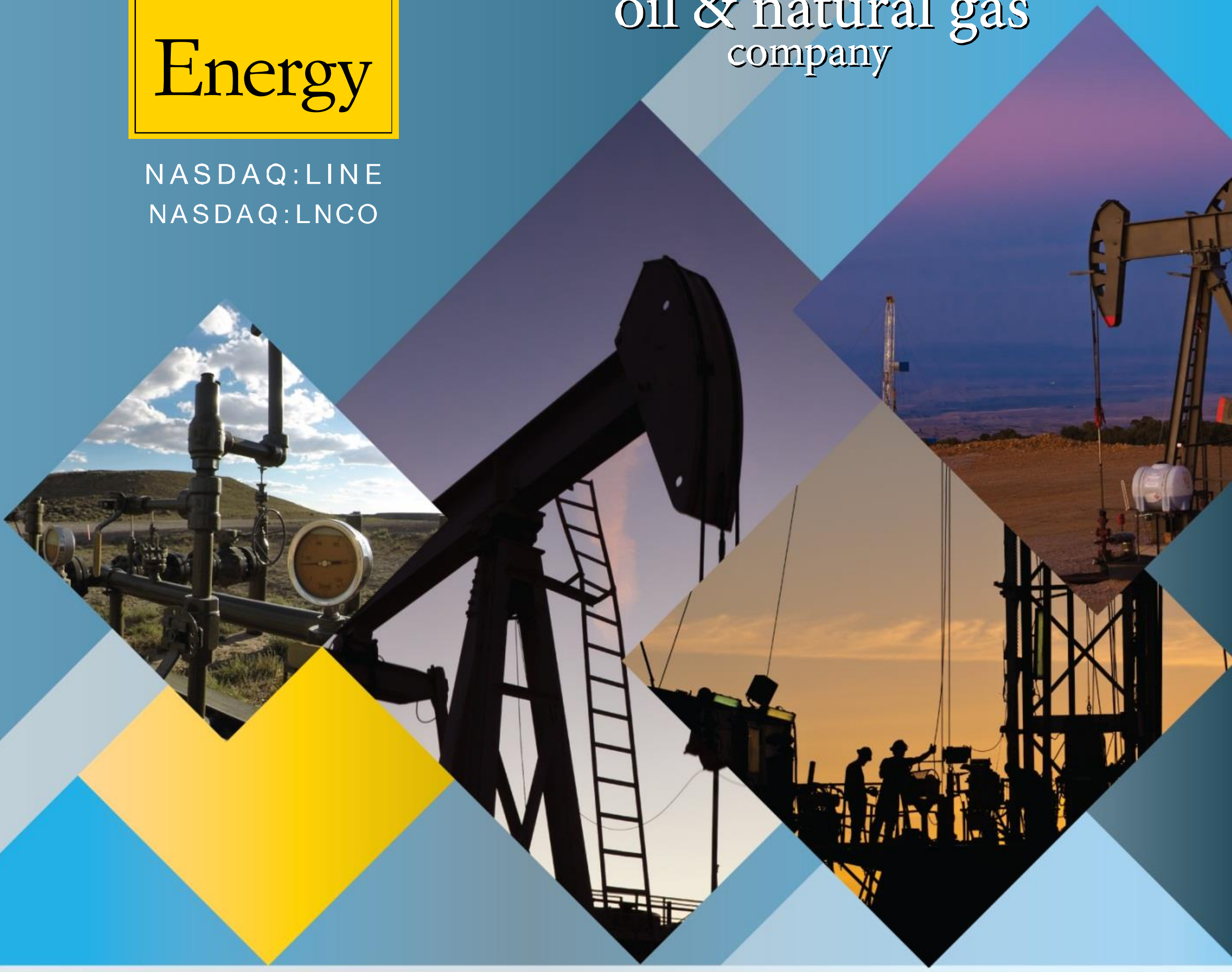
LINN Energy

NASDAQ:LINE
NASDAQ:LNCO

a different kind of oil & natural gas company



Supplemental Q4 2015 & FY 2015 Financial and Operational Results

DRIVING INNOVATION
People – Strategy – Assets

2016 Capital Budget

LINN Energy
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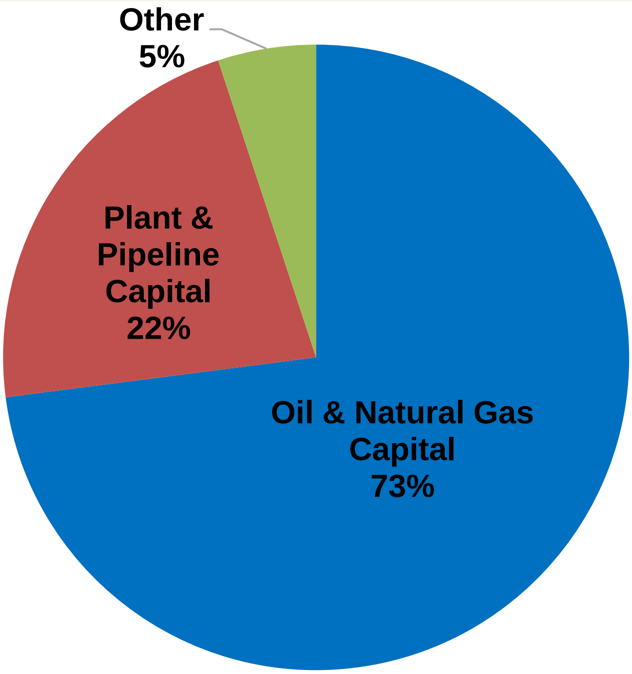
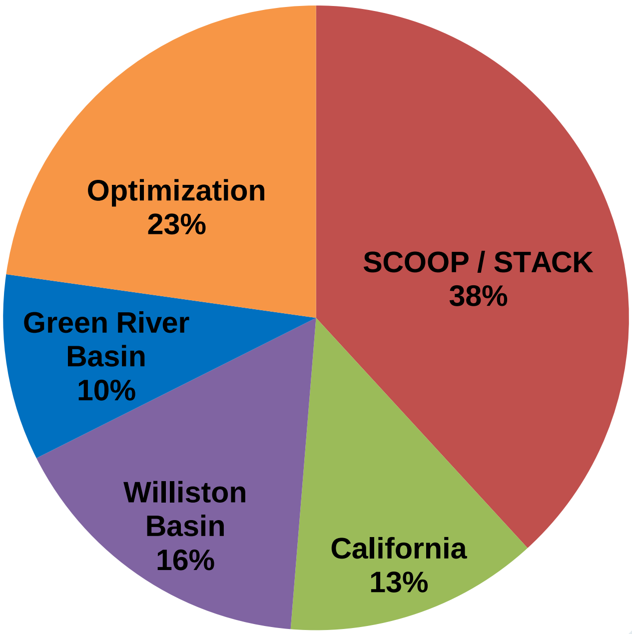
- **2016 capital budget of ~$340 million**
  - Oil and natural gas capital expenditures of ~$250 million
    - Represents ~44% reduction from ~$450 million spent in 2015
  - Focused on low-risk development and optimization projects, along with workover and recompletion opportunities on existing wells
- **Average annual production of 980 – 1,070 MMcfe/d**
  - 56% natural gas
  - 30% oil
  - 14% NGL
- **Natural gas production hedged ~100%[(1)]**
- **Oil production hedged ~80%[(1)]**

Total Capital
$340 million



Oil and Natural Gas Capital
$250 million



(1) On a consolidated basis. Berry has no hedge agreements in place with respect to oil production.

Statements of Operations

LINN Energy
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	Three Months Ended December 31, 2015	Three Months Ended December 31, 2014	Year Ended December 31, 2015	Year Ended December 31, 2014
	(Unaudited)			
	(in thousands, except per unit amounts)			
Revenues and other:				
Oil, natural gas and natural gas liquids sales	$ 352,038	$ 766,354	$ 1,726,271	$ 3,610,539
Gains on oil and natural gas derivatives	273,567	1,404,758	1,056,189	1,206,179
Marketing revenues	13,929	34,605	74,129	135,260
Other revenues	7,121	11,933	26,745	31,325
	646,655	2,217,650	2,883,334	4,983,303
Expenses:				
Lease operating expenses	150,005	234,600	617,764	805,164
Transportation expenses	55,471	63,435	219,721	207,331
Marketing expenses	9,785	41,545	57,144	117,465
General and administrative expenses	59,156	71,555	296,887	293,073
Exploration costs	5,441	114,545	9,473	125,037
Depreciation, depletion and amortization	167,793	241,379	805,757	1,073,902
Impairment of long-lived assets	3,026,257	1,700,499	5,813,954	2,303,749
Taxes, other than income taxes	23,578	66,389	181,895	267,403
Gains on sale of assets and other, net	(146)	(338,750)	(197,409)	(366,500)
	3,497,340	2,195,197	7,805,186	4,826,624
Other income and (expenses):				
Interest expense, net of amounts capitalized	(118,869)	(165,678)	(546,453)	(587,838)
Gain on extinguishment of debt	505,732	-	719,259	-
Other, net	(7,166)	(9,514)	(17,226)	(16,213)
	379,697	(175,192)	155,580	(604,051)
Loss before income taxes	(2,470,988)	(152,739)	(4,766,272)	(447,372)
Income tax expense (benefit)	1,219	1,763	(6,461)	4,437
Net loss	$ (2,472,207)	$ (154,502)	$ (4,759,811)	$ (451,809)
Net loss per unit:				
Basic	$ (7.05)	$ (0.47)	$ (13.87)	$ (1.40)
Diluted	$ (7.05)	$ (0.47)	$ (13.87)	$ (1.40)
Weighted average units outstanding:				
Basic	350,721	329,320	343,323	328,918
Diluted	350,721	329,320	343,323	328,918
Distributions declared per unit	$ -	$ 0.725	$ 0.938	$ 2.90

Operating Statistics

	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
Average daily production:				
Natural gas (MMcf/d)	607	709	642	572
Oil (MBbls/d)	59.0	71.9	62.4	72.9
NGL (MBbls/d)	28.8	36.3	28.6	33.5
Total (MMcfe/d)	1,134	1,358	1,188	1,210
Weighted average prices: (1)				
Natural gas (Mcf)	$ 2.22	$ 3.69	$ 2.57	$ 4.29
Oil (Bbl)	$ 36.13	$ 65.63	$ 43.16	$ 86.28
NGL (Bbl)	$ 12.00	$ 27.41	$ 13.45	$ 34.40
Average NYMEX prices:				
Natural gas (MMBtu)	$ 2.27	$ 4.00	$ 2.66	$ 4.41
Oil (Bbl)	$ 42.18	$ 73.15	$ 48.80	$ 93.00
Costs per Mcfe of production:				
Lease operating expenses	$ 1.44	$ 1.88	$ 1.42	$ 1.82
Transportation expenses	$ 0.53	$ 0.51	$ 0.51	$ 0.47
General and administrative expenses (2)	$ 0.57	$ 0.57	$ 0.68	$ 0.66
Depreciation, depletion and amortization	$ 1.61	$ 1.93	$ 1.86	$ 2.43
Taxes, other than income taxes	$ 0.23	$ 0.53	$ 0.42	$ 0.61

(1) Does not include the effect of gains (losses) on derivatives.
(2) General and administrative expenses for the three months ended December 31, 2015 and December, 2014 include approximately $7 million and $8 million, respectively, of non-cash unit-based compensation expenses. General and administrative expenses for the year ended December 31, 2015 and December, 2014 include approximately $47 million and $45 million, respectively, of non-cash unit-based compensation expenses.

Balance Sheets

LINN Energy
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	December 31, 2015	December 31, 2014
ASSETS	(in thousands, except unit amounts)	
Current assets:		
Cash and cash equivalents	$ 2,168	$ 1,809
Accounts receivable - trade, net	216,556	471,684
Derivative instruments	1,220,230	1,077,142
Other current assets	119,921	155,955
Total current assets	1,558,875	1,706,590
Noncurrent assets:		
Oil and natural gas properties (successful efforts method)	18,121,155	18,068,900
Less accumulated depletion and amortization	(11,097,492)	(4,867,682)
	7,023,663	13,201,218
Other property and equipment	708,711	669,149
Less accumulated depreciation	(195,661)	(144,282)
	513,050	524,867
Derivative instruments	566,401	848,097
Restricted cash	257,363	6,225
Other noncurrent assets	57,594	136,512
	881,358	990,834
Total noncurrent assets	8,418,071	14,716,919
Total assets	$ 9,976,946	$ 16,423,509
LIABILITIES AND UNITHOLDERS' CAPITAL (DEFICIT)		
Current liabilities:		
Accounts payable and accrued expenses	$ 455,374	$ 814,809
Derivative instruments	2,241	-
Current portion of long-term debt	3,716,508	-
Other accrued liabilities	119,593	167,736
Total current liabilities	4,293,716	982,545
Noncurrent liabilities:		
Derivative instruments	857	684
Long term debt, net	5,328,235	10,295,809
Other noncurrent liabilities	623,039	600,866
Total noncurrent liabilities	5,952,131	10,897,359
Unitholders' capital (deficit):		
355,017,428 units and 331,974,913 units issued and outstanding at December 31, 2015, and December 31, 2014, respectively	5,343,116	5,395,811
Accumulated deficit	(5,612,017)	(852,206)
	(268,901)	4,543,605
Total liabilities and unitholders' capital (deficit)	$ 9,976,946	$ 16,423,509

Statements of Cash Flows

LINN Energy
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	Year Ended December 31, 2015	Year Ended December 31, 2014
	(in thousands)	
Cash flow from operating activities:		
Net loss	$ (4,759,811)	$ (451,809)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, depletion and amortization	805,757	1,073,902
Impairment of long-lived assets	5,813,954	2,303,749
Unit-based compensation expenses	56,136	53,284
Gain on extinguishment of debt	(719,259)	-
Amortization and write-off of deferred financing fees	34,743	50,926
Gains on sale of assets and other, net	(189,161)	(261,571)
Deferred income taxes	4,538	3,943
Derivatives activities:		
Total gains	(1,063,082)	(1,206,179)
Cash settlements	1,199,410	95,514
Cash settlements on canceled derivatives	4,679	12,281
Changes in assets and liabilities:		
Decrease in accounts receivable - trade, net	267,241	5,064
(Increase) decrease in other assets	9,582	(17,824)
Increase (decrease) in accounts payable and accrued expenses	(156,394)	99,029
Decrease in other liabilities	(58,876)	(48,419)
Net cash provided by operating activities	1,249,457	1,711,890
Cash flow from investing activities:		
Acquisition of oil and natural gas properties and joint-venture funding, net of cash acquired	-	(2,479,252)
Development of oil and natural gas properties	(608,889)	(1,569,877)
Purchases of other property and equipment	(66,708)	(74,540)
Proceeds from sale of properties and equipment and other	368,295	2,203,565
Net cash used in investing activities	(307,302)	(1,920,104)
Cash flow from financing activities:		
Proceeds from sale of units	233,427	-
Proceeds from borrowings	1,445,000	5,940,024
Repayments of debt	(2,183,879)	(4,811,124)
Distributions to unitholders	(323,878)	(962,048)
Financing fees and offering costs	(28,055)	(69,694)
Excess tax benefit from unit-based compensation	(9,467)	766
Other	(74,944)	59,928
Net cash provided by (used in) financing activities	(941,796)	157,852
Net increase (decrease) in cash and cash equivalents	359	(50,362)
Cash and cash equivalents:		
Beginning	1,809	52,171
Ending	$ 2,168	$ 1,809

Distribution Practices

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	Three Months Ended December 31, 2015	Three Months Ended December 31, 2014	Year Ended December 31, 2015	Year Ended December 31, 2014
	(in thousands)			
Net cash provided by operating activities	$ 214,688	$ 276,080	$ 1,249,457	$ 1,711,890
Distributions to unitholders	-	(240,813)	(323,878)	(962,048)
Excess of net cash provided by operating activities after distributions to unitholders	214,688	35,267	925,579	749,842
Discretionary adjustments considered by the Board of Directors:				
Discretionary reductions for a portion of oil and natural gas development costs (1)	NM*	(217,442)	NM*	(823,562)
Development of oil and natural gas properties (2)	(76,444)	NM*	(450,286)	NM*
Cash settlements on canceled derivatives (3)	(4,679)	(12,281)	(4,679)	(12,281)
Cash recoveries of bankruptcy claim (4)	(1,355)	(3,726)	(4,232)	(6,639)
Cash received (paid) for acquisitions or divestitures – revenues less operating expenses (5)	-	12,335	(2,712)	91,890
Provision for legal matters (6)	-	-	(1,000)	1,598
Changes in operating assets and liabilities and other, net (7)	90,572	92,477	(94,365)	23,228
Excess of net cash provided by operating activities after distributions to unitholders and discretionary adjustments considered by the Board of Directors, including total development of oil and natural gas properties (8)	$ 222,782	NM*	$ 368,305	NM*
Excess (shortfall) of net cash provided by operating activities after distributions to unitholders and discretionary adjustments considered by the Board of Directors, including a portion of oil and natural gas development costs (8)	NM*	$ (93,370)	NM*	$ 24,076

*Not meaningful due to the 2015 change in presentation.

(1) Represent discretionary reductions for a portion of oil and natural gas development costs, an estimated component of total development costs. The Board of Directors establishes the discretionary reductions with the objective of replacing proved developed producing reserves, current production and cash flow, taking into consideration the Company's overall commodity mix. Management evaluates all of these objectives as part of the decision-making process to determine the discretionary reductions for a portion of oil and natural gas development costs for the year, although every objective may not be met in each year. Furthermore, there may be certain years in which commodity prices and other economic conditions do not merit capital spending at a level sufficient to accomplish any of these objectives. The 2014 amounts were established by the Board of Directors at the end of the previous year, allocated across four quarters, and were intended to fully offset declines in production and proved developed producing reserves during the year as compared to the prior year.

The portion of oil and natural gas development costs includes estimated drilling and development costs associated with projects to convert a portion of non-producing reserves to producing status. However, the amounts do not include the historical cost of acquired properties as those amounts have already been spent in prior periods, were financed primarily with external sources of funding and do not affect the Company's ability to pay distributions in the current period. The Company's existing reserves, inventory of drilling locations and production levels will decline over time as a result of development and production activities. Consequently, if the Company were to limit its total capital expenditures to this portion of oil and natural gas development costs and not acquire new reserves, total reserves would decrease over time, resulting in an inability to maintain production at current levels, which could adversely affect the Company's ability to pay a distribution, if and when resumed. However, the Company's current total reserves do not include reserve additions that may result from converting existing probable and possible resources to additional proved reserves, potential additional discoveries or technological advancements on the Company's existing acreage position.

(2) Represents total capital expenditures for the development of oil and natural gas properties as presented on an accrual basis. For 2015, the Company intends to fund its total oil and natural gas capital program, in addition to interest expense and distributions to unitholders, from net cash provided by operating activities; however, in October 2015, the Company's Board of Directors approved the suspension of the Company's distribution. Previously, the Company intended to fund only a portion of its oil and natural gas capital program, in addition to interest expense and distributions to unitholders, from net cash provided by operating activities.

(3) Represent derivatives canceled prior to the contract settlement date.

(4) Represent the recoveries of a bankruptcy claim against Lehman Brothers which was not a transaction occurring in the ordinary course of the Company's business.

(5) Represents adjustments to the purchase price of acquisitions and divestitures, based on the Company's contractual right to revenues less operating expenses for periods from the effective date of a transaction to the closing date of a transaction. When the Company is the buyer, it is legally entitled to revenues less operating expenses generated during this period, and the Company's Board of Directors has historically made a discretionary adjustment to include this cash in the amount available for distribution. Conversely, when the Company is the seller, the Company's Board of Directors has historically made a discretionary adjustment to reduce this cash from the amount available for distribution during the period. Beginning with the quarter ended June 30, 2015, the Board decided to no longer make this discretionary adjustment.

(6) Represents reserves and settlements related to legal matters.

(7) Represents primarily working capital adjustments. These adjustments may or may not impact cash provided by (used in) operating activities during the respective period, but are included as discretionary adjustments considered by the Company's Board of Directors as the Board historically has not varied the distribution it declares period to period based on uneven cash flows. The Company's Board of Directors, when determining the appropriate level of cash distributions, excluded the impact of the timing of cash receipts and payments; as such, this adjustment is necessary to show the historical amounts considered by the Company's Board of Directors in assessing the appropriate distribution amount for each period. This adjustment also includes a reduction for accrued contractual interest on the Second Lien Notes of approximately $14 million for the three months and the year ended December 31, 2015.

(8) Represents the excess (shortfall) of net operating cash flow after distributions to unitholders and discretionary adjustments. Any excess was retained by the Company for future operations, future capital expenditures, future debt service or other future obligations. Any shortfall was funded with cash on hand and/or borrowings under the LINN Credit Facility. In a period where no distribution is paid, the Company will retain all excess of net operating cash flow for future operations, future capital expenditures, future debt service or other future obligations.

Any cash generated by Berry is currently being used by Berry to fund its activities. To the extent that Berry generates cash in excess of its needs and determines to distribute such amounts to LINN Energy, the indentures governing Berry's senior notes limit the amount it may distribute to LINN Energy to the amount available under a "restricted payments basket," and Berry may not distribute any such amounts unless it is permitted by the indentures to incur additional debt pursuant to the consolidated coverage ratio test set forth in the Berry indentures. Berry's restricted payments basket was approximately $529 million at December 31, 2015, and may be increased in accordance with the terms of the Berry indentures by, among other things, 50% of Berry's future net income, reductions in its indebtedness and restricted investments, and future capital contributions.

Guidance Table

Consolidated Commodity Hedge Positions

LINN Energy
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	Q1 2016E	FY2016E
Natural gas positions:		
Fixed price swaps (NYMEX Henry Hub):		
Hedged volume (MMMBtu)	30,294	121,841
Average price ($/MMBtu)	$ 4.20	$ 4.20
Put options (NYMEX Henry Hub):		
Hedged volume (MMMBtu)	18,963	76,269
Average price ($/MMBtu)	$ 5.00	$ 5.00
Oil positions:		
Fixed price swaps (NYMEX WTI): (1)		
Hedged volume (MBbls)	2,850	11,465
Average price ($/Bbl)	$ 90.56	$ 90.56
Put options (NYMEX WTI):		
Hedged volume (MBbls)	813	3,271
Average price ($/Bbl)	$ 90.00	$ 90.00

(1) Includes certain outstanding fixed price oil swaps of approximately 5,384 MBbls which may be extended annually at a price of $100.00 per Bbl for the year ending December 31, 2018, and $90.00 per Bbl for the year ending December 31, 2019, at counterparty election on a designated date in each respective preceding year. The extension for each year is exercisable without respect to the other years.

Guidance Table (Continued)

Consolidated Commodity Hedge Positions

LINN Energy
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	Q1 2016E	FY2016E
Natural gas basis differential positions: [1]		
Panhandle basis swaps: [2]		
Hedged volume (MMMBtu)	14,906	59,954
Hedged differential ($/MMBtu)	$ (0.32)	$ (0.32)
NWPL Rockies basis swaps: [2]		
Hedged volume (MMMBtu)	15,650	65,794
Hedged differential ($/MMBtu)	$ (0.24)	$ (0.24)
MichCon basis swaps: [2]		
Hedged volume (MMMBtu)	1,938	7,768
Hedged differential ($/MMBtu)	$ 0.05	$ 0.05
Houston Ship Channel basis swaps: [2]		
Hedged volume (MMMBtu)	8,236	34,364
Hedged differential ($/MMBtu)	$ (0.02)	$ (0.02)
Permian basis swaps: [2]		
Hedged volume (MMMBtu)	701	2,975
Hedged differential ($/MMBtu)	$ (0.20)	$ (0.20)
SoCal basis swaps: [3]		
Hedged volume (MMMBtu)	8,190	32,940
Hedged differential ($/MMBtu)	$ (0.03)	$ (0.03)
Oil timing differential positions:		
Trade month roll swaps (NYMEX WTI): [4]		
Hedged volume (MBbls)	659	2,652
Hedged differential ($/Bbl)	$ 0.25	$ 0.25

(1) Settle on the respective pricing index to hedge basis differential to the NYMEX Henry Hub natural gas price.
(2) For positions which hedge exposure to differentials in producing areas, the Company receives the NYMEX Henry Hub natural gas price plus the respective spread and pays the specified index price. Cash settlements are made on a net basis.
(3) For positions which hedge exposure to differentials in consuming areas, the Company pays the NYMEX Henry Hub natural gas price plus the respective spread and receives the specified index price. Cash settlements are made on a net basis.
(4) The Company hedges the timing risk associated with the sales price of oil in the Mid-Continent, Hugoton Basin and Permian Basin regions. In these regions, the Company generally sells oil for the delivery month at a sales price based on the average NYMEX WTI price during that month, plus an adjustment calculated as a spread between the weighted average prices of the delivery month, the next month and the following month during the period when the delivery month is prompt (the "trade month roll").

Consolidated Commodity Hedge Portfolio

LINN Energy
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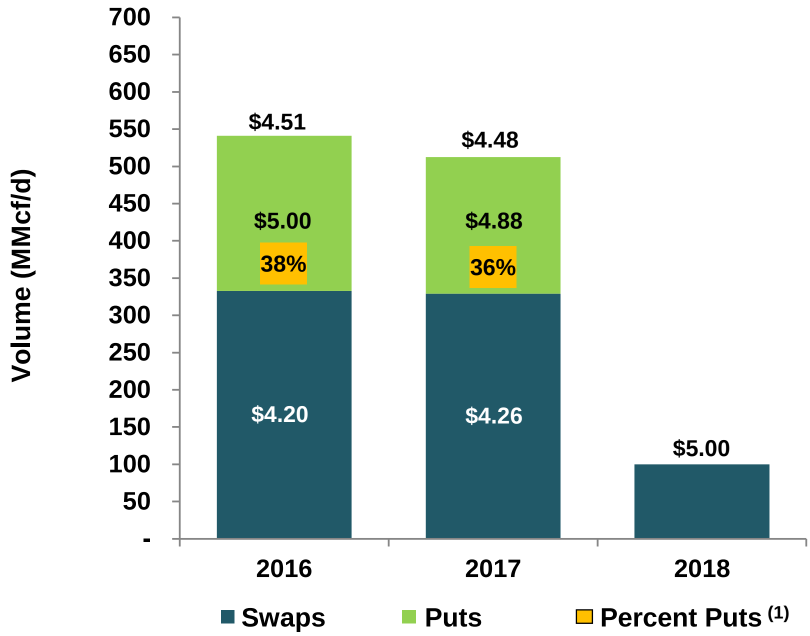
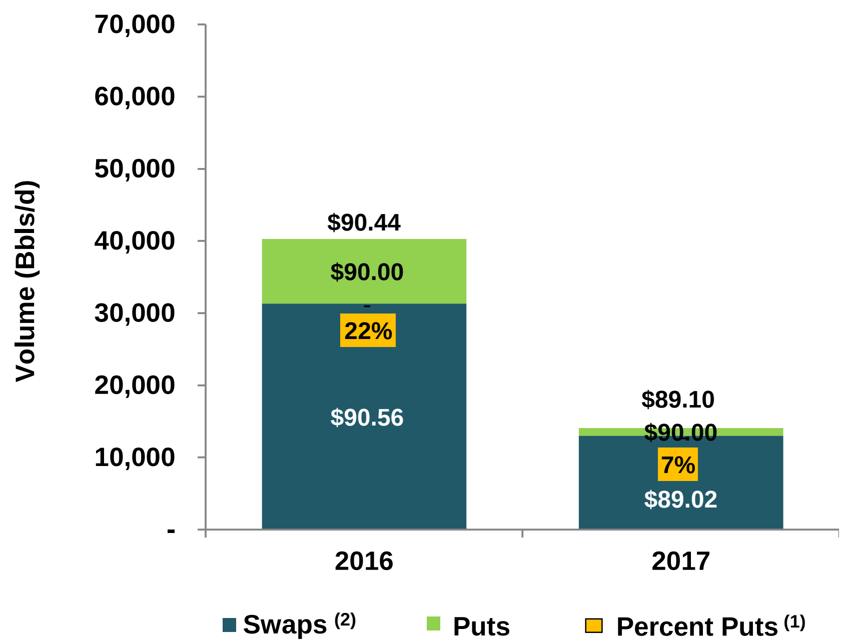
Natural Gas Positions



Oil Positions



(1) Percentage of hedged volume in the form of puts.
(2) Includes certain outstanding fixed price oil swaps of approximately 14,750 Bbls/d which may be extended annually at a price of $100.00 per Bbl for the year ending December 31, 2018, and $90.00 per Bbl for the year ending December 31, 2019, at counterparty election on a designated date in each respective preceding year. The extension for each year is exercisable without respect to the other year.

Consolidated Commodity Hedge Portfolio (Continued)

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	2016	2017	2018
Natural gas positions:			
Fixed price swaps (NYMEX Henry Hub):			
Hedged volume (MMMBtu)	121,841	120,122	36,500
Average price ($/MMBtu)	$4.20	$4.26	$5.00
Put options (NYMEX Henry Hub):			
Hedged volume (MMMBtu)	76,269	66,886	---
Average price ($/MMBtu)	$5.00	$4.88	$ ---
Oil positions:			
Fixed price swaps (NYMEX WTI): (1)			
Hedged volume (MBbls)	11,465	4,755	---
Average price ($/Bbl)	$90.56	$89.02	$ ---
Put options (NYMEX WTI):			
Hedged volume (MBbls)	3,271	384	---
Average price ($/Bbl)	$90.00	$90.00	$ ---

(1) Includes certain outstanding fixed price oil swaps of approximately 5,384 MBbls which may be extended annually at a price of $100.00 per Bbl for the year ending December 31, 2018, and $90.00 per Bbl for the year ending December 31, 2019, at counterparty election on a designated date in each respective preceding year. The extension for each year is exercisable without respect to the other years.

Consolidated Commodity Hedge Portfolio (Continued)

LINN Energy
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	2016	2017	2018
Natural gas basis differential positions: (1)			
Panhandle basis swaps: (2)			
Hedged volume (MMMBtu)	59,954	59,138	16,425
Hedged differential ($/MMBtu)	$(0.32)	$(0.33)	$(0.33)
NWPL Rockies basis swaps: (2)			
Hedged volume (MMMBtu)	65,794	38,880	10,804
Hedged differential ($/MMBtu)	$(0.24)	$(0.19)	$(0.19)
MichCon basis swaps: (2)			
Hedged volume (MMMBtu)	7,768	7,437	2,044
Hedged differential ($/MMBtu)	$0.05	$0.05	$0.05
Houston Ship Channel basis swaps: (2)			
Hedged volume (MMMBtu)	34,364	36,730	986
Hedged differential ($/MMBtu)	$(0.02)	$(0.02)	$(0.08)
Permian basis swaps: (2)			
Hedged volume (MMMBtu)	2,975	2,629	1,314
Hedged differential ($/MMBtu)	$(0.20)	$(0.20)	$(0.20)
SoCal basis swaps: (3)			
Hedged volume (MMMBtu)	32,940	---	---
Hedged differential ($/MMBtu)	$(0.03)	$ ---	$ ---
Oil timing differential positions:			
Trade month roll swaps (NYMEX WTI): (4)			
Hedged volume (MBbls)	2,652	2,654	---
Hedged differential ($/Bbl)	$0.25	$0.25	$ ---

(1) Settle on the respective pricing index to hedge basis differential to the NYMEX Henry Hub natural gas price.
(2) For positions which hedge exposure to differentials in producing areas, the Company receives the NYMEX Henry Hub natural gas price plus the respective spread and pays the specified index price. Cash settlements are made on a net basis.
(3) For positions which hedge exposure to differentials in consuming areas, the Company pays the NYMEX Henry Hub natural gas price plus the respective spread and receives the specified index price. Cash settlements are made on a net basis.
(4) The Company hedges the timing risk associated with the sales price of oil in the Mid-Continent, Hugoton Basin and Permian Basin regions. In these regions, the Company generally sells oil for the delivery month at a sales price based on the average NYMEX WTI price during that month, plus an adjustment calculated as a spread between the weighted average prices of the delivery month, the next month and the following month during the period when the delivery month is prompt (the "trade month roll").