

**LINN**  
**Energy**

NASDAQ:LINE  
NASDAQ:LNCO



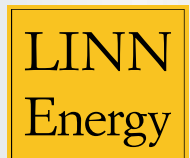
# Exchange Offer for LINE Units

Updated as of April 26, 2016

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## Offer Overview

- *Exchange Offer Announced – March 22, 2016*
- *Extension of Exchange Offer Announced – April 18, 2016*
- *Completion of Exchange Offer Announced – April 26, 2016*



NASDAQ:LINE  
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- ▶ **Offer to exchange each outstanding LINE unit for one LNCO share**
- ▶ **Purpose of the Offer**
  - To permit holders of LINE units to maintain their economic interest in LINE through LNCO
  - Exchange may allow LINE unitholders to avoid future allocations of taxable income and loss, including cancellation of debt income (“CODI”), that could result from future debt restructuring or other strategic transactions by LINE
- ▶ **Participation in the Offer**
  - 103,961,939 LINE units were validly tendered and not withdrawn in the exchange offer<sup>(2)</sup>
- ▶ **The Companies**
  - LINN Energy, LLC (NASDAQ: LINE)
    - Treated as a **partnership** for federal and all relevant state income tax purposes
    - All items of income, gain, loss, deduction and credit of LINE are allocated directly to LINE unitholders and reported on LINE unitholders’ separate returns
  - LinnCo, LLC (NASDAQ: LNCO)
    - Treated as a **corporation** for federal and all relevant state income tax purposes
    - All items of income, gain, loss, deduction and credit of LNCO are reported on LNCO’s separate tax return and are **not** allocated to LNCO shareholders
- ▶ **Expiration**
  - The exchange offer expired midnight (ET), April 25, 2016

(1) The information contained in this presentation is a summary and is qualified in full by reference to the Registration Statement on Form S-4/A filed with the Securities and Exchange Commission (“SEC”) on April 18, 2016 and the final prospectus dated April 26, 2016.

(2) As of April 25, 2016. The ~104 million units validly tendered in the exchange offer represent ~29% of the aggregate number of LINE units outstanding. As of March 31, 2016, LINE had ~355 million aggregate units outstanding.

## Subsequent Offering Period Overview

- *Subsequent Offering Period Announced – April 26, 2016*



NASDAQ:LINE  
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- ▶ **Subsequent Offering Period to exchange each outstanding LINE unit for one LNCO share**
- ▶ **Purpose of the Subsequent Offering Period**
  - To permit remaining holders of LINE units to tender their units to maintain their economic interest in LINE through LNCO
  - Exchange may allow LINE unitholders to avoid future allocations of taxable income and loss, including CODI, that could result from future debt restructuring or other strategic transactions by LINE
- ▶ **Participation in the Subsequent Offering Period**
  - LINN can provide no assurances that LINE unitholders who tender their LINE units during the subsequent offering period will not be allocated some amount of CODI
  - CODI may arise in the same calendar month of the closing of the settlement agreement with certain senior secured second lien holders during the offering period; amounts will likely be only a portion of the total potential CODI
    - For example:
      - April 4, 2016 - LINN entered into a settlement agreement with certain holders of its senior secured second lien notes, some amounts of CODI may arise upon the closing of this agreement
      - If LINN seeks protection under Chapter 11 of the U.S. Bankruptcy Code in May 2016, a more substantial amount of CODI may arise from the final resolution of a bankruptcy plan
  - Because the tax situation of each LINE unitholder is unique, LNCO recommends that LINE unitholders consult their own tax advisor to determine whether it is in that unitholder's best interest to participate
- ▶ **Expiration**
  - The subsequent exchange offer is scheduled to expire midnight (ET), May 23, 2016, unless extended or terminated

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# Evaluating the Options<sup>(1)</sup>

	<b>Continue to Hold LINE Units</b>	<b>Participate in Exchange</b>	<b>Sell LINE Units for Cash</b>
<b>Individual LINE unitholder exposure to CODI?</b>	<b>YES<sup>(2)</sup></b>	<b>NO<sup>(3)</sup></b>	<b>NO<sup>(3)</sup></b>
<b>Up-front taxable event from sale or exchange?</b>	<b>NO</b>	<b>YES<sup>(2)(4)(5)</sup></b>	<b>YES<sup>(2)(5)</sup></b>
<b>Ongoing ownership of LINE?</b>	<b>YES</b>	<b>YES<sup>(6)</sup></b>	<b>NO</b>

1) Please refer to the full table on pages 13 through 15 on the final prospectus filed on April 26, 2016 for further details regarding each option.

2) Holder may have passive losses to offset the tax liability.

3) If exchanged or sold the month prior to a CODI event or the date prior to a debt for equity exchange.

4) Similar to a sale; proceeds will equal the fair market value of LNCO shares.

5) Subject to ordinary income recapture.

6) Indirect ownership through LNCO.

## Selected Q&A About the Offer



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## ▶ **What is CODI?**

- Cancellation of debt income
- An amount that must be reported as ordinary income by the unitholder, potentially increasing the unitholder's tax liability
- The tax liability resulting from allocations of CODI will vary depending on each unitholder's individual tax circumstances

## ▶ **What events will trigger CODI?**

- CODI is potentially recognized when existing LINN indebtedness is reduced, modified or exchanged
- The filing of a petition under Chapter 11 of the U.S. Bankruptcy Code does not itself cause LINE to recognize CODI; however, it is likely that the final resolution of a bankruptcy plan would cause LINE to recognize an amount of CODI, which may be substantial

## ▶ **Does the entry into the Settlement Agreement with certain Second Lien Noteholders on April 4, 2016 trigger CODI?**

- LINE has previously announced that debt restructurings and other strategic transactions implemented by LINE could result in the realization of CODI and would be allocated to the unitholders of LINE
- LINE does not believe that the execution of the settlement agreement will result in the realization of any CODI in April 2016; the completion of the transactions contemplated in the settlement agreement could give rise to CODI



# Selected Q&A About the Offer

(Continued)

## ▶ What is UBTI?

- Unrelated business taxable income
- Income generated by a tax-exempt entity by means of taxable activities where the income is not related to the main function of the entity

## ▶ Is CODI considered UBTI for tax-exempt organizations and retirement accounts (e.g. IRA, ROTH IRA)?

- Yes – CODI is considered 100% UBTI

## ▶ Potential CODI allocation to each outstanding LINE unit

- **2015** – Debt restructuring resulted in ~\$1.7 billion of CODI
- **2016** – If future restructuring of LINE indebtedness results in \$1 billion, \$3 billion or \$5 billion of CODI, then \$2.83, \$8.50 and \$14.17, respectively, of CODI will be allocated to each outstanding LINE unit<sup>(1)(2)</sup>

(1) Based on 352,751,460 LINE units outstanding (excluding unvested restricted units) as of March 18, 2016.

(2) CODI is not itself an additional tax due but is an amount that must be reported as ordinary income by the unitholder, potentially increasing such unitholder's tax liability. The amount of any such tax liability resulting from allocations of CODI will vary depending on each unitholder's individual tax circumstances.

# Selected Q&A About the Offer

## (Continued)

### ▶ Will I have to pay any fee or commission to exchange my LINE units?

- If you are a record owner of your LINE units and you tender these units in the offer, you will not have to pay brokerage fees, commissions or similar expenses
- If you own your LINE units through a broker, dealer, commercial bank, trust company or other nominee and that broker or other such nominee tenders your LINE units on your behalf, your broker or other such nominee may charge a fee for doing so<sup>(1)</sup>

### ▶ What will I receive for my LINE units?

- One LNCO share for each validly tendered LINE unit
- Entitles each LNCO shareholder to the same distribution (if any) per LINE unit, less amount reserved to cover LNCO estimated income tax liability
- Entitles each LNCO shareholder to vote indirectly on any matter submitted by LINE to a vote of its unitholders

### ▶ What happens if I do not tender (exchange) my LINE units?

- You will continue to own LINE units unless you sell or dispose of them in another transaction
- Tax items of income or loss **will** continue to be allocated to you in accordance with the applicable tax rules
- LINE unitholders are highly encouraged to consult their own tax advisors to determine the specific consequences of participating or not participating in the offer

(1) Please consult your broker, dealer, commercial bank, trust company or other nominee to determine whether any charges will apply.

## ▶ How do I tender (exchange) my LINE units?

- The method of exchange depends on how you hold your units:
  - Units held through a broker, dealer, commercial bank, trust company or other nominee
    - Using information provided by your broker, instruct your broker to facilitate tender by book-entry transfer through The Depository Trust Company
  - Units represented by physical certificates (Record Holders)
    - Deliver certificates representing LINE units together with a letter of transmittal and any other documents required by the letter of transmittal, to American Stock Transfer & Trust Company (the “exchange agent”)<sup>(1)</sup> no later than the expiration date
- You **MUST** take affirmative action to exchange your shares

## ▶ Is LNCO “safer” than LINE?

- It is possible that either or both LINN Energy and LinnCo could seek protection under Chapter 11 of the U.S. Bankruptcy Code, and it is possible that LinnCo shares and LINN Energy units could be severely diluted or even eliminated in such proceedings
- You should consult your own investment advisor

(1) Exchange agent address and other procedures for book-entry tender can be found in the Registration Statement on Form S-4/A filed on April 26, 2016.

# Selected Q&A About the Offer

*(Continued)*

▶ **What if I am a LINN employee?**

- Employees who hold vested LINN Energy units can exchange those units through his or her broker, or if held in managed shares at AST/EPS, by executing the Letter of Transmittal sent by AST/EPS
- Unvested LINN Energy units are not eligible for exchange and LINN Energy does not expect any tax impact from CODI on unvested units

▶ **Whom should I call if I have questions about the exchange process?**

- D.F. King & Co., Inc., information agent, toll free at (877) 297-1738 or contact the information agent via e-mail at [linn@dfking.com](mailto:linn@dfking.com)

▶ **LINE unitholders are highly encouraged to consult their own tax or financial advisors to determine the specific consequences of participating or not participating in the offer**

# Forward-Looking Statements and Risk Factors

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This presentation includes “forward-looking statements.” All statements, other than statements of historical facts, included in this presentation that address activities, events or developments that LinnCo expects, believes, targets or anticipates will or may occur in the future are forward-looking statements. These statements include, but are not limited to forward-looking statements about the possible advantages and benefits, tax treatment of the Exchange Offer and the timing of expiration of the Exchange Offer. These statements are based on certain assumptions made by LinnCo based on management’s experience and perception of historical trends, current conditions, anticipated future developments and other factors believed to be appropriate. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond LinnCo’s control, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements. ***You should carefully review the Risk Factors and other disclosure contained in LinnCo’s Registration Statement on Form S-4/A filed with the SEC on April 26, 2016, as well as in LinnCo’s and LINN Energy’s Annual Reports on Form 10-K for the year ended December 31, 2015, each filed on March 15, 2016.***

## IMPORTANT ADDITIONAL INFORMATION FILED WITH THE SEC

This communication is for informational purposes only and is neither an offer to purchase nor a solicitation of an offer to sell the units, nor is it a substitute for the registration statement and the exchange offer materials that LinnCo has filed with the SEC. THE EXCHANGE OFFER MATERIALS (INCLUDING A PROSPECTUS, A RELATED LETTER OF TRANSMITTAL AND CERTAIN OTHER EXCHANGE OFFER DOCUMENTS) CONTAIN IMPORTANT INFORMATION. LINN UNITHOLDERS ARE URGED TO READ THESE DOCUMENTS (AS THEY MAY BE AMENDED FROM TIME TO TIME) CAREFULLY BECAUSE THEY CONTAIN IMPORTANT INFORMATION THAT LINE UNITHOLDERS SHOULD CONSIDER BEFORE MAKING ANY DECISION REGARDING EXCHANGING THEIR UNITS. The Prospectus, the related Letter of Transmittal and certain other exchange offer documents are available to all LINE unitholders at no expense to them. The exchange offer materials are available for free at the SEC’s website at [www.sec.gov](http://www.sec.gov). Additional copies may be obtained for free by contacting LinnCo’s Investor Relations department at (281) 840-4193 or D.F. King & Co., Inc., the information agent for the Exchange Offer, at (877) 297-1738.

