

LINN ENERGY, INC.
Form 10-K/A
April 18, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K/A

(Amendment No. 1)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2017

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number: 000-51719

LINN ENERGY, INC.

(Exact name of registrant as specified in its charter)

Delaware	81-5366183
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

600 Travis	77002
Houston, Texas	
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code
(281) 840-4000

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☒

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check-mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☒

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant was approximately \$1.1 billion on June 30, 2017, based on \$30.54 per share, the last reported sales price of the shares on the OTCQB market on such date.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

As of January 31, 2018, there were 77,229,257 shares of Class A common stock, par value \$0.001 per share, outstanding.

Documents Incorporated By Reference:

None

EXPLANATORY NOTE

When referring to Linn Energy, Inc. (formerly known as Linn Energy, LLC) (“Successor,” “LINN Energy” or the “Company”), the intent is to refer to LINN Energy, a Delaware corporation formed in February 2017, and its consolidated subsidiaries as a whole or on an individual basis, depending on the context in which the statements are made. Linn Energy, Inc. is a successor issuer of Linn Energy, LLC pursuant to Rule 15d-5 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Linn Energy, Inc. is not a successor of Linn Energy, LLC for purposes of Delaware corporate law. When referring to the “Predecessor” in reference to the period prior to the emergence from bankruptcy, the intent is to refer to Linn Energy, LLC, the predecessor that will be dissolved following the effective date of the Amended Joint Chapter 11 Plan of Reorganization of Linn Energy, LLC and Its Debtor Affiliates Other Than Linn Acquisition Company, LLC and Berry Petroleum Company, LLC (the “Plan”) and resolution of all outstanding claims, and its consolidated subsidiaries as a whole or on an individual basis, depending on the context in which the statements are made.

LINN Energy is an independent oil and natural gas company that was formed in February 2017, in connection with the reorganization of the Predecessor. The Predecessor was publicly traded from January 2006 to February 2017. On May 11, 2016, Linn Energy, LLC, certain of its direct and indirect subsidiaries, and LinnCo (collectively, the “LINN Debtors”) and Berry (collectively with the LINN Debtors, the “Debtors”), filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code (“Bankruptcy Code”) in the U.S. Bankruptcy Court for the Southern District of Texas (“Bankruptcy Court”). The Debtors’ Chapter 11 cases were administered jointly under the caption In re Linn Energy, LLC, et al., Case No. 16 60040. During the pendency of the Chapter 11 proceedings, the Debtors operated their businesses as “debtors-in-possession” under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code. The Company emerged from bankruptcy effective February 28, 2017 (the “Effective Date”).

LINN Energy is filing this Amendment No. 1 on Form 10-K/A (the “Amended Filing”) to the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (the “Original Filing”), filed with the Securities and Exchange Commission (“SEC”) on February 27, 2018, solely to disclose all Part III information. In accordance with Rule 12b-15 under the Exchange Act, this Amended Filing includes certifications from the Company’s Chief Executive Officer and Chief Financial Officer dated as of the date of this filing. Accordingly, Item 15 of Part IV has also been amended to reflect the filing of these currently dated certifications.

All other items as presented in the Original Filing are unchanged. Except for the foregoing amended information, this Amended Filing does not amend, update or change any other information presented in the Original Filing.

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Part III

Item 10. Directors, Executive Officers and Corporate Governance

The Company's business and affairs are managed by a board of directors (the "Board") and executive officers. The names, ages and positions of the Company's current directors and executive officers, together with certain information concerning each of them as of March 31, 2018, is set forth below. In accordance with the Company's Restated Certificate of Incorporation, each of our current directors will serve until the Company's first annual meeting following the Effective Date. The Board currently consists of the six members described below. One additional authorized director seat remains vacant.

There are no family relationships among any of our directors and executive officers. Certain of our executive officers served as officers of the Company prior to and during its Chapter 11 proceedings.

Directors and Executive Officers of the Company

Name	Age	Position with the Company
Evan Lederman	38	Chairman and Director
Matthew Bonanno	39	Director
Philip Brown	40	Director
Andrew Taylor	40	Director
Mark E. Ellis	61	President, Chief Executive Officer and Director
David B. Rottino	51	Executive Vice President, Chief Financial Officer and Director
Arden L. Walker, Jr.	58	Executive Vice President and Chief Operating Officer
Candice J. Wells	43	Senior Vice President, General Counsel and Corporate Secretary
Jamin B. McNeil	52	Senior Vice President – Houston Division Operations
Thomas E. Emmons	49	Senior Vice President – Corporate Services

Evan Lederman has served on the Company's Board since the Effective Date and as Chairman of the Board since March 2, 2017. Mr. Lederman serves on the Company's Audit and Compensation Committees. Mr. Lederman is a Managing Director, Co-Head of Restructuring and a Partner on the Investment Team at Fir Tree Partners.

Mr. Lederman focuses on the funds' distressed credit and special situation investment strategies, including co-managing its energy restructuring initiatives. Prior to joining Fir Tree Partners, Mr. Lederman worked in the Business Finance and Restructuring groups at Weil, Gotshal & Manges LLP and Cravath, Swaine & Moore LLP. In addition to the Company, Mr. Lederman is currently a member of the boards, in his capacity as a Fir Tree Partner's employee, of Ultra Petroleum Corp. (Chairman), Amplify Energy Corp., New Emerald Energy LLC, Roan Resources LLC and Deer Finance, LLC. Mr. Lederman received a J.D. degree with honors from New York University School of Law and a B.A., magna cum laude, from New York University.

Matthew Bonanno has served on the Company's Board since the Effective Date. He also serves as Chairman of the Company's Audit Committee and on the Company's Compensation Committee. Mr. Bonanno joined York Capital Management in July 2010 and is a Partner of the Firm and the Co-Head of North America Credit. Mr. Bonanno joined York from the Blackstone Group where he worked as an associate focusing on restructuring, recapitalization and reorganization transactions. Prior to joining the Blackstone Group, Mr. Bonanno worked on financing and strategic transactions at News Corporation and as an Investment Banker at JP Morgan and Goldman Sachs. In addition to the Company, Mr. Bonanno is currently a member of the Boards, in his capacity as a York employee, of Rever Offshore AS, and all entities incorporated pursuant to York's partnership with Costamare Inc. and Augustea Bunge Maritime, Next Decade LLC, Vantage Drilling Co., Roan Resources LLC and Samson Resources II, LLC.

Mr. Bonanno is also a member of the Board of Directors of the Children's Scholarship Fund. Mr. Bonanno received a B.A. in History from Georgetown University and an M.B.A in Finance from The Wharton School of the University of Pennsylvania.

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Philip Brown has served on the Company's Board since the Effective Date and serves on the Company's Audit and Compensation Committees. Mr. Brown joined P. Schoenfeld Asset Management ("PSAM") in 2009 and is a Partner of the firm, where he focuses on credit-oriented investments across various industries. Prior to joining PSAM, Mr. Brown held positions at Sun Capital Partners, Inc., an operationally-focused private equity firm, and Buckeye Capital Partners, an event-driven hedge fund. He began his career as an investment banking analyst at Wasserstein Perella & Co.

Andrew Taylor has served on the Company's Board since the Effective Date and serves as Chairman of the Company's Compensation Committee and on the Company's Audit Committee. Mr. Taylor is a member of the investment team of Elliott Management Corporation ("Elliott"), a New York-based trading firm, where he is responsible for various corporate investments. Prior to joining Elliott in 2015, Mr. Taylor held similar positions in BlackRock's Distressed Products Group, R3 Capital Partners and the Global Principal Strategies team at Lehman Brothers. In addition to the Company, Mr. Taylor, in his capacity as an Elliott employee, serves on the Board of Roan Resources LLC and Birch Permian Holdings, Inc.

Mark E. Ellis is the Company's President and Chief Executive Officer in addition to serving on the Board and has served in such capacity since the Effective Date. He previously served as the Predecessor's Chairman, President and Chief Executive Officer from December 2011 to February 2017, the President, Chief Executive Officer and Director from January 2010 to December 2011 and the President and Chief Operating Officer from December 2007 to January 2010. Mr. Ellis serves on the boards of PDC Energy, Inc., the Independent Petroleum Association of America, American Exploration & Production Council and the Houston Museum of Natural Science. Mr. Ellis is a member of the Society of Petroleum Engineers.

David B. Rottino is the Company's Executive Vice President and Chief Financial Officer in addition to serving on the Board and has served in such capacity since the Effective Date. He previously served as the Predecessor's Executive Vice President and Chief Financial Officer from August 2015 to February 2017 and as Executive Vice President, Business Development and Chief Accounting Officer from January 2014 to August 2015. From July 2010 to January 2014, he served as Senior Vice President of Finance, Business Development and Chief Accounting Officer and from June 2008 to July 2010, Mr. Rottino served as Senior Vice President and Chief Accounting Officer.

Arden L. Walker, Jr. is the Company's Executive Vice President and Chief Operating Officer and has served in such capacity since the Effective Date. He previously served as the Predecessor's Executive Vice President and Chief Operating Officer from January 2011 to February 2017. From January 2010 to January 2011, Mr. Walker served as Senior Vice President and Chief Operating Officer. Mr. Walker joined the Company in February 2007 as Senior Vice President, Operations and Chief Engineer. Mr. Walker is a member of the Society of Petroleum Engineers and Independent Petroleum Association of America.

Candice J. Wells is the Company's Senior Vice President, General Counsel and Corporate Secretary and has served in such capacity since the Effective Date. She previously served as the Predecessor's Senior Vice President, General Counsel and Corporate Secretary from January 2016 to February 2017. From October 2013 to January 2016, Ms. Wells served as Vice President, General Counsel and Corporate Secretary. From March 2013 to October 2013, Ms. Wells served as Vice President, acting General Counsel and Corporate Secretary and from September 2011 to March 2013, she served as Vice President, Assistant General Counsel and Corporate Secretary.

Jamin B. McNeil is the Company's Senior Vice President – Houston Division Operations and has served in such capacity since the Effective Date. He previously served as the Predecessor's Senior Vice President – Houston Division Operations from January 2014 to February 2017. From June 2007 to January 2014, Mr. McNeil served as Vice President – Houston Division Operations. Mr. McNeil is a member of the Society of Petroleum Engineers.

Thomas E. Emmons is the Company's Senior Vice President – Corporate Services and has served in such capacity since the Effective Date. He previously served as the Predecessor's Senior Vice President – Corporate Services from January 2014 to February 2017. From September 2012 to January 2014, Mr. Emmons served as Vice President – Corporate Services and from August 2008 to September 2012, Mr. Emmons served as Vice President, Human Resources and Environmental, Health and Safety.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The Company has no securities registered pursuant to Section 12 of the Exchange Act; thus the provisions of Section 16(a) of the Exchange Act are not applicable to the Company.

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CORPORATE GOVERNANCE

Codes of Ethics

The Company has adopted a Code of Business Conduct and Ethics, which sets forth legal and ethical standards of conduct for all the Company's employees, as well as the Company's directors. The Company also has adopted a separate code of ethics which applies to the Company's Chief Executive Officer and Senior Financial Officers. All of these documents are available on the Company's website, www.linnenergy.com, and will be provided free of charge to any shareholder requesting a copy by writing to the Company's Corporate Secretary, Linn Energy, Inc., 600 Travis, Houston, Texas 77002. If any substantive amendments are made to the Code of Ethics for the Company's Chief Executive Officer and Senior Financial Officers or if the Company grants any waiver, including any implicit waiver, from a provision of such code, the Company will disclose the nature of such amendment or waiver within four business days on its website. The information on the Company's website is not, and shall not be deemed to be, a part of this filing or incorporated into any other filings the Company makes with the SEC.

Communications to the Company's Board of Directors

The Company's Board has a process in place for communication with shareholders. Shareholders should initiate any communications with the Company's Board in writing and send them to LINN Energy's Board c/o Candice J. Wells, Senior Vice President, General Counsel and Corporate Secretary, Linn Energy, Inc., 600 Travis, Houston, Texas 77002. All such communications will be forwarded to the appropriate directors. This centralized process will assist the Company's Board in reviewing and responding to shareholder communications in an appropriate manner. If a shareholder wishes for a particular director or directors to receive any such communication, the shareholder must specify the name or names of any specific Board recipient or recipients in the communication. Communications to the Company's Board must include the number of shares owned by the shareholder as well as the shareholder's name, address, telephone number and email address, if any.

Board of Directors

Composition and Independence

The Company is traded on the OTCQB market, the applicable standards of which do not require the Company to have a majority of independent directors; however, each of Mr. Lederman, Mr. Taylor, Mr. Bonanno and Mr. Brown meet the definition of Independent Director in NASDAQ Marketplace Rule 5605(a)(2). Mr. Ellis and Mr. Rottino do not meet the NASDAQ definition of Independent Director because they are employees of the Company.

Meetings of the Board of Directors

The Board holds regular and special meetings from time to time as necessary. Regular meetings may be held without notice on dates set by the Board. Special meetings of the Board may be called with 24 hours' notice to each member (unless waived) upon request of the Chairman of the Board, the Chief Executive Officer or any two Board members. A quorum for a regular or special meeting will exist when a majority of the members are participating in the meeting either in person or by conference telephone. Any action required or permitted to be taken at a Board meeting may be taken without a meeting, without prior notice and without a vote if all of the members sign a written consent authorizing the action.

During 2017, the Board held four regular and eleven special meetings. The standing committees of the Company's Board held an aggregate of six meetings during this period. Each director attended at least 75% of the aggregate number of meetings of the Board and committees on which he served. Due to requirements contained in the Company's Restated Certificate of Incorporation following its emergence from bankruptcy, the Company did not hold an annual meeting in 2017.

Leadership Structure

The Board determined that Mr. Lederman, as representative of one of the Company's largest shareholders, should serve as Chairman of the Board, while Mr. Ellis would serve as Chief Executive Officer. The Board believes that this is the most effective leadership structure for the Company because the Board, acting through its Chair, intends to have an active role in the management of the Company's business.

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Committees of the Board of Directors

The Board has an Audit Committee and Compensation Committee with the members identified below. Subsequent to the Effective Date, the Board does not have a Nominating and Governance Committee, and directors and nominees are selected in accordance with the Company's Restated Certificate of Incorporation.

BOARD MEMBERS	AUDIT	COMPENSATION
	COMMITTEE	COMMITTEE

Evan Lederman
 Matthew Bonanno
 Phillip Brown
 Andrew Taylor
 Mark E. Ellis
 David B. Rottino

ChairMember

The Board adopted a written charter for each of these committees, which sets forth each committee's purposes, responsibilities and authority. Each committee reviews and assesses, on an annual basis, the adequacy of its charter and recommends any proposed modifications. These committee charters are available on the Company's website at www.linnenergy.com. You may also contact Candice J. Wells, the Company's Senior Vice President, General Counsel and Corporate Secretary at Linn Energy, Inc., 600 Travis, Houston, Texas 77002, to request paper copies free of charge. The following is a brief description of the functions and operations of the standing committees of Board.

Audit Committee

During 2017, the Audit Committee held four meetings. The Audit Committee assists the Board in its general oversight of the Company's financial reporting, internal controls, audit functions and oil and natural gas reserves, and is directly responsible for the appointment, retention, compensation and oversight of the work of the Company's independent public accountant. The Company's Audit Committee also reviews, on an annual basis, related party transactions and determines if the related party transaction is in the best interest of the Company. The report of the Company's Audit Committee appears under the heading "Report of the Audit Committee."

The standards of the OTCQB market applicable to the Company do not contain requirements regarding the composition of the Audit Committee. Each of the members of the Company's Audit Committee is financially literate, but the current Audit Committee likely does not meet the other requirements contained in NASDAQ Marketplace Rule 5605-4 regarding Audit Committee Composition because three of the four members may not meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Exchange Act. Each of Messrs. Lederman, Taylor and Bonanno represent a fund or funds that own greater than 10% of the Company's outstanding common stock and thus each may be deemed an "affiliate" under the rule.

Compensation Committee

The Compensation Committee's primary responsibilities are to: (i) approve the compensation arrangements for the Company's senior management, including establishment of salaries and bonuses and other compensation for the Company's executive officers, (ii) to approve any compensation plans in which the Company's officers are eligible to participate and (iii) to administer such plans, including the granting of equity awards or other benefits under any such plans. During 2017, the Compensation Committee held two meetings.

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The standards of the OTCQB market applicable to the Company do not contain requirements regarding the composition of the Compensation Committee. Because the Company qualifies as a “smaller reporting company” under the Exchange Act and each of the members of the Compensation Committee meets the definition of an Independent Director, the current Compensation Committee meets the composition requirements under NASDAQ Marketplace Rule 5605-6.

Report of the Audit Committee

The Audit Committee oversees the Company’s financial reporting process on behalf of the Board. Management has the primary responsibility for the preparation of the financial statements and the reporting process, including the systems of internal control. With respect to the consolidated financial statements for the year ended December 31, 2017, the Audit Committee reviewed and discussed the consolidated financial statements of LINN Energy and the quality of financial reporting with management and the independent public accountant. In addition, it discussed with the independent public accountant the matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board (“PCAOB”) on August 15, 2012. The Audit Committee also discussed with the independent public accountant its independence from LINN Energy and received from the independent public accountant the written disclosures and the letter from the independent public accountant complying with the applicable requirements of the PCAOB regarding the independent public accountant’s communications with the New Audit Committee concerning independence. The Audit Committee determined that the non-audit services provided to LINN Energy by the independent public accountant are compatible with maintaining the independence of the independent public accountant.

Based on the reviews and discussions described above, the New Audit Committee recommended to the Company’s Board that the consolidated financial statements of LINN Energy be included in the Original Filing.

Submitted By:

Audit Committee

Matthew Bonanno (Chair)

Philip Brown

Evan Lederman

Andrew Taylor

Notwithstanding anything to the contrary set forth in any of the Company’s previous or future filings under the Securities Act of 1933, as amended, or the Exchange Act that might incorporate this Amended Filing or future filings with the SEC, in whole or in part, the preceding report shall not be deemed to be “soliciting material” or to be “filed” with the SEC or incorporated by reference into any filing except to the extent the foregoing report is specifically incorporated by reference therein.

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Item 11. Executive Compensation

2017 SUMMARY COMPENSATION TABLE

The following table sets forth certain information with respect to the compensation paid for the fiscal years ended December 31, 2017 and 2016 to the Company's Chief Executive Officer, Chief Financial Officer and Chief Operating Officer (collectively, the "Named Officers"):

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Name & Principal Position	Year	Salary (\$)	Stock Awards (\$) ⁽¹⁾		Non-Equity Incentive Plan Compensation (\$) ⁽²⁾	All Other Compensation (\$) ⁽³⁾	Total (\$) ⁽⁴⁾
Mark E. Ellis – President and Chief Executive Officer	2017	900,000	—	58,199,717	1,035,000	20,800	60,155,517
	2016	900,000	—	—	6,900,000	25,900	7,825,900
David B. Rottino – Executive Vice President and Chief Financial Officer	2017	500,000	—				