CHEMICAL & MINING CO OF CHILE INC
Form 6-K
May 28, 2008

UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16
OF THE SECURITIES AND EXCHANGE ACT OF 1934

Includes financial statements and their related notes for the three-month period ended March 31, 20078 filed by Sociedad Química y Minera de Chile S.A. before the Superintendencia de Valores y Seguros de Chile on April 29, 2008.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.
(Exact name of registrant as specified in its charter)

CHEMICAL AND MINING COMPANY OF CHILE INC.
(Translation of registrant's name into English)

El Trovador 4285, Santiago, Chile (562) 425-2000
(Address and phone number of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F x Form 40-F ______

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ______ No x

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82_________

On April 29, 2008, the Registrant filed with the Superintendencia de Valores y Seguros of Chile (the "SVS") a report that included information as to the Registrant's consolidated financial condition and results of operations for the three-month period ended March 31, 2008. Attached is a summary of such consolidated financial information included in the summary and in the report filed with the Superintendencia de Valores y Seguros of Chile. This financial information was prepared on the basis of accounting principles generally accepted in Chile and does not include a reconciliation of such information to accounting principles generally accepted in the United States of America.

THIS REPORT IS AN ENGLISH TRANSLATION OF, AND A CHILEAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES PRESENTATION OF, THE THREE-MONTH PERIOD ENDED MARCH 31, 2008 REPORT FILED WITH THE SUPERINTENDENCIA DE VALORES Y SEGUROS (SVS) IN CHILE, AND UNLESS OTHERWISE INDICATED, FIGURES ARE IN US DOLLARS.

2

Consolidated Financial Statements

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Santiago, Chile
March 31, 2008 and 2007

3

Consolidated Financial Statements

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

As of March 31, 2008 and 2007
and for the three months ended March 31, 2008 and 2007
(A translation of the original in Spanish- see note 2 (a))

Contents

Consolidated Financial Statements

Ch$	-	Chilean pesos
ThCh $	-	Thousands of Chilean pesos
US$	-	United States dollars
ThUS$	-	Thousands of United States dollars
ThEuro	-	Thousands of Euros
UF	-	The UF is an inflation-indexed, Chilean peso-denominated monetary unit. The UF rate is set daily in advance, based on the change in the Consumer Price Index of the previous month.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.
Consolidated Statements of Income
(A translation of the original in Spanish- see note 2 (a))

	Note	As of March 31, 2008 ThUS$	As of March 31, 2007 ThUS$
ASSETS			
Current Assets			
Cash		25,752	18,078
Time deposits		77,239	31,934
Marketable securities	4	63,395	118,229
Accounts receivable, net	5	256,579	167,180
Other accounts receivable, net	5	8,435	10,341
Accounts receivable from related companies	6	91,633	75,029
Inventories, net	7	442,154	384,042
Recoverable taxes		38,598	34,042
Prepaid expenses		9,291	7,831
Other current assets		45,488	11,538
Total Current Assets		**1,058,564**	**858,244**
Property, Plant and Equipment, net	**8**	**1,006,525**	**932,544**
Other Assets			
Investments in related companies	9	25,929	18,962
Goodwill, net	10	33,822	35,762
Negative goodwill, net	10	(1,291)	(1,928)
Long-term accounts receivable, net	5	1,245	390
Long-term accounts receivable from related companies	6	2,000	2,118
Intangible assets, net		3,642	4,353
Other long-term assets	11	34,569	45,745
Total Other Assets		**99,916**	**105,402**
Total Assets		**2,165,005**	**1,896,190**

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.
Consolidated Statements of Income
(A translation of the original in Spanish- see note 2 (a))

	Note	As of March 31, 2008 ThUS$	2007 ThUS$
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Short-term bank debt	12	627	32,133
Current portion of long-term debt	12	1,687	1,966
Current portion of bonds payable	13	14,107	9,574
Dividends payable		534	262
Accounts payable		118,040	85,220
Other accounts payable		398	816
Notes and accounts payable to related companies	6	2,310	704
Accrued liabilities	14	32,671	21,453
Withholdings		17,956	9,156
Income taxes		18,381	11,879
Deferred income		58,458	1,748
Deferred income taxes	15	9,512	3,478
Other current liabilities		5,870	2,171
Total Current Liabilities		**280,551**	**180,560**
Long-Term Liabilities			

personal and professional integrity and high ethical standards;

good business judgment;

an excellent reputation in the industry in which the nominee or director is or has been primarily employed;

11

- a sophisticated understanding of our business or similar businesses;
- curiosity and a willingness to ask probing questions of management;
- the ability and willingness to work cooperatively with other members of the Board and with the Chief Executive Officer and other senior management; and
- the ability and willingness to support us with his or her preparation for, attendance at and participation in Board meetings.

The Nominating Committee will evaluate each nominee based upon a consideration of a nominee s qualification as independent and consideration of diversity, age, skills and experience in the context of the needs of the Board as described in our Corporate Governance Guidelines. The Nominating Committee does not have a policy with regard to the consideration of diversity in identifying director nominees. Diversity, including diversity of experience, professional expertise, gender, race and age, is one factor outlined in our Corporate Governance Guidelines that the Nominating Committee considers in evaluating a nominee. The Nominating Committee may rely on various sources to identify director nominees. These include input from directors, management, professional search firms and others that the Nominating Committee feels are reliable.

The Nominating Committee will consider director candidate suggestions made by unitholders in the same manner as other candidates. Any such nominations, together with appropriate biographical information, should be submitted to the Chairman of the Nominating and Governance Committee, c/o Candice J. Wells, Vice President, General Counsel and Corporate Secretary, Linn Energy, LLC, 600 Travis, Suite 5100, Houston, Texas 77002. For other procedures that must be followed in order for the Committee to consider recommendations from unitholders, please read Unitholder Proposals and Director Nominations Recommendation of Director Candidates to the Nominating and Governance Committee.

In 2013, the Nominating Committee held four meetings. Each member of the Nominating Committee is independent as defined by the NASDAQ listing standards.

There have been no material changes to the procedures by which LINN unitholders may recommend nominees to the Board implemented since LINN s most recent disclosure of such procedures in its Joint Proxy Statement/Prospectus for the Annual Meeting of Unitholders held on December 16, 2013.

Report of the Audit Committee

The Audit Committee oversees our 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, 2013, the Audit Committee reviewed and discussed the consolidated financial statements of Linn Energy, LLC and the quality of financial reporting with management and the independent public accountant. It also discussed with the independent public accountant the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T. The Audit Committee also discussed with the independent public accountant its independence from Linn Energy, LLC 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 Audit Committee concerning independence. The Audit Committee determined that the non-audit services provided to Linn Energy, LLC by the independent public accountant (discussed below under Proposal Two: Ratification of Independent Public Accountant) are compatible with maintaining the independence of the independent public accountant.

Table of Contents

Based on the reviews and discussions described above, the Audit Committee recommended to our Board that the consolidated financial statements of Linn Energy, LLC be included in the Annual Report on Form 10-K for the year ended December 31, 2013 for filing with the SEC.

Submitted By:

Audit Committee

Joseph P. McCoy, Chair

George A. Alcorn

David D. Dunlap

Jeffrey C. Swoveland

Notwithstanding anything to the contrary set forth in any of our previous or future filings under the Securities Act of 1933 or the Exchange Act that might incorporate this Proxy Statement 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.

13

Table of Contents

PROPOSAL TWO: RATIFICATION OF INDEPENDENT PUBLIC ACCOUNTANT

The Audit Committee of our Board has selected KPMG LLP to continue as our independent public accountant for 2014. KPMG LLP has served as LINN s independent public accountant since 2005. The Audit Committee has determined to submit KPMG LLP s selection to unitholders for ratification. Unitholder ratification of the selection of KPMG LLP as our independent public accountant is not required by our limited liability company agreement or otherwise. We are submitting the selection of KPMG LLP to unitholders for ratification as a matter of good corporate practice. If this selection of independent public accountant is not ratified by a majority of the outstanding units present in person or by proxy and entitled to vote at the Annual Meeting, the Audit Committee will reconsider its selection of independent public accountant. We are advised that no member of KPMG LLP has any direct or material indirect financial interest in our company or, during the past three years, has had any connection with us in the capacity of promoter, underwriter, voting trustee, director, officer or employee. A representative of KPMG LLP will attend the Annual Meeting. The representative will have the opportunity to make a statement if he desires to do so and to respond to appropriate questions.

Audit Fees

The fees for professional services rendered by KPMG LLP for the audit of our annual consolidated financial statements for each of the years ended December 31, 2012 and 2013, and the reviews of the financial statements included in any of our Quarterly Reports on Forms 10-Q for each of those fiscal years were approximately $1,350,000 and $1,700,000, respectively. In addition, in connection with our acquisition of Berry, we expect to incur audit fees of $425,000-$475,000 to KPMG LLP for the audit of Berry s financial statements as of December 31, 2013, and for the period from December 17, 2013, to December 31, 2013, which fees have not been billed as of the date of this filing.

Audit-Related Fees

KPMG LLP also received fees for services in connection with our senior notes offerings and equity offerings in 2012 and 2013. These fees totaled approximately $730,000 and $225,000 for the years ended December 31, 2012 and 2013, respectively.

Tax Fees

We incurred no fees for the year ended December 31, 2012 for tax-related services provided by KPMG LLP. KPMG LLP received fees for services related to a transfer pricing project totaling approximately $40,000 for the year ended December 31, 2013.

All Other Fees

We incurred no other fees for the years ended December 31, 2012 and 2013 for any other services provided by KPMG LLP.

Audit Committee Approval of Audit and Non-Audit Services

The Audit Committee pre-approves all audit and non-audit services to be provided to us by our independent public accountant in the upcoming year at the last meeting of each calendar year and at subsequent meetings as necessary. The non-audit services to be provided are specified and shall not exceed a specified dollar limit. During the course of a fiscal year, if additional non-audit services are identified, these services are presented to the Audit Committee for pre-approval. All of the services covered under the caption Audit-Related Fees were approved by the Audit

Committee and none were provided under the *de minimis* exception of Section 10A of the Exchange Act.

14

Table of Contents

Required Vote

Under our limited liability company agreement, unitholder ratification of KPMG LLP as our independent public accountant for 2014 is not required. However, in the event we elect to submit such ratification for unitholder approval, as we have done here, this approval would require the affirmative vote of a majority of the votes cast affirmatively or negatively by members holding outstanding units and entitled to vote on the proposal.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT UNITHOLDERS VOTE FOR APPROVAL OF THE RATIFICATION OF THE SELECTION OF KPMG LLP AS OUR INDEPENDENT PUBLIC ACCOUNTANT FOR 2014.

In the event of a negative vote on such ratification, the Audit Committee will reconsider its selection. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent auditing firm at any time during the year if the Audit Committee believes that such a change would be in the best interest of our company and our unitholders.

Table of Contents

PROPOSAL THREE: ADVISORY (NON-BINDING) VOTE ON EXECUTIVE COMPENSATION

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) and SEC rules, we are providing you with an opportunity to vote on a non-binding, advisory resolution regarding the compensation of our Named Officers (as reported under Summary Compensation Table below). As described below in the Compensation Discussion and Analysis section of this proxy statement, the Compensation Committee has structured our executive compensation program to achieve the following key objectives:

- attract and retain talented executive officers by providing total compensation levels competitive with that of executives holding comparable positions in similarly-situated organizations;
- provide total compensation that is supported by individual performance;
- provide a performance-based compensation component that balances rewards for short-term and long-term results and is tied to company performance; and
- encourage the long-term commitment of our executive officers to us and to our unitholders long-term interests.

Please read the Compensation Discussion and Analysis section beginning on page 18 of this proxy statement for a detailed discussion of our executive compensation program and how it operates and is designed to achieve our compensation objectives, as well as the Summary Compensation Table and other related compensation tables and narrative, appearing on pages 33 through 43, which provide detailed information on the compensation of our Named Officers. The Compensation Committee and the Board believe that our compensation policies and procedures are competitive, focused on pay-for-performance and strongly aligned with the long-term interests of our unitholders.

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended, and as a matter of good corporate governance, this advisory vote, commonly known as say-on-pay, gives you as a unitholder the opportunity to express or withhold approval of the compensation we pay our Named Officers by voting for or against the following resolution:

RESOLVED, that the compensation paid to LINN s Named Officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion is hereby APPROVED.

We and the Compensation Committee remain committed to the compensation philosophy, policies and objectives outlined there. Because your vote is advisory, it will not be binding on us; however, the Compensation Committee will take into account the outcome of the vote as one factor when considering future executive compensation arrangements.

The Board has adopted a policy providing for a triennial say-on-pay advisory vote. Unless the Board modifies its policy on the frequency of holding say-on-pay advisory votes, the next say-on-pay advisory vote and the next vote on the frequency of say-on-pay proposal votes will occur in 2017.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT UNITHOLDERS VOTE FOR THE ADOPTION OF THE RESOLUTION APPROVING THE COMPENSATION OF OUR NAMED OFFICERS. Properly dated and signed proxies will be so voted unless unitholders specify otherwise.

Table of Contents

EXECUTIVE COMPENSATION

2013 Highlights and Executive Summary

Pay for performance is a fundamental tenet of our compensation philosophy. We believe that sustainable performance is what ultimately drives unitholder value and that designing a compensation plan that closely aligns the interests of Named Officers (defined below) and unitholders is critical. As a result, a substantial portion of our Named Officers total compensation is tied to our performance and delivered as incentive compensation, with a relatively small portion of the total delivered as fixed base salary. We deliver incentive compensation through our cash based Employee Incentive Compensation Program (EICP) and our equity based Long Term Incentive Plan (LTIP), both of which are explained further in Compensation Discussion and Analysis 2013 Executive Compensation Components beginning on page 22.

The Committee, with the assistance of the Company s management and the Committee s independent consultant, oversees, approves and assesses the effectiveness of our compensation program in relation to our compensation philosophy and the market for executive talent. The table below describes each of the elements of our executive compensation program and its link to our compensation objectives.

Compensation Element	Attract and retain talented executives	Alignment with unitholder interests	Provide total compensation tied to individual performance	Provide performance based compensation that is balanced between short and long term results	Encourage long term commitment to us and our unitholders long term interests
Base Salary	ü		ü		
Employee Incentive Compensation Program (EICP)	ü	ü		ü	
Long Term Incentive Plan (LTIP)	ü	ü	ü	ü	ü
Benefits, Perquisites and other Compensation (including severance and change in control arrangements)	ü				

As discussed in more detail below in Compensation Discussion and Analysis Our Executive Compensation Program beginning on page 21, the Compensation Committee believes in setting challenging annual goals that focus our Named Officers on the measures of company performance that create short and long term value for you as a unitholder.

In 2013, we met many of our annual goals and faced some significant challenges. The following are highlights:

We acquired approximately $5.2 billion in low decline mature assets with an excellent development inventory to our properties, including the acquisition of Berry, which resulted in a 30% growth in production volumes over our production volumes prior to the acquisition;

We successfully utilized LinnCo, LLC as an acquisition vehicle with the closing of the Berry acquisition in December 2013, improving our debt metrics and contributing to ratings upgrades by both Moody s and S&P and positioning us as the only one of our peers currently able to execute this type of transaction;

We increased average daily production by approximately 23% year over year from 2012, from 671 MMcfe/d to 822 MMcfe/d in 2013;

We executed a $1.1 billion capital program resulting in approximately 10% organic growth in 2013; and

17

Table of Contents

- We grew enterprise value to $19+ billion, making us the 8th largest master limited partnership/LLC and the 12th largest independent exploration and production company in the U.S.

The Committee s primary compensation considerations for 2013 were as follows:

- Our performance described above demonstrated continued successful growth for our Company despite an extremely challenging year;
- We met many of our goals and expectations for the year but fell short of our quantitative volume targets;
- While our unit price rebounded from its lows during the year, we did not generate a positive unitholder return in 2013;
- The Committee considered our overall performance versus our goals in 2013 relative to our overall performance versus our goals in 2012 and approved EICP awards equal to 95% of target in 2013 versus 185% of target awarded in 2012;
- The Committee intends to continue and improve its performance-oriented pay philosophy to reflect demonstrated performance in both EICP and LTIP awards, including through the grants of performance units in January 2014, as described below in Compensation Discussion and Analysis 2013 Executive Compensation Components beginning on page 22.

Compensation Discussion and Analysis

We use traditional compensation elements of base salary, annual cash incentives, long-term equity based incentives, and employee benefits to deliver competitive compensation. Our executive compensation programs are administered by an independent compensation committee, with assistance from an independent consultant. We generally target the median of our peer group for total compensation, while providing the Named Officers with an opportunity to earn higher levels of incentive pay based on company performance. Our Named Officers for 2013 discussed below are Mark E. Ellis, our Chairman, President and Chief Executive Officer (CEO), Kolja Rockov, our Executive Vice President and Chief Financial Officer, Arden L. Walker, Jr., our Executive Vice President and Chief Operating Officer, David B. Rottino, our Senior Vice President of Finance, Business Development and Chief Accounting Officer (now Executive Vice President, Business Development and Chief Accounting Officer) and Charlene A. Ripley, our former Senior Vice President and General Counsel.

This Compensation Discussion and Analysis addresses the following topics:

- the role of our Compensation Committee in establishing executive compensation;
- our process for setting executive compensation;

our compensation philosophy and policies regarding executive compensation; and

our compensation decisions with respect to our Named Officers.

The Compensation Committee

The Compensation Committee of our Board has overall responsibility for the approval, evaluation and oversight of all our compensation plans, policies and programs. The fundamental responsibilities of the Committee are to: (i) establish the goals, objectives and policies relevant to the compensation of our senior management, and evaluate performance in light of those goals to determine compensation levels, (ii) approve and administer our incentive compensation plans, (iii) set compensation levels and make awards under incentive compensation plans that are consistent with our compensation principles and our performance, and (iv) review our disclosure relating to compensation. The Committee also has responsibility for evaluating compensation paid to our non-employee directors.

Table of Contents

The Compensation Setting Process

Compensation Committee Meetings. Our Compensation Committee holds regular quarterly meetings each year, which coincide with our quarterly Board meetings. It also holds additional meetings as required to carry out its duties. The Committee Chairman works with our Corporate Secretary to establish each meeting agenda.

At the regular first quarter meeting, the Committee:

- considers and approves changes in base salary and EICP targets for the upcoming year;
- reviews actual results compared to the pre-established performance measures for the previous year to determine 1) annual cash incentive awards for our executive officers under our EICP and 2) the Company score used to determine the Company portion of cash bonuses for our employees;
- grants equity awards under our LTIP based on past Company performance and forward looking retention and establishes performance metrics for our performance based LTIP awards;
- approves the performance measures under our EICP for the upcoming year, which may include both quantitative financial and operational measures and qualitative performance measures intended to focus on and reward activities that create unitholder value;
- evaluates the compensation paid to our non-employee directors and, to the extent it deems appropriate, approves any adjustments; and
- evaluates and reviews the summary results of the Board s written evaluations of our Chief Executive Officer, as well as the Chief Executive Officer s self-evaluation.

The Committee receives updates periodically on our progress toward the goals set at the beginning of the year. At a special meeting of the Committee held in October, the Committee reviews and discusses a compensation analysis prepared by its independent compensation consultant (please see Role of Compensation Consultant below) and considers compensation for the succeeding calendar year.

The Committee meets in executive session to consider appropriate compensation for our Chairman, President and Chief Executive Officer. With respect to compensation for all other Named Officers, the Committee generally meets with our Chairman, President and Chief Executive Officer outside the presence of all our other executive officers. When individual compensation decisions are not being considered, the Committee typically meets in the presence of our Chairman, President and Chief Executive Officer, and our General Counsel and Corporate Secretary. Depending upon the agenda for a particular meeting, the Committee may also invite other officers, the Company s compensation consultant, and a representative of the Committee s compensation consultant to participate in Committee meetings. The Committee also regularly meets in executive session without management to discuss other matters.

Role of Compensation Consultant. The Committee s Charter grants the Committee the sole and direct authority to retain and terminate compensation advisors and to approve their fees. All such advisors report directly to the Compensation Committee, and all assignments are directed by the Committee Chairman. For 2013, the Committee engaged Meridian Compensation Partners, LLC (Meridian) to assist the Committee in assessing and determining competitive compensation packages for our executive officers. Meridian did no other work for the Company in 2013. Prior to Meridian providing any services in 2013, the Committee assessed the independence of Meridian pursuant to SEC rules and concluded that no conflict of interest exists that would prevent Meridian from independently representing the Committee.

In this capacity, Meridian, at the Committee s request and under the direction of the Committee Chairman, provides input on our compensation program and structure generally and makes recommendations on the program design. Meridian also assembled information regarding comparable executive positions among independent oil and natural gas producers. Meridian s data for 2013 was based primarily on survey sources, and to a lesser extent on data compiled from the public filings of a peer group of various companies.

Table of Contents

Compensation Benchmarking Peer Group. The chart below identifies the members of our 2012 and 2013 compensation benchmarking peer groups. In determining each peer group, the Committee focuses on similarly situated upstream oil and gas producers as the Company s indicative labor market for talent. In selecting companies within that industry sector the Committee considers each company s market capitalization, asset size, asset mix and revenues but focuses primarily on enterprise value to establish comparable scope. For 2013, due to the significant increase in the enterprise value of the Company, the Committee revised the peer group for compensation benchmarking. As of December 31, 2013, the Company s enterprise value ranked in the middle range of the peer group.

Company Name	2012 Peer Group	2013 Peer Group
Cabot Oil & Gas Corporation	ü	ü
Concho Resources Inc.	ü	ü
Continental Resources, Inc.		ü
Cimarex Energy Co.	ü	
Denbury Resources Inc.	ü	ü
Devon Energy Corporation		ü
Encana Corporation		ü
EOG Resources, Inc.		ü
Marathon Oil Corporation		ü
Newfield Exploration Company	ü	ü
Noble Energy, Inc.	ü	ü
Pioneer Natural Resources Company	ü	ü
Plains Exploration & Production Company*	ü	
QEP Resources, Inc.	ü	ü
Range Resources Corporation	ü	ü
SM Energy Company	ü	
Southwestern Energy Company	ü	ü
Talisman Energy Inc.		ü
Ultra Petroleum Corp.	ü	
Whiting Petroleum Corporation	ü	

* Plains Exploration & Production Company merged with Freeport-McMoRan Copper & Gold Inc. in 2013 and is no longer included.

The Committee selects a different peer group for purposes of evaluating the Company s relative unitholder return. Please see page 23. That peer group, currently composed of EV Energy Partners, L.P., Crestwood Equity Partners LP (formerly Inergy, L.P.), Buckeye Partners, L.P., El Paso Pipeline Partners, L.P., Breitburn Energy L.P., Magellan Midstream Partners, L.P. and Nustar Energy L.P., reflects management s and the Committee s view that this group of master limited partnerships have historically been the peer group we believe analysts and investors follow most closely when comparing our total return.

The Company also employs an individual as a consultant to support us in managing our executive compensation process. Our consultant did not provide any other services to us in 2013.

Role of Executive Officers. Except with respect to his own compensation, our Chairman, President and Chief Executive Officer, with assistance from the Company s consultant, plays an important role in the Committee s establishment of compensation levels for our executive officers. The most significant aspects of his role in the process are:

evaluating performance;

recommending EICP award targets and quantitative and qualitative performance measures under our EICP;

Table of Contents

- recommending base salary levels, actual EICP awards and LTIP awards; and
- advising the Committee with respect to achievement of performance measures under the EICP.

Our Executive Compensation Program

Compensation Objectives. Our executive compensation program is intended to align the interests of our executive officers with your interests as unitholders by motivating our executive officers to focus on those actions which achieve strong financial and operating results and ultimately grow our Company. We believe that profitable growth, both organically and through acquisitions, drives our ability to maintain and increase your distribution. The alignment of interests between you and our executive officers is primarily reflected through our executive officers participation in our EICP and LTIP. In addition, our program is designed to achieve the following objectives:

- attract and retain talented executive officers by providing total compensation levels competitive with that of executives holding comparable positions in similarly-situated organizations;
- provide total compensation that is supported by individual performance;
- provide a performance-based compensation component that balances rewards for short-term and long-term results and is tied to company performance; and
- encourage the long-term commitment of our executive officers to us and to our unitholders long-term interests.

Compensation Strategy. To accomplish our objectives, we seek to offer a total direct compensation program to our executive officers that, when valued in its entirety, serves to attract, motivate and retain executives with the character, industry experience and professional accomplishments required for us to continue to grow and develop. Further, we seek to attract and retain qualified executive officers during a time when our industry is undergoing unprecedented growth in size and number of competing organizations, with a resulting increase in demand for qualified executives. We seek to align executive compensation with your interests by placing a significant portion of total direct compensation at risk. At risk means the executive officer will not realize full value unless 1) for EICP awards, performance goals are achieved, approximately 65% of which are directly tied to the Company s quantitative performance targets, 2) for restricted units, we maintain or increase both our unit price and per unit distribution and 3) for the newly implemented performance units, we achieve at least a median ranking among our performance peers in total unitholder returns. To appropriately incentivize our executive officers to take a long-term view, unit based awards under our LTIP are the largest component of our at risk compensation.

Our executive compensation program consists of three principal elements: (i) base salary, (ii) potential for annual cash incentive compensation awards under our EICP based upon the achievement of specific Company performance objectives, and (iii) opportunities to earn unit-based awards under our LTIP, which provide long-term incentives that are intended to encourage the achievement of superior results over time and to align the interests of executive officers with those of our unitholders.

To ensure that our total compensation package is competitive, Meridian develops an assessment of industry compensation levels through both an analysis of survey data and information disclosed in compensation peer companies public filings. While the Committee considers this data when assessing the reasonableness of our executive officers total compensation, it also considers a number of other factors including: (i) historical compensation levels, (ii) the specific role the executive plays within our company, (iii) the individual performance of the executive, and (iv) the relative compensation levels among our executive officers. There is no pre-established policy or target for the Committee s allocation of total compensation between long-term compensation in the form of LTIP awards and short-term compensation in the form of base salary and EICP awards. The allocation is at the discretion of the Committee and generally is based upon an analysis of how our peer companies use long-term and short-term compensation to compensate their executive officers. Each year the

Table of Contents

Committee reviews this peer company data when setting EICP targets and LTIP awards for that year but also considers other factors when granting LTIP awards, including Company performance and the individual Named Officer s performance.

2013 Executive Compensation Components

For 2013, the principal components of compensation for Named Officers were:

- Short term compensation:
  - base salary
  - employee incentive compensation plan
- Long-term equity compensation in the form of restricted units
- Other benefits

Short Term Compensation

Base Salary

We provide Named Officers and other employees with a base salary to provide them with a reasonable base level of monthly income relative to their role and responsibilities. Each of our Named Officers has an employment agreement that provides for a minimum level of base salary and upward adjustments at the discretion of the Board. For a summary of the material terms of the Named Officers employment agreements, please see Narrative Disclosure to the 2013 Summary Compensation Table.

Salary levels are typically considered annually as part of our performance review process as well as upon a promotion or other change in job responsibilities. During its review of base salaries for executive officers, the Committee primarily considers:

- survey and published peer data provided by the Committee s independent compensation consultant;
- internal review of the executive s compensation, both individually and relative to other executive officers; and
- recommendations by our Chairman, President and Chief Executive Officer (on executives other than himself).

For 2013, after reviewing peer data and considering the other factors mentioned above under Compensation Strategy, the Committee increased the base salary of each of our Named Officers to maintain base salary around the median of our peers.

Employee Incentive Compensation Program

EICP Award Targets

Our EICP is an annual cash incentive program which provides guidelines for the calculation of annual cash incentive based compensation. The EICP program is intended to focus on and reward achievement of near term financial, operating and strategic priorities that we believe drive long-term value for unitholders. The Committee reviews peer data and internal parity in setting EICP award targets and for 2013 set EICP award targets for each Named Officer as a percentage of base salary.

Table of Contents

EICP award targets for our Named Officers in 2013 were set as follows:

Named Officer	% of Base Salary
Mark E. Ellis	100%
Kolja Rockov	90%
Arden L. Walker, Jr.	90%
David B. Rottino	80%
Charlene A. Ripley	80%

Performance Measures

In early 2013, the Committee established 1) targets for quantitative performance measures based on our 2013 budget targets and budget ranges (other than unitholder return) and 2) qualitative strategic pathways designed to align with our strategy and future vision for the Company. To ensure the right level of focus on the quantitative performance measures, the Committee decided to weight the quantitative measures at 65% and the qualitative measures at 35% in the determination of the total EICP payout.

To provide the Committee the flexibility it needs to adjust for and react to macroeconomic events, such as dramatic changes in commodity prices or volatile capital markets, or to consider Company performance not otherwise reflected in the pre-established performance measures, the Committee prefers not to rely on a purely formulaic approach based on pre-established thresholds resulting in automatic payouts. No payment level is guaranteed. The Committee always retains discretion to determine awards as it thinks appropriate given all the circumstances at the time of award. See Actual Results below for the specific 2013 quantitative performance measures and budget targets and the qualitative strategic pathways. To determine the EICP payout levels for 2013, the Committee reviewed 1) the Company s performance on the quantitative performance measures described below, and 2) the Company s progress on and achievement of the qualitative strategic pathways.

Quantitative Performance Measures

For 2013, 65% percent of each Named Officer s EICP Award opportunity was based on the Company s performance with respect to the following measures set at the beginning of 2013:

a) Operations measured by actual production volumes, total cash costs (including lease operating expenses and general and administrative expenses) and cash costs on a per mcfe basis, each as compared to our budget;

b) Ability to Pay Distribution measured by:

1. our cash flow per unit (defined below) compared to our budget for 2013; and

2. our Distribution Coverage Ratio (defined below) as compared to our budget for 2013; and

c) Relative Unitholder Return measured by our total return for fiscal year 2013 compared to that of a peer group of energy master limited partnerships, selected due to management s and the Committee s view that these companies have historically been the peer group we believe analysts and investors follow most closely when comparing our total return. Similar to prior years, the Committee evaluated annual unitholder performance against the following peer group: EV Energy Partners, L.P., Crestwood Equity Partners LP (formerly Inergy, L.P.), Buckeye Partners, L.P., El Paso Pipeline Partners, L.P., Breitburn Energy L.P., Magellan Midstream Partners, L.P. and Nustar Energy L.P.

For purposes of determining performance relative to executive compensation, we define cash flow per unit as our net cash provided by operating activities plus discretionary adjustments considered by the Board (other than discretionary reductions for a portion of oil and natural gas development costs) divided by the number of units outstanding. We define Distribution Coverage Ratio as net cash provided by operating activities plus discretionary adjustments considered by the Board divided by total distributions to unitholders.

23

Table of Contents

In setting the measures in January 2013, the Committee determined that the measures above should be weighted equally because the Committee believed that each was a factor important to the Company s overall performance and none should be given more importance or weight than the others. See Actual Results below for how the Committee actually considered the objectives.

Qualitative Strategic Pathways

The other 35% of the EICP award opportunity was based on our achievement of or progress made on the following qualitative strategic pathways, which were recommended by management and reviewed by the Committee in January 2013:

a) Consistent Operational Results and Execution;

b) Acquisitions Excellence;

c) Culture People Development and Growth; and

d) Access to Capital/Optimizing Capital Structure.

Actual Results

65% of the total EICP award opportunity is allocated to the quantitative performance measures described above. Upon completion of the fiscal year, the Committee reviewed and assessed our performance for each quantitative measure relative to our original budget, and as revised throughout the year (other than unitholder return) and made a subjective determination with respect to the Company s achievement as compared to those metrics.

Results for 2013 were as follows:

	Revised Budget Target*	Revised Budget Range*	2013 Estimated Performance as of January 2014 (1)
Operations			
Volumes (MMcfe/day)	843	780-906	811
Total Cash Costs (Lease Operating Expenses and General and Administrative Expenses) (in millions)	$ 552	$525-$579	$ 530
Cash Costs per Mcfe (Lease Operating Expenses and General and Administrative Expenses) ($/Mcfe)	$ 1.80	$1.93-$1.67	$ 1.79

Ability to Pay Distributions				
Cash Flow/Unit	$	4.67	$4.20-$5.14	$ 4.82
Distribution Coverage Ratio		0.95x	.85x-1.05x	0.98x

* Budget targets and ranges were updated throughout the year to reflect acquisitions and divestitures but do not include the expected impact of the Berry acquisition.

(1) The Committee based its decisions on estimates of 2013 performance available at the January 2014 Committee Meeting. Actual final results were released in the Company s Annual Report on Form 10-K for the year ended December 31, 2013 and the Company s Earnings Release, filed on Current Report on Form 8-K, each filed on February 27, 2014.

Table of Contents

Relative Unitholder Return. The below chart reflects our unitholder return in 2013 compared to what has been a consistent group of energy master limited partnerships over the last one, three and five year periods.

This information was compiled by us using publicly available information. The charts above do not represent the annual performance graph required by Item 201(e) of Regulation S-K, which can be found in Item 5 of our Annual Report on Form 10-K for the year ended December 31, 2013, filed on February 27, 2014.

In reviewing the quantitative measures, the Committee focused on:

1) our exceeding our revised budget targets in cash flow per unit and distribution coverage ratio;

2) our cost reduction efforts resulting in lower than budgeted costs;

3) our lower than budgeted volumes resulting from operational challenges;

4) our negative total unitholder return for 2013; and

5) our current unit price, which had rebounded from lows earlier in the year.

Table of Contents

The Committee then reviewed our performance relative to the qualitative strategic pathways, which comprise the other 35% of the total EICP award opportunity, and determined the following with respect to those objectives:

Objective	Outstanding Results	Positive Results Despite Challenges
Consistent Operational Results and Execution		ü
Acquisitions Excellence	ü	
Culture People Development and Growth	ü	
Access to Capital/Optimizing Capital Structure		ü

In reviewing the qualitative measures, the Committee reviewed examples of our success in each category and focused on:

1) Our ability to execute, close and begin integration of the Berry acquisition despite significant obstacles and challenges, including lengthy regulatory review, the announcement of an informal inquiry by the Securities and Exchange Commission and multiple shareholder class action lawsuits;

2) Our ability to structure innovative methods of financing despite reduced access to capital markets;

3) Our success in lowering costs and maintaining safe and environmentally sound operations; and

4) Our focus on maintaining a strong corporate culture and retaining employees through a challenging period of negative publicity for the Company.

In addition to reviewing the results of the quantitative and qualitative measures with a focus on the above mentioned factors and considering the objectives of the Company s compensation program, the Committee used its subjective discretion and determined that an overall award of 95% of each Named Officer s EICP award target was appropriate.

Generally, the Committee believes that the Company s performance is a reflection of executive officer performance in total. The Committee may, however, apply discretion upward or downward to reflect individual performance. For 2013, the Committee did not make any differentiation in EICP awards due to individual performance; thus each Named Officer received approximately 95% of his or her EICP award target. As an example, Mr. Rockov, whose EICP award target was 90% of his base salary, received an award of approximately 85.5% of his base salary.

Long-Term Incentive Compensation

Our LTIP encourages participants to focus on our long-term performance and provides an opportunity for executive officers and other employees to increase their stake in our company through grants of our units based on a three-year vesting period. Long-term incentive awards benefit the Company by:

enhancing the link between the creation of unitholder value and long-term executive incentive compensation;

maintaining significant forfeitable equity stakes among executives thereby fostering retention; and

maintaining competitive levels of total compensation.

LTIP awards are typically made in January and have been intended primarily as forward looking long-term incentives. In determining the size of the awards generally, the Committee uses peer data as a guide and targets the total value of each grant such that each Named Officer s LTIP award, when combined with base salary and bonus, would place the executives total direct compensation between the median and 75th percentile of similarly situated executives in our compensation peer group, depending on Company performance; however, the Committee also considers our performance in the prior year in determining the ultimate size of the award. The

26

Committee always has discretion to award above the 75th percentile in years where it determines that exceptional performance is achieved and below the median of the peer group in years of poor performance or when economic conditions dictate.

In determining the 2013 individual awards, the Committee considered the industry market data, our performance for the previous year, its subjective evaluation of the individual performances of each Named Officer, the relative responsibilities of each Named Officer role, and how each Named Officer contributed to our achievement of quantitative and qualitative performance measures.

In 2013, the Committee granted all of its awards as restricted units. The Committee believes that granting restricted units results in a simple, straightforward LTIP program and closely aligns the Company with how other energy master limited partnerships are currently using long term incentive awards. Because our Named Officers receive distributions on vested and unvested units at the same rate as all our unitholders, the Committee believes that restricted units closely align management s interests with those of our unitholders, by providing incentive to maintain or increase the level of distributions. Due to the fact that the number of units available under the LTIP was constrained at the beginning of 2013, restricted unit grants to Named Officers were determined in January 2013, but were not made until December 2013 following the approval of an amendment to our LTIP to increase the number of units available for award. Earlier in 2013, when the Committee approved the level of grants to be made, the award levels determined were intended to be above-market awards to recognize the Company s success in 2012. These awards fell in line with the Committee s usual practice of awarding at levels to place total annual compensation between the median and 75th percentile at the time of determination but were below that level when actually awarded due to the unit price on the December grant date. The following table shows the intended value of the January awards, the associated number of units and the actual value of those awards when granted in December 2013.

Named Officer	Value of 2013 Award on Determination Date (1)	Number of Units Awarded	Grant Date Fair Value on December 16, 2013
Mark E. Ellis	$ 6,500,012	177,985	$ 5,245,218
Kolja Rockov	$ 2,500,013	68,456	$ 2,017,398
Arden L. Walker, Jr.	$ 2,500,013	68,456	$ 2,017,398
David B. Rottino	$ 1,500,022	41,074	$ 1,210,451

(1) Value of award on determination date is not the fair value of the award on the determination date of January 23, 2013, but rather is the value calculated by multiplying the number of units awarded to such Named Officer by a $36.52 (the weighted average closing price for the Company s units for 20 days comprised of the last 10 trading days in December 2012 and the first 10 trading days in January 2013), which was the multiplier used by the Company to determine the number of units to award all employees of the Company.

Restricted Unit Awards

For our Named Officers, our Executive Restricted Unit Grant Agreement provides for vesting in equal installments over three years and provides that upon termination of employment with us (a) by the Company other than for Cause, (b) by the officer with Good Reason, or (c) by reason of death, Disability or retirement (as those terms are defined below under the section titled Payments Made Upon Termination Without Cause or For Good Reason), all restrictions lapse and the grant immediately vests in full. Additionally, in the event of a change in control, the grant vests automatically and immediately in full upon the change in control.

Participants, including Named Officers, who receive restricted unit grants under the LTIP receive monthly distributions on all the units awarded (whether vested or unvested), with the units being retained in our transfer agent s custody and subject to restrictions on sale or transfer until vested. The Committee does not include

Table of Contents

amounts received from monthly cash distributions in its calculations of total direct compensation for comparison to our compensation peer group.

Performance Unit Awards

In January 2014, the Committee implemented a new Performance Unit program that was intended to replace 25% of the annual restricted unit award and granted the Named Officers a new award of performance units. Our Executive Performance Unit Grant Agreement provides for a target number of units that will vest after a predetermined period of time based on the Company s relative unitholder return against a performance peer group of comparably sized energy industry master limited partnerships. The initial 2014 award vests 50% after two years and 50% three years from the award date. On such vesting dates, the number of units that are actually issued will increase or decrease by a multiplier, which is based on the relative total unitholder return of the Company s units versus the total shareholder return of a peer group of master limited partnerships. The ranking is determined by comparing the change in the trading price of the Company s units during such vesting period plus any distributions during such vesting period against our peers change in the trading price of their equity during such vesting period plus any distributions, during the same vesting period.

The table below describes the payout multipliers (as a percent of the awarded units) associated with LINN s unitholder return rank within the performance peer group:

Performance Ranking	Multiplier
90^{th} percentile or above	200%
80^{th} percentile	175%
70^{th} percentile	