

# TPH Infrastructure Discussion Materials

March 2015

# Tudor, Pickering, Holt & Co. Overview

*The firm's mission is to be the premier integrated energy investment and merchant banking firm, providing the highest quality advice and professional services to our institutional and corporate partners*

## Energy Focused

- ~170 employees exclusively focused on energy
- Diversified lines of business designed to provide extensive industry and advisory expertise: Investment Banking, Securities, Acquisitions & Divestitures, Private Equity, Asset Management
- Headquartered in Houston with offices in New York, Denver, London and Calgary

## Research, Sales & Trading

- Equity research covering 160+ energy companies
- Sales and trading exclusively covering energy
- Institutional investor focus

## Investment Banking

- Integrated sector efforts in Midstream/MLP, Downstream, Oilfield Services, Power and Upstream
- M&A: strategic advisory, sell-side, buy-side, special committee assignments, fairness opinions and restructuring
- Capital markets: IPO, follow-on equity & debt offerings, private equity, private placements
- Dedicated Acquisitions & Divestitures practice
- Leading Special Committee advisor (advised on 28 transactions since 2010, which is more than any other firm)
- Extensive technical knowledge of oil & gas

## Asset Management

- TPH Partners: ~\$300 million private equity fund with seven active energy investments
- TPH Asset Management (excluding TPH Partners): ~\$600 million under management

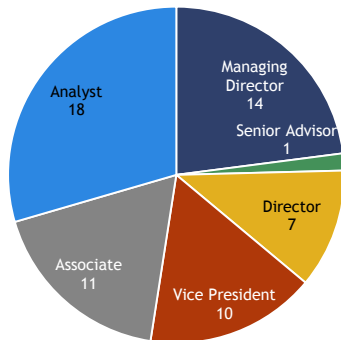
# Industry Leading Investment Banking Practice

## Top Energy Advisor<sup>(1)</sup>

(\$ in millions)

2010 - 2015 YTD		2010 - 2015 YTD	
Firm	# Deals	Firm	Value (\$MM)
Tudor Pickering Holt & Co	130	Barclays	\$312,208
Barclays	101	Citi	237,837
Evercore Partners Inc	99	Goldman Sachs	226,144
RBC Capital Markets	97	Jefferies LLC	188,315
Jefferies LLC	91	Credit Suisse	167,930
Citi	85	Evercore Partners Inc	147,826
Simmons & Co International	69	Bank of America Merrill Lynch	138,256
Goldman Sachs	66	Tudor Pickering Holt & Co	127,986
JPMorgan	64	JPMorgan	122,062
Bank of America Merrill Lynch	59	Morgan Stanley	82,828

## Overview



**Total Team:  
61 Professionals**

- Coverage of Midstream/MLP, OFS, Power, Upstream and Downstream sectors
- Senior execution expertise in M&A, Corporate Finance, A&D and Capital Markets
- Industry/engineering expertise integrated into IB effort across all sectors
- Three-year old team achieved >25% market share<sup>(1)</sup> in 2010

## Advisory

- Sell-side & Buy-side
- Joint Ventures
- Opinions
- Special Committee
- Strategic advisory
- Restructuring

## Capital Markets

- Public Equity
- Hybrids
- Fixed income
- Private placements
- QIU



OFS



Midstream/MLP



Power



Upstream



Downstream

**TPH combines banking expertise with engineering talent to deliver high quality advice to energy clients**

## Banking Expertise



## Engineering Talent




<sup>(1)</sup> Source: Dealogic: United States Oil & Gas - Exploration & Development/Field Equipment & Services/Diversified/Pipeline and Utility & Energy - Gas, pending and completed M&A transactions announced 1/1/2010 to 1/12/2015.

# What has TPH been up to?

## Upstream

September 29, 2014  
-\$7.1 billion



Pending Acquisition of Athlon Energy

September 30, 2014  
\$2 billion




Sale of Malaysian assets

- **Encana** - TPH advised Encana on major acquisition to enter the Permian basin
- **Murphy** - TPH managed a complex sale process which facilitated Pertamina's largest foreign upstream investment, which was the largest ever upstream transaction in Malaysia


## Midstream

September 23, 2014  
\$544 million



Acquisition of interest in Cardinal Gas Services

August 10, 2014  
-\$17 billion



Sale to Kinder Morgan

- **Samchully** - TPH has successfully acted as both buy-side and sell-side advisor as international investors acquire U.S. assets
- **El Paso Pipeline** - TPH repeatedly engaged as El Paso's advisor, representing the company on each of their nine dropdowns as well as the ultimate Kinder Morgan / El Paso Pipeline Partners recombination transaction


## Utilities

October 20, 2014  
\$4.7 billion



Sale to North American Investor Group

February 26, 2014  
\$625 million



Sale of Guadalupe Power Partners to Calpine

May 28, 2013  
\$950 million



Sale to TECO Energy

- **Guadalupe** - TPH ran a quiet sale process to a select group of bidders, achieving peak value for ERCOT asset
- **Cleco** - TPH facilitated sale of Cleco to a fully financed and committed investor consortium, including, U.S., Canadian and international equity partners
- **New Mexico Gas** - TPH incorporated upstream industry expertise to sale process

## Capital Markets

November 2014



Initial Public Offering

January 23, 2014  
-\$1.05 billion



Initial Public Offering

May 7, 2014  
-\$140 million



Initial Public Offering

- **Antero** - TPH marketed Antero's story to make it become one of the most over-subscribed MLP IPOs
- **Rice** - TPH worked with management to craft its narrative in one of the largest E&P IPOs
- **Dorian** - TPH educated the marketplace to price the only LPG transportation business on NYSE

## Conflicts

April 28, 2014  
\$2 billion



Acquisition of Natural Gas Assets from Kinder Morgan

December 2, 2014  
\$150 million



Acquisition of Toledo Tank Farm

November 24, 2014  
\$65 million



Acquisition of 50.01% Interest in Tres Palacios Holdings, LLC

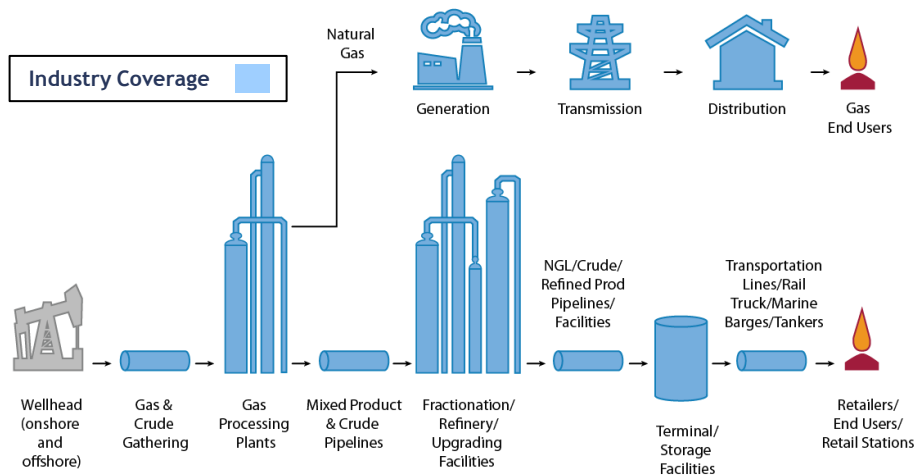
- **El Paso Pipeline** - TPH's has a longstanding relationship with EPB structuring 9 dropdowns worth >\$7.5Bn
- **PBF Logistics** - TPH has advised on the company's first two dropdown transactions
- **Crestwood** - Advisor to Inergy Midstream on merger with Crestwood and advisor on most recent dropdown transaction

*TPH engages across all energy sectors as leading M&A advisor to boards, conflicts committees and management teams*

# Energy Infrastructure Practice

## Infrastructure Practice

- Integrated practice across entire energy value chain (well-head to end-user)
- Fully coordinated with highly technical upstream team to provide unique supply-side insight
- Provides advisory services to broad range of clients
- Expertise in multiple transaction structures
- Relationships at every level of public and private infrastructure companies and investing entities
- Technical, highly acclaimed research effort



## Infrastructure Team



**Lance Gilliland**  
*Head of Infrastructure/M&A*

- CFO at Endeavour Int'l
- Goldman Sachs M&A
- UT MBA
- Baylor BA



**Scott Archer**  
*Managing Director*

- MD at BAML
- UT MBA
- UT BBA



**John Rice**  
*Managing Director*

- MD at Berenson
- Head of energy IB at Credit Lyonnais
- Colgate BA



**George Ward**  
*Managing Director*

- MD at Berenson
- Director at Credit Suisse
- MBA from Rensselaer Polytechnic Institute
- U Massachusetts at Amherst BS



**Dave Saxena**  
*Managing Director*

- Director at Berenson
- Johns Hopkins BS



**Aaron S. Blomquist**  
*Managing Director*

- Bank of America
- Merrill Lynch
- Evercore Partners
- LSU BS



**Ed Tirello**  
*Senior Advisor*

- Senior Advisor / Senior Power Strategist at Berenson
- 43 years following utilities



**Scott Simmons**  
*Director*

- Progression, Inc.
- JPMorgan
- ExxonMobil
- Tulane MBA
- LSU BS



**Jonathan Sherman**  
*Vice President*

- Associate at Berenson
- Harvard BA



**John Chapman**  
*Vice President*

- Miller Buckfire
- Princeton BA



**Dan English**  
*Vice President*

- Citigroup
- UT BBA
- Northwestern MBA



**Jeremy Arendt**  
*Associate*

- Franchise Capital Advisors
- U. of Chicago MBA
- Arizona State BS



**Matthew Rollins**  
*Associate*

- Jefferies
- BAML
- TCU BS
- UT MBA

# Key Midstream Themes Now

*Midstream activity today is dominated by building out infrastructure to support shale development as well as 're-plumbing' to capture supply and demand*

## M&A Buyers

- Driven to diversification
- Market fatigue towards end of 2013 but buyers' interest returned in 2014 and remains strong
- New entrants to basins paying premiums

## M&A Sellers

- Potential to sell early (e.g. Caiman) is appealing, however buyers skeptical of sell-side forecasts
- Shale life-cycle is increasing the number of assets mature (de-risked) enough to sell
- IPO market still a strong alternative for quality issuers
- Upstream companies finally considering selling/partnering - additional motivation given commodity price downturn

## Private Financing

- Many sources of capital:
  - New infrastructure funds
  - Foreign investors turning to US infrastructure
  - Commodity players
- JVs, private MLPs and structural investments are increasing
- Cost of capital declining with competition
- \$100 - \$1,000 million options are significant

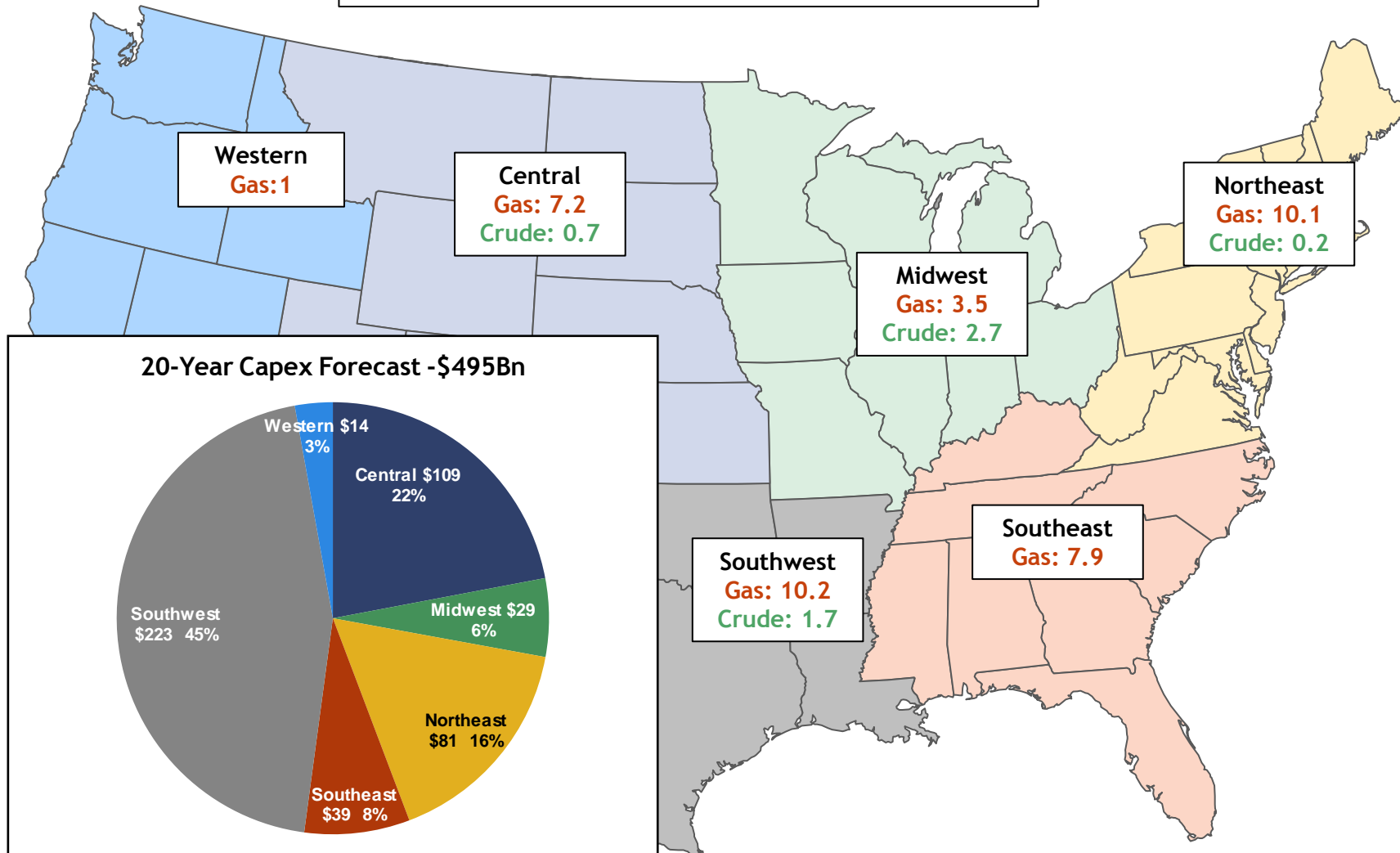
## Public Financing

- IPO market is open for MLPs, dropdown stories continue to be successful with investors
  - Institutional investors driving MLP IPO success during and subsequent to pricing
- Retail systems under strain, but overnight offerings still getting done
- Impact of new asset classes and structures to MLP space remains unclear

# Pipeline Infrastructure Outlook (2014 - 2035)

## 20-Year Pipeline Capacity Buildout Forecast by Region

Gas: Bcf/d; Crude: Mbb/d





## About The Firm

Tudor, Pickering, Holt & Co., LLC is an integrated energy investment and merchant bank, providing high quality advice and services to institutional and corporate clients. Through the company's two broker-dealer units, Tudor, Pickering, Holt & Co. Securities, Inc. (TPHCSI) and Tudor, Pickering, Holt & Co. Advisors, LLC (TPHCA), the company offers securities and investment banking services to the energy community. TPH Asset Management, LLC (TPHAM) is an SEC registered investment adviser that delivers a suite of energy investment strategies. TPH Partners Management, LLC is a relying advisor of TPHAM. Certain employees of TPHAM are also employees of TPHCSI.

The firm, headquartered in Houston, Texas, has approximately 160 employees and offices in Calgary, Canada; Denver, Colorado; and New York, New York. Its affiliate, Tudor, Pickering Holt & Co. International, LLP, is located in London, England. Its Canadian affiliate, Tudor, Pickering, Holt & Co. Securities - Canada, ULC, is located in Calgary, Alberta.

### Contact Us

Houston (Research, Sales and Trading): 713-333-2960

Houston (Investment Banking): 713-333-7100

Houston (Asset Management): 713-337-3999

Denver (Sales): 303-300-1900

Denver (Investment Banking): 303-300-1900

New York (Investment Banking): 212-610-1660

New York (Research, Sales): 212-610-1600

London: +011 44(0) 20 3008 6428

Calgary: 403-705-7830

[www.TPHco.com](http://www.TPHco.com)

## Disclosure Statement

Tudor, Pickering, Holt & Co. does not provide accounting, tax or legal advice. In addition, we mutually agree that, subject to applicable law, you (and your employees, representatives and other agents) may disclose any aspects of any potential transaction or structure described herein that are necessary to support any U.S. federal income tax benefits, and all materials of any kind (including tax opinions and other tax analyses) related to those benefits, with no limitations imposed by Tudor, Pickering, Holt & Co.

The information contained herein is confidential (except for information relating to United States tax issues) and may not be reproduced in whole or in part.

Tudor, Pickering, Holt & Co. assumes no responsibility for independent verification of third-party information and has relied on such information being complete and accurate in all material respects. To the extent such information includes estimates and forecasts of future financial performance (including estimates of potential cost savings and synergies) prepared by, reviewed or discussed with the managements of your company and/ or other potential transaction participants or obtained from public sources, we have assumed that such estimates and forecasts have been reasonably prepared on bases reflecting the best currently available estimates and judgments of such managements (or, with respect to estimates and forecasts obtained from public sources, represent reasonable estimates). These materials were designed for use by specific persons familiar with the business and the affairs of your company and Tudor, Pickering, Holt & Co. materials.

Under no circumstances is this presentation to be used or considered as an offer to sell or a solicitation of any offer to buy, any security. Prior to making any trade, you should discuss with your professional tax, accounting, or regulatory advisers how such particular trade(s) affect you. This brief statement does not disclose all of the risks and other significant aspects of entering into any particular transaction.

Tudor, Pickering, Holt & Co. International, LLP is authorized and regulated by the Financial Conduct Authority and is the United Kingdom affiliate of Tudor, Pickering, Holt & Co., LLC.