

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See Attached

Multiple horizontal lines for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ See Attached

Multiple horizontal lines for providing information regarding loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See Attached

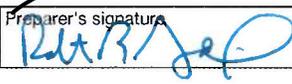
Multiple horizontal lines for providing other necessary information.

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶  Date ▶ 9/6/18

Print your name ▶ Cary Baetz Title ▶ EVP & CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Robert B. Gabriel		9-6-18		P00649131
	Firm's name ▶ DELOITTE TAX LLP	Firm's EIN ▶ 86-1065772		Phone no. (713) 982-2000	
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Part II Organizational Action

14. On July 25, 2018, and prior to Berry Petroleum Corporation's ("Berry") initial public offering, each outstanding share of Berry Series A Preferred Stock was automatically converted into (i) 1.05 shares of Berry Common Stock ("Common Stock") and (ii) the right to receive \$1.75, minus the amount of any cash dividend paid by Berry on such share of Series A Preferred Stock in respect of any period commencing on or after April 1, 2018, or \$1.60, in accordance with the terms of a Certificate of Amendment of the Certificate of Designation of Series A Preferred Stock filed with the Secretary of State of the State of Delaware. Berry will pay cash for fractional shares resulting from the conversion. No other consideration was received by the shareholders in the conversion.

15. 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.

The conversion of the Preferred Stock is treated an exchange of the existing Preferred Stock for Common Stock in a transaction assumed to be a reorganization under Section 368(a)(1)(E). 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 dividend exceeds such shareholder's basis in the Preferred Stock converted, gain should be recognized in 2018 to the extent of the cash received (excluding any portion treated as a dividend if any) pursuant to Section 356(a)(1).

Alternatively, the gain recognized might instead be treated as a dividend to extent it is treated "essentially equivalent to a dividend" pursuant to Section 356(a)(2). Whether the gain recognized is treated as "essentially equivalent to a dividend" is based on the specific 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).

Under Section 358(a) the shareholders' aggregate tax basis in their Common Stock, including any fractional shares treated as received and then exchanged for cash, should be equal to such shareholders' aggregate tax basis in their Preferred Stock surrendered;

(1) decreased by (i) any money received by such shareholders in the exchange (excluding any portion treated as a dividend, if any); (ii) the fair market value of any other boot received by such shareholders, and (iii) any loss recognized by such shareholders on the exchange; and

(2) increased by any gain recognized by such shareholders on the exchange.

16. See Line 15 above

17. IRC Sections 301, 316, 368, 356, and 358.

18. Except to the extent of cash received, if any, in lieu of fractional shares, no loss can be recognized in the conversion.

19. The reportable tax year is the tax year of the shareholder during which exchange occurred (e.g., 2018 for calendar year taxpayers).