



NASDAQ:LINE

1st Quarter 2010 Supplemental Information



**CLIMBING TO
NEW HEIGHTS**

1st Quarter 2010 Highlights

- **The Company reported the following significant operational and financial achievements during the first quarter**
 - Average daily production of 213 MMcfe/d, compared to mid-point guidance of 210 MMcfe/d
 - Lease operating expenses of \$1.63 per Mcfe, compared to mid-point guidance of \$1.96 per Mcfe
 - Adjusted EBITDA of \$152 million, compared to mid-point guidance of \$138 million
 - Adjusted net income of \$0.36 per unit, compared to mid-point guidance of \$0.30 per unit
 - Distribution coverage ratio of 1.26x, compared to mid-point guidance of 1.06x

- **The Company reported the following strategic acquisition and capital market achievements**
 - Announced entry into a new operating region through an acquisition of properties in northern Michigan for a contract price of \$330 million
 - Announced a bolt-on acquisition in the Permian Basin for a contract price of \$305 million
 - Completed a \$431 million public equity offering in March 2010
 - Completed a \$1.3 billion senior notes offering in April 2010
 - Closed its amended five-year \$1.5 billion credit facility in April 2010 with an initial \$1.375 billion borrowing base and maturity of April 2015
 - Pro forma borrowing capacity, including available cash, of approximately \$985 million at quarter end
 - Enhanced its commodity hedge portfolio, with current expected oil, NGL and natural gas production hedged approximately 90 percent on an equivalent basis through 2013

The financial summary follows; all amounts within are unaudited.

Statement of Operations

Three Months Ended
March 31,

	2010	2009
	(in thousands, except per unit amounts)	
Revenues and other:		
Oil, natural gas and natural gas liquid sales	\$ 149,386	\$ 79,864
Gain on oil and natural gas derivatives	96,003	161,315
Natural gas marketing revenues	1,394	516
Other revenues	253	966
	<u>247,036</u>	<u>242,661</u>
Expenses:		
Lease operating expenses	31,222	33,732
Transportation expenses	4,620	2,967
Natural gas marketing expenses	969	340
General and administrative expenses	24,488	23,301
Exploration costs	3,861	1,565
Bad debt expense	189	—
Depreciation, depletion and amortization	49,191	52,104
Taxes, other than income taxes	10,200	7,567
(Gain) loss on sale of assets and other, net	(322)	(26,711)
	<u>124,418</u>	<u>94,865</u>
Other income and (expenses):		
Interest expense, net of amounts capitalized	(27,653)	(14,409)
Loss on interest rate swaps	(23,162)	(11,571)
Other, net	(601)	(393)
	<u>(51,416)</u>	<u>(26,373)</u>
Income from continuing operations before income taxes	71,202	121,423
Income tax expense	(5,892)	(136)
Income from continuing operations	65,310	121,287
Discontinued operations:		
Loss on sale of assets, net of taxes	—	(1,048)
Loss from discontinued operations, net of taxes	—	(838)
	<u>—</u>	<u>(1,886)</u>
Net income	<u>\$ 65,310</u>	<u>\$ 119,401</u>
Income per unit – continuing operations:		
Basic	\$ 0.50	\$ 1.06
Diluted	\$ 0.50	\$ 1.06
Loss per unit – discontinued operations:		
Basic	\$ —	\$ (0.02)
Diluted	\$ —	\$ (0.02)
Net income per unit:		
Basic	\$ 0.50	\$ 1.04
Diluted	\$ 0.50	\$ 1.04
Weighted average units outstanding:		
Basic	129,533	113,473
Diluted	129,922	113,502
Distributions declared per unit	<u>\$ 0.63</u>	<u>\$ 0.63</u>

Selected Balance Sheet Data

	March 31, 2010	December 31, 2009
	(in thousands)	
Assets:		
Total current assets	\$ 466,068	\$ 409,460
Oil and natural gas properties, net	3,746,129	3,613,382
Other property and equipment, net	95,257	95,284
Other noncurrent assets, net	247,436	222,130
Total assets	<u>\$ 4,554,890</u>	<u>\$ 4,340,256</u>
Liabilities and unitholders' capital:		
Total current liabilities	\$ 212,421	\$ 209,305
Credit facility	905,000	1,100,000
Senior notes, net	489,176	488,831
Other noncurrent liabilities	93,542	90,116
Total liabilities	1,700,139	1,888,252
Unitholders' capital	2,854,751	2,452,004
Total liabilities and unitholders' capital	<u>\$ 4,554,890</u>	<u>\$ 4,340,256</u>

Adjusted EBITDA

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.

The following presents a reconciliation of income from continuing operations to adjusted EBITDA:

	Three Months Ended	
	March 31,	
	2010	2009
	(in thousands)	
Income from continuing operations	\$ 65,310	\$ 121,287
Plus:		
Net operating cash flow from acquisitions and divestitures, effective date through closing date	5,391	—
Interest expense, cash	21,752	20,610
Interest expense, noncash	5,901	(6,201)
Depreciation, depletion and amortization	49,191	52,104
(Gain) loss on sale of assets, net	414	(25,711)
Unrealized gain on commodity derivatives	(33,500)	(37,246)
Unrealized loss on interest rate derivatives	15,141	1,457
Realized loss on interest rate derivatives	8,021	10,114
Realized gain on canceled derivatives	—	(4,257)
Unit-based compensation expenses	4,135	4,303
Exploration costs	3,861	1,565
Income tax expense	5,892	136
Adjusted EBITDA from continuing operations	<u>\$ 151,509</u>	<u>\$ 138,161</u>

Net cash provided by operating activities for the three months ended March 31, 2010, was approximately \$79.7 million and includes cash interest payments of approximately \$21.7 million, cash settlements on interest rate derivatives of approximately \$11.1 million, premiums paid for commodity derivatives of approximately \$15.0 million and other items totaling approximately \$24.0 million that are not included in adjusted EBITDA. Net cash provided by operating activities for the three months ended March 31, 2009, was approximately \$95.0 million and includes cash interest payments of approximately \$20.6 million, cash settlements on interest rate derivatives of approximately \$9.0 million, realized gains on canceled derivatives of approximately \$(4.3) million and other items totaling approximately \$17.9 million that are not included in adjusted EBITDA.

Commodity Hedge Portfolio

The following table summarizes open positions as of April 15, 2010, and represents, as of such date, derivatives in place through December 31, 2015, on annual production volumes:

	April 15 – December 31, 2010	2011	2012	2013	2014	2015
Natural gas positions:						
Fixed price swaps:						
Hedged volume (MMMBtu)	26,377	31,901	31,110	31,025	31,025	31,025
Average price (\$/MMBtu)	\$ 8.90	\$ 9.50	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25
Puts:						
Hedged volume (MMMBtu)	4,640	6,960	25,364	25,295	—	—
Average price (\$/MMBtu)	\$ 8.50	\$ 9.50	\$ 6.25	\$ 6.25	\$ —	\$ —
PEPL puts: ⁽¹⁾						
Hedged volume (MMMBtu)	7,089	13,259	—	—	—	—
Average price (\$/MMBtu)	\$ 7.85	\$ 8.50	\$ —	\$ —	\$ —	\$ —
Total:						
Hedged volume (MMMBtu)	38,106	52,120	56,474	56,320	31,025	31,025
Average price (\$/MMBtu)	\$ 8.66	\$ 9.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25
Oil positions:						
Fixed price swaps: ⁽²⁾						
Hedged volume (MBbls)	1,613	2,803	3,386	3,376	—	—
Average price (\$/Bbl)	\$ 90.00	\$ 89.91	\$ 98.92	\$ 98.92	\$ —	\$ —
Puts: ⁽³⁾						
Hedged volume (MBbls)	1,687	2,352	2,196	2,190	—	—
Average price (\$/Bbl)	\$ 110.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ —	\$ —
Collars:						
Hedged volume (MBbls)	187	276	—	—	—	—
Average floor price (\$/Bbl)	\$ 90.00	\$ 90.00	\$ —	\$ —	\$ —	\$ —
Average ceiling price (\$/Bbl)	\$ 112.00	\$ 112.25	\$ —	\$ —	\$ —	\$ —
Total:						
Hedged volume (MBbls)	3,487	5,431	5,582	5,566	—	—
Average price (\$/Bbl)	\$ 99.68	\$ 83.46	\$ 89.51	\$ 89.51	\$ —	\$ —
Natural gas basis differential positions:						
PEPL basis swaps: ⁽¹⁾						
Hedged volume (MMMBtu)	28,777	35,541	34,066	31,700	—	—
Hedged differential (\$/MMBtu)	\$ (0.97)	\$ (0.96)	\$ (0.95)	\$ (1.01)	\$ —	\$ —

⁽¹⁾ Settle on the PEPL spot price of natural gas to hedge basis differential associated with natural gas production in the Mid-Continent Deep and Mid-Continent Shallow regions.

⁽²⁾ As presented in the table above, the Company has outstanding fixed price oil swaps on 8,250 Bbls of daily production at a price of \$100.00 per Bbl for the years ending December 31, 2012, and December 31, 2013. The Company has derivative contracts that extend the swaps at a price of \$100.00 per Bbl for each of the years ending December 31, 2014, December 31, 2015, and December 31, 2016, 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 future years.

⁽³⁾ The Company utilizes oil puts to hedge revenues associated with its NGL production.

Coverage Ratio Calculation

	Three Months Ended	
	March 31, 2010	March 31, 2009
	(in thousands, except per unit data)	
Adjusted EBITDA ⁽¹⁾	\$ 151,509	\$ 138,161
Less: interest expense ⁽²⁾	(31,144)	(24,215)
Less: maintenance capital expenditures	(16,500)	(24,250)
Distributable cash flow	<u>\$ 103,865</u>	<u>\$ 89,696</u>
Distributable cash flow per unit	\$ 0.79	\$ 0.78
Distribution per unit ⁽³⁾	\$ 0.63	\$ 0.63
Units outstanding (millions)	131.0	114.7
Distribution coverage ratio	1.26x	1.24x

Notes: Data reflects continuing operations only.

- (1) Includes effects of the Company's hedge positions, cash flow adjustments from acquisition and divestiture activities, and other expenses.
- (2) Includes cash payments for interest expense, and accrued interest on the Company's outstanding senior notes and the effects of the Company's interest rate swaps.
- (3) Based on current quarterly distribution of \$0.63 per unit, or \$2.52 per unit on an annualized basis.

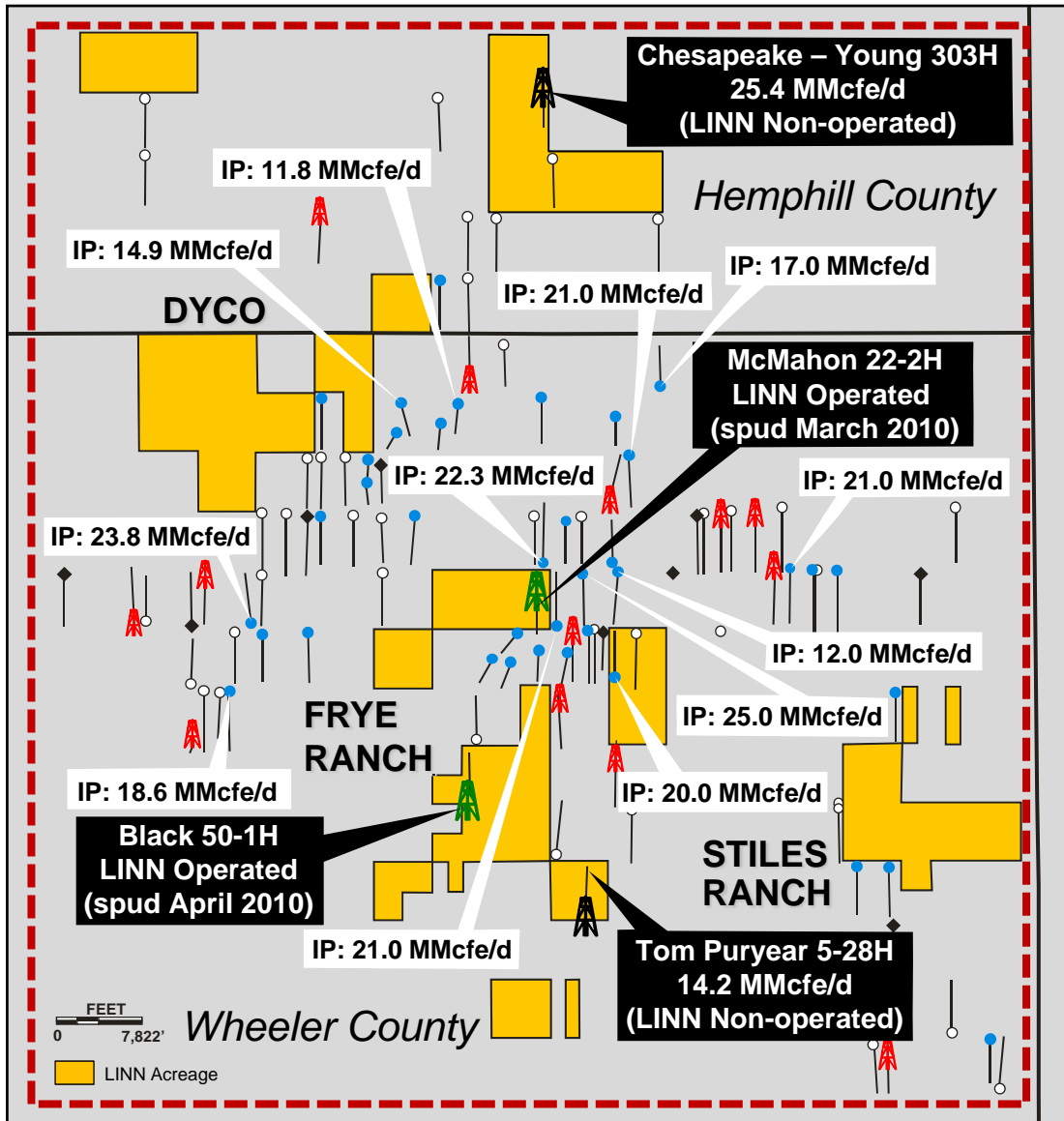
Adjusted Net Income

Adjusted net income (a non-GAAP financial measure), as defined by the Company, may not be comparable to similarly titled measures used by other companies. Therefore, adjusted net income should be considered in conjunction with net income from continuing operations and other performance measures prepared in accordance with GAAP. Adjusted net income should not be considered in isolation or as a substitute for GAAP measures, such as net income or any other GAAP measure of liquidity or financial performance. Adjusted net income is a performance measure used by management to evaluate the Company's operational performance from oil and natural gas properties, prior to unrealized (gain) loss on derivatives, realized (gain) loss on canceled derivatives, impairment of goodwill and long-lived assets and (gain) loss on sale of assets, net.

The following presents a reconciliation of income from continuing operations to adjusted net income:

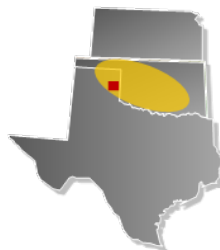
	Three Months Ended	
	March 31,	
	2010	2009
	(in thousands, except per unit amounts)	
Income from continuing operations	\$ 65,310	\$ 121,287
Plus:		
Unrealized gain on commodity derivatives	(33,500)	(37,246)
Unrealized loss on interest rate derivatives	15,141	1,457
Realized gain on canceled derivatives	—	(4,257)
(Gain) loss on sale of assets, net	414	(25,711)
Adjusted net income from continuing operations	<u>\$ 47,365</u>	<u>\$ 55,530</u>
Income from continuing operations per unit – basic	\$ 0.50	\$ 1.06
Plus, per unit:		
Unrealized gain on commodity derivatives	(0.26)	(0.33)
Unrealized loss on interest rate derivatives	0.12	0.01
Realized gain on canceled derivatives	—	(0.04)
(Gain) loss on sale of assets, net	—	(0.22)
Adjusted net income from continuing operations per unit – basic	<u>\$ 0.36</u>	<u>\$ 0.48</u>

Granite Wash – Horizontal Activity (Greater Stiles Ranch)



LINN Acreage	Gross	Net
Greater Stiles Ranch	~23,000	~12,000

Industry Horizontal Activity	
Rigs Operating	14
Wells Drilled	38
Waiting on Completion	9



LINN Activity

- LINN Operated
- Non-operated

Industry Activity

- Currently Drilling
- Waiting on Completion
- Proposed Location
- Producing Well

Note: Based on public and available industry data.