

**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): February 26, 2020 (February 20, 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	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.

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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 20, 2020, the board of directors (the "Board") of Laredo Petroleum, Inc. (the "Company" or "Laredo") approved the Laredo Petroleum, Inc. Executive Severance Plan (the "Plan"), under which all participants in the Plan are eligible for benefits in connection with a qualifying termination of employment.

Under the Plan, if a participant's employment with the Company is terminated without Cause (as defined in the Plan) or by the participant for Good Reason (as defined in the Plan), then such participant will be entitled to receive:

- the product of the "Applicable Percentage" (200% for the Chief Executive Officer, 150% for the Executive Vice Presidents or Senior Vice Presidents, and 100% for any officer who has a title of "Vice President" or greater as determined by the Board) multiplied by the participant's base salary;
- the participant's target bonus, if any;
- an amount in cash equal to the value of (i) the number of unvested restricted stock awards held by the participant multiplied by the closing stock price on the last trading day before the participant's termination; plus (ii) the number of all other long-term compensation and equity awards not covered in (i) prorated based on the date of termination, multiplied by a current value of each such award based on the reasonable determination of the Plan administrator; and
- continuation of coverage under the Company's group health plans in which the participant participated immediately prior to the date of termination for a period of: 24 months for the Chief Executive Officer, 18 months for the Executive Vice Presidents or Senior Vice Presidents and 12 months for the Company's other officers with a title of "Vice President," following the date of termination.

The right to receive severance payments and benefits under the Plan shall be conditioned upon the Participant's execution and non-revocation, within sixty days following the effective date of termination, of a general release of claims against the Company, its affiliates, and related parties thereto, in a form reasonably satisfactory to the Company. Further, the Plan requires continued compliance by the Participant with certain confidentiality, non-disparagement and non-solicitation covenants.

The foregoing description of the Plan does not purport to be complete and is qualified in its entirety by reference to the complete text of the Plan, a copy of which is attached hereto as Exhibit 10.1 and incorporated into this Item 5.02 by reference.

Item 7.01. Regulation FD Disclosure.

On February 26, 2020, the Company announced its capital budget for 2020 and updated its three-year outlook. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated into this Item 7.01 by reference.

On February 26, 2020, the Company also posted to its website an update to the previously posted Corporate Presentation (as updated, the "Presentation"), primarily in light of the approved 2020 capital budget as discussed in the accompanying press release. The Presentation is available on the Company's website, www.laredopetro.com, and is attached hereto as Exhibit 99.2 and incorporated into this Item 7.01 by reference.

All statements in the press release and 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 Securities 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 in this Item 7.01 of this Current Report on Form 8-K, including Exhibits 99.1 and 99.2, is 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 any filing under the Securities Act, or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

Exhibit Number	Description
10.1	Laredo Petroleum, Inc. Executive Severance Plan.
99.1	Press Release dated February 26, 2020.
99.2	Corporate Presentation dated February 26, 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: February 26, 2020

By: /s/ Michael T. Beyer
Michael T. Beyer
Senior Vice President and Chief Financial Officer

**LAREDO PETROLEUM, INC.
EXECUTIVE SEVERANCE PLAN**

FEBRUARY 20, 2020

INTRODUCTION

The purpose of the Plan is to enable Laredo Petroleum, Inc. (the “**Company**,” together with its subsidiaries, the “**Employer**”) to offer certain protections to employees if their employment with the Employer is terminated by the Employer without Cause or by the Participant for Good Reason. Accordingly, to accomplish this purpose, the Board has adopted the Plan, effective as of February 20, 2020 (the “**Effective Date**”).

Unless otherwise expressly provided in Section 2.4 or unless otherwise agreed to between the Employer and a Participant on or after the date hereof, Participants covered by the Plan shall not be eligible to participate in any other severance or termination plan, policy or practice of the Employer that would otherwise apply under the circumstances described herein. The Plan is intended to constitute a “top hat” plan under ERISA for the benefit of a select group of highly compensated or management employees. Capitalized terms and phrases used herein shall have the meanings ascribed thereto in Article 1.

**ARTICLE 1
DEFINITIONS**

For purposes of the Plan, capitalized terms and phrases used herein shall have the meanings ascribed in this Article.

“**AAA**” shall have the meaning set forth in Section 4.12 below.

“**ACA**” shall have the meaning set forth in Section 2.2(b) below.

“**Adverse Benefit Determination**” shall have the meaning set forth in Section 4.7.

“**Applicable Percentage**” shall mean (i) for the Company’s Chief Executive Officer, 200%, (ii) for the Company’s Executive Vice Presidents or Senior Vice Presidents, 150%, and (iii) for any employee who has a title of “Vice President” or greater as determined by the Board that is not otherwise described in clauses (i) or (ii) of this definition, 100%.

“**Application for Benefits**” shall have the meaning set forth in Section 4.6.

“**Base Salary**” shall mean a Participant’s annual base compensation rate for services paid by the Employer to the Participant at the time immediately prior to the Participant’s termination of employment, as reflected in the Employer’s payroll records. Base Salary shall not include commissions, bonuses, overtime pay, incentive compensation, benefits paid under any qualified or non-qualified plan, any group medical, dental or other welfare benefit plan, non-cash compensation or any other additional compensation.

“**Board**” shall mean the Board of Directors of the Company.

“Bonus Target” shall mean (i) for the Company’s Chief Executive Officer, the sum of 200% of such officer’s target annual bonus plus the prorated amount of such target annual bonus for the fiscal year in which the Participant’s termination of employment occurs, (ii) for the Company’s Executive Vice Presidents or Senior Vice Presidents, the sum of 100% of such officer’s target annual bonus plus the prorated amount of such target annual bonus for the fiscal year in which the Participant’s termination of employment occurs, and (iii) for the Company’s other officers with a title of “Vice President” and not otherwise described in clauses (i) or (ii) of this definition, the sum of 100% of such officer’s target annual bonus plus the prorated amount of such target annual bonus for the fiscal year in which the Participant’s termination of employment occurs, as set forth under the Participant’s individual employment agreement with the Employer or in any written bonus plan, program or arrangement approved by the Board or the Committee.

“Cause” shall have the meaning in a Participant’s employment or similar services agreement, or if none (or in the absence of any definition of “Cause” contained in such an agreement), (i) the Participant’s commission of, conviction for, plea of guilty or nolo contendere to a felony or a crime involving moral turpitude, or other material act or omission involving dishonesty or fraud, (ii) the Participant’s conduct that results in or is reasonably likely to result in harm to the reputation or business of the Employer or any of its affiliates in any material way, (iii) the Participant’s failure to perform duties as reasonably directed by the Employer or the Participant’s material violation of any rule, regulation, policy or plan for the conduct of any service provider to the Employer or its affiliates or its or their business (which, if curable, is not cured within 5 days after notice thereof is provided to the Participant) or (iv) the Participant’s gross negligence, willful malfeasance or material act of disloyalty with respect to the Employer or its affiliates (which, if curable, is not cured within 5 days after notice thereof is provided to the Participant). Any determination of whether Cause exists shall be made on a reasonable basis and in good faith by the Plan Administrator, subject to the Participant’s rights to review and arbitration as stated in Article 4 below.

“CIC Plan” shall have the meaning set forth in Section 2.1(b) below.

“COBRA” shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

“Code Section 409A” shall mean Section 409A of the Code.

“Committee” shall mean the Compensation Committee of the Board or such other committee appointed by the Board from time to time to administer the Plan or, if no such committee has been appointed by the Board, the Board.

“Company” shall have the meaning set forth in the Introduction above.

“Continuation Period” shall mean a period commencing on the date of a Participant’s termination of employment until the earliest of: (A) 24 months for the Company’s Chief Executive Officer, 18 months for the Company’s Executive Vice Presidents or Senior Vice Presidents and 12 months for the Company’s other officers with a title of Vice President, following the date of

termination; (B) the date the Participant becomes eligible for coverage under the health insurance plan of a subsequent employer; or (C) the date the Participant or the Participant's eligible dependents, as the case may be, cease to be eligible under COBRA.

"Continued Health Coverage" shall mean the benefit set forth in Section 2.2(b) below.

"Delay Period" shall mean the period commencing on the date the Participant incurs a Separation from Service from the Employer until the earlier of (A) the six (6)-month anniversary of the date of such Separation from Service and (B) the date of the Participant's death.

"Disability" shall mean a Participant's disability that would qualify as such under the Employer's long-term disability plan without regard to any waiting periods set forth in such plan.

"Effective Date" shall have the meaning set forth in the Introduction above.

"Employer" shall have the meaning set forth in the Introduction above.

"Employer Parties" shall have the meaning set forth in Section 8.8(a) below.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"Good Reason" shall have the meaning in a Participant's employment or similar services agreement, or if none (or in the absence of any definition of "Good Reason" contained in such an agreement), shall mean the occurrence of any of the following events without the Participant's express written consent' provided, that, (a) the Participant gives notice to the Employer of the Good Reason event within ninety (90) days after the initial occurrence of the Good Reason event, (b) such event is not fully corrected in all material respects by the Employer within thirty (30) days following receipt of the Participant's written notification and (c) the Participant terminates employment with the Employer on the date following the expiration of such thirty (30)-day cure period: (i) a material diminution in the Participant's (x) title, (y) authority, (z) duties or responsibilities, or (iv) Base Salary (other than in connection with a diminution of base salaries to similarly situated employees), (ii) a relocation of the Participant's principal business location to an area outside a 50 mile radius of the Participant's then principal business location or other location where the Employer has an established office, or (iii) the Employer's failure to pay amounts to the Participant when due.

"Participant" shall mean any individual with the title of Vice President or above and any individual that is designated in writing by the Board or the Committee for participation in the Plan.

"Plan" shall mean the Laredo Petroleum, Inc. Executive Severance Plan, as may be amended from time to time.

"Plan Administrator" shall mean the Committee.

"Qualifying Event" shall have the meaning set forth in Section 2.1 below.

"Release" shall mean the general release of claims contemplated by Section 2.6 below.

“**Separation from Service**” shall mean termination of a Participant’s employment with the Employer, provided, that, such termination constitutes a separation from service within the meaning of Code Section 409A. All references in the Plan to a “resignation,” “termination,” “termination of employment” or like terms shall mean Separation from Service.

“**Severance Benefits**” shall mean, collectively, the Severance Payments and the Continued Health Coverage.

“**Severance Payments**” shall mean the payments set forth in Section 2.2(a) below.

“**Specified Employee**” shall mean a Participant who, as of the date of his or her Separation from Service, is deemed to be a “specified employee” within the meaning of that term under Section 409A(a)(2)(B) of the Code and using the identification methodology selected by the Employer from time to time in accordance therewith, or if none, the default methodology set forth therein.

ARTICLE 2 SEVERANCE BENEFITS

2.1 Eligibility for Severance Benefits

(a) Qualifying Event for Participants. In the event that the employment of a Participant is terminated by the Employer without Cause or by the Participant for Good Reason (a “**Qualifying Event**”), then the Employer shall pay or provide the Participant with the Severance Benefits.

(b) Non-Qualifying Events. A Participant shall not be entitled to Severance Benefits under the Plan if (i) the Participant’s employment is terminated for any reason other than a Qualifying Event, including, without limitation, (x) by the Employer for Cause, (y) by the Participant for any reason other than for Good Reason, or (z) on account of the Participant’s death or Disability or (ii) such termination would qualify as a “Qualifying Event” under the Laredo Petroleum, Inc. Change in Control Executive Severance Plan, as amended (the “**CIC Plan**”).

2.2 Amount of Severance Benefits

. In the event that a Participant becomes entitled to benefits pursuant to Section 2.1 hereof, the Employer shall pay or provide the Participant with the Severance Benefits as follows:

(a) Severance Payment. Subject to the provisions of Sections 2.4 through 2.7, the Employer shall pay to the Participant the sum of (x) the product of the Applicable Percentage multiplied by the Participant’s Base Salary, (y) the Participant’s Bonus Target, if any and (z) an amount in cash equal to the value of (i) the number of unvested restricted stock awards held by the Participant multiplied by the closing stock price on the last trading day before the Participant’s termination; plus (ii) the number of all other long-term compensation and equity awards not covered in (i) (including, but not limited to, performance awards) prorated based on the date of termination, multiplied by a current value of each such award based on the reasonable determination of the Plan Administrator. Any such Severance Payment shall be payable in a lump sum on the first payroll after the sixtieth (60th) day following a Qualifying Event, so long as the conditions therefor have been fully satisfied.

(b) **Continued Health Coverage.** Subject to the provisions of Sections 2.4 through 2.7, and subject to a timely election pursuant to COBRA by a Participant, during the applicable Continuation Period the Company shall pay the full cost for continued coverage pursuant to COBRA, for the Participant and the Participant's eligible dependents, under the Employer's group health plans in which the Participant participated immediately prior to the date of termination of the Participant's employment. Following the applicable Continuation Period, the Participant shall be entitled to such continued coverage for the remainder of the COBRA period on a full self-pay basis to the extent eligible under COBRA. For the avoidance of doubt, nothing in this Plan shall prohibit the Employer from amending or terminating any group health plan. Notwithstanding anything in this Plan to the contrary, in the event that the payment of amounts payable hereunder this clause (b) shall result in adverse tax consequences under Chapter 100 of the Code, Code Section 4980D or otherwise to the Employer, the parties shall undertake commercially reasonable efforts to restructure such benefit in an economically equivalent manner to avoid the imposition of such taxes on the Employer; provided, however, that, should the Employer's auditors determine in good faith that no such alternative arrangement is achievable, the Participant shall not be entitled to his or her rights to payment under this clause (b). Further, the Employer's and the Participant shall undertake commercially reasonable efforts to structure the benefits under this clause (b) in a manner that is most tax efficient for the parties (i.e., on an after-tax basis), although neither the Employer nor any of its employees, directors, managers, board members, affiliates, parents, stakeholders, equityholders, agents, successors, predecessors or related parties guarantees the tax treatment of any benefit under this clause (b) and no such party shall have liability to the Participant or his or her beneficiaries with respect to the taxation of such benefits or amounts payable in respect thereof. Notwithstanding the foregoing, if the Company's providing Benefit Continuation under this Section 2.2(b) would violate the nondiscrimination rules applicable to non-grandfathered plans, or would result in the imposition of penalties under the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, and the related regulations and guidance promulgated thereunder (the "ACA"), the Company shall reform this Section 2.2(b) in a manner as is necessary to comply with the ACA.

2.3 Accrued Obligations. Upon the Participant's termination of employment with the Employer for any reason, the Participant shall receive from the Employer (a) within thirty (30) days following such termination (or such earlier time as may be required by applicable law), the payment of Participant's earned but unpaid Base Salary through the termination date, paid in accordance with the Employer's standard payroll practices; (b) reimbursement for any unpaid or unreimbursed business expenses properly incurred through the termination date in accordance with the Employer's expense reimbursement policy; and (c) all other vested and non-forfeitable benefits provided under the Employer's incentive compensation and employee benefit plans, programs, agreements and arrangements upon such termination in accordance with the terms and conditions of such plans, programs, agreements, or arrangements and applicable law.

2.4 No Other Entitlements. Participants hereunder shall not be entitled to severance amounts under any other plan, program or policy of the Employer that would otherwise apply under the circumstances described herein and any amounts required to be paid to Participant as a matter of law or contract shall offset amounts payable hereunder in a manner that does not result in adverse tax consequences to the Participant under Code Section 409A as determined by the Plan Administrator. For the avoidance of doubt, in the event that the Participant is entitled to receive

severance payments or benefits under the CIC Plan, no payment of Severance Benefits shall be made to the Participant under the Plan. Except as provided in Section 2.2 above in the event of a Participant's Qualifying Event or as provided under Section 2.3 above, following the Participant's termination of employment with the Employer for any reason, the Employer shall have no further obligation to the Participant.

2.5 No Duty to Mitigate/Set-off. No Participant entitled to receive Severance Benefits hereunder shall be required to seek other employment or to attempt in any way to reduce any amounts payable to the Participant by the Employer pursuant to the Plan and, except as provided in Section 2.2(b) hereof, there shall be no offset against any amounts due to the Participant under the Plan on account of any remuneration attributable to any subsequent employment that the Participant may obtain or otherwise. The amounts payable hereunder may be subject to setoff, counterclaim, recoupment, defense or other right which the Employer may have against the Participant, except as the Plan Administrator determines would result in adverse tax consequences to the Participant under Code Section 409A.

2.6 Release Required. Any amounts payable under Section 2.2 of the Plan shall be conditioned upon the Participant's execution and non-revocation, within sixty (60) days following the effective date of termination, of a general release of claims against the Employer, its affiliates, and related parties thereto, in a form reasonably satisfactory to the Employer. The Employer shall provide the release to the Participant within five (5) calendar days following the Participant's date of termination. The Release will contain customary carveouts for the payment of consideration payable hereunder (which shall serve as consideration for such Release), vested benefits under the Employer's qualified plans, directors' and officers' insurance and indemnification and such other carveouts as the Plan Administrator determines in its sole and absolute discretion. In the event that the Release is not executed or is revoked by the Participant in accordance with its terms, then (a) no Severance Benefits shall be payable or provided to the Participant and (b) the Participant shall be required (and the Employer will be entitled to setoff amounts owed to Participant) to immediately reimburse the Employer for the amount of any Severance Benefits already paid or provided to Participant and his/her beneficiaries thereunder as reasonably determined by the Plan Administrator.

2.7 Restrictive Covenants. Notwithstanding anything else herein to the contrary, as a condition to receiving any benefits discussed hereunder, a Participant must execute the Confidentiality, Non-Disparagement and Non-Solicitation Agreement, substantially in the form attached hereto as Annex A, prior to receiving any such payment.

ARTICLE 3 UNFUNDED PLAN; ERISA

3.1 Unfunded Status. The Plan shall be "unfunded" for the purposes of ERISA and the Code and Severance Benefits shall be paid out of the general assets of the Employer as and when Severance Benefits are payable under the Plan. All Participants shall be solely unsecured general creditors of the Employer. If the Employer decides in its sole discretion to establish any advance accrued reserve on its books against the future expense of the Severance Benefits payable hereunder, or if the Employer decides in its sole discretion to fund a trust under the Plan, such reserve or trust shall not under any circumstances be deemed to be an asset of the Plan.

3.2 ERISA. The Plan is intended to constitute a “top hat” plan under ERISA for the benefit of a select group of highly compensated or management employees.

ARTICLE 4 ADMINISTRATION OF THE PLAN

4.1 Plan Administrator. The Plan Administrator shall administer the Plan. Subject to the provisions of the Plan (including without limitation Article 2) and applicable law, the Plan Administrator shall also have the sole and plenary authority, in addition to other express powers and authorizations conferred on the Plan Administrator by the Plan, to: (a) construe, interpret and administer the Plan and apply the provisions of the Plan; (b) establish, enforce, amend, suspend or waive rules and regulations relating to the administration of the Plan and appoint or employ such agents as the Plan Administrator shall deem appropriate for the proper administration of the Plan; (c) authorize any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan; (d) correct any defect or supply any omission with respect to the Plan; (e) prepare and distribute information explaining the Plan; (f) obtain such information as is necessary for the proper administration of the Plan; or (g) exercise discretion to make any and all other determinations or take any other action not inconsistent with the Plan that it may determine to be necessary or advisable for administration of the Plan or to comply with any applicable law. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, decisions or other actions made or taken under or with respect to the Plan shall be within the sole and absolute discretion of the Plan Administrator, may be made at any time and shall be final, conclusive and binding upon all persons, including, without limitation, the Employer or any of its affiliate, any Participant or any beneficiary of any Participant. Notwithstanding anything to the contrary contained in the Plan, the Board may, in its sole discretion, at any time and from time to time, administer the Plan, take any actions delegated to the Plan Administrator or determine eligibility for participation in the Plan and for receipt of Severance Benefits under the Plan, and in any such case, shall have all the authority granted to the Plan Administrator under the Plan.

4.2 Reimbursement of Expenses of Plan Administrator. The Employer may, in its sole discretion, pay or reimburse the members of the Plan Administrator for all reasonable expenses incurred in connection with their duties hereunder, including, without limitation, expenses of outside legal counsel.

4.3 Retention of Professional Assistance. The Plan Administrator may employ such legal counsel, accountants and other persons as may be reasonably required in carrying out its work in connection with the Plan.

4.4 Books and Records. The Plan Administrator shall maintain such books and records regarding the fiscal and other transactions of the Plan and such other data as may be required to carry out its functions under the Plan and to comply with all applicable laws.

4.5 Indemnification. The Plan Administrator and its members shall not be liable for any action or determination made in good faith with respect to the Plan. The Employer shall, to the fullest extent permitted by law, indemnify and hold harmless each member of the Plan Administrator for liabilities or expenses they and each of them incur in carrying out their respective

duties under the Plan, other than for any liabilities or expenses arising out of such individual's willful misconduct or fraud.

4.6 Application for Benefits. In the event of a claim by a Participant as to a denial, reduction, termination, failure or delay in payment or provision of any Severance Benefit, such Participant may submit a written claim for benefits (an "**Application for Benefits**") to the Plan Administrator within sixty (60) days of the occurrence of a Qualifying Event in relation to such Participant. Nothing in this Section 4.6 is intended to be construed as requiring an application for Severance Benefits by any Participant determined by the Plan Administrator to be entitled to benefits pursuant to Section 2.1 of the Plan.

4.7 Denial of Application for Benefits. In the event that the Plan Administrator makes an Adverse Benefit Determination, in whole or in part, the Plan Administrator must notify the Participant, in writing, of the Adverse Benefit Determination, and of the Participant's right to request a review of the Adverse Benefit Determination. An "**Adverse Benefit Determination**" is a denial, reduction, termination, failure or delay in payment or provision of any Severance Benefit, in whole or in part, as set forth in an Application for Benefits. The written notice will be set forth in a manner designed to be understood by you, and will include specific reasons for the Adverse Benefit Determination, specific references to the Plan provision upon which the Adverse Benefit Determination is based, a description of any information or material that the Plan Administrator needs to complete a review and an explanation of why the information or material is necessary, and a description of the Plan's review procedure and the time limits applicable to such procedures. This written notice will be given to the Participant within ninety (90) days after the Plan Administrator receives the Participant's Application for Benefits, unless special circumstances require an extension of time, in which case, the Plan Administrator has up to an additional ninety (90) days for processing the Participant's Application for Benefits. If an extension of time for processing is required, written notice of the extension will be furnished to the Participant before the end of the initial 90-day period. This notice of extension will describe the special circumstances necessitating the additional time and the date by which the Plan Administrator is to render a decision on the Participant's Application for Benefits. If written notice of the Adverse Benefit Determination is not furnished within the specified time, the Application for Benefits shall be deemed to be denied. The Participant will then be permitted to appeal the Adverse Benefit Determination in accordance with the review procedure described below.

4.8 Request for Review. If the Plan Administrator makes an Adverse Benefit Determination, the Participant (or the Participant's authorized representative) may appeal the Adverse Benefit Determination by submitting a request for full review of the claim to the Plan Administrator within 60 days after the Adverse Benefit Determination is made (or deemed made). The Plan Administrator will give the Participant (or the Participant's representative) an opportunity to review pertinent documents in preparing a request for a review. A request for a review shall be in writing. A request for a review must set forth all of the grounds upon which it is based, all facts in support of the request, and any other matters that the Participant feel are pertinent. The Plan Administrator may require the Participant to submit additional facts, documents, or other material as it may find necessary or appropriate in making its review.

4.9 Decision on Review. The Plan Administrator will act on each request for review within sixty (60) days after receipt of the request, unless special circumstances require an extension

of time (not to exceed an additional sixty (60) days), for processing the request for a review. If an extension for review is required, written notice of the extension will be furnished to the Participant within the initial 60-day period. The Plan Administrator will give prompt, written notice of its decision to you. In the event that the Plan Administrator confirms the denial of the Application for Benefits in whole or in part, the notice will outline, in a manner calculated to be understood by you, the specific reasons for the Adverse Benefit Determination and the Plan provisions upon which the denial on appeal is based. If written notice of the Plan Administrator's decision is not given to the Participant within the time prescribed in this Section 4.9, the Application for Benefits will be deemed denied on review.

4.10 Exhaustion of Remedies. No legal action for benefits under the Plan may be brought until: (i) the Participant has submitted a written Application for Benefits in accordance with the procedures described in Section 4.6, above; (ii) the Participant has been notified by the Plan Administrator of the Adverse Benefit Determination (or the Application for Benefits is deemed denied due to the Plan Administrator's failure to act on it within the established time period); (iii) the Participant has filed a written request for a review of the Application for Benefits in accordance with the appeal procedure described in Section 4.8, above; and (iv) the Participant has been notified in writing that the Plan Administrator has denied the appeal (or the appeal is deemed denied due to the Plan Administrator's failure to act on it within the established time period).

4.11 Time Limit for Initiating Legal Action. No legal action may be brought more than one year after the date the Plan Administrator has denied the appeal (or the appeal is deemed denied due to the Plan Administrator's failure to act on it within the established time period).

4.12 Mandatory Arbitration. As a condition for the eligibility for Severance Benefits hereunder, to the extent not already done, each Participant hereby agrees that all legal action for benefits under the Plan shall be submitted to final and binding arbitration. Each Participant agrees that any legal action must be pursued exclusively on an individual basis and that this agreement does not permit class arbitration or any claims brought as a plaintiff or class member in any class or representative arbitration proceeding, and that the arbitrator may not consolidate more than one person's claims or otherwise preside over any form of a representative or class proceeding. Claims pertaining to different Participants may only be heard in separate proceedings. The arbitration shall be administered by the American Arbitration Association ("**AAA**") and shall be conducted by a single arbitrator. The arbitration shall be confidential, and any proceeding, discovery, evidence, and/or award rendered during the arbitration shall remain confidential. The arbitration will take place in the state where Participant last worked for the Company, unless the parties agree otherwise. If any party prevails on a claim that, under applicable law, provides for a prevailing party to recover attorneys' fees and costs, then the arbitrator may award reasonable attorneys' fees and costs to the prevailing party. Any dispute as to who is a prevailing party and/or the reasonableness of any fees or costs shall be resolved by the arbitrator. The arbitrator shall not otherwise have authority to award attorneys' fees or costs, punitive damages, compensatory damages, damages for emotional distress, penalties, lost opportunities, or any other damages or relief not measured by the prevailing party's actual out-of-pocket losses, except to the extent such relief is explicitly available under the statute, ordinance, regulation, or law pursuant to which a successful claim is brought. Any dispute regarding the formation or construction of this arbitration provision will be governed by and construed in accordance with the laws of the State of Texas,

without regard to any conflict of law, rule, or principle that might refer to the laws of another jurisdiction. In the event any portion of this arbitration provision is found to be unenforceable or contrary to any existing or future law to any extent, the parties agree that such provision shall be deemed enforced to the extent permissible under the law or modified to the limited extent necessary to render this agreement enforceable; such invalidity, unenforceability, or illegality shall not impair the operation of or otherwise affect those portions of the arbitration agreement which are valid, enforceable, and legal. The Company and each Participant who either (a) receives a copy of this Plan and continues to work for the Company thereafter; (b) has knowledge of this Plan and continues to work for the Company thereafter; or (c) signs an acknowledgment of this Plan; hereby waives his or her right to trial by jury and agrees to have any disputes governed by this Plan resolved in a single arbitration.

ARTICLE 5 AMENDMENT AND TERMINATION

The Employer reserves the right to amend or terminate, in whole or in part, any or all of the provisions of the Plan by action of the Board (or a duly authorized committee thereof) at any time; provided, that, in no event shall any amendment reducing the Severance Benefits and/or the eligibility requirements to be a Participant provided hereunder be effective prior to the twelve (12) month anniversary of such potential amendment or termination.

ARTICLE 6 EQUITY INCENTIVE AWARDS

Except for payments made under Section 2.2(a) above, the Plan does not affect the terms of any outstanding equity or equity-based incentive awards awarded to the Participant by the Employer. The treatment of any such equity or equity-based incentive awards shall be determined in accordance with the terms of the applicable incentive compensation plan or plans under which they were granted and any applicable award agreements.

ARTICLE 7 SUCCESSORS

For purposes of the Plan, the Employer shall include any and all successors or assignees, whether direct or indirect, by purchase, merger, consolidation or otherwise, to all or substantially all the business or assets of the Employer (or its members, as the case may be) and such successors and assignees shall perform the Employer's obligations under the Plan, in the same manner and to the same extent that the Employer would be required to perform if no such succession or assignment had taken place. In the event the surviving corporation in any transaction to which the Employer is a party is a subsidiary of another corporation, then the ultimate parent corporation of such surviving corporation shall cause the surviving corporation to perform the Plan in the same manner and to the same extent that the Employer would be required to perform if no such succession or assignment had taken place. In such event, the term "Employer," as used in the Plan, shall mean the Employer, as hereinbefore defined and any successor or assignee (including the ultimate parent corporation) to the business or assets which by reason hereof becomes bound by the terms and provisions of the Plan.

ARTICLE 8 MISCELLANEOUS

8.1 Minors and Incompetents. If the Plan Administrator shall find that any person to whom Severance Benefits are payable under the Plan is unable to care for his or her affairs because of illness or accident, or is a minor, any Severance Benefits due (unless a prior claim therefore shall have been made by a duly appointed guardian, committee or other legal representative) may be paid to the spouse, child, parent, or brother or sister, or to any person deemed by the Plan Administrator to have incurred expense for such person otherwise entitled to the Severance Benefits, in such manner and proportions as the Plan Administrator may determine in its sole discretion. Any such Severance Benefits shall be a complete discharge of the liabilities of the Employer, the Plan Administrator and the Board under the Plan.

8.2 Limitation of Rights. Nothing contained herein shall be construed as conferring upon a Participant the right to continue in the employ of the Employer as an employee in any other capacity or to interfere with the Employer's right to discharge him or her at any time for any reason whatsoever.

8.3 Payment Not Salary. Any Severance Benefits payable under the Plan shall not be deemed salary or other compensation to the Participant for the purposes of computing benefits to which he or she may be entitled under any pension plan or other arrangement of the Employer maintained for the benefit of its employees, unless such plan or arrangement provides otherwise.

8.4 Severability. In case any provision of the Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but the Plan shall be construed and enforced as if such illegal and invalid provision never existed.

8.5 Withholding. The Employer shall have the right to make such provisions as it deems necessary or appropriate to satisfy any obligations it may have to withhold federal, state or local income or other taxes incurred by reason of payments pursuant to the Plan. In lieu thereof,

the Company and/or the Employer shall have the right to withhold the amounts of such taxes from any other sums due or to become due from the Company and/or the Employer to the Participant upon such terms and conditions as the Plan Administrator may prescribe.

8.6 Non-Alienation of Benefits. The Severance Benefits payable under the Plan shall not be subject to alienation, transfer, assignment, garnishment, execution or levy of any kind, and any attempt to cause any Severance Benefits to be so subjected shall not be recognized.

8.7 Governing Law. To the extent legally required, the Code and ERISA shall govern the Plan and, if any provision hereof is in violation of any applicable requirement thereof, the Employer reserves the right to retroactively amend the Plan to comply therewith. To the extent not governed by the Code and ERISA, the Plan shall be governed by the laws of the State of Oklahoma without reference to rules relating to conflicts of law.

8.8 Code Section 409A.

(a) General. Neither the Employer nor any employee, director, manager, board member, affiliate, parent, stakeholder, equityholder, agent, successor, predecessor or related party (collectively, with the Employer, the “**Employer Parties**”) makes a guarantee with respect to the tax treatment of payments hereunder and no Employer Party shall be responsible in any event with regard to non-compliance with or failure to be exempt from Code Section 409A. The Plan is intended to either comply with, or be exempt from, the requirements of Code Section 409A. To the extent that the Plan is not exempt from the requirements of Code Section 409A, the Plan is intended to comply with the requirements of Code Section 409A and shall be limited, construed and interpreted in accordance with such intent. Notwithstanding the foregoing, in no event whatsoever shall any Employer Party be liable for any additional tax, interest or penalty that may be imposed on a Participant by Code Section 409A or any damages for failing to comply with Code Section 409A. In no event may the Participant, directly or indirectly, designate the calendar year of any payment to be made under the Plan which constitutes nonqualified deferred compensation subject to Code Section 409A. Each payment in a series of payments hereunder shall be deemed to be a separate payment for purposes of Code Section 409A. All reimbursements and in-kind benefits provided under this Plan shall be made or provided in accordance with the requirements of Code Section 409A. To the extent that any reimbursements pursuant to this Plan is taxable to the Participant, any reimbursement payment due to the Participant shall be paid to the Participant on or before the last day of the Participant’s taxable year following the taxable year in which the related expense was incurred; provided, that, the Participant has provided the Employer with written documentation of such expenses in a timely fashion and such expenses otherwise satisfy the Employer’s expense reimbursement policies. Reimbursements pursuant to the Plan or otherwise are not subject to liquidation or exchange for another benefit and the amount of such reimbursements that the Participant receives in one taxable year shall not affect the amount of such reimbursements that the Participant receives in any other taxable year.

(b) Separation from Service; Specified Employees. A termination of employment shall not be deemed to have occurred for purposes of any provision of the Plan providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a Separation from Service. If a Participant is deemed on the date of termination to be a Specified Employee, then with regard to any payment hereunder

that is nonqualified deferred compensation subject to Code Section 409A and that is specified as subject to this Section, such payment shall be delayed and not be made prior to the expiration of the Delay Period. All payments delayed pursuant to this Section 8.8(b) (whether they would have otherwise been payable in a single lump sum or in installments in the absence of such delay) shall be paid to the Participant in a single lump sum on the first payroll date on or following the first day following the expiration of the Delay Period, and any remaining payments and benefits due under the Plan shall be paid or provided in accordance with the normal payment dates specified for them herein.

8.9 Non-Exclusivity. The adoption of the Plan shall not be construed as creating any limitations on the power of the Employer to adopt such other termination or benefits arrangements as it deems desirable, and such arrangements may be either generally applicable or limited in application.

8.10 Headings and Captions. The headings and captions herein are provided for reference and convenience only. They shall not be considered part of the Plan and shall not be employed in the construction of the Plan.

8.11 Gender and Number. Whenever used in the Plan, the masculine shall be deemed to include the feminine and the singular shall be deemed to include the plural, unless the context clearly indicates otherwise.

8.12 Communications. All announcements, notices and other communications regarding the Plan will be made by the Employer in writing.

The Plan Administrator keeps records of the Plan and is responsible for the administration of the Plan. The Plan Administrator will also answer any questions a Participant may have about the Plan. Service of legal process or announcements, notices and other communications regarding the Plan may be made upon the Plan Administrator or the Company's General Counsel at the following address: 15 W. Sixth Street, Suite 900, Tulsa, Oklahoma 74119.

No individual may, in any case, become entitled to additional benefits or other rights under the Plan after the Plan is terminated. Under no circumstances, will any benefit under the Plan ever vest or become nonforfeitable.

Adopted by the Board: February 20, 2020

ANNEX A

LAREDO PETROLEUM, INC.

Confidentiality, Non-Disparagement and Non-Solicitation Agreement

As an employee or former employee ("**Employee**") of **Laredo Petroleum, Inc.** or any of its subsidiaries or affiliates (collectively, the "**Company**"), you acknowledge that the Company's business and services are highly specialized and that in the course of your employment you will be or have been privy to certain business opportunities, geological and geophysical data, well and lease files, economic projections, and other documents and information regarding the Company's methods of operation, oil and gas exploration, production and prospects, and financial matters, all of which are highly confidential and constitute proprietary confidential information and trade secrets ("**Confidential Information**"). You further acknowledge that you have had or will have access to Confidential Information belonging to the Company, the loss of which by the Company cannot be adequately compensated by damages in an action at law. For purposes of this agreement, "Confidential Information" includes both information disclosed to Employee by the Company and information developed by Employee in the course of employment with the Company. In consideration of these premises, Employee agrees:

1. **Use or Disclosure Prohibited.** During the term of Employee's employment with the Company and following the voluntary or involuntary termination of Employee's employment with the Company for any reason, Employee shall not use for any purpose or disclose, directly or indirectly, to any person or entity, all or any part of the Confidential Information acquired by Employee during the course of employment with the Company.

2. **Company Records.** Employee shall not, directly or indirectly, copy, take, or remove from the Company's premises, any of the Company's books, records, geological or geophysical data, or other documents or materials (collectively, "**Company Records**") and Employee agrees, upon request by the Company, to promptly return all Company Records which may be in his or her possession. "Company Records" shall include all geological and geophysical reports and related data such as maps, charts, logs, seismographs, seismic records, calculations, summaries, memoranda or opinions relating to such geophysical or geological data, production records, electric logs, core data, pressure data, lease files, well files and records, land files, abstracts, title opinions, title or curative matters, contract files, notes, records, drawings, manuals, correspondence, financial and accounting information, statistical data and compilations, patents, copyrights, trademarks, trade names, inventions, formulae, methods, processes, agreements, contracts, manuals or any other documents relating to the business of the Company, and all copies thereof.

3. **Non-Disparagement.** During Employee's employment with the Company and following any termination of employment with the Company for any reason whatsoever, the Employee agrees not to disparage, either orally or in writing, any of the Company or any of its affiliates, businesses, services or practices, or its directors, managers, officers, stockholders, members, or employees.

4. **Non-Solicitation.** During the period ending one (1) year from termination of Employee's employment for any reason, Employee shall not recruit, directly solicit the employment or services of, or induce employees of the Company to terminate their employment with the Company; provided, that, nothing herein shall prohibit a general solicitation through the use of periodicals of general circulation.

5. **Company Opportunities.** Employee acknowledges that Employee owes a duty of loyalty to Company while employed by the Company with respect to business opportunities of which Employee becomes aware while employed by the Company.

6. **Employee Representation and Future Notification.** Employee represents that his or her employment with the Company will not require the use of confidential or proprietary information in violation of any confidentiality, non-competition or similar agreement Employee may have entered into with a previous employer or other party or otherwise violate the provisions of any such agreement(s) in any manner. Should Employee no longer be employed by the Company, Employee agrees to advise his or her future employers of the restrictions contained in this agreement and authorizes the Company to notify others, including Employee's future employers, of Employee's obligations under this agreement.

7. **Remedies.** The Employee acknowledges that money damages would not be sufficient remedy for Employee's breach of this agreement and the Company shall be entitled to specific performance and injunctive relief as remedies for such breach or any threatened breach. Such remedies shall not be deemed the exclusive remedies for a breach of this agreement, but shall be in addition to all remedies available to the Company at law or in equity, including the recovery of money damages from the Employee.

8. **Not an Employment Contract.** This agreement is not a contract of employment. Unless Employee has a separate written employment contract, Employee shall be deemed an employee-at-will.

9. **Severability.** The provisions of this agreement shall be deemed to be severable, and the invalidity or unenforceability of any one or more of the provisions hereof shall not affect the validity or enforceability of any other provision.

DATED as of this day of , .

LAREDO PETROLEUM, INC.

EMPLOYEE

Name: _____
Title: _____

Name: _____



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www.laredopetro.com

Laredo Petroleum Announces 2020 Capital Budget and Updates Three-Year Outlook

TULSA, OK - February 26, 2020 - Laredo Petroleum, Inc. (NYSE: LPI) ("Laredo" or "the Company") today announced the Company's 2020 capital budget of approximately \$450 million and updated its 2020 - 2022 three-year outlook.

2020 Budget Highlights

- Expect to balance capital expenditures and cash flow at \$50 per barrel WTI and \$2.25 per MMBtu Henry Hub pricing
- Anticipating mid-single digit oil and total production growth versus full-year 2019, driven by capital- efficient development of recently acquired Howard County leasehold
- Planned 2020 capital budget of \$450 million is a 7% decrease versus 2019 capital expenditures
- All development activity expected to transition to Howard County acreage by the end of second-quarter 2020

"Our 2020 budget and production expectations reflect the significant progress we made in 2019 optimizing our established acreage position and opportunistically adding high-margin inventory," stated Jason Pigott, President and Chief Executive Officer. "Throughout 2019, we drove down well costs, unit lease operating expenses and unit general and administration expenses, while improving well productivity versus 2018 by widening development spacing. We expect to retain the benefits of these improvements in our 2020 development program as we transition from our established acreage base to our recently acquired tier-one Howard County acreage. This transition to Howard County is expected to drive mid-single digit oil production growth within cash flow in 2020 and position the Company for continued oil growth with Free Cash Flow generation in 2021 - 2022 in a \$50 oil price environment."

2020 Capital Program

The Company's capital program for 2020 is structured to facilitate an efficient transition from Laredo's established acreage position to the recently acquired, oilier acreage in Howard County and target capital efficient oil production growth within cash flow. Utilizing commodity prices of \$50.00 per barrel WTI and \$2.25 per MMBtu Henry Hub for the budget in 2020, the Company expects to grow oil at a mid-single digit rate within cash flow and be in full development mode in Howard County by the end of the second quarter of 2020.

Laredo expects to invest approximately \$450 million in 2020, excluding non-budgeted acquisitions and the recent Howard County bolt-on transaction. This includes \$390 million for drilling and completions activities and \$60 million for infrastructure, land and other capitalized costs. To the extent that operating cash flow exceeds capital spending, excluding acquisitions, the Company intends to utilize the Free Cash Flow to reduce debt.

The Company is not anticipating significant changes in service costs and has budgeted such costs at current levels. Laredo is beginning to add more sand to its standard completions design, taking advantage of the current low cost of in-basin sand to potentially enhance well productivity. The enhanced completions design, utilizing 2,400 pounds of sand per foot, is expected to increase the cost for an Upper/Middle Wolfcamp 10,000-foot lateral to \$6.8 million. The additional costs are incorporated into the 2020 capital program, but no productivity increase associated with larger completions has been assumed. If the Company realizes future savings driven by increased efficiencies or service cost reductions, they are expected to be utilized for debt reduction.

Laredo's 2020 budget is supported by a robust hedge position. For full-year 2020, the Company has hedged 90% of expected oil production, 40% of expected natural gas production and 25% of expected NGL production. Combined, Laredo's 2020 product and basis hedges have a value of more than \$150 million at commodity prices utilized in the 2020 capital program.

2021/2022 Outlook

Laredo's transition to full-scale development in Howard County in 2020 is expected to drive a substantial improvement in capital efficiency beginning in 2021. Capital required to maintain a mid-single digit oil growth rate, assuming current service costs, is expected to decrease by 15% - 20% in 2021, improving the Company's ability to generate free cash flow. At a WTI price of \$50 per barrel, cumulative Free Cash Flow over the two-year 2021 - 2022 period is expected to be at least \$15 million, rising to at least \$100 million at a WTI price of \$55 per barrel.

Cline Update

In 2019, based on lower expected drilling and completions costs and long-term oil productivity uplift associated with larger completions, the Company incorporated the Cline formation into its development plans. In the first quarter of 2020, Laredo completed both planned 2020 Cline wells. Total average well cost, adjusted to a 10,000-foot lateral and for 2,400 pounds of sand per foot, was approximately \$7.4 million, 8% less than pre-drill cost assumptions. Significantly, expected returns at the lower well cost increase by 6% and 8% at \$50 per barrel and \$55 per barrel WTI, respectively. Although early, initial production results are encouraging and reinforce the Company's assumption that Cline wells benefit from larger completions. Combined with the lower costs, expected returns for the Company's approximately 150 Cline locations become increasingly competitive and extend Laredo's inventory of oilier, higher-return opportunities.

Corporate Governance

The Company's Board of Directors regularly evaluates Laredo's executive compensation plans to ensure alignment with both the Company's strategic direction and its stakeholders. For 2020, short-term incentive performance ("STIP") metrics have been modified to reflect Laredo's updated strategy, including targeting both Free Cash Flow generation and accretive acquisitions while maintaining a competitive leverage profile. New STIP metrics supporting the goals of the 2020 budget include targets for Free Cash Flow, the Company's leverage ratio and gross inventory added with a minimum of 30% drilling rate of return at a \$50 oil price. Additionally, reflecting the

importance of environment, social and governance reporting, an environmental metric that measures spills and flaring/venting has been initiated with a 15% weighting in 2020's STIP metrics.

About Laredo

Laredo Petroleum, Inc. is an independent energy company with headquarters in Tulsa, Oklahoma. Laredo's business strategy is focused on the acquisition, exploration and development of oil and natural gas properties, primarily in the Permian Basin of West Texas.

Additional information about Laredo may be found on its website at www.laredopetro.com.

Forward-Looking Statements

This press release and any oral statements made regarding the subject of this release contain 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 assumes, plans, expects, believes, intends, projects, indicates, enables, transforms, estimates or anticipates (and other similar expressions) will, should or may occur in the future are forward-looking statements. This press release and any accompanying disclosures may include or reference certain forward-looking, non-GAAP financial measures, such as Free Cash Flow, and certain related estimates regarding future performance, results and financial position. The forward-looking statements are based on management's current belief, based on currently available information, as to the outcome 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 asset impairments and revisions to reserve estimates, long-term performance of wells, drilling and operating risks, the increase in service and supply costs, tariffs on steel, pipeline transportation constraints in the Permian Basin, hedging activities, possible impacts of litigation and regulations and other factors, including those and other risks described in its Annual Report on Form 10-K for the year ended December 31, 2019, and those set forth from time to time in other filings with the Securities and Exchange Commission ("SEC"). These documents are available through Laredo's website at www.laredopetro.com under the tab "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. Laredo does not intend to, and disclaims any obligation to, update or revise any forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made and the Company undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

Unless otherwise specified, references to "average sales price" refer to average sales price excluding the effects of our derivative transactions. All amounts, dollars and percentages presented in this press release are rounded and therefore approximate. Free Cash Flow (non-GAAP) is based on net cash provided by operating activities (GAAP) to cash flow from operating activities before changes in operating assets and liabilities, net, less costs incurred, excluding non-budgeted acquisition costs.

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Contact:
Ron Hagood: (918) 858-5504 - RHagood@laredopetro.com



**February 2020
Corporate 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, Inc. (together with its subsidiaries, the "Company", "Laredo" or "LPI") assumes, plans, expects, believes, intends, projects, indicates, enables, transforms, estimates or anticipates (and other similar expressions) 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, as to the outcome 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 asset impairments and revisions to reserve estimates, long-term performance of wells, drilling and operating risks, the increase in service and supply costs, tariffs on steel, pipeline transportation constraints in the Permian Basin, hedging activities, possible impacts of litigation and regulations, and other factors, including those and other risks described in its Annual Report on Form 10-K for the year ended December 31, 2019 and those set forth from time to time in other filings with the Securities and Exchange Commission ("SEC"). These documents are available through Laredo's website at www.laredopetro.com under the tab "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. Laredo does not intend to, and disclaims any obligation to, update or revise any forward-looking statement.

Any forward-looking statement speaks only as of the date on which such statement is made and the Company undertakes no obligation to correct or update 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 demonstrate 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 SEC's definitions for such terms. In this presentation, the Company may use the terms "resource potential," "estimated ultimate recovery" ("EURs") or "type curve," 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 internal estimates of unbooked hydrocarbon quantities that may be potentially discovered through exploratory drilling or recovered with additional drilling or recovery techniques. "Resource potential" is 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. A "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 do not constitute reserves within the meaning of the Society of Petroleum Engineer's Petroleum Resource Management System or SEC rules and do not include any proved reserves. Actual quantities of 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 Company's ongoing drilling program, which will be directly affected by the availability of capital, decreases in oil, natural gas liquids and natural gas prices, wellspacing, drilling costs and production costs, availability and costs of drilling services and equipment, drilling results, lease expirations, transportation constraints, regulatory approvals, negative revisions to reserve estimates and other factors as well as actual drilling results, including geological and mechanical factors affecting recovery rates. Estimates of EURs may change significantly as development of the Company's core assets provides additional data. In addition, our production forecasts and expectations for future periods are dependent upon many assumptions, including estimates of production decline rates from existing wells and 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 of a well, or a particular category of wells, for a specific play and/or area. 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 and the undertaking and outcome of future drilling activity, which may be affected by significant commodity price declines or drilling cost increases. The "standardized measure" of discounted future new cash flows is calculated in accordance with SEC regulations and a discount rate of 10%. The 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"), including Adjusted EBITDA, Cash Flow and Free Cash Flow. While 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 Adjusted EBITDA, Cash Flow and Free Cash Flow 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 our derivative transactions. All amounts, dollars and percentages presented in this presentation are rounded and therefore approximate.

Pivoted Strategy Transforming Laredo



Pivoted Strategy to Increase Stakeholder Value

Target consistent Free Cash Flow¹ generation
and oil growth per net debt-adjusted share

Continuous

Optimize existing
acreage

High-grade development
to maximize oil
productivity



Maintain capital and
operational cost
advantages



Improves capital efficiency
on existing acreage

In Process

Improve corporate
returns through
accretive
acquisitions

Opportunistically target
high-margin inventory



Utilize Free Cash Flow¹ to
maintain a competitive
leverage profile



Accelerates Cash Flow¹ &
oil growth

Opportunistic

Increase scale
through
consolidation

Combine operations to
eliminate redundancies



Leverage basin-leading
low cost structure to
achieve synergies



Delivers increased return
of cash to stakeholders

Delivering on Returns-Focused Strategy



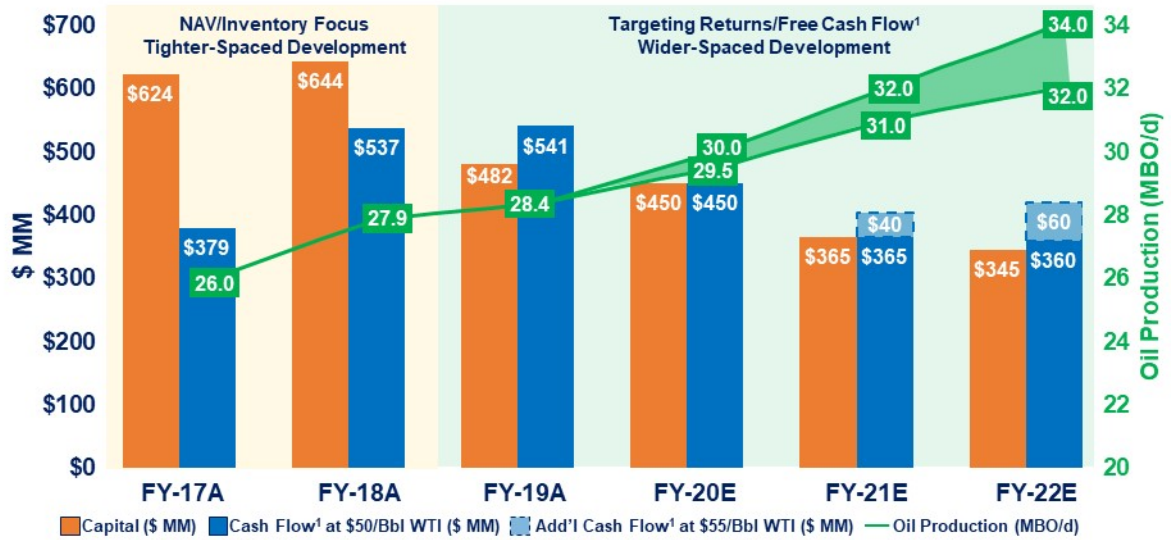
Mid-single digit annual oil growth expected for FY-20E - FY-22E



40% oil mix anticipated by YE-21



Free Cash Flow¹ earmarked for debt repayment



Tier-one inventory acquisitions position Company for oil growth & Free Cash Flow¹ generation



¹See Appendix for reconciliations of non-GAAP measures; Cash flow estimates assume WTI as described, \$2.25/MMBtu HH and excludes non-budgeted acquisitions

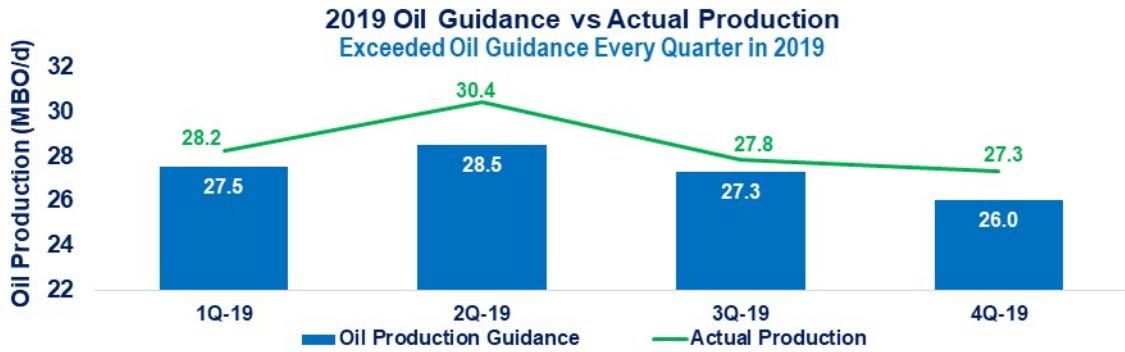
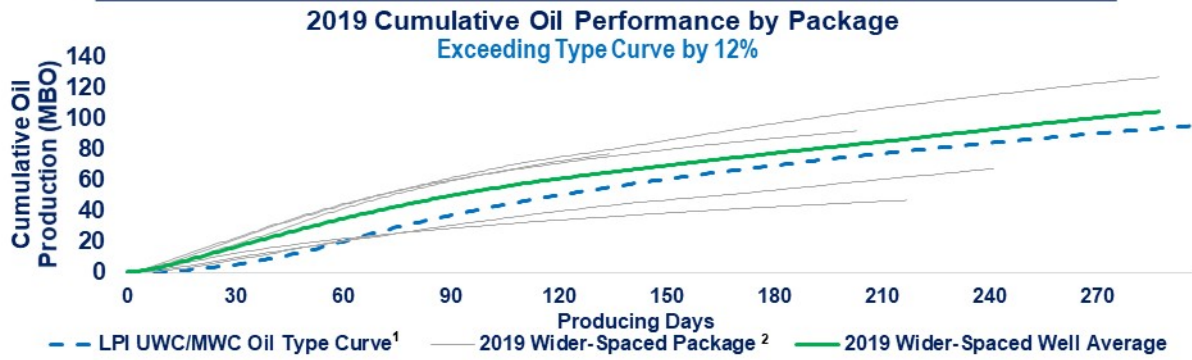
2020 Capital Budget Expectations



	1Q-20E	2Q-20E	3Q-20E	4Q-20E	FY-20E
Drilling Rigs	3.9	3.2	2.0	2.0	2.8
Spuds	26	21	14	13	74
% Howard County	50%	100%	100%	100%	82%
Completion Crews	1.8	1.0	1.0	0.6	1.1
Completions	28	11	10	15	64
% Howard County	0%	55%	100%	100%	48%
Total Capital	\$175	\$120	\$90	\$65	\$450
Working Interest					99%
Lateral Length					9,000'

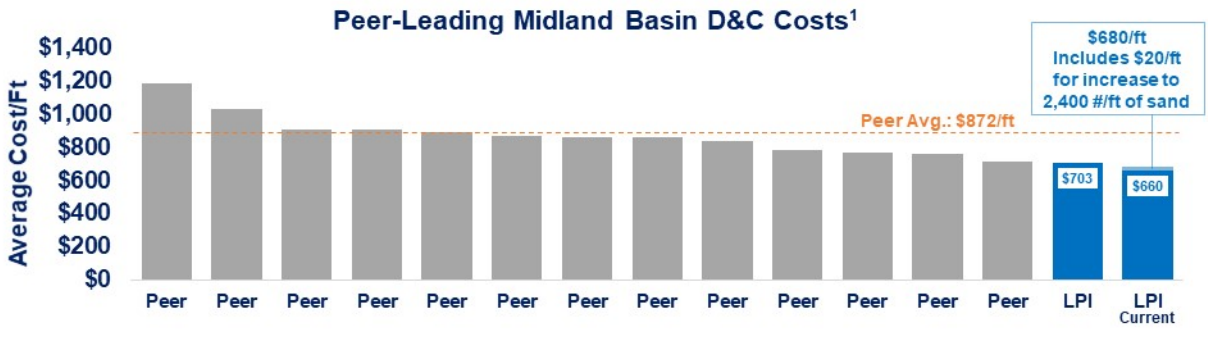
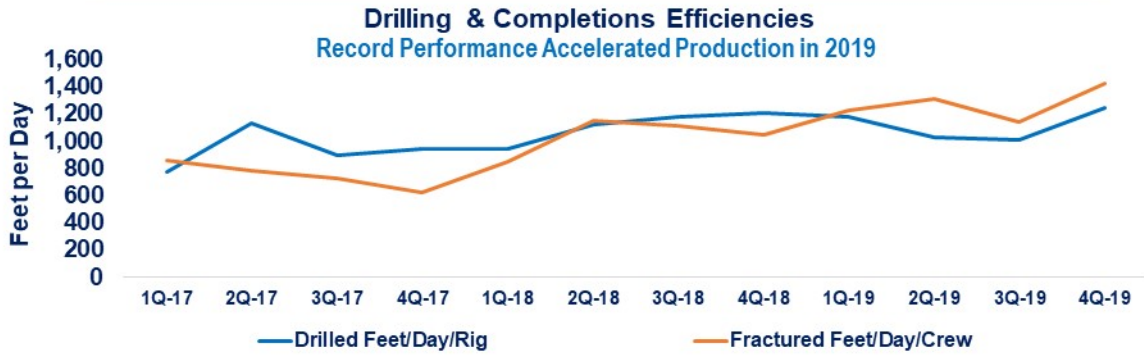
**Plan to adjust activity to balance
Cash Flow¹ and capital expenditures**

Wider-Spaced Packages Support Consistent Oil Outperformance



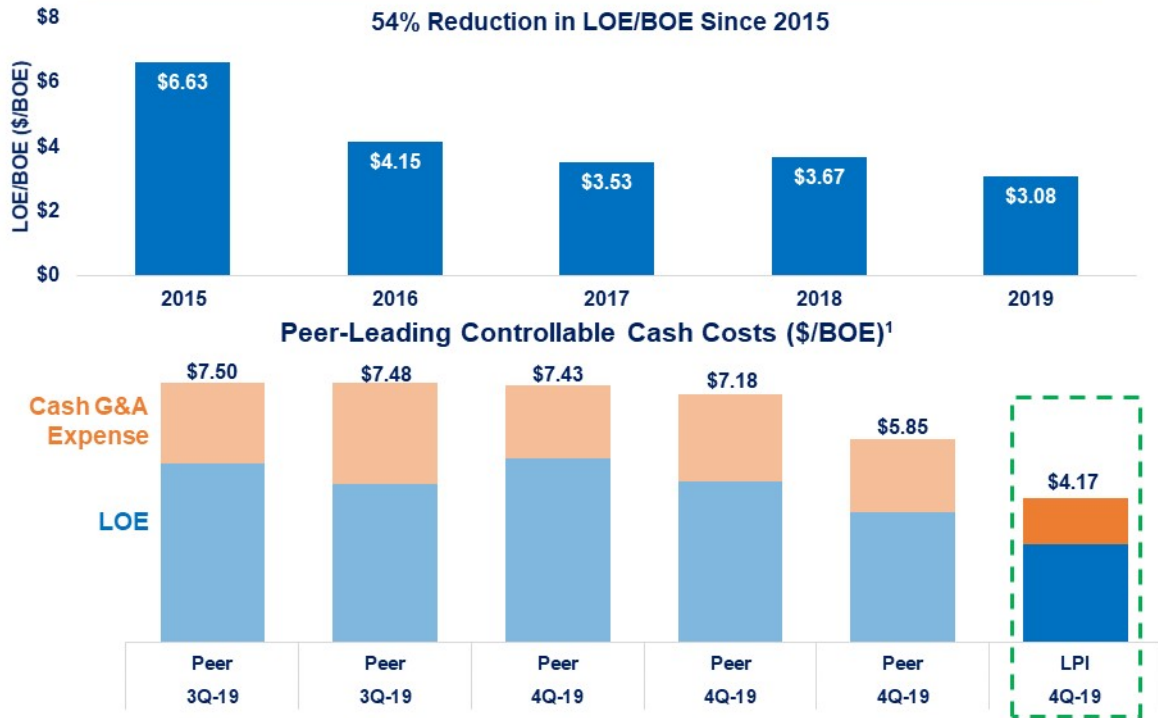
¹UWC/MWC 1.3 MMBOE type curve (400 MBO) representative of a 10,000' well, utilizing a 1.2 b-factor
²Includes an average of the Yellow Rose package (8 wells), Hoelscher package (4 wells), Fryszak/Halfmann package (4 wells), Sugg-B package (7 wells), Von Gonten package (9 wells) & Driver-Agnell package (6 wells); All wells show cumulative oil production, normalized to a 10,000' lateral, as of 2-6-20

Operational Efficiencies Drive Peer-Leading Capital Costs



¹Source: RSEG 1-21-2020 2019 average lateral cost per foot. Peers include: APA, CPE, CVX, CXO, ECA, ESTE, FANG, OXY, PE, PXD, QEP, SM and XOM; LPI Current per internal data

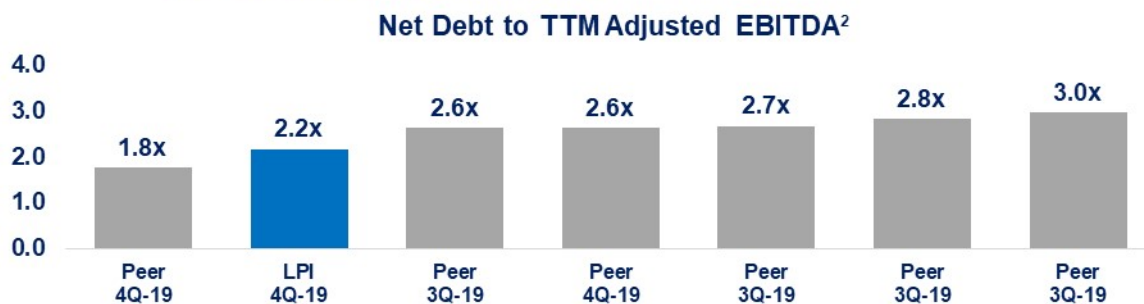
Demonstrated Management of Controllable Cash Costs



Disciplined Acquisition Strategy, Committed to a Strong Balance Sheet

Target consistent Free Cash Flow¹ generation and oil growth per net debt-adjusted share

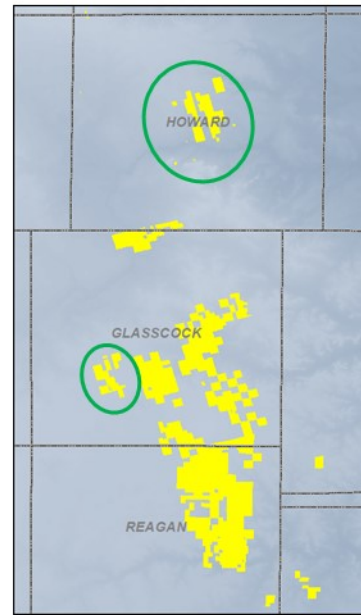
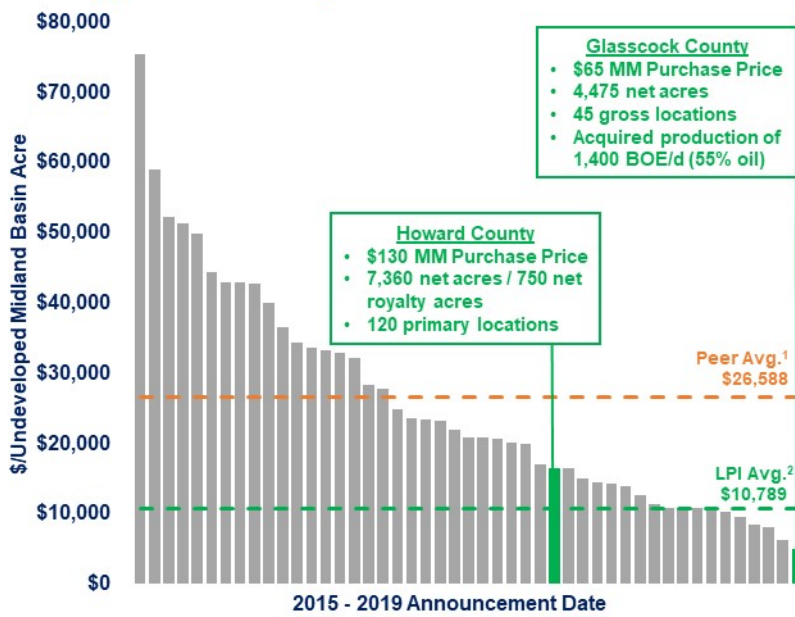
- ✓ High-margin, higher-return (50+% oil) inventory
- ✓ Contiguous Midland Basin acreage positioned to benefit from LPI's peer-leading operational costs and efficiencies
- ✓ Utilize Free Cash Flow¹ to drive long-term target leverage ratio to a level at or below pre-acquisitions level



¹See Appendix for reconciliations of non-GAAP measures; ²Peers are as of most recent SEC filing (3Q-19 or 4Q-19), and include CDEV, CPE PF (pro forma for the CRZO acquisition), MTDR, OAS, QEP, and SM. Peer company Net Debt is calculated using each peer company's cash, total debt and preferred equity as they appear in such peer company's most recent SEC filing (note: CPE is presented pro forma for the CRZO acquisition). Peer company TTM Adjusted EBITDA is as presented in each company's most recent SEC filing. Net Debt and Adjusted EBITDA are non-GAAP financial measures, and each company's calculation of Adjusted EBITDA may therefore not be directly comparable to that of another company's. LPI includes FY-19 TTM Adjusted EBITDA and net debt as of 2-11-20

Laredo's Recent Acquisitions at Discount to Precedent Transactions

Focused on employing a disciplined approach to acquisition economic evaluation



Note: Data from company disclosures and Enverus as of 12-11-19
¹Includes all Midland basin transactions >\$50 MM since 1-1-15
²Average of recently announced Glasscock and Howard acquisitions

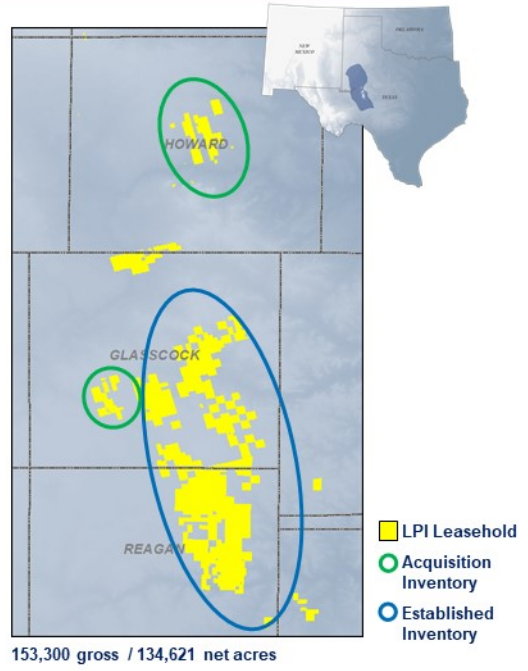
Acquisitions Add Oily, High-Margin Inventory

Total Inventory (Acquired + Established)	
Inventory	Inventory Years
655 - 825	12.5

Acquired Inventory Lower Spraberry/UWC/MWC	
Inventory	Inventory Years
175	3

Established Inventory UWC/MWC	
Inventory	Inventory Years
350 - 500	7

Cline	
Inventory	Inventory Years
140 - 160	2.5

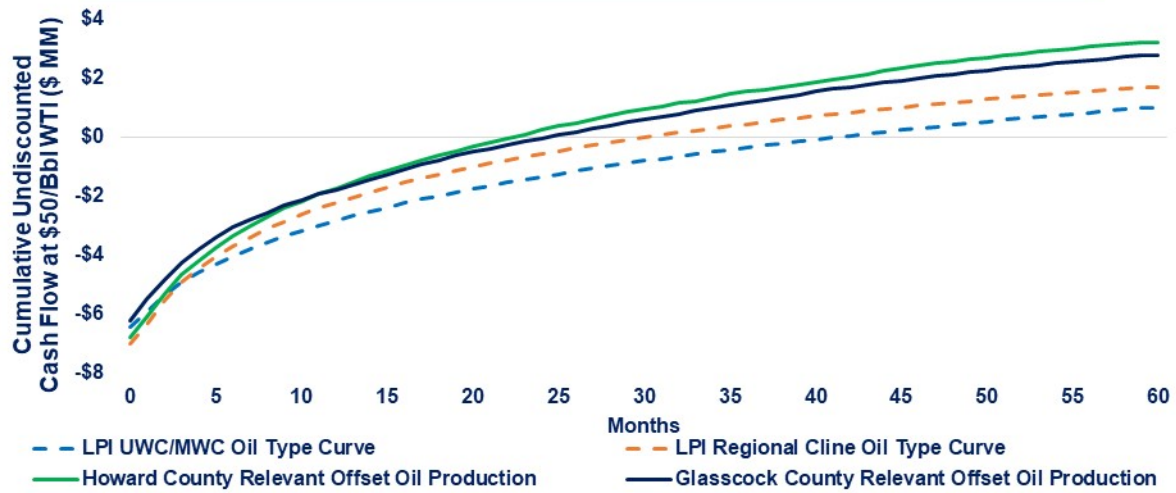


Acquired locations move to front of drill schedule



Note: Inventory expected to average oil type curve productivity
Inventory Years assumes 60 wells per year

Acquisitions Support Oil Growth & Free Cash Flow¹ Generation

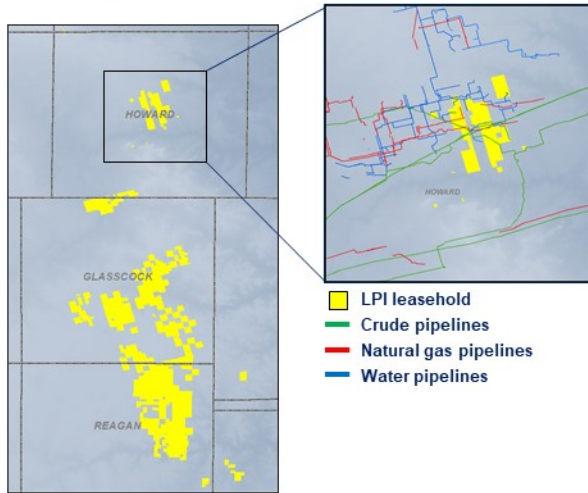


	Established UWC/MWC Oil Type Curve		Established Cline Oil Type Curve		Glasscock County Acquisition Relevant Offset Oil Production		Howard County Acquisition Relevant Offset Oil Production	
	\$50	\$55	\$50	\$55	\$50	\$55	\$50	\$55
24 Mo. Cumulative Oil (MBO)	148	148	186	186	202	202	232	232
ROR (%)	20%	28%	25%	36%	37%	51%	39%	54%
Payback Period (Months)	43	33	32	24	26	20	24	19



¹See Appendix for reconciliations of non-GAAP measures
Note: Utilizes \$2.25/MMBtu HH and standard completions design

Successfully Transitioning to Howard County



- Operations transition is currently under way:
 - Three of four drilling rigs in Howard County, with fourth expected in Apr-20
 - First well of 15-well package has been drilled, completions beginning in 2Q-20E
- Current negotiations with multiple third-party service infrastructure providers indicate service costs similar to the established acreage

Acquisition prices are well below historic Howard County averages, with potential for additional bolt-on acquisitions

Howard County Acquisitions	#1	#2	Current Total
Purchase Price (\$ MM)	\$130 ¹	\$22.5	\$155.5
Net Acres	7,360	1,100	8,380
Net Royalty Acres	750	0	750
Gross Locations	120	10	130
Net Locations	100	24	124
Closing Date	Dec-19	Feb-20	

LPI Infrastructure Protects the Environment & Enhances Economics

Oil & Natural Gas Infrastructure



60 Miles
Crude oil gathering pipelines



170 miles
Natural gas gathering and distribution pipelines

Infrastructure Impact

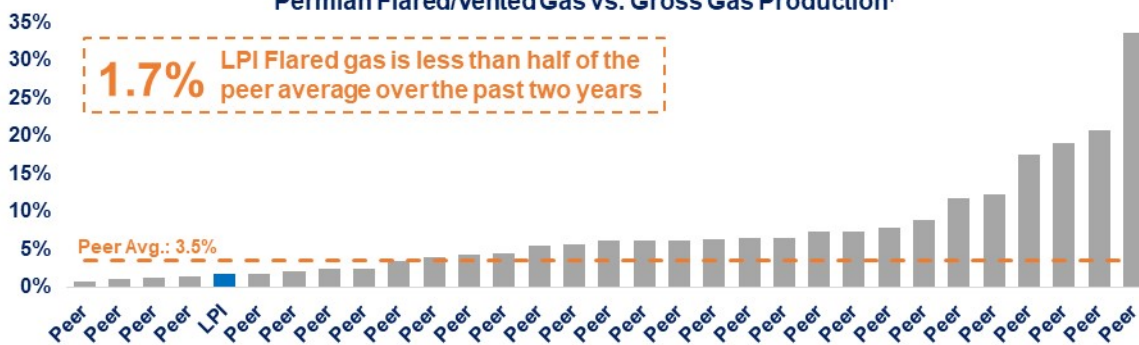


>250,000
Truckloads eliminated from the field



>2.4 Bcf
Additional gas sold vs. vented/flared

Permian Flared/Vented Gas vs. Gross Gas Production¹



Significant Benefits through Water Infrastructure Investments



110 Miles
Water gathering & distribution pipelines



54 MBW/d
Produced water recycling capacity



22.5 MMBW
Owned or contracted storage capacity



23.5 MMBW
Produced water gathered by pipe



\$0.56/BOE
Reduction in unit LOE from water infrastructure



10.1 MMBW
Produced water recycled

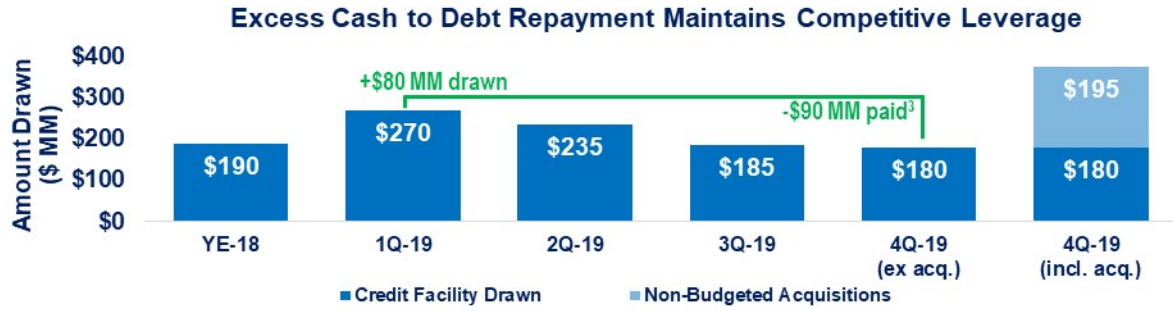


\$174,000/well
Reduction in capital due to in-place water infrastructure



Note: Infrastructure statistics as of 1-1-20, infrastructure and financial impacts as of FY-19 and map as of 2-13-20
Dollar benefits calculated utilizing a 95% WI & 72% NRI

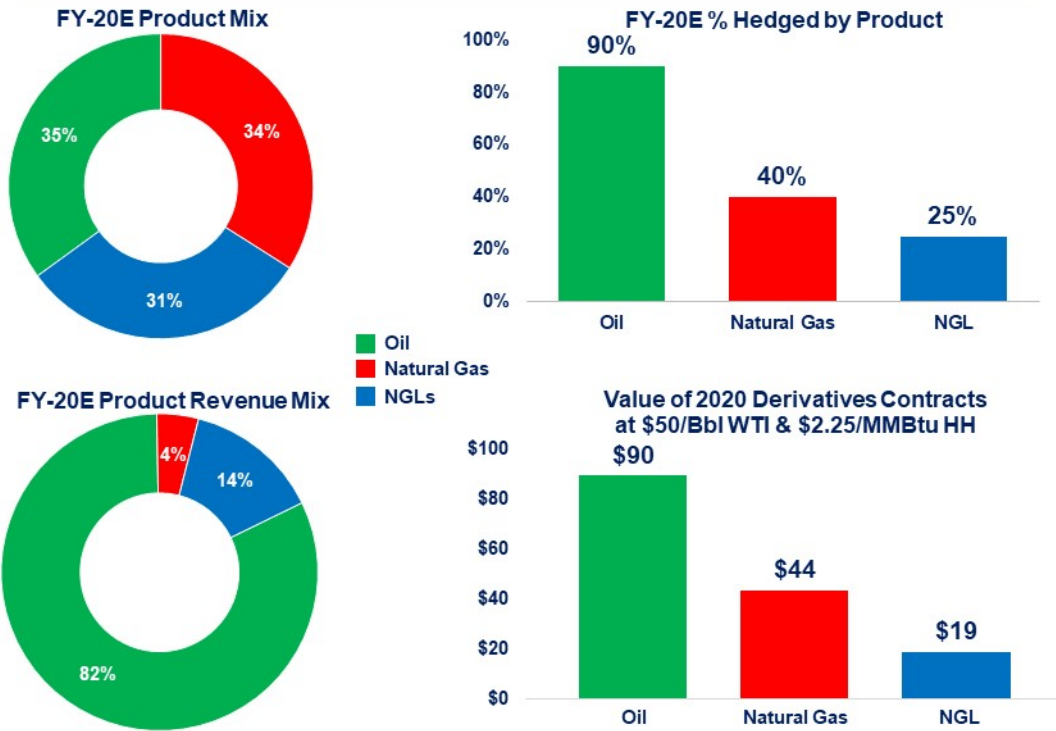
Demonstrated Discipline Preserves Competitive Leverage



¹See Appendix for reconciliations of non-GAAP measures; Includes TTM Adjusted EBITDA as of 12-31-19 and net debt as of 2-11-20;

²LPI issued \$1 B of new senior unsecured notes in Jan-20, with the net proceeds to be used to redeem its previously-existing \$800 MM of outstanding senior unsecured notes and to partially repay its senior unsecured credit facility. In conjunction with the closing of the notes issuance, LPI's borrowing base in place under its Fifth Amended and Restated Senior Secured Credit Facility was reduced to ~\$950 MM; Amount drawn is as of 2-11-20; ³Excluding non-budgeted acquisitions

Derivatives Position Underpins 2020 Cash Flow¹





APPENDIX

Guidance

Production:	1Q-20	FY-20
Total production (MBOE/d)	81.2 - 81.7	85.5 - 87.0
Oil production (MBbl/d)	26.8 - 27.3	29.5 - 30.0

Average sales price realizations: <i>(excluding derivatives)</i>	
Oil (% of WTI)	100%
NGL (% of WTI)	14%
Natural gas (% of Henry Hub)	13%

Other (\$ MM):	
Net income / (expense) of purchased crude oil	(\$4.0)
Net midstream income / (expense)	\$1.5

Operating costs & expenses (\$/BOE):	
Lease operating expenses	\$3.00
Production and ad valorem taxes <i>(% of oil, NGL and natural gas revenues)</i>	6.50%
Transportation and marketing expenses	\$2.15
General and administrative expenses:	
Cash	\$1.60
Non-cash stock-based compensation, net	\$0.55
Depletion, depreciation and amortization	\$9.00

Oil, Natural Gas & Natural Gas Liquids Hedges

Hedge Product Summary	FY-20	FY-21
Oil total volume (Bbl)	9,552,600	1,460,000
Oil wtd-avg price (\$/Bbl) - WTI	\$59.50	
Oil wtd-avg price (\$/Bbl) - Brent	\$63.07	\$60.16
Nat gas total volume (MMBtu)	23,790,000	14,052,500
Nat gas wtd-avg price (\$/MMBtu) - HH	\$2.72	\$2.63
NGL total volume (Bbl)	2,562,000	2,202,775

Oil Swaps	FY-20	FY-21
WTI		
Volume (Bbl)	7,173,600	
Wtd-avg price (\$/Bbl)	\$59.50	
Brent		
Volume (Bbl)	2,379,000	1,460,000
Wtd-avg price (\$/Bbl)	\$63.07	\$60.16
Natural Gas Swaps		
HH		
Volume (MMBtu)	23,790,000	14,052,500
Wtd-avg price (\$/MMBtu)	\$2.72	\$2.63
Basis Swaps		
Waha/HH		
Volume (MMBtu)	32,574,000	23,360,000
Wtd-avg price (\$/MMBtu)	-\$0.76	-\$0.47

Natural Gas Liquids Swaps	FY-20	FY-21
Ethane		
Volume (Bbl)	366,000	912,500
Wtd-avg price (\$/Bbl)	\$13.60	\$12.01
Propane		
Volume (Bbl)	1,244,400	730,000
Wtd-avg price (\$/Bbl)	\$26.58	\$25.52
Normal Butane		
Volume (Bbl)	439,200	255,500
Wtd-avg price (\$/Bbl)	\$28.69	\$27.72
Isobutane		
Volume (Bbl)	109,800	67,525
Wtd-avg price (\$/Bbl)	\$29.99	\$28.79
Natural Gasoline		
Volume (Bbl)	402,600	237,250
Wtd-avg price (\$/Bbl)	\$45.15	\$44.31



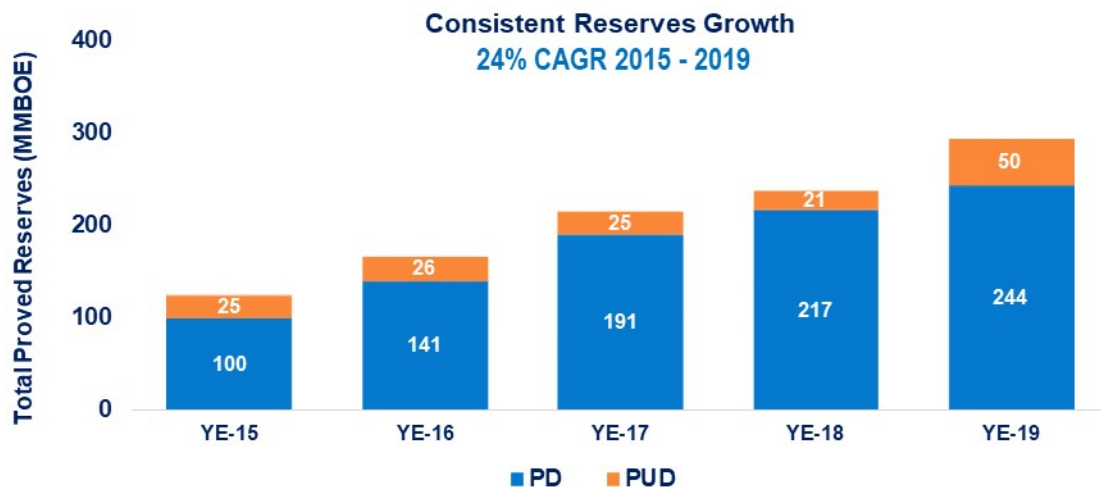
Note: Open positions as of 1-1-20, hedges executed through 2-11-20

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

Budget Pricing

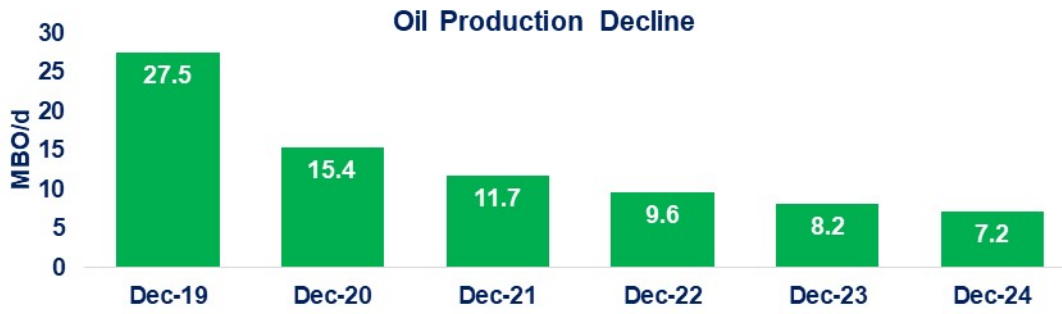
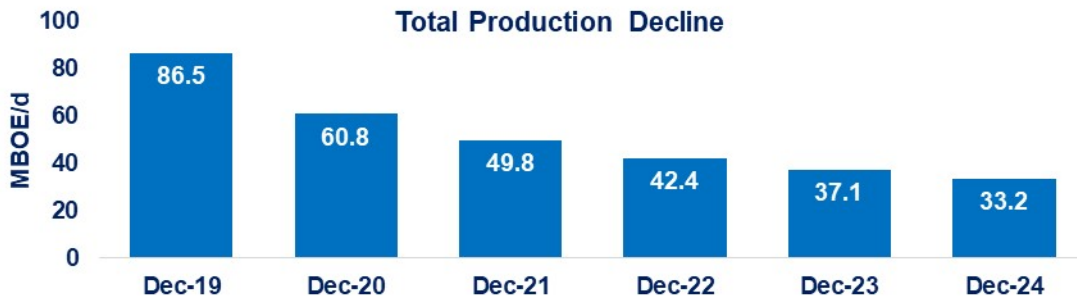
	WTI (\$/Bbl) Base	WTI (\$/Bbl) Upside	HH (\$/MMBtu)
FY-20	\$50.00	\$50.00	\$2.25
FY-21	\$50.00	\$55.00	\$2.25
FY-22+	\$50.00	\$55.00	\$2.25

23% YoY Total Proved Reserves Growth in 2019

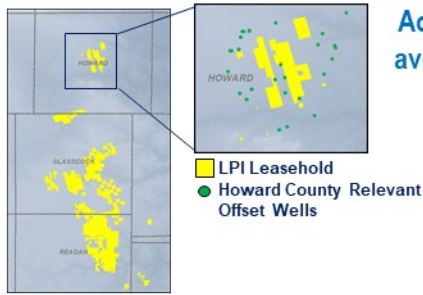


70% of YE-19 PUD locations booked in Howard County

YE-19 Base Production Decline Expectations



Howard County Tier-One Acquisitions Deliver Higher-Margin Production

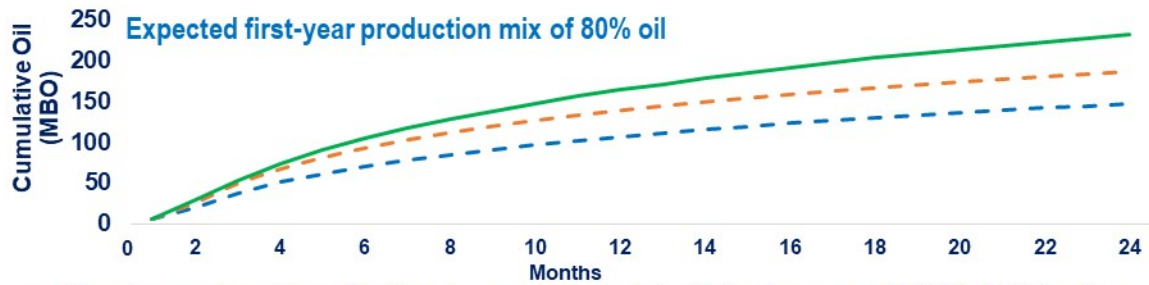


Acquisition prices are well below historic Howard County averages, with potential for additional bolt-on acquisitions

Howard County Acquisitions	#1	#2	Current Total
Purchase Price (\$ MM)	\$130 ¹	\$22.5	\$155.5
Net Acres	7,360	1,100	8,380
Net Royalty Acres	750	0	750
Gross Locations	120	10	130
Net Locations	100	24	124
Closing Date	Dec-19	Feb-20	

Acquired Howard County Acreage Transforms Near-Term Drilling Plans

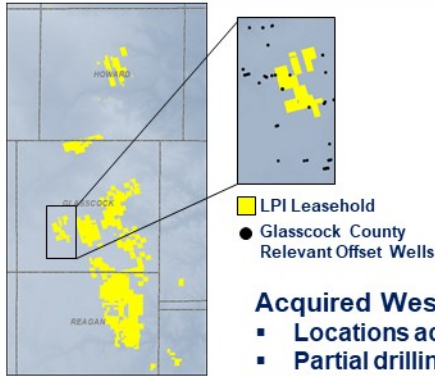
- Co-developing primarily as 16-well packages (4 LS & 12 UWC/MWC)
- Drilling began in early 1Q-20, with the first package completed in 3Q-20E



¹Pursuant to the terms of the purchase agreement, if the average WTI crude price exceeds \$60/BO for the year ending 12-31-20, the Company is obligated to pay the seller \$20 MM

²Howard County Relevant Offset cumulative oil production normalized to time 0 start and 10,000', courtesy of Enverus (as of 10-28-19)

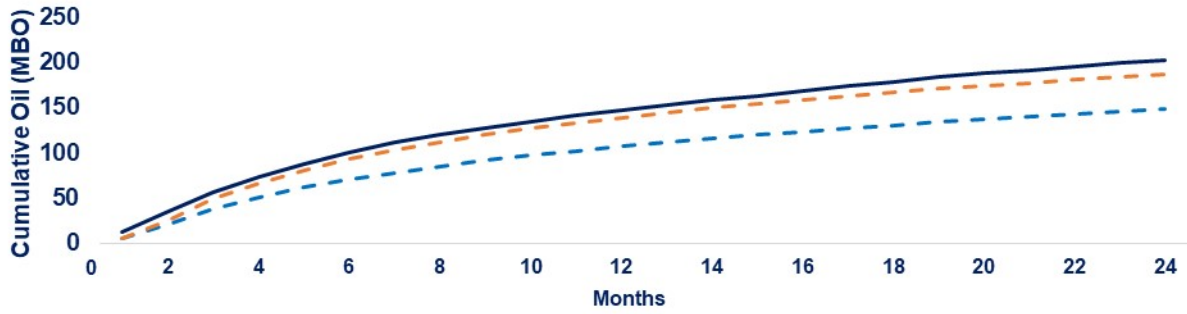
Bolt-On Glasscock County Acquisition Adds High-Return Inventory



W. Glasscock County Acquisition	Current Total
Purchase Price (\$ MM)	\$65
Net Acres	4,475
Net Production, BOE/d (% oil)	1,400 (55%)
Gross Locations	45
Net Locations	36
Closing Date	Dec-19

Acquired Western Glasscock Acreage Bolsters High-Margin Inventory

- Locations across LS & UWC/MWC formations
- Partial drilling expected in 2020 & 2021, with primary development in 2022



— Glasscock County Relevant Offset Oil Production¹
 - - - LPI Regional Cline Oil Type Curve
 - - - LPI UWC/MWC Oil Type Curve

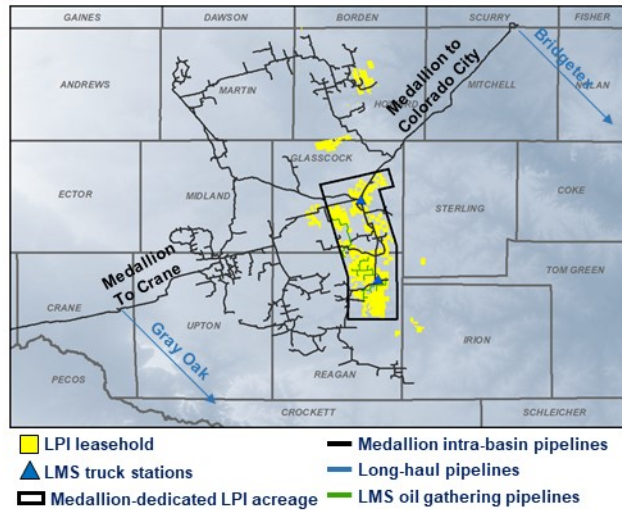


¹Glasscock County Relevant Offset cumulative oil production normalized to time 0 start and 10,000', courtesy of Enverus and internal data (as of 10-28-19)

Oil Value Enhanced Via Gulf Coast Access

Gross Physical Transportation Contracts:

- Medallion firm transportation secured for all crude oil produced within dedication area
- 10 MBOPD firm transportation on Bridgetex through 1Q-22, with option to extend through 1Q-26 (USGC pricing)
- Firm transportation on Gray Oak upon full-service startup in 1Q-20E (Brent-related pricing):
 - Year 1: 25 MBOPD
 - Years 2 - 7: 35 MBOPD



Firm transportation to the US Gulf Coast provides exposure to Brent-based pricing for majority of crude oil production

Supplemental Non-GAAP Financial Measure

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that we define as net income or loss plus adjustments for income taxes, depletion, depreciation and amortization, impairment expense, non-cash stock-based compensation, net, accretion expense, mark-to-market on derivatives, premiums paid for derivatives, interest expense, gains or losses on disposal of assets and other non-recurring income and expenses. Adjusted EBITDA provides no information regarding a company's capital structure, borrowings, interest costs, capital expenditures, working capital movement or tax position.

Adjusted EBITDA does not represent funds available for future discretionary use because those funds are required for future debt service, capital expenditures, working capital, income taxes, franchise taxes and other commitments and obligations. However, our management believes Adjusted EBITDA is useful to an investor in evaluating 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 excluded from the calculation of such term, which can vary substantially from company to company depending upon accounting methods, the book value of assets, capital structure and the method by which assets were acquired, among other factors; helps investors to more meaningfully evaluate and compare the results of our operations from 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 limitations to 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 materially affect our net income or loss, the lack of comparability of results of operations to different companies and 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 differ.

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

<i>(in thousands, unaudited)</i>	Three months ended December 31,		Twelve months ended December 31,	
	2019	2018	2019	2018
Net income (loss)	(\$241,721)	\$149,573	(\$342,459)	\$324,595
Plus:				
Non-cash stock based compensation, net	3,046	7,648	8,290	36,396
Depletion, depreciation and amortization	67,846	60,399	265,746	212,677
Impairment expense	222,999	-	620,889	-
Mark-to-market on derivatives:				
(Gain) loss on derivatives, net	57,562	(112,195)	(79,151)	(42,984)
Settlements received for matured derivatives, net	14,394	12,033	63,221	6,090
Settlements paid for early termination of commodity derivatives, net	-	-	(5,409)	-
Premiums paid for derivatives	(1,399)	(5,405)	(9,063)	(20,335)
Accretion expense	1,041	1,131	4,118	4,472
(Gain) Loss on disposal of assets, net	(67)	1,207	248	5,798
Write-off of debt issuance costs	935	-	935	-
Interest expense	15,044	15,117	61,547	57,904
Organizational restructuring expenses	-	-	16,371	-
Litigation settlement	-	-	(42,500)	-
Income tax (benefit) expense	(1,776)	2,862	(2,588)	4,249
Adjusted EBITDA	\$137,904	\$132,370	\$560,195	\$588,862



Supplemental Financial Calculations

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 the face value of debt, reduced by cash and cash equivalents.

Net Debt to Adjusted EBITDA includes TTM Adjusted EBITDA ending 12-31-19 of \$560 million and net debt as of 2-11-20. Net Debt as of 2-11-20 is calculated as the face value of debt of \$1.275 billion, reduced by cash and cash equivalents of \$67 million, which is net of expected cash to be used to redeem the remaining March 2023 Notes.

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 previous slide for a definition of Adjusted EBITDA and for a reconciliation of Net Income to Adjusted EBITDA.

Liquidity

Calculated as the Company's outstanding borrowings on its senior secured credit facility, less outstanding letters of credit, plus cash and cash equivalents.

Free Cash Flow

Free Cash Flow is a non-GAAP financial measure that does not represent funds available for future discretionary use because those funds are required for future debt service, capital expenditures, working capital, income taxes, franchise taxes and other commitments and obligations. However, our management believes Free Cash Flow is useful to management and investors in evaluating the operating trends in its business due to 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 different methods of calculating Free Cash Flow reported by different companies.

The following table presents a reconciliation of net cash provided by operating activities (GAAP) to cash flows from operating activities before changes in assets and liabilities, net (non-GAAP), less costs incurred, excluding non-budgeted acquisition costs, for the calculation of Free Cash Flow (non-GAAP):

<i>(in thousands, unaudited)</i>	Three months ended December 31,		Twelve months ended December 31,	
	2019	2018	2019	2018
Net cash provided by operating activities	\$108,206	\$129,276	\$475,074	\$537,804
Less:				
Increase in current assets and liabilities, net	(15,818)	10,842	(64,123)	1,157
(Increase) decrease in noncurrent assets and liabilities, net	(3,923)	(451)	(2,070)	(730)
Cash flows from operating activities before changes in assets and liabilities, net ('Cash Flow')	127,947	118,885	541,267	537,377
Less costs incurred, excluding non-budgeted acquisition costs				
Oil and natural gas properties	104,616	145,345	470,455	631,674
Midstream service assets	1,071	970	8,655	4,618
Other fixed assets	504	1,124	2,470	7,322
Total costs incurred, excluding non-budgeted acquisition costs	106,191	147,439	481,580	643,614
Free Cash Flow (Deficit)	\$21,756	(\$28,554)	\$59,687	(\$106,237)