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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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Amendment No. 1  
to

**SCHEDULE 13E-3**

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**RULE 13e-3 TRANSACTION STATEMENT  
(Under Section 13(e) of the Securities Exchange Act of 1934)**

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**ANTERO MIDSTREAM PARTNERS LP**

(Name of the Issuer)

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Antero Midstream Partners GP LLC  
Antero Midstream GP LP  
AMGP GP LLC  
Antero IDR Holdings LLC  
Arkrose Midstream Preferred Co LLC  
Arkrose Midstream Newco Inc.  
Arkrose Midstream Merger Sub LLC  
Antero Resources Corporation  
Warburg Pincus Private Equity VIII, L.P.  
Warburg Pincus Netherlands Private Equity VIII C.V. I  
WP-WPVIII Investors, L.P.  
Warburg Pincus Private Equity X O&G, L.P.  
Warburg Pincus X Partners, L.P.  
WP-WPVIII Investors GP L.P.  
Warburg Pincus X, L.P.  
Warburg Pincus X GP L.P.  
WPP GP LLC  
Warburg Pincus Partners, L.P.  
Warburg Pincus Partners GP LLC  
Warburg Pincus & Co.  
Warburg Pincus LLC  
Charles R. Kaye  
Joseph P. Landy  
Yorktown Energy Partners V, L.P.  
Yorktown Energy Partners VI, L.P.  
Yorktown Energy Partners VII, L.P.  
Yorktown Energy Partners VIII, L.P.  
Paul Rady  
Mockingbird Investments LLC  
Glen C. Warren, Jr.  
Canton Investment Holdings LLC  
(Name of Person(s) Filing Statement)

**Common Units Representing Limited Partner Interests**  
(Title of Class of Securities)

**03673L 103**

(CUSIP Number of Class of Securities)

**Glen C. Warren, Jr.  
1615 Wynkoop Street  
Denver, Colorado 80202  
(303) 357-7310**

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications on Behalf of the Person(s) Filing Statement)

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Copies to:

**Douglas E. McWilliams  
Lande A. Spottswood  
Vinson & Elkins L.L.P.  
1001 Fannin Street, Suite 2500  
Houston, Texas 77002-6760  
713-758-2222**

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This statement is filed in connection with (check the appropriate box):

- (a)  The filing of solicitation materials or an information statement subject to Regulation 14A, Regulation 14C or Rule 13e-3(c) under the Securities Exchange Act of 1934.
- (b)  The filing of a registration statement under the Securities Act of 1933.
- (c)  A tender offer.

(d)  None of the above.

Check the following box if the soliciting materials or information statement referred to in checking box (a) are preliminary copies:

Check the following box if the filing is a final amendment reporting the results of the transaction:

**Calculation of Filing Fee**

<b>Transaction Valuation*</b>	<b>Amount of Filing Fee**</b>
\$5,561,008,451.46	\$673,995

\* **Calculated solely for the purpose of determining the filing fee.** The Transaction Value was calculated as follows: the product of (a) \$29.73, the average of the high and low prices of the common units of Antero Midstream Partners LP ("AM") as reported on the New York Stock Exchange on November 1, 2018 and (b) 187,050,402, the estimated maximum number of common units of AM that may be exchanged for the merger consideration in the merger of AM with a wholly owned subsidiary of Antero Midstream GP LP ("AMGP").

\*\* In accordance with Rule 0-11(c)(1), the filing fee was calculated by multiplying 0.0001212 by the Transaction Valuation.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and date of its filing.

Amount Previously Paid: \$673,995

Form or Registration No.: Form S-4 (Registration No. 333-228156)

Filing Party: Antero Midstream GP LP

Date Filed: November 5, 2018

## INTRODUCTION

This Amendment No. 1 (this “Amendment”) to Rule 13e-3 Transaction Statement on Schedule 13E-3 (this “Schedule”) is being filed by: (1) (a) Antero Midstream Partners LP (“AM”), the issuer of common units representing limited partner interests in AM that are the subject of the Rule 13e-3 transaction, (b) Antero Midstream Partners GP LLC, the general partner of AM (“AMP GP,” and, together with AM, the “AM Parties”), (2) (a) Antero Midstream GP LP (“AMGP”), (b) AMGP GP LLC, the general partner of AMGP (“AMGP GP”), (c) Antero IDR Holdings LLC (“IDR Holdings”), (d) Arkrose Midstream Preferred Co LLC (“Preferred Co”), (e) Arkrose Midstream Newco Inc. (“NewCo”), (f) Arkrose Midstream Merger Sub LLC (“Merger Sub,” and together with AMGP, AMGP GP, IDR Holdings, Preferred Co and NewCo, the “AMGP Parties”), (3) Antero Resources Corporation (“Antero Resources”), (4) (a) Warburg Pincus Private Equity VIII, L.P. (“WPPE”), (b) Warburg Pincus Netherlands Private Equity VIII C.V. I (“WPNPE”), (c) WP-WPVIII Investors, L.P. (“WPWP”), (d) Warburg Pincus Private Equity X O&G, L.P. (“WPPEX”), (e) Warburg Pincus X Partners, L.P. (“WPXP”), (f) WP-WPVIII Investors GP L.P. (“WPWP GP”), (g) Warburg Pincus X, L.P. (“WPX”), (h) Warburg Pincus X GP L.P. (“WPX GP”), (i) WPP GP LLC (“WPP GP”), (j) Warburg Pincus Partners, L.P. (“WPP LP”), (k) Warburg Pincus Partners GP LLC (“WPP GP LLC”), (l) Warburg Pincus & Co. (“WP”), (m) Warburg Pincus LLC (“WP LLC”), (n) Charles R. Kaye, and (o) Joseph P. Landy (together with WPPE, WPNPE, WPWP, WPPEX, WPXP, WPWP GP, WPX, WPX GP, WPP GP, WPP LP, WPP GP LLC, WP, WP LLC and Mr. Kaye, “Warburg”), (5) (a) Yorktown Energy Partners V, L.P. (“YEP V”), (b) Yorktown Energy Partners VI, L.P. (“YEP VI”), (c) Yorktown Energy Partners VII, L.P. (“YEP VII”), and (d) Yorktown Energy Partners VIII, L.P. (“YEP VIII,” and together with YEP V, YEP VI, YEP VII, and YEP VIII, “Yorktown,” and together with Warburg, the “Sponsor Holders”), (6) Paul Rady, Mockingbird Investments LLC (“Mockingbird”), Glen C. Warren, Jr. and Canton Investment Holdings LLC (“Canton,” and together with Paul Rady, Mockingbird and Glen C. Warren, Jr., the “Management Holders”). This Schedule relates to the Simplification Agreement, dated as of October 9, 2018, by and among AMGP GP, AMGP, IDR Holdings, Preferred Co, NewCo, Merger Sub, AMP GP, and AM (the “Simplification Agreement”).

AMGP has filed with Securities and Exchange Commission a registration statement on Form S-4 (the “Form S-4”), which contains a joint proxy statement and a prospectus (the “proxy statement/prospectus”) and constitutes (i) a prospectus of AMGP under Section 5 of the Securities Act of 1933, as amended (the “Securities Act”), with respect to AMGP (or its successor entity) securities to be issued pursuant to the Simplification Agreement, (ii) a notice of meeting and a proxy statement of AMGP under Section 14(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), with respect to the special meeting of AMGP shareholders, at which AMGP shareholders will be asked to consider and vote on, among other matters, a proposal to approve the Simplification Agreement and the transactions contemplated thereby and (iii) a notice of meeting and a proxy statement of AM under Section 14(a) of the Exchange Act with respect to the special meeting of AM unitholders, at which AM unitholders will be asked to consider and vote on a proposal to approve the Simplification Agreement and the transactions contemplated thereby. A copy of the Form S-4 is attached hereto as Exhibit (a)(3) and a copy of the Simplification Agreement is attached as Annex A to the proxy statement/prospectus. All references in this Schedule to Items numbered 1001 to 1016 are references to Items contained in Regulation M-A under the Exchange Act.

The cross-references below are being supplied pursuant to General Instruction G to Schedule 13E-3 and show the location in the proxy statement/prospectus of the information required to be included in response to the items of Schedule 13E-3. The information contained in the proxy statement/prospectus, including all annexes thereto and documents incorporated by reference therein, is hereby expressly incorporated herein by reference. As of the date hereof, the proxy statement/prospectus is in preliminary form and is subject to completion. Terms used but not defined in this Schedule shall have the meanings given to them in the proxy statement/prospectus.

The Rule 13e-3 Transaction Statement on Schedule 13E-3 (together with the exhibits and annexes thereto and as amended and supplemented from time to time, the “Schedule 13E-3”), was originally filed with the Securities and Exchange Commission (the “SEC”) on November 5, 2018 by AMGP. Due to the large number of exhibits to be filed with the Schedule 13E-3, this Amendment is being filed to file electronically Exhibits (c)(22) through (c)(40) to Item 16 herein which were not filed with the original Schedule 13E-3. Unless set forth below, all previous Items of the Schedule 13E-3 are unchanged.

**Item 16. Exhibits.**

**Regulation M-A Item 1016**

- (a)(1) Letter to Common Unitholders of Antero Midstream Partners LP, incorporated herein by reference to the proxy statement/prospectus included in the Registration Statement on Form S-4 filed by Antero Midstream GP LP with the Securities and Exchange Commission on November 5, 2018.
- (a)(2) Notice of Special Meeting of Common Unitholders of Antero Midstream Partners LP, incorporated herein by reference to the proxy statement/prospectus included in the Registration Statement on Form S-4 filed by Antero Midstream GP LP with the Securities and Exchange Commission on November 5, 2018.
- (a)(3) Joint Proxy Statement/Prospectus of Antero Midstream Partners LP and Antero Midstream GP LP, incorporated herein by reference to the Registration Statement on Form S-4 filed by Antero Midstream GP LP with the Securities and Exchange Commission on November 5, 2018
- (b)(1) Amended and Restated Credit Agreement, dated as of October 26, 2017, among Antero Midstream Partners LP and certain of its subsidiaries, certain lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, l/c issuer and swingline lender and the other parties thereto (incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q filed on November 1, 2017).
- (b)(2) First Amendment and Joinder Agreement, dated as of October 31, 2018, among Antero Midstream Partners LP and certain of its subsidiaries, certain lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, l/c issuer and swingline lender and the other parties thereto (incorporated by reference to Exhibit 10.5 to the proxy statement/prospectus included in the Registration Statement on Form S-4 filed by Antero Midstream GP LP with the Securities and Exchange Commission on November 5, 2018).
- (c)(1) Fairness Opinion of the AM Conflicts Committee's Financial Advisor, dated October 8, 2018, incorporated herein by reference to the proxy statement/prospectus included in the Registration Statement on Form S-4 filed by Antero Midstream GP LP with the Securities and Exchange Commission on November 5, 2018.
- (c)(2) Fairness Opinion of the AMGP Conflicts Committee's Financial Advisor, dated October 9, 2018, incorporated herein by reference to the proxy statement/prospectus included in the Registration Statement on Form S-4 filed by Antero Midstream GP LP with the Securities and Exchange Commission on November 5, 2018.
- (c)(3) Fairness Opinion of the AR Special Committee's Financial Advisor, dated October 8, 2018, incorporated herein by reference to the proxy statement/prospectus included in the Registration Statement on Form S-4 filed by Antero Midstream GP LP with the Securities and Exchange Commission on November 5, 2018.
- (c)(4)\* Presentation prepared by Goldman Sachs & Co. LLC to the Conflicts Committee of the Board of Directors of AMGP GP LLC, dated March 1, 2018.
- (c)(5)\* Presentation prepared by Goldman Sachs & Co. LLC to the Conflicts Committee of the Board of Directors of AMGP GP LLC, dated March 22, 2018.
- (c)(6)\* Presentation prepared by Goldman Sachs & Co. LLC to the Conflicts Committee of the Board of Directors of AMGP GP LLC, dated April 3, 2018.
- (c)(7)\* Presentation prepared by Goldman Sachs & Co. LLC to the Board of Directors of AMGP GP LLC, dated April 7, 2018.
- (c)(8)\* Presentation prepared by Goldman Sachs & Co. LLC to the Conflicts Committee of the Board of Directors of AMGP GP LLC, dated April 10, 2018.
- (c)(9)\* Presentation prepared by Goldman Sachs & Co. LLC to the Conflicts Committee of the Board of Directors of AMGP GP LLC, dated April 10, 2018.





- (c)(33)\*\* Presentation prepared by Goldman Sachs & Co. LLC to the Conflicts Committee of the Board of Directors of AMGP GP LLC, dated August 30, 2018.
- (c)(34)\*\* Presentation prepared by Goldman Sachs & Co. LLC to the Conflicts Committee of the Board of Directors of AMGP GP LLC, dated September 6, 2018.
- (c)(35)\*\* Presentation prepared by Goldman Sachs & Co. LLC to the Conflicts Committee of the Board of Directors of AMGP GP LLC, dated September 13, 2018.
- (c)(36)\*\* Presentation prepared by Goldman Sachs & Co. LLC to the Conflicts Committee of the Board of Directors of AMGP GP LLC, dated September 21, 2018.
- (c)(37)\*\* Presentation prepared by Goldman Sachs & Co. LLC to the Conflicts Committee of the Board of Directors of AMGP GP LLC, dated September 24, 2018.
- (c)(38)\*\* Presentation prepared by Goldman Sachs & Co. LLC to the Conflicts Committee of the Board of Directors of AMGP GP LLC, dated October 3, 2018.
- (c)(39)\*\* Presentation prepared by Goldman Sachs & Co. LLC to the Conflicts Committee of the Board of Directors of AMGP GP LLC, dated October 6, 2018.
- (c)(40)\*\* Presentation prepared by Goldman Sachs & Co. LLC to the Conflicts Committee of the Board of Directors of AMGP GP LLC, dated October 8, 2018.
- (c)(41)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated March 22, 2018.
- (c)(42)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated March 30, 2018.
- (c)(43)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated April 10, 2018.
- (c)(44)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated April 19, 2018.
- (c)(45)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated June 12, 2018.
- (c)(46)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated June 21, 2018.
- (c)(47)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated July 3, 2018.
- (c)(48)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated July 6, 2018.
- (c)(49)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated July 8, 2018.
- (c)(50)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated July 22, 2018.
- (c)(51)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated August 1, 2018.
- (c)(52)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated August 22, 2018.
- (c)(53)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated August 28, 2018.
- (c)(54)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated September 17, 2018.
- (c)(55)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated September 23, 2018.

- (c)(56)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated October 1, 2018.
- (c)(57)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated October 5, 2018.
- (c)(58)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated October 6, 2018.
- (c)(59)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated October 7, 2018.
- (c)(60)\*\*\* Supplemental Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated October 7, 2018.
- (c)(61)\*\*\* Presentation prepared by Robert W. Baird & Co. Incorporated to the Special Committee of the Board of Directors of Antero Resources Corporation, dated October 8, 2018.
- (c)(62)\*\*\* Presentation prepared by Morgan Stanley & Co. LLC to the Board of Directors of Antero Midstream Partners GP LLC, dated March 20, 2018.
- (c)(63)\*\*\* Presentation prepared by Morgan Stanley & Co. LLC to the Board of Directors of Antero Midstream Partners GP LLC, dated August 9, 2018.
- (c)(64)\*\*\* Joint Presentation prepared by J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC to the Board of Directors of Antero Resources Corporation, dated February 21, 2018.
- (c)(65)\*\*\* Presentation prepared by J.P. Morgan Securities LLC to the Board of Directors of Antero Resources Corporation, dated March 22, 2018.
- (c)(66)\*\*\* Presentation prepared by J.P. Morgan Securities LLC to the Board of Directors of Antero Resources Corporation, dated August 9, 2018.
- (c)(67)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated June 17, 2018.
- (c)(68)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated June 19, 2018.
- (c)(69)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated June 20, 2018.
- (c)(70)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated June 28, 2018.
- (c)(71)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated June 30, 2018.
- (c)(72)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated July 12, 2018.
- (c)(73)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated July 14, 2018.
- (c)(74)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated August 14, 2018.

- (c)(75)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated August 14-15, 2018.
- (c)(76)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated August 26, 2018.
- (c)(77)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated August 26, 2018.
- (c)(78)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated August 31, 2018.
- (c)(79)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated September 1, 2018.
- (c)(80)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated September 2, 2018.
- (c)(81)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated September 17, 2018.
- (c)(82)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated September 20, 2018.
- (c)(83)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated September 23, 2018.
- (c)(84)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated September 28, 2018.
- (c)(85)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated October 2, 2018.
- (c)(86)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated October 6, 2018.
- (c)(87)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated October 8, 2018.
- (c)(88)\*\*\* Presentation prepared by Tudor Pickering Holt & Co. Advisors LLP to the Conflicts Committee of Antero Midstream Partners LP, dated October 8, 2018.
- (c)(89)\*\*\* Discussion Materials of Citigroup Global Markets Inc. for the Sponsor Holders, dated September 10, 2018.
- (c)(90)\*\*\* Discussion Materials of Citigroup Global Markets Inc. for the Sponsor Holders affiliated with Warburg Pincus LLC, dated September 12, 2018.
- (c)(91)\*\*\* Discussion Materials of Citigroup Global Markets Inc. for the Sponsor Holders, dated September 13, 2018.
- (d)(1) Simplification Agreement, dated as of October 9, 2018, by and among AMGP GP LLC, Antero Midstream GP LP, Antero IDR Holdings LLC, Arkrose Midstream Preferred Co LLC, Arkrose Midstream NewCo Inc., Arkrose Midstream Merger Sub LLC, Antero Midstream Partners GP LLC and Antero Midstream Partners LP., incorporated herein by reference to the proxy statement/prospectus included in the Registration Statement on Form S-4 filed by Antero Midstream GP LP with the Securities and Exchange Commission on November 5, 2018
- (f)(1) Agreement of Limited Partnership, dated as of November 10, 2014, by and between Antero Resources Midstream Management LLC, as the General Partner, and Antero Resources Corporation, as the Organizational Limited Partner (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on November 17, 2014).
- (f)(2)\*\*\* Delaware Code Title 6 § 17-212.
- (g) None

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\* Previously filed

\*\* Filed herewith

\*\*\* To be filed by amendment

**SIGNATURES**

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: November 5, 2018

**ANTERO MIDSTREAM PARTNERS LP**

By: Antero Midstream Partners GP LLC, its general partner

By: /s/ Alwyn A. Schopp  
Name: Alwyn A. Schopp  
Title: Chief Administrative Officer, Regional Senior Vice  
President and Treasurer

Dated: November 5, 2018

**ANTERO MIDSTREAM PARTNERS GP LLC**

By: /s/ Alwyn A. Schopp  
Name: Alwyn A. Schopp  
Title: Chief Administrative Officer, Regional Senior Vice  
President and Treasurer

Dated: November 5, 2018

**ANTERO MIDSTREAM GP LP**

By: AMGP GP LLC, its general partner

By: /s/ Alwyn A. Schopp  
Name: Alwyn A. Schopp  
Title: Chief Administrative Officer, Regional Senior Vice  
President and Treasurer

Dated: November 5, 2018

**AMGP GP LLC**

By: /s/ Alwyn A. Schopp  
Name: Alwyn A. Schopp  
Title: Chief Administrative Officer, Regional Senior Vice  
President and Treasurer

Dated: November 5, 2018

**ANTERO IDR HOLDINGS LLC**

By: Antero Midstream GP LP, its managing member  
By: AMGP GP LLC, its general partner

By: /s/ Alwyn A. Schopp  
Name: Alwyn A. Schopp  
Title: Chief Administrative Officer, Regional Senior Vice  
President and Treasurer

Dated: November 5, 2018

**ARKROSE MIDSTREAM PREFERRED CO LLC**

By: Antero Midstream GP LP, its sole member  
By: AMGP GP LLC, its general partner

By: /s/ Alwyn A. Schopp  
Name: Alwyn A. Schopp  
Title: Chief Administrative Officer, Regional Senior Vice  
President and Treasurer

Dated: November 5, 2018

**ARKROSE MIDSTREAM NEWCO INC.**

By: /s/ Alwyn A. Schopp  
Name: Alwyn A. Schopp  
Title: Chief Administrative Officer, Regional Senior Vice  
President and Treasurer

Dated: November 5, 2018

**ARKROSE MIDSTREAM MERGER SUB LLC**

By: Arkrose Midstream NewCo Inc., its sole member

By: /s/ Alwyn A. Schopp  
Name: Alwyn A. Schopp  
Title: Chief Administrative Officer, Regional Senior Vice  
President and Treasurer

Dated: November 5, 2018

**ANTERO RESOURCES CORPORATION**

By: /s/ Alwyn A. Schopp  
Name: Alwyn A. Schopp  
Title: Chief Administrative Officer, Regional Senior Vice  
President and Treasurer

Dated: November 5, 2018

**WARBURG PINCUS PRIVATE EQUITY VIII, L.P.**

By: Warburg Pincus Partners, L.P., its general partner  
By: Warburg Pincus Partners GP LLC, its general partner  
By: Warburg Pincus & Co., its managing member

By: /s/ Robert B. Knauss  
Name: Robert B. Knauss  
Title: Partner

Dated: November 5, 2018

**WARBURG PINCUS NETHERLANDS PRIVATE EQUITY  
VIII C.V. I**

By: Warburg Pincus Partners, L.P., its general partner  
By: Warburg Pincus Partners GP LLC, its general partner  
By: Warburg Pincus & Co., its managing member

By: /s/ Robert B. Knauss

Name: Robert B. Knauss

Title: Partner

Dated: November 5, 2018

**WP-WPVIII INVESTORS, L.P.**

By: WP-WPVIII Investors GP L.P., its general partner  
By: WPP GP LLC, its general partner  
By: Warburg Pincus Partners, L.P., its managing member  
By: Warburg Pincus Partners GP LLC, its general partner  
By: Warburg Pincus & Co., its managing member

By: /s/ Robert B. Knauss

Name: Robert B. Knauss

Title: Partner

Dated: November 5, 2018

**WARBURG PINCUS PRIVATE EQUITY X O&G, L.P.**

By: Warburg Pincus X, L.P., its general partner  
By: Warburg Pincus X GP L.P., its general partner  
By: WPP GP LLC, its general partner  
By: Warburg Pincus Partners, L.P., its managing member  
By: Warburg Pincus Partners GP LLC, its general partner  
By: Warburg Pincus & Co., its managing member

By: /s/ Robert B. Knauss

Name: Robert B. Knauss

Title: Partner

Dated: November 5, 2018

**WARBURG PINCUS X PARTNERS, L.P.**

By: Warburg Pincus X, L.P., its general partner  
By: Warburg Pincus X GP L.P., its general partner  
By: WPP GP LLC, its general partner  
By: Warburg Pincus Partners, L.P., its managing member  
By: Warburg Pincus Partners GP LLC, its general partner  
By: Warburg Pincus & Co., its managing member

By: /s/ Robert B. Knauss

Name: Robert B. Knauss

Title: Partner

Dated: November 5, 2018

**WP-WPVIII INVESTORS, GP L.P.**

By: WPP GP LLC, its general partner  
By: Warburg Pincus Partners, L.P., its managing member  
By: Warburg Pincus Partners GP LLC, its general partner  
By: Warburg Pincus & Co., its managing member

By: /s/ Robert B. Knauss

Name: Robert B. Knauss

Title: Partner

Dated: November 5, 2018

**WARBURG PINCUS X, L.P.**

By: Warburg Pincus X GP L.P., its general partner  
By: WPP GP LLC, its general partner  
By: Warburg Pincus Partners, L.P., its managing member  
By: Warburg Pincus Partners GP LLC, its general partner  
By: Warburg Pincus & Co., its managing member

By: /s/ Robert B. Knauss

Name: Robert B. Knauss

Title: Partner



Dated: November 5, 2018

**WARBURG PINCUS X GP L.P.**

By: WPP GP LLC, its general partner  
By: Warburg Pincus Partners, L.P., its managing member  
By: Warburg Pincus Partners GP LLC, its general partner  
By: Warburg Pincus & Co., its managing member

By: /s/ Robert B. Knauss  
Name: Robert B. Knauss  
Title: Partner

Dated: November 5, 2018

**WPP GP LLC**

By: Warburg Pincus Partners, L.P., its managing member  
By: Warburg Pincus Partners GP LLC, its general partner  
By: Warburg Pincus & Co., its managing member

By: /s/ Robert B. Knauss  
Name: Robert B. Knauss  
Title: Partner

Dated: November 5, 2018

**WARBURG PINCUS PARTNERS, L.P.**

By: Warburg Pincus Partners GP LLC, its general partner  
By: Warburg Pincus & Co., its managing member

By: /s/ Robert B. Knauss  
Name: Robert B. Knauss  
Title: Partner

Dated: November 5, 2018

**WARBURG PINCUS PARTNERS GP LLC**

By: Warburg Pincus & Co., its managing member

By: /s/ Robert B. Knauss  
Name: Robert B. Knauss  
Title: Partner

Dated: November 5, 2018

**WARBURG PINCUS & CO.**

By: /s/ Robert B. Knauss  
Name: Robert B. Knauss  
Title: Partner

Dated: November 5, 2018

**WARBURG PINCUS LLC**

By: /s/ Robert B. Knauss  
Name: Robert B. Knauss  
Title: Managing Director

Dated: November 5, 2018

**CHARLES R. KAYE**

By: /s/ Charles R. Kaye

Name: Charles R. Kaye  
By: Robert B. Knauss, Attorney-in-Fact\*

Dated: November 5, 2018

**JOSEPH P. LANDY**

By: /s/ Joseph P. Landy  
Name: Joseph P. Landy  
By: Robert B. Knauss, Attorney-in-Fact\*

Dated: November 5, 2018

**YORKTOWN ENERGY PARTNERS V, L.P.**

By: Yorktown V Company LLC, its General Partner

By: /s/ W. Howard Keenan, Jr.  
Name: W. Howard Keenan, Jr.  
Title: Member

\* The Power of Attorney given by each of Mr. Kaye and Mr. Landy was previously filed with the SEC on July 12, 2016 as an exhibit to a beneficial ownership report on Schedule 13D filed by Warburg Pincus LLC with respect to WEX Inc. and is hereby incorporated by reference.

Dated: November 5, 2018

**YORKTOWN ENERGY PARTNERS VI, L.P.**

By: Yorktown VI Company LP, its General Partner  
By: Yorktown VI Associates LLC, its General Partner

By: /s/ W. Howard Keenan, Jr.

Name: W. Howard Keenan, Jr.

Title: Member

Dated: November 5, 2018

**YORKTOWN ENERGY PARTNERS VII, L.P.**

By: Yorktown VII Company LP, its General Partner  
By: Yorktown VII Associates LLC, its General Partner

By: /s/ W. Howard Keenan, Jr.

Name: W. Howard Keenan, Jr.

Title: Member

Dated: November 5, 2018

**YORKTOWN ENERGY PARTNERS VIII, L.P.**

By: Yorktown VIII Company LP, its General Partner  
By: Yorktown VIII Associates LLC, its General Partner

By: /s/ W. Howard Keenan, Jr.

Name: W. Howard Keenan, Jr.

Title: Member

Dated: November 5, 2018

By: /s/ Paul M. Rady

Name: Paul M. Rady

Dated: November 5, 2018

**MOCKINGBIRD INVESTMENTS LLC**

By: /s/ Paul M. Rady

Name: Paul M. Rady

Title: Manager

Dated: November 5, 2018

By: /s/ Glen C. Warren, Jr.

Name: Glen C. Warren, Jr.

Dated: November 5, 2018

**CANTON INVESTMENT HOLDINGS LLC**

By: /s/ Glen C. Warren, Jr.

Name: Glen C. Warren, Jr.

Title: Manager

PRELIMINARY CONFIDENTIAL DRAFT – FOR DISCUSSION PURPOSES ONLY

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## Project Francis

### Conflicts Committee of the Board of Directors of Arkose GP LLC

#### Discussion Materials

June 6, 2018

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  - Appendix B: Valuation Materials



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I. Discussion Materials

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## Summary of Key Terms and Conditions

Description of Transactions	Consideration to Midstream	
<b>Midstream Transaction</b>	Illustrative Exchange Ratio	1.60 x    1.80 x
■ GP converts into Delaware C-Corp	GP Share Price	\$ 19.51    \$ 19.51
■ GP acquires all outstanding units of Midstream in 100% stock transaction at a fixed exchange ratio of [●]x	<b>Implied Midstream Unit Price</b>	<b>\$ 31.22    \$ 35.12</b>
■ Taxable transaction to Midstream unitholders	<b>Pro Forma Shares Outstanding</b>	
— Basis step up, combined with the step-up from Series B transaction, expected to fully shield the pro forma company from cash taxes through 2021, with minimal (<\$20mm) cash taxes in 2022	GP Shares	186.19    186.19
■ Distribution coverage held constant between status quo and pro forma in 2019 and 2022	Midstream Units	187.03    187.03
— In 2018, one-time reduction in coverage ratio, from 1.28x to 1.10x (Subject to board approval), resulting in an increase in distributions to mitigate dilution to legacy Arkose Midstream unitholders	(+) Midstream LTIP	1.03    1.03
	Midstream Fully Diluted Units	188.06    188.06
	(x) Exchange Ratio	1.60 x    1.80 x
	Shares to Midstream	300.89    338.51
	GP Shares to Series B	18.50    18.50
	<b>Pro Forma Shares Outstanding</b>	<b>505.58    543.20</b>
<b>Settlement of Series B Profit Interests in IDR LLC</b>	<b>Pro Forma Ownership</b>	
■ Series B units of IDR LLC exchanged at Transaction Announcement for 18.5mm shares of GP	GP Share Holders	36.8 %    34.3 %
■ Conditioned on completion of the Midstream transaction	Midstream Unitholders	59.5    62.3
	Series B Unitholders	3.7    3.4
<b>Proposed Shareholder / Unitholder Votes</b>		
■ Majority of public unaffiliated shareholders of GP and Midstream to vote separately to approve transaction		

Source: Arkose Midstream and Arkose GP 2017 1Q 10-Qs and Bloomberg market data as of 04-Jun-2018

## Sources and Uses and Pro Forma Capitalization

## 1.6 x Exch. Ratio to Midstream | 18.5mm Shares To Series B Unitholders

Sources		Uses	
<b>Midstream</b>			
Existing Balance Sheet Cash	\$ 9	Purchase of Midstream Equity	\$ 5,870
RCF Draw for Settlement of Series B Units	0	Settlement of Series B Units	361
		Cash to Balance Sheet	23
<b>GP</b>			
Existing Balance Sheet Cash	\$ 14		
Issuance of New Equity to Midstream	5,870		
Issuance of New Equity to Series B Unitholders	361		
<b>Total Sources</b>	<b>\$ 6,255</b>	<b>Total Uses</b>	<b>\$ 6,255</b>

	Capitalization			
	Status Quo		Pro Forma	
	\$	x LTM EBITDA	\$	x LTM EBITDA
<b>Consolidated Arkose Midstream (Midstream + GP)</b>				
Cash	\$ 23		\$ 23	
RCF Borrowings	660		660	
5.375% Senior Notes	650		650	
<b>Total Debt</b>	<b>\$ 1,310</b>	<b>2.3 x</b>	<b>\$ 1,310</b>	<b>2.3 x</b>
<b>Net Debt</b>	<b>1,287</b>	<b>2.3</b>	<b>1,287</b>	<b>2.3</b>
<b>Consolidated Liquidity Profile</b>				
Consolidated Cash and Cash Equivalents	\$ 23		\$ 23	
(+) RCF Availability	1,500		1,500	
(-) RCF Borrowings	(660)		(660)	
<b>Total Consolidated Liquidity</b>	<b>\$ 863</b>		<b>\$ 863</b>	
<b>LTM Adj. EBITDA</b>	<b>\$ 571</b>			

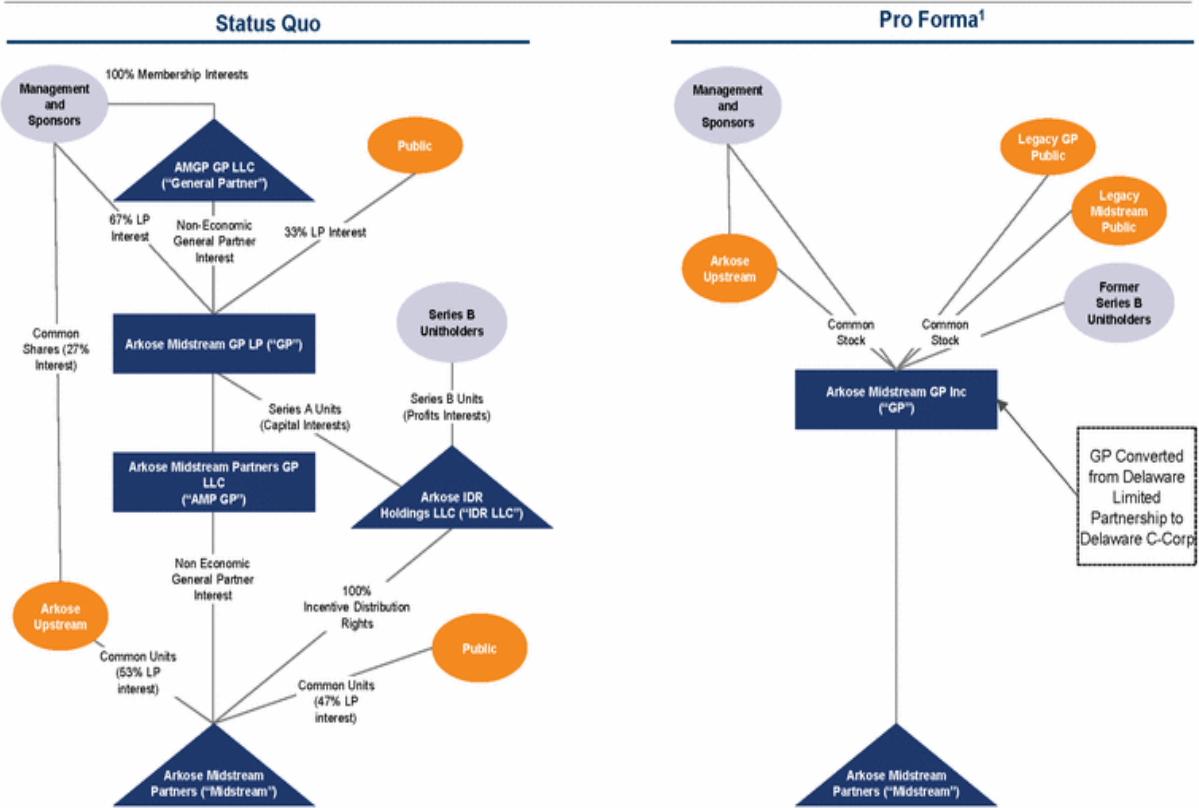
Source: Arkose Midstream and Arkose GP 1Q2018 10-Qs, filed 25-Apr-2018, Bloomberg market data as of 04-Jun-2018



# Arkose Simplified Ownership Structure

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Pending Final Transaction Steps / Structure

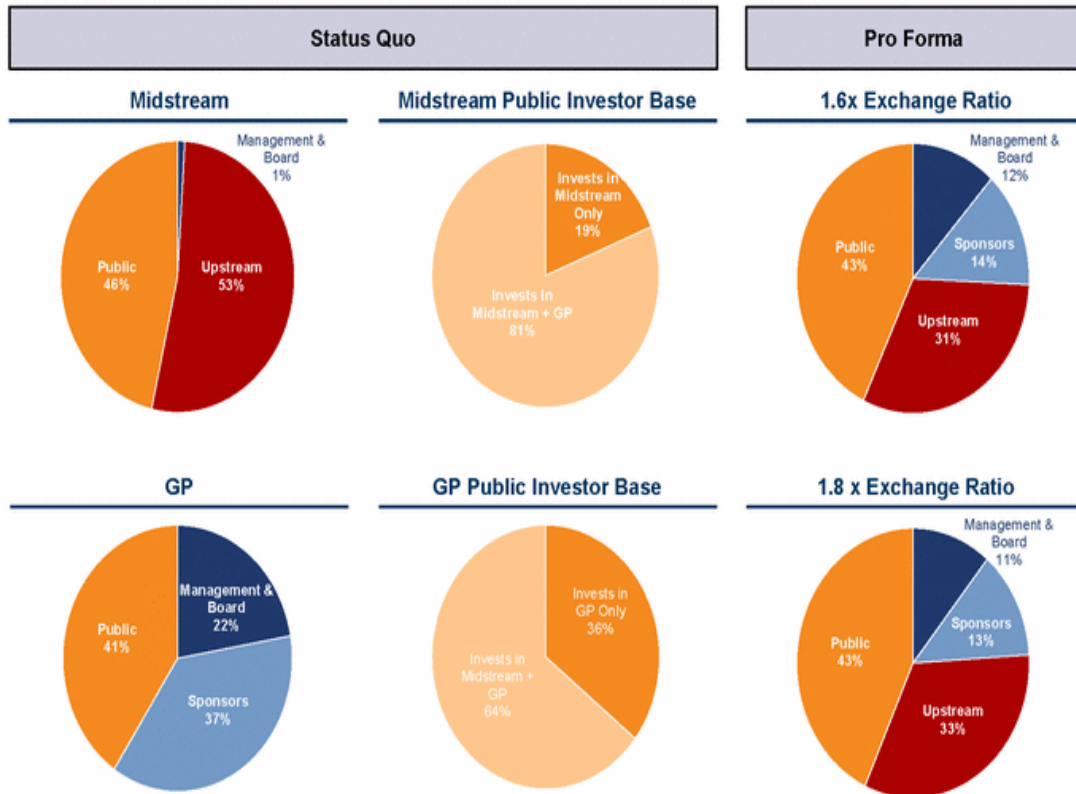


Source: Status Quo Arkose Management Project Francis Due Diligence Materials dated 14-Mar-2018, Vinson & Elkins "Arkose Simplification – Structure Charts" dated 21-Mar-2018



# Summary Ownership Impact

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Source: Arkose Midstream and Arkose GP 2017 10-K, 1Q2018 10-Q, Form 4 & 5 filings, and Thomson

## Illustrative Summary Term Sheet

## Exchange of Series B Units into GP Common Shares

## Summary of Key Terms and Conditions

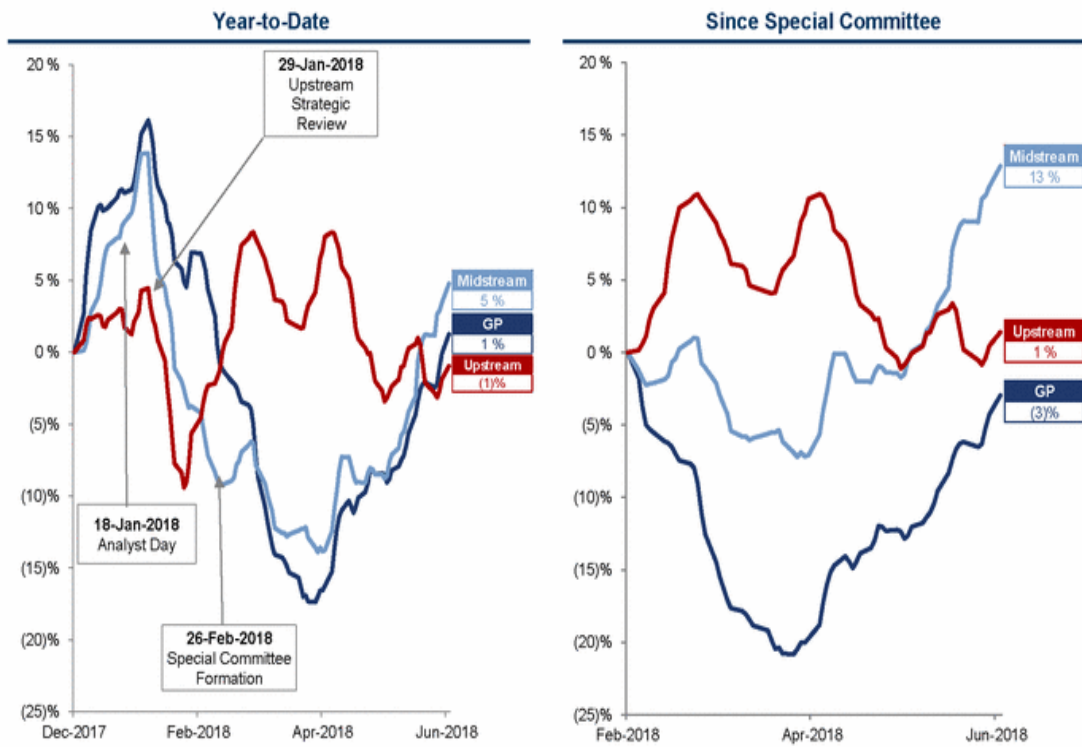
Existing Security	■ Series B Units, as defined in the LLC Agreement of Arkose IDR Holdings LLC
Current Issued	■ 98,600 Series B Units
Exchange Consideration	■ GP common shares received in a taxable transaction
Exchange Shares	■ [Fixed at 18.5mm GP common shares]
Effective Date	■ The date of the closing of a merger of Arkose GP and Arkose Midstream
Distribution Rights	■ Same as other holders of GP common shares
Arrearages	■ [Immediate payment in cash upon vesting to holders of the Series B Units of the Unvested Reallocated Distribution Amount]
Voting Rights	■ Same as other holders of GP common shares
Vesting	■ [One-third vested upon exchange; two-thirds vest on same schedule as Series B Units]
Subordination	■ None
Transferability	■ [Not transferable for three years after the Effective Date]
Conditions	■ Exchange of Series B Units into GP common shares conditioned on closing of a merger of Arkose GP and Arkose Midstream ■ All Series B Units exchanged



# Relative Stock Price Performance

Indexed Arkose Family | 5 Trading Day VWAP Basis

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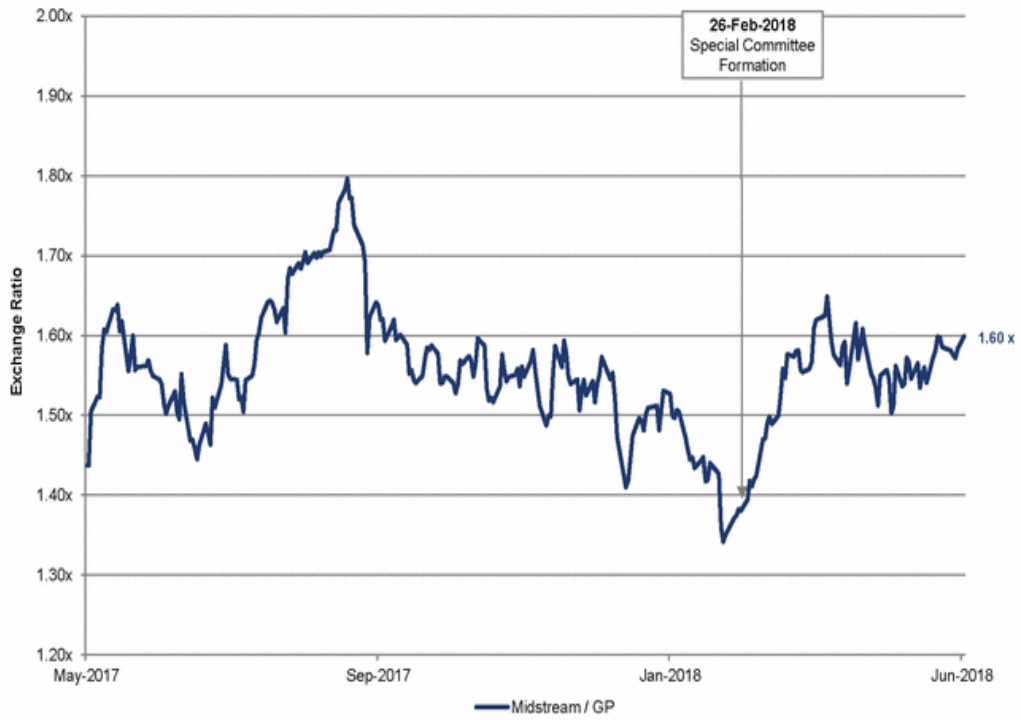
Source: Bloomberg market data as of 04-Jun-2018



# Historical Midstream / GP Exchange Ratio

Since GP IPO | 03-May-2017

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Source: Bloomberg market data as of 04-Jun-2018

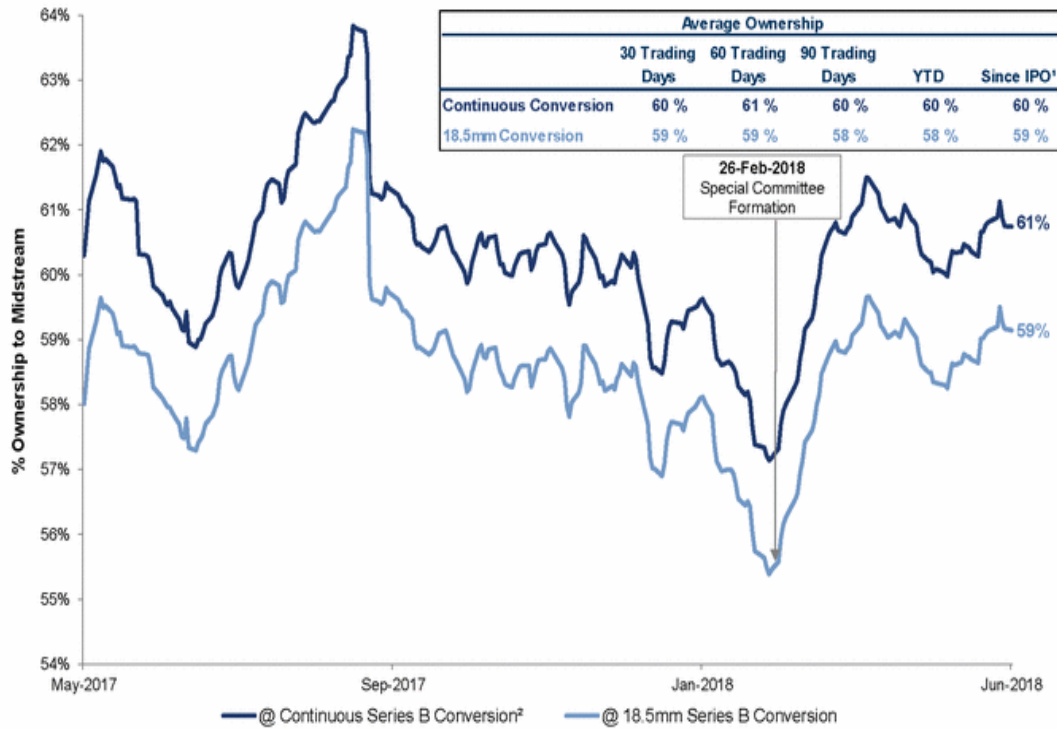




# Historical Midstream / GP Exchange Ratio – Illustrative Ownership Expression

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Since GP IPO | 5 Trading Day VWAP Basis



Source: Company filings and press releases, Bloomberg market data as of 04-Jun-2018

<sup>1</sup> Since 1-Jun-2017, the 21<sup>st</sup> day of public trading.

<sup>2</sup> Continuous Series B Conversion assumes 6% Series B take on Standalone GP Market Cap above \$2.0bn and on a 20-Day VWAP basis.



# Implied Premiums and Illustrative Ownership Impact at Various Exchange Ratios

			30 Trading-Day VWAP		Last close						
Illustrative Exchange Ratios (Midstream / GP)			1.50 x	1.58 x	1.60 x	1.70 x	1.80 x	1.90 x	2.00 x		
Shares Issued for Midstream <sup>1</sup>			282	298	301	320	339	357	376		
			<b>Metrics</b>								
<b>Current</b>			<b>Midstream</b>	<b>GP</b>							
Last Close			\$ 31.20	\$ 19.51	(6)%	(1)%	0 %	6 %	13 %	19 %	25 %
30-Trading Day VWAP			28.41	17.94	(5)	(0)	1	7	14	20	26
<b>At 23-Feb-2018 (Committee Formation)</b>											
Last Close			\$ 26.49	\$ 19.19	9 %	15 %	16 %	23 %	30 %	38 %	45 %
30-Trading Day VWAP			29.44	20.68	5	11	12	19	26	33	41
<b>At 26-Jan-2018 (Year-to-Date GP High)</b>											
Last Close			\$ 33.13	\$ 22.02	(0)%	5 %	6 %	13 %	20 %	26 %	33 %
30-Trading Day VWAP			32.91	21.74	(1)	4	5	12	19	25	32
<b>Pro Forma Ownership</b>			<b>SQ Metric</b>								
GP Current Shareholders			186		38 %	37 %	37 %	36 %	34 %	33 %	32 %
Illustrative Shares to Former Series B Shareholders <sup>2</sup>			19		4	4	4	4	3	3	3
Former Midstream Unit Holders											
Midstream Public <sup>3</sup>			89		27 %	28 %	28 %	29 %	30 %	30 %	31 %
Upstream			99		30	31	31	32	33	33	34
<b>Total Former Midstream Unitholders</b>			<b>188</b>		<b>58 %</b>	<b>59 %</b>	<b>60 %</b>	<b>61 %</b>	<b>62 %</b>	<b>64 %</b>	<b>65 %</b>
Total Fully Diluted Shares Outstanding					487	502	505	524	543	562	581

Source: Arkose Midstream and GP 2017 10-Ks and Bloomberg market data as of 04-Jun-2018

<sup>1</sup> Includes ~1mm units under Midstream's LTIP and ~187mm common units outstanding. <sup>2</sup> Illustrative number based on Series B settlement at 18.5mm fixed shares. <sup>3</sup> Includes ~1mm units under Midstream's LTIP.

## Precedent Premia Analysis

## Midstream Simplification Transactions | Last Five Years

Announcement Date	Target	Acquirer	Consideration Mix	Taxable?	Premia Paid <sup>1</sup>	
					1 Day	30 Trading Day VWAP
<b>Parent to LP Merger</b>						
7-Feb-18	Tallgrass Energy Partners, LP <sup>2</sup>	Tallgrass Energy GP, LP	Stock	Yes	6 %	3 %
8-Feb-18	NuStar GP Holdings	NuStar Energy	Stock	No	2	0
2-Jan-18	Archrock Partners, LP	Archrock, Inc.	Stock	Yes	23	28
1-Feb-17	ONEOK Partners	ONEOK, Inc.	Stock	Yes	26	22
31-May-16	RoseRock Midstream	Semgroup Corporation	Stock	Yes	0	27
3-Nov-15	Targa Resources Partners LP	Targa Resources Corp.	Stock	Yes	18	16
6-May-15	Crestwood Midstream Partners LP	Crestwood Equity Partners LP	Stock	No	17	20
10-Aug-14	Kinder Morgan Partners	Kinder Morgan, Inc.	Mix	Yes	12	10
10-Aug-14	El Paso Pipeline Partners	Kinder Morgan	Mix	Yes	15	10
10-Aug-14	Kinder Morgan Management, LLC	Kinder Morgan, Inc.	Stock	Yes	17	18
<b>LP Buy-In</b>						
17-May-18	Williams Partners L.P.	The Williams Companies, Inc.	Stock	Yes	6	13
2-Jun-17	World Point Terminals, LP	World Point Terminals Inc.	Cash	Yes	1	2
18-May-17	PennTex Midstream Partners	Energy Transfer Partners	Cash	Yes	18	20
2-Mar-17	VTTI Energy Partners	Vitol / Buckeye Partners	Cash	Yes	6	7
26-Sep-16	Columbia Pipeline Partners	TransCanada	Cash	Yes	11	17
27-Aug-13	PAA Natural Gas Storage	Plains All American Pipeline	Stock	No	7	4
12-Aug-13	Pioneer Southwest Energy Partners	Pioneer Natural Resources	Stock	Yes	1	7
		High			26 %	28 %
		Median			11	13
		Mean			11	13
		Low			0	0
<b>Pending Publicly Announced LP Buy Ins<sup>2</sup></b>						
17-May-18	Spectra Energy Partners, LP	Enbridge Inc.	Stock	Yes	0	(2)
17-May-18	Enbridge Energy Partners, L.P.	Enbridge Inc.	Stock	Yes	0	2
17-May-18	Enbridge Energy Management, L.L.C.	Enbridge Inc.	Stock	No	0	3
17-May-18	Enbridge Income Fund Holdings Inc.	Enbridge Inc.	Stock	No	5	5
17-May-18	Cheniere Energy Partners LP Holdings, LLC	Cheniere Energy, Inc.	Stock	No	1	2

Source: Company filings and press releases, CapIQ, Bloomberg

<sup>1</sup> For all stock transactions, the 1-Day Premia paid is based on the Offer price based on acquirer stock price on the day prior to announcement effected for the exchange ratio offered to the target compared with the target's market price on the day prior to announcement. The 30 Trading Day VWAP Premia Paid is calculated using the 30 Trading Day VWAP of the target as calculated on the day prior to the announcement of the target. The premia also include cash consideration on a per share basis when applicable.<sup>2</sup> Based on implied exchange ratio calculated as of announcement date of structural alternatives (07-Feb-2018).

# Illustrative Accretion / (Dilution Analysis)

GP Perspective	Exchange Ratio	GP Pro Forma DCF / Share Acc. (Dil.)					GP Pro Forma DPS Acc. (Dil.)					Cumulative	
		Projection Year					Projection Year					2H 18 - 22	2H 18 - 20
		2H 2018	2019	2020	2021	2022	2H 2018	2019	2020	2021	2022	Acc. (Dil.) (%)	Acc. (Dil.) (\$)
		1.5 x	115 %	98 %	59 %	44 %	31 %	96 %	50 %	36 %	30 %	24 %	35 %
1.6	107	90	53	39	26	88	45	31	25	20	30	1.08	
1.7	100	83	48	34	22	82	40	27	21	16	26	0.96	
1.8	93	77	43	29	18	75	35	22	17	12	21	0.83	
1.9	86	71	38	25	14	70	30	18	13	8	17	0.72	
2.0	80	66	33	21	10	64	26	14	9	5	13	0.62	

Midstream Perspective	Exchange Ratio	Midstream PF LP DCF / Unit Acc. (Dil.)					Midstream Pro Forma DPU Acc. (Dil.)					Cumulative	
		Projection Year					Projection Year					2H 18 - 22	2H 18 - 20
		2H 2018	2019	2020	2021	2022	2H 2018	2019	2020	2021	2022	Acc. (Dil.) (%)	Acc. (Dil.) (\$)
		1.5 x	(10)%	(5)%	(2)%	1 %	2 %	(2)%	(9)%	(4)%	(1)%	1 %	(2)%
1.6	(8)	(2)	1	3	5	1	(7)	(1)	2	4	0	(0.19)	
1.7	(5)	0	4	6	7	3	(5)	1	4	7	3	(0.04)	
1.8	(3)	3	6	8	10	6	(3)	3	7	9	5	0.09	
1.9	(1)	5	8	10	12	8	(1)	5	9	11	7	0.21	
2.0	1	7	10	13	14	10	1	7	11	13	9	0.32	

Source: Arkose Projections and Bloomberg market data as of 04-Jun-2018 Note: Pro forma analysis assumes 1.1x coverage ratio in 2018 and 2019-2022 coverage ratios held constant to current standalone forecasts. Assumes 18.5mm shares issued to Series B.



# Summary of Financial Analyses

## Midstream Valuations

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### Comparable Companies

#### DPS / DPU Yield

2019E

Assumes 2019E yield range of 9.0% - 4.8%

2020E

Assumes 2020E yield range of 10.4% - 5.8%

#### Price / LP DCF

2019E

Assumes 2019E multiple range of 9.1 x - 14.9 x

2020E

Assumes 2020E multiple range of 8.6 x - 13.6 x

#### EV / EBITDA

2019E

Assumes 2019E multiple range of 9.1 x - 13.9 x

2020E

Assumes 2020E multiple range of 7.6 x - 12.9 x

### Precedent Transactions

#### Premiums Paid - 1 Day Trading Premium

Assumes Range of 0% - 26% Premium

#### Premiums Paid - 30 Trading Day VWAP

Assumes Range of 0% - 28% Premium

### Intrinsic Value

#### Dividend Discount Analysis

Based on 1.5% - 3.0% PGR and 8.0% - 10.0% Cost of Equity

#### Present Value of Future Share Price

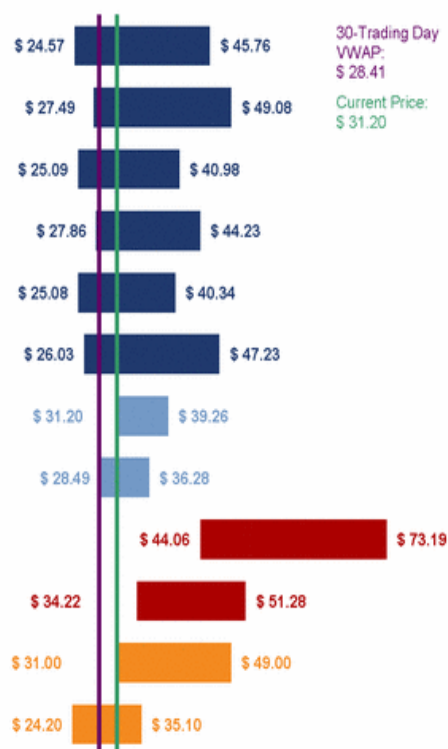
Assumes Range of 7.0% - 8.0% NTM Yield based on 2019E - 2020E

### Public Information

#### Analyst Price Target Range

#### 52-Week Stock Price Range

Low date of 09-Apr-2018 & high date of 03-Aug-2017



Source: Arkose Projections, company filings, and Bloomberg market data as of 04-Jun-2018

# Illustrative GP / Midstream Contribution Analysis

(\$ in millions)

	IDR LLC Distributions to		Midstream Distributions To		Ratio of Cash Distributions		GP Buys Midstream
	Series A	Series B	IDR LLC	LP Unitholders	IDR LLC	Midstream	Exchange Ratio To Midstream <sup>1</sup>
Status Quo Cash Distributions to Equity (Midstream and IDR LLC)	FY 2018E		\$ 143	\$ 320	31 %	69 %	2.28 x
	FY 2019E		236	414	36 %	64 %	1.79
	FY 2020E		355	533	40 %	60 %	1.53
	FY 2021E		462	640	42 %	58 %	1.41
	FY 2022E		589	767	43 %	57 %	1.33
Status Quo Cash Distributions to Equity (Midstream, IDR LLC, and GP)		Arkose GP Common Shares	IDR LLC - Series B	Midstream LP Unitholders	Ratio of Cash Distributions		Exchange Ratio To Midstream
	FY 2018E	\$ 100	\$ 7	\$ 320	25 %	75 %	3.14 x
	FY 2019E	165	12	414	30 %	70 %	2.45
	FY 2020E	249	20	533	34 %	66 %	2.10
	FY 2021E	324	26	640	35 %	65 %	1.94
FY 2022E	413	34	767	37 %	63 %	1.82	
DDM <sup>2</sup>	Equivalent PGR	\$ 5,228		\$ 9,947	34 %	66 %	
	+50 Bps PGR for GP	5,579		9,947	36 %	64 %	

Source: Arkose Projections

<sup>1</sup> Calculated assuming fixed 18.5mm shares issued to retire Series B units and exchange ratio to Midstream required to set GP's pro forma ownership equal to its portion of cash distributions.<sup>2</sup> Equivalent PGR DDM assumes 2.0% PGR and a 9% discount rate for both Midstream and GP. Secondary case assumes 2.5% PGR for GP and 2.0% for Midstream. All cases exclude Series B value.

# Illustrative DDM-Implied Value Uplift vs. Market Prices

		Implied Midstream Value (\$ / Unit)				Implied GP Value (\$ / share)			
		Perpetuity Growth Rate				Perpetuity Growth Rate			
		1.50 %	2.00 %	2.50 %	3.00 %	1.50 %	2.00 %	2.50 %	3.00 %
Cost of Equity	8.0 %	\$ 58.17	\$ 62.34	\$ 67.27	\$ 73.19	\$ 30.77	\$ 33.03	\$ 35.70	\$ 38.91
	8.5	53.88	57.41	61.53	66.39	28.45	30.36	32.59	35.23
	9.0	50.17	53.19	56.66	60.72	26.45	28.08	29.96	32.16
	9.5	46.92	49.53	52.50	55.93	24.69	26.10	27.71	29.57
	10.0	44.06	46.33	48.89	51.83	23.15	24.37	25.76	27.35

		Upside to Current Unit Price				Upside to Current Share Price			
		1.50 %	2.00 %	2.50 %	3.00 %	1.50 %	2.00 %	2.50 %	3.00 %
Cost of Equity	8.0 %	86 %	100 %	116 %	135 %	58 %	69 %	83 %	99 %
	8.5	73	84	97	113	46	56	67	81
	9.0	61	70	82	95	36	44	54	65
	9.5	50	59	68	79	27	34	42	52
	10.0	41	48	57	66	19	25	32	40

Source: Arkose Projections and Bloomberg market data as of 04-Jun-2018

Note: Pro forma analysis assumes 1.1x coverage ratio in 2018 and 2019-2022 coverage ratios held constant to current standalone forecasts.



## Determining Arkose's Overall Status Quo Yield

(\$ in millions, except per share / unit data)

Calculation of Combined Equity Value		Calculation of Equity Yield			
Basic Midstream Units	187				
(x) Midstream Unit Price	\$ 31.20	Midstream LP DPU	\$ 1.72	\$ 2.21	\$ 2.85
Midstream Basic Equity Value	\$5,835	Implied Yield	5.5 %	7.1 %	9.1 %
		Y.o.Y. Dist. Growth	29 %	29 %	29 %
		'18-'20E CAGR	29 %		
GP Shares	186	GP DPS	\$ 0.54	\$ 0.89	\$ 1.34
(x) GP Share Price	\$ 19.51	Implied Yield	2.8 %	4.5 %	6.9 %
GP Equity Value	\$3,633	Y.o.Y. Dist. Growth <sup>1</sup>	163 %	65 %	51 %
		'18-'20E CAGR	58 %		
		<b>Blended Status Quo Family Multiples / Yields</b>			
		Distributable Cash Flow <sup>2</sup>	\$ 558	\$ 796	\$ 950
		Distributed Cash <sup>3</sup>	427	591	802
		Implied Equity Value / Total DCF	17.1 x	12.0 x	10.1 x
		Implied Distribution Yield	4.5 %	6.2 %	8.4 %
		Y.o.Y. Dist. Growth <sup>4</sup>	47 %	38 %	36 %
		Pro Forma Distributable Cash	\$ 594	\$ 854	\$ 1,036
		Y.o.Y. Dist. Growth	NA	44 %	21 %
		'18-'20E CAGR	32 %		
		Pro Forma Distributed Cash <sup>5</sup>	\$ 540	\$ 649	\$ 889
		Y.o.Y. Dist. Growth	NA	20 %	37 %
		'18-'20E CAGR	28 %		
<b>Arkose Midstream Total Basic Equity Value (Incl. Series B)</b>	<b>\$9,568</b>				

Source: Arkose Projections and Bloomberg market data as of 04-Jun-2018  
 Note: Share counts based on 2017 Midstream and GP 10-K.

<sup>1</sup> Based on 2017A DPS of \$0.20

<sup>2</sup> Based on GP status quo market cap and status quo Series B conversion.

<sup>3</sup> Based on total DCF at Midstream, excluding taxes at GP.

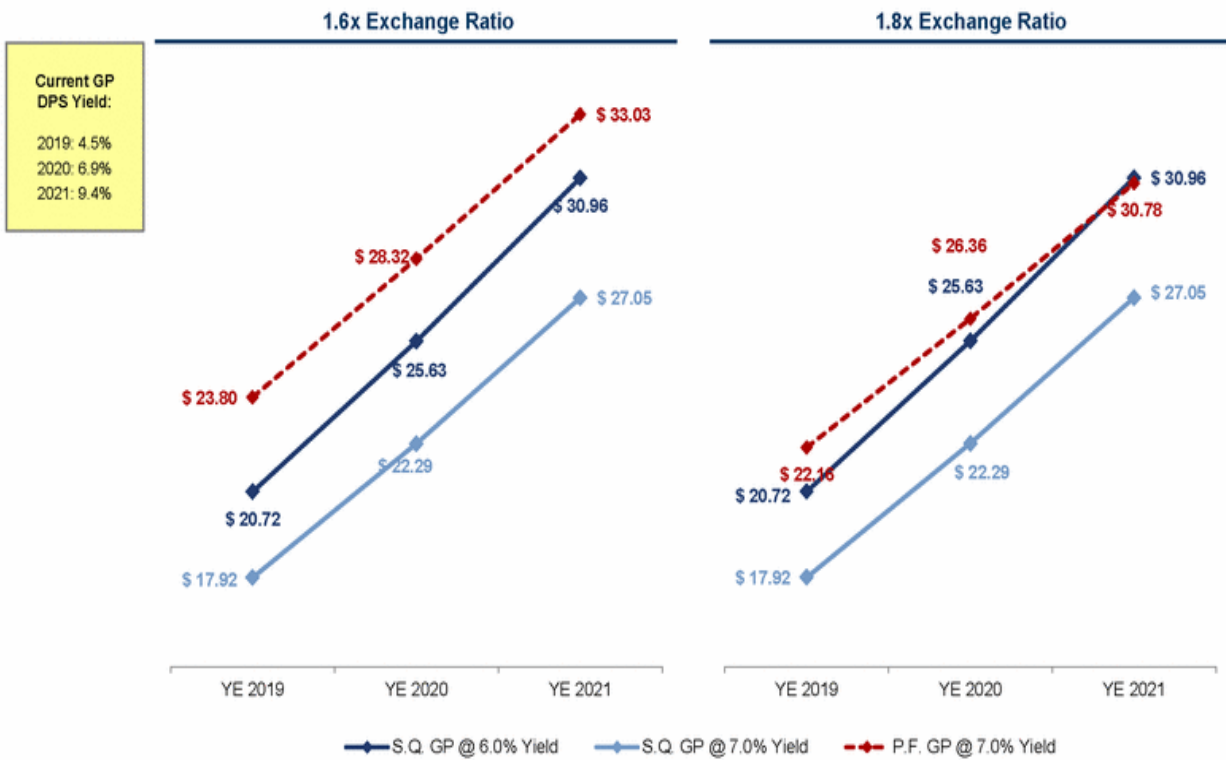
<sup>4</sup> 2017 total distributions based on actual LP distributions and IDR cash flows adjusted for Series B take, G&A, and taxes at GP to approximate total distributions if GP had been public on 1-Jan-2017.

<sup>5</sup> Pro forma growth rates assuming 1.1x coverage in 2018.



# Summary Present Value of Future Share / Unit Price

INVESTMENT BANKING  
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Source: Arkose Projections and Bloomberg market data as of 04-Jun-2018  
 Note: Pro forma analysis assumes 1.1x coverage ratio in 2018 and 2019-2022 coverage ratios held constant to current standalone forecasts.

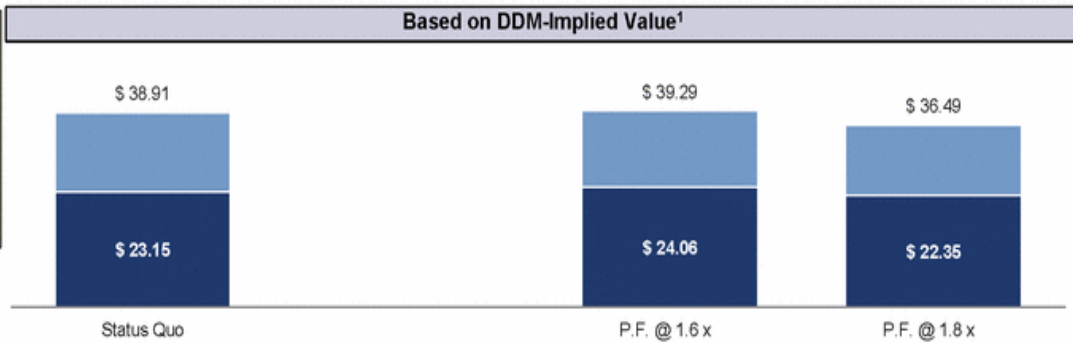




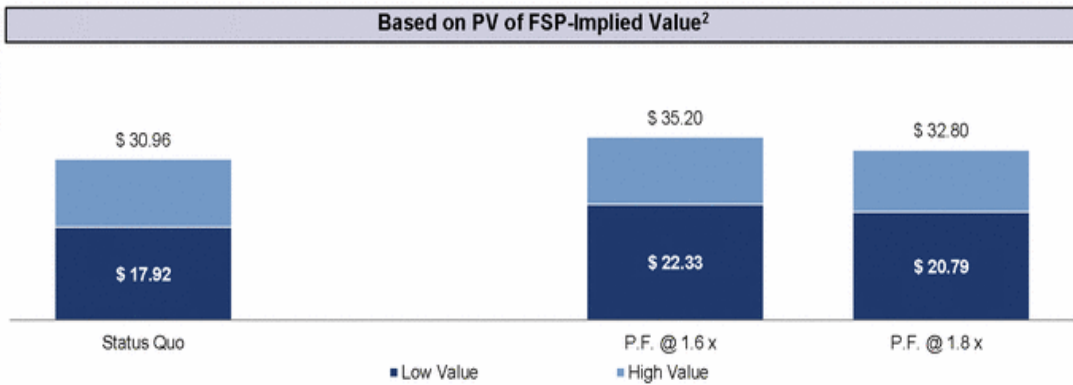
# Summary Give-Gets Analysis

INVESTMENT BANKING  
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Pro forma analysis does not include:  
A) Any value of tax synergies beyond management's guidance period  
B) Potential Lower cost of capital post transaction



For pro forma DDM and PV of FSP analyses please see pages 41-44



Source: Arkose Projections

Note: Pro forma yield based on blended 2019 and 2020 Midstream and GP status quo yields. Note: Pro forma DDM does not include value of tax attributes beyond the forecast period

<sup>1</sup> Low DDM values calculated using a 1.5% PGR and a 10% discount rate. High values calculated using a 3.0% PGR and a 8% discount rate .

<sup>2</sup> Low value calculated as 2019E dividend capitalized at a 7.0% and 7.5 % for status quo and pro forma respectively. High value calculated as 2021E dividend capitalized at a 6.0% and 7.5% yield for status quo and pro forma respectively. Analysis assumes 9% cost of equity



# Illustrative Combined Market Capitalization

(\$ in millions)

INVESTMENT BANKING  
DIVISION

Historical Combined Market Cap | Since 1-Jun-2017



YTD Combined Market Cap



Source: Company filings, Bloomberg market data as of 04-Jun-2018  
 Note: 1-Jun-2017 represents 21<sup>st</sup> day of public trading. Historical market cap does not include Midstream LTIP. The GP Peak Implied combined market cap is calculated by indexing the combined Arkose market cap from 26-Jan-2018 to the present based on the performance of the Alerian MLP index since that date. The Committee Announced implied market cap is calculated using the same methodology since 23-Feb-2018.



# Illustrative Analysis at Various Equity Values

INVESTMENT BANKING  
DIVISION

## Pro Forma Arkose GP + Midstream

Broker Median  
Total Equity  
Value: \$11,761

Implied Equity Value	\$ 9,558	\$ 10,036	\$ 10,514	\$ 10,992	\$ 11,470	\$ 12,426	\$ 13,381	\$ 14,337	\$ 15,293	\$ 16,727
% Uplift from Current Equity Value <sup>1</sup>	0 %	5 %	10 %	15 %	20 %	30 %	40 %	50 %	60 %	75 %
Net Debt	1,287	1,287	1,287	1,287	1,287	1,287	1,287	1,287	1,287	1,287
Illustrative Enterprise Value	\$ 10,845	\$ 11,323	\$ 11,801	\$ 12,279	\$ 12,757	\$ 13,713	\$ 14,669	\$ 15,625	\$ 16,581	\$ 18,014

												Arkose Blended <sup>1</sup>	Peer Median	High Growth Comps EQT
<b>EV / EBITDA</b>	<b>Metric</b>													
2018	\$ 730	14.9 x	15.5 x	16.2 x	16.8 x	17.5 x	18.8 x	20.1 x	21.4 x	22.7 x	24.7 x	14.9 x	13.1 x	18.8 x
2019	989	11.0	11.5	11.9	12.4	12.9	13.9	14.8	15.8	16.8	18.2	11.0	10.6	13.9
2020	1,222	8.9	9.3	9.7	10.0	10.4	11.2	12.0	12.8	13.6	14.7	8.9	9.5	12.9
<b>Price / DCF</b>	<b>Metric</b>													Shell
2018	\$ 594	16.1 x	16.9 x	17.7 x	18.5 x	19.3 x	20.9 x	22.5 x	24.1 x	25.8 x	28.2 x	17.1 x	12.4 x	18.0 x
2019	854	11.2	11.8	12.3	12.9	13.4	14.6	15.7	16.8	17.9	19.6	12.0	10.8	14.9
2020	1,036	9.2	9.7	10.1	10.6	11.1	12.0	12.9	13.8	14.8	16.1	10.1	9.8	13.6
<b>Distribution Yield</b>	<b>Metric</b>													Noble
2018	\$ 540	5.6 %	5.4 %	5.1 %	4.9 %	4.7 %	4.3 %	4.0 %	3.8 %	3.5 %	3.2 %	4.5 %	7.3 %	4.0 %
2019	649	6.8	6.5	6.2	5.9	5.7	5.2	4.9	4.5	4.2	3.9	6.2	7.6	4.8
2020	889	9.3	8.9	8.5	8.1	7.7	7.2	6.6	6.2	5.8	5.3	8.4	8.2	5.8

Source: Arkose Projections and Bloomberg market data as of 04-Jun-2018

Note: Analysis assumes 18.5mm shares issued to Series B.

<sup>1</sup> Arkose status quo equity value and blended multiples/yields calculated based on combined Midstream basic equity value (excludes LTIP), market implied Series B value, and GP equity value; DCF and total distributions net of cash taxes and SG&A at GP.



# Illustrative Pro Forma Trading At Various Total Equity Values

INVESTMENT BANKING  
DIVISION

Current '19E Total  
Equity Yield: 6.2%  
Current Prices:  
\$19.51 (GP)  
\$31.20  
(Midstream)

Broker Median:  
\$11,761

Implied PF Equity Value	\$ 9,558	\$ 10,036	\$ 10,514	\$ 10,992	\$ 11,470	\$ 12,426	\$ 13,381	\$ 14,337	\$ 15,293	\$ 16,727		
% Upside from Current	NA	5 %	10 %	15 %	20 %	30 %	40 %	50 %	60 %	75 %		
Implied 2019E Total Yield	6.8 %	6.5 %	6.2 %	5.9 %	5.7 %	5.2 %	4.9 %	4.5 %	4.2 %	3.9 %		
GP Perspective	Exchange Ratio to Midstream	1.5 x	\$ 19.64 / 1 %	\$ 20.62 / 6 %	\$ 21.60 / 11 %	\$ 22.58 / 16 %	\$ 23.56 / 21 %	\$ 25.53 / 31 %	\$ 27.49 / 41 %	\$ 29.45 / 51 %	\$ 31.42 / 61 %	\$ 34.36 / 76 %
		1.6	\$ 18.91 / (3)%	\$ 19.85 / 2 %	\$ 20.80 / 7 %	\$ 21.74 / 11 %	\$ 22.69 / 16 %	\$ 24.58 / 26 %	\$ 26.47 / 36 %	\$ 28.36 / 45 %	\$ 30.25 / 55 %	\$ 33.08 / 70 %
		1.7	\$ 18.23 / (7)%	\$ 19.14 / (2)%	\$ 20.05 / 3 %	\$ 20.96 / 7 %	\$ 21.87 / 12 %	\$ 23.70 / 21 %	\$ 25.52 / 31 %	\$ 27.34 / 40 %	\$ 29.16 / 49 %	\$ 31.90 / 63 %
		1.8	\$ 17.60 / (10)%	\$ 18.48 / (5)%	\$ 19.36 / (1)%	\$ 20.24 / 4 %	\$ 21.12 / 8 %	\$ 22.88 / 17 %	\$ 24.63 / 26 %	\$ 26.39 / 35 %	\$ 28.15 / 44 %	\$ 30.79 / 58 %
		1.9	\$ 17.01 / (13)%	\$ 17.86 / (8)%	\$ 18.71 / (4)%	\$ 19.56 / 0 %	\$ 20.41 / 5 %	\$ 22.11 / 13 %	\$ 23.81 / 22 %	\$ 25.51 / 31 %	\$ 27.21 / 39 %	\$ 29.76 / 53 %
		2.0	\$ 16.46 / (16)%	\$ 17.28 / (11)%	\$ 18.10 / (7)%	\$ 18.93 / (3)%	\$ 19.75 / 1 %	\$ 21.39 / 10 %	\$ 23.04 / 18 %	\$ 24.69 / 27 %	\$ 26.33 / 35 %	\$ 28.80 / 48 %
Midstream Perspective	Exchange Ratio to Midstream	1.5 x	\$ 29.45 / (6)%	\$ 30.93 / (1)%	\$ 32.40 / 4 %	\$ 33.87 / 9 %	\$ 35.34 / 13 %	\$ 38.29 / 23 %	\$ 41.23 / 32 %	\$ 44.18 / 42 %	\$ 47.13 / 51 %	\$ 51.54 / 65 %
		1.6	\$ 30.25 / (3)%	\$ 31.76 / 2 %	\$ 33.27 / 7 %	\$ 34.79 / 11 %	\$ 36.30 / 16 %	\$ 39.32 / 26 %	\$ 42.35 / 36 %	\$ 45.37 / 45 %	\$ 48.40 / 55 %	\$ 52.93 / 70 %
		1.7	\$ 30.99 / (1)%	\$ 32.54 / 4 %	\$ 34.08 / 9 %	\$ 35.63 / 14 %	\$ 37.18 / 19 %	\$ 40.28 / 29 %	\$ 43.38 / 39 %	\$ 46.48 / 49 %	\$ 49.58 / 59 %	\$ 54.23 / 74 %
		1.8	\$ 31.67 / 2 %	\$ 33.26 / 7 %	\$ 34.84 / 12 %	\$ 36.42 / 17 %	\$ 38.01 / 22 %	\$ 41.18 / 32 %	\$ 44.34 / 42 %	\$ 47.51 / 52 %	\$ 50.68 / 62 %	\$ 55.43 / 78 %
		1.9	\$ 32.31 / 4 %	\$ 33.93 / 9 %	\$ 35.55 / 14 %	\$ 37.16 / 19 %	\$ 38.78 / 24 %	\$ 42.01 / 35 %	\$ 45.24 / 45 %	\$ 48.47 / 55 %	\$ 51.70 / 66 %	\$ 56.55 / 81 %
		2.0	\$ 32.91 / 5 %	\$ 34.58 / 11 %	\$ 36.20 / 16 %	\$ 37.85 / 21 %	\$ 39.50 / 27 %	\$ 42.79 / 37 %	\$ 46.08 / 48 %	\$ 49.37 / 58 %	\$ 52.66 / 69 %	\$ 57.80 / 85 %

Source: Arkose Projections and Bloomberg market data as of 04-Jun-2018

Note: Analysis assumes 18.5mm shares issued to Series B.

<sup>1</sup> Arkose status quo equity value based on combined Midstream basic equity value (excludes LTIP), market implied Series B value, and GP equity value.

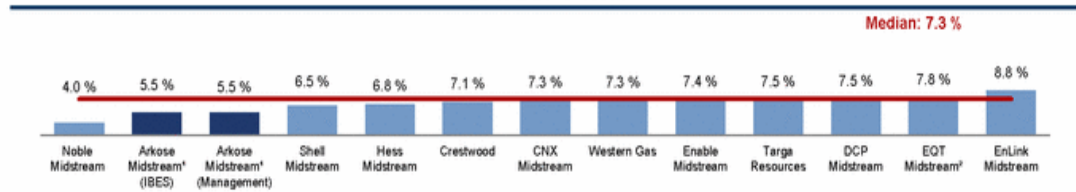


# Public Midstream Comparable Peers

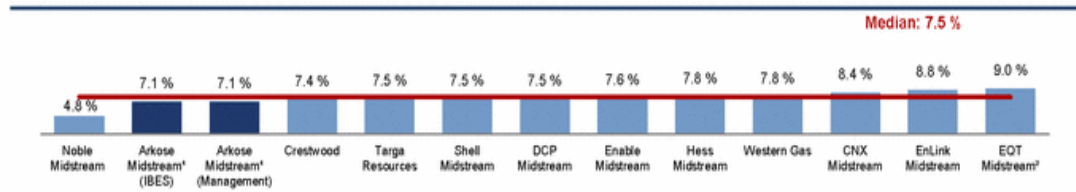
## DPU Yield

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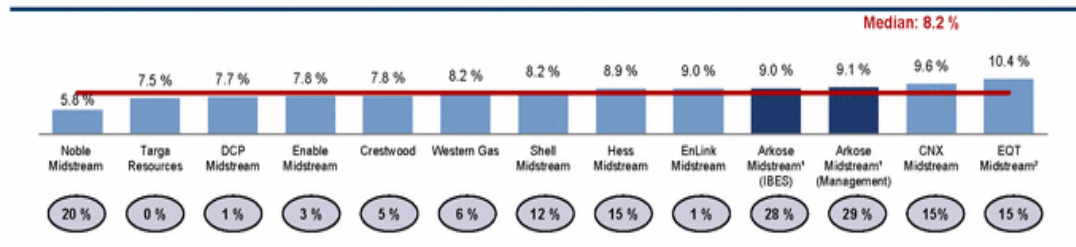
### 2018E DPU Yield



### 2019E DPU Yield



### 2020E DPU Yield



'18-'20E  
DPU  
CAGR

Source: Wall street research and Bloomberg market data as of 04-Jun-2018

<sup>1</sup> Source: Arkose Projections, latest publicly available financial statements, IBES/Wall Street research, and Bloomberg market data as of 04-Jun-2018. Projected EBITDA, LP DCF, and DPS are sourced from Arkose Projections in the Arkose management case; IBES case follows the same methodology as peers; GP Adjusted Market Cap calculated by adding Implied GP Value to Adjusted Equity Market Cap. <sup>2</sup> EQM pro forma for the simplifying transaction announced on 25-Apr-2018.



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Appendix A: Cost of Capital

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# Illustrative Weighted Average Cost of Equity Analysis

## Midstream and GP

Midpoint of Cost of Equity Range		Cost of Equity Sensitivity Analysis						
Risk Free Rate	2.9 %	Risk Free Rate						
			2.6 %	2.8 %	2.9 %	3.2 %	3.4 %	
Midpoint of Beta Range	1.07	Equity Beta	0.81	7.0 %	7.2 %	7.3 %	7.6 %	7.8 %
Equity Risk Premium	5.4 %		0.90	7.5	7.7	7.8	8.1	8.3
Cost of Equity	8.7 %		1.00	8.0	8.2	8.3	8.6	8.8
			1.07	8.4	8.6	8.7	9.0	9.2
			1.20	9.1	9.3	9.4	9.7	9.9
			1.30	9.6	9.8	10.0	10.2	10.4
		1.37	10.0	10.2	10.3	10.6	10.8	

High and low implied Arkose GP beta used approximate bookends for equity beta range

GP vs. MLP Historical Beta Comparison				Implied Arkose	
GP / MLP	GP Beta	MLP	Δ Beta	GP Beta	
ENLC / ENLK	0.90	1.13	(0.23)	1.00	
EQGP / EQM	0.95	0.81	0.13	1.37	
ETE / ETP	0.89	1.22	(0.33)	0.90	
WGP / WES	0.91	1.03	(0.11)	1.12	
High				1.37	
Low				0.90	

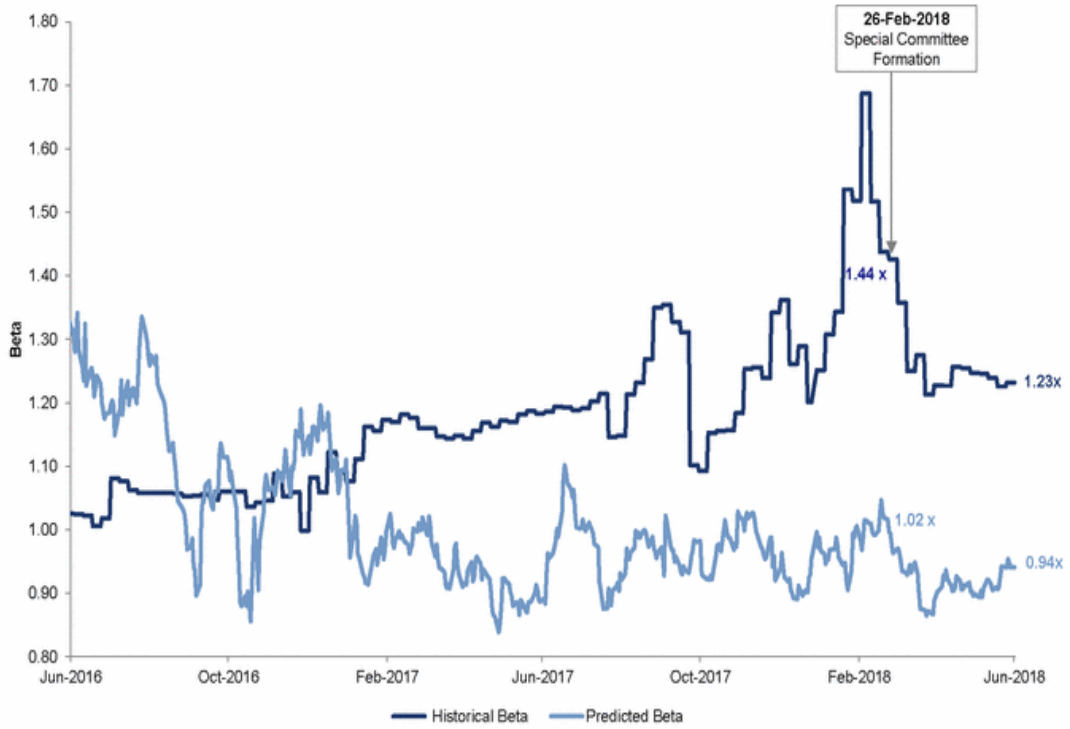
Source: Arkose Management, Company filings and press releases, Axioma Historical Betas, Duff and Phelps, and Bloomberg market data as of 04-Jun-2018  
 Note: Two year historical Levered Beta per Axioma. Risk Free Rate represents yield of 30-year U.S. Government Treasury Notes with 20 years remaining life. Equity Risk Premium per Duff & Phelps. Midpoint of beta range calculated as the median between midstream beta, 1.23, and median of GP betas, 0.91. Implied Arkose GP beta calculated as midstream beta minus the delta in the peer family beta.



# Midstream Historical & Predicted Beta

Last Two Years | Based on Midstream's Market Performance

INVESTMENT BANKING  
DIVISION



Source: Axioma as of 04-Jun-2018



## Illustrative Weighted Average Cost of Capital Analysis

\$ in millions

Company	Historical Equity Beta	Predicted Beta	Basic Shares	Share Price	Basic Market Cap	Debt	Cash	Debt / Cap	Cash / Cap
<b>Midstream</b>	<b>1.23</b>	<b>0.94</b>	<b>187</b>	<b>\$ 31.20</b>	<b>\$ 5,835</b>	<b>\$ 1,310</b>	<b>\$ 9</b>	<b>18.4 %</b>	<b>0.1 %</b>
<b>Selected Comparable Companies</b>									
CRMM	0.77	0.89	64	\$ 18.77	\$ 1,194	\$ 678	\$ 2	36.2 %	0.1 %
CEGP	0.78	0.93	71	33.90	2,415	1,469	7	37.9	0.2
DCP	0.75	0.94	150	41.45	6,226	4,664	2	42.8	0.0
ENBL	0.78	0.93	433	17.15	7,427	3,639	60	33.1	0.5
ENLK	1.13	0.98	360	17.78	6,220	3,839	17	38.2	0.2
EQM	0.81	1.05	120	57.87	6,970	2,955	9	29.8	0.1
HESM	0.97	0.95	55	20.83	1,137	0	38	0.0	3.4
NBLX	0.91	0.91	40	54.25	2,152	435	25	17.0	1.0
SHLX	1.05	1.00	224	22.80	5,103	871	185	15.0	3.2
TRGP	0.61	0.98	219	48.71	10,681	5,364	220	33.9	1.4
WES	1.03	0.85	153	52.14	7,857	4,178	521	36.0	4.5
<b>High</b>	<b>1.13</b>	<b>1.05</b>			<b>\$ 10,681</b>	<b>\$ 5,364</b>	<b>\$ 521</b>	<b>42.8 %</b>	<b>4.5 %</b>
<b>Mean</b>	<b>0.87</b>	<b>0.96</b>			<b>5,227</b>	<b>2,554</b>	<b>99</b>	<b>29.1</b>	<b>1.3</b>
<b>Median</b>	<b>0.81</b>	<b>0.95</b>			<b>6,220</b>	<b>2,955</b>	<b>25</b>	<b>33.9</b>	<b>0.5</b>
<b>Low</b>	<b>0.61</b>	<b>0.89</b>			<b>1,137</b>	<b>0</b>	<b>2</b>	<b>0.0</b>	<b>0.0</b>
<b>GP</b>									
<b>GP</b>	<b>-</b>	<b>-</b>	<b>186</b>	<b>\$ 18.51</b>	<b>\$ 3,633</b>	<b>\$ 0</b>	<b>\$ 2</b>	<b>0.0 %</b>	<b>0.1 %</b>
<b>Selected Comparable Companies</b>									
ENLC	0.90	0.98	181	\$ 18.25	\$ 3,304	\$ 0	\$ 0	0.0 %	0.0 %
EQGP	0.95	0.98	302	25.15	7,607	0	0	0.0	0.0
ETE <sup>1</sup>	0.89	0.70	1,079	16.82	18,258	6,752	3	27.0	0.0
WGP	0.91	0.89	219	38.12	8,346	29	2	0.3	0.0
<b>High</b>	<b>0.95</b>	<b>0.98</b>			<b>\$ 18,258</b>	<b>\$ 6,752</b>	<b>\$ 3</b>	<b>27.0 %</b>	<b>0.0 %</b>
<b>Mean</b>	<b>0.91</b>	<b>0.89</b>			<b>9,379</b>	<b>1,695</b>	<b>1</b>	<b>6.8</b>	<b>0.0</b>
<b>Median</b>	<b>0.91</b>	<b>0.93</b>			<b>7,976</b>	<b>14</b>	<b>1</b>	<b>0.2</b>	<b>0.0</b>
<b>Low</b>	<b>0.89</b>	<b>0.70</b>			<b>3,304</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>

## GP vs. MLP Historical Beta Comparison

## Implied Arkose

GP / MLP	GP Beta	MLP	Δ Beta	GP Beta
ENLC / ENLK	0.90	1.13	(0.23)	1.00
EQGP / EQM	0.95	0.81	0.13	1.37
ETE / ETP	0.89	1.22	(0.33)	0.90
WGP / WES	0.91	1.03	(0.11)	1.12

Source: Management, public filings, Axioma Historical Betas, Duff and Phelps, and Bloomberg market data as of 04-Jun-2018

Note: Assumes risk free rate of 2.9%, market risk premium of 5.4%, pre-tax cost of debt for Midstream of 5.5% and tax rate of 0%; GP Historical Equity Beta based on Peer Median.

<sup>1</sup> ETE beta reflects unlevered beta.



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Appendix B: Valuation Materials

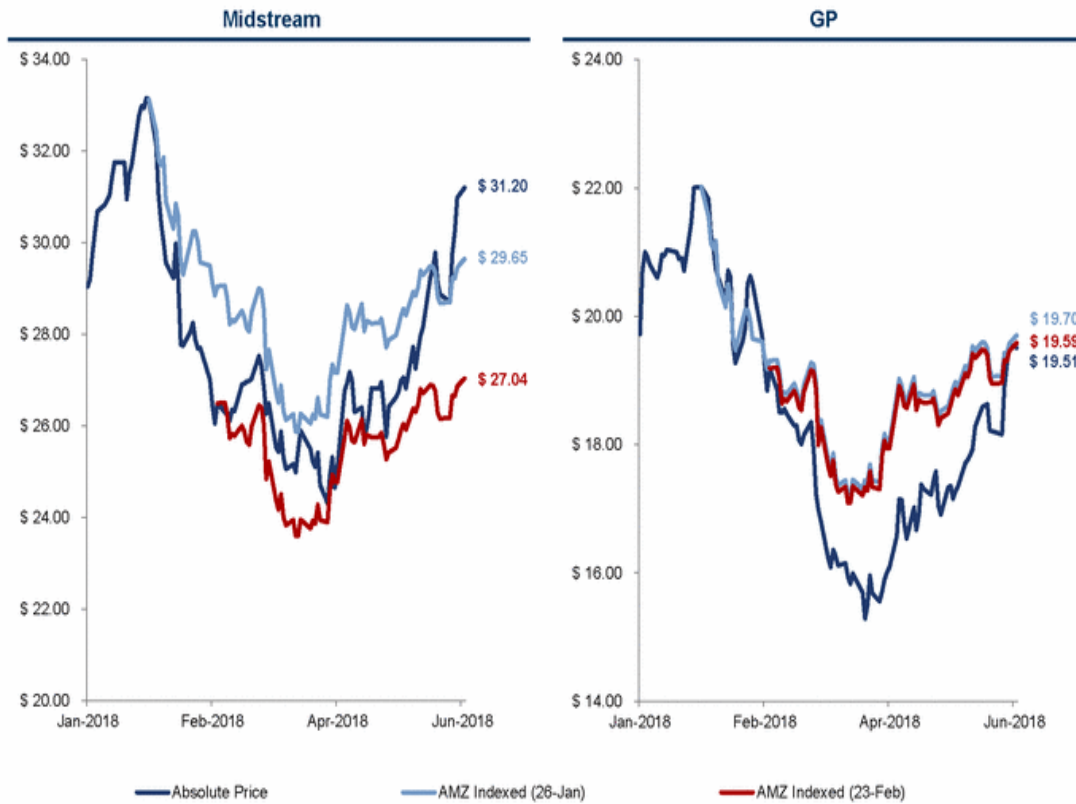
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# YTD Stock Price Performance

INVESTMENT BANKING  
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Arkose Absolute Price and AMZ Indexed Prices | Indexed based on GP Peak  
(26-Jan-2018) and Day Prior to Special Committee Formation (23-Feb-2018)



Source: Bloomberg market data as of 04-Jun-2018

## Research Analyst Views

## Midstream and GP

(\$ in millions, except per share and unit data)

Date	Firm	Rating	Midstream		Rating	GP		Implied Total Basic Equity Value
			Price Target	Target Upside from Current		Price Target	Target Upside from Current	
17-May-18	JPM	Buy	\$ 34.00	9%	Buy	\$ 22.00	13%	\$ 10,456
3-May-18	Wells Fargo*	Strong Buy	36.00	15	Buy	24.00	23	11,202
3-May-18	Ladenburg Thalmann	Strong Buy	41.00	31	Strong Buy	26.00	33	12,510
27-Apr-18	MUFG	Buy	40.00	28	Buy	28.00	44	12,695
9-Apr-18	Baird*	Buy	49.00	57	Buy	26.00	33	14,006
9-Apr-18	GS	Buy	31.00	(1)	Buy	20.00	3	9,522
19-Feb-18	Seaport	Buy	37.00	19	Buy	26.00	33	11,761
17-Feb-18	Stifel Nicolaus	Strong Buy	37.00	19	–	–	–	–
15-Feb-18	Raymond James	Strong Buy	36.00	15	Strong Buy	27.00	38	11,761
14-Feb-18	Guggenheim	Buy	40.00	28	–	–	–	–
14-Feb-18	Barclays	Buy	37.00	19	–	–	–	–
31-Jan-18	CS	Buy	35.00	12	Hold	21.00	8	10,456
29-Jan-18	Scotia Howard Weil	Buy	40.00	28	Hold	24.00	23	11,950
18-Aug-17	Janney Montgomery Scott	Buy	41.00	31	–	–	–	–
–	Tudor Pickering	Buy	38.00	22	–	22.00	13	11,204
<b>High</b>			<b>\$ 49.00</b>	<b>57%</b>		<b>\$ 28.00</b>	<b>44%</b>	<b>\$ 14,006</b>
<b>Mean</b>			<b>38.13</b>	<b>22</b>		<b>24.18</b>	<b>24</b>	<b>11,593</b>
<b>Median</b>			<b>37.00</b>	<b>19</b>		<b>24.00</b>	<b>23</b>	<b>11,761</b>
<b>Low</b>			<b>31.00</b>	<b>(1)</b>		<b>20.00</b>	<b>3</b>	<b>9,522</b>

Source: Bloomberg, IBES and Wall Street research as of 04-Jun-2018

\* Denotes brokers that value Series B units. Baird Midstream price target based on assumed 1.85x exchange ratio and GP target price.

## Comparable Company Analysis

## Midstream

(\$ in millions, except per unit amounts)

Calendar Year Statistic	Arkose Financial Metric	Comparable Companies				Implied Value of Midstream Unit			
		Low Valuation	Mean	Median	High Valuation	Low Valuation	Mean	Median	High Valuation
<b>Dividend / Distribution Yield</b>									
2019 Distribution Yield	\$ 2.21	9.0 %	7.6 %	7.6 %	4.8 %	\$ 24.57	\$ 28.93	\$ 29.16	\$ 45.76
2020 Distribution Yield	\$ 2.85	10.4 %	8.3 %	8.2 %	5.8 %	\$ 27.49	\$ 34.46	\$ 34.80	\$ 49.08
<b>Price / LP DCF</b>									
2019E LP DCF	\$ 2.76	9.1 x	11.2 x	10.8 x	14.9 x	\$ 25.09	\$ 30.74	\$ 29.81	\$ 40.98
2020E LP DCF	\$ 3.24	8.6 x	10.2 x	9.8 x	13.6 x	\$ 27.86	\$ 33.15	\$ 31.79	\$ 44.23
<b>EV / EBITDA</b>									
2019E EBITDA	\$ 989	9.1 x	11.1 x	10.6 x	13.9 x	\$ 25.08	\$ 31.56	\$ 29.91	\$ 40.34
2020E EBITDA	\$ 1,222	7.6 x	10.0 x	9.5 x	12.9 x	\$ 26.03	\$ 35.56	\$ 33.64	\$ 47.23
<b>Premiums Paid Analysis</b>									
1 Day Prior Close	\$ 31.20	0.0 %	11.0 %	11.1 %	25.8 %	\$ 31.20	\$ 34.62	\$ 34.67	\$ 39.26
30-Trading Day VWAP	\$ 28.41	0.3 %	13.3 %	12.7 %	27.7 %	\$ 28.49	\$ 32.18	\$ 32.01	\$ 36.28

Source: IBES, Wall Street research, and Bloomberg market data as of 04-Jun-2018

Public Company Trading  
Midstream Comparable Companies

(\$ in millions, except per share / unit values)

Company	% of 52 Week High	Adj. Equity Market Cap	Implied GP Value <sup>1</sup>	GP Adj. Market Cap <sup>2</sup>	GP Adj. Enterprise Value	EV / EBITDA Multiples				Price / LP DCF			18E-20E DCF		18E-20E DPU Yield		18E-20E DPU	LTM
						2018E	2019E	2020E	CAGR	2018E	2019E	2020E	CAGR	2018E	2019E	2020E	CAGR	Leverage
Arkose Midstream <sup>3</sup> (Management)	89 %	\$ 5,867	\$ 3,723	\$ 9,590	\$ 10,892	14.9 x	11.0 x	8.9 x	29 %	15.1 x	11.3 x	9.6 x	21 %	5.5 %	7.1 %	9.1 %	29 %	2.5 x
Arkose Midstream <sup>3</sup> (BES)	89	5,867	3,723	9,590	10,883	15.2	11.5	9.1	29	15.0	12.3	10.3	21	5.5	7.1	9.0	28	2.5
CNX Midstream	87	1,194	211	1,405	2,081	12.7	9.1	7.6	29	12.1	10.6	9.5	13	7.3	8.4	9.6	15	5.0
Crestwood	99	2,415	0	2,415	4,888	11.3	10.3	9.4	10	11.1	10.1	9.8	7	7.1	7.4	7.8	5	3.7
DCP Midstream	97	6,226	2,166	8,393	13,565	12.3	10.5	9.5	14	12.4	10.4	9.8	12	7.5	7.5	7.7	1	4.6
Enable Midstream	99	7,427	0	7,427	11,379	11.1	10.6	10.5	3	11.1	10.8	10.1	5	7.4	7.6	7.8	3	3.9
EnLink Midstream	96	6,220	1,732	7,952	13,623	13.7	13.0	12.3	6	10.9	10.9	10.5	2	8.8	8.8	9.0	1	4.4
EQT Midstream <sup>4</sup>	73	6,970	6,344	13,315	16,261	18.8	13.9	12.9	21	10.7	9.1	8.6	12	7.8	9.0	10.4	15	4.3
Hess Midstream	88	1,137	33	1,170	1,133	NM	NM	NM	27	12.8	11.2	9.7	15	6.8	7.8	8.9	15	0.0
Noble Midstream	94	2,152	0	2,860	3,070	NM	NM	NM	37	13.9	12.3	10.7	14	4.0	4.8	5.8	20	2.5
Shell Midstream	73	5,103	2,151	7,254	7,963	13.1	9.5	7.8	30	18.0	14.9	13.6	15	6.5	7.5	8.2	12	4.3
Targa Resources	94	10,815	0	10,815	17,056	13.1	11.0	9.1	8	13.1	10.8	8.8	22	7.5	7.5	7.5	0	4.7
Western Gas	91	7,957	5,732	13,689	17,406	14.3	12.3	11.0	14	13.0	11.7	11.3	7	7.3	7.8	8.2	6	4.2
High	99 %	\$ 10,815	\$ 6,344	\$ 13,689	\$ 17,406	18.8 x	13.9 x	12.9 x	37.3 %	18.0 x	14.9 x	13.6 x	22 %	8.8 %	9.0 %	10.4 %	20 %	5.0 x
Mean	90	5,238	1,670	6,954	9,839	13.4	11.1	10.0	18	12.6	11.2	10.2	11	7.1	7.6	8.3	8	3.8
Median	94	6,220	211	7,427	11,379	13.1	10.6	9.5	14	12.4	10.8	9.8	12	7.3	7.6	8.2	6	4.3
Low	73	1,137	0	1,170	1,133	11.1	9.1	7.6	3	10.7	9.1	8.6	2	4.0	4.8	5.8	0	0.0

Sources: IBES, latest publicly available financial statements, and Bloomberg market data as of 04-Jun-2018. Projected EBITDA and DPS are based on IBES median estimates; projected LP DCF calculated based on median of brokers who provide LP DCF and/or total DCF and LP units outstanding. All research estimates have been calendarized to December.

<sup>1</sup> Implied GP Value calculated based on market cap of LP grossed up by the percentage of cash distributions attributable to IDRs for private GPs and based on market-implied IDR value for MLPs with public GPs. <sup>2</sup> Source: Arkose Projections, latest publicly available financial statements, IBES/Wall Street research, and Bloomberg market data as of 04-Jun-2018. Projected EBITDA, LP DCF, and DPS are based on Arkose Projections in the Arkose management case; IBES case follows the same methodology as peers (defined in footnote 3). <sup>3</sup> GP Adjusted Market Cap calculated by adding Implied GP Value to Adjusted Equity Market Cap. <sup>4</sup> EQM pro forma for the simplifying transaction announced on 25-Apr-2018.

# Illustrative Arkose Midstream Discounted Distributions Analysis

Status Quo – Midstream Standalone | (\$ in millions, except per share data)

Assumptions	Illustrative Discounted Cash Flow					
■ Implied value as of 6/30/2018	<b>Midstream Status Quo</b>	<b>2H 2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	LP DPU	\$ 0.91	\$ 2.21	\$ 2.85	\$ 3.42	\$ 4.10
■ Discounted using mid-year convention	YoY Growth		142.9 %	29.0 %	20.0 %	19.9 %
	Perpetuity Growth Rate					2.00 %
■ Perpetuity growth rate of 2.0%	<b>Terminal Value</b>					<b>\$ 59.74</b>
	Equity Discount Rate		9.0 %			
■ Ke of 9.0%	<b>Discounted Cash Flows</b>	<b>\$ 0.89</b>	<b>\$ 2.03</b>	<b>\$ 2.40</b>	<b>\$ 2.64</b>	<b>\$ 45.23</b>
	<i>Implied Terminal NTM Yield</i>					6.7 %
	Implied Value of Midstream (\$ / Unit)		\$ 53.19			
	Implied Total Value of Midstream (\$mm)		9,947			

Midstream Cost of Equity	Implied Midstream Value (\$ / Unit)				Midstream Cost of Equity	Implied Tot. Midstream Value (\$mm)				Midstream Cost of Equity	Implied Terminal Yield			
	Perpetuity Growth Rate					Perpetuity Growth Rate					Perpetuity Growth Rate			
	1.50 %	2.00 %	2.50 %	3.00 %		1.50 %	2.00 %	2.50 %	3.00 %		1.50 %	2.00 %	2.50 %	3.00 %
8.0 %	\$ 58.17	\$ 62.34	\$ 67.27	\$ 73.19	8.0 %	\$ 10,880	\$ 11,680	\$ 12,582	\$ 13,689	8.0 %	6.3 %	5.8 %	5.3 %	4.8 %
8.5	53.88	57.41	61.53	66.39	8.5	10,078	10,738	11,507	12,417	8.5	6.7	6.2	5.8	5.3
9.0	50.17	53.19	56.66	60.72	9.0	9,384	9,947	10,598	11,357	9.0	7.2	6.7	6.2	5.7
9.5	46.92	49.53	52.50	55.93	9.5	8,776	9,263	9,819	10,461	9.5	7.6	7.2	6.7	6.2
10.0	44.06	46.33	48.89	51.83	10.0	8,241	8,665	9,145	9,694	10.0	8.1	7.6	7.2	6.7

Source: Arkose Projections and Bloomberg market data as of 04-Jun-2018



# Illustrative Present Value of Future Unit Price - Midstream

(\$ in per unit amounts)

Midstream		2H 2018E	2019E	2020E	2021E	2022E
Midstream Yield range based on peer median and Midstream 2019E DPU yield	<b>Cash Flows to Equity</b>					
	Distribution Per Unit	\$ 0.91	\$ 2.21	\$ 2.85	\$ 3.42	\$ 4.10
	Discount Period for Distribution Received <sup>1</sup>	0.25	1.00	2.00	3.00	4.00
	Illustrative Cost of Equity	9.0 %				
	Discount Factor	0.98	0.92	0.84	0.77	0.71
	Present Value of Distributions Received	\$0.89	\$2.03	\$2.40	\$2.64	\$2.90
	<b>Present Value of Future Unit Price at Year End</b>					
	NTM Distribution Per Unit at Year End		\$ 2.85	\$ 3.42	\$ 4.10	
	Illustrative NTM Yield		7.5 %			
	Implied Year End Unit Price		\$38.00	\$45.60	\$54.67	
Discount Period for Unit Price <sup>1</sup>		1.5	2.5	3.5		
Discount Factor		0.88	0.81	0.74		
PV of Future Unit Price		\$33.39	\$36.76	\$40.43		
(+) PV of Cumulative Distributions Received		2.92	5.32	7.96		
PV of Unit Price and Distributions		\$36.31	\$42.08	\$48.39		

		Implied Value at Various Yields		
		2019E	2020E	2021E
NTM Yield	7.0 %	\$ 38.70	\$ 44.70	\$ 51.28
	7.5	36.31	42.08	48.39
	8.0	34.22	39.78	45.86

Source: Arkose Management, Bloomberg market data as of 04-Jun-2018

<sup>1</sup> Distributions discounted according to the mid-period convention; all values discounted to 30-Jun-2018.





# Summary of Financial Analyses

## GP Valuations

INVESTMENT BANKING  
DIVISION

Intrinsic Value

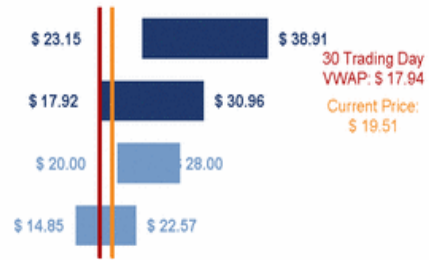
Dividend Discount Analysis  
Based on 1.5% - 3.0% PGR and 8.0% - 10.0% Cost of Equity

Present Value of Future Share Price  
Assumes Range of 6.0% - 7.0% NTM Yield based on 2019E - 2020E

Public Information

Analyst Price Target Range

52-Week Stock Price Range  
Low date of 04-Apr-2018 & high date of 06-Jun-2017



Source: Arkose Projections, company filings, and Bloomberg market data as of 04-Jun-2018

## Public Company Trading

## GP Comparable Companies

(\$ in millions, except per share / unit values)

Company	Closing Price @ 4-Jun-18	% of 52 Week High	Adj. Equity Market Cap <sup>1</sup>	Price / DCF			18E-20E DCF CAGR	DPU Yield			18E-20E DPU CAGR
				2018	2019	2020		2018E	2019E	2020E	
Arkose GP <sup>1</sup> (Management)	\$ 19.51	86 %	\$ 3,633	36.3 x	22.0 x	14.6 x	3.0 %	2.8 %	4.5 %	6.9 %	58 %
Arkose GP <sup>1</sup> (IBES)	\$ 19.51	86	3,633	36.1	22.1	14.6	3.0	2.8	4.5	6.9	58
<b>GP Peers</b>											
EnLink Midstream	\$ 18.25	91 %	\$ 3,304	14.1 x	13.3 x	12.0 x	8.5 %	5.9 %	6.2 %	6.6 %	5 %
EQT GP Holdings <sup>1</sup>	25.15	79	7,607	21.8	17.6	14.4	23.1	4.8	6.6	7.6	26
Energy Transfer Equity	16.92	87	18,259	11.7	11.0	9.8	9.0	7.6	8.3	9.2	11
Western Gas Equity	38.12	87	8,346	16.2	14.7	12.8	12.3	6.2	6.8	7.7	11
High		91 %	\$ 18,259	21.8 x	17.6 x	14.4 x	23 %	7.6 %	8.3 %	9.2 %	26 %
Mean		86	9,379	15.9	14.2	12.3	13	6.1	7.0	7.8	13
Median		87	7,976	15.2	14.0	12.4	11	6.1	6.7	7.6	11
Low		79	3,304	11.7	11.0	9.8	9	4.8	6.2	6.6	5
<b>High Growth MLPs</b>											
EQT Midstream	\$ 57.87	73 %	\$ 13,315	10.7 x	9.1 x	8.6 x	11.6 %	7.8 %	9.0 %	10.4 %	15 %
Hess Midstream	20.83	88	1,170	12.8	11.2	9.7	15	6.8	7.8	8.9	15
Noble Midstream	54.25	94	2,660	13.9	12.3	10.7	14	4.0	4.8	5.8	20
Shell Midstream	22.80	73	7,254	18.0	14.9	13.6	15	6.5	7.5	8.2	12
High		94 %	\$ 13,315	18.0 x	14.9 x	13.6 x	15 %	7.8 %	9.0 %	10.4 %	20 %
Mean		82	6,100	13.8	11.9	10.7	14	6.3	7.3	8.3	16
Median		81	4,957	13.3	11.8	10.2	14	6.7	7.6	8.6	15
Low		73	1,170	10.7	9.1	8.6	12	4.0	4.8	5.8	12
High		94 %	\$ 18,259	21.8 x	17.6 x	14.4 x	23 %	7.8 %	9.0 %	10.4 %	26 %
Mean		84	7,882	15.0	13.0	11.5	13	6.2	7.1	8.0	14
Median		84	6,853	14.0	12.6	11.3	13	6.2	7.1	8.0	14
Low		73	1,170	10.7	9.1	8.6	9	4.0	4.8	5.8	5

Sources: IBES, latest publicly available financial statements, and Bloomberg market data as of 04-Jun-2018. Projected EBITDA and DPS are based on IBES median estimates. All research estimates have been calendarized to December.

<sup>1</sup> Adjusted Market Cap based on diluted shares/units outstanding. Arkose GP adjusted equity value excludes Series B dilutive effect because EBITDA is calculated after the Series B units receive their portion of the IDR cash flow. <sup>2</sup> Source: Arkose Projections, latest publicly available financial statements, IBES/Wall Street research, and Bloomberg market data as of 04-Jun-2018. <sup>3</sup> EQGP pro forma for announced simplifying transaction on 25-Apr-2018.

# Illustrative Arkose GP Discounted Dividends Analysis

Status Quo – GP Standalone | (\$ in millions, except per share data)

Assumptions	Illustrative Discounted Cash Flow					
	GP Status Quo	2H 2018	2019	2020	2021	2022
■ Implied value as of 6/30/2018	Dividends Per Share	\$ 0.30	\$ 0.89	\$ 1.34	\$ 1.74	\$ 2.22
■ Discounted using mid-year convention	YoY Growth		191 %	51 %	30 %	28 %
	Perpetuity Growth Rate					2.00 %
■ Perpetuity growth rate of 2.0%	Terminal Value					\$ 32.36
■ Ke of 9.0%	Equity Discount Rate	9.0 %				
	Discounted Cash Flows	\$ 0.30	\$ 0.81	\$ 1.13	\$ 1.34	\$ 24.50
	Implied Terminal NTM Yield					6.7 %
	Implied Value of GP (\$ / Share)	\$ 28.08				
	Implied Value of GP (\$mm)	5,228				

GP Cost of Equity	Implied GP Value (\$ / Share)				GP Cost of Equity	Implied GP Value (\$mm)				GP Cost of Equity	Implied Terminal Yield			
	Perpetuity Growth Rate					Perpetuity Growth Rate					Perpetuity Growth Rate			
	1.50 %	2.00 %	2.50 %	3.00 %		1.50 %	2.00 %	2.50 %	3.00 %		1.50 %	2.00 %	2.50 %	3.00 %
8.0 %	\$ 30.77	\$ 33.03	\$ 35.70	\$ 38.91	8.0 %	\$ 5,729	\$ 6,150	\$ 6,647	\$ 7,244	8.0 %	6.3 %	5.8 %	5.3 %	4.8 %
8.5	28.45	30.36	32.59	35.23	8.5	5,298	5,654	6,069	6,559	8.5	6.7	6.2	5.8	5.3
9.0	26.45	28.08	29.96	32.16	9.0	4,924	5,228	5,579	5,988	9.0	7.2	6.7	6.2	5.7
9.5	24.69	26.10	27.71	29.57	9.5	4,598	4,860	5,160	5,506	9.5	7.6	7.2	6.7	6.2
10.0	23.15	24.37	25.76	27.35	10.0	4,310	4,538	4,797	5,093	10.0	8.1	7.6	7.2	6.7

Source: Arkose Projections and Bloomberg market data as of 04-Jun-2018

# Illustrative Present Value of Future Share Price - INVESTMENT BANKING DIVISION

## GP

(\$ in per share amounts)

GP	2H 2018E	2019	2020	2021	2022
<b>Cash Flows to Equity</b>					
Dividend Per Share	\$ 0.30	\$ 0.89	\$ 1.34	\$ 1.74	\$ 2.22
Discount Period for Dividend Received <sup>1</sup>	0.25	1.00	2.00	3.00	4.00
Illustrative Cost of Equity	9.0 %				
Discount Factor	0.98	0.92	0.84	0.77	0.71
<b>Present Value of Dividend Received</b>	<b>\$0.30</b>	<b>\$0.81</b>	<b>\$1.13</b>	<b>\$1.34</b>	<b>\$1.57</b>
<b>Present Value of Future Share Price at Year End</b>					
NTM Dividend Per Share at Year End	\$ 1.34		\$ 1.74	\$ 2.22	
Illustrative NTM Dividend Yield	6.5 %				
Implied Year End Share Price	\$20.60	\$26.78	\$34.16		
Discount Period for Share Price <sup>1</sup>	1.5		2.5	3.5	
Discount Factor	0.88	0.81	0.74		
<b>PV of Future Share Price</b>	<b>\$18.10</b>	<b>\$21.59</b>	<b>\$25.27</b>		
(+) PV of Cumulative Dividends Received	1.11		2.24	3.58	
<b>PV of Future Share Price and Dividends</b>	<b>\$19.21</b>	<b>\$23.83</b>	<b>\$28.85</b>		

GP assumed NTM yield based on 2020E yield at the high end of the sensitivity range

NTM Yield	Implied Value at Various Yields		
	2019E	2020E	2021E
6.0 %	\$ 20.72	\$ 25.63	\$ 30.96
6.5	19.21	23.83	28.85
7.0	17.92	22.29	27.05

Source: Arkose Management, Bloomberg market data as of 04-Jun-2018

<sup>1</sup> Distributions discounted according to the mid-period convention; all values discounted to 30-Jun-2018.

# Illustrative Arkose GP Discounted Dividends Analysis

Pro Forma GP | 1.6 x Exchange Ratio | (\$ in millions, except per share data)

Assumptions	Illustrative Discounted Cash Flow					
	Pro Forma	2H 2018	2019	2020	2021	2022
■ Implied value as of 6/30/2018	Dividends Per Share	\$ 0.57	\$ 1.28	\$ 1.76	\$ 2.18	\$ 2.66
■ Discounted using mid-year convention	YoY Growth		124 %	37 %	24 %	22 %
	Terminal DPS <sup>1</sup>					\$ 2.14
	Perpetuity Growth Rate					2.0 %
■ Perpetuity growth rate of 2.0%	Terminal Value					\$ 31.13
■ Ke of 9.0%	Equity Discount Rate	9.0 %				
	Discounted Cash Flows	\$ 0.56	\$ 1.18	\$ 1.48	\$ 1.68	\$ 23.94
	Implied Terminal NTM Yield	6.7 %				
	Implied Value of GP (\$ / Share)	\$ 28.84				
	Implied Value of GP (\$mm)	14,581				

GP Cost of Equity	P.F. Implied GP Value (\$/share)				GP Cost of Equity	P.F. Implied GP Value (\$mm)				GP Cost of Equity	Pro Forma Implied Terminal Yield			
	Perpetuity Growth Rate					Perpetuity Growth Rate					Perpetuity Growth Rate			
	1.50 %	2.00 %	2.50 %	3.00 %		1.50 %	2.00 %	2.50 %	3.00 %		1.50 %	2.00 %	2.50 %	3.00 %
8.0 %	\$ 31.46	\$ 33.64	\$ 36.21	\$ 39.29	8.0 %	\$ 15,908	\$ 17,007	\$ 18,306	\$ 19,865	8.0 %	6.3 %	5.8 %	5.3 %	4.8 %
8.5	29.22	31.05	33.20	35.73	8.5	14,771	15,701	16,785	18,066	8.5	6.7	6.2	5.8	5.3
9.0	27.27	28.84	30.65	32.77	9.0	13,786	14,581	15,497	16,566	9.0	7.2	6.7	6.2	5.7
9.5	25.56	26.92	28.47	30.26	9.5	12,924	13,610	14,393	15,297	9.5	7.6	7.2	6.7	6.2
10.0	24.06	25.24	26.58	28.10	10.0	12,164	12,760	13,436	14,209	10.0	8.1	7.6	7.2	6.7

Source: Arkose Projections and Bloomberg market data as of 04-Jun-2018

<sup>1</sup> 2022E PF DPS includes partial tax shield; terminal DPS calculated based on assumed 20% effective cash tax rate per management's guidance.

# Illustrative Arkose GP Discounted Dividends Analysis

Pro Forma GP | 1.8 x Exchange Ratio | (\$ in millions, except per share data)

Assumptions	Illustrative Discounted Cash Flow					
	Pro Forma	2H 2018	2019	2020	2021	2022
■ Implied value as of 6/30/2018	Dividends Per Share	\$ 0.53	\$ 1.19	\$ 1.64	\$ 2.03	\$ 2.48
■ Discounted using mid-year convention	YoY Growth		124 %	37 %	24 %	22 %
	Terminal DPS <sup>1</sup>					\$ 1.98
	Perpetuity Growth Rate					2.0 %
■ Perpetuity growth rate of 2.0%	Terminal Value					\$ 28.89
■ Ke of 9.0%	Equity Discount Rate	9.0 %				
	Discounted Cash Flows	\$ 0.52	\$ 1.10	\$ 1.38	\$ 1.57	\$ 22.22
	Implied Terminal NTM Yield	6.7 %				
	Implied Value of GP (\$ / Share)	\$ 26.79				
	Implied Value of GP (\$mm)	14,550				

GP Cost of Equity	P.F. Implied GP Value (\$/share)				GP Cost of Equity	P.F. Implied GP Value (\$mm)				GP Cost of Equity	Pro Forma Implied Terminal Yield			
	Perpetuity Growth Rate					Perpetuity Growth Rate					Perpetuity Growth Rate			
	1.50 %	2.00 %	2.50 %	3.00 %		1.50 %	2.00 %	2.50 %	3.00 %		1.50 %	2.00 %	2.50 %	3.00 %
8.0 %	\$ 29.22	\$ 31.24	\$ 33.63	\$ 36.49	8.0 %	\$ 15,874	\$ 16,970	\$ 18,265	\$ 19,820	8.0 %	6.3 %	5.8 %	5.3 %	4.8 %
8.5	27.14	28.84	30.83	33.18	8.5	14,741	15,667	16,748	18,026	8.5	6.7	6.2	5.8	5.3
9.0	25.33	26.79	28.47	30.43	9.0	13,758	14,550	15,464	16,530	9.0	7.2	6.7	6.2	5.7
9.5	23.75	25.00	26.44	28.10	9.5	12,899	13,582	14,363	15,285	9.5	7.6	7.2	6.7	6.2
10.0	22.35	23.44	24.69	26.10	10.0	12,140	12,735	13,409	14,180	10.0	8.1	7.6	7.2	6.7

Source: Arkose Projections and Bloomberg market data as of 04-Jun-2018

<sup>1</sup> 2022E PF DPS includes partial tax shield; terminal DPS calculated based on assumed 20% effective cash tax rate per management's guidance.



# Illustrative Present Value of Future Share Price - Pro Forma

1.6 x Exchange Ratio | (\$ in per share amounts)

Pro forma  
yield based  
on blended  
2019 and  
2020  
Midstream  
and GP  
status quo  
yields

Pro Forma	2H 2018E	2019	2020	2021	2022
<b>Cash Flows to Equity</b>					
Dividend Per Share	\$ 0.57	\$ 1.28	\$ 1.76	\$ 2.18	\$ 2.66
Discount Period for Dividend Received <sup>1</sup>	0.25	1.00	2.00	3.00	4.00
Illustrative Cost of Equity	9.0 %				
Discount Factor	0.98	0.92	0.84	0.77	0.71
<b>Present Value of Dividend Received</b>	<b>\$0.56</b>	<b>\$1.18</b>	<b>\$1.48</b>	<b>\$1.68</b>	<b>\$1.89</b>
<b>Present Value of Future Share Price at Year End</b>					
NTM Dividend Per Share at Year End		\$ 1.76	\$ 2.18	\$ 2.66	
Illustrative NTM Dividend Yield		7.0 %			
Implied Year End Share Price		\$25.11	\$31.14	\$38.03	
Discount Period for Share Price <sup>1</sup>		1.5	2.5	3.5	
Discount Factor		0.88	0.81	0.74	
<b>PV of Future Share Price</b>		<b>\$22.06</b>	<b>\$25.10</b>	<b>\$28.13</b>	
(+) PV of Cumulative Dividends Received		1.74	3.22	4.90	
<b>PV of Future Share Price and Dividends</b>		<b>\$23.80</b>	<b>\$28.32</b>	<b>\$33.03</b>	

NTM Yield	Pro Forma Implied Value at Various Yields			Status Quo Implied Value at Various Yields			Break Even Yield			
	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	
6.5 %	\$ 25.50	\$ 30.25	\$ 35.20	6.0 %	\$ 20.72	\$ 25.63	\$ 30.96	8.1 %	7.8 %	7.6 %
7.0	23.80	28.32	33.03	6.5	19.21	23.83	28.85	8.8 %	8.5 %	8.2 %
7.5	22.33	26.65	31.16	7.0	17.92	22.29	27.05	9.5 %	9.2 %	8.9 %

Source: Arkose Management, Bloomberg market data as of 04-Jun-2018

<sup>1</sup> Distributions discounted according to the mid-period convention; all values discounted to 30-Jun-2018.

# Illustrative Present Value of Future Share Price - Pro Forma

1.8 x Exchange Ratio | (\$ in per share amounts)

Pro forma  
yield based  
on blended  
2019 and  
2020  
Midstream  
and GP  
status quo  
yields

Pro Forma	2H 2018E	2019	2020	2021	2022
<b>Cash Flows to Equity</b>					
Dividend Per Share	\$ 0.53	\$ 1.19	\$ 1.64	\$ 2.03	\$ 2.48
Discount Period for Dividend Received <sup>1</sup>	0.25	1.00	2.00	3.00	4.00
Illustrative Cost of Equity	9.0 %				
Discount Factor	0.98	0.92	0.84	0.77	0.71
<b>Present Value of Dividend Received</b>	<b>\$0.52</b>	<b>\$1.10</b>	<b>\$1.38</b>	<b>\$1.57</b>	<b>\$1.76</b>
<b>Present Value of Future Share Price at Year End</b>					
NTM Dividend Per Share at Year End		\$ 1.64	\$ 2.03	\$ 2.48	
Illustrative NTM Dividend Yield		7.0 %			
Implied Year End Share Price		\$23.37	\$28.98	\$35.45	
Discount Period for Share Price <sup>1</sup>		1.5	2.5	3.5	
Discount Factor		0.88	0.81	0.74	
<b>PV of Future Share Price</b>		<b>\$20.54</b>	<b>\$23.36</b>	<b>\$26.22</b>	
(+) PV of Cumulative Dividends Received		1.62	3.00	4.56	
<b>PV of Future Share Price and Dividends</b>		<b>\$22.16</b>	<b>\$26.36</b>	<b>\$30.78</b>	

NTM Yield	at Various Yields			at Various Yields			Break Even Yield			
	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	
6.5 %	\$ 23.73	\$ 28.16	\$ 32.80	6.0 %	\$ 20.72	\$ 25.63	\$ 30.96	7.5 %	7.2 %	7.0 %
7.0	22.16	26.36	30.78	6.5	19.21	23.83	28.85	8.2 %	7.8 %	7.6 %
7.5	20.79	24.80	29.03	7.0	17.92	22.29	27.05	8.8 %	8.5 %	8.2 %

Source: Arkose Management, Bloomberg market data as of 04-Jun-2018

<sup>1</sup> Distributions discounted according to the mid-period convention; all values discounted to 30-Jun-2018.



## Tax Analysis Basis Of Presentation

P.F. GP Assuming 18.5mm Shares to Series B & 1.80 Exh. Ratio	2018	2019	2020	2021	2022	Terminal
Total Operating Revenues	\$ 916	\$ 1,182	\$ 1,459	\$ 1,723	\$ 1,982	\$ 1,982
- Total Operating Expenses (including depreciation)	(438)	(508)	(620)	(725)	(799)	(799)
Operating Income	478	674	838	996	1,183	1,183
(+) Book depreciation	159	179	201	214	219	219
(+) Equity in Earnings of Unconsolidated Affiliates	39	72	104	120	146	146
(-) Interest Expense	(77)	(101)	(122)	(130)	(77)	(77)
(-) Depreciation of Goodwill and Current Assets	(858)	(828)	(761)	(716)	(705)	-
(-) Additional Depreciation from Step Up in Basis (Capex in Years 2018+)	(27)	(116)	(233)	(282)	(235)	-
(-) Capex Expense for Tangible Assets	(214)	(164)	(176)	(393)	(352)	-
(-) Interest Expense Add-back	0	0	0	0	0	0
Taxable Income Before NOLs	(501)	(284)	(148)	(190)	179	1,471
(-) NOLs applied from previous years	0	0	0	0	(144)	-
<b>Taxable Income</b>	<b>\$(501)</b>	<b>\$(284)</b>	<b>\$(148)</b>	<b>\$(190)</b>	<b>\$ 36</b>	<b>\$ 1,471</b>
Federal Tax Rate	21%	21%	21%	21%	21%	
State Tax Rate	4%	4%	4%	4%	4%	
Long Term Assumed Effective Cash Tax Rate (Adjusted to Account for Depreciation and Capex)						20%
Cash Taxes	\$0	\$0	\$0	\$0	\$9	\$294
Implied Run Rate Deductions						308
Ending NOL Balance	\$ 501	\$ 785	\$ 932	\$ 1,123	\$ 979	
<b>DPS Build</b>	<b>2Q-4Q 2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Terminal</b>
Total Pre Tax Distributable Cash Flow	\$ 319	\$ 854	\$ 1,036	\$ 1,225	\$ 1,428	\$ 1,428
(-) Cash Taxes	0	0	0	0	(9)	(294)
Distributable Cash Flow	\$ 319	\$ 854	\$ 1,036	\$ 1,225	\$ 1,419	\$ 1,134
(/j) Coverage Ratio	1.10 x	1.32 x	1.17 x	1.11 x	1.05 x	1.05 x
Total Distributions	\$290	\$649	\$889	\$1,102	\$1,348	\$1,077
(/j) P.F. Shares Outstanding	543	543	543	543	543	543
<b>DPS</b>	<b>\$0.53</b>	<b>\$1.19</b>	<b>\$1.64</b>	<b>\$2.03</b>	<b>\$2.48</b>	<b>\$1.98</b>

Valued separately in perpetuity

Source: Arkose Projections, Arkose Merger Model, and Bloomberg market data as of 04-Jun-2018



# Illustrative Arkose GP Discounted Dividends Analysis

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Pro Forma Tax Attributes | (\$ in millions, except per share data)

Assumptions	Illustrative Discounted Cash Flow						
■ Implied value as of 6/30/2018	<b>P.F. GP Assuming 18.5mm Shares to Series B &amp; 1.60 Exh. Ratio</b>						
■ Discounted using mid-year convention		2023	2024	2025	2026	2027	Ann. Avg. 2028-2032
■ Ke of 9.0%	Depreciation of Existing Assets and Transaction Step Up	\$ 638	\$ 595	\$ 551	\$ 540	\$ 530	\$ 505
	(x) Tax Rate	25 %	25 %	25 %	25 %	25 %	25 %
	<b>Cash Tax Savings</b>	<b>\$ 162</b>	<b>\$ 150</b>	<b>\$ 140</b>	<b>\$ 137</b>	<b>\$ 134</b>	<b>\$ 128</b>
	Discount Period	5.0	6.0	7.0	8.0	9.0	NA
	Discount Factor	0.65	0.60	0.55	0.50	0.46	NA
	<b>Present Value</b>	<b>\$105</b>	<b>\$90</b>	<b>\$76</b>	<b>\$69</b>	<b>\$62</b>	<b>\$46</b>
	<b>P.V. Per Pro Forma GP Share</b>	<b>\$ 1.25</b>					
	<b>Total P.V. of Terminal Tax Attributes</b>	<b>630</b>					

	PV of Tax Attributes (\$ / share)						Total P.V. of Tax Attributes						
	Exh. Ratio to Midstream						Exh. Ratio to Midstream						
	1.5 x	1.6 x	1.7 x	1.8 x	1.9 x	2.0 x	1.5 x	1.6 x	1.7 x	1.8 x	1.9 x	2.0 x	
GP Cost of Equity	8.0 %	\$ 1.33	\$ 1.35	\$ 1.36	\$ 1.38	\$ 1.39	\$ 1.40	\$ 649	\$ 682	\$ 715	\$ 748	\$ 781	\$ 815
	8.5	1.28	1.30	1.31	1.32	1.34	1.35	624	656	687	719	751	783
	9.0	1.23	1.25	1.26	1.27	1.28	1.29	600	630	661	691	722	752
	9.5	1.18	1.20	1.21	1.22	1.23	1.24	577	606	635	664	694	723
	10.0	1.14	1.15	1.17	1.18	1.19	1.20	555	583	611	639	667	695

Source: Arkose Projections and Bloomberg market data as of 04-Jun-2018

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## Project Francis

### Conflicts Committee of the Board of Directors of Arkose GP LLC

#### Discussion Materials

June 6, 2018

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## Table of Contents

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- I. Discussion Materials
  - Appendix A: Supporting Materials



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I. Discussion Materials

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## Summary of Key Terms and Conditions

Description of Transactions	Consideration to Midstream																		
<b>Midstream Transaction</b>	<table border="1"> <tr> <td>Illustrative Exchange Ratio</td> <td style="text-align: right;">1.60 x</td> </tr> <tr> <td>GP Share Price</td> <td style="text-align: right;">\$ 19.51</td> </tr> <tr> <td><b>Implied Midstream Unit Price</b></td> <td style="text-align: right;"><b>\$ 31.22</b></td> </tr> </table>	Illustrative Exchange Ratio	1.60 x	GP Share Price	\$ 19.51	<b>Implied Midstream Unit Price</b>	<b>\$ 31.22</b>												
Illustrative Exchange Ratio	1.60 x																		
GP Share Price	\$ 19.51																		
<b>Implied Midstream Unit Price</b>	<b>\$ 31.22</b>																		
<ul style="list-style-type: none"> <li>■ GP converts into Delaware C-Corp</li> <li>■ GP acquires all outstanding units of Midstream in 100% stock transaction at a fixed exchange ratio of 1.6 x</li> <li>■ Taxable transaction to Midstream unitholders               <ul style="list-style-type: none"> <li>— Basis step up, combined with the step-up from Series B transaction, expected to fully shield the pro forma company from cash taxes through 2021, with minimal (&lt;\$20mm) cash taxes in 2022</li> </ul> </li> <li>■ Distribution coverage held constant between status quo and pro forma in 2019 and 2022               <ul style="list-style-type: none"> <li>— In 2018, one-time reduction in coverage ratio, from 1.28x to 1.10x (Subject to board approval), resulting in an increase in distributions to mitigate dilution to legacy Arkose Midstream unitholders</li> </ul> </li> </ul>	<table border="1"> <thead> <tr> <th colspan="2" style="text-align: center;">Pro Forma Shares Outstanding</th> </tr> </thead> <tbody> <tr> <td>GP Shares</td> <td style="text-align: right;">186.19</td> </tr> <tr> <td>Midstream Units</td> <td style="text-align: right;">187.03</td> </tr> <tr> <td>(+) Midstream LTIP</td> <td style="text-align: right;">1.03</td> </tr> <tr> <td>Midstream Fully Diluted Units</td> <td style="text-align: right;">188.06</td> </tr> <tr> <td>(x) Exchange Ratio</td> <td style="text-align: right;">1.60 x</td> </tr> <tr> <td>Shares to Midstream</td> <td style="text-align: right;">300.89</td> </tr> <tr> <td>GP Shares to Series B</td> <td style="text-align: right;">18.50</td> </tr> <tr> <td><b>Pro Forma Shares Outstanding</b></td> <td style="text-align: right;"><b>505.58</b></td> </tr> </tbody> </table>	Pro Forma Shares Outstanding		GP Shares	186.19	Midstream Units	187.03	(+) Midstream LTIP	1.03	Midstream Fully Diluted Units	188.06	(x) Exchange Ratio	1.60 x	Shares to Midstream	300.89	GP Shares to Series B	18.50	<b>Pro Forma Shares Outstanding</b>	<b>505.58</b>
Pro Forma Shares Outstanding																			
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<b>Settlement of Series B Profit Interests in IDR LLC</b>	<table border="1"> <thead> <tr> <th colspan="2" style="text-align: center;">Pro Forma Ownership</th> </tr> </thead> <tbody> <tr> <td>GP Shareholders</td> <td style="text-align: right;">36.8 %</td> </tr> <tr> <td>Midstream Unitholders</td> <td style="text-align: right;">59.5</td> </tr> <tr> <td>Series B Unitholders</td> <td style="text-align: right;">3.7</td> </tr> </tbody> </table>	Pro Forma Ownership		GP Shareholders	36.8 %	Midstream Unitholders	59.5	Series B Unitholders	3.7										
Pro Forma Ownership																			
GP Shareholders	36.8 %																		
Midstream Unitholders	59.5																		
Series B Unitholders	3.7																		
<ul style="list-style-type: none"> <li>■ Series B units of IDR LLC exchanged at Transaction Announcement for 18.5mm shares of GP</li> <li>■ Conditioned on completion of the Midstream transaction</li> </ul>																			
<b>Proposed Shareholder / Unitholder Votes</b>																			
<ul style="list-style-type: none"> <li>■ Majority of public unaffiliated shareholders of GP and Midstream to vote separately to approve transaction</li> </ul>																			

Source: Arkose Midstream and Arkose GP 2017 1Q 10-Qs and Bloomberg market data as of 04-Jun-2018



## Illustrative Summary Term Sheet

## Exchange of Series B Units into GP Common Shares

## Summary of Key Terms and Conditions

Existing Security	<ul style="list-style-type: none"> <li>Series B Units, as defined in the LLC Agreement of Arkose IDR Holdings LLC</li> </ul>
Current Issued	<ul style="list-style-type: none"> <li>98,600 Series B Units</li> </ul>
Exchange Consideration	<ul style="list-style-type: none"> <li>GP common shares received in a taxable transaction</li> </ul>
Exchange Shares	<ul style="list-style-type: none"> <li>Fixed at 18.5mm GP common shares</li> </ul>
Effective Date	<ul style="list-style-type: none"> <li>The date of the closing of a merger of Arkose GP and Arkose Midstream</li> </ul>
Distribution Rights	<ul style="list-style-type: none"> <li>Same as other holders of GP common shares</li> </ul>
Arrearages	<ul style="list-style-type: none"> <li>Immediate payment in cash upon vesting to holders of the Series B Units of the Unvested Reallocated Distribution Amount</li> </ul>
Voting Rights	<ul style="list-style-type: none"> <li>Same as other holders of GP common shares</li> </ul>
Vesting & Transferability	<ul style="list-style-type: none"> <li>Fully vested with customary registration rights</li> <li>No transfer restrictions (excluding standard trading restrictions for insiders)</li> </ul>
Subordination	<ul style="list-style-type: none"> <li>None</li> </ul>
Conditions	<ul style="list-style-type: none"> <li>Exchange of Series B Units into GP common shares conditioned on closing of a merger of Arkose GP and Arkose Midstream</li> <li>All Series B Units exchanged</li> </ul>

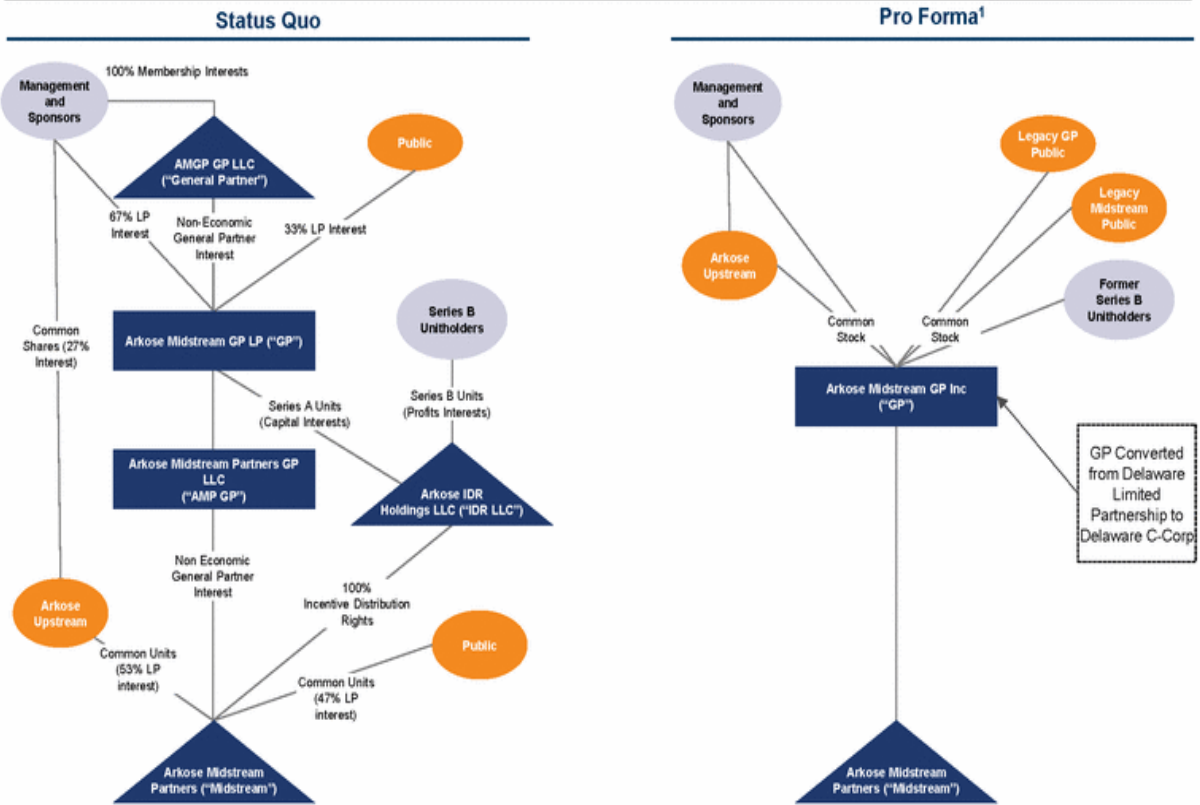




# Arkose Simplified Ownership Structure

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Pending Final  
Transaction Steps /  
Structure

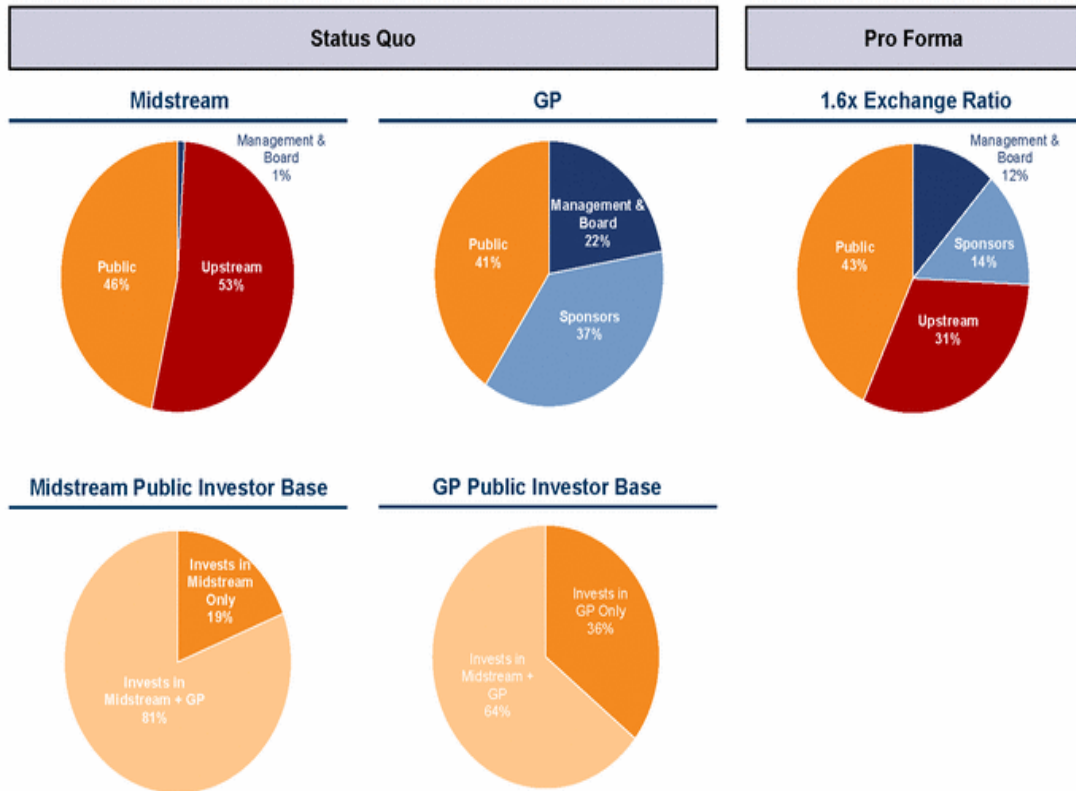


Source: Status Quo Arkose Management Project Francis Due Diligence Materials dated 14-Mar-2018, Vinson & Elkins "Arkose Simplification – Structure Charts" dated 21-Mar-2018



# Summary Ownership Impact

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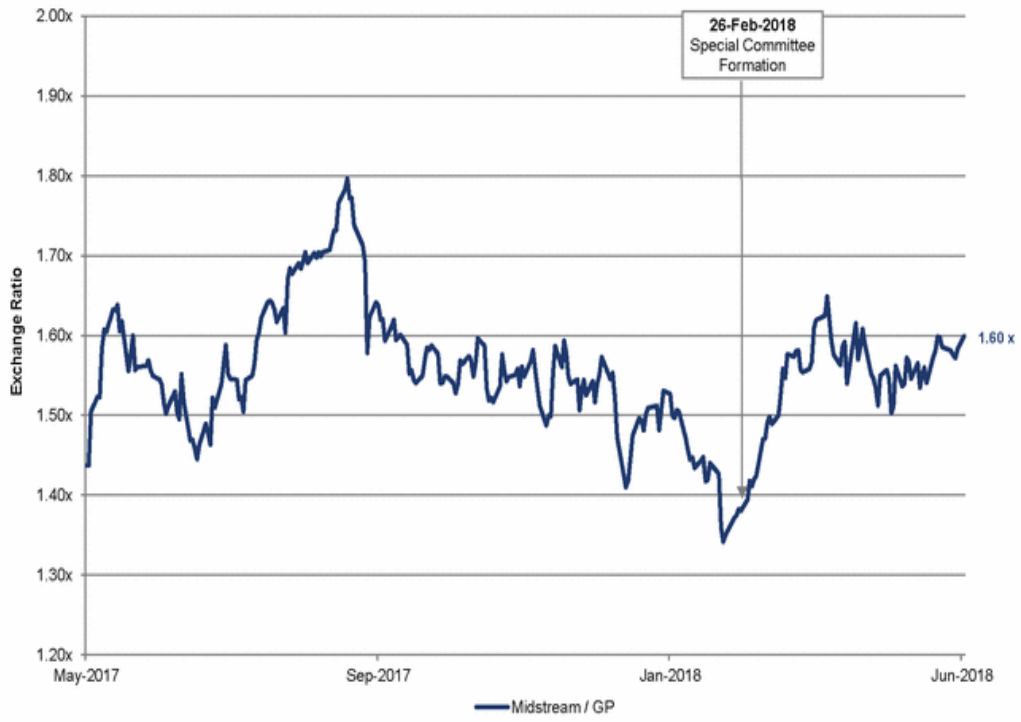
Source: Arkose Midstream and Arkose GP 2017 10-K, 1Q2018 10-Q, Form 4 & 5 filings, and Thomson



# Historical Midstream / GP Exchange Ratio

Since GP IPO | 03-May-2017

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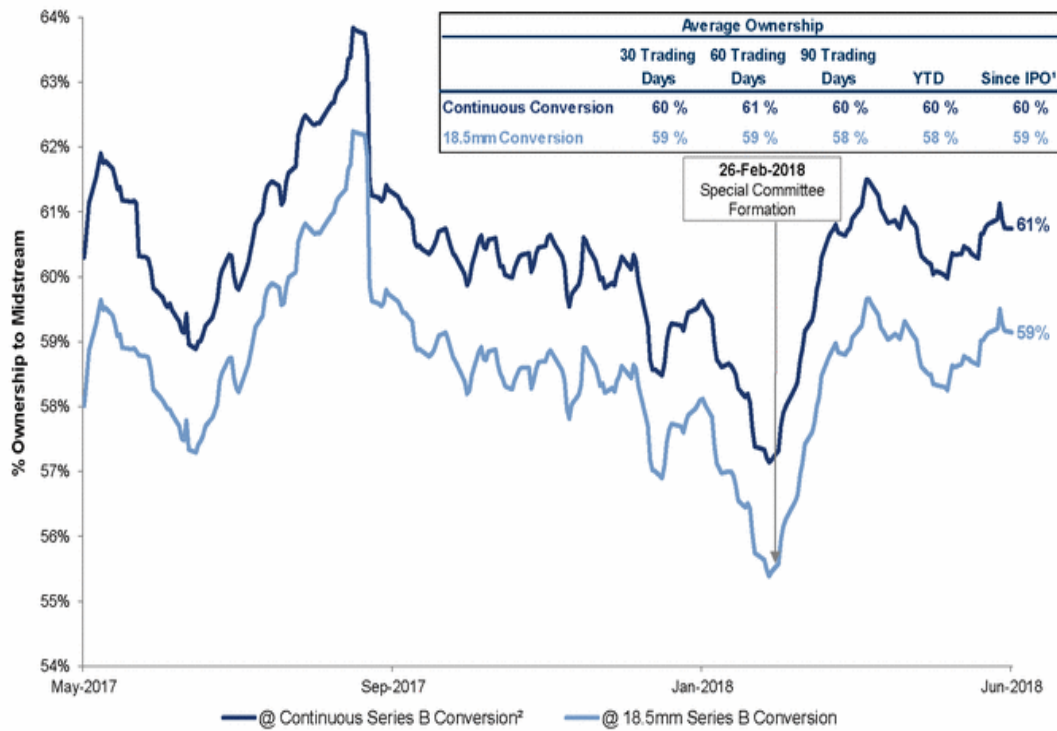
Source: Bloomberg market data as of 04-Jun-2018



# Historical Midstream / GP Exchange Ratio – Illustrative Ownership Expression

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Since GP IPO | 5 Trading Day VWAP Basis



Source: Company filings and press releases, Bloomberg market data as of 04-Jun-2018

<sup>1</sup> Since 1-Jun-2017, the 21<sup>st</sup> day of public trading.

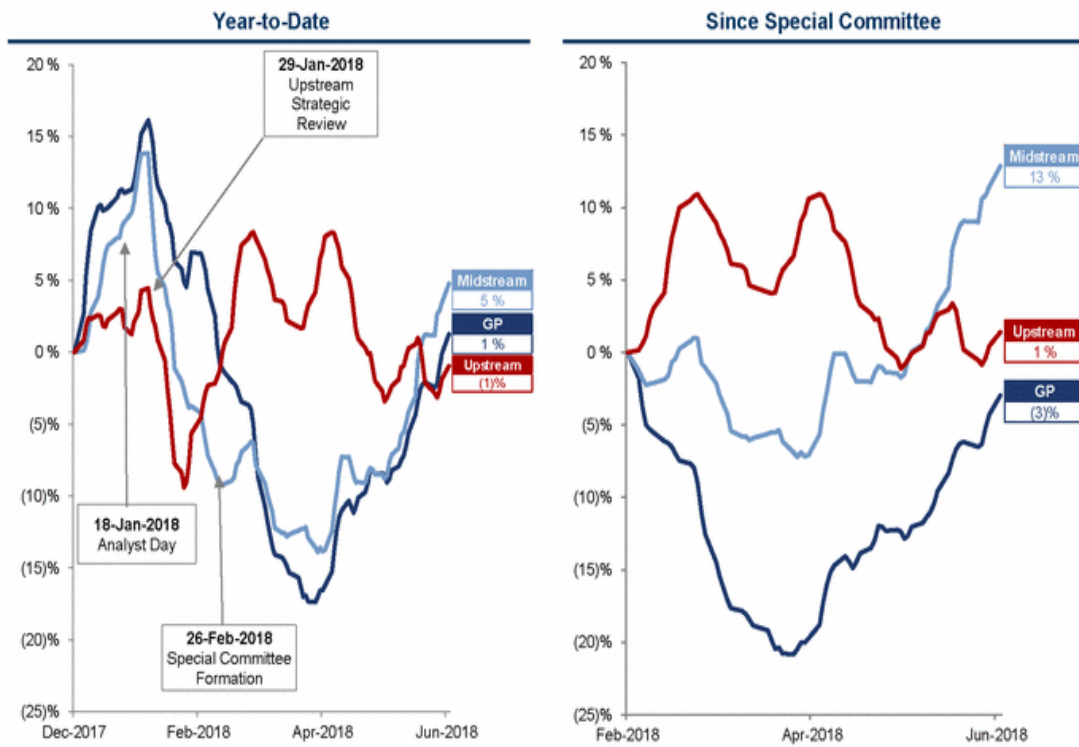
<sup>2</sup> Continuous Series B Conversion assumes 6% Series B take on Standalone GP Market Cap above \$2.0bn and on a 20-Day VWAP basis.



# Relative Stock Price Performance

Indexed Arkose Family | 5 Trading Day VWAP Basis

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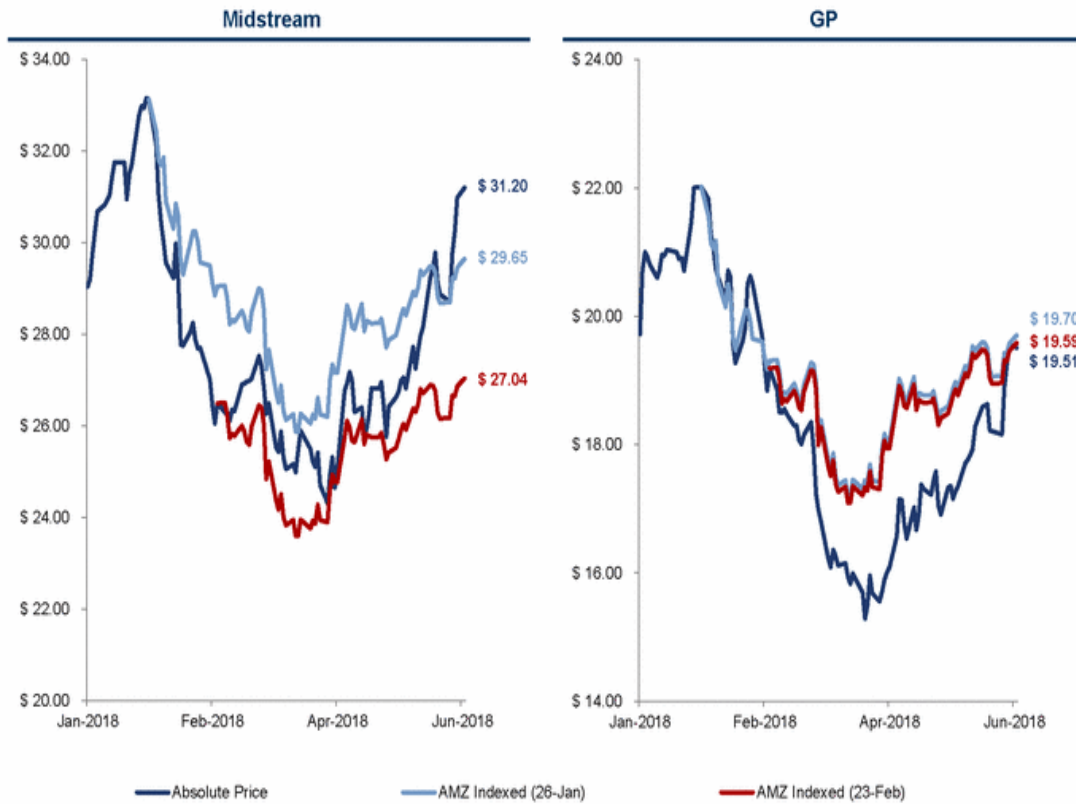
Source: Bloomberg market data as of 04-Jun-2018



# YTD Stock Price Performance

INVESTMENT BANKING  
DIVISION

Arkose Absolute Price and AMZ Indexed Prices | Indexed based on GP Peak  
(26-Jan-2018) and Day Prior to Special Committee Formation (23-Feb-2018)



Source: Bloomberg market data as of 04-Jun-2018

# Implied Premiums and Illustrative Ownership Impact at Various Exchange Ratios

			30 Trading- Day VWAP	Last close					
Illustrative Exchange Ratios (Midstream / GP)			1.50 x	1.57 x	1.60 x	1.70 x	1.80 x	1.90 x	2.00 x
Shares Issued for Midstream <sup>1</sup>			282	296	301	320	339	357	376
	<b>Metrics</b>								
	<b>Current</b>	<b>Midstream</b>	<b>GP</b>						
Last Close	\$ 31.20	\$ 19.51	(6)%	(2)%	0%	6%	13%	19%	25%
30-Trading Day VWAP	28.24	17.96	(5)	0	2	8	14	21	27
Midstream VWAP / GP Current Price	28.24	19.51	4	9	10	17	24	31	38
	<b>At 23-Feb-2018 (Committee Formation)</b>								
Last Close	\$ 26.49	\$ 19.19	9%	14%	16%	23%	30%	38%	45%
30-Trading Day VWAP	29.47	20.66	5	10	12	19	26	33	40
	<b>At 26-Jan-2018 (Year-to-Date GP High)</b>								
Last Close	\$ 33.13	\$ 22.02	(0)%	4%	6%	13%	20%	26%	33%
30-Trading Day VWAP	32.91	21.74	(1)	4	6	12	19	25	32
	<b>Pro Forma Ownership</b>		<b>SQ Metric</b>						
GP Current Shareholders	186		38%	37%	37%	36%	34%	33%	32%
Illustrative Shares to Former Series B Shareholders <sup>2</sup>	19		4	4	4	4	3	3	3
Former Midstream Unit Holders									
Midstream Public <sup>3</sup>	89		27%	28%	28%	29%	30%	30%	31%
Upstream	99		30	31	31	32	33	33	34
<b>Total Former Midstream Unitholders</b>	<b>188</b>		<b>58%</b>	<b>59%</b>	<b>60%</b>	<b>61%</b>	<b>62%</b>	<b>64%</b>	<b>65%</b>
Total Fully Diluted Shares Outstanding			487	500	505	524	543	562	581

Source: Arkose Midstream and GP 2017 10-Ks and Bloomberg market data as of 04-Jun-2018

<sup>1</sup> Includes ~1mm units under Midstream's LTIP and ~187mm common units outstanding.

<sup>2</sup> Illustrative number based on Series B settlement at 18.5mm fixed shares.

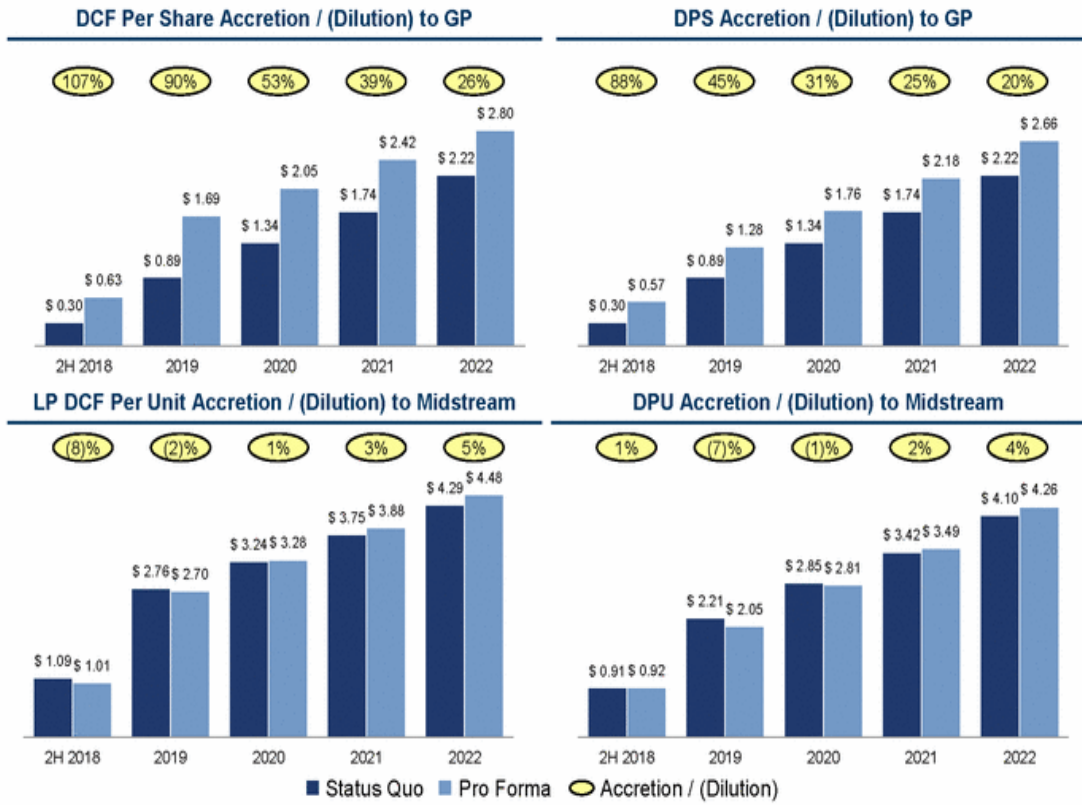
<sup>3</sup> Includes ~1mm units under Midstream's LTIP.



# Accretion / (Dilution) Analysis

INVESTMENT BANKING  
DIVISION

## 1.6x Exchange Ratio to Midstream



Source: Arkose Projections and Bloomberg market data as of 04-Jun-2018. Note: Pro forma analysis assumes 1.1x coverage ratio in 2018 and 2019-2022 coverage ratios held constant to current standalone forecasts. Assumes 16.5mm shares issued to Series B.

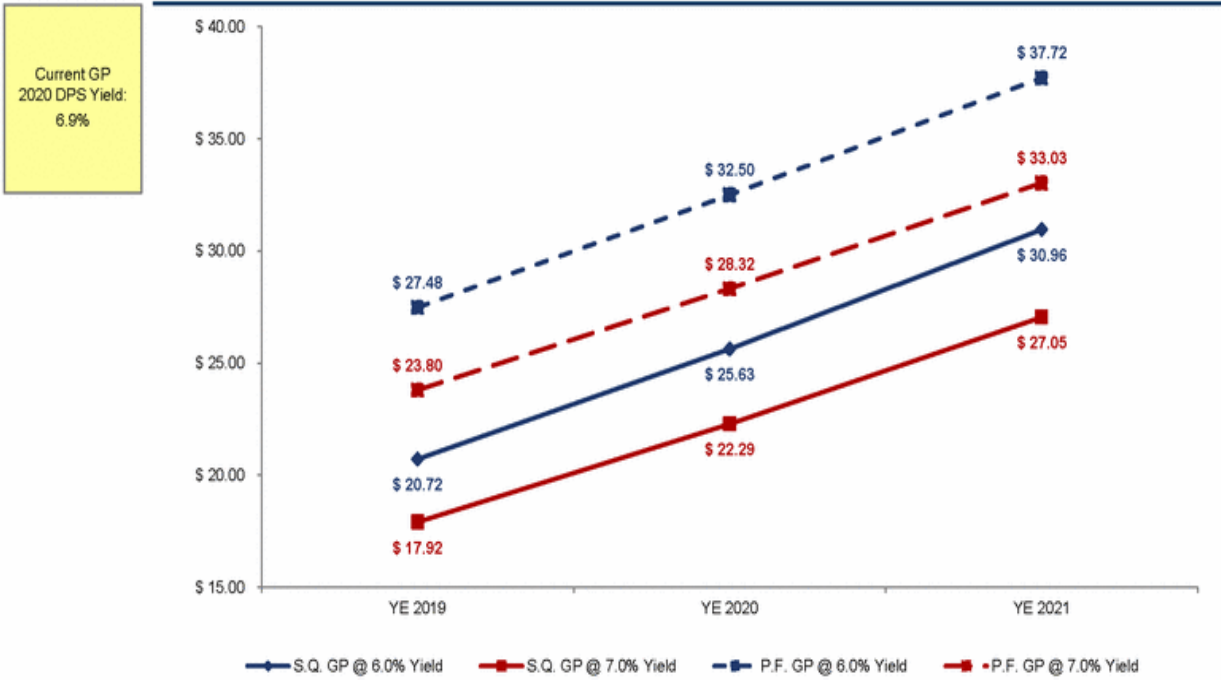




# Summary Present Value of Future Share / Unit Price

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DIVISION

1.6x Exchange Ratio



Source: Arkose Projections and Bloomberg market data as of 04-Jun-2018

Note: Pro forma analysis assumes 1.1x coverage ratio in 2018 and 2019-2022 coverage ratios held constant to current standalone forecasts.



# Illustrative Analysis at Various Equity Values

INVESTMENT BANKING  
DIVISION

## Pro Forma Arkose GP + Midstream

Broker Median  
Total Equity  
Value: \$11,761

Implied Equity Value	\$ 9,558	\$ 10,036	\$ 10,514	\$ 10,992	\$ 11,470	\$ 12,426	\$ 13,381	\$ 14,337	\$ 15,293	\$ 16,727
% Uplift from Current Equity Value <sup>1</sup>	0 %	5 %	10 %	15 %	20 %	30 %	40 %	50 %	60 %	75 %
Net Debt	1,287	1,287	1,287	1,287	1,287	1,287	1,287	1,287	1,287	1,287
Illustrative Enterprise Value	\$ 10,845	\$ 11,323	\$ 11,801	\$ 12,279	\$ 12,757	\$ 13,713	\$ 14,669	\$ 15,625	\$ 16,581	\$ 18,014
Implied GP Share Price	\$18.91	\$19.85	\$20.80	\$21.74	\$22.69	\$24.58	\$26.47	\$28.36	\$30.25	\$33.08
% Upside from Current	(3)%	2 %	7 %	11 %	16 %	26 %	36 %	45 %	55 %	70 %
Implied Midstream Unit Price	\$30.25	\$31.76	\$33.27	\$34.79	\$36.30	\$39.32	\$42.35	\$45.37	\$48.40	\$52.93
% Upside from Current	(3)%	2 %	7 %	11 %	16 %	26 %	36 %	45 %	55 %	70 %

EV / EBITDA	Metric											Arkose	Peer	High
												Blended*	Median	Growth Comps
2018	\$ 730	14.9 x	15.5 x	16.2 x	16.8 x	17.5 x	18.8 x	20.1 x	21.4 x	22.7 x	24.7 x	14.9 x	13.1 x	18.8 x
2019	989	11.0	11.5	11.9	12.4	12.9	13.9	14.8	15.8	16.8	18.2	11.0	10.6	13.9
2020	1,222	8.9	9.3	9.7	10.0	10.4	11.2	12.0	12.8	13.6	14.7	8.9	9.5	12.9
Price / DCF	Metric											Shell		
												17.1 x	12.4 x	18.0 x
2018	\$ 594	16.1 x	16.9 x	17.7 x	18.5 x	19.3 x	20.9 x	22.5 x	24.1 x	25.8 x	28.2 x	17.1 x	12.4 x	18.0 x
2019	854	11.2	11.8	12.3	12.9	13.4	14.6	15.7	16.8	17.9	19.6	12.0	10.8	14.9
2020	1,036	9.2	9.7	10.1	10.6	11.1	12.0	12.9	13.8	14.8	16.1	10.1	9.8	13.6
Distribution Yield	Metric											Noble		
												4.5 %	7.3 %	4.0 %
2018	\$ 540	5.6 %	5.4 %	5.1 %	4.9 %	4.7 %	4.3 %	4.0 %	3.8 %	3.5 %	3.2 %	4.5 %	7.3 %	4.0 %
2019	649	6.8	6.5	6.2	5.9	5.7	5.2	4.9	4.5	4.2	3.9	6.2	7.6	4.8
2020	889	9.3	8.9	8.5	8.1	7.7	7.2	6.6	6.2	5.8	5.3	8.4	8.2	5.8

Source: Arkose Projections and Bloomberg market data as of 04-Jun-2018

Note: Analysis assumes 18.5mm shares issued to Series B.

<sup>1</sup> Arkose status quo equity value and blended multiples/yields calculated based on combined Midstream basic equity value (excludes LTIP), market implied Series B value, and GP equity value; DCF and total distributions net of cash taxes and SG&A at GP.



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Appendix A: Supporting Materials

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## Precedent Premia Analysis

## Midstream Simplification Transactions | Last Five Years

Announcement Date	Target	Acquirer	Consideration Mix	Taxable?	Premia Paid <sup>1</sup>	
					1 Day	30 Trading Day VWAP
<b>Parent to LP Merger</b>						
7-Feb-18	Tallgrass Energy Partners, LP <sup>2</sup>	Tallgrass Energy GP, LP	Stock	Yes	6 %	3 %
8-Feb-18	NuStar GP Holdings	NuStar Energy	Stock	No	2	0
2-Jan-18	Archrock Partners, LP	Archrock, Inc.	Stock	Yes	23	28
1-Feb-17	ONEOK Partners	ONEOK, Inc.	Stock	Yes	26	22
31-May-16	RoseRock Midstream	Semgroup Corporation	Stock	Yes	0	27
3-Nov-15	Targa Resources Partners LP	Targa Resources Corp.	Stock	Yes	18	16
6-May-15	Crestwood Midstream Partners LP	Crestwood Equity Partners LP	Stock	No	17	20
10-Aug-14	Kinder Morgan Partners	Kinder Morgan, Inc.	Mix	Yes	12	10
10-Aug-14	El Paso Pipeline Partners	Kinder Morgan	Mix	Yes	15	10
10-Aug-14	Kinder Morgan Management, LLC	Kinder Morgan, Inc.	Stock	Yes	17	18
<b>LP Buy-In</b>						
17-May-18	Williams Partners L.P.	The Williams Companies, Inc.	Stock	Yes	6	13
2-Jun-17	World Point Terminals, LP	World Point Terminals Inc.	Cash	Yes	1	2
18-May-17	PennTex Midstream Partners	Energy Transfer Partners	Cash	Yes	18	20
2-Mar-17	VTTI Energy Partners	Vitol / Buckeye Partners	Cash	Yes	6	7
26-Sep-16	Columbia Pipeline Partners	TransCanada	Cash	Yes	11	17
27-Aug-13	PAA Natural Gas Storage	Plains All American Pipeline	Stock	No	7	4
12-Aug-13	Pioneer Southwest Energy Partners	Pioneer Natural Resources	Stock	Yes	1	7
		High			26 %	28 %
		Median			11	13
		Mean			11	13
		Low			0	0
<b>Pending Publicly Announced LP Buy Ins<sup>2</sup></b>						
17-May-18	Spectra Energy Partners, LP	Enbridge Inc.	Stock	Yes	0	(2)
17-May-18	Enbridge Energy Partners, L.P.	Enbridge Inc.	Stock	Yes	0	2
17-May-18	Enbridge Energy Management, L.L.C.	Enbridge Inc.	Stock	No	0	3
17-May-18	Enbridge Income Fund Holdings Inc.	Enbridge Inc.	Stock	No	5	5
17-May-18	Cheniere Energy Partners LP Holdings, LLC	Cheniere Energy, Inc.	Stock	No	1	2

Source: Company filings and press releases, CapIQ, Bloomberg

<sup>1</sup> For the all stock transactions, the 1-Day Premia paid is based on the Offer price based on acquirer stock price on the day prior to announcement effected for the exchange ratio offered to the target compared with the target's market price on the day prior to announcement. The 30 Trading Day VWAP Premia Paid is calculated using the 30 Trading Day VWAP of the target as calculated on the day prior to the announcement of the target. The premia also include cash consideration on a per share basis when applicable.<sup>2</sup> Based on implied exchange ratio calculated as of announcement date of structural alternatives (07-Feb-2016).

## Determining Arkose's Overall Status Quo Yield

(\$ in millions, except per share / unit data)

Calculation of Combined Equity Value		Calculation of Equity Yield			
Basic Midstream Units	187				
(x) Midstream Unit Price	\$ 31.20	Midstream LP DPU	\$ 1.72	\$ 2.21	\$ 2.85
Midstream Basic Equity Value	\$5,835	Implied Yield	5.5 %	7.1 %	9.1 %
		Y.o.Y. Dist. Growth	29 %	29 %	29 %
		'18-'20E CAGR	29 %		
GP Shares	186	GP DPS	\$ 0.54	\$ 0.89	\$ 1.34
(x) GP Share Price	\$ 19.51	Implied Yield	2.8 %	4.5 %	6.9 %
GP Equity Value	\$3,633	Y.o.Y. Dist. Growth <sup>1</sup>	163 %	65 %	51 %
		'18-'20E CAGR	58 %		
		<b>Blended Status Quo Family Multiples / Yields</b>			
		Distributable Cash Flow <sup>2</sup>	\$ 558	\$ 796	\$ 950
		Distributed Cash <sup>3</sup>	427	591	802
		Implied Equity Value / Total DCF	17.1 x	12.0 x	10.1 x
		Implied Distribution Yield	4.5 %	6.2 %	8.4 %
		Y.o.Y. Dist. Growth <sup>4</sup>	47 %	38 %	36 %
		Pro Forma Distributable Cash	\$ 594	\$ 854	\$ 1,036
		Y.o.Y. Dist. Growth	NA	44 %	21 %
		'18-'20E CAGR	32 %		
		Pro Forma Distributed Cash <sup>5</sup>	\$ 540	\$ 649	\$ 889
		Y.o.Y. Dist. Growth	NA	20 %	37 %
		'18-'20E CAGR	28 %		
<b>Arkose Midstream Total Basic Equity Value (Incl. Series B)</b>	<b>\$9,558</b>				

Source: Arkose Projections and Bloomberg market data as of 04-Jun-2018  
 Note: Share counts based on 2017 Midstream and GP 10-K.

<sup>1</sup> Based on 2017A DPS of \$0.20

<sup>2</sup> Based on GP status quo market cap and status quo Series B conversion.

<sup>3</sup> Based on total DCF at Midstream, excluding taxes at GP.

<sup>4</sup> 2017 total distributions based on actual LP distributions and IDR cash flows adjusted for Series B take, G&A, and taxes at GP to approximate total distributions if GP had been public on 1-Jan-2017.

<sup>5</sup> Pro forma growth rates assuming 1.1x coverage in 2018.

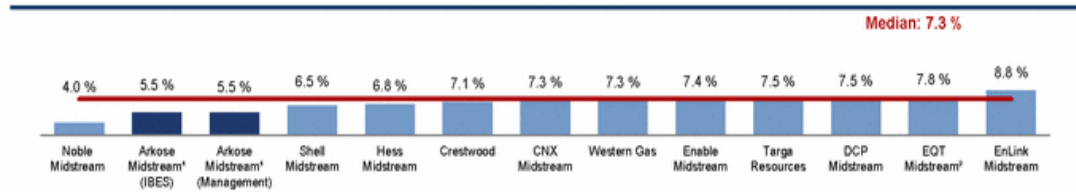


# Public Midstream Comparable Peers

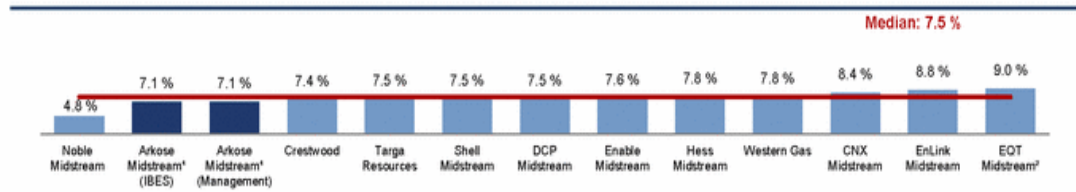
## DPU Yield

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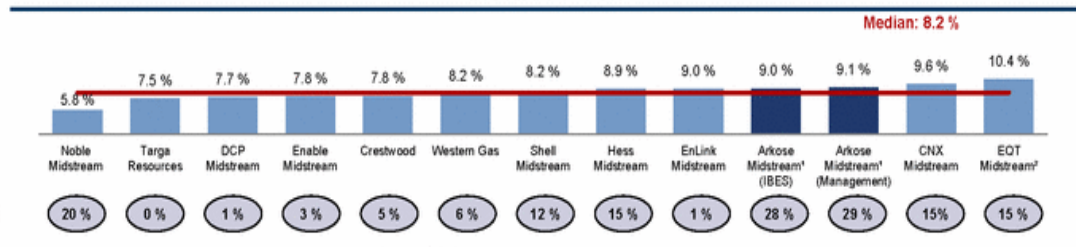
### 2018E DPU Yield



### 2019E DPU Yield



### 2020E DPU Yield



'18-'20E DPU CAGR

Source: Wall street research and Bloomberg market data as of 04-Jun-2018

<sup>1</sup> Source: Arkose Projections, latest publicly available financial statements, IBES/Wall Street research, and Bloomberg market data as of 04-Jun-2018. Projected EBITDA, LP DCF, and DPS are sourced from Arkose Projections in the Arkose management case; IBES case follows the same methodology as peers; GP Adjusted Market Cap calculated by adding Implied GP Value to Adjusted Equity Market Cap. <sup>2</sup> EQM pro forma for the simplifying transaction announced on 25-Apr-2018.

# Illustrative Present Value of Future Share Price - INVESTMENT BANKING DIVISION

## GP

(\$ in per share amounts)

GP	2H 2018E	2019	2020	2021	2022
<b>Cash Flows to Equity</b>					
Dividend Per Share	\$ 0.30	\$ 0.89	\$ 1.34	\$ 1.74	\$ 2.22
Discount Period for Dividend Received <sup>1</sup>	0.25	1.00	2.00	3.00	4.00
Illustrative Cost of Equity	9.0 %				
Discount Factor	0.98	0.92	0.84	0.77	0.71
<b>Present Value of Dividend Received</b>	<b>\$0.30</b>	<b>\$0.81</b>	<b>\$1.13</b>	<b>\$1.34</b>	<b>\$1.57</b>
<b>Present Value of Future Share Price at Year End</b>					
NTM Dividend Per Share at Year End	\$ 1.34		\$ 1.74	\$ 2.22	
Illustrative NTM Dividend Yield	6.5 %				
Implied Year End Share Price	\$20.60		\$26.78	\$34.16	
Discount Period for Share Price <sup>1</sup>	1.5		2.5	3.5	
Discount Factor	0.88		0.81	0.74	
<b>PV of Future Share Price</b>	<b>\$18.10</b>		<b>\$21.59</b>	<b>\$25.27</b>	
(+) PV of Cumulative Dividends Received	1.11		2.24	3.58	
<b>PV of Future Share Price and Dividends</b>	<b>\$19.21</b>		<b>\$23.83</b>	<b>\$28.85</b>	

GP assumed NTM yield based on 2020E yield at the high end of the sensitivity range

### Implied Value at Various Yields

	2019E	2020E	2021E
<b>6.0 %</b>	\$ 20.72	\$ 25.63	\$ 30.96
<b>6.5</b>	19.21	23.83	28.85
<b>7.0</b>	17.92	22.29	27.05

Source: Arkose Management, Bloomberg market data as of 04-Jun-2018

<sup>1</sup> Distributions discounted according to the mid-period convention; all values discounted to 30-Jun-2018.



# Illustrative Present Value of Future Share Price - Pro Forma

INVESTMENT BANKING  
DIVISION

1.6 x Exchange Ratio | (\$ in per share amounts)

Pro forma  
yield based  
on blended  
2019 and  
2020  
Midstream  
and GP  
status quo  
yields

Pro Forma	2H 2018E	2019	2020	2021	2022
<b>Cash Flows to Equity</b>					
Dividend Per Share	\$ 0.57	\$ 1.28	\$ 1.76	\$ 2.18	\$ 2.66
Discount Period for Dividend Received <sup>1</sup>	0.25	1.00	2.00	3.00	4.00
Illustrative Cost of Equity	9.0 %				
Discount Factor	0.98	0.92	0.84	0.77	0.71
<b>Present Value of Dividend Received</b>	<b>\$0.56</b>	<b>\$1.18</b>	<b>\$1.48</b>	<b>\$1.68</b>	<b>\$1.89</b>
<b>Present Value of Future Share Price at Year End</b>					
NTM Dividend Per Share at Year End		\$ 1.76	\$ 2.18	\$ 2.66	
Illustrative NTM Dividend Yield		7.0 %			
Implied Year End Share Price		\$25.11	\$31.14	\$38.03	
Discount Period for Share Price <sup>1</sup>		1.5	2.5	3.5	
Discount Factor		0.88	0.81	0.74	
<b>PV of Future Share Price</b>		<b>\$22.06</b>	<b>\$25.10</b>	<b>\$28.13</b>	
(+) PV of Cumulative Dividends Received		1.74	3.22	4.90	
<b>PV of Future Share Price and Dividends</b>		<b>\$23.80</b>	<b>\$28.32</b>	<b>\$33.03</b>	

NTM Yield	Pro Forma Implied Value at Various Yields			Status Quo Implied Value at Various Yields			Break Even Yield		
	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E
6.0 %	\$ 27.48	\$ 32.50	\$ 37.72	\$ 20.72	\$ 25.63	\$ 30.96	8.1 %	7.8 %	7.6 %
6.5	25.50	30.25	35.20	19.21	23.83	28.85	8.8 %	8.5 %	8.2 %
7.0	23.80	28.32	33.03	17.92	22.29	27.05	9.5 %	9.2 %	8.9 %

Source: Arkose Management, Bloomberg market data as of 04-Jun-2018

<sup>1</sup> Distributions discounted according to the mid-period convention; all values discounted to 30-Jun-2018.





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## Project Francis

### Conflicts Committee of the Board of Directors of Arkose GP LLC

#### Discussion Materials

June 20, 2018

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INVESTMENT BANKING  
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  - Appendix A: Additional Materials

I. Discussion Materials

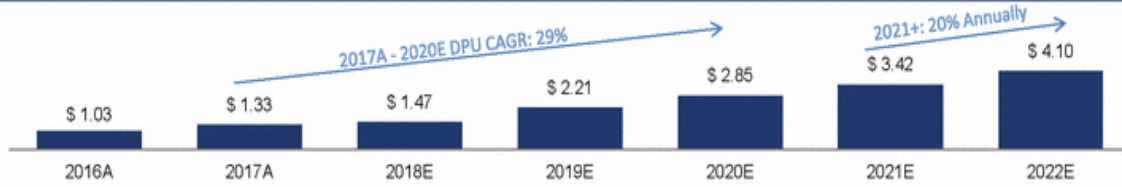
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- Arkose Midstream today provides investors with explicit and long-term financial policy targets
  - Substantially all of the existing long-term targets could, with only minor tweaks, remain intact as part of a simplification
- However, “New Midstream” has a unique opportunity to reset its financial policy guidelines as part of a simplification
  - In particular, the high rate of distribution growth and the specificity of this growth guidance seem to be the most likely area to revisit as part of changes to financial policy
  - Potential to also incorporate share repurchases as tool to return capital to shareholders in a flexible and opportunistic manner
- It is worth noting that Midstream is different from other companies looking to restructure and reduce cash distribution policies:
  - **1) Midstream currently has very low leverage** (2.0x – 2.5x Total Debt / EBITDA), and any reduction in distributions will further de-lever the balance sheet
  - **2) Capex spending crests in 2019/2020 and declines rapidly thereafter**, resulting in any long-term slowing of distribution growth to have the greatest impact when free-cash flow accelerates
  - **3) There is no primary equity overhang**. To the extent that external financing is required, it is in the credit markets using a balance sheet with low leverage
- A key decision as part of a financial policy revision will be the number of years to maintain existing distribution growth guidance:
  - **If maintained through 2022E (4-years):** Would need to reduce coverage ratio guidance for 2020E to be “gradually falling towards 1.15x by 2020E, and remaining above 1.1x thereafter”
  - **If distribution targets maintained through 2020E (2-years):** Could modify long-term growth guidance to “target 15% - 20% distribution growth”, with “pace determined by capex opportunities, balance sheet, and coverage ratio”
  - **If distribution targets softened after 2019E:** “Target 15% - 20% distribution growth beyond 2019E” with similar pacing criteria as noted above, but also “targeting high-end of the range for the early years of the target period”
- Additionally, under all scenarios, Midstream appears to have balance sheet capacity to opportunistically repurchase shares, which can also be incorporated into the new financial policy framework

Irrespective of Dividend Growth Policy Guidance, Investor Messaging Should Continue to Highlight Antero's Unparalleled Growth in Cash Flow

# Long-Term Distribution and Coverage Targets

## Status Quo Long Term Distribution Targets



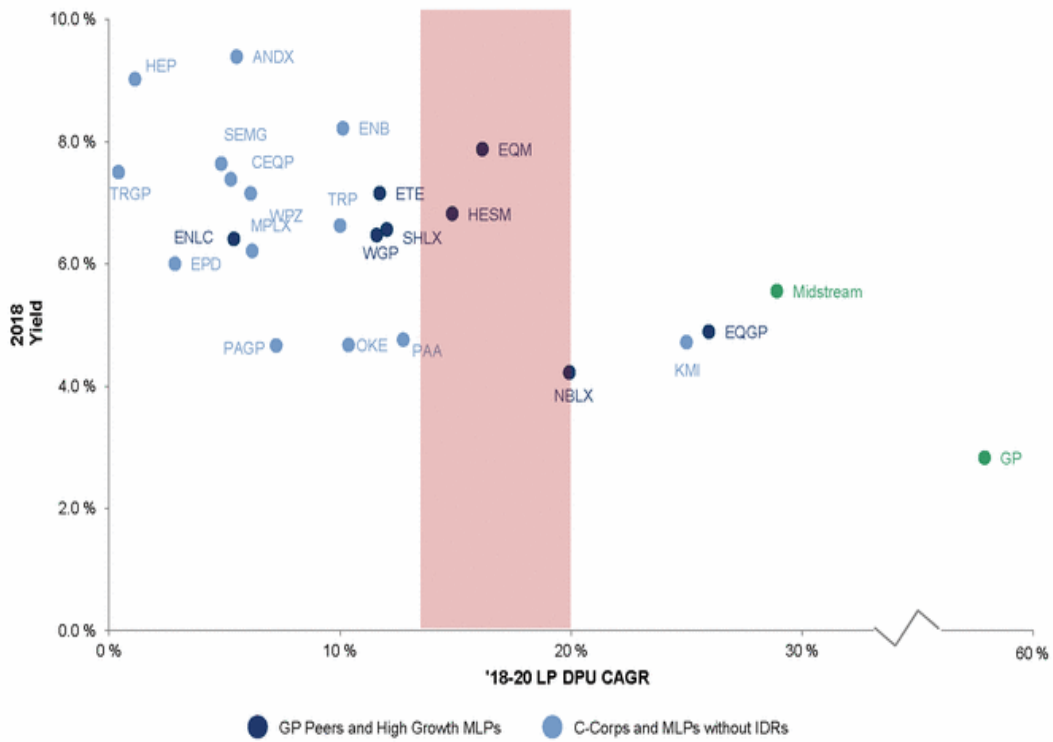
## Pro Forma Long Term Distribution Targets '19-'20 Kept Whole | Midstream Perspective



## Pro Forma Long Term Distribution Targets '19 Kept Whole | Midstream Perspective



Source: Arkose Projections



Source: Company filings, Wall Street research, IBES, and Bloomberg market data as of 14-Jun-2018  
 † Excludes APLP (due to delisting 27-Apr-2018) and MIC.



# Distribution Policy Overview

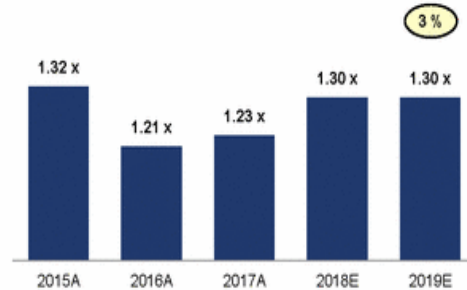
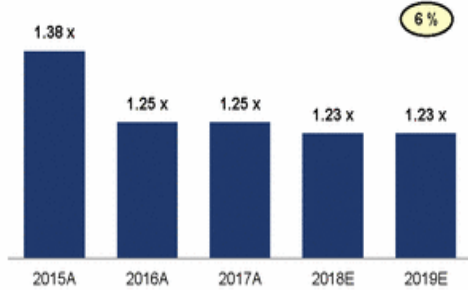
## Distribution Coverage Ratio and Estimated DPU CAGR | Selected Major Midstream Entities

### Coverage Ratio Profiles Over Time

2 Yr Fwd.  
DPU CAGR<sup>1</sup>

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MIDSTREAM PARTNERS, L.P.

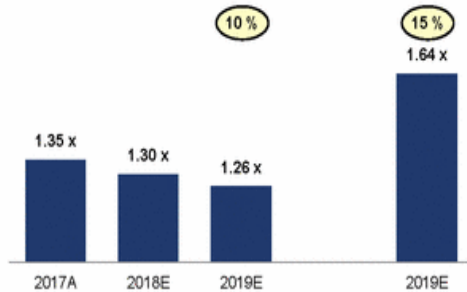
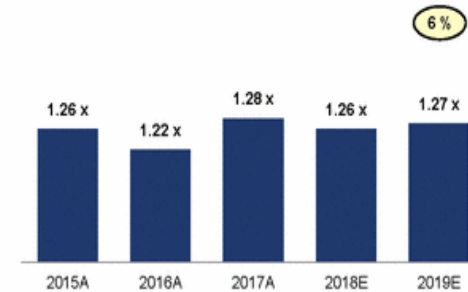
**Enterprise Products**  
Partners L.P.



**MPLX**  
ENERGY LOGISTICS

**ONEOK**

**Williams**



Source: Company filings, Bloomberg market data as of 14-Jun-2018

<sup>1</sup> Williams DPU CAGR shown from 2019E-2020E and is pro forma for announced simplification.



	Current Guidance / Financial Targets	PF @ 1.6x Exchange Ratio: DPU Through 2022E	PF @ 1.6x Exchange Ratio: DPU Through 2020E   17.5% Thereafter	PF @ 1.6x Exchange Ratio: DPU Through 2019E   20% Thereafter
<b>Distributions (Accretion/Dilution)</b>	■ \$2.21 2019E	■ \$2.21 2019E	■ \$2.21 2019E	■ \$2.21 2019E
	■ \$2.85 2020E	■ \$2.85 2019E	■ \$2.85 2019E	■ \$2.65 2019E (7)% below midpoint
<b>Distribution Growth Rate</b>	■ '17-'20E: 28 - 30%	■ '17-20E: 29%	■ '17-20E: 29%	■ '17-20E: 26%
	■ '21-'22E: 20%	■ '21-22E: 20%	■ '21-22E: 17.5%	■ '21-22E: 20%
<b>Leverage</b>	■ 2.0x – 2.5x	■ ~2.0x (YE 2022E)	■ ~1.9x (YE 2022E)	■ ~1.8x (YE 2022E)
<b>DCF Coverage</b>	■ 1.25x Through 2020E	■ 1.15x 2020E	■ 1.15x 2020E	■ 1.24x 2020E
	■ >1.1x Thereafter	■ 1.09x 2022E	■ 1.14x 2022E	■ 1.18x 2022E
<b>Funding with Cash Flow</b>	Fund organic growth with cash flow and credit borrowings	✓	✓✓	✓✓

Source: Arkose Projections

# Arkose Midstream GP | Upstream Perspective

(\$ in millions)

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	Status Quo	Pro Forma   Midstream		
	No Transaction	DPU Kept Whole	'19-20 Kept Whole	'19 Kept Whole
19-'22 Cumulative Distributions Received	\$1,244	\$1,244	\$1,221	\$1,170
Δ \$mm from Status Quo		0	(23)	(75)
19-'22 Cumulative Free Cash Flow <sup>1</sup>	\$ 1,610	\$ 1,610	\$ 1,586	\$ 1,531
Δ \$mm from Status Quo		0	(24)	(79)
<b>Consolidated Leverage (Upstream + Midstream)</b>				
2019E	2.6 x	2.6 x	2.6 x	2.6 x
2020E	2.8	2.8	2.8	2.8
2021E	2.7	2.7	2.7	2.7
2022E	2.4	2.4	2.4	2.3

Source: Arkose Projections and Bloomberg market data as of 14-Jun-2018

Note: Cumulative distributions assumes Upstream owns 98.9mm units in Midstream and a 1.6x exchange ratio. Assumes an interest rate of 5.7% for incremental free cash flow.

<sup>1</sup> Free cash flow includes D&C, Midstream Distributions, water drop proceeds and net of land maintenance capital.



Appendix A: Additional Materials

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# Arkose Free Cash Flow Comparison

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Pro Forma GP	2018E	PF   Midstream DPU Kept Whole				'19-20 Kept Whole   LT Moderation				'19 Kept Whole   Constant 20% Thereafter			
		2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
P.F. S/O @ 1.6x Exchange Ratio	506												
Base Case Pro Forma DCF	\$ 594	\$ 854	\$ 1,036	\$ 1,225	\$ 1,416	\$ 854	\$ 1,036	\$ 1,225	\$ 1,416	\$ 854	\$ 1,036	\$ 1,225	\$ 1,416
(+/-) Interest Expense Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted P.F. DCF	\$ 594	\$ 854	\$ 1,036	\$ 1,225	\$ 1,416	\$ 854	\$ 1,036	\$ 1,225	\$ 1,416	\$ 854	\$ 1,036	\$ 1,225	\$ 1,416
Coverage Ratio	1.28 x	1.22 x	1.15 x	1.13 x	1.09 x	1.22 x	1.15 x	1.16 x	1.14 x	1.22 x	1.24 x	1.22 x	1.18 x
Distributions	463	698	901	1,081	1,296	698	901	1,059	1,245	698	836	1,004	1,200
DPS	\$ 0.92	\$ 1.38	\$ 1.78	\$ 2.14	\$ 2.56	\$ 1.38	\$ 1.78	\$ 2.10	\$ 2.46	\$ 1.38	\$ 1.65	\$ 1.99	\$ 2.37
Y.o.Y. Growth		51 %	29 %	20 %	20 %	51 %	29 %	18 %	18 %	51 %	20 %	20 %	20 %
Distributable Cash Flow	\$ 594	\$ 854	\$ 1,036	\$ 1,225	\$ 1,416	\$ 854	\$ 1,036	\$ 1,225	\$ 1,416	\$ 854	\$ 1,036	\$ 1,225	\$ 1,416
(-) Growth Capex	(579)	(776)	(656)	(386)	(294)	(776)	(656)	(386)	(294)	(776)	(656)	(386)	(294)
Levered Free Cash Flow	\$ 15	\$ 78	\$ 380	\$ 838	\$ 1,122	\$ 78	\$ 380	\$ 838	\$ 1,122	\$ 78	\$ 380	\$ 838	\$ 1,122
(-) Distributions	(463)	(698)	(901)	(1,081)	(1,296)	(698)	(901)	(1,059)	(1,245)	(698)	(836)	(1,004)	(1,200)
Financing Needs	\$(448)	\$(620)	\$(521)	\$(243)	\$(174)	\$(620)	\$(521)	\$(221)	\$(122)	\$(620)	\$(456)	\$(166)	\$(78)
Cumulative Δ vs Status Quo						0	0	22	73	0	65	142	238
Illustrative Interest Expense Savings / Costs						0	0	1	2	0	2	5	9
Accrued Cash (Excl. Interest Savings / Costs)						0	0	0	0	0	0	0	0
Credit Metrics													
Implied Y.E. Debt Balance	\$ 1,648	\$ 2,219	\$ 2,727	\$ 2,982	\$ 3,205	\$ 2,219	\$ 2,727	\$ 2,961	\$ 3,132	\$ 2,219	\$ 2,662	\$ 2,840	\$ 2,967
Implied Y.E. Cash Balance	5	5	5	5	5	5	5	5	5	5	5	5	5
Implied Net Debt	1,643	2,214	2,722	2,977	3,200	2,214	2,722	2,956	3,127	2,214	2,657	2,835	2,962
Net Leverage	2.25 x	2.24 x	2.23 x	2.11 x	1.95 x	2.24 x	2.23 x	2.09 x	1.90 x	2.24 x	2.17 x	2.01 x	1.80 x

Source: Arkose Projections

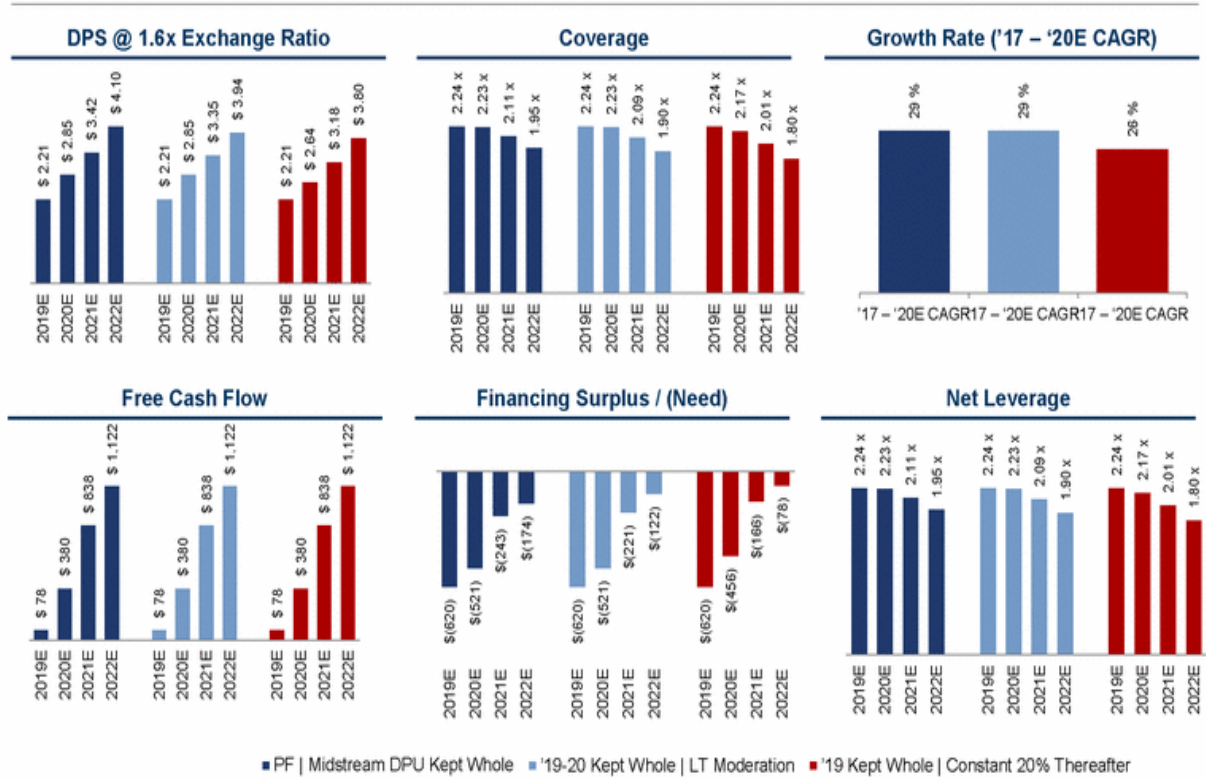
Additional Materials



# Arkose Midstream Corp. | Midstream Unitholders Perspective

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Source: Arkose Projections

Additional Materials

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## Project Francis

### Conflicts Committee of the Board of Directors of Arkose GP LLC

#### Precedent Series B Reference Materials

June 29, 2018

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## Summary Observations Regarding the IDR Holdings LLC Series B Units

<b>Key Economic Features of Series B Units</b>	<ul style="list-style-type: none"> <li>■ Series B units are profit interests in the IDRs of Midstream that have two key economic features:           <ul style="list-style-type: none"> <li>– <b>Quarterly cash distributions:</b> Series B units receive up to 6% of the distributions that Midstream makes on the IDRs in excess of \$7.5 million per quarter</li> <li>– <b>Conversion into GP common shares:</b> Vested Series B units can be converted at the holder's option into GP common shares at any time prior to December 2026, and mandatorily convert in December 2026               <ul style="list-style-type: none"> <li>– In aggregate, the Series B units convert into GP shares based on 6% of GP's market cap in excess of \$2.0 billion</li> </ul> </li> </ul> </li> </ul>
<b>Contemplated Simplification and Impact on Series B Units</b>	<ul style="list-style-type: none"> <li>■ Market-cap-based conversion methodology created the potential for significant dilution in the contemplated simplification, as the Series B units represent an open-ended option on either share price appreciation or an increase in number of shares outstanding           <ul style="list-style-type: none"> <li>– Potential simplification as contemplated (GP acquiring Midstream) is an example of a significant increase in Series B value based on an increase in the number of shares outstanding, not share price appreciation</li> </ul> </li> <li>■ Carrying over the Series B units into any "NewCo" would keep open for approximately 8.5 year this open-ended option           <ul style="list-style-type: none"> <li>– Additionally, allowing the Series B units to remain outstanding as a separate profits interest is inconsistent with the desire to simplify the Midstream complex into a single entity and equity security</li> </ul> </li> </ul>
<b>Economic Considerations Surrounding the Series B Settlement</b>	<ul style="list-style-type: none"> <li>■ Extended negotiations over the Series B resulted in a fixed-share settlement at 18.5mm shares included in the proposal to Midstream (AM). Reasons behind this settlement include the following:           <ul style="list-style-type: none"> <li>– Improvement over the contractual 6.0% "Series B take" – at current market, the 18.5mm shares equates to an approximately ~4.7% "Series B take" (please see page 4 for additional information)</li> <li>– Converts a very long-dated (~8.5 years), market-cap-based option into a fixed number of shares today, eliminating incremental dilution from future share price appreciation and/or share issuance</li> <li>– Keeps Series B holders aligned with shareholders by combined all existing, midstream-related securities (LP, Series B, GP common) into a single class of stock (vs. maintaining separate profit interests or a cash settlement)</li> </ul> </li> </ul>
<b>Other Considerations Surrounding the Series B Settlement</b>	<ul style="list-style-type: none"> <li>■ Resolution of Series B facilitated transition to traditional C-corp structure with associated governance provisions           <ul style="list-style-type: none"> <li>– In addition to governance provisions, the contemplated traditional C-corp structure maximizes the potential for economic value uplift due to improved pro forma trading based on a simplified structure, expanded investor universe, and potential for index inclusion</li> </ul> </li> <li>■ Series B settlement conditioned on closing of a merger between GP and Midstream, giving shareholders the ability to indirectly approve the settlement through their vote on the merger with Midstream</li> </ul>



# Illustrative Summary of Series B Units in IDR Holdings LLC

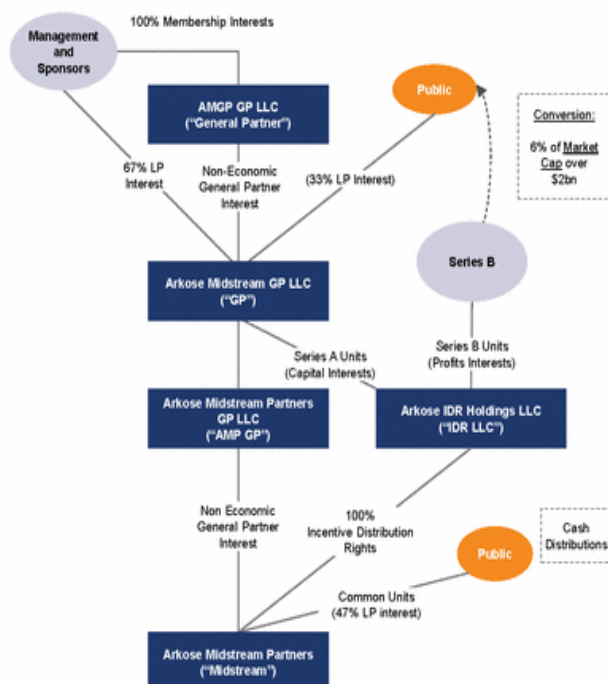
Term	Description
General	<ul style="list-style-type: none"> <li>■ Membership interests in Arkose IDR Holdings LLC (the "Company"), are designated as "Units" and divided into two classes: "Series A" and "Series B". The Series B Units are profit interests</li> <li>■ As of March 31, 2018, 98,600 Series B Units were issued and outstanding (representing all authorized Series B Units), and 32,875 of which are vested               <ul style="list-style-type: none"> <li>— 48,000 held by CEO Paul Rady; 32,000 held by CFO Glen Warren; and 4,000 held by Midstream SVP and CFO Michael Kennedy</li> </ul> </li> </ul>
Transfer and Vesting Restrictions	<ul style="list-style-type: none"> <li>■ Series B Units are subject to transfer restrictions and ratably vest over a three-year period on the anniversary date of their issuance (December 2016/January 2017), subject to continued employment. Any Series B Unit that fails to vest will be forfeited and not be re-issued               <ul style="list-style-type: none"> <li>— Certain senior executives of Arkose Midstream are also entitled to accelerated vesting of Series B Units upon involuntary termination of employment without cause, death or disability or certain change-of-control events.</li> </ul> </li> </ul>
Cash Distributions	<ul style="list-style-type: none"> <li>■ Series B Units are entitled to receive up to 6% of all quarterly cash distributions in excess of \$7.5 million paid by Arkose Midstream Partners LP ("Midstream") on its incentive distribution rights ("IDRs"), subject to vesting conditions.               <ul style="list-style-type: none"> <li>— The Series A Units receive all other distributions (including the first \$7.5 million in quarterly cash distributions made prior to distributions to Series B Units)</li> </ul> </li> <li>■ Series B Units do not participate in distributions prior to vesting, but upon vesting are entitled to receive catch-up distribution in an amount equal to pro rata share of distributions made prior to vesting</li> </ul>
Optional Conversion	<ul style="list-style-type: none"> <li>■ Series B Units may be converted by holders into common shares of Arkose Midstream GP LP ("GP") with a value equal to the pro rata share of up to 6% of any increase in GP's equity value in excess of \$2.0 billion</li> <li>■ GP common shares issued pursuant to conversion capped at 6% of the GP common shares</li> </ul>
Mandatory Conversion	<ul style="list-style-type: none"> <li>■ Upon the earliest to occur of (i) December 31, 2026, (ii) a change of control of the Company or GP or (iii) a liquidation of the Company, GP may convert each outstanding Series B Unit into GP common shares, subject to certain limitations and in accordance with the conversion ratio described in the "Optional Conversion" section above</li> </ul>

Source: Arkose IDR Holdings LLC Limited Liability Company Agreement dated 31-Dec-2016 and Arkose GP 2017 10-K



# Summary Economic Features of Series B Units

(\$ in millions, except where noted)



## Arkose Management Cash Flow Illustration

Midstream	2018E	2019E	2020E
<b>EBITDA</b>	<b>\$ 730</b>	<b>\$ 989</b>	<b>\$ 1,222</b>

▼ (-) Maintenance Capex, Interest Expense, and Other Expenses

Distributable Cash Flow	594	854	1,036
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▼ (-) Cash Coverage

<b>Distributed Cash Flow</b>	<b>\$ 463</b>	<b>\$ 649</b>	<b>\$ 889</b>
LP Distributions	320	414	533
IDR Distributions	143	236	355

### IDR LLC

IDRs From Midstream	\$ 143	\$ 236	\$ 355
Cash Flow to Series B	7	12	20
Cash Flow to Series A	136	223	336

### GP

Series A Distributions	136	223	336
------------------------	-----	-----	-----

▼ (-) G&A, Cash Taxes (25%), and 1.0 x Cash Coverage

<b>Distributed Cash Flow</b>	<b>\$ 100</b>	<b>\$ 165</b>	<b>\$ 249</b>
------------------------------	---------------	---------------	---------------

Source: Cash flows based on Arkose Projections. Organizational structure based on Arkose GP 424B4 filed 05-May-2017; public ownership of Arkose Midstream based on Midstream 2017 10-K; public interest in GP based on Arkose Management Presentation for Project Francis Due Diligence Meeting dated 14-Mar-2018.

# Illustrative Conversion Calculation For Series B Units of IDR Holdings LLC

Series B Conversion into Pro Forma GP Shares – Contract Terms	
GP Share Price (7-Jun)	\$ 19.24
(x) Common Shares Outstanding	186.2
GP Market Cap	\$ 3,582
(+) Equity Issued to Midstream @ 1.6 Ex. Ratio <sup>1</sup>	5,789
Pro Forma Market Cap	\$ 9,372
(-) \$2.0bn Threshold	(2,000)
Equity Value Subject to Series B Take	\$ 7,372
(x) Series B Take	6.0 %
Series B Value	\$ 442.3
(x) Units Outstanding	99 %
(x) Percent Vested	100
Total Entitlement	\$ 436.1
(f) Vested Units Outstanding	99
Per Vested B Unit Entitlement	\$ 4.42
(x) Vested Units Redeemed	99
(f) 20 Day GP VWAP (7-Jun)	\$ 18.49
Conversion - Common Shares Issued	23.6

Memo: illustrative assumption

Floating Value

Series B Conversion into Pro Forma GP Shares – Negotiated Terms	
GP Share Price (7-Jun)	\$ 19.24
(x) Common Shares Outstanding	186.2
GP Market Cap	\$ 3,582
(+) Equity Issued to Midstream @ 1.6 Ex. Ratio <sup>1</sup>	5,789
Pro Forma Market Cap	\$ 9,372
(-) \$2.0bn Threshold	(2,000)
Equity Value Subject to Series B Take	\$ 7,372
(x) Series B Take	4.7 %
Series B Value	\$ 347.0
(x) Units Outstanding	99 %
(x) Percent Vested	100
Total Entitlement	\$ 342.1
(f) Vested Units Outstanding	99
Per Vested B Unit Entitlement	\$ 3.47
(x) Vested Units Redeemed	99
(f) 20 Day GP VWAP (7-Jun)	\$ 18.49
Conversion - Common Shares Issued	18.5

Fixed Settlement

Source: GP 424 B4 filing dated 05-May-2017 and GP IDR Holdings LLC Limited Liability Company Agreement dated 31-Dec-2016; Bloomberg market data as of 22-Jun-2018  
<sup>1</sup> Based on 187.0mm Midstream units outstanding receiving the merger consideration of 1.6x GP shares.



# Illustrative Analysis at Various Implied GP Share Prices

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## Pro Forma Arkose GP + Midstream | Illustrative 1.6x Exchange Ratio

Assumes No Further Future Acquisitions / Stock Issuances	52-Week Low Combined Equity Value	52-Week High Combined Equity Value	20% Equity Upside to Market Value <sup>1</sup>	30% Equity Upside to Market Value <sup>1</sup>	40% Equity Upside to Market Value <sup>1</sup>
Implied Pro Forma Equity Value	\$ 7,502	\$ 10,858	\$ 11,305	\$ 12,247	\$ 13,189
Current GP Shares	186	186	186	186	186
(+) Pro Forma Midstream Units (at 1.6 x Ech. Ratio)	301	301	301	301	301
(+) 18.5 mm Shares Issued to Series B Units	19	19	19	19	19
Total Pro Forma Shares Outstanding	506	506	506	506	506
Implied GP Share Price	\$ 14.84	\$ 21.48	\$ 22.36	\$ 24.22	\$ 26.09
% Change From Current Share Price	(14)%	24 %	29 %	40 %	51 %

<b>Current Prices</b> GP: \$19.20 Midstream: \$30.76 <b>GP IPO Price:</b> \$23.50	Legacy Contractual Calculation: Implied # of GP Share Issued for Series B	Series B Take 4.5 % 6.0	16.6	18.6	18.7	19.1	19.3
			22.4	25.1	25.3	25.7	26.1

Source: Arkose Projections, Wall Street research and Bloomberg market data as of 22-Jun-2018

Note: Pro forma analysis assumes 1.1x coverage ratio in 2018 and 2019-2022 coverage ratios held constant to current standalone forecasts.

<sup>1</sup> 52-Week Low Combined Equity Value and 52-Week High Combined Equity Value inclusive of Series B conversion into status quo GP market cap; illustrative upside cases based on current total equity value, inclusive of Series B value.

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## Project Francis

### Conflicts Committee of the Board of Directors of Arkose GP LLC

#### Discussion Materials

July 18, 2018

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# Summary of Midstream / Upstream Counter Proposals – Key Points of Difference

	GP Proposal (08-Jun-2018)	Counter Proposals	
		Midstream (14-Jul-2018)	Upstream Supplement (14-Jul-2018)
<b>Consideration</b>	<ul style="list-style-type: none"> <li>1.6 x</li> <li>All stock</li> </ul>	<ul style="list-style-type: none"> <li>1.75 x + \$4.00 / unit cash</li> </ul>	<ul style="list-style-type: none"> <li>✓ Same as Midstream</li> </ul>
<b>Dividend Assurance</b>	<ul style="list-style-type: none"> <li>Unspecified, but indicated willingness to discuss optimal distribution policy</li> </ul>	<ul style="list-style-type: none"> <li>Dividend policy set to result in exchange ratio adjusted pro forma distributions paid to legacy Midstream unitholders held equal to status quo distributions paid for the first four quarters following close</li> </ul>	<ul style="list-style-type: none"> <li>✓ Same as Midstream</li> </ul>
<b>Series B Vesting</b>	<ul style="list-style-type: none"> <li>Shares issued to settle Series B fully vest at transaction close</li> </ul>	<ul style="list-style-type: none"> <li>Shares issued to settle Series B Units subject to same vesting schedule as Series B Units</li> </ul>	<ul style="list-style-type: none"> <li>✓ Same as Midstream</li> <li>(+) Additional requirement that the final 1/3 of shares (Dec-2019 tranche) vest conditioned on free cash flow test at Upstream</li> </ul>
<b>Board Composition</b>	<ul style="list-style-type: none"> <li>Unspecified</li> </ul>	<ul style="list-style-type: none"> <li>New GP to have Board consisting of a majority of independent directors, with private equity sponsors not considered independent directors</li> </ul>	<ul style="list-style-type: none"> <li>✓ Same as Midstream</li> </ul>
<b>Midstream Voting</b>	<ul style="list-style-type: none"> <li>Unspecified</li> </ul>	<ul style="list-style-type: none"> <li>"Majority of minority" vote of Midstream independent public unitholders</li> </ul>	<ul style="list-style-type: none"> <li>Not conditioned upon Midstream vote beyond that required by Partnership agreement and Delaware law</li> </ul>
<b>Other Items</b>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>Registration rights for GP shares equivalent to Upstream's current registration rights for its position in Midstream</li> <li>Registration rights for GP shares not subordinate to or otherwise less favorable than rights granted to Series B unitholders</li> <li>Acceleration of water earn out</li> </ul>



## Understanding of Key Priorities / Differences

	Midstream	Upstream
<b>Economics</b>	<ul style="list-style-type: none"> <li>■ "Appropriate premium" / "market" exchange ratio</li> <li>■ Equitable sharing of benefits, such as accretion</li> <li>■ Cash for public unit holder cash taxes</li> <li>■ 1 year (4 quarters) of dividend assurance</li> </ul>	<ul style="list-style-type: none"> <li>■ "Best interest" of Upstream                             <ul style="list-style-type: none"> <li>— Cash flow to Upstream from Midstream</li> <li>— Cash to repurchase shares                                     <ul style="list-style-type: none"> <li>– "Meaningful" quantity desired</li> </ul> </li> <li>— Compensation for NOL usage</li> </ul> </li> <li>■ Cash goal to move Upstream share price</li> </ul>
<b>Series B Vesting / Restrictions</b>	<ul style="list-style-type: none"> <li>■ Symmetry with original structure</li> </ul>	<ul style="list-style-type: none"> <li>■ "Alignment" to create value at Upstream                             <ul style="list-style-type: none"> <li>— Concerned about relative economic interest based on relative ownership of GP and Upstream by insiders / management</li> </ul> </li> </ul>
<b>Other Apparent Priorities</b>	<ul style="list-style-type: none"> <li>■ "Minority of Majority vote"                             <ul style="list-style-type: none"> <li>— Although not priority for Upstream with their higher standard</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Registration rights for future share selling flexibility</li> <li>■ Acceleration of water earn out for additional cash</li> </ul>
<b>Likely Diligence Issues</b>	<ul style="list-style-type: none"> <li>■ Impact of cash on leverage, bonds, disclosure</li> <li>■ Debt funded cash at 5 % is dilutive to cash flow</li> </ul>	

## Summary of Key Terms and Conditions

Description of Transactions	Consideration to Midstream		
<b>Midstream Transaction</b>	Illustrative Exchange Ratio	1.60 x	1.75 x
■ GP converts into Delaware C-Corp	GP Share Price	\$ 19.00	\$ 19.00
■ GP acquires all outstanding units of Midstream for a mix of cash and stock at a fixed exchange ratio of [1.75 x] and [\$4.00] of cash per Midstream unit	Value of Equity Consideration	\$ 30.40	\$ 33.25
■ Taxable transaction to Midstream unitholders	(+) Cash Consideration	0.00	4.00
— Basis step-up, combined with the step-up from Series B transaction, expected to fully shield the pro forma company from cash taxes through 2021, with minimal (<\$20mm) cash taxes in 2022	<b>Total Consideration</b>	<b>\$ 30.40</b>	<b>\$ 37.25</b>
■ Distribution policy adjusted so that Midstream unitholders kept whole on a 2018 and 2019 basis, then maintain status quo coverage levels	Aggregate Exchange Ratio	1.60 x	1.96 x
<b>Settlement of Series B Profit Interests in IDR LLC</b>	<b>Pro Forma Shares Outstanding</b>		
■ Series B units of IDR LLC exchanged at Transaction Announcement for 18.5mm shares of GP	GP Shares	186.2	186.2
■ Conditioned on completion of the Midstream transaction	Midstream Units	187.0	187.0
	(+) Midstream LTIP	1.0	1.0
	Midstream Fully Diluted Units	188.1	188.1
	(x) Exchange Ratio	1.60 x	1.75 x
	Shares to Midstream	300.9	329.1
	GP Shares to Series B	18.5	18.5
	<b>Pro Forma Shares Outstanding</b>	<b>505.6</b>	<b>533.8</b>
<b>Proposed Shareholder / Unitholder Votes</b>	<b>Pro Forma Ownership</b>		
■ Majority of public unaffiliated shareholders of GP and Midstream to vote separately to approve transaction	GP Shareholders	36.8 %	34.9 %
	Midstream Unitholders	59.5 %	61.7 %
	Series B Unitholders	3.7 %	3.5 %

Source: Arkose Midstream and Arkose GP 2017 1Q 10-Qs and Bloomberg market data as of 04-Jun-2018

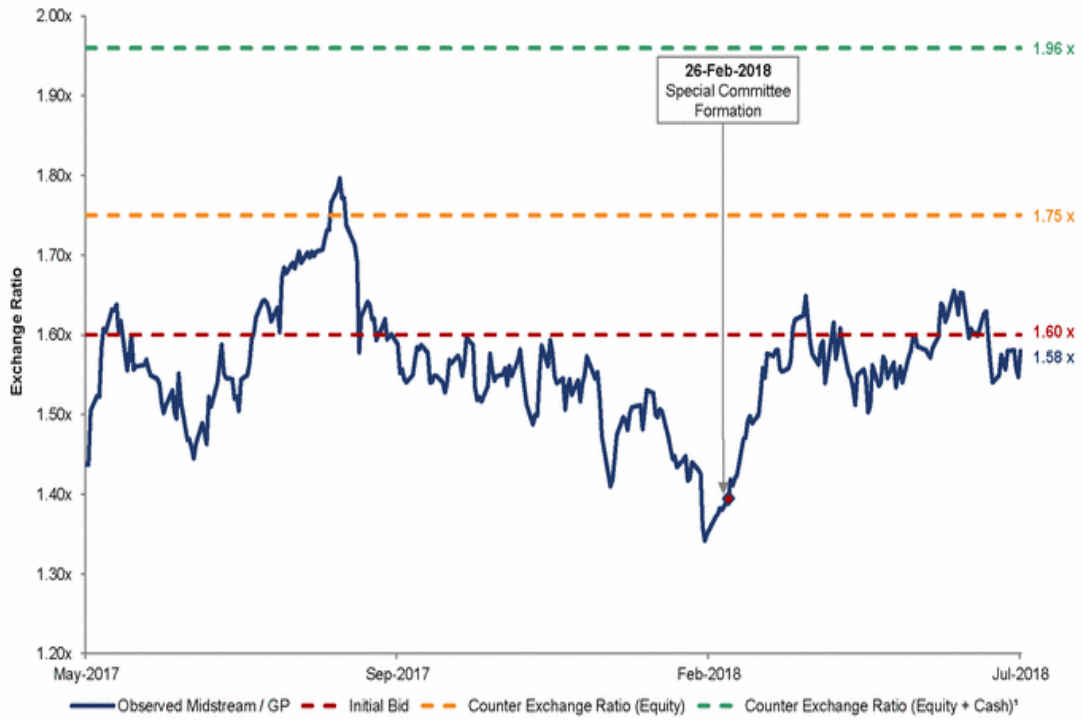




# Historical Midstream / GP Exchange Ratio

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Since GP IPO | 03-May-2017 | GP “Unadjusted” Per Midstream Method



Source: Bloomberg market data as of 13-Jul-2018

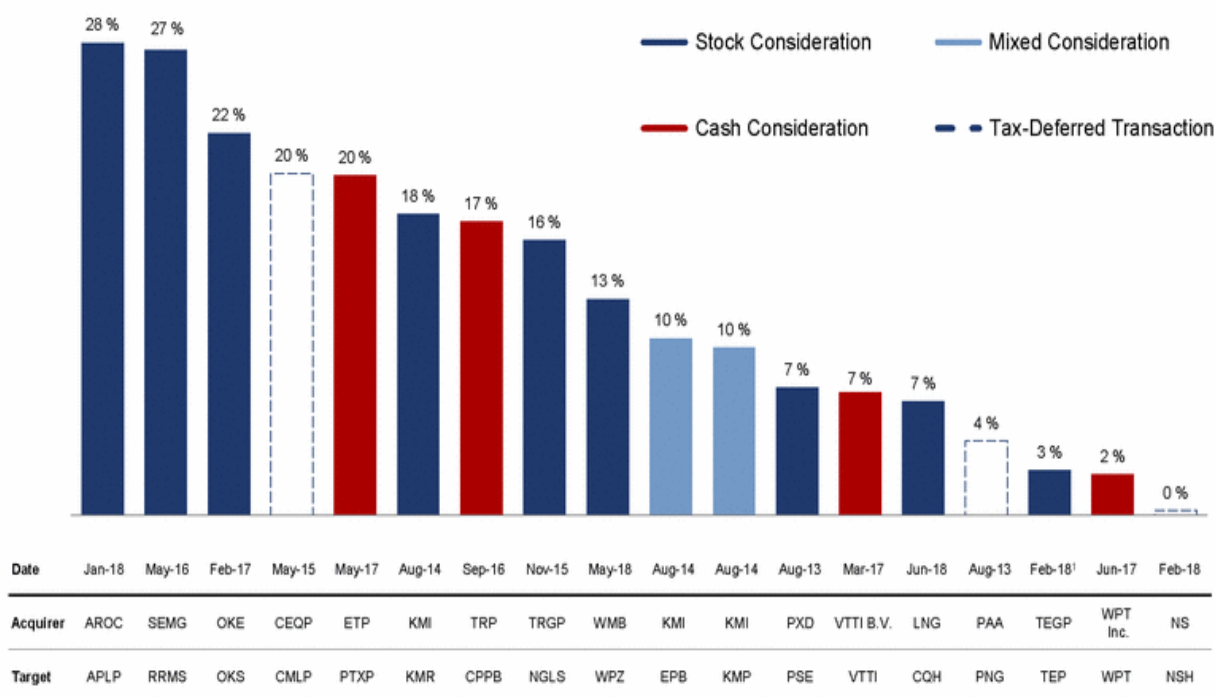
<sup>1</sup> Based on the total per Midstream unit value calculated from on the 1.75x equity component of Midstream's counter offer and \$4/unit cash consideration and GP's closing price on 13-Jul-2018.



# Perspectives on “Appropriate” Premium

## 30-Trading Day VWAP Basis

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Source: Bloomberg market data as of 13-Jul-2018

Note: All premia calculated based on an offer value derived from the offered exchange ratio times acquirer's 1-day prior closing share/unit price plus any cash consideration divided by the target's 30-trading day VWAP. <sup>1</sup> TEGP calculated based on the date on which a strategic review was announced.

# Summary of Research Analyst Assessment of Potential Transaction

Broker	Discusses Transaction	Models Transaction	Expresses Recommendation	Recommendation / Commentary
Baird	✓	✓	✗	<ul style="list-style-type: none"> <li>States that any merger would improve equity value in current environment</li> <li>Suggests merger will improve short-term value but foregoes maximized total long-term value if left independent</li> </ul>
Ladenburg Thalmann	✓	✗	✗	<ul style="list-style-type: none"> <li>Cites management efforts to explore transaction options, but takes no position on certainty or structure of potential transaction</li> </ul>
Wells Fargo	✓	✓	✓	<ul style="list-style-type: none"> <li><b>Suggests GP acquiring Midstream most beneficial to Upstream</b></li> <li>Views GP buying Midstream as most likely outcome</li> <li>Cites historical precedent of GP buying LP if GP is a C-Corp</li> </ul>
JP Morgan	✓	✗	✓	<ul style="list-style-type: none"> <li><b>Reiterates support generally for GP buying in LP transactions</b> citing investor sentiment favoring simplification of corporate structures</li> </ul>
Goldman Sachs*	✓	✗	✗	<ul style="list-style-type: none"> <li>Research discusses general benefits of C-Corps over MLPs</li> </ul>
Morgan Stanley	✓	✗	✗	<ul style="list-style-type: none"> <li>Forecasts combined entity trading at 11.4x EBITDA with 2019 – 2021 EBITDA CAGR of 22%</li> </ul>
Raymond James	✓	✓	✓	<ul style="list-style-type: none"> <li><b>Recommends GP acquisition of Midstream</b></li> <li>Suggests New GP would maintain best in class dividend and share growth outlook with a ~1.5-2x exchange ratio</li> </ul>
Seaport Global Securities	✓	✗	✗	<ul style="list-style-type: none"> <li>Cites concerns over aligning incentives between Upstream, GP, Midstream, and management team regardless of transaction structure</li> </ul>
TD Securities	✓	✗	✓	<ul style="list-style-type: none"> <li>Views market sentiment favoring simplification</li> <li>Suggests benefits of MLP structure dwindling, <b>favoring likelihood of GP acquiring Midstream if transaction occurs</b></li> </ul>

Source: Wall Street Research

Note: \* Indicates commentary found in general Midstream or Antero Resources coverage report



# YTD Stock Price Performance

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Arkose Absolute Price and AMZ Indexed Prices | Indexed based on GP Peak  
(26-Jan-2018) and Day Prior to Special Committee Formation (23-Feb-2018)



Source: Bloomberg market data as of 13-Jul-2018



# Midstream Perspective: Dilutive Impact of Series B Settlement on Current GP Share Price

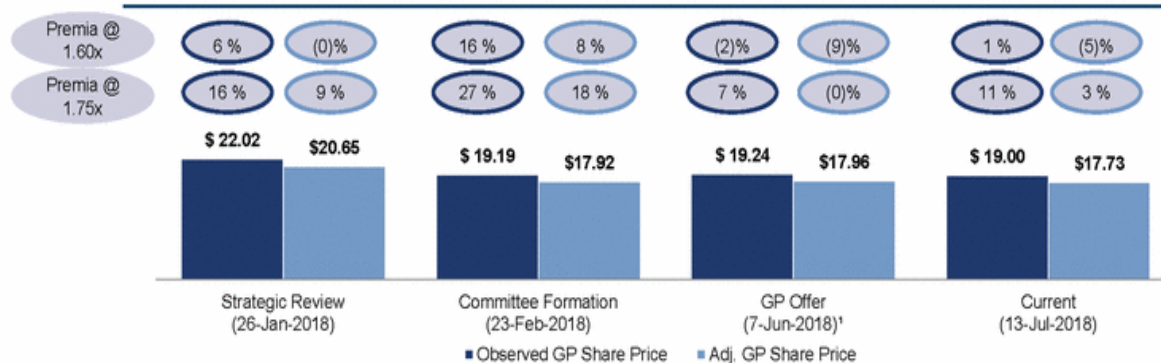
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- Midstream's offer assumes shares issued to settle the Series B that are in excess of the shares implied by the conversion mechanism and status quo market cap should reduce the status quo value of GP's shares
- Analysis calculates total equity value, including status quo Series B conversion value, then divides by pro forma GP share count after Series B units are exchanged for 18.5mm GP shares to estimate an adjusted GP share price

### Illustrative Calculation of Adjusted GP Share Price

	Current 7/13/2018
GP Share Price	\$ 19.00
(x) GP Shares Outstanding	186
GP Basic Market Cap	\$3,538
(-) \$2bn Threshold	(2,000)
Market Cap Subject To Series B	\$1,538
Assumed Series B Take	6.0 %
Illustrative Series B Value <sup>1</sup>	\$ 92
(+) GP Basic Market Cap	3,538
Total GP Equity Value	\$ 3,630
(/) GP Shares (P.F. for 18.5mm Shares to Series B)	205
<b>GP Adj. Share Price</b>	<b>\$17.73</b>

### Observed and Adjusted Share Prices | Implied Premia to Midstream Closing Price



Source: Bloomberg market data as of 13-Jul-18

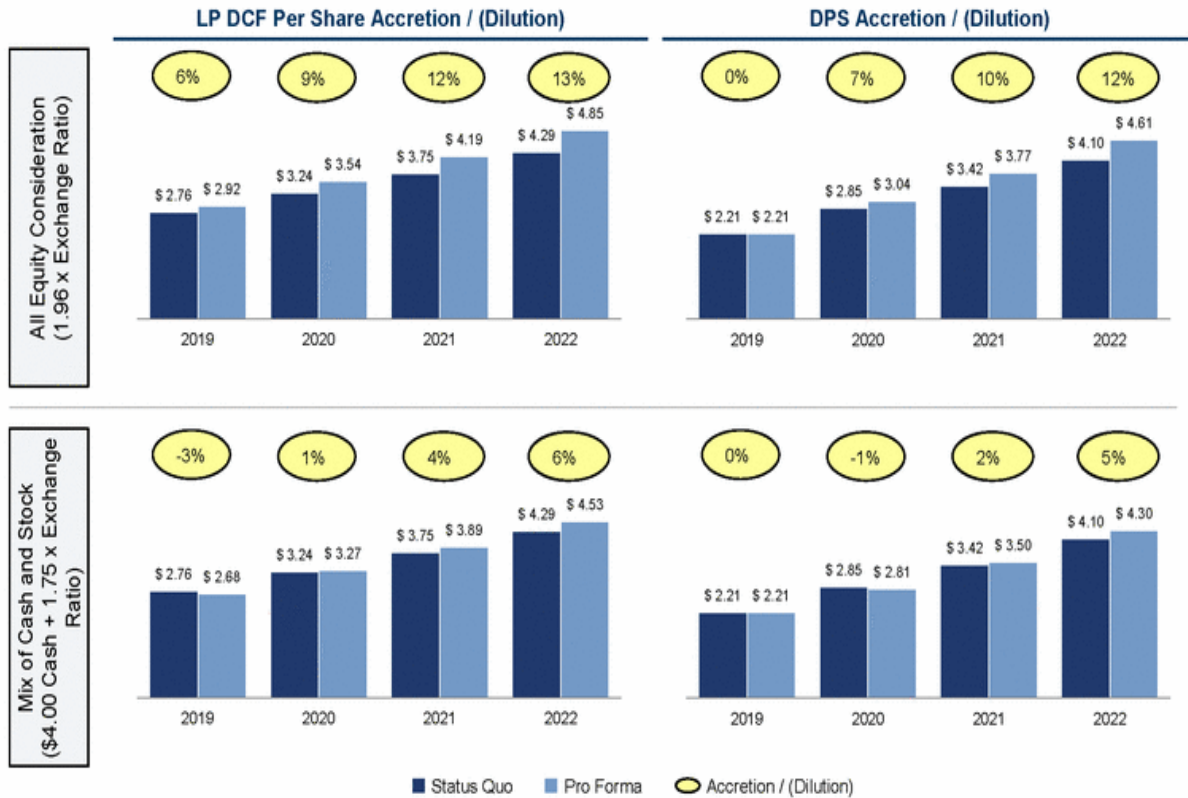
<sup>1</sup> Calculation based on closing price (not VWAP) and assumed 6% Series B take based on commentary from Midstream's advisors.



# Accretion / (Dilution) Analysis | Midstream Perspective

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1.96 x Exchange Ratio | Pro Forma DPU Adjusted Per Midstream's Counter



Source: Arkose Projections and Bloomberg market data as of 13-Jul-2018. Note: Assumes 18.5mm shares issued to Series B. Pro forma coverage assumes distribution policy for 2019 set so that Midstream unitholders receive the same distribution as in the status quo case on an adjusted exchange ratio basis, then constant coverage thereafter.

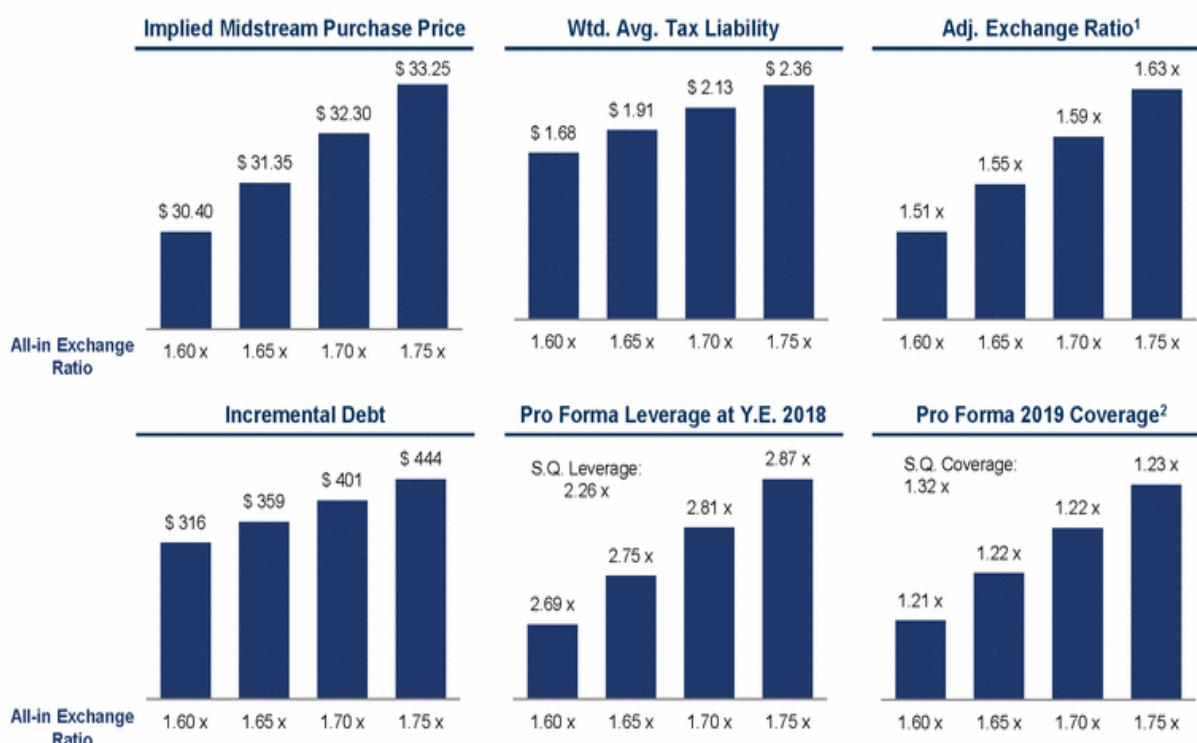




# Impact of Cash Consideration to Offset Midstream Unitholders' Tax Liabilities

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(\$ in millions, except per share data)



Source: Arkose Projections, Arkose Merger Model, and tax basis calculations provided by PWC

<sup>1</sup> Adjusted exchange ratio defined as the equity portion of a mixed cash and stock offer that would imply a given all-in exchange ratio assuming the cash portion were set to equal the weighted average tax liability.

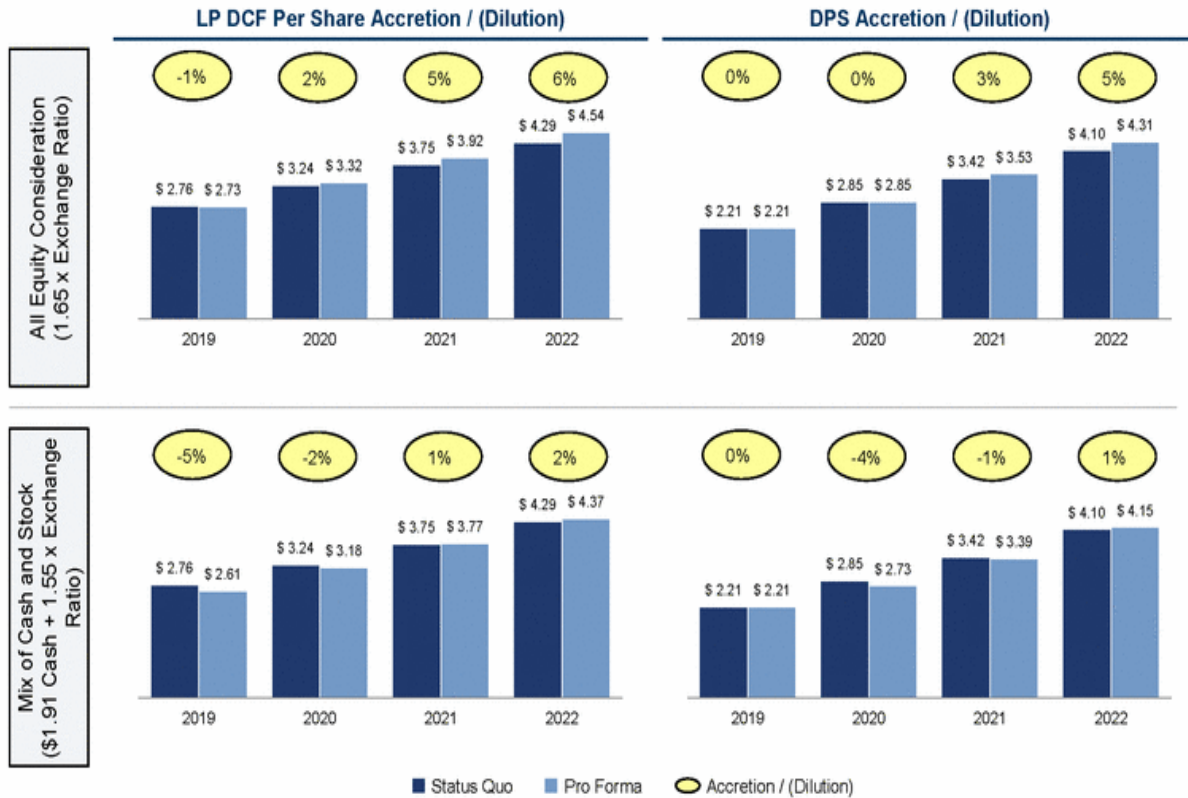
<sup>2</sup> Pro forma coverage assumes distribution policy for 2019 set so that Midstream unitholders receive the same distribution as in the status quo case on an adjusted exchange ratio basis, then constant coverage thereafter.



# Accretion / (Dilution) Analysis | Midstream Perspective

INVESTMENT BANKING  
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1.65 x Exchange Ratio | Pro Forma DPU Adjusted Per Midstream's Counter



Source: Arkose Projections and Bloomberg market data as of 13-Jul-2018. Note: Assumes 18.5mm shares issued to Series B. Pro forma coverage assumes distribution policy for 2019 set so that Midstream unitholders receive the same distribution as in the status quo case on an adjusted exchange ratio basis, then constant coverage thereafter.

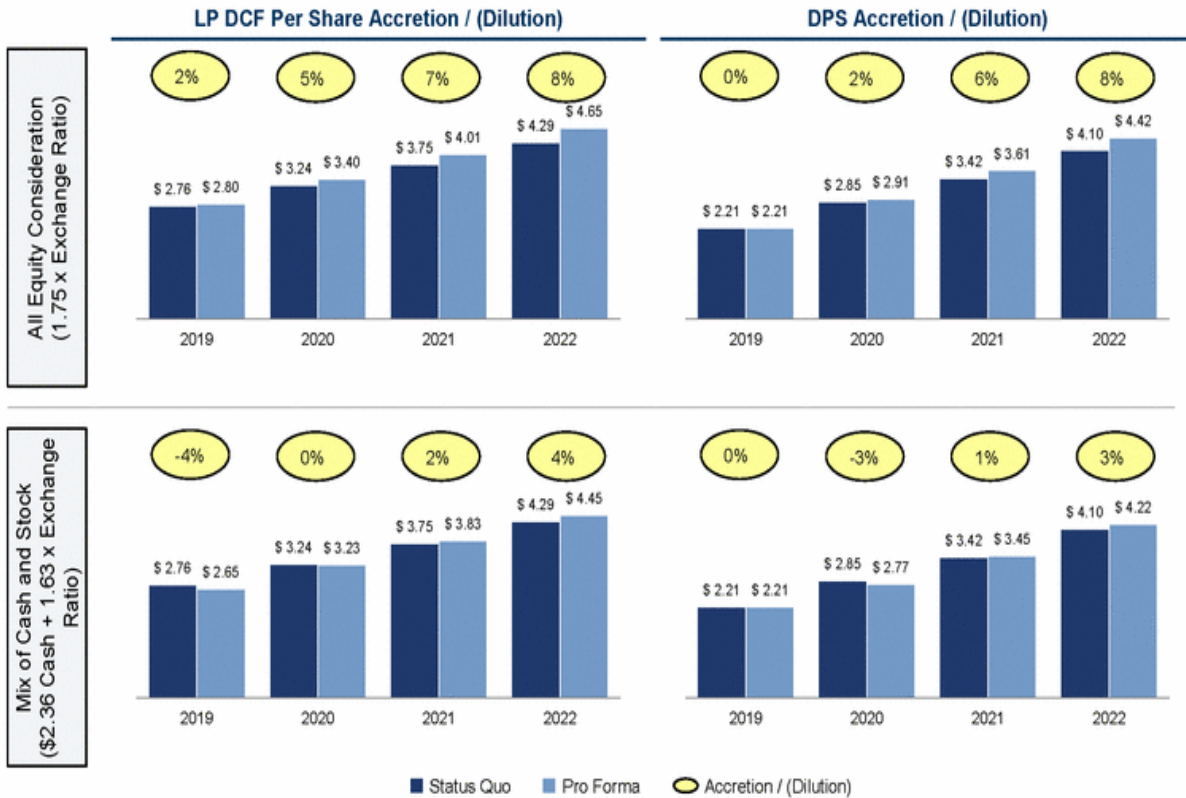




# Accretion / (Dilution) Analysis | Midstream Perspective

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1.75 x Exchange Ratio | Pro Forma DPU Adjusted Per Midstream's Counter



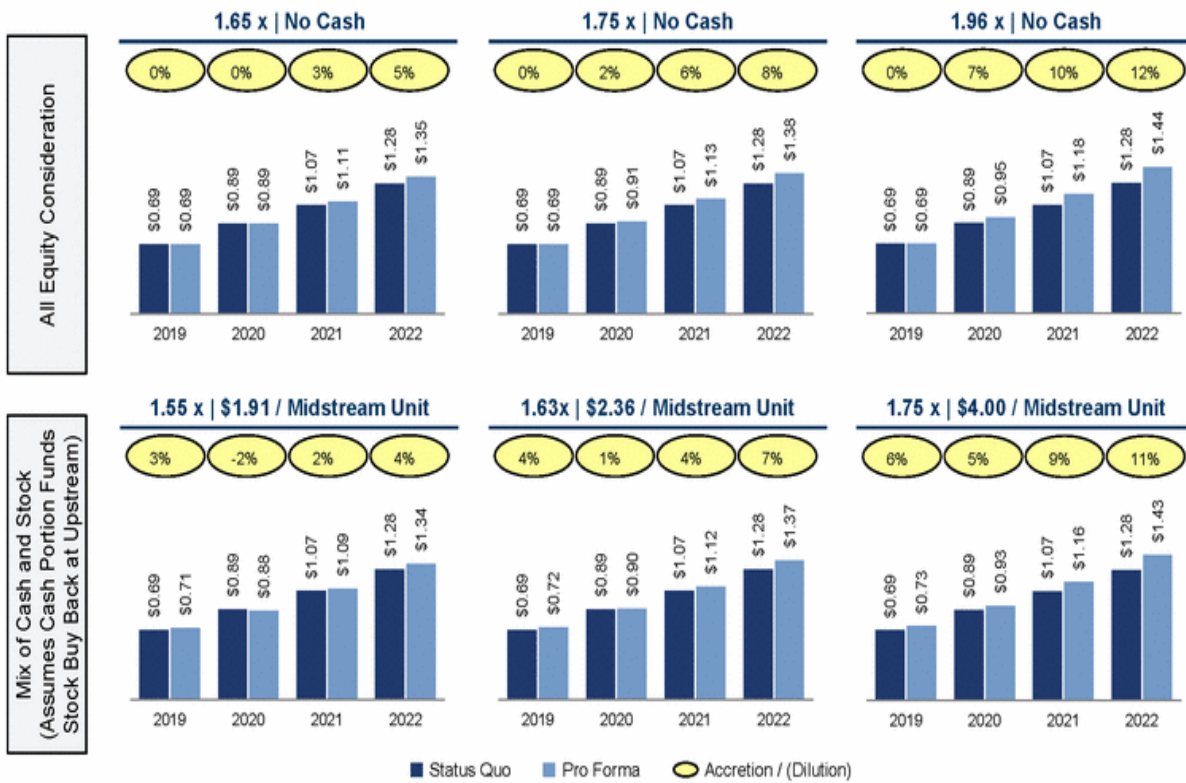
Source: Arkose Projections and Bloomberg market data as of 13-Jul-2018. Note: Assumes 18.5mm shares issued to Series B. Pro forma coverage assumes distribution policy for 2019 set so that Midstream unitholders receive the same distribution as in the status quo case on an adjusted exchange ratio basis, then constant coverage thereafter.



# Accretion / (Dilution) Analysis | Upstream Perspective

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## Value of Midstream Distributions to Upstream on a Per Upstream Share Basis



Source: Arkose Projections and Bloomberg market data as of 13-Jul-2018. Note: Assumes 18.5mm shares issued to Series B. Pro forma coverage assumes distribution policy for 2019 set so that Midstream unitholders receive the same distribution as in the status quo case on an adjusted exchange ratio basis, then constant coverage thereafter.



# Illustrative Analysis at Various Equity Values

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## Pro Forma Arkose GP + Midstream

		Illustrative Uplift from \$299mm PV10 of Forecast S.Q. GP Cash Taxes: \$9,541 <sup>1</sup>					Illustrative Uplift from \$299mm PV10 of Forecasted S.Q. GP Cash Taxes + Residual Step Up: \$10,153 <sup>1</sup>					
Illustrative PF Equity Value <sup>2</sup>		\$ 9,242	\$ 9,704	\$ 10,166	\$ 10,628	\$ 11,091	\$ 12,015	\$ 12,939	\$ 13,863	\$ 14,787	\$ 16,174	
% Upside from Current		NA	5%	10%	15%	20%	30%	40%	50%	60%	75%	
		<b>Implied Share Price / % Change vs. Current Share Price (\$19.00)</b>										
GP Perspective	Exchange Ratio to Midstream	1.60 x	\$18.28 / (4)%	\$19.19 / 1%	\$20.11 / 6%	\$21.02 / 11%	\$21.94 / 15%	\$23.76 / 25%	\$25.59 / 35%	\$27.42 / 44%	\$29.25 / 54%	\$31.99 / 68%
		1.65	\$17.95 / (6)%	\$18.84 / (1)%	\$19.74 / 4%	\$20.64 / 9%	\$21.54 / 13%	\$23.33 / 23%	\$25.12 / 32%	\$26.92 / 42%	\$28.71 / 51%	\$31.41 / 65%
		1.70	\$17.62 / (7)%	\$18.51 / (3)%	\$19.39 / 2%	\$20.27 / 7%	\$21.15 / 11%	\$22.91 / 21%	\$24.67 / 30%	\$26.44 / 39%	\$28.20 / 48%	\$30.84 / 62%
		1.75	\$17.31 / (9)%	\$18.18 / (4)%	\$19.05 / 0%	\$19.91 / 5%	\$20.78 / 9%	\$22.51 / 18%	\$24.24 / 28%	\$25.97 / 37%	\$27.70 / 46%	\$30.30 / 59%
		<b>Implied Share Price / % Change vs. Current Share Price (\$30.01)</b>										
Midstream Perspective	Exchange Ratio to Midstream	1.60 x	\$29.25 / (3)%	\$30.71 / 2%	\$32.17 / 7%	\$33.64 / 12%	\$35.10 / 17%	\$38.02 / 27%	\$40.95 / 36%	\$43.87 / 46%	\$46.80 / 56%	\$51.18 / 71%
		1.65	\$29.61 / (1)%	\$31.09 / 4%	\$32.57 / 9%	\$34.05 / 13%	\$35.53 / 18%	\$38.49 / 28%	\$41.46 / 38%	\$44.42 / 48%	\$47.38 / 58%	\$51.82 / 73%
		1.70	\$29.96 / (0)%	\$31.46 / 5%	\$32.96 / 10%	\$34.46 / 15%	\$35.95 / 20%	\$38.95 / 30%	\$41.95 / 40%	\$44.94 / 50%	\$47.94 / 60%	\$52.43 / 75%
		1.75	\$30.30 / 1%	\$31.81 / 6%	\$33.33 / 11%	\$34.84 / 16%	\$36.36 / 21%	\$39.39 / 31%	\$42.42 / 41%	\$45.45 / 51%	\$48.48 / 62%	\$53.02 / 77%
		<b>% Change vs. 23-Feb-2018 Indexed Price (\$26.54)</b>										
Midstream Perspective	Exchange Ratio to Midstream	1.60 x	10%	16%	21%	27%	32%	43%	54%	65%	76%	93%
		1.65	12%	17%	23%	28%	34%	45%	56%	67%	79%	95%
		1.70	13%	19%	24%	30%	35%	47%	58%	69%	81%	98%
		1.75	14%	20%	26%	31%	37%	48%	60%	71%	83%	100%
		<b>% Change vs. 26-Jan-2018 Indexed Price (\$29.10)</b>										
Midstream Perspective	Exchange Ratio to Midstream	1.60 x	1%	6%	11%	16%	21%	31%	41%	51%	61%	76%
		1.65	2%	7%	12%	17%	22%	32%	42%	53%	63%	78%
		1.70	3%	8%	13%	18%	24%	34%	44%	54%	65%	80%
		1.75	4%	9%	15%	20%	25%	35%	46%	56%	67%	82%

Source: Arkose Projections, Arkose Merger Model, and Bloomberg market data as of 13-Jul-2018

Note: Analysis assumes 18.5mm shares issued to Series B.

<sup>1</sup> PV10 calculated based on midyear convention and discounted to 30-Jun-2018. PV10 of residual step up calculated from PWC/Arkose provided depreciation schedule for step up in tax basis assuming 1.75x exchange ratio and share/unit prices as of 13-Jul-2018; analysis assumes 25.3% tax rate.

<sup>2</sup> Arkose status quo equity value based on combined Midstream basic equity value (excludes LTIP), market implied Series B value, and GP equity value; DCF and total distributions net of cash taxes and SG&A at GP. Pro forma share count includes LTIP.



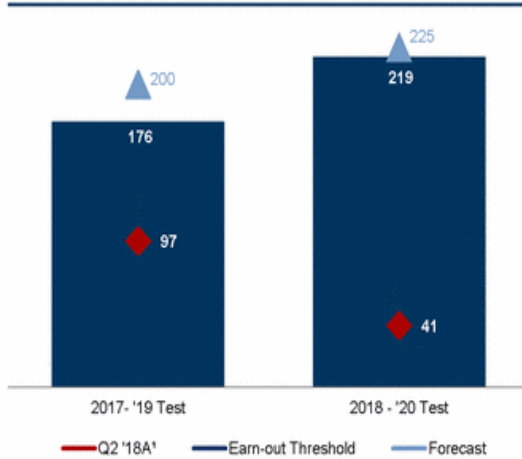
# Upstream Supplement Acceleration of Water Earn-out

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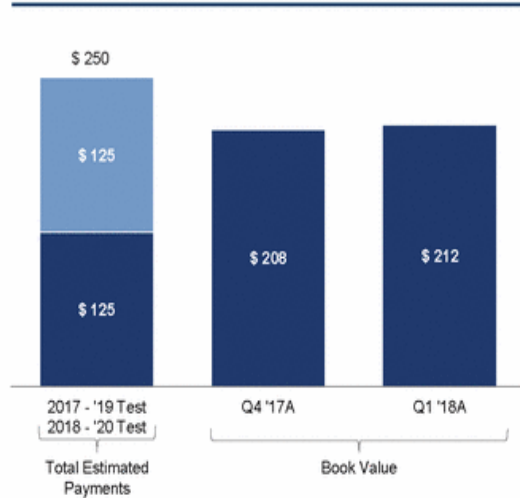
**Terms of Water Acquisition Contingent Consideration**

- Agreement to pay AR \$125mm if AM delivers > 161k bpd of fresh water between January 1, 2017 and December 31, 2019
- Additional \$125mm if AM delivers > 200k bpd between January 1, 2018 and December 31, 2020
- The liability is recorded on AM's balance as the net present value of the contingent consideration
  - As time passes, AM recognizes accretion expense from the contingent consideration (\$4mm in Q1 2018)

**Illustrative Earn-Out Forecast (mm of barrels)**



**Contingent Acquisition Consideration Liability**



Source: SEC filings and management projections  
 † Cumulative millions of barrels of freshwater delivered from 2017 through March 31, 2018.



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Appendix A: Supplemental Materials

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# Implied Premiums and Illustrative Ownership Impact at Various Exchange Ratios

Illustrative Exchange Ratios (Midstream / GP)	Last Close	30 Trading Day VWAP	Illustrative Multiple Range Based on GP Offer and Midstream Counter						
			1.58 x	1.61 x	1.60 x	1.65 x	1.70 x	1.75 x	1.96 x
Shares Issued for Midstream <sup>1</sup>			297	302	301	310	320	329	369
	<b>Metrics</b>		<b>Implied Premia</b>						
<b>Current</b>	<b>Midstream</b>	<b>GP</b>							
Last Close	\$ 30.01	\$ 19.00	0 %	2 %	1 %	4 %	8 %	11 %	24 %
30-Trading Day VWAP	30.55	19.02	(2)	0	(0)	3	6	9	22
Midstream VWAP / GP Closing Price	30.55	19.00	(2)	(0)	(1)	3	6	9	22
<b>At 23-Feb-2018 (Committee Formation)</b>									
Last Close	\$ 26.49	\$ 19.19	14 %	16 %	16 %	20 %	23 %	27 %	42 %
30-Trading Day VWAP	29.47	20.66	11	13	12	16	19	23	37
Midstream VWAP / GP Current Price	29.47	19.19	3	5	4	7	11	14	28
<b>At 26-Jan-2018 (1 Trading Day Prior to Strategic Review)</b>									
Last Close	\$ 33.13	\$ 22.02	5 %	7 %	6 %	10 %	13 %	16 %	30 %
30-Trading Day VWAP	30.23	19.93	4	6	5	9	12	15	29
Midstream VWAP / GP Current Price	30.23	22.02	15	17	17	20	24	27	43

Source: Arkose Midstream and GP 2017 10-Ks and Bloomberg market data as of 13-Jul-2018

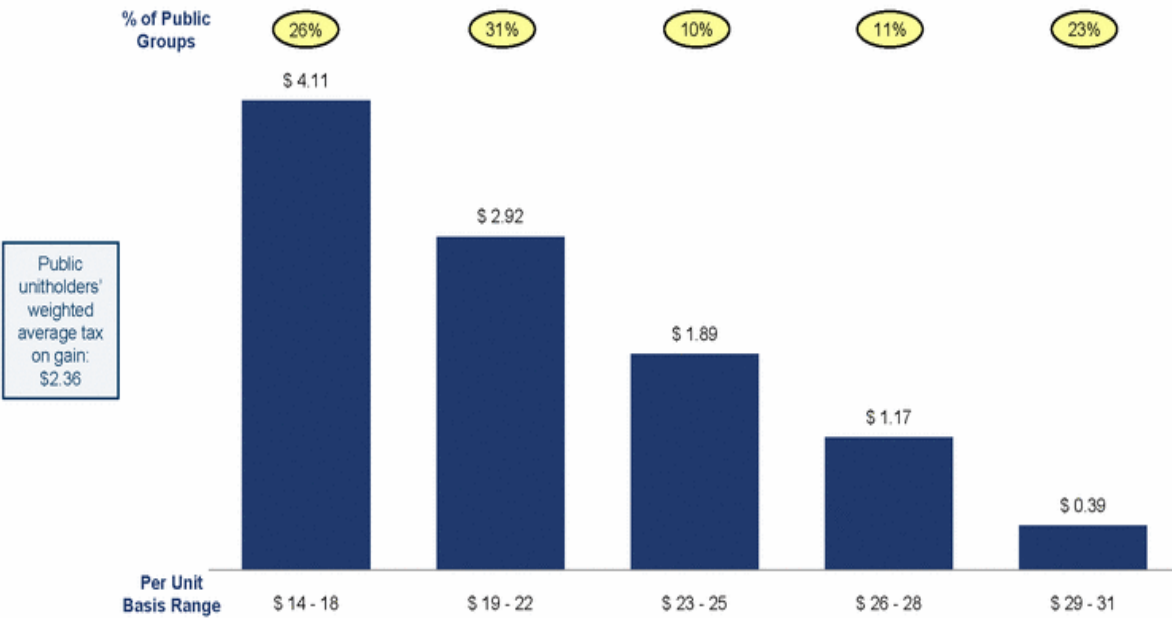
<sup>1</sup> Includes ~1mm units under Midstream's LTIP and ~187mm common units outstanding. <sup>2</sup> Illustrative number based on Series B settlement at 18.5mm fixed shares. <sup>3</sup> Includes ~1mm units under Midstream's LTIP.



# Estimated Unitholder Basis Tax on Gain

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**\$33.25 / Unit Assumed Total Consideration (1.75x Exchange Ratio | No Cash Consideration)**



Source: Arkose Merger Model and tax basis calculation provided by PwC  
 Note: Arkose Merger Model and tax basis calculation provided by PwC show bookend tax estimates based on assumed Midstream purchase prices of \$32.35 and \$25; tax on gain adjusted by the estimating capital gain taxes on incremental gains above \$32.35 that are implied by a 1.75x exchange ratio.  
<sup>1</sup> Tax on gain calculation assumes a 37.0% ordinary income tax rate, 20.0% ordinary income deduction, a 23.8% capital gains tax rate, and 3.8% incremental tax rate on dividends and capital gains under the Affordable Care Act.

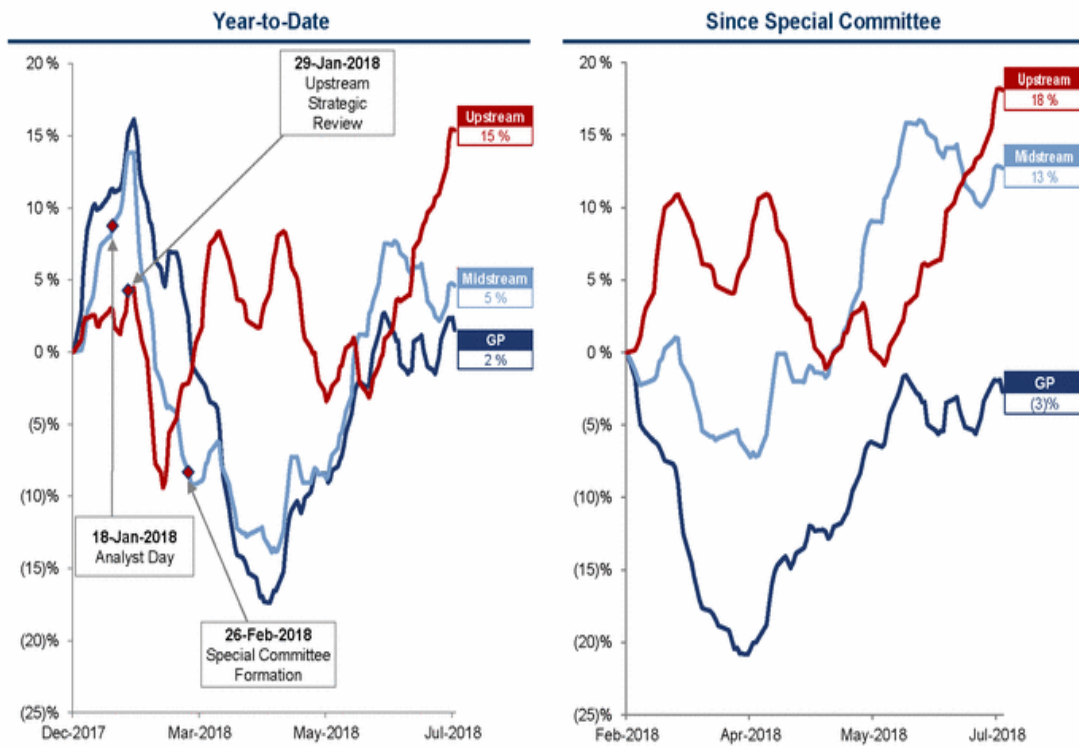




# Relative Stock Price Performance

Indexed Arkose Family | 5 Trading Day VWAP Basis

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Source: Bloomberg market data as of 13-Jul-2018



## Precedent Premia Analysis

## Midstream Simplification Transactions | Last Five Years

Announcement Date	Target	Acquirer	Consideration Mix	Taxable?	Premia Paid <sup>1</sup>	
					1 Day	30 Trading Day VWAP
<b>Parent to LP Merger</b>						
7-Feb-18	Tallgrass Energy Partners, LP <sup>2</sup>	Tallgrass Energy GP, LP	Stock	Yes	6 %	3 %
8-Feb-18	NuStar GP Holdings	NuStar Energy	Stock	No	2	0
2-Jan-18	Archrock Partners, LP	Archrock, Inc.	Stock	Yes	23	28
1-Feb-17	ONEOK Partners	ONEOK, Inc.	Stock	Yes	26	22
31-May-16	RoseRock Midstream	Semgroup Corporation	Stock	Yes	0	27
3-Nov-15	Targa Resources Partners LP	Targa Resources Corp.	Stock	Yes	18	16
6-May-15	Crestwood Midstream Partners LP	Crestwood Equity Partners LP	Stock	No	17	20
10-Aug-14	Kinder Morgan Partners	Kinder Morgan, Inc.	Mix	Yes	12	10
10-Aug-14	El Paso Pipeline Partners	Kinder Morgan	Mix	Yes	15	10
10-Aug-14	Kinder Morgan Management, LLC	Kinder Morgan, Inc.	Stock	Yes	17	18
<b>LP Buy-In</b>						
19-Jun-18	Cheniere Energy Partners LP Holdings, LLC	Cheniere Energy, Inc.	Stock	Yes	2	7
17-May-18	Williams Partners L.P.	The Williams Companies, Inc.	Stock	Yes	6	13
2-Jun-17	World Point Terminals, LP	World Point Terminals Inc.	Cash	Yes	1	2
18-May-17	PennTex Midstream Partners	Energy Transfer Partners	Cash	Yes	18	20
2-Mar-17	VTTI Energy Partners	Vitol / Buckeye Partners	Cash	Yes	6	7
26-Sep-16	Columbia Pipeline Partners	TransCanada	Cash	Yes	11	17
27-Aug-13	PAA Natural Gas Storage	Plains All American Pipeline	Stock	No	7	4
12-Aug-13	Pioneer Southwest Energy Partners	Pioneer Natural Resources	Stock	Yes	1	7
		High			26 %	28 %
		Median			9	12
		Mean			10	13
		Low			0	0
<b>Pending Publicly Announced LP Buy Ins<sup>2</sup></b>						
10-Jul-18	Transmontaigne Partners L.P.	ArcLight	Cash	Yes	5	1
17-May-18	Spectra Energy Partners, LP	Enbridge Inc.	Stock	Yes	0	(2)
17-May-18	Enbridge Energy Partners, L.P.	Enbridge Inc.	Stock	Yes	0	2
17-May-18	Enbridge Energy Management, L.L.C.	Enbridge Inc.	Stock	No	0	3
17-May-18	Enbridge Income Fund Holdings Inc.	Enbridge Inc.	Stock	No	5	5

Source: Company filings and press releases; CapIQ, Bloomberg

<sup>1</sup> For the all stock transactions, the 1-Day Premia paid is based on the Offer price based on acquirer stock price on the day prior to announcement effected for the exchange ratio offered to the target compared with the target's market price on the day prior to announcement. The 30 Trading Day VWAP Premia Paid is calculated using the 30 Trading Day VWAP of the target as calculated on the day prior to the announcement of the target. The premia also include cash consideration on a per share basis when applicable.

<sup>2</sup> Based on implied exchange ratio calculated as of announcement date of structural alternatives (07-Feb-2018).

## Determining Arkose's Overall Status Quo Yield

(\$ in millions, except per share / unit data)

Calculation of Combined Equity Value		Calculation of Equity Yield			
Basic Midstream Units	187				
(x) Midstream Unit Price	\$ 30.01	Midstream LP DPU	\$ 1.72	\$ 2.21	\$ 2.85
Midstream Basic Equity Value	\$5,613	Implied Yield	5.7 %	7.4 %	9.5 %
		Y.o.Y. Dist. Growth	29 %	29 %	29 %
		'18-'20E CAGR	29 %		
GP Shares	186	GP DPS	\$ 0.54	\$ 0.89	\$ 1.34
(x) GP Share Price	\$ 19.00	Implied Yield	2.8 %	4.7 %	7.0 %
GP Equity Value	\$3,538	Y.o.Y. Dist. Growth <sup>1</sup>	163 %	65 %	51 %
		'18-'20E CAGR	58 %		
		<b>Blended Status Quo Family Multiples / Yields</b>			
		Distributable Cash Flow <sup>2</sup>	\$ 558	\$ 796	\$ 950
		Distributed Cash <sup>3</sup>	427	591	802
		Implied Equity Value / Total DCF	16.6 x	11.6 x	9.7 x
		Implied Distribution Yield	4.6 %	6.4 %	8.7 %
		Y.o.Y. Dist. Growth <sup>4</sup>	47 %	38 %	36 %
		Pro Forma Distributable Cash	\$ 560	\$ 819	\$ 1,001
		Y.o.Y. Dist. Growth	NA	46 %	22 %
		'18-'20E CAGR	34 %		
		Pro Forma Distributed Cash <sup>5</sup>	\$ 523	\$ 674	\$ 858
		Y.o.Y. Dist. Growth	NA	29 %	27 %
		'18-'20E CAGR	28 %		
<b>Arkose Midstream Total Basic Equity Value (Incl. Series B)</b>	<b>\$9,242</b>				

Source: Arkose Projections and Bloomberg market data as of 13-Jun-2018

Note: Share counts based on 1Q2018 Midstream and GP 10-Qs.

<sup>1</sup> Based on 2017A DPS of \$0.20<sup>2</sup> Based on GP status quo market cap and status quo Series B conversion.<sup>3</sup> Based on total DCF at Midstream, excluding taxes at GP.<sup>4</sup> 2017 total distributions based on actual LP distributions and IDR cash flows adjusted for Series B take, G&A, and taxes at GP to approximate total distributions if GP had been public on 1-Jan-2017.<sup>5</sup> Pro forma growth rates assuming 1.1x coverage in 2018.

## Sources and Uses and Pro Forma Capitalization

INVESTMENT BANKING  
DIVISION1.75 x Exch. Ratio All-In Exchange Ratio | 1.63x GP Shares + & \$2.36 Cash / Unit to  
Midstream | 18.5mm Shares To Series B Unitholders

Sources		Uses	
<b>Midstream</b>			
Existing Balance Sheet Cash	\$ 9	Purchase of Midstream Equity	\$ 6,339
		Settlement of Series B Units	352
<b>GP</b>			
Existing Balance Sheet Cash	\$ 14	Transaction Costs	13
Cash Payment to Midstream	444	Cash to Balance Sheet	10
Issuance of New Equity to Midstream	5,896		
Issuance of New Equity to Series B Unitholders	352		
<b>Total Sources</b>	<b>\$ 6,714</b>	<b>Total Uses</b>	<b>\$ 6,714</b>

Capitalization				
	Status Quo		Pro Forma	
	\$	x LTM EBITDA	\$	x LTM EBITDA
<b>Consolidated Arkose Midstream (Midstream + GP)</b>				
Cash	\$ 23		\$ 23	
RCF Borrowings	660		660	
5.375% Senior Notes	650		650	
New Debt To Fund Cash Payment to Midstream	NA		444	
<b>Total Debt</b>	<b>\$ 1,310</b>	<b>2.3 x</b>	<b>\$ 1,754</b>	<b>3.1 x</b>
<b>Net Debt</b>	<b>1,287</b>	<b>2.3</b>	<b>1,731</b>	<b>3.0</b>
<b>Consolidated Liquidity Profile</b>				
Consolidated Cash and Cash Equivalents	\$ 23		\$ 23	
(+) RCF Availability	1,500		1,500	
(-) RCF Borrowings	(660)		(660)	
<b>Total Consolidated Liquidity</b>	<b>\$ 863</b>		<b>\$ 863</b>	
LTM Adj. EBITDA	\$ 571			

Source: Arkose Merger Model tax basis calculations provided by PWC, Arkose Midstream and Arkose GP 1Q2018 10-Qs, filed 25-Apr-2018, Bloomberg market data as of 13-Jul-2018



# Illustrative Combined Market Capitalization

(\$ in millions)

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Historical Combined Market Cap | Since 1-Jun-2017



YTD Combined Market Cap



Source: Company filings, Bloomberg market data as of 13-Jul-2018  
 Note: 1-Jun-2017 represents 21<sup>st</sup> day of public trading. Historical market cap does not include Midstream LTIP. The GP Peak Implied combined market cap is calculated by indexing the combined Arkose market cap from 26-Jan-2018 to the present based on the performance of the Alerian MLP index since that date. The Committee Announced implied market cap is calculated using the same methodology since 23-Feb-2018.

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## Project Francis

### Conflicts Committee of the Board of Directors of Arkose GP LLC

#### Discussion Materials

August 3<sup>rd</sup>, 2018

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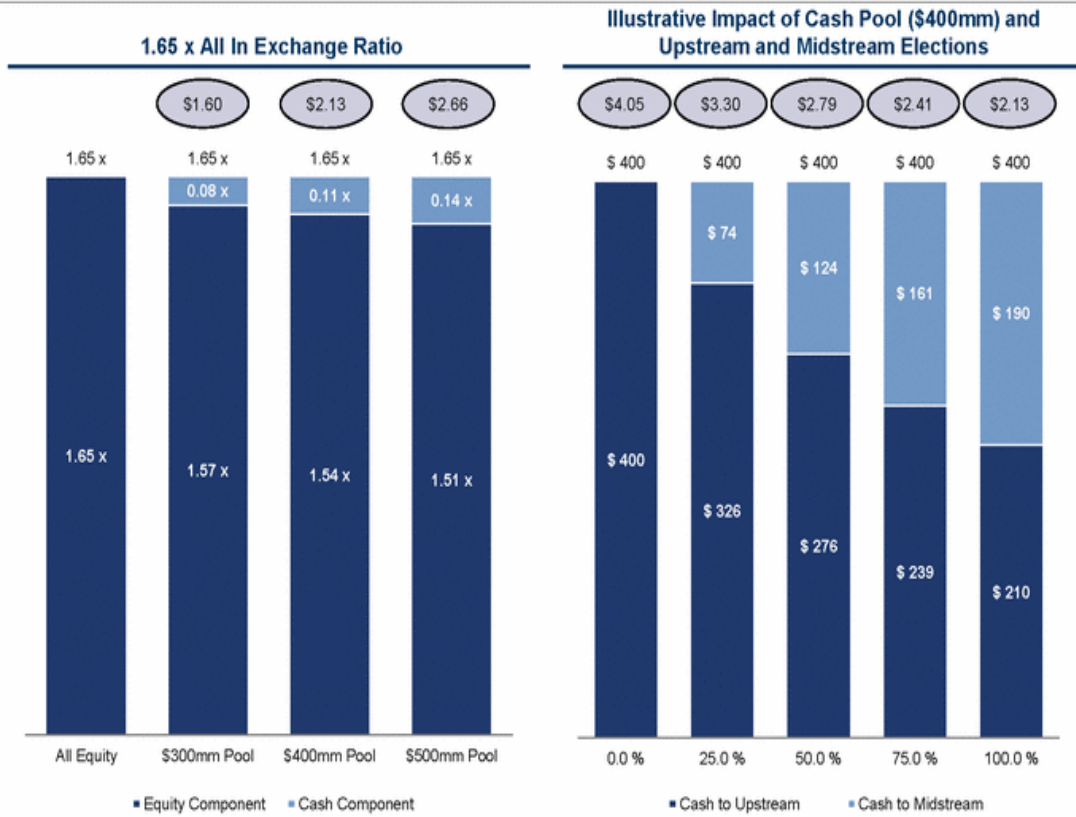
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# Illustrative Impact of Cash Pool on Consideration

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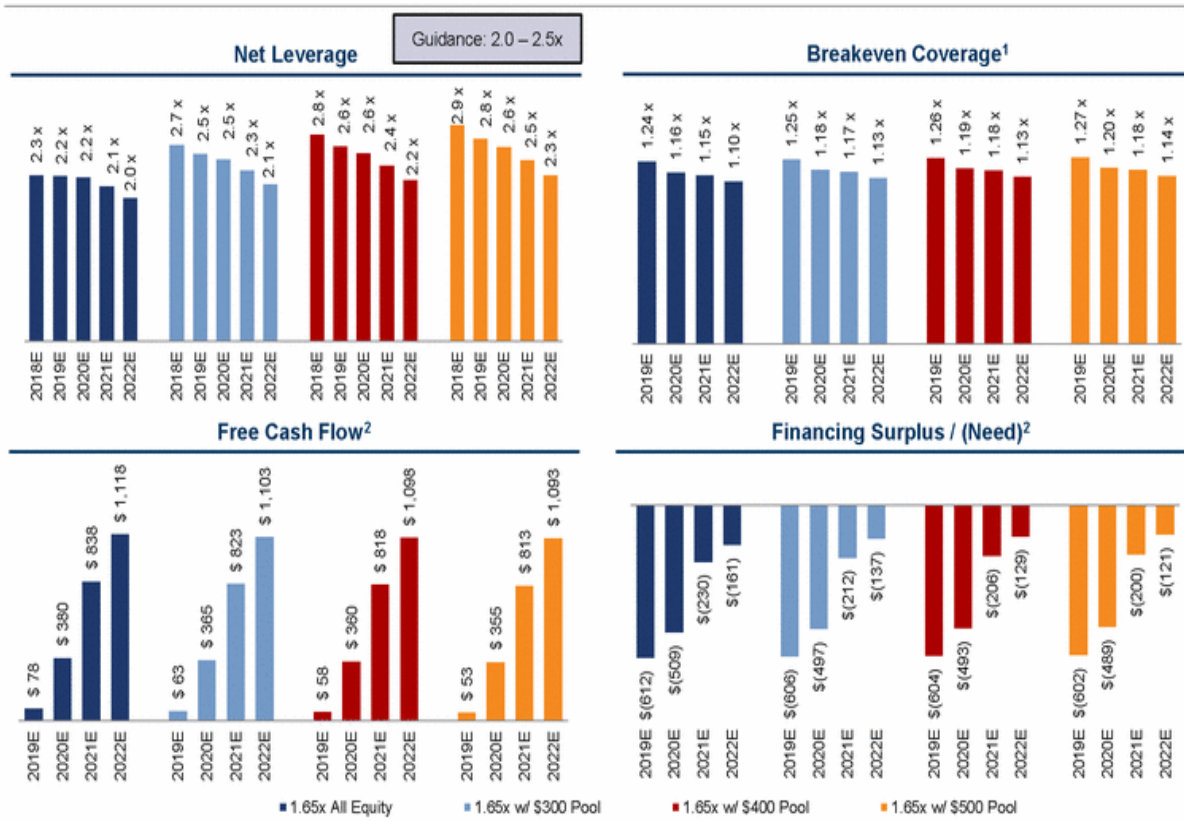


Source: Bloomberg market data as of 2-Aug-2018



# Summary Impact of Cash Pool on Key Financial Metrics at New GP

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Source: Arkose Projections, Arkose Merger Model, and Bloomberg market data as of 2-Aug-2018.

<sup>1</sup> Based on total distributions assuming DPS set based off of Midstream S.Q. base case DPU divided by the all-in exchange ratio of 1.65x. <sup>2</sup> Assumes breakeven distributions paid.

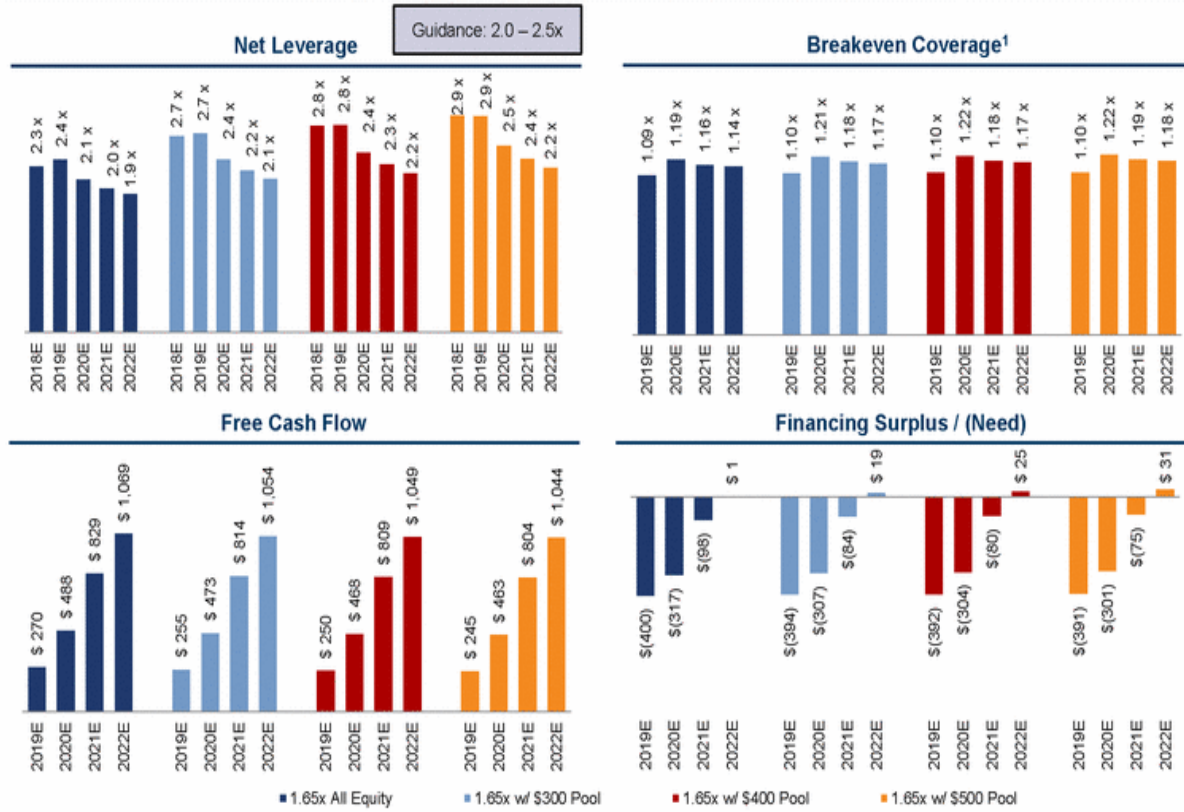




# Summary Impact of Cash Pool on Key Financial Metrics at New GP – Downside Case

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Assumes No Change in Cash Tax Profile in Downside Case



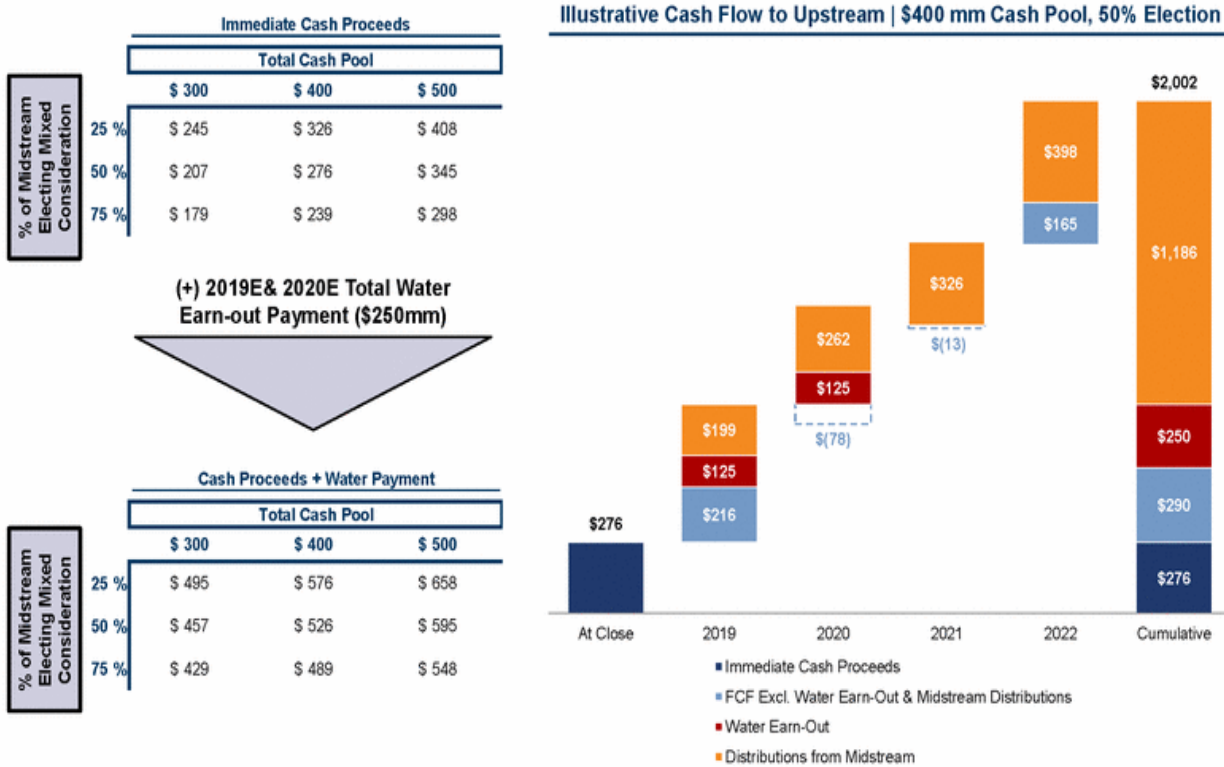
Source: Arkose Projections, Arkose Merger Model, and Bloomberg market data as of 2-Aug-2018.

<sup>1</sup> Based on total distributions assuming DPS set based off of Midstream S.Q. downside case DPU divided by the all-in exchange ratio of 1.65x.



# Impact of Cash Pool on Cash Available for Return of Capital at Upstream

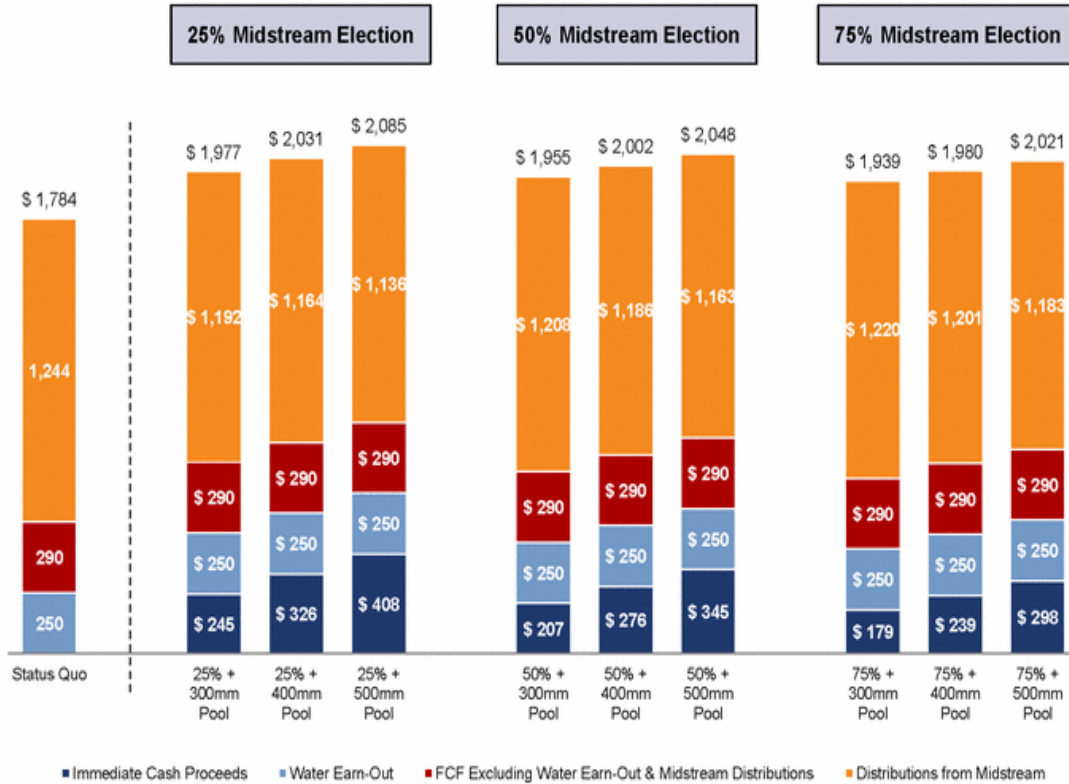
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Source: Arkose Projections, Arkose Merger Model, and Bloomberg market data as of 2-Aug-2018

# Upstream Total Cash Available for Repurchase

Management Base Case | 1.65x All-in Exchange Ratio and Midstream Election  
Scenarios of 25%, 50%, & 75%



Source: Arkose projections, Arkose Merger Model, and Bloomberg market data as of 2-Aug-2018.

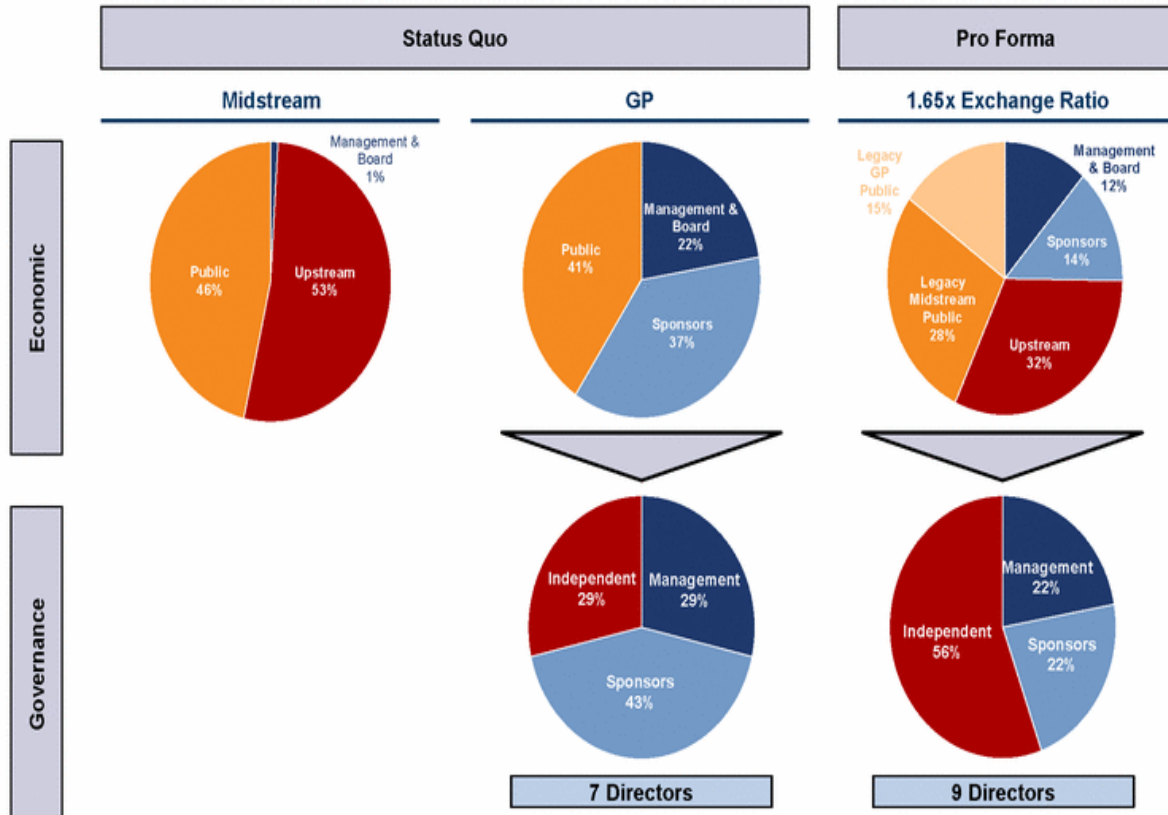
Note: Water earn-out payments assumes that midstream volumes are greater than threshold in 2019 and 2020 to trigger both \$125mm payments, consistent with management's forecast.



# Summary Ownership Impact and “Alignment”

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Draft – To  
Discuss



Source: Arkose Midstream and Arkose GP 2017 10-K, 1Q2018 10-Q, Form 4 & 5 filings, and Thomson



# YTD Stock Price Performance

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Arkose Absolute Price and AMZ Indexed Prices | Indexed based on GP Peak  
(26-Jan-2018) and Day Prior to Special Committee Formation (23-Feb-2018)



Source: Bloomberg market data as of 02-Aug-2018

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## Project Francis

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#### Discussion Materials

August 11<sup>th</sup>, 2018

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**Review of Offers to Date****Summary of Economic Terms**

<b>Date</b>	<b>Proposal</b>	<b>Summary</b>
4-Jun-2018	GP Proposal	1.60x Exchange Ratio (All equity)
14-Jul-2018	Midstream / Upstream Response	1.96x Exchange Ratio (1.75x + \$4/unit cash)
20-Jul-2018	Revised GP Proposal	1.65x Exchange Ratio (All equity)
25-Jul-2018	Revised Midstream / Upstream Response	1.91x Exchange Ratio (1.71x + \$3.84/unit cash)



# YTD Stock Price Performance

INVESTMENT BANKING  
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Arkose Absolute Price and AMZ Indexed Prices | Indexed based on GP Peak  
(26-Jan-2018) and Day Prior to Special Committee Formation (23-Feb-2018)



Source: Bloomberg market data as of 10-Aug-2018



# Historical Midstream and GP Market Cap

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Based on 5-Trading Day VWAP & AMZ Index | Status Quo Series B Conversion  
Mechanics | Since 01-Jun-2017



Source: Bloomberg market data as of 10-Aug-2018



# Historical Midstream and GP Market Cap

INVESTMENT BANKING  
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Based on 5-Trading Day VWAP & AMZ Index | Status Quo Series B Conversion  
Mechanics | Since 01-Jun-2017

Exchange Ratio Required To Equal Percent of Total Status Quo Equity (Assuming 18.5mm Shares to Series B)



Source: Bloomberg market data as of 10-Aug-2018

<sup>1</sup> Defined as the exchange ratio that results in Midstream owning an percent of the pro forma company equivalent to their percentage of the observed market cap, with GP's shares plus the 18.5mm shares equivalent to GP's percentage of the observed market cap. <sup>2</sup> Defined as the exchange ratio that results in GP owning a percent of the pro forma company equivalent to its percentage of the observed market cap, with Midstream's units plus the portion of the 18.5mm shares issued to the Series B that is in excess of the market conversion mechanism of the Series B equivalent to GP's portion of the observed market cap. The portion of the 18.5mm units issued to the Series B that would also be issued based on the status quo mechanism is included in GP's ownership.



# Implied Premiums and Illustrative Ownership Impact at Various Exchange Ratios

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Illustrative Exchange Ratios (Midstream / GP)	Last Close	30 Trading Day VWAP	Illustrative Exchange Ratio Range Based on Initial GP Offer and Current Midstream Counter						
			1.67 x	1.63 x	1.65 x	1.70 x	1.75 x	1.80 x	1.85 x
Shares Issued for Midstream <sup>1</sup>			314	307	310	320	329	339	348
	<b>Metrics</b>		<b>Implied Premia</b>						
	<b>Midstream</b>	<b>GP</b>							
<b>Current</b>									
Last Close	\$ 32.25	\$ 19.34	0 %	(2)%	(1)%	2 %	5 %	8 %	11 %
30-Trading Day VWAP	31.05	19.04	2	0	1	4	7	10	13
Midstream VWAP / GP Closing Price	31.05	19.34	4	2	3	6	9	12	15
<b>At 23-Feb-2018 (Committee Formation)</b>									
Last Close	\$ 26.49	\$ 19.19	21 %	18 %	20 %	23 %	27 %	30 %	34 %
30-Trading Day VWAP	29.47	20.66	17	14	16	19	23	26	30
Midstream VWAP / GP Current Price	29.47	19.19	9	6	7	11	14	17	20
<b>At 26-Jan-2018 (1 Trading Day Prior to Strategic Review)</b>									
Last Close	\$ 33.13	\$ 22.02	11 %	8 %	10 %	13 %	16 %	20 %	23 %
30-Trading Day VWAP	30.23	19.93	10	8	9	12	15	19	22
Midstream VWAP / GP Current Price	30.23	22.02	21	19	20	24	27	31	35
<b>Pro Forma Ownership - All Equity</b>									
Midstream			60.5 %	60.0 %	60.3 %	61.0 %	61.7 %	62.3 %	63.0 %
Series B			3.6	3.6	3.6	3.5	3.5	3.4	3.3
GP			35.9	36.4	36.1	35.5	34.9	34.3	33.7

■ 10-20% Premium

Source: Arkose Midstream and GP 2017 10-Ks and Bloomberg market data as of 10-Aug-2018  
<sup>1</sup> Includes ~1mm units under Midstream's LTIP and ~187mm common units outstanding.



# Illustrative Analysis at Various Equity Values

## Pro Forma Arkose GP + Midstream

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		Illustrative Uplift from \$289mm PV10 of Forecast S.Q. GP Cash Taxes: \$9,651 <sup>1</sup>					Illustrative Uplift from \$289mm PV10 of Forecasted S.Q. GP Cash Taxes + Residual Step Up: \$10,127 <sup>1</sup>					
Illustrative Equity Uplift Before Cash Consideration		0 %	5 %	10 %	15 %	25 %	35 %	45 %	55 %	65 %	75 %	
Illustrative Equity Value Before Cash Consideration (Current Combined Equity, 5-75% Increase in Value)		\$ 9,762	\$ 10,250	\$ 10,739	\$ 11,227	\$ 12,203	\$ 13,179	\$ 14,155	\$ 15,132	\$ 16,108	\$ 17,084	
(-) Cash Consideration (Illustrative \$400mm Cash Pool)		0	0	0	0	0	0	0	0	0	0	
Illustrative PF Equity Value <sup>2</sup>		\$ 9,762	\$ 10,250	\$ 10,739	\$ 11,227	\$ 12,203	\$ 13,179	\$ 14,155	\$ 15,132	\$ 16,108	\$ 17,084	
% PF Change in Equity Value		0 %	5 %	10 %	15 %	25 %	35 %	45 %	55 %	65 %	75 %	
<b>Implied Share Price / % Change vs. Current Share Price (\$19.34)</b>												
GP Perspective	Exchange Ratio to Midstream	1.650 x	\$ 18.95 / (2)%	\$ 19.90 / 3 %	\$ 20.85 / 8 %	\$ 21.80 / 13 %	\$ 23.69 / 22 %	\$ 25.59 / 32 %	\$ 27.48 / 42 %	\$ 29.38 / 52 %	\$ 31.27 / 62 %	\$ 33.17 / 71 %
		1.750	\$ 19.28 / (5)%	\$ 19.20 / (1)%	\$ 20.11 / 4 %	\$ 21.03 / 9 %	\$ 22.86 / 18 %	\$ 24.68 / 28 %	\$ 26.51 / 37 %	\$ 28.34 / 47 %	\$ 30.17 / 56 %	\$ 32.00 / 65 %
		1.850	\$ 17.66 / (9)%	\$ 18.55 / (4)%	\$ 19.43 / 0 %	\$ 20.31 / 5 %	\$ 22.08 / 14 %	\$ 23.84 / 23 %	\$ 25.61 / 32 %	\$ 27.38 / 42 %	\$ 29.14 / 51 %	\$ 30.91 / 60 %
<b>Implied Share Price + Pro Rata Cash Proceeds / % Premium vs. Current Share Price (\$32.25)</b>												
Midstream Perspective	Exchange Ratio to Midstream	1.650 x	\$ 31.27 / (3)%	\$ 32.83 / 2 %	\$ 34.40 / 7 %	\$ 35.96 / 12 %	\$ 39.09 / 21 %	\$ 42.22 / 31 %	\$ 45.34 / 41 %	\$ 48.47 / 50 %	\$ 51.60 / 60 %	\$ 54.72 / 70 %
		1.750	\$ 32.00 / (1)%	\$ 33.60 / 4 %	\$ 35.20 / 9 %	\$ 36.80 / 14 %	\$ 40.00 / 24 %	\$ 43.20 / 34 %	\$ 46.40 / 44 %	\$ 49.60 / 54 %	\$ 52.80 / 64 %	\$ 56.00 / 74 %
		1.850	\$ 32.67 / 1 %	\$ 34.31 / 6 %	\$ 35.94 / 11 %	\$ 37.58 / 17 %	\$ 40.84 / 27 %	\$ 44.11 / 37 %	\$ 47.38 / 47 %	\$ 50.65 / 57 %	\$ 53.91 / 67 %	\$ 57.18 / 77 %
	<b>% Premium vs. 23-Feb-2018 Indexed Price (\$28.53)</b>											
	Exchange Ratio to Midstream	1.650 x	10 %	15 %	21 %	26 %	37 %	48 %	59 %	70 %	81 %	92 %
		1.750	12 %	18 %	23 %	29 %	40 %	51 %	63 %	74 %	85 %	96 %
1.850		15 %	20 %	26 %	32 %	43 %	55 %	66 %	78 %	89 %	100 %	
<b>% Premium vs. 26-Jan-2018 Indexed Price (\$31.28)</b>												
Exchange Ratio to Midstream	1.650 x	(0)%	5 %	10 %	15 %	25 %	35 %	45 %	55 %	65 %	75 %	
	1.750	2 %	7 %	13 %	18 %	28 %	38 %	48 %	59 %	69 %	79 %	
	1.850	4 %	10 %	15 %	20 %	31 %	41 %	51 %	62 %	72 %	83 %	

Source: Arkose Projections, Arkose Merger Model, and Bloomberg market data as of 10-Aug-2018

Note: Analysis assumes 18.5mm shares issued to Series B. Exchange ratios shown reflect 1.65x, 1.75x, and 1.85x all in exchange ratios after incorporating the \$400mm cash pool.

<sup>1</sup> PV10 calculated based on midyear convention and discounted to 30-Jun-2018. PV10 of residual step up calculated from PWC/Arkose provided depreciation schedule for step up in tax basis assuming 1.75x exchange ratio and share/unit prices as of 03-Aug-2018; analysis assumes 25.3% tax rate.

<sup>2</sup> Arkose status quo equity value based on combined Midstream basic equity value (excludes LTIP), market implied Series B value, and GP equity value; DCF and total distributions net of cash taxes and SG&A at GP. Pro forma share count includes LTIP.



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Appendix A: Additional Reference Materials

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# Illustrative Analysis at Various Equity Values

## Pro Forma Arkose GP + Midstream

		Illustrative Uplift from \$289mm PV10 of Forecast S.Q. GP Cash Taxes: \$9,651 <sup>1</sup>					Illustrative Uplift from \$289mm PV10 of Forecasted S.Q. GP Cash Taxes + Residual Step Up: \$10,127 <sup>1</sup>					
Illustrative Equity Uplift Before Cash Consideration		0 %	5 %	10 %	15 %	25 %	35 %	45 %	55 %	65 %	75 %	
Illustrative Equity Value Before Cash Consideration (Current Combined Equity, 5-75% Increase in Value)		\$ 9,762	\$ 10,250	\$ 10,739	\$ 11,227	\$ 12,203	\$ 13,179	\$ 14,155	\$ 15,132	\$ 16,108	\$ 17,084	
(-) Cash Consideration (Illustrative \$400mm Cash Pool)		(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	
Illustrative PF Equity Value <sup>2</sup>		\$ 9,362	\$ 9,850	\$ 10,339	\$ 10,827	\$ 11,803	\$ 12,779	\$ 13,755	\$ 14,732	\$ 15,708	\$ 16,684	
% PF Change in Equity Value		(4)%	1 %	6 %	11 %	21 %	31 %	41 %	51 %	61 %	71 %	
<b>Implied Share Price / % Change vs. Current Share Price (\$19.34)</b>												
GP Perspective	Exchange Ratio to Midstream	1.540 x	\$ 18.94 / (2)%	\$ 19.92 / 3 %	\$ 20.91 / 8 %	\$ 21.90 / 13 %	\$ 23.87 / 23 %	\$ 25.85 / 34 %	\$ 27.82 / 44 %	\$ 29.80 / 54 %	\$ 31.77 / 64 %	\$ 33.75 / 74 %
		1.64	\$ 19.24 / (5)%	\$ 19.19 / (1)%	\$ 20.14 / 4 %	\$ 21.10 / 9 %	\$ 23.00 / 19 %	\$ 24.90 / 29 %	\$ 26.80 / 39 %	\$ 28.70 / 48 %	\$ 30.61 / 58 %	\$ 32.51 / 68 %
		1.74	\$ 17.60 / (9)%	\$ 18.51 / (4)%	\$ 19.43 / 0 %	\$ 20.35 / 5 %	\$ 22.18 / 15 %	\$ 24.02 / 24 %	\$ 25.85 / 34 %	\$ 27.69 / 43 %	\$ 29.52 / 53 %	\$ 31.36 / 62 %
<b>Implied Share Price + Pro Rata Cash Proceeds / % Premium vs. Current Share Price (\$32.25)</b>												
Midstream Perspective	Exchange Ratio to Midstream	1.540 x	\$ 31.29 / (3)%	\$ 32.81 / 2 %	\$ 34.33 / 6 %	\$ 35.85 / 11 %	\$ 38.89 / 21 %	\$ 41.93 / 30 %	\$ 44.97 / 39 %	\$ 48.01 / 48 %	\$ 51.05 / 58 %	\$ 54.09 / 68 %
		1.640	\$ 32.04 / (1)%	\$ 33.60 / 4 %	\$ 35.16 / 9 %	\$ 36.72 / 14 %	\$ 39.84 / 24 %	\$ 42.96 / 33 %	\$ 46.08 / 43 %	\$ 49.20 / 53 %	\$ 52.32 / 62 %	\$ 55.44 / 72 %
		1.740	\$ 32.75 / 2 %	\$ 34.34 / 6 %	\$ 35.94 / 11 %	\$ 37.53 / 16 %	\$ 40.73 / 26 %	\$ 43.82 / 36 %	\$ 47.11 / 46 %	\$ 50.31 / 56 %	\$ 53.50 / 66 %	\$ 56.69 / 76 %
	<b>% Premium vs. 23-Feb-2018 Indexed Price (\$28.53)</b>											
	Exchange Ratio to Midstream	1.540 x	10 %	15 %	20 %	26 %	36 %	47 %	58 %	68 %	79 %	90 %
		1.640	12 %	18 %	23 %	29 %	40 %	51 %	62 %	72 %	83 %	94 %
	1.740	15 %	20 %	26 %	32 %	43 %	54 %	65 %	76 %	88 %	99 %	
<b>% Premium vs. 26-Jan-2018 Indexed Price (\$31.28)</b>												
Exchange Ratio to Midstream	1.540 x	0 %	5 %	10 %	15 %	24 %	34 %	44 %	53 %	63 %	73 %	
	1.640	2 %	7 %	12 %	17 %	27 %	37 %	47 %	57 %	67 %	77 %	
	1.740	5 %	10 %	15 %	20 %	30 %	40 %	51 %	61 %	71 %	81 %	

Source: Arkose Projections, Arkose Merger Model, and Bloomberg market data as of 10-Aug-2018

Note: Analysis assumes 18.5mm shares issued to Series B. Exchange ratios shown reflect 1.65x, 1.75x, and 1.85x all in exchange ratios after incorporating the \$400mm cash pool.

<sup>1</sup> PV10 calculated based on midyear convention and discounted to 30-Jun-2018. PV10 of residual step up calculated from PWC/Arkose provided depreciation schedule for step up in tax basis assuming 1.75x exchange ratio and share/unit prices as of 03-Aug-2018; analysis assumes 25.3% tax rate.

<sup>2</sup> Arkose status quo equity value based on combined Midstream basic equity value (excludes LTIP), market implied Series B value, and GP equity value; DCF and total distributions net of cash taxes and SG&A at GP. Pro forma share count includes LTIP.

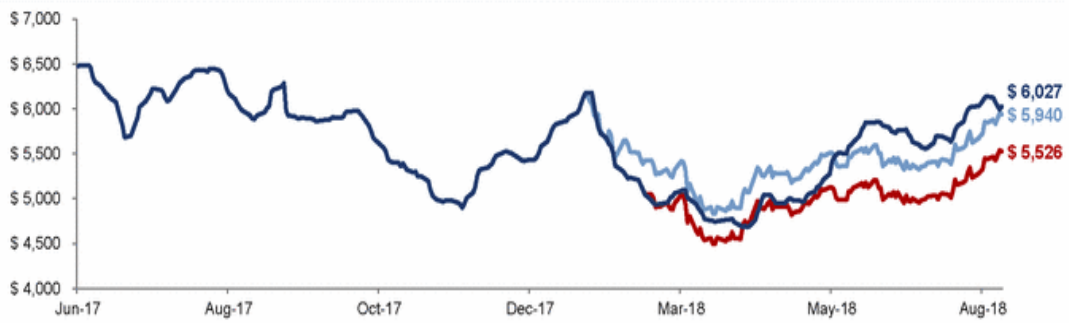


# Historical Midstream and GP Market Cap

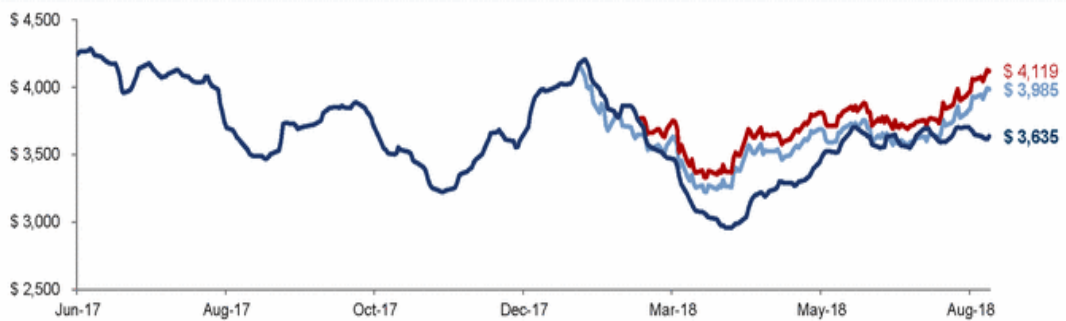
INVESTMENT BANKING  
DIVISION

Based on 5-Trading Day VWAP & AMZ Index | Status Quo Series B Conversion  
Mechanics | Since 1-Jun-2018

Midstream Market cap



GP Market Cap



Source: Bloomberg market data as of 10-Aug-2018

## Determining Arkose's Overall Status Quo Yield

(\$ in millions, except per share / unit data)

Calculation of Combined Equity Value				Calculation of Yield						
	Current Close	AMZ Indexed Price		Based on Current Prices		Based on 26-Jan Index		Based on 23-Feb Index		
		26-Jan	23-Feb	2019	2020	2019	2020	2019	2020	
		Basic Midstream Units	187							
(+) Midstream LTIP	1									
Midstream Diluted Unit Count	188									
(x) Midstream Unit Price	\$ 32.25	\$ 31.79	\$ 28.99							
Midstream Diluted Equity Value	\$ 6,067	\$ 5,980	\$ 5,454	Midstream LP DPU	\$ 2.21	\$ 2.85				
Current Premium (Discount) to Index		1%	11%	(/) Midstream Unit Price	32.25	32.25	31.79	31.79	28.99	28.99
				Implied Yield	6.9%	8.8%	7.0%	9.0%	7.6%	9.8%
GP Shares	186	186	186	GP DPS	\$ 0.89	\$ 1.34				
(+) Series B Converted Shares <sup>1</sup>	4.9	5.5	5.5	(/) GP Share Price	19.34	19.34	21.13	21.13	21.00	21.00
GP Diluted Share Count	191	192	192	Implied Yield	4.6%	6.9%	4.2%	6.3%	4.2%	6.4%
(x) GP Share Price	\$ 19.34	\$ 21.13	\$ 21.00	Distributable Cash Flow <sup>2</sup>	\$ 795	\$ 950				
GP Diluted Equity Value	\$ 3,696	\$ 4,050	\$ 4,025	Distributed Cash <sup>3</sup>	591	802				
Current Premium (Discount) to Index		(9)%	(8)%	Implied Equity Value / Total DCF	12.3 x	10.3 x	12.6 x	10.6 x	11.9 x	10.0 x
Arkose GP Diluted Equity Value	\$ 9,763	\$ 10,030	\$ 9,479	Implied Distribution Yield	6.1%	8.2%	5.9%	8.0%	6.2%	8.5%
Current Premium (Discount) to Index		(3)%	3%							

Source: Arkose Projections and Bloomberg market data as of 10-Aug-2018

Note: Share counts based on 2Q2018 Midstream and GP 10-Qs.

<sup>1</sup> Current Close based on 20-day VWAP; Indexed Series B values based on GP status quo market cap and status quo Series B conversion.<sup>2</sup> Based on total DCF at Midstream, excluding taxes at GP.<sup>3</sup> Based on distributions to LPs at Midstream, distributions to Series B unitholders, and dividends to GP shareholders.



Appendix B: Potential Exhibits for Revised Offer Letter

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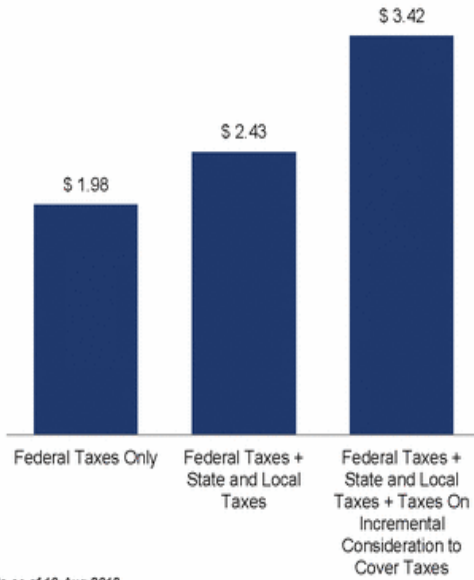
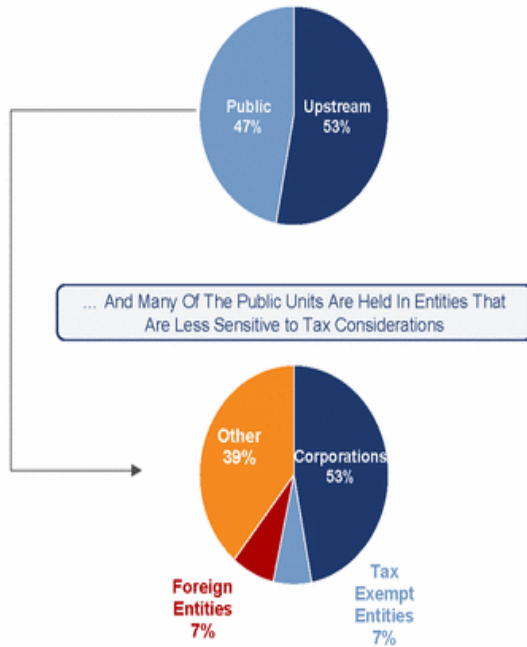


# Many of Midstream’s Investors Are Not Tax Sensitive

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DIVISION

More Than Half Of the Units Are Shielded by Upstream’s NOLs ...

Estimated Burdens | 1.65x Exchange Ratio



Source: Arkose Merger Model, tax basis information provided by PWC, and Bloomberg market data as of 10-Aug-2018  
 Note: Tax exempt entities include exempt organizations, pension plans, IRAs, and Roth IRAs. Other includes partnerships, individuals, trusts, clearing entities, estates, qualified retirement plans, unknown entities, and educational IRAs.

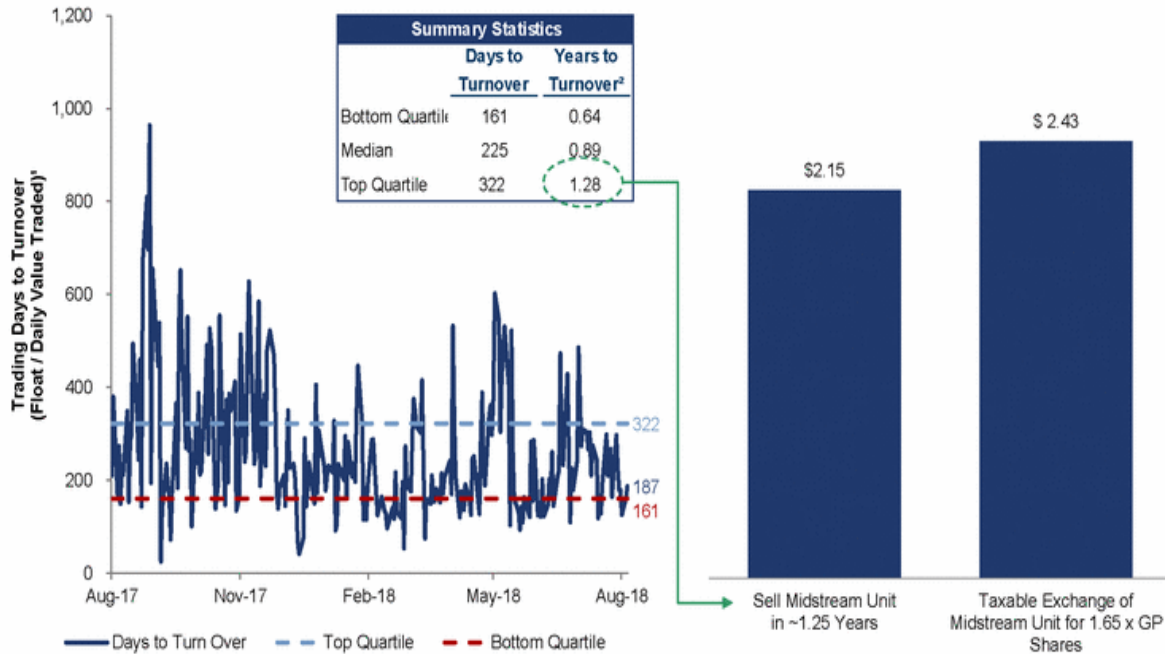


# Turnover in Midstream’s Investor Base Suggest Tax Implications are Primarily a Matter of Timing

INVESTMENT BANKING  
DIVISION

On average, ~1% of Midstream’s float is traded on a given day

The present value impact of accelerating a unitholder’s tax liability is minimal<sup>3</sup>



Source: Arkose Merger Model and tax basis information provided by PWC, Thomson Reuters shareholder data, Bloomberg market data as of 10-Aug-2018  
<sup>1</sup> Float based on total public units and daily VWAP. <sup>2</sup> Assumes 252 trading days per year. <sup>3</sup> Includes state and local taxes, implying a tax liability of \$2.27 today. For illustrative purpose, analysis assumes no change in tax liability upon sale in 1.25 years. Present value analysis assuming 10% discount rate.



# Midstream Unitholders Are Better Off Even Accounting for Incremental Cash Taxes

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Source: Arkose Projections, Arkose Merger Model, tax basis calculations provided by PWC, and Bloomberg market data as of 10-Aug-2018



## Basis of Presentation – Status Quo After Tax Cash Flow to Midstream Unitholders

	2018	2019	2020	2021	2022	Terminal
Midstream Distributions	\$ 1.72	\$ 2.21	\$ 2.85	\$ 3.42	\$ 4.10	
(-) Projected Tax Liability <sup>1</sup>	0.00	(0.00)	(0.00)	(0.01)	(0.01)	
After Tax Distribution	\$ 1.72	\$ 2.21	\$ 2.85	\$ 3.41	\$ 4.09	
Basis at YE17						\$ 23.27
(-) Distributions Received (2018-2022)						(14.30)
(+) Net Income Allocated (2018-2022)						(2.83)
Basis at YE2022						\$ 6.14
Sale at 12/31/2022 - Assumes Current Midstream Unit Price						\$ 32.25
(-) Basis at YE2022						(6.14)
(-) Passive Activity Losses at YE2022						(3.96)
Gains Subject to Tax						\$ 22.15
Ordinary Gain / (Loss)						\$ 18.94
Capital Gain / (Loss)						3.21
Total Gain / (Loss)						\$ 22.15
Ordinary Income Taxes <sup>2</sup>						\$ 6.33
Capital Gain / (Loss)						0.76
Total Cash Taxes Upon Sale						\$ 7.09
Sale at 12/31/2022 - Assumes Current Midstream Unit Price						\$ 32.25
(-) Total Cash Taxes Upon Sale						(7.09)
Net Proceeds from Sale of Unit						\$ 25.16
Status Quo After Tax Cash Flows to Midstream Unitholders		\$ 2.21	\$ 2.85	\$ 3.41	\$ 4.09	\$ 25.16
PV of Cash Flows (YE 2018)		\$2.11	\$2.47	\$2.69	\$2.93	\$17.18
Net Present Value		\$ 27.38				

Source: Arkose Projections, Arkose Merger Model, tax basis calculations provided by PWC, and Bloomberg market data as of 10-Aug-2018

<sup>1</sup> Based on PWC projected income allocation and assumed 33.4% ordinary income tax rate.

<sup>2</sup> Includes 37% ordinary income rate, 20% partnership deduction on ordinary income, and 3.8% investment income tax rate.

# Basis of Presentation – Pro Forma After Tax Cash Flow to Midstream Unitholders

1.65 x Exchange Ratio | All Equity

	2018	2019	2020	2021	2022	Terminal
Tax Basis at Year End 2017	\$ 23.27					
Taxes Incurred in Merger	(2.43)					
Cash Received from Offer	0.00					
Stepped Up Basis Upon Close	31.91					
Dividends to Pro Forma Midstream Unitholder		\$2.21	\$2.85	\$3.53	\$4.30	
% RoC		80%	71%	67%	61%	
% QD		20%	29%	33%	39%	
Return of Capital		\$1.76	\$2.03	\$2.36	\$2.64	
Qualified Dividends		0.45	0.81	1.17	1.66	
Projected Tax Liability		(0.11)	(0.19)	(0.28)	(0.40)	
<b>After Tax Distributions</b>		<b>\$2.10</b>	<b>\$2.65</b>	<b>\$3.25</b>	<b>\$3.90</b>	
Sale at 12/31/22 - Assumes No Change in Value from Consideration Received in Transaction						\$ 31.91
(-) Basis on Conversion						(31.91)
(+) Dividends Treated as Return of Capital						8.79
Gain on Sale						\$ 8.79
Tax on Gain						\$ 2.09
Sale at 12/31/22 - Assumes No Change in Value from Consideration Received in Transaction						31.91
(-) Taxes on Gain						(2.09)
Net Proceeds						\$ 29.82
Total Cash Flow	(2.43)	\$2.10	\$2.65	\$3.25	\$3.90	\$ 29.82
PV of Cash Flows (YE 2018)	\$(2.43)	\$ 2.00	\$ 2.30	\$ 2.56	\$ 2.80	\$ 20.37
Net Present Value	\$ 27.60					

Source: Arkose Projections, Arkose Merger Model, tax basis calculations provided by PWC, and Bloomberg market data as of 10-Aug-2018

PRELIMINARY CONFIDENTIAL DRAFT – FOR DISCUSSION PURPOSES ONLY

Goldman  
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INVESTMENT BANKING  
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## Project Francis

### Conflicts Committee of the Board of Directors of Arkose GP LLC

#### Discussion Materials

August 20<sup>th</sup>, 2018

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## Review of Offers to Date

## Summary of Economic Terms

Date	Proposal	Summary
4-Jun-2018	GP Proposal	1.60x Exchange Ratio (All equity)
14-Jul-2018	Midstream / Upstream Response	1.96x Exchange Ratio (1.75x + \$4/unit cash)
20-Jul-2018	Revised GP Proposal	1.65x Exchange Ratio (All equity)
25-Jul-2018	Revised Midstream / Upstream Response	1.91x Exchange Ratio (1.71x + \$3.84/unit cash)
12-Aug-2018	Revised GP Proposal	1.70x Exchange Ratio (All equity)
14-Aug-2018	Revised Midstream / Upstream Response (In Person)	1.865x Exchange Ratio (1.71x + \$3.00/unit cash)
14-Aug-2018	Revised GP Proposal (In Person)	1.70x Exchange Ratio (1.5449 x + \$3/unit cash)

Note: All-in exchange ratios based on the exchange ratio equivalent to the cash component based on the price date referenced in the respective offers.



## Summary of Key Terms and Conditions

Description of Transactions	Consideration to Midstream	
<b>Midstream Transaction</b>	<b>14-Aug Offers</b>	
	<b>GP</b>	<b>Midstream</b>
■ GP converts into Delaware C-Corp	Equity Exchange Ratio	1.5449 x 1.7100 x
■ GP acquires all outstanding units of Midstream for a mix of cash and stock, issuing [1.5449x] shares and paying [\$3.00 per unit] in cash, representing an aggregate exchange ratio of 1.70x as of 10-Aug-2018, the reference date used in prior negotiations	(x) GP Share Price (10-Aug-2018)	\$ 19.34 \$ 19.34
■ Taxable transaction to Midstream unitholders	Equity Value of Offer	\$ 29.88 \$ 33.07
— Basis step up, combined with the step-up from Series B transaction, expected to fully shield the pro forma company from cash taxes through 2021, with minimal (<\$20mm) cash taxes in 2022 and substantial tax attributes remaining at the end of the forecast period	(+) Cash Consideration Per Unit	3.00 3.00
■ Assumed that coverage ratio adjusted so that Midstream unitholders are made whole on an "All-In" Exchange Ratio basis through Q4 2019, pending approval by New AMGP board	Total Offer Value	\$ 32.88 \$ 36.07
	"All In" Exchange Ratio <sup>1</sup>	1.7000 x 1.8651 x
<b>Settlement of Series B Profit Interests in IDR LLC</b>	<b>Pro Forma Shares Outstanding</b>	
■ Series B units of IDR LLC exchanged at Transaction Announcement for 18.5mm shares of GP	GP Shares	186.2 186.2
■ Conditioned on completion of the Midstream transaction	Midstream Units	187.0 187.0
	(+) Midstream LTIP	1.1 1.1
	Midstream Fully Diluted Units	188.1 188.1
	(x) Equity Exchange Ratio	1.5449 x 1.7100 x
	Shares Issued to Midstream	290.6 321.7
	GP Shares to Series B Unitholders	18.5 18.5
	Pro Forma Shares Outstanding	495.3 526.4
<b>Proposed Shareholder / Unitholder Votes</b>	<b>Pro Forma Ownership</b>	
■ Majority of public unaffiliated shareholders of GP and Midstream to vote separately to approve transaction	GP Shareholders	37.6 % 35.4 %
	Midstream Unitholders	58.7 61.1
	Series B Unitholders	3.7 3.5

Source: Arkose Midstream and Arkose GP 2017 1Q 10-Qs and Bloomberg market data as of 16-Aug-2018

## Sources and Uses and Pro Forma Capitalization

1.70 x Exchange Ratio to Midstream | 18.5mm Shares to Series B Unitholders

Sources		Uses	
<b>Midstream</b>			
Existing Balance Sheet Cash (Est. YE 2018)	\$ 5	Purchase of Midstream Equity - Equity Consideration	\$ 5,621
Issuance of New Debt to Fund Transaction <sup>1</sup>	577	Purchase of Midstream Equity - Cash Consideration	564
		Settlement of Series B Units	358
		Cash to Balance Sheet	5
		Transaction Expenses	13
<b>GP</b>			
Existing Balance Sheet Cash (Est. YE 2018)	\$ 0		
Issuance of New Equity to Midstream	5,621		
Issuance of New Equity to Series B Unitholders	358		
<b>Total Sources</b>	<b>\$ 6,561</b>	<b>Total Uses</b>	<b>\$ 6,561</b>

## Estimated Capitalization at YE 2018

	Status Quo		Pro Forma	
	x LTM		x LTM	
	\$	EBITDA	\$	EBITDA
<b>Consolidated Arkose Midstream (Midstream + GP)</b>				
Cash	\$ 5		\$ 5	
RCF Borrowings	498		498	
Senior Notes	1,150		1,150	
New Debt to Fund Transaction	-		577	
Capitalization of Water Drop Down (2019E)	125		125	
<b>Total Debt</b>	<b>\$ 1,773</b>	<b>2.4 x</b>	<b>\$ 2,350</b>	<b>3.2 x</b>
<b>Net Debt</b>	<b>1,768</b>	<b>2.4</b>	<b>2,345</b>	<b>3.2</b>
<b>Consolidated Liquidity Profile</b>				
Consolidated Cash and Cash Equivalents	\$ 5		\$ 5	
(+) RCF Availability	1,500		1,500	
(-) RCF Borrowings (Assumes Cash Payment Funded by Revolver)	(498)		(1,075)	
<b>Total Consolidated Liquidity</b>	<b>\$ 1,007</b>		<b>\$ 430</b>	
<b>LTM Adj. EBITDA (YE 2018)</b>	<b>\$ 730</b>			

Source: Arkose Projections, Arkose Midstream and Arkose GP 2Q2018 10-Qs, and Bloomberg market data as of 16-Aug-2018

Note: GP and AM prices as of 10-Aug-2018.

<sup>1</sup> Includes transaction expenses.

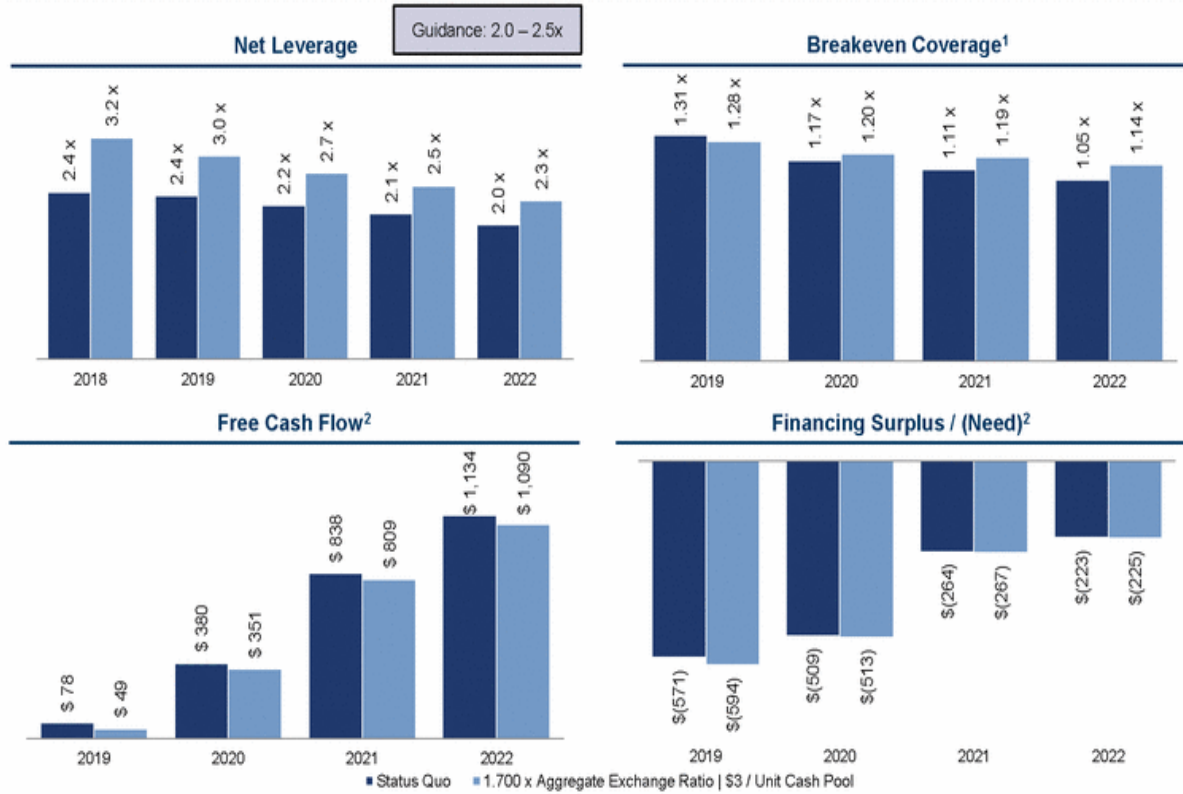




# Summary Impact of Cash Pool on Key Financial Metrics at New GP

INVESTMENT BANKING  
DIVISION

Management Base Case | Illustrative 1.700x All-in Exchange Ratio



Source: Arkose Projections, Arkose Merger Model, and Bloomberg market data as of 16-Aug-2018

<sup>1</sup> Based on total distributions assuming DPS set based off of Midstream S.Q. base case DPU divided by the all-in exchange ratio of 1.70x. <sup>2</sup> Assumes breakeven distributions paid.



# Summary Give Gets Analysis at Various Exchange Ratios

INVESTMENT BANKING  
DIVISION

	Dividend Discount Model <sup>1</sup>		Present Value of Future Share Price <sup>2</sup>	
	Status Quo	\$ 23.15  \$ 38.91	Status Quo	\$ 17.92  \$ 30.96
\$3 / Unit Cash Pool	P.F @ 1.700 x	\$ 25.04  \$ 40.48	P.F @ 1.700 x	\$ 22.19  \$ 35.13
	P.F @ 1.725 x	\$ 24.81  \$ 40.11	P.F @ 1.725 x	\$ 21.97  \$ 34.79
	P.F @ 1.750 x	\$ 24.58  \$ 39.74	P.F @ 1.750 x	\$ 21.76  \$ 34.46
	P.F @ 1.775 x	\$ 24.35  \$ 39.36	P.F @ 1.775 x	\$ 21.55  \$ 34.14
	P.F @ 1.800 x	\$ 24.12  \$ 38.98	P.F @ 1.800 x	\$ 21.34  \$ 33.82
	P.F @ 1.825 x	\$ 23.90  \$ 38.62	P.F @ 1.825 x	\$ 21.14  \$ 33.51
	P.F @ 1.850 x	\$ 23.68  \$ 38.27	P.F @ 1.850 x	\$ 20.95  \$ 33.21
	P.F @ 1.865 x	\$ 23.56  \$ 38.07	P.F @ 1.865 x	\$ 20.83  \$ 33.03
All Equity	P.F @ 1.700 x	\$ 24.22  \$ 39.14	P.F @ 1.700 x	\$ 21.55  \$ 33.86
	P.F @ 1.725 x	\$ 24.02  \$ 38.81	P.F @ 1.725 x	\$ 21.35  \$ 33.56
	P.F @ 1.750 x	\$ 23.80  \$ 38.46	P.F @ 1.750 x	\$ 21.16  \$ 33.26
	P.F @ 1.775 x	\$ 23.59  \$ 38.12	P.F @ 1.775 x	\$ 20.96  \$ 32.96
	P.F @ 1.800 x	\$ 23.38  \$ 37.77	P.F @ 1.800 x	\$ 20.77  \$ 32.67

Source: Arkose Projections and Bloomberg market data as of 16-Aug-2018

<sup>1</sup> Low DDM values calculated using a 1.5% PGR and a 10% discount rate and high values calculated using a 3.0% PGR and a 8% discount rate.

<sup>2</sup> Low value calculated as 2019E dividend capitalized at a 7.0% and 7.5 % for status quo and pro forma respectively. High value calculated as 2021E dividend capitalized at a 6.0% and 6.5% yield for status quo and pro forma respectively. Analysis assumes 9% cost of equity in both the status quo case and the pro forma case.

# Illustrative GP / Midstream Contribution Analysis

(\$ in millions)

	Arkose GP Common Shares	IDR LLC Series B	Midstream LP Unitholders	Ratio of Cash Distributions			Aggregate Exchange Ratio To Midstream <sup>1</sup>	
Status Quo Cash Distributions to Equity (Midstream, IDR LLC, and GP)	FY 2018E	\$ 100	\$ 7	\$ 320	23.4 %	1.8 %	75.0 %	3.140 x
	FY 2019E	165	12	414	27.9 %	2.1 %	70.0 %	2.454
	FY 2020E	249	20	533	31.1 %	2.4 %	66.5 %	2.097
	FY 2021E	324	26	640	32.7 %	2.6 %	64.6 %	1.935
	FY 2022E	413	34	767	34.0 %	2.8 %	63.2 %	1.819
New AMGP	1.700 x All In Exchange Ratio (All Equity)			35.5 %	3.5 %	61.0 %	1.700 x	
	1.800 x All In Exchange Ratio (All Equity)			34.3 %	3.4 %	62.3 %	1.800	
	1.865 x All In Exchange Ratio (All Equity)			33.5 %	3.3 %	63.2 %	1.865	

Source: Arkose Projections

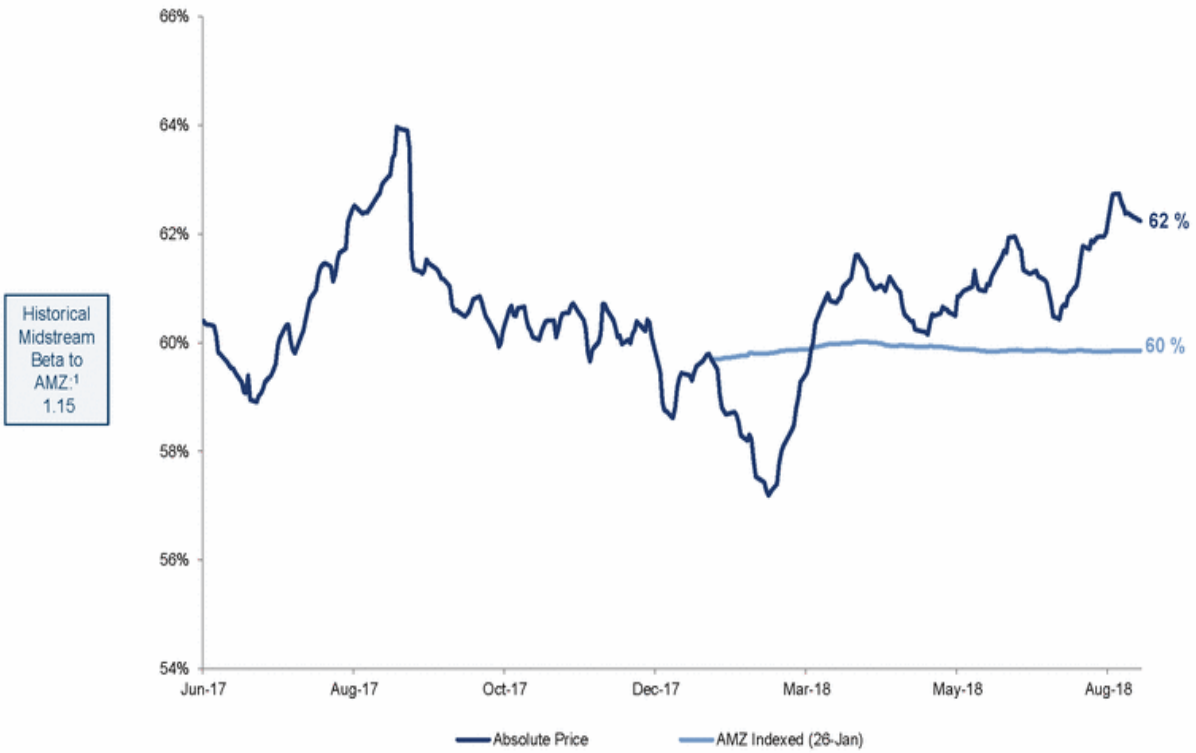
<sup>1</sup> In the status quo case analysis, calculated assuming fixed 18.5mm shares issued to retire Series B units and exchange ratio to Midstream required to set GP's pro forma ownership equal to its portion of cash distributions. For New AMGP, represents proportional ownership based on an all-equity offer at a given exchange ratio.



# Historical Midstream and GP Market Cap

INVESTMENT BANKING  
DIVISION

Based on 5-Trading Day VWAP & AMZ Index | Status Quo Series B Conversion  
Mechanics | Since 01-Jun-2017



Source: Bloomberg market data as of 16-Aug-2018  
<sup>1</sup> Based on weekly % change over the past two years. GP beta unavailable due to limited trading history.

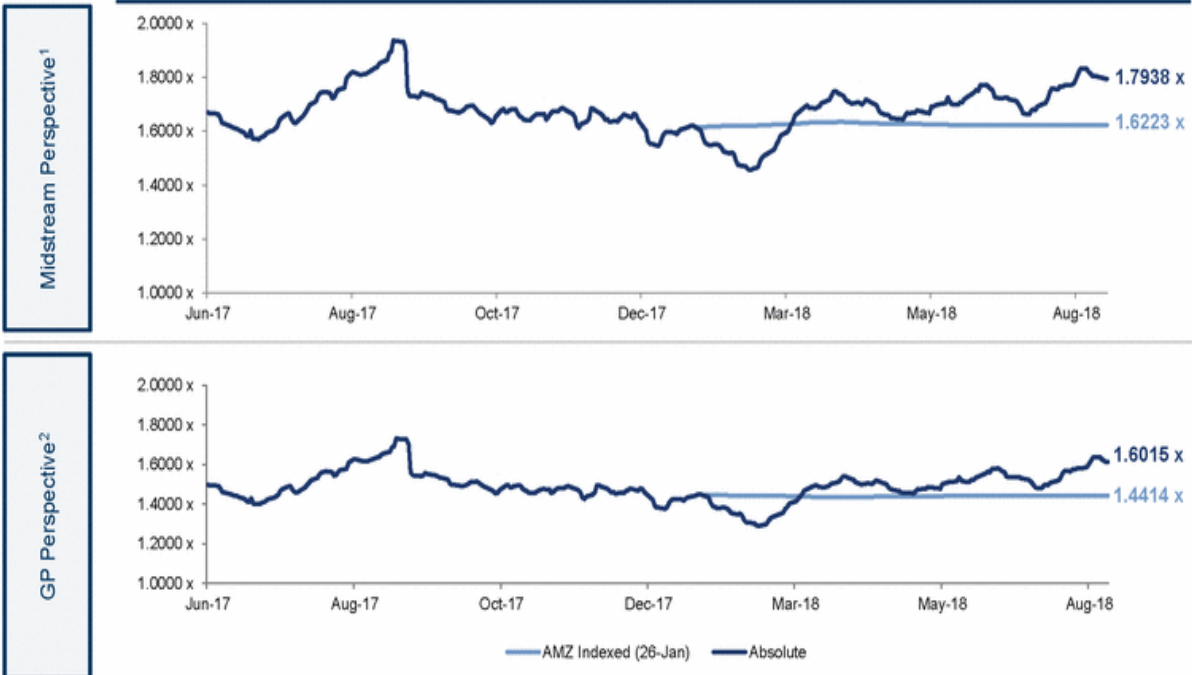


# Historical Midstream and GP Market Cap

INVESTMENT BANKING  
DIVISION

Based on 5-Trading Day VWAP & AMZ Index | Status Quo Series B Conversion Mechanics | Since 01-Jun-2017

Exchange Ratio Required To Equal Percent of Total Status Quo Equity (Assuming 18.5mm Shares to Series B)



Source: Bloomberg market data as of 16-Aug-2018

<sup>1</sup> Defined as the exchange ratio that results in Midstream owning an percent of the pro forma company equivalent to their percentage of the observed market cap, with GP's shares plus the 18.5mm shares equivalent to GP's percentage of the observed market cap. <sup>2</sup> Defined as the exchange ratio that results in GP owning a percent of the pro forma company equivalent to its percentage of the observed market cap, with Midstream's units plus the portion of the 18.5mm shares issued to the Series B that is in excess of the market conversion mechanism of the Series B equivalent to GP's portion of the observed market cap. The portion of the 18.5mm units issued to the Series B that would also be issued based on the status quo mechanism is included in GP's ownership.



# Illustrative Analysis at Various Equity Values

INVESTMENT BANKING  
DIVISION

## Pro Forma Arkose GP + Midstream

PV10 of 2019-2022 Cash Tax Savings: ~\$289mm <sup>1</sup>	PV10 of Residual Step Up in Tax Basis at End of Forecast: \$488mm <sup>1</sup>
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	Combined Market Cap - Current Value		Approx. Combined Market Cap - Indexed Value			
Illustrative Equity Value Before Cash	\$ 9,272	\$ 9,500	\$ 9,750	\$ 10,000	\$ 10,250	\$ 10,500
(-) Cash Consideration	(564)	(564)	(564)	(564)	(564)	(564)
<b>Illustrative PF Equity Value<sup>2</sup></b>	<b>\$ 8,708</b>	<b>\$ 8,936</b>	<b>\$ 9,186</b>	<b>\$ 9,436</b>	<b>\$ 9,686</b>	<b>\$ 9,936</b>

		Implied Share Price / % Premium vs. Current Share Price (\$18.72)						
GP Perspective	All In Exchange Ratio	1.700 x	\$ 17.61 / (6)%	\$ 18.08 / (3)%	\$ 18.58 / (1)%	\$ 19.09 / 2 %	\$ 19.59 / 5 %	\$ 20.10 / 7 %
		1.725	\$ 17.45 / (7)%	\$ 17.90 / (4)%	\$ 18.41 / (2)%	\$ 18.91 / 1 %	\$ 19.41 / 4 %	\$ 19.91 / 6 %
		1.750	\$ 17.29 / (8)%	\$ 17.74 / (5)%	\$ 18.23 / (3)%	\$ 18.73 / 0 %	\$ 19.23 / 3 %	\$ 19.72 / 5 %
		1.775	\$ 17.13 / (9)%	\$ 17.57 / (6)%	\$ 18.07 / (3)%	\$ 18.56 / (1)%	\$ 19.05 / 2 %	\$ 19.54 / 4 %
		1.800	\$ 16.97 / (9)%	\$ 17.41 / (7)%	\$ 17.90 / (4)%	\$ 18.39 / (2)%	\$ 18.87 / 1 %	\$ 19.36 / 3 %
		Implied Share Price + Pro Rata Cash Proceeds / % Premium vs. Current Unit Price (\$30.28)						
Midstream Perspective	All In Exchange Ratio	1.700 x	\$ 30.12 / (1)%	\$ 30.83 / 2 %	\$ 31.61 / 4 %	\$ 32.39 / 7 %	\$ 33.17 / 10 %	\$ 33.95 / 12 %
		1.725	\$ 30.30 / 0 %	\$ 31.02 / 2 %	\$ 31.80 / 5 %	\$ 32.58 / 8 %	\$ 33.37 / 10 %	\$ 34.15 / 13 %
		1.750	\$ 30.48 / 1 %	\$ 31.20 / 3 %	\$ 31.99 / 6 %	\$ 32.78 / 8 %	\$ 33.56 / 11 %	\$ 34.35 / 13 %
		1.775	\$ 30.65 / 1 %	\$ 31.38 / 4 %	\$ 32.17 / 6 %	\$ 32.96 / 9 %	\$ 33.76 / 11 %	\$ 34.55 / 14 %
		1.800	\$ 30.82 / 2 %	\$ 31.55 / 4 %	\$ 32.35 / 7 %	\$ 33.15 / 9 %	\$ 33.95 / 12 %	\$ 34.75 / 15 %
		% Premium vs. 26-Jan-2018 Indexed Price (\$31.86)						
Midstream Perspective	All In Exchange Ratio	1.700 x	(3)%	(1)%	2 %	4 %	7 %	9 %
		1.725	(2)	(0)	2	5	7	10
		1.750	(2)	0	3	6	8	11
		1.775	(1)	1	4	6	9	11
		1.800	(1)	2	4	7	9	12

Source: Arkose Projections, Arkose Merger Model, and Bloomberg market data as of 16-Aug-2018

Note: Analysis assumes 18.5mm shares issued to Series B.

<sup>1</sup> PV10 calculated based on midyear convention and discounted to 30-Jun-2018. PV10 of residual step up calculated from PWC/Arkose provided depreciation schedule for step up in tax basis assuming 1.75x exchange ratio and share/unit prices as of 16-Aug-2018; analysis assumes 25.3% tax rate.

<sup>2</sup> Arkose status quo equity value based on combined Midstream diluted equity value, market implied Series B value, and GP equity value. Pro forma share count includes LTIP.

## Summary Financial Impact

All In Exchange Ratios | \$3 / Unit Cash Pool | Mixed Election Unitholder Perspective

GP Perspective	GP P.F. DCF / Share Acc. (Dil.)					GP P.F. DPS / Share Acc. (Dil.) <sup>1</sup>					Midstream Tax on Gain	
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total	Federal	+State
	1.700 x	88 %	52 %	39 %	26 %	44 %	47 %	31 %	25 %	20 %	27 %	\$ 1.96
1.725	86	51	38	25	43	44	29	24	19	26	2.07	2.54
1.750	84	49	36	24	42	42	28	23	18	25	2.18	2.67
1.775	83	48	35	23	40	40	27	22	16	24	2.29	2.81
1.800	81	47	34	21	39	38	26	20	15	22	2.40	2.95

Midstream Perspective	Midstream P.F. DCF / Unit Acc. (Dil.)					Midstream P.F. DPU / Share Acc. (Dil.) <sup>1</sup>					Breakeven Coverage <sup>2</sup>			
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total	2019	2020	2021	2022
	1.700 x	(7)%	(3)%	(1)%	0 %	(2)%	(9)%	(6)%	(2)%	(0)%	(4)%	1.28 x	1.22 x	1.20 x
1.725	(6)	(3)	0	1	(1)	(9)	(5)	(1)	1	(3)	1.29	1.22	1.21	1.17
1.750	(6)	(2)	1	2	(1)	(9)	(4)	(1)	1	(2)	1.30	1.23	1.21	1.17
1.775	(5)	(1)	1	2	(0)	(9)	(4)	(0)	2	(2)	1.30	1.23	1.22	1.18
1.800	(4)	(1)	2	3	0	(9)	(3)	1	3	(1)	1.31	1.24	1.23	1.18

Status Quo Coverage	1.31 x	1.17 x	1.11 x	1.05 x
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Source: Arkose Projections, Arkose Merger Model, and Bloomberg market data as of 16-Aug-2018

<sup>1</sup> DPS accretion (dilution) based on constant coverage in '20-22 and Midstream unitholders kept whole on an all-in exchange ratio basis in '19<sup>2</sup> Breakeven coverage calculated as the coverage ratio required to keep Midstream unitholders' cash distributions whole on an all-in exchange ratio basis.



## Summary Financial Impact

All In Exchange Ratios | \$3 / Unit Cash Pool | All-Equity Election Unitholder  
Perspective

GP Perspective	GP P.F. DCF / Share Acc. (Dil.)					GP P.F. DPS / Share Acc. (Dil.) <sup>1</sup>					Midstream Tax on Gain	
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total	Federal	+State
	1.700 x	88 %	52 %	39 %	26 %	44 %	47 %	31 %	25 %	20 %	27 %	\$ 1.96
1.725	86	51	38	25	43	44	29	24	19	26	2.07	2.54
1.750	84	49	36	24	42	42	28	23	18	25	2.18	2.67
1.775	83	48	35	23	40	40	27	22	16	24	2.29	2.81
1.800	81	47	34	21	39	38	26	20	15	22	2.40	2.95

Midstream Perspective	Midstream P.F. DCF / Unit Acc. (Dil.)					Midstream P.F. DPU / Share Acc. (Dil.) <sup>1</sup>					Breakeven Coverage <sup>2</sup>			
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total	2019	2020	2021	2022
	1.700 x	3 %	7 %	10 %	11 %	8 %	0 %	4 %	8 %	10 %	7 %	1.28 x	1.22 x	1.20 x
1.725	3	7	10	11	9	0	5	9	11	7	1.29	1.22	1.21	1.17
1.750	4	8	11	12	9	0	5	9	11	7	1.30	1.23	1.21	1.17
1.775	4	8	11	13	10	0	6	10	12	8	1.30	1.23	1.22	1.18
1.800	5	9	12	13	10	0	6	10	13	8	1.31	1.24	1.23	1.18

Status Quo Coverage	1.31 x	1.17 x	1.11 x	1.05 x
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Source: Arkose Projections, Arkose Merger Model, and Bloomberg market data as of 16-Aug-2018

<sup>1</sup> DPS accretion (dilution) based on constant coverage in '20-22 and Midstream unitholders kept whole on an all-in exchange ratio basis in '19<sup>2</sup> Breakeven coverage calculated as the coverage ratio required to keep Midstream unitholders' cash distributions whole on an all-in exchange ratio basis.

## Illustrative Potential Discussion Points for Midstream Proposal – To Be Discussed

Primary Objectives	Main Observations About Proposal	Prior Areas of "Push-Back"
<ul style="list-style-type: none"> <li>■ Need to reach agreement expeditiously or move on</li> <li>■ Merger consideration               <ul style="list-style-type: none"> <li>— Aggregate exchange ratio</li> <li>— Implied mixed consideration</li> </ul> </li> <li>■ AR governance proposal</li> <li>■ Series B vesting</li> <li>■ Value of governance enhancements to protect unitholders/shareholders</li> </ul>	<ul style="list-style-type: none"> <li>■ Near-term value of \$[32] - \$[33] per unit in New AMGP               <ul style="list-style-type: none"> <li>— Not a "short-change" of the individual unitholder</li> <li>— Not a "back-door" distribution cut scenario</li> <li>— Greater upside for AM in New AMGP versus status quo</li> </ul> </li> <li>■ Large cash pool as you've requested               <ul style="list-style-type: none"> <li>— Majority of AM unitholders will look at this on a pre-tax basis</li> <li>— Still, conceded large cash pool                   <ul style="list-style-type: none"> <li>– Public: Covers hypothetical cash taxes for average unitholder</li> <li>– AR: Minimum of \$3/unit and potentially much more</li> </ul> </li> </ul> </li> <li>■ Equitable split of accretion               <ul style="list-style-type: none"> <li>— AM unitholder receiving mixed consideration essentially whole over 4-year period on DCF – exclusive of cash consideration</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Equitable accretion</li> <li>■ Appropriate premium</li> <li>■ Acceptable status quo</li> <li>■ Desire for something compelling and worth-doing</li> </ul>



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Appendix A: Additional Reference Materials

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## Implied Premiums and Illustrative Ownership Impact at Various Exchange Ratios

 INVESTMENT BANKING  
DIVISION

	Last Close		30 Trading Day VWAP		Illustrative All Equity Exchange Ratio Range											
	1.62 x	1.66 x	1.700 x	1.725 x	1.750 x	1.775 x	1.800 x	1.825 x	1.850 x	1.865 x						
Illustrative Exchange Ratios (Midstream / GP)																
Shares Issued for Midstream <sup>1</sup>	304	312	320	325	329	334	339	343	348	351						
(+) Series B Conversion	19	19	19	19	19	19	19	19	19	19						
(+) GP Shares Outstanding	186	186	186	186	186	186	186	186	186	186						
Total Shares Outstanding	509	516	525	529	534	539	543	548	553	556						
	<b>Metrics</b>		<b>Implied Premia</b>													
<b>Current</b>	<u>Midstream</u>	<u>GP</u>														
Last Close	\$ 30.28	\$ 18.72	0 %	2 %	5 %	7 %	8 %	10 %	11 %	13 %	14 %	15 %				
30-Trading Day VWAP	31.59	19.06	(2)	0	3	4	6	7	9	10	12	13				
Midstream VWAP / GP Closing Pric	31.59	18.72	(4)	(2)	1	2	4	5	7	8	10	11				
<b>At 26-Jan-2018 (1 Trading Day Prior to Strategic Review)</b>																
Last Close	\$ 33.13	\$ 22.02	8 %	10 %	13 %	15 %	16 %	18 %	20 %	21 %	23 %	24 %				
30-Trading Day VWAP	30.23	19.93	7	9	12	14	15	17	19	20	22	23				
Midstream VWAP / GP Closing Pric	30.23	22.02	18	21	24	26	27	29	31	33	35	36				
<b>Pro Forma Ownership - All Equity</b>																
Midstream	59.8 %	60.4 %	61.0 %	61.3 %	61.7 %	62.0 %	62.3 %	62.6 %	63.0 %	63.2 %						
Series B	3.6	3.6	3.5	3.5	3.5	3.4	3.4	3.4	3.4	3.3	3.3					
GP	36.6	36.1	35.5	35.2	34.9	34.6	34.3	34.0	33.7	33.5						

Source: Arkose Midstream and GP 2017 10-Ks and Bloomberg market data as of 16-Aug-2018

Note: Some values not shaded due to rounding.

<sup>1</sup> Includes ~1mm units under Midstream's LTIP and ~187mm common units outstanding.



# YTD Stock Price Performance

INVESTMENT BANKING  
DIVISION

Arkose Absolute Price and AMZ Indexed Prices | Indexed Based on GP Peak  
(26-Jan-2018) and Day Prior to Special Committee Formation (23-Feb-2018)



Source: Bloomberg market data as of 16-Aug-2018  
<sup>1</sup> Based on weekly % change over the past two years. GP beta unavailable due to limited trading history.

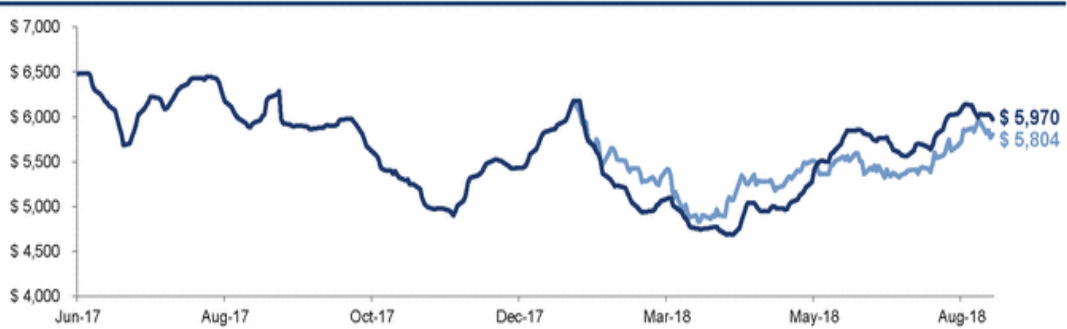


# Historical Midstream and GP Market Cap

INVESTMENT BANKING  
DIVISION

Based on 5-Trading Day VWAP & AMZ Index | Status Quo Series B Conversion  
Mechanics | Since 1-Jun-2018

Midstream Market cap



GP Market Cap



Source: Bloomberg market data as of 16-Aug-2018







# Illustrative Arkose GP Discounted Dividends Analysis INVESTMENT BANKING DIVISION

Pro Forma GP | 1.7000 x All-Exh. Ratio (1.5397 x Equity + \$3.00 / Unit Cash)

(\$ in millions, except per share data)

Assumptions	Illustrative Discounted Cash Flow						
■ Implied value as of 6/30/2018	Pro Forma DDM	2H18	2019	2020	2021	2022	Terminal
	Dividends Received	\$ 0.54	\$ 1.30	\$ 1.75	\$ 2.18	\$ 2.66	\$ 2.14
■ Discounted using mid-year convention	Perpetuity Growth Rate						2.0%
	Implied Terminal Value						\$ 31.22
	Implied NTM Yield at Y.E. 2022						6.7 %
	Total Cash Flows	\$ 0.54	\$ 1.30	\$ 1.75	\$ 2.18	\$ 2.66	\$ 31.22
■ Perpetuity growth rate of 2.0%	Present Value of Cash Flows	\$0.52	\$1.19	\$1.47	\$1.68	\$1.88	\$22.12
	Implied Per Share Value of Pro Forma GP	\$ 28.87					
■ Ke of 9.0%							Ann. Avg.
■ Distribution policy set so that Midstream unitholders do not incur dilution in 2018 or 2019, then based on constant coverage thereafter	Pro Forma Tax Attributes	2023	2024	2025	2026	2027	2028-2032
	Step Up Depreciation	\$551	\$507	\$464	\$452	\$442	\$379
	(x) Tax Rate	25%	25%	25%	25%	25%	25%
	Cash Tax Savings	140	128	117	115	112	\$ 96
	Present Value of Cash Tax Savings	\$ 91	\$ 77	\$ 64	\$ 57	\$ 52	\$ 35
	Total PV of Cash Tax Savings	\$ 513					
	Value Per Pro Forma Share	\$1.04					
Implied Per Share Value of Pro Forma GP + Tax Synergies	\$29.91						

Cost of Equity	Perpetuity Growth Rate				Implied Terminal Yield			
	1.50%	2.00%	2.50%	3.00%	1.50%	2.00%	2.50%	3.00%
8.0 %	\$ 32.63	\$ 34.81	\$ 37.38	\$ 40.48	6.3 %	5.8 %	5.3 %	4.8 %
8.5 %	30.33	32.17	34.32	36.87	6.7	6.2	5.8	5.3
9.0 %	28.33	29.91	31.73	33.85	7.2	6.7	6.2	5.7
9.5 %	26.58	27.94	29.50	31.29	7.6	7.2	6.7	6.2
10.0 %	25.04	26.22	27.56	29.10	8.1	7.6	7.2	6.7

Source: Arkose Projections and Bloomberg market data as of 16-Aug-2018

† 2022E PF DPS includes partial tax shield; terminal DPS calculated based on assumed 20% effective cash tax rate per management's guidance.

# Illustrative Present Value of Future Share Price - Pro Forma

1.7000 x All-Exh. Ratio (1.5397 x Equity + \$3.00 / Unit Cash) | (\$ in per share amounts)

Pro Forma	2H18	2019	2020	2021	2022
<b>Cash Flows to Equity</b>					
Dividend Per Share	\$ 0.54	\$ 1.30	\$ 1.75	\$ 2.18	\$ 2.66
Discount Period for Dividend Received <sup>1</sup>	0.25	1.00	2.00	3.00	
Illustrative Cost of Equity	9%				
Discount Factor	0.98	0.92	0.84	0.77	
<b>Present Value of Dividend Received</b>	<b>\$0.52</b>	<b>\$1.19</b>	<b>\$1.47</b>	<b>\$1.68</b>	
<b>Present Value of Future Share Price at Year End</b>					
NTM Dividend Per Share at Year End		\$ 1.75	\$ 2.18	\$ 2.66	
Illustrative NTM Dividend Yield		7.0%			
Implied Year End Share Price		\$24.96	\$31.09	\$37.99	
Discount Period for Share Price <sup>1</sup>		1.5	2.5	3.5	
Discount Factor		0.88	0.81	0.74	
<b>PV of Future Share Price</b>		<b>\$21.94</b>	<b>\$25.07</b>	<b>\$28.10</b>	
(+) PV of Cumulative Dividends Received		1.72	3.19	4.87	
<b>PV of Future Share Price and Dividends</b>		<b>\$23.65</b>	<b>\$28.25</b>	<b>\$32.96</b>	

Pro forma yield based on blended 2019 and 2020 Midstream and GP status quo yields

NTM Dividend Yield	Pro Forma Implied Value at Various Yields			Status Quo Implied Value at Various Yields		
	2019	2020	2021	2019	2020	2021
6.5 %	\$ 25.34	\$ 30.18	\$ 35.13	\$ 20.72	\$ 25.63	\$ 30.96
7.0 %	23.65	28.25	32.96	19.21	23.83	28.85
7.5 %	22.19	26.58	31.09	17.92	22.29	27.05

Source: Arkose Management, Bloomberg market data as of 16-Aug-2018  
<sup>1</sup> Distributions discounted according to the mid-period convention; all values discounted to 30-Jun-2018.



# Illustrative Arkose GP Discounted Dividends Analysis

INVESTMENT BANKING  
DIVISION

Status Quo GP | (\$ in millions, except per share data)

Assumptions	Illustrative Discounted Cash Flow						
	Status Quo DDM	2H18	2019	2020	2021	2022	Terminal
■ Implied value as of 6/30/2018	Dividends Received	\$ 0.31	\$ 0.89	\$ 1.34	\$ 1.74	\$ 2.22	\$ 2.22
	Perpetuity Growth Rate						2.0%
■ Discounted using mid-year convention	Implied Terminal Value						\$ 32.36
	Implied NTM Yield at Y.E. 2022						6.7 %
	Total Cash Flows	\$ 0.31	\$ 0.89	\$ 1.34	\$ 1.74	\$ 2.22	\$ 32.36
■ Perpetuity growth rate of 2.0%	Present Value of Cash Flows	\$0.30	\$0.81	\$1.13	\$1.34	\$1.57	\$22.92
	Implied Per Share Value of Pro Forma GP	\$ 28.08					
■ Ke of 9.0%							

Cost of Equity	Perpetuity Growth Rate				Implied Terminal Yield			
	1.50%	2.00%	2.50%	3.00%	1.50%	2.00%	2.50%	3.00%
8.0%	\$ 30.77	\$ 33.03	\$ 35.70	\$ 38.91	6.3 %	5.8 %	5.3 %	4.8 %
8.5%	28.45	30.37	32.59	35.23	6.7	6.2	5.8	5.3
9.0%	26.45	28.08	29.97	32.16	7.2	6.7	6.2	5.7
9.5%	24.69	26.10	27.71	29.57	7.6	7.2	6.7	6.2
10.0%	23.15	24.38	25.77	27.35	8.1	7.6	7.2	6.7

Source: Arkose Projections and Bloomberg market data as of 16-Aug-2018

# Illustrative Present Value of Future Share Price - Status Quo

(\$ in per share amounts)

Pro Forma	2H18	2019	2020	2021	2022
<b>Cash Flows to Equity</b>					
Dividend Per Share	\$ 0.31	\$ 0.89	\$ 1.34	\$ 1.74	\$ 2.22
Discount Period for Dividend Received <sup>1</sup>	0.25	1.00	2.00	3.00	
Illustrative Cost of Equity	9.0%				
Discount Factor	0.98	0.92	0.84	0.77	
<b>Present Value of Dividend Received</b>	<b>\$0.30</b>	<b>\$0.81</b>	<b>\$1.13</b>	<b>\$1.34</b>	
<b>Present Value of Future Share Price at Year End</b>					
NTM Dividend Per Share at Year End		\$ 1.34	\$ 1.74	\$ 2.22	
Illustrative NTM Dividend Yield		6.5%			
Implied Year End Share Price		\$20.60	\$26.78	\$34.16	
Discount Period for Share Price <sup>1</sup>		1.5	2.5	3.5	
Discount Factor		0.88	0.81	0.74	
<b>PV of Future Share Price</b>		<b>\$18.10</b>	<b>\$21.59</b>	<b>\$25.27</b>	
(+) PV of Cumulative Dividends Received		1.11	2.24	3.58	
<b>PV of Future Share Price and Dividends</b>		<b>\$19.21</b>	<b>\$23.83</b>	<b>\$28.85</b>	

Pro forma  
yield based  
on blended  
2019 and  
2020  
Midstream  
and GP  
status quo  
yields

	2019	2020	2021
6.0 %	\$ 20.72	\$ 25.63	\$ 30.96
6.5 %	19.21	23.83	28.85
7.0 %	17.92	22.29	27.05

Source: Arkose Management, Bloomberg market data as of 16-Aug-2018

<sup>1</sup> Distributions discounted according to the mid-period convention; all values discounted to 30-Jun-2018.



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## Project Francis

### Conflicts Committee of the Board of Directors of Arkose GP LLC

#### Precedent Premia Reference Materials

August 21, 2018

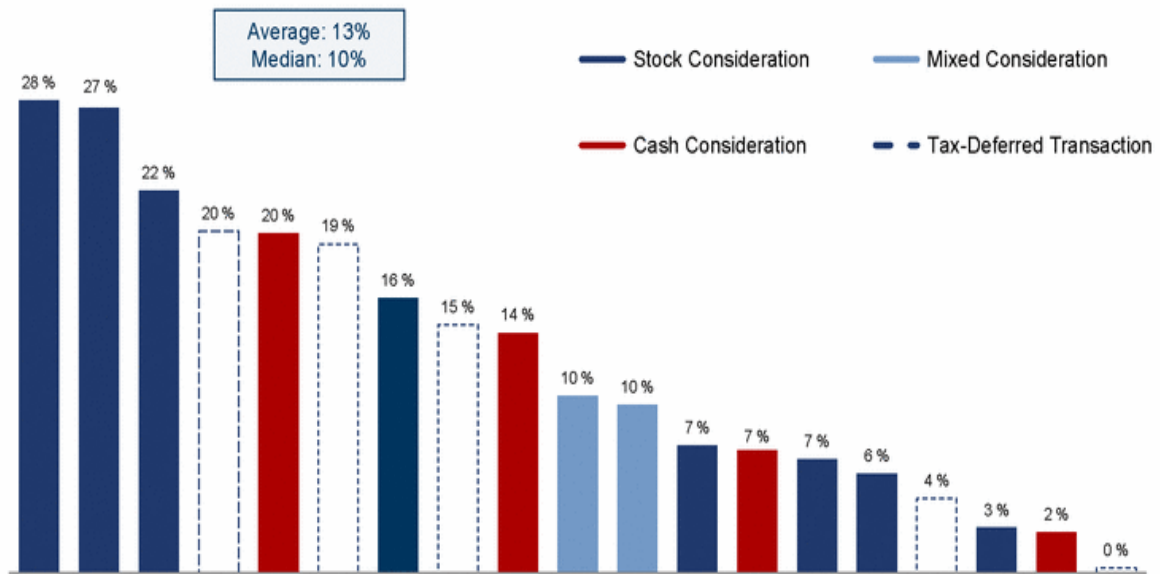
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# Implied Premiums and Illustrative Ownership Impact at Various Exchange Ratios

	Last Close	30 Trading Day VWAP	GP Last Offer								Midstream Last Offer	
			Illustrative All Equity Exchange Ratio Range									
Illustrative Exchange Ratios (Midstream / GP)	1.63 x	1.66 x	1.700 x	1.725 x	1.750 x	1.775 x	1.800 x	1.825 x	1.850 x	1.865 x		
Shares Issued for Midstream <sup>1</sup>	306	312	320	325	329	334	339	343	348	351		
(+) Series B Conversion	19	19	19	19	19	19	19	19	19	19		
(+) GP Shares Outstanding	186	186	186	186	186	186	186	186	186	186		
Total Shares Outstanding	511	517	525	529	534	539	543	548	553	556		
	<b>Metrics</b>		<b>Implied Premia</b>									
<b>Current</b>	<b>Midstream</b>	<b>GP</b>										
Last Close	\$ 31.06	\$ 19.09	(0)%	2 %	4 %	6 %	8 %	9 %	11 %	12 %	14 %	15 %
30-Trading Day VWAP	31.59	19.03	(2)	0	2	4	5	7	8	10	11	12
Midstream VWAP / GP Closing Price	31.59	19.09	(2)	0	3	4	6	7	9	10	12	13
<b>At 26-Jan-2018 (1 Trading Day Prior to Strategic Review)</b>												
Last Close	\$ 33.13	\$ 22.02	8 %	10 %	13 %	15 %	16 %	18 %	20 %	21 %	23 %	24 %
30-Trading Day VWAP	30.23	19.93	7	9	12	14	15	17	19	20	22	23
Midstream VWAP / GP Closing Price	30.23	22.02	19	21	24	26	27	29	31	33	35	36
<b>Pro Forma Ownership - All Equity</b>												
Midstream	59.9 %	60.4 %	61.0 %	61.3 %	61.7 %	62.0 %	62.3 %	62.6 %	63.0 %	63.2 %		
Series B	3.6	3.6	3.5	3.5	3.5	3.4	3.4	3.4	3.3	3.3		
GP	36.5	36.0	35.5	35.2	34.9	34.6	34.3	34.0	33.7	33.5		

Source: Arkose Midstream and GP 2017 10-Ks and Bloomberg market data as of 20-Aug-2018  
<sup>1</sup> Includes ~1mm units under Midstream's LTIP and ~187mm common units outstanding.



Date	Jan-18	May-16	Feb-17	May-15	May-17	Aug-18	Nov-15	Aug-14	Jun-18'	Aug-14	Aug-14	Aug-13	Mar-17	Jun-18	Mar-18'	Aug-13	Feb-18'	Jun-17	Feb-18
Acquirer	AROC	SEMG	OKE	CEQP	ETP	ETE	TRGP	KMI	TRP	KMI	KMI	PXD	VTTI / Buckeye	LNG	WMB	PAA	TEGP	WPT Inc	NS
Target	APLP	RRMS	OKS	CMLP	PTXP	ETP	NGLS	KMR	CPPL	EPB	KMP	PSE	VTTI	CQH	WPZ	PNG	TEP	WPT	NSH

Source: Company filings, press releases, and Bloomberg market data as of 20-Aug-2018

Note: All premia calculated based on an offer value derived from the offered exchange ratio times acquirer's 1-day prior closing share/unit price plus any cash consideration divided by the target's 30-trading day VWAP. † CPPL, WPZ, and TEP calculated based on dates when potential transactions were first publicly indicated to the market.



# Benchmarking Midstream's Proposed Consideration to Historical Market Prices Since Midstream IPO



Source: Bloomberg market data as of 20-Aug-2018

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## Project Francis

### Conflicts Committee of the Board of Directors of Arkose GP LLC

#### Perspectives on Alternative Consideration Mix for Series B Settlement

August 23, 2018

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# Summary of Value Distribution At Various Exchange Ratios

(Shares and \$ in millions, except per share data)

## Pro Forma Ownership Summary

Assumed Equity Value (\$mm)	\$ 10,000
(-) Cash Consideration	(564)
Pro Forma Equity	\$ 9,436
Cash Consideration Per Share	\$ 3.00
(/) GP Common Share Price <sup>1</sup>	18.88
Exchange Ratio Credit for Cash Consideration	0.159 x

## Illustrative All In Exchange Ratios

	Bid-Ask		
	Midpoint		Ask
All In Exchange Ratio	1.775 x	1.800 x	1.865 x
(-) Cash Equivalent	(0.159)	(0.159)	(0.159)
Equity Component	1.616 x	1.641 x	1.706 x

Pro Forma Share Count	Status Quo Metric			
Midstream Public <sup>2</sup>	89	144.2	146.5	152.3
Upstream	99	159.8	162.3	168.7
Series B	NA	18.5	18.5	18.5
GP Common Shares	186	186.2	186.2	186.2
Pro Forma Shares Outstanding		508.7	513.4	525.7
Implied Pro Forma Share Price		\$ 18.55	\$ 18.38	\$ 17.95

Value Received	Status Quo Metric	Ask - Mid			
Midstream Public		\$ 2,943	\$ 2,959	\$ 3,001	\$ 58
Upstream		3,260	3,278	3,324	64
Series B		343	340	332	(11)
GP		3,454	3,422	3,342	(111)
Value to Paul and Glen					
Series B Settlement	81 %	\$ 278	\$ 276	\$ 269	\$(9)
Exchange of Midstream Units	0.5	17	17	17	0
Existing Interest in GP Common Shares	34.9	648	642	627	(21)
Total Value		\$ 943	\$ 935	\$ 914	\$(30)

Source: Company filings

<sup>1</sup> Based on GP closing price on 17-Aug-2018, the reference date in prior negotiations.<sup>2</sup> Includes Midstream's LTIP.Target  
value

# Potential Alternatives To Bridge the “Pain” of a ~\$60mm Value Gap

Assumes \$10bn Equity Value Before Cash Distribution Paid | (\$ in millions)

Deal Terms		Midstream / Series B Split	Midstream, GP, Series B Split	All Parties Split
All in Exchange Ratio		1.792 x	1.800 x	1.795 x
Midstream Units Cancelled by Upstream (Receive No Merger Consideration)		0.92	0.98	1.10
Shares Issued to Settle Series B		17.00	17.75	18.00
Pro Forma Shares Outstanding		508.9	511.1	510.2
Total Cash Payments		\$ 562	\$ 561	\$ 561
<b>Midstream Public</b>	<b>Target Value</b>			
Total Value	\$ 3,001	\$ 2,971	\$ 2,973	\$ 2,969
Delta from Target		\$(30)	\$(28)	\$(32)
<b>Upstream</b>				
Total Value	\$ 3,260	\$ 3,260	\$ 3,261	\$ 3,253
Delta from Target		0	0	(7)
<b>GP Common Shares</b>				
Total Value	\$ 3,454	\$ 3,453	\$ 3,439	\$ 3,445
Delta from Target		(0)	(15)	(9)
<b>Series B</b>				
Value of Equity Consideration	\$ 343	\$ 315	\$ 328	\$ 333
Delta from Target		(28)	(15)	(10)
<b>Paul and Glen</b>				
Total Value	\$ 943	\$ 915	\$ 925	\$ 932
Delta from Target		(28)	(18)	(11)
<b>“Sharing of Pain”</b>				
Midstream Public Delta from Target		\$(30)	\$(28)	\$(32)
Upstream Delta from Target		0	0	(7)
Series B Delta from Target		(28)	(15)	(10)
GP Delta from Target		(0)	(15)	(9)
<b>Total “Pain”</b>		<b>\$(58)</b>	<b>\$(58)</b>	<b>\$(58)</b>
Memo: Paul and Glen		(28)	(18)	(11)

Source: Company filings

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## Project Francis

### Conflicts Committee of the Board of Directors of Arkose GP LLC

#### Perspectives on Alternative Consideration Mix for Series B Settlement

August 27, 2018

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## Status of Key Transaction Components

	Current	GP	Series B	Upstream S.C.	Midstream S.C.
<b>Merger Consideration</b>	<ul style="list-style-type: none"> <li>1.775x</li> <li>— \$3 cash pool credit</li> </ul>	✓	✓	✓	<p style="color: red;">✘</p> <p style="color: red;">1.71x + \$3 / unit ~1.865</p>
<b>Series B Settlement</b>	<ul style="list-style-type: none"> <li>18.5mm</li> <li>1/3 subject to vesting</li> </ul>	✓	✓	✓	✓
<b>Pro Forma Distribution</b>	<ul style="list-style-type: none"> <li>Communicate intention to keep Midstream whole for at least 1 year</li> </ul>	✓	✓	✓	✓
<b>Governance</b>	<ul style="list-style-type: none"> <li>Delaware C Corp with majority of independent directors</li> <li>Upstream board to nominate board representatives at new GP</li> <li>No staggered board terms</li> </ul>	✓	✓	✓	✓
<b>GP Shareholder Vote</b>	<ul style="list-style-type: none"> <li>Majority of unaffiliated unitholders</li> </ul>	✓	✓	✓	✓
<b>Midstream Unitholder Vote</b>	<ul style="list-style-type: none"> <li>Majority of unaffiliated shareholders</li> </ul>	✓	✓	✓	✓
<b>Registration Rights</b>	<ul style="list-style-type: none"> <li>Upstream, sponsors, and Series B unitholders to have registration rights equivalent to their existing rights</li> </ul>	✓	✓	✓	✓

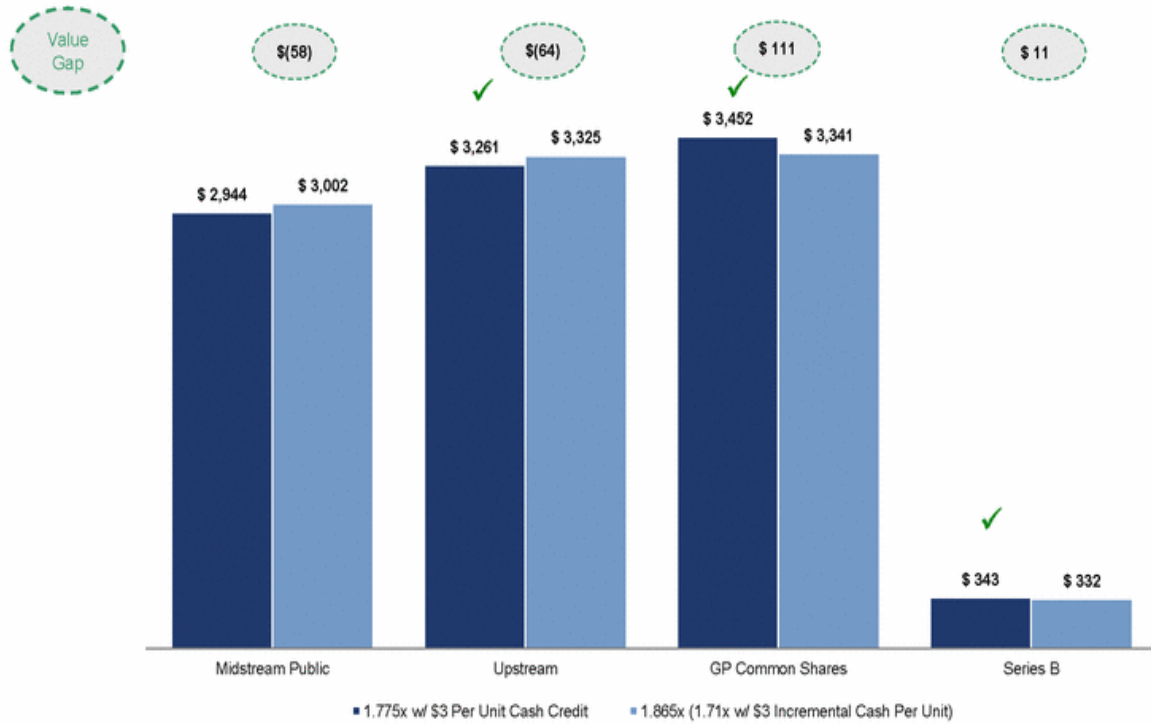




# Summary of New AMGP Value

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Illustrative \$10bn Equity Value Before Cash Pool



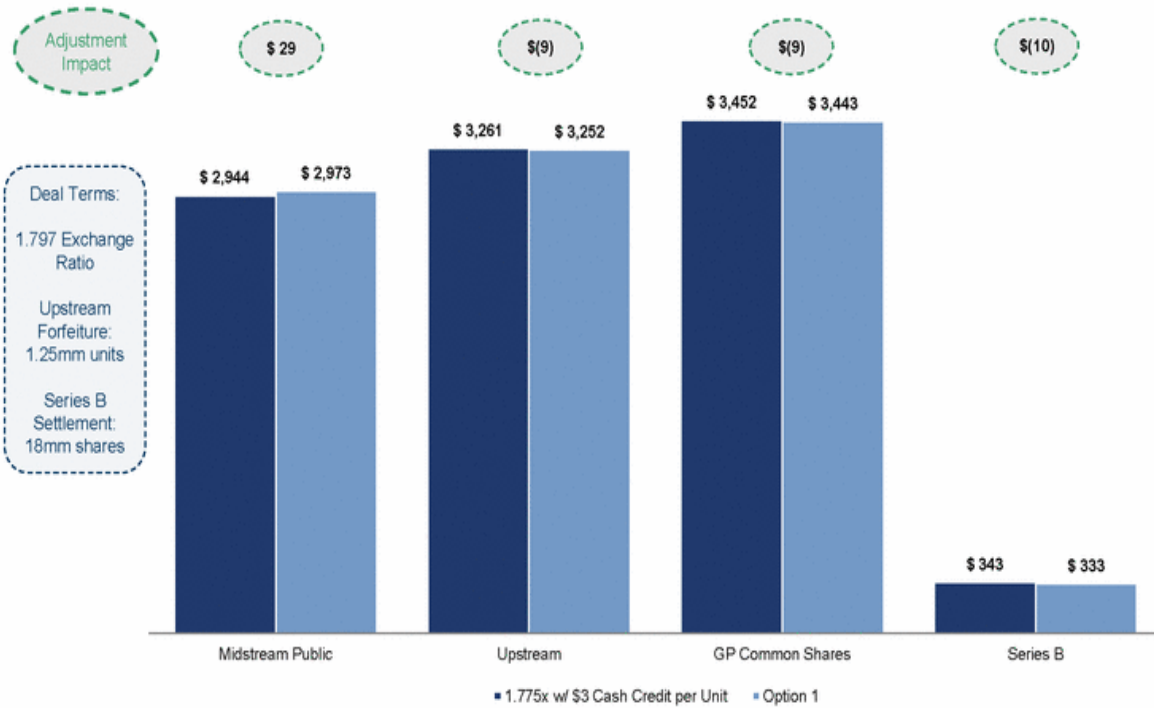
Source: Bloomberg market data as of 24-Aug-2016



# Option 1: Equity Adjustment

Illustrative \$10bn Equity Value Before Cash Pool

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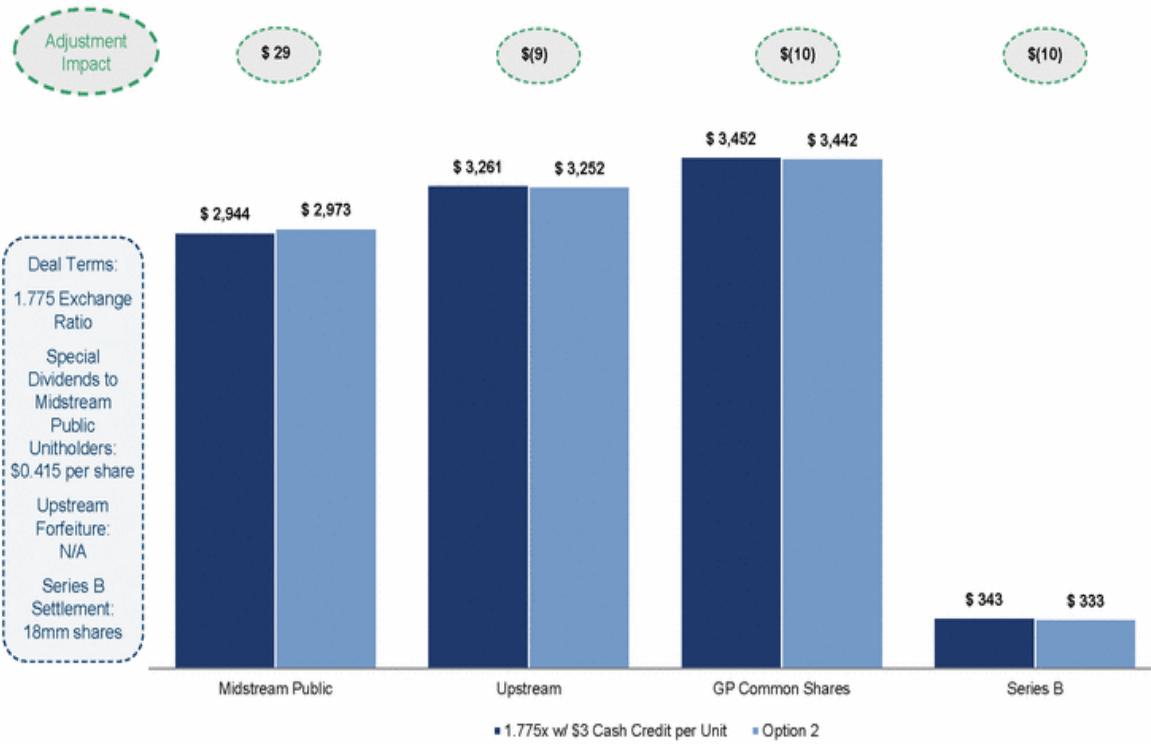
Source: Bloomberg market data as of 24-Aug-2016



# Option 2 – Midstream Public Special Dividend

Illustrative \$10bn Equity Value Before Cash Pool

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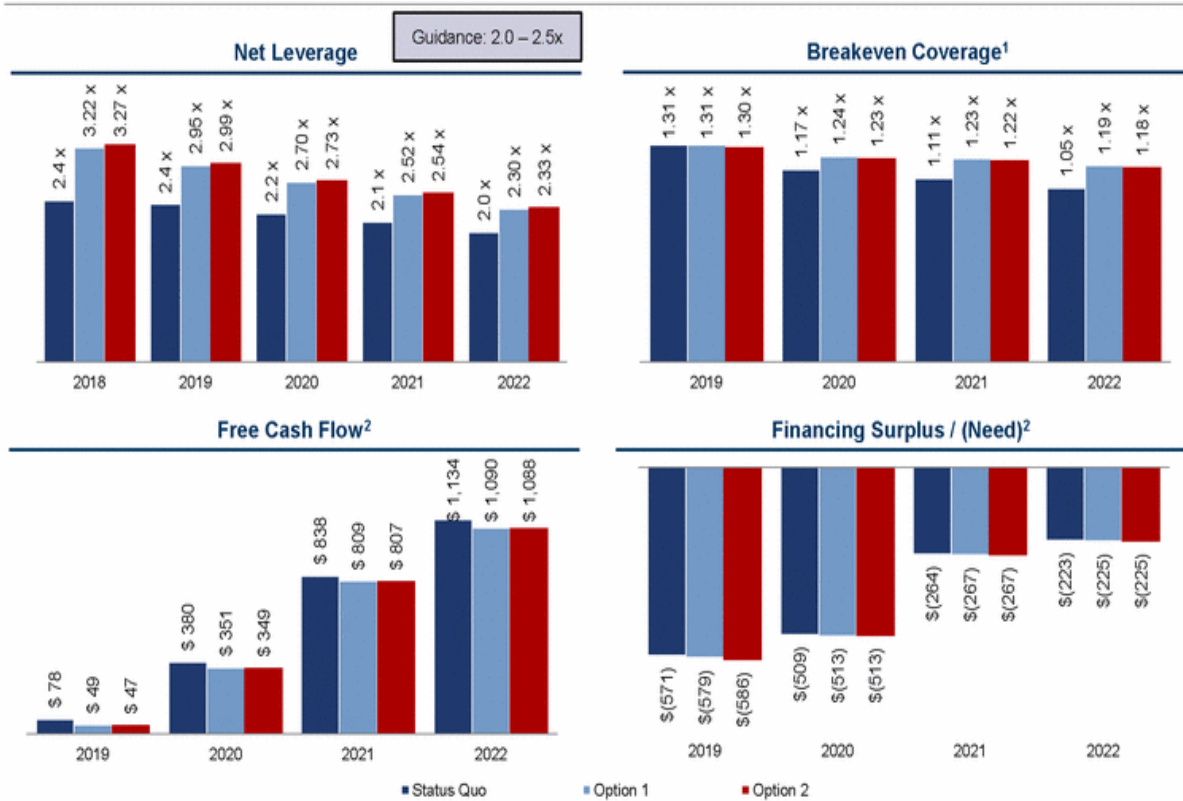


Source: Bloomberg market data as of 24-Aug-2016



# Summary Impact of Cash Pool on Key Financial Metrics at New GP

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Source: Arkose Projections, Arkose Merger Model, and Bloomberg market data as of 16-Aug-2018

<sup>1</sup> Based on total distributions assuming DPS set based off of Midstream S.Q. base case DPU divided by the all-in exchange ratio of 1.70x. <sup>2</sup> Assumes breakeven distributions paid.



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Appendix A: Additional Reference Materials

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# Summary of Value Distribution At Various Exchange Ratios

(Shares and \$ in millions, except per share data)

**Pro Forma Ownership Summary**

Assumed Equity Value (\$mm)	\$ 10,000
(-) Cash Consideration	(564)
Pro Forma Equity	\$ 9,436
Cash Consideration Per Share	\$ 3.00
(/) GP 20-Trading Day VWAP	19.01
Exchange Ratio Credit for Cash Consideration	0.158 x

**Illustrative All In Exchange Ratios**

		<u>Bid-Ask Midpoint</u>	<u>Ask</u>	
All In Exchange Ratio		1.775 x	1.885 x	
(-) Cash Equivalent		(0.158)	(0.158)	
Equity Component		1.617 x	1.707 x	
<b>Pro Forma Share Count</b>	<b>Status Quo Metric</b>			
Midstream Public*	89	144.3	152.4	
Upstream	99	159.9	168.8	
Series B	NA	18.5	18.5	
GP Common Shares	186	186.2	186.2	
Pro Forma Shares Outstanding		508.9	525.9	
Implied Pro Forma Share Price		\$ 18.54	\$ 17.94	
<b>Value Received</b>				<b>Ask - Mid</b>
Midstream Public		\$ 2,944	\$ 3,002	\$ 58
Upstream		3,261	3,325	64
Series B		343	332	(11)
GP		3,452	3,341	(111)
<b>Value to Paul and Glen</b>	<b>Status Quo Metric</b>			
Series B Settlement	81 %	\$ 278	\$ 269	\$(9)
Exchange of Midstream Units	0.5	17	17	0
Existing Interest in GP Common Shares	34.9	648	627	(21)
<b>Total Value</b>		<b>\$ 943</b>	<b>\$ 913</b>	<b>\$(29)</b>

Target  
valueSource: Company filings  
\* Includes Midstream's LTIP.



# Potential Alternatives To Bridge the ~\$60mm Value Gap

Assumes \$10bn Equity Value Before Cash Distribution Paid | (\$ in millions)

Deal Terms		Option 1	Option 2
All in Exchange Ratio		1.797 x	1.775 x
Midstream Units Cancelled by Upstream (Receive No Merger Consideration)		1.25	0.00
Shares Issued to Settle Series B		18.00	18.00
Midstream Public Special Dividend (Per Unit)		\$ 0.000	\$ 0.415
Pro Forma Shares Outstanding		510.5	508.4
Total Cash Payments		\$ 561	\$601
<b>Midstream Public</b>	<b>Target Value</b>		
Total Value	\$ 3,002	\$ 2,973	\$ 2,973
Delta from Target		\$(29)	\$(29)
<b>Upstream</b>			
Total Value	\$ 3,261	\$ 3,252	\$ 3,252
Delta from Target		(9)	(9)
<b>GP Common Shares</b>			
Total Value	\$ 3,452	\$ 3,443	\$ 3,442
Delta from Target		(9)	(10)
<b>Series B</b>			
Value of Equity Consideration	\$ 343	\$ 333	\$ 333
Delta from Target		(10)	(10)
<b>Paul and Glen</b>			
Total Value	\$ 943	\$ 931	\$ 931
Delta from Target		(12)	(12)
<b>Value Gap vs. Target</b>			
Midstream Public Delta from Target		\$(29)	\$(29)
Upstream Delta from Target		(9)	(9)
Series B Delta from Target		(10)	(10)
GP Delta from Target		(9)	(10)
<b>Total Value Gap</b>		<b>\$(58)</b>	<b>\$(58)</b>
Memo: Paul and Glen		(12)	(12)

Source: Company filings

Additional Reference Materials

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## Project Francis

### Conflicts Committee of the Board of Directors of Arkose GP LLC

August 30, 2018

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# Summary of New AMGP Value

INVESTMENT BANKING  
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## Illustrative \$10bn Equity Value Before Cash Consideration



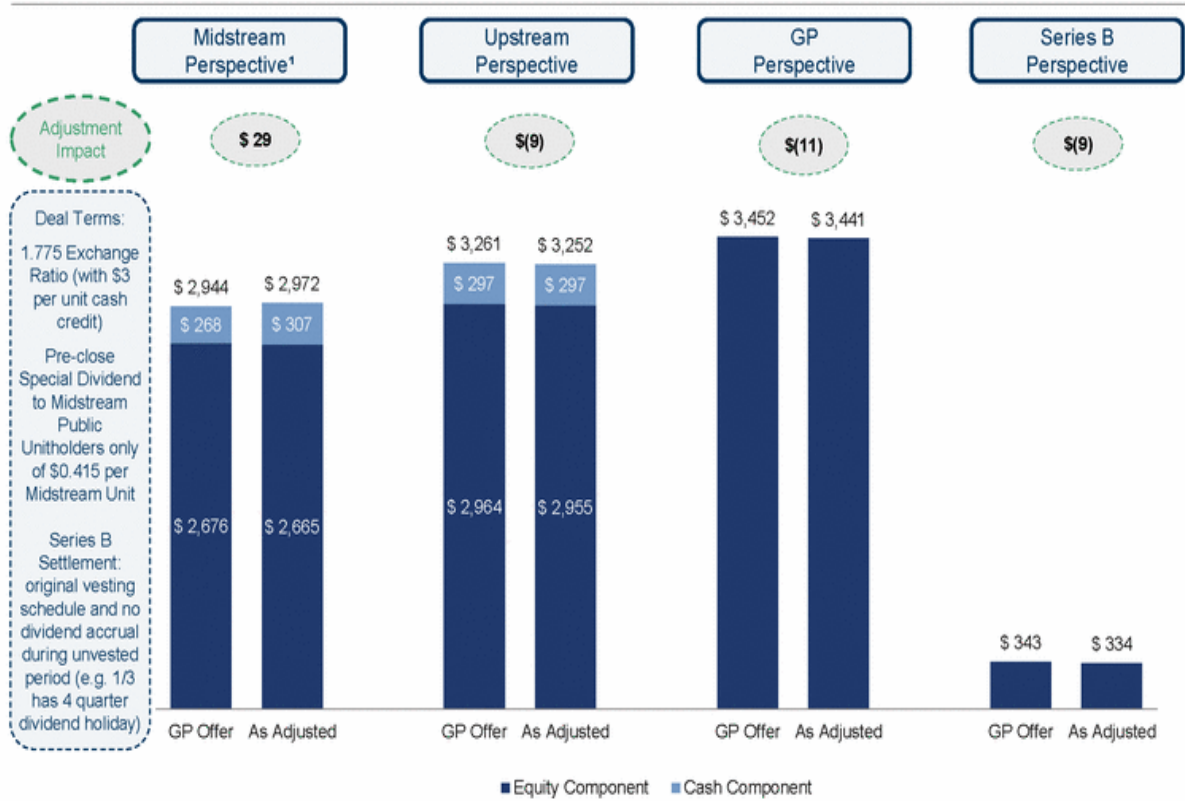
Source: Bloomberg market data as of 24-Aug-2018



# Adjusted GP Offer and Economic Impact

INVESTMENT BANKING  
DIVISION

Illustrative \$10bn Equity Value Before Cash Pool



Deal Terms:  
1.775 Exchange Ratio (with \$3 per unit cash credit)  
Pre-close Special Dividend to Midstream Public Unitholders only of \$0.415 per Midstream Unit  
Series B Settlement: original vesting schedule and no dividend accrual during unvested period (e.g. 1/3 has 4 quarter dividend holiday)

Source: Bloomberg market data as of 24-Aug-2018  
<sup>1</sup> Incremental cash consideration due to one-time special dividend on 89mm Midstream units.

## Status of Key Transaction Components

	Transaction Terms	GP	Series B	AR S.C.	AM S.C.
<b>Merger Consideration</b>	<ul style="list-style-type: none"> <li>1.775x with \$3 per unit cash credit against exchange ratio               <ul style="list-style-type: none"> <li>Implies aggregate consideration of 1.617x + \$3 per AM unit calculated off 1.775x exchange ratio using GP 20-day VWAP (assumption in favor of AM)</li> <li>Cash-stock election mechanic (details to be refined) such that the fixed share and cash pools are distributed in full to AM unitholders</li> </ul> </li> <li>\$0.415 special cash distribution to AM public unitholders at close</li> </ul>	✓	✓	✓	?
<b>Series B Settlement</b>	<ul style="list-style-type: none"> <li>18.5mm New AMGP shares</li> <li>Original vesting schedule and consequences for accrued Series B distributions, except as noted below               <ul style="list-style-type: none"> <li>No accelerated vesting for any Series B unitholder</li> <li>Not subject to performance metrics at AR</li> </ul> </li> <li>Unvested New AMGP shares received at closing do not accrue New AMGP dividends (i.e., estimated four quarters of foregone dividend accruals on final tranche)</li> <li>Forfeiture of Series B settlement shares if holder leaves prior to vesting (i.e., no reallocation of settlement shares to other Series B holders)</li> </ul>	✓	✓	✓	[✓]
<b>Pro Forma Distribution</b>	<ul style="list-style-type: none"> <li>Communicate to investors at transaction announcement intention to keep Midstream distribution whole for 1 year (four quarters) for AM unitholders who receive the equity consideration of 1.775x New AMGP shares</li> </ul>	✓	✓	✓	[✓]
<b>New AMGP Structure, Board, and Governance</b>	<ul style="list-style-type: none"> <li>Delaware C-Corp with majority of independent directors elected by public New AMGP shareholders and no controlled company exceptions</li> <li>New AMGP board will have staggered board terms</li> <li>Nomination rights and step-downs: AR nominating committee to nominate director designees; AR to have proportionate step-down rights as sponsors</li> </ul>	✓	✓	✓	[✓]
			<<< In final negotiations >>>		
<b>GP Vote</b>	<ul style="list-style-type: none"> <li>Yes, vote of majority of unaffiliated shareholders to approve</li> </ul>	✓	✓	✓	[✓]
<b>Midstream Vote</b>	<ul style="list-style-type: none"> <li>Yes, vote of majority of unaffiliated unitholders to approve</li> </ul>	✓	✓	✓	[✓]
<b>Registration Rights</b>	<ul style="list-style-type: none"> <li>Upstream, sponsors, and Series B unitholders to have registration rights equivalent to their existing rights</li> </ul>	✓	✓	✓	[✓]
<b>Water Earn Outs</b>	<ul style="list-style-type: none"> <li>No acceleration of water earn outs</li> </ul>	✓	✓	✓	[✓]





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Appendix A: Additional Reference Materials

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# Summary of Value Distribution At Various Exchange Ratios

(Shares and \$ in millions, except per share data)

## Pro Forma Ownership Summary

Assumed Equity Value (\$mm)	\$ 10,000
(-) Cash Consideration	(564)
Pro Forma Equity	\$ 9,436
Cash Consideration Per Share	\$ 3.00
(/) GP 20-Trading Day VWAP	19.01
Exchange Ratio Credit for Cash Consideration	0.158 x

## Illustrative All In Exchange Ratios

		Bid-Ask Midpoint	Ask	
All In Exchange Ratio		1.775 x	1.865 x	
(-) Cash Equivalent		(0.158)	(0.158)	
Equity Component		1.617 x	1.707 x	
Pro Forma Share Count	Status Quo Metric			
Midstream Public*	89	144.3	152.4	
Upstream	99	159.9	168.8	
Series B	NA	18.5	18.5	
GP Common Shares	186	186.2	186.2	
Pro Forma Shares Outstanding		508.9	525.9	
Implied Pro Forma Share Price		\$ 18.54	\$ 17.94	
Value Received				Ask - Mid
Midstream Public		\$ 2,944	\$ 3,002	\$ 58
Upstream		3,261	3,325	64
Series B		343	332	(11)
GP		3,452	3,341	(111)
Value to Paul and Glen	Status Quo Metric			
Series B Settlement	81 %	\$ 278	\$ 269	\$(9)
Exchange of Midstream Units	0.5	17	17	0
Existing Interest in GP Common Shares	34.9	648	627	(21)
Total Value		\$ 943	\$ 913	\$(29)

Target  
value

Source: Company filings  
\* Includes Midstream's LTIP.



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## Project Francis

### Conflicts Committee of the Board of Directors of Arkose GP LLC

#### Discussion Materials

September 6, 2018

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	Transaction Terms	GP	Series B	AR S.C.	AM S.C.
<b>Merger Consideration</b>	<ul style="list-style-type: none"> <li>■ 1.775x with \$3 per unit cash credit against exchange ratio               <ul style="list-style-type: none"> <li>— Implies aggregate consideration of 1.6121x + \$3 per AM unit calculated off 1.775x exchange ratio using GP 20-day VWAP as of 4-Sept-2018 (assumption in favor of AM)</li> <li>— Cash-stock election mechanic (details to be refined) such that the fixed share and cash pools are distributed in full to AM unitholders</li> </ul> </li> <li>■ \$0.415 special cash distribution to AM public unitholders at close</li> </ul>	✓	✓	✓	Two Option Counter Proposal
<b>Series B Settlement</b>	<ul style="list-style-type: none"> <li>■ 18.5mm New AMGP shares</li> <li>■ Original vesting schedule and consequences for accrued Series B distributions, except as noted below               <ul style="list-style-type: none"> <li>— No accelerated vesting for any Series B unitholder</li> <li>— Not subject to performance metrics at AR</li> </ul> </li> <li>■ Unvested New AMGP shares received at closing do not accrue New AMGP dividends (i.e., estimated four quarters of foregone dividend accruals on final tranche)</li> <li>■ Forfeiture of Series B settlement shares if holder leaves prior to vesting (i.e., no reallocation of settlement shares to other Series B holders)</li> </ul>	✓	✓	✓	[✓]
<b>Pro Forma Distribution</b>	<ul style="list-style-type: none"> <li>■ Communicate to investors at transaction announcement intention to keep Midstream distribution whole for 1 year (four quarters) for AM unitholders who receive the all equity consideration of 1.775x New AMGP shares</li> </ul>	✓	✓	✓	[✓]
<b>New AMGP Structure, Board, and Governance</b>	<ul style="list-style-type: none"> <li>■ Delaware C-Corp with majority of independent directors elected by public New AMGP shareholders and no controlled company exceptions</li> <li>■ New AMGP board will have staggered board terms</li> <li>■ Nomination rights and step-downs: AR nominating committee to nominate director designees; AR to have proportionate step-down rights as sponsors</li> </ul>	✓	✓	✓	[✓]
					<<< In final negotiations >>>
<b>GP Vote</b>	<ul style="list-style-type: none"> <li>■ Yes, vote of majority of unaffiliated shareholders to approve</li> </ul>	✓	✓	✓	[✓]
<b>Midstream Vote</b>	<ul style="list-style-type: none"> <li>■ Yes, vote of majority of unaffiliated unitholders to approve</li> </ul>	✓	✓	✓	[✓]
<b>Registration Rights</b>	<ul style="list-style-type: none"> <li>■ Upstream, sponsors, and Series B unitholders to have registration rights equivalent to their existing rights</li> </ul>	✓	✓	✓	[✓]
<b>Water Earn Outs</b>	<ul style="list-style-type: none"> <li>■ No acceleration of water earn outs</li> </ul>	✓	✓	✓	[✓]

# Review of Offers to Date

## Summary of Economic Terms

Date	Proposal	Summary
1 4-Jun-2018	GP Proposal	1.6000x Exchange Ratio (All equity)
14-Jul-2018	Midstream / Upstream Response	1.9600x Exchange Ratio (1.7500x + \$4/unit cash)
2 20-Jul-2018	Revised GP Proposal	1.6500x Exchange Ratio (All equity)
25-Jul-2018	Revised Midstream / Upstream Response	1.9100x Exchange Ratio (1.7100x + \$3.84/unit cash)
3 12-Aug-2018	Revised GP Proposal	1.7000x Exchange Ratio (All equity)
14-Aug-2018	Revised Midstream / Upstream Response (In Person – Denver)	1.8650x Exchange Ratio (1.7100x + \$3.00/unit cash)
4 14-Aug-2018	Revised GP Proposal (In Person – Denver)	1.7000x Exchange Ratio (1.5449x + \$3/unit cash)
5 20-Aug-2018	✓ Revised GP Proposal (Accepted by Upstream)	1.7750x Exchange Ratio (1.6117x + \$3/unit cash)
6 30-Aug-2018	Revised GP Proposal	1.7750x Exchange Ratio (1.6145x + \$3/unit cash to all Midstream Unitholders), plus \$0.415 special distribution to Midstream Public Unitholders
1-Sep-2018	Revised Midstream Proposal	<p>Either:</p> <ul style="list-style-type: none"> <li>■ 1.775x Exchange Ratio (inclusive of \$3/unit cash consideration) plus \$0.415 special distribution to Midstream Public Unitholders plus Series B settlement at 13.5mm shares; or</li> <li>■ 1.8500x Exchange Ratio (consideration mix TBD) plus Series B settlement at 18.5mm shares</li> </ul>

Note: Cash component converted to exchange ratio equivalent based on the price date referenced in the respective offers or used for negotiations for all offers through 14-Aug-2018, 20 trading day VWAP as of the close prior to the offer date used for subsequent offers. Final mechanism for converting cash component to equity exchange ratio has not yet been settled.

# Prior to 30-Aug GP Proposal: Summary of New AMGP Value

## Illustrative \$10bn Equity Value Before Cash Consideration

Drafted: ~24-Aug



Source: Bloomberg market data as of 24-Aug-2018

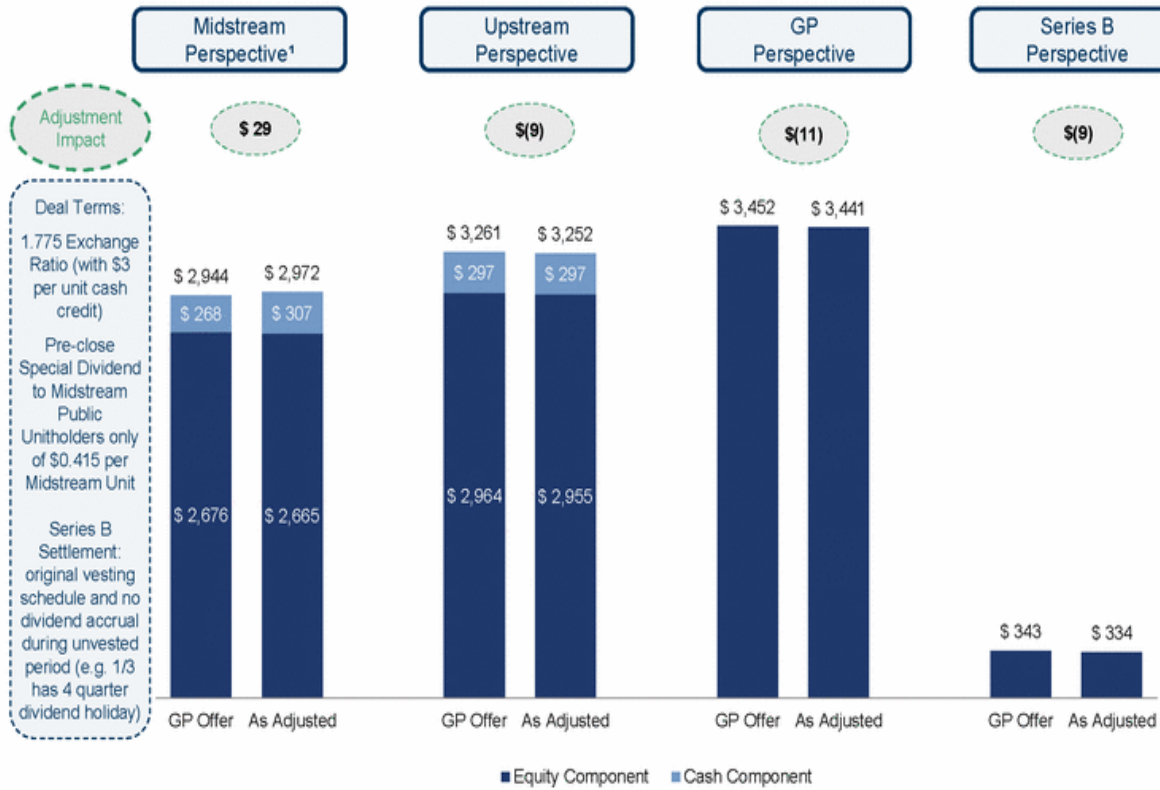
<sup>1</sup> Value gap defined as the remaining delta between illustrative value paid to Midstream under GP and Midstream's proposals.



# 30-Aug GP Proposal: Adjusted GP Offer and Economic Impact

Drafted: ~24-Aug

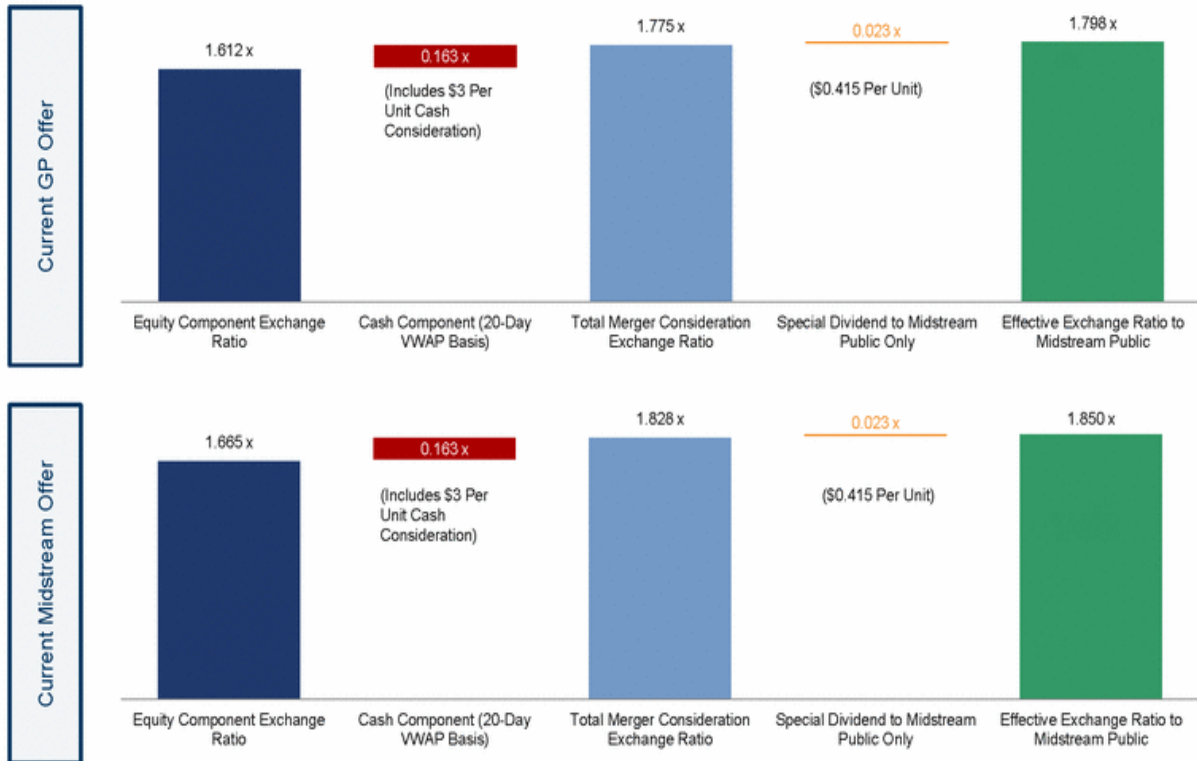
## Illustrative \$10bn Equity Value Before Cash Pool



**Deal Terms:**  
 1.775 Exchange Ratio (with \$3 per unit cash credit)  
 Pre-close Special Dividend to Midstream Public Unitholders only of \$0.415 per Midstream Unit  
 Series B Settlement: original vesting schedule and no dividend accrual during unvested period (e.g. 1/3 has 4 quarter dividend holiday)

Source: Bloomberg market data as of 24-Aug-2018  
<sup>1</sup> Incremental cash consideration due to one-time special dividend on 89mm Midstream units.

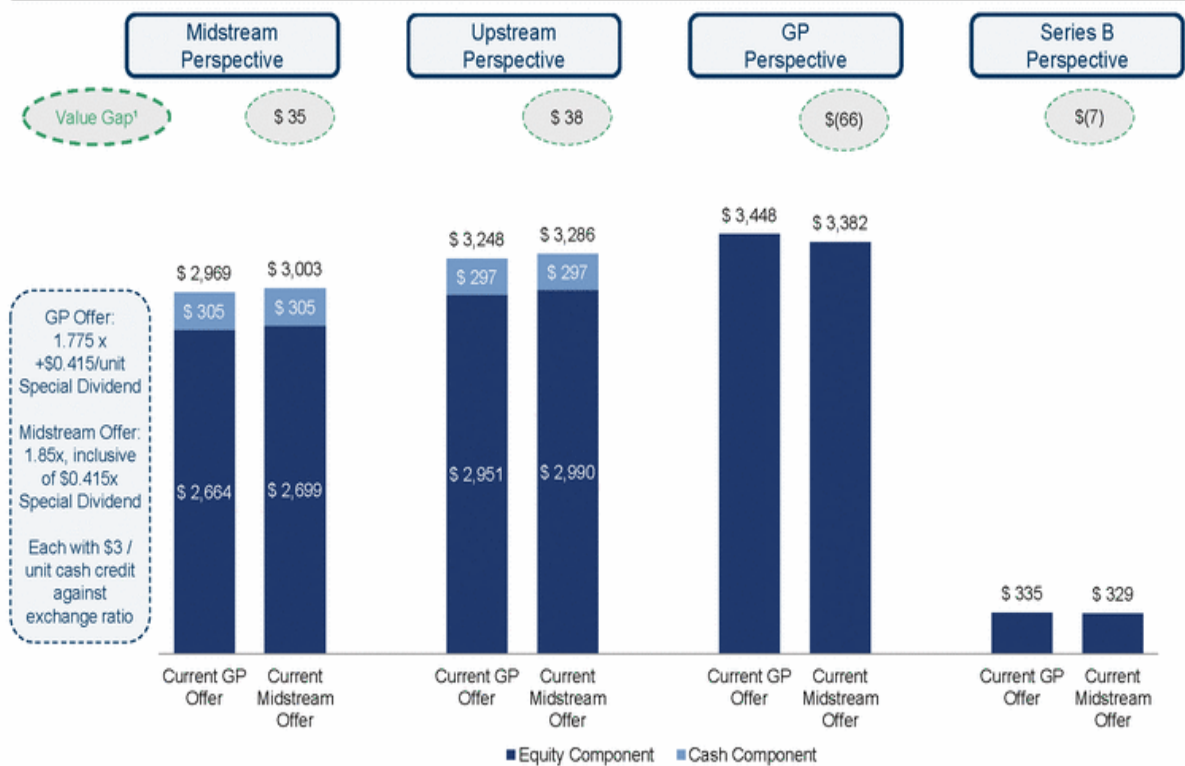




Source: Bloomberg market data as of 4-Sep-2018

# Summary of New AMGP Value Under Current Proposals

## Illustrative \$10bn Equity Value Before Cash Consideration



Source: Bloomberg market data as of 4-Sep-2018

Note current GP offer differs from the same offer on page 5 ("As Adjusted") due to market movements

\* Value gap defined as the remaining delta between illustrative value paid to Midstream under GP and Midstream's proposals.

# YTD Stock Price Performance

Arkose Absolute Price and AMZ Indexed Prices | Indexed Based on GP Peak  
(26-Jan-2018)



Source: Bloomberg market data as of 4-Sep-2018  
 \* Based on weekly % change over the past two years. GP beta unavailable due to limited trading history.

# Implied Premiums and Illustrative Ownership Impact at Various Exchange Ratios

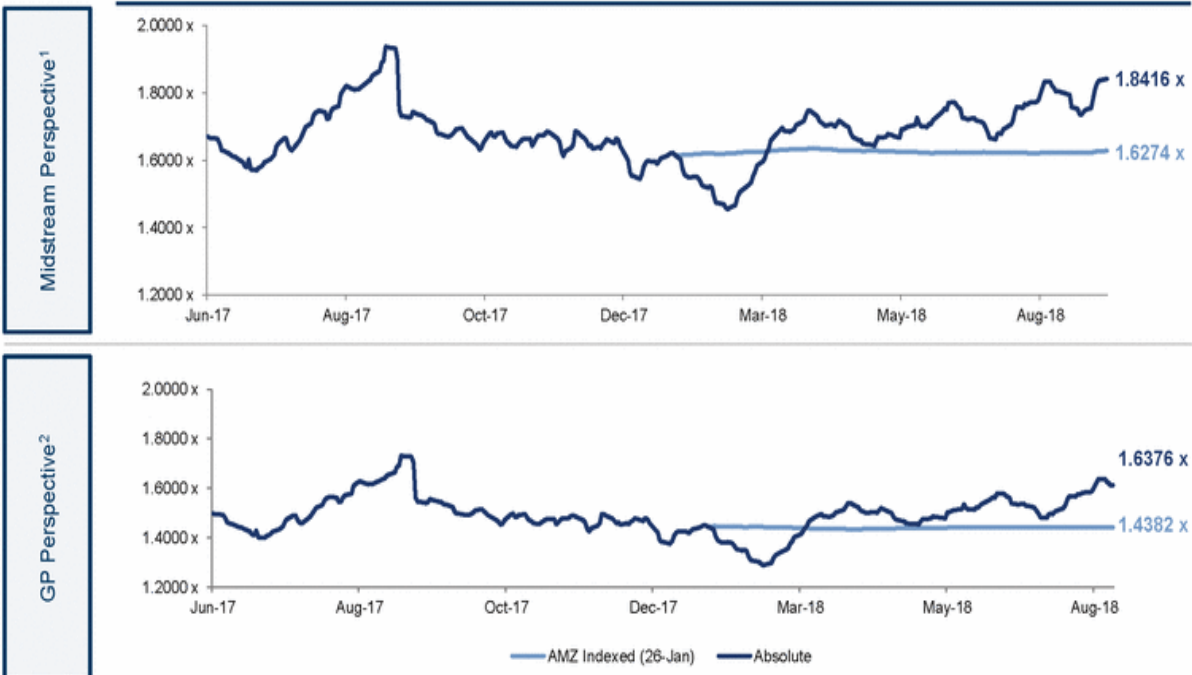
	Last Close	30 Trading Day VWAP	Illustrative All Equity Exchange Ratio			
			1.734 x	1.800 x	1.828 x	1.850 x
<b>Illustrative Exchange Ratios (Midstream / GP)</b>						
Shares Issued for Midstream <sup>1</sup>	326	318	334	339	344	348
(+) Series B Conversion	19	19	19	19	19	19
(+) GP Shares Outstanding	186	186	186	186	186	186
<b>Total Shares Outstanding</b>	<b>531</b>	<b>523</b>	<b>539</b>	<b>543</b>	<b>548</b>	<b>553</b>
<b>Current Market</b>	<b>Midstream</b>	<b>GP</b>				
Last Close	\$ 29.57	\$ 17.05	2 %	4 %	5 %	7 %
30-Trading Day VWAP	31.44	18.60	5	6	8	9
Midstream VWAP / GP Closing Price	31.44	17.05	(4)	(2)	(1)	0
<b>At 20-Aug (Date of Offer Accepted by Upstream)</b>						
Last Close	\$ 31.06	\$ 19.09	9 %	11 %	12 %	14 %
30-Trading Day VWAP	31.60	19.04	7	8	10	11
Midstream VWAP / GP Closing Price	31.06	19.09	9	11	12	14
<b>At 26-Jan-2018 (1 Trading Day Prior to Strategic Review)</b>						
Last Close	\$ 33.13	\$ 22.02	18 %	20 %	21 %	23 %
30-Trading Day VWAP	30.23	19.93	17	19	20	22
Midstream VWAP / GP Closing Price	30.23	22.02	29	31	33	35
<b>Pro Forma Ownership - All Equity</b>						
Midstream	61.4 %	60.8 %	62.0 %		62.7 %	
Series B	3.5	3.5	3.4		3.4	
GP	35.1	35.6	34.6		33.9	



Pro forma ownership not shown because specified consideration reflective of incremental consideration in the form of a special distribution, not equity ownership

Source: Arkose Midstream and GP 2017 10-Ks and Bloomberg market data as of 04-Sep-2018  
<sup>1</sup> Includes ~1mm units under Midstream's LTIP and ~187mm common units outstanding.

Exchange Ratio Required To Equal Percent of Total Status Quo Market Cap (18.5mm Shares to Series B)



Source: Bloomberg market data as of 4-Sep-2018

Note: Total equity calculated assuming status quo Series B conversion mechanism.

<sup>1</sup> Defined as the exchange ratio that results in Midstream owning an percent of the pro forma company equivalent to their percentage of the observed market cap, with GP's shares plus the 18.5mm shares equivalent to GP's percentage of the observed market cap. <sup>2</sup> Defined as the exchange ratio that results in GP owning a percent of the pro forma company equivalent to its percentage of the observed market cap, with Midstream's units plus the portion of the 18.5mm shares issued to the Series B that is in excess of the market conversion mechanism of the Series B equivalent to GP's portion of the observed market cap. The portion of the 18.5mm units issued to the Series B that would also be issued based on the status quo mechanism is included in GP's ownership.

# Illustrative GP / Midstream Contribution Analysis

(\$ in millions)

	Arkose GP Common Shares	IDR LLC Series B	Midstream LP Unitholders	Ratio of Cash Distributions			Breakeven Exchange Ratio		
				GP	Series B	Midstream	GP Perspective <sup>1</sup>	Midstream Perspective <sup>2</sup>	
									GP
Status Quo Cash Distributions to Equity (Midstream, IDR LLC, and GP)	FY 2018E	\$ 100	\$ 7	\$ 320	23.4 %	1.6 %	75.0 %	3.140 x	3.266 x
	FY 2019E	165	12	414	27.0 %	2.1 %	70.0 %	2.454	2.535
	FY 2020E	249	20	533	31.1 %	2.4 %	66.5 %	2.097	2.159
	FY 2021E	324	26	640	32.7 %	2.6 %	64.6 %	1.935	1.990
	FY 2022E	413	34	767	34.0 %	2.8 %	63.2 %	1.819	1.868
New AMGP Equity Ownership at Various Exc. Ratios	Ratio of Pro Forma Shares Outstanding								
	1.775 x	186	19	334	34.6 %	3.4 %	62.0 %		
	1.828	186	19	344	33.9 %	3.4 %	62.7 %		
Observed Equity Value	Ratio of Observed Market Cap								
	Current Market Cap (Spot)	\$ 3,175	\$ 78	\$ 5,563	36.0 %	0.9 %	63.1 %	1.660 x	1.861 x
	Indexed Market Cap (Jan-26)	3,815	107	5,799	39.2 %	1.1 %	59.7 %	1.434	1.609
	Average Since GP IPO <sup>3</sup>	3,557	93	5,624	38.4 %	1.0 %	60.6 %	1.492	1.676

■ GP ■ Series B ■ Midstream

Source: Arkose Projections and Bloomberg market data as of 4-Sep-2018

<sup>1</sup> Calculated assuming fixed 18.5mm shares issued to retire Series B units and exchange ratio to Midstream required to set GP's pro forma ownership equal to its portion of cash distributions.

<sup>2</sup> Calculated assuming fixed 18.5mm shares issued to retire Series B units and exchange ratio to Midstream required to set Midstream's pro forma ownership equal to its portion of cash distributions.

<sup>3</sup> Calculated as the average market cap for each security since 1-Jun-2017, the 20<sup>th</sup> trading day after GP's IPO; daily market cap calculated based on the 5-trading day VWAP.

# Pro Forma Accretion (Dilution)

## Merger Consideration Exchange Ratios | \$3 / Unit Cash Pool + \$0.415 / Unit Special Distribution to Midstream Public Unitholders

GP Perspective	GP P.F. DCF / Share Acc. (Dil.)					GP P.F. DPS / Share Acc. (Dil.) <sup>1</sup>					Midstream Tax on Gain	
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total	Federal	+State
	1.7750 x	82 %	47 %	35 %	22 %	40 %	40 %	26 %	21 %	16 %	23 %	\$ 1.59
1.8275	78	45	32	20	37	36	24	19	14	21	1.67	2.05

Midstream Perspective - Mixed Consideration	Midstream P.F. DCF / Unit Acc. (Dil.)					Midstream P.F. DPU / Share Acc. (Dil.) <sup>1</sup>					Breakeven Coverage <sup>2</sup>			
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total	2019	2020	2021	2022
	1.7750 x	(6)%	(2)%	1 %	2 %	(1)%	(9)%	(4)%	(1)%	1 %	(2)%	1.30 x	1.23 x	1.22 x
1.8275	(6)	(2)	1	2	(1)	(9)	(3)	1	3	(1)	1.31	1.24	1.23	1.19

Midstream Perspective - All Equity Consideration	Midstream P.F. DCF / Unit Acc. (Dil.)					Midstream P.F. DPU / Share Acc. (Dil.) <sup>1</sup>					Breakeven Coverage <sup>2</sup>			
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total	2019	2020	2021	2022
	1.7750 x	4 %	8 %	11 %	12 %	9 %	0 %	5 %	9 %	12 %	8 %	1.30 x	1.23 x	1.22 x
1.8275	5	9	12	13	10	0	6	11	13	8	1.31	1.24	1.23	1.19

<b>Status Quo Coverage</b>	1.31 x	1.17 x	1.11 x	1.05 x
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Source: Arkose Projections, Arkose Merger Model, and Bloomberg market data as of 04-Sep-2018

















<sup>1</sup> DPS accretion (dilution) based on constant coverage in 2020-2022 and Midstream unitholders kept whole on a total merger consideration exchange ratio basis through Q4 2019.

<sup>2</sup> Breakeven coverage calculated as the coverage ratio required to keep Midstream unitholders' cash distributions whole on a total merger consideration exchange ratio basis.



# Summary Give Gets Analysis at Various Exchange Ratios

Total Merger Consideration | P.F. Impact Includes Special Dividend

	Dividend Discount Model <sup>1</sup>		Present Value of Future Share Price <sup>2</sup>	
GP Perspective	Status Quo	\$ 23.15  \$ 38.91	Status Quo	\$ 17.92  \$ 30.96
	P.F @ 1.7750 x	\$ 24.22  \$ 39.19	P.F @ 1.7750 x	\$ 21.47  \$ 34.02
	P.F @ 1.8000 x	\$ 24.00  \$ 38.83	P.F @ 1.8000 x	\$ 21.27  \$ 33.71
	P.F @ 1.8275 x	\$ 23.76  \$ 38.44	P.F @ 1.8275 x	\$ 21.05  \$ 33.37
Midstream Perspective <sup>3</sup>	Status Quo	\$ 44.06  \$ 73.19	Status Quo	\$ 34.22  \$ 51.28
	P.F @ 1.7750 x	\$ 42.46  \$ 66.59	P.F @ 1.7750 x	\$ 38.03  \$ 58.27
	P.F @ 1.8000 x	\$ 42.70  \$ 66.98	P.F @ 1.8000 x	\$ 38.23  \$ 58.60
	P.F @ 1.8275 x	\$ 42.96  \$ 67.39	P.F @ 1.8275 x	\$ 38.45  \$ 58.96

Source: Arkose Projections and Bloomberg market data as of 4-Sep-2018

Note: All ratios shown are total merger consideration exchange ratios and are inclusive of \$3/unit cash consideration; cash consideration converted to exchange ratio based on the 30 trading day VWAP as of 4-Sep-2018. Special distribution to Midstream public unitholders is not credited against the exchange ratio and represents incremental value received beyond the merger consideration.

<sup>1</sup> Low DDM values calculated using a 1.5% PGR and a 10% discount rate and high values calculated using a 3.0% PGR and a 8% discount rate.

<sup>2</sup> Low value calculated as 2019E dividend capitalized at a 7.0% and 7.5% yield for GP status quo and GP pro forma respectively; low Midstream status quo value calculated as 2019E dividend capitalized at a 8.0% yield. High value calculated as 2021E dividend capitalized at a 6.0% and 6.5% yield for GP status quo and GP pro forma respectively; high Midstream value calculated as 2021E dividend capitalized at a 7% yield. Analysis assumes 9% cost of equity in both the status quo case and the pro forma case.

<sup>3</sup> Includes impact of \$3/unit cash consideration and \$0.415/unit special distribution.

# Combined Market Cap Over Time

## Midstream + GP + Series B (Status Quo Conversion Mechanism)



Source: Bloomberg market data as of 4-Sep-2018

# Illustrative Analysis at Various Equity Values

## Pro Forma Arkose GP + Midstream with \$0.415 Special Dividend | P.F. Values Include Impact of Special Dividend

PV10 of 2019-2022 Cash Tax Savings: ~\$288mm<sup>1</sup>

PV10 of Residual Step Up in Tax Basis at End of Forecast: \$454mm<sup>1</sup>

	Combined Market Cap - Current Value			Approx. Combined Market Cap - Indexed Value		
Illustrative Equity Value Before Cash	\$ 8,816	\$ 9,100	\$ 9,400	\$ 9,700	\$ 10,000	\$ 10,300
(-) Cash Consideration & Special Dividend	(601)	(601)	(601)	(601)	(601)	(601)
<b>Illustrative PF Equity Value<sup>2</sup></b>	<b>\$ 8,214</b>	<b>\$ 8,499</b>	<b>\$ 8,799</b>	<b>\$ 9,099</b>	<b>\$ 9,399</b>	<b>\$ 9,699</b>

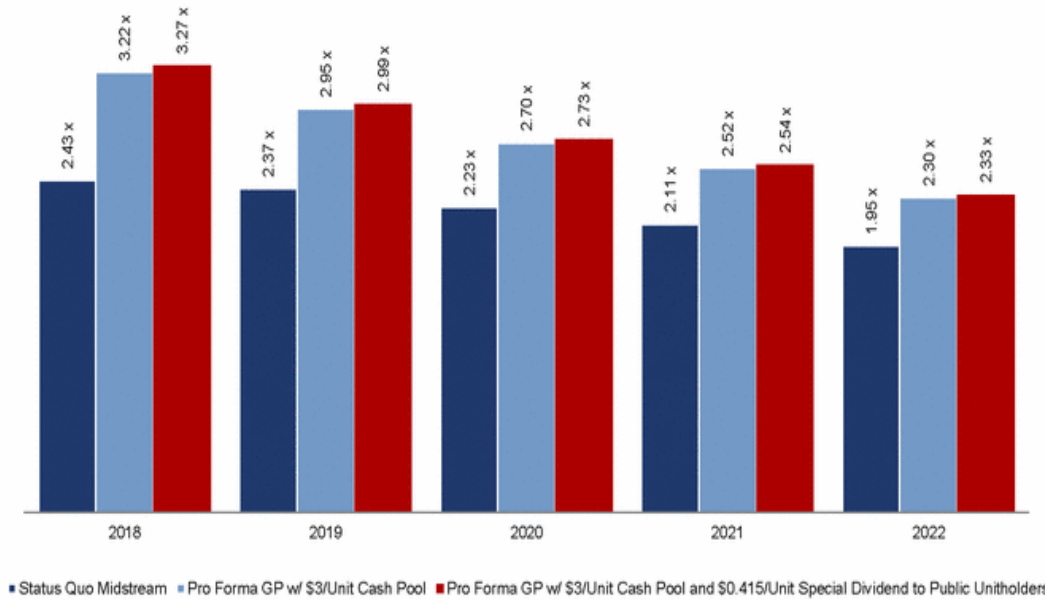
GP Perspective	Midstream Public Unitholder Perspective	Merger Consideration Exchange Ratio	Implied Share Price / % Premium vs. Current Share Price (\$17.05)					
			1.7750 x	1.8275	1.7750 x	1.8275	1.7750 x	1.8275
			\$ 16.16 / (5)%	\$ 16.72 / (2)%	\$ 17.31 / 2 %	\$ 17.90 / 5 %	\$ 18.49 / 8 %	\$ 19.08 / 12 %
			\$ 15.85 / (7)%	\$ 16.40 / (4)%	\$ 16.98 / (0)%	\$ 17.56 / 3 %	\$ 18.14 / 6 %	\$ 18.72 / 10 %
			Implied Share Price / % Premium vs. 26-Jan-2018 Indexed Share Price (\$18.88)					
			(14)%	(11)%	(8)%	(5)%	(2)%	1 %
			(16)%	(13)%	(10)%	(7)%	(4)%	(1)%
			Implied Share Price / % Premium vs. 26-Jan-2018 Indexed Share Price (\$20.49)					
			(21)%	(18)%	(16)%	(13)%	(10)%	(7)%
			(22)	(19)	(16)	(13)	(11)	(8)
			Implied Value to Midstream Public (Equity + Cash + Special Dividend) / % Premium vs. Current Unit Price (\$29.57)					
			\$ 29.49 / (0)%	\$ 30.40 / 3 %	\$ 31.35 / 6 %	\$ 32.30 / 9 %	\$ 33.25 / 12 %	\$ 34.21 / 16 %
			\$ 29.83 / 1 %	\$ 30.74 / 4 %	\$ 31.71 / 7 %	\$ 32.67 / 10 %	\$ 33.64 / 14 %	\$ 34.60 / 17 %
			% Premium vs. 26-Jan-2018 Indexed Price (\$30.83)					
			(4)%	(1)%	2 %	5 %	8 %	11 %
			(3)	(0)	3	6	9	12

Source: Arkose Projections, Arkose Merger Model, and Bloomberg market data as of 4-Sep-2018

Note: Analysis assumes 18.5mm shares issued to Series B. Exchange ratios shown reflect all-in exchange ratios

<sup>1</sup> PV10 calculated based on midyear convention and discounted to 30-Jun-2018. PV10 of residual step up calculated from PWC/Arkose provided depreciation schedule for step up in tax basis assuming 1.775x merger consideration exchange ratio and share/unit prices as of 4-Sep-2018; analysis assumes 25.3% tax rate.

<sup>2</sup> Arkose status quo equity value based on combined Midstream diluted equity value, market implied Series B value, and GP equity value. Pro forma share count includes LTIP.



Source: Arkose Projections and Bloomberg market data as of 4-Sep-2018



Appendix A: Additional Market Reference Materials

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# Precedent Premia Analysis

## Midstream Simplification Transactions | Last Five Years

Announcement Date	Target	Acquirer	Consideration Mix	Taxable?	Premia Paid <sup>1</sup>	
					1 Day	30 Trading Day VWAP
<b>Parent to LP Merger</b>						
24-Aug-18	Spectra Energy Partners, LP <sup>1</sup>	Enbridge Inc.	Stock	Yes	10 %	8 %
1-Aug-18	Energy Transfer Partners	Energy Transfer Equity	Stock	Yes	11	19
17-May-18	Williams Partners L.P. <sup>2</sup>	The Williams Companies, Inc.	Stock	Yes	14	6
7-Feb-18	Talgrass Energy Partners, LP <sup>1</sup>	Talgrass Energy GP, LP	Stock	Yes	10	4
8-Feb-18	NuStar GP Holdings	NuStar Energy	Stock	No	2	0
2-Jan-18	Archrock Partners, LP	Archrock, Inc.	Stock	Yes	23	28
1-Feb-17	ONEOK Partners	ONEOK, Inc.	Stock	Yes	26	22
31-May-16	RoseRock Midstream	Sengroup Corporation	Stock	Yes	0	27
3-Nov-15	Targa Resources Partners LP	Targa Resources Corp.	Stock	Yes	18	16
6-May-15	Crestwood Midstream Partners LP	Crestwood Equity Partners LP	Stock	No	17	20
10-Aug-14	Kinder Morgan Partners	Kinder Morgan, Inc.	Mix	Yes	12	10
10-Aug-14	El Paso Pipeline Partners	Kinder Morgan	Mix	Yes	15	10
10-Aug-14	Kinder Morgan Management, LLC	Kinder Morgan, Inc.	Stock	Yes	17	15
<b>LP Buy-in</b>						
19-Jun-18	Cheniere Energy Partners LP Holdings, LLC <sup>1</sup>	Cheniere Energy, Inc.	Stock	Yes	7 %	8 %
2-Jun-17	World Point Terminals, LP	World Point Terminals Inc.	Cash	Yes	6	4
18-May-17	PennTex Midstream Partners	Energy Transfer Partners	Cash	Yes	20	20
2-Mar-17	VTTI Energy Partners	Vitol / Buckeye Partners	Cash	Yes	6	7
26-Sep-16	Columbia Pipeline Partners <sup>1</sup>	TransCanada	Cash	Yes	13	14
27-Aug-13	PAA Natural Gas Storage	Plains All American Pipeline	Stock	No	7	4
12-Aug-13	Pioneer Southwest Energy Partners	Pioneer Natural Resources	Stock	Yes	1	7
		High			26 %	28 %
		Median			12	10
		Mean			12	13
		Low			0	0
<b>Pending Publicly Announced LP Buy Ins<sup>3</sup></b>						
10-Jul-18	Transmontagne Partners L.P.	ArcLight	Cash	Yes	5	1
17-May-18	Enbridge Energy Partners, L.P.	Enbridge Inc.	Stock	Yes	0	2
17-May-18	Enbridge Energy Management, L.L.C.	Enbridge Inc.	Stock	No	0	3
17-May-18	Enbridge Income Fund Holdings Inc.	Enbridge Inc.	Stock	No	5	5

Source: Company filings and press releases, CapIQ, Bloomberg

<sup>1</sup> For the all stock transactions, the 1-Day Premia paid is based on the Offer price based on acquirer stock price on the day prior to announcement effected for the exchange ratio offered to the target compared with the target's market price on the day prior to announcement. The 30 Trading Day VWAP Premia Paid is calculated using the 30 Trading Day VWAP of the target as calculated on the day prior to the announcement of the target. The premia also include cash consideration on a per share basis when applicable.

<sup>2</sup> 1-Day and 30-Trading Day VWAP calculated based on undisturbed dates for the specified transactions.





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## Project Francis

### Conflicts Committee of the Board of Directors of Arkose GP LLC

#### Discussion Materials

September 13, 2018

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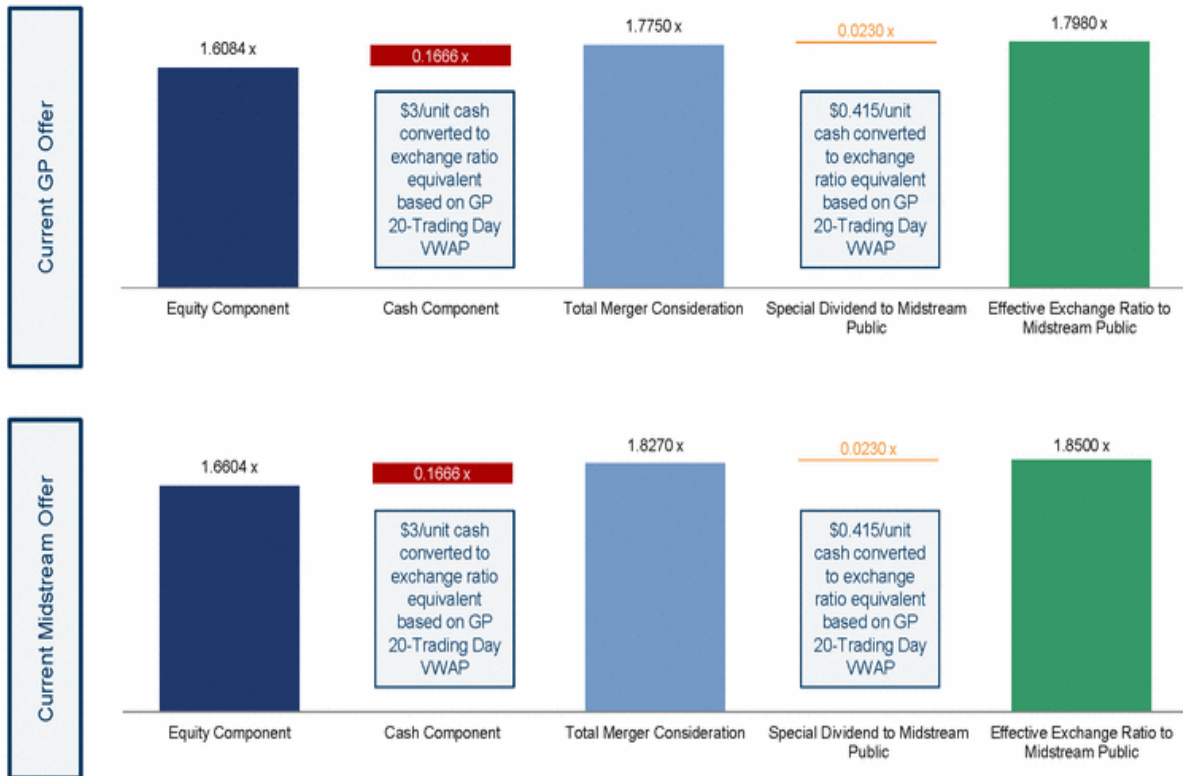
	Transaction Terms	GP	Series B	AR S.C.	AM S.C.
<b>Merger Consideration</b>	<ul style="list-style-type: none"> <li>1.775x with \$3 per unit cash credit against exchange ratio               <ul style="list-style-type: none"> <li>Implies aggregate consideration of 1.6121x + \$3 per Midstream unit calculated off 1.775x exchange ratio using GP 20-day VWAP as of 4-Sept-2018 (assumption in favor of AM)</li> <li>Cash-stock election mechanic (details to be refined) such that the fixed share and cash pools are distributed in full to AM unitholders</li> </ul> </li> <li>\$0.415 special cash distribution to AM public unitholders at close</li> </ul>	1.775x + \$0.415 / Unit Special Dist. to Public	✓ (Agree to Either)	✓ (Agree to Either)	Two Option Counter Proposal
<b>Series B Settlement</b>	<ul style="list-style-type: none"> <li>18.5mm New GP shares</li> <li>Original vesting schedule and consequences for accrued Series B distributions, except as noted below               <ul style="list-style-type: none"> <li>No accelerated vesting for any Series B unitholder</li> <li>Not subject to performance metrics at Upstream</li> </ul> </li> <li>Unvested New GP shares received at closing do not accrue New GP dividends (i.e., estimated four quarters of foregone dividend accruals on final tranche)</li> <li>Forfeiture of Series B settlement shares if holder leaves prior to vesting (i.e., no reallocation of settlement shares to other Series B holders)</li> </ul>	✓	✓	✓	✓
<b>Pro Forma Distribution</b>	<ul style="list-style-type: none"> <li>Communicate to investors at transaction announcement intention to keep Midstream distribution whole for 1 year (four quarters) for Midstream unitholders who receive the all equity consideration of 1.775x New GP shares</li> </ul>	✓	✓	✓	✓
<b>New AMGP Structure, Board, and Governance</b>	<ul style="list-style-type: none"> <li>Delaware C-Corp with majority of independent directors elected by public New GP shareholders and no controlled company exceptions</li> <li>New GP board will have staggered board terms</li> <li>Nomination rights and step-downs: Upstream nominating committee to nominate director designees; Upstream to have proportionate step-down rights as sponsors</li> </ul>	✓	✓	✓	✓
<b>GP Vote</b>	<ul style="list-style-type: none"> <li>Yes, vote of majority of unaffiliated shareholders to approve</li> </ul>	✓	✓	✓	✓
<b>Midstream Vote</b>	<ul style="list-style-type: none"> <li>Yes, vote of majority of unaffiliated unitholders to approve</li> </ul>	✓	✓	✓	✓
<b>Registration Rights</b>	<ul style="list-style-type: none"> <li>Upstream, sponsors, and Series B unitholders to have registration rights equivalent to their existing rights</li> </ul>	✓	✓	✓	✓
<b>Water Earn Outs</b>	<ul style="list-style-type: none"> <li>No acceleration of water earn outs</li> </ul>	✓	✓	✓	✓

# Review of Offers to Date

## Summary of Economic Terms

Date	Proposal	Summary
1 4-Jun-2018	GP Proposal	1.6000x Exchange Ratio (All equity)
14-Jul-2018	Midstream / Upstream Response	1.9600x Exchange Ratio (1.7500x + \$4/unit cash)
2 20-Jul-2018	Revised GP Proposal	1.6500x Exchange Ratio (All equity)
25-Jul-2018	Revised Midstream / Upstream Response	1.9100x Exchange Ratio (1.7100x + \$3.84/unit cash)
3 12-Aug-2018	Revised GP Proposal	1.7000x Exchange Ratio (All equity)
14-Aug-2018	Revised Midstream / Upstream Response (In Person – Denver)	1.8650x Exchange Ratio (1.7100x + \$3.00/unit cash)
4 14-Aug-2018	Revised GP Proposal (In Person – Denver)	1.7000x Exchange Ratio (1.5449x + \$3/unit cash)
5 20-Aug-2018	✓ Revised GP Proposal (Accepted by Upstream)	1.7750x Exchange Ratio (1.6117x + \$3/unit cash)
6 30-Aug-2018	Revised GP Proposal	1.7750x Exchange Ratio (1.6145x + \$3/unit cash to all Midstream Unitholders), plus \$0.415 special distribution to Midstream Public Unitholders
1-Sep-2018	Revised Midstream Proposal	<p>Either:</p> <ul style="list-style-type: none"> <li>■ 1.775x Exchange Ratio (inclusive of \$3/unit cash consideration) plus \$0.415 special distribution to Midstream Public Unitholders plus Series B settlement at 13.5mm shares; or</li> <li>■ 1.8500x Exchange Ratio to Midstream Public, (consideration mix TBD, but targeting \$3/Unit cash credit and \$0.415 special distribution) plus Series B settlement at 18.5mm shares</li> </ul>

Note: Cash component converted to exchange ratio equivalent based on the price date referenced in the respective offers or used for negotiations for all offers through 14-Aug-2018, 20 trading day VWAP as of the close prior to the offer date used for subsequent offers. Final mechanism for converting cash component to equity exchange ratio has not yet been settled.



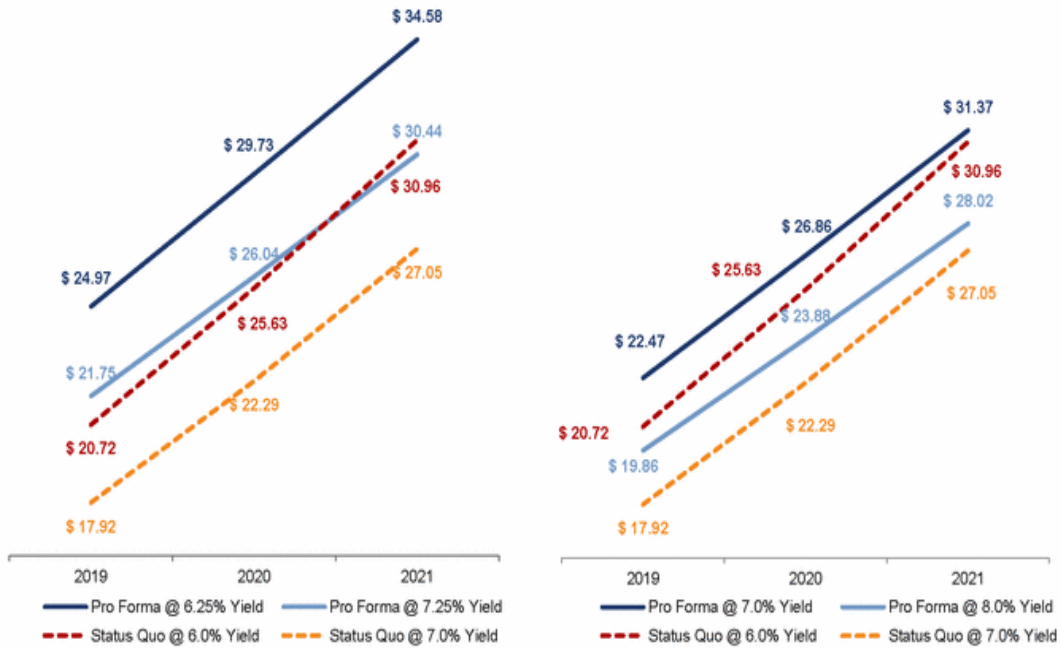
Source: Bloomberg market data as of 12-Sep-2018

# Summary Present Value of Future Share Price

1.8270x Exchange Ratio (1.6604x Equity + \$3 / Unit Cash) + \$0.415 Special Dividend to Midstream Public Unitholders

Primary Assumptions for Valuation

Illustrative Pro Forma Trades in Line With Midstream Status Quo



Source: Arkose Projections and Bloomberg market data as of 12-Sep-2018



# Illustrative Analysis at Various Equity Values

1.8270x Exchange Ratio (1.6604x Equity + \$3 / Unit Cash) + \$0.415 Special Dividend to Midstream Public Unitholders

Current GP Price: \$ 17.58		Combined Market Cap - Current Value		Approx. Combined Market Cap - Indexed Value <sup>2</sup>				Current Arkose Multiples	
Illustrative Equity Value Before Cash <sup>3</sup>	\$ 9,029	\$ 9,400	\$ 9,800	\$ 10,200	\$ 10,600	\$ 11,000			PV10 of 2019-2022 Cash Tax Savings: ~\$289mm <sup>1</sup>
(-) Cash Consideration & Special Dividend	(601)	(601)	(601)	(601)	(601)	(601)			PV10 of Residual Step Up in Tax Basis at End of Forecast: \$479mm <sup>1</sup>
<b>Illustrative PF Equity Value</b>	<b>\$ 8,428</b>	<b>\$ 8,799</b>	<b>\$ 9,199</b>	<b>\$ 9,599</b>	<b>\$ 9,999</b>	<b>\$ 10,399</b>			
(*) Pro Forma Net Debt at YE2018	2,387	2,387	2,387	2,387	2,387	2,387			
<b>Implied Enterprise Value at Close</b>	<b>\$ 10,815</b>	<b>\$ 11,186</b>	<b>\$ 11,586</b>	<b>\$ 11,986</b>	<b>\$ 12,386</b>	<b>\$ 12,786</b>			
<b>Implied Share Price</b>	<b>\$16.30</b>	<b>\$17.02</b>	<b>\$17.79</b>	<b>\$18.56</b>	<b>\$19.34</b>	<b>\$20.11</b>			

Metric	Implied EV / EBITDA							Current Arkose Multiples							
	2019	2020	2019	2020	2019	2020	2019	2020	Midstream	GP					
Implied EV / EBITDA	\$ 989	1,222	10.9 x	8.8	11.3 x	9.2	11.7 x	9.5	12.1 x	12.5 x	12.9 x	10.8 x	8.7	NA	NA
Implied Distribution Yield	\$ 0.89	1.34	5.4 %	8.2	5.2 %	7.9	5.0 %	7.5	4.8 %	4.6 %	4.4 %	5.0 %	7.6	6.5	
18-20 CAGR													58 %		

Metric	Implied P / DCF							Current Equity Multiples / Yields								
	2019	2020	2019	2020	2019	2020	2019	2020	Midstream	SHLX	HESM	NBLX				
Implied P / DCF	\$ 1.59	1.94	10.3 x	8.4	10.7 x	8.8	11.2 x	9.2	11.7 x	12.2 x	12.7 x	12.7 x	11.0 x	14.5 x	12.1 x	9.3 x
Implied Distribution Yield	\$ 1.21	1.66	7.4 %	10.2	7.1 %	9.8	6.8 %	9.3	6.5 %	6.3 %	6.0 %	6.0 %	7.3 %	7.7 %	7.2 %	6.4 %
18-20 CAGR													29 %	11 %	15 %	20 %

Selected High Growth MLPs (with IDRs)
Midstream
SHLX
HESM
NBLX

Source: Arkose Projections, Arkose Merger Model, and Bloomberg market data as of 12-Sep-2018  
 Note: Analysis assumes 18.5mm shares issued to Series B.

<sup>1</sup> PV10 calculated based on midyear convention and discounted to 30-Jun-2018. PV10 of residual step up calculated from PWC/Arkose provided depreciation schedule for step up in tax basis assuming 1.8270x merger consideration exchange ratio and share/unit prices as of 6-Sep-2018; analysis assumes 25.3% tax rate.

<sup>2</sup> Indexed value reflects illustrative market cap based on GP and Midstream prices indexed to the AMZ since 26-Jan-2018, the last trading day prior to the announcement of a strategic review.

<sup>3</sup> Arkose status quo equity value based on combined Midstream diluted equity value, market implied Series B value, and GP equity value. Pro forma share count includes LTIP.



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Appendix A: Additional Reference Materials

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(\$ in millions, except per share / unit data)

Calculation of Combined Equity Value			Calculation of Yield				
	Current Close	AMZ Indexed From 26-Jan	Based on Current Prices		Based on 26-Jan Index		
			2019	2020	2019	2020	
Basic Midstream Units	187		Midstream Unit Price	\$ 30.18	\$ 30.18	\$ 30.96	\$ 30.96
(+) Midstream LTIP	1		(/) LP DCF	2.76	3.24		
Midstream Diluted Unit Count	188		Midstream P/LP DCF	11.0 x	9.3 x	11.2 x	9.5 x
(x) Midstream Unit Price	\$ 30.18	\$ 30.96	Midstream LP DPU	\$ 2.21	\$ 2.85		
Midstream Diluted Equity Value	\$ 5,677	\$ 5,824	(/) Midstream Unit Price	30.18	30.18	30.96	30.96
Current Premium (Discount) to Index		(3)%	Implied Yield	7.3 %	9.4 %	7.1 %	9.2 %
GP Shares	186	186	GP DPS	\$ 0.89	\$ 1.34		
(+) Series B Converted Shares <sup>1</sup>	4.4	5.3	(/) GP Share Price	17.58	17.58	20.58	20.58
GP Diluted Share Count	191	191	Implied Yield	5.0 %	7.6 %	4.3 %	6.5 %
(x) GP Share Price	\$ 17.58	\$ 20.58	19-20 Average Yield	6.3 %		5.4 %	
GP Diluted Equity Value	\$ 3,352	\$ 3,940	Distributable Cash Flow <sup>2</sup>	\$ 795	\$ 950		
Current Premium (Discount) to Index		(15)%	Distributed Cash <sup>3</sup>	591	802		
Arkose GP Diluted Equity Value	\$ 9,029	\$ 9,765	Implied Equity Value / Total DCF	11.4 x	9.5 x	12.3 x	10.3 x
Current Premium (Discount) to Index		(8)%	Implied Distribution Yield	6.5 %	8.9 %	6.1 %	8.2 %
Net Debt (Incl. Water Drop)	1,611	1,611	EBITDA	\$ 989	\$ 1,222		
Enterprise Value	\$10,640	\$11,376	EV/EBITDA	10.8 x	8.7 x	11.5 x	9.3 x

Source: Arkose Projections and Bloomberg market data as of 12-Sep-2018

Note: Share counts based on 2Q2018 Midstream and GP 10-Qs.

<sup>1</sup> Current Close based on 20-day VWAP; Indexed Series B values based on GP status quo market cap and status quo Series B conversion.<sup>2</sup> Based on total DCF at Midstream, excluding taxes at GP.<sup>3</sup> Based on distributions to LPs at Midstream, distributions to Series B unitholders, and dividends to GP shareholders.

# YTD Stock Price Performance

## Arkose Absolute Price and AMZ Indexed Prices | Indexed Based on GP Peak (26-Jan-2018)



Source: Bloomberg market data as of 12-Sep-2018



Source: Bloomberg market data as of 12-Sep-2018

# Illustrative GP / Midstream Contribution Analysis

(\$ in millions)

GP / Midstream Spot Price: \$17.58 / \$30.18 GP / Midstream VWAP: \$18.01 / \$30.25		Arkose GP Common Shares	IDR LLC Series B	Midstream LP Unitholders	Ratio of Observed Market Cap			Breakeven Exchange Ratio (GP Perspective) <sup>1</sup>
Observed Equity Value	Current Market Cap (Spot)	\$ 3,274	\$ 78	\$ 5,677	36.3 %	0.9 %	62.9 %	1.642 x
	20 Trading Day VWAP Based Market Cap	3,354	108	5,824	36.1 %	1.2 %	62.7 %	1.652
	Illustrative GP \$19 Share Price	3,538	80	5,690	38.0 %	0.9 %	61.1 %	1.516
Observed Equity Value Plus PV10 of Near Term Tax Synergies (Added to Midstream)	Current Market Cap (Spot)	\$ 3,274	\$ 78	\$ 5,966	35.1 %	0.8 %	64.0 %	1.729 x
	20 Trading Day VWAP Based Market Cap	3,354	108	6,113	35.0 %	1.1 %	63.8 %	1.738
	Illustrative GP \$19 Share Price	3,538	80	5,979	36.9 %	0.8 %	62.3 %	1.597
Observed Equity Value Plus PV10 of All Tax Synergies (Added to Midstream)	Current Market Cap (Spot)	\$ 3,274	\$ 78	\$ 6,445	33.4 %	0.8 %	65.8 %	1.874 x
	20 Trading Day VWAP Based Market Cap	3,354	108	6,592	33.4 %	1.1 %	65.6 %	1.879
	Illustrative GP \$19 Share Price	3,538	80	6,458	35.1 %	0.8 %	64.1 %	1.731
New AMGP Equity Ownership at Various Exc. Ratios	1.827 x				34.0 %	3.4 %	62.7 %	
	1.775 x				34.6 %	3.4 %	62.0 %	

■ GP ■ Series B ■ Midstream

Source: Arkose Projections and Bloomberg market data as of 12-Sep-2018

<sup>1</sup> Calculated assuming fixed 16.5mm shares issued to retire Series B units and exchange ratio to Midstream required to set GP's pro forma ownership equal to its portion of market capitalization.



## Project Francis

### Conflicts Committee of the Board of Directors of Arkose GP LLC

#### **Discussion Materials**

September 21, 2018

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- 
- On Friday, September 14<sup>th</sup>, the AMGP Committee sent a letter responding to AM's September 2<sup>nd</sup> proposal (Option A / Option B)
  - Over the weekend of September 15<sup>th</sup>, Warburg retained Citi to provide additional perspective on the transaction
  - Conversations have occurred from time-to-time since our September 14<sup>th</sup> letter among the various parties to the negotiations and their financial and legal advisors, including:
    - An AM Committee letter on Tuesday, September 18<sup>th</sup>, which "retracted" its September 2<sup>nd</sup> proposals given "recent trading ratios" and "AMGP's rejection of [AM's] offer"
      - AM also requested that management update the financial forecasts being used by the parties
    - A number of trial concepts from Warburg's advisor, Citi, which are various combinations of increasing the aggregate number of shares issued in the transaction and/or increasing the quantity of cash paid, with additional tweaks to value allocation among the various parties
      - It is unclear to what extent any of the primary constituents to the negotiations (AM Committee, AR Committee, or the Series B holders) support any of these trial concepts / ideas
      - There does not appear to be any trial concept / idea that is consistent with or an improvement to AMGP's 1.775x proposal for AMGP shareholders
    - An AR Committee term sheet revision on Tuesday, September 18<sup>th</sup> with "AR's understanding of Citi's Proposed Compromise", which includes a reduction in Series B settlement shares but a change such that AR shall receive the special dividend
    - A proposal from the Series B holders on Thursday, September 21<sup>st</sup> indicating a concession on the Series B settlement to 17.354mm shares from 18.5mm
      - The proposal also indicated modified equity exchange ratios to allocate additional value to AM Public unitholders
      - The aggregate number of New AMGP shares issued and cash paid in the Series B holder proposal appears consistent with our 1.775x proposal as described in the September 14<sup>th</sup> letter
-

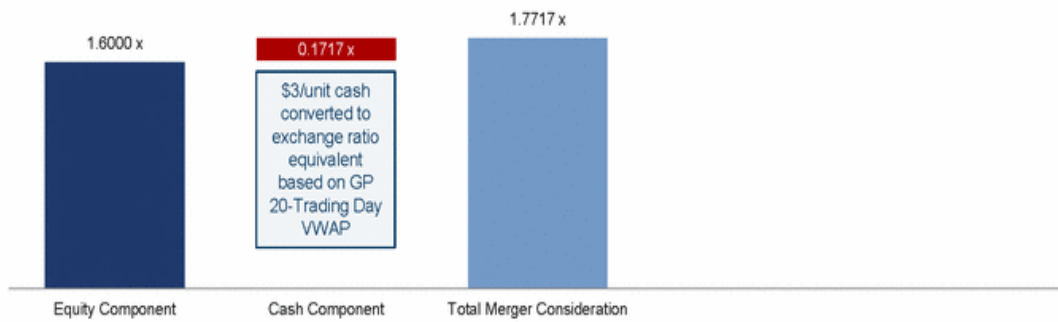


# Components of Total Consideration

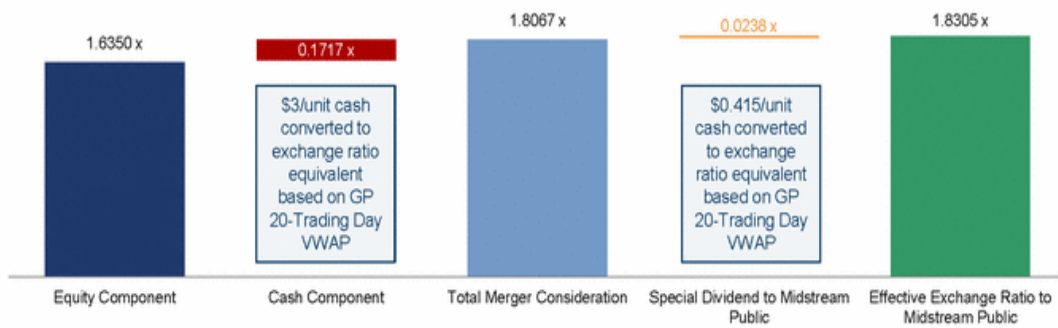
## Series B Holder Proposal

Note: Series B Settlement  
Shares: 17,354

Series B Holders' Proposal:  
Consideration to AR



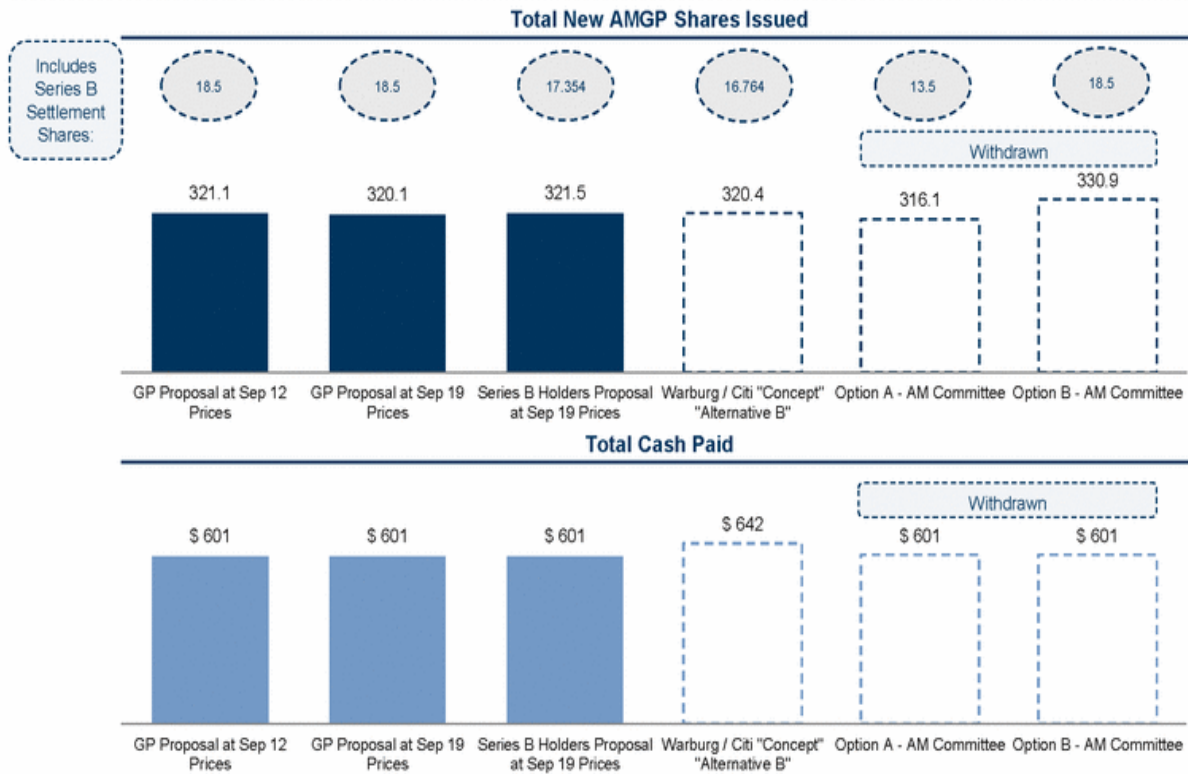
Series B Holders' Proposal:  
Consideration to AM



Source: Company filings, Bloomberg market data as of 19-Sep-2018

# Total New AMGP Shares Issued and Cash Paid Under Each Proposal

(US\$ in millions)

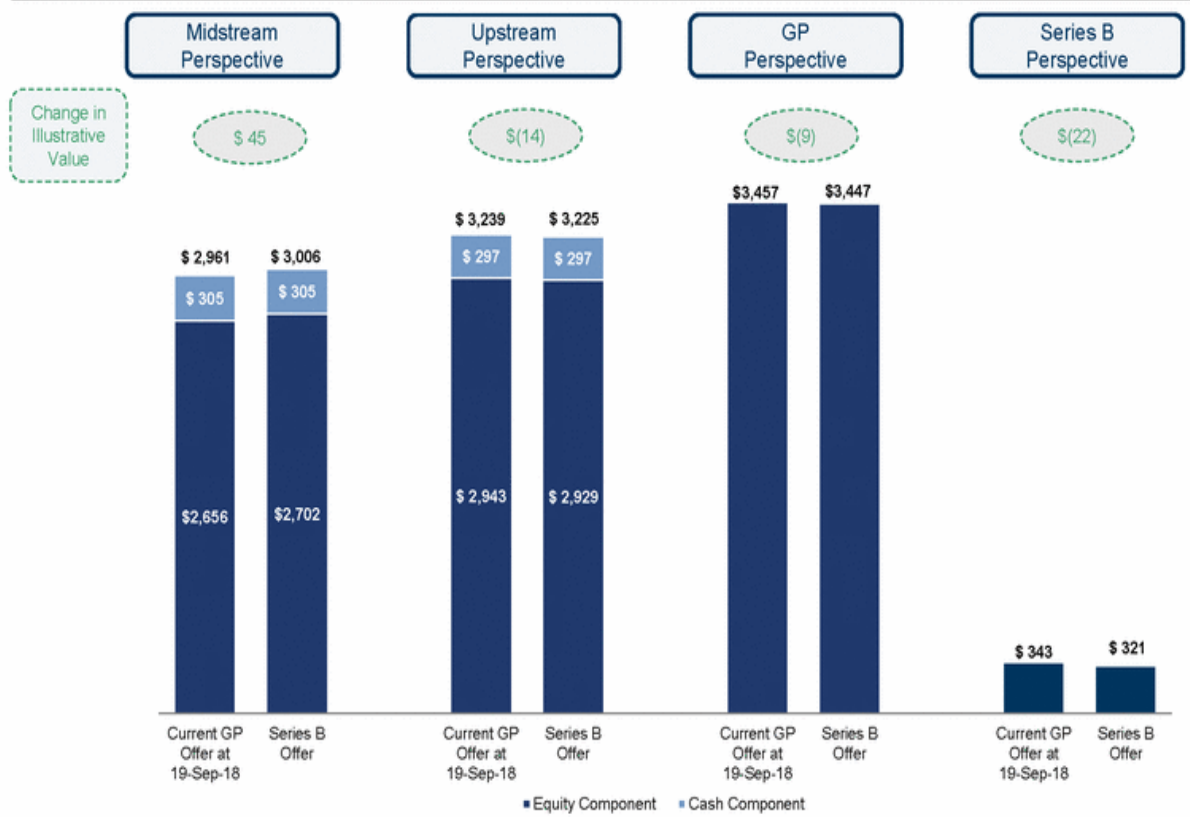


Source: Company filings, Bloomberg market data as of 19-Sep-18

# Summary of New AMGP Value

## Illustrative \$10bn Equity Value Before Cash Consideration

(US\$ in millions)



Source: Company filings, Bloomberg market data as of 19-Sep-2018

# Implied Premiums and Illustrative Ownership Impact at Various Exchange Ratios

	Last Close	30 Trading Day VWAP	Illustrative Exchange Ratio				
			AMGP Proposal		Series B Proposal		
			Merger Consideration	Merger Consideration with Special Dividend	Merger Consideration	Merger Consideration with Special Dividend	AM Public
<b>Illustrative Exchange Ratios (Midstream / GP)</b>	1.7856 x	1.7134 x	1.7750 x	1.7861 x	1.7883 x	1.7995 x	1.8305 x
<b>Current Market</b>	<b>Midstream</b>	<b>GP</b>					
Last Close	\$ 30.32	\$ 16.98	(1)%	0 %	0 %	1 %	3 %
30-Trading Day VWAP	30.76	17.95	4	4	4	5	7
Midstream VWAP / GP Closing Price	30.76	16.98	(2)	(1)	(1)	(1)	1
<b>At 20-Aug (Date of Offer Accepted by Upstream)</b>							
Last Close	\$ 31.06	\$ 19.09	9 %	10 %	10 %	11 %	13 %
30-Trading Day VWAP	31.60	19.04	7	8	8	8	10
Midstream VWAP / GP Closing Price	31.60	19.09	7	8	8	9	11
<b>At 28-Jan-2018 (1 Trading Day Prior to Strategic Review)</b>							
Last Close	\$ 33.13	\$ 22.02	18 %	19 %	19 %	20 %	22 %
30-Trading Day VWAP	30.23	19.93	17	18	18	19	21

Source: Company filings, Bloomberg market data as of 19-Sep-2018

(US\$ in millions, except per share data)

	AMGP Proposal		Series B Holders Proposal	Werbung / CRI "Concept"	AMGP Estimate of AM Sept 2nd Proposal	
	at 12-Sep-18	at 19-Sep-18		Alternative B	Option A	Option B
	at 12-Sep-18	at 19-Sep-18		at 12-Sep-18	at 12-Sep-18	at 12-Sep-18
AM Equity Component - AM Public	1,6084 x	1,6033 x	1,6350 x	1,6407 x	1,6084 x	1,6004 x
(x) AM Units Receiving Merger Consideration	89.2	89.2	89.2	88.2	89.2	89.2
New AMGP Shares for Merger Consideration	143.5	143.1	145.9	144.7	143.5	148.2
Equity Component - AR	1,6084 x	1,6033 x	1,6000 x	1,5910 x	1,6084 x	1,6004 x
(x) AM Units Receiving Merger Consideration	98.9	98.9	98.9	99.9	98.9	98.9
New AMGP Shares for Merger Consideration	159.0	158.5	158.2	159.0	159.0	164.2
<b>Total Shares for Merger Consideration</b>	<b>302.6</b>	<b>301.6</b>	<b>304.1</b>	<b>303.7</b>	<b>302.6</b>	<b>312.4</b>
(+) New AMGP Shares to Series B	18,500	18,500	17,354	16,764	13,500	18,500
<b>Total New AMGP Shares Issued</b>	<b>321.1</b>	<b>320.1</b>	<b>321.5</b>	<b>320.4</b>	<b>316.1</b>	<b>330.9</b>
Cash Component	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
(x) AM Units Receiving Merger Consideration	188.1	188.1	188.1	188.1	188.1	188.1
<b>Cash for Merger Consideration</b>	<b>\$ 564</b>	<b>\$ 564</b>	<b>\$ 564</b>	<b>\$ 564</b>	<b>\$ 564</b>	<b>\$ 564</b>
Special Dividend	\$ 0.415	\$ 0.415	\$ 0.415	\$ 0.415	\$ 0.415	\$ 0.415
(x) AM Units Receiving Special Dividend	88.2	88.2	88.2	88.1	88.2	88.2
<b>Total Special Dividend</b>	<b>\$ 37</b>	<b>\$ 37</b>	<b>\$ 37</b>	<b>\$ 78</b>	<b>\$ 37</b>	<b>\$ 37</b>
<b>Total Cash Paid</b>	<b>\$ 601</b>	<b>\$ 601</b>	<b>\$ 601</b>	<b>\$ 642</b>	<b>\$ 601</b>	<b>\$ 601</b>
Effective Exchange Ratio to AR	1.7750 x	1.7750 x	1.7717 x	1.7808 x	1.7750 x	1.8270 x
Effective Exchange Ratio to AM - Public	1.7980 x	1.7980 x	1.8305 x	1.8303 x	1.7980 x	1.8500 x
GP 20-Day VWAP	\$ 18.01	\$ 17.47	\$ 17.47	\$ 18.01	\$ 18.01	\$ 18.01
Total Share Equivalent of Cash Component	31.3	32.3	32.3	31.3	31.3	31.3
Total Share Equivalent for Merger Consideration	333.9	333.9	336.4	335.0	333.9	343.7
<b>Total Merger Consideration</b>	<b>1,7750 x</b>	<b>1,7750 x</b>	<b>1,7883 x</b>	<b>1,7808 x</b>	<b>1,7750 x</b>	<b>1,8270 x</b>
Total Share Equivalent of Special Dividend	2.0	2.1	2.1	4.3	2.0	2.0
Total Share Equivalent to AM Unitholders	335.9	336.0	338.5	339.3	335.9	345.7
Effective Exchange Ratio to AM Unitholders	1.7857 x	1.7861 x	1.7995 x	1.8039 x	1.7857 x	1.8377 x

Source: Company filings, Bloomberg market data as of 19-Sep-2018



## Project Francis

### Conflicts Committee of the Board of Directors of Arkose GP LLC

#### **Additional Series B Reference Materials**

September 24, 2018

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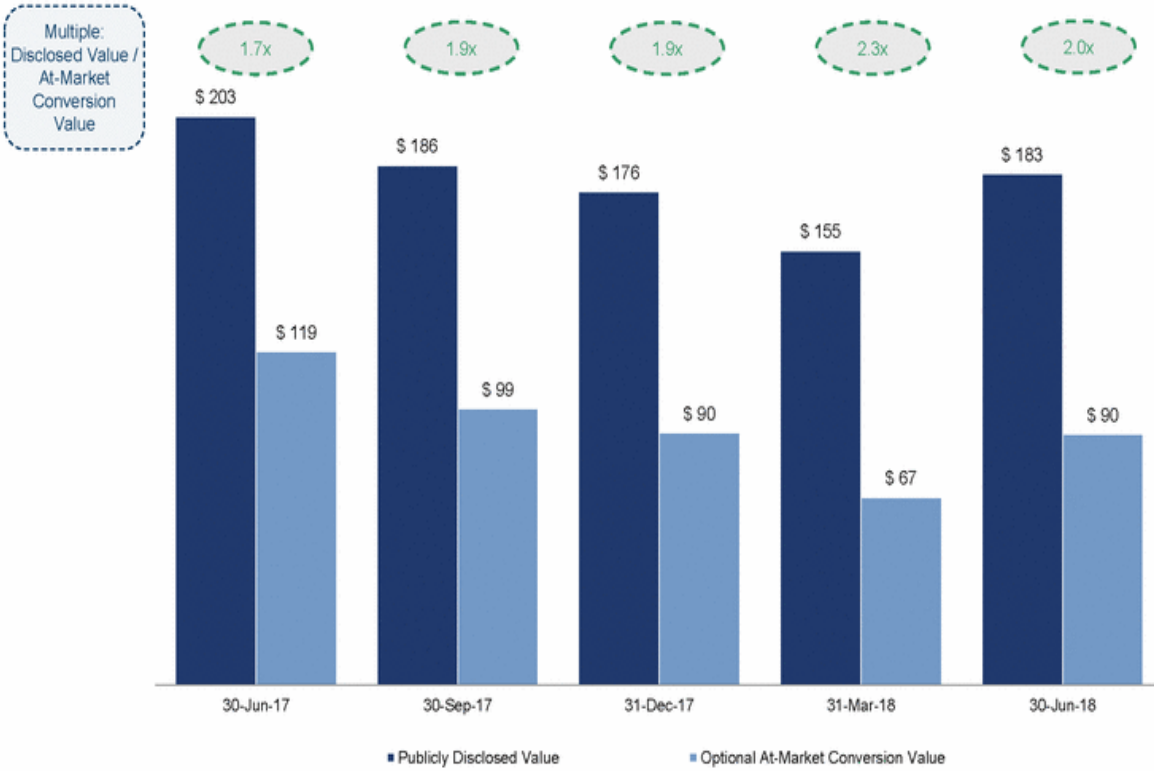
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# Status Quo: Publicly Disclosed Series B Value vs Optional At-Market Conversion Value

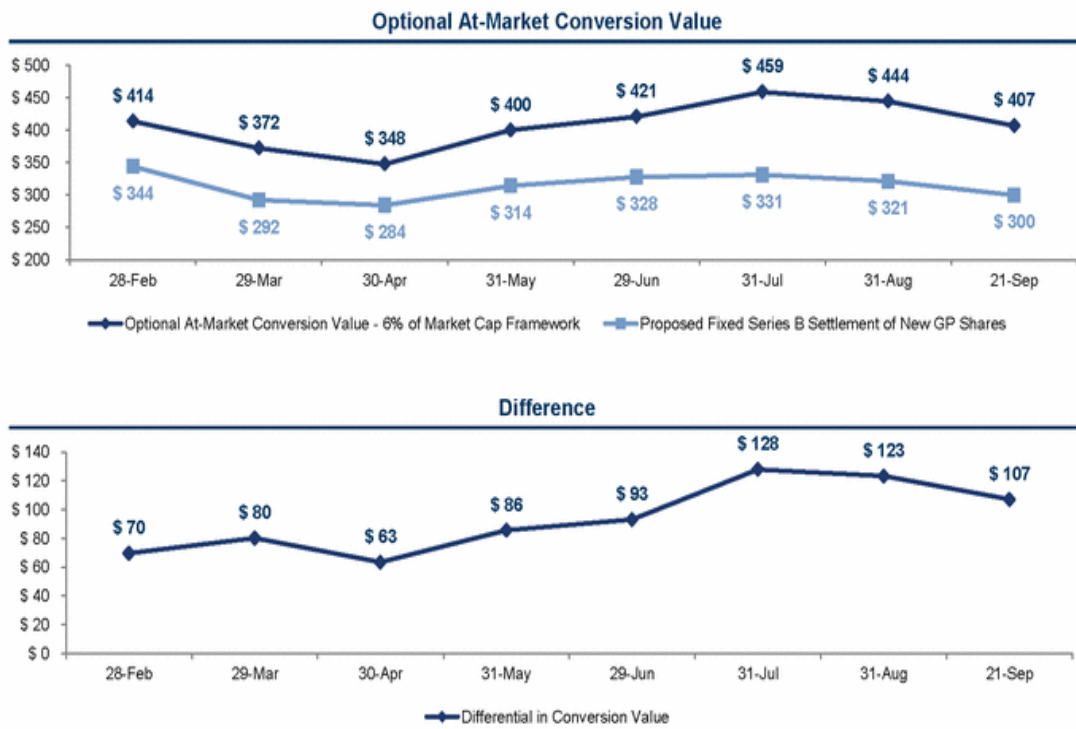
(US\$ in millions)



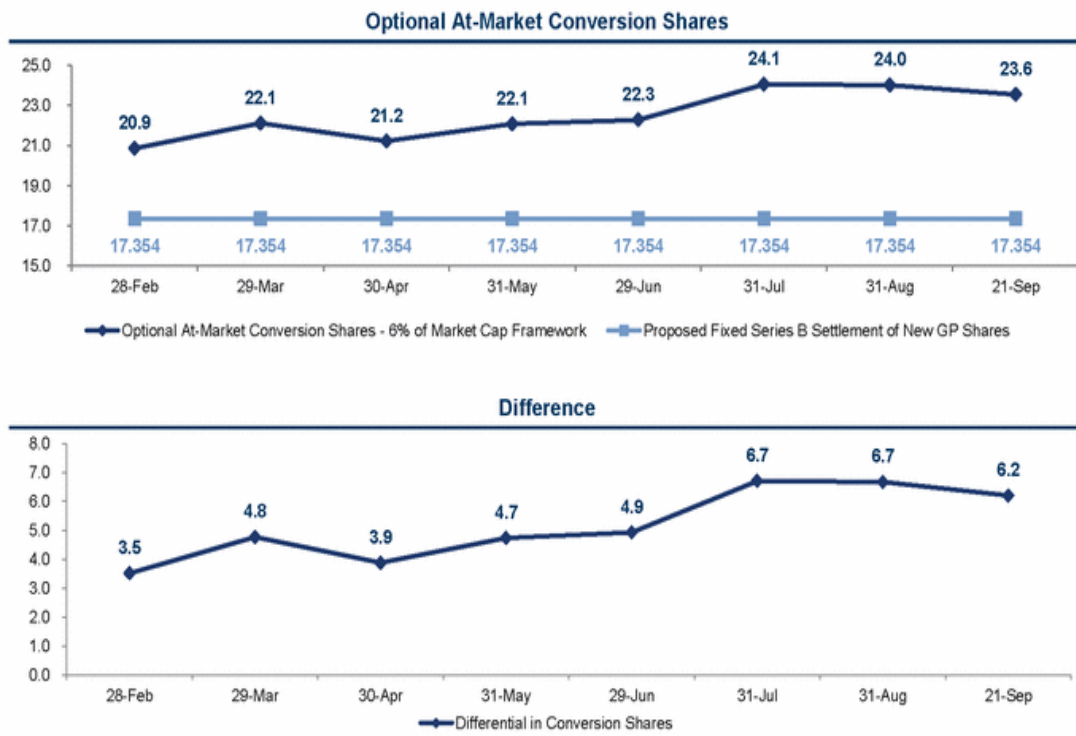
Source: Company filings; Bloomberg market data as of 21-Sep-2018  
 Note: Excludes Q1 2017 10Q valuation as AMGP IPO occurred May 2017

# Pro Forma: At-Market Conversion Value vs. Proposed Deal Terms - \$ Value

(US\$ in millions)



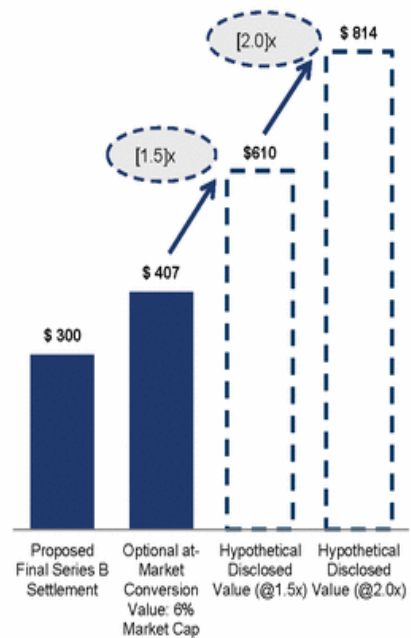
Source: Company filings, Bloomberg market data as of 21-Sep-2018



Source: Company filings, Bloomberg market data as of 21-Sep-2018

- The Series B optional conversion mechanic is disclosed to the market, which therefore means that investors are able to calculate the conversion value of the Series B units
  - AMGP regularly discloses an actuarially-based valuation of the Series B units, which is significantly higher (the "multiplier") than the conversion value
  - The "multiplier" reflects the incremental value of the imbedded options on projected dividends and future increases in AMGP's market capitalization attributable to increases in AMGP's share price and/or share count through December 2026
  - The "multiplier" has averaged 2.0 over the past five quarters and was 2.0 as of June 30, 2018, reflecting a Series B valuation of \$183mm vs. the conversion value of the underlying shares of \$90mm
- If the pre-deal conversion mechanics can be calculated, investors are able to calculate the conversion value in a pro-forma-combined scenario
  - After the simplification, investors can also safely assume that the Series B units will be worth more than the conversion value into the underlying shares for the same economic reasons as in status quo (i.e., option on future dividends and market cap increases), and consequently would not be converted
- The contemplated settlement of the Series B units into 17.35mm shares (worth \$300mm as of September 22<sup>nd</sup>) represents a significant discount to either:
  - Immediate conversion of the Series B units into the underlying (23.6mm) AMGP shares (worth \$407mm at September 22<sup>nd</sup>); or
  - The Series B units remain outstanding at a premium valuation to that of the underlying shares (potentially worth \$610-\$814mm assuming the historical "multiplier" of 1.5-2.0x)
- In addition, the contemplated settlement of the Series B units facilitated the transition to a traditional C-corp structure with associated governance provisions, which should translate into meaningful economic value

Implications for Conversion Value



Source: Company filings, Bloomberg market data as of 21-Sep-2018

## Appendix A: Supporting Calculations

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# Status Quo: Illustrative Optional Series B Conversion Value

(US\$ in millions, except per unit data or otherwise stated)

	30-Jun-17	30-Sep-17	31-Dec-17	31-Mar-18	30-Jun-18
Publicly Disclosed Estimated Value Per Unit of Series B	\$ 2,042	\$ 1,884	\$ 1,787	\$ 1,574	\$ 1,852
Series B Units Outstanding (thousands)	99.5	98.6	98.6	98.6	98.6
<b>Publicly Disclosed Value</b>	<b>\$ 203</b>	<b>\$ 186</b>	<b>\$ 176</b>	<b>\$ 155</b>	<b>\$ 183</b>
20 Day GP VWAP	\$ 21.46	\$ 19.70	\$ 18.91	\$ 16.83	\$ 18.88
(x) Common Shares Outstanding	186	186	186	186	186
GP Market Cap	\$ 3,995	\$ 3,668	\$ 3,521	\$ 3,133	\$ 3,516
(-) \$2.0bn Threshold	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Equity Value Subject to Series B Take	\$ 1,995	\$ 1,668	\$ 1,521	\$ 1,133	\$ 1,516
(x) Series B Take	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %
<b>Series B Value</b>	<b>\$ 120</b>	<b>\$ 100</b>	<b>\$ 91</b>	<b>\$ 68</b>	<b>\$ 91</b>
(x) Units Outstanding	99.5 %	98.6 %	98.6 %	98.6 %	98.6 %
(x) Percent Vested	100.0	100.0	100.0	100.0	100.0
<b>Total Entitlement</b>	<b>\$ 119</b>	<b>\$ 99</b>	<b>\$ 90</b>	<b>\$ 67</b>	<b>\$ 90</b>
(/) Vested Units Outstanding	99.5	98.6	98.6	98.6	98.6
<b>Per Vested B Unit Entitlement</b>	<b>\$ 1.20</b>	<b>\$ 1.00</b>	<b>\$ 0.91</b>	<b>\$ 0.68</b>	<b>\$ 0.91</b>
(x) Vested Units Redeemed	99.5	98.6	98.6	98.6	98.6
(/) 20 Day GP VWAP	\$ 21.46	\$ 19.70	\$ 18.91	\$ 16.83	\$ 18.88
<b>Conversion - Common Shares Issued</b>	<b>5.55</b>	<b>5.01</b>	<b>4.76</b>	<b>3.98</b>	<b>4.75</b>

Source: Company filings, Bloomberg market data as of 21-Sep-2018

# Pro Forma: Illustrative Optional Series B Conversion Value

(US\$ in millions, except per share data)

	28-Feb	29-Mar	30-Apr	31-May	29-Jun	31-Jul	31-Aug	21-Sep
<b>Market</b>								
Midstream Unit Price - Spot / Closing	\$ 26.11	\$ 25.89	\$ 26.81	\$ 30.25	\$ 29.52	\$ 33.04	\$ 29.27	\$ 30.05
(/) GP Share Price - Spot / Closing	18.50	15.99	17.22	19.25	18.86	19.22	16.89	17.35
Implied Exchange Ratio Expected from Market - Midstream / GP	1.4114 x	1.6191 x	1.5569 x	1.5714 x	1.5652 x	1.7190 x	1.7330 x	1.7320 x
(x) Midstream Units Outstanding (mm)	188.1	188.1	188.1	188.1	188.1	188.1	188.1	188.1
New GP Shares Created (mm)	265.5	304.6	292.9	295.6	294.4	323.4	326.0	325.8
(+) GP Shares Outstanding (mm)	188.1	188.1	188.1	188.1	188.1	188.1	188.1	188.1
Pro Forma GP Shares Outstanding (mm)	453.6	492.7	481.0	483.7	482.6	511.5	514.1	513.9
(x) 20 Day GP VWAP	\$ 19.82	\$ 16.83	\$ 16.37	\$ 18.11	\$ 18.88	\$ 19.08	\$ 18.50	\$ 17.27
Pro Forma GP Market Cap	\$ 8,993	\$ 8,291	\$ 7,874	\$ 8,761	\$ 9,111	\$ 9,758	\$ 9,513	\$ 8,876
(-) \$2.0bn Valuation Threshold	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Equity Value Subject to Series B Take	\$ 6,993	\$ 6,291	\$ 5,874	\$ 6,761	\$ 7,111	\$ 7,758	\$ 7,513	\$ 6,876
(x) Series B Take	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %
<b>Series B Value</b>	<b>\$ 420</b>	<b>\$ 377</b>	<b>\$ 352</b>	<b>\$ 406</b>	<b>\$ 427</b>	<b>\$ 465</b>	<b>\$ 451</b>	<b>\$ 413</b>
(x) Units Outstanding	98.6 %	98.6 %	98.6 %	98.6 %	98.6 %	98.6 %	98.6 %	98.6 %
(x) Percent Vested	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>Total Entitlement</b>	<b>\$ 414</b>	<b>\$ 372</b>	<b>\$ 348</b>	<b>\$ 400</b>	<b>\$ 421</b>	<b>\$ 459</b>	<b>\$ 444</b>	<b>\$ 407</b>
(/) Vested Units Outstanding	99	99	99	99	99	99	99	99
<b>Per Vested B Unit Entitlement</b>	<b>\$ 4.20</b>	<b>\$ 3.77</b>	<b>\$ 3.52</b>	<b>\$ 4.06</b>	<b>\$ 4.27</b>	<b>\$ 4.65</b>	<b>\$ 4.51</b>	<b>\$ 4.13</b>
(x) Vested Units Redeemed	99	99	99	99	99	99	99	99
(/) 20 Day GP VWAP	\$ 19.82	\$ 16.83	\$ 16.37	\$ 18.11	\$ 18.88	\$ 19.08	\$ 18.50	\$ 17.27
<b>Conversion - Common Shares Issued</b>	<b>20.9</b>	<b>22.1</b>	<b>21.2</b>	<b>22.1</b>	<b>22.3</b>	<b>24.1</b>	<b>24.0</b>	<b>23.6</b>

Source: Company filings, Bloomberg market data as of 21-Sep-2018



# Pro Forma: Illustrative Proposed Fixed Series B Settlement of New GP Shares

(US\$ in millions, except per share data)

	28-Feb	29-Mar	30-Apr	31-May	29-Jun	31-Jul	31-Aug	21-Sep
Proposed Shares to Series B (mm)	17,354	17,354	17,354	17,354	17,354	17,354	17,354	17,354
(x) 20 Day GP VWAP	\$ 19.82	\$ 16.83	\$ 16.37	\$ 18.11	\$ 18.88	\$ 19.08	\$ 18.50	\$ 17.27
<b>Proposed Fixed Settlement Value</b>	<b>\$ 344</b>	<b>\$ 292</b>	<b>\$ 284</b>	<b>\$ 314</b>	<b>\$ 328</b>	<b>\$ 331</b>	<b>\$ 321</b>	<b>\$ 300</b>
<i>Differential in Series B Value between Market Price and Proposal</i>	<i>\$70</i>	<i>\$80</i>	<i>\$63</i>	<i>\$86</i>	<i>\$93</i>	<i>\$128</i>	<i>\$123</i>	<i>\$107</i>

Source: Company filings, Bloomberg market data as of 21-Sep-2018



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## Project Francis

### Conflicts Committee of the Board of Directors of Arkose GP LLC

#### Discussion Materials

October 3, 2018

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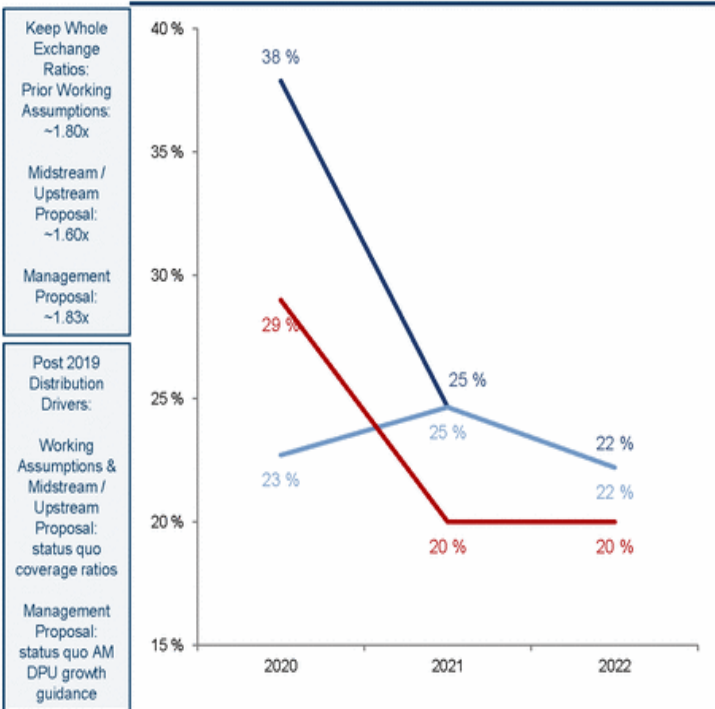
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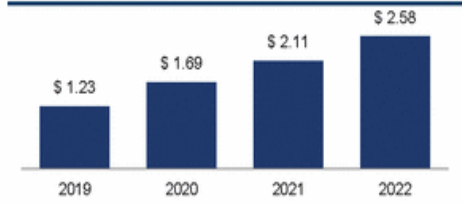
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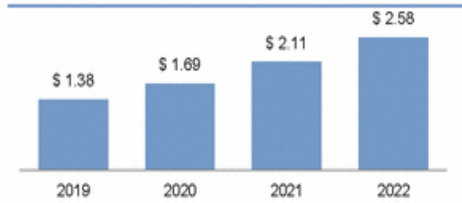
Y.o.Y. Dividend Growth Per New GP Share ('20-'22)



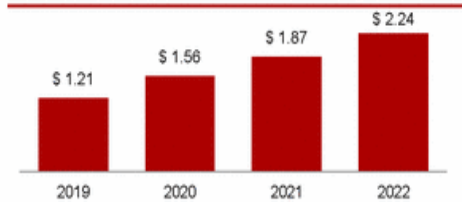
Prior Working Assumptions



Upstream / Midstream S.C. Proposal



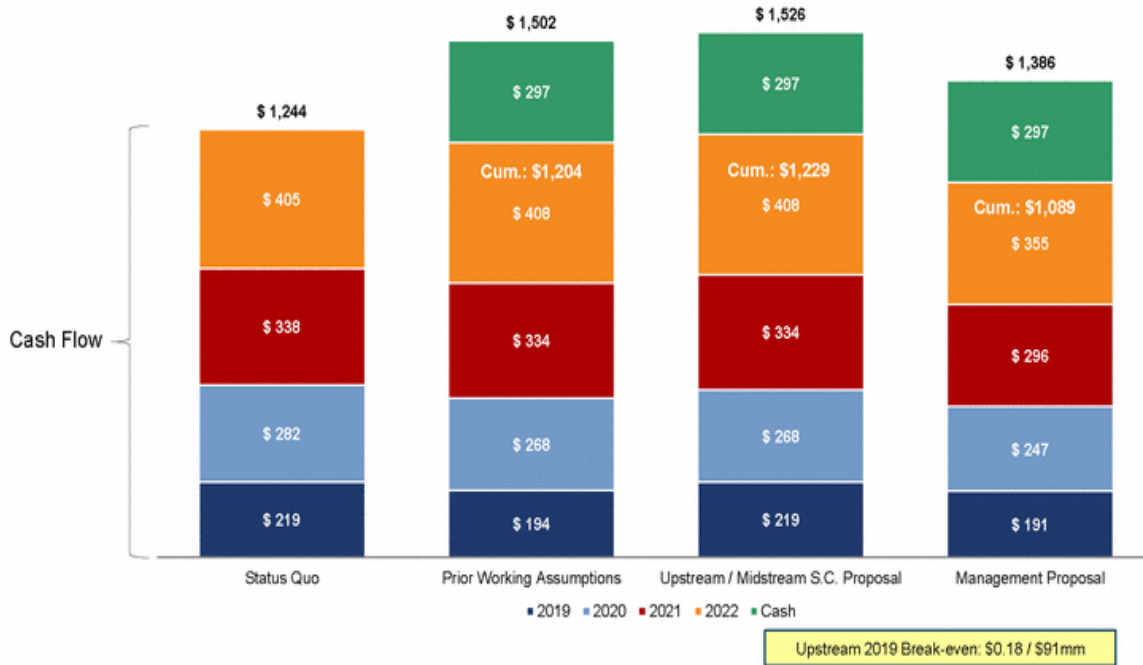
Management Proposal (Mid-Point of Guidance Range)



Post 2019 Distribution Drivers:  
Working Assumptions & Midstream / Upstream Proposal: status quo coverage ratios  
Management Proposal: status quo AM DPU growth guidance

Source: Arkose Projections and Bloomberg market data as of 1-Oct-2018

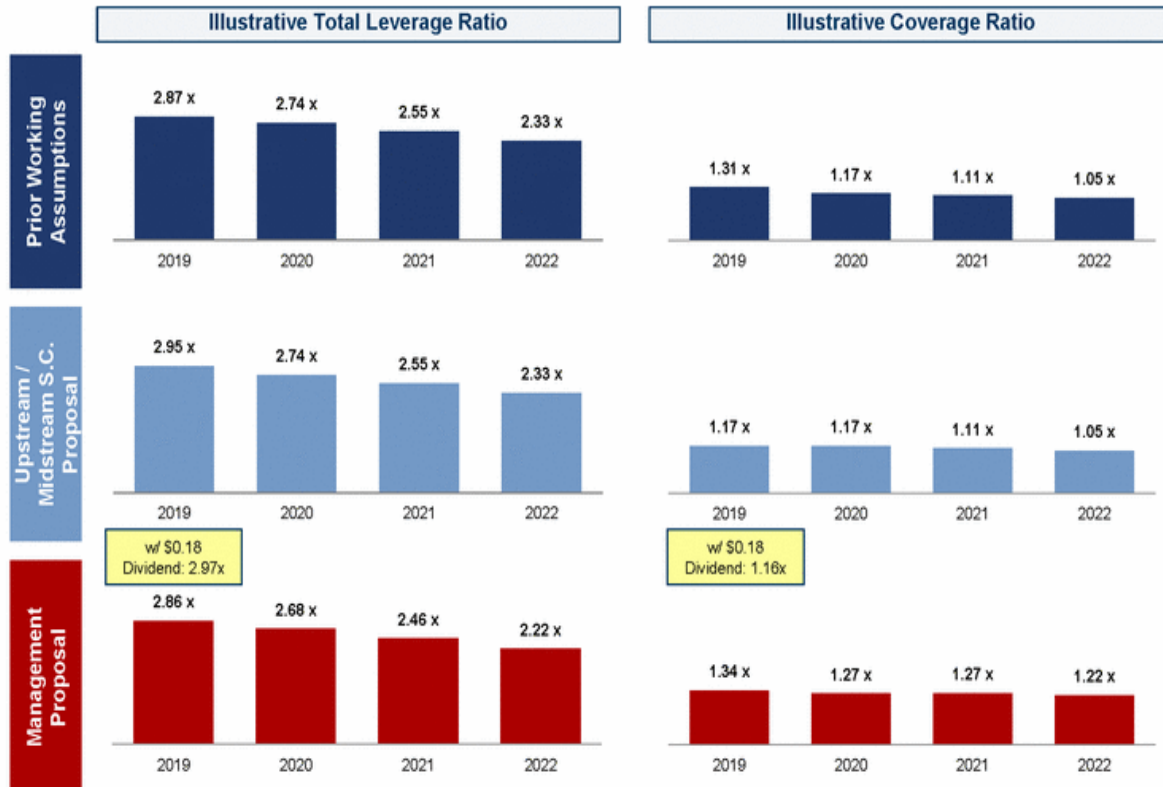
Note: Price date set based on date of Management proposal. GP proposal keep whole exchange ratio reflects aggregate cash and equity consideration paid to all Midstream Common Unitholders, excluding the special dividend. Upstream/Midstream proposal keep whole exchange ratio reflects the equity exchange ratio offered to Upstream. Management proposal keep whole exchange ratio reflects the aggregate consideration paid to Midstream Common Unitholders, including the special dividend.



Source: Arkose Projections and Bloomberg market data as of 1-Oct-2018

# Illustrative Impact on Coverage and Leverage Ratios

Excludes Water Drop Per Management & Ratings Agency Methodology



Source: Arkose Projections and Bloomberg market data as of 1-Oct-2018

Note: Analysis excludes impact of changes in net interest expense resulting from changes in distribution profile. Absent a transaction, Midstream is forecast to have total leverage ratios of 2.34x, 2.23x, 2.11x, and 1.95x and coverage ratios of 1.31x, 1.17x, 1.11x, and 1.05x in 2019-2022 at year end 2019, 2020, 2021, and 2022, respectively.

<b>Credit-Positive Factors</b>	<ul style="list-style-type: none"> <li>■ Positive outlook on Midstream and Upstream by Moody's; Stable outlook on both at S&amp;P</li> <li>■ Pro forma, fundamentals of the business and growth trajectory is not changing, creating no catalyst to de-link Upstream / Midstream corporate ratings</li> <li>■ Both Midstream and Upstream are well below downgrade thresholds today and will remain in the same ratings "bucket" for key financial metrics following the transaction             <ul style="list-style-type: none"> <li>— Midstream key drivers are leverage and DPU coverage</li> </ul> </li> <li>■ Agencies generally view "collapse" transactions favorably as they eliminate the IDR burden and can result in improved DPU coverage</li> <li>■ For Moody's specifically, notching of Midstream bonds could improve following senior notes issuance (achieves ~50/50 split in capital structure between secured and unsecured debt)</li> </ul>
<b>Potential Credit-Negative Considerations</b>	<ul style="list-style-type: none"> <li>■ A ~1x leverage increase at Midstream relative to agency expectations, while still below the thresholds for a downgrade (4x at both agencies), is a meaningful change from how the agencies view the business today</li> <li>■ Revolver upsize at Midstream could offset notching benefit of additional senior notes, although a revolver upsize as credit positive is part of Moody's methodology and the agency tends to adhere to that methodological approach</li> <li>■ Upstream is viewed on a consolidated basis with Midstream by Moody's; the incremental debt will be reflected in their credit metrics, but should not change the ratings mapping             <ul style="list-style-type: none"> <li>— Less common for the agencies to downgrade a credit on positive watch; typically would require a material shift</li> </ul> </li> </ul>
<b>Factors to Emphasize in Ratings Agency Presentations</b>	<ul style="list-style-type: none"> <li>■ Reiterate management's financial policy at Midstream and expectation to be below 3x within 12 months</li> <li>■ Provide clarity on strong DPU coverage on a go-forward basis</li> <li>■ Bridge cash flow profile at Upstream to explain free cash flow impact</li> </ul>



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## Project Francis

### Conflicts Committee of the Board of Directors of Arkose GP LLC

#### Discussion Materials

October 6, 2018

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The expected change in GP Dividend Policy<sup>1</sup> to retain more cash flow rather than maximizing dividends implies DCF should become the more important valuation metric to accurately measure the value of the cash flows generated by the assets

#### New GP Pro Forma DCF – Status Quo Coverage

	2019	2020	2021	2022
DCF / Share	\$ 1.62	\$ 1.97	\$ 2.38	\$ 2.74
Assumed Coverage	1.31 x	1.17 x	1.11 x	1.05 x
Implied Dividend	\$ 1.23	\$ 1.69	\$ 2.14	\$ 2.60
Retained Cash Flow	\$ 198	\$ 143	\$ 121	\$ 70

#### New GP Pro Forma DCF – Expected Dividend Policy

	2019	2020	2021	2022
DCF / Share	\$ 1.62	\$ 1.97	\$ 2.38	\$ 2.74
<b>Dividend Guidance</b>				
Mid Point	\$ 1.24	\$ 1.60	\$ 1.93	\$ 2.31
Implied Coverage	1.31 x	1.23 x	1.23 x	1.19 x
Retained Cash Flow	\$ 193	\$ 186	\$ 229	\$ 218
% Change in DCF/ Share	0 %	0 %	0 %	0 %
% Change in Dividend	1 %	(5)%	(10)%	(11)%
\$mm Increase in Retained Cash Flow	\$(5)	\$ 43	\$ 108	\$ 149

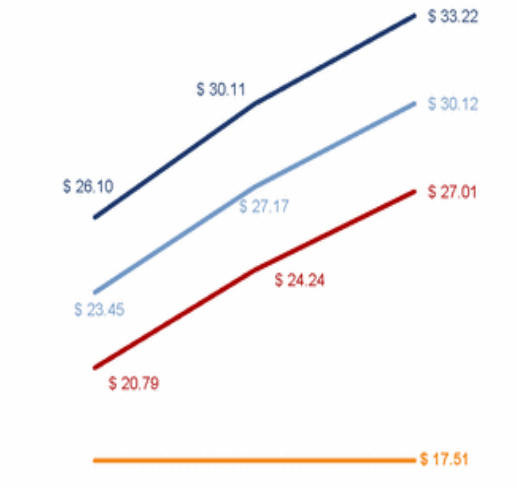
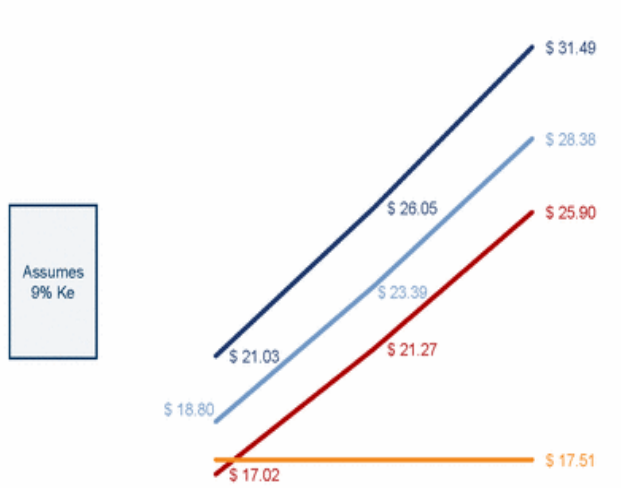
Source: Midstream Standalone Projections, GP Pro Forma Projections, Bloomberg market data as of 5-Oct-2018

<sup>1</sup> As communicated by Management during week of October 1<sup>st</sup>, and which is subject to New GP board approval. Mid-point of guidance reflected in forecast provided by management.

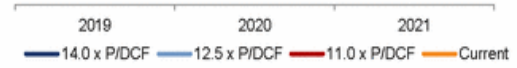
### Status Quo

### Pro Forma

Assumes  
9% Ke



Hold Period:  
(Year-End)



Equivalent DCF Yield	2019	2020	2021
	6.00 %	6.75 %	7.50 %

Source: GP Standalone Projection, GP Pro Forma Projections, and Bloomberg market data as of 5-Oct-2018

## Appendix A: Additional Reference Materials

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# Public Company Trading

## Midstream Comparable Companies

(\$ in millions, except per share / unit values)

Company	Price / LP DCF		19E-20E	DPU Yield		19E-20E	Total Debt / 2018E EBITDA
	2019E	2020E	DCF YoY Growth	2019E	2020E	DPU YoY Growth	
Arkose Midstream <sup>1</sup> (Management)	10.8 x	9.2 x	20 %	7.4 %	9.6 %	29 %	1.9 x
CNX Midstream	11.2 x	10.0 x	12 %	7.9 %	9 %	15 %	2.5 x
Crestwood	11.2	10.9	3	6.6	7	6	3.7
DCP Midstream	10.7	10.1	7	7.3	8	3	4.3
Enable Midstream	10.9	10.1	7	7.5	8	2	3.5
EnLink Midstream	11.4	11.1	3	8.4	9	2	3.9
EQT Midstream	9.0	7.8	NA <sup>2</sup>	9.6	11	15	3.4
Hess Midstream	12.3	10.7	15	7.1	8	15	0.0
Noble Midstream	9.1	8.0	15	6.5	8	20	2.4
Shell Midstream	14.3	13.1	9	7.8	8	8	3.5
Targa Resources	12.9	10.6	22	6.2	6	0	4.3
Western Gas	10.2	9.9	3	8.9	9	5	3.5
High Valuation	14.3 x	13.1 x	22 %	6.2 %	6.5 %	20 %	4.3 x
Mean	11.2	10.2	10	7.6	8.3	8	3.2
Median	11.2	10.1	8	7.5	8.1	6	3.5
Low Valuation	9.0	7.8	3	9.6	11.0	0	0.0

Sources: IBES, latest publicly available financial statements, and Bloomberg market data as of 5-Oct-2018. Projected EBITDA and DPS are based on IBES median estimates; projected LP DCF calculated based on median of brokers who provide LP DCF and/or total DCF and LP units outstanding. All research estimates have been calendarized to December.

<sup>1</sup> Source: Management Status Quo Projections, latest publicly available financial statements, IBES/Wall Street research, and Bloomberg market data as of 04-Jun-2018. Projected EBITDA, LP DCF, and DPS are based on Management Status Quo Projections in the Arkose management case; IBES case follows the same methodology as peers.

<sup>2</sup> NA due to lack of broker consensus for status quo and pro forma



## Project Francis

### Conflicts Committee of the Board of Directors of Arkose GP LLC

#### **Discussion Materials**

October 8, 2018

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INVESTMENT BANKING  
DIVISION

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  - Appendix A: Cost of Capital Materials
  - Appendix B: Additional Valuation Reference Materials
  - Appendix C: Additional Detail on Financial Forecasts

## I. Transaction Overview

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	Date	GP Proposal	Date	Midstream Proposal
1	4-Jun-2018	1.6000x Exchange Ratio (All equity)	14-Jul-2018	1.9600x Exchange Ratio (1.7500x + \$4/unit cash)
2	20-Jul-2018	1.6500x Exchange Ratio (All equity)	25-Jul-2018	1.9100x Exchange Ratio (1.7100x + \$3.84/unit cash)
3	12-Aug-2018	1.7000x Exchange Ratio (All equity)	14-Aug-2018	1.8650x Exchange Ratio (1.7100x + \$3.00/unit cash)
4	14-Aug-2018	1.7000x Exchange Ratio (1.5449x + \$3/unit cash) Last Proposal from in-person Denver Meeting		
5	20-Aug-2018	✓ 1.7750x Exchange Ratio (1.6117x + \$3/unit cash) <i>(Accepted by Upstream)</i>		
6	30-Aug-2018	1.7750x Exchange Ratio (1.6145x + \$3/unit cash to all Midstream Unitholders), plus \$0.415 special distribution to Midstream Public Unitholders	2-Sep-2018	Either: <ul style="list-style-type: none"> <li>1.775x Exchange Ratio (inclusive of \$3/unit cash consideration) plus \$0.415 special distribution to Midstream Public Unitholders plus Series B settlement at 13.5mm shares; or</li> <li>1.8500x Exchange Ratio to Midstream Public, (consideration mix TBD, but targeting \$3/Unit cash credit and \$0.415 special distribution) plus Series B settlement at 18.5mm shares</li> </ul>
7	14-Sep-2018	1.7750x Exchange Ratio (1.6084x + \$3/unit cash to all Midstream Unitholders), plus \$0.415 special distribution to Midstream Public Unitholders plus Series B dividend holiday on 1/3 of unvested units	18-Sep-2018	Retracted September 2 <sup>nd</sup> proposal
8	22-Sep-2018 (Post Series B Concession)	✓ Upstream receives 1.6023x Exchange Ratio +\$3/unit cash Midstream Public receives 1.6350x Exchange Ratio + \$3/unit cash +\$0.415/unit special dividend (converted to \$3.415/unit cash merger consideration in subsequent drafts of merger agreement) Blended total consideration of \$31.53 per unit, implying a 1.8004 x blended exchange ratio Series B settlement at 17.354mm shares plus dividend holiday on 1/3 of unvested units		Accepted by Midstream, contingent upon satisfactory termination rights available to Midstream Committee

Note: Cash component converted to exchange ratio equivalent based on the price date referenced in the respective offers or used for negotiations for all offers through 14-Aug-2018, 20 trading day VWAP as of the close prior to the offer date used for subsequent offers. GP proposal on 22-Sep-2018 converts cash component, special dividend, and equity exchange ratio to total consideration using 5-Oct-2018 GP spot closing price of \$17.51 per unit, for a fixed number of shares and fixed cash consideration. See page 7 for calculation of implied blended exchange ratio

## Midstream Transaction

- GP converts into Delaware C-Corp
- GP acquires all outstanding units of Midstream for a mix of cash and stock, issuing a total of 304.5mm shares and paying \$598mm in cash in aggregate to holders of Midstream Common Units
  - Upstream to receive 1.6023x shares and \$3.00 cash per Midstream Common Unit
  - Midstream Public Unitholders to receive 1.6350x shares and \$3.415 cash per Midstream Common Unit
  - LTIP Phantom Units to be converted to equivalent LTIP at New GP at the current all equity exchange ratio offered to public holders of Midstream Common Units (1.8326x)<sup>1</sup>
- Transaction to include all-equity, all cash and mixed consideration elections for Midstream Public Unitholders, subject to proration such that a fixed number of shares are issued and cash payments are made, with cash portions converted to equity based on GP's 20 Trading Day VWAP at the time of election. Upstream can elect to receive a portion of its consideration in cash instead of equity if there is aggregate cash remaining after Midstream Public Unitholders make their elections, which is subject to proration.
- Taxable transaction to Midstream unitholders
  - Basis step up, combined with the step-up from Series B transaction, expected to shield the pro forma company from cash taxes through 2021, with expected minimal (<\$20mm) cash taxes in 2022 and substantial tax attributes expected to remain at the end of the forecast period
- Assumed that coverage ratio adjusted so that Midstream unitholders are made whole on dividends relative to standalone distributions on an all equity exchange ratio basis through Q4 2019, pending approval by New GP board

Source: Draft Simplification Agreement as of 6-Oct-2018 (the "Simplification Agreement"), GP pro forma forecast prepared by Arkose Resources Corporation ("AR") and approved by the Conflicts Committee for Goldman Sachs' use ("GP Pro Forma Forecast"), Arkose Midstream and Arkose GP 2017 2Q 10-Qs and Bloomberg market data as of 5-Oct-2018  
 Note: Midstream forecast prepared by AR and approved for Goldman Sachs' use by the Conflicts Committee ("Midstream Forecast") and certain tax step-up benefits projected to result from the transaction as provided by AR and approved for Goldman Sachs use by the Committee (the "Tax Benefits Forecast").  
<sup>1</sup> Calculated as 1.6350x + (\$3.415 divided by current GP 20 Trading Day VWAP of \$17.282).

Settlement of Series B  
Profit Interests in IDR  
LLC

- Series B units of IDR LLC to be exchanged for 17.354mm shares of GP
- Original vesting schedule and consequences for accrued Series B distributions, including no accelerated vesting for any Series B unitholder
- Unvested New GP shares received at closing do not accrue New GP dividends (i.e., estimated four quarters of foregone dividend accruals on final tranche)
- Forfeiture of Series B settlement shares if holder leaves prior to vesting (i.e., no reallocation of settlement shares to other Series B holders)
- Conditioned on completion of the Midstream transaction

## Other Provisions

- Shareholder / Unitholder Votes: Majority of public unaffiliated shareholders of GP and Midstream to vote separately to approve transaction
- Issuance of de minimis preferred equity: New GP will issue at least 10,000 and up to 12,000 shares of Series A Non-Voting Perpetual Preferred Stock to Preferred Co, which will be transferred to the Arkose Foundation for no consideration; preferred dividends sized to equal current charitable contributions, resulting in no impact to cash flow

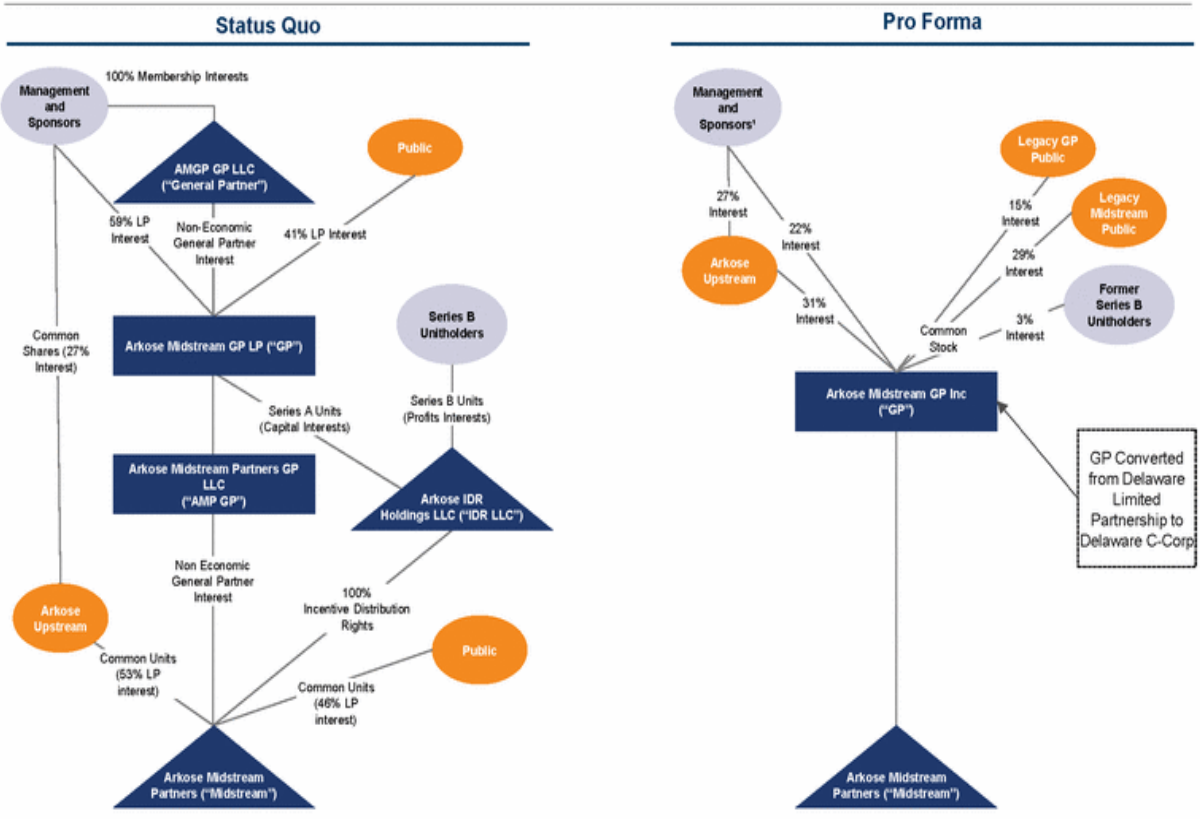
Source: Simplification Agreement, GP Pro Forma Forecast, Arkose Midstream and Arkose GP 2017 2Q 10-Qs, and Bloomberg market data as of 5-Oct-2018



Equity Consideration			Cash Consideration	
Equity Component - Midstream Public	1.6350 x		Cash Component - Midstream Public	\$ 3.415
(x) Midstream Units Receiving Merger Consideration	88.2		(x) Midstream Units Receiving Merger Consideration	88.2
New GP Shares For Merger Consideration	144.2		Cash for Merger Consideration	\$ 301
Equity Component - Upstream Held Units	1.6023 x		Cash Component - Upstream Held Unit	\$ 3.00
(x) Midstream Units Receiving Merger Consideration	98.9		(x) Midstream Units Receiving Merger Consideration	98.9
New GP Shares For Merger Consideration	158.4		Cash for Merger Consideration	\$ 297
Equity Component - LTIP Units	1.8326 x		Cash Component - LTIP Units	\$ 0
(x) Midstream Units Receiving Merger Consideration	1.1		(x) Midstream Units Receiving Merger Consideration	1.1
Rollover LTIP Shares For LTIP Units	1.9		Cash for Merger Consideration	\$ 0
Total Shares for Merger Consideration / LTIP Units	304.5		Total Cash Consideration Paid	\$ 598
(x) GP Spot Price	\$ 17.51		Blended Value of Cash Per Unit	\$ 3.18
Total Equity Consideration Paid	\$ 5,332			
Blended Equity Exchange Ratio	1.6189 x			
Pro Forma Ownership	# Shares	%	Total Consideration Value	
Current GP Shareholders	186.2	37 %	Total Equity Consideration	\$ 5,332
Sponsors and Management	110.9	22	Total Cash Consideration	598
Public	75.3	15	Total Merger Consideration	\$5,930
Current Series B Unitholders	17.4	3	(j) Midstream Diluted Units Outstanding	188.1
Current Midstream Unitholders	304.5	60	Per Unit Value	\$ 31.53
Upstream	158.4	31	Implied Blended Exchange Ratio	1.8004 x
Public + LTIP <sup>1</sup>	146.1	29		
	508.1			

Source: GP Pro Forma Forecast, Bloomberg market data as of 5-Oct-2018, terms of Simplification Agreement  
<sup>1</sup> Public + LTIP also includes shares received in the transaction by management holders of Midstream Common Units.





Source: Simplification Agreement, Arkose Midstream and Arkose GP 2017 10-K, 1Q2018 10-Q, Form 4 & 5 filings, and Thomson  
 † Excludes Series B Settlement Shares, LTIP shares, and shares received in exchange for management's Midstream Common Units in Management ownership share count.

Sources		Uses	
<b>Midstream</b>			
Existing Balance Sheet Cash (Est. YE 2018)	\$ 5	Purchase of Midstream Equity - Equity Consideration	\$ 5,332
Issuance of New Debt to Fund Transaction <sup>1</sup>	650	Purchase of Midstream Equity - Cash Consideration	598
		Settlement of Series B Units	304
		Cash to Balance Sheet	5
		Transaction Expenses <sup>2</sup>	27
<b>GP</b>			
Existing Balance Sheet Cash (Est. YE 2018)	\$ 0	Partial Paydown of Revolving Credit Facility	25
Issuance of New Equity to Midstream	5,332		
Issuance of New Equity to Series B Unitholders	304		
<b>Total Sources</b>	<b>\$ 6,291</b>	<b>Total Uses</b>	<b>\$ 6,291</b>

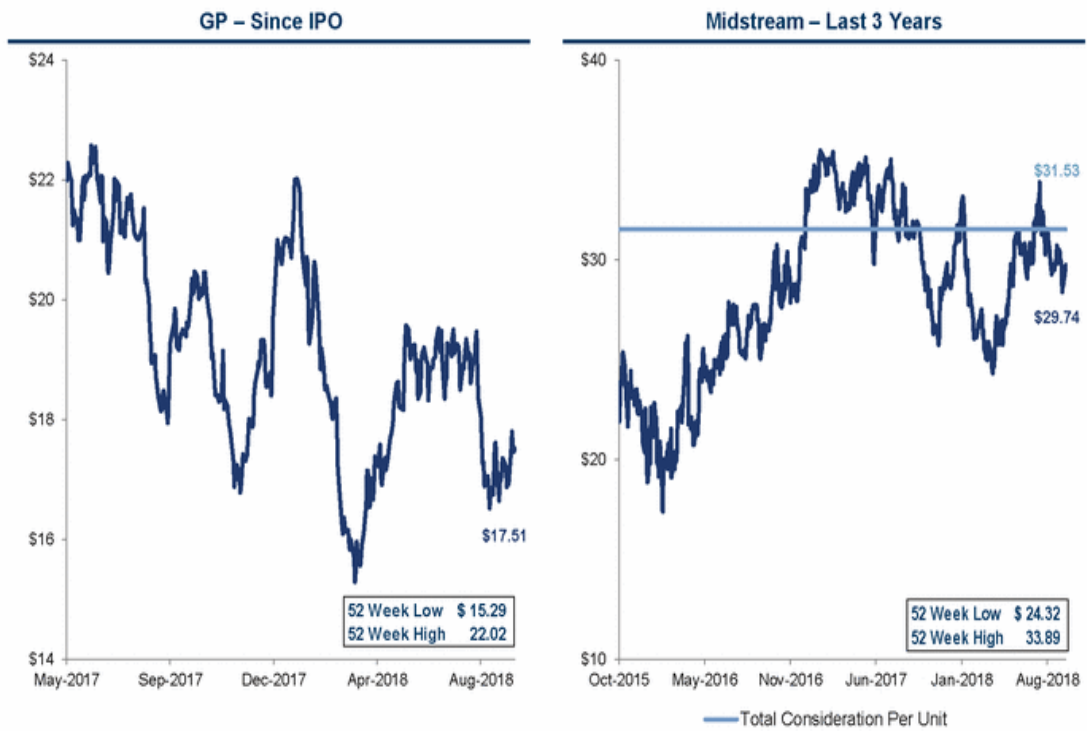
## Estimated Capitalization at YE 2018

	Status Quo		Pro Forma	
	\$	x 2018E EBITDA	\$	x 2018E EBITDA
<b>Consolidated Arkose Midstream (Midstream + GP)</b>				
Cash	\$ 5		\$ 5	
RCF Borrowings	498		980	
Senior Notes	1,150		1,300	
<b>Total Debt</b>	<b>\$ 1,648</b>	<b>2.3 x</b>	<b>\$ 2,280</b>	<b>3.1 x</b>
<b>Net Debt</b>	<b>1,643</b>	<b>2.3</b>	<b>2,275</b>	<b>3.1</b>
<b>Consolidated Liquidity Profile</b>				
Consolidated Cash and Cash Equivalents	\$ 5		\$ 5	
(+) RCF Availability	1,002		1,020	
<b>Total Consolidated Liquidity</b>	<b>\$ 1,007</b>		<b>\$ 1,025</b>	
2018E EBITDA	\$ 730			

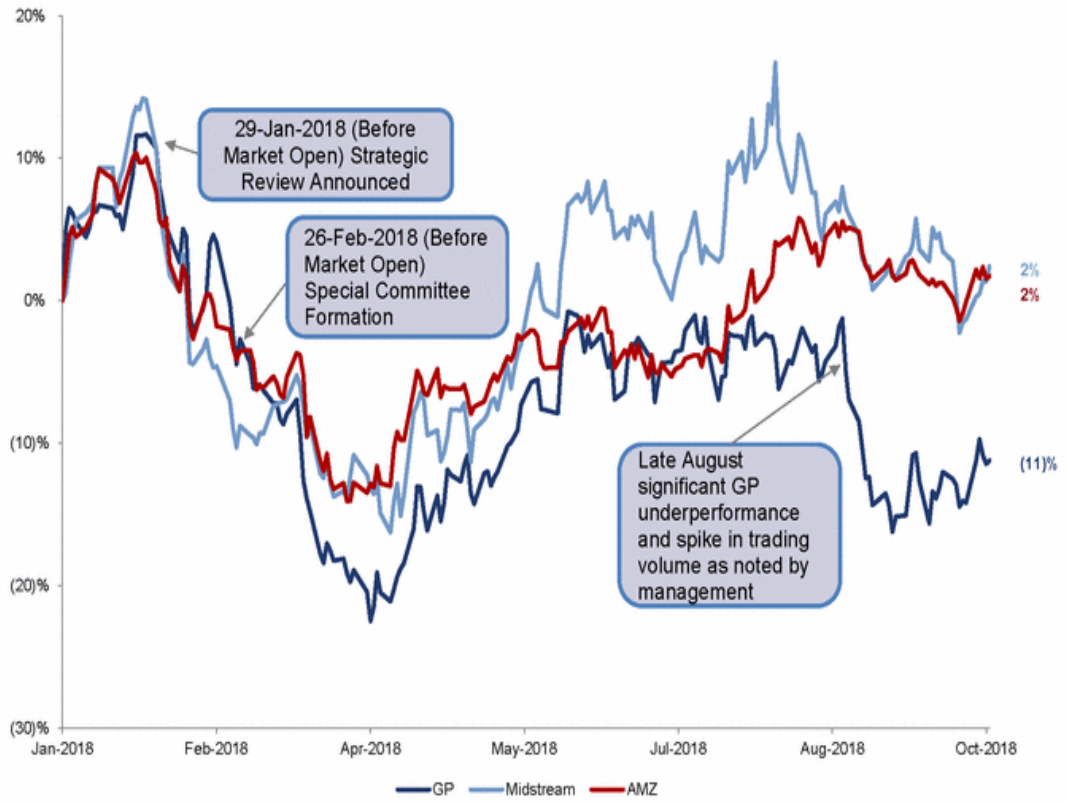
Source: Midstream Forecast, GP Standalone Forecast, GP Pro Forma Forecast, Arkose Midstream and Arkose GP 2Q2018 10-Qs, and Bloomberg market data as of 5-Oct-2018  
<sup>1</sup> Includes transaction expenses. Excludes water drop per ratings agency & management conventions. <sup>2</sup> Transaction expenses include management estimates of GP and Midstream advisory & legal fees and fees & expenses on anticipated 2018 Q4 senior note offering.



Source: Bloomberg market data as of 5-Oct-2018  
 Note: Exchange ratios based on closing prices.  
 † Refer to pg. 7 for total merger consideration calculation.



Source: Bloomberg market data as of 5-Oct-2018



Source: Bloomberg market data as of 5-Oct-2018

## Midstream and GP

(\$ in millions, except per share and unit data)

Date	Firm	Midstream		GP	
		Rating	Price Target	Rating	Price Target
20-Sep-18	Stifel Nicolaus	Strong Buy	\$ 35.00	Buy	\$ 19.00
18-Sep-18	Janney Montgomery Scott	Strong Buy	36.00	-	-
14-Sep-18	Wells Fargo	Strong Buy	38.00	Strong Buy	22.00
10-Sep-18	GS	Buy	33.00	Buy	20.00
30-Aug-18	JPM	Buy	35.00	Buy	22.00
29-Aug-18	Raymond James	Strong Buy	38.00	Strong Buy	27.00
22-Aug-18	Scotia Howard Weil	Buy	40.00	Hold	24.00
9-Aug-18	Ladenburg Thalmann	Buy	40.00	Buy	24.00
3-Aug-18	MUFG	Buy	40.00	Buy	26.00
1-Aug-18	Barclays	Buy	33.00	Hold	23.00
16-Jul-18	Guggenheim	Strong Buy	34.00	-	-
19-Feb-18	Seaport	Buy	37.00	Buy	26.00
-	Tudor Pickering	Buy	38.00	-	22.00
<b>High</b>			<b>\$ 40.00</b>		<b>\$ 27.00</b>
<b>Mean</b>			<b>36.89</b>		<b>23.18</b>
<b>Median</b>			<b>37.00</b>		<b>23.00</b>
<b>Low</b>			<b>33.00</b>		<b>19.00</b>
20-Aug-18	Baird <sup>1</sup>	Buy	\$ 51.00	Buy	26.00

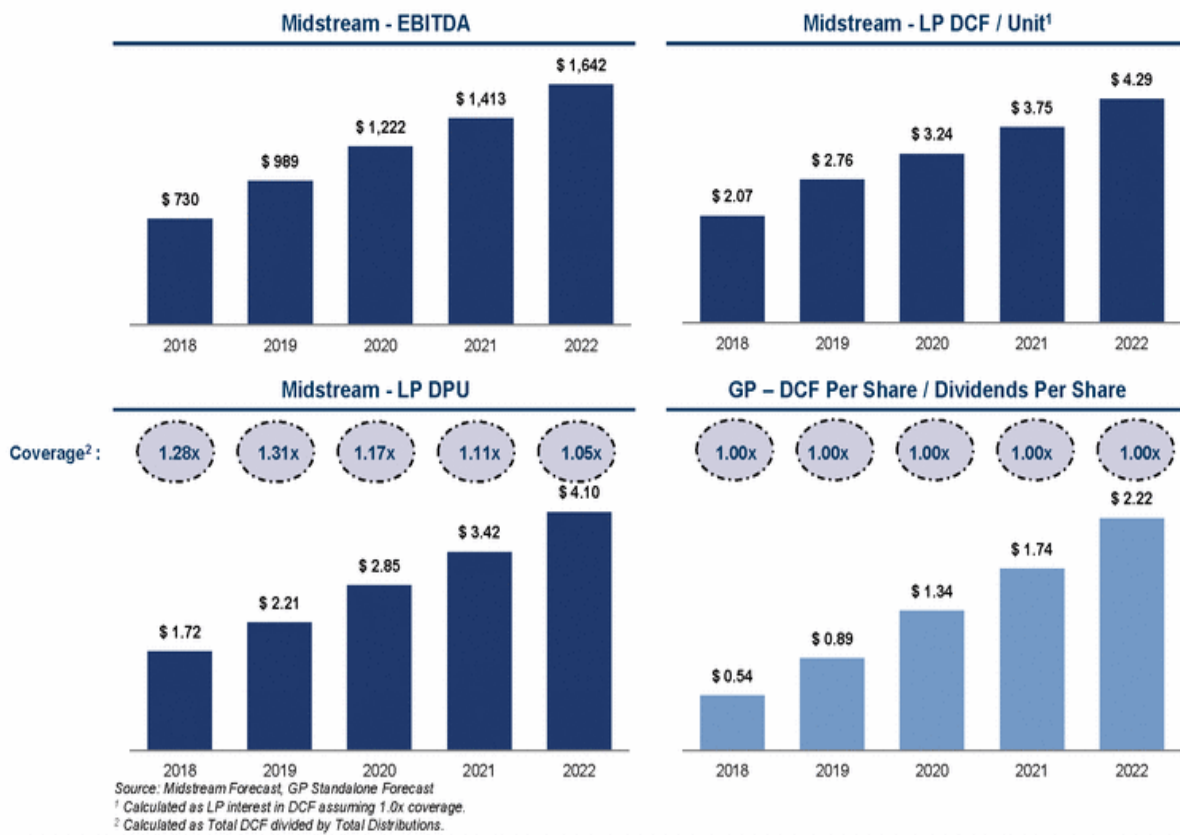
Source: Bloomberg, IBES and Wall Street research as of 5-Oct-2018.

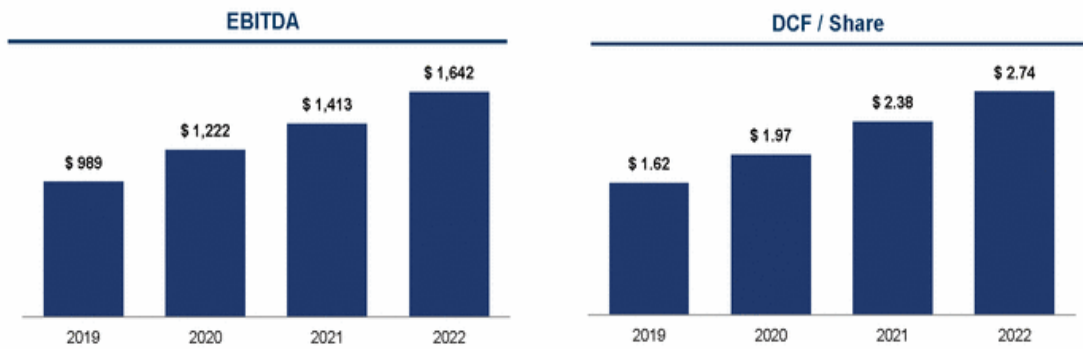
<sup>1</sup> Excluded as price target based on assumed exchange ratio and pro forma GP target price.

## II. Financial Forecasts

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Midpoint of Management's Indicated DPS Guidance



Source: GP Pro Forma Forecast and Bloomberg market data as of 5-Oct-2018  
Note: GP Pro Forma Forecast assumes close at year end 2018 and do not include pro forma values for 4Q 2018.

### III. Financial Analyses

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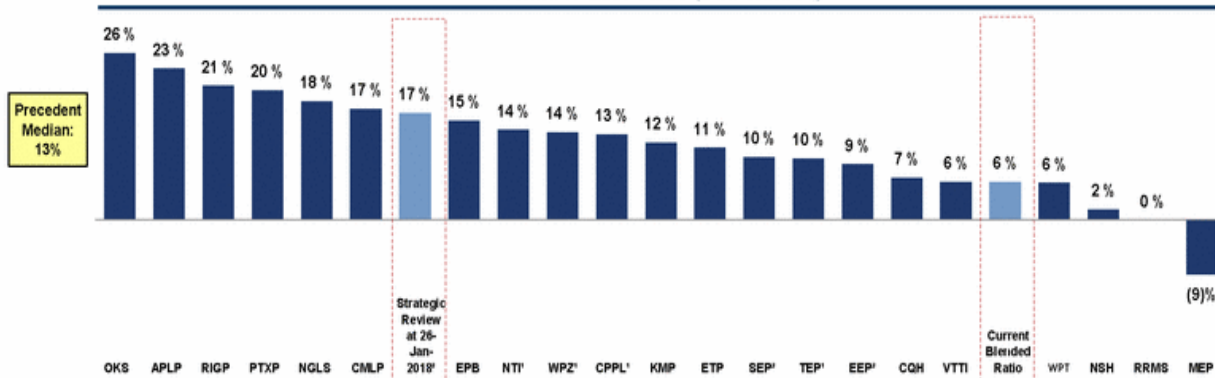
# Implied Premia Paid and Midstream Transaction Value

## Premia Paid Analysis

Current Market	Per Unit Value to Midstream						Implied Premia
	Based on Merger Consideration						
	Midstream	GP	Equity @ 1.6189x	Cash	Total		
Last Close	\$ 29.74	\$ 17.51	\$ 28.35	\$ 3.18	\$ 31.53		6 %
30-Trading Day VWAP	29.66	17.31	28.02	3.18	31.20		5
<b>At 26-Jan-2018 (1 Trading Day Prior to Strategic Review)</b>							
Last Close	\$ 33.13	\$ 22.02	\$ 35.65	\$ 3.18	\$ 38.83		17 %
30-Trading Day VWAP	30.23	19.93	32.27	3.18	35.44		17
<b>Implied Midstream Equity Valuation at Current GP Prices</b>							
		Spot	VWAP				
Value Per Midstream Unit		\$ 31.53	\$ 31.20				
<b>Price / LP DCF</b>							
	Metric						
2019	\$ 2.76	11.4 x	11.3 x				
2020	3.24	9.7	9.6				
<b>DPU Yield</b>							
2019	\$ 2.21	7.0 %	7.1 %				
2020	2.85	9.0	9.1				

Source: Midstream Forecast, company filings, and Bloomberg market data as of 5-Oct-2018

Premia to Last Close (Undisturbed)<sup>1</sup>

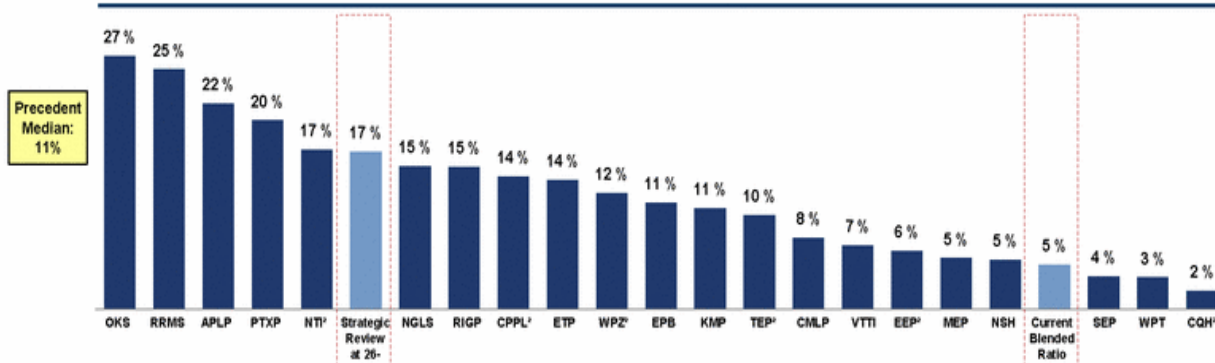


Precedent Premia Summary Table

Announc. Date	01-Feb-2017	02-Jan-2018	01-Aug-2016	19-May-2017	03-Nov-2015	08-May-2015	Expected 8-Oct-2018	10-Aug-2014	21-Dec-2015	17-May-2018	26-Sep-2016	10-Aug-2014	01-Aug-2018	24-Aug-2018	28-Mar-2018	19-Sep-2018	19-Jun-2018	02-Mar-2017	Expected 8-Oct-2018	03-Apr-2017	08-Feb-2018	31-May-2016	27-Jan-2017
Acquirer	ONEOK Archrock, Inc.	Archrock, Inc.	Trans Ocean Ltd.	Energy Transfer Partners, LP	Targa Resources Corp.	Crestwood Equity Partners LP	GP	Kinder Morgan Inc.	Western Refining	Williams Co	Trans-Canada	Kinder Morgan, Inc.	Energy Transfer Equity, LP	Enbridge Inc.	Talgrass Energy GP, LP	Enbridge Inc.	Cheniere Energy, Inc.	VTTI B.V.	GP	World Point Terminals Inc.	NuStar Energy Inc.	Semgroup Corp	Enbridge Inc.
Consid. Mix	Stock	Stock	Stock	Stock	Stock	Stock	Mix	Mix	Mix	Stock	Cash	Mix	Stock	Stock	Stock	Stock	Stock	Cash	Mix	Cash	Stock	Stock	Cash

Source: Company filings and Bloomberg market data as of 5-Oct-2018; Note: Premia calculated as exchange ratio times acquirer undisturbed closing price + cash divided by target last undisturbed closing price. <sup>1</sup> Unless otherwise specified, undisturbed share price is closing price of last trading day prior to announcement of transaction. <sup>2</sup> Denotes companies with disturbed pricing prior to offer. CPPL undisturbed date as of 30-Jun-2016 (last close prior to announcement of strategic review), NTI as of 23-Oct-2015 (last close prior to disclosure of WNR's offer), TEP as of 07-Feb-2018 (announcement of strategic review), WPZ as of 15-Mar-2018 (last close prior to announcement of consideration of strategic alternatives), and SEP, CQH, and EEP as of 16-May-2018 (last close prior to ENB's initial public offer). Undisturbed premia to Midstream calculated based on prices on 26-Jan-2018, the last close prior to the announcement of a strategic review at Upstream.

Premia to 30-Trading Day VWAP (Undisturbed)<sup>1</sup>



Precedent Premia Summary Table

Announc. Date	01-Feb-2017	31-May-2016	02-Jan-2018	16-May-2017	21-Dec-2015	Expected 8-Oct-2018	03-Nov-2015	01-Aug-2016	26-Sep-2016	01-Aug-2018	17-May-2018	10-Aug-2014	10-Aug-2014	26-Mar-2018	06-May-2015	02-Mar-2017	18-Sep-2018	27-Jan-2017	08-Feb-2018	Expected 9-Oct-2018	24-Aug-2018	03-Apr-2017	19-Jun-2018
Acquirer	ONEOK Semgroup Inc.	Archrock Corp.	Energy Transfer Partners, Inc.	Western Refining LP	GP	Targa Resources Corp.	Trans Ocean Ltd.	Trans-Canada	Energy Transfer Equity, LP	Williams Co	Kinder Morgan, Inc.	Kinder Morgan, Inc.	Talgrass Energy GP, LP	Crestwood Equity Partners LP	VTTI B.V.	Enbridge Inc.	Enbridge Inc.	NuStar Energy	GP	Enbridge Inc.	World Point Terminals Inc.	Cheniere Energy, Inc.	
Consid. Mix	Stock	Stock	Stock	Stock	Mix	Mix	Stock	Stock	Cash	Stock	Stock	Mix	Mix	Stock	Stock	Cash	Stock	Cash	Stock	Mix	Stock	Cash	Stock

Source: Company filings and Bloomberg market data as of 5-Oct-2018; Note: Premia calculated as exchange ratio times acquirer undisturbed 30-trading day VWAP + cash divided by target undisturbed 30-trading day VWAP. <sup>1</sup> Unless otherwise specified, undisturbed 30-Trading day VWAP calculated at last trading day prior to announcement of transaction. <sup>2</sup> Denotes companies with disturbed pricing prior to offer. CPPL undisturbed date as of 30-Jun-2016 (last close prior to announcement of strategic review), NTI as of 23-Oct-2015 (last close prior to disclosure of WNR's offer), TEP as of 07-Feb-2018 (announcement of strategic review), WPZ as of 15-Mar-2018 (last close prior to announcement of consideration of strategic alternatives), and SEP, CQH, and EEP as of 16-May-2018 (last close prior to ENB's initial public offer). Undisturbed premia to Midstream calculated based on prices on 26-Jan-2016, the last close prior to the announcement of a strategic review at Upstream.

# Illustrative Financial Contribution Analysis

(\$ in millions)

	Arkose GP	IDR LLC	Midstream	Ratio of Cash Distributions			Breakeven Exchange Ratio
	Common Shares	Series B	LP Unitholders	GP	Series B	Midstream	GP Perspective <sup>1</sup>
FY 2018E	\$ 100	\$ 7	\$ 320	23.4 %	1.6 %	75.0 %	3,145 x
FY 2019E	165	12	414	28.0 %	2.1 %	70.0 %	2,459
FY 2020E	249	20	533	31.1 %	2.4 %	66.5 %	2,103
FY 2021E	324	26	640	32.7 %	2.6 %	64.6 %	1,941
FY 2022E	414	34	767	34.1 %	2.8 %	63.2 %	1,825

	Ratio of Market Capitalization			Ratio of Cash Distributions			Breakeven Exchange Ratio
	GP	Series B	Midstream	GP	Series B	Midstream	
Observed Equity Value	\$ 3,261	\$ 183 <sup>2</sup>	\$ 5,594	36.1 %	2.0 %	61.9 %	1,662 x
Observed Equity Value and PV10 of Tax Synergies <sup>3</sup>	3,261	183 <sup>2</sup>	6,400	33.1 %	2.0 %	65.0 %	1,906
1,8004 x	186	17	305	36.6 %	3.4 %	59.9 %	

■ GP    ■ Series B    ■ Midstream

1,8004 x  
Aggregate  
Consideration

Status Quo Cash Distributions to Equity (GP, IDR LLC, and Midstream)

Market Value of Equity

Source: Midstream Forecast, GP Standalone Forecast, Tax Benefits Forecast, and Bloomberg market data as of 5-Oct-2018

<sup>1</sup> Calculated using 17,354mm shares issued to retire Series B units and exchange ratio to Midstream required to set GP's pro forma ownership equal to its portion of cash distributions or equity contribution.

<sup>2</sup> Calculated according to latest Arkose quarterly filing of 96,600 units outstanding and publicly disclosed estimated fair value of \$1,852 per unit.

<sup>3</sup> Assumes present value as of 30-Sep-2018 at 10% cost of equity of the difference in forecasted cash taxes in the GP Standalone Forecast and GP Pro Forma Forecast plus the present value as of 30-Sep-2018 at 10% cost of equity of the forecast cash tax savings from 2023-2032 per the Tax Forecast. Please see page 48 for calculation of the PV10 cash tax synergies.



# Illustrative Intrinsic Value Based Contribution Analysis – Status Quo

(\$ in millions)

Status Quo Excludes Tax Synergy Value

	Arkose GP			Breaeven Exchange Ratio				
	Common Shares	IDR LLC Series B	Midstream LP Unitholders	Implied Equity Contribution			GP Perspective <sup>1</sup>	
Discounted Cash Flow	Low Discounted Value	\$ 4,388	\$ 183 <sup>2</sup>	\$ 8,403	33.8 %	1.4 %	64.8 %	1.845 x
	High Discounted Value	7,360	183 <sup>2</sup>	13,950	34.2 %	0.8 %	64.9 %	1.809
<hr style="border-top: 1px dashed black;"/>								
PV of Future Unit / Share Price	Low PV of Future Share Price	\$ 3,170	\$ 183 <sup>2</sup>	\$ 6,493	32.2 %	1.9 %	66.0 %	1.993 x
	High PV of Future Share Price	5,864	183 <sup>2</sup>	9,771	37.1 %	1.2 %	61.8 %	1.588

■ GP   
 ■ Series B   
 ■ Midstream

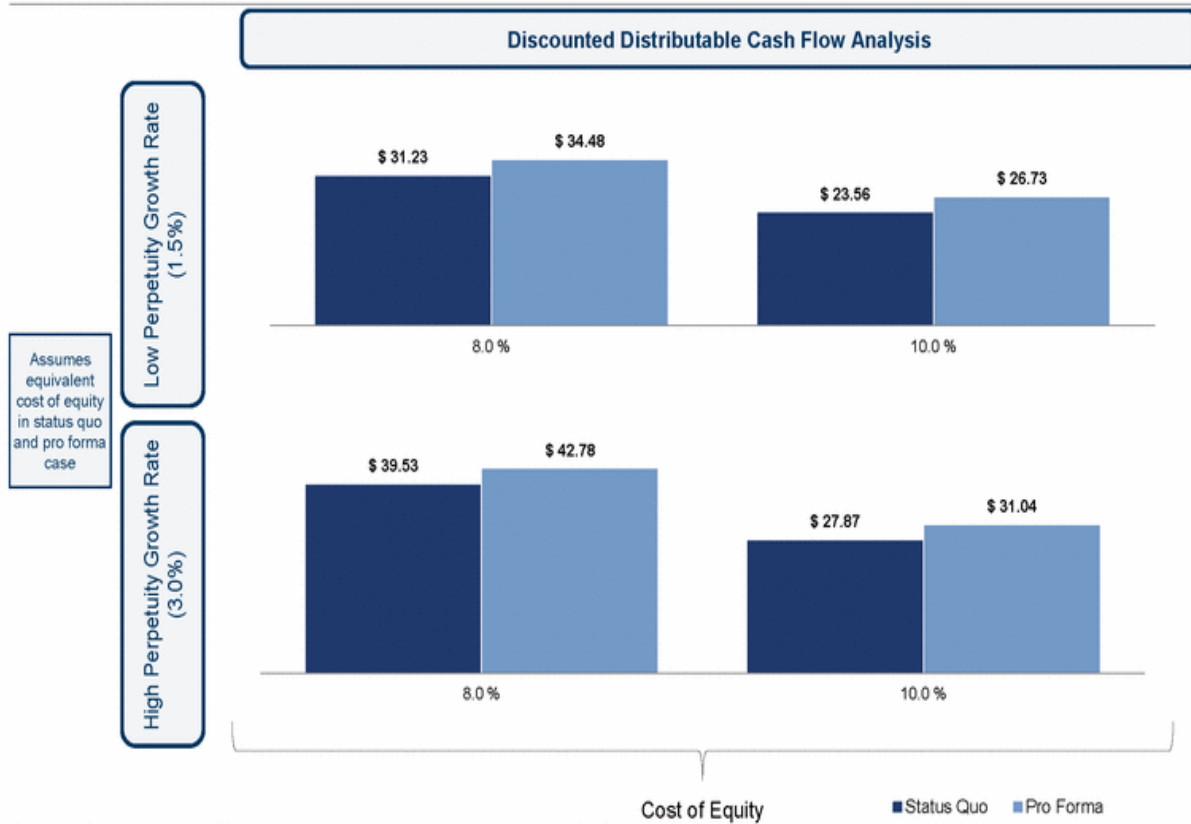
1.8004 x  
Aggregate Consideration

Source: Midstream Forecast, GP Standalone Forecast, and Bloomberg market data as of 5-Oct-2018

Note: GP Market Cap calculated assuming 186.2mm shares and a price per share range of \$23.56 and \$39.53 for the discounted cash flow analysis and \$17.02 and \$31.49 for the PV of FSP analysis. Midstream Market Cap calculated assuming 188.1mm units and a price per unit range of \$44.67 and \$74.16 for the discounted dividends analysis and \$34.52 and \$51.94 for the PV of FSP analysis.

<sup>1</sup> Calculated using 17.354mm shares issued to retire Series B units and exchange ratio to Midstream required to set GP's pro forma ownership equal to its portion of cash distributions.

<sup>2</sup> Calculated according to latest Arkose quarterly filing of 98,600 units outstanding and publicly disclosed estimated fair value of \$1,852 per unit.

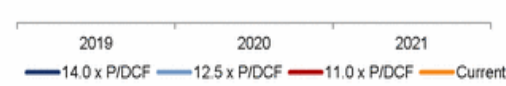
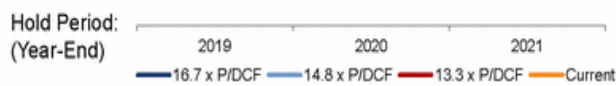
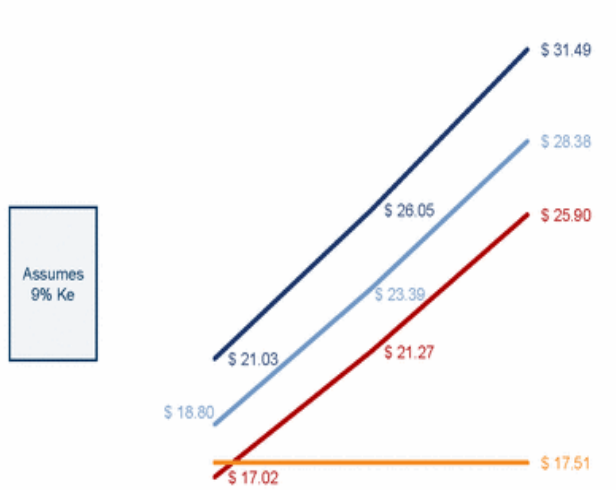


Source: GP Standalone Forecast, GP Pro Forma Forecast, and Bloomberg market data as of 5-Oct-2018  
 Note: Refer to page 37 & 38 for detail of calculation

Status Quo

Pro Forma

Assumes  
9% Ke



Equivalent DCF / DPS Yield	2019	2020	2021
Equivalent DCF / DPS Yield	6.00 %	6.75 %	7.50 %

Source: GP Standalone Forecast, GP Pro Forma Forecast, and Bloomberg market data as of 5-Oct-2018  
Note: Refer to pages 39 & 40 for detail of calculation.

	2019	2020	2021	2022
<b>EBITDA</b>				
Status Quo	\$ 989	\$ 1,222	\$ 1,413	\$ 1,642
Pro Forma	989	1,222	1,413	1,642
<b>Distributable Cash Flow</b>				
Status Quo	\$ 853	\$ 1,036	\$ 1,224	\$ 1,428
Pro Forma	816	1,001	1,207	1,392
<b>Distributable Cash Flow Per Share</b>				
Status Quo	\$ 0.89	\$ 1.34	\$ 1.74	\$ 2.22
Pro Forma	1.62	1.97	2.38	2.74
% Change	83 %	47 %	36 %	23 %
<b>Dividend Per Share</b>				
Status Quo	\$ 0.89	\$ 1.34	\$ 1.74	\$ 2.22
Pro Forma	1.24	1.60	1.93	2.31
% Change	40 %	20 %	11 %	4 %
<b>Coverage Ratio</b>				
Status Quo	1.31 x	1.17 x	1.11 x	1.05 x
Pro Forma	1.31	1.23	1.23	1.19
Increase (Decrease)	(0.01)x	0.06 x	0.12 x	0.13 x
<b>Leverage Ratio (Excludes Water Drop Per Ratings Agency &amp; Management Conventions)</b>				
Status Quo	2.24 x	2.23 x	2.11 x	1.95 x
Pro Forma	2.89	2.72	2.47	2.17
Increase (Decrease)	0.65 x	0.49 x	0.36 x	0.22 x

Source: GP Standalone Forecast, GP Pro Forma Forecast, and Bloomberg market data as of 5-Oct-2018

Note: Status quo distributable cash flow per share is after coverage at Midstream, after Series B take, and after cash taxes at GP.

# Illustrative Pro Forma Trading Analysis

## Near-Term Perspective

Current Combined Market Cap:	\$ 8,928
Current GP Price:	17.51

Pro Forma Shares: 508
Pro Forma Year End Net Debt: \$2,275

Pro Forma Share Price	\$ 16.00	\$ 17.00	\$ 18.00	\$ 19.00	\$ 20.00
Illustrative Pro Forma Equity Value	\$ 8,129	\$ 8,637	\$ 9,145	\$ 9,653	\$ 10,162
Illustrative Pro Forma Enterprise Value	\$ 10,404	\$ 10,912	\$ 11,420	\$ 11,928	\$ 12,436

Implied EV / EBITDA	Metric					
2019	\$ 989	10.5 x	11.0 x	11.6 x	12.1 x	12.6 x
2020	1,222	8.5	8.9	9.3	9.8	10.2

Current Multiples		
Midstream		
		10.4 x
		8.4

Implied P / DCF						
2019	\$ 1.62	9.9 x	10.5 x	11.1 x	11.7 x	12.3 x
2020	1.97	8.1	8.6	9.1	9.6	10.1
YoY Growth	21 %					

Midstream	Peer Median	GP
10.8 x	11.2 x	19.7 x
9.2	10.1	13.1
18 %	8 %	51 %

Implied Distribution Yield						
2019	\$ 1.24	7.8 %	7.3 %	6.9 %	6.5 %	6.2 %
2020	1.60	10.0	9.4	8.9	8.4	8.0
YoY Growth	29 %					

7.4 %	7.5 %	5.1 %
9.6	8.1	7.6
29 %	6 %	51 %

Source: GP Pro Forma Forecast and Bloomberg market data as of 5-Oct-2018

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Appendix A: Cost of Capital Materials

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# Illustrative Cost of Equity Analysis

## Midstream and GP

Midpoint of Cost of Equity Range		Cost of Equity Sensitivity Analysis	
Risk Free Rate	3.2 %		
Midpoint of Beta Range	1.10		
Equity Risk Premium	5.4 %		
<b>Cost of Equity</b>	<b>9.2 %</b>		

GP vs. MLP Historical Beta Comparison		Implied Arkose	
GP / MLP	GP Beta	MLP	Δ Beta
ENLC / ENLK	0.85	1.02	(0.17)
EQGP / EQM	0.87	0.96	(0.09)
WGP / WES	0.81	0.98	(0.17)
High			1.11
Low			1.03
Midstream Peer Median			0.90

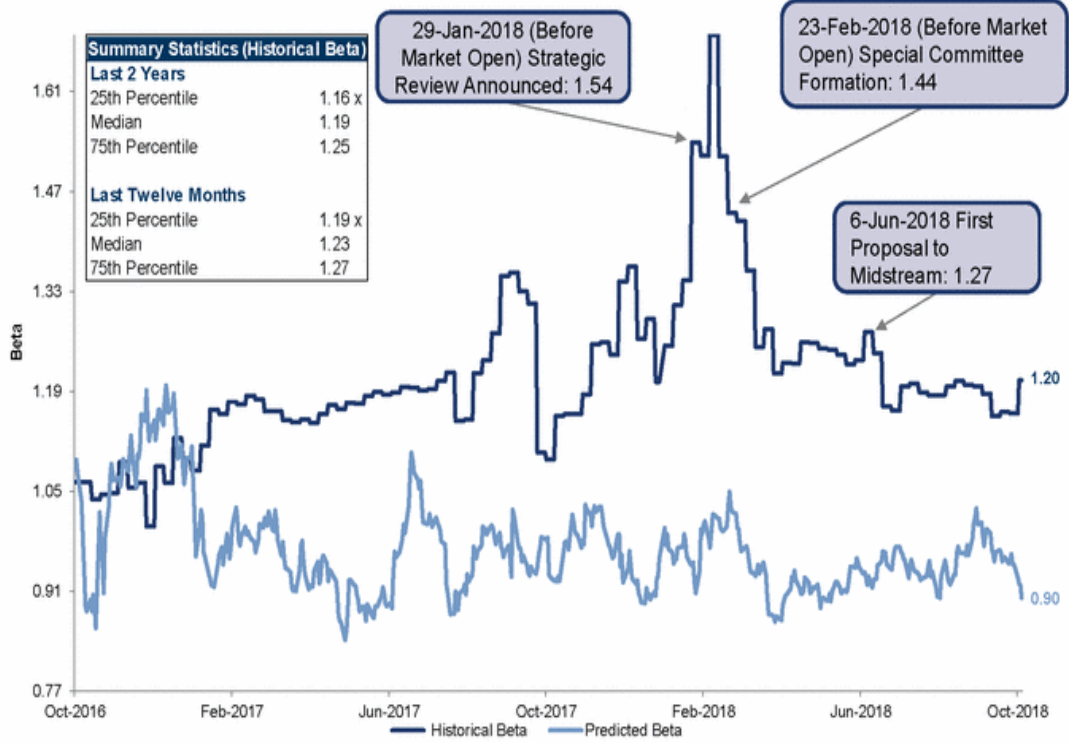
  

Equity Beta	Risk Free Rate
	3.2 %
0.90	8.1 %
0.95	8.4
1.00	8.6
1.05	8.9
1.10	9.2
1.15	9.4
1.20	9.7
1.25	10.0
1.30	10.2

Source: Company filings and press releases, Axioma Historical Betas, Duff and Phelps, and Bloomberg market data as of 5-Oct-2018

Note: Two year historical Levered Beta per Axioma. Risk Free Rate represents yield of 30-year U.S. Government Treasury Notes with 20 years remaining life. Equity Risk Premium per Duff & Phelps. Midpoint of beta range calculated as the median between the low Midstream peer median and 1.3x, based on the approximate 75<sup>th</sup> percentile of Midstream's historical beta range. Implied Arkose GP beta calculated as midstream beta minus the delta in the peer family beta.





Source: Axioma as of 5-Oct-2018



# Public Company Beta Calculations

## Midstream and GP Comparable Companies

INVESTMENT BANKING  
DIVISION

Company	Historical Equity Beta	Predicted Beta	Basic Shares	Share Price	Basic Market Cap	Debt	Cash	Debt / Cap	Cash / Cap
<b>Midstream</b>	<b>1.20</b>	<b>0.90</b>	<b>167</b>	<b>\$ 29.74</b>	<b>\$ 5,563</b>	<b>\$ 1,420</b>	<b>\$ 20</b>	<b>20.4 %</b>	<b>0.3 %</b>
<b>Selected Comparable Companies</b>									
CNDM	0.94	0.72	64	\$ 19.92	\$ 1,268	\$ 404	\$ 1	26.2 %	0.0 %
CEQP	0.79	0.86	71	37.74	2,688	1,582	6	36.8	0.1
DCP	0.80	0.93	150	42.69	6,412	4,835	4	43.0	0.0
ENBL	0.76	0.93	433	17.23	7,462	3,707	7	33.2	0.1
ENLK	1.02	0.99	350	18.68	6,544	3,990	37	36.0	0.3
EGM	0.96	0.91	120	52.67	6,344	3,454	684	37.9	7.5
HESM	0.90	0.81	45	22.88	1,249	0	57	0.0	4.7
NBLX	0.90	0.99	40	40.36	1,601	530	16	25.1	0.8
SHLX	0.95	0.85	234	21.90	4,901	2,115	175	30.9	2.6
TRGP	0.69	0.85	226	58.51	13,197	5,694	220	30.5	1.2
WES	0.98	1.00	153	45.80	6,990	4,177	52	37.6	0.5
<b>High</b>	<b>1.02</b>	<b>1.00</b>			<b>\$ 13,197</b>	<b>\$ 5,694</b>	<b>\$ 684</b>	<b>43.0 %</b>	<b>7.5 %</b>
<b>Mean</b>	<b>0.88</b>	<b>0.89</b>			<b>6,332</b>	<b>2,770</b>	<b>114</b>	<b>30.7</b>	<b>1.6</b>
<b>Median</b>	<b>0.90</b>	<b>0.91</b>			<b>6,344</b>	<b>3,464</b>	<b>37</b>	<b>33.2</b>	<b>0.6</b>
<b>Low</b>	<b>0.69</b>	<b>0.72</b>			<b>1,249</b>	<b>0</b>	<b>1</b>	<b>0.0</b>	<b>0.0</b>
<b>Company</b>									
<b>GP</b>	<b>-</b>	<b>-</b>	<b>196</b>	<b>\$ 17.61</b>	<b>\$ 3,260</b>	<b>\$0</b>	<b>\$ 2</b>	<b>(0.1)%</b>	<b>0.1 %</b>
<b>Selected Comparable Companies</b>									
ERLC	0.85	0.91	181	\$ 17.16	\$ 3,107	\$ 84	\$ 0	2.6 %	0.0 %
EQGP	0.87	0.79	302	21.28	6,436	0	0	0.0	0.0
WGP	0.81	0.89	219	32.46	7,107	26	3	0.4	0.0
<b>High</b>	<b>0.87</b>	<b>0.91</b>			<b>\$ 7,107</b>	<b>\$ 84</b>	<b>\$ 3</b>	<b>2.6 %</b>	<b>0.0 %</b>
<b>Mean</b>	<b>0.84</b>	<b>0.86</b>			<b>6,560</b>	<b>37</b>	<b>1</b>	<b>1.0</b>	<b>0.0</b>
<b>Median</b>	<b>0.86</b>	<b>0.89</b>			<b>6,436</b>	<b>26</b>	<b>0</b>	<b>0.4</b>	<b>0.0</b>
<b>Low</b>	<b>0.81</b>	<b>0.79</b>			<b>3,107</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>

Source: Axioma, company filings, and Bloomberg market data as of 5-Oct-2018

Cost of Capital Materials

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## Appendix B: Additional Valuation Reference Materials

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(\$ in millions, except per share / unit data)

Calculation of Combined Equity Value		Calculation of Multiples and Yield		
Midstream Units	187.0		2019	2020
(+) Midstream LTIP	1.1	Midstream Unit Price	\$ 29.74	\$ 29.74
Midstream Diluted Units Outstanding	188.1	(/) LP DCF	2.76	3.24
(x) Midstream Unit Price	\$ 29.74	Midstream P/LP DCF	10.8 x	9.2 x
Midstream Diluted Equity Value	\$ 5,594	Midstream LP DPU	\$ 2.21	\$ 2.85
GP Shares	186.2	(/) Midstream Unit Price	29.74	29.74
(+) Series B Converted Shares <sup>1</sup>	4.2	Implied Yield	7.4 %	9.6 %
GP Diluted Share Count	190.4	GP DPS	\$ 0.89	\$ 1.34
(x) GP Share Price	\$ 17.51	(/) GP Share Price	17.51	17.51
GP Diluted Equity Value	\$ 3,334	Implied Yield	5.1 %	7.6 %
Arkose Combined Market Cap	\$ 8,928	19-20 Average Yield	6.4 %	
Net Debt (Excl. Water Drop Down Liability) <sup>4</sup>	\$ 1,392	Distributable Cash Flow <sup>2</sup>	\$ 797	\$ 952
Enterprise Value	\$ 10,320	Distributed Cash <sup>3</sup>	591	802
		Implied Equity Value / Total DCF	11.2 x	9.4 x
		Implied Distribution Yield	6.6 %	9.0 %
		EBITDA	\$ 989	\$ 1,222
		EV/EBITDA	10.4 x	8.4 x

Source: Midstream Forecast, GP Standalone Forecast, and Bloomberg market data as of 5-Oct-2018

<sup>1</sup> Based on 20-day VWAP<sup>2</sup> Based on total DCF at Midstream, excluding taxes at GP.<sup>3</sup> Based on distributions to LPs at Midstream, distributions to Series B unitholders, and dividends to GP shareholders.<sup>4</sup> As of 2Q18 10-Q (30-Jun-2018).

# Public Company Trading

## Midstream Comparable Companies

(\$ in millions, except per share / unit values)

Company	Price / LP DCF		19E-20E	DPU Yield		19E-20E	Total Debt / 2018E EBITDA
	2019E	2020E	DCF YoY Growth	2019E	2020E	DPU YoY Growth	
Arkose Midstream <sup>1</sup> (Management)	10.8 x	9.2 x	20 %	7.4 %	9.6 %	29 %	1.9 x
CNX Midstream	11.2 x	10.0 x	12 %	7.9 %	9 %	15 %	2.5 x
Crestwood	11.2	10.9	3	6.6	7	6	3.7
DCP Midstream	10.7	10.1	7	7.3	8	3	4.3
Enable Midstream	10.9	10.1	7	7.5	8	2	3.5
EnLink Midstream	11.4	11.1	3	8.4	9	2	3.9
EQT Midstream	9.0	7.8	NA <sup>2</sup>	9.6	11	15	3.4
Hess Midstream	12.3	10.7	15	7.1	8	15	0.0
Noble Midstream	9.1	8.0	15	6.5	8	20	2.4
Shell Midstream	14.3	13.1	9	7.8	8	8	3.5
Targa Resources	12.9	10.6	22	6.2	6	0	4.3
Western Gas	10.2	9.9	3	8.9	9	5	3.5
High Valuation	14.3 x	13.1 x	22 %	6.2 %	6.5 %	20 %	4.3 x
Mean	11.2	10.2	10	7.6	8.3	8	3.2
Median	11.2	10.1	8	7.5	8.1	6	3.5
Low Valuation	9.0	7.8	3	9.6	11.0	0	0.0

Sources: IBES, latest publicly available financial statements, and Bloomberg market data as of 5-Oct-2018. Projected EBITDA and DPS are based on IBES median estimates; projected LP DCF calculated based on median of brokers who provide LP DCF and/or total DCF and LP units outstanding. All research estimates have been calendarized to December.

<sup>1</sup> Source: Midstream Forecast, latest publicly available financial statements, IBES/Wall Street research, and Bloomberg market data as of 5-Oct-2018, Projected EBITDA, LP DCF, and DPS are based on Midstream Forecast; IBES case follows the same methodology as peers.

<sup>2</sup> NA due to lack of broker consensus for status quo and pro forma.

# Illustrative Arkose Midstream Discounted Dividends Analysis

Status Quo Midstream | (\$ in millions, except per share data)

Assumptions		Illustrative Discounted Cash Flow					
■ Implied value as of 9/30/2018	<b>Status Quo DDM</b>	<b>4Q 2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Terminal<sup>1</sup></b>
	Dividends Received	\$ 0.47	\$ 2.21	\$ 2.85	\$ 3.42	\$ 4.10	\$ 4.10
■ Discounted using mid-year convention	Perpetuity Growth Rate						2.0 %
	Implied Terminal Value						\$ 59.74
■ Perpetuity growth rate of 2.0%	Implied NTM Yield at Y.E. 2022						6.9 %
	Total Cash Flows	\$ 0.47	\$ 2.21	\$ 2.85	\$ 3.42	\$ 4.10	\$ 59.74
■ Ke of 9.0%	Discount Period <sup>1</sup>	0.25	0.75	1.75	2.75	3.75	3.75
	Discount Rate	9.0 %					
	Discount Factor	0.98	0.94	0.86	0.79	0.72	0.72
	Present Value of Cash Flows	\$0.46	\$2.07	\$2.45	\$2.70	\$2.97	\$43.25
Implied Per Unit Value of Status Quo Midstream		\$ 53.89					

	Cost of Equity	Perpetuity Growth Rate				Implied Terminal Yield			
		1.5 %	2.0 %	2.5 %	3.0 %	1.5 %	2.0 %	2.5 %	3.0 %
8.0 %		\$ 58.85	\$ 63.10	\$ 68.13	\$ 74.16	6.4 %	5.9 %	5.4 %	4.9 %
8.5		54.54	58.14	62.34	67.31	6.9	6.4	5.9	5.4
9.0		50.81	53.89	57.45	61.60	7.3	6.9	6.4	5.9
9.5		47.55	50.21	53.26	56.77	7.8	7.3	6.9	6.4
10.0		44.67	46.99	49.62	52.63	8.3	7.8	7.3	6.9

Source: Midstream Forecast and Bloomberg market data as of 5-Oct-2018  
<sup>1</sup> Q4 2018 dividend valued at year end 2018; all others based on mid-year convention.

# Illustrative Present Value of Future Share Price - Midstream Status Quo

(\$ in per share amounts)

Status Quo	4Q 2018	2019	2020	2021	2022
<b>Cash Flows to Equity</b>					
Distribution Per Unit	\$ 0.47	\$ 2.21	\$ 2.85	\$ 3.42	\$ 4.10
Discount Period for Distribution Received <sup>1</sup>	0.25	0.75	1.75	2.75	
Illustrative Cost of Equity	9.0 %				
Discount Factor	0.98	0.94	0.86	0.79	
<b>Present Value of Distribution Received</b>	<b>\$0.46</b>	<b>\$2.07</b>	<b>\$2.45</b>	<b>\$2.70</b>	

## Present Value of Future Unit Price at Year End

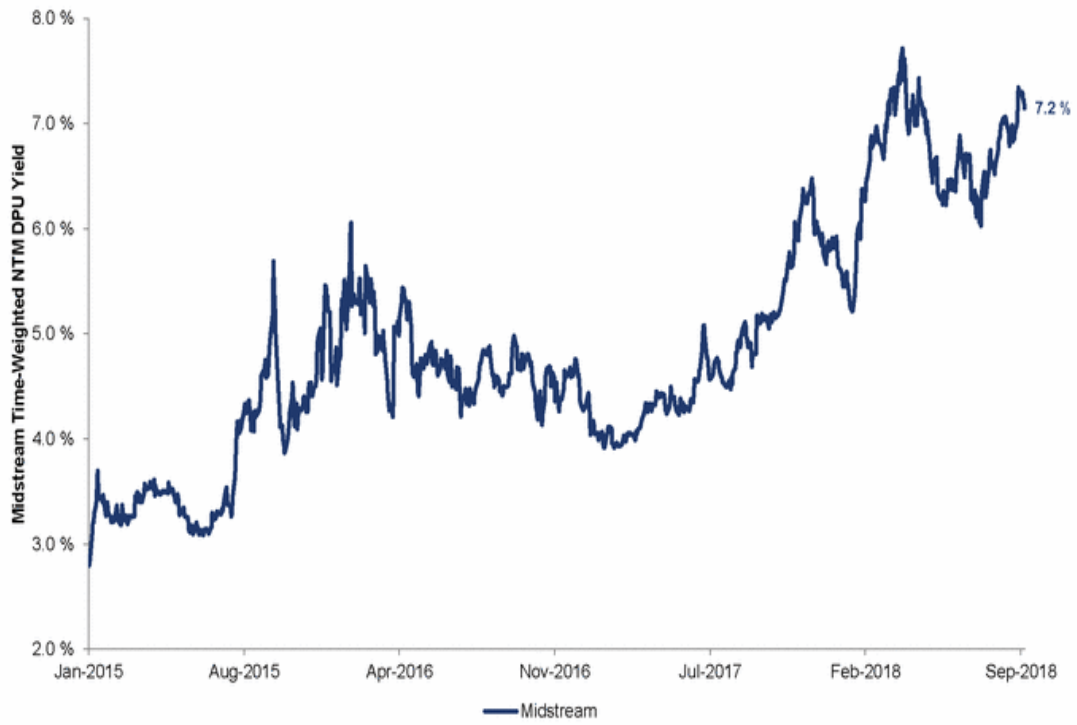
NTM Dividend Per Unit at Year End		\$ 2.85	\$ 3.42	\$ 4.10
Illustrative NTM Distribution Yield		7.5 %		
Implied Year End Unit Price		\$38.00	\$45.60	\$54.67
Discount Period for Unit Price		1.25	2.25	3.25
Discount Factor		0.90	0.82	0.76
<b>PV of Future Unit Price</b>		<b>\$34.12</b>	<b>\$37.56</b>	<b>\$41.31</b>
(+) PV of Cumulative Distributions Received		2.53	4.98	7.68
<b>PV of Future Unit Price and Distributions</b>		<b>\$36.65</b>	<b>\$42.55</b>	<b>\$48.99</b>

Assumes  
9% Ke

		2019	2020	2021
NTM Dividend Yield	7.0 %	\$ 39.09	\$ 45.23	\$ 51.94
	7.5	36.65	42.55	48.99
	8.0	34.52	40.20	46.41

Source: Midstream Forecast, Bloomberg market data as of 5-Oct-2018  
<sup>1</sup> Q4 2018 dividend valued at year end 2018; all others based on mid-year convention.





Source: Bloomberg market data as of 5-Oct-2018

## Status Quo GP | (\$ in millions, except per share data)

Assumptions		Illustrative Discounted Cash Flow					
	Status Quo	4Q 2018	2019	2020	2021	2022	Terminal
■ Implied value as of 9/30/2018	DCF / Share	\$ 0.16	\$ 0.89	\$ 1.34	\$ 1.74	\$ 2.22	\$ 2.22
■ Discounted using mid-year convention	Perpetuity Growth Rate						2.0 %
	Implied Terminal Value						\$ 32.36
■ Perpetuity growth rate of 2.0%	Implied NTM Yield at Y.E. 2022						6.9 %
■ Ke of 9.0%	Total Cash Flows	\$ 0.16	\$ 0.89	\$ 1.34	\$ 1.74	\$ 2.22	\$ 32.36
	Discount Period <sup>1</sup>	0.25	0.75	1.75	2.75	3.75	3.75
	Discount Rate	9.0 %					
	Discount Factor	0.98	0.94	0.86	0.79	0.72	0.72
	Present Value of Cash Flows	\$0.16	\$0.83	\$1.15	\$1.37	\$1.61	\$23.43
	Implied Per Share Value of Status Quo	\$ 28.55					

Cost of Equity	Perpetuity Growth Rate				Implied Terminal Yield			
	1.5 %	2.0 %	2.5 %	3.0 %	1.5 %	2.0 %	2.5 %	3.0 %
8.0 %	\$ 31.23	\$ 33.53	\$ 36.26	\$ 39.53	6.4 %	5.9 %	5.4 %	4.9 %
8.5	28.90	30.85	33.13	35.81	6.9	6.4	5.9	5.4
9.0	26.88	28.55	30.48	32.72	7.3	6.9	6.4	5.9
9.5	25.12	26.56	28.21	30.11	7.8	7.3	6.8	6.4
10.0	23.56	24.82	26.25	27.87	8.3	7.8	7.3	6.8

Source: GP Standalone Forecast and Bloomberg market data as of 5-Oct-2018  
<sup>1</sup> Q4 2018 dividend valued at year end 2018, all others based on mid-year convention.

## Pro Forma GP

Assumptions		Illustrative Discounted Cash Flow							
■ Implied value as of 9/30/2018	<b>Pro Forma</b>	<b>4Q 2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Terminal</b>		
	DCF Per Share	\$ 0.16	\$ 1.62	\$ 1.97	\$ 2.38	\$ 2.74	\$ 2.22		
■ Discounted using mid-year convention	Perpetuity Growth Rate						2.0 %		
	Implied Terminal Value						\$ 32.38		
	Implied NTM Yield at Y.E. 2022						6.9 %		
■ Perpetuity growth rate of 2.0%	Total Cash Flows	\$ 0.16	\$ 1.62	\$ 1.97	\$ 2.38	\$ 2.74	\$ 32.38		
	Discount Period <sup>1</sup>	0.25	0.75	1.75	2.75	3.75	3.75		
	Discount Rate	9.0 %							
	Discount Factor	0.98	0.94	0.86	0.79	0.72	0.72		
■ Ke of 9.0%	Present Value of Cash Flows	\$ 0.16	\$ 1.52	\$ 1.70	\$ 1.87	\$ 1.98	\$ 23.44		
	<b>Implied Per Share Value of Pro Forma GP</b>	<b>\$ 30.67</b>							
■ Terminal DCF assumes 20% tax rate applied to taxable income, excluding tax attributes resulting from the step up and future capex	<b>Pro Forma Tax Attributes</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Ann. Avg. 2028-2033</b>		
	Step Up Depreciation	\$ 588	\$ 544	\$ 498	\$ 454	\$ 419	\$ 353		
	(x) Tax Rate	25.3 %	25.3 %	25.3 %	25.3 %	25.3 %	25.3 %		
	Cash Tax Savings	149	138	126	115	106	90		
	Discount Period	4.75	5.75	6.75	7.75	8.75	12.25		
	Discount Rate	9.0 %							
	Discount Factor	0.66	0.61	0.56	0.51	0.47	0.35		
	Present Value of Cash Tax Savings	\$ 99	\$ 84	\$ 71	\$ 59	\$ 50	\$ 32		
	Total PV of Cash Tax Savings	\$ 552							
	Value Per Pro Forma Share	1.09							
■ Q4 2018 DCF based on status quo DCF (assumes merger close at year end 2018)	<b>Implied Per Share Value of Pro Forma GP + Tax Synergies</b>	<b>\$ 31.76</b>							
Cost of Equity	Perpetuity Growth Rate				Implied Terminal Yield				
		1.5 %	2.0 %	2.5 %	3.0 %	1.5 %	2.0 %	2.5 %	3.0 %
	8.0 %	\$ 34.48	\$ 36.78	\$ 39.51	\$ 42.78	6.4 %	5.9 %	5.4 %	4.9 %
	8.5	32.13	34.08	36.36	39.05	6.9	6.4	5.9	5.4
	9.0	30.09	31.76	33.69	35.93	7.3	6.9	6.4	5.9
	9.5	28.31	29.75	31.40	33.30	7.8	7.3	6.8	6.4
	10.0	26.73	27.99	29.41	31.04	8.3	7.8	7.3	6.8

Source: GP Pro Forma Forecast and Bloomberg market data as of 5-Oct-2018

<sup>1</sup> Q4 2018 dividend valued at year end 2018; all others based on mid-year convention.

# Illustrative Present Value of Future Share Price - GP Status Quo

(\$ in per share amounts)

Status Quo	4Q 2018	2019	2020	2021	2022
<b>Cash Flows to Equity</b>					
Dividend Per Share	\$ 0.16	\$ 0.89	\$ 1.34	\$ 1.74	\$ 2.22
Discount Period for Dividend Received <sup>1</sup>	0.25	0.75	1.75	2.75	
Illustrative Cost of Equity	9.0 %				
Discount Factor	0.98	0.94	0.86	0.79	
<b>Present Value of Dividend Received</b>	<b>\$0.16</b>	<b>\$0.83</b>	<b>\$1.15</b>	<b>\$1.37</b>	
<b>Present Value of Future Share Price at Year End</b>					
NTM Dividend Per Share at Year End / NTM DCF Per Share at Year End		\$ 1.34	\$ 1.74	\$ 2.22	
Illustrative NTM P / DCF Multiple		14.8 x			
Implied Year End Share Price		\$19.84	\$25.80	\$32.90	
Discount Period for Share Price		1.25	2.25	3.25	
Discount Factor		0.90	0.82	0.76	
<b>PV of Future Share Price</b>		<b>\$17.81</b>	<b>\$21.25</b>	<b>\$24.87</b>	
(+) PV of Cumulative Dividends Received		0.99	2.14	3.52	
<b>PV of Future Share Price and Dividends</b>		<b>\$18.80</b>	<b>\$23.39</b>	<b>\$28.38</b>	

			Hold Period			
			2019	2020	2021	
Equivalent DCF Yield	6.00 %	Price / DCF	16.7 x	\$ 21.03	\$ 26.05	\$ 31.49
	6.75			18.80	23.39	28.38
	7.50			17.02	21.27	25.90

Source: GP Standalone Forecast and Bloomberg market data as of 5-Oct-2018  
<sup>1</sup> Q4 2018 dividend valued at year end 2018, all others based on mid-year convention.

# Illustrative Present Value of Future Share Price - Pro Forma

Present Value of Dividend Received	4Q 2018	2019	2020	2021	2022
<b>Cash Flows to Equity</b>					
Dividend Per Share	\$ 0.16	\$ 1.24	\$ 1.60	\$ 1.93	\$ 2.31
Discount Period for Dividend Received <sup>1</sup>	0.25	0.75	1.75	2.75	
Illustrative Cost of Equity	9.0 %				
Discount Factor	0.98	0.94	0.86	0.79	
<b>Present Value of Dividend Received</b>	<b>\$0.16</b>	<b>\$1.17</b>	<b>\$1.38</b>	<b>\$1.52</b>	
<b>Present Value of Future Share Price at Year End</b>					
NTM DCF Per Share at Year End		\$ 1.97	\$ 2.38	\$ 2.74	
Illustrative NTM P/DCF Multiple		12.5 x			
Implied Year End Share Price		\$24.64	\$29.70	\$34.26	
Discount Period for Share Price		1.25	2.25	3.25	
Discount Factor		0.90	0.82	0.76	
<b>PV of Future Share Price</b>		<b>\$22.12</b>	<b>\$24.46</b>	<b>\$25.89</b>	
(+) PV of Cumulative Dividends Received		1.33	2.71	4.23	
<b>PV of Future Share Price and Dividends</b>		<b>\$23.45</b>	<b>\$27.17</b>	<b>\$30.11</b>	

		Implied Value			
		2019	2020	2021	
Equivalent DCF Yield	7.14 %	14.0 x	\$ 26.10	\$ 30.11	\$ 33.22
	8.00		23.45	27.17	30.11
	9.09		20.79	24.23	27.01
P/DCF Multiple		14.0 x			
		12.5			
		11.0			

Source: GP Pro Forma Forecast, Bloomberg market data as of 5-Oct-2018  
<sup>1</sup> Q4 2018 dividend valued at year end 2018; all others based on mid-year convention.

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Appendix C: Additional Detail on Financial Forecasts

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Equity Capitalization	Midstream		GP		Pro Forma
	2Q 2018 10-Q (1-Aug-2018)	Provided by Management (2-Oct-2018)	2Q 2018 10-Q (1-Aug-2018)	Provided by Management (2-Oct-2018)	
Shares Outstanding					
Common Shares / Units Outstanding					
<i>Midstream Public</i>	187,045,499	187,045,499	186,209,369	186,209,369	506,149,700
<i>Upstream</i>	88,175,164	88,175,164			
Long Term Incentive Plan	98,870,335	98,870,335			1,929,030
<b>Total Shares / Units Outstanding</b>	<b>188,118,428</b>	<b>188,098,115</b>	<b>186,209,369</b>	<b>186,209,369</b>	<b>508,078,730</b>
Dilutive Securities					
Series B Units in IDR LLC			98,600		-

Source: Arkose GP 2Q 2018 10-Q, Arkose Midstream 2Q 2018 10-Q, and GP Pro Forma Forecast

Additional Detail on Financial Forecasts

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Midstream Status Quo	2018	2019	2020	2021	2022
EBITDA	\$ 730	\$ 989	\$ 1,222	\$ 1,413	\$ 1,642
(-) Tax Reimbursement to Upstream	(6)	(6)	(6)	(6)	(6)
(-) Cash Interest	(63)	(90)	(117)	(139)	(150)
(-) Maintenance Capex	(67)	(39)	(63)	(44)	(58)
Distributable Cash Flow	\$ 594	\$ 853	\$ 1,036	\$ 1,224	\$ 1,428
(f) Coverage Ratio	1.28 x	1.31 x	1.17 x	1.11 x	1.05 x
Total Distributions	\$ 463	\$ 649	\$ 889	\$ 1,102	\$ 1,356
LP - Public	151	195	252	302	362
LP - Upstream	170	219	282	338	405
IDR	143	236	355	462	589
DCF	\$ 594	\$ 853	\$ 1,036	\$ 1,224	\$ 1,428
(-) Total Capex	(646)	(815)	(719)	(430)	(352)
(+) Maintenance Capex	67	39	63	44	58
Free Cash Flow	15	78	380	838	1,134
(-) Total Distributions	(463)	(649)	(889)	(1,102)	(1,356)
Financing Surplus	\$(448)	\$(571)	\$(509)	\$(264)	\$(223)
Net Debt	\$ 1,643	\$ 2,214	\$ 2,722	\$ 2,978	\$ 3,200
Net Leverage	2.26 x	2.24 x	2.23 x	2.11 x	1.95 x
NTM Water Drop Payments at Year End	\$ 125	\$ 125	-	-	-
Total Leverage (Incl. Water Drop)	2.43 x	2.37 x	2.23 x	2.11 x	1.95 x
<b>Per Unit Metrics</b>					
Average Unit Count	187	187	187	187	187
LP DCF	\$ 2.07	\$ 2.76	\$ 3.24	\$ 3.75	\$ 4.29
LP DPU	\$ 1.72	\$ 2.21	\$ 2.85	\$ 3.42	\$ 4.10

Source: Midstream Forecast

I DR LLC And GP Status Quo	2018	2019	2020	2021	2022
<b>I DR LLC</b>					
I DR Distributions	\$ 143	\$ 236	\$ 355	\$ 462	\$ 589
Series A Distributions	136	223	336	436	556
Series B Distributions	7	12	20	26	34
<b>GP</b>					
Distributions from I DR LLC	\$ 136	\$ 223	\$ 336	\$ 436	\$ 556
(-) G&A	(2)	(2)	(2)	(2)	(2)
(-) Interest Expense	0	0	0	0	0
<b>Taxable Cash Flow to GP</b>	<b>\$ 134</b>	<b>\$ 221</b>	<b>\$ 334</b>	<b>\$ 434</b>	<b>\$ 554</b>
Federal Tax Rate	21 %	21 %	21 %	21 %	21 %
State Tax Rate	4 %	4 %	4 %	4 %	4 %
(-) Federal Taxes	\$(28)	\$(46)	\$(70)	\$(91)	\$(116)
(-) State Taxes	(6)	(10)	(14)	(19)	(24)
<b>Distributable Cash Flow</b>	<b>\$ 100</b>	<b>\$ 165</b>	<b>\$ 249</b>	<b>\$ 324</b>	<b>\$ 413</b>
Coverage	1.00 x	1.00 x	1.00 x	1.00 x	1.00 x
<b>Per Share Metrics</b>					
Shares Outstanding	186	186	186	186	186
DCF / Share	\$ 0.54	\$ 0.89	\$ 1.34	\$ 1.74	\$ 2.22
DPS	\$ 0.54	\$ 0.89	\$ 1.34	\$ 1.74	\$ 2.22

Source: GP Standalone Forecast

# Comparison of Management Forecast to Broker Consensus

	2018	2019	2020
Midstream EBITDA - Management	\$ 730	\$ 989	\$ 1,222
Midstream EBITDA - IBES	711	933	1,144
% Difference	(3)%	(6)%	(6)%
Midstream LP DCF / Unit - Management	\$ 2.07	\$ 2.76	\$ 3.24
Midstream LP DCF / Unit - Selected Brokers	2.08	2.55	3.04
% Difference	1 %	(7)%	(6)%
Midstream DPU - Management	\$ 1.72	\$ 2.21	\$ 2.85
Midstream DPU - IBES	1.71	2.21	2.82
% Difference	(0)%	(0)%	(1)%
Cash Flow to GP - Management	\$ 134	\$ 221	\$ 334
Cash Flow to GP - IBES	132	218	333
% Difference	(1)%	(1)%	(0)%
GP DPS - Management	\$ 0.54	\$ 0.89	\$ 1.34
GP DPS - IBES	0.54	0.89	1.33
% Difference	0 %	0 %	(1)%

Source: Midstream Forecast, GP Standalone Forecast, IBES, and Wall Street research as of 5-Oct-2018

Note: LP DCF defined as LP interest in DCF assuming 1.0x coverage. Selected brokers either provided sufficient data to calculate LP DCF or provided a DCF number that, based on the other elements of their forecast, could only be LP DCF.

Pro Forma GP	2019	2020	2021	2022	Terminal <sup>a</sup>
EBITDA	\$ 989	\$ 1,222	\$ 1,413	\$ 1,642	
(-) Tax Reimbursement to Upstream	(6)	(6)	(6)	(6)	
(-) Cash Interest on Existing Debt	(128)	(152)	(156)	(169)	
(-) Maintenance Capex	(39)	(63)	(44)	(58)	
Pre-Tax Distributable Cash Flow	\$ 816	\$ 1,001	\$ 1,207	\$ 1,409	\$ 1,409
(-) Cash Taxes	0	0	0	(17)	(285)
Distributable Cash Flow	\$ 816	\$ 1,001	\$ 1,207	\$ 1,392	\$ 1,125
Coverage Ratio	1.31 x	1.23 x	1.23 x	1.19 x	1.19 x
Total Distributions	\$ 625	\$ 815	\$ 978	\$ 1,174	\$ 948
DCF	\$ 816	\$ 1,001	\$ 1,207	\$ 1,392	
(-) Growth Capex	(776)	(656)	(386)	(294)	
Free Cash Flow	\$ 40	\$ 345	\$ 821	\$ 1,098	
(-) Distributions	(625)	(815)	(978)	(1,174)	
Financing Surplus (Need)	(\$585)	(\$470)	(\$158)	(\$76)	
Net Debt	\$ 2,860	\$ 3,330	\$ 3,488	\$ 3,563	
Net Leverage (Excluding Water Drop)	2.89 x	2.72 x	2.47 x	2.17 x	
NTM Water Drop Payments at Year End	\$ 125	\$ 125	\$ 0	\$ 0	
Net Leverage (Including Water Drop)	3.02 x	2.83 x	2.47 x	2.17 x	
<b>Per Share Metrics</b>					
Issued, Outstanding, and Fully Vested	500.4	506.1	506.1	506.1	506.1
(+) LTIP	1.9	1.9	1.9	1.9	1.9
(+) Unvested Portion of Series B	5.8	0.0	0.0	0.0	0.0
Fully Diluted Shares Outstanding	508.1	508.1	508.1	508.1	508.1
Shares Receiving Dividends or with Dividend Equivalent Rights	502.3	508.1	508.1	508.1	508.1
DCF / Share	\$ 1.62	\$ 1.97	\$ 2.38	\$ 2.74	\$ 2.22
DPS	\$ 1.24	\$ 1.60	\$ 1.93	\$ 2.31	1.87

Source: GP Pro Forma Forecast and Bloomberg market data as of 5-Oct-2018

<sup>a</sup> At the direction of the Conflicts Committee and consistent with guidance provided by management, Terminal DCF and DPS calculated assuming 20% tax rate on taxable income excluding the impact of the tax basis step up and tax attributes resulting from capex after the merger closes.

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Inside Tax Basis Depreciation	\$ 209	\$ 166	\$ 124	\$ 109	\$ 99	\$ 67	\$ 40	\$ 27	\$ 27	\$ 26	\$ 25
704(c) and 743(b) Depreciation	378	377	374	344	320	320	320	320	320	320	310
<b>Total Depreciation (Income)</b>	<b>\$ 588</b>	<b>\$ 544</b>	<b>\$ 498</b>	<b>\$ 454</b>	<b>\$ 419</b>	<b>\$ 387</b>	<b>\$ 360</b>	<b>\$ 347</b>	<b>\$ 346</b>	<b>\$ 345</b>	<b>\$ 335</b>
Tax Rate	25.3 %	25.3 %	25.3 %	25.3 %	25.3 %	25.3 %	25.3 %	25.3 %	25.3 %	25.3 %	25.3 %
<b>Estimated Cash Tax Savings</b>	<b>\$ 149</b>	<b>\$ 138</b>	<b>\$ 126</b>	<b>\$ 115</b>	<b>\$ 106</b>	<b>\$ 98</b>	<b>\$ 91</b>	<b>\$ 88</b>	<b>\$ 88</b>	<b>\$ 87</b>	<b>\$ 85</b>

Source: GP Pro Forma Forecast, Tax Benefits Forecast, and Bloomberg market data as of 5-Oct-2018

	2019	2020	2021	2022
Pro Forma Cash Taxes	\$ 0	\$ 0	\$ 0	\$(17)
(-) Status Quo Cash Taxes	(56)	(84)	(110)	(140)
Cash Tax Savings	\$ 56	\$ 84	\$ 110	\$ 123
PV10 of Near Term Savings	\$ 294			

	2023	2024	2025	Average '26-33
Total Step Up Depreciation	\$ 588	\$ 544	\$ 498	\$ 374
(x) Tax Rate	25.3 %	25.3 %	25.3 %	25.3 %
Estimated Cash Tax Savings	\$ 149	\$ 138	\$ 126	\$ 95
PV10 of Long Term Tax Savings	\$ 512			

Source: GP Standalone Forecast, GP Pro Forma Forecast, and Tax Benefits Forecast