

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT PURSUANT TO
SECTION 13 OR 15(d) OF THE**

SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): November 30, 2020

LAREDO PETROLEUM, INC.

(Exact name of registrant as specified in charter)

Delaware (State or other jurisdiction of incorporation or organization)	001-35380 (Commission File Number)	45-3007926 (I.R.S. Employer Identification No.)
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15 W. Sixth Street Tulsa (Address of principal executive offices)	Suite 900 Oklahoma (Zip code)	74119 (Zip code)
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Registrant's telephone number, including area code: **(918) 513-4570**

Not Applicable
(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, \$0.01 par value	LPI	New York Stock Exchange

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure.

On November 30, 2020, Laredo Petroleum, Inc. (the "Company") posted to its website an Investor Presentation (the "Presentation"). The Presentation is available on the Company's website, www.laredopetro.com, and is attached hereto as Exhibit 99.1 and incorporated into this Item 7.01 by reference.

All statements in the Presentation, other than historical financial information, may be deemed to be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Exchange Act of 1934, as amended (the "Exchange Act"). Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance, and actual results or developments may differ materially from those in the forward-looking statements. See the Company's Annual Report on Form 10-K for the year ended December 31, 2019 and the Company's other filings with the SEC for a discussion of other risks and uncertainties. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

In accordance with General Instruction B.2 of Form 8-K, the information furnished under this Item 7.01 of this Current Report on Form 8-K and the exhibit attached hereto are deemed to be "furnished" and shall not be deemed "filed" for the purpose of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, nor shall such information and exhibit be deemed incorporated by reference in to any filing under the Securities Act or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

Exhibit Number	Description
99.1	Investor Presentation dated November 30, 2020.
104	Cover Page Interactive Data File (formatted as Inline XBRL).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LAREDO PETROLEUM, INC.

Date: November 30, 2020

By: /s/ Bryan J. Lemmerman
Bryan J. Lemmerman
Senior Vice President and Chief Financial Officer



December 2020
Investor Presentation



Forward-Looking / Cautionary Statements

This presentation, including any oral statements made regarding the contents of this presentation, contains forward-looking statements as defined under Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, that address activities that Laredo Petroleum and its subsidiaries, the "Company", "Laredo" or "LPI" assumes, plans, expects, believes, intends, projects, indicates, enables, transforms, estimates or anticipates (and other similar words) will, should or may occur in the future are forward-looking statements. The forward-looking statements are based on management's current belief, based on currently available information and timing of future events.

General risks relating to Laredo include, but are not limited to, the decline in prices of oil, natural gas liquids and natural gas and the related impact to financial statements as a result of impairments and revisions to reserve estimates, oil production quotas or other actions that might be imposed by the Organization of Petroleum Exporting Countries and other producing countries ("OPEC+"), the outbreak of disease, such as the coronavirus ("COVID-19") pandemic, and any related government policies and actions, changes in domestic and global production, supply and demand for commodities, including as a result of the COVID-19 pandemic and actions by OPEC+, long-term performance of wells, drilling and operating risks, the increase in service and operating costs, tariffs on steel, pipeline transportation and storage constraints in the Permian Basin, the possibility of production curtailment, hedging activities, possible impacts of litigation and the impact of the Company's transactions, if any, with its securities from time to time, the impact of new laws and regulations, including those regarding the use of hydraulic fracturing, new environmental, health and safety requirements applicable to our business activities, the possibility of the elimination of federal income tax deductions for oil and gas exploration and other factors, including those and other risks described in its Annual Report on Form 10-K for the year ended December 31, 2019, Amendment No. 1 to its Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, its Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, its Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 and all other filings with the Securities and Exchange Commission ("SEC"). These documents are available through Laredo's website at www.laredopetro.com under "Investor Relations" or through the SEC's Electronic Data Gathering and Analysis Retrieval System at www.sec.gov. Any of these factors could cause Laredo's actual results and plans to differ materially from those in the forward-looking statements. Therefore, Laredo can give no assurance that its future results will be as estimated.

Any forward-looking statement speaks only as of the date on which such statement is made. Laredo does not intend to, and disclaims any obligation to, correct, update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

The SEC generally permits oil and natural gas companies, in filings made with the SEC, to disclose proved reserves, which are reserve estimates that geological and engineering data indicate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, and certain probable and possible reserves that meet the definitions for such terms. In this presentation, the Company may use the terms "resource potential," "resource play," "estimated ultimate recovery," or "EURs," "type curve" and "standardized measure," each of which the SEC guidelines restrict from being included in filings with the SEC without strict compliance with SEC definitions. These terms refer to the Company's interest in unbooked hydrocarbon quantities that may be potentially discovered through exploratory drilling or recovered with additional drilling or recovery techniques. "Resource potential" is a term used by the Company to refer to the estimated quantities of hydrocarbons that may be added to proved reserves, largely from a specified resource play potentially supporting numerous drilling locations. "Resource play" is a term used by the Company to describe an accumulation of hydrocarbons known to exist over a large areal expanse and/or thick vertical section potentially supporting numerous drilling locations, which, when compared to a conventional play, typically has a lower geological and/or commercial development risk. "EURs" are based on the Company's previous operating experience in a given area and publicly available information relating to the operations of producers who are conducting operations in these areas. Unbooked resource potential or "EURs" constitute reserves within the meaning of the Society of Petroleum Engineers' Petroleum Resource Management System or SEC rules and do not include any proved reserves. Actual reserves that may be ultimately recovered from the Company's interests may differ substantially from those presented herein. Factors affecting ultimate recovery include the scope of the ongoing drilling program, which will be directly affected by the availability of capital, decreases in oil, natural gas liquids and natural gas prices, well spacing, drilling and production costs and cost of drilling services and equipment, lease expirations, transportation constraints, regulatory approvals, negative revisions to reserve estimates and other factors, as well as actual results, including geological and mechanical factors affecting recovery rates. "EURs" from reserves may change significantly as development of the Company's core assets provides additional information. In addition, the Company's production forecasts and expectations for future periods are dependent upon many assumptions, including estimates of production decline rates from existing wells, the undertaking and outcome of future drilling activity, which may be affected by significant commodity price declines or drilling cost increases. "Type curve" refers to a production profile for a particular category of wells, for a specific play and/or area. The "standardized measure" of discounted future new cash flows is calculated in accordance with SEC regulations and a discount rate of 10%. Actual results may vary considerably and should not be considered to represent the fair market value of the Company's proved reserves.

This presentation includes financial measures that are not in accordance with generally accepted accounting principles ("GAAP"), such as Adjusted EBITDA, Cash Flow and Free Cash Flow. Management believes that such measures are useful for investors, they should not be used as a replacement for financial measures that are in accordance with GAAP. For a reconciliation of non-GAAP financial measures to the nearest comparable measure in accordance with GAAP, please see the Appendix.

Unless otherwise specified, references to "average sales price" refer to average sales price excluding the effects of the Company's derivative transactions. All amounts, dollars and percentages presented in this presentation are rounded and therefore approximate.



Executing Strategy to Increase Stakeholder Value

Principles

Manage Financial Risk



- Generated \$71 MM of Free Cash Flow¹ in 3Q-20
- Received \$58.2 MM from settlements of matured / terminated commodity derivatives in 3Q-20
- Reduced Net Debt by \$67 MM² since end of 2Q-20

Optimize Existing Asset



- Lowered unit LOE 18% and Cash G&A 21% from 3Q-19
- Set Company record for drilling efficiencies in 3Q-20
- Increased oil and total production guidance for FY-20 and reaffirmed capital guidance

Expand High-Margin Inventory



- Initiated completion operations on first well package in Howard County
- Acquired 2,758 additional bolt-on net acres in Howard County in October

Objectives



Improve Oil Cut



Reduce leverage



Expand Margins



Target Free Cash Flow

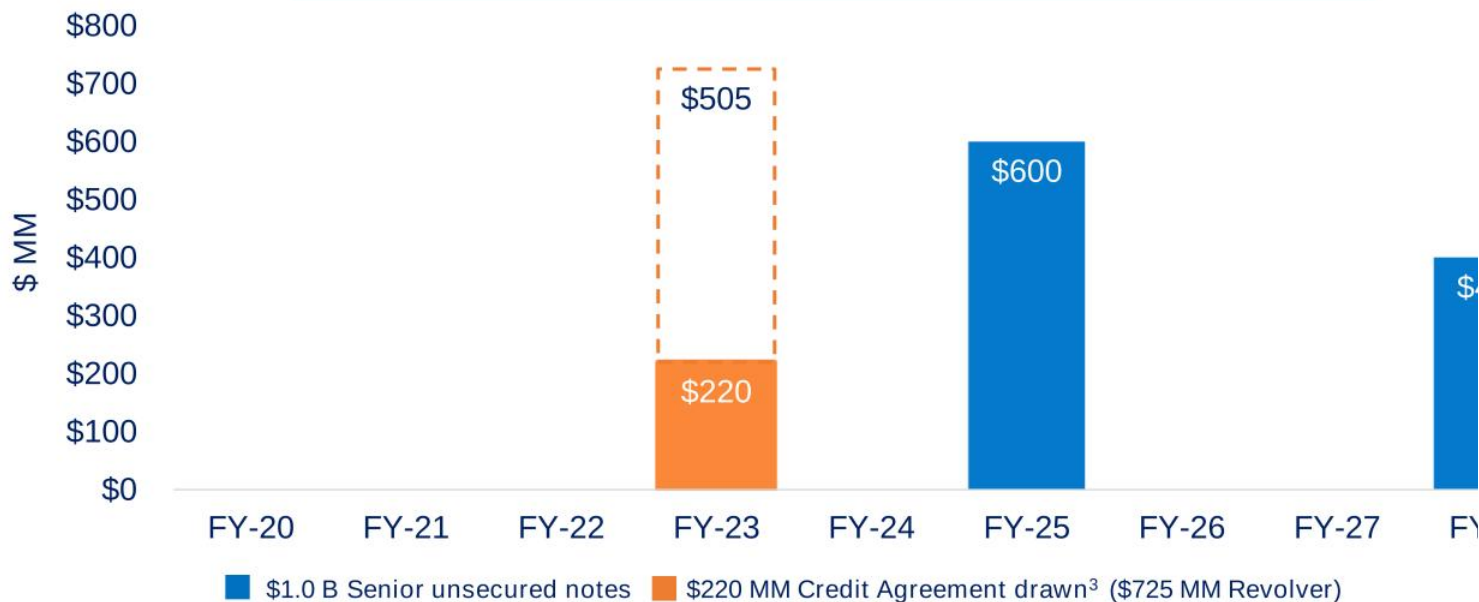


¹ See Appendix for reconciliations and definitions of non-GAAP measures

² As of 11-2-2020

Actively Managing our Balance Sheet and Debt Ratios

2.3X Net Debt to Adj. EBITDA^{1,2} (as reported)
 2.5X Net Debt to Consolidated EBITDAX^{1,2} (Credit Agreement calculation)
 \$28 MM Cash Balance³



Reduced Net Debt¹ by \$67 MM since 2Q-20 with further reductions expected by YE-20

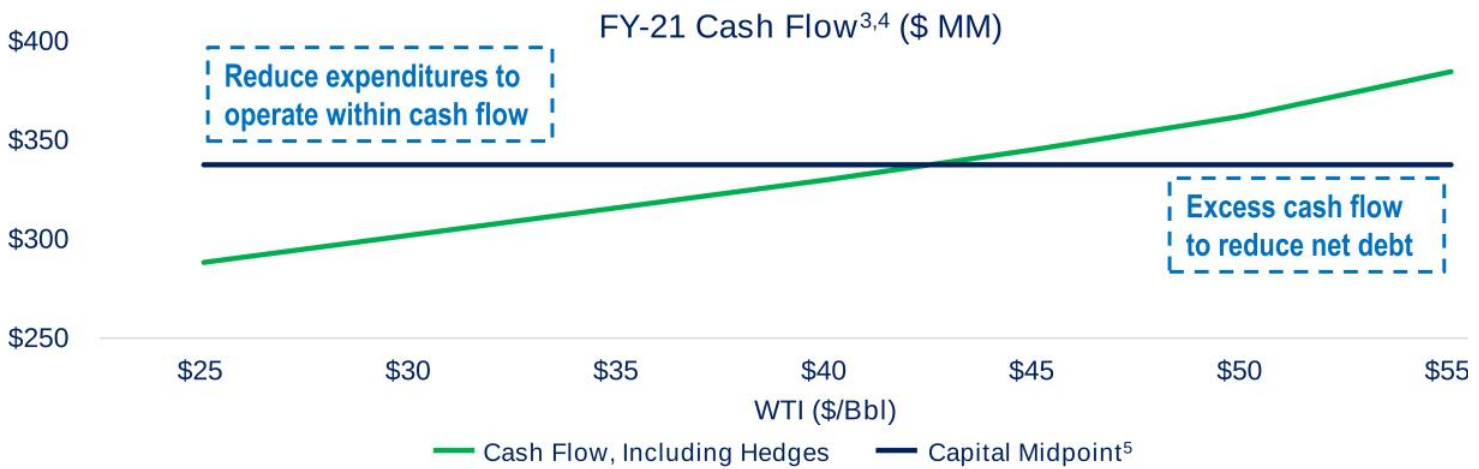
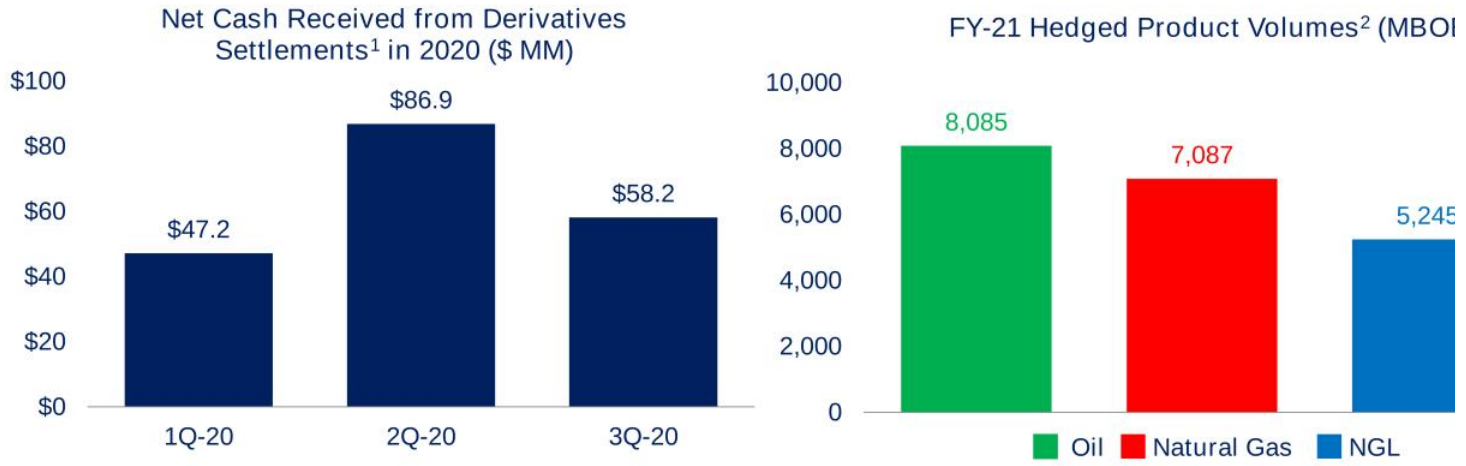


¹See Appendix for reconciliations and definitions of non-GAAP measures

²Includes TTM Adjusted EBITDA/Consolidated EBITDAX and net debt as of 9-30-20

³Amount shown as of 11-2-20

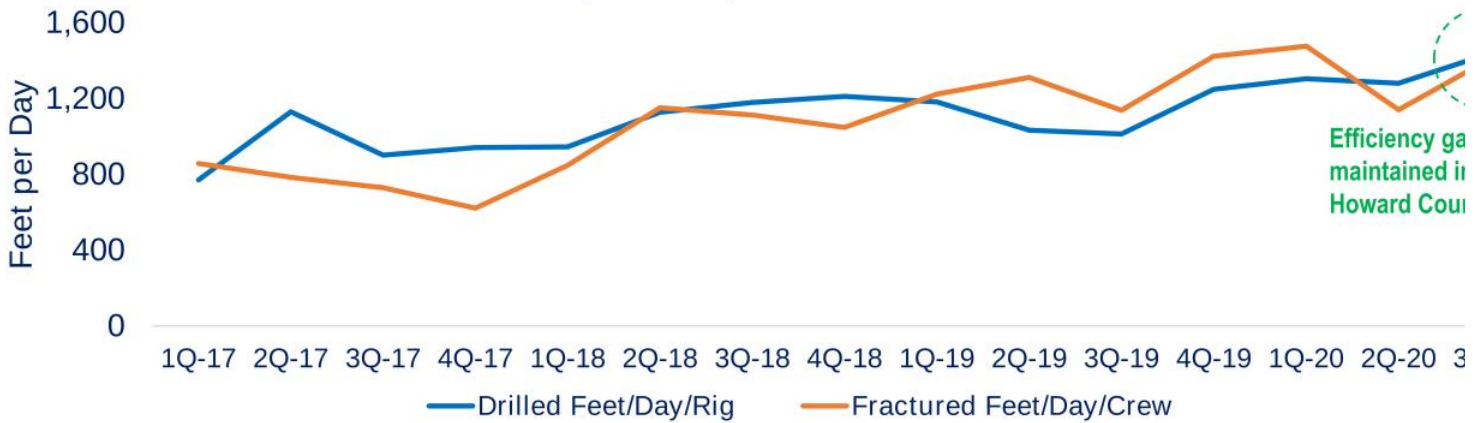
Active Derivatives Strategy Manages Price Risk and Supports Cash



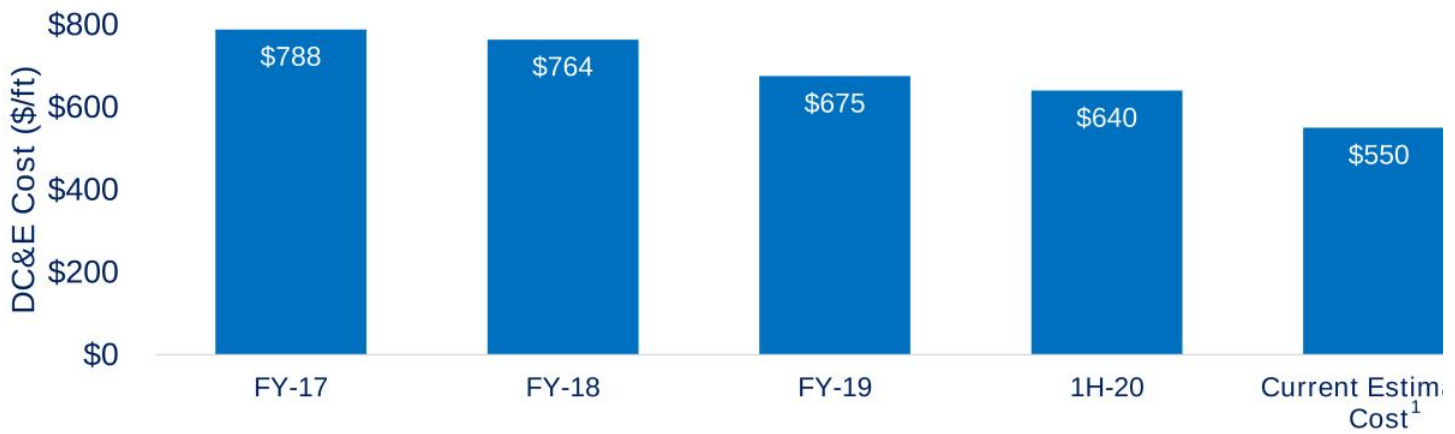
¹Does not include premiums paid for commodity derivatives that mature in 2021; ²Open positions as of 9-30-20; hedges executed through 11-18-20 ³Natural gas price held flat at \$3/Mcf; ⁴See Appendix for reconciliations and definitions of non-GAAP measures; ⁵Utilizes midpoint of 2021 anticipated capital expenditure range of \$325 - \$350 MM

Maintaining Operational & Cost Advantages in Move to Howard Cou

Drilling & Completions Efficiencies



Consistently Reducing DC&E Costs



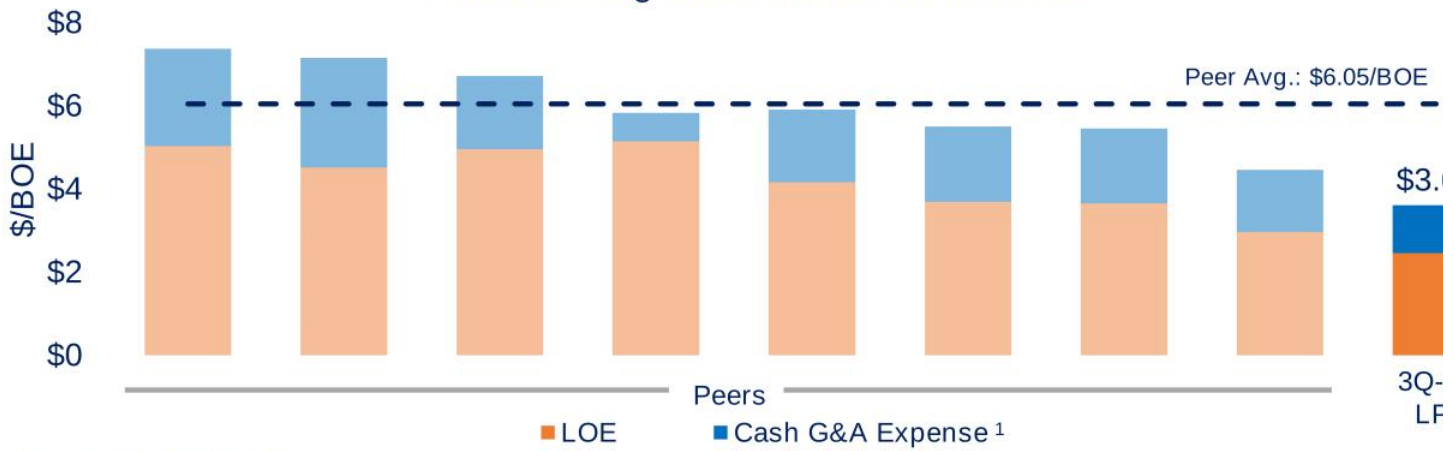
¹Based on internal estimates as of 3Q-20

Cost-Control Focus Improves Margins

Demonstrated History of Expense Reduction



Peer-Leading Controllable Cash Costs

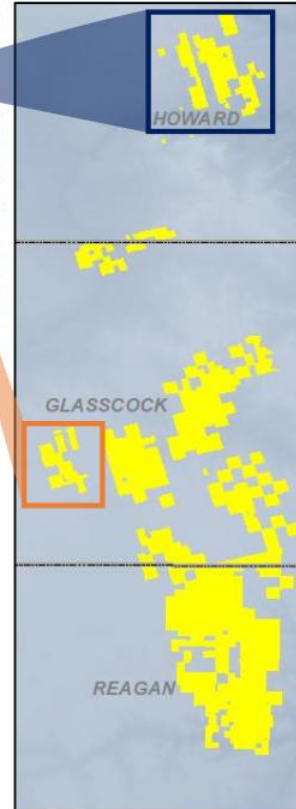


¹Excludes long-term incentive plan ("LTIP") cash & non-cash compensation expenses
 Note: Peer results are based on 3Q-20 public filings and include: CDEV, CPE, ESTE, MTDR, PE, QEP, SM and WPX

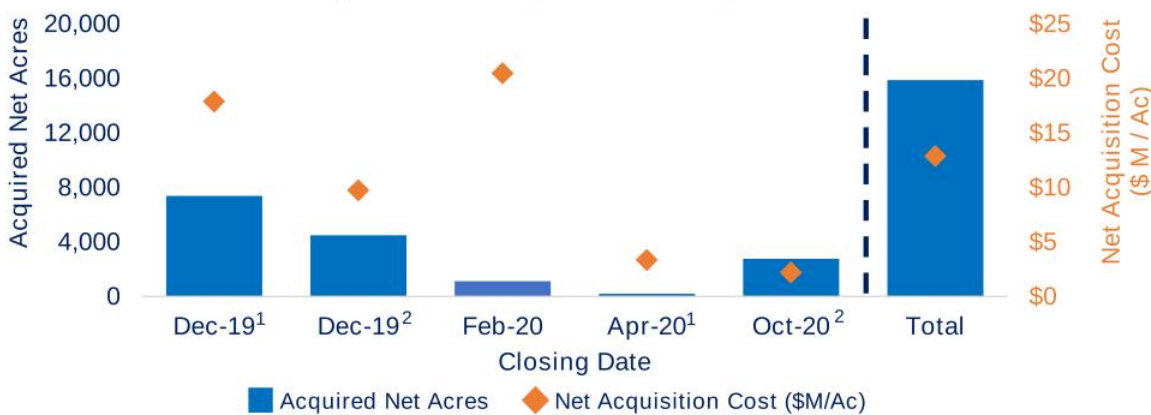
Acquisitions Add Oily, High-Margin Inventory

- Acquisitions expected to add 3+ years of high-margin inventory and >1,600 BOE/d of production
- All development activity has transitioned to Howard and W. Glasscock counties
- First development package in Howard County expected to be online by end of 4Q-20

Acquired beginning Dec-19	
Howard County	Total
Net Acres	11,299
Targets	LS/UWC/MWC
Locations	120 - 155
W. Glasscock County	Total
Net Acres	4,352
Targets	LS/UWC/MWC
Locations	45

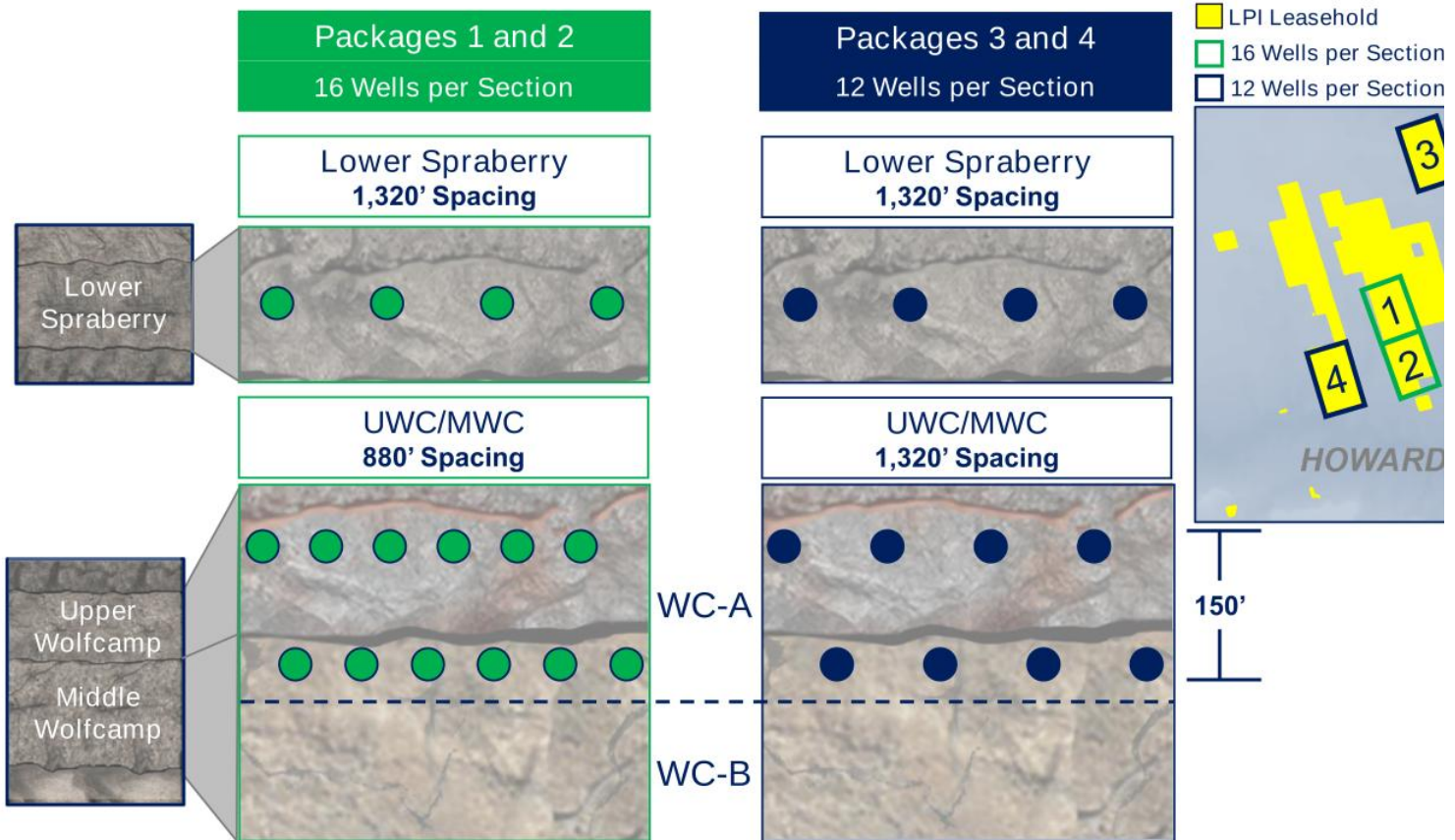


Acquisition Cost per Undeveloped Acre



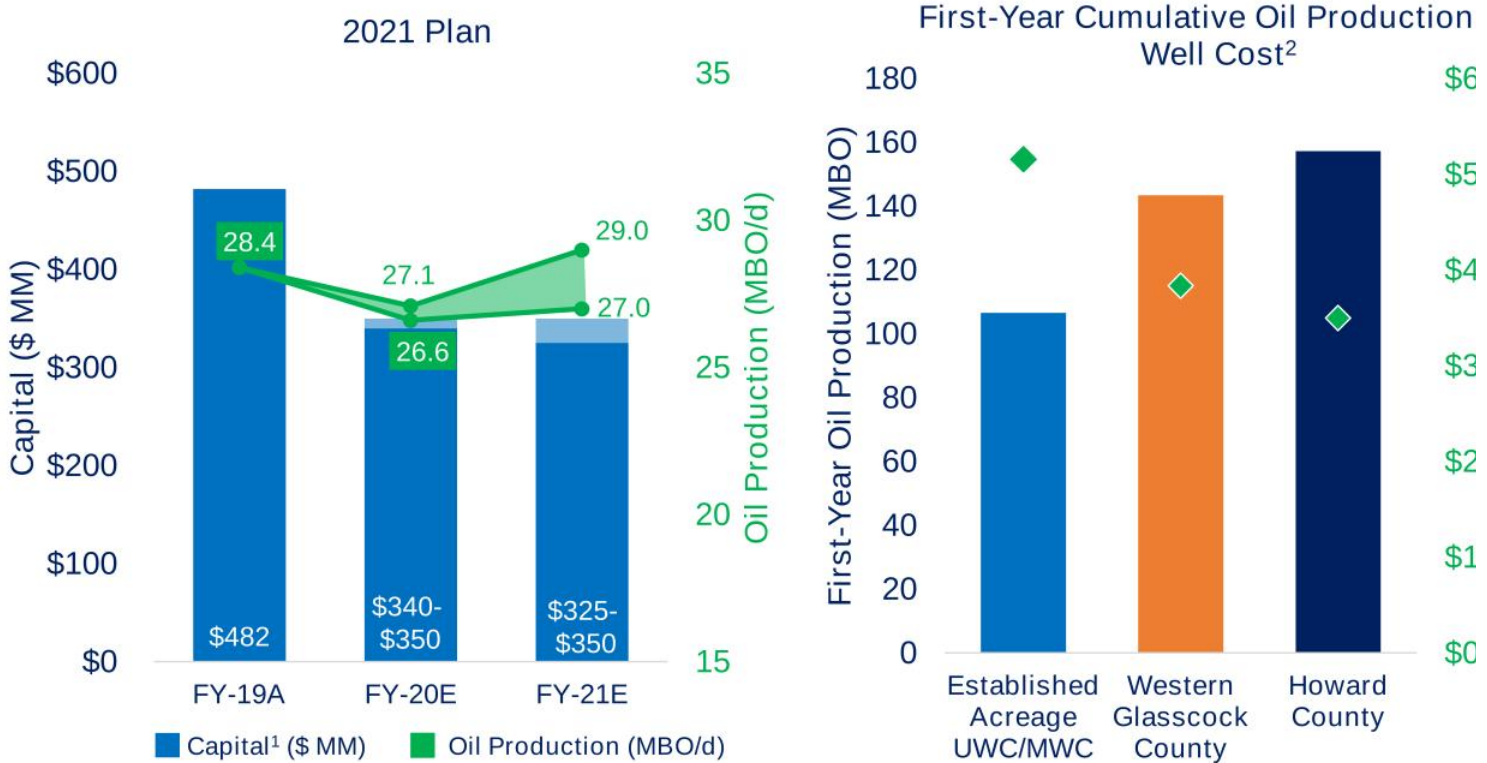
¹Subject to a previously disclosed potential contingency payment; ²Net purchase price includes an adjustment for acquired production Map, acreage and locations as of 11-16-20

Howard County Development Utilizing Conservative Spacing



Development spacing optimizes returns and total value based on current commodity prices and well cost

Acquired Acreage Driving Future Capital Efficiency



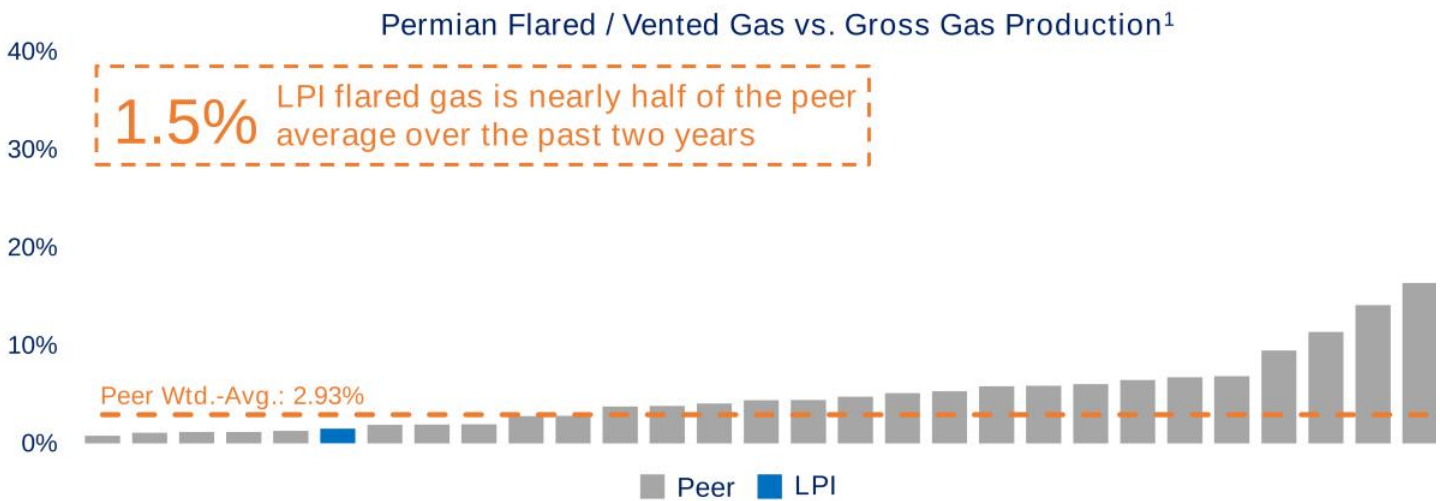
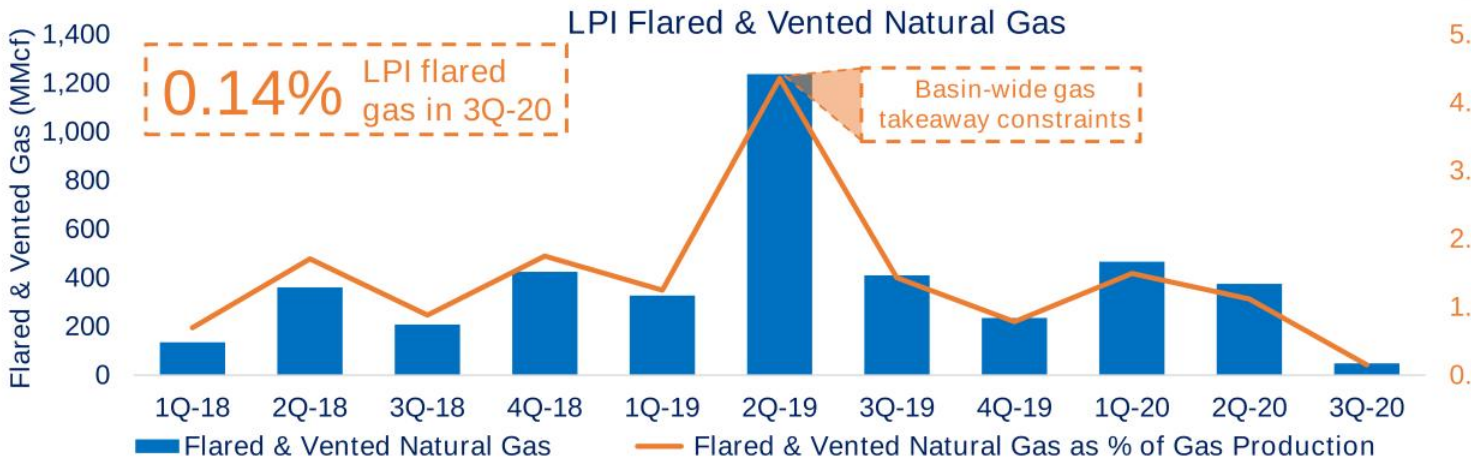
2021 plan focused on Howard County development



¹Capital expectations exclude non-budgeted acquisitions

²Utilizes current productivity and spacing assumptions; well cost assumptions of \$5.5 MM

Committed to Protecting the Environment



¹Source: Rystad Energy as of 10-28-20, with data beginning as of January 2018; Peers include: APA, AXAS, BATL, BP, CDEV, COP, CPE, CVX, CXO, DVN, EOG, EPEGO, FANG, LLEX, MRO, MTRD, OAS, OVV, OXY, PDCE, PE, PXD, QEP, REI, ROSE, RYDAF, SM, WPX, XEC and XOM

Committed to Our Communities



>\$230,000

Pledged & donated by Laredo employees since 2019

>\$185,000

Matched by Laredo through the Company's Matching Gifts Program

>\$150,000

Donated to non-profits through community matching initiative

>\$570,000

Total amount donated since 2019 to improve our local communities



APPENDIX

Oil, Natural Gas & Natural Gas Liquids Hedges

Hedge Product Summary	4Q-20	FY-21	FY-22
Oil total volume (Bbl)	2,107,720	8,084,750	3,759,500
Oil wtd-avg price (\$/Bbl) - WTI	\$59.35		
Oil wtd-avg price (\$/Bbl) - Brent	\$63.07	\$50.80	\$47.05
Nat gas total volume (MMBtu)	11,897,000	42,522,500	3,650,000
Nat gas wtd-avg price (\$/MMBtu) - HH	\$2.65	\$2.59	\$2.73
NGL total volume (Bbl)	644,000	5,245,050	

Oil	4Q-20	FY-21	FY-22
WTI Swaps			
Volume (Bbl)	1,509,720		
Wtd-avg price (\$/Bbl)	\$59.35		
Brent Swaps			
Volume (Bbl)	598,000	5,037,000	3,759,500
Wtd-avg price (\$/Bbl)	\$63.07	\$49.43	\$47.05
Brent Puts			
Volume (Bbl)		2,463,750	
Wtd-avg floor price (\$/Bbl)		\$55.00	
Brent Collars			
Volume (Bbl)		584,000	
Wtd-avg floor price (\$/Bbl)		\$45.00	
Wtd-avg ceiling price (\$/Bbl)		\$59.50	

Oil Basis Swaps	4Q-20	FY-21	FY-22
Brent/WTI			
Volume (Bbl)	901,600		
Wtd-avg price (\$/Bbl)	\$5.09		

Natural Gas Swaps	4Q-20	FY-21	FY-22
HH			
Volume (MMBtu)	11,897,000 ¹	42,522,500	3,650,000
Wtd-avg price (\$/MMBtu)	\$2.65	\$2.59	\$2.73

Natural Gas Liquids Swaps	4Q-20	FY-21
Ethane		
Volume (Bbl)	92,000	912,500
Wtd-avg price (\$/Bbl)	\$13.60	\$12.01
Propane		
Volume (Bbl)	312,800	2,423,235
Wtd-avg price (\$/Bbl)	\$26.58	\$22.90
Normal Butane		
Volume (Bbl)	110,400	807,745
Wtd-avg price (\$/Bbl)	\$28.69	\$25.87
Isobutane		
Volume (Bbl)	27,600	220,460
Wtd-avg price (\$/Bbl)	\$29.99	\$26.55
Natural Gasoline		
Volume (Bbl)	101,200	881,110
Wtd-avg price (\$/Bbl)	\$45.15	\$38.16

Basis Swaps	4Q-20	FY-21
Waha/HH		
Volume (MMBtu)	10,580,000	41,610,000
Wtd-avg price (\$/MMBtu)	(\$0.82)	(\$0.55)



¹Includes 97,000 MMBtu/d in Oct-20 - Nov-20 and 65,000 MMBtu/d Dec-20

Note: Open positions as of 9-30-20, hedges executed through 11-18-20

Natural gas liquids consist of Mt. Belvieu purity ethane and Mt. Belvieu non-TET propane, normal butane, isobutane, and natural gas

Guidance

Production:	4Q-20	FY-20
Total production (MBOE/d)	82.0 - 84.0	87.6 - 88.1
Oil production (MBO/d)	21.0 - 23.0	26.6 - 27.1

Average sales price realizations: (excluding derivatives)	4Q-20
Oil (% of WTI)	95%
NGL (% of WTI)	26%
Natural gas (% of Henry Hub)	49%

Other (\$ MM):	4Q-20
Net income / (expense) of purchased oil	(\$4.3)
Net midstream income / (expense)	\$0.75

Operating costs & expenses (\$/BOE):	4Q-20
Lease operating expenses	\$2.80
Production and ad valorem taxes (% of oil, NGL and natural gas revenues)	7.25%
Transportation and marketing expenses	\$1.95
General and administrative expenses (excluding LTIP)	\$1.25
General and administrative expenses (LTIP cash & non-cash)	\$0.35
Depletion, depreciation and amortization	\$6.00

Commodity Prices Used for 4Q-20 Realization Guidance

Oil:

	WTI NYMEX (\$/Bbl)	Brent ICE (\$/Bbl)
Oct-20	\$39.56	\$41.55
Nov-20	\$36.90	\$38.99
Dec-20	\$37.32	\$39.50
4Q-20 Average	\$37.94	\$40.03

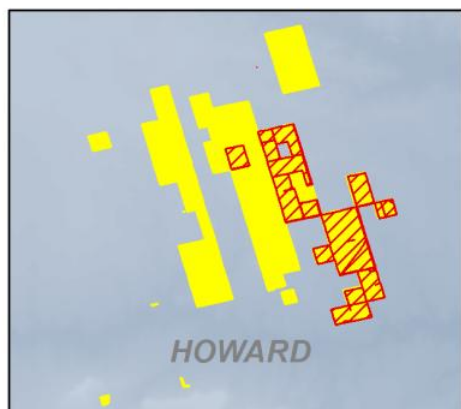
Natural Gas Liquids:

	C2 (\$/Bbl)	C3 (\$/Bbl)	IC4 (\$/Bbl)	NC4 (\$/Bbl)	C5+ (\$/Bbl)	Composite (\$/Bbl)
Oct-20	\$9.03	\$21.74	\$26.89	\$26.65	\$36.50	\$18.90
Nov-20	\$9.46	\$23.05	\$28.78	\$28.77	\$34.02	\$19.54
Dec-20	\$9.49	\$23.12	\$28.58	\$27.50	\$34.06	\$19.42
4Q-20 Average	\$9.33	\$22.63	\$28.07	\$27.63	\$34.87	\$19.29

Natural Gas:

	HH (\$/MMBtu)	Waha (\$/MMBtu)
Oct-20	\$2.10	\$1.29
Nov-20	\$3.00	\$1.60
Dec-20	\$3.24	\$2.96
4Q-20 Average	\$2.78	\$1.95

Howard County Bolt-On Acquisition Announced October 2020



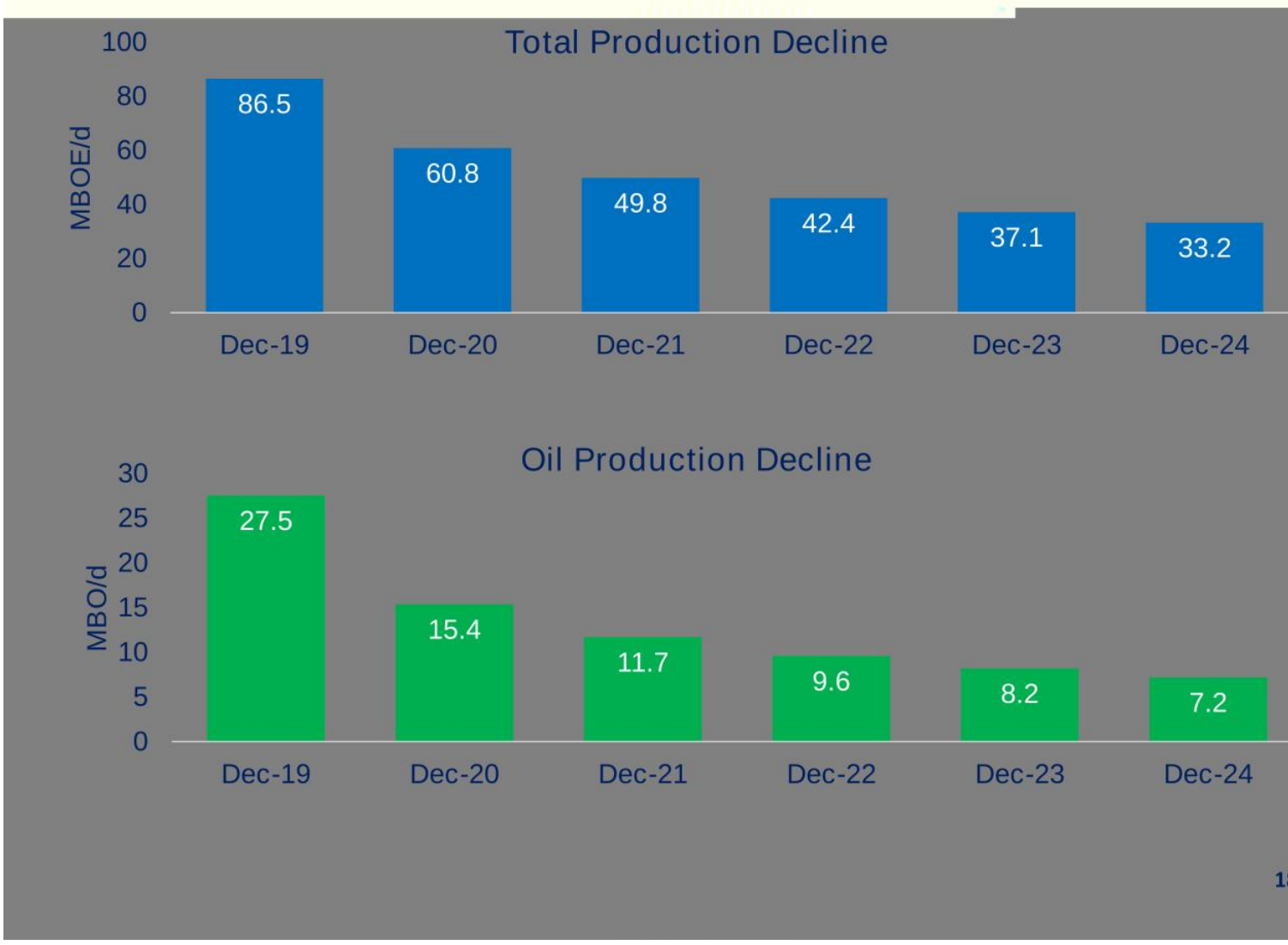
-  LPI Leasehold
-  Oct-20 Acquisition

Acquisition Highlights

- Acquired 2,758 net acres adjacent to existing Howard County acreage
 - **Company's position is now 11,299 net acres**
- Added 12 new 10,000-foot locations, with the potential for 25 additional locations as drilling units are formed
- Increased working interest and lateral length of **12 existing locations, from 45% to 83% & 7,500' to 10,000', respectively**
- Includes production of 210 BOE/d (80% oil)
- Low-cost financing with entire transaction funded by Senior Secured Credit Facility

Undeveloped acreage acquired at \$2,200/acre¹

YE-19 Base Production Decline Expectations



Increased Activity Accelerates Development of Howard County DL

	1Q-20A	2Q-20A	3Q-20A	4Q-20E	FY-20E
Drilling Rigs	4.0	2.4	1.0	1.0	2.1
Spuds	25	17	7	6	55
Completion Crews	1.7	0.3	0.3	1.0	0.8
Completions	28	5	0	15	48
Total Capital ¹ (\$MM)	\$155	\$78	\$43	\$64 - \$74	\$340 - \$350
Avg. Working Interest					98%
Avg. Lateral Length					9,000

Supplemental Non-GAAP Financial Measures

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that we define as net income or loss plus adjustments for share-settled equity-based compensation, depreciation and amortization, impairment expense, mark-to-market on derivatives, premiums paid for commodity derivatives that matured during the period, accretion expense, gains or losses on disposal of assets, interest expense, income taxes and other non-recurring income and expenses. Adjusted EBITDA does not represent funds available for future discretionary use because it excludes funds required for debt service, capital expenditures, working capital requirements, income taxes, franchise taxes and other commitments and obligations. However, our management believes Adjusted EBITDA is useful to an investor in measuring our operating performance because this measure: is widely used by investors in the oil and natural gas industry to measure a company's operating performance without regard to items that can vary substantially from company to company depending upon accounting methods, the book value of assets, capital structure, the method by which assets were acquired, among other factors; helps investors to more meaningfully evaluate and compare the results of our operating performance period to period by removing the effect of our capital structure from our operating structure; and is used by our management for various purposes, including as a measure of operating performance, in presentations to our board of directors and as a basis for strategic planning and forecasting. There are significant differences in the use of Adjusted EBITDA as a measure of performance, including the inability to analyze the effect of certain recurring and non-recurring items that affect our net income or loss and the lack of comparability of results of operations to different companies due to the different methods of calculating Adjusted EBITDA reported by different companies. Our measurements of Adjusted EBITDA for financial reporting as compared to compliance under our debt agreements may differ.

The following table presents a reconciliation of net income (loss) (GAAP) to Adjusted EBITDA (non-GAAP):

(in thousands, unaudited)	Three months ended,			
	12/31/19	3/31/20 ¹	6/30/20	9/30/20
Net income (loss)	(\$241,721)	\$74,646	(\$545,455)	(\$237,000)
Plus:				
Share-settled equity-based compensation, net	3,046	2,376	1,694	2,000
Depletion, depreciation and amortization	67,846	61,302	66,574	47,000
Impairment expense	222,999	186,699	406,448	196,000
Organizational restructuring expenses	—	—	4,200	—
Mark-to-market on derivatives:				
(Gain) loss on derivatives, net	57,562	(297,836)	90,537	45,200
Settlements received for matured derivatives, net	14,394	47,723	86,872	51,800
Settlements received for early-terminated commodity derivatives, net	—	—	—	6,300
Premiums paid for commodity derivatives that matured during the period	(1,399)	(477)	—	—
Accretion expense	1,041	1,106	1,117	1,100
(Gain) loss on disposal of assets, net	(67)	602	(152)	600
Interest expense	15,044	24,970	27,072	26,800
Loss on extinguishment of debt	—	13,320	—	—
Write-off of debt issuance costs	935	—	1,103	—
Income tax (benefit) expense	(1,776)	2,417	(7,173)	(2,300)
Adjusted EBITDA	\$137,904	\$116,848	\$132,837	\$137,000

¹Reflects revised and restated figures in 1Q-20 10-Q/A

Supplemental Non-GAAP Financial Measures

Consolidated EBITDAX (Credit Agreement Calculation)

“Consolidated EBITDAX” means, for any Person for any period, the Consolidated Net Income of such Person for such period, plus each of the following extent deducted in determining Consolidated Net Income without duplication, determined for such Person and its Consolidated Subsidiaries on a consolidated basis for such period: any provision for (or less any benefit from) income or franchise Taxes; interest expense (as determined under GAAP as in effect as of 31, 2016), depreciation, depletion and amortization expense; exploration expenses; and other non-cash charges to the extent not already included in the clauses (ii), (iii) or (iv), plus the aggregate Specified EBITDAX Adjustments during such period; provided that the aggregate Specified EBITDAX Adjustments not exceed fifteen percent (15%) of the Consolidated EBITDAX for such period prior to giving effect to any Specified EBITDAX Adjustments for such period and minus all non-cash income to the extent included in determining Consolidated Net Income. For the purposes of calculating Consolidated EBITDAX for any Rolling Period in connection with any determination of the financial ratio contained in Section 10.1(b), if during such Rolling Period, Borrower or any Consolidated Restricted Subsidiary shall have made a Material Disposition or Material Acquisition, the Consolidated EBITDAX for such Rolling Period shall be calculated giving pro forma effect thereto as if such Material Disposition or Material Acquisition, as applicable, occurred on the first day of such Rolling Period.

For additional information, please see the Company's Fifth Amended and Restated Credit Agreement, as amended, dated May 2, 2017 as filed with Securities and Exchange Commission.

The following table presents a reconciliation of net income (loss) (GAAP) to Consolidated EBITDAX (Credit Agreement Calculation; non-GAAP):

(in thousands, unaudited)	Three months ended,			
	12/31/19	3/31/20 ¹	6/30/20	9/30/20
Net Debt				\$1,194
Net income (loss)	(\$241,721)	\$74,646	(\$545,455)	(\$237,000)
Organizational restructuring expenses	—	—	4,200	—
Loss on extinguishment of debt	—	13,320	—	—
(Gain) loss on disposal of assets, net	(67)	602	(152)	60
Consolidated Net Income (Loss)	(241,788)	88,568	(541,407)	(236,800)
Mark-to-market on derivatives:				
(Gain) loss on derivatives, net	57,562	(297,836)	90,537	45,200
Settlements received for matured derivatives, net	14,394	47,723	86,872	51,800
Settlements received for early-terminated commodity derivatives, net	—	—	—	6,300
Mark-to-market (gain) loss on derivatives, net	71,956	(250,113)	177,409	103,300
Premiums paid for commodity derivatives	(1,399)	(477)	(50,593)	—
Non-Cash Charges/Income:				
Deferred income tax expense (benefit)	(1,776)	2,417	(7,173)	(2,300)
Depletion, depreciation and amortization	67,846	61,302	66,574	47,000
Share-settled equity-based compensation, net	3,046	2,376	1,694	2,000
Accretion expense	1,041	1,106	1,117	1,100
Impairment expense	222,999	186,699	406,448	196,000
Write-off of debt issuance costs	935	—	1,103	—
Interest Expense	15,044	24,970	27,072	26,800
Consolidated EBITDAX after EBITDAX Adjustments	\$137,904	\$116,848	\$82,244	\$137,000



¹Reflects revised and restated figures in 1Q-20 10-Q/A

Supplemental Non-GAAP Financial Measures

Net Debt

Net Debt, a non-GAAP financial measure, is calculated as long-term debt less cash. Management believes Net Debt is useful to management and investors in determining the Company's leverage position since the Company has the ability, and may decide, to use a portion of it and cash equivalents to reduce debt.

Net debt to TTM Adjusted EBITDA

Net Debt to TTM Adjusted EBITDA is calculated as net debt divided by trailing twelve-month Adjusted EBITDA. Net debt is calculated as face value of debt, reduced by cash and cash equivalents.

Net Debt to Adjusted EBITDA is used by our management for various purposes, including as a measure of operating performance, in presentations to our board of directors and as a basis for strategic planning and forecasting.

See Appendix slides for a definition of Adjusted EBITDA and for a reconciliation of Net Income to Adjusted EBITDA.

Net debt to TTM Consolidated EBITDAX (Credit Agreement Calculation)

Net Debt to TTM Consolidated EBITDAX is calculated as net debt divided by trailing twelve-month Consolidated EBITDAX. Net debt is calculated as the face value of debt, reduced by cash and cash equivalents.

Net Debt to Consolidated EBITDAX is used by the banks in our Senior Secured Credit Agreement as a measure of indebtedness and as a calculation to measure compliance with the Company's leverage covenant.

See Appendix slides for a definition of Consolidated EBITDAX and for a reconciliation of Net Income to Consolidated EBITDAX.

Liquidity

Calculated as the Company's outstanding borrowings on its Senior Secured Credit Agreement, less outstanding letters of credit, plus cash equivalents.

Cash Flow

Cash flow, a non-GAAP financial measure, represents cash flows from operating activities before changes in operating assets and liabilities, net.

Free Cash Flow

Free Cash Flow, a non-GAAP financial measure, represents net cash provided by operating activities before changes in operating asset liabilities, net, less costs incurred, excluding non-budgeted acquisition costs. It does not represent funds available for future discretion because it excludes funds required for future debt service, capital expenditures, acquisitions, working capital, income taxes, franchise fees and other commitments and obligations. Management believes Free Cash Flow is useful to management and investors in evaluating operating trends in our business that are affected by production, commodity prices, operating costs and other related factors. There are significant limitations to the use of Free Cash Flow as a measure of performance, including the lack of comparability due to the different methods of calculating Free Cash Flow reported by different companies.

