

Edgar Filing: Atlas Energy, L.P. - Form 425

Atlas Energy, L.P.
Form 425
December 12, 2014

Filed by Targa Resources Corp.

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: Atlas Energy, L.P.

Commission File No.: 001-32953

This filing relates to a proposed business combination involving Targa Resources Corp. and Atlas Energy, L.P.

Targa Resources
All Employee Meeting
December 12, 2014
2014 Proprietary and Confidential Information

Today's Discussion

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2014 has been a good year

From an industry standpoint, 2014 is finishing with challenges that will continue in 2015

Targa is well positioned to handle the challenges (that includes position after Targa/Atlas close)

Preliminary Summary of Performance vs 2014 Business Priorities

2014 Business Priorities

Execute on all business dimensions, including
2014 guidance for EBITDA and distribution/dividend
growth as furnished from time to time

Continue to control all costs operating, capital
and G&A

Continue to attract and retain the operational and

professional talent needed in our businesses
 Continue to manage tightly credit, inventory,
 interest rate and commodity price exposures
 Pursue commercial and financial approaches to
 achieve maximum value and manage risks
 Execute on major capital and development
 projects finalizing negotiations, completing projects
 on time and on budget, and optimizing economics
 and capital funding

Pursue selected growth opportunities including
 G&P build outs, fee-based capex projects, and
 potential
 purchases
 of
 strategic
 assets

Continue the expansion of system capabilities and
 the commercialization of our Bakken shale
 midstream business including volume targets for
 2014

Continue priority emphasis and strong performance
 relative to a safe workplace

Reinforce business philosophy and mindset that
 promotes compliance in all aspects of our business
 including environmental and regulatory compliance

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Continued strong HS&E track record and performance, industry recognition
 > 1700 contractor FTEs at our facilities with no significant safety incidents

Execution and performance across our businesses

2014 continues transformation that was underway in 2013 to a diversified mid-stream
 company with increased scale

Each reportable segment at or above Plan

Distribution/dividend growth

Fractionation and export volumes

Balance sheet management and credit ratings

Major project execution

Capital markets execution, including equity

ATM

Expense control

~

Most business units above plan

Credit, inventory, hedging

Execution on capital projects continues long-term organic growth

CBF Train 5

Low Ethane Exports Phase 2

High Plains / Longhorn Plant Startups

Midland County Pipeline

Little Missouri 40 & 200 MMcf/d Plants

300 MMcf/d Winkler County Plant

Condensate Splitter

Continued development of potential expansion project portfolio
Ethane Exports
Additional Condensate Splitter
CBF Trains 6 and 7
Additional G&P and Badlands Expansions
Targa/Atlas merger agreement structuring, negotiation and execution
Adds attractive positions in active basins
Increases scale and enhances credit profile
Adds significant growth opportunities
Creates significant long-term value

Strong Execution Sustains Current and Long-Term Value

Strong execution of business priorities combined with a disciplined growth strategy generate unitholder and shareholder value in the near-term, over the long-term and position Targa for the future

2014 Finishing with Challenges that Continue in 2015

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Beginning in Q4, significant drop and significant uncertainty in
commodity prices impacting producers
and therefore impacting

Targa and other midstream companies

Difficulty for producers to predict, plan and adjust to lower, uncertain
prices

and therefore difficulty for Targa and other midstream companies

Likely continued uncertainties associated with prices, future activity levels and future volume levels

Resulting need for flexibility, cost control and capital expenditure efficiency

Today's Discussion

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Targa is well positioned to handle the challenges
(that includes position after Atlas close)

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Targa Leverage and Liquidity
Completed
\$800
million
4.125%
unsecured
notes

offering
in
October
2014.
Pro
forma
for
offerings,
liquidity
as
of
Sept
30
is
\$1.45
billion
including
capacity
under
accounts
receivable
securitization
YTD
through
September
2014,
raised
net
proceeds
of
\$257
million
from
equity
issuances
under
at-the-market
(ATM)
program
Target
compliance
leverage
ratio
3x
-
4x
Debt/EBITDA
Have historically been on low end of range
Leverage increased at end of 2012 due to
Badlands acquisition

Q3 2014 compliance leverage ratio was 2.7x

(1)

Includes TRP's total availability under the revolver plus cash, less outstanding borrowings and letters of credit under the TRP

(2)

Adjusts EBITDA to provide credit for material capital projects that are in process, but have not started commercial operation, and

Compliance Leverage Ratio

Liquidity

(1)

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A Strong Footprint in
Active Basins
And a Leading Position at
Mont Belvieu
Drive Targa's
Long-Term Growth
Leadership position in oil

and liquids rich Permian
Basin
Bakken position
capitalizes on strong
crude oil fundamentals
and active drilling activity
Leadership position in
the active portion of
Barnett Shale combo
play
GOM and onshore
Louisiana provide longer
term upside potential for
well positioned assets
Mont Belvieu is the
NGL hub of North
America
Increased domestic
NGL production is
driving capacity
expansions into and at
Mont Belvieu
Second largest
fractionation
ownership position at
Mont Belvieu
One of only two
operating commercial
NGL export facilities
on the Gulf Coast
linked to Mont Belvieu
Position not easily
replicated
Approximately \$2.6
billion in announced
organic capex projects
completed or underway
Increased capacity to
support multiple U.S.
shale / resource plays
Additional fractionation
expansion to support
increased NGL supply
Increased connectivity to
U.S. end users of NGLs
Expansion of export
services capacity for
global LPG markets at
Galena Park marine
terminal

Well Positioned for 2014 and Beyond

Targa prior to Targa/Atlas Close

Positioning with close of

Targa/Atlas Transaction

An even stronger

footprint in active basins

Additional NGL

opportunities

Growth prospects

better than stand alone

Maintaining pro forma

2015 distribution and

dividend growth with

1.0-1.2 times coverage

under

\$3.75/\$60/\$0.60 pricing

and related volume

expectations

\$4.00/\$80/\$0.80 pricing

and related volume

expectations

Expect close Q1 2015

Press Release 12/10/14

Management Perspectives on Targa/Atlas Transaction

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Received HSR clearance; expected timing first quarter 2015

Although we are in a different commodity price world

this is still a strategic and

value creating transaction

Long-term view of businesses being acquired and asset fit

Sharing general principles and governing thoughts for combination

Commodity Price Performance Since Targa/Atlas Announcement

Crude Oil

Natural Gas

Ethane

Propane

Normal Butane

Iso-Butane

Natural Gasoline

Mont Belvieu NGL Components (\$/Gallon)

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Note: Pricing data through December 1, 2014

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Attractive Positions in Active Basins

(1) Source: Baker Hughes Incorporated, as of October 20, 2014

Market Cap

~ \$12 Billion

(1)

~ \$5 Billion

(2)

~ \$17 Billion

(1)

Enterprise Value

~ \$15 Billion

(1)

~ \$8 Billion

(2)

~ \$23 Billion

(1)

2014E EBITDA (\$MM)

\$925 - \$975 Million

\$400 - \$425 Million

\$1,325 - \$1,400 Million

2014E Capital

Expenditures (\$MM)

\$780 Million

\$400 - \$450 Million

\$1,180 - \$1,230 Million

2014E Operating

Margin by Segment

YE 2014E % Fee-

Based

68%

32%

Fixed Fee

Percent of Proceeds

35%

7%

38%

20%

Field G&P

Coastal G&P

Logistics

Marketing and Dist.

40%

60%

Texas

Oklahoma

25%

5%

27%

15%

11%

17%

Field G&P - Targa

Coastal G&P - Targa

Logistics - Targa

Marketing and Dist. - Targa

Texas - Atlas

Oklahoma - Atlas

40%

60%

Fixed Fee

Percent of Proceeds

60%

40%

Fixed Fee

Percent of Proceeds

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Increased Size and Scale Enhance Credit Profile

Targa

Atlas

Pro Forma Targa

*As disclosed at time of announcement

(1) Represents

combined

market

cap

and

enterprise

value

for

NGLS

and

TRGP

as
of
October
10,
2014,
less
the
value
of
NGLS
units
or
PF
NGLS
units
owned
by
TRGP

(2) Represents combined market cap and enterprise value for APL and ATLS as of October 10, 2014 based on transaction cons

(3) Includes keep-whole at 1% of total margin

(3)

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Targa + Atlas: Strategic Highlights

Attractive Positions in Active Basins

Creates World-Class Permian Footprint

Complementary Assets with Significant Growth Opportunities

Enhances

Credit Profile

Significant Long-Term Value Creation

Increased Size and Scale

General Principals and Governing Thoughts for the Combination

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The overall philosophy in preparing for closing of the Atlas Mergers is to keep both organizations in place and motivated to continue to execute

Continue execution of Targa and APL business strategies and growth plans without disruption

Retain a talented midstream G&P organization with different geographic locations

Manage

the

acquired
businesses
through
Tulsa
and
through
a
Tulsa
leadership
team

Minimize the potential burdens and distractions for the Targa team in connection with the merger

Our goal is to keep all the talent we can across companies and locations

The APL leadership team in Tulsa has agreed to remain in place

Pat McDonie reporting to Mike Heim

Trey Karlovich reporting to Matt Meloy

Jack Wygle reporting to Jeff McParland

Jerry Shrader reporting to Paul Chung

Both organizations are short people and fully loaded managing and executing business growth and business performance

Obviously, some corporate and technical functions will need to coordinate to establish common policies and philosophies

But
please

note
that
coordination

is
not
the
same
as
integration
or
consolidation

Conclusions

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Once the Targa/Atlas Mergers close, Targa will be a larger, more diversified midstream company

About 40% larger in enterprise value and headcount

One of larger, more diversified MLPs

Great presence in more producing basins with more potential Y-grade supply

Stronger position to continue to grow; stronger position to withstand cycles

Investment grade sooner

Targa is well positioned to handle the challenges associated with commodity prices

(that includes position after Atlas close)

What questions or suggestions do you have today?