ANGELO GORDON

Presentation to the PESA Credit Conference

October 18, 2018

Disclosure

This presentation does not constitute an offer to sell, or a solicitation of an offer to buy the limited partnership interests or securities of any Angelo, Gordon & Co., L.P. ("AG") funds mentioned herein. No such offer or solicitation will be made prior to the delivery of confidential offering memoranda and other materials relating to the matters described herein.

This presentation is being provided on a confidential basis. Accordingly, this document may not be reproduced in whole or in part without the prior written consent of Angelo, Gordon & Co., L.P. Data presented is as of the date hereof unless otherwise indicated. The presentation was prepared using certain assumptions which are based on current events and market conditions and as such are subject to change without notice and we assume no obligation to update the information. Changes to the portfolio or the assumptions and/or consideration of additional or different factors may have a material impact on the information presented. Actual events are difficult to predict and may differ from those assumed for purposes of this presentation.

Section I:

Angelo Gordon

Angelo Gordon

A leading privately held alternative investment firm with a focus on Credit and Real Estate strategies

- 1988 company founded
- 100% owned by AG founders and employees, and their related parties
- **$28 billion** Assets Under Management (1)
- **Over 450** employees (1)
- Headquartered in New York with offices globally
- Angelo Gordon and employees have approximately **$1 billion** of capital in our funds (2)

1) As of June 30, 2018
2) Approximate as of March 31, 2018. Includes GP, affiliate and employee related investments and accrued performance allocations. Includes committed, but uncalled capital.

AG Energy Team: Experienced Across Cycles

Senior Management

- Todd Dittmann – Portfolio Manager – 26+ Years
- David Roberts – Managing Director – 31+ Years
- David Kamin – Managing Director – 23+ Years
- Josh Baumgarten – Co-CIO – 20+ Years
- Michael Gordon – CEO and Co-CIO – 45+ Years

Houston-Based Professionals Involved in Energy Investing

- Eitan Bernstein – Managing Director – 17+ Years
- Damon Putman – Managing Director – 17+ Years
- David Taylor (1) – Managing Director, Petroleum Engineer – 43+ Years
- Craig Fox – Managing Director, Petroleum Engineer – 41+ Years
- Paul Gottheim – Vice President – 10+ Years
- Frank Dale – Associate – 7+ Years
- Daniel Baddeloo – Associate – 3+ Years

NY-Based Professionals Involved in Energy Investing

- Bryce Fraser – Managing Director, Distressed Debt – 19+ Years
- Robert Barrett – Managing Director – 17+ Years
- Kevin Concannon – Credit Trader – 16+ Years
- Mark Bernstein – Senior Counsel – 13+ Years
- Scott McMurtry – Director, Product Specialist – 14+ Years
- Joseph Goldschmid – Vice President, Distressed Debt – 10+ Years
- Joseph Lenz – Director, Distressed Debt – 7+ Years

Orange box denotes PESA Credit Conference attendee (Todd Dittmann, Robert Barrett)

NOTE: Years of experience as of October 2018.

1) David Taylor is scheduled to retire in February 2019.

The AG Difference

Our **success** is based on **dedication** to the **collaborative culture** that Angelo Gordon has built and sustained for **over 29 years**

- The basics:
  - U.S. and Canada focus
  - Transaction sizes of $20-600 million
  - E&P, OFS, midstream, and related businesses
  - Public and private / sponsor backed
- Typical use of proceeds: Growth, refinancings, dividends
- Sourcing advantage: Houston + NY
- Opportunity in the cycles: Pivoting
- Flexible capital: More than just direct lending
- Seek reasonable LTVs and prefer senior secured
- Expeditious timelines

AG is a Leader in E&P Lending

Private Delaware Basin E&P $135MM First Lien TL December 2016 Administrative Agent and Sole Lender	Private N. LA E&P $36MM First Lien TL January 2017 Administrative Agent and Sole Lender	REX ENERGY $300MM First Lien DDTL April 2017 $100MM DIP Loan May 2018 Administrative Agent	DIVERSIFIED GAS & OIL PLC $110MM First Lien DDTL June 2017 Administrative Agent
Private E.TX / N. LA E&P $75MM First Lien DDTL September 2017 Administrative Agent	SUNDANCE energy $250MM Second Lien TL April 2018 Anchor Investor	Private Delaware Basin E&P $250MM Second Lien TL June 2018 Anchor Investor	Private Permian E&P $475MM First Lien HoldCo TL September 2018 Anchor Investor

AG is a Leader in Oilfield Services Lending

LIBERTY OILFIELD SERVICES	Private Pressure Pumper	Private Proppant
$175MM	$45MM	$346MM
First Lien TL	First Lien DDTL	First Lien TL
September 2017	November 2017	May 2018
Syndicate Member	Administrative Agent and Sole Lender	Anchor Investor

- Strong, diverse pipeline of potential financing opportunities > $150MM through year end (1)
- Dedicated origination resource to the sub-sector
  - 17+ years of experience, including 10+ years directly in OFS

(1) There can be no assurance that any deal will close.

Section II:

Market Outlook and Trends

Trends of Interest

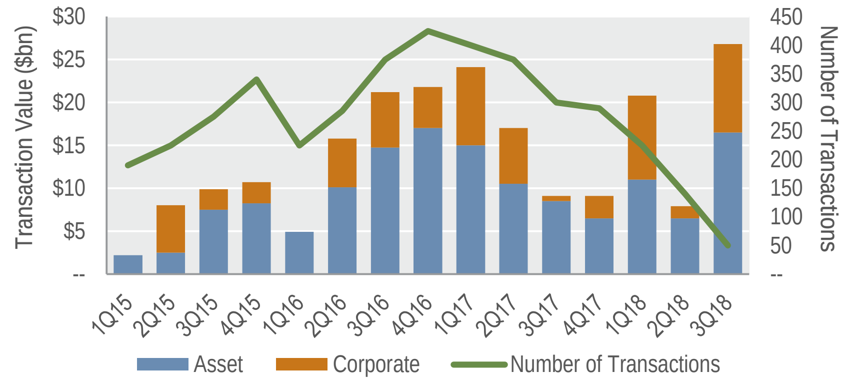
	E&P	Oilfield Services	Midstream
General Industry	▪ Capital discipline = continued de-risking of borrowers ▪ Despite generally sanguine commodity price views, many management teams do not expect meaningful capex growth in 2019 (1)	▪ Growing demand for working capital from increasingly active borrowers ▪ E&P capital discipline beginning to pressure certain sub-sectors; pricing power appears unlikely until 2H '19 (1)	▪ Regulatory risk persists ▪ Ongoing collapse of the MLP structure continues ▪ Near-term focus on buildout of Permian takeaway capacity ▪ Medium-term on crude / NGL export infrastructure
Banks	▪ Selectively extending credit ▪ Sector exposure reduced materially vs. peak	▪ Remain sidelined for new credit extension ▪ Many now permanently out of the business	▪ Generally business as usual
Public Debt Markets	▪ Strong 1H issuance volumes; quieter 3Q ▪ HY eligible if deal size > $400MM	▪ Comprise > 1/3 of issuance that has priced since the summer	▪ Strong, steady HY / TL supply
Private Debt Markets	▪ Capital readily available for a wide variety of borrowers, structures ▪ Use of proceeds typically growth; bank debt replacement less frequent	▪ Significantly increasing activity as banks retrench ▪ Capital readily available; preference for hard assets, non-commoditized businesses	▪ Activity increasing ▪ Equity markets shut ▪ Need for debt financing increases
Equity Markets	▪ Capital discipline = moribund YTD issuance ▪ XOP up 17% YTD, though generalists remain uninterested ▪ IPO markets effectively shut	▪ YTD issuance on par with 2016, 2017 ▪ OSX underperforming ▪ Five IPO's priced through Feb '18, none since. Backlog large and growing	▪ Retail equity model largely broken ▪ Alerian MLP index underperforming, though regaining momentum as regulatory, structural risk slowly abating

1) Goldman Sachs Research.

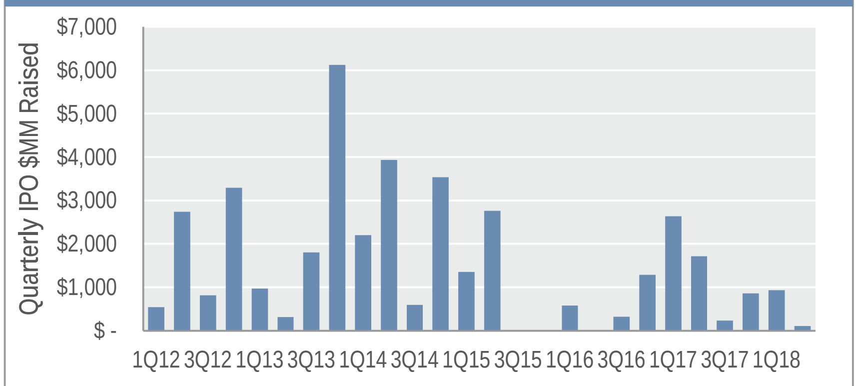
Energy Private Equity Has an Exit Problem

- The new capital discipline mantra has suppressed public company acquisition appetites
  - As a result, there is a historically high backlog of $100 - $500 million property sale packages looking for buyers
  - 50 – 80% of sales failed to close in 4Q ‘17 – 1Q ’18, averaging a 67% failure rate (1)
  - Value of deal activity among U.S. producers at lowest level since February 2016 nadir (1)
- Made worse by recent dearth of E&P IPOs – new $1 billion minimum market cap
- Path forward is more privately-funded drilling so that platforms can double + in size and more easily exit as larger packages
  - Doubling an existing PE investment crushes management promotes
- Obvious answers:
  - Delayed draw term loans to finance reserve development – preserves management equity incentive
  - DrillCo’s: 15%+ limited recourse development drilling financings – can be prepaid with make-whole provisions
  - Dividend recapitalization financings – slows / stops the IRR hurdle clock

Pace of A&D Slowing Considerably (3)



Energy IPO Market Remains Moribund (2)



1) Reuters. 2) Bloomberg. 3) BMO Capital Markets.

New Financing Alternatives for E&P Companies

Term Loan	▪ Typically a 3 – 5 year amortizing / non-amortizing senior secured term loan paying a LIBOR + 5 – 8% coupon
Delayed Draw Term Loan	▪ Term loan plus an additional undrawn available amount typically equivalent to 25 – 100% of the initial term loan size ▪ Availability periods typically 12 – 18 months from closing
DrillCo	▪ Non-recourse, wellbore-based development drilling financing available in tranches and specifically for the drilling and completion of wells in certain AMIs ▪ Typically a mid-teens cost of capital based upon attainment of a hurdle IRR and a reversionary arrangement
Structured Equity	▪ Preferred stock ▪ Convertible preferred stock ▪ Waterfall-based preferred financings for LPs/LLCs ▪ Other non-debt arrangements

How Things Have Changed

Then:		
Product:	Reserve Based Loan	Private Equity
Provider:	▪ Commercial Banks	▪ Private Equity Firm
Question:	▪ Unused Borrowing Base	▪ Remaining Commitment

Now:						
Product:	Reserve Based Loan	Term Loan	Delayed Draw Term Loan	DrillCo	Preferred / Structured Equity	Private Equity
Provider:	▪ Comm'l Banks	▪ Non-Banks *	▪ Non-Banks *	▪ Non-Banks *	▪ Non-Banks *	▪ PE Firm
Question:	▪ Unused BB	▪ Free Cash Flow	▪ Unused Avail. DD	▪ Unused Avail. Tranche ▪ Free Cash Flow	▪ Free Cash Flow	▪ Remaining Commitment

* Non-Banks = Alternative Asset Managers, BDCs, Family Offices, Hedge Funds, Insurance Companies, Other Non-Traditional / Non-Bank Investors, Pension Funds, and Private Equity-Style Credit Funds

How Credit Managers Might Better Assess Private Counterparty Liquidity in the New World

Incremental liquidity may exist beyond a typical bank revolver

Cross checking multiple references and data points will provide a more robust analysis

Bank Line Availability

- Funded vs. unfunded revolver capacity
- Historical usage trends
- Maturity date and covenant compliance
- Length of borrower relationship with bank

Delayed Draw Availability / DrillCo

- Remaining unfunded capacity
- Requirements for draw availability
- Maturity date and covenant compliance

PE Commitment

- Remaining commitment
- Fund vintage and remaining term
- Length of borrower relationship with sponsor

Term Loan / Structured Equity

- Free cash flow
- Amortization
- Maturity date
- Existence of a put

Contact Info

Name	Title	Office	Email	Phone
Todd Dittmann	Managing Director, Portfolio Manager	Houston	tdittmann@angelogordon.com	(713) 999-4315
Robert Barrett	Managing Director	New York	rbarrett@angelogordon.com	(212) 692-2042

AG