Barclays Capital High Yield Bond and Syndicated Loan Conference

LINN Energy

NASDAQ:LINE

March 2012

Forward-Looking Statements and Risk Factors

Statements made in these presentation slides and by representatives of Linn Energy, LLC during the course of this presentation that are not historical facts are forward-looking statements. These statements are based on certain assumptions and expectations made by the Company which reflect management's experience, estimates and perception of historical trends, current conditions, anticipated future developments, potential for reserves and drilling, completion of current and future acquisitions, future distributions, future growth, benefits of acquisitions, future competitive position and other factors believed to be appropriate. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company, which may cause actual results to differ materially from those implied or anticipated in the forward-looking statements. These include risks relating to financial performance and results, our indebtedness under our credit facility and Senior Notes, access to capital markets, availability of sufficient cash flow to pay distributions and execute our business plan, prices and demand for natural gas, oil and natural gas liquids, our ability to replace reserves and efficiently develop our current reserves, our ability to make acquisitions on economically acceptable terms, regulation, availability of connections and equipment and other important factors that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. See "Risk Factors" in the offering memorandum relating to this offering and the Company's 2011 Annual Report on Form 10-K and any other public filings. Linn Energy undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information or future events. The market data in this presentation has been prepared as of March 16, 2012.

LINN Energy

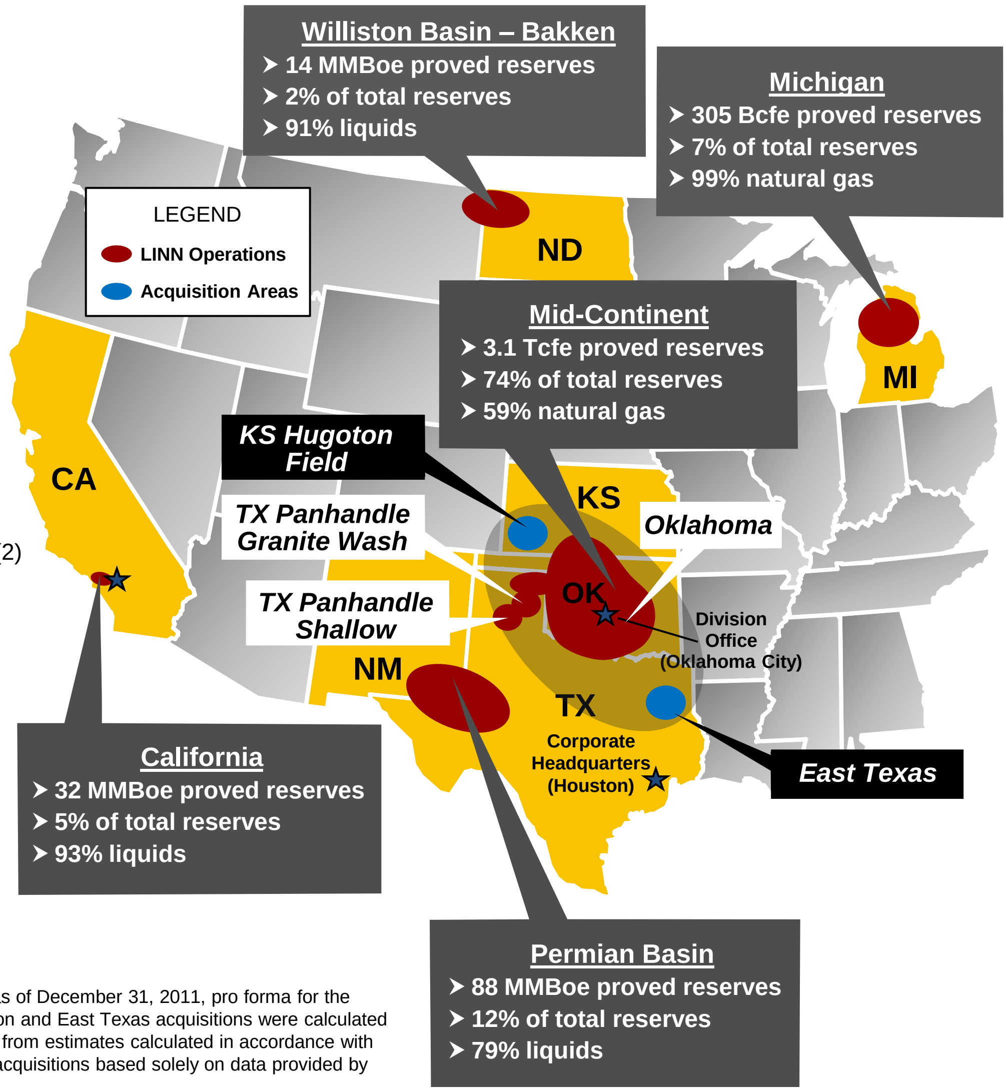
NASDAQ:LINE

The power of STABILITY and GROWTH

LINN Energy's mission is to acquire, develop and maximize cash flow from a growing portfolio of long-life oil and natural gas assets.

LINN Overview

- **8th largest public MLP/LLC and 12th largest domestic independent oil & natural gas company(1)**
  - Founded in 2003, IPO in 2006 (NASDAQ: LINE)
  - Equity market cap $7.7 billion
    Total net debt $4.6 billion
    Enterprise value $12.3 billion(1)
- **Large, long-life diversified reserve base**
  - ~4.2 Tcfe total proved reserves
  - 65% proved developed
  - 46% oil and NGLs / 54% natural gas
  - ~21 year reserve-life index
  - >14,000 gross productive oil and natural gas wells(2)
- **Large inventory of low risk and liquids-rich development opportunities**
  - Kansas Hugoton – >800 locations
  - Granite Wash – ~600 horizontal locations
  - Wolfberry – ~400 locations
  - Bakken – ~800 horizontal locations(3)
  - Cleveland – ~165 horizontal locations



Note: Market data as of March 16, 2012 (LINE closing price of $38.49). All operational and reserve data as of December 31, 2011, pro forma for the pending Hugoton and East Texas acquisitions. Estimates of proved reserves for the pending Hugoton and East Texas acquisitions were calculated as of the effective date of the acquisitions using forward strip oil and natural gas prices, which differ from estimates calculated in accordance with SEC rules and regulations. Estimates of proved reserves for the pending Hugoton and East Texas acquisitions based solely on data provided by seller. Source: FactSet.

(1) Equity market capitalization and enterprise values pro forma for 19.6 million unit offering and $1,800 million notes offering.
(2) Well count does not include ~2,500 royalty interest wells.
(3) Average working interest of ~7%.

LINN Energy

MLP and Independent E&P Rankings

- LINN is quickly becoming one of the largest MLP and independent E&P companies
  - 8th largest public MLP/LLC; and
  - 12th largest domestic independent oil & natural gas company

Rank	Master Limited Partnership	Enterprise Value ($MM)
1	Enterprise Products Partners L.P.	$59,429
2	Kinder Morgan Energy Partners, L.P.	$40,921
3	Williams Partners L.P.	$25,536
4	Energy Transfer Partners, L.P.	$19,230
5	Plains All American Pipeline, L.P.	$18,461
6	ONEOK Partners, L.P.	$16,249
7	Enbridge Energy Partners, L.P.	$14,030
8	**Linn Energy, LLC**	**$12,337**
9	El Paso Pipeline Partners, L.P.	$11,124
10	Magellan Midstream Partners, L.P.	$9,925
11	Boardwalk Pipeline Partners, L.P.	$8,913
12	Buckeye Partners, L.P.	$8,227
13	MarkWest Energy Partners, L.P.	$7,972
14	NuStar Energy L.P.	$6,430
15	Cheniere Energy Partners, L.P.	$6,135
16	Regency Energy Partners L.P.	$5,737
17	Chesapeake Midstream Partners, L.P.	$5,481
18	Sunoco Logistics Partners L.P.	$5,456
19	Targa Resources Partners L.P.	$5,347
20	AmeriGas Partners, L.P.	$4,823
21	Teekay LNG Partners L.P.	$4,686
22	Western Gas Partners, L.P.	$4,655
23	Inergy, L.P.	$3,780
24	Spectra Energy Partners, L.P.	$3,756
25	Natural Resource Partners, L.P.	$3,266

Rank	Independent E&Ps	Enterprise Value ($MM)
1	Occidental Petroleum Corp.	$83,666
2	Anadarko Petroleum Corp.	$55,618
3	Apache Corp.	$50,031
4	EOG Resources Inc.	$35,817
5	Devon Energy Corp.	$32,516
6	Chesapeake Energy Corp.	$31,276
7	Noble Energy Inc.	$20,286
8	Continental Resources Inc. Oklahoma	$17,451
9	Pioneer Natural Resources Co.	$15,714
10	Southwestern Energy Co.	$13,384
11	Concho Resources Inc.	$12,671
12	**Linn Energy, LLC**	**$12,337**
13	Range Resources Corp.	$12,053
14	Denbury Resources Inc.	$10,226
15	EQT Corp.	$9,417
16	Plains Exploration & Production Co.	$9,096
17	Whiting Petroleum Corp.	$8,344
18	Cabot Oil & Gas Corp.	$7,932
19	Newfield Exploration Co.	$7,820
20	Cimarex Energy Co.	$7,401
21	QEP Resources Inc.	$7,394
22	SandRidge Energy Inc.	$7,048
23	SM Energy Co.	$5,991
24	Ultra Petroleum Corp.	$5,689
25	Berry Petroleum Co. Cl A	$4,136

(1) Market data as of March 16, 2012 (LINE closing price of $38.49).
(2) LINE enterprise value calculated pro forma for announced 2012 acquisitions, 19.6 million unit offering, and $1,800 million notes offering.
Source: Bloomberg.

Strategic Rationale - BP Hugoton Acquisition

Strategic Rationale	
Liquids-Rich	• Liquids-rich production of ~110 MMcfe/d • 37% NGLs / 63% natural gas
Excellent MLP Asset	• Low decline rate of 7% • Reserve life of 18 years • Proved reserves of ~730 Bcfe, with 81% PDP
Platform For Growth	• >800 future drilling locations on over 600,000 contiguous acres • Potential for production optimization and cost savings • ~500 identified recompletion opportunities in the Chase formation
Strategic-Fit With LINN's Business Model	• Immediately accretive to distributable cash flow per unit • Little requirement for capital investment • Steady stream of predictable cash flow

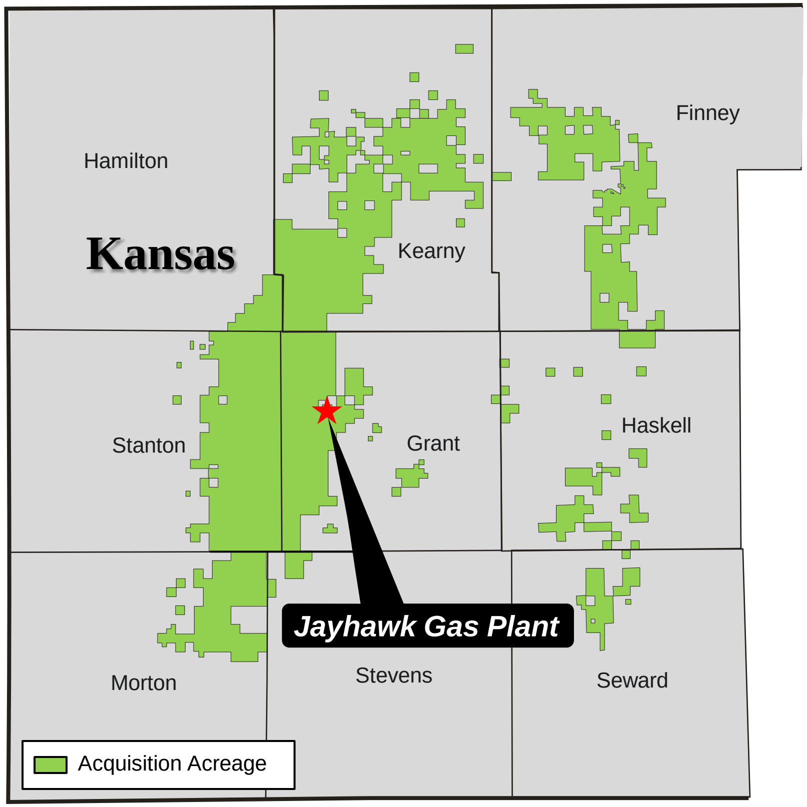
Pending Hugoton Acquisition

Acquisition Overview(1)

- Purchase price: $1.2 billion (2)
- 2012 estimates for BP Hugoton assets(3)
  - EBITDA of ~$160 million
  - Maintenance capital of $30-$40 million
- Expected closing date on or before March 30, 2012(4)

Asset Overview(1)

- ~110 MMcfe/d of liquids-rich production
  - 63% natural gas / 37% NGLs
- Low decline rate of 7% and reserve life of 18 years
- Proved reserves of ~730 Bcfe, highly developed with 81% PDP
- ~2,400 operated wells and >600,000 contiguous net acres
- >800 future drilling locations
- ~500 identified recompletion opportunities in the Chase formation
- 100% ownership of Jayhawk Gas Plant with processing capacity of 450 MMcf/d
  - Significant excess capacity; currently 41% utilized
  - Constructed in 1998; one of the most efficient processing plants in the basin



(1) Reserve and production data provided by seller; no reserve report available.
(2) Based on contract price.
(3) LINN Energy, LLC estimate.
(4) Subject to closing conditions.

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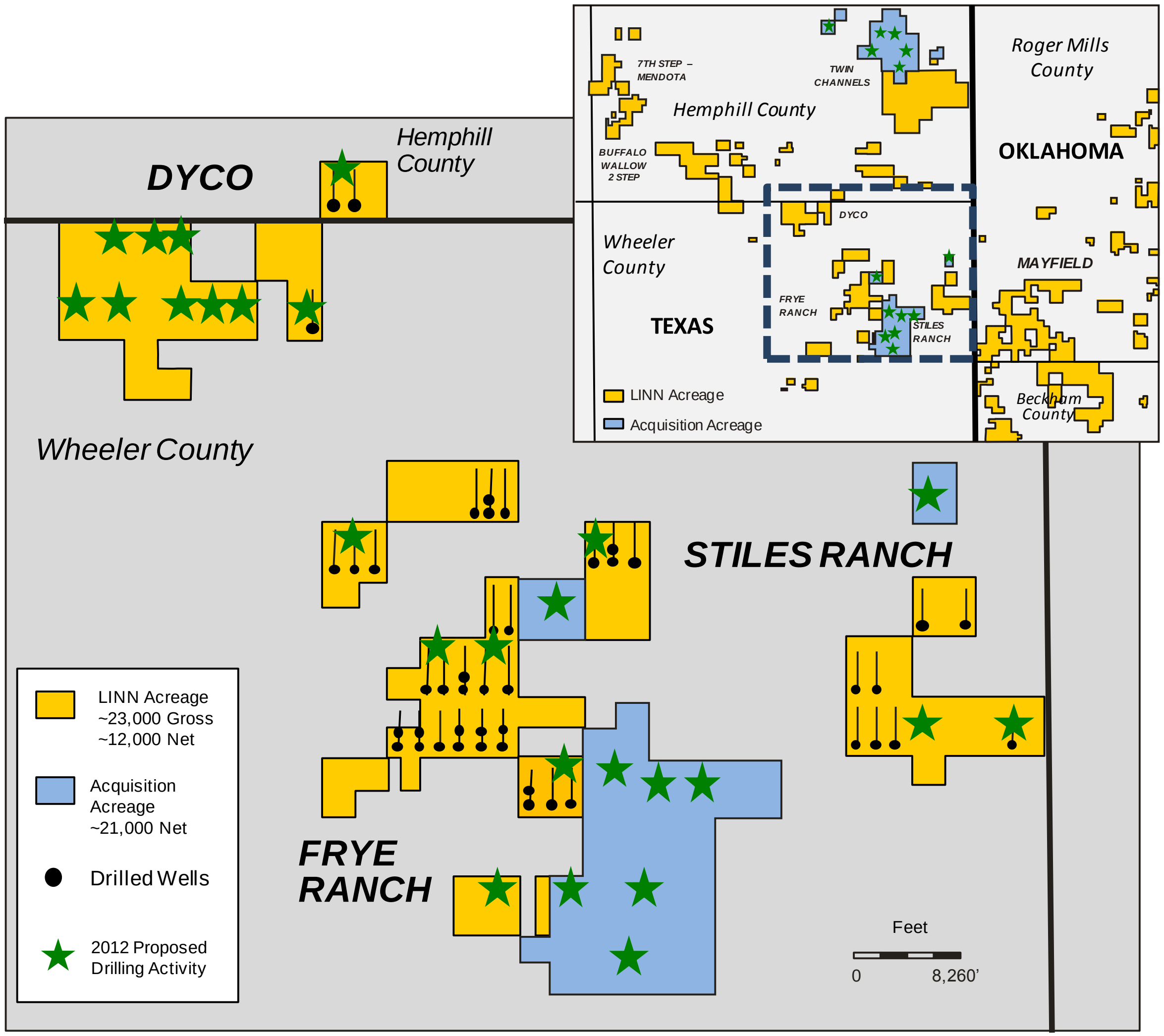
Granite Wash – Operated Horizontal Drilling Activity (Greater Stiles Ranch)



- **Over 600 horizontal locations**
- **29 operated wells drilled in 2011**
- **Expect to drill or participate in 75 horizontal wells in 2012**
  - 59 operated wells
  - 16 non-operated wells
- **EURs[(1)]: 6-10 Bcfe**

Well Status	Operated	Non-Operated
Producing	41	30
Drilling	9	1
Waiting on Completion	5	1
Completing	0	1
Total	**55**	**33**

Note: Well data as of 2/15/2012.
(1) EUR estimates do not represent reserves under SEC rules and are speculative and substantially less certain of recovery.

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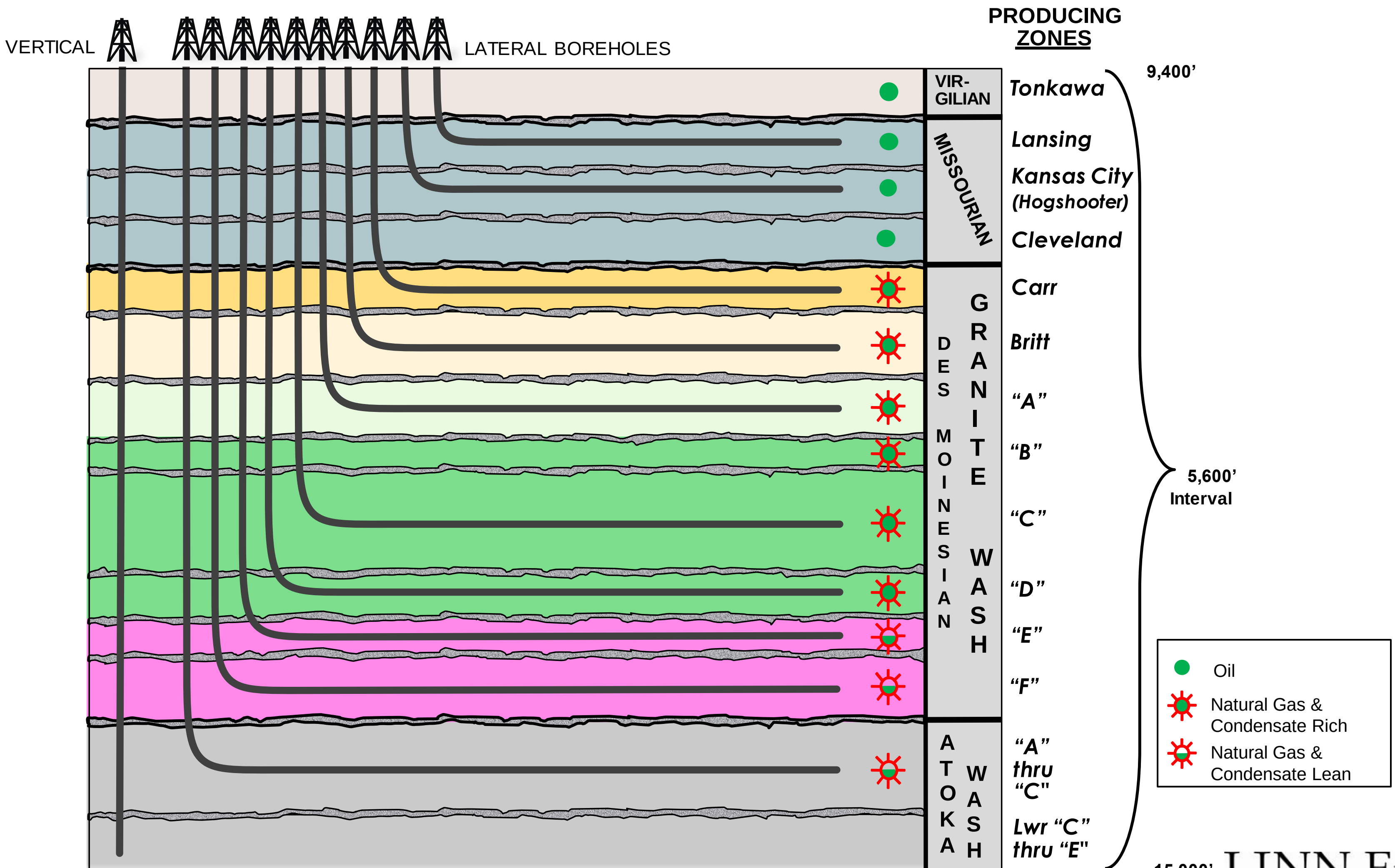
Granite Wash / Atoka Wash Stratigraphy

- Horizontal drilling has significantly changed well results and returns in the Granite Wash



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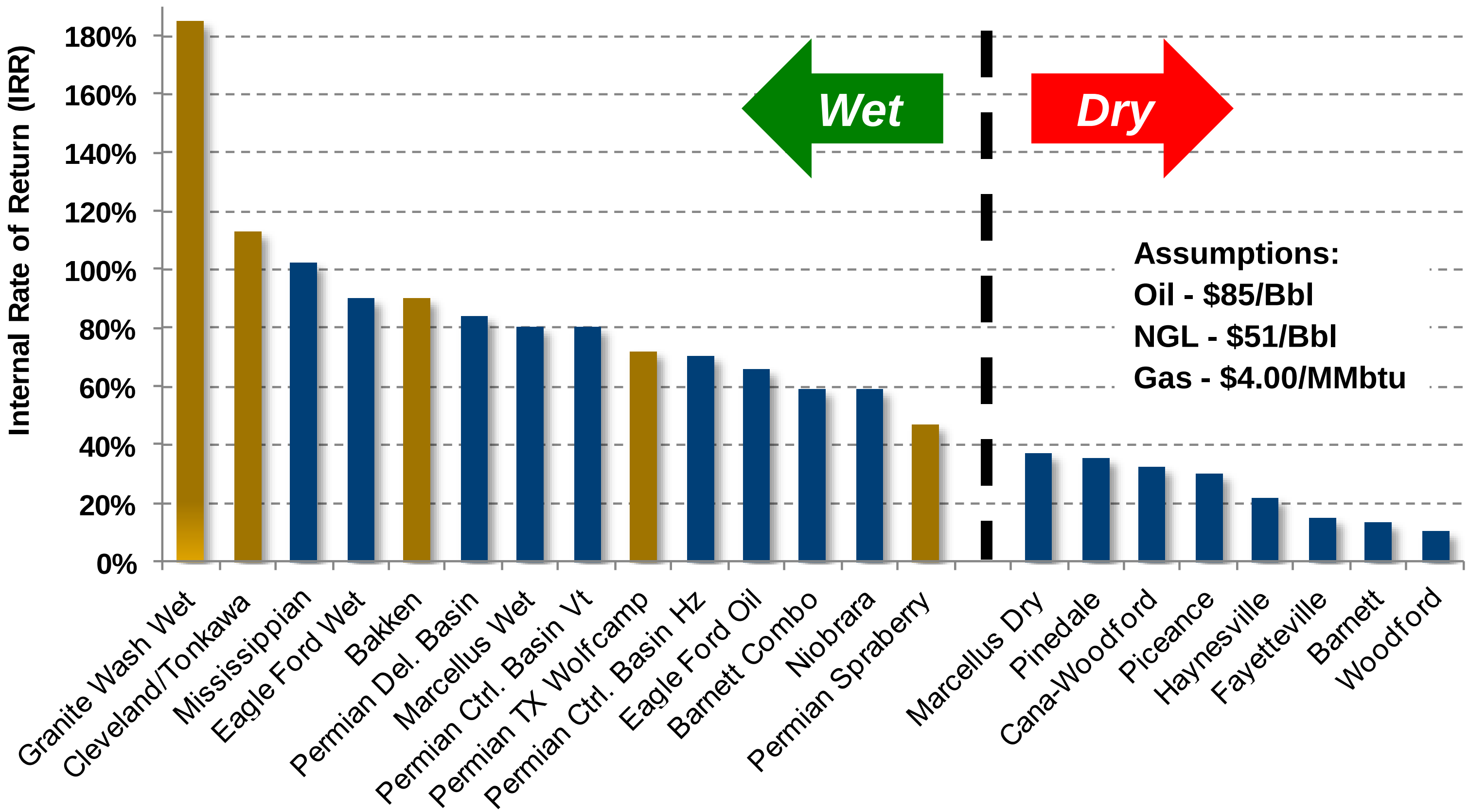
LINN Is Active In Some Of The Highest Return Plays In The U.S.

- **LINN produces from 5 out of 14 liquids-rich plays in the U.S.**
  - Source: Bentek Energy
- **WTI crude oil is trading at a 53:1 ratio compared to natural gas**



Source: Bentek Energy, LLC.

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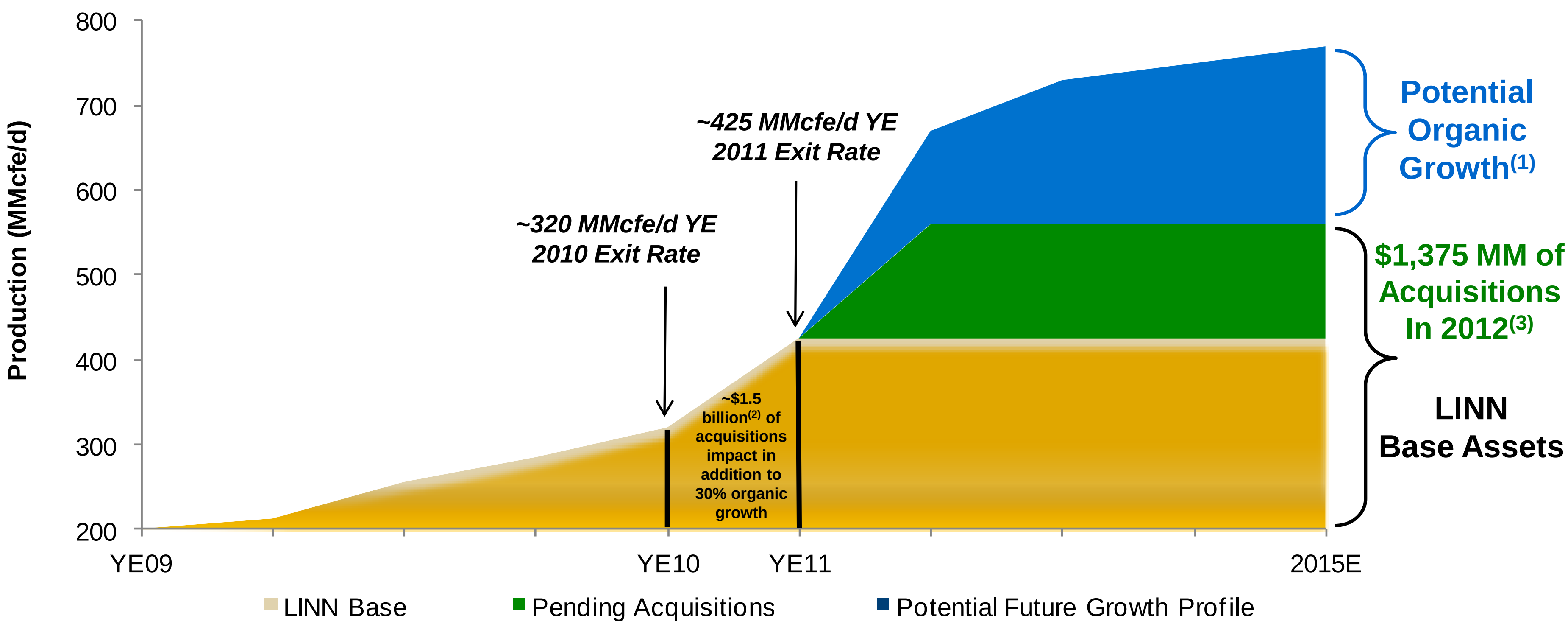
LINN Provides Both Organic & Acquisition Growth

- **LINN is unique in that it provides investors with the potential for significant organic and acquisition growth**

  - **Horizontal Granite Wash**
    - 10 year drilling inventory
    - ~600 high potential, low-risk locations (TX)
  - **Permian Basin (Wolfberry)**
    - 4 year drilling inventory
    - ~400 future drilling locations



(1) Based on the Company's estimated 3-year forward-looking budget and assuming the wells produce at rates consistent with historical average for wells in their respective regions.
(2) Based on total consideration.
(3) Based on contract price for the pending Hugoton and East Texas acquisitions.

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Financial Highlights

- **Excellent acquisition track record**
  - ~$1.4 billion [(1)] in 2010
  - ~$1.5 billion [(1)] in 2011
  - ~$1.4 billion [(2)] in 2012
- **Significant 2012 growth**
  - Year-over-year organic growth of ~20% (2011 vs. 2012E)
  - Pending acquisitions represent approximately ~134 MMcfe/d of incremental production
- **Conservative pro forma balance sheet; positioned for future growth**
  - ~$800 million of equity raised since December 2011 from public and continuous equity offerings [(3)]
  - Significant liquidity and financial flexibility
  - 100% of debt is long-term, fixed-rate
- **Industry leading hedge position**
  - Hedged 100% of expected natural gas production through 2015 at attractive prices
  - Hedged 100% of expected oil production through 2013 at attractive prices
- **Strong interest and distribution coverage**

(1) Based on total consideration.
(2) Based on contract price for the pending Hugoton and East Texas acquisitions.
(3) Includes ~$86 million of equity raised through the Company's continuous equity offering program.

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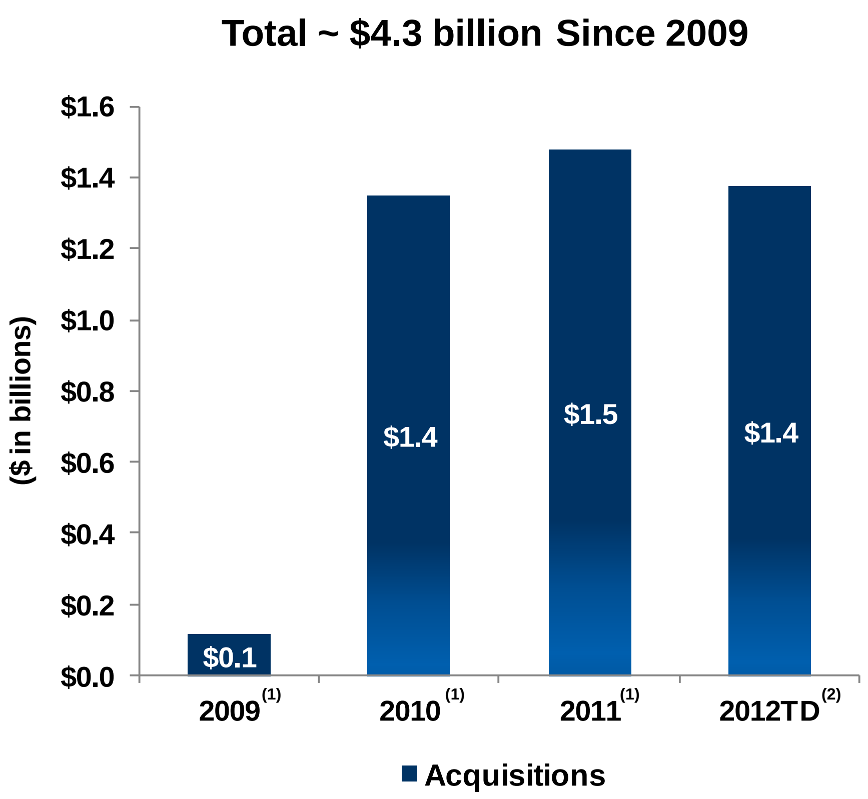
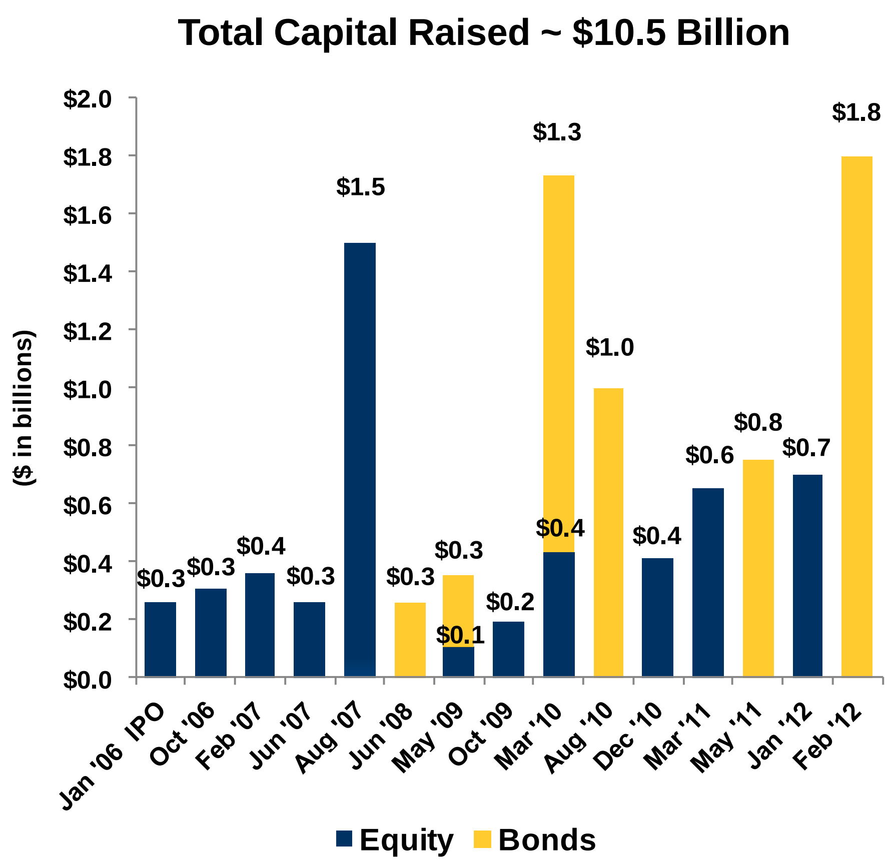
Acquisition and Capital Activity

- Targeted ratio on acquisition financing: 60% equity / 40% debt

Acquisitions



Equity / Bonds Raised



(1) Based on total consideration.
(2) Based on contract price of the pending Hugoton and East Texas acquisitions.

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Significant Liquidity And Financial Flexibility

➤ **LINN is well positioned for future acquisitions and organic growth opportunities**

Credit Profile – as of 12/31/11PF [(1)]

($'s in millions, unless otherwise noted)

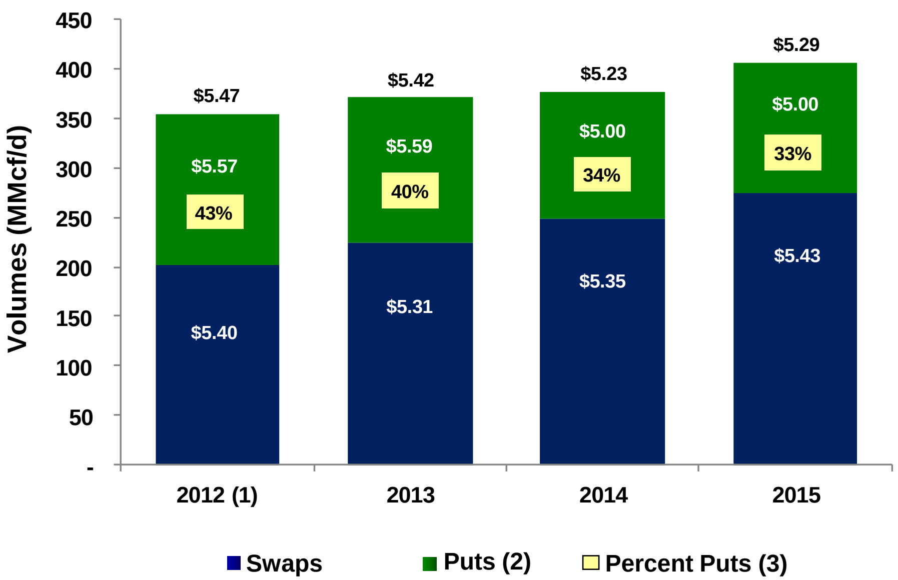
Cash and Cash Equivalents	$190
Long-Term Debt	
Credit Facility	-
11.75% Senior Notes (due 2017), net	$39
9.875% Senior Notes (due 2018), net	14
6.25% Senior Notes (due 2019), net	1,800
6.50% Senior Notes, (due 2019), net	745
8.625% Senior Notes (due 2020), net	1,272
7.75% Senior Notes (due 2021), net	984
Total Debt	**$4,854**
Operating Metrics	
2012E Adj. EBITDA [(2)]	$1,365
2012E Proved Reserves (Bcfe)	4,236
2012E Proved Developed Reserves (Bcfe)	2,753
Credit Statistics	
Net Debt / 2012E Adjusted EBITDA [(2)]	3.4x
Net Debt / Proved Reserves ($ / mcfe)	$1.10
Net Debt / Proved Developed Reserves ($ / mcfe)	$1.69
2012E Adjusted EBITDA / 2012E Interest Expense [(2)]	3.7x

(1) As of December 31, 2011, as adjusted for (i) equity activities including 19.6 million unit offering; (ii) repayment of a portion of amounts outstanding under the revolver from 2012 equity issuances; (iii) repayment of amounts outstanding under the revolver with a portion of the proceeds from the notes offering; and (iv) pending Hugoton and East Texas acquisitions.
(2) Adjusted EBITDA based on full-year 2012 guidance given Feb. 23, 2012 and full year estimated EBITDA contribution from pending Hugoton and East Texas assets.

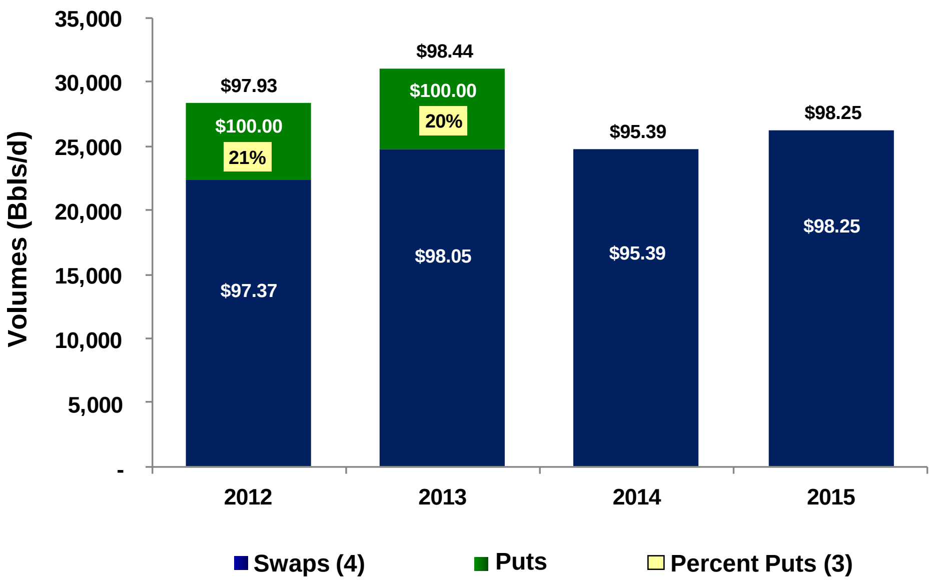
Significant Hedge Position

- **LINN is hedged ~100% on expected natural gas production through 2015; and ~100% on expected oil production through 2013 and ~80% in 2014 and 2015**
- **Puts provide price upside opportunity**

Natural Gas Positions



Oil Positions



Note: Except as otherwise indicated, illustrations represent full-year 2012-2015 hedge positions.
(1) Represents the average daily hedged volume for the period April-December 2012.
(2) Excludes natural gas puts used to hedge NGL revenues associated with pending BP Hugoton acquisition.
(3) Calculated as percentage of hedged volume in the form of puts.
(4) The Company has certain outstanding fixed price oil swaps on 14,750 Bbls of daily production which may be extended annually at a price of $100.00 per Bbl for each of 2016, 2017 and 2018 if the counterparties determine that the strike prices are in-the-money on a designated date in each respective preceding year. The extension for each year is exercisable without respect to the other years.

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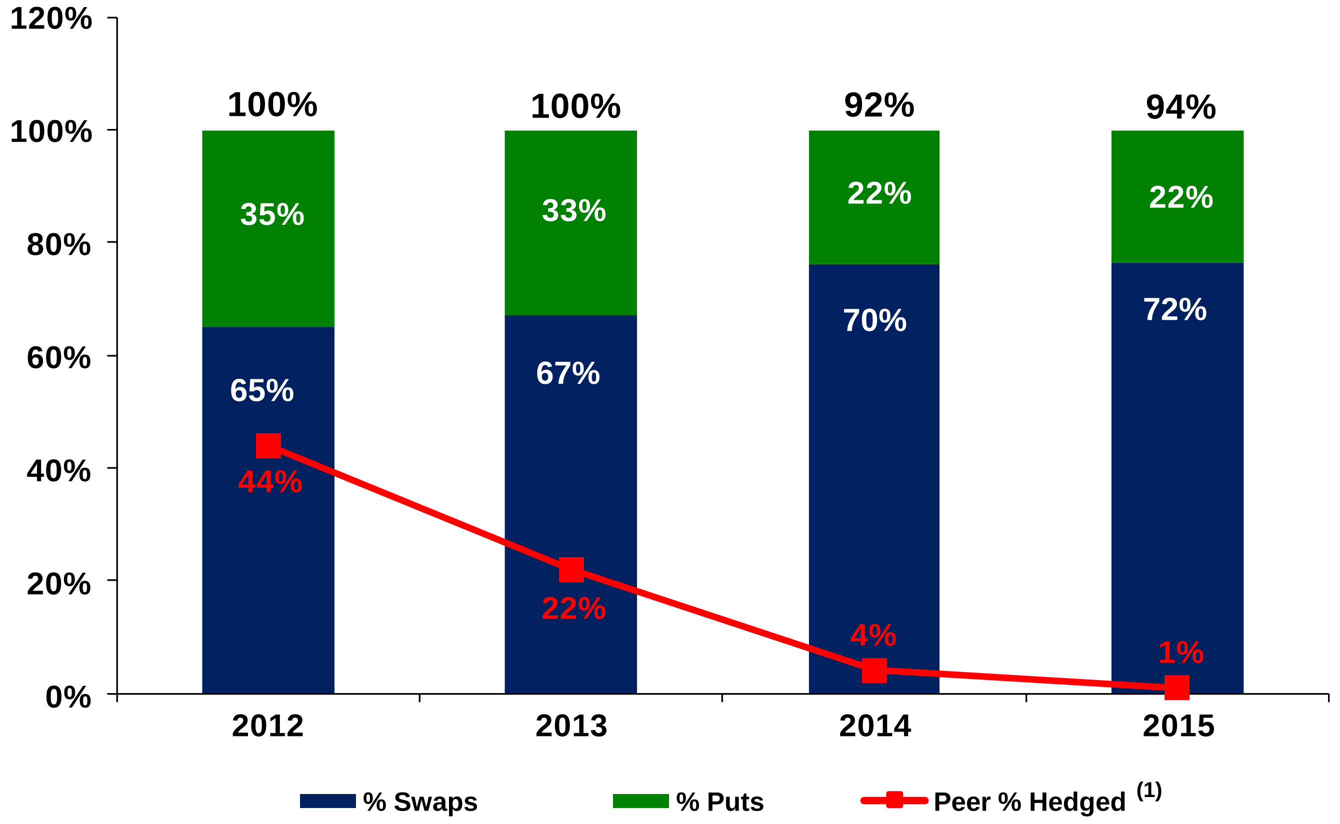
Significant Hedge Position (Equivalent Basis)

- LINN's cash flow is notably more protected from oil and natural gas price uncertainty than its C-Corp peers

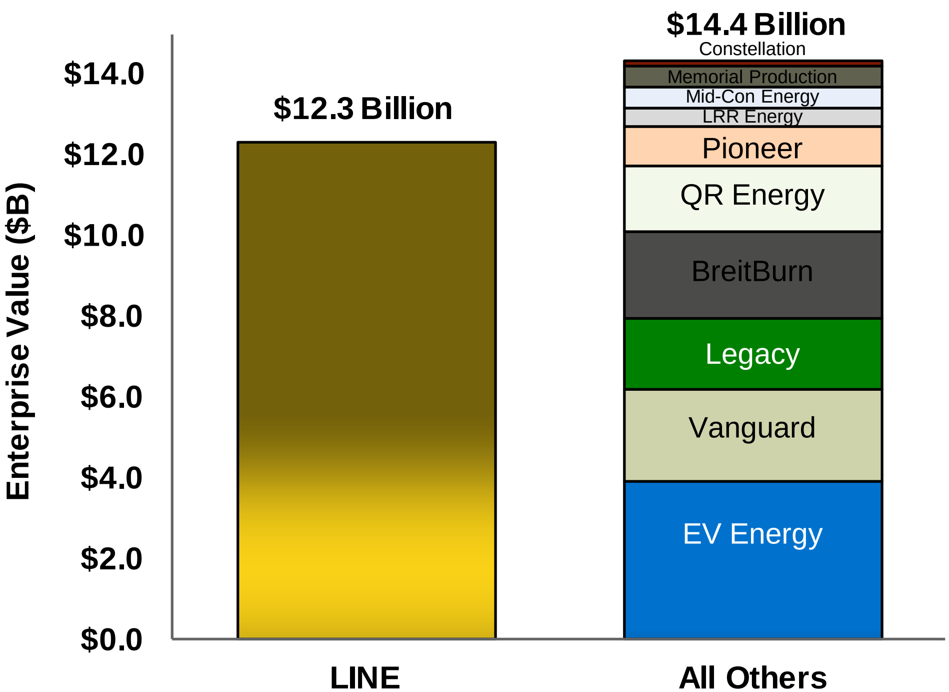


Note: LINN's hedge percentages based on internal estimates.
Excludes NGL production and natural gas puts used to hedge NGL revenues associated with pending BP Hugoton acquisition.
(1) Peer group production based on FactSet research estimates and hedge information based on publicly available sources.
Peers include: CLR, FST, XEC, KWK, NFX, PXD, PXP, RRC, SWN and WLL.

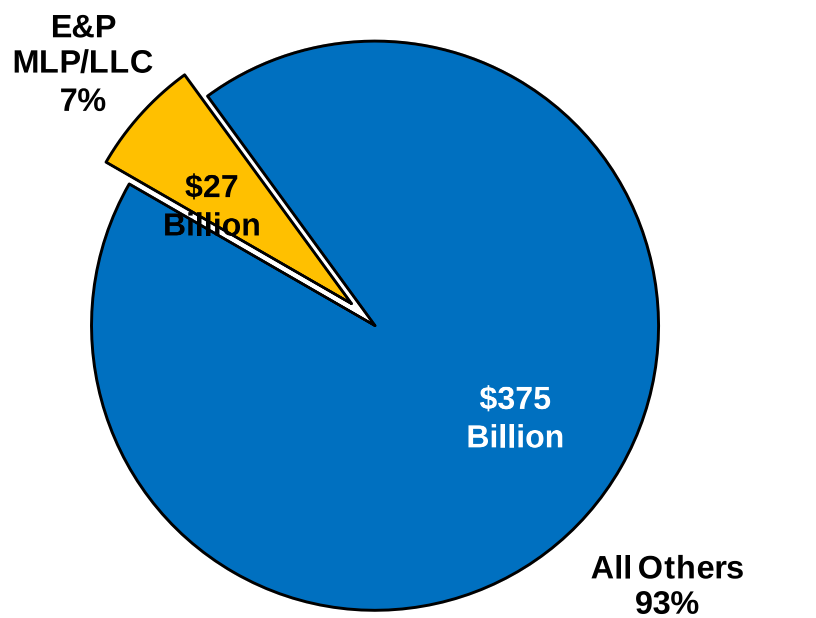
Size Advantage in E&P MLP/LLC Market

- LINN has a significant size advantage in the E&P MLP/LLC market
  - Greater access to capital markets
  - Ability to complete larger transactions
- E&P market presents significantly more acquisition opportunities than rest of MLP market
- E&P Sector has room to grow; $27 billion versus total of all other sectors of $375 billion

LINE vs. Other Upstream MLPs



MLP/LLC Total EV: $402 Billion



Note: Market data as of March 16, 2012 (LINE closing price of $38.49). LINN enterprise value calculated pro forma for 2012 activities, including 19.6 million unit equity offering and $1,800 million notes offering. Source: Bloomberg.

LINN Energy

Why Invest in LINN?

Stable Cash Flows

- **High quality asset base**
  - Multi-year inventory of liquids-rich development opportunities
  - 46% liquids
  - Long-life reserves (~21 years)
  - Diversified asset base (5 core areas / ~13,600 producing wells)
- **Extensive hedge positions; reduced commodity risk**

Growth Drivers

- **Organic growth**
  - Year-over-year organic production growth of ~20% (2011 vs. 2012E)
- **Acquisitions**
  - Excellent acquisition track record (52 transactions for ~$8 billion)
  - ~$1.4 billion(1) of acquisitions completed in 2010
  - ~$1.5 billion(1) of acquisitions completed in 2011
  - ~$1.4 billion(2) of acquisitions announced in 2012

Financial Strength

- **Strong balance sheet**
  - $2.0 billion available on revolving credit facility(3)
- **First in class access to capital; including low cost of equity capital**
- **Excellent credit metrics / conservative financial policy**

Note: All operational and reserve data as of December 31, 2011, pro forma for the pending Hugoton and East Texas acquisitions. Estimates of proved reserves for the pending acquisitions were calculated as of the effective date of the acquisition using forward strip oil and natural gas prices, which differ from estimates calculated in accordance with SEC rules and regulations.

(1) Based on total consideration.

(2) Based on contract price for the pending acquisitions.

(3) As of December 31, 2011, pro forma for 2012 activities, including upsize of credit facility to $2.0 billion, 19.6 million unit offering, pending Hugoton acquisition, and $1,800 million notes offering.

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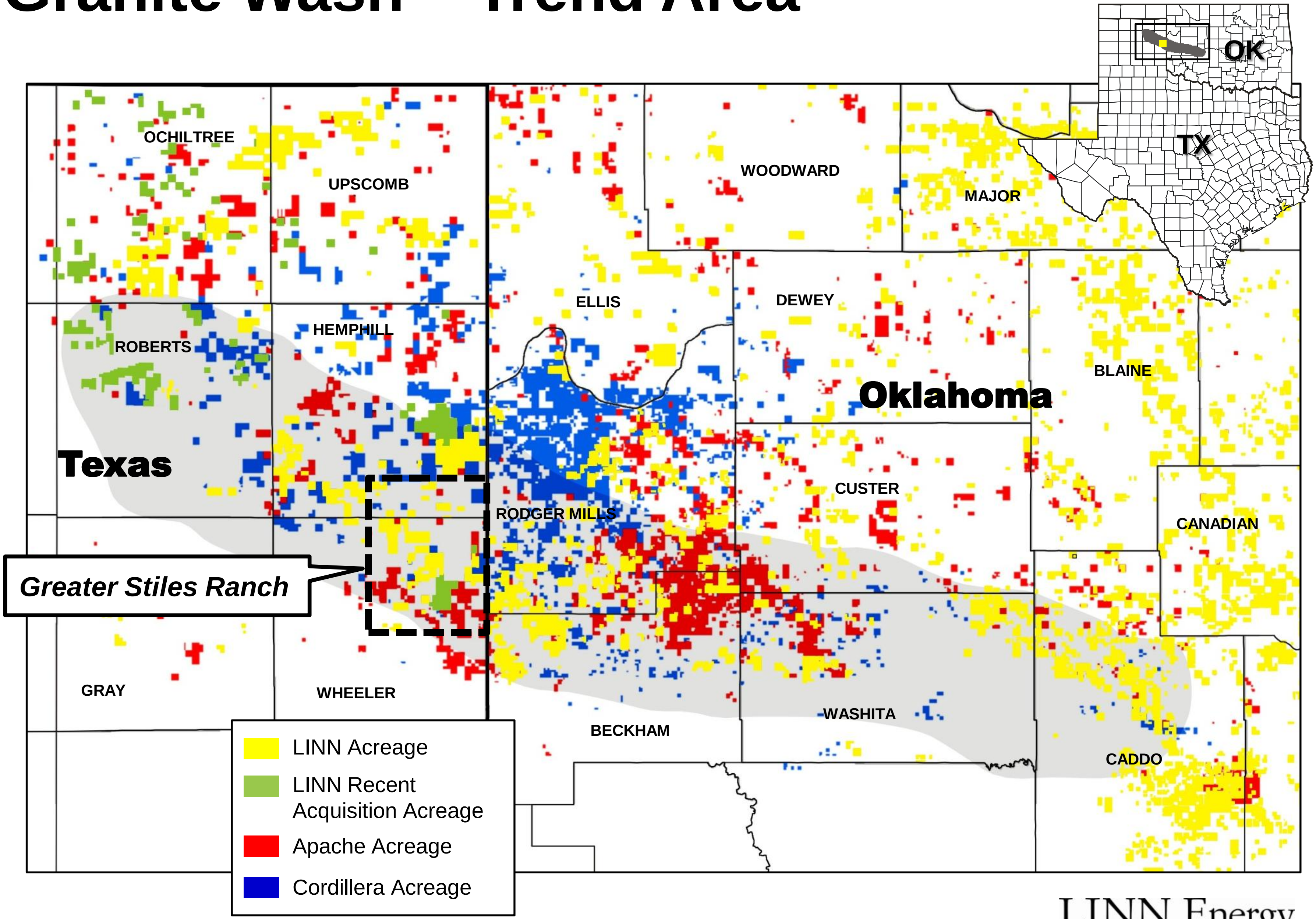
Appendix

Granite Wash – Trend Area



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PXP / Cleveland Vs. Cordillera Deal Metrics

- **The Apache-Cordillera deal value was justified largely by unproven potential in the Tonkawa and Marmaton formations**
  - These opportunities may exist in much of the acreage acquired in the LINN-PXP deal, however they were not valued in the acquisition

Comparison Metrics	LINN - Cleveland	LINN - PXP	Apache - Cordillera
Purchase Price ($MM)[1]	220	517	2,850
Production (Mcfe/d)	16	70	108
Proved Reserves (Bcfe)	~60	~300	429
Total Acres	44,000	60,700	254,000
$(in thousands)/Mcfe/d	13,750	7,386	26,389
$/Mcfe	3.67	1.72	6.64
$/Acre	5,000	8,517	11,220

(1) Contract or adjusted contract price.
Source: Company filings and LINN Energy, LLC data.

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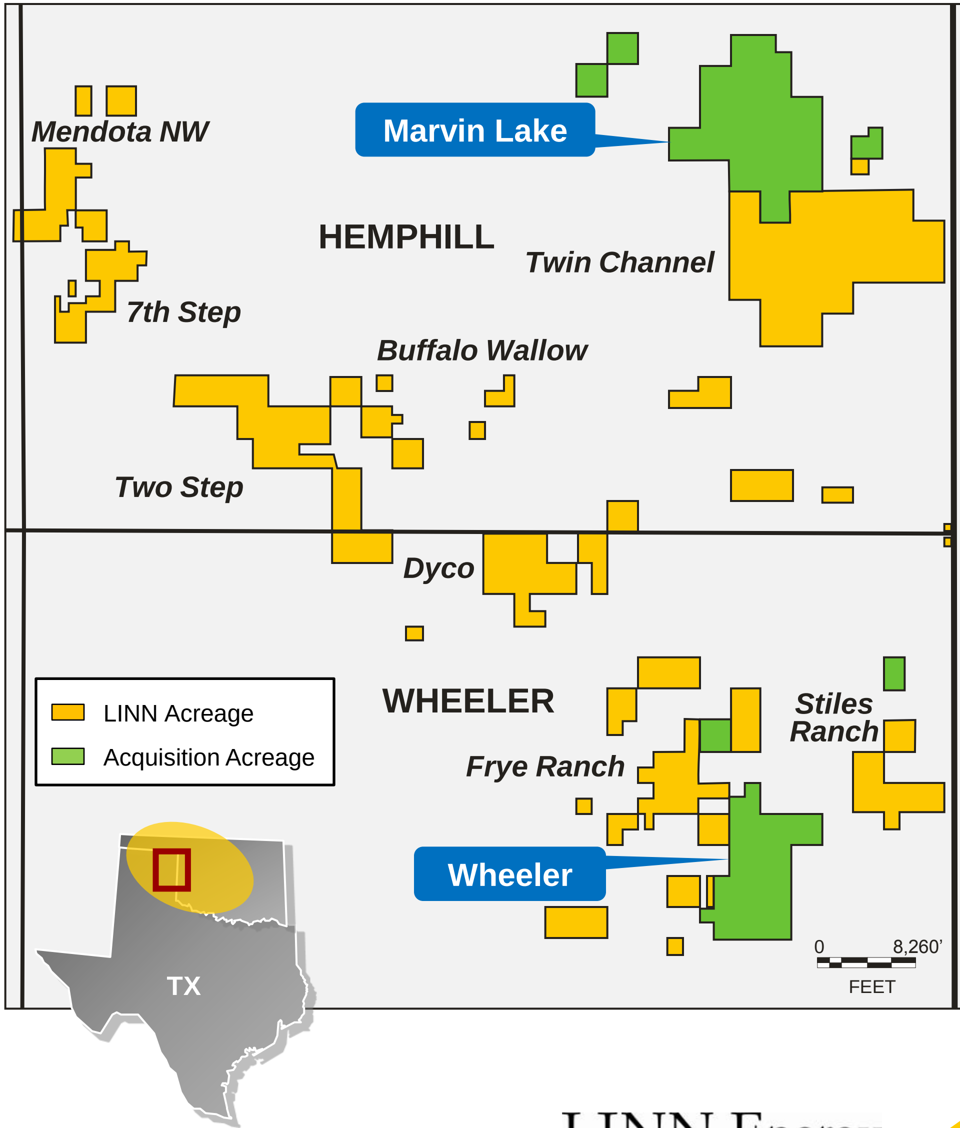
Plains Exploration (PXP) Acquisition

Acquisition Summary

- Closed December 15, 2011
- $544 million[(1)]
- Highly accretive
- Adds more than 200 low-risk Granite Wash locations
- Significantly increases Granite Wash production
  - Net production of approximately ~70 MMcfe/d
  - High-margin natural gas with high Btu content
- Approximately 20,000 Granite Wash net acres (~40,000 net acres outside of Granite Wash)



(1) Based on total consideration.

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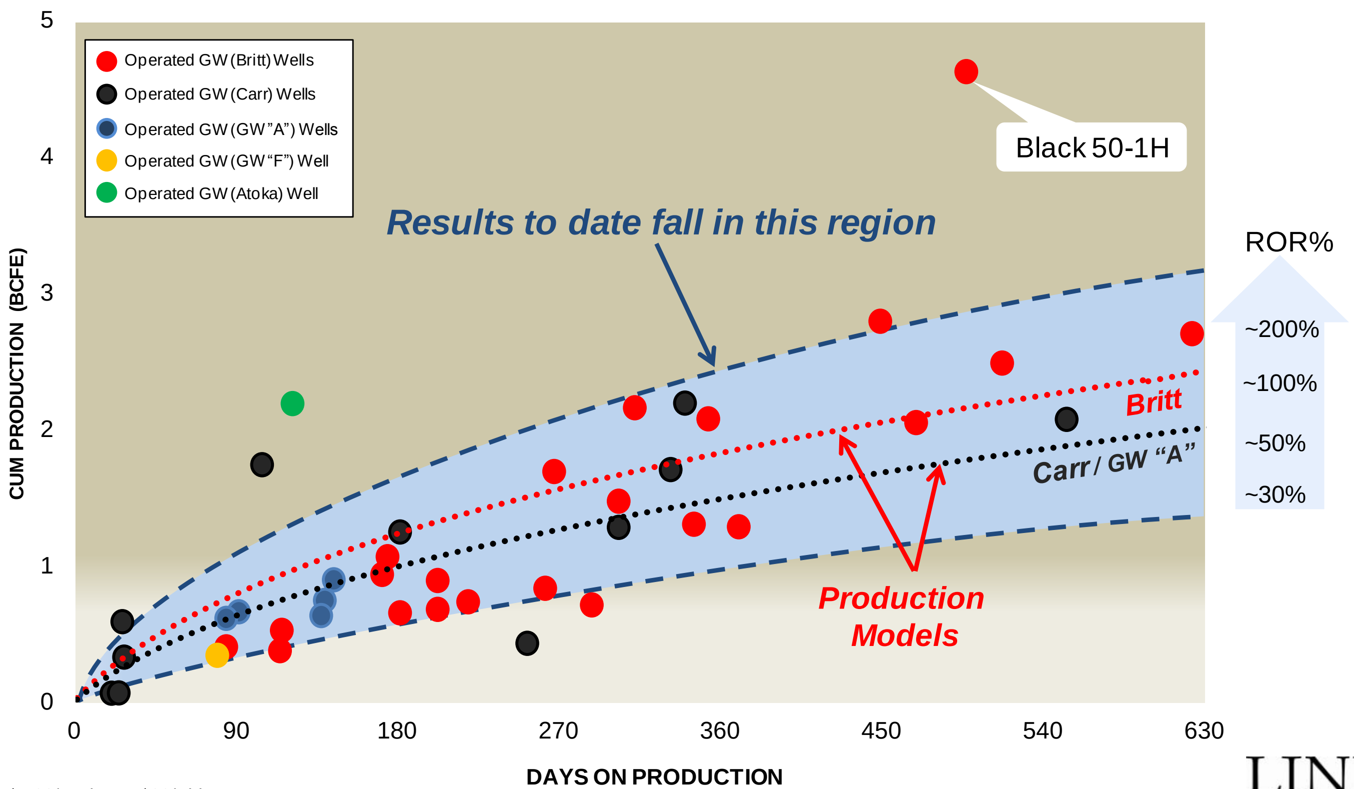
Texas Granite Wash Horizontal Program

- Aggregate program rate of return over 100%
- Graph represents cumulative production performance of LINN-operated Granite Wash wells over time compared to production model
- Relatively narrow band of results indicates repeatability of program
- On average, well results have exceeded production model
- Wells have been completed in 5 separate zones

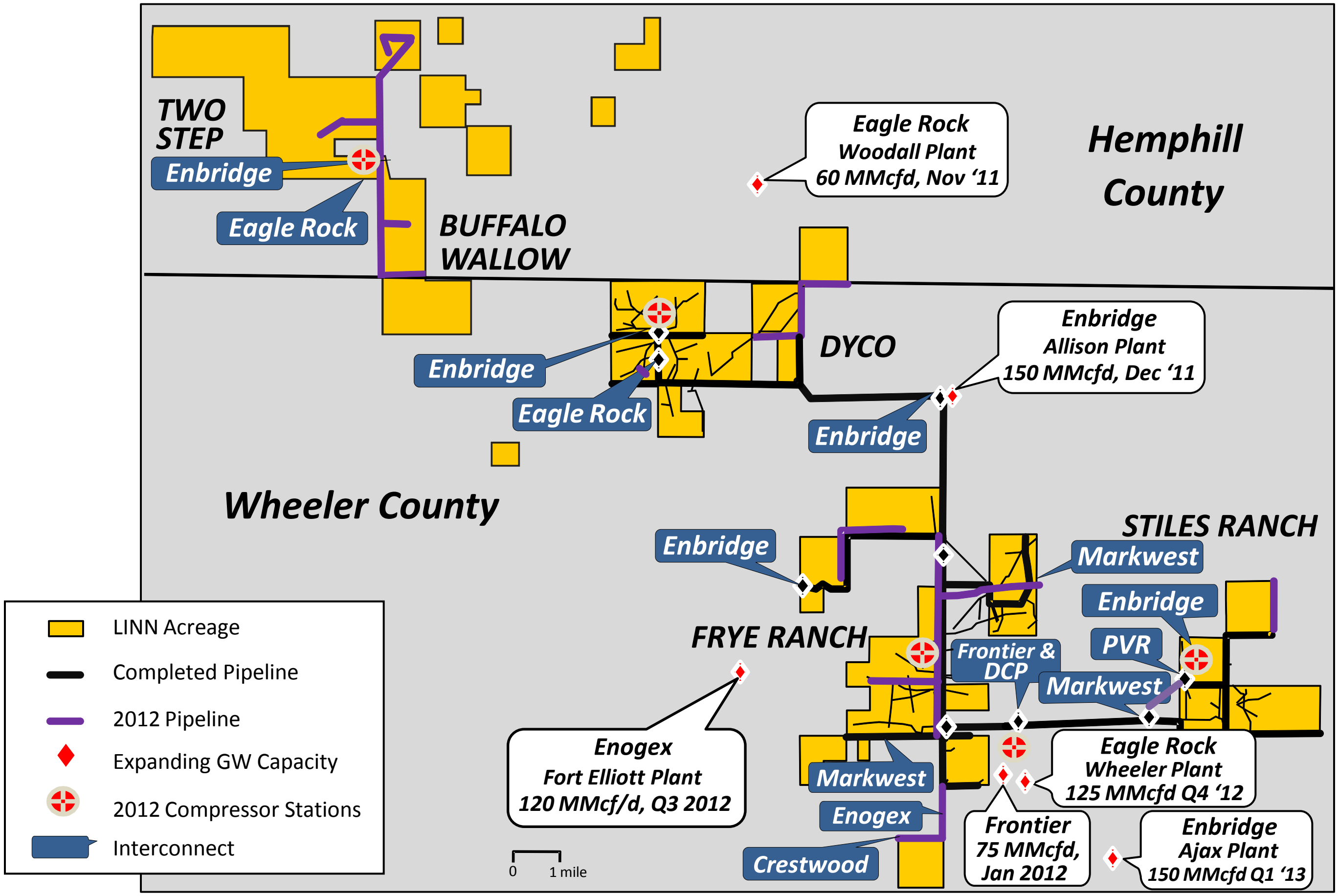
Cumulative Production by Well

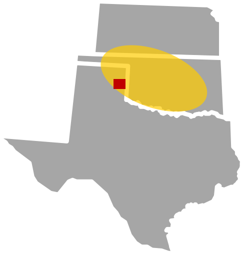


Note: Returns assume $5.00/MMbtu & $90/Bbl.

Ensuring Take-Away Capacity In the Granite Wash

- LINN gathering system in the Granite Wash
  - Constructed 63 miles in 2011
  - Extending 43 miles in 2012
  - Multiple interconnects
  - Exposure to more processing capacity





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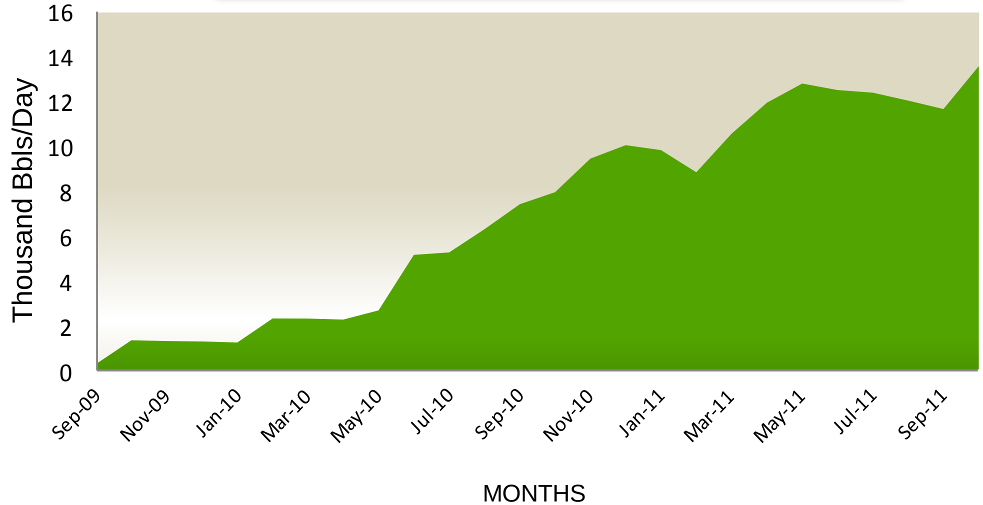
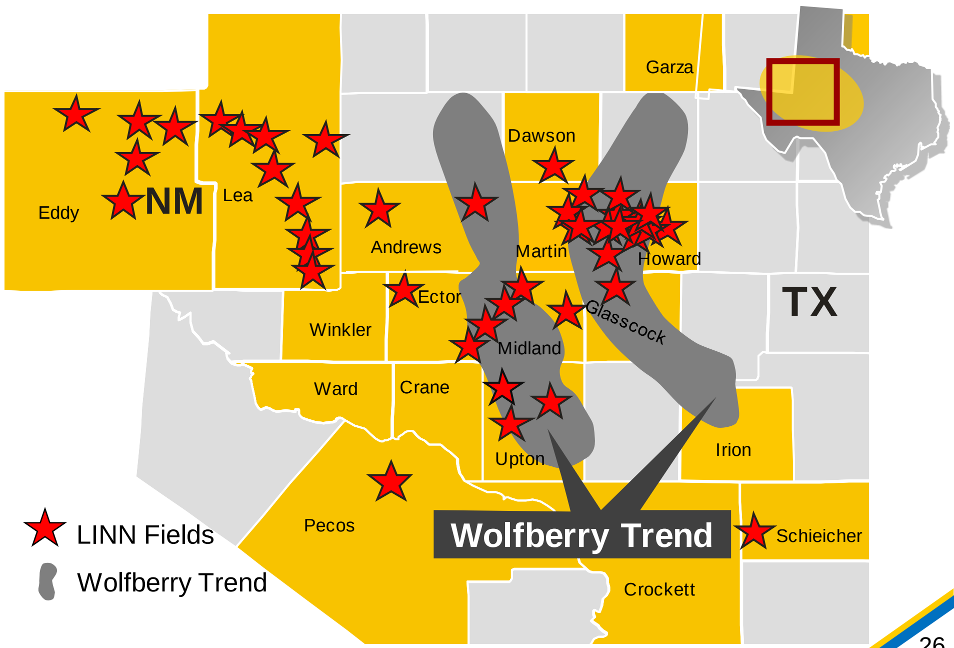
Permian Basin

- **Strategic entry in 2009**
- **Long-life, low-risk reserves**
  - 88 MMBoe proved reserves
  - 79% liquids (~56% proved developed)
  - Production ~13,600 Boe/d[(1)]
  - Reserve life ~18 years
- **Growth opportunities**
  - ~400 proved low-risk infill-drilling and optimization opportunities in the Wolfberry
  - Bolt-on acquisition opportunities
- **Recent activity and average results**
  - IP rates: ~120 Boe/d
  - EURs: ~125 MBoe
  - Rate of returns: ~40%+

Permian Production Growth

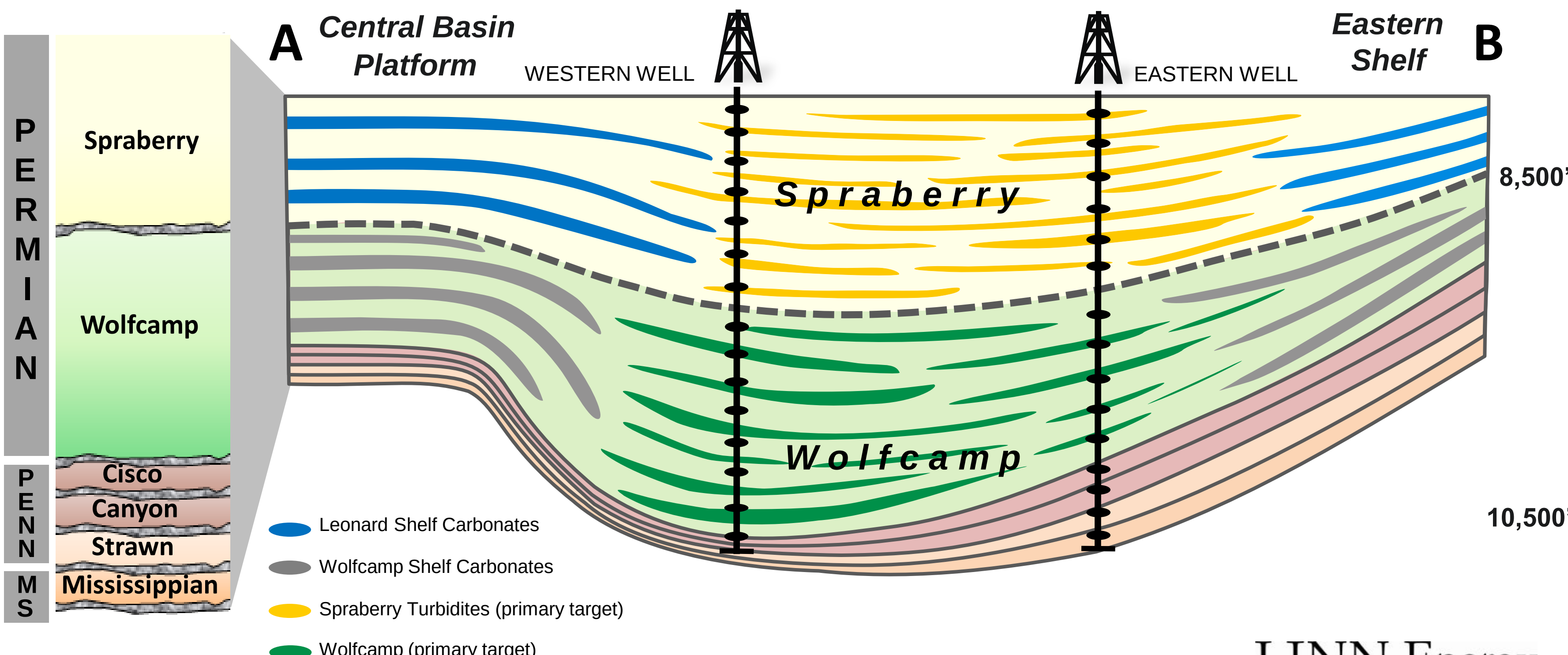




Note: All operational and reserve data as of December 31, 2011.
(1) Average production rate during Q4 2011.

Drilling in the Wolfberry

- Vertical well development
- Multi-stage fracture stimulation
- Emerging horizontal well development
- Targeting deeper zones
- Infill potential



Note: All operational and reserve data as of December 31, 2011.

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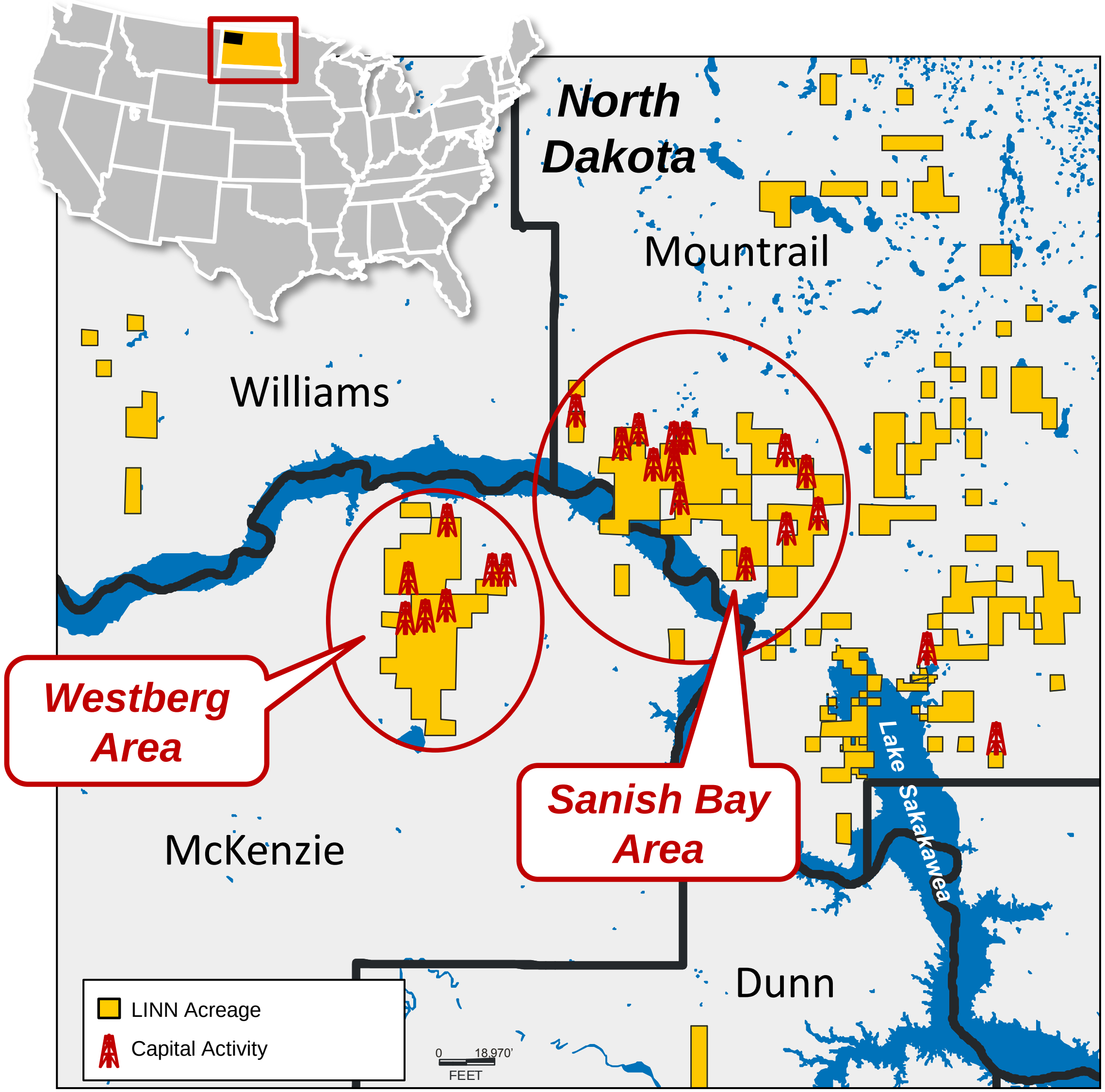
Williston Basin – Bakken Play

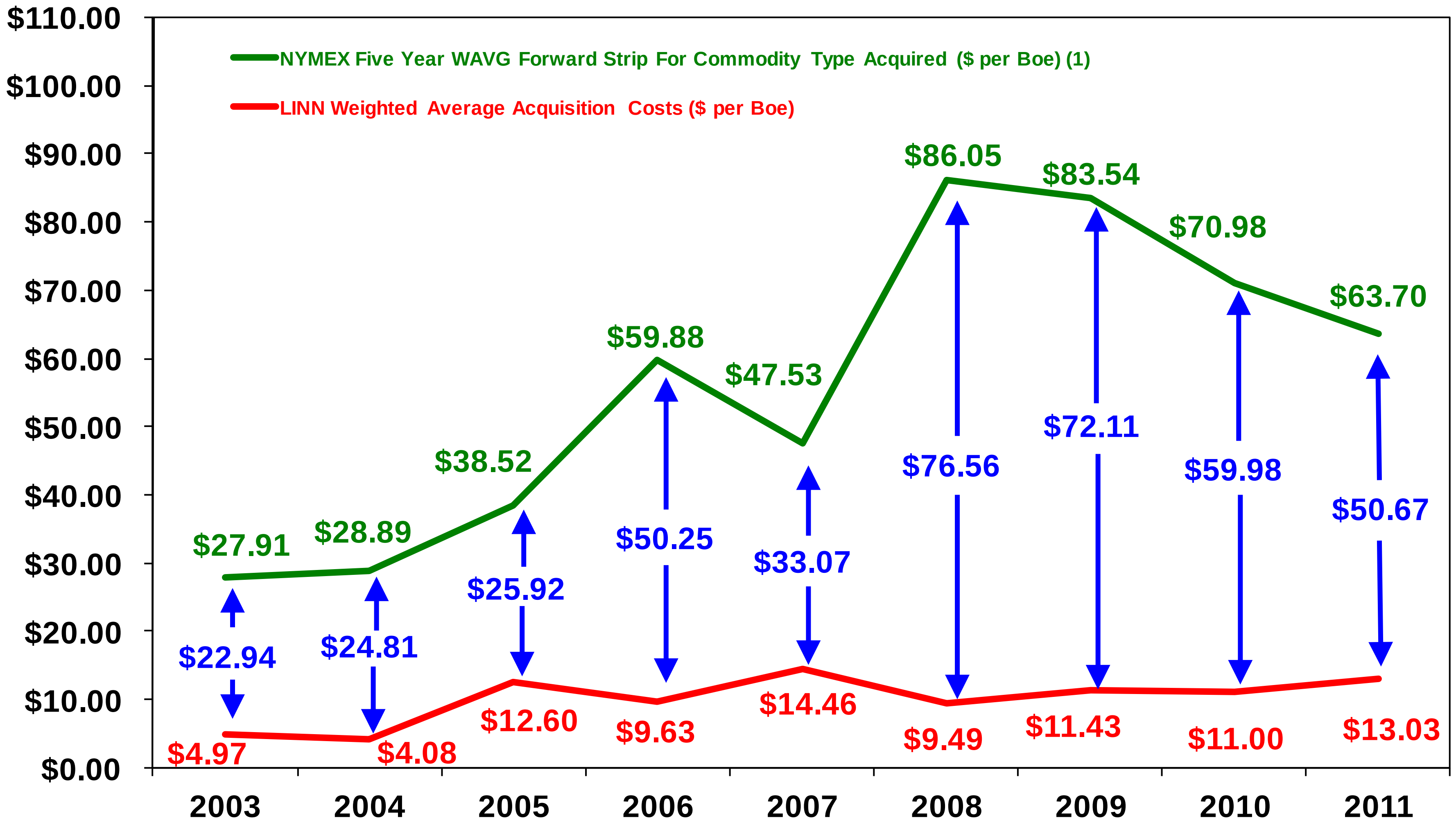
- **Strategic entry into premier oil basin in 2011**
  - Non-operated position with high quality operators
  - Offers high rates of return
  - Significant growth potential
  - Additional consolidation opportunities
- **Current position**
  - ~14 MMBoe proved reserves
  - ~3,500 Boe/d of current production(1)
  - ~17,000 net acres
  - 91% liquids
  - 48% proved developed
  - ~7% average working interest
- **Growth opportunities**
  - ~800 future drilling opportunities
- **Current activity and average results**
  - IP rates: ~1,000 Boe/d
  - EURs: ~500 MBoe
  - Rate of returns: ~50%



Note: Unless noted, all operational and reserve data as of December 31, 2011.
(1) Average production rate as of 4Q 2011.

Capturing Margins Is The Name Of The Game

➤ **Acquisition margins remain strong**



Note: Data does not include pending Hugoton and East Texas acquisitions. Calculation of margins does not include lifting costs.
(1) Represents weighted average blended five year forward oil and natural gas strip prices as of the closing date of acquisitions completed during the year.

LINN Energy

As used herein, "Pro Forma Proved Reserves" represents the sum of (i) the Company's estimated proved reserves as of December 31, 2011, and (ii) the estimated proved reserves to be acquired in the Company's currently pending acquisition.

The following table sets forth certain information with respect to our Pro Forma Proved Reserves for the year ended December 31, 2011.

Region	Pro Forma Proved Reserves (Bcfe)(1)	% Natural Gas	% Proved Developed
Mid-Continent Deep	1,598	67%	49%
Hugoton Acquisition	719	63%	81%
Mid-Continent Shallow	665	25%	70%
Permian Basin	527	21%	56%
Michigan	305	99%	90%
California	193	7%	93%
Williston Basin	82	9%	48%
Total	4,089	52%	64%

(1) Proved reserves for the legacy oil and natural gas assets were calculated on December 31, 2011, the reserve report date, and use a price of $4.12/MMBtu for natural gas and $95.84/Bbl for oil, which represent the unweighted average of the first-day-of-the-month prices for each of the twelve months immediately preceding December 31, 2011. Pro forma proved reserves for the Hugoton Acquisition, which are based on the information provided by the seller, were calculated using a price of $3.86/MMBtu for natural gas and $97.61/Bbl for oil, which represent the unweighted average of the first-day-of-the-month prices for each of the twelve months ending February 1, 2012.

Note: Does not include recently announced East Texas acquisition.

Historical Financial Statements
Reconciliation of Non-GAAP Measures

- The Company defines adjusted EBITDA as net income (loss) plus the following adjustments:
  - Net operating cash flow from acquisitions and divestitures, effective date through closing date;
  - Interest expense;
  - Depreciation, depletion and amortization;
  - Impairment of long-lived assets;
  - Write-off of deferred financing fees and other;
  - (Gains) losses on sale of assets and other, net;
  - Provision for legal matters;
  - Loss on extinguishment of debt;
  - Unrealized (gains) losses on commodity derivatives;
  - Unrealized (gains) losses on interest rate derivatives;
  - Realized (gains) losses on interest rate derivatives;
  - Realized (gains) losses on canceled derivatives;
  - Unit-based compensation expenses;
  - Exploration costs; and
  - Income tax (benefit) expense.
- Adjusted EBITDA is a measure used by Company management to indicate (prior to the establishment of any reserves by its Board of Directors) the cash distributions the Company expects to make to its unitholders. Adjusted EBITDA is also a quantitative measure used throughout the investment community with respect to publicly-traded partnerships and limited liability companies.
- Adjusted net income is a performance measure used by Company management to evaluate its operational performance from oil and natural gas properties, prior to unrealized (gains) losses on derivatives, realized (gains) losses on canceled derivatives, impairment of long-lived assets, loss on extinguishment of debt and (gains) losses on sale of assets, net.

Historical Financial Statements

Adjusted EBITDA

- The following presents a reconciliation of net income to adjusted EBITDA:

	Three Months Ended December 31, 2011	Three Months Ended December 31, 2010	Year Ended December 31, 2011	Year Ended December 31, 2010
	(in thousands)			
Net income (loss)	$ (189,615)	$ (243,527)	$ 438,439	$ (114,288)
Plus:				
Net operating cash flow from acquisitions and divestitures, effective date through closing date	20,086	20,129	57,966	42,846
Interest expense, cash	84,295	73,873	249,085	129,691
Interest expense, noncash	(16,243)	(7,482)	10,640	63,819
Depreciation, depletion and amortization	100,045	68,918	334,084	238,532
Impairment of long-lived assets	—	38,600	—	38,600
Write-off of deferred financing fees and other	—	—	1,189	2,076
(Gains) losses on sale of assets and other, net	873	1,062	124	3,008
Provision for legal matters	310	(638)	1,086	4,362
Loss on extinguishment of debt	240	—	94,612	—
Unrealized (gains) losses on commodity derivatives	277,650	267,102	(192,951)	232,376
Unrealized gains on interest rate derivatives	—	—	—	(63,978)
Realized losses on interest rate derivatives	—	—	—	8,021
Realized (gains) losses on canceled derivatives	—	—	(26,752)	123,865
Unit-based compensation expenses	5,484	3,246	22,243	13,792
Exploration costs	892	871	2,390	5,168
Income tax (benefit) expense	(3,264)	(1,469)	5,466	4,241
Adjusted EBITDA	$ 280,753	$ 220,685	$ 997,621	$ 732,131

Historical Financial Statements
Adjusted Net Income

- The following presents a reconciliation of net income to adjusted net income:

	Three Months Ended December 31, 2011	Three Months Ended December 31, 2010	Year Ended December 31, 2011	Year Ended December 31, 2010
	(in thousands, except per unit amounts)			
Net income (loss)	$ (189,615)	$ (243,527)	$ 438,439	$ (114,288)
Plus:				
Unrealized (gains) losses on commodity derivatives	277,650	267,102	(192,951)	232,376
Unrealized gains on interest rate derivatives	—	—	—	(63,978)
Realized (gains) losses on canceled derivatives	—	—	(26,752)	123,865
Impairment of long-lived assets	—	38,600	—	38,600
Loss on extinguishment of debt	240	—	94,612	—
(Gains) losses on sale of assets, net	838	1,015	(17)	2,914
Adjusted net income	$ 89,113	$ 63,190	$ 313,331	$ 219,489
Net income (loss) per unit – basic	$ (1.09)	$ (1.64)	$ 2.52	$ (0.80)
Plus, per unit:				
Unrealized (gains) losses on commodity derivatives	1.60	1.80	(1.11)	1.63
Unrealized gains on interest rate derivatives	—	—	—	(0.45)
Realized (gains) losses on canceled derivatives	—	—	(0.15)	0.87
Impairment of long-lived assets	—	0.26	—	0.27
Loss on extinguishment of debt	—	—	0.54	—
(Gains) losses on sale of assets, net	—	0.01	—	0.02
Adjusted net income per unit – basic	$ 0.51	$ 0.43	$ 1.80	$ 1.54

Reserve Replacement / F&D Calculations
Reconciliation of Non-GAAP Measures

	Year Ended December 31, 2011	Year Ended December 31, 2010
Costs incurred (in thousands):		
Costs incurred in oil and natural gas property acquisition, exploration and development	$ 2,158,639	$ 1,602,086
Less:		
Asset retirement costs	(2,427)	(748)
Property acquisition costs	(1,516,737)	(1,356,430)
Oil and natural gas capital costs expended, excluding acquisitions	$ 639,475	$ 244,908
Reserve data (MMcfe):		
Purchase of minerals in place	579,003	671,146
Extensions, discoveries and other additions	449,818	234,324
Add:		
Revisions of previous estimates	(120,892)	76,281
Annual additions	907,929	981,751
Less:		
Purchase of minerals in place	(579,003)	(671,146)
Annual additions, excluding acquisitions	328,926	310,605
Annual production (MMcfe)	134,645	96,827
Reserve replacement metrics:		
Reserve replacement cost per Mcfe (1)	$ 2.37	$ 1.63
Reserve replacement ratio (2)	674%	1,014%
Finding and development cost from the drillbit per Mcfe (3)	$ 1.94	$ 0.79
Drillbit reserve replacement ratio (4)	244%	321%

(1) (Oil and natural gas capital costs expended) divided by (Annual additions)
(2) (Annual additions) divided by (Annual production)
(3) (Oil and natural gas capital costs expended, excluding acquisitions) divided by (Annual additions, excluding acquisitions)
(4) (Annual additions, excluding acquisitions) divided by (Annual production)

The U.S. Securities and Exchange Commission ("SEC") permits oil and gas companies, in their filings with the SEC, to disclose only resources that qualify as "reserves" as defined by SEC rules. We use terms describing hydrocarbon quantities in this presentation including "inventory" and "resource potential" that the SEC's guidelines prohibit us from including in filings with the SEC. These estimates are by their nature more speculative than estimates of reserves prepared in accordance with SEC definitions and guidelines and accordingly are substantially less certain. Investors are urged to consider closely the reserves disclosures in the Company's Annual Report on Form 10-K for the year ended December 31, 2011, available from the Company at 600 Travis, Suite 5100, Houston, Texas 77002 (Attn: Investor Relations). You can also obtain this report from the SEC by calling 1-800-SEC-0330 or from the SEC's website at www.sec.gov.

In this communication, the terms other than "proved reserves" refer to the Company's internal estimates of hydrocarbon volumes that may be potentially discovered through exploratory drilling or recovered with additional drilling or recovery techniques. Those estimates may be based on economic assumptions with regard to commodity prices that may differ from the prices required by the SEC to be used in calculating proved reserves. In addition, these hydrocarbon volumes may not constitute reserves within the meaning of the Society of Petroleum Engineer's Petroleum Resource Management System or the SEC's oil and gas disclosure rules. Unless otherwise stated, hydrocarbon volume estimates have not been risked by Company management. Factors affecting ultimate recovery include the scope of our ongoing drilling program, which will be directly affected by the availability of capital, drilling and production costs, commodity prices, availability of drilling services and equipment, drilling results, lease expirations, transportation constraints, regulatory approvals and other factors, and actual drilling results, including geological and mechanical factors affecting recovery rates. Accordingly, actual quantities that may be ultimately recovered from the Company's interests may differ substantially from the Company's estimates of potential resources. In addition, our estimates of reserves may change significantly as development of the Company's resource plays and prospects provide additional data.