Caiman Energy: Value Creation

2009 – Seizing the Opportunity

The Right Management Team
- Industry veterans with deep business development expertise
- 30+ year relationship with EnCap Flatrock team

The Right Business
- Initially focused on shale plays in Texas and Louisiana
- Producer relationship led team to Marcellus area
- First mover in liquids rich area of Marcellus

The Right Capital Provider
- EnCap’s upstream focus was a strategic advantage for Caiman
- $50 million initial equity commitment to Caiman
- Willingness to support incremental capital raises was integral to Caiman’s success
Leg #1: Management

Key Characteristics

Industry Experience & Expertise
- Caiman executives have over 150 years of experience in the midstream and energy sector

Complementary skill sets
- Executive management backgrounds include business development, operations, consulting, investment banking

Vision & Strategy
- Management has cohesive vision of company’s direction, risk appetite, growth strategy

Relationships
- Relationships with customers, government, bankers, labor

Caiman executives have more than 150 years of experience in the midstream and energy sectors — including significant shale experience
Leg #2: Business Opportunity

**OPPORTUNITY**

- **Paradigm Shift:** from conventional reserves to production from unconventional, shale resource plays (e.g. Barnett, Haynesville, Eagle Ford, and Marcellus)
  - Capital intensive
  - Barnett required ~$10 billion of infrastructure investment
  - Other shale plays will require significantly greater capex

**CAIMAN’S STRATEGY**

- **Shale Experience:** Unlike Appalachian incumbents, Caiman’s management team has shale experience
  - Incumbents underestimated and/or didn’t understand volume growth
  - Incumbents had significant leverage over small conventional producers and weren’t prepared for commercial interactions with large shale-play producers
Value Creation

Creating a Franchise

- **Geology**: focused on prolific liquids-rich play
  - Economic for producers in low gas price environment
  - Large infrastructure needs: gathering, processing and fractionation

- **Demand**: identified area lacking existing infrastructure

- **Strategy**: acreage dedications
  - Step in alongside producers early on in the play
  - Long term contracts
  - Provide midstream services throughout value chain

- **Competition**: first mover advantage
  - Infrastructure extremely difficult to replicate (from both a cost and time perspective)
### Leg #3: The Right Capital

<table>
<thead>
<tr>
<th></th>
<th>MLP</th>
<th>Private Equity</th>
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<tbody>
<tr>
<td>Distribution Requirements</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Risk Appetite for Early Stage Projects</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Biased Towards Legacy Assets</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Cumbersome Bureaucracies</td>
<td>Yes</td>
<td>No</td>
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## Timeline of Capital

<table>
<thead>
<tr>
<th>2009</th>
<th>2012</th>
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<tbody>
<tr>
<td><strong>Feb. 2009:</strong> Initial Private Equity Funding – EEIF commits $50 MM to Caiman Energy</td>
<td><strong>July 2011:</strong> Capitalized to $900 million – Caiman secures $300 MM in preferred equity commitments</td>
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<tr>
<td><strong>Mar. 2010:</strong> Increased Equity Funding: Caiman secures $380MM in commitments 3 commercial agreements and 14 MM/d flowing</td>
<td><strong>July 2011:</strong> Capitalized to $900 million – Caiman secures $300 MM in preferred equity commitments 40 MM/d flowing</td>
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</tbody>
</table>
| **Mar. 2011:** Caiman secures $200 MM Credit Revolver 7 commercial agreements and 18 MM/d flowing | **Q1-2012 Status:**  
  - Flowing ~140 MMcfd  
  - Cryos I & II operational  
  - Frac I nearing completion  
  - Invested nearly $600MM in equity, debt and preferred |
| **Fall/Winter 2009** - Caiman signs three commercial agreements | **2010 Development:**  
  - 5 commercial agreements (total)  
  - Cryo 1 Plant operational  
  - Still had limited production history |

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Value Realization

2012 – Realizing the Value

- On March 19th, Williams Partners L.P. acquired Caiman Eastern Midstream for $2.5 billion

**Acquirer’s Reasoning**

- Right assets, right markets, right strategy
- MLP structure enables high growth and high dividend
- High-dividend payout; expect increase every quarter
  - Estimated 20% annual dividend growth in 2013 and 2014
- Benefits from Williams Partners’ premier position in Marcellus Shale and entering Utica Shale

*Acquisition provides accelerated growth opportunities for Williams*

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**G&P Transaction Multiples**

(1) Source: Barclays Capital.
Summary

Management
- Industry Experience & Expertise
- Complementary skill sets
- Vision & Strategy
- Relationships

Financing
- $880 million total capital committed
- Patient, experienced capital providers

Business Opportunity
- Emerging Shale Play
- Limited Existing Infrastructure
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