

EXCO Resources, Inc.
EBITDA and Adjusted EBITDA Reconciliations

	<i>Private predecessor</i>		<i>Successor</i>		<i>Non-GAAP combined 2005⁽¹⁾</i>	<i>Year ended December 31, 2006</i>	<i>Year ended December 31, 2007</i>
	<i>For the 275 day period from January 1, 2005 to October 2,</i>		<i>For the 90 day period from October 3, 2005 to December 31,</i>				
	<i>Year ended December 31, 2004</i>	<i>2005</i>	<i>2005</i>	<i>2005</i>			
<i>(In millions)</i>							
Net income (loss)	\$ 6.0	\$ (15.2)	\$ 16.4	\$ 1.2	\$ 139.0	\$ 49.7	
Interest expense	34.6	26.7	19.4	46.1	84.9	181.3	
Income tax expense (benefit)	5.1	(63.7)	7.6	(56.1)	89.4	60.1	
Depreciation, depletion and amortization	28.5	24.7	14.1	38.8	135.7	375.4	
EBITDA ⁽²⁾	74.4	(27.5)	57.5	30.0	449.0	666.5	
Accretion of discount on asset retirement obligations	0.8	0.6	0.2	0.8	2.0	4.9	
Non-cash change in fair value of derivative financial instruments	24.3	114.4	(22.0)	92.4	(169.2)	81.6	
Commodity price risk management contracts termination expense	-	52.6	-	52.6	-	-	
Stock based compensation expense	-	44.1	2.2	46.3	6.5	12.6	
Equity in net income of TXOK Acquisition, Inc	-	-	(0.8)	(0.8)	(1.6)	-	
Non-recurring Equity Buyout options and other settlements	-	29.6	-	29.6	-	-	
Income loss from discontinued operations	(25.9)	(122.0)	-	(122.0)	-	-	
Adjusted EBITDA ⁽²⁾	\$ 73.5	\$ 91.8	\$ 37.1	\$ 128.9	\$ 286.7	\$ 765.6	
Income from discontinued operations	25.9	-	-	-	-	-	
Interest expense	(34.6)	(26.7)	(19.4)	(46.1)	(84.9)	(181.4)	
Income tax expense (benefit)	(5.1)	63.7	(7.6)	56.1	(89.4)	(60.1)	
Amortization of deferred financing costs	3.9	1.3	2.4	3.7	4.7	10.3	
Deferred income taxes	3.7	(59.5)	16.0	(43.5)	89.4	66.2	
Gain on disposition of property, equipment, and other assets	-	(0.4)	-	(0.4)	-	(0.9)	
Settlements of derivative financial instruments with a financing element	-	-	-	-	-	14.2	
Changes in operating assets and liabilities	17.8	0.6	(20.2)	(19.6)	21.2	(36.1)	
Proceeds from sale of Enron claim	4.8	-	-	-	-	-	
Commodity price risk management contracts termination expense	-	(52.6)	-	(52.6)	-	-	
Non-recurring Equity Buyout options and other settlements	-	(29.6)	-	(29.6)	-	-	
Net cash provided by (used in) operating activities of discontinued operations	28.9	(69.8)	-	(69.8)	-	-	
Net cash provided by (used in) operating activities ⁽³⁾	\$ 118.8	\$ (81.2)	\$ 8.3	\$ (72.9)	\$ 227.7	\$ 577.8	

(1) The 2005 non-GAAP results represent the combined total of the 275 day private predecessor period ended October 2, 2005 and the 90 day private successor period ended December 31, 2005.

(2) Earnings before interest, taxes, depreciation, depletion and amortization, or "EBITDA" represents net income adjusted to exclude interest expense, income taxes, depreciation, depletion and amortization. "Adjusted EBITDA" represents EBITDA adjusted to exclude accretion of discount on asset retirement obligations, non-cash changes in the fair value of derivative financial instruments, commodity price risk management contracts termination expense, stock-based compensation expense, equity in net income of TXOK Acquisition, Inc., non-recurring Equity Buyout options and other settlements and income loss from discontinued operations. We have presented EBITDA and Adjusted EBITDA because they are a widely used measure by investors, analysts and rating agencies for valuations, peer comparisons and investment recommendations. In addition, these measures are used in covenant calculations required under our credit agreement and the indenture governing our 7 1/4 % senior notes, and compliance with the liquidity and debt incurrence covenants included in these agreements is considered material to us. Our computations of EBITDA and Adjusted EBITDA may differ from computations of similarly titled measures of other companies due to differences in the inclusion or exclusion of items in our computations as compared to those of others. EBITDA and Adjusted EBITDA are measures that are not prescribed by generally accepted accounting principles, or GAAP. EBITDA and Adjusted EBITDA specifically exclude changes in working capital, capital expenditures and other items that are set forth on a cash flow statement presentation of a company's operating, investing and financing activities. As such, we encourage investors not to use these measures as substitutes for the determination of net income, net cash provided by operating activities or other similar GAAP measures.

(3) Net cash provided by (used in) operating activities for the twelve months ended December 31, 2005 includes \$67.6 million related to the termination of commodity price risk management contracts and \$49.3 million for income taxes related to the sale of Addison Energy.

EXCO Resources, Inc.
Reconciliation of PV-10

We believe that PV-10 before income taxes, while not a financial measure in accordance with GAAP, is an important financial measure used by investors and independent oil and natural gas producers for evaluating the relative significance of oil and natural gas properties and acquisitions due to tax characteristics, which can differ significantly, among comparable companies. The Standardized Measure represents the PV-10 after giving effect to income taxes, and is calculated in accordance with SFAS No. 69. The following table provides a reconciliation of our PV-10 to our Standardized Measure:

<i>(in millions)</i>	<i>At December 31,</i>			
	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>
PV-10 ⁽¹⁾	\$ 700.4	\$ 1,248.6	\$ 1,606.0	\$ 3,945.9
Future income taxes	(588.9)	(1,097.6)	(721.2)	(1,857.5)
Discount of future income taxes at 10% per annum	362.2	672.3	427.0	1,030.5
Standardized Measure	\$ 473.7	\$ 823.3	\$ 1,311.8	\$ 3,118.9

(1) The PV-10 data does not include the effect of income taxes and derivative financial instruments, and is based on the following NYMEX spot prices, in each case adjusted for historical differentials.

	NYMEX spot price	
	Natural gas (per Mmbtu)	Oil (per Bbl)
December 31, 2004	\$ 6.18	\$ 43.33
December 31, 2005	10.08	61.03
December 31, 2006	5.64	60.82
December 31, 2007	6.80	95.92