EXCO Resources, Inc.

Second Quarter 2012 Review

August 1, 2012



Management Participants

Doug Miller	*Chairman and CEO*
Steve Smith	*President and CFO*
Hal Hickey	*Vice President and COO*
Paul Rudnicki	*Vice President*

Introduction

- **Production and earnings beat**
  - Realized earnings above consensus forecast
  - Average production of 550 Mmcfe/d for Q2 2012, above high range of guidance
- **Progressing on our 2012 goal to manage costs in a low price environment**
  - Made substantial progress on capital, expense, and G&A cost reduction initiatives
  - Reduced EXCO operated rigs from 23 at year end 2011 to 8 today
- **Evaluating liquids potential on existing assets**
  - Evaluating Cline and Wolfcamp shale potential in the Permian on and around our current position
  - Finalized processing agreement in Holly area for high btu gas
- **Update on potential A&D activity**
  - Upstream
  - Midstream
- **Supply and demand catalysts are gaining momentum**
  - Industry-wide Haynesville rig count currently at ~25 rigs from peak of 186 in Q2 2010; expectation of further drop throughout the year
  - Total U.S. land-based gas directed rigs at <500 from ~800 at year end and peak of ~1,600 in September 2008

EXCO Resources, Inc.

Corporate Overview

Steve Smith – President and Chief Financial Officer



Corporate Highlights

	Q1 2012	Q2 2012	Q2 2011	YOY% Change
Average production (Mmcfe/d)	537	550	504	9%
Average Realized Price ($/Mcfe)	$ 2.76	$ 2.36	$ 4.51	-48%
Revenues including cash settlements	$ 184,993	$ 179,793	$ 230,045	-22%
Direct Operating Costs	$ 22,796	$ 18,863	$ 20,697	-9%
Per Mcfe	$ 0.47	$ 0.38	$ 0.45	-17%
Adjusted Net Income[(1)]	$ 6,748	$ 11,468	$ 39,172	-71%
Per share[(2)]	$ 0.03	$ 0.05	$ 0.18	
Adjusted EBITDA[(1)]	$ 110,510	$ 112,342	$ 164,191	-32%
Cash flow from operations[(1)]	$ 95,496	$ 96,663	$ 152,312	-37%
Per share[(2)]	$ 0.45	$ 0.45	$ 0.70	

- Average production **up 9%** from Q2 2011
- Direct operating costs of $0.38 per Mcfe in Q2 2012 down from $0.45 in Q2 2011, a **17% decrease**
- General and administrative costs of $0.37 per Mcfe in Q2 2012 down from $0.50 in Q2 2011, a **26% decrease**
- Q2 2012 adjusted net income excludes a $429 million pre-tax non-cash ceiling test write-down

(1) Non-GAAP measure, please see the Investor Relations section of our website (www.excoresources.com) under the tab Non-GAAP reconciliations
(2) Per share calculation based on below:

Period	Q1 2012	Q2 2012	Q2 2011
Shares (000's)	214,596	214,164	217,513

Quantifying 2nd Quarter Progress

- Reduced operated rig count ahead of schedule; currently at 8 total rigs

Operated Rigs	2011	Q4 2011	Q2 2012	Currently	% Change (Q4 to Current)
Haynesville	22	18	7	5	-72%
Marcellus	5	4	3	1	-75%
Permian	1	1	1	2	100%
Total Operated	**28**	**23**	**11**	**8**	**-65%**

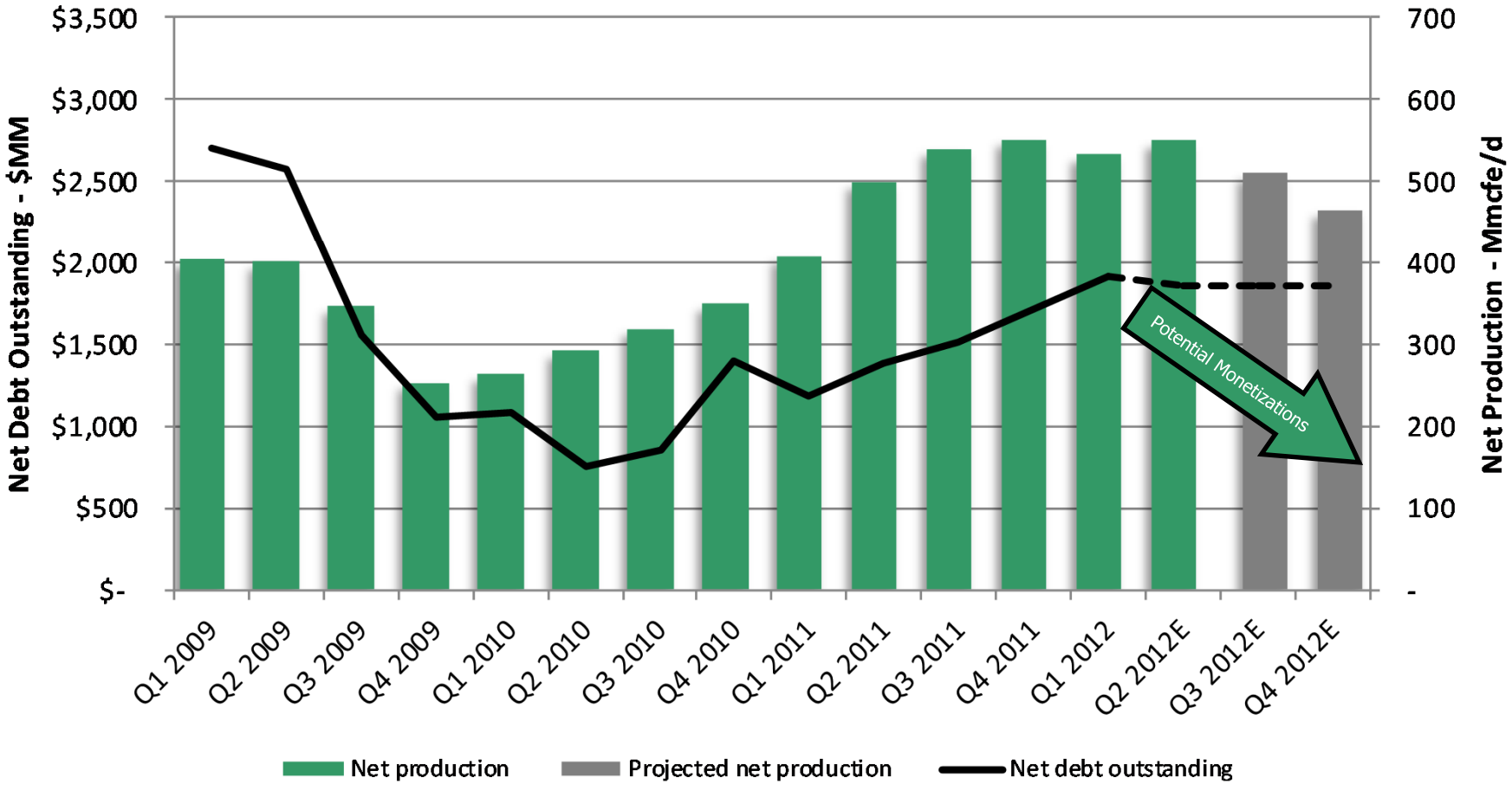
- Reduced Haynesville drilling and completion costs
  - Currently less than $8.3 million with plan to reach $8.0 million by year end, down from $9.5 million at year end 2011

($ in millions)	Q4 2011	Q1 2012	Q2 2012	Currently	% Change (Q4 to Current)
Haynesville	$ 9.5	$ 8.8	$ 8.5	$ 8.3	-13%

- Reduced costs and expenses
  - ~21% below Q4 2011 levels

($ in millions)	2011 Quarterly Average	Q4 2011 Actual	Q1 2012 Actual	Q2 2012 Actual	% Change (Q4 to Current)
LOE	$ 21.2	$ 23.9	$ 22.8	$ 18.9	-21%
Gathering	21.7	27.8	26.4	25.9	-7%
G&A	26.2	28.2	21.5	18.6	-34%
Total	**$ 69.1**	**$ 79.9**	**$ 70.7**	**$ 63.4**	**-21%**

Production and Debt Profile



- Potential monetizations will be used to pay down existing debt

EXCO Resources, Inc.

Financial Summary and Guidance

Paul Rudnicki – VP Financial Planning & Analysis



Liquidity and Derivative Position

Liquidity:

$ in thousands	6/30/2012	7/25/2012
Cash and restricted cash	$ 113,154	$ 145,370
Bank debt (LIBOR + 1.75% to 2.75%)	1,107,500	1,107,500
Senior notes due 2018 (7.5%)(1)	750,000	750,000
Total debt	$ 1,857,500	$ 1,857,500
Net debt	$ 1,744,346	$ 1,712,130
Borrowing base	$ 1,400,000	$ 1,400,000
Unused borrowing base(2)	285,393	285,393
Unused borrowing base plus cash(2)	**$ 398,547**	**$ 430,763**

Derivative Position:

Natural Gas	Q3 2012	Q4 2012	Rem. 2012	2013	2014	2015
Swaps (Mmcf/d)	222	222	222	70	55	55
Strike ($/Mmbtu)(3)	$ 5.27	$ 5.27	$ 5.27	$ 4.65	$ 4.29	$ 4.29
% of Gas Production(4)	42%	46%	42%	14%	11%	11%
Calls (Mmcf/d)	-	-	-	55	55	55
Strike ($/Mmbtu)(3)	$ -	$ -	$ -	$ 4.29	$ 4.29	$ 4.29
% of Gas Production(4)	0%	0%	0%	11%	11%	11%
Oil						
Swaps (Bbls/d)	1,513	1,513	1,513	1,000	-	-
Strike ($/Bbl)(3)	$ 98.05	$ 98.05	$ 98.05	$ 99.96	$ -	$ -
% of Oil Production(4)	73%	74%	66%	48%	48%	48%
Calls (Bbls/d)	-	-	-	-	1,000	1,000
Strike ($/Bbl)(3)	$ -	$ -	$ -	$ -	$ 100.00	$ 100.00
% of Oil Production(4)	0%	0%	0%	0%	48%	48%

(1) Excludes bond discount
(2) Net of $7.1 million in letters of credit at 6/30/2012 and $7.1 million at 7/25/2012
(3) Reflects weighted average strike price
(4) 2012 based on midpoint of guidance; 2013 and beyond based on Q4 2012 midpoint

Second Quarter 2012 Guidance vs. Actuals

(dollars in thousands, except per unit amounts)	Second Quarter 2012 Guidance: Low	Guidance: High	Actual	Variance Explanations
Production:				
Oil - Mbbls	188	194	182	
NGL - Mbbls	110	114	131	
Gas - Mmcf	45,988	47,747	48,162	Haynesville shale base performance
Mmcfe	47,775	49,595	50,040	
Mmcfe/d	525	545	550	
Differentials to NYMEX:				
Oil per Bbl	$ (6.00)	$ (7.00)	$ (7.11)	
NGL per Bbl - % of NYMEX oil	45%	55%	43%	
Gas per Mcf	85%	90%	91%	
Lease operating expense	$ 21,000	$ 24,000	$ 18,863	Implementation of cost reduction initiatives
Gathering expense - per Mcfe	$ 0.50	$ 0.60	$ 0.52	
Production tax rate	4.5%	5.5%	5.8%	
Other income[1]	$ 500	$ 1,000	$ 160	
DD&A rate per Mcfe	$ 1.80	$ 1.90	$ 1.75	Reduction due to ceiling test write-down
Asset retirement obligation	$ 900	$ 1,000	$ 964	
Cash G&A	$ 18,500	$ 20,500	$ 16,046	Implementation of cost reduction initiatives
Non-cash stock based compensation - G&A	$ 2,500	$ 3,500	$ 2,591	
Interest expense - cash	$ 15,000	$ 17,000	$ 15,679	
Interest expense - non-cash	$ 1,600	$ 1,800	$ 1,690	Excludes $3 million associated with write-off of deferred financing charges
Adjusted equity income - TGGT & other[2]	$ 9,000	$ 12,000	$ 15,033	Reduction in TGGT's operating expenses and Haynesville shale base performance
Income tax rate	40%	40%	40%	
Income tax deferred	100%	100%	100%	
CAPEX	$ 104,000	$ 120,000	$ 113,671	
Fully diluted shares outstanding	214,500	215,000	214,164	
Adjusted EBITDA at Midpoint[2] (Excludes Adjusted EBITDA of Equity Investments)	$100,700		$ 112,342	
EXCO's share of TGGT's Adjusted EBITDA[2]	$ 15,500	$ 18,500	$ 21,174	Reduction in TGGT's operating expenses and Haynesville shale base performance

(1) Excludes amounts related to resolution of title defect disputes from prior period divestitures of approximately $6.7 million
(2) Non-GAAP measure, please see the Investor Relations section of our website (www.excoresources.com) under the tab Non-GAAP reconciliations

Quarterly 2012 Guidance

(dollars in thousands, except per unit amounts)	Q1 2012 Actual	Q2 2012 Actual	Q3 2012E Low	Q3 2012E High	Q4 2012E Low	Q4 2012E High	2012E Low	2012E High
Production:								
Oil - Mbbls	192	182	186	194	182	190	743	757
NGL - Mbbls	122	131	128	132	128	132	509	517
Gas - Mmcf	46,992	48,162	44,114	45,887	39,998	41,771	179,265	182,812
Mmcfe	48,876	50,040	46,000	47,840	41,860	43,700	186,776	190,456
Mmcfe/d	537	550	500	520	455	475	512	522
Differentials to NYMEX:								
Oil per Bbl	$ (5.79)	$ (7.11)	$ (6.00)	$ (8.00)	$ (6.00)	$ (8.00)	$ (6.22)	$ (7.23)
NGL per Bbl - % of NYMEX oil	51%	43%	40%	50%	40%	50%	43%	49%
Gas per Mcf	85%	91%	88%	93%	88%	93%	88%	90%
Lease operating expense	$ 22,796	$ 18,863	$ 18,500	$ 21,500	$ 18,500	$ 21,500	$ 78,660	$ 84,660
Gathering expense - per Mcfe	$ 0.54	$ 0.52	$ 0.50	$ 0.60	$ 0.50	$ 0.60	$ 0.52	$ 0.56
Production tax rate	5.3%	5.8%	5.0%	6.0%	5.0%	6.0%	5.3%	5.8%
Other income[1]	$ 570	$ 160	$ 250	$ 750	$ 250	$ 750	$ 1,230	$ 2,230
DD&A rate per Mcfe	$ 1.83	$ 1.75	$ 1.35	$ 1.45	$ 1.35	$ 1.45	$ 1.58	$ 1.63
Asset retirement obligation	$ 947	$ 964	$ 900	$ 1,000	$ 900	$ 1,000	$ 3,710	$ 3,910
Cash G&A	$ 18,641	$ 16,046	$ 16,500	$ 18,500	$ 16,500	$ 18,500	$ 67,690	$ 71,690
Non-cash stock based compensation - G&A	$ 2,864	$ 2,591	$ 2,500	$ 3,500	$ 2,500	$ 3,500	$ 10,460	$ 12,460
Interest expense - cash	$ 15,014	$ 15,679	$ 15,500	$ 17,500	$ 15,500	$ 17,500	$ 61,690	$ 65,690
Interest expense - non-cash	$ 1,750	$ 1,690	$ 1,600	$ 1,800	$ 1,600	$ 1,800	$ 6,640	$ 7,040
Adjusted equity income - TGGT & other[2]	$ 10,893	$ 15,033	$ 14,000	$ 17,000	$ 11,000	$ 14,000	$ 50,930	$ 56,930
Income tax rate	40%	40%	40%	40%	40%	40%	40%	40%
Income tax deferred	100%	100%	100%	100%	100%	100%	100%	100%
CAPEX	$ 162,151	$ 113,671	$ 100,000	$ 110,000	$ 85,000	$ 95,000	$ 460,820	$ 480,820
Fully diluted shares outstanding	214,596	214,164	214,000	214,500	214,500	215,000	214,300	214,600
Adjusted EBITDA at Midpoint[2][3] (Excludes Adjusted EBITDA of Equity Investments)	$110,510	$112,342	$119,600		$114,700		$457,200	
EXCO's share of TGGT's Adjusted EBITDA[2]	$ 17,367	$ 21,174	$ 17,500	$ 20,500	$ 16,000	$ 19,000	$ 72,041	$ 78,041

(1) Q1 excludes amounts related to retroactive impact fee of approximately $2.0 million and Q2 excludes amounts related to resolution of title defect disputes from prior period divestitures of approximately $6.7 million
(2) Non-GAAP measure, please see the Investor Relations section of our website (www.excoresources.com) under the tab Non-GAAP reconciliations
(3) 2012 estimates based on natural gas NYMEX prices of $3.00 for Q3, and $3.25 for Q4; oil NYMEX prices of $90.00 for Q3 - Q4

EXCO Resources, Inc.

Operational Update

Hal Hickey – Chief Operating Officer



Q2 2012 Operations Overview

Operating Areas

Haynesville / Bossier

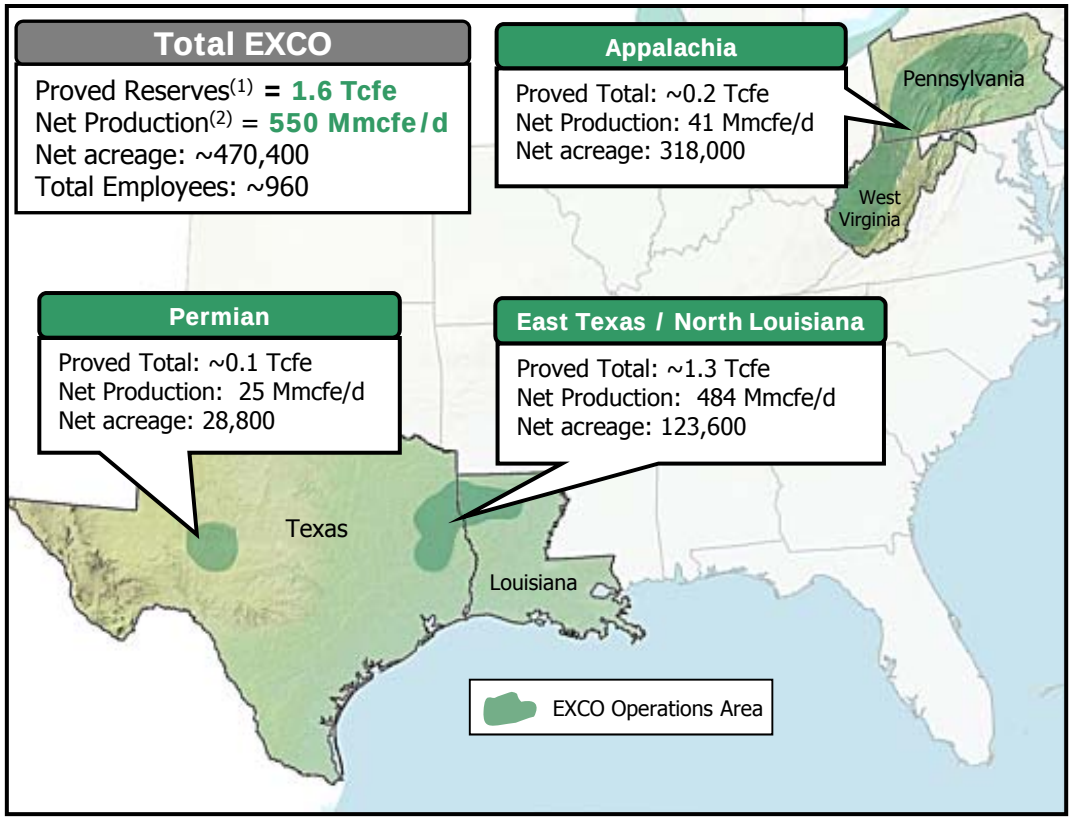
- Manufacturing in DeSoto Parish at reduced rig count
- Delineated Shelby Area, held majority of leases, stopped drilling
- Including OBO (operated by others), gross production is ~1.6 Bcf/d

Marcellus

- Focus on our development in Northeast Pennsylvania and appraisal in Central Pennsylvania
- Including OBO, gross production is ~146 Mmcf/d

Permian

- Continuing Sugg Ranch Canyon Sand development
- Testing underway in Wolfcamp and Cline Shales on our acreage; evaluating and pursuing opportunities to increase acreage position



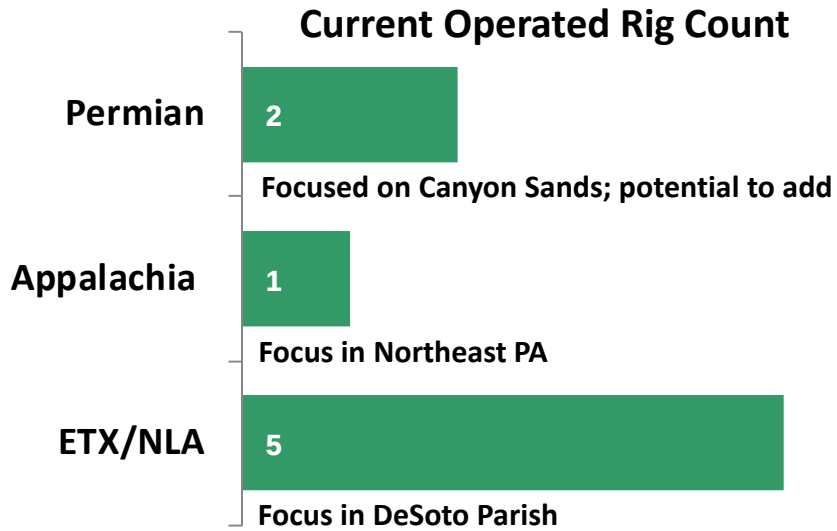
TGGT Holdings, LLC

- Throughput currently at ~1.5 Bcfe/d
- Higher earnings resulted from a significant reduction in operating expense and higher volumes than expected

(1) Based on NYMEX forward pricing as of 6/22/12
(2) Production shown reflects the average for the quarter ending 6/30/12

2012 Capital Budget

- 2012 development plan focused on managing cash flow in a low natural gas price environment
- 2012 Capital Budget of $470[(1)(2)] million is 54% less than 2011 capital spend
- 84% of Capital Budget is dedicated to development



($ in millions)	Haynesville / Bossier	Cotton Valley	Appalachia	Permian	Corporate	2012 Total
Drilling and completion	$ 263	$ -	$ 75	$ 30	$ -	$ 368
Field operations	6	9	11	1	-	27
Water pipelines / gathering	-	-	5	-	-	5
Land	1	-	8	8	-	17
Seismic	-	1	2	-	-	3
Corporate and other	-	-	-	-	25	25
Capitalized interest	-	-	-	-	25	25
Total E&P capital	**$ 270**	**$ 10**	**$ 101**	**$ 39**	**$ 50**	**$ 470**

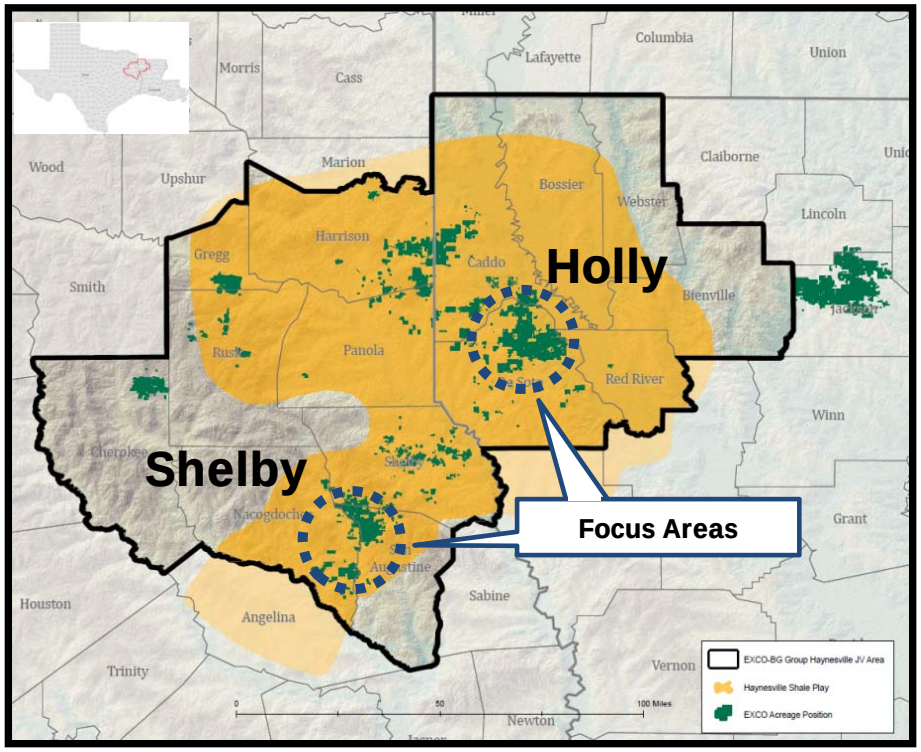
(1) $470 million does not include TGGT capital which will be funded by TGGT's cash flow and revolver
(2) Appalachia drilling and completion capital is net of $55 million for the BG carry; $8 million of BG carry remains as of June 30, 2012

Cost Reduction Initiatives

- **Capital**
  - Reducing operated rig count
  - Focus on drilling and completion costs
    - Ended 2011 at $9.5 million well cost in Holly Haynesville; estimating $8.3 million currently and targeting further reductions to $8.0 million by Q4 2012
    - Revised frac service contract resulting in ~$600K reduction in Haynesville well cost
    - Negotiated 15% to 20% reductions for multiple Haynesville service costs (cranes, wireline, pump down services, coil cleanout, and tubing-conveyed perforating)
    - Targeting $6.3 million well cost in Northeast Marcellus with additional reductions to less than $6.0 million longer term; significant reductions will result from our new water infrastructure as well as drilling and completion efficiencies
- **Operating Expense**
  - Shut-in 165 conventional wells, resulting in a production decrease of only 1.2 Mmcfe/d net while reducing gross costs by ~ $5 million
  - Initiatives underway to reduce operating expenses 15% to 20%
    - Workover program
    - Chemicals
    - Company and contract labor
    - Compression

East Texas / North Louisiana

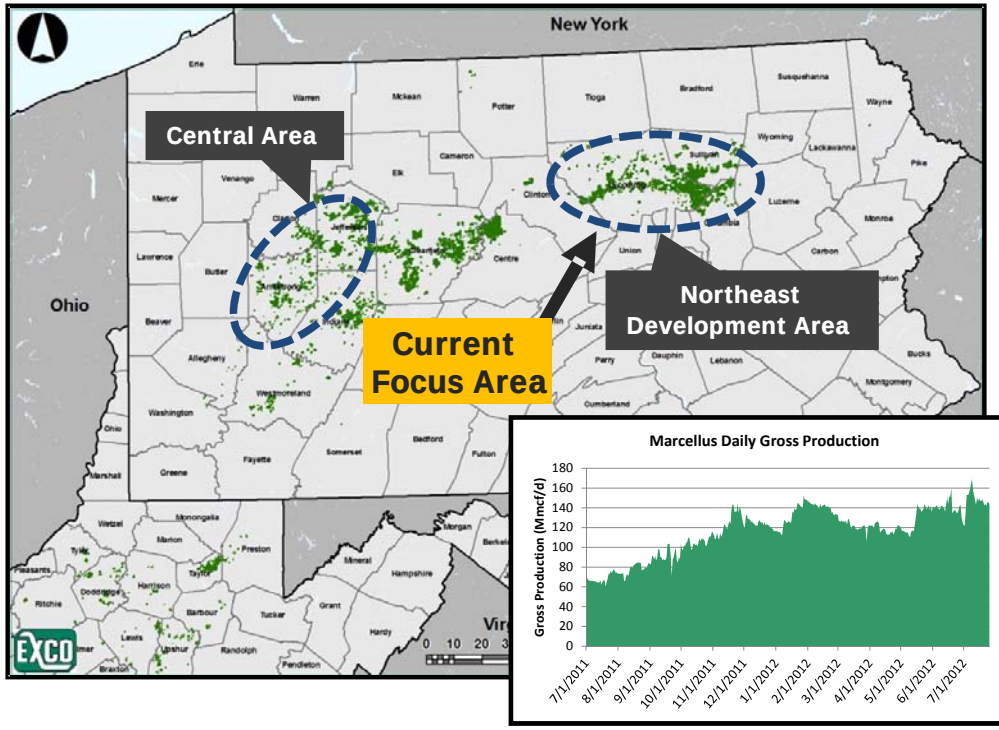
- ~247,500 gross acres (123,600 net) in ETX/NLA; 61,500 net acres with Haynesville/Bossier shale potential
  - More than 90% of shale acreage is held by production
- Haynesville/Bossier milestones:
  - 346 operated horizontal shale wells flowing to sales in Holly and Shelby Areas at 6/30/2012
  - Operated shale production of ~1.2 Bcf/d in Q2; including OBO, net production averaged ~406 Mmcf/d
  - ~22 Mmcf/d net volume on average was curtailed primarily due to offset operations or other well work during Q2
- Encouraging results from new well restricted rate program
- Base performance higher than forecasted



	Q1	Q2
Operated Well Activity		
Spud	23	15
Turn to sales	30	15
Operated Well Inventory		**6/30/2012**
Wells being drilled		6
Waiting on completion		37
Total well inventory		43

Appalachia

- 740,000 gross acres (318,000 net) with ~135,000 net acres with Marcellus shale potential
  - Significant held by production position
- Marcellus milestones:
  - Currently producing **~146 Mmcf/d gross**(1)
  - Reduced operated rig count to 1 for the remainder of 2012
  - Currently have 66 operated and 14 OBO horizontal wells flowing to sales; 15 currently shut-in
  - Best Central area wells to date; 7 Mmcf/d IP from average lateral of ~4,600'
- On-going evaluations could enhance production in Q3 & Q4 2012; activities include:
  - Seasoning time
  - Completion methods
  - Managing simultaneous operations
  - Appraisal and delineation of our best acreage



	Q1	Q2
Operated Well Activity		
Spud	11	9
Completions	3	12
Turn to sales	-	7
Operated Well Inventory		**6/30/2012**
Wells being drilled		1
Waiting on completion		28
Waiting on turn to sales		9
Total well inventory		38

(1) Production shown as of 7/18/12

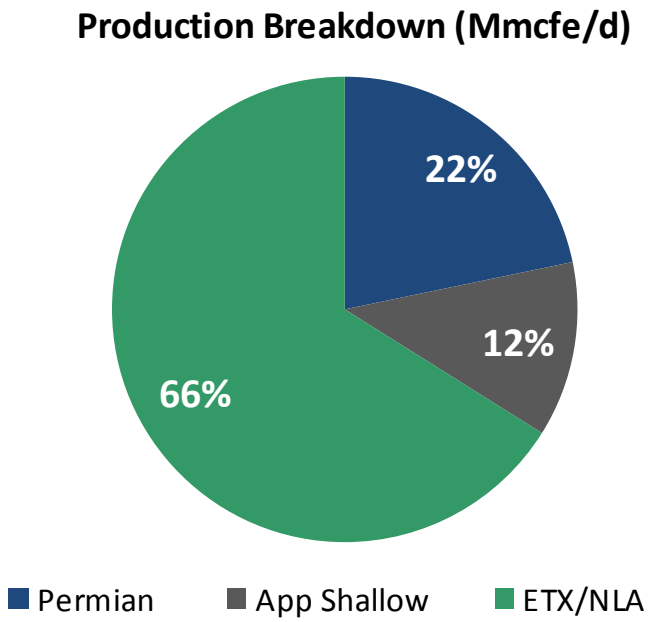
Non-shale Assets

>1.0 Tcf of reserves and resources potential

Conventional assets represent ~21% of our net production(1)

- Permian: ~4,200 Boe/d
- East Texas/North Louisiana: 76 Mmcfe/d
- Appalachia shallow: 14 Mmcfe/d

- **Conventional strategy**
  - Only drilling in the Permian area (1-2 rigs)
  - Cotton Valley operations focused on cost management; recompletion and workover programs used to manage production declines
    - LOE and G&A costs have decreased faster than anticipated
  - Production provides cash flow and, particularly in the shale areas, assists in holding other horizons
  - Low cost behind pipe Cotton Valley projects have been encouraging and show liquid content
  - Significant inventory of drilling locations with improved gas prices
  - Negotiating potential joint venture opportunity with private investors



(1) Conventional production shown as Q2 2012 average

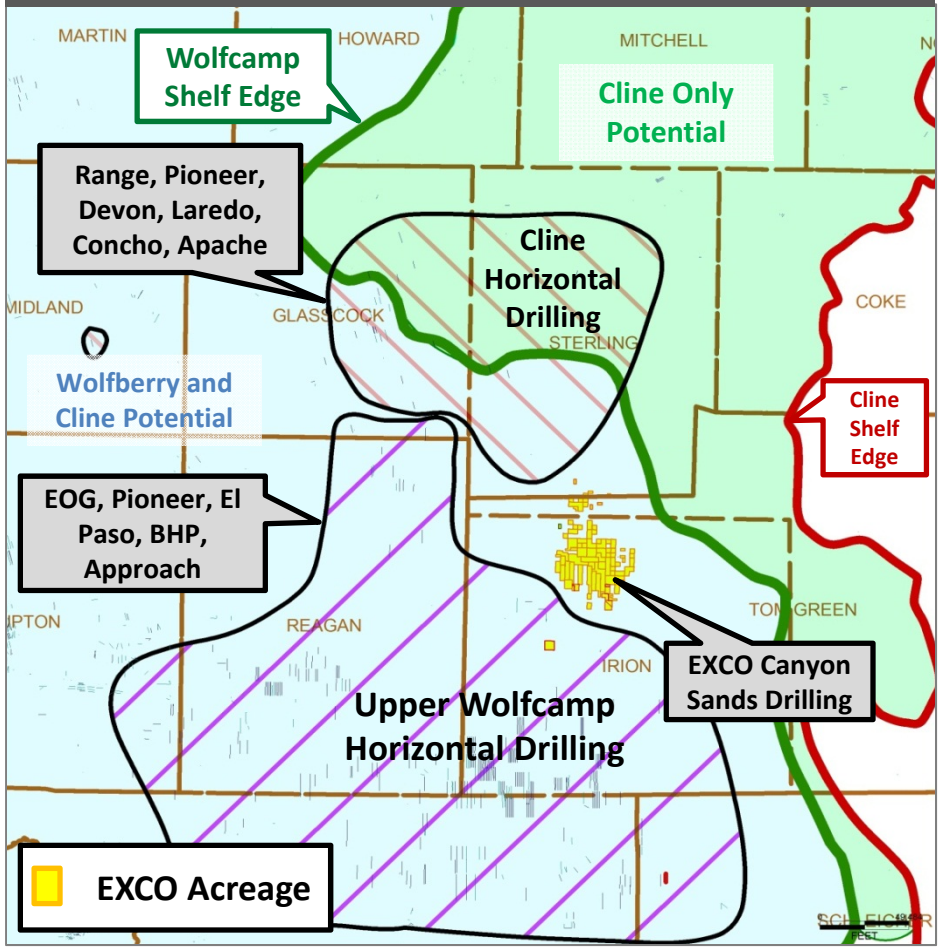
Permian Basin

Area Overview

Overview

- 28,800 net acres in the Permian Basin
- Development focused on Canyon Sand; evaluating additional Cline, Grayburg, Clearfork and Wolfcamp upside
  - Now testing both Wolfcamp and Cline shales; analyzing vertical well results and core samples
- Producing 400 – 500 Bo/d from waterflood with forecast EUR of ~875 MBoe
- Oil production with liquids rich gas
  - Q2 2012 cash margin of $6.15/Mcfe or $36.88/BOE
  - Q2 2012 Production of ~4,200 BOE/d

Map of Operations



EXCO acreage surrounded by industry horizontal drilling

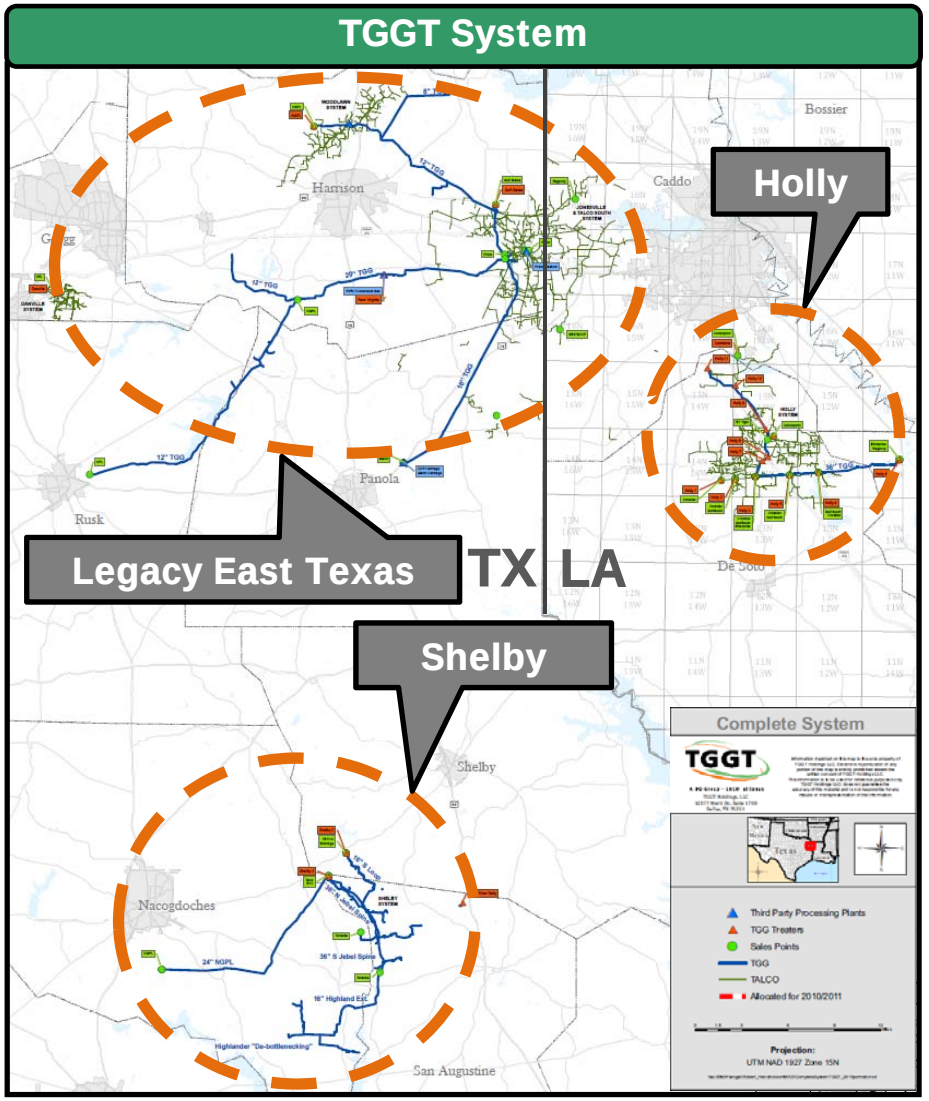
(1) Production shown as Q2 2012 average

TGGT Holdings, LLC

Throughput currently at ~1.5 Bcf/d

TGGT
A BG Group - EXCO alliance

- Average Q2 throughput exceeded 1.5 Bcf/d
  - Holly: 1,051 Mmcf/d
  - Shelby: 211 Mmcf/d
  - Legacy East Texas: 270 Mmcf/d
- Adjusted EBITDA increased by 22% from first quarter 2012, primarily driven by a significant reduction in operating expenses and strong volumes in our Holly area
  - Annualized EBITDA run rate is approximately $150 million
- ~$519 million net debt outstanding as of 6/30/2012
- Capital spending totaled ~$28 million in the second quarter of 2012; first half of 2012 capital spending totaled $97 million with second half of 2012 projected at ~$35 million
- Working with equity partner to evaluate sale of our interests



Q&A



Forward Looking Statements

This presentation contains forward-looking statements, as defined in Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. These forward-looking statements relate to, among other things, the following:

- our future financial and operating performance and results;
- our business strategy;
- market prices;
- our future use of derivative financial instruments; and
- our plans and forecasts.

We have based these forward-looking statements on our current assumptions, expectations and projections about future events.

We use the words "may," "expect," "anticipate," "estimate," "believe," "continue," "intend," "plan," "budget" and other similar words to identify forward-looking statements. You should read statements that contain these words carefully because they discuss future expectations, contain projections of results of operations or of our financial condition and/or state other "forward-looking" information. We do not undertake any obligation to update or revise publicly any forward-looking statements, except as required by law. These statements also involve risks and uncertainties that could cause our actual results or financial condition to materially differ from our expectations in this presentation, including, but not limited to:

- fluctuations in prices of oil and natural gas;
- imports of foreign oil and natural gas, including liquefied natural gas;
- future capital requirements and availability of financing;
- continued disruption of credit and capital markets and the ability of financial institutions to honor their commitments;
- estimates of reserves and economic assumptions;
- geological concentration of our reserves;
- risks associated with drilling and operating wells;
- exploratory risks, including our Marcellus shale play in Appalachia and our Haynesville and Bossier shale plays in East Texas/North Louisiana;
- risks associated with operation of natural gas pipelines, gathering systems and treating facilities;
- discovery, acquisition, development and replacement of oil and natural gas reserves;
- cash flow and liquidity;
- timing and amount of future production of oil and natural gas;
- availability of drilling and production equipment;
- marketing of oil and natural gas;
- developments in oil-producing and natural gas-producing countries;
- title to our properties;
- litigation;
- competition;
- general economic conditions, including costs associated with drilling and operation of our properties;
- environmental or other governmental regulations, including legislation to reduce emissions of greenhouse gases, legislation of derivative financial instruments, regulation of hydraulic fracture stimulation and elimination of income tax incentives available to our industry;
- receipt and collectability of amounts owed to us by purchasers of our production and counterparties to our derivative financial instruments;
- decisions whether or not to enter into derivative financial instruments;
- potential acts of terrorism;
- actions of third party co-owners of interests in properties in which we also own an interest;
- fluctuations in interest rates; and
- our ability to effectively integrate companies and properties that we acquire.

Forward Looking Statements (continued)

We believe that it is important to communicate our expectations of future performance to our investors. However, events may occur in the future that we are unable to accurately predict, or over which we have no control. You are cautioned not to place undue reliance on a forward-looking statement. When considering our forward-looking statements, keep in mind the risk factors and other cautionary statements in this presentation, and the risk factors included in our Annual Reports on Form 10-K and our Quarterly Reports on Form 10-Q.

Our revenues, operating results, financial condition and ability to borrow funds or obtain additional capital depend substantially on prevailing prices for oil and natural gas, the availability of capital from our revolving credit facility and liquidity from capital markets. Declines in oil or natural gas prices may materially adversely affect our financial condition, liquidity, ability to obtain financing and operating results. Lower oil or natural gas prices also may reduce the amount of oil or natural gas that we can produce economically. A decline in oil and/or natural gas prices could have a material adverse effect on the estimated value and estimated quantities of our oil and natural gas reserves, our ability to fund our operations and our financial condition, cash flow, results of operations and access to capital. Historically, oil and natural gas prices and markets have been volatile, with prices fluctuating widely, and they are likely to continue to be volatile.

The SEC permits oil and gas companies, in their filings with the SEC, to disclose not only "proved" reserves (i.e., quantities of oil and gas that are estimated to be recoverable with a high degree of confidence), but also "probable" reserves (i.e., quantities of oil and gas that are as likely as not to be recovered) as well as "possible" reserves (i.e., additional quantities of oil and gas that might be recovered, but with a lower probability than probable reserves). In addition unless otherwise noted, certain proved reserve numbers and other reserve numbers provided herein are not SEC “case” numbers using flat commodity prices, but a management case price deck using escalating prices for a period of time. As noted above, statements of reserves are only estimates and may not correspond to the ultimate quantities of oil and gas recovered. Any reserve estimates provided in this presentation that are not specifically designated as being estimates of proved reserves may include estimated reserves not necessarily calculated in accordance with, or contemplated by, the SEC's latest reserve reporting guidelines. Investors are urged to consider closely the disclosure in our Annual Report on Form 10-K, for the year ended December 31, 2011, which is available on our website at www.excoresources.com under the Investor Relations tab or by calling us at 214-368-2084.