

Edgar Filing: BERRY PETROLEUM CO - Form 425

BERRY PETROLEUM CO

Form 425

November 22, 2013

Filed by LinnCo, LLC and Linn Energy, LLC

Commission File Nos. 001-35695 and 000-51719

Pursuant to Rule 425 Under the Securities Act of 1933

And Deemed Filed Pursuant to Rule 14a-12

Under the Securities Exchange Act of 1934

Subject Company: Berry Petroleum Company

Commission File No. 001-09735

RBC MLP Conference Panel
Banking Outside the Box: A Look at
Non-Traditional Financing Strategies

Forward-Looking Statements
and Risk Factors
Statements
made
in
these
presentation

slides
and
by
representatives
of
LINN
Energy,
LLC
and
LinnCo,
LLC
(collectively
the
Company)
during
the
course
of
this
presentation
that
are
not
historical
facts
are
forward-looking
statements.
These
statements
are
based
on
certain
assumptions
and
expectations
made
by
the
Company
which
reflect
management's
experience,
estimates
and
perception
of
historical

trends,
current
conditions,
anticipated
future
developments,
potential
for
reserves
and
drilling,
completion
of
current
and
future
acquisitions,
future
distributions,
future
growth,
benefits
of
acquisitions,
future
competitive
position
and
other
factors
believed
to
be
appropriate.
Such
statements
are
subject
to
a
number
of
assumptions,
risks
and
uncertainties,
many
of
which
are

beyond
the
control
of
the
Company,
which
may
cause
actual
results
to
differ
materially
from
those
implied
or
anticipated
in
the forward-
looking
statements.
These
include
risks
relating
to
financial
performance
and
results,
indebtedness
under
LINN
Energy's
credit
facility
and
Senior
Notes,
access
to
capital
markets,
availability
of
sufficient
cash
flow

to
pay
distributions
and
execute
our
business
plan,
prices
and
demand
for
natural
gas,
oil
and
natural
gas
liquids,
LINN
Energy's
ability
to
replace
reserves
and
efficiently
develop
LINN
Energy's
current
reserves,
LINN
Energy's
ability
to
make
acquisitions
on
economically
acceptable
terms,
regulation,
availability
of
connections
and
equipment
and
other

important factors that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements.

See Risk Factors in LINN Energy's 2012 Annual Report on Form 10-K, Forms 10-Q, Registration Statement on Form S-4, each as amended, and any other public filings. We undertake no obligation

to
publicly
update
any
forward-looking
statements,
whether
as
a
result
of
new
information
or
future
events.
The
market
data
in
this
presentation
has
been
prepared
as
of
November
4,
2013,
except
as
otherwise
noted.

3
LINN Operations
Berry Operations
LINN Overview
Corporate
Headquarters
(Houston)

NM
TX
KS
IL
LA
MI
ND
OK
CA
East Texas
WY
UT
CO
California
Uinta Basin
Piceance
Basin
Permian Basin
East Goldsmith
Field Acquisition
LINN Energy IPO in 2006 with initial
enterprise value of ~\$713 million
Completed or announced 60 transactions
for ~\$15 billion
(1)
Large, long-life diversified reserve base
Note:
Market
data
as
of
November
4,
2013
(LINE
and
LNCO
closing
prices
of
\$31.80
and
\$33.36
respectively).
Unless
noted
otherwise,
all
operational
and

reserve
data
as
of
December
31,
2012.
Estimates
of
proved
reserves
for
the
East
Goldsmith
Field
acquisition
were
calculated
as
of
the
effective
date
of
the
acquisition
using
forward
strip
oil
and
natural
gas
prices,
which
differ
from
estimates
calculated
in
accordance
with
SEC
rules
and
regulations.
Estimates
of
proved

reserves
for
the
East
Goldsmith
Field
acquisition
based
solely
on
data
provided
by
seller.

(1)
Includes
pending
Berry
transaction
and
15
acquisitions
comprising
the
Appalachian
Basin
properties
sold
in
July
2008.

(2)
Pro
forma
for
the
East
Goldsmith
Field
acquisition
and
\$500
million
term
loan
facility.

(3)
Pro
forma
for

pending
merger
with
Berry
Petroleum
(Berry),
which
remains
subject
to
closing
conditions,
including
shareholder
and
unitholder
approval.

(4)
Pro
forma
for
the
East
Goldsmith
Field
acquisition
and
Panther
divestiture.

(5)
Well
count
does
not
include
~2,500
royalty
interest
wells.
(\$ in billions)

Current
(2)

PF Berry
(2)(3)

Equity market cap

\$7.5

\$10.7

Total net debt

7.0

8.8

Enterprise value

\$14.5

\$19.5

(\$ in billions)

Current

(4)

PF Berry

(3)(4)

Total proved reserves

~5.0 Tcfe

~6.6 Tcfe

% proved developed

64%

62%

% liquids

47%

54%

Reserve life-index

~17 years

~17 years

Gross productive wells

(5)

~16,000

~19,000

4
Reduces Tax
Reporting
Burdens
Shareholders receive Form 1099 rather than a Schedule K-1
No state income tax filing requirements
No UBTI

(1)

implications

Efficient Tax

Structure

Estimated tax at LinnCo

(2)

estimated to be \$0.00, \$0.01 and

\$0.07 per share for 2013, 2014 and 2015, respectively

Simple & Fair

Structure

1 LinnCo share = 1 vote of LINN unit

Similar economic interest

Expands Investor

Base and Access

to Capital

Institutions

Tax-exempt organizations

Incremental retail investors (including IRA accounts)

Tax-Efficient Way

to Acquire E&P

C-Corps.

Both private and public

LinnCo Structure

Strategic Rational and Advantages

(1)

Unrelated business taxable income.

(2)

Includes pending Berry merger and assumes current strip prices and estimated capital spending.

LinnCo Structure

5

LINE

Unitholders

LLC

Units

LNCO

Shareholders

LinnCo

Common

Shares

Current *distribution*

of \$2.90 / unit

(1)

Schedule K-1 (partnership)

LINE

LNCO

Current *dividend*

of \$2.90 / share

(2)

Form 1099 (C-Corp.)

LLC

Units

Investors now have the ability to own LINN Energy two ways:

LINE (Partnership for tax purposes / K-1)

LNCO (C-Corp. for tax purposes / 1099)

Tax

liability

to

LinnCo

on

LINN

Energy's

distribution

estimated

to

be

\$0.00,

\$0.01

and

\$0.07

per

share

for

2013,

2014

and

2015,

respectively

(3)

\$2.90

Distribution

\$2.90

Distribution

\$2.90

Dividend

(1)

Represents
the
current
annualized
cash
distribution
of
\$2.90
per
unit.

(2)
Represents
the
current
annualized
cash
dividend
of
\$2.90
per
share.

(3)
Includes
pending
Berry
merger
and
assumes
current
strip
prices
and
estimated
capital
spending.
LINN
Energy,
LLC

Size of Institutional Yield Market is
Substantial

6

LinnCo structure allows LINN to access the much larger
institutional market

Note:

Market

data
as
of
November
4,
2013.

Source
for
MLP
Enterprise
Value
chart:
R.W.
Baird
Equity
Research
and
FactSet.

Source
for
Income
Mutual
Funds
chart:
Morningstar.

Source
for
table:
Wells
Fargo
Securities,
LLC.

Historical MLP Enterprise Value
Top-10 Equity Income Mutual Funds
The top-10 equity income mutual funds have an
aggregate of ~\$338 billion of assets and an
average portfolio yield of ~1.6%.

Average MLP
Average MLP
Time Period
Secondary (\$MM)

Issuances / Year
2003 - 2009
\$150.9
42
2010 - 2013TD
\$251.8

60
% Increase
67%

43%

The
U.S.
Securities
and
Exchange
Commission
(SEC)

permits
oil
and
gas
companies,
in
their
filings
with
the
SEC,
to
disclose
only
resources
that
qualify
as
"reserves"
as
defined
by
SEC
rules.
We
use
terms
describing
hydrocarbon
quantities
in
this
presentation
including
inventory
and
resource
potential
that
the
SEC's
guidelines
prohibit
us
from
including
in
filings
with
the

SEC.

These estimates are by their nature more speculative than estimates of reserves prepared in accordance with SEC definitions and guidelines and accordingly are substantially less certain.

Investors are urged to consider closely the reserves disclosures in LINN Energy's Annual Report on Form 10-K for the year ended December 31,

2012,
available
from
LINN
Energy
at
600
Travis,
Suite
5100,
Houston,
Texas
77002
(Attn:
Investor
Relations).
You
can
also
obtain
this
report
from
the
SEC
by
calling
1-800-SEC-0330
or
from
the
SEC's
website
at
www.sec.gov.
In
this
communication,
the
terms
other
than
proved
reserves
refer
to
the
Company's
internal
estimates

of
hydrocarbon
volumes
that
may
be
potentially
discovered
through
exploratory
drilling
or
recovered
with
additional
drilling
or
recovery
techniques.
Those
estimates
may
be
based
on
economic
assumptions
with
regard
to
commodity
prices
that
may
differ
from
the
prices
required
by
the
SEC
to
be
used
in
calculating
proved
reserves.
In

addition,
these
hydrocarbon
volumes
may
not
constitute
reserves
within
the
meaning
of
the
Society
of
Petroleum
Engineer's
Petroleum
Resource
Management
System
or
the
SEC's
oil
and
gas
disclosure
rules.
Unless
otherwise
stated,
hydrocarbon
volume
estimates
have
not
been
risked
by
Company
management.
Factors
affecting
ultimate
recovery
include
the
scope
of

our ongoing drilling program, which will be directly affected by the availability of capital, drilling and production costs, commodity prices, availability of drilling services and equipment, drilling results, lease expirations, transportation constraints, regulatory approvals and other factors, and actual drilling results, including geological and mechanical factors affecting recovery rates. Accordingly,

actual
quantities
that
may
be
ultimately
recovered
from
the
Company's
interests
may
differ
substantially
from
the
Company's
estimates
of
potential
resources.
In
addition,
our
estimates
of
reserves
may
change
significantly
as
development
of
the
Company's
resource
plays
and
prospects
provide
additional
data.

7

Additional Information about the Proposed Transactions and Where to Find It

In connection with the proposed transactions, LINN and LinnCo have filed with the SEC a registration statement on Form S-4 (Registration No. 333-187484) that includes a joint proxy statement of LinnCo, LINN and Berry that also constitutes a prospectus of LINN and LinnCo. Each of Berry, LINN and LinnCo also plan to file other relevant documents with the SEC regarding the proposed transactions. INVESTORS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC IF AND WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. You may obtain a free copy of the joint proxy statement/prospectus and other relevant documents filed by Berry, LINN and LinnCo with the SEC at the SEC's website at www.sec.gov. You may also obtain these documents by contacting LINN's and LinnCo's Investor Relations department at (281) 840-4193 or via e-mail at ir@lennenergy.com.

Participants in the Solicitation

LinnCo, LINN and Berry and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transactions. Information about LinnCo and LINN's directors and executive officers is available in the Registration Statement on Form S-4 relating to the merger. Information about Berry's directors and executive officers is available in Berry's Form 10-K/A for the year ended December 31, 2012, dated April 30, 2013. Other information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC regarding the proposed transactions when they become available. Investors should read the joint proxy statement/prospectus carefully when it becomes available before making any voting or investment decisions. You may obtain free copies of these documents from Berry, LINN or LinnCo using the sources indicated above.

This document shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended.

Cautionary Note Regarding Forward-Looking Statements

This document contains forward-looking statements, which are all statements other than statements of historical facts. These forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those anticipated. Important economic, political, regulatory, legal, technological, competitive and other uncertainties are identified in the documents filed with the SEC by LINN and LinnCo from time to time, including their respective Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K. The forward-looking statements included in this press release are made only as of the date hereof. None of LINN nor LinnCo undertakes any obligation to update the forward-looking statements included in this press release to reflect subsequent events or circumstances.