

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

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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, a

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?