LINN ENERGY, LLC
Form S-1/A
October 02, 2012

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As filed with the Securities and Exchange Commission on October 1, 2012

Registration No. 333-182305

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Amendment No. 4

to

Form S-1

LINNCO, LLC

LINN ENERGY, LLC

(Exact Name of Registrant as Specified in its charter)

Delaware	**1311**	**45-5166623**
Delaware		**65-1177591**
(State or other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(IRS Employer Identification Number)**

600 Travis, Suite 5100

Houston, Texas 77002

(281) 840-4000

(Address, including Zip Code, and Telephone Number including Area Code, of Registrant s Principal Executive Offices)

Candice J. Wells	**Charlene A. Ripley**
600 Travis, Suite 5100	**600 Travis, Suite 5100**
Houston, Texas 77002	**Houston, Texas 77002**
(281) 840-4000	**(281) 840-4000**

(Name, Address, including Zip Code, and Telephone Number including Area Code, of Agent for Service)

Copies to:

Kelly Rose	**J. Michael Chambers**
Baker Botts L.L.P.	**Brett E. Braden**
One Shell Plaza	**Latham & Watkins LLP**
910 Louisiana Street	**811 Main Street**
Houston, Texas 77002-4995	**Suite 3700**
(713) 229-1234	**Houston, Texas 77002**
	(713) 546-5400

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

LinnCo, LLC Non-accelerated filer

Linn Energy, LLC Large accelerated filer

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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EXPLANATORY NOTE

This registration statement contains a prospectus to be used in connection with the offer and sale of common shares of LinnCo, LLC and the deemed offer and sale of Linn Energy, LLC units to be acquired by LinnCo, LLC with the proceeds from this offering pursuant to Rule 140 under the Securities Act of 1933.

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The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where such offer or sale is not permitted.

Subject to Completion, dated October 1, 2012

PROSPECTUS

LinnCo, LLC

30,250,000 Common Shares

Representing Limited Liability Company Interests

This is the initial public offering of common shares (shares) representing limited liability company interests in LinnCo, LLC (LinnCo), a class of equity with indirect voting rights in LINN Energy, LLC (LINN). We are offering 30,250,000 shares in this offering. We are a recently formed limited liability company that has elected to be treated as a corporation for U.S. federal income tax purposes. We will use the net proceeds from this offering to acquire a number of units representing limited liability company interests (units) in LINN equal to the number of shares sold in this offering.

No public market currently exists for our shares. Our shares have been approved for listing on the NASDAQ Global Select Market under the symbol LNCO.

LinnCo s only assets, both immediately after this offering and in the future, will be LINN units, which we will own on a one-for-one basis for each of our shares outstanding, and cash reserves for future tax obligations. Given the nature of our business and assets, we expect that the initial offering price of our shares will be within 5% of the last reported sales price of LINN units on the NASDAQ Global Select Market prior to the determination of the offering price. LINN units are listed on the NASDAQ Global Select Market under the symbol LINE. The last reported sale price of LINN units on NASDAQ on September 28, 2012 was $41.24 per unit.

Investing in our shares involves risks. Please read Risk Factors beginning on page 30 of this prospectus.

These risks include the following:

- Because our only assets will be LINN units, our cash flow and our ability to pay dividends on our shares are completely dependent upon the ability of LINN to make distributions to its unitholders.

- We will incur corporate income tax liabilities on income allocated to us by LINN with respect to LINN units we own, which may be substantial.

An active trading market for our shares may not develop, and even if such a market does develop, the market price of our shares may be less than the price you paid for your shares and less than the market price of the LINN units.

Our shareholders will only be able to indirectly vote on matters on which LINN unitholders are entitled to vote, and our shareholders are not entitled to vote to elect our directors. Therefore, you will only be able to indirectly influence the management and board of directors of LINN, and you will not be able to directly influence or change our management or board of directors.

Your shares are subject to certain call rights that could require you to involuntarily sell your shares at a time or price that may be undesirable.

Our limited liability company agreement limits the fiduciary duties owed by our officers and directors to our shareholders, and LINN s limited liability company agreement limits the fiduciary duties owed by LINN s directors to its unitholders, including us.

	Per Share	Total
Price to the public	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds to us	$	$

(1) Excludes a structuring fee equal to 0.375% of the gross proceeds of this offering, up to a cap of $5,000,000, payable to Barclays Capital Inc.

We have granted the underwriters an option for a period of 30 days to purchase up to an additional 4,537,500 shares on the same terms and conditions set forth above.

Affiliates of certain of the underwriters in this offering are lenders under LINN s revolving credit facility and, accordingly, if LINN elects to use the proceeds it receives from LinnCo to repay debt outstanding under that facility, those lenders would indirectly receive a portion of the net proceeds from this offering. Please read Underwriting (Conflicts of Interest).

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Barclays, on behalf of the underwriters, expects to deliver the shares on or about , 2012.

Barclays **Citigroup** **RBC Capital Markets** **Wells Fargo Securities**

BofA Merrill Lynch **Credit Suisse** **Raymond James** **UBS Investment Bank**

Goldman, Sachs & Co. **J.P. Morgan**

Baird	**BMO Capital Markets**	**Credit Agricole CIB**
CIBC	**Scotiabank / Howard Weil**	**Mitsubishi UFJ Securities**

Prospectus dated , 2012

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You should rely only on the information contained in this prospectus or in any free writing prospectus we may authorize to be delivered to you. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

The market data and certain other statistical information used throughout this prospectus are based on independent industry publications, government publications or other published independent sources. Some data is also based on our good faith estimates.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. It does not contain all of the information you should consider before buying shares in this offering. Therefore, you should read this entire prospectus carefully, including the risks discussed in the section titled Risk Factors beginning on page 30 and the historical financial statements of Linn Energy, LLC (LINN) and the notes to those financial statements included elsewhere in this prospectus. This prospectus also contains important information about LINN, including information about its businesses and financial and operating data, all of which you should read carefully before buying shares in this offering. Unless indicated otherwise, the information presented in this prospectus assumes (1) an initial public offering price of $41.24 per share (the last reported sales price of LINN units, as set forth on the cover page of this prospectus) and (2) that the underwriters do not exercise their option to purchase additional shares. We include a glossary of some of the terms used in this prospectus as Appendix A.

DeGolyer and MacNaughton, independent petroleum engineers, provided the estimates of LINN s proved oil and natural gas reserves as of December 31, 2009, 2010 and 2011 as well as estimates of proved reserves associated with the Green River Acquisition, East Texas Acquisition, Anadarko Joint Venture and the Hugoton Acquisition (each as defined below). All other reserve information included herein is based on internal estimates. As used herein, Pro Forma Proved Reserves represent the sum of (i) LINN s estimated proved reserves as of December 31, 2011 and (ii) the estimated proved reserves acquired in the 2012 Acquisitions (as defined below). For information regarding the dates and commodity prices at which reserve information for the 2012 Acquisitions was calculated, see the table on page 4. As used in this prospectus, the term LinnCo and the terms we, our, us and similar terms refer to LinnCo, LLC, unless the context otherwise requires. In addition, the term LINN refers to Linn Energy, LLC. As used in this prospectus, the term shares refers to common shares representing limited liability company interests in LinnCo and units refers to units representing limited liability company interests in LINN.

Overview

LinnCo

We are a recently formed Delaware limited liability company that has elected to be treated as a corporation for United States (U.S.) federal income tax purposes. Our sole purpose is to own LINN units and we expect to have no assets or operations other than those related to our interest in LINN. As a result, our financial condition and results of operations will depend entirely upon the performance of LINN. We will use the net proceeds from this offering to acquire a number of LINN units equal to the number of LinnCo shares sold in this offering.

At the closing of this offering, we will own one LINN unit for each of our outstanding shares, and our limited liability company agreement requires that we maintain a one-to-one ratio between the number of our shares outstanding and the number of LINN units we own. When LINN makes distributions on the units, we will pay a dividend on our shares of the cash we receive in respect of our LINN units, net of reserves for income taxes payable by us. For each of the periods ending December 31, 2012, 2013, 2014 and 2015, we estimate that our income tax liability will be between 2% and 5% of the cash distributed to us. On July 24, 2012, LINN declared a regular quarterly cash distribution of $0.725 per unit, or $2.90 per unit on an annualized basis. Accordingly, if LINN were to maintain its current annualized distribution of $2.90 per unit through 2015, the amount reserved to pay income taxes of LinnCo is estimated to be between $0.06 and $0.15 per share for each of the periods ending December 31, 2012, 2013, 2014 and 2015. For example, we currently estimate that, for the period ending December 31, 2013, our dividend will be $2.84 per share on an annualized basis.

Like shareholders of a corporation, our shareholders will receive a Form 1099-DIV and will be subject to U.S. federal income tax, as well as any applicable state or local income tax, on taxable dividends received by them. We estimate that for each of the periods ending December 31, 2012, 2013, 2014 and 2015, you will

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recognize an amount of taxable dividend income that will be between 0% and 60% of the cash dividends paid to you during each such period. The excess of the cash dividends that you receive over your taxable dividend income during each such period will reduce your tax basis in your shares, or will be taxable as capital gain to the extent they exceed your tax basis in your shares. Our shareholders will not report our items of income, gain, loss and deduction, nor will they receive a Schedule K-1. Our shareholders also will not be subject to state income tax filings in the various states in which LINN conducts operations as a result of owning our shares. Please read Material U.S. Federal Income Tax Consequences for additional details.

We will submit to a vote of our shareholders any matter submitted by LINN to a vote of its unitholders, including any election of LINN s directors. We will vote LINN units that we hold in the same manner as the owners of our shares vote (or refrain from voting) their shares on those matters. In addition, our shareholders will be entitled to vote on certain fundamental matters affecting LinnCo. Our shareholders will not be entitled to vote to elect our board of directors. The sole voting share that is entitled to vote to elect our board of directors is owned by LINN. Our initial board of directors will be identical to LINN s board of directors, and our initial officers will be the individuals who serve as officers of LINN. Please see Description of the Limited Liability Company Agreements Our Limited Liability Company Agreement for a detailed description of these matters.

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LINN

LINN is one of the largest publicly traded, U.S.-focused, independent oil and natural gas companies and is the largest publicly traded upstream oil and natural gas company that is treated as a partnership for U.S. federal income tax purposes. LINN is focused on the development and acquisition of long-life oil and natural gas properties, which complement its asset profile in various producing basins within the U.S. LINN s properties are currently located in eight operating regions in the U.S.:

- Mid-Continent, which includes properties in Oklahoma, Louisiana and the eastern portion of the Texas Panhandle (including the Granite Wash and Cleveland horizontal plays);
- Hugoton Basin, which includes properties located primarily in Kansas and the Shallow Texas Panhandle;
- Green River Basin, which includes properties located in southwest Wyoming;
- Permian Basin, which includes areas in west Texas and southeast New Mexico;
- Michigan/Illinois, which includes the Antrim Shale formation in the northern part of Michigan and oil properties in southern Illinois;
- California, which includes the Brea Olinda Field of the Los Angeles Basin;
- Williston/Powder River Basin, which includes the Bakken formation in North Dakota and the Powder River Basin in Wyoming; and
- East Texas, which includes properties located in east Texas.

LINN s total proved reserves at December 31, 2011 were 3.4 Tcfe, of which approximately 34% were oil, 50% were natural gas and 16% were NGL. Approximately 60% of LINN s total proved reserves were classified as proved developed, with a total standardized measure of discounted future net cash flows of $6.6 billion. At December 31, 2011, LINN operated 7,759, or 69%, of its 11,230 gross productive wells and had an average proved reserve-life index of approximately 22 years, based on LINN s total proved reserves at December 31, 2011 and annualized production for the three months ended December 31, 2011.

On July 31, 2012, LINN completed the acquisition of certain oil and natural gas properties located in the Green River Basin area of southwest Wyoming (the Green River Acquisition) for total consideration of approximately $990 million. The Green River Acquisition included approximately 806 Bcfe of proved reserves as of the acquisition date.

On May 1, 2012, LINN completed the acquisition of certain oil and natural gas properties located in east Texas (the East Texas Acquisition) for total consideration of approximately $168 million. On March 30, 2012, LINN completed the acquisition of certain oil and natural gas properties located in the Hugoton Basin area of southwestern Kansas (the Hugoton Acquisition) for total consideration of approximately $1.17 billion. On April 3, 2012, LINN entered into a joint venture agreement (the Anadarko Joint Venture) with an affiliate of Anadarko Petroleum Corporation (Anadarko) whereby LINN will participate as a partner in the CO_2 enhanced oil recovery development of the Salt Creek field, located in the Powder River Basin of Wyoming. As part of this joint venture, Anadarko assigned LINN 23% of its interest in the field in exchange for future funding by LINN of $400 million of Anadarko s development costs. See Recent Developments. Giving effect to the East Texas Acquisition, the Hugoton Acquisition, the Anadarko Joint Venture and the Green River Acquisition, LINN s pro forma proved reserves are approximately 5.1 Tcfe, of which approximately 25% are oil, 55% are natural gas and 20% are NGL, with approximately 66% proved developed.

LINN generated adjusted EBITDA of approximately $998 million for the year ended December 31, 2011 and $621 million for the six months ended June 30, 2012. See Non-GAAP Financial Measures for a

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reconciliation of adjusted EBITDA to net income (loss). For 2012, LINN estimates its total capital expenditures, excluding acquisitions, will be approximately $1.1 billion, including approximately $1.05 billion related to its oil and natural gas capital program. This estimate is under continuous review and is subject to ongoing adjustments. LINN expects to fund these capital expenditures primarily with cash flow from operations and borrowings under LINN s revolving credit facility.

The following table sets forth certain information with respect to LINN s proved reserves at December 31, 2011 and Pro Forma Proved Reserves and average daily production for the six months ended June 30, 2012:

Region	Proved Reserves At December 31, 2011 (Bcfe)(1)	Proved Reserves 2012 Acquisitions (Bcfe)(1)	Pro Forma Proved Reserves (Bcfe)(1)	Pro Forma % Oil and NGL	Pro Forma % Proved Developed	Average Daily Production For The Six Months Ended June 30, 2012 (MMcfe/d)
Mid-Continent	1,860	24	1,884	41%	53%	290
Hugoton Basin(2)	380	701	1,081	47%	87%	95
Green River Basin(3)		806	806	27%	53%	
Permian Basin	527		527	79%	56%	84
Michigan/Illinois	317		317	4%	91%	35
California	193		193	93%	93%	13
Williston/Powder River Basin(2)	93	96	189	92%	63%	25
East Texas(4)		110	110	3%	100%	8
Total	3,370	1,737	5,107	45%	66%	550

(1) Except as otherwise noted, proved reserves for 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.

(2) Pro forma proved reserves for the Hugoton Acquisition (in the Hugoton Basin region) and the Anadarko Joint Venture (in the Williston/Powder River Basin region) were calculated using a price of $3.73/MMBtu for natural gas and $98.02/Bbl for oil, which represent the unweighted average of the first-day-of-the-month prices for each of the twelve months ending March 1, 2012, the most recent twelve-month period prior to the closing of each of those transactions.

(3) Pro forma proved reserves for the Green River Acquisition (in the Green River Basin region) were calculated using a price of $3.02/MMBtu for natural gas and $94.81/Bbl for oil, which represents the unweighted average of the first-day-of-the-month prices for each of the twelve months ending July 1, 2012, the most recent twelve-month period prior to the closing of the Green River Acquisition.

(4) Pro forma proved reserves for the East Texas Acquisition were calculated using a price of $3.54/MMBtu for natural gas and $97.65/Bbl for oil, which represent the unweighted average of the first-day-of-the-month prices for each of the twelve months ending April 1, 2012, the most recent twelve-month period prior to the closing of the East Texas Acquisition.

LINN was formed as a Delaware limited liability company in March 2003 by Michael C. Linn, Quantum Energy Partners and non-affiliated equity investors with an aggregate equity investment of $16 million. In January 2006, LINN completed its $261 million initial public offering. Since its initial public offering, LINN has successfully executed on its strategy, and substantially grown its asset base and distributions on its units. LINN has increased its quarterly cash distribution by approximately 81% from $0.40 per unit, or $1.60 per unit on an annualized basis, at the time of its initial public offering, to $0.725 per unit, or $2.90 per unit on an annualized basis, as of July 24, 2012, the most recent declaration date. At the time of its initial public offering, LINN s assets consisted primarily of oil and natural gas properties in the Appalachian Basin, mainly in Pennsylvania, West Virginia, New York and Virginia (subsequently sold in 2008) with proved reserves of approximately 190 Bcfe as of

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September 30, 2005 and average daily production of approximately 13 MMcfe/d for the three months ended September 30, 2005. Since then, LINN has successfully grown and diversified its asset base to include properties across eight operating regions with total Pro Forma Proved Reserves of approximately 5.1 Tcfe and average daily production for the six months ended June 30, 2012 of approximately 550 MMcfe/d.

Business Strategy

LINN s primary goal is to provide stability and growth of distributions for the long-term benefit of its unitholders. The following is a summary of the key elements of LINN s business strategy:

- Grow through acquisition of long-life, high quality properties;
- Efficiently operate and develop acquired properties; and
- Reduce cash flow volatility through hedging.

LINN s business strategy is discussed in more detail below.

Grow Through Acquisition of Long-Life, High Quality Properties. LINN s acquisition program targets oil and natural gas properties that it believes will be financially accretive and offer stable, long-life, and high quality production with relatively predictable decline curves, as well as lower-risk development opportunities. LINN evaluates acquisitions based on decline profile, reserve life, operational efficiency, field cash flow, development costs and rate of return. As part of this strategy, LINN continually seeks to optimize its asset portfolio, which may include the divestiture of non-core assets. This allows LINN to redeploy capital into projects to develop lower-risk, long-life and low-decline properties that are better suited to its business strategy.

Since January 1, 2007, LINN has completed 39 acquisitions of oil and natural gas properties and related gathering and pipeline assets, acquiring proved reserves totaling approximately 4.5 Tcfe at the date of acquisition, at an average aggregate cost of approximately $2.02 per Mcfe.

LINN continually evaluates potential acquisition opportunities that would further its strategic objectives and engages from time to time in discussions with potential sellers. Assets acquired in one or more of such transactions may have a material effect on LINN s business, financial condition and results of operations.

Efficiently Operate and Develop Acquired Properties. LINN has centralized the operation of its acquired properties into defined operating regions to minimize operating costs and maximize production and capital efficiency. LINN maintains a large inventory of drilling and optimization projects within each operating region to achieve organic growth from its capital development program. LINN generally seeks to be the operator of its properties so that it can develop drilling programs and optimization projects that not only replace production, but add value through reserve and production growth and future operational synergies. LINN s development program is focused on lower-risk, repeatable drilling opportunities to maintain and/or grow cash flow. Many of the wells are completed in multiple producing zones with commingled production and long economic lives. In addition, LINN s experienced workforce and scalable infrastructure facilitate the efficient development of its properties.

Reduce Cash Flow Volatility Through Hedging. LINN seeks to hedge a significant portion of its forecasted production to reduce exposure to fluctuations in the prices of oil and natural gas and provide long-term cash flow predictability to pay distributions, service debt and manage its business. By removing a significant portion of the price volatility associated with future production, LINN expects to mitigate, but not eliminate, the potential effects of variability in cash flow from operations due to fluctuations in commodity prices.

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These commodity hedging transactions are primarily in the form of swap contracts and put options that are designed to provide a fixed price (swap contracts) or fixed price floor with the opportunity for upside (put options) that LINN will receive as compared to floating market prices. As of June 30, 2012, LINN had derivative contracts in place for 2012 through 2017 at average prices ranging from a low of $89.10 per Bbl to a high of $97.26 per Bbl for oil and from a low of $4.48 per MMBtu to a high of $5.29 per MMBtu for natural gas. Additionally, LINN has derivative contracts in place covering a substantial portion of its natural gas basis exposure to Panhandle, MichCon and Permian differentials through 2015 and Houston Ship Channel and NWPL Rockies differentials through 2016 and its timing risk exposure on Mid-Continent, Hugoton Basin and Permian Basin oil sales through 2017.

In addition, LINN may from time to time enter into derivative contracts in the form of interest rate swaps to minimize the effects of fluctuations in interest rates. Currently, LINN has no outstanding interest rate swaps.

Competitive Strengths

LINN believes the following strengths provide significant competitive advantages:

Large and High Quality Asset Base with a Long Reserve Life. LINN s reserve base is characterized by lower geologic risk and well-established production histories and exhibits low production decline rates. Based on LINN s total proved reserves at December 31, 2011, and annualized production for the three months ended December 31, 2011, LINN had an average reserve-life index of approximately 22 years. LINN s Pro Forma Proved Reserves are also diversified by product with approximately 25% oil, 55% natural gas and 20% natural gas liquids (NGL), with approximately 66% classified as proved developed.

Significant Inventory of Lower-Risk Development Opportunities. LINN has a significant inventory of projects in its core areas that it believes will support its development activity. At December 31, 2011, LINN had approximately 6,450 identified drilling locations, of which approximately 2,300 were proved undeveloped drilling locations and the remainder were unproved drilling locations. During the year ended December 31, 2011, LINN drilled a total of 294 gross wells with an approximate 99% success rate.

Significant Scale of Operations. As of June 1, 2012, LINN had interests in approximately 15,000 gross productive wells (approximately 71% operated) and approximately 1.8 million net acres across seven regions in the U.S. The Mid-Continent, Hugoton Basin and Permian Basin regions account for approximately 68% of LINN s Pro Forma Proved Reserves. The scale of operations allows LINN to benefit from economies of scale in both drilling and production operations and capitalize on acquired technical knowledge to lower production costs and maintain a high success rate on its drilling program. Furthermore, LINN owns integrated gathering and transportation infrastructure in the Mid-Continent and Hugoton Basin regions, which improves LINN s cost structure.

Multi-Year Organic Growth Opportunities. In addition to growth through acquisitions, LINN s asset base provides significant opportunities to grow production organically. Key drivers of LINN s organic growth potential include its properties in the Granite Wash play in the Mid-Continent region and the Wolfberry trend in the Permian Basin region. LINN has approximately 95,000 net acres in the Granite Wash play, which covers a trend extending from the Texas Panhandle eastward into southwestern Oklahoma. The Granite Wash play is characterized by liquids-rich multi-layer reservoirs which provide for attractive horizontal development opportunities. Since the inception of LINN s horizontal drilling program in the Granite Wash in 2009, LINN has increased production to approximately 137 MMcfe/d (43% liquids). As of March 31, 2012, LINN had identified more than 600 horizontal drilling locations in the Granite Wash and multiple vertical infill drilling locations, representing a 10-plus year drilling inventory. LINN is also evaluating several oil-bearing intervals in the Texas Panhandle including the Hogshooter, Lansing, Cleveland and Tonkawa formations. As a result of technical mapping, LINN has already identified approximately 50 additional well locations in the Hogshooter interval. In

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the Permian Basin region, LINN owns 31,000 net acres in the Wolfberry trend (targeting the liquids-rich Spraberry and Wolfcamp zones). The Wolfberry trend offers significant growth potential driven primarily by infill drilling and downspacing. Since entering the Permian Basin in the fall of 2009, LINN has increased production to approximately 14,800 Boepd as of the first quarter of 2012 through a combination of organic development and acquisitions. LINN estimates that it has a four-year drilling inventory with approximately 400 future drilling locations in the Wolfberry trend.

High Percentage of Production Hedged. Currently, LINN hedges its production with swap contracts and put options to minimize its cash flow volatility while maintaining optionality for future upward movement in commodity prices. Swap contracts provide a fixed price and put options provide a fixed price floor with opportunity for upside that LINN will receive as compared to floating market prices. Based on current production estimates, LINN is approximately 100% hedged on expected natural gas production through 2017 and 100% hedged on expected oil production through 2016.

High Percentage of Operated Properties. For the year ended December 31, 2011, approximately 82% of LINN s production came from wells over which it had operating control. Maintaining control of its properties allows LINN to use its technical and operational expertise to manage overhead, production, drilling costs and capital expenditures and to control the timing of development activities.

Competitive Cost of Capital and Financial Flexibility. Unlike many master limited partnerships, LINN does not have any incentive distribution rights, or IDRs, that entitle the IDR holders to increasing percentages of cash distributions as unit distributions grow. LINN believes that its lack of IDRs provides it with a lower cost of equity, thereby enhancing its ability to compete for future acquisitions.

Additionally, LINN has regularly and successfully raised significant capital throughout different financial cycles. Since LINN s initial public offering in January 2006, it has raised approximately $5.0 billion in follow-on equity offerings and approximately $5.4 billion in debt offerings. Furthermore, as of July 25, 2012, LINN s revolving credit facility had a $3.5 billion borrowing base, subject to a maximum commitment of $3 billion. LINN believes this financial flexibility and access to the capital markets provides LINN with a substantial competitive advantage in consummating acquisitions.

Recent Developments

Acquisitions

Green River Acquisition. On July 31, 2012, LINN completed the Green River Acquisition for total consideration of approximately $990 million. The Green River Acquisition included approximately 806 Bcfe of proved reserves as of the acquisition date.

East Texas Acquisition. On May 1, 2012, LINN completed the East Texas Acquisition for total consideration of approximately $168 million. The properties acquired in east Texas include (1) proved reserves of approximately 110 Bcfe, all of which are proved developed producing; (2) approximately 430 producing wells on approximately 19,800 contiguous acres; and (3) average daily production of approximately 24 MMcfe/d (97% natural gas).

Hugoton Acquisition. On March 30, 2012, LINN completed the Hugoton Acquisition for total consideration of approximately $1.17 billion. The properties acquired in the Hugoton Acquisition included: (1) proved reserves of approximately 701 Bcfe, of which 100% is proved developed; (2) approximately 2,400 producing wells with average daily production of approximately 110 MMcfe/d, of which approximately 63% is natural gas and 37% is NGL; (3) approximately 800 future drilling locations; and (4) the JayHawk Natural Gas Processing Plant, which processes substantially all of the production from the acquired properties, with 450 MMcf/d of processing capacity.

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Joint Venture

Anadarko Joint Venture. On April 3, 2012, LINN entered into the Anadarko Joint Venture, whereby LINN will participate as a partner in the CO_2-enhanced oil recovery development of the Salt Creek field, located in the Powder River Basin of Wyoming. Anadarko assigned LINN 23% of its interest in the field in exchange for future funding by LINN of $400 million of Anadarko s development costs. LINN expects to invest a total of $600 million in the joint venture over the next three to six years, which includes the $400 million of Anadarko s costs and $200 million net to LINN s assigned interest. Anadarko has been utilizing CO_2 to develop this field since 2004. The acquisition included approximately 16 MMBoe (96 Bcfe) of proved reserves as of the agreement date.

The acquisitions and joint venture described above are referred to in this prospectus as the 2012 Acquisitions.

Questions and Answers About LinnCo

Why is LinnCo being created?

LinnCo is being created to enhance LINN s ability to raise additional equity capital to execute on its acquisition and growth strategy. As LINN continues to grow, the size of individual acquisitions it pursues and its related financing needs are expected to increase. LINN believes that the LinnCo structure will allow LINN to expand its investor base through offerings of LinnCo shares, the proceeds of which will go to LINN for use in executing its strategy, in return for a number of LINN units equal to the number of LinnCo shares sold.

Why does LINN believe that LinnCo will enhance LINN s ability to raise equity?

LinnCo will be taxed as a corporation, which will enable holders of LinnCo shares to invest indirectly in LINN without the associated tax-related obligations of owning a LINN unit. For example, holders of LinnCo shares will receive a Form 1099-DIV rather than a Schedule K-1, will generally not have unrelated business taxable income, or UBTI, and will not be required to file state income tax returns as a result of owning LinnCo shares. LINN believes that this structure will appeal to investors that would like to invest in a dividend-paying oil and natural gas exploration and production company, but currently do not invest in LINN units because of UBTI consequences and more onerous tax reporting requirements.

Why doesn t LINN just increase the size of its LINN unit offerings?

While LINN has been one of the most active energy-focused master limited partnership equity issuers in recent years, we believe that expanding the investor base to include institutions, individual retirement accounts and tax-exempt investors will provide LINN with equity-raising opportunities significantly beyond its current capacity.

How will LinnCo quarterly dividends be determined?

LinnCo will own a number of LINN units equal to the number of LinnCo shares outstanding and will receive the same distribution per LINN unit as all other LINN unitholders. When LinnCo receives a quarterly distribution from LINN, it will reserve an amount equal to LinnCo s estimated income tax liability, and will distribute the balance as a dividend to LinnCo shareholders. We currently estimate that for each of the periods ending December 31, 2012, 2013, 2014 and 2015, LinnCo s income tax liability will be between 2% and 5% of the cash LINN distributes to us. Accordingly, if LINN were to maintain its current annualized distribution of $2.90 per unit through 2015, the annual LinnCo dividend would be between $2.75 and $2.84 per share. For example, we currently estimate that, for the period ending December 31, 2013, our dividend will be $2.84 per share on an annualized basis.

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What rights will LinnCo shareholders have with respect to the governance of LINN and LinnCo?

LinnCo will submit to a vote of its shareholders any matter submitted by LINN to a vote of its unitholders, which will include the annual election of the LINN board of directors. LinnCo will vote the LINN units it holds in the same manner as our shareholders vote on those matters. Our shareholders will also be entitled to vote on certain fundamental matters affecting LinnCo, but will not have the right to elect the LinnCo board of directors. LINN holds the sole voting share in LinnCo, and therefore will elect the LinnCo board. LinnCo s initial board of directors will be composed of the same members as LINN s board of directors.

Will there be future offerings of LinnCo shares?

As LINN continues to execute on its acquisition and growth strategy, it expects to continue to require additional equity capital. LinnCo may make future sales of LinnCo shares to facilitate this strategy, and such future sales may be made separately or in tandem with future sales of LINN units depending on, among other factors, the amount of equity capital to be raised and the relative trading prices of the LinnCo shares and the LINN units. Any proceeds from the sale of both LinnCo shares and LINN units will ultimately be used by LINN to execute its strategy.

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Risk Factors

An investment in our shares involves risks. You should carefully consider the risks described in Risk Factors beginning on page 30 of this prospectus and the other information in this prospectus before deciding whether to invest in our shares.

Risks Related to LINN s Business

LINN actively seeks to acquire oil and natural gas properties. Acquisitions involve potential risks that could adversely impact its future growth and its ability to increase or pay distributions at the current level, or at all.

LINN has significant indebtedness. LINN s revolving credit facility and the indentures governing LINN s outstanding senior notes have substantial restrictions, and LINN may have difficulty obtaining additional credit, which could adversely affect its operations, its ability to make acquisitions and its ability to pay distributions to its unitholders, including us.

Commodity prices are volatile, and a significant decline in commodity prices for a prolonged period would reduce LINN s revenues, cash flow from operations and profitability and it may have to lower its distribution or may not be able to pay distributions at all, which would in turn reduce or eliminate our ability to pay dividends to you.

LINN s estimated reserves are based on many assumptions that may prove to be inaccurate. Any material inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present value of LINN s reserves.

LINN s development operations require substantial capital expenditures, which will reduce its cash available for distribution. LINN may be unable to obtain needed capital or financing on satisfactory terms, which could lead to a decline in its reserves.

Drilling for and producing oil, natural gas and NGL are high risk activities with many uncertainties that could adversely affect LINN s financial position or results of operations and, as a result, its ability to pay distributions to its unitholders.

Risks Inherent in an Investment in LinnCo

Because our only assets will be LINN units, our cash flow and our ability to pay dividends on our shares are completely dependent upon the ability of LINN to make distributions to its unitholders.

We will incur corporate income tax liabilities on income allocated to us by LINN with respect to LINN units we own, which may be substantial.

An active trading market for our shares may not develop, and even if such a market does develop, the market price of our shares may be less than the price you paid for your shares and less than the market price of LINN units.

Our shareholders will only be able to indirectly vote on matters on which LINN unitholders are entitled to vote, and our shareholders are not entitled to vote to elect our directors. Therefore, you will only be able to indirectly influence the management and board of directors of LINN, and you will not be able to directly influence or change our management or board of directors.

LINN may issue additional units or other classes of units, and we may issue additional shares without your approval, which would dilute our direct and your indirect ownership interest in LINN and your ownership interest in us.

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Your shares are subject to limited call rights that could result in your having to involuntarily sell your shares at a time or price that may be undesirable.

Our limited liability company agreement limits the fiduciary duties owed by our officers and directors to our shareholders, and LINN s limited liability company agreement limits the fiduciary duties owed by LINN s officers and directors to its unitholders, including us.

The terms of our shares may be changed in ways you may not like, because our board of directors will have the power to change the terms of our shares in ways our board determines are not materially adverse to you.

Our shares may trade at a substantial discount to the trading price of LINN units.

Tax Risks to Shareholders

If LINN were subject to a material amount of entity-level income taxes or similar taxes, whether as a result of being treated as a corporation for U.S. federal income tax purposes or otherwise, the value of LINN units would be substantially reduced and, as a result, the value of our shares could be substantially reduced.

Management of LinnCo

LINN owns our sole voting share (the voting share, and collectively with any additional shares of the same class issued in the future, the voting shares) and will be entitled to elect our entire board of directors.

Our initial board of directors will be identical to LINN s board of directors, and all of our officers are also officers of LINN. Our shareholders will be able to indirectly vote on matters on which LINN unitholders are entitled to vote. Our shareholders are not entitled to vote to elect our directors. Under NASDAQ s listing rules, we are considered a controlled company such that our board of directors will be exempt from the requirement that it have a majority of independent directors meeting the NASDAQ s independence standards. We will, however, be required to have an audit committee of the board of directors composed entirely of independent directors. At the completion of this offering, our board of directors will be comprised of seven directors, including five independent directors constituting our audit committee. For information about our executive officers and directors, please read Management beginning on page 108.

Comparison of LINN Units with LinnCo Shares

You should be aware of the following ways in which an investment in LINN units is different from an investment in our shares. The table below should be read together with Description of Our Shares, Description of the LINN Units, Description of the Limited Liability Company Agreements, and Material U.S. Federal Income Tax Consequences.

	LINN Units	LinnCo Shares
Business and Assets	LINN is in the business of acquiring and developing oil and natural gas assets.	Our sole purpose is to own LINN units. We will not have any other assets at closing and do not intend to own assets other than LINN units and reserves for income taxes payable by us. As a result, our financial condition and results of operations will depend entirely on the performance of LINN.

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	LINN Units	LinnCo Shares
Voting	Unitholders have the right to vote with respect to the election of LINN s board of directors, certain amendments to its limited liability company agreement, the merger of LINN or the sale of all or substantially all of its assets and the dissolution and winding up of LINN.	We will submit to a vote of our shareholders any matter submitted by LINN to a vote of its unitholders. We will vote the LINN units that we hold in the same manner as the owners of our shares vote (or refrain from voting) their shares on those matters. In addition, our shareholders will be entitled to vote on certain fundamental matters affecting us, such as certain amendments to our limited liability company agreement or the Omnibus Agreement (as defined below), certain mergers, the sale of all or substantially all of our assets and in certain cases, our dissolution and winding up.
		LINN, as the holder of our sole voting share, will have the right to elect the members of our board of directors, and our shareholders will have no right to vote in that election.
Board of Directors and Officers	LINN s business and affairs are managed under the direction of LINN s board of directors, which has the power to appoint our officers.	Our initial board of directors will be composed of the same members as LINN s board of directors, and our initial officers will be the same individuals who serve as officers of LINN.
	The authority and function of LINN s board of directors and officers is, with certain exceptions, identical to the authority and functions of a board of directors and officers of a corporation organized under the General Corporation Law of the State of Delaware, or DGCL.	Our business and affairs will be managed under the direction of our board of directors, which has the power to appoint our officers.
		The authority and function of our board of directors and officers will be identical to the authority and functions of a board of directors and officers of a corporation organized under the DGCL, except for certain limitations on their fiduciary duties. Please read Description of Limited Liability Company Agreements Our Limited Liability Company Agreement Fiduciary Duties on page 148.

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	LINN Units	LinnCo Shares
Distributions and Dividends	On a quarterly basis, LINN is required to distribute to the owners of its units an amount equal to its available cash.	On a quarterly basis, LinnCo is required to pay a dividend equal to the amount of cash received from LINN in respect of the LINN units owned by LinnCo, less reserves for income taxes payable by LinnCo.
		We will incur corporate income tax liability on income allocated to us by LINN with respect to LINN units we own. Accordingly, the quarterly cash dividend you receive will be less than the quarterly per unit distribution of cash that we receive from LINN. For each of the periods ending December 31, 2012, 2013, 2014 and 2015, we estimate that LinnCo s income tax liability will be between 2% and 5% of the cash distributed to LinnCo.
Income Tax	LINN is taxed as a partnership for U.S. federal income tax purposes.	Our federal taxable income will be subject to a corporate level tax at a maximum rate of 35%, under current law (and a 20% alternative minimum tax on our alternative minimum taxable income in certain cases), and we may be liable for state income taxes at varying rates in states in which LINN operates.
	Although LINN is not subject to entity level federal income tax, each unitholder is required to report as income his allocable share of LINN s income, gains, losses and deductions for LINN s taxable year or years ending with or within his taxable year.	Our shareholders will be subject to U.S. federal income tax, as well as any applicable state or local income tax, on taxable dividends received by them, or on any gain when they sell our shares. Our shareholders will not report our items of income, gain, loss and deduction on their U.S. federal income tax returns. We estimate that for each of the periods ending December 31, 2012, 2013, 2014 and 2015, you will recognize an amount of taxable dividend income that will be between 0% and 60% of the cash dividends paid to you during each such period. The excess of the cash dividends that you receive over your taxable dividend income during each such period will reduce your tax basis in your shares, or will be taxable as capital gain to the extent they exceed your tax basis in your shares.

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	LINN Units	LinnCo Shares
Taxation Schedules	Unitholders receive a Schedule K-1 from LINN reflecting the unitholders share of LINN s items of income, gain, loss, and deduction.	Like shareholders of a corporation, LinnCo shareholders will receive a Form 1099-DIV reflecting dividends of cash or other property we paid to them. Our shareholders will not receive a Schedule K-1 from us because they will not be allocated our items of income, gain, loss, and deduction.
	Any net income or gain of LINN allocated to a tax-exempt organization, including an employee benefit plan, will constitute unrelated business taxable income of that organization.	A tax-exempt organization, including an employee benefit plan, generally will not have unrelated business taxable income upon the receipt of dividends from us.
	Net income and gain from LINN units generally will be qualifying income to a regulated investment company or mutual fund, subject to certain limitations that do not apply to income or gain with respect to stock of a corporation.	Dividend income and gain from our shares generally will be qualifying income to a regulated investment company or mutual fund.

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Ownership of LINN

The following diagram depicts LINN s simplified organizational and ownership structure after giving effect to this offering and to the subsequent purchase of LINN units by us.

Public Units (199,607,250)(1)	86.8%
Units held by LinnCo (30,250,000)	13.2%
Total	100%

(1) As of September 25, 2012.

Principal Executive Offices and Internet Address

Our principal executive offices are located at 600 Travis, Suite 5100, Houston, Texas 77002, and our telephone number is (281) 840-4000. Our website is located at *www.linnco.com* and will be activated immediately following this offering. We expect to make available our periodic reports and other information filed with or furnished to the Securities and Exchange Commission, which we refer to as the SEC, free of charge through our website, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference herein and does not constitute a part of this prospectus.

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The Offering

LinnCo	We are a Delaware limited liability company recently formed to hold units of LINN.
Shares offered to the public	30,250,000 shares, or 34,787,500 shares if the underwriters exercise their option to purchase additional shares in full.
Shares outstanding after this offering	30,250,000 shares (or 34,787,500 shares if the underwriters exercise their option to purchase additional shares in full) representing a 100% economic interest in us.
	One voting share of LinnCo owned by LINN. Our voting share is a non-economic interest.
LINN units held by LinnCo after this offering	30,250,000 units (or 34,787,500 units if the underwriters exercise their option to purchase additional shares in full) representing a 13.2% limited liability company interest in LINN.
Use of proceeds	We will use all of the net proceeds from this offering of approximately $1.191 billion ($1.370 billion if the underwriters exercise their option to purchase additional shares in full), after deducting underwriting discounts and the structuring fee, to purchase from LINN a number of LINN units equal to the number of shares sold in this offering. LINN will pay the expenses of this offering.
	LINN will use the proceeds it receives from the sale of LINN units to repay debt outstanding under its revolving credit facility and pay the estimated expenses of this offering.
	Affiliates of certain of the underwriters in this offering are lenders under LINN s revolving credit facility and, accordingly, will indirectly receive a portion of the net proceeds from this offering. Please read Underwriting (Conflicts of Interest) Affiliations and Conflicts of Interest.
Proposed NASDAQ symbol	Our shares have been approved for listing on the NASDAQ Global Select Market under the symbol LNCO.
Our dividend policy	Our limited liability company agreement requires us to pay dividends on our shares of the cash we receive as distributions in respect of our LINN units, net of reserves for income taxes payable by us, within five business days after we receive such distributions.

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LINN distribution policy	LINN s limited liability company agreement requires it to make quarterly distributions to unitholders of all of its available cash, which is defined to mean, for each fiscal quarter, all cash on hand at the end of the quarter less the amount of cash reserves established by the LINN board of directors to: provide for the proper conduct of business (including reserves for future capital expenditures, future debt service requirements, and for anticipated credit needs); and comply with applicable laws, debt instruments or other agreements; plus all cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made after the end of the quarter for which the determination is being made.
U.S. federal income tax matters associated with our shares	Because we will be treated as a corporation for U.S. federal income tax purposes, our shareholders will receive a Form 1099-DIV and will be subject to federal income tax, as well as any applicable state or local income tax, on taxable dividends paid to them. An owner of our shares will not report on its U.S. federal income tax return any of our items of income, gain, loss and deduction. An owner of our shares will not receive a Schedule K-1 and will not be subject to state tax filings in the various states in which LINN conducts business as a result of owning our shares. A tax-exempt investor s ownership or sale of our shares generally will not generate income derived from an unrelated trade or business regularly carried on by the tax-exempt investor, which generally is referred to as unrelated business taxable income, or UBTI. The ownership or sale of our shares by a regulated investment company, or mutual fund, will generate qualifying income to it. Furthermore, the ownership of our shares by a mutual fund will be treated as a qualifying asset. There generally will be no taxes imposed on gain from the sale of our shares by a non-U.S. person provided it has owned no more than 5% of our shares and our shares are regularly traded on a nationally recognized securities exchange. Dividends to non-U.S. persons will be subject to withholding tax of 30% (or a lower treaty rate, if applicable). See Material U.S. Federal Income Tax Consequences.
Our covenants	Our limited liability company agreement provides that our activities will generally be limited to owning LINN units. It requires that our issuance of shares of classes other than (i) the class of shares being sold in this offering, (ii) the class of voting shares currently owned by LINN and (iii) derivative securities issued under employee benefit plans, be approved by the owners of our outstanding voting and common shares, voting as separate classes, and further includes covenants that prohibit us from (otherwise than in connection with a Terminal Transaction): borrowing money or issuing debt;

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- selling, pledging or otherwise transferring any LINN units;
- issuing options, warrants or other securities entitling the holder to purchase our shares (other than in connection with employee benefit plans);
- liquidating, merging (other than to effect a mere change in legal form) or recapitalizing;
- revoking or changing our election to be treated as a corporation for U.S. federal income tax purposes; or
- using the proceeds from sales of our shares other than to purchase LINN units; or
- agreeing to any amendment to the Omnibus Agreement that has a material adverse effect on the preferences or rights of any shareholder, other than any amendment that (A) effects the intent of the provisions of the Omnibus Agreement, (B) facilitates the ability of the shareholders to obtain the benefits of, or otherwise facilitates the consummation of, a Terminal Transaction, (C) reflects any change in circumstances as a result of certain non-cash mergers involving LINN, or (D) the board of directors determines will not have a material adverse effect on the preferences or rights of the shares.

See Description of the Limited Liability Company Agreements Our Limited Liability Company Agreement. In addition, these provisions can be amended or waived by the owners of our shares as described under Voting rights below.

Relationship with LINN	Under our limited liability company agreement, LINN has agreed that neither it nor any of its subsidiaries will take any action that would result in LINN and its subsidiaries ceasing to control LinnCo, except in connection with a Terminal Transaction.
	Under an Omnibus Agreement between LINN and us (the Omnibus Agreement), LINN will pay on our behalf (directly or indirectly) any legal, accounting, tax advisory, financial advisory and engineering fees, printing costs or other administrative and out-of-pocket expenses we incur, along with any other expenses incurred in connection with this offering or incurred as a result of being a publicly traded entity, including costs associated with annual, quarterly and other reports to holders of our shares, tax return and Form 1099 preparation and distribution, NASDAQ listing fees, printing costs, independent auditor fees and expenses, legal counsel fees and expenses, limited liability company governance and compliance expenses and registrar and transfer agent fees. LINN will also agree to indemnify us and our officers and directors for damages suffered or costs incurred (other than income taxes payable by us) in connection with carrying out our activities. Finally, LINN has granted us a license to utilize its trademarks.

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These covenants can be amended or waived by the owners of our shares as described under Voting rights below.

Terminal Transactions involving LINN

Mergers. If the LINN unitholders are asked to approve a merger of LINN with another entity, we will submit the merger to a vote of our shareholders and will vote our LINN units in the same manner that our shareholders vote (or refrain from voting) their shares.

Cash Consideration. In a merger involving LINN in which unitholders receive cash, you will be entitled to receive any cash we receive for our LINN units, net of reserves for income taxes payable by us.

Non-Cash Consideration. In a merger involving LINN in which securities of another entity are exchanged for all of the outstanding LINN units, you will be entitled to receive the securities received in connection with such merger (other than securities sold by LINN to establish reserves for income taxes payable by us) and we will dissolve and wind up our affairs, unless:

- LINN s successor would be treated as a partnership for U.S. federal income tax purposes; and

- the surviving entity agrees to assume the obligations of LINN under our limited liability company agreement and the Omnibus Agreement.

Tender Offers. If a third party makes a tender offer for LINN units, LINN may, but will not be obligated to, cooperate with such third party to make a tender offer to our shareholders or otherwise facilitate participation of our shareholders in the tender offer for LINN units.

Going Private Transaction. If at any time a person owns more than 90% of the outstanding LINN units, such person may elect to purchase all, but not less than all, of the remaining outstanding LINN units at a price equal to the higher of the current market price (as defined in LINN s limited liability company agreement) and the highest price paid by such person or any of its affiliates for any LINN units purchased during the 90-day period preceding the date notice was mailed to the LINN unitholders informing them of such election. In this case, we will be required to tender all of our outstanding LINN units and distribute the cash we receive, net of income taxes payable by us, to our shareholders. Following such distribution, we will cancel all of our outstanding shares and dissolve and wind up our affairs.

Sale of All or Substantially All of LINN s Assets. If LINN sells all or substantially all of its assets in one or more transactions for cash and makes a distribution of such cash to its unitholders, we will distribute the cash we receive, net of income taxes payable by us, to our shareholders.

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	Change in Tax Treatment of LINN. If LINN or its successor ceases to be treated as a partnership for U.S. federal income tax purposes, LINN or such successor will have the right to cause us to merge with and into LINN, in which case each of our shareholders will receive distributions in kind of LINN units and other property we own, if any, after payments to creditors and satisfaction of other obligations.
	The transactions described above are referred to as Terminal Transactions.
Limited call rights	If LINN or any of its affiliates owns 80% or more of our outstanding shares, LINN has the right, which it may assign to any of its affiliates, to purchase all of our outstanding shares, at a purchase price not less than the greater of the then-current market price of our shares and the highest price paid for our shares by LINN or one of its affiliates in the prior 90 days.
	If any person acquires more than 90% of the outstanding LINN units, such person may require us to tender all of our outstanding LINN units, in which case we will distribute the cash we receive to our shareholders. Following such distribution, we will cancel all of our outstanding shares and dissolve and wind up our affairs. See Terminal Transactions involving LINN above.
Voting rights	We will submit to a vote of the owners of our shares any matter submitted to us by LINN for a vote of the LINN units held by us. We will vote the LINN units that we own in the same manner that the owners of our shares vote (or refrain from voting) their shares. The LINN units we hold will have the same voting rights as all other LINN units.
	Owners of the shares being sold in this offering will have no right to elect our directors. LINN owns the sole voting share entitled to elect our directors, which we refer to as the voting share, and which has no economic interest in us. Owners of the shares of the class being sold in this offering are entitled to vote on the following matters related to us: amendments to our limited liability company agreement and the Omnibus Agreement with LINN, but only if the amendment would have a material adverse effect on the preferences or rights of our shareholders (as determined by our board of directors), would reduce the time for any notice to which the owners of our shares are entitled, enlarges the obligations of our shareholders, alters the circumstances under which LinnCo could be dissolved or wound up or changes the term of existence of LinnCo; an amendment or waiver of LINN s covenant regarding its continued ownership of more than 50% of the total voting power of LinnCo; an amendment or waiver of the covenants described above under Our covenants ;

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- our issuance of classes of shares other than shares of the class being sold in this offering, the class of the voting share currently owned by LINN and derivative securities issued under employee benefit plans;
- a merger of LinnCo or the sale of all or substantially all of our assets (other than in connection with a Terminal Transaction or to effect a mere change in legal form);
- our dissolution (other than in connection with a Terminal Transaction); and
- changes to our limited liability company agreement that would alter, amend, repeal or be inconsistent with certain fundamental rights of our shareholders, including their voting rights with respect to us and their pass-through voting rights with respect to LINN.

The matters described above also require approval by the holders of a majority of our voting shares.

Ratio of LinnCo shares to LINN units	Our limited liability company agreement requires that the number of our outstanding shares and the number of LINN units we own always be equal.
Conflicts of Interest	As described under Use of Proceeds, a substantial portion of the net proceeds from this offering will be used in the form of LINN s repayment of borrowings under its credit facility. Affiliates of most of the underwriters are lenders under LINN s credit facility and, accordingly, each will ultimately receive their pro rata share of such repayment. Because an affiliate of Wells Fargo Securities, LLC and an affiliate of RBC Capital Markets, LLC will each receive more than 5% of the net proceeds of this offering due to such repayment, Wells Fargo Securities, LLC and RBC Capital Markets, LLC are deemed to have a conflict of interest under Rule 5121 (Rule 5121) of the Financial Industry Regulatory Authority, Inc. (FINRA). Accordingly, this offering will be conducted in accordance with Rule 5121, which requires, among other things, that a qualified independent underwriter has participated in the preparation of, and has exercised the usual standards of due diligence with respect to, the registration statement and this prospectus. Barclays Capital Inc. has agreed to act as qualified independent underwriter for the offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act of 1933, as amended, specifically including those inherent in Section 11 of the Securities Act. See Use of Proceeds and Underwriting (Conflicts of Interest) Affiliations and Conflicts of Interest.

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Summary Historical and Pro Forma Financial and Operating Data of LINN

The following table shows summary historical and pro forma financial and operating data of LINN as of the dates and for the periods indicated. The selected historical financial data presented as of December 31, 2010 and 2011 and for the years ended December 31, 2009, 2010 and 2011 are derived from the historical audited financial statements that are included elsewhere in this prospectus. The selected historical financial data of LINN presented as of June 30, 2012 and for the six months ended June 30, 2011 and 2012 are derived from the unaudited interim financial statements that are included elsewhere in this prospectus. The summary pro forma financial data presented for the year ended December 31, 2011 and the six months ended June 30, 2012 are derived from the unaudited pro forma condensed combined financial statements that are included elsewhere in this prospectus. The pro forma financial data presented as of June 30, 2012 gives effect to the Green River Acquisition as if it had been completed as of June 30, 2012, and the pro forma financial data presented for the year ended December 31, 2011 and the six months ended June 30, 2012 give effect to the Green River Acquisition and the Hugoton Acquisition as if they had been completed as of January 1, 2011 and certain other 2011 acquisitions as if they had been completed as of January 1, 2010. The following table should be read together with, and is qualified in its entirety by reference to, the historical and unaudited financial statements and the accompanying notes included elsewhere in this prospectus. The table should also be read together with Management s Discussion and Analysis of Financial Condition and Results of Operations.

The unaudited pro forma financial statements do not purport to represent what LINN s results of operations would have actually been had such acquisitions occurred on the dates noted above, or to project LINN s results of operations as of any future date or for any future periods. The pro forma adjustments are based on available information and certain assumptions that LINN believes are reasonable. The adjustments are directly attributable to the acquisition of oil and natural gas properties from the Green River Acquisition, Hugoton Acquisition and certain other 2011 acquisitions and are expected to have a continuing impact on LINN s results of operations. In our opinion, all adjustments necessary to present fairly the unaudited pro forma condensed combined financial statements have been made.

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Because of rapid growth through acquisitions and development of properties, LINN s historical results of operations and period-to-period comparisons of these results and certain other financial data may not be meaningful or indicative of future results. The results of LINN s Appalachian Basin and Mid Atlantic Well Service, Inc. operations, which were disposed of in 2008, are classified as discontinued operations, due to post-closing adjustments, for the year ended December 31, 2009. Unless otherwise indicated, results of operations information presented herein relates only to continuing operations.

	Historical			Pro Forma	Historical		Pro Forma
	At or for the Year Ended December 31,			For the Year Ended December 31,	At or for the Six Months Ended June 30,		For the Six Months Ended June 30,
	2009	2010	2011	2011	2011	2012	2012
				(Unaudited)	(Unaudited)		(Unaudited)
	(in thousands, except per unit amounts)						
Statement of operations data:							
Oil, natural gas and natural gas liquids sales	$ 408,219	$ 690,054	$ 1,162,037	$ 1,961,964	$ 543,097	$ 696,122	$ 839,659
Gains (losses) on oil and natural gas derivatives	(141,374)	75,211	449,940	449,940	(163,961)	441,678	441,678
Depreciation, depletion and amortization	201,782	238,532	334,084	511,880	145,711	260,782	315,027
Interest expense, net of amounts capitalized	92,701	193,510	259,725	381,564	125,825	171,909	202,305
Income (loss) from continuing operations	(295,841)	(114,288)	438,439	639,664	(209,573)	230,884	219,840
Income (loss) from discontinued operations, net of taxes(1)	(2,351)						
Net income (loss)	(298,192)	(114,288)	438,439	639,664	(209,573)	230,884	219,840
Income (loss) per unit continuing operations:							
Basic	(2.48)	(0.80)	2.52	3.65	(1.25)	1.17	1.11
Diluted	(2.48)	(0.80)	2.51	3.64	(1.25)	1.16	1.11
Income (loss) per unit discontinued operations:							
Basic	(0.02)						
Diluted	(0.02)						
Net income (loss) per unit:							
Basic	(2.50)	(0.80)	2.52	3.65	(1.25)	1.17	1.11
Diluted	(2.50)	(0.80)	2.51	3.64	(1.25)	1.16	1.11
Distributions declared per unit	2.52	2.55	2.70		1.32	1.415	
Weighted average units outstanding:							
Basic	119,307	142,535	172,004	173,728	169,104	195,382	195,382
Diluted	119,307	142,535	172,729	174,453	169,104	196,039	196,039

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	Historical At or for the Year Ended December 31, 2009	2010	2011	Historical At or for the Six Months Ended June 30, 2011	2012	Pro Forma At June 30, 2012
				(Unaudited)		(Unaudited)
		(in thousands)		(in thousands)		(in thousands)
Cash flow data:						
Net cash provided by (used in):						
Operating activities(2)	$ 426,804	$ 270,918	$ 518,706	$ 303,762	$ (122,429)	
Investing activities	(282,273)	(1,581,408)	(2,130,360)	(1,081,736)	(2,265,931)	
Financing activities	(150,968)	1,524,260	1,376,767	611,741	2,389,129	
Balance sheet data:						
Total assets	$ 4,340,256	$ 5,933,148	$ 8,000,137		$ 11,180,102	$ 11,907,340
Long-term debt	1,588,831	2,742,902	3,993,657		6,005,547	6,687,838
Unitholders capital	2,452,004	2,788,216	3,428,910		4,131,663	4,131,663

(1) Includes gains (losses) on sale of assets, net of taxes.

(2) Includes premiums paid for derivatives of approximately $94 million, $120 million and $134 million for the years ended December 31, 2009, December 31, 2010 and December 31, 2011, respectively, and approximately $583 million for the six months ended June 30, 2012.

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Summary Reserve and Operating Data

The following table presents summary unaudited operating data with respect to LINN s production and sales of oil and natural gas for the periods presented and summary information with respect to LINN s estimated proved oil and natural gas reserves at year end. DeGolyer and MacNaughton, independent petroleum engineers, provided the estimates of LINN s proved oil and natural gas reserves as of December 31, 2009, 2010 and 2011 set forth below.

	Year Ended December 31,			Six Months Ended June 30,	
	2009	2010	2011	2011	2012
Average daily production continuing operations:					
Natural gas (MMcf/d)	125	137	175	163	273
Oil (MBbls/d)	9.0	13.1	21.5	19.3	27.2
NGL (MBbls/d)	6.5	8.3	10.8	9.3	19.1
Total (MMcfe/d)	218	265	369	335	550
Weighted average prices (hedged):(1)					
Natural gas ($/Mcf)	$ 8.27	$ 8.52	$ 8.20	$ 8.68	$ 5.93
Oil ($/Bbl)	110.94	94.71	89.21	88.35	92.86
NGL ($/Bbl)	28.04	39.14	42.88	44.70	33.21
Expenses ($/Mcfe):					
Lease operating expenses	$ 1.67	$ 1.64	$ 1.73	$ 1.69	$ 1.42
Transportation expenses	0.23	0.20	0.21	0.20	0.32
General and administrative expenses(2)	1.08	1.02	0.99	1.02	0.84
Depreciation, depletion and amortization	2.53	2.46	2.48	2.40	2.60
Taxes, other than income taxes	0.35	0.47	0.58	0.59	0.56

	2009	2010	2011
Estimated proved reserves continuing operations:(3)			
Natural gas (Bcf)	774	1,233	1,675
Oil (MMBbls)	102	156	189
NGL (MMBbls)	54	71	94
Total (Bcfe)	1,712	2,597	3,370
Percent proved developed reserves (%)	71%	64%	60%
Estimated reserve life (in years)(4)	22	23	22
Standardized measure of discounted future net cash flows ($ in millions)(5)	$ 1,723	$ 4,224	$ 6,615

(1) Includes the effect of realized gains on derivatives of approximately $401 million (excluding $49 million realized net gains on canceled contracts), $308 million, $230 million (excluding $27 million realized gains on canceled contracts), $98 million and $173 million (excluding approximately $18 million realized gain on recovery of bankruptcy claim) for the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2011 and 2012, respectively.

(2) General and administrative expenses for the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2011 and 2012 include approximately $15 million, $13 million, $21 million, $11 million and $14 million of noncash unit-based compensation expenses, respectively. General and administrative expenses excluding these amounts were $0.90 per Mcfe, $0.88 per Mcfe, $0.83 per Mcfe, $0.85 per Mcfe and $0.70 per Mcfe for the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2011 and 2012, respectively. This is a non-GAAP measure used by LINN s management to analyze its performance.

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(3) In accordance with SEC regulations, reserves at December 31, 2009, 2010 and 2011 were estimated using the average price during the 12-month period, determined as an unweighted average of the first-day-of-the-month price for each month, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions. The price used to estimate reserves is held constant over the life of the reserves.

(4) Based on annualized average daily production from continuing operations for the fourth quarter of each respective year.

(5) Standardized measure of discounted future net cash flows is the present value of estimated future net revenues to be generated from the production of proved reserves, discounted using an annual discount rate of 10% and determined in accordance with the rules and regulations of the SEC without giving effect to non-property related expenses such as general and administrative expenses, debt service, future income tax expenses or depreciation, depletion and amortization. Standardized measure of discounted future net cash flows does not give effect to derivative transactions. However, LINN estimates the discounted present value, or PV-10, of its approximately 3.4 Tcfe of proved reserves at December 31, 2011, to be approximately $7.1 billion, based on oil and natural gas hedge values for 2012-2016 and strip prices as of December 31, 2011. This calculation of PV-10 differs from the standardized measure of discounted future net cash flows determined in accordance with the rules and regulations of the SEC in that it is presented including the impacts of commodity derivatives and current strip prices, rather than market prices and without giving effect to derivatives. LINN calculates PV-10 in this manner because a large percentage of its forecasted oil and natural gas production is hedged for multiple-year periods, and management therefore believes that LINN s PV-10 calculation more accurately reflects the discounted present value of its estimated future net revenues. The information used to calculate PV-10 is not derived directly from data determined in accordance with authoritative accounting guidance regarding disclosure about oil and natural gas producing activities. LINN s calculation of PV-10 should not be considered as an alternative to the standardized measure of discounted future net cash flows determined in accordance with the rules and regulations of the SEC. For a reconciliation of PV-10 to the standardized measure of discounted future net cash flows see PV-10.

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Non-GAAP Financial Measures

LINN 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;

(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;

Realized gain on recovery of bankruptcy claim;

Unit-based compensation expenses;

Exploration costs;

Income tax (benefit) expense; and

Discontinued operations.

Adjusted EBITDA is a measure used by LINN s management to indicate (prior to the establishment of any reserves by the board of directors) the cash distributions LINN 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.

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The following table presents a reconciliation of net income (loss) to adjusted EBITDA (unaudited):

	Year Ended December 31,			Six Months Ended June 30,	
	2009	2010	2011	2011	2012
			(in thousands)		
Net income (loss)	$ (298,192)	$ (114,288)	$ 438,439	$ (209,573)	$ 230,884
Plus:					
Net operating cash flow from acquisitions and divestitures, effective date through closing date	3,708	42,846	57,966	36,359	45,127
Interest expense, cash	74,185	129,691	249,085	125,181	129,652
Interest expense, noncash	18,516	63,819	10,640	644	42,257
Depreciation, depletion and amortization	201,782	238,532	334,084	145,711	260,782
Impairment of long-lived assets		38,600			146,499
Write-off of deferred financing fees	204	2,076	1,189	1,189	7,889
(Gains) losses on sale of assets and other, net	(23,051)	3,008	124	(916)	991
Provision for legal matters		4,362	1,086	740	795
Loss on extinguishment of debt			94,612	94,372	
Unrealized (gains) losses on commodity derivatives	591,379	232,376	(192,951)	261,851	(250,406)
Unrealized (gains) losses on interest rate derivatives	(16,588)	(63,978)			
Realized losses on interest rate derivatives	42,881	8,021			
Realized (gains) losses on canceled derivatives	(48,977)	123,865	(26,752)		
Realized gain on recovery of bankruptcy claim					(18,277)
Unit-based compensation expenses	15,089	13,792	22,243	11,181	14,834
Exploration costs	7,169	5,168	2,390	995	817
Income tax (benefit) expense	(4,221)	4,241	5,466	5,868	9,430
Discontinued operations	2,351				
Adjusted EBITDA	$ 566,235	$ 732,131	$ 997,621	$ 473,602	$ 621,274

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PV-10

PV-10 represents the present value, discounted at 10% per year, of estimated future net revenues. LINN s calculation of PV-10 differs from the standardized measure of discounted future net cash flows determined in accordance with the rules and regulations of the SEC in that it is presented including the impacts of its oil and natural gas hedge values for 2012-2016 and strip prices as of December 31, 2011, rather than the average price during the 12-month period, determined as an unweighted average of the first-day-of-the-month price for each month, and without giving effect to derivatives. LINN calculates PV-10 value in this manner because such a large percentage of its forecasted oil and natural gas production is hedged for multiple-year periods, and management therefore believes that its PV-10 calculation more accurately reflects the value of its estimated future net revenues. The information used to calculate PV-10 is not derived directly from data determined in accordance with the provisions of applicable accounting standards. LINN s calculation of PV-10 should not be considered as an alternative to the standardized measure of discounted future net cash flows determined in accordance with the rules and regulations of the SEC. The following presents a reconciliation of standardized measure of discounted future net cash flows to LINN s calculation of PV-10 at December 31, 2011 (in millions):

Standardized measure of discounted future net cash flows	$ 6,615
Plus: Difference due to oil and natural gas hedge prices and strip prices for unhedged volumes	450
PV-10	$ 7,065

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RISK FACTORS

An investment in our shares involves risks. You should carefully consider the following risk factors together with all of the other information included in this prospectus in evaluating an investment in our shares. If certain of the following risks were to occur, LINN s business, financial condition or results of operations, and ours, as a result, could be materially adversely affected. In that case, LINN might not be able to pay any distribution on its units, the trading price of our shares could decline and you could lose all or part of your investment in us. In addition, if certain of the following risks were to occur, our financial condition or the price of our shares could be materially adversely affected.

Risks Related to LINN s Business

LINN actively seeks to acquire oil and natural gas properties. Acquisitions involve potential risks that could adversely impact its future growth and its ability to increase or pay distributions at the current level, or at all.

Any acquisition involves potential risks, including, among other things:

- the risk that reserves expected to support the acquired assets may not be of the anticipated magnitude or may not be developed as anticipated;
- the risk of title defects discovered after closing;
- inaccurate assumptions about revenues and costs, including synergies;
- significant increases in LINN s indebtedness and working capital requirements;
- an inability to transition and integrate successfully or timely the businesses LINN acquires;
- the cost of transition and integration of data systems and processes;
- the potential environmental problems and costs;
- the assumption of unknown liabilities;
- limitations on rights to indemnity from the seller;
- the diversion of management s attention from other business concerns;
- increased demands on existing personnel and on the corporate structure;

disputes arising out of acquisitions;

customer or key employee losses of the acquired businesses; and

the failure to realize expected growth or profitability.

The scope and cost of these risks may ultimately be materially greater than estimated at the time of the acquisition. Further, LINN s future acquisition costs may be higher than those it has achieved historically. Any of these factors could adversely impact its future growth and its ability to increase or pay distributions.

If LINN does not make future acquisitions on economically acceptable terms, then its growth and ability to increase distributions will be limited.

LINN s ability to grow and to increase distributions to its unitholders is partially dependent on its ability to make acquisitions that result in an increase in available cash flow per unit. It may be unable to make such acquisitions because it is:

unable to identify attractive acquisition candidates or negotiate acceptable purchase contracts with them;

unable to obtain financing for these acquisitions on economically acceptable terms; or

outbid by competitors.

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In any such case, LINN s future growth and ability to increase distributions will be limited. Furthermore, even if LINN does make acquisitions that it believes will increase available cash flow per unit, these acquisitions may nevertheless result in a decrease in available cash flow per unit.

LINN has significant indebtedness under its Senior Notes and from time to time, its Credit Facility. The Credit Facility and the indentures governing the Senior Notes have substantial restrictions and LINN may have difficulty obtaining additional credit, which could adversely affect its operations, its ability to make acquisitions and its ability to pay distributions to its unitholders, including us.

On a pro forma basis giving effect to this offering and the increase in LINN s borrowing base in July 2012, as of June 30, 2012, LINN had an aggregate of approximately $6.7 billion in outstanding senior notes (Senior Notes) and borrowings under its Fifth Amended and Restated Credit Agreement (Credit Facility) with approximately $963 million of additional borrowing capacity under its Credit Facility, which includes a $4 million reduction in availability for outstanding letters of credit and a $200 million reduction in availability related to a restriction on swap agreements outstanding associated with the Green River Acquisition, which no longer applies since the acquisition has closed. As a result of its indebtedness, LINN will use a portion of its cash flow to pay interest and principal when due, which will reduce the cash available to finance its operations and other business activities and could limit its flexibility in planning for or reacting to changes in its business and the industry in which it operates.

The Credit Facility restricts LINN s ability to incur additional indebtedness, create liens on its properties, make distributions, make investments, sell assets, enter into commodity and interest rate derivative contracts and engage in business combinations. LINN is also required to demonstrate compliance quarterly with certain financial covenants and ratios, including a ratio of EBITDA to Interest Expense of 2.5 to 1.0 and a Current Ratio of 1.0 to 1.0 (as such terms are defined in the Credit Facility which is filed as an exhibit to our registration statement filed with the SEC in connection with this offering). Its ability to comply with these restrictions and covenants in the future is uncertain and will be affected by the levels of cash flow from its operations and events or circumstances beyond its control. LINN s failure to comply with any of the above restrictions and covenants could result in an event of default, which, if it continues beyond any applicable cure periods, could cause all of its existing indebtedness to be immediately due and payable.

LINN depends, in part, on its Credit Facility for future capital needs. LINN has drawn on its Credit Facility to fund or partially fund quarterly cash distribution payments, since it uses operating cash flow primarily for drilling and development of oil and natural gas properties and acquisitions and borrows as cash is needed. Absent such borrowing, it would have at times experienced a shortfall in cash available to pay its declared quarterly cash distribution amount. If there is a default by LINN under its Credit Facility that continues beyond any applicable cure period, it would be unable to make borrowings to fund distributions. In addition, LINN may finance acquisitions through borrowings under its Credit Facility or the incurrence of additional debt. To the extent that LINN is unable to incur additional debt under its Credit Facility or otherwise because it is not in compliance with the financial covenants in the Credit Facility, it may not be able to complete acquisitions, which could adversely affect its ability to maintain or increase distributions. Furthermore, to the extent LINN is unable to refinance its Credit Facility on terms that are as favorable as those in its existing Credit Facility, or at all, its ability to fund its operations and its ability to pay distributions could be affected.

The borrowing base under LINN s Credit Facility is determined semi-annually at the discretion of the lenders and is based in part on oil, natural gas and NGL prices. Significant declines in oil, natural gas or NGL prices may result in a decrease in its borrowing base. The lenders can unilaterally adjust the borrowing base and therefore the borrowings permitted to be outstanding under the Credit Facility. Any increase in the borrowing base requires the consent of all the lenders. Outstanding borrowings in excess of the borrowing base must be repaid immediately, or LINN must pledge other properties as additional collateral. LINN does not currently have substantial unpledged properties, and it may not have the financial resources in the future to make any mandatory principal prepayments required under the Credit Facility. Significant declines in LINN s production or significant declines in realized oil, natural gas or NGL prices for prolonged periods and resulting decreases in its borrowing base may force it to reduce or suspend distributions to its unitholders.

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LINN s ability to access the capital and credit markets to raise capital and borrow on favorable terms will be affected by disruptions in the capital and credit markets, which could adversely affect its operations, its ability to make acquisitions and its ability to pay distributions to its unitholders.

Disruptions in the capital and credit markets could limit LINN s ability to access these markets or significantly increase its cost to borrow. Some lenders may increase interest rates, enact tighter lending standards, refuse to refinance existing debt at maturity on favorable terms or at all and may reduce or cease to provide funding to borrowers. If LINN is unable to access the capital and credit markets on favorable terms, its ability to make acquisitions and pay distributions could be affected.

LINN s variable rate indebtedness subjects it to interest rate risk, which could cause its debt service obligations to increase significantly.

Borrowings under LINN s Credit Facility bear interest at variable rates and expose LINN to interest rate risk. If interest rates increase and LINN is unable to effectively hedge its interest rate risk, its debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and its net income and cash available for servicing its indebtedness would decrease.

Increases in interest rates could adversely affect the demand for LINN s units.

An increase in interest rates may cause a corresponding decline in demand for equity investments, in particular for yield-based equity investments such as LINN units. Any such reduction in demand for LINN units resulting from other more attractive investment opportunities may cause the trading price of LINN units to decline.

LINN s commodity derivative activities could result in financial losses or could reduce its income, which may adversely affect its ability to pay distributions to its unitholders.

To achieve more predictable cash flow and to reduce its exposure to adverse fluctuations in the prices of oil and natural gas, LINN enters into commodity derivative contracts for a significant portion of its production. Commodity derivative arrangements expose it to the risk of financial loss in some circumstances, including situations when production is less than expected. If LINN experiences a sustained material interruption in its production or if it is unable to perform its drilling activity as planned, it might be forced to satisfy all or a portion of its derivative obligations without the benefit of the cash flow from its sale of the underlying physical commodity, resulting in a substantial reduction of its liquidity, which may adversely affect its ability to pay distributions to its unitholders.

Counterparty failure may adversely affect LINN s derivative positions.

LINN cannot be assured that its counterparties will be able to perform under its derivative contracts. If a counterparty fails to perform and the derivative arrangement is terminated, LINN s cash flow and ability to pay distributions could be impacted.

Commodity prices are volatile, and a significant decline in commodity prices for a prolonged period would reduce LINN s revenues, cash flow from operations and profitability and it may have to lower its distribution or may not be able to pay distributions at all, which would in turn reduce or eliminate our ability to pay dividends to you.

LINN s revenue, profitability and cash flow depend upon the prices of and demand for oil, natural gas and NGL. The oil, natural gas and NGL market is very volatile and a drop in prices can significantly affect LINN s financial results and impede its growth. Changes in oil, natural gas and NGL prices have a significant impact on the value of LINN s reserves and on its cash flow. Prices for these commodities may fluctuate widely in response to relatively minor changes in the supply of and demand for them, market uncertainty and a variety of additional factors that are beyond LINN s control, such as:

- the domestic and foreign supply of and demand for oil, natural gas and NGL;

- the price and level of foreign imports;
- the level of consumer product demand;
- weather conditions;
- overall domestic and global economic conditions;
- political and economic conditions in oil and natural gas producing countries, including those in the Middle East and South America;
- the ability of members of the Organization of Petroleum Exporting Countries to agree to and maintain price and production controls;
- the impact of the U.S. dollar exchange rates on oil, natural gas and NGL prices;
- technological advances affecting energy consumption;
- domestic and foreign governmental regulations and taxation;
- the impact of energy conservation efforts;
- the proximity and capacity of pipelines and other transportation facilities; and
- the price and availability of alternative fuels.

In the past, the prices of oil, natural gas and NGL have been extremely volatile, and LINN expects this volatility to continue. If commodity prices decline significantly for a prolonged period, LINN s cash flow from operations will decline, and it may have to lower its distribution or may not be able to pay distributions at all, which would in turn reduce or eliminate our ability to pay dividends to you.

Future price declines or downward reserve revisions may result in a write down of LINN s asset carrying values, which could adversely affect its results of operations and limit its ability to borrow funds.

Declines in oil, natural gas and NGL prices may result in LINN having to make substantial downward adjustments to its estimated proved reserves. If this occurs, or if LINN s estimates of development costs increase, production data factors change or drilling results deteriorate, accounting rules may require it to write down, as a noncash charge to earnings, the carrying value of its properties for impairments. LINN capitalizes costs to acquire, find and develop its oil and natural gas properties under the successful efforts accounting method. LINN is required to perform impairment tests on its assets periodically and whenever events or changes in circumstances warrant a review of its assets. To the extent such tests indicate a reduction of the estimated useful life or estimated future cash flows of LINN s assets, the carrying value may not be recoverable and therefore would require a write down. LINN may incur impairment charges in the future, which could have a material adverse effect on its results of operations in the period incurred and on its ability to borrow funds under its Credit Facility, which in turn may adversely affect its ability to make cash distributions to its unitholders.

Unless LINN replaces its reserves, its reserves and production will decline, which would adversely affect its cash flow from operations and its ability to make distributions to its unitholders.

Producing oil, natural gas and NGL reservoirs are characterized by declining production rates that vary depending upon reservoir characteristics and other factors. The overall rate of decline for LINN s production will change if production from its existing wells declines in a different manner than its has estimated and can change when it drills additional wells, makes acquisitions and under other circumstances. Thus, LINN s future oil, natural gas and NGL reserves and production and, therefore, its cash flow and income, are highly dependent on its success in efficiently developing its current reserves and economically finding or acquiring additional recoverable reserves. LINN may not be able to develop, find or acquire additional reserves to replace its current and future production at acceptable costs, which would adversely affect its cash flow from operations and its ability to make distributions to its unitholders.

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LINN s estimated reserves are based on many assumptions that may prove to be inaccurate. Any material inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present value of LINN s reserves.

No one can measure underground accumulations of oil, natural gas and NGL in an exact manner. Reserve engineering requires subjective estimates of underground accumulations of oil, natural gas and NGL and assumptions concerning future oil, natural gas and NGL prices, production levels and operating and development costs. As a result, estimated quantities of proved reserves and projections of future production rates and the timing of development expenditures may prove to be inaccurate. Independent petroleum engineering firms prepare estimates of our proved reserves. Some of LINN s reserve estimates are made without the benefit of a lengthy production history, which are less reliable than estimates based on a lengthy production history. Also, LINN makes certain assumptions regarding future oil, natural gas and NGL prices, production levels and operating and development costs that may prove incorrect. Any significant variance from these assumptions by actual amounts could greatly affect LINN s estimates of reserves, the economically recoverable quantities of oil, natural gas and NGL attributable to any particular group of properties, the classifications of reserves based on risk of recovery and estimates of the future net cash flows. Numerous changes over time to the assumptions on which LINN s reserve estimates are based, as described above, often result in the actual quantities of oil, natural gas and NGL LINN ultimately recovers being different from its reserve estimates.

The present value of future net cash flows from LINN s proved reserves is not necessarily the same as the current market value of its estimated oil, natural gas and NGL reserves. LINN bases the estimated discounted future net cash flows from its proved reserves on an unweighted average of the first-day-of-the-month price for each month during the 12-month calendar year and year-end costs. However, actual future net cash flows from its oil and natural gas properties also will be affected by factors such as:

- actual prices we receive for oil, natural gas and NGL;
- the amount and timing of actual production;
- the timing and success of development activities;
- supply of and demand for oil, natural gas and NGL; and
- changes in governmental regulations or taxation.

In addition, the 10% discount factor required to be used under the provisions of applicable accounting standards when calculating discounted future net cash flows, may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with LINN or the oil and natural gas industry in general.

LINN s development operations require substantial capital expenditures, which will reduce its cash available for distribution. LINN may be unable to obtain needed capital or financing on satisfactory terms, which could lead to a decline in its reserves.

The oil and natural gas industry is capital intensive. LINN makes and expects to continue to make substantial capital expenditures in its business for the development and production of oil, natural gas and NGL reserves. These expenditures will reduce LINN s cash available for distribution. LINN intends to finance its future capital expenditures with cash flow from operations and, to the extent necessary, with equity and debt offerings or bank borrowings. LINN s cash flow from operations and access to capital are subject to a number of variables, including:

- its proved reserves;

the level of oil, natural gas and NGL it is able to produce from existing wells;

the prices at which it is able to sell its oil, natural gas and NGL; and

its ability to acquire, locate and produce new reserves.

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If LINN s revenues or the borrowing base under its Credit Facility decrease as a result of lower oil, natural gas and NGL prices, operating difficulties, declines in reserves or for any other reason, it may have limited ability to obtain the capital necessary to sustain its operations at current levels. LINN s Credit Facility restricts its ability to obtain new financing. If additional capital is needed, it may not be able to obtain debt or equity financing on terms favorable to it, or at all. If cash flow from operations or cash available under the Credit Facility is not sufficient to meet LINN s capital requirements, the failure to obtain additional financing could result in a curtailment of its development operations, which in turn could lead to a possible decline in its reserves.

LINN may decide not to drill some of the prospects it has identified, and locations that it decides to drill may not yield oil, natural gas and NGL in commercially viable quantities.

LINN s prospective drilling locations are in various stages of evaluation, ranging from a prospect that is ready to drill to a prospect that will require additional geological and engineering analysis. Based on a variety of factors, including future oil, natural gas and NGL prices, the generation of additional seismic or geological information, the availability of drilling rigs and other factors, LINN may decide not to drill one or more of these prospects. As a result, LINN may not be able to increase or maintain its reserves or production, which in turn could have an adverse effect on its business, financial position, results of operations and its ability to pay distributions. In addition, the SEC s reserve reporting rules include a general requirement that, subject to limited exceptions, proved undeveloped reserves may only be booked if they relate to wells scheduled to be drilled within five years of the date of booking. At December 31, 2011, LINN had 2,302 proved undeveloped drilling locations. To the extent that LINN does not drill these locations within five years of initial booking, they may not continue to qualify for classification as proved reserves, and LINN may be required to reclassify such reserves as unproved reserves. The reclassification of such reserves could also have a negative effect on the borrowing base under the Credit Facility.

The cost of drilling, completing and operating a well is often uncertain, and cost factors can adversely affect the economics of a well. LINN s efforts will be uneconomic if it drills dry holes or wells that are productive but do not produce enough oil, natural gas and NGL to be commercially viable after drilling, operating and other costs. If LINN drills future wells that it identifies as dry holes, its drilling success rate would decline, which could have an adverse effect on its business, financial position or results of operations.

LINN s business depends on gathering and transportation facilities. Any limitation in the availability of those facilities would interfere with its ability to market the oil, natural gas and NGL it produces, and could reduce its cash available for distribution and adversely impact expected increases in oil, natural gas and NGL production from our drilling program.

The marketability of LINN s oil, natural gas and NGL production depends in part on the availability, proximity and capacity of gathering and pipeline systems. The amount of oil, natural gas and NGL that can be produced and sold is subject to limitation in certain circumstances, such as pipeline interruptions due to scheduled and unscheduled maintenance, excessive pressure, physical damage to the gathering or transportation system, or lack of contracted capacity on such systems. The curtailments arising from these and similar circumstances may last from a few days to several months. In many cases, LINN is provided only with limited, if any, notice as to when these circumstances will arise and their duration. In addition, some of its wells are drilled in locations that are not serviced by gathering and transportation pipelines, or the gathering and transportation pipelines in the area may not have sufficient capacity to transport additional production. As a result, LINN may not be able to sell the oil, natural gas and NGL production from these wells until the necessary gathering and transportation systems are constructed. Any significant curtailment in gathering system or pipeline capacity, or significant delay in the construction of necessary gathering and transportation facilities, would interfere with LINN s ability to market the oil, natural gas and NGL it produces, and could reduce its cash available for distribution and adversely impact expected increases in oil, natural gas and NGL production from its drilling program.

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LINN depends on certain key customers for sales of our oil, natural gas and NGL. To the extent these and other customers reduce the volumes they purchase from LINN or delay payment, LINN s revenues and cash available for distribution could decline. Further, a general increase in nonpayment could have an adverse impact on its financial position and results of operations.

For the year ended December 31, 2011, Enbridge Energy Partners, L.P. and DCP Midstream Partners, LP accounted for approximately 21% and 19%, respectively, of LINN s total production volumes, or 40% in the aggregate. For the year ended December 31, 2010, DCP Midstream Partners, LP, Enbridge Energy Partners, L.P. and ConocoPhillips accounted for approximately 19%, 17% and 12%, respectively, of LINN s total volumes, or 48% in the aggregate. To the extent these and other customers reduce the volumes of oil, natural gas or NGL that they purchase from LINN, its revenues and cash available for distribution could decline.

Many of LINN s leases are in areas that have been partially depleted or drained by offset wells.

LINN s key project areas are located in some of the most active drilling areas of the producing basins in the U.S. As a result, many of its leases are in areas that have already been partially depleted or drained by earlier offset drilling. This may inhibit its ability to find economically recoverable quantities of reserves in these areas.

LINN s identified drilling location inventories are scheduled out over several years, making them susceptible to uncertainties that could materially alter the occurrence or timing of their drilling, resulting in temporarily lower cash from operations, which may impact LINN s ability to pay distributions.

LINN s management has specifically identified and scheduled drilling locations as an estimation of LINN s future multi-year drilling activities on its existing acreage. As of December 31, 2011, LINN had identified 6,456 drilling locations, of which 2,302 were proved undeveloped locations and 4,154 were other locations. These identified drilling locations represent a significant part of LINN s growth strategy. Its ability to drill and develop these locations depends on a number of factors, including the availability of capital, seasonal conditions, regulatory approvals, oil, natural gas and NGL prices, costs and drilling results. In addition, DeGolyer and MacNaughton has not estimated proved reserves for the 4,154 other drilling locations LINN has identified and scheduled for drilling, and therefore there may be greater uncertainty with respect to the success of drilling wells at these drilling locations. LINN s final determination on whether to drill any of these drilling locations will be dependent upon the factors described above as well as, to some degree, the results of its drilling activities with respect to its proved drilling locations. Because of these uncertainties, LINN does not know if the numerous drilling locations it has identified will be drilled within its expected timeframe or will ever be drilled or if it will be able to produce oil, natural gas and NGL from these or any other potential drilling locations. As such, LINN s actual drilling activities may materially differ from those presently identified, which could adversely affect its business.

Drilling for and producing oil, natural gas and NGL are high risk activities with many uncertainties that could adversely affect LINN s financial position or results of operations and, as a result, its ability to pay distributions to its unitholders.

LINN s drilling activities are subject to many risks, including the risk that it will not discover commercially productive reservoirs. Drilling for oil, natural gas and NGL can be uneconomic, not only from dry holes, but also from productive wells that do not produce sufficient revenues to be commercially viable. In addition, LINN s drilling and producing operations may be curtailed, delayed or canceled as a result of other factors, including:

- the high cost, shortages or delivery delays of equipment and services;
- unexpected operational events;
- adverse weather conditions;
- facility or equipment malfunctions;

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- title problems;
- pipeline ruptures or spills;
- compliance with environmental and other governmental requirements;
- unusual or unexpected geological formations;
- loss of drilling fluid circulation;
- formations with abnormal pressures;
- fires;
- blowouts, craterings and explosions; and
- uncontrollable flows of oil, natural gas and NGL or well fluids.

Any of these events can cause increased costs or restrict LINN s ability to drill the wells and conduct the operations which it currently has planned. Any delay in the drilling program or significant increase in costs could impact LINN s ability to generate sufficient cash flow to pay quarterly distributions to its unitholders at the current distribution level or at all. Increased costs could include losses from personal injury or loss of life, damage to or destruction of property, natural resources and equipment, pollution, environmental contamination, loss of wells and regulatory penalties. LINN ordinarily maintains insurance against certain losses and liabilities arising from its operations. However, it is impossible to insure against all operational risks in the course of LINN s business. Additionally, LINN may elect not to obtain insurance if it believes that the cost of available insurance is excessive relative to the perceived risks presented. Losses could therefore occur for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. The occurrence of an event that is not fully covered by insurance could have a material adverse impact on LINN s business activities, financial position and results of operations.

Because LINN handles oil, natural gas and NGL and other hydrocarbons, it may incur significant costs and liabilities in the future resulting from a failure to comply with new or existing environmental regulations or an accidental release of hazardous substances into the environment.

The operations of LINN s wells, gathering systems, turbines, pipelines and other facilities are subject to stringent and complex federal, state and local environmental laws and regulations. Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of remedial requirements, and the issuance of orders enjoining future operations. There is an inherent risk that LINN may incur environmental costs and liabilities due to the nature of its business and the substances it handles. Certain environmental statutes, including the RCRA, CERCLA and analogous state laws and regulations, impose strict, joint and several liability for costs required to clean up and restore sites where hazardous substances have been disposed of or otherwise released. In addition, an accidental release from one of LINN s wells or gathering pipelines could subject it to substantial liabilities arising from environmental cleanup and restoration costs, claims made by neighboring landowners and other third parties for personal injury and property damage and fines or penalties for related violations of environmental laws or regulations.

Moreover, the possibility exists that stricter laws, regulations or enforcement policies could significantly increase LINN s compliance costs and the cost of any remediation that may become necessary, and these costs may not be recoverable from insurance. For a more detailed discussion of environmental and regulatory matters impacting LINN s business, please read Business LINN Environmental Matters and Regulation.

LINN is subject to complex federal, state, local and other laws and regulations that could adversely affect the cost, manner or feasibility of doing business.

LINN s operations are regulated extensively at the federal, state and local levels. Environmental and other governmental laws and regulations have increased the costs to plan, design, drill, install, operate and abandon oil

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and natural gas wells. Under these laws and regulations, LINN could also be liable for personal injuries, property damage and other damages. Failure to comply with these laws and regulations may result in the suspension or termination of LINN s operations and subject it to administrative, civil and criminal penalties. Moreover, public interest in environmental protection has increased in recent years, and environmental organizations have opposed, with some success, certain drilling projects.

Part of the regulatory environment in which LINN operates includes, in some cases, legal requirements for obtaining environmental assessments, environmental impact studies and/or plans of development before commencing drilling and production activities. In addition, LINN s activities are subject to the regulations regarding conservation practices and protection of correlative rights. These regulations affect LINN s operations and limit the quantity of oil, natural gas and NGL it may produce and sell. A major risk inherent in LINN s drilling plans is the need to obtain drilling permits from state and local authorities. Delays in obtaining regulatory approvals or drilling permits, the failure to obtain a drilling permit for a well or the receipt of a permit with unreasonable conditions or costs could have a material adverse effect on LINN s ability to develop its properties. Additionally, the regulatory environment could change in ways that might substantially increase the financial and managerial costs of compliance with these laws and regulations and, consequently, adversely affect LINN s ability to pay distributions to its unitholders. For a description of the laws and regulations that affect us, please read Business LINN Environmental Matters and Regulation.

Federal and state legislation and regulatory initiatives related to hydraulic fracturing could result in increased costs and operating restrictions or delays.

Hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons from tight formations. Due to concerns raised relating to potential impacts of hydraulic fracturing on groundwater quality, legislative and regulatory efforts at the federal level and in some states have been initiated to render permitting and compliance requirements more stringent for hydraulic fracturing or prohibit the activity altogether. For example, the EPA has asserted federal regulatory authority over hydraulic fracturing involving diesel additives under the Safe Drinking Water Act s Underground Injection Control Program and has begun the process of drafting guidance documents related to this newly asserted regulatory authority. In addition, both Texas and Louisiana have adopted disclosure regulations requiring varying degrees of disclosure of the constituents in hydraulic fracturing fluids. Such efforts could have an adverse effect on LINN s oil and natural gas production activities. For a more detailed discussion of hydraulic fracturing matters impacting LINN s business, please read Business LINN Environmental Matters and Regulation.

Risks Inherent in an Investment in LinnCo

Our cash flow consists exclusively of distributions from LINN.

Our only assets will be units representing limited liability company interests in LINN that we own. Our cash flow will be therefore completely dependent upon the ability of LINN to make distributions to its unitholders. The amount of cash that LINN can distribute to its unitholders, including us, each quarter principally depends upon the amount of cash it generates from its operations, which will fluctuate from quarter to quarter based on, among other things:

- produced volumes of oil, natural gas and NGL;
- prices at which oil, natural gas and NGL production is sold;
- level of its operating costs;
- payment of interest, which depends on the amount of its indebtedness and the interest payable thereon; and
- level of its capital expenditures.

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In addition, the actual amount of cash that LINN will have available for distribution will depend on other factors, some of which are beyond its control, including:

- availability of borrowings on acceptable terms under its credit facility to pay distributions;
- the costs of acquisitions, if any;
- fluctuations in its working capital needs;
- timing and collectibility of receivables;
- restrictions on distributions contained in its credit facility and the indentures governing its senior notes;
- prevailing economic conditions;
- access to credit or capital markets; and
- the amount of cash reserves established by its board of directors for the proper conduct of its business.

Because of these factors, LINN may not have sufficient available cash each quarter to pay the current distribution of $0.725 per quarter, as of July 24, 2012, the most recent declaration date, or any other amount. Furthermore, the amount of cash that LINN has available for distribution depends primarily upon its cash flow, including cash flow from financial reserves and working capital borrowings, and is not solely a function of profitability, which will be affected by non-cash items. As a result, LINN may be able to make cash distributions during periods when it records net losses and may not be able to make cash distributions during periods when it records net income. Please read Risks Related to LINN s Business for a discussion of risks affecting LINN s ability to generate distributable cash flow.

We will incur corporate income tax liabilities on income allocated to us by LINN with respect to LINN units we own, which may be substantial.

We are classified as a corporation for U.S. federal income tax purposes and, in most states in which LINN does business, for state income tax purposes. Under current law, we will be subject to U.S. federal income tax at rates of up to 35% (and a 20% alternative minimum tax in certain cases), and to state income tax at rates that vary from state to state, on the net income allocated to us by LINN with respect to the LINN units we own. The amount of cash available for distribution to you will be reduced by the amount of any such income taxes payable by us for which we establish reserves.

For each of the periods ending December 31, 2012, 2013, 2014 and 2015, we estimate that our income tax liability will be between 2% and 5% of the cash distributed to us (please read Our Dividend Policy). That estimate is based upon a number of assumptions regarding LINN s earnings from its operations, the amount of those earnings allocated to us, our income tax liabilities and the amount of the distributions paid to us by LINN that may prove incorrect, including:

- LINN will not significantly decrease its drilling activity;

there will not be an issuance of significant additional units by LINN without a corresponding increase in the aggregate tax deductions generated by LINN;

proposed legislation that would eliminate the current deduction of intangible drilling costs and other tax incentives to the oil and natural gas industry will not be enacted; and

there will not be a significant increase in oil and natural gas prices.

Events inconsistent with our assumptions could cause our income tax liabilities to be substantially higher than estimated (and could therefore cause our quarterly dividends to be substantially lower than the quarterly distributions on LINN units). Please read Material U.S. Federal Income Tax Consequences Consequences to U.S. Holders Distributions on the Shares.

Moreover, after December 31, 2015, our income tax liabilities may increase substantially. For example, distributions that we receive with respect to our LINN units that exceed the net income allocated to us by LINN

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with respect to those units decrease our tax basis in those units. When our tax basis in our LINN units is reduced to zero and any loss or other carryovers are fully utilized, the distributions we receive from LINN in excess of net income allocated to us by LINN will effectively be fully taxable to us, without any deductions.

Changes to current U.S. federal tax laws may affect our ability to take certain tax deductions.

Substantive changes to the existing U.S. federal income tax laws have been proposed that, if adopted, would affect, among other things, our ability to take certain deductions related to LINN s operations, including deductions for intangible drilling costs and percentage depletion and deductions for costs associated with U.S. production activities. We are unable to predict whether any changes, or other proposals to such laws, ultimately will be enacted. Any such changes could negatively impact the value of an investment in our shares.

There is no existing market for our shares. Following this offering, an active trading market for our shares may not develop, and even if such a market does develop, the market price of our shares may be less than the price you paid for your shares and less than the market price of LINN units. The market price of our shares may fluctuate significantly, and you could lose all or part of your investment.

Prior to this offering, there has been no public market for our shares. After this offering, there will be only publicly traded shares, assuming no exercise of the underwriters option to purchase additional shares. We do not know the extent to which investor interest will lead to the development of a trading market or how liquid that market might be. You may not be able to resell your shares at or above the initial public offering price.

The initial public offering price for the shares will be determined by negotiations between us and the representatives of the underwriters and may not be indicative of the market price of the shares that will prevail in the trading market. The market price of our shares may decline below the initial public offering price. The market price of our shares may also be influenced by many factors, some of which are beyond our control, including:

- the trading price of LINN units;
- the level of LINN s quarterly distributions and our quarterly dividends;
- LINN s quarterly or annual earnings or those of other companies in its industry;
- the loss of a large customer by LINN;
- announcements by LINN or its competitors of significant contracts or acquisitions;
- changes in accounting standards, policies, guidance, interpretations or principles;
- general economic conditions;
- future sales of our shares; and

other factors described in these Risk Factors.

Our shareholders will only be able to indirectly vote on matters on which LINN unitholders are entitled to vote, and our shareholders are not entitled to vote to elect our directors.

Our shareholders will only be able to indirectly vote on matters on which LINN unitholders are entitled to vote, and our shareholders are not entitled to vote to elect our directors. Therefore, you will only be able to indirectly influence the management and board of directors of LINN, and you will not be able to directly influence or change our management or board of directors. If our shareholders are dissatisfied with the performance of our directors, they will have no ability to remove the directors and will have no right on an annual or ongoing basis to elect our board of directors. Rather, our board of directors will be appointed by the holder of our voting share, which will be LINN. As a result of these limitations, the price at which the shares will trade could be lower because of the absence or reduction of a takeover premium in the trading price. Our limited liability company agreement also contains provisions limiting the ability of holders of our shares to call meetings or to obtain information about our operations, as well as other provisions limiting the ability of holders of our shares to influence the manner or direction of management.

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LINN may issue additional units without your approval or other classes of units, and we may issue additional shares, which would dilute our direct and your indirect ownership interest in LINN and your ownership interest in us.

LINN s limited liability company agreement does not limit the number of additional limited liability company interests, including interests that rank senior to the LINN units, that it may issue at any time without the approval of its unitholders. The issuance by LINN of additional units or other equity securities of equal or senior rank will have the following effects:

- our proportionate ownership interest in LINN will decrease;
- the amount of cash available for distribution on each LINN unit may decrease, resulting in a decrease in the amount of cash available to pay dividends to you;
- the relative voting strength of each previously outstanding unit, including the LINN units we hold and vote in accordance with the vote of our unitholders, will be diminished; and
- the market price of the LINN units may decline, resulting in a decline in the market price of our shares.

In addition, our limited liability company agreement does not limit the number of additional shares that we may issue at any time without your approval. The issuance by us of additional shares will have the following effects:

- your proportionate ownership interest in us will decrease;
- the relative voting strength of each previously outstanding share you own will be diminished; and
- the market price of our shares may decline.

Your shares are subject to limited call rights that could result in your having to involuntarily sell your shares at a time or price that may be undesirable. Shareholders who are not Eligible Holders will not be entitled to receive distributions on or allocations of income or loss on their shares and their shares will be subject to redemption.

If LINN or any of its affiliates owns 80% or more of our outstanding shares, LINN has the right, which it may assign to any of its affiliates, to purchase all of our remaining outstanding shares, at a purchase price not less than the greater of the then-current market price of our shares and the highest price paid for our shares by LINN or one of its affiliates during the prior 90 days. If LINN exercises any of its rights to purchase our shares, you may be required to sell your shares at a time or price that may be undesirable, and you could receive less than you paid for your shares. Any sale of our shares, to LINN or otherwise, for cash will be a taxable transaction to the owner of the shares sold. Accordingly, a gain or loss will be recognized on the sale equal to the difference between the cash received and the owner s tax basis in the shares sold.

In addition, if at any time a person owns more than 90% of the outstanding LINN units, such person may elect to purchase all, but not less than all, of the remaining outstanding LINN units at a price equal to the higher of the current market price (as defined in LINN s limited liability company agreement) and the highest price paid by such person or any of its affiliates for any LINN units purchased during the 90-day period preceding the date notice was mailed to the LINN unitholders informing them of such election. In this case, we will be required to tender all of our outstanding LINN units and distribute the cash we receive, net of income taxes payable by us, to our shareholders. Following such distribution, we will dissolve and wind up our affairs. Thus, upon the election of a holder of 90% of the outstanding LINN units, you may receive a distribution that is effectively less than the price at which you would prefer to sell your shares.

In order to comply with U.S. laws with respect to the ownership of interests in oil and gas leases on federal lands, we have adopted certain requirements regarding those investors who may own our shares. As used herein, an Eligible Holder means a person or entity qualified to hold an interest in oil and gas leases on federal lands. As of the date hereof, Eligible Holder means: (1) a citizen of the United States; (2) a corporation organized under the

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laws of the United States or of any state thereof; or (3) an association of United States citizens, such as a partnership or limited liability company, organized under the laws of the United States or of any state thereof, but only if such association does not have any direct or indirect foreign ownership, other than foreign ownership of stock in a parent corporation organized under the laws of the United States or of any state thereof. For the avoidance of doubt, onshore mineral leases or any direct or indirect interest therein may be acquired and held by aliens only through stock ownership, holding or control in a corporation organized under the laws of the United States or of any state thereof and only for so long as the alien is not from a country that the United States federal government regards as denying similar privileges to citizens or corporations of the United States. Shareholders who are not persons or entities who meet the requirements to be an Eligible Holder will not be entitled to receive distributions in kind on their shares in a liquidation and they run the risk of having their shares redeemed by us at the then-current market price.

The terms of our shares may be changed in ways you may not like, because our board of directors will have the power to change the terms of our shares in ways our board determines are not materially adverse to you.

As an owner of our shares, you may not like the changes made to the terms of our shares, if any, and you may disagree with our board of directors decision that the changes are not materially adverse to you as a shareholder. Your recourse if you disagree will be limited because our limited liability company agreement gives broad latitude and discretion to our board of directors and limits the fiduciary duties that our officers and directors otherwise would owe to you.

Our limited liability company agreement limits the fiduciary duties owed by our officers and directors to our shareholders, and LINN s limited liability company agreement limits the fiduciary duties owed by LINN s officers and directors to its unitholders, including us.

Our limited liability company agreement has modified, waived and limited the fiduciary duties of our directors and officers that would otherwise apply at law or in equity and replaced such duties with a contractual duty requiring our directors and officers to act in good faith. For purposes of our limited liability company agreement, a person shall be deemed to have acted in good faith if the person subjectively believes that the action or omission of action is in, or not opposed to, the best interests of LinnCo. In addition, any action or omission shall be deemed to be in, or not opposed to, the best interests of LinnCo and our shareholders if the person making the determination subjectively believes that such action or omission of action is in, or not opposed to, the best interest of LINN and all its unitholders, taken together, and such person may take into account the totality of the relationship between LINN and us. In addition, when acting in any capacity other than as one of our directors or officers, including when acting in their individual capacities or as officers or directors of LINN or any affiliate of LINN, our directors and officers will not be required to act in good faith and will have no obligation to take into account our interests or the interests of our shareholders.

The above modifications of fiduciary duties are expressly permitted by Delaware law. Thus, we and our shareholders will only have recourse and be able to seek remedies against our board of directors if they breach their obligations pursuant to our limited liability company agreement. Furthermore, even if there has been a breach of the obligations set forth in our limited liability company agreement, that agreement provides that our directors and officers will not be liable to us or our shareholders, except for acts or omissions not in good faith.

These provisions restrict the remedies available to our shareholders for actions that without those limitations might constitute breaches of duty, including fiduciary duties. In addition, LINN s limited liability company agreement also limits the fiduciary duties owed by LINN s officers and directors to its unitholders, including us.

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Our limited liability company agreement prohibits a shareholder who acquires 15% or more of our shares or voting power with respect to 15% or more of the outstanding LINN units without the approval of our or LINN s board of directors from engaging in a business combination with us or with LINN for three years. This provision could discourage a change of control of us or of LINN that our shareholders may favor, which could negatively affect the price of our shares.

Our limited liability company agreement effectively adopts Section 203 of the Delaware General Corporation Laws, or the DGCL. Section 203 of the DGCL as it applies to us prevents an interested shareholder, defined as a person who owns 15% or more of our outstanding shares or voting power with respect to 15% or more of the outstanding LINN units, from engaging in business combinations with us or with LINN for three years following the time such person becomes an interested shareholder. Section 203 broadly defines business combination to encompass a wide variety of transactions with or caused by an interested shareholder, including mergers, asset sales and other transactions in which the interested shareholder receives a benefit on other than a pro rata basis with other shareholders. This provision of our limited liability company agreement could have an anti-takeover effect with respect to transactions not approved in advance by our board of directors, including discouraging takeover attempts that might result in a premium over the market price for our shares or LINN s units.

Our shares may trade at a substantial discount to the trading price of LINN units.

We cannot predict whether our shares will trade at a discount or premium to the trading price of LINN units. If we incur substantial corporate income tax liabilities on income allocated to us by LINN with respect to LINN units we own, the quarterly dividend of cash you receive per share will be substantially less than the quarterly per unit distribution of cash that we receive from LINN. In addition, upon a Terminal Transaction, the net proceeds you receive from us per share may, as a result of our corporate income tax liabilities on the transaction and other factors, be substantially lower than the net proceeds per unit received by a direct LINN unitholder. As a result of these considerations, our shares may trade at a substantial discount to the trading price of LINN units. See Description of the Limited Liability Company Agreements Our Limited Liability Company Agreement Terminal Transactions Involving LINN.

We will be a controlled company within the meaning of the NASDAQ rules and intend to rely on exemptions from various corporate governance requirements immediately following the closing of this offering.

Our shares have been approved for listing on the NASDAQ Global Select Market. A company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company is a controlled company within the meaning of the NASDAQ rules. A controlled company may elect not to comply with various corporate governance requirements of NASDAQ, including the requirement that a majority of its board of directors consist of independent directors, the requirement that its nominating and governance committee consist of all independent directors and the requirement that its compensation committee consist of all independent directors.

Following this offering, we believe that we will be a controlled company since LINN will hold our sole voting share and will have the sole power to elect our board of directors. See Description of the Limited Liability Company Agreements Our Limited Liability Company Agreement Voting Rights. Because we intend to rely on certain of the controlled company exemptions and will not have a compensation committee or a nominating and corporate governance committee, you may not have the same corporate governance advantages afforded to stockholders of companies that are subject to all of the corporate governance requirements of NASDAQ.

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Tax Risks to Shareholders

Upon a Terminal Transaction, we may be entitled to a smaller distribution per LINN unit we own than other LINN unitholders, and we may incur substantial corporate income tax liabilities in the transaction or upon the distribution of the proceeds from the transaction to you, in which case the net proceeds you receive from us per share may be substantially lower than the net proceeds per unit received by a direct LINN unitholder.

Upon a liquidation of LINN, LINN unitholders will receive distributions in accordance with the positive balances in their respective capital accounts in their units. Please read Description of the Limited Liability Company Agreements LINN s Limited Liability Company Agreement Liquidation and Distribution of Proceeds. As a result of the underwriting discount and offering expenses incurred in connection with this offering, we will acquire LINN units at a price lower than the current market price of LINN units. Therefore, our capital account in the LINN units that we will own initially will be lower than the capital accounts of other LINN unitholders in their LINN units. Therefore, we would be entitled upon a dissolution of LINN to a smaller distribution per LINN unit we own than other LINN unitholders, unless adjustments were made to our capital accounts in the LINN units that we will own.

Each time LINN issues or redeems units, it is required to adjust the capital accounts in all outstanding LINN units upward to the extent of the unrealized gains in LINN s assets or downward to the extent of the unrealized losses in LINN s assets immediately prior to such issuance or redemption. In general, the difference between the fair market value of each such asset and its adjusted tax basis equals the unrealized gain (if the fair market value exceeds the adjusted tax basis) or the unrealized loss (if the adjusted tax basis exceeds the fair market value). Unrealized gains and unrealized losses generally are allocated among the LINN unitholders in the same manner as other items of LINN income, gain, deduction or loss.

The board of directors of LINN, however, is authorized to make disproportionate allocations of income and deductions, including allocations of unrealized gains and unrealized losses, to the extent necessary to cause the capital accounts of all LINN units to be the same. We anticipate that there will be sufficient unrealized gains or unrealized losses in connection with future issuances or redemptions of LINN units in order for LINN to allocate to us sufficient unrealized gains, or to allocate sufficient unrealized losses to other holders of LINN units, to cause the capital accounts in the LINN units that we will own to be the same as the capital accounts of all other LINN units and result in our being entitled upon the dissolution of LINN to the same distribution per LINN unit we will own as other LINN unitholders. However, there can be no assurance that such adjustments will occur or that any adjustments that do occur will be sufficient to eliminate the difference between our capital account in the LINN units that we will own and the capital accounts of other LINN unitholders in their LINN units.

We are classified as a corporation for U.S. federal income tax purposes and, in most states in which LINN does business, for state income tax purposes. Upon a Terminal Transaction, we will be required to liquidate and distribute the net after-tax proceeds of the transaction to you. Please read Description of the Limited Liability Company Agreements Our Limited Liability Company Agreement Terminal Transactions Involving LINN. We may incur substantial corporate income tax liabilities upon such a transaction or upon our distribution to you of the proceeds of the transaction. The tax liability we incur will depend in part upon the amount by which the value of the LINN units we own exceeds our tax basis in the units. We expect our tax basis in our LINN units to decrease over time as we receive distributions that exceed the net income allocated to us by LINN with respect to those units. As a result, we may incur substantial income tax liabilities upon such a transaction even if LINN units decrease in value after we purchase them. The amount of cash or other property available for distribution to you upon our liquidation will be reduced by the amount of any such income taxes paid by us. See Description of the Limited Liability Company Agreements Our Limited Liability Company Agreement Terminal Transactions Involving LINN.

As a result of these factors, upon a Terminal Transaction, the net proceeds you receive from us per share may be substantially lower than the net proceeds per unit received by a direct LINN unitholder.

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Your tax gain on the disposition of our shares could be more than expected, or your tax loss on the disposition of our shares could be less than expected.

If you sell your shares, or you receive a liquidating distribution from us, you will recognize a gain or loss for U.S. federal income tax purposes equal to the difference between the amount realized and your tax basis in those shares. Because distributions in excess of your allocable share of our earnings and profits decrease your tax basis in your shares, the amount, if any, of such prior excess distributions with respect to the shares you sell or dispose of will, in effect, become taxable gain to you if you sell such shares at a price greater than your tax basis in those shares, even if the price you receive is less than your original cost. Please read Material U.S. Federal Income Tax Consequences.

If you are a U.S. holder of our shares, the IRS Forms 1099-DIV that you receive from your broker may over-report your dividend income with respect to our shares for U.S. federal income tax purposes, and failure to over-report your dividend income in a manner consistent with the IRS Forms 1099-DIV that you receive from your broker may cause the IRS to assert audit adjustments to your U.S. federal income tax return. If you are a non-U.S. holder of our shares, your broker or other withholding agent may overwithhold taxes from dividends paid to you, in which case you would have to file a U.S. tax return if you wanted to claim a refund of the overwithheld tax.

Dividends we pay with respect to our shares will constitute dividends for U.S. federal income tax purposes only to the extent of our current and accumulated earnings and profits. Dividends we pay in excess of our earnings and profits will not be treated as dividends for U.S. federal income tax purposes; instead, they will be treated first as a tax-free return of capital to the extent of your tax basis in your shares and then as capital gain realized on the sale or exchange of such shares. Please read Material U.S. Federal Income Tax Consequences. We may be unable to timely determine the portion of our distributions that is a dividend for U.S. federal income tax purposes.

If you are a U.S. holder of our shares, we may be unable to persuade brokers to prepare the IRS Forms 1099-DIV that they send to you in a manner that is consistent with our determination of the amount that constitutes a dividend to you for U.S. federal income tax purposes or you may receive a corrected IRS Form 1099-DIV (and you may therefore need to file an amended federal, state or local income tax return). We will attempt to timely notify you of available information to assist you with your income tax reporting (such as posting the correct information on our web site). However, the information that we provide to you may be inconsistent with the amounts reported to you by your broker on IRS Form 1099-DIV, and the IRS may disagree with any such information and may make audit adjustments to your tax return.

If you are a non-U.S. holder of our shares, dividends for U.S. federal income tax purposes will be subject to withholding of U.S. federal income tax at a 30% rate (or such lower rate as may be specified by an applicable income tax treaty) unless the dividends are effectively connected with your conduct of U.S. trade or business. Please read Material U.S. Federal Income Tax Consequences Consequences to Non-U.S. Holders. Because we may be unable to timely determine the portion of our distributions that is a dividend for U.S. federal income tax purposes or we may be unable to persuade your broker or withholding agent to withhold taxes from distributions in a manner consistent with our determination of the amount that constitutes a dividend for such purposes, your broker or other withholding agent may overwithhold taxes from distributions paid to you. In such a case, you would have to file a U.S. tax return to claim a refund of the overwithheld tax.

If LINN were subject to a material amount of entity-level income taxes or similar taxes, whether as a result of being treated as a corporation for U.S. federal income tax purposes or otherwise, the value of LINN units would be substantially reduced and, as a result, the value of our shares would be substantially reduced.

The anticipated benefit of an investment in LINN units depends largely on the assumption that LINN will not be subject to a material amount of entity-level income taxes or similar taxes, and the anticipated benefit of an investment in our shares depends largely upon the value of LINN units.

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LINN may be subject to material entity-level U.S. federal income tax and state income taxes if it is treated as a corporation, rather than as a partnership, for U.S. federal income tax purposes. Because LINN s units are publicly traded, Section 7704 of the Internal Revenue Code requires that LINN derive at least 90% of its gross income each year from the marketing of oil and natural gas, or from certain other specified activities, in order to be treated as a partnership for U.S. federal income tax purposes. We believe that LINN has satisfied this requirement and will continue to do so in the future, so we believe LINN is and will be treated as a partnership for U.S. federal income tax purposes. However, we have not obtained a ruling from the U.S. Internal Revenue Service regarding LINN s treatment as a partnership for U.S. federal income tax purposes. Moreover, current law or the business of LINN may change so as to cause LINN to be treated as a corporation for U.S. federal income tax purposes or otherwise subject LINN to material entity-level U.S. federal income taxes, state income taxes or similar taxes. For example, one recent legislative proposal would eliminate the qualifying income exception upon which LINN relies for its treatment as a partnership for U.S. federal income tax purposes. Any modification to current law or interpretations thereof may or may not be applied retroactively and could make it more difficult or impossible to meet the requirements for partnership status, affect or cause LINN to change its business activities, change the character or treatment of portions of LINN s income and adversely affect our investment in LINN units.

If LINN were treated as a corporation for U.S. federal income tax purposes, it would be subject to U.S. federal income tax at rates of up to 35% (and a 20% alternative minimum tax in certain cases), and to state income tax at rates that vary from state to state, on its taxable income. Distributions from LINN would generally be taxed again as corporate distributions, and no income, gain, loss, deduction or credit would flow through to LINN unitholders. Any income taxes or similar taxes imposed on LINN as an entity, whether as a result of LINN s treatment as a corporation for U.S. federal income tax purposes or otherwise, would reduce LINN s cash available for distribution to its unitholders. Any material reduction in the anticipated cash flow and after-tax return to LINN unitholders would reduce the value of the LINN units we own and the value of our shares. In addition, if LINN were treated as a corporation for U.S. federal income tax purposes, that would constitute a Terminal Transaction. See Description of the Limited Liability Company Agreements Our Limited Liability Company Agreement Terminal Transactions Involving LINN.

Also, because of widespread state budget deficits and other reasons, several states are evaluating ways to subject partnerships and limited liability companies to entity level taxation through the imposition of state income, franchise or other forms of taxation. For example, LINN is required to pay Texas franchise tax at a maximum effective rate of 0.7% of its total revenue apportioned to Texas in the prior year. Imposition of a tax on LINN by any other state would reduce the amount of cash available for distribution to us.

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USE OF PROCEEDS

We will use the estimated net proceeds of approximately $1.191 billion from this offering ($1.370 billion if the underwriters exercise their option to purchase additional shares in full), after deducting underwriting discounts and the structuring fee, to purchase from LINN a number of LINN units equal to the number of shares sold in this offering. The per unit price we will pay for such LINN units will be equal to the net proceeds we receive on a per share basis. LINN will pay our expenses incurred in connection with this offering.

LINN intends to use the proceeds it receives from the sale of LINN units to repay debt outstanding under its revolving credit facility and pay estimated expenses of this offering.

Intended Use	Intended Amount Dedicated to Such Use (in millions)
Repay borrowings outstanding under LINN s revolving credit facility	$ 1,188.937
Pay estimated offering expenses	$ 2.435

In July 2012, LINN entered into an amendment to its revolving credit facility to increase the maximum commitment amount from $2.0 billion to $3.0 billion. As of August 31, 2012, LINN had approximately $2.0 billion of indebtedness outstanding under its revolving credit facility, with a weighted average interest rate of 2.24%. The revolving credit facility matures in April 2017, and, at LINN s election, borrowings bear interest at either the London Interbank Offered Rate, plus an applicable margin between 1.5% and 2.5% per annum (depending on the then-current level of borrowings under the revolving credit facility), or at a base rate, plus an applicable margin between 0.5% and 1.5% per annum (depending on the then-current level of borrowings under the revolving credit facility). Borrowings made under LINN s revolving credit facility within the past twelve months were used primarily to finance LINN s acquisition strategy.

Affiliates of certain of the underwriters in this offering are lenders under LINN s Credit Facility and, accordingly will indirectly receive a portion of the net proceeds from this offering. Please read Underwriting (Conflicts of Interest) Affiliations and Conflicts of Interest.

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CAPITALIZATION OF LINNCO

The following table sets forth our capitalization as of June 30, 2012:

- on an historical basis; and

- on an adjusted basis to give effect to the sale of 30,250,000 shares offered by us at an assumed initial public offering price of $41.24 per share (the last reported sales price of LINN units, as set forth on the cover page of this prospectus), after deducting underwriting discounts and the structuring fee, and the application of the net proceeds as described in Use of Proceeds.

You should read this table together with Use of Proceeds and Management s Discussion and Analysis of Financial Condition and Results of Operations.

	At June 30, 2012	
	Historical	**As Adjusted**
Equity		
Voting share	$ 1,000	$ 1,000
Common shares		1,191,372,050
Additional paid-in capital	903,218	155,118
Accumulated deficit	(155,118)	(155,118)
Total capitalization	$ 749,100	$ 1,191,373,050

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CAPITALIZATION OF LINN

The following table sets forth the cash and cash equivalents and consolidated capitalization of Linn Energy, LLC at June 30, 2012:

- on an historical basis;

- on a pro forma basis to give effect to borrowings of approximately $682 million for the Green River Acquisition that closed July 31, 2012, which excludes the deposit of approximately $308 million borrowed in June 2012 and reported in credit facility on the LINN s historical balance sheet at June 30, 2012; and

- on an adjusted basis to give effect to the offering and sale of 30,250,000 LINN units to LinnCo at an assumed price of $41.24 per LINN unit (the last reported sales price of LINN units, as set forth on the cover page of this prospectus), after deducting estimated offering expenses, and the application of the net proceeds as described in Use of Proceeds.

The following table is unaudited and should be read together with Use of Proceeds, Management s Discussion and Analysis of Financial Condition and Results of Operations and LINN s historical financial statements and the related notes thereto included elsewhere in this prospectus.

	At June 30, 2012		
	Historical	Pro Forma (in thousands)	As Adjusted
Cash and cash equivalents(1)	$ 1,883	$ 1,883	$ 1,883
Long-term debt:			
Credit Facility(2)	$ 1,150,000	$ 1,832,291	$ 643,354
Senior notes, net	4,855,547	4,855,547	4,855,547
Total long-term debt, net	6,005,547	6,687,838	5,498,901
Total unitholders capital	4,131,663	4,131,663	5,320,600
Total capitalization	$ 10,137,210	$ 10,819,501	$ 10,819,501

(1) As of August 31, 2012, LINN had cash and cash equivalents of approximately $1 million.

(2) In July 2012, LINN entered into an amendment to its Credit Facility to increase the maximum commitment amount from $2.0 billion to $3.0 billion. As of August 31, 2012, LINN had total borrowings of approximately $2.0 billion outstanding under its Credit Facility.

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OUR DIVIDEND POLICY

In addition to the following discussion of our dividend policy, please read Forward-Looking Statements and Risk Factors for information regarding statements that do not relate strictly to historical or current facts and certain risks inherent in LINN s business and our shares. For additional information regarding the historical operating results of LINN, you should refer to the historical financial statements of LINN included elsewhere in this prospectus.

Our Dividend Policy

Within five business days after we receive a distribution on our LINN units, we will pay dividends on our shares of the cash we receive as distributions in respect of our LINN units, net of reserves for income taxes payable by us. Pursuant to the Omnibus Agreement, LINN has agreed to pay on our behalf or reimburse us for the costs and expenses of carrying out our activities. Please read Certain Relationships and Related Transactions Our Relationship with Linn Energy, LLC Omnibus Agreement. If distributions are made on the LINN units other than in cash, we will pay a dividend on our shares in substantially the same form, provided that if LINN makes a distribution on the LINN units in the form of additional LINN units, we would distribute an equal number of additional shares to our shareholders, such that, immediately following such distributions, the number of our shares outstanding is equal to the number of LINN units we hold.

Because we have elected to be treated as a corporation for U.S. federal income tax purposes, we are obligated to pay U.S. federal income tax on the net income allocated to us by LINN with respect to the LINN units we own, and we may be subject to a 20% alternative minimum tax on our alternative minimum taxable income to the extent that the alternative minimum tax exceeds our regular income tax. Please read Material U.S. Federal Income Tax Consequences LinnCo U.S. Federal Income Taxation. We are also classified as a corporation in most states in which LINN does business for state income tax purposes and will be subject to state income tax at rates that vary from state to state on the net income allocated to us by LINN with respect to the LINN units we own.

The reserves for income taxes payable by us will account for the U.S. federal income taxes, any alternative minimum taxes, and the state income taxes described in the preceding paragraph. We have estimated that for each of the periods ending December 31, 2012, 2013, 2014 and 2015 the amount of such taxes (and, therefore, the amount of such reserves) will be between 2% and 5% of the cash we receive as distributions in respect of our LINN units.

This estimate is based on a number of assumptions regarding LINN s earnings from its operations, the amount of those earnings allocated to us, our income tax liabilities and the amount of the distributions paid to us by LINN that may prove incorrect, including:

- LINN will not significantly decrease its drilling activity;
- there will not be an issuance of significant additional units by LINN without a corresponding increase in the aggregate tax deductions generated by LINN;
- proposed legislation that would eliminate the current deduction of intangible drilling costs and other tax incentives to the oil and natural gas industry will not be enacted; and
- there will not be a significant increase in oil and natural gas prices.

Events inconsistent with our assumptions could cause our tax liabilities to be substantially higher than estimated (and, therefore, cause our reserves for taxes to be higher than estimated and dividends on our shares to be lower than estimated). Please read Material U.S. Federal Income Tax Consequences Consequences to U.S. Holders Distributions on the Shares.

LINN s Distribution Policy

LINN will make quarterly distributions to its unitholders of all available cash.

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Available cash means, for each fiscal quarter, all cash on hand at the end of the quarter less the amount of cash reserves established by the LINN board of directors to:

provide for the proper conduct of business (including reserves for future capital expenditures, future debt service requirements and anticipated credit needs); and

comply with applicable laws, debt instruments or other agreements;

plus all cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made after the end of the quarter for which the determination is being made. Working capital borrowings are borrowings that will be made under LINN s credit facility and in all cases are used solely for working capital purposes or to pay distributions to unitholders.

LINN s Historical Distributions

The following sets forth LINN s historical distributions for the years ended December 31, 2011 and 2010 and for the six months ended June 30, 2012. Distributions declared during each quarter are presented.

Quarter	Cash Distributions Declared Per Unit
2012:(1)	
April 1 June 30	$ 0.725
January 1 March 31	$ 0.725
2011:	
October 1 December 31	$ 0.69
July 1 September 30	$ 0.69
April 1 June 30	$ 0.66
January 1 March 31	$ 0.66
2010:	
October 1 December 31	$ 0.66
July 1 September 30	$ 0.63
April 1 June 30	$ 0.63
January 1 March 31	$ 0.63

(1) On July 24, 2012, LINN declared a cash distribution of $0.725 per unit, which was paid on August 14, 2012, to unitholders of record at the close of business on August 7, 2012.

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SELECTED HISTORICAL FINANCIAL AND OPERATING DATA OF LINN

The following table shows summary historical financial and operating data of LINN as of the dates and for the periods indicated. The selected historical financial data presented for the years ended December 31, 2007 and 2008 are derived from LINN s historical audited financial statements. The selected historical financial data presented as of December 31, 2009, 2010 and 2011 and for the years ended December 31, 2009, 2010 and 2011 are derived from the historical audited financial statements that are included elsewhere in this prospectus. The selected historical financial data of LINN presented as of June 30, 2012 and for the six months ended June 30, 2011 and 2012 are derived from the unaudited historical financial statements that are included elsewhere in this prospectus. The following table should be read together with, and is qualified in its entirety by reference to, the historical and unaudited financial statements and the accompanying notes included elsewhere in this prospectus. The table should also be read together with Management s Discussion and Analysis of Financial Condition and Results of Operations.

Because of rapid growth through acquisitions and development of properties, LINN s historical results of operations and period-to-period comparisons of these results and certain other financial data may not be meaningful or indicative of future results. The results of LINN s Appalachian Basin and Mid Atlantic Well Service, Inc. operations, which were disposed of in 2008, are classified as discontinued operations, due to post-closing adjustments, for the years ended December 31, 2007 through December 31, 2009. Unless otherwise indicated, results of operations information presented herein relates only to continuing operations.

	At or for the Year Ended December 31,					At or for the Six Months Ended June 30,	
	2007	2008	2009	2010	2011	2011	2012
						(Unaudited)	
	(in thousands, except per unit amounts)						
Statement of operations data:							
Oil, natural gas and natural gas liquids sales	$ 255,927	$ 755,644	$ 408,219	$ 690,054	$ 1,162,037	$ 543,097	$ 696,122
Gains (losses) on oil and natural gas derivatives	(345,537)	662,782	(141,374)	75,211	449,940	(163,961)	441,678
Depreciation, depletion and amortization	69,081	194,093	201,782	238,532	334,084	145,711	260,782
Interest expense, net of amounts capitalized	38,974	94,517	92,701	193,510	259,725	125,825	171,909
Income (loss) from continuing operations	(356,194)	825,657	(295,841)	(114,288)	438,439	(209,573)	230,884
Income (loss) from discontinued operations, net of taxes(1)	(8,155)	173,959	(2,351)				
Net income (loss)	(364,349)	999,616	(298,192)	(114,288)	438,439	(209,573)	230,884
Income (loss) per unit continuing operations:							
Basic	(5.17)	7.18	(2.48)	(0.80)	2.52	(1.25)	1.17
Diluted	(5.17)	7.18	(2.48)	(0.80)	2.51	(1.25)	1.16
Income (loss) per unit discontinued operations:							
Basic	(0.12)	1.52	(0.02)				
Diluted	(0.12)	1.52	(0.02)				
Net income (loss) per unit:							
Basic	(5.29)	8.70	(2.50)	(0.80)	2.52	(1.25)	1.17
Diluted	(5.29)	8.70	(2.50)	(0.80)	2.51	(1.25)	1.16
Distributions declared per unit	2.18	2.52	2.52	2.55	2.70	1.32	1.415
Weighted average units outstanding:							
Basic	68,916	114,140	119,307	142,535	172,004	169,104	195,382
Diluted	68,916	114,158	119,307	142,535	172,729	169,104	196,039

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	At or for the Year Ended December 31,					At or for the Six Months Ended June 30,	
	2007	2008	2009	2010	2011	2011	2012
						(Unaudited)	
	(in thousands, except per unit amounts)						
Cash flow data:							
Net cash provided by (used in):							
Operating activities(2)	$ (44,814)	$ 179,515	$ 426,804	$ 270,918	$ 518,706	$ 303,762	$ (122,429)
Investing activities	(2,892,420)	(35,550)	(282,273)	(1,581,408)	(2,130,360)	(1,081,736)	(2,265,931)
Financing activities	2,932,080	(116,738)	(150,968)	1,524,260	1,376,767	611,741	2,389,129
Balance sheet data:							
Total assets	$ 3,807,703	$ 4,722,020	$ 4,340,256	$ 5,933,148	$ 8,000,137		$ 11,180,102
Long-term debt	1,443,830	1,653,568	1,588,831	2,742,902	3,993,657		6,005,547
Unitholders capital	2,026,641	2,760,686	2,452,004	2,788,216	3,428,910		4,131,663

(1) Includes gains (losses) on sale of assets, net of taxes.

(2) Includes premiums paid for derivatives of approximately, $279 million, $130 million, $94 million, $120 million and $134 million and for the years ended December 31, 2007, 2008, 2009, 2010 and 2011, respectively, and approximately $583 million for the six months ended June 30, 2012.

The following table presents summary unaudited operating data with respect to our production and sales of oil and natural gas for the periods presented and summary information with respect to LINN s estimated proved oil and natural gas reserves at year-end. DeGolyer and MacNaughton, independent petroleum engineers, provided the estimates of LINN s proved oil and natural gas reserves as of December 31, 2007, 2008, 2009, 2010 and 2011 set forth below.

	At or for the Year Ended December 31,					At or for the Six Months Ended June 30	
	2007	2008	2009	2010	2011	2011	2012
Production data:							
Average daily production continuing operations:							
Natural gas (MMcf/d)	51	124	125	137	175	163	273
Oil (MBbls/d)	3.4	8.6	9.0	13.1	21.5	19.3	27.2
NGL (MBbls/d)	2.7	6.2	6.5	8.3	10.8	9.3	19.1
Total (MMcfe/d)	87	212	218	265	369	335	550
Average daily production discontinued operations:							
Total (MMcfe/d)	24	12					
Estimated proved reserves continuing operations:(1)							
Natural gas (Bcf)	833	851	774	1,233	1,675		
Oil (MMBbls)	55	84	102	156	189		
NGL (MMBbls)	43	51	54	71	94		
Total (Bcfe)	1,419	1,660	1,712	2,597	3,370		
Estimated proved reserves discontinued operations:(1)							
Total (Bcfe)	197						

(1) In accordance with SEC regulations, reserves at December 31, 2009, December 31, 2010, and December 31, 2011, were estimated using the average price during the 12-month period, determined as an unweighted average of the first-day-of-the-month price for each month, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions. In accordance with SEC regulations, reserves for all prior years were estimated using year-end prices. The price used to estimate reserves is held constant over the

life of the reserves.

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The following table sets forth certain information with respect to LINN s proved reserves at December 31, 2011 and Pro Forma Proved Reserves and average daily production for the six months ended June 30, 2012:

Region	Proved Reserves At December 31, 2011 (Bcfe)(1)	Proved Reserves 2012 Acquisitions (Bcfe)(1)	Pro Forma Proved Reserves (Bcfe)(1)	Pro Forma % Oil and NGL	Pro Forma % Proved Developed	Average Daily Production For The Six Months Ended June 30, 2012 (MMcfe/d)
Mid-Continent	1,860	24	1,884	41%	53%	290
Hugoton Basin(2)	380	701	1,081	47%	87%	95
Green River Basin(3)		806	806	27%	53%	
Permian Basin	527		527	79%	56%	84
Michigan/Illinois	317		317	4%	91%	35
California	193		193	93%	93%	13
Williston/Powder River Basin(2)	93	96	189	92%	63%	25
East Texas(4)		110	110	3%	100%	8
Total	3,370	1,737	5,107	45%	66%	550

(1) Except as otherwise noted, 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.

(2) Pro forma proved reserves for the Hugoton Acquisition (in the Hugoton Basin region) and the Anadarko Joint Venture (in the Williston/Powder River Basin region) were calculated using a price of $3.73/MMBtu for natural gas and $98.02/Bbl for oil, which represent the unweighted average of the first-day-of-the-month prices for each of the twelve months ending March 1, 2012, the most recent twelve-month period prior to the closing of each of those transactions.

(3) Pro forma proved reserves for the Green River Acquisition (in the Green River Basin region) were calculated using a price of $3.02/MMBtu for natural gas and $94.81/Bbl for oil, which represents the unweighted average of the first-day-of-the-month prices for each of the twelve months ending July 1, 2012, the most recent twelve-month period prior to the closing of the Green River Acquisition.

(4) Pro forma proved reserves for the East Texas Acquisition were calculated using a price of $3.54/MMBtu for natural gas and $97.65/Bbl for oil, which represent the unweighted average of the first-day-of-the-month prices for each of the twelve months ending April 1, 2012, the most recent twelve-month period prior to the closing of the East Texas Acquisition.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion analyzes the financial condition and results of operations of us and LINN. The historical financial statements and the unaudited interim financial statements included in this prospectus reflect the assets, liabilities and operations of LINN. You should read the following discussion and analysis of financial condition and results of operations of us and LINN in conjunction with the historical financial statements, the unaudited interim financial statements, and the notes thereto, included elsewhere in this prospectus.

LinnCo

We are a recently formed limited liability company that has elected to be treated as a corporation for U.S. federal income tax purposes.

Our Business

We will use all of the proceeds from this offering to purchase a number of units representing limited liability company interests in LINN equal to the number of our shares sold in this offering, and we will have no assets or operations other than those related to our ownership of LINN units. Our limited liability company agreement requires that we maintain a one-to-one ratio between the number of our shares outstanding and the number of LINN units we own.

Liquidity and Capital Resources

Our authorized capital structure consists of two classes of shares: (1) common shares with indirect voting rights in LINN, which are the shares being issued in this offering and (2) voting shares, 100% of which are currently held by LINN. At June 30, 2012, our issued capitalization consisted of $1,000 contributed by LINN in connection with our formation and in exchange for its voting share.

LINN has agreed to pay on our behalf all legal, accounting, tax advisory, financial advisory and engineering fees, printing costs or other administrative and out-of-pocket expenses we incur, along with any other expenses incurred in connection with this offering or incurred as a result of being a publicly traded entity, including costs associated with annual, quarterly and other reports to holders of our shares, tax return and Form 1099 preparation and distribution, NASDAQ listing fees, printing costs, independent auditor fees and expenses, legal counsel fees and expenses, limited liability company governance and compliance expenses and registrar and transfer agent fees. In addition, LINN will also agree to indemnify us and our officers and directors for damages suffered or costs incurred (other than income taxes payable by us) in connection with carrying out our activities, as described in Certain Relationships and Related Transactions Our Relationship with LINN Energy, LLC Omnibus Agreement.

If we issue additional shares in the future, we will immediately use the net proceeds from those sales to purchase a number of additional LINN units equal to the number of shares sold in such offering. Accordingly, we do not anticipate any other sources of or needs for additional liquidity. We are not permitted to borrow money or incur debt without the prior approval of holders owning a majority of our outstanding shares.

Results of Operations

Upon completion of our initial offering of shares to the public and the purchase of LINN units, our results of operations will consist of our equity in earnings of LINN. When this offering is completed, we will own approximately 13.2% of all of LINN s outstanding units (assuming no exercise of the underwriters option to purchase additional shares). See Risk Factors Risks Inherent in an Investment in LinnCo LINN may issue additional units or other classes of units, and we may issue additional shares without your approval, which would dilute our direct and your indirect ownership interest in LINN and your ownership interest in us.

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LINN

Executive Overview

LINN s mission is to acquire, develop and maximize cash flow from a growing portfolio of long-life oil and natural gas assets. LINN is an independent oil and natural gas company that began operations in March 2003 and completed its initial public offering in January 2006. LINN s properties are currently located in eight operating regions in the U.S.:

- Mid-Continent, which includes properties in Oklahoma, Louisiana and the eastern portion of the Texas Panhandle (including the Granite Wash and Cleveland horizontal plays);
- Hugoton Basin, which includes properties located primarily in Kansas and the Shallow Texas Panhandle;
- Green River Basin, which includes properties located in southwest Wyoming;
- Permian Basin, which includes areas in west Texas and southeast New Mexico;
- Michigan/Illinois, which includes the Antrim Shale formation in the northern part of Michigan and oil properties in southern Illinois;
- California, which includes the Brea Olinda Field of the Los Angeles Basin;
- Williston/Powder River Basin, which includes the Bakken formation in North Dakota and the Powder River Basin in Wyoming; and
- East Texas, which includes properties in east Texas.

Results for the year ended December 31, 2011, included the following:

- oil, natural gas and NGL sales of approximately $1.2 billion compared to $690 million in 2010;
- average daily production of 369 MMcfe/d compared to 265 MMcfe/d in 2010;
- realized gains on commodity derivatives of approximately $257 million compared to $308 million in 2010;
- adjusted EBITDA of approximately $998 million compared to $732 million in 2010;

- adjusted net income of approximately $313 million compared to $219 million in 2010;
- capital expenditures, excluding acquisitions, of approximately $697 million compared to $263 million in 2010; and
- 294 wells drilled (292 successful) compared to 139 wells drilled (138 successful) in 2010.

Results for the six months ended June 30, 2012, included the following:

- oil, natural gas and NGL sales of approximately $696 million compared to $543 million for the first half of 2011;
- average daily production of 550 MMcfe/d compared to 335 MMcfe/d for the first half of 2011;
- realized gains on commodity derivatives of approximately $173 million compared to $98 million for the first half of 2011;
- adjusted EBITDA of approximately $621 million compared to $474 million for the first half of 2011;
- adjusted net income of approximately $110 million compared to $146 million for the first half of 2011;
- capital expenditures, excluding acquisitions, of approximately $557 million compared to $250 million for the first half of 2011; and
- 181 wells drilled (178 successful) compared to 101 wells drilled (99 successful) for the first half of 2011.

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Adjusted EBITDA and adjusted net income are non-GAAP financial measures used by management to analyze LINN s performance. Adjusted EBITDA is a measure used by Company management to evaluate cash flow and LINN s ability to sustain or increase distributions. The most significant reconciling items between net income (loss) and adjusted EBITDA are interest expense and noncash items, including the change in fair value of derivatives, and depreciation, depletion and amortization. Adjusted net income is used by LINN s 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, realized gain on recovery of bankruptcy claim, impairment of long-lived assets, loss on extinguishment of debt and (gains) losses on sale of assets, net. See Non-GAAP Financial Measures for a reconciliation of each non-GAAP financial measure to its most directly comparable financial measure calculated and presented in accordance with GAAP.

Joint Venture

On April 3, 2012, LINN entered into a joint venture agreement with an affiliate of Anadarko whereby LINN will participate as a partner in the CO_2-enhanced oil recovery development of the Salt Creek field, located in the Powder River Basin of Wyoming. Anadarko assigned LINN 23% of its interest in the field in exchange for future funding by LINN of $400 million of Anadarko s development costs. As of June 30, 2012, LINN had paid approximately $54 million towards the future funding commitment. The acquisition included approximately 16 MMBoe (96 Bcfe) of proved reserves as of the agreement date.

Acquisitions

On July 31, 2012, LINN completed the Green River Acquisition, which included certain oil and natural gas properties located in the Green River Basin area of southwest Wyoming, for total consideration of approximately $990 million. In connection with the Green River Acquisition, LINN paid a deposit of approximately $308 million in June 2012, which is reported in other noncurrent assets on the condensed consolidated balance sheet at June 30, 2012. The Green River Acquisition included approximately 806 Bcfe of proved reserves as of the acquisition date.

On May 1, 2012, LINN completed the acquisition of certain oil and natural gas properties located in east Texas for total consideration of approximately $168 million. The acquisition included approximately 110 Bcfe of proved reserves as of the acquisition date.

On March 30, 2012, LINN completed the acquisition of certain oil and natural gas properties located in the Hugoton Basin area of southwestern Kansas for total consideration of approximately $1.17 billion. The acquisition included approximately 701 Bcfe of proved reserves as of the acquisition date.

During the first half of 2012, LINN completed other smaller acquisitions of oil and natural gas properties located in its various operating regions. LINN, in the aggregate, paid approximately $67 million in total consideration for these properties.

On December 15, 2011, LINN completed the acquisition of certain oil and natural gas properties located primarily in the Granite Wash of Texas and Oklahoma from Plains Exploration & Production Company (Plains) for total consideration of approximately $544 million. The acquisition included approximately 51 MMBoe (306 Bcfe) of proved reserves as of the acquisition date.

On November 1, 2011, and November 18, 2011, LINN completed two acquisitions of certain oil and natural gas properties located in the Permian Basin for total consideration of approximately $110 million. The acquisitions included approximately 7 MMBoe (42 Bcfe) of proved reserves as of the acquisition dates.

On June 1, 2011, LINN completed the acquisition of certain oil and natural gas properties in the Cleveland play, located in the Texas Panhandle, from Panther Energy Company, LLC and Red Willow Mid-Continent, LLC (collectively referred to as Panther) for total consideration of approximately $223 million. The acquisition included approximately 9 MMBoe (54 Bcfe) of proved reserves as of the acquisition date.

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On May 2, 2011, and May 11, 2011, LINN completed two acquisitions of certain oil and natural gas properties located in the Williston Basin for total consideration of approximately $153 million. The acquisitions included approximately 6 MMBoe (35 Bcfe) of proved reserves as of the acquisition dates.

On April 1, 2011, and April 5, 2011, LINN completed two acquisitions of certain oil and natural gas properties located in the Permian Basin for total consideration of approximately $239 million. The acquisitions included approximately 13 MMBoe (79 Bcfe) of proved reserves as of the acquisition dates.

On March 31, 2011, LINN completed the acquisition of certain oil and natural gas properties located in the Williston Basin from an affiliate of Concho Resources Inc. (Concho) for total consideration of approximately $194 million. The acquisition included approximately 8 MMBoe (50 Bcfe) of proved reserves as of the acquisition date.

During 2011, LINN completed other smaller acquisitions of oil and natural gas properties located in its various operating regions. LINN, in the aggregate, paid approximately $38 million in total consideration for these properties.

Proved reserves as of the acquisition date for all of the above referenced acquisitions were estimated using the average oil and natural gas prices during the preceding 12-month period, determined as an unweighted average of the first-day-of-the-month prices for each month.

Commodity Derivatives

LINN hedges a significant portion of its forecasted production to reduce exposure to fluctuations in the prices of oil and natural gas and provide long-term cash flow predictability to pay distributions, service debt and manage its business. By removing a significant portion of the price volatility associated with future production, LINN expects to mitigate, but not eliminate, the potential effects of variability in cash flow from operations due to fluctuations in commodity prices.

During the year ended December 31, 2011, LINN entered into commodity derivative contracts consisting of oil and natural gas swaps for certain years through 2016 and oil trade month roll swaps for October 2011 through December 2015. In September 2011, LINN canceled its oil and natural gas swaps for the year 2016 and used the realized gains of approximately $27 million to increase prices on its existing oil and natural gas swaps for the year 2012. In September 2011, LINN also paid premiums of approximately $33 million to increase prices on its existing oil puts for the years 2012 and 2013. In addition, during the fourth quarter of 2011, LINN paid premiums of approximately $52 million for put options and approximately $22 million to increase prices on its existing oil puts for 2012 and 2013.

During the six months ended June 30, 2012, LINN entered into commodity derivative contracts consisting of oil and natural gas swaps and puts for 2012 through 2017, and paid premiums for put options of approximately $583 million. Also during the six months ended June 30, 2012, LINN entered into natural gas basis swaps for 2012 through 2016 and trade month roll swaps for 2012 through 2017.

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The following table summarizes derivative positions for the periods indicated as of June 30, 2012.

	July 1 December 31, 2012	2013	2014	2015	2016	2017
Natural gas positions:						
Fixed price swaps:						
Hedged volume (MMMBtu)	43,910	87,290	97,401	118,041	121,841	120,122
Average price ($/MMBtu)	$ 5.16	$ 5.22	$ 5.25	$ 5.19	$ 4.20	$ 4.26
Puts:(1)						
Hedged volume (MMMBtu)	38,894	86,198	79,628	71,854	76,269	66,886
Average price ($/MMBtu)	$ 5.41	$ 5.37	$ 5.00	$ 5.00	$ 5.00	$ 4.88
Total:						
Hedged volume (MMMBtu)	82,804	173,488	177,029	189,895	198,110	187,008
Average price ($/MMBtu)	$ 5.28	$ 5.29	$ 5.14	$ 5.12	$ 4.51	$ 4.48
Oil positions:						
Fixed price swaps:(2)						
Hedged volume (MBbls)	4,730	11,871	11,903	11,599	11,464	4,755
Average price ($/Bbl)	$ 96.72	$ 94.97	$ 92.92	$ 96.23	$ 90.56	$ 89.02
Puts:						
Hedged volume (MBbls)	1,251	3,105	3,960	3,426	3,271	384
Average price ($/Bbl)	$ 99.32	$ 97.86	$ 91.30	$ 90.00	$ 90.00	$ 90.00
Total:						
Hedged volume (MBbls)	5,981	14,976	15,863	15,025	14,735	5,139
Average price ($/Bbl)	$ 97.26	$ 95.57	$ 92.52	$ 94.81	$ 90.44	$ 89.10
Natural gas basis differential positions:(3)						
Panhandle basis swaps:						
Hedged volume (MMMBtu)	37,535	77,800	79,388	87,162	19,764	
Hedged differential ($/MMBtu)	$ (0.55)	$ (0.56)	$ (0.33)	$ (0.33)	$ (0.31)	$
NWPL - Rockies basis swaps:						
Hedge volume (MMMBtu)	14,122	34,785	36,026	38,362	39,199	
Hedge differential ($/MMBtu)	$ (0.20)	$ (0.20)	$ (0.20)	$ (0.20)	$ (0.20)	$
MichCon basis swaps:						
Hedged volume (MMMBtu)	4,894	9,600	9,490	9,344		
Hedged differential ($/MMBtu)	$ 0.12	$ 0.10	$ 0.08	$ 0.06	$	$
Houston Ship Channel basis swaps:						
Hedged volume (MMMBtu)	3,146	5,731	5,256	4,891	4,575	
Hedged differential ($/MMBtu)	$ (0.10)	$ (0.10)	$ (0.10)	$ (0.10)	$ (0.10)	$
Permian basis swaps:						
Hedged volume (MMMBtu)	2,282	4,636	4,891	5,074		
Hedged differential ($/MMBtu)	$ (0.19)	$ (0.20)	$ (0.21)	$ (0.21)	$	$
Oil timing differential positions:						
Trade month roll swaps:(4)						
Hedged volume (MBbls)	3,284	6,944	7,254	7,251	7,446	6,486
Hedged differential ($/Bbl)	$ 0.21	$ 0.22	$ 0.22	$ 0.24	$ 0.25	$ 0.25

(1) Includes certain outstanding natural gas puts of approximately 5,329 MMMBtu for the period July 1, 2012, through December 31, 2012, 10,570 MMMBtu for each of the years ending December 31, 2013, December 31, 2014, and December 31, 2015, and 10,599 MMMBtu for the year ending December 31, 2016, used to hedge revenues associated with NGL production.

(2) 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 each of the years ending December 31, 2017, and December 31, 2018, and $90.00 per Bbl for the year ending December 31, 2019, 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.

(3) Settle on the respective pricing index to hedge basis differential associated with natural gas production.

(4) LINN 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 price of light crude oil 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).

Operating Regions

Following is a discussion of LINN s six operating regions used during the years ending December 31, 2009, 2010 and 2011. Prior to January 1, 2012, LINN s properties were divided into these six operating regions in the U.S.:

Mid-Continent Deep

The Mid-Continent Deep region includes properties in the Deep Granite Wash formation in the Texas Panhandle, which produces at depths ranging from 10,000 feet to 16,000 feet, as well as properties in Oklahoma and Kansas, which produce at depths of more than 8,000 feet. Mid-Continent Deep proved reserves represented approximately 47% of total proved reserves at December 31, 2011, of which 49% were classified as proved developed reserves. This region produced 172 MMcfe/d or 47% of LINN s 2011 average daily production. During 2011, LINN invested approximately $268 million to drill in this region.

To more efficiently transport its natural gas in the Mid-Continent Deep region to market, LINN owns and operates a network of natural gas gathering systems comprised of approximately 285 miles of pipeline and associated compression and metering facilities that connect to numerous sales outlets in the Texas Panhandle.

Mid-Continent Shallow

The Mid-Continent Shallow region includes properties producing from the Brown Dolomite formation in the Texas Panhandle, which produces at depths of approximately 3,200 feet, as well as properties in Oklahoma, Louisiana and Illinois, which produce at depths of less than 8,000 feet. Mid-Continent Shallow proved reserves represented approximately 20% of total proved reserves at December 31, 2011, of which 70% were classified as proved developed reserves. This region produced 63 MMcfe/d or 17% of LINN s 2011 average daily production. During 2011, LINN invested approximately $9 million to drill in this region.

To more efficiently transport its natural gas in the Mid-Continent Shallow region to market, LINN owns and operates a network of natural gas gathering systems comprised of approximately 665 miles of pipeline and associated compression and metering facilities that connect to numerous sales outlets in the Texas Panhandle.

Permian Basin

The Permian Basin is one of the largest and most prolific oil and natural gas basins in the U.S. LINN s properties are located in West Texas and Southeast New Mexico and produce at depths ranging from 2,000 feet to 12,000 feet. Permian Basin proved reserves represented approximately 16% of total proved reserves at December 31, 2011, of which 56% were classified as proved developed reserves. This region produced 73 MMcfe/d or 20% of LINN s 2011 average daily production. During 2011, LINN invested approximately $255 million to drill in this region.

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Michigan

The Michigan region includes properties producing from the Antrim Shale formation in the northern part of the state, which produces at depths ranging from 600 feet to 2,200 feet. Michigan proved reserves represented approximately 9% of total proved reserves at December 31, 2011, of which 90% were classified as proved developed reserves. This region produced 35 MMcfe/d or 9% of LINN s 2011 average daily production. During 2011, LINN invested approximately $3 million to drill in this region.

California

The California region consists of the Brea Olinda Field of the Los Angeles Basin. The Brea Olinda Field was discovered in 1880 and produces from the shallow Pliocene formation to the deeper Miocene formation at depths ranging from 1,000 feet to 7,500 feet. California proved reserves represented approximately 6% of total proved reserves at December 31, 2011, of which 93% were classified as proved developed reserves. This region produced 14 MMcfe/d or 4% of LINN s 2011 average daily production. During 2011, LINN invested approximately $6 million to drill in this region.

Williston Basin

The Williston Basin is one of the premier oil basins in the U.S. LINN s properties are located in North Dakota and produce at depths ranging from 9,000 feet to 12,000 feet. Williston Basin proved reserves represented approximately 2% of total proved reserves at December 31, 2011, of which 48% were classified as proved developed reserves. This region produced 12 MMcfe/d or 3% of LINN s 2011 average daily production. During 2011, LINN invested approximately $39 million to drill in this region.

During 2012, LINN realigned its operating regions and now allocates its properties among eight operating regions in the U.S.:

- Mid-Continent, which includes properties in Oklahoma, Louisiana and the eastern portion of the Texas Panhandle (including the Granite Wash and Cleveland horizontal plays);
- Hugoton Basin, which includes properties located primarily in Kansas and the Shallow Texas Panhandle;
- Green River Basin, which was added in July 2012 and includes properties located in southwest Wyoming;
- Permian Basin, which includes areas in west Texas and southeast New Mexico;
- Michigan/Illinois, which includes the Antrim Shale formation in the northern part of Michigan and oil properties in southern Illinois;
- California, which includes the Brea Olinda Field of the Los Angeles Basin;
- Williston/Powder River Basin, which includes the Bakken formation in North Dakota; and
- East Texas, which was added in May 2012 and includes properties located in east Texas.

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Results of Operations

Six Months Ended June 30, 2012, Compared to Six Months Ended June 30, 2011

	Six Months Ended June 30,		
	2011	2012	Variance
	(in thousands)		
Revenues and other:			
Natural gas sales	$ 137,598	$ 125,043	$ (12,555)
Oil sales	330,092	455,509	125,417
NGL sales	75,407	115,570	40,163
Total oil, natural gas and NGL sales	543,097	696,122	153,025
Gains (losses) on oil and natural gas derivatives	(163,961)	441,678	605,639
Marketing and other revenues	4,962	16,887	11,925
	384,098	1,154,687	770,589
Expenses:			
Lease operating expenses	102,264	141,765	39,501
Transportation expenses	12,331	32,377	20,046
Marketing expenses	1,853	7,150	5,297
General and administrative expenses(1)	62,103	84,506	22,403
Exploration costs	995	817	(178)
Depreciation, depletion and amortization	145,711	260,782	115,071
Impairment of long-lived assets		146,499	146,499
Taxes, other than income taxes	36,045	55,851	19,806
Losses on sale of assets and other, net	1,586	1,492	(94)
	362,888	731,239	368,351
Other income and (expenses)	(224,915)	(183,134)	41,781
Income (loss) before income taxes	(203,705)	240,314	444,019
Income tax expense	(5,868)	(9,430)	(3,562)
Net income (loss)	$ (209,573)	$ 230,884	$ 440,457
Adjusted EBITDA(2)	$ 473,602	$ 621,274	$ 147,672
Adjusted net income(2)	$ 145,664	$ 109,621	$ (36,043)

(1) General and administrative expenses for the six months ended June 30, 2011, and June 30, 2012, include approximately $11 million and $14 million, respectively, of noncash unit-based compensation expenses.

(2) This is a non-GAAP measure used by management to analyze LINN s performance. See Non-GAAP Financial Measures for a reconciliation of the non-GAAP financial measure to its most directly comparable financial measure calculated and presented in accordance with GAAP.

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	Six Months Ended June 30, 2011	2012	Variance
Average daily production:			
Natural gas (MMcf/d)	163	273	67%
Oil (MBbls/d)	19.3	27.2	41%
NGL (MBbls/d)	9.3	19.1	105%
Total (MMcfe/d)	335	550	64%
Weighted average prices (hedged):(1)			
Natural gas (Mcf)	$ 8.68	$ 5.93	(32)%
Oil (Bbl)	$ 88.35	$ 92.86	5%
NGL (Bbl)	$ 44.70	$ 33.21	(26)%
Weighted average prices (unhedged):(2)			
Natural gas (Mcf)	$ 4.66	$ 2.52	(46)%
Oil (Bbl)	$ 94.34	$ 92.12	(2)%
NGL (Bbl)	$ 44.70	$ 33.21	(26)%
Average NYMEX prices:			
Natural gas (MMBtu)	$ 4.22	$ 2.48	(41)%
Oil (Bbl)	$ 98.33	$ 98.21	
Costs per Mcfe of production:			
Lease operating expenses	$ 1.69	$ 1.42	(16)%
Transportation expenses	$ 0.20	$ 0.32	60%
General and administrative expenses(3)	$ 1.02	$ 0.84	(18)%
Depreciation, depletion and amortization	$ 2.40	$ 2.60	8%
Taxes, other than income taxes	$ 0.59	$ 0.56	(5)%

(1) Includes the effect of realized gains on derivatives of approximately $98 million and $173 million (excluding approximately $18 million realized gain on recovery of bankruptcy claim) for the six months ended June 30, 2011, and June 30, 2012, respectively.
(2) Does not include the effect of realized gains (losses) on derivatives.
(3) General and administrative expenses for the six months ended June 30, 2011, and June 30, 2012, include approximately $11 million and $14 million, respectively, of noncash unit-based compensation expenses. Excluding these amounts, general and administrative expenses for the six months ended June 30, 2011, and June 30, 2012, were $0.85 per Mcfe and $0.70 per Mcfe, respectively. This is a non-GAAP measure used by LINN s management to analyze LINN s performance.

Revenues and Other

Oil, Natural Gas and NGL Sales

Oil, natural gas and NGL sales increased approximately $153 million or 28% to approximately $696 million for the six months ended June 30, 2012, from approximately $543 million for the six months ended June 30, 2011, due to higher production volumes partially offset by lower natural gas, NGL and oil prices. Lower natural gas, NGL and oil prices resulted in a decrease in revenues of approximately $106 million, $40 million and $11 million, respectively.

Average daily production volumes increased to 550 MMcfe/d during the six months ended June 30, 2012, from 335 MMcfe/d during the six months ended June 30, 2011. Higher oil, natural gas and NGL production volumes resulted in an increase in revenues of approximately $136 million, $94 million and $80 million, respectively.

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The following sets forth average daily production by region:

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2012	Variance	
Average daily production (MMcfe/d):				
Mid-Continent	175	290	115	66%
Hugoton Basin	38	95	57	149%
Permian Basin	67	84	17	27%
Michigan/Illinois	35	35		
Williston/Powder River Basin	6	25	19	297%
California	14	13	(1)	(5)%
East Texas		8	8	
	335	550	215	64%

The 66% increase in average daily production volumes in the Mid-Continent region primarily reflects LINN s 2011 and 2012 capital drilling programs in the Granite Wash formation, as well as the impact of the acquisition in the Cleveland horizontal play in June 2011 and the acquisition from Plains in December 2011. The increase in average daily production volumes in the Hugoton Basin region primarily reflects the impact of the acquisition from BP in March 2012. Average daily production volumes in the Permian Basin region reflect the impact of acquisitions in 2011 and subsequent development capital spending. The Michigan/Illinois and California regions consist of low-decline asset bases and continue to produce at consistent levels. The increase in average daily production volumes in the Williston/Powder River Basin region reflects the impact of acquisitions in 2011 and the Anadarko Joint Venture in April 2012. Average daily production volumes in the East Texas region reflect the impact of the acquisition in May 2012.

Gains (Losses) on Oil and Natural Gas Derivatives

LINN determines the fair value of its oil and natural gas derivatives utilizing pricing models that use a variety of techniques, including market quotes and pricing analysis. During the six months ended June 30, 2012, LINN had commodity derivative contracts for approximately 117% of its natural gas production and 107% of its oil production, which resulted in realized gains of approximately $173 million. The results for 2012 also include a realized gain related to the recovery of a bankruptcy claim of approximately $18 million. During the six months ended June 30, 2011, LINN had commodity derivative contracts for approximately 109% of its natural gas production and 105% of its oil production and recognized realized gains of approximately $98 million. Unrealized gains and losses result from changes in market valuations of derivatives as future commodity price expectations change compared to the contract prices on the derivatives. If the expected future commodity prices increase compared to the contract prices on the derivatives, unrealized losses are recognized; and if the expected future commodity prices decrease compared to the contract prices on the derivatives, unrealized gains are recognized. During the first two quarters of 2012, expected future oil prices decreased resulting in unrealized gains of approximately $296 million, and natural gas prices increased resulting in unrealized losses of approximately $46 million, for net unrealized gains on derivatives of approximately $250 million for the six months ended June 30, 2012. During the first two quarters of 2011, expected future oil and natural gas prices increased, which resulted in net unrealized losses on derivatives of approximately $262 million for the six months ended June 30, 2011.

Marketing and Other Revenues

Marketing and other revenues increased by approximately $12 million or 240% to approximately $17 million for the six months ended June 30, 2012, from approximately $5 million for the six months ended June 30, 2011, primarily due to the acquisition of the Jayhawk natural gas processing plant from BP in March 2012.

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Expenses

Lease Operating Expenses

Lease operating expenses include expenses such as labor, field office, vehicle, supervision, maintenance, tools and supplies and workover expenses. Lease operating expenses increased by approximately $40 million or 39% to approximately $142 million for the six months ended June 30, 2012, from approximately $102 million for the six months ended June 30, 2011. Lease operating expenses increased primarily due to costs associated with properties acquired during 2011 and 2012. Lease operating expenses per Mcfe decreased to $1.42 per Mcfe for the six months ended June 30, 2012, from $1.69 per Mcfe for the six months ended June 30, 2011, primarily due to lower rates on newly acquired properties.

Transportation Expenses

Transportation expenses increased by approximately $20 million or 163% to approximately $32 million for the six months ended June 30, 2012, from approximately $12 million for the six months ended June 30, 2011, primarily due to acquisitions in late 2011 and early 2012.

Marketing Expenses

Marketing expenses increased by approximately $5 million or 286% to approximately $7 million for the six months ended June 30, 2012, from approximately $2 million for the six months ended June 30, 2011, primarily due to the acquisition of the Jayhawk natural gas processing plant from BP in March 2012.

General and Administrative Expenses

General and administrative expenses are costs not directly associated with field operations and reflect the costs of employees including executive officers, related benefits, office leases and professional fees. General and administrative expenses increased by approximately $23 million or 36% to approximately $85 million for the six months ended June 30, 2012, from approximately $62 million for the six months ended June 30, 2011. The increase was primarily due to an increase in acquisition related expenses of approximately $11 million and an increase in salaries and benefits related expenses of approximately $9 million, driven primarily by increased employee headcount. General and administrative expenses per Mcfe decreased to $0.84 per Mcfe for the six months ended June 30, 2012, from $1.02 per Mcfe for the six months ended June 30, 2011, due to higher production volumes.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization increased by approximately $115 million or 79% to approximately $261 million for the six months ended June 30, 2012, from approximately $146 million for the six months ended June 30, 2011. Higher total production volumes were the primary reason for the increased expense. Depreciation, depletion and amortization per Mcfe also increased to $2.60 per Mcfe for the six months ended June 30, 2012, from $2.40 per Mcfe for the six months ended June 30, 2011, primarily due to higher production volumes in operating areas with higher depletion rates.

Impairment of Long-Lived Assets

During the six months ended June 30, 2012, LINN recorded a noncash impairment charge, before and after tax, of approximately $146 million associated with proved oil and natural gas properties related to a decline in commodity prices. LINN recorded no impairment charge for the six months ended June 30, 2011.

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Taxes, Other Than Income Taxes

Taxes, other than income taxes, which consist primarily of severance and ad valorem taxes, increased by approximately $20 million or 55% to approximately $56 million for the six months ended June 30, 2012, from approximately $36 million for the six months ended June 30, 2011. Severance taxes, which are a function of revenues generated from production, increased approximately $7 million compared to the six months ended June 30, 2011, primarily due to higher production volumes partially offset by lower commodity prices. Ad valorem taxes, which are based on the value of reserves and production equipment and vary by location, increased by approximately $12 million compared to the six months ended June 30, 2011, primarily due to property acquisitions in 2011 and 2012 and higher rates on LINN s base properties.

Other Income and (Expenses)

	Six Months Ended June 30,		
	2011	2012	Variance
		(in thousands)	
Loss on extinguishment of debt	$ (94,372)	$	$ 94,372
Interest expense, net of amounts capitalized	(125,825)	(171,909)	(46,084)
Other, net	(4,718)	(11,225)	(6,507)
	$ (224,915)	$ (183,134)	$ 41,781

Other income and (expenses) decreased by approximately $42 million for the six months ended June 30, 2012, compared to the six months ended June 30, 2011. Interest expense increased primarily due to higher outstanding debt during the period and higher amortization of financing fees and expenses associated with the May 2019 Senior Notes and the November 2019 Senior Notes, as defined in Note 6 to LINN s historical audited financial statements for the year ended December 31, 2011, included elsewhere in this prospectus. For the six months ended June 30, 2011, LINN recorded a loss on extinguishment of debt of approximately $94 million as a result of the redemptions of and cash tender offers for a portion of the Original Senior Notes, as defined in Note 6. See Debt in Liquidity and Capital Resources below for additional details.

Income Tax Expense

LINN is a limited liability company treated as a partnership for federal and state income tax purposes, with the exception of the state of Texas, with income tax liabilities and/or benefits of LINN passed through to unitholders. Limited liability companies are subject to Texas margin tax. Limited liability companies were also subject to state income taxes in Michigan during the six months ended June 30, 2011. In addition, certain of LINN s subsidiaries are Subchapter C-corporations subject to federal and state income taxes. LINN recognized income tax expense of approximately $9 million for the six months ended June 30, 2012, compared to approximately $6 million for the six months ended June 30, 2011. Income tax expense increased primarily due to higher income from LINN s taxable subsidiaries during the six months ended June 30, 2012, compared to the same period in 2011.

Net Income (Loss)

Net income increased by approximately $441 million or 210% to approximately $231 million for the six months ended June 30, 2012, from a net loss of approximately $210 million for the six months ended June 30, 2011. The increase was primarily due to higher production revenues and higher gains on oil and natural gas derivatives, partially offset by higher expenses, including interest. See discussions above for explanations of variances.

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Adjusted EBITDA

Adjusted EBITDA (a non-GAAP financial measure) increased by approximately $147 million or 31% to approximately $621 million for the six months ended June 30, 2012, from approximately $474 million for the six months ended June 30, 2011. The increase was primarily due to higher production revenues, partially offset by higher expenses. See discussions above for explanations of variances. See Non-GAAP Financial Measures for a reconciliation of adjusted EBITDA to its most directly comparable financial measure calculated and presented in accordance with GAAP.

Adjusted Net Income

Adjusted net income (a non-GAAP financial measure) decreased by approximately $36 million or 25% to approximately $110 million for the six months ended June 30, 2012, from approximately $146 million for the six months ended June 30, 2011. The decrease was primarily due to higher expenses, including interest, partially offset by higher production revenues. See discussions above for explanations of variances.

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Year Ended December 31, 2011, Compared to Year Ended December 31, 2010

	Year Ended December 31, 2010	2011	Variance
		(in thousands)	
Revenues and other:			
Natural gas sales	$ 211,596	$ 278,714	$ 67,118
Oil sales	359,996	714,385	354,389
NGL sales	118,462	168,938	50,476
Total oil, natural gas and NGL sales	690,054	1,162,037	471,983
Gains on oil and natural gas derivatives(1)	75,211	449,940	374,729
Marketing and other revenues	7,015	10,477	3,462
	772,280	1,622,454	850,174
Expenses:			
Lease operating expenses	158,382	232,619	74,237
Transportation expenses	19,594	28,358	8,764
Marketing expenses	2,716	3,681	965
General and administrative expenses(2)	99,078	133,272	34,194
Exploration costs	5,168	2,390	(2,778)
Depreciation, depletion and amortization	238,532	334,084	95,552
Impairment of long-lived assets	38,600		(38,600)
Taxes, other than income taxes	45,182	78,522	33,340
Losses on sale of assets and other, net	6,490	3,494	(2,996)
	613,742	816,420	202,678
Other income and (expenses)	(268,585)	(362,129)	(93,544)
Income (loss) before income taxes	(110,047)	443,905	553,952
Income tax expense	(4,241)	(5,466)	(1,225)
Net Income (loss)	$ (114,288)	$ 438,439	$ 552,727
Adjusted EBITDA(3)	$ 732,131	$ 997,621	$ 265,490
Adjusted net income(3)	$ 219,489	$ 313,331	$ 93,842

(1) During the year ended December 31, 2011, LINN canceled (before the contract settlement date) derivative contracts on estimated future oil and natural gas production resulting in realized gains of approximately $27 million.

(2) General and administrative expenses for the years ended December 31, 2010, and December 31, 2011, include approximately $13 million and $21 million, respectively, of noncash unit-based compensation expenses.

(3) This is a non-GAAP measure used by management to analyze LINN s performance. See Non-GAAP Financial Measures for a reconciliation of the non-GAAP financial measure to its most directly comparable financial measure calculated and presented in accordance with GAAP.

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	Year Ended December 31, 2010	2011	Variance
Average daily production:			
Natural gas (MMcf/d)	137	175	28%
Oil (MBbls/d)	13.1	21.5	64%
NGL (MBbls/d)	8.3	10.8	30%
Total (MMcfe/d)	265	369	39%
Weighted average prices (hedged):(1)			
Natural gas (Mcf)	$ 8.52	$ 8.20	(4)%
Oil (Bbl)	$ 94.71	$ 89.21	(6)%
NGL (Bbl)	$ 39.14	$ 42.88	10%
Weighted average prices (unhedged):(2)			
Natural gas (Mcf)	$ 4.24	$ 4.35	3%
Oil (Bbl)	$ 75.16	$ 91.24	21%
NGL (Bbl)	$ 39.14	$ 42.88	10%
Average NYMEX prices:			
Natural gas (MMBtu)	$ 4.40	$ 4.05	(8)%
Oil (Bbl)	$ 79.53	$ 95.12	20%
Costs per Mcfe of production:			
Lease operating expenses	$ 1.64	$ 1.73	5%
Transportation expenses	$ 0.20	$ 0.21	5%
General and administrative expenses(3)	$ 1.02	$ 0.99	(3)%
Depreciation, depletion and amortization	$ 2.46	$ 2.48	1%
Taxes, other than income taxes	$ 0.47	$ 0.58	23%

(1) Includes the effect of realized gains on derivatives of approximately $308 million and $230 million (excluding $27 million realized gains on canceled contracts) for the years ended December 31, 2010, and December 31, 2011, respectively.

(2) Does not include the effect of realized gains (losses) on derivatives.

(3) General and administrative expenses for the years ended December 31, 2010, and December 31, 2011, include approximately $13 million and $21 million, respectively, of noncash unit-based compensation expenses. Excluding these amounts, general and administrative expenses for the years ended December 31, 2010, and December 31, 2011, were $0.88 per Mcfe and $0.83 per Mcfe, respectively. This is a non-GAAP measure used by management to analyze LINN s performance.

Revenues and Other

Oil, Natural Gas and NGL Sales

Oil, natural gas and NGL sales increased by approximately $472 million or 68% to approximately $1.2 billion for the year ended December 31, 2011, from approximately $690 million for the year ended December 31, 2010, due to higher commodity prices and higher production volumes. Higher oil, NGL and natural gas prices resulted in an increase in revenues of approximately $126 million, $15 million and $7 million, respectively.

Average daily production volumes increased to 369 MMcfe/d during the year ended December 31, 2011, from 265 MMcfe/d during the year ended December 31, 2010. Higher oil, natural gas and NGL production volumes resulted in an increase in revenues of approximately $228 million, $60 million and $36 million, respectively.

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The following sets forth average daily production by region, as established by LINN during 2011 and 2010:

	Year Ended December 31, 2010	2011	Variance	
Average daily production (MMcfe/d):				
Mid-Continent Deep	133	172	39	30%
Mid-Continent Shallow	66	63	(3)	(5)%
Permian Basin	31	73	42	134%
Michigan	21	35	14	67%
California	14	14		
Williston Basin		12	12	
	265	369	104	39%

The 30% increase in average daily production volumes in the Mid-Continent Deep region is primarily due to LINN s 2010 and 2011 capital drilling programs in the Deep Granite Wash formation, as well as the impact of the acquisition in the Cleveland Play in June 2011. The 5% decrease in average daily production volumes in the Mid-Continent Shallow region reflects downtime related to weather and third-party plant maintenance, and the effects of natural declines, partially offset by the results of LINN s drilling and optimization programs. The 134% increase in average daily production volumes in the Permian Basin region reflects the impact of acquisitions in 2010 and 2011 and subsequent development capital spending. The 67% increase in average daily production volumes in the Michigan region reflects the full year impact of acquisitions in the second and fourth quarters of 2010. The California region consists of a low-decline asset base and continues to produce at a consistent level. Average daily production volumes in the Williston Basin region reflect the impact of LINN s acquisitions in this region in 2011.

Gains (Losses) on Oil and Natural Gas Derivatives

LINN determines the fair value of its oil and natural gas derivatives utilizing pricing models that use a variety of techniques, including market quotes and pricing analysis. During the year ended December 31, 2011, LINN had commodity derivative contracts for approximately 101% of its natural gas production and 101% of its oil production, which resulted in realized gains of approximately $257 million (including realized gains on canceled contracts of approximately $27 million). During the year ended December 31, 2010, LINN had commodity derivative contracts for approximately 114% of its natural gas production and 97% of its oil production, which resulted in realized gains of approximately $308 million. Unrealized gains and losses result from changes in market valuations of derivatives as future commodity price expectations change compared to the contract prices on the derivatives. If the expected future commodity prices increase compared to the contract prices on the derivatives, unrealized losses are recognized; and if the expected future commodity prices decrease compared to the contract prices on the derivatives, unrealized gains are recognized. During 2011, expected future oil and natural gas prices decreased, which resulted in net unrealized gains on derivatives of approximately $193 million for the year ended December 31, 2011. During 2010, expected future oil prices increased and expected future natural gas prices decreased, which resulted in net unrealized losses on derivatives of approximately $232 million for the year ended December 31, 2010. For information about LINN s credit risk related to derivative contracts, see Counterparty Credit Risk in Liquidity and Capital Resources below.

Expenses

Lease Operating Expenses

Lease operating expenses include expenses such as labor, field office, vehicle, supervision, maintenance, tools and supplies and workover expenses. Lease operating expenses increased by approximately $75 million or 47% to approximately $233 million for the year ended December 31, 2011, from approximately $158 million for the year ended December 31, 2010. Lease operating expenses per Mcfe also increased to $1.73 per Mcfe for the year ended December 31, 2011, from $1.64 per Mcfe for the year ended December 31, 2010. Lease operating

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expenses increased primarily due to costs associated with properties acquired during 2010 and 2011. Temporary oil handling costs in the Granite Wash formation and higher post-acquisition maintenance costs in the Permian Basin also contributed to the increase.

Transportation Expenses

Transportation expenses increased by approximately $9 million or 45% to approximately $28 million for the year ended December 31, 2011, from approximately $19 million for the year ended December 31, 2010, primarily due to higher production volumes.

General and Administrative Expenses

General and administrative expenses are costs not directly associated with field operations and include costs of employees including executive officers, related benefits, office leases and professional fees. General and administrative expenses increased by approximately $34 million or 35% to approximately $133 million for the year ended December 31, 2011, from approximately $99 million for the year ended December 31, 2010. The increase was primarily due to an increase in salaries and benefits expense of approximately $18 million, driven primarily by increased employee headcount, an increase in unit-based compensation expense of approximately $8 million, an increase in professional services expense of approximately $3 million and an increase in acquisition integration expenses of approximately $3 million. General and administrative expenses per Mcfe decreased to $0.99 per Mcfe for the year ended December 31, 2011, from $1.02 per Mcfe for the year ended December 31, 2010, due to higher production volumes.

Exploration Costs

Exploration costs decreased by approximately $3 million or 54% to approximately $2 million for the year ended December 31, 2011, from approximately $5 million for the year ended December 31, 2010. The decrease was primarily due to lower leasehold impairment expenses on unproved properties.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization increased by approximately $95 million or 40% to approximately $334 million for the year ended December 31, 2011, from approximately $239 million for the year ended December 31, 2010. Higher total production volumes were the primary reason for the increased expense. Depreciation, depletion and amortization per Mcfe increased to $2.48 per Mcfe for the year ended December 31, 2011, from $2.46 per Mcfe for the year ended December 31, 2010.

Impairment of Long-Lived Assets

LINN recorded no impairment charge for the year ended December 31, 2011. During the year ended December 31, 2010, LINN recorded a noncash impairment charge of approximately $39 million primarily associated with the impairment of proved oil and natural gas properties related to an unfavorable marketing contract. See Critical Accounting Policies and Estimates below for additional information.

Taxes, Other Than Income Taxes

Taxes, other than income taxes, which consist primarily of severance and ad valorem taxes, increased by approximately $34 million or 74% to approximately $79 million for the year ended December 31, 2011, from approximately $45 million for the year ended December 31, 2010. Severance taxes, which are a function of revenues generated from production, increased by approximately $31 million compared to the year ended December 31, 2010, primarily due to higher commodity prices and higher production volumes. Ad valorem taxes, which are based on the value of reserves and production equipment and vary by location, increased by approximately $3 million compared to the year ended December 31, 2010, primarily due to property acquisitions in 2011.

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Other Income and (Expenses)

	Year Ended December 31, 2010	2011	Variance
		(in thousands)	
Loss on extinguishment of debt	$	$ (94,612)	$ (94,612)
Interest expense, net of amounts capitalized	(193,510)	(259,725)	(66,215)
Realized losses on interest rate swaps	(8,021)		8,021
Realized losses on canceled interest rate swaps	(123,865)		123,865
Unrealized gains on interest rate swaps	63,978		(63,978)
Other, net	(7,167)	(7,792)	(625)
	$ (268,585)	$ (362,129)	$ (93,544)

Other income and (expenses) increased by approximately $94 million during the year ended December 31, 2011, compared to the year ended December 31, 2010. Interest expense increased primarily due to higher outstanding debt during the period and higher amortization of financing fees associated with the 2019 Senior Notes and the 2010 Issued Senior Notes, as defined in Note 6 to LINN s historical audited financial statements for the year ended December 31, 2011, included elsewhere in this prospectus. In addition, in May 2011 LINN entered into a Fifth Amended and Restated Credit Facility, which also resulted in higher amortization of financing fees. For the year ended December 31, 2011, LINN also recorded a loss on extinguishment of debt of approximately $95 million as a result of the redemptions, cash tender offers and additional repurchases of a portion of the Original Senior Notes, as defined in Note 6 to LINN s historical audited financial statements for the year ended December 31, 2011, included elsewhere in this prospectus. See Debt in Liquidity and Capital Resources below for additional details.

Income Tax Benefit (Expense)

LINN is a limited liability company treated as a partnership for federal and state income tax purposes, with the exception of the states of Texas and Michigan, with income tax liabilities and/or benefits of LINN passed through to unitholders. Limited liability companies are subject to Texas margin tax. Limited liability companies were also subject to state income taxes in Michigan during 2010 and 2011. In addition, certain of LINN s subsidiaries are Subchapter C-corporations subject to federal and state income taxes. LINN recognized income tax expense of approximately $5 million for the year ended December 31, 2011, compared to approximately $4 million for the same period in 2010. Income tax expense increased primarily due to higher income in 2011 from LINN s taxable subsidiaries.

Net Income (Loss)

Net income increased by approximately $552 million or 484% to approximately $438 million for the year ended December 31, 2011, from a net loss of approximately $114 million for the year ended December 31, 2010. The increase was primarily due higher production revenues and higher gains on oil and natural gas derivatives, partially offset by higher expenses, including interest. The year ended December 31, 2010 also included an impairment of long-lived assets and realized and unrealized losses on interest rate swaps; there were no comparable amounts reported for the year ended December 31, 2011. See discussions above for explanations of variances.

Adjusted EBITDA

Adjusted EBITDA (a non-GAAP financial measure) increased by approximately $266 million or 36% to approximately $998 million for the year ended December 31, 2011, from approximately $732 million for the year ended December 31, 2010. The increase was primarily due to higher production revenues resulting from higher production volumes and higher commodity prices, partially offset by higher expenses. See discussions above for explanations of variances. See Non-GAAP Financial Measures for a reconciliation of adjusted EBITDA to its most directly comparable financial measure calculated and presented in accordance with GAAP.

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Adjusted Net Income

Adjusted net income (a non-GAAP financial measure) increased by approximately $94 million or 43% to approximately $313 million for the year ended December 31, 2011, from approximately $219 million for the year ended December 31, 2010. The increase was primarily due to higher production revenues partially offset by lower realized gains on oil and natural gas derivatives and higher expenses, including interest. The year ended December 31, 2010 also included realized losses on interest rate swaps; there was no comparable amount reported for the year ended December 31, 2011. See discussions above for explanations of variances.

Results of Operations

Year Ended December 31, 2010, Compared to Year Ended December 31, 2009

	Year Ended December 31,		
	2009	2010	Variance
		(in thousands)	
Revenues and other:			
Natural gas sales	$ 160,470	$ 211,596	$ 51,126
Oil sales	181,619	359,996	178,377
NGL sales	66,130	118,462	52,332
Total oil, natural gas and NGL sales	408,219	690,054	281,835
Gains (losses) on oil and natural gas derivatives(1)	(141,374)	75,211	216,585
Marketing and other revenues	6,304	7,015	711
	273,149	772,280	499,131
Expenses:			
Lease operating expenses	132,647	158,382	25,735
Transportation expenses	18,202	19,594	1,392
Marketing expenses	2,154	2,716	562
General and administrative expenses(2)	86,134	99,078	12,944
Exploration costs	7,169	5,168	(2,001)
Depreciation, depletion and amortization	201,782	238,532	36,750
Impairment of long-lived assets		38,600	38,600
Taxes, other than income taxes	27,605	45,182	17,577
(Gains) losses on sale of assets and other, net	(24,197)	6,490	30,687
	451,496	613,742	162,246
Other income and (expenses)	(121,715)	(268,585)	(146,870)
Loss from continuing operations before income taxes	(300,062)	(110,047)	190,015
Income tax benefit (expense)	4,221	(4,241)	(8,462)
Discontinued Operations	(2,351)		2,351
Net loss	$ (298,192)	$ (114,288)	$ 183,904
Adjusted EBITDA(3)	$ 566,235	$ 732,131	$ 165,896
Adjusted net income(3)	$ 206,922	$ 219,489	$ 12,567

(1) During the year ended December 31, 2009, LINN canceled (before the contract settlement date) derivative contracts on estimated future oil and natural gas production resulting in realized net gains of approximately $49 million, primarily associated with LINN s commodity derivative repositioning in July 2009.

(2) General and administrative expenses for the years ended December 31, 2009, and December 31, 2010, include approximately $15 million and $13 million, respectively, of noncash unit-based compensation expenses.

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(3) This is a non-GAAP measure used by management to analyze LINN s performance. See Non-GAAP Financial Measures for a reconciliation of the non-GAAP financial measure to its most directly comparable financial measure calculated and presented in accordance with GAAP.

	Year Ended December 31, 2009	2010	Variance
Average daily production:			
Natural gas (MMcf/d)	125	137	10%
Oil (MBbls/d)	9.0	13.1	46%
NGL (MBbls/d)	6.5	8.3	28%
Total (MMcfe/d)	218	265	22%
Weighted average prices (hedged):(1)			
Natural gas (Mcf)	$ 8.27	$ 8.52	3%
Oil (Bbl)	$ 110.94	$ 94.71	(15)%
NGL (Bbl)	$ 28.04	$ 39.14	40%
Weighted average prices (unhedged):(2)			
Natural gas (Mcf)	$ 3.51	$ 4.24	21%
Oil (Bbl)	$ 55.25	$ 75.16	36%
NGL (Bbl)	$ 28.04	$ 39.14	40%
Average NYMEX prices:			
Natural gas (MMBtu)	$ 3.99	$ 4.40	10%
Oil (Bbl)	$ 61.94	$ 79.53	28%
Costs per Mcfe of production:			
Lease operating expenses	$ 1.67	$ 1.64	(2)%
Transportation expenses	$ 0.23	$ 0.20	(13)%
General and administrative expenses(3)	$ 1.08	$ 1.02	(6)%
Depreciation, depletion and amortization	$ 2.53	$ 2.46	(3)%
Taxes, other than income taxes	$ 0.35	$ 0.47	34%

(1) Includes the effect of realized gains on derivatives of approximately $401 million (excluding $49 million realized net gains on canceled contracts) and $308 million for the years ended December 31, 2009, and December 31, 2010, respectively.
(2) Does not include the effect of realized gains (losses) on derivatives.
(3) General and administrative expenses for the years ended December 31, 2009, and December 31, 2010, include approximately $15 million and $13 million, respectively, of noncash unit-based compensation expenses. Excluding these amounts, general and administrative expenses for the years ended December 31, 2009, and December 31, 2010, were $0.90 per Mcfe and $0.88 per Mcfe, respectively. This is a non-GAAP measure used by management to analyze LINN s performance.

Revenues and Other

Oil, Natural Gas and NGL Sales

Oil, natural gas and NGL sales increased by approximately $282 million or 69% to approximately $690 million for the year ended December 31, 2010, from approximately $408 million for the year ended December 31, 2009, due to higher commodity prices and higher production volumes. Higher oil, natural gas and NGL prices resulted in an increase in revenues of approximately $95 million, $36 million and $34 million, respectively.

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Average daily production volumes increased to 265 MMcfe/d during the year ended December 31, 2010, from 218 MMcfe/d during the year ended December 31, 2009. Higher oil, natural gas and NGL production volumes resulted in an increase in revenues of approximately $83 million, $15 million and $19 million, respectively.

The following sets forth average daily production by region, as established for LINN during 2010 and 2009:

	Year Ended December 31,			
	2009	2010	Variance	
Average daily production (MMcfe/d):				
Mid-Continent Deep	135	133	(2)	(1)%
Mid-Continent Shallow	67	66	(1)	(1)%
Permian Basin	2	31	29	1,450%
Michigan		21	21	
California	14	14		
	218	265	47	22%

The 1% decrease in average daily production volumes in the Mid-Continent Deep region primarily reflects natural declines, in addition to minimal capital development during the second half of 2009 due to low commodity prices, partially offset by the impact of LINN s 2010 capital drilling program in the Deep Granite Wash formation. Average daily production volumes in the Mid-Continent Shallow region reflect the impact of drilling and optimization programs which offset the effects of natural declines. Average daily production volumes in the Permian Basin region reflect the impact of the acquisitions in 2010 and the third quarter of 2009 and subsequent development capital spending. Average daily production volumes in the Michigan region reflect the impact of LINN s acquisitions in this area in 2010. The California region consists of a low-decline asset base and continues to produce at levels consistent with prior years.

Gains (Losses) on Oil and Natural Gas Derivatives

LINN determines the fair value of its oil and natural gas derivatives utilizing pricing models that use a variety of techniques, including market quotes and pricing analysis. During the year ended December 31, 2010, LINN had commodity derivative contracts for approximately 114% of its natural gas production and 97% of its oil production, which resulted in realized gains of approximately $308 million. During the year ended December 31, 2009, LINN recorded realized gains of approximately $450 million (including realized net gains on canceled contracts of approximately $49 million). Unrealized gains and losses result from changes in market valuations of derivatives as future commodity price expectations change compared to the contract prices on the derivatives. If the expected future commodity prices increase compared to the contract prices on the derivatives, unrealized losses are recognized; and if the expected future commodity prices decrease compared to the contract prices on the derivatives, unrealized gains are recognized. During 2010, expected future oil prices increased and expected future natural gas prices decreased, which resulted in net unrealized losses on derivatives of approximately $232 million for the year ended December 31, 2010. During 2009, expected future oil prices increased and expected future natural gas prices decreased, which resulted in net unrealized losses on derivatives of approximately $591 million for the year ended December 31, 2009. For information about LINN s credit risk related to derivative contracts, see Counterparty Credit Risk in Liquidity and Capital Resources below.

Expenses

Lease Operating Expenses

Lease operating expenses include expenses such as labor, field office, vehicle, supervision, maintenance, tools and supplies and workover expenses. Lease operating expenses increased by approximately $25 million or 19% to approximately $158 million for the year ended December 31, 2010, from approximately $133 million for

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the year ended December 31, 2009. Lease operating expenses increased primarily due to costs associated with properties acquired in the Permian Basin and Michigan regions in 2010 and the second half of 2009. Lease operating expenses per Mcfe decreased to $1.64 per Mcfe for the year ended December 31, 2010, from $1.67 per Mcfe for the year ended December 31, 2009.

Transportation Expenses

Transportation expenses increased by approximately $1 million or 8% to approximately $19 million for the year ended December 31, 2010, from approximately $18 million for the year ended December 31, 2009, primarily due to higher total production volume levels from LINN s acquisitions in the Permian Basin and Michigan regions in 2010 and the second half of 2009, partially offset by lower rates associated with owned facilities.

General and Administrative Expenses

General and administrative expenses are costs not directly associated with field operations and include costs of employees including executive officers, related benefits, office leases and professional fees. General and administrative expenses increased by approximately $13 million or 15% to approximately $99 million for the year ended December 31, 2010, from approximately $86 million for the year ended December 31, 2009. The increase was primarily due to an increase in salaries and benefits expense of approximately $10 million, driven primarily by increased employee headcount, and acquisition integration expenses of approximately $4 million. General and administrative expenses per Mcfe decreased to $1.02 per Mcfe for the year ended December 31, 2010, from $1.08 per Mcfe for the year ended December 31, 2009.

Exploration Costs

Exploration costs decreased by approximately $2 million or 28% to approximately $5 million for the year ended December 31, 2010, from approximately $7 million for the year ended December 31, 2009. The decrease was primarily due to fewer lease-term expirations related to unproved leasehold costs.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization increased by approximately $37 million or 18% to approximately $239 million for the year ended December 31, 2010, from approximately $202 million for the year ended December 31, 2009. Higher total production volume levels, primarily due to LINN s acquisitions in the Permian Basin and Michigan regions in 2010 and in the Permian Basin region in the second half of 2009, were the main reason for the increase. Depreciation, depletion and amortization per Mcfe decreased to $2.46 per Mcfe for the year ended December 31, 2010, from $2.53 per Mcfe for the year ended December 31, 2009.

Impairment of Long-Lived Assets

During the year ended December 31, 2010, LINN recorded a noncash impairment charge of approximately $39 million primarily associated with the impairment of proved oil and natural gas properties related to an unfavorable marketing contract. LINN recorded no impairment charge for the year ended December 31, 2009. See Critical Accounting Policies and Estimates below for additional information.

Taxes, Other Than Income Taxes

Taxes, other than income taxes, which consist primarily of severance and ad valorem taxes, increased by approximately $17 million or 64% to approximately $45 million for the year ended December 31, 2010, from approximately $28 million for the year ended December 31, 2009. Severance taxes, which are a function of revenues generated from production, increased by approximately $14 million compared to the year ended

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December 31, 2009, primarily due to higher commodity prices and higher total production volume levels. Ad valorem taxes, which are based on the value of reserves and production equipment and vary by location, increased by approximately $2 million compared to the year ended December 31, 2009, primarily due to property acquisitions in the Permian Basin region.

Other Income and (Expenses)

	Year Ended December 31, 2009	2010	Variance
	(in thousands)		
Interest expense, net of amounts capitalized	$ (92,701)	$ (193,510)	$ (100,809)
Realized losses on interest rate swaps	(42,881)	(8,021)	34,860
Realized losses on canceled interest rate swaps	(60)	(123,865)	(123,805)
Unrealized gains on interest rate swaps	16,588	63,978	47,390
Other, net	(2,661)	(7,167)	(4,506)
	$ (121,715)	$ (268,585)	$ (146,870)

Other income and (expenses) increased by approximately $147 million during the year ended December 31, 2010, compared to the year ended December 30, 2009. During the year ended December 31, 2010, LINN canceled (before the contract settlement date) all of its interest rate swap agreements, resulting in higher realized losses of approximately $124 million. These losses were partially offset by an increase in unrealized gains on interest rate swaps and a decrease in realized losses on interest rate swaps during the year ended December 31, 2010, compared to the year ended December 31, 2009. Additionally, in the second and third quarters of 2010, LINN entered into an amendment to its Credit Facility and issued the 2010 Issued Senior Notes, as defined in Note 6 to LINN s historical audited financial statements for the year ended December 31, 2011, included elsewhere in this prospectus, which resulted in increased interest expense due to higher interest rates and higher amortization of financing fees. See Debt in Liquidity and Capital Resources below for additional details.

Income Tax Benefit (Expense)

LINN is a limited liability company treated as a partnership for federal and state income tax purposes, with the exception of the states of Texas and Michigan, with income tax liabilities and/or benefits of LINN passed through to unitholders. Limited liability companies are subject to Texas margin tax. Limited liability companies were also subject to state income taxes in Michigan during 2009 and 2010. In addition, certain of LINN s subsidiaries are Subchapter C-corporations subject to federal and state income taxes. LINN recognized an income tax expense of approximately $4 million for the year ended December 31, 2010, compared to an income tax benefit of approximately $4 million for the same period in 2009. Income tax expense increased primarily due to an increase in income in 2010 from LINN s taxable subsidiaries. In 2009, LINN released a valuation allowance on a significant portion of the deferred tax assets at LINN s taxable subsidiaries.

Net Loss

Net loss decreased by approximately $184 million or 62% to approximately $114 million for the year ended December 31, 2010, from approximately $298 million for the year ended December 31, 2009. The decrease was primarily due to higher production revenues and higher gains on oil and natural gas derivatives, partially offset by higher expenses, including interest. See discussions above for explanations of variances.

Adjusted EBITDA

Adjusted EBITDA (a non-GAAP financial measure) increased by approximately $166 million or 29% to approximately $732 million for the year ended December 31, 2010, from approximately $566 million for the year ended December 31, 2009. The increase was primarily due to higher production revenues resulting from higher

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commodity prices and higher total production volume levels, partially offset by lower realized gains on commodity derivatives. See discussions above for explanations of variances. See Non-GAAP Financial Measures for a reconciliation of adjusted EBITDA to its most directly comparable financial measure calculated and presented in accordance with GAAP.

Adjusted Net Income

Adjusted net income (a non-GAAP financial measure) increased by approximately $12 million or 6% to approximately $219 million for the year ended December 31, 2010, from approximately $207 million for the year ended December 31, 2009. The increase was primarily due to higher production revenues, partially offset by higher expenses, including interest and income taxes, and higher realized losses on interest rate swaps. See discussions above for explanations of variances.

Reserve Replacement Metrics

LINN calculates two primary reserve metrics: (i) reserve replacement cost and (ii) reserve replacement ratio, to measure its ability to establish a long-term trend of adding reserves at a reasonable cost. The reserve replacement cost calculation provides an assessment of the cost of adding reserves that is ultimately included in depreciation, depletion and amortization expense. The reserve replacement ratio is an indicator of LINN s ability to replenish annual production volumes and grow reserves. The metrics are calculated as follow:

$$\text{Reserve replacement cost per Mcfe} = \frac{\text{Oil and natural gas capital costs expended(1)}}{\text{Sum of reserve additions(2)}}$$

$$\text{Reserve replacement ratio} = \frac{\text{Sum of reserve additions(2)}}{\text{Annual production}}$$

(1) Oil and natural gas capital costs expended include the costs of property acquisition, exploration and development activities conducted to add reserves and exclude asset retirement costs. LINN expects to incur development costs in the future for proved undeveloped reserves; such future costs are excluded from costs expended and are not considered in the reserve replacement metrics presented herein.

(2) Reserve additions include proved reserves (developed and undeveloped) and reflect reserve revisions for prices and performance, extensions, discoveries and other additions and acquisitions and do not include unproved reserve quantities.

The reserve replacement metrics are presented separately, both: (i) including and excluding the impact of price revisions on reserves, to demonstrate the effectiveness of LINN s drilling program exclusive of economic factors (such as price) outside of its control and (ii) including and excluding acquisitions, to demonstrate LINN s ability to add reserves through its drilling program and through acquisitions. Reserve replacement cost and reserve replacement ratio are non-GAAP financial measures. The methods used by LINN to calculate these measures may differ from methods used by other companies to compute similar measures. As a result, LINN s measures may not be comparable to similar measures provided by other companies. LINN believes that providing such measures is useful in evaluating the cost to add proved reserves; however, these measures should not be considered in isolation or as a substitute for GAAP measures. The reserve replacement cost per Mcfe and reserve replacement ratio are statistical indicators that have limitations, including their predictive and comparative value. The reserve replacement ratio is limited because it may vary widely based on the extent and timing of new discoveries, project sanctioning and property acquisitions. In addition, since the reserve replacement ratio does not consider the development cost or timing of future production of new reserves, it should not be used as a measure of value creation.

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The following presents reserve replacement cost and reserve replacement ratio including and excluding the effect of price revisions on reserves:

	Including Price Revisions Year Ended December 31,			Excluding Price Revisions Year Ended December 31,		
	2009	**2010**	**2011**	**2009**	**2010**	**2011**
Costs per Mcfe of production:						
Reserve replacement cost, including acquisitions	$ 1.96	$ 1.63	$ 2.37	$ 1.71	$ 1.94	$ 2.46
Reserve replacement cost, excluding acquisitions (finding and development cost)	$ 2.03	$ 0.79	$ 1.94	$ 1.59	$ 1.57	$ 2.15
Percentage of production:						
Reserve replacement ratio, including acquisitions	165%	1,014%	674%	189%	854%	651%
Reserve replacement ratio, excluding acquisitions	88%	321%	244%	112%	161%	221%

Amounts used in these calculations and are derived directly from the table presented in Supplemental Oil and Natural Gas Data (Unaudited) in LINN s historical audited financial statements for the year ended December 31, 2011, included elsewhere in this prospectus. The following provides a reconciliation of oil and natural gas capital costs used in these calculations to its most directly comparable financial measure calculated and presented in accordance with GAAP:

	Year Ended December 31,		
	2009	**2010**	**2011**
		(in thousands)	
Costs incurred in oil and natural gas property acquisition, exploration and development	$ 258,105	$ 1,602,086	$ 2,158,639
Less:			
Asset retirement costs	(371)	(748)	(2,427)
Property acquisition costs	(115,929)	(1,356,430)	(1,516,737)
Oil and natural gas capital costs expended, excluding acquisitions	$ 141,805	$ 244,908	$ 639,475

Liquidity and Capital Resources

LINN utilizes funds from equity and debt offerings, bank borrowings and cash flow from operations for capital resources and liquidity. To date, the primary use of capital has been for acquisitions and the development of oil and natural gas properties. For the year ended December 31, 2011, LINN s total capital expenditures, excluding acquisitions, were approximately $697 million. For the six months ended June 30, 2012, LINN s capital expenditures, excluding acquisitions, were approximately $557 million. For 2012, LINN estimates its total capital expenditures, excluding acquisitions, will be approximately $1.1 billion, including $1.05 billion related to its oil and natural gas capital program. This estimate reflects amounts for the development of properties associated with acquisitions, is under continuous review and subject to ongoing adjustments. LINN expects to fund these capital expenditures primarily with cash flow from operations and bank borrowings.

As LINN pursues growth, it continually monitors the capital resources available to meet future financial obligations and planned capital expenditures. LINN s future success in growing reserves and production volumes will be highly dependent on the capital resources available and its success in drilling for or acquiring additional reserves. LINN actively reviews acquisition opportunities on an ongoing basis. If LINN were to make significant additional acquisitions for cash, it would need to borrow additional amounts under its Credit Facility, if available, or obtain additional debt or equity financing. LINN s Credit Facility and indentures governing its Senior Notes impose certain restrictions on LINN s ability to obtain additional debt financing. Based upon current expectations, LINN believes liquidity and capital resources will be sufficient to conduct its business and operations.

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Statements of Cash Flows

The following is a comparative cash flow summary:

	Year Ended December 31,			Six Months Ended June 30,	
	2009	**2010**	**2011**	**2011**	**2012**
			(in thousands)		
Net cash:					
Provided by (used in) operating activities(1)	$ 426,804	$ 270,918	$ 518,706	$ 303,762	$ (122,429)
Used in investing activities	(282,273)	(1,581,408)	(2,130,360)	(1,081,736)	(2,265,931)
Provided by (used in) financing activities	(150,968)	1,524,260	1,376,767	611,741	2,389,129
Net increase (decrease) in cash and cash equivalents	$ (6,437)	$ 213,770	$ (234,887)	$ (166,233)	$ 769

(1) The years ended December 31, 2009, December 31, 2010, and December 31, 2011, and the six months ended June 30, 2012, include premiums paid for derivatives of approximately $94 million, $120 million, $134 million and $583 million, respectively.

Operating Activities

Cash used in operating activities for the six months ended June 30, 2012, was approximately $122 million, compared to approximately $304 million for the six months ended June 30, 2011. The decrease was primarily due to approximately $583 million in premiums paid for commodity derivatives during the six months ended June 30, 2012, compared to no premiums paid during the same period in 2011. Higher premiums and higher expenses were partially offset by increased revenues primarily due to higher production volumes.

Cash provided by operating activities for the year ended December 31, 2011, was approximately $519 million, compared to approximately $271 million for the year ended December 31, 2010. The increase was primarily due to higher production volumes and higher commodity prices partially offset by higher expenses.

Cash provided by operating activities was approximately $271 million for the year ended December 31, 2010, compared to approximately $427 million for the year ended December 31, 2009. The decrease was primarily due to approximately $124 million in realized losses on canceled interest rate derivatives during the year ended December 31, 2010, compared to approximately $49 million in realized net gains on canceled commodity derivatives during the year ended December 31, 2009.

Premiums paid during the six months ended June 30, 2012 and during 2011, 2010 and 2009 were for commodity derivative contracts that hedge future production. These derivative contracts provide LINN long-term cash flow predictability to manage its business, service debt and pay distributions and are primarily funded through LINN s Credit Facility. The amount of derivative contracts LINN enters into in the future will be directly related to expected future production.

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Investing Activities

The following provides a comparative summary of cash flow from investing activities:

	Year Ended December 31,			Six Months Ended June 30,	
	2009	2010	2011	2011	2012
			(in thousands)		
Cash flow from investing activities:					
Acquisition of oil and natural gas properties, net of cash acquired	$ (130,735)	$ (1,351,033)	$ (1,500,193)	$ (847,780)	$ (1,762,933)
Capital expenditures	(178,242)	(223,013)	(629,864)	(244,546)	(503,573)
Proceeds from sale of properties and equipment and other	26,704	(7,362)	(303)	10,590	575
	$ (282,273)	$ (1,581,408)	$ (2,130,360)	$ (1,081,736)	$ (2,265,931)

The primary use of cash in investing activities is for capital spending, including acquisitions and the development of LINN s oil and natural gas properties. Cash used in investing activities for the six months ended June 30, 2012, primarily relates to the acquisitions of properties in the Hugoton Basin, Williston/Powder River Basin and East Texas regions. Cash used in investing activities for the year ended December 31, 2011, primarily relates to acquisitions of properties in the Williston Basin, Permian Basin and Mid-Continent Deep regions. The year ended December 31, 2011, also includes the deposit of approximately $9 million returned to LINN by the other party to the purchase and sale agreement (PSA) terminated by LINN in 2010.

Cash used in investing activities for the year ended December 31, 2010, primarily relates to acquisitions and the development of properties in the Permian Basin, Mid-Continent Deep and Michigan regions. Proceeds from the sale of properties were lower for the year ended December 31, 2010, compared to the year ended December 31, 2009, primarily due to the proceeds received in 2009 related to the sale of acreage in central Oklahoma. The year ended December 31, 2010, also includes the deposit made by LINN of approximately $9 million held by the other party to the PSA terminated by LINN. Cash used in investing activities for the year ended December 31, 2009, includes approximately $114 million for the acquisition of properties in the Permian Basin region.

Financing Activities

Cash provided by financing activities for the six months ended June 30, 2012, was approximately $2.4 billion, compared to approximately $612 million for the six months ended June 30, 2011. The increase in financing cash flow needs was primarily attributable to increased acquisitions and development activity during the six months ended June 30, 2012.

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Cash provided by financing activities for the year ended December 31, 2011, was approximately $1.4 billion compared to approximately $1.5 billion for the year ended December 31, 2010. The decrease in financing cash flow needs was primarily attributable to the increase in cash provided by operating activities and the utilization of cash on hand. In comparison, cash used in financing activities was approximately $151 million for the year ended December 31, 2009. The following provides a comparative summary of proceeds from borrowings and repayments of debt:

	Year Ended December 31,			Six Months Ended June,	
	2009	2010	2011	2011	2012
			(in thousands)		
Proceeds from borrowings:					
Credit facility	$ 401,500	$ 1,050,000	$ 1,790,000	$ 615,000	$ 2,155,000
Senior notes	237,703	2,250,816	744,240	744,240	1,799,802
	$ 639,203	$ 3,300,816	$ 2,534,240	$ 1,359,240	$ 3,954,802
Repayments of debt:					
Credit facility	$ (704,893)	$ (2,150,000)	$ (850,000)	$ (615,000)	$ (1,945,000)
Senior notes			(451,029)	(449,679)	
	$ (704,893)	$ (2,150,000)	$ (1,301,029)	$ (1,064,679)	$ (1,945,000)

Debt

LINN s Credit Facility provides for a revolving credit facility up to the lesser of: (i) the then-effective borrowing base and (ii) the maximum commitment amount. In October 2011, as part of the semi-annual redetermination, a borrowing base of $3.0 billion was approved by the lenders with a maximum commitment amount of $1.5 billion. In February 2012, lenders approved an increase in the maximum commitment amount to $2.0 billion. In May 2012, LINN entered into an amendment to its Credit Facility to increase the borrowing base to $3.5 billion and extend the maturity date from April 2016 to April 2017. At June 30, 2012, available borrowing capacity was approximately $646 million, which includes a $4 million reduction in availability for outstanding letters of credit and a $200 million reduction in availability related to a restriction on swap agreements outstanding associated with the Green River Acquisition. The $200 million reduction in availability under the Credit Facility no longer applies since the acquisition has closed.

In July 2012, LINN entered into an amendment to its Credit Facility to increase the maximum commitment amount from $2.0 billion to $3.0 billion.

On February 28, 2011, LINN commenced cash tender offers and related consent solicitations to purchase any and all of its outstanding 2017 Senior Notes and 2018 Senior Notes.

In March 2011, in accordance with the provisions of the indentures governing its 2017 Senior Notes and the 2018 Senior Notes, LINN redeemed 35%, or $87 million and $90 million, respectively, of each of the original aggregate principal amount of the Original Senior Notes, as defined in Note 6 to LINN s historical audited financial statements for the year ended December 31, 2011, included elsewhere in this prospectus.

In March 2011, in connection with its cash tender offers and related consent solicitations, LINN also accepted and purchased: (i) $105 million of the aggregate principal amount of its outstanding 2017 Senior Notes (or 65% of the remaining outstanding principal amount of its 2017 Senior Notes), and (ii) $126 million aggregate principal amount of its outstanding 2018 Senior Notes (or 76% of the remaining outstanding principal amount of its 2018 Senior Notes).

In May 2011, LINN issued $750 million in aggregate principal amount of 6.50% senior notes due 2019 and used net proceeds of approximately $729 million to repay all of the outstanding indebtedness under its Credit

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Facility, to fund or partially fund acquisitions and for general corporate purposes. On May 8, 2012, LINN filed a registration statement on Form S-4 to register exchange notes that are also substantially similar to the November 2019 Senior Notes. As of July 26, 2012, the registration statement has not been declared effective. The deadline for registration has passed and LINN will be required to pay additional interest which is expected to be less than $500,000.

In June 2011, LINN repurchased an additional portion of its remaining outstanding 2017 Senior Notes and 2018 Senior Notes for approximately $17 million (or 29% of the remaining outstanding principal amount of its 2017 Senior Notes) and approximately $24 million (or 61% of the remaining outstanding principal amount of its 2018 Senior Notes), respectively. In December 2011, LINN also repurchased an additional portion of its remaining outstanding 2018 Senior Notes for approximately $2 million (or 9% of the remaining outstanding principal amount of the 2018 Senior Notes). After giving effect to the tender offers and subsequent repurchases of the 2017 Senior Notes and the 2018 Senior Notes, aggregate principal amounts of $41 million and $14 million, respectively, remained outstanding at December 31, 2011.

In March 2012, LINN issued $1.8 billion in aggregate principal amount of 6.25% senior notes due 2019 and used the net proceeds of the offering to fund the Hugoton Acquisition, to repay indebtedness outstanding under its revolving credit facility and for general corporate purposes.

LINN depends, in part, on its Credit Facility for future capital needs. In addition, LINN has drawn on the Credit Facility to fund or partially fund quarterly cash distribution payments, since it uses operating cash flow primarily for drilling and development of oil and natural gas properties and acquisitions and borrows as cash is needed. Absent such borrowings, LINN would have at times experienced a shortfall in cash available to pay the declared quarterly cash distribution amount. If an event of default occurs and is continuing under the Credit Facility, LINN would be unable to make borrowings to fund distributions. For additional information about this matter and other risk factors that could affect LINN, please read Risk Factors.

Counterparty Credit Risk

LINN accounts for its commodity derivatives and, when applicable, its interest rate derivatives at fair value. LINN s counterparties are current participants or affiliates of participants in its Credit Facility or were participants or affiliates of participants in its Credit Facility at the time it originally entered into the derivatives. The Credit Facility is secured by LINN s oil, natural gas and NGL reserves; therefore, LINN is not required to post any collateral. LINN does not receive collateral from its counterparties. LINN minimizes the credit risk in derivative instruments by: (i) limiting its exposure to any single counterparty; (ii) entering into derivative instruments only with counterparties that meet LINN s minimum credit quality standard, or have a guarantee from an affiliate that meets LINN s minimum credit quality standard; and (iii) monitoring the creditworthiness of LINN s counterparties on an ongoing basis. In accordance with LINN s standard practice, its commodity derivatives and, when applicable, its interest rate derivatives are subject to counterparty netting under agreements governing such derivatives and therefore the risk of loss due to counterparty nonperformance is somewhat mitigated.

Equity Distribution Agreement

In August 2011, LINN entered into an equity distribution agreement, pursuant to which it may from time to time issue and sell units representing limited liability company interests having an aggregate offering price of up to $500 million. In connection with entering into the agreement, LINN incurred expenses of approximately $423,000. Sales of units, if any, will be made through a sales agent by means of ordinary brokers transactions, in block transactions, or as otherwise agreed with the agent. LINN expects to use the net proceeds from any sale of the units for general corporate purposes, which may include, among other things, capital expenditures, acquisitions and the repayment of debt.

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In September 2011, LINN issued and sold 16,060 units representing limited liability company interests at an average unit price of $38.25 for proceeds of approximately $602,000 (net of approximately $12,000 in commissions). In December 2011, LINN issued and sold 772,104 units representing limited liability company interests at an average unit price of $38.03 for proceeds of approximately $29 million (net of approximately $587,000 in commissions). In connection with the issue and sale of these units, LINN incurred professional service expenses of approximately $139,000. LINN used the net proceeds for general corporate purposes including the repayment of a portion of the indebtedness outstanding under its Credit Facility.

In January 2012, LINN issued and sold 1,539,651 units representing limited liability company interests at an average unit price of $38.02 for proceeds of approximately $57 million (net of approximately $2 million in commissions and professional service expenses). The net proceeds were used for general corporate purposes including the repayment of a portion of the indebtedness outstanding under LINN s Credit Facility. At June 30, 2012, units equaling approximately $411 million in aggregate offering price remained available to be issued and sold under the agreement.

Public Offering of Units

In March 2011, LINN sold 16,726,067 units representing limited liability company interests at $38.80 per unit ($37.248 per unit, net of underwriting discount) for net proceeds of approximately $623 million (after underwriting discount and offering expenses of approximately $26 million). LINN used a portion of the net proceeds from the sale of these units to fund the March 2011 redemptions of a portion of the outstanding 2017 Senior Notes and 2018 Senior Notes and to fund the cash tender offers and related expenses for a portion of the remaining 2017 Senior Notes and 2018 Senior Notes. LINN used the remaining net proceeds from the sale of units to finance a portion of the March 31, 2011, acquisition in the Williston Basin.

In January 2012, LINN sold 19,550,000 units representing limited liability company interests at $35.95 per unit ($34.512 per unit, net of underwriting discount) for net proceeds of approximately $674 million (after underwriting discount and offering expenses of approximately $28 million). LINN used the net proceeds from the sale of these units to repay a portion of the indebtedness outstanding under its Credit Facility.

Unit Repurchase Plan

In October 2008, the Board of Directors of LINN authorized the repurchase of up to $100 million of LINN s outstanding units from time to time on the open market or in negotiated purchases. In August 2011, LINN repurchased 400,000 units at an average unit price of $32.98 for a total cost of approximately $13 million. In addition, in October 2011, LINN repurchased 129,734 units at an average unit price of $32.08 for a total cost of approximately $4 million.

Distributions

Under LINN s limited liability company agreement, unitholders are entitled to receive a quarterly distribution of available cash to the extent there is sufficient cash from operations after establishment of cash reserves and payment of fees and expenses. The following provides a summary of distributions paid by LINN during the year ended December 31, 2011 and the six months ended June 30, 2012:

Date Paid	**Period Covered by Distribution**	**Distribution Per Unit**	**Total Distribution** (in millions)
May 2012	January 1 March 31, 2012	$ 0.725	$ 144
February 2012	October 1 December 31, 2011	$ 0.69	$ 138
November 2011	July 1 September 30, 2011	$ 0.69	$ 122
August 2011	April 1 June 30, 2011	$ 0.69	$ 123
May 2011	January 1 March 31, 2011	$ 0.66	$ 116
February 2011	October 1 December 31, 2010	$ 0.66	$ 106

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On July 24, 2012, LINN s Board of Directors declared a cash distribution of $0.725 per unit with respect to the second quarter of 2012. The distribution, totaling approximately $145 million, was paid on August 14, 2012, to unitholders of record as of the close of business on August 7, 2012.

Contingencies

LINN has been named as a defendant in a number of lawsuits and is involved in various other disputes arising in the ordinary course of business, including claims from royalty owners related to disputed royalty payments and royalty valuations. LINN has established reserves that management currently believes are adequate to provide for potential liabilities based upon its evaluation of these matters. For a certain statewide class action royalty payment dispute where a reserve has not yet been established, LINN has denied that it has any liability on the claims and has raised arguments and defenses that, if accepted by the court, will result in no loss to LINN. Discovery related to class certification has concluded. Briefing and the hearing on class certification have been deferred by court order pending the resolution of interlocutory appeals of two unrelated class certification orders. As a result, LINN is unable to estimate a possible loss, or range of possible loss, if any. LINN is not currently a party to any litigation or pending claims that it believes would have a material adverse effect on its overall business, financial position, results of operations or liquidity; however, cash flow could be significantly impacted in the reporting periods in which such matters are resolved.

During the years ended December 31, 2011, December 31, 2010, and December 31, 2009, and the six months ended June 30, 2012, LINN made no significant payments to settle any legal, environmental or tax proceedings. LINN regularly analyzes current information and accrues for probable liabilities on the disposition of certain matters as necessary. Liabilities for loss contingencies arising from claims, assessments, litigation or other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

In 2008, Lehman Brothers Holdings Inc. and Lehman Brothers Commodity Services Inc. (together Lehman), filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code with the U.S. Bankruptcy Court for the Southern District of New York. In March 2011, LINN and Lehman entered into Termination Agreements under which LINN was granted general unsecured claims against Lehman in the amount of $51 million (the Company Claim). In December 2011, a Chapter 11 Plan (Plan) was approved by the Bankruptcy Court. Based on the recovery estimates described in the approved disclosure statement relating to the Plan, LINN expects to ultimately receive a substantial portion of the Company Claim. On April 19, 2012, an initial distribution under the Plan of approximately $25 million was received by LINN resulting in a gain of approximately $18 million, which is included in gains (losses) on oil and natural gas derivatives on the condensed consolidated statement of operations.

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Commitments and Contractual Obligations

The following summarizes, as of December 31, 2011, certain long-term contractual obligations that are reflected in the consolidated balance sheets and/or disclosed in the accompanying notes thereto:

			Payments Due		
Contractual Obligations	**Total**	**2012**	**2013 2014**	**2015 2016**	**2017 and Beyond**
			(in thousands)		
Long-term debt obligations:					
Credit facility	$ 940,000	$	$	$ 940,000	$
Senior notes	3,104,898				3,104,898
Interest [(1)]	2,130,681	268,718	537,436	519,317	805,210
Operating lease obligations:					
Office, property and equipment leases	31,477	5,652	9,367	7,405	9,053
Other noncurrent liabilities:					
Asset retirement obligations	71,142	2,847	3,353	3,438	61,504
Other:					
Commodity derivatives	17,563	14,060	1,772	1,731	
Charitable contributions	222	111	111		
	$ 6,295,983	$ 291,388	$ 552,039	$ 1,471,891	$ 3,980,665

(1) Represents interest on the Credit Facility computed at the weighted average LIBOR of 2.57% through maturity in April 2016 and interest on the 2019 Senior Notes, 2010 Issued Senior Notes, and the Original Senior Notes, as defined in Note 6 to LINN s historical audited financial statements for the year ended December 31, 2011, included elsewhere in this prospectus, computed at fixed rates of 11.75%, 9.875%, 6.50%, 8.625% and 7.75% through maturities in May 2017, July 2018, May 2019, April 2020 and February 2021, respectively.

Non-GAAP Financial Measures

The non-GAAP financial measures of adjusted EBITDA and adjusted net income, as defined by LINN, may not be comparable to similarly titled measures used by other companies. Therefore, these non-GAAP measures should be considered in conjunction with income from continuing operations and other performance measures prepared in accordance with GAAP, such as operating income or cash flow from operating activities. Adjusted EBITDA and adjusted net income should not be considered in isolation or as a substitute for GAAP measures, such as net income, operating income or any other GAAP measure of liquidity or financial performance.

Adjusted EBITDA (Non-GAAP Measure)

Adjusted EBITDA is a measure used by LINN s management to indicate (prior to the establishment of any reserves by its board of directors) the cash distributions LINN 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.

LINN 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;

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- Write-off of deferred financing fees;
- (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;
- Realized gain on recovery of bankruptcy claim;
- Unit-based compensation expenses;
- Exploration costs;
- Income tax (benefit) expense; and
- Discontinued operations.

The following table presents a reconciliation of net income (loss) to adjusted EBITDA (unaudited):

	Year Ended December 31,			Six Months Ended June 30,	
	2009	2010	2011	2011	2012
			(in thousands)		
Net income (loss)	$ (298,192)	$ (114,288)	$ 438,439	$ (209,573)	$ 230,884
Plus:					
Net operating cash flow from acquisitions and divestitures, effective date through closing date	3,708	42,846	57,966	36,359	45,127
Interest expense, cash	74,185	129,691	249,085	125,181	129,652

Interest expense, noncash	18,516	63,819	10,640	644	42,257
Depreciation, depletion and amortization	201,782	238,532	334,084	145,711	260,782
Impairment of long-lived assets		38,600			146,499
Write-off of deferred financing fees	204	2,076	1,189	1,189	7,889
(Gains) losses on sale of assets and other, net	(23,051)	3,008	124	(916)	991
Provision for legal matters		4,362	1,086	740	795
Loss on extinguishment of debt			94,612	94,372	
Unrealized (gains) losses on commodity derivatives	591,379	232,376	(192,951)	261,851	(250,406)
Unrealized gains on interest rate derivatives	(16,588)	(63,978)			
Realized losses on interest rate derivatives	42,881	8,021			
Realized (gains) losses on canceled derivatives	(48,977)	123,865	(26,752)		
Realized gain on recovery of bankruptcy claim					(18,277)
Unit-based compensation expenses	15,089	13,792	22,243	11,181	14,834
Exploration costs	7,169	5,168	2,390	995	817
Income tax (benefit) expense	(4,221)	4,241	5,466	5,868	9,430
Discontinued operations	2,351				
Adjusted EBITDA	$ 566,235	$ 732,131	$ 997,621	$ 473,602	$ 621,274

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Adjusted Net Income (Non-GAAP Measure)

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, realized gain on recovery of bankruptcy claim, impairment of long-lived assets, loss on extinguishment of debt and (gains) losses on sale of assets, net.

The following presents a reconciliation of net income (loss) to adjusted net income (unaudited):

	Year Ended December 31,			Six Months Ended June 30,	
	2009	2010	2011	2011	2012
	(in thousands, except per unit amounts)				
Net income (loss)	$ (298,192)	$ (114,288)	$ 438,439	$ (209,573)	$ 230,884
Plus:					
Unrealized (gains) losses on commodity derivatives	591,379	232,376	(192,951)	261,851	(250,406)
Unrealized gains on interest rate derivatives	(16,588)	(63,978)			
Realized (gains) losses on canceled derivatives	(48,977)	123,865	(26,752)		
Realized gain on recovery of bankruptcy claim					(18,277)
Impairment of long-lived assets		38,600			146,499
Loss on extinguishment of debt			94,612	94,372	
(Gains) losses on sale of assets and other, net	(23,051)	2,914	(17)	(986)	921
Discontinued operations	2,351				
Adjusted net income	$ 206,922	$ 219,489	$ 313,331	$ 145,664	$ 109,621
Income (loss) from continuing operations per unit basic	$ (2.50)	$ (0.80)	$ 2.52	$ (1.25)	$ 1.17
Plus, per unit:					
Unrealized (gains) losses on commodity derivatives	4.95	1.63	(1.11)	1.56	(1.26)
Unrealized gains on interest rate derivatives	(0.14)	(0.45)			
Realized (gains) losses on canceled derivatives	(0.41)	0.87	(0.15)		
Realized gain on recovery of bankruptcy claim					(0.09)
Impairment of long-lived assets		0.27			0.74
Loss on extinguishment of debt			0.54	0.56	
(Gains) losses on sale of assets and other, net	(0.19)	0.02		(0.01)	
Discontinued operations	0.02				
Adjusted net income per unit basic	$ 1.73	$ 1.54	$ 1.80	$ 0.86	$ 0.56

Critical Accounting Policies and Estimates

The discussion and analysis of LINN s financial condition and results of operations is based upon the consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these

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financial statements requires LINN to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. LINN evaluates its estimates and assumptions on a regular basis. LINN bases estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in the preparation of financial statements.

Below are expanded discussions of LINN s more significant accounting policies, estimates and judgments, i.e., those that reflect more significant estimates and assumptions used in the preparation of its financial statements.

Recently Issued Accounting Standards

In December 2011, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) that requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. The ASU requires disclosure of both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. The ASU will be applied retrospectively and is effective for periods beginning on or after January 1, 2013. LINN is currently evaluating the impact, if any, of the adoption of this ASU on its consolidated financial statements and related disclosures.

In May 2011, the FASB issued an ASU that further addresses fair value measurement accounting and related disclosure requirements. The ASU clarifies the FASB s intent regarding the application of existing fair value measurement and disclosure requirements, changes the fair value measurement requirements for certain financial instruments, and sets forth additional disclosure requirements for other fair value measurements. The ASU is to be applied prospectively and is effective for periods beginning after December 15, 2011. The adoption of the requirements of the ASU, which expanded disclosures, had no effect on LINN s results of operations or financial position.

Oil and Natural Gas Reserves

Proved reserves are based on the quantities of oil, natural gas and NGL that by analysis of geoscience and engineering data can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain. The independent engineering firm DeGolyer and MacNaughton prepared a reserve and economic evaluation of all of LINN properties on a well-by-well basis as of December 31, 2011, and the reserve estimates reported herein were prepared by DeGolyer and MacNaughton. The reserve estimates were reviewed and approved by LINN s senior engineering staff and management, with final approval by its Executive Vice President and Chief Operating Officer.

Reserves and their relation to estimated future net cash flows impact LINN s depletion and impairment calculations. As a result, adjustments to depletion and impairment are made concurrently with changes to reserve estimates. The process performed by the independent engineers to prepare reserve amounts included their estimation of reserve quantities, future producing rates, future net revenue and the present value of such future net revenue, based in part on data provided by LINN. The estimates of reserves conform to the guidelines of the SEC, including the criteria of reasonable certainty, as it pertains to expectations about the recoverability of reserves in future years.

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The accuracy of reserve estimates is a function of many factors including the following: the quality and quantity of available data, the interpretation of that data, the accuracy of various mandated economic assumptions and the judgments of the individuals preparing the estimates. In addition, reserve estimates are a function of many assumptions, all of which could deviate significantly from actual results. As such, reserve estimates may materially vary from the ultimate quantities of oil, natural gas and NGL eventually recovered. For additional information regarding estimates of reserves, including the standardized measure of discounted future net cash flows, see Supplemental Oil and Natural Gas Data (Unaudited) in LINN s historical audited financial statements for the year ended December 31, 2011, included elsewhere in this prospectus.

Oil and Natural Gas Properties

Proved Properties

LINN accounts for oil and natural gas properties in accordance with the successful efforts method. In accordance with this method, all leasehold and development costs of proved properties are capitalized and amortized on a unit-of-production basis over the remaining life of the proved reserves and proved developed reserves, respectively.

LINN evaluates the impairment of its proved oil and natural gas properties on a field-by-field basis whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying values of proved properties are reduced to fair value when the expected undiscounted future cash flows are less than net book value. The fair values of proved properties are measured using valuation techniques consistent with the income approach, converting future cash flows to a single discounted amount. Significant inputs used to determine the fair values of proved properties include estimates of: (i) reserves; (ii) future operating and development costs; (iii) future commodity prices; and (iv) a market-based weighted average cost of capital rate. The underlying commodity prices embedded in LINN s estimated cash flows are the product of a process that begins with New York Mercantile Exchange (NYMEX) forward curve pricing, adjusted for estimated location and quality differentials, as well as other factors that Company management believes will impact realizable prices. Costs of retired, sold or abandoned properties that constitute a part of an amortization base are charged or credited, net of proceeds, to accumulated depreciation, depletion and amortization unless doing so significantly affects the unit-of-production amortization rate, in which case a gain or loss is recognized currently. Gains or losses from the disposal of other properties are recognized currently. Expenditures for maintenance and repairs necessary to maintain properties in operating condition are expensed as incurred. Estimated dismantlement and abandonment costs are capitalized, net of salvage, at their estimated net present value and amortized on a unit-of-production basis over the remaining life of the related proved developed reserves. LINN capitalizes interest on borrowed funds related to its share of costs associated with the drilling and completion of new oil and natural gas wells. Interest is capitalized only during the periods in which these assets are brought to their intended use. LINN capitalized interest costs of approximately $2 million, $1 million and $300,000 for the years ended December 31, 2011, December 31, 2010, and December 31, 2009, respectively.

Impairment of Proved Properties

Based on the analysis described above, LINN recorded no impairment charge of proved oil and natural gas properties for the years ended December 31, 2011, and December 31, 2009. During the six months ended June 30, 2012, LINN recorded a noncash impairment charge, before and after tax, of approximately $146 million associated with proved oil and natural gas properties related to a decline in commodity prices. For the year ended December 31, 2010, LINN recorded a noncash impairment charge, before and after tax, of approximately $39 million primarily associated with proved oil and natural gas properties related to an unfavorable marketing contract. The carrying values of the impaired proved properties were reduced to fair value, estimated using inputs characteristic of a Level 3 fair-value measurement. The charges are included in impairment of long-lived assets on the consolidated statements of operations.

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Unproved Properties

Costs related to unproved properties include costs incurred to acquire unproved reserves. Because these reserves do not meet the definition of proved reserves, the related costs are not classified as proved properties. The fair values of unproved properties are measured using valuation techniques consistent with the income approach, converting future cash flows to a single discounted amount. Significant inputs used to determine the fair values of unproved properties include estimates of: (i) reserves; (ii) future operating and development costs; (iii) future commodity prices; and (iv) a market-based weighted average cost of capital rate. The market-based weighted average cost of capital rate is subjected to additional project-specific risking factors. Unproved leasehold costs are capitalized and amortized on a composite basis if individually insignificant, based on past success, experience and average lease-term lives. Individually significant leases are reclassified to proved properties if successful and expensed on a lease by lease basis if unsuccessful or the lease term expires. Unamortized leasehold costs related to successful exploratory drilling are reclassified to proved properties and depleted on a unit-of-production basis. LINN assesses unproved properties for impairment quarterly on the basis of its experience in similar situations and other factors such as the primary lease terms of the properties, the average holding period of unproved properties, and the relative proportion of such properties on which proved reserves have been found in the past.

Exploration Costs

Geological and geophysical costs, delay rentals, amortization and impairment of unproved leasehold costs and costs to drill exploratory wells that do not find proved reserves are expensed as exploration costs. The costs of any exploratory wells are carried as an asset if the well finds a sufficient quantity of reserves to justify its capitalization as a producing well and as long as LINN is making sufficient progress towards assessing the reserves and the economic and operating viability of the project. LINN recorded noncash leasehold impairment expenses related to unproved properties of approximately $2 million, $5 million and $7 million for the years ended December 31, 2011, December 31, 2010, and December 31, 2009, which are included in exploration costs on the consolidated statements of operations.

Revenue Recognition

Sales of oil, natural gas and NGL are recognized when the product has been delivered to a custody transfer point, persuasive evidence of a sales arrangement exists, the rights and responsibility of ownership pass to the purchaser upon delivery, collection of revenue from the sale is reasonably assured, and the sales price is fixed or determinable.

LINN has elected the entitlements method to account for natural gas production imbalances. Imbalances occur when LINN sells more or less than its entitled ownership percentage of total natural gas production. In accordance with the entitlements method, any amount received in excess of LINN s share is treated as a liability. If LINN receives less than its entitled share, the underproduction is recorded as a receivable. At December 31, 2011, and December 31, 2010, LINN had natural gas production imbalance receivables of approximately $19 million and $18 million, respectively, which are included in accounts receivable trade, net on the consolidated balance sheets and natural gas production imbalance payables of approximately $9 million and $8 million, respectively, which are included in accounts payable and accrued expenses on the consolidated balance sheets.

LINN engages in the purchase, gathering and transportation of third-party natural gas and subsequently markets such natural gas to independent purchasers under separate arrangements. As such, LINN separately reports third-party marketing sales and natural gas marketing expenses.

Asset Retirement Obligations

LINN has the obligation to plug and abandon oil and natural gas wells and related equipment at the end of production operations. Estimated asset retirement costs are recognized when the obligation is incurred, and are amortized over proved developed reserves using the unit-of-production method. Accretion expense is included in depreciation, depletion and amortization on the consolidated statements of operations. The fair values of additions to the asset retirement obligations are estimated using valuation techniques that convert future cash flows to a single discounted amount. Significant inputs to the valuation include estimates of: (i) plug and abandon costs per well based on existing regulatory requirements; (ii) remaining life per well; (iii) future inflation factors; and (iv) a credit-adjusted risk-free interest rate. These inputs require significant judgments and estimates by LINN s management at the time of the valuation and are the most sensitive and subject to change. Revisions in estimated liabilities can result from revisions of estimated inflation rates, escalating retirement costs and changes in the estimated timing of settling asset retirement obligations.

Derivative Instruments

LINN uses derivative financial instruments to reduce exposure to fluctuations in the prices of oil and natural gas. By removing a significant portion of the price volatility associated with future production, LINN expects to mitigate, but not eliminate, the potential effects of variability in cash flow from operations due to fluctuations in commodity prices. These transactions are primarily in the form of swap contracts and put options. A swap contract specifies a fixed price that LINN will receive from the counterparty as compared to floating market prices, and on the settlement date LINN will receive or pay the difference between the swap price and the market price. A put option requires LINN to pay the counterparty a premium equal to the fair value of the option at the purchase date and receive from the counterparty the excess, if any, of the fixed price floor over the market price at the settlement date. In addition, LINN may from time to time enter into derivative contracts in the form of interest rate swaps to minimize the effects of fluctuations in interest rates. Currently, LINN has no outstanding derivative contracts in the form of interest rate swaps.

Derivative instruments (including certain derivative instruments embedded in other contracts that require bifurcation) are recorded at fair value and included on the consolidated balance sheets as assets or liabilities. LINN did not designate these contracts as cash flow hedges; therefore, the changes in fair value of these instruments are recorded in current earnings. LINN uses certain pricing models to determine the fair value of its derivative financial instruments. Inputs to the pricing models include publicly available prices and forward price curves generated from a compilation of data gathered from third parties. Company management validates the data provided by third parties by understanding the pricing models used, obtaining market values from other pricing sources, analyzing pricing data in certain situations and confirming that those securities trade in active markets.

Acquisition Accounting

LINN accounts for business combinations under the acquisition method of accounting. Accordingly, LINN recognizes amounts for identifiable assets acquired and liabilities assumed equal to their estimated acquisition date fair values. Transaction and integration costs associated with business combinations are expensed as incurred.

LINN makes various assumptions in estimating the fair values of assets acquired and liabilities assumed. As fair value is a market-based measurement, it is determined based on the assumptions that market participants would use. The most significant assumptions relate to the estimated fair values of proved and unproved oil and natural gas properties. The fair values of these properties are measured using valuation techniques that convert future cash flows to a single discounted amount. Significant inputs to the valuation include estimates of: (i) reserves; (ii) future operating and development costs; (iii) future commodity prices; and (iv) a market-based weighted average cost of capital rate. The market-based weighted average cost of capital rate is subjected to additional project-specific risking factors. To compensate for the inherent risk of estimating and valuing unproved properties, the discounted future net revenues of probable and possible reserves are reduced by additional risk-weighting factors. In addition, when appropriate, LINN reviews comparable purchases and sales of oil and natural gas properties within the same regions, and uses that data as a proxy for fair market value; i.e., the amount a willing buyer and seller would enter into in exchange for such properties.

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Any excess of the acquisition price over the estimated fair value of net assets acquired is recorded as goodwill while any excess of the estimated fair value of net assets acquired over the acquisition price is recorded in current earnings as a gain. Deferred taxes are recorded for any differences between the assigned values and the tax basis of assets and liabilities. Estimated deferred taxes are based on available information concerning the tax basis of assets acquired and liabilities assumed and loss carryforwards at the acquisition date, although such estimates may change in the future as additional information becomes known.

While the estimated fair values of the assets acquired and liabilities assumed have no effect on cash flow, they can have an effect on future results of operations. Generally, higher fair values assigned to oil and natural gas properties result in higher future depreciation, depletion and amortization expense, which results in decreased future net earnings. Also, a higher fair value assigned to oil and natural gas properties, based on higher future estimates of commodity prices, could increase the likelihood of impairment in the event of lower commodity prices or higher operating costs than those originally used to determine fair value. The recording of impairment expense has no effect on cash flow but results in a decrease in net income for the period in which the impairment is recorded.

Legal, Environmental and Other Contingencies

A provision for legal, environmental and other contingencies is charged to expense when the loss is probable and the cost can be reasonably estimated. Determining when expenses should be recorded for these contingencies and the appropriate amounts of the accrual is subject to an estimation process that requires subjective judgment of management. In many cases, management s judgment is based on the advice and opinions of legal counsel and other advisers, the interpretation of laws and regulations which can be interpreted differently by regulators and/or courts of law, the experience of LINN and other companies dealing with similar matters, and management s decision on how it intends to respond to a particular matter; for example, a decision to contest it vigorously or a decision to seek a negotiated settlement. LINN s management closely monitors known and potential legal, environmental and other contingencies and periodically determines when it should record losses for these items based on information available to LINN.

Unit-Based Compensation

LINN recognizes expense for unit-based compensation over the requisite service period in an amount equal to the fair value of unit-based payments granted to employees and nonemployee directors.

Quantitative and Qualitative Disclosures About Market Risk

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about potential exposure to market risks. The term market risk refers to the risk of loss arising from adverse changes in commodity prices and interest rates. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. This forward-looking information provides indicators of how LINN views and manages its ongoing market risk exposures. All of LINN s market risk sensitive instruments were entered into for purposes other than trading.

The following should be read in conjunction with the financial statements and related discussion included elsewhere in this registration statement.

Commodity Price Risk

LINN enters into derivative contracts with respect to a portion of its projected production through various transactions that provide an economic hedge of the risk related to the future commodity prices received. LINN does not enter into derivative contracts for trading purposes (see Note 7 to LINN s historical audited financial statements for the year ended December 31, 2011, included elsewhere in this prospectus).

At June 30, 2012, the fair value of fixed price swaps and put contracts that settle during the next 12 months was a net asset of approximately $469 million. A 10% increase in the index oil and natural gas prices above the June 30, 2012, prices for the next 12 months would result in a net asset of approximately $310 million which represents a decrease in the fair value of approximately $159 million; conversely, a 10% decrease in the index oil and natural gas prices would result in a net asset of approximately $634 million, which represents an increase in the fair value of approximately $165 million.

Interest Rate Risk

At June 30, 2012, LINN had long-term debt outstanding under its Credit Facility of approximately $1.2 billion, which incurred interest at floating rates. A 1% increase in the London Interbank Offered Rate (LIBOR) would result in an estimated $12 million increase in annual interest expense.

Counterparty Credit Risk

LINN accounts for its commodity derivatives and, when applicable, its interest rate derivatives at fair value on a recurring basis (see Note 8 to LINN s historical audited financial statements for the year ended December 31, 2011, included elsewhere in this prospectus). The fair value of these derivative financial instruments includes the impact of assumed credit risk adjustments, which are based on LINN s and its counterparties published credit ratings, public bond yield spreads and credit default swap spreads, as applicable.

At June 30, 2012, the average public bond yield spread utilized to estimate the impact of LINN s credit risk on derivative liabilities was approximately 2.96%. A 1% increase in the average public bond yield spread would result in an estimated $10,000 increase in net income for the six months ended June 30, 2012. At June 30, 2012, the credit default swap spreads utilized to estimate the impact of its counterparties credit risk on derivative assets ranged between 0.00% and 4.72%. A 1% increase in each of the counterparties credit default swap spreads would result in an estimated $21 million decrease in net income for the six months ended June 30, 2012.

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BUSINESS

LinnCo

We are a limited liability company formed in Delaware in April 2012. Upon completion of this offering, our only business will consist of owning LINN units. We will have no operations prior to the closing of this offering. As a result, our financial condition and results of operations following this offering will depend entirely upon the performance of LINN. We do not expect to have any income or cash flow other than distributions we receive in respect of our LINN units. When LINN makes distributions on the units, we will pay a dividend on our shares of the cash we receive in respect of our LINN units, net of reserves for income taxes payable by us. For each of the periods ending December 31, 2012, 2013, 2014 and 2015, we estimate that our income tax liability will be between 2% and 5% of the cash distributed to us. On July 24, 2012, LINN declared a regular quarterly cash distribution of $0.725 per unit, or $2.90 per unit on an annualized basis. Accordingly, if LINN were to maintain its current annualized distribution of $2.90 per unit through 2015, the amount reserved to pay income taxes of LinnCo is estimated to be between $0.06 and $0.15 per share for each of the periods ending December 31, 2012, 2013, 2014 and 2015. For example, we currently estimate that, for the period ending December 31, 2013, our dividend will be $2.84 per share.

We have elected to be treated as a corporation for U.S. federal income tax purposes. As a result, an owner of our shares will not report on its U.S. federal income tax return any of our items of income, gain, loss and deduction, nor will they receive a Schedule K-1. Our shareholders also will not be subject to state income tax filings in the various states in which LINN conducts operations as a result of owning our shares. Like shareholders of a corporation, our shareholders will be subject to U.S. federal income tax, as well as any applicable state or local income tax, on taxable dividends received by them. Please read Material U.S. Federal Income Tax Consequences for additional details.

LINN

Overview

LINN s mission is to acquire, develop and maximize cash flow from a growing portfolio of long-life oil and natural gas assets. LINN is an independent oil and natural gas company that began operations in March 2003 and completed its initial public offering (IPO) in January 2006. LINN s properties are located in the United States, primarily in the Mid-Continent, Hugoton Basin, Green River Basin, Permian Basin, Michigan/Illinois, California, Williston/Powder River Basin, and East Texas.

Proved reserves at December 31, 2011, were 3,370 Bcfe, of which approximately 34% were oil, 50% were natural gas and 16% were natural gas liquids (NGL). Approximately 60% were classified as proved developed, with a total standardized measure of discounted future net cash flows of $6.6 billion. At December 31, 2011, LINN operated 7,759 or 69% of its 11,230 gross productive wells and had an average proved reserve-life index of approximately 22 years, based on the December 31, 2011, reserve report and fourth quarter 2011 annualized production.

Recent Developments

Anadarko Joint Venture

On April 3, 2012, LINN entered into a joint venture agreement with an affiliate of Anadarko whereby LINN will participate as a partner in the CO_2-enhanced oil recovery development of the Salt Creek field, located in the Powder River Basin of Wyoming. Anadarko assigned LINN 23% of its interest in the field in exchange for future funding by LINN of $400 million of Anadarko s development costs. The acquisition included approximately 16 MMBoe (96 Bcfe) of proved reserves as of the agreement date.

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Acquisitions

On July 31, 2012, LINN completed the Green River Acquisition, which included certain oil and natural gas properties located in the Green River Basin area of southwest Wyoming, for total consideration of approximately $990 million. The Green River Acquisition included approximately 806 Bcfe of proved reserves as of the acquisition date.

On May 1, 2012, LINN completed the acquisition of properties located in east Texas for total consideration of approximately $168 million. The acquisition included approximately 110 Bcfe of proved reserves as of the acquisition date.

On March 30, 2012, LINN completed the acquisition of certain oil and natural gas properties located in the Hugoton Basin area of southwestern Kansas for total consideration of $1.17 billion. The acquisition included approximately 701 Bcfe of proved reserves as of the acquisition date.

Proved reserves as of the acquisition date for all of the above referenced acquisitions were estimated using the average oil and natural gas prices during the preceding 12-month period, determined as an unweighted average of the first-day-of-the-month prices for each month.

LINN regularly engages in discussions with potential sellers regarding acquisition opportunities. Such acquisition efforts may involve its participation in auction processes, as well as situations in which LINN believes it is the only party or one of a very limited number of potential buyers in negotiations with the potential seller. These acquisition efforts can involve assets that, if acquired, would have a material effect on its financial condition and results of operations.

Distributions

On July 24, 2012, LINN s Board of Directors declared a cash distribution of $0.725 per unit with respect to the second quarter of 2012. The distribution, totaling approximately $145 million, was paid on August 14, 2012, to unitholders of record as of the close of business on August 7, 2012.

On April 24, 2012, LINN s Board of Directors declared a cash distribution of $0.725 per unit, or $2.90 per unit on an annualized basis, with respect to the first quarter of 2012, which was paid on May 15, 2012 to unitholders of record at the close of business May 8, 2012.

On January 27, 2012, LINN s Board of Directors declared a cash distribution of $0.69 per unit, or $2.76 per unit on an annualized basis, with respect to the fourth quarter of 2011. The distribution, totaling approximately $138 million, was paid on February 14, 2012, to unitholders of record as of the close of business on February 7, 2012.

Operating Regions

LINN s properties are currently located in eight operating regions in the U.S.:

- Mid-Continent, which includes properties in Oklahoma, Louisiana and the eastern portion of the Texas Panhandle (including the Granite Wash and Cleveland horizontal plays);

- Hugoton Basin, which includes properties located primarily in Kansas and the Shallow Texas Panhandle;

- Green River Basin, which includes properties located in southwest Wyoming;

- Permian Basin, which includes areas in west Texas and southeast New Mexico;

Michigan/Illinois, which includes the Antrim Shale formation in the northern part of Michigan and oil properties in southern Illinois;

California, which includes the Brea Olinda Field of the Los Angeles Basin;

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Williston/Powder River Basin, which includes the Bakken formation in North Dakota and the Powder River Basin in Wyoming; and

East Texas, which includes properties located in east Texas.

Mid-Continent

The Mid-Continent region includes properties in Oklahoma, Louisiana and the eastern portion of the Texas Panhandle (including the Granite Wash and Cleveland horizontal plays). Wells in this diverse region produce from both oil and natural gas reservoirs at depths ranging from 1,500 feet to over 18,000 feet. The Granite Wash formation is currently being developed using horizontal drilling and multi-stage stimulations. In the northern Texas Panhandle and extending into western Oklahoma, the Cleveland formation is being developed as a horizontal oil play. Elsewhere in Oklahoma, several producing formations are being targeted using similar horizontal drilling and completion technologies. The majority of wells in this region are mature, low-decline oil and natural gas wells. Mid-Continent proved reserves represented approximately 37% of Pro Forma Proved Reserves. Of these reserves, 53% were classified as proved developed.

To more efficiently transport its natural gas in the Mid-Continent region to market, LINN owns and operates a network of natural gas gathering systems comprised of approximately 300 miles of pipeline and associated compression and metering facilities. In connection with the horizontal development activities in the Granite Wash, LINN continues to expand this gathering system which connects to numerous natural gas processing facilities in the region.

Hugoton Basin

The Hugoton Basin is a large oil and natural gas producing area located in the central portion of the Texas Panhandle extending into southwestern Kansas. LINN s Texas properties in the basin primarily produce from the Brown Dolomite formation at depths of approximately 3,200 feet. LINN s Kansas properties in the basin, acquired in March 2012, primarily produce from the Council Grove and Chase formations at depths ranging from 2,500 feet to 3,000 feet. Hugoton Basin proved reserves represented approximately 21% of Pro Forma Proved Reserves. Of these reserves, 87% were classified as proved developed.

To more efficiently transport its natural gas in the Texas Panhandle to market, LINN owns and operates a network of natural gas gathering systems comprised of approximately 665 miles of pipeline and associated compression and metering facilities that connect to numerous sales outlets in the area. LINN also owns and operates the Jayhawk natural gas processing plant in southwestern Kansas with a capacity of approximately 450 MMcfe/d, allowing LINN to extract maximum value from the liquids-rich natural gas produced in the area. LINN s production in the area is delivered to the plant via a system of approximately 2,100 miles of pipeline and related facilities operated by LINN, of which approximately 250 miles is owned by LINN.

Green River Basin

The Green River Basin region consists of properties acquired in July 2012 located in southwest Wyoming that primarily produce natural gas at depths ranging from 8,000 feet to 12,000 feet. Green River Basin proved reserves represented approximately 16% of LINN s Pro Forma Proved Reserves. Of these reserves, 53% were classified as proved developed.

Permian Basin

The Permian Basin is one of the largest and most prolific oil and natural gas basins in the U.S. LINN s properties are located in west Texas and southeast New Mexico and produce at depths ranging from 2,000 feet to 12,000 feet. The Wolfberry trend is located in the north central portion of the basin where LINN has been active drilling vertical oil wells since 2010. LINN also produces oil and natural gas from mature, low-decline wells including several waterflood properties located across the basin. Permian Basin proved reserves represented approximately 10% of Pro Forma Proved Reserves. Of these reserves, 56% were classified as proved developed.

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Michigan/Illinois

The Michigan/Illinois region includes properties producing from the Antrim Shale formation in the northern part of Michigan and oil properties in southern Illinois. These wells produce at depths ranging from 600 feet to 4,000 feet. Michigan/Illinois proved reserves represented approximately 6% of Pro Forma Proved Reserves. Of these reserves, 91% were classified as proved developed.

California

The California region consists of the Brea Olinda Field of the Los Angeles Basin. The Brea Olinda Field was discovered in 1880 and produces from the shallow Pliocene formation to the deeper Miocene formation at depths ranging from 1,000 feet to 7,500 feet. California proved reserves represented approximately 4% of Pro Forma Proved Reserves. Of these reserves, 93% were classified as proved developed.

Williston/Powder River Basin

The Williston/Powder River Basin region includes the Bakken formation in North Dakota and the Powder River Basin in Wyoming. LINN s non-operated properties in the Williston Basin, one of the premier oil basins in the U.S., produce at depths ranging from 9,000 feet to 12,000 feet. LINN s properties in the Powder River Basin, acquired in April 2012, consist of a CO2 flood operated by Anadarko in the Salt Creek Field. Williston/Powder River Basin proved reserves represented approximately 4% of Pro Forma Proved Reserves. Of these reserves, 63% were classified as proved developed.

East Texas

The East Texas region consists of properties acquired in May 2012 located in east Texas that primarily produce natural gas from the Cotton Valley formation at depths of approximately 11,000 feet. Proved reserves for these mature, low-decline producing properties, all of which are proved developed, represented approximately 2% of LINN s Pro Forma Proved Reserves.

Drilling and Acreage

The following sets forth the wells drilled during the periods indicated (gross refers to the total wells in which LINN had a working interest and net refers to gross wells multiplied by LINN s working interest):

	Year Ended December 31,		
	2009	**2010**	**2011**
Gross wells:			
Productive	72	138	292
Dry	1	1	2
	73	139	294
Net development wells:			
Productive	35	116	186
Dry	1	1	2
	36	117	188
Net exploratory wells:			
Productive			
Dry			

The totals above do not include 8 and 25 lateral segments added to existing vertical wellbores during the years ended December 31, 2010, and December 31, 2009, respectively. There were no lateral segments added to existing vertical wellbores during the year ended December 31, 2011. At December 31, 2011, LINN had 85 gross (51 net) wells in process (no wells were temporarily suspended).

This information should not be considered indicative of future performance, nor should it be assumed that there is necessarily any correlation between the number of productive wells drilled and the quantities or economic value of reserves found. Productive wells are those that produce commercial quantities of oil, natural gas or NGL, regardless of whether they generate a reasonable rate of return.

The following sets forth information about LINN s drilling locations and net acres of leasehold interests as of December 31, 2011:

	Total(1)
Proved undeveloped	2,302
Other locations	4,154
Total drilling locations	6,456
Leasehold interests net acres (in thousands)	1,116

(1) Does not include optimization projects.

As shown in the table above, as of December 31, 2011, LINN had 2,302 proved undeveloped drilling locations (specific drilling locations as to which the independent engineering firm DeGolyer and MacNaughton assigned proved undeveloped reserves as of such date) and LINN had identified 4,154 additional unproved drilling locations (specific drilling locations as to which DeGolyer and MacNaughton has not assigned any proved reserves) on acreage that LINN has under existing leases. As successful development wells frequently result in the reclassification of adjacent lease acreage from unproved to proved, LINN expects that a significant number of its unproved drilling locations will be reclassified as proved drilling locations prior to the actual drilling of these locations.

Productive Wells

The following sets forth information relating to the productive wells in which LINN owned a working interest as of December 31, 2011. Productive wells consist of producing wells and wells capable of production, including wells awaiting pipeline or other connections to commence deliveries. Gross wells refers to the total number of producing wells in which LINN has an interest, and net wells refers to the sum of its fractional working interests owned in gross wells. The number of wells below does not include approximately 2,500 productive wells in which LINN owns a royalty interest only.

	Natural Gas Wells		Oil Wells		Total Wells	
	Gross	Net	Gross	Net	Gross	Net
Operated(1)	3,889	2,925	3,870	3,578	7,759	6,503
Nonoperated(2)	1,843	369	1,628	207	3,471	576
	5,732	3,294	5,498	3,785	11,230	7,079

(1) LINN had 12 operated wells with multiple completions at December 31, 2011.
(2) LINN had no nonoperated wells with multiple completions at December 31, 2011.

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Developed and Undeveloped Acreage

The following sets forth information relating to leasehold acreage as of December 31, 2011:

	Developed Acreage		Undeveloped Acreage		Total Acreage	
	Gross	Net	Gross	Net	Gross	Net
	(in thousands)					
Leasehold acreage	2,352	1,060	133	56	2,485	1,116

Production, Price and Cost History

LINN s natural gas production is primarily sold under market sensitive price contracts, which typically sell at a differential to the New York Mercantile Exchange (NYMEX), Panhandle Eastern Pipeline (PEPL), El Paso Permian Basin, or MichCon city-gate natural gas prices due to the Btu content and the proximity to major consuming markets. LINN s natural gas production is sold to purchasers under percentage-of-proceeds contracts, percentage-of-index contracts or spot price contracts. By the terms of the percentage-of-proceeds contracts, LINN receives a percentage of the resale price received by the purchaser for sales of residual natural gas and NGL recovered after transportation and processing of natural gas. These purchasers sell the residual natural gas and NGL based primarily on spot market prices. Under percentage-of-index contracts, the price per MMBtu LINN receives for natural gas is tied to indexes published in *Gas Daily* or *Inside FERC Gas Market Report.* Although exact percentages vary daily, as of December 31, 2011, approximately 90% of LINN s natural gas and NGL production was sold under short-term contracts at market-sensitive or spot prices. At December 31, 2011, LINN had natural gas throughput delivery commitments under long-term contracts of approximately 784 MMcf for the year ended December 31, 2012, and approximately 31 Bcf to be delivered by August 2015.

LINN s oil production is primarily sold under market sensitive contracts, which typically sell at a differential to NYMEX, and as of December 31, 2011, approximately 90% of its oil production was sold under short-term contracts. At December 31, 2011, LINN had no delivery commitments for oil production.

As discussed in the Strategy section above, LINN enters into derivative contracts primarily in the form of swap contracts and put options to reduce the impact of commodity price volatility on its cash flow from operations. By removing a significant portion of the price volatility associated with future production, LINN expects to mitigate, but not eliminate, the potential effects of variability in cash flow due to fluctuations in commodity prices.

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The following sets forth information regarding average daily production, average prices and average costs for each of the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2009	2010	2011	2011	2012
Average daily production:					
Natural gas (MMcf/d)	125	137	175	163	273
Oil (MBbls/d)	9.0	13.1	21.5	19.3	27.2
NGL (MBbls/d)	6.5	8.3	10.8	9.3	19.1
Total (MMcfe/d)	218	265	369	335	550
Weighted average prices (hedged):(1)					
Natural gas (Mcf)	$ 8.27	$ 8.52	$ 8.20	$ 8.68	$ 5.93
Oil (Bbl)	$ 110.94	$ 94.71	$ 89.21	$ 88.35	$ 92.86
NGL (Bbl)	$ 28.04	$ 39.14	$ 42.88	$ 44.70	$ 33.21
Weighted average prices (unhedged):(2)					
Natural gas (Mcf)	$ 3.51	$ 4.24	$ 4.35	$ 4.66	$ 2.52
Oil (Bbl)	$ 55.25	$ 75.16	$ 91.24	$ 94.34	$ 92.12
NGL (Bbl)	$ 28.04	$ 39.14	$ 42.88	$ 44.70	$ 33.21
Average NYMEX prices:					
Natural gas (MMBtu)	$ 3.99	$ 4.40	$ 4.05	$ 4.22	$ 2.48
Oil (Bbl)	$ 61.94	$ 79.53	$ 95.12	$ 98.33	$ 98.21
Costs per Mcfe of production:					
Lease operating expenses	$ 1.67	$ 1.64	$ 1.73	$ 1.69	$ 1.42
Transportation expenses	$ 0.23	$ 0.20	$ 0.21	$ 0.20	$ 0.32
General and administrative expenses(3)	$ 1.08	$ 1.02	$ 0.99	$ 1.02	$ 0.84
Depreciation, depletion and amortization	$ 2.53	$ 2.46	$ 2.48	$ 2.40	$ 2.60
Taxes, other than income taxes	$ 0.35	$ 0.47	$ 0.58	$ 0.59	$ 0.56

(1) Includes the effect of realized gains on derivatives of approximately $401 million (excluding $49 million realized net gains on canceled contracts), $308 million, $230 million (excluding $27 million realized gains on canceled contracts), $98 million and $173 million (excluding approximately $18 million realized gain on recovery of bankruptcy claim) for the years ended December 31, 2009, December 31, 2010, and December 31, 2011, and the six months ended June 30, 2011 and June 30, 2012, respectively.

(2) Does not include the effect of realized gains (losses) on derivatives.

(3) General and administrative expenses for the years ended December 31, 2009, December 31, 2010, and December 31, 2011, and the six months ended June 30, 2011 and June 30, 2012, include approximately $15 million, $13 million, $21 million, $11 million and $14 million, respectively, of noncash unit-based compensation expenses. Excluding these amounts, general and administrative expenses for the years ended December 31, 2009, December 31, 2010, and December 31, 2011, and the six months ended June 30, 2011 and June 30, 2012, were $0.90 per Mcfe, $0.88 per Mcfe, $0.83 per Mcfe, $0.85 per Mcfe and $0.70 per Mcfe, respectively. This measure is not in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and thus is a non-GAAP measure, used by management to analyze LINN s performance.

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Reserve Data

Proved Reserves

The following sets forth estimated proved oil, natural gas and NGL reserves and the standardized measure of discounted future net cash flows at December 31, 2011, based on reserve reports prepared by independent engineers, DeGolyer and MacNaughton:

Estimated proved developed reserves:	
Natural gas (Bcf)	998
Oil (MMBbls)	125
NGL (MMBbls)	48
Total (Bcfe)	2,034
Estimated proved undeveloped reserves:	
Natural gas (Bcf)	677
Oil (MMBbls)	64
NGL (MMBbls)	46
Total (Bcfe)	1,336
Estimated total proved reserves (Bcfe)	3,370
Proved developed reserves as a percentage of total proved reserves	60%
Standardized measure of discounted future net cash flows (in millions)(1)	$ 6,615
Representative NYMEX prices:(2)	
Natural gas (MMBtu)	$ 4.12
Oil (Bbl)	$ 95.84

(1) This measure is not intended to represent the market value of estimated reserves.
(2) In accordance with SEC regulations, reserves were estimated using the average price during the 12-month period, determined as an unweighted average of the first-day-of-the-month price for each month, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions. The average price used to estimate reserves is held constant over the life of the reserves.

During the year ended December 31, 2011, LINN s proved undeveloped reserves (PUDs) increased to 1,336 Bcfe from 935 Bcfe at December 31, 2010, representing an increase of 401 Bcfe. The increase was primarily due to 364 Bcfe added as a result of LINN s acquisitions in the Mid-Continent Deep, Permian Basin and Williston Basin regions and 346 Bcfe added as a result of its drilling activities in the Texas Panhandle Granite Wash, partially offset by PUDs developed during 2011.

During the year ended December 31, 2011, LINN incurred approximately $307 million in capital expenditures to convert 178 Bcfe of reserves classified as PUDs at December 31, 2010. Based on the December 31, 2011 reserve report, the amounts of capital expenditures estimated to be incurred in 2012, 2013 and 2014 to develop LINN s PUDs are approximately $765 million, $836 million and $556 million, respectively. The amount and timing of these expenditures will depend on a number of factors, including actual drilling results, service costs and product prices. Of the 1,336 Bcfe of PUDs at December 31, 2011, seven Bcfe remained undeveloped for five years or more; however, the property is included in LINN s 2012 development plan. All PUD properties are included in LINN s current five-year development plan.

Reserve engineering is inherently a subjective process of estimating underground accumulations of oil, natural gas and NGL that cannot be measured exactly. The accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and judgment. Accordingly, reserve estimates may vary from the quantities of oil, natural gas and NGL that are ultimately recovered. Future prices received for production may vary, perhaps significantly, from the prices assumed for the purposes of estimating the standardized measure of discounted future net cash flows. The standardized measure of discounted future net

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cash flows should not be construed as the market value of the reserves at the dates shown. The 10% discount factor required to be used under the provisions of applicable accounting standards may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with LINN or the oil and natural gas industry. The standardized measure of discounted future net cash flows is materially affected by assumptions about the timing of future production, which may prove to be inaccurate.

The reserve estimates reported herein were prepared by independent engineers, DeGolyer and MacNaughton. The process performed by the independent engineers to prepare reserve amounts included their estimation of reserve quantities, future producing rates, future net revenue and the present value of such future net revenue, is based in part on data provided by LINN. When preparing the reserve estimates, the independent engineering firm did not independently verify the accuracy and completeness of the information and data furnished by LINN with respect to ownership interests, production, well test data, historical costs of operation and development, product prices, or any agreements relating to current and future operations of the properties and sales of production. However, if in the course of their work, something came to their attention that brought into question the validity or sufficiency of any such information or data, they did not rely on such information or data until they had satisfactorily resolved their questions relating thereto. The estimates of reserves conform to the guidelines of the SEC, including the criteria of reasonable certainty, as it pertains to expectations about the recoverability of reserves in future years. The independent engineering firm also prepared estimates with respect to reserve categorization, using the definitions for proved reserves set forth in Regulation S-X Rule 4-10(a) and subsequent SEC staff interpretations and guidance.

LINN s internal control over the preparation of reserve estimates is a process designed to provide reasonable assurance regarding the reliability of LINN s reserve estimates in accordance with SEC regulations. The preparation of reserve estimates was overseen by LINN s Reservoir Engineering Advisor, who has Master of Petroleum Engineering and Master of Business Administration degrees and more than 25 years of oil and natural gas industry experience. The reserve estimates were reviewed and approved by LINN s senior engineering staff and management, with final approval by its Executive Vice President and Chief Operating Officer. LINN has not filed reserve estimates with any federal authority or agency, with the exception of the SEC.

Operational Overview

General

LINN generally seeks to be the operator of its properties so that it can develop drilling programs and optimization projects that not only replace production, but add value through reserve and production growth and future operational synergies. Many of LINN s wells are completed in multiple producing zones with commingled production and long economic lives.

Principal Customers

For the year ended December 31, 2011, sales of oil, natural gas and NGL to Enbridge Energy Partners, L.P. and DCP Midstream Partners, LP accounted for approximately 21% and 19%, respectively, of LINN s total production volumes, or 40% in the aggregate. If LINN were to lose any one of its major oil and natural gas purchasers, the loss could temporarily cease or delay production and sale of its oil and natural gas in that particular purchaser s service area. If LINN were to lose a purchaser, it believes it could identify a substitute purchaser. However, if one or more of these large purchasers ceased purchasing oil and natural gas altogether, it could have a detrimental effect on the oil and natural gas market in general and on the volume of oil and natural gas that LINN is able to sell.

Competition

The oil and natural gas industry is highly competitive. LINN encounters strong competition from other independent operators and master limited partnerships in acquiring properties, contracting for drilling and other

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related services and securing trained personnel. LINN is also affected by competition for drilling rigs and the availability of related equipment. In the past, the oil and natural gas industry has experienced shortages of drilling rigs, equipment, pipe and personnel, which has delayed development drilling and has caused significant price increases. LINN is unable to predict when, or if, such shortages may occur or how they would affect its drilling program.

Operating Hazards and Insurance

The oil and natural gas industry involves a variety of operating hazards and risks that could result in substantial losses from, among other things, injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation and penalties and suspension of operations. LINN may be liable for environmental damages caused by previous owners of property it purchases and leases. As a result, LINN may incur substantial liabilities to third parties or governmental entities, the payment of which could reduce or eliminate funds available for acquisitions, development or distributions, or result in the loss of properties. In addition, LINN participates in wells on a nonoperated basis and therefore may be limited in its ability to control the risks associated with the operation of such wells.

In accordance with customary industry practices, LINN maintains insurance against some, but not all, potential losses. LINN cannot provide assurance that any insurance it obtains will be adequate to cover any losses or liabilities. LINN has elected to self-insure for certain items for which it has determined that the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable. The occurrence of an event not fully covered by insurance could have a material adverse effect on LINN s financial position and results of operations. For more information about potential risks that could affect LINN, please read Risk Factors.

Title to Properties

Prior to the commencement of drilling operations, LINN conducts a title examination and performs curative work with respect to significant defects. To the extent title opinions or other investigations reflect title defects on those properties, LINN is typically responsible for curing any title defects at its expense prior to commencing drilling operations. Prior to completing an acquisition of producing leases, LINN performs title reviews on the most significant leases and, depending on the materiality of properties, LINN may obtain a title opinion or review previously obtained title opinions. As a result, LINN has obtained title opinions on a significant portion of its properties and believes that it has satisfactory title to its producing properties in accordance with standards generally accepted in the industry. Oil and natural gas properties are subject to customary royalty and other interests, liens for current taxes and other burdens that do not materially interfere with the use of or affect the carrying value of the properties.

Seasonal Nature of Business

Seasonal weather conditions and lease stipulations can limit the drilling and producing activities and other operations in regions of the U.S. in which LINN operates. These seasonal conditions can pose challenges for meeting the well drilling objectives and increase competition for equipment, supplies and personnel, which could lead to shortages and increase costs or delay operations. For example, LINN s operations may be impacted by ice and snow in the winter and by electrical storms and high temperatures in the spring and summer, as well as by wild fires in the fall.

The demand for natural gas typically decreases during the summer months and increases during the winter months. Seasonal anomalies sometimes lessen this fluctuation. In addition, certain natural gas users utilize natural gas storage facilities and purchase some of their anticipated winter requirements during the summer, which can also lessen seasonal demand fluctuations.

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Environmental Matters and Regulation

LINN s operations are subject to stringent federal, state and local laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. LINN s operations are subject to the same environmental laws and regulations as other companies in the oil and natural gas industry. These laws and regulations may:

require the acquisition of various permits before drilling commences;

require the installation of expensive pollution control equipment;

restrict the types, quantities and concentration of various substances that can be released into the environment in connection with drilling and production activities;

limit or prohibit drilling activities on lands lying within wilderness, wetlands, areas inhabited by endangered species and other protected areas;

require remedial measures to prevent pollution from former operations, such as pit closure and plugging of abandoned wells;

impose substantial liabilities for pollution resulting from operations; and

with respect to operations affecting federal lands or leases, require preparation of a Resource Management Plan, an Environmental Assessment, and/or an Environmental Impact Statement.

These laws, rules and regulations may also restrict the production rate of oil, natural gas and NGL below the rate that would otherwise be possible. The regulatory burden on the industry increases the cost of doing business and consequently affects profitability. Additionally, Congress and federal and state agencies frequently revise environmental laws and regulations, and any changes that result in more stringent and costly waste handling, disposal and cleanup requirements for the oil and natural gas industry could have a significant impact on operating costs.

The environmental laws and regulations applicable to LINN and its operations include, among others, the following U.S. federal laws and regulations:

Clean Air Act, and its amendments, which governs air emissions;

Clean Water Act, which governs discharges to and excavations within the waters of the U.S.;

Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), which imposes liability where hazardous releases have occurred or are threatened to occur (commonly known as Superfund);

Energy Independence and Security Act of 2007, which prescribes new fuel economy standards and other energy saving measures;

National Environmental Policy Act, which governs oil and natural gas production activities on federal lands;

Resource Conservation and Recovery Act (RCRA), which governs the management of solid waste;

Safe Drinking Water Act, which governs the underground injection and disposal of wastewater; and

U.S. Department of Interior regulations, which impose liability for pollution cleanup and damages.

Various states regulate the drilling for, and the production, gathering and sale of, oil, natural gas and NGL, including imposing production taxes and requirements for obtaining drilling permits. States also regulate the method of developing new fields, the spacing and operation of wells and the prevention of waste of resources. States may regulate rates of production and may establish maximum daily production allowables from natural gas wells based on market demand or resource conservation, or both. States do not regulate wellhead prices or

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engage in other similar direct economic regulations, but there can be no assurance that they will not do so in the future. The effect of these regulations may be to limit the amounts of oil, natural gas and NGL that may be produced from LINN s wells and to limit the number of wells or locations it can drill. The oil and natural gas industry is also subject to compliance with various other federal, state and local regulations and laws. Some of those laws relate to occupational safety, resource conservation and equal opportunity employment.

LINN believes that it substantially complies with all current applicable environmental laws and regulations and that continued compliance with existing requirements will not have a material adverse impact on its financial condition or results of operations. Future regulatory issues that could impact LINN include new rules or legislation regulating greenhouse gas emissions, hydraulic fracturing and air emissions.

Climate Change

In response to recent studies suggesting that emissions of carbon dioxide and certain other gases may be contributing to warming of the Earth s atmosphere, the EPA has adopted regulations under existing provisions of the federal Clean Air Act that require a reduction in emissions of greenhouse gases (GHG) from motor vehicles and trigger construction and operating permit review for GHG emissions from certain stationary sources. Thus, on June 3, 2010, the EPA issued a final rule to address permitting of GHG emissions from stationary sources under the Clean Air Act s Prevention of Significant Deterioration (PSD) and Title V programs. This final rule tailors the PSD and Title V programs to apply to certain stationary sources of GHG emissions in a multi-step process, with the largest sources first subject to permitting. In addition, on November 8, 2010, the EPA finalized new GHG reporting requirements for upstream petroleum and natural gas systems, which were added to the EPA s existing GHG reporting rule published in 2009. Facilities containing petroleum and natural gas systems that emit 25,000 metric tons or more of CO_2 equivalent per year will now be required to report annual GHG emissions to the EPA, with the first report due on September 28, 2012. In addition, both houses of Congress have considered legislation to reduce emissions of GHGs, and almost one-half of the states have already taken legal measures to reduce emissions of GHGs, primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. Any laws or regulations that may be adopted to restrict or reduce emissions of U.S. greenhouse gases could require LINN to incur increased operating costs, and could have an adverse effect on demand for oil and natural gas.

Hydraulic Fracturing

Hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons from tight formations. The process involves the injection of water, sand and chemicals under pressure into formations to fracture the surrounding rock and stimulate production. Hydraulic fracturing operations have historically been overseen by state regulators as part of their oil and natural gas regulatory programs. However, the EPA has asserted federal regulatory authority over hydraulic fracturing involving diesel additives under the Safe Drinking Water Act s Underground Injection Control Program and has recently released draft permitting guidance documents related to this newly asserted regulatory authority. Moreover, on November 23, 2011, the EPA announced that it was granting, in part, a petition to initiate rulemaking under the Toxic Substances Control Act (TSCA), relating to chemical substances and mixtures used in oil and natural gas exploration or production. Further, on May 11, 2012, the Department of the Interior s Bureau of Land Management (BLM) issued a proposed rule that, if adopted, would require public disclosure of chemicals used in hydraulic fracturing operations after fracturing operations have been completed and would strengthen standards for well-bore integrity and management of fluids that return to the surface during and after fracturing operations on federal and Indian lands. In addition, legislation has been introduced before Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the fracturing process. If adopted, these bills could result in additional permitting requirements for hydraulic fracturing operations as well as various restrictions on those operations. These permitting requirements and restrictions could result in delays in operations at well sites and also increased costs to make wells productive.

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There are also certain governmental reviews either underway or being proposed that focus on environmental aspects of hydraulic-fracturing practices. The White House Council on Environmental Quality is coordinating an administration-wide review of hydraulic-fracturing practices, and a committee of the United States House of Representatives has conducted an investigation of hydraulic-fracturing practices. Furthermore, a number of federal agencies are analyzing, or have been requested to review, a variety of environmental issues associated with hydraulic fracturing. The EPA has commenced a study of the potential environmental effects of hydraulic fracturing on drinking water and groundwater, with initial results expected to be available by late 2012 and final results by 2014. In addition, the U.S. Department of Energy is conducting an investigation into practices the agency could recommend to better protect the environment from drilling using hydraulic-fracturing completion methods. Also, the U.S. Department of the Interior is considering disclosure requirements or other mandates for hydraulic fracturing on federal lands. These on-going or proposed studies, depending on their course and any meaningful results obtained, could spur initiatives to further regulate hydraulic fracturing under the Safe Drinking Water Act or other regulatory mechanisms. Moreover, some states have adopted, and other states are considering adopting, regulations that could restrict hydraulic fracturing in certain circumstances. For example, both Texas and Louisiana have adopted disclosure regulations requiring varying degrees of disclosure of the constituents in hydraulic fracturing fluids. Any such added regulation in states where LINN operates could lead to operational delays, increased operating costs and additional regulatory burdens, and reduced production of oil and natural gas, which could adversely affect LINN s revenues and results of operations.

Endangered Species Act

The federal Endangered Species Act (ESA) restricts activities that may affect endangered and threatened species or their habitats. Some of LINN s operations may be located in areas that are designated as habitat for endangered or threatened species. LINN believes that it is currently in substantial compliance with the ESA. However, the designation of previously unprotected species as being endangered or threatened could cause LINN to incur additional costs or become subject to operating restrictions in areas where the species are known to exist.

Air Emissions

On April 17, 2012, the Environmental Protection Agency (EPA) issued final rules that subject oil and natural gas production, processing, transmission and storage operations to regulation under the New Source Performance Standards (NSPS) and National Emission Standards for Hazardous Air Pollutants (NESHAP) programs. The EPA rules include NSPS standards for completions of hydraulically fractured natural gas wells. These standards require that prior to January 1, 2015 owners/operators reduce VOC emissions from natural gas not sent to the gathering line during well completion either by flaring or by capturing the gas using green completions with a completion combustion device. Beginning January 1, 2015, operators must capture the gas and make it available for use or sale, which can be done through the use of green completions. The standards are applicable to newly fractured wells as well as existing wells that are refractured. Further, the finalized regulations also establish specific new requirements, effective in 2012, for emissions from compressors, controllers, dehydrators, storage tanks, gas processing plants and certain other equipment. These rules may require changes to our operations, including the installation of new equipment to control emissions. LINN is currently evaluating the effect these rules will have on its business.

LINN cannot predict how future environmental laws and regulations may impact its properties or operations. For the year ended December 31, 2011, LINN did not incur any material capital expenditures for installation of remediation or pollution control equipment at any of LINN s facilities. LINN is not aware of any environmental issues or claims that will require material capital expenditures during 2012 or that will otherwise have a material impact on its financial position or results of operations.

Employees

As of December 31, 2011, LINN employed approximately 824 personnel. None of the employees are represented by labor unions or covered by any collective bargaining agreement. LINN believes that its relationship with its employees is satisfactory.

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MANAGEMENT

Our business and affairs will be managed by a board of directors.

The following table sets forth specific information for our executive officers and directors. All of our directors are elected annually by, and may be removed by, LINN as the owner of our sole voting share. Executive officers are appointed for one-year terms.

Name	Age	Position with LinnCo	Position with LINN
Mark E. Ellis	56	Chairman, President and Chief Executive Officer; Director	Chairman, President and Chief Executive Officer; Director
Kolja Rockov	41	Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer
Arden L. Walker, Jr.	52	Executive Vice President and Chief Operating Officer	Executive Vice President and Chief Operating Officer
Charlene A. Ripley	48	Senior Vice President and General Counsel	Senior Vice President and General Counsel
David B. Rottino	46	Senior Vice President and Chief Accounting Officer	Senior Vice President of Finance, Business Development and Chief Accounting Officer
George A. Alcorn	80	Independent Director	Independent Director
David D. Dunlap	50	Independent Director	Independent Director
Terrence S. Jacobs	69	Independent Director	Independent Director
Michael C. Linn	60	Director	Founder and Director
Joseph P. McCoy	61	Independent Director	Independent Director
Jeffrey C. Swoveland	57	Independent Director	Independent Director

Mark E. Ellis is our Chairman, President and Chief Executive Officer and has served in such capacity since April 2012. Mr. Ellis was appointed to our board of directors in April 2012. He is also the Chairman, President and Chief Executive Officer of LINN and has served in such capacity since December 2011. He also serves on the board of LINN, to which he was appointed in January 2010. He previously served as President, Chief Executive Officer and Director of LINN from January 2010 to December 2011. From December 2007 to January 2010, Mr. Ellis served as President and Chief Operating Officer of LINN and from December 2006 to December 2007, Mr. Ellis served as Executive Vice President and Chief Operating Officer of LINN. Mr. Ellis serves on the boards of America s Natural Gas Alliance, Houston Museum of Natural Science, The Cynthia Woods Mitchell Pavilion, Industry Board of Petroleum Engineering at Texas A&M University and the Visiting Committee of Petroleum Engineering at the Colorado School of Mines.

Kolja Rockov is an Executive Vice President and Chief Financial Officer of LinnCo and has served in such capacity since April 2012. Mr. Rockov is also an Executive Vice President and the Chief Financial Officer of Linn Energy, LLC and has served in such capacity since March 2005. Mr. Rockov has more than 15 years of experience in the oil and natural gas finance industry. From October 2004 until he joined LINN in March 2005, Mr. Rockov served as a Managing Director in the Energy Group at RBC Capital Markets, where he was primarily responsible for investment banking coverage of the U.S. exploration and production sector. Mr. Rockov is a member of the Board of Small Steps Nurturing Center in Houston.

Arden L. Walker, Jr. is an Executive Vice President of LinnCo and has served in such capacity since April 2012. Mr. Walker is also an Executive Vice President and the Chief Operating Officer of Linn Energy, LLC and has

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served in such capacity since January 2011. From January 2010 to January 2011, Mr. Walker served as Senior Vice President and Chief Operating Officer of Linn Energy, LLC. Mr. Walker joined of Linn Energy, LLC in February 2007 as Senior Vice President Operations and Chief Engineer to oversee its Texas, Oklahoma and California operations. He is currently responsible for oversight of LINN s operations in all regions. From April 2006 until he joined LINN in February 2007, Mr. Walker served as Asset Development Manager, San Juan Business Unit, for ConocoPhillips Company. From June 2004 to April 2006, Mr. Walker served as General Manager, Asset Development, in the San Juan Division for Burlington Resources. Mr. Walker is a member of the Society of Petroleum Engineers and Independent Petroleum Association of America. He currently serves on the Board of Directors for the Sam Houston Area Council of the Boy Scouts of America and Theatre Under The Stars.

Charlene A. Ripley is a Senior Vice President and the General Counsel and Corporate Secretary of LinnCo and has served in that position since April 2012. She is also a Senior Vice President and the General Counsel and Corporate Secretary of Linn Energy, LLC and has served in that position since April 2007. Prior to joining LINN, Ms. Ripley held the position of Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer at Anadarko Petroleum Corporation from 2006 until April 2007 and served as Vice President, General Counsel and Corporate Secretary from 2004 until 2006. Ms. Ripley currently chairs the Oil and Gas Practice Committee of the Institute for Energy Law and serves on the board of the Texas General Counsel Forum. In addition, Ms. Ripley serves on the advisory boards of the Women s Energy Network and Executive Women s Partnership of the Greater Houston Partnership and serves on several nonprofit boards including the Impact Youth Development Center, Girls Inc. and the American Heart Association of Houston. She is also a member of the United Way of Greater Houston Women s Initiative.

David B. Rottino is a Senior Vice President and the Chief Accounting Officer of LinnCo and has served in that position since April 2012. He is also the Senior Vice President of Finance, Business Development and Chief Accounting Officer of Linn Energy, LLC and has served in that position since July 2010. From June 2008 to July 2010, Mr. Rottino served as the Senior Vice President and Chief Accounting Officer of Linn Energy, LLC. He served as Vice President and E&P Controller for El Paso Corporation from June 2006 to May 2008. Prior to joining El Paso Corporation, Mr. Rottino served as Assistant Controller for ConocoPhillips from April 2006 to June 2006. He was Vice President and Chief Financial Officer for the Canadian division of Burlington Resources from July 2005 to April 2006. Mr. Rottino is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants and Texas Society of Certified Public Accountants. In addition, he currently serves on the Board of Camp for All.

George A. Alcorn was appointed to our Board of Directors in April 2012. Mr. Alcorn is an independent director. Mr. Alcorn also serves on the board of LINN, to which he was appointed in January 2006, and is Chairman of LINN s Nominating and Governance Committee. Mr. Alcorn has served as President of Alcorn Exploration, Inc., a private exploration and production company, since 1982. Mr. Alcorn is also a member of the board of directors of EOG Resources, Inc. He is a past chairman of the Independent Petroleum Association of America and a founding member and past chairman of the Natural Gas Council.

David D. Dunlap was appointed to our Board of Directors in May 2012. Mr. Dunlap is an independent director. Mr. Dunlap also serves on the board of LINN, to which he was appointed in May 2012. Mr. Dunlap has served as Chief Executive Officer, since April 2010, and President, since February 2011, of Superior Energy Services, Inc. From 2007 until April 2010, Mr. Dunlap served as Executive Vice President Chief Operating Officer of BJ Services Company, a well services provider. Mr. Dunlap also currently serves on the board of directors of Superior Energy Services, Inc.

Terrence S. Jacobs was appointed to our Board of Directors in April 2012. Mr. Jacobs is an independent director. Mr. Jacobs also serves on the board of LINN, to which he was appointed in January 2006. Mr. Jacobs has served as LINN s Lead Director since January 2012. Since 1995, Mr. Jacobs has served as President and CEO of Penneco Oil Company, which provides ongoing leasing, marketing, exploration and drilling operations for natural gas and crude oil in Pennsylvania, West Virginia and Wyoming. Mr. Jacobs currently serves on the boards of directors of Penneco Oil Company and affiliates, CMS Mid-Atlantic, Inc., the Pennsylvania

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Independent Oil and Gas Association and Duquesne University. Mr. Jacobs served as President of the Independent Oil and Gas Association of Pennsylvania from 1999 to 2001 and from 2003 to 2005 and has served as a director of the Independent Petroleum Association of America for the states of Delaware, Maryland, Pennsylvania and New York West from 2000-2006. He is a member of the National Petroleum Council, and he is presently serving as Chairman of the Tax Committee of the Independent Petroleum Association of America. Mr. Jacobs is a Certified Public Accountant in Pennsylvania.

Michael C. Linn was appointed to our Board of Directors in April 2012. He is also the Founder of LINN and has served as a Director of LINN since December 2011. Prior to that, he was Executive Chairman of the Board of Directors of LINN since January 2010. He served as Chairman and Chief Executive Officer of LINN from December 2007 to January 2010; Chairman, President and Chief Executive Officer of LINN from June 2006 to December 2007; and President, Chief Executive Officer and Director of LINN from March 2003 to June 2006. Following his retirement as an officer of LINN, Mr. Linn formed MCL Ventures LLC, a private investment vehicle that will focus on purchasing oil and gas royalty as well as non-operated interests in oil and gas wells, subject to the non-competition provisions in his retirement agreement with LINN. Mr. Linn serves on the National Petroleum Council and Natural Gas Council. He serves on the board of the Independent Petroleum Association of America (IPAA) and is Chairman of the IPAA Political Action Committee and past Chairman of IPAA. He serves as the Texas Representative for the Legal and Regulatory Affairs Committee of the Interstate Oil and Gas Compact Commission. He previously served as Chairman of the National Gas Council and Director of the Natural Gas Supply Association. He is former President of the Independent Oil and Gas Associations of New York, Pennsylvania and West Virginia. His civic affiliations include serving on the boards of the Texas Heart Institute, Museum of Fine Arts, Houston, Texas Children s Hospital, Houston Children s Charity, Houston Police Foundation and on the Visitors Board of the MD Anderson Cancer Center. He is the Chairman of the Texas Children s Hospital Compensation Committee. In February 2012, Mr. Linn joined the board of directors of Nabors Industries Ltd.

Joseph P. McCoy was appointed to our Board of Directors in April 2012. Mr. McCoy is an independent director and will serve as Chairman of our Audit Committee. Mr. McCoy also serves on the board of LINN, to which he was appointed in September 2007, and is Chairman of LINN s Audit Committee. Mr. McCoy served as Senior Vice President and Chief Financial Officer of Burlington Resources Inc. from 2005 until 2006 and Vice President and Controller (Chief Accounting Officer) of Burlington Resources Inc. from 2001 until 2005. Prior to joining Burlington Resources, Mr. McCoy spent 27 years with Atlantic Richfield and affiliates in a variety of financial positions. Mr. McCoy joined the Board of Directors of Global Geophysical Services, Inc. and Scientific Drilling International during 2011 and served as a member of the board of directors of Rancher Energy, Inc. and BPI Energy Corp. from 2007 to 2009. Since 2006, other than his service on our board of directors and the other boards identified above, Mr. McCoy has been retired.

Jeffrey C. Swoveland was appointed to our Board of Directors in April 2012. Mr. Swoveland is an independent director. Mr. Swoveland also serves on the board of LINN, to which he was appointed in January 2006, and is Chairman of LINN s Compensation Committee. Since June 2009, Mr. Swoveland has served as the Chief Executive Officer of ReGear Life Sciences (formerly known as Coventina Healthcare Enterprises), a medical device company that develops and markets products which reduce pain and increase the rate of healing through therapeutic, deep tissue heating. From May 2006 to June 2009, Mr. Swoveland served as Chief Operating Officer of ReGear Life Sciences. From 2000 to 2006, he served as Chief Financial Officer of BodyMedia, a life-science and bioinformatics company. From 1994 to 2000, he served as Director of Finance, VP Finance & Treasurer and Interim Chief Financial Officer of Equitable Resources, Inc., a diversified natural gas company. Mr. Swoveland is also a member of the board of directors of PDC Energy.

Our Board of Directors

All of our directors currently serve as directors of LINN. We anticipate that we will have an audit committee composed of our five independent directors, Messrs. Alcorn, Dunlap, Jacobs, McCoy and Swoveland, upon the closing of the sale of shares offered by this prospectus.

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Our Executive Compensation

Our executive officers and employees are also executive officers of, or employed directly by, LINN. LINN will make compensation decisions for, and pay compensation directly to, such individuals, and they will not receive additional compensation from us. As such, we have not paid or accrued any obligations with respect to compensation or benefits for our executive officers or employees. We do not expect to pay any salaries, bonuses or equity awards to such executive officers or employees.

LINN s Executive Compensation

Compensation Discussion and Analysis

LINN uses traditional compensation elements of base salary, annual cash incentives, long-term equity based incentives, and employee benefits to deliver attractive and competitive compensation. LINN s executive compensation programs are administered by an independent compensation committee, with assistance from an independent consultant. LINN generally targets the median of its peer group for total compensation, while providing the Named Officers with an opportunity to earn higher levels of incentive pay based on company performance. LINN s Named Officers for 2011 discussed below are Michael C. Linn, its former Executive Chairman, Mark E. Ellis, its Chairman, President and Chief Executive Officer, Kolja Rockov, its Executive Vice President and Chief Financial Officer, Arden L. Walker, Jr., its Executive Vice President and Chief Operating Officer and Charlene A. Ripley, its Senior Vice President and General Counsel. Effective December 31, 2011, Michael C. Linn retired as an officer of LINN and Mark E. Ellis succeeded Mr. Linn as Chairman of LINN s board of directors. Mr. Linn continues to serve as a director.

This Compensation Discussion and Analysis addresses the following topics:

- the role of the compensation committee of LINN s board of directors (the Compensation Committee) in establishing executive compensation;
- LINN s process for setting executive compensation;
- LINN s compensation philosophy and policies regarding executive compensation; and
- LINN s compensation decisions with respect to Named Officers.

The Compensation Committee

The Compensation Committee has overall responsibility for the approval, evaluation and oversight of all LINN s compensation plans, policies and programs. The fundamental responsibilities of the Compensation Committee are to: (i) establish the goals, objectives and policies relevant to the compensation of LINN s senior management, and evaluate performance in light of those goals to determine compensation levels, (ii) approve and administer LINN s incentive compensation plans, (iii) set compensation levels and make awards under incentive compensation plans that are consistent with LINN s compensation principles and its performance, and (iv) review LINN s disclosure relating to compensation. The Compensation Committee also has responsibility for evaluating compensation paid to LINN s non-employee directors.

The Compensation Setting Process

Compensation Committee Meetings

LINN s Compensation Committee holds regular quarterly meetings each year, which coincide with LINN s quarterly board meetings. It also holds additional meetings as required to carry out its duties. The Compensation Committee Chairman works with LIN