
Antero
Midstream

# KEY DRIVERS BEHIND LONG-TERM OUTLOOK

**PREMIER E&P SPONSOR**
With Deep Drilling Inventory
And Diversified Commodity Exposure

Highly Visible
**ORGANIC GROWTH**

**INTEGRATED ASSETS**
With A Fixed-Fee Model

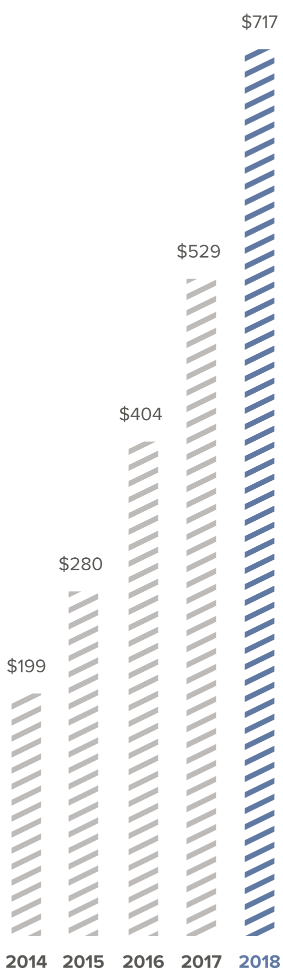
High
**RETURN ON INVESTED CAPITAL**

Peer-Leading
**CASH FLOW PER SHARE GROWTH**

**STRONG BALANCE SHEET**
With Ample Liquidity

# DEAR FELLOW SHAREHOLDERS,

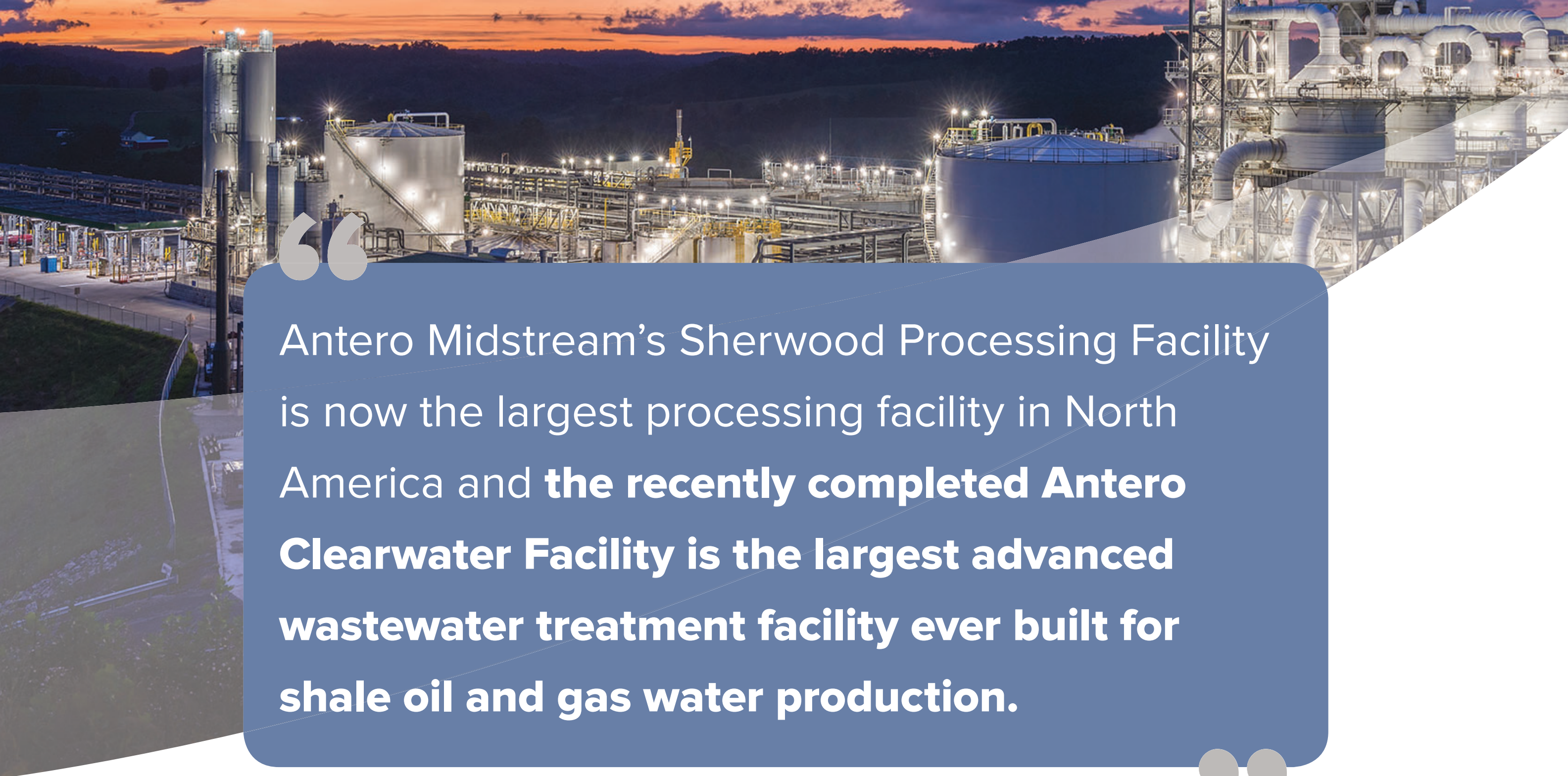
Antero Midstream executed another remarkable year in 2018, further positioning the Company as a leading infrastructure platform in Appalachia. Antero Midstream's primary customer, Antero Resources, exited 2018 as the largest NGL producer and the fourth largest natural gas producer in the United States. Antero Midstream's Sherwood Processing Facility is now the largest processing facility in North America and the recently completed Antero Clearwater Facility is the largest advanced wastewater treatment facility ever built for shale oil and gas water production. In short, we are achieving scale.




EBITDA ($MM)

During 2018, we announced the acquisition of Antero Midstream Partners by Antero Midstream GP LP (NYSE: AMGP). The tax-efficient transaction was undertaken to simplify the Antero family structure and eliminate the incentive distribution rights at Antero Midstream. The transaction closed in March 2019, resulting in a top 20 C-Corp midstream entity renamed Antero Midstream Corporation. We are excited about these important steps in simplifying our story and believe they offer significant strengthening in corporate governance and shareholder rights. Importantly, the new midstream structure lowers our cost of capital to pursue future growth opportunities. We remain committed to our long-term strategy, which is to organically invest in midstream infrastructure built primarily to service the development program of our sponsor and 31% shareholder, Antero Resources (NYSE: AR).

This consistent and focused organic approach continues to generate attractive operating margins and cash flow, allowing us to achieve more attractive risk-adjusted project rates of return. By investing organically to support our sponsor, we avoid speculative investments and the competitive acquisition markets. In 2018, we continued to build out our core gathering, compression, and fresh water delivery infrastructure in support of the 20% production growth achieved by Antero Resources.
By focusing on providing the full suite of midstream services required by Antero Resources in developing its liquids-rich acreage position in Appalachia, Antero Midstream once again generated peer-leading volumetric, revenue, and cash flow per share growth in 2018. Our low-pressure gathering volumes grew by 29% year-over-year. Compression volumes grew by 45% and high-pressure gathering



> Antero Midstream's Sherwood Processing Facility is now the largest processing facility in North America and **the recently completed Antero Clearwater Facility is the largest advanced wastewater treatment facility ever built for shale oil and gas water production.**

**42%**
DCF Per Share Growth

**3.1x**
Net Debt/EBITDA*

**1.3x**
DCF Coverage

**535,000**
Gross Dedicated Acres

**31%**
AR Ownership*

**2.5 Bcf/d**
Compression Capacity

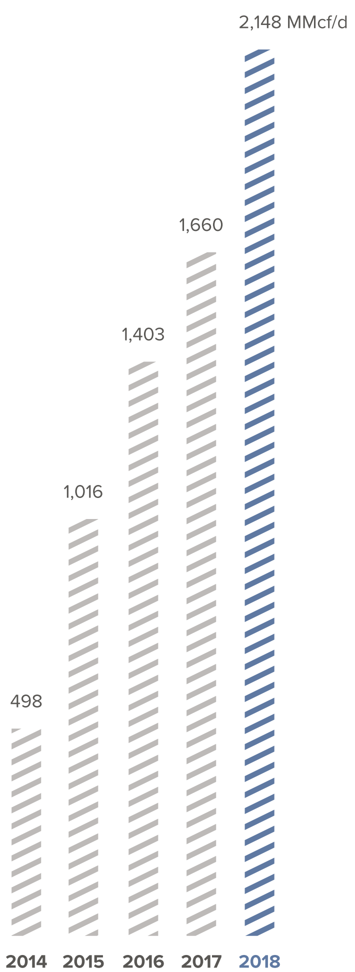
**170**
High Pressure Pipeline MIles

**227**
Low Pressure Pipeline MIles

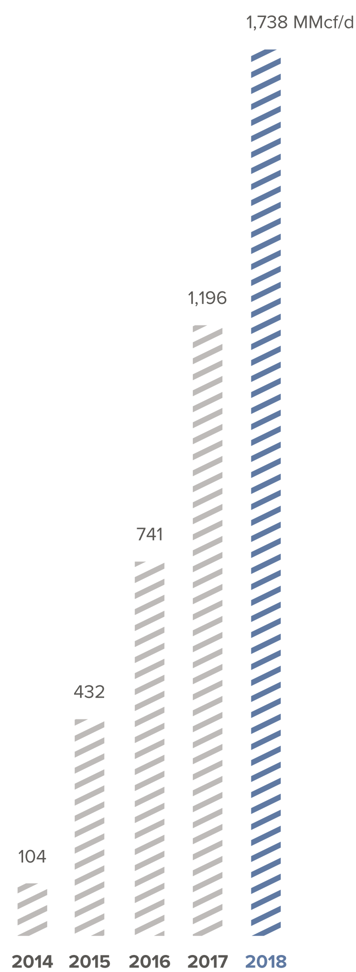
*As of March 2019 simplification closing volumes by 39%. Our fresh water delivery business continues to increase in scale, driven by Antero's enhanced completion program. Our fresh water delivery volumes servicing Antero's completion program increased by 28% over the 2017 volumes. The organic growth from our gathering and processing, and water handling and treatment segments resulted in a 36% growth in EBITDA in 2018, to $717 million. This figure supported a peer-leading year-over-year distributable cash flow per share growth of 42%. Looking ahead, we have approximately $2.0 billion of "in-hand" projects associated with our organic investment backlog through 2022, allowing us to continue to drive visible growth for Antero Midstream. We expect this visible growth, in combination with our exceptional operational and financial strength, to deliver growth and value to our shareholders in the coming years.

## WORLD-CLASS SPONSOR

Antero Resources was once again one of the most active operators in Appalachia in 2018. The company focused its development on Antero's peer-leading, liquids-rich acreage position in the Marcellus shale dedicated to Antero Midstream. Antero Resources positions itself as the high-margin producer in the lowest cost shale gas plays in the United States. Antero's integrated strategy allows it to maintain sustainable, long-term growth through all commodity price cycles. Antero Resources realized net production growth of 20% to average 2.7 Bcfe/d in 2018, including 162 MBbl/d of NGLs and oil. The Company initiated a long lateral development program in late 2017, which will continue to expand in 2019 with drilled horizontal laterals averaging almost 12,000 feet. The purpose of the program is to take full advantage of the




LOW PRESSURE GATHERING (MMcf/d)




COMPRESSION (MMcf/d)

“The significant visibility provided **AR’s 3,000 core undeveloped drilling locations,** in combination with an industry-leading hedge position and access to premium markets for natural gas and liquids, **will provide growth opportunities for Antero Midstream for many years to come.**”

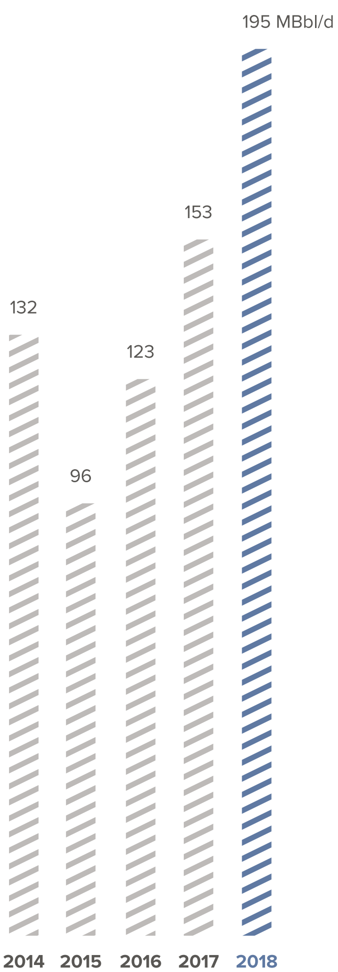
Company's 612,000 net-acre position, with a focus on capital efficient and high-return drilling opportunities. As a result, the Company projects production growth of over 15% in 2019, to approximately 3.2 Bcfe/d. This development plan will benefit Antero Midstream by increasing our gathering and compression volumes. The significant visibility provided AR's 3,000 core undeveloped drilling locations, in combination with an industry-leading hedge position and access to premium markets for natural gas and liquids, will provide growth opportunities for Antero Midstream for many years to come.

## GATHERING AND COMPRESSION SERVICES

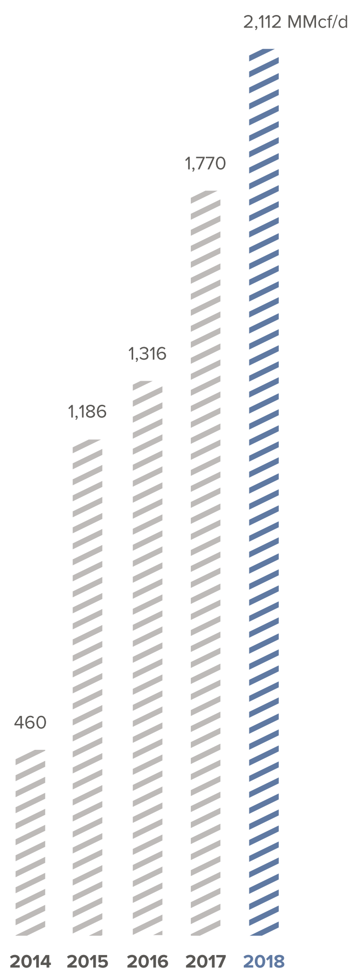
In keeping with the level of activity generated by Antero Resources, Antero Midstream invested $444 million in gathering and compression infrastructure in 2018. We focused our investment primarily in the Marcellus Shale, adding 52 miles of natural gas gathering pipelines and 760 MMcf/d of incremental compression capacity. As of year-end 2018, we have invested more than $2.5 billion in gathering and compression infrastructure in the Appalachian Basin. This investment resulted in 397 miles of natural gas gathering pipelines and 2.5 Bcf/d of compression capacity. The strength of our primary customer and sponsor, Antero Resources, drives our long-term project visibility and high utilization rates on our gathering and compression systems. Because we own and operate those systems, the need to invest speculative capital is eliminated in favor of pursuing the more strategic investment of "just-in-time" capital.

## WATER HANDLING AND TREATMENT SERVICES

In 2018, we continued to build out our water handling and treatment infrastructure footprint. Similar to our gathering and compression investment philosophy, we continue to organically develop the water handling and treatment assets that support the completion




FRESH WATER DELIVERY
(MBbl/d)




HIGH PRESSURE GATHERING
(MMcf/d)

operations of Antero Resources. In 2018, Antero Midstream added a combined 12 miles of fresh water delivery pipelines in the Marcellus and Utica Shale plays. Our fresh water delivery system, the largest in Appalachia, serviced 162 well completions in 2018, up 14% from 2017. In addition, the Antero Clearwater Facility, a 60,000 Bbl/d advanced wastewater treatment facility for produced and flowback water, continued its commissioning progress in 2018. The Antero Clearwater Facility places the Antero family at the forefront of water management and conservation among American shale producers. The facility eliminates more than 620,000 truck trips and 42,000 tons of carbon dioxide emissions per year, reducing Antero's environmental footprint in Appalachia.

## PROCESSING AND FRACTIONATION JOINT VENTURE

In 2018, Antero Midstream continued to develop processing and fractionation infrastructure through our 50/50 joint venture with MPLX (NYSE: MPLX) in the core of the liquids-rich Marcellus and Utica Shale plays. The joint venture strengthens Antero Midstream's full-value-chain organic growth strategy while aligning the largest core liquids-rich resource base in Appalachia with the largest processing and fractionation footprint in the region. During 2018, the processing and fractionation joint venture added 600 MMcf/d of processing capacity at the Sherwood Processing Complex in West Virginia, bringing the total joint venture capacity to 1.0 Bcf/d. As mentioned earlier, the Sherwood Processing Complex is now the largest natural gas processing facility in North America. Looking ahead to 2019, the joint venture expects to place two additional processing plants at the Sherwood Processing Complex into service, adding another 400 MMcf/d of capacity. In addition, the joint venture began construction on the new Smithburg Processing Complex located in the core of the Marcellus Shale near the Sherwood Processing Complex. Construction will continue at the Smithburg complex in 2019, with operations commencing in 2020. In early 2020, the joint venture also elected to acquire an additional 20,000 Bbl/d of capacity at the Hopedale Fractionation Complex, bringing the total joint venture's fractionation capacity to 40,000 Bbl/d.

## THE POTENTIAL FOR 2019

The year ahead represents an exciting transformation for Antero Midstream as we broaden our investor base. Antero Midstream Corporation continues as a best-in-class midstream company with peer-leading distributable cash flow growth, low leverage, a simplified structure with no incentive distribution rights, and strengthened corporate governance. Our operational focus will remain unchanged with the goals of improving our capital efficiency and delivering on our full-value-chain organic growth strategy. We remain well capitalized as evidenced by our more than $1.0 billion in credit facility liquidity that will fund our 2019 capital program. We expect to invest $775 million in gathering, processing, fractionation, and water handling and treatment infrastructure in 2019. Our commitment to support the growth profile of our industry-leading sponsor, Antero Resources, enables us to continue to achieve peer-leading cash flow growth in 2019, and beyond.

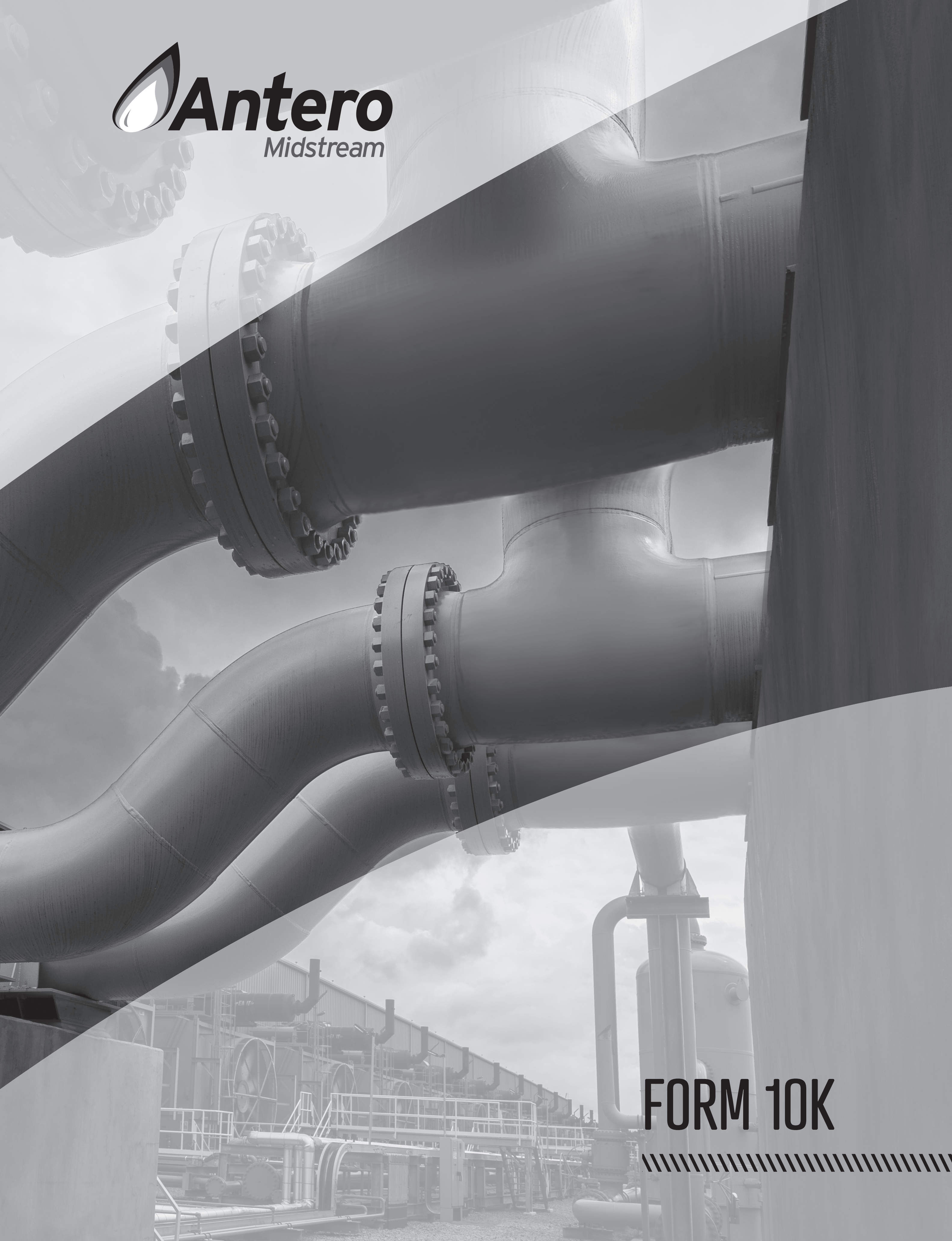
## THE PEOPLE OF ANTERO MIDSTREAM

We want to express our appreciation for the dedication and hard work of our talented employees. They continue to generate the momentum and value creation that form the core of our business model, ultimately to the benefit of our shareholders. The skills and expertise of our employees in assembling and executing world-class midstream projects represent Antero Midstream's true strength and competitive advantage. We also appreciate the guidance and support of our Board of Directors. We thank you, our shareholders, for investing in our Company and look forward to further value creation in 2019, and in the years to come.

Paul M Rady

PAUL M. RADY
Chairman and CEO

GLEN C. WARREN, JR.
President



Antero Midstream

# FORM 10K

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2018**
**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission File No. 001-36719**

# ANTERO MIDSTREAM PARTNERS LP
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware**<br>(State or other jurisdiction of incorporation or organization) | **46-4109058**<br>(IRS Employer Identification No.) |
| **1615 Wynkoop Street**<br>**Denver Colorado**<br>(Address of principal executive offices) | **80202**<br>(Zip Code) |

**(303) 357-7310**
(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

| Title of Each Class | Name of Each Exchange on which Registered |
|---|---|
| Common Units Representing Limited Partner Interests | New York Stock Exchange |

Securities Registered Pursuant to Section 12(g) of the Act: **None.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by checkmark if the registrant has elected to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

The aggregate market value of the registrant's common units representing limited partner interests held by non-affiliates of the registrant as of June 29, 2018, the last business day of the registrant's most recently completed second fiscal quarter was approximately $2.6 billion based on the closing price of Antero Midstream Partners LP's common units representing limited partner interests as reported on the New York Stock Exchange of $29.52.

As of February 8, 2019, there were 187,330,147 common units representing limited partner interests outstanding.

Documents incorporated by reference: None.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the information in this Annual Report on Form 10-K may contain forward-looking statements. Forward-looking statements give our current expectations, contain projections of results of operations or of financial condition, or forecasts of future events. Words such as "may," "assume," "forecast," "position," "predict," "strategy," "expect," "intend," "plan," "estimate," "anticipate," "believe," "project," "budget," "potential," or "continue," and similar expressions are used to identify forward-looking statements. They can be affected by assumptions used or by known or unknown risks or uncertainties. Consequently, no forward-looking statements can be guaranteed. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this Annual Report on Form 10-K. Actual results may vary materially. You are cautioned not to place undue reliance on any forward-looking statements. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- Antero Resources Corporation's expected production and ability to meet its drilling and development plan;
- our ability to execute our business strategy;
- the possibility that the proposed simplification and related transactions described elsewhere in this Annual Report on Form 10-K (the "Transactions") are not consummated in a timely manner or at all;
- the diversion of management in connection with the Transactions and the ability of the resulting entity of the Transactions to realize the anticipated benefits of the Transactions;
- the impact of increased levels and costs of indebtedness used to fund the Transactions or the cash portion of the consideration being paid in connection therewith, and increased cost of existing indebtedness due to the actions taken to consummate the Transactions;
- our ability to obtain debt or equity financing on satisfactory terms to fund additional acquisitions, expansion projects, working capital requirements and the repayment or refinancing of indebtedness;
- our ability to realize the anticipated benefits of our investments in unconsolidated affiliates;
- natural gas, natural gas liquids ("NGLs") and oil prices;
- our ability to complete the construction or purchase new gathering and compression, processing, water handling and treatment or other assets on schedule, at the budgeted cost or at all, and the ability of such assets to operate as designed or at expected levels;
- competition and government regulations;
- actions taken by third-party producers, operators, processors and transporters;
- legal or environmental matters;
- costs of conducting our operations;
- general economic conditions;
- credit markets;
- operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- uncertainty regarding our future operating results; and
- plans, objectives, expectations and intentions contained in this report that are not historical.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control, incident to our business. These risks include, but are not limited to, commodity price volatility, inflation, environmental risks, drilling and completion and other operating risks, regulatory changes, the uncertainty inherent in projecting future rates of production, cash flows and access to capital, the timing of development expenditures, conflicts of interest among holders of our common units and the other risks described under "Risk Factors" in this Annual Report on Form 10-K.

Should one or more of the risks or uncertainties described in this report occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Annual Report on Form 10-K.

## GLOSSARY OF COMMONLY USED TERMS

The following are abbreviations and definitions of certain terms used in this document, which are commonly used in our industry:

*"Bbl."* One stock tank barrel, of 42 U.S. gallons liquid volume, used herein in reference to crude oil, condensate, NGLs, or water.

*"Bbl/d."* Bbl per day.

*"Bcf."* One billion cubic feet of natural gas.

*"Bcfe."* One billion cubic feet of natural gas equivalent with one barrel of oil, condensate, or NGLs converted to six thousand cubic feet of natural gas.

*"Bcfe/d."* Bcfe per day.

*"DOT."* Department of Transportation.

*"Dry gas."* A natural gas containing insufficient quantities of hydrocarbons heavier than methane to allow their commercial extraction or to require their removal in order to render the gas suitable for fuel use.

*"EPA."* Environmental Protection Agency.

*"Expansion capital expenditures."* Cash expenditures to construct new midstream infrastructure and those expenditures incurred in order to extend the useful lives of our assets, reduce costs, increase revenues or increase system throughput or capacity from current levels, including well connections that increase existing system throughput.

*"FERC."* Federal Energy Regulatory Commission.

"*Field*." An area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same individual geological structural feature or stratigraphic condition. The field name refers to the surface area, although it may refer to both the surface and the underground productive formations.

*"High pressure pipelines."* Pipelines gathering or transporting natural gas that has been dehydrated and compressed to the pressure of the downstream pipelines or processing plants.

*"Hydrocarbon."* An organic compound containing only carbon and hydrogen.

*"Joint Venture."* The joint venture entered into on February 6, 2017 between Antero Midstream Partners L.P. and MarkWest Energy Partners, L.P. ("MarkWest"), a wholly owned subsidiary of MPLX, LP ("MPLX"), to develop processing and fractionation assets in Appalachia.

*"Low pressure pipelines."* Pipelines gathering natural gas at or near wellhead pressure that has yet to be compressed (other than by well pad gas lift compression or dedicated well pad compressors) and dehydrated.

*"Maintenance capital expenditures."* Cash expenditures (including expenditures for the construction or development of new capital assets or the replacement, improvement or expansion of existing capital assets) made to maintain, over the long term, our operating capacity or revenue.

*"MBbl."* One thousand Bbls.

*"MBbl/d."* One thousand Bbls per day.

*"Mcf."* One thousand cubic feet of natural gas.

*"MMcf."* One million cubic feet of natural gas.

*"MMcfe*." One million cubic feet of natural gas equivalent with one barrel of oil, condensate or NGLs converted to six thousand cubic feet of natural gas.

*"MMcf/d."* One million cubic feet per day.

*"MMcfe/d."* One million cubic feet equivalent per day.

*"Natural gas."* Hydrocarbon gas found in the earth, composed of methane, ethane, butane, propane and other gases.

*"NGLs."* Natural gas liquids. Hydrocarbons found in natural gas which may be extracted as purity products such as ethane, propane, isobutene and normal butane, and natural gasoline.

*"Oil."* Crude oil and condensate.

*"SEC."* United States Securities and Exchange Commission.

*"Tcfe."* One trillion cubic feet of natural gas equivalent with one barrel of oil, condensate, or NGLs converted to six thousand cubic feet of natural gas.

*"Throughput."* The volume of product transported or passing through a pipeline, plant, terminal or other facility.

*"WTI."* West Texas Intermediate light sweet crude oil.

# PART I

*References in this Annual Report on Form 10-K to "Predecessor," "we," "our," "us" or like terms, when referring to period prior to November 10, 2014, refer to Antero Resources Corporation's gathering, compression and water assets, our predecessor for accounting purposes. References to "the Partnership," "we," "our," "us" or like terms, when referring to periods between November 10, 2014 and September 23, 2015 refer to the Partnership's gathering and compression assets and Antero Resources Corporation's water handling and treatment assets. References to "the Partnership," "we," "our," "us" or like terms, when referring to periods since September 23, 2015 or when used in the present tense or prospectively, refer to Antero Midstream Partners LP.*

## Items 1 and 2. Business and Properties

### Our Partnership

We are a growth-oriented master limited partnership formed by Antero Resources Corporation ("Antero Resources") to own, operate and develop midstream energy assets to service Antero Resources' increasing production. Our assets consist of gathering pipelines, compressor stations, and interests in processing and fractionation plants that collect and process production from Antero Resources' wells in the Marcellus and Utica Shales in West Virginia and Ohio. Our assets also include two independent fresh water delivery systems that deliver fresh water from the Ohio River and several regional waterways and a wastewater treatment facility that was placed in service in 2018 (referred to herein as our "wastewater treatment facility" or the "Antero Clearwater Facility"). These fresh water delivery systems consist of permanent buried pipelines, surface pipelines and fresh water storage facilitates, as well as pumping stations and impoundments to transport the fresh water throughout the pipelines. We also provide water handling and treatment services for well completion and production operations in Antero Resources' operating areas. The other fluid handling services consist of high rate transfer services, wastewater transportation, and disposal. We believe that our strategically located assets and our relationship with Antero Resources have allowed us to become a leading midstream energy company serving the Marcellus and Utica Shale plays.

Since our initial public offering, we have grown our quarterly distribution 176% from our minimum quarterly distribution of $0.17 per unit ($0.68 per unit on an annualized basis) for the quarter ended December 31, 2014 (the initial quarter for which we paid a quarterly cash distribution) to $0.47 per unit ($1.88 per unit on an annualized basis) for the quarter ended December 31, 2018. Our ability to consistently grow our cash distributions is driven by a combination of Antero Resources' production growth and our accretive build-out of additional midstream infrastructure to service that production growth.

Antero Midstream Partners LP's (the "Partnership" or "Antero Midstream") assets consist of gathering pipelines, compressor stations, interests in processing and fractionation plants, and water handling and treatment infrastructure, through which Antero Midstream and its affiliates provide gathering, compression, processing, fractionation and integrated water services, including fresh water delivery services, treatment and other fluid handling services. These services are provided to Antero Resources under long-term, fixed-fee contracts, limiting Antero Midstream's direct exposure to commodity price risk. As of December 31, 2018, all of Antero Resources' approximate 688,000 gross acres (612,000 net acres) are dedicated to Antero Midstream for gathering, compression and water services, except for approximately 153,000 gross acres subject to third-party gathering and compression commitments. Antero Midstream also owns a 15% equity interest in the gathering system of Stonewall Gas Gathering LLC ("Stonewall") and a 50% equity interest in the Joint Venture to develop processing and fractionation assets in Appalachia with MarkWest, a wholly owned subsidiary of MPLX. In connection with Antero Midstream's entry into the Joint Venture with MarkWest, Antero Midstream released to the Joint Venture its right to provide certain processing and fractionation services on 195,000 gross acres held by Antero Resources in Ritchie, Tyler and Wetzel Counties in West Virginia. Under its agreements with Antero Midstream, and subject to any pre-existing dedications or other third-party commitments, Antero Resources has dedicated to Antero Midstream all of its current and future acreage in West Virginia, Ohio and Pennsylvania for gathering and compression services and all of its acreage within defined service areas in West Virginia and Ohio for water services. Antero Midstream also has certain rights of first offer with respect to gathering, compression, processing, and fractionation services, and water services for acreage located outside of the existing dedicated areas. The gathering and compression agreement has a 20-year initial term that commenced on the date of our initial public offering ("IPO"), and the water services agreement has a 20-year initial term that commenced on the date of the Water Acquisition (as defined below), both of which are subject to automatic annual renewal after the initial term.

On September 23, 2015, Antero Resources contributed (the "Water Acquisition") (i) all of the outstanding limited liability company interests of Antero Water LLC ("Antero Water") to the Partnership and (ii) all of the assets, contracts, rights, permits and properties owned or leased by Antero Resources and used primarily in connection with the construction, ownership, operation, use or maintenance of Antero Resources' advanced wastewater treatment complex in Doddridge County, West Virginia, to Antero Treatment LLC ("Antero Treatment") (collectively, (i) and (ii) are referred to herein as the "Contributed Assets"). Our results for the year ended December 31, 2015 have been recast to include the historical results of Antero Water because the transaction was between entities under common control. Antero Water's operations prior to the Water Acquisition consisted entirely of fresh water delivery operations.

Our water services agreement includes certain minimum fresh water delivery commitments that require Antero Resources to take delivery or pay a fee on a minimum volume of fresh water deliveries in calendar years 2016 through 2019. Minimum volume commitments were 90,000 barrels per day in 2016, 100,000 barrels per day in 2017 and 120,000 barrels per day in 2018 and are 120,000 barrels per day in 2019. We have a secondment agreement whereby Antero Resources provides seconded employees to perform certain operational services with respect to our assets for a 20-year period that commenced at Antero Midstream's initial public offering ("IPO") date. Additionally, we have a services agreement whereby Antero Resources provides certain administrative services to us for a 20-year period that commenced at Antero Midstream's IPO date.

In connection with the Water Acquisition, we have agreed to pay Antero Resources (a) $125 million in cash if we deliver 176 million barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019 and (b) an additional $125 million in cash if we deliver 219 million barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020. As of December 31, 2018, we have delivered 127 million of the 176 million barrels and we expect to pay the entire amount of the contingent consideration for the delivery of 176 million barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019. As of December 31, 2018, we have delivered 71 million of the 219 million barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020 and we do not expect to deliver at least 219 million barrels based on Antero Resources' 2019 budget and long-term outlook.

Our gathering and compression assets consist of high and low pressure gathering pipelines, compressor stations, and processing and fractionation plants that collect and process natural gas and NGLs from Antero Resources' wells in West Virginia and Ohio. The Partnership's water handling and treatment assets include two independent systems that deliver fresh water from sources including the Ohio River, local reservoirs as well as several regional waterways. The fresh water delivery services systems consist of permanent buried pipelines, surface pipelines and fresh water storage facilities, as well as pumping stations and impoundments to transport fresh water throughout the systems used to deliver water to Antero Resources' well completions. As of December 31, 2018, we had the ability to store 5.3 million barrels of fresh water in 37 impoundments. The Partnership also owns water treatment assets including the Antero Clearwater Facility, waste water pits and a related landfill used for the disposal of waste therefrom (the "Antero Landfill"). Other fluid handling services include third party services for well completion and production operations in Antero Resources' operating areas managed by Antero Midstream.

Due to the extensive geographic distribution of our water pipeline systems in both West Virginia and Ohio, we have provided water delivery services to other oil and gas producers operating within and adjacent to Antero Resources' operating area, and we are able to provide water delivery services to other oil and gas producers in the area, subject to our availability to provide the services, in an effort to further leverage the use of our existing system.

Our operations are located in the United States and are organized into two reporting segments: (1) gathering and processing and (2) water handling and treatment. Financial information for our reporting segments is located under Note 15—Reporting Segments to our consolidated financial statements.

**Developments and Highlights**

***Simplification Agreement***

On February 26, 2018, we announced that the board of directors of our general partner formed a conflicts committee composed solely of directors who satisfy the requirements for serving on the Partnership's conflicts committee in conjunction with the formation of the special committee at Antero Resources, and a conflicts committee at AMGP, the sole member of our general partner. In connection with the conflicts committee's efforts to explore, review and evaluate potential transaction involving the Partnership, on October 9, 2018, we announced that we, Antero Midstream GP LP ("AMGP") and certain of their affiliates entered into a Simplification Agreement (as may be amended from time to time, the "Simplification Agreement"), pursuant to which, among other things, (1) AMGP will be converted from a limited partnership to a corporation under the laws of the State of Delaware, to be named Antero Midstream Corporation (which is referred to as "New AM" and the conversion, the "Conversion"); (2) an indirect, wholly owned subsidiary of New AM will be merged with and into the Partnership, with the Partnership surviving the merger as an indirect, wholly owned subsidiary of New AM (the "Merger") and (3) all the issued and outstanding Series B Units representing limited liability company interests of Antero IDR Holdings LLC ("IDR Holdings"), a partially owned subsidiary of AMGP and the holder of all of the Partnership's incentive distribution rights, will be exchanged for an aggregate of approximately 17.35 million shares of New AM's common stock (the "Series B Exchange"). The Conversion, the Merger, the Series B Exchange and the other transactions contemplated by the Simplification Agreement are collectively referred to as the "Transactions." As a result of the Transactions, the Partnership will be a wholly owned subsidiary of New AM and former shareholders of AMGP, unitholders of the Partnership and holders of Series B Units will each own New AM's common stock.

For additional information on the Simplification Agreement and the Transactions, see "Item 13. Certain Relationships and Related Transactions and Director Independence."

***Financial Results***

For the year ended December 31, 2018, we generated cash flows from operations of $658 million, net income of $586 million, Adjusted EBITDA of $717 million, and Distributable Cash Flow of $596 million. This compares to cash flows from operations of $476 million, net income of $307 million, Adjusted EBITDA of $529 million, and Distributable Cash Flow of $421 million for the year ended December 31, 2017. See "—Non-GAAP Financial Measures" for a definition of Adjusted EBITDA and Distributable Cash Flow (non-GAAP measures) and a reconciliation of Adjusted EBITDA and Distributable Cash Flow to net income.

***Cash Distributions***

The board of directors of our general partner declared a cash distribution of $0.47 per unit for the quarter ended December 31, 2018. The distribution was paid on February 13, 2019 to unitholders of record as of February 1, 2019.

***2018 Capital Spending and 2019 Capital Budget***

For the year ended December 31, 2018, our total capital spending was $588 million, which included $535 million of expansion capital and $53 million of maintenance capital. We spent $446 million for gathering and compression infrastructure, of which 97% was invested in the Marcellus Shale and the remaining 3% was invested in the Utica Shale. The additional gathering and compression infrastructure included 51 miles of pipelines in the Marcellus and Utica Shales combined. Additionally, we invested $89 million in water infrastructure to construct 12 miles of additional buried fresh water pipelines and surface pipelines and Antero Clearwater Facility construction costs to support Antero Resources' completion activities. The total investment in water infrastructure was allocated 77% to the Marcellus Shale and the remaining 23% to the Utica Shale. We also invested $136 million in our joint ventures.

During 2019, we plan to expand our existing Marcellus and Utica Shale gathering, processing and fresh water delivery infrastructure to accommodate Antero Resources' development plans. Antero Resources' 2019 consolidated drilling and completion capital budget is $1.1 billion to $1.25 billion. Antero Resources plans to operate an average of five drilling rigs and complete between 115 and 125 horizontal wells, substantially all of which are located on acreage dedicated to us.

Our 2019 capital budget is a range of $750 million to $800 million, which at the midpoint includes $710 million of expansion capital and $65 million of maintenance capital. The capital budget includes $400 million of capital for gathering and compression infrastructure primarily in the Marcellus Shale. We also expect to invest $135 million for fresh water delivery infrastructureincluding an additional withdrawal point and associated trunklines to support Antero Resources' development in Tyler and Wezel Counties, West Virginia. Our 2019 budget also includes $200 million for our investment in the Joint Venture primarily for the construction of two more processing plants to provide an additional 400 Mmcf/d of processing capacity.

***Credit Facility***

Our revolving credit facility was amended in October 2018 to (i) increase lender commitments from $1.5 billion to $2.0 billion, (ii) permit us and our guarantors under the facility to consummate the Transactions and (iii) modify the pricing grid to decrease pricing. At December 31, 2018, we have $990 million outstanding and no letters of credit outstanding under the revolving credit facility. The maturity date of the facility is October 26, 2022. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital Resources and Liquidity—Debt Agreements—Revolving Credit Facility" for a description of our revolving Credit Facility.

## Our Assets

The following table provides information regarding our gathering and processing systems as of December 31, 2017 and 2018:

| | Gathering and Processing System | | | | | |
|---|---|---|---|---|---|---|
| | Low-Pressure Pipeline (miles) | | High-Pressure Pipeline (miles) | | Compression Capacity (MMcf/d) | |
| | As of December 31, | | | | | |
| | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 |
| Marcellus | 126 | 155 | 116 | 134 | 1,590 | 2,150 |
| Utica | 68 | 72 | 36 | 36 | 120 | 320 |
| Total | 194 | 227 | 152 | 170 | 1,710 | 2,470 |

The following table provides information regarding our water handling and treatment systems as of December 31, 2017 and 2018:

| | Water Handling and Treatment System | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Buried Fresh Water Pipeline (miles) | | Surface Fresh Water Pipeline (miles) | | Wells Serviced by Water Distribution | | Fresh Water Impoundments | |
| | As of December 31, | | | | | | | |
| | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 |
| Marcellus | 122 | 127 | 68 | 76 | 115 | 138 | 25 | 25 |
| Utica | 55 | 55 | 28 | 27 | 27 | 24 | 13 | 12 |
| Total | 177 | 182 | 96 | 103 | 142 | 162 | 38 | 37 |

In addition, our assets include a wastewater treatment facility that was placed into service in 2018.

## Our Relationship with Antero Resources

Antero Resources is our most significant customer and is one of the largest producers of natural gas and NGLs in the Appalachian Basin, where it produced, on average, 2.7 Bcfe/d net (28% liquids) during 2018, an increase of 20% as compared to 2017. As of December 31, 2018, Antero Resources' estimated net proved reserves were 18.0 Tcfe, which were comprised of 63% natural gas, 35% NGLs, and 2% oil. As of December 31, 2018, Antero Resources' drilling inventory consisted of 3,734 identified potential horizontal well locations (approximately 3,200 of which were located on acreage dedicated to us) for gathering and compression and water handling and treatment services, which provides us with significant opportunities for growth as Antero Resources' active drilling program continues and its production increases. Antero Resources' consolidated 2019 drilling and completion budget is $1.1 billion to $1.25 billion, and includes plans to operate an average of five drilling rigs, primarily in the Marcellus Shale. Antero Resources relies significantly on us to deliver the midstream infrastructure necessary to accommodate its production growth. For additional information regarding our contracts with Antero Resources, please read "—Contractual Arrangement with Antero Resources."

We are highly dependent on Antero Resources as our most significant customer, and we expect to derive most of our revenues from Antero Resources for the foreseeable future. Accordingly, we are indirectly subject to the business risks of Antero Resources. For additional information, please read "Item 1A. Risk Factors—Risks Related to Our Business." Because substantially all of our revenue is derived from Antero Resources, any development that materially and adversely affects Antero Resources' operations, financial condition or market reputation could have a material adverse impact on us.

### *Contractual Arrangements with Antero Resources*

*Gathering and Compression*

In connection with our IPO, Antero Resources dedicated all of its current and future acreage in West Virginia, Ohio and Pennsylvania to us for gathering and compression except for acreage attributable to third-party commitments in effect prior to the Antero Midstream IPO, or acreage we have acquired that is subject to pre-existing dedications. For a discussion of Antero Resources' existing third-party commitments and pre-existing dedications, please read "—Antero Resources' Existing Third-Party Commitments." We also have an option to gather and compress natural gas produced by Antero Resources on any acreage it acquires in the future outside of West Virginia, Ohio and Pennsylvania on the same terms and conditions. Under the gathering and compression agreement, we receive a low pressure gathering fee per Mcf, a high-pressure gathering fee per Mcf, and a compression fee per Mcf, in each case subject to CPI-based adjustments. If and to the extent Antero Resources requests that we construct new high pressure lines and compressor stations, the gathering and compression agreement contains minimum volume commitments that require Antero Resources to utilize or pay for 75% and 70%, respectively, of the capacity of such new construction for 10 years. Additional high pressure lines and compressor stations installed on our own initiative are not subject to such volume commitments. These minimum volume commitments on new infrastructure are intended to support the stability of our cash flows. For additional information, please read "Item 13. Certain Relationships and Related Transactions."

*Water Handling and Treatment Services*

In connection with the Water Acquisition on September 23, 2015, we entered in a Water Services Agreement with Antero Resources whereby we have agreed to provide certain water handling and treatment services to Antero Resources within an area of dedication in defined service areas in Ohio and West Virginia. We also have certain rights of first offer with respect to water services for acreage located outside of the existing dedicated areas. Antero Resources agreed to pay us for all water handling and treatment services provided by us in accordance with the terms of the Water Services Agreement. The initial term of the Water Services Agreement is 20 years from September 23, 2015 and from year to year thereafter until terminated by either party. Under the agreement, Antero Resources will pay a fixed fee per barrel in West Virginia and Ohio and all other locations for fresh water deliveries by pipeline directly to the well site, subject to annual CPI adjustments. Antero Resources committed to pay a fee on a minimum volume of fresh water deliveries in calendar years 2016 through 2019. Antero Resources is obligated to pay a minimum volume fee to us in the event the aggregate volume of fresh water delivered to Antero Resources under the Water Services Agreement is less than 120,000 barrels per day in 2019, which we expect to exceed. Antero Resources also agreed to pay us a fixed fee per barrel for wastewater treatment at the Antero Clearwater Facility subject to annual CPI-based adjustments. In addition, we contract with third party service providers to provide Antero Resources flow back and produced water services and Antero Resources will reimburse us third party out-of-pocket costs plus 3%.

*Gas Processing and NGL Fractionation*

Prior to the formation of the Joint Venture, we did not have any gas processing or NGL fractionation infrastructure; however, we have a right-of-first-offer agreement with Antero Resources for the provision of such services, pursuant to which Antero Resources, subject to certain exceptions, may not procure any gas processing or NGL fractionation services with respect to its production (other than production subject to a pre-existing dedication) without first offering us the right to provide such services. For additional information, please read "—Antero Resources' Existing Third-Party Commitments" and "Item 13. Certain Relationships and Related Transactions."

In connection with the formation of the Joint Venture, we and Antero Resources amended and restated our right of first offer agreement in order to, among other things, amend the list of conflicting dedications set forth in such agreement to include the gas processing and NGL fractionation arrangement between Antero Resources and MarkWest. In connection with the entry into to such gas processing and NGL fractionation agreements, we released to the Joint Venture our right to provide certain processing and fractionation services on 195,000 gross acres held by Antero Resources, and MarkWest has separately agreed to use the Joint Venture for a portion of processing and fractionation services under the agreements.

**Antero Resources' Existing Third-Party Commitments**

***Excluded Acreage***

Antero Resources previously dedicated a portion of its acreage in the Marcellus Shale to certain third parties' gathering and compression services. We refer to this acreage dedication as the "excluded acreage." As of December 31, 2018, the excluded acreage consisted of approximately 153,000 of Antero Resources' existing net leasehold acreage. At that same date, approximately 530 of Antero Resources' 3,734 potential horizontal well locations were located within the excluded acreage.

***Other Commitments***

In addition to the excluded acreage, Antero Resources has entered into take-or-pay contracts with volume commitments for certain third parties' high pressure gathering and compression services. Specifically, those volume commitments consist of up to an aggregate of 750 MMcf/d on four high pressure gathering pipelines and 1,020 MMcf/d on nine compressor stations.

### *Acreage Dispositions*

In addition to the excluded acreage and Antero Resources' other commitments with third parties, each of the gathering and compression agreement, water services agreement and right of first offer agreement between Antero Resources and us permit Antero Resources to sell, transfer, convey, assign, grant, or otherwise dispose of dedicated properties free of the dedication under such agreements, provided that the number of net acres of dedicated properties so disposed of, when added to the number of net acres of dedicated properties previously disposed of free of the dedication since the respective effective dates of the agreements, does not exceed the aggregate number of net acres of dedicated properties acquired by Antero Resources since such effective dates. Accordingly, under certain circumstances, Antero Resources may dispose of a significant number of net acres of dedicated properties free from dedication without our consent, and we have no control over the timing or extent of such dispositions.

## Title to Properties

Our real property is classified into two categories: (1) parcels that we own in fee and (2) parcels in which our interest derives from leases, easements, rights-of-way, permits or licenses from landowners or governmental authorities, permitting the use of such land for our operations. Portions of the land on which our pipelines and major facilities are located are owned by us in fee title, and we believe that we have satisfactory title to these lands. The remainder of the land on which our pipelines and major facilities are located are held by us pursuant to surface leases between us, as lessee, and the fee owner of the lands, as lessors. We have leased or owned these lands without any material challenge known to us relating to the title to the land upon which the assets are located, and we believe that we have satisfactory leasehold estates or fee ownership of such lands. We have no knowledge of any challenge to the underlying fee title of any material lease, easement, right-of-way, permit or license held by us or to our title to any material lease, easement, right-of-way, permit or lease, and we believe that we have satisfactory title to all of its material leases, easements, rights-of-way, permits and licenses.

## Seasonality

Demand for natural gas generally decreases during the spring and fall months and increases during the summer and winter months. However, seasonal anomalies such as mild winters or mild summers sometimes lessen this fluctuation. In addition, certain natural gas end users, utilities and marketers utilize natural gas storage facilities and purchase some of their anticipated winter requirements during the spring, summer and fall, thereby smoothing demand for natural gas. This can also lessen seasonal demand fluctuations. These seasonal anomalies can increase demand for our services during the summer and winter months and decrease demand for our services during the spring and fall months.

## Competition

As a result of our relationship with Antero Resources, we do not compete for the portion of Antero Resources' existing operations for which we currently provide midstream services and will not compete for future portions of Antero Resources' operations that are dedicated to us pursuant to our gathering and compression agreement and water handling and treatment services agreement with Antero Resources. For a description of this contract, please read "—Our Relationship with Antero Resources—Contractual Arrangements with Antero Resources." However, we face competition in attracting third-party volumes to our gathering and compression and water handling and treatment systems. In addition, these third parties may develop their own gathering and compression and water handling and treatment systems in lieu of employing our assets.

## Regulation of Operations

Regulation of pipeline gathering services may affect certain aspects of our business and the market for our services.

### *Gathering Pipeline Regulation*

Section 1(b) of the Natural Gas Act of 1938, or NGA, exempts natural gas gathering facilities from regulation by the Federal Energy Regulatory Commission, or FERC, under the NGA. Although the FERC has not made any formal determinations with respect to any of our facilities, we believe that the natural gas pipelines in our gathering systems meet the traditional tests the FERC has used to establish whether a pipeline is a gathering pipeline not subject to FERC jurisdiction. The distinction between FERC-regulated transmission services and federally unregulated gathering services, however, has been the subject of substantial litigation, and the FERC determines whether facilities are gathering facilities on a case-by-case basis, so the classification and regulation of some our gathering facilities and intrastate transportation pipelines may be subject to change based on future determinations by the FERC, the courts, or Congress. If the FERC were to consider the status of an individual facility and determine that the facility is not a gathering pipeline and the pipeline provides interstate transmission service, the rates for, and terms and conditions of, services provided by such facility would be subject to regulation by the FERC under the NGA or the Natural Gas Policy Act of 1978, or NGPA. Such FERC-regulation could decrease revenue, increase operating costs, and, depending upon the facility in question, could adversely affect our results of operations and cash flows. In addition, if any of our facilities were found to have provided services or otherwise operated in violation of the NGA or NGPA, this could result in the imposition of civil penalties as well as a requirement to disgorge charges collected for such service in excess of the rate established by the FERC.

Unlike natural gas gathering under the NGA, there is no exemption for the gathering of crude oil or NGLs under the Interstate Commerce Act, or ICA. Whether a crude oil or NGL shipment is in interstate commerce under the ICA depends on the fixed and persistent intent of the shipper as to the crude oil's or NGL's final destination, absent a break in the interstate movement. Antero Midstream believes that the crude oil and NGL pipelines in its gathering system meet the traditional tests the FERC has used to determine that a pipeline is not providing transportation service in interstate commerce subject to FERC ICA jurisdiction. However, the determination of the interstate or intrastate character of shipments on Antero Midstream's crude oil and NGL pipelines depends on the shipper's intentions and the transportation of the crude oil or NGLs outside of Antero Midstream's system, and may change over time. If the FERC were to consider the status of an individual facility and the character of a crude oil or NGL shipment, and determine that the shipment is in interstate commerce, the rates for, and terms and conditions of, transportation services provided by such facility would be subject to regulation by the FERC under the ICA. Such FERC regulation could decrease revenue, increase operating costs, and, depending on the facility in question, could adversely affect Antero Midstream's results of operations and cash flows. In addition, if any of Antero Midstream's facilities were found to have provided services or otherwise operated in violation of the ICA, this could result in the imposition of administrative and civil remedies and criminal penalties, as well as a requirement to disgorge charges collected for such services in excess of the rate established by the FERC.

State regulation of gathering facilities generally includes various safety, environmental and, in some circumstances, nondiscriminatory take requirements and complaint-based rate regulation. States in which we operate may adopt ratable take and common purchaser statutes, which would require our gathering pipelines to take natural gas without undue discrimination in favor of one producer over another producer or one source of supply over another similarly situated source of supply. The regulations under these statutes may have the effect of imposing some restrictions on our ability as an owner of gathering facilities to decide with whom we contract to gather natural gas. States in which we operate may also adopt a complaint-based regulation of natural gas gathering activities, which allows natural gas producers and shippers to file complaints with state regulators in an effort to resolve grievances relating to gathering access and rate discrimination. We cannot predict whether such regulation will be adopted and whether such a complaint will be filed against us in the future. Failure to comply with state regulations can result in the imposition of administrative, civil and criminal remedies. To date, there has been no adverse effect to our system due to state regulations.

Our gathering operations could be adversely affected should they be subject in the future to more stringent application of state regulation of rates and services. Our gathering operations also may be or become subject to additional safety and operational regulations relating to the design, installation, testing, construction, operation, replacement and management of gathering facilities. Additional rules and legislation pertaining to these matters are considered or adopted from time to time. We cannot predict what effect, if any, such changes might have on our operations, but the industry could be required to incur additional capital expenditures and increased costs depending on future legislative and regulatory changes.

The Energy Policy Act of 2005, or EPAct 2005, amended the NGA and NGPA to prohibit fraud and manipulation in natural gas markets. The FERC subsequently issued a final rule making it unlawful for any entity, in connection with the purchase or sale of natural gas or transportation service subject to FERC's jurisdiction, to defraud, make an untrue statement or omit a material fact or engage in any practice, act or course of business that operates or would operate as a fraud. The FERC's anti-manipulation rules apply to intrastate sales and gathering activities only to the extent that there is a "nexus" to FERC-jurisdictional transactions. EPAct 2005 also provided the FERC with the authority to impose civil penalties of up to approximately $2 million (adjusted annually for inflation) per day per violation. On January 9, 2017, FERC issued an order (Order No. 834) increasing the maximum civil penalty amounts under the NGA and NGPA to adjust for inflation. FERC may now assess civil penalties under the NGA and NGPA of up to $1,269,500 per violation per day.

***Pipeline Safety Regulation***

Some of our gas pipelines are subject to regulation by the Pipeline and Hazardous Materials Safety Administration, or PHMSA, pursuant to the Natural Gas Pipeline Safety Act of 1968, or NGPSA, with respect to natural gas, and the Hazardous Liquids Pipeline Safety Act of 1979, or HLPSA, with respect to crude oil and NGLs. Both the NGPSA and the HLPSA were amended by the Pipeline Safety Act of 1992, the Accountable Pipeline Safety and Partnership Act of 1996, the Pipeline Safety Improvement Act of 2002, or PSIA, as reauthorized and amended by the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006, or the

PIPES Act, and the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, or 2011 Pipeline Safety Act. The NGPSA and HLPSA regulate safety requirements in the design, construction, operation and maintenance of natural gas, crude oil and NGL pipeline facilities, while the PSIA establishes mandatory inspections for all U.S. crude oil, NGL and natural gas transmission pipelines in high-consequence areas, or HCAs.

The PHMSA has developed regulations that require pipeline operators to implement integrity management programs, including more frequent inspections and other measures to ensure pipeline safety in HCAs. The regulations require operators, including us, to:

- perform ongoing assessments of pipeline integrity;
- identify and characterize applicable threats to pipeline segments that could impact a HCA;
- improve data collection, integration and analysis;
- repair and remediate pipelines as necessary; and
- implement preventive and mitigating actions.

The 2011 Pipeline Safety Act, among other things, increased the maximum civil penalty for pipeline safety violations and directed the Secretary of Transportation to promulgate rules or standards relating to expanded integrity management requirements, automatic or remote-controlled valve use, excess flow valve use, leak detection system installation and testing to confirm the material strength of pipe operating above 30% of specified minimum yield strength in high consequence areas. Consistent with the act, PHMSA finalized rules that increased the maximum administrative civil penalties for violation of the pipeline safety laws and regulations to $200,000 per violation per day, with a maximum of $2,000,000 for a series of violations. Effective April 27, 2017, those maximum civil penalties were increased to $209,002 per violation per day, with a maximum of $2,090,022 for a series of violations, to account for inflation. The PHMSA has also issued a final rule applying safety regulations to certain rural low-stress hazardous liquid pipelines that were not covered previously by some of its safety regulation.

On June 22, 2016, the President of the United States signed into law new legislation entitled Protecting our Infrastructure of Pipelines and Enhancing Safety Act of 2016, or the PIPES Act. The PIPES Act reauthorizes PHMSA through 2019, and facilitates greater pipeline safety by providing PHMSA with emergency order authority, including authority to issue prohibitions and safety measures on owners and operators of gas or hazardous liquid pipeline facilities to address imminent hazards, without prior notice or an opportunity for a hearing, as well as enhanced release reporting requirements, requiring a review of both natural gas and hazardous liquid integrity management programs, and mandating the creation of a working group to consider the development of an information-sharing system related to integrity risk analyses. The PIPES Act also requires that PHMSA publish periodic updates on the status of those mandates outstanding from the 2011 Pipeline Safety Act, of which approximately twelve remain to be completed. The mandates yet to be acted upon include requiring certain shut-off valves on transmission lines, mapping all high consequence areas, and shortening the deadline for accident and incident notifications.

PHMSA regularly revises its pipeline safety regulations. For example, in March of 2015, PHMSA finalized new rules applicable to gas and hazardous liquid pipelines that, among other changes, impose new post-construction inspections, welding, gas component pressure testing requirements, as well as requirements for calculating pressure reductions for immediate repairs on liquid pipelines. In addition, in May 2016, PHMSA proposed rules that would, if adopted, impose more stringent requirements for certain gas lines. Among other things, the proposed rulemaking would extend certain of PHMSA's current regulatory safety programs for gas pipelines beyond ''high consequence areas'' to cover gas pipelines found in newly defined ''moderate consequence areas'' that contain as few as five dwellings within the potential impact area and would also require gas pipelines installed before 1970 that are currently exempted from certain pressure testing obligations to be tested to determine their maximum allowable operating pressures, or MAOP. Other new requirements proposed by PHMSA under rulemaking would require pipeline operators to: report to PHMSA in the event of certain MAOP exceedances; strengthen PHMSA integrity management requirements; consider seismicity in evaluating threats to a pipeline; conduct hydrostatic testing for all pipeline segments manufactured using longitudinal seam welds; and use more detailed guidance from PHMSA in the selection of assessment methods to inspect pipelines. The proposed rulemaking also seeks to impose a number of requirements on natural gas gathering lines. PHMSA has announced its intention to divide the proposed rule into three parts and issue three separate final rulemakings in 2019. Part I is expected to address the expansion of risk assessment and MAOP requirements (expected issuance in March 2019); Part II is expected to address the expansion of integrity management program regulations (expected issuance in June 2019); and Part III is expected to expand the regulation of gas gathering lines (expected issuance in August 2019). Separately, in January 2017, PHMSA finalized regulations for hazardous liquid pipelines that significantly extend and expand the reach of certain PHMSA integrity management requirements (i.e., periodic assessments, leak detection and repairs), regardless of the pipeline's proximity to a high consequence area. The final rule would also impose new reporting requirements for certain unregulated pipelines, including all hazardous liquid gathering lines. However, implementation of this rule has been delayed as a result of the change in U.S. Presidential Administrations, and the final rule is not expected to be published by the Federal Register until the first half of 2019. Separately, in March 2017, new PHMSA rules related to gas and hazardous liquid pipeline accident reporting, control room personnel training requirements, personnel drug and alcohol testing, and incorporating consensus standards by reference for integrity management issues such as in-line inspection and stress corrosion cracking direct assessment became effective.

States are largely preempted by federal law from regulating pipeline safety for interstate lines but most are certified by the DOT to assume responsibility for enforcing federal intrastate pipeline regulations and inspection of intrastate pipelines. States may adopt stricter standards for intrastate pipelines than those imposed by the federal government for interstate lines; however, states vary considerably in their authority and capacity to address pipeline safety. State standards may include requirements for facility design and management in addition to requirements for pipelines. We do not anticipate any significant difficulty in complying with applicable state laws and regulations. Our natural gas pipelines have continuous inspection and compliance programs designed to keep the facilities in compliance with pipeline safety and pollution control requirements.

We regularly review all existing and proposed pipeline safety requirements and work to incorporate the new requirements into procedures and budgets. We expect to incur increasing regulatory compliance costs, based on the intensification of the regulatory environment and upcoming changes to regulations as outlined above. In addition to regulatory changes, costs may be incurred when there is an accidental release of a commodity transported by our system, or a regulatory inspection identifies a deficiency in our required programs.

**Regulation of Environmental and Occupational Safety and Health Matters**

***General***

Our natural gas gathering and compression and water handling and treatment activities are subject to stringent and complex federal, state and local laws and regulations relating to the protection of the environment. As an owner or operator of these facilities, we must comply with these laws and regulations at the federal, state and local levels. These laws and regulations can restrict or impact our business activities in many ways, such as:

- requiring the installation of pollution-control equipment, imposing emission or discharge limits or otherwise restricting the way we operate resulting in additional costs to our operations;
- limiting or prohibiting construction activities in areas, such as air quality nonattainment areas, wetlands, coastal regions or areas inhabited by endangered or threatened species;
- delaying system modification or upgrades during review of permit applications and revisions;
- requiring investigatory and remedial actions to mitigate discharges, releases or pollution conditions associated with our operations or attributable to former operations; and
- enjoining the operations of facilities deemed to be in non-compliance with permits issued pursuant to or regulatory requirements imposed by such environmental laws and regulations.

Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties and natural resource damages. Certain environmental statutes impose strict joint and several liability for costs required to clean up and restore sites where hazardous substances, hydrocarbons or solid wastes have been disposed or otherwise released. Moreover, neighboring landowners and other third parties may file common law claims for personal injury and property damage allegedly caused by the release of hazardous substances, hydrocarbons or solid waste into the environment.

The trend in environmental regulation has been to place more restrictions and limitations on activities that may affect the environment and thus, there can be no assurance as to the amount or timing of future expenditures for environmental compliance or remediation and actual future expenditures may be different from the amounts we currently anticipate. As with the midstream industry in general, complying with current and anticipated environmental laws and regulations can increase our capital costs to construct, maintain and operate equipment and facilities. While these laws and regulations affect our maintenance capital expenditures and net income, we do not believe they will have a material adverse effect on our business, financial position, results of operations or cash flows, nor do we believe that they will affect our competitive position since the operations of our competitors are generally similarly affected. In addition, we believe that the various activities in which we are presently engaged that are subject to environmental laws and regulations are not expected to materially interrupt or diminish our operational ability to gather natural gas and provide water handling and treatment services. We cannot assure you, however, that future events, such as changes in existing laws or enforcement policies, the promulgation of new laws or regulations, or the development or discovery of new facts or conditions will not cause us to incur significant costs. Below is a discussion of the material environmental laws and regulations that relate to our business.

***Hydraulic Fracturing Activities***

Hydraulic fracturing is an important and common practice that is used to stimulate production of natural gas and/or oil from dense subsurface rock formations. The hydraulic fracturing process involves the injection of water, sand, and chemicals under pressure through a cased and cemented wellbore into targeted subsurface formations to fracture the surrounding rock and stimulate production. Our primary customer, Antero Resources, uses hydraulic fracturing as part of its completion operations as does most of the U.S. onshore oil and natural gas industry. Hydraulic fracturing is typically regulated by state oil and gas commissions and similar agencies; however, in recent years the EPA, has asserted limited authority over hydraulic fracturing and has issued or sought to propose rules related to the control of air emissions, disclosure of chemicals used in the process, and the disposal of flowback and produced water resulting from the process. Some states, including those in which we operate, have adopted, and other states are considering adopting, regulations that could impose more stringent disclosure and/or well construction requirements on hydraulic fracturing operations. For example, in July 2015, the Ohio Department of Natural Resources issued final rules for horizontal drilling well-pad construction. The Ohio legislature has also adopted laws requiring oil and natural gas operators to disclosue chemical ingredients used to hydraulically fracture wells and to conduct pre-drilling baseline water quality sampling of certain water wells near a proposed horizontal well. Local governments also may seek to adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular. Some states and municipalities have saught to ban hydraulic fracturing altogether. We cannot predict whether any such federal, state, or local legal restrictions relating to the hydraulic fracturing process will ever be enacted in areas where our customers operate and if so, what the effects of such restrictions would be. If additional levels of regulation and permits were required through the adoption of new laws and regulations at the federal state or local level, that could lead to delays, increased operating costs and process prohibitions that could reduce the volumes of water and natural gas that move through our systems, which in turn could materially adversely affect our revenues and results of operations.

***Hazardous Waste***

Antero Midstream and Antero Resources' operations generate solid wastes, including some hazardous wastes, that are subject to the federal Resource Conservation and Recovery Act, or RCRA, and comparable state laws, which impose requirements for the handling, storage, treatment and disposal of hazardous waste. RCRA currently exempts many natural gas gathering and field processing wastes from classification as hazardous waste. Specifically, RCRA excludes from the definition of hazardous waste produced waters and other wastes intrinsically associated with the exploration, development, or production of crude oil and natural gas, including residual constituents derived from those exempt wastes. However, these oil and gas exploration and production wastes may still be regulated under state solid waste laws and regulations, and it is possible that certain oil and natural gas exploration and production wastes now classified as exploration and production-exempt non-hazardous waste could be classified as hazardous waste in the future. For example, in December 2016, the EPA and environmental groups entered into a consent decree to address EPA's alleged failure to timely assess its RCRA Subtitle D criteria regulations exempting certain exploration and production related oil and gas wastes from regulation as hazardous wastes under RCRA. The consent decree requires EPA to propose a rulemaking no later than March 15, 2019 for revision of certain Subtitle D criteria regulations pertaining to oil and gas wastes or to sign a determination that revision of the regulations is not necessary. Any revisions to Subtitle D would have to be finalized by 2021. Stricter regulation of wastes generated during our or our customer's operations could result in increased costs for our operations or the operations of our customers, which could in turn reduce demand for our services, increase our waste disposal costs, and adversely affect our business.

Our Antero Clearwater Facility and adjacent Antero Landfill operate pursuant to West Virginia Department of Environmental Protection ("DEP") permits for the management of stormwater and wastewater and the disposal and management of solid waste. The produced water, flowback water, and other waste associated with shale development treated at the Antero Clearwater Facility are exempt from RCRA hazardous waste regulations. Likewise, the input (residual salt derived from the wastewater treated at the Antero Clearwater Facility) and output (leachate derived from precipitation run-off contacting the non-hazardous salt) to and from the Antero Landfill also qualify as exploration and production-exempt non-hazardous wastes because they derive from non-hazardous exempt material. However, in the event that hazardous non-exempt waste streams are introduced to and mix with the exempt waste at the

Antero Clearwater Facility, or if we otherwise fail to handle or treat such exempt materials pursuant to our West Virginia DEP permits, we may be subject to penalties and/or corrective action measures. Additionally, in the event that we dispose of sludges containing naturally occurring radioactive material (generated at the Antero Clearwater Facility) at the Antero Landfill or other third-party facility that is not authorized to receive such radioactive waste, we may be subject to significant liabilities in the form of administrative, civil or criminal penalties and/or remedial obligations to remove previously disposed radioactive wastes and remediate contaminated property.

***Site Remediation***

The Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, also known as the Superfund law and comparable state laws impose liability without regard to fault or the legality of the original conduct, on certain classes of persons responsible for the release of hazardous substances into the environment. Such classes of persons include the current and past owners or operators of sites where a hazardous substance was released, and companies that disposed or arranged for disposal of hazardous substances at offsite locations, such as landfills. Although petroleum as well as natural gas is excluded from CERCLA's definition of "hazardous substance," in the course of our ordinary operations, our operations generate wastes that may be designated as hazardous substances. CERCLA authorizes the EPA, states, and, in some cases, third parties to take actions in response to releases or threatened releases of hazardous substances into the environment and to seek to recover from the classes of responsible persons the costs they incur to address the release. Under CERCLA, we could be subject to strict joint and several liabilities for the costs of cleaning up and restoring sites where hazardous substances have been released into the environment and for damages to natural resources.

We currently own or lease, and may have in the past owned or leased, properties that have been used for the gathering and compression of natural gas and the gathering and transportation of oil. Although we typically used operating and disposal practices that were standard in the industry at the time, petroleum hydrocarbons or wastes may have been disposed of or released on or under the properties owned or leased by it or on or under other locations where such substances have been taken for disposal. Such petroleum hydrocarbons or wastes may have migrated to property adjacent to our owned and leased sites or the disposal sites. In addition, some of the properties may have been operated by third parties or by previous owners whose treatment and disposal or release of petroleum hydrocarbons or wastes was not under our control. These properties and the substances disposed or released on them may be subject to CERCLA, RCRA and analogous state laws. Under such laws, we could be required to remove previously disposed wastes, including waste disposed of by prior owners or operators; remediate contaminated property, including groundwater contamination, whether from prior owners or operators or other historic activities or spills; or perform remedial operations to prevent future contamination. We are not currently a potentially responsible party in any federal or state Superfund site remediation and there are no current, pending or anticipated Superfund response or remedial activities at or implicating our facilities or operations.

***Air Emissions***

The federal Clean Air Act, and comparable state laws, regulate emissions of air pollutants from various industrial sources, including natural gas processing plants and compressor stations, and also impose various emission limits, operational limits and monitoring, reporting and recordkeeping requirements on air emission sources. Failure to comply with these requirements could result in monetary penalties, injunctions, conditions or restrictions on operations, and potentially criminal enforcement actions. These laws are frequently subject to change. For example, in October 2015, the EPA lowered the National Ambient Air Quality Standard, or NAAQS, for ozone from 75 to 70 parts per billion, and completed attainment/non-attainment designations in July 2018. State implementation of the revised NAAQS could result in stricter permitting requirements, delay or prohibit our ability to obtain such permits, and result in increased expenditures for pollution control equipment, the costs of which could be significant. Applicable laws and regulations require pre- construction permits for the construction or modification of certain projects or facilities with the potential to emit air emissions above certain thresholds. These pre-construction permits generally require use of best available control technology, or BACT, to limit air emissions. In addition, in June 2016, the EPA finalized rules under the federal Clean Air Act regarding criteria for aggregating multiple sites into a single source for air-quality permitting purposes applicable to the oil and gas industry. This rule could cause small facilities (such as tank batteries and compressor stations), on an aggregate basis, to be deemed a major source, thereby triggering more stringent air permitting requirements, which in turn could result in operational delays or require us to install costly pollution control equipment. Several EPA new source performance standards, or NSPS, and national emission standards for hazardous air pollutants, or NESHAP, also apply to our facilities and operations. These NSPS and NESHAP standards impose emission limits and operational limits as well as detailed testing, recordkeeping and reporting requirements on the "affected facilities" covered by these regulations. Several of our facilities are "major" facilities requiring Title V operating permits which impose semi-annual reporting requirements.

***Water Discharges***

The Federal Water Pollution Control Act, or the Clean Water Act, and comparable state laws impose restrictions and strict controls regarding the discharge of pollutants, including produced waters and other oil and natural gas wastes, into federal and state waters. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or the state. The discharge of dredge and fill material in regulated waters, including wetlands, is also prohibited, unless authorized by a permit issued by the U.S. Army Corps of Engineers. These laws and any implementing regulations provide for administrative, civil, and criminal penalties for any unauthorized discharges of oil and other substances in reportable quantities and may impose substantial potential liability for the costs of removal, remediation, and damages. In September 2015, the EPA and U.S. Army Corps of Engineers issued a final rule defining the scope of the EPA's and the Corps' jurisdiction over waters of the U.S. (the "WOTUS rule"). Several legal challenges to the WOTUS rule followed, and the WOTUS rule was stayed nationwide in October 2015 pending resolution of the court challenges. In January 2018, the U.S. Supreme Court determined that federal district courts have jurisdiction to review the WOTUS rule; consequently, the previously filed district court cases have been allowed to proceed, resulting in a patchwork of implementation in 22 states (including Pennsylvania and Ohio), the District of Columbia, and the U.S. territories, and a stay of the rule in 28 states (including West Virginia). On December 11, 2018, the EPA and the Corps proposed a new rule that would narrow federal jurisdictional reach compared to the WOTUS rule. Several environmental groups have signaled their intent to challenge the proposed rule. As a result of these developments, future implementation of the WOTUS rule or any new rule is uncertain at this time. To the extent the WOTUS rule expands the scope of the CWA's jurisdiction in areas where we operate, we could face increased costs and delays with respect to obtaining permits for dredge and fill activities in wetland areas.

Pursuant to these laws and regulations, we may be required to obtain and maintain approvals or permits for the discharge of wastewater or storm water and are required to develop and implement spill prevention, control and countermeasure plans, also referred to as "SPCC plans," in connection with on-site storage of significant quantities of oil. These laws and regulations provide for administrative, civil, and criminal penalties for any discharges not authorized by the permit and may impose substantial potential liability for the costs of removal, remediation, and damages. We believe that compliance with such permits will not have a material adverse effect on our business operations.

***Occupational Safety and Health Act***

We are also subject to the requirements of the federal Occupational Safety and Health Act, as amended, or OSHA, and comparable state laws that regulate the protection of the health and safety of employees. In addition, OSHA's hazard communication standard, the Emergency Planning and Community Right to Know Act and implementing regulations and similar state statutes and regulations require that information be maintained about hazardous materials used or produced in our operations and that this information be provided to employees, state and local government authorities and citizens. We do not believe that compliance with worker health and safety requirements will have a material adverse effect on our business or operations.

***Endangered Species***

The Endangered Species Act, or ESA, and analogous state laws restrict activities that may affect endangered or threatened species or their habitats. The designation of previously unprotected species as threatened or endangered in areas where underlying property operations are conducted could cause us to incur increased costs arising from species protection measures or could result in limitations on our operating activities that could have an adverse impact on our results of operations.

***Climate Change***

In response to findings that emissions of GHGs present an endangerment to public health and the environment, the EPA has adopted regulations under existing provisions of the federal Clean Air Act, that, among other things, establish Prevention of Significant Deterioration, or PSD, pre-construction permits, and Title V operating permits for GHG emissions from certain large stationary sources that are already potential major sources of criteria pollutant emissions regulated under the statute. Under these regulations, facilities required to obtain PSD permits must meet BACT standards for their GHG emissions established by the states or, in some cases, by the EPA, for those emissions. The EPA has also adopted rules requiring the monitoring and reporting of GHG emissions from specified sources in the United States, including, among others, certain onshore oil and natural gas processing and fractionating facilities. In June 2016, the EPA finalized new regulations, known as Subpart OOOOa, that set emissions standards for methane and volatile organic compounds from new and modified oil and natural gas production and natural gas processing and transmission facilities. In June 2017, the EPA proposed to delay implementation of these requirements for two years, but in July 2017, the U.S. Court of Appeals for the District of Columbia Circuit ruled that such a stay was unlawful. In September 2018, the EPA proposed amendments to the 2016 standards that would relax the rule's fugitive emissions requirements, pneumatic pump standards, and closed vent system certification requirements, among other changes. Various industry and environmental groups separately challenged both the methane requirements and the EPA's attempts to delay implementation of the rule. In addition, in April 2018, several states filed a lawsuit that seeks to compel the EPA to issue methane performance standards for existing sources in the oil and natural gas source category. As a result of these developments, future implementation of the 2016 standards is uncertain at this time. However, given the long-term trend toward increasing regulation, future federal GHG regulations of the oil and gas industry remain a possibility, and several states have separately imposed their own regulations on methane emissions from oil and gas production activities. These rules (and any additional regulations) could impose new compliance costs and permitting burdens on natural gas operations.

While Congress has from time to time considered legislation to reduce emissions of GHGs, there has not been significant activity in the form of federal legislation in recent years. Although it is not possible at this time to predict how any new legislation or regulations that may be adopted to address GHG emissions would impact our business, any such future laws and regulations that limit or otherwise address emissions of GHGs could adversely affect demand for the oil and natural gas that exploration and production operators produce, some of whom are our customers, which could thereby reduce demand for our midstream services.

In addition, the United States (along with numerous other nations) agreed to the Paris Agreement on climate change in December 2015, which calls for signatory countries to set their own GHG emissions targets and be transparent about the measures each country will use to achieve its GHG emissions targets. The Paris Agreement entered into force in November 2016, however, in August 2017, the U.S. State Department officially informed the United Nations of the United States' intent to withdraw from the Paris Agreement to seek negotiations either to re-enter the Paris Agreement on different terms or to establish a new framework agreement. The Paris Agreement provides for a four-year exit process beginning when it took effect in November 2016, which would result in an effective exit date of November 2020. The United States' adherence to the exit process and/or the terms on which the United States may re-enter the Paris Agreement or a separately negotiated agreement are unclear at this time.

Notwithstanding potential risks related to climate change, the International Energy Agency estimates that oil and gas will continue to represent a major share of global energy use through 2040, and other private sector studies project continued growth in demand for the next two decades. However, recent activism directed at shifting funding away from companies with energy-related assets could result in limitations or restrictions on certain sources of funding for the energy sector. Moreover, activist shareholders have introduced proposals that may seek to force companies to adopt aggressive emission reduction targets or to shift away from more carbon-intensive activities. While we cannot predict the outcomes of such proposals, they could ultimately make it more difficult to engage in exploration and production activities.

Finally, it should be noted that a number of scientists have concluded that increasing concentrations of GHGs in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts and floods and other climatic events; if any such effects were to occur, it is uncertain if they would have an adverse effect on our financial condition and operations.

Although we have not experienced any material adverse effect from compliance with environmental requirements, there is no assurance that this will continue. We did not have any material capital or other non-recurring expenditures in connection with complying with environmental laws or environmental remediation matters in 2018, nor do we anticipate that such expenditures will be material in 2019.

**Employees**

We do not have any employees. The officers of our general partner and its subsidiaries and affiliates, who are also officers of Antero Resources, manage our operations and activities. As of December 31, 2018, Antero Resources employed approximately 623 people who provide support to our operations. All of the employees required to conduct and support our operations are employed by Antero Resources. Antero Resources considers its relations with its employees to be satisfactory. Additionally, we have a secondment agreement whereby Antero Resources provides seconded employees to perform certain operational services with respect to our assets for a 20-year period that commenced on Antero Midstream's IPO date.

**Legal Proceedings**

Our operations are subject to a variety of risks and disputes normally incident to our business. As a result, we may, at any given time, be a defendant in various legal proceedings and litigation arising in the ordinary course of business. See "Item 3. Litigation."

We maintain insurance policies with insurers in amounts and with coverage and deductibles that we, with the advice of our insurance advisors and brokers, believe are reasonable and prudent. We cannot, however, assure you that this insurance will be adequate to protect us from all material expenses related to potential future claims for personal and property damage or that these levels of insurance will be available in the future at economical prices.

**Address, Website and Availability of Public Filings**

Our principal executive offices are at 1615 Wynkoop Street, Denver, Colorado 80202. Our telephone number is (303) 357-7310. Our website is located at *www.anteromidstream.com*.

We make available free of charge our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q, and our Current Reports on Form 8-K as soon as reasonably practicable after we file such material with, or furnish it to, the SEC. These documents are located *www.anteromidstream.com* under the "Investors Relations" link.

Information on our website is not incorporated into this Annual Report on Form 10-K or our other filings with the SEC and is not a part of them.

## Item 1A. Risk Factors

*Limited partner interests are inherently different from the capital stock of a corporation, although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in a similar business. Investors should carefully consider the following risk factors together with all of the other information included in this Annual Report of Form 10-K, including the matters addressed under "Cautionary Statement Regarding Forward-Looking Statements," in evaluating an investment in our common units.*

*If any of the following risks were to occur, our business, financial condition, results of operations and cash available for distribution could be materially adversely affected.*

### Risks Related to the Transactions

**We may incur substantial transaction-related costs in connection with the Transactions, and if the Transactions do not occur, we will not benefit from the expenses we have incurred in pursuit of the Transactions.**

We expect to incur substantial expenses in connection with completing the Transactions, including fees paid to legal, financial and accounting advisors, filing fees, proxy solicitation costs and printing costs. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. The Transactions may not be completed. If the Transactions are not completed, we will have incurred substantial expenses for which no ultimate benefit will have been received.

**We are subject to contractual interim operating restrictions while the proposed Transactions are pending, which could adversely affect our business and operations.**

Under the terms of the Simplification Agreement, we are subject to certain restrictions on the conduct of our business prior to completing the Transactions, which may adversely affect our ability to execute certain of our business strategies. Such limitations could negatively affect our businesses and operations prior to the completion of the Transactions.

**We may be subject to class action lawsuits relating to the Transactions, which could materially adversely affect our business, financial condition and operating results.**

We and the directors and officers of our general partner may be subject to class action lawsuits relating to the Transactions and other additional lawsuits that may be filed. Such litigation is very common in connection with acquisitions of public companies, regardless of any merits related to the underlying acquisition. While we will evaluate and defend against any actions vigorously, the costs of the defense of such lawsuits and other effects of such litigation could have an adverse effect on our business, financial condition and operating results.

One of the conditions to consummating the Transactions is that no injunction or other order prohibiting or otherwise preventing the consummation of the Transactions shall have been issued by any court or governmental entity of competent jurisdiction in the United States. Consequently, if any lawsuit is filed challenging the Transactions and is successful in obtaining an injunction preventing the parties to the Simplification Agreement from consummating the Transactions, such injunction may prevent the

Transactions from being completed in the expected timeframe, or at all.

**Failure to complete, or significant delays in completing, the Transactions could negatively affect the trading prices of our common units and our future business and financial results.**

Completion of the Transactions is not assured and is subject to risks, including the risks that approval of the Transactions by AMGP's shareholders and our unitholders or by governmental agencies is not obtained or that other closing conditions are not satisfied. If the Transactions are not completed, or if there are significant delays in completing the Transactions, the trading price of our common units and our future business and financial results could be negatively affected, and we will be subject to several risks, including the following:

- we may be liable for damages to other parties under the terms and conditions of the Simplification Agreement;
- negative reactions from the financial markets, including declines in the prices of our common units due to the fact that current prices may reflect a market assumption that the Transactions will be completed;
- having to pay certain significant costs relating to the Transactions; and
- the attention of our management will have been diverted to the Transactions rather than our own operations and pursuit of other opportunities that could have been beneficial to us.

## Risks Related to Our Business

**Because substantially all of our revenue is derived from Antero Resources, any development that materially and adversely affects Antero Resources' operations, financial condition or market reputation could have a material and adverse impact on us.**

Antero Resources is our most significant customer and has accounted for substantially all of our revenue since inception, and we expect to derive most of our revenues from Antero Resources. As a result, any event, whether in our area of operations or otherwise, that adversely affects Antero Resources' production, drilling and completion schedule, financial condition, leverage, market reputation, liquidity, results of operations or cash flows may adversely affect our revenues and cash available for distribution. Accordingly, we are indirectly subject to the business risks of Antero Resources, including, among others:

- a reduction in or slowing of Antero Resources' development program, which would directly and adversely impact demand for our gathering and compression services and our water handling and treatment services;
- a reduction in or slowing of Antero Resources' well completions, which would directly and adversely impact demand for our water handling and treatment services;
- the volatility of natural gas, NGLs and oil prices, which could have a negative effect on the value of Antero Resources' properties, its drilling programs or its ability to finance its operations;
- the availability of capital on an economic basis to fund Antero Resources' exploration and development activities as well as to fund our capital expenditure programs;
- Antero Resources' ability to replace reserves;
- Antero Resources' drilling and operating risks, including potential environmental liabilities;
- transportation and processing capacity constraints and interruptions;
- adverse effects of governmental and environmental regulation; and
- losses from pending or future litigation.

In late 2014, global energy commodity prices declined precipitously as a result of several factors, including an increase in worldwide commodity supplies, a stronger U.S. dollar, relatively mild weather in large portions of the U.S., and strong competition among some oil producing countries for market share. While commodity prices have increased from the lows experienced in 2016, they remain very volatile and substantially less than the highs seen in 2014.

Changes in commodity prices can significantly affect Antero Resources' operations and financial condition, and therefore our capital resources, liquidity, and expected operating results. Because of the natural decline in production from existing wells, our success depends, in part, on Antero Resources' ability to replace declining production and our ability to secure new sources of natural gas from Antero Resources or third parties. Additionally, our water handling and treatment services are directly associated with Antero Resources' well completion activities and water needs, which are partially driven by horizontal lateral lengths and the number of completion stages per well. Any decrease in volumes of natural gas and produced water that Antero Resources produces or any decrease in the number of wells that Antero Resources completes could adversely affect our business and operating results.

Further, we are subject to the risk of non-payment or non-performance by Antero Resources, including with respect to our gathering and compression and water handling and treatment services agreements. We cannot predict the extent to which Antero Resources' business would be impacted if conditions in the energy industry deteriorate, nor can we estimate the impact such conditions would have on Antero Resources' ability to execute its drilling and development program or perform under our gathering and compression and water handling and treatment services agreements. Any material non-payment or non-performance by Antero Resources could reduce our ability to make distributions to our unitholders.

Also, due to our relationship with Antero Resources, our ability to access the capital markets, or the pricing or other terms of any capital markets transactions, may be adversely affected by any impairment to Antero Resources' financial condition or adverse changes in its credit ratings.

Any material limitation on our ability to access capital as a result of such adverse changes at Antero Resources could limit our ability to obtain future financing under favorable terms, or at all, or could result in increased financing costs in the future. Similarly, material adverse changes at Antero Resources could negatively impact our unit price, limiting our ability to raise capital through equity issuances or debt financing, or could negatively affect our ability to engage in, expand, or pursue our business activities, and could also prevent us from engaging in certain transactions that might otherwise be considered beneficial to us.

Please see Item 1A, "Risk Factors" in Antero Resources' Annual Report on Form 10-K for the year ended December 31, 2018 (which is not, and shall not be deemed to be, incorporated by reference herein) for a full disclosure of the risks associated with Antero Resources' business.

**We may not generate sufficient cash from operations following the establishment of cash reserves and payment of fees and expenses, including cost reimbursements to our general partner, to enable us to pay the minimum quarterly distribution to our unitholders.**

In order to make our minimum quarterly distribution of $0.17 per common unit per quarter, or $0.68 per unit per year, we will require available cash of approximately $32 million per quarter, or approximately $127 million per year based on the common units outstanding at December 31, 2018, as well as grants made under the Antero Midstream Partners LP Long-term Incentive Plan. We may not generate sufficient cash flows each quarter to support the payment of the minimum quarterly distribution or to increase our quarterly distributions in the future from the fourth quarter of 2018 level of $0.47 per unit.

The amount of cash we can distribute on our units principally depends upon the amount of cash we generate from our operations, which will fluctuate from quarter to quarter based on, among other things:

- the volume of natural gas we gather and compress and the volume of water we handle and treat in connection with well completion operations;
- the rates we charge third parties, if any, for our water handling and treatment and gathering and compression services;
- market prices of natural gas, NGLs and oil and their effect on Antero Resources' drilling schedule as well as produced volumes;
- Antero Resources' ability to fund its drilling program;
- adverse weather conditions;

- the level of our operating, maintenance and general and administrative costs;
- regulatory action affecting the supply of, or demand for, natural gas, the rates we can charge for our services, how we contract for services, our existing contract, our operating costs or our operating flexibility; and
- prevailing economic conditions.

In addition, the actual amount of cash we will have available for distribution will depend on other factors, including:

- the level and timing of maintenance and expansion capital expenditures we make;
- our debt service requirements and other liabilities;
- our ability to borrow under our debt agreements to pay distributions;
- fluctuations in our working capital needs;
- restrictions on distributions contained in any of our debt agreements;
- the cost of acquisitions, if any;
- fees and expenses of our general partner and its affiliates (including Antero Resources) we are required to reimburse;
- the amount of cash reserves established by our general partner; and
- other business risks affecting our cash levels.

**Because of the natural decline in production from existing wells, our success depends, in part, on Antero Resources' ability to replace declining production and our ability to secure new sources of natural gas from Antero Resources or third parties. Additionally, our water handling and treatment services are directly associated with Antero Resources' well completion activities and water needs, which are partially driven by horizontal lateral lengths and the number of completion stages per well. Finally, under certain circumstances, Antero Resources may dispose of acreage dedicated to us free from such dedication without our consent. Any decrease in volumes of natural gas that Antero Resources produces, any decrease in the number of wells that Antero Resources completes, or any decrease in the number of acres that are dedicated to us could adversely affect our business and operating results.**

The natural gas volumes that support our gathering business depend on the level of production from natural gas wells connected to our systems, which may be less than expected and will naturally decline over time. To the extent Antero Resources reduces its development activity or otherwise ceases to drill and complete wells, revenues for our gathering and compression and water handling and treatment services will be directly and adversely affected. Our ability to maintain water handling and treatment services revenues is substantially dependent on continued completion activity by Antero Resources or third parties over time, as well as the volumes of produced water from such activity. In addition, natural gas volumes from completed wells will naturally decline and our cash flows associated with these wells will also decline over time. In order to maintain or increase throughput levels on our gathering systems, we must obtain new sources of natural gas from Antero Resources or third parties. The primary factors affecting our ability to obtain additional sources of natural gas include (i) the success of Antero Resources' drilling activity in our areas of operation, (ii) Antero Resources' acquisition of additional acreage and (iii) our ability to obtain dedications of acreage from third parties. Demand for our fresh water delivery services, which make up a substantial portion of our water handling and treatment services revenues, is dependent on Antero Resources' completion activities. To the extent that Antero Resources or other fresh water delivery customers complete wells with shorter lateral lengths or use less water in their completions, the demand for our fresh water delivery services would be reduced.

We have no control over Antero Resources' or other producers' levels of development and completion activity in our areas of operation, the amount of reserves associated with wells connected to our systems or the rate at which production from a well declines. In addition, our water handling and treatment business is dependent upon active development in our areas of operation. In order to maintain or increase throughput levels on our water handling and treatment systems, we must service new wells. We have no control over Antero Resources or other producers or their development plan decisions, which are affected by, among other things:

- the availability and cost of capital;
- prevailing and projected natural gas, NGLs and oil prices;
- demand for natural gas, NGLs and oil;
- quantities of reserves;
- geologic considerations;
- environmental or other governmental regulations, including the availability of drilling permits and the regulation of hydraulic fracturing; and
- the costs of producing the gas and the availability and costs of drilling rigs and other equipment.

Natural gas prices are affected by storage levels, weather, and production levels. In late 2014, natural gas prices in the US declined as a result of several factors including increased production by producers. Although prices have recovered periodically since then with spikes in January 2018 and November 2018, prices remain below pre-2014 levels for natural gas. NGL prices have generally fluctuated along with oil prices. Oil prices in 2014 precipitously declined in 2014 from approximately $100 per BBL to under $30 per BBL in early 2016. Oil prices have recovered periodically since then, reaching the mid $70 per BBL range in 2018, but then again declined in late 2018 to below $50 per BBL as production increases from the United States and other oil producing countries led to a return of market concern regarding increasing global oil stocks and potential future supply and demand imbalances. Lower commodity prices reduce our revenues, profitability, and our ability to borrow. We may be unable to obtain needed capital or financing on satisfactory terms, which could lead to a decline in Antero Resources' reserves as existing reserves are depleted. Lower commodity prices may also reduce the amount of natural gas, NGLs and oil that Antero Resources can produce economically.

These lower prices have compelled most natural gas and oil producers, including Antero Resources, to reduce the level of exploration, drilling and production activity and 2019 capital budegets. This will have a significant effect on our capital resources, liquidity and expected operating results. Natural gas and oil prices directly affect Antero Resources' production. If prices decrease further, it could reduce our revenues and ability to pay distributions. Sustained reductions in development or production activity in our areas of operation could lead to reduced utilization of our services.

Due to these and other factors, even if reserves are known to exist in areas served by our assets, producers have chosen, and may choose in the future, not to develop those reserves. If reductions in development activity result in our inability to maintain the current levels of throughput on our systems, or our water handling and treatment services, or if reductions in lateral lengths or use less water in their completions result in a decrease in demand for our water handling and treatment services on a per well basis, those reductions could reduce our revenue and cash flows and adversely affect our ability to make cash distributions to our unitholders.

Finally, each of the gathering and compression agreement, water services agreement and right of first offer agreement between us and Antero Resources permit Antero Resources to sell, transfer, convey, assign, grant, or otherwise dispose of dedicated properties free of the dedication under such agreements, provided that the number of net acres of dedicated properties so disposed of, when added to the number of net acres of dedicated properties previously disposed of free of the dedication since the respective effective dates of the agreements, does not exceed the aggregate number of net acres of dedicated properties acquired by Antero Resources since such effective dates. Accordingly, under certain circumstances, Antero Resources may dispose of a significant number of net acres of dedicated properties free from dedication without our consent, and we have no control over the timing or extent of such dispositions. Any such dispositions could adversely affect our business and operating results.

**The gathering and compression agreement only includes minimum volume commitments under certain circumstances.**

The gathering and compression agreement includes minimum volume commitments only on new high pressure pipelines and compressor stations that we construct subsequent to our initial public offering in November 2014 at Antero Resources' request. The high pressure pipelines and compressor stations that existed prior to our initial public offering are not supported by minimum volume commitments from Antero Resources. Any decrease in the current levels of throughput on our gathering and compression systems could reduce our revenue and cash flows and adversely affect our ability to make cash distributions to our unitholders.

**We will be required to make substantial capital expenditures to increase our asset base. If we are unable to obtain needed capital or financing on satisfactory terms, our ability to make cash distributions may be diminished or our financial leverage could increase.**

In order to increase our asset base, we will need to make expansion capital expenditures. If we do not make sufficient or effective expansion capital expenditures, we will be unable to expand our business operations and, as a result, we will be unable to raise the level of our future cash distributions. To fund our expansion capital expenditures and investment capital expenditures, we will be required to use cash from our operations or incur borrowings. Alternatively, we may sell additional common units or other securities to fund our capital expenditures. Such uses of cash from our operations will reduce cash available for distribution to our unitholders. Our ability to obtain bank financing or our ability to access the capital markets for future equity or debt offerings may be limited by our or Antero Resources' financial condition at the time of any such financing or offering and the covenants in our existing debt agreements, as well as by general economic conditions, contingencies and uncertainties that are beyond our control. Even if we are successful in obtaining the necessary funds, the terms of such financings could limit our ability to pay distributions to our unitholders. In addition, incurring additional debt may significantly increase our interest expense and financial leverage, and issuing additional limited partner interests may result in significant unitholder dilution and would increase the aggregate amount of cash required to maintain the then current distribution rate, which could materially decrease our ability to pay distributions at the prevailing distribution rate. Neither Antero Resources, our general partner or any of their respective Affiliates is committed to providing any direct or indirect support to fund our growth.

**Our gathering and compression and water handling and treatment systems are concentrated in the Appalachian Basin, making us vulnerable to risks associated with operating in one major geographic area.**

We rely primarily on revenues generated from gathering and compression and water handling and treatment systems that we own, which are located in the Marcellus and Utica Shales. As a result of this concentration, we may be disproportionately exposed to the impact of regional supply and demand factors, delays or interruptions of production from wells in this area caused by governmental regulation, market limitations or interruption of the compression, processing or transportation of natural gas, NGLs or oil.

**The amount of cash we have available for distribution to our unitholders depends primarily on our cash flows and not solely on profitability, which may prevent us from making distributions, even during periods in which we record net income.**

The amount of cash we have available for distribution depends primarily upon our cash flows and not solely on profitability, which will be affected by non-cash items. As a result, we may make cash distributions during periods when we record a net loss for financial accounting purposes, and conversely, we might fail to make cash distributions during periods when we record net income for financial accounting purposes.

**Our construction or purchase of new gathering and compression, processing, water handling and treatment or other assets may not be completed on schedule, at the budgeted cost or at all, may not operate as designed or at the expected levels, may not result in revenue increases and may be subject to regulatory, environmental, political, legal and economic risks, all of which could adversely affect our cash flows, results of operations and financial condition and, as a result, our ability to distribute cash to our unitholders.**

The construction of additions or modifications to our existing systems and the construction or purchase of new assets, involves numerous regulatory, environmental, political and legal uncertainties beyond our control and may require the expenditure of significant amounts of capital. Financing may not be available on economically acceptable terms or at all. If we undertake these projects, we may not be able to complete them on schedule, at the budgeted cost or at all, or they may not operate as designed or at the expected levels. Moreover, our revenues may not increase immediately upon the expenditure of funds on a particular project. For instance, the construction of our water treatment facility took longer than planned and to date, the facility has run at reduced operating rates below the designed capacity and therefore not met certain completion milestones under the terms of the construction contract. In addition, we may construct facilities to capture anticipated future production growth in an area in which such growth does not materialize. As a result, new gathering and compression, water handling and treatment or other assets may not be able to attract enough throughput to achieve our expected investment return, which could adversely affect our results of operations and financial condition. In addition, the construction of additions to our existing assets may require us to obtain new rights-of-way prior to constructing new pipelines or facilities. We may be unable to timely obtain such rights-of-way to connect new natural gas supplies to our existing gathering pipelines or capitalize on other attractive expansion opportunities. Additionally, it may become more expensive for us to obtain new rights-of-way or to expand or renew existing rights-of-way. If the cost of renewing or obtaining new rights-of-way increases, our cash flows could be adversely affected.

**We may be unable to make attractive acquisitions or successfully integrate acquired businesses, and any inability to do so may disrupt our business and hinder our ability to grow.**

In the future, we may make acquisitions of businesses that complement or expand our current business. We may not be able to identify attractive acquisition opportunities. Even if we do identify attractive acquisition opportunities, we may not be able to complete the acquisition or do so on commercially acceptable terms.

The success of any completed acquisition will depend on our ability to effectively integrate the acquired business into our existing operations. The process of integrating acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of our managerial and financial resources. In addition, possible future acquisitions may be larger and for purchase prices significantly higher than those paid for earlier acquisitions. No assurance can be given that we will be able to identify suitable acquisition opportunities, negotiate acceptable terms, obtain financing for acquisitions on acceptable terms or successfully acquire identified targets. Our failure to achieve consolidation savings, to integrate the acquired businesses and assets into our existing operations successfully or to minimize any unforeseen operational difficulties could have a material adverse effect on our business, results of operations and financial condition and, as a result, our ability to make cash distributions to our unitholders.

In addition, our revolving credit facility and the indenture governing our senior notes impose certain limitations on our ability to enter into mergers or combination transactions. Our revolving credit facility and the indenture governing our senior notes also limit our ability to incur certain indebtedness, which could indirectly limit our ability to engage in acquisitions of businesses.

**We own a 50% interest in the Joint Venture, which is operated by MarkWest Energy. While we have the ability to influence certain business decisions affecting the Joint Venture, the success of our investment in the Joint Venture will depend on MarkWest's operation of the Joint Venture.**

On February 6, 2017, we entered into the Joint Venture with MarkWest. While we and MarkWest each own a 50% interest in the Joint Venture, MarkWest is the primary operator of the Joint Venture. Accordingly, we depend on MarkWest for the day-to-day operations of the Joint Venture. Our lack of control over the Joint Venture's day-to-day operations and the associated costs of operations could result in receiving lower cash distributions from the Joint Venture than currently anticipated, which could reduce our cash available for distribution to our unitholders. In addition, differences in views among the owners of the Joint Venture could result in delayed decisions or in failures to agree on significant matters, potentially adversely affecting the business and results of operations or prospects of the Joint Venture and, in turn, the amount of cash from the Joint Venture operations distributed to us.

**If the Joint Venture is not successful or if the Joint Venture does not perform as expected, our future financial performance may be negatively impacted.**

We may be exposed to certain risks in connection with our ownership interest in the Joint Venture, including regulatory, environmental and litigation risks. If such risks or other anticipated or unanticipated liabilities were to materialize, any desired benefits of our entry into the Joint Venture may not be fully realized, if at all, and its future financial performance may be negatively impacted.

In addition, the Joint Venture may result in other difficulties including, among other things:

- diversion of our management's attention from other business concerns;
- managing regulatory compliance and corporate governance matters;
- an increase in our indebtedness; and
- potential environmental or other regulatory compliance matters or liabilities and/or title issues, including certain liabilities arising from the operation of the Joint Venture assets prior to the closing of the Joint Venture.

**Interruptions in operations at any of the Joint Venture's facilities may adversely affect its operations and our gathering and processing and water handling and treatment operations.**

The Joint Venture assets consist of processing plants in West Virginia and a one third interest in a fractionator in Ohio (the "MarkWest fractionator"). Any significant interruption at these facilities would adversely affect the Joint Venture's operations. Because a significant portion of Antero Resources' production is processed by the Joint Venture, any significant interruption at these facilities would also adversely affect our midstream operations.

We do not operate the MarkWest fractionator, and the operations of the Joint Venture's processing facilities and the MarkWest fractionator could be partially or completely shut down, temporarily or permanently, as the result of circumstances not within its control, such as:

- unscheduled turnarounds or catastrophic events, including damages to facilities, related equipment and surrounding properties caused by earthquakes, tornadoes, hurricanes, floods, fires, severe weather, explosions and other natural disasters;
- restrictions imposed by governmental authorities or court proceedings;
- labor difficulties that result in a work stoppage or slowdown;
- a disruption in the supply of gas to the Joint Venture's processing and fractionation plants and associated facilities;
- disruption in the supply of power, water and other resources necessary to operate the Joint Venture's facilities;
- damage to the Joint Venture's facilities resulting from gas that do not comply with applicable specifications; and
- inadequate fractionation capacity or market access to support production volumes, including lack of availability of rail cars, barges, pipeline capacity, or market constraints, including reduced demand or limited markets for certain NGL products.

In addition, MarkWest's fractionation operations in the Marcellus and Utica regions are integrated, and as a result, it is possible that an interruption of these operations in other regions may impact operations in the regions in which the Joint Venture's facilities are located.

**If additional takeaway pipelines under construction or other pipeline projects are not completed, Antero Resources', and correspondingly the Partnership's, future growth may be limited.**

Antero Resources has secured sufficient long-term firm takeaway capacity in each of its core operating areas to accommodate its current development plans, including through major pipelines that are in existence or currently under construction and through third-party trucking services; however, any failure of any pipeline under construction to be completed, any unavailability of existing takeaway pipelines or the failure of any third party to perform under its service contracts, could cause Antero Resources to curtail its future development and production plans. Sustained reductions in development or production activity in our areas of operation could lead to reduced demand for our services, which could adversely affect our operating margin, cash flows and ability to make cash distributions to our unitholders.

**Recent action and the possibility of future action on trade by U.S. and foreign governments has increased the costs of certain equipment and materials used in the construction of our assets and has created uncertainty in global markets, which may adversely affect our income from operations and cash flows.**

The construction of gathering pipelines, compressor stations, processing and fractionation facilities and water handling and treatment assets is subject to construction cost overruns due to costs and availability of equipment and materials such as steel. If third party providers of steel products essential to our capital improvements and additions are unable to obtain raw materials, including steel, at historical prices, they may raise the price we pay for such products. On March 8, 2018, the President of the United States issued two proclamations directing the imposition of ad valorem tariffs of 25 percent on certain imported steel products and 10 percent on certain imported aluminum products, with limited exceptions. On May 31, 2018, the U.S. announced that it would also impose steel and aluminum tariffs on Canada, Mexico, and the 28 member countries of the European Union. The Canada and Mexico tariffs are left in place under the revised free trade agreement reached in late 2018 among the United States, Canada, and Mexico, although the agreement has not yet been ratified. In addition, Argentina, Australia, Brazil, and South Korea implemented measures to address the impairment to U.S. national security attributable to steel and aluminum imports that were deemed satisfactory to the United States. As a result, imports of steel and/or aluminum from these countries have been exempted from the imposition of tariff-based remedies, but, with the exception of Australia, the United States has implemented quantitative restrictions in the form of absolute quotas, meaning that imports in excess of the allotted quota will be disallowed. Effective August 13, 2018, the United States announced that it would impose a 50 percent ad valorem tariff on steel articles imported from Turkey. On August 29, 2018, the President authorized the Department of Commerce to provide targeted relief, in response to specific requests from affected domestic parties, from the steel and/or aluminum quotas on imports from South Korea, Brazil, and Argentina. Following these proclamations, domestic prices for steel have risen and are expected to continue to rise. These price increases may result in increased costs associated with the continued build-out of our assets, as well as projects under development. Because we generate substantially all of our revenue under agreements with Antero Resources that provide for fixed-fee structures, we will generally be unable to pass these cost increases along to our customers, and our income from operations and cash flows may be adversely affected.

**A shortage of equipment and skilled labor in the Appalachian Basin could reduce equipment availability and labor productivity and increase labor costs, which could have a material adverse effect on our business and results of operations.**

Gathering and compression and water handling and treatment services require special equipment and laborers skilled in multiple disciplines, such as equipment operators, mechanics and engineers, among others. The employees supporting our operations are employees of Antero Resources. If Antero Resources experiences shortages of skilled labor or there is a lack of necessary equipment in the Appalachian Basin in the future, our allocation of labor costs and overall productivity could be materially and adversely affected. If our allocation labor prices increase or if Antero Resources experiences materially increased health and benefit costs for employees, our results of operations could be materially and adversely affected.

**If third-party pipelines or other midstream facilities interconnected to our gathering and compression systems become partially or fully unavailable, our operating margin, cash flows and ability to make cash distributions to our unitholders could be adversely affected.**

Our gathering and compression assets connect to other pipelines or facilities owned and operated by unaffiliated third parties. The continuing operation of third-party pipelines, compressor stations and other midstream facilities is not within our control. These pipelines, plants and other midstream facilities may become unavailable because of testing, turnarounds, line repair, maintenance, reduced operating pressure, lack of operating capacity, regulatory requirements and curtailments of receipt or deliveries due to insufficient capacity or because of damage from severe weather conditions or other operational issues. In addition, if the costs to us to access and transport on these third-party pipelines significantly increase, our profitability could be reduced. If any such increase in costs occurs or if any of these pipelines or other midstream facilities become unable to receive or transport natural gas, our operating margin, cash flows and ability to make cash distributions to our unitholders could be adversely affected.

**Our exposure to commodity price risk may change over time.**

We currently generate all of our revenues pursuant to fee-based contracts under which we are paid based on the volumes of natural gas that we gather and compress and water that we handle and treat, rather than the underlying value of the commodity. Consequently, our existing operations and cash flows have little direct exposure to commodity price risk. Although we intend to enter into similar fee-based contracts with new customers in the future, our efforts to negotiate such contractual terms may not be successful. In addition, we may acquire or develop additional midstream assets in a manner that increases our exposure to commodity price risk. Future exposure to the volatility of natural gas, NGL and oil prices, especially in light of the recent declines, could have a material adverse effect on our business, results of operations and financial condition and, as a result, our ability to make cash distributions to our unitholders.

**Restrictions in our existing and future debt agreements could adversely affect our business, financial condition, results of operations and ability to make quarterly cash distributions to our unitholders.**

Our revolving credit facility limits our ability to, among other things:

- incur or guarantee additional debt;
- redeem or repurchase units or make distributions under certain circumstances;
- make certain investments and acquisitions;
- incur certain liens or permit them to exist;
- enter into certain types of transactions with affiliates;
- merge or consolidate with another company; and
- transfer, sell or otherwise dispose of assets.

The indenture governing our senior notes contains similar restrictive covenants. In addition, our revolving credit facility also contains covenants requiring us to maintain certain financial ratios. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we cannot assure you that we will meet any such ratios and tests. Additionally, we may not be able to borrow the full amount of commitments under our revolving credit facility if doing so would cause us to not meet a financial covenant.

The provisions of our revolving credit facility and the indenture governing our senior notes may affect our ability to obtain future financing and pursue attractive business opportunities and our flexibility in planning for, and reacting to, changes in business conditions. In addition, a failure to comply with the provisions of our revolving credit facility or the indenture governing our senior notes could result in a default or an event of default that could enable our lenders or noteholders to declare the outstanding principal of that debt, together with accrued and unpaid interest, to be immediately due and payable. If the payment of our debt is accelerated, our assets may be insufficient to repay such debt in full, and our unitholders could experience a partial or total loss of their investment. Please read "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

**If our assets become subject to FERC regulation or federal, state or local regulations or policies change, or if we fail to comply with market behavior rules, our financial condition, results of operations and cash flows could be materially and adversely affected.**

Our gathering and transportation operations are exempt from regulation by the FERC, under the NGA. Section 1(b) of the NGA, exempts natural gas gathering facilities from regulation by the FERC under the NGA. Although the FERC has not made any formal determinations with respect to any of our facilities, we believe that the natural gas pipelines in our gathering systems meet the traditional tests the FERC has used to establish whether a pipeline is a gathering pipeline not subject to FERC jurisdiction. The distinction between FERC- regulated transmission services and federally unregulated gathering services, however, has been the subject of substantial litigation, and the FERC determines whether facilities are gathering facilities on a case-by-case basis, so the classification and regulation of our gathering facilities may be subject to change based on future determinations by the FERC, the courts, or Congress. If the FERC were to consider the status of an individual facility and determine that the facility or services provided by it are not exempt from FERC regulation under the NGA, the rates for, and terms and conditions of, services provided by such facility would be subject to regulation by the FERC under the NGA or the NGPA. Such regulation could decrease revenue, increase operating costs, and, depending upon the facility in question, could adversely affect our results of operations and cash flows.

State regulation of natural gas gathering facilities and intrastate transportation pipelines generally includes various safety, environmental and, in some circumstances, nondiscriminatory take and common purchaser requirements, as well as complaint-based rate regulation. Other state regulations may not directly apply to our business, but may nonetheless affect the availability of natural gas for purchase, compression and sale.

Moreover, FERC regulations indirectly impact our businesses and the markets for products derived from these businesses. The FERC's policies and practices across the range of its natural gas regulatory activities, including, for example, its policies on open access transportation, market manipulation, ratemaking, gas quality, capacity release and market center promotion, indirectly affect the intrastate natural gas market. Should we fail to comply with any applicable FERC administered statutes, rules, regulations and orders, we could be subject to substantial penalties and fines, which could have a material adverse effect on our results of operations and cash flows. The FERC has civil penalty authority under the NGA and NGPA to impose penalties for current violations of up to $1,265,500 per day for each violation and disgorgement of profits associated with any violation.

For more information regarding federal and state regulation of our operations, please read "Business—Regulation of Operations."

**Increased regulation of hydraulic fracturing could result in reductions or delays in natural gas, NGLs and oil production by our customers, which could reduce the throughput on our gathering and compression systems and the number of wells for which we provide water handling and treatment services, which could adversely impact our revenues.**

All of Antero Resources' natural gas, NGLs and oil production is developed from unconventional sources, such as shale formations. These reservoirs require hydraulic fracturing completion processes to release the liquids and natural gas from the rock so it can flow through casing to the surface. Hydraulic fracturing is a well stimulation process that utilizes large volumes of water and sand (or other proppant) combined with fracturing chemical additives that are pumped at high pressure to crack open previously impenetrable rock to release hydrocarbons. Hydraulic fracturing is typically regulated by state oil and gas commissions and similar agencies, but the EPA has asserted federal regulatory authority pursuant to the SDWA over certain hydraulic fracturing activities involving the use of diesel fuels and issued permitting guidance in February 2014 regarding such activities. Also, in May 2014, the EPA proposed rules under the Toxic Substances Control Act to require companies to disclose information regarding the chemicals used in hydraulic fracturing; however, to date, no further action has been taken on the proposal. In addition, the EPA finalized rules in June 2016 that prohibit the discharge of wastewater from hydraulic fracturing operations to publicly owned wastewater treatment plants.

Certain governmental reviews have been conducted or are underway that focus on environmental aspects of hydraulic fracturing practices. For example, in December 2016, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources. The final report concluded that "water cycle" activities associated with hydraulic fracturing may impact drinking water resources "under some circumstances," noting that the following hydraulic fracturing water cycle activities and local- or regional-scale factors are more likely than others to result in more frequent or more severe impacts: water withdrawals for fracturing in times or areas of low water availability; surface spills during the management of fracturing fluids, chemicals or produced water; injection of fracturing fluids into wells with inadequate mechanical integrity; injection of fracturing fluids directly into groundwater resources; discharge of inadequately treated fracturing wastewater to surface waters; and disposal or storage of fracturing wastewater in unlined pits. Because the report did not find a direct link between hydraulic fracturing itself and contamination of groundwater resources, this years-long study report does not appear to provide any basis for further regulation of hydraulic fracturing at the federal level.

In addition, Congress has from time to time considered legislation to provide for federal regulation of hydraulic fracturing under the SDWA and to require disclosure of the chemicals used in the hydraulic fracturing process. At the state level, several states have adopted or are considering legal requirements that could impose more stringent permitting, disclosure, and well construction requirements on hydraulic fracturing activities. At the state level, several states have adopted or are considering adopting regulations that could impose more stringent disclosure and/or well construction requirements on hydraulic fracturing operations. For example, in July 2015, the Ohio Department of Natural Resources issued final rules for horizontal drilling well-pad construction. The Ohio legislature has also adopted laws requiring oil and natural gas operators to disclose chemical ingredients used to hydraulically fracture wells and to conduct pre-drilling baseline water quality sampling of certain water wells near a proposed horizontal well. Local governments also may seek to adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular.

Antero Midstream cannot predict whether any such legislation will ever be enacted and if so, what its provisions would be. If additional levels of regulation and permits were required through the adoption of new laws and regulations at the federal, state or local level, that could lead to delays, increased operating costs and process prohibitions that could reduce the volumes of liquids and natural gas that move through our gathering systems or reduce the number of wells drilled and completed that require fresh water for hydraulic fracturing activities, which in turn could materially adversely affect our revenues and results of operations.

**Oil and natural gas producers' operations, especially those using hydraulic fracturing, are substantially dependent on the availability of water. Restrictions on the ability to obtain water may incentivize water recycling efforts by oil and natural gas producers, which would decrease the demand for our fresh water delivery services.**

Our business includes fresh water delivery for use in our customers' natural gas, NGL and oil exploration and production activities. Water is an essential component of natural gas, NGL and oil production during the drilling, and in particular, the hydraulic fracturing process. We depend on Antero Resources to source the fresh water we deliver. The availability of Antero Resources' water supply may be limited due to reasons such as prolonged drought. Some state and local governmental authorities have begun restricting the use of water subject to their jurisdiction for hydraulic fracturing to ensure adequate local water supply. Any such decrease in the demand for water handling and treatment services would adversely affect our business and results of operations.

**We or any third-party customers may incur significant liability under, or costs and expenditures to comply with, environmental and occupational health and workplace safety regulations, which are complex and subject to frequent change.**

As an owner, lessee or operator of gathering pipelines and compressor stations, we are subject to various stringent federal, state, provincial and local laws and regulations relating to the discharge of materials into, and protection of, the environment. Numerous governmental authorities, such as the EPA and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them, oftentimes requiring difficult and costly response actions. These laws and regulations may impose various obligations that are applicable to our and our customer's operations, including the acquisition of permits to conduct regulated activities, the incurrence of capital or operating expenditures to limit or prevent releases of materials from our or our customers' operations, the imposition of specific standards addressing worker protection, and the imposition of substantial liabilities and remedial obligations for pollution or contamination resulting from our and our customer's operations. Failure to comply with these laws, regulations and permits may result in joint and several, strict liability and the assessment of administrative, civil and criminal penalties, the imposition of remedial obligations, and the issuance of injunctions limiting or preventing some or all of our operations. Private parties, including the owners of the properties through which our gathering systems pass and facilities where wastes resulting from our operations are taken for reclamation or disposal, may also have the right to pursue legal actions to enforce compliance, as well as to seek damages for non-compliance, with environmental laws and regulations or for personal injury or property damage. We may not be able to recover all or any of these costs from insurance. In addition, we may experience a delay in obtaining or be unable to obtain required permits, which may cause us to lose potential and current customers, interrupt our operations and limit our growth and revenues, which in turn could affect our profitability. There is no assurance that changes in or additions to public policy regarding the protection of the environment will not have a significant impact on our operations and profitability. For example, in June 2016, the EPA finalized rules under the federal Clean Air Act regarding criteria for aggregating multiple sites into a single source for air-quality permitting purposes applicable to the oil and gas industry. This rule could cause small facilities (such as tank batteries and compressor stations), on an aggregate basis, to be deemed a major source, thereby triggering more stringent air permitting requirements, which in turn could result in operational delays or require us to install costly pollution control equipment.

Our operations also pose risks of environmental liability due to leakage, migration, releases or spills from our operations to surface or subsurface soils, surface water or groundwater. Certain environmental laws impose strict as well as joint and several liability for costs required to remediate and restore sites where hazardous substances, hydrocarbons, or solid wastes have been stored or released. We may be required to remediate contaminated properties currently or formerly operated by us or facilities of third parties that received waste generated by our operations regardless of whether such contamination resulted from the conduct of others or from consequences of our own actions that were in compliance with all applicable laws at the time those actions were taken. In addition, claims for damages to persons or property, including natural resources, may result from the environmental, health and safety impacts of our operations. Moreover, public interest in the protection of the environment has increased dramatically in recent years. The trend of more expansive and stringent environmental legislation and regulations applied to the crude oil and natural gas industry could continue, resulting in increased costs of doing business and consequently affecting profitability. Please read "Business—Regulation of Environmental and Occupational Safety and Health Matters" for more information.

**Stricter regulation of wastes generated during our or our customers' operations, or the introduction of hazardous non-exempt waste to our Antero Clearwater Facility, could result in liability under, or costs and expenditures to comply with, environmental laws and regulations governing the handling, storage, treatment and disposal of solid and hazardous wastes, and the permits issued under them.**

Our and Antero Resources' operations generate solid wastes, including some hazardous wastes, that are subject to RCRA, and comparable state laws, which impose requirements for the handling, storage, treatment and disposal of hazardous waste. RCRA currently exempts many natural gas gathering and field processing wastes from classification as hazardous waste. Specifically, RCRA excludes from the definition of hazardous waste produced waters and other wastes intrinsically associated with the exploration, development, or production of crude oil and natural gas, including residual constituents derived from those exempt wastes. However, these oil and gas exploration and production wastes may still be regulated under state solid waste laws and regulations, and it is possible that certain oil and natural gas exploration and production wastes now classified as exploration and production-exempt non-hazardous waste could be classified as hazardous waste in the future. For example, in December 2016, the EPA and environmental groups entered into a consent decree to address EPA's alleged failure to timely assess its RCRA Subtitle D criteria regulations exempting certain exploration and production related oil and gas wastes from regulation as hazardous wastes under RCRA. The consent decree requires EPA to propose a rulemaking no later than March 15, 2019 for revision of certain Subtitle D criteria regulations pertaining to oil and gas wastes or to sign a determination that revision of the regulations is not necessary. Stricter regulation of wastes generated during our or our customers' operations could result in increased costs for our operations or the operations of our customers, which could in turn reduce demand for our services and adversely affect our business.

The Antero Clearwater Facility and adjacent Antero Landfill operate pursuant to West Virginia DEP permits for the management of stormwater and wastewater and the disposal and management of solid waste. The produced water, flowback water, and other waste associated with shale development treated at the Antero Clearwater Facility are exempt from RCRA hazardous waste regulations. Likewise, the input (residual salt derived from the wastewater treated at the Antero Clearwater Facility) and output (leachate derived from precipitation run-off contacting the non-hazardous salt) to and from the Antero Landfill also qualify as exploration and production-exempt non-hazardous wastes because they derive from non-hazardous exempt material. However, in the event that hazardous non-exempt waste streams are introduced to and mix with the exempt waste at the Antero Clearwater Facility, or if we otherwise fail to handle or treat such exempt materials pursuant to our West Virginia DEP permits, we may be subject to penalties and/or corrective action measures.

**Climate change laws and regulations restricting emissions of "greenhouse gases" could result in increased operating costs and reduced demand for the natural gas that we gather while potential physical effects of climate change could disrupt Antero Resources' production and cause it to incur significant costs in preparing for or responding to those effects.**

In response to findings that emissions of carbon dioxide, methane and other GHGs present an endangerment to public health and the environment, the EPA has adopted regulations under existing provisions of the federal Clean Air Act that, among other things, establish PSD construction and Title V operating permit reviews for certain large stationary sources that are already potential major sources of certain principal, or criteria, pollutant emissions. Facilities required to obtain PSD permits for their GHG emissions also will be required to meet "best available control technology" standards that will be established by the states or, in some cases, by the EPA for those emissions. These EPA rules could adversely affect our operations and restrict or delay our ability to obtain air permits for new or modified sources. In addition, the EPA has adopted rules requiring the monitoring and reporting of GHG emissions from specified onshore and offshore oil and gas production sources in the United States on an annual basis, which include certain of our operations. For example, in December 2015, the EPA finalized rules that added new sources to the scope of the GHG monitoring and reporting rule. These new sources include gathering and boosting facilities, as well as completions and workovers of hydraulically fractured wells. The revisions also include the addition of well identification reporting requirements for certain facilities. These changes to EPA's GHG emissions reporting rule could result in increased compliance costs.

In June 2016, the EPA finalized new regulations, known as Subpart OOOOa, that establish emission standards for methane and volatile organic compounds from new and modified oil and natural gas production and natural gas processing and transmission facilities. The EPA's rule package includes first-time standards to address emissions of methane from equipment and processes across the source category, including hydraulically fractured oil and natural gas well completions. In addition, the rule package extends existing VOC standards under the EPA's Subpart OOOO to include previously unregulated equipment within the oil and natural gas source category. In June 2017, the EPA proposed to delay implementation of the 2016 methane rule, but in July 2017, the U.S. Court of Appeals for the District of Columbia Circuit ruled that such a stay was unlawful. In September 2018, the EPA proposed amendments to the 2016 standards that would relax the rule's fugitive emissions monitoring requirements and expand exceptions to pneumatic pump requirements, among other changes. Various industry and environmental groups separately challenged both the methane requirements and the EPA's attempts to delay implementation of the rules. In addition, in April 2018, several states filed a lawsuit that seeks to compel the EPA to issue methane performance standards for existing sources in the oil and natural gas source category. As a result of these developments, substantial uncertainty exists with respect to implementation of the EPA's 2016 methane rule. However, given the long-term trend toward increasing regulation, future federal GHG regulations of the oil and gas industry remain a possibility, and several states, including West Virginia and Ohio, have separately imposed their own regulations on methane emissions from oil and gas production activities.

While Congress has from time to time considered legislation to reduce emissions of GHGs, there has been significant activity in the form of federal legislation in recent years. In the absence of such federal climate legislation, a number of state and regional efforts have emerged that are aimed at tracking and/or reducing GHG emissions by means of cap and trade programs that typically require major sources of GHG emissions, such as electric power plants, to acquire and surrender emission allowances in return for emitting those GHGs. Although it is not possible at this time to predict how legislation or new regulations that may be adopted to address GHG emissions would impact our business, any such future laws and regulations imposing reporting obligations on, or limiting emissions of GHGs from, our equipment and operations could require us to incur costs to reduce emissions of GHGs associated with our operations. Substantial limitations on GHG emissions could also adversely affect demand for the oil and natural gas Antero Resources produces and lower the value of its reserves. Depending on the severity of any such limitations, the effect on the value of Antero Resources reserves could be significant.

On an international level, the United States is one of almost 200 nations that, in December 2015, agreed to an international climate change agreement in Paris, France, that calls for countries to set their own GHG emissions targets and be transparent about the measures each country will use to achieve its GHG emissions targets ("Paris Agreement"). The Paris Agreement was signed by the United States in April 2016 and entered into force on November 4, 2016; however, the Paris Agreement does not impose any binding obligations on its participants. In August 2017, the U.S. Department of State officially informed the United Nations of the United States' intent to withdraw from the Paris Agreement. The Paris Agreement provides for a four-year exit process beginning when it took effect in November 2016, which would result in an effective exit date of November 2020. The United States' adherence to the exit process and/or the terms on which the United States may reenter the Paris Agreement or a separately negotiated agreement are unclear at this time.

Notwithstanding potential risks related to climate change, the International Energy Agency estimates that oil and gas will continue to represent a major share of global energy use through 2040, and other private sector studies project continued growth in demand for the next two decades. However, recent activism directed at shifting funding away from companies with energy-related assets could result in limitations or restrictions on certain sources of funding for the energy sector. Moreover, activist shareholders have introduced proposals that may seek to force companies to adopt aggressive emission reduction targets or to shift away from more carbon-intensive activities. While we cannot predict the outcomes of such proposals, they could ultimately make it more difficult to engage in exploration and production activities. Finally, it should be noted that a number of scientists have concluded that increasing concentrations of GHGs in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, floods, droughts, and other extreme climatic events; if any such effects were to occur, they have the potential to cause physical damage to our assets or affect the availability of water and thus could have an adverse effect on our exploration and production operations.

**We may incur significant costs and liabilities as a result of pipeline integrity management program testing and any related pipeline repair or preventative or remedial measures.**

The United States Department of Transportation, or DOT, has adopted regulations requiring pipeline operators to develop integrity management programs for transportation pipelines located where a leak or rupture could do the most harm in "high consequence areas." The regulations require operators to:

- perform ongoing assessments of pipeline integrity;
- identify and characterize applicable threats to pipeline segments that could impact a high consequence area;
- improve data collection, integration and analysis;
- repair and remediate the pipeline as necessary; and
- implement preventive and mitigating actions.

The Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011, or the 2011 Pipeline Safety Act, among other things, increased the maximum civil penalty for pipeline safety violations and directed the Secretary of Transportation to promulgate rules or standards relating to expanded integrity management requirements, automatic or remote-controlled valve use, excess flow valve use, leak detection system installation and testing to confirm the material strength of pipe operating above 30% of specified minimum yield strength in high consequence areas. Consistent with the 2011 Pipeline Safety Act, the Pipelines and Hazardous Materials Safety Administration, or PHMSA, finalized rules consistent with the signed act that increased the maximum administrative civil penalties for violations of the pipeline safety laws and regulations to $200,000 per violation per day, with a maximum of $2,000,000 for a related series of violations. In April 2017, those maximum civil penalties were increased to $209,002 and $2,090,022, respectively, to account for inflation. Should our operations fail to comply with DOT or comparable state regulations, we could be subject to substantial penalties and fines. Additionally, in May 2011, PHMSA published a final rule adding reporting obligations and integrity management standards to certain rural low-stress hazardous liquid pipelines that were not previously regulated in such manner.

In June 2016, the President of the United States signed into law important new legislation entitled Protecting our Infrastructure of Pipelines and Enhancing Safety Act of 2016, or the PIPES Act. The PIPES Act reauthorizes PHMSA through 2019, and facilitates greater pipeline safety by providing PHMSA with emergency order authority, including authority to issue prohibitions and safety measures on owners and operators of gas or hazardous liquid pipeline facilities to address imminent hazards, without prior notice or an opportunity for a hearing, as well as enhanced release reporting requirements, requiring a review of both natural gas and hazardous liquid integrity management programs, and mandating the creation of a working group to consider the development of an information-sharing system related to integrity risk analyses. The PIPES Act also requires that PHMSA publish periodic updates on the status of those mandates outstanding from 2011 Pipeline Safety Act, of which approximately nine remain to be completed. The mandates yet to be acted upon include requiring certain shut-off valves on transmission lines, mapping all high consequence areas, and requiring pipeline owners or operators to reconfirm their MAOP as expeditiously as economically feasible.

PHMSA regularly revises its pipeline safety regulations. For example, in March 2015, PHMSA finalized new rules applicable to gas and hazardous liquid pipelines that, among other changes, impose new post-construction inspections, welding, gas component pressure testing requirements, as well as requirements for calculating pressure reductions for immediate repairs on liquid pipelines. More recently, in January 2017, PHMSA finalized regulations for hazardous liquid pipelines that significantly extend and expand the reach of certain PHMSA integrity management requirements (i.e., periodic assessments, leak detection and repairs) regardless of the pipeline's proximity to a high consequence area. The final rule also imposes new reporting requirements for certain unregulated pipelines, including all hazardous liquid gathering lines. However, implementation of this rule was delayed as a result of the change in U.S. Presidential Administrations, and the final rule is not expected to be published in the Federal Register until the first half of 2019. Separately, in March 2017, new PHMSA rules related to gas and hazardous liquid pipeline accident reporting, control room personnel training requirements, personnel drug and alcohol testing, and incorporating consensus standards by reference for integrity management issues such as in-line inspection and stress corrosion cracking direct assessment became effective. Additional future regulatory action expanding PHMSA jurisdiction and imposing stricter integrity management requirements is likely. For example, in May 2016, PHMSA proposed rules that would, if adopted, impose more stringent requirements for certain gas transmission and gathering pipelines. Among other things, the proposed rulemaking would extend certain of PHMSA's current regulatory safety programs for gas pipelines beyond "high consequence areas" to cover gas pipelines found in newly defined "moderate consequence areas" that contain as few as 5 dwellings within the potential impact area and would also require gas pipelines installed before 1970 that are currently exempted from certain pressure testing obligations to be tested to determine their MAOP. Other new requirements proposed by PHMSA under the rulemaking would require pipeline operators to: report to PHMSA in the event of certain MAOP exceedances; strengthen PHMSA integrity management requirements; consider seismicity in evaluating threats to a pipeline; conduct hydrostatic testing for all pipeline segments manufactured using longitudinal seam welds; and use more detailed guidance from PHMSA in the selection of assessment methods to inspect pipelines. The proposed rulemaking also seeks to impose a number of requirements on gathering lines. PHMSA has announced its intention to divide the proposed rule into three parts and issue three separate final rulemakings in 2019. Part I is expected to address the expansion of risk assessment and MAOP requirements (expected issuance in March 2019); Part II is expected to address the expansion of integrity management program regulations (expected issuance in June 2019); and Part III is expected to expand the regulation of gas gathering lines (expected issuance in August 2019). The adoption of these and other laws or regulations that apply more comprehensive or stringent safety standards could require us to install new or modified safety controls, pursue new capital projects, or conduct maintenance programs on an accelerated basis, all of which could require us to incur increased operational costs that could be significant. While we cannot predict the outcome of legislative or regulatory initiatives, such legislative and regulatory changes could have a material effect on our cash flow. Please read "Business—Pipeline Safety Regulation" for more information.

**Our business involves many hazards and operational risks, some of which may not be fully covered by insurance. The occurrence of a significant accident or other event that is not fully insured could curtail our operations and have a material adverse effect on our ability to distribute cash and, accordingly, the market price for our common units.**

Our operations are subject to all of the hazards associated with the provision, gathering and compression of natural gas, NGLs and oil, and water handling and treatment services, including:

- unintended breach of impoundment and downstream flooding, release of invasive species or aquatic pathogens, hazardous spills near intake points, trucking collision, vandalism, excessive road damage or bridge collapse and unauthorized access or use of automation controls;

- damage to pipelines, compressor stations, pump stations, impoundments, related equipment and surrounding properties caused by natural disasters, acts of terrorism and acts of third parties;
- damage from construction, farm and utility equipment as well as other subsurface activity (for example, mine subsidence);
- leaks of natural gas, NGLs or oil or losses of natural gas, NGLs or oil as a result of the malfunction of equipment or facilities;
- fires, ruptures and explosions;
- other hazards that could also result in personal injury and loss of life, pollution of the environment, including natural resources, and suspension of operations; and
- hazards experienced by other operators that may affect our operations by instigating increased regulations and oversight.

Any of these risks could adversely affect our ability to conduct operations or result in substantial loss to us as a result of claims for:

- injury or loss of life;
- damage to and destruction of property, natural resources and equipment;
- pollution and other environmental damage;
- regulatory investigations and penalties;
- suspension of our operations; and
- repair and remediation costs.

We may elect not to obtain insurance for any or all of these risks if we believe that the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable under policies we are covered under, and neither we nor our general partner on our behalf have obtained pollution insurance. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on our business, financial condition and results of operations.

**We do not own all of the land on which our pipelines and facilities are located, which could result in disruptions to our operations.**

We do not own all of the land on which our pipelines and facilities have been constructed, and we are, therefore, subject to the possibility of more onerous terms or increased costs to retain necessary land use if we do not have valid rights-of-way or if such rights-of-way lapse or terminate. We obtain the rights to construct and operate our pipelines on land owned by third parties and governmental agencies for a specific period of time. Our loss of these rights, through our inability to renew right-of-way contracts or otherwise, could have a material adverse effect on our business, results of operations, financial condition and ability to make cash distributions to you.

**We are subject to complex federal, state and local laws and regulations that could adversely affect the cost, manner or feasibility of conducting our operations or expose us to significant liabilities.**

Our operations are subject to complex and stringent federal, state and local laws and regulations. In order to conduct our operations in compliance with these laws and regulations, we must obtain and maintain numerous permits, approvals and certificates from various federal, state and local governmental authorities. We may incur substantial costs in order to maintain compliance with these existing laws and regulations and the permits and other approvals issued thereunder. In addition, our costs of compliance may increase or operational delays may occur if existing laws and regulations are revised or reinterpreted, or if new laws and regulations apply to our operations. Failure to comply with such laws and regulations, including any evolving interpretation and enforcement by governmental authorities, could have a material adverse effect on our business, financial condition and results of operations. Also, we might not be able to obtain or maintain all required environmental regulatory approvals for our operations. If there is a delay in obtaining any required environmental regulatory approvals, or if we fail to obtain and comply with them, the operation or construction of our facilities could be prevented or become subject to additional costs.

In addition, new or additional regulations, new interpretations of existing requirements or changes in our operations could also trigger the need for Environmental Assessments or more detailed Environmental Impact Statements under the National Environmental Policy Act and analogous state laws, or that impose new permitting requirements on our operations could result in increased costs or delays of, or denial of rights to conduct, our development programs. For example, in September 2015, the EPA and U.S. Army Corps of Engineers, or the Corps, issued a final rule under the federal Clean Water Act, or the CWA, defining the scope of the EPA's and the Corps' jurisdiction over waters of the United States ("WOTUS"), but several legal challenges to the rule followed, and the WOTUS rule was stayed nationwide in October 2015 pending resolution of the court challenges. The EPA and the Corps proposed a rulemaking in June 2017 to repeal the WOTUS rule, and announced their intent to issue a new rule defining the CWA's jurisdiction. In January 2018, the U.S. Supreme Court issued a decision finding that jurisdiction to hear challenges to the WOTUS rule resides with the federal district courts; consequently, the previously filed district court cases have been allowed to proceed, resulting in a patchwork of implementation in some states and stays in others. Following the Supreme Court's decision, the EPA and the Corps issued a final rule in January 2018 staying implementation of the WOTUS rule for two years while the agencies reconsider the rule, but a federal judge barred the agencies' suspension of the rule in August 2018. Various district court decisions have revived the WOTUS rule in 22 states, while a federal court in Georgia has enjoined implementation of the rule in 11 states. As a result of these developments, future implementation of the rule is uncertain at this time. To the extent the rule expands the scope of the CWA's jurisdiction, we could face increased costs and delays with respect to obtaining permits for dredge and fill activities in wetland areas. Such potential regulations or litigation could increase our operating costs, reduce our liquidity, delay or halt our operations or otherwise alter the way we conduct our business, which could in turn have a material adverse effect on our business, financial condition and results of operations. Further, the discharges of natural gas, NGLs, oil, and other pollutants into the air, soil or water may give rise to significant liabilities on our part to the government and third parties. Please read "Item 1. Business—Regulation of Environmental and Occupational Safety and Health Matters" for a further description of laws and regulations that affect us.

**The loss of key personnel could adversely affect our ability to operate.**

We depend on the services of a relatively small group of our general partner's senior management and technical personnel. We do not maintain, nor do we plan to obtain, any insurance against the loss of any of these individuals. The loss of the services of our general partner's senior management or technical personnel, including Paul M. Rady, Chairman and Chief Executive Officer, and Glen C. Warren, Jr., President, could have a material adverse effect on our business, financial condition and results of operations.

**We do not have any officers or employees and rely solely on officers of our general partner and employees of Antero Resources.**

We are managed and operated by the board of directors of our general partner. Affiliates of Antero Resources conduct businesses and activities of their own in which we have no economic interest. As a result, there could be material competition for the time and effort of the officers and employees who provide services to our general partner and Antero Resources. If our general partner and the officers and employees of Antero Resources do not devote sufficient attention to the management and operation of our business, our financial results may suffer, and our ability to make distributions to our unitholders may be reduced.

**Debt we incur in the future may limit our flexibility to obtain financing and to pursue other business opportunities.**

Our future level of debt could have important consequences to us, including the following:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures (including required drilling pad connections and well connections pursuant to our gathering and compression agreements as well as acquisitions) or other purposes may be impaired or such financing may not be available on favorable terms;
- our funds available for operations, future business opportunities and distributions to unitholders will be reduced by that portion of our cash flows required to make interest payments on our debt;
- we may be more vulnerable to competitive pressures or a downturn in our business or the economy generally; and
- our flexibility in responding to changing business and economic conditions may be limited.

Our ability to service our debt will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to service any future indebtedness, we will be forced to take actions such as reducing distributions, reducing or delaying our business activities, investments or capital expenditures, selling assets or issuing equity. We may not be able to effect any of these actions on satisfactory terms or at all.

**Terrorist or cyber-attacks and threats could have a material adverse effect on our business, results of operations, financial condition and ability to make cash distributions.**

Terrorist or cyber-attacks may significantly affect the energy industry, including our operations and those of our suppliers and customers, as well as general economic conditions, consumer confidence and spending, and market liquidity. Strategic targets, such as energy-related assets, may be at greater risk of future attacks than other targets in the United States. Our insurance may not protect us against such occurrences. We depend on digital technology in many areas of our business and operations, including, but not limited to, performing many of our gathering and compression and water handling and treatment services, recording financial and operating data, oversight and analysis of our operations, and communications with the employees supporting our operations and our customers or service providers. Deliberate attacks on our assets, security breaches in our systems or infrastructure, or the systems or infrastructure of third-parties or the cloud, could lead to the corruption or loss of our proprietary and potentially sensitive data, delays in the performance of services for our customers, difficulty in completing and settling transactions, challenges in maintaining our books and records, environmental damage, communication interruptions, or other operational disruptions and third-party liabilities. Cybersecurity attacks in particular are becoming more sophisticated and include, but are not limited to, malicious software, ransomware, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information, and corruption of data.

As cyber-attacks continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerabilities to cyber-attacks. In particular, our implementation of various procedures and controls to monitor and mitigate security threats and to increase security for our personnel, information, facilities and infrastructure may result in increased capital and operating costs. To date, we have not experienced any material losses relating to cyber-attacks; however, there can be no assurance that we will not suffer such losses in the future. Consequently, it is possible that any of these occurrences, or a combination of them, could have a material adverse effect on our business, results of operations, financial condition and ability to make cash distributions.

## Risks Inherent in an Investment in Us

**Antero Resources, our general partner and their respective affiliates, including AMGP, which owns our general partner, have conflicts of interest with us and limited duties to us and our unitholders, and they may favor their own interests to the detriment of us and our other common unitholders.**

AMGP owns and controls our general partner and appoints all of the officers and directors of our general partner. All of the officers and a majority of the directors of our general partner are officers or directors of AMGP GP LLC, the general partner of AMGP ("AMGP GP"). Similarly, all of the officers and a majority of the directors of our general partner are also officers or directors of Antero Resources. Although our general partner has a duty to manage us in a manner that is beneficial to us and our unitholders, the directors and officers of our general partner have a fiduciary duty to manage our general partner in a manner that is beneficial to its owner, AMGP. Further, our general partner's directors and officers who are also directors and officers of Antero Resources have a fiduciary duty to manage Antero Resources in a manner that is beneficial to Antero Resources. Conflicts of interest will arise between Antero Resources, AMGP, and our general partner, on the one hand, and us and our common unitholders, on the other hand. In resolving these conflicts of interest, our general partner may favor its own interests and the interests of AMGP or Antero Resources over our interests and the interests of our unitholders. These conflicts include the following situations, among others:

- actions taken by our general partner may affect the amount of cash available to pay distributions to unitholders;
- the directors and officers of AMGP have a fiduciary duty to make decisions in the best interests of AMGP and its owners, which may be contrary to our interests;
- the directors and officers of Antero Resources have a fiduciary duty to make decisions in the best interests of Antero Resources and its owners, which may be contrary to our interests;

- our general partner is allowed to take into account the interests of parties other than us, such as AMGP, in exercising certain rights under our partnership agreement;
- except in limited circumstances, our general partner has the power and authority to conduct our business without unitholder approval;
- our general partner may cause us to borrow funds in order to permit the payment of cash distributions;
- our general partner determines the amount and timing of asset purchases and sales, borrowings, issuances of additional partnership securities and the level of reserves, each of which can affect the amount of cash that is distributed to our unitholders;
- our general partner determines the amount and timing of any capital expenditure and whether a capital expenditure is classified as a maintenance capital expenditure, which reduces operating surplus, or an expansion capital expenditure, which does not reduce operating surplus, and this determination can affect the amount of cash from operating surplus that is distributed to our unitholders;
- our partnership agreement limits the liability of, and replaces the duties owed by, our general partner and also restricts the remedies available to our unitholders for actions that, without the limitations, might constitute breaches of fiduciary duty;
- common unitholders have no right to enforce obligations of our general partner and its affiliates under agreements with us;
- contracts between us, on the one hand, and our general partner and its affiliates, on the other, are not and will not be the result of arm's length negotiations;
- our partnership agreement permits us to distribute up to $75.0 million as operating surplus, even if it is generated from asset sales, non-working capital borrowings or other sources that would otherwise constitute capital surplus, which may be used to fund distributions on the incentive distribution rights;
- our general partner determines which costs incurred by it and its affiliates (including Antero Resources) are reimbursable by us;
- our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with its affiliates on our behalf;
- our general partner intends to limit its liability regarding our contractual and other obligations;
- our general partner may exercise its right to call and purchase common units if it and its affiliates (including Antero Resources) own more than 80% of the common units;
- our general partner controls the enforcement of obligations that it and its affiliates (including Antero Resources) owe to us;
- we may not choose to retain separate counsel for ourselves or for the holders of common units;
- our general partner's affiliates may compete with us, and neither our general partner nor its affiliates have any obligation to present business opportunities to us; and
- the holder or holders of our incentive distribution rights may elect to cause us to issue common units to it in connection with a resetting of incentive distribution levels without the approval of our unitholders, which may result in lower distributions to our common unitholders in certain situations.

**Certain of our common unitholders have investments in our affiliates that may conflict with the interests of other holders of our common units, including with respect to the Transactions.**

Certain funds affiliated with Warburg Pincus LLC ("Warburg"), certain funds affiliated with Yorktown Partners LLC ("Yorktown"), Paul M. Rady and Glen C. Warren, Jr. (collectively, the "Sponsors") own a significant interest in us. Affiliates of Warburg and Yorktown, Mr. Rady and Mr. Warren serve as members of the board of directors of our general partner and the board of directors of Antero Resources and AMGP GP, and each of Warburg and Yorktown are controlled in part by individuals who serve as members of the board of directors of AMGP and the board of directors of Antero Resources. The Sponsors also own the membership interests in AMGP GP, a majority of the common shares in AMGP, a majority of the Series B Units in IDR LLC, the holder of our IDRs, and a significant portion of the shares of common stock of Antero Resources. Please see "Item 11. Executive Compensation—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Series B Units in IDR LLC" for more information regarding the Series B Units in IDR LLC. As a result of their investments in AMGP, AMGP GP and Antero Resources, the Sponsors may have conflicting interests with other holders of our common units, including with respect to the Transactions. Conflicts of interest could arise in the future between us, on the one hand, and the Sponsors, on the other hand, regarding, among other things, decisions related to our financing, capital expenditure and growth plans, decisions to modify or limit the IDRs in the future, the terms of our agreements with Antero Resources and AMGP and their respective subsidiaries, and the pursuit of potentially competitive business activities or business opportunities.

**Ongoing cost reimbursements due to our general partner and its affiliates for services provided, which are determined by our general partner, will be substantial and will reduce our cash available for distribution to our unitholders.**

Prior to making distributions on our common units, we reimburse our general partner and its affiliates for all expenses they incur on our behalf. These expenses include all costs incurred by our general partner and its affiliates in managing and operating us, including costs for rendering administrative staff and support services to us and reimbursements paid by our general partner to Antero Resources for customary management and general administrative services. There is no limit on the amount of expenses for which our general partner and its affiliates may be reimbursed under the services agreement. Our partnership agreement provides that our general partner determines the expenses that are allocable to us in good faith. In addition, under Delaware partnership law, our general partner has unlimited liability for our obligations, such as our debts and environmental liabilities, except for our contractual obligations that are expressly made without recourse to our general partner. To the extent our general partner incurs obligations on our behalf, we are obligated to reimburse or indemnify it. If we are unable or unwilling to reimburse or indemnify our general partner, our general partner may take actions to cause us to make payments of these obligations and liabilities. Any such payments could reduce the amount of cash otherwise available for distribution to our unitholders.

**We expect to distribute a significant portion of our cash available for distribution to our partners, which could limit our ability to grow and make acquisitions.**

We plan to distribute most of our cash available for distribution, which may cause our growth to proceed at a slower pace than that of businesses that reinvest their cash to expand ongoing operations. To the extent we issue additional units in connection with any acquisitions or expansion capital expenditures, the payment of distributions on those additional units may increase the risk that we will be unable to maintain or increase our per unit distribution level. There are no limitations in our partnership agreement on our ability to issue additional units, including units ranking senior to the common units. In addition, the incurrence of commercial borrowings or other debt to finance our growth strategy would result in increased interest expense, which, in turn, may reduce the cash that we have available to distribute to our unitholders.

**Our partnership agreement replaces our general partner's fiduciary duties to holders of our units with contractual standards governing its duties.**

Our partnership agreement contains provisions that eliminate and replace the fiduciary standards to which our general partner would otherwise be held by state fiduciary duty law. For example, our partnership agreement permits our general partner to make a number of decisions, in its individual capacity, as opposed to in its capacity as our general partner, or otherwise, free of fiduciary duties to us and our unitholders other than the implied contractual covenant of good faith and fair dealing, which means that a court will enforce the reasonable expectations of the parties where the language in our partnership agreement does not provide for a clear course of action. This entitles our general partner to consider only the interests and factors that it desires, and it has no duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or our limited partners. Examples of decisions that our general partner may make in its individual capacity include:

- how to allocate business opportunities among us and its other affiliates;

- whether to exercise its limited call right;
- how to exercise its voting rights with respect to the units it owns;
- whether to exercise its registration rights;
- whether to elect to reset target distribution levels; and
- whether or not to consent to any merger or consolidation of the partnership or amendment to the partnership agreement.

Unitholders are treated as having consented to the provisions in the partnership agreement, including the provisions discussed above.

**Our partnership agreement limits the liability of, and replaces the duties owed by, our general partner and also restricts the remedies available to our unitholders for actions that, without the limitations, might constitute breaches of fiduciary duty.**

Our partnership agreement contains provisions that restrict the remedies available to our unitholders for actions that might otherwise constitute breaches of fiduciary duty under state fiduciary duty law. For example, our partnership agreement provides that:

- our general partner will not have any liability to us or our unitholders for decisions made in its capacity as general partner so long as it acted in good faith, meaning it believed that the decision was not adverse to the interest of the partnership, and, with respect to criminal conduct, did not act with the knowledge that its conduct was unlawful;
- our general partner and its officers and directors will not be liable for monetary damages or otherwise to us or our limited partners for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that such losses or liabilities were the result of the conduct of our general partner or such officer or director engaged in by it in bad faith or, with respect to any criminal conduct, with the knowledge that its conduct was unlawful; and
- in resolving conflicts of interest, it will be presumed that in making its decision our general partner, the board of directors of our general partner or the conflicts committee of the board of directors of our general partner acted in good faith, and in any proceeding brought by or on behalf of any limited partner or us, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption and proving that such decision was not in good faith.

**Our partnership agreement designates the Court of Chancery of the State of Delaware as the exclusive forum for certain types of actions and proceedings that may be initiated by our unitholders, which limits our unitholders' ability to choose the judicial forum for disputes with us or our general partner's directors, officers or other employees. Our partnership agreement also provides that any unitholder bringing an unsuccessful action will be obligated to reimburse us for any costs we have incurred in connection with such unsuccessful action.**

Our partnership agreement provides that, with certain limited exceptions, the Court of Chancery of the State of Delaware will be the exclusive forum for any claims, suits, actions or proceedings (1) arising out of or relating in any way to our partnership agreement (including any claims, suits or actions to interpret, apply or enforce the provisions of our partnership agreement or the duties, obligations or liabilities among limited partners or of limited partners to us, or the rights or powers of, or restrictions on, the limited partners or us), (2) brought in a derivative manner on our behalf, (3) asserting a claim of breach of a duty owed by any director, officer or other employee of us or our general partner, or owed by our general partner, to us or the limited partners, (4) asserting a claim arising pursuant to any provision of the Delaware Revised Uniform Limited Partnership Act (the "Delaware Act") or (5) asserting a claim against us governed by the internal affairs doctrine. In addition, if any unitholder brings any of the aforementioned claims, suits, actions or proceedings and such person does not obtain a judgment on the merits that substantially achieves, in substance and amount, the full remedy sought, then such person shall be obligated to reimburse us and our affiliates for all fees, costs and expenses of every kind and description, including but not limited to all reasonable attorneys' fees and other litigation expenses, that the parties may incur in connection with such claim, suit, action or proceeding. Limited partners who own common units irrevocably consent to these limitations, provisions and potential reimbursement obligations regarding claims, suits, actions or proceedings and submitting to the exclusive jurisdiction of the Court of Chancery of the State of Delaware (or such other court) in connection with any such claims, suits, actions or proceedings. These provisions may have the effect of discouraging lawsuits against us and our general partner's directors and officers.

**Holders of our common units have limited voting rights and are not entitled to elect our general partner or its directors, which could reduce the price at which our common units will trade.**

Compared to the holders of common stock in a corporation, unitholders have limited voting rights and, therefore, limited ability to influence management's decisions regarding our business. Unitholders will have no right on an annual or ongoing basis to elect our general partner or its board of directors. The board of directors of our general partner, including the independent directors, is chosen entirely by AMGP, as a result of it owning our general partner, and not by our unitholders. Please read "Item 10. Directors, Executive Officers, and Corporate Governance—Management of Antero Midstream Partners LP" and "Certain Relationships and Related Transactions." Unlike publicly-traded corporations, we do not conduct annual meetings of our unitholders to elect directors or conduct other matters routinely conducted at annual meetings of stockholders of corporations. As a result of these limitations, the price at which the common units will trade could be diminished because of the absence or reduction of a takeover premium in the trading price.

**Our general partner intends to limit its liability regarding our obligations.**

Our general partner intends to limit its liability under contractual arrangements between us and third parties so that the counterparties to such arrangements have recourse only against our assets, and not against our general partner or its assets. Our general partner may therefore cause us to incur indebtedness or other obligations that are nonrecourse to our general partner. Our partnership agreement provides that any action taken by our general partner to limit its liability is not a breach of our general partner's duties, even if we could have obtained more favorable terms without the limitation on liability. In addition, we are obligated to reimburse or indemnify our general partner to the extent that it incurs obligations on our behalf. Any such reimbursement or indemnification payments would reduce the amount of cash otherwise available for distribution to our unitholders.

**The holder or holders of our incentive distribution rights may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to its incentive distribution rights, without the approval of the conflicts committee of our general partner's board of directors or the holders of our common units. This could result in lower distributions to holders of our common units.**

The holder or holders of a majority of our incentive distribution rights have the right, at any time they have received incentive distributions at the highest level to which they are entitled (50%) for each of the prior four consecutive fiscal quarters, to reset the initial target distribution levels at higher levels based on our cash distribution levels at the time of the exercise of the reset election. The incentive distribution rights have received incentive distributions at the highest level for the prior four consecutive fiscal quarters. Following a reset election, a baseline distribution amount will be calculated equal to an amount equal to the prior cash distribution per common unit for the fiscal quarter immediately preceding the reset election (such amount is referred to as the ''reset minimum quarterly distribution''), and the target distribution levels will be reset to correspondingly higher levels based on percentage increases above the reset minimum quarterly distribution.

We anticipate that the holder of our incentive distribution rights would exercise this reset right in order to facilitate acquisitions or internal growth projects that would not be sufficiently accretive to cash distributions per unit without such conversion. However, the holder of our incentive distribution rights may transfer the incentive distribution rights at any time. It is possible that the holder of our incentive distribution rights or a transferee could exercise this reset election at a time when we are experiencing declines in our aggregate cash distributions or at a time when the holders of the incentive distribution rights expect that we will experience declines in our aggregate cash distributions in the foreseeable future. In such situations, the holders of the incentive distribution rights may be experiencing, or may expect to experience, declines in the cash distributions it receives related to the incentive distribution rights and may therefore desire to be issued our common units, which are entitled to specified priorities with respect to our distributions and which therefore may be more advantageous for them to own in lieu of the right to receive incentive distribution payments based on target distribution levels that are less certain to be achieved. As a result, a reset election may cause our common unitholders to experience dilution in the amount of cash distributions that they would have otherwise received had we not issued new common units to the holders of the incentive distribution rights in connection with resetting the target distribution levels.

**The incentive distribution rights may be transferred to a third party without unitholder consent.**

The holder of our incentive distribution rights may transfer the incentive distribution rights to a third party at any time without the consent of our unitholders. If the incentive distribution rights are transferred to a third party but our general partner retains its general partner interest, our general partner (and its owner, AMGP) may not have the same incentive to grow our partnership and increase quarterly distributions to unitholders over time as it would if it had retained indirect ownership of the incentive distribution rights.

**Increases in interest rates could adversely impact our unit price and our ability to issue additional equity, to incur debt to capture growth opportunities or for other purposes, or to make cash distributions at our intended levels.**

If interest rates rise, the interest rates on our revolving credit facility, future credit facilities and debt offerings could be higher than current levels, causing our financing costs to increase accordingly. As with other yield-oriented securities, our unit price is impacted by the level of our cash distributions and implied distribution yield. The distribution yield is often used by investors to compare and rank related yield-oriented securities for investment decision-making purposes. Therefore, changes in interest rates, either positive or negative, may affect the yield requirements of investors who invest in our units, and a rising interest rate environment could have an adverse impact on our unit price and our ability to issue additional equity, to incur debt to expand or for other purposes, or to make cash distributions at our intended levels.

**Our partnership agreement restricts the voting rights of unitholders owning 20% or more of our common units.**

Unitholders' voting rights are further restricted by the partnership agreement provision providing that any units held by a person or group that owns 20% or more of any class of units then outstanding, other than our general partner, its affiliates (including Antero Resources), their transferees and persons who acquired such units with the prior approval of the board of directors of our general partner, cannot vote on any matter.

**Control of our general partner may be transferred to a third party without unitholder consent.**

Our general partner may transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of our unitholders. Furthermore, our partnership agreement does not restrict the ability of the owners of our general partner from transferring all or a portion of their respective ownership interest in our general partner to a third party. The new owners of our general partner would then be in a position to replace the board of directors and officers of our general partner with its own choices and thereby exert significant control over the decisions made by the board of directors and officers. This effectively permits a "change of control" without the vote or consent of the unitholders.

**We may issue additional units, including units that are senior to the common units, without unitholder approval, which would dilute our unitholders' existing ownership interests.**

Our partnership agreement does not limit the number of additional limited partner interests that we may issue at any time without the approval of our unitholders. The issuance by us of additional common units or other equity securities of equal or senior rank will have the following effects:

- each unitholder's proportionate ownership interest in us will decrease;
- the amount of cash available for distribution on each unit may decrease;
- the ratio of taxable income to distributions may increase;
- the relative voting strength of each previously outstanding unit may be diminished; and
- the market price of the common units may decline.

**Future sales of common units in the public markets or otherwise, which sales could have an adverse impact on the trading price of the common units.**

As of February 8, 2019, Antero Resources holds 98,870,335 common units. Additionally, we have agreed to provide Antero Resources with certain registration rights, pursuant to which we may be required to register the common units they hold under the Securities Act and applicable state securities laws. Pursuant to the registration rights agreement and our partnership agreement, we may be required to undertake a future public or private offering of common units and use the net proceeds from such offering to redeem an equal number of common units held by Antero Resources.

In November 2014, we filed a registration statement on Form S-8 under the Securities Act to register common units issuable under the Antero Midstream Partners Long-Term Incentive Plan (the "Midstream LTIP"). Subject to applicable vesting requirements, Rule 144 limitations applicable to affiliates and the expiration of lock-up agreements, common units registered under the registration statement on Form S-8 will be available for resale immediately in the public market without restriction.

Future sales of common units in public or private markets could have an adverse impact on the price of the common units or on any trading market that may develop.

**Our general partner has a limited call right that may require unitholders to sell their common units at an undesirable time or price.**

If at any time our general partner and its affiliates (including Antero Resources) own more than 80% of the common units, our general partner will have the right, but not the obligation, which it may assign to any of its affiliates or to us, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price equal to the greater of (i) the average of the daily closing price of the common units over the 20 trading days preceding the date three days before notice of exercise of the call right is first mailed and (ii) the highest per-unit price paid by our general partner or any of its affiliates for common units during the 90-day period preceding the date such notice is first mailed. As a result, unitholders may be required to sell their common units at an undesirable time or price and may not receive any return or a negative return on their investment. Unitholders may also incur a tax liability upon a sale of their units. Our general partner is not obligated to obtain a fairness opinion regarding the value of the common units to be repurchased by it upon exercise of the limited call right. There is no restriction in our partnership agreement that prevents our general partner from issuing additional common units and exercising its call right. If our general partner exercised its limited call right, the effect would be to take us private and, if the units were subsequently deregistered, we would no longer be subject to the reporting requirements of the Securities Exchange Act of 1934, or the Exchange Act. Antero Resources, which is an affiliate of our general partner, owns an aggregate of 52.8% of our common units.

**Your liability may not be limited if a court finds that unitholder action constitutes control of our business.**

A general partner of a partnership generally has unlimited liability for the obligations of the partnership, except for those contractual obligations of the partnership that are expressly made without recourse to the general partner. Our partnership is organized under Delaware law, and we own assets and conduct business in West Virginia and Ohio. You could be liable for any and all of our obligations as if you were a general partner if:

- a court or government agency determined that we were conducting business in a state but had not complied with that particular state's partnership statute; or
- your right to act with other unitholders to remove or replace the general partner, to approve some amendments to our partnership agreement or to take other actions under our partnership agreement constitute "control" of our business.

**Unitholders may have liability to repay distributions that were wrongfully distributed to them.**

Under certain circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17-607 of the Delaware Act, we may not make a distribution to our unitholders if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of the impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Substituted limited partners are liable for the obligations of the assignor to make contributions to the partnership that are known to the substituted limited partner at the time it became a limited partner and for unknown obligations if the liabilities could be determined from the partnership agreement. Liabilities to partners on account of their partnership interest and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

**The New York Stock Exchange does not require a publicly-traded partnership like us to comply with certain of its corporate governance requirements.**

Our common units are listed on the NYSE under the symbol "AM." Because we are a publicly-traded partnership, the NYSE does not require us to have a majority of independent directors on our general partner's board of directors or to establish a compensation committee or a nominating and corporate governance committee. Accordingly, unitholders do not have the same protections afforded to certain corporations that are subject to all of the NYSE corporate governance requirements. Please read "Item 10. Directors, Executive Officers, and Corporate Governance—Management of Antero Midstream Partners LP."

## Tax Risks to Common Unitholders

**Our tax treatment depends on our status as a partnership for federal income tax purposes, as well as us not being subject to a material amount of entity-level taxation. If the IRS were to treat us as a corporation for federal income tax purposes, or if we were to become subject to entity-level taxation for state tax purposes, our cash available for distribution to our unitholders would be substantially reduced.**

The anticipated after tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for federal income tax purposes.

Despite the fact that we are organized as a limited partnership under Delaware law, we would be treated as a corporation for U.S. federal income tax purposes unless we satisfy a “qualifying income” requirement. Based upon our current operations, and current Treasury Restrictions, we believe we satisfy the qualifying income requirement. We have requested and obtained a favorable private letter ruling from the IRS to the effect that, based on the facts presented in the private letter ruling request, income from fresh water delivery services is qualifying income for federal income tax purposes. We have not requested, and do not plan to request, a ruling from the IRS on any other matter affecting us. Failing to meet the qualifying income requirement or a change in current law could cause us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject us to taxation as an entity.

If we were treated as a corporation for federal income tax purposes, we would pay U.S. federal income tax on our taxable income at the corporate tax rate. Distributions to our unitholders would generally be taxed again as corporate distributions, and no income, gains, losses or deductions would flow through to our unitholders. Because a tax would be imposed upon us as a corporation, our cash available for distribution to our unitholders would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flows and after-tax return to our unitholders, likely causing a substantial reduction in the value of our common units.

Our partnership agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for U.S. federal, state or local income tax purposes, the minimum quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law or interpretation on us. We own assets and conduct business in West Virginia and Ohio. Several states have been evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise or other forms of taxation. For example, Ohio imposes a commercial activity tax of 0.26% on taxable gross receipts with a “substantial nexus” with Ohio. Imposition of a similar tax on us in other jurisdictions that we may expand to could substantially reduce our cash available for distribution to our unitholders.

**The tax treatment of publicly traded partnerships or an investment in our units could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly applied on a retroactive basis.**

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units, may be modified by administrative, legislative or judicial changes or differing interpretations at any time. From time to time, members of Congress have proposed and considered substantive changes to the existing U.S. federal income tax laws that would affect publicly traded partnerships including a prior legislative proposal that would have eliminated the qualifying income exception to the treatment of all publicly traded partnerships as corporations upon which we rely for our treatment as a partnership for U.S. federal income tax purposes.

In addition, the Treasury Department has issued, and in the future may issue, regulations interpreting those laws that affect publicly traded partnerships. Although there are no current legislative or administrative proposals, there can be no assurance that there will not be further changes to U.S. federal income tax laws or the Treasury Department’s interpretation of the qualifying income rules in a manner that could impact our ability to qualify as a publicly traded partnership in the future.

Any modification to the U.S. federal income tax laws may be applied retroactively and could make it more difficult or impossible for us to meet the exception for certain publicly traded partnerships to be treated as partnerships for U.S. federal income tax purposes. We are unable to predict whether any changes or other proposals will ultimately be enacted. Any future legislative changes could negatively impact the value of an investment in our common units. Our unitholders are urged to consult with their own tax advisors with respect to the status of regulatory or administrative developments and proposals and their potential effect on their investment in our common units.

**If the IRS were to contest the federal income tax positions we take, it may adversely impact the market for our common units, and the costs of any such contest would reduce cash available for distribution to our unitholders.**

We have not requested a ruling from the IRS with respect to our treatment as a partnership for U.S. federal income tax purposes. The IRS may adopt positions that differ from the conclusions of our counsel or from the positions we take. It may be necessary to resort to administrative or court proceedings to sustain some or all of our counsel's conclusions or the positions we take. A court may not agree with some or all of our counsel's conclusions or positions we take. Any contest with the IRS may materially and adversely impact the market for our common units and the price at which they trade. Moreover, the costs of any contest between us and the IRS will result in a reduction in our cash available for distribution to our unitholders and thus will be borne indirectly by our unitholders.

**If the IRS makes audit adjustments to our income tax returns for tax years beginning after December 31, 2017, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustments directly from us, in which case our cash available for distribution to our unitholders might be substantially reduced and our current and former unitholders may be required to indemnify us for any taxes (including any applicable penalties and interest) resulting from such audit adjustments that were paid on behalf of such unitholders.**

Pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the IRS makes audit adjustments to our income tax returns, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustments directly from us. To the extent possible under the new rules, our general partner may elect to either pay the taxes (including any applicable penalties and interest) directly to the IRS or, if we are eligible, issue a revised information statement to each unitholder and former unitholder with respect to an audited and adjusted return. Although our general partner may elect to have our unitholders and former unitholders take such audit adjustment into account and pay any resulting taxes (including applicable penalties or interest) in accordance with their interests in us during the tax year under audit, there can be no assurance that such election will be practical, permissible or effective in all circumstances. As a result, our current unitholders may bear some or all of the tax liability resulting from such audit adjustment, even if such unitholders did not own units in us during the tax year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties and interest, our cash available for distribution to our unitholders might be substantially reduced and our current and former unitholders may be required to indemnify us for any taxes (including any applicable penalties and interest) resulting from such audit adjustments that were paid on such unitholders' behalf. These rules are not applicable for tax years beginning on or prior to December 31, 2017.

**Even if unitholders do not receive any cash distributions from us, unitholders will be required to pay taxes on their share of our taxable income.**

Unitholders are required to pay federal income taxes and, in some cases, state and local income taxes on their share of our taxable income, whether or not they receive cash distributions from us. Unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax due from them with respect to that income.

In response to current market conditions, we may engage in transactions to deliver and manage our liquidity that may result in income and gain to our unitholders without a corresponding cash distribution. For example, if we sell assets and use the proceeds to repay existing debt or fund capital expenditures, unitholders may be allocated taxable income and gain resulting from the sale without receiving a cash distribution. Further, taking advantage of opportunities to reduce our existing debt, such as debt exchanges, debt repurchases, or modifications of our existing debt could result in "cancellation of indebtedness income" (also referred to as "COD income") being allocated to our unitholders as taxable income. Unitholders may be allocated COD income, and income tax liabilities arising therefrom may exceed cash distributions. The ultimate effect of any such allocations will depend on the unitholder's individual tax position with respect to its units. Unitholders are encouraged to consult their tax advisors with respect to the consequences to them of COD income.

**Tax gain or loss on the disposition of our common units could be more or less than expected.**

If a unitholder sells common units, such unitholder will recognize a gain or loss equal to the difference between the amount realized and that unitholder's tax basis in those common units. Because distributions in excess of a unitholder's allocable share of our net taxable income decrease such unitholder's tax basis in its common units, the amount, if any, of such prior excess distributions with respect to the units that unitholder sells will, in effect, become taxable income to such unitholder if the units are sold at a price greater than the unitholder's tax basis in those units, even if the price the unitholder receives is less than its original cost. In addition, because the amount realized includes a unitholder's share of our nonrecourse liabilities, if a unitholder sells its common units, the unitholder may incur a tax liability in excess of the amount of cash it receives from the sale.

A substantial portion of the amount realized from a unitholder's sale of our units, whether or not representing gain, may be taxed as ordinary income to such unitholder due to potential recapture items, including depreciation recapture. Thus, a unitholder may recognize both ordinary income and capital loss from the sale of units if the amount realized on a sale of such units is less than such unitholder's adjusted basis in the units. Net capital loss may only offset capital gains and, in the case of individuals, up to $3,000 of ordinary income per year. In the taxable period in which a unitholder sells its units, such unitholder may recognize ordinary income from our allocations of income and gain to such unitholder prior to the sale and from recapture items that generally cannot be offset by any capital loss recognized upon the sale of units.

**Unitholders may be subject to limitation on their ability to deduct interest expense incurred by us.**

In general, we are entitled to a deduction for interest paid or accrued on indebtedness properly allocable to our trade or business during our taxable year. However, under the Tax Cuts and Jobs Act, for taxable years beginning after December 31, 2017, our deduction for "business interest" is limited to the sum of our business interest income and 30% of our "adjusted taxable income." For the purposes of this limitation, our adjusted taxable income is computed without regard to any business interest expense or business interest income, and in the case of taxable years beginning before January 1, 2022, any deduction allowable for depreciation, amortization, or depletion.

**Non-U.S. unitholders will be subject to U.S. taxes and withholding with respect to their income and gain from owning our units.**

Non-U.S. unitholders are generally taxed and subject to income tax filing requirements by the United States on income effectively connected with a U.S. trade or business. Income allocated to our unitholders and any gain from the sale of our units will generally be considered to be "effectively connected" with a U.S. trade or business. As a result, distributions to a non-U.S. unitholder will be subject to withholding at the highest applicable effective tax rate and a non-U.S. unitholder who sells or otherwise disposes of a unit will also be subject to U.S. federal income tax on the gain realized from the sale or disposition of that unit.

The Tax Cuts and Jobs Act imposes a withholding obligation of 10% of the amount realized upon a non-U.S. unitholder's sale or exchange of an interest in a partnership that is engaged in a U.S. trade or business. However, due to challenges of administering a withholding obligation applicable to open market trading and other complications, the IRS has temporarily suspended the application of this withholding rule to open market transfers of interests in publicly traded partnerships pending promulgation of regulations or other guidance that resolves the challenges. It is not clear if or when such regulations or other guidance will be issued. Non-U.S. unitholders should consult a tax advisor before investing in our common units.

**Tax-exempt entities face unique tax issues from owning our common units that may result in adverse tax consequences to them.**

Investment in our common units by tax-exempt entities, such as employee benefit plans and individual retirement accounts (known as IRAs) raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from U.S. federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. With respect to taxable years beginning after December 31, 2017, subject to the proposed aggregation rules for certain similarly situated businesses or activities issued by the Treasury Department, a tax-exempt entity with more than one unrelated trade or business (including by attribution from investment in a partnership such as ours) is required to compute the unrelated business taxable income of such tax-exempt entity separately with respect to each such trade or business (including for purposes of determining any net operating loss deduction). As a result, for years beginning after December 31, 2017, it may not be possible for tax-exempt entities to utilize losses from an investment in our partnership to offset unrelated business taxable income from another unrelated trade or business and vice versa. Tax-exempt entities should consult a tax advisor before investing in our common units.

**We treat each purchaser of common units as having the same tax benefits without regard to the common units actually purchased. The IRS may challenge this treatment, which could adversely affect the value of the common units.**

Because we cannot match transferors and transferees of our common units and because of other reasons, we have adopted certain methods for allocating depreciation and amortization deductions that may not conform to all aspects of existing Treasury Regulations. Our counsel is unable to opine as to the validity of this approach. A successful IRS challenge to the use of these methods could adversely affect the amount of tax benefits available to our unitholders. It also could affect the timing of these tax benefits or the amount of gain from a unitholder's sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to a unitholder's tax returns.

**We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our common units each month based upon the ownership of our common units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.**

We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month (the "Allocation Date"), instead of on the basis of the date a particular unit is transferred. Similarly, we generally allocate (i) certain deductions for depreciation of capital additions, (ii) gain or loss realized on a sale or other disposition of our assets, and (iii) in the discretion of the general partner, any other extraordinary item of income, gain, loss or deduction based upon ownership on the Allocation Date. Treasury Regulations allow a similar monthly simplifying convention, but such regulations do not specifically authorize all aspects of our proration method. If the IRS were to challenge our proration method, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders.

**A unitholder whose units are the subject of a securities loan (e.g., a loan to a "short seller" to cover a short sale of units) may be considered to have disposed of those units. If so, the unitholder would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and could recognize gain or loss from the disposition.**

Because there are no specific rules governing the U.S. federal income tax consequence of loaning a partnership interest, a unitholder whose units are the subject of a securities loan may be considered to have disposed of the loaned units. In that case, the unitholder may no longer be treated for tax purposes as a partner with respect to those units during the period of the loan to the short seller and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan, any of our income, gain, loss or deduction with respect to those units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a securities loan are urged to consult a tax advisor to determine whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their units.

**We have adopted certain valuation methodologies in determining a unitholder's allocations of income, gain, loss and deduction. The IRS may challenge these methodologies or the resulting allocations, and such a challenge could adversely affect the value of our common units.**

In determining the items of income, gain, loss and deduction allocable to our unitholders, we must routinely determine the fair market value of our assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we make many fair market value estimates using a methodology based on the market value of our common units as a means to measure the fair market value of our assets. The IRS may challenge these valuation methods and the resulting allocations of income, gain, loss and deduction.

A successful IRS challenge to these methods or allocations could adversely affect the timing or amount of taxable income or loss being allocated to our unitholders. It also could affect the amount of gain recognized from the sale of our common units, have a negative impact on the value of our common units or result in audit adjustments to our unitholders' tax returns without the benefit of additional deductions.

**Unitholders will likely be subject to state and local taxes and income tax return filing requirements in jurisdictions where they do not live as a result of investing in our common units.**

In addition to U.S. federal income taxes, our unitholders may be subject to other taxes, including foreign, state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we conduct business or own property now or in the future, even if they do not live in any of those jurisdictions. Unitholders will likely be required to file foreign, state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions. Further, unitholders may be subject to penalties for failure to comply with those requirements.

We own assets and conduct business in West Virginia and Ohio, each of which imposes a personal income tax on individuals. If we make acquisitions or expand our business, we may own assets or conduct business in additional states that impose a personal income tax. It is each unitholder's responsibility to file all United States federal, foreign, state and local tax returns and pay any taxes due in these jurisdictions. Our counsel has not rendered an opinion on the state or local tax consequences of an investment in our common units. Unitholders should consult with their own tax advisors regarding the filing of such tax returns, the payment of such taxes, and the deductibility of any taxes paid.

## Item 1B.  Unresolved Staff Comments

Not applicable.

## Item 3.  Legal Proceedings

Our operations are subject to a variety of risks and disputes normally incident to our business.  As a result, we may, at any given time, be a defendant in various legal proceedings and litigation arising in the ordinary course of business.  However, we are not currently subject to any material litigation.

We maintain insurance policies with insurers in amounts and with coverage and deductibles that we, with the advice of our insurance advisors and brokers, believe are reasonable and prudent.  We cannot, however, assure you that this insurance will be adequate to protect us from all material expenses related to potential future claims for personal and property damage or that these levels of insurance will be available in the future at economical prices.

## Item 4.  Mine Safety Disclosures

Not applicable.

# PART II

## Item 5.  Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

### Common Units

Our common units are listed on the New York Stock Exchange and traded under the symbol "AM." On February 8, 2019, our common units were held by 2 holders of record.  The number of holders does not include the holders for whom units are held in a "nominee" or "street" name.  In addition, as of February 13, 2019, Antero Resources and its affiliates owned 98,870,335 of our common units, which represents a 52.8% limited partner interest in us.

### Issuer Purchases of Equity Securities

The following table sets forth our common unit repurchase activity for each period presented:

| Period | Number of Common Units Purchased | Average Price Paid per Common Unit | Total Number of Common Units Purchased as Part of Publicly Announced Plans | Maximum Number of Common Units that May Yet be Purchased Under the Plan |
|---|---|---|---|---|
| October 1, 2018 – October 31, 2018 | 548 | $ 32.72 | — | N/A |
| November 1, 2018 – November 30, 2018 | 146,486 | $ 28.20 | — | N/A |
| December 1, 2018 – December 31, 2018 | — | $ — | — | N/A |

Common units repurchased represent common units withheld  from issuance upon the vesting of phantom units under the Midstream LTIP to satisfy tax withholding obligations.

### Securities Authorized for Issuance Under Equity Compensation Plans

In connection with the completion of our IPO, our general partner adopted the Midstream LTIP, which permits the issuance of up to 10,000,000 common units.  Restricted unit grants were made to each of the independent directors of our general partner and phantom unit grants have been made to each of the executive officers of our general partner and certain employees of Antero Resources under the Midstream LTIP.  Please read the information under "Item 11.  Executive Compensation – Compensation Discussion and Analysis – Equity Compensation Plan Information."

### Our Minimum Quarterly Distribution

Our partnership agreement provides for a minimum quarterly distribution of $0.17 per unit for each whole quarter, or $0.68 per unit on an annualized basis.

The board of directors of our general partner has adopted a policy pursuant to which distributions for each quarter will be paid to the extent we have sufficient cash after establishment of cash reserves and payment of fees and expenses, including payments to our general partner and its affiliates. Our ability to pay the minimum quarterly distribution is subject to various restrictions and other factors.

If cash distributions to our unitholders exceed $0.1955 per common unit in any quarter, our unitholders and the holders of our IDRs will receive distributions according to the following percentage allocations:

| Total Quarterly Distribution Target Amount | Marginal Percentage Interest in Distributions | |
|---|---|---|
| | **Unitholders** | **Holder of IDRs** |
| above $0.1955 up to $0.2125 | 85 % | 15 % |
| above $0.2125 up to $0.2550 | 75 % | 25 % |
| above $0.2550 | 50 % | 50 % |

There is no guarantee that we will make cash distributions to our unitholders. We do not have a legal or contractual obligation to pay distributions quarterly or on any other basis or at our minimum quarterly distribution rate or at any other rate. Our cash distribution policy may be changed at any time and is subject to certain restrictions, including our partnership agreement, our credit facility and applicable partnership law.

***General Partner Interest***

Our general partner owns a non-economic general partner interest in us, which does not entitle it to receive cash distributions. However, the owner of our general partner controls the owner of our IDRs and is entitled to receive a portion of the distributions on our IDRs due to its indirect ownership of our IDRs.

***Cash Distributions and Conversion of Subordinated Units***

On January 16, 2019, the board of directors of our general partner declared a cash distribution of $0.47 per unit for the quarter ended December 31, 2018. The distribution was paid on February 13, 2019 to unitholders of record as of February 1, 2019.

Antero Resources was issued all of our subordinated units in connection with our IPO. Under the terms of our partnership agreement, the subordination period expired on February 9, 2017 and all 75,940,957 subordinated units were converted into common units on a one-for-one basis.

## Item 6. Selected Financial Data

The following table presents our selected historical financial data, for the periods and as of the dates indicated, for the Partnership and our Predecessor. Our Predecessor for accounting purposes consisted of Antero Resources' gathering and compression assets and related operations on a carve-out basis. The Partnership was originally formed as Antero Resources Midstream LLC and converted into a limited partnership in connection with the completion of the Partnership's IPO on November 10, 2014. The information in this report includes periods prior to the Water Acquisition, which occurred on September 23, 2015. Consequently, the Partnership's consolidated financial statements have been retrospectively recast for all periods presented to include the historical results of Antero Water because the Water Acquisition was between entities under common control. Antero Water's operations through September 23, 2015 consisted entirely of fresh water delivery.

The selected financial data presented below are qualified in their entirety by reference to, and should be read in conjunction with, ''Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations'' and our consolidated financial statements and related notes included elsewhere in this report:

| | Year ended December 31, | | | | |
|---|---|---|---|---|---|
| (in thousands, except per unit amounts) | 2014 | 2015 | 2016 | 2017 | 2018 |
| Revenue: | | | | | |
| Revenue–Antero Resources | $ 258,029 | 386,164 | 585,517 | 772,233 | 1,027,015 |
| Revenue–third-party | 8,245 | 1,160 | 835 | 264 | 924 |
| Gain on sale of assets–Antero Resources | — | — | — | — | 583 |
| Gain on sale of assets–third-party | — | — | 3,859 | — | — |
| Total revenue | 266,274 | 387,324 | 590,211 | 772,497 | 1,028,522 |
| Operating expenses: | | | | | |
| Direct operating | 48,821 | 78,852 | 161,587 | 232,538 | 316,423 |
| General and administrative (excluding equity-based compensation) | 18,748 | 28,736 | 28,114 | 31,529 | 40,556 |
| Equity-based compensation | 11,618 | 22,470 | 26,049 | 27,283 | 21,073 |
| Impairment of property and equipment | — | — | — | 23,431 | 5,771 |
| Depreciation | 53,029 | 86,670 | 99,861 | 119,562 | 130,013 |
| Accretion and change in fair value of contingent acquisition consideration | — | 3,333 | 16,489 | 13,476 | (93,019) |
| Accretion of asset retirement obligations | — | — | — | — | 135 |
| Total operating expenses | 132,216 | 220,061 | 332,100 | 447,819 | 420,952 |
| Operating income | 134,058 | 167,263 | 258,111 | 324,678 | 607,570 |
| Interest expense, net | (6,183) | (8,158) | (21,893) | (37,557) | (61,906) |
| Equity in earnings of unconsolidated affiliates | — | — | 485 | 20,194 | 40,280 |
| Net income and comprehensive income | $ 127,875 | 159,105 | 236,703 | 307,315 | 585,944 |
| Pre-IPO net income attributed to parent | (98,219) | — | — | — | — |
| Pre-Water Acquisition net income attributed to parent | (22,234) | (40,193) | — | — | — |
| Net income attributable to incentive distribution rights | — | (1,264) | (16,944) | (69,720) | (142,906) |
| Limited partners' interest in net income | $ 7,422 | 117,648 | 219,759 | 237,595 | 443,038 |
| | | | | | |
| Net income per limited partner unit–basic | $ 0.05 | 0.74 | 1.24 | 1.28 | 2.37 |
| Net income per limited partner unit–diluted | $ 0.05 | 0.74 | 1.24 | 1.28 | 2.36 |
| | | | | | |
| Weighted average limited partner units outstanding–basic | 151,882 | 158,479 | 176,647 | 185,630 | 187,048 |
| Weighted average limited partner units outstanding–diluted | 151,882 | 158,527 | 176,801 | 186,083 | 187,398 |

| (in thousands) | December 31, 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| **Balance sheet data (at period end):** | | | | | |
| Cash and cash equivalents | $ 230,192 | 6,883 | 14,042 | 8,363 | — |
| Property and equipment, net | $ 1,531,595 | 1,893,826 | 2,195,879 | 2,605,602 | 2,958,415 |
| Total assets | $ 1,816,610 | 1,980,032 | 2,349,895 | 3,042,209 | 3,546,417 |
| Long-term indebtedness | $ 115,000 | 620,000 | 849,914 | 1,196,000 | 1,632,147 |
| Total partners' capital | $ 1,620,903 | 1,082,745 | 1,222,810 | 1,516,469 | 1,691,508 |
| **Cash flows data:** | | | | | |
| Net cash provided by operating activities | $ 169,433 | 259,678 | 378,607 | 475,796 | 657,560 |
| Net cash used in investing activities | $ (797,505) | (445,455) | (478,163) | (779,818) | (666,587) |
| Net cash provided by (used in) financing activities | $ 858,264 | (37,532) | 106,715 | 298,343 | 664 |
| **Other financial data:** | | | | | |
| Adjusted EBITDA[(1)] | $ 198,705 | 279,736 | 404,353 | 528,625 | 717,375 |

(1) For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to its most directly comparable financial measures calculated and presented in accordance with GAAP, please read "—Non-GAAP Financial Measures" below.

**Non-GAAP Financial Measures**

We use Adjusted EBITDA as an important indicator of our performance. We define Adjusted EBITDA as net income before interest expense, impairment, depreciation, accretion and changes in fair value of contingent acquisition consideration, accretion of asset retirement obligations, equity-based compensation, excluding equity in earnings of unconsolidated affiliates and gain on sale of assets, and including cash distributions from unconsolidated affiliates.

We use Adjusted EBITDA to assess:

- the financial performance of our assets, without regard to financing methods in the case of Adjusted EBITDA, capital structure or historical cost basis;
- our operating performance and return on capital as compared to other publicly traded partnerships in the midstream energy sector, without regard to financing or capital structure; and
- the viability of acquisitions and other capital expenditure projects.

We define Distributable Cash Flow as Adjusted EBITDA less interest paid, income tax withholding payments and cash reserved for payments of income tax withholding upon vesting of equity-based compensation awards, cash reserved/paid for bond interest and maintenance capital expenditures. We use Distributable Cash Flow as a performance metric to compare the cash generating performance of the Partnership from period to period and to compare the cash generating performance for specific periods to the cash distributions (if any) that are expected to be paid to unitholders. Distributable Cash Flow does not reflect changes in working capital balances.

Adjusted EBITDA and Distributable Cash Flow are non-GAAP financial measures. The GAAP measure most directly comparable to Adjusted EBITDA and Distributable Cash Flow is net income. The non-GAAP financial measures of Adjusted EBITDA and Distributable Cash Flow should not be considered as alternatives to the GAAP measure of net income. Adjusted EBITDA and Distributable Cash Flow are not presentations made in accordance with GAAP and have important limitations as an analytical tool because they include some, but not all, items that affect net income and Adjusted EBITDA. You should not consider Adjusted EBITDA and Distributable Cash Flow in isolation or as a substitute for analyses of results as reported under GAAP. Our definition of Adjusted EBITDA and Distributable Cash Flow may not be comparable to similarly titled measures of other partnerships.

"Segment Adjusted EBITDA" is also used by our management team for various purposes, including as a measure of operating performance and as a basis for strategic planning and forecasting. Segment Adjusted EBITDA is a non-GAAP financial measure that we define as operating income before equity-based compensation expense, impairment of property and equipment, depreciation, accretion and changes in fair value of contingent acquisition consideration, accretion of asset retirement obligations, excluding equity in earnings of unconsolidated affiliates and gain on sale from assets, and including cash distributions from unconsolidated affiliates. Operating income represents net income before interest expense and equity in earnings of unconsolidated affiliates, and is the most directly comparable GAAP financial measure to Segment Adjusted EBITDA because we do not account for interest expense on a segment basis. The following tables represent a reconciliation of our operating income to Segment Adjusted EBITDA for the periods presented:

| (in thousands) | | Gathering and Processing | Water Handling and Treatment | Consolidated Total |
|---|---|---|---|---|
| Year ended December 31, 2014 | | | | |
| Operating income | $ | 21,452 | 112,606 | 134,058 |
| Depreciation | | 36,789 | 16,240 | 53,029 |
| Equity-based compensation | | 8,619 | 2,999 | 11,618 |
| Segment and consolidated Adjusted EBITDA | $ | 66,860 | 131,845 | 198,705 |
| Year ended December 31, 2015 | | | | |
| Operating income | $ | 103,523 | 63,740 | 167,263 |
| Depreciation | | 60,838 | 25,832 | 86,670 |
| Accretion and change in fair value of contingent acquisition consideration | | — | 3,333 | 3,333 |
| Equity-based compensation | | 17,840 | 4,630 | 22,470 |
| Segment and consolidated Adjusted EBITDA | $ | 182,201 | 97,535 | 279,736 |
| Year ended December 31, 2016 | | | | |
| Operating income | $ | 170,861 | 87,250 | 258,111 |
| Depreciation | | 69,962 | 29,899 | 99,861 |
| Accretion and change in fair value of contingent acquisition consideration | | — | 16,489 | 16,489 |
| Equity-based compensation | | 19,714 | 6,335 | 26,049 |
| Distributions from unconsolidated affiliates | | 7,702 | — | 7,702 |
| Gain on sale of assets–third-party | | (3,859) | — | (3,859) |
| Segment and consolidated Adjusted EBITDA | $ | 264,380 | 139,973 | 404,353 |
| Year ended December 31, 2017 | | | | |
| Operating income | $ | 207,075 | 117,603 | 324,678 |
| Impairment of property and equipment expense | | 23,431 | — | 23,431 |
| Depreciation | | 86,372 | 33,190 | 119,562 |
| Accretion and change in fair value of contingent acquisition consideration | | — | 13,476 | 13,476 |
| Equity-based compensation | | 19,730 | 7,553 | 27,283 |
| Distributions from unconsolidated affiliates | | 20,195 | — | 20,195 |
| Segment and consolidated Adjusted EBITDA | $ | 356,803 | 171,822 | 528,625 |
| Year ended December 31, 2018 | | | | |
| Operating income | $ | 336,263 | 271,307 | 607,570 |
| Impairment of property and equipment expense | | 5,771 | — | 5,771 |
| Depreciation | | 83,250 | 46,763 | 130,013 |
| Accretion and change in fair value of contingent acquisition consideration | | — | (93,019) | (93,019) |
| Accretion of asset retirement obligations | | — | 135 | 135 |
| Equity-based compensation | | 16,518 | 4,555 | 21,073 |
| Distributions from unconsolidated affiliates | | 46,415 | — | 46,415 |
| Gain on sale of assets–Antero Resources | | (583) | — | (583) |
| Segment and consolidated Adjusted EBITDA | $ | 487,634 | 229,741 | 717,375 |

The following table represents a reconciliation of our Adjusted EBITDA and Distributable Cash Flow to the most directly comparable GAAP financial measures for the periods presented:

| | Year ended December 31, | | | | |
|---|---|---|---|---|---|
| (in thousands) | 2014 | 2015 | 2016 | 2017 | 2018 |
| **Reconciliation of Net Income to Adjusted EBITDA and Distributable Cash Flow:** | | | | | |
| Net income | $ 127,875 | 159,105 | 236,703 | 307,315 | 585,944 |
| Interest expense, net | 6,183 | 8,158 | 21,893 | 37,557 | 61,906 |
| Impairment of property and equipment | — | — | — | 23,431 | 5,771 |
| Depreciation | 53,029 | 86,670 | 99,861 | 119,562 | 130,013 |
| Accretion and change in fair value of contingent acquisition consideration | — | 3,333 | 16,489 | 13,476 | (93,019) |
| Accretion of asset retirement obligations | — | — | — | — | 135 |
| Equity-based compensation | 11,618 | 22,470 | 26,049 | 27,283 | 21,073 |
| Equity in earnings of unconsolidated affiliates | — | — | (485) | (20,194) | (40,280) |
| Distributions from unconsolidated affiliates | — | — | 7,702 | 20,195 | 46,415 |
| Gain on sale of assets–Antero Resources | — | — | — | — | (583) |
| Gain on sale of assets–third-party | — | — | (3,859) | — | — |
| Adjusted EBITDA | 198,705 | 279,736 | 404,353 | 528,625 | 717,375 |
| Pre-IPO net income attributed to parent | (98,219) | — | — | — | — |
| Pre-IPO depreciation attributed to parent | (43,419) | — | — | — | — |
| Pre-IPO equity-based compensation attributed to parent | (8,697) | — | — | — | — |
| Pre-IPO interest expense attributed to parent | (5,358) | — | — | — | — |
| Pre-Water Acquisition net income attributed to parent | (22,234) | (40,193) | — | — | — |
| Pre-Water Acquisition depreciation attributed to parent | (3,086) | (18,767) | — | — | — |
| Pre-Water Acquisition equity-based compensation attributed to parent | (654) | (3,445) | — | — | — |
| Pre-Water Acquisition interest expense attributed to parent | (359) | (2,326) | — | — | — |
| Interest paid | (331) | (5,149) | (13,494) | (46,666) | (62,844) |
| Decrease (increase) in cash reserved for bond interest(1) | — | — | (10,481) | 291 | — |
| Income tax withholding upon vesting of Antero Midstream Partners equity-based compensation awards | — | (4,806) | (5,636) | (5,945) | (5,529) |
| Maintenance capital expenditures(2) | (1,157) | (13,097) | (21,622) | (55,159) | (52,729) |
| Distributable cash flow | $ 15,191 | 191,953 | 353,120 | 421,146 | 596,273 |

(1) Cash reserved for bond interest expense on Antero Midstream's 5.375% senior notes outstanding during the period that is paid on a semi-annual basis on March 15th and September 15th of each year.

(2) Maintenance capital expenditures represent that portion of our estimated capital expenditures associated with (i) the connection of new wells to our gathering and processing systems that we believe will be necessary to offset the natural production declines Antero Resources will experience on its wells over time, and (ii) water delivery to new wells necessary to maintain the average throughput volume on our systems.

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this report. The information provided below supplements, but does not form part of, our financial statements. This discussion contains forward-looking statements that are based on the views and beliefs of our management, as well as assumptions and estimates made by our management. Actual results could differ materially from such forward-looking statements as a result of various risk factors, including those that may not be in the control of management. For further information on items that could impact our future operating performance or financial condition, please read see "Item 1A. Risk Factors." and the section entitled "Cautionary Statement Regarding Forward-Looking Statements." We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law.*

### Overview

We are a growth-oriented master limited partnership formed by Antero Resources to own, operate and develop midstream energy assets to service Antero Resources' increasing production. Our assets consist of gathering pipelines, compressor stations, and interests in processing and fractionation plants that collect and process production from Antero Resources' wells in the Marcellus and Utica Shales in West Virginia and Ohio. Our assets also include two independent fresh water delivery systems that deliver fresh water from the Ohio River and several regional waterways and a wastewater treatment facility that was placed in service in 2018. These fresh water delivery systems consist of permanent buried pipelines, surface pipelines and fresh water storage facilitates, as well as pumping stations and impoundments to transport the fresh water throughout the pipelines. The Partnership also owns water treatment assets including the Antero Clearwater Facility and a related landfill used for the disposal of waste therefrom (the "Antero Landfill"). Other fluid handling services include third party services for well completion and production operations in Antero Resources' operating areas managed by Antero Midstream. We believe that our strategically located assets and our relationship with Antero Resources have allowed us to become a leading midstream energy company serving the Marcellus and Utica Shale plays.

### Simplification Agreement

On February 26, 2018, we announced that the board of directors of our general partner formed a conflicts committee composed solely of directors who satisfy the requirements for serving on the Partnership's conflicts committee in conjunction with the formation of the special committee at Antero Resources, and a conflicts committee at AMGP, the sole member of our general partner. In connection with the conflicts committee's efforts to explore, review and evaluate potential transactions involving the Partnership, on October 9, 2018, we announced that we, AMGP and certain of their affiliates entered into the Simplification Agreement, pursuant to which, among other things, (1) AMGP will be converted from a limited partnership to a corporation under the laws of the State of Delaware, to be named Antero Midstream Corporation; (2) an indirect, wholly owned subsidiary of New AM will be merged with and into the Partnership, with the Partnership surviving the merger as an indirect, wholly owned subsidiary of New AM and (3) all the issued and outstanding Series B Units representing limited liability company interests of IDR Holdings will be exchanged for an aggregate of approximately 17.35 million shares of New AM's common stock. As a result of the Transactions, the Partnership will be a wholly owned subsidiary of New AM and former shareholders of AMGP, unitholders of the Partnership and holders of Series B Units will each own New AM's common stock.

For additional information on the Simplification Agreement and the Transactions, see "Item 13. Certain Relationships and Related Transactions and Director Independence."

### Recent Trends and Uncertainties

The gathering and compression agreement with Antero Resources is based on fixed fee structures, and we intend to continue to pursue additional fixed fee opportunities with Antero Resources and third parties in order to avoid direct commodity price exposure. However, to the extent that our future contractual arrangements with Antero Resources or third parties do not provide for fixed fee structures, we may become subject to commodity price risk. We are subject to commodity price risks to the extent that they impact Antero Resources' development plan and therefore our gathering and water handling volumes.

During 2019, we plan to expand our existing Marcellus and Utica Shale gathering, compression, and water handling and treatment infrastructure to accommodate Antero Resources' development plans. Antero Resources' 2019 consolidated drilling and completion capital budget is $1.1 billion to $1.25 billion. Antero Resources plans to operate an average of five drilling rigs and complete between 115 and 125 horizontal wells, substantially all of which are located on acreage dedicated to us. A further or extended decline in commodity prices could cause some of the development and production projects of Antero Resources or third parties to be uneconomic or less profitable, which could reduce gathering and water handling and treatment volumes in our current and future potential areas of operation. Those reductions in gathering and water handling and treatment volumes could reduce our revenue and cash flows and adversely affect our ability to make cash distributions to our unitholders.

**Cash Distributions**

The board of directors of our general partner declared a cash distribution of $0.47 per unit for the quarter ended December 31, 2018. The distribution was paid on February 13, 2019 to unitholders of record as of February 1, 2019.

**Credit Facility**

Our revolving credit facility was amended in October 2018 to (i) increase lender commitments from $1.5 billion to $2.0 billion (ii) permit us and our guarantors under the facility to consummate the Transactions and (iii) modify the pricing grid to decrease pricing. At December 31, 2018, we have $990 million outstanding and no letters of credit under the facility. The maturity date of the facility is October 26, 2022. See "Item 7. Debt Agreements—Revolving Credit Facility" for a description of our revolving Credit Facility.

**Sources of Our Revenues**

Our gathering and compression revenues are driven by the volumes of natural gas we gather and compress, and our water handling and treatment revenues are driven by quantities of fresh water delivered to our customers to support their well completion operations and produced water treated. Pursuant to our long-term contracts with Antero Resources, we have secured 20-year dedications covering a significant portion of Antero Resources' current and future acreage for gathering and compression services. We have also entered into a 20-year water handling and treatment services agreement covering Antero Resources' 612,000 net acres in West Virginia and Ohio, with a right of first offer on all future areas of operation. Under the agreement, we will receive a fixed fee for all fresh water deliveries by pipeline directly to the well site, subject to annual CPI adjustments. In addition, Antero Resources has agreed to pay a fee on a minimum volume of fresh water deliveries in calendar years 2016 through 2019. Minimum volume commitments are 120,000 barrels per day in 2019. All of Antero Resources' existing acreage is dedicated to us for gathering and compression services except for existing third-party commitments. Approximately 153,000 net leasehold acres characterized by dry gas and liquids-rich production that have been previously dedicated to third-party gatherers.

Our gathering and compression operations are substantially dependent upon natural gas and oil production from Antero Resources' upstream activity in its areas of operation. In addition, there is a natural decline in production from existing wells that are connected to our gathering systems. Although we expect that Antero Resources will continue to devote substantial resources to the development of oil and gas reserves, we have no control over this activity and Antero Resources has the ability to reduce or curtail such development at its discretion.

Our water handling and treatment operations are substantially dependent upon the number of wells drilled and completed by Antero Resources, as well as Antero Resources' production. As of December 31, 2018, Antero Resources' estimated net proved reserves were 18.0 Tcfe, of which 63% was natural gas, 35% were NGLs, and 2% were oil. As of December 31, 2018, Antero Resources' drilling inventory consisted of 3,734 identified potential horizontal well locations, approximately 3,200 of which were located on acreage dedicated to us, providing us with significant opportunity for growth as Antero Resources' drilling program continues and its production increases.

Under the terms of the Water Services Agreement, Antero Resources will pay a fixed fee per barrel in West Virginia and Ohio and all other locations for fresh water deliveries by pipeline directly to the well site, subject to annual CPI adjustments. Antero Resources also agreed to pay us a fixed fee per barrel for wastewater treatment at the Antero Clearwater Facility subject to annual CPI-based adjustments. In addition, we contract with third party service providers to provide Antero Resources flow back and produced water services and Antero Resources will reimburse us third party out-of-pocket costs plus 3%.

**How We Evaluate Our Operations**

We use a variety of financial and operational metrics to evaluate our performance. These metrics help us identify factors and trends that impact our operating results, profitability and financial condition. The key metrics we use to evaluate our business are provided below.

### *Adjusted EBITDA and Distributable Cash Flow*

We use Adjusted EBITDA and Distributable Cash Flow as performance measures to assess the ability of our assets to generate cash sufficient to pay interest costs, support indebtedness and make cash distributions. Adjusted EBITDA and Distributable Cash flow are non-GAAP financial measures. See "Item 6. Selected Financial Data—Non-GAAP Financial Measures" for more information regarding these financial measures, including a reconciliation of Adjusted EBITDA and Distributable Cash Flow to the most directly comparable GAAP measures.

### *Gathering and Compression Throughput*

We must continually obtain additional supplies of natural gas and oil to maintain or increase throughput on our systems. Our ability to maintain existing supplies of natural gas and oil and obtain additional supplies is primarily impacted by our acreage dedication and the level of successful drilling activity by Antero Resources and, to a lesser extent in the future, the potential for acreage dedications with and successful drilling by third party producers. Any increase in our throughput volumes over the near term will likely be driven by Antero Resources continuing its drilling and development activities on its Marcellus and Utica Shale acreage.

### *Water Handling and Treatment Volumes*

Our fresh water volumes are primarily driven by hydraulic fracturing activities conducted as part of well completions. Our treatment volumes are primarily driven by produced water volumes, which are a function of Antero Resources' production. Other fluid handling volumes are driven by hydraulic facturing activites and produced water volumes. Antero Resources' consolidated acreage positions allow us to provide fresh water and other fluid handling services for Antero Resources' completion activities in a more efficient manner. However, to the extent that Antero Resources' drilling and completion schedule is not met, or Antero Resources uses less fresh water and other fluid handling services in its well completion operations than expected (for example, due to a reduction in completions), and production declines, our water volumes may decline. In addition, due to delays in reaching contractual treatment capacity of the wastewater treatment facility, the Partnership has and continues to accrue for liquidated damages from the vendor.

## Principal Components of Our Cost Structure

The primary components of our operating expenses that we evaluate include direct operating, general and administrative, impairment, depreciation and interest.

- *Direct Operating.* We seek to maximize the profitability of our operations in part by minimizing, to the extent appropriate, expenses directly tied to operating and maintaining our assets. We schedule maintenance over time to avoid significant variability in our direct operating expense and minimize the impact on our cash flow. Gathering and compression operating costs consist primarily of labor, water disposal, pigging, fuel, monitoring, repair and maintenance, utilities and contract services, and comprise the most significant portion of our direct operating expense. Gathering and compression operating costs vary with the miles of pipeline and number of compressor stations in our gathering and compression system. Fresh water operating expenses consist primarily of labor, pigging, monitoring, repair and maintenance and contract services. Fresh water operating costs vary with the miles of pipeline, number of pumping stations, and to a lesser extent the number of well completions in the Marcellus and Utica Shales for which we deliver fresh water and number of impoundments in our fresh water system. Other water handling costs include contract services and vary directly with the costs level of services that we provide to Antero Resources. These costs are billed to Antero Resources at our cost plus 3%. Our other water handling costs consist of labor, monitoring and repair and maintenance costs. Wastewater treatment costs vary directly with the water volumes treated, and the operating efficiency of the wastewater treatment facility and related landfill. The other primary drivers of our direct operating expense include maintenance and contract services, regulatory and compliance and ad valorem taxes.

- *General and Administrative.* Our general and administrative expenses include direct charges and costs allocated by Antero Resources. These costs relate to: (i) various business services, including payroll processing, accounts payable processing and facilities management, (ii) various corporate services, including legal, accounting, treasury, information technology and human resources and (iii) compensation, including equity-based compensation. These expenses are charged or allocated to us based on the nature of the expenses and are allocated based on a combination of our proportionate share of Antero Resources' gross property and equipment, capital expenditures and labor costs, as applicable. Management believes these allocation methodologies are reasonable.

Our general and administrative expenses include equity-based compensation costs allocated by Antero Resources to us for grants made pursuant to: (i) Antero Resources' Long-Term Incentive Plan (the "Antero Resources LTIP") and (ii) grants made to Antero Resources employees under our own plan.

- *Impairment*. We evaluate our long-lived assets for impairment when events or changes in circumstances indicate that the related carrying values of the assets may not be recoverable. If the carrying values of the assets are deemed not recoverable, the carrying values are reduced to their estimated fair value. In 2017, our impairment expense relates to condensate gathering lines which Antero Resources no longer uses. Our impairment expense in 2018 is due to the impairment of gathering assets acquired from Antero Resources at the time of our IPO related to well pads Antero Resources no longer has plans to drill and complete.

- *Depreciation.* Depreciation consists of our estimate of the decrease in value of the assets capitalized in property and equipment as a result of using the assets throughout the applicable year. Depreciation is computed over the asset's estimated useful life using the straight-line basis. We depreciate our property and equipment using an estimated useful life of 5 years for our fresh water surface pipelines and equipment, 10 years for our above ground storage tanks, 20 years for our permanent buried fresh water pipelines and equipment, 30 years for our wastewater treatment facility and 50 years for our gathering pipelines and compressor stations.

- *Interest.* In 2017 and 2018, interest expense represents interest related to: (i) borrowings under our revolving credit facility, (ii) borrowings of $650 million under our 5.375% senior notes due September 15, 2024 (the "2024 Notes"), (iii) capital leases, and (iv) amortization of deferred financing costs incurred in connection with the revolving credit facility and the issuance of the 2024 Notes. In addition, we capitalized interest during the construction period of the water treatment facility.

**Items Affecting Comparability of Our Financial Results**

Certain of the historical financial results discussed below may not be comparable to our future financial results primarily as a result of the significant increase in the scope of our operations over the last several years. Our gathering and compression and water handling and treatment systems are relatively new, having been substantially built within the last five years. Accordingly, our revenues and expenses over that time reflect the significant ramp up in our operations. Additionally, our wastewater treatment facility was placed into service in 2018 and ran at operating rates below the stated capacity during the year. Due to delays in reaching contracted treatment capacity, the Partnership has and continues to accrue for liquidated damages from the contractor engaged to construct the facility. In addition, Antero Resources experienced significant growth in its production and drilling and completion activity levels over that same period. Accordingly, it may be difficult to project trends from our historical financial data going forward.

**Results of Operations**

***Year Ended December 31, 2017 Compared to Year Ended December 31, 2018***

We have two operating segments: (1) gathering and processing, and (2) water handling and treatment. The operating results and assets of our reportable segments were as follows for the year ended December 31, 2017 and 2018:

| (in thousands) | Gathering and Processing | Water Handling and Treatment | Consolidated Total |
|---|---|---|---|
| **Year ended December 31, 2017** | | | |
| Revenues: | | | |
| Revenue–Antero Resources | $ 396,202 | 376,031 | 772,233 |
| Revenue–third-party | 264 | — | 264 |
| Total revenues | 396,466 | 376,031 | 772,497 |
| | | | |
| Operating expenses: | | | |
| Direct operating | 39,251 | 193,287 | 232,538 |
| General and administrative (excluding equity-based compensation) | 20,607 | 10,922 | 31,529 |
| Equity-based compensation | 19,730 | 7,553 | 27,283 |
| Impairment of property and equipment | 23,431 | — | 23,431 |
| Depreciation | 86,372 | 33,190 | 119,562 |
| Accretion and change in fair value of contingent acquisition consideration | — | 13,476 | 13,476 |
| Total expenses | 189,391 | 258,428 | 447,819 |
| Operating income | $ 207,075 | 117,603 | 324,678 |
| | | | |
| Segment and consolidated Adjusted EBITDA(1) | $ 356,803 | 171,822 | 528,625 |
| | | | |
| **Year ended December 31, 2018** | | | |
| Revenues: | | | |
| Revenue–Antero Resources | $ 520,566 | 506,449 | 1,027,015 |
| Revenue–third-party | — | 924 | 924 |
| Gain on sale of assets–Antero Resources | 583 | — | 583 |
| Total revenues | 521,149 | 507,373 | 1,028,522 |
| | | | |
| Operating expenses: | | | |
| Direct operating | 49,256 | 267,167 | 316,423 |
| General and administrative (excluding equity-based compensation) | 30,091 | 10,465 | 40,556 |
| Equity-based compensation | 16,518 | 4,555 | 21,073 |
| Impairment of property and equipment | 5,771 | — | 5,771 |
| Depreciation | 83,250 | 46,763 | 130,013 |
| Accretion and change in fair value of contingent acquisition consideration | — | (93,019) | (93,019) |
| Accretion of asset retirement obligations | — | 135 | 135 |
| Total expenses | 184,886 | 236,066 | 420,952 |
| Operating income | $ 336,263 | 271,307 | 607,570 |
| | | | |
| Segment and consolidated Adjusted EBITDA(1) | $ 487,634 | 229,741 | 717,375 |

(1) For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to its most directly comparable financial measures calculated and presented in accordance with GAAP, please “Item 6. Selected Financial Data—Non-GAAP Financial Measures”.

The following sets forth selected financial and operating data for the year ended December 31, 2017 compared to the year ended December 31, 2018:

| ($ in thousands, except realized fees) | Year Ended December 31, 2017 | Year Ended December 31, 2018 | Amount of Increase or Decrease | Percentage Change |
|---|---|---|---|---|
| Revenue: | | | | |
| Revenue–Antero Resources | $ 772,233 | 1,027,015 | 254,782 | 33 % |
| Revenue–third-party | 264 | 924 | 660 | 250 % |
| Gain on sale of assets–Antero Resources | — | 583 | 583 | * |
| Total revenue | 772,497 | 1,028,522 | 256,025 | 33 % |
| Operating expenses: | | | | |
| Direct operating | 232,538 | 316,423 | 83,885 | 36 % |
| General and administrative (excluding equity-based compensation) | 31,529 | 40,556 | 9,027 | 29 % |
| Equity-based compensation | 27,283 | 21,073 | (6,210) | (23)% |
| Impairment of property and equipment | 23,431 | 5,771 | (17,660) | (75)% |
| Depreciation | 119,562 | 130,013 | 10,451 | 9 % |
| Accretion and change in fair value of contingent acquisition consideration | 13,476 | (93,019) | (106,495) | * |
| Accretion of asset retirement obligations | — | 135 | 135 | * |
| Total operating expenses | 447,819 | 420,952 | (26,867) | (6)% |
| Operating income | 324,678 | 607,570 | 282,892 | 87 % |
| Interest expense | (37,557) | (61,906) | (24,349) | 65 % |
| Equity in earnings of unconsolidated affiliates | 20,194 | 40,280 | 20,086 | 99 % |
| Net income | $ 307,315 | 585,944 | 278,629 | 91 % |
| Adjusted EBITDA[(1)] | $ 528,625 | 717,375 | 188,750 | 36 % |
| Operating Data: | | | | |
| Gathering–low pressure (MMcf) | 605,719 | 784,079 | 178,360 | 29 % |
| Gathering–high pressure (MMcf) | 646,054 | 770,910 | 124,856 | 19 % |
| Compression (MMcf) | 436,695 | 634,303 | 197,608 | 45 % |
| Fresh water delivery (MBbl) | 55,892 | 71,180 | 15,288 | 27 % |
| Treated water (MBbl) | — | 2,544 | 2,544 | * |
| Other fluid handling (MBbl) | 14,549 | 18,848 | 4,299 | 30 % |
| Wells serviced by fresh water delivery | 142 | 162 | 20 | 14 % |
| Gathering–low pressure (MMcf/d) | 1,660 | 2,148 | 488 | 29 % |
| Gathering–high pressure (MMcf/d) | 1,770 | 2,112 | 342 | 19 % |
| Compression (MMcf/d) | 1,196 | 1,738 | 542 | 45 % |
| Fresh water delivery (MBbl/d) | 153 | 195 | 42 | 27 % |
| Treated water (MBbl/d) | — | 7 | 7 | * |
| Other fluid handling (MBbl/d) | 40 | 52 | 12 | 30 % |
| Average realized fees: | | | | |
| Average gathering–low pressure fee ($/Mcf) | $ 0.32 | 0.32 | — | — % |
| Average gathering–high pressure fee ($/Mcf) | $ 0.19 | 0.19 | — | — % |
| Average compression fee ($/Mcf) | $ 0.19 | 0.19 | — | — % |
| Average fresh water delivery fee ($/Bbl) | $ 3.71 | 3.78 | 0.07 | 2 % |
| Average treated water fee ($/Bbl) | $ — | 4.72 | 4.72 | * |
| Joint Venture Operating Data: | | | | |
| Processing–Joint Venture (MMcf) | 97,276 | 227,113 | 129,837 | 133 % |
| Fractionation–Joint Venture (MBbl) | 1,861 | 4,784 | 2,923 | 157 % |
| Processing–Joint Venture (MMcf/d) | 267 | 622 | 355 | 133 % |
| Fractionation–Joint Venture (MBbl/d) | 5 | 13 | 8 | 160 % |

* Not meaningful or applicable.

(1) For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to its most directly comparable financial measures calculated and presented in accordance with GAAP, please "Item 6. Selected Financial Data—Non-GAAP Financial Measures".

*Revenue–Antero Resources.* Revenues from Antero Resources increased by 33%, from $772 million for the year ended December 31, 2017 to $1,027 million for the year ended December 31, 2018. Gathering and processing revenues increased by 32%, from $396 million for the year ended December 31, 2017 to $521 million for the year ended December 31, 2018. Water handling and treatment revenues increased by 35%, from $376 million for the year ended December 31, 2017 to $506 million for the year ended December 31, 2018. These fluctuations are primarily the result of the following:

*Gathering and Processing*

- low pressure gathering revenue increased $60 million period over period due to an increase of throughput volumes of 178 Bcf, or 488 MMcf/d, which was due to 168 new wells added in 2018 and the expansion of our low pressure gathering system by 33 miles in 2018;

- high pressure gathering revenue increased $26 million due to an increase of throughput volumes of 125 Bcf, or 342 MMcf/d, primarily as a result of the addition of three new high pressure gathering lines placed in service in 2018 and the expansion of our high pressure gathering system by 18 miles in 2018;

- compression revenue increased $39 million due to an increase of throughput volumes of 198 Bcf, or 542 MMcf/d, primarily due to the addition of three new compressor stations that were placed in service during 2018;

*Water Handling and Treatment*

- fresh water delivery revenue increased $62 million, due to an increase in fresh water delivery of 15,288 MBbl, or 42 MBbl/d, primarily due to an increase in the wells completed by Antero Resources.

- the wastewater treatment facility was placed in service in 2018, but has not yet had a significant impact on revenues as a result of delays in reaching planned capacity. Wastewater treatment revenues was $12 million for 2018 with throughput volumes at the facility of 2,544 MBbl or 7 MBbl/d; and

- other fluid handling services revenue increased $56 million due to an increase in wastewater handling and treatment volumes of 4,299 MBbl, or 12 MBbl/d, primarily due to an increase in the amount of wastewater produced from Antero Resources' production.

*Direct operating expenses.* Total direct operating expenses increased by 36%, from $233 million for the year ended December 31, 2017 to $316 million for the year ended December 31, 2018. Gathering and processing direct operating expenses increased from $39 million for the year ended December 31, 2017 to $49 million for the year ended December 31, 2018. The increase was primarily due to an increase in the number of gathering pipelines and compressor stations in 2018. Water handling and treatment direct operating expenses increased from $193 million for the year ended December 31, 2017 to $267 million for the year ended December 31, 2018. The increase was primarily due to an increase in wastewater handling and treatment volumes as well as an increase in the number of wells serviced by freshwater delivery services.

*General and administrative expenses.* General and administrative expenses (excluding equity-based compensation expense) increased by 29%, from $32 million for the year ended December 31, 2017 to $41 million for the year ended December 31, 2018. The increase was primarily due to an increase in the proportion of general and administrative expenses allocated from Antero Resources and increased direct general and administrative expenses to support our growth.

*Equity-based compensation expenses.* Equity-based compensation expense decreased by 23%, from $27 million for the year ended December 31, 2017 to $21 million for the year ended December 31, 2018. The decrease was primarily due to the decrease in the number and value of equity-based compensation awards in 2018 compared to 2017. Equity-based compensation expense allocated to us from Antero Resources has no effect on our cash flows.

*Impairment of property and equipment expense.* Impairment expense decreased from $23 million for the year ended December 31, 2017 to $6 million for the year ended December 31, 2018. The impairment in 2017 was related to certain condensate gathering lines that Antero Resources no longer uses while the impairment in 2018 was due to gathering assets acquired from Antero Resources at the time of our IPO related to well pads that Antero Resources no longer has plans to drill and complete.

*Depreciation expense.* Total depreciation expense increased by 9%, from $120 million for the year ended December 31, 2017 to $130 million for the year ended December 31, 2018. The increase was primarily due to additional assets placed into service partially offset by the change in estimated useful lives of gathering and compression facilities from 20 years to 50 years. On October 1, 2018, the Partnership changed the estimated useful lives of the gathering systems and facilities from 20 years to 50 years based on a change in the expected period that our systems and facilities will be used to support Antero Resources' producing wells. For the year ended December 31, 2018, the change in estimate decreased depreciation by $18 million, increased net income and comprehensive income by $18 million and increased basic and diluted net income per limited partner unit by $0.10.

*Accretion and change in fair value of contingent acquisition consideration.* Accretion and change in fair value of contingent acquisition consideration changed from an increase of $14 million for the year ended December 31, 2017 to a reduction of $93 million for the year ended December 31, 2018 as a result of a decrease in fair value of $106 million. In connection with the Water Acquisition, we agreed to pay Antero Resources $125 million in cash if we deliver 176 million barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019. As of December 31, 2018, we have delivered 127 million of the 176 million barrels and we expect to pay the entire amount of the contingent consideration for the delivery of 176 million barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019. We have agreed to pay an additional $125 million in cash if we deliver 219 million barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020. As of December 31, 2018, we have delivered 71 million of the 219 million barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020 and do not expect to deliver at least 219 million barrels based on Antero Resources' 2019 budget and long-term outlook.

*Accretion of asset retirement obligations.* In the first quarter of 2018, the Antero Landfill began accepting waste while the wastewater treatment facility was undergoing testing and commissioning, creating an asset retirement obligation to close and monitor the landfill in the future according to regulatory standards. The accretion of this obligation began in January 2018.

*Operating income.* Total operating income increased by 87%, from $325 million for the year ended December 31, 2017 to $608 million for the year ended December 31, 2018. Gathering and processing operating income increased from $207 million for the year ended December 31, 2017 to $336 million for the year ended December 31, 2018. The increase was primarily due to an increase in gathering and compression throughput volumes in 2018. Water handling and treatment operating income increased from $118 million for the year ended December 31, 2017 to $272 million for the year ended December 31, 2018 due to accretion and change in fair value of contingent acquisition consideration of an increase $14 million for the year ended December 31, 2017 to a reduction of $93 million for the year ended December 31, 2018 as a result of a decrease in fair value of $106 million. This increase was also due to an increase in fresh water delivery volumes in 2018 as a result of an increase in water used in Antero Resources' completion activities.

*Interest expense.* Interest expense increased by 65%, from $38 million, net of $12 million in capitalized interest, for the year ended December 31, 2017 to $62 million, net of $4 million in capitalized interest, for the year ended December 31, 2018. The increase was due to an increase in interest expense incurred on increased borrowings outstanding under the revolving credit facility and increased interest rates.

*Equity in earnings of unconsolidated affiliates.* Equity in earnings in unconsolidated affiliates increased by 99%, from $20 million for the year ended December 31, 2017 to $40 million for the year ended December 31, 2018. Equity in earnings of unconsolidated affiliates represents the portion of the net income from our investments in Stonewall and the Joint Venture, which is allocated to us based on our equity interests. The increase is primarily attributable to an increase in the level of operations at the Joint Venture in 2018.

*Adjusted EBITDA.* Adjusted EBITDA increased by 36%, from $529 million for the year ended December 31, 2017 to $717 million for the year ended December 31, 2018. The increase was primarily due to an increase in revenue resulting from an increase in gathering, compression, and water volumes. For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to its most directly comparable financial measures calculated and presented in accordance with GAAP, please read "Item 6. Selected Financial Data—Non-GAAP Financial Measures."

***Year Ended December 31, 2016 Compared to Year Ended December 31, 2017***

The operating results and assets of our reportable segments were as follows for the year ended December 31, 2016 and 2017:

| (in thousands) | | Gathering and Processing | Water Handling and Treatment | Consolidated Total |
|---|---|---|---|---|
| **Year ended December 31, 2016** | | | | |
| Revenues: | | | | |
| Revenue–Antero Resources | $ | 303,250 | 282,267 | 585,517 |
| Revenue–third-party | | 835 | — | 835 |
| Gain on sale of assets | | 3,859 | — | 3,859 |
| Total revenues | | 307,944 | 282,267 | 590,211 |
| | | | | |
| Operating expenses: | | | | |
| Direct operating | | 27,289 | 134,298 | 161,587 |
| General and administrative (excluding equity-based compensation) | | 20,118 | 7,996 | 28,114 |
| Equity-based compensation | | 19,714 | 6,335 | 26,049 |
| Depreciation | | 69,962 | 29,899 | 99,861 |
| Accretion and change in fair value of contingent acquisition consideration | | — | 16,489 | 16,489 |
| Total expenses | | 137,083 | 195,017 | 332,100 |
| Operating income | $ | 170,861 | 87,250 | 258,111 |
| | | | | |
| Segment and consolidated Adjusted EBITDA(1) | $ | 264,380 | 139,973 | 404,353 |
| | | | | |
| **Year ended December 31, 2017** | | | | |
| Revenues: | | | | |
| Revenue–Antero Resources | $ | 396,202 | 376,031 | 772,233 |
| Revenue–third-party | | 264 | — | 264 |
| Total revenues | | 396,466 | 376,031 | 772,497 |
| | | | | |
| Operating expenses: | | | | |
| Direct operating | | 39,251 | 193,287 | 232,538 |
| General and administrative (excluding equity-based compensation) | | 20,607 | 10,922 | 31,529 |
| Equity-based compensation | | 19,730 | 7,553 | 27,283 |
| Impairment of property and equipment | | 23,431 | — | 23,431 |
| Depreciation | | 86,372 | 33,190 | 119,562 |
| Accretion and change in fair value of contingent acquisition consideration | | — | 13,476 | 13,476 |
| Total expenses | | 189,391 | 258,428 | 447,819 |
| Operating income | $ | 207,075 | 117,603 | 324,678 |
| | | | | |
| Segment and consolidated Adjusted EBITDA(1) | $ | 356,803 | 171,822 | 528,625 |

(1) For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to its most directly comparable financial measures calculated and presented in accordance with GAAP, please "Item 6. Selected Financial Data—Non-GAAP Financial Measures".

The following table sets forth selected financial and operating data for the year ended December 31, 2016 compared to the year ended December 31, 2017:

| ($ in thousands, except realized fees) | Year ended December 31, 2016 | Year ended December 31, 2017 | Amount of Increase or Decrease | Percentage Change |
|---|---|---|---|---|
| Revenue: | | | | |
| Revenue–Antero Resources | $ 585,517 | 772,233 | 186,716 | 32 % |
| Revenue–third-party | 835 | 264 | (571) | (68)% |
| Gain on sale of assets–Antero Resources | 3,859 | — | (3,859) | * |
| Total revenue | 590,211 | 772,497 | 182,286 | 31 % |
| Operating expenses: | | | | |
| Direct operating | 161,587 | 232,538 | 70,951 | 44 % |
| General and administrative (excluding equity-based compensation) | 28,114 | 31,529 | 3,415 | 12 % |
| Equity-based compensation | 26,049 | 27,283 | 1,234 | 5 % |
| Impairment of property and equipment | — | 23,431 | 23,431 | * |
| Depreciation | 99,861 | 119,562 | 19,701 | 20 % |
| Accretion and change in fair value of contingent acquisition consideration | 16,489 | 13,476 | (3,013) | (18)% |
| Total operating expenses | 332,100 | 447,819 | 115,719 | 35 % |
| Operating income | 258,111 | 324,678 | 66,567 | 26 % |
| Interest expense | (21,893) | (37,557) | (15,664) | 72 % |
| Equity in earnings of unconsolidated affiliates | 485 | 20,194 | 19,709 | * |
| Net income | $ 236,703 | 307,315 | 70,612 | 30 % |
| Adjusted EBITDA[(1)] | $ 404,353 | 528,625 | 124,272 | 31 % |
| Operating Data: | | | | |
| Gathering–low pressure (MMcf) | 513,390 | 605,719 | 92,329 | 18 % |
| Gathering–high pressure (MMcf) | 481,646 | 646,054 | 164,408 | 34 % |
| Compression (MMcf) | 271,060 | 436,695 | 165,635 | 61 % |
| Fresh water delivery (MBbl) | 45,112 | 55,892 | 10,780 | 24 % |
| Other fluid handling (MBbl) | 10,602 | 14,549 | 3,947 | 37 % |
| Wells serviced by fresh water delivery | 131 | 142 | 11 | 8 % |
| Gathering–low pressure (MMcf/d) | 1,403 | 1,660 | 257 | 18 % |
| Gathering–high pressure (MMcf/d) | 1,316 | 1,770 | 454 | 34 % |
| Compression (MMcf/d) | 741 | 1,196 | 455 | 61 % |
| Fresh water delivery (MBbl/d) | 123 | 153 | 30 | 24 % |
| Other fluid handling (MBbl/d) | 29 | 40 | 11 | 38 % |
| Average realized fees: | | | | |
| Average gathering–low pressure fee ($/Mcf) | $ 0.31 | 0.32 | 0.01 | 3 % |
| Average gathering–high pressure fee ($/Mcf) | $ 0.19 | 0.19 | — | — % |
| Average compression fee ($/Mcf) | $ 0.19 | 0.19 | — | — % |
| Average fresh water delivery fee ($/Bbl) | $ 3.68 | 3.71 | 0.03 | 1 % |
| Joint Venture Operating Data: | | | | |
| Processing–Joint Venture (MMcf) | — | 97,276 | 97,276 | * |
| Fractionation–Joint Venture (MBbl) | — | 1,861 | 1,861 | * |
| Processing–Joint Venture (MMcf/d) | — | 267 | 267 | * |
| Fractionation–Joint Venture (MBbl/d) | — | 5 | 5 | * |

* Not meaningful or applicable.

(1) For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to its most directly comparable financial measures calculated and presented in accordance with GAAP, please read “Item 6. Selected Financial Data—Non-GAAP Financial Measures”.

*Revenue–Antero Resources.* Revenues from Antero Resources increased by 32%, from $586 million for the year ended December 31, 2016 to $772 million for the year ended December 31, 2017. Gathering and processing revenues increased by 30%, from $304 million for the year ended December 31, 2016 to $396 million for the year ended December 31, 2017. Water handling and treatment revenues increased by 33%, from $282 million for the year ended December 31, 2016 to $376 million for the year ended December 31, 2017. These fluctuations are primarily the result of the following:

*Gathering and Processing*

- low pressure gathering revenue increased $31 million period over period due to an increase of throughput volumes of 92 Bcf, or 257 MMcf/d, which was primarily due to 109 new wells added in 2017 and the expansion of our low pressure gathering system by 21 miles in 2017;

- high pressure gathering revenue increased $32 million due to an increase of throughput volumes of 164 Bcf, or 454 MMcf/d, primarily as a result of the addition of three new high pressure gathering lines placed in service in 2017 and the expansion of our high pressure gathering system by 18 miles in 2017;

- compression revenue increased $31 million due to an increase of throughput volumes of 166 Bcf, or 455 MMcf/d, primarily due to the addition of five new compressor stations that were placed in service during 2017;

- condensate gathering revenue decreased $2 million as the condensate line ceased operating in early 2017.

*Water Handling and Treatment*

- fresh water delivery revenue increased $42 million due to an increase in fresh water delivery of 10,780 MBbl, or 30 MBbl/d, primarily due to an increase in the amount of water used in well completions by Antero Resources;

- other fluid handling services revenue increased $52 million period over period due to an increase in other fluid handling volumes of 3,947 MBbl, or 11 MBbl/d.

*Direct operating expenses.* Total direct operating expenses increased by 44%, from $162 million for the year ended December 31, 2016 to $233 million for the year ended December 31, 2017. Gathering and compression direct operating expenses increased from $27 million for the year ended December 31, 2016 to $39 million for the year ended December 31, 2017. The increase was primarily due to an increase in the number of gathering pipelines and compressor stations in 2017. Water handling and treatment direct operating expenses increased from $135 million for the year ended December 31, 2016 to $194 million for the year ended December 31, 2017. The increase was primarily due to an increase in wastewater handling and treatment volumes as well as an increase in the number of wells serviced by freshwater delivery services.

*General and administrative expenses.* General and administrative expenses (excluding equity-based compensation expense) increased by 12%, from $28 million for the year ended December 31, 2016 to $32 million for the year ended December 31, 2017. The increase was primarily due to an increase in the proportion of general and administrative expenses allocated from Antero Resources and increased direct general and administrative expenses to support our growth.

*Equity-based compensation expenses.* Equity-based compensation expense remained relatively consistent at $26 million for the year ended December 31, 2016 and $27 million for the year ended December 31, 2017. Equity-based compensation expense allocated to us from Antero Resources has no effect on our cash flows.

*Depreciation expense.* Total depreciation expense increased by 20%, from $100 million for the year ended December 31, 2016 to $120 million for the year ended December 31, 2017. The increase was primarily due to additional assets placed into service.

*Accretion and change in fair value of contingent acquisition consideration.* Accretion and change in fair value of contingent acquisition consideration accretion expense decreased from $17 million for the year ended December 31, 2016 to $14 million for the year ended December 31, 2017. The decrease is due to a change in our estimate of weighted average cost of capital for the fair value calculation. In connection with the Water Acquisition, we have agreed to pay Antero Resources (a) $125 million in cash if we deliver 176 million barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019 and (b) an additional $125 million in cash if we deliver 219 million barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020. In conjunction with the Water Acquisition on September 23, 2015, we recorded a liability for the discounted net present value of the contingent acquisition consideration and, as time passes, we recognize accretion expense to increase the discounted liability to the expected liability amounts. As of December 31, 2017, we expected to pay the entire amount of the contingent consideration amounts.

*Operating income.* Total operating income increased by 26%, from $258 million for the year ended December 31, 2016 to $325 million for the year ended December 31, 2017. Gathering and compression operating income increased from $171 million for the year ended December 31, 2016 to $207 million for the year ended December 31, 2017. The increase was primarily due to an increase in gathering and compression throughput volumes in 2017. Water handling and treatment operating income increased from $87 million for the year ended December 31, 2016 to $118 million for the year ended December 31, 2017. This increase was due to an increase in fresh water delivery volumes in 2017.

*Interest expense.* Interest expense increased by 72%, from $22 million, net of $4 million in capitalized interest, for the year ended December 31, 2016 to $38 million, net of $12 million in capitalized interest, for the year ended December 31, 2017. The increase was due to a full year of interest incurred on our $650 million of 2024 Notes in 2017, and an increase in interest expense incurred on increased borrowings outstanding under the revolving credit facility.

*Equity in earnings of unconsolidated affiliates.* Equity in earnings in unconsolidated affiliates increased from less than $1 million for the year ended December 31, 2016 to $20 million for the year ended December 31, 2017. Equity in earnings of unconsolidated affiliates represents the portion of the net income from our investments in Stonewall and the Joint Venture, which is allocated to us based on our equity interests. The increase is primarily attributable to the formation of the Joint Venture in 2017.

*Adjusted EBITDA.* Adjusted EBITDA increased by 31%, from $404 million for the year ended December 31, 2016 to $529 million for the year ended December 31, 2017. The increase was primarily due to an increase in revenue resulting from an increase in gathering, compression, and water volumes. For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to its most directly comparable financial measures calculated and presented in accordance with GAAP, please read "Item 6. Selected Financial Data—Non-GAAP Financial Measures."

## Capital Resources and Liquidity

### *Sources and Uses of Cash*

Capital and liquidity is provided by operating cash flow, cash on our balance sheet, borrowings under our revolving credit facility and capital market transactions. We expect that the combination of these capital resources will be adequate to meet our working capital requirements, capital expenditures program and expected quarterly cash distributions for at least the next 12 months.

The board of directors of our general partner has adopted a cash distribution policy pursuant to which we intend to distribute at least the minimum quarterly distribution of $0.17 per unit ($0.68 per unit on an annualized basis) on all of our units to the extent we have sufficient cash after the establishment of cash reserves and the payment of our expenses, including payments to our general partner and its affiliates. For the year ended December 31, 2018, we made distributions of $1.61 per unit, or a total of $303 million, to our common unitholders. Additionally, we made distributions to the holder of the IDRs of $123 million. The board of directors of our general partner declared a cash distribution of $0.47 per common unit for the quarter ended December 31, 2018. The distribution was paid on February 13, 2019 to unitholders of record as of February 1, 2019.

The following table and discussion presents a summary of our net cash provided by (used in) operating activities, investing activities and financing activities for the periods indicated:

| | Year Ended December 31, | | |
|---|---|---|---|
| (in thousands) | 2016 | 2017 | 2018 |
| Net cash provided by operating activities | $ 378,607 | 475,796 | 657,560 |
| Net cash used in investing activities | (478,163) | (779,818) | (666,587) |
| Net cash provided by financing activities | 106,715 | 298,343 | 664 |
| Net increase (decrease) in cash and cash equivalents | $ 7,159 | (5,679) | (8,363) |

***Cash Flows Provided by Operating Activities***

Net cash provided by operating activities was $379 million, $476 million, and $658 million for the years ended December 31, 2016, 2017 and 2018, respectively. The increase in cash flows from operations in 2018 from 2017 of $182 million and in 2017 from 2016 of $97 million were primarily the result of increased throughput volumes and revenues as a result of new gathering, compression, and water systems placed in service in 2018 and 2017, respectively, and increasing distributions from unconsolidated affiliates.

***Cash Flows Used in Investing Activities***

During the years ended December 31, 2016, 2017, and 2018, we used cash flows in investing activities of $478 million, $780 million, and $667 million, respectively. The decrease of $113 million from 2017 to 2018 was primarily a result of less investment in unconsolidated affiliates as well as reductions in capital expenditures on the treatment facility, which were offset by increases in capital expenditures on the gathering systems and facilities. The increase of $302 million from 2016 to 2017 was primarily driven by investments made in the Joint Venture that we entered into in early 2017, increased capital expenditures on the gathering systems and facilities and construction of the wastewater treatment facility.

The board of directors of our general partner has approved a capital budget of $750 million to $800 million for 2019, which includes $710 million of expansion capital and $65 million of maintenance capital at the midpoint of the range. Our capital budgets may be adjusted as business conditions warrant. If natural gas, NGLs, and oil prices decline to levels below acceptable levels or costs increase to levels above acceptable levels, Antero Resources could choose to defer a significant portion of its budgeted capital expenditures until later periods. As a result, we may also defer a significant portion of our budgeted capital expenditures to achieve the desired balance between sources and uses of liquidity and prioritize capital projects that we believe have the highest expected returns and potential to generate near-term cash flows. We routinely monitor and adjust our capital expenditures in response to changes in Antero Resources' development plans, changes in prices, availability of financing, acquisition costs, industry conditions, the timing of regulatory approvals, success or lack of success in Antero Resources' drilling activities, contractual obligations, internally generated cash flows and other factors both within and outside our control.

***Cash Flows Provided by Financing Activities***

Net cash provided by financing activities for the year ended December 31, 2018 of $664 thousand is primarily the result of $435 million in net borrowings under the Credit Facility, offset by $426 million in partnership distributions. The decrease in cash provided by financing activities from 2017 was primarily due to an increase in distributions and borrowings offset by a decrease in proceeds from common unit issuances.

Net cash provided by financing activities for the year ended December 31, 2017 of $298 million is primarily the result of $345 million in net borrowings under the Credit Facility, $223 million in net proceeds from the issuance of 6,900,000 common units in February 2017 and $284 million in partnership distributions. The increase in cash provided by financing activities from 2016 was primarily due to increases in borrowings and common unit issuances, offset by an increase in distributions paid.

Net cash provided by financing activities for the year ended December 31, 2016 of $107 million is primarily the result of $650 million in proceeds from the issuance of the 2024 Notes and $65 million in proceeds from common unit issuances, offset by the repayment of $410 million on the revolving credit facility and $182 million in partnership distributions.

***Debt Agreements***

*Revolving Credit Facility*

On October 31, 2018, the Partnership entered into the First Amendment and Joinder Agreement to the senior revolving credit facility to (i) increase lender commitments from $1.5 billion to $2.0 billion, (ii) permit us and our guarantors under the facility to consummate the Transactions and (iii) modify the pricing grid to decrease pricing. The maturity date of the facility is October 26, 2022. At December 31, 2018, we had $990 million of borrowings and no letters of credit outstanding under the Credit Facility.

Under the Credit Facility, "Investment Grade Period" is a period that, as long as no event of default has occurred and the Partnership is in pro forma compliance with the financial covenants under the Credit Facility, commences when the Partnership elects to give notice to the Administrative Agent that the Partnership has received at least one of either (i) a BBB- or better rating from Standard and Poor's or (ii) a Baa3 or better from Moody's (provided that the non-investment grade rating from the other rating agency is at least either Ba1 if Moody's or BB+ if Standard and Poor's (an "Investment Grade Rating")). An Investment Grade Period can end at the Partnership's election.

We have a choice of borrowing in Eurodollars or at the base rate. Principal amounts borrowed are payable on the maturity date with such borrowings bearing interest that is payable (i) with respect to base rate loans, quarterly and (ii) with respect to Eurodollar loans, the last day of each Interest Period (as defined below); provided that if any Interest Period for a Eurodollar loan exceeds three months, interest will be payable on the respective dates that fall every three months after the beginning of such Interest Period. Eurodollar loans bear interest at a rate per annum equal to the LIBOR Rate administered by the ICE Benchmark Administration for one, two, three, six or, if available to the lenders, twelve months (the "Interest Period") plus an applicable margin ranging from (i) 125 to 225 basis points during any period that is not an Investment Grade Period, depending on the leverage ratio then in effect and (ii) 112.5 to 200 basis points during an Investment Grade Period, depending on the Partnership's credit rating then in effect. Base rate loans bear interest at a rate per annum equal to the greatest of (i) the agent bank's reference rate, (ii) the federal funds effective rate plus 50 basis points and (iii) the rate for one month Eurodollar loans plus 100 basis points, plus an applicable margin ranging from (i) 25 to 125 basis points during any period that is not an Investment Grade Period, depending on the leverage ratio then in effect and (ii) 12.5 to 100 basis points during an Investment Grade Period, depending on the Partnership's credit rating then in effect.

During any period that is not an Investment Grade Period, the revolving credit facility is guaranteed by our subsidiaries and is secured by mortgages on substantially all of our and our subsidiaries' properties; provided that the liens securing the revolving credit facility shall be automatically released during an Investment Grade Period. The revolving credit facility contains restrictive covenants that may limit our ability to, among other things:

- incur additional indebtedness;
- sell assets;
- make loans to others;
- make investments;
- enter into mergers;
- make certain restricted payments;
- incur liens; and
- engage in certain other transactions without the prior consent of the lenders.

The revolving credit facility also requires us to maintain the following financial ratios:

- a consolidated interest coverage ratio, which is the ratio of our consolidated EBITDA to its consolidated current interest charges of at least 2.5 to 1.0 at the end of each fiscal quarter; provided that during an Investment Grade Period, the Partnership will not to be subject to such ratio;

- a consolidated total leverage ratio, which is the ratio of consolidated debt to consolidated EBITDA, of not more than 5.00 to 1.00 at the end of each fiscal quarter; provided that during an Investment Grade Period or at our election (the "Financial Covenant Election"), the consolidated total leverage ratio shall be no more than 5.25 to 1.0; and
- after a Financial Covenant Election (and up to the commencement of an Investment Grade Period), a consolidated senior secured leverage ratio covenant rather than the consolidated total leverage ratio covenant, which is the ratio of consolidated senior secured debt to consolidated EBITDA, of not more than 3.75 to 1.0.

We were in compliance with the applicable covenants and ratios as of December 31, 2017 and 2018. The actual borrowing capacity available to us may be limited by the interest coverage ratio, consolidated total leverage ratio, and consolidated senior secured leverage ratio covenants.

*5.375% Senior Notes Due 2024*

On September 13, 2016, the Partnership and its wholly-owned subsidiary, Finance Corp, as co-issuers, issued $650 million in aggregate principal amount of 5.375% senior notes due September 15, 2024 (the "2024 Notes") at par. The 2024 Notes are unsecured and effectively subordinated to the revolving credit facility to the extent of the value of the collateral securing the revolving credit facility. The 2024 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by the Partnership's wholly-owned subsidiaries (other than Finance Corp) and certain of its future restricted subsidiaries. Interest on the 2024 Notes is payable on March 15 and September 15 of each year. The Partnership may redeem all or part of the 2024 Notes at any time on or after September 15, 2019 at redemption prices ranging from 104.031% on or after September 15, 2019 or 100.00% on or after September 15, 2022. In addition, prior to September 15, 2019, the Partnership may redeem up to 35% of the aggregate principal amount of the 2024 Notes with an amount of cash not greater than the net cash proceeds of certain equity offerings, if certain conditions are met, at a redemption price of 105.375% of the principal amount of the 2024 Notes, plus accrued and unpaid interest. At any time prior to September 15, 2019, the Partnership may also redeem the 2024 Notes, in whole or in part, at a price equal to 100% of the principal amount of the 2024 Notes plus "make-whole" premium and accrued and unpaid interest. If the Partnership undergoes a change of control, the holders of the 2024 Notes will have the right to require the Partnership to repurchase all or a portion of the notes at a price equal to 101% of the principal amount of the 2024 Notes, plus accrued and unpaid interest.

***Contractual Obligations***

At December 31, 2018, we had $990 million of borrowings and no letters of credit outstanding under the revolving credit facility. Commitment fees on the unused portion of the revolving credit facility are due quarterly at rates ranging from 0.25% to 0.375% based on the leverage ratio, during a period that is not an Investment Grade Period, and 0.175% to 0.375% based on the Partnership's rating, during an Investment Grade Period, of the unused facility.

Future capital contributions to unconsolidated affiliates are excluded from the table as neither the amounts nor the timing of the obligations can be determined in advance. A summary of our contractual obligations by maturity date as of December 31, 2018 is provided in the following table.

| | Year Ended December 31, | | | | | | |
|---|---|---|---|---|---|---|---|
| (in millions) | 2019 | 2020 | 2021 | 2022 | 2023 | Thereafter | Total |
| Credit Facility [1] | $ — | — | — | 990 | — | — | 990 |
| 5.375% senior notes due 2024—principal | — | — | — | — | — | 650 | 650 |
| 5.375% senior notes due 2024—interest | 35 | 35 | 35 | 35 | 35 | 35 | 210 |
| Water treatment [2] | 27 | — | — | — | — | — | 27 |
| Contingent acquisition consideration | 125 | — | — | — | — | — | 125 |
| Asset retirement obligations | 2 | 1 | 2 | — | 1 | 2 | 8 |
| Total | $ 189 | 36 | 37 | 1,025 | 36 | 687 | 2,010 |

(1) Includes outstanding principal amounts on the Credit Facility at December 31, 2018. This table does not include future commitment fees, interest expense or other fees on our revolving credit facility because they are floating rate instruments and we cannot determine with accuracy the timing of future loan advances, repayments, or future interest rates to be charged.

(2) Includes obligations related to the construction of our wastewater treatment facility.

## Critical Accounting Policies and Estimates

The following discussion relates to the critical accounting policies and estimates for both the Partnership and our Predecessor. The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with GAAP. The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our financial statements. We provide expanded discussion of our more significant accounting policies, estimates and judgments below. We believe these accounting policies reflect our more significant estimates and assumptions used in preparation of our financial statements. See Note 2—Summary of Significant Accounting Policies to the financial statements for a discussion of additional accounting policies and estimates made by management.

### *General and Administrative and Equity-Based Compensation Costs*

General and administrative costs are charged or allocated to us based on the nature of the expenses and are allocated based on our proportionate share of Antero Resources' gross property and equipment, capital expenditures and labor costs, as applicable. These allocations are based on estimates and assumptions that management believes are reasonable.

Equity-based compensation grants are measured at their grant date fair value and related compensation cost is recognized over the vesting period of the grant. Compensation cost for awards with graded vesting provisions is recognized on a straight-line basis over the requisite service period of each separately vesting portion of the award. Estimating the fair value of each award requires management to apply judgment.

Equity-based compensation expenses are allocated to us based on our proportionate share of Antero Resources' labor costs. These allocations are based on estimates and assumptions that management believes are reasonable.

### *Fair Value Measurement*

The Financial Accounting Standards Board (the "FASB") Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures*, clarifies the definition of fair value, establishes a framework for measuring fair value, and sets forth disclosure requirements about fair value measurements. This guidance also relates to all nonfinancial assets and liabilities that are not recognized or disclosed on a recurring basis (e.g., the initial recognition of asset retirement obligations and impairments of long-lived assets). The fair value is the price that we estimate would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is used to prioritize inputs to valuation techniques used to estimate fair value. An asset or liability subject to the fair value requirements is categorized within the hierarchy based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The highest priority (Level 1) is given to unadjusted quoted market prices in active markets for identical assets or liabilities, and the lowest priority (Level 3) is given to unobservable inputs. Level 2 inputs are data, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

In connection with the Water Acquisition, we have agreed to pay Antero Resources (a) $125 million in cash if we deliver 176,295,000 barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019 and (b) an additional $125 million in cash if we deliver 219,200,000 barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020. This contingent consideration liability is valued based on Level 3 inputs related to the expected average volumes and weighted average cost of capital and was recorded at the time of the Water Acquisition in accordance with accounting guidance for business combinations. We update our assumptions each reporting period based on new developments and adjust such amounts to fair value based on revised assumptions, if applicable, until such consideration is satisfied through payment upon achievement of the specified objectives or it is eliminated upon failure to achieve the specified objectives.

As of December 31, 2018, the Partnership expects to pay the entire amount of the contingent consideration for the 176,295,000 barrels or more fresh water delivered during the period between January 1, 2017 and December 31, 2019, but not for the 219,200,000 barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020 based on Antero Resources' 2019 budget and long-term outlook. Accordingly, the fair value of the liability for contingent acquisition consideration was reduced by $106 million in 2018. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement within the fair value hierarchy. The fair value of the contingent consideration liability associated with future milestone payments was based on the risk adjusted present value of the contingent consideration payout.

**New Accounting Pronouncements**

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases*, which replaced most existing lease guidance under GAAP when it became effective on January 1, 2019. The standard requires lessees to record lease liabilities and right-of-use assets as of the date of adoption and we have elected to adopt the new standard prospectively. The Partnership is not a party to any material contracts as a lessee. The new lease standard does not substantially change accounting by lessors. The Partnership determined that its contractual arrangement with Antero Resources to provide midstream services is an operating lease of the Partnership's assets that will be accounted for under the new ASU in the same manner as the Partnership's current accounting for the arrangement. No significant additional disclosures will be required. As a result, there will not be a material impact of the new leasing standard on the Partnership's financial statements. The Partnership believes that adoption of the standard will not impact its operational strategies, growth prospects, net income, or cash flow. The Partnership as updated internal controls impacted by the new standard and acquired software to collect and account for lease data under the standard.

**Off-Balance Sheet Arrangements**

As of December 31, 2018, we did not have any off-balance sheet arrangements.

## Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our potential exposure to market risk. The term “market risk” refers to the risk of loss arising from adverse changes in commodity prices and interest rates. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. This forward-looking information provides indicators of how we view and manage our ongoing market risk exposures.

### *Commodity Price Risk*

Our gathering and compression and water services agreements with Antero Resources provide for fixed-fee structures, and we intend to continue to pursue additional fixed-fee opportunities with Antero Resources and third parties in order to avoid direct commodity price exposure. However, to the extent that our future contractual arrangements with Antero Resources or third parties do not provide for fixed-fee structures, we may become subject to commodity price risk. We are subject to commodity price risks to the extent that they impact Antero Resources’ development program and production and therefore our gathering, compression, and water handling and treatment volumes. We cannot predict to what extent our business would be impacted by lower commodity prices and any resulting impact on Antero Resources’ operations.

### *Interest Rate Risk*

Our primary exposure to interest rate risk results from outstanding borrowings under our Credit Facility, which has a floating interest rate. We do not currently, but may in the future, hedge the interest on portions of our borrowings under our revolving credit facility from time-to-time in order to manage risks associated with floating interest rates. At December 31, 2018, we had $990 million of borrowings and no letters of credit outstanding under the Credit Facility. A 1.0% increase in our Credit Facility interest rate would have resulted in an estimated $7.9 million increase in interest expense, for the year ended December 31, 2018.

### *Credit Risk*

We are dependent on Antero Resources as our primary customer, and we expect to derive a substantial majority of our revenues from Antero Resources for the foreseeable future. As a result, any event, whether in our area of operations or otherwise, that adversely affects Antero Resources’ production, drilling schedule, financial condition, leverage, market reputation, liquidity, results of operations or cash flows may adversely affect our revenues and cash available for distribution.

Further, we are subject to the risk of non-payment or non-performance by Antero Resources, including with respect to our gathering and compression and water handling and treatment services agreements. We cannot predict the extent to which Antero Resources’ business would be impacted if conditions in the energy industry were to deteriorate, nor can we estimate the impact such conditions would have on Antero Resources’ ability to execute its drilling and development program or to perform under our agreement. Any material non-payment or non-performance by Antero Resources could reduce our ability to make distributions to our unitholders.

## Item 8. Financial Statements and Supplementary Data

The Report of Independent Registered Public Accounting Firm, Consolidated Financial Statements and supplementary financial data required for this Item are set forth beginning on page F-2 of this report and are incorporated herein by reference.

## Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

## Item 9A. Controls and Procedures

### *Evaluation of Disclosure Controls and Procedures*

As required by Rule 13a-15(b) under the Exchange Act we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this annual report. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2018 at a reasonable assurance level.

***Changes in Internal Control Over Financial Reporting***

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. In connection with the anticipated adoption of ASU No. 2016-02, *Leases*, we implemented additional controls and accounting processes related to the adoption of the lease standard. These changes have not materially affected the Partnership's internal control over financial reporting.

***Management's Annual Report on Internal Control Over Financial Reporting***

The management of our general partner is responsible for establishing and maintaining adequate internal control over financial reporting for us as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of the assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect all misstatements. Further, because of changes in conditions, effectiveness of internal controls over financial reporting may vary over time.

Under the supervision of, and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in *Internal Control—Integrated Framework* in 2013, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management of our general partner concluded that our internal control over financial reporting was effective as of December 31, 2018.

The effectiveness of our internal control over financial reporting as of December 31, 2018 has been audited by KPMG LLP, an independent registered public accounting firm which also audited our consolidated financial statements as of and for the year ended December 31, 2018, as stated in their report which appears on page F-2 in this report.

**Item 9B. Other Information**

**Disclosure pursuant to Section 13(r) of the Securities Exchange Act of 1934**

Pursuant to Section 13(r) of the Exchange Act, we may be required to disclose in our annual and quarterly reports to the SEC whether we or any of our "affiliates" knowingly engaged in certain activities, transactions or dealings relating to Iran or with certain individuals or entities targeted by US economic sanctions. Disclosure is generally required even where the activities, transactions or dealings were conducted in compliance with applicable law. Because the SEC defines the term "affiliate" broadly, it includes any entity under common "control" with us (and the term "control" is also construed broadly by the SEC).

The description of the activities below has been provided to us by Warburg Pincus LLC ("WP"), affiliates of which: (i) are members of the board of directors of our general partner, and (ii) beneficially own more than 10% of the outstanding common stock and are members of the board of directors of Endurance International Group Holdings, Inc. (together with its subsidiaries, "EIGI").

EIGI may therefore be deemed to be under common “control” with us; however, this statement is not meant to be an admission that common control exists.

The disclosure below relates solely to activities conducted by EIGI. The disclosure does not relate to any activities conducted by us or by WP and does not involve our or WP’s management. Neither we nor WP has had any involvement in or control over the disclosed activities, and neither we nor WP has independently verified or participated in the preparation of the disclosure. Neither we nor WP is representing as to the accuracy or completeness of the disclosure nor do we or WP undertake any obligation to correct or update it.

We understand that EIGI intends to disclose the following in its next annual or quarterly SEC report:

On July 25, 2018, the Office of Foreign Assets Control (“OFAC”) designated Electronics Katrangi Trading (“Katrangi”) as a Specially Designated National (“SDN”) pursuant to the Weapons of Mass Destruction Proliferators Sanctions Regulations, 31 C.F.R. Part 544. On July 30, 2018, during a regular compliance scan of EIGI’s user base, EIGI identified the domain SGP-FRANCE.COM (the “Domain Name”) which was listed as a website associated with Katrangi, on one of EIGI’s platforms. The Domain Name was managed using one of EIGI’s platforms by one of its reseller customers. Accordingly, there was no direct financial transaction between EIGI and the registered owner of the Domain Name and EIGI did not generate any revenue in connection with the Domain Name since Katrangi was added to the SDN list on July 25, 2018. Upon discovering the Domain Name on its platform, EIGI promptly suspended the Domain Name and removed it from its platform. EIGI reported the Domain Name to OFAC on August 7, 2018.

On November 6, 2018, EIGI terminated an end customer account (the “End Customer Account”) that EIGI believed to be associated with Arian Bank, which was identified by OFAC as an SDN on November 5, 2018, pursuant to 31 C.F.R. Part 594. EIGI initially acquired the End Customer Account on January 23, 2014 as part of EIGI’s acquisition of P.D.R Solutions FZC. EIGI reported the End Customer Account to OFAC as potentially the property of an SDN subject to blocking pursuant to Executive Order 13224. As of February 1, 2019, EIGI had not received any correspondence from OFAC regarding this matter.

## PART III

### Item 10. Directors, Executive Officers, and Corporate Governance

### Management of Antero Midstream Partners LP

We are managed and operated by the board of directors (the "Board") and executive officers of our general partner, Antero Midstream Partners GP LLC ("AMP GP"). Our general partner is controlled by Antero Midstream GP LP ("AMGP"). All of the officers and certain of the directors of our general partner are also officers and directors of Antero Resources and AMGP GP LLC, the general partner of AMGP ("AMGP GP"). Neither our general partner nor its board of directors is elected by our unitholders. AMGP is the sole member of our general partner and has the right to appoint our general partner's entire board of directors, including at least three independent directors meeting the independence standards established by the NYSE. Our unitholders are not entitled to directly participate in our management or operations. Our general partner owes certain contractual duties to our unitholders as well as a fiduciary duty to its owners.

Our general partner has seven directors. The NYSE does not require a listed publicly traded partnership, such as ours, to have a majority of independent directors on the board of directors of our general partner or to establish a compensation committee or a nominating committee. However, our general partner is required to have an audit committee of at least three members, and all its members are required to meet the independence and experience standards established by the NYSE and the Exchange Act. As previously announced, on January 24, 2019, Richard W. Connor notified us of his intent to resign from the Board effective immediately for personal reasons. The resignation was not the result of any disagreement with the Partnership or any of its affiliates on any matter relating to the Partnership's operations, policies or practices. On January 29, 2019, Paul J. Korus was appointed to the Board to fill the vacancy resulting from Mr. Connor's departure. Mr. Korus was also appointed to serve as chairman of the Board's audit committee. The Board determined that Mr. Korus meets the independence requirements under the rules of the NYSE and the Partnershp's independence standards.

All of the executive officers of our general partner listed below allocate their time between managing our business and affairs and the business and affairs of Antero Resources and AMGP. The amount of time that our general partner's executive officers devote to our business and the businesses of Antero Resources and AMGP will vary in any given year based on a variety of factors. Our general partner's executive officers intend, however, to devote as much time to the management of our business and affairs as is necessary for the proper conduct of our business and affairs.

Antero Resources provides customary management and general administrative services to us pursuant to a services agreement. Our general partner reimburses Antero Resources at cost for its direct expenses incurred on behalf of us and a proportionate amount of its indirect expenses incurred on behalf of us, including, but not limited to, compensation expenses. Under a services agreement, Antero Resources charges us a general and administrative fee for services it provides us. Our partnership agreement does not set a limit on the amount of expenses for which our general partner and its affiliates may be reimbursed. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our general partner by its affiliates. Please read "Item 13. Certain Relationships and Related Transactions and Director Independence." Neither our general partner nor Antero Resources receives any management fee or other compensation.

### Board Leadership Structure

The Board does not have a formal policy addressing whether or not the roles of Chairman and Chief Executive Officer should be separate or combined. The directors serving on the Board possess considerable professional and industry experience, significant experience as directors of both public and private companies and a unique knowledge of the challenges and opportunities that we face. As such, the Board believes that it is in the best position to evaluate our needs and to determine how best to organize AMP GP's leadership structure to meet those needs.

At present, AMP GP's Board has chosen to combine the positions of Chairman and Chief Executive Officer. While the Board believes it is important to retain the flexibility to determine whether the roles of Chairman and Chief Executive Officer should be separated or combined in one individual, the Board believes that the current Chief Executive Officer is an individual with the necessary experience, commitment and support of the other members of the Board to effectively carry out the role of Chairman.

The Board believes this structure promotes better alignment of strategic development and execution, more effective implementation of strategic initiatives and clearer accountability for our success or failure. Moreover, the Board believes that combining the Chairman and Chief Executive Officer positions does not impede independent oversight of the Partnership. Five of the seven members of the Board are independent under NYSE rules.

**Board's Role in Risk Oversight**

In the normal course of our business, we are exposed to a variety of risks, including market risks relating to changes in commodity prices, interest rates, technical risks affecting our facilities, political risks and credit and investment risk. The Board oversees our strategic direction, and in doing so considers the potential rewards and risks of our business opportunities and challenges, and monitors the development and management of risks that impact our strategic goals.

**Executive Sessions**

To facilitate candid discussion among our directors, the non-management directors meet in regularly scheduled executive sessions. The director who presides at these meetings is chosen by the Board prior to such meetings.

**Interested Party Communications**

Unitholders and other interested parties may communicate by writing to: Antero Midstream Partners LP, 1615 Wynkoop Street, Denver, Colorado 80202. Unitholders may submit their communications to the Board, any committee of the Board or individual directors on a confidential or anonymous basis by sending the communication in a sealed envelope marked "Unitholder Communication with Directors" and clearly identify the intended recipient(s) of the communication.

Our Chief Administrative Officer will review each communication and other interested parties and will forward the communication, as expeditiously as reasonably practicable, to the addressees if: (1) the communication complies with the requirements of any applicable policy adopted by the Board relating to the subject matter of the communication; and (2) the communication falls within the scope of matters generally considered by the Board. To the extent the subject matter of a communication relates to matters that have been delegated by the Board to a committee or to an executive officer of the general partner, then the general partner's Chief Administrative Officer may forward the communication to the executive officer or chairman of the committee to which the matter has been delegated. The acceptance and forwarding of communications to the members of the Board or an executive officer does not imply or create any fiduciary duty of the Board members or executive officer to the person submitting the communications.

Information may be submitted confidentially and anonymously, although we may be obligated by law to disclose the information or identity of the person providing the information in connection with government or private legal actions and in other circumstances. Our policy is not to take any adverse action, and not to tolerate any retaliation, against any person for asking questions or making good faith reports of possible violations of law, our policies or our Corporate Code of Business Conduct and Ethics.

**Available Governance Materials**

The Board has adopted the following materials, which are available on our website at *www.anteromidstream.com*:

- Charter of the Audit Committee of the Board;
- Corporate Code of Business Conduct and Ethics;
- Financial Code of Ethics; and
- Corporate Governance Guidelines.

Unitholders may obtain a copy, free of charge, of each of these documents by sending a written request to Antero Midstream Partners LP, 1615 Wynkoop Street, Denver, Colorado, 80202. We intend to disclose any amendments to, or waivers from, our Code of Business Conduct and Ethics on our website.

**Directors and Executive Officers**

The following table shows information for our general partner's executive officers and directors. Directors hold office until their successors have been elected or qualified or until the earlier of their death, resignation, removal or disqualification. Executive officers serve at the discretion of the board. There are no family relationships among any of the directors or executive officers. Some of the directors and all of the executive officers also serve as directors or executive officers, as applicable, of Antero Resources.

| Name | Age | Position With Our General Partner |
|---|---|---|
| Paul M. Rady | 65 | Chairman and Chief Executive Officer |
| Glen C. Warren, Jr. | 63 | Director, President and Secretary |
| Michael N. Kennedy | 44 | Chief Financial Officer and Senior Vice President |
| Kevin J. Kilstrom | 64 | Senior Vice President—Production |
| Alvyn A. Schopp | 60 | Chief Administrative Officer, Senior Regional Vice President and Treasurer |
| Peter R. Kagan | 50 | Director |
| W. Howard Keenan, Jr. | 68 | Director |
| Paul J. Korus | 62 | Director |
| John C. Mollenkopf | 57 | Director |
| David A. Peters | 60 | Director |

*Paul M. Rady* has served as Chief Executive Officer and Chairman of the Board of Directors of our general partner since February 2014. Mr. Rady has also served as Chief Executive Officer and Chairman of the Board of Directors of Antero Resources since May 2004 and of its predecessor company, Antero Resources Corporation, from its founding in 2002 until its sale to XTO Energy, Inc. in April 2005, as well as Chief Executive Officer and Chairman of the Board of Directors of of the general partner of AMGP since April 2017. Prior to Antero, Mr. Rady served as President, CEO and Chairman of Pennaco Energy from 1998 until its sale to Marathon in early 2001. Prior to Pennaco, Mr. Rady was with Barrett Resources from 1990 until 1998 where he initially was recruited as Chief Geologist in 1990, then served as Exploration Manager, EVP Exploration, President, COO and Director and ultimately CEO. Mr. Rady began his career with Amoco where he served 10 years as a geologist focused on the Rockies and Mid-Continent. Mr. Rady is the managing member of Salisbury Investment Holdings, LLC. Mr. Rady holds a B.A. in Geology from Western Colorado University and M.Sc. in Geology from Western Washington University.

Mr. Rady's significant experience as a chief executive of oil and gas companies, together with his training as a geologist and broad industry knowledge, enable Mr. Rady to provide the board with executive counsel on a full range of business, strategic and professional matters.

*Glen C. Warren, Jr.* has served as President and Secretary and as a director of our general partner since January 2016, prior to which he served as President, Chief Financial Officer and Secretary and as a director of our general partner beginning in February 2014. Mr. Warren has also served as President, Chief Financial Officer and Secretary and as a director of Antero Resources since May 2004 and of its predecessor company, Antero Resources Corporation, from its founding in 2002 until its sale to XTO Energy, Inc. in April 2005, as well as President and Secretary and as a director of the Board of Directors of the general partner of AMGP since April 2017. Prior to Antero Resources, Mr. Warren served as EVP, CFO and Director of Pennaco Energy from 1998 until its sale to Marathon in early 2001. Mr. Warren spent 10 years as a natural resources investment banker focused on equity and debt financing and M&A advisory with Lehman Brothers, Dillon Read and Kidder Peabody. Mr. Warren began his career as a landman in the Gulf Coast region with Amoco, where he spent six years. Mr. Warren is the managing member of Canton Investment Holdings, LLC. Mr. Warren holds a B.A. from the University of Mississippi, a J.D. from the University of Mississippi School of Law and an M.B.A. from the Anderson School of Management at U.C.L.A.

Mr. Warren's significant experience as a chief financial officer of oil and gas companies, together with his experience as an investment banker and broad industry knowledge, enable Mr. Warren to provide the board with executive counsel on a full range of business, strategic, financial and professional matters.

*Michael N. Kennedy* has served as Chief Financial Officer of our general partner and Senior Vice President of Finance since January 2016, prior to which he served as Vice President of Finance of our general partner beginning in February 2014. Mr. Kennedy has also served as Senior Vice President of Finance of Antero Resources since January 2016, prior to which he served as Vice President of Finance of Antero Resources from August 2013 to December 2015. Mr. Kennedy was Executive Vice President and Chief Financial Officer of Forest Oil Corporation from 2009 to 2013. From 2001 until 2009, Mr. Kennedy held various financial positions of increasing responsibility within Forest. From 1996 to 2001, Mr. Kennedy was an auditor with Arthur Andersen focusing on the Natural Resources industry. Mr. Kennedy holds a B.S. in Accounting from the University of Colorado at Boulder.

*Kevin J. Kilstrom* has served as Senior Vice President of Production of our general partner since January 2016, prior to which he served as Vice President of Production of our general partner beginning in February 2014. Mr. Kilstrom has also served as Senior

Vice President of Production of the general partner of AMGP since April 2017. Mr. Kilstrom was a Manager of Petroleum Engineering with AGL Energy of Sydney, Australia from 2006 to 2007. Prior to AGL, Mr. Kilstrom was with Marathon Oil as an Engineering Consultant and Asset Manager from 2003 to 2006 and as a Business Unit Manager for Marathon's Powder River coal bed methane assets from 2001 to 2003. Mr. Kilstrom also served as a member of the board of directors of three Marathon subsidiaries from October 2003 through May 2005. Mr. Kilstrom was an Operations Manager and reserve engineer at Pennaco Energy from 1999 to 2001. Mr. Kilstrom was at Amoco for more than 22 years prior to 1999. Mr. Kilstrom holds a B.S. in Engineering from Iowa State University and an M.B.A. from DePaul University.

*Alvyn A. Schopp* has served as Chief Administrative Officer, Senior Regional Vice President, and Treasurer of our general partner since January 2016, prior to which he served as Chief Administrative Officer, Regional Vice President and Treasurer of our general partner beginning in February 2014. Mr. Schopp has also served as Chief Administrative Officer, Senior Regional Vice President, and Treasurer of Antero Resources since January 2016, as Chief Administrative Officer, Regional Vice President and Treasurer from October 2013 to January 2016, as Vice President of Accounting and Administration and Treasurer from January 2005 to September 2013, as Controller and Treasurer from 2003 to 2005 and as Vice President of Accounting and Administration and Treasurer of Antero Resources' predecessor company, Antero Resources Corporation, from January 2005 until its sale to XTO Energy, Inc. in April 2005. Mr. Schopp has also served as Chief Administrative Officer, Senior Regional Vice President, and Treasurer of the general partner of AMGP since April 2017. From 1993 to 2000, Mr. Schopp was CFO, Director and ultimately CEO of T-Netix. From 1980 to 1993 Mr. Schopp was with KPMG LLP. As a Senior Manager with KPMG, he maintained an extensive energy and mining practice. Mr. Schopp holds a B.B.A. from Drake University.

*Peter R. Kagan* has served as a director of our general partner since February 2014. Mr. Kagan also has served as a director of Antero Resources since 2004 and as a director of AMGP GP since April 2017. Mr. Kagan has been with Warburg Pincus since 1997 where he leads the firm's investment activities in energy and natural resources. He is a Partner of Warburg Pincus & Co. and a Managing Director of Warburg Pincus LLC. He is also a member of Warburg Pincus LLC's Executive Management Group. Mr. Kagan received a B.A. degree cum laude from Harvard College and J.D. and M.B.A. degrees with honors from the University of Chicago. Prior to joining Warburg Pincus, he worked in investment banking at Salomon Brothers in both New York and Hong Kong. Mr. Kagan currently also serves on the boards of directors of the following public companies: Laredo Petroleum Holdings, Inc., MEG Energy Corp. and Targa Resources Corp., as well as the boards of several private companies. In addition, he is a director of Resources for the Future and a trustee of Milton Academy.

Mr. Kagan has significant experience with energy companies and investments and broad knowledge of the oil and gas industry. We believe his background and skill set make Mr. Kagan well-suited to serve as a member of our board of directors.

*W. Howard Keenan, Jr.* has served as a director of our general partner since February 2014. Mr. Keenan also has served as a director of Antero Resources since 2004 and as a director of AMGP GP since April 2017. Mr. Keenan has over 40 years of experience in the financial and energy businesses. Since 1997, he has been a Member of Yorktown Partners LLC, a private investment manager focused on the energy industry. From 1975 to 1997, he was in the Corporate Finance Department of Dillon, Read & Co. Inc. and active in the private equity and energy areas, including the founding of the first Yorktown Partners fund in 1991. He is serving or has served as a director of multiple Yorktown Portfolio companies and currently serves as a director of the following public companies: Ramaco Resources, Inc. and Solaris Oilfield Infrastructure, Inc. Mr. Keenan holds an B.A. degree cum laude from Harvard College and an M.B.A. degree from Harvard University.

Mr. Keenan has significant experience with energy companies and investments and broad knowledge of the oil and gas industry. We believe his background and skill set make Mr. Keenan well-suited to serve as a member of our board of directors.

*Paul J. Korus* has served as a director and the Chairman of the Audit Committee since January 2019, and he has also served as a director and member of the Audit Committee of Antero Resources since December 2018. Mr. Korus was also appointed to the Board of Directors of SRC Energy Inc. in 2016, where he currently serves as Chairman of the Audit Committee and is a member of the Corporate Governance and Nominating Committee. In September 2015, Mr. Korus retired as senior vice president and Chief Financial Officer of Cimarex Energy Co., a position he had held since 1999. His responsibilities there included oversight of all financial areas including corporate planning, capital markets, accounting, tax, treasury, investor relations, internal audit and information technology. Between 1995 and 1999 he was an equity research analyst with Petrie Parkman & Co., a boutique energy investment banking firm that subsequently merged into Merrill Lynch. From 1982 to 1995 Mr. Korus was with Apache Corporation, where he held positions of increasing responsibility in management information systems, corporate planning and investor relations. Mr. Korus began his business career in 1980 with a large public accounting firm (Arthur Andersen) as a management information systems consultant. Mr. Korus is currently Chairman of the University of North Dakota (UND) Business School Advisory Council.

Paul graduated from UND with a Bachelor's of Science degree in Economics in 1978 and a Master's of Science degree in Accounting in 1980. He is currently a member of the National Association of Corporate Directors.

Mr. Korus has extensive knowledge of the energy industry as a former executive officer and current director of a public energy company, and he also has experience in technical accounting and auditing matters. We believe his background and skill set make Mr. Korus well-suited to serve as a member of our board of directors and of the audit committee.

*John C. Mollenkopf* has served as a director of our general partner since April 2017, and serves as a member of the audit committee. Mr. Mollenkopf retired from MPLX, L.P. (NYSE:MPLX) in October 2016. He previously served MPLX as Executive Vice President and Chief Operating Officer, MarkWest operations, from December 2015 through September 2016 following the merger of MPLX and MarkWest. From 2011 through 2015, he served as Executive Vice President and Chief Operating Officer of MarkWest. Mr. Mollenkopf began his employment with MarkWest Hydrocarbon, Inc. in 1996 as Manager New Projects and progressed to General Manager and later to Vice President of the Michigan Business unit. In 2002, Mr. Mollenkopf was one of the founders of MarkWest Energy GP, LLC, the general partner of MarkWest. Between 2002 and 2011, Mr. Mollenkopf served MarkWest as Vice President — Business Development, Senior Vice President — Southwest Business Unit, Senior Vice President and Chief Operations Officer, Senior Vice President and Chief Operating Officer. Between 1982 and 1996, Mr. Mollenkopf worked for ARCO Oil and Gas Company in California and Texas, holding positions of increasing responsibility in facilities, project, process and plant engineering as well as operations supervision. Mr. Mollenkopf holds a Bachelor of Science degree in mechanical engineering from the University of Colorado at Boulder 1983. He serves on the Engineering Advisory Council for the college of engineering at the University of Colorado at Boulder.

Mr. Mollenkopf has significant experience with energy companies and investments and broad knowledge of the oil and gas industry. We believe his background and skill set make Mr. Mollenkopf well-suited to serve as a member of our board of directors.

*David A. Peters* joined the board of our general partner in connection with our listing on the NYSE, and serves as a member of the audit committee. Mr. Peters served as a director of TransMontaigne GP L.L.C., the general partner of TransMontaigne Partners L.P. (NYSE: TLP), from May 2005 to August 2014, and served as a member of the audit and compensation committees and as the chair of the conflicts committee. Since 1999, Mr. Peters has been a business consultant with a primary client focus in the energy sector. In addition, Mr. Peters also served as a member of the board of directors of QDOBA Restaurant Corporation from 1998 to 2003. From 1997 to 1999, Mr. Peters was a managing director of a private investment fund, and from 1995 to 1997 he served as an executive vice president at Duke Energy Field Services/PanEnergy Field Services Inc., responsible for natural gas gathering, compression and storage operations. Prior to joining Duke Energy Field Services/PanEnergy Field Services Inc., Mr. Peters held various positions with Associated Natural Gas Corporation, and from 1980 to 1984, he worked in the audit department of Peat Marwick Mitchell & Co. Mr. Peters holds a B.B.A. from the University of Michigan.

Mr. Peters has extensive knowledge of the energy industry as a business consultant and a former director of the general partner of a master limited partnership and significant financial and accounting knowledge. We believe his background and skill set make Mr. Peters well-suited to serve as a member of our board of directors and of the audit committee.

**Committees of the Board of Directors**

The board of directors of our general partner has an audit committee. We do not have a compensation committee, but rather the board of directors of our general partner approves equity grants to directors and Antero Resources employees. The board of directors of our general partner may establish a conflicts committee to review specific matters that the board believes may involve conflicts of interest.

***Audit Committee***

Rules implemented by the NYSE and SEC require us to have an audit committee comprised of at least three directors who meet the independence and experience standards established by the NYSE and the Exchange Act. Messrs. Korus, Mollenkopf, and Peters serve on our audit committee, and Mr. Korus serves as the Chairman of the committee. As required by the rules of the SEC and listing standards of the NYSE, the audit committee consists solely of independent directors. SEC rules also require that a public company disclose whether or not its audit committee has an "audit committee financial expert" as a member. An "audit committee financial expert" is defined as a person who, based on his or her experience, possesses the attributes outlined in such rules. Our board of directors believes that Mr. Korus possesses substantial financial experience based on his extensive experience as a former chief financial officer of a public company for over 15 years. As a result of these qualifications, we believe Mr. Korus satisfies the definition of "audit committee financial expert."

This committee oversees, reviews, acts on and reports on various auditing and accounting matters to our board of directors, including: the selection of our independent accountants, the scope of our annual audits, fees to be paid to the independent accountants, the performance of our independent accountants and our accounting practices. In addition, the audit committee oversees our compliance programs relating to legal and regulatory requirements. We adopted an audit committee charter defining the committee's primary duties in a manner consistent with the rules of the SEC and NYSE.

***Conflicts Committee***

Our general partner may, from time to time, have a conflicts committee to which the board will appoint at least two independent directors and which may be asked to review specific matters that the board believes may involve conflicts of interest and determines to submit to the conflicts committee for review. The conflicts committee will determine if the resolution of the conflict of interest is adverse to the interest of the partnership. The members of the conflicts committee may not be officers or employees of our general partner or directors, officers or employees of its affiliates, including AMGP and Antero Resources, and must meet the independence standards established by the NYSE and the Exchange Act to serve on an audit committee of a board of directors, along with other requirements in our partnership agreement. Any matters approved by the conflicts committee will be conclusively deemed to be approved by us and all of our partners and not a breach by our general partner of any duties it may owe us or our unitholders.

On February 26, 2018, we announced that the board of directors of our general partner formed a conflicts committee composed solely of directors who satisfy the requirements for serving on the Partnership's conflicts committee in conjunction with the formation of the special committee at Antero Resources, and a conflicts committee at AMGP, the sole member of our general partner. In connection with the conflicts committee's efforts to explore, review and evaluate potential transactions involving the Partnership, on October 9, 2018, we announced that we had entered into the Simplification Agreement, pursuant to which, among other things, (1) AMGP will be converted from a limited partnership to a corporation under the laws of the State of Delaware, to be named Antero Midstream Corporation; (2) an indirect, wholly owned subsidiary of New AM will be merged with and into the Partnership, with the Partnership surviving the merger as an indirect, wholly owned subsidiary of New AM and (3) all the issued and outstanding Series B Units representing limited liability company interests of IDR Holdings will be exchanged for an aggregate of approximately 17.35 million shares of New AM's common stock. As a result of the Transactions, the Partnership will be a wholly owned subsidiary of New AM and former shareholders of AMGP, unitholders of the Partnership and holders of Series B Units will each own New AM's common stock.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires executive officers and board members of our general partner and persons who beneficially own more than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC and to furnish us with copies of all such reports.

Based solely upon our review of reports received by us, or representations from certain reporting persons that no filings were required, we believe that all of the officers and board members of our general partner and persons who beneficially owned more than 10% of our common units complied with all applicable filing requirements during fiscal year 2018.

## Item 11. Executive Compensation

## COMPENSATION DISCUSSION AND ANALYSIS

### Overview

Neither we nor our general partner have any employees. All of the executive officers of our general partner and other personnel who provide services to our business are employed by Antero Resources. This Item 11 provides information relating to the compensation of the following named executive officers of our general partner, whom we refer to herein collectively as our "Named Executive Officers":

**2018 Named Executive Officers**

| Name | Principal Position |
|---|---|
| Paul M. Rady | Chairman of the Board and Chief Executive Officer |
| Glen C. Warren, Jr. | Director, President and Secretary |
| Michael N. Kennedy | Chief Financial Officer and Senior Vice President—Finance |
| Alvyn A. Schopp | Chief Administrative Officer, Regional Senior Vice President and Treasurer |
| Kevin J. Kilstrom | Senior Vice President—Production |

Our Named Executive Officers currently receive all of their compensation and benefits for services provided to our business from Antero Resources, Antero Midstream and IDR LLC. All decisions regarding the compensation of our Named Executive Officers, other than with respect to long-term equity incentive awards under the Antero Midstream Partners LP Long-Term Incentive Plan (the "Midstream LTIP") and Series B Units issued by IDR LLC, are made by the compensation committee of Antero Resources' board of directors (the "Compensation Committee"). Pursuant to the services agreement that we have entered into with Antero Resources and our general partner, we are required to reimburse Antero Resources for a proportionate amount of compensation expenses incurred on our behalf. Although we bear an allocated portion of Antero Resources' costs of providing such compensation and benefits to our Named Executive Officers, we have no control over such costs and do not establish or direct the compensation policies or practices of Antero Resources or IDR LLC.

The following Compensation Discussion and Analysis provides an overview of compensation policies and programs applicable to our Named Executive Officers and describes the compensation objectives, policies and practices with respect to our Named Executive Officers. The elements of compensation provided by Antero Resources and the Compensation Committee's decisions with respect to our Named Executive Officers' compensation are not subject to approval by the Board. Certain members of the Board are members of the board of directors of Antero Resources. Messrs. Kagan, Keenan and Connor served on our Board and the board of directors of Antero Resources in 2018. As used in this Item 11 (other than in this "Overview" and the "Compensation of Directors" section below), references to "our," "we," "us," the "Company," and similar terms refer to Antero Resources, references to the "Board" or "Board of Directors" refer to the board of directors of Antero Resources, and references to the Partnership refer to us, Antero Midstream Partners LP.

The following discussion provides information about our compensation decisions and policies with regard to our Named Executive Officers for the 2018 fiscal year, and is intended to provide investors with the information necessary to understand our compensation policies and decisions. It also provides context for the disclosure included in the executive compensation tables below.

### 2018 Say-on-Pay Advisory Vote

At the Company's 2018 annual meeting, the stockholders of the Company were asked to approve, on an advisory basis, the compensation of the Named Executive Officers. Advisory votes in favor of our executive compensation program were cast by over 98% of the shares of common stock of the Company counted as present and entitled to vote at the Company's 2018 annual meeting. The Compensation Committee took the results of the "Say on Pay" vote in account when evaluating the compensation of the Named Executive Officers in 2018. We have continued, and plan to continue, engaging in ongoing shareholder outreach regarding corporate governance generally, including executive compensation programs.

### Compensation Philosophy and Objectives of Our Compensation Program

Since our inception, our compensation philosophy has been predominantly focused on recruiting individuals who are motivated to help us achieve superior performance and growth. Our company was founded by entrepreneurs whose strategy was to employ high-impact executives who are extremely effective at sparking superior performance with low overhead. These highly qualified and experienced individuals have contributed to the continued success of our Company, driving an 20% compound annual growth rate in debt-adjusted net production per share and a 21% compound annual growth rate in oil and gas net proved reserves since the Company's 2013 IPO.

Historically, to achieve our objectives, we sought to implement a compensation program that reflected the unique strategy and entrepreneurial culture of our organization. Specifically, we sought to reward our Named Executive Officers by emphasizing long-term equity-based incentive compensation, which allowed our senior leaders to build significant ownership in the Company. We believe this approach served to motivate our Named Executive Officers and align their interests with those of the Company and our shareholders. Our Named Executive Officers currently hold approximately 9% of our outstanding shares, which ensures they identify with the best interests of our shareholders.

As the Company continues to mature, we are continuing to transition from an entrepreneurial-based management incentive structure to a more traditional compensation program. This transition called for us to make certain modifications to our compensation philosophy and attendant adjustments in our compensation program. More specifically, our goal is to focus on returns and value creation per share that will reward more disciplined capital investment, efficient operations, and free cash flow generation. In addition, for calendar year 2018, we adopted a simplified annual incentive program that focuses on four key performance metrics. Further, our compensation program targets the market median for all elements of our Named Executive Officers' compensation. We believe these changes to our compensation philosophy and practices promoted a stronger alignment between Named Executive Officer pay and Company performance, and deliver greater value to our shareholders as our Company continues to grow and mature.

**Compensation Best Practices**

The following table highlights the compensation best practices we follow:

| What We Do | What We Don't Do |
|---|---|
| ✓ Use a representative and relevant peer group | ✗ No tax gross ups for executive officers |
| ✓ Target the market median for all elements of Named Executive Officers' compensation | ✗ No "single-trigger" change-in-control cash payments |
| ✓ Apply robust minimum stock ownership guidelines | ✗ No excessive perquisites |
| ✓ Link annual incentive compensation to the achievement of objective pre-established performance goals tied to operational and strategic priorities | ✗ No severance arrangements for Named Executive Officers |
| ✓ Evaluate the risk of our compensation programs | ✗ No guaranteed bonuses for Named Executive Officers |
| ✓ Use and review compensation tally sheets | ✗ No management contracts |
| ✓ Provide 100% long-term incentive awards in the form of performance-based equity | ✗ No re-pricing, backdating or underwater cash buy-outs of options or stock appreciation rights |
| ✓ Use an independent compensation consultant | ✗ No hedging or pledging of Company stock |
| ✓ Maintain a clawback policy | ✗ No separate benefit plans for Named Executive Officers |
| | ✗ No granting of stock options with an exercise price less than the fair market value of the Company's common stock on the date of grant |

**Implementing Our Compensation Program Objectives**

**Role of the Compensation Committee**

The Compensation Committee oversees all matters of our executive compensation program and has the final decision-making authority on all executive compensation matters. Each year, the Compensation Committee reviews, modifies (if necessary), and approves our peer group, corporate goals and objectives relevant to the compensation of the Company's Chief Executive Officer ("CEO") and other executive officers, and the executive compensation program. In addition, the Compensation Committee is responsible for reviewing the performance of the CEO and the Company's President, Chief Financial Officer and Secretary ("President/CFO") within the framework of our executive compensation goals and objectives. Based on this evaluation, the Compensation Committee sets the compensation of the CEO and the President/CFO.

The CEO and the President/CFO typically provide recommendations to the Compensation Committee regarding the compensation levels for the other executive officers and for our executive compensation program as a whole. In making their recommendations, the CEO and the President/CFO consider each executive officer's performance during the year, the Company's performance during the year, and comparable company compensation levels and independent oil and gas company compensation surveys. The Compensation Committee considers these recommendations when reviewing the performance of, and setting compensation for, the other executive officers.

Actual compensation decisions for individual officers are the result of a subjective analysis of a number of factors, including the individual officer's role within our organization, performance, experience, skills or tenure with us, changes to the individual's position, and relevant trends in compensation practices. The Compensation Committee also considers a Named Executive Officer's current and prior compensation when setting future compensation. Specifically, current compensation is considered a base, and the Compensation Committee determines whether adjustments to that base are necessary to retain the executive in light of competition and to provide continuing performance incentives. Thus, the Compensation Committee's decisions regarding compensation are the result of the exercise of judgment based on all reasonably available information and, to that extent, compensation is discretionary.

**Role of External Advisors**

The Compensation Committee has the authority to retain an independent executive compensation consultant. For 2018, the Compensation Committee retained Frederic W. Cook & Co., Inc. ("F.W. Cook"). In compliance with the SEC and NYSE disclosure requirements, the Compensation Committee reviewed the independence of F.W. Cook under six independence factors. After its review, the Compensation Committee determined that F.W. Cook was independent.

In 2018, F.W. Cook:

- Collected and reviewed all relevant company information, including our historical compensation data and our organizational structure;
- With input from management, established a peer group of companies to use for executive compensation comparisons;
- Assessed our compensation program's position relative to market for our Named Executive Officers and stated compensation philosophy;
- Prepared a report of its analysis, findings and recommendations for our executive compensation program; and
- Completed other ad hoc assignments, such as helping with the design of incentive arrangements.

F.W. Cook's reports were provided to the Compensation Committee in 2018 and also used by Messrs. Rady and Warren in making their recommendations to the Compensation Committee.

**Competitive Benchmarking**

When assessing the soundness of our compensation programs, the Compensation Committee compares the pay practices for our Named Executive Officers against the pay practices of other companies. This process recognizes our philosophy that our compensation practices should be competitive, though marketplace information is only one of the many factors we consider.

Messrs. Rady and Warren used market compensation data provided by F.W. Cook to assess the total compensation levels of our top five executives relative to market, and to make recommendations to the Compensation Committee. Market data is developed by comparing each executive officer's compensation with that of officers in similar positions with companies in our Peer Group (described below) and with those in the E&P industry in general. To the extent possible, we consider the specific responsibilities assumed by our executives and those assumed by executives at other organizations (based on peer SEC filings) to determine whether the positions are comparable. We give greater weight to Peer Group data if a position appears comparable to the position of one of our Named Executive Officers. Otherwise, we supplement Peer Group data with industry data from the 2018 Oil and Gas E&P Industry Compensation Survey prepared by Effective Compensation, Incorporated.

*Peer Group*

In 2018, F.W. Cook identified a peer group of onshore publicly traded oil and gas companies that are reasonably similar to us in terms of size and operations. We refer to the following 17 companies as the “Peer Group”:

- Cabot Oil & Gas Corporation
- Cimarex Energy Co.
- CNX Resources Corporation
- Concho Resources Inc.
- Continental Resources Corporation
- Devon Energy Corporation
- Diamondback Energy, Inc.
- EQT Corporation
- Noble Energy, Inc.
- Parsley Energy, Inc.
- Pioneer Natural Resources Company
- QEP Resources, Inc.
- Range Resources Corporation
- SM Energy Company
- Southwestern Energy Company
- Whiting Petroleum Corporation
- WPX Energy, Inc.

Two members of our 2017 peer group, Energen Corporation and Newfield Exploration Company, were removed from our Peer Group for 2018 due to pending acquisitions at the time of the review, and three companies, CNX Resources Corporation, Diamondback Energy, Inc. and Parsley Energy, Inc., were added to the Peer Group based on similar size and operational scale.

*Positioning Versus Market*

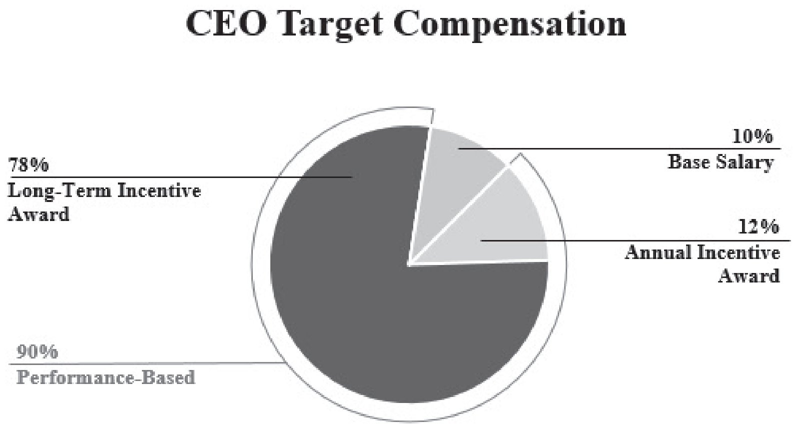
Beginning in 2018, we determined that it was appropriate to target the median of the Peer Group for base salaries, annual cash incentive awards, and long-term equity-based incentive awards. This is a reduction from 2017, when compensation was targeted at the 75$^{th}$ percentile. This reduction was adopted in response to our 2017 say-on-pay vote and feedback received from our shareholder outreach program. As noted throughout this Compensation Discussion and Analysis, target compensation is only one of many factors considered by the Compensation Committee when setting compensation levels for our Named Executive Officers.

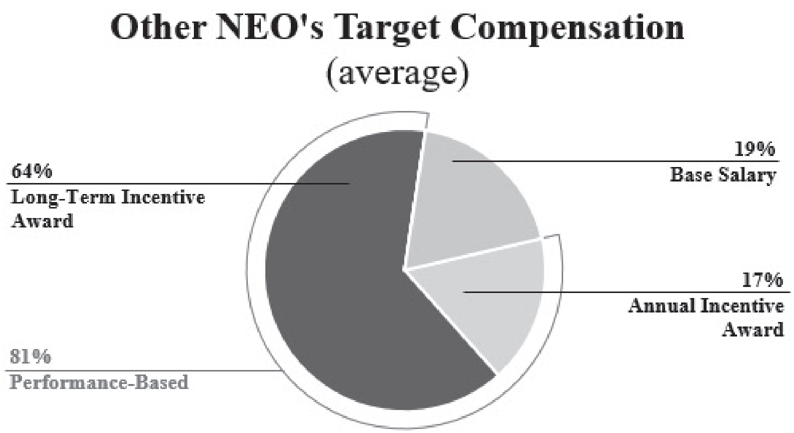
**Elements of Direct Compensation**

Our Named Executive Officers’ compensation includes the key components described below.

| Pay Component | Form of Pay | How Amount is Determined | Objective |
|---|---|---|---|
| Base salary | Cash | Market-competitive amount that reflects the executive’s relative skills, responsibilities, experience and contributions | Provide a minimum, fixed level of cash compensation |
| Annual incentive awards | Cash | Performance against four metrics | Encourage performance that is aligned with our business strategy and that should lead to long-term shareholder value |
| Long-term incentive awards | 100% performance share units | Three-year return on capital employed; and three-year absolute total shareholder return, as adjusted by relative total shareholder return compared to the Peer Group | Encourage performance that delivers value to shareholders through stock price appreciation |

For 2018, these components, at target, were distributed as shown below for our CEO and our other Named Executive Officers:




**Base Salaries**

Base salaries are designed to provide a minimum, fixed level of cash compensation for services rendered during the year. In addition to providing a base salary that is competitive with salaries paid by other independent oil and gas exploration and production companies, the Compensation Committee also considers whether our pay levels appropriately align each Named Executive Officer's base salary level relative to the base salary levels of our other officers. Our objective is to have base salaries that accurately reflect each officer's relative skills, experience and contributions to the Company. To that end, annual base salary adjustments are based on a subjective analysis of many individual factors, including:

- the responsibilities of the officer;
- the period over which the officer has performed these responsibilities;
- the scope, level of expertise, and experience required for the officer's position;
- the strategic impact of the officer's position; and
- the potential future contribution and demonstrated individual performance of the officer.

In addition to the individual factors listed above, the Compensation Committee considers our overall business performance and implementation of Company objectives when determining annual base salaries. While these metrics generally provide context for making salary decisions, base salary decisions do not depend on attainment of specific goals or performance levels and no specific weighting is given to one factor over another.

Base salaries are reviewed annually, but are not necessarily increased if the Compensation Committee believes that (1) our executives are currently compensated at proper levels in light of Company performance or external market factors, or (2) an increase or addition to other elements of compensation would be more appropriate in light of our stated objectives.

In February 2018, after comparing base salary levels to those of similarly situated executives in the Peer Group and considering the individual and business factors described above, Messrs. Rady and Warren recommended to the Compensation Committee that the Named Executive Officers other than themselves receive a 3% base salary increase to reflect increases in cost of living, as reflected in the table below. The Compensation Committee approved this recommendation.

| Executive Officer | Base Salary as of March 2017 | Base Salary as of March 2018 | Percentage Increase |
|---|---|---|---|
| Paul M. Rady | $ 858,000 | $ 858,000 | 0 % |
| Glen C. Warren, Jr. | $ 645,000 | $ 645,000 | 0 % |
| Alvyn A. Schopp | $ 432,000 | $ 444,960 | 3 % |
| Kevin J. Kilstrom | $ 432,000 | $ 444,960 | 3 % |
| Michael N. Kennedy | $ 375,000 | $ 386,250 | 3 % |

**Annual Cash Incentive Awards**

***Purpose and Operation***

Annual cash incentive payments, which we also refer to as cash bonuses, are a key component of each Named Executive Officer's annual compensation package. Historically, the Compensation Committee used an annual discretionary cash bonus. However, based on recommendations from F.W. Cook, the Compensation Committee implemented a formal annual incentive plan design beginning in fiscal 2014. This annual incentive plan is based on a balanced scorecard that is used to measure our performance.

As part of a more structured annual incentive program, we adopted bonus targets for each of the Named Executive Officers, expressed as a percentage of base salary. These targets, which were determined based on our compensation strategy of providing incentive compensation opportunities that are competitive with the market median, are listed below.

| Executive Officer | 2018 Target Bonus (as a % of base salary) |
|---|---|
| Paul M. Rady | 120 % |
| Glen C. Warren, Jr. | 100 % |
| Alvyn A. Schopp | 85 % |
| Kevin J. Kilstrom | 85 % |
| Michael N. Kennedy | 85 % |

***Performance Metrics***

For 2018, based on the feedback received from our shareholders in connection with the Company's outreach program, the Compensation Committee decided to alter the structure of our annual incentive program. We believe the new, simplified design of the annual incentive program implemented for 2018 provides a more transparent bonus structure with more objectively determinable payouts. We also believe the new structure is more consistent with our shareholders' investment experience. The Compensation Committee selected the four metrics described below for the 2018 fiscal year under our annual incentive plan. These metrics, which were specifically chosen for their importance in supporting the strategic initiatives we have established for 2018, are weighted equally in calculating annual bonuses. The following tables shows the results of the 2018 annual incentive program:

| Weighting Factor | Selected Metrics | Threshold Performance | Target Performance | Maximum Performance | Actual Performance | Performance (% of Target) | Weighted Score |
|---|---|---|---|---|---|---|---|
| 25% | Debt-Adjusted Net Production Growth per Share [1] | 9% | 13% | 18% | 13% | 100% | 25% |
| 25% | Net Debt/EBITDAX [2] | 2.5x | 2.1x | 1.8x | 2.2x | 88% | 21.88% |
| 25% | Free Cash Flow [3] | $(170 million) | $20 million | $215 million | $(303 million) | 0% | 0% |
| 25% | Safety and Environmental [4] | 0.800 TRIR | 0.580 TRIR | .300 TRIR | 0.554 TRIR | 106% | 8.83% |
| | | 0.100 LTIR | 0.080 LTIR | .030 LTIR | 0.077 LTIR | 109% | 9.11% |
| | | — | 0 Notices | — | 0 Notices | 100% | 8.33% |
| **100%** | | | | | | **TOTAL** | **73.15%** |

(1) **Debt-Adjusted Net Production Growth per Share**

***Definition***. Annual production volumes divided by debt-adjusted shares. Debt-adjusted shares represent current shares outstanding plus the quotient of total debt at year end 2018, divided by the weighted average share price during 2018.

***Rationale***. Production volumes are critical to our profitability. Measuring those volumes on a debt-adjusted per-share basis motivates management to produce those volumes in a capital-efficient manner.

(2) **Net Debt/EBITDAX**

***Definition***. Year-end 2018 net debt divided by 2018 full-year adjusted EBITDAX.

***Rationale***. Managing the balance sheet leverage is essential for growing the business efficiently. Net Debt/EBITDAX is a key debt coverage ratio that motivates management to minimize debt relative to cash flow.

(3) **Free Cash Flow**

***Definition***. Stand-alone E&P adjusted operating cash flow, less stand-alone E&P drilling and completion capital, less land maintenance capital.

***Rationale***. Measuring and rewarding Free Cash Flow directly supports our go-forward strategy of sustainable free cash flow growth by motivating management to optimize operating cash flow relative to upstream capital budgets.

(4) **Safety and Environmental**

***Definition***. The Company measured performance in the Safety and Environmental performance category through several lagging indicators:

- *Lost Time Incident Rate ("LTIR")*. This metric refers to the number of lost time injuries (i.e., work-related injuries that result in an employee being unable to perform normal work duties the work day following the injury event). LTIR is calculated first by *multiplying* the total number of lost time injuries by 200,000, and then dividing that product by the number of labor hours for the recording period.

- *Total Recordable Incident Rate ("TRIR")*. This metric refers to the number of OSHA recordable injuries/illnesses (i.e., work-related injuries/illnesses that result in medical intervention beyond first aid). TRIR is calculated first by multiplying the total number of recordable injuries/illnesses by 200,000, and then dividing that product by the number of labor hours for the recording period.

- *Environmental*. Performance with respect to this metric is attained if there are no major environmental related Notices of Violation (fines not exceeding $100,000) occurring during the measurement period.

  In addition, the Company monitored several leading indicators in determining performance for the Safety and Environmental performance category. Leading indicators are proactive, preventative and predictive measures that provide current information regarding the effective performance, activities and processes of a Safety and Environmental system that may help identify, eliminate or control risks in the workplace. Management reviewed the progress of each leading indicator throughout 2018 and assessed if performance was adequate in light of the Company's operation. These leading indicators include: HSSE training, Operational Safety Steering Team activities, Corrective Action/Preventative Action closeout, Environmental Compliance Audit Score, Operational Risk Register Reviews, and Field Safety Committee meeting compliance.

***Rationale***. Maintaining a safe work environment and sustainable environmental record is critical to the success of the business and execution of our strategy. Measuring safety and environmental metrics motivates all participants to maintain focus on these metrics.

***2018 Annual Incentive Program Payouts***

The Compensation Committee evaluated the 2018 annual incentive scorecard and considered the factors noted above. Our performance for 2018 resulted in a payout calculation of 73.15%. The Compensation Committee elected to pay 2018 annual incentive bonuses in March 2019 in the amounts shown below for the Named Executive Officers. There were no adjustments for individual performance.

| Executive Officer | 2018 Target Bonus ($) | Performance Achievement Level (Percentage of Target) | Actual 2018 Bonus ($) |
|---|---|---|---|
| Paul M. Rady | 1,029,600 | 73.15% | 753,140 |
| Glen C. Warren, Jr. | 645,000 | 73.15% | 471,810 |
| Alvyn A. Schopp | 378,216 | 73.15% | 276,661 |
| Kevin J. Kilstrom | 378,216 | 73.15% | 276,661 |
| Michael N. Kennedy | 328,313 | 73.15% | 240,157 |

We are aware that equity prices for E&P companies remain depressed. However, we believe that the results of our annual incentive program are appropriate and aligned with the interests of our shareholders. We consider the results of this program to have a direct correlation to the actions of our management team. Payments under the annual incentive plan will help us to retain and reward the executive team that is responsible for our success.

**Long-Term Equity-Based Incentive Awards**

***Long-Term Incentive Awards Granted in 2018***

Based on feedback received from our shareholders in connection with our outreach program, the Compensation Committee adjusted our compensation philosophy with respect to long-term equity-based awards to better reflect our shareholders' investment experience in the Company. Specifically, equity awards granted in 2018 targeted the market 50th percentile of the Peer Group, resulting in a reduced grant value for each Named Executive Officer (in the aggregate, grant values for 2018 were reduced 23% compared to grant values for 2017). In 2018, all long-term incentive awards for our Named Executive Officers were in the form of performance share units granted under the Antero Resources Corporation Long-Term Incentive Plan (the "AR LTIP"). The number of performance share units granted to our Named Executive Officers in 2018 are described more fully under "Grants of Plan-Based Awards for Fiscal Year 2018" below.

Of the performance share units granted in 2018, 70% were based on absolute total shareholder return, or "TSR", with a relative TSR modifier (the "TSR PSUs"), and 30% were based on return on capital employed, or "ROCE" (the "ROCE PSUs"). The Compensation Committee selected these metrics as they provide for a rigorous framework that rewards the Named Executive Officers for improving absolute stock price, while measuring the Company's performance against industry peers as well. ROCE was added as a performance metric because it motivates the Named Executive Officers to make decisions that result in efficient deployment of capital in the business. Additionally, ROCE is a metric that many investors consider when assessing the performance of companies in the oil and gas sector.

In order to achieve payout under the TSR PSUs, the Company's absolute TSR must be at least 50% of the target price of $24.97 (the "Target Price") at the end of the three-year performance period on April 15, 2021, with the payout, subject to adjustment as described below, determined as follows:

| Performance Level | Absolute TSR | Performance Payout % (Pre-Adjustment) |
|---|---|---|
| Below Threshold | < 50% of Target Price | 0% |
| Threshold | 50% of Target Price | 50% |
| Target | Target Price | 100% |
| Maximum | ≥ 150% of Target Price | 150% |

Following determination of the absolute TSR, the payout of the TSR PSUs may be adjusted to reflect our TSR performance relative to our peer group over the performance period. A relative TSR ranking of less than the 25$^{th}$ percentile results in a negative 50% adjustment to the payout of the TSR PSUs, and a relative TSR ranking of greater than the 75$^{th}$ percentile results in a positive 50% adjustment to the payout of the TSR PSUs. A relative TSR ranking of between the 25$^{th}$ percentile and the 75$^{th}$ percentile would not result in an adjustment to the payout of the TSR PSUs.

In order to achieve payout under the ROCE PSUs, the Company's ROCE must be at least 85% of 8.7% (the "Target ROCE") at the end of the three-year performance period on December 31, 2020, with the payout determined as follows:

| Performance Level | ROCE | Performance Payout % |
|---|---|---|
| Below Threshold | < 85% of Target ROCE | 0% |
| Threshold | 85% of Target ROCE | 50% |
| Target | Target ROCE | 100% |
| Maximum | ≥ 115% of Target ROCE | 200% |

**Other Benefits**

***Health and Welfare Benefits***

Our Named Executive Officers are eligible to participate in all of our employee health and welfare benefit arrangements on the same basis as other employees (subject to applicable law). These arrangements include medical, dental and disability insurance, as well as health savings accounts. We provide these benefits in order to ensure that we can competitively attract and retain officers and other employees. This is a fixed component of compensation, and these benefits are provided on a non-discriminatory basis to all employees.

***Retirement Benefits***

We maintain an employee retirement savings plan through which employees may save for retirement or future events on a tax-advantaged basis. Participation in the 401(k) plan is at the discretion of each individual employee, and our Named Executive Officers participate in the plan on the same basis as all other employees. The plan permits us to make discretionary matching and non-elective contributions. Since January 1, 2014, the Company has matched 100% of the first 4% of eligible compensation that employees contribute to the plan, but on January 1, 2019, the Company increased its match to the first 6% of eligible compensation that employees contribute to the plan. These matching contributions are immediately fully vested.

***Perquisites and Other Personal Benefits***

We believe the total mix of compensation and benefits provided to our Named Executive Officers are currently competitive. Therefore, perquisites do not play a significant role in our Named Executive Officers' total compensation.

**Impact of Simplification Transaction**

As described in "Item 13. Certain Relationships and Related Transactions and Director Independence—Agreements Related to the Transactions," we, AMGP and certain of their affiliates entered into a Simplification Agreement. In connection with the Transactions contemplated by the Simplification Agreement, outstanding phantom units under the Midstream LTIP and Series B Units in IDR LLC held by certain of our Named Executive Officers will be converted or exchanged as described below. The Transactions will not constitute a "change in control" transaction under the applicable compensation arrangements, thus there are no change in control payments due to the executive officers in connection with the Transactions.

Antero Midstream Phantom Units

Our Named Executive Officers spend a portion of their time providing services to the Partnership, and thus are entitled to receive grants of equity-based awards under the Partnership's Long Term Incentive Plan (the "Midstream LTIP"). In November 2014, each of our Named Executive Officers was granted phantom units under the Midstream LTIP in connection with the initial public offering of the Partnership. In April 2016 and 2017, each of our Named Executive Officers was granted additional phantom units under the Midstream LTIP as compensation for their additional services provided to the Partnership. No phantom units under the Midstream LTIP were granted during 2018. Phantom units granted under the Midstream LTIP generally represent the right to receive common units of the Partnership upon vesting.

At the effective time of the Transactions, each outstanding phantom unit under the Midstream LTIP, including those held by our Named Executive Officers, will be converted into a restricted stock unit or similar award of New AM with substantially the same terms and conditions (including with respect to vesting) applicable to such phantom unit award immediately prior to the effective time of the Transactions, representing the right to receive a number of shares of common stock of New AM equal to (i) the number of common units of the Partnership subject to such phantom unit award immediately prior to the effective time of the Transactions, multiplied by (ii) (A) 1.6350, plus (B) $3.415 divided by the average of the 20-day volume weighted average trading price per common share representing limited partner interests in AMGP prior to the election deadline. Additionally, all distribution equivalent rights granted in tandem with a corresponding phantom unit award will be converted into a distribution equivalent right or similar award of New AM with substantially the same terms and conditions (including with respect to vesting) applicable to such distribution equivalent right immediately prior to the effective time of the Transactions, representing the right to receive (i) any balance accrued on such distribution equivalent right as of the effective time of the Transactions and (ii) any dividends paid or distributions made by New AM from and after the effective time of the Transactions with respect to the number of shares of common stock of New AM subject to the converted phantom unit award to which such converted distribution equivalent right relates.

Series B Units in IDR LLC

IDR LLC was formed to hold 100% of the Partnership's IDRs. As of December 31, 2018, Messrs. Rady, Warren and Kennedy held 48,000, 32,000 and 4,000, respectively, of the 98,600 outstanding Series B Units in IDR LLC. To the extent vested, the Series B Units in IDR LLC entitle the holders thereof to receive, subject to the terms and provisions of the IDR LLC Agreement and the incentive unit award agreements pursuant to which the awards were granted, a proportionate amount of up to 6% of any future profits of IDR LLC that result from any distributions on the Partnership's IDRs that are held by IDR LLC in excess of $7.5 million per quarter. Unvested Series B Units in IDR LLC are not entitled to receive any distributions; however, in connection with any subsequent distribution on the Partnership's IDRs following the date an unvested Series B Unit in IDR LLC becomes vested, the holder of such vested Series B Unit in IDR LLC is entitled to receive an additional distribution equal to the aggregate amount of distributions that would have been made with respect to such Series B Unit in IDR LLC during the period in which such Series B Unit was unvested if such Series B Unit had been vested.

With respect to vested Series B Units in IDR LLC, Messrs. Rady, Warren and Kennedy have the right, upon delivery of notice to IDR LLC, to require IDR LLC to redeem all or a portion of their vested Series B Units for a number of newly issued AMGP common shares, equal to the quotient determined by dividing (a) the product of (i) the Per Vested B Unit Entitlement (as defined below) and (ii) the number of vested Series B Units being redeemed, by (b) the volume-weighted average price of an AMGP common share for the 20 trading days ending on and including the trading day prior to the date of such notice (the "AMGP VWAP Price"). However, in no event will the aggregate number of AMGP common shares issued by AMGP pursuant to all such redemptions by owners of Series B Units exceed 6% of the aggregate number of issued and outstanding AMGP common shares.

For purposes of the redemption right described above, the "Per Vested B Unit Entitlement" is calculated in accordance with the IDR LLC Agreement, and will equal, as of the date of determination, the quotient obtained by dividing (a) the product of (i) the fair market value of IDR LLC (which for this purpose is based on the equity value of AMGP calculated on the applicable date of determination by multiplying the AMGP VWAP Price and the number of then-outstanding AMGP common shares) as of such date minus $2.0 billion and (ii) the product of (A) 6%, (B) the percentage of authorized Series B Units that are outstanding at such time and (C) the percentage of outstanding Series B Units that have vested, by (b) the total number of vested Series B Units outstanding at such time. In addition, upon the earliest to occur of (x) December 31, 2026, (y) a change of control transaction of AMGP or of IDR LLC, or (z) a liquidation of IDR LLC, AMGP may redeem each outstanding Series B Unit in exchange for AMGP common shares in accordance with the ratio described above, subject to certain limitations.

The remaining unvested Series B Units in IDR LLC issued to Messrs. Rady and Warren on December 31, 2016, will become vested on December 31, 2019, so long as the applicable executive remains continuously employed by us or one of our affiliates through such date. The remaining unvested Series B Units in IDR LLC issued to Mr. Kennedy on January 10, 2017 will become vested on December 31, 2019, so long as Mr. Kennedy remains continuously employed by us or one of our affiliates through such date. The potential acceleration and forfeiture events relating to these units are described in greater detail under the heading "Potential Payments Upon Termination or Change of Control" below.

Pursuant to the Simplification Agreement, AMGP, as the managing member of IDR Holdings, and Messrs. Rady and Warren, as the holders of a majority of the Series B Units, entered into an amendment to the IDR Holdings LLC Agreement to facilitate the Series B Exchange. At the effective time of the Transactions, each holder of Series B Units in IDR LLC, including our Named Executive Officers, will transfer each Series B Unit in IDR LLC it owns (vested and unvested) in exchange for (i) 176.0041 shares of common stock of New AM, which will be subject to the terms set forth in the limited liability company agreement of IDR LLC (the "IDR LLC Agreement") and will vest in accordance with the applicable equity grant agreement pursuant to which the Series B Unit in IDR LLC was originally issued, (ii) an amount in cash equal to the unpaid distributions (other than tax distributions) declared with respect to vested Series B Units in IDR LLC, if any, pursuant to the distribution provisions of the IDR LLC Agreement, and (iii) an amount in cash to be deposited into an escrow account equal to the distributions declared with respect to unvested Series B Units in IDR LLC, excluding any amounts attributable to any distributions made with respect to unvested Series B Units in IDR LLC after December 31, 2018 but prior to the effective time of the Transactions. Holders of Series B Units in IDR LLC, including our Named Executive Officers who hold Series B Units, will not be entitled to receive any distributions paid by IDR LLC or dividends paid by New AM during the 12 months ending December 31, 2019 that are payable on any Series B Units in IDR LLC or shares received in exchange for such Series B Units, as applicable, that are scheduled to vest on December 31, 2019.

**Other Matters**

***Employment, Severance or Change-in-Control Agreements***

We do not maintain any employment, severance or change-in-control agreements with any of our Named Executive Officers.

As discussed below under "Potential Payments Upon a Termination or a Change in Control," any of Messrs. Rady, Warren, Schopp, Kilstrom or Kennedy could be entitled to receive accelerated vesting of his restricted stock units in the Company, Series B Units in IDR LLC or phantom units in the Partnership, as applicable (including shares of common stock of New AM received in exchange for such Series B Units in IDR LLC or phantom units in the Partnership), that remain unvested upon his termination of employment with us under certain circumstances or upon the occurrence of certain corporate events. The Transactions will not result in accelerated vesting of such awards or the Series B Units.

***Unit Ownership Guidelines***

Under the Partnership's unit ownership guidelines adopted in 2014, our executive officers are required to own a minimum number of common units in the Partnership within five years of the adoption of the guidelines or within five years of becoming an executive officer, whichever is later. Specifically, each of our executive officers is required to own common units in the Partnership having an aggregate fair market value equal to at least a designated multiple of the executive officer's base salary, as shown below.

| Officer Level | Ownership Guideline |
|---|---|
| Chief Executive Officer, President, and Chief Financial Officer | 5x annual base salary |
| Vice President | 3x annual base salary |
| Other Officers (if applicable) | 1x annual base salary |

These unit ownership guidelines are designed to align our executive officers' interests more closely with those of the Partnership's unitholders.

***Tax and Accounting Treatment of Executive Compensation Decisions***

Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), generally imposes a $1 million limit on the amount of compensation paid to "covered employees" (as defined in Section 162(m)) that a public corporation may deduct for federal income tax purposes in any year. The "Tax Cuts and Jobs Act," enacted in 2017, repealed the performance-based compensation exception to the Section 162(m) deduction limitation for tax years beginning after December 31, 2017. In addition, the Tax Cuts and Jobs Act generally expanded the scope of who is considered a "covered employee." With these changes, compensation paid to certain of our executives will be subject to the $1 million per year deduction limitation imposed by Section 162(m) unless such compensation qualifies for the transition relief applicable to certain compensation arrangements in place as of November 2, 2017. While we will continue to monitor our compensation programs in light of the deduction limitation imposed by Section 162(m), our Compensation Committee considers it important to retain the flexibility to design compensation programs that are in the best long-term interests of the Company and our shareholders. As a result, we have not adopted a policy requiring that all compensation be fully deductible. The Compensation Committee may conclude that paying compensation at levels in excess of the limits under Section 162(m) is nevertheless in the best interests of the Company and our shareholders. Given changes made to Section 162(m), it is likely that the Company will not be able to deduct for federal income tax purposes a portion of the compensation paid to our Named Executive Officers in 2018.

Many other Code provisions and accounting rules affect the payment of executive compensation and are generally taken into consideration as our compensation arrangements are developed. Our goal is to create and maintain compensation arrangements that are efficient, effective and in full compliance with these requirements.

***Risk Assessment***

We have reviewed our compensation policies and practices to determine if they create risks that are reasonably likely to have a material adverse effect on our Company. In connection with this risk assessment, we reviewed the design of our compensation and benefits program and related policies and determined that certain features of our programs and corporate governance generally help mitigate risk. Among the factors considered were the mix of cash and equity compensation, the balance between short- and long-term objectives of our incentive compensation, the degree to which programs provide for discretion to determine payout amounts, and our general governance structure.

Our Compensation Committee believes that our approach of evaluating overall business performance and implementation of company objectives assists in mitigating excessive risk-taking that could harm our value or reward poor judgment by our executives. Several features of our programs reflect sound risk-management practices.

- The Compensation Committee believes our overall compensation program provides a reasonable balance between short- and long-term objectives, which helps mitigate the risk of excessive risk-taking in the short term.

- The metrics that determine ultimate value awarded under our incentive compensation programs are associated with total company value. We do not believe these metrics create pressure to meet specific financial or individual performance goals.

- The performance criteria reviewed by the Compensation Committee in determining cash bonuses are based on overall performance relative to continually evolving objectives, and the Compensation Committee uses its subjective judgment in setting bonus levels for our officers. This is consistent with the Compensation Committee's belief that applying company-wide objectives encourages decision-making that is in the best long-term interests of our Company and our stakeholders as a whole.

- The multi-year vesting of our equity awards discourages excessive risk-taking and undue focus on short-term gains that may not be sustainable.

Due to the foregoing program features, the Compensation Committee concluded that our compensation policies and practices for all employees, including our Named Executive Officers, are not reasonably likely to have a material adverse effect on the Company.

***Tally Sheets***

The Compensation Committee uses tally sheets as a reference point in reviewing and establishing our Named Executive Officers' compensation. The tally sheets provide a holistic view of all material elements of our Named Executive Officers' compensation, including base salary, annual cash incentive awards, long-term equity incentive awards and indirect compensation such as perquisites and retirement benefits. Tally sheets also demonstrate the amounts each executive could potential receive under various termination and change in control scenarios, as well as a summary of all shares beneficially owned.

***Hedging and Pledging Prohibitions***

We have adopted an Insider Trading Policy at each of the Company, the Partnership, and AMGP that prohibits our Named Executive Officers from engaging in speculative transactions involving our common stock, common units of the Partnership, and common shares of AMGP, including buying or selling puts or calls, short sales, purchases of securities on margin, or otherwise hedging the risk of ownership of such securities. The Insider Trading Policies also strictly prohibit our Named Executive Officers from pledging shares of such securities as collateral.

***Clawback Policy***

We have adopted a general clawback policy at each of the Company and the Partnership covering long-term incentive award plans and arrangements. The clawback policy applies to our current Named Executive Officers as well as certain of our former Named Executive Officers. Generally, recoupment of compensation would be triggered under the policy in the event of a financial restatement caused by fraud or intentional misconduct. In the event of such misconduct, we may recoup performance-based equity compensation that was granted, earned or vested based wholly or in part upon the attainment of any financial reporting measure during the period in which such misconduct took place. The clawback policy gives the policy administrator discretion to determine whether a clawback of compensation should be initiated in any given case, as well as the discretion to make other determinations, including whether a covered individual's conduct meets a specified standard, the amount of compensation to be clawed back, and the form of reimbursement to the Company.

In order to comply with applicable law, the clawback policy may be updated or modified once the SEC adopts final clawback rules pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. In addition, the AR LTIP, the Midstream LTIP and the Antero Midstream Partners GP LP Long-Term Incentive Plan (the "AMGP LTIP") generally provide that, to the extent required by applicable law or any applicable securities exchange listing standards, or as otherwise determined by the Compensation Committee, all awards under the AR LTIP, Midstream LTIP and AMGP LTIP, as applicable, are subject to the provisions of any clawback policy the Company or the Partnership, as applicable, implements.

***Board Report***

*The material in this report is not "soliciting material," is not deemed "filed" with the SEC, and is not to be incorporated by reference into any filing under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in such filing.*

The Board of Directors of our general partner has reviewed and discussed the foregoing Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussion, the Board of Directors of our general partner has determined that the Compensation Discussion and Analysis shall be included in this Annual Report on Form 10-K.

Antero Midstream Partners GP LLC Board Members:

Peter R. Kagan
W. Howard Keenan, Jr.
Paul J. Korus
David A. Peters
John C. Mollenkopf
Paul M. Rady
Glen C. Warren, Jr.

## Summary Compensation Table

The following table summarizes, with respect to our Named Executive Officers, information relating to the compensation earned for services rendered in all capacities during the fiscal years ended December 31, 2018, 2017 and 2016.

### Summary Compensation Table for the Years Ended December 31, 2018, 2017 and 2016

| Name and Principal Position | Year | Salary ($)[1] | Bonus ($)[2] | Stock Awards ($)[3] | Option Awards ($) | Non-Equity Incentive Plan Compensation ($)[4] | All Other Compensation ($)[5] | Total ($) |
|---|---|---|---|---|---|---|---|---|
| **Paul M. Rady** | 2018 | 858,000 | — | 7,520,882 | — | 753,140 | 11,000 | 9,143,022 |
| *(Chairman of the Board* | 2017 | 853,833 | 823,680 | 8,240,720 | — | — | 10,800 | 9,929,033 |
| *of Directors and Chief* | 2016 | 831,667 | 1,249,500 | 8,185,133 | — [6] | — | 10,600 | 10,276,900 |
| *Executive Officer)* | | | | | | | | |
| **Glen C. Warren, Jr.** | 2018 | 645,000 | — | 3,076,725 | — | 471,810 | 11,000 | 4,204,534 |
| *(Director, President* | | | | | | | | |
| *and* | 2017 | 641,833 | 516,000 | 5,493,827 | — | — | 10,800 | 6,662,460 |
| *Chief Financial Officer* | 2016 | 625,000 | 782,500 | 5,456,802 | — [6] | — | 10,600 | 6,874,902 |
| *of the Company and* | | | | | | | | |
| *Secretary)* | | | | | | | | |
| **Alvyn A. Schopp** | 2018 | 442,800 | — | 1,538,352 | — | 276,661 | 11,000 | 2,268,813 |
| *(Chief Administrative* | 2017 | 429,833 | 367,200 | 2,032,733 | — | — | 10,800 | 2,840,566 |
| *Officer and Sr.* | | | | | | | | |
| *Regional* | 2016 | 418,333 | 445,188 | 12,805,262 | — | — | 10,600 | 13,679,383 |
| *Vice President)* | | | | | | | | |
| **Kevin J. Kilstrom** | 2018 | 442,800 | — | 1,538,352 | — | 276,661 | 11,000 | 2,268,813 |
| *(Sr. Vice President—* | 2017 | 429,833 | 367,200 | 2,032,733 | — | — | 10,800 | 2,840,566 |
| *Production)* | 2016 | 418,333 | 445,188 | 6,739,263 | — | — | 10,600 | 7,613,384 |
| **Michael N. Kennedy** | 2018 | 384,375 | — | 1,538,352 | — | 240,157 | 11,000 | 2,173,884 |
| *(Sr. Vice President—* | 2017 | 373,167 | 300,000 | 2,032,733 | — [6] | — | 10,800 | 2,716,700 |
| *Finance, and Chief* | 2016 | 363,333 | 364,000 | 2,021,264 | — | — | 9,680 | 2,758,277 |
| *Financial Officer of the* | | | | | | | | |
| *Partnership)* | | | | | | | | |

(1) The amounts in this column may differ from those reported above under "Compensation Discussion and Analysis—Elements of Direct Compensation—Base Salaries" due to the fact that adjustments to the base salaries of our Named Executive Officers for the 2016, 2017 and 2018 fiscal years took effect on March 1, 2016, March 1, 2017 and March 1, 2018, respectively.

(2) Represents the aggregate amount of the annual discretionary cash bonuses paid to each Named Executive Officer for 2016 and 2017. The new annual incentive program implemented in 2018 is intended to incentivize our Named Executive Officers to achieve specific performance goals throughout the year, and, as a result, such amounts earned under the new annual incentive program for 2018 are reported in the "Non-Equity Incentive Plan Compensation" column, rather than the "Bonus" column.

(3) The amounts in this column represent the grant date fair value of (i) restricted stock unit awards and performance share unit awards granted to the Named Executive Officers pursuant to the AR LTIP and (ii) phantom units (which include Midstream DERs, as discussed in "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Phantom Unit Awards" below) granted to the Named Executive Officers pursuant to the Midstream LTIP, each as computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 718. In 2018, the only awards that were granted were performance share unit awards under the AR LTIP. See Note 9 to our consolidated financial statements for additional detail regarding assumptions underlying the value of these equity awards.

(4) The amounts in this column represent the cash bonus paid to each Named Executive Officer under our 2018 annual incentive program.

(5) The amounts in this column represent the amount of the Company's 401(k) match for fiscal 2016, 2017 and 2018 for each participating Named Executive Officer. For fiscal 2016 and 2017, amounts in this column may include additional matching contributions with respect to the applicable fiscal year after the filings of the Annual Report relating to such fiscal year.

(6) In December 2016, Messrs. Rady and Warren were each issued Series B Units in IDR LLC, one-third of which were unvested as of December 31, 2018. Mr. Kennedy was granted Series B Units in IDR LLC on January 10, 2017, one-third of which were unvested as of December 31, 2018. As discussed below under the heading "Payments Upon Termination or Change in Control—Series B Units in IDR LLC," the Series B Units in IDR LLC are intended to constitute "profits interests" for federal tax purposes.

Accordingly, if IDR LLC had been liquidated as of the date these Series B Units were granted, Messrs. Rady, Warren and Kennedy would not have been entitled to receive any distributions with respect to such Series B Units. Please see "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Series B Units in IDR LLC" for more information regarding the Series B Units in IDR LLC.

**Grants of Plan-Based Awards for Fiscal Year 2018**

| | | Estimated Future Payouts Under Non-Equity Incentive Plan Awards [(1)] | | | Estimated Future Payouts Under Incentive Plan Awards [(2)] | | | Grant Date Fair Value of Stock and Option |
|---|---|---|---|---|---|---|---|---|
| Name | Grant Date | Threshold ($) | Target ($) | Maximum ($) | Threshold (#) | Target (#) | Maximum (#) | Awards ($)[(3)] |
| **Paul M. Rady** | | 514,800 | 1,029,600 | 2,059,200 | | | | |
| TSR PSUs [(4)] | 4/15/18 | | | | 111,487 | 222,973 | 445,946 | 5,540,879 |
| ROCE PSUs [(5)] | 4/15/18 | | | | 47,780 | 95,560 | 191,120 | 1,980,003 |
| **Glen C. Warren, Jr.** | | 322,500 | 645,000 | 1,290,000 | | | | |
| TSR PSUs [(4)] | 4/15/18 | | | | 45,608 | 91,216 | 182,432 | 2,266,718 |
| ROCE PSUs [(5)] | 4/15/18 | | | | 19,547 | 39,093 | 78,186 | 810,007 |
| **Alvyn A. Schopp** | | 189,108 | 378,216 | 756,432 | | | | |
| TSR PSUs [(4)] | 4/15/18 | | | | 22,804 | 45,608 | 91,216 | 1,133,359 |
| ROCE PSUs [(5)] | 4/15/18 | | | | 9,773 | 19,546 | 39,092 | 404,993 |
| **Kevin J. Kilstrom** | | 189,108 | 378,216 | 756,432 | | | | |
| TSR PSUs [(4)] | 4/15/18 | | | | 22,804 | 45,608 | 91,216 | 1,133,359 |
| ROCE PSUs [(5)] | 4/15/18 | | | | 9,773 | 19,546 | 39,092 | 404,993 |
| **Michael N. Kennedy** | | 164,156 | 328,313 | 656,625 | | | | |
| TSR PSUs [(4)] | 4/15/18 | | | | 22,804 | 45,608 | 91,216 | 1,133,359 |
| ROCE PSUs [(5)] | 4/15/18 | | | | 9,773 | 19,546 | 39,092 | 404,993 |

(1) These columns reflect the threshold, target and maximum amount that may be earned under our 2018 annual incentive plan.

(2) These columns reflect the threshold, target and maximum number of shares of the Company that may be earned under performance share unit awards granted on April 15, 2018.

(3) The amounts in this column represent the grant date fair value of performance share unit awards granted to the Named Executive Officers pursuant to the AR LTIP, as computed in accordance with FASB ASC Topic 718. See Note 9 to our consolidated financial statements for additional detail regarding assumptions underlying the value of these equity awards.

(4) These TSR PSUs granted on April 15, 2018 under the AR LTIP are earned (or not) based upon our three-year absolute TSR performance, as adjusted for relative TSR performance against a peer group of comparable E&P companies. Pursuant to the TSR PSUs, our Named Executive Officers are eligible to receive threshold, target and maximum payouts of 50%, 100% and 150%, respectively, of the target amount of TSR PSUs awarded. In order to achieve threshold, target and maximum payouts under the TSR PSUs, the Company's absolute TSR performance must be at or over 50% of the target price, 100% of the target price or 150% of the target price, respectively. Additionally, the payout under the TSR PSUs may be further adjusted depending on the Company's relative TSR performance, where a relative TSR ranking of less than the 25th percentile results in a negative adjustment of -50% and a relative TSR ranking of more than the 75th percentile results in a positive adjustment of 50%, which may result in payout at 0% of target, even if the threshold for actual TSR is achieved. If actual TSR is achieved at maximum (150% of target), the payout after the adjustment for relative TSR may be 200% of target, as reflected in the "Maximum" column.

(5) These ROCE PSUs granted on April 15, 2018 under the AR LTIP are earned (or not) based upon the Company's return on capital employed over the three-year performance period beginning January 1, 2018 and ending December 31, 2020. Pursuant to the ROCE PSUs, our Named Executive Officers are eligible to receive threshold, target and maximum payouts of 50%, 100% and 200%, respectively, of the target amount of ROCE PSUs. In order to achieve threshold, target and maximum payouts under the ROCE PSUs, the ROCE must be at or above 85% of the target ROCE, 100% of the target ROCE, or 115% of the target ROCE, respectively.

**Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table**

The following is a discussion of material factors necessary to an understanding of the information disclosed in the Summary Compensation Table and the Grants of Plan-Based Awards for Fiscal Year 2018 table.

**Performance Share Units**

The Compensation Committee granted performance share unit awards under the AR LTIP to each of our Named Executive Officers in April 2018. The performance share unit awards will be earned based partially upon our three-year absolute TSR, as adjusted by the relative TSR of the Peer Group, and partially upon our three-year ROCE. In each case, the applicable Named Executive Officer must remain continuously employed by us from the grant date through the applicable vesting date. All of the performance share unit awards will also vest in full upon a termination of a Named Executive Officer's employment due to his death or disability. The potential acceleration and forfeiture events related to these performance share units are described in greater detail under the heading "Potential Payments Upon Termination or Change in Control" below.

### Outstanding Equity Awards at 2018 Fiscal Year-End

The following table provides information concerning equity awards that have not vested for our Named Executive Officers as of December 31, 2018.

| | Option Awards | | | | Stock Awards | | | |
|---|---|---|---|---|---|---|---|---|
| Name | Number of Securities Underlying Unexercised Options Unexercisable (#)(1) | Number of Securities Underlying Unexercised Options Exercisable (#) | Option Exercise Price ($) | Option Expiration Date | Number of Units That Have Not Vested (#) | Market Value of Units That Have Not Vested ($)(2) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(3) |
| **Paul M. Rady** | | | | | | | | |
| Restricted Stock Units (4) | | | | | 136,785 | 1,284,411 | | |
| Performance Share Units (5) | | | | | | | 447,739 | 4,204,269 |
| Phantom Units (6) | | | | | 87,346 | 1,868,320 | | |
| Stock Options (7) | 25,000 | 75,000 | 50.00 | 4/15/25 | | | | |
| Series B Units in IDR LLC (8) | 16,000 | 32,000 | N/A | N/A | | | | |
| **Glen C. Warren, Jr.** | | | | | | | | |
| Restricted Stock Units (4) | | | | | 91,191 | 856,279 | | |
| Performance Share Units (5) | | | | | | | 220,549 | 2,070,955 |
| Phantom Units (6) | | | | | 58,230 | 1,245,545 | | |
| Stock Options (7) | 16,667 | 50,000 | 50.00 | 4/15/25 | | | | |
| Series B Units in IDR LLC (8) | 10,667 | 21,333 | N/A | N/A | | | | |
| **Alvyn A. Schopp** | | | | | | | | |
| Restricted Stock Units (4) | | | | | 100,714 | 945,706 | | |
| Performance Share Units (5) | | | | | 22,222 | 208,665 | 231,216 | 2,171,118 |
| Phantom Units (6) | | | | | 21,075 | 450,784 | | |
| Stock Options (7) | 6,250 | 18,750 | 50.00 | 4/15/25 | | | | |
| **Kevin J. Kilstrom** | | | | | | | | |
| Restricted Stock Units (4) | | | | | 63,214 | 593,581 | | |
| Performance Share Units (5) | | | | | 9,722 | 91,290 | 156,216 | 1,466,868 |
| Phantom Units (6) | | | | | 21,075 | 450,784 | | |
| Stock Options (7) | 6,250 | 18,750 | 50.00 | 4/15/25 | | | | |
| **Michael N. Kennedy** | | | | | | | | |
| Restricted Stock Units (4) | | | | | 34,048 | 319,706 | | |
| Performance Share Units (5) | | | | | | | 97,882 | 919,112 |
| Phantom Units (6) | | | | | 21,075 | 450,784 | | |
| Stock Options (7) | 6,250 | 18,750 | 50.00 | 4/15/25 | | | | |
| Stock Options | — | 60,000 | 54.15 | 10/16/23 | | | | |
| Series B Units in IDR LLC (8) | 1,333 | 2,667 | N/A | N/A | | | | |

(1) Awards reflected as “Unexercisable” are Series B Units in IDR LLC and stock option awards granted under the AR LTIP that have not yet vested.

(2) The amounts reflected in this column represent the market value of (i) common stock underlying the unvested restricted stock unit awards and earned but unvested performance share unit awards granted under the AR LTIP held by the Named Executive Officers (where the applicable performance hurdle has been achieved but a period of continued service remains), computed based on the closing price of our common stock on December 31, 2018, which was $9.39 per share and (ii) common units of the Partnership underlying the phantom unit awards granted under the Midstream LTIP to the Named Executive Officers, computed based on the closing price of the Partnership's common units on December 31, 2018, which was $21.39 per unit.

(3) The amounts reflected in this column represent the market value common stock underlying the performance share units granted under the AR LTIP reported in the preceding column, computed based on the closing price of our common stock on December 31, 2018, which was $9.39 per share.

(4) Except as otherwise provided in the applicable award agreement, (i) the restricted stock unit awards granted under the AR LTIP in 2016 will vest on April 15 of each of 2019 and 2020 and (ii) the restricted stock unit awards granted under the AR LTIP in 2015 will vest on April 15, 2019, in each case, so long as the applicable Named Executive Officer remains continuously employed by us from the grant date through the applicable vesting date.

(5) This row includes performance share units granted under the AR LTIP, outstanding as set forth below. The amounts included in the parentheticals reflect (i) the threshold number of performance share units for the performance share units that vest based on our relative TSR, the TSR PSU, as performance as of December 31, 2018 was below the threshold for payout of these awards; (ii) the maximum number of the ROCE PSUs, as performance as of December 31, 2018 was at maximum, and (iii) the number of unearned performance share units granted in 2016 as special retention awards for which the applicable stock price hurdle has not been achieved. The actual number of shares earned pursuant to performance share units may vary substantially from the amounts set forth below based on actual performance through the end of the applicable performance period.

- In 2016 as a special retention award to Mr. Schopp (133,334) and Mr. Kilstrom (58,334), which vest based upon achievement of certain stock price hurdles. An additional number of performance share units granted to Mr. Schopp (22,222) and Mr. Kilstrom (9,722) have previously become earned upon achievement of the applicable stock price hurdle and will vest in February 2019, so long as the applicable Named Executive Officer remains continuously employed by us from the grant date through such date.
- In 2016 to Mr. Rady (55,887), Mr. Warren (37,258), Mr. Schopp (13,972), Mr. Kilstrom (13,972) and Mr. Kennedy (13,972), that will vest following the Committee's determination of our relative three-year TSR achievement for the performance period ending April 15, 2019, so long as the applicable Named Executive Officer remains continuously employed by us from the grant date through such date.
- In 2017 to Mr. Rady (89,245), Mr. Warren (59,497), Mr. Schopp (22,014), Mr. Kilstrom (22,014) and Mr. Kennedy (22,014), that will vest following the Committee's determination of our relative three-year TSR achievement for the performance period ending April 15, 2020, so long as the applicable Named Executive Officer remains continuously employed by us from the grant date through such date.
- In 2018 to Mr. Rady (111,487), Mr. Warren (45,608), Mr. Schopp (22,804), Mr. Kilstrom (22,804) and Mr. Kennedy (22,804), that will vest following the Committee's determination of our absolute three-year TSR achievement for the performance period ending April 15, 2021, subject to adjustment based on our relative three-year TSR achievement for such performance period and so long as the applicable Named Executive Officer remains continuously employed by us from the grant date through such date.
- In 2018 to Mr. Rady (191,120), Mr. Warren (78,186), Mr. Schopp (39,092), Mr. Kilstrom (39,092) and Mr. Kennedy (39,092), that will vest following the Committee's determination in April 2019 of our three-year ROCE achievement for the performance period ending December 31, 2020, so long as the applicable Named Executive Officer remains continuously employed by us from the grant date through the Committee's determination.

(6) Except as otherwise provided in the applicable award agreement, the phantom units granted in 2016 under the Midstream LTIP will vest on April 15 of each of 2019 and 2020, so long as the applicable Named Executive Officer remains continuously employed by us from the grant date through the applicable vesting date.

(7) The unvested stock option awards reflected in this row were granted under the AR LTIP and will become vested and exercisable on April 15, 2019, so long as the applicable Named Executive Officer remains continuously employed by us or one of our affiliates through such date.

(8) The Series B Units in IDR LLC reflected in this row are intended to constitute profits interests for federal tax purposes, rather than traditional option awards, and therefore, there is no exercise price or expiration date associated with them. The unvested Series B Units in IDR LLC reflected in this row will become vested and exercisable on December 31, 2019, so long as the applicable Named Executive Officer remains continuously employed by us or one of our affiliates through each such date.

## Option Exercises and Stock Vested in Fiscal Year 2018

The following table provides information concerning equity awards that vested or were exercised by our Named Executive Officers during the 2018 fiscal year.

| | Option Awards(1) | | Stock Awards | |
|---|---|---|---|---|
| Name | Number of Shares Acquired on Exercise (#) | Value Realized on Exercise ($) | Number of Shares Acquired on Vesting (#)[(2)] | Value Realized on Vesting ($)[(3)] |
| **Paul M. Rady** | | | | |
| Restricted Stock Units | — | — | 79,093 | 1,638,807 |
| Phantom Units | — | — | 83,000 | 2,231,400 |
| **Glen C. Warren, Jr.** | | | | |
| Restricted Stock Units | — | — | 52,729 | 1,092,545 |
| Phantom Units | — | — | 55,333 | 1,487,592 |
| **Alvyn A. Schopp** | | | | |
| Restricted Stock Units | — | — | 139,345 | 2,531,602 |
| Phantom Units | — | — | 20,398 | 549,022 |
| **Kevin J. Kilstrom** | | | | |
| Restricted Stock Units | — | — | 89,345 | 1,680,602 |
| Phantom Units | — | — | 20,398 | 549,022 |
| **Michael N. Kennedy** | | | | |
| Restricted Stock Units | — | — | 70,984 | 1,152,468 |
| Phantom Units | — | — | 18,898 | 506,722 |

(1) There were no stock option exercises during the 2018 fiscal year.

(2) The equity awards that vested during the 2018 fiscal year disclosed in this column consist of (i) restricted stock units granted under the AR LTIP, (ii) the vested portion of the performance share unit awards granted under the AR LTIP as special retention awards in February 2016 to Messrs. Schopp and Kilstrom, and (iii) phantom units granted under the Midstream LTIP.

(3) The amounts reflected in this column represent the aggregate market value realized by each Named Executive Officer upon vesting of (i) the restricted stock unit awards held by such Named Executive Officer, computed based on the closing price of our common stock on the applicable vesting date, and (ii) the phantom unit awards held by such Named Executive Officer, computed based on the closing price of the Partnership's common units on the applicable vesting date.

## Pension Benefits

We do not provide pension benefits to our employees.

## Nonqualified Deferred Compensation

We do not provide nonqualified deferred compensation benefits to our employees.

## Payments Upon Termination or Change in Control

### *Restricted Stock Units, Performance Share Units, Phantom Units and Stock Options*

Any unvested restricted stock units, unvested phantom units or unvested stock options subject to time-based vesting criteria granted to our Named Executive Officers under the AR LTIP or the Midstream LTIP, as applicable, will become immediately fully vested (and, in the case of stock options, fully exercisable) if the applicable Named Executive Officer's employment with us terminates due to his death or "disability" or in the event of a "change in control" (as such terms are defined in the AR LTIP or the Midstream LTIP, as applicable). For performance share unit awards, any continued employment conditions will be deemed satisfied on the date of the applicable Named Executive Officer's termination due to his death or "disability" or upon the occurrence of a "change in control," the performance period will end on the date of such termination or "change in control," and such performance share unit awards will be settled based on the actual level of performance achieved as of such date.

For purposes of these awards, a Named Executive Officer will be considered to have incurred a "disability" if the executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or which has lasted or can be expected to last for a continuous period of at least 12 months.

For purposes of the AR LTIP awards, "change in control" generally means the occurrence of any of the following events:

- A person or group of persons acquires beneficial ownership of 50% or more of either (a) the outstanding shares of our common stock or (b) the combined voting power of our voting securities entitled to vote in the election of directors, in each case with the exception of (i) any acquisition directly from us, (ii) any acquisition by us or any of our affiliates, or (iii) any acquisition by any employee benefit plan sponsored or maintained by us;
- The incumbent members of the Board cease for any reason to constitute at least a majority of the Board;
- The consummation of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of our assets, or an acquisition of assets of another entity (a "Business Combination"), in each case, unless, following such Business Combination, (A) our outstanding common stock immediately prior to such Business Combination represents more than 50% of the outstanding common equity interests and the outstanding voting securities entitled to vote in the election of directors of the surviving entity, (B) no person or group of persons beneficially owns 20% or more of the common equity interests of the surviving entity or the combined voting power of the voting securities entitled to vote generally in the election of directors of such surviving entity, and (C) at least a majority of the members of the board of directors of the surviving entity were members of the incumbent board at the time of the execution of the initial agreement or corporate action providing for such Business Combination; or
- Approval by our shareholders of a complete liquidation or dissolution of the Company.

For purposes of the Midstream LTIP awards, "change in control" means the occurrence of any of the following events:

- A person or group of persons, other than certain affiliates of the Partnership, becomes the beneficial owner, by way of merger, acquisition, consolidation, recapitalization, reorganization, or otherwise, of 50% or more of the voting power of the equity interests in the general partner of the Partnership;
- The sale or disposition by either the Partnership or the general partner of the Partnership of all or substantially all of its assets;
- The general partner of the Partnership's approval of a complete liquidation or dissolution of the Partnership;
- A transaction resulting in a person or group of persons other than the general partner of the Partnership, the Partnership, the Company or one of their respective affiliates becoming the general partner of the Partnership; or
- A "Change in Control" as defined in the AR LTIP.

The Transactions will not result in a "change in control" under the outstanding awards described above.

***Series B Units in IDR LLC***

The Series B Units in IDR LLC held by Messrs. Rady, Warren and Kennedy will vest upon the consummation of a change of control transaction (as defined in the IDR LLC Agreement) or upon an involuntary termination without cause or due to death or disability. As discussed above, the Series B Units in IDR LLC issued to Messrs. Rady and Warren on December 31, 2016 and to Mr. Kennedy on January 10, 2017 are intended to constitute "profits interests" for federal tax purposes and are not traditional options.

As used in the IDR LLC Agreement and the award agreements pursuant to which the Series B Units in IDR LLC were granted, "change of control transaction" means the occurrence of any of the following events:

- Any consolidation, conversion, merger or other business combination involving IDR Holdings or AMGP, in which a majority of the outstanding Series A Units of IDR LLC or a majority of the outstanding common shares of AMGP (the "AMGP common shares") are exchanged for or converted into cash, securities of a corporation or other business organization, or other property;
- A sale or other disposition of all or a material portion of the assets of IDR LLC;

- A sale or other disposition of all or substantially all of the assets of AMGP followed by a liquidation of AMGP or a distribution to the partners of AMGP of all or substantially all of the net proceeds of such disposition after payment of liabilities and other obligations of AMGP;
- The sale by all the members of IDR LLC of all or substantially all of the outstanding IDR LLC membership interests in a single transaction or series of related transactions; or
- The sale of all of the outstanding AMGP common shares in a single transaction or series of related transactions.

The Transactions will not result in a "change in control" under the IDR LLC agreement.

As discussed above, each of Messrs. Rady, Warren and Kennedy have the right, upon delivery of written notice to IDR LLC, to require IDR LLC to redeem all or a portion of their vested Series B Units for a number of newly issued AMGP common shares, as determined in accordance with the formula described in "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table— Series B Units in IDR LLC" above.

The above mechanisms are subject to customary conversion rate adjustments for equity splits, equity dividends and reclassifications.

***Potential Payments Upon Termination or Change in Control Table for Fiscal 2018***

If the employment of any of our Named Executive Officers would have terminated due to any Named Executive Officer's death or disability, the unvested portion of his restricted stock units, phantom units and stock options, as applicable, would have become vested. The restricted stock units (and, if exercised, the stock options) granted under the AR LTIP represent a direct interest in shares of our common stock, which had a closing price on December 31, 2018, of $9.39 per share. The phantom units granted under the Midstream LTIP represent a direct interest in the Partnership's common units, which had a closing price on December 31, 2018, of $21.39 per unit.

The amounts that each of our Named Executive Officers would receive in connection with the accelerated vesting of their equity awards (other than stock options) upon a termination due to their death or disability (assuming such termination occurred on December 31, 2018) are reflected in the last column of the Outstanding Equity Awards at 2018 Fiscal Year-End table above. Because the exercise price of stock options held by our Named Executive Officers exceeded the fair market value of the Company's common stock on December 31, 2018, no value would have been received by our Named Executive Officers with respect to their stock options in connection with the accelerated vesting of these awards.

***Quantification of Benefits***

The following table summarizes the compensation and other benefits that would have become payable to each Named Executive Officer assuming a change in control of the Company and the Partnership occurred on December 31, 2018.

| | Potential Payments upon a Change in Control of the Company as of December 31, 2018 | | | | | |
|---|---|---|---|---|---|---|
| Name | Restricted Stock Units ($) | Performance Share Unit Awards ($)[(1)] | Phantom Units ($) | Stock Options ($)[(2)] | Series B Units in IDR LLC ($)[(3)] | Total ($) |
| Paul M. Rady | 1,284,411 | 1,794,617 | 1,868,320 | — | — | 4,947,348 |
| Glen C. Warren, Jr. | 856,279 | 734,167 | 1,245,545 | — | — | 2,835,991 |
| Alvyn A. Schopp | 945,706 | 575,738 | 450,784 | — | N/A | 1,972,228 |
| Kevin J. Kilstrom | 593,581 | 458,363 | 450,784 | — | N/A | 1,502,728 |
| Michael N. Kennedy | 319,706 | 367,074 | 450,784 | — | — | 1,137,564 |

(1) Acceleration of the performance share unit awards granted under the AR LTIP in 2016 (other than the special performance share unit award in February 2016 to Messrs. Schopp and Kilstrom) and 2017, the TSR PSUs and ROCE PSUs is based upon actual performance as of the date of the change in control. As of December 31, 2018, (i) all such awards (other than the ROCE PSUs) were trending below threshold, so no value would have been received by our Named Executive Officers with respect to such awards in connection with the accelerated vesting of such awards (other than the ROCE PSUs) and (ii) the ROCE PSUs were trending at maximum, so the value reflected in this column represents settlement at each such award's maximum value. With respect to the special performance share unit award granted in February 2016 to Messrs. Schopp and Kilstrom, the amount reflected here represents the lapse of the employment condition for the portion of such awards for which the applicable stock price hurdle has previously been achieved.

(2) Because the exercise price of stock options held by our Named Executive Officers exceeded the fair market value of the Company's common stock on December 31, 2018, no value would have been received by our Named Executive Officers with respect to their stock options in connection with the accelerated vesting of these awards.

(3) The Series B Units in IDR LLC held by each of Messrs. Rady, Warren and Kennedy will vest upon the consummation of a change of control transaction or upon an involuntary termination of the applicable executive's employment without cause or due to death or disability. The Series B Units in IDR LLC are not traditional options. The redemption right described above only applies upon a change of control transaction applicable to IDR LLC or the general partner of the Partnership (not a change of control of the Company or the Partnership), and, therefore, the redemption value is not disclosed in this table.

**Compensation of Directors**

***General***

Our non-employee directors are entitled to receive compensation consisting of retainers, fees and equity awards as described below. The Compensation Committee reviews and approves non-employee director compensation on a periodic basis.

Our employee directors, Messrs. Rady and Warren, do not receive additional compensation for their services as directors. All compensation that Messrs. Rady and Warren received from the Company as employees is disclosed in the Summary Compensation Table above.

Messrs. Kagan and Keenan have agreed or are otherwise obligated to transfer all or a portion of the compensation they receive for their service as directors to the sponsor with which they are affiliated.

***Annual Retainers***

Each non-employee director received the following compensation for the 2018 fiscal year:

- an annual retainer of $70,000;
- an additional retainer of $7,500 for each member of the audit committee, plus an additional $12,500 for the chairperson; and
- an additional retainer of $10,000 for each member of the conflicts committee, plus an additional $5,000 for the chairperson.

All retainers are paid in cash on a quarterly basis in arrears, but directors have the option to elect, on an annual basis, to receive all or a portion of their retainers in the form of common units. Directors do not receive any meeting fees, but each director is reimbursed for (1) travel and miscellaneous expenses to attend meetings and activities of the Board or its committees, and (2) travel and miscellaneous expenses related to the director's participation in general education and orientation programs for directors.

***Equity-Based Compensation***

In addition to cash compensation, our non-employee directors receive quarterly grants of fully vested common units with an aggregate value equal to $100,000 per year, subject to the terms and conditions of the Midstream LTIP and the award agreements pursuant to which such awards are granted.

Under the Partnership's unit ownership guidelines adopted in 2014, each of our non-employee directors other than Messrs. Kagan and Keenan is required to own a minimum number of common units in the Partnership within five years of the adoption of the guidelines or within five years of being appointed to the Board, whichever is later. Specifically, each of such non-employee directors is required to own common units in the Partnership having an aggregate fair market value equal to at least five times the amount of the annual cash retainer we pay to our non-employee directors. These unit ownership guidelines are designed to align our directors' interests more closely with those of the Partnership's unitholders.

***Total Non-Employee Director Compensation***

The following table provides information concerning the compensation of our non-employee directors for the fiscal year ended December 31, 2018.

| Name | Fees Earned or Paid in Cash ($)[1] | Unit Awards ($)[2] | Total ($) |
|---|---|---|---|
| Peter R. Kagan | 70,000 | 100,000 | 170,000 |
| W. Howard Keenan, Jr. | 70,000 | 100,000 | 170,000 |
| Richard W. Connor [3] | 90,000 | 100,000 | 190,000 |
| David A. Peters [4] | 117,500 | 100,000 | 217,500 |
| John C. Mollenkopf [4] | 107,500 | 100,000 | 207,500 |

(1) Includes annual cash retainer, committee fees and committee chair fees for each non-employee director during fiscal 2018, as more fully explained above.

(2) Amounts in this column reflect the aggregate grant date fair value of fully vested common units granted under the Midstream LTIP in fiscal year 2018, computed in accordance with FASB ASC Topic 718. See Note 9 to our consolidated financial statements on Form 10-K for the year ended December 31, 2018, for additional detail regarding assumptions underlying the value of these equity awards. The grant date fair value for common unit awards is based on the closing price of our common units on the grant date.

(3) Mr. Connor resigned as a director on January 24, 2019.

(4) During 2018, Messrs. Peters and Mollenkopf received additional fees of $25,000 and $20,000, respectively, in connection with their service on the special committee created for purposes of evaluating and approving the Transactions.

**Equity Compensation Plan Information**

The following table sets forth information about securities that may be issued under the existing equity compensation plans of the Company, the Partnership, and AMGP as of December 31, 2018.

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted – average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|---|---|---|---|
| **Equity compensation plans approved by security holders** | | | |
| Antero Resources Corporation Long-Term Incentive Plan [1] | 4,059,401 | $50.55(4) | 8,351,638 |
| Antero Midstream Partners LP Long-Term Incentive Plan [2] | 583,000 | N/A(5) | 7,932,261 |
| Antero Midstream Partners GP LP Long-Term Incentive Plan [3] | N/A | N/A(6) | 881,626 |
| **Equity compensation plans not approved by security holders** | — | — | — |
| **Total** | **4,642,401** | | **17,165,525** |

(1) The Antero Resources Corporation Long-Term Incentive Plan (the "AR LTIP") was approved by our sole shareholder prior to our IPO and by our shareholders at the 2014 annual meeting of shareholders.

(2) The Antero Midstream Partners LP Long-Term Incentive Plan (the "Midstream LTIP") was approved by the Company and the general partner of the Partnership prior to its IPO.

(3) The Antero Midstream Partners GP LP Long-Term Incentive Plan (the "AMGP LTIP") was approved by the general partner of the general partner of the Partnership prior to its IPO.

(4) The calculation of the weighted-average exercise price of outstanding options, warrants and rights excludes restricted stock unit awards granted under the AR LTIP.

(5) Only phantom unit awards and restricted unit awards have been granted under the Midstream LTIP; there is no weighted average exercise price associated with these awards.

(6) Only common shares representing limited partner interests have been granted under the AMGP LTIP; there is no weighted average exercise price associated with these awards. Awards under the AMGP LTIP have only been issued to non-employee directors of AMGP GP LLC, AMGP's general partner. No awards have been made to our Named Executive Officers under the AMGP LTIP.

**CEO Pay Ratio**

Pursuant to Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 402(u) of Regulation S-K, this section provides information regarding the relationship of the annual total compensation of all of our employees to the annual total compensation of our CEO, Mr. Rady. For 2018, the median of the annual total compensation of all Company employees (other than our CEO), calculated in accordance with paragraph (c)(2)(x) of Item 402 of Regulation S-K, was $92,772, and the annual total compensation of our CEO, as reported in the Summary Compensation Table, was $9,143,022.

Based on this information, for 2018, the ratio of the annual total compensation of Mr. Rady to the median of the annual total compensation of all of our employees was 99 to 1.

***Methodology and Assumptions***

When identifying our median employee in 2018, we selected December 31, 2018, as the date on which to determine our employee population for purposes of identifying the median of the annual total compensation of all of our employees (other than the CEO), because it was efficient to collect payroll data and other necessary information as of that date. As of December 31, 2018, our employee population consisted of 622 individuals, including all individuals employed by the Company or any of its consolidated subsidiaries, whether as full-time, part-time, seasonal or temporary workers. This population does not include independent contractors engaged by the Company. All of our employees are located in the United States.

In identifying our median employee in 2018, we utilized the annual total compensation as reported in Box 1 of each employee's Form W-2 for 2018 provided to the Internal Revenue Service. We believe this methodology provides a reasonable basis for determining each employee's total annual compensation and is an economical method of evaluating our employee population's total annual compensation and identifying our median employee. For the 103 employees hired during 2018, we utilized the annual total compensation reported on each such employee's Form W-2 for 2018 without annualization adjustments. No cost-of-living adjustments were made in identifying our median employee, as all of our employees (including our CEO) are located in the United States. This calculation methodology was consistently applied to our entire employee population, determined as of December 31, 2018, in order to identify our median employee in 2018.

After we identified our median employee, we calculated each element of our median employee's annual compensation for 2018 in accordance with paragraph (c)(2)(x) of Item 402 of Regulation S-K, which resulted in annual total compensation of $92,772. The difference between our median employee's total compensation reported on Form W-2 and our median employee's annual total compensation calculated in accordance with paragraph (c)(2)(x) of Item 402 of Regulation S-K was $3,181. This amount reflects the Company's 401(k) match and non-cash imputed earnings offset by benefits deductible from gross income. Similarly, the 2018 annual total compensation of our CEO was calculated in accordance with paragraph (c)(2)(x) of Item 402 of Regulation S-K, as reported in the "Total" column of the Summary Compensation Table.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters**

The following table sets forth the beneficial ownership of common units of Antero Midstream that were issued and outstanding as of February 13, 2019 held by:

- our general partner;
- beneficial owners of 5% or more of our common units;
- each director and Named Executive Officer; and
- all of our general partner's directors and executive officers as a group.

Except as otherwise noted, the person or entities listed below have sole voting and investment power with respect to all of our common units beneficially owned by them, except to the extent this power may be shared with a spouse. All information with respect to beneficial ownership has been furnished by the respective directors, officers or beneficial owners of 5% or more of our common units, as the case may be. Unless otherwise noted, the address for each beneficial owner listed below is 1615 Wynkoop Street, Denver, Colorado 80202.

| Name of Beneficial Owner | Common Units Beneficially Owned | Percentage of Common Units Beneficially Owned |
|---|---|---|
| Antero Resources Corporation[(1)] | 98,870,335 | 52.8 % |
| Antero Midstream Partners GP LLC[(2)] | — | — % |
| Goldman Sachs Asset Management[(3)] | 9,267,930 | 4.9% |
| Tortoise Capital Advisors, L.L.C.[(4)] | 8,460,503 | 4.5% |
| Peter R. Kagan[(5)] | 15,666 | * % |
| W. Howard Keenan, Jr. [(6)] | 15,666 | * % |
| Paul J. Korus | — | — % |
| John C. Mollenkopf | 6,065 | * % |
| David A. Peters | 21,666 | * % |
| Paul M. Rady | 194,152 | * % |
| Glen C. Warren, Jr. | 134,996 | * % |
| Kevin J. Kilstrom | 32,856 | * % |
| Alvyn A. Schopp | 38,856 | * % |
| Michael N. Kennedy | 20,256 | * % |
| All directors and executive officers as a group (10 persons) | 480,179 | * % |

* Less than 1%.

(1) Under Antero Resources' amended and restated certificate of incorporation and bylaws, the voting and disposition of any of our common units held by Antero Resources will be controlled by the board of directors of Antero Resources. The board of directors of Antero Resources, which acts by majority approval, comprises Peter R. Kagan, W. Howard Keenan, Jr., Robert J. Clark, Benjamin A. Hardesty, James R. Levy, Joyce E. McConnell, Paul J. Korus, Paul M. Rady and Glen C. Warren, Jr. Each of the members of Antero Resources' board of directors disclaims beneficial ownership of any of our units held by Antero Resources.

(2) Under our general partner's amended and restated limited liability company agreement, the voting and disposition of any of our common units or the Series A Units of IDR LLC will be controlled by its sole member, AMGP. The board of directors of AMGP GP, which acts by majority approval, comprises Peter R. Kagan, W. Howard Keenan, Jr., Brooks J. Klimley, James R. Levy, Rose M. Robeson, Peter A. Dea, Paul M. Rady and Glen C. Warren, Jr. Each of the members of AMGP GP's board of directors disclaims beneficial ownership of any of our securities held by our general partner.

(3) Goldman Sachs Asset Management, L.P. and GS Investment Strategies, LLC (collectively, "Goldman Sachs Asset Management") have a mailing address of 200 West Street, New York, New York 10282 and share voting and dispositive power with respect to all of our common units reported as beneficially owned.

(4) Tortoise Capital Advisors, L.L.C. ("TCA") has a mailing address of 11550 Ash Street, Suite 300, Leawood, Kansas 66211. TCA acts as an investment adviser to certain investment companies registered under the Investment Company Act of 1940. TCA, by virtue of investment advisory agreements with these investment companies, has all investment and voting power over securities owned of record by these investment companies. However, despite their delegation of investment and voting power to TCA, these investment companies may be deemed to be the beneficial owners, under Rule 13d-3 of the Act, of the securities they own of record because they have the right to acquire investment and voting power through termination of their investment advisory agreement with TCA. Thus, TCA has reported that it shares voting power and dispositive power over the securities owned of record by these investment companies. TCA also acts as an investment adviser to certain managed accounts. Under contractual agreements with these managed account clients, TCA, with respect to the securities held in these client accounts, has investment and voting power with respect to certain of these client accounts, and has investment power but no voting power with respect to certain other of these client accounts. TCA has reported that it shares voting and/or investment power over the securities held by these client managed accounts despite a delegation of voting and/or investment power to TCA because the clients have the right to acquire investment and voting power through termination of their agreements with TCA. TCA may be deemed the beneficial owner of the securities covered by this statement under Rule 13d-3 of the Act that are held by its clients.

(5) Has a mailing address of c/o Warburg Pincus LLC, 450 Lexington Avenue, New York, New York 10017.

(6) Has a mailing address of 410 Park Avenue, 19th Floor, New York, New York 10022.

The following table sets forth the number of common shares representing limited partner interests in AMGP owned by each of the Named Executive Officers and directors of our general partner and all directors and executive officers of our general partner as a group as of February 13, 2019:

| Name of Beneficial Owner | Common Shares Beneficially Owned | Percentage of Common Shares Beneficially Owned |
|---|---|---|
| Peter R. Kagan[(1)(2)] | 55,125,401 | 29.6 % |
| W. Howard Keenan, Jr.[(3)(4)] | 9,619 | * |
| Paul J. Korus | — | — |
| John C. Mollenkopf | — | — |
| David A. Peters | — | — |
| Paul M. Rady[(5)] | 19,996,619 | 10.7 % |
| Glen C. Warren, Jr.[(6)] | 14,931,079 | 8.0 % |
| Kevin J. Kilstrom | 917,548 | * |
| Alvyn A. Schopp | 1,394,146 | * |
| Michael N. Kennedy | 27,774 | * |
| All directors and executive officers as a group (10 persons) [(7)] | 37,292,597 | 20.0 % |

* Less than 1%.

(1) Has a mailing address of c/o Warburg Pincus LLC, 450 Lexington Avenue, New York, New York 10017.

(2) Includes 55,109,589 common shares held by the Warburg Pincus Entities (as defined below). Mr. Kagan is a Partner of Warburg Pincus & Co., a New York general partnership ("WP"), and a Member and Managing Director of Warburg Pincus LLC, a New York limited liability company ("WP LLC"). The Warburg Pincus funds are Warburg Pincus Private Equity VIII, L.P., a Delaware limited partnership ("WP VIII," and together with its two affiliated partnerships, Warburg Pincus Netherlands Private Equity VIII C.V. I, a company formed under the laws of the Netherlands ("WP VIII CV I"), and WP-WPVIII Investors, L.P., a Delaware limited partnership ("WP-WPVIII Investors"), collectively, the "WP VIII Funds"), Warburg Pincus Private Equity X O&G, L.P., a Delaware limited partnership ("WP X O&G"), and Warburg Pincus X Partners, L.P., a Delaware limited partnership ("WP X Partners," and together with WP X O&G, the "WP X O&G Funds"). WP-WPVIII Investors GP L.P., a Delaware limited partnership ("WP-WPVIII GP"), is the general partner of WP-WPVIII Investors. Warburg Pincus X, L.P., a Delaware limited partnership ("WP X GP"), is the general partner of each of the WP X O&G Funds. Warburg Pincus X GP L.P., a Delaware limited partnership ("WP X GP LP"), is the general partner of WP X GP. WPP GP LLC, a Delaware limited liability company ("WPP GP"), is the general partner of WP-WPVIII GP and WP X GP LP. Warburg Pincus Partners, L.P., a Delaware limited partnership ("WP Partners"), is (i) the managing member of WPP GP, and (ii) the general partner of WP VIII and WP VIII CV I. Warburg Pincus Partners GP LLC, a Delaware limited liability company ("WP Partners GP"), is the general partner of WP Partners. WP is the managing member of WP Partners GP. WP LLC is the manager of each of the WP VIII Funds and the WP X O&G Funds. Each of the WP VIII Funds, the WP X O&G Funds, WP-WPVIII GP, WP X GP, WP X GP LP, WPP GP, WP Partners, WP Partners GP, WP and WP LLC are collectively referred to herein as the "Warburg Pincus Entities." Mr. Kagan disclaims beneficial ownership of all shares of common stock attributable to the Warburg Pincus Entities except to the extent of his pecuniary interest therein.

(3) Has a mailing address of 410 Park Avenue, 19th Floor, New York, New York 10022.

(4) Mr. Keenan is a member and manager of the direct or indirect general partner of each of Yorktown Energy Partners V, L.P., Yorktown Energy Partners VI, L.P., Yorktown Energy Partners VII, L.P. and Yorktown Energy Partners VIII, L.P., which own 1,875,802 common shares, 1,970,846 common shares, 4,596,064 common shares and 7,091,699 common shares, respectively. Mr. Keenan does not have sole or shared voting or investment power within the meaning of Rule 13d-3 under the Exchange Act with respect to the common shares held by such investment funds and disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein.

(5) Includes 19,180,821 common shares held by Mockingbird Investments LLC ("Mockingbird"). Mr. Rady owns a 13.1874% limited liability company interest in Mockingbird, and two trusts under his control own the remaining 86.8126%. Mr. Rady disclaims beneficial ownership of all common shares held by Mockingbird except to the extent of his pecuniary interest therein.

(6) Includes 3,891,100 common shares held by Canton Investment Holdings LLC ("Canton"). Mr. Warren is the managing member and 50% owner of Canton. Mr. Warren disclaims beneficial ownership of all common shares held by Canton except to the extent of his pecuniary interest therein.

(7) Excludes 55,109,589 common shares held by the Warburg Pincus Entities (as defined in footnote 2), over which Mr. Kagan may be deemed to have indirect beneficial ownership.

The following table sets forth the number of shares of common stock of Antero Resources owned by each of the Named Executive Officers and directors of our general partner and all directors and executive officers of our general partner as a group as of February 13, 2019:

| Name of Beneficial Owner | Shares Beneficially Owned | Percentage of Shares Beneficially Owned |
|---|---|---|
| Peter R. Kagan(1)(2)(3)(4) | 33,976,002 | 11.0 % |
| W. Howard Keenan, Jr.(1)(5)(6) | 199,707 | * |
| Paul J. Korus | 1,275 | * |
| John C. Mollenkopf | — | — |
| David A. Peters | — | — |
| Paul M. Rady(7)(8) | 14,925,387 | 4.8 % |
| Glen C. Warren, Jr.(9)(10)(11) | 10,873,341 | 3.5 % |
| Kevin J. Kilstrom(12) | 135,539 | * |
| Alvyn A. Schopp(13) | 1,126,159 | * |
| Michael N. Kennedy(14) | 239,848 | * |
| All directors and executive officers as a group (10 persons)(15) | 27,868,197 | 9.0 % |

* Less than 1%.

(1) Includes options to purchase 1,477 shares of common stock that expire ten years from the date of grant, or October 10, 2023, and options to purchase 1,526 shares of common stock that expire ten years from the date of grant, or October 16, 2024.

(2) Has a mailing address of c/o Warburg Pincus LLC, 450 Lexington Avenue, New York, New York 10017.

(3) Includes 33,609,061 shares of common stock held by the Warburg Pincus Entities (as defined below). Mr. Kagan is a Partner of Warburg Pincus & Co., a New York general partnership ("WP"), and a Member and Managing Director of Warburg Pincus LLC, a New York limited liability company ("WP LLC"). The Warburg Pincus funds are Warburg Pincus Private Equity VIII, L.P., a Delaware limited partnership ("WP VIII," and together with its two affiliated partnerships, Warburg Pincus Netherlands Private Equity VIII C.V. I, a company formed under the laws of the Netherlands ("WP VIII CV I"), and WP-WPVIII Investors, L.P., a Delaware limited partnership ("WP-WPVIII Investors"), collectively, the "WP VIII Funds"), Warburg Pincus Private Equity X, L.P., a Delaware limited partnership ("WP X"), Warburg Pincus X Partners, L.P., a Delaware limited partnership ("WP X Partners," and together with WP X, the "WP X Funds"), and Warburg Pincus Private Equity X O&G, L.P., a Delaware limited partnership ("WP X O&G"). WP-WPVIII Investors GP L.P., a Delaware limited partnership ("WP-WPVIII GP"), is the general partner of WP-WPVIII Investors. Warburg Pincus X, L.P., a Delaware limited partnership ("WP X GP"), is the general partner of each of the WP X Funds and WP X O&G. Warburg Pincus X GP L.P., a Delaware limited partnership ("WP X GP LP"), is the general partner of WP X GP. WPP GP LLC, a Delaware limited liability company ("WPP GP"), is the general partner of WP-WPVIII GP and WP X GP LP. Warburg Pincus Partners, L.P., a Delaware limited partnership ("WP Partners"), is (i) the managing member of WPP GP, and (ii) the general partner of WP VIII and WP VIII CV I. Warburg Pincus Partners GP LLC, a Delaware limited liability company ("WP Partners GP"), is the general partner of WP Partners. WP is the managing member of WP Partners GP. WP LLC is the manager of each of the WP VIII Funds, the WP X Funds and WP X O&G. Each of the WP VIII Funds, the WP X Funds, WP X O&G, WP-WPVIII GP, WP X GP, WP X GP LP, WPP GP, WP Partners, WP Partners GP, WP and WP LLC are collectively referred to herein as the "Warburg Pincus Entities." Mr. Kagan disclaims beneficial ownership of all shares of common stock attributable to the Warburg Pincus Entities except to the extent of his pecuniary interest therein.

(4) Includes 7,500 shares of common stock held by The 2017 Kagan Family Trust (the "Kagan Trust"), over which Mr. Kagan may be deemed to have shared voting and dispositive power. Mr. Kagan disclaims beneficial ownership of all shares held by the Kagan Trust except to the extent of his pecuniary interest therein.

(5) Has a mailing address of 410 Park Avenue, 19th Floor, New York, New York 10022.

(6) Mr. Keenan is a member and manager of the direct or indirect general partner of each of Yorktown Energy Partners V, L.P., Yorktown Energy Partners VI, L.P., Yorktown Energy Partners VII, L.P. and Yorktown Energy Partners VIII, L.P., which own 235,380 shares of common stock, 215,319 shares of common stock, 3,104,317 shares of common stock and 10,425,078 shares of common stock, respectively. Mr. Keenan does not have sole or shared voting or investment power within the meaning of Rule 13d-3 under the Exchange Act with respect to the shares of common stock held by such investment funds and disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein.

(7) Includes 2,821,394 shares of common stock held by Salisbury Investment Holdings LLC ("Salisbury") and 2,461,712 shares of common stock held by Mockingbird Investments LLC ("Mockingbird"). Mr. Rady owns a 95% limited liability company interest in Salisbury and his spouse owns the remaining 5%. Mr. Rady owns a 13.1874% limited liability company interest in

Mockingbird, and two trusts under his control own the remaining 86.8126%. Mr. Rady disclaims beneficial ownership of all shares held by Salisbury and Mockingbird except to the extent of his pecuniary interest therein.

(8) Includes 136,786 shares of common stock that remain subject to vesting and options to purchase 75,000 shares of common stock that expire ten years from the date of grant, or April 15, 2025.

(9) Mr. Warren indirectly owns 7 shares of common stock purchased by a family member, and these shares are included because of his relation to the purchaser. Mr. Warren disclaims beneficial ownership of all shares reported except to the extent of his pecuniary interest therein.

(10) Includes 3,847,839 shares of common stock held by Canton Investment Holdings LLC ("Canton") and 735,000 shares of common stock held by The Titus Foundation ("Titus"). Mr. Warren is the managing member and 50% owner of Canton and the President of Titus. Mr. Warren disclaims beneficial ownership of all shares held by Canton and Titus except to the extent of his pecuniary interest therein.

(11) Includes 91,191 shares of common stock that remain subject to vesting and options to purchase 50,000 shares of common stock that expire ten years from the date of grant, or April 15, 2025.

(12) Includes 34,049 shares of common stock that remain subject to vesting and options to purchase 18,750 shares of common stock that expire ten years from the date of grant, or April 15, 2025.

(13) Includes 34,049 shares of common stock that remain subject to vesting and options to purchase 18,750 shares of common stock that expire ten years from the date of grant, or April 15, 2025.

(14) Includes 34,048 shares of common stock that remain subject to vesting, options to purchase 60,000 shares of common stock that expire ten years from the date of grant, or October 10, 2023, and options to purchase 18,750 shares of common stock that expire ten years from the date of grant, or April 15, 2025.

(15) Excludes 33,609,061 shares of common stock held by the Warburg Pincus Entities (as defined in footnote 4), over which Mr. Kagan may be deemed to have indirect beneficial ownership.

**Securities Authorized for Issuance Under Equity Compensation Plan**

Please read the information under "Item 11. Executive Compensation – Compensation Discussion and Analysis – Equity Compensation Plan Information."

## Item 13. Certain Relationships and Related Transactions and Director Independence

As of February 13, 2019, Antero Resources owned 98,870,335 common units representing an approximate 52.8% limited partner interest in us. AMGP owns and controls (and appoints all the directors of) our general partner, AMP GP, which owns a non-economic general partner interest in us. AMGP also controls IDR LLC, the holder of our incentive distribution rights.

**Distributions and Payments to Our General Partner and Its Affiliates**

The following table summarizes the distributions and payments to be made by us to our general partner and its affiliates in connection with ongoing operations and any liquidation of us.

***Operational Stage***

| | |
|---|---|
| Distributions of cash available for distribution to our general partner and its affiliates | We will generally make cash distributions 100% to our unitholders, including affiliates of our general partner. In addition, if distributions exceed the minimum quarterly distribution and other higher target distribution levels, our general partner will be entitled to increasing percentages of the distributions, up to 50% of the distributions above the highest target distribution level.<br><br>Assuming we have sufficient cash available for distribution to pay the full minimum quarterly distribution on all of our outstanding common units for four quarters, our general partner and its affiliates (including Antero Resources) would receive an annual distribution of approximately $67.2 million on their units. |

| | |
|---|---|
| Payments to our general partner and its affiliates | Antero Resources provides customary management and general administrative services to us. Our general partner reimburses Antero Resources at cost for its direct expenses incurred on behalf of us and a proportionate amount of its indirect expenses incurred on behalf of us, including, but not limited to, compensation expenses. Our general partner does not receive a management fee or other compensation for its management of our partnership, but we reimburse our general partner and its affiliates for all direct and indirect expenses they incur and payments they make on our behalf, including payments made to Antero Resources for customary management and general administrative services. Our partnership agreement does not set a limit on the amount of expenses for which our general partner and its affiliates may be reimbursed. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our general partner by its affiliates. Our partnership agreement provides that our general partner will determine the expenses that are allocable to us. |
| Withdrawal or removal of our general partner | If our general partner withdraws or is removed, its non-economic general partner interest and its incentive distribution rights will either be sold to the new general partner for cash or converted into common units, in each case for an amount equal to the fair market value of those interests. Please read "The Partnership Agreement—Withdrawal or Removal of Our General Partner." |
| ***Liquidation Stage*** | |
| Liquidation | Upon our liquidation, the partners, including our general partner, will be entitled to receive liquidating distributions according to their respective capital account balances. |

**Agreements Related to the Transactions**

***Simplification Agreement***

On October 9, 2018, we, AMGP and certain of our affiliates entered into the Simplification Agreement pursuant to which, among other things, (1) AMGP will be converted from a limited partnership to a corporation under the laws of the State of Delaware, to be named Antero Midstream Corporation; (2) an indirect, wholly owned subsidiary of New AM will be merged with and into the Partnership, with the Partnership surviving the merger as an indirect, wholly owned subsidiary of New AM; and (3) all the issued and outstanding Series B Units representing limited liability company interests of IDR Holdings will be exchanged for an aggregate of approximately 17.35 million shares of New AM's common stock. As a result of the Transactions, the Partnership will be a wholly owned subsidiary of New AM and former shareholders of AMGP, unitholders of the Partnership and holders of Series B Units will each own New AM's common stock.

If the Transactions are completed, (1) each holder of the Partnership's common units other than Antero Resources (the "AM Public Unitholders"), will be entitled to receive, at its election, one of (i) $3.415 in cash without interest and 1.6350 validly issued, fully paid, nonassessable shares of New AM's common stock for each of the Partnership's common units held (the "Public Mixed Consideration"); (ii) 1.6350 shares of New AM's common stock plus an additional number of shares of New AM's common stock equal to the quotient of (A) $3.415 and (B) the average of the 20-day volume-weighted average trading price per AMGP common share prior to the final election day for AM Public Unitholders (the "AMGP VWAP"), for each of the Partnership's common units held (the "Public Stock Consideration"); or (iii) $3.415 in cash plus an additional amount of cash equal to the product of (A) 1.6350 and (B) the AMGP VWAP for each of the Partnership's common units held (the "Public Cash Consideration"); and (2) in exchange for each of the Partnership's common units held, Antero Resources will be entitled, subject to certain adjustments (as described below), to receive $3.00 in cash without interest and 1.6023 validly issued, fully paid, nonassessable shares of New AM's common stock for each of the Partnership's common units held by Antero Resources (the "AR Mixed Consideration").

The aggregate cash consideration to be paid to Antero Resources and the AM Public Unitholders will be fixed at an amount equal to the aggregate amount of cash that would have been paid and issued if all AM Public Unitholders received $3.415 in cash per common unit (the "Available Cash") and Antero Resources received $3.00 in cash per common unit, which is approximately $598 million. If the Available Cash exceeds the cash consideration elected to be received by the AM Public Unitholders, Antero Resources may elect to increase the total amount of cash consideration to be received as a part of the AR Mixed Consideration up to an amount equal to the excess and the amount of shares it will receive will be reduced accordingly based on the AMGP VWAP. In addition, the consideration to be received by each AM Public Unitholder may be prorated in the event that more cash or equity is elected to be received than what would otherwise have been paid if all AM Public Unitholders had received the Public Mixed Consideration and Antero Resources received the AR Mixed Consideration.

The Merger should be a taxable event for the Partnership's unitholders, even if a unitholder receives no cash consideration other than cash received in lieu of fractional shares, if any, in the Merger. The amount and character of gain or loss recognized by each unitholder in the Merger will vary depending on such unitholder's particular situation, including the value of the shares of New AM's common stock, if any, received by such unitholder, the amount of any cash received by such unitholder, the adjusted tax basis of such unitholder's common units (and any changes to such tax basis as a result of our allocations of income, gain, loss and deduction to such unitholder for the taxable year that includes the Merger), and the amount of any suspended passive losses that may be available to such unitholder to offset a portion of the gain recognized by such unitholder in connection with the Merger.

Special meetings of AMGP shareholders and Antero Midstream unitholders will be held on March 8, 2019 to vote on the Simplification Agreement, the Merger and the other Transactions contemplated thereby, as applicable, and all AMGP shareholders and Antero Midstream unitholders of record as of the close of business on January 11, 2019, which is the record date for the special meetings, will be entitled to vote the AMGP common shares and Antero Midstream common units, respectively, owned by them on the record date. AMGP and the Partnership expect to fund the cash portion of the merger consideration with borrowings under the Partnership's revolving credit facility. The revolving credit facility was amended on October 31, 2018 to, among other things, increase lender commitments from $1.5 billion to $2.0 billion.

***Voting Agreements***

*AMGP Voting Agreement*

On October 9, 2018, concurrently with the execution of the Simplification Agreement, we and the shareholders of AMGP named in Schedule I thereto (the "AMGP Voting Agreement Shareholders") entered into a Voting Agreement (the "AMGP Voting Agreement"), pursuant to which the AMGP Voting Agreement Shareholders agreed to vote (or cause to be voted) all of the AMGP common shares beneficially owned by them in favor of the AMGP shareholder proposals relating to the Transactions, and any other matters necessary for consummation of the Merger and the other transactions contemplated in the Simplification Agreement, including the Series B Exchange. In addition, the AMGP Voting Agreement Shareholders agreed to vote against the approval or adoption of any action, agreement, transaction or proposal that is intended to or would reasonably be expected to (1) result in a breach of any obligation of AMGP contained in the Simplification Agreement or of such shareholder contained in the AMGP Voting Agreement or (2) impede, interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect any of the Transactions or any action contemplated by the Simplification Agreement. If, without the prior consent of an AMGP Voting Agreement Shareholder, any provision of the Simplification Agreement described below is amended or waived, the obligations of the AMGP Voting Agreement Shareholders under the AMGP Voting Agreement will terminate with respect to such shareholder. In such event, such AMGP Voting Agreement Shareholder will be deemed to vote against all proposals at the AMGP Special Meeting (as defined in the AMGP Voting Agreement"). This termination provision applies only to amendments or waivers of the Simplification Agreement that (i) extend the Termination Date (as defined in the Simplification Agreement), (ii) adversely impact the merger consideration to be received by the AMGP Voting Agreement Shareholders or the number or value of the shares of New AM Common Stock held by the AMGP Voting Agreement Shareholders upon consummation of the Transactions, or (iii) otherwise have a material adverse effect on the interests of the AMGP Voting Agreement Shareholders in the Transactions. As of October 8, 2018, the AMGP Voting Agreement Shareholders collectively owned 105,571,698 AMGP Common Shares, representing approximately 57% of the AMGP common shares outstanding (as defined in the Simplification Agreement).

The AMGP Voting Agreement includes certain covenants, and generally prohibits the AMGP Voting Agreement Shareholders from transferring their AMGP common shares. The AMGP Voting Agreement terminates upon the earliest to occur of (i) the closing of the Transactions, (ii) the termination of the Simplification Agreement in accordance with its terms, (iii) the written agreement of the parties to the AMGP Voting Agreement, and (iv) the Termination Date.

*AR Voting Agreement*

On October 9, 2018, concurrently with the execution of the Simplification Agreement, AMGP entered into a voting agreement with Antero Resources (the "AR Voting Agreement"), pursuant to which Antero Resources agreed to vote (or cause to be voted) all of the Partnership's common units beneficially owned by it in favor of the Antero Midstream unitholder proposal relating to the Merger, and any other matters necessary for consummation of the Merger and the other transactions contemplated in the Simplification Agreement, including the Series B Exchange. In addition, Antero Resources agreed to vote against the approval or adoption of any action, agreement, transaction or proposal that is intended to or would reasonably be expected to (1) result in a breach of any obligation of the Partnership contained in the Simplification Agreement or of Antero Resources contained in the AR Voting Agreement or (2) impede, interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect any of the Transactions or any action contemplated by the Simplification Agreement. If, without the prior consent of the special committee of the Antero Resources board of directors (the "AR Special Committee"), any provision of the Simplification Agreement described below is amended or waived, then Antero Resources' obligations under the AR Voting Agreement will terminate. In such event, the AR Special Committee may instruct the Partnership that Antero Resources and AR Sub (as defined below) are deemed to vote against all proposals at the AM Special Meeting (as defined in the AR Voting Agreement), which instruction will override any different votes, proxies or voting instructions by or on behalf of Antero Resources or AR Sub received by the Partnership or its designees. This termination provision applies only to amendments or waivers that (i) extend the Termination Date (as defined in the Simplification Agreement), (ii) adversely impact the merger consideration to be received by Antero Resources or the number or value of the shares of New AM Common Stock held by Antero Resources upon consummation of the Transactions, or (iii) otherwise have a material adverse effect on the interests of Antero Resources in the Transactions. As of February 13, 2019, Antero Resources owned 98,870,335 of the Partnership's common units, representing approximately 53% of the common units outstanding.

The AR Voting Agreement includes certain covenants, including a covenant by Antero Resources to enter into a registration rights agreement and a covenant to transfer certain of the Partnershpip's common units to a wholly owned subsidiary of Antero Resources ("AR Sub"), prior to the effective time of the Merger, following which both Antero Resources and AR Sub will remain subject to the terms of the AR Voting Agreement. The AR Voting Agreement otherwise generally prohibits Antero Resources from transferring the Partnership's common units. The AR Voting Agreement terminates upon the earliest to occur of (i) the closing of the Transactions, (ii) the termination of the Simplification Agreement in accordance with its terms, (iii) the Termination Date (as defined in the Simplification Agreement), and (iv) the written agreement of the parties to the AR Voting Agreement.

***Stockholders' Agreement***

On October 9, 2018, concurrently with the execution of the Simplification Agreement, AMGP, AR Sub, certain affiliates of Warburg Pincus LLC and Yorktown Partners LLC (collectively, the "Sponsor Holders") and Paul M. Rady, Glen C. Warren, Jr. and certain of their respective affiliates (collectively, the "Management Stockholders") entered into a Stockholders' Agreement (the "Stockholders' Agreement"), which will become effective as of the closing of the Transactions and which will govern certain rights and obligations of the parties following the consummation of the Transactions.

Under the Stockholders' Agreement, and subject to additional limitations in the event of a Fundamental Change (as defined in the Stockholders' Agreement), AR Sub will be entitled to designate two directors, who shall initially be Mr. Rady and Mr. Warren, for nomination and election to the board of directors of New AM (the "New AM Board") for so long as, together with its affiliates, AR Sub owns an amount of shares equal to at least 8% of the qualifying New AM Common Stock and one director so long as it owns an amount of shares equal to at least 5% of the qualifying New AM Common Stock. To the extent that either Mr. Rady and/or Mr. Warren are not designated for election to the New AM Board by AR Sub pursuant to the Stockholders' Agreement, the Management Stockholders will be entitled to collectively designate two directors (or one director for so long as either Mr. Rady or Mr. Warren is designated by AR Sub) for election for so long as the Management Stockholders and their affiliates (other than Antero Resources and its subsidiaries) collectively own an amount of shares equal to at least 8% of the qualfiying New AM Common Stock and one director for election for so long as they collectively own an amount of shares equal to at least 5% of the qualifying New AM Common Stock. The Sponsor Holders will be entitled to collectively designate two directors for election to the New AM Board for so long as the Sponsor Holders and their affiliates (other than Antero Resources and its subsidiaries) collectively own an amount of shares equal to at least 8% of the qualifying New AM Common Stock and one director for election for so long as they collectively own an amount of shares equal to at least 5% of the qualifying New AM Common Stock. Notwithstanding the foregoing, upon the occurrence of a Fundamental Change, AR Sub, the Management Stockholders and the Sponsor Holders will each be entitled to designate one director so long as they own an amount of shares equal to at least 5% of the qualifying New AM Common Stock, except to the extent that AR Sub designates either Mr. Rady or Mr. Warren, in which case the Management Stockholders will not be entitled to designate a director.

Each of the parties to the Stockholders' Agreement has agreed to vote all of their shares of New AM Common Stock in favor of the directors designated by the other parties in accordance with the Stockholders' Agreement and, at such party's election (i) in favor of any other nominees nominated by the Nominating and Governance Committee of the New AM Board or (ii) in proportion to the votes cast by the public stockholders of New AM in favor of such nominees. In calculating the 8% and 5% ownership thresholds for purposes of the Stockholders' Agreement, qualifying New AM Common Stock is determined by dividing the New AM Common Stock ownership for each stockholder or group of stockholders as of the applicable measurement date by (i) the total number of outstanding shares of New AM Common Stock at the closing of the Transactions or (ii) the total number of outstanding shares on the applicable measurement date, whichever is less. Pursuant to the terms of the Stockholders' Agreement no more than 45% of the shares of New AM Common Stock outstanding as of closing of the Merger will be subject to the obligations of the Stockholders' Agreement.

Under the Stockholders' Agreement, a majority of the New AM Board shall at all times consist of directors who are both (i) independent under the listing rules of the NYSE and the Exchange Act, and (ii) unaffiliated with the parties to the Stockholders' Agreement. Such independent and unaffiliated directors will be nominated for election to the New AM Board by the Nominating and Governance Committee of the New AM Board, which will itself consist solely of independent and unaffiliated directors. In addition, under the Stockholders' Agreement, the parties have agreed that for so long as AR Sub has the right to designate at least one director, (i) if Mr. Rady is an executive officer of Antero Resources, he shall serve as Chief Executive Officer at New AM and (ii) if Mr. Warren is an executive officer of Antero Resources, he shall serve as President at New AM, and both Mr. Rady and Mr. Warren shall be subject to removal from such officer positions at New AM only for cause. For so long as Mr. Rady is a member of the New AM Board and is an executive officer of Antero Resources and/or New AM, the parties have agreed that he shall serve as Chairman of the New AM Board, subject to his removal as Chief Executive Officer of New AM for cause. The Stockholders' Agreement will terminate as to each stockholder upon the time at which such stockholder no longer has the right to designate an individual for nomination to the New AM Board pursuant to the Stockholders' Agreement.

**Agreements with Antero Resources**

We have entered into certain agreements with Antero Resources, as described in more detail below.

***Registration Rights Agreement***

Pursuant to the registration rights agreement, we may be required to register the sale of Antero Resources' (i) common units issued (or issuable) to it pursuant to the contribution agreement and (ii) common units issued upon conversion of subordinated units pursuant to the terms of the partnership agreement (together, the "Registrable Securities") in certain circumstances.

*Demand Registration Rights*

Antero Resources has the right to require us by written notice to register the sale of a number of their Registrable Securities in an underwritten offering. We are required to provide notice of the request within 10 days following the receipt of such demand request to all additional holders of Registrable Securities, if any, who may, in certain circumstances, participate in the registration. We are not obligated to effect any demand registration in which the anticipated aggregate offering price included in such offering is less than $50,000,000. While we are eligible to effect a registration on Form S-3, any such demand registration may be for a shelf registration statement.

*Piggy-back Registration Rights*

If, at any time, we propose to register an offering of our securities (subject to certain exceptions) for our own account, then we must give to Antero Resources securities to allow it to include a specified number of Registrable Securities in that registration statement.

*Redemptive Offerings*

We may be required pursuant to the registration rights agreement to undertake a future public or private offering and use the proceeds (net of underwriting or placement agency discounts, fees and commissions, as applicable) to redeem an equal number of common units from Antero Resources.

*Conditions and Limitations; Expenses*

The registration rights are subject to certain conditions and limitations, including the right of the underwriters to limit the number of Registrable Securities to be included in a registration and our right to delay or withdraw a registration statement under certain circumstances. We will generally pay all registration expenses in connection with our obligations under the registration rights agreement, regardless of whether a registration statement is filed or becomes effective. The obligations to register Registrable Securities under the registration rights agreement will terminate when no Registrable Securities remain outstanding. Registrable Securities shall cease to be covered by the registration rights agreement when they have (i) been sold pursuant to an effective registration statement under the Securities Act, (ii) been sold in a transaction exempt from registration under the Securities Act (including transactions pursuant to Rule 144), (iii) ceased to be outstanding, (iv) been sold in a private transaction in which Antero Resources' rights under the registration rights agreement are not assigned to the transferee or (v) become eligible for resale pursuant to Rule 144(b) (or any similar rule then in effect under the Securities Act).

***Services Agreement***

Pursuant to the services agreement, Antero Resources has agreed to provide customary operational and management services for us in exchange for reimbursement of its direct expenses and an allocation of its indirect expenses attributable to the provision of such services to us. On September 23, 2015, Antero Resources, the Partnership and Midstream Management amended and restated the services agreement to remove provisions relating to operational services in support of our gathering and compression business which is now covered by a secondment agreement and to provide that Antero Resources will perform certain administrative services for us and our subsidiaries, and we will reimburse Antero Resources for expenditures incurred by Antero Resources in the performance of those administrative services. The initial term of the amended and restated services agreement is twenty years from November 10, 2014, and from year to year thereafter.

***Secondment Agreement***

In connection with the Water Acquisition, on September 23, 2015, we entered into a secondment agreement with Antero Resources, Midstream Management, Midstream Operating, Antero Water and Antero Treatment, whereby Antero Resources has agreed to provide seconded employees to perform certain operational services with respect to our gathering and compression facilities and the Contributed Assets, and we have agreed to reimburse Antero Resources for expenditures incurred by Antero Resources in the performance of those operational services. The initial term of the secondment agreement is twenty years from November 10, 2014, and from year to year thereafter. For the year ended December 31, 2018, we reimbursed Antero Resources for approximately $35.5 million of its direct and allocated indirect expenses under the services and secondment agreement.

***Gathering and Compression Agreement***

Pursuant to our 20-year gas gathering and compression agreement with Antero Resources which was entered into on November 10, 2014, Antero Resources has agreed to dedicate all of its current and future acreage in West Virginia, Ohio and Pennsylvania to us (other than the existing third-party commitments), so long as such production is not otherwise subject to a pre-existing dedication for third-party services. Antero Resources' production subject to a pre-existing dedication is also dedicated to us at the expiration of such pre-existing dedication. In addition, if Antero Resources acquires any gathering facilities, it is required to offer such gathering facilities to us at its cost.

Under the gathering and compression agreement, we receive a low pressure gathering fee per Mcf, a high pressure gathering fee per Mcf, and a compression fee per Mcf, in each case subject to CPI-based adjustments. On February 13, 2018, we amended and restated the gathering and compression agreement to, among other things, make certain clarifying changes with respect to CPI and the associated adjustments to the fees we will receive from Antero Resources under the agreement. For the year ended December 31, 2018, we generated revenues of approximately $521 million under the gathering and compression agreement with Antero Resources.

If and to the extent Antero Resources requests that we construct new high pressure lines and compressor stations requested by Antero Resources, the gathering and compression agreement contains minimum volume commitments that require Antero Resources to utilize or pay for 75% and 70%, respectively, of the capacity of such new construction. Additional high pressure lines and compressor stations installed on our own initiative are not subject to such volume commitments. These minimum volume commitments on new infrastructure, as well as price adjustment mechanisms, are intended to support the stability of our cash flows.

We also have an option to gather and compress natural gas produced by Antero Resources on any acreage it acquires in the future outside of West Virginia, Ohio and Pennsylvania on the same terms and conditions. In the event that we do not exercise this option, Antero Resources will be entitled to obtain gathering and compression services and dedicate production from limited areas to such third-party agreements from third parties.

In return for Antero Resources' acreage dedication, we have agreed to gather, compress, dehydrate and redeliver all of Antero Resources' dedicated natural gas on a firm commitment, first-priority basis. We may perform all services under the gathering and compression agreement or we may perform such services through third parties. In the event that we do not perform our obligations under the gathering and compression agreement, Antero Resources will be entitled to certain rights and procedural remedies thereunder.

Pursuant to the gathering and compression agreement, we have also agreed to build to and connect all of Antero Resources' wells producing dedicated natural gas, subject to certain exceptions, upon 180 days notice by Antero Resources. In the event of late connections, Antero Resources' natural gas will temporarily not be subject to the dedication. We are entitled to compensation under the gathering and compression agreement for capital costs incurred if a well does not commence production within 30 days following the target completion date for the well set forth in the notice from Antero Resources, provided that our gathering system is connected to such well and available to commence providing gathering and compression services with respect to all dedicated production from such well prior to the date such well has reached its projected depth and is ready for completion.

We have agreed to install compressor stations at Antero Resources' direction, but will not be responsible for inlet pressures or for pressuring natural gas to enter downstream facilities if Antero Resources has not directed us to install sufficient compression. Additionally, we will provide high pressure gathering pursuant to the gathering and compression agreement.

Under the gathering and compression agreement, Antero Resources may sell, transfer, convey, assign, grant, or otherwise dispose of dedicated properties free of the dedication, provided that the number of net acres of dedicated properties so disposed of, when added to the number of net acres of dedicated properties previously disposed of free of the dedication since the effective date of the agreement, does not exceed the aggregate number of net acres of dedicated properties acquired by Antero Resources since such effective date. Accordingly, under certain circumstances, Antero Resources may dispose of a significant number of net acres of dedicated properties free from dedication without our consent, and we have no control over the timing or extent of such dispositions.

Upon completion of the initial 20-year term, the gathering and compression agreement will continue in effect from year to year until such time as the agreement is terminated, effective upon an anniversary of the effective date of the agreement, by either us or Antero Resources on or before the 180th day prior to the anniversary of such effective date.

***Water Services Agreement***

In connection with the Water Acquisition, on September 23, 2015, we entered in a 20-year Water Services Agreement with Antero Resources whereby we have agreed to provide certain water handling and treatment services to Antero Resources within an area of dedication in defined service areas in Ohio and West Virginia and Antero Resources agrees to pay monthly fees to us for all water handling and treatment services provided by us in accordance with the terms of the Water Services Agreement. The initial term of the Water Services Agreement is twenty years from the date thereof and from year to year thereafter. Under the agreement, Antero Resources will pay a fixed fee per barrel in West Virginia and Ohio and all other locations for fresh water deliveries by pipeline directly to the well site, subject to annual CPI adjustments. On February 12, 2019, we amended and restated the Water Services Agreement to, among other things, make certain clarifying changes with respect to CPI and the associated adjustments to the fees we will receive from Antero Resources under the agreement. Antero Resources has committed to pay a fee on a minimum volume of fresh water deliveries in calendar years 2016 through 2019. Minimum volume commitments were 90,000 barrels per day in 2016, 100,000 barrels per day in 2017 and 120,000 barrels per day in 2018 and are 120,000 barrels per day in 2019. Antero Resources also agreed to pay us a fixed fee per barrel for wastewater treatment at the Antero Clearwater Facility and a fee per barrel for wastewater collected in trucks owned by us, in each case subject to annual CPI-based adjustments. In addition, we contract with third party service providers to provide Antero Resources other fluid handling services including flow back and produced water services and Antero Resources will reimburse us third party out-of-pocket costs plus 3%. For the year ended December 31, 2018, we generated revenues of approximately $506 million under the Water Services Agreement with Antero Resources.

Under the Water Services Agreement, Antero Resources may sell, transfer, convey, assign, grant, or otherwise dispose of dedicated properties free of the dedication, provided that the number of net acres of dedicated properties so disposed of, when added to the number of net acres of dedicated properties previously disposed of free of the dedication since the effective date of the agreement, does not exceed the aggregate number of net acres of dedicated properties acquired by Antero Resources since such effective date. Accordingly, under certain circumstances, Antero Resources may dispose of a significant number of net acres of dedicated properties free from dedication without our consent, and we have no control over the timing or extent of such dispositions.

Upon completion of the initial 20-year term, the fresh water distribution agreement will continue in effect from year to year until such time as the agreement is terminated, effective upon an anniversary of the effective date of the agreement, by either us or Antero Resources on or before the 180th day prior to the anniversary of such effective date.

***Processing***

*Joint Venture*

On February 6, 2017, we formed the Joint Venture to develop processing and fractionation assets in Appalachia with MarkWest. We and MarkWest each own a 50% interest in the Joint Venture and MarkWest operates the Joint Venture assets. The Joint Venture assets consist of processing plants in West Virginia, and a one-third interest in a MarkWest fractionator in Ohio.

Pursuant to a certain gas processing agreement between Antero Resources and MarkWest, MarkWest has agreed to process gas from acreage dedicated by Antero Resources for a fee. MarkWest has entered into a separate agreement with the Joint Venture whereby the Joint Venture has agreed to perform gas processing services with respect to certain volumes on behalf of MarkWest in exchange for the gas processing fees that MarkWest receives from Antero Resources in connection with such volumes (the "MW-JV Arrangement"). In addition, on February 6, 2018, Antero Resources and MarkWest entered into an agreement pursuant to which MarkWest agreed to address certain regulatory matters related to expansions at one of MarkWest's processing sites, and if certain conditions were not met, Antero Resources agreed to make reimbursement payments for such work directly to the Joint Venture. During the year ended December 31, 2018, the Joint Venture derived approximately $98 million of revenues under the MW-JV Arrangement, and approximately $30 million of our equity in earnings of unconsolidated affiliates for the year ended December 31, 2018 was attributable to our investment in the Joint Venture. During the year ended December 31, 2017, the Joint Venture derived approximately $32 million of revenues under the MW-JV Arrangement, and approximately $10 million of our equity in earnings of unconsolidated affiliates for the year ended December 31, 2017 was attributable to our investment in the Joint Venture.

*Right-of-First-Offer Agreement*

Prior to the Joint Venture, we did not have any processing or NGLs fractionation infrastructure; however, we have a right-of-first-offer agreement with Antero Resources for gas processing services, pursuant to which Antero Resources has agreed, subject to certain exceptions, not to procure any gas processing or NGLs fractionation services with respect to its production (other than production subject to a pre-existing dedication) without first offering us the right to provide such services.

If Antero Resources requires any gas processing or NGLs fractionation services that we are not already providing, including any services to be provided through a facility that Antero Resources has acquired or proposes to be acquired, Antero Resources' request for offer will, among other things, describe the production that will be dedicated under the resulting agreement and the capacities of the facilities it desires and, if applicable, details of the facility Antero Resources has acquired or proposes to acquire. Antero Resources is permitted concurrently to seek offers from third parties for the same services on the same terms and conditions, but we have a right to match the fees offered by any third-party. Antero Resources will only be permitted to obtain these services from third parties if we either do not make an offer or do not match a competing third-party offer. The process could result in Antero Resources obtaining certain of the required services from us (for example, gas processing) and certain of such services (for example, NGLs fractionation and related services) from a third-party. Our right of first offer does not apply to production that is subject to a pre-existing dedication. The right of first offer agreement has an initial 20-year term from the date of our IPO, and is subject to automatic annual renewal after the initial term.

Pursuant to the procedures provided for in the right of first offer agreement, if our offer prevails, Antero Resources will enter into a gas processing agreement or other appropriate services agreement with us and, if such services are to be provided through a facility that Antero Resources has acquired or proposes to acquire, transfer such acquired facility to us for the price for which Antero Resources acquired it. Relevant production will be dedicated under such agreement. We will provide the relevant services for the offered fees, subject to price adjustments based on the consumer price index, or CPI, and Antero Resources will be obligated to deliver minimum daily volumes or pay fees for any deficiencies in deliveries. We may perform all services under the gas processing or other services agreement or may perform such services through third parties. In the event that we do not perform our obligations under the agreement, Antero Resources will be entitled to certain rights and procedural remedies thereunder.

If pursuant to the foregoing procedures Antero Resources enters into a gas processing agreement with us, we will agree to construct or cause to be constructed a processing plant to process the dedicated natural gas, except to the extent rendered unnecessary if Antero Resources is transferring an acquired facility to us. If Antero Resources requires additional capacity in the future at the plant at which we are providing the services, we will have the option to provide such additional capacity on the same terms and conditions.

In the event that we do not exercise this option, Antero Resources will be entitled to obtain proposals from third parties to process such production.

Under the right of first offer agreement, Antero Resources may sell, transfer, convey, assign, grant, or otherwise dispose of dedicated properties free of the dedication, provided that the number of net acres of dedicated properties so disposed of, when added to the number of net acres of dedicated properties previously disposed of free of the dedication since the effective date of the agreement, does not exceed the aggregate number of net acres of dedicated properties acquired by Antero Resources since such effective date. Accordingly, under certain circumstances, Antero Resources may dispose of a significant number of net acres of dedicated properties free from dedication without our consent, and we have no control over the timing or extent of such dispositions.

On February 6, 2017, in connection with the formation of the Joint Venture, we and Antero Resources amended and restated the right of first offer agreement in order to, among other things, amend the list of conflicting dedications set forth in such agreement to include the gas processing and NGL fractionation arrangement between Antero Resources and MarkWest. In connection with the entry into to such gas processing and NGL fractionation agreements, we released to the Joint Venture our right to provide certain processing and fractionation services on 195,000 gross acres held by Antero Resources, and MarkWest has separately agreed to use the Joint Venture for a portion of processing and fractionation services under the agreements. On February 13, 2018, we further amended and restated the right of first offer agreement to make certain clarifying changes to reflect the original intent of the agreement.

***License***

Pursuant to a license agreement with Antero Resources, we have the right to use certain Antero Resources related names and trademarks in connection with our operation of the midstream business.

***Other Agreements***

From time to time, in the ordinary course of business, we participate in transactions with Antero Resources and other third parties in which Antero Resources may be deemed to have a direct or indirect material interest. These transactions include, among other things, agreements that address the provision of midstream services and receipt of contract operating services, the purchase of fuel for use in our operations, the release of midstream service dedications in connection with acquisitions, dispositions or exchanges of acreage, and the acquisition of assets and the assumption of liabilities by us, our subsidiaries and our unconsolidated affiliates. While certain of these transactions are not the result of arm's-length negotiations, we believe that the terms of each of the transactions are, and specifically intend the terms to be, generally no less favorable to either party than those that could have been negotiated with unaffiliated parties with respect to similar transactions. During the year ended December 31, 2018, we incurred approximately $3 million of costs in connection with such transactions.

**Employment**

Each of (i) Timothy Rady, the son of Paul M. Rady, the Chairman and Chief Executive Officer of our general partner, (ii) Cole Kilstrom, the son of Kevin J. Kilstrom, Senior Vice President—Production of our general partner, and (iii) Alan Peters, the son of David A. Peters, a member of the board of directors of our general partner, is a non-executive employee of Antero Resources and provides services to us pursuant to our agreements with Antero Resources. Total compensation paid to Timothy Rady in 2018 consisted of base salary, bonus and other benefits totaling $307,948 and award grants under the AR LTIP and Midstream LTIP having an aggregate grant date fair value of $413,946 and subject to certain time-based and performance-based vesting conditions. Total compensation paid to Cole Kilstrom in 2018 consisted of base salary, bonus and other benefits totaling $100,110 and award grants under the AR LTIP having an aggregate grant date fair value of $20,000 and subject to certain time-based vesting conditions. Total compensation paid to Alan Peters in 2018 consisted of base salary, bonus and other benefits totaling $117,878 and award grants under the AR LTIP having an aggregate grant date fair value of $30,000 and subject to certain time-based vesting conditions.

**Procedures for Review, Approval and Ratification of Transactions with Related Persons**

The board has determined that the audit committee will periodically review all related person transactions that the rules of the SEC require be disclosed in this Annual Report on Form 10-K, and make a determination regarding the initial authorization or ratification of any such transaction.

The audit committee is charged with reviewing the material facts of all related person transactions and either approving or disapproving of our participation in such transactions under our Related Persons Transaction Policy, as amended by the board ("RPT Policy") on October 17, 2017. Our RPT Policy also pre-approves certain related person transactions, including:

- any employment of an executive officer if his or her compensation is required to be reported in our Annual Reports on Form 10-K under Item 402;
- director compensation which is required to be reported in our Annual Reports on Form 10-K under Item 402;
- any transaction with an entity at which the related person's only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 10% of the entity's equity, if the aggregate amount involved does not exceed $1 million;
- any charitable contribution, grant or endowment by us to a charitable organization, foundation or university at which a related person's only relationship is as an employee (other than an executive officer) or a director is pre-approved or ratified (as applicable) if the aggregate amount involved does not exceed $200,000;
- any transaction where the related person's interest arises solely from the ownership of our common units and all holders of our common units received the same benefit on a pro rata basis (e.g., distributions) is pre-approved or ratified (as applicable);
- any transaction involving a related person where the rates or charges involved are determined by competitive bids is pre-approved or ratified (as applicable);
- any transaction with a related person involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority is pre-approved or ratified (as applicable); and
- any transaction with a related person involving services as a bank depositary of funds, transfer agent, registrar, trustee under a trust indenture or similar services is pre-approved or ratified (as applicable).

The audit committee chairman may approve any related person transaction in which the aggregate amount involved is expected to be less than $120,000. A summary of such approved transactions and each new related person transaction deemed pre-approved under the RPT Policy is provided to the audit committee for its review. The audit committee has the authority to modify the RPT Policy regarding pre-approved transactions or to impose conditions upon our ability to participate in any related person transaction.

There were no related person transactions during 2018 which were required to be reported in "Related Persons Transactions" where the procedures described above did not require review, approval or ratification or where these procedures were not followed.

**Conflicts of Interest**

The board has adopted a written code of business conduct and ethics, under which a director would be expected to bring to the attention of our chief executive officer or the board any conflict or potential conflict of interest that may arise between the director or any affiliate of the director, on the one hand, and us or our general partner on the other. The resolution of any such conflict or potential conflict should, at the discretion of the board in light of the circumstances, be determined by a majority of the disinterested directors.

If a conflict or potential conflict of interest arises between our general partner or its affiliates, on the one hand, and us or our unitholders, on the other hand, the resolution of any such conflict or potential conflict should be addressed by the board of directors of our general partner in accordance with the provisions of our partnership agreement. At the discretion of the board in light of the circumstances, the resolution may be determined by the board in its entirety or by the conflicts committee.

Pursuant to our code of business conduct, our general partner’s executive officers are required to avoid conflicts.

Conflicts of interest exist and may arise in the future as a result of the relationships between our general partner and its directors, officers, affiliates (including Antero Resources) and owners, on the one hand, and us and our limited partners, on the other hand. Conflicts may arise as a result of the duties of our general partner and its directors and officers to act for the benefit of its owners, which may conflict with our interests and the interests of our public unitholders. We are managed and operated by the board of directors and officers of our general partner, AMP GP, which is owned by AMGP. Certain of our officers and directors are also officers or directors of AMGP GP, AMGP's general partner, and Antero Resources. Similarly, all of the officers and a majority of the directors of our general partner are also officers or directors of Antero Resources. Affiliates of Warburg Pincus LLC ("Warburg"), Yorktown Partners LLC ("Yorktown"), Paul M. Rady and Glen C. Warren, Jr. serve as members of the board of directors of our general partner, the board of directors of AMGP GP and the board of directors of Antero Resources. Mr. Rady, Mr. Warren and certain investment funds affiliated with Warburg and Yorktown (collectively, the "Sponsors") also own the membership interests in AMGP GP, a majority of the common units and other interests in AMGP and a significant portion of the shares of common stock of Antero Resources. As a result of their investments in AMGP, AMGP GP, and its general partner and Antero Resources, the Sponsors may have conflicting interests with other holders of our common units, including with respect to the Transactions.

Although our general partner has a contractual duty to manage us in a manner that it believes is not adverse to our interests, the directors and officers of our general partner have a fiduciary duty to manage our general partner in a manner that is beneficial to AMGP. Our general partner's directors and officers who are also directors and officers of Antero Resources have a fiduciary duty to manage Antero Resources in a manner that is beneficial to Antero Resources and its shareholders, and our directors and officers who are also directors and officers of AMGP GP have a fiduciary duty to manage AMGP GP in a manner that is beneficial to AMGP GP and its owners. Our partnership agreement specifically defines the remedies available to unitholders for actions taken that, without these defined liability standards, might constitute breaches of fiduciary duty under applicable Delaware law. The Delaware Act provides that Delaware limited partnerships may, in their partnership agreements, expand, restrict or eliminate the fiduciary duties otherwise owed by the general partner to the limited partners and the partnership.

Whenever a conflict arises between our general partner or its owners and affiliates (including Antero Resources and AMGP), on the one hand, and us or our limited partners, on the other hand, the resolution or course of action in respect of such conflict of interest shall be permitted and deemed approved by us and all our limited partners and shall not constitute a breach of our partnership agreement, of any agreement contemplated thereby or of any duty, if the resolution or course of action in respect of such conflict of interest is:

- approved by the conflicts committee of our general partner, although our general partner is not obligated to seek such approval; or
- approved by the holders of a majority of the outstanding common units, excluding any such units owned by our general partner or any of its affiliates.

Our general partner may, but is not required to, seek the approval of such resolutions or courses of action from the conflicts committee of its board of directors or from the holders of a majority of the outstanding common units as described above. If our general partner does not seek approval from the conflicts committee or from holders of common units as described above and the board of directors of our general partner approves the resolution or course of action taken with respect to the conflict of interest, then it will be presumed that, in making its decision, the board of directors of our general partner acted in good faith, and in any proceeding brought by or on behalf of us or any of our unitholders, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption and proving that such decision was not in good faith. Unless the resolution of a conflict is specifically provided for in our partnership agreement, the board of directors of our general partner or the conflicts committee of the board of directors of our general partner may consider any factors they determine in good faith to consider when resolving a conflict. An independent third party is not required to evaluate the resolution. Under our partnership agreement, a determination, other action or failure to act by our general partner, the board of directors of our general partner or any committee thereof (including the conflicts committee) will be deemed to be "in good faith" unless our general partner, the board of directors of our general partner or any committee thereof (including the conflicts committee) believed such determination, other action or failure to act was adverse to the interest of the partnership. Please read "Management—Committees of the Board of Directors—Conflicts Committee" for information about the conflicts committee of our general partner's board of directors.

**Director Independence**

Rather than adopting categorical standards, the Board assesses director independence on a case-by-case basis, in each case consistent with applicable legal requirements and the listing standards of the NYSE. After reviewing all relationships each director has with us, including the nature and extent of any business relationships between us and each director, as well as any significant charitable contributions we make to organizations where our directors serve as board members or executive officers, the Board has affirmatively determined that the following directors have no material relationships with us and are independent as defined by the current listing standards of the NYSE: Messrs. Kagan, Keenan, Mollenkopf, Korus and Peters. Neither Mr. Rady, the Chairman and Chief Executive Officer of our general partner, nor Mr. Warren, the President and Secretary of our general partner, is considered by the Board to be an independent director because of his employment with Antero Resources.

**Item 14. Principal Accountant Fees and Services**

The table below sets forth the aggregate fees and expenses billed by KPMG LLP, our independent registered public accounting firm, for the Partnership for the following periods:

| | For the Years Ended December 31, | |
|---|---|---|
| **(in thousands)** | **2017** | **2018** |
| Audit Fees: | | |
| Audit and Quarterly Reviews | $ 540 | 630 |
| Audit Related Fees | 433 | 153 |
| Total | $ 973 | 783 |

The charter of the Audit Committee and its pre-approval policy require that the Audit Committee review and pre-approve our independent registered public accounting firm's fees for audit, audit-related, tax and other services. The Chairman of the Audit Committee has the authority to grant pre-approvals, provided such approvals are within the pre-approval policy and are presented to the Audit Committee at a subsequent meeting. For the year ended December 31, 2018, the audit committee approved 100% of the services described above under the captions "Audit Fees."

## PART IV

### Item 15. Exhibits and Financial Statement Schedules

### (a)(1) and (a)(2) Financial Statements and Financial Statement Schedules

The consolidated financial statements are listed on the Index to Financial Statements to this report beginning on page F-1.

### (a)(3) Exhibits.

| Exhibit Number | Description of Exhibit |
|---|---|
| 2.1** | Contribution, Conveyance and Assumption Agreement, dated as of September 17, 2015, by and among Antero Resources Corporation, Antero Midstream Partners LP and Antero Treatment LLC (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on September 18, 2015). |
| 2.2 | 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 by reference to Exhibit 2.1 to Current Report on Form 8-K (Commission File No. 001-36719) filed on October 10, 2018). |
| 3.1 | Certificate of Conversion of Antero Resources Midstream LLC, dated November 5, 2014 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K (Commission File No. 001-36719) filed on November 7, 2014). |
| 3.2 | Amended and Restated Certificate of Limited Partnership of Antero Midstream Partners LP, dated April 11, 2017 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K (Commission File No. 001-36719) filed on April 11, 2017). |
| 3.3 | 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 (Commission File No. 001-36719) filed on November 17, 2014). |
| 3.4 | Amendment No. 1 to Agreement of Limited Partnership of Antero Midstream Partners LP, dated as of February 23, 2016 (incorporated by reference to Exhibit 3.4 to Annual Report on Form 10-K (Commission File No. 001-36719) filed on February 24, 2016). |
| 3.5 | Amendment No. 2 to Agreement of Limited Partnership of Antero Midstream Partners LP, dated as of December 20, 2017 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K (Commission File No. 001-36719) filed on December 26, 2017). |
| 4.1 | Indenture, dated as of September 13, 2016, by and among Antero Midstream Partners LP, Antero Midstream Finance Corporation, the subsidiary guarantors party thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K (Commission File No. 001-36719) filed on September 13, 2016). |
| 4.2 | Form of 5.375% Senior Note due 2024 (incorporated by reference to Exhibit 10.1 to Current Report on Form 8- K (Commission File No. 001-36719) filed on September 13, 2016). |
| 4.3 | Registration Rights Agreement, dated as of September 13, 2016, by and among Antero Midstream Partners LP, Antero Midstream Finance Corporation, the subsidiary guarantors named therein and J.P. Morgan Securities LLC as representative of the initial purchasers named therein (incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K (Commission File No. 001-36719) filed on September 13, 2016). |
| 10.1 | Senior Note Purchase Agreement, dated as of September 8, 2016, by and among Antero Midstream Partners LP, Antero Midstream Finance Corporation and the Purchasers named therein (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K (Commission File No. 001-36719) filed on September 13, 2016). |

| | |
|---|---|
| 10.2 | Secondment Agreement, dated as of September 23, 2015, by and between Antero Midstream Partners LP, Antero Resources Midstream Management LLC, Antero Midstream LLC, Antero Water LLC, Antero Treatment LLC and Antero Resources Corporation (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on September 24, 2015). |
| 10.3 | Amended and Restated Services Agreement, dated as of September 23, 2015, by and among Antero Midstream Partners LP, Antero Resources Midstream Management LLC and Antero Resources Corporation (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on September 24, 2015). |
| 10.4†* | Amended and Restated Water Services Agreement, dated as of February 12, 2019, by and between Antero Resources Corporation and Antero Water LLC. |
| 10.5 | Amended and Restated Contribution Agreement, dated as of November 10, 2014, by and between Antero Resources Corporation and Antero Midstream Partners LP (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K (Commission File No. 001-36719) filed on November 17, 2014). |
| 10.6 | First Amended and Restated Gathering and Compression Agreement, dated as of February 13, 2018, by and between Antero Resources Corporation and Antero Midstream LLC (incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q (Commission File No. 001-36719) filed on April 25, 2018). |
| 10.7 | Second Amended and Restated Right of First Offer Agreement, dated as of February 13, 2018, by and between Antero Resources Corporation and Antero Midstream LLC (incorporated by reference to Exhibit 10.2 to Quarterly Report on Form 10-Q (Commission File No. 001-36719) filed on April 25, 2018). |
| 10.8 | License Agreement, dated as of November 10, 2014, by and between Antero Resources Corporation and Antero Midstream Partners LP (incorporated by reference to Exhibit 10.4 to Current Report on Form 8-K (Commission File No. 001-36719) filed on November 17, 2014). |
| 10.9 | Registration Rights Agreement, dated as of November 10, 2014, by and among Antero Midstream Partners LP and Antero Resources Corporation (incorporated by reference to Exhibit 10.5 to Current Report on Form 8-K (Commission File No. 001-36719) filed on November 17, 2014). |
| 10.10 | 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 (Commission File No. 001-36719) filed on November 1, 2017). |
| 10.11 | First Amendment and Joinder Agreement to Amended and Restated Credit Agreement, dated as of October 31, 2018 (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K (Commission File No. 001-36719) filed on November 2, 2018). |
| 10.12 | Form of Antero Midstream Partners LP Long-Term Incentive Plan (incorporated by reference to Exhibit 10.11 to Amendment No. 4 to Antero Resources Midstream LLC's Registration Statement on Form S-1, filed on July 11, 2014, File No. 333-193798). |
| 10.13 | Form of Amended and Restated Indemnification Agreement (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K (Commission File No. 001-36719) filed on April 17, 2018)). |
| 10.14 | Form of Phantom Unit Grant Notice and Phantom Unit Agreement under the Antero Midstream Partners LP Long-Term Incentive Plan (incorporated by reference to Exhibit 4.4 to Antero Midstream Partners' Registration Statement on Form S-8 (Commission File No. 001- 36719) filed on November 12, 2014). |
| 10.15 | Form of Restricted Unit Grant Notice and Restricted Unit Agreement under the Antero Midstream Partners LP Long-Term Incentive Plan (incorporated by reference to Exhibit 4.5 to Antero Midstream Partners' Registration Statement on Form S-8 (Commission File No. 001- 36719) filed on November 12, 2014). |
| 10.16 | Form of Bonus Unit Grant Notice and Bonus Unit Agreement (Form for Non-Employee Directors) under the Antero Midstream Partners LP Long-Term Incentive Plan (incorporated by reference to Exhibit 10.16 to Annual Report on Form 10-K (Commission File No. 001-36120) filed on February 24, 2016). |
| 10.17 | Antero Resources Corporation Long-Term Incentive Plan, effective as of October 1, 2013 (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-8 (Commission File No. 001- 36120) |

| | |
|---|---|
| | filed on October 11, 2013). |
| 10.18 | Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement under the Antero Resources Corporation Long-Term Incentive Plan (incorporated by reference to Exhibit 10.28 to Annual Report on Form 10-K (Commission File No. 001-36120) filed on February 25, 2015). |
| 10.19 | Form of Bonus Stock Grant Notice and Bonus Stock Agreement (Form for Non-Employee Directors) under the Antero Resources Corporation Long-Term Incentive Plan (incorporated by reference to Exhibit 10.36 to Antero Resources' Annual Report on Form 10-K (Commission File No. 001-36120) filed on February 24, 2016). |
| 10.20 | Form of Performance Share Unit Grant Notice and Performance Share Unit Agreement (Form for Special Retention Awards) under the Antero Resources Corporation Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to Antero Resources' Current Report on Form 8-K (Commission File No. 001-36120) filed on February 12, 2016). |
| 10.21 | Global Grant Amendment to Grant Notices and Award Agreements Under the Antero Midstream Partners LP Long-Term Incentive Plan, effective as of October 24, 2016 (incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q (Commission File No. 001-36120) filed on October 26, 2016). |
| 10.22 | Voting Agreement, dated as of October 9, 2018, by and among Antero Midstream Partners LP and the shareholders of Antero Midstream GP LP named on Schedule I thereto (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on October 10, 2018). |
| 10.23 | Voting Agreement, dated as of October 9, 2018, by and among Antero Midstream Partners LP and the shareholders of Antero Midstream GP LP named on Schedule I thereto (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on October 10, 2018). |
| 21.1* | Subsidiaries of Antero Midstream Partners LP. |
| 23.1* | Consent of KPMG LLP. |
| 31.1* | Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes Oxley Act of 2002 (18 U.S.C. Section 7241). |
| 31.2* | Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes Oxley Act of 2002 (18 U.S.C. Section 7241). |
| 32.1* | Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes Oxley Act of 2002 (18 U.S.C. Section 1350). |
| 32.2* | Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes Oxley Act of 2002 (18 U.S.C. Section 1350). |
| 101* | The following financial information from this Form 10-K of Antero Midstream Partners LP for the year ended December 31, 2018, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Consolidated Statements of Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to the Consolidated Financial Statements, tagged as blocks of text. |

The exhibits marked with the asterisk symbol (*) are filed or furnished with this Annual Report on Form 10-K.

** Pursuant to Item 601(b)(2) of Regulation S-K, the Partnership agrees to furnish supplementally a copy of any omitted exhibit or schedule to the U.S. Securities and Exchange Commission upon request.

† Portions of this exhibit have been omitted pursuant to a request for confidential treatment.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**ANTERO MIDSTREAM PARTNERS LP**

By: **ANTERO MIDSTREAM PARTNERS GP LLC, its general partner**

By: /s/ Michael N. Kennedy
Michael N. Kennedy
*Chief Financial Officer*

Date: February 13, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated.

| Signature | Title (Position with Antero Midstream Partners GP LLC) | Date |
|---|---|---|
| /s/ PAUL M. RADY<br>Paul M. Rady | Chairman of the Board,<br>Director and Chief Executive officer<br>(principal executive officer) | February 13, 2019 |
| /S/ MICHAEL N. KENNEDY<br>Michael N. Kennedy | Chief Financial Officer<br>(principal financial officer) | February 13, 2019 |
| /s/ K. PHIL YOO<br>K. Phil Yoo | Vice President, Accounting and Chief Accounting Officer<br>(principal accounting officer) | February 13, 2019 |
| /S/ GLEN C. WARREN, JR.<br>Glen C. Warren, Jr. | President, Director, and Secretary | February 13, 2019 |
| /s/ PAUL J. KORUS<br>Paul J. Korus | Director | February 13 2019 |
| /s/ W. HOWARD KEENAN, JR.<br>W. Howard Keenan, Jr. | Director | February 13, 2019 |
| /s/ PETER R. KAGAN<br>Peter R. Kagan | Director | February 13, 2019 |
| /s/ JOHN C. MOLLENKOPF<br>John C. Mollenkopf | Director | February 13, 2019 |
| /s/ DAVID A. PETERS<br>David A. Peters | Director | February 13, 2019 |

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

## Report of Independent Registered Public Accounting Firm

The Unitholders of Antero Midstream Partners LP and
Board of Directors of Antero Midstream Partners GP LLC:

### Opinions on the Consolidated Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Antero Midstream Partners LP and its subsidiaries (the Partnership) as of December 31, 2017 and 2018, the related consolidated statements of operations and comprehensive income, partners' capital, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes (collectively, the consolidated financial statements). We also have audited the Partnership's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2017 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

### Basis for Opinion

The Partnership's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting within *Item 9A. Controls and Procedures*. Our responsibility is to express an opinion on the Partnership's consolidated financial statements and an opinion on the Partnership's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### Definition and Limitations of Internal Control over Financial Reporting

A Partnership's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Partnership's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Partnership; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Partnership are being made only in accordance with authorizations of management and directors of the Partnership; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Partnership's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

We have served as the Partnership's auditor since 2013.

Denver, Colorado
February 13, 2019

**ANTERO MIDSTREAM PARTNERS LP**

**Consolidated Balance Sheets**

**December 31, 2017 and 2018**

**(In thousands)**

| | December 31, 2017 | December 31, 2018 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 8,363 | — |
| Accounts receivable–Antero Resources | 110,182 | 115,378 |
| Accounts receivable–third party | 1,170 | 1,544 |
| Other current assets | 670 | 21,513 |
| Total current assets | 120,385 | 138,435 |
| Property and equipment, net | 2,605,602 | 2,958,415 |
| Investments in unconsolidated affiliates | 303,302 | 433,642 |
| Other assets, net | 12,920 | 15,925 |
| Total assets | $ 3,042,209 | 3,546,417 |
| **Liabilities and Partners' Capital** | | |
| Current liabilities: | | |
| Accounts payable–Antero Resources | $ 6,459 | 4,141 |
| Accounts payable–third party | 8,642 | 21,372 |
| Accrued liabilities | 106,006 | 72,121 |
| Asset retirement obligations | — | 1,817 |
| Other current liabilities | 209 | 235 |
| Total current liabilities | 121,316 | 99,686 |
| Long-term liabilities: | | |
| Long-term debt | 1,196,000 | 1,632,147 |
| Contingent acquisition consideration | 208,014 | 114,995 |
| Asset retirement obligations | — | 5,791 |
| Other | 410 | 2,290 |
| Total liabilities | 1,525,740 | 1,854,909 |
| Partners' capital: | | |
| Common unitholders–public (88,059 and 88,452 units issued and outstanding at December 31, 2017 and 2018 respectively) | 1,708,379 | 1,792,011 |
| Common unitholder–Antero Resources (98,870 units issued and outstanding at December 31, 2017 and 2018) | (215,682) | (143,995) |
| General partner | 23,772 | 43,492 |
| Total partners' capital | 1,516,469 | 1,691,508 |
| Total liabilities and partners' capital | $ 3,042,209 | 3,546,417 |

See accompanying notes to consolidated financial statements.

**ANTERO MIDSTREAM PARTNERS LP**

**Consolidated Statements of Operations and Comprehensive Income**

**Years Ended December 31, 2016, 2017, and 2018**

**(In thousands, except per unit amounts)**

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2017 | 2018 |
| Revenue: | | | |
| Gathering and compression–Antero Resources | $ 303,250 | 396,202 | 520,566 |
| Water handling and treatment–Antero Resources | 282,267 | 376,031 | 506,449 |
| Gathering and compression–third party | 835 | 264 | — |
| Water handling and treatment–third party | — | — | 924 |
| Gain on sale of assets–Antero Resources | — | — | 583 |
| Gain on sale of assets–third party | 3,859 | — | — |
| Total revenue | 590,211 | 772,497 | 1,028,522 |
| Operating expenses: | | | |
| Direct operating | 161,587 | 232,538 | 316,423 |
| General and administrative (including $26,049, $27,283 and $21,073 of equity-based compensation in 2016, 2017 and 2018, respectively) | 54,163 | 58,812 | 61,629 |
| Impairment of property and equipment | — | 23,431 | 5,771 |
| Depreciation | 99,861 | 119,562 | 130,013 |
| Accretion and change in fair value of contingent acquisition consideration | 16,489 | 13,476 | (93,019) |
| Accretion of asset retirement obligations | — | — | 135 |
| Total operating expenses | 332,100 | 447,819 | 420,952 |
| Operating income | 258,111 | 324,678 | 607,570 |
| Interest expense, net | (21,893) | (37,557) | (61,906) |
| Equity in earnings of unconsolidated affiliates | 485 | 20,194 | 40,280 |
| Net income and comprehensive income | 236,703 | 307,315 | 585,944 |
| Net income attributable to incentive distribution rights | (16,944) | (69,720) | (142,906) |
| Limited partners' interest in net income | $ 219,759 | 237,595 | 443,038 |
| | | | |
| Net income per limited partner unit–basic | $ 1.24 | 1.28 | 2.37 |
| Net income per limited partner unit–diluted | $ 1.24 | 1.28 | 2.36 |
| | | | |
| Weighted average limited partner units outstanding: | | | |
| Basic | 176,647 | 185,630 | 187,048 |
| Diluted | 176,801 | 186,083 | 187,398 |

See accompanying notes to consolidated financial statements.

**ANTERO MIDSTREAM PARTNERS LP**

**Consolidated Statements of Partners' Capital**

**Years Ended December 31, 2016, 2017, and 2018**

**(In thousands)**

| | Limited Partners | | | | |
|---|---|---|---|---|---|
| | **Common Unitholders Public** | **Common Unitholder Antero Resources** | **Subordinated Unitholder Antero Resources** | **Antero IDR Holdings LLC** | **Total Partners' Capital** |
| Balance at December 31, 2015 | $ 1,351,317 | 30,186 | (299,727) | 969 | 1,082,745 |
| Net income and comprehensive income | 82,424 | 42,817 | 94,518 | 16,944 | 236,703 |
| Distributions | (64,712) | (33,701) | (73,663) | (10,370) | (182,446) |
| Equity-based compensation | 8,012 | 9,128 | 8,909 | — | 26,049 |
| Issuance of common units upon vesting of equity-based compensation awards, net of units withheld for income taxes | 9,555 | (15,191) | — | — | (5,636) |
| Issuance of common units, net of offering costs | 65,395 | — | — | — | 65,395 |
| Sale of units held by Antero Resources to public | 6,419 | (6,419) | — | — | — |
| Balance at December 31, 2016 | 1,458,410 | 26,820 | (269,963) | 7,543 | 1,222,810 |
| Net income and comprehensive income | 100,347 | 137,248 | — | 69,720 | 307,315 |
| Distributions | (98,861) | (131,598) | — | (53,491) | (283,950) |
| Conversion of subordinated units to common units | — | (269,963) | 269,963 | — | — |
| Equity-based compensation | 9,776 | 17,507 | — | — | 27,283 |
| Issuance of common units upon vesting of equity-based compensation awards, net of units withheld for income taxes | 9,691 | (15,636) | — | — | (5,945) |
| Sale of units held by Antero Resources to public | (19,940) | 19,940 | — | — | — |
| Issuance of common units, net of offering costs | 248,956 | — | — | — | 248,956 |
| Balance at December 31, 2017 | 1,708,379 | (215,682) | — | 23,772 | 1,516,469 |
| Net income and comprehensive income | 208,911 | 234,127 | — | 142,906 | 585,944 |
| Distributions | (144,085) | (159,181) | — | (123,186) | (426,452) |
| Equity-based compensation | 7,796 | 13,277 | — | — | 21,073 |
| Issuance of common units upon vesting of equity-based compensation awards, net of units withheld for income taxes | 11,007 | (16,536) | — | — | (5,529) |
| Other | 3 | — | — | — | 3 |
| Balance at December 31, 2018 | $ 1,792,011 | (143,995) | — | 43,492 | 1,691,508 |

See accompanying notes to consolidated financial statements.

**ANTERO MIDSTREAM PARTNERS LP**

**Consolidated Statements of Cash Flows**

**Years Ended December 31, 2016, 2017, and 2018**

**(In thousands)**

| | Year Ended December 31, 2016 | 2017 | 2018 |
|---|---|---|---|
| Cash flows provided by operating activities: | | | |
| Net income | $ 236,703 | 307,315 | 585,944 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation | 99,861 | 119,562 | 130,013 |
| Accretion and change in fair value of contingent acquisition consideration | 16,489 | 13,476 | (93,019) |
| Accretion of asset retirement obligations | — | — | 135 |
| Impairment of property and equipment | — | 23,431 | 5,771 |
| Equity-based compensation | 26,049 | 27,283 | 21,073 |
| Equity in earnings of unconsolidated affiliates | (485) | (20,194) | (40,280) |
| Distributions from unconsolidated affiliates | 7,702 | 20,195 | 46,415 |
| Amortization of deferred financing costs | 1,814 | 2,888 | 2,879 |
| Gain on sale of assets–Antero Resources | — | — | (583) |
| Gain on sale of assets–third-party | (3,859) | — | — |
| Changes in assets and liabilities: | | | |
| Accounts receivable–Antero Resources | 1,573 | (41,043) | (10,196) |
| Accounts receivable–third party | 1,467 | 70 | 648 |
| Prepaid expenses | (529) | (141) | (153) |
| Accounts payable–Antero Resources | 1,055 | 3,266 | (1,804) |
| Accounts payable–third party | 95 | 3,003 | 7,670 |
| Accrued liabilities | (9,328) | 16,685 | 3,047 |
| Net cash provided by operating activities | 378,607 | 475,796 | 657,560 |
| Cash flows used in investing activities: | | | |
| Additions to gathering systems and facilities | (228,100) | (346,217) | (446,270) |
| Additions to water handling and treatment systems | (188,220) | (195,162) | (88,674) |
| Investments in unconsolidated affiliates | (75,516) | (235,004) | (136,475) |
| Proceeds from sale of assets–Antero Resources | — | — | 4,470 |
| Proceeds from sale of assets–third party | 10,000 | — | 1,680 |
| Change in other assets | 3,673 | (3,435) | (3,591) |
| Change in other liabilities | — | — | 2,273 |
| Net cash used in investing activities | (478,163) | (779,818) | (666,587) |
| Cash flows provided by financing activities: | | | |
| Distributions | (182,446) | (283,950) | (426,452) |
| Issuance of senior notes | 650,000 | — | — |
| Borrowings (repayments) on bank credit facilities, net | (410,000) | 345,000 | 435,000 |
| Issuance of common units, net of offering costs | 65,395 | 248,956 | — |
| Payments of deferred financing costs | (10,435) | (5,520) | (2,169) |
| Employee tax withholding for settlement of equity compensation awards | (5,636) | (5,945) | (5,529) |
| Other | (163) | (198) | (186) |
| Net cash provided by financing activities | 106,715 | 298,343 | 664 |
| Net increase (decrease) in cash and cash equivalents | 7,159 | (5,679) | (8,363) |
| Cash and cash equivalents, beginning of period | 6,883 | 14,042 | 8,363 |
| Cash and cash equivalents, end of period | $ 14,042 | 8,363 | — |
| Supplemental disclosure of cash flow information: | | | |
| Cash paid during the period for interest | $ 13,494 | 46,666 | 62,844 |
| Increase (decrease) in accrued capital expenditures and accounts payable for property and equipment | $ (8,471) | 16,338 | (32,563) |

See accompanying notes to consolidated financial statements.

## ANTERO MIDSTREAM PARTNERS LP

### Notes to Consolidated Financial Statements

### Years Ended December 31, 2016, 2017, and 2018

**(1) Business and Organization**

***(a) Overview***

Antero Midstream Partners LP (the "Partnership") is a growth-oriented master limited partnership formed by Antero Resources Corporation ("Antero Resources") to own, operate and develop midstream energy infrastructure primarily to service Antero Resources' increasing production and completion activity in the Appalachian Basin's Marcellus Shale and Utica Shale located in West Virginia and Ohio. The Partnership's assets consist of gathering pipelines, compressor stations, interests in processing and fractionation plants, and water handling and treatment assets, through which the Partnership and its affiliates provide midstream services to Antero Resources under long-term, fixed-fee contracts. The Partnership's consolidated financial statements as of December 31, 2018, include the accounts of the Partnership, Antero Midstream LLC ("Midstream Operating"), Antero Water LLC ("Antero Water"), Antero Treatment LLC ("Antero Treatment"), and Antero Midstream Finance Corporation ("Finance Corp"), all of which are entities under common control.

The Partnership's gathering and compression assets consist of high and low pressure gathering pipelines, compressor stations, and processing and fractionation plants that collect and process natural gas and NGLs from Antero Resources' wells in West Virginia and Ohio. The Partnership's water handling and treatment assets include two independent systems that deliver fresh water from sources including the Ohio River, local reservoirs as well as several regional waterways, an advanced wastewater treatment facility placed into service in 2018 and a related landfill used for the disposal of waste therefrom.

The Partnership also has a 15% equity interest in the gathering system of Stonewall Gas Gathering LLC ("Stonewall") and a 50% equity interest in a joint venture to develop processing and fractionation assets with MarkWest (the "Joint Venture"). See Note 14—Investments in Unconsolidated Affiliates.

The Partnership has been determined to be a variable interest entity and its financial statements are consolidated within the financial statements of Antero Resources (NYSE: AR), its primary beneficiary for financial reporting purposes.

On April 6, 2017, in connection with its initial public offering, Antero Resources Midstream Management LLC ("ARMM") formed Antero Midstream Partners GP LLC ("AMP GP" or our "general partner"), a Delaware limited liability company, as a wholly owned subsidiary, and, on April 11, 2017, assigned to AMP GP the general partner interest in us. Concurrent with the assignment, AMP GP was admitted as the Partnership's sole general partner and ARMM ceased to be our general partner.

On May 9, 2017, ARMM closed its initial public offering. In connection with the offering, ARMM was converted into a Delaware limited partnership, and changed its name to Antero Midstream GP LP ("AMGP").

***(b) Simplification Agreement***

On October 9, 2018, the Partnership, Antero Midstream GP LP ("AMGP") and certain of their affiliates entered into a Simplification Agreement (as may be amended from time to time, the "Simplification Agreement"), pursuant to which, among other things, (1) AMGP will be converted from a limited partnership to a corporation under the laws of the State of Delaware, to be named Antero Midstream Corporation (which is referred to as "New AM" and the conversion, the "Conversion"); (2) an indirect, wholly owned subsidiary of New AM will be merged with and into the Partnership, with the Partnership surviving the merger as an indirect, wholly owned subsidiary of New AM (the "Merger") and (3) all the issued and outstanding Series B Units representing limited liability company interests of Antero IDR Holdings LLC ("IDR Holdings"), a partially owned subsidiary of AMGP and the holder of all of the Partnership's incentive distribution rights, will be exchanged for an aggregate of approximately 17.35 million shares of New AM's common stock (the "Series B Exchange"). The Conversion, the Merger, the Series B Exchange and the other transactions contemplated by the Simplification Agreement are collectively referred to as the "Transactions". As a result of the Transactions, the Partnership will be a wholly owned subsidiary of New AM and former shareholders of AMGP, unitholders of the Partnership and holders of Series B Units will each own New AM's common stock.

If the Transactions are completed, (1) each holder of the Partnership's common units other than Antero Resources (the "AM Public Unitholders"), will be entitled to receive, at its election, one of (i) $3.415 in cash without interest and 1.6350 validly issued, fully paid, nonassessable shares of New AM's common stock for each of the Partnership's common units held (the "Public Mixed

Consideration"); (ii) 1.6350 shares of New AM's common stock plus an additional number of shares of New AM's common stock equal to the quotient of (A) $3.415 and (B) the average of the 20-day volume-weighted average trading price per AMGP common share prior to the final election day for AM Public Unitholders (the "AMGP VWAP"), for each of the Partnership's common units held (the "Public Stock Consideration"); or (iii) $3.415 in cash plus an additional amount of cash equal to the product of (A) 1.6350 and (B) the AMGP VWAP for each of the Partnership's common units held (the "Public Cash Consideration"); and (2) in exchange for each of the Partnership's common units held, Antero Resources will be entitled, subject to certain adjustments (as described below), to receive $3.00 in cash without interest and 1.6023 validly issued, fully paid, nonassessable shares of New AM's common stock for each of the Partnership's common units held by Antero Resources (the "AR Mixed Consideration").

The aggregate cash consideration to be paid to Antero Resources and the AM Public Unitholders will be fixed at an amount equal to the aggregate amount of cash that would have been paid and issued if all AM Public Unitholders received $3.415 in cash per common unit (the "Available Cash") and Antero Resources received $3.00 in cash per common unit, which is approximately $598 million. If the Available Cash exceeds the cash consideration elected to be received by the AM Public Unitholders, Antero Resources may elect to increase the total amount of cash consideration to be received as a part of the AR Mixed Consideration up to an amount equal to the excess and the amount of shares it will receive will be reduced accordingly based on the AMGP VWAP. In addition, the consideration to be received each AM Public Unitholder may be prorated in the event that more cash or equity is elected to be received than what would otherwise have been paid if all AM Public Unitholders had received the Public Mixed Consideration and Antero Resources received the AR Mixed Consideration.

The Merger should be a taxable event for the Partnership's unitholders. The amount and character of gain or loss recognized by each unitholder in the Merger will vary depending on such unitholder's particular situation, including the value of the shares of New AM's common stock, if any, received by such unitholder, the amount of any cash received by such unitholder, the adjusted tax basis of such unitholder's common units (and any changes to such tax basis as a result of our allocations of income, gain, loss and deduction to such unitholder for the taxable year that includes the Merger), and the amount of any suspended passive losses that may be available to such unitholder to offset a portion of the gain recognized by such unitholder in connection with the Merger.

Special meetings of AMGP shareholders and Antero Midstream unitholders will be held on March 8, 2019 to vote on the Simplification Agreement, the Merger and the other Transactions contemplated thereby, as applicable, and all AMGP shareholders and Antero Midstream unitholders of record as of the close of business on January 11, 2019, which is the record date for the special meetings, will be entitled to vote the AMGP common shares and Antero Midstream common units, respectively, owned by them on the record date. AMGP and the Partnership expect to fund the cash portion of the merger consideration with borrowings under the Partnership's revolving credit facility. The revolving credit facility was amended on October 31, 2018 to increase lender commitments from $1.5 billion to $2.0 billion.

Also on October 9, 2018, in connection with the entry into the Simplification Agreement, (1) the Partnership entered into a voting agreement with AMGP's shareholders owning a majority of the outstanding AMGP common shares, pursuant to which, among other things, such shareholders agreed to vote in favor of the Transactions, (2) AMGP entered into a voting agreement with Antero Resources, pursuant to which, among other things, Antero Resources agreed to vote in favor of the Transactions and (3) AMGP, Antero Resources, certain funds affiliated with Warburg Pincus LLC and Yorktown Partners LLC (together, the "Sponsor Holders"), Paul M. Rady and Glen C. Warren, Jr. (Messrs. Rady and Warren together, the "Management Stockholders") entered into a Stockholders' Agreement, pursuant to which, among other things, Antero Resources, the Sponsor Holders and the Management Holders will have the ability to designate members of the New AM board of directors under certain circumstances, effective as the closing of the Transactions.

## (2) Summary of Significant Accounting Policies

### *(a) Basis of Presentation*

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). In the opinion of management, these statements include all adjustments considered necessary for a fair presentation of the Partnership's financial position as of December 31, 2017 and 2018, and the results of the Partnership's operations and its cash flows for the years ended December 31, 2016, 2017, and 2018. The Partnership has no items of other comprehensive income or loss; therefore, net income is identical to comprehensive income.

Certain costs of doing business incurred by Antero Resources on our behalf have been reflected in the accompanying consolidated financial statements. These costs include general and administrative expenses attributed to us by Antero Resources in exchange for:

- business services, such as payroll, accounts payable and facilities management;
- corporate services, such as finance and accounting, legal, human resources, investor relations and public and regulatory policy; and
- employee compensation, including equity-based compensation.

Transactions between the Partnership and Antero Resources have been identified in the consolidated financial statements (see Note 3—Transactions with Affiliates).

As of the date these consolidated financial statements were filed with the SEC, the Partnership completed its evaluation of potential subsequent events for disclosure and no items requiring disclosure were identified, except the declaration of a cash distribution to unitholders, as described in Note 10—Partnership Equity and Distributions.

***(b) Revenue Recognition***

On May 28, 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU replaced most existing revenue recognition guidance in GAAP when it became effective and was incorporated into GAAP as Accounting Standards Codification ("ASC") Topic 606. The Partnership elected the modified retrospective transition method when new standard became effective for the Partnership on January 1, 2018. The adoption of ASU 2014-09 did not have a material impact on the Partnership's financial results.

The Partnership provides gathering and compression and water handling and treatment services under fee-based contracts primarily based on throughput or at cost plus a margin. Certain of these contracts contain operating leases of the Partnership's assets under GAAP. Under these arrangements, the Partnership receives fees for gathering oil and gas products, compression services, and water handling and treatment services. The revenue the Partnership earns from these arrangements is directly related to (1) in the case of natural gas gathering and compression, the volumes of metered natural gas that it gathers, compresses, and delivers to natural gas compression sites or other transmission delivery points, (2) in the case of oil gathering, the volumes of metered oil that it gathers and delivers to other transmission delivery points, (3) in the case of fresh water services, the quantities of fresh water delivered to its customers for use in their well completion operations, (4) in the case of wastewater treatment services performed by the Partnership, the quantities of wastewater treated for our customers, or (5) in the case of flowback and produced water services provided by third parties, the third party costs the Partnership incurs plus 3%. The Partnership recognizes revenue when it satisfies a performance obligation by delivering a service to a customer or the use of leased assets to a customer. See Note 4—Revenue for the Partnership's required disclosures under ASC 606. The Partnership report includes lease revenue within service revenue.

***(c) Use of Estimates***

The preparation of the consolidated financial statements and notes in conformity with GAAP requires that management formulate estimates and assumptions that affect revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities. Items subject to estimates and assumptions include the useful lives of property and equipment and valuation of accrued liabilities, among others. Although management believes these estimates are reasonable, actual results could differ from these estimates.

***(d) Cash and Cash Equivalents***

The Partnership considers all liquid investments purchased with an initial maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value due to the short-term nature of these instruments. From time to time, the Partnership may be in the position of a "book overdraft" in which outstanding checks exceed cash and cash equivalents. The Partnership classifies book overdrafts in accounts payable within its consolidated balance sheets, and classifies the change in accounts payable associated with book overdrafts as an operating activity within its consolidated statements of cash flows. The Partnership classified $0.5 million of book overdrafts within accounts payable as of December 31, 2018.

***(e) Property and Equipment***

Property and equipment primarily consists of gathering pipelines, compressor stations, fresh water delivery pipelines and facilities, and the wastewater treatment facility and related landfill used for the disposal of waste therefrom, stated at historical cost less accumulated depreciation and amortization. The Partnership capitalizes construction-related direct labor and material costs. The Partnership also capitalized interest on capital costs during the construction phase of the wastewater treatment facility, which was placed in service in 2018. Maintenance and repair costs are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives and salvage values of assets. The depreciation of fixed assets recorded under capital lease agreements is included in depreciation expense. Uncertainties that may impact these estimates of useful lives include, among others, changes in laws and regulations relating to environmental matters, including air and water quality, restoration and abandonment requirements, economic conditions, and supply and demand for the Partnership's services in the areas in which it operates. When assets are placed into service, management makes estimates with respect to useful lives and salvage values that management believes are reasonable. However, subsequent events could cause a change in estimates, thereby impacting future depreciation amounts.

Amortization of landfill airspace consists of the amortization of landfill capital costs, including those that have been incurred and capitalized and estimated future costs for landfill development and construction, as well as the amortization of asset retirement costs arising from landfill final capping, closure, and post-closure obligations. Amortization expense is recorded on a units-of-consumption basis, applying cost as a rate per-cubic yard. The rate per-cubic yard is calculated by dividing each component of the amortizable basis of the landfill by the number of cubic yards needed to fill the corresponding asset's airspace. Landfill capital costs and closure and post-closure asset retirement costs are generally incurred to support the operation of the landfill over its entire operating life and are, therefore, amortized on a per-cubic yard basis using a landfill's total airspace capacity. Estimates of disposal capacity and future development costs are created using input from independent engineers and internal technical teams and are reviewed at least annually. However, future events could cause a change in estimates, thereby impacting future amortization amounts. See Note 5—Property and Equipment for discussion on the change in estimated useful lives for the Partnership's gathering system and facilities.

***(f) Impairment of Long-Lived Assets***

The Partnership evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying values of the assets may not be recoverable. Generally, the basis for making such assessments are undiscounted future cash flows projections for the asset group being assessed. If the carrying values of the assets are deemed not recoverable, the carrying values are reduced to the estimated fair value, which are based on discounted future cash flows using assumptions as to revenues, costs and discount rates typical of third party market participants, which is a Level 3 fair value measurement.

***(g) Asset Retirement Obligations***

In December 2017, the Partnership completed the construction of a landfill site to be used for the disposal of waste from its wastewater treatment facility. The landfill began accepting waste in January 2018. The Partnership's asset retirement obligations relate to its obligation to close, maintain, and monitor landfill cells and support facilities. After the entire landfill reaches capacity and is certified closed, the Partnership must continue to maintain and monitor the landfill for a post-closure period, which generally extends for 30 years. The Partnership records the fair value of its landfill retirement obligations as a liability in the period in which the regulatory obligation to retire a specific asset is triggered. For the Partnership's individual landfill cells, the required closure and post-closure obligations under the terms of its permits and its intended operation of the landfill cell are triggered and recorded when the cell is placed into service and waste is initially disposed in the landfill cell. The fair value is based on the total estimated costs to close the landfill cell and perform post-closure activities once the landfill cell has reached capacity and is no longer accepting waste. Retirement obligations are increased each year to reflect the passage of time by accreting the balance at the weighted average credit-adjusted risk-free rate that is used to calculate the recorded liability, with accretion charged to direct costs. Actual cash expenditures to perform closure and post-closure activities reduce the retirement obligation liabilities as incurred. After initial measurement, asset retirement obligations are adjusted at the end of each period to reflect changes, if any, in the estimated future cash flows underlying the obligation. Landfill retirement assets are capitalized as the related retirement obligations are incurred, and are amortized on a units-of-consumption basis as the disposal capacity is consumed.

A retirement obligation is created for fresh water impoundments and waste water pits when an abandonment date is identified. The Partnership records the fair value of its freshwater impoundment and waste water pit retirement obligations as liabilities in the period in which the regulatory obligation to retire a specific asset is triggered. The fair value is based on the total reclamation costs of the assets. Retirement obligations are increased each year to reflect the passage of time by accreting the balance at the weighted average credit-adjusted risk-free rate that is used to calculate the recorded liability, with accretion charged to direct costs. Actual cash expenditures to perform remediation activities reduce the retirement obligation liabilities as incurred. After initial measurement, asset retirement obligations are adjusted at the end of each period to reflect changes, if any, in the estimated future cash flows underlying the obligation. Fresh water impoundments and waster water pit retirement assets are capitalized as the related retirement obligations are incurred, and are amortized on a straight-line basis until reclamation.

The Partnership is under no legal obligations, neither contractually nor under the doctrine of promissory estoppel, to restore or dismantle its gathering pipelines, compressor stations, water delivery pipelines and facilities and wastewater treatment facility upon abandonment.

The Partnership's gathering pipelines, compressor stations, fresh water delivery pipelines and facilities and wastewater treatment facility have an indeterminate life, if properly maintained. Accordingly, the Partnership is not able to make a reasonable estimate of when future dismantlement and removal dates of its pipelines, compressor stations and facilities will occur.

***(h) Litigation and Other Contingencies***

A liability is recorded for a loss contingency when its occurrence is probable and damages can be reasonably estimated based on the anticipated most likely outcome or the minimum amount within a range of possible outcomes. The Partnership regularly reviews contingencies to determine the adequacy of our accruals and related disclosures. The ultimate amount of losses, if any, may differ from these estimates.

The Partnership accrues losses associated with environmental obligations when such losses are probable and can be reasonably estimated. Accruals for estimated environmental losses are recognized no later than at the time a remediation feasibility study, or an evaluation of response options, is complete. These accruals are adjusted as additional information becomes available or as circumstances change. Future environmental expenditures are not discounted to their present value. Recoveries of environmental costs from other parties are recorded separately as assets at their undiscounted value when receipt of such recoveries is probable.

As of December 31, 2017 and 2018, the Partnership has not recorded liabilities for litigation, environmental, or other contingencies.

***(i) Equity-Based Compensation***

The Partnership's consolidated financial statements reflect various equity-based compensation awards granted by Antero Resources, as well as compensation expense associated with its own plan. These awards include profits interests awards, restricted stock, stock options, restricted units, and phantom units. The Partnership recognized expense in each period for an amount allocated from Antero Resources, with the offset included in partners' capital. See Note 3—Transactions with Affiliates for additional information regarding Antero Resources' allocation of expenses to the Partnership.

In connection with the Partnership's Initial Public Offering ("IPO"), the Antero Midstream Partners LP Long-Term Incentive Plan ("Midstream LTIP") was adopted, pursuant to which certain non-employee directors of our general partner and certain officers, employees and consultants of the Partnership's general partner and its affiliates are eligible to receive awards representing equity interests in the Partnership. An aggregate of 10,000,000 common units may be delivered pursuant to awards under the Midstream LTIP, subject to customary adjustments. For accounting purposes, these units are treated as if they are distributed from the Partnership to Antero Resources. Antero Resources recognizes compensation expense for the units awarded to its employees and a portion of that expense is allocated to the Partnership. See Note 9—Equity-Based Compensation.

***(j) Income Taxes***

These consolidated financial statements do not include a provision for income taxes as Antero Midstream Partners LP is treated as a partnership for federal and state income tax purposes, with each partner being separately taxed on its distributive share of our items of income, gain, loss, or deduction.

***(k) Fair Value Measures***

The FASB Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures*, clarifies the definition of fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This guidance also relates to all nonfinancial assets and liabilities that are not recognized or disclosed on a recurring basis (e.g., the initial recognition of asset retirement obligations and impairments of long-lived assets). The fair value is the price that the Partnership estimates would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is used to prioritize inputs to valuation techniques used to estimate fair value. An asset or liability subject to the fair value requirements is categorized within the hierarchy based on the lowest level of input that is significant to the fair value measurement. The Partnership's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The highest priority (Level 1) is given to unadjusted quoted market prices in active markets for identical assets or liabilities, and the lowest priority (Level 3) is given to unobservable inputs. Level 2 inputs are data, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

The carrying values on the Partnership's balance sheet of its cash and cash equivalents, accounts receivable–Antero Resources, accounts receivable–third party, other current assets, other assets, accounts payable–Antero Resources, accounts payable, accrued liabilities, other current liabilities, other liabilities and the revolving credit facility approximate fair values due to their short-term maturities.

***(l) Investments in Unconsolidated Affiliates***

The Partnership uses the equity method to account for its investments in companies if the investment provides the Partnership with the ability to exercise significant influence over, but not control, the operating and financial policies of the investee. The Partnership's consolidated net income includes the Partnership's proportionate share of the net income or loss of such companies. The Partnership's judgment regarding the level of influence over each equity method investee includes considering key factors such as the Partnership's ownership interest, representation on the board of directors and participation in policy-making decisions of the investee and material intercompany transactions. See Note 14—Investments in Unconsolidated Affiliates.

***(m) Recently Issued Accounting Standard***

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases*, which replaced most existing lease guidance under GAAP when it became effective on January 1, 2019. The standard requires lessees to record lease liabilities and right-of-use assets as of the date of adoption and we have elected to adopt the new standard prospectively. The Partnership is not a party to any material contracts as a lessee. The new lease standard does not substantially change accounting by lessors. The Partnership determined that its contractual arrangement with Antero Resources to provide midstream services is an operating lease of the Partnership's assets that will be accounted under the new ASU for in the same manner as the Partnership's current accounting for the arrangement. No significant additional disclosures will be required. As a result, there will not be a material impact of the new leasing standard on the Partnership's financial statements. The Partnership believes that adoption of the standard will not impact its operational strategies, growth prospects, net income, or cash flow. The Partnership as updated internal controls impacted by the new standard and acquired software to collect and account for lease data under the standard.

## (3) Transactions with Affiliates

***(a) Revenues***

All revenues earned in the years ended December 31, 2016, 2017 and 2018, except revenues earned from third parties, were earned from Antero Resources, under various agreements for gathering and compression and water handling and treatment services.

***(b) Accounts receivable–Antero Resources, and Accounts payable–Antero Resources***

Accounts receivable–Antero Resources represents amounts due from Antero Resources, primarily related to gathering and compression services and water handling and treatment services. Accounts payable–Antero Resources represents amounts due to Antero Resources for general and administrative and other costs.

***(c) Allocation of Costs***

The employees supporting the Partnership's operations are employees of Antero Resources. Direct operating expense includes allocated costs of $4 million, $6 million and $7 mllion during the years ended December 31, 2016, 2017, and 2018, respectively, related to labor charges for Antero Resources employees associated with the operation of our assets. General and administrative expense includes allocated costs of $50 million, $54 million and $52 million during the years ended December 31, 2016, 2017, and 2018, respectively. These costs relate to: (i) various business services, including payroll processing, accounts payable processing and facilities management, (ii) various corporate services, including legal, accounting, treasury, information technology and human resources and (iii) compensation, including equity-based compensation (see Note 9—Equity-Based Compensation for more information). These expenses are charged or allocated to the Partnership based on the nature of the expenses and are allocated based on a combination of its proportionate share of gross property and equipment, capital expenditures and labor costs, as applicable. The Partnership reimburses Antero Resources directly for all general and administrative costs allocated to it, with the exception of noncash equity compensation allocated to the Partnership for awards issued under the Antero Resources long-term incentive plan or the Midstream LTIP.

## (4) Revenue

***(a) Revenue from Contracts with Customers***

All of the Partnership's revenues are derived from service contracts with customers, and are recognized when the Partnership satisfies a performance obligation by delivering a service to a customer. The Partnership derives substantially all of its revenues from Antero Resources, its most significant customer. The following sets forth the nature, timing of satisfaction of performance obligations, and significant payment terms of the Partnership's contracts with Antero Resources.

*Gathering and Compression Agreement*

Antero Resources has dedicated all of its current and future acreage in West Virginia, Ohio and Pennsylvania to the Partnership for gathering and compression services except for acreage subject to third-party commitments or pre-existing dedications. The Partnership also has an option to gather and compress natural gas produced by Antero Resources on any acreage it acquires in the future outside of West Virginia, Ohio and Pennsylvania on the same terms and conditions. Under the gathering and compression agreement, the Partnership receives a low pressure gathering fee, a high pressure gathering fee, and a compression fee, in each case subject to CPI-based adjustments since 2014. In addition, the agreement stipulates that the Partnership receives a reimbursement for the actual cost of electricity used at its compressor stations.

The Partnership satisfies its performance obligations and recognizes revenue when low pressure volumes are delivered to a compressor station, high pressure volumes are delivered to a processing plant or transmission pipeline, and compression volumes are delivered to a high pressure line. The Partnership invoices the customer the month after each service is performed, and payment is due in the same month.

*Water Services Agreement*

In connection with Antero Resources' contribution of Antero Water and certain wastewater treatment assets to the Partnership in September 2015 (the "Water Acquisition"), the Partnership entered into a water services agreement with Antero Resources whereby the Partnership agreed to provide certain water handling and treatment services to Antero Resources within an area of dedication in defined service areas in Ohio and West Virginia. Antero Resources agreed to pay the Partnership for all water handling and treatment services provided by the Partnership in accordance with the terms of the water services agreement. The initial term of the water services agreement is 20 years from September 23, 2015 and from year to year thereafter until terminated by either party. Under the agreement, the Partnership receives a fixed fee per barrel in West Virginia, Ohio and all other locations for fresh water deliveries by pipeline directly to the well site. Additionally, the Partnership receives a fixed fee per barrel for fresh water delivered by truck to high-rate transfer facilities. All of these fees have been subject to annual CPI adjustments since the inception of the agreement in 2015. Antero Resources also agreed to pay the Partnership a fixed fee of per barrel for wastewater treatment at the advanced wastewater treatment complex, in each case subject to annual CPI-based adjustments and additional fees based on certain costs.

Under the water services agreement, the Partnership may also contract with third parties to provide water services to Antero Resources. Antero Resources reimburses the Partnership for third party out-of-pocket costs plus a 3% markup.

The Partnership satisfies its performance obligations and recognizes revenue when the fresh water volumes have been delivered to the hydration unit of a specified well pad and the wastewater volumes have been delivered to the Partnership's wastewater treatment facility. The Partnership invoices the customer the month after water services are performed, and payment is due in the same month. For services contracted through third party providers, the Partnership's performance obligation is satisfied when the service to be performed by the third party provider has been completed. The Partnership invoices the customer after the third party provider billing is received, and payment is due in the same month.

*Minimum Volume Commitments*

Both the gathering and compression and water services agreements include certain minimum volume commitment provisions, which are intended to support the stability of the Partnership's cash flows. If and to the extent Antero Resources requests that the Partnership construct new high pressure lines and compressor stations, the gathering and compression agreement contains minimum volume commitments that require Antero Resources to utilize or pay for 75% and 70%, respectively, of the capacity of such new construction for 10 years. Antero Resources also committed to pay a fee on a minimum volume of fresh water deliveries in calendar years 2016 through 2019. Antero Resources is obligated to pay a minimum volume fee to the Partnership in the event the aggregate volume of fresh water delivered to Antero Resources under the water services agreement is less than 120,000 barrels per day in 2019. The Partnership recognizes revenue related to these minimum volume commitments at the time it is determined that the volumes will not be consumed by Antero Resources, and the amount of the shortfall is known.

Minimum revenue amounts under the minimum volume commitments are as follows:

| (in thousands) | Year Ended December 31, 2019 | 2020 | 2021 | 2022 | 2023 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| Minimum revenue under the Gathering and Compression Agreement | $ 176,126 | 183,126 | 182,626 | 182,626 | 182,626 | 612,854 | 1,519,984 |
| Minimum revenue under the Water Services Agreement | 165,564 | — | — | — | — | — | 165,564 |
| Total | $ 341,690 | 183,126 | 182,626 | 182,626 | 182,626 | 612,854 | 1,685,548 |

### *(b) Disaggregation of Revenue*

In the following table, revenue is disaggregated by type of service and type of fee. The table also identifies the reportable segment to which the disaggregated revenues relate. For more information on reportable segments, see Note 15—Reporting Segments.

| (in thousands) | Year Ended December 31, 2016 | 2017 | 2018 | Segment to which revenues relate |
|---|---|---|---|---|
| **Revenue from contracts with customers** | | | | |
| **Type of service** | | | | |
| Gathering—low pressure | $ 160,925 | 191,766 | 251,209 | Gathering and Processing |
| Gathering—high pressure | 90,124 | 122,134 | 148,122 | Gathering and Processing |
| Compression | 50,938 | 82,502 | 121,235 | Gathering and Processing |
| Condensate gathering | 2,098 | 64 | — | Gathering and Processing |
| Fresh water delivery | 166,013 | 207,558 | 269,856 | Water Handling and Treatment |
| Wastewater treatment | — | — | 12,135 | Water Handling and Treatment |
| Other fluid handling | 116,254 | 168,473 | 225,382 | Water Handling and Treatment |
| Total | $ 586,352 | 772,497 | 1,027,939 | |
| | | | | |
| **Type of contract** | | | | |
| Fixed Fee | $ 304,085 | 396,466 | 520,566 | Gathering and Processing |
| Fixed Fee | 166,013 | 207,558 | 281,991 | Water Handling and Treatment |
| Cost plus 3% | 116,254 | 168,473 | 225,382 | Water Handling and Treatment |
| Total | $ 586,352 | 772,497 | 1,027,939 | |
| | | | | |
| **Other** | | | | |
| Gain on sale of assets–Antero Resources | — | — | 583 | Gathering and Processing |
| Gain on sale of assets–third party | 3,859 | — | — | Gathering and Processing |
| Total revenue | $ 590,211 | 772,497 | 1,028,522 | |

### *(c) Transaction Price Allocated to Remaining Performance Obligations*

The majority of the Partnership's service contracts have a term greater than one year. As such, the Partnership has utilized the practical expedient in ASC 606, which states that a company is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Under the Partnership's service contracts, each unit of product delivered to the customer represents a separate performance obligation; therefore, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligations is not required.

The remainder of our service contracts, which relate to contracts with third parties, are short-term in nature with a contract term of one year or less. The Partnership has utilized an additional practical expedient in ASC 606, which exempts the Partnership from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

***(d) Contract Balances***

Under the Partnership's service contracts, the Partnership invoices customers after its performance obligations have been satisfied, at which point payment is unconditional. Accordingly, the Partnership's service contracts do not give rise to contract assets or liabilities under ASC 606. At December 31, 2017 and 2018, the Partnership's receivables with customers were $110 million and $115 million, respectively.

## (5) Property and Equipment

The Partnership's investment in property and equipment for the periods presented is as follows:

| (in thousands) | Estimated useful lives | December 31, 2017 | December 31, 2018 |
|---|---|---|---|
| Land | n/a | $ 15,382 | 18,649 |
| Gathering systems and facilities | 50 years(1) | 1,781,386 | 2,175,500 |
| Fresh water permanent buried pipelines and equipment | 20 years | 472,810 | 523,488 |
| Wastewater treatment facility | 30 years | — | 300,064 |
| Fresh water surface pipelines and equipment | 5 years | 46,139 | 62,683 |
| Landfill | n/a(2) | — | 60,950 |
| Heavy trucks and equipment | 5 years | — | 4,831 |
| Above ground storage tanks | 10 years | 4,301 | 4,824 |
| Construction-in-progress(3) | n/a | 654,904 | 306,759 |
| Total property and equipment | | 2,974,922 | 3,457,748 |
| Less accumulated depreciation | | (369,320) | (499,333) |
| Property and equipment, net | | $ 2,605,602 | 2,958,415 |

(1) In accordance with its policy, the Partnership evaluates the reasonableness of the estimated useful lives of its fixed assets and determined that the actual lives of the gathering systems and facilities were longer than the estimated useful lives used in calculating depreciation expense. On October 1, 2018, the Partnership increased the useful lives of the gathering systems and facilities from 20 years to 50 years based on a change in the expected period that our systems and facilities will be used to support Antero Resources' producing wells. For the year ended December 31, 2018, the change in estimate decreased depreciation by $18 million, increased net income and comprehensive income by $18 million and increased basic and diluted net income per limited partner unit by $0.10.

(2) Amortization of landfill costs is recorded over the life of the landfill on a units-of-consumption basis.

(3) As of December 31, 2017, construction-in-progress included $355 million for the construction of the wastewater treatment facility and landfill, which was placed in service in 2018.

The Partnership capitalized interest of $4 million, $12 million and $4 million for the years ended December 31, 2016, 2017 and 2018, respectively for the construction of the wastewater treatment facility.

Net operating expenses incurred during wastewater treatment facility commissioning were capitalized. Due to delays in reaching contractual treatment capacity of the wastewater treatment facility, the Partnership has and continues to accrue for liquidated damages from the vendor. At December 31, 2018, the Partnership had accrued $21 million for liquidated damages as a current asset and reduction in cost of the facility.

The Partnership recorded impairment charges of $23 million and $6 million in the years ended December 31, 2017 and 2018, respectively. The impairment charge for the year ended December 31, 2017 related to condensate gathering lines which Antero

Resources no longer uses. During the year ended December 31, 2018, the impairment charge is due to the impairment of gathering assets acquired from Antero Resources at the time of its IPO related to well pads Antero Resources no longer has plans to drill and complete. The Partnership's gathering and compression agreement with Antero Resources provides that for certain gathering assets the Partnership constructs after receiving notice from Antero Resources, and are subsequently delayed or cancelled, Antero Resources is required to repurchase the assets at 115% of the cost. This resulted in a gain of $583 thousand during the year ended December 31, 2018.

## (6) Long-term Debt

Long-term debt was as follows at December 31, 2017 and 2018:

| (in thousands) | December 31, 2017 | December 31, 2018 |
|---|---|---|
| Credit Facility (a) | $ 555,000 | 990,000 |
| 5.375% senior notes due 2024 (b) | 650,000 | 650,000 |
| Net unamortized debt issuance costs | (9,000) | (7,853) |
| Total long-term debt | $ 1,196,000 | 1,632,147 |

### *(a) Revolving Credit Facility*

The Partnership has a senior secured revolving credit facility (the "Credit Facility") with a consortium of banks. Lender commitments under the Credit facility are $2.0 billion. At December 31, 2017 and 2018, the Partnership had borrowings under the Credit Facility of $555 million and $990 million, respectively, with a weighted average interest rate of 2.81% and 3.75%, respectively. No letters of credit were outstanding at December 31, 2017 or 2018 under the Credit Facility. The maturity date of the facility is October 26, 2022. The facility includes fall away covenants and lower interest rates that are triggered if and when we are assigned an investment grade credit rating by either Standard and Poor's or Moody's.

Under the Credit Facility, "Investment Grade Period" is a period that, as long as no event of default has occurred and the Partnership is in pro forma compliance with the financial covenants under the Credit Facility, commences when the Partnership elects to give notice to the Administrative Agent that the Partnership has received at least one of either (i) a BBB- or better rating from Standard and Poor's or (ii) a Baa3 or better from Moody's (provided that the non-investment grade rating from the other rating agency is at least either Ba1 if Moody's or BB+ if Standard and Poor's (an "Investment Grade Rating")). An Investment Grade Period can end at the Partnership's election.

During a period that is not an Investment Grade Period, the Credit Facility is ratably secured by mortgages on substantially all of the Partnership's properties, including the properties of its subsidiaries, and guarantees from its subsidiaries. During an Investment Grade Period, the liens securing the obligations thereunder shall be automatically released (subject to the provisions of the Credit Facility).

The revolving credit facility contains certain covenants including restrictions on indebtedness, and requirements with respect to leverage and interest coverage ratios; provided, however, that during an Investment Grade Period, such covenants become less restrictive on the Partnership. The revolving credit facility permits distributions to the holders of the Partnership's equity interests in accordance with the cash distribution policy adopted by the board of directors of our general partner in connection with the Partnership's initial public offering, provided that no event of default exists or would be caused thereby, and only to the extent permitted by our organizational documents. The Partnership was in compliance with all of the financial covenants under the Credit Facility as of December 31, 2017 and 2018.

Principal amounts borrowed are payable on the maturity date with such borrowings bearing interest that is payable quarterly or, in the case of Eurodollar Rate Loans, at the end of the applicable interest period if shorter than six months. Interest is payable at a variable rate based on LIBOR or the base rate, determined by election at the time of borrowing. Interest at the time of borrowing is determined with reference to (i) during any period that is not an Investment Grade Period, the Partnership's then-current leverage ratio and (ii) during an Investment Grade Period, with reference to the rating given to the Partnership by Moody's or Standard and Poor's.

During an Investment Grade Period, the applicable margin rates are reduced by 25 basis points. Commitment fees on the unused portion of the revolving credit facility are due quarterly at rates ranging from 0.25% to 0.375% based on the leverage ratio, during a period that is not an Investment Grade Period, and 0.175% to 0.375% based on the Partnership's rating during an Investment Grade Period.

***(b) 5.375% Senior Notes Due 2024***

On September 13, 2016, the Partnership and its wholly-owned subsidiary, Finance Corp, as co-issuers, issued $650 million in aggregate principal amount of 5.375% senior notes due September 15, 2024 (the "2024 Notes") at par. The 2024 Notes are unsecured and effectively subordinated to the revolving credit facility to the extent of the value of the collateral securing the revolving credit facility. The 2024 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by the Partnership's wholly-owned subsidiaries (other than Finance Corp) and certain of its future restricted subsidiaries. Interest on the 2024 Notes is payable on March 15 and September 15 of each year. The Partnership may redeem all or part of the 2024 Notes at any time on or after September 15, 2019 at redemption prices ranging from 104.031% on or after September 15, 2019 or 100.00% on or after September 15, 2022. In addition, prior to September 15, 2019, the Partnership may redeem up to 35% of the aggregate principal amount of the 2024 Notes with an amount of cash not greater than the net cash proceeds of certain equity offerings, if certain conditions are met, at a redemption price of 105.375% of the principal amount of the 2024 Notes, plus accrued and unpaid interest. At any time prior to September 15, 2019, the Partnership may also redeem the 2024 Notes, in whole or in part, at a price equal to 100% of the principal amount of the 2024 Notes plus "make-whole" premium and accrued and unpaid interest. If the Partnership undergoes a change of control, the holders of the 2024 Notes will have the right to require the Partnership to repurchase all or a portion of the notes at a price equal to 101% of the principal amount of the 2024 Notes, plus accrued and unpaid interest.

## (7) Accrued Liabilities

Accrued liabilities as of December 31, 2017 and 2018 consisted of the following items:

| (in thousands) | December 31, 2017 | December 31, 2018 |
|---|---|---|
| Capital expenditures | $ 63,286 | 26,354 |
| Operating expenses | 29,905 | 32,818 |
| Interest expense | 10,508 | 10,922 |
| Other | 2,307 | 2,027 |
| Total accrued liabilities | $ 106,006 | 72,121 |

## (8) Asset Retirement Obligations

The following is a reconciliation of our asset retirement obligations for the period shown below (in thousands):

| | |
|---|---|
| Asset retirement obligations—December 31, 2017 | $ — |
| Obligations incurred | 7,473 |
| Accretion expense | 135 |
| Asset retirement obligations—December 31, 2018 | $ 7,608 |

## (9) Equity-Based Compensation

The Partnership's general and administrative expenses include equity-based compensation costs allocated to it by Antero Resources for grants made pursuant to Antero Resources' long-term incentive plan and the Midstream LTIP. Equity-based compensation expense allocated to the Partnership was $26 million, $27 million and $21 million for the years ended December 31, 2016, 2017 and 2018, respectively. These expenses were allocated to the Partnership based on its proportionate share of Antero Resources' labor costs. Antero Resources has unamortized expense totaling approximately $60 million as of December 31, 2018 related to its various equity-based compensation plans, which includes the Midstream LTIP. A portion of this will be allocated to the Partnership as it is amortized over the remaining service period of the related awards. The Partnership does not reimburse Antero Resources for noncash equity compensation allocated to it for awards issued under the Antero Resources long-term incentive plan or the Midstream LTIP.

*Midstream LTIP*

The Partnership's general partner manages its operations and activities, and Antero Resources employs the personnel who provide support to the Partnership's operations. The general partner has adopted the Midstream LTIP, pursuant to which non-employee directors of the general partner and certain officers, employees and consultants of the general partner and its affiliates are eligible to receive awards representing limited partner interests in the Partnership. An aggregate of 10,000,000 common units may be delivered pursuant to awards under the Midstream LTIP, subject to customary adjustments. A total of 7,932,261 common units are available for future grant under the Midstream LTIP as of December 31, 2018. Restricted units and phantom units granted under the Midstream LTIP vest subject to the satisfaction of service requirements, upon the completion of which common units in the Partnership are delivered to the holder of the restricted units or phantom units. Phantom units also contain distribution equivalent rights, which entitle the holder of vested common units to receive a "catch up" payment equal to common unit distributions paid during the vesting period of the phantom unit award. Compensation related to each restricted unit and phantom unit award is recognized on a straight-line basis over the requisite service period of the entire award. The grant date fair values of these awards are determined based on the closing price of the Partnership's common units on the date of grant. These units are accounted for as if they are distributed by the Partnership to Antero Resources. Antero Resources recognizes compensation expense for the units awarded and a portion of that expense is allocated to the Partnership. Antero Resources allocates equity-based compensation expense to the Partnership based on its proportionate share of Antero Resources' labor costs. The Partnership's portion of the equity-based compensation expense is included in general and administrative expenses, and recorded as a credit to the applicable classes of partners' capital.

A summary of restricted unit and phantom unit awards activity during the year ended December 31, 2018 is as follows:

| | Number of units | Weighted Average grant date fair value | Aggregate intrinsic value (in thousands) |
|---|---|---|---|
| Total awarded and unvested—December 31, 2017 | 1,042,963 | $ 28.69 | $ 30,288 |
| Granted | 260,847 | $ 25.84 | |
| Vested | (577,566) | $ 28.63 | |
| Forfeited | (143,244) | $ 28.08 | |
| Total awarded and unvested—December 31, 2018 | 583,000 | $ 27.63 | $ 12,470 |

Intrinsic values are based on the closing price of the Partnership's common units on the referenced dates. Midstream LTIP unamortized expense of $12 million at December 31, 2018 is expected to be recognized over a weighted average period of approximately 2.5 years and the Partnership's proportionate share will be allocated to it as it is recognized. The Partnership paid $5.5 million in minimum statutory tax withholdings for restricted and phantom units that vested during 2018, which is included in the "Issuance of common units upon vesting of equity-based compensation awards, net of units withheld for income taxes" line item in the Consolidated Statements of Partners' Capital.

## (10) Partnership Equity and Distributions

*Minimum Quarterly Distribution*

The partnership agreement provides for a minimum quarterly distribution of $0.17 per unit for each quarter, or $0.68 per unit on an annualized basis.

If cash distributions to the Partnership's unitholders exceed $0.1955 per common unit in any quarter, the Partnership's unitholders and the holder of the Partnership's incentive distribution rights ("IDRs"), will receive distributions according to the following percentage allocations:

| Total Quarterly Distribution Target Amount | Marginal Percentage Interest in Distributions: Unitholders | Marginal Percentage Interest in Distributions: Holder of IDRs |
|---|---|---|
| above $0.1955 up to $0.2125 | 85 % | 15 % |
| above $0.2125 up to $0.2550 | 75 % | 25 % |
| above $0.2550 | 50 % | 50 % |

*General Partner Interest*

The general partner owns a non-economic general partner interest in the Partnership, which does not entitle it to receive cash distributions. However, the general partner is under common control with the holder of the IDRs and may in the future own common units or other equity interests in the Partnership and will be entitled to receive distributions on any such interests.

Upon payment of the February 8, 2017 distribution to unitholders, the requirements for the conversion of all subordinated units were satisfied under our partnership agreement. As a result, effective February 9, 2017, the 75,940,957 subordinated units owned by Antero Resources were converted into common units on a one-for-one basis and participate on terms equal with all other common units in distributions of available cash. The conversion did not impact the amount of the cash distributions paid by the Partnership or the total units outstanding, as shown on the "Conversion of subordinated units to common units" line item on the Partnership's consolidated Statement of Partners' Capital.

*Cash Distributions*

The board of directors of the general partner declared a cash distribution of $0.47 per unit for the quarter ended December 31, 2018. The distribution was paid on February 13, 2019 to unitholders of record as of February 1, 2019.

The following table details the amount of quarterly distributions the Partnership paid for each of its partnership interests, with respect to the quarter indicated (in thousands, except per unit data):

| Quarter and Year | Record Date | Distribution Date | Distributions: Common unitholders | Distributions: Holder of IDRs | Distributions: Total | Distributions per unit |
|---|---|---|---|---|---|---|
| Q4 2016 | February 1, 2017 | February 8, 2017 | $ 50,090 | 7,543 | 57,633 | $ 0.280 |
| * | April 21, 2017 | April 30, 2017 | 75 | — | 75 | * |
| Q1 2017 | May 3, 2017 | May 10, 2017 | 55,753 | 11,553 | 67,306 | 0.300 |
| Q2 2017 | August 3, 2017 | August 16, 2017 | 59,695 | 15,328 | 75,023 | 0.320 |
| Q3 2017 | November 1, 2017 | November 16, 2017 | 63,454 | 19,067 | 82,521 | 0.340 |
| * | November 12, 2017 | November 17, 2017 | 1,392 | — | 1,392 | * |
| | Total 2017 | | $ 230,459 | 53,491 | 283,950 | |
| Q4 2017 | February 1, 2018 | February 13, 2018 | $ 68,231 | 23,772 | 92,003 | $ 0.365 |
| * | April 15, 2018 | April 20, 2018 | 263 | — | 263 | * |
| Q1 2018 | May 3, 2018 | May 18, 2018 | 72,943 | 28,461 | 101,404 | 0.390 |
| * | July 15, 2018 | July 31, 2018 | 21 | — | 21 | * |
| Q2 2018 | August 2, 2018 | August 17, 2018 | 77,624 | 33,138 | 110,762 | 0.415 |
| Q3 2018 | November 2, 2018 | November 16, 2018 | 82,303 | 37,815 | 120,118 | 0.440 |
| * | November 12, 2018 | November 19, 2018 | 1,881 | — | 1,881 | * |
| | Total 2018 | | $ 303,266 | 123,186 | 426,452 | |

* Distribution equivalent rights on limited partner common units that vested under the Midstream LTIP.

## (11) Net Income Per Limited Partner Unit

The Partnership computes earnings per unit using the two-class method for master limited partnerships. The classes of participating securities include common units and the holders of the IDRs. Under the two-class method, earnings per unit is calculated as if all of the earnings for the period were distributed under the terms of the Partnership agreement, regardless of whether the general partner has discretion over the amount of distributions to be made in any particular period, whether those earnings would actually be distributed during a particular period from an economic or practical perspective, or whether the general partner has other legal or contractual limitations on its ability to pay distributions that would prevent it from distributing all of the earnings for a particular period.

The Partnership's net income is attributed to the general partner and limited partners in accordance with their respective ownership percentages, and when applicable, giving effect to incentive distributions paid to the general partner. Basic and diluted net income per limited partner unit is calculated by dividing limited partners' interest in net income, less general partner incentive distributions, by the weighted average number of outstanding limited partner units during the period.

Basic earnings per unit is computed by dividing net earnings attributable to unitholders by the weighted average number of units outstanding during each period. Diluted net income per limited partner unit reflects the potential dilution that could occur if agreements to issue common units, such as awards under long-term incentive plans, were exercised, settled or converted into common units. When it is determined that potential common units resulting from an award should be included in the diluted net income per limited partner unit calculation, the impact is reflected by applying the treasury stock method. Earnings per common unit assuming dilution for the year ended December 31, 2018 was calculated based on the diluted weighted average number of units outstanding of 187,397,524, including 349,339 dilutive units attributable to non-vested restricted unit and phantom unit awards. For the year ended

December 31, 2018, there were no non-vested phantom unit and restricted unit awards that were anti-dilutive and therefore excluded from the calculation of diluted earnings per unit.

The Partnership's calculation of net income per unit for the periods indicated is as follows (in thousands, except per unit data):

| | Year Ended December 31, 2016 | Year Ended December 31, 2017 | Year Ended December 31, 2018 |
|---|---|---|---|
| Net income | $ 236,703 | 307,315 | 585,944 |
| Less net income attributable to incentive distribution rights | (16,944) | (69,720) | (142,906) |
| Limited partner interest in net income | $ 219,759 | 237,595 | 443,038 |
| Net income per limited partner unit–basic | $ 1.24 | 1.28 | 2.37 |
| Net income per limited partner unit–diluted | $ 1.24 | 1.28 | 2.36 |
| Weighted average limited partner units outstanding–basic | 176,647 | 185,630 | 187,048 |
| Weighted average limited partner units outstanding–diluted | 176,801 | 186,083 | 187,398 |

## (12) Sale of Common Units

During the third quarter of 2016, the Partnership entered into an Equity Distribution Agreement (the "Distribution Agreement"), pursuant to which the Partnership may sell, from time to time through brokers acting as its sales agents, common units representing limited partner interests having an aggregate offering price of up to $250 million. The program is registered with the SEC on an effective registration statement on Form S-3. Sales of the common units may be made by means of ordinary brokers' transactions on the New York Stock Exchange, at market prices, in block transactions, or as otherwise agreed to between the Partnership and the sales agents. Proceeds are expected to be used for general partnership purposes, which may include repayment of indebtedness and funding working capital or capital expenditures. The Partnership is under no obligation to offer and sell common units under the Distribution Agreement.

During the years ended December 31, 2016 and 2017, the Partnership issued and sold 2,391,595 and 777,262 common units under the Distribution Agreement, respectively. For the years ended December 31, 2016 and 2017, the sale resulted in net proceeds of $65 million and $26 million, respectively. The Partnership did not issue or sell any common units under the Distribution Agreement during the year ended December 31, 2018. As of December 31, 2018, additional common units under the Distribution Agreement up to an aggregate sales price of $157 million were available for issuance.

On February 10, 2017, the Partnership issued 6,900,000 common units, including common units issued pursuant to the underwriters' option to purchase additional common units, resulting in net proceeds of approximately $223 million (the "Offering"). The Partnership used the proceeds from the Offering to repay outstanding borrowings under its Credit Facility incurred to fund the investment in the Joint Venture, and for general partnership purposes.

## (13) Fair Value Measurement

In connection with the Water Acquisition, the Partnership agreed to pay Antero Resources (a) $125 million in cash if the Partnership delivers 176,295,000 barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019 and (b) an additional $125 million in cash if the Partnership delivers 219,200,000 barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020. This contingent consideration liability is valued based on Level 3 inputs related to expected average volumes and weighted average cost of capital.

The following table provides a reconciliation of changes in Level 3 financial liabilities measured at fair value on a recurring basis for the periods shown below (in thousands):

| | | |
|---|---|---|
| Contingent acquisition consideration—December 31, 2016 | $ | 194,538 |
| Accretion and change in fair value of contingent acquisition consideration | | 13,476 |
| Contingent acquisition consideration—December 31, 2017 | | 208,014 |
| Accretion and change in fair value of contingent acquisition consideration | | (93,019) |
| Contingent acquisition consideration—December 31, 2018 | $ | 114,995 |

The Partnership accounts for contingent consideration in accordance with applicable accounting guidance pertaining to business combinations. The Partnership is contractually obligated to pay Antero Resources contingent consideration in connection with the Water Acquisition, and therefore recorded this contingent consideration liability at the time of the Water Acquisition. The Partnership updates its assumptions each reporting period based on new developments and adjusts such amounts to fair value based on revised assumptions, if applicable, until such consideration is satisfied through payment upon achievement of the specified objectives or it is eliminated upon failure to achieve the specified objectives.

As of December 31, 2018, the Partnership expects to pay the entire amount of the contingent consideration for the 176,295,000 barrels or more of fresh water delivered during the period between January 1, 2017 and December 31, 2019, but not for the 219,200,000 barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020 as a result in the changes made in late 2018 to Antero Resources' 2019 budget and long-term outlook. As of December 31, 2017, based on previous budgets and forecasts, both contingent consideration payments were expected to be made. Accordingly, the fair value of the liability for contingent acquisition consideration was reduced by $106 million in 2018. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement within the fair value hierarchy. The fair value of the contingent consideration liability associated with future milestone payments was based on the risk adjusted present value of the contingent consideration payout.

The carrying values of accounts receivable and accounts payable at December 31, 2017 and 2018 approximated fair value because of their short-term nature. The carrying value of the amounts under the revolving credit facility at December 31, 2017 and 2018 approximated fair value because the variable interest rates are reflective of current market conditions.

Based on Level 2 market data inputs, the fair value of the Partnership's 2024 Notes was approximately $608 million at December 31, 2018.

**(14) Investments in Unconsolidated Affiliates**

The Partnership has a 15% equity interest in Stonewall, which operates a 67-mile pipeline on which Antero is an anchor shipper.

On February 6, 2017, the Partnership formed the Joint Venture to develop processing and fractionation assets in Appalachia with MarkWest, a wholly owned subsidiary of MPLX. The Partnership and MarkWest each own a 50% equity interest in the Joint Venture and MarkWest operates the Joint Venture assets, which consist of processing plants in West Virginia and a one-third interest in a MarkWest fractionator in Ohio.

The Partnership's net income includes its proportionate share of the net income of the Joint Venture and Stonewall. When the Partnership records its proportionate share of net income, it increases equity income in the consolidated statements of operations and comprehensive income and the carrying value of that investment on its balance sheet. When distributions on the Partnership's proportionate share of net income are received, they are recorded as reductions to the carrying value of the investment on the balance sheet and are classified as cash inflows from operating activities in accordance with the nature of the distribution approach under ASU No. 2016-15. The Partnership uses the equity method of accounting to account for its investments in Stonewall and the Joint Venture because it exercises significant influence, but not control, over the entities. The Partnership's judgment regarding the level of influence over its equity investments includes considering key factors such as its ownership interest, representation on the board of directors and participation in policy-making decisions of Stonewall and the Joint Venture.

The following table is a reconciliation of our investments in these unconsolidated affiliates:

| (in thousands) | | Stonewall [1] | MarkWest Joint Venture | Total Investment in Unconsolidated Affiliates |
|---|---|---|---|---|
| Balance at December 31, 2016 | $ | 68,299 | — | 68,299 |
| Initial investment | | — | 153,770 | 153,770 |
| Additional investments | | — | 81,234 | 81,234 |
| Equity in net income of unconsolidated affiliates | | 10,304 | 9,890 | 20,194 |
| Distributions from unconsolidated affiliates | | (11,475) | (8,720) | (20,195) |
| Balance at December 31, 2017 | | 67,128 | 236,174 | 303,302 |
| Additional investments | | — | 136,475 | 136,475 |
| Equity in net income of unconsolidated affiliates | | 10,740 | 29,540 | 40,280 |
| Distributions from unconsolidated affiliates | | (9,765) | (36,650) | (46,415) |
| Balance at December 31, 2018 | $ | 68,103 | 365,539 | 433,642 |

(1) Distributions are net of operating and capital requirements retained by Stonewall.

### *(b) Summarized Financial Information of Unconsolidated Affiliates*

The following tables present summarized financial information for the Partnership's investments in unconsolidated affiliates. Summarized financial information for Stonewall is presented from May 26, 2016, the effective date the Partnership exercised its option to acquire an equity interest in the Stonewall Gathering Pipeline. Summarized financial information for the Joint Venture is presented from January 1, 2017, the effective date of the Joint Venture formation.

*Combined Balance Sheets*

| | | December 31, | |
|---|---|---|---|
| (in thousands) | | 2017 | 2018 |
| Current assets | $ | 62,955 | 90,481 |
| Noncurrent assets | | 1,052,760 | 1,327,947 |
| Total assets | $ | 1,115,715 | 1,418,428 |
| | | | |
| Current liabilities | $ | 39,964 | 76,605 |
| Noncurrent liabilities | | 219 | 6,986 |
| Noncontrolling interest | | 179,736 | 172,865 |
| Partners' capital | | 895,796 | 1,161,972 |
| Total liabilities and partners' capital | $ | 1,115,715 | 1,418,428 |

*Statements of Combined Operations*

| | | Year ended December 31, | | |
|---|---|---|---|---|
| (in thousands) | | 2016 | 2017 | 2018 |
| Revenues | $ | 51,428 | 119,371 | 189,222 |
| Operating expenses | | 12,176 | 40,059 | 75,250 |
| Income from operations | | 39,252 | 79,312 | 113,972 |
| Net income attributable to the equity method investments | | 3,227 | 88,717 | 131,626 |

## (15) Reporting Segments

The Partnership's operations are located in the United States and are organized into two reporting segments: (1) gathering and processing and (2) water handling and treatment.

### *Gathering and Processing*

The gathering and processing segment includes a network of gathering pipelines and compressor stations that collect and process production from Antero Resources' wells in West Virginia and Ohio. The gathering and processing segment also includes income from processing and fractionation plants through our equity interest in the Joint Venture with MarkWest.

### *Water Handling and Treatment*

The Partnership's water handling and treatment segment includes two independent systems that deliver fresh water from sources including the Ohio River, local reservoirs as well as several regional waterways. The water handling and treatment segment also includes a wastewater treatment facility that was placed in service in 2018, as well as other fluid handling services, which includes high rate transfer, wastewater transportation and disposal. See Note 5—Property and Equipment.

These segments are monitored separately by management for performance and are consistent with internal financial reporting. These segments have been identified based on the differing products and services, regulatory environment and the expertise required for these operations. Management evaluates the performance of the Partnership's business segments based on operating income. Interest expense is primarily managed and evaluated on a consolidated basis.

| | | Gathering and Processing | Water Handling and Treatment | Consolidated Total |
|---|---|---|---|---|
| **Year ended December 31, 2016** | | | | |
| Revenues: | | | | |
| Revenue–Antero Resources | $ | 303,250 | 282,267 | 585,517 |
| Revenue–third-party | | 835 | — | 835 |
| Gain on sale of assets–third-party | | 3,859 | — | 3,859 |
| Total revenues | | 307,944 | 282,267 | 590,211 |
| Operating expenses: | | | | |
| Direct operating | | 27,289 | 134,298 | 161,587 |
| General and administrative (excluding equity-based compensation) | | 20,118 | 7,996 | 28,114 |
| Equity-based compensation | | 19,714 | 6,335 | 26,049 |
| Depreciation | | 69,962 | 29,899 | 99,861 |
| Accretion and change in fair value of contingent acquisition consideration | | — | 16,489 | 16,489 |
| Total expenses | | 137,083 | 195,017 | 332,100 |
| Operating income | $ | 170,861 | 87,250 | 258,111 |
| Equity in earnings of unconsolidated affiliates | $ | 485 | — | 485 |
| Total assets | $ | 1,734,208 | 615,687 | 2,349,895 |
| Additions to property and equipment | $ | 228,100 | 188,220 | 416,320 |
| **Year ended December 31, 2017** | | | | |
| Revenues: | | | | |
| Revenue–Antero Resources | $ | 396,202 | 376,031 | 772,233 |
| Revenue–third-party | | 264 | — | 264 |
| Total revenues | | 396,466 | 376,031 | 772,497 |
| Operating expenses: | | | | |
| Direct operating | | 39,251 | 193,287 | 232,538 |
| General and administrative (excluding equity-based compensation) | | 20,607 | 10,922 | 31,529 |
| Equity-based compensation | | 19,730 | 7,553 | 27,283 |
| Impairment of property and equipment | | 23,431 | — | 23,431 |
| Depreciation | | 86,372 | 33,190 | 119,562 |
| Accretion and change in fair value of contingent acquisition consideration | | — | 13,476 | 13,476 |
| Total expenses | | 189,391 | 258,428 | 447,819 |
| Operating income | $ | 207,075 | 117,603 | 324,678 |
| Equity in earnings of unconsolidated affiliates | $ | 20,194 | — | 20,194 |
| Total assets | $ | 2,237,913 | 804,296 | 3,042,209 |
| Additions to property and equipment | $ | 346,217 | 195,162 | 541,379 |
| **Year ended December 31, 2018** | | | | |
| Revenues: | | | | |
| Revenue–Antero Resources | $ | 520,566 | 506,449 | 1,027,015 |
| Revenue–third-party | | — | 924 | 924 |
| Gain on sale of assets–Antero Resources | | 583 | — | 583 |
| Total revenues | | 521,149 | 507,373 | 1,028,522 |
| Operating expenses: | | | | |
| Direct operating | | 49,256 | 267,167 | 316,423 |
| General and administrative (excluding equity-based compensation) | | 30,091 | 10,465 | 40,556 |
| Equity-based compensation | | 16,518 | 4,555 | 21,073 |
| Impairment of property and equipment | | 5,771 | — | 5,771 |
| Depreciation | | 83,250 | 46,763 | 130,013 |
| Accretion and change in fair value of contingent acquisition consideration | | — | (93,019) | (93,019) |
| Accretion of asset retirement obligations | | — | 135 | 135 |
| Total expenses | | 184,886 | 236,066 | 420,952 |
| Operating income | $ | 336,263 | 271,307 | 607,570 |
| Equity in earnings of unconsolidated affiliates | $ | 40,280 | — | 40,280 |
| Total assets | $ | 2,610,300 | 936,117 | 3,546,417 |
| Additions to property and equipment | $ | 446,270 | 88,674 | 534,944 |

## (16) Quarterly Financial Information (Unaudited)

The Partnership's quarterly unaudited financial information for the years ended December 31, 2017 and 2018 is summarized in the table below:

| (in thousands, except per unit data) | | First quarter | Second quarter | Third quarter | Fourth quarter |
|---|---|---|---|---|---|
| Year ended December 31, 2017: | | | | | |
| Total operating revenues | $ | 174,770 | 193,766 | 193,629 | 210,332 |
| Total operating expenses[1] | | 93,073 | 101,199 | 110,458 | 143,089 |
| Operating income | | 81,697 | 92,567 | 83,171 | 67,243 |
| Net income | | 75,092 | 87,175 | 80,893 | 64,155 |
| Less: general partner's interest in net income | | (11,553) | (15,328) | (19,067) | (23,772) |
| Net income attributable to limited partner units | $ | 63,539 | 71,847 | 61,826 | 40,383 |
| Net income per limited partner unit–basic and diluted | $ | 0.35 | 0.39 | 0.33 | 0.22 |
| Year ended December 31, 2018: | | | | | |
| Total operating revenues | $ | 229,591 | 250,975 | 266,205 | 281,751 |
| Total operating expenses[2] | | 118,051 | 136,145 | 140,159 | 26,597 |
| Operating income | | 111,540 | 114,830 | 126,046 | 255,154 |
| Net income | | 108,105 | 109,466 | 119,764 | 248,609 |
| Less: general partner's interest in net income | | (28,453) | (33,145) | (37,816) | (43,492) |
| Net income attributable to limited partner units | $ | 79,652 | 76,321 | 81,948 | 205,117 |
| Net income per limited partner unit–basic | $ | 0.43 | 0.41 | 0.44 | 1.10 |
| Net income per limited partner unit–diluted | $ | 0.43 | 0.41 | 0.44 | 1.09 |

(1) Operating expenses in the fourth quarter of 2017 include $23 million of impairment on certain condensate gathering lines that Antero Resources no longer uses.

(2) Operating expenses in the fourth quarter of 2018 reflects a $106 million reduction in the fair value of contingent acquisition consideration.

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# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2018**

**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission File No. 001-38075**

# ANTERO MIDSTREAM GP LP

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware** | **61-1748605** |
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification No.) |
| **1615 Wynkoop Street Denver Colorado** | **80202** |
| (Address of principal executive offices) | (Zip Code) |

**(303) 357-7310**

(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

| Title of Each Class | Name of Each Exchange on which Registered |
|---|---|
| Common Shares Representing Limited Partner Interests | New York Stock Exchange |

Securities Registered Pursuant to Section 12(g) of the Act: **None.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | |
|---|---|---|
| Large accelerated filer ☒ | Accelerated filer ☐ | Non-accelerated filer ☐ |
| Smaller reporting company ☐ | Emerging growth company ☐ | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

The aggregate market value of the registrant's common shares representing limited partner interests held by non-affiliates of the registrant as of June 29, 2018, the last business day of the registrant's most recently completed second fiscal quarter was approximately $1.4 billion based on the closing price of Antero Midstream GP LP's common shares representing limited partner interests as reported on the New York Stock Exchange of $18.86.

As of February 8, 2019, there were 186,235,845 common shares representing limited partner interests outstanding.

Documents incorporated by reference: Antero Midstream Partners LP Annual Report on Form 10-K for the year ended December 31, 2018

## EXPLANATORY NOTE

Antero Midstream GP LP ("AMGP") was originally formed as Antero Resources Midstream Management LLC ("ARMM") in 2013, to become the general partner of Antero Midstream Partners LP ("Antero Midstream"), a master limited partnership that is publicly traded on the New York Stock Exchange (NYSE: AM). On May 4, 2017, ARMM converted from a Delaware limited liability company to a Delaware limited partnership and changed its name to Antero Midstream GP LP in connection with our initial public offering ("IPO"). Unless the context otherwise requires, references to "we" and "our" refer to: (i) for the period prior to May 4, 2017, ARMM, and (ii) beginning on May 4, 2017, AMGP. We are traded on the New York Stock Exchange (NYSE: AMGP). We own 100% of the membership interests of Antero Midstream Partners GP LLC ("AMP GP"), which owns the non-economic general partner interest in Antero Midstream, and we own all of the Series A capital interests in Antero IDR Holdings LLC ("IDR LLC"), which owns the incentive distribution rights ("IDRs") in Antero Midstream. IDR distributions earned by us through the date of our IPO, net of any related liabilities including income taxes through that date and expenses of the IPO, were distributed to Antero Resources Investment LLC ("Antero Investment"), the sole member of ARMM for all periods prior to the IPO which was liquidated on October 31, 2017.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the information in this report may contain forward-looking statements. Forward-looking statements give our current expectations, contain projections of results of operations or of financial condition, or forecasts of future events. Words such as "may," "assume," "forecast," "position," "predict," "strategy," "expect," "intend," "plan," "estimate," "anticipate," "believe," "project," "budget," "potential," or "continue," and similar expressions are used to identify forward-looking statements. They can be affected by assumptions used or by known or unknown risks or uncertainties. Consequently, no forward-looking statements can be guaranteed and actual results may vary materially. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this Annual Report on Form 10-K. You are cautioned not to place undue reliance on any forward-looking statements. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. We own the general partner of Antero Midstream Partners LP (NYSE: AM) ("Antero Midstream") and all of the capital interests in the owner of the incentive distribution rights ("IDRs") in Antero Midstream. Antero Midstream is a master limited partnership 52.8% owned by Antero Resources Corporation (NYSE: AR) ("Antero Resources") that was formed to primarily service Antero Resources' production and completion activity in the Appalachian Basin's Marcellus Shale and Utica Shale located in West Virginia and Ohio. Because the IDRs are our sole source of revenues, all potential risks and uncertainties that affect the results of operations, financial condition, or forecasts of future events of both Antero Resources and Antero Midstream will also affect us. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- our expected receipt of, and the amounts of, distributions from Antero Midstream and IDR LLC in respect of the IDRs;
- Antero Resources' expected production and ability to execute its drilling and development plan;
- our and Antero Midstream's business strategies;
- the possibility that the proposed simplification and related transactions described elsewhere in this Annual Report on Form 10-K (the "Transactions") are not consummated in a timely manner or at all;
- the diversion of management in connection with the Transactions and the ability of the resulting entity of the Transactions to realize the anticipated benefits of the Transactions;
- the impact of increased levels and costs of indebtedness used to fund the Transactions or the cash portion of the consideration being paid in connection therewith, and increased cost of existing indebtedness due to the actions taken to consummate the Transactions;
- Antero Midstream's ability to obtain debt or equity financing on satisfactory terms to fund additional acquisitions, expansion projects, working capital requirements and the repayment or refinancing of indebtedness;
- Antero Midstream's ability to realize the anticipated benefits of investing in unconsolidated affiliates;
- natural gas, natural gas liquids ("NGLs"), and oil prices;
- Antero Midstream's ability to complete the construction or purchase new gathering and compression, processing, water handling and treatment or other assets on schedule, at the budgeted cost or at all, and the ability of such assets to operate as designed or at expected levels;
- competition and government regulations;
- actions taken by third party producers, operators, processors and transporters;
- legal or environmental matters;
- costs of conducting Antero Midstream's operations;
- general economic conditions;

- credit markets;
- operating hazards, natural disasters, weather related delays, casualty losses and other matters beyond our control;
- uncertainty regarding Antero Midstream's future operating results; and
- plans, objectives, expectations and intentions contained in this report that are not historical.

We caution you that these forward looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our and Antero Midstream's control, incident to Antero Midstream's business. These risks include, but are not limited to, commodity price volatility, inflation, environmental risks, drilling and completion and other operating risks, regulatory changes, the uncertainty inherent in projecting future rates of production, cash flows and access to capital, the timing of development expenditures, and the other risks described under "Risk Factors" in this Annual Report on Form 10-K and in Antero Midstream's Annual Report on Form 10-K for the year ended December 31, 2018, which has been included in this filing as Exhibit 99.1 and incorporated herein by reference.

Should one or more of the risks or uncertainties described in this report occur, or should underlying assumptions prove incorrect, our and Antero Midstream's actual results and plans could differ materially from those expressed in any forward looking statements.

All forward looking statements, expressed or implied, included in this report are qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward looking statements that we or persons acting on our behalf may issue.

Except as otherwise required by applicable law, we disclaim any duty to update any forward looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Annual Report on Form 10-K.

## GLOSSARY OF COMMONLY USED TERMS

The following are abbreviations and definitions of certain terms used in this document, which are commonly used in the oil and gas industry:

*"CPI."* Consumer Price Index.

*"EPA."* Environmental Protection Agency.

*"Hydrocarbon."* An organic compound containing only carbon and hydrogen.

*"Joint Venture."* The joint venture entered into on February 6, 2017 between Antero Midstream and MarkWest Energy Partners, L.P. ("MarkWest"), a wholly owned subsidiary of MPLX, LP ("MPLX"), to develop processing and fractionation assets in Appalachia.

*"Mcf."* One thousand cubic feet of natural gas.

*"Natural gas."* Hydrocarbon gas found in the earth, composed of methane, ethane, butane, propane and other gases.

*"NGLs."* Natural gas liquids. Hydrocarbons found in natural gas which may be extracted as purity products such as ethane, propane, isobutane and normal butane, and natural gasoline.

*"Oil."* Crude oil and condensate.

*"SEC."* United States Securities and Exchange Commission.

*"Sponsors."* The entities and individuals that collectively own 100% of the membership interests in our general partner, including Warburg Pincus LLC ("Warburg"), certain funds affiliated with Yorktown Partners LLC ("Yorktown"), Paul M. Rady and Glen C. Warren, Jr.

## PART I

*References in this Annual Report on Form 10-K to "ARMM," "we," "our," "us" or like terms, when referring to periods prior to May 4, 2017, refer to our predecessor, Antero Resources Midstream Management LLC. References to "AMGP," "we," "our," "us" or like terms, when referring to periods beginning on May 4, 2017 and prospectively, refer to Antero Midstream GP LP.*

### Items 1 and 2. Business and Properties

### Our Business

Antero Midstream GP LP ("AMGP") was originally formed as Antero Resources Midstream Management LLC ("ARMM") in 2013 to become the general partner of Antero Midstream Partners LP ("Antero Midstream"), a master limited partnership that is publicly traded on the New York Stock Exchange ("NYSE") (NYSE: AM). On May 4, 2017, ARMM converted from a Delaware limited liability company to a Delaware limited partnership and changed its name to Antero Midstream GP LP in connection with our initial public offering ("IPO"). We own 100% of the membership interests of Antero Midstream Partners GP LLC ("AMP GP"), which owns the non-economic general partner interest in Antero Midstream, and we own all of the Series A capital interests ("Series A Units") in Antero IDR Holdings LLC ("IDR LLC"), which owns the incentive distribution rights ("IDRs") in Antero Midstream. IDR LLC also has Series B profits interests ("Series B Units") outstanding that entitle the holders to receive up to 6% of the distributions that Antero Midstream makes on the IDRs in excess of $7.5 million per quarter, subject to certain vesting conditions. We are taxed as a corporation for U.S. federal income tax purposes and we refer to our outstanding limited partner interests as common shares.

Our only income results from distributions made on the IDRs of Antero Midstream. The Antero Midstream IDRs entitle holders to receive cash distributions from Antero Midstream when distributions exceed certain target amounts.

We are managed by our general partner, AMGP GP LLC ("AMGP GP"), which establishes the quarterly cash distribution payable to shareholders. AMGP GP has a board of directors appointed by our Sponsors. Following the completion of our IPO, certain of our directors and executive officers own AMGP common shares as well as Series B Units in IDR LLC. In addition, certain of our directors and executive officers own a portion of Antero Resources Corporation's ("Antero Resources") (NYSE: AR) common stock and Antero Midstream's common units. We have an agreement with Antero Resources, under which Antero Resources provides general and administrative services to us for a fee of $0.5 million per year, subject to annual inflation adjustments. We also incur recurring direct expenses for the costs associated with being a publicly traded entity.

IDR distributions earned by us through the date of our IPO, net of any related liabilities including income taxes through that date and expenses of the IPO, were distributed to Antero Resources Investment LLC, the sole member of ARMM for all periods prior to the IPO, prior to its liquidation.

### Our Relationship with Antero Midstream

Antero Midstream is a growth-oriented master limited partnership 52.8% owned by Antero Resources and formed to own, operate and develop midstream energy infrastructure primarily to service Antero Resources' rapidly increasing production and completion activity under long-term, fixed-fee contracts. Antero Midstream's assets are located both in the southwestern core of the Marcellus Shale in northwest West Virginia and in the core of the Utica Shale in southern Ohio, which Antero Resources believes are two of the premier North American shale plays and are its primary operating areas.

Antero Midstream's assets consist of gathering pipelines, compressor stations, processing and fractionation plants and water handling and treatment infrastructure, through which Antero Midstream provides gathering, compression, processing, fractionation and integrated water services, including fresh water delivery services, wastewater treatment and other fluid handling services. These services are provided to Antero Resources under long-term, fixed-fee contracts, limiting Antero Midstream's direct exposure to commodity price volatility. As of December 31, 2018, all of Antero Resources' approximate 688,000 gross acres (612,000 net acres) are dedicated to Antero Midstream for gathering, compression and water services, except for approximately 153,000 gross acres subject to third party gathering and compression commitments. Under its agreements with Antero Midstream, and subject to any pre-existing dedications or other third party commitments, Antero Resources has dedicated to Antero Midstream all of its current and future acreage in West Virginia, Ohio and Pennsylvania for gathering and compression services and all of its acreage within defined services areas in West Virginia and Ohio for water services. Antero Midstream also has certain rights of first offer with respect to gathering, compression, processing and fractionation services and water services for acreage located outside of the existing dedicated areas. The gathering and compression and water services agreements each have a 20-year initial term and are subject to automatic annual renewal after the initial term. Antero Midstream also owns a 15% equity interest in the gathering system of Stonewall Gas Gathering LLC ("Stonewall") and a 50% equity interest in the Joint Venture to develop processing and fractionation assets in Appalachia with MarkWest, a wholly owned subsidiary of MPLX. In connection with Antero Midstream's entry into the Joint Venture with MarkWest, Antero Midstream released to the Joint Venture its right to provide certain processing and fractionation services on 195,000 gross acres held by Antero Resources in Ritchie, Tyler and Wetzel Counties in West Virginia. The processing and fractionation arrangements are underpinned by long-term agreements subject to automatic annual renewal after the initial term.

Our results of operations, financial position and cash flows are dependent on the results of operations, financial position and cash flows of Antero Midstream. We are highly dependent on Antero Midstream as we derive all of our income from distributions made on the IDRs of Antero Midstream. Accordingly, we are indirectly subject to the business risks of Antero Midstream. For additional information, please read "Risk Factors—Risks Inherent in an Investment in Us." Because our income is derived from Antero Midstream, any development that materially and adversely affects Antero Midstream's operations, financial condition or market reputation could affect their ability to make cash distributions, and therefore could have a material adverse impact on us. As a result, our consolidated financial statements should be read in conjunction with Antero Midstream's consolidated financial statements and notes thereto presented in its Annual Report on Form 10-K for the year ended December 31, 2018.

For a discussion of Antero Midstream's business and properties, please read "Items 1 and 2. Business and Properties" of Antero Midstream's Annual Report on Form 10-K for the year ended December 31, 2018, which has been included in this filing as Exhibit 99.1 and incorporated herein by reference, as the activities of Antero Midstream have a significant impact on our results of operations and financial position.

**Simplification Agreement**

On February 26, 2018, we announced that the board of directors of AMGP GP formed a conflicts committee composed solely of independent directors in conjunction with the formation of a conflicts committee at Antero Midstream and a special committee at Antero Resources. In connection with the conflict committee's efforts to explore, review and evaluate potential transactions involving us, on October 9, 2018, we announced that we and certain of our affiliates entered into a Simplification Agreement (as may be amended from time to time, the "Simplification Agreement"), pursuant to which, among other things, (1) we will be converted from a limited partnership to a corporation under the laws of the State of Delaware, to be named Antero Midstream Corporation (which is referred to as "New AM" and the conversion, the "Conversion"); (2) an indirect, wholly owned subsidiary of New AM will be merged with and into Antero Midstream, with Antero Midstream surviving the merger as an indirect, wholly owned subsidiary of New AM (the "Merger") and (3) all the issued and outstanding Series B Units will be exchanged for an aggregate of approximately 17.35 million shares of New AM's common stock (the "Series B Exchange"). The shares of New AM common stock ("New AM Common Stock") to be received as a result of the Series B Exchange will be subject to the same vesting conditions to which the Series B Units are currently subject, with two-thirds fully vested and one-third scheduled to vest at December 31, 2019. With respect to the Series B Units and shares of New AM Common Stock scheduled to vest on December 31, 2019, the holders of Series B Units have agreed to forego any distributions from IDR LLC and any dividends from New AM that are paid with respect to such units or shares, as applicable, during the twelve months ended December 31, 2019. The Conversion, the Merger, the Series B Exchange and the other transactions contemplated by the Simplification Agreement are collectively referred to as the "Transactions." As a result of the Transactions, Antero Midstream will be a wholly owned subsidiary of New AM and our former shareholders, unitholders of Antero Midstream and holders of Series B Units will each own New AM's Common Stock.

For additional information on the Simplification Agreement and the Transactions, see "Item 13. Certain Relationships and Related Transactions and Director Independence."

**Initial Public Offering and Cash Distributions**

On May 9, 2017, we completed our IPO of 37,250,000 common shares representing limited partnership interests at a price of $23.50 per common share. All of the common shares sold in the offering were offered by the selling shareholder. We did not receive any of the proceeds from the offering.

The board of directors of our general partner has declared cash distributions per share as follows:

| | | |
|---|---|---|
| **2017** | | |
| Second quarter | $ | 0.027 |
| Third quarter | $ | 0.059 |
| Fourth quarter | $ | 0.075 |
| **2018** | | |
| First quarter | $ | 0.108 |
| Second quarter | $ | 0.125 |
| Third quarter | $ | 0.144 |
| Fourth quarter | $ | 0.164 |

**Employees**

We and AMGP GP have no employees. All of our officers and other personnel necessary for our business to function (to the extent not outsourced) are employed by Antero Resources, and we pay Antero Resources an annual fee for corporate, general and administrative services. This fee was initially $0.5 million per year and is subject to adjustment on an annual basis, beginning on January 1, 2018, based on the CPI. The fee is also subject to adjustment to reflect any increase in the cost of providing services due to changes in applicable law, rules or regulations and any increase in the scope and extent of the services provided. The fee will not be decreased below the initial fee unless the type or extent of services provided materially decreases.

Antero Midstream does not have any employees. The officers of AMP GP, who are also officers of Antero Resources, manage its operations and activities. All of the employees required to conduct and support Antero Midstream's operations are employed by Antero Resources and all of Antero Midstream's direct, full-time personnel are subject to the services agreement with Antero Midstream's general partner and Antero Resources. Antero Resources considers its relations with its employees to be satisfactory. Additionally, Antero Midstream has a secondment agreement whereby Antero Resources provides seconded employees to perform certain operational services with respect to Antero Midstream's gathering and compression assets and water handling and treatment assets for a 20-year period from the initial term of such agreement.

**Address, Internet Website and Availability of Public Filings**

Our principal executive offices are at 1615 Wynkoop Street, Denver, Colorado 80202. Our telephone number is (303) 357-7310. Our website is located at *www.anteromidstreamgp.com*.

We furnish or file with the Securities and Exchange Commission (the "SEC") our Annual Reports on Form 10-K, our Quarterly Reports on From 10-Q, and our Current Reports on Form 8-K. We make these documents available free of charge at *www.anteromidstreamgp.com* under the "Investors Relations" link as soon as reasonably practicable after they are filed or furnished with the SEC.

Information on our website is not incorporated into this Annual Report on Form 10-K or our other filings with the SEC and is not a part of them.

**Item 1A. Risk Factors**

*Limited partner interests are inherently different from the capital stock of a corporation, although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in a similar business. Because of our relationship with Antero Midstream and its relationship with Antero Resources, adverse developments or announcements concerning Antero Midstream or Antero Resources could materially adversely affect our business. You should carefully consider the following risk factors together with all of the other information included in this Annual Report on Form 10-K, including the matters addressed under "Cautionary Statement Regarding Forward-Looking Statements," in evaluating an investment in our common shares.*

*If any of the following risks were to occur, our business, financial condition, results of operations and cash available for distribution could be materially adversely affected.*

*For a discussion of Antero Midstream's risk factors, please read Item 1A. "Risk Factors" of Antero Midstream's Annual Report on Form 10-K for the year ended December 31, 2018, which has been included in this filing as Exhibit 99.1 and incorporated* *herein by reference, as the activities of Antero Midstream have a significant impact on our results of operations and financial position.*

## Risks Related to the Transactions

**We may incur substantial transaction-related costs in connection with the Transactions, and if the Transactions do not occur, we will not benefit from the expenses we have incurred in pursuit of the Transactions.**

We expect to incur substantial expenses in connection with completing the Transactions, including fees paid to legal, financial and accounting advisors, filing fees, proxy solicitation costs and printing costs. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. The Transactions may not be completed. If the Transactions are not completed, we will have incurred substantial expenses for which no ultimate benefit will have been received.

**We are subject to contractual interim operating restrictions while the proposed Transactions are pending, which could adversely affect our business and operations.**

Under the terms of the Simplification Agreement, we are subject to certain restrictions on the conduct of our business prior to completing the Transactions, which may adversely affect our ability to execute certain of our business strategies. Such limitations could negatively affect our businesses and operations prior to the completion of the Transactions.

**We may be subject to class action lawsuits relating to the Transactions, which could materially adversely affect our business, financial condition and operating results.**

We and the directors and officers of our general partner may be subject to class action lawsuits relating to the Transactions and other additional lawsuits that may be filed. Such litigation is very common in connection with acquisitions of public companies, regardless of any merits related to the underlying acquisition. While we will evaluate and defend against any actions vigorously, the costs of the defense of such lawsuits and other effects of such litigation could have an adverse effect on our business, financial condition and operating results.

One of the conditions to consummating the Transactions is that no injunction or other order prohibiting or otherwise preventing the consummation of the Transactions shall have been issued by any court or governmental entity of competent jurisdiction in the United States. Consequently, if any lawsuit is filed challenging the Transactions and is successful in obtaining an injunction preventing the parties to the Simplification Agreement from consummating the Transactions, such injunction may prevent the Transactions from being completed in the expected timeframe, or at all.

**Failure to complete, or significant delays in completing, the Transactions could negatively affect the trading prices of our common shares and our future business and financial results.**

Completion of the Transactions is not assured and is subject to risks, including the risks that approval of the Transactions by our shareholders and Antero Midstream's unitholders or by governmental agencies is not obtained or that other closing conditions are not satisfied. Antero Midstream is not required to pay a termination fee in the event that either the conflicts committee or board of directors at Antero Midstream makes a good faith determination that the Transactions are no longer in the best interests of the Antero Midstream public unitholders. If the Transactions are not completed, or if there are significant delays in completing the Transactions, the trading price of our common shares and our future business and financial results could be negatively affected, and we will be subject to several risks, including the following:

- we may be liable for damages to the other parties under the terms and conditions of the Simplification Agreement;
- negative reactions from the financial markets, including declines in the prices of our common shares due to the fact that current prices may reflect a market assumption that the Transactions will be completed;
- having to pay certain significant costs relating to the Transactions; and
- the attention of our management will have been diverted to the Transactions rather than our own operations and pursuit of other opportunities that could have been beneficial to us.

## Risks Inherent in an Investment in Us

**Our cash flows are entirely dependent upon the ability of Antero Midstream to make cash distributions on the IDRs.**

We own all of the capital interests in IDR LLC, which owns all of the IDRs in Antero Midstream. Accordingly, the source of our earnings and cash flows currently consist exclusively of cash distributions from IDR LLC, which consist exclusively of cash distributions from Antero Midstream on the IDRs. We receive at least 94% of the cash distributions paid by Antero Midstream on the IDRs. The amount of cash that Antero Midstream is able to distribute to its partners, including IDR LLC, each quarter principally depends upon the amount of cash it generates from its business.

Antero Midstream may not have sufficient available cash each quarter to continue paying distributions at its current level or at all. If Antero Midstream reduces its per unit distribution, either because of reduced operating cash flow, higher expenses, increased capital requirements, increased common units outstanding (including common units issued in connection with Antero Midstream's at-the-market equity offering program) or otherwise, we will have less cash available for distribution and would likely be required to reduce our per share distribution to you. The amount of cash Antero Midstream has available for distribution depends primarily upon Antero Midstream's cash flow, including borrowings, and is not solely a function of profitability, which is affected by non-cash items. As a result, Antero Midstream may make cash distributions during periods when it records losses and may not make cash distributions during periods when it records profits.

Furthermore, our ability to distribute cash received in connection with distributions on the IDRs to our shareholders is limited by a number of factors, including:

- the expenses we incur as a result of being a publicly traded company;
- our payment of any income taxes;
- interest expense and principal payments on any future indebtedness incurred by us;
- distributions made by IDR LLC with respect to the Series B Units;
- restrictions on distributions contained in Antero Midstream's current revolving credit facility, our current revolving credit facility and any future debt agreements entered into by Antero Midstream or us; and
- reserves, if any, our general partner establishes for the proper conduct of our business, to comply with applicable law or any agreement binding on us or our subsidiaries (exclusive of Antero Midstream and its subsidiaries), which reserves are not subject to a limit pursuant to our partnership agreement.

A material increase in amounts paid or reserved with respect to any of these factors could restrict our ability to pay quarterly distributions to our shareholders.

**In the future, we may not have sufficient cash to pay our estimated initial quarterly distribution or to increase distributions.**

Because our cash flows are entirely dependent on cash distributions from IDR LLC, which is dependent on cash distributions from Antero Midstream on the IDRs, the amount of distributions we are able to make to our shareholders may fluctuate based on the level of distributions Antero Midstream makes to its partners, including IDR LLC, and the level of distributions IDR LLC makes to its members, including us. Antero Midstream may not make quarterly distributions at its most recently declared level of $0.47 per unit, or any other level, or increase its quarterly distributions in the future. In addition, while we would expect to increase or decrease distributions to our shareholders if Antero Midstream were to increase or decrease distributions, the timing and amount of such changes in distributions, if any, would not necessarily be comparable to the timing and amount of any changes in distributions made by Antero Midstream. Various factors, such as reserves established by the board of directors of our general partner (including in anticipation of increasing distributions to our unitholders to account for make-whole distributions paid by IDR LLC to the holders of newly-vested Series B Units), may affect the distributions we make to our shareholders. The actual amount of cash that is available for distribution to our shareholders will depend on numerous factors, many of which are beyond our control or the control of our general partner.

**Our right to receive distributions paid by Antero Midstream on the IDRs may be limited or modified by our general partner without the consent of our shareholders, which may reduce cash distributions.**

We own all of the capital interests in IDR LLC, which owns all of the IDRs that entitle IDR LLC to receive increasing percentages (up to a maximum of 50%) of any cash distributed by Antero Midstream in excess of $0.1955 per Antero Midstream common unit in any quarter. We receive at least 94% of the cash distributions paid by Antero Midstream on the IDRs. All of the cash flows we receive from IDR LLC are derived from its ownership of these IDRs.

Antero Midstream, like other publicly traded partnerships, generally will undertake an acquisition or expansion capital project only if, after giving effect to related costs and expenses, the transaction would be expected to be accretive, meaning it would increase cash distributions per unit in future periods. Because IDR LLC currently participates in the IDRs at all levels, including the highest sharing level of 50%, an acquisition or capital project generally is less likely to be accretive to the unitholders of Antero Midstream than if the IDRs were entitled to a lower incremental cash flow. IDR LLC may receive a proposal to reduce the IDRs to facilitate a particular acquisition or expansion capital project. Any such reduction of IDRs will reduce the amount of cash that otherwise would have been distributed by IDR LLC to us, which will in turn reduce the cash distributions we otherwise would be able to pay. Our shareholders will not be able to vote on, or otherwise prohibit our general partner from taking similar actions in the future and our general partner may elect to modify the incentive distributions. In addition, there can be no guarantee that the expected benefits of any IDR modification will be realized.

Additionally, IDR LLC has the right under Antero Midstream's partnership agreement, subject to certain conditions, to elect to relinquish the right to receive incentive distribution payments based on the initial target distribution levels and to reset, at higher levels, the minimum quarterly distribution amount and target distribution levels upon which the incentive distribution payments to IDR LLC would be set. In connection with the resetting of the target distribution levels and the corresponding relinquishment by IDR LLC of incentive distribution payments based on the target cash distributions prior to the reset, IDR LLC will be entitled to receive a number of newly-issued common units in Antero Midstream equal to the result of dividing (i) the aggregate amount of cash distributions made by Antero Midstream for the quarter immediately preceding the reset event by (ii) the cash distribution made by Antero Midstream in respect of each common unit for such quarter. IDR LLC's right to reset the minimum quarterly distribution amount and target distribution levels upon which the incentive distributions payable to IDR LLC are based may be exercised, subject to certain restrictions, without approval of Antero Midstream's unitholders, our shareholders or Antero Midstream's conflicts committee. The reset minimum quarterly distribution amount and target distribution levels will be higher than the minimum quarterly distribution amount and the target distribution levels prior to the reset such that IDR LLC will not receive any incentive distributions under the reset target distribution levels until cash distributions per unit following this event increase.

IDR LLC may exercise this reset right in order to facilitate acquisitions or internal growth projects that would otherwise not be sufficiently accretive to cash distributions per common unit, taking into account the existing levels of incentive distribution payments being made to the general partner.

**A reduction in Antero Midstream's distributions will disproportionately affect the amount of cash distributions on the IDRs.**

IDR LLC's ownership of Antero Midstream's IDRs currently entitle it to receive increasing percentages, ranging from 15% up to 50%, of all cash distributed by Antero Midstream in excess of $0.1955 per common unit per quarter. Based on Antero Midstream's distribution history, IDR LLC initially will be entitled to receive 50% of all cash distributed by Antero Midstream in excess of $0.2550 per common unit per quarter. A decrease in the amount of quarterly distributions paid by Antero Midstream to $0.2550 or less per common unit would reduce IDR LLC's percentage of incremental quarterly cash distributions in excess of $0.1955 per common unit from 50% to 15%. As a result, any such reduction in quarterly cash distributions from Antero Midstream would have the effect of disproportionately reducing the amount of distributions that IDR LLC receives from Antero Midstream on the IDRs as compared to cash distributions Antero Midstream makes with respect to its common units.

**If distributions on our common shares are not paid with respect to any fiscal quarter, our shareholders will not be entitled to receive any payments in respect of such quarter.**

Our distributions to our shareholders are not cumulative. Consequently, if distributions on our common shares are not paid with respect to any fiscal quarter, our shareholders will not be entitled to receive any payments in respect of such quarter in the future.

**The amount of cash that we and Antero Midstream distribute each quarter may limit our ability to grow.**

Because we and Antero Midstream each distribute all of our respective cash from operations on a quarterly basis, our growth and Antero Midstream's growth may not be as fast as the growth of businesses that continually reinvest their cash to expand ongoing operations. In fact, because our cash flows currently are generated solely from distributions we receive from IDR LLC, which are derived exclusively from the IDRs, our growth will be completely dependent upon Antero Midstream. The amount of distributions paid on the IDRs is based on the per unit distribution paid by Antero Midstream on each of its common units and the number of Antero Midstream common units outstanding. If we issue additional common shares or incur debt, the payment of distributions on those additional common shares or interest on that debt could increase the risk that we will be unable to maintain or increase our cash distribution levels.

**Our rate of distribution growth may be reduced to the extent we purchase equity interests from Antero Midstream, which will reduce the relative percentage of the cash we receive from the IDRs.**

Our business strategy includes, where appropriate, supporting the growth of Antero Midstream by making loans, purchasing equity interests or providing other forms of financial support to Antero Midstream to fund an acquisition of a business or asset or another growth project. To the extent we purchase equity interests from Antero Midstream that are not entitled to distributions or do not receive distributions at the same rates as the IDRs, the rate of our distribution growth may be reduced, at least in the short term, as less of our cash distributions will come from our ownership of IDRs, whose distributions increase at a faster rate than Antero Midstream's common units and any similar equity interests Antero Midstream may issue in the future.

**Restrictions in Antero Midstream's existing and future debt agreements could limit Antero Midstream's ability to make distributions to IDR LLC, and therefore IDR LLC's ability to make distributions to us, which in turn would limit our ability to make distributions on our common shares.**

Antero Midstream's revolving credit facility and the indenture governing Antero Midstream's outstanding senior notes contain various operating and financial restrictions and covenants. Antero Midstream's ability to comply with these restrictions and covenants may be affected by events beyond its control, including prevailing economic, financial and industry conditions. If Antero Midstream is unable to comply with these restrictions and covenants, any indebtedness under this revolving credit facility may become immediately due and payable and Antero Midstream's lenders' commitment to make further loans under this revolving credit facility may terminate. Antero Midstream might not have, and might be unable to obtain, sufficient funds to satisfy these accelerated payment obligations.

Antero Midstream's payment of principal and interest on any indebtedness will reduce its cash distributions on the IDRs, thereby reducing our cash available for distribution on our common shares. Antero Midstream's revolving credit facility and the indenture governing Antero Midstream's outstanding senior notes will limit our ability to pay distributions to our shareholders during an event of default or if an event of default would result from the distribution.

For more information regarding risks related to Antero Midstream's debt agreements, please see "—Risks Related to Antero Midstream's Business—Restrictions in Antero Midstream's revolving credit facility and future debt agreements could adversely affect its business, financial condition, results of operations and ability to make quarterly cash distributions to its unitholders."

**Our partnership agreement restricts the rights of shareholders owning 20% or more of our shares.**

Our shareholders' voting rights are restricted by the provision in our partnership agreement generally providing that any shares held by a person or group that owns 20% or more of any class of shares then outstanding, other than our general partner, the Sponsors (or certain transferees in private, non-exchange transactions), their respective affiliates and persons who acquired such shares with the prior approval of our general partner's board of directors, cannot be voted on any matter. In addition, our partnership agreement contains provisions limiting the ability of our shareholders to call meetings or to acquire information about our operations, as well as other provisions limiting our shareholders' ability to influence the manner or direction of our management. As a result, the price at which our common shares will trade may be lower because of the absence or reduction of a takeover premium in the trading price.

**Our shareholders will not elect or have the power to remove our general partner. The Sponsors will own a sufficient number of common shares to allow them to prevent the removal of our general partner.**

Our shareholders only have limited voting rights on matters affecting our business and, therefore, limited ability to influence management's decisions regarding our business. The board of directors of our general partner, including our independent directors, were initially designated and elected by the Sponsors or their designees following our IPO. Our remaining shareholders do not have the ability to elect our general partner or the members of the board of directors of our general partner unless the Sponsors no longer own specified amounts of our common shares. Additionally, as a result of our resulting governance arrangements and the 20% voting limitation in our partnership agreement, it will be difficult for one or more of our shareholders to gain control of our general partner's board of directors.

In addition, if our shareholders are dissatisfied with the performance of our general partner, they have little ability to remove our general partner. Our general partner may not be removed unless that removal is for cause and is approved by the holders of at least 80% of our outstanding shares. The ownership level of the Sponsors enables the Sponsors to prevent our general partner's removal.

As a result of these provisions, the price at which our common shares will trade may be lower because of the absence or reduction of a takeover premium in the trading price.

**Our general partner may cause us to issue additional common shares, including in connection with the redemption of Series B Units, or other equity securities, as well as issue equity securities that are senior to our common shares, without shareholder approval.**

Our general partner may cause us to issue an unlimited number of additional common shares, including in connection with the redemption of Series B Units, or other equity securities of equal rank with the common shares, without shareholder approval. For a discussion of what will happen to the Series B Units in connection with the Transactions, see Note 1—Business and Organization. In addition, we may issue an unlimited number of shares that are senior to our common shares in right of distribution, liquidation and voting. The issuance of additional common units or our other equity securities of equal or senior rank will have the following effects:

- each shareholder's proportionate ownership interest in us may decrease;
- the amount of cash available for distribution on each common share may decrease;
- the relative voting strength of each previously outstanding common share may be diminished; and
- the market price of the common shares may decline.

**If Antero Midstream's unitholders remove AMP GP as the general partner of Antero Midstream, AMP GP would be required to sell or exchange its general partner interest, and we would lose the ability to manage and control Antero Midstream.**

We own, and appoint all of the members of the board of directors of, AMP GP, which owns the non-economic general partner interest in Antero Midstream. AMP GP may not be removed as general partner of Antero Midstream unless that removal is for cause and is approved by the vote of the holders of not less than $66^{2}/_{3}$% of the outstanding units of Antero Midstream, voting together as a single class, including units held by AMP GP and its affiliates, and Antero Midstream receives an opinion of counsel regarding limited liability and tax matters. Any removal of AMP GP is also subject to the approval of a successor general partner by the vote of the holders of a majority of the outstanding Antero Midstream common units, voting as a class. The ownership of more than $33^{1}/_{3}$% of the outstanding units by AMP GP and its affiliates gives them the ability to prevent our general partner's removal. In the event of the removal of AMP GP as general partner of Antero Midstream or its withdrawal as general partner in violation of Antero Midstream's partnership agreement, a successor general partner will have the option to purchase AMP GP's general partner interest for a cash payment equal to the fair market value of that interest. Under all other circumstances where AMP GP withdraws as general partner of Antero Midstream, AMP GP will have the option to require the successor general partner to purchase the general partner interest of Antero Midstream for fair market value. In each case, this fair market value will be determined by agreement between AMP GP and the successor general partner. If no agreement is reached, an independent investment banking firm or other independent expert selected by AMP GP and the successor general partner will determine the fair market value. If, however, AMP GP and the successor general partner cannot agree upon an expert, then an expert chosen by agreement of the experts selected by each of them will determine the fair market value. In each case, AMP GP would also lose its ability to manage Antero Midstream.

In addition, if AMP GP is removed as general partner of Antero Midstream, we would face an increased risk of being deemed an investment company.

**Our shareholders may not have limited liability if a court finds that shareholder action constitutes control of our business.**

Under Delaware law, our shareholders could be held liable for our obligations to the same extent as a general partner if a court determined that the right or the exercise of the right by our shareholders as a group to remove or replace our general partner, to approve some amendments to the partnership agreement or to take other action under our partnership agreement constituted participation in the "control" of our business. Additionally, the limitations on the liability of holders of limited partner interests for the liabilities of a limited partnership have not been clearly established in many jurisdictions.

Furthermore, Section 17-607 of the Delaware Revised Uniform Limited Partnership Act provides that, under some circumstances, a shareholder may be liable to us for the amount of a distribution for a period of three years from the date of the distribution.

**If in the future we cease to manage and control Antero Midstream, we may be deemed to be an investment company under the Investment Company Act of 1940.**

If we cease to manage and control Antero Midstream or IDR LLC and are deemed to be an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"), we would either have to register as an investment company under the Investment Company Act, obtain exemptive relief from the SEC or modify our organizational structure or our contractual rights or asset mix to fall outside the definition of an investment company. Registering as an investment company could, among other things, materially limit our ability to engage in transactions with affiliates, including the purchase and sale of certain securities or other property to or from our affiliates, restrict our ability to borrow funds or engage in other transactions involving leverage, require us to add additional directors who are independent of us and our affiliates, and adversely affect the price of our common shares.

**The price of our common shares may be volatile, and a trading market that will provide you with adequate liquidity may not develop.**

The market price of our common shares could be subject to significant fluctuations, and may decline below the current price. You may be unable to resell your common shares at or above the current price. The following factors, among others, could affect our common share price:

- Antero Midstream's operating and financial performance and prospects and the trading price of its common units;
- the level of Antero Midstream's quarterly distributions and our quarterly distributions;
- quarterly variations in the rate of growth of our financial indicators, such as distributable cash flow per common share, net income and revenues;
- changes in revenue or earnings estimates or publication of research reports by analysts;
- speculation by the press or investment community;
- the proposed Transactions with Antero Midstream, the Series B Holders and the other parties to the Simplification Agreement;
- the possibility that the Transactions are not consummated in a timely manner or at all;
- sales of our common shares by our shareholders;
- the exercise by the Series B Holders of their redemption rights with respect to any vested Series B Units;

- announcements by Antero Midstream or its competitors of significant contracts, acquisitions, strategic partnerships, joint ventures, securities offerings or capital commitments;
- general market conditions;
- changes in accounting standards, policies, guidance, interpretations or principles;
- adverse changes in tax laws or regulations;
- domestic and international economic, legal and regulatory factors related to Antero Midstream's performance; and
- other factors described in these "Risk Factors."

**Our common shares and Antero Midstream's common units may not trade in relation or proportion to one another.**

Our common shares and Antero Midstream's common units may not trade in simple relation or proportion to one another. Instead, while the trading prices of our common shares and Antero Midstream's common units are likely to follow generally similar broad trends, the trading prices may diverge because, among other things:

- with respect to the first $0.1955 of distributable cash flow per common unit, Antero Midstream's cash distributions to its unitholders have a priority over distributions on its IDRs;
- our cash flows are more volatile than the cash flows paid to Antero Midstream's unitholders because we participate in tiered incentive distributions associated with the IDRs in Antero Midstream while Antero Midstream's unitholders participate in all distributions made by Antero Midstream;
- IDR LLC will distribute a portion of the cash it receives from Antero Midstream to the holders of outstanding Series B Units;
- we expect to continue to pay federal and state income taxes in the future; and
- we may enter into other businesses separate and apart from Antero Midstream or any of its affiliates.

**An increase in interest rates may cause the market price of our common shares to decline.**

Like all equity investments, an investment in our common shares is subject to certain risks. In exchange for accepting these risks, investors may expect to receive a higher rate of return than would otherwise be obtainable from lower-risk investments. Accordingly, as interest rates rise, the ability of investors to obtain higher risk-adjusted rates of return by purchasing government-backed debt securities may cause a corresponding decline in demand for riskier investments generally, including yield-based equity investments such as publicly traded limited partnership interests. Reduced demand for our common shares resulting from investors seeking other more favorable investment opportunities may cause the trading price of our common shares to decline.

In addition, if interest rates rise, the interest rates on our revolving credit facility, future credit facilities and debt offerings could be higher than current levels, causing our financing costs to increase accordingly. As with other yield-oriented securities, our share price is impacted by the level of our cash distributions and implied distribution yield. The distribution yield is often used by investors to compare and rank related yield-oriented securities for investment decision-making purposes. Therefore, changes in interest rates, either positive or negative, may affect the yield requirements of investors who invest in our shares, and a rising interest rate environment could have an adverse impact on our unit price and our ability to issue additional equity, to incur debt to expand or for other purposes, or to make cash distributions at our intended levels.

**Future sales of our common shares in the public market could reduce our common share price, and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership in us.**

Subject to certain limitations and exceptions, each Series B Holder may require IDR LLC to redeem all or a part of such holder's vested Series B Units for common shares in us at a ratio described in the IDR LLC Agreement, subject to customary conversion rate adjustments for equity splits, equity dividends and reclassification and other similar transactions, and then sell those common shares. For a discussion of what will happen to the Series B Units in connection with the Transactions, see Note 1—Business and Organization. We may also issue additional common shares or convertible securities in subsequent public or private offerings. We cannot predict the size of future issuances of our common shares or securities convertible into common shares or the effect, if any, that future issuances and sales of our common shares will have on the market price of our common shares. Sales of substantial amounts of our common shares (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our common shares.

**The Sponsors hold a majority of the voting power of our common shares.**

The Sponsors are entitled to act separately in their own respective interests with respect to their partnership interests in us, and have the ability to elect all of the members of our board of directors. In addition, they will be able to determine the outcome of all matters requiring shareholder approval, including certain mergers and other material transactions, and will be able to cause or prevent a change in the composition of our board of directors or a change in control of our company that could deprive our shareholders of an opportunity to receive a premium for their common shares as part of a sale of our company. So long as the Sponsors continue to own a significant amount of our outstanding shares, even if such amount is less than 50%, they will continue to be able to strongly influence all matters requiring shareholder approval, regardless of whether or not other shareholders believe that the transaction is in their own best interests.

**If we or Antero Midstream fail to develop or maintain an effective system of internal controls, our ability to accurately report our financial results or prevent fraud could be adversely affected. As a result, our shareholders could lose confidence in our financial reporting, which would harm our business and the trading price of our common shares.**

Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a publicly traded company. We are required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act of 2002, which require our management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting. If we or Antero Midstream cannot provide reliable financial reports or prevent fraud, our and Antero Midstream's reputation and operating results will be harmed. We cannot be certain that our efforts to develop and maintain our internal controls will be successful. Any failure to develop or maintain effective internal controls, or difficulties encountered in implementing or improving our internal controls, could harm our and Antero Midstream's operating results or cause us or Antero Midstream to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our common shares and Antero Midstream's common units.

**The NYSE does not require a limited partnership like us to comply with certain of its corporate governance requirements.**

Because we are a limited partnership, the NYSE does not require our general partner to have a majority of independent directors on its board of directors or to establish a compensation committee or a nominating and corporate governance committee. Accordingly, our shareholders will not have the same protections afforded to certain corporations that are subject to all of the NYSE corporate governance requirements. In addition, as a limited partnership, we are not required to seek shareholder approval for issuances of common shares, including issuances in excess of 20% of our outstanding equity securities, or for issuances of equity to certain affiliates.

**We may incur liability as a result of our ownership of Antero Midstream's general partner.**

Under Delaware law, a general partner of a limited partnership is generally liable for the debts and liabilities of the partnership for which it serves as general partner, subject to the terms of any indemnification agreements contained in the partnership agreement and except to the extent the partnership's contracts are non-recourse to the general partner. As a result of our structure, we own all of the interests in and appoint all of the members of the board of directors of the general partner of Antero Midstream. To the extent the indemnification provisions in the applicable partnership agreement or non-recourse provisions in our contracts are not sufficient to protect us from such liability, we may in the future incur liabilities as a result of our ownership of AMP GP.

**Our general partner interest or the control of our general partner may be transferred to a third party without shareholder consent.**

Our general partner may transfer its general partner interest to a third party, including in a merger or in a sale of all or substantially all of its assets, without the consent of our shareholders. Furthermore, the Sponsors may transfer all or a portion of their ownership interests in our general partner to a third party, also without shareholder consent. The new owners of our general partner would then be in a position to replace the board of directors and officers of our general partner with its own designees and thereby exert significant control over the decisions made by the board of directors and officers.

**Restrictions in our existing and future debt agreements could adversely affect our ability to make distributions on our common shares.**

Our revolving credit facility limits our ability to, among other things:

- incur or guarantee additional debt;
- redeem or repurchase units or make distributions under certain circumstances;
- make certain investments and acquisitions;
- incur certain liens or permit them to exist;
- merge or consolidate with another company; and
- transfer, sell or otherwise dispose of assets.

Our payment of principal and interest under our revolving credit facility and with respect to our indebtedness will reduce our cash available for distribution to our shareholders. In addition, our revolving credit facility limits our ability to pay distributions to our shareholders during an event of default or if an event of default would result from the distributions.

Moreover, our current indebtedness and any future indebtedness that we incur may adversely affect our ability to obtain additional financing for future operations or capital needs, limit our ability to pursue other business opportunities, or make our results of operations more susceptible to adverse economic or operating conditions.

## Risks Related to Conflicts of Interest

Our existing organizational structure and the relationships among us, Antero Midstream, our respective general partners, Antero Resources, the Sponsors and affiliated entities present the potential for conflicts of interest. Moreover, additional conflicts of interest may arise in the future among us and the entities affiliated with any general partner or similar interests we acquire or among Antero Midstream and such entities.

**Certain holders of our common shares have investments in our affiliates that may conflict with the interests of other holders of our common shares.**

Certain funds affiliated with Warburg Pincus LLC (“Warburg”), certain funds affiliated with Yorktown Partners LLC (“Yorktown”), Paul M. Rady and Glen C. Warren, Jr. (collectively, the “Sponsors”) collectively own 100% of our general partner and a majority of our outstanding common shares. Messrs. Rady and Warren also own a portion of the Series B Units in IDR LLC. Affiliates of Warburg and Yorktown, Mr. Rady and Mr. Warren serve as members of the board of directors of our general partner, the board of directors of Antero Resources, and the board of directors of Antero Midstream’s general partner, and each of Warburg and Yorktown are controlled in part by individuals who serve as members of the board of directors of our general partner, the board of directors of Antero Resources, and the board of directors of Antero Midstream’s general partner. The Sponsors also own common units representing limited partner interests in Antero Midstream and shares of common stock in Antero Resources. Please see “Item 11. Executive Compensation—Narrative Disclosure to Summary Compensation Table—Long-Term Equity-Based Incentive Awards—Series B Units in IDR LLC” for more information regarding the Series B Units in IDR LLC. For a discussion of what will happen to the Series B Units in connection with the Transactions, see Note 1—Business and Organization. As a result of their investments in Antero Midstream and Antero Resources, the Sponsors may have conflicts of interest with other holders of our common shares. These conflicts of interest could arise in the future between us, on the one hand, and the Sponsors, on the other hand, regarding, among other things, decisions to modify or limit the IDRs in the future, the terms of our agreements with Antero Midstream and Antero Resources and their respective subsidiaries and the pursuit of potentially competitive business activities or business opportunities.

**Conflicts of interest may arise as a result of our organizational structure and the relationships among us, Antero Midstream, our respective general partners, Antero Resources and other affiliated entities.**

Our partnership agreement defines the duties of our general partner (and, by extension, its officers and directors). Our general partner's board of directors or its conflicts committee will have authority on our behalf to resolve any conflict involving us and they have broad latitude to consider the interests of all parties to the conflict.

Conflicts of interest may arise between us and our shareholders, on the one hand, and our general partner and affiliated entities, on the other hand, or between us and our shareholders, on the one hand, and Antero Midstream and its unitholders, on the other hand. The resolution of these conflicts may not always be in our best interest or that of our shareholders.

**Our partnership agreement defines our general partner's duties to us and contains provisions that reduce the remedies available to our shareholders for actions that might otherwise be challenged as breaches of fiduciary or other duties under state law.**

Our partnership agreement contains provisions that substantially reduce the standards to which our general partner would otherwise be held by state fiduciary duty law. For example, our partnership agreement:

- permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner. This entitles our general partner to consider only the interests and factors that it desires, and it has no duty or obligation to give any consideration to any interest of, or factors affecting, us, the Sponsors, our affiliates or any limited partner. Examples include the exercise of its limited call right, its rights to transfer or vote any shares it may own, and its determination whether or not to consent to any merger or consolidation of our partnership or amendment to our partnership agreement;

- generally provides that our general partner will not have any liability to us or our shareholders for decisions made in its capacity as a general partner so long as it acted in good faith which, pursuant to our partnership agreement, requires a subjective belief that the determination, or other action or anticipated result thereof is in, or not opposed to, our best interests;

- generally provides that any resolution or course of action adopted by our general partner and its affiliates in respect of a conflict of interest will be permitted and deemed approved by all of our shareholders, and will not constitute a breach of our partnership agreement or any duty stated or implied by law or equity if the resolution or course of action in respect of such conflict of interest is:

    - approved by a majority of the members of our general partner's conflicts committee after due inquiry, based on a belief that the course of action or determination that is the subject of such approval is not adverse to us;

    - approved by majority vote of our common shares (excluding shares owned by our general partner and its affiliates, but including shares owned by the Sponsors) voting together as a single class;

- provides that, to the fullest extent permitted by law, in connection with any action or inaction of, or determination made by, our general partner or the conflicts committee of our general partner's board of directors with respect to any matter relating to us, it shall be presumed that our general partner or the conflicts committee of our general partner's board of directors acted in a manner that satisfied the contractual standards set forth in our partnership agreement, and in any proceeding brought by any limited partner or by or on behalf of such limited partner or any other limited partner or our partnership challenging any such action or inaction of, or determination made by, our general partner, the person bringing or prosecuting such proceeding shall have the burden of overcoming such presumption; and

- provides that our general partner and its officers and directors will not be liable for monetary damages to us, our limited partners or assignees for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our general partner or those other persons acted in bad faith or, in the case of a criminal matter, acted with knowledge that such person's conduct was criminal.

**The Sponsors may have interests that conflict with holders of our common shares.**

The Sponsors own a certain number of our outstanding shares and certain of the Sponsors own a portion of the Series B Units in IDR LLC. For a discussion of what will happen to the Series B Units in connection with the Transactions, see Note 1—Business and Organization. In addition, certain of the Sponsors own a portion of Antero Midstream's common units and Antero Resources' common stock. As a result, the Sponsors may have conflicting interests with holders of our common shares.

Furthermore, conflicts of interest could arise in the future between us, on the one hand, and the Sponsors, on the other hand, concerning among other things, a decision whether to modify or limit the IDRs in the future or potential competitive business activities or business opportunities. These conflicts of interest may not be resolved in our favor.

**Antero Resources does not own our general partner and is under no obligation to adopt a business strategy that favors us.**

The directors and officers of Antero Resources have a fiduciary duty to make decisions in the best interests of the owners of Antero Resources, which may be contrary to our interests. Antero Resources has dedicated acreage to, and entered into long-term contracts for gathering and compression services on, Antero Midstream's gathering and compression systems, as well as long-term contracts for receiving water services. However, while Antero Midstream has a 20-year right of first offer to provide processing and fractionation services to Antero Resources, subject to certain exceptions, Antero Resources is under no obligation to consider whether any future drilling plans would create beneficial opportunities for Antero Midstream. Additionally, although Antero Midstream's water services agreement and the processing and fractionation services provided by the Joint Venture are supported by minimum volume commitments, Antero Midstream's gathering and compression agreement includes minimum volumes commitments only on high-pressure pipelines and compressor stations constructed at Antero Resources' request after the Antero Midstream IPO. A reduction in the current levels of Throughput volumes on Antero Midstream's gathering and compression systems by Antero Resources could have a material adverse effect on Antero Midstream's business, financial condition, results of operations and ability to make quarterly cash distributions to its unitholders, including us.

**Our general partner's affiliates and the Sponsors may compete with us.**

Our partnership agreement provides that our general partner will be restricted from engaging in any business activities other than acting as our general partner and those activities incidental to its ownership of interests in us. The restrictions contained in our general partner's limited liability company agreement are subject to a number of exceptions. Affiliates of our general partner and the Sponsors will not be prohibited from engaging in other businesses or activities that might be in direct competition with us except to the extent they compete using our confidential information.

**Our general partner has a call right that may require shareholders to sell their common shares at an undesirable time or price.**

If at any time more than 80% of our outstanding common shares on a combined basis (including common shares issued in connection with the redemption of Series B Units) are owned by our general partner, the Sponsors (or certain transferees) or their respective affiliates, our general partner will have the right (which it may assign to any of its affiliates, the Sponsors or us), but not the obligation, to acquire all, but not less than all, of the remaining common shares held by public shareholders at a price equal to the greater of (x) the current market price of such shares as of the date three days before notice of exercise of the call right is first mailed and (y) the highest price paid by our general partner, the Sponsors (or certain transferees in private, non-exchange transactions) or their respective affiliates for such shares during the 90 day period preceding the date such notice is first mailed. As a result, shareholders may be required to sell common shares at an undesirable time or price and may not receive any return of or on their investment. Shareholders may also incur a tax liability upon a sale of common shares.

## Tax Risks

As our only cash-generating assets consists of our capital interest in IDR LLC and its related direct interests in Antero Midstream, our tax risks are primarily derivative of the tax risks associated with an investment in Antero Midstream.

**The tax treatment of Antero Midstream depends on its status as a partnership for U.S. federal income tax purposes, as well as it not being subject to a material amount of entity-level taxation. If the Internal Revenue Service ("IRS") were to treat Antero Midstream as a corporation for U.S. federal income tax purposes or Antero Midstream was to become subject to additional amounts of entity-level taxation for state tax purposes, it would reduce the amount of cash available for distribution to us.**

We own all of the capital interests in IDR LLC, which directly owns all of the IDRs in Antero Midstream. Accordingly, the value of our investment in IDR LLC, as well as the anticipated after-tax economic benefit of an investment in our common shares, depends largely on Antero Midstream being treated as a partnership for U.S. federal income tax purposes, which requires that at least 90% of Antero Midstream's gross income for each taxable year of its existence consist of qualifying income, as that term is defined in Section 7704 of the Internal Revenue Code of 1986, as amended (the "Code").

Despite the fact that Antero Midstream is a limited partnership under Delaware law and, unlike us, has not elected to be treated as a corporation for U.S. federal income tax purposes, it is possible, under certain circumstances, for Antero Midstream to be treated as a corporation for U.S. federal income tax purposes. Although we do not believe, based on its current operations, that Antero Midstream will be so treated, a change in Antero Midstream's business could cause it to be treated as a corporation for U.S. federal income tax purposes. A change in current law could also cause Antero Midstream to be treated as a corporation for U.S. federal income tax purposes or otherwise subject Antero Midstream to entity-level taxation. In addition, several states have been evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation.

If Antero Midstream were treated as a corporation for U.S. federal income tax purposes, it would pay federal income tax on its taxable income at the applicable corporate tax rate and would likely pay state income taxes at varying rates. Distributions to Antero Midstream's partners, including IDR LLC, would generally be taxed again as corporate distributions, and no income, gains, losses or deductions would flow through to Antero Midstream's partners. Because a tax would be imposed upon Antero Midstream as a corporation, its cash available for distribution would be substantially reduced. Therefore, treatment of Antero Midstream as a corporation would result in a material reduction in the anticipated cash flows and after-tax return to us, likely causing a substantial reduction in the value of our common shares.

Antero Midstream's partnership agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects Antero Midstream to taxation as a corporation or otherwise subjects Antero Midstream to entity-level taxation for U.S. federal state or local income tax purposes, Antero Midstream's minimum quarterly distribution and target distribution amounts may be adjusted to reflect the impact of that law or interpretation on Antero Midstream. If this were to happen, the amount of distributions IDR LLC receives from Antero Midstream and our resulting cash flows could be reduced substantially, which would adversely affect our ability to pay distributions.

**The tax treatment of publicly traded partnerships such as Antero Midstream could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly applied on a retroactive basis.**

The present U.S. federal income tax treatment of publicly traded partnerships, including Antero Midstream, may be modified by administrative, legislative or judicial changes, or differing interpretations at any time. From time to time, members of Congress propose and consider such substantive changes to the existing U.S. federal income tax laws that affect publicly traded partnerships, including a prior legislative proposal that would have eliminated the qualifying income exception to the treatment of all publicly traded partnerships as corporations upon which Antero Midstream relies for its treatment as a partnership for U.S. federal income tax purposes.

In addition, the Treasury Department has issued, and in the future may issue, regulations interpreting those laws that affect publicly traded partnerships. Although there are no current legislative or administrative proposals, there can be no assurance that there will not be further changes to U.S. federal income tax laws or the Treasury Department's interpretation of the qualifying income rules in a manner that could impact Antero Midstream's ability to qualify as a publicly traded partnership in the future.

Any modification to the U.S. federal income tax laws may be applied retroactively and could make it more difficult or impossible for Antero Midstream to meet the exception for certain publicly traded partnerships to be treated as partnerships for U.S. federal income tax purposes. Antero Midstream is unable to predict whether any changes or other proposals will be reintroduced or ultimately will be enacted. Any future legislative changes could negatively impact the value of our indirect investment in Antero Midstream.

### Item 1B. Unresolved Staff Comments

Not applicable.

### Item 3. Legal Proceedings

Our operations are subject to a variety of risks and disputes normally incident to our business. As a result, we may, at any given time, be a defendant in various legal proceedings and litigation arising in the ordinary course of business. However, we are not currently subject to any material litigation.

### Item 4. Mine Safety Disclosures

Not applicable.

## PART II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

#### Common Shares

Our common shares are listed on the NYSE and traded under the symbol "AMGP." On February 8, 2019, our common shares were held by 57 holders of record. The number of holders does not include the holders for whom shares are held in a "nominee" or "street" name.

#### Securities Authorized for Issuance Under Equity Compensation Plans

On April 17, 2017, our general partner adopted the Antero Midstream GP LP Long-Term Incentive Plan ("AMGP LTIP"), pursuant to which certain non-employee directors of our general partner and certain officers, employees, and consultants of Antero Resources are eligible to receive common shares representing limited partner interests in AMGP. An aggregate of 930,851 common shares may be delivered pursuant to awards under the AMGP LTIP, subject to customary adjustments. Common shares have been granted to each of the independent directors of our general partner under the AMGP LTIP. Please read the information under "Item 11. Executive Compensation—Compensation Discussion and Analysis – Equity Compensation Plan Information."

### Item 6. Selected Financial Data

The following table presents our selected historical financial data, for the periods and as of the dates indicated, for AMGP and our predecessor. AMGP was originally formed as ARMM to become the general partner of Antero Midstream, and converted into a limited partnership on May 4, 2017 in connection with our IPO.

The selected statement of operations data and statement of cash flows data for the years ended December 31, 2016, 2017, and 2018 and the balance sheet data as of December 31, 2017 and 2018 are derived from our audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K. The selected statement of operations data and statement of cash flows data for the year ended December 31, 2015 and the selected balance sheet data as of December 31, 2015 and 2016 is derived from our audited consolidated financial statements not included in Item 8 of this Annual Report on Form 10-K. There were no IDR distributions prior to 2015, and therefore, we had no activity prior to 2015.

The selected financial data presented below are qualified in their entirety by reference to, and should be read in conjunction with, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this report.

| | December 31, | | | |
|---|---|---|---|---|
| (in thousands, except per share amounts) | 2015 | 2016 | 2017 | 2018 |
| **Statement of operations data:** | | | | |
| Total income | $ 1,264 | 16,944 | 69,720 | 142,906 |
| Total expenses | — | 814 | 41,134 | 43,987 |
| Net income and comprehensive income | 781 | 9,711 | 2,325 | 66,608 |
| | | | | |
| Net income per common share–basic and diluted | $ — | — | 0.03 | 0.33 |
| Distributions declared per share | — | — | 0.161 | 0.541 |
| | | | | |
| **Balance sheet data (at period end):** | | | | |
| Cash and cash equivalents | $ 72 | 9,609 | 5,987 | 2,822 |
| Total assets | 1,041 | 17,369 | 29,759 | 47,705 |
| Total capital | 558 | 10,269 | 15,608 | 30,861 |
| | | | | |
| **Cash flow data:** | | | | |
| Net cash provided by operating activities | $ 295 | 9,537 | 28,080 | 83,531 |
| Net cash used in financing activities | (223) | — | (31,702) | (86,696) |

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this report. The information provided below supplements, but does not form part of, our financial statements. This discussion contains forward-looking statements that are based on the views and beliefs of our management, as well as assumptions and estimates made by our management. Actual results could differ materially from such forward-looking statements as a result of various risk factors, including those that may not be in the control of management. For further information on items that could impact our future operating performance or financial condition, please read see "Item 1A. Risk Factors." and the section entitled "Cautionary Statement Regarding Forward-Looking Statements." We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law.*

*References in this Annual Report on Form 10-K to "ARMM," "we," "our," "us" or like terms, when referring to periods prior to May 4, 2017, refer to our predecessor, Antero Resources Midstream Management LLC. References to "AMGP," "we," "our," "us" or like terms, when referring to periods beginning on May 4, 2017 and prospectively, refer Antero Midstream GP LP.*

### Overview

We are a Delaware limited partnership that is taxed as a corporation for U.S. federal income tax purposes. We own 100% of the membership interests in Antero Midstream Partners GP LLC ("AMP GP"), which owns the non-economic general partner interest in Antero Midstream Partners LP (NYSE: AM) ("Antero Midstream") and we own all of the Series A capital interests ("Series A Units") in Antero IDR Holdings ("IDR LLC"), which owns the incentive distribution rights ("IDRs") in Antero Midstream. IDR LLC also has Series B profits interests ("Series B Units") outstanding that entitle the holders to receive up to 6% of the distributions that Antero Midstream makes on the IDRs in excess of $7.5 million per quarter, subject to certain vesting conditions. We receive at least 94% of the cash distributions paid by Antero Midstream on the IDRs. Antero Midstream is a growth-oriented master limited partnership 52.8% owned by Antero Resources Corporation (NYSE: AR) ("Antero Resources") that was formed to own, operate and develop midstream energy infrastructure primarily to service Antero Resources' increasing production and completion activity in the Appalachian Basin's Marcellus Shale and Utica Shale located in West Virginia and Ohio. We believe that Antero Midstream's strategically located assets and integrated relationship with Antero Resources position it to be a leading Appalachian midstream provider across the full midstream value chain.

Our revenues are generated solely from the cash distributions we receive from Antero Midstream through our interests in IDR LLC. Because our success is dependent upon the operations and management of Antero Midstream and its resulting performance, Antero Midstream's Annual Report on Form 10-K for the year ended December 31, 2018, has been included in this filing as Exhibit 99.1 and incorporated herein by reference.

#### *Simplification Agreement*

On February 26, 2018, we announced that the board of directors of our general partner formed a conflicts committee composed solely of independent directors in conjunction with the formation of a conflicts committee at Antero Midstream and a special committee at Antero Resources. In connection with our conflict committee's efforts to explore, review and evaluate potential transactions involving us, on October 9, 2018, we announced that we and certain of our affiliates entered into a Simplification Agreement (as may be amended from time to time, the "Simplification Agreement"), pursuant to which, among other things, we will be converted from a limited partnership to a corporation (the "Conversion"), which we refer to as "New AM," and New AM will acquire all of the outstanding common units of Antero Midstream. Each of our issued and outstanding common shares will be converted into an equivalent number of shares of New AM's Common Stock at the effective time of the Conversion. Based on the number of outstanding Antero Midstream common units and AMGP common shares and their respective closing sales prices as of October 8, 2018 (the last trading day before the day the Simplification Agreement was announced), the approximately 17.35 million shares of New AM common stock expected to be transferred pursuant to an exchange of the issued and outstanding Series B Units (the "Series B Exchange") in the Series B Exchange represent approximately 4.4% of the pro forma market capitalization of New AM in excess of $2 billion (representing approximately 3.4% of the total pro forma market capitalization of New AM).

Further, one of our indirect, wholly-owned subsidiaries will merge with and into Antero Midstream with Antero Midstream surviving as an indirect, wholly-owned subsidiary of New AM (the "Merger"). At the effective time of the Merger, each outstanding common unit of Antero Midstream held by Antero Midstream's unitholders other than Antero Resources ("AM Public Unitholders"), will be converted into the right to receive, at such unitholder's election and subject to proration as set forth in the Simplification Agreement, one of: (i) $3.415 in cash without interest and 1.6350 shares of New AM's Common Stock for each of Antero Midstream's common units held (the "Public Mixed Consideration"), (ii) 1.6350 shares of New AM's Common Stock plus an additional number of shares of New AM's Common Stock equal to the quotient of (A) $3.415 and (B) the average of the 20-day volume-weighted average trading price per AMGP common share prior to the final election day for AM Public Unitholders (the "AMGP VWAP"), for each of Antero Midstream's common units held (the "Public Stock Consideration"), or (iii) 3.415 in cash plus an additional amount of cash equal to the product of (A) 1.6350 and (B) the AMGP VWAP for each of Antero Midstream's common units held (the "Public Cash Consideration"). At the effective time of the Merger, Antero Resources will be entitled to receive $3.00 in cash without interest and 1.6023 shares of New AM's Common Stock (the "AR Mixed Consideration") for each of Antero Midstream's common units held by Antero Resources, subject to adjustment as described in the Simplification Agreement. The Conversion, the Merger, the Series B Exchange and the other transactions contemplated by the Simplification Agreement are collectively referred to as the "Transactions."

For additional information on the Simplification Agreement and the Transactions, see "Item 13. Certain Relationships and Related Transactions and Director Independence."

**Our Sources of Revenue**

Our revenues are generated solely from the cash distributions we receive from Antero Midstream through our interests in IDR LLC. As a result of our ownership interest in IDR LLC, we are positioned to grow our distributions disproportionately relative to the growth rate of Antero Midstream's common unit distributions. Accordingly, our primary business objective is to increase our cash available for distribution to our shareholders through the execution by Antero Midstream of its business strategy. Unless we directly acquire and hold assets or businesses in the future, our revenues will continue to be generated solely from the cash distributions we receive from Antero Midstream through our interests in IDR LLC.

**Financial Presentation**

We own the general partner interest in Antero Midstream through our interest in AMP GP and own all of the capital interests in IDR LLC, which we control as managing member. We have no separate operating activities apart from those conducted by Antero Midstream, and our cash flows consist solely of distributions we receive relating to Antero Midstream's distributions on its IDRs. Our financial statements are based on the equity method of accounting for our investment in Antero Midstream.

**Cash Distributions**

We distribute cash available for distribution to our shareholders. Cash available for distribution is the cash distribution received from Antero Midstream reduced by reserves for estimated federal and state income taxes, general and administrative expenses, and reserves for other purposes deemed necessary by the board of directors of our general partner. Distributable cash for the three months ended December 31, 2018 was as follows:

| (in thousands) | Three Months Ended December 31, 2018 |
|---|---|
| Cash distributions from Antero Midstream Partners LP | $ 43,492 |
| Cash reserved for distributions to unvested Series B units of IDR LLC | (710) |
| Cash distribution to vested Series B units of IDR LLC | (1,419) |
| Cash distributions to Antero Midstream GP LP | 41,363 |
| General and administrative expenses | (3,184) |
| Interest expense, net | (55) |
| Conflicts Committee legal and advisory fees included in G&A expense(1) | 2,753 |
| Provision and reserve for income taxes | (10,240) |
| Cash available for distribution | $ 30,637 |

(1) General and administrative expenses related to the formation and ongoing evaluations of the conflicts committee. See Note 2—Summary of Significant Accounting Policies to the consolidated financial statements.

The board of directors of our general partner has declared a cash distribution of $0.164 per share, or a total of approximately $31 million, for the quarter ended December 31, 2018. The distribution will be payable on February 21, 2019 to shareholders of record as of February 1, 2019.

**Items Affecting Comparability of Our Financial Results**

Certain of the historical financial results discussed below may not be comparable to future financial results primarily as a result of the significant increase in Antero Midstream's cash distributions described below. As our sole source of income, any change in Antero Midstream's cash distributions will have a direct financial impact on us. Distributions to the IDRs began in the fourth quarter of 2015 and have increased significantly since that time as the IDRs are entitled to a greater marginal percentage interest in distributions.

In addition, our results of operations prior to the completion of our initial public offering (the "IPO") do not reflect the incremental expenses we are now incurring as a result of being a publicly traded company, and such results include the non-recurring costs we incurred in connection with the IPO. Our historical results of operations for the year ended December 31, 2017 also reflect a U.S. federal corporate tax rate of 35%. Effective January 1, 2018, the U.S. federal corporate tax rate was reduced from 35% to 21%. Accordingly, our historical results of operations will reflect a higher U.S. federal corporate tax rate in comparison to our current and future financial results.

Certain of the historical financial results discussed below may not be comparable to future financial results primarily as a result of the significant increase in the scope of Antero Midstream's operations over the last several years. Antero Midstream's gathering and compression and water handling and treatment systems are relatively new, as a substantial portion of these assets have been built within the last five years. Accordingly, Antero Midstream's revenues and expenses over that time reflect the significant increase in its operations. Similarly, Antero Resources has experienced significant changes in its production and drilling and completion schedule over that same period. As our income is predicated on Antero Midstream's cash available for distribution, any change in Antero Midstream's revenue and expenses could have a direct impact on us. Accordingly, it may be difficult to project trends from our historical financial data going forward.

**Results of Operations**

***Year Ended December 31, 2017 Compared to Year Ended December 31, 2018***

| | Year Ended December 31, | | Amount of Increase | Percentage |
|---|---|---|---|---|
| (in thousands) | 2017 | 2018 | or Decrease | Change |
| Equity in earnings of Antero Midstream Partners LP | $ 69,720 | 142,906 | 73,186 | 105 % |
| Total income | 69,720 | 142,906 | 73,186 | 105 % |
| General and administrative expense | 6,201 | 8,740 | 2,539 | 41 % |
| Equity-based compensation | 34,933 | 35,111 | 178 | 1 % |
| Total operating expenses | 41,134 | 43,851 | 2,717 | 7 % |
| Operating income | 28,586 | 99,055 | 70,469 | 247 % |
| Interest expense, net | — | (136) | (136) | * |
| Income before income taxes | 28,586 | 98,919 | 70,333 | 246 % |
| Provision for income taxes | (26,261) | (32,311) | (6,050) | 23 % |
| Net income and comprehensive income | $ 2,325 | 66,608 | 64,283 | 2,765 % |

* Not meaningful or applicable.

*Equity in earnings of Antero Midstream Partners LP.* Equity in earnings of Antero Midstream increased from $69.7 million for the year ended December 31, 2017 to $142.9 million for the year ended December 31, 2018. Antero Midstream's per-unit distribution increased to $0.47 in the year ended December 31, 2018 from $0.365 for the year ended December 31, 2017, resulting in an increase in distributions on the IDRs. IDR LLC receives a portion of Antero Midstream distributions based on a tiered approach, in which the percentage received of the total distribution increases at certain levels. The highest tier, which was met in both periods, in which cash distributions to Antero Midstream's unitholders exceeds $0.255 per common unit in any quarter, entitles IDR LLC to 50% of such incremental distribution amounts.

*General and administrative expenses.* General and administrative expenses increased from $6.2 million for the year ended December 31, 2017 to $8.7 million for the year ended December 31, 2018. General and administrative expenses during the year ended December 31, 2017 reflect $5.1 million of costs incurred related to our IPO. For the year ended December 31, 2018, we incurred $6.9 million of costs related to the conflicts committee's formation and ongoing evaluation of the Transactions. Excluding expenses related to the IPO in 2017 and costs incurred by the conflicts committee in 2018, general and administrative expenses were relatively consistent for the years ended December 31, 2017 and 2018. See "Simplification Agreement" discussion contained elsewhere herein for discussion of the Transactions.

*Equity-based compensation expenses.* Equity-based compensation expenses remained relatively consistent at $34.9 million and $35.1 million for the years ended December 31, 2017 and 2018, respectively. See Note 5—Long-Term Incentive Plans— to the consolidated financial statements.

*Interest expense, net.* Interest expense, net was $136 thousand for the year ended December 31, 2018, including $150 thousand of interest expense and $14 thousand of interest income. Interest expense in 2018 is primarily due to the amortization of deferred financing costs incurred under the Credit Facility (defined below), which was entered into on May 9, 2018. See Note 3—Credit Facility— to the consolidated financial statements.

*Income tax expense.* Income tax expense increased from $26.3 million for the year ended December 31, 2017 to $32.3 million for the year ended December 31, 2018. The increase is primarily due to higher taxable income as a result of the increase in equity in earnings of Antero Midstream related to the IDRs, partially offset by the decrease in the U.S. corporate income tax rate from 35% to 21% beginning in 2018.

The difference between income tax expense and expected income tax expense for financial statement purposes computed by applying the federal statutory rate of 21% to pre-tax income is caused by nondeductible equity-based compensation and the effect of state income taxes.

*Net income and comprehensive income.* Net income and comprehensive income increased from $2.3 million for the year ended December 31, 2017 to $66.6 million for the year ended December 31, 2018. The increase was primarily due to an increase in equity in earnings of Antero Midstream, partially offset by an increase in general and administrative expenses and income tax expenses.

***Year Ended December 31, 2016 Compared to Year Ended December 31, 2017***

| **(in thousands)** | **Year Ended December 31,** | | **Amount of Increase or Decrease** | **Percentage Change** |
|---|---|---|---|---|
| | **2016** | **2017** | | |
| Equity in earnings of Antero Midstream Partners LP | $ 16,944 | 69,720 | 52,776 | 311 % |
| Total income | 16,944 | 69,720 | 52,776 | 311 % |
| General and administrative expense | 814 | 6,201 | 5,387 | 662 % |
| Equity-based compensation | — | 34,933 | 34,933 | * |
| Total operating expenses | 814 | 41,134 | 40,320 | 4,953 % |
| Income before income taxes | 16,130 | 28,586 | 12,456 | 77 % |
| Provision for income taxes | (6,419) | (26,261) | (19,842) | 309 % |
| Net income and comprehensive income | $ 9,711 | 2,325 | (7,386) | (76)% |

* Not meaningful or applicable.

*Equity in earnings of Antero Midstream Partners LP.* Equity in earnings of Antero Midstream increased from $16.9 million for the year ended December 31, 2016 to $69.7 million for the year ended December 31, 2017. Antero Midstream's per-unit distribution increased in the year ended December 31, 2017 from the year ended December 31, 2016, resulting in an increase in distributions on the IDRs. In addition, IDR LLC receives a portion of Antero Midstream distributions based on a tiered approach, in which the percentage received of the total distribution increases at certain levels. The highest tier, in which cash distributions to Antero Midstream's unitholders exceeds $0.255 per common unit it any quarter, entitles IDR LLC to 50% of said distribution. This tier was met in each quarter of 2017, opposed to only the third and fourth quarter of 2016, which contributed to the increase in our equity in earnings of Antero Midstream.

*General and administrative expenses.* General and administrative expenses increased from $0.8 million for the year ended December 31, 2016 to $6.2 million for the year ended December 31, 2017. During the year ended December 31, 2016, we did not incur any significant general and administrative costs; however, during the year ended December 31, 2017, we incurred approximately $5.1 million of general and administrative costs in connection with our IPO and $1.1 million of expenses related to being a public company.

*Equity-based compensation expenses.* Equity-based compensation expenses was $34.9 million for the year ended December 31, 2017 due to the issuance of equity-based compensation in the form of Series B Units on December 31, 2016, which vest over a three-year period. See Note 5—Long-Term Incentive Plans— to the consolidated financial statements.

*Income tax expense.* Income tax expense increased from $6.4 million for the year ended December 31, 2016 to $26.2 million for the year ended December 31, 2017. The increase is primarily due to higher taxable income as a result of the increase in equity in earnings of Antero Midstream related to the IDRs, net of the increase in general and administrative expenses.

The difference between income tax expense and expected income tax expense for financial statement purposes computed by applying the federal statutory rate of 35% to pre-tax income is caused by nondeductible equity-based compensation and IPO expenses, and the effect of state income taxes.

*Net income and comprehensive income.* Net income and comprehensive income decreased from $9.7 million for the year ended December 31, 2016 to $2.3 million for the year ended December 31, 2017. The decrease was primarily due to an increase in equity-based compensation and general and administrative expenses, partially offset by the increase in equity in earnings of Antero Midstream in 2017.

**Capital Resources and Liquidity**

***Sources and Uses of Cash***

As a result of our interest in IDR LLC, we will receive at least 94% of the cash distributions paid by Antero Midstream on its IDRs. Our interest in the IDR distributions is our only cash-generating asset. We expect that income attributable to the IDR distributions from Antero Midstream will be adequate to meet our working capital requirements and expected quarterly cash distributions for at least the next twelve months. At December 31, 2018, we had a working capital deficit due to our income tax payable, which is based on equity in earnings from unconsolidated affiliates for the year ended December 31, 2018. The cash distribution attributable to our equity in earnings for the three months ended December 31, 2018 will be received in the first quarter of 2019 when Antero Midstream declares and pays the cash distribution for the fourth quarter, and will be received prior to the due date of our tax payment.

The following table and discussion present a summary of our combined net cash provided by (used in) operating activities and financing activities for the periods indicated:

| (in thousands) | Year Ended December 31, 2016 | 2017 | 2018 |
|---|---|---|---|
| Net cash provided by operating activities | $ 9,537 | 28,080 | 83,531 |
| Net cash used in financing activities | — | (31,702) | (86,696) |
| Net increase (decrease) in cash | $ 9,537 | (3,622) | (3,165) |

***Cash Flows Provided by Operating Activities***

Net cash provided by operating activities was $9.5 million, $28.1 million, and $83.5 million for the years ended December 31, 2016, 2017, and 2018, respectively. The increase in cash flows from operating activities in 2018 from 2017 of $55.5 million was due to an increase in distributions received from Antero Midstream of $69.7 million, partially offset by a $12.7 million increase in cash income taxes paid. These changes, together with other working capital items, resulted in the net increase in cash provided by operating activities.

The increase in cash flows from operating activities in 2017 from 2016 of $18.5 million was due to an increase in distributions from Antero Midstream of $43.1 million in 2017 compared to 2016, partially offset by a $5.5 million increase in general and administrative expenses (primarily attributable to the IPO) and a $19.1 million payment in 2017 for 2016 and 2017 income taxes. These changes, together with other working capital items, resulted in the net increase in cash provided by operating activities.

***Cash Flows Used in Investing Activities***

We did not have any investing cash flows activities during the years ended December 31, 2016, 2017 or 2018.

***Cash Flows Used in Financing Activities***

Net cash used in financing activities increased from $31.7 million in 2017 to $86.7 million in 2018, an increase of $55.0 million. The increase was due to an increase in quarterly cash distributions to our shareholders of $68.2 million, a decrease of $15.7 million in liquidating distributions to Antero Resources Investment LLC, the sole member of ARMM for all periods prior to our IPO, and an increase in distributions to Series B unitholders of $2.3 million. Net cash used in financing activities for the year ended December 31, 2017 consisted of $15.7 million in pre-IPO income distributed to Antero Resources Investment LLC prior to its liquidation and $16.0 million in quarterly cash distributions to our shareholders. We did not have any financing cash flows activities during the year ended December 31, 2016.

***Credit Facility***

On May 9, 2018, we entered into a credit facility (the "Credit Facility") with a bank, which provides for a line of credit of up to $12 million. The maturity date of the Credit Facility is May 6, 2019.

The Credit Facility is guaranteed by IDR LLC and secured by a pledge of the Series A Units in IDR LLC and the membership interests in AMP GP.

Interest is payable on borrowings at a variable rate based on the base rate plus a margin rate of interest equal to 1.00% per annum. The base rate is the highest of (i) the Federal Funds Rate plus ½ of 1%, (ii) the rate of interest in effect for such day as publicly announced from time to time by the Lender as its "prime rate" and (iii) the Eurodollar Rate plus 1.00%.

The Credit Facility contains customary events of default and various affirmative and negative covenants, including a requirement to completely repay amounts outstanding under the line of credit at least once each fiscal quarter. We were in compliance with all of the financial covenants under the Credit Facility as of December 31, 2018.

At December 31, 2018, we had no borrowings under the Credit Facility.

**Critical Accounting Policies and Estimates**

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our consolidated financial statements. See Note 2—Summary of Significant Accounting Policies to the financial statements for a discussion of additional accounting policies and estimates made by management.

***Equity Method Accounting***

We use the equity method to account for our investment in Antero Midstream because we have the ability to exercise significant influence over, but not control, Antero Midstream. Accordingly, we record, in the period in which it is earned, distributions from Antero Midstream associated with our ownership of IDR LLC, which owns 100% of Antero Midstream's IDRs. The financial statements of AMGP do not consolidate the accounts of Antero Midstream. The accounts of Antero Midstream, a variable interest entity, are included in the consolidated financial statements of Antero Resources, the primary beneficiary of Antero Midstream. See Note 2—Summary of Significant Accounting Policies for further discussion.

***Equity-Based Compensation***

Equity-based compensation awards are measured at their grant date fair value and related compensation cost is recognized over the vesting period of the grant. Compensation cost for awards with only service conditions is recognized on a straight-line basis over the requisite service period of the entire reward. Estimating the fair value of each award involves a number of significant estimates including interest rates, expected volatility of our equity value, and expected distributions on the Series B Units.

**Off-Balance Sheet Arrangements**

As of December 31, 2018, we did not have any off-balance sheet arrangements.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

The nature of our business and operations is such that no activities or transactions are conducted or entered into by us that would require us to have a discussion under this item.

For a discussion of these matters as they pertain to Antero Midstream, please read "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" of Antero Midstream's Annual Report on Form 10-K for the year ended December 31, 2018, which has been included in this filing as Exhibit 99.1 and incorporated herein by reference, as the activities of Antero Midstream have a significant impact on our results of operations and financial position.

**Item 8. Financial Statements and Supplementary Data**

The Report of Independent Registered Public Accounting Firm, Consolidated Financial Statements and supplementary financial data required for this Item are set forth beginning on page F-1 of this report and are incorporated herein by reference.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

Not applicable.

## Item 9A. Controls and Procedures

### *Evaluation of Disclosure Controls and Procedures*

As required by Rule 13a‑15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a‑15(e) and 15d‑15(e) under the Exchange Act) as of the end of the period covered by this annual report. Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as December 31, 2018 at a reasonable assurance level.

### *Changes in Internal Control Over Financial Reporting*

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth quarter of 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### *Management's Annual Report on Internal Control Over Financial Reporting*

Our general partner is responsible for establishing and maintaining adequate internal control over financial reporting for us as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of the assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect all misstatements. Further, because of changes in conditions, effectiveness of internal controls over financial reporting may vary over time.

Under the supervision of, and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in *Internal Control—Integrated Framework* in 2013, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management of our general partner concluded that our internal control over financial reporting was effective as of December 31, 2018.

The effectiveness of our internal control over financial reporting as of December 31, 2018 has been audited by KPMG LLP, an independent registered public accounting firm which also audited our consolidated financial statements as of and for the year ended December 31, 2018, as stated in their report which appears on page F-2 in this report.

## Item 9B. Other Information

### Disclosure pursuant to Section 13(r) of the Securities Exchange Act of 1934

Pursuant to Section 13(r) of the Exchange Act, we may be required to disclose in our annual and quarterly reports to the SEC whether we or any of our "affiliates" knowingly engaged in certain activities, transactions or dealings relating to Iran or with certain individuals or entities targeted by US economic sanctions. Disclosure is generally required even where the activities, transactions or dealings were conducted in compliance with applicable law. Because the SEC defines the term "affiliate" broadly, it includes any entity under common "control" with us (and the term "control" is also construed broadly by the SEC).

The description of the activities below has been provided to us by Warburg Pincus LLC ("WP"), affiliates of which: (i) beneficially own more than 10% of our outstanding common shares and are members of the board of directors of our general partner, and (ii) beneficially own more than 10% of the outstanding common stock and are members of the board of directors of Endurance International Group Holdings, Inc. (together with its subsidiaries, "EIGI"). EIGI may therefore be deemed to be under common "control" with us; however, this statement is not meant to be an admission that common control exists.

The disclosure below relates solely to activities conducted by EIGI. The disclosure does not relate to any activities conducted by us or by WP and does not involve our or WP's management. Neither we nor WP has had any involvement in or control over the disclosed activities, and neither we nor WP has independently verified or participated in the preparation of the disclosure. Neither we nor WP is representing as to the accuracy or completeness of the disclosure nor do we or WP undertake any obligation to correct or update it.

We understand that EIGI intends to disclose the following in its next annual or quarterly SEC report:

On July 25, 2018, the Office of Foreign Assets Control ("OFAC") designated Electronics Katrangi Trading ("Katrangi") as a Specially Designated National ("SDN") pursuant to the Weapons of Mass Destruction Proliferators Sanctions Regulations, 31 C.F.R. Part 544. On July 30, 2018, during a regular compliance scan of EIGI's user base, EIGI identified the domain SGP-FRANCE.COM (the "Domain Name") which was listed as a website associated with Katrangi, on one of EIGI's platforms. The Domain Name was managed using one of EIGI's platforms by one of its reseller customers. Accordingly, there was no direct financial transaction between EIGI and the registered owner of the Domain Name and EIGI did not generate any revenue in connection with the Domain Name since Katrangi was added to the SDN list on July 25, 2018. Upon discovering the Domain Name on its platform, EIGI promptly suspended the Domain Name and removed it from its platform. EIGI reported the Domain Name to OFAC on August 7, 2018.

On November 6, 2018, EIGI terminated an end customer account (the "End Customer Account") that EIGI believed to be associated with Arian Bank, which was identified by OFAC as an SDN on November 5, 2018, pursuant to 31 C.F.R. Part 594. EIGI initially acquired the End Customer Account on January 23, 2014 as part of EIGI's acquisition of P.D.R Solutions FZC. EIGI reported the End Customer Account to OFAC as potentially the property of an SDN subject to blocking pursuant to Executive Order 13224. As of February 1, 2019, EIGI had not received any correspondence from OFAC regarding this matter.

## PART III

### Item 10. Directors, Executive Officers, and Corporate Governance

### Management of Antero Midstream GP LP

Our general partner, AMGP GP LLC ("AMGP GP"), manages our operations and activities. Our shareholders are limited partners and do not participate in the management of our operations. As a general partner, our general partner is liable for all of our debts (to the extent not paid from our assets), except for indebtedness or other obligations that are made specifically non-recourse to it. Our general partner has the sole discretion to incur indebtedness or other obligations on our behalf on a non-recourse basis to the general partner.

We and our general partner have no employees. All of our officers and other personnel necessary for our business to function (to the extent not outsourced) are employed by Antero Resources. As a result, the services agreement provides for our payment of an annual fee to Antero Resources for corporate, general and administrative services. This fee was initially $0.5 million per year and is subject to adjustment on an annual basis based on the CPI. The fee is also subject to adjustment to reflect any increase in the cost of providing services due to changes in applicable law, rules or regulations and any increase in the scope and extent of the services provided. The fee will not be decreased below the initial fee unless the type or extent of services provided materially decreases.

All of our officers and a majority of the directors of our general partner are also officers or directors of Antero Resources and Antero Midstream's general partner. Our general partner's executive officers expect to spend the substantial majority of their time managing the business of Antero Midstream and Antero Resources, which benefits us as Antero Midstream's performance determines our success. We estimate that these officers spend less than 10% of their time on our business, as distinct from Antero Midstream's and Antero Resources' businesses. The actual time devoted by these officers to managing our business as well as Antero Midstream's and Antero Resources' will fluctuate as a result of the relative activity level between the two entities. The amount of incremental time spent by non-officer directors who serve on both boards depends to some extent on committee assignments, but our general partner estimates that such directors will spend less than 20% more time by serving on the board of directors of our general partner.

In addition to the fee and expenses described above, we reimburse Antero Resources for costs and expenses to the extent that such costs and expenses are directly allocable to the provision of services to us, our general partner, or our subsidiaries (other than Antero Midstream and its subsidiaries), including recurring costs associated with being a separate publicly traded entity, and taxes, other than payroll taxes, or other direct operating expenses, paid by Antero Resources for our benefit. We also reimburse our general partner for any additional expenses incurred on our behalf or to maintain our legal existence and good standing. There is no limit on the amount of fees and expenses we may be required to pay to affiliates of our general partner on our behalf pursuant to the services agreement.

### Board Leadership Structure

The Board of Directors of AMGP GP (the "Board") does not have a formal policy addressing whether or not the roles of Chairman and Chief Executive Officer should be separate or combined. The directors serving on the Board possess considerable professional and industry experience, significant experience as directors of both public and private companies and a unique knowledge of the challenges and opportunities that we face. As such, the Board believes that it is in the best position to evaluate our needs and to determine how best to organize our leadership structure to meet those needs.

At present, our Board has chosen to combine the positions of Chairman and Chief Executive Officer. While the Board believes it is important to retain the flexibility to determine whether the roles of Chairman and Chief Executive Officer should be separated or combined in one individual, the Board believes that the current Chief Executive Officer is an individual with the necessary experience, commitment and support of the other members of the Board to effectively carry out the role of Chairman.

The Board believes this structure promotes better alignment of strategic development and execution, more effective implementation of strategic initiatives and clearer accountability for our success or failure. Moreover, the Board believes that combining the Chairman and Chief Executive Officer positions does not impede independent oversight of AMGP. Five of the seven members of the Board are independent under NYSE rules.

**Board's Role in Risk Oversight**

In the normal course of our business, we are exposed to a variety of risks. The Board oversees our strategic direction, and in doing so considers the potential rewards and risks of our business opportunities and challenges, and monitors the development and management of risks that impact our strategic goals.

**Executive Sessions**

To facilitate candid discussion among our directors, the non-management directors meet in regularly scheduled executive sessions. The director who presides at these meetings is chosen by the Board prior to such meetings.

**Interested Party Communications**

Shareholders and other interested parties may communicate by writing to: Antero Midstream GP LP, 1615 Wynkoop Street, Denver, Colorado 80202. Shareholders may submit their communications to the Board, any committee of the Board or individual directors on a confidential or anonymous basis by sending the communication in a sealed envelope marked "Shareholder Communication with Directors" and clearly identify the intended recipient(s) of the communication.

Our Chief Administrative Officer will review each communication and other interested parties and will forward the communication, as expeditiously as reasonably practicable, to the addressee if: (1) the communication complies with the requirements of any applicable policy adopted by the Board relating to the subject matter of the communication; and (2) the communication falls within the scope of matters generally considered by the Board. To the extent the subject matter of a communication relates to matters that have been delegated by the Board to a committee or to an executive officer of the general partner, then the general partner's Chief Administrative Officer may forward the communication to the executive officer or chairman of the committee to which the matter has been delegated. The acceptance and forwarding of communications to the members of the Board or an executive officer does not imply or create any fiduciary duty of the Board members or executive officer to the person submitting the communications.

Information may be submitted confidentially and anonymously, although we may be obligated by law to disclose the information or identity of the person providing the information in connection with government or private legal actions and in other circumstances. Our policy is not to take any adverse action, and not to tolerate any retaliation, against any person for asking questions or making good faith reports of possible violations of law, our policies or our Corporate Code of Business Conduct and Ethics.

**Available Governance Materials**

The Board has adopted the following materials, which are available on our website at *www.anteromidstreamgp.com*:

- Charter of the Audit Committee of the Board of Directors;
- Corporate Code of Business Conduct and Ethics;
- Financial Code of Ethics; and
- Corporate Governance Guidelines.

Shareholders may obtain a copy, free of charge, of each of these documents by sending a written request to Antero Midstream GP LP, 1615 Wynkoop Street, Denver, Colorado, 80202. We intend to disclose any amendments to, or waivers from, our Code of Business Conduct and Ethics on our website.

**Directors and Executive Officers**

The following table shows information for our general partner's executive officers and directors. Directors hold office until their successors have been elected or qualified or until the earlier of their death, resignation, removal or disqualification. Executive officers serve at the discretion of the board. There are no family relationships among any of the directors or executive officers. Some of the directors and all of the executive officers also serve as executive officers of Antero Resources and Antero Midstream's general partner.

| Name | Age | Position With Our General Partner |
|---|---|---|
| Paul M. Rady | 65 | Chairman and Chief Executive Officer |
| Glen C. Warren, Jr. | 63 | Director, President and Secretary |
| Michael N. Kennedy | 44 | Chief Financial Officer and Senior Vice President |
| Kevin J. Kilstrom | 64 | Senior Vice President—Production |
| Alvyn A. Schopp | 60 | Chief Administrative Officer, Senior Regional Vice President and Treasurer |
| Peter R. Kagan | 50 | Director |
| W. Howard Keenan, Jr. | 68 | Director |
| James R. Levy | 42 | Director |
| Brooks J. Klimley | 61 | Director |
| Rose M. Robeson | 58 | Director |
| Peter A. Dea | 65 | Director |

*Paul M. Rady* has served as Chief Executive Officer of our general partner since January 2017 and as Chairman of the Board of Directors of our general partner since April 2017 and has served as Chief Executive Officer and Chairman of the Board of Directors of the general partner of Antero Midstream since February 2014. Mr. Rady was a co-founder and served as Chief Executive Officer and Chairman of the Board of Directors of Antero Resources since May 2004 and of its predecessor company from its founding in 2002 to its sale to XTO Energy, Inc. in April 2005. Prior to Antero Resources, Mr. Rady served as President, CEO and Chairman of Pennaco Energy from 1998 until its sale to Marathon in early 2001. Prior to Pennaco, Mr. Rady was with Barrett Resources from 1990 until 1998 where he initially was recruited as Chief Geologist in 1990, then served as Exploration Manager, EVP Exploration, President, COO and Director and ultimately CEO. Mr. Rady began his career with Amoco where he served 10 years as a geologist focused on the Rockies and Mid-Continent. Mr. Rady is the managing member of Salisbury Investment Holdings, LLC. Mr. Rady holds a B.A. in Geology from Western Colorado University and M.Sc. in Geology from Western Washington University.

Mr. Rady's significant experience as a chief executive of oil and gas companies, together with his training as a geologist and broad industry knowledge, enable Mr. Rady to provide the board with executive counsel on a full range of business, strategic and professional matters.

*Glen C. Warren, Jr.* has served as President and Secretary of our general partner since January 2017 and as a director of our general partner since April 2017 and has served as President and Secretary and as a director of the general partner of Antero Midstream since January 2016, prior to which he served as President, Chief Financial Officer and Secretary and as a director of the general partner of Antero Midstream beginning in February 2014. Mr. Warren was a co-founder and served as President, Chief Financial Officer and Secretary and as a director of Antero Resources since May 2004 and of its predecessor company from its founding in 2002 to its sale to XTO Energy, Inc. in April 2005. Prior to Antero Resources, Mr. Warren served as EVP, CFO and Director of Pennaco Energy from 1998 until its sale to Marathon in early 2001. Mr. Warren spent 10 years as a natural resources investment banker focused on equity and debt financing and M&A advisory with Lehman Brothers, Dillon, Read and Kidder, Peabody & Co. Mr. Warren began his career as a landman in the Gulf Coast region with Amoco, where he spent six years. Mr. Warren is the managing member of Canton Investment Holdings, LLC. Mr. Warren holds a B.A. from the University of Mississippi, a J.D. from the University of Mississippi School of Law and an M.B.A. from the Anderson School of Management at U.C.L.A.

Mr. Warren's significant experience as a chief financial officer of oil and gas companies, together with his experience as an investment banker and broad industry knowledge, enable Mr. Warren to provide the board with executive counsel on a full range of business, strategic, financial and professional matters.

*Michael N. Kennedy* has served as our Chief Financial Officer and Senior Vice President of Finance since April 2017 and has served as Chief Financial Officer and Senior Vice President of Finance of the general partner of Antero Midstream since

January 2016, prior to which he served as Vice President of Finance of the general partner of Antero Midstream beginning in February 2014. Mr. Kennedy has also served as Senior Vice President of Finance of Antero Resources since January 2016, prior to which he served as Vice President of Finance of Antero Resources beginning in August 2013. Mr. Kennedy was Executive Vice President and Chief Financial Officer of Forest Oil Corporation ("Forest") from 2009 to 2013. From 2001 until 2009, Mr. Kennedy held various financial positions of increasing responsibility within Forest. From 1996 to 2001, Mr. Kennedy was an auditor with Arthur Andersen focusing on the Natural Resources industry. Mr. Kennedy holds a B.S. in Accounting from the University of Colorado at Boulder.

*Kevin J. Kilstrom* has served as our Senior Vice President of Production since April 2017 and has served as Senior Vice President of Production of the general partner of Antero Midstream since January 2016, prior to which he served as Vice President of Production of the general partner of Antero Midstream beginning in February 2014. Mr. Kilstrom also has served as Senior Vice President of Production of Antero Resources since January 2016, prior to which he served as Vice President of Production of Antero Resources beginning in June 2007. Mr. Kilstrom was a Manager of Petroleum Engineering with AGL Energy of Sydney, Australia ("AGL") from 2006 to 2007. Prior to AGL, Mr. Kilstrom was with Marathon Oil ("Marathon") as an Engineering Consultant and Asset Manager from 2003 to 2006 and as a Business Unit Manager for Marathon's Powder River coal bed methane assets from 2001 to 2003. Mr. Kilstrom also served as a member of the board of directors of three Marathon subsidiaries from October 2003 through May 2005. Mr. Kilstrom was an Operations Manager and reserve engineer at Pennaco Energy from 1999 to 2001. Mr. Kilstrom was at Amoco for more than 22 years prior to 1999. Mr. Kilstrom holds a B.S. in Engineering from Iowa State University and an M.B.A. from DePaul University.

*Alvyn A. Schopp* has served as our Chief Administrative Officer, Regional Senior Vice President, and Treasurer since April 2017 and has served as Chief Administrative Officer, Regional Senior Vice President, and Treasurer of Antero Midstream's general partner since January 2016, prior to which he served as Chief Administrative Officer, Regional Vice President and Treasurer of Antero Midstream's general partner beginning in February 2014. Mr. Schopp has also served as Chief Administrative Officer, Regional Senior Vice President, and Treasurer of Antero Resources since January 2016, as Chief Administrative Officer, Regional Vice President and Treasurer from September 2013 to January 2016, as Vice President of Accounting and Administration and Treasurer from January 2005 to September 2013, as Controller and Treasurer from 2003 to 2005 and as Vice President of Accounting and Administration and Treasurer of Antero Resources' predecessor company, Antero Resources Corporation, from January 2005 until its sale to XTO Energy, Inc. in April 2005. From 1993 to 2000, Mr. Schopp was CFO, Director and ultimately CEO of T-Netix. From 1980 to 1993 Mr. Schopp was with KPMG LLP. As a Senior Manager with KPMG, he maintained an extensive energy and mining practice. Mr. Schopp holds a B.B.A. from Drake University.

*Peter R. Kagan* has served as a director of our general partner since April 2017. Mr. Kagan has also served as a director of Antero Midstream since February 2014 and a director of Antero Resources since 2004. Mr. Kagan has been with Warburg Pincus since 1997 where he leads the firm's investment activities in energy and natural resources. He is a Partner of Warburg Pincus & Co. and a Managing Director of Warburg Pincus LLC. He is also a member of Warburg Pincus LLC's Executive Management Group. Mr. Kagan received a B.A. degree cum laude from Harvard College and J.D. and M.B.A. degrees with honors from the University of Chicago. Prior to joining Warburg Pincus, he worked in investment banking at Salomon Brothers in both New York and Hong Kong. Mr. Kagan currently also serves on the boards of directors of the following public companies: Laredo Petroleum Holdings, Inc., MEG Energy Corp. and Targa Resources Corp., as well as the boards of several private companies. In addition, he is a director of Resources for the Future and a trustee of Milton Academy.

Mr. Kagan has significant experience with energy companies and investments and broad knowledge of the oil and gas industry. We believe his background and skill set make Mr. Kagan well-suited to serve as a member of our board of directors.

*W. Howard Keenan, Jr.* has served as a director of our general partner since April 2017. Mr. Keenan has also served as a director of Antero Midstream since February 2014 and a director of Antero Resources since 2004. Mr. Keenan has over 40 years of experience in the financial and energy businesses. Since 1997, he has been a Member of Yorktown Partners LLC, a private investment manager focused on the energy industry. From 1975 to 1997, he was in the Corporate Finance Department of Dillon, Read & Co. Inc. and active in the private equity and energy areas, including the founding of the first Yorktown Partners fund in 1991. He is serving or has served as a director of multiple Yorktown Portfolio companies and currently serves as a director of the following public companies: Ramaco Resources, Inc. and Solaris Oilfield Infrastructure, Inc. Mr. Keenan holds a B.A. degree cum laude from Harvard College and an M.B.A. degree from Harvard University.

Mr. Keenan has significant experience with energy companies and investments and broad knowledge of the oil and gas industry. We believe his background and skill set make Mr. Keenan well-suited to serve as a member of our board of directors.

*James R. Levy* has served as a director of our general partner since April 2017 and joined the audit committee of the board of directors of our general partner in connection with our listing on the NYSE. Mr. Levy has also served as a director of Antero Resources since October 2013, where he serves on the compensation committee. Mr. Levy joined Warburg Pincus in 2006 and focuses on investments in the energy industry. Mr. Levy is a Partner of Warburg Pincus & Co. and a Managing Director of Warburg Pincus LLC. Prior to joining Warburg Pincus, Mr. Levy worked as a private equity investor at Kohlberg & Company and in M&A advisory at Wasserstein Perella & Co. Mr. Levy currently serves on the board of directors of Laredo Petroleum as well as the board of directors of several private companies. In addition, he is a trustee of Prep for Prep. Mr. Levy received a Bachelor of Arts degree from Yale University.

Mr. Levy has significant experience with energy companies and investments and broad knowledge of the oil and gas industry. We believe his background and skill set make Mr. Levy well-suited to serve as a member of our board of directors.

*Brooks J. Klimley* joined the board of our general partner in connection with our listing on the NYSE in 2017, and serves as a member of the audit committee. Mr. Klimley served as a director of Antero Midstream, where he also served as a member of the audit committee, from March 2015 until he joined the board of our general partner. In 2013, Mr. Klimley joined The Silverfern Group, which is focused on private equity co-investments, after a nearly 25 year career leading investment banking practices covering the energy and mining sectors. In addition, he has served as an Adjunct Professor at Columbia University's graduate schools of business and international affairs since 2010. Previously, Mr. Klimley acted as President of Brooks J. Klimley & Associates, an energy advisory services firm focused on strategy and capital raising for energy and natural resources companies. Prior to founding his own firm in 2009, Mr. Klimley acted as the President of CIT Energy and held senior leadership positions at a number of financial institutions, including Citicorp, Bear Stearns, UBS and Kidder, Peabody. Mr. Klimley holds a dual B.A./M.A. in Jurisprudence (Law) from Oxford University and a joint degree in Economics and History from Columbia University.

Mr. Klimley has significant experience with energy companies and investments and broad knowledge of the oil and gas industry. We believe his background and skill set make Mr. Klimley well-suited to serve as a member of our board of directors.

*Rose M. Robeson* joined the board of directors of our general partner in connection with our listing on the NYSE in 2017, and serves as chairman of the audit committee. Prior to her retirement in March 2014, Ms. Robeson was Senior Vice President & Chief Financial Officer of DCP Midstream GP, LLC, the general partner of DCP Midstream Partners, LP from May 2012 until January 2014. Ms. Robeson also served as Group Vice President and Chief Financial Officer of DCP Midstream LLC from January 2002 to May 2012. Ms. Robeson served as a director of American Midstream GP, LLC, the general partner of American Midstream Partners, LP (NYSE: AMID) from June 2014 to June 2016. Ms. Robeson served as a director of Tesco Corporation from November 2015 to December 2017. Ms. Robeson earned her B.S. degree in accounting from Northwest Missouri State University. Ms. Robeson became a certified public accountant in 1983 and her license is currently inactive. Ms. Robeson is a member of the board of directors of SM Energy, an independent energy company engaged in the acquisition, development, and production of crude oil, natural gas and natural gas liquids in onshore North America, and serves as Audit Committee Chair and serves on the Nominating and Governance Committee. Ms. Robeson is also a director of Newpark Resources (NYSE: NR), a worldwide provider of drilling fluids systems and composite matting systems used in oilfield services, and serves on the Audit, Compensation, and Nominating and Governance committees.

Ms. Robeson brings to the Board over 30 years of experience in various aspects of the oil and gas industry, including exploration and production, midstream and refining and marketing. She also has significant financial management, risk management and accounting oversight experience, which is important in the oversight of our financial reporting and risk management functions. Ms. Robeson's service on other public company boards enhances her strong corporate governance background. We believe her background and skill set make Ms. Robeson well-suited to serve as a member of our board of directors and as Chairman of the audit committee.

*Peter Dea* has served as a director of our general partner since April 2018. He is the Co-Founder and Executive Chairman of Confluence Resources LP, a Denver, Colorado-based oil and gas exploration and production company, and has been with the company since its inception in September 2016. Mr. Dea also serves on the Boards of Encana Corporation and Liberty Oilfield Services. Additionally, Mr. Dea served as Co-Founder, President and CEO of Cirque Resources LP since its inception in May 2007 and served as President, CEO and a Director of Western Gas Resources, Inc., from 2001 through their merger with Anadarko

Petroleum Corporation in 2006. He joined Barrett Resources Corporation in 1993 and was CEO from 1999 and Chairman of the Board from 2000 until its sale in 2001 to Williams. Prior to joining Barrett, Mr. Dea held various management and geologic positions for Exxon Company USA. In addition to receiving geology degrees from the University of Montana, MS, and Western Colorado University, BA, he also attended the Harvard Business School Advanced Management Program.

Mr. Dea brings to the Board 35 years of experience and leadership in the exploration and development of multiple shale plays across the U.S., further supporting AMGP's and its affiliates' integrated long-term strategy and focus. We believe his background and skill set make Mr. Dea well-suited to serve as a member of our board of directors and audit committee.

**Committees of the Board of Directors**

The board of directors of our general partner has an audit committee. We do not have a compensation committee, but rather the board of directors of our general partner approves equity grants to directors and Antero Resources employees. The board of directors of our general partner may establish a conflicts committee to review specific matters that the board believes may involve conflicts of interest.

***Audit Committee***

Rules implemented by the NYSE and SEC require us to have an audit committee comprised of at least three directors who meet the independence and experience standards established by the NYSE and the Exchange Act. Messrs. Klimley and Dea serve on our audit committee, and Ms. Robeson serves as the Chairman of the committee. As required by the rules of the SEC and listing standards of the NYSE, the audit committee currently consists solely of independent directors under the standards established by the NYSE and the Exchange Act. SEC rules also require that a public company disclose whether or not its audit committee has an "audit committee financial expert" as a member. An "audit committee financial expert" is defined as a person who, based on his or her experience, possesses the attributes outlined in such rules. Our board of directors believes that Ms. Robeson possesses substantial financial experience based on her extensive experience in finance as it relates to the oil and gas industry as the former CFO of DCP Midstream LLC. As a result of these qualifications, we believe Ms. Robeson satisfies the definition of "audit committee financial expert."

This committee oversees, reviews, acts on and reports on various auditing and accounting matters to our board of directors, including: the selection of our independent accountants, the scope of our annual audits, fees to be paid to the independent accountants, the performance of our independent accountants and our accounting practices. In addition, the audit committee oversees our compliance programs relating to legal and regulatory requirements. We adopted an audit committee charter defining the committee's primary duties in a manner consistent with the rules of the SEC and NYSE.

***Conflicts Committee***

Our general partner may, from time to time, have a conflicts committee to which the board will appoint at least two independent directors and which may be asked to review specific matters that the board believes may involve conflicts of interest and determines to submit to the conflicts committee for review. The conflicts committee will determine if the resolution of the conflict of interest is adverse to the interest of the partnership. The members of the conflicts committee may not be officers or employees of our general partner or directors, officers or employees of its affiliates, Antero Resources, and must meet the independence standards established by the NYSE and the Exchange Act to serve on an audit committee of a board of directors, along with other requirements in our partnership agreement. Any matters approved by the conflicts committee will be conclusively deemed to be approved by us and all of our partners and not a breach by our general partner of any duties it may owe us or our unitholders.

On February 26, 2018, we announced that the board of directors of our general partner formed a conflicts committee composed solely of directors who satisfy the requirements for serving on our general partner's conflicts committee in conjunction with the formation of the special committee at Antero Resources, and a conflicts committee at Antero Midstream. In connection with the conflicts committee's efforts to explore, review and evaluate potential transactions involving AMGP, on October 9, 2018, we announced that we had entered into the Simplification Agreement, pursuant to which, among other things, (1) we will be converted from a limited partnership to a corporation under the laws of the State of Delaware, to be named Antero Midstream Corporation; (2) an indirect, wholly owned subsidiary of New AM will be merged with and into Antero Midstream, with Antero Midstream surviving the merger as an indirect, wholly owned subsidiary of New AM and (3) all the issued and outstanding Series B Units representing limited liability company interests of IDR LLC will be exchanged for an aggregate of approximately 17.35 million shares of New

AM's Common Stock. As a result of the Transactions, Antero Midstream will be a wholly owned subsidiary of New AM and our former shareholders, unitholders of Antero Midstream and holders of Series B Units will each own New AM's common stock.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires executive officers and board members of our general partner and persons who beneficially own more than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC and to furnish us with copies of all such reports.

Based solely upon our review of reports received by us, or representations from certain reporting persons that no filings were required, we believe that all of the officers and board members of our general partner and persons who beneficially owned more than 10% of our common units complied with all applicable filing requirements during fiscal year 2018.

## Item 11. Executive Compensation

## COMPENSATION DISCUSSION AND ANALYSIS

### Overview

Neither we nor our general partner have any employees. All of the executive officers of our general partner and other personnel who provide services to our business are employed by Antero Resources. This Item 11 provides information relating to the compensation of the following named executive officers of our general partner, whom we refer to herein collectively as our "Named Executive Officers":

### 2018 Named Executive Officers

| Name | Principal Position |
|---|---|
| Paul M. Rady | Chairman of the Board and Chief Executive Officer |
| Glen C. Warren, Jr. | Director, President and Secretary |
| Michael N. Kennedy | Chief Financial Officer and Senior Vice President—Finance |
| Alvyn A. Schopp | Chief Administrative Officer, Regional Senior Vice President and Treasurer |
| Kevin J. Kilstrom | Senior Vice President—Production |

Our Named Executive Officers currently receive all of their compensation and benefits for services provided to our business from Antero Resources, Antero Midstream and IDR LLC. All decisions regarding the compensation of our Named Executive Officers, other than with respect to long-term equity incentive awards under the Antero Midstream Partners LP Long-Term Incentive Plan (the "Midstream LTIP") and Series B Units issued by IDR LLC, are made by the compensation committee of Antero Resources' board of directors (the "Compensation Committee"). Pursuant to the services agreement that we have entered into with Antero Resources and our general partner, we are required to reimburse Antero Resources for a proportionate amount of compensation expenses incurred on our behalf. Although we bear an allocated portion of Antero Resources' costs of providing such compensation and benefits to our Named Executive Officers, we have no control over such costs and do not establish or direct the compensation policies or practices of Antero Resources, Antero Midstream or IDR LLC.

The following Compensation Discussion and Analysis provides an overview of compensation policies and programs applicable to our Named Executive Officers and describes the compensation objectives, policies and practices with respect to our Named Executive Officers. The elements of compensation provided by Antero Resources and the Compensation Committee's decisions with respect to our Named Executive Officers' compensation are not subject to approval by the Board. Certain members of the Board are members of the board of directors of Antero Resources. Messrs. Kagan, Keenan and Levy served on our Board and the board of directors of Antero Resources in 2018. As used in this Item 11 (other than in this "Overview" and the "Compensation of Directors" section below), references to "our," "we," "us," the "Company," and similar terms refer to Antero Resources, references to the "Board" or "Board of Directors" refer to the board of directors of Antero Resources, and references to the Partnership refer to Antero Midstream.

The following discussion provides information about our compensation decisions and policies with regard to our Named Executive Officers for the 2018 fiscal year, and is intended to provide investors with the information necessary to understand our compensation policies and decisions. It also provides context for the disclosure included in the executive compensation tables below.

**2018 Say-on-Pay Advisory Vote**

At the Company's 2018 annual meeting, the stockholders of the Company were asked to approve, on an advisory basis, the compensation of the Named Executive Officers. Advisory votes in favor of our executive compensation program were cast by over 98% of the shares of common stock of the Company counted as present and entitled to vote at the Company's 2018 annual meeting. The Compensation Committee took the results of the "Say on Pay" vote in account when evaluating the compensation of the Named Executive Officers in 2018. We have continued, and plan to continue, engaging in ongoing shareholder outreach regarding corporate governance generally, including executive compensation programs.

**Compensation Philosophy and Objectives of Our Compensation Program**

Since our inception, our compensation philosophy has been predominantly focused on recruiting individuals who are motivated to help us achieve superior performance and growth. Our company was founded by entrepreneurs whose strategy was to employ high-impact executives who are extremely effective at sparking superior performance with low overhead. These highly qualified and experienced individuals have contributed to the continued success of our Company, driving an 20% compound annual growth rate in debt-adjusted net production per share and a 21% compound annual growth rate in oil and gas net proved reserves since the Company's 2013 IPO.

Historically, to achieve our objectives, we sought to implement a compensation program that reflected the unique strategy and entrepreneurial culture of our organization. Specifically, we sought to reward our Named Executive Officers by emphasizing long-term equity-based incentive compensation, which allowed our senior leaders to build significant ownership in the Company. We believe this approach served to motivate our Named Executive Officers and align their interests with those of the Company and our shareholders. Our Named Executive Officers currently hold approximately 9% of our outstanding shares, which ensures they identify with the best interests of our shareholders.

As the Company continues to mature, we are continuing to transition from an entrepreneurial-based management incentive structure to a more traditional compensation program. This transition called for us to make certain modifications to our compensation philosophy and attendant adjustments in our compensation program. More specifically, our goal is to focus on returns and value creation per share that will reward more disciplined capital investment, efficient operations, and free cash flow generation. In addition, for calendar year 2018, we adopted a simplified annual incentive program that focuses on four key performance metrics. Further, our compensation program targets the market median for all elements of our Named Executive Officers' compensation. We believe these changes to our compensation philosophy and practices promoted a stronger alignment between Named Executive Officer pay and Company performance, and deliver greater value to our shareholders as our Company continues to grow and mature.

**Compensation Best Practices**

The following table highlights the compensation best practices we follow:

| What We Do | What We Don't Do |
|---|---|
| ✓ Use a representative and relevant peer group | ✗ No tax gross ups for executive officers |
| ✓ Target the market median for all elements of Named Executive Officers' compensation | ✗ No "single-trigger" change-in-control cash payments |
| ✓ Apply robust minimum stock ownership guidelines | ✗ No excessive perquisites |
| ✓ Link annual incentive compensation to the achievement of objective pre-established performance goals tied to operational and strategic priorities | ✗ No severance arrangements for Named Executive Officers |
| ✓ Evaluate the risk of our compensation programs | ✗ No guaranteed bonuses for Named Executive Officers |
| ✓ Use and review compensation tally sheets | ✗ No management contracts |
| ✓ Provide 100% long-term incentive awards in the form of performance-based equity | ✗ No re-pricing, backdating or underwater cash buy-outs of options or stock appreciation rights |
| ✓ Use an independent compensation consultant | ✗ No hedging or pledging of Company stock |
| ✓ Maintain a clawback policy | ✗ No separate benefit plans for Named Executive Officers |
| | ✗ No granting of stock options with an exercise price less than the fair market value of the Company's common stock on the date of grant |

## Implementing Our Compensation Program Objectives

### *Role of the Compensation Committee*

The Compensation Committee oversees all matters of our executive compensation program and has the final decision-making authority on all executive compensation matters. Each year, the Compensation Committee reviews, modifies (if necessary), and approves our peer group, corporate goals and objectives relevant to the compensation of the Company's Chief Executive Officer ("CEO") and other executive officers, and the executive compensation program. In addition, the Compensation Committee is responsible for reviewing the performance of the CEO and the Company's President, Chief Financial Officer and Secretary ("President/CFO") within the framework of our executive compensation goals and objectives. Based on this evaluation, the Compensation Committee sets the compensation of the CEO and the President/CFO.

The CEO and the President/CFO typically provide recommendations to the Compensation Committee regarding the compensation levels for the other executive officers and for our executive compensation program as a whole. In making their recommendations, the CEO and the President/CFO consider each executive officer's performance during the year, the Company's performance during the year, and comparable company compensation levels and independent oil and gas company compensation surveys. The Compensation Committee considers these recommendations when reviewing the performance of, and setting compensation for, the other executive officers.

Actual compensation decisions for individual officers are the result of a subjective analysis of a number of factors, including the individual officer's role within our organization, performance, experience, skills or tenure with us, changes to the individual's position, and relevant trends in compensation practices. The Compensation Committee also considers a Named Executive Officer's current and prior compensation when setting future compensation. Specifically, current compensation is considered a base, and the Compensation Committee determines whether adjustments to that base are necessary to retain the executive in light of competition and to provide continuing performance incentives. Thus, the Compensation Committee's decisions regarding compensation are the result of the exercise of judgment based on all reasonably available information and, to that extent, compensation is discretionary.

### *Role of External Advisors*

The Compensation Committee has the authority to retain an independent executive compensation consultant. For 2018, the Compensation Committee retained Frederic W. Cook & Co., Inc. ("F.W. Cook"). In compliance with the SEC and NYSE disclosure requirements, the Compensation Committee reviewed the independence of F.W. Cook under six independence factors. After its review, the Compensation Committee determined that F.W. Cook was independent.

In 2018, F.W. Cook:

- Collected and reviewed all relevant company information, including our historical compensation data and our organizational structure;
- With input from management, established a peer group of companies to use for executive compensation comparisons;
- Assessed our compensation program's position relative to market for our Named Executive Officers and stated compensation philosophy;
- Prepared a report of its analysis, findings and recommendations for our executive compensation program; and
- Completed other ad hoc assignments, such as helping with the design of incentive arrangements.

F.W. Cook's reports were provided to the Compensation Committee in 2018 and also used by Messrs. Rady and Warren in making their recommendations to the Compensation Committee.

### *Competitive Benchmarking*

When assessing the soundness of our compensation programs, the Compensation Committee compares the pay practices for our Named Executive Officers against the pay practices of other companies. This process recognizes our philosophy that our compensation practices should be competitive, though marketplace information is only one of the many factors we consider.

Messrs. Rady and Warren used market compensation data provided by F.W. Cook to assess the total compensation levels of our top five executives relative to market, and to make recommendations to the Compensation Committee. Market data is developed by comparing each executive officer's compensation with that of officers in similar positions with companies in our Peer Group (described below) and with those in the E&P industry in general. To the extent possible, we consider the specific responsibilities assumed by our executives and those assumed by executives at other organizations (based on peer SEC filings) to determine whether the positions are comparable. We give greater weight to Peer Group data if a position appears comparable to the position of one of our Named Executive Officers. Otherwise, we supplement Peer Group data with industry data from the 2018 Oil and Gas E&P Industry Compensation Survey prepared by Effective Compensation, Incorporated.

***Peer Group***

In 2018, F.W. Cook identified a peer group of onshore publicly traded oil and gas companies that are reasonably similar to us in terms of size and operations. We refer to the following 17 companies as the "Peer Group":

- Cabot Oil & Gas Corporation
- Cimarex Energy Co.
- CNX Resources Corporation
- Concho Resources Inc.
- Continental Resources Corporation
- Devon Energy Corporation
- Diamondback Energy, Inc.
- EQT Corporation
- Noble Energy, Inc.
- Parsley Energy, Inc.
- Pioneer Natural Resources Company
- QEP Resources, Inc.
- Range Resources Corporation
- SM Energy Company
- Southwestern Energy Company
- Whiting Petroleum Corporation
- WPX Energy, Inc.

Two members of our 2017 peer group, Energen Corporation and Newfield Exploration Company, were removed from our Peer Group for 2018 due to pending acquisitions at the time of the review, and three companies, CNX Resources Corporation, Diamondback Energy, Inc. and Parsley Energy, Inc., were added to the Peer Group based on similar size and operational scale.

***Positioning Versus Market***

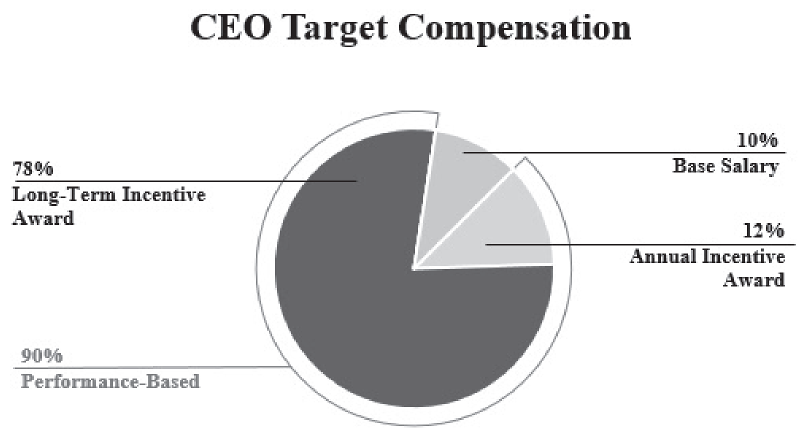
Beginning in 2018, we determined that it was appropriate to target the median of the Peer Group for base salaries, annual cash incentive awards, and long-term equity-based incentive awards. This is a reduction from 2017, when compensation was targeted at the 75$^{th}$ percentile. This reduction was adopted in response to our 2017 say-on-pay vote and feedback received from our shareholder outreach program. As noted throughout this Compensation Discussion and Analysis, target compensation is only one of many factors considered by the Compensation Committee when setting compensation levels for our Named Executive Officers.

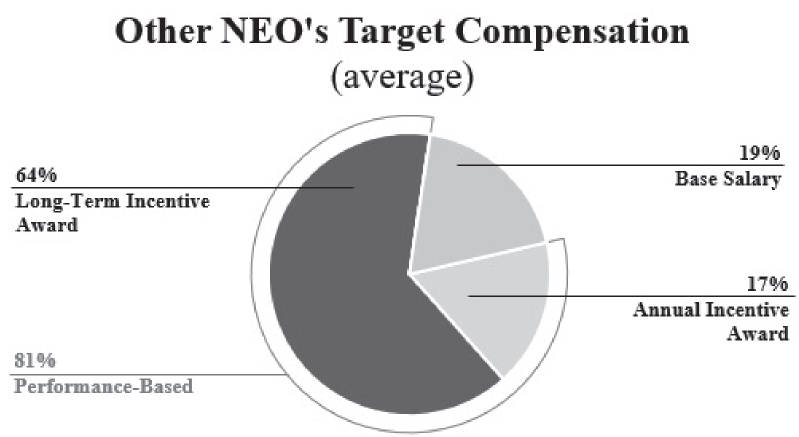
**Elements of Direct Compensation**

Our Named Executive Officers' compensation includes the key components described below.

| Pay Component | Form of Pay | How Amount is Determined | Objective |
|---|---|---|---|
| Base salary | Cash | Market-competitive amount that reflects the executive's relative skills, responsibilities, experience and contributions | Provide a minimum, fixed level of cash compensation |
| Annual incentive awards | Cash | Performance against four metrics | Encourage performance that is aligned with our business strategy and that should lead to long-term shareholder value |
| Long-term incentive awards | 100% performance share units | Three-year return on capital employed; and three-year absolute total shareholder return, as adjusted by relative total shareholder return compared to the Peer Group | Encourage performance that delivers value to shareholders through stock price appreciation |

For 2018, these components, at target, were distributed as shown below for our CEO and our other Named Executive Officers:




**Base Salaries**

Base salaries are designed to provide a minimum, fixed level of cash compensation for services rendered during the year. In addition to providing a base salary that is competitive with salaries paid by other independent oil and gas exploration and production companies, the Compensation Committee also considers whether our pay levels appropriately align each Named Executive Officer's base salary level relative to the base salary levels of our other officers. Our objective is to have base salaries that accurately reflect each officer's relative skills, experience and contributions to the Company. To that end, annual base salary adjustments are based on a subjective analysis of many individual factors, including:

- the responsibilities of the officer;
- the period over which the officer has performed these responsibilities;
- the scope, level of expertise, and experience required for the officer's position;
- the strategic impact of the officer's position; and

- the potential future contribution and demonstrated individual performance of the officer.

In addition to the individual factors listed above, the Compensation Committee considers our overall business performance and implementation of Company objectives when determining annual base salaries. While these metrics generally provide context for making salary decisions, base salary decisions do not depend on attainment of specific goals or performance levels and no specific weighting is given to one factor over another.

Base salaries are reviewed annually, but are not necessarily increased if the Compensation Committee believes that (1) our executives are currently compensated at proper levels in light of Company performance or external market factors, or (2) an increase or addition to other elements of compensation would be more appropriate in light of our stated objectives.

In February 2018, after comparing base salary levels to those of similarly situated executives in the Peer Group and considering the individual and business factors described above, Messrs. Rady and Warren recommended to the Compensation Committee that the Named Executive Officers other than themselves receive a 3% base salary increase to reflect increases in cost of living, as reflected in the table below. The Compensation Committee approved this recommendation.

| Executive Officer | Base Salary as of March 2017 | Base Salary as of March 2018 | Percentage Increase |
|---|---|---|---|
| Paul M. Rady | $ 858,000 | $ 858,000 | 0% |
| Glen C. Warren, Jr. | $ 645,000 | $ 645,000 | 0% |
| Alvyn A. Schopp | $ 432,000 | $ 444,960 | 3% |
| Kevin J. Kilstrom | $ 432,000 | $ 444,960 | 3% |
| Michael N. Kennedy | $ 375,000 | $ 386,250 | 3% |

## Annual Cash Incentive Awards

### *Purpose and Operation*

Annual cash incentive payments, which we also refer to as cash bonuses, are a key component of each Named Executive Officer's annual compensation package. Historically, the Compensation Committee used an annual discretionary cash bonus. However, based on recommendations from F.W. Cook, the Compensation Committee implemented a formal annual incentive plan design beginning in fiscal 2014. This annual incentive plan is based on a balanced scorecard that is used to measure our performance.

As part of a more structured annual incentive program, we adopted bonus targets for each of the Named Executive Officers, expressed as a percentage of base salary. These targets, which were determined based on our compensation strategy of providing incentive compensation opportunities that are competitive with the market median, are listed below.

| Executive Officer | 2018 Target Bonus (as a % of base salary) |
|---|---|
| Paul M. Rady | 120% |
| Glen C. Warren, Jr. | 100% |
| Alvyn A. Schopp | 85% |
| Kevin J. Kilstrom | 85% |
| Michael N. Kennedy | 85% |

*Performance Metrics*

For 2018, based on the feedback received from our shareholders in connection with the Company's outreach program, the Compensation Committee decided to alter the structure of our annual incentive program. We believe the new, simplified design of the annual incentive program implemented for 2018 provides a more transparent bonus structure with more objectively determinable payouts. We also believe the new structure is more consistent with our shareholders' investment experience. The Compensation Committee selected the four metrics described below for the 2018 fiscal year under our annual incentive plan. These metrics, which were specifically chosen for their importance in supporting the strategic initiatives we have established for 2018, are weighted equally in calculating annual bonuses. The following tables shows the results of the 2018 annual incentive program:

| Weighting Factor | Selected Metrics | Threshold Performance | Target Performance | Maximum Performance | Actual Performance | Performance (% of Target) | Weighted Score |
|---|---|---|---|---|---|---|---|
| 25% | Debt-Adjusted Net Production Growth per Share (1) | 9% | 13% | 18% | 13% | 100% | 25% |
| 25% | Net Debt/EBITDAX (2) | 2.5x | 2.1x | 1.8x | 2.2x | 88% | 21.88% |
| 25% | Free Cash Flow (3) | $(170 million) | $20 million | $215 million | $(303 million) | 0% | 0% |
| 25% | Safety and Environmental (4) | 0.800 TRIR | 0.580 TRIR | .300 TRIR | 0.554 TRIR | 106% | 8.83% |
| | | 0.100 LTIR | 0.080 LTIR | .030 LTIR | 0.077 LTIR | 109% | 9.11% |
| | | — | 0 Notices | — | 0 Notices | 100% | 8.33% |
| **100%** | | | | | | **TOTAL** | **73.15%** |

(1) **Debt-Adjusted Net Production Growth per Share**

***Definition***. Annual production volumes divided by debt-adjusted shares. Debt-adjusted shares represent current shares outstanding plus the quotient of total debt at year end 2018, divided by the weighted average share price during 2018.

***Rationale***. Production volumes are critical to our profitability. Measuring those volumes on a debt-adjusted per-share basis motivates management to produce those volumes in a capital-efficient manner.

(2) **Net Debt/EBITDAX**

***Definition***. Year-end 2018 net debt divided by 2018 full-year adjusted EBITDAX.

***Rationale***. Managing the balance sheet leverage is essential for growing the business efficiently. Net Debt/EBITDAX is a key debt coverage ratio that motivates management to minimize debt relative to cash flow.

(3) **Free Cash Flow**

***Definition***. Stand-alone E&P adjusted operating cash flow, less stand-alone E&P drilling and completion capital, less land maintenance capital.

***Rationale***. Measuring and rewarding Free Cash Flow directly supports our go-forward strategy of sustainable free cash flow growth by motivating management to optimize operating cash flow relative to upstream capital budgets.

(4) **Safety and Environmental**

***Definition***. The Company measured performance in the Safety and Environmental performance category through several lagging indicators:

- *Lost Time Incident Rate ("LTIR")*. This metric refers to the number of lost time injuries (i.e., work-related injuries that result in an employee being unable to perform normal work duties the work day following the injury event). LTIR is calculated first by *multiplying* the total number of lost time injuries by 200,000, and then dividing that product by the number of labor hours for the recording period.

- *Total Recordable Incident Rate ("TRIR")*. This metric refers to the number of OSHA recordable injuries/illnesses (i.e., work-related injuries/illnesses that result in medical intervention beyond first aid). TRIR is calculated first by multiplying the total number of recordable injuries/illnesses by 200,000, and then dividing that product by the number of labor hours for the recording period.

- *Environmental*. Performance with respect to this metric is attained if there are no major environmental related Notices of Violation (fines not exceeding $100,000) occurring during the measurement period.

In addition, the Company monitored several leading indicators in determining performance for the Safety and Environmental performance category. Leading indicators are proactive, preventative and predictive measures that provide current information regarding the effective performance, activities and processes of a Safety and Environmental system that may help identify, eliminate or control risks in the workplace. Management reviewed the progress of each leading indicator throughout 2018 and assessed if performance was adequate in light of the Company's operation. These leading indicators include: HSSE training, Operational Safety Steering Team activities, Corrective Action/Preventative Action closeout, Environmental Compliance Audit Score, Operational Risk Register Reviews, and Field Safety Committee meeting compliance.

***Rationale***. Maintaining a safe work environment and sustainable environmental record is critical to the success of the business and execution of our strategy. Measuring safety and environmental metrics motivates all participants to maintain focus on these metrics.

***2018 Annual Incentive Program Payouts***

The Compensation Committee evaluated the 2018 annual incentive scorecard and considered the factors noted above. Our performance for 2018 resulted in a payout calculation of 73.15%. The Compensation Committee elected to pay 2018 annual incentive bonuses in March 2019 in the amounts shown below for the Named Executive Officers. There were no adjustments for individual performance.

| Executive Officer | 2018 Target Bonus ($) | Performance Achievement Level (Percentage of Target) | Actual 2018 Bonus ($) |
|---|---|---|---|
| Paul M. Rady | 1,029,600 | 73.15% | 753,140 |
| Glen C. Warren, Jr. | 645,000 | 73.15% | 471,810 |
| Alvyn A. Schopp | 378,216 | 73.15% | 276,661 |
| Kevin J. Kilstrom | 378,216 | 73.15% | 276,661 |
| Michael N. Kennedy | 328,313 | 73.15% | 240,157 |

We are aware that equity prices for E&P companies remain depressed. However, we believe that the results of our annual incentive program are appropriate and aligned with the interests of our shareholders. We consider the results of this program to have a direct correlation to the actions of our management team. Payments under the annual incentive plan will help us to retain and reward the executive team that is responsible for our success.

**Long-Term Equity-Based Incentive Awards**

***Long-Term Incentive Awards Granted in 2018***

Based on feedback received from our shareholders in connection with our outreach program, the Compensation Committee adjusted our compensation philosophy with respect to long-term equity-based awards to better reflect our shareholders' investment experience in the Company. Specifically, equity awards granted in 2018 targeted the market 50th percentile of the Peer Group, resulting in a reduced grant value for each Named Executive Officer (in the aggregate, grant values for 2018 were reduced 23% compared to grant values for 2017). In 2018, all long-term incentive awards for our Named Executive Officers were in the form of performance share units granted under the Antero Resources Corporation Long-Term Incentive Plan (the "AR LTIP"). The number of performance share units granted to our Named Executive Officers in 2018 are described more fully under "Grants of Plan-Based Awards for Fiscal Year 2018" below.

Of the performance share units granted in 2018, 70% were based on absolute total shareholder return, or "TSR", with a relative TSR modifier (the "TSR PSUs"), and 30% were based on return on capital employed, or "ROCE" (the "ROCE PSUs"). The Compensation Committee selected these metrics as they provide for a rigorous framework that rewards the Named Executive Officers for improving absolute stock price, while measuring the Company's performance against industry peers as well. ROCE was added as a performance metric because it motivates the Named Executive Officers to make decisions that result in efficient deployment of capital in the business. Additionally, ROCE is a metric that many investors consider when assessing the performance of companies in the oil and gas sector.

In order to achieve payout under the TSR PSUs, the Company's absolute TSR must be at least 50% of the target price of $24.97 (the "Target Price") at the end of the three-year performance period on April 15, 2021, with the payout, subject to adjustment as described below, determined as follows:

| Performance Level | Absolute TSR | Performance Payout % (Pre-Adjustment) |
|---|---|---|
| Below Threshold | < 50% of Target Price | 0% |
| Threshold | 50% of Target Price | 50% |
| Target | Target Price | 100% |
| Maximum | ≥ 150% of Target Price | 150% |

Following determination of the absolute TSR, the payout of the TSR PSUs may be adjusted to reflect our TSR performance relative to our peer group over the performance period. A relative TSR ranking of less than the 25$^{th}$ percentile results in a negative 50% adjustment to the payout of the TSR PSUs, and a relative TSR ranking of greater than the 75$^{th}$ percentile results in a positive 50% adjustment to the payout of the TSR PSUs. A relative TSR ranking of between the 25$^{th}$ percentile and the 75$^{th}$ percentile would not result in an adjustment to the payout of the TSR PSUs.

In order to achieve payout under the ROCE PSUs, the Company's ROCE must be at least 85% of 8.7% (the "Target ROCE") at the end of the three-year performance period on December 31, 2020, with the payout determined as follows:

| Performance Level | ROCE | Performance Payout % |
|---|---|---|
| Below Threshold | < 85% of Target ROCE | 0% |
| Threshold | 85% of Target ROCE | 50% |
| Target | Target ROCE | 100% |
| Maximum | ≥ 115% of Target ROCE | 200% |

## Other Benefits

### *Health and Welfare Benefits*

Our Named Executive Officers are eligible to participate in all of our employee health and welfare benefit arrangements on the same basis as other employees (subject to applicable law). These arrangements include medical, dental and disability insurance, as well as health savings accounts. We provide these benefits in order to ensure that we can competitively attract and retain officers and other employees. This is a fixed component of compensation, and these benefits are provided on a non-discriminatory basis to all employees.

### *Retirement Benefits*

We maintain an employee retirement savings plan through which employees may save for retirement or future events on a tax-advantaged basis. Participation in the 401(k) plan is at the discretion of each individual employee, and our Named Executive Officers participate in the plan on the same basis as all other employees. The plan permits us to make discretionary matching and non-elective contributions. Since January 1, 2014, the Company has matched 100% of the first 4% of eligible compensation that employees contribute to the plan, but on January 1, 2019, the Company increased its match to the first 6% of eligible compensation that employees contribute to the plan. These matching contributions are immediately fully vested.

## Perquisites and Other Personal Benefits

We believe the total mix of compensation and benefits provided to our Named Executive Officers is currently competitive. Therefore, perquisites do not play a significant role in our Named Executive Officers' total compensation.

**Impact of Simplification Transaction**

As described in “Item 13. Certain Relationships and Related Transactions and Director Independence—Agreements Related to the Transactions,” we, AMGP and certain of their affiliates entered into a Simplification Agreement. In connection with the Transactions contemplated by the Simplification Agreement, outstanding phantom units under the Midstream LTIP and Series B Units in IDR LLC held by certain of our Named Executive Officers will be converted or exchanged as described below. The Transactions will not constitute a "change in control" transaction under the applicable compensation arrangements, thus there are no change in control payments due to the executive officers in connection with the Transactions. As a result, there are no payments that will be made to named executive officers that are based on or otherwise related to the Transactions.

Antero Midstream Phantom Units

Our Named Executive Officers spend a portion of their time providing services to the Partnership, and thus are entitled to receive grants of equity-based awards under the Partnership’s Long Term Incentive Plan (the “Midstream LTIP”). In November 2014, each of our Named Executive Officers was granted phantom units under the Midstream LTIP in connection with the initial public offering of the Partnership. In April 2016 and 2017, each of our Named Executive Officers was granted additional phantom units under the Midstream LTIP as compensation for their additional services provided to the Partnership. No phantom units under the Midstream LTIP were granted during 2018. Phantom units granted under the Midstream LTIP generally represent the right to receive common units of the Partnership upon vesting.

At the effective time of the Transactions, each outstanding phantom unit under the Midstream LTIP, including those held by our Named Executive Officers, will be converted into a restricted stock unit or similar award of New AM with substantially the same terms and conditions (including with respect to vesting) applicable to such phantom unit award immediately prior to the effective time of the Transactions, representing the right to receive a number of shares of common stock of New AM equal to (i) the number of common units of the Partnership subject to such phantom unit award immediately prior to the effective time of the Transactions, multiplied by (ii) (A) 1.6350, plus (B) $3.415 divided by the average of the 20-day volume weighted average trading price per common share representing limited partner interests in AMGP prior to the election deadline. Additionally, all distribution equivalent rights granted in tandem with a corresponding phantom unit award will be converted into a distribution equivalent right or similar award of New AM with substantially the same terms and conditions (including with respect to vesting) applicable to such distribution equivalent right immediately prior to the effective time of the Transactions, representing the right to receive (i) any balance accrued on such distribution equivalent right as of the effective time of the Transactions and (ii) any dividends paid or distributions made by New AM from and after the effective time of the Transactions with respect to the number of shares of common stock of New AM subject to the converted phantom unit award to which such converted distribution equivalent right relates.

Series B Units in IDR LLC

IDR LLC was formed to hold 100% of the Partnership’s IDRs. As of December 31, 2018, Messrs. Rady, Warren and Kennedy held 48,000, 32,000 and 4,000, respectively, of the 98,600 outstanding Series B Units in IDR LLC. To the extent vested, the Series B Units in IDR LLC entitle the holders thereof to receive, subject to the terms and provisions of the IDR LLC Agreement and the incentive unit award agreements pursuant to which the awards were granted, a proportionate amount of up to 6% of any future profits of IDR LLC that result from any distributions on the Partnership’s IDRs that are held by IDR LLC in excess of $7.5 million per quarter. Unvested Series B Units in IDR LLC are not entitled to receive any distributions; however, in connection with any subsequent distribution on the Partnership’s IDRs following the date an unvested Series B Unit in IDR LLC becomes vested, the holder of such vested Series B Unit in IDR LLC is entitled to receive an additional distribution equal to the aggregate amount of distributions that would have been made with respect to such Series B Unit in IDR LLC during the period in which such Series B Unit was unvested if such Series B Unit had been vested.

With respect to vested Series B Units in IDR LLC, Messrs. Rady, Warren and Kennedy have the right, upon delivery of notice to IDR LLC, to require IDR LLC to redeem all or a portion of their vested Series B Units for a number of newly issued AMGP common shares, equal to the quotient determined by dividing (a) the product of (i) the Per Vested B Unit Entitlement (as defined below) and (ii) the number of vested Series B Units being redeemed, by (b) the volume-weighted average price of an AMGP common share for the 20 trading days ending on and including the trading day prior to the date of such notice (the “AMGP VWAP Price”). However, in no event will the aggregate number of AMGP common shares issued by AMGP pursuant to all such redemptions by owners of Series B Units exceed 6% of the aggregate number of issued and outstanding AMGP common shares.

For purposes of the redemption right described above, the "Per Vested B Unit Entitlement" is calculated in accordance with the IDR LLC Agreement, and will equal, as of the date of determination, the quotient obtained by dividing (a) the product of (i) the fair market value of IDR LLC (which for this purpose is based on the equity value of AMGP calculated on the applicable date of determination by multiplying the AMGP VWAP Price and the number of then-outstanding AMGP common shares) as of such date minus $2.0 billion and (ii) the product of (A) 6%, (B) the percentage of authorized Series B Units that are outstanding at such time and (C) the percentage of outstanding Series B Units that have vested, by (b) the total number of vested Series B Units outstanding at such time. In addition, upon the earliest to occur of (x) December 31, 2026, (y) a change of control transaction of AMGP or of IDR LLC, or (z) a liquidation of IDR LLC, AMGP may redeem each outstanding Series B Unit in exchange for AMGP common shares in accordance with the ratio described above, subject to certain limitations.

The remaining unvested Series B Units in IDR LLC issued to Messrs. Rady and Warren on December 31, 2016, will become vested on December 31, 2019, so long as the applicable executive remains continuously employed by us or one of our affiliates through such date. The remaining unvested Series B Units in IDR LLC issued to Mr. Kennedy on January 10, 2017 will become vested on December 31, 2019, so long as Mr. Kennedy remains continuously employed by us or one of our affiliates through such date. The potential acceleration and forfeiture events relating to these units are described in greater detail under the heading "Potential Payments Upon Termination or Change of Control" below.

Pursuant to the Simplification Agreement, AMGP, as the managing member of IDR Holdings, and Messrs. Rady and Warren, as the holders of a majority of the Series B Units, entered into an amendment to the IDR Holdings LLC Agreement to facilitate the Series B Exchange. At the effective time of the Transactions, each holder of Series B Units in IDR LLC, including our Named Executive Officers, will transfer each Series B Unit in IDR LLC it owns (vested and unvested) in exchange for (i) 176.0041 shares of common stock of New AM, which will be subject to the terms set forth in the limited liability company agreement of IDR LLC (the "IDR LLC Agreement") and will vest in accordance with the applicable equity grant agreement pursuant to which the Series B Unit in IDR LLC was originally issued, (ii) an amount in cash equal to the unpaid distributions (other than tax distributions) declared with respect to vested Series B Units in IDR LLC, if any, pursuant to the distribution provisions of the IDR LLC Agreement, and (iii) an amount in cash to be deposited into an escrow account equal to the distributions declared with respect to unvested Series B Units in IDR LLC, excluding any amounts attributable to any distributions made with respect to unvested Series B Units in IDR LLC after December 31, 2018 but prior to the effective time of the Transactions. Holders of Series B Units in IDR LLC, including our Named Executive Officers who hold Series B Units, will not be entitled to receive any distributions paid by IDR LLC or dividends paid by New AM during the 12 months ending December 31, 2019 that are payable on any Series B Units in IDR LLC or shares received in exchange for such Series B Units, as applicable, that are scheduled to vest on December 31, 2019.

**Other Matters**

***Employment, Severance or Change-in-Control Agreements***

We do not maintain any employment, severance or change-in-control agreements with any of our Named Executive Officers.

As discussed below under "Potential Payments Upon a Termination or a Change in Control," any of Messrs. Rady, Warren, Schopp, Kilstrom or Kennedy could be entitled to receive accelerated vesting of his restricted stock units in the Company, Series B Units in IDR LLC or phantom units in the Partnership, as applicable (including shares of common stock of New AM received in exchange for such Series B Units in IDR LLC or phantom units in the Partnership), that remain unvested upon his termination of employment with us under certain circumstances or upon the occurrence of certain corporate events. The Transactions will not result in accelerated vesting of such awards or the Series B Units.

***Share Ownership Guidelines***

Under AMGP's share ownership guidelines adopted in 2017, our executive officers are required to own a minimum number of AMGP common shares within five years of the adoption of the guidelines or within five years of becoming an executive officer, whichever is later. Specifically, each of our executive officers is required to own AMGP common shares having an aggregate fair market value equal to at least a designated multiple of the executive officer's base salary, as shown below.

| Officer Level | Ownership Guideline |
|---|---|
| Chief Executive Officer, President, and Chief Financial Officer | 5x annual base salary |
| Vice President | 3x annual base salary |
| Other Officers (if applicable) | 1x annual base salary |

These share ownership guidelines are designed to align our executive officers' interests more closely with those of AMGP's shareholders.

***Tax and Accounting Treatment of Executive Compensation Decisions***

Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), generally imposes a $1 million limit on the amount of compensation paid to "covered employees" (as defined in Section 162(m)) that a public corporation may deduct for federal income tax purposes in any year. The "Tax Cuts and Jobs Act," enacted in 2017, repealed the performance-based compensation exception to the Section 162(m) deduction limitation for tax years beginning after December 31, 2017. In addition, the Tax Cuts and Jobs Act generally expanded the scope of who is considered a "covered employee." With these changes, compensation paid to certain of our executives will be subject to the $1 million per year deduction limitation imposed by Section 162(m) unless such compensation qualifies for the transition relief applicable to certain compensation arrangements in place as of November 2, 2017. While we will continue to monitor our compensation programs in light of the deduction limitation imposed by Section 162(m), our Compensation Committee considers it important to retain the flexibility to design compensation programs that are in the best long-term interests of the Company and our shareholders. As a result, we have not adopted a policy requiring that all compensation be fully deductible. The Compensation Committee may conclude that paying compensation at levels in excess of the limits under Section 162(m) is nevertheless in the best interests of the Company and our shareholders. Given changes made to Section 162(m), it is likely that the Company will not be able to deduct for federal income tax purposes a portion of the compensation paid to our Named Executive Officers in 2018.

Many other Code provisions and accounting rules affect the payment of executive compensation and are generally taken into consideration as our compensation arrangements are developed. Our goal is to create and maintain compensation arrangements that are efficient, effective and in full compliance with these requirements.

**Risk Assessment**

We have reviewed our compensation policies and practices to determine if they create risks that are reasonably likely to have a material adverse effect on our Company. In connection with this risk assessment, we reviewed the design of our compensation and benefits program and related policies and determined that certain features of our programs and corporate governance generally help mitigate risk. Among the factors considered were the mix of cash and equity compensation, the balance between short- and long-term objectives of our incentive compensation, the degree to which programs provide for discretion to determine payout amounts, and our general governance structure.

Our Compensation Committee believes that our approach of evaluating overall business performance and implementation of company objectives assists in mitigating excessive risk-taking that could harm our value or reward poor judgment by our executives. Several features of our programs reflect sound risk-management practices.

- The Compensation Committee believes our overall compensation program provides a reasonable balance between short- and long-term objectives, which helps mitigate the risk of excessive risk-taking in the short term.

- The metrics that determine ultimate value awarded under our incentive compensation programs are associated with total company value. We do not believe these metrics create pressure to meet specific financial or individual performance goals.

- The performance criteria reviewed by the Compensation Committee in determining cash bonuses are based on overall performance relative to continually evolving objectives, and the Compensation Committee uses its subjective judgment in setting bonus levels for our officers. This is consistent with the Compensation Committee's belief that applying company-wide objectives encourages decision-making that is in the best long-term interests of our Company and our stakeholders as a whole.

- The multi-year vesting of our equity awards discourages excessive risk-taking and undue focus on short-term gains that may not be sustainable.

Due to the foregoing program features, the Compensation Committee concluded that our compensation policies and practices for all employees, including our Named Executive Officers, are not reasonably likely to have a material adverse effect on the Company.

**Tally Sheets**

The Compensation Committee uses tally sheets as a reference point in reviewing and establishing our Named Executive Officers' compensation. The tally sheets provide a holistic view of all material elements of our Named Executive Officers' compensation, including base salary, annual cash incentive awards, long-term equity incentive awards and indirect compensation such as perquisites and retirement benefits. Tally sheets also demonstrate the amounts each executive could potential receive under various termination and change in control scenarios, as well as a summary of all shares beneficially owned.

**Hedging and Pledging Prohibitions**

We have adopted an Insider Trading Policy at each of the Company, the Partnership and AMGP that prohibits our Named Executive Officers from engaging in speculative transactions involving our common stock, common units of the Partnership, and common shares of AMGP, including buying or selling puts or calls, short sales, purchases of securities on margin, or otherwise hedging the risk of ownership of such securities. The Insider Trading Policies also strictly prohibit our Named Executive Officers from pledging such securities as collateral.

**Clawback Policy**

We have adopted a general clawback policy at each of the Company and the Partnership covering long-term incentive award plans and arrangements. The clawback policy applies to our current Named Executive Officers as well as certain of our former Named Executive Officers. Generally, recoupment of compensation would be triggered under the policy in the event of a financial restatement caused by fraud or intentional misconduct. In the event of such misconduct, we may recoup performance-based equity compensation that was granted, earned or vested based wholly or in part upon the attainment of any financial reporting measure during the period in which such misconduct took place. The clawback policy gives the policy administrator discretion to determine whether a clawback of compensation should be initiated in any given case, as well as the discretion to make other determinations, including whether a covered individual's conduct meets a specified standard, the amount of compensation to be clawed back, and the form of reimbursement to the Company.

In order to comply with applicable law, the clawback policy may be updated or modified once the SEC adopts final clawback rules pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. In addition, the AR LTIP, the Midstream LTIP and the AMGP LTIP generally provide that, to the extent required by applicable law or any applicable securities exchange listing standards, or as otherwise determined by the Compensation Committee, all awards under the AR LTIP, Midstream LTIP and AMGP LTIP, as applicable, are subject to the provisions of any clawback policy the Company or the Partnership, as applicable, implements.

**Board Report**

*The material in this report is not "soliciting material," is not deemed "filed" with the SEC, and is not to be incorporated by reference into any filing under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in such filing.*

The Board of Directors of our general partner has reviewed and discussed the foregoing Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussion, the Board of Directors of our general partner has determined that the Compensation Discussion and Analysis shall be included in this Annual Report on Form 10-K.

AMGP GP LLC Board Members:

Peter R. Kagan
W. Howard Keenan, Jr.
James R. Levy
Brooks J. Klimley
Rose M. Robeson
Peter A. Dea
Paul M. Rady
Glen C. Warren, Jr.

## Summary Compensation Table

The following table summarizes, with respect to our Named Executive Officers, information relating to the compensation earned for services rendered in all capacities during the fiscal years ended December 31, 2018, 2017 and 2016.

### Summary Compensation Table for the Years Ended December 31, 2018, 2017 and 2016

| Name and Principal Position | Year | Salary ($)[1] | Bonus ($)[2] | Stock Awards ($)[3] | Option Awards ($) | Non-Equity Incentive Plan Compensation ($)[4] | All Other Compensation ($)[5] | Total ($) |
|---|---|---|---|---|---|---|---|---|
| **Paul M. Rady** | 2018 | 858,000 | — | 7,520,882 | — | 753,140 | 11,000 | 9,143,022 |
| *(Chairman of the Board* | 2017 | 853,833 | 823,680 | 8,240,720 | — | — | 10,800 | 9,929,033 |
| *of Directors and Chief* | 2016 | 831,667 | 1,249,500 | 8,185,133 | — [6] | — | 10,600 | 10,276,900 |
| *Executive Officer)* | | | | | | | | |
| **Glen C. Warren, Jr.** | 2018 | 645,000 | — | 3,076,725 | — | 471,810 | 11,000 | 4,204,534 |
| *(Director, President and* | 2017 | 641,833 | 516,000 | 5,493,827 | — | — | 10,800 | 6,662,460 |
| *Chief Financial Officer* | 2016 | 625,000 | 782,500 | 5,456,802 | — [6] | — | 10,600 | 6,874,902 |
| *of the Company and Secretary)* | | | | | | | | |
| **Alvyn A. Schopp** | 2018 | 442,800 | — | 1,538,352 | — | 276,661 | 11,000 | 2,226,813 |
| *(Chief Administrative* | 2017 | 429,833 | 367,200 | 2,032,733 | — | — | 10,800 | 2,840,566 |
| *Officer and Sr. Regional* | 2016 | 418,333 | 445,188 | 12,805,262 | — | — | 10,600 | 13,679,383 |
| *Vice President)* | | | | | | | | |
| **Kevin J. Kilstrom** | 2018 | 442,800 | — | 1,538,352 | — | 276,661 | 11,000 | 2,268,813 |
| *(Sr. Vice President—* | 2017 | 429,833 | 367,200 | 2,032,733 | — | — | 10,800 | 2,840,566 |
| *Production)* | 2016 | 418,333 | 445,188 | 6,739,263 | — | — | 10,600 | 7,613,384 |
| **Michael N. Kennedy** | 2018 | 384,375 | — | 1,538,352 | — | 240,157 | 11,000 | 2,173,884 |
| *(Sr. Vice President—* | 2017 | 373,167 | 300,000 | 2,032,733 | — [6] | — | 10,800 | 2,716,700 |
| *Finance, and Chief* | 2016 | 363,333 | 364,000 | 2,021,264 | — | — | 9,680 | 2,758,277 |
| *Financial Officer of the Partnership)* | | | | | | | | |

(1) The amounts in this column may differ from those reported above under "Compensation Discussion and Analysis—Elements of Direct Compensation—Base Salaries" due to the fact that adjustments to the base salaries of our Named Executive Officers for the 2016, 2017 and 2018 fiscal years took effect on March 1, 2016, March 1, 2017 and March 1, 2018, respectively.

(2) Represents the aggregate amount of the annual discretionary cash bonuses paid to each Named Executive Officer for 2016 and 2017. The new annual incentive program implemented in 2018 is intended to incentivize our Named Executive Officers to achieve specific performance goals throughout the year, and, as a result, such amounts earned under the new annual incentive program for 2018 are reported in the "Non-Equity Incentive Plan Compensation" column, rather than the "Bonus" column.

(3) The amounts in this column represent the grant date fair value of (i) restricted stock unit awards and performance share unit awards granted to the Named Executive Officers pursuant to the AR LTIP and (ii) phantom units (which include Midstream DERs, as discussed in "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Phantom Unit Awards" below) granted to the Named Executive Officers pursuant to the Midstream LTIP, each as computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 718. In 2018, the only awards that were granted were performance share unit awards under the AR LTIP. See Note 9 to our consolidated financial statements for additional detail regarding assumptions underlying the value of these equity awards.

(4) The amounts in this column represent the cash bonus paid to each Named Executive Officer under our 2018 annual incentive program.

(5) The amounts in this column represent the amount of the Company's 401(k) match for fiscal 2016, 2017 and 2018 for each participating Named Executive Officer. For fiscal 2016 and 2017, amounts in this column may include additional matching contributions made with respect to the applicable fiscal year after the filings of the Annual Report relating to such fiscal year.

(6) In December 2016, Messrs. Rady and Warren were each issued Series B Units in IDR LLC, one-third of which were unvested as of December 31, 2018. Mr. Kennedy was granted Series B Units in IDR LLC on January 10, 2017, one-third of which were unvested as of December 31, 2018. As discussed below under the heading "Payments Upon Termination or Change in Control—Series B Units in IDR LLC," the Series B Units in IDR LLC are intended to constitute "profits interests" for federal tax purposes.

Accordingly, if IDR LLC had been liquidated as of the date these Series B Units were granted, Messrs. Rady, Warren and Kennedy would not have been entitled to receive any distributions with respect to such Series B Units. Please see "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Series B Units in IDR LLC" for more information regarding the Series B Units in IDR LLC.

**Grants of Plan-Based Awards for Fiscal Year 2018**

| | | Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1) | | | Estimated Future Payouts Under Incentive Plan Awards (2) | | | Grant Date Fair Value of Stock and Option |
|---|---|---|---|---|---|---|---|---|
| **Name** | **Grant Date** | **Threshold ($)** | **Target ($)** | **Maximum ($)** | **Threshold (#)** | **Target (#)** | **Maximum (#)** | **Awards ($)(3)** |
| **Paul M. Rady** | | 514,800 | 1,029,600 | 2,059,200 | | | | |
| TSR PSUs (4) | 4/15/18 | | | | 111,487 | 222,973 | 445,946 | 5,540,879 |
| ROCE PSUs (5) | 4/15/18 | | | | 47,780 | 95,560 | 191,120 | 1,980,003 |
| **Glen C. Warren, Jr.** | | 322,500 | 645,000 | 1,290,000 | | | | |
| TSR PSUs (4) | 4/15/18 | | | | 45,608 | 91,216 | 182,432 | 2,266,718 |
| ROCE PSUs (5) | 4/15/18 | | | | 19,547 | 39,093 | 78,186 | 810,007 |
| **Alvyn A. Schopp** | | 189,108 | 378,216 | 756,432 | | | | |
| TSR PSUs (4) | 4/15/18 | | | | 22,804 | 45,608 | 91,216 | 1,133,359 |
| ROCE PSUs (5) | 4/15/18 | | | | 9,773 | 19,546 | 39,092 | 404,993 |
| **Kevin J. Kilstrom** | | 189,108 | 378,216 | 756,432 | | | | |
| TSR PSUs (4) | 4/15/18 | | | | 22,804 | 45,608 | 91,216 | 1,133,359 |
| ROCE PSUs (5) | 4/15/18 | | | | 9,773 | 19,546 | 39,092 | 404,993 |
| **Michael N. Kennedy** | | 164,156 | 328,313 | 656,625 | | | | |
| TSR PSUs (4) | 4/15/18 | | | | 22,804 | 45,608 | 91,216 | 1,133,359 |
| ROCE PSUs (5) | 4/15/18 | | | | 9,773 | 19,546 | 39,092 | 404,993 |

(1) These columns reflect the threshold, target and maximum amount that may be earned under our 2018 annual incentive plan.

(2) These columns reflect the threshold, target and maximum number of shares of the Company that may be earned under performance share unit awards granted on April 15, 2018.

(3) The amounts in this column represent the grant date fair value of performance share unit awards granted to the Named Executive Officers pursuant to the AR LTIP, as computed in accordance with FASB ASC Topic 718. See Note 9 to our consolidated financial statements for additional detail regarding assumptions underlying the value of these equity awards.

(4) These TSR PSUs granted on April 15, 2018 under the AR LTIP are earned (or not) based upon our three-year absolute TSR performance, as adjusted for relative TSR performance against a peer group of comparable E&P companies. Pursuant to the TSR PSUs, our Named Executive Officers are eligible to receive threshold, target and maximum payouts of 50%, 100% and 150%, respectively, of the target amount of TSR PSUs awarded. In order to achieve threshold, target and maximum payouts under the TSR PSUs, the Company's absolute TSR performance must be at or over 50% of the target price, 100% of the target price or 150% of the target price, respectively. Additionally, the payout under the TSR PSUs may be further adjusted depending on the Company's relative TSR performance, where a relative TSR ranking of less than the $25^{th}$ percentile results in a negative adjustment of -50% and a relative TSR ranking of more than the $75^{th}$ percentile results in a positive adjustment of 50%, which may result in payout at 0% of target, even if the threshold for actual TSR is achieved. If actual TSR is achieved at maximum (150% of target), the payout after the adjustment for relative TSR may be 200% of target, as reflected in the "Maximum" column.

(5) These ROCE PSUs granted on April 15, 2018 under the AR LTIP are earned (or not) based upon the Company's return on capital employed over the three-year performance period beginning January 1, 2018 and ending December 31, 2020. Pursuant to the ROCE PSUs, our Named Executive Officers are eligible to receive threshold, target and maximum payouts of 50%, 100% and 200%, respectively, of the target amount of ROCE PSUs. In order to achieve threshold, target and maximum payouts under the ROCE PSUs, the ROCE must be at or above 85% of the target ROCE, 100% of the target ROCE, or 115% of the target ROCE, respectively.

**Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table**

The following is a discussion of material factors necessary to an understanding of the information disclosed in the Summary Compensation Table and the Grants of Plan-Based Awards for Fiscal Year 2018 table.

***Performance Share Units***

The Compensation Committee granted performance share unit awards under the AR LTIP to each of our Named Executive Officers in April 2018. The performance share unit awards will be earned based partially upon our three-year absolute TSR, as adjusted by the relative TSR of the Peer Group, and partially upon our three-year ROCE. In each case, the applicable Named Executive Officer must remain continuously employed by us from the grant date through the applicable vesting date. All of the performance share unit awards will also vest in full upon a termination of a Named Executive Officer's employment due to his death or disability. The potential acceleration and forfeiture events related to these performance share units are described in greater detail under the heading "Potential Payments Upon Termination or Change in Control" below.

**Outstanding Equity Awards at 2018 Fiscal Year-End**

The following table provides information concerning equity awards that have not vested for our Named Executive Officers as of December 31, 2018.

| | Option Awards | | | | Stock Awards | | | |
|---|---|---|---|---|---|---|---|---|
| Name | Number of Securities Underlying Unexercised Options Unexercisable (#)[1] | Number of Securities Underlying Unexercised Options Exercisable (#) | Option Exercise Price ($) | Option Expiration Date | Number of Units That Have Not Vested (#) | Market Value of Units That Have Not Vested ($)[2] | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[3] |
| **Paul M. Rady** | | | | | | | | |
| Restricted Stock Units [4] | | | | | 136,785 | 1,284,411 | | |
| Performance Share Units [5] | | | | | | | 447,739 | 4,204,269 |
| Phantom Units [6] | | | | | 87,346 | 1,868,320 | | |
| Stock Options [7] | 25,000 | 75,000 | 50.00 | 4/15/25 | | | | |
| Series B Units in IDR LLC [8] | 16,000 | 32,000 | N/A | N/A | | | | |
| **Glen C. Warren, Jr.** | | | | | | | | |
| Restricted Stock Units [4] | | | | | 91,191 | 856,279 | | |
| Performance Share Units [5] | | | | | | | 220,549 | 2,070,955 |
| Phantom Units [6] | | | | | 58,230 | 1,245,545 | | |
| Stock Options [7] | 16,667 | 50,000 | 50.00 | 4/15/25 | | | | |
| Series B Units in IDR LLC [8] | 10,667 | 21,333 | N/A | N/A | | | | |
| **Alvyn A. Schopp** | | | | | | | | |
| Restricted Stock Units [4] | | | | | 100,714 | 945,706 | | |
| Performance Share Units [5] | | | | | 22,222 | 208,665 | 231,216 | 2,171,118 |
| Phantom Units [6] | | | | | 21,075 | 450,784 | | |
| Stock Options [7] | 6,250 | 18,750 | 50.00 | 4/15/25 | | | | |
| **Kevin J. Kilstrom** | | | | | | | | |
| Restricted Stock Units [4] | | | | | 63,214 | 593,581 | | |
| Performance Share Units [5] | | | | | 9,722 | 91,290 | 156,216 | 1,466,868 |
| Phantom Units [6] | | | | | 21,075 | 450,784 | | |
| Stock Options [7] | 6,250 | 18,750 | 50.00 | 4/15/25 | | | | |
| **Michael N. Kennedy** | | | | | | | | |
| Restricted Stock Units [4] | | | | | 34,048 | 319,706 | | |
| Performance Share Units [5] | | | | | | | 97,882 | 919,112 |
| Phantom Units [6] | | | | | 21,075 | 450,784 | | |
| Stock Options [7] | 6,250 | 18,750 | 50.00 | 4/15/25 | | | | |
| Stock Options | — | 60,000 | 54.15 | 10/16/23 | | | | |
| Series B Units in IDR LLC [8] | 1,333 | 2,667 | N/A | N/A | | | | |

(1) Awards reflected as "Unexercisable" are Series B Units in IDR LLC and stock option awards granted under the AR LTIP that have not yet vested.

(2) The amounts reflected in this column represent the market value of (i) common stock underlying the unvested restricted stock unit awards and earned but unvested performance share unit awards granted under the AR LTIP held by the Named Executive Officers (where the applicable performance hurdle has been achieved but a period of continued service remains), computed based on the closing price of our common stock on December 31, 2018, which was $9.39 per share and (ii) common units of the Partnership underlying the phantom unit awards granted under the Midstream LTIP to the Named Executive Officers, computed based on the closing price of the Partnership's common units on December 31, 2018, which was $21.39 per unit.

(3) The amounts reflected in this column represent the market value common stock underlying the performance share units granted under the AR LTIP reported in the preceding column, computed based on the closing price of our common stock on December 31, 2018, which was $9.39 per share.

(4) Except as otherwise provided in the applicable award agreement, (i) the restricted stock unit awards granted under the AR LTIP in 2016 will vest on April 15 of each of 2019 and 2020 and (ii) the restricted stock unit awards granted under the AR LTIP in 2015 will vest on April 15, 2019, in each case, so long as the applicable Named Executive Officer remains continuously employed by us from the grant date through the applicable vesting date.

(5) This row includes performance share units granted under the AR LTIP outstanding as set forth below. The amounts included in the parentheticals reflect (i) the threshold number of performance share units for the performance share units that vest based on our relative TSR, the TSR PSU, as performance as of December 31, 2018 was below the threshold for payout of these awards; (ii) the maximum number of the ROCE PSUs, as performance as of December 31, 2018 was at maximum, and (iii) the number of unearned performance share units granted in 2016 as special retention awards for which the applicable stock price hurdle has not been achieved. The actual number of shares earned pursuant to performance share units may vary substantially from the amounts set forth below based on actual performance through the end of the applicable performance period.

- In 2016 as a special retention award to Mr. Schopp (133,334) and Mr. Kilstrom (58,334), which vest based upon achievement of certain stock price hurdles. An additional number of performance share units granted to Mr. Schopp (22,222) and Mr. Kilstrom (9,722) have previously become earned upon achievement of the applicable stock price hurdle and will vest in February 2019, so long as the applicable Named Executive Officer remains continuously employed by us from the grant date through such date.
- In 2016 to Mr. Rady (55,887), Mr. Warren (37,258), Mr. Schopp (13,972), Mr. Kilstrom (13,972) and Mr. Kennedy (13,972), that will vest following the Committee's determination of our relative three-year TSR achievement for the performance period ending April 15, 2019, so long as the applicable Named Executive Officer remains continuously employed by us from the grant date through such date.
- In 2017 to Mr. Rady (89,245), Mr. Warren (59,497), Mr. Schopp (22,014), Mr. Kilstrom (22,014) and Mr. Kennedy (22,014), that will vest following the Committee's determination of our relative three-year TSR achievement for the performance period ending April 15, 2020, so long as the applicable Named Executive Officer remains continuously employed by us from the grant date through such date.
- In 2018 to Mr. Rady (111,487), Mr. Warren (45,608), Mr. Schopp (22,804), Mr. Kilstrom (22,804) and Mr. Kennedy (22,804), that will vest following the Committee's determination of our absolute three-year TSR achievement for the performance period ending April 15, 2021, subject to adjustment based on our relative three-year TSR achievement for such performance period and so long as the applicable Named Executive Officer remains continuously employed by us from the grant date through such date.
- In 2018 to Mr. Rady (191,120), Mr. Warren (78,186), Mr. Schopp (39,092), Mr. Kilstrom (39,092) and Mr. Kennedy (39,092), that will vest following the Committee's determination in April 2019 of our three-year ROCE achievement for the performance period ending December 31, 2020, so long as the applicable Named Executive Officer remains continuously employed by us from the grant date through the Committee's determination.

(6) Except as otherwise provided in the applicable award agreement, the phantom units granted in 2016 under the Midstream LTIP will vest on April 15 of each of 2019 and 2020, so long as the applicable Named Executive Officer remains continuously employed by us from the grant date through the applicable vesting date.

(7) The unvested stock option awards reflected in this row were granted under the AR LTIP and will become vested and exercisable on April 15, 2019, so long as the applicable Named Executive Officer remains continuously employed by us or one of our affiliates through such date.

(8) The Series B Units in IDR LLC reflected in this row are intended to constitute profits interests for federal tax purposes, rather than traditional option awards, and therefore, there is no exercise price or expiration date associated with them. The unvested Series B Units in IDR LLC reflected in this row will become vested and exercisable on December 31, 2019, so long as the applicable Named Executive Officer remains continuously employed by us or one of our affiliates through each such date.

**Option Exercises and Stock Vested in Fiscal Year 2018**

The following table provides information concerning equity awards that vested or were exercised by our Named Executive Officers during the 2018 fiscal year.

| | Option Awards[(1)] | | Stock Awards | |
|---|---|---|---|---|
| Name | Number of Shares Acquired on Exercise (#) | Value Realized on Exercise ($) | Number of Shares Acquired on Vesting (#)[(2)] | Value Realized on Vesting ($)[(3)] |
| **Paul M. Rady** | | | | |
| Restricted Stock Units | — | — | 79,093 | 1,638,807 |
| Phantom Units | — | — | 83,000 | 2,231,400 |
| **Glen C. Warren, Jr.** | | | | |
| Restricted Stock Units | — | — | 52,729 | 1,092,545 |
| Phantom Units | — | — | 55,333 | 1,487,592 |
| **Alvyn A. Schopp** | | | | |
| Restricted Stock Units | — | — | 139,345 | 2,531,602 |
| Phantom Units | — | — | 20,398 | 549,022 |
| **Kevin J. Kilstrom** | | | | |
| Restricted Stock Units | — | — | 89,345 | 1,680,602 |
| Phantom Units | — | — | 20,398 | 549,022 |
| **Michael N. Kennedy** | | | | |
| Restricted Stock Units | — | — | 70,984 | 1,152,468 |
| Phantom Units | — | — | 18,898 | 506,722 |

(1) There were no stock option exercises during the 2018 fiscal year.

(2) The equity awards that vested during the 2018 fiscal year disclosed in this column consist of (i) restricted stock units granted under the AR LTIP, (ii) the vested portion of the performance share unit awards granted under the AR LTIP as special retention awards in February 2016 to Messrs. Schopp and Kilstrom, and (iii) phantom units granted under the Midstream LTIP.

(3) The amounts reflected in this column represent the aggregate market value realized by each Named Executive Officer upon vesting of (i) the restricted stock unit awards held by such Named Executive Officer, computed based on the closing price of our common stock on the applicable vesting date, and (ii) the phantom unit awards held by such Named Executive Officer, computed based on the closing price of the Partnership's common units on the applicable vesting date.

**Pension Benefits**

We do not provide pension benefits to our employees.

**Nonqualified Deferred Compensation**

We do not provide nonqualified deferred compensation benefits to our employees.

**Payments Upon Termination or Change in Control**

***Restricted Stock Units, Performance Share Units, Phantom Units and Stock Options***

Any unvested restricted stock units, unvested phantom units or unvested stock options subject to time-based vesting criteria granted to our Named Executive Officers under the AR LTIP or the Midstream LTIP, as applicable, will become immediately fully vested (and, in the case of stock options, fully exercisable) if the applicable Named Executive Officer's employment with us terminates due to his death or "disability" or in the event of a "change in control" (as such terms are defined in the AR LTIP or the Midstream LTIP, as applicable). For performance share unit awards, any continued employment conditions will be deemed satisfied on the date of the applicable Named Executive Officer's termination due to his death or "disability" or upon the occurrence of a "change in control," the performance period will end on the date of such termination or "change in control," and such performance share unit awards will be settled based on the actual level of performance achieved as of such date.

For purposes of these awards, a Named Executive Officer will be considered to have incurred a "disability" if the executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or which has lasted or can be expected to last for a continuous period of at least 12 months.

For purposes of the AR LTIP awards, "change in control" generally means the occurrence of any of the following events:

- A person or group of persons acquires beneficial ownership of 50% or more of either (a) the outstanding shares of our common stock or (b) the combined voting power of our voting securities entitled to vote in the election of directors, in each case with the exception of (i) any acquisition directly from us, (ii) any acquisition by us or any of our affiliates, or (iii) any acquisition by any employee benefit plan sponsored or maintained by us;

- The incumbent members of the Board cease for any reason to constitute at least a majority of the Board;

- The consummation of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of our assets, or an acquisition of assets of another entity (a "Business Combination"), in each case, unless, following such Business Combination, (A) our outstanding common stock immediately prior to such Business Combination represents more than 50% of the outstanding common equity interests and the outstanding voting securities entitled to vote in the election of directors of the surviving entity, (B) no person or group of persons beneficially owns 20% or more of the common equity interests of the surviving entity or the combined voting power of the voting securities entitled to vote generally in the election of directors of such surviving entity, and (C) at least a majority of the members of the board of directors of the surviving entity were members of the incumbent board at the time of the execution of the initial agreement or corporate action providing for such Business Combination; or

- Approval by our shareholders of a complete liquidation or dissolution of the Company.

For purposes of the Midstream LTIP awards, "change in control" means the occurrence of any of the following events:

- A person or group of persons, other than certain affiliates of the Partnership, becomes the beneficial owner, by way of merger, acquisition, consolidation, recapitalization, reorganization, or otherwise, of 50% or more of the voting power of the equity interests in the general partner of the Partnership;

- The sale or disposition by either the Partnership or the general partner of the Partnership of all or substantially all of its assets;

- The general partner of the Partnership's approval of a complete liquidation or dissolution of the Partnership;

- A transaction resulting in a person or group of persons other than the general partner of the Partnership, the Partnership, the Company or one of their respective affiliates becoming the general partner of the Partnership; or

- A "Change in Control" as defined in the AR LTIP.

The Transactions will not result in a "change in control" under the outstanding awards described above.

***Series B Units in IDR LLC***

The Series B Units in IDR LLC held by Messrs. Rady, Warren and Kennedy will vest upon the consummation of a change of control transaction (as defined in the IDR LLC Agreement) or upon an involuntary termination without cause or due to death or disability. As discussed above, the Series B Units in IDR LLC issued to Messrs. Rady and Warren on December 31, 2016 and to Mr. Kennedy on January 10, 2017 are intended to constitute "profits interests" for federal tax purposes and are not traditional options.

As used in the IDR LLC Agreement and the award agreements pursuant to which the Series B Units in IDR LLC were granted, "change of control transaction" means the occurrence of any of the following events:

- Any consolidation, conversion, merger or other business combination involving IDR Holdings or AMGP, in which a majority of the outstanding Series A Units of IDR LLC or a majority of the outstanding common shares of AMGP (the

"AMGP common shares") are exchanged for or converted into cash, securities of a corporation or other business organization, or other property;

- A sale or other disposition of all or a material portion of the assets of IDR LLC;
- A sale or other disposition of all or substantially all of the assets of AMGP followed by a liquidation of AMGP or a distribution to the partners of AMGP of all or substantially all of the net proceeds of such disposition after payment of liabilities and other obligations of AMGP;
- The sale by all the members of IDR LLC of all or substantially all of the outstanding IDR LLC membership interests in a single transaction or series of related transactions; or
- The sale of all of the outstanding AMGP common shares in a single transaction or series of related transactions.

The Transactions will not result in a "change in control" under the IDR LLC agreement.

Pursuant to Amendment No. 2 to the IDR LLC Agreement entered into in connection with the entry into the Simplification Agreement, the Transactions contemplated by the Simplification Agreement, including the Series B Exchange, do not constitute a "change of control transaction" under the IDR LLC Agreement.

As discussed above, each of Messrs. Rady, Warren and Kennedy have the right, upon delivery of written notice to IDR LLC, to require IDR LLC to redeem all or a portion of their vested Series B Units for a number of newly issued AMGP common shares, as determined in accordance with the formula described in "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table— Series B Units in IDR LLC" above.

The above mechanisms are subject to customary conversion rate adjustments for equity splits, equity dividends and reclassifications.

**Potential Payments Upon Termination or Change in Control Table for Fiscal 2018**

If the employment of any of our Named Executive Officers would have terminated due to any Named Executive Officer's death or disability, the unvested portion of his restricted stock units, phantom units and stock options, as applicable, would have become vested. The restricted stock units (and, if exercised, the stock options) granted under the AR LTIP represent a direct interest in shares of our common stock, which had a closing price on December 31, 2018, of $9.39 per share. The phantom units granted under the Midstream LTIP represent a direct interest in the Partnership's common units, which had a closing price on December 31, 2018, of $21.39 per unit.

The amounts that each of our Named Executive Officers would receive in connection with the accelerated vesting of their equity awards (other than stock options) upon a termination due to their death or disability (assuming such termination occurred on December 31, 2018) are reflected in the last column of the Outstanding Equity Awards at 2018 Fiscal Year-End table above. Because the exercise price of stock options held by our Named Executive Officers exceeded the fair market value of the Company's common stock on December 31, 2018, no value would have been received by our Named Executive Officers with respect to their stock options in connection with the accelerated vesting of these awards.

### *Quantification of Benefits*

The following table summarizes the compensation and other benefits that would have become payable to each Named Executive Officer assuming a change in control of the Company and the Partnership occurred on December 31, 2018.

**Potential Payments upon a Change in Control of the Company as of December 31, 2018**

| Name | Restricted Stock Units ($) | Performance Share Unit Awards ($)[1] | Phantom Units ($) | Stock Options ($)[2] | Series B Units in IDR LLC ($)[3] | Total ($) |
|---|---|---|---|---|---|---|
| Paul M. Rady | 1,284,411 | 1,794,617 | 1,868,320 | — | — | 4,947,348 |
| Glen C. Warren, Jr. | 856,279 | 734,167 | 1,245,545 | — | — | 2,835,991 |
| Alvyn A. Schopp | 945,706 | 575,738 | 450,784 | — | N/A | 1,972,228 |
| Kevin J. Kilstrom | 593,581 | 458,363 | 450,784 | — | N/A | 1,502,728 |
| Michael N. Kennedy | 319,706 | 367,074 | 450,784 | — | — | 1,137,564 |

(1) Acceleration of the performance share unit awards granted under the AR LTIP in 2016 (other than the special performance share unit award in February 2016 to Messrs. Schopp and Kilstrom) and 2017, the TSR PSUs and ROCE PSUs is based upon actual performance as of the date of the change in control. As of December 31, 2018, (i) all such awards (other than the ROCE PSUs) were trending below threshold, so no value would have been received by our Named Executive Officers with respect to such awards in connection with the accelerated vesting of such awards (other than the ROCE PSUs) and (ii) the ROCE PSUs were trending at maximum, so the value reflected in this column represents settlement at each such award's maximum value. With respect to the special performance share unit award granted in February 2016 to Messrs. Schopp and Kilstrom, the amount reflected here represents the lapse of the employment condition for the portion of such awards for which the applicable stock price hurdle has previously been achieved.

(2) Because the exercise price of stock options held by our Named Executive Officers exceeded the fair market value of the Company's common stock on December 31, 2018, no value would have been received by our Named Executive Officers with respect to their stock options in connection with the accelerated vesting of these awards.

(3) The Series B Units in IDR LLC held by each of Messrs. Rady, Warren and Kennedy will vest upon the consummation of a change of control transaction or upon an involuntary termination of the applicable executive's employment without cause or due to death or disability. The Series B Units in IDR LLC are not traditional options. The redemption right described above only applies upon a change of control transaction applicable to IDR LLC or the general partner of the Partnership (not a change of control of the Company or the Partnership), and, therefore, the redemption value is not disclosed in this table.

## Compensation of Directors

### *General*

Our non-employee directors are entitled to receive compensation consisting of retainers, fees and equity awards as described below. The Compensation Committee reviews and approves non-employee director compensation on a periodic basis.

Our employee directors, Messrs. Rady and Warren, do not receive additional compensation for their services as directors. All compensation that Messrs. Rady and Warren received from the Company as employees is disclosed in the Summary Compensation Table above.

Messrs. Kagan, Keenan and Levy have agreed or are otherwise obligated to transfer all or a portion of the compensation they receive for their service as directors to the sponsor with which they are affiliated.

### *Annual Retainers*

Each non-employee director received the following compensation for the 2018 fiscal year:

- an annual retainer of $70,000;
- an additional retainer of $7,500 for each member of the audit committee, plus an additional $12,500 for the chairperson; and

- an additional retainer of $10,000 for each member of the conflicts committee, plus an additional $5,000 for the chairperson.

All retainers are paid on a quarterly basis in arrears, but directors have the option to elect, on an annual basis, to receive all or a portion of their retainers in the form of shares of our common stock. Directors do not receive any meeting fees, but each director is reimbursed for (1) travel and miscellaneous expenses to attend meetings and activities of the Board or its committees, and (2) travel and miscellaneous expenses related to the director's participation in general education and orientation programs for directors.

***Equity-Based Compensation***

In addition to cash compensation, our non-employee directors receive quarterly grants of fully vested common shares with an aggregate value equal to $100,000 per year, subject to the terms and conditions of the AMGP LTIP and the award agreements pursuant to which such awards are granted.

Under our share ownership guidelines adopted in 2017, each of our non-employee directors other than Messrs. Kagan, Keenan and Levy is required to own a minimum number of our common shares within five years of the adoption of the guidelines or within five years of being appointed to the Board, whichever is later. Specifically, each of such non-employee directors is required to own common shares having an aggregate fair market value equal to at least five times the amount of the annual cash retainer we pay to our non-employee directors. These share ownership guidelines are designed to align our directors' interests more closely with those of our shareholders.

***Total Non-Employee Director Compensation***

The following table provides information concerning the compensation of our non-employee directors for the fiscal year ended December 31, 2018.

| Name | Fees Earned or Paid in Cash ($)[1] | Unit Awards ($)[2] | Total ($) |
|---|---|---|---|
| Peter R. Kagan [3] | 70,000 | 100,000 | 170,000 |
| W. Howard Keenan, Jr. | 70,000 | 100,000 | 170,000 |
| Rose M. Robeson [4] | 120,000 | 100,000 | 220,000 |
| James R. Levy [3] | 77,500 | 100,000 | 177,500 |
| Peter A. Dea [5] | 58,125 | 68,132 | 126,257 |
| Brooks J. Klimley [4] | 117,500 | 100,000 | 217,500 |

(1) Includes annual cash retainer, committee fees and committee chair fees for each non-employee director during fiscal 2018, as more fully explained above.

(2) Amounts in this column reflect the aggregate grant date fair value of shares granted under the AMGP LTIP in fiscal year 2018, computed in accordance with FASB ASC Topic 718. See Note 5 to our consolidated financial statements on Form 10-K for the year ended December 31, 2018, for additional detail regarding assumptions underlying the value of these equity awards. The grant date fair value for awards of common shares is based on the closing price of our common shares on the grant date.

(3) Messrs. Kagan and Levy elected to receive their retainer fees for the 2018 fiscal year in the form of common shares.

(4) During 2018, Ms. Robeson and Mr. Klimley received additional fees of $20,000 and $25,000, respectively, in connection with their service on the special committee created for purposes of evaluating and approving the Transactions.

(5) Mr. Dea was appointed as a non-employee director on April 26, 2018.

**Equity Compensation Plan Information**

The following table sets forth information about securities that may be issued under the existing equity compensation plans of the Company, the Partnership, and AMGP as of December 31, 2018.

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted – average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|---|---|---|---|
| **Equity compensation plans approved by security holders** | | | |
| Antero Resources Corporation Long-Term Incentive Plan (1) | 4,059,401 | $50.55(4) | 8,351,638 |
| Antero Midstream Partners LP Long-Term Incentive Plan (2) | 583,000 | N/A(5) | 7,932,261 |
| Antero Midstream Partners GP LP Long-Term Incentive Plan (3) | N/A | N/A(6) | 881,626 |
| **Equity compensation plans not approved by security holders** | — | — | — |
| **Total** | **4,642,401** | | **17,165,525** |

(1) The Antero Resources Corporation Long-Term Incentive Plan (the "AR LTIP") was approved by our sole shareholder prior to our IPO and by our shareholders at the 2014 annual meeting of shareholders.

(2) The Antero Midstream Partners LP Long-Term Incentive Plan (the "Midstream LTIP") was approved by the Company and the general partner of the Partnership prior to its IPO.

(3) The AMGP LTIP was approved by the general partner of the general partner of the Partnership prior to its IPO.

(4) The calculation of the weighted-average exercise price of outstanding options, warrants and rights excludes restricted stock unit awards granted under the AR LTIP.

(5) Only phantom unit awards and restricted unit awards have been granted under the Midstream LTIP; there is no weighted average exercise price associated with these awards.

(6) Only common shares representing limited partner interests have been granted under the AMGP LTIP; there is no weighted average exercise price associated with these awards. Awards under the AMGP LTIP have only been issued to non-employee directors of AMGP GP LLC, AMGP's general partner. No awards have been made to our Named Executive Officers under the AMGP LTIP.

## CEO Pay Ratio

Pursuant to Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 402(u) of Regulation S-K, this section provides information regarding the relationship of the annual total compensation of all of our employees to the annual total compensation of our CEO, Mr. Rady. For 2018, the median of the annual total compensation of all Company employees (other than our CEO), calculated in accordance with paragraph (c)(2)(x) of Item 402 of Regulation S-K, was $92,772, and the annual total compensation of our CEO, as reported in the Summary Compensation Table, was $9,143,022.

Based on this information, for 2018, the ratio of the annual total compensation of Mr. Rady to the median of the annual total compensation of all of our employees was 99 to 1.

### *Methodology and Assumptions*

When identifying our median employee in 2018, we selected December 31, 2018, as the date on which to determine our employee population for purposes of identifying the median of the annual total compensation of all of our employees (other than the CEO), because it was efficient to collect payroll data and other necessary information as of that date. As of December 31, 2018, our employee population consisted of 622 individuals, including all individuals employed by the Company or any of its consolidated subsidiaries, whether as full-time, part-time, seasonal or temporary workers. This population does not include independent contractors engaged by the Company. All of our employees are located in the United States.

In identifying our median employee in 2018, we utilized the annual total compensation as reported in Box 1 of each employee's Form W-2 for 2018 provided to the Internal Revenue Service. We believe this methodology provides a reasonable basis for determining each employee's total annual compensation and is an economical method of evaluating our employee population's total annual compensation and identifying our median employee. For the 103 employees hired during 2018, we utilized the annual total compensation reported on each such employee's Form W-2 for 2018 without annualization adjustments. No cost-of-living adjustments were made in identifying our median employee, as all of our employees (including our CEO) are located in the United States. This calculation methodology was consistently applied to our entire employee population, determined as of December 31, 2018, in order to identify our median employee in 2018.

After we identified our median employee, we calculated each element of our median employee's annual compensation for 2018 in accordance with paragraph (c)(2)(x) of Item 402 of Regulation S-K, which resulted in annual total compensation of $92,772. The difference between our median employee's total compensation reported on Form W-2 and our median employee's annual total compensation calculated in accordance with paragraph (c)(2)(x) of Item 402 of Regulation S-K was $3,181. This amount reflects the Company's 401(k) match and non-cash imputed earnings offset by benefits deductible from gross income. Similarly, the 2018 annual total compensation of our CEO was calculated in accordance with paragraph (c)(2)(x) of Item 402 of Regulation S-K, as reported in the "Total" column of the Summary Compensation Table.

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

The following table sets forth the beneficial ownership of common shares of Antero Midstream GP LP that were issued and outstanding as of February 13, 2019 held by:

- our general partner;
- beneficial owners of 5% or more of our common units;
- each director and Named Executive Officer; and
- all of our general partner's directors and executive officers as a group.

Except as otherwise noted, the person or entities listed below have sole voting and investment power with respect to all of our common shares beneficially owned by them, except to the extent this power may be shared with a spouse. All information with respect to beneficial ownership has been furnished by the respective directors, officers or beneficial owners of 5% or more of our common shares, as the case may be. Unless otherwise noted, the address for each beneficial owner listed below is 1615 Wynkoop Street, Denver, Colorado 80202.

| Name of Beneficial Owner | Common Shares Beneficially Owned | Percentage of Common Shares Beneficially Owned |
|---|---|---|
| Warburg Pincus Funds[1] | 55,109,589 | 29.6 % |
| AMGP GP LLC(²) | — | — % |
| Peter R. Kagan[3][4] | 55,125,401 | 29.6 % |
| W. Howard Keenan, Jr.[5][6] | 9,619 | * % |
| Brooks J. Klimley[7] | 9,619 | * % |
| James R. Levy[3][4] | 55,126,066 | 29.6 % |
| Rose M. Robeson | 9,619 | * % |
| Peter A. Dea | 4,486 | * % |
| Paul M. Rady[8] | 19,996,619 | 10.7 % |
| Glen C. Warren, Jr.[9] | 14,931,079 | 8.0 % |
| Kevin J. Kilstrom | 917,548 | * % |
| Alvyn A. Schopp | 1,394,146 | * % |
| Michael N. Kennedy | 27,774 | * % |
| All directors and executive officers as a group (11 persons)[10] | 37,332,798 | 20.0 % |

* Less than 1%.

(1) The Warburg Pincus funds are Warburg Pincus Private Equity VIII, L.P., a Delaware limited partnership ("WP VIII," and together with its two affiliated partnerships, Warburg Pincus Netherlands Private Equity VIII C.V. I, a company formed under the laws of the Netherlands ("WP VIII CV I"), and WP-WPVIII Investors, L.P., a Delaware limited partnership ("WP-WPVIII Investors"), collectively, the "WP VIII Funds"), Warburg Pincus Private Equity X O&G, L.P., a Delaware limited partnership ("WP X O&G"), and Warburg Pincus X Partners, L.P., a Delaware limited partnership ("WP X Partners," and together with WP X O&G, the "WP X O&G Funds"). WP-WPVIII Investors GP L.P., a Delaware limited partnership ("WP-WPVIII GP"), is the general partner of WP-WPVIII Investors. Warburg Pincus X, L.P., a Delaware limited partnership ("WP X GP"), is the general partner of each of the WP X O&G Funds. Warburg Pincus X GP L.P., a Delaware limited partnership ("WP X GP LP"), is the general partner of WP X GP. WPP GP LLC, a Delaware limited liability company ("WPP GP"), is the general partner of WP-WPVIII GP and WP X GP LP. Warburg Pincus Partners, L.P., a Delaware limited partnership ("WP Partners"), is (I) the managing member of WPP GP, and (ii) the general partner of WP VIII and WP VIII CV I. Warburg Pincus Partners GP LLC, a Delaware limited liability company ("WP Partners GP"), is the general partner of WP Partners. WP is the managing member of WP Partners GP. WP LLC is the manager of each of the WP VIII Funds and the WP X O&G Funds. Each of the WP VIII Funds, the WP X O&G Funds, WP-WPVIII GP, WP X GP, WP X GP LP, WPP GP, WP Partners, WP Partners GP, WP and WP LLC are collectively referred to herein as the "Warburg Pincus Entities."

(2) Under our general partner's amended and restated limited liability company agreement, the voting and disposition of any of our common units or the Series A Units of IDR LLC will be controlled by its sole member, AMGP. The board of directors of AMGP

GP, which acts by majority approval, comprises Peter R. Kagan, W. Howard Keenan, Jr., Brooks J. Klimley, James R. Levy, Rose M. Robeson, Paul M. Rady and Glen C. Warren, Jr. Each of the members of AMGP GP's board of directors disclaims beneficial ownership of any of our securities held by our general partner.

(3) Has a mailing address of c/o Warburg Pincus LLC, 450 Lexington Avenue, New York, New York 10017.

(4) Includes 55,109,589 common shares held by the Warburg Pincus Entities (as defined in footnote 1). Messrs. Kagan and Levy disclaim beneficial ownership of all common shares of AMGP attributable to the Warburg Pincus Entities except to the extent of their pecuniary interest therein.

(5) Has a mailing address of 410 Park Avenue, 19th Floor, New York, New York 10022.

(6) Mr. Keenan is a member and manager of the direct or indirect general partner of each of Yorktown Energy Partners V, L.P., Yorktown Energy Partners VI, L.P., Yorktown Energy Partners VII, L.P. and Yorktown Energy Partners VIII, L.P., which own 1,875,802 common shares, 1,970,846 common shares, 4,596,064 common shares and 7,091,699 common shares, respectively. Mr. Keenan does not have sole or shared voting or investment power within the meaning of Rule 13d-3 under the Exchange Act with respect to the common shares held by such investment funds and disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein.

(7) Has a mailing address of 599 Lexington Avenue, 47th Floor, New York, New York 10022.

(8) Includes 19,180,821 common shares held by Mockingbird Investments LLC ("Mockingbird"). Mr. Rady owns a 13.1874% limited liability company interest in Mockingbird, and two trusts under his control own the remaining 86.8126%. Mr. Rady disclaims beneficial ownership of all common shares held by Mockingbird except to the extent of his pecuniary interest therein.

(9) Includes 3,891,100 common shares held by Canton Investment Holdings LLC ("Canton"). Mr. Warren is the managing member and 50% owner of Canton. Mr. Warren disclaims beneficial ownership of all common shares held by Canton except to the extent of his pecuniary interest therein.

(10) Excludes 55,109,589 common shares held by the Warburg Pincus Entities (as defined in footnote 1), over which Messrs. Kagan and Levy may be deemed to have indirect beneficial ownership.

The following table sets forth the number of common units representing limited partner interests in Antero Midstream owned by each of the Named Executive Officers and directors of our general partner and all directors and executive officers of our general partner as a group as of February 13, 2019:

| Name of Beneficial Owner | Common Units Beneficially Owned | Percentage of Common Units Beneficially Owned |
|---|---|---|
| Peter R. Kagan[1] | 15,666 | * |
| W. Howard Keenan, Jr.[2] | 15,666 | * |
| Brooks J. Klimley[3] | 9,655 | * |
| James R. Levy[1] | — | — |
| Rose M. Robeson | — | — |
| Peter A. Dea | — | — |
| Paul M. Rady | 194,152 | * |
| Glen C. Warren, Jr. | 134,996 | * |
| Kevin J. Kilstrom | 32,856 | * |
| Alvyn A. Schopp | 38,856 | * |
| Michael N. Kennedy | 20,256 | * |
| All directors and executive officers as a group (11 persons) | 462,103 | * |

* Less than 1%.

(1) Has a mailing address of c/o Warburg Pincus LLC, 450 Lexington Avenue, New York, New York 10017.

(2) Has a mailing address of 410 Park Avenue, 19th Floor, New York, New York 10022.

(3) Has a mailing address of 599 Lexington Avenue, 47th Floor, New York, New York 10022.

The following table sets forth the number of shares of common stock of Antero Resources owned by each of the Named Executive Officers and directors of our general partner and all directors and executive officers of our general partner as a group as of February 13, 2019:

| Name of Beneficial Owner | Shares Beneficially Owned | Percentage of Shares Beneficially Owned |
|---|---|---|
| Peter R. Kagan[(1)(2)(3)(4)] | 33,976,002 | 11.0% |
| W. Howard Keenan, Jr.[(1)(5)(6)] | 199,707 | * |
| Brooks J. Klimley[(7)] | — | — |
| James R. Levy[(1)(2)(3)] | 33,719,644 | 10.9% |
| Rose M. Robeson | — | — |
| Peter A. Dea[(8)] | 27,500 | * |
| Paul M. Rady[(9)(10)] | 14,925,387 | 4.8% |
| Glen C. Warren, Jr.[(11)(12)(13)] | 10,873,341 | 3.5% |
| Kevin J. Kilstrom[(14)] | 135,539 | * |
| Alvyn A. Schopp[(15)] | 1,126,159 | * |
| Michael N. Kennedy[(16)] | 239,848 | * |
| All directors and executive officers as a group (11 persons)[(17)] | 28,005,005 | 9.1% |

* Less than 1%.

(1) Includes options to purchase 1,477 shares of common stock that expire ten years from the date of grant, or October 10, 2023, and options to purchase 1,526 shares of common stock that expire ten years from the date of grant, or October 16, 2024.

(2) Has a mailing address of c/o Warburg Pincus LLC, 450 Lexington Avenue, New York, New York 10017.

(3) Includes 33,609,061 shares of common stock held by the Warburg Pincus Entities (as defined below). Messrs. Kagan and Levy are Partners of Warburg Pincus & Co., a New York general partnership ("WP"), and Members and Managing Directors of Warburg Pincus LLC, a New York limited liability company ("WP LLC"). The Warburg Pincus funds are Warburg Pincus Private Equity VIII, L.P., a Delaware limited partnership ("WP VIII," and together with its two affiliated partnerships, Warburg Pincus Netherlands Private Equity VIII C.V. I, a company formed under the laws of the Netherlands ("WP VIII CV I"), and WP-WPVIII Investors, L.P., a Delaware limited partnership ("WP-WPVIII Investors"), collectively, the "WP VIII Funds"), Warburg Pincus Private Equity X, L.P., a Delaware limited partnership ("WP X"), Warburg Pincus X Partners, L.P., a Delaware limited partnership ("WP X Partners," and together with WP X, the "WP X Funds"), and Warburg Pincus Private Equity X O&G, L.P., a Delaware limited partnership ("WP X O&G"). WP-WPVIII Investors GP L.P., a Delaware limited partnership ("WP-WPVIII GP"), is the general partner of WP-WPVIII Investors. Warburg Pincus X, L.P., a Delaware limited partnership ("WP X GP"), is the general partner of each of the WP X Funds and WP X O&G. Warburg Pincus X GP L.P., a Delaware limited partnership ("WP X GP LP"), is the general partner of WP X GP. WPP GP LLC, a Delaware limited liability company ("WPP GP"), is the general partner of WP-WPVIII GP and WP X GP LP. Warburg Pincus Partners, L.P., a Delaware limited partnership ("WP Partners"), is (i) the managing member of WPP GP, and (ii) the general partner of WP VIII and WP VIII CV I. Warburg Pincus Partners GP LLC, a Delaware limited liability company ("WP Partners GP"), is the general partner of WP Partners. WP is the managing member of WP Partners GP. WP LLC is the manager of each of the WP VIII Funds, the WP X Funds and WP X O&G. Each of the WP VIII Funds, the WP X Funds, WP X O&G, WP-WPVIII GP, WP X GP, WP X GP LP, WPP GP, WP Partners, WP Partners GP, WP and WP LLC are collectively referred to herein as the "Warburg Pincus Entities." Messrs. Kagan and Levy disclaim beneficial ownership of all shares of common stock attributable to the Warburg Pincus Entities except to the extent of their pecuniary interest therein.

(4) Includes 7,500 shares of common stock held by The 2017 Kagan Family Trust (the "Kagan Trust"), over which Mr. Kagan may be deemed to have shared voting and dispositive power. Mr. Kagan disclaims beneficial ownership of all shares held by the Kagan Trust except to the extent of his pecuniary interest therein.

(5) Has a mailing address of 410 Park Avenue, 19th Floor, New York, New York 10022.

(6) Mr. Keenan is a member and manager of the direct or indirect general partner of each of Yorktown Energy Partners V, L.P., Yorktown Energy Partners VI, L.P., Yorktown Energy Partners VII, L.P. and Yorktown Energy Partners VIII, L.P., which own 235,380 shares of common stock, 215,319 shares of common stock, 3,104,317 shares of common stock and 10,425,078 shares of

common stock, respectively. Mr. Keenan does not have sole or shared voting or investment power within the meaning of Rule 13d-3 under the Exchange Act with respect to the shares of common stock held by such investment funds and disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein.

(7) Has a mailing address of 599 Lexington Avenue, 47th Floor, New York, New York 10022.

(8) Shares of common stock held by 5star Energy LLC ("5star Energy"), over which Mr. Dea has voting and dispositive power. Mr. Dea disclaims beneficial ownership of all shares held by 5star Energy except to the extent of his pecuniary interest therein.

(9) Includes 2,821,394 shares of common stock held by Salisbury Investment Holdings LLC ("Salisbury") and 2,461,712 shares of common stock held by Mockingbird Investments LLC ("Mockingbird"). Mr. Rady owns a 95% limited liability company interest in Salisbury and his spouse owns the remaining 5%. Mr. Rady owns a 13.1874% limited liability company interest in Mockingbird, and two trusts under his control own the remaining 86.8126%. Mr. Rady disclaims beneficial ownership of all shares held by Salisbury and Mockingbird except to the extent of his pecuniary interest therein.

(10) Includes 136,786 shares of common stock that remain subject to vesting and options to purchase 75,000 shares of common stock that expire ten years from the date of grant, or April 15, 2025.

(11) Mr. Warren indirectly owns 7 shares of common stock purchased by a family member, and these shares are included because of his relation to the purchaser. Mr. Warren disclaims beneficial ownership of all shares reported except to the extent of his pecuniary interest therein.

(12) Includes 3,847,839 shares of common stock held by Canton Investment Holdings LLC ("Canton") and 735,000 shares of common stock held by The Titus Foundation ("Titus"). Mr. Warren is the managing member and 50% owner of Canton and the President of Titus. Mr. Warren disclaims beneficial ownership of all shares held by Canton and Titus except to the extent of his pecuniary interest therein.

(13) Includes 91,191 shares of common stock that remain subject to vesting and options to purchase 50,000 shares of common stock that expire ten years from the date of grant, or April 15, 2025.

(14) Includes 34,049 shares of common stock that remain subject to vesting and options to purchase 18,750 shares of common stock that expire ten years from the date of grant, or April 15, 2025.

(15) Includes 34,049 shares of common stock that remain subject to vesting and options to purchase 18,750 shares of common stock that expire ten years from the date of grant, or April 15, 2025.

(16) Includes 34,048 shares of common stock that remain subject to vesting, options to purchase 60,000 shares of common stock that expire ten years from the date of grant, or October 10, 2023, and options to purchase 18,750 shares of common stock that expire ten years from the date of grant, or April 15, 2025.

(17) Excludes 33,609,061 shares of common stock held by the Warburg Pincus Entities (as defined in footnote 5), over which Messrs. Kagan and Levy may be deemed to have indirect beneficial ownership.

**Securities Authorized for Issuance Under Equity Compensation Plan**

Please read the information under "Item 11. Executive Compensation – Compensation Discussion and Analysis – Equity Compensation Plan Information."

**Item 13. Certain Relationships and Related Transactions and Director Independence**

**Our Related Party Transactions**

**Agreements Related to the Transactions**

***Simplification Agreement***

On October 9, 2018, we, Antero Midstream and certain of our affiliates entered into the Simplification Agreement pursuant to which, among other things, (1) we will be converted from a limited partnership to a corporation under the laws of the State of Delaware, to be named Antero Midstream Corporation; (2) an indirect, wholly owned subsidiary of New AM will be merged with and into Antero Midstream, with Antero Midstream surviving the merger as an indirect, wholly owned subsidiary of New AM; and (3) all the issued and outstanding Series B Units will be exchanged for an aggregate of approximately 17.35 million shares of New AM's Common Stock. As a result of the Transactions, Antero Midstream will be a wholly owned subsidiary of New AM and our former shareholders, unitholders of Antero Midstream and holders of Series B Units will each own New AM's Common Stock.

If the Transactions are completed, (1) each AM Public Unitholder, will be entitled to receive, at its election, one of (i) the Public Mixed Consideration; (ii) the Public Stock Consideration; or (iii) the Public Cash Consideration; and (2) in exchange for each of the Partnership's common units held, Antero Resources will be entitled, subject to certain adjustments (as described below), the AR Mixed Consideration.

The aggregate cash consideration to be paid to Antero Resources and the AM Public Unitholders will be fixed at an amount equal to the aggregate amount of cash that would have been paid and issued if all AM Public Unitholders received $3.415 in cash per common unit (the "Available Cash") and Antero Resources received $3.00 in cash per common unit, which is approximately $598 million. If the Available Cash exceeds the cash consideration elected to be received by the AM Public Unitholders, Antero Resources may elect to increase the total amount of cash consideration to be received as a part of the AR Mixed Consideration up to an amount equal to the excess and the amount of shares it will receive will be reduced accordingly based on the AMGP VWAP. In addition, the consideration to be received by each AM Public Unitholder may be prorated in the event that more cash or equity is elected to be received than what would otherwise have been paid if all AM Public Unitholders had received the Public Mixed Consideration and Antero Resources received the AR Mixed Consideration.

The Merger should be a taxable event for Antero Midstream's unitholders, even if a unitholder receives no cash consideration other than cash received in lieu of fractional shares, if any, in the Merger. The amount and character of gain or loss recognized by each unitholder in the Merger will vary depending on such unitholder's particular situation, including the value of the shares of New AM's Common Stock, if any, received by such unitholder, the amount of any cash received by such unitholder, the adjusted tax basis of such unitholder's common units (and any changes to such tax basis as a result of our allocations of income, gain, loss and deduction to such unitholder for the taxable year that includes the Merger), and the amount of any suspended passive losses that may be available to such unitholder to offset a portion of the gain recognized by such unitholder in connection with the Merger.

Special meetings of AMGP shareholders and Antero Midstream unitholders will be held on March 8, 2019 to vote on the Simplification Agreement, the Merger and the other Transactions contemplated thereby, as applicable, and all AMGP shareholders and Antero Midstream unitholders of record as of the close of business on January 11, 2019, which is the record date for the special meetings, will be entitled to vote the AMGP common shares and Antero Midstream common units, respectively, owned by them on the record date. AMGP and Antero Midstream expect the Transactions to close shortly after the special meeting date, subject to certain closing conditions under the documentation for the Transactions. We and Antero Midstream expect to fund the cash portion of the merger consideration with borrowings under Antero Midstream's revolving credit facility. The revolving credit facility was amended on October 31, 2018 to, among other things, increase lender commitments from $1.5 billion to $2.0 billion.

***Voting Agreements***

*AMGP Voting Agreement*

On October 9, 2018, concurrently with the execution of the Simplification Agreement, Antero Midstream and the common shareholders of AMGP named in Schedule I thereto (the "AMGP Voting Agreement Shareholders") entered into a Voting Agreement (the "AMGP Voting Agreement"), pursuant to which the AMGP Voting Agreement Shareholders agreed to vote (or cause to be voted) all of our common shares beneficially owned by them in favor of the AMGP shareholder proposals relating to the Transactions, and any other matters necessary for consummation of the Merger and the other transactions contemplated in the Simplification Agreement, including the Series B Exchange. In addition, the AMGP Voting Agreement Shareholders agreed to vote against the approval or adoption of any action, agreement, transaction or proposal that is intended to or would reasonably be expected to (1) result in a breach of any obligation of ours contained in the Simplification Agreement or of such shareholder contained in the AMGP Voting Agreement or (2) impede, interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect any of the Transactions or any action contemplated by the Simplification Agreement. If, without the prior consent of an AMGP Voting Agreement Shareholder, any provision of the Simplification Agreement described below is amended or waived, the obligations of the AMGP Voting Agreement Shareholders under the AMGP Voting Agreement will terminate with respect to such shareholder. In such event, such AMGP Voting Agreement Shareholder will be deemed to vote against all proposals at the AMGP Special Meeting (as defined in the AMGP Voting Agreement"). This termination provision applies only to amendments or waivers of the Simplification Agreement that (i) extend the Termination Date (as defined in the Simplification Agreement), (ii) adversely impact the merger consideration to be received by the AMGP Voting Agreement Shareholders or the number or value of the shares of New AM common stock ("New AM Common Stock") held by the AMGP Voting Agreement Shareholders upon consummation of the Transactions, or (iii) otherwise have a material adverse effect on the interests of the AMGP Voting Agreement Shareholders in the Transactions. As of October 8, 2018, the AMGP Voting Agreement Shareholders collectively owned 105,571,698 of our common shares, representing approximately 57% of our common shares outstanding.

The AMGP Voting Agreement includes certain covenants, and generally prohibits the AMGP Voting Agreement Shareholders from transferring their common shares. The AMGP Voting Agreement terminates upon the earliest to occur of (i) the closing of the Transactions, (ii) the termination of the Simplification Agreement in accordance with its terms, (iii) the written agreement of the parties to the AMGP Voting Agreement, and (iv) the Termination Date.

*AR Voting Agreement*

On October 9, 2018, concurrently with the execution of the Simplification Agreement, we entered into a voting agreement with Antero Resources (the “AR Voting Agreement”), pursuant to which Antero Resources agreed to vote (or cause to be voted) all of Antero Midstream’s common units beneficially owned by it in favor of the Antero Midstream unitholder proposal relating to the Merger, and any other matters necessary for consummation of the Merger and the other transactions contemplated in the Simplification Agreement, including the Series B Exchange. In addition, Antero Resources agreed to vote against the approval or adoption of any action, agreement, transaction or proposal that is intended to or would reasonably be expected to (1) result in a breach of any obligation of Antero Midstream contained in the Simplification Agreement or of Antero Resources contained in the AR Voting Agreement or (2) impede, interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect any of the Transactions or any action contemplated by the Simplification Agreement. If, without the prior consent of the special committee of the Antero Resources board of directors (the “AR Special Committee”), any provision of the Simplification Agreement described below is amended or waived, then Antero Resources’ obligations under the AR Voting Agreement will terminate. In such event, the AR Special Committee may instruct Antero Midstream that Antero Resources and AR Sub (as defined below) are deemed to vote against all proposals at the AM Special Meeting (as defined in the AR Voting Agreement), which instruction will override any different votes, proxies or voting instructions by or on behalf of Antero Resources or AR Sub received by Antero Midstream or its designees. This termination provision applies only to amendments or waivers that (i) extend the Termination Date (as defined in the Simplification Agreement), (ii) adversely impact the merger consideration to be received by Antero Resources or the number or value of the shares of New AM Common Stock held by Antero Resources upon consummation of the Transactions, or (iii) otherwise have a material adverse effect on the interests of Antero Resources in the Transactions. As of February 13, 2019, Antero Resources owned 98,870,335 of Antero Midstream’s common units, representing approximately 52.8% of the common units outstanding.

The AR Voting Agreement includes certain covenants, including a covenant by Antero Resources to enter into a registration rights agreement and a covenant to transfer certain of Antero Midstream’s common units to a wholly owned subsidiary of Antero Resources (“AR Sub”), prior to the effective time of the Merger, following which both Antero Resources and AR Sub will remain subject to the terms of the AR Voting Agreement. The AR Voting Agreement otherwise generally prohibits Antero Resources from transferring Antero Midstream’s common units. The AR Voting Agreement terminates upon the earliest to occur of (i) the closing of the Transactions, (ii) the termination of the Simplification Agreement in accordance with its terms, (iii) the Termination Date, and (iv) the written agreement of the parties to the AR Voting Agreement.

***Stockholders’ Agreement***

On October 9, 2018, concurrently with the execution of the Simplification Agreement, AMGP, AR Sub, certain affiliates of Warburg Pincus LLC and Yorktown Partners LLC (collectively, the “Sponsor Holders”) and Paul M. Rady, Glen C. Warren, Jr. and certain of their respective affiliates (collectively, the “Management Stockholders”) entered into a Stockholders' Agreement (the “Stockholders’ Agreement”), which will become effective as of the closing of the Transactions and which will govern certain rights and obligations of the parties following the consummation of the Transactions.

Under the Stockholders' Agreement, and subject to additional limitations in the event of a Fundamental Change (as defined in the Stockholders’ Agreement), AR Sub will be entitled to designate two directors, who shall initially be Mr. Rady and Mr. Warren, for nomination and election to the board of directors of New AM (the “New AM Board”) for so long as, together with its affiliates, AR Sub owns an amount of shares equal to at least 8% of the qualifying New AM Common Stock and one director so long as it owns an amount of shares equal to at least 5% of the qualifying New AM Common Stock. To the extent that either Mr. Rady and/or Mr. Warren are not designated for election to the New AM Board by AR Sub pursuant to the Stockholders' Agreement, the Management Stockholders will be entitled to collectively designate two directors (or one director for so long as either Mr. Rady or Mr. Warren is designated by AR Sub) for election for so long as the Management Stockholders and their affiliates (other than Antero Resources and its subsidiaries) collectively own an amount of shares equal to at least 8% of the qualifying New AM Common Stock and one director for election for so long as they collectively own an amount of shares equal to at least 5% of the qualifying New AM Common Stock. The Sponsor Holders will be entitled to collectively designate two directors for election to the New AM Board for so long as the Sponsor Holders and their affiliates (other than Antero Resources and its subsidiaries) collectively own an amount of shares equal to at least 8% of the qualifying New AM Common Stock and one director for election for so long as they collectively own an amount of shares equal to at least 5% of the qualifying New AM Common Stock. Notwithstanding the foregoing, upon the occurrence of a Fundamental Change, AR Sub, the Management Stockholders and the Sponsor Holders will each be entitled to designate one director so long as they own an amount of shares equal to at least 5% of the qualifying New AM Common Stock, except to the extent that AR Sub designates either Mr. Rady or Mr. Warren, in which case the Management Stockholders will not be entitled to designate a director.

Each of the parties to the Stockholders' Agreement has agreed to vote all of their shares of New AM Common Stock in favor of the directors designated by the other parties in accordance with the Stockholders’ Agreement and, at such party's election (i) in favor of any other nominees nominated by the Nominating and Governance Committee of the New AM Board or (ii) in proportion to the votes cast by the public stockholders of New AM in favor of such nominees. In calculating the 8% and 5% ownership thresholds for purposes of the Stockholders' Agreement, qualifying New AM Common Stock is determined by dividing the New AM Common Stock ownership for each stockholder or group of stockholders as of the applicable measurement date by (i) the total number of outstanding shares of New AM Common Stock at the closing of the Transactions or (ii) the total number of outstanding shares on the applicable measurement date, whichever is less. Pursuant to the terms of the Stockholders’ Agreement no more than 45% of the shares of New AM Common Stock outstanding as of closing of the Merger will be subject to the obligations of the Stockholders' Agreement.

Under the Stockholders' Agreement, a majority of the New AM Board shall at all times consist of directors who are both (i) independent under the listing rules of the NYSE and the Exchange Act, and (ii) unaffiliated with the parties to the Stockholders’ Agreement. Such independent and unaffiliated directors will be nominated for election to the New AM Board by the Nominating and Governance Committee of the New AM Board, which will itself consist solely of independent and unaffiliated directors. In addition, under the Stockholders’ Agreement, the parties have agreed that for so long as AR Sub has the right to designate at least one director, (i) if Mr. Rady is an executive officer of Antero Resources, he shall serve as Chief Executive Officer at New AM and (ii) if Mr. Warren is an executive officer of Antero Resources, he shall serve as President at New AM, and both Mr. Rady and Mr. Warren shall be subject to removal from such officer positions at New AM only for cause. For so long as Mr. Rady is a member of the New AM Board and is an executive officer of Antero Resources and/or New AM, the parties have agreed that he shall serve as Chairman of the New AM Board, subject to his removal as Chief Executive Officer of New AM for cause. The Stockholders’ Agreement will terminate as to each stockholder upon the time at which such stockholder no longer has the right to designate an individual for nomination to the New AM Board pursuant to the Stockholders' Agreement.

***Limited Liability Company Agreement of Our General Partner***

Our general partner’s limited liability company agreement provides for the designation of members of the board of directors of our general partner by our Sponsors, including Mr. Rady, our Chairman, Chief Executive Officer and a member of the board of directors of our general partner, and Mr. Warren, our President and Secretary and a member of the board of directors of our general partner.

Pursuant to the terms of the limited liability company agreement of our general partner, during the ten-year period commencing with the closing of our IPO, if either Mr. Rady or Mr. Warren serves as an executive officer or in an active role in the management of any company (other than AMGP, Antero Resources, Antero Midstream or their respective subsidiaries and joint ventures) that is primarily engaged in an operating oil and gas exploration, production, gathering, compression or water handling and treatment business, then such individual (or his designee) will be removed as a member of the board of directors of our general partner and such individual will no longer be entitled to designate a member of the board of directors of our general partner.

***Limited Liability Company Agreement of IDR LLC***

On December 31, 2016, our Predecessor entered into the limited liability company agreement of IDR LLC, pursuant to which IDR LLC created two classes of membership interests, including capital interests referred to as Series A Units and profits interests referred to as Series B Units. We own all of the Series A Units and the Series B Holders currently own all of the Series B Units.

The Series B Units are subject to restrictions on transfer and vest in three annual installments in one-third increments upon each anniversary of the vesting commencement date, subject to the holder’s continuous service with us and our affiliates through the vesting commencement date. Series B Units will also vest in full upon a change in control of us or IDR LLC or upon a termination by us or our applicable affiliate of the holder's service with us and our affiliates without cause or due to the holder's death or disability. In the event any Series B Units fail to vest, they will be forfeited to IDR LLC and may not be re-issued.

On May 9, 2018, in connection with the entry into the Credit Facility, we, in our capacity as the managing member of IDR LLC, and a majority of the Series B Holders, entered into Amendment No. 1 to the Limited Liability Company Agreement of IDR LLC, to, among other things, permit us to pledge the Series A Units as collateral under the Credit Facility.

In connection with the entry into the Simplification Agreement, we, in our capacity as the managing member of IDR LLC, a majority of the Series B Holders, entered into the Amendment No. 2 to the Limited Liability Company Agreement of IDR LLC (the "Second IDR Holdings LLCA Amendment") to provide for the Series B Exchange. Pursuant to the Second IDR Holdings LLCA Amendment, upon the consummation of the Merger, New AM, in its capacity as managing member of IDR Holdings, will cause each outstanding Series B Unit to be exchanged for 176.0041 shares of New AM Common Stock through a wholly owned subsidiary. Pursuant to the Second IDR LLC Agreement Amendment, the shares of New AM Common Stock issued in exchange for outstanding Series B Units will be subject to the same vesting conditions to which the Series B Units are currently subject, with two-thirds currently vested and one-third vesting at December 31, 2019. Consistent with the existing terms of the Series B Units, declared and unpaid distributions on unvested Series B Units will not be paid until the applicable vesting date, and declared dividends with respect to unvested shares of New AM Common Stock will be deposited into an escrow account and not paid until the applicable vesting date. With respect to the shares of New AM Common Stock that will be scheduled to vest on December 31, 2019, the holders of Series B Units have agreed to forego any dividends from New AM that are paid with respect to such shares during the twelve months ended December 31, 2019.

Prior to the entry into the Second IDR LLC Agreement Amendment, holders of Series B Units were entitled to receive up to 6% of all quarterly cash distributions in excess of $7.5 million distributed by Antero Midstream on its IDR's and had the ability to redeem vested Series B Units for our common shares with a value equal to such holder's pro rata share of up to 6% of our market capitalization (calculated by reference to the 20-day volume weighted average price of the AMGP Common Shares preceding the date of redemption request) in excess of $2.0 billion. Pursuant to the Second IDR LLC Agreement Amendment, the Series B Holders have agreed to the early termination of their Series B Units in exchange for the issuance of 176.0041 shares of New AM Common Stock for each Series B Unit. The 176.0041 shares of New AM Common Stock represent approximately 4.4% of the pro forma market capitalization of New AM in excess of $2 billion. The number of shares to be issued in exchange for outstanding Series B Units will be reduced proportionately if a holder forfeits his or her Series B Units prior to closing of the Transactions, with no re-allocation to the remaining holders.

***Cash Distributions***

Our sole cash-generating asset consists of our interest in IDR LLC, which owns all of the IDRs of Antero Midstream. Through our ownership interest in IDR LLC, our shareholders will be entitled to a portion of the cash distributions paid by Antero Midstream on its IDRs. We expect to receive at least 94% of the cash distributions paid by Antero Midstream on the IDRs.

We will pay to our shareholders, on a quarterly basis, distributions equal to the cash we receive from IDR LLC, less distributions paid to or reserved for the Series B Holders, taxes and other expenses, including reserves relating to our general and administrative expenses (including expenses we will incur as the result of being a public company) and reserves that our general partner (on our behalf as the managing member of IDR LLC) believes prudent to pay or provide for payment of existing and projected obligations and to provide a reasonable reserve for working capital and contingencies. If the distribution on the IDRs exceeds such amount, the Series B Holders will receive an aggregate distribution of up to 6% of the excess amount distributed on the IDRs with respect to such fiscal quarter, and we will receive all remaining distributions. The Series B Units are subject to restrictions on transfer and vest ratably over a three-year period upon each anniversary of the vesting commencement date. The Series B Holders are entitled to distributions only with respect to Series B Units that are vested. Any distributions that would otherwise be made with respect to a Series B Unit that is unvested will instead be made to the holders of Series A Units.

As Series B Units vest, each holder of such vested Series B Units will be entitled to receive a make-whole distribution corresponding to the aggregate amount of distributions such holder would have received on such Series B Units had they been vested on the vesting commencement date prior to IDR LLC making any distributions in respect of the other IDR LLC units. The payment of these make-whole distributions to the holders of the Series B Units will be paid out of the quarterly distribution for the fiscal quarter following the vesting date and will lower the amount of cash paid on the Series A Units until the full amount of the make-whole distribution has been paid. In anticipation of such make-whole distributions, each quarter we expect to retain from the cash distributions we receive on the Series A Units an amount equal to the portion of the future make-whole distributions attributable to that quarter. Accordingly, when IDR LLC pays a make-whole distribution to a holder of newly-vested Series B Units that reduces the amount otherwise payable on our Series A Units, we will supplement the lower distributions we receive with the cash retained in prior periods so that our distributions remain constant.

In addition, the holders of interests in IDR LLC, including us, will be subject to tax on their proportionate share of any taxable income of IDR LLC and will be allocated their proportionate share of any taxable loss of IDR LLC.

For the year ended December 31, 2018, we received distributions of approximately $123.2 million pursuant to the terms of the IDR LLC agreement.

***Redemption Right***

Each of the Series B Holders will have the right, upon delivery of written notice to IDR LLC, to require IDR LLC to redeem all or a portion of such holder's vested Series B Units for a number of our newly-issued common shares equal to the quotient determined by dividing (a) the product of (i) the Per Vested B Unit Entitlement and (ii) the number of vested Series B Units being redeemed by (b) the volume weighted average price of a common share for the 20 trading days ending on and including the trading day prior to the date of such notice, which we refer to as the "AMGP VWAP Price"; provided, however, that, in no event will the aggregate number of common shares issued by us pursuant to such redemptions exceed 6% of the aggregate number of issued and outstanding common shares. The Per Vested B Unit Entitlement will be calculated in accordance with the IDR LLC Agreement from time to time and will equal, as of a date of determination, the quotient obtained by dividing (a) the product of (i) the fair market value of IDR LLC (which for this purpose is based on our equity value and which shall be calculated on any date of determination by multiplying the AMGP VWAP Price and the number of then-outstanding common shares) as of such date minus $2.0 billion and (ii) the product of (A) 6%, (B) the percentage of authorized Series B Units that are outstanding and (C) the percentage of outstanding Series B Units that have vested by (b) the total number of vested Series B Units outstanding at such time.

In addition, upon the earliest to occur of (a) December 31, 2026, (b) a change of control of us or of IDR LLC or (c) a liquidation of IDR LLC, our general partner (on our behalf in our capacity as the managing member of IDR LLC) may redeem each outstanding Series B Unit in exchange for our common shares in accordance with the ratio described above, subject to certain limitations.

The above mechanisms are subject to customary conversion rate adjustments for equity splits, equity dividends and reclassifications.

***Services Agreement***

We, our general partner, IDR LLC and Antero Resources have entered into a services agreement, which govern, among other things, certain administrative services that Antero Resources will provide to us.

***Administrative Services and Fees***

We and our general partner have no employees. All of our officers and other personnel necessary for our business to function (to the extent not outsourced) are employed by Antero Resources, and we pay Antero Resources an annual fee for corporate, general and administrative services. This fee is initially $0.5 million per year and is subject to adjustment on an annual basis based on the CPI. The fee is also subject to adjustment to reflect any increase in the cost of providing services due to changes in applicable law, rules or regulations and any increase in the scope and extent of the services provided. The fee will not be decreased below the initial fee unless the type or extent of services provided materially decreases.

In addition to the fee and expenses described above, we reimburse Antero Resources for costs and expenses to the extent that such costs and expenses are directly allocable to the provision of services to us, our general partner, or our subsidiaries (other than Antero Midstream and its subsidiaries), including recurring costs associated with being a separate publicly traded entity, and taxes, other than payroll taxes, or other direct operating expenses, paid by Antero Resources for our benefit. We also reimburse our general partner for any additional expenses incurred on our behalf or to maintain our legal existence and good standing. There is no limit on the amount of fees and expenses we may be required to pay to affiliates of our general partner on our behalf pursuant to the services agreement.

For the year ended December 31, 2018, we reimbursed Antero Resources for approximately $1.3 million of its direct and allocated indirect expenses under the services agreement.

***License of Names and Marks***

Pursuant to the services agreement, Antero Midstream has also granted us a license to use the names "Antero Midstream" and any associated or related marks.

***Registration Rights Agreement***

We have entered into a registration rights agreement with the Sponsors and certain of our affiliates. Pursuant to the registration rights agreement, we have agreed to register the resale of all common shares held by the Sponsors and certain of our affiliates or issuable to them upon the redemption of Series B Units (the "AMGP Registrable Securities") under certain circumstances. Additionally, if necessary, upon the vesting of additional Series B Units held by a Series B Holder, we have agreed to amend the registration rights agreement to include any common shares issuable upon the redemption of vested Series B Units for our common shares as AMGP Registrable Securities, so long as the holder of such units agrees to be bound by the terms and conditions of the registration rights agreement.

***Demand Registration Rights***

At any time after the six month anniversary of the IPO, each Sponsor that, together with its affiliates, owns at least 3% of our outstanding common shares has the right to require us by written notice to register the sale of a number of their AMGP Registrable Securities in an underwritten offering. We are required to provide notice of the request within 10 days following the receipt of such demand request to all additional holders of AMGP Registrable Securities, if any, who may, in certain circumstances, participate in the registration. We are not obligated to effect any demand registration in which the anticipated aggregate offering price included in such offering is less than $50,000,000. Once we are eligible to effect a registration on Form S-3, any such demand registration may be for a shelf registration statement.

***Piggyback Registration Rights***

If, at any time, we propose to register an offering of our securities (subject to certain exceptions) for our own account, then we must give each holder of AMGP Registrable Securities the opportunity to allow such holder to include a specified number of AMGP Registrable Securities in that registration statement.

***Redemptive Offerings***

We may be required pursuant to the registration rights agreement to undertake a future public or private offering and use the proceeds (net of underwriting or placement agency discounts, fees and commissions, as applicable) to redeem an equal number of common units from the holders of AMGP Registrable Securities.

***Conditions and Limitations; Expenses***

The registration rights are subject to certain conditions and limitations, including the right of the underwriters to limit the number of AMGP Registrable Securities to be included in a registration and our right to delay or withdraw a registration statement under certain circumstances. We will generally pay all registration expenses in connection with our obligations under the registration rights agreement, regardless of whether a registration statement is filed or becomes effective. The obligations to register AMGP Registrable Securities under the registration rights agreement will terminate when no AMGP Registrable Securities remain outstanding. AMGP Registrable Securities shall cease to be covered by the registration rights agreement when they have (i) been sold pursuant to an effective registration statement under the Securities Act, (ii) been sold in a transaction exempt from registration under the Securities Act (including transactions pursuant to Rule 144), (iii) ceased to be outstanding, (iv) been sold in a private transaction in which Antero Resources' rights under the registration rights agreement are not assigned to the transferee or (v) become eligible for resale pursuant to Rule 144(b) (or any similar rule then in effect under the Securities Act).

**Employment**

Each of (i) Timothy Rady, the son of Paul M. Rady, the Chairman and Chief Executive Officer of our general partner, and (ii) Cole Kilstrom, the son of Kevin J. Kilstrom, Senior Vice President—Production of our general partner, is a non-executive employee of Antero Resources and provides services to us pursuant to our agreements with Antero Resources. Total compensation paid to Timothy Rady in 2018 consisted of base salary, bonus and other benefits totaling $307,948 and award grants under the AR LTIP and Midstream LTIP having an aggregate grant date fair value of $413,946 and subject to certain time-based and performance-based vesting conditions. Total compensation paid to Cole Kilstrom in 2018 consisted of base salary, bonus and other benefits totaling $100,110 and award grants under the AR LTIP having an aggregate grant date fair value of $20,000 and subject to certain time-based vesting conditions.

**Procedures for Review, Approval and Ratification of Transactions with Related Persons**

The board has determined that the audit committee will periodically review all related person transactions that the rules of the SEC require be disclosed in this Annual Report on Form 10-K, and make a determination regarding the initial authorization or ratification of any such transaction.

The audit committee is charged with reviewing the material facts of all related person transactions and either approving or disapproving of our participation in such transactions under our Related Persons Transaction Policy, as adopted by the board ("RPT Policy") on May 3, 2017. Our RPT Policy also pre-approves certain related person transactions, including:

- any employment of an executive officer if his or her compensation is required to be reported in our Annual Reports on Form 10-K under Item 402;
- director compensation which is required to be reported in our Annual Reports on Form 10-K under Item 402;
- any transaction with an entity at which the related person's only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 10% of the entity's equity, if the aggregate amount involved does not exceed $1 million;
- any charitable contribution, grant or endowment by us to a charitable organization, foundation or university at which a related person's only relationship is as an employee (other than an executive officer) or a director is pre-approved or ratified (as applicable) if the aggregate amount involved does not exceed $200,000;
- any transaction where the related person's interest arises solely from the ownership of our common units and all holders of our common units received the same benefit on a pro rata basis (e.g., distributions) is pre-approved or ratified (as applicable);
- any transaction involving a related person where the rates or charges involved are determined by competitive bids is pre-approved or ratified (as applicable);
- any transaction with a related person involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority is pre-approved or ratified (as applicable); and
- any transaction with a related person involving services as a bank depositary of funds, transfer agent, registrar, trustee under a trust indenture or similar services is pre-approved or ratified (as applicable).

The audit committee chairman may approve any related person transaction in which the aggregate amount involved is expected to be less than $120,000. A summary of such approved transactions and each new related person transaction deemed pre-approved under the RPT Policy is provided to the audit committee for its review. The audit committee has the authority to modify the RPT Policy regarding pre-approved transactions or to impose conditions upon our ability to participate in any related person transaction.

There were no related person transactions during 2018 which were required to be reported in "Related Persons Transactions" where the procedures described above did not require review, approval or ratification or where these procedures were not followed.

**Conflicts of Interest**

The Board has adopted a written code of business conduct and ethics, under which a director would be expected to bring to the attention of our chief executive officer or the board any conflict or potential conflict of interest that may arise between the director or any affiliate of the director, on the one hand, and us or our general partner on the other. The resolution of any such conflict or potential conflict should, at the discretion of the board in light of the circumstances, be determined by a majority of the disinterested directors.

If a conflict or potential conflict of interest arises between our general partner or its affiliates, on the one hand, and us or our unitholders, on the other hand, the resolution of any such conflict or potential conflict should be addressed by the board of directors of our general partner in accordance with the provisions of our partnership agreement. At the discretion of the board in light of the circumstances, the resolution may be determined by the board in its entirety or by the conflicts committee.

Pursuant to our code of business conduct, our general partner's executive officers are required to avoid conflicts.

Conflicts of interest exist and may arise in the future as a result of the relationships between our general partner and its directors, officers, affiliates (including Antero Resources) and owners, on the one hand, and us and our limited partners, on the other hand. Conflicts may arise as a result of the duties of our general partner and its directors and officers to act for the benefit of its owners, which may conflict with our interests and the interests of our public unitholders. We are managed and operated by the board of directors and officers of our general partner, AMGP GP, which is owned by our Sponsors. All of our officers and a majority of our directors are officers or directors of Antero Resources. Although our general partner has a contractual duty to manage us in a manner that it believes is not adverse to our interests, the directors and officers of our general partner have a fiduciary duty to manage our general partner in a manner that is beneficial to its owners. Our general partner's directors and officers who are also directors and officers of Antero Resources have a fiduciary duty to manage Antero Resources in a manner that is beneficial to Antero Resources and its shareholders. Our partnership agreement specifically defines the remedies available to unitholders for actions taken that, without these defined liability standards, might constitute breaches of fiduciary duty under applicable Delaware law. The Delaware Act provides that Delaware limited partnerships may, in their partnership agreements, expand, restrict or eliminate the fiduciary duties otherwise owed by the general partner to the limited partners and the partnership.

Whenever a conflict arises between our general partner or its owners and affiliates (including Antero Resources), on the one hand, and us or our limited partners, on the other hand, the resolution or course of action in respect of such conflict of interest shall be permitted and deemed approved by us and all our limited partners and shall not constitute a breach of our partnership agreement, of any agreement contemplated thereby or of any duty, if the resolution or course of action in respect of such conflict of interest is:

- approved by the conflicts committee of our general partner, although our general partner is not obligated to seek such approval; or

- approved by the holders of a majority of the outstanding common units, excluding any such units owned by our general partner or any of its affiliates.

Our general partner may, but is not required to, seek the approval of such resolutions or courses of action from the conflicts committee of its board of directors or from the holders of a majority of the outstanding common units as described above. If our general partner does not seek approval from the conflicts committee or from holders of common units as described above and the board of directors of our general partner approves the resolution or course of action taken with respect to the conflict of interest, then it will be presumed that, in making its decision, the board of directors of our general partner acted in good faith, and in any proceeding brought by or on behalf of us or any of our unitholders, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption and proving that such decision was not in good faith. Unless the resolution of a conflict is specifically provided for in our partnership agreement, the board of directors of our general partner or the conflicts committee of the board of directors of our general partner may consider any factors they determine in good faith to consider when resolving a conflict. An independent third party is not required to evaluate the resolution. Under our partnership agreement, a determination, other action or failure to act by our general partner, the board of directors of our general partner or any committee thereof (including the conflicts committee) will be deemed to be "in good faith" unless our general partner, the board of directors of our general partner or any committee thereof (including the conflicts committee) believed such determination, other action or failure to act was adverse to the interest of the partnership. Please read “Item 10—Committees of the Board of Directors—Conflicts Committee” for information about the conflicts committee of our general partner’s board of directors.

**Director Independence**

Rather than adopting categorical standards, the Board assesses director independence on a case-by-case basis, in each case consistent with applicable legal requirements and the listing standards of the NYSE. After reviewing all relationships each director has with us, including the nature and extent of any business relationships between us and each director, as well as any significant charitable contributions we make to organizations where our directors serve as board members or executive officers, the Board has affirmatively determined that the following directors have no material relationships with us and are independent as defined by the current listing standards of the NYSE: Messrs. Kagan, Keenan, Klimley, Levy, Dea and Ms. Robeson. Neither Mr. Rady, the Chairman and Chief Executive Officer of our general partner, nor Mr. Warren, the President and Secretary of our general partner, is considered by the Board to be an independent director because of his employment with Antero Resources.

**Item 14. Principal Accountant Fees and Services**

The table below sets forth the aggregate fees and expenses billed by KPMG LLP, our independent registered public accounting firm, for the Partnership and its Predecessor for the following periods:

| | For the Years Ended December 31, | | |
|---|---|---|---|
| (in thousands) | | 2017 | 2018 |
| Audit and quarterly reviews | $ | 207 | 283 |
| Audit related fees | | 489 | 48 |
| Total | $ | 696 | 331 |

The charter of the Audit Committee and its pre-approval policy require that the Audit Committee review and pre-approve our independent registered public accounting firm's fees for audit, audit-related, tax and other services. The Chairman of the Audit Committee has the authority to grant pre-approvals, provided such approvals are within the pre-approval policy and are presented to the Audit Committee at a subsequent meeting. For the year ended December 31, 2018, the audit committee of our predecessor approved 100% of the services described above under the captions "Audit Fees."

## PART IV

### Item 15. Exhibits and Financial Statement Schedules

### (a)(1) and (a)(2) Financial Statements and Financial Statement Schedules

The consolidated financial statements are listed on the Index to Financial Statements to this report beginning on page F-1.

### (a) (3) Exhibits.

| Exhibit Number | Description of Exhibit |
|---|---|
| 2.1 | 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 by reference to Exhibit 2.1 to Current Report on Form 8-K (Commission File No. 001-38075) filed on October 10, 2018). |
| 3.1 | Certificate of Conversion of Antero Resources Midstream LLC, dated November 5, 2014 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K (Commission File No. 001-36719) filed on November 7, 2014). |
| 3.2 | Certificate of Limited Partnership of Antero Midstream GP LP, dated as of May 4, 2017 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K (Commission File No. 001- 38075) filed on May 9, 2017). |
| 3.3 | Agreement of Limited Partnership of Antero Midstream GP LP, dated as of May 9, 2017, by and between AMGP GP LLC, as the General Partner, and Antero Resources Investment LLC, as the Organizational Limited Partner (incorporated by reference to Exhibit 3.3 to the Current Report on Form 8-K (Commission File No. 001- 38075) filed on May 9, 2017). |
| 3.4 | Amendment No. 1 to the Limited Partnership Agreement of Antero Midstream GP LP, dated as of October 9, 2018 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (Commission File No. 001-38075) filed on October 10, 2018). |
| 3.5 | Certificate of Formation of AMGP GP LLC, dated as of April 18, 2017 (incorporated by reference to Exhibit 3.5 to Antero Resources Midstream Management LLC’s Registration Statement on Form S-1 (Commission File No. 333- 216975) filed on April 24, 2017). |
| 3.6 | 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 (Commission File No. 001-36719) filed on November 17, 2014). |
| 3.7 | Amendment No. 1 to Agreement of Limited Partnership of Antero Midstream Partners LP, dated as of February 23, 2016 (incorporated by reference to Exhibit 3.4 to Annual Report on Form 10-K (Commission File No. 001-36719) filed on February 24, 2016). |
| 3.8 | Amendment No. 2 to Agreement of Limited Partnership of Antero Midstream Partners LP, dated as of December 20, 2017 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K (Commission File No. 001-36719) filed on December 26, 2017). |
| 3.9 | Limited Liability Company Agreement of Antero IDR Holdings LLC dated December 31, 2016 (incorporated by reference to Exhibit 3.9 to Antero Resources Midstream Management LLC’s Registration Statement on Form S-1 (Commission File No. 333- 216975) filed on April 7, 2017). |
| 3.10 | Amendment No. 1 to the Limited Liability Company Agreement of Antero IDR Holdings LLC, dated as of May 9, 2018 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K (Commission File No 001-38075) filed on May 14, 2018). |
| 3.11 | Amendment No. 2 to the Limited Liability Company Agreement of Antero IDR Holdings LLC, dated as of October 9, 2018 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K (Commission File No. 001- 38075) filed on October 10, 2018). |

| | |
|---|---|
| 4.1 | Registration Rights Agreement, dated as of May 9, 2017, by and among Antero Midstream GP LP, Warburg Pincus Private Equity X O&G, L.P., Warburg Pincus X Partners, L.P., Warburg Pincus Private Equity VIII, LP, Warburg Pincus Netherlands Private Equity VIII C.V.I, WP-WPVIII Investors, L.P., 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 M. Rady and Glen C. Warren, Jr. (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K (Commission File No. 001- 38075) filed on May 9, 2017). |
| 4.2 | Indenture, dated as of September 13, 2016, by and among Antero Midstream Partners LP, Antero Midstream Finance Corporation, the subsidiary guarantors party thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K (Commission File No. 001-36719) filed on September 13, 2016). |
| 4.3 | Form of 5.375% Senior Note due 2024 (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K (Commission File No. 001-36719) filed on September 13, 2016). |
| 4.4 | Registration Rights Agreement, dated as of September 13, 2016, by and among Antero Midstream Partners LP, Antero Midstream Finance Corporation, the subsidiary guarantors named therein and J.P. Morgan Securities LLC as representative of the initial purchasers named therein (incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K (Commission File No. 001-36719) filed on September 13, 2016). |
| 10.1 | Amended and Restated Credit Agreement, by and among Antero Midstream Partners LP, the lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent (incorporated by reference to Exhibit 10.1 to Antero Midstream Partners LP's Quarterly Report on Form 10-Q (Commission File No. 001-36719) filed on November 1, 2017). |
| 10.2 | Services Agreement, dated as of May 9, 2017, by and among Antero Midstream GP LP, AMGP GP LLC, Antero IDR Holdings LLC and Antero Resources Corporation (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (Commission File No. 001-38705) filed on May 9, 2017). |
| 10.3 | Form of Antero Midstream GP LP Long-Term Incentive Plan (incorporated by reference to Exhibit 10.10 to Antero Resources Midstream Management LLC's Registration Statement on Form S-1 (Commission File No. 333- 216975) filed on April 7, 2017). |
| 10.4 | Form of Indemnification Agreement (incorporated by reference to Exhibit 10.13 to Antero Resources Midstream Management LLC's Registration Statement on Form S-1 (Commission File No. 333- 216975) filed on April 24, 2017). |
| 10.5 | Common Unit Purchase Agreement, dated as of September 17, 2015, by and among Antero Midstream Partners LP and the Purchasers named therein (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on September 18, 2015). |
| 10.6 | Senior Note Purchase Agreement, dated as of September 8, 2016, by and among Antero Midstream Partners LP, Antero Midstream Finance Corporation and the Purchasers named therein (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K (Commission File No. 001-36719) filed on September 13, 2016). |
| 10.7 | Secondment Agreement, dated as of September 23, 2015, by and between Antero Midstream Partners LP, Antero Resources Midstream Management LLC, Antero Midstream LLC, Antero Water LLC, Antero Treatment LLC and Antero Resources Corporation (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on September 24, 2015). |
| 10.8 | Amended and Restated Services Agreement, dated as of September 23, 2015, by and among Antero Midstream Partners LP, Antero Resources Midstream Management LLC and Antero Resources Corporation (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on September 24, 2015). |
| 10.9 | Amended and Restated Water Services Agreement, dated as of February 12, 2019, by and between Antero Resources Corporation and Antero Water LLC (incorporated by reference to Exhibit 10.4 to the Annual Report on Form 10-K (Commission File No. 001-36719) filed on February 13, 2019). |
| 10.10 | Amended and Restated Contribution Agreement, dated as of November 10, 2014, by and between Antero Resources Corporation and Antero Midstream Partners LP (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K (Commission File No. 001-36719) filed on November 17, 2014). |

| | |
|---|---|
| 10.11 | First Amended and Restated Gathering and Compression Agreement, dated as of February 13, 2018, by and between Antero Resources Corporation and Antero Midstream LLC (incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q (Commission File No. 001-36719) filed on April 25, 2018. |
| 10.12 | Second Amended and Restated Right of First Offer Agreement, dated as of February 13, 2018, by and between Antero Resources Corporation and Antero Midstream LLC (incorporated by reference to Exhibit 10.2 to Quarterly Report on Form 10-Q (Commission File No. 001-36719) filed on April 25, 2018). |
| 10.13 | License Agreement, dated as of November 10, 2014, by and between Antero Resources Corporation and Antero Midstream Partners LP (incorporated by reference to Exhibit 10.4 to Current Report on Form 8-K (Commission File No. 001-36719) filed on November 17, 2014). |
| 10.14 | Registration Rights Agreement, dated as of November 10, 2014, by and among Antero Midstream Partners LP and Antero Resources Corporation (incorporated by reference to Exhibit 10.5 to Current Report on Form 8-K (Commission File No. 001-36719) filed on November 17, 2014). |
| 10.15 | 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 (Commission File No. 001-36719) filed on November 17, 2017). |
| 10.16 | First Amendment and Joinder Agreement to Amended and Restated Credit Agreement, dated as of October 31, 2018 (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K (Commission File No. 001-36719) filed on November 2, 2018). |
| 10.17 | Form of Antero Midstream Partners LP Long-Term Incentive Plan (incorporated by reference to Exhibit 10.11 to Amendment No. 4 to Antero Resources Midstream LLC's Registration Statement on Form S-1, filed on July 11, 2014, File No. 333-193798). |
| 10.18 | Form of Amended and Restated Indemnification Agreement (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K (Commission File No. 001-38075) filed on April 17, 2018)). |
| 10.19 | Form of Phantom Unit Grant Notice and Phantom Unit Agreement under the Antero Midstream Partners LP Long-Term Incentive Plan (incorporated by reference to Exhibit 4.4 to Antero Midstream Partners' Registration Statement on Form S-8 (Commission File No. 001- 36719) filed on November 12, 2014). |
| 10.20 | Form of Restricted Unit Grant Notice and Restricted Unit Agreement under the Antero Midstream Partners LP Long-Term Incentive Plan (incorporated by reference to Exhibit 4.5 to Antero Midstream Partners' Registration Statement on Form S-8 (Commission File No. 001- 36719) filed on November 12, 2014). |
| 10.21 | Form of Bonus Unit Grant Notice and Bonus Unit Agreement (Form for Non-Employee Directors) under the Antero Midstream Partners LP Long-Term Incentive Plan (incorporated by reference to Exhibit 10.16 to Annual Report on Form 10-K (Commission File No. 001-36120) filed on February 24, 2016). |
| 10.22 | Antero Resources Corporation Long-Term Incentive Plan, effective as of October 1, 2013 (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-8 (Commission File No. 001- 36120) filed on October 11, 2013). |
| 10.23 | Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement under the Antero Resources Corporation Long-Term Incentive Plan (incorporated by reference to Exhibit 10.28 to Annual Report on Form 10-K (Commission File No. 001-36120) filed on February 25, 2015). |
| 10.24 | Form of Bonus Stock Grant Notice and Bonus Stock Agreement (Form for Non-Employee Directors) under the Antero Resources Corporation Long-Term Incentive Plan (incorporated by reference to Exhibit 10.36 to Antero Resources' Annual Report on Form 10-K (Commission File No. 001-36120) filed on February 24, 2016). |
| 10.25 | Form of Performance Share Unit Grant Notice and Performance Share Unit Agreement (Form for Special Retention Awards) under the Antero Resources Corporation Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to Antero Resources' Annual Report on Form 8-K (Commission File No. 001-36120) filed on February 12, 2016). |

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|---|---|
| 10.26 | Global Grant Amendment to Grant Notices and Award Agreements Under the Antero Midstream Partners LP Long-Term Incentive Plan, effective as of October 24, 2016 (incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q (Commission File No. 001-36120) filed on October 26, 2016). |
| 10.27 | Second Amendment and Joinder Agreement, dated as of October 4, 2016 (incorporated by reference to Exhibit 10.3 to Quarterly Report on Form 10-Q (Commission File No. 001-36120) filed on October 26, 2016). |
| 10.28 | Credit Agreement between Antero Midstream GP LP and Wells Fargo Bank, National Association, dated as of May 9, 2018 (incorporated by reference to Exhibit 10.2 to the Antero Midstream GP LP Form 10-Q for the quarter ended June 30, 2018 (Commission File No. 001-38075) filed on August 1, 2018). |
| 10.29 | Voting Agreement, dated as of October 9, 2018, by and among Antero Midstream Partners LP and the shareholders of Antero Midstream GP LP named on Schedule I thereto (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (Commission File No. 001-38075) filed on October 10, 2018). |
| 10.30 | Voting Agreement, dated as of October 9, 2018, by and between Antero Midstream GP LP and Antero Resources Corporation (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K (Commission File No. 001-38075) filed on October 10, 2018). |
| 10.31 | Stockholders' Agreement, dated as of October 9, 2018, by and among Antero Midstream GP LP, Arkrose Subsidiary Holdings LLC, Warburg Pincus Private Equity X O&G, L.P., Warburg Pincus X Partners, L.P., Warburg Pincus Private Equity VIII, LP, Warburg Pincus Netherlands Private Equity VIII C.V.I, WP-WPVIII Investors, L.P., 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 M. Rady, Mockingbird Investment, LLC, Glen C. Warren, Jr. and Canton Investment Holdings LLC (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K (Commission File No. 001-38075) filed on October 10, 2018). |
| 21.1* | Subsidiaries of Antero Midstream GP LP. |
| 23.1* | Consent of KPMG, LLP. |
| 31.1* | Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes Oxley Act of 2002 (18 U.S.C. Section 7241). |
| 31.2* | Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes Oxley Act of 2002 (18 U.S.C. Section 7241). |
| 32.1* | Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes Oxley Act of 2002 (18 U.S.C. Section 1350). |
| 32.2* | Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes Oxley Act of 2002 (18 U.S.C. Section 1350). |
| 99.1* | Antero Midstream Partners LP's Annual Report on Form 10-K for the quarter ended December 31, 2018 |
| 101* | The following financial information from this Form 10-K of Antero Midstream GP LP for the year ended December 31, 2018, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Consolidated Statements of Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to the Combined Consolidated Financial Statements, tagged as blocks of text. |

The exhibits marked with the asterisk symbol (*) are filed or furnished with this Annual Report on Form 10-K.

† Portions of this exhibit have been omitted pursuant to a request for confidential treatment.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**ANTERO MIDSTREAM GP LP**

By: **AMGP GP LLC, its general partner**

By: /s/ Michael N. Kennedy
Michael N. Kennedy
*Chief Financial Officer*

Date: February 13, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated.

| Signature | Title (Position with AMGP GP LLC) | Date |
|---|---|---|
| /s/ PAUL M. RADY<br>Paul M. Rady | Chairman of the Board,<br>Director and Chief Executive officer<br>(principal executive officer) | February 13, 2019 |
| /s/ MICHAEL N. KENNEDY<br>Michael N. Kennedy | Chief Financial Officer<br>(principal financial officer) | February 13, 2019 |
| /s/ K. PHIL YOO<br>K. Phil Yoo | Vice President, Accounting and Chief Accounting Officer<br>(principal accounting officer) | February 13, 2019 |
| /s/ GLEN C. WARREN, JR.<br>Glen C. Warren, Jr. | President, Director, and Secretary | February 13, 2019 |
| /s/ PETER R. KAGAN<br>Peter R. Kagan | Director | February 13, 2019 |
| /s/ W. HOWARD KEENAN, JR.<br>W. Howard Keenan, Jr. | Director | February 13, 2019 |
| /s/ BROOKS J. KLIMLEY<br>Brooks J. Klimley | Director | February 13, 2019 |
| /s/ JAMES R. LEVY<br>James R. Levy | Director | February 13, 2019 |
| /s/ ROSE M. ROBESON<br>Rose M. Robeson | Director | February 13, 2019 |
| /s/ PETER A. DEA<br>Peter A. Dea | Director | February 13, 2019 |

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Antero Midstream GP LP:

***Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Antero Midstream GP LP and its subsidiaries (the Partnership) as of December 31, 2017 and 2018, the related consolidated statements of operations and comprehensive income, partners' capital, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes (collectively, the consolidated financial statements). We also have audited the Partnership's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2017 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

***Basis for Opinions***

The Partnership's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting within *Item 9A. Controls and Procedures*. Our responsibility is to express an opinion on the Partnership's consolidated financial statements and an opinion on the Partnership's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

***Definition and Limitations of Internal Control Over Financial Reporting***

A Partnership's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Partnership's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Partnership; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Partnership are being made only in accordance with authorizations of management and directors of the Partnership; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Partnership's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

We have served as the Company's auditor since 2016.

Denver, Colorado
February 13, 2019

**ANTERO MIDSTREAM GP LP**

**Consolidated Balance Sheets**

**December 31, 2017 and 2018**

**(In thousands, except number of shares and units)**

| | December 31, 2017 | December 31, 2018 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $ 5,987 | 2,822 |
| Prepaid expenses and other current assets | — | 87 |
| Total current assets | 5,987 | 2,909 |
| Investment in Antero Midstream Partners LP | 23,772 | 43,492 |
| Deferred tax asset | — | 1,304 |
| Total assets | $ 29,759 | 47,705 |
| **Liabilities and Partners' Capital** | | |
| Current liabilities: | | |
| Accounts payable–affiliate | 57 | 731 |
| Accounts payable and accrued liabilities | 236 | 435 |
| Taxes payable | 13,858 | 15,678 |
| Total current liabilities | 14,151 | 16,844 |
| Partners' capital: | | |
| Common shareholders–public (186,181,975 shares and 186,219,438 shares issued and outstanding at December 31, 2017 and 2018, respectively) | (19,866) | (41,969) |
| IDR LLC Series B units (32,875 and 65,745 units vested at December 31, 2017 and 2018, respectively) | 35,474 | 72,830 |
| Total partners' capital | 15,608 | 30,861 |
| Total liabilities and partners' capital | $ 29,759 | 47,705 |

See accompanying notes to consolidated financial statements.

**ANTERO MIDSTREAM GP LP**

**Consolidated Statements of Operations and Comprehensive Income**

**Years Ended December 2016, 2017 and 2018**

**(In thousands, except per share amounts)**

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2017 | 2018 |
| Equity in earnings of Antero Midstream Partners LP | $ 16,944 | 69,720 | 142,906 |
| Total income | 16,944 | 69,720 | 142,906 |
| General and administrative expense | 814 | 6,201 | 8,740 |
| Equity-based compensation | — | 34,933 | 35,111 |
| Total operating expenses | 814 | 41,134 | 43,851 |
| Operating income | 16,130 | 28,586 | 99,055 |
| Interest expense, net | — | — | (136) |
| Income before income taxes | 16,130 | 28,586 | 98,919 |
| Provision for income taxes | (6,419) | (26,261) | (32,311) |
| Net income and comprehensive income | $ 9,711 | 2,325 | 66,608 |
| | | | |
| Net income attributable to vested Series B units | | $ (784) | (5,236) |
| Pre-IPO net income attributed to parent | | 4,939 | — |
| Net income attributable to common shareholders | | $ 6,480 | 61,372 |
| | | | |
| Net income per common share–basic and diluted | | $ 0.03 | 0.33 |
| | | | |
| Weighted average number of common shares outstanding–basic and diluted | | 186,176 | 186,203 |

See accompanying notes to consolidated financial statements.

## ANTERO MIDSTREAM GP LP

## Consolidated Statements of Partners' Capital

## Years Ended December 31, 2016, 2017, and 2018

## (In thousands)

| | Common Shares Representing Limited Partner Interests | Antero Resources Midstream Management LLC Members' Equity | Series B Unitholders | Partners' Capital |
|---|---|---|---|---|
| Balance at December 31, 2015 | $ — | 558 | — | 558 |
| Net income and comprehensive income | — | 9,711 | — | 9,711 |
| Balance at December 31, 2016 | — | 10,269 | — | 10,269 |
| Pre-IPO net loss and comprehensive loss | — | (4,939) | — | (4,939) |
| Pre-IPO equity-based compensation | — | 10,237 | — | 10,237 |
| Conversion of Antero Resources Midstream Management LLC to a limited partnership | 15,567 | (15,567) | — | — |
| Post-IPO net income and comprehensive income | 6,480 | — | 784 | 7,264 |
| Post-IPO equity-based compensation | 24,696 | — | — | 24,696 |
| Distributions to Antero Resources Investment LLC | (15,908) | — | — | (15,908) |
| Distributions to shareholders | (16,011) | — | — | (16,011) |
| Vesting of Series B units | (34,690) | — | 34,690 | — |
| Balance at December 31, 2017 | (19,866) | — | 35,474 | 15,608 |
| Net income and comprehensive income | 61,372 | — | 5,236 | 66,608 |
| Equity-based compensation | 35,111 | — | — | 35,111 |
| Distributions to shareholders | (84,166) | — | — | (84,166) |
| Distributions to Series B unitholders | — | — | (2,300) | (2,300) |
| Vesting of Series B units | (34,420) | — | 34,420 | — |
| Balance at December 31, 2018 | $ (41,969) | — | 72,830 | 30,861 |

See accompanying notes to consolidated financial statements.

**ANTERO MIDSTREAM GP LP**

**Consolidated Statements of Cash Flows**

**Years Ended December 31, 2016, 2017 and 2018**

**(In thousands)**

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2017 | 2018 |
| Cash flows provided by operating activities: | | | |
| Net income | $ 9,711 | 2,325 | 66,608 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Equity in earnings of Antero Midstream Partners LP | (16,944) | (69,720) | (142,906) |
| Distributions received from Antero Midstream Partners LP | 10,370 | 53,491 | 123,186 |
| Amortization of deferred financing costs | — | — | 148 |
| Equity-based compensation | — | 34,933 | 35,111 |
| Deferred income taxes | (368) | — | (1,304) |
| Changes in current assets and liabilities: | | | |
| Prepaid expenses and other current assets | — | — | (5) |
| Accounts receivable–related party | (217) | — | — |
| Accounts payable–affiliate | — | 57 | 674 |
| Accounts payable and accrued liabilities | 426 | (190) | 199 |
| Taxes payable | 6,559 | 7,184 | 1,820 |
| Net cash provided by operating activities | 9,537 | 28,080 | 83,531 |
| Cash flows from investing activities | — | — | — |
| Cash flows used in financing activities | | | |
| Distributions to Antero Resources Investment LLC | — | (15,691) | — |
| Distributions to shareholders | — | (16,011) | (84,166) |
| Distributions to Series B unitholders | — | — | (2,300) |
| Payments of deferred financing costs | — | — | (230) |
| Net cash used in financing activities | — | (31,702) | (86,696) |
| Net increase (decrease) in cash | 9,537 | (3,622) | (3,165) |
| Cash, beginning of period | 72 | 9,609 | 5,987 |
| Cash, end of period | $ 9,609 | 5,987 | 2,822 |
| | | | |
| Supplemental disclosure of cash flow information: | | | |
| Cash paid during the period for taxes | $ (228) | (19,077) | (31,795) |

See accompanying notes to consolidated financial statements.

## (1) Business and Organization

### *(a) Overview*

Antero Midstream GP LP ("AMGP") was originally formed as Antero Resources Midstream Management LLC ("ARMM") in 2013 to become the general partner of Antero Midstream Partners LP ("Antero Midstream"), a master limited partnership that is publicly traded on the New York Stock Exchange (NYSE: AM). On May 4, 2017, ARMM converted from a Delaware limited liability company to a Delaware limited partnership and changed its name to Antero Midstream GP LP in connection with its initial public offering ("IPO"). Unless the context otherwise requires, references to "we" and "our" refer to: (i) for the period prior to May 4, 2017, ARMM, and (ii) beginning on May 4, 2017, AMGP. AMGP owns 100% of the membership interests of Antero Midstream Partners GP LLC ("AMP GP"), which owns the non-economic general partner interest in Antero Midstream, and AMGP owns all of the Series A capital interests ("Series A Units") in Antero IDR Holdings LLC ("IDR LLC"), which owns the incentive distribution rights ("IDRs") in Antero Midstream. IDR LLC also has Series B profits interests ("Series B Units") outstanding that entitle the holders to receive up to 6% of the distributions that Antero Midstream makes on the IDRs in excess of $7.5 million per quarter, subject to certain vesting conditions (see Note 5—Long-Term Incentive Plans). AMGP is taxed as a corporation for U.S. federal income tax purposes and AMGP refers to its outstanding limited partner interests as common shares.

AMGP's only income results from distributions made on the IDRs of Antero Midstream. The Antero Midstream IDRs entitle holders to receive cash distributions from Antero Midstream when distributions exceed certain target amounts (see Note 6—Distributions from Antero Midstream).

AMGP is managed by its general partner, AMGP GP LLC ("AMGP GP"), which establishes the quarterly cash distribution for AMGP's common shares payable to shareholders. AMGP GP has a board of directors appointed by certain former members of Antero Resources Investment LLC ("Antero Investment"), the former sole member of ARMM prior to its liquidation on October 31, 2017. Following the completion of our IPO, certain of AMGP's directors and executive officers own AMGP common shares as well as Series B Units in IDR LLC. In addition, certain of AMGP's directors and executive officers own a portion of Antero Resources Corporation's ("Antero Resources") (NYSE: AR) common stock and Antero Midstream's common units. AMGP has an agreement with Antero Resources, under which Antero Resources provides general and administrative services to AMGP for a fee of $0.5 million per year, subject to annual inflation adjustments. AMGP also incurs recurring direct expenses for the costs associated with being a publicly traded entity.

Antero Midstream was formed by Antero Resources to own, operate and develop midstream energy assets to service Antero Resources' oil and gas producing assets. Both Antero Midstream and Antero Resources' assets are located in the Marcellus Shale and Utica Shale located in West Virginia and Ohio. Antero Midstream's assets consist of gathering pipelines, compressor stations, interests in processing and fractionation plants, and water handling and treatment assets, which provide midstream services to Antero Resources under long term, fixed fee contracts. Antero Midstream also has a 15% equity interest in the gathering system of Stonewall Gas Gathering LLC ("Stonewall") and a 50% equity interest in a joint venture to develop processing and fractionation assets with MarkWest Energy Partners, L.P. AMGP's results of operations, financial position and cash flows are dependent on the results of operations, financial position and cash flows of Antero Midstream. As a result, these consolidated financial statements should be read in conjunction with Antero Midstream's audited consolidated financial statements and notes thereto presented in its Annual Report on Form 10-K for the year ended December 31, 2018.

### *(b) Simplification Agreement*

On October 9, 2018, Antero Midstream, Antero Midstream GP LP ("AMGP") and certain of their affiliates entered into a Simplification Agreement (as may be amended from time to time, the "Simplification Agreement"), pursuant to which, among other things, (1) AMGP will be converted from a limited partnership to a corporation under the laws of the State of Delaware, to be named Antero Midstream Corporation (which is referred to as "New AM" and the conversion, the "Conversion"); (2) an indirect, wholly owned subsidiary of New AM will be merged with and into Antero Midstream, with Antero Midstream surviving the merger as an indirect, wholly owned subsidiary of New AM (the "Merger") and (3) all the issued and outstanding Series B Units representing limited liability company interests of Antero IDR Holdings LLC ("IDR Holdings"), a partially owned subsidiary of AMGP and the holder of all of Antero Midstream's incentive distribution rights, will be exchanged for an aggregate of approximately 17.35 million shares of New AM's Common Stock (the "Series B Exchange"). The Conversion, the Merger, the Series B Exchange and the other transactions contemplated by the Simplification Agreement are collectively referred to as the "Transactions." As a result of the Transactions, Antero Midstream will be a wholly owned subsidiary of New AM and former shareholders of AMGP, unitholders of Antero Midstream and holders of Series B Units will each own New AM's Common Stock.

If the Transactions are completed, (1) each holder of Antero Midstream's common units other than Antero Resources (the "AM Public Unitholders"), will be entitled to receive, at its election, one of (i) $3.415 in cash without interest and 1.6350 validly issued, fully paid, nonassessable shares of New AM's Common Stock for each of Antero Midstream's common units held (the "Public Mixed Consideration"); (ii) 1.6350 shares of New AM's Common Stock plus an additional number of shares of New AM's Common Stock equal to the quotient of (A) $3.415 and (B) the average of the 20-day volume-weighted average trading price per AMGP common share prior to the final election day for AM Public Unitholders (the "AMGP VWAP"), for each of Antero Midstream's common units held (the "Public Stock Consideration"); or (iii) $3.415 in cash plus an additional amount of cash equal to the product of (A) 1.6350 and (B) the AMGP VWAP for each of Antero Midstream's common units held (the "Public Cash Consideration"); and (2) in exchange for each of the Partnership's common units held, Antero Resources will be entitled, subject to certain adjustments (as described below), to receive $3.00 in cash without interest and 1.6023 validly issued, fully paid, nonassessable shares of New AM's Common Stock for each of Antero Midstream's common units held by Antero Resources (the "AR Mixed Consideration").

The aggregate cash consideration to be paid to Antero Resources and the AM Public Unitholders will be fixed at an amount equal to the aggregate amount of cash that would have been paid and issued if all AM Public Unitholders received $3.415 in cash per common unit (the "Available Cash") and Antero Resources received $3.00 in cash per common unit, which is approximately $598 million. If the Available Cash exceeds the cash consideration elected to be received by the AM Public Unitholders, Antero Resources may elect to increase the total amount of cash consideration to be received as a part of the AR Mixed Consideration up to an amount equal to the excess and the amount of shares it will receive will be reduced accordingly based on the AMGP VWAP. In addition, the consideration to be received each AM Public Unitholder may be prorated in the event that more cash or equity is elected to be received than what would otherwise have been paid if all AM Public Unitholders had received the Public Mixed Consideration and Antero Resources received the AR Mixed Consideration.

The Merger should be a taxable event for Antero Midstream's unitholders. The amount and character of gain or loss recognized by each unitholder in the Merger will vary depending on such unitholder's particular situation, including the value of the shares of New AM's Common Stock, if any, received by such unitholder, the amount of any cash received by such unitholder, the adjusted tax basis of such unitholder's common units (and any changes to such tax basis as a result of Antero Midstream's allocations of income, gain, loss and deduction to such unitholder for the taxable year that includes the Merger), and the amount of any suspended passive losses that may be available to such unitholder to offset a portion of the gain recognized by such unitholder in connection with the Merger.

Special meetings of AMGP shareholders and Antero Midstream unitholders will be held on March 8, 2019 to vote on the Simplification Agreement, the Merger and the other Transactions contemplated thereby, as applicable, and all AMGP shareholders and Antero Midstream unitholders of record as of the close of business on January 11, 2019, which is the record date for the special meetings, will be entitled to vote the AMGP common shares and Antero Midstream common units, respectively, owned by them on the record date. AMGP and Antero Midstream expect the Transactions to close shortly after the special meeting date, subject to certain closing conditions under the documentation for the Transactions. AMGP and Antero Midstream expect to fund the cash portion of the merger consideration with borrowings under Antero Midstream's revolving credit facility. The revolving credit facility was amended on October 31, 2018 to increase lender commitments from $1.5 billion to $2.0 billion.

Also on October 9, 2018, in connection with the entry into the Simplification Agreement, (1) Antero Midstream entered into a voting agreement with AMGP's shareholders owning a majority of the outstanding AMGP common shares, pursuant to which, among other things, such shareholders agreed to vote in favor of the Transactions, (2) AMGP entered into a voting agreement with Antero Resources, pursuant to which, among other things, Antero Resources agreed to vote in favor of the Transactions and (3) AMGP, Antero Resources, certain funds affiliated with Warburg Pincus LLC and Yorktown Partners LLC (together, the "Sponsor Holders"), Paul M. Rady and Glen C. Warren, Jr. (Messrs. Rady and Warren together, the "Management Stockholders") entered into a Stockholders' Agreement, pursuant to which, among other things, Antero Resources, the Sponsor Holders and the Management Holders will have the ability to designate members of the New AM board of directors under certain circumstances, effective as the closing of the Transactions.

## (2) Summary of Significant Accounting Policies

### *(a) Basis of Presentation*

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). In the opinion of management, the accompanying consolidated financial statements include all adjustments (consisting of normal and recurring accruals) considered necessary to present fairly AMGP's financial position as of December 31, 2017 and 2018, and AMGP's results of operations and cash flows for the years ended December 31, 2016, 2017 and 2018. AMGP has no items of other comprehensive income; therefore, AMGP's net income is identical to its comprehensive income.

As of the date these consolidated financial statements were filed with the SEC, AMGP completed its evaluation of potential subsequent events for disclosure and no items requiring disclosure were identified other than as disclosed in Note 7—Cash Distributions.

### *(b) Principles of Consolidation*

The consolidated financial statements include the accounts of AMGP, AMP GP (its wholly-owned subsidiary), and IDR LLC.

### *(c) Investment in Antero Midstream*

AMGP has determined that Antero Midstream is a variable interest entity ("VIE") for which AMGP is not the primary beneficiary and therefore does not consolidate. AMGP concluded that Antero Resources is the primary beneficiary of Antero Midstream and should consolidate its financial results. Antero Resources is the primary beneficiary based on its power to direct the activities that most significantly impact Antero Midstream's economic performance and its obligations to absorb losses or receive benefits of Antero Midstream that could be significant to Antero Midstream. Antero Resources owns approximately 52.8% of the outstanding limited partner interests in Antero Midstream and its officers and management group also act as management of Antero Midstream. Antero Midstream was formed to own, operate and develop midstream energy assets to service Antero Resources' production under long-term contracts as described herein. AMGP does not own any limited partnership interests in Antero Midstream and have no capital interests in Antero Midstream. AMGP has not provided, and does not anticipate providing, financial support to Antero Midstream.

AMGP's ownership of the non-economic general partner interest in Antero Midstream provides AMGP with significant influence over Antero Midstream, but not control over the decisions that most significantly impact the economic performance of Antero Midstream. AMGP's indirect ownership of the IDRs of Antero Midstream entitles AMGP to receive cash distributions from Antero Midstream when distributions exceed certain target amounts. AMGP's ownership of these interests does not require AMGP to provide financial support to Antero Midstream. AMGP obtained these interests upon its formation for no consideration. Therefore, they have no cost basis and are classified as long term investments. AMGP's share of Antero Midstream's earnings as a result of AMGP's ownership of the IDRs is accounted for using the equity method of accounting. AMGP recognizes distributions earned from Antero Midstream as "Equity in earnings of Antero Midstream Partners LP" on its statement of operations in the period in which they are earned and are allocated to AMGP's capital account. AMGP's long-term interest in the IDRs on the balance sheet is recorded in "Investment in Antero Midstream Partners LP." The ownership of the general partner interests and IDRs do not provide AMGP with any claim to the assets of Antero Midstream other than the balance in its Antero Midstream capital account. Income related to the IDRs is recognized as earned and increases AMGP's capital account and equity investment. When these distributions are paid to AMGP, they reduce its capital account and its equity investment in Antero Midstream. See Note 6—Distributions from Antero Midstream.

### *(d) Use of Estimates*

The preparation of the consolidated financial statements and notes in conformity with GAAP requires that management formulate estimates and assumptions that affect income, expenses, assets, and liabilities. Changes in facts and circumstances or discovery of new information may result in revised estimates, and actual results could differ from those estimates.

***(e) Income Taxes***

AMGP is a Delaware limited partnership that is taxed as a corporation for U.S. federal income tax purposes. AMGP recognizes deferred tax assets and liabilities for temporary differences resulting from net operating loss carryforwards for income tax purposes and the differences between the financial statement and tax basis of assets and liabilities. The effect of changes in tax laws or tax rates is recognized in income during the period such changes are enacted. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. AMGP regularly reviews its tax positions in each significant taxing jurisdiction during the process of evaluating its tax provision. AMGP makes adjustments to its tax provision when: (i) facts and circumstances regarding a tax position change, causing a change in management's judgment regarding that tax position; and/or (ii) a tax position is effectively settled with a tax authority at a differing amount.

***(f) General and Administrative Expenses***

General and administrative costs incurred during 2016 and pre-IPO in 2017 primarily relate to legal and other costs incurred in connection with AMGP's IPO. Post-IPO general and administrative expense consists primarily of management fees paid to Antero Resources, and other legal and administrative expenses. Additionally, in connection with the formation of a conflicts committee of the board of directors of the Partnership's general partner to consider potential transactions involving us in connection with Antero Resources' and Antero Midstream's efforts to explore, review, and evaluate potential measures related to its valuation, the conflicts committee retained an investment advisor and attorneys. Attorneys' fees related to this matter are charged to expense as incurred. For the year ended December 31, 2018, the AMGP has expensed $6.9 million related to conflicts committee expenses.

***(g) Equity-Based Compensation***

AMGP recognizes compensation cost related to all equity-based awards in the financial statements based on their estimated grant date fair value. AMGP has authorized and outstanding Series B Units and AMGP is authorized to grant common share awards. The grant date fair values are determined based on the type of award and may utilize market prices on the date of grant or a Monte Carlo simulation, as appropriate for the type of equity-based award. Compensation cost is recognized ratably over the applicable vesting or service period. Forfeitures are accounted for as they occur by reversing the expense previously recognized for awards that were forfeited during the period. See Note 5—Long-Term Incentive Plans for additional information regarding our equity-based compensation.

***(h) Fair Value Measures***

The Financial Accounting Standards Board (the "FASB") Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures*, clarifies the definition of fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This guidance also relates to all nonfinancial assets and liabilities that are not recognized or disclosed on a recurring basis (e.g., the initial recognition of asset retirement obligations and impairments of long-lived assets). The fair value is the price that AMGP estimates would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is used to prioritize inputs to valuation techniques used to estimate fair value. An asset or liability subject to the fair value requirements is categorized within the hierarchy based on the lowest level of input that is significant to the fair value measurement. AMGP's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The highest priority (Level 1) is given to unadjusted quoted market prices in active markets for identical assets or liabilities, and the lowest priority (Level 3) is given to unobservable inputs. Level 2 inputs are data, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.

***(i) Net Income per Common Share***

Net income per common share–basic for each period is computed by dividing net income attributable to common shareholders by the basic weighted average number of common shares outstanding during the period. Net income per common share – diluted for each period is computed after giving consideration to the potential dilution from outstanding Series B units, calculated using the if converted method. During the periods in which AMGP incurs a net loss, diluted weighted average shares outstanding are equal to basic weighted average common shares outstanding because the effect of all equity awards is anti-dilutive.

At December 31, 2017 and 2018, there were 4,777,759 and 1,365,525 shares, respectively, to be issued upon assumed conversion of the Series B Units. The effect of these awards is anti-dilutive for 2017 and 2018, and thus, AMGP's diluted net income per common share for the years ended December 31, 2017 and 2018 is equal to our basic net income per common share.

***(j) Recently Adopted Accounting Standard***

On June 20, 2018, the FASB issued Accounting Standards Update ("ASU") No. 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*, which aligns the accounting for employee and nonemployee share-based payments. AMGP elected to adopt the standard as of October 1, 2018. As a result of adopting this standard, AMGP reclassified its $3.0 million liability for equity-based compensation to partners' capital as of as of October 1, 2018. See Note 5—Long-Term Incentive Plans.

## (3) Credit Facility

On May 9, 2018, AMGP entered into a credit facility (the "Credit Facility") with a bank, which provides for a line of credit of up to $12 million. The maturity date of the Credit Facility is May 6, 2019.

The Credit Facility is guaranteed by IDR LLC and secured by a pledge of the Series A capital interests in IDR LLC and the membership interests in AMP GP.

Interest is payable on borrowings at a variable rate based on the base rate plus a margin rate of interest equal to 1.00% per annum. The base rate is the highest of (i) the Federal Funds Rate plus ½ of 1%, (ii) the rate of interest in effect for such day as publicly announced from time to time by the Lender as its "prime rate" and (iii) the Eurodollar Rate plus 1.00%.

The Credit Facility contains customary events of default and various affirmative and negative covenants, including restrictions on incurring indebtedness, making investments and disposing of assets, and a requirement to completely repay amounts outstanding under the line of credit at least once each fiscal quarter.

At December 31, 2018, AMGP had no borrowings under the Credit Facility.

## (4) Income Taxes

For the years ended December 31, 2016, 2017, and 2018, income tax expense consisted of the following:

| | Year Ended December 31, | | |
|---|---|---|---|
| **(in thousands)** | **2016** | **2017** | **2018** |
| Current income tax expense | $ 6,787 | 26,261 | 33,615 |
| Deferred income tax benefit | (368) | — | (1,304) |
| Total income tax expense | $ 6,419 | 26,261 | 32,311 |

Income tax expense differs from the amount that would be computed by applying the U.S. statutory federal income tax rate of 35% to income` for the years ended December 31, 2016 and 2017, and 21% for the year ended December 31, 2018, as a result of the following:

| | Year Ended December 31, | | |
|---|---|---|---|
| **(in thousands)** | **2016** | **2017** | **2018** |
| Federal income tax expense | $ 5,646 | 10,005 | 20,773 |
| State income tax expense, net of federal benefit | 479 | 952 | 4,133 |
| Non-deductible equity-based compensation | — | 13,296 | 8,087 |
| Non-deductible IPO expenses | 309 | 1,948 | 1 |
| Other | (15) | 60 | (683) |
| Provision for income taxes | $ 6,419 | 26,261 | 32,311 |

Deferred income taxes reflect the impact of temporary differences between assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. As of December 31, 2018, AMGP had a deferred tax asset of $1.3 million related to transaction costs incurred for the Simplification Agreement.

In assessing the realizability of deferred tax assets, management considers whether some portion or all of the deferred tax assets will be realized based on a more-likely-than-not standard of judgment. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the AMGP's temporary differences become deductible. Management considers projected future taxable income and tax planning strategies in making this assessment. Based upon the projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Partnership will realize the benefits of these deductible differences and thus has not recorded a valuation allowance.

The tax years 2015 through 2018 remain open to examination by the U.S. Internal Revenue Service. The Company and its subsidiaries file tax returns with various state taxing authorities; these returns remain open to examination for tax years 2014 through 2018.

### (5) Long-Term Incentive Plans

As of December 31, 2018, IDR LLC has 98,600 Series B Units authorized and outstanding that entitle the holders to receive up to 6% of the amount of the distributions that Antero Midstream makes on its IDRs in excess of $7.5 million per quarter, subject to certain vesting conditions. During the year ending December 31, 2017, 1,400 Series B Units were forfeited and there were no forfeitures during 2018. The Series B Units vest ratably over a three year period. On December 31, 2018, 65,745 Series B Units were vested. The holders of vested Series B Units have the right to convert the units to common shares with a value equal to their pro rata share of up to 6% of any increase in AMGP's equity value in excess of $2.0 billion. In no event will the aggregate number of newly issued common shares exceed 6% of the total number of AMGP's issued and outstanding common shares.

AMGP recognizes expense for the grant date fair value of the awards over the vesting period of the awards. Forfeitures are accounted for as they occur by reversing expense previously recognized for awards that were forfeited during the period. For awards granted to common law employees, the grant date fair value of the Series B Unit awards was estimated using a Monte Carlo simulation using various assumptions including a floor equity value of $2.0 billion, expected volatility of 43% based on historical volatility of a peer group of publicly traded partnerships, a risk free rate of 2.45%, and expected IDR distributions based on internal estimates discounted based on a weighted average cost of capital assumption of 7.25%. Based on these assumptions, the estimated value of each Series B Unit was $999 when they were issued. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement within the fair value hierarchy. For a discussion of the Series B Exchange in the event that the Transactions are consummated, see Note 1—Business and Organization.

Prior to October 1, 2018, certain of the awards made to non-common law employees were accounted for as liability awards. On October 1, 2018, AMGP adopted ASU 2018-07, which allows these awards to be treated in the same manner as employee awards. The remaining liability at September 30, 2018 of $3.0 million was reclassified to equity effective October 1, 2018. The remaining unamortized expense related to these awards will be amortized from October 1, 2018 through December 31, 2019. Forfeitures are accounted for as they occur by reversing expense previously recognized for awards that were forfeited during the period. At September 30, 2018, the fair value of the Series B Unit awards was estimated using a Monte Carlo simulation using various assumptions including an equity value of $3.3 billion, expected volatility of 38% based on historical volatility of a peer group of publicly traded partnerships, a risk free rate of 3.00%, and expected IDR distributions based on internal estimates discounted based on a weighted average cost of capital assumption of 7.25%. Based on these assumptions, the estimated value of each Series B Unit at September 30, 2018 was $1,673. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement within the fair value hierarchy.

AMGP recognized expense related to the Series B Unit awards of $34.7 million and $34.4 million during the years ended December 31, 2017 and 2018, respectively. As of December 31, 2018, there was $34.4 million of unamortized compensation expense related to unvested Series B Units that is expected to be recognized in 2019.

On April 17, 2017, AMGP also adopted the Antero Midstream GP LP Long-Term Incentive Plan ("AMGP LTIP"), pursuant to which certain non-employee directors of AMGP's general partner and certain officers, employees and consultants of Antero Resources are eligible to receive awards representing equity interests in AMGP. An aggregate of 930,851 common shares may be delivered pursuant to awards under the AMGP LTIP, subject to customary adjustments. As of December 31, 2017 and 2018, 11,762 and 49,225 common shares were granted, respectively. AMGP recognized related expense of $0.2 million and $0.7 million related to these awards for the years ended December 31, 2017 and 2018, respectively. As of December 31, 2018, 881,626 common shares remain available for grant under the AMGP LTIP.

### (6) Distributions from Antero Midstream

Antero Midstream's partnership agreement provides for a minimum quarterly distribution of $0.17 per common unit for each quarter, or $0.68 per unit on an annualized basis. If cash distributions to Antero Midstream's unitholders exceed $0.1955 per common unit in any quarter, IDR LLC, as the holder of Antero Midstream's IDRs, will receive distributions according to the following percentage allocations:

| | Marginal Percentage Interest in Distributions | |
|---|---|---|
| **Total Quarterly Distribution Target Amount** | **Antero Midstream Common Unitholders** | **Holder of IDRs** |
| above $0.1955 up to $0.2125 | 85 % | 15 % |
| above $0.2125 up to $0.2550 | 75 % | 25 % |
| above $0.2550 | 50 % | 50 % |

Distributions per common unit and distributions related to the IDRs were as follows for the periods indicated:

| Quarter and Year | Distribution Date | Antero Midstream Distribution Amount per Common Unit | Income Attributable to IDRs ($ thousands) |
|---|---|---|---|
| Q1 2016 | May 25, 2016 | $ 0.235 | $ 1,850 |
| Q2 2016 | August 24, 2016 | $ 0.250 | $ 2,731 |
| Q3 2016 | November 24, 2016 | $ 0.265 | $ 4,820 |
| Q4 2016 | February 8, 2017 | $ 0.280 | $ 7,543 |
| Q1 2017 | May 10, 2017 | $ 0.300 | $ 11,553 |
| Q2 2017 | August 16, 2017 | $ 0.320 | $ 15,328 |
| Q3 2017 | November 16, 2017 | $ 0.340 | $ 19,067 |
| Q4 2017 | February 13, 2018 | $ 0.365 | $ 23,772 |
| Q1 2018 | May 18, 2018 | $ 0.390 | $ 28,460 |
| Q2 2018 | August 17, 2018 | $ 0.415 | $ 33,138 |
| Q3 2018 | November 16, 2018 | $ 0.440 | $ 37,816 |

The board of directors of Antero Midstream's general partner has declared a cash distribution of $0.47 per unit for the quarter ended December 31, 2018. The distribution was paid on February 13, 2019 to shareholders of record as of February 1, 2019. The distribution attributable to the IDRs for the quarter ended December 31, 2018 is $43.5 million.

Distributions attributable to the IDRs which relate to periods prior to May 9, 2017, the closing of our IPO, were distributed to Antero Investment prior to its liquidation.

## (7) Cash Distributions

The following table details the amount of quarterly distributions AMGP paid with respect to the quarter indicated (in thousands, except per share data):

| Quarter and Year | Record Date | Distribution Date | Distributions: Common shareholders | Distributions: Antero Resources Investment | Total | Distributions per common share |
|---|---|---|---|---|---|---|
| * | May 9, 2017 | September 13, 2017 | $ — | 15,908 | 15,908 | * |
| Q2 2017 | August 3, 2017 | August 23, 2017 | 5,026 | — | 5,026 | $ 0.027 |
| Q3 2017 | November 1, 2017 | November 23, 2017 | 10,985 | — | 10,985 | $ 0.059 |
| | Total 2017 | | $ 16,011 | 15,908 | 31,919 | |
| | | | | | | |
| Q4 2017 | February 1, 2018 | February 20, 2018 | $ 13,964 | — | 13,964 | $ 0.075 |
| Q1 2018 | May 3, 2018 | May 23, 2018 | 20,109 | — | 20,109 | $ 0.108 |
| Q2 2018 | August 2, 2018 | August 22, 2018 | 23,276 | — | 23,276 | $ 0.125 |
| Q3 2018 | November 2, 2018 | November 21, 2018 | 26,817 | — | 26,817 | $ 0.144 |
| | Total 2018 | | $ 84,166 | — | 84,166 | |

* Income relating to periods prior to May 9, 2017, the closing of our IPO, was distributed to Antero Investment prior to its liquidation.

The board of directors of our general partner has declared a cash distribution of $0.164 per share for the quarter ended December 31, 2018. The distribution will be payable on February 21, 2019 to our shareholders of record as of February 1, 2019.

## (8) Related Party Transactions

Certain of AMGP's shareholders, including members of its executive management group, own a significant interest in AMGP and, either through their representatives or directly, serve as members of the Board of Directors of Antero Resources and the Boards of Directors of the general partners of Antero Midstream and AMGP. These same groups or individuals own common stock in Antero Resources and limited partner interests in Antero Midstream. AMGP's executive management group also manages the operations and business affairs of Antero Resources and Antero Midstream. For a discussion of the Series B Exchange in the event that the Transactions are consummated, see Note 1—Business and Organization.

Accounts payable–affiliate at December 31, 2017 and December 31, 2018 consists of less than $0.1 million and less than $0.8 million, respectively, payable to Antero Resources for general and administrative expenses.

## (9) Quarterly Financial Information (Unaudited)

Our unaudited quarterly financial information for the years ended December 31, 2017 and 2018 is as follows:

| (in thousands, except per unit data) | First quarter | Second quarter | Third quarter | Fourth quarter |
|---|---|---|---|---|
| Year ended December 31, 2017 | | | | |
| Total income | $ 11,553 | 15,328 | 19,067 | 23,772 |
| Total operating expenses | 10,427 | 12,834 | 8,932 | 8,941 |
| Net income (loss) and comprehensive income (loss) | (3,299) | (3,261) | 2,978 | 5,907 |
| Net income (loss) attributable to Antero Midstream GP LP subsequent to IPO | — | (1,621) | 2,978 | 5,907 |
| Net income attributable to Series B units | — | — | — | (784) |
| Net income attributable to common shareholders | $ — | (1,621) | 2,978 | 5,123 |
| Net income (loss) per common share–basic and diluted | $ | (0.01) | 0.02 | 0.03 |
| Year ended December 31, 2018 | | | | |
| Total income | $ 28,453 | 33,145 | 37,816 | 43,492 |
| Total operating expenses | 9,560 | 11,509 | 10,803 | 11,979 |
| Net income and comprehensive income | 12,805 | 14,387 | 18,028 | 21,388 |
| Net income attributable to Series B units | (413) | (506) | (598) | (3,719) |
| Net income attributable to common shareholders | $ 12,392 | 13,881 | 17,430 | 17,669 |
| Net income per common share–basic and diluted | $ 0.07 | 0.07 | 0.09 | 0.10 |

## (10) Summarized Financial Information for Antero Midstream

Summarized financial information for Antero Midstream, AMGP's investee accounted for using the equity method of accounting, is included in this note. The following tables present summarized income statement and balance sheet information for Antero Midstream (in thousands).

### Summarized Antero Midstream Income Statement Information

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2016 | 2017 | 2018 |
| Revenues | $ 590,211 | 772,497 | 1,028,522 |
| Operating expenses | 332,100 | 447,819 | 420,952 |
| Operating income | 258,111 | 324,678 | 607,570 |
| Net income and comprehensive income | 236,703 | 307,315 | 585,944 |
| Net income attributable to incentive distribution rights | (16,944) | (69,720) | (142,906) |
| Limited partners' interest in net income | $ 219,759 | 237,595 | 443,038 |

### Summarized Antero Midstream Balance Sheet Information

| | December 31, | |
|---|---|---|
| | 2017 | 2018 |
| Current assets | $ 120,385 | 138,435 |
| Non-current assets | 2,921,824 | 3,407,982 |
| Current liabilities | 121,316 | 99,686 |
| Non-current liabilities | 1,404,424 | 1,755,223 |
| Partners' capital | $ 1,516,469 | 1,691,508 |

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

PAUL M. RADY
Chairman and CEO

GLEN C. WARREN, JR.
President and Director

PETER A. DEA
Director

PETER R. KAGAN
Director

W. HOWARD KEENAN, JR.
Director

DAVID H. KEYTE
Director

BROOKS J. KLIMLEY
Lead Director

JOHN C. MOLLENKOPF
Director

DAVID A. PETERS
Director

ROSE M. ROBESON
Director

## SENIOR MANAGEMENT

PAUL M. RADY
Chairman and CEO

GLEN C. WARREN, JR.
President and Director

MICHAEL N. KENNEDY
Chief Financial Officer
and Senior Vice President – Finance,
Antero Resources

ALVYN A. SCHOPP
Chief Administrative Officer,
Regional Senior Vice President and Treasurer

KEVIN J. KILSTROM
Senior Vice President – Production

BRIAN A. KUHN
Senior Vice President – Land

STEVEN M. WOODWARD
Senior Vice President – Business Development

YVETTE K. SCHULTZ
General Counsel and Vice President – Legal

JOHN GIANNAULA
Vice President – Human Resources
and Administration

AARON S.G. MERRICK
Vice President – Information Technology

TROY R. ROACH
Vice President – Health, Safety,
and Environment

K. PHIL YOO
Vice President – Accounting
and Chief Accounting Officer

W. PATRICK ASH
Vice President – Reservoir Engineering
and Planning

DIANA O. HOFF
Vice President – Operations

BRENDAN E. KRUEGER
Vice President – Finance

ROBERT H. KRCEK
Vice President – Midstream

TIMOTHY J.C. RADY
Vice President – Land

MARIA WOOD HENRY
Vice President – Geology

JUSTIN B. FOWLER
Vice President – Gas Marketing
and Transportation

DAVID A. CANNELONGO
Vice President – Liquids Marketing
and Transportation

TOFFAZZEL HAQUE
Vice President – Production

## INVESTOR RELATIONS

ANTERO MIDSTREAM CORPORATION
1615 Wynkoop Street
Denver, Colorado 80202
(303) 357-7310 extension 6782
www.anteroresources.com

## TRANSFER AGENT AND REGISTRAR

AMERICAN STOCK TRANSFER
AND TRUST COMPANY, LLC
6201 15th Avenue
Brooklyn, New York 11219
(800) 937-5449

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP Denver, Colorado

## SHAREHOLDER INFORMATION

Our common shares are publicly traded
on the NYSE under the symbol "AM"

## CORPORATE HEADQUARTERS

ANTERO MIDSTREAM CORPORATION
1615 Wynkoop Street
Denver, Colorado 80202

## FORWARD-LOOKING STATEMENTS

The 2018 Annual Report includes "forward-looking statements". Such forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond AM's control.

All statements, except for statements of historical fact, made herein regarding activities, events or developments AM expects, believes or anticipates will or may occur in the future, such as those regarding future commodity prices, future production targets, completion of natural gas or natural gas liquids transportation projects, future earnings, Adjusted EBITDAX, Adjusted Operating Cash Flow, Free Cash Flow, future capital spending plans, improved and/or increasing capital efficiency, continued utilization of existing infrastructure, gas marketability, estimated realized natural gas, natural gas liquids and oil prices, acreage quality, access to multiple gas markets, expected drilling and development plans (including the number, type, lateral length and location of wells to be drilled, the number and type of drilling rigs and the number of wells per pad), projected well costs, future financial position, future technical improvements and future marketing opportunities, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Although AM believes that the plans, intentions and expectations reflected in or suggested by the forward-looking statements are reasonable, there is no assurance that these plans, intentions or expectations will be achieved. Therefore, actual outcomes and results could materially differ from what is expressed, implied or forecast in such statements.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond the AM's control, incident to the exploration for and development, production, gathering and sale of natural gas, NGLs and oil. These risks include, but are not limited to, commodity price volatility, inflation, lack of availability of drilling and production equipment and services, environmental risks, drilling and other operating risks, regulatory changes, the uncertainty inherent in estimating natural gas and oil reserves and in projecting future rates of production, cash flow and access to capital, the timing of development expenditures, and the other risks described under the heading "Item 1A. Risk Factors" in AM's Annual Report on Form 10-K for the year ended December 31, 2018.

Any forward-looking statement speaks only as of the date on which such statement is made and the Company undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.


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