

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

**Form 10-Q**

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

**For the quarterly period ended March 31, 2020**

**OR**

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

**For the transition period from            to**

**Commission file number: 001-36336**

**ENLINK MIDSTREAM, LLC**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State of organization)

**46-4108528**  
(I.R.S. Employer Identification No.)

**1722 Routh St., Suite 1300**  
**Dallas, Texas**  
(Address of principal executive offices)

**75201**  
(Zip Code)

**(214) 953-9500**  
(Registrant's telephone number, including area code)

**SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE SECURITIES EXCHANGE ACT OF 1934:**

Title of Each Class	Trading Symbol	Name of Exchange on which Registered
Common Units Representing Limited Liability Company Interests	ENLC	The New York Stock Exchange

Indicate by check mark whether 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 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 Securities Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

As of April 30, 2020, the Registrant had 489,259,906 common units outstanding.

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## DEFINITIONS

The following terms as defined are used in this document:

Defined Term	Definition
<i>/d</i>	Per day.
<i>2014 Plan</i>	ENLC's 2014 Long-Term Incentive Plan.
<i>ASC</i>	The FASB Accounting Standards Codification.
<i>ASC 350</i>	ASC 350, <i>Intangibles—Goodwill and Other</i> .
<i>ASC 842</i>	ASC 842, <i>Leases</i> .
<i>Ascension JV</i>	Ascension Pipeline Company, LLC, a joint venture between a subsidiary of ENLK and a subsidiary of Marathon Petroleum Corporation in which ENLK owns a 50% interest and Marathon Petroleum Corporation owns a 50% interest. The Ascension JV, which began operations in April 2017, owns an NGL pipeline that connects ENLK's Riverside fractionator to Marathon Petroleum Corporation's Garyville refinery.
<i>ASU</i>	The FASB Accounting Standards Update.
<i>Avenger</i>	Avenger crude oil gathering system, a crude oil gathering system in the northern Delaware Basin.
<i>Bbls</i>	Barrels.
<i>Bcf</i>	Billion cubic feet.
<i>Cedar Cove JV</i>	Cedar Cove Midstream LLC, a joint venture between a subsidiary of ENLK and a subsidiary of Kinder Morgan, Inc. in which ENLK owns a 30% interest and Kinder Morgan, Inc. owns a 70% interest. The Cedar Cove JV, which was formed in November 2016, owns gathering and compression assets in Blaine County, Oklahoma, located in the STACK play.
<i>CFTC</i>	U.S. Commodity Futures Trading Commission.
<i>CNOW</i>	Central Northern Oklahoma Woodford Shale.
<i>Commission</i>	U.S. Securities and Exchange Commission.
<i>Consolidated Credit Facility</i>	A \$1.75 billion unsecured revolving credit facility entered into by ENLC that matures on January 25, 2024, which includes a \$500.0 million letter of credit subfacility.
<i>Delaware Basin</i>	A large sedimentary basin in West Texas and New Mexico.
<i>Delaware Basin JV</i>	Delaware G&P LLC, a joint venture between a subsidiary of ENLK and an affiliate of NGP in which ENLK owns a 50.1% interest and NGP owns a 49.9% interest. The Delaware Basin JV, which was formed in August 2016, owns the Lobo processing facilities and the Tiger Plant located in the Delaware Basin in Texas.
<i>Devon</i>	Devon Energy Corporation.
<i>ENLC</i>	EnLink Midstream, LLC.
<i>ENLC Credit Facility</i>	A \$250.0 million secured revolving credit facility entered into by ENLC that would have matured on March 7, 2019, which included a \$125.0 million letter of credit subfacility. The ENLC Credit Facility was terminated on January 25, 2019 in connection with the consummation of the Merger.
<i>ENLK</i>	EnLink Midstream Partners, LP or, when applicable, EnLink Midstream Partners, LP together with its consolidated subsidiaries. Also referred to as the "Partnership."
<i>ENLK Credit Facility</i>	A \$1.5 billion unsecured revolving credit facility entered into by ENLK that would have matured on March 6, 2020, which included a \$500.0 million letter of credit subfacility. The ENLK Credit Facility was terminated on January 25, 2019 in connection with the consummation of the Merger.
<i>EOGP</i>	EnLink Oklahoma Gas Processing, LP or EnLink Oklahoma Gas Processing, LP together with, when applicable, its consolidated subsidiaries. As of January 31, 2019, EOGP became a wholly-owned subsidiary of the Operating Partnership.
<i>FASB</i>	Financial Accounting Standards Board.
<i>GAAP</i>	Generally accepted accounting principles in the United States of America.
<i>Gal</i>	Gallons.
<i>GCF</i>	Gulf Coast Fractionators, which owns an NGL fractionator in Mont Belvieu, Texas. ENLK owns 38.75% of GCF.
<i>General Partner</i>	EnLink Midstream GP, LLC, the general partner of ENLK.
<i>GIP</i>	Global Infrastructure Management, LLC, an independent infrastructure fund manager, itself, its affiliates, or managed fund vehicles, including GIP III Stetson I, L.P., GIP III Stetson II, L.P., and their affiliates.
<i>GP Plan</i>	The General Partner's Long-Term Incentive Plan.
<i>Gross Operating Margin</i>	Revenue less cost of sales. Gross Operating Margin is a non-GAAP financial measure. See "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for additional information.
<i>ISDAs</i>	International Swaps and Derivatives Association Agreements.

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<i>Legacy ENLK Awards</i>	Unit-based awards granted under the GP Plan prior to the Merger. As of the closing of the Merger, Legacy ENLK Awards converted into ENLC unit-based awards using the 1.15 exchange ratio from the Merger Agreement as the conversion rate. No additional awards will be granted under the GP Plan.
<i>Managing Member</i>	EnLink Midstream Manager, LLC, the managing member of ENLC.
<i>Merger</i>	On January 25, 2019, NOLA Merger Sub merged with and into ENLK with ENLK continuing as the surviving entity and a subsidiary of ENLC.
<i>Merger Agreement</i>	The Agreement and Plan of Merger, dated as of October 21, 2018, by and among ENLK, the General Partner, ENLC, the Managing Member, and NOLA Merger Sub related to the Merger.
<i>MMbbls</i>	Million barrels.
<i>MMbtu</i>	Million British thermal units.
<i>MMcf</i>	Million cubic feet.
<i>MVC</i>	Minimum volume commitment.
<i>NGL</i>	Natural gas liquid.
<i>NGP</i>	NGP Natural Resources XI, LP.
<i>NOLA Merger Sub</i>	NOLA Merger Sub, LLC, previously a wholly-owned subsidiary of ENLC prior to the Merger.
<i>OPEC+</i>	Organization of the Petroleum Exporting Countries and its broader partners.
<i>Operating Partnership</i>	EnLink Midstream Operating, LP, a Delaware limited partnership and wholly owned subsidiary of ENLK.
<i>ORV</i>	ENLK's Ohio River Valley crude oil, condensate stabilization, natural gas compression, and brine disposal assets in the Utica and Marcellus shales.
<i>OTC</i>	Over-the-counter.
<i>POL contracts</i>	Percentage-of-liquids contracts.
<i>POP contracts</i>	Percentage-of-proceeds contracts.
<i>Series B Preferred Units</i>	ENLK's Series B Cumulative Convertible Preferred Units.
<i>Series C Preferred Units</i>	ENLK's Series C Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units.
<i>STACK</i>	Sooner Trend Anadarko Basin Canadian and Kingfisher Counties in Oklahoma.
<i>Term Loan</i>	An \$850.0 million term loan entered into by ENLK on December 11, 2018 with Bank of America, N.A., as Administrative Agent, Bank of Montreal and Royal Bank of Canada, as Co-Syndication Agents, Citibank, N.A. and Wells Fargo Bank, National Association, as Co-Documentation Agents, and the lenders party thereto, which ENLC assumed in connection with the Merger and the obligations of which ENLK guarantees.
<i>Thunderbird Plant</i>	A gas processing plant in Central Oklahoma.
<i>Tiger Plant</i>	A gas processing plant that is under construction in the Delaware Basin and is owned by the Delaware Basin JV.

**PART I—FINANCIAL INFORMATION**  
**Item 1. Financial Statements**  
**ENLINK MIDSTREAM, LLC AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
(In millions, except unit data)

	March 31, 2020	December 31, 2019
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 258.1	\$ 77.4
Accounts receivable:		
Trade, net of allowance for bad debt of \$0.6 and \$0.5, respectively	34.2	36.2
Accrued revenue and other	337.4	460.1
Fair value of derivative assets	75.0	12.9
Other current assets	19.0	57.8
Total current assets	723.7	644.4
Property and equipment, net of accumulated depreciation of \$3,545.2 and \$3,418.6, respectively	6,896.3	7,081.3
Intangible assets, net of accumulated amortization of \$576.8 and \$545.9, respectively	1,219.0	1,249.9
Goodwill	—	184.6
Investment in unconsolidated affiliates	43.0	43.1
Fair value of derivative assets	8.2	4.3
Other assets, net	164.9	128.2
Total assets	\$ 9,055.1	\$ 9,335.8
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Current liabilities:		
Accounts payable and drafts payable	\$ 51.2	\$ 70.6
Accounts payable to related party	0.5	1.1
Accrued gas, NGLs, condensate, and crude oil purchases	176.1	354.8
Fair value of derivative liabilities	77.9	14.4
Other current liabilities	216.8	206.2
Total current liabilities	522.5	647.1
Long-term debt	4,954.8	4,764.3
Asset retirement obligations	15.7	15.5
Other long-term liabilities	87.7	90.8
Fair value of derivative liabilities	13.4	6.8
Redeemable non-controlling interest	—	5.2
Members' equity:		
Members' equity (489,137,038 and 487,791,612 units issued and outstanding, respectively)	1,764.4	2,135.5
Accumulated other comprehensive loss	(24.1)	(11.0)
Non-controlling interest	1,720.7	1,681.6
Total members' equity	3,461.0	3,806.1
Total liabilities and members' equity	\$ 9,055.1	\$ 9,335.8

See accompanying notes to consolidated financial statements.

**ENLINK MIDSTREAM, LLC AND SUBSIDIARIES**  
**Consolidated Statements of Operations**  
**(In millions, except per unit data)**

	Three Months Ended March 31,	
	2020	2019
	(Unaudited)	
Revenues:		
Product sales	\$ 892.9	\$ 1,530.9
Midstream services	244.0	246.5
Gain on derivative activity	19.2	1.8
Total revenues	<u>1,156.1</u>	<u>1,779.2</u>
Operating costs and expenses:		
Cost of sales	755.3	1,363.4
Operating expenses	100.7	114.5
General and administrative	30.4	51.4
Gain on disposition of assets	(0.6)	—
Depreciation and amortization	162.8	152.1
Impairments	353.0	186.5
Total operating costs and expenses	<u>1,401.6</u>	<u>1,867.9</u>
Operating loss	(245.5)	(88.7)
Other income (expense):		
Interest expense, net of interest income	(55.6)	(49.6)
Gain on extinguishment of debt	5.3	—
Income from unconsolidated affiliates	1.7	5.3
Total other expense	<u>(48.6)</u>	<u>(44.3)</u>
Loss before non-controlling interest and income taxes	(294.1)	(133.0)
Income tax benefit (expense)	33.7	(1.8)
Net loss	(260.4)	(134.8)
Net income attributable to non-controlling interest	26.4	41.5
Net loss attributable to ENLC	<u>\$ (286.8)</u>	<u>\$ (176.3)</u>
Net loss attributable to ENLC per unit:		
Basic common unit	<u>\$ (0.59)</u>	<u>\$ (0.45)</u>
Diluted common unit	<u>\$ (0.59)</u>	<u>\$ (0.45)</u>

See accompanying notes to consolidated financial statements.

**ENLINK MIDSTREAM, LLC AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Loss**  
**(In millions)**

	Three Months Ended March 31,	
	2020	2019
	(Unaudited)	
Net loss	\$ (260.4)	\$ (134.8)
Loss on designated cash flow hedge (1)	(13.1)	—
Comprehensive loss	(273.5)	(134.8)
Comprehensive income attributable to non-controlling interest	26.4	41.5
Comprehensive loss attributable to ENLC	\$ (299.9)	\$ (176.3)

(1) Includes a tax benefit of \$4.0 million for the three months ended March 31, 2020.

See accompanying notes to consolidated financial statements.

**ENLINK MIDSTREAM, LLC AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Members' Equity**  
(In millions)

	Common Units		Accumulated Other Comprehensive Loss	Non-Controlling Interest	Total	Redeemable Non-controlling interest (Temporary Equity)
	\$	Units	\$	\$	\$	\$
(Unaudited)						
Balance, December 31, 2019	\$ 2,135.5	487.8	\$ (11.0)	\$ 1,681.6	\$ 3,806.1	\$ 5.2
Conversion of restricted units for common units, net of units withheld for taxes	(4.0)	1.3	—	—	(4.0)	—
Unit-based compensation	12.3	—	—	—	12.3	—
Contributions from non-controlling interests	—	—	—	37.1	37.1	—
Distributions	(93.3)	—	—	(24.4)	(117.7)	(0.3)
Loss on designated cash flow hedge (1)	—	—	(13.1)	—	(13.1)	—
Redemption of non-controlling interest	—	—	—	—	—	(4.0)
Fair value adjustment related to redeemable non-controlling interest	0.7	—	—	—	0.7	(0.9)
Net income (loss)	(286.8)	—	—	26.4	(260.4)	—
Balance, March 31, 2020	<u>\$ 1,764.4</u>	<u>489.1</u>	<u>\$ (24.1)</u>	<u>\$ 1,720.7</u>	<u>\$ 3,461.0</u>	<u>\$ —</u>

(1) Includes a tax benefit of \$4.0 million.

See accompanying notes to consolidated financial statements.



**ENLINK MIDSTREAM, LLC AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Members' Equity (Continued)**  
(In millions)

	Common Units		Accumulated Other Comprehensive Loss	Non-Controlling Interest	Total	Redeemable Non-Controlling Interest (Temporary Equity)
	\$	Units	\$	\$	\$	\$
(Unaudited)						
Balance, December 31, 2018	\$ 1,730.9	181.3	\$ (2.0)	\$ 3,245.3	\$ 4,974.2	\$ 9.3
Adoption of ASC 842	0.3	—	—	—	0.3	—
Balance, January 1, 2019	1,731.2	181.3	(2.0)	3,245.3	4,974.5	9.3
Conversion of restricted units for common units, net of units withheld for taxes	(5.6)	1.0	—	(2.8)	(8.4)	—
Unit-based compensation	12.2	—	—	1.4	13.6	—
Contributions from non-controlling interests	—	—	—	15.7	15.7	—
Distributions	(51.0)	—	—	(127.6)	(178.6)	—
Fair value adjustment related to redeemable non-controlling interest	2.5	—	—	—	2.5	(2.1)
Net income (loss)	(176.3)	—	—	41.5	(134.8)	—
Issuance of common units for ENLK public common units related to the Merger	1,958.1	304.9	—	(1,559.1)	399.0	—
Balance, March 31, 2019	<u>\$ 3,471.1</u>	<u>487.2</u>	<u>\$ (2.0)</u>	<u>\$ 1,614.4</u>	<u>\$ 5,083.5</u>	<u>\$ 7.2</u>

See accompanying notes to consolidated financial statements.

**ENLINK MIDSTREAM, LLC AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
(In millions)

	Three Months Ended March 31,	
	2020	2019
	(Unaudited)	
Cash flows from operating activities:		
Net loss	\$ (260.4)	\$ (134.8)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Impairments	353.0	186.5
Depreciation and amortization	162.8	152.1
Deferred income tax (benefit) expense	(34.0)	0.8
Non-cash unit-based compensation	8.8	11.1
Gain on derivatives recognized in net loss	(19.2)	(1.8)
Cash settlements on derivatives	1.2	4.6
Gain on extinguishment of debt	(5.3)	—
Amortization of debt issue costs, net discount (premium) of notes	1.0	1.8
Distribution of earnings from unconsolidated affiliates	1.6	2.2
Income from unconsolidated affiliates	(1.7)	(5.3)
Other operating activities	(1.2)	(0.4)
Changes in assets and liabilities:		
Accounts receivable, accrued revenue, and other	124.8	93.8
Natural gas and NGLs inventory, prepaid expenses, and other	44.5	3.6
Accounts payable, accrued product purchases, and other accrued liabilities	(193.9)	(50.2)
Net cash provided by operating activities	<u>182.0</u>	<u>264.0</u>
Cash flows from investing activities:		
Additions to property and equipment	(112.0)	(241.5)
Other investing activities	(3.5)	0.5
Net cash used in investing activities	<u>(115.5)</u>	<u>(241.0)</u>
Cash flows from financing activities:		
Proceeds from borrowings	440.0	630.0
Payments on borrowings	(241.0)	(581.4)
Debt financing costs	—	(5.6)
Conversion of restricted units, net of units withheld for taxes	(4.0)	(8.4)
Distribution to members	(93.3)	(51.0)
Distributions to non-controlling interests	(24.7)	(127.6)
Contributions by non-controlling interests	37.1	15.7
Other financing activities	0.1	5.6
Net cash provided by (used in) financing activities	<u>114.2</u>	<u>(122.7)</u>
Net increase (decrease) in cash and cash equivalents	180.7	(99.7)
Cash and cash equivalents, beginning of period	77.4	100.4
Cash and cash equivalents, end of period	<u>\$ 258.1</u>	<u>\$ 0.7</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 22.3	\$ 23.8
Non-cash investing activities:		
Non-cash accrual of property and equipment	\$ 2.8	\$ 9.5
Non-cash financing activities:		
Redemption of non-controlling interest	\$ (4.0)	\$ —

See accompanying notes to consolidated financial statements.

**ENLINK MIDSTREAM, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**March 31, 2020**  
**(Unaudited)**

**(1) General**

*In this report, the terms “Company” or “Registrant,” as well as the terms “ENLC,” “our,” “we,” “us,” or like terms, are sometimes used as abbreviated references to EnLink Midstream, LLC itself or EnLink Midstream, LLC together with its consolidated subsidiaries, including ENLK and its consolidated subsidiaries. References in this report to “EnLink Midstream Partners, LP,” the “Partnership,” “ENLK,” or like terms refer to EnLink Midstream Partners, LP itself or EnLink Midstream Partners, LP together with its consolidated subsidiaries.*

*Please read the notes to the consolidated financial statements in conjunction with the Definitions page set forth in this report prior to Part I—Financial Information.*

**a. Organization of Business**

ENLC is a Delaware limited liability company formed in October 2013. The Company’s common units are traded on the New York Stock Exchange under the symbol “ENLC.” ENLC owns all of the common units of ENLK, a Delaware limited partnership formed in 2002. EnLink Midstream GP, LLC, a Delaware limited liability company and our wholly-owned subsidiary, is ENLK’s general partner. The General Partner manages ENLK’s operations and activities.

**b. Nature of Business**

We primarily focus on providing midstream energy services, including:

- gathering, compressing, treating, processing, transporting, storing, and selling natural gas;
- fractionating, transporting, storing, and selling NGLs; and
- gathering, transporting, stabilizing, storing, trans-loading, and selling crude oil and condensate, in addition to brine disposal services.

Our natural gas business includes connecting the wells of producers in our market areas to our gathering systems. Our gathering systems consist of networks of pipelines that collect natural gas from points at or near producing wells and transport it to our processing plants or to larger pipelines for further transmission. We operate processing plants that remove NGLs from the natural gas stream that is transported to the processing plants by our own gathering systems or by third-party pipelines. In conjunction with our gathering and processing business, we may purchase natural gas and NGLs from producers and other supply sources and sell that natural gas or NGLs to utilities, industrial consumers, marketers, and pipelines. Our transmission pipelines receive natural gas from our gathering systems and from third-party gathering and transmission systems and deliver natural gas to industrial end-users, utilities, and other pipelines.

Our fractionators separate NGLs into separate purity products, including ethane, propane, iso-butane, normal butane, and natural gasoline. Our fractionators receive NGLs primarily through our transmission lines that transport NGLs from East Texas and from our South Louisiana processing plants. Our fractionators also have the capability to receive NGLs by truck or rail terminals. We also have agreements pursuant to which third parties transport NGLs from our West Texas and Central Oklahoma operations to our NGL transmission lines that then transport the NGLs to our fractionators. In addition, we have NGL storage capacity to provide storage for customers.

Our crude oil and condensate business includes the gathering and transmission of crude oil and condensate via pipelines, barges, rail, and trucks, in addition to condensate stabilization and brine disposal. We also purchase crude oil and condensate from producers and other supply sources and sell that crude oil and condensate through our terminal facilities to various markets.

Across our businesses, we primarily earn our fees through various fee-based contractual arrangements, which include stated fee-only contract arrangements or arrangements with fee-based components where we purchase and resell commodities in connection with providing the related service and earn a net margin as our fee. We earn our net margin under our purchase and resell contract arrangements primarily as a result of stated service-related fees that are deducted from the price of the commodities purchased. While our transactions vary in form, the essential element of most of our transactions is the use of our

**ENLINK MIDSTREAM, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Unaudited)**

assets to transport a product or provide a processed product to an end-user or marketer at the tailgate of the plant, pipeline, or barge, truck, or rail terminal.

**(2) Significant Accounting Policies**

**a. Basis of Presentation**

The accompanying consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q, are unaudited, and do not include all the information and disclosures required by GAAP for complete financial statements. All adjustments that, in the opinion of management, are necessary for a fair presentation of the results of operations for the interim periods have been made and are of a recurring nature unless otherwise disclosed herein. The results of operations for such interim periods are not necessarily indicative of results of operations for a full year. These consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2019. Certain reclassifications were made to the financial statements for the prior period to conform to current period presentation. The effect of these reclassifications had no impact on previously reported members' equity or net loss. All significant intercompany balances and transactions have been eliminated in consolidation.

**b. Revenue Recognition**

*Minimum Volume Commitments and Firm Transportation Contracts*

Certain of our gathering and processing agreements provide for quarterly or annual MVCs. Under these agreements, our customers or suppliers agree to ship and/or process a minimum volume of product on our systems over an agreed time period. If a customer or supplier under such an agreement fails to meet its MVC for a specified period, the customer is obligated to pay a contractually-determined fee based upon the shortfall between actual product volumes and the MVC for that period. Some of these agreements also contain make-up right provisions that allow a customer or supplier to utilize gathering or processing fees in excess of the MVC in subsequent periods to offset shortfall amounts in previous periods. We record revenue under MVC contracts during periods of shortfall when it is known that the customer cannot, or will not, make up the deficiency in subsequent periods. Deficiency fee revenue is included in midstream services revenue.

For our firm transportation contracts, we transport commodities owned by others for a stated monthly fee for a specified monthly quantity with an additional fee based on actual volumes. We include transportation fees from firm transportation contracts in our midstream services revenue.

**ENLINK MIDSTREAM, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Unaudited)**

The following table summarizes the contractually committed fees that we expect to recognize in our consolidated statements of operations, in either revenue or reductions to cost of sales, from MVC and firm transportation contractual provisions. All amounts in the table below are determined using the contractually-stated MVC or firm transportation volumes specified for each period multiplied by the relevant deficiency or reservation fee. Actual amounts could differ due to the timing of revenue recognition or reductions to cost of sales resulting from make-up right provisions included in our agreements, as well as due to nonpayment or nonperformance by our customers. These fees do not represent the shortfall amounts we expect to collect under our MVC contracts, as we generally do not expect volume shortfalls to equal the full amount of the contractual MVCs during these periods. For example, for the three months ended March 31, 2020, we had contractual commitments of \$41.8 million under our MVC contracts and recorded \$11.8 million of revenue due to volume shortfalls.

***MVC and Firm Transportation Commitments (in millions) (1)***

2020 (remaining)	\$	199.5
2021		116.7
2022		103.3
2023		94.8
2024		81.3
Thereafter		158.2
Total	\$	<u>753.8</u>

(1) Amounts do not represent expected shortfall under these commitments.

***c. Property and Equipment***

***Impairment Review.*** In accordance with ASC 360, *Property, Plant, and Equipment*, we evaluate long-lived assets of identifiable business activities for potential impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. The carrying amount of a long-lived asset is not recoverable when it exceeds the undiscounted sum of the future cash flows expected to result from the use and eventual disposition of the asset. Estimates of expected future cash flows represent management's best estimate based on reasonable and supportable assumptions. When the carrying amount of a long-lived asset is not recoverable, an impairment is recognized equal to the excess of the asset's carrying value over its fair value, which is based on inputs that are not observable in the market, and thus represent Level 3 inputs.

For the three months ended March 31, 2020, we recognized a \$168.0 million impairment on property and equipment related to a portion of our Louisiana reporting segment because the carrying amounts were not recoverable based on our expected future cash flows. Additionally, we recorded a \$0.4 million impairment related to certain cancelled projects.

***d. Redeemable Non-Controlling Interest***

Non-controlling interests that contain an option for the non-controlling interest holder to require us to purchase such interests for cash are considered to be redeemable non-controlling interests because the redemption feature is not deemed to be a freestanding financial instrument and because the redemption is not solely within our control. Redeemable non-controlling interests are not considered to be a component of members' equity and are reported as temporary equity in the mezzanine section on the consolidated balance sheets. The amount recorded as a redeemable non-controlling interest at each balance sheet date is the greater of the redemption value and the carrying value of the redeemable non-controlling interest (the initial carrying value increased or decreased for the non-controlling interest holder's share of net income or loss and distributions). When the redemption feature is exercised the redemption value of the non-controlling interest is reclassified to a liability on the consolidated balance sheets.

During the first quarter of 2020, a non-controlling interest holder in one of our non-wholly owned subsidiaries exercised its option to require us to purchase its remaining interest. We have recorded an estimated liability of \$4.0 million related to the redemption of the non-controlling interest on the consolidated balance sheet as of March 31, 2020, but we have not yet agreed to a redemption value with the non-controlling interest holder.

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*e. Adopted Accounting Standards*

Effective January 1, 2020, we adopted ASU 2018-15, Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (Topic 350): Internal-Use Software. ASU 2018-15 aligns the accounting for costs incurred to implement a cloud computing arrangement that is a service arrangement with the guidance on capitalizing costs associated with developing or obtaining internal-use software. Specifically, the ASU amends ASC 350-40 to include in its scope implementation costs of a cloud computing arrangement that is a service contract and clarifies that a customer should apply ASC 350-40 to determine which implementation costs should be capitalized in a cloud computing arrangement that is considered a service contract. For the three months ended March 31, 2020, we did not capitalize any cloud computing costs. However, to the extent future costs incurred in a cloud computing arrangement are capitalizable, the corresponding amortization will be included in “Operating expenses” or “General and administrative” in the consolidated statements of operations, rather than “Depreciation and amortization.”

Effective January 1, 2020, we adopted ASU 2016-13, Financial Instruments—Credit Losses (Topic 326). The updates in ASU 2016-13 provide financial statement users with more information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. Following the adoption of ASU 2016-13, we record an allowance for doubtful accounts based on our expectation of future losses. Because our receivables are typically paid within 30 days, and because we closely monitor the credit-worthiness of all our counterparties, adopting ASU 2016-13 did not have a material effect on our financial statements. However, in the event we foresee further or sustained deterioration in the current market environment, or other factors indicating an increased likelihood of defaults by our customers, we may recognize additional losses.

**(3) Goodwill and Intangible Assets**

*Goodwill*

We perform our goodwill assessments at the reporting unit level for all reporting units. We use a discounted cash flow analysis to perform the assessments. Key assumptions in the analysis include the use of an appropriate discount rate, terminal year cash flow multiples, and estimated future cash flows, including volume and price forecasts, capital expenditures, and estimated operating and general and administrative costs. In estimating cash flows, we incorporate current and historical market and financial information, among other factors. Impairment determinations involve significant assumptions and judgments, and differing assumptions regarding any of these inputs could have a significant effect on the various valuations.

The following table represents our change in carrying value of goodwill by segment (in millions):

	Permian	North Texas	Oklahoma	Louisiana	Corporate	Totals
<b>Three Months Ended March 31, 2020</b>						
Balance, beginning of period	\$ 184.6	\$ —	\$ —	\$ —	\$ —	\$ 184.6
Impairment	(184.6)	—	—	—	—	(184.6)
Balance, end of period	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

*Goodwill Impairment Analysis for the three months ended March 31, 2020*

During March 2020, we determined that a sustained decline in our unit price and weakness in the overall energy sector, driven by low commodity prices and lower consumer demand due to the COVID-19 pandemic, caused a change in circumstances warranting an interim impairment test. Based on these triggering events, we performed a quantitative goodwill impairment analysis on the remaining goodwill in the Permian reporting unit. Based on this analysis, a goodwill impairment loss for our Permian reporting unit in the amount of \$184.6 million was recognized as an impairment loss on the consolidated statement of operations for the three months ended March 31, 2020.

*Goodwill Impairment Analysis for the three months ended March 31, 2019*

During the first quarter of 2019, we recognized a \$186.5 million goodwill impairment in our Louisiana reporting unit.

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*Intangible Assets*

The following table represents our change in carrying value of intangible assets (in millions):

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<b>Three Months Ended March 31, 2020</b>			
Customer relationships, beginning of period	\$ 1,795.8	\$ (545.9)	\$ 1,249.9
Amortization expense	—	(30.9)	(30.9)
Customer relationships, end of period	<u>\$ 1,795.8</u>	<u>\$ (576.8)</u>	<u>\$ 1,219.0</u>

Intangible assets associated with customer relationships are amortized on a straight-line basis over the expected period of benefits of the customer relationships, which range from 5 to 20 years.

The weighted average amortization period is 15.0 years. Amortization expense was \$30.9 million for each of the three months ended March 31, 2020 and 2019, respectively.

The following table summarizes our estimated aggregate amortization expense for the next five years and thereafter (in millions):

2020 (remaining)	\$ 92.8
2021	123.7
2022	123.7
2023	123.6
2024	123.4
Thereafter	631.8
Total	<u>\$ 1,219.0</u>

**(4) Related Party Transactions**

*Transactions with Cedar Cove JV.* For the three months ended March 31, 2020 and 2019, we recorded cost of sales of \$9.9 million and \$8.1 million, respectively, related to our purchase of residue gas and NGLs from the Cedar Cove JV subsequent to processing at its Central Oklahoma processing facilities. Additionally, we had accounts payable balances related to transactions with the Cedar Cove JV of \$0.5 million and \$1.1 million at March 31, 2020 and December 31, 2019, respectively.

Management believes the foregoing transactions with related parties were executed on terms that are fair and reasonable to us. The amounts related to related party transactions are specified in the accompanying consolidated financial statements.

**(5) Leases**

Lease balances are recorded on the consolidated balance sheets as follows (in millions):

	March 31, 2020	December 31, 2019
<b>Operating leases:</b>		
Other assets, net	\$ 74.5	\$ 80.4
Other current liabilities	\$ 17.6	\$ 21.1
Other long-term liabilities	\$ 78.8	\$ 81.9
<b>Other lease information</b>		
Weighted-average remaining lease term—Operating leases	11.0 years	10.6 years
Weighted-average discount rate—Operating leases	5.2 %	5.1 %

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Certain of our lease agreements have options to extend the lease for a certain period after the expiration of the initial term. We recognize the cost of a lease over the expected total term of the lease, including optional renewal periods that we can reasonably expect to exercise. We do not have material obligations whereby we guarantee a residual value on assets we lease, nor do our lease agreements impose restrictions or covenants that could affect our ability to make distributions.

Lease expense is recognized on the consolidated statements of operations as “Operating expenses” and “General and administrative” depending on the nature of the leased asset. The components of total lease expense are as follows (in millions):

	Three Months Ended March 31,	
	2020	2019
<b>Finance lease expense:</b>		
Amortization of right-of-use asset	\$ —	\$ 0.7
<b>Operating lease expense:</b>		
Long-term operating lease expense	6.4	6.3
Short-term lease expense	5.5	6.9
Variable lease expense	2.8	1.6
<b>Total lease expense</b>	<b>\$ 14.7</b>	<b>\$ 15.5</b>

Other information about our leases is presented below (in millions):

	Three Months Ended March 31,	
	2020	2019
<b>Supplemental cash flow information:</b>		
Cash payments for finance leases included in cash flows from financing activities	\$ —	\$ 0.4
Cash payments for operating leases included in cash flows from operating activities	\$ 7.2	\$ 7.0
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 4.8	\$ 80.6

The following table summarizes the maturity of our lease liability as of March 31, 2020 (in millions):

	Total	2020 (remaining)	2021	2022	2023	2024	Thereafter
Undiscounted operating lease liability	\$ 133.9	\$ 16.3	\$ 17.0	\$ 12.2	\$ 10.2	\$ 9.5	\$ 68.7
Reduction due to present value	(37.5)	(3.5)	(4.0)	(3.6)	(3.2)	(2.8)	(20.4)
<b>Operating lease liability</b>	<b>\$ 96.4</b>	<b>\$ 12.8</b>	<b>\$ 13.0</b>	<b>\$ 8.6</b>	<b>\$ 7.0</b>	<b>\$ 6.7</b>	<b>\$ 48.3</b>



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**(6) Long-Term Debt**

As of March 31, 2020 and December 31, 2019, long-term debt consisted of the following (in millions):

	March 31, 2020			December 31, 2019		
	Outstanding Principal	Premium (Discount)	Long-Term Debt	Outstanding Principal	Premium (Discount)	Long-Term Debt
Consolidated Credit Facility due 2024 (1)	\$ 550.0	\$ —	\$ 550.0	\$ 350.0	\$ —	\$ 350.0
Term Loan due 2021 (2)	850.0	—	850.0	850.0	—	850.0
ENLK's 4.40% Senior unsecured notes due 2024	545.0	1.4	546.4	550.0	1.5	551.5
ENLK's 4.15% Senior unsecured notes due 2025	747.5	(0.7)	746.8	750.0	(0.7)	749.3
ENLK's 4.85% Senior unsecured notes due 2026	497.0	(0.4)	496.6	500.0	(0.5)	499.5
ENLC's 5.375% Senior unsecured notes due 2029	500.0	—	500.0	500.0	—	500.0
ENLK's 5.60% Senior unsecured notes due 2044	350.0	(0.2)	349.8	350.0	(0.2)	349.8
ENLK's 5.05% Senior unsecured notes due 2045	450.0	(5.9)	444.1	450.0	(5.9)	444.1
ENLK's 5.45% Senior unsecured notes due 2047	500.0	(0.1)	499.9	500.0	(0.1)	499.9
Debt classified as long-term, including current maturities of long-term debt	<u>\$ 4,989.5</u>	<u>\$ (5.9)</u>	4,983.6	<u>\$ 4,800.0</u>	<u>\$ (5.9)</u>	4,794.1
Debt issuance cost (3)			(28.8)			(29.8)
Long-term debt, net of unamortized issuance cost			<u>\$ 4,954.8</u>			<u>\$ 4,764.3</u>

(1) Bears interest based on Prime and/or LIBOR plus an applicable margin. The effective interest rate was 2.4% and 3.3% at March 31, 2020 and December 31, 2019, respectively.

(2) Bears interest based on Prime and/or LIBOR plus an applicable margin. The effective interest rate was 2.2% and 3.2% at March 31, 2020 and December 31, 2019, respectively.

(3) Net of amortization of \$11.9 million and \$10.9 million at March 31, 2020 and December 31, 2019, respectively.

*Consolidated Credit Facility*

The Consolidated Credit Facility permits ENLC to borrow up to \$1.75 billion on a revolving credit basis and includes a \$500.0 million letter of credit subfacility. The Consolidated Credit Facility became available for borrowings and letters of credit upon closing of the Merger. In addition, ENLK became a guarantor under the Consolidated Credit Facility upon the closing of the Merger. In the event that ENLC defaults on the Consolidated Credit Facility, ENLK will be liable for the entire outstanding balance (\$550.0 million as of March 31, 2020), and 105% of the outstanding letters of credit under the Consolidated Credit Facility (\$18.8 million as of March 31, 2020). The obligations under the Consolidated Credit Facility are unsecured.

The Consolidated Credit Facility includes provisions for additional financial institutions to become lenders, or for any existing lender to increase its revolving commitment thereunder, subject to an aggregate maximum of \$2.25 billion for all commitments under the Consolidated Credit Facility.

The Consolidated Credit Facility will mature on January 25, 2024, unless ENLC requests, and the requisite lenders agree, to extend it pursuant to its terms. The Consolidated Credit Facility contains certain financial, operational, and legal covenants. The financial covenants are tested on a quarterly basis, based on the rolling four-quarter period that ends on the last day of each fiscal quarter. The financial covenants include (i) maintaining a ratio of consolidated EBITDA (as defined in the Consolidated Credit Facility, which term includes projected EBITDA from certain capital expansion projects) to consolidated interest charges of no less than 2.5 to 1.0 at all times prior to the occurrence of an investment grade event (as defined in the Consolidated Credit Facility) and (ii) maintaining a ratio of consolidated indebtedness to consolidated EBITDA of no more than 5.0 to 1.0. If ENLC consummates one or more acquisitions in which the aggregate purchase price is \$50.0 million or more, ENLC can elect to increase the maximum allowed ratio of consolidated indebtedness to consolidated EBITDA to 5.5 to 1.0 for the quarter in which the acquisition occurs and the three subsequent quarters.

Borrowings under the Consolidated Credit Facility bear interest at ENLC's option at the Eurodollar Rate (LIBOR) plus an applicable margin (ranging from 1.125% to 2.00%) or the Base Rate (the highest of the Federal Funds Rate plus 0.50%, the 30-day Eurodollar Rate plus 1.0% or the administrative agent's prime rate) plus an applicable margin (ranging from 0.125% to

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1.00%). The applicable margins vary depending on ENLC’s debt rating. Upon breach by ENLC of certain covenants governing the Consolidated Credit Facility, amounts outstanding under the Consolidated Credit Facility, if any, may become due and payable immediately.

At March 31, 2020, we were in compliance with and expect to be in compliance with the financial covenants of the Consolidated Credit Facility for at least the next twelve months.

*Term Loan*

On December 11, 2018, ENLK entered into the Term Loan with Bank of America, N.A., as Administrative Agent, Bank of Montreal and Royal Bank of Canada, as Co-Syndication Agents, Citibank, N.A. and Wells Fargo Bank, National Association, as Co-Documentation Agents, and the lenders party thereto. Upon the closing of the Merger, ENLC assumed ENLK’s obligations under the Term Loan, and ENLK became a guarantor of the Term Loan. In the event that ENLC defaults on the Term Loan and the outstanding balance becomes due, ENLK will be liable for any amount owed on the Term Loan not paid by ENLC. The outstanding balance of the Term Loan was \$850.0 million as of March 31, 2020. The obligations under the Term Loan are unsecured.

The Term Loan will mature on December 10, 2021. The Term Loan contains certain financial, operational, and legal covenants. The financial covenants are tested on a quarterly basis, based on the rolling four-quarter period that ends on the last day of each fiscal quarter. The financial covenants include (i) maintaining a ratio of consolidated EBITDA (as defined in the Term Loan, which term includes projected EBITDA from certain capital expansion projects) to consolidated interest charges of no less than 2.5 to 1.0 at all times prior to the occurrence of an investment grade event (as defined in the Term Loan) and (ii) maintaining a ratio of consolidated indebtedness to consolidated EBITDA of no more than 5.0 to 1.0. If ENLC consummates one or more acquisitions in which the aggregate purchase price is \$50.0 million or more, ENLC can elect to increase the maximum allowed ratio of consolidated indebtedness to consolidated EBITDA to 5.5 to 1.0 for the quarter in which the acquisition occurs and the three subsequent quarters.

Borrowings under the Term Loan bear interest at ENLC’s option at LIBOR plus an applicable margin (ranging from .0% to 1.75%) or the Base Rate (the highest of the Federal Funds Rate plus 0.5%, the 30-day Eurodollar Rate plus 1.0% or the administrative agent’s prime rate) plus an applicable margin (ranging from 0.0% to 0.75%). The applicable margins vary depending on ENLC’s debt rating. Upon breach by ENLC of certain covenants included in the Term Loan, amounts outstanding under the Term Loan may become due and payable immediately.

At March 31, 2020, we were in compliance with and expect to be in compliance with the financial covenants of the Term Loan for at least the next twelve months.

*Senior Unsecured Notes Repurchases*

For the three months ended March 31, 2020, ENLK made aggregate payments of \$5.2 million to repurchase \$10.5 million of the 2024, 2025, and 2026 Notes in open market transactions, which resulted in a \$5.3 million gain on extinguishment of debt.

**(7) Income Taxes**

The components of our income tax benefit (expense) are as follows (in millions):

	Three Months Ended March 31,	
	2020	2019
Current income tax expense	\$ (0.3)	\$ (1.0)
Deferred income tax benefit (expense)	34.0	(0.8)
Income tax benefit (expense)	<u>\$ 33.7</u>	<u>\$ (1.8)</u>

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The following schedule reconciles total income tax benefit (expense) and the amount calculated by applying the statutory U.S. federal tax rate to loss before income taxes (in millions):

	Three Months Ended March 31,	
	2020	2019
Expected income tax benefit based on federal statutory rate	\$ 67.3	\$ 36.7
State income tax benefit, net of federal benefit	8.0	4.4
Non-deductible expense related to goodwill impairment	(43.4)	(43.8)
Other	1.8	0.9
Income tax benefit (expense)	<u>\$ 33.7</u>	<u>\$ (1.8)</u>

*Deferred Tax Assets and Liabilities*

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The deferred tax assets, net of deferred tax liabilities, are included in "Other assets, net" in the consolidated balance sheets. As of March 31, 2020, we had \$70.1 million of deferred tax assets, net of \$354.8 million of deferred tax liabilities. As of December 31, 2019, we had \$32.2 million of deferred tax assets, net of \$354.0 million of deferred tax liabilities.

**(8) Certain Provisions of the ENLK Partnership Agreement**

*a. ENLK Series B Preferred Units*

A summary of the distribution activity relating to the Series B Preferred Units during the three months ended March 31, 2020 and 2019 is provided below:

Declaration period	Distribution paid as additional Series B Preferred Units	Cash Distribution (in millions)	Date paid/payable
<b>2020</b>			
Fourth Quarter of 2019	148,999	\$ 16.8	February 13, 2020
First Quarter of 2020	149,371	\$ 16.8	May 13, 2020
<b>2019</b>			
Fourth Quarter of 2018	425,785	\$ 16.5	February 13, 2019
First Quarter of 2019	147,887	\$ 16.7	May 14, 2019

*b. ENLK Series C Preferred Units*

There was no distribution activity relating to the Series C Preferred Units during the three months ended March 31, 2020 and 2019.

*c. ENLK Common Unit Distributions*

On February 13, 2019, ENLK paid \$0.39 per ENLK common unit related to the fourth quarter of 2018.

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**(9) Members' Equity**

*a. Earnings Per Unit and Dilution Computations*

As required under ASC 260, *Earnings Per Share*, unvested share-based payments that entitle employees to receive non-forfeitable distributions are considered participating securities for earnings per unit calculations. The following table reflects the computation of basic and diluted earnings per unit for the periods presented (in millions, except per unit amounts):

	Three Months Ended March 31,	
	2020	2019
Distributed earnings allocated to:		
Common units (1)	\$ 45.8	\$ 109.4
Unvested restricted units (1)	0.8	1.2
Total distributed earnings	\$ 46.6	\$ 110.6
Undistributed loss allocated to:		
Common units	\$ (327.4)	\$ (283.8)
Unvested restricted units	(6.0)	(3.1)
Total undistributed loss	\$ (333.4)	\$ (286.9)
Net loss allocated to:		
Common units	\$ (281.6)	\$ (174.4)
Unvested restricted units	(5.2)	(1.9)
Total net loss	\$ (286.8)	\$ (176.3)
Basic and diluted net loss per unit:		
Basic	\$ (0.59)	\$ (0.45)
Diluted	\$ (0.59)	\$ (0.45)

(1) For the three months ended March 31, 2020 and 2019, distributed earnings represent a declared distribution of \$0.09375 per unit payable on May 13, 2020 and a distribution of \$0.279 per unit paid on May 14, 2019, respectively.

The following are the unit amounts used to compute the basic and diluted earnings per unit for the periods presented (in millions):

	Three Months Ended March 31,	
	2020	2019
Basic and diluted weighted average units outstanding:		
Weighted average common units outstanding (1)	488.7	392.0

(1) All common unit equivalents were antidilutive for the three months ended March 31, 2020 and 2019 since a net loss existed for those periods.

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**b. Distributions**

A summary of our distribution activity relating to the ENLC common units for the three months ended March 31, 2020 and 2019, respectively, is provided below:

Declaration period	Distribution/unit	Date paid/payable
<b>2020</b>		
Fourth Quarter of 2019	\$ 0.1875	February 13, 2020
First Quarter of 2020	\$ 0.09375	May 13, 2020
<b>2019</b>		
Fourth Quarter of 2018	\$ 0.275	February 14, 2019
First Quarter of 2019	\$ 0.279	May 14, 2019

**(10) Investment in Unconsolidated Affiliates**

As of March 31, 2020, our unconsolidated investments consisted of a 38.75% ownership in GCF and a 30% ownership in the Cedar Cove JV. The following table shows the activity related to our investment in unconsolidated affiliates for the periods indicated (in millions):

	Three Months Ended March 31,	
	2020	2019
<b>GCF</b>		
Distributions	\$ 1.6	\$ 2.2
Equity in income	\$ 1.8	\$ 5.7
<b>Cedar Cove JV</b>		
Distributions	\$ 0.2	\$ 0.3
Equity in loss	\$ (0.1)	\$ (0.4)
<b>Total</b>		
Distributions	\$ 1.8	\$ 2.5
Equity in income	\$ 1.7	\$ 5.3

The following table shows the balances related to our investment in unconsolidated affiliates as of March 31, 2020 and December 31, 2019 (in millions):

	March 31, 2020	December 31, 2019
GCF	\$ 39.4	\$ 39.2
Cedar Cove JV	3.6	3.9
Total investment in unconsolidated affiliates	<u>\$ 43.0</u>	<u>\$ 43.1</u>

**(11) Employee Incentive Plans**

**a. Long-Term Incentive Plans**

We account for unit-based compensation in accordance with ASC 718, which requires that compensation related to all unit-based awards be recognized in the consolidated financial statements. Unit-based compensation cost is valued at fair value at the date of grant, and that grant date fair value is recognized as expense over each award's requisite service period with a corresponding increase to equity or liability based on the terms of each award and the appropriate accounting treatment under ASC 718. Unit-based compensation associated with ENLC's unit-based compensation plan awarded to directors, officers, and

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employees of the General Partner is recorded by ENLK since ENLC has no substantial or managed operating activities other than its interests in ENLK.

Amounts recognized on the consolidated financial statements with respect to these plans are as follows (in millions):

	Three Months Ended March 31,	
	2020	2019
Cost of unit-based compensation charged to operating expense	\$ 2.2	\$ 0.3
Cost of unit-based compensation charged to general and administrative expense	6.6	10.8
<b>Total unit-based compensation expense</b>	<b>\$ 8.8</b>	<b>\$ 11.1</b>
Non-controlling interest in unit-based compensation	\$ —	\$ 0.5
Amount of related income tax benefit recognized in net loss	\$ 2.1	\$ 2.5

**b. ENLC Restricted Incentive Units**

ENLC restricted incentive units were valued at their fair value at the date of grant, which is equal to the market value of ENLC common units on such date. A summary of the restricted incentive unit activity for the three months ended March 31, 2020 is provided below:

ENLC Restricted Incentive Units:	Three Months Ended March 31, 2020	
	Number of Units	Weighted Average Grant-Date Fair Value
Non-vested, beginning of period	4,063,605	\$ 13.85
Granted (1)	4,554,493	5.66
Vested (1)(2)	(1,978,817)	9.56
Forfeited	(53,105)	11.34
Non-vested, end of period	6,586,176	\$ 9.50
Aggregate intrinsic value, end of period (in millions)	\$ 7.2	

(1) Restricted incentive units typically vest at the end of three years. In February 2020, ENLC granted 1,144,842 restricted incentive units with a fair value of \$5.2 million to officers and certain employees as bonus payments for 2019, and these restricted incentive units vested immediately and are included in the restricted incentive units granted and vested line items.

(2) Vested units included 732,473 units withheld for payroll taxes paid on behalf of employees.

A summary of the restricted incentive units' aggregate intrinsic value (market value at vesting date) and fair value of units vested (market value at date of grant) for the three months ended March 31, 2020 and 2019 is provided below (in millions):

ENLC Restricted Incentive Units:	Three Months Ended March 31,	
	2020	2019
Aggregate intrinsic value of units vested	\$ 10.1	\$ 12.4
Fair value of units vested	\$ 18.9	\$ 12.6

As of March 31, 2020, there was \$37.3 million of unrecognized compensation cost related to non-vested ENLC restricted incentive units. This cost is expected to be recognized over a weighted-average period of 1.9 years.

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**c. ENLC Performance Units**

ENLC grants performance awards under the 2014 Plan. The performance award agreements provide that the vesting of performance units (i.e., performance-based restricted incentive units) granted thereunder is dependent on the achievement of certain performance goals over the applicable performance period. At the end of the vesting period, recipients receive distribution equivalents, if any, with respect to the number of performance units vested. The vesting of such units ranges from zero to 200% of the units granted depending on the extent to which the related performance goals are achieved over the relevant performance period.

The following table presents a summary of the performance units:

ENLC Performance Units:	Three Months Ended March 31, 2020	
	Number of Units	Weighted Average Grant-Date Fair Value
Non-vested, beginning of period	1,317,856	\$ 14.22
Granted	1,161,986	7.32
Vested (1)	(160,002)	31.13
Non-vested, end of period	2,319,840	\$ 9.60
Aggregate intrinsic value, end of period (in millions)	\$ 2.6	

(1) Vested units included 60,920 units withheld for payroll taxes paid on behalf of employees.

A summary of the performance units' aggregate intrinsic value (market value at vesting date) and fair value of units vested (market value at date of grant) for the three months ended March 31, 2020 and 2019 is provided below (in millions).

ENLC Performance Units:	Three Months Ended March 31,	
	2020	2019
Aggregate intrinsic value of units vested	\$ 0.9	\$ 1.8
Fair value of units vested	\$ 5.0	\$ 1.9

As of March 31, 2020, there was \$16.8 million of unrecognized compensation cost that related to non-vested ENLC performance units. That cost is expected to be recognized over a weighted-average period of 1.8 years.

The following table presents a summary of the grant-date fair value assumptions by performance unit grant date:

ENLC Performance Units:	January 2020	March 2020
Grant-Date Fair Value	\$ 7.69	\$ 1.13
Beginning TSR price	\$ 6.13	\$ 1.25
Risk-free interest rate	1.62 %	0.42 %
Volatility factor	37.00 %	51.00 %

**d. ENLK Restricted Incentive Units**

A summary of the restricted incentive units' aggregate intrinsic value (market value at vesting date) and fair value of units vested (market value at date of grant) for the three months ended March 31, 2019 is provided below (in millions). Since the Legacy ENLK Awards converted into ENLC unit-based awards as a result of the Merger, no additional restricted incentive units will vest as ENLK units under the GP Plan (such restricted incentive units, as converted, are eligible to vest as ENLC units) and no additional expense will be recognized after January 25, 2019 under the GP Plan.

ENLK Restricted Incentive Units:	Three Months Ended March 31,	
	2019	
Aggregate intrinsic value of units vested	\$	8.0
Fair value of units vested	\$	7.2

**ENLINK MIDSTREAM, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Unaudited)**

*e. ENLK Performance Units*

A summary of the performance units' aggregate intrinsic value (market value at vesting date) and fair value of units vested (market value at date of grant) for the three months ended March 31, 2019 is provided below (in millions). Since the Legacy ENLK Awards converted into ENLK unit-based awards as a result of the Merger, no additional performance units will vest as ENLK units under the GP Plan (such performance units, as converted, are eligible to vest as ENLK units) and no additional expense will be recognized after January 25, 2019 under the GP Plan.

ENLK Performance Units:	Three Months Ended March 31,	
	2019	
Aggregate intrinsic value of units vested	\$	2.1
Fair value of units vested	\$	1.7

**(12) Derivatives**

*Interest Rate Swaps*

In April 2019, we entered into an \$850.0 million interest rate swap to manage the interest rate risk associated with our floating-rate, LIBOR-based borrowings. Under this arrangement, we pay a fixed interest rate of 2.28% in exchange for LIBOR-based variable interest through December 2021. There was no ineffectiveness related to this hedge.

For the three months ended March 31, 2020, we recorded \$3.1 million, net of a tax benefit of \$4.0 million, into accumulated other comprehensive loss related to changes in fair value of our interest rate swaps.

For the three months ended March 31, 2020, we realized a loss of \$1.3 million related to the monthly settlements of our interest rate swaps, which we recorded into interest expense, net of interest income from accumulated other comprehensive loss. We expect to recognize an additional \$16.3 million of interest expense out of accumulated other comprehensive loss over the next twelve months.

The fair value of our interest rate swaps included in our consolidated balance sheets were as follows (in millions):

	March 31, 2020	December 31, 2019
Fair value of derivative liabilities—current	\$ (16.1)	\$ (5.6)
Fair value of derivative liabilities—long-term	(13.4)	(6.8)
Net fair value of interest rate swaps	\$ (29.5)	\$ (12.4)

*Commodity Swaps*

The components of gain on derivative activity in the consolidated statements of operations related to commodity swaps are (in millions):

	Three Months Ended March 31,	
	2020	2019
Change in fair value of derivatives	\$ 13.0	\$ (2.0)
Realized gain on derivatives	6.2	3.8
Gain on derivative activity	\$ 19.2	\$ 1.8



**ENLINK MIDSTREAM, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Unaudited)**

The fair value of derivative assets and liabilities related to commodity swaps are as follows (in millions):

	March 31, 2020	December 31, 2019
Fair value of derivative assets—current	\$ 75.0	\$ 12.9
Fair value of derivative assets—long-term	8.2	4.3
Fair value of derivative liabilities—current	(61.8)	(8.8)
Net fair value of commodity swaps	<u>\$ 21.4</u>	<u>\$ 8.4</u>

Set forth below are the summarized notional volumes and fair values of all instruments related to commodity swaps that we held for price risk management purposes and the related physical offsets at March 31, 2020 (in millions). The remaining term of the contracts extend no later than December 2022.

Commodity	Instruments	Unit	March 31, 2020	
			Volume	Net Fair Value
NGL (short contracts)	Swaps	Gallons	(155.8)	\$ 8.9
NGL (long contracts)	Swaps	Gallons	8.1	(0.3)
Natural gas (short contracts)	Swaps	MMBtu	(20.3)	0.5
Natural gas (long contracts)	Swaps	MMBtu	15.0	(0.5)
Crude and condensate (short contracts)	Swaps	MMbbls	(13.2)	(46.0)
Crude and condensate (long contracts)	Swaps	MMbbls	2.1	58.8
Total fair value of commodity swaps				<u>\$ 21.4</u>

On all transactions where we are exposed to counterparty risk, we analyze the counterparty's financial condition prior to entering into an agreement, establish limits, and monitor the appropriateness of these limits on an ongoing basis. We primarily deal with financial institutions when entering into financial derivatives on commodities. We have entered into Master ISDAs that allow for netting of swap contract receivables and payables in the event of default by either party. If our counterparties failed to perform under existing commodity swap contracts, the maximum loss on our gross receivable position of \$83.2 million as of March 31, 2020 would be reduced to \$21.4 million due to the offsetting of gross fair value payables against gross fair value receivables as allowed by the ISDAs.

### (13) Fair Value Measurements

Assets and liabilities measured at fair value on a recurring basis are summarized below (in millions):

	Level 2	
	March 31, 2020	December 31, 2019
Interest rate swaps (1)	\$ (29.5)	\$ (12.4)
Commodity swaps (2)	\$ 21.4	\$ 8.4

(1) The fair values of the interest rate swaps are estimated based on the difference between expected cash flows calculated at the contracted interest rates and the expected cash flows using observable benchmarks for the variable interest rates.

(2) The fair values of commodity swaps represent the amount at which the instruments could be exchanged in a current arms-length transaction adjusted for our credit risk and/or the counterparty credit risk as required under ASC 820.

**ENLINK MIDSTREAM, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Unaudited)**

***Fair Value of Financial Instruments***

The estimated fair value of our financial instruments has been determined using available market information and valuation methodologies. Considerable judgment is required to develop the estimates of fair value; thus, the estimates provided below are not necessarily indicative of the amount we could realize upon the sale or refinancing of such financial instruments (in millions):

	March 31, 2020		December 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt (1)	\$ 4,954.8	\$ 3,021.6	\$ 4,764.3	\$ 4,444.2

(1) The carrying value of long-term debt is reduced by debt issuance costs of \$28.8 million and \$29.8 million as of March 31, 2020 and December 31, 2019, respectively. The respective fair values do not factor in debt issuance costs.

The carrying amounts of our cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to the short-term maturities of these assets and liabilities.

The fair values of all senior unsecured notes as of March 31, 2020 and December 31, 2019 were based on Level 2 inputs from third-party market quotations.

**(14) Segment Information**

Identification of the majority of our operating segments is based principally upon geographic regions served:

- *Permian Segment.* The Permian segment includes our natural gas gathering, processing, and transmission activities and our crude oil operations in the Midland and Delaware Basins in West Texas and Eastern New Mexico and our crude operations in South Texas;
- *North Texas Segment.* The North Texas segment includes our natural gas gathering, processing, and transmission activities in North Texas;
- *Oklahoma Segment.* The Oklahoma segment includes our natural gas gathering, processing, and transmission activities, and our crude oil operations in the Cana-Woodford, Arkoma-Woodford, northern Oklahoma Woodford, STACK, and CNOW shale areas;
- *Louisiana Segment.* The Louisiana segment includes our natural gas pipelines, natural gas processing plants, storage facilities, fractionation facilities, and NGL assets located in Louisiana and our crude oil operations in ORV; and
- *Corporate Segment.* The Corporate segment includes our unconsolidated affiliate investments in the Cedar Cove JV in Oklahoma, our ownership interest in GCF in South Texas, our derivative activity, and our general corporate assets and expenses.

**ENLINK MIDSTREAM, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Unaudited)**

We evaluate the performance of our operating segments based on segment profits. Summarized financial information for our reportable segments is shown in the following tables (in millions):

	Permian	North Texas	Oklahoma	Louisiana	Corporate	Totals
<b>Three Months Ended March 31, 2020</b>						
Natural gas sales	\$ 15.1	\$ 20.1	\$ 41.1	\$ 81.6	\$ —	\$ 157.9
NGL sales	0.2	0.3	1.2	373.7	—	375.4
Crude oil and condensate sales	285.0	—	16.2	58.4	—	359.6
Product sales	300.3	20.4	58.5	513.7	—	892.9
NGL sales—related parties	45.9	17.2	67.6	6.8	(137.6)	(0.1)
Crude oil and condensate sales—related parties	0.1	1.5	(0.2)	—	(1.3)	0.1
Product sales—related parties	46.0	18.7	67.4	6.8	(138.9)	—
Gathering and transportation	16.3	45.9	56.3	11.7	—	130.2
Processing	4.3	35.4	33.3	0.7	—	73.7
NGL services	—	—	—	19.6	—	19.6
Crude services	4.2	—	4.3	10.6	—	19.1
Other services	0.6	0.3	0.1	0.4	—	1.4
Midstream services	25.4	81.6	94.0	43.0	—	244.0
Crude services—related parties	—	—	0.1	—	(0.1)	—
Midstream services—related parties	—	—	0.1	—	(0.1)	—
Revenue from contracts with customers	371.7	120.7	220.0	563.5	(139.0)	1,136.9
Cost of sales	(313.9)	(27.0)	(93.7)	(459.7)	139.0	(755.3)
Operating expenses	(25.5)	(20.5)	(22.9)	(31.8)	—	(100.7)
Gain on derivative activity	—	—	—	—	19.2	19.2
Segment profit	\$ 32.3	\$ 73.2	\$ 103.4	\$ 72.0	\$ 19.2	\$ 300.1
Depreciation and amortization	\$ (29.2)	\$ (37.2)	\$ (56.6)	\$ (37.8)	\$ (2.0)	\$ (162.8)
Impairments	\$ (184.6)	\$ —	\$ —	\$ (168.4)	\$ —	\$ (353.0)
Capital expenditures	\$ 86.0	\$ 4.7	\$ 8.5	\$ 15.2	\$ 0.4	\$ 114.8

**ENLINK MIDSTREAM, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Unaudited)**

	Permian	North Texas	Oklahoma	Louisiana	Corporate	Totals
<b>Three Months Ended March 31, 2019</b>						
Natural gas sales	\$ 36.1	\$ 50.6	\$ 61.6	\$ 122.2	\$ —	\$ 270.5
NGL sales	(0.2)	9.3	8.9	573.1	—	591.1
Crude oil and condensate sales	580.8	—	29.6	58.8	—	669.2
Other	—	—	0.1	—	—	0.1
Product sales	616.7	59.9	100.2	754.1	—	1,530.9
NGL sales—related parties	97.2	28.5	126.1	3.2	(255.0)	—
Crude oil and condensate sales—related parties	4.0	1.0	—	—	(5.0)	—
Product sales—related parties	101.2	29.5	126.1	3.2	(260.0)	—
Gathering and transportation	10.3	63.6	55.3	17.2	—	146.4
Processing	7.7	21.1	34.1	0.9	—	63.8
NGL services	—	—	—	11.7	—	11.7
Crude services	5.2	—	4.0	13.8	—	23.0
Other services	1.5	0.2	(0.3)	0.2	—	1.6
Midstream services	24.7	84.9	93.1	43.8	—	246.5
NGL services—related parties	—	—	—	(3.0)	3.0	—
Crude services—related parties	—	—	0.3	—	(0.3)	—
Midstream services—related parties	—	—	0.3	(3.0)	2.7	—
Revenue from contracts with customers	742.6	174.3	319.7	798.1	(257.3)	1,777.4
Cost of sales	(676.2)	(73.7)	(184.2)	(686.6)	257.3	(1,363.4)
Operating expenses	(27.8)	(25.7)	(25.4)	(35.6)	—	(114.5)
Gain on derivative activity	—	—	—	—	1.8	1.8
Segment profit	\$ 38.6	\$ 74.9	\$ 110.1	\$ 75.9	\$ 1.8	\$ 301.3
Depreciation and amortization	\$ (27.9)	\$ (34.3)	\$ (46.1)	\$ (41.8)	\$ (2.0)	\$ (152.1)
Impairments	\$ —	\$ —	\$ —	\$ (186.5)	\$ —	\$ (186.5)
Goodwill	\$ 184.6	\$ 125.7	\$ 813.4	\$ —	\$ —	\$ 1,123.7
Capital expenditures	\$ 95.9	\$ 4.3	\$ 108.2	\$ 41.0	\$ 1.6	\$ 251.0

The following table reconciles the segment profits reported above to the operating loss as reported on the consolidated statements of operations (in millions):

	Three Months Ended March 31,	
	2020	2019
Segment profit	\$ 300.1	\$ 301.3
General and administrative expenses	(30.4)	(51.4)
Gain on disposition of assets	0.6	—
Depreciation and amortization	(162.8)	(152.1)
Impairments	(353.0)	(186.5)
Operating loss	\$ (245.5)	\$ (88.7)

**ENLINK MIDSTREAM, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Unaudited)**

The table below represents information about segment assets as of March 31, 2020 and December 31, 2019 (in millions):

<b>Segment Identifiable Assets:</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Permian	\$ 2,362.3	\$ 2,465.7
North Texas	1,091.0	1,135.8
Oklahoma	2,974.6	3,035.0
Louisiana	2,233.9	2,562.0
Corporate	393.3	137.3
Total identifiable assets	<u>\$ 9,055.1</u>	<u>\$ 9,335.8</u>

**(15) Other Information**

The following tables present additional detail for other current assets and other current liabilities, which consists of the following (in millions):

<b>Other current assets:</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Natural gas and NGLs inventory	\$ 7.3	\$ 43.4
Prepaid expenses and other	11.7	14.4
Other current assets	<u>\$ 19.0</u>	<u>\$ 57.8</u>

<b>Other current liabilities:</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Accrued interest	\$ 69.2	\$ 37.1
Accrued wages and benefits, including taxes	16.1	31.5
Accrued ad valorem taxes	17.0	28.5
Capital expenditure accruals	45.0	42.4
Retention liability	8.9	8.7
Short-term lease liability	17.6	21.1
Suspense producer payments	13.8	13.8
Operating expense accruals	9.5	10.8
Other	19.7	12.3
Other current liabilities	<u>\$ 216.8</u>	<u>\$ 206.2</u>

**(16) Subsequent Event**

*Current Market Environment.* On March 11, 2020, the World Health Organization declared the ongoing coronavirus (COVID-19) outbreak a pandemic and recommended containment and mitigation measures worldwide. The pandemic has reached more than 200 countries and has resulted in widespread adverse impacts on the global economy, the energy industry as a whole and midstream companies, and on our employees, customers, suppliers, and other parties with whom we have business relations. The pandemic and related travel and operational restrictions, as well as business closures and curtailed consumer activity, have resulted in a significant reduction in global demand for crude oil, condensate, natural gas, and NGLs. For example, global demand for crude oil has dropped by nearly one-third since mid-February. The decline in demand has been met with a decline in the market price for these commodities, particularly for crude oil, and especially following the announcement by Saudi Arabia of a significant increase in its maximum crude oil production capacity, as well as the announcement by Russia that previously agreed upon oil production cuts between members of OPEC+ would expire. On April 12, 2020, members of OPEC+ agreed to certain production cuts; however, these cuts are not expected to be enough to offset near-term demand loss attributable to the COVID-19 pandemic. In addition, crude oil stockpiles and the decision of end users, such as refineries, not to take a normal level of crude oil shipments has led to a severe and growing shortage of storage capacity for oil and significantly higher costs for available storage. In the case of the oil markets, both the decline in demand and storage concerns have caused the price of oil to reach historic lows.

As a result of the supply/demand imbalance, reduced commodity prices, limited storage capacity, and an uncertain timeline for recovery, oil and natural gas producers, including our customers, have sharply curtailed their current drilling and production

**ENLINK MIDSTREAM, LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
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activity as well as their plans for future drilling and production activity. As a result of these decreases in activity, our business and financial results, and those of others in our industry, have been adversely affected and will likely continue to be adversely affected until the markets for these commodities recover and producers elect to expand their production activities. For example, since mid-March, we have experienced reduced volumes gathered, processed, fractionated, and transported on our assets as a result of reduced production from the regions that supply our systems. We cannot predict the full impact that COVID-19 or the significant disruption and volatility currently being experienced in the oil and natural gas markets will have on our business, liquidity, financial condition, results of operations, or cash flows (including our ability to make distributions to our unitholders) at this time, due to numerous uncertainties. The ultimate impacts will depend on future developments, including, among others, the ultimate geographic spread of the virus, the consequences of governmental and other measures designed to prevent the spread of the virus, the development of effective treatments, the duration of the outbreak and the governmental measures designed to contain the virus, actions taken by members of OPEC+ and other foreign, oil-exporting countries, actions taken by governmental authorities, customers, suppliers, and other third parties, workforce availability, the availability of oil storage capacity, and the timing and extent to which normal economic and operating conditions resume.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Please read the following discussion of our financial condition and results of operations in conjunction with the financial statements and notes thereto included elsewhere in this report. In addition, please refer to the Definitions page set forth in this report prior to Part I—Financial Information.

In this report, the terms “Company” or “Registrant,” as well as the terms “ENLC,” “our,” “we,” “us,” or like terms, are sometimes used as abbreviated references to EnLink Midstream, LLC itself or EnLink Midstream, LLC together with its consolidated subsidiaries, including ENLK and its consolidated subsidiaries. References in this report to “EnLink Midstream Partners, LP,” the “Partnership,” “ENLK,” or like terms refer to EnLink Midstream Partners, LP itself or EnLink Midstream Partners, LP together with its consolidated subsidiaries.

### Overview

ENLC is a Delaware limited liability company formed in October 2013. ENLC's assets consist of all of the outstanding common units of ENLK and all of the membership interests of the General Partner. All of our midstream energy assets are owned and operated by ENLK and its subsidiaries. We primarily focus on providing midstream energy services, including:

- gathering, compressing, treating, processing, transporting, storing, and selling natural gas;
- fractionating, transporting, storing, and selling NGLs; and
- gathering, transporting, stabilizing, storing, trans-loading, and selling crude oil and condensate, in addition to brine disposal services.

Our midstream energy asset network includes approximately 12,000 miles of pipelines, 21 natural gas processing plants with approximately 5.3 Bcf/d of processing capacity, seven fractionators with approximately 290,000 Bbls/d of fractionation capacity, barge and rail terminals, product storage facilities, purchasing and marketing capabilities, brine disposal wells, a crude oil trucking fleet, and equity investments in certain joint ventures. We manage and report our activities primarily according to the nature of activity and geography. We have five reportable segments:

- *Permian Segment.* The Permian segment includes our natural gas gathering, processing, and transmission activities and our crude oil operations in the Midland and Delaware Basins in West Texas and Eastern New Mexico and our crude operations in South Texas;
- *North Texas Segment.* The North Texas segment includes our natural gas gathering, processing, and transmission activities in North Texas;
- *Oklahoma Segment.* The Oklahoma segment includes our natural gas gathering, processing, and transmission activities, and our crude oil operations in the Cana-Woodford, Arkoma-Woodford, northern Oklahoma Woodford, STACK, and CNOW shale areas;
- *Louisiana Segment.* The Louisiana segment includes our natural gas pipelines, natural gas processing plants, storage facilities, fractionation facilities, and NGL assets located in Louisiana and our crude oil operations in ORV; and
- *Corporate Segment.* The Corporate segment includes our unconsolidated affiliate investments in the Cedar Cove JV in Oklahoma, our ownership interest in GCF in South Texas, our derivative activity, and our general corporate assets and expenses.

We manage our operations by focusing on gross operating margin because our business is generally to gather, process, transport, or market natural gas, NGLs, crude oil, and condensate using our assets for a fee. We earn our fees through various fee-based contractual arrangements, which include stated fee-only contract arrangements or arrangements with fee-based components where we purchase and resell commodities in connection with providing the related service and earn a net margin as our fee. We earn our net margin under our purchase and resell contract arrangements primarily as a result of stated service-related fees that are deducted from the price of the commodity purchase. While our transactions vary in form, the essential element of most of our transactions is the use of our assets to transport a product or provide a processed product to an end-user or marketer at the tailgate of the plant, pipeline, or barge, truck, or rail terminal. We define gross operating margin as operating revenue minus cost of sales. Gross operating margin is a non-GAAP financial measure and is explained in greater detail under “Non-GAAP Financial Measures” below. Approximately 89% of our gross operating margin was derived from fee-based contractual arrangements with minimal direct commodity price exposure for the three months ended March 31, 2020. We reflect revenue as “Product sales” and “Midstream services” on the consolidated statements of operations.

Devon is one of our primary customers. For the three months ended March 31, 2020 and 2019, approximately 33.4% and 30.0% of our gross operating margin, respectively, was attributable to commercial contracts with Devon.

Our revenues and gross operating margins are generated from eight primary sources:

- gathering and transporting natural gas, NGLs, and crude oil on the pipeline systems we own;
- processing natural gas at our processing plants;
- fractionating and marketing recovered NGLs;
- providing compression services;
- providing crude oil and condensate transportation and terminal services;
- providing condensate stabilization services;
- providing brine disposal services; and
- providing natural gas, crude oil, and NGL storage.

We gather, transport, or store gas owned by others under fee-only contract arrangements based either on the volume of gas gathered, transported, or stored or, for firm transportation arrangements, a stated monthly fee for a specified monthly quantity with an additional fee based on actual volumes. We also buy natural gas from producers or shippers at a market index less a fee-based deduction subtracted from the purchase price of the natural gas. We then gather or transport the natural gas and sell the natural gas at a market index, thereby earning a margin through the fee-based deduction. We attempt to execute substantially all purchases and sales concurrently, or we enter into a future delivery obligation, thereby establishing the basis for the fee we will receive for each natural gas transaction. We are also party to certain long-term gas sales commitments that we satisfy through supplies purchased under long-term gas purchase agreements. When we enter into those arrangements, our sales obligations generally match our purchase obligations. However, over time, the supplies that we have under contract may decline due to reduced drilling or other causes, and we may be required to satisfy the sales obligations by buying additional gas at prices that may exceed the prices received under the sales commitments. In our purchase/sale transactions, the resale price is generally based on the same index at which the gas was purchased.

We typically buy mixed NGLs from our suppliers to our gas processing plants at a fixed discount to market indices for the component NGLs with a deduction for our fractionation fee. We subsequently sell the fractionated NGL products based on the same index-based prices. To a lesser extent, we transport and fractionate or store NGLs owned by others for a fee based on the volume of NGLs transported and fractionated or stored. The operating results of our NGL fractionation business are largely dependent upon the volume of mixed NGLs fractionated and the level of fractionation fees charged. With our fractionation business, we also have the opportunity for product upgrades for each of the discrete NGL products. We realize higher gross operating margins from product upgrades during periods with higher NGL prices.

We gather or transport crude oil and condensate owned by others by rail, truck, pipeline, and barge facilities under fee-only contract arrangements based on volumes gathered or transported. We also buy crude oil and condensate on our own gathering systems, third-party systems, and trucked from producers at a market index less a stated transportation deduction. We then transport and resell the crude oil and condensate through a process of basis and fixed price trades. We execute substantially all purchases and sales concurrently, thereby establishing the net margin we will receive for each crude oil and condensate transaction.

We realize gross operating margins from our gathering and processing services primarily through different contractual arrangements: processing margin (“margin”) contracts, POL contracts, POP contracts, fixed-fee component contracts, or a combination of these contractual arrangements. “See Item 3. Quantitative and Qualitative Disclosures about Market Risk—Commodity Price Risk” for a detailed description of these contractual arrangements. Under any of these gathering and processing arrangements, we may earn a fee for the services performed, or we may buy and resell the gas and/or NGLs as part of the processing arrangement and realize a net margin as our fee. Under margin contract arrangements, our gross operating margins are higher during periods of high NGL prices relative to natural gas prices. Gross operating margin results under POL contracts are impacted only by the value of the liquids produced with margins higher during periods of higher liquids prices. Gross operating margin results under POP contracts are impacted only by the value of the natural gas and liquids produced with margins higher during periods of higher natural gas and liquids prices. Under fixed-fee based contracts, our gross operating margins are driven by throughput volume.

Operating expenses are costs directly associated with the operations of a particular asset. Among the most significant of these costs are those associated with direct labor and supervision, property insurance, property taxes, repair and maintenance expenses, contract services, and utilities. These costs are normally fairly stable across broad volume ranges and therefore do not



normally increase or decrease significantly in the short term with increases or decreases in the volume of gas, liquids, crude oil, and condensate moved through or by our assets.

### **Recent Developments Affecting Industry Conditions and Our Business**

On March 11, 2020, the World Health Organization declared the ongoing coronavirus (COVID-19) outbreak a pandemic and recommended containment and mitigation measures worldwide. The pandemic has reached more than 200 countries and has resulted in widespread adverse impacts on the global economy, the energy industry as a whole and midstream companies, and on our employees, customers, suppliers, and other parties with whom we have business relations. The pandemic and related travel and operational restrictions, as well as business closures and curtailed consumer activity, have resulted in a significant reduction in global demand for crude oil, condensate, natural gas, and NGLs. For example, global demand for oil has dropped by nearly one-third since mid-February. The decline in demand has been met with a decline in the market price for these commodities, particularly for crude oil, and especially following the announcement by Saudi Arabia of a significant increase in its maximum crude oil production capacity, as well as the announcement by Russia that previously agreed upon oil production cuts between members of OPEC+ would expire on April 1, 2020, and the ensuing expiration thereof. On April 12, 2020, members of OPEC+ agreed to certain production cuts; however, these cuts are not expected to be enough to offset near-term demand loss attributable to the COVID-19 pandemic. In addition, crude oil stockpiles and the decision of end users, such as refineries, not to take a normal level of crude oil shipments has led to a severe and growing shortage of storage capacity for oil and significantly higher costs for available storage. In the case of the oil markets, both the decline in demand and storage concerns have caused the price of oil to reach historic lows.

As a result of the supply/demand imbalance, reduced commodity prices, limited storage capacity, and an uncertain timeline for recovery, oil and natural gas producers, including our customers, have sharply curtailed their current drilling and production activity as well as their plans for future drilling and production activity. This reduction in production has been most acute for crude oil production, but because condensate production and a significant portion of gas and NGL production depends on, or is a byproduct of, the production of crude oil, the curtailment of crude oil drilling and production affects the production of these other commodities. As a result of these decreases in producer activity, our business and financial results, and those of others in our industry, have been adversely affected and will likely continue to be adversely affected until the markets for these commodities recover and producers elect to expand their production activities. For example, since mid-March, we have experienced reduced volumes gathered, processed, fractionated, and transported on our assets as a result of reduced production from the regions that supply our systems. Our first priority in our response to this crisis has been the health and safety of our employees and those of our customers and other business counterparties. We have implemented preventative measures and developed a response plan to minimize unnecessary risk of exposure and prevent infection, while supporting our customers' operations. We have a crisis management team for health, safety and environmental matters and personnel issues, and we have established a cross-functional COVID-19 response team to address various impacts of the situation, as they have been developing. We also have modified certain business practices (including discontinuing all non-essential business travel, implementing a temporary work-from-home policy for employees who can execute their work remotely, and encouraging employees to adhere to local and regional social distancing recommendations) to support efforts to reduce the spread of COVID-19 and to conform to government restrictions and best practices encouraged by the Centers for Disease Control and Prevention, the World Health Organization, and other governmental and regulatory authorities. We also have promoted heightened awareness and vigilance, hygiene, and implementation of more stringent cleaning protocols across our facilities and operations.

There is considerable uncertainty regarding the extent to which COVID-19 will continue to spread and the extent and duration of governmental and other measures implemented to try to slow the spread of the virus, such as large-scale travel bans and restrictions, border closures, quarantines, shelter-in-place orders, and business and government shutdowns. As a result, there is significant uncertainty regarding how long the market dislocations will continue and how significantly and how long they will continue to affect us. We expect to see continued volatility in crude oil, condensate, natural gas, and NGL prices for the foreseeable future, which may, over the long term, adversely impact our business. A sustained significant decline in oil and natural gas exploration and production activities and related reduced demand for our services by our customers, whether due to decreases in consumer demand or reduction in the prices for oil, condensate natural gas and NGLs or otherwise, would have a material adverse effect on our business, liquidity, financial condition, results of operations, and cash flows (including our ability to make distributions to our unitholders).

As of the date of this report, our efforts to respond to the challenges presented by the conditions described above and minimize the impacts to our business have yielded results. Our systems, pipelines, and facilities have remained operational. We have also moved quickly and decisively to implement strategies to reduce costs, increase operational efficiencies, and lower our capital spending. As we previously announced, we intend to reduce our capital expenditures in 2020, including both growth and maintenance capital expenditures, to between \$190 million and \$250 million, a 65% reduction from 2019 total capital spending. We have also reduced costs across our platform and we intend to reduce our general and administrative and operational expenses by \$100 million for the full-year 2020 versus the twelve months ended December 31, 2019. In addition, we maintain

our previously announced plan to fully self-fund all capital expenditures during 2020 with internally generated cash flows, and have no plans to access the capital markets during 2020. Also, as of March 31, 2020, we had approximately \$258 million of cash on our balance sheet and have drawn only approximately \$550 million on our \$1.75 billion ENLC Credit Facility. We have not requested any funding under any federal or other governmental programs to support our operations, and we do not expect to utilize any such funding. We are continuing to address concerns to protect the health and safety of our employees and those of our customers and other business counterparties, and this includes changes to comply with health-related guidelines as they are modified and supplemented.

We cannot predict the full impact that COVID-19 or the significant disruption and volatility currently being experienced in the oil and natural gas markets will have on our business, liquidity, financial condition, results of operations, and cash flows (including our ability to make distributions to unitholders) at this time due to numerous uncertainties. The ultimate impacts will depend on future developments, including, among others, the ultimate geographic spread of the virus, the consequences of governmental and other measures designed to prevent the spread of the virus, the development of effective treatments, the duration of the outbreak, and the governmental measures designed to contain the virus, actions taken by members of OPEC+ and other foreign, oil-exporting countries, actions taken by governmental authorities, customers, suppliers, and other third parties, workforce availability, the availability of oil storage capacity, and the timing and extent to which normal economic and operating conditions resume.

We have revised our forecasts and as a result have recorded impairments of goodwill and property and equipment during the three months ended March 31, 2020. We will continue to monitor the market environment and will evaluate whether additional triggering events would indicate possible impairments of property and equipment and intangible assets.

For additional discussion regarding risks associated with the COVID-19 pandemic, see Part II, Item 1A “Risk Factors” in this report.

### **Other Recent Developments**

*Riptide Processing Plant.* In March 2020, we completed construction of a 55 MMcf/d expansion to our Riptide processing plant in the Midland Basin, bringing the total operational processing capacity at the plant to 220 MMcf/d.

*Delaware Basin Processing Plant.* In August 2019, we commenced construction of our Tiger Plant, which will expand our Delaware Basin processing capacity by an additional 200 MMcf/d. We expect the plant to be operational in the second half of 2020. This processing plant is owned by the Delaware Basin JV.

### **Non-GAAP Financial Measures**

To assist management in assessing our business, we use the following non-GAAP financial measures: Adjusted earnings before interest, taxes, and depreciation and amortization (“adjusted EBITDA”), distributable cash flow available to common unitholders (“distributable cash flow”), excess free cash flow, and gross operating margin.

#### *Adjusted EBITDA*

We define adjusted EBITDA as net loss plus interest expense, net of interest income; income tax expense (benefit); depreciation and amortization; impairments; distributions from unconsolidated affiliates; unit-based compensation; transaction costs; unrealized (gain) loss on commodity swaps; and accretion expense associated with asset retirement obligations; less gain on disposition of assets; gain on extinguishment of debt; income from unconsolidated affiliates; payments under onerous performance obligation; non-cash rent; and non-controlling interest share of adjusted EBITDA from joint ventures. Adjusted EBITDA is a primary metric used in our short-term incentive program for compensating employees. In addition, adjusted EBITDA is used as a supplemental liquidity and performance measure by our management and by external users of our financial statements, such as investors, commercial banks, research analysts, and others, to assess:

- the financial performance of our assets without regard to financing methods, capital structure, or historical cost basis;
- the ability of our assets to generate cash sufficient to pay interest costs, support our indebtedness, and make cash distributions to our unitholders;
- our operating performance and return on capital as compared to those of other companies in the midstream energy sector, without regard to financing methods or capital structure; and
- the viability of acquisitions and capital expenditure projects and the overall rates of return on alternative investment opportunities.

The GAAP measures most directly comparable to adjusted EBITDA are net income (loss) and net cash provided by operating activities. Adjusted EBITDA should not be considered an alternative to, or more meaningful than, net income (loss), operating income (loss), net cash provided by operating activities, or any other measure of financial performance presented in accordance with GAAP. Adjusted EBITDA may not be comparable to similarly titled measures of other companies because other companies may not calculate adjusted EBITDA in the same manner.

Adjusted EBITDA does not include interest expense, net of interest income; income tax expense (benefit); and depreciation and amortization. Because we have borrowed money to finance our operations, interest expense is a necessary element of our costs and our ability to generate cash available for distribution. Because we use capital assets, depreciation and amortization are also necessary elements of our costs. Therefore, any measures that exclude these elements have material limitations. To compensate for these limitations, we believe that it is important to consider net income (loss) and net cash provided by operating activities as determined under GAAP, as well as adjusted EBITDA, to evaluate our overall performance.

The following table reconciles adjusted EBITDA to net loss (in millions):

	Three Months Ended March 31,	
	2020	2019
Net loss	\$ (260.4)	\$ (134.8)
Interest expense, net of interest income	55.6	49.6
Depreciation and amortization	162.8	152.1
Impairments	353.0	186.5
Income from unconsolidated affiliates	(1.7)	(5.3)
Distributions from unconsolidated affiliates	1.8	2.5
Gain on extinguishment of debt	(5.3)	—
Unit-based compensation	8.8	11.1
Income tax expense (benefit)	(33.7)	1.8
Unrealized (gain) loss on commodity swaps	(13.0)	2.0
Payments under onerous performance obligation offset to other current and long-term liabilities	—	(4.5)
Transaction costs (1)	—	13.5
Other (2)	(0.7)	0.3
Adjusted EBITDA before non-controlling interest	267.2	274.8
Non-controlling interest share of adjusted EBITDA from joint ventures (3)	(7.2)	(6.6)
Adjusted EBITDA, net to ENLC	<u>\$ 260.0</u>	<u>\$ 268.2</u>

(1) Represents transaction costs attributable to costs incurred related to the Merger in January 2019.

(2) Includes accretion expense associated with asset retirement obligations, gain on disposition of assets, and non-cash rent, which relates to lease incentives pro-rated over the lease term.

(3) Non-controlling interest share of adjusted EBITDA from joint ventures includes NGP's 49.9% share of adjusted EBITDA from the Delaware Basin JV, Marathon Petroleum Corporation's 50% share of adjusted EBITDA from the Ascension JV, and other minor non-controlling interests.

#### *Distributable Cash Flow and Excess Free Cash Flow*

We define distributable cash flow as adjusted EBITDA, net to ENLC, less interest expense, interest rate swaps, current income taxes and other non-distributable cash flows, accrued cash distributions on Series B Preferred Units and Series C Preferred Units paid or expected to be paid, and maintenance capital expenditures, excluding maintenance capital expenditures that were contributed by other entities and relate to the non-controlling interest share of our consolidated entities. Excess free cash flow is defined as distributable cash flow less distributions declared on common units and growth capital expenditures, excluding growth capital expenditures that were contributed by other entities and relate to the non-controlling interest share of our consolidated joint ventures.

Distributable cash flow and excess free cash flow are used as supplemental liquidity measures by our management and by external users of our financial statements, such as investors, commercial banks, research analysts, and others, to assess the ability of our assets to generate cash sufficient to pay interest costs, support our indebtedness, make cash distributions, and make capital expenditures.

Maintenance capital expenditures include capital expenditures made to replace partially or fully depreciated assets in order to maintain the existing operating capacity of the assets and to extend their useful lives. Examples of maintenance capital expenditures are expenditures to refurbish and replace pipelines, gathering assets, well connections, compression assets, and processing assets up to their original operating capacity, to maintain pipeline and equipment reliability, integrity, and safety, and to address environmental laws and regulations.

Growth capital expenditures generally include capital expenditures made for acquisitions or capital improvements that we expect will increase our asset base, operating income, or operating capacity over the long-term. Examples of growth capital expenditures include the acquisition of assets and the construction or development of additional pipeline, storage, well connections, gathering, or processing assets, in each case, to the extent such capital expenditures are expected to expand our asset base, operating capacity, or our operating income.

The GAAP measure most directly comparable to distributable cash flow and excess free cash flow is net cash provided by operating activities. Distributable cash flow and excess free cash flow should not be considered alternatives to, or more meaningful than, net income (loss), operating income (loss), net cash provided by operating activities, or any other measure of liquidity presented in accordance with GAAP. Distributable cash flow and excess free cash flow have important limitations because they exclude some items that affect net income (loss), operating income (loss), and net cash provided by operating activities. Distributable cash flow and excess free cash flow may not be comparable to similarly titled measures of other companies because other companies may not calculate these non-GAAP metrics in the same manner. To compensate for these limitations, we believe that it is important to consider net cash provided by operating activities determined under GAAP, as well as distributable cash flow and excess free cash flow, to evaluate our overall liquidity.

The following table reconciles excess free cash flow, distributable cash flow, and adjusted EBITDA to net cash provided by operating activities (in millions):

	Three Months Ended March 31,	
	2020	2019
Net cash provided by operating activities	\$ 182.0	\$ 264.0
Interest expense (1)	54.7	49.5
Current income tax expense	0.3	1.0
Transaction costs (2)	—	13.5
Other (3)	5.6	(1.5)
Changes in operating assets and liabilities which (provided) used cash:		
Accounts receivable, accrued revenues, inventories, and other	(169.3)	(97.4)
Accounts payable, accrued product purchases, and other accrued liabilities (4)	193.9	45.7
Adjusted EBITDA before non-controlling interest	267.2	274.8
Non-controlling interest share of adjusted EBITDA from joint ventures (5)	(7.2)	(6.6)
Adjusted EBITDA, net to ENLC	260.0	268.2
Interest expense, net of interest income	(55.6)	(49.6)
Maintenance capital expenditures, net to ENLC (6)	(8.2)	(8.5)
ENLK preferred unit accrued cash distributions (7)	(22.8)	(22.7)
Other (8)	(0.3)	(2.5)
Distributable cash flow	173.1	184.9
Common distributions declared	(46.5)	(137.3)
Growth capital expenditures, net to ENLC (6)	(82.6)	(219.6)
Excess free cash flow	\$ 44.0	\$ (172.0)

- (1) Net of amortization of debt issuance costs and discount and premium, which are included in interest expense but not included in net cash provided by operating activities, and non-cash interest income, which is netted against interest expense but not included in adjusted EBITDA.
- (2) Represents transaction costs attributable to costs incurred related to the Merger in January 2019.
- (3) Includes accruals for settled commodity swap transactions, distributions received from equity method investments to the extent those distributions exceed earnings from the investment, and non-cash rent, which relates to lease incentives pro-rated over the lease term.
- (4) Net of payments under onerous performance obligation offset to other current and long-term liabilities during the three months ended March 31, 2019.
- (5) Non-controlling interest share of adjusted EBITDA from joint ventures includes NGP's 49.9% share of adjusted EBITDA from the Delaware Basin JV, Marathon Petroleum Corporation's 50% share of adjusted EBITDA from the Ascension JV, and other minor non-controlling interests.
- (6) Excludes capital expenditures that were contributed by other entities and relate to the non-controlling interest share of our consolidated entities.
- (7) Represents the cash distributions earned by the Series B Preferred Units and Series C Preferred Units of \$16.8 million and \$6.0 million, respectively, for the three months ended March 31, 2020, and cash distributions earned by the Series B Preferred Units and Series C Preferred Units of \$16.7 million and \$6.0 million, respectively, for the three months ended March 31, 2019. Cash distributions to be paid to holders of the Series B Preferred Units and Series C Preferred Units are not available to common unitholders.
- (8) Includes non-cash interest income and current income tax expense.

### Gross Operating Margin

We define gross operating margin as revenues less cost of sales. We present gross operating margin by segment in “Results of Operations.” We disclose gross operating margin in addition to total revenue because it is the primary performance measure used by our management. We believe gross operating margin is an important measure because, in general, our business is to gather, process, transport, or market natural gas, NGLs, condensate, and crude oil for a fee or to purchase and resell natural gas, NGLs, condensate, and crude oil for a margin. Operating expense is a separate measure used by our management to evaluate operating performance of field operations. Direct labor and supervision, property insurance, property taxes, repair and maintenance, utilities, and contract services comprise the most significant portion of our operating expenses. We do not deduct operating expenses from total revenue in calculating gross operating margin because these expenses are largely independent of the volumes we transport or process and fluctuate depending on the activities performed during a specific period. The GAAP measure most directly comparable to gross operating margin is operating income (loss). Gross operating margin should not be considered an alternative to, or more meaningful than, operating income (loss) as determined in accordance with GAAP. Gross operating margin has important limitations because it excludes all operating costs that affect operating income (loss) except cost of sales. Our gross operating margin may not be comparable to similarly titled measures of other companies because other entities may not calculate these amounts in the same manner.

The following table provides a reconciliation of operating loss to gross operating margin (in millions):

	Three Months Ended March 31,	
	2020	2019
Operating loss	\$ (245.5)	\$ (88.7)
Add:		
Operating expenses	100.7	114.5
General and administrative expenses	30.4	51.4
Gain on disposition of assets	(0.6)	—
Depreciation and amortization	162.8	152.1
Impairments	353.0	186.5
Gross operating margin	<u>\$ 400.8</u>	<u>\$ 415.8</u>

## Results of Operations

The table below sets forth certain financial and operating data for the periods indicated. We manage our operations by focusing on gross operating margin, which we define as revenue less cost of sales as reflected in the table below (in millions, except volumes):

	Three Months Ended March 31,	
	2020	2019
<b>Permian Segment</b>		
Revenues	\$ 371.7	\$ 742.6
Cost of sales	(313.9)	(676.2)
Total gross operating margin	\$ 57.8	\$ 66.4
<b>North Texas Segment</b>		
Revenues	\$ 120.7	\$ 174.3
Cost of sales	(27.0)	(73.7)
Total gross operating margin	\$ 93.7	\$ 100.6
<b>Oklahoma Segment</b>		
Revenues	\$ 220.0	\$ 319.7
Cost of sales	(93.7)	(184.2)
Total gross operating margin	\$ 126.3	\$ 135.5
<b>Louisiana Segment</b>		
Revenues	\$ 563.5	\$ 798.1
Cost of sales	(459.7)	(686.6)
Total gross operating margin	\$ 103.8	\$ 111.5
<b>Corporate Segment</b>		
Revenues	\$ (119.8)	\$ (255.5)
Cost of sales	139.0	257.3
Total gross operating margin	\$ 19.2	\$ 1.8
<b>Total</b>		
Revenues	\$ 1,156.1	\$ 1,779.2
Cost of sales	(755.3)	(1,363.4)
Total gross operating margin	\$ 400.8	\$ 415.8

## Midstream Volumes:

<b>Permian Segment</b>		
Gathering and Transportation (MMBtu/d)	831,100	657,500
Processing (MMBtu/d)	861,700	712,000
Crude Oil Handling (Bbls/d)	133,400	147,400
<b>North Texas Segment</b>		
Gathering and Transportation (MMBtu/d)	1,577,700	1,683,100
Processing (MMBtu/d)	699,700	729,800
<b>Oklahoma Segment</b>		
Gathering and Transportation (MMBtu/d)	1,220,900	1,244,400
Processing (MMBtu/d)	1,154,400	1,231,600
Crude Oil Handling (Bbls/d)	36,600	29,200
<b>Louisiana Segment</b>		
Gathering and Transportation (MMBtu/d)	2,043,200	2,070,500
Processing (MMBtu/d)	169,600	468,000
Crude Oil Handling (Bbls/d)	17,400	15,000
NGL Fractionation (Gals/d)	8,184,100	6,973,800
Brine Disposal (Bbls/d)	1,700	3,500

**Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019**

**Gross Operating Margin.** Gross operating margin was \$400.8 million for the three months ended March 31, 2020 compared to \$415.8 million for the three months ended March 31, 2019, a decrease of \$15.0 million, or 3.6%, due to the following:

- **Permian Segment.** Gross operating margin in the Permian segment decreased \$8.6 million, resulting from (i) a \$7.6 million decrease in gross operating margin from our Permian crude assets with a \$3.8 million decrease due to declines in crude oil prices and \$3.8 million of that decrease due to the expiration of an MVC related to our South Texas assets in July 2019, and (ii) a \$1.0 million decrease in gross operating margin from our Permian gas assets due to a \$2.3 million decrease in gross operating margin related to our Midland Basin assets offset by a \$1.3 million increase in gross operating margin related to our Delaware Basin assets.
- **North Texas Segment.** Gross operating margin in the North Texas segment decreased \$6.9 million, which was primarily due to volume declines resulting from limited new drilling in the region.
- **Oklahoma Segment.** Gross operating margin in the Oklahoma segment decreased \$9.2 million. Gross operating margin contributed by our Oklahoma gas assets decreased \$10.1 million, which was partially due to lower volumes from our existing customers, and was partially offset by a \$0.9 million increase in gross operating margin contributed by our Oklahoma crude assets.
- **Louisiana Segment.** Gross operating margin in the Louisiana segment decreased \$7.7 million, resulting from (i) a \$4.0 million decrease in gross operating margin from our Louisiana gas plants due to lower processing margins and volumes attributable to a less favorable processing environment, and (ii) a \$3.7 million decrease in gross operating margin from our Louisiana gas transmission assets due to the expiration of certain firm transportation contracts and decreased volumes. While gross operating margin related to our ORV crude assets decreased \$1.8 million, primarily due to lower volumes, this decrease was partially offset by an increase of \$1.8 million in gross operating margin from our NGL transmission and fractionation assets, which was primarily due to higher volumes that resulted from the completion of the Cajun-Sibon pipeline expansion in April 2019.
- **Corporate Segment.** Gross operating margin in the Corporate segment increased \$17.4 million, which was primarily due to the changes in fair value of our commodity swaps between the periods as summarized below (in millions):

	Three Months Ended March 31,	
	2020	2019
<b>Realized swaps:</b>		
Crude swaps	\$ (0.6)	\$ 3.3
NGL swaps	5.2	1.9
Gas swaps	1.6	(1.4)
Realized gain on derivatives	6.2	3.8
<b>Unrealized swaps:</b>		
Crude swaps	6.2	(0.4)
NGL swaps	—	(3.5)
Gas swaps	6.8	1.9
Change in fair value of derivatives	13.0	(2.0)
<b>Gain on derivative activity</b>	<b>\$ 19.2</b>	<b>\$ 1.8</b>

Certain gathering and processing agreements provide for quarterly or annual MVCs, including MVCs from Devon. Under these agreements, our customers agree to ship and/or process a minimum volume of commodity on our systems over an agreed time period. If a customer under such an agreement fails to meet its MVC for a specified period, the customer is obligated to pay a contractually determined fee based upon the shortfall between actual commodity volumes and the MVC for that period. Some of these agreements also contain make-up right provisions that allow a customer to utilize gathering or processing fees in excess of the MVC in subsequent periods to offset shortfall amounts in previous periods. We record revenue under MVC



contracts during periods of shortfall when it is known that the customer cannot, or will not, make up the deficiency in subsequent periods.

Revenue recorded for the shortfall between actual production volumes and the MVC is as follows (in millions):

	Three Months Ended March 31,	
	2020	2019
Permian Segment	\$ 2.0	\$ 3.8
Oklahoma Segment	9.8	—
<b>Total</b>	<b>\$ 11.8</b>	<b>\$ 3.8</b>

Our MVC revenue in the Oklahoma segment is generated from a gathering and processing arrangement with Devon which expires in 2030, with the MVC provision under the agreement expiring in December 2020.

*Operating Expenses.* Operating expenses were \$100.7 million for the three months ended March 31, 2020 compared to \$114.5 million for the three months ended March 31, 2019, a decrease of \$13.8 million, or 12.1%. The primary contributors to the total decrease by segment were as follows (in millions):

	Three Months Ended March 31,		Change	
	2020	2019	\$	%
Permian Segment	\$ 25.5	\$ 27.8	\$ (2.3)	(8.3)%
North Texas Segment	20.5	25.7	(5.2)	(20.2)%
Oklahoma Segment	22.9	25.4	(2.5)	(9.8)%
Louisiana Segment	31.8	35.6	(3.8)	(10.7)%
<b>Total</b>	<b>\$ 100.7</b>	<b>\$ 114.5</b>	<b>\$ (13.8)</b>	<b>(12.1)%</b>

- *Permian Segment.* Operating expenses in the Permian segment decreased \$2.3 million primarily due to reductions in materials and supplies expenses.
- *North Texas Segment.* Operating expenses in the North Texas segment decreased \$5.2 million primarily due to reductions in materials and supplies expenses, construction fees and services, and vehicle rentals.
- *Oklahoma Segment.* Operating expenses in the Oklahoma segment decreased \$2.5 million primarily due to reductions in compressor operations and maintenance, materials and supplies expenses, construction fees and services, and vehicle rentals.
- *Louisiana Segment.* Operating expenses in the Louisiana segment decreased \$3.8 million primarily due to reductions in labor and benefits costs, materials and supplies expenses, construction fees and services, and vehicle rentals.

Operating expenses for the three months ended March 31, 2020 included \$3.3 million of severance costs related to a reduction in workforce.

*General and Administrative Expenses.* General and administrative expenses were \$30.4 million for the three months ended March 31, 2020 compared to \$51.4 million for the three months ended March 31, 2019, a decrease of \$21.0 million, or 40.9%. The primary contributors to the decrease were as follows:

- Transaction costs decreased \$13.5 million, which was primarily due to higher transaction costs related to the Merger that were incurred during the first quarter of 2019.
- Unit-based compensation expense decreased \$4.2 million, which was primarily due to larger awards and lower forfeitures during the first quarter of 2019 as compared to the first quarter of 2020.

- Benefits and payroll taxes decreased \$1.2 million, which was primarily due to a reduction in costs related to employee benefits.

General and administrative expenses for the three months ended March 31, 2020 included \$2.6 million of severance costs related to a reduction in workforce.

*Depreciation and Amortization.* Depreciation and amortization was \$162.8 million for the three months ended March 31, 2020 compared to \$152.1 million for the three months ended March 31, 2019, an increase of \$10.7 million, or 7.0%. This increase was primarily due to accelerated depreciation in the North Texas and Oklahoma segments on certain non-core assets based on changes in their estimated useful lives and new assets placed into service in key growth areas, including the Thunderbird Plant, the expansion of the Lobo III cryogenic gas processing plant, the Cajun-Sibon NGL pipeline, Avenger, the Black Coyote crude oil gathering system, and well connections in Oklahoma. These increases were partially offset by retirements of certain non-core assets in the Louisiana segment during the first quarter of 2019.

*Impairments.* For the three months ended March 31, 2020, we recognized a \$168.0 million impairment on property and equipment related to a portion of our Louisiana reporting segment because the carrying amounts were not recoverable based on our expected future cash flows. Additionally, we recorded a \$0.4 million impairment related to certain cancelled projects. See “Item 1. Financial Statements—Note 2” for additional information on our property and equipment impairments.

During the three months ended March 31, 2020, we recognized a goodwill impairment of \$184.6 million related to our Permian segment. During the three months ended March 31, 2019, we recognized a goodwill impairment of \$186.5 million related to our Louisiana segment. See “Item 1. Financial Statements—Note 3” for additional information on our goodwill impairments.

*Gain on Extinguishment of Debt.* We recognized a gain on extinguishment of debt of \$5.3 million for the three months ended March 31, 2020 due to repurchases of the 2024, 2025, and 2026 Notes in open market transactions. See “Item 1. Financial Statements—Note 6” for additional information.

*Interest Expense.* Interest expense was \$55.6 million for the three months ended March 31, 2020 compared to \$49.6 million for the three months ended March 31, 2019, an increase of \$6.0 million, or 12.1%. Interest expense consisted of the following (in millions):

	Three Months Ended March 31,	
	2020	2019
ENLK and ENLC Senior Notes	\$ 44.0	\$ 40.0
Term Loan	6.4	8.6
Consolidated Credit Facility	4.1	2.4
Capitalized interest	(1.2)	(2.0)
Amortization of debt issue costs and net discounts (premiums)	1.0	1.8
Other	1.3	(1.2)
<b>Total</b>	<b>\$ 55.6</b>	<b>\$ 49.6</b>

*Income Tax Expense.* Income tax benefit was \$33.7 million for the three months ended March 31, 2020 compared to an income tax expense of \$1.8 million for the three months ended March 31, 2019, a decrease in income tax expense of \$35.5 million. The decrease in income tax expense was primarily attributable to lower income between periods. See “Item 1. Financial Statements—Note 7” for additional information.

*Net Income (Loss) Attributable to Non-Controlling Interest.* Net income attributable to non-controlling interest was \$26.4 million for the three months ended March 31, 2020 compared to net income of \$41.5 million for the three months ended March 31, 2019, a decrease of \$15.1 million. This decrease was primarily due to the conversion of ENLK common units into ENLC common units as a result of the Merger in the first quarter of 2019. Subsequent to the Merger, ENLC’s non-controlling interest is comprised of ENLK’s Series B Preferred Units, ENLK’s Series C Preferred Units, NGP’s 49.9% share of the Delaware Basin JV, Marathon Petroleum Corporation’s 50% share of the Ascension JV, and other minor non-controlling interests.

**Critical Accounting Policies**

Information regarding our critical accounting policies is included in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2019, except as described below.

*Property and Equipment*

*Impairment Review.* In accordance with ASC 360, *Property, Plant, and Equipment*, we evaluate long-lived assets of identifiable business activities for potential impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. The carrying amount of a long-lived asset is not recoverable when it exceeds the undiscounted sum of the future cash flows expected to result from the use and eventual disposition of the asset. Estimates of expected future cash flows represent management's best estimate based on reasonable and supportable assumptions. When the carrying amount of a long-lived asset is not recoverable, an impairment is recognized equal to the excess of the asset's carrying value over its fair value, which is based on inputs that are not observable in the market, and thus represent Level 3 inputs.

During March 2020, we determined that a sustained decline in our unit price and weakness in the overall energy sector, driven by low commodity prices and lower consumer demand due to the COVID-19 pandemic, caused a change in circumstances warranting an interim impairment test. For the three months ended March 31, 2020, we recognized a \$168.0 million impairment on property and equipment related to a portion of our Louisiana reporting segment because the carrying amounts were not recoverable based on our expected future cash flows. Additionally, we recorded a \$0.4 million impairment related to certain cancelled projects.

*Goodwill Impairment*

We perform our goodwill assessments at the reporting unit level for all reporting units. We use a discounted cash flow analysis to perform the assessments. Key assumptions in the analysis include the use of an appropriate discount rate, terminal year multiples, and estimated future cash flows, including volume and price forecasts and estimated operating and general and administrative costs. In estimating cash flows, we incorporate current and historical market and financial information, among other factors. Impairment determinations involve significant assumptions and judgments, and differing assumptions regarding any of these inputs could have a significant effect on the various valuations.

During March 2020, we determined that a sustained decline in our unit price and weakness in the overall energy sector, driven by low commodity prices and lower consumer demand due to the COVID-19 pandemic, caused a change in circumstances warranting an interim impairment test. Based on these triggering events, we performed a quantitative goodwill impairment analysis on the remaining goodwill in the Permian reporting unit. Based on this analysis, a goodwill impairment loss for our Permian reporting unit in the amount of \$184.6 million was recognized as an impairment loss on the consolidated statement of operations for the three months ended March 31, 2020.

**Liquidity and Capital Resources**

*Cash Flows from Operating Activities.* Net cash provided by operating activities was \$182.0 million for the three months ended March 31, 2020 compared to \$264.0 million for the three months ended March 31, 2019. Operating cash flows and changes in working capital for comparative periods were as follows (in millions):

	Three Months Ended March 31,	
	2020	2019
Operating cash flows before working capital	\$ 206.6	\$ 216.8
Changes in working capital	(24.6)	47.2

Operating cash flows before changes in working capital decreased \$10.2 million for the three months ended March 31, 2020 compared to the three months ended March 31, 2019. The primary contributors to the decrease in operating cash flows were as follows:

- Gross operating margin, excluding non-cash commodity swap activity, decreased \$35.8 million.
- Interest expense, excluding amortization of debt issue costs and net discounts (premium) of notes, increased \$6.8 million.

These changes to operating cash flows were offset by the following:

- General and administrative expenses excluding unit-based compensation decreased \$17.0 million primarily due to higher transaction costs related to the Merger in January 2019. For more information, see “Results of Operations.”
- Operating expenses excluding unit-based compensation decreased \$15.7 million primarily due to a reduction in operations. For more information, see “Results of Operations.”

The changes in working capital for the three months ended March 31, 2020 compared to the three months ended March 31, 2019 were primarily due to fluctuations in trade receivable and payable balances due to timing of collection and payments, changes in inventory balances attributable to normal operating fluctuations, and fluctuations in accrued revenue and accrued cost of sales.

*Cash Flows from Investing Activities.* Net cash used in investing activities was \$115.5 million for the three months ended March 31, 2020, compared to \$241.0 million for the three months ended March 31, 2019. Investing cash flows are primarily related to capital expenditures. Capital expenditures decreased from \$241.5 million for the three months ended March 31, 2019 to \$112.0 million for the three months ended March 31, 2020. The decrease was primarily due to reduced capital spending plans for 2020.

*Cash Flows from Financing Activities.* Net cash provided by financing activities was \$114.2 million for the three months ended March 31, 2020 and net cash used in financing activities was \$122.7 million for the three months ended March 31, 2019. Our primary financing activities consisted of the following (in millions):

	Three Months Ended March 31,	
	2020	2019
Net repayments on the ENLC Credit Facility	\$ —	\$ (111.4)
Net borrowings	199.0	160.0
Contributions by non-controlling interests (1)	37.1	15.7
Distribution to members	(93.3)	(51.0)
Distributions to ENLK common units held by public unitholders (2)	—	(104.8)
Distributions to Series B Preferred Unitholders (3)	(16.8)	(16.5)
Distributions to joint venture partners (4)	(7.9)	(6.3)

(1) Represents contributions from NGP to the Delaware Basin JV.

(2) Subsequent to the closing of the Merger, ENLK no longer has publicly held common units.

(3) See “Item 1. Financial Statements—Note 8” for information on distributions to holders of the Series B Preferred Units.

(4) Represents distributions to NGP for its ownership in the Delaware Basin JV, distributions to Marathon Petroleum Corporation for its ownership in the Ascension JV, and distributions to other minor non-controlling interests.

*Capital Requirements.* We expect our remaining 2020 capital expenditures, including capital contributions to our unconsolidated affiliate investments, to be approximately \$100 million to \$160 million, which is net of approximately \$10 million to \$40 million from our joint venture partners. Our primary capital projects for the remainder of 2020 include the construction of the Tiger Plant in the Delaware Basin and continued development of our existing systems. See “Recent Developments” for further details.

We expect to fund capital expenditures from operating cash flows and capital contributions by joint venture partners that relate to the non-controlling interest share of our consolidated entities. In 2020, it is possible that not all of our planned projects will be commenced or completed. Our ability to pay distributions to our unitholders, to fund planned capital expenditures, and to make acquisitions will depend upon our future operating performance, which will be affected by prevailing economic conditions in the industry, financial, business, and other factors, some of which are beyond our control.

*Off-Balance Sheet Arrangements.* We had no off-balance sheet arrangements as of March 31, 2020.

*Total Contractual Cash Obligations.* A summary of our total contractual cash obligations as of March 31, 2020 is as follows (in millions):

	Payments Due by Period						
	Total	Remainder 2020	2021	2022	2023	2024	Thereafter
Long-term debt obligations	\$ 3,589.5	\$ —	\$ —	\$ —	\$ —	\$ 545.0	\$ 3,044.5
Term Loan	850.0	—	850.0	—	—	—	—
Consolidated Credit Facility	550.0	—	—	—	—	550.0	—
Interest payable on fixed long-term debt obligations	2,499.7	163.6	175.6	175.6	175.6	163.6	1,645.7
Operating lease obligations	133.9	16.3	17.0	12.2	10.2	9.5	68.7
Purchase obligations	18.5	18.5	—	—	—	—	—
Pipeline and trucking capacity and deficiency agreements (1)	196.0	29.5	37.7	31.8	28.1	33.0	35.9
Inactive easement commitment (2)	10.0	—	—	10.0	—	—	—
Total contractual obligations	<u>\$ 7,847.6</u>	<u>\$ 227.9</u>	<u>\$ 1,080.3</u>	<u>\$ 229.6</u>	<u>\$ 213.9</u>	<u>\$ 1,301.1</u>	<u>\$ 4,794.8</u>

(1) Consists of pipeline capacity payments for firm transportation and deficiency agreements.

(2) Amounts related to inactive easements paid as utilized by us with balance due in 2022 if not utilized.

The above table does not include any physical or financial contract purchase commitments for natural gas and NGLs due to the nature of both the price and volume components of such purchases, which vary on a daily or monthly basis. Additionally, we do not have contractual commitments for fixed price and/or fixed quantities of any material amount that is not already disclosed in the table above.

The interest payable related to the Consolidated Credit Facility and the Term Loan are not reflected in the above table because such amounts depend on the outstanding balances and interest rates of the Consolidated Credit Facility and the Term Loan, which vary from time to time.

Our contractual cash obligations for the remainder of 2020 are expected to be funded from cash flows generated from our operations.

#### Indebtedness

In December 2018, we entered into the Consolidated Credit Facility, which permits us to borrow up to \$1.75 billion on a revolving credit basis and includes a \$500.0 million letter of credit subfacility. As of March 31, 2020, there was \$550.0 million in outstanding borrowings under the Consolidated Credit Facility and \$18.8 million in outstanding letters of credit.

In addition, as of March 31, 2020, we have \$3.6 billion in aggregate principal amount of outstanding unsecured senior notes maturing from 2024 to 2047 and \$850.0 million in outstanding principal on the Term Loan.

See “Item 1. Financial Statements—Note 6” for more information on our outstanding debt instruments.

#### Recent Accounting Pronouncements

See “Item 1. Financial Statements—Note 2” for more information on recently issued and adopted accounting pronouncements.

## Disclosure Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the federal securities laws. Although these statements reflect the current views, assumptions and expectations of our management, the matters addressed herein involve certain assumptions, risks and uncertainties that could cause actual activities, performance, outcomes and results to differ materially from those indicated herein. Therefore, you should not rely on any of these forward-looking statements. All statements, other than statements of historical fact, included in this Quarterly Report constitute forward-looking statements, including, but not limited to, statements identified by the words “forecast,” “may,” “believe,” “will,” “should,” “plan,” “predict,” “anticipate,” “intend,” “estimate,” “expect,” “continue,” and similar expressions. Such forward-looking statements include, but are not limited to, statements about when additional capacity will be operational, timing for completion of construction or expansion projects, results in certain basins, profitability, financial metrics, operating efficiencies and other benefits of cost savings or operational initiatives, our future capital structure and credit ratings, objectives, strategies, expectations, and intentions, the impact of the COVID-19 pandemic on us and our financial results and operations, and other statements that are not historical facts. Factors that could result in such differences or otherwise materially affect our financial condition, results of operation, or cash flows, include, without limitation, (a) the ongoing coronavirus (COVID-19) outbreak could adversely affect our business, financial condition, and results of operation, (b) potential conflicts of interest of GIP with us and the potential for GIP to favor GIP’s own interests to the detriment of our unitholders, (c) GIP’s ability to compete with us and the fact that it is not required to offer us the opportunity to acquire additional assets or businesses, (d) a default under GIP’s credit facility could result in a change in control of us, could adversely affect the price of our common units, and could result in a default under our credit facility, (e) the dependence on Devon for a substantial portion of the natural gas and crude that we gather, process, and transport, (f) developments that materially and adversely affect Devon or other customers, (g) adverse developments in the midstream business that may reduce our ability to make distributions, (h) competition for crude oil, condensate, natural gas, and NGL supplies and any decrease in the availability of such commodities, (i) decreases in the volumes that we gather, process, fractionate, or transport, (j) construction risks in our major development projects, (k) our ability to receive or renew required permits and other approvals, (l) increased federal, state, and local legislation, and regulatory initiatives, as well as government reviews relating to hydraulic fracturing resulting in increased costs and reductions or delays in natural gas production by our customers, (m) climate change legislation and regulatory initiatives resulting in increased operating costs and reduced demand for the natural gas and NGL services we provide, (n) changes in the availability and cost of capital, including as a result of a change in our credit rating, (o) volatile prices and market demand for crude oil, condensate, natural gas, and NGLs that are beyond our control, (p) our debt levels could limit our flexibility and adversely affect our financial health or limit our flexibility to obtain financing and to pursue other business opportunities, (q) operating hazards, natural disasters, weather-related issues or delays, casualty losses, and other matters beyond our control, (r) reductions in demand for NGL products by the petrochemical, refining, or other industries or by the fuel markets, (s) impairments to goodwill, long-lived assets and equity method investments, and (t) the effects of existing and future laws and governmental regulations, including environmental and climate change requirements and other uncertainties. In addition to the specific uncertainties, factors, and risks discussed above and elsewhere in this Quarterly Report on Form 10-Q, the risk factors set forth in Part II, “Item 1A. Risk Factors” of this report and in Part I, “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2019 may affect our performance and results of operations. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may differ materially from those in the forward-looking statements. We disclaim any intention or obligation to update or review any forward-looking statements or information, whether as a result of new information, future events, or otherwise.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices. Our primary market risk is the risk related to changes in the prices of natural gas, NGLs, condensate, and crude oil. In addition, we are also exposed to the risk of changes in interest rates on floating rate debt.

Comprehensive financial reform legislation was signed into law by the President on July 21, 2010. The legislation calls for the CFTC to regulate certain markets for derivative products, including OTC derivatives. The CFTC has issued several relevant regulations, and other rulemakings are pending at the CFTC, the product of which would be rules that implement the mandates in the legislation to cause significant portions of derivatives markets to clear through clearinghouses. While some of these rules have been finalized, some have not, and, as a result, the final form and timing of the implementation of the regulatory regime affecting commodity derivatives remains uncertain.

In particular, on October 18, 2011, the CFTC adopted final rules under the Dodd-Frank Act establishing position limits for certain energy commodity futures and options contracts and economically equivalent swaps, futures and options. The position limit levels set the maximum amount of covered contracts that a trader may own or control separately or in combination, net long or short. The final rules also contained limited exemptions from position limits which would be phased in over time for certain bona fide hedging transactions and positions. The CFTC’s original position limits rule was challenged in court by two

industry associations and was vacated and remanded by a federal district court. The CFTC proposed new rules in January 2020 (withdrawing previously proposed rules from November 2013 and December 2016) that would place limits on positions in certain core futures and equivalent swaps contracts for or linked to certain physical commodities, subject to exceptions for certain bona fide hedging transactions. The CFTC sought comment on the position limits rules as repropounded and revised, but the new rules have not yet been issued in final form, and the impact of any final provisions on us is uncertain at this time.

The legislation and potential new regulations may also require counterparties to our derivative instruments to spin off some of their derivatives activities to separate entities, which may not be as creditworthy as the current counterparties. The legislation and any new regulations could significantly increase the cost of derivative contracts, materially alter the terms of derivative contracts, reduce the availability of derivatives to protect against risks we encounter, reduce our ability to monetize or restructure our existing derivative contracts, and increase our exposure to less creditworthy counterparties. If we reduce our use of derivatives as a result of the legislation and regulations, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures and to generate sufficient cash flow to pay quarterly distributions at current levels or at all. Our revenues could be adversely affected if a consequence of the legislation and regulations is to lower commodity prices. Any of these consequences could have a material, adverse effect on us, our financial condition, and our results of operations.

### Commodity Price Risk

We are subject to risks due to fluctuations in commodity prices. Approximately 89% of our gross operating margin for the three months ended March 31, 2020 was generated from arrangements with fee-based structures with minimal direct commodity price exposure. Our exposure to these commodity price fluctuations is primarily in the gas processing component of our business. We currently process gas under four main types of contractual arrangements (or a combination of these types of contractual arrangements) as summarized below.

1. *Fee-based contracts.* Under fee-based contracts, we earn our fees through (1) stated fixed-fee arrangements in which we are paid a fixed fee per unit of volume processed or (2) arrangements where we purchase and resell commodities in connection with providing the related processing service and earn a net margin through a fee-like deduction subtracted from the purchase price of the commodities.
2. *Processing margin contracts.* Under these contracts, we pay the producer for the full amount of inlet gas to the plant, and we make a margin based on the difference between the value of liquids recovered from the processed natural gas as compared to the value of the natural gas volumes lost and the cost of fuel used in processing. The shrink and fuel losses are referred to as plant thermal reduction, or PTR. Our margins from these contracts are high during periods of high liquids prices relative to natural gas prices and can be negative during periods of high natural gas prices relative to liquids prices. However, we mitigate our risk of processing natural gas when margins are negative primarily through our ability to bypass processing when it is not profitable for us or by contracts that revert to a minimum fee for processing if the natural gas must be processed to meet pipeline quality specifications. For the three months ended March 31, 2020, less than 1% of our gross operating margin was generated from processing margin contracts.
3. *POL contracts.* Under these contracts, we receive a fee in the form of a percentage of the liquids recovered, and the producer bears all the cost of the natural gas shrink. Therefore, our margins from these contracts are greater during periods of high liquids prices. Our margins from processing cannot become negative under POL contracts, but they do decline during periods of low liquids prices.
4. *POP contracts.* Under these contracts, we receive a fee in the form of a portion of the proceeds of the sale of natural gas and liquids. Therefore, our margins from these contracts are greater during periods of high natural gas and liquids prices. Our margins from processing cannot become negative under POP contracts, but they do decline during periods of low natural gas and liquids prices.

For the three months ended March 31, 2020, approximately 4% of our gross operating margin was generated from POL or POP contracts.

Our primary commodity risk management objective is to reduce volatility in our cash flows. We maintain a risk management committee, including members of senior management, which oversees all hedging activity. We enter into hedges for natural gas, crude and condensate, and NGLs using OTC derivative financial instruments with only certain well-capitalized counterparties which have been approved in accordance with our commodity risk management policy.

We have hedged our exposure to fluctuations in prices for natural gas, NGLs, and crude oil volumes produced for our account. We have tailored our hedges to generally match the product composition and the delivery points to those of our physical equity volumes. The hedges cover specific products based upon our expected equity composition.

The following table sets forth certain information related to derivative instruments outstanding at March 31, 2020 mitigating the risks associated with the gas processing and fractionation components of our business. The relevant payment index price for liquids is the monthly average of the daily closing price for deliveries of commodities into Mont Belvieu, Texas as reported by Oil Price Information Service. The relevant index price for natural gas is Henry Hub Gas Daily as defined by the pricing dates in the swap contracts.

Period	Underlying	Notional Volume	We Pay	We Receive (1)	Net Fair Value Asset/(Liability) (In millions)
April 2020 - March 2021	Ethane	2,017 (MBbls)	\$0.1365/gal	Index	\$ 0.2
April 2020 - March 2021	Propane	1,397 (MBbls)	Index	\$0.3162/gal	6.0
April 2020 - March 2021	Normal butane	458 (MBbls)	Index	\$0.3455/gal	2.2
April 2020 - December 2020	Natural gasoline	30 (MBbls)	Index	\$0.4318/gal	0.2
April 2020 - January 2021	Natural gas	95,855 (MMBtu/d)	Index	\$1.2207/MMBtu	—
April 2020 - July 2020	Crude and condensate	4,275 (MBbls)	Index	\$23.92/Bbl	0.1
April 2020 - December 2022	Crude and condensate	10,970 (MBbls)	\$1.928/Bbl	Index (2)	12.7
					<u>\$ 21.4</u>

(1) Weighted average.

(2) Represents the WTI Houston and WTI Midland differential.

Another price risk we face is the risk of mismatching volumes of gas bought or sold on a monthly price versus volumes bought or sold on a daily price. We enter each month with a balanced book of natural gas bought and sold on the same basis. However, it is normal to experience fluctuations in the volumes of natural gas bought or sold under either basis, which leaves us with short or long positions that must be covered. We use financial swaps to mitigate the exposure at the time it is created to maintain a balanced position.

The use of financial instruments may expose us to the risk of financial loss in certain circumstances, including instances when (1) sales volumes are less than expected requiring market purchases to meet commitments or (2) counterparties fail to purchase the contracted quantities of natural gas or otherwise fail to perform. To the extent that we engage in hedging activities, we may be prevented from realizing the benefits of favorable price changes in the physical market. However, we are similarly insulated against unfavorable changes in such prices.

As of March 31, 2020, outstanding natural gas swap agreements, NGL swap agreements, swing swap agreements, storage swap agreements, and other derivative instruments had a net fair value asset of \$21.4 million. The aggregate effect of a hypothetical 10% change, increase or decrease, in gas, crude and condensate, and NGL prices would result in a change of approximately \$5.5 million in the net fair value of these contracts as of March 31, 2020.

### Interest Rate Risk

We are exposed to interest rate risk on the Consolidated Credit Facility and the Term Loan. At March 31, 2020, we had \$550.0 million and \$850.0 million in outstanding borrowings under the Consolidated Credit Facility and the Term Loan, respectively. In April 2019, we entered into \$850.0 million of interest rate swaps to reduce the variability of cash outflows associated with interest payments related to our long-term debt with variable interest rates. These swaps have been designated as cash flow hedges. See “Item 1. Financial Statements—Note 12” for more information on our outstanding derivatives. A 1.0% increase or decrease in interest rates would change our annualized interest expense by approximately \$5.5 million and \$8.5 million for the Consolidated Credit Facility and the Term Loan, respectively. This change in interest expense would be partially offset by an \$8.5 million change related to our open interest rate swap hedge.

We are not exposed to changes in interest rates with respect to ENLK’s senior unsecured notes due in 2024, 2025, 2026, 2044, 2045, or 2047 or our senior unsecured notes due in 2029 as these are fixed-rate obligations. As of March 31, 2020, the estimated fair value of the senior unsecured notes was approximately \$1,621.6 million, based on the market prices of ENLK’s and our publicly traded debt at March 31, 2020. Market risk is estimated as the potential decrease in fair value of our long-term debt resulting from a hypothetical increase of 1.0% in interest rates. Such an increase in interest rates would result in an



approximate \$79.3 million decrease in fair value of the senior unsecured notes at March 31, 2020. See “Item 1. Financial Statements—Note 6” for more information on our outstanding indebtedness.

**Item 4. Controls and Procedures**

*a. Evaluation of Disclosure Controls and Procedures*

We carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer of EnLink Midstream Manager, LLC, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report pursuant to Exchange Act Rules 13a-15 and 15d-15. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report (March 31, 2020), our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time period specified in the applicable rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

*b. Changes in Internal Control Over Financial Reporting*

There has been no change in our internal control over financial reporting that occurred in the three months ended March 31, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings

We are involved in various litigation and administrative proceedings arising in the normal course of business. In the opinion of management, any liabilities that may result from these claims would not individually or in the aggregate have a material adverse effect on our financial position, results of operations, or cash flows.

#### Item 1A. Risk Factors

Except as set forth below, information about risk factors does not differ materially from that set forth in Part I, “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2019.

##### *The ongoing coronavirus (COVID-19) outbreak could adversely affect our business, financial condition, and results of operations.*

The ongoing coronavirus (COVID-19) outbreak, which the World Health Organization declared as a pandemic on March 11, 2020, has reached more than 200 countries and has continued to be a rapidly evolving situation. The pandemic has resulted in widespread adverse impacts on the global economy, the energy industry as a whole and on midstream companies, and on our employees, customers, suppliers, and other parties with whom we have business relations. The pandemic and related travel and operational restrictions, as well as business closures and curtailed consumer activity, have resulted in a significant reduction in global demand for crude oil, condensate, natural gas, and NGLs. For example, global demand for oil has dropped by nearly one-third since mid-February. The decline in demand has been met with a decline in the market price for these commodities, particularly for crude oil, and especially following the announcement by Saudi Arabia of a significant increase in its maximum crude oil production capacity, as well as the announcement by Russia that previously agreed upon oil production cuts between members of OPEC+ would expire. On April 12, 2020, members of OPEC+ agreed to certain production cuts; however, these cuts are not expected to be enough to offset near-term demand loss attributable to the COVID-19 pandemic. In addition, crude oil stockpiles and the decision of end users, such as refineries, not to take a normal level of crude oil shipments has led to a severe and growing shortage of storage capacity for oil and significantly higher costs for available storage. In the case of the oil markets, both the decline in demand and storage concerns have caused the price of oil to reach historic lows.

As a result of the supply/demand imbalance, reduced commodity prices, limited storage capacity and an uncertain timeline for recovery, oil and gas producers, including our customers, have sharply curtailed their current drilling and production activity as well as their plans for future drilling and production activity. As a result of these decreases in producer activity, our business and financial results have been adversely affected and will likely continue to be adversely affected until the markets for these commodities recover and producers elect to expand their production activities. For example, since mid-March, we have experienced reduced volumes gathered, processed, fractionated, and transported on our assets as a result of reduced production from the regions that supply our systems. In addition, available storage for crude oil is expected to be increasingly limited and costly for the foreseeable future, which would also have a negative impact on our customers’ ability to store crude oil during this period of reduced demand. If our producer customers are unable to store crude oil at reasonable prices, or the market prices our customers receive for their production stays at low levels for a prolonged period or declines even further, our customers could reduce their production levels or shut-in producing wells until storage is available and/or market prices recover. Consequently, our future business, liquidity, financial condition, results of operations, and cash flows (including our ability to make distributions to our unitholders) could be materially and adversely affected.

There is considerable uncertainty regarding the extent to which COVID-19 will continue to spread and the extent and duration of governmental and other measures implemented to try to slow the spread of the virus, such as large-scale travel bans and restrictions, border closures, quarantines, shelter-in-place orders, and business and government shutdowns. As a result, there is significant uncertainty regarding how long the market dislocations will continue and how long they will continue to affect us.

We have modified certain business and workforce practices (including discontinuing all non-essential business travel, implementing a temporary work-from-home policy for employees who can execute their work remotely, and encouraging employees to adhere to local and regional social distancing recommendations) to conform to government restrictions and best practices encouraged by governmental and regulatory authorities. However, the quarantine of personnel or the inability to access our facilities or customer sites could adversely affect our operations. Also, we have a limited number of highly skilled employees for some of our operations. If a large proportion of our employees in those critical positions were to contract COVID-19 at the same time, we would rely upon our business continuity plans in an effort to continue operations at our systems, pipelines, and facilities, but there is no certainty that such measures will be sufficient to mitigate the adverse impact to our operations that could result from shortages of highly skilled employees.

Although we do not have plans to access the capital markets in 2020, to the extent that we need to seek external funding for our operations and COVID-19 adversely affects our ability to access the capital and other financial markets, as a result of credit rating downgrades or otherwise, we may need to consider alternative sources of funding for some of our operations and for working capital, which may increase our cost of, as well as adversely impact our access to, capital. These uncertain economic conditions may also result in the inability of our customers and other counterparties to make payments to us, on a timely basis or at all, which could adversely affect our business, liquidity, financial condition, results of operations, and cash flows (including our ability to make distributions to our unitholders and noteholders). A substantial deterioration in our business and/or a prolonged period of market dislocation could also affect our compliance with the financial covenants in our Consolidated Credit Facility, particularly the consolidated leverage ratio covenant. The leverage ratio covenant requires that we maintain a leverage ratio of no more than 5.0x at the end of any fiscal quarter. At March 31, 2020, our ratio was 4.6x. If we were unable to continue to meet any of the financial covenants, we would not be able to borrow funds under our Consolidated Credit Facility and we would not be able to use the Consolidated Credit Facility to refinance our \$850 million Term Loan in 2021.

We cannot predict the full impact that COVID-19 or the significant disruption and volatility currently being experienced in the oil and natural gas markets will have on our business, liquidity, financial condition, results of operations, and cash flows (including our ability to make distributions to our unitholders) at this time, due to numerous uncertainties. The ultimate impacts will depend on future developments, including, among others, the ultimate geographic spread of the virus, the consequences of governmental and other measures designed to prevent the spread of the virus or its effects, the development of effective treatments, the duration of the outbreak, actions taken by members of OPEC+ and other foreign, oil-exporting countries, actions taken by governmental authorities, customers, suppliers, and other third parties, workforce availability, and the timing and extent to which normal economic and operating conditions resume and whether the virus causes structural shifts in the global economy and the demand for oil and natural gas as a result of changes in the way people work, travel, and interact.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

During the three months ended March 31, 2020, we re-acquired ENLC common units from certain employees in order to satisfy the employees' tax liability in connection with the vesting of restricted incentive units.

Period	Total Number of Units Purchased (1)	Average Price Paid Per Unit	Total Number of Units Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Units that May Yet Be Purchased under the Plans or Programs
January 1, 2020 to January 31, 2020	313,820	\$ 6.04	—	—
February 1, 2020 to February 29, 2020	473,438	4.54	—	—
March 1, 2020 to March 31, 2020	6,135	0.93	—	—
Total	793,393	\$ 5.11	—	—

(1) The common units were not re-acquired pursuant to any repurchase plan or program.

**Item 6. Exhibits**

The exhibits filed as part of this report are as follows (exhibits incorporated by reference are set forth with the name of the registrant, the type of report and registration number or last date of the period for which it was filed, and the exhibit number in such filing):

Number	Description
3.1	— <a href="#">Certificate of Formation of EnLink Midstream, LLC (incorporated by reference to Exhibit 3.1 to our Registration Statement on Form S-4, filed with the Commission on November 20, 2013, file No. 333-192419).</a>
3.2	— <a href="#">Certificate of Amendment to Certificate of Formation of EnLink Midstream, LLC (incorporated by reference to Exhibit 3.2 to Amendment No. 2 to our Registration Statement on Form S-4, filed with the Commission on January 21, 2014, file No. 333-192419).</a>
3.3	— <a href="#">Second Amended and Restated Operating Agreement of EnLink Midstream, LLC, dated as of January 25, 2019 (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K dated January 25, 2019, filed with the Commission on January 29, 2019, file No. 001-36336).</a>
3.4	— <a href="#">Certificate of Formation of EnLink Midstream Manager, LLC (incorporated by reference to Exhibit 3.12 to our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014, filed with the Commission on August 6, 2014, file No. 001-36336).</a>
3.5	— <a href="#">Certificate of Amendment to the Certificate of Formation of EnLink Midstream Manager, LLC (incorporated by reference to Exhibit 3.13 to our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014, filed with the Commission on August 6, 2014, file No. 001-36336).</a>
3.6	— <a href="#">Second Amended and Restated Limited Liability Company Agreement of EnLink Midstream Manager, LLC, dated as of July 18, 2018 (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K dated July 17, 2018, filed with the Commission on July 23, 2018, file No. 001-36336).</a>
3.7	— <a href="#">Certificate of Formation of EnLink Midstream GP, LLC (incorporated by reference to Exhibit 3.7 to EnLink Midstream Partners, LP's Registration Statement on Form S-1, file No. 333-97779).</a>
3.8	— <a href="#">Certificate of Amendment to the Certificate of Formation of EnLink Midstream GP, LLC (incorporated by reference to Exhibit 3.12 to EnLink Midstream Partners, LP's Registration Statement on Form S-3, filed with the Commission on March 10, 2014, file No. 333-194465).</a>
3.9	— <a href="#">Fourth Amended and Restated Limited Liability Company Agreement of EnLink Midstream GP, LLC, dated as of July 18, 2018 (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K dated July 17, 2018, filed with the Commission on July 23, 2018, file No. 001-36366).</a>
3.10	— <a href="#">Certificate of Limited Partnership of EnLink Midstream Partners, LP (incorporated by reference to Exhibit 3.1 to EnLink Midstream Partners, LP's Registration Statement on Form S-1, filed with the Commission on August 7, 2012, file No. 333-97779).</a>
3.11	— <a href="#">Certificate of Amendment to the Certificate of Limited Partnership of EnLink Midstream Partners, LP (incorporated by reference to Exhibit 3.2 to EnLink Midstream Partners, LP's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012, filed with the Commission on August 7, 2012, file No. 000-50067).</a>
3.12	— <a href="#">Second Amendment to the Certificate of Limited Partnership of EnLink Midstream Partners, LP (incorporated by reference to Exhibit 3.3 to EnLink Midstream Partners, LP's Current Report on Form 8-K dated March 6, 2014, filed with the Commission on March 11, 2014, file No. 001-36340).</a>
3.13	— <a href="#">Third Amendment to the Certificate of Limited Partnership of EnLink Midstream Partners, LP (incorporated by reference to Exhibit 3.1 to EnLink Midstream Partners, LP's Current Report on Form 8-K dated June 16, 2017, filed with the Commission on June 19, 2017, file No. 001-36340).</a>
3.14	— <a href="#">Tenth Amended and Restated Agreement of Limited Partnership of EnLink Midstream Partners, LP, dated as of January 25, 2019 (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K dated January 25, 2019, filed with the Commission on January 29, 2019, file No. 001-36336).</a>
10.1 *†	— <a href="#">EnLink Midstream, LLC 2014 Long-Term Incentive Plan (As Amended and Restated Effective March 31, 2020).</a>
31.1 *	— <a href="#">Certification of the Principal Executive Officer.</a>
31.2 *	— <a href="#">Certification of the Principal Financial Officer.</a>
32.1 *	— <a href="#">Certification of the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350.</a>
101 *	— The following financial information from EnLink Midstream, LLC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of March 31, 2020 and December 31, 2019, (ii) Consolidated Statements of Operations for the three months ended March 31, 2020 and 2019, (iii) Consolidated Statements of Changes in Members' Equity for the three months ended March 31, 2020 and 2019 (iv) Consolidated Statements of Cash Flows for the three months ended March 31, 2020 and 2019, and (v) the Notes to Consolidated Financial Statements.
104 *	— Cover Page Interactive Data File (formatted as Inline iXBRL and included in Exhibit 101).

\* Filed herewith.

† As required by Item 15(a)(3), this Exhibit is identified as a compensatory benefit plan or arrangement.

**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 thereunto duly authorized.

EnLink Midstream, LLC

By: EnLink Midstream Manager, LLC,  
its managing member

By: /s/ ERIC D. BATCHELDER  
Eric D. Batchelder  
Executive Vice President and Chief Financial Officer

May 8, 2020

**ENLINK MIDSTREAM, LLC**  
**2014 LONG-TERM INCENTIVE PLAN**  
**(As Amended and Restated Effective March 31, 2020)**

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**ENLINK MIDSTREAM, LLC**  
**2014 LONG-TERM INCENTIVE PLAN**  
(As Amended and Restated Effective March 31, 2020)

**ARTICLE I.**  
**ESTABLISHMENT AND PURPOSE**

**1.1 Establishment.** The EnLink Midstream, LLC 2014 Long-Term Incentive Plan (the “Plan”) established as of February 5, 2014 is hereby amended and restated, effective as of the Effective Date (as defined below). Capitalized terms used herein without definition shall have the respective meanings assigned to them in Article II.

**1.2 Purpose.** The purposes of the Plan are to attract able persons to enter the employ of the Company, to encourage Employees and Consultants to remain in the employ or service of the Company and to provide motivation to Employees and Consultants to put forth maximum efforts toward the continued growth, profitability and success of the Company, by providing incentives to such persons through the ownership and/or performance of the Units of EnLink Midstream. A further purpose of the Plan is to provide a means through which the Company may attract able persons to become directors of the EnLink Manager and to provide such individuals with incentive and reward opportunities. Toward these objectives, Awards may be granted under the Plan to Employees, Consultants and Outside Directors on the terms and subject to the conditions set forth in the Plan.

**ARTICLE II.**  
**DEFINITIONS**

**2.1 Affiliate.** “Affiliate” means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Person in question. As used herein, the term “control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise. With respect to an Incentive Unit Option, “Affiliate” means a “parent corporation” or a “subsidiary corporation” of EnLink Midstream, as those terms are defined in Sections 424(e) and (f) of the Code.

**2.2 Award.** “Award” means an award granted to a Participant in the form of an Option, UAR, Restricted Unit Award, Restricted Incentive Unit, Unit Award or Cash Award, Performance Award or Annual Incentive Award and includes, as appropriate, any tandem DERs granted with respect to an Award (other than a Restricted Unit, Option or UAR). All Awards shall be granted by, confirmed by, and subject to the terms of, an Award Agreement.

**2.3 Award Agreement.** “Award Agreement” means a written agreement between EnLink Midstream and a Participant that sets forth the terms, conditions, restrictions and/or limitations applicable to an Award.

**2.4 Board.** “Board” means (i) prior to the Crosstex Effective Time, the Board of Directors of Devon Gas Operating, Inc., the general partner of Devon Gas Services, L.P., the sole member of the EnLink Manager, the sole member of EnLink Midstream, and (ii) following the Crosstex Effective Time, the Board of Directors of the EnLink Manager, the managing member of EnLink Midstream.

**2.5 Cash Award.** “Cash Award” means an award denominated and payable in cash.

**2.6 Cause.** “Cause” means, except as otherwise provided in an Award Agreement, (i) Participant has failed to perform the duties assigned to him and such failure has continued for thirty (30) days following delivery by the Company of written notice to Participant of such failure, (ii) Participant has been convicted of a felony or misdemeanor involving moral turpitude, (iii) Participant has engaged in acts or omissions against the Company constituting dishonesty, breach of fiduciary obligation, or intentional wrongdoing or misfeasance, (iv) Participant has acted intentionally or in bad faith in a manner that results in a material detriment to the assets, business or prospects of the Company, or (v) Participant has breached any obligation under the Plan or Award Agreement.

**2.7 Change of Control.** shall have the meaning set forth in Section 14.1.

**2.8 Code.** “Code” means the Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder and successor provisions and regulations thereto.

**2.9 Committee.** “Committee” means (i) with respect to the application of this Plan to Employees, the Compensation Committee of the Board or such other committee of the Board as may be designated by the Board to administer the Plan, which committee shall consist of two or more non-employee directors, each of whom is a “non-employee director” under Rule 16b-3 of the Exchange Act, and (ii) with respect to the application of this Plan to an Outside Director, the Board. To the extent that no Committee exists that has the authority to administer the Plan, or to the extent the Board so elects, the functions of the Committee shall be exercised by the Board. If for any reason the appointed Committee does not meet the requirements of Rule 16b-3, such noncompliance with such requirements shall not affect the validity of Awards, grants, interpretations or other actions of the Committee.

**2.10 Company.** “Company” means EnLink Midstream and its Affiliates.

**2.11 Consultant.** “Consultant” means an individual performing services for EnLink Midstream or an Affiliate who is treated for tax purposes as an independent contractor at the time of performance of the services.

**2.12 Crosstex Effective Time.** “Crosstex Effective Time” means the Crosstex Effective Time, as defined in the Agreement and Plan of Merger, dated as of October 21, 2013, by and among Devon Energy Corporation, Devon Gas Services, L.P., Acacia Natural Gas Corp I, Inc., Crosstex, Energy, Inc. EnLink Midstream (formerly known as New Public Rangers, L.L.C.), Boomer Merger Sub, Inc. and Rangers Merger Sub, Inc.

**2.13 Distribution Equivalent Right.** “Distribution Equivalent Right” or “DER” means a contingent right, granted alone or in tandem with a specific Award (other than a Restricted Unit, Option or UAR) under Section 12.2, to receive with respect to each Unit subject to the Award an amount in cash, Units and/or Restricted Incentive Units, as determined by the Committee in its sole discretion, equal in value to the distributions made by the Company with respect to a Unit during the period such Award is outstanding.

**2.14 Effective Date.** “Effective Date” means March 31, 2020, which is the date this Plan, as hereby amended and restated, becomes effective.

**2.15 Employee.** “Employee” means an employee of the Company; provided, however, that the term Employee does not include an Outside Director or a Consultant.

**2.16 EnLink Manager.** “EnLink Manager” means EnLink Midstream Manager, LLC, a Delaware limited liability company, and any successor thereto.

**2.17 EnLink Midstream.** “EnLink Midstream” means EnLink Midstream, LLC, a Delaware limited liability company, and any successor thereto.

**2.18 Exchange Act.** “Exchange Act” means the Securities Exchange Act of 1934, as amended.

**2.19 Fair Market Value.** “Fair Market Value” means the closing sales price of a Unit on the applicable date (or if there is no trading in the Units on such date, on the next preceding date on which there was trading) as reported in The Wall Street Journal (or other reporting service approved by the Committee). In the event the Units are not publicly traded at the time a determination of fair market value is required to be made hereunder, the determination of fair market value shall be made in good faith by the Committee and in compliance with Section 409A or 422 of the Code, as applicable.

**2.20 GIP.** “GIP” means Global Infrastructure Partners III-A/B, L.P., Global Infrastructure Partners III-C Intermediate, L.P., Global Infrastructure Partners III-C2 Intermediate, L.P., Global Infrastructure Partners II-C Stetson AIV, L.P. and each of their Affiliates, and any funds, partnerships or other investment vehicles managed by Global Infrastructure Management, LLC or their Affiliates (including in each case, any portfolio companies of such entities).

**2.21 Grant Date.** “Grant Date” means the date an Award is granted by the Committee.

**2.22 Incentive Unit Option.** “Incentive Unit Option” means an Option that is intended to meet the requirements of Section 422(b) of the Code.

- 2.23 Nonqualified Unit Option.** “Nonqualified Unit Option” means an Option that is not an Incentive Unit Option.
- 2.24 Option.** “Option” means an option to purchase Units granted to a Participant pursuant to Article VII. An Option may be either an Incentive Unit Option or a Nonqualified Unit Option, as determined by the Committee.
- 2.25 Outside Director.** “Outside Director” means a “non-employee director” of the EnLink Manager, as defined in Rule 16b-3.
- 2.26 Participant.** “Participant” means an Employee, Consultant or Outside Director to whom an Award has been granted under the Plan.
- 2.27 Performance Award.** “Performance Award” means an award made pursuant to this Plan to a Participant, which Award is subject to the attainment of one or more Performance Goals.
- 2.28 Performance Goal.** “Performance Goal” means a standard established by the Committee, to determine in whole or in part whether a Performance Award shall be earned.
- 2.29 Person.** “Person” means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, government agency or political subdivision thereof or other entity.
- 2.30 Plan.** “Plan” means this EnLink Midstream, LLC 2014 Long-Term Incentive Plan, as hereby amended and restated effective as of the Effective Date, and as hereafter amended from time to time.
- 2.31 Prior Plan.** “Prior Plan” means the EnLink Midstream, LLC 2014 Long-Term Incentive Plan, as in effect prior to its amendment and restatement on the Effective Date.
- 2.32 Restricted Incentive Unit.** “Restricted Incentive Unit” means a notional Unit granted under the Plan pursuant to Article X which, upon vesting, entitles the Participant to receive, at the time of settlement, a Unit or an amount of cash equal to the Fair Market Value of a Unit, as determined by the Committee in its sole discretion.
- 2.33 Restricted Units.** “Restricted Unit” means a Unit granted to a Participant pursuant to Article IX, which is subject to such restrictions as may be determined by the Committee. Restricted Units shall constitute issued and outstanding Units for all corporate purposes.
- 2.34 Restriction Period.** “Restriction Period” means the period established by the Committee at the time of a grant of an Award during which an Award shall be fully or partially forfeitable.
- 2.35 Rule 16b-3.** “Rule 16b-3” means Rule 16b-3 promulgated by the SEC under the Exchange Act, or any successor rule or regulation thereto as in effect from time to time.
- 2.36 Unit Appreciation Right.** “Unit Appreciation Right” or “UAR” means a contingent right granted under the Plan pursuant to Article VIII that entitles the holder to receive, in cash or Units, as determined by the Committee in its sole discretion, an amount equal to the excess of the Fair Market Value of a Unit on the exercise date of the Unit Appreciation Right (or another specified date) over the exercise price of the Unit Appreciation Right.
- 2.37 Unit Distribution Right.** “Unit Distribution Right” or “UDR” means a distribution made by the Company with respect to a Restricted Unit.
- 2.38 Units.** “Units” means the units, \$.01 par value per Unit, of EnLink Midstream, or any units or other securities of EnLink Midstream hereafter issued or issuable in substitution or exchange for the Units.
- 2.39 Unit Award.** “Unit Award” means an Award of vested Units granted under Article XI.
- 2.40 Voting Stock.** “Voting Stock” of any specified Person as of any date means the capital stock (or comparable equity securities) of such Person that is at the time entitled (without regard to the occurrence of any contingency) to vote in the election of the Board of Directors (or comparable governing body) of such Person.

**2.41 Working Group.** “Working Group” means EnLink Midstream, the Partnership, EnLink Midstream GP, LLC and EnLink Manager.

**2.42 Working Subsidiary.** “Working Subsidiary” means with respect to any Working Group member (i) in the case of a corporation, any corporation of which an applicable Working Group member directly or indirectly owns shares representing more than 50% of the combined voting power of the shares of all classes or series of capital stock of such corporation which have the right to vote generally on matters submitted to a vote of the stockholders of such corporation and (ii) in the case of a partnership, limited liability company, or other business entity not organized as a corporation, any such business entity of which an applicable Working Group member (A) directly or indirectly owns more than 50% of the voting, capital or profits interests (whether in the form of partnership interests, membership interests, or otherwise) or (B) has the power to elect or direct the election of directors with a majority of the voting power of the board of directors (or other governing body) of such partnership, limited liability company, or other business entity or the sole member or managing member of such partnership, limited liability company, or other business entity, as applicable.

### **ARTICLE III. PLAN ADMINISTRATION**

**3.1 Plan Administrator.** The Plan shall be administered by the Committee. The Committee may, subject to applicable law, delegate some or all of its power to the Chief Executive Officer or other executive officers of the Company as the Committee deems appropriate; provided, that in no event shall the Committee delegate its power with regard to the selection for participation in the Plan of an officer or other person subject to Section 16 of the Exchange Act or decisions concerning the timing, pricing or amount of an Award to such an officer or other person.

**3.2 Authority of Administrator.** The Committee shall have total and exclusive responsibility to control, operate, manage and administer the Plan in accordance with its terms. The Committee shall have all the authority that may be necessary or helpful to enable it to discharge its responsibilities with respect to the Plan. Without limiting the generality of the preceding sentence, but subject to the limitation that none of the enumerated powers of the Committee shall be deemed to include any action that would intentionally cause a tax to be imposed on a Participant pursuant to Section 409A of the Code, the Committee shall have the exclusive right to: (i) interpret the Plan and the Award Agreements executed hereunder; (ii) determine eligibility for participation in the Plan; (iii) decide all questions concerning eligibility for, and the amount of, Awards granted under the Plan; (iv) construe any ambiguous provision of the Plan or any Award Agreement; (v) prescribe the form of the Award Agreements embodying Awards granted under the Plan; (vi) correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award Agreement; (vii) issue administrative guidelines as an aid to administering the Plan and make changes in such guidelines as the Committee from time to time deems proper; (viii) make regulations for carrying out the Plan and make changes in such regulations as the Committee from time to time deems proper; (ix) determine whether Awards should be granted singly or in combination; (x) to the extent permitted under the Plan, grant waivers of Plan terms, conditions, restrictions and limitations; (xi) accelerate the exercise, vesting or payment of an Award when such action or actions would be in the best interests of the Company; (xii) grant Awards in replacement of Awards previously granted under the Plan or any other employee benefit plan of the Company; and (xiii) take any and all other actions the Committee deems necessary or advisable for the proper operation or administration of the Plan. Notwithstanding anything herein to the contrary, except in connection with a corporate transaction involving the Company as provided in Section 4.2 (including, without limitation, any distribution, unit split, extraordinary cash distribution, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of Units), the terms of outstanding awards may not be amended to reduce the exercise price of outstanding Options or UARs or cancel, exchange, substitute, buyout or surrender outstanding Options or UARs in exchange for cash, other awards or Options with an exercise price that is less than the exercise price of the original Options or UARs without unitholder approval. It is acknowledged that the references in the Prior Plan to Section 162(m) of the Code relate to the qualified performance-based compensation rules thereunder, which rules are no longer in effect as a result of the Tax Cuts and Jobs Act, which was signed into law on December 22, 2017 (other than with respect to certain limited grandfathering relief thereunder). Accordingly, references to Section 162(m) of the Code are no longer included in this Plan, it being understood that

any outstanding Awards granted under the Prior Plan that are intended to comply with the qualified performance-based compensation rules of Section 162(m) of the Code shall continue to be administered in accordance with the provisions in the Prior Plan relating to Section 162(m) of the Code.

**3.3 Discretionary Authority.** The Committee shall have full discretionary authority in all matters related to the discharge of its responsibilities and the exercise of its authority under the Plan, including, without limitation, its construction of the terms of the Plan and its determination of eligibility for participation and Awards under the Plan. The decisions of the Committee and its actions with respect to the Plan shall be final, conclusive and binding on all persons having or claiming to have any right or interest in or under the Plan, including Participants and their respective estates, beneficiaries and legal representatives.

**3.4 Liability; Indemnification.** No member of the Committee nor any person to whom authority has been delegated, shall be personally liable for any action, interpretation or determination made in good faith with respect to the Plan or Awards granted hereunder, and each member of the Committee (or delegate of the Committee) shall be fully indemnified and protected by EnLink Midstream with respect to any liability he or she may incur with respect to any such action, interpretation or determination, to the extent permitted by applicable law.

#### **ARTICLE IV. UNITS SUBJECT TO THE PLAN**

**4.1 Available Units.** As of the time of the merger contemplated by that certain Agreement and Plan of Merger, dated as of October 21, 2018 (the “Merger Agreement”), by and among EnLink Midstream, EnLink Midstream Partners, LP (the “Partnership”) and certain other parties thereto, became effective (the “EnLink Effective Time”), EnLink Midstream assumed all obligations under the EnLink Midstream GP, LLC Long-Term Incentive Plan, as amended and restated (the “ENLK Plan”). In connection with such assumption of the ENLK Plan, the remaining common units representing limited partner interests in the Partnership available for grant under the ENLK Plan (as rolled-over into Units pursuant to the terms of the Merger Agreement (the “Rollover Units”)) were included among the Units available for grant of Awards under the Plan. Accordingly, the maximum number of Units that shall be available for grant of Awards under the Plan shall not exceed a total of 21,116,046 Units, which equals the 17,700,000 Units made available in connection with the prior amendment and restatement of the Plan effective as of January 20, 2019 (the “Legacy Units”) plus the 3,416,046 Rollover Units which became available as of the EnLink Effective Time, in each case, subject to adjustment as provided in Sections 4.2 and 4.3. For periods on and after the EnLink Effective Time, the Committee shall keep separate records of the Rollover Units and the Legacy Units for purposes of the relevant New York Stock Exchange rules. All Units available for issuance hereunder may be issued as Incentive Unit Options.

#### **4.2 Adjustments for Recapitalizations and Reorganizations.**

(a) The Units with respect to which Awards may be granted under the Plan are Units as presently constituted, but if, and whenever, prior to the expiration or satisfaction of an Award theretofore granted, EnLink Midstream shall effect a subdivision or consolidation of Units or the payment of a distribution on Units in the form of EnLink Midstream Units without receipt of consideration by EnLink Midstream, the number of Units with respect to which such Award may thereafter be exercised or satisfied, as applicable, (i) in the event of an increase in the number of outstanding Units, shall be proportionately increased, and the exercise price per Unit shall be proportionately reduced, and (ii) in the event of a reduction in the number of outstanding Units, shall be proportionately reduced, and the exercise price per Unit shall be proportionately increased.

(b) If EnLink Midstream recapitalizes or otherwise changes its capital structure, thereafter upon any exercise or satisfaction, as applicable, of an Award theretofore granted the Participant shall be entitled to (or entitled to purchase, if applicable) under such Award, in lieu of the number of Units then covered by such Award, the number and class of units or other securities to which the Participant would have been entitled pursuant to the terms of the recapitalization if, immediately prior to such recapitalization, the Participant had been the holder of record of the number of Units then covered by such Award.

(c) In the event of changes in the outstanding Units by reason of a reorganization, merger, consolidation, combination, separation (including a spin-off or other distribution of Units or property), exchange, or

other relevant change in capitalization occurring after the Grant Date of any Award and not otherwise provided for by this Section 4.2, any outstanding Awards and any Award Agreements evidencing such Awards shall be subject to adjustment by the Committee in its absolute discretion as to the number, price and kind of units or other consideration subject to, and other terms of, such Awards to reflect such changes in the outstanding Units.

(d) In the event of any changes in the outstanding Units provided for in this Section 4.2, the aggregate number of Units available for grant of Awards under the Plan shall be equitably adjusted by the Committee, whose determination shall be conclusive. Any adjustment provided for in this Section 4.2 shall be subject to any required unitholder action.

**4.3 Adjustments for Awards.** The Committee shall have full discretion to determine the manner in which Units available for grant of Awards under the Plan are counted. Without limiting the discretion of the Committee under this Section 4.3, unless otherwise determined by the Committee, the following rules shall apply for the purpose of determining the number of Units available for grant of Awards under the Plan:

(a) Unit-Based Awards. The grant of Awards other than Awards settled in cash shall reduce the number of Units available for grant of Awards under the Plan by the number of Units subject to such Award.

(b) Termination. If any Award referred to in paragraph (a) above is canceled or forfeited, or terminates, expires or lapses for any reason, the Units then subject to such Award shall again be available for grant of Awards under the Plan.

(c) Payment of Exercise Price and Withholding Taxes. If previously acquired Units are used to pay the exercise price of an Award or Units are withheld in payment of such exercise price, the number of Units available for grant of Awards under the Plan shall be increased by the number of Units delivered as payment of such exercise price. If previously acquired Units are used to pay withholding taxes payable upon exercise, vesting or payment of an Award, or Units that would be acquired upon exercise, vesting or payment of an Award are withheld to pay withholding taxes payable upon exercise, vesting or payment of such Award, the number of Units available for grant of Awards under the Plan shall be increased by the number of Units delivered or withheld as payment of such withholding taxes. For purposes of this Section 4.3(c), if any Units delivered or withheld could not again be available for Awards to a particular Participant under any applicable law or regulation, such Units shall be available exclusively for Awards to Participants who are not subject to such limitation.

(d) Fractional Units. If any such adjustment would result in a fractional security being (i) available under the Plan, such fractional security shall be disregarded or (ii) subject to an Award, EnLink Midstream shall pay the holder of such Award, in connection with the first vesting, exercise or settlement of such Award in whole or in part occurring after such adjustment, an amount in cash determined by multiplying (x) the fraction of such security (rounded to the nearest hundredth) by (y) the excess, if any, of the Fair Market Value on the vesting, exercise or settlement date over the exercise price, if any, of such Award.

## **ARTICLE V. ELIGIBILITY**

All Employees, Consultants and Outside Directors are eligible to participate in the Plan. The Committee shall recommend, from time to time, Participants from those Employees, Consultants and Outside Directors who, in the opinion of the Committee, can further the Plan purposes. Once a Participant is recommended for an Award by the Committee, the Committee shall determine the type and size of Award to be granted to the Participant and shall establish in the related Award Agreement the terms, conditions, restrictions and/or limitations applicable to the Award, in addition to those set forth in the Plan and the administrative rules and regulations, if any, established by the Committee.

## **ARTICLE VI. FORM OF AWARDS**

Awards may, at the Committee's sole discretion, be granted under the Plan in the form of Options, UARs, Restricted Unit Awards, Restricted Incentive Units, Unit Awards, Cash Awards, Performance Awards or a

combination thereof. All Awards shall be subject to the terms, conditions, restrictions and limitations of the Plan. The Committee may, in its absolute discretion, subject any Award to such other terms, conditions, restrictions and/or limitations (including, but not limited to, the time and conditions of exercise, vesting or payment of an Award, restrictions on transferability of any Units issued or delivered pursuant to an Award, and forfeiture of Awards in the event of termination of employment by the Participant, or termination of the Participant's service relationship with the Company), provided they are not inconsistent with the terms of the Plan. Awards under a particular Article of the Plan need not be uniform, and Awards under more than one Article of the Plan may be combined into a single Award Agreement. Any combination of Awards may be granted at one time and on more than one occasion to the same Participant.

## **ARTICLE VII. OPTIONS**

**7.1 General.** Awards may be granted to Employees, Consultants and Outside Directors in the form of Options. Options granted under the Plan may be Incentive Unit Options or Nonqualified Unit Options, or a combination of both; provided, however, that Incentive Unit Options may be granted only to Employees.

**7.2 Terms and Conditions of Options.** An Option shall be exercisable in whole or in such installments and at such times as may be determined by the Committee. The price at which a Unit may be purchased upon exercise of a Nonqualified Unit Option shall be determined by the Committee, but such exercise price shall not be less than 100% of the Fair Market Value per Unit on the Grant Date. Except as otherwise provided in Section 7.3, the term of each Option shall be as specified by the Committee; provided, however, that, no Options shall be exercisable later than ten years from the Grant Date. Options may be granted with respect to Restricted Units or Units that are not Restricted Units, as determined by the Committee in its absolute discretion. In no event shall an Award of Options include any right to receive distributions or DERs in connection with the Units that are subject to such Options or with respect to periods occurring prior to the exercise of such Options.

**7.3 Restrictions Relating to Incentive Unit Options.** Options granted in the form of Incentive Unit Options (including any UAR in tandem therewith) shall, in addition to being subject to the terms and conditions of Section 7.2, comply with Section 422(b) of the Code. Accordingly, no Incentive Unit Options shall be granted later than ten years from the date of adoption of the Plan by the Board. To the extent that the aggregate Fair Market Value (determined at the time the respective Incentive Unit Option is granted) of Units with respect to which Incentive Unit Options are exercisable for the first time by an individual during any calendar year under all incentive unit option plans of EnLink Midstream and its Affiliates exceeds \$100,000, such excess Incentive Unit Options shall be treated as Nonqualified Unit Options. The Committee shall determine, in accordance with the applicable provisions of the Code, which of a Participant's Incentive Unit Options will not constitute Incentive Unit Options because of such limitation and shall notify the Participant of such determination as soon as practicable after such determination. The price at which a Unit may be purchased upon exercise of an Incentive Unit Option shall be determined by the Committee, but such exercise price shall not be less than 100% of the Fair Market Value of a Unit on the Grant Date. No Incentive Unit Option shall be granted to an Employee under the Plan if, at the time such Option is granted, such Employee owns Units possessing more than 10% of the total combined voting power of all classes of units of EnLink Midstream or an Affiliate, within the meaning of Section 422(b)(6) of the Code, unless (i) on the Grant Date of such Option, the exercise price of such Option is at least 110% of the Fair Market Value of the Units subject to the Option and (ii) such Option by its terms is not exercisable after the expiration of five years from the Grant Date of the Option.

**7.4 Additional Terms and Conditions.** The Committee may subject any Award of an Option to such other terms, conditions, restrictions and/or limitations as it determines are necessary or appropriate, provided they are not inconsistent with the Plan.

**7.5 Exercise of Options.** Subject to the terms and conditions of the Plan, Options shall be exercised by the delivery of a written notice of exercise to EnLink Midstream, setting forth the number of Units with respect to which the Option is to be exercised, accompanied by full payment for such Units.



(a) Upon exercise of an Option, the exercise price of the Option shall be payable to EnLink Midstream in full either: (i) in cash or an equivalent acceptable to the Committee, or (ii) in the absolute discretion of the Committee and in accordance with any applicable administrative guidelines established by the Committee, by tendering one or more previously acquired nonforfeitable Units that have been owned by the Participant or by reducing the number of Units issuable upon exercise of the Option, in either case having an aggregate Fair Market Value at the time of exercise equal to the total exercise price (including an actual or deemed multiple series of exchanges of such Units), or (iii) in a combination of the forms of payment specified in clauses (i) and (ii) above.

(b) From and after such time as EnLink Midstream registers the Units under Section 12 of the Exchange Act, payment of the exercise price of an Option may also be made, in the absolute discretion of the Committee, by delivery to EnLink Midstream or its designated agent of an executed irrevocable option exercise form together with irrevocable instructions to a broker-dealer to sell or margin a sufficient portion of the Units with respect to which the Option is exercised and deliver the sale or margin loan proceeds directly to EnLink Midstream to pay the exercise price and any required withholding taxes.

(c) As soon as reasonably practicable after receipt of written notification of exercise of an Option and full payment of the exercise price and any required withholding taxes, EnLink Midstream shall deliver to the Participant, in the Participant's name, a unit certificate or certificates in an appropriate amount based upon the number of Units purchased under the Option.

## ARTICLE VIII. UNIT APPRECIATION RIGHTS

**8.1 General.** Awards may be granted to Employees, Consultants and Outside Directors in the form of UARs. UARs shall be awarded in such numbers and at such times as the Committee shall determine.

**8.2 Right to Payment.** A UAR shall confer on the Participant to whom it is granted a right to receive, upon exercise thereof, the excess of (a) the Fair Market Value of one Unit on the date of exercise over (b) the price of the UAR on the Grant Date as determined by the Committee.

**8.3 Rights Related to Options.** A UAR granted pursuant to an Option shall entitle a Participant, upon exercise, to surrender that Option or any portion thereof, to the extent unexercised, and to receive payment of an amount computed pursuant to Section 8.3(b). That Option shall then cease to be exercisable to the extent surrendered. UARs granted in connection with an Option shall be subject to the terms of the Award Agreement governing the Option, which shall comply with the following provisions in addition to those applicable to Options:

(a) A UAR granted in connection with an Option shall be exercisable only at such time or times and only to the extent that the related Option is exercisable and shall not be transferable except to the extent that the related Option is transferable.

(b) Upon the exercise of a UAR related to an Option, a Participant shall be entitled to receive payment from the Company of an amount determined by multiplying: (1) the difference obtained by subtracting the exercise price with respect to a Unit specified in the related Option from the Fair Market Value of a Unit on the date of exercise of the UAR, by (2) the number of Units as to which that UAR has been exercised.

**8.4 Right Without Option.** A UAR granted independent of an Option shall be exercisable as determined by the Committee and set forth in the Award Agreement governing the UAR, which Award Agreement shall comply with the following provisions:

(a) Each Award Agreement shall state the total number of Units to which the UAR relates.

(b) Each Award Agreement shall state the time or periods in which the right to exercise the UAR or a portion thereof shall vest and the number of Units for which the right to exercise the UAR shall vest at each such time or period.

(c) Each Award Agreement shall state the date at which the UARs shall expire if not previously exercised.

(d) Each UAR shall entitle a Participant, upon exercise thereof, to receive payment of an amount determined by multiplying: (1) the difference obtained by subtracting the Fair Market Value of a Unit on the Grant Date of the UAR from the Fair Market Value of a Unit on the date of exercise of that UAR, by (2) the number of Units as to which the UAR has been exercised.

**8.5 Terms.** Except as otherwise provided herein, the Committee shall determine at the Grant Date or thereafter, the time or times at which and the circumstances under which a UAR may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which Units will be delivered or deemed to be delivered to Participants, whether or not a UAR shall be in tandem or in combination with any other Award, and any other terms and conditions of any UAR. Subject to Section 409A of the Code, UARs may be either freestanding or in tandem with other Awards. In no event shall an Award of UARs include any right to receive distributions or DERs in connection with the Units that are subject to such UARs or with respect to periods occurring prior to the exercise of such UARs.

## **ARTICLE IX. RESTRICTED UNITS**

**9.1 General.** Awards may be granted to Employees, Consultants and Outside Directors in the form of Restricted Units. Restricted Units shall be awarded in such numbers and at such times as the Committee shall determine.

**9.2 Restriction Period.** At the time an Award of Restricted Units is granted, the Committee shall establish the Restriction Period applicable to such Restricted Units. Each Award of Restricted Units may have a different Restriction Period, in the discretion of the Committee. The Restriction Period applicable to a particular Award of Restricted Units shall not be changed except as permitted by Article IV or Section 9.4 of this Article.

**9.3 UDRs.** To the extent provided by the Committee, in its discretion, a grant of Restricted Units may provide that the distributions made by the Company with respect to the Restricted Units shall be subject to the same forfeiture and other restrictions as the Restricted Unit and, if restricted, such distributions shall be held, without interest, until the Restricted Unit vests or is forfeited with the UDR being paid or forfeited at the same time, as the case may be. In addition, the Committee may provide that such distributions be used to acquire additional Restricted Units for the Participant. Such additional Restricted Units may be subject to such vesting and other terms as the Committee may prescribe. Absent such a restriction on the UDRs in the Award Agreement, UDRs shall be paid to the holder of the Restricted Unit without restriction at the same time as cash distributions are paid by the Company to its unitholders. Notwithstanding the foregoing, UDRs shall only be paid in a manner that is either exempt from or in compliance with the requirements under Section 409A of the Code.

**9.4 Other Terms and Conditions.** Restricted Units awarded to a Participant under the Plan shall be represented by a unit certificate registered in the name of the Participant or, at the option of EnLink Midstream, in the name of a nominee of EnLink Midstream. Unless otherwise provided in the Award Agreement, a Participant to whom Restricted Units have been awarded shall have the right to vote the Restricted Units and to enjoy all other unitholder rights with respect thereto, except that (i) the Participant shall not be entitled to possession of the unit certificate representing the Restricted Units until the Restriction Period has expired, (ii) EnLink Midstream shall retain custody of the Restricted Units during the Restriction Period, (iii) the Participant may not sell, transfer, pledge, exchange, hypothecate or otherwise dispose of the Restricted Units during the Restriction Period, and (iv) a breach of the terms and conditions established by the Committee pursuant to the Award of the Restricted Units shall cause a forfeiture of the Restricted Units. At the time of an Award of Restricted Units, the Committee may, in its absolute discretion, prescribe additional terms, conditions, restrictions and/or limitations applicable to the Restricted Units.

**9.5 Payment for Restricted Units.** A Participant shall not be required to make any payment for Restricted Units awarded to the Participant, except to the extent otherwise required by the Committee or by applicable law.

**9.6 Miscellaneous.** Nothing in this Article shall prohibit the exchange of Restricted Units issued under the Plan pursuant to a plan of reorganization for Units or securities of EnLink Midstream or another corporation that is a party to the reorganization, but the units or securities so received for Restricted Units shall, except as provided in Article IV or XIII, become subject to the restrictions applicable to the Award of such Restricted Units. Any Units received as a result of a unit split or distribution with respect to Restricted Units shall also become subject to the restrictions applicable to the Award of such Restricted Units.

## **ARTICLE X. RESTRICTED INCENTIVE UNITS**

**10.1 General.** Awards may be granted to Employees, Consultants and Outside Directors in the form of Restricted Incentive Units. Restricted Incentive Units shall be awarded in such numbers and at such times as the Committee shall determine.

**10.2 Restriction Period.** At the time an Award of Restricted Incentive Units is granted, the Committee shall establish the Restriction Period applicable to such Restricted Incentive Units. Each Award of Restricted Incentive Units may have a different Restriction Period, in the discretion of the Committee. The Restriction Period applicable to a particular Award of Restricted Incentive Units shall not be changed except as permitted by Article IV or Section 10.4 of this Article.

**10.3 DERs.** Unless otherwise determined by the Committee at the Grant Date, DERs if granted on the specified number of Units covered by an Award of Restricted Incentive Units, shall, as specified in the Award Agreement, be either (a) paid with respect to such Restricted Incentive Units on the distribution date in cash or in unrestricted Units having a Fair Market Value equal to the amount of such distribution, or (b) deferred with respect to such Restricted Incentive Units and the amount or value thereof may automatically be deemed reinvested in additional Restricted Incentive Units and paid at the time payment is made with respect to such Award of Restricted Incentive Units. Notwithstanding the foregoing, DERs shall only be paid in a manner that is either exempt from or in compliance with the requirements under Section 409A of the Code.

**10.4 Other Terms and Conditions.** At the time of an Award of Restricted Incentive Units, the Committee may, in its absolute discretion, prescribe additional terms, conditions, restrictions and/or limitations applicable to the Restricted Incentive Units prior to expiration of the Restriction Period. Unless otherwise provided in the Award Agreement, a Participant receiving an Award of Restricted Incentive Units shall not possess voting rights with respect to such Award. Restricted Incentive Units shall be satisfied by the delivery of cash or Units in the amount equal to the Fair Market Value of the specified number of Units covered by the Restricted Incentive Units, or a combination thereof, as determined by the Committee on the Grant Date or thereafter.

## **ARTICLE XI. UNIT AWARDS**

**11.1 General; Terms and Conditions.** An Award may be in the form of a Unit Award. The terms, conditions and limitations applicable to any Unit Awards granted pursuant to this Plan shall be determined by the Committee. Any Unit Award that is not an Award of Restricted Incentive Units shall be subject to the specific provisions for Restricted Units set forth in Article IX.

**11.2 Bonus Units and Awards in Lieu of Obligations.** For the avoidance of doubt, the Committee is authorized to grant Units as a bonus, or to grant Units or other Awards in lieu of obligations to pay cash or deliver other property under this Plan or under other bonus plans or compensatory arrangements, provided that, in the case of Participants subject to Section 16 of the Exchange Act, the amount of such grants remains within the discretion of the Committee to the extent necessary to ensure that acquisitions of Units or other Awards are exempt from liability under Section 16(b) of the Exchange Act. Units or Awards granted hereunder shall be subject to such other terms as shall be determined by the Committee. In the case of any grant of Units to an officer of the Company in lieu of salary or other cash compensation, the number of Units granted in place of such compensation shall be reasonable, as determined by the Committee.

**ARTICLE XII.  
CASH AWARDS; DERS**

**12.1 General; Terms and Conditions.** An Award may be in the form of a Cash Award. The terms, conditions and limitations applicable to any Cash Awards granted pursuant to this Plan shall be determined by the Committee.

**12.2 DERS.** To the extent provided by the Committee, in its discretion, an Award (other than a Restricted Unit, Option or UAR) may include a tandem DER grant, which may provide that such DERS shall be paid directly to the Participant, be reinvested into additional Awards, be credited to a bookkeeping account (with or without interest in the discretion of the Committee) subject to the same vesting restrictions as the tandem Award, or be subject to such other provisions or restrictions as determined by the Committee in its discretion. Absent a contrary provision in the Award Agreement, DERS shall be paid to the Participant without restriction at the same time as ordinary cash distributions are paid by the Company to its unitholders. Notwithstanding the foregoing, DERS shall only be paid in a manner that is either exempt from or in compliance with Section 409A of the Code.

**ARTICLE XIII.  
PERFORMANCE AWARDS**

**13.1 General.** Without limiting the type or number of Awards that may be made under the other provisions of this Plan, an Award may be in the form of a Performance Award. The terms, conditions and limitations applicable to any Performance Award granted to Participants pursuant to this Plan shall be determined by the Committee, subject to the limitations specified below. In no event shall a Performance Award include any right to receive distributions or DERS during periods occurring prior to the vesting of such Performance Award. The Committee shall set Performance Goals in its sole discretion which, depending on the extent to which they are met, will determine the value and/or amount of Performance Awards that will be paid out to the Participant and/or the portion of an Award that may be exercised.

**13.2 Performance Awards.** Performance Awards granted to Employees, Consultants or Outside Directors shall be based on achievement of such Performance Goals and be subject to such terms, conditions and restrictions as the Committee or its delegate shall determine, and shall generally be consistent with the terms and conditions set forth below. Performance Awards under this Plan shall be paid, vested or otherwise deliverable on account of the attainment of the Performance Goals established and administered by the Committee prior to the earlier to occur of (x) 90 days after the commencement of the period of service to which the Performance Goal relates and (y) the lapse of 25% of the period of service (as scheduled in good faith at the time the goal is established), and in any event while the outcome is substantially uncertain. Achievement of Performance Goals in respect of such Performance Awards shall be measured over a performance period of up to ten years, as specified by the Committee.

(a) Such a Performance Goal may be based on one or more business and individual performance criteria that apply to a Participant, one or more business units, divisions or sectors of the Company, or the Company as a whole, and if so desired by the Committee, by comparison with a peer group of companies. A Performance Goal need not be the same for each Participant:

(i) Business Criteria. The following business criteria for the Company, on a consolidated basis, and/or for specified subsidiaries or business or geographical units of the Company (except with respect to the total unitholder return and earnings per unit criteria), may be used by the Committee in establishing performance goals for such Performance Awards: (1) earnings per unit; (2) increase in revenues; (3) increase in cash flow; (4) increase in cash flow from operations; (5) increase in cash flow return; (6) return on net assets; (7) return on assets; (8) return on investment; (9) return on capital; (10) return on equity; (11) economic value added; (12) operating margin; (13) contribution margin; (14) net income; (15) net income per unit; (16) pretax earnings; (17) pretax earnings before interest, depreciation and amortization; (18) pretax operating earnings after interest expense and before incentives, service fees, and extraordinary or special items; (19) total unitholder return; (20) debt reduction; (21) market share; (22) change in the Fair Market Value of the Units; (23) operating income; and (24) any of the above goals determined on an absolute or relative basis or as compared to the performance of a published

or special index deemed applicable by the Committee including, but not limited to, the Standard & Poor's 500 Stock Index or a group of comparable companies.

(ii) Individual Performance Criteria. The grant, exercise and/or settlement of Performance Awards may also be contingent upon individual performance goals established by the Committee.

(b) Unless otherwise stated, such a Performance Goal need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo, performance relative to a peer group determined by the Committee or limiting economic losses (measured, in each case, by reference to specific business criteria). Prior to the payment of any compensation based on the achievement of Performance Goals applicable to Performance Awards, the Committee or its delegate must certify in writing that applicable Performance Goals and any of the material terms thereof were, in fact, satisfied.

(c) After the end of each performance period, the Committee shall determine the amount, if any, of the amount of the potential Performance Award payable to each Participant. Settlement of such Performance Awards shall be in cash, Units, other Awards or other property, in the discretion of the Committee. The Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with such Performance Awards, but may not exercise discretion to increase any such amount payable to a Participant in respect of a Performance Award subject to this Section 13.2(c). The Committee shall specify the circumstances in which such Performance Awards shall be paid or forfeited in the event of termination of employment by the Participant prior to the end of a performance period or settlement of Performance Awards.

(d) The Committee shall adjust the Performance Goals (either up or down) and the level of the Performance Award that a Participant may earn under this Plan if it determines that the occurrence of external changes or other unanticipated business conditions have materially affected the fairness of the goals and have unduly influenced the Company's ability to meet them, including without limitation, events such as material acquisitions, changes in the capital structure of the Company, and extraordinary accounting changes. In addition, Performance Goals and Performance Awards shall be calculated without regard to any changes in accounting standards that may be required by the Financial Accounting Standards Board after such Performance Goals are established. Further, in the event a period of service to which a Performance Goal relates is less than twelve months, the Committee shall have the right, in its sole discretion, to adjust the Performance Goals and the level of Performance Award opportunity.

#### **ARTICLE XIV. CHANGE OF CONTROL**

**14.1 Definition of Change of Control.** A "Change of Control" means the occurrence of any one or more of the following: (i) the consummation of any transaction (including a merger or consolidation), the result of which is that any Person (other than GIP) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 50% or more of the Voting Stock of EnLink Midstream or EnLink Manager, measured by voting power rather than number of shares, units, or the like; (ii) the sale, transfer, or other disposition of all or substantially all of the assets of EnLink Midstream and the Working Subsidiaries of EnLink Midstream on an aggregate basis to any Person (other than one or more members of the Working Group and any of their respective direct or indirect Working Subsidiaries); or (iii) the adoption of a plan relating to the liquidation or dissolution of EnLink Midstream. For the avoidance of doubt (and without limitation to the authority conferred on the Committee pursuant to the Plan), the definition of "Change of Control" contained in this Article XIV, shall apply to any Award Agreement under this Plan or other agreement referencing this Plan, whether described as "Change of Control" or "Change in Control".

**14.2 Effect on Outstanding Awards.** Upon a Change of Control, and except as otherwise provided in an Award Agreement, the Committee, acting in its sole discretion without the consent or approval of any holder, shall affect one or more of the following alternatives, which may vary among individual holders and which may vary among Options or UARs (collectively "Grants") held by any individual holder: (i) accelerate the time at which Grants then outstanding may be exercised so that such Grants may be exercised in full for a limited period of time on or before a specified date (before or after such Change of Control) fixed by the Committee, after which specified

date all unexercised Grants and all rights of holders thereunder shall terminate, (ii) require the mandatory surrender to the Company by selected holders of some or all of the outstanding Grants held by such holders (irrespective of whether such Grants are then exercisable under the provisions of this Plan) as of a date, before or after such Change of Control, specified by the Committee, in which event the Committee shall thereupon cancel such Grants and pay to each holder an amount of cash (or other consideration including securities or other property) per Unit equal to the excess, if any, of the amount calculated in Section 14.3 (the "Change of Control Price") of the Units subject to such Grants over the exercise price(s) under such Grants for such Units (except that to the extent the exercise price under any such Grant is equal to or exceeds the Change of Control Price, in which case no amount shall be payable with respect to such Grant), or (iii) make such adjustments to Grants then outstanding as the Committee deems appropriate to reflect such Change of Control; provided, however, that the Committee may determine in its sole discretion that no adjustment is necessary to Grants then outstanding; provided, further, however, that the right to make such adjustments shall include, but not require or be limited to, the modification of Grants such that the holder of the Grant shall be entitled to purchase or receive (in lieu of the total number of Units as to which an Option or UAR is exercisable (the "Total Units") or other consideration that the holder would otherwise be entitled to purchase or receive under the Grant (the "Total Consideration")), the number of units, other securities, cash or property to which the Total Consideration would have been entitled to in connection with the Change of Control (a) (in the case of Options), at an aggregate exercise price equal to the exercise price that would have been payable if the Total Units had been purchased upon the exercise of the Grant immediately before the consummation of the Change of Control and (b) in the case of UARs, if the UARs had been exercised immediately before the occurrence of the Change of Control.

**14.3 Change of Control Price.** The "Change of Control Price" shall equal the amount determined in the following clause (i), (ii), (iii), (iv) or (v), whichever is applicable, as follows: (i) the price per Unit offered to holders of Units in any merger or consolidation, (ii) the per Unit Fair Market Value of the Units immediately before the Change of Control without regard to assets sold in the Change of Control and assuming the Company has received the consideration paid for the assets in the case of a sale of the assets, (iii) the amount distributed per Unit in a dissolution transaction, (iv) the price per Unit offered to holders of Units in any tender offer or exchange offer whereby a Change of Control takes place, or (v) if such Change of Control occurs other than pursuant to a transaction described in clauses (i), (ii), (iii), or (iv) of this Section 14.3, the Fair Market Value per Unit that may otherwise be obtained with respect to such Grants or to which such Grants track, as determined by the Committee as of the date determined by the Committee to be the date of cancellation and surrender of such Grants. In the event that the consideration offered to unitholders of the Company in any transaction described in this Section 14.3 or in Section 14.2 consists of anything other than cash, the Committee shall determine the fair cash equivalent of the portion of the consideration offered which is other than cash and such determination shall be binding on all affected Participants to the extent applicable to Awards held by such Participants.

**14.4 Impact of Corporate Events on Awards Generally.** In the event of a Change of Control or changes in the outstanding Units by reason of a recapitalization, reorganization, merger, consolidation, combination, exchange or other relevant change in capitalization occurring after the date of the grant of any Award and except as otherwise provided for by this Section 14 or in an Award Agreement, any outstanding Awards and any Award Agreements evidencing such Awards shall be subject to adjustment by the Committee at its discretion, which adjustment may, in the Committee's discretion, be described in the Award Agreement and may include, but not be limited to, adjustments as to the number and price of Units or other consideration subject to such Awards, accelerated vesting (in full or in part) of such Awards, conversion of such Awards into awards denominated in the securities or other interests of any successor Person, or the cash settlement of such Awards in exchange for the cancellation thereof; provided however, if such Awards are unvested, they may be canceled without consideration. In the event of any such change in the outstanding Units, the aggregate number of Units available under this Plan may be appropriately adjusted by the Committee, whose determination shall be conclusive.

## **ARTICLE XV. AMENDMENT AND TERMINATION**

**15.1 Plan Amendment and Termination.** The Board may at any time suspend, terminate, amend or modify the Plan, in whole or in part; provided, however, that no amendment or modification of the Plan shall become

effective without the approval of such amendment or modification by the unitholders of EnLink Midstream (i) if such amendment or modification increases the maximum number of Units subject to the Plan (except as provided in Article IV) or changes the designation or class of persons eligible to receive Awards under the Plan, or (ii) if counsel for EnLink Midstream determines that such approval is otherwise required by or necessary to comply with applicable law. The Plan shall terminate upon the earlier of (i) the termination of the Plan by the Board, or (ii) the expiration of ten years from December 30, 2018. Upon termination of the Plan, the terms and provisions of the Plan shall, notwithstanding such termination, continue to apply to Awards granted prior to such termination. No suspension, termination, amendment or modification of the Plan shall adversely affect in any material way any Award previously granted under the Plan, without the consent of the Participant (or the permitted transferee) holding such Award.

**15.2 Award Amendment.** The Committee may amend the terms of any outstanding Award granted pursuant to this Plan, but no such amendment shall adversely affect in any material way the Participant's (or a permitted transferee's) rights under an outstanding Award without the consent of the Participant (or the permitted transferee) holding such Award; provided, however, that no amendment shall be made that would cause the exercise price of an Option to be less than the Fair Market Value of the Unit subject to the Option on the Grant Date.

## **ARTICLE XVI. MISCELLANEOUS**

**16.1 Award Agreements and Termination of Employment.** After the Committee grants an Award under the Plan to a Participant, EnLink Midstream and the Participant shall enter into an Award Agreement setting forth the terms, conditions, restrictions and/or limitations applicable to the Award and such other matters as the Committee may determine to be appropriate. The terms and provisions of the respective Award Agreements need not be identical. All Award Agreements shall be subject to the provisions of the Plan, and in the event of any conflict between an Award Agreement and the Plan, the terms of the Plan shall govern. Except as provided herein, the treatment of an Award upon a termination of employment or any other service relationship by and between a Participant and the Company shall be specified in the Award Agreement controlling such Award.

**16.2 Stand-Alone, Additional, Tandem, and Substitute Awards.** Awards granted under this Plan may, in the discretion of the Committee, be granted either alone or in addition to and subject to Section 409A of the Code, in tandem with, or, subject to Section 3.2, in substitution or exchange for, any other Award or any award granted under another plan of the Company, or of any business entity to be acquired by the Company, or any other right of a Participant to receive payment from the Company. Notwithstanding Article VII, such additional, tandem and substitute or exchange Awards may be granted at any time. Such substitute Awards that are Options or Unit Appreciation Rights may have exercise prices less than the Fair Market Value of a Unit on the date of the substitution if such substitution complies with the requirements of Section 409A of the Code and other applicable laws and exchange rules. If an Award is granted in substitution or exchange for another Award, the Committee shall require the surrender of such other Award in consideration for the grant of the new Award.

### **16.3 Listing Conditions**

(a) As long as the Units are listed on a national securities exchange or system sponsored by a national securities association, the issuance of any Units pursuant to an Award shall be conditioned upon such Units being listed on such exchange or system and in compliance with the rules of such exchange. EnLink Midstream shall have no obligation to issue such Units unless and until such Units are so listed and the issuance would be in compliance with the rules of the exchange, and the right to exercise any Option or other Award with respect to such Units shall be suspended until such listing and compliance has been effected.

(b) If at any time counsel to EnLink Midstream or its Affiliates shall be of the opinion that any sale or delivery of Units pursuant to an Award is or may in the circumstances be unlawful or result in the imposition of excise taxes on EnLink Midstream or its Affiliates under the statutes, rules or regulations of any applicable jurisdiction, EnLink Midstream or its Affiliates shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the Securities Act of 1933, as amended, or otherwise, with respect to Units or Awards, and the right to exercise any Option or other Award shall

be suspended until, in the opinion of said counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on EnLink Midstream or its Affiliates.

(c) Upon termination of any period of suspension under this Section 16.3, any Award affected by such suspension which shall not then have expired or terminated shall be reinstated as to all Units available before such suspension and as to Units which would otherwise have become available during the period of such suspension, but no such suspension shall extend the term of any Award.

#### **16.4 Additional Conditions**

(a) Notwithstanding anything in the Plan to the contrary: (i) EnLink Midstream may, if it shall determine it necessary or desirable for any reason, at the time of grant of any Award or the issuance of any Units pursuant to any Award, require the recipient of the Award or such Units, as a condition to the receipt thereof, to deliver to EnLink Midstream a written representation of present intention to acquire the Award or such Units for his or her own account for investment and not for distribution; (ii) the certificate for Units issued to a Participant may include any legend which the Committee deems appropriate to reflect any restrictions on transfer, and (iii) all certificates for Units delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the SEC, any stock exchange upon which the Units are then quoted, any applicable federal or state securities law, and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(b) Each Participant to whom an Award is granted under this Plan may be required to agree in writing as a condition to the granting of such Award not to engage in conduct in competition with the Company for a period after the termination of such Participant's employment with the Company as determined by the Committee (a "Non-Competition Agreement"); provided, however, to the extent a legally binding right to an Award within the meaning of Section 409A of the Code is created with respect to a Participant, the Non-Competition Agreement must be entered into by such Participant within 30 days following the creation of such legally binding right.

#### **16.5 Transferability**

(a) Permitted Transferees. The Committee may, in its discretion, permit a Participant to transfer all or any portion of an Option or UAR, or authorize all or a portion of an Option or UAR to be granted to a Participant to be on terms which permit transfer by such Participant; provided that, in either case the transferee or transferees must be any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, in each case with respect to the Participant, an individual sharing the Participant's household (other than a tenant or employee of the Company), a trust in which any of the foregoing individuals have more than 50% of the beneficial interest, a foundation in which any of the foregoing individuals (or the Participant) control the management of assets, and any other entity in which any of the foregoing individuals (or the Participant) own more than 50% of the voting interests (collectively, "Permitted Transferees"); provided further that, (X) there may be no consideration for any such transfer and (Y) subsequent transfers of Options or UARs transferred as provided above shall be prohibited except subsequent transfers back to the original holder of the Option or UAR and transfers to other Permitted Transferees of the original holder. Agreements evidencing Options or UARs with respect to which such transferability is authorized at the time of grant must be approved by the Committee, and must expressly provide for transferability in a manner consistent with this Section 16.5.

(b) Domestic Relations Orders. An Option, UAR, Restricted Incentive Unit Award, Restricted Unit Award or other Award may be transferred, to a Permitted Transferee, pursuant to a domestic relations order entered or approved by a court of competent jurisdiction upon delivery to the Company of written notice of such transfer and a certified copy of such order.

(c) Other Transfers. Except as expressly permitted by Sections 16.5(a) and 16.5(b), Awards shall not be transferable other than by will or the laws of descent and distribution. Notwithstanding anything to the contrary in this Section 16.5, an Incentive Unit Option shall not be transferable other than by will or the laws of descent and distribution.



(d) Effect of Transfer. Following the transfer of any Award as contemplated by Sections 16.5(a), 16.5(b) and 16.5(c), (1) such Award shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer, provided that the term "Participant" shall be deemed to refer to the Permitted Transferee, the recipient under a domestic relations order described in Section 16.5(b), or the estate or heirs of a deceased Participant or other transferee, as applicable, to the extent appropriate to enable the Participant to exercise the transferred Award in accordance with the terms of this Plan and applicable law and (2) the provisions of the Award relating to exercisability shall continue to be applied with respect to the original Participant and, following the occurrence of any applicable events described therein the Awards shall be exercisable by the Permitted Transferee, the recipient under a qualified domestic relations order, or the estate or heirs of a deceased Participant, as applicable, only to the extent and for the periods that would have been applicable in the absence of the transfer.

(e) Procedures and Restrictions. Any Participant desiring to transfer an Award as permitted under Sections 16.5(a), 16.5(b) or 16.5(c) shall make application therefor in the manner and time specified by the Committee and shall comply with such other requirements as the Committee may require to assure compliance with all applicable securities laws. The Committee shall not give permission for such a transfer if (1) it would give rise to short swing liability under Section 16(b) of the Exchange Act or (2) it may not be made in compliance with all applicable federal, state and foreign securities laws.

(f) Registration. To the extent the issuance to any Permitted Transferee of any Units issuable pursuant to Awards transferred as permitted in this Section 16.5 is not registered pursuant to the effective registration statement of the Company generally covering the Units to be issued pursuant to this Plan to initial holders of Awards, the Company shall not have any obligation to register the issuance of any such Units to any such transferee.

**16.6 Withholding Taxes.** The Company shall be entitled to deduct from any payment made under the Plan, regardless of the form of such payment, the amount of all applicable income and employment taxes required by law to be withheld with respect to such payment, may require the Participant to pay to the Company such withholding taxes prior to and as a condition of the making of any payment or the issuance or delivery of any Units under the Plan, and shall be entitled to deduct from any other compensation payable to the Participant any withholding obligations with respect to Awards under the Plan. In accordance with any applicable administrative guidelines it establishes, the Committee may allow a Participant to pay the amount of taxes required by law to be withheld from or with respect to an Award by (i) withholding Units from any payment of Units due as a result of such Award, or (ii) permitting the Participant to deliver to the Company previously acquired Units, in each case having a Fair Market Value equal to the amount of such required withholding taxes. No payment shall be made and no Units shall be issued pursuant to any Award unless and until the applicable tax withholding obligations have been satisfied.

**16.7 No Fractional Units.** No fractional Units shall be issued or delivered pursuant to the Plan or any Award granted hereunder, and except as otherwise provided herein, no payment or other adjustment shall be made in respect of any such fractional Unit.

**16.8 Notices.** All notices required or permitted to be given or made under the Plan or any Award Agreement shall be in writing and shall be deemed to have been duly given or made if (a) delivered personally, (b) transmitted by first class registered or certified United States mail, postage prepaid, return receipt requested, (c) sent by prepaid overnight courier service, or (d) sent by telecopy or facsimile transmission, answer back requested, to the person who is to receive it at the address that such person has theretofore specified by written notice delivered in accordance herewith. Such notices shall be effective (i) if delivered personally or sent by courier service, upon actual receipt by the intended recipient, (ii) if mailed, upon the earlier of five days after deposit in the mail or the date of delivery as shown by the return receipt therefor, or (iii) if sent by telecopy or facsimile transmission, when the answer back is received. EnLink Midstream or a Participant may change, at any time and from time to time, by written notice to the other, the address that it or such Participant had theretofore specified for receiving notices. Until such address is changed in accordance herewith, notices hereunder or under an Award Agreement shall be delivered or sent (x) to a Participant at his or her address as set forth in the records of the Company or (y) to EnLink Midstream at the principal executive offices of EnLink Midstream clearly marked "Attention: LTIP Administrator."

**16.9 Binding Effect.** The obligations of EnLink Midstream under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of EnLink Midstream, or upon any successor corporation or organization succeeding to all or substantially all of the assets and business of EnLink Midstream. The terms and conditions of the Plan shall be binding upon each Participant and his or her heirs, legatees, distributees and legal representatives.

**16.10 Severability.** If any provision of the Plan or any Award Agreement is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of the Plan or such agreement, as the case may be, but such provision shall be fully severable and the Plan or such agreement, as the case may be, shall be construed and enforced as if the illegal or invalid provision had never been included herein or therein.

**16.11 No Restriction of Corporate Action.** Nothing contained in the Plan shall be construed to prevent EnLink Midstream or any Affiliate from taking any corporate action (including any corporate action to suspend, terminate, amend or modify the Plan) that is deemed by EnLink Midstream or such Affiliate to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Awards made or to be made under the Plan. No Participant or other person shall have any claim against EnLink Midstream or any Affiliate as a result of such action.

**16.12 Governing Law.** The Plan shall be governed by and construed in accordance with the internal laws (and not the principles relating to conflicts of laws) of the State of Delaware except as superseded by applicable federal law.

**16.13 No Right, Title or Interest in Company Assets.** No Participant shall have any rights as a unitholder of EnLink Midstream as a result of participation in the Plan until the date of issuance of a unit certificate in his or her name and, in the case of Restricted Units, unless and until such rights are granted to the Participant pursuant to the Plan. To the extent any person acquires a right to receive payments from the Company under the Plan, such rights shall be no greater than the rights of an unsecured general creditor of the Company, and such person shall not have any rights in or against any specific assets of the Company. All of the Awards granted under the Plan shall be unfunded.

**16.14 Risk of Participation.** Nothing contained in the Plan shall be construed either as a guarantee by EnLink Midstream or its Affiliates, or their respective unitholders, directors, officers or employees, of the value of any assets of the Plan or as an agreement by EnLink Midstream or its Affiliates, or their respective unitholders, directors, officers or employees, to indemnify anyone for any losses, damages, costs or expenses resulting from participation in the Plan.

**16.15 Section 409A of the Code.** All Awards under this Plan are intended either to be exempt from, or to comply with the requirements of Section 409A of the Code, and this Plan and all Awards shall be interpreted and operated in a manner consistent with that intention. Notwithstanding anything in this Plan to the contrary, if any Plan provision or Award under this Plan would result in the imposition of an applicable tax under Section 409A of the Code, that Plan provision or Award shall be reformed (or, if applicable, a provision from the Prior Plan shall remain in effect for an Award granted thereunder to the extent necessary) to avoid imposition of the applicable tax and no such action shall be deemed to adversely affect the Participant's rights to an Award.

**16.16 No Guarantee of Tax Consequences.** No person connected with the Plan in any capacity, including, but not limited to, EnLink Midstream and its Affiliates and their respective directors, officers, agents and employees, makes any representation, commitment or guarantee that any tax treatment, including, but not limited to, federal, state and local income, estate and gift tax treatment, will be applicable with respect to any Awards or payments thereunder made to or for the benefit of a Participant under the Plan or that such tax treatment will apply to or be available to a Participant on account of participation in the Plan.

**16.17 Continued Employment or Service.** Nothing contained in the Plan or in any Award Agreement shall confer upon any Participant the right to continue in the employ or service of the Company, or interfere in any way with the rights of the Company to terminate a Participant's employment or service at any time, with or without cause.

**16.18 Miscellaneous.** Headings are given to the articles and sections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction of the Plan or any provisions hereof. The use of the masculine gender shall also include within its meaning the feminine. Wherever the context of the Plan dictates, the use of the singular shall also include within its meaning the plural, and vice versa.

## CERTIFICATIONS

I, Barry E. Davis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EnLink Midstream, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2020

/s/ BARRY E. DAVIS

Barry E. Davis

*Chairman and Chief Executive Officer*

*(principal executive officer)*

## CERTIFICATIONS

I, Eric D. Batchelder, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EnLink Midstream, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2020

/s/ ERIC D. BATCHELDER

Eric D. Batchelder

*Executive Vice President and Chief Financial Officer*

*(principal financial officer)*

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of EnLink Midstream, LLC (the "Registrant") on Form 10-Q of EnLink Midstream, LLC for the quarter ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, Barry E. Davis, Chief Executive Officer of EnLink Midstream Manager, LLC, and Eric D. Batchelder, Chief Financial Officer of EnLink Midstream Manager, LLC, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: May 8, 2020

/s/ BARRY E. DAVIS

Barry E. Davis

*Chief Executive Officer*

Date: May 8, 2020

/s/ ERIC D. BATCHELDER

Eric D. Batchelder

*Chief Financial Officer*

A signed original of this written statement required by Section 906 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Report.