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Viper Energy Partners LP, a Subsidiary of Diamondback Energy, Inc., Announces Proposed Election to Change Tax Status From Pass-Through Partnership to a Taxable Entity

MIDLAND, Texas, March 29, 2018 (GLOBE NEWSWIRE) -- Viper Energy Partners LP (NASDAQ:VNOM) ("Viper"), a subsidiary of Diamondback Energy, Inc. (NASDAQ:FANG) ("Diamondback"), today announced that the Board of Directors of its general partner has unanimously approved a change of Viper's federal income tax status from that of a pass-through partnership to that of a taxable entity via a "check the box" election.

Viper does not expect this election to be taxable to Viper or its current unitholders, and Viper's business model will not change. Viper also intends to continue to distribute all operating cash flow to unitholders on a quarterly basis consistent with its existing distribution policy and will look to continue to grow this distribution via both organic growth and accretive mineral acquisitions in oil-weighted basins. Viper believes this election will allow it to significantly expand its investor base, both in the United States and internationally, as well as simplify its tax structure and reporting.

Viper began evaluation of this action due to changes in the United States tax code resulting from the Tax Cuts and Jobs Act passed in late 2017. In connection with Viper making the election, Viper and Diamondback will effect a number of related transactions, including the exchange by Diamondback of all its Viper common units (73,150,000 common units, constituting approximately 64% of the total outstanding common units) for (i) 73,150,000 newly-issued Viper Class B units, which will have voting rights identical to Viper common units but will have no rights to distributions from Viper and (ii) 73,150,000 newly-issued units of Viper Energy Partners LLC (the "Operating Subsidiary"), which will have no voting rights but will be entitled to distributions from the Operating Subsidiary. Following that exchange, Viper will continue to be the managing member of the Operating Subsidiary, with sole control of its operations, and will own approximately 36% of the outstanding units issued by the Operating Subsidiary, and Diamondback will own the remaining approximately 64% of the outstanding units issued by the Operating Subsidiary.

The Operating Subsidiary units and Class B Viper units owned by Diamondback will be exchangeable from time to time for Viper common units (that is, one Operating Subsidiary unit and one Class B Viper unit will be collectively exchangeable for one Viper common unit).

Viper Energy Partners GP LLC, a wholly-owned subsidiary of Diamondback, will continue to serve as Viper's general partner; accordingly, Diamondback will continue to control Viper and Viper's financial results will continue to be consolidated with those of Diamondback.

Diamondback, as the holder of a majority of the outstanding Viper common units, has approved the making of the election, which election and all other related transactions are expected to be effected on or after April 30, 2018. Prior to that date, Viper will file with the SEC an information statement regarding Diamondback's approval and distribute that information statement to Viper's other unitholders.

Public unitholders will receive a final Schedule K-1 for the period from January 1, 2018 through the day prior to the effective date of the tax election. Thereafter, they will begin receiving Forms 1099-DIV. Viper expects to declare a common unit distribution for the first quarter of 2018 to be paid on April 27, 2018 to unitholders of record as of April 20, 2018 and will not declare or make any other distributions prior to the regular distribution for the second quarter of 2018.

"Viper's tax status election will expand our investor universe to a broader range of investors, both domestic and international, who are looking for exposure to an oil and gas company that can grow at industry leading rates without spending any capital and maintaining 90% margins," stated Travis Stice, Chief Executive Officer of Viper's general partner.

Mr. Stice continued, "This decision was made after months of market and tax analysis, and we are very pleased that the relationship between Diamondback and Viper yet again allows Viper to differentiate itself from its peer group, both public and private. Viper will continue to grow its distributions organically via the significant undeveloped resource in its portfolio today and will also continue to be selective in acquiring high growth mineral assets in oil-weighted basins as opportunities present themselves. We feel there is significant opportunity ahead for Viper in the highly fragmented private mineral market because of the amount of private equity capital that has been deployed in the space over the last five years that will at some point require an exit."

After the effectiveness of the tax status election and the completion of related transactions, the minerals business will

continue to be conducted through the Operating Subsidiary, which will be taxed as a partnership for federal and state income tax purposes. This structure is anticipated to provide significant benefits to the business, including operational effectiveness, acquisition and disposition transactional planning flexibility, and income tax efficiency. We anticipate that all of these factors should collectively enhance the distributable cash flow to the Viper investors.

UBS Investment Bank served as exclusive capital markets advisor and Akin Gump Strauss Hauer & Feld LLP served as legal counsel to Viper for this transaction.

About Viper Energy Partners LP

Viper is a limited partnership formed by Diamondback to own, acquire and exploit oil and natural gas properties in North America, with a focus on oil-weighted basins, primarily the Permian Basin in West Texas.

About Diamondback Energy, Inc.

Diamondback is an independent oil and natural gas company headquartered in Midland, Texas focused on the acquisition, development, exploration and exploitation of unconventional, onshore oil and natural gas reserves in the Permian Basin in West Texas. Diamondback's activities are primarily focused on the horizontal exploitation of multiple intervals within the Wolfcamp, Spraberry, Clearfork, Bone Spring and Cline formations.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of the federal securities laws. All statements, other than historical facts, that address activities that Viper assumes, plans, expects, believes, intends or anticipates (and other similar expressions) will, should or may occur in the future are forward-looking statements. The forward-looking statements are based on management's current beliefs, based on currently available information, as to the outcome and timing of future events, including specifically the statements regarding any pending, completed or future acquisitions discussed above. These forward-looking statements involve certain risks and uncertainties that could cause the results to differ materially from those expected by the management of Viper. Information concerning these risks and other factors can be found in Viper's filings with the Securities and Exchange Commission, including its Forms 10-K, 10-Q and 8-K, which can be obtained free of charge on the Securities and Exchange Commission's web site at <http://www.sec.gov>. Viper undertakes no obligation to update or revise any forward-looking statement.

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