

LINN ENERGY, LLC
Form DEF 14A
March 12, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Linn Energy, LLC
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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LINN ENERGY, LLC

600 Travis, Suite 5100

Houston, Texas 77002

NOTICE OF ANNUAL MEETING OF UNITHOLDERS

To Be Held on April 24, 2012

Dear Unitholder:

You are cordially invited to attend the 2012 Annual Meeting of Unitholders (Annual Meeting) of Linn Energy, LLC, a Delaware limited liability company (LINN Energy), which will be held on Tuesday, April 24, 2012, at 10:00 a.m., Central Standard Time, at the Chase Tower Auditorium, 601 Travis Street, Houston, Texas 77002.

The Annual Meeting will be held for the following purposes:

1. To elect six directors to LINN Energy's Board of Directors to serve until the 2013 Annual Meeting of Unitholders;
2. To ratify the appointment of KPMG LLP as independent public accountant of LINN Energy for the fiscal year ending December 31, 2012; and
3. To transact such other business as may properly come before the Annual Meeting and any reconvened meeting following any adjournments or postponements of the meeting.

Additional information regarding the Annual Meeting is set forth in the attached Proxy Statement. Only unitholders of record at the close of business on March 1, 2012 are entitled to receive notice of and to vote at the Annual Meeting or any reconvened meeting following any adjournments or postponement thereof. A list of our unitholders will be available for examination at the Annual Meeting and at our Houston office at least ten days prior to the Annual Meeting.

By Order of the Board of Directors,

Candice J. Wells

Corporate Secretary

Houston, Texas

March 12, 2012

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING,
PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED POSTAGE-PAID
RETURN ENVELOPE AS PROMPTLY AS POSSIBLE. IF YOU ATTEND THE MEETING AND SO DESIRE,**

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YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE

UNITHOLDERS MEETING TO BE HELD ON APRIL 24, 2012.

This Proxy Statement and our 2011 Annual Report are available at *www.proxyvote.com*.

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LINN ENERGY, LLC

600 Travis, Suite 5100

Houston, Texas 77002

PROXY STATEMENT

Annual Meeting of Unitholders

To Be Held on Tuesday, April 24, 2012

This Proxy Statement is being furnished to you in connection with the solicitation of proxies by and on behalf of the Board of Directors of Linn Energy, LLC (Board), for use at our 2012 Annual Meeting of Unitholders (Annual Meeting) or at any reconvened meeting after any adjournments or postponements thereof. The Annual Meeting will be held on Tuesday, April 24, 2012, at 10:00 a.m., Central Standard Time, at the Chase Tower Auditorium, 601 Travis Street, Houston, Texas 77002. You can obtain directions to the Annual Meeting by calling our Investor Relations line at (281) 840-4110. Only holders of record of units at the close of business on March 1, 2012 (the Record Date) were entitled to notice of, and are entitled to vote at, the Annual Meeting and any reconvened meeting following any adjournments or postponements thereof, unless such adjournment or postponement is for more than 30 days, in which event we will set a new record date. Unless the context requires otherwise, the terms the Company, our, we, us and similar terms refer to Linn Energy, LLC, together with its consolidated subsidiaries.

Internet Availability of Proxy Materials

We have elected to take advantage of the Notice and Access rules adopted by the U.S. Securities and Exchange Commission (the SEC), which allow us to deliver to our unitholders a Notice of Internet Availability of Proxy Materials and to provide internet access to our proxy materials and annual report.

Accordingly, on or about March 12, 2012, we will begin mailing to our unitholders of record a Notice of Internet Availability of Proxy Materials, which we refer to as the Notice of Internet Availability, except for unitholders who have indicated their preference to receive a full, printed set of materials for future meetings, to whom we will begin mailing the requested printed materials on such date. The Notice of Internet Availability will include instructions on accessing and reviewing our proxy materials and our 2011 annual report to unitholders on the internet, and will provide instructions on submitting a proxy on the internet.

At the time we begin mailing our Notice of Internet Availability, we will also first make available on the internet at www.proxyvote.com our meeting notice, our proxy statement and our 2011 annual report to unitholders. Any unitholder may also request a printed copy of these materials by any of the following methods:

internet at www.proxyvote.com;

e-mail at sendmaterial@proxyvote.com; or

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telephone at 1-800-579-1639.

Pursuant to the SEC's rules, our 2011 annual report to unitholders, which includes our audited consolidated financial statements, is not considered a part of, or incorporated by reference in, the proxy solicitation materials.

Proposals

At our 2012 Annual Meeting, we are asking our unitholders to consider and act upon proposals to: (1) elect six directors to serve until our 2013 Annual Meeting and (2) ratify the appointment of KPMG LLP as our independent public accountant for the fiscal year ending December 31, 2012.

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Quorum Required

The presence, in person or by proxy, of the holders as of the Record Date of a majority of our outstanding units is necessary to constitute a quorum for purposes of voting on the proposals at the Annual Meeting. Withheld votes, abstentions and broker non-votes (which result when a broker holding shares for a beneficial owner has not received timely voting instructions on certain matters from such beneficial owner and when the broker does not otherwise have discretionary power to vote on a particular matter) will count as present for purposes of establishing a quorum on the proposals.

How to Vote

If you are a holder of our units, you are entitled to one vote at the meeting for each unit that you held as of the Record Date for each proposal and director nominee. If you do not wish to vote for a particular director nominee, you must clearly identify such nominee on your proxy card. Votes withheld will have the same effect as not voting. A plurality of the votes cast by holders of the units present in person or represented by proxy at the meeting and entitled to vote on the election of directors is required to elect each nominee for director. If units are held in street name through a broker and the broker is not given direction on how to vote, the broker will not have discretion to vote such shares on non-routine matters, including the election of directors and advisory votes on executive compensation. Abstentions and broker non-votes, if any, though counted for purposes of determining a quorum, will not be included in the vote totals and therefore will not have any effect on any proposal. For matters other than the election of directors, approval will be determined by a majority of those votes cast affirmatively or negatively by members holding outstanding units and entitled to vote on the matter.

You may vote in person at the Annual Meeting or by proxy. Even if you plan to attend the Annual Meeting, we encourage you to complete, sign and return your proxy card in advance of the Annual Meeting. If you plan to attend the Annual Meeting and wish to vote in person, we will give you a ballot at the meeting. However, please note that if your units are held in street name (in the name of a broker or by a bank or other nominee), you are considered the beneficial owner of these units and proxy materials are being forwarded to you by your broker or nominee, which is considered, with respect to these units, the unitholder of record. As the beneficial owner, you have the right to direct your broker how to vote; however, since you are not the unitholder of record, you may not vote these units in person at the Annual Meeting unless you obtain a legal proxy from your brokerage firm. Please mail your completed, signed and dated proxy card in the enclosed postage-paid return envelope as soon as possible so that your units may be represented at the Annual Meeting.

Revoking Your Proxy

You may revoke your proxy before it is voted at the Annual Meeting as follows: (i) by delivering, before or at the Annual Meeting, a new proxy with a later date; (ii) by delivering, on or before the business day prior to the Annual Meeting, a notice of revocation to our Corporate Secretary at the address set forth in the notice of the Annual Meeting; (iii) by attending the Annual Meeting in person and voting, although your attendance at the Annual Meeting, without actually voting, will not by itself revoke a previously granted proxy; or (iv) if you have instructed a broker to vote your units, you must follow the directions received from your broker to change those instructions.

Outstanding Units Held on Record Date

As of the Record Date, there were 199,356,143 outstanding units entitled to vote at the Annual Meeting.

PROPOSAL ONE: ELECTION OF DIRECTORS

Members of our Board of Directors are elected each year at the annual meeting of unitholders. All six of our current Board members have been nominated to stand for reelection at the Annual Meeting. We encourage our director nominees to attend our annual meetings to provide an opportunity for unitholders to communicate directly with directors about issues affecting our company. We anticipate that all director nominees will attend the Annual Meeting. In 2011, all the current directors attended the annual meeting.

At the Annual Meeting, our unitholders will consider and act upon a proposal to elect six directors to our Board to serve until the 2013 Annual Meeting of Unitholders. Each of the nominees has consented to serve as a director if so elected. Each nominee who is elected to our Board will serve in such capacity until his term expires or his successor has been duly elected and qualified or, if earlier, until such director dies, resigns or is removed. The persons named as proxies in the accompanying proxy card, who have been designated by our Board, intend to vote **FOR** the election of each of the director nominees unless otherwise instructed by a unitholder in a proxy card. If any of these nominees becomes unable for any

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reason to stand for election as a director, the persons named as proxies in the accompanying proxy card will vote for the election of such other person or persons as our Board may recommend and propose to replace such nominee or nominees, or the size of the board may be reduced accordingly; however, the Board is not aware of any circumstances likely to render any nominee unavailable.

Information concerning the six director nominees is set forth below.

Director Nominees

Name	Age	Position with Our Company	Director Since
George A. Alcorn	80	Independent Director	2006
Mark E. Ellis	56	Chairman, President and Chief Executive Officer	2010
Terrence S. Jacobs	69	Independent Director	2006
Michael C. Linn	60	Founder and Director	2003
Joseph P. McCoy	61	Independent Director	2007
Jeffrey C. Swoveland	57	Independent Director	2006

George A. Alcorn was appointed to our Board in January 2006. Mr. Alcorn is an independent director and serves as Chairman of our 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.

Mark E. Ellis is our Chairman, President and Chief Executive Officer and has served in such capacity since December 2011. He previously served as President, Chief Executive Officer and Director from January 2010 to December 2011. From December 2007 to January 2010, Mr. Ellis served as President and Chief Operating Officer and from December 2006 to December 2007, Mr. Ellis served as Executive Vice President and Chief Operating Officer of the Company. 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.

Terrence S. Jacobs was appointed to our Board in January 2006. Mr. Jacobs is an independent director and has served as 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 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 is our Founder and a Director and has served in that capacity since December 2011. Prior to that, he was Executive Chairman of the Board of Directors since January 2010. He served as Chairman and Chief Executive Officer from December 2007 to January 2010; Chairman, President and Chief Executive Officer from June 2006 to December 2007; and President, Chief Executive Officer and Director of the Company from March 2003 to June 2006. Following his retirement as an officer of the Company, 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 the Company. 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.

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Joseph P. McCoy was appointed to our Board in September 2007. Mr. McCoy is an independent director and serves as Chairman of our 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 in January 2006. Mr. Swoveland is an independent director and serves as Chairman of the 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.

Qualifications of Director Nominees

In making its recommendation to nominate the current directors for reelection, the Nominating and Governance Committee of the Board (Nominating Committee) determined that each of George A. Alcorn, Mark E. Ellis, Terrence S. Jacobs, Michael C. Linn, Joseph P. McCoy and Jeffrey C. Swoveland possess the following qualifications:

1. personal and professional integrity and high ethical standards;
2. good business judgment;
3. an excellent reputation in the industry in which the nominee or director is or has been primarily employed;
4. a sophisticated understanding of our business or similar businesses;
5. curiosity and a willingness to ask probing questions of management;
6. the ability and willingness to work cooperatively with other members of the Board and with our Chairman, President and Chief Executive Officer and our other members of senior management; and
7. the ability and willingness to support us with his preparation for, attendance at and participation in Board meetings.

The Nominating Committee further found that each of the nominees possesses the following experience, qualifications, attributes and skills that, combined with those qualifications identified above, led the Nominating Committee to conclude that such nominee should serve as a member of our Board:

1. George A. Alcorn

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As President of Alcorn Exploration, Inc., brings significant knowledge of our business.

Brings significant experience in the oil and natural gas industry, including as former chairman of the IPAA.

As member of board and committees of EOG Resources, Inc., brings experience and expertise serving on public company boards and as nominating committee chair.

2. Mark E. Ellis

As our current Chairman, President and Chief Executive Officer, is well suited to inform the board of significant strategic matters and to lead the Board as Chairman.

Brings significant experience in the oil and natural gas industry, including membership in the Society of Petroleum Engineers.

As an engineer, brings technical expertise.

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3. Terrence S. Jacobs

As President of Penneco, brings significant knowledge of our business.

Brings significant experience in the oil and natural gas industry, including as director of the IPAA for the states of Delaware, Maryland, Pennsylvania and New York.

As a Certified Public Accountant, brings significant financial expertise.

4. Michael C. Linn:

As our founder, brings historical knowledge and strategic experience and is well suited to serve as a link between the Board and management.

Brings significant experience in the oil and natural gas industry, including as former chairman of the IPAA.

As an attorney, brings legal expertise.

5. Joseph P. McCoy

As former Chief Financial Officer of Burlington Resources Inc., brings significant knowledge of our business.

As former director of Rancher Energy, Inc. and BPI Energy Corp. and current director of Global Geophysical Services, Inc. and Scientific Drilling International brings experience serving on public company boards.

As former Chief Financial Officer and Chief Accounting Officer of Burlington Resources Inc., brings significant financial expertise and experience in the preparation and review of financial statements and disclosure documents.

6. Jeffrey C. Swoveland

As former Vice President and Treasurer and Interim Chief Financial Officer of Equitable Resources, Inc., brings significant financial expertise and experience in the preparation and review of financial statements and disclosure documents.

Brings expertise and experience in banking, including credit/financial analysis.

As director and former chair of the audit and compensation committees of PDC Energy, brings experience serving on public company boards and as compensation committee chair.

Required Vote

Our limited liability company agreement provides for plurality voting in the election of directors, and directors will be elected by a plurality of the votes cast for a particular position. Each outstanding unit shall be entitled to one vote on all matters submitted to members for approval and in the election of directors.

With respect to the Annual Meeting, we have six nominees and six available board seats. Each properly executed proxy received in time for the Annual Meeting will be voted as specified therein. The six nominees receiving the most votes cast at the Annual Meeting will be elected to our Board.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT UNITHOLDERS VOTE FOR THE ELECTION OF EACH OF THE SIX NOMINEES FOR DIRECTOR.

CORPORATE GOVERNANCE

Director Independence

The Nominating Committee reviews director independence on an annual basis and makes a threshold determination as to the status of each director's independence. After this initial determination is made, the Nominating Committee makes a recommendation to the full Board, who then ultimately determine director independence. This subjective determination is made by considering all direct or indirect business relationships between each director (including his immediate family) and our company, as well as relationships between our company and charitable organizations with which the director is affiliated. The full Board, upon recommendation by the Nominating Committee, has determined that Messrs. Alcorn, Jacobs, McCoy and Swoveland qualify as independent in accordance with the published listing requirements of The NASDAQ Global Select Market (NASDAQ). The NASDAQ independence definition includes a series of objective tests, including that the director is not an employee of our company and has not engaged in various types of business dealings with our company. In addition, as further required by the NASDAQ rules, the Nominating Committee has made a subjective determination as to each independent director that no relationships exist which, in the opinion of the Nominating Committee, would interfere with the exercise of his independent judgment in carrying out the responsibilities of a director. Mr. Linn is not independent by virtue of employment within the last three years with our Company and Mr. Ellis is not independent by virtue of his role as our Chairman, President and Chief Executive Officer. During the Board of Director's most recent review of independence, the Board specifically considered that Mr. Jacobs has served as President of Penneco, which provides ongoing

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leasing, marketing, exploration and drilling operations for natural gas and crude oil in Western Pennsylvania and West Virginia and from which we have purchased natural gas in the past. We made no purchases from Penneco in 2011 and do not expect any future purchases. After consideration, our Board has determined that this relationship would not interfere with Mr. Jacobs' independent judgment as a Board member.

In addition, the members of the Audit Committee of our Board each qualify as independent under standards established by the SEC for members of audit committees, and the Audit Committee includes at least one member who is determined by our Board to meet the qualifications of an audit committee financial expert in accordance with SEC rules. Mr. McCoy is the independent director who has been determined to be an audit committee financial expert. Unitholders should understand that this designation is a disclosure requirement of the SEC related to Mr. McCoy's experience and understanding with respect to certain accounting and auditing matters. The designation does not impose on Mr. McCoy any duties, obligations or liability that are greater than are generally imposed on him as a member of the Audit Committee and Board, and his designation as an audit committee financial expert pursuant to this SEC requirement does not affect the duties, obligations or liability of any other member of the Audit Committee or Board.

Governance Guidelines and Codes of Ethics

Our Board has adopted Corporate Governance Guidelines to assist it in the exercise of its responsibility to provide effective governance over our affairs for the benefit of our unitholders. In addition, we have adopted a Code of Business Conduct and Ethics, which sets forth legal and ethical standards of conduct for all our employees, as well as our directors. We also have adopted a separate code of ethics which applies to our Chief Executive Officer and Senior Financial Officers. All of these documents are available on our website, www.linnenergy.com, and will be provided free of charge to any unitholder requesting a copy by writing to our Corporate Secretary, Linn Energy, LLC, 600 Travis, Suite 5100, Houston, Texas 77002. If any substantive amendments are made to the Code of Ethics for Chief Executive Officer and Senior Financial Officers or if we grant any waiver, including any implicit waiver, from a provision of such code, we will disclose the nature of such amendment or waiver within four business days on our website. The information on our website is not, and shall not be deemed to be, a part of this Proxy Statement or incorporated into any other filings we make with the SEC.

Communications to Our Board of Directors

Our Board has a process in place for communication with unitholders. Unitholders should initiate any communications with our Board in writing and send them to our Board c/o Charlene A. Ripley, Senior Vice President and General Counsel, Linn Energy, LLC, 600 Travis, Suite 5100, Houston, Texas 77002. All such communications will be forwarded to the appropriate directors. This centralized process will assist our Board in reviewing and responding to unitholder communications in an appropriate manner. If a unitholder wishes for a particular director or directors to receive any such communication, the unitholder must specify the name or names of any specific Board recipient or recipients in the communication. Communications to our Board must include the number of units owned by the unitholder as well as the unitholder's name, address, telephone number and email address, if any.

Meetings of Our Board of Directors; Executive Sessions

Our Board holds regular and special meetings from time to time as may be necessary. Regular meetings may be held without notice on dates set by our Board from time to time. Special meetings of our Board may be called with reasonable notice to each member upon request of the Chairman of the Board or upon the written request of any three Board members. A quorum for a regular or special meeting will exist when a majority of the members are participating in the meeting either in person or by conference telephone. Any action required or permitted to be taken at a Board meeting may be taken without a meeting, without prior notice and without a vote if all of the members sign a written consent authorizing the action.

During 2011, our Board held four regular and five special meetings. The standing Committees of our Board held an aggregate of 19 meetings during this period. Each director attended at least 75% of the aggregate number of meetings of the Board and Committees on which he served.

The Corporate Governance Guidelines adopted by our Board provide that the independent directors will meet in executive session at least quarterly, or more frequently if necessary. Beginning in 2012, the lead director will chair the executive sessions of the independent directors.

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Leadership Structure

Effective December 31, 2011, Michael C. Linn retired as Executive Chairman of the Board and Mark E. Ellis was named Chairman of the Board. The Nominating Committee believes that Mr. Ellis serving as both Chairman and Chief Executive Officer is the most effective leadership structure for us because it makes clear that the Chairman of the Board and CEO is responsible for managing our business under the oversight and review of our Board, and enables our CEO to act as a bridge between management and the Board, helping both to act with a common purpose.

Lead Director

With the retirement of Mr. Linn in 2011, the Board reevaluated its view on the appointment of an independent lead director and determined to add that role for 2012. In January 2012, the Board, upon the recommendation of the Nominating Committee, appointed Mr. Jacobs as independent lead director. The lead director will be annually elected by and from the independent directors of the Board. The lead director has clearly defined leadership authority and responsibilities, which include presiding at all meetings of the Board at which the Chairman of the Board is not present, including executive sessions of the independent directors, and serving as liaison between the Chairman of the Board and the independent directors. Our lead director is afforded direct and complete access to the Chairman of the Board at any time as such director deems necessary or appropriate.

Risk Oversight

We maintain an Enterprise Risk Management Committee (ERM Committee) composed of members of senior management across all functions of the Company. The ERM Committee is led by our General Counsel and is tasked with coordinating risk management efforts across the organization to ensure appropriate protection and preservation of our employees, financial integrity, and physical assets. In particular the ERM Committee ensures that sound policies, procedures and practices are in place for the enterprise-wide management of our material risks, and provides regular reports to the Board.

In 2011, the ERM Committee provided regular status updates on the ERM Committee's activities to the Board. The Board provides oversight of our major risk exposures and the steps management has taken to monitor and manage such exposures. The Board also consults with the Compensation Committee of the Board regarding our major risk exposures and whether our compensation policies and practices create risks that are reasonably likely to have a material adverse effect on us. In January 2012, the Compensation Committee determined that, with respect to 2011, our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on us.

Committees of Our Board of Directors

Our Board currently has standing Audit, Compensation, and Nominating and Governance Committees. Each member of these Committees is an independent director in accordance with the NASDAQ listing standards described above and applicable SEC rules. Our Board has adopted a written charter for each of these Committees, which sets forth each Committee's purposes, responsibilities and authority. Each Committee reviews and assesses on an annual basis the adequacy of its charter and recommends any proposed modifications. These committee charters are available on our website at www.linnenergy.com. You may also contact Candice Wells, our Corporate Secretary at Linn Energy, LLC, 600 Travis, Suite 5100, Houston, Texas 77002, to request paper copies free of charge. The following is a brief description of the functions and operations of the standing Committees of our Board.

Audit Committee

The Audit Committee assists our Board in its general oversight of our financial reporting, internal controls and audit functions, and is directly responsible for the appointment, retention, compensation and oversight of the work of our independent public accountant. During 2011, the Audit Committee held seven meetings. The Audit Committee is currently comprised of four directors: Mr. McCoy (Chairman), Mr. Alcorn, Mr. Jacobs and Mr. Swoveland. Each member of the Audit Committee is independent as defined by the NASDAQ listing standards and applicable SEC rules, and is financially literate. Mr. McCoy has been designated the audit committee financial expert.

Our Audit Committee also reviews related party transactions and other specific matters that our Board believes may involve conflicts of interest. The Audit Committee determines if the related party transaction or resolution of the conflict of interest is in the best interest of our company. In accordance with our limited liability company agreement, any conflict of interest matters approved by the Audit Committee will be conclusively deemed to be fair and reasonable to our company and approved by all of our Unitholders. The report of our Audit Committee appears under the heading "Report of the Audit Committee" on page 9 of this Proxy Statement.

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Compensation Committee

The Compensation Committee's primary responsibilities are to: (i) approve the compensation arrangements for our senior management and for our Board members, including establishment of salaries and bonuses and other compensation for our executive officers, (ii) to approve any compensation plans in which our officers and directors are eligible to participate and to administer such plans, including the granting of equity awards or other benefits under any such plans and (iii) to review and discuss with our management the Compensation Discussion and Analysis to be included in our annual proxy statement. The Compensation Committee also oversees the preparation of the report on executive compensation for inclusion in the annual proxy statement.

During 2011, the Compensation Committee held eight meetings. The Compensation Committee is currently comprised of four directors: Mr. Swoveland (Chairman), Mr. Alcorn, Mr. Jacobs and Mr. McCoy. Each of the Compensation Committee members is independent as defined by the NASDAQ listing standards. All Compensation Committee members are also non-employee directors as defined by Rule 16b-3 under the Securities Exchange Act of 1934, as amended (Exchange Act) and outside directors under Rule 162(m) of the Internal Revenue Code. The report of our Compensation Committee appears under the heading Compensation Committee Report on page 24 of this Proxy Statement.

Procedures and Processes for Determining Executive and Director Compensation

Please refer to Compensation Discussion and Analysis, The Compensation Committee, on page 12 of this Proxy Statement for a discussion of the Compensation Committee's procedures and processes for making compensation determinations.

Compensation Committee Interlocks and Insider Participation

No member of our Compensation Committee serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board or Compensation Committee. No member of our Compensation Committee has ever been an officer or employee of ours. There are no family relationships among any of our directors or executive officers.

Nominating and Governance Committee

The Nominating Committee's primary responsibilities are to: (i) develop criteria, recruit and recommend candidates for election to our Board, (ii) develop and recommend corporate governance guidelines to our Board, and to assist our Board in implementing such guidelines, (iii) lead our Board in its annual review of the performance of the Board and its Committees, (iv) review and recommend to the Board amendments, as appropriate to our Code of Business Conduct and Ethics and our Code of Ethics for Chief Executive Officer and Senior Financial Officers and (v) assess the independence of each non-employee director and to determine whether a director qualifies as an audit committee financial expert. The Nominating Committee will consider the following qualifications, along with such other individual qualities the Board identifies from time to time, for director nominees:

personal and professional integrity and high ethical standards;

good business judgment;

an excellent reputation in the industry in which the nominee or director is or has been primarily employed;

a sophisticated understanding of our business or similar businesses;

curiosity and a willingness to ask probing questions of management;

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the ability and willingness to work cooperatively with other members of the Board and with the Chief Executive Officer and other senior management; and

the ability and willingness to support us with his or her preparation for, attendance at and participation in Board meetings.

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The Nominating Committee will evaluate each nominee based upon a consideration of a nominee's qualification as independent and consideration of diversity, age, skills and experience in the context of the needs of the Board as described in our Corporate Governance Guidelines. The Nominating Committee does not have a policy with regard to the consideration of diversity in identifying director nominees. Diversity, including diversity of experience, professional expertise, gender, race and age, is one factor outlined in our Corporate Governance Guidelines that the Nominating Committee considers in evaluating a nominee. The Nominating Committee may rely on various sources to identify director nominees. These include input from directors, management, professional search firms and others that the Nominating Committee feels are reliable.

The Nominating Committee will consider director candidate suggestions made by unitholders in the same manner as other candidates. Any such nominations, together with appropriate biographical information, should be submitted to the Chairman of the Nominating and Governance Committee, c/o Candice Wells, Corporate Secretary, Linn Energy, LLC, 600 Travis, Suite 5100, Houston, Texas 77002. For other procedures that must be followed in order for the Committee to consider recommendations from unitholders, please read "Unitholder Proposals and Director Nominations Recommendation of Director Candidates to the Nominating and Governance Committee." In 2011, the Nominating Committee held four meetings. The Nominating Committee is currently comprised of four directors: Mr. Alcorn (Chairman), Mr. Jacobs, Mr. McCoy, and Mr. Swoveland. Each member of the Nominating Committee is independent as defined by the NASDAQ listing standards.

Report of the Audit Committee

The Audit Committee oversees our financial reporting process on behalf of the Board. Management has the primary responsibility for the preparation of the financial statements and the reporting process, including the systems of internal control.

With respect to the consolidated financial statements for the year ended December 31, 2011, the Audit Committee reviewed and discussed the consolidated financial statements of Linn Energy, LLC and the quality of financial reporting with management and the independent public accountant. It also discussed with the independent public accountant the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T. The Audit Committee also discussed with the independent public accountant its independence from Linn Energy, LLC and received from the independent public accountant the written disclosures and the letter from the independent public accountant complying with the applicable requirements of the PCAOB regarding the independent public accountant's communications with the Audit Committee concerning independence. The Audit Committee determined that the non-audit services provided to Linn Energy, LLC by the independent public accountant (discussed below under "Proposal Two: Ratification of Independent Public Accountant") are compatible with maintaining the independence of the independent public accountant.

Based on the reviews and discussions described above, the Audit Committee recommended to our Board that the consolidated financial statements of Linn Energy, LLC be included in the Annual Report on Form 10-K for the year ended December 31, 2011 for filing with the SEC.

Submitted By:

Audit Committee

Joseph P. McCoy, Chair

George A. Alcorn

Terrence S. Jacobs

Jeffrey C. Swoveland

Notwithstanding anything to the contrary set forth in any of our previous or future filings under the Securities Act of 1933 or the Exchange Act that might incorporate this Proxy Statement or future filings with the SEC, in whole or in part, the preceding report shall not be deemed to be soliciting material or to be filed with the SEC or incorporated by reference into any filing except to the extent the foregoing report is specifically incorporated by reference therein.

PROPOSAL TWO: RATIFICATION OF INDEPENDENT PUBLIC ACCOUNTANT

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The Audit Committee of our Board has selected KPMG LLP to continue as our independent public accountant for 2012. KPMG LLP has served as Linn Energy, LLC's independent public accountant since 2005. The Audit Committee has determined to submit KPMG LLP's selection to unitholders for ratification. Unitholder ratification of the selection of

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KPMG LLP as our independent public accountant is not required by our limited liability company agreement or otherwise. We are submitting the selection of KPMG LLP to unitholders for ratification as a matter of good corporate practice. If this selection of independent public accountant is not ratified by a majority of the outstanding units present in person or by proxy and entitled to vote at the Annual Meeting, the Audit Committee will reconsider its selection of independent public accountant. We are advised that no member of KPMG LLP has any direct or material indirect financial interest in our company or, during the past three years, has had any connection with us in the capacity of promoter, underwriter, voting trustee, director, officer or employee. A representative of KPMG LLP will attend the Annual Meeting. The representative will have the opportunity to make a statement if he desires to do so and to respond to appropriate questions.

Audit Fees

The fees for professional services rendered by KPMG LLP for the audit of our annual consolidated financial statements for each of the fiscal years ended December 31, 2010 and 2011, and the reviews of the financial statements included in any of our Quarterly Reports on Forms 10-Q for each of those fiscal years were approximately \$1,250,000 and \$1,300,000, respectively.

Audit-Related Fees

KPMG LLP also received fees for: (i) an audit of our 401(k) Plan, (ii) audits of acquisition related financial statements and (iii) services in connection with, and comfort letters for, our senior notes offerings and equity offerings. These fees totaled approximately \$572,000 and \$1,100,000 for the years ended December 31, 2010 and 2011, respectively.

Tax Fees

We incurred no fees in the fiscal years ended December 31, 2010 and 2011 for tax-related services provided by KPMG LLP.

All Other Fees

We incurred no other fees in the fiscal years ended December 31, 2010 and 2011 for any other services provided by KPMG LLP.

Audit Committee Approval of Audit and Non-Audit Services

The Audit Committee pre-approves all audit and non-audit services to be provided to us by our independent public accountant in the upcoming year at the last meeting of each calendar year and at subsequent meetings as necessary. The non-audit services to be provided are specified and shall not exceed a specified dollar limit. During the course of a fiscal year, if additional non-audit services are identified, these services are presented to the Audit Committee for pre-approval. All of the services covered under the caption **Audit-Related Fees** were approved by the Audit Committee and none were provided under the *de minimis* exception of Section 10A of the Exchange Act.

Required Vote

Under our limited liability company agreement, unitholder ratification of KPMG LLP as our independent public accountant for 2012 is not required. However, in the event we elect to submit such ratification for unitholder approval, as we have done here, this approval would require the affirmative vote of a majority of the votes cast affirmatively or negatively by members holding outstanding units and entitled to vote on the proposal.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT UNITHOLDERS VOTE FOR APPROVAL OF THE RATIFICATION OF THE SELECTION OF KPMG LLP AS OUR INDEPENDENT PUBLIC ACCOUNTANT FOR 2012.

In the event of a negative vote on such ratification, the Audit Committee will reconsider its selection. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent auditing firm at any time during the year if the Audit Committee believes that such a change would be in the best interest of our company and our unitholders.

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EXECUTIVE COMPENSATION

2011 Highlights and Executive Summary

Pay for performance is a fundamental tenet of our compensation philosophy. We believe that sustainable performance is what ultimately drives unitholder value and that designing a compensation plan that closely aligns the interests of Named Officers (defined below) and unitholders is critical. As a result, a substantial portion of our Named Officers' total compensation is tied to our performance and delivered as incentive compensation, with a relatively small portion of the total delivered as fixed base salary. We deliver incentive compensation through our cash based Employee Incentive Compensation Program and our equity based Long Term Incentive Plan (LTIP). As discussed in more detail below in

Compensation Discussion and Analysis, the Compensation Committee believes in setting challenging annual goals that focus our Named Officers on the measures of company performance that create short and long term value for you as a unitholder. In 2011, we met the majority of our annual goals, despite some operational challenges.

We had a successful year in 2011. The following are highlights:

We increased the distribution we pay you by 5%;

We closed approximately \$1.5 billion in acquisitions, adding approximately 579 Bcfe of proved reserves;

We grew our proved reserves by 30% to 3.4 Tcfe at year end 2011 from 2.6 Tcfe in 2010;

We increased average daily production by 39% year over year from 2010;

We increased Adjusted EBITDA (defined below) 36% to \$998 million for 2011, compared to \$732 million in 2010; and

We strengthened our commodity hedge portfolio, with expected natural gas production hedged approximately 100 percent through 2015 and expected oil production is 100 percent hedged through 2013 and approximately 80 percent in 2014 and 2015. We believe our hedge portfolio provides a measure of protection for you as a unitholder from significant downside commodity price risk while maintaining some benefit in rising price environments.

The Committee's primary compensation considerations for 2011 were as follows:

Our performance described above demonstrated continued successful and profitable growth for our unitholders;

We met or exceeded many of our goals and expectations for the year and fell short of goals in some of the operating areas;

The Committee intends to continue its past performance-oriented pay philosophy to reflect demonstrated performance in both Employee Incentive Compensation Plan (EICP) and LTIP awards; and

The Committee compared performance in 2011 to that in 2010 and approved EICP awards equal to 125% of target, approximately 30% lower than those paid as a percent of salary for 2010 performance; the Committee also granted LTIP awards that were lower than what was granted the prior year to Named Officers.

Compensation Discussion and Analysis

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

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This Compensation Discussion and Analysis addresses the following topics:

the role of our Compensation Committee in establishing executive compensation;

our process for setting executive compensation;

our compensation philosophy and policies regarding executive compensation; and

our compensation decisions with respect to our Named Officers.

The Compensation Committee

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

The Compensation Setting Process

Compensation Committee Meetings. Our Compensation Committee holds regular quarterly meetings each year, which coincide with our quarterly Board meetings. It also holds additional meetings as required to carry out its duties. The Committee Chairman works with our Corporate Secretary to establish each meeting agenda.

At the regular first quarter meeting, the Committee:

considers and approves changes in base salary for the upcoming year;

reviews actual results compared to the pre-established performance measures for the previous year to determine annual cash incentive awards for our executive officers under our Employee Incentive Compensation Plan, or EICP;

grants equity awards under the Company's Amended and Restated Long-Term Incentive Plan, as amended, or LTIP;

approves the performance measures under our EICP for the upcoming year, which may include both quantitative financial measures and qualitative performance measures intended to focus on and reward activities that create unitholder value;

evaluates the compensation paid to our independent directors and, to the extent it deems appropriate, approves any adjustments; and

reviews the summary results of the Board's written evaluations of our Chief Executive Officer, as well as the Chief Executive Officer's self evaluation.

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The Committee receives updates at each quarterly meeting on our progress toward the goals set at the beginning of the year. At a special meeting of the Committee held in October, the Committee reviews and discusses a compensation analysis prepared by its independent compensation consultant (please see [Role of Compensation Consultant](#) below) and considers compensation for the succeeding calendar year.

The Committee meets in executive session to consider appropriate compensation for our Chairman, President and Chief Executive Officer. With respect to compensation for all other Named Officers, the Committee generally meets with our Chairman, President and Chief Executive Officer outside the presence of all our other executive officers. When individual

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compensation decisions are not being considered, the Committee typically meets in the presence of our former Executive Chairman, our Chairman, President and Chief Executive Officer, our General Counsel and our Corporate Secretary. Depending upon the agenda for a particular meeting, the Committee may also invite other officers, the Company's compensation consultant, and a representative of the Committee's compensation consultant to participate in Committee meetings. The Committee also regularly meets in executive session without management.

Role of Compensation Consultant. The Committee's Charter grants the Committee the sole and direct authority to retain and terminate compensation advisors and to approve their fees. All such advisors report directly to the Compensation Committee, and all assignments are directed by the Committee Chairman. Prior to 2011, the Committee had engaged Towers Watson for the past five years as the Committee's independent compensation consultant. In 2011, the Committee elected to engage Meridian Compensation Partners, LLC to assist the Committee in assessing and determining competitive compensation packages for our executive officers. Meridian did no other work for the Company in 2011.

In this capacity, Meridian, at the Committee's request and under the direction of the Committee Chairman, reviewed our compensation program and structure generally and made recommendations on the program design. Meridian also assembled information regarding comparable executive positions among independent oil and natural gas producers. Meridian's data for 2011 was based primarily on survey sources, and to a lesser extent on data compiled from the public filings of a peer group of various companies.

In 2011, we increased our compensation peer group slightly by adding independent oil and natural gas producers of a similar size, based on a number of criteria including enterprise value, market capitalization, revenues and assets. The chart below identifies the members of our 2010 and 2011 peer groups.

Company Name	2010 Peer Group	2011 Peer Group
Cabot Oil & Gas Corporation		ü
Concho Resources Inc.	ü	ü
Cimarex Energy Co.	ü	ü
Denbury Resources Inc.	ü	ü
Newfield Exploration Company	ü	ü
Noble Energy, Inc.	ü	ü
Petrohawk Energy Corporation	ü	ü
Pioneer Natural Resources Company	ü	ü
Plains Exploration & Production Company	ü	ü
QEP Resources, Inc.		ü
Range Resources Corporation	ü	ü
SM Energy Company		ü
Southwestern Energy Company	ü	ü
Ultra Petroleum Corp.	ü	ü
Whiting Petroleum Corporation		ü

The Company also employs an individual as a consultant to support us in managing our executive compensation process. Our consultant did not provide any other services to us in 2011.

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Role of Executive Officers. Except with respect to his own compensation, our Chairman, President and Chief Executive Officer, with assistance from the Company's consultant, plays an important role in the Compensation Committee's establishment of compensation levels for our executive officers. The most significant aspects of his role in the process are:

evaluating performance;

recommending EICP award targets and quantitative and qualitative performance measures under our EICP;

recommending base salary levels, actual EICP awards and LTIP awards; and

advising the Committee with respect to achievement of performance measures under the EICP.

Our Executive Compensation Program

Compensation Objectives. Our executive compensation program is intended to align the interests of our executive officers with your interests as unitholders by motivating our executive officers to focus on those actions which achieve strong financial and operating results and ultimately grow our Company. We believe that profitable growth, both organically and through acquisitions, drives our ability to maintain and increase your distribution. The alignment of interests between you and our executive officers is primarily reflected through our executive officers' participation in our EICP and LTIP. In addition, our program is designed to achieve the following objectives:

attract and retain talented executive officers by providing total compensation levels competitive with that of executives holding comparable positions in similarly-situated organizations;

provide total compensation that is supported by individual performance;

provide a performance-based compensation component that balances rewards for short-term and long-term results and is tied to company performance; and

encourage the long-term commitment of our executive officers to us and to our unitholders' long-term interests.

Compensation Strategy. To accomplish our objectives, we seek to offer a total direct compensation program to our executive officers that, when valued in its entirety, serves to attract, motivate and retain executives with the character, experience and professional accomplishments required for us to continue to grow and develop. We seek to align executive compensation with your interests by placing a significant portion of total direct compensation at risk. At risk means the executive officer will not realize full value unless 1) for EICP awards, performance goals are achieved, approximately 65% of which are directly tied to Company financial performance, and 2) for restricted units, we maintain or increase both our unit price and per unit distribution. To appropriately incentivize our executive officers to take a long-term view, unit based awards under our LTIP are the largest component of our at risk compensation.

Our executive compensation program consists of three principal elements: (i) base salary, (ii) potential for annual cash incentive compensation awards under our EICP based upon the achievement of specific Company performance objectives, and (iii) opportunities to earn unit-based awards under our LTIP, which provide long-term incentives that are intended to encourage the achievement of superior results over time and to align the interests of executive officers with those of our unitholders.

To ensure that the total compensation package we offer our executive officers is competitive, Meridian develops an assessment of market levels of compensation through both an analysis of survey data and information disclosed in peer companies' public filings. While the Committee considers this data when assessing the reasonableness of our executive officers' total compensation, it also considers a number of other factors

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including: (i) historical compensation levels, (ii) the specific role the executive plays within our company, (iii) the individual performance of the executive, and (iv) the relative compensation levels among our executive officers. There is no pre-established policy or target for the Committee's allocation of total compensation between long-term compensation in the form of LTIP awards and short-term compensation in the form of base salary and EICP awards. The allocation is at the discretion of the Committee and generally is based upon an analysis of how our peer companies use long-term and short-term compensation to compensate their executive officers. Each year the Committee reviews this peer company data when setting EICP targets and LTIP awards for that year but also considers other factors when granting LTIP awards, including Company performance and the individual Named Officer's performance.

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2011 Executive Compensation Components

For 2011, the principal components of compensation for Named Officers were:

Short term compensation:

base salary

employee incentive compensation plan

Long-term equity compensation in the form of restricted units

Other benefits

Short Term Compensation

Base Salary

We provide Named Officers and other employees with a base salary to provide them with a reasonable base level of monthly income relative to their role and responsibilities. Each of our Named Officers has an employment agreement that provides for a minimum level of base salary and upward adjustments at the discretion of the Board. For a summary of the material terms of the Named Officers' employment agreements, please see Narrative Disclosure to the 2011 Summary Compensation Table.

Salary levels are typically considered annually as part of our performance review process as well as upon a promotion or other change in job responsibilities. During its review of base salaries for executive officers, the Committee primarily considers:

survey and published peer data provided by the Committee's independent compensation consultant;

internal review of the executive's compensation, both individually and relative to other executive officers; and

recommendations by our Chairman, President and Chief Executive Officer.

For 2011, reviewing peer data and considering the other factors mentioned above under Compensation Strategy, the Committee increased the base salary of each of our Named Officers to maintain base salary around the median of our peers.

Employee Incentive Compensation Program

EICP Award Targets

Our EICP is an annual cash incentive program which provides guidelines for the calculation of annual cash incentive based compensation. The EICP program is intended to focus on and reward achievement of near term financial, operating and strategic priorities that we believe drive long-term value for unitholders. The Committee reviews peer data in setting EICP award targets and for 2011, using peer data as a guide, set EICP award targets for each Named Officer as a percentage of base salary.

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EICP award targets for our Named Officers in 2011 were set as follows:

Named Officer	% of Base Salary
Mark E. Ellis	100%
Kolja Rockov	90%
Arden L. Walker, Jr.	90%
Charlene A. Ripley	80%
Michael C. Linn	80%

Performance Measures

In early 2011, the Committee established 1) targets for quantitative performance measures based on our 2011 budget targets and budget ranges (other than unitholder return) and 2) qualitative strategic pathways designed to align with our strategy and future vision for the Company. To ensure the right level of focus on the quantitative financial measures, the Committee decided to weight the quantitative measures at 65% and the qualitative measures at 35% in the determination of the total EICP payout.

To provide the Committee the flexibility it needs to adjust for and react to macroeconomic events, such as dramatic changes in commodity prices or volatile capital markets, the Committee prefers not to rely on a formulaic approach based on pre-established thresholds resulting in automatic payouts. The Committee always retains discretion to adjust actual awards as it thinks appropriate given all the circumstances at the time of award. See Actual Results below for the specific 2011 quantitative performance measures and budget targets and the qualitative strategic pathways. To determine the EICP payout levels for 2011, the Committee reviewed 1) the Company's performance on the quantitative performance measures described below, and 2) the Company's progress on and achievement of the qualitative strategic pathways.

Quantitative Performance Measures

For 2011, 65% percent of each Named Officer's EICP Award opportunity was based on the Company's performance with respect to the following measures set at the beginning of 2011:

- a) **Operations** - measured by actual production volumes and cash costs (including lease operating expenses and general and administrative expenses) compared to our budget;
- b) **Ability to Pay Distribution** - measured by
 1. our cash flow (defined as Adjusted EBITDA less interest expense) compared to our budget for 2011; and
 2. our Distribution Coverage Ratio as compared to our budget. Distribution coverage ratio is defined as Distributable Cash Flow for 2011 divided by total cash distributions. Distributable Cash Flow is defined as Adjusted EBITDA (defined below) less cash interest expense and maintenance capital.
- c) **Relative Unitholder Return** - measured by our total return for fiscal year 2011 compared to that of a peer group of energy master limited partnerships, selected due to management's and the Committee's view that these companies most closely align with the peer group considered by analysts and investors when comparing our total return. The Committee selected the following peer group for comparison of total return: EV Energy Partners, L.P., Inergy, L.P., Buckeye Partners, L.P., El Paso Pipeline Partners, L.P., Breitburn Energy L.P., Magellan Midstream Partners, L.P. and Nustar Energy L.P.

We defined Adjusted EBITDA as net income (loss) from continuing operations plus:

Net operating cash flow from acquisitions and divestitures, effective date through closing date;

Interest expense;

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Depreciation, depletion and amortization;

Impairment of long-lived assets;

Write off of deferred financing fees and other;

(Gains) losses on sale of assets and other, net;

Provision for legal matters;

Loss on extinguishment of debt;

Unrealized (gains) losses on commodity derivatives;

Unrealized (gains) losses on interest rate derivatives;

Realized (gains) losses on interest rate derivatives;

Realized (gains) losses on canceled derivatives;

Unit-based compensation expenses;

Exploration costs; and

Income tax (benefit) expense.

In setting the measures in January 2011, the Committee determined that the measures above should be weighted equally because the Committee believed that each was a factor important to the Company's overall performance and none should be given more importance or weight than the others. See "Actual Results" below for how the Committee actually considered the objectives.

Qualitative Strategic Pathways

The other 35% of the EICP award opportunity was based on our achievement of or progress made on the following qualitative strategic pathways, which were recommended by management and reviewed by the Committee in January 2011:

- a) Consistent Operational Results and Execution;

- b) Acquisitions Excellence;
- c) Culture People Development and Growth; and
- d) Access to Capital/Optimizing Capital Structure.

Actual Results

65% of the total EICP award opportunity is allocated to the quantitative performance measures described above. Upon completion of the fiscal year, the Committee reviewed and assessed our performance for each quantitative measure relative to our budget, as revised throughout the year (other than unitholder return) and made a subjective determination with respect to the Company's achievement as compared to those metrics. In December 2011, after consultation with our Chairman, President and Chief Executive Officer, the Committee also made the decision to consider the additional metric of cash flow per unit due to the Committee's view that it is a better metric than absolute cash flow to demonstrate the Company's ability to pay its distribution.

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Results for 2011 were as follows:

	Revised Budget Target*	Revised Budget Range*	2011 Estimated Performance as of January 2012¹
Operations			
Volumes (MMcfe/day)	393	364-422	369
Cash Costs (Lease Operating Expenses and General and Administrative Expenses) (in millions)	\$ 317	\$ 301-333	\$ 343
Cash Costs (Lease Operating Expenses and General and Administrative Expenses) (\$/Mcf)	\$ 2.21	\$ 2.32-2.10	\$ 2.52
Ability to Pay Distributions			
Cash Flow (Adjusted EBITDA less Interest Expense) (in millions)	\$ 745	\$ 690-800	\$ 758
Cash Flow/Unit (Cash flow divided by units outstanding)	\$ 4.01	\$ 3.71-4.31	\$ 4.36
Distribution Coverage Ratio	1.22x	1.10-1.34x	1.25x

- * Budget targets and ranges were updated throughout the year to reflect acquisition activity, debt and equity offerings and distribution increase.
- (1) The Committee based its decisions on estimates of 2011 performance available at the January 2012 Committee Meeting. Actual final results were released in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 and the Company's Earnings Release, filed on Current Report on Form 8-K, each filed on February 23, 2012.

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Relative Unitholder Return in 2011*:

Relative Unitholder Return Over Three Years*:

* In each case, this information was compiled by us using publicly available information. The charts above do not represent the annual performance graph required by Item 201(e) of Regulation S-K, which can be found in Item 5 of our Annual Report on Form 10-K for the year ended December 31, 2011, filed on February 23, 2012.

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The Committee then reviewed our performance relative to the qualitative strategic pathways, which comprise the other 35% of the total EICP award opportunity, and determined that the Company had outstanding success with respect to all objectives.

Objective	Outstanding Results
Consistent Operational Results and Execution	ü
Acquisitions Excellence	ü
Culture People Development and Growth	ü
Access to Capital/Optimizing Capital Structure	ü

In its consideration of the quantitative measures, the Committee noted that due to, among other things, cost pressures and variability in production volumes, the Company's performance on the Operations portion of the quantitative measures just met or fell below targets. In reviewing the other quantitative measures, the Committee focused on:

- 1) our positive total shareholder return relative to our peer group over the past three years; and
- 2) our exceeding our budget targets in cash flow, cash flow per unit, and distribution coverage ratio, each demonstrating the accretive nature of the acquisitions made in 2011.

In reviewing the qualitative measures, the Committee reviewed examples of our success in each category and focused on:

- 1) Our ability to source, execute, close and integrate accretive acquisition opportunities which resulted in a total of approximately \$1.5 billion in asset acquisitions closed throughout 2011;
- 2) Our focus on maintaining a strong corporate culture while growing the Company which allows us to continue to attract and retain key employees;
- 3) Our ability to quickly and opportunistically access capital markets and optimize our capital structure (liquidity position, debt and equity balance, short-term and long-term debt balance, and credit facility structure);
- 4) Our broadening our investor base for both debt and equity;
- 5) Our significant increase in our hedging capacity and efforts at counterparty diversification;
- 6) Our success in capital program execution and our maintenance of safe and environmentally sound operations; and
- 7) Our significant involvement in our community.

After reviewing the results of the quantitative and qualitative measures with a focus on the above mentioned factors, and comparing the Company's overall performance in 2011 with the Company's exceptional performance in 2010, the Committee also used subjective discretion and determined that an overall award of 125% of each Named Officer's EICP award target was appropriate.

Generally, the Committee believes that company performance is a reflection of executive officer performance in total. The Committee may, however, apply discretion upward or downward to reflect individual performance. For 2011, the Committee did not make any differentiation in

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EICP awards due to individual performance; thus each Named Officer (other than Mr. Ellis whose award was rounded to slightly higher than 125%) received approximately 125% of his or her EICP award target. As an example, Mr. Rockov, whose EICP award target was 90% of his base salary, received an award of approximately 112.5% of his base salary.

Long-Term Incentive Compensation

Our LTIP encourages participants to focus on our long-term performance and provides an opportunity for executive officers and other employees to increase their stake in our company through grants of our units based on a three-year vesting period. Long-term incentive awards benefit the Company by:

enhancing the link between the creation of unitholder value and long-term executive incentive compensation;

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maintaining significant forfeitable equity stakes among executives thereby fostering retention; and

maintaining competitive levels of total compensation.

LTIP awards are typically made in January and have been intended primarily as forward looking long-term incentives; however, the Committee considers our performance in the prior year in determining the size of the award. In determining the size of the awards generally, the Committee uses peer data as a guide and targets the total value of each grant such that each Named Officer's LTIP award, when combined with base salary and bonus, would place the executives' total direct compensation between the median and 75th percentile of similarly situated executives in our compensation peer group. The Committee always has discretion to award above the 75th percentile in years where it determines that exceptional performance is achieved and below the median of the peer group in years of poor performance or when economic conditions dictate.

In determining the individual awards, the Committee considered the market data, our outstanding performance for the previous year, its subjective evaluation of the individual performances of each Named Officer and how that Named Officer contributed to our achievement of quantitative and qualitative performance measures.

The Committee currently grants all of its awards as restricted units. The Committee believes that granting only restricted units results in a simple, straightforward LTIP program and closely aligns the Company with how other energy master limited partnerships are currently using long term incentive awards. Because our Named Officers receive distributions on vested and unvested units at the same rate as all our unitholders, the Committee believes that restricted units closely align management's interests with those of our unitholders, by providing incentive to maintain or increase the level of distributions.

In January 2011, the Committee considered the following factors in its decision to grant LTIP awards for 2011 at substantially higher levels than in 2010: 1) our outstanding performance and profitable growth in 2010 and 2) our desire to retain our senior management team to focus on achievement of our strategic objectives over the next several years. The Committee intends to continue to utilize LTIP awards as a means of rewarding extraordinary performance and profitable growth. Reflecting the Company's performance in 2011 (as discussed above under "Actual Results"), grants made in January 2012 fell more in line with the Committee's usual practice of awarding at levels to place total compensation between the median and 75th percentile.

Restricted Unit Awards

Under the terms of our LTIP, restricted units are subject to a vesting period of at least three years and contain such other terms as the Committee may determine. For our Named Officers, our Executive Restricted Unit Grant Agreement provides for vesting in equal installments over three years and provides that upon termination of employment with us (a) by the Company other than for Cause, (b) by the officer with Good Reason, or (c) by reason of death, Disability or retirement (as those terms are defined herein under the section titled "Payments Made Upon Termination Without Cause or For Good Reason"), all restrictions lapse and the grant immediately vests in full.

Participants, including Named Officers, who receive restricted unit grants under the LTIP receive quarterly distributions on all the units awarded (whether vested or unvested), with the units being retained in our transfer agent's custody and subject to restrictions on sale or transfer until vested. The Committee does not include amounts received from quarterly cash distributions in its calculations of total direct compensation for comparison to our compensation peer group.

Unit Ownership Guidelines

In August 2009, the Committee adopted minimum unit ownership guidelines for our executive officers and independent directors. Each of our Named Officers is required to own such number of units representing a value that is the multiple of his or her base salary listed below:

Chairman, President and Chief Executive Officer: 5 times base salary

Executive Vice Presidents: 4 times base salary

Senior Vice Presidents: 3 times base salary

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Our independent directors are required to own units representing a value that is three times the annual cash retainer for independent directors. The calculation of the applicable number of units is determined as of the last day of the fiscal year based on the average high and low closing price of the Company's units on the NASDAQ Global Select Market for the prior 12 months and salary or cash retainer in effect as of the last day of the year. The Committee has discretion to allow sufficient time to permit the Named Officer or director to regain compliance with these guidelines should he or she fall out of compliance due to fluctuating unit price. The Committee believes that continued unit ownership by executives and independent directors helps tighten the alignment among the interests of board members, executives, and unitholders and demonstrate the Named Officers' and directors' confidence in the Company.

Other Benefits

Termination Arrangements and Change in Control Provisions

We maintain employment agreements with our Named Officers to encourage their continued service during the term of the agreement. These agreements are described in more detail elsewhere in this Proxy Statement. Please read "Narrative Disclosure to the 2011 Summary Compensation Table." These agreements provide for severance compensation to be paid if the officer's employment is terminated under certain conditions as outlined in the applicable agreement, such as following a change in control, termination by us without cause, termination by the Named Officer for Good Reason, termination by us for cause, death or Disability.

The employment and other compensatory agreements between us and our Named Officers and the related severance provisions are designed to meet the following objectives:

Change of Control. In certain scenarios, a merger or acquisition of the Company by another person may be in the best interests of our unitholders. We provide severance compensation to the Named Officers if such officer's employment terminates following a change of control transaction to promote the ability of the officer to act in the best interests of our unitholders even though his or her employment could be terminated as a result of the transaction.

Termination without Cause. If we terminate the employment of certain executive officers without cause as defined in the applicable agreement, we are obligated to pay the officer certain compensation and other benefits as described in greater detail in "Potential Payments Upon Termination or Change of Control" below. We believe these payments are appropriate because the terminated officer is generally bound by confidentiality obligations for five years, and nonsolicitation and non-compete provisions for one year after termination. Both parties have mutually agreed to severance terms that would be in place prior to any termination event. This provides us with more flexibility to make a change in senior management if such a change is in the best interests of the Company and its unitholders.

Perquisites

We believe in a simple, straight-forward compensation program and as such, Named Officers have not in the past been provided unique perquisites or other personal benefits. The Committee periodically reviews our charitable contributions, the use of aircraft, vehicles and potential perquisites that could result in personal benefits to our Named Officers. Other than as described below, consistent with the Committee's general strategy, no perquisites or other personal benefits exceeded \$10,000 for any of our Named Officers in 2011.

Private Aircraft

Other than our Former Executive Chairman and our Chairman, President and Chief Executive Officer, Named Officers and employees are discouraged from personal use of company leased aircraft. In July 2011, in an effort to provide for maximum efficiency and security in travel, the Committee elected to begin providing 25 hours of flight time (prorated for 2011) on company paid private aircraft per calendar year to each of our Former Executive Chairman and our Chairman, President and Chief Executive Officer, at an approximate value of \$200,000 per year. Upon his retirement as Executive Chairman effective December 31, 2011, this benefit ceased for Mr. Linn (please read "Narrative Disclosure to the 2011 Summary Compensation Table" for a description of Mr. Linn's Retirement Agreement).

Tax Preparation

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In January 2012, in an effort to provide for consistent personal income tax treatment among our Named Officers, the Committee authorized reimbursement, in an amount up to \$10,000 per year, for personal income tax preparation services for each of our Named Officers. In addition, in January 2012, the Committee authorized the reimbursement of certain tax preparation expenses incurred in 2011 for Mr. Ellis up to \$15,000.

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Retirement Savings Plan

All employees, including our Named Officers, may participate in our Retirement Savings Plan, or 401(k) Plan. We provide this plan to help our employees save for retirement in a tax-efficient manner. Employees, including Named Officers, can contribute the maximum amount allowed by law. We currently make a matching contribution equal to 100% of the first 6% of eligible compensation contributed by the employee on a before-tax basis. As contributions are made throughout the year, plan participants become fully vested in the amounts contributed.

Nondiscriminatory Health and Welfare Benefits

All eligible employees, including our Named Officers, may participate in our health and welfare benefit programs, including medical, dental and vision care coverage, disability insurance and life insurance.

Tax and Accounting Implications

Code Section 162(m). Section 162(m) of the Code generally disallows a tax deduction to public companies for compensation over \$1 million paid to the principal executive officer, the principal financial officer and the three additional most highly compensated executive officers of a company (other than the principal executive officer or the principal financial officer), as reported in that company's most recent proxy statement. Qualifying performance-based compensation is not subject to the deduction limit if certain requirements are met. As part of its role, the Committee reviews and considers the deductibility of executive compensation; however, due to our status as a publicly traded partnership for tax purposes rather than a publicly held corporation, we believe that the provisions of Section 162(m) are inapplicable to us.

Code Section 280G and Code Section 4999. We consider the impact of Sections 280G and 4999 of the Code in determining our post-termination compensation, and provide reimbursement for any excise tax, interest and penalties incurred if payments or benefits received due to a change of control would be subject to an excise tax under Section 4999 of the Code.

Code Section 409A. Section 409A of the Code provides that deferrals of compensation under a nonqualified deferred compensation plan or arrangement are to be included in an individual's current gross income to the extent that such deferrals are not subject to a substantial risk of forfeiture and have not previously been included in the individual's gross income, unless certain requirements are met. We structure our executive officer employment agreements, change of control plan and incentive plans, each to the extent they are subject to Section 409A, to be in compliance with Section 409A.

Accounting for Unit-Based Compensation. The Company recognizes expense for unit-based compensation over the requisite service period, in an amount equal to the fair value of unit-based payments granted.

Unitholder Advisory Vote on Executive Compensation

At our 2011 Annual Meeting, our unitholders cast a non-binding, advisory vote on the Company's executive compensation policies and decisions as disclosed in the Proxy Statement related to the 2011 Annual Meeting. Approximately 93 percent of the units voted on the matter were cast in favor of the compensation decisions and policies as disclosed. The Committee considered this result and determined that it was not necessary at this time to make any changes to the Company's compensation policies and decisions in response to the advisory vote.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Submitted By:

Compensation Committee

Jeffrey C. Swoveland, Chair
George A. Alcorn
Terrence S. Jacobs
Joseph P. McCoy

Notwithstanding anything to the contrary set forth in any of our previous or future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 that might incorporate this Proxy Statement or future filings with the SEC, in whole or in part, the preceding report shall not be deemed to be soliciting material or to be filed with the SEC or incorporated by reference into any filing except to the extent the foregoing report is specifically incorporated by reference therein.

Table of Contents**2011 SUMMARY COMPENSATION TABLE**

The following table sets forth certain information with respect to the compensation paid for the fiscal year ended December 31, 2011 to our Chief Executive Officer, our Chief Financial Officer, our three other most highly compensated executive officers (the Named Officers).

(a) Name and Principal Position	(b) Year	(c) Salary (\$)	(d) Bonus (\$) ⁽²⁾	(e) Unit Awards (\$) ⁽³⁾	(f) Option Awards (\$) ⁽³⁾	(g) Non-Equity		(i) Total (\$) ⁽⁶⁾
						Incentive Plan Compensation (\$) ⁽⁴⁾	(h) All other Compensation (\$) ⁽⁵⁾	
Michael C. Linn Former Executive Chairman of the Board ⁽¹⁾	2011	630,000	505,000	3,292,120		126,000	6,147,700	10,700,820
	2010	630,000		2,782,911		885,000	14,700	4,312,611
	2009	630,000		4,436,732		1,185,000	9,800	6,261,532
Mark E. Ellis Chairman, President and Chief Executive Officer ⁽¹⁾	2011	750,000		7,201,460		1,000,000	79,700	9,031,160
	2010	600,000		2,968,446		1,050,000	14,700	4,633,146
	2009	415,000		1,796,927	74,671	775,000	9,800	3,071,398
Kolja Rockov Executive Vice President and Chief Financial Officer	2011	415,000		2,469,071		470,000	14,700	3,368,771
	2010	315,000		1,113,180		470,000	14,700	1,912,880
	2009	300,000		1,172,963	48,744	385,000	9,800	1,916,507
Arden L. Walker, Jr. Executive Vice President and Chief Operating Officer	2011	415,000		2,057,566		470,000	14,700	2,957,266
	2010	300,000		788,514		345,000	14,700	1,448,214
	2009	260,000		763,686	31,735	270,000	9,800	1,335,221
Charlene A. Ripley Senior Vice President and General Counsel	2011	375,000		1,646,060		375,000	14,700	2,410,760
	2010	300,000		742,111		360,000	14,700	1,416,811
	2009	275,000		768,710	31,941	255,000	9,800	1,340,451

- (1) Mr. Linn retired from his position as Executive Chairman effective December 31, 2011. He remains a director of the Company. Mr. Ellis became Chairman of the Board effective December 31, 2011.
- (2) The amount shown for Mr. Linn reflects payment of EICP at target guaranteed to him pursuant to his Retirement Agreement described below.
- (3) The amounts in columns (e) and (f) reflect the aggregate grant date fair value of awards granted under our LTIP, computed in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in Note 5 to our audited consolidated financial statements for the fiscal year ended December 31, 2011, included in our Annual Report on Form 10-K for the year ended December 31, 2011.
- (4) The amounts in column (g) reflect the cash awards approved by the Compensation Committee under our EICP for performance in 2009, 2010 and 2011. The 2009 amounts were not actually paid until February 2010, the 2010 amounts were not actually paid until February 2011 and the 2011 amounts were not actually paid until February 2012. The amount shown for Mr. Linn reflects the payment of the excess EICP above his target pursuant to his Retirement Agreement described below.
- (5)

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For each officer, the amount shown in column (h) reflects matching contributions allocated by us to each of our Named Officers pursuant to the Retirement Savings Plan (which is more fully described beginning on page 24 of this Proxy Statement under the heading "Other Benefits"). Mr. Linn's amount also includes 1) a payment of \$6 million made in December 2011 in connection with his Retirement Agreement described below and 2) \$133,000 paid by the Company for personal usage of Company leased aircraft. Mr. Ellis's amount includes 1) an amount of \$15,000 authorized by the Committee to reimburse Mr. Ellis for certain tax preparation expenses and 2) \$50,000 paid by the Company for personal usage of Company leased aircraft.

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- (6) Distributions paid during 2011 on issued, but unvested units pursuant to the equity awards are not shown in column (i) because the fair value shown in column (e) reflects the value of distributions. Distributions are paid to our Named Officers at the same rate as all unitholders, currently \$2.76 per unit on an annualized basis. Distributions paid in 2009, 2010 and 2011 are shown below.

Executive	2011 (\$)	2010 (\$)	2009 (\$)
Michael C. Linn	676,928	808,692	940,880
Mark E. Ellis	814,447	531,471	453,333
Kolja Rockov	317,393	265,106	359,874
Arden L. Walker, Jr.	242,614	176,070	193,992
Charlene Ripley	210,848	181,156	189,995

Narrative Disclosure to the 2011 Summary Compensation Table

Michael C. Linn, Former Executive Chairman of the Board of Directors.

In connection with his retirement, we entered into a Retirement Agreement with Mr. Linn, dated November 29, 2011, which replaces and supersedes Mr. Linn's existing employment agreement. The terms of the Retirement Agreement provide for a lump sum cash retirement payment to Mr. Linn of \$6 million, as well as payment of his target bonus for 2011 of \$505,000, each of which was paid prior to December 31, 2011. Mr. Linn is also entitled to receive, not later than March 15, 2012, payment of any bonus amount in excess of the target bonus. Following the Committee's declaration of bonus awards at 125% of target, Mr. Linn was paid \$126,000 on February 17, 2012. Mr. Linn continues to be eligible for coverage under our benefit plans, subject to his payment of 100% of the applicable premiums that would otherwise be payable under COBRA.

Mr. Linn's service as a director will constitute a continuation of service with the Company for purposes of the vesting of his existing restricted units granted under our LTIP, provided that his grant agreements were amended to provide for full vesting in the event he is not re-nominated or reelected as a director. The grant agreements governing Mr. Linn's existing unit options were amended to provide for extension of the option term until the earlier of the existing expiration date or one year following termination of his service as a director.

The Retirement Agreement also contains certain confidentiality provisions, non-compete and non-solicitation obligations and other customary provisions and provides for a general release.

Mark E. Ellis, Chairman, President and Chief Executive Officer.

We entered into a First Amended and Restated Employment Agreement with Mr. Ellis, effective December 17, 2008, as amended effective January 1, 2010, that provides for an annual base salary not less than \$600,000, subject to annual review and upward adjustment by the Compensation Committee. Mr. Ellis is entitled to receive incentive compensation payable at the discretion of the Compensation Committee. The Compensation Committee may set, in advance, an annual target bonus. Mr. Ellis is eligible for awards under the LTIP at the discretion of the Compensation Committee. Under the LTIP and the related grant agreements, Mr. Ellis receives distributions payable on all vested and unvested restricted units at the same rate as that paid to all unitholders, currently \$2.76 per unit on an annualized basis.

Mr. Ellis's agreement contains certain confidentiality and non-compete obligations that restrict his ability to compete with our business for up to one year following his termination, unless the termination occurs within the change of control period (as defined in the agreement).

Kolja Rockov, Executive Vice President and Chief Financial Officer.

We entered into a Third Amended and Restated Employment Agreement with Mr. Rockov, effective December 17, 2008, that provides for an annual base salary of not less than \$285,000, subject to annual review and upward adjustment by the Compensation Committee. The remaining terms governing Mr. Rockov's compensation under the agreement are the same as Mr. Ellis's employment agreement.

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Arden L. Walker, Jr., Executive Vice President and Chief Operating Officer.

We entered into a First Amended and Restated Employment Agreement with Mr. Walker, effective December 17, 2008, and as amended on April 26, 2011, that provides for an annual base salary of \$415,000, subject to annual review and upward adjustment by the Compensation Committee. The remaining terms governing Mr. Walker's compensation under the agreement are the same as Mr. Ellis's employment agreement.

Charlene A. Ripley, Senior Vice President and General Counsel.

We entered into a First Amended and Restated Employment Agreement with Ms. Ripley, effective December 17, 2008, that provides for an annual base salary of \$255,000, subject to annual review and upward adjustment by the Compensation Committee. The remaining terms governing Ms. Ripley's compensation under the agreement are the same as Mr. Ellis's employment agreement. Ms. Ripley's agreement does not contain confidentiality and non-compete provisions.

Please read "Quantification of Payments on Termination" beginning on page 35 for a summary of the compensation upon termination provisions of each Named Officer's employment agreement.

Table of Contents**2011 GRANTS OF PLAN BASED AWARDS**

(a) Name	(b) Grant Date ⁽¹⁾	(c) Estimated Future Payouts Under Non-Equity Incentive Plan Awards (\$) (Target) ⁽²⁾	(d) All Other Unit Awards; Number of Units (#)	(g) Grant Date Fair Value of Unit and Option Awards (\$) ⁽³⁾
Michael C. Linn	1/28/2011	504,000	85,266	3,292,120
Mark E. Ellis	1/28/2011	750,000	186,518	7,201,460
Kolja Rockov	1/28/2011	373,500	63,949	2,469,071
Arden L. Walker, Jr.	1/28/2011	373,500	53,291	2,057,566
Charlene A. Ripley	1/28/2011	300,000	42,633	1,646,060

- (1) In each case, the grant date is the same as the date of committee approval. In addition, the Compensation Committee approved the following restricted unit grants to our Named Officers (other than Mr. Linn who retired as an officer, effective December 31, 2011) on January 26, 2012:

Name	Restricted Unit Award	Value at Grant Date
Mark E. Ellis	136,277	\$ 5,080,407
Kolja Rockov	54,511	\$ 2,032,170
Arden L. Walker, Jr.	54,511	\$ 2,032,170
Charlene A. Ripley	32,707	\$ 1,219,317

- (2) In January 2011, the Compensation Committee set EICP targets for 2011 as a percentage of base salary. There is no threshold or maximum payout; the Compensation Committee has discretion to adjust the actual award above or below the target. The amount shown represents the payout at target; the actual awards for 2011 (awarded on January 26, 2012) are shown in column (g) of the Summary Compensation Table.
- (3) The amounts shown in column (g) represent the grant date fair value for each award under FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in Note 5 to our audited consolidated financial statements for the fiscal year ended December 31, 2011, included in our Annual Report on Form 10-K for the year ended December 31, 2011.

Table of Contents**OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2011**

Name	Option Awards				Unit Awards	
	Units Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date (1)	Number of Units That Have Not Vested (#)	Market Value of Unvested Units (\$)(2)
Mike Linn (3)	55,625		21.00	1/19/2016		
Mike Linn (3)	75,875		21.70	1/29/2018		
Mike Linn (4)					92,721	3,515,053
Mike Linn (5)					72,727	2,757,081
Mike Linn (6)					85,266	3,232,434
Mark Ellis (3)	50,000		32.18	12/18/2016		
Mark Ellis (3)	50,000		23.61	12/18/2017		
Mark Ellis (3)	125,000		21.70	1/29/2018		
Mark Ellis (7)	90,510	45,255	15.95	2/4/2019		
Mark Ellis (4)					37,553	1,423,634
Mark Ellis (5)					77,576	2,940,906
Mark Ellis (6)					186,518	7,070,897
Kolja Rockov (3)	111,250					