



KKR and Williams to Acquire Discovery Midstream for \$1.2 Billion

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HOUSTON--(BUSINESS WIRE)-- KKR today announced that it has entered into an agreement to acquire Discovery Midstream (“Discovery”) from TPG Growth for approximately \$1.2 billion. KKR is acquiring the provider of natural gas and oil gathering and natural gas processing services company through a newly formed joint venture with Williams (NYSE:WMB). The transaction is being funded primarily through KKR’s energy and infrastructure funds.

Founded in 2015 and based in Dallas, Texas, Discovery operates in the southern portion of Colorado’s Denver-Julesburg Basin (“DJ Basin”). The company’s infrastructure and related facilities are strategically located across more than 250,000 dedicated acres primarily in Weld and Adams counties. The Discovery system includes both natural gas and crude oil gathering pipelines, cryogenic gas processing, liquids handling and crude oil storage. The Discovery assets include a 60 million cubic feet per day (MMcf/d) gas processing plant with an additional 200 MMcf/d plant that is fully permitted and under construction. It is expected to be in service by the end of 2018.

“We are excited to partner with Williams in the acquisition of Discovery,” said James Cunningham, Managing Director on KKR’s Energy and Infrastructure team. “The Discovery team has built a strong gathering and processing infrastructure footprint to service growing production in the DJ Basin and Williams is well known as a safe and reliable operator of large-scale G&P systems in the Rockies. This fits well with our long-term focus on partnering with top-tier operators who prioritize operational excellence and stakeholder engagement when working on premier North American midstream infrastructure assets. We look forward to supporting the continued growth of Discovery alongside management and Williams for many years to come.”

Upon close, which is subject to customary closing conditions and expected to occur in the third quarter of 2018, Discovery will be led by its existing management team and Williams’ initial economic contribution and ownership will be 40 percent of the purchase price, while KKR’s initial economic contribution and ownership will be 60 percent of the purchase price. Williams will be the operator of Discovery and will hold a majority of governance voting rights. Williams has committed to fund additional capital as required to bring its economic ownership to 50/50.

“We are pleased to partner with KKR on this outstanding acquisition opportunity,” said Alan Armstrong, Williams’ President and CEO. “As one of the premiere providers of large-scale energy infrastructure with operations across the natural gas value chain, we look forward to serving the Discovery customers in this growing basin with our industry-leading midstream services and working with KKR, whose energy and infrastructure investments and strategic partnerships are well-known and highly regarded.”

“We’re thrilled to be partnering with KKR and Williams, two leading institutions that will further support our growth in the DJ Basin. We look forward to continuing to safely deliver for our customers and the community alongside our new partners,” said Discovery CEO Steven Meisel.

Simmons acted as the lead financial adviser to KKR and Williams and Simpson Thacher & Bartlett served as legal adviser to KKR.

About KKR

KKR is a leading global investment firm that manages multiple alternative asset classes, including private equity, energy, infrastructure, real estate, credit and, with its strategic partners, hedge funds. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation with KKR portfolio companies. KKR invests its own capital alongside its partners’ capital and provides financing solutions and investment opportunities through its capital markets business. References to KKR’s investments may include the activities of its sponsored funds. For additional information about KKR & Co. Inc. (NYSE: KKR), please visit KKR’s website at www.kkr.com and on Twitter @KKR Co.

About Discovery Midstream

Based in Dallas, Discovery is a full-service midstream company focused on maximizing value and providing outstanding service to producers. Discovery’s management team has more than 100 years of experience in developing grassroots projects, optimizing assets and providing related services in the major producing basins in the United States. For more information, please visit www.discoverymidstream.com.

About Williams & Williams Partners

Williams (NYSE: WMB) is a premier provider of large-scale infrastructure connecting U.S. natural gas and natural gas products to growing demand for cleaner fuel and feedstocks. Headquartered in Tulsa, Okla., Williams owns approximately 74 percent of Williams Partners L.P. (NYSE: WPZ). Williams Partners is an industry-leading, large-cap master limited partnership with operations across the natural gas value chain including gathering, processing and interstate transportation of natural gas and natural gas liquids. With major positions in top U.S. supply basins, Williams Partners owns and operates more than 33,000 miles of pipelines system wide – including the nation’s largest volume and fastest growing pipeline – providing natural gas for clean-power generation, heating and industrial use. Williams Partners’ operations touch approximately 30 percent of U.S. natural gas. www.williams.com

About TPG Growth

TPG Growth is the middle market and growth equity investment platform of TPG, the global alternative asset firm. With approximately \$13.2 billion of assets under management, TPG Growth targets investments in a broad range of industries and geographies. TPG Growth has the deep sector knowledge, operational resources, and global experience to drive value creation, and help companies reach their full potential. The firm is backed by the resources of TPG, which has approximately \$84 billion of assets under management. For more information, visit www.tpg.com.

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Media:

KKR

Kristi Huller or Cara Major, 212-750-8300

media@kk.com

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