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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **November 1, 2018**

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**ANTERO RESOURCES CORPORATION**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-36120**  
(Commission File Number)

**80-0162034**  
(IRS Employer  
Identification Number)

**1615 Wynkoop Street**  
**Denver, Colorado 80202**  
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, including Area Code **(303) 357-7310**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☒ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

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## **Item 7.01 Regulation FD Disclosure.**

On November 1, 2018, Antero Resources Corporation (“Antero Resources”) held a conference call with analysts and investors to discuss third quarter results. On the call, certain matters relating to the previously announced business combination transaction between Antero Midstream Partners LP (“Antero Midstream”) and Antero Midstream GP LP (“AMGP”) were discussed. A copy of the presentation given during the conference call is included as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated into this Item 7.01 by reference.

The information furnished in this Item 7.01 (including the exhibit) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

## **Item 8.01 Other Events.**

To the extent required by law, the information in Item 7.01 of this Form 8-K is incorporated into this Item 8.01.

## **NO OFFER OR SOLICITATION**

This Current Report, including the presentation attached as an exhibit hereto, includes a discussion of a proposed business combination transaction between Antero Midstream and AMGP (the “Transaction”). This communication is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, in any jurisdiction, pursuant to the Transaction or otherwise, nor shall there be any sale, issuance, exchange or transfer of the securities referred to in this document in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

## **IMPORTANT ADDITIONAL INFORMATION**

In connection with the Transaction, AMGP will file with the U.S. Securities and Exchange Commission (“SEC”) a registration statement on Form S-4, that will include a joint proxy statement of Antero Midstream and AMGP and a prospectus of AMGP. The Transaction will be submitted to Antero Midstream’s unitholders and AMGP’s shareholders for their consideration. Antero Midstream and AMGP may also file other documents with the SEC regarding the Transaction. The definitive joint proxy statement/prospectus will be sent to the shareholders of AMGP and unitholders of Antero Midstream. This document is not a substitute for the registration statement and joint proxy statement/prospectus that will be filed with the SEC or any other documents that AMGP or Antero Midstream may file with the SEC or send to shareholders of AMGP or unitholders of Antero Midstream in connection with the Transaction. **INVESTORS AND SECURITY HOLDERS OF ANTERO MIDSTREAM AND AMGP ARE URGED TO READ THE REGISTRATION STATEMENT AND THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE TRANSACTION WHEN IT BECOMES AVAILABLE AND ALL OTHER RELEVANT DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE TRANSACTION AND RELATED MATTERS.**

Investors and security holders will be able to obtain free copies of the registration statement and the joint proxy statement/prospectus (when available) and all other documents filed or that will be filed with the SEC by AMGP or Antero Midstream through the website maintained by the SEC at <http://www.sec.gov>. Copies of documents filed with the SEC by Antero Midstream will be made available free of charge on Antero Midstream’s website at <http://investors.anteromidstream.com/investor-relations/AM>, under the heading “SEC Filings,” or by directing a request to Investor Relations, Antero Midstream Partners LP, 1615 Wynkoop Street, Denver, Colorado 75219, Tel. No. (303) 357-7310. Copies of documents filed with the SEC by AMGP will be made available free of charge on AMGP’s website at <http://investors.anteromidstreamamp.com/Investor-Relations/AMGP> or by directing a request to

**PARTICIPANTS IN THE SOLICITATION**

AMGP, Antero Midstream, Antero Resources and the directors and executive officers of AMGP and Antero Midstream’s respective general partners and of Antero Resources may be deemed to be participants in the solicitation of proxies in respect to the Transaction.

Information regarding the directors and executive officers of Antero Midstream’s general partner is contained in Antero Midstream’s 2018 Annual Report on Form 10-K filed with the SEC on February 13, 2018, and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC’s website at <http://www.sec.gov> or by accessing Antero Midstream’s website at <http://www.anteromidstream.com>. Information regarding the executive officers and directors of AMGP’s general partner is contained in AMGP’s 2018 Annual Report on Form 10-K filed with the SEC on February 13, 2018 and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC’s website at [www.sec.gov](http://www.sec.gov) or by accessing the AMGP’s website at <http://www.anteromidstream.com>. Information regarding the executive officers and directors of Antero Resources is contained in Antero Resources 2018 Annual Report on Form 10-K filed with the SEC on February 13, 2018 and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC’s website at [www.sec.gov](http://www.sec.gov) or by accessing the AMGP’s website at [http:// www.anteroresources.com](http://www.anteroresources.com).

Investors may obtain additional information regarding the interests of those persons and other persons who may be deemed participants in the Transaction by reading the joint proxy statement/prospectus regarding the Transaction when it becomes available. You may obtain free copies of this document as described above.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits.

Exhibits	Description
99.1	<a href="#">Investor Presentation dated November 1, 2018.</a>

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

### **ANTERO RESOURCES CORPORATION**

By: /s/ Glen C. Warren, Jr.  
Glen C. Warren, Jr.  
President and Chief Financial Officer

Dated: November 1, 2018



# Third Quarter 2018 Earnings Call Presentation

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NOVEMBER 1, 2018

## NO OFFER OR SOLICITATION

This presentation includes a discussion of a proposed business combination transaction (the "Transaction") between AM and AMGP. This presentation is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, in any jurisdiction, pursuant to the Transaction or otherwise, nor shall there be any sale, issuance, exchange or transfer of the securities referred to in this document in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

## IMPORTANT ADDITIONAL INFORMATION

In connection with the Transaction, AMGP will file with the U.S. Securities and Exchange Commission ("SEC") a registration statement on Form S-4, that will include a joint proxy statement of AM and AMGP and a prospectus of AMGP. The Transaction will be submitted to AM's unitholders and AMGP's shareholders for their consideration. AM and AMGP may also file other documents with the SEC regarding the Transaction. The definitive joint proxy statement/prospectus will be sent to the shareholders of AMGP and unitholders of AM. This document is not a substitute for the registration statement and joint proxy statement/prospectus that will be filed with the SEC or any other documents that AMGP or AM may file with the SEC or send to shareholders of AMGP or unitholders of AM in connection with the Transaction. INVESTORS AND SECURITY HOLDERS OF ANTERO MIDSTREAM AND AMGP ARE URGED TO READ THE REGISTRATION STATEMENT AND THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE TRANSACTION WHEN IT BECOMES AVAILABLE AND ALL OTHER RELEVANT DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE TRANSACTION AND RELATED MATTERS.

Investors and security holders will be able to obtain free copies of the registration statement and the joint proxy statement/prospectus (when available) and all other documents filed or that will be filed with the SEC by AMGP or AM through the website maintained by the SEC at <http://www.sec.gov>. Copies of documents filed with the SEC by AM will be made available free of charge on AM's website at <http://investors.anteromidstream.com/investor-relations/AM>, under the heading "SEC Filings," or by directing a request to Investor Relations, Antero Midstream Partners LP, 1615 Wynkoop Street, Denver, Colorado 75219, Tel. No. (303) 357-7310. Copies of documents filed with the SEC by AMGP will be made available free of charge on AMGP's website at <http://investors.anteromidstreamamgp.com/Investor-Relations/AMGP> or by directing a request to Investor Relations, Antero Midstream GP LP, 1615 Wynkoop Street, Denver, Colorado 75219, Tel. No. (303) 357-7310.

## PARTICIPANTS IN THE SOLICITATION

AMGP, AM, AR and the directors and executive officers of AMGP and AM's respective general partners and of AR may be deemed to be participants in the solicitation of proxies in respect to the Transaction.

Information regarding the directors and executive officers of AM's general partner is contained in AM's 2018 Annual Report on Form 10-K filed with the SEC on February 13, 2018, and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC's website at <http://www.sec.gov> or by accessing AM's website at <http://www.anteromidstream.com>. Information regarding the executive officers and directors of AMGP's general partner is contained in AMGP's 2018 Annual Report on Form 10-K filed with the SEC on February 13, 2018 and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC's website at [www.sec.gov](http://www.sec.gov) or by accessing the AMGP's website at <http://www.anteromidstream.com>. Information regarding the executive officers and directors of AR is contained in AR's 2018 Annual Report on Form 10-K filed with the SEC on February 13, 2018 and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC's website at [www.sec.gov](http://www.sec.gov) or by accessing the AMGP's website at <http://www.anteroresources.com>.

Investors may obtain additional information regarding the interests of those persons and other persons who may be deemed participants in the Transaction by reading the joint proxy statement/prospectus regarding the Transaction when it becomes available. You may obtain free copies of this document as described above.

This presentation includes “forward-looking statements.” Such forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond AR’s control. All statements, except for statements of historical fact, made in this presentation regarding activities, events or developments AR expects, believes or anticipates will or may occur in the future, such as the expected sources of funding and timing for completion of the share repurchase program if at all, the expected consideration to be received in connection with the closing of the Transaction, the timing of the consummation of the Transaction, if at all, the extent to which AR will be shielded from tax payments associated with the Transaction, pro forma AM dividend and DCF coverage targets, estimated pro forma AM dividend CAGR and leverage metrics, AR’s expected ability to return capital to investors and targeted leverage metrics, AR’s estimated unhedged EBITDAX multiples, future plans for processing plants and fractionators, AR’s estimated production and the expected impact of Mariner East 2 on AR’s NGL pricing, 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. All forward-looking statements speak only as of the date of this presentation. Although AR 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.

AR cautions 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 AR’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 AR’s Annual Report on Form 10-K for the year ended December 31, 2017.

This presentation includes certain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles (“GAAP”). These measures include (i) Consolidated Adjusted EBITDAX, (ii) Stand-Alone Adjusted EBITDAX, (iii) Consolidated Adjusted Operating Cash Flow, (iv) Stand-Alone Adjusted Operating Cash Flow, (v) Free Cash Flow. Please see “Antero Definitions” and “Antero Non-GAAP Measures” for the definition of each of these measures as well as certain additional information regarding these measures, including the most comparable financial measures calculated in accordance with GAAP.

Antero Resources Corporation is denoted as “AR” in the presentation, Antero Midstream Partners LP is denoted as “AM” and Antero Midstream GP LP is denoted as “AMGP”, which are their respective New York Stock Exchange ticker symbols.



# Drilling and Completion Efficiencies

## Drilling Days



## Completion Stages per Day



## Average Lateral Length per Well



## Average Lateral Feet per Day

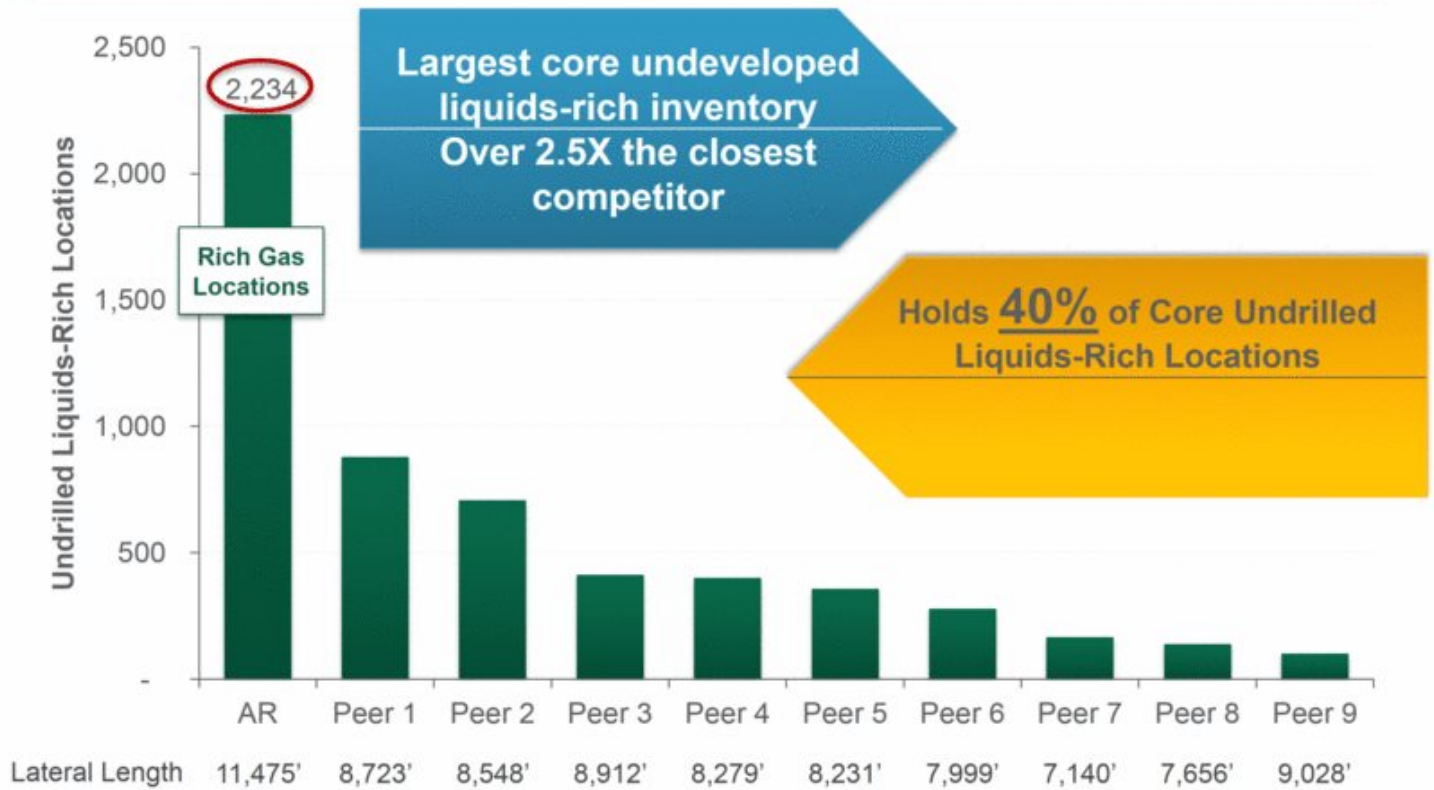


(1) Reflects YTD results, as Antero is not operating any rigs in the Utica during 2H18.

Note: Percentage increase and decrease arrows represent change in Marcellus data from 2014 to 3Q 2018.



## Largest Undrilled Core Liquids-rich Inventory<sup>(1)</sup>



(1) Based on Antero analysis of undeveloped acreage in the core of the Marcellus and Utica plays. Peers include Ascent, CHK, CNX, CVX, EQT, GPOR, HG, RRC and SWN.

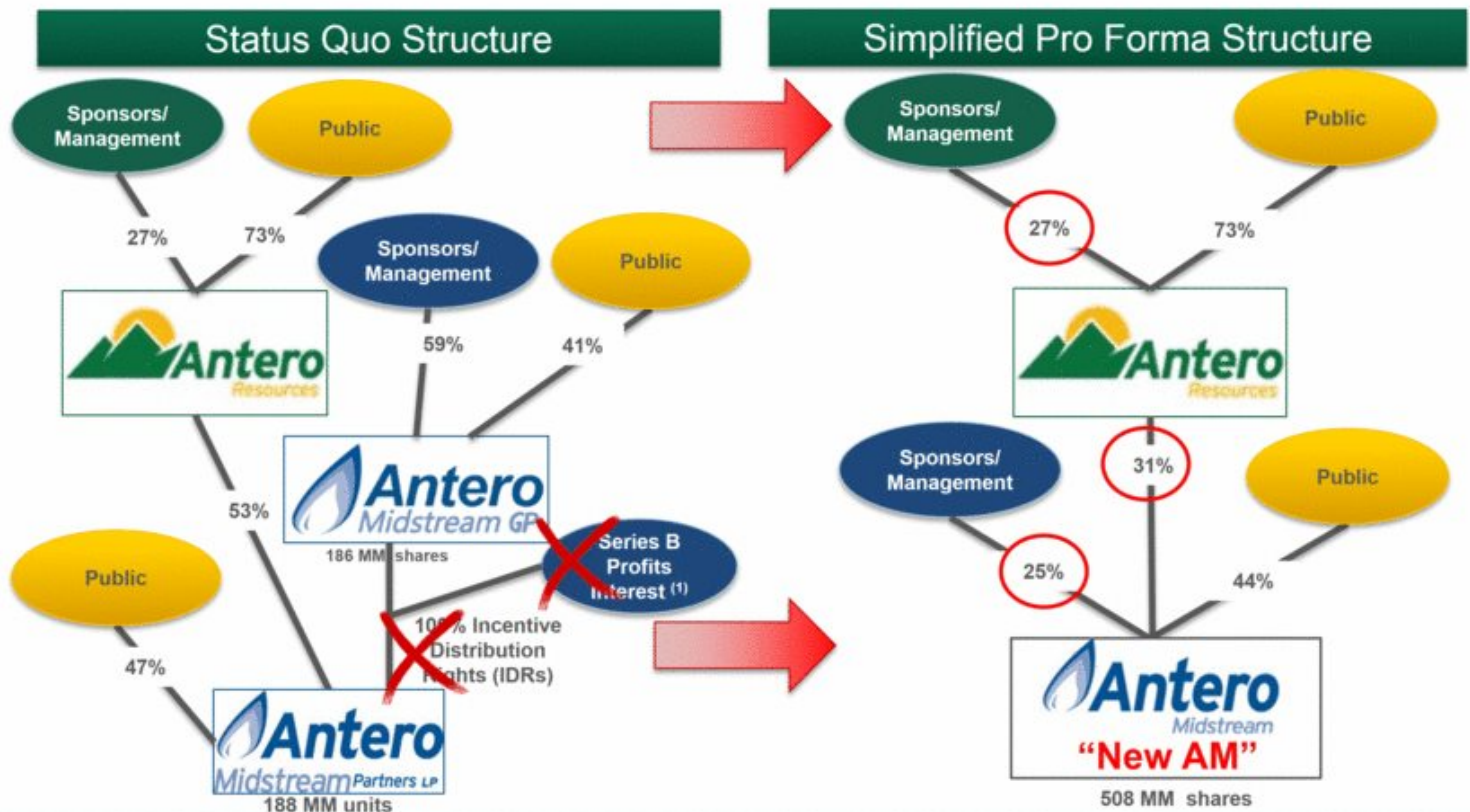
## Midstream simplification transaction attributes:

- 1 AR receives cash and a premium for its AM ownership**
  - Receives a minimum of \$300 million of cash which serves as a catalyst to fund a portion of AR's share repurchase program
  - "Selling" midstream units to AMGP at a premium to market price
- 2 Eliminates IDRs**
  - Aligns shareholder interests and eliminates "hyper growth" midstream vehicle in which AR had no direct ownership
- 3 Creates tax efficient, traditional C-corp governance structure for New AM**
  - Broadens investor base and improves stock liquidity
  - Tax basis step-up creates long-term tax shield at New AM
  - AR able to effectively monetize portion of NOL position to offset gain on AM units
  - Results in a stepped up tax basis for AR in New AM shares
- 4 AR will remain the largest shareholder of Antero Midstream with a ~31% pro forma ownership**
  - Maintains Antero's integrated strategy and long-term outlook
  - Continued visibility into infrastructure buildout and full midstream value chain participation
  - Unique midstream vehicle with scale, low leverage and peer-leading distribution growth
- 5 Facilitates development of leading Integrated NGL platform in "core of the core" Marcellus and Utica**
  - Lowers cost of capital and increases access to capital for New AM

# Antero Simplified Pro Forma Structure

**Midstream simplification transaction results in one publicly traded midstream entity and better aligns the interests of PE sponsors and management with AR shareholders**

- Eliminates IDRs and the Series B profits interests related to the IDRs
- AR shareholders and PE sponsors / management will all own the same type of interest in the midstream entity (common stock)



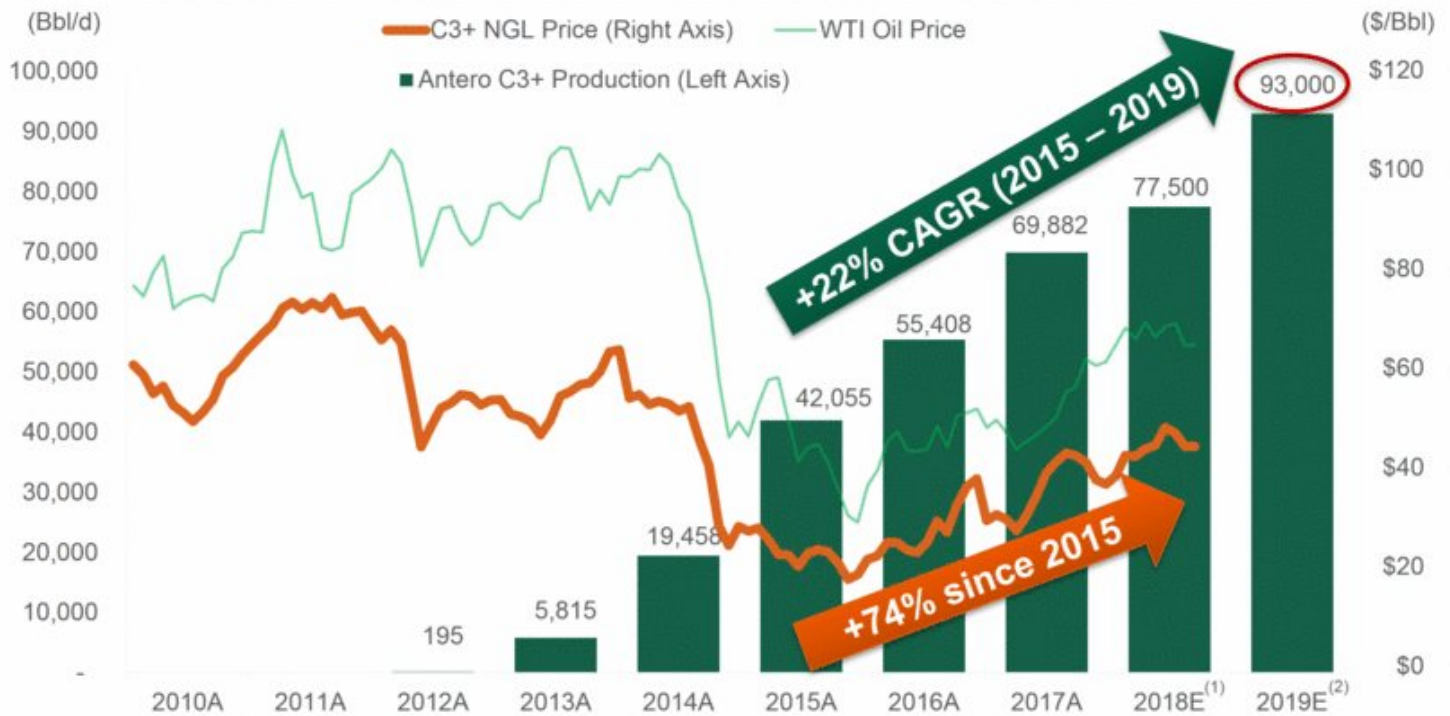
1) Series B profits interest held by Antero management.

# Compounding Leverage to Improving NGL Prices

From 2015 - 2018 C3+ NGL prices have increased 74% while AR's production has increased by 84%

Production growth combined with pricing improvement drives compounding exposure to improving NGL prices

## Antero C3+ NGL Production vs Price (\$/Bbl)



Note: NGL pricing represents Mont Belvieu actuals assuming C3+ barrel weightings of: propane 57%, normal butane 16%, isobutane 10%, pentanes 17%.

1) 2018 production based on Antero guidance. Balance 2018 NGL pricing represents strip pricing as of 10/5/2018.

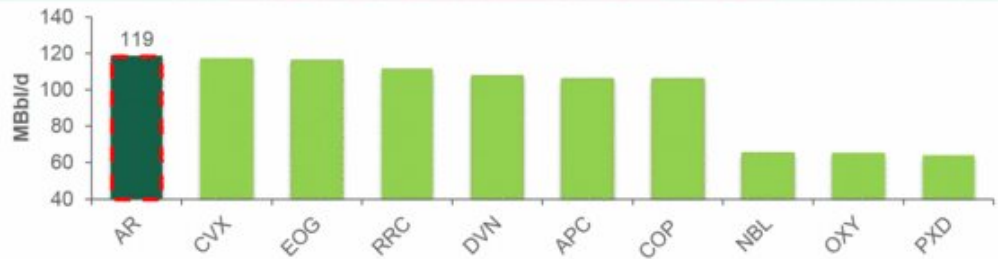
2) 2019 production based on 20% production growth from 2018 guidance.





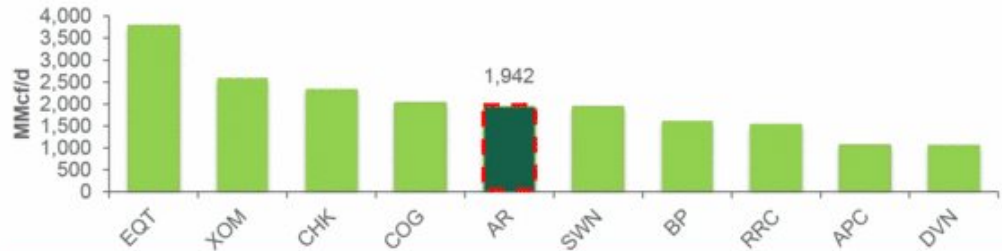
**Largest C2+  
NGL Producer  
in the U.S.**

**Top U.S. C2+ NGL Producers (MBbl/d) – 3Q18<sup>(1)</sup>**



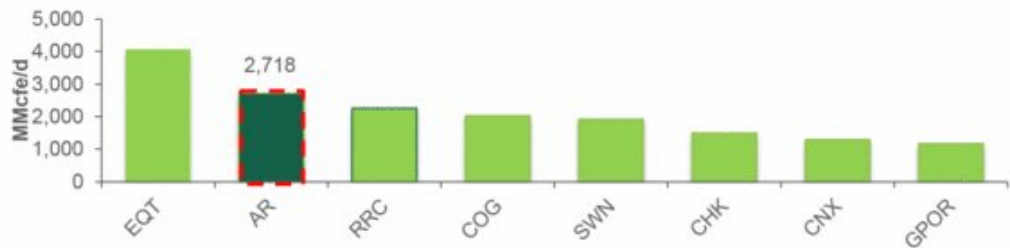
**5<sup>th</sup> Largest  
Natural Gas  
Producer in  
the U.S.**

**Top U.S. Natural Gas Producers (MMcfe/d) – 3Q18**



**2<sup>nd</sup> Largest  
Producer  
in Appalachia**

**Top Appalachian Producers (MMcfe/d) – 3Q18**



(1) Excludes international NGL production where applicable.

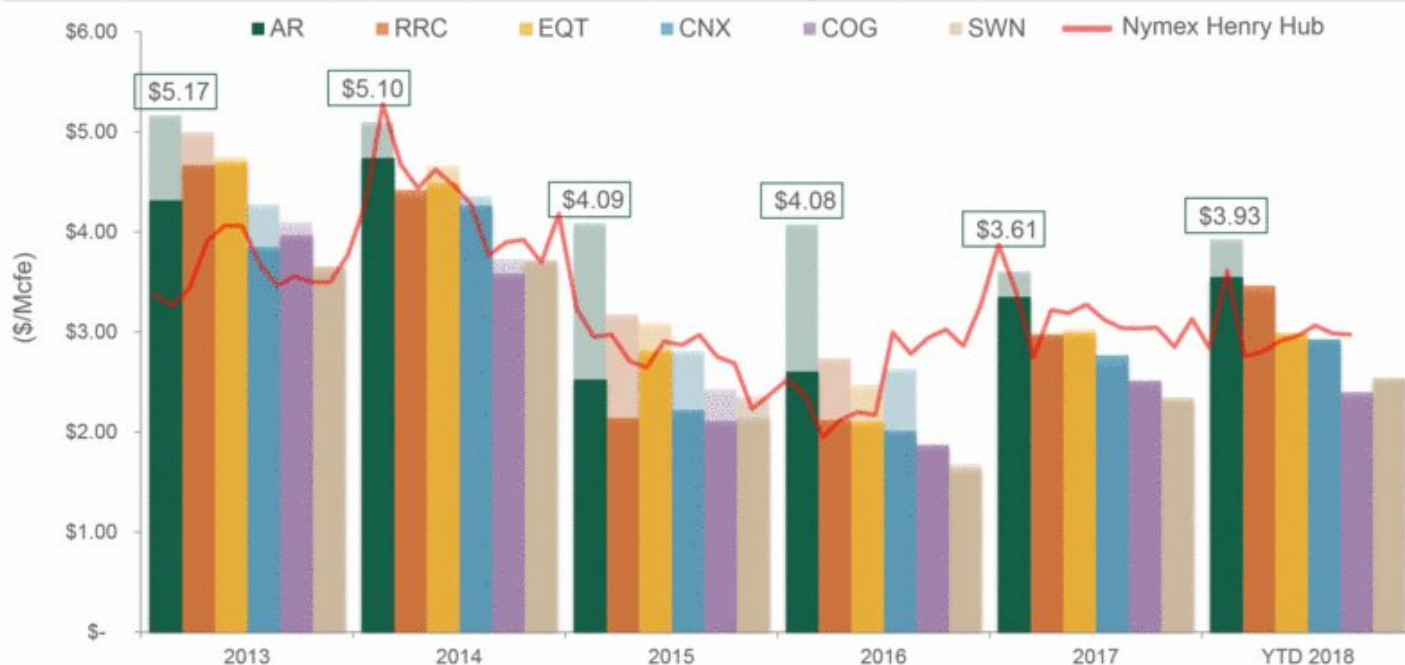
# The Leader in All-In Realized Pricing in Appalachia...



Antero's integrated strategy has resulted in peer-leading all-in realized prices amongst the peer group

Consistent results through the price cycles

## All-In Realized Pricing (\$/Mcf) – Appalachian Peers (Includes Liquids and Hedge Realizations)



## Antero Has Been the Leader in Natural Gas Equivalent Prices For Almost Six Years

Source: Public data from company 10-Ks and 10-Qs. Peers include CNX, COG, EQT, RRC and SWN. All-in realized natural gas equivalent pricing includes liquids and hedge realizations for the period. Hedge realizations is the stippled top portion of each bar.



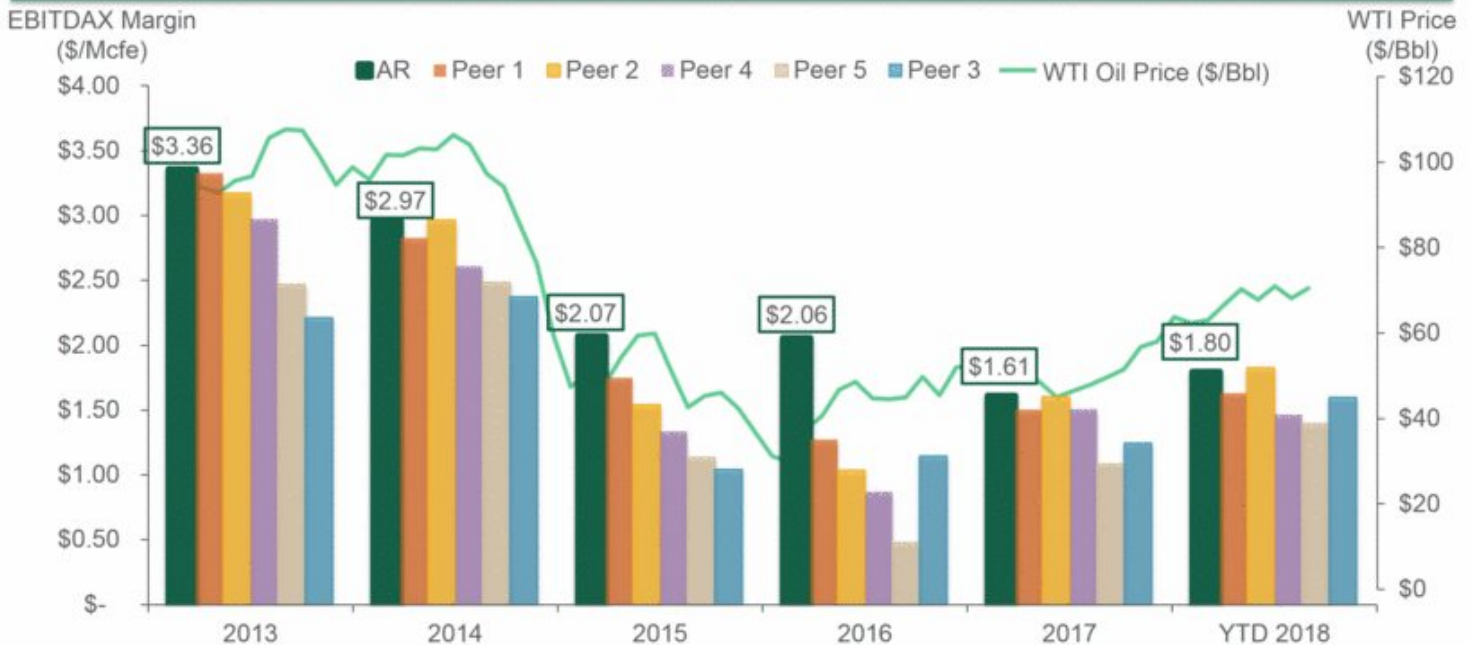
# Consistent Leader in EBITDAX Margin



Antero's integrated strategy has resulted in peer-leading EBITDAX margins for almost 6 years

Sustainable margins through the price cycles

## Leader in EBITDAX Margin



**On a Stand-Alone EBITDAX Margin Basis, Antero has Consistently Outperformed its Appalachian Peers Through Up and Down Commodity Cycles**

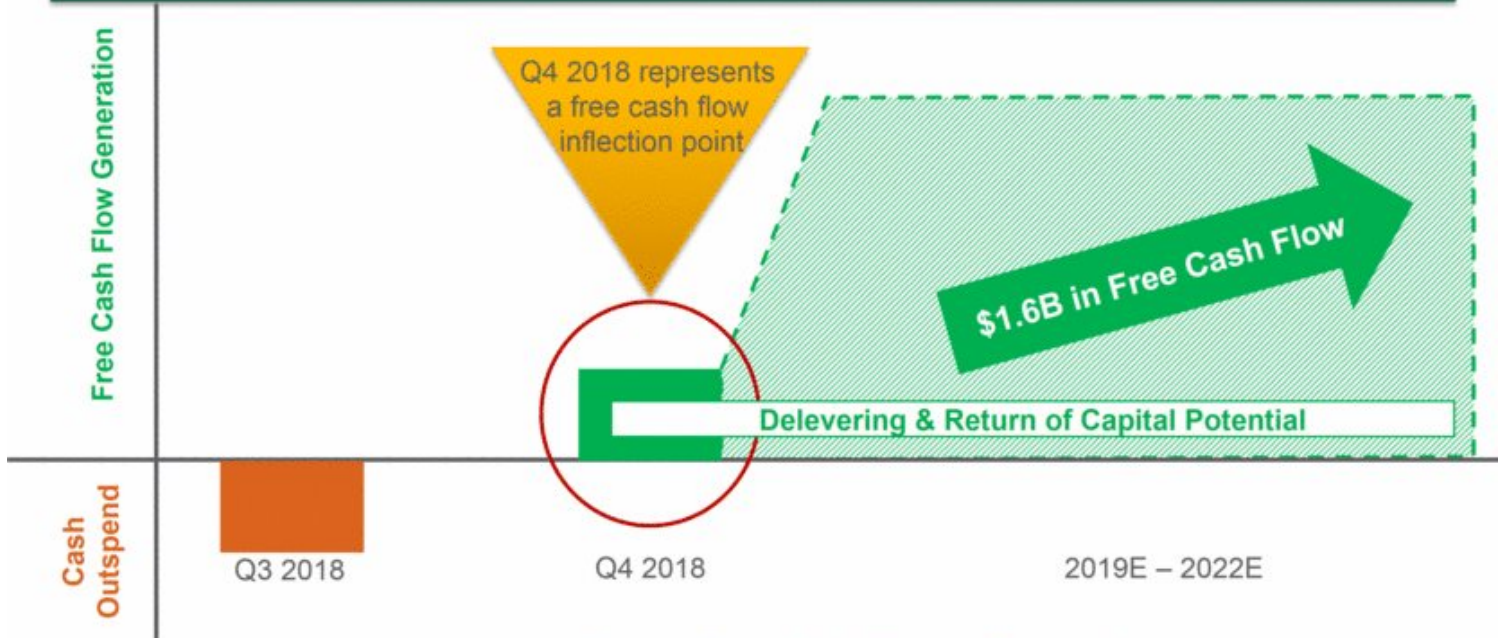
Source: SEC filings and company press releases. AR 2017 margins exclude \$0.10/Mcf negative impact from WGL and SJR natural gas contract disputes. Peers include CNX, COG, EQT, RRC & SWN.  
(1) AR and EQT EBITDAX include distributions from midstream ownership. Cash costs for AR and EQT represent stand-alone GPT, production taxes, LOE and cash G&A. Post-hedge and post net marketing expense where applicable.

# Free Cash Flow Inflection Point

Capital discipline focused with substantial decrease in D&C capex in 4Q18

Production growth and strong liquids prices drives free cash flow in 4Q18 and beyond

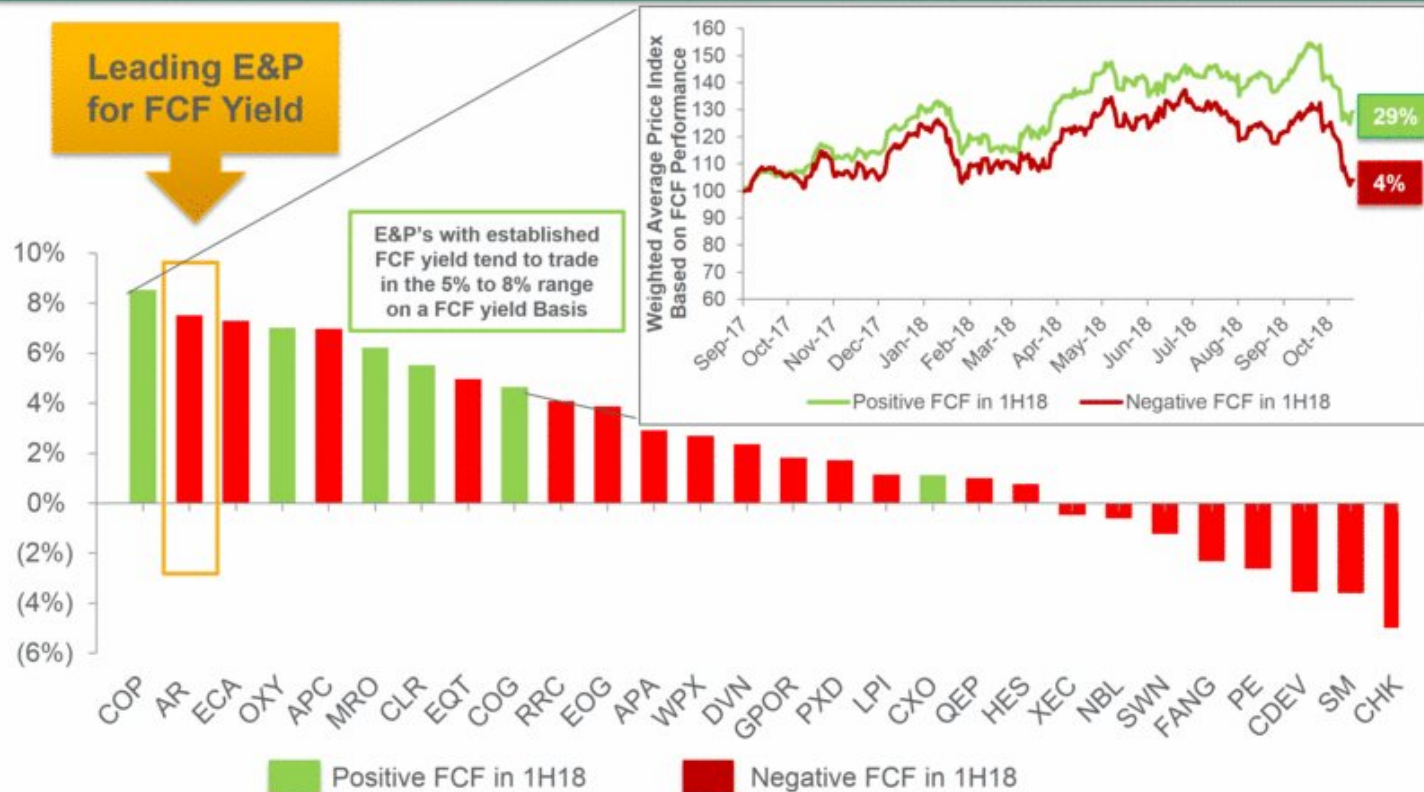
## Stand-Alone Cash Flow<sup>(1)</sup>



**Antero Is Approaching a Free Cash Flow Inflection Point**

(1) For additional information regarding Non-GAAP Measures please see the Appendix. Estimates based on 12/31/2017 strip pricing.

## Industry Leading Free Cash Flow Yield in 2019



## Free Cash Flow is a "Prove It" story and has been rewarded by the market

Note: 1H18 used as a proxy for proven free cash flow story. Cash flow yield defined as free cash flow divided by market capitalization.

AR estimate is based on Bloomberg consensus 2019 estimates, adjusted for Stand-Alone metrics. Peer FCF per Bloomberg consensus estimates.





## Appendix

**Consolidated Adjusted EBITDAX:** Represents net income or loss from continuing operations, including noncontrolling interests, before interest expense, interest income, derivative fair value gains or losses (excluding net cash receipts or payments on derivative instruments included in derivative fair value gains or losses), taxes, impairment, depletion, depreciation, amortization, and accretion, exploration expense, franchise taxes, equity-based compensation, gain or loss on early extinguishment of debt, and gain or loss on sale of assets. Consolidated Adjusted EBITDAX also includes distributions from unconsolidated affiliates and excludes equity in earnings or losses of unconsolidated affiliates. See "Non-GAAP Measures" for additional detail.

**Consolidated Adjusted Operating Cash Flow:** Represents net cash provided by operating activities before changes in current assets and liabilities. See "Non-GAAP Measures" for additional detail.

**Consolidated Drilling & Completion Capital:** Represents drilling and completion capital as reported in AR's consolidated cash flow statements (i.e., fees paid to AM for water handling and treatment are eliminated upon consolidation and only operating costs associated with water handling and treatment are capitalized).

**Free Cash Flow:** Represents Stand-alone Adjusted operating cash flow, less Stand-alone E&P Drilling and Completion capital, less Land Maintenance capital. See "Non-GAAP Measures" for additional detail.

**Land Maintenance Capital:** Represents leasehold capital expenditures required to achieve targeted working interest percentage of 95% for 5-year development plan (i.e. historical average working interest), plus renewals associated with 5-year development plan.

**Stand-Alone Adjusted EBITDAX:** Represents income or loss from continuing operations as reported in the Parent column of AR's guarantor footnote to its financial statements before interest expense, interest income, derivative fair value gains or losses from exploration and production and marketing (excluding net cash receipts or payments on derivative instruments included in derivative fair value gains or losses), impairment, depletion, depreciation, amortization, and accretion, exploration expense, franchise taxes, equity-based compensation, gain or loss on early extinguishment of debt, gain or loss on sale of assets, and gain or loss on changes in the fair value of contingent acquisition consideration. Stand-alone E&P Adjusted EBITDAX also includes distributions received from limited partner interests in Antero Midstream common units. See "Non-GAAP Measures" for additional detail.

**Stand-Alone Adjusted Operating Cash Flow:** Represents net cash provided by operating activities as reported in the Parent column of AR's guarantor footnote to its financial statements before changes in current assets and liabilities, plus the AM cash distributions payable to AR, plus the earn out payments expected from Antero Midstream associated with the water drop down transaction that occurred in 2015. See "Non-GAAP Measures" on slide 18 for additional detail.

**Stand-Alone Drilling & Completion Capital:** Represents drilling and completion capital as reported in the Parent column of AR's guarantor footnote to its financial statements and includes 100% of fees paid to AM for water handling and treatment and excludes operating costs associated with AM's Water Handling and Treatment segment).



Consolidated Adjusted EBITDAX, Stand-Alone Adjusted EBITDAX, Consolidated Adjusted Operating Cash Flow, Stand-Alone Adjusted Operating Cash Flow and Free Cash Flow are financial measures that are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). The non-GAAP financial measures used by the company may not be comparable to similarly titled measures utilized by other companies. These measures should not be considered in isolation or as substitutes for their nearest GAAP measures. The Stand-alone measures are presented to isolate the results of the operations of Antero apart from the performance of Antero Midstream, which is otherwise consolidated into the results of Antero.

## ***Consolidated Adjusted EBITDAX and Stand-Alone Adjusted EBITDAX***

The GAAP financial measure nearest to Consolidated Adjusted EBITDAX is net income or loss including non-controlling interest that will be reported in Antero's consolidated financial statements. The GAAP financial measure nearest to Stand-Alone Adjusted EBITDAX is Stand-alone net income or loss that will be reported in the Parent column of Antero's guarantor footnote to its financial statements. While there are limitations associated with the use of Consolidated Adjusted EBITDAX and Stand-Alone Adjusted EBITDAX described below, management believes that these measures are useful to an investor in evaluating the company's financial performance because these measures:

- are widely used by investors in the oil and gas industry to measure a company's operating performance without regard to items excluded from the calculation of such term, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired, among other factors;
- helps investors to more meaningfully evaluate and compare the results of Antero's operations (both on a consolidated and Stand-alone basis) from period to period by removing the effect of its capital structure from its operating structure; and
- is used by management for various purposes, including as a measure of Antero's operating performance (both on a consolidated and Stand-alone basis), in presentations to the company's board of directors, and as a basis for strategic planning and forecasting. Consolidated Adjusted EBITDAX is also used by the board of directors as a performance measure in determining executive compensation. Consolidated Adjusted EBITDAX, as defined by our credit facility, is used by our lenders pursuant to covenants under our revolving credit facility and the indentures governing the company's senior notes.

There are significant limitations to using Consolidated Adjusted EBITDAX and Stand-Alone Adjusted EBITDAX as measures of performance, including the inability to analyze the effect of certain recurring and non-recurring items that materially affect the company's net income on a consolidated and Stand-alone basis, the lack of comparability of results of operations of different companies and the different methods of calculating Adjusted EBITDAX reported by different companies. In addition, Consolidated Adjusted EBITDAX and Stand-Alone Adjusted EBITDAX provide no information regarding a company's capital structure, borrowings, interest costs, capital expenditures, and working capital movement or tax position.



Antero has not included a reconciliation of Consolidated Adjusted EBITDAX or Stand-Alone Adjusted EBITDAX to their nearest GAAP financial measures for 2018 because it cannot do so without unreasonable effort and any attempt to do so would be inherently imprecise. Antero is able to forecast the following reconciling items between Consolidated Adjusted EBITDAX and Stand-Alone Adjusted EBITDAX to net income from continuing operations including noncontrolling interest:

(in thousands)	Consolidated		Stand-Alone	
	Low	High	Low	High
Interest expense	\$250,000	\$300,000	\$200,000	\$220,000
Depreciation, depletion, amortization, and accretion expense	950,000	1,050,000	800,000	900,000
Impairment expense	100,000	125,000	100,000	125,000
Exploration expense	5,000	15,000	5,000	15,000
Equity-based compensation expense	95,000	115,000	70,000	90,000
Equity in earnings of unconsolidated affiliate	30,000	40,000	N/A	N/A
Distributions from unconsolidated affiliates	40,000	50,000	N/A	N/A
Distributions from limited partner interest in Antero Midstream	N/A	N/A	166,000	170,000

Antero has a significant portfolio of commodity derivative contracts that it does not account for using hedge accounting, and forecasting unrealized gains or losses on this portfolio is impracticable and imprecise due to the price volatility of the underlying commodities. Antero is also forecasting no impact from franchise taxes, gain or loss on early extinguishment of debt, or gain or loss on sale of assets, for 2018. For income tax expense (benefit), Antero is forecasting a 2018 effective tax rate of 18% to 19%.

## AR Stand-Alone and Consolidated Adjusted EBITDAX Reconciliation

(in thousands)	Stand-Alone		Consolidated	
	Three months ended September 30,		Three months ended September 30,	
	2017	2018	2017	2018
<b>Net (loss) attributable to Antero Resources Corporation</b>	<b>\$ (135,063)</b>	<b>(154,419)</b>	<b>\$ (135,063)</b>	<b>(154,419)</b>
Net Income attributable to noncontrolling interest	—	—	45,063	76,447
Commodity derivative fair value (gains) losses	65,957	(57,020)	65,957	(57,020)
Gains on settled commodity derivatives	61,479	71,144	61,479	71,144
Marketing derivative fair value losses	—	43	—	43
Losses on settled marketing derivatives	—	(16,060)	—	(16,060)
Interest expense	60,906	57,633	70,059	74,528
Income tax expense (benefit)	(45,078)	18,953	(45,078)	18,953
Depletion, depreciation, amortization, and accretion	177,070	205,408	207,626	243,897
Impairment of unproved properties	41,000	221,095	41,000	221,095
Impairment of gathering systems and facilities	—	—	—	1,157
Exploration expense	1,599	666	1,599	666
Gain on change in fair value of contingent acquisition consideration	(2,556)	(4,020)	—	—
Equity-based compensation expense	19,248	11,674	26,447	16,202
Equity in earnings of unconsolidated affiliates	—	—	(7,033)	(10,706)
Distributions from unconsolidated affiliates	—	—	4,300	11,765
Equity in (earnings) loss of Antero Midstream Partners LP	4,874	23,363	—	—
Distributions from Antero Midstream Partners LP	34,839	41,031	—	—
<b>Adjusted EBITDAX</b>	<b>284,275</b>	<b>419,491</b>	<b>336,356</b>	<b>497,692</b>
Interest expense	(60,906)	(57,633)	(70,059)	(74,528)
Exploration expense	(1,599)	(666)	(1,599)	(666)
Changes in current assets and liabilities	38,129	5,505	29,899	(2,053)
Proceeds from derivative monetizations	749,906	—	749,906	—
Other non-cash items	101	315	719	1,013
<b>Net cash provided by operating activities</b>	<b>\$ 1,009,906</b>	<b>367,012</b>	<b>\$ 1,045,222</b>	<b>421,458</b>
Adjusted EBITDAX	\$ 284,275	419,491	\$ 336,356	497,692
Production (MMcfe)	213,159	250,046	213,159	250,046
<b>Adjusted EBITDAX margin per Mcfe</b>	<b>\$ 1.33</b>	<b>1.68</b>	<b>\$ 1.58</b>	<b>1.99</b>

## AR Stand-Alone and Consolidated Adjusted EBITDAX Margin Reconciliation

	Stand-Alone		Consolidated	
	Three months ended September 30,		Three months ended September 30,	
	2017	2018	2017	2018
<b>Adjusted EBITDAX margin (\$ per Mcfe):</b>				
Realized price before cash receipts for settled derivatives	\$ 3.10	3.70	\$ 3.10	3.70
Gathering, compression, and water handling and treatment revenues	N/A	N/A	0.01	0.02
Distributions from unconsolidated affiliates	N/A	N/A	0.02	0.05
Distributions from Antero Midstream	0.15	0.18	N/A	N/A
Gathering, compression, processing and transportation costs	(1.73)	(1.77)	(1.32)	(1.31)
Lease operating expense	(0.11)	(0.14)	(0.11)	(0.15)
Marketing, net <sup>(1)</sup>	(0.13)	(0.31)	(0.13)	(0.31)
Production and ad valorem taxes	(0.10)	(0.12)	(0.11)	(0.12)
General and administrative (excluding equity-based compensation)	(0.14)	(0.14)	(0.17)	(0.17)
Adjusted EBITDAX margin before settled commodity derivatives	1.04	1.40	1.29	1.71
Cash receipts for settled commodity derivatives	0.29	0.28	0.29	0.28
<b>Adjusted EBITDAX margin (\$ per Mcfe):</b>	<b>\$ 1.33</b>	<b>1.68</b>	<b>\$ 1.58</b>	<b>1.99</b>

<sup>(1)</sup> Includes cash payments for settled marketing derivative losses of \$0.06 per Mcfe in 2018. Includes marketing revenues of \$89.6 million and marketing expense of \$151.8 million.

## Standalone LTM Adjusted EBITDAX Reconciliation

(in thousands)	Stand-Alone Twelve months ended September 30,	
	2018	
<b>Net income attributable to Antero Resources Corporation</b>	<b>\$</b>	210,898
Commodity derivative fair value gains		(334,617)
Gains on settled commodity derivatives		344,917
Marketing derivative fair value gains		(72,687)
Gains on settled marketing derivatives		78,098
Interest expense		219,206
Loss on early extinguishment of debt		1,205
Income tax benefit		(397,638)
Depletion, depreciation, amortization, and accretion		787,598
Impairment of unproved properties		482,568
Impairment of gathering systems and facilities		4,470
Exploration expense		7,050
Gain on change in fair value of contingent acquisition consideration		(15,645)
Equity-based compensation expense		57,496
Equity in (earnings) loss of Antero Midstream		92,545
Distributions from Antero Midstream		149,292
<b>Adjusted EBITDAX</b>	<b>\$</b>	<b>1,614,756</b>