

CROSSTEX ENERGY INC  
Form 425  
November 07, 2013

Filed by Devon Energy Corporation

Pursuant to Rule 425 of the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

of the Securities Exchange Act of 1934

Subject Company: Crosstex Energy, Inc.

Commission File No.: 000-50536

**Devon Energy Corporation posted an updated investor presentation on its website on November 7, 2013.  
Excerpts of the presentation are as follows:**

Investor Presentation  
November 2013

NYSE: DVN

[www.devonenergy.com](http://www.devonenergy.com)

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Strategic Midstream Combination

Transaction Overview

Devon and Crosstex to

combine midstream assets to

form new midstream business

Increases scale and  
diversification

Enhances growth profile  
and financial strength

Benefits from high-quality  
upstream sponsorship  
Transaction expected to close  
in first quarter of 2014

AUSTIN

CHALK

EAGLE

FORD

PERMIAN

BASIN

CANA-

WOODFORD

ARKOMA-

WOODFORD

BARNETT

SHALE

HAYNESVILLE

& COTTON

VALLEY

UTICA

MARCELLUS

LA

TX

OK

OH

WV

PA

Gathering System

Processing Plant

Fractionation Facility

North Texas Systems

LIG System

PNGL System

Cajun-Sibon Expansion

Howard Energy

Ohio River Valley Pipeline

Storage

Crude & Brine Truck Station

Brine Disposal Well

Barge Terminal

Rail Terminal

Strategic Midstream Combination

Benefits to Devon

Slide 3

Retains majority ownership of midstream business (GP 70%; MLP 53%)

Majority interest in public GP with incentive distributions at highest tier

Provides immediate market-based valuation for Devon's U.S. midstream business (Publicly held GP and MLP)

Provides low cost of capital vehicle

Investment-grade credit profile

Potential to fund future midstream growth capital

Potential to drop down additional midstream assets

Improves diversification, scale and growth trajectory of midstream business

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Strategic Midstream Combination

Unlocking Value

Transaction highly accretive to shareholders

Initially valued assets at \$4.8 billion

Current market value of Devon's ownership interest  
in new business:  
\$6.5 billion

>20 times 2014e distributable cash flow

>15 times 2014e adjusted EBITDA

25% Devon's of market capitalization

Implies E&P valuation <5 times 2013e EBITDA

(  
20% less than average peer group EBITDA multiple)

Note:

Peer group includes: APA, APC, CHK, COP, ECA, EOG, HES, MRO, MUR, NBL,  
NFX, OXY, PXD, and TLM



Appendix B  
Midstream & Financial

NYSE: DVN  
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Slide 6  
New Midstream Business  
Ownership Structure  
Devon Energy Corporation  
(NYSE: DVN)  
General Partner

( New GP )  
Master Limited Partnership  
( MLP )  
Devon Midstream  
Holdings, LP  
( Devon Holdings )  
New GP  
Public  
Unitholders  
30%  
40% LP  
53% LP  
General Partner,  
7% LP and  
IDRs  
50% LP  
50% LP  
100% Incentive Distribution Rights (IDRs)  
Dist./Q  
Splits  
\$0.2500  
2% / 98%  
\$0.3125  
15% / 85%  
\$0.3750  
25% / 75%  
\$0.3750  
50% / 50%  
XTXI currently at  
New GP  
70%  
New GP  
Public  
Unitholders  
MLP  
Public  
Unitholders

MLP units  
( 120 MM units)  
Slide 7  
New Midstream Business  
Transaction Overview  
Transaction to be structured as a tax-free combination  
Devon Energy Corporation  
(NYSE: DVN)

General Partner  
( New GP )  
Master Limited Partnership  
( MLP )  
Devon Midstream  
Holdings, LP  
( Devon Holdings )  
Crosstex Energy, Inc.  
(NASDAQ: XTXI, Crosstex GP )  
Crosstex Energy, L.P.  
(NASDAQ: XTEX, Crosstex )  
\$100  
MM  
50% LP  
(w/no debt)  
50% LP  
(w/no debt)  
Form Holdings  
1-for-1 exchange  
for New GP  
\$2.00/share  
53% ownership  
New GP units  
( 115 MM units)  
70% ownership  
Devon forms and contributes  
substantially all of its U.S. based  
midstream assets to Devon  
Holdings.  
Devon contributes \$100 million in  
cash and 50% LP interest in Devon  
Holdings to the New GP in  
exchange for 70% ( 115 MM units)  
of the pro forma common units  
outstanding of the New GP.  
Devon contributes 50% LP interest  
in Devon Holdings to MLP in  
exchange for 53% ( 120 MM  
units) of the pro forma common  
units outstanding of MLP.  
Each share of Crosstex GP is  
exchanged for one unit of New GP.  
The New GP will make a one-time  
cash payment to Crosstex GP  
shareholders.

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New Midstream Business  
2014e Financial Outlook

2014e adjusted EBITDA (pre-synergies)

\$700 MM combined

\$500 MM at the MLP

Synergies contribute to distributable cash flow growth:

Financial: \$25 MM annually

Operational: \$20 MM annually

GP distribution per unit

Increases 50% over XTXI 2013e dividend

Robust coverage of 1.5x

Coverage to decline over time to 1.0x

MLP distribution per unit

Increases 8-10% over XTEX 2013e distribution

Coverage of 1.1x

Long-term growth expectations of high single digits for MLP and 20% or greater for GP

Enhanced balance sheet capacity

Pro Forma

2014e Outlook

Combined Adjusted EBITDA

\$700 MM

MLP Adjusted EBITDA

\$500 MM

Distribution Per Unit (MLP)

\$1.47

Distribution Growth

8%

Dividend Per Unit (GP)

\$0.80

Dividend Growth

50%

Note:

Pro Forma 2014e Outlook is for illustrative purposes only and assumes full-year contribution of EBITDA. Includes Non-GAAP financial measure, see appendix for required disclosures.

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Debt Maturity Schedule  
As of September 30, 2013  
Due Date  
Interest Rate  
\$ In Billions



Commercial Paper

0.4%

\$1.6

January 2014

5.6%

\$0.5

July 2016

2.4%

\$0.5

May 2017

1.9%

\$0.8

July 2018

8.3%

\$0.1

January 2019

6.3%

\$0.7

July 2021

4.0%

\$0.5

May 2022

3.3%

\$1.0

2023+

4.8% -

8.0%

\$4.4

Total Debt

\$10.1

Cash and cash equivalents

\$4.3

Net Debt

\$5.8

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Attractively Hedged

Oil Hedges

Oil Hedges

Q4 2013: 70 MBOPD swapped at \$100 per BBL

Q4 2013: 72 MBOPD collared at \$111 ceiling and \$91 floor

2014: 101 MBOPD protected at \$92 per BBL

WCS

WCS

Regional Oil Basis Swaps

Regional Oil Basis Swaps

Q4 2013: 40 MBOPD at a \$22 differential to WTI

Natural Gas Hedges

Natural Gas Hedges

Q4 2013: 1.0 BCFD swapped at \$4.09 per MCF

Q4 2013: 0.7 BCFD collared at \$4.28 ceiling and \$3.61 floor

2014: 1.0 BCFD protected at \$4.33 per MCF

Note:

The pricing points referenced above are weighted average prices.

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Sources and Uses of Cash

Before Share Buybacks and Dividends

\$ In Billions

2009

2010

2011	
2012	
2009-2012	
Total	
Operating Cash Flow	
4.8	
5.5	
6.2	
5.0	
21.5	
Asset Sales / JV Proceeds	
0.0	
7.0	
3.4	
1.5	
11.9	
Capital Expenditures	
(5.4)	
(7.0)	
(7.6)	
(8.2)	
(28.2)	
Net Cash Effect	
(0.6)	
5.5	
2.0	
(1.7)	
5.2	

#### Cautionary Note to Investors

Investors are urged to consider closely disclosures in Devon's and Crosstex's Form 10-K, available from the SEC by calling at [www.sec.gov](http://www.sec.gov).

#### Additional Information and Where to Find It

This presentation contains information about the proposed merger involving a Devon entity and Crosstex Energy Inc. In connection with the proposed merger, the General Partner entity will file with the Securities and Exchange Commission (SEC) a registration statement on Form S-4 that will describe the proposed merger. Investors and stockholders are urged to read the proxy statement/prospectus and other relevant documents filed or to be filed with the SEC (as they become available), and any other documents filed by Crosstex or Devon with the SEC, may be obtained free of charge at the following website:

addition, shareholders will be able to obtain free copies of the proxy statement/prospectus from Crosstex Energy, Inc. by contacting Attention: Investor Relations, 2501 Cedar Springs, Dallas, Texas 75201.

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Investor Notices Related to  
Proposed Crosstex Transaction  
Participants in the Solicitation

Devon, Crosstex and their respective directors and officers may be deemed to be participants in the solicitation of proxies from Devon in respect of the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of proxies from Crosstex Energy, Inc. in connection with the proposed transaction, including a description of their direct or indirect ownership, if any, and otherwise, will be set forth in the proxy statement/prospectus when it is filed with the SEC. Information regarding Crosstex Energy, Inc. and its officers is contained in its Annual Report on Form 10-K for the year ended December 31, 2012, which is filed with the SEC. Information regarding Devon's executive officers is contained in its Annual Report on Form 10-K for the year ended December 31, 2012, which is filed with the SEC.

#### Non-GAAP Financial Information

This presentation contains non-generally accepted accounting principle financial measures that Devon and Crosstex refer to as Adjusted EBITDA, defined as net income plus interest expense, provision for income taxes, depreciation and amortization expense, impairments, losses on non-cash derivatives, distribution from a limited liability company and non-controlling interest; less gain on sale of property and equipment of a limited liability company. Devon and Crosstex believe this non-GAAP measure is useful to investors because it may provide users of the information with a comparison between current results and prior-reported results. Adjusted EBITDA, as defined above, is not a measure of financial performance. This measure should not be considered in isolation or as an indicator of Devon's, Crosstex's or the New Company's performance, measure of liquidity or a substitute for a metric prepared in accordance with GAAP.

#### Safe Harbor

Some of the information provided in this presentation includes forward-looking statements as defined by the Securities and Exchange Act of 1933, including forecasts, "projections," "estimates," "plans," "expectations," "targets," and other comparable terminology often used to identify forward-looking information concerning future performance are subject to a variety of risks and uncertainties that could cause Devon's or Crosstex's actual performance to differ from the forward-looking statements contained herein, including as a result of the items described under "Risk Factors" in Devon's or Crosstex's Annual Report on Form 10-K. These risks include, but are not limited to, Devon's and Crosstex's ability to integrate their businesses successfully. Any forward-looking statements made herein, which such statement is made, and Devon and Crosstex undertake no obligation to correct or update any forward-looking statements contained herein, information, future events or otherwise, except as required by applicable law.