HEDGEYE
RISK MANAGEMENT

June 21st, 2013

Barron's Mailbag
Editorial Department
1025 Connecticut Avenue
Washington, DC 20036

To the Editor:

We read with some interest Leon Cooperman's letter dated June 17, 2013 to Barron's Mail Bag that suggests your reporter Andrew Bary is in the "vise of a small group of unprincipled shorts on LINN Energy." Frankly, as someone who has been professionally short selling stocks for many decades via his firm Omega Advisors, we are surprised that Mr. Cooperman would characterize short research in this manner. We find it unfortunate that the "debate" on LINN Energy ("LINN") has descended to the level of ad hominem accusations, but we believe your readers recognize that such allegations do not change facts.

As it relates to LINN, we can debate and discuss the merits of our analysis and compare our independent valuation to the valuations of investment bankers that stand to get compensated by the consummation of a transaction between Linn Energy and Berry Petroleum. Or, we can simply follow the cash flows.

According to LINN's statement of cash flows in its 2012 10-K, the company generated in total $1,141 million in operating cash flow from 2010 – 2012. In the same time period, LINN spent $1,898 million on capital expenditures excluding acquisitions. So, in aggregate, LINN's free cash flow (at least by the most direct definition of operating cash flow less capital expenditures) was a deficit of $757 million for the period. Despite this free cash flow deficit, LINN was able to pay out $1,429 million in distributions to unitholders from 2010 - 2012.

How is Linn able to pay out substantial, regular distributions despite an operating business that clearly does not support them? This is the fundamental question our research asks, and we believe that it is primarily via financial engineering, capital raises and serial acquisitions. Sooner or later either LINN will run out of money to fund acquisitions, or it will run out of targets to acquire. This seems obvious.

Like Mr. Cooperman, we too have spent years on Wall Street. Thus, we recognize that there are multiple interlocking interests at stake over the pending $4 billion acquisition of Berry Petroleum. Contrary to certain allegations that have been fired across our bow in the media, Hedgeye Risk Management does not manage any money, nor have we undertaken any research on LINN "on assignment" or at the behest of any firm or individual. Further, in the spirit of transparency, we have invited the management teams of both LINN Energy and Berry Petroleum to review our work.

HEDGEYE RISK MANAGEMENT LLC 111 WHITNEY AVENUE NEW HAVEN, CT 06510

HEDGEYE
RISK MANAGEMENT

We are convinced that LINN's distribution is ultimately at risk, though we admit it could stay intact for some time. But we believe those ~80% of LINN shareholders that are retail in nature and don't have the crack research team of a major hedge fund like Omega Advisors should have access to analytical work that discusses what may be meaningful risks to their investment.

Hedgeye Risk Management stands behind its work on LINN Energy. As with our work in the past, we believe we have been thorough in our analysis. We are confident that we are right, and we have yet to see any data and/or analyses that refute our arguments.

Feel free to contact us with questions.

Kind regards,

Daryl G. Jones
Director of Research
Hedgeye Risk Management
djones@hedgeye.com