This month's Outlook significantly revises the natural gas marketed production forecast for 2011, to 64.6 Bcf per day, up 2.3 percent from the previous month's forecast. The strength in production occurs despite a year-over-year decline in gas-directed rig activity; however, recent growth in oil-directed rigs could lead to greater production of associated natural gas. Consumption is expected to total 67.1 Bcf per day in 2011, and 67.2 in 2012. Both consumption of natural gas for electric power generation and industrial consumption grow in 2011 and 2012. This month's Outlook expects Henry Hub prices to rise in 2012 to $4.58 per MMBtu, from $4.25 per MMBtu in 2011. We believe that the increase in prices will play a role in maintaining strength in production in 2012.



Long Term Outlook - The U.S. Energy Information Administration, in its “Annual Energy Outlook 2009 Report”, estimates that natural gas demand in the United States could be 24.36 Tcf, (Trillion Cubic Feet), by the year 2030. The EIA, “Natural Gas Year-In Review 2009, Report” stated, “Over the past several years, natural gas use for electric power has increased, with gas making up an increasing percentage share of total generation relative to coal. In 2009, natural gas made up almost 24 percent of net power generation with 931,000 Megawatt-hours (MWH) of electric power generated from natural gas. By comparison, in 1996, natural gas made up only 14 percent of power generation.” Consumption of natural gas for electric power increased from a level of 18.3 billion cubic feet, (Bcf) per day in 2008, to 18.9 Bcf per day in 2009.



Consumption of natural gas will increase 20% by 2030, according to the U.S. Department of Energy (DOE). The EIA’s “Annual Energy Outlook 2010”, includes estimates for total technically recoverable natural gas resources in the United States as of January 1, 2008 at 2,119 Tcf. This estimate includes proved reserves, inferred reserves, and undiscovered technically recoverable resources. According to a report released by the Massachusetts Institute of Technology, it stated that, “Natural gas will provide an increasing share of America’s energy needs over the next several decades, doubling its share of the energy market to 40 percent, from 20 percent.”

ENERGY PORTFOLIO

Natural Gas is Universal's Backbone currently

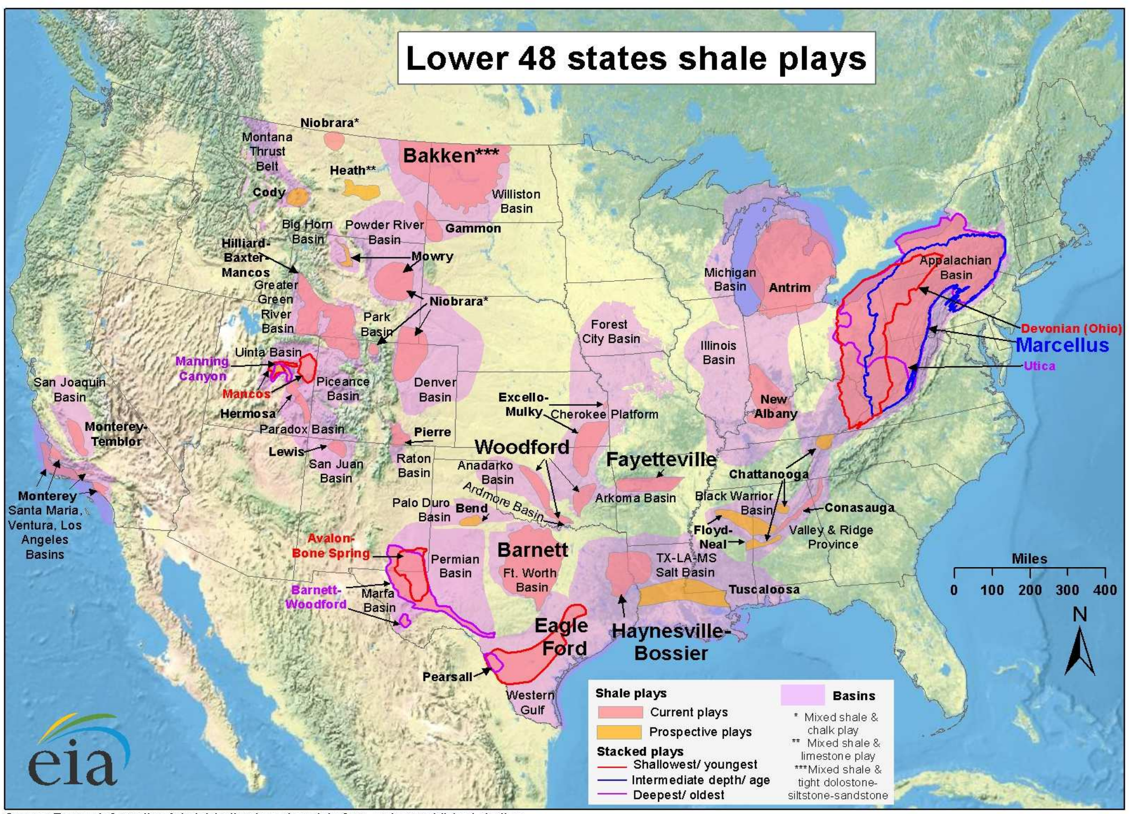
Most of Universal's sales emanate from the sale of natural gas, and there are many initiatives that will "fuel" growth in this area. The New Alternative Transportation to Give Americans Solutions Act extends highly targeted tax incentives (not federal grants) to organizations that have heavy vehicles currently burning diesel. The NAT GAS Act would provide incentives for fleet owners to change from diesel-powered trucks to vehicles running on natural gas. The incentives would be limited to a specific amount and for only five years. The legislation is designed to help jump-start a natural-gas vehicle industry in the United States, which would provide new jobs ranging from design engineers to toolmakers to manufacturers to those who maintain the vehicles.

The specific reason for this bill is not to pick one fuel over another. It is to pick the United States over OPEC. Last month, the United States consumed about 19 million barrels of oil a day, yet only produced just more than 8 million barrels a day. Where did the deficit come from? The U.S. imported 11.5 million barrels of oil every day at a cost of $42.5 billion for the month. Putting aside oil bought from Mexico and Canada, which are the two largest oil suppliers, our next five oil-trading partners, in order, are Saudi Arabia, Nigeria, Venezuela, Angola and Iraq. Given these statistics, T. Boone Pickens recently decided he would focus most of his attention on natural gas in the "cleaner" energy space, significantly reducing his exposure and investments to wind farms.

Additionally, the use of natural gas is growing as an alternative fuel source in the transportation sector. According to the Natural Gas Vehicle Coalition, there are currently 150,000 Natural Gas Vehicles (NGVs) on the road in the United States today, and more than 5 million NGVs worldwide. In fact, the transportation sector accounts for 3 percent of all natural gas used in the United States. Natural gas vehicles, when designed to run on natural gas alone, are among the cleanest vehicles in the world.

Why switch heavy trucks to natural gas?

- First of all, it is one of the most abundant natural resources in the United States. Reports now show that we have a 100-year supply of natural gas, containing more energy than all the oil reserves in Saudi Arabia.
- Natural gas is cheaper than oil. On a Btu-equivalent basis, natural gas costs about one-fifth as much as imported diesel.
- It is cleaner; natural gas is about 30 percent cleaner than petroleum and produces no particulate emissions.
- Natural gas works as a replacement fuel for heavy vehicles because neither batteries nor ethanol can produce enough horsepower to push them. Only diesel and natural gas can do that.



Source: Energy Information Administration based on data from various published studies.
Updated: May 9, 2011

MACROECONOMIC ENVIRONMENT

Universal's economics is driven primarily by and influenced by the price for natural gas, and world oil prices. As we see in the accompanying table, demand continues to grow for oil. This bodes well for oil prices, and when oil prices increase the demand for alternative fuels rises. Total world demand grows from 85.26 million barrels/day to 87.5 million barrels/day from 2006 to 2010, and is only forecast to go higher.

World Oil Balance, 2006-2010
(Million Barrels Per Day)

	2006	2007	2008	2009					2010			
	Annual Average			Quarter				Annual Average	Quarter			
				First	Second	Third	Fourth		First	Second	Third	Fourth
Petroleum (Oil) Demand												
OECD												
United States	20.69	20.68	19.50	18.86	18.57	18.72	18.93	18.77	18.82	19.01	19.49	NA
Other OECD	29.13	28.91	28.38	27.80	26.23	26.53	27.27	26.95	27.21	26.44	27.29	NA
Total OECD	49.82	49.59	47.87	46.66	44.80	45.26	46.20	45.73	46.03	45.45	46.78	NA
Non-OECD												
China	7.26	7.58	7.83	7.72	8.55	8.43	8.59	8.32	8.88	9.31	8.89	NA
Former U.S.S.R.	4.27	4.27	4.35	4.09	4.19	4.23	4.32	4.21	4.31	4.33	4.48	NA
Other Non-OECD	23.91	24.84	25.72	25.15	26.48	26.62	26.05	26.08	26.20	27.27	27.35	NA
Total Non-OECD	35.44	36.70	37.90	36.96	***39.21***	39.29	38.96	38.61	39.39	40.91	40.72	NA
Total World Demand	85.26	86.29	85.78	83.61	84.01	84.54	85.16	84.34	85.42	86.36	87.50	NA

Source: U.S. Energy Information Administration

A key variable in Universal's financial performance relates to the price of natural gas. The following graph highlights the volatility, and perhaps relative value that natural gas offers investors at the present time. Given the current price of $3.95, this is well below the $10.79 recent peak and hence providing lots of upside to Universal in the process. Natural Gas demand from power generation, now one third of the 60 bcf/d of U.S. gas consumption, will lift demand for gas during the next five years, causing a corresponding rise in prices.

MANAGEMENT BIOGRAPHIES

Vince M. Guest – President and Chief Executive Officer

Vince M. Guest was appointed to serve as President and CEO. He has over 25 years of professional management experience drawn from several major Fortune 500 firms in the U.S. His experience includes business management, strategic alliances, energy services, organizational development, marketing, commercial real estate acquisitions, corporate finance, and management of real estate assets with a combined portfolio value exceeding $2.5 billion. He has arranged over $500 million in corporate capital funding and commercial and residential financing. He served as President of AmeriCapital Financial Corporation directing the commercial and residential real estate investment services group for 26 states nationwide. Previously, he served as Director of Energy Services for New Energy Ventures, managing the energy services division for the state of California. He also worked as Director of Engineering for Trammel Crow-Winthrop Management, and in management and professional positions at TRW, Citicorp, Bristol-Myers Squibb, and Ingersoll Rand. He also worked as President of Aegis Energy International, where he provided energy / facilities and consulting services, primarily for Fortune 100 companies, including Amoco, Rockwell International, Union Carbide, Beckman Industrial and others.

Solomon RC Ali - Senior Vice President of Corporate Finance and Investor Relations

Solomon RC Ali was appointed as Senior Vice President of Corporate Finance and Investor Relations and Director on March 5, 2009. He was appointed as Corporate Vice President on May 25, 2010. He has over 23 years of experience in investor relations, investment banking, mergers, acquisitions, corporate structure, marketing, asset management and is an expert in financial engineering and raising investment capital. He has personally managed and completed over 140 mergers and acquisitions in his career. As a highly qualified corporate executive he served as CEO of Rainco Industries, managed over 500 employees, managed over $100 million in assets and arranged over $250 million in investment capital and structured financing. Currently, Mr. Ali serves on the Board of Directors for three public companies. His experience also includes corporate valuation, capitalization structure, development of Private Placement Memoranda, business plans, client positioning, managing the investment process with securities attorneys and accountants, for SEC and FINRA regulatory compliance and corporate registration filings. Mr. Ali has developed and implemented new policies, systems, procedures and strategically re-organized, re-structured, re-financed and turned around many troubled small cap companies and improved their operations and market capitalization value.

Ken Harris – NDR Energy Group – President and CEO

Ken Harris was appointed to serve as President and CEO. Ken has 22 years of experience as an Attorney, with experience in business operations, management, negotiations of NAESB supply and purchase contracts, business development, regulatory compliance, operations systems design and organizational development. Ken has worked as an Attorney with a legal practice covering business transactions, tort litigation, criminal law, personal injury, sports agency management. He also currently serves as a Founder / Partner with the law firm of Ken Harris and Associates. Previously worked as a Founding Partner for Todd, Parham, Harris and Dixon, a Founding Partner for Harris and Drummond, an Associate with Hoover and Williams, an Associate with Wishart, Norris, Henninger & Pittman, and as a NBA/NFL Sports Agent for Bill Duffy & Associates. He also serves as host of the radio talk show “Law 360” on WGIV Radio in Charlotte, North Carolina. Ken received a B.A in Political Science, and a Jurist Doctorate from the University of North Carolina at Chapel Hill.

Rickey Hart – NDR Energy Group - Vice President of Business Development

Rickey Hart was appointed to serve as Vice President of Business Development. He originally founded NDR Energy Group, and he has over 25 years over professional experience, which includes 16 years in the oil and gas industry. His professional industry experience covers operations, marketing, business development, negotiations of NAESB supply and purchase contracts, sales of natural gas, propane, lubricants and related energy services. He has also developed new markets for products, sales of pipeline transmission capacity, developed hedge programs, managed sales teams, developed marketing, sales and promotions programs for many companies during his career. Previously he worked as a General Manager for New Image Consultants, Marketing Manager for SDS Petroleum Products, and other managerial and professional positions for Jones and Associates, M&S Staff Consultants, and Twentieth Century Fox.

Ray Crooks – NDR Energy Group – Managing Partner and Principal Consultant

Ray Crooks has over 25 years of professional experience in energy services and the gas industry. He provides technical consulting services for NDR Energy's public and private sector clients in the areas of natural gas planning, gas supply and pipeline management, contract negotiations for NAESB supply and purchase contracts, strategic planning, risk management and cost of service analyses. His experience also includes financial analysis for electricity and natural gas systems, energy procurement, gas capacity management, marketing plans, rate systems design, power supply planning, demand forecasting and developing financing plans for Municipal Utilities using tax exempt Bonds. He also works as a Principal Consultant and Owner of "The NHE Group", an energy management consulting firm, and Manager of Energy Planning at Reedy Creek Energy Services, a subsidiary of Walt Disney World. Previously he worked as a Supervising Consultant with Resource management International, a Bulk Power and rates Analyst with the City of St. Cloud, Florida, and a Supervising Analyst with R.W. Beck and Associates. Ray is a candidate for a Doctorate in Business Administration, (DBA), and a Masters in Management Information Systems from Nova Southeastern University, a MBA in Finance from Webber International University, and a B.S. in Business Administration form the University of Central Florida.

RECENT FINANCIAL PERFORMANCE

The Company's revenues for the second quarter of 2011, grew at an accelerated growth rate from the previous year of 2010. In 2010 they achieved revenues of $41,320,647 for the entire year. During the first three months of 2011 they generated revenues of $22,247,354, or 54% of the total revenues for all of 2011. During the first six months of 2011, Universal generated record revenues totaling $36,048,232, which equals 87% of the total revenues for all of 2010. With a business plan focused on producing revenues, current management believes that it has created significant value particularly since the acquisition of NDR Energy on April 12, 2010, in contrast to the pre-acquisition period when there were no revenues generated in the prior 2 to 3 years. The Company's primary revenues from this period are from the sale of natural gas. All of the financial information presented below was taken from the Company's Form 10-Q Quarterly and Form 10-K Annual Financial Reports that were filed with the U. S. Securities and Exchange Commission. Universal Bioenergy Inc.'s most recent Form 10-Q and Form 10-K Reports, and other SEC filings, can be located on file with the SEC on their website at www.sec.gov.

For the Twelve Months Ended December 31, 2010

Sales for the twelve months ended December 30, 2010 were $41.3 million vs. $0 for the same period in 2009. The key driver behind the revenue growth was the sale of natural gas generated through their NCR Energy subsidiary. Losses were $1.9 million and $1.8 million for the twelve months ended December 30, 2010 and 2009, respectively.

Excluding the value of the common stock that was issued for services, and interest expenses which together totaled $921,859, would correspondingly reduce the net loss of $1,947,962 to an adjusted net loss of $1,026,103 for the period ending December 31, 2010. This adjusted net loss of $1,026,103 equals only 2.48% of their total revenues of $41,320,647 for the period ending December 31, 2010.

Assets increased to $13.2 million for the period ending December 30, 2010, vs. $295,919 for the same period in 2009 based upon their receivables for natural gas. Based on their plans for growth and expansion, Universal expects to continue the trajectory to a break-even point, then moving toward solid profitability. We would concur with that outlook.

For The Three Months Ended March 31, 2011

Sales for the three months ended March 31, 2010 were $22.2 million vs. $0 for the same period in 2010. The key driver behind the revenue growth was the sale of natural gas generated through their NCR Energy subsidiary. Losses were $577,034 and $172,872 for the three months ended March 31, 2011 and 2010, respectively.

Excluding the value of the common stock that was issued for services, and interest expenses which together totaled $566,109, would correspondingly reduce the net loss of $577,034 to an adjusted net loss of $98,425 for the period ending March 31, 2011. This adjusted net loss of $98,425 equals only 0.44% of their total revenues of $22,247,354 for the period ending March 31, 2011.

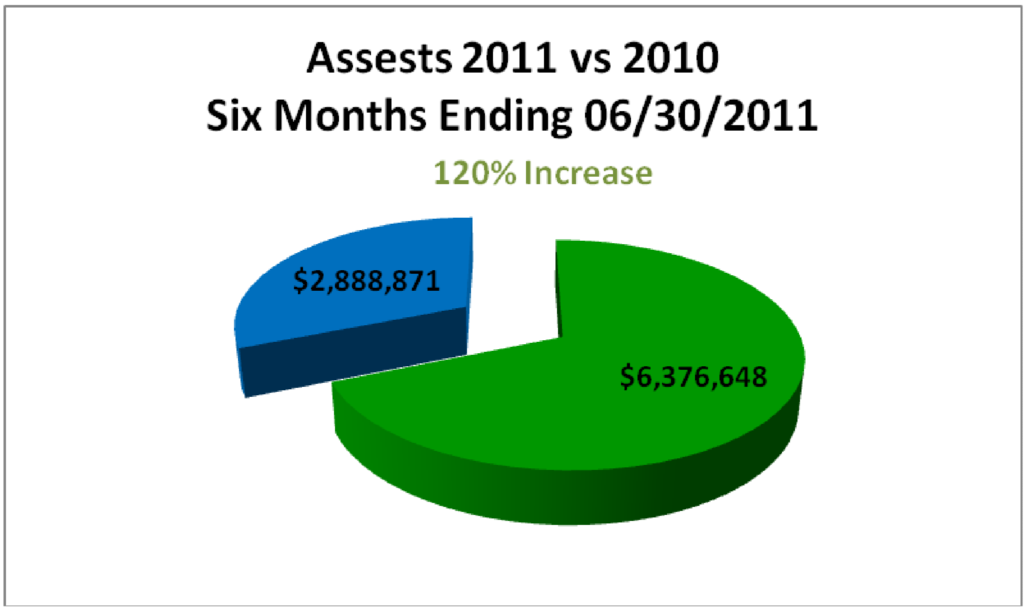
Assets increased to $4.3 million for the period ending March 31, 2011, vs. $293,100 for the same period in 2010 based upon their receivables for natural gas.

For The Six Months Ended June 30, 2011

Universal generated record revenues of $36,048,232, which equals 87% of the total revenues for all of 2010. Revenues for the three and six months ended June 30, 2011 were $13,800,878 and $36,048,232 respectively, as compared to $13,966,895 and $13,966,895 respectively for the same periods in 2010.

The Company incurred losses of $137,762 for the three months ended June 30, 2011 and $439,402 for the same period in 2010. Excluding the value of common stock issued for services, and interest expenses which together totaled $274,362, would correspondingly reduce the net loss of $137,672 to an adjusted net profit of $136,690 for the three month period ending June 30, 2011.

For the six months ended June 30, 2011 Universal's losses were $714,706 compared to $613,207 for the same period in 2010. Excluding the value of common stock issued for services, and interest expenses which together totaled $559,721, would correspondingly reduce the net loss of $714,706 to an adjusted net loss of $154,985. The adjusted net loss of $154,895 equals only 0.4% of the total revenues of $36,002,148 for the six months period ending June 30, 2011.



Universal's total assets increased by $3,487,777, or 120% to $6,376,648 for the period ending June 30, 2011, compared to $2,888,871 for the same period in 2010. Their long term liabilities are $317,862 for the reporting period ending June 30, 2011, compared to $70,000 for the period ending June 30, 2010. This was primarily due to an increase in the amount long term notes payables.

The majority of revenues and cash flow emanate from the marketing and sale of natural gas to 22 electric utility customers. Thus, revenues, profits and future growth depend to a great extent on the prevailing prices of natural gas, which we believe has a bullish outlook as discussed in the macroeconomic section of this report.

The revenues generated above, came from the sales of natural gas to only about four to six of the Company's 22 electric utility customers. The Company on average will sell gas on a rotational basis to about four to six of its customers each month.

RISKS

Natural Gas Prices

The revenue, profitability and future growth of our Company, are largely dependent on a number of factors including, the prevailing and future prices for natural gas, which is also dependent or influenced by numerous factors beyond our control, such as regulatory developments, changing economic conditions, and competition from other energy sources. While we do have a bullish view on natural gas prices, there are no guarantees.

Reducing The Company's Risk

The Company' plans to acquire its own natural gas supply by obtaining the gas at the wellhead from supplies with large reserves and inventories, to market and distribute directly to its growing customer base. They also intend to obtain more gas by consolidating the purchase of gas supply through a large number of independent producers and pipeline companies with long-term purchase agreements to supply gas to its customers. The Company selects its suppliers based their ability to supply and deliver a firm base load of gas to its customers and their designated delivery points.

All of the Company's customers are typically multi-million and mult-billion dollar municipally owned or Fortune 500 investor owned publicly traded utilities with strong Standard & Poor's credit ratings. The Company generally enters into a purchase or sales agreement with the customer and/or supplier, using the North American Energy Standards Board ("NAESB"), "Base Contract for Sale and Purchase of Natural Gas", which is the standard agreement used in use the natural gas industry. The contract terms are usually 1 to 5 years to supply gas to its customers, however in some cases shorter terms of 1 to 6 months will be considered for some customers. The Company will invoice the customers between the 10th and 15th of each month, for the previous months gas sales, and the customer, in accordance with our "Purchase Agreement", sends the Company full payment via wired funds by the 25th of the month, or 10 to15 days after receipt of the invoice. The customers have paid all of the invoices for the delivery of gas for the last 5 to 7 years with out fail. This further reduces the risk to the Company and our shareholders.

Quantitative And Qualitative Disclosures About Market Risk

The Company is exposed to risks associated with commodity prices and interest rates. Commodity price risk is the potential loss that may incur as a result of changes in the fair value of a particular instrument or commodity. Interest-rate risk results from our portfolio of debt and equity instruments that we issue to provide financing and liquidity for our business activities.

Commodity Price Risk

The Company's most significant market risk relates to the prices they receive for their oil and natural gas production. Realized pricing is primarily driven by the prevailing worldwide price for crude oil and spot market prices applicable to the production of oil and gas in the U.S. and Canada. Pricing for oil and gas production has been volatile and unpredictable for several years.

Legal Proceedings

The following information was excerpted directly from the the Company's Form 10-K Annual Report for the period ending December 31, 2010 which stated, "We are currently not involved in any litigation that we believe could have a materially adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our company's or our company's subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

While the Company is not the subject of an investigation, current management has recently become aware that the Company may have been the recipient of certain assets that may be subject to the disgorgement order in the SEC vs. Abellan, et al case. Additionally, current management has recently become aware that the conversion of certain notes to preferred stock may have constituted an illegal act since it occurred subsequent to a freeze order issued pertaining to SEC vs. Abellan, et al. Current and former management assert that they were not aware of the freeze order at the time of the conversion. Additionally, certain documents and correspondence provided to the SEC pertaining to the conversion document indicate that the conversion was being negotiated prior to the date of the freeze order. The documents and correspondence were provided to the SEC in response to a subpoena issued in an informal investigation of another company. The Company was not the focus of the informal investigation. The docket currently shows the status of the Abellan case as "terminated", leaving Company counsel to believe that further action by the SEC against the Company is possible but unlikely. The potential financial effects of this are more thoroughly discussed in Note 10 to the financial statements." Additionally, per the Company's Form 10-Q Report for the period ending March 31, 2011, it stated, "There have been no material changes to the information included in Item 3, "Legal Proceedings" in our 2010 Annual Report on Form 10-K."

FUTURE OUTLOOK OF COMPANY

Universal Bioenergy has managed to grow a solid business in the heart of the worst economic recession in U.S. history, when many other firms have shut down or have experienced a decrease in revenues and earnings. The Company has continued to gain increased market share, enjoy double digit increases of 50% to 90% in revenues each quarter, streamlining its costs and is gaining a stronger foothold hold in the energy market. The Company is taking advantage of the growing opportunities in the energy market by gaining of 2 new major utility customers on average each month, moving into to the propane market, natural gas power generation and thermal coal.

Universal Bioenergy raised its business forecast for the third and forth quarters, citing stronger demands for natural gas and oil for the all segments of the energy markets. We are therefore increasing our fair value estimate of the Company.

Based on the revenues for the second quarter of 2011, and its backlog of contracts, the Company now expects total revenue for 2011 to be in the $80 to $100+ million range. Our five-year average revenue growth projection for the Company is now 50% to 100%.

Due to the increase demands of energy for the U.S and world market, and the bullish outlook for the industry, the Company appears to poised in even greater growth in the near and long term. As a result, we have raised our assumptions in our valuation model to account for the projected increase in demand in national and world energy consumption.

We expect profitability to be forthcoming in the upcoming quarters, and we also believe that the Company can achieve operating margins in the mid 20's over the long run as their business continues to grow.

Universal Bioenergy is exploiting changes in the energy market, with the intent to propel the company to a dominant market position, and be one of the top independent energy companies in the United States.

We believe Universal Bioenergy holds a major strategic advantage long-term advantages over many larger companies with high operating costs, large staffs of employees and single digit growth. The Company continues to build at a super growth rate, and has aggressive plans to grow itself into a billion dollar company in the next 2 to 5 years.

The revenues generated above, came from the sales of natural gas to only about four to six of the Company's 22 electric utility customers. The Company on average will sell gas on a rotational basis to about four to six of its customers each month. With sales of natural gas to only six customers, based on the second quarter revenues of $36 million or $6.0 million monthly, this equals approximately $1.0 to $1.5 million in revenue per customer. Some months the Company may sell as much as $3 to $6 million to one customer in a single month. The Company is in the process of obtaining its own gas supplies from producers directly from the wellhead, and obtaining commercial letters of credit to provide to its suppliers. This will facilitate the Company being able to sell to all 22 utility customers simultaneously. When this is achieved the Company projects that it could have gas sales and revenues in the following ranges;

Projected Gas Sales Summary

Management believes, that it can sell approximately 1,200,000 MMBtus or $4.80 million, in natural gas to each of its 22 customers each month. The following sales estimates are based on a NYMEX futures gas price of $4.00 per mcf. The gross margin for gas in the P&L is conservatively estimated at $0.25 per mcf, or 6.25% per mcf. (An mcf equals 1000 cubic feet of natural gas.)

Daily Gas Sales – 40,000 mcf per day x 22 customers = 880,000 mcf per day
880,000 mcf per day x $4.00 per mcf = $3,520,000 per day

Monthly Gas Sales - $3,520,000 per day x 30 days = $105,600,000 per month

Yearly Gas Sales - $105,600,000 x 12 months = $1,267,200,000 per year

VALUATION

In the financial markets, stock valuation is the method of calculating theoretical values of companies and their stocks. The primary use of these methods is to predict or forecast the potential future market prices, and thus profit from the movement in the price. Stocks that are usually judged ***"Undervalued"*** (with respect to their theoretical value) are purchased by investors, in the expectation that undervalued stocks will generally rise in value. However, stocks that are judged overvalued are sold, with the expectation that they generally will fall.

Universal Bioenergy's share price traded from a low of $0.03 to a high of $0.12 over the past year and currently trades at $0.07 per share.

There are a number of approaches analysts can take in valuing companies, however it is always key to recognize what type of company you are valuing (technology companies for instance are valued more on future potential versus utilities which are valued on historical results), and which stage that company happens to be in at the time of valuation (infancy, expansion, decline, etc.). The latter can have a material impact on valuation through the DCF model for example. Like most emerging growth companies, we do not believe a discounted cash flow approach is the appropriate method to value Universal Bioenergy. DCFs are not typically used in early stage valuations. Market comps, arm's length transactions of the company's stock, or some estimate of intangible value created through R&D can be used to come up with an equity value for early stage companies, among other methods.

If the terminal value accounts for a large proportion of the overall value of a typical firm, it is an even bigger component of the value of a young company. In fact, it is not unusual for the terminal value to account for 90%, 100% or even more than 100% of the current value of a young company. Consequently, assumptions about when a firm will reach stable growth, a pre-requisite for estimating terminal value, and its characteristics in stable growth can have a substantial impact on the value that we attach to a young company.

Venture Capital Target Rates of Return – Stage in Life Cycle

Stage of development	Typical target rates of return
Start up	50-70%
First stage	40-60%
Second stage	35-50%
Bridge / IPO	25-35%

We believe that Universal Bioenergy is in the Bridge / IPO stage of the lifecycle, as it trades on the OTC Markets Pink Sheets currently.

That said, the valuation would be:

Equity Value Today = Equity Value at end of Time Horizon / (1+Target Return)n

Most venture capital companies project a terminal value on a company of 5 to 7+ years, after which they intend to implement an exit strategy to liquidate part or all of their position, either by an IPO, a sell or a merger of the company.
Universal Bioenergy has 12 trailing months (TTM) of revenues of $63.38 million. The Company projects it may achieve revenues of $500 million in the next 2 to 5 years.

We believe using forecast assumptions, that Universal Bioenergy, based on revenues of $63.38 Twelve Trailing Months (TTM), could have sales close to $253 million in 2 to 3 years time (a conservative assumption given the recent contract wins). By applying a 4x Sales Multiple (the below table highlights a few comparable companies in the industry and their relevant valuation metrics; a 4x sales multiple is low compared to the 6x average) results in an estimated market capitalization target of $253 million, for the Company.

As was stated above, like most emerging growth companies, we do not believe a discounted cash flow approach is the appropriate method to value Universal Bioenergy. DCFs are not typically used in early stage.

The annual sales per share alone based on the $63.38 million TTM revenues divided by the 135,568,383 shares is currently $.047 in sale/revenue per share. The Price / Sales Ratio, or the stock price of $0.07 divided by sales per share value of $0.47, is only 15%. ***That means the Company's current "stock price" of $0.07 is trading at only 15% of its "sales per share" value of $0.47. Additionally, the "sales per share" value of $0.47 is 671% (6.71 times) higher that its current stock price of $0.07.*** This indicates that the current stock price is undervalued.

Valuation Comparables

Company	Symbol	Share Price	Market Cap ($M)	Beta	Market Cap / Sales
Alter NRG Corp	NRG.C	$1.02	$63	n.a.	4.7x
BioFuel Energy	BIOF	$0.58	$59	2.0	0.1x
Geo Point Technologies	GNNC	$2.25	$68	n.a.	n.a.
OiriginOil Inc	OOIL	$0.15	$30	0.2	30.0x
Pacific Ethanol	PEIX	$0.32	$39	1.3	0.1x
Verenium Corp	VRNM	$2.12	$27	1.3	0.5x
Vertex Energy	VTNR	$2.00	$17	n.a.	0.3x
Average		**$1.21**	**$43**	**1.2**	**6.0x**
Universal Bioenergy	**UBRG**	**$0.06**	**$5**	**2.5**	**0.2x**
Source: Reuters					
Note: Universal Bioenergy Sales are Fiscal 2010 9-months annualized figures					

We believe the $253 million sales target in a few years is highly achievable for a number of reasons including:

- ***2011 Revenues projected at $80 to $100 million – double the revenues for 2010!***
- ***Company has total assets in excess of $6.3 million***
- ***22 major utility customers that include:*** Southern California Gas Company, Pacific Gas & Electric, CenterPoint Energy Resources, Baltimore Gas & Electric, Memphis Light Gas & Water, Duke (Ohio & Kentucky), Michigan Consolidated and National Grid.
  Their gas suppliers include: EDF Trading, Chevron Texaco, Conoco Phillips, Chesapeake Energy Marketing, and Anadarko.

- ***Progas Energy Services Joint Venture*** - On December 17, 2010, the Company signed an agreement with ProGas Energy Services Inc., of Texas, to jointly develop the Northwest Premont Oil & Gas Field located in Texas's Gulf Coast natural trend, in Jim Wells County Texas. The plans include potentially developing up to 115 oil and gas wells from this field. On March 3, 2011, the Company announced that Progas Energy Services had struck oil and gas on several wells that it had drilled in the Northwest Premont oil and gas field. According to Progas, the field possibly houses 20,000,000 Bbls of oil, with an estimated value of $1.78 billion based on the, August 31, 2011 NYMEX, West Texas Intermediate (WTI) price of, $89.15, and over 20,000,000 mcf of natural gas, with an estimated value of $81.40 million, based on the, August 31, 2011 NYMEX price of $4.07.

- ***National Stock Exchange Listing -*** With the Company's planned growth by mergers, acquisitions, and future revenues, its management is evaluating and positioning the Company to potentially qualify, and apply to be listed on a major national stock exchange, which stock exchanges list similarly situated alternative energy technology companies, such as NASDAQ, NYSE Amex Equities, or others. No assurances can be provided that this aspect of their long-term business plan will be achieved.

- ***Standard & Poor's Factual Stock Coverage -*** On April 7, 2011 Standard & Poor's announced that it has commenced factual coverage on Universal Bioenergy. This will be accessible by buy-side institutions, and sell-side firms that utilize S&P research. This research coverage will help market Universal to institutional money which will help with capital raising activities in the future, and improved valuation multiples in general.

- ***Frankfurt Stock Exchange -*** The Company applied to be listed on the Frankfurt Stock Exchange in Germany. one of the largest trading exchanges in the world, with public companies from over 80 different countries with almost 40% from North America.

- **Universal's stock is very liquid with nearly 1 million shares traded daily**

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Valuation Conclusion

We have assigned UBRG a target price of $0.47 per share. Given the current market price of $0.07 we believe the Company is "***Undervalued".*** Stocks that are usually judged ***"Undervalued"*** (with respect to their theoretical value) are purchased by investors, in the expectation that undervalued stocks will generally rise in value. Our target price is based on 4x our forward estimate of sales and discounting the industry standard Sales Multiple of 6X, by a conservative 33%. Our assumptions include the future out-look for the oil and gas sub-markets, higher demand for refined energy products, increased use of natural gas in power generation and in the growing use of natural gas as an alternative fuel source in the transportation sector. A number of other key valuation considerations in our thesis include:

• Universal has a diversified product offering which is focused on cleaner fuels such as natural gas, wind, and solar.

• Consumption of natural gas will increase 20% by 2030, according to the U.S. Department of Energy (DOE)

• Based on valuation metrics vs. peers, Universal appears to provide attractive valuation and offers investors greater leverage with a higher beta

• Projected continued double digit growth of the company in the next 3 to 5 years.

• Experienced management team with a solid mergers/acquisitions experience, which we believe is paramount to a company in its infancy stage

• Customers include 22, multi-billion dollar municipally owned or Fortune 500 investor owned publicly traded utilities with strong Standard & Poor's credit ratings.

• Little to no corporate debt

• A pending listing on the Frankfurt Stock Exchange may enable Universal to tap into an additional pool of equity capital

• We forecast Universal Bioenergy could have sales of $253 million in 5 years time (a conservative assumption given the recent contract wins). This provides investors with a significant margin of safety given the current share price of $0.07

Forward-Looking Statement and Disclaimer/Disclosure:

The statements in the press release that relate to the Company's expectations with regard to the future impact on the Company's results from acquisitions or actions in development are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The statements in this document may also contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

Forward-looking statements are subject to risks, uncertainties, and other factors that could cause actual results to differ materially from those contained in such statements.

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