



## **Facts regarding Berry Petroleum Corporation's preferred stock conversion**

**NOTE: The following is not and should not be construed as tax advice. You should consult your own tax adviser regarding the tax treatment of the preferred stock conversion, taking into account your specific circumstances.**

1. The portion of the cash received representing the accrued but unpaid dividends on the preferred stock from July 1, 2018 through July 25, 2018, should be treated as a dividend to the extent of Berry's current or accumulated earnings and profits at the end of 2018, if any, attributable to such distribution.
2. If the fair market value of the common stock received in the conversion plus the portion of the cash received that is not treated as a dividend exceeds such shareholder's basis in the preferred stock converted, the gain realized should be recognized in 2018 to the extent of such cash received (excluding any portion treated as a dividend, if any). Section 356(a)(1) of the Internal Revenue Code (the "Code").
3. The gain recognized might instead be treated as a dividend to the extent it is treated as "essentially equivalent to a dividend." Section 356(a)(2) of the Code.
4. Whether the gain recognized is treated as essentially equivalent to a dividend based on the specific related facts and circumstances. You should consult with your own tax adviser on whether the gain recognized in connection with the conversion should be recharacterized as a dividend under Section 356(a)(2) of the Code.

## **Form 8937**

In accordance with IRS rules, a Form 8937 will be completed by the Company within 45 days of the preferred stock conversion and posted on the Company's website at [berrypetroleum.com/investors](http://berrypetroleum.com/investors) for investors to download for their use.