GOODRICH PETROLEUM CORP
Form S-1/A
March 22, 2017
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As filed with the Securities and Exchange Commission on March 22, 2017

Registration No. 333-216015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

to

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

GOODRICH PETROLEUM CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	1311	76-0466193
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(IRS Employer Identification Number)

801 Louisiana St., Suite 700

Houston, Texas 77002

(713) 780-9494

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Michael J. Killelea

Executive Vice President, General Counsel and Corporate Secretary

Goodrich Petroleum Corporation

801 Louisiana St., Suite 700

Houston, Texas 77002

(713) 780-9494

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:

Michael S. Telle

Vinson & Elkins L.L.P.

1001 Fannin St., Suite 2500

Houston, Texas 77002

(713) 758-2350

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer		Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Aggregate Offering Price per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Warrants to purchase Common Stock	2,499,999(2)			(2)
Common Stock, $0.01 par value per share, issuable upon exercise of the Warrants	2,499,999(3)	(4)	$35,699,986	$4,137.63
13.50% Convertible Second Lien Senior Secured Notes due 2019	$40,000,000(5)	100%	$40,000,000	$4,636.00
Guarantees of 13.50% Convertible Second Lien Senior Secured Notes due 2019				(6)
Common Stock, $0.01 par value per share, issuable upon conversion of the 13.50% Convertible Second Lien Senior Secured Notes due 2019	1,874,999(7)			(7)
13.50% Second Lien Senior Secured Notes due 2019	$23,153,272(8)	100%	$23,153,272	$2,683.46
Guarantees of 13.50% Second Lien Senior Secured Notes due 2019				(6)
Common Stock, $0.01 par value per share	2,272,727	(9)	$32,045,451(10)	$3,714.07
Total				$15,171.16(11)

(1) The registration fee has been calculated pursuant to Rule 457 under the Securities Act of 1933, as amended (the Securities Act).

(2) Represents the number of Warrants to purchase common stock that were issued pursuant to the Plan, as defined below. Pursuant to Rule 457(g), no separate registration fee is required for the Warrants.

(3) Represents the maximum number of shares of common stock that may be issued upon exercise of the Warrants to be registered hereunder. Pursuant to Rule 416 under the Securities Act, such number of shares of common stock registered hereby shall include an indeterminate number of shares of common stock that may be issued in connection with the anti-dilution provisions or stock splits, stock dividends, recapitalizations or similar events.

(4) Estimated pursuant to Rule 457(c) solely for the purpose of calculating the registration fee. The proposed maximum aggregate offering price per security was calculated based upon the average of the bid and asked prices per share of Goodrich Petroleum Corporation s common stock on February 8, 2017 as quoted on the OTC Market Group Inc. s OTCQX.

(5) Represents the principal amount of 13.50% Convertible Second Lien Senior Secured Notes due 2019 that was issued pursuant to the Plan, as defined below.

(6) Pursuant to Rule 457(n), no additional registration fee is payable with respect to the guarantees.

(7) Represents the number of shares of common stock that may be issued upon conversion of the 13.50% Convertible Second Lien Senior Secured Notes due 2019 registered hereunder, which shares are not subject to an additional fee pursuant to Rule 457(i) of the Securities Act. Pursuant to Rule 416 of the Securities Act, such number of shares of common stock registered hereby shall include an indeterminate number of shares of common stock that may be issued in connection with the anti-dilution provisions or stock splits, stock dividends, recapitalizations or similar events.

(8) Represents the maximum principal amount at maturity of 13.50% Second Lien Senior Secured Notes due 2019 that may be issued upon the payment of interest in kind on the 13.50% Convertible Second Lien Senior Secured Notes due 2019.

(9) With respect to the offering of shares of common stock by the selling security holders, the proposed maximum offering price per share of common stock will be determined from time to time in connection with, and at the time of the sale by the holder of such common stock.

(10) Estimated pursuant to Rule 457(c) solely for the purpose of calculating the registration fee. The proposed maximum aggregate offering price per security was calculated based upon the average of the bid and asked prices per share of Goodrich Petroleum Corporation s common stock on March 20, 2017 as quoted on the OTC Market Group Inc. s OTCQX.

(11) The registrant previously paid a registration fee of $11,457.09 in connection with the original registration statement on Form S-1 (Registration No. 333-216015) filed on February 10, 2017.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

TABLE OF ADDITIONAL REGISTRANT GUARANTORS

Exact Name of Registrant Guarantors(1)	**State or Other Jurisdiction of Incorporation or Formation**	**IRS Employer Identification Number**
Goodrich Petroleum Company, L.L.C.	Louisiana	76-0117273

(1) The address for the Registrant Guarantor is 801 Louisiana, Suite 700, Houston, Texas 77002, and the telephone number for the Registrant Guarantor is (713) 780-9494. The Primary Industrial Classification Code for the Registrant Guarantor is 1311.

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EXPLANATORY NOTE

On April 15, 2016, Goodrich Petroleum Corporation (the Company) and its subsidiary Goodrich Petroleum Company, L.L.C. (the Subsidiary, and together with the Company, the Debtors) filed voluntary petitions (the Bankruptcy Petitions and, the cases commenced thereby, the Chapter 11 Cases) seeking relief under Chapter 11 of Title 11 of the United States Bankruptcy Code (the Bankruptcy Code) in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the Bankruptcy Court), to pursue a Chapter 11 plan of reorganization. The Company filed a motion with the Bankruptcy Court seeking joint administration of the Chapter 11 Cases under the caption In re Goodrich Petroleum Corporation, et al. (Case No. 16-31975). On August 12, 2016, the Debtors filed the proposed First Amended Joint Chapter 11 Plan of Reorganization (as amended, modified or supplemented from time to time, the Plan).

On August 18, 2016, the Bankruptcy Court entered an order (i) conditionally approving the Debtors disclosure statement, (ii) approving solicitation and notice procedures for the Plan, (iii) approving the forms of ballots and notices in connection therewith, (iv) scheduling certain dates with respect thereto, and (v) granting related relief.

On September 28, 2016, the Bankruptcy Court entered the Findings of Fact, Conclusions of Law and Order Approving the Disclosure Statement and Confirming the Debtors First Amended Joint Chapter 11 Plan of Reorganization (the Confirmation Order), which approved and confirmed the Plan, as modified by the Confirmation Order. Copies of the Confirmation Order and the Plan were included as exhibits to the Current Report on Form 8-K filed by the Company with the U.S. Securities and Exchange Commission (SEC) on October 3, 2016.

On October 12, 2016 (the Effective Date), the Company satisfied the conditions to effectiveness set forth in the Confirmation Order and in the Plan, the Plan became effective in accordance with its terms and the Debtors emerged from the Chapter 11 cases.

In connection with the Company s emergence from bankruptcy and pursuant to the Plan, all existing shares of old common stock of the Company were cancelled, and the Company issued, among other securities, (i) 5,757,500 shares of the Company s new common stock, par value $0.01 (common stock), pro rata, to the Company s former second lien noteholders, (ii) 117,500 shares of common stock, pro rata, to the Company s former unsecured noteholders and former holders of general unsecured claims, (iii) 1,000,000 warrants (the UCC Warrants), pro rata, to the Company s former unsecured noteholders and holders of general unsecured claims and (iv) 2,499,999 warrants (the Warrants), pro rata, to the purchasers of the Company s $40.0 million in aggregate principal amount of 13.50% Convertible Second Lien Senior Secured Notes due 2019 issued pursuant to the Plan (the Convertible Notes). The Indenture governing the Convertible Notes (the Indenture), dated as of the Effective Date, among the Company, as issuer, the Subsidiary, as subsidiary guarantor, and Wilmington Trust, National Association, as trustee and collateral agent (the Trustee) also permits and, in certain cases, requires the Company to issue additional 13.50% Second Lien Senior Secured Notes due 2019 in the future as payment in kind interest on the outstanding Convertible Notes (the PIK Notes and, together with the Convertible Notes, the Notes). The PIK Notes are not convertible into shares of common stock.

The Confirmation Order and Plan provide for the exemption of the offer and sale of the shares of common stock of the Company and the UCC Warrants (including shares of common stock issuable upon the exercise thereof) from the registration requirements of the Securities Act of 1933, as amended (the Securities Act), pursuant to Section 1145(a)(1) of the Bankruptcy Code. Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under the Plan from registration under Section 5 of the Securities Act and state laws if certain requirements are satisfied. Additionally, the Notes were issued and sold to the Purchasers (defined below) pursuant to the Section 4(a)(2) exemption from the registration requirements of the Securities Act.

On the Effective Date, the Company entered into a registration rights agreement (relating to the Warrants) (the Warrant Registration Rights Agreement), pursuant to which the Company agreed to file with the SEC within 120 days following the Effective Date, a shelf registration statement for the offer and resale of the

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common stock and Warrants held by certain holders that duly request inclusion in such registration statement within 45 days of the Effective Date. The holders have customary demand, underwritten offering and piggyback registration rights, subject to the limitations set forth in the Warrant Registration Rights Agreement. Under their underwritten offering registration rights, the holders may request to sell all or any portion of their Warrants, including the shares of common stock issuable upon exercise of the Warrants, in an underwritten offering that is registered, subject to certain restrictions. The Warrant Registration Rights Agreement contains other customary terms and conditions, including, without limitation, provisions with respect to blackout periods and indemnification.

Additionally, on the Effective Date, the Company entered into a registration rights agreement (relating to the Notes) (the Notes Registration Rights Agreement) with the Purchasers, pursuant to which the Company agreed to file with the Commission within 120 days following the Effective Date, a shelf registration statement for the offer and resale of the Notes held by certain holders that duly request inclusion in such registration statement within 45 days of the Effective Date. The holders have customary demand, underwritten offering and piggyback registration rights, subject to the limitations set forth in the Notes Registration Rights Agreement. Under their underwritten offering registration rights, the holders may request to sell all or any portion of their Notes, including the shares of common stock issuable upon conversion of the Convertible Notes, in an underwritten offering that is registered, subject to certain restrictions. The Notes Registration Rights Agreement contains other customary terms and conditions, including, without limitation, provisions with respect to blackout periods and indemnification.

Subsequent to the Company s emergence from bankruptcy, on December 19, 2016, the Company entered into a Common Stock Subscription Agreement (the Subscription Agreement) with each of the purchasers listed on Schedule A thereto (the PIPE Purchasers) pursuant to which the PIPE Purchasers agreed to purchase 2,272,727 shares of the Company s common stock (the Shares), at a price of $11.00 per share (the Private Placement). The issuance of the Shares pursuant to the Subscription Agreement was made in reliance upon an exemption from registration provided under Section 4(a)(2) of the Securities Act of 1933. The Private Placement resulted in approximately $25 million of gross proceeds and approximately $23.5 million of net proceeds (after deducting placement agent commissions and the Company s estimated expenses).

In connection with the closing of the Private Placement, the Company and the PIPE Purchasers entered into a certain Registration Rights Agreement (the PIPE Registration Rights Agreement), dated December 22, 2016 (the Closing Date). Under the PIPE Registration Rights Agreement, the Company agreed, among other things, to use its reasonable best efforts to file a Registration Statement on Form S-1 (or any equivalent successor form) with the Securities and Exchange Commission no later than 90 days following the Closing Date.

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The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated March 22, 2017

PROSPECTUS

GOODRICH PETROLEUM CORPORATION

2,499,999 WARRANTS

2,499,999 SHARES OF COMMON STOCK ISSUABLE

UPON EXERCISE OF THE WARRANTS

13.50% CONVERTIBLE SECOND LIEN SENIOR SECURED NOTES DUE 2019

1,874,999 SHARES OF COMMON STOCK ISSUABLE

UPON CONVERSION OF THE

13.50% CONVERTIBLE SECOND LIEN SENIOR SECURED NOTES DUE 2019

13.50% SECOND LIEN SENIOR SECURED NOTES DUE 2019

2,272,727 SHARES OF COMMON STOCK

This prospectus relates to the offer and sale by the selling security holders identified in this prospectus of (i) 2,499,999 Warrants, (ii) $40.0 million in aggregate principal amount of 13.50% Convertible Second Lien Senior Secured Notes due 2019 (together with the Warrants, the Convertible Securities), (iii) approximately $23.2 million in aggregate principal amount of 13.50% Second Lien Senior Secured Notes due 2019, (iv) up to 2,499,999 shares of common stock that may be issued upon exercise of the Warrants (the Warrant Exercise Shares), (v) up to 1,874,999 shares of common stock issuable upon conversion of the 13.50% Convertible Second Lien Senior Secured Notes and (vi) up to 2,272,727 shares of common stock (the securities described in the foregoing clauses (i) through (vi) collectively referred to as the Securities). We are not selling any Securities and we will not receive any proceeds from the sale of the Securities by the selling security holders. We have paid the fees and expenses incident to the registration of the Securities for sale by the selling security holders.

Our registration of the Securities covered by this prospectus does not mean that the selling security holders will offer or sell any of the Securities. The selling security holders may sell the Securities covered by this prospectus in a number of different ways and at varying prices. For information on the possible methods of sale that may be used by the selling security holders, you should refer to the section entitled Plan of Distribution beginning on page 134 of this prospectus.

We may amend or supplement this prospectus from time to time by filing amendments or supplements as required. You should read this entire prospectus and any amendments or supplements carefully before you make your investment decision.

Our common stock is quoted on the OTCQX Market (OTC Markets) under the symbol GDPP. On March 21, 2017, the last reported sale price of our common stock was $14.35 per share, as reported on the OTC Markets.

Investing in our common stock involves a high degree of risk. Please see Risk Factors beginning on page 7 of this prospectus for a discussion of certain risks that you should consider in connection with an investment in the common stock.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

This prospectus is dated , 2017

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This prospectus is part of a registration statement that we have filed with the SEC pursuant to which the selling security holders named herein may, from time to time, offer and sell or otherwise dispose of the Securities covered by this prospectus. You should not assume that the information contained in this prospectus is accurate on any date subsequent to the date set forth on the front cover of this prospectus or that any information we have incorporated by reference is correct on any date subsequent to the date of the document incorporated by reference, even though this prospectus is delivered or Securities are sold or otherwise disposed of on a later date. It is important for you to read and consider all information contained in this prospectus, including the documents incorporated by reference therein, in making your investment decision. You should also read and consider the information in the documents to which we have referred you under the caption Where You Can Find More Information in this prospectus.

We have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any of our securities other than the Securities covered hereby, nor does this prospectus constitute an offer to sell or the solicitation of an offer to buy any Securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. See Risk Factors and Cautionary Note Regarding Forward-Looking Statements.

Unless the context otherwise requires, references in this prospectus to the Company, we, our, and us refer to Goodr
Petroleum Corporation, a Delaware corporation, and its subsidiary, Goodrich Petroleum Company, L.L.C., a
Louisiana limited liability company. References in this prospectus to Franklin refer to Franklin Advisers, Inc., as
investment adviser.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus, is not complete, and does not contain all of the information that you should consider before making your investment decision. You should carefully read the entire prospectus, including the documents incorporated by reference herein, which are described under Incorporation by Reference of Certain Documents and Where You Can Find Additional Information. You should also carefully consider, among other things, the information presented under the sections entitled Risk Factors and Cautionary Note Regarding Forward-Looking Statements and the consolidated financial statements and the notes thereto before making an investment decision.

Overview

We are an independent oil and natural gas company engaged in the exploration, development and production of oil and natural gas properties primarily in (i) Northwest Louisiana and East Texas, which includes the Haynesville Shale Trend, (ii) Southwest Mississippi and Southeast Louisiana which includes the Tuscaloosa Marine Shale Trend, and (iii) South Texas, which includes the Eagle Ford Shale Trend.

We seek to increase shareholder value by growing our oil and natural gas reserves, production revenues and operating cash flow. In our opinion, on a long term basis, growth in oil and natural gas reserves and production on a cost-effective basis are the most important indicators of performance success for an independent oil and natural gas company.

We strive to increase our oil and natural gas reserves, production and cash flow through exploration and development activities. We develop an annual capital expenditure budget which is reviewed and approved by our Board of Directors (the Board) on a quarterly basis and revised throughout the year as circumstances warrant. We take into consideration our projected operating cash flow, commodity prices for oil and natural gas and externally available sources of financing, such as bank debt, asset divestitures, issuance of debt and equity securities, and strategic joint ventures, when establishing our capital expenditure budget.

We place primary emphasis on our operating cash flow in managing our business. Management considers operating cash flow a more important indicator of our financial success than other traditional performance measures such as net income because operating cash flow considers only the cash expenses incurred during the period and excludes the non-cash impact of unrealized hedging gains (losses), non-cash general and administrative expenses and impairments.

Our revenues and operating cash flow depend on the successful development of our inventory of capital projects with available capital, the volume and timing of our production and commodity prices for oil and natural gas. Such pricing factors are largely beyond our control; however, we have historically employed commodity hedging techniques in an attempt to minimize the volatility of short term commodity price fluctuations on our earnings and operating cash flow.

Corporate Information

Our common stock is quoted on the OTC Markets under the ticker symbol GDPP. Our principal executive offices are located at 801 Louisiana St., Suite 700 Houston, Texas 77002, and our telephone number is (713) 780-9494. Our website address is *www.goodrichpetroleum.com*. Neither our website nor any information contained on our website is part of this prospectus.

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THE OFFERING

Issuer	Goodrich Petroleum Corporation, a Delaware corporation.
Warrants offered by the selling security holders	2,499,999 Warrants. See Description of Warrants for further discussion.
13.50% Convertible Second Lien Senior Secured Notes due 2019 and 13.50% Second Lien Senior Secured Notes due 2019 offered by the selling security holders	$40.0 million aggregate principal amount of 13.50% Convertible Second Lien Senior Secured Notes due 2019 (the Convertible Notes) and approximately $23.2 million aggregate principal amount of 13.50% Second Lien Senior Secured Notes due 2019 issuable as interest payments on the Convertible Notes (the PIK Notes and, together with the Convertible Notes, the Notes). See Description of Notes for further discussion.
Common stock offered by the selling security holders	6,647,725 shares of common stock, including 2,499,999 shares of common stock issuable upon exercise of the Warrants and 1,874,999 shares of common stock issuable upon conversion of the Convertible Notes. See Description of Capital Stock, Description of Notes, and Description of Warrants for further discussion.
Common stock outstanding(1)	9,108,826 shares of common stock as of March 21, 2017.
Selling security holders	Certain investment advisory clients of Shenkman Capital Management, Inc., CVC Capital Partners (acting through such of its affiliates or managed funds as it deems appropriate) (CVC), J.P. Morgan Securities LLC (JPMS), Franklin, O Connor Global Multi-Strategy Alpha Master Limited (GLEA), Nineteen77 Global Multi-Strategy Alpha (Levered) Master Limited (GLEA XL), Anchorage Illiquid Opportunities V, L.P., AIO V AIV 1 Holdings, L.P., Senator Global Opportunity Master Fund LP and DCF Partners, LP. See Selling Security Holders for further discussion.
Use of proceeds	We will not receive any proceeds from the sale of shares of our common stock by the selling security holders in this offering. See Use of Proceeds.
Dividend policy	We do not anticipate that cash dividends or other distributions will be paid with respect to our common stock in the foreseeable future. In

	addition, restrictive covenants in certain debt instruments to which we are, or may be, a party, may limit our ability to pay dividends or for us to receive dividends from our operating companies, any of which may negatively impact the trading price of our common stock. See discussion concerning dividends and restrictions in payment of dividends below under Dividend Policy.
Risk factors	Investing in our common stock and the Notes involves risks. You should read carefully the Risk Factors section of this prospectus for

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	a discussion of factors that you should carefully consider before deciding to invest in shares of our common stock or the Notes.
OTC Markets ticker symbol	GDPP

(1) Includes 544,839 shares of our common stock issued under the Goodrich Petroleum Corporation Management Incentive Plan (the Management Incentive Plan) that are currently restricted.

Terms of the Notes

The following summary contains basic information about the Notes and is not intended to be complete. It does not contain all information that may be important to you. For a more complete understanding of the Notes, please refer to the section entitled Description of Notes in this prospectus.

Notes Offered	$40.0 million aggregate principal amount of 13.50% Convertible Second Lien Senior Secured Notes due 2019 and approximately $23.2 million aggregate principal amount of 13.50% Second Lien Senior Secured Notes due 2019 issuable as interest payments on the Convertible Notes.
Maturity	The later of (i) August 30, 2019 and (ii) the date that is six months after the scheduled maturity date (including after giving effect to the exercise of the RBL Extension Option) of our First Lien Credit Agreement or any Permitted First Lien Replacement Facility (as such terms are defined in Description of Notes Certain Definitions), but in any event no later than March 30, 2020.
Interest Payment Dates	Interest on the Notes will be paid quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, commencing April 15, 2017. Interest on each note will accrue from the last interest payment date on which interest was paid on the old note tendered in exchange thereof.
Payment-in-kind	For any interest period, the Company may elect to pay all or any portion of interest in kind on the then outstanding principal amount of the Notes by increasing the principal amount of the outstanding Notes or by issuing additional PIK Notes. However, interest on the Notes must be paid in-kind during such time as our First Lien Credit Agreement (but not any refinancing or replacement thereof) is in effect.
Conversion	Each holder of Convertible Notes is entitled to convert, at such holder s sole option, any portion of the outstanding and unpaid Conversion

Amount (as defined in Description of Notes Certain Definitions) into fully-paid and non-assessable shares of common stock, at the Conversion Rate (as defined in Description of Notes Certain Definitions). If the holder elects to exercise his or her conversion rights, the Company may elect to: (i) deliver shares of common stock to the holder; (ii) pay the holder an amount in cash

	equal to the market value of the shares calculated using the Closing Price of the common stock on the conversion date; or (iii) any combination thereof. The PIK Notes are not convertible.
Guarantees	The payment of the principal, premium and interest on the Notes will be fully and unconditionally guaranteed on a senior secured basis by our only current subsidiary and by our future subsidiaries that guarantee any of our or a subsidiary guarantor s indebtedness under a credit facility or that incurs any indebtedness under our senior credit facility. See Description of Notes Subsidiary Guarantees.
Security .	The Notes will be secured by second-priority liens on all of our and our subsidiary guarantor s assets that secure our senior credit facility (the collateral) on a first-priority basis. The Notes and the guarantees will be effectively subordinated to the senior credit facility and any other existing or future first lien obligations we may incur to the extent of the value of such assets. See Description of Notes Security for the Notes.
Intercreditor Agreement	The collateral agent for the Notes is party to an intercreditor agreement with us, the subsidiary guarantor and the first lien collateral agent, which governs the relationship of noteholders, the lenders under our senior credit facility and holders of other first lien obligations with respect to collateral and certain other matters (the Intercreditor Agreement). See Description of Notes The Intercreditor Agreement.
Ranking	The Notes and the guarantee will be our and the guarantor s senior secured obligations and will:
	be secured by second-priority liens on the second lien collateral, subject to permitted liens and the terms of the Intercreditor Agreement and the guarantee and collateral agreement;
	rank senior in right of payment to all of our and the guarantor s future subordinated indebtedness;
	rank equally in right of payment with all of our and the guarantor s existing and future senior indebtedness;
	be effectively junior, pursuant to the terms of the Intercreditor Agreement to the extent of the value of the priority lien collateral, to

our obligations and our subsidiary guarantor s obligations under our first lien credit agreement and any other priority lien obligations, which will be secured on a first-priority basis by liens on the same collateral that secure the Notes and the guarantees;

be effectively junior to any of our or our subsidiary guarantor s existing and future secured indebtedness secured by assets not constituting second lien collateral for the Notes and the guarantees to the extent of the value of the collateral securing such indebtedness;

- be effectively senior to all our and our subsidiary guarantor s existing and future unsecured senior indebtedness to the extent of the value of the second lien collateral (after giving effect to any senior and parity liens on the second lien collateral);

- be structurally subordinated in right of payment to all indebtedness and other liabilities of any of our future subsidiaries that is not a guarantor of the Notes; and

- be guaranteed on a senior secured basis by our subsidiary and by certain future subsidiaries.

As of March 21, 2017, our total indebtedness was approximately $58.0 million, which includes $16.7 million outstanding under our first lien term loan.

Optional Redemption

We may, at our option, redeem, in whole or in part, the Notes, at any time on or after October 12, 2018 at redemption prices set forth below, plus accrued and unpaid interest, if any, to the date of redemption:

October 12, 2018 to April 12, 2019	106.75%
April 12, 2019 and thereafter	100%

Change of Control

If we experience certain kinds of changes of control, we must give the holders of the Notes the opportunity to sell us their Notes at 101% of their principal amount, plus accrued and unpaid interest, if any, to the repurchase date.

Certain Covenants

The Indenture governing the Notes contains covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to:

- incur additional debt;

- make certain investments or pay dividends or distributions on our capital stock or purchase, redeem or retire capital stock or purchase, redeem or retire our unsecured indebtedness;

- sell assets, including capital stock of our restricted subsidiaries;

restrict dividends or other payments by restricted subsidiaries;

create liens that secure debt;

enter into transactions with affiliates; and

merge or consolidate with another company.

These covenants are subject to a number of important limitations and exceptions. See Description of Notes Covenants. However, most of the covenants will terminate if both of Standard & Poor s Ratings Services and Moody s Investors Service, Inc. assigns the Notes an investment grade rating and no event of default exists with respect to the Notes.

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Transfer Restrictions; Absence of a Public Market for the Notes	The Notes generally will be freely transferable, but will also be new securities for which there will not initially be a market. There can be no assurance as to the development or liquidity of any market for the Notes. We do not intend to apply for a listing of the Notes on any securities exchange or any automated dealer quotation system.

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RISK FACTORS

An investment in our securities involves a high degree of risk. In addition to the other information included in this prospectus, you should carefully consider each of the risk factors set forth in our most recent Annual Report on Form 10-K on file with the SEC, which is incorporated by reference into this prospectus. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus and any prospectus supplement. Any of these risks and uncertainties could have a material adverse effect on our business, financial condition, cash flows and results of operations. If that occurs, the trading price of our common stock could decline materially and you could lose all or part of your investment.

The risks included in this prospectus and the documents we have incorporated by reference into this prospectus are not the only risks we face. We may experience additional risks and uncertainties not currently known to us, or as a result of developments occurring in the future. Conditions that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, cash flows and results of operations.

Risks Related to Our Common Stock and this Offering

The trading price of our common stock may decline, and you may not be able to resell shares of our common stock at prices equal to or greater than the price you paid or at all.

The trading price of our common stock may decline for many reasons, some of which are beyond our control. In the event of a drop in the market price of our common stock, you could lose a substantial part or all of your investment in our common stock.

Numerous factors, including those described or referred to in this Risk Factors section and in the other documents incorporated herein by reference as well as the following, among others, could affect our stock price:

- our results of operations and financial condition;
- the number of identified drilling locations and our reserves estimates;
- quarterly variations in the rate of growth of our financial indicators, such as net income per share, net income and revenues, capital expenditures, production and unit costs;
- the public reaction to our press releases, our other public announcements and our filings with the SEC;
- changes in expectations as to our future results of operations and prospects, including financial estimates and projections by securities analysts and investors;
- results of operations that vary from those expected by securities analysts and investors;

strategic actions by our competitors;

strategic decisions by us, our clients or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;

changes in applicable laws and regulations;

changes in accounting principles;

announcements of claims against us by third parties;

future sales of our common stock by us, the selling security holders, significant stockholders or our directors or executive officers;

the realization of any risks described under this Risk Factors section or those incorporated by reference;

additions or departures of key management personnel;

changes in general market and economic conditions, including fluctuations in commodity prices;

volatile and unpredictable developments, including man-made, weather-related and other natural disasters, catastrophes or terrorist attacks in the geographic regions in which we operate; and

increased competition, or the performance, or the perceived or anticipated performance, of our competitors.

In addition, the stock market in general, including recently, has experienced significant volatility that often has been unrelated to the operating performance of companies whose shares are traded. These market fluctuations could adversely affect the trading price of our common stock, regardless of our actual operating performance. As a result, the trading price of our common stock may decline, and you may not be able to sell your shares at or above the price you paid to purchase them, or at all. Further, we could be the subject of securities class action litigation due to any such stock price volatility, which could divert management s attention and adversely affect our results of operations.

There has been a limited trading market for our common stock.

There is a limited trading market for our common stock on the OTC Markets for the foreseeable future. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your shares. An inactive market may also impair our ability to raise capital by selling shares of capital stock and may impair our ability to enter into transactions by using common stock as consideration.

You may have difficulty trading and obtaining quotations for our common stock.

Our common stock is not actively traded, and the bid and asked prices for our common stock on the OTC Markets may fluctuate widely. As a result, you may find it difficult to dispose of, or to obtain accurate quotations of the price of, our common stock. This severely limits the liquidity of our common stock, and will likely reduce the market price of our common stock and hamper our ability to raise additional capital.

Future sales of our common stock could reduce our stock price, and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership in us.

We may sell additional shares of common stock in subsequent public or private offerings. We may also issue additional shares of common stock or convertible securities. As of March 21, 2017, we had 9,108,826 outstanding shares of common stock, including 544,839 shares of our common stock issued under the Management Incentive Plan, which are currently restricted. Our outstanding shares of common stock do not include the 4,374,998 shares issuable upon conversion of the 2L Notes and Warrants that the selling security holders are offering pursuant to this registration statement, which may be resold in the public market.

We cannot predict the size of future issuances of our common stock or securities convertible into common stock or the effect, if any, that future issuances and sales of shares of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our common stock.

Certain holders of our common stock may be restricted in their ability to transfer or sell their securities.

Our common stock issued under the Plan is exempt from registration under Section 1145(a)(1) and may be resold by the holders thereof without registration unless the holder is an underwriter with respect to such securities. Resales by persons who received our common stock pursuant to the Plan that are deemed to be underwriters as defined in Section 1145(b) would not be exempted by Section 1145 from registration under the Securities Act, or other applicable law. Such persons would only be permitted to sell such securities without registration if they are able to comply with the provisions of Rule 144 under the Securities Act or another applicable exemption.

There is an increased potential for short sales of our common stock due to the sales of shares issued upon exercise of Warrants or the conversion of the Convertible Notes, which could materially affect the market price of our common stock.

Downward pressure on the market price of our common stock that likely will result from sales of our common stock issued in connection with the exercise of Warrants or the conversion of our Convertible Notes could encourage short sales of our common stock by market participants. Generally, short selling means selling a security, contract or commodity not owned by the seller. The seller is committed to eventually purchase the financial instrument previously sold. Short sales are used to capitalize on an expected decline in the security s price. Such sales of our common stock could have a tendency to depress the price of the stock, which could increase the potential for short sales.

Our common stock is an equity interest and therefore subordinated to our indebtedness.

In the event of our liquidation, dissolution or winding up, our common stock would rank below all secured debt claims against us. As a result, holders of our common stock will not be entitled to receive any payment or other distribution of assets upon our liquidation, dissolution or winding up until after all of our obligations to our secured debt holders have been satisfied.

Because we currently have no plans to pay cash dividends on our common stock, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.

We currently do not expect to pay any cash dividends on our common stock. Any future determination to pay cash dividends or other distributions on our common stock will be at the discretion of the Board and will be dependent on our earnings, financial condition, operation results, capital requirements, and contractual, regulatory and other restrictions, including restrictions contained in the senior secured credit facility or agreements governing any existing and future outstanding indebtedness we or our subsidiaries may incur, on the payment of dividends by us or by our subsidiaries to us, and other factors that our Board deems relevant. See Dividend Policy.

As a result, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it.

Our ability to raise capital in the future may be limited, which could make us unable to fund our capital requirements.

Our business and operations may consume resources faster than we anticipate, or we may require additional funds to pursue acquisition or expansion opportunities. In the future, we may need to raise additional funds through the issuance of new equity securities, debt or a combination of both. Additional financing may not be available on favorable terms or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. If we issue new secured debt securities, the secured debt holders would have rights senior to common stockholders to make claims on our assets, and the terms of any additional debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity securities, existing stockholders may experience dilution. Our Board is authorized to issue preferred stock which could have rights and preferences senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict

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or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future securities offerings reducing the market price of our common stock, diluting their interest or being subject to rights and preferences senior to their own.

If securities analysts do not publish research or reports about our business or if they downgrade or provide negative outlook on our stock or our sector, our stock price and trading volume could decline.

The trading market for our common stock relies in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. Furthermore, if one or more of the analysts who do cover us downgrade or provide negative outlook on our stock or our industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our stock could decline. If one or more of these analysts cease coverage of our business or fail to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

Anti-takeover provisions in our organizational documents could delay or prevent a change of control.

Certain provisions of our Second Amended and Restated Certificate of Incorporation, as amended (our Certificate of Incorporation) and our Second Amended and Restated Bylaws, as amended (our Bylaws), may have an anti-takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders. These provisions provide for, among other things:

- a classified board of directors with staggered three-year terms;
- the ability of our Board to issue, and determine the rights, powers and preferences of, one or more series of preferred stock;
- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings; and
- certain limitations on convening special stockholder meetings.

Further, as a Delaware corporation, we are also subject to provisions of Delaware law, which may impair a takeover attempt that our stockholders may find beneficial. These anti-takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of our Company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

See Description of Capital Stock.

The ownership position of Franklin limits other stockholders ability to influence corporate matters and could affect the price of our common stock.

As of March 21, 2017, Franklin, on behalf of certain of its clients, had sole voting power and sole dispositive power over approximately 47% of our outstanding common stock (the Franklin Stock). As a result, it, or any entity to which Franklin sells the Franklin Stock, may be able to exercise significant control over matters requiring stockholder approval. Further, because of its large ownership position, if Franklin sells the Franklin Stock that its clients hold, it could depress our share price.

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Risks Related to our Convertible Notes and our Warrants

As a holder of the Convertible Notes and/or Warrants, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.

If you hold any of our Convertible Notes or Warrants, you will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions, if any, on our common stock), but you will be subject to all changes affecting our common stock. You will have rights with respect to our common stock only when we deliver shares of common stock to you upon conversion of your Convertible Notes, or upon exercise of your Warrants. For example, if an amendment is proposed to our restated articles of incorporation or amended and restated bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the delivery of common stock, if any, to you, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

Risks Related to our Notes

To service our indebtedness, including the Notes, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to pay our expenses and make payments due on our indebtedness, including the Notes, depends on our future performance, which will be affected by financial, business, economic, legislative and other factors, many of which are beyond our control. The Notes contain pay-in-kind interest provisions which reduce the cash needed to pay interest while increasing the principal amount of Notes that ultimately must be retired with a cash payment. Our business may not generate sufficient cash flow from operations in the future, which could result in our being unable to pay interest in cash or repay indebtedness, including the Notes, or to fund other liquidity needs. A range of economic, competitive, business and industry factors will affect our future financial performance, and many of these factors, such as oil, NGL and natural gas prices, economic and financial conditions in our industry and the global economy and initiatives of our competitors, are beyond our control. If we do not generate enough cash flow from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, such as:

- selling assets;
- pursuing joint ventures;
- reducing or delaying capital investments;
- seeking to raise additional capital; or
- restructuring or refinancing all or a portion of our indebtedness, including the Notes, at or before maturity.

We cannot assure you that we will be able to accomplish any of these alternatives on terms acceptable to us, or at all. In addition, the terms of existing or future debt agreements may restrict us from adopting any of these alternatives.

The failure to generate sufficient cash flow or to achieve any of these alternatives could materially adversely affect the value of the Notes and our ability to pay the amounts due under the Notes.

We may be able to incur substantially more debt. This could exacerbate the risks associated with our indebtedness.

We and our subsidiary may be able to incur substantial additional indebtedness in the future, including through a refinancing of our senior credit facility. The Indenture governing the Notes permits us to refinance our senior credit facility with a replacement senior credit facility in an aggregate principal amount of up to $50 million. Any borrowings under the senior credit facility or a replacement senior credit facility will be secured, and as a result, together with any future first lien secured indebtedness, will be effectively senior to the

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Notes and the guarantee of the Notes by the guarantor, to the extent of the value of the collateral securing that indebtedness. In addition, the holders of any future debt we may incur that ranks equally with the Notes will be entitled to share ratably with the holders of the Notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of us. This may have the effect of reducing the amount of proceeds paid to you. If new debt is added to our current debt levels, the related risks that we and our subsidiary now face could intensify.

The Indenture governing the Notes and our senior credit facility contain operating and financial restrictions that may restrict our business and financing activities.

The Indenture governing the Notes and our senior credit facility contain, and any future indebtedness we incur may contain, a number of restrictive covenants that will impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

- sell assets, including equity interests in our subsidiary;
- pay distributions on, redeem or repurchase our common stock;
- make investments;
- incur or guarantee additional indebtedness or issue preferred stock;
- create or incur certain liens;
- make certain acquisitions and investments;
- redeem or prepay certain other debt;
- enter into agreements that restrict distributions or other payments from our restricted subsidiaries to us;
- consolidate, merge or transfer all or substantially all of our assets; and
- engage in transactions with affiliates.

As a result of these covenants, we will be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs.

Our ability to comply with some of the covenants and restrictions contained in our senior credit facility, which contains financial maintenance covenants, may be affected by events beyond our control. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. A failure to comply with the covenants, ratios or tests in our senior credit facility or any future indebtedness could result in an event of default under our senior credit facility or our future indebtedness, which, if not cured or waived, could have a material adverse affect on our business, financial condition and results of operations. If an event of default under our senior credit facility occurs and remains uncured, the lenders thereunder:

- could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be due and payable; or

- may have the ability to require us to apply all of our available cash to repay these borrowings.

- A payment default or an acceleration under our senior credit facility could result in an event of default and an acceleration under the Indenture governing the Notes.

If the indebtedness under the Notes were to be accelerated, there can be no assurance that we would have, or be able to obtain, sufficient funds to repay such indebtedness in full. In addition, our obligations under our senior credit facility are collateralized by perfected first priority liens and security interests on substantially all of our assets, and if we are unable to repay our indebtedness under the senior credit facility, the lenders could seek to foreclose on our assets. Please see Description of Notes.

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We may not be able to fund a change of control offer.

In the event of a change of control (as defined in the Indenture governing the Notes), we will be required, subject to certain conditions, to offer to purchase all outstanding Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon to the date of purchase. If a change of control were to occur today, we would not have sufficient funds available to purchase all of the outstanding Notes were they to be tendered in response to an offer made as a result of a change of control. We cannot assure you that we will have sufficient funds available or that we will be permitted by our other debt instruments to fulfill these obligations upon a change of control in the future. Furthermore, certain change of control events would constitute an event of default under our credit agreement. Please see Description of Notes Change of Control.

The term change of control is limited to certain specified transactions and may not include other events that might adversely affect our financial condition. Our obligation to repurchase the Notes upon a change of control would not necessarily afford holders of the Notes protection in the event of a highly leveraged transaction, reorganization, merger or similar transaction involving us.

Many of the covenants contained in the Indenture governing the Notes will terminate if the Notes are rated investment grade by both Standard & Poor s and Moody s and no default has occurred and is continuing.

Many of the covenants in the Indenture governing the Notes will terminate if the Notes are rated investment grade by both Standard & Poor s and Moody s, provided at such time no default has occurred and is continuing. The covenants will restrict, among other things, our ability to pay dividends, incur debt and to enter into certain other transactions. There can be no assurance that the Notes will ever be rated investment grade. However, termination of these covenants would allow us to engage in certain transactions that would not be permitted while these covenants were in force, and the effects of any such transactions will be permitted to remain in place and the terminated covenants will not be reinstated even if the Notes are subsequently downgraded below investment grade. Please see Description of Notes Covenants Covenant Termination.

The guarantee by our subsidiary guarantors of the Notes could be deemed a fraudulent conveyance under certain circumstances, and a court may try to subordinate or void that subsidiary guarantee.

Under U.S. bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee can be voided, or claims under a guarantee may be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

- intended to hinder, delay or defraud any present or future creditor or received less than reasonably equivalent value or fair consideration for the incurrence of the guarantee;

- was insolvent or rendered insolvent by reason of such incurrence;

- was engaged in a business or transaction for which the guarantor s remaining assets constituted unreasonably small capital; or intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they mature.

In addition, any payment by that guarantor under a guarantee could be voided and required to be returned to the guarantor or to a fund for the benefit of the creditors of the guarantor. The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a subsidiary guarantor would be considered insolvent if:

the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;

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the present saleable value of its assets was less than the amount that would be required to pay its probable liability, including contingent liabilities, on its existing debts as they become absolute and mature; or

it could not pay its debts as they became due.

The guarantee by our subsidiary contains a provision intended to limit the subsidiary guarantor s liability to the maximum amount that it could incur without causing its guarantee to be a fraudulent transfer. However, this provision may automatically reduce the subsidiary guarantor s obligations to an amount that effectively makes the guarantee worthless and, in any case, this provision may not be effective to protect a guarantee from being avoided under fraudulent transfer laws.

Risks Related to the Collateral

The lien on the collateral securing the Notes and the guarantees is junior and subordinate to the lien on the collateral securing the obligations under our senior credit facility.

The Notes and the guarantees is secured by second-priority liens in certain collateral granted by us, the subsidiary guarantor and any future subsidiary that becomes a subsidiary guarantor in accordance with the provisions of the Indenture governing the Notes, subject to certain permitted liens, exceptions and encumbrances described in the Indenture governing the Notes and the security documents relating to the Notes. All obligations arising under our senior credit facility are secured by first-priority liens on the same collateral that secure the Notes on a second-priority basis. The collateral agent has entered into an Intercreditor Agreement that provides, among other things, that if the collateral agent obtains possession of any collateral or realizes any proceeds or payment in respect of any collateral, pursuant to the exercise of remedies under any security document or by the exercise of any rights available to it under applicable law as a result of any distribution of or in respect of any collateral or proceeds in any of our or our subsidiary guarantors bankruptcy, insolvency, liquidation, dissolution, reorganization or similar proceeding or through any other exercise of remedies, at any time prior to the payment in full of the obligations under our senior credit facility and other priority debt, then it will hold such collateral, proceeds or payment in trust for the lenders under our senior credit facility and the other holders of priority lien obligations and transfer such collateral, proceeds or payment, as the case may be, to the priority lien collateral agent, for payment of the obligations under our senior credit facility and other priority debt. Holders of the Notes would then participate ratably in our remaining assets or the remaining assets of our subsidiary guarantors, as the case may be, with all holders of indebtedness that are deemed to rank equally with the Notes based upon the respective amount owed to each creditor. In addition, the Indenture governing the Notes permits us and our subsidiary guarantors to incur additional debt secured by liens senior in priority to the liens securing the Notes on the collateral under specified circumstances. Please read Description of Notes Certain Covenants Limitation on Indebtedness and Preferred Stock. See also Description of Notes Certain Definitions Permitted Liens. Any obligations secured by such liens may further limit the recovery from the realization of the collateral available to satisfy holders of the Notes.

In addition, if we default under our senior credit facility or any other senior secured indebtedness, the lenders under such senior secured indebtedness could declare all of the funds borrowed thereunder, together with accrued interest, immediately due and payable and foreclose on the pledged assets. Furthermore, if those lenders foreclose and sell the pledged equity interests in any subsidiary guarantor, then that subsidiary guarantor may be released from its guarantee of the Notes automatically and immediately upon such sale.

The value of the collateral securing the Notes may not be sufficient to ensure repayment of the Notes because the lenders under our senior credit facility have a first-priority lien on the collateral securing the Notes and will be paid first from the proceeds of the collateral.

Our indebtedness and other obligations under our senior credit facility are secured by a first-priority lien on the collateral securing the Notes. The liens securing the Notes and the guarantees are contractually subordinated

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to the liens securing obligations under our senior credit facility, so that proceeds of the collateral will be applied first to repay those obligations before we use any such proceeds to pay any amounts due on the Notes. Accordingly, if we default on the Notes, we cannot assure you that the trustee would receive enough money from the sale of the collateral to repay you.

The collateral has not been appraised in connection with this offering. The Indenture governing the Notes permits us to refinance our senior secured credit facility with a replacement senior credit facility in an aggregate principal amount of up to $50 million and permits us to incur additional debt secured by liens that have priority over the Notes in certain circumstances. The value of the collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers for the collateral. The value of the assets pledged as collateral for the Notes could be impaired in the future as a result of changing economic conditions, commodity prices, competition or other future trends. Likewise, we cannot assure you that the pledged assets will be saleable or, if saleable, that there will not be substantial delays in their liquidation.

In addition, the collateral securing the Notes is subject to other liens permitted under the terms of the Indenture and the Intercreditor Agreement, whether arising on or after the date the Notes were issued. To the extent that third parties hold prior liens, such third parties may have rights and remedies with respect to the property subject to such liens that, if exercised, could adversely affect the value of the collateral securing the Notes. The Indenture governing the Notes does not require that we maintain the current level of collateral.

In the event of a foreclosure on the collateral under our senior credit facility (or a distribution in respect thereof in a bankruptcy or insolvency proceeding), the proceeds from the collateral may not be sufficient to satisfy the Notes because such proceeds would, under the Intercreditor Agreement, first be applied to satisfy our obligations under our senior credit facility or other priority lien debt. Only after all of our obligations under our senior credit facility and such other obligations have been satisfied will proceeds from the collateral under our senior credit facility be applied to satisfy our obligations under the Notes. In addition, in the event of a foreclosure on the collateral, the proceeds from such foreclosure may not be sufficient to satisfy our obligations under the Notes.

Pursuant to the terms of the Indenture governing the Notes, we and our restricted subsidiaries may sell assets so long as such sales comply with the Limitation of Sales of Assets and Subsidiary Stock covenant or any other applicable provision of the Indenture governing the Notes. Upon any such sale, all or a portion of the interest in any asset sold may no longer constitute collateral. Although we may seek to reinvest proceeds from any asset sales, any assets in which we reinvest may not constitute collateral or be as profitable to us as the assets sold.

The equity interest pledged as part of the collateral to secure the Notes may also have limited value at the time of any attempted realization. In particular, in any bankruptcy or similar proceeding, all obligations of the entity whose equity interest has been pledged must be satisfied before any value will be available to the owner of or the creditor secured by such equity interest. If any subsidiary whose equity interest has been pledged as part of the collateral has liabilities that exceed its assets, there may be no remaining value in such subsidiary s equity interest.

The provisions of the Intercreditor Agreement relating to the collateral securing the Notes limit the rights of holders of the Notes with respect to that collateral, even during an event of default.

Under the Intercreditor Agreement between the trustee as second lien collateral agent, on behalf of the holders of the Notes, and the first lien collateral agent, on behalf of the holders of first lien debt, the lenders under our senior credit facility and other holders of first lien debt are generally entitled to receive and apply all proceeds of any collateral to the repayment in full of the obligations under our senior credit facility and under our first lien debt before any such proceeds will be available to repay obligations under the Notes.

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Furthermore, because the lenders under our senior credit facility will control the disposition of the collateral securing such first lien obligations and the Notes, if there were an event of default under the Notes, the holders of the first lien obligations could decide, for a specified time period, not to proceed against the collateral, regardless of whether or not there is a default under such first lien obligations. During such time period, unless and until discharge of the first lien obligations, including our senior credit facility, has occurred, the sole right of the holders of the Notes will be to hold a lien on the collateral.

Pursuant to the Intercreditor Agreement, in the event of bankruptcy the collateral agent, on behalf of all noteholders, will be required to support and vote for certain plans of reorganization. This restriction may prevent the collateral agent from supporting plans of reorganization that propose more favorable recoveries with respect to second lien claims with respect to the Notes.

Pursuant to the Intercreditor Agreement, in the event of a bankruptcy filing, the collateral agent, on behalf of all noteholders, is required to support and vote for any plan of reorganization or disclosure statement of ours or any of the subsidiary guarantors that (a) is accepted by the class of lenders under our revolving credit facility in accordance with Section 1126(c) of the U.S. Bankruptcy Code, (b) provides for the payment in full in cash of all of our obligations under our senior credit facility (including all post-petition interest, fees and expenses) on the effective date of such plan of reorganization or (c) provides for the retention by the trustee of the liens on the collateral securing our obligations under our senior credit facility (and hedge counterparties, bank product providers and letter of credit issuers), and on all proceeds thereof, with the same relative priority with respect to the collateral or other property as provided in the Intercreditor Agreement with respect to the collateral.

Lien searches may not reveal all liens on the collateral.

We cannot guarantee that any lien searches on the collateral securing the Notes will reveal all existing liens on the collateral securing the Notes. Lien searches have not been conducted in many jurisdictions where the collateral is located, including searches in the real property records, nor has any independent title work with respect to our oil and gas properties been conducted. Any existing undiscovered liens could be significant, could be prior in ranking to the liens securing the Notes and could have an adverse effect on the ability to realize or foreclose upon the collateral securing the Notes. In addition, there can be no assurance that the mortgages securing the Notes are encumbering the correct properties.

The rights of holders of Notes to the collateral securing the Notes may be adversely affected by the failure to record or perfect security interests in the collateral and other issues generally associated with the realization of security interests in collateral.

Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens in the collateral securing the Notes may not be perfected with respect to the claims of the Notes if the collateral agent was not able to take the actions necessary to perfect any of these liens on or prior to the date of the issuance of the Notes or within a reasonable time thereafter. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified and additional steps to perfect in such property and rights are taken. Furthermore, even though it may constitute an event of default under the Indenture governing the Notes, a third party creditor could gain priority over one or more liens on the collateral securing the Notes by recording an intervening lien or liens. The collateral agent has no obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interest and there can be no assurance that we or any guarantor will inform the collateral agent of the future acquisition of property and rights that constitute collateral. As a result, the necessary action to properly perfect the security interest in such after acquired collateral may not be taken. Moreover, the Indenture governing the Notes does not require liens on certain assets to be perfected. In addition, the security interest of the collateral agent is subject to practical challenges generally associated with the realization of security interests in collateral. For example, the collateral agent may need to

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obtain the consent of third parties and make additional filings. If the collateral agent is unable to obtain these consents or make these filings, the security interests may be invalid and the holders of the Notes will not be entitled to the collateral or any recovery with respect thereto. We cannot assure you that the collateral agent will be able to obtain any such consent or make any such filing. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the collateral agent may not have the ability to foreclose upon those assets and the value of the collateral may significantly decrease.

Bankruptcy laws may limit the ability of the holders of the Notes to realize value from the collateral.

The right of the collateral agent to repossess and dispose of the pledged assets upon the occurrence of an event of default under the Indenture governing the Notes is likely to be significantly impaired by applicable bankruptcy law (separate and apart from the limitations set forth in the Intercreditor Agreement) if a bankruptcy case were to be commenced by or against us before the collateral agent repossessed and disposed of the pledged assets.

Under the U.S. Bankruptcy Code, a secured creditor is prohibited from repossessing its security from a debtor in a bankruptcy case, or from disposing of security repossessed from such debtor, without bankruptcy court approval. Moreover, the U.S. Bankruptcy Code permits the debtor to continue to retain and to use collateral, including capital stock, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given adequate protection. The meaning of the term adequate protection may vary according to circumstances, but it is intended in general to protect the value of the secured creditor s interest in the collateral. Adequate protection may include cash payments or the granting of additional security for any diminution in the value of the collateral, if and at such times as the court in its discretion determines, as a result of the stay of repossession, disposition or any use of the collateral by the debtor during the pendency of the bankruptcy case. Generally, adequate protection payments, in the form of interest or otherwise, are not required to be paid by a debtor to a secured creditor unless the bankruptcy court determines that the value of the secured creditor s interest in the collateral is declining during the pendency of the bankruptcy case. However, pursuant to the terms of the Intercreditor Agreement, the holders of the Notes will agree not to seek or accept adequate protection in certain situations consisting of cash payments and not to object to the incurrence of additional indebtedness secured by liens that are senior to liens granted to the collateral agent for the Notes. In view of the lack of a precise definition of the term adequate protection and the broad discretionary powers of a bankruptcy court, it is impossible to predict (1) how long payments under the Notes could be delayed following commencement of a bankruptcy case, (2) whether or when the trustee could repossess or dispose of the pledged assets or (3) whether or to what extent holders of the Notes would be compensated for any delay in payment or loss of value of the pledged assets through the requirement of adequate protection.

In addition to the waiver with respect to adequate protection set forth above, under the terms of the Intercreditor Agreement, the holders of the Notes also waive certain other important rights that secured creditors may be entitled to in a bankruptcy proceeding, as described in Description of Notes The Intercreditor Agreement. These waivers could adversely impact the ability of the holders of the Notes to recover amounts owed to them in a bankruptcy proceeding.

In addition, a bankruptcy court may decide to substantively consolidate us and some or all of our subsidiaries in the bankruptcy proceeding. If a bankruptcy court substantively consolidated us and some or all of our subsidiaries, the assets of each entity would become subject to the claims of creditors of all consolidated entities. This would expose holders of Notes not only to the usual impairments arising from bankruptcy, but also to potential dilution of the amount ultimately recoverable because of the larger creditor base. Furthermore, a forced restructuring of the Notes could occur through the cram-down provisions of the U.S. Bankruptcy Code. Under these provisions, the Notes could be restructured over your objections as to their general terms, primary interest rate and maturity.

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Any future pledge of collateral may be avoidable in bankruptcy.

Any future pledge of collateral in favor of the collateral agent, including pursuant to security documents delivered after the date of the Indenture governing the Notes (including the mortgages over the oil and gas properties), may also be avoidable by the pledgor (as debtor in possession) or by its trustee in bankruptcy as a preferential transfer under the U.S. Bankruptcy Code and certain state insolvency laws if certain events or circumstances exist or occur, including, among others, if:

- the pledgor is insolvent at the time of the pledge;

- the pledge permits the holder of the Notes to receive a greater recovery than if the pledge had not been given; and

- a bankruptcy case or other similar insolvency proceeding is commenced in respect of the pledgor within 90 days following the pledge, or, in certain circumstances, a longer period.

The value of the collateral securing the Notes may not be sufficient for a bankruptcy court to grant post-petition interest on the Notes in a bankruptcy case of the issuer or any of the guarantors. Should our obligations under the Notes, together with our obligations under our senior credit facility and any other debt secured by the collateral, equal or exceed the fair market value of the collateral securing the Notes, the holders of the Notes may be deemed to have an unsecured claim for the difference between the fair market value of the collateral, on the one hand, and the aggregate amount of the obligations under our senior credit facility and any other secured debt and the Notes, on the other hand.

In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against us or the subsidiary guarantors, holders of the Notes will be entitled to post-petition interest under the U.S. Bankruptcy Code only if the value of their security interest in the collateral, taken in order of priority with other obligations secured by the collateral, is greater than the amount of their pre-bankruptcy claim. Holders of the Notes may be deemed to have an unsecured claim if our obligations under the Notes, together with our obligations under our senior credit facility and any other debt secured by the collateral, exceed the fair market value of the collateral securing the Notes. Holders of the Notes that have a security interest in the collateral with a value less than their pre-bankruptcy claim will not be entitled to post-petition interest under the U.S. Bankruptcy Code. The bankruptcy trustee, the debtor-in-possession or competing creditors could possibly assert that the fair market value of the collateral with respect to the Notes on the date of the bankruptcy filing (or on the date of confirmation of a chapter 11 plan) was less than the then-current principal amount of the Notes. Upon a finding by a bankruptcy court that the Notes are under-collateralized, the claims in the bankruptcy proceeding with respect to the Notes would be bifurcated between a secured claim equal to the value of the interest in the collateral and an unsecured claim, and the unsecured claim would not be entitled to the benefits of security in the collateral. Other consequences of a finding of under-collateralization would be, among other things, a lack of entitlement on the part of holders of the Notes to receive post-petition interest, fees or expenses and a lack of entitlement on the part of the unsecured portion of the Notes to receive other adequate protection under U.S. bankruptcy laws. In addition, if any payments of post-petition interest were made at the time of such a finding of under-collateralization, such payments could be re-characterized by the bankruptcy court as a reduction of the principal amount of the secured claim with respect to Notes. No appraisal of the fair market value of the collateral securing the Notes has been prepared in connection with this offering of the Notes and, therefore, the value of the collateral agent s interests in the collateral may not equal or exceed the principal amount of the Notes and other secured claims. We cannot assure you that there will be sufficient collateral to satisfy our and the subsidiary guarantors obligations under the Notes.

The collateral securing the Notes is subject to casualty risks.

We are obligated under the Indenture governing the Notes to maintain adequate insurance or otherwise insure against hazards as is customarily done by companies having assets of a similar nature in the same or similar localities. There are, however, certain losses that may be either uninsurable or not economically insurable, in whole or in part. As a result, it is possible that the insurance proceeds will not compensate us fully for our losses. If there is a total or partial loss of any of the pledged collateral, we cannot assure you that any insurance proceeds received by us will be sufficient to satisfy all of our secured obligations, including the Notes. We may be required to apply the proceeds from any such loss to repay our obligations under the senior credit facility.

There are circumstances other than repayment or discharge of the Notes under which the collateral securing the Notes and the guarantees will be released automatically, without your consent or the consent of the trustee.

Under various circumstances, collateral securing the Notes and the guarantees will be released automatically, including:

- a sale, transfer or other disposal or liquidation of such collateral in a transaction not prohibited under the Indenture governing the Notes;
- with respect to collateral held by a subsidiary guarantor, upon the release of such subsidiary guarantor from its guarantee in accordance with the Indenture governing the Notes;
- as otherwise required under the Intercreditor Agreement; and
- to the extent we have defeased or satisfied and discharged the Indenture governing the Notes.

In addition, the guarantee of each subsidiary guarantor will be automatically released if such subsidiary ceases to guarantee any of our other indebtedness or indebtedness of a subsidiary guarantor under a credit facility and is not a borrower under our senior credit facility. The guarantee of a subsidiary guarantor will also be released in connection with a sale of such subsidiary guarantor in a transaction permitted under the Indenture governing the Notes. In addition, if we designate a guarantor as an unrestricted subsidiary for purposes of the Indenture governing the Notes or such subsidiary guarantor no longer meets the definition of a restricted subsidiary, all of the liens on any collateral owned by such subsidiary and any guarantees by such subsidiary will be automatically released under the Indenture governing the Notes. This will reduce the aggregate value of the collateral securing the Notes to the extent that liens on the assets of such person and its subsidiaries are released. In addition, the creditors of such person will have a senior claim on the assets of such person.

The collateral securing the Notes and related guarantees may be diluted under certain circumstances.

The Indenture governing the Notes and agreements governing our senior credit facility permit us to incur additional secured indebtedness, including other priority lien debt, subject to our compliance with the restrictive covenants in the Indenture governing the Notes and the agreements governing our senior credit facility at the time we incur such additional secured indebtedness.

In addition, the Indenture governing the Notes and our other security documents permit us and certain of our subsidiaries to incur additional priority lien debt up to respective maximum priority lien debt by a refinancing of our senior credit facility. Any additional priority lien debt secured by the collateral would dilute the value of the Note holders rights to the collateral.

Risks Related to Our Business and Industry

Please see Item 1A Risk Factors contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, which is incorporated by reference herein, for risk factors related to our business and industry.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents that we incorporate by reference in the prospectus contain statements that are considered forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), concerning our operations, economic performance and financial condition. These forward-looking statements include information concerning future production and reserves, schedules, plans, timing of development, contributions from oil and natural gas properties, marketing and midstream activities and also include those statements accompanied by or that otherwise include the words may, could, believes, expects, anticipates, intends, estimates, projects, predicts, target, go potential, should, or similar expressions or variations on such expressions that convey the uncertainty of future events or outcomes. For such statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. We have based these forward-looking statements on our current expectations and assumptions about future events. These statements are based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. These forward-looking statements speak only as of the date of this prospectus, or if earlier, as of the date they were made; we undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

These forward-looking statements involve risk and uncertainties. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- the market prices of oil and natural gas;
- volatility in the commodity-future markets;
- financial market conditions and availability of capital;
- future cash flows, credit availability and borrowings;
- sources of funding for exploration and development;
- our financial condition;
- our ability to repay our debt;
- the securities, capital or credit markets;

planned capital expenditures;

future drilling activity;

uncertainties about the estimated quantities of our oil and natural gas reserves;

production;

hedging arrangements;

litigation matters;

pursuit of potential future acquisition opportunities;

general economic conditions, either nationally or in the jurisdictions in which we are doing business;

legislative or regulatory changes, including retroactive royalty or production tax regimes, hydraulic-fracturing regulation, drilling and permitting regulations, derivatives reform, changes in state and federal corporate taxes, environmental regulation, environmental risks and liability under federal, state and foreign laws and local environmental laws and regulations;

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- the creditworthiness of our financial counterparties and operation partners; and

- other factors discussed below and elsewhere in this Registration Statement on Form S-1 and in our other public filings, press releases and discussions with our management.

For additional information regarding known material factors that could cause our actual results to differ from projected results please read the rest of this report and Part I, Item 1A Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2016.

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USE OF PROCEEDS

The selling security holders will receive all of the net proceeds from the sale of the Securities. We will not receive any of the proceeds from the sale of the Securities by the selling security holders.

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RATIO OF EARNINGS TO FIXED CHARGES

All references made to Successor or Successor Company relate to the Company on and subsequent to the Effective Date. References to the Successor 2016 Period relate to the period from October 13, 2016 to December 31, 2016. References to Predecessor or Predecessor Company refer to the Company prior to the Effective Date. References to the Predecessor 2016 Period relate to the period from January 1, 2016 to October 12, 2016. The following table sets forth our ratios of consolidated earnings to fixed charges and preferred stock dividends for the periods presented:

	Successor	Predecessor	Predecessor			
	October 13, 2016 to December 31, 2016	January 1 2016 to October 12, 2016	Year Ended December 31,			
			2015	2014	2013	2012
Ratio of earnings to fixed charges and preferred stock dividends	(a)	33.46	(b)	(c)	(d)	(e)

(a) Successor Company earnings for the year ended December 31, 2016 were inadequate to cover fixed charges. The coverage deficiency was $4.3 million.
(b) Predecessor Company earnings for the year ended December 31, 2015 were inadequate to cover fixed charges and preferred stock dividends. The coverage deficiency was $479.4 million.
(c) Predecessor Company earnings for the year ended December 31, 2014 were inadequate to cover fixed charges and preferred stock dividends. The coverage deficiency was $353.1 million.
(d) Predecessor Company earnings for the year ended December 31, 2013 were inadequate to cover fixed charges and preferred stock dividends. The coverage deficiency was $95.2 million.
(e) Predecessor Company earnings for the year ended December 31, 2012 were inadequate to cover fixed charges and preferred stock dividends. The coverage deficiency was $84.2 million.

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MARKET PRICE OF OUR COMMON STOCK

Our new common stock is quoted on the OTC Markets under the symbol GDPP and has been trading since December 8, 2016. No prior established public trading market existed for our new common stock prior to this date. The following table sets forth the per share range of high and low bid information for our common stock as reported on the OTC Markets for the periods presented.

	High	Low
Quarter Ended:		
December 31, 2016	$ 15.00	$ 10.05
March 31, 2017 (through March 21, 2017)	$ 16.00	$ 12.50

On March 21, 2017, the last sale price of our common stock as reported on the OTC Markets was $14.35 per share. Such over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

As of March 21, 2017, we had approximately six holders of record of our common stock, based on information provided by our transfer agent.

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DIVIDEND POLICY

We do not anticipate that cash dividends or other distributions will be paid with respect to our common stock in the foreseeable future. In addition, restrictive covenants in certain debt instruments to which we are, or may be, a party, may limit our ability to pay dividends or for us to receive dividends from our operating companies, any of which may negatively impact the trading price of our common stock.

While we have no current plans to pay dividends on our common stock, we will continue to evaluate the cash generated by our business and we may decide to pay a dividend in the future. Any future determinations relating to our dividend policies and the declaration, amount and payment of any future dividends on our common stock will be at the sole discretion of the Board and, if we elect to pay such dividends in the future, we may reduce or discontinue entirely the payment of such dividends at any time. The Board may take into account general and economic conditions, our financial condition and operating results, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our Subsidiary to us and such other factors as the Board may deem relevant.

In addition, under Delaware law, we may declare and pay dividends on our capital stock either out of our surplus, as defined in the relevant Delaware statutes, or if there is no such surplus, out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. If, however, our capital, computed in accordance with the relevant Delaware statutes, has been diminished by depreciation in the value of our property, or by losses, or otherwise, to an amount less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets, we are prohibited from declaring and paying out of such net profits any dividends upon any shares of our capital stock until the deficiency has been repaired.

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COMPENSATION DISCUSSION AND ANALYSIS

Summary of 2016 Executive Compensation

The Company filed for reorganization under Chapter 11 of the Bankruptcy Code on April 15, 2016, and emerged from bankruptcy on October 12, 2016 upon meeting the conditions of its First Amended Joint Chapter 11 Plan of Reorganization (the Plan). The bankruptcy proceeding had the following direct effects on our executive compensation program:

- base salaries were reduced 20% from March 1, 2016 through December 1, 2016;
- no payout under the Non-Equity Incentive Plan to our NEOs for 2016;
- equity awards granted prior to the Company s emergence from bankruptcy were cancelled pursuant to the Plan; and
- grants of stock and time-vested restricted stock were made to our NEOs in October 2016, upon emergence from bankruptcy, and in December 2016, pursuant to a Management Incentive Plan (the MIP) approved pursuant to the Plan.

Overview of Our Executive Compensation Program and Compensation Philosophy

We provide fair and competitive compensation for our executive officers by structuring our executive compensation program principally around three goals:

1) Maintaining compensation at competitive market levels, targeting the median of comparative pay of our peer group for similar positions;

2) Rewarding executive officers for executing performance goals designed to generate returns for our stockholders. As a result, we historically tied selected elements of our executive compensation program to company performance goals; and

3) Retaining and motivating our executives through a combination of grants of time-vested and performance-based awards of phantom stock, which vest over a three-year period commencing on the first anniversary after the grant date, or upon achievement of the event on which the award is based,

In October 2016, the Compensation Committee engaged Longnecker & Associates as compensation consultants to provide a market analysis of our executive compensation program. Throughout this filing, the individuals who served as our CEO and our Interim Chief Financial Officer during the fiscal year ended December 31, 2016, as well as the other individuals included in the Summary Compensation Table, are referred to as Named Executive Officers or NEOs.

Elements of Executive Compensation

The elements of overall compensation for executive management include (1) base salary levels that are generally near the median of our peer group, (2) an annual bonus plan with payouts (if any) based on achievement of objectives approved by the Board and (3) a combination of long-term equity based incentives in the form of time-vested and performance-based awards of phantom stock. The Compensation Committee targeted overall compensation to reflect the approximate median for similar positions as determined through comparison to peer group proxies and independent compensation surveys. After researching and analyzing a list of potential peer companies, L&A identified the following companies for inclusion to Goodrich s 2017 peer group consideration:

Approach Resources, Inc.	Bill Barrett Corp.	Bonanza Creek Energy, Inc.
Callon Petroleum Company	Carrizo Oil & Gas, Inc.	Clayton Williams Energy, Inc.
Comstock Resources, Inc.	Contango Oil & Gas Company	Eclipse Resources Corporation
EXCO Resources, Inc.	Gastar Exploraiton, Inc.	Jones Energy, Inc.
Matador Resources Company	Resolute Energy Corporation	Rex Energy Corporation
Sanchez Energy Corporation	SandRidge Energy, Inc.	Stone Energy Corp.
Triangle Petroleum Corporation		

Base Salaries. The Company provides its executive officers with assured cash compensation in the form of a base salary that is generally near the median for similar positions as determined through comparison to peer group proxies and independent compensation surveys. However, as a result of the bankruptcy filing, the Company reduced base salaries by 20% from March 1, 2016 through December 1, 2016. On December 1, 2016, the salaries for Mr. Goodrich and Mr. Turnham were partially reinstated by the Compensation Committee, and the salaries for Mr. Ferchau and Mr. Killelea were fully reinstated. The base salaries paid to top executive officers during 2016 are shown in the Summary Compensation Table under the Salary column. The Compensation Committee expects to continue to review executive base salaries annually and to approve changes as appropriate.

		Salaries as of January 1,		
Named Executive Officers	**Position**	**2015 ($)**	**2016(1) ($)**	**2017 ($)**
Walter G. Goodrich	Vice Chairman and CEO	515,000	515,000	462,500
Robert C. Turnham, Jr.	President and COO	486,000	486,000	462,500
Mark E. Ferchau	Executive Vice President	380,000	380,000	380,000
Michael J. Killelea	Executive Vice President, General Counsel & Corporate Secretary	307,000	307,000	307,000
Robert T. Barker(2)	Vice President, Controller and Interim CFO	180,000	180,000	200,000
Joseph T. Leary(3)	Interim CFO		250,000	

(1) Effective March 1, 2016, salaries for Mr. Goodrich, Mr. Turnham, Mr. Ferchau and Mr. Killelea were reduced by 20%. On December 1, 2016, the salaries of Mr. Goodrich and Mr. Turnham were increased by approximately 10% of their pre-reduction base salary amount and each became eligible for a one-time bonus of $140,625 payable in 2017 in the event the Company raises certain new capital in 2017. On December 1, 2016, the salaries for Mr. Ferchau and Mr. Killelea were fully reinstated.

(2) Mr. Barker was appointed interim Chief Financial Officer in April 2016.

(3) Mr. Leary resigned as interim Chief Financial Officer in March 2016.

Incentive Bonus. Incentive bonuses, considered for payment annually as cash compensation, ensure that the executive officers focus on the achievement of near-term goals that are approved by the Board. Bonuses may be earned if the Company achieves its objectives in key performance metrics and executes on strategic achievements. Bonus targets as a percentage of base salary have historically been set near the median for similar positions. No incentive bonuses were awarded in 2016. Mr. Goodrich and Mr. Turnham are each eligible for a potential one-time special cash bonus in 2017 associated with certain new capital and balance sheet objectives set by the Compensation Committee.

Long-Term Equity-Based Incentives. The specific objectives of our long-term equity-based compensation plan are to attract, motivate, and retain the services of key employees and enhance a sense of ownership, as well as to encourage those persons to assist in our development, growth and financial success. To align the

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compensation of our executive officers with the attainment of our business goals and an increase in stockholder value, we have historically awarded time-vested and performance-based grants of phantom stock as part of our total compensation package.

We believe that providing grants of phantom stock focuses the named executives on delivering long-term value to our stockholders, while providing value to the executives in the form of equity awards. A grant of phantom stock offers executives the opportunity to receive shares of our common stock on the date the forfeiture restriction lapses. In this regard, phantom stock serves both to reward and retain executives, as the value of the phantom stock is linked to the price of our common stock on the date the forfeiture restrictions lapses. Our non-performance based phantom stock awards vest in three equal annual installments beginning one year after the grant date. We believe that these vesting schedules aid us in retaining executives and motivating long-term performance. Annual long-term equity-based incentives were awarded in December 2016 pursuant to the MIP.

Severance Benefits

We have severance agreements with Messrs. Goodrich, Turnham, and Ferchau. Mr. Killelea and Mr. Barker are covered by the Goodrich Petroleum Officer Severance Plan. We believe that the severance payments and other benefits provided under these agreements and the severance plan are appropriate and that change in control protection allows management to focus their attention and energy on the business transaction at hand without any distractions regarding the effects of a change in control. Under the agreements and the severance plan, each officer is eligible for severance payments and other benefits if the officer s employment is terminated without cause or such officer resigns due to a change in duties (as defined in the applicable plan or agreement) following the occurrence of a change of control (each a Triggering Event) as described in further detail under Potential Payments Upon Termination or Change in Control below.

Without Cause. Payments and other benefits are provided under the separation agreements and the plan if the officer is terminated without cause. The payments and other benefits provided upon this Triggering Event are intended to ease the consequences to the separated officer of an unexpected termination that under different circumstances would not have occurred and which is beyond the control of the officer.

Change in Duties following Change of Control. Recognizing the importance of avoiding the distraction and loss of key management personnel that may occur in connection with rumored or actual fundamental corporate changes, we provide payments and other benefits under the separation agreements in certain instances in which an officer is terminated or resigns due to a change in duties following a change of control. We believe that use of this Triggering Event protects stockholder interests by enhancing employee focus during rumored or actual change of control activity by (1) providing incentives to our executive officers to remain employed by us despite uncertainties while a transaction is under consideration or pending and (2) assuring severance and benefits for involuntarily or constructively terminated officers.

Other Benefits

In addition to base pay, annual cash incentive, long-term equity-based incentives and severance benefits, we provide the following forms of compensation:

401(k) Savings Plan. We have a defined contribution profit sharing 401(k) plan designed to assist our eligible officers and employees in providing for their retirement. We have a plan that allows us to match the contributions of our employees to the plan in cash, up to a maximum of 6% of eligible deferrals. When matching occurs, employees are immediately 100% vested in company contributions. Matching contributions were suspended effective April 1, 2016 and have not to date been reinstated.

Health and Other Welfare Benefits. Our executive officers are eligible to participate in medical, dental, vision, disability insurance and life insurance to meet their health and welfare needs. These benefits are

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provided so as to assure that we are able to maintain a competitive position in terms of attracting and retaining officers and other employees. This is a fixed component of compensation and the benefits are provided on a non-discriminatory basis to all employees.

Perquisites. We do not provide perquisites to our executive officers.

Other Matters

Policy on Recovery of Compensation and Clawbacks

In December 2014, the Board adopted a clawback policy under which the Board, or a committee of the Board, has the right to cause the reimbursement by an executive officer of the Company of certain incentive compensation if the compensation was predicated upon the achievement of certain financial results that were subsequently the subject of a required restatement of the Company s financial statements and the executive officer engaged in fraudulent or intentional illegal conduct that caused the need for the restatement.

Tax Treatment of Executive Compensation

Compensation payable to our CEO and our three other most highly compensated employees other than our chief financial officer is subject to the limitations of Section 162(m) of the Internal Revenue Code of 1986, as amended (the ***Code***), which limits our ability to deduct compensation in excess of $1,000,000. While the deductibility of compensation is important to us and actions will, when deemed appropriate, be taken to ensure the deductibility of compensation, the Committee has also determined that flexibility in determining the appropriate amount of compensation is required, notwithstanding the statutory and regulatory provisions, in negotiating and implementing incentive compensation programs. Accordingly, the Compensation Committee retains the discretion to award compensation that exceeds the deductibility limit under Section 162(m).

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COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Our Compensation Committee is comprised of Messrs. Leuliette, Coleman and Leight. During the fiscal year ended December 31, 2016, no member of the Compensation Committee (1) was an officer or employee, (2) was formerly an officer or (3) had any relationship requiring disclosure under the rules and regulations of the SEC.

During the fiscal year ended December 31, 2016, none of our executive officers served as (1) a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on the Compensation Committee of our Board; (2) a director of another entity, one of whose executive officers served on the Compensation Committee of our Board; or (3) a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on our Board.

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EXECUTIVE COMPENSATION

Summary Compensation

The following table summarizes, with respect to our NEOs, information relating to the compensation earned for services rendered in all capacities. Our NEOs consist of our Chief Executive Officer, Interim Chief Financial Officer, and the three other most highly compensated executive officers of the Company.

Summary Compensation for Year Ended December 31, 2014, 2015 and 2016

Name and Principal Position	Year	Salary ($)	Bonus(1) ($)	Stock Awards(2)(3) ($)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation(4) ($)	Total ($)
Walter G. Goodrich	2016	433,375	48,281	3,585,809	0	5,758	4,073,223
Chairman and Chief	2015	515,000	377,500	440,150	0	15,900	1,348,550
Executive Officer	2014	515,000		420,001	486,675	15,600	1,437,276
Robert C. Turnham, Jr.	2016	411,142	45,563	3,585,809	0	5,760	4,048,274
President and Chief	2015	486,000	363,000	423,368	0	15,900	1,288,268
Operating Officer	2014	486,000		379,998	459,270	15,600	1,340,868
Mark E. Ferchau	2016	323,000	23,750	1,478,232	0	5,320	1,830,302
Executive Vice President	2015	380,000	151,667	329,243	0	15,900	876,810
	2014	380,000		289,999	239,400	15,600	924,999
Michael J. Killelea	2016	260,950	19,188	1,180,805	0	4,298	1,465,241
Executive Vice President,	2015	307,000	121,867	253,128	0	15,900	697,895
General Counsel and	2014	307,000		182,998	154,728	15,600	660,326
Corporate Secretary							
Robert T. Barker(4)	2016	196,667	10,125	298,281	0	2,800	507,873
Vice President, Controller	2015	180,000	23,500	54,108	0	14,117	271,725
and Interim Chief	2014	175,000		53,551	15,300		243,851
Financial Officer							
Joseph T. Leary(5)	2016	41,667				2,500	44,167
Interim Chief Financial	2015	53,165				3,190	53,165
Officer							

(1) Amounts include payments under the Company s employee retention program and a one-time special bonus payment in March, 2015 related to achieving certain financial objectives during the first quarter.
(2) For 2016, the amounts reflect the aggregate amount of shares issued as exit awards upon emergence from bankruptcy in October 2016, as well as shares issued in December 2016 under the Management Incentive Plan.
(3) The amounts included in the Stock Awards column reflect the grant date fair value of the awards under Financial Accounting Standards Board s Accounting Standards Codification Topic 718, assuming the completion of the

service-based vesting conditions to which such awards are subject. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. These amounts reflect the Company s accounting expense for these awards, and do not correspond to the actual value that will be recognized by our NEOs. Assumptions used in the calculation of these amounts are included in Note 2 to our audited financial statements for the fiscal year ended December 31, 2014, 2015 and 2016 included in our Annual Report on Form 10-K. Stock awards reported in 2014 and 2015 were terminated in connection with the Company s emergence from bankruptcy and, consequently, are no longer outstanding.

(4) The amounts included in the All Other Compensation column represent Company matching contributions to the Named Executive Officer s 401(k) savings plan account. No Named Executive Officer received any perquisites or personal benefits.

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Grants of Plan-Based Awards

The following table provides information concerning each grant of an award made to our NEOs under any plan during 2016, including awards, if any, that have been transferred.

Grants of Plan-Based Awards for Year Ended December 31, 2016

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards(1) ($)
Walter G. Goodrich	10/12/2016	375,000	1,488,521
	12/8/2016	174,774	2,097,288
Robert C. Turnham, Jr.	10/12/2016	375,000	1,488,521
		174,774	2,097,288
Mark E. Ferchau	10/12/2016	112,500	446,556
	12/8/2016	85,973	1,031,676
Michael J. Killelea	10/12/2016	87,500	347,321
	12/8/2016	69,457	833,484
Robert T. Barker	10/12/2016	6,750	26,793
	12/8/2016	22,624	271,488

(1) As the Company s stock was not trading on the award date, the grant date fair value for the October 12, 2016 award was calculated using $3.97 per share which was an effective date valuation provided by a third party accounting firm in January 2017. The grant date fair value for the December 8, 2016 award was calculated using the closing stock price on that date of $12.00.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

The following is a discussion of material factors necessary to an understanding of the information disclosed in the Summary Compensation Table and the Grants of Plan-Based Awards Table.

Management Incentive Plan.

Pursuant to the Plan, our NEOs were granted shares by the Compensation Committee and approved by the board of directors in October 2016 under the MIP, with certain exit award shares being granted upon emergence from bankruptcy on October 12, 2016, and other shares vesting over time or being granted upon the conversion of certain second lien notes or the exercise of outstanding warrants. See the Outstanding Equity Awards Value at the Fiscal Year-End Table section below for further detail.

The phantom stock awarded in December 2016 pursuant to the MIP vests in one-third increments on December 8, 2017, December 8, 2018 and December 8, 2019. The phantom stock awards will vest earlier upon the grantee s termination of employment due to his death or disability. In addition, the phantom stock will vest earlier upon a change in control of the Company (see the Potential Payments Upon Termination or Change in Control section below for definitions). Payment of vested phantom stock may be made in cash, shares of our common stock or any combination thereof, as determined by the Committee in its discretion. Any payment to be made in cash will be based on the fair market value of a share of common stock on the payment date.

Non-Equity Incentive Plan Compensation.

As a result of the bankruptcy filing there were no awards granted under the Non-Equity Incentive Plan for 2016.

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Salary in Proportion to Total Compensation. The percentage of each NEO s total compensation that was paid and awarded for 2016 in the form of base salary was approximately 15% for each of Messrs. Goodrich and Turnham; 23% for Messrs. Ferchau and Killelea; and 44% for Mr. Barker.

Outstanding Equity Awards Value at Fiscal Year-End Table

The following table provides information concerning unexercised options, stock that has not vested, and equity incentive plan awards for our NEOs that were outstanding on December 31, 2016.

Outstanding Equity Awards as of December 31, 2016

	Stock Awards	
Name	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested(1) ($)**
Walter G. Goodrich	61,142(2)	758,161
	40,760(3)	505,424
	102,412(4)	1,269,909
	174,774(5)	2,167,198
Robert C. Turnham, Jr.	61,142(2)	505,424
	40,760(3)	758,161
	102,412(4)	1,269,909
	174,774(5)	2,167,198
Mark E. Ferchau	18,342(2)	227,441
	12,230(3)	151,652
	30,722(4)	380,953
	85,973(5)	1,066,065
Michael J. Killelea	14,266(2)	176,898
	9,511(3)	117,936
	23,896(4)	296,310
	69,457(5)	861,267
Robert T. Barker	1,101(2)	13,652
	734(3)	9,102
	1,843(4)	22,853
	22,624(5)	280,538

(1) The market value reported was calculated utilizing our closing stock price on December 31, 2016, the last trading day of the fiscal year, which was $12.40.

(2) These restricted stock units were granted pursuant to the Goodrich Management Incentive Plan. The restricted stock will vest when the Convertible Notes held by the secondary lienholders to the Company outstanding as of

October 12, 2016 have been exchanged for equity.

(3) These restricted stock units were granted pursuant to the Goodrich Management Incentive Plan. The restricted stock will vest upon the exercise of the UCC Warrants outstanding as October 12, 2016 (the exercisability of which is contingent upon the Company s achievement of market capitalization of $230,000,000).

(4) These restricted stock units were granted pursuant to the Goodrich Management Incentive Plan. The restricted stock units vest in one-third increments on each of October 12, 2017, 2018, and 2019.

(5) Restricted phantom stock vests in one-third increments on each of December 8, 2017, 2018 and 2019.

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Option Exercises and Stock Vested

The following table provides information concerning the vesting of restricted phantom stock awards during the fiscal year ended December 31, 2016 on an aggregated basis with respect to each of our NEOs. None of our NEOs exercised a stock option award during 2016.

Stock Vested for the Year Ended December 31, 2016

Name	Number of Shares Acquired on Vesting (#) (#)	Value Realized on Vesting ($) ($)
Walter G. Goodrich	182,353	47,717
Robert C. Turnham, Jr.	181,242	47,630
Mark E. Ferchau	59,262	14,668
Michael J. Killelea	44,911	11,317
Robert T. Barker	3,072	843

Potential Payments Upon Termination or Change in Control

The discussion below discloses the amount of compensation and/or other benefits potentially due to Messrs. Goodrich, Turnham, Ferchau, Killelea, and Barker, in the event of a change in control, or a termination of their employment, including, but not limited to, in connection with a change in control of the Company. The amounts shown assume that such termination was effective as of December 31, 2016, and thus includes amounts earned through such time and are estimates of the amounts which would be paid out to the executives upon their respective termination or upon a change in control. The actual amounts to be paid out can only be determined at the time of such executive s separation from the Company or upon a change in control of the Company. We believe that change in control protection allows management to focus their attention and energy on the business transaction at hand without any distractions regarding the effects of a change in control. Likewise, post-termination payments allow management to focus their attention and energy on making the best objective business decisions that are in the interest of the company without allowing personal considerations to cloud the decision-making process.

Severance Agreement

Each of Messrs. Goodrich, Turnham, and Ferchau has entered into a severance agreement with the Company providing for a cash lump sum payment to each of them in the event of their termination of employment without cause or due to a change in duties, during the eighteen (18) month period immediately following a change in control, or the executive is terminated without cause by the Company at any time (each term as defined below). The amount to which each is entitled is equal to two (2) times his then current annual rate of total compensation, to be paid within a ninety (90) day period following the applicable termination of employment, or in the event the executive is a specified employee as defined in Section 409A of the Code at the time of termination, on the first business day following the six (6) month period immediately following the executive s termination of employment. Each severance agreement provides for continued health and life insurance coverage under the Company plans (or the equivalent thereof) for each of them through the second anniversary of their respective termination of employment date, but only to the extent that the continuation of benefits is exempt from Section 409A of the Code. In the event that payments pursuant to the severance agreements create excise taxes for the executive pursuant to Section 4999 of the Code, we will provide the executive with an additional payment solely to compensate him for such excise tax payment.

The severance agreements define cause as (1) a material failure to perform expected duties, (2) the commission of fraud, embezzlement, or misappropriation against us, (3) a material breach by the executive of his fiduciary duty, or (4) a conviction of a felony offense or a crime involving moral turpitude.

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The executive s current annual rate of total compensation is comprised of the executive s annual base salary, the annual cash bonus last awarded to the executive prior to the change of control, and the value of the equity-based compensation awards granted to the executive during the twelve (12) months immediately prior to the change of control. All equity awards to be included in this calculation will be valued as of the date of grant.

A change of control of the Company will be deemed to have occurred upon the occurrence of the following events: (1) a sale or other transfer of all or substantially all of our assets, (2) our liquidation or dissolution, (3) a person or group becomes the beneficial owner of fifty percent (50%) or more of our voting power, or (4) a merger or consolidation, unless for at least six (6) months after the transaction, we own at least fifty percent (50%) of the total voting power of all the voting securities.

The executives may voluntarily resign upon a change in duties upon (1) a reduction in the executive s duties or responsibilities, (2) a reduction in the executive s current annual rate of total compensation or (3) a change in location of the executive s principal place of business of more than fifty (50) miles.

Officer Severance Plans

Mr. Killelea and Mr. Barker are covered under the Goodrich Petroleum Officer Severance Plan, which provides for a lump sum cash payment to each of them in the event of their termination of employment without cause or due to a change in duties, during the eighteen (18) month period immediately following a change in control, each term as defined below. Prior to any payments under the Officer Severance Plan becoming payable, however, the executive will be required to file a general release in the Company s favor. The amount to which each is entitled is equal to two (2) times the sum of his annual base salary , bonus amount and equity award value, as each term is defined below, to be paid no later than the ten (10) day period following the executive s release becoming irrevocable, or in the event the executive is a specified employee as defined in Section 409A of the Code at the time of termination, on the first business day following the six (6) month period immediately following the executive s termination of employment. The severance plan also provides for continued health coverage under the Company plans (or the equivalent thereof) for each of Mr. Killelea and Mr. Barker for up to 18 months from the date of his respective termination of employment, but only to the extent that the continuation of benefits is exempt from Section 409A of the Code. In the event that payments pursuant to the severance plan create excise taxes for the executive pursuant to Section 4999 of the Code, we will provide the executive with an additional payment solely to compensate them for such excise tax payment.

If Mr. Killelea or Mr. Barker incurs an involuntary termination other than following a change in control, then each executive is entitled to receive 100% of the sum of his annual base salary and bonus amount as well as up to twelve months of continued health benefits.

A change in duties and a change in control under the severance plan are defined similarly to a change in duties and a change in control under our individual severance agreements.

The severance plan defines cause as (1) a material failure to perform expected duties, (2) a conviction of a felony offense or a crime involving moral turpitude, or (3) gross negligence or willful misconduct in the performance of duties.

The executive s annual base salary shall mean the highest rate of base salary in effect during the six-month period ending immediately prior to the change in control or involuntary termination and the executive s bonus amount shall mean the annual cash bonus last awarded to the executive for the preceding fiscal year, or if greater, the annual cash bonus awarded for the fiscal year immediately prior to the fiscal year in which the change of control occurs.

An involuntary termination shall mean any termination of the executive s employment with the Company that results from either (i) termination (whether before, on or following a change of control) by the Company other than for cause; or (ii) upon a change in duties by the executive on or within 18 months following a change of control.

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A summary of the possible cash severance payments and continuation of health and life insurance coverage, as well as the accelerated vesting or settlement of the options and phantom stock, are detailed below for each of the named executive officers. The value of all equity awards is based upon the closing price of our stock on December 31, 2016, or $12.40. None of our NEOs held unvested stock options at the end of 2016; therefore, there is no value associated with accelerated vesting of stock options in the table below.

Executive	Death or Disability ($)	Change in control followed by a termination without cause or a change in duties ($)	Termination without cause ($)	Change in control without a Termination of Employment ($)
Walter G. Goodrich				
Cash Severance(1)		6,092,926	6,092,926	
Health and Life Continuation(2)		74,533	74,533	
Accelerated Equity Awards(3)	3,437,106	3,437,106		3,437,106
Total	3,437,106	9,604,565	6,147,459	3,437,106
Robert C. Turnham, Jr.				
Cash Severance(1)		6,038,116	6,038,116	
Health and Life Continuation(2)		52,267	52,267	
Accelerated Equity Awards(3)	3,437,106	3,437,106		3,437,106
Total	3,437,106	9,527,489	6,090,383	3,437,106
Mark E. Ferchau				
Cash Severance(1)		3,302,152	3,302,152	
Health and Life Continuation(2)		74,533	74,533	
Accelerated Equity Awards(3)	1,447,018	1,447,018		1,447,018
Total	1,447,018	4,823,703	3,376,685	1,447,018
Michael J. Killelea				
Cash Severance(1)		2,590,424	461,728	
Health Continuation(2)		53,440	35,627	
Accelerated Equity Awards(3)	1,157,577	1,157,577		1,157,577
Total	1,157,577	3,801,441	497,355	1,157,577
Robert T. Barker				
Cash Severance(1)		1,050,078	253,551	
Health Continuation(2)		16,700	11,133	
Accelerated Equity Awards(3)	303,391	303,391	303,391	
Total	303,391	1,370,168	264,684	303,391

(1) The total compensation used to determine the amount of cash severance each executive would have been entitled to as of December 31, 2016 is comprised of the following amounts:

(a) Mr. Goodrich: $462,500 in annual salary; $486,675 in bonus; and $2,097,288 for the value of the previous year s equity awards.

(b) Mr. Turnham: $462,500 in annual salary; $459,270 in bonus; and $2,097,288 for the value of the previous year s equity awards.

(c) Mr. Ferchau: $380,000 in annual salary; $239,400 in bonus; and $1,013,676 for the value of the previous year s equity awards.

(d) Mr. Killelea: $307,000 in annual salary; $154,728 in bonus; and $833,484 for the value of the previous year s equity awards.

(e) Mr. Barker: $200,000 in annual salary; $53,551 in bonus; and $271,488 for the value of the previous year s equity awards.

(2) The amounts disclosed above for the continuation of health and life insurance were calculated by using the current cost for health and life insurance (if applicable) for each executive as of December 31, 2016 under

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our current health and life insurance plans. The continuation costs could be more or less than the amounts disclosed above depending on the time of the executive s actual termination of employment.

(3) The acceleration of equity for each of the executives is comprised of restricted phantom stock for all of the executives pursuant to the Management Incentive Plan. Amounts disclosed in the table above reflect:

(a) Mr. Goodrich: 277,186 shares of phantom stock.

(b) Mr. Turnham 277,186 shares of phantom stock.

(c) Mr. Ferchau 116,695 shares of phantom stock.

(d) Mr. Killelea: 93,353 shares of phantom stock.

(e) Mr. Barker: 24,467 shares of phantom stock.

Risk Assessment Related to our Compensation Structure

We believe our compensation plans for all employees, including the Named Executive Officers, are appropriately structured and are not reasonably likely to have a material adverse effect on the Company. We believe our approach to goal setting, setting of targets with payouts at multiple levels of performance, and evaluation of performance results, assist in mitigating excessive risk-taking that could harm our value or reward poor judgment by our executives. Several features of our programs reflect sound risk management practices. We set performance goals that we believe are reasonable in light of past performance and market conditions. We also believe we have allocated our compensation among base salary and short- and long-term compensation target opportunities in such a way as to not encourage excessive risk-taking. Further, with respect to our incentive compensation programs, the metrics that determine payouts for our employees are Company-wide metrics only. This is based on our belief that applying Company-wide metrics encourages decision-making that is in the best long-term interests of the Company and our stockholders. We use phantom stock rather than stock options for equity awards because phantom stock retains value even in a depressed market so that employees are less likely to take unreasonable risks to get, or keep, options in-the-money. Finally, the time-based vesting over three years for our long-term incentive awards, even after achievement of any performance criteria, ensures that our employees interests align with those of our stockholders for the long-term performance of the Company.

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DIRECTOR COMPENSATION

General

The following table sets forth a summary of the compensation paid to or earned by our non-employee directors in 2016. Directors who are our full-time employees receive no compensation for serving as directors.

Director Compensation for Year Ended December 31, 2016

Name	Year	Fees Earned or Paid in Cash ($)	Stock Awards(1) ($)	All Other Compensation ($)	Total ($)
Josiah T. Austin(2)	2016	36,000			36,000
Michael J. Perdue(2)	2016	48,000			48,000
Arthur A. Seeligson(2)	2016	49,000			49,000
Stephen M. Straty(2)	2016	36,000			36,000
Gene Washington(2)	2016	42,000			42,000
Ronald F. Coleman (3)	2016	23,250	125,000		148,250
Eugene I. Davis(3)	2016	26,500	125,000		151,500
K. Adam Leight(3)	2016	28,500	125,000		153,500
Timothy D. Leuliette(3)	2016	28,500	125,000		153,500
Thomas M. Souers(3)	2016	24,000	125,000		149,000

(1) Messrs. Coleman, Davis, Leight, Leuliette and Souers each held 14,140 shares of restricted stock at year end 2016 which will vest on December 8, 2017. The amounts included in the Stock Awards column reflect the grant date fair value of each director s award as computed in accordance with the Topic 718 of the Codification Assumptions used in the calculation of these amounts are included in Note 2 to our audited financial statements for the fiscal year ended December 31, 2016 included in our Annual Report on Form 10-K for the year ended December 31, 2016.

(2) Resigned effective October 12, 2016.

(3) Appointed effective October 12, 2016.

Retainer / Fees

Each non-employee director received the following compensation effective March 1, 2016:

a cash retainer of $16,000 for the Chairman of the Audit Committee, $6,000 for the Chairman of the Compensation Committee, $4,000 for the Chairman of the Nominating and Corporate Governance Committee, and $16,000 for the Lead Director; each to be paid on a quarterly basis;

a meeting fee of $1,000 for each Board meeting attended in person or via teleconference and $1,000 for each committee meeting attended in person or via teleconference (with meetings occurring within the same week constituting one meeting); and

- an annual cash retainer of $60,000 to be paid on a quarterly basis.

As of December 1, 2016, each non-employee director received the following compensation:

- a cash retainer of $15,000 for the Chairman of the Audit Committee, $13,000 for the Chairman of the Compensation Committee, $10,000 for the Chairman of the Nominating and Corporate Governance Committee, and $25,000 for the Lead Director; each to be paid on a quarterly basis. Lead Director does not receive fees for chairing other committees;

- a meeting fee of $1,500 for each regularly scheduled Board meeting and $1,250 for each Board teleconference meeting; $1,000 for each regularly scheduled committee meeting and $750 for each Committee teleconference meeting;

- An annual cash retainer of $60,000 to be paid on a quarterly basis; and

- Restricted stock grant valued at $125,000 to vest over twelve months.

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SELLING SECURITY HOLDERS

This prospectus covers the offering for resale from time to time, in one or more offerings, of, up to an aggregate of 2,272,727 shares of common stock, the Warrants, the Notes and the PIK Notes owned by the selling security holders as well as an aggregate of 4,374,998 shares of common stock issuable upon exercise or conversion of the Convertible Securities owned by the selling security holders.

The Securities were either obtained by the selling security holders named below pursuant to the Plan or pursuant to the Private Placement. We are registering the Securities pursuant to the Notes Registration Rights Agreement, the Warrant Registration Rights Agreement and the PIPE Registration Rights Agreement, as applicable, as each is described under Description of Capital Stock.

The selling security holders may from time to time offer and sell pursuant to this prospectus any or all of the Securities owned by them but make no representation that any of the Securities will be offered for sale.

The table below presents information regarding the selling security holders and the Securities that the selling security holders may offer and sell from time to time under this prospectus.

The following table sets forth:

- the name of the selling security holders;
- the number of shares of common stock beneficially owned by the selling security holders prior to the sale of the common stock covered by this prospectus;
- the number of shares of common stock that may be offered by the selling security holders pursuant to this prospectus;
- the number of shares of common stock beneficially owned by the selling security holders following the sale of any common stock covered by this prospectus;
- the percentage of common stock owned by the selling security holders following the sale of any common stock covered by this prospectus;
- the number of Warrants beneficially owned by the selling security holders prior to the sale of the Warrants covered by this prospectus; and
- the number of Notes beneficially owned by the selling security holders prior to the sale of the Notes covered by this prospectus;

All information with respect to the selling security holders ownership of the Securities has been furnished by or on behalf of the selling security holders and is as of March 21, 2017. We believe, based on information supplied by the selling security holders, that except as may otherwise be indicated in the footnotes to the table below, the selling security holders have sole voting and dispositive power with respect to the common stock reported as beneficially owned by them. Because the selling security holders identified in the table may sell some or all of the Securities owned by them which are included in this prospectus, and because there are currently no agreements, arrangements or understandings with respect to the sale of any of the Securities, no estimate can be given as to the number of Securities available for resale hereby that will be held by the selling security holders upon termination of this offering. In addition, the selling security holders may have sold, transferred or otherwise disposed of, or may sell, transfer or otherwise dispose of, at any time and from time to time, the Securities they hold in transactions exempt from the registration requirements of the Securities Act after the date on which the selling security holders provided the information set forth on the table below. We have, therefore, assumed for the purposes of the following table, that the selling security holders will sell all of the common stock beneficially owned by them that is covered by this prospectus, but will not sell any other shares of our common stock that they may presently own. The percent of beneficial ownership for the selling security holders is based on 9,108,826 shares of our common stock outstanding as of March 21, 2017 (including 544,839 shares of our common stock issued under the Management Incentive Plan that are currently restricted), 2,499,999 shares of our common stock reserved for issuance upon the exercise of outstanding Warrants at an exercise price of $0.01 per share, and 1,874,999 shares of our common stock reserved for issuance upon the conversion of the Convertible Notes.

Name of Selling Stockholder(1)	Notes Beneficially Owned Prior to Offering	Notes Beneficially Owned After Offering(2)	PIK Notes Beneficially Owned Prior to Offering(3)	PIK Notes Beneficially Owned After Offering(2)	Warrants Beneficially Owned Prior to Offering	Warrants Beneficially Owned After Offering(2)	Number of Shares of Common Stock Beneficially Owned Prior to Offering(4)	Total Number of Shares of Common Stock Being Registered	Number of Shares of Common Stock Beneficially Owned After Offering(2)	Percentage of Common Stock Beneficially Owned After Offering(2)
CVC Global Credit Opportunities Master Fund, L.P.(5)	$ 4,375,000	0	$ 2,532,655	0	273,437	0	487,789	478,789	0	
J.P. Morgan Securities LLC(6)	10,000,000	0	5,788,226	0	625,000	0	1,093,750	1,093,750	0	
O Connor Global Multi-Strategy Alpha Master Limited(7)	4,046,000	0	2,341,921	0	252,890	0	449,793	442,546	7,247	*
Nineteen77 Global Multi-Strategy Alpha (Levered) Master Limited(7)	829,000	0	479,853	0	51,797	0	90,997	90,656	341	*
FHIT-Franklin High Income Fund(8)	8,250,000	0	4,775,287	0	515,625	0	1,971,594	902,344	1,049,684	7.8%
FT Opportunistic Distressed Fund, Ltd.(8)	500,000	0	289,420	0	31,250	0	77,718	54,688	22,609	*
The PNC Financial Services Group, Inc. Pension Plan(9)	1,524,000	0	882,132	0	95,250	0	166,688	166,688	0	
EDS 1994 Pension Scheme(9)	400,000	0	231,536	0	25,000	0	43,750	43,750	0	
EDS Retirement Plan(9)	1,060,000	0	613,558	0	66,250	0	115,937	115,937	0	
P SCM Energy HY Ltd.(9)	2,000,000	0	1,157,653	0	125,000	0	223,486	218,750	4,738	*
Shenkman Energy Opportunity Master Fund Ltd.(9)	3,586,000	0	2,075,662	0	224,125	0	407,145	392,219	14,926	*
Four Points Multi-Strategy Master Fund, Inc.(9)	3,430,000	0	1,985,369	0	214,375	0	375,156	375,156	0	
Anchorage Illiquid Opportunities V, L.P.(10)	0	0	0	0	0	0	758,716	659,937	98,779	*
AIO V AIV 1 Holdings, L.P.(11)	0	0	0	0	0	0	809,028	703,699	105,329	*
Senator Global Opportunity Master Fund LP(12)	0	0	0	0	0	0	854,545	854,545	0	
DCF Partners, LP(13)	0	0	0	0	0	0	54,546	54,546	0	

* Less than 1%.

(1) The number of shares of common stock shown in the table above assumes conversion of the Warrants and Convertible Notes, and includes common stock that would be held in the beneficial owner s name or jointly with

others, or in the name of a bank, nominee or trustee for the beneficial owner s account.

(2) This calculation is based upon the assumption that all Securities will be sold in the offering.

(3) The number of PIK Notes beneficially owned prior to the offering includes both PIK Notes previously issued and the maximum amount of PIK Notes that can or will be issued in the future.

(4) The Number of shares of common stock beneficially owned prior to the offering includes those shares of common stock issuable upon exercise of the Warrants, those shares issuable upon conversion of the Convertible Notes and all other shares beneficially owned outside of those two categories.

(5) CVC is the beneficial owner of these shares for purposes of Rule 13d-3 under the Exchange Act in its capacity as an investment adviser with the power to vote, or to direct the voting of, and dispose, or to direct the disposition of, such shares. The address of CVC is 712 Fifth Avenue, 42nd Floor, New York, NY 10019.

(6) Each of Carlos M. Hernandez, Erik J. Stein, Erin Elizabeth Hill, Gregory G. Quental, James R. Walker Jr., Jason Edwin Sippel, Matthew Cherwin, Patrick C. Kirby and Robert C. Holmes is a Manager of J.P. Morgan

Securities LLC, a Delaware limited liability company, and as such may be deemed to have voting and dispositive power over the ordinary shares held by J.P. Morgan Securities LLC. Each of Carlos M. Hernandez, Erik J. Stein, Erin Elizabeth Hill, Gregory G. Quental, James R. Walker Jr., Jason Edwin Sippel, Matthew Cherwin, Patrick C. Kirby and Robert C. Holmes disclaims beneficial ownership of these ordinary shares. The address for each of J.P. Morgan Securities LLC, Carlos M. Hernandez, Erik J. Stein, Erin Elizabeth Hill, Gregory G. Quental, James R. Walker Jr., Jason Edwin Sippel, Matthew Cherwin, Patrick C. Kirby and Robert C. Holmes is 383 Madison Avenue, 3rd Floor, New York, New York 10179.

(7) UBS O Connor LLC (O Connor) is the investment manager of each of GLEA XL and GLEA (together with GLEA XL, collectively, the O Connor Funds) and accordingly has voting control and investment discretion over the securities described herein held by the O Connor Funds. Dawn Fitzpatrick (Ms. Fitzpatrick), the Chief Executive Officer of O Connor, Kevin Russell (Mr. Russell), the Chief Investment Officer of O Connor and Andrew Martin (Mr. Martin), a Portfolio Manager for O Connor, each also have voting control and investment discretion over the securities described herein held by the O Connor Funds. As a result, each of O Connor, Ms. Fitzpatrick, Mr. Russell and Mr. Martin may be deemed to have beneficial ownership (as determined under Section 13(d) of the Securities Exchange Act of 1934, as amended) of the securities described herein held by the O Connor Funds. The address of O Connor is One North Wacker Drive, Floor 32, Chicago, IL 60606.

(8) Franklin Advisers, Inc. is the beneficial owner of these shares for purposes of Rule 13d-3 under the Exchange Act in its capacity as an investment adviser with the power to vote, or to direct the voting of, and dispose, or to direct the disposition of, such shares. The address of Franklin Advisers, Inc. is One Franklin Parkway, San Mateo, CA 94403.

(9) Shenkman Capital Management, Inc. is the beneficial owner of these shares for purposes of Rule 13d-3 under the Exchange Act in its capacity as an investment adviser with the power to vote, or to direct the voting of, and dispose, or to direct the disposition of, such shares. The address of Shenkman Capital Management, Inc. is 461 Fifth Avenue, New York, NY 10017.

(10) Anchorage Capital Group, L.L.C. (Capital Group) is the investment manager to Anchorage Illiquid Opportunities V, L.P. (AIO V) and, in such capacity, exercises voting and investment power over the shares held for the accounts of AIO V. Anchorage Advisors Management, L.L.C. (Management) is the sole managing member of Capital Group. Kevin M. Ulrich is the Chief Executive Officer of Capital Group and the senior managing member of Management. Each of AIO V, Capital Group, Management and Mr. Ulrich may be deemed the beneficial owner of these shares for purposes of Rule 13d-3 under the Exchange Act. Each of Mr. Ulrich, Capital Group and Management disclaim beneficial ownership with respect to the shares owned by AIO V. The shares of common stock beneficially owned by AIO V do not include 24,564 UCC Warrants beneficially owned by AIV 1, which are convertible into shares of common stock at an equity strike price of $230 million as set forth in the Plan. The address of Anchorage Illiquid Opportunities V, L.P. is c/o Anchorage Capital Group, L.L.C. 610 Broadway, 6th Floor, New York, NY 10012.

(11) Capital Group is the investment manager to AIO V AIV 1 Holdings, L.P. (AIV 1) and, in such capacity, exercises voting and investment power over the shares held for the accounts of AIV 1. Management is the sole managing member of Capital Group. Kevin M. Ulrich is the Chief Executive Officer of Capital Group and the senior managing member of Management. Each of AIV 1, Capital Group, Management and Mr. Ulrich may be deemed the beneficial owner of these shares for purposes of Rule 13d-3 under the Exchange Act. Each of Mr. Ulrich, Capital Group and Management disclaim beneficial ownership with respect to the shares owned by AIV 1. The shares of common stock beneficially owned by AIV 1 do not include 26,193 UCC Warrants beneficially owned by AIV 1, which are convertible into shares of common stock at an equity strike price of $230 million as set forth in the Plan. The address of AIO V AIV 1 Holdings, L.P. is c/o Anchorage Capital Group, L.L.C. 610 Broadway, 6th Floor, New York, NY 10012.

(12) Senator Global Opportunity Master Fund LP a Cayman Islands exempted limited partnership (the Senator Fund). Senator Investment Group LP serves as the investment manager of the Senator Fund. Alexander Klabin and Douglas Silverman have control of a Delaware limited liability company that may be deemed to control Senator

Investment Group LP. The Senator Fund, Alexander Klabin and Douglas Silverman each disclaim any beneficial ownership of the shares held by the Fund. The address of the Senator Fund is c/o Senator Investment Group LP, 510 Madison Avenue, 28th Floor New York, NY 10022.

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(13) DCF Advisers, L.L.C. is the general partner of DCF Partners, L.P. David Floren, as the managing member DCF Advisers, L.L.C., is the beneficial owner of these shares for purposes of Rule 13d-3 under the Exchange Act. The address of DCF Partners, L.P. is 73 Arch St., Greenwich, CT 06830.

The selling security holders are not directors, officers or employees of ours or an affiliate of such person. Pursuant to the Plan, however, we agreed to: (i) permit Franklin to appoint three (3) nominees to the Board. Following the expiration of the initial term of the directors appointed by Franklin and for so long as Franklin shall beneficially own greater than 10% of our total outstanding common stock, Franklin shall be entitled to designate three (3) nominees to serve on the Board, with it being understood that Franklin shall permanently, despite any later increase in its common stock ownership, no longer be entitled to designate any director nominees at such time as Franklin beneficially owns 10% or less of our total outstanding common stock and (ii) permit the holders of a majority of our then outstanding Warrants, following the expiration of the initial term of the Class I Directors and until the later to occur of (i) March 30, 2020 and (ii) the date of the annual meeting of stockholders in the year 2020, to designate two nominees to serve as the Class I Directors of the Board.

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DESCRIPTION OF CAPITAL STOCK

The following description of our capital stock, together with the additional information we include in any applicable prospectus supplements, summarizes the material terms and provisions of our capital stock that we may offer, in the case of our common stock, under this prospectus. It may not contain all the information that is important to you. For the complete terms of our common stock and preferred stock, please refer to our Certificate of Incorporation and our Bylaws, which are incorporated by reference into the registration statement which includes this prospectus. The Delaware General Corporation Law (DGCL) may also affect the terms of these securities.

General

We were formed and filed our original Certificate of Incorporation with the Secretary of State of the State of Delaware on October 22, 1996. We filed a restated Certificate of Incorporation (the Restated Certificate of Incorporation) with the Secretary of State of the State of Delaware on January 31, 1997.

On April 15, 2016, we and our subsidiary, Goodrich Petroleum Company, L.L.C. (the Subsidiary and, together with us, the Debtors), filed voluntary petitions in the United States Bankruptcy Court for the Southern District of Texas (the Bankruptcy Court) for reorganization relief under the provisions of Chapter 11 of Title 11 of the United States Code (the Bankruptcy Code). The Debtors Chapter 11 cases were jointly administered under the caption *In re Goodrich Petroleum Corporation, et. al* (Case No. 16-31975). On August 12, 2016, the Debtors filed the proposed First Amended Joint Chapter 11 Plan of Reorganization (as amended, modified, or supplemented from time to time, the Plan). On September 28, 2016, the Bankruptcy Court entered the Findings of Fact, Conclusions of Law and Order Approving the Disclosure Statement and Confirming the Debtors First Amended Joint Chapter 11 Plan of Reorganization (the Confirmation Order), which approved and confirmed the Plan, as modified by the Confirmation Order. On October 12, 2016 (the Plan Effective Date), the Debtors satisfied the conditions of the Confirmation Order and the Plan became effective.

On the Plan Effective Date, all existing shares of our old common stock were cancelled pursuant to the Plan, and we issued (i) 5,757,500 shares of Common Stock, pro rata, to our former second lien noteholders and (ii) 117,500 shares of Common Stock, pro rata, to our former unsecured noteholders and former holders of general unsecured claims. In addition, we filed our Amended and Restated Certificate of Incorporation (the Certificate of Incorporation) with the office of the Secretary of State of the State of Delaware and adopted new Bylaws (the Bylaws).

Our registered office in the State of Delaware is 1209 Orange Street, Wilmington, Delaware, County of New Castle. The name of our registered agent at such address is The Corporation Trust Company. We may engage in any lawful act or activity for which corporations may be organized under the DGCL.

This summary of our Certificate of Incorporation and Bylaws does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of our Certificate of Incorporation and Bylaws, which are filed as Exhibits 3.1 and 3.2 hereto, respectively, and are incorporated herein by reference.

Authorized Capital Stock

Our authorized capital stock consists of

75,000,000 shares of common stock, $0.01 par value per share; and

10,000,000 shares of preferred stock, $1.00 par value per share (Preferred Stock).

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Common Stock

On March 21, 2017, 9,108,826 shares of our common stock were issued and outstanding, including 544,839 shares of our common stock issued under the Management Incentive Plan that are currently restricted. All outstanding shares of our common stock are fully paid and nonassessable.

In addition, on March 21, 2017, (a) 2,499,999 shares of our common stock are reserved for issuance upon the exercise of outstanding Warrants at an exercise price of $0.01 per share, (b) 1,350,000 shares of our common stock are reserved for issuance upon the exercise of outstanding UCC Warrants and (c) 1,875,000 shares of our common stock are reserved for issuance upon the conversion of our Convertible Notes.

Dividends. Subject to preferential dividend rights of any other class or series of stock, the holders of shares of our common stock are entitled to receive dividends, including dividends of our stock, if, as and when declared by the Board, subject to any limitations applicable by law and to the rights of the holders, if any, of our Preferred Stock.

Liquidation. In the event we are liquidated, dissolved or our affairs are wound up, after we pay or make adequate provision for all of our known debts and liabilities and pay or set aside for payment any preferential amount due to the holders of any other class or series of stock, each holder of our common stock will be entitled to share ratably in any or all assets that remain to be paid or distributed.

Voting Rights. Subject to any special voting rights of any series of preferred stock, for all matters submitted to a vote of stockholders, each holder of our common stock is entitled to one vote for each share registered in the holder s name; provided, however, that except as otherwise required by law, each holder of our common stock is not entitled to vote on any amendment to the Certificate of Incorporation (including any certificates of designation relating to any series of preferred stock) that relates solely to the terms of one or more outstanding series of preferred stock, if the holders of such affected series of preferred stock are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to the Certificate of Incorporation (including any certificates of designation relating to any series of preferred stock). Holders of our common stock vote together as a single class. There is no cumulative voting in the election of our directors, which means that, subject to any rights to elect directors that are granted to the holders of any class or series of preferred stock, a majority of the votes cast at a meeting of stockholders at which a quorum is present is sufficient to elect a director.

Preemptive Rights. Any issuance of common stock, or other capital stock, and rights, convertible securities, options or warrants to purchase common stock or other capital stock issued subsequent to the Effective Date (New Securities) by the Company or any of its subsidiaries, other than an issuance of Exempt Securities (as defined below), shall be subject to a preemptive right, granted by the Company to each stockholder that, together with its affiliates, holds of record at least 10% of the common stock then outstanding (each, a Qualified Shareholder), the right to purchase a pro rata share of any and all issuances, sales or distributions of New Securities proposed to be made by the Company or any of its subsidiaries, subject to certain requirements.

Notwithstanding the foregoing, Qualified Shareholders shall not have the right to participate in the issuance of any New Securities which are otherwise authorized to be issued in accordance with the Certificate of Incorporation (i) if such New Securities were issued as consideration in any merger, consolidation or combination with or acquisition of securities or assets of another person in exchange for New Securities, (ii) if made upon conversion or exercise of any rights, convertible securities, options or warrants to purchase common stock or other capital stock of the Company, (iii) if made by any subsidiary of the Company to the Company or any of its direct or indirect wholly owned subsidiaries, (iv) if made as securities which are the subject of an effective registration statement, (v) if made to directors, officers, employees or consultants as compensation pursuant to any employee incentive plans or (vi) if such

New Securities were issued in connection with the Plan (the New Securities described in the foregoing clauses (i) through (vi), Exempt Securities).

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Limitation on Voting. Notwithstanding anything contained in the Certificate of Incorporation to the contrary, JPMS and its affiliates, collectively, shall not be entitled to vote, directly or indirectly, equity securities of the Company representing, in aggregate, greater than 4.99% of the total combined voting power of any class of equity securities of the Company entitled to vote on any matter (any equity securities held by JPMS and its affiliates, collectively, in excess of such 4.99% limitation, the Excess Voting Stock). For the avoidance of doubt, if JPMS or any of its affiliates shall transfer any Excess Voting Stock to any other person that is not an affiliate of JPMS, the limitation set forth above shall no longer apply to such Excess Voting Stock. Excess Voting Stock may only be transferred by JPMS or any of its affiliates: (i) among or between JPMS and its affiliates; (ii) in a widespread public distribution; (iii) in transfers in which no transferee (or group of associated transferees) would receive from JPMS and its affiliates in such sale or transfer two percent (2%) or more of any class of voting securities of the Company, which for the avoidance of doubt, does not include the amount of securities already owned by such transferee (together with its affiliates or group of associated transferees) prior to such transfer; (iv) to an underwriter for the purpose of conducting a widespread public distribution of the voting securities of the Company; (v) to the Company; or (vi) to a transferee that would control more than fifty percent (50%) of the voting securities of the Company without any transfer of Excess Voting Stock from JPMS or its affiliates.

Other Rights and Restrictions. Subject to the preferential rights of any other class or series of stock, all shares of our common stock have equal dividend, distribution, liquidation and other rights, and have no preference, appraisal or exchange rights, except for any appraisal rights provided by Delaware law. Furthermore, holders of our common stock have no conversion, or sinking fund or redemption rights. Our Certificate of Incorporation and Bylaws do not restrict the ability of a holder of our common stock to transfer the holder s shares of our common stock.

The rights, powers, preferences and privileges of holders of our common stock are subject to, and may be adversely affected by, the rights of holders of shares of our outstanding Preferred Stock and of any series of preferred stock which we may designate and issue in the future.

Nonvoting Equity Securities. Notwithstanding anything contained in our Certificate of Incorporation to the contrary, we will not issue nonvoting equity securities to the extent prohibited by Section 1123 of the Bankruptcy Code, 11 U.S.C. § 1123 (Section 1123), and we will provide, as to any classes of securities possessing voting power, an appropriate distribution of such power among such classes, including, in the case of any class of equity securities having a preference over another class of equity securities with respect to dividends, adequate provisions for the election of directors representing such preferred class in the event of default in the payment of such dividends; *provided, however*, that this prohibition (i) will have no effect beyond that required by Section 1123, (ii) will have effect, if any, only for so long as such Section 1123 is in effect and applicable to us and (iii) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect.

Registration Rights Agreements

Franklin Registration Rights Agreement

Pursuant to the Plan, on the Plan Effective Date, we entered into a registration rights agreement (the Franklin Registration Rights Agreement) with Franklin Advisers, Inc., as investment manager on behalf of certain funds and accounts (Franklin), pursuant to which, among other things, we agreed to file with the Securities and Exchange Commission (the Commission) within 60 days after the Plan Effective Date a registration statement for a shelf registration for the offer and resale of all Registrable Securities (as defined in the Franklin Registration Rights Agreement) held by Franklin, on a delayed or continuous basis.

At any time during the Shelf Period (as defined in the Franklin Registration Rights Agreement), the certain holders may request, to sell all or any portion of their Registrable Securities (as defined in the Franklin Registration Rights Agreement) in an underwritten offering that is registered, subject to certain restrictions. The

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Franklin Registration Rights Agreement contains other customary terms and conditions, including, without limitation, provisions with respect to blackout periods and indemnification.

The foregoing description of the Franklin Registration Rights Agreement is qualified in its entirety by reference to such Franklin Registration Rights Agreement, which is filed as Exhibit 10.5 hereto and is incorporated herein by reference.

Notes Registration Rights Agreement

On the Plan Effective Date, we entered into a registration rights agreement (the Notes Registration Rights Agreement) with each entity identified as a Shenkman Purchaser on Appendix A to the Purchase Agreement (collectively, the Shenkman Purchasers), CVC Capital Partners (acting through such of its affiliates to managed funds as it deems appropriate), J.P. Morgan Securities LLC (acting through such of its affiliates or managed funds as it deems appropriate), Franklin Advisers, Inc. (as investment manager on behalf of certain funds and accounts), O Connor Global Multi-Strategy Alpha Master Limited and Nineteen 77 Global Multi-Strategy Alpha (Levered) Master Limited (collectively, and together with each of their successors and assigns, the Notes Purchasers), pursuant to which we agreed to file with the Commission within 120 days following the Plan Effective Date, a shelf registration statement for the offer and resale of the Registrable Securities (as defined in the Notes Registration Rights Agreement) held by certain holders that duly request inclusion in such registration statement within 45 days of the Plan Effective Date. The holders have customary demand, underwritten offering and piggyback registration rights, subject to the limitations set forth in the Notes Registration Rights Agreement. Under their underwritten offering registration rights, the holders may request to sell all or any portion of their Registrable Securities (as defined in the Notes Registration Rights Agreement) in an underwritten offering that is registered, subject to certain restrictions. The Notes Registration Rights Agreement contains other customary terms and conditions, including, without limitation, provisions with respect to blackout periods and indemnification.

The foregoing description of the Notes Registration Rights Agreement is qualified in its entirety by reference to such Notes Registration Rights Agreement, which is filed as Exhibit 10.6 hereto and is incorporated herein by reference.

Warrant Registration Rights Agreement

On the Plan Effective Date, we entered into a registration rights agreement (the Warrant Registration Rights Agreement) with the Notes Purchasers, pursuant to which we agreed to file with the Commission within 120 days following the Plan Effective Date, a shelf registration statement for the offer and resale of the Warrants to purchase 2,499,999 shares of Common Stock held by certain holders that duly request inclusion in such registration statement within 45 days of the Plan Effective Date. The holders have customary demand, underwritten offering and piggyback registration rights, subject to the limitations set forth in the Warrant Registration Rights Agreement. Under their underwritten offering registration rights, the holders may request to sell all or any portion of their Registrable Securities (as defined in the Warrant Registration Rights Agreement) in an underwritten offering that is registered, subject to certain restrictions. The Warrant Registration Rights Agreement contains other customary terms and conditions, including, without limitation, provisions with respect to blackout periods and indemnification.

The foregoing description of the Warrant Registration Rights Agreement is qualified in its entirety by reference to such Warrant Registration Rights Agreement, which is filed as Exhibit 10.4 hereto and is incorporated herein by reference.

PIPE Registration Rights Agreement

On December 19, 2016, we entered into a Common Stock Subscription Agreement (the Subscription Agreement) with Anchorage Illiquid Opportunities V, L.P., AIO V AIV 1 Holdings, L.P., Senator Global

Opportunity Master Fund LP and DCF Partners, LP (the PIPE Purchasers), pursuant to which the PIPE Purchasers agreed to purchase 2,272,727 shares of Common Stock (the Private Placement).

In connection with the closing of the Private Placement, we and the PIPE Purchasers entered into that certain Registration Rights Agreement, dated December 22, 2016 (the PIPE Registration Rights Agreement). Under the PIPE Registration Rights Agreement, we agreed to (1) use our reasonable best efforts to file a Registration Statement on Form S-1 (or to the extent the Company is eligible to use Form S-3, on Form S-3) with the Commission no later than 90 days following the Closing Date (such filing date, the Mandatory Shelf Filing Date) to register the offer and resale, on a continuous or delayed basis pursuant to Rule 415 under the Securities Act, of the shares sold in the Private Placement to the PIPE Purchasers; *provided, however*, that if we have filed the registration statement on Form S-1 and subsequently becomes eligible to use Form S-3, we may elect, in our sole discretion, to (A) file a post-effective amendment to the registration statement converting such registration statement on Form S-1 to a registration statement on Form S-3 or (B) withdraw the registration statement on Form S-1 and file a registration statement on Form S-3, (2) use our reasonable best efforts to cause such resale registration statement to be declared effective under the Securities Act by the Commission as soon as reasonably practicable after the Mandatory Shelf Filing Date, and (3) use our reasonable best efforts to keep the registration statement continuously effective under the Securities Act until the earlier of (A) the date when all of the Registrable Securities (as defined in the PIPE Registration Rights Agreement) covered by such registration statement have been sold and (B) the date on which all of the purchased Shares cease to be Registrable Securities under the PIPE Registration Rights Agreement.

The foregoing is qualified in its entirety by reference to the PIPE Registration Rights Agreement, which is filed as Exhibit 10.8 hereto and is incorporated herein by reference.

Preferred Stock

Under our Certificate of Incorporation, the Board has the authority, subject to any limitations prescribed by law and without further stockholder approval, to issue from time to time up to 10,000,000 shares of Preferred Stock.

The Preferred Stock is issuable in one or more series, each with such powers, voting powers, designations, preferences, rights, qualifications, limitations and restrictions as the Board, or any committee of the Board to which such responsibility is specifically and lawfully delegated, may determine in resolutions providing for their issuance.

The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of us without further action by the stockholders and may adversely affect the voting and other rights of the holders of our common stock. The issuance of preferred stock with voting and conversion rights may adversely affect the voting power of the holders of common stock, including loss of voting control to others.

As of March 21, 2017, we had no outstanding shares of Preferred Stock.

Pursuant to our Certificate of Incorporation we are authorized to issue blank check preferred stock, which may be issued from time to time in one or more series upon authorization by the Board. The Board, or any committee of the Board to which such responsibility is specifically and lawfully delegated, without further approval of the stockholders, is authorized to fix the dividend rights and terms, voting rights, conversion rights, redemption rights and terms, sinking fund provisions, liquidation preferences, restrictions upon the creation of indebtedness or issuance of additional preferred stock, and any other rights, preferences, privileges and restrictions applicable to each series of the preferred stock.

The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes could, among other things, adversely affect the voting power or rights of the holders of our common stock and, under certain circumstances, make it more difficult for a third party to gain control of us, discourage bids for our common stock at a premium or otherwise adversely affect the market price of the common stock.

The summaries above of selected provisions of our common stock and preferred stock are qualified entirely by the provisions of our Certificate of Incorporation, our Bylaws, and our debt agreements, all of which are included or incorporated by reference as exhibits to the registration statement of which this prospectus is a part. You should read our Certificate of Incorporation, our Bylaws, and our debt agreements. To the extent that any particular provision described in a prospectus supplement differs from any of the provisions described in this prospectus, then the provisions described in this prospectus will be deemed to have been superseded by that prospectus supplement.

Anti-Takeover Effects of Delaware Law, Our Certificate of Incorporation and Our Bylaws

Some provisions of Delaware law, our Certificate of Incorporation and our Bylaws contain provisions that could make the following transactions more difficult: acquisitions of us by means of a tender offer, a proxy contest or otherwise or removal of our incumbent officers and directors. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for our shares.

These provisions are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with us. We believe that the benefits of increased protection and our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Delaware Law

Section 203 of the DGCL prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

- the transaction is approved by the board of directors before the date the interested stockholder attained that status;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or
- on or after such time the business combination is approved by the board of directors and authorized at a meeting of stockholders by at least 66 $\frac{2}{3}$% of the outstanding voting stock that is not owned by the interested stockholder.

An interested stockholder is defined as a person who, together with any affiliates or associates of such person, beneficially owns, directly or indirectly, 15% or more of the outstanding voting shares of a Delaware corporation. The term business combination is broadly defined to include a broad array of transactions, including mergers, consolidations, sales or other dispositions of assets having a total value in excess of 10% of the consolidated assets of the corporation or all of the outstanding stock of the corporation, and some other transactions that would increase the interested stockholder s proportionate share ownership in the corporation.

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Our Certificate of Incorporation and Our Bylaws

Provisions of our Certificate of Incorporation and our Bylaws may delay or discourage transactions involving an actual or potential change in control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares, or transactions that our stockholders might otherwise deem to be in their best interests. Therefore, these provisions could adversely affect the price of our common stock.

Among other things, our Certificate of Incorporation and Bylaws:

- provide for the division of the Board into three classes, each class consisting as nearly as possible of one-third of the whole. The term of office of one class of directors expires each year; with each class of directors elected for a term of three years and until the stockholders elect their qualified successors; provided, however, that:

  - following the expiration of the initial term of the Class I Directors and until the later to occur of (i) March 30, 2020 and (ii) the date of the annual meeting of stockholders in the year 2020 (the Warrant Holder Designation Period), the holders of a majority of the then outstanding Warrants issued to the New 2L Note Purchasers (as defined in the Plan) will be entitled to designate nominees to serve as the Class I directors to the Board (the Warrant Holder Selected Directors); and

  - following the expiration of the initial term of the Class II Directors and for so long as Franklin shall beneficially own greater than 10% of the total outstanding common stock of the Company (the Franklin Designation Period), Franklin shall be entitled to designate three nominees to serve as the Class II Directors to the Board, with it being understood that Franklin shall permanently, despite any later increase in its common stock ownership, no longer be entitled to designate any director nominees at such time as Franklin beneficially owns 10% or less of the total outstanding common stock of the Company.

- provide that all vacancies, including newly created directorships, may, except as otherwise required by law or, if applicable, the rights of holders of a series of preferred stock or certain board designation rights, be filled by a majority of directors then in office, even if less than a quorum, or by the sole remaining director; provided, however that:

  - if the number of Class I Directors is increased during the Warrant Holder Designation Period, the Company and the Board of Directors shall cause any vacancy created by such increase to be filled by an additional director designated in writing by the holders of a majority of the then outstanding Warrants; and

  - if the number of Class II Directors is increased during the Franklin Designation Period, the Company and the Board shall cause any vacancy created by such increase to be filled by an additional director designated in writing by Franklin.

provide that directors may be removed be removed from office by 66 ⅔% of our then outstanding voting stock; provided, however, that during the Warrant Holder Designation Period, a Warrant Holder Selected Director may be removed only for cause by the holders of at least 66 ⅔% of the shares then entitled to vote at an election of directors;

provide that special meetings of our stockholders may only be called by our Chairman of the Board, Vice Chairman, Chief Executive Officer or by a majority of the directors then in office;

authorize the Board to adopt resolutions providing for the issuance of undesignated preferred stock. This ability makes it possible for the Board to issue, without stockholder approval, preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us;

provide that the authorized number of directors may be changed only by the Board; and

establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our stockholders. These procedures provide that notice of stockholder proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. Generally, for a proposal to be timely submitted for consideration at an annual meeting, notice must be delivered to our secretary not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year. Generally, for a proposal to be timely submitted for consideration at a special meeting at which directors are to be elected, notice must be delivered to our secretary not earlier than the date on which public announcement of the date of such meeting is first made by the Company and not later than the close of business on the 15th day following the date of first public announcement. Our Bylaws specify the requirements as to form and content of all stockholders notices. These requirements may preclude stockholders from bringing matters before the stockholders at an annual or special meeting.

Amendment of the Bylaws

Under the DGCL, the power to adopt, amend or repeal bylaws is conferred upon the stockholders. A corporation may, however, in its certificate of incorporation also confer upon the board of directors the power to adopt, amend or repeal its bylaws. The Certificate of Incorporation and the Bylaws grant to the Board the power to adopt, amend, restate or repeal the Bylaws, provided that no bylaw adopted by the stockholders may be amended, repealed or readopted by the Board if such bylaw so provides. The stockholders may adopt, amend, restate or repeal the Bylaws but only by the affirmative vote of the holders of at least 66 ⅔% of our then outstanding voting stock.

No Cumulative Voting

Our stockholders do not have the right to cumulate votes, as discussed further under Common Stock Voting Rights.

Exclusive Forum

Our Certificate of Incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (1) any derivative action or proceeding brought in the name or right of us or on our behalf, (2) any action asserting a claim for breach of a fiduciary duty owed by any of our directors, officers, employees, stockholders or other agents to us or our stockholders, (3) any action arising or asserting a claim arising pursuant to any provision of the DGCL or any provision of the Certificate of Incorporation or the Bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware or (4) any action asserting a claim governed by the internal affairs doctrine, including, without limitation, any action to interpret, apply, enforce or determine the validity of the Certificate of Incorporation or the Bylaws. Any person or entity purchasing or otherwise acquiring any interest in shares of our stock shall be deemed to have notice of and consented to the foregoing forum selection provisions.

Limitations of Liability and Indemnification Matters

Our Certificate of Incorporation limits the liability of our directors for monetary damages for breach of their fiduciary duty as directors, except for liability that cannot be eliminated under the DGCL. Delaware law provides that directors of a company will not be personally liable for monetary damages for breach of their fiduciary duty as directors, except for liabilities:

for any breach of their duty of loyalty to us or our stockholders;

- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- for unlawful payment of dividend or unlawful stock repurchase or redemption, as provided under Section 174 of the DGCL; or
- for any transaction from which the director derived an improper personal benefit.

Any amendment, repeal or modification of these provisions will be prospective only and would not affect any limitation on liability of a director for acts or omissions that occurred prior to any such amendment, repeal or modification.

Our Certificate of Incorporation also provides that we will indemnify our directors and officers to the fullest extent permitted by Delaware law. If Delaware law is amended to authorize corporate action further eliminating or limiting the personal liability of a director, then the liability of our directors will be eliminated or limited to the fullest extent permitted by Delaware law, as so amended. Our Certificate of Incorporation also permits us to purchase insurance on behalf of any officer, director, employee or other agent for any liability arising out of that person s actions as our officer, director, employee or agent, regardless of whether Delaware law would permit indemnification. We have entered into indemnification agreements with each of our directors and officers. These agreements require us to indemnify these individuals to the fullest extent permitted under Delaware law against liability that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. We believe that the limitation of liability provision in Certificate of Incorporation and the indemnification agreements facilitates our ability to continue to attract and retain qualified individuals to serve as directors and officers.

The limitation of liability and indemnification provisions in our Certificate of Incorporation and Bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our stockholders. A stockholder s investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. There is no pending litigation or proceeding naming any of our directors or officers as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company.

Listing

Our common stock is quoted on the OTC Markets under the symbol GDPP.

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DESCRIPTION OF NOTES

We issued $40.0 million in aggregate principal amount of Notes in connection with the Plan under the Indenture dated as of the Effective Date. The terms of the Notes will include those expressly set forth in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the Trust Indenture Act). For any interest period ending other than at maturity, we may elect to pay all or any portion of interest in kind on the then outstanding principal of the Notes by issuing PIK Notes on the first interest payment date on which interest on Initial Notes is paid in kind and by increasing the principal amount of the PIK Notes or by issuing the additional PIK Notes on any subsequent interest payment date on which interest on the Notes is paid in kind. The PIK Notes will be part of the same series of the Notes and will include identical terms, except that the PIK Notes will not be convertible. PIK Notes will not be fungible with Initial Notes and will trade separately.

This Description of Notes is intended to be a useful overview of the material provisions of the Notes and the Indenture. However, you should read the Indenture for a complete description of the obligations of the Company and your rights.

You will find the definitions of capitalized terms used in this Description of Notes under the heading Certain Definitions. For purposes of this description, references to the Company, we, our and us refer only to Goodrich Petroleum Corporation and not to any of its subsidiaries. The Indenture treats the registered holder of a Note as the owner of it for all purposes. Only registered holders of Notes have rights under the Indenture, and all references to holders in this Description of Notes are to registered holders of Notes.

General

The Notes. The Notes will:

- be second lien, senior secured obligations of the Company;
- be subject to conversion, excepting the PIK Notes, at the holder s sole option, into fully paid and non-assessable shares of Common Stock;
- mature on the later of August 30, 2019 and the date that is six months after the scheduled maturity date (including after giving effect to the exercise of the RBL Extension Option) of the First Lien Credit Agreement or any Permitted First Lien Replacement Facility, but in any event no later than March 30, 2020;
- be issued in denominations of $2,000 and whole multiples of $1,000 in excess thereof (or, with respect to the PIK Notes, in minimum denominations of $1.00 and any integral multiple of $1.00 in excess thereof);
- be represented by one or more registered Notes in global form, but in certain circumstances may be represented by Notes in definitive form as described under Book-Entry, Delivery and Form ;

be secured by second-priority liens on the Second Lien Collateral, subject to Permitted Liens and the terms of the Intercreditor Agreement;

rank senior in right of payment to all of the Company s and the Subsidiary Guarantor s future subordinated Indebtedness;

rank equally in right of payment with all of the Company s and the Subsidiary Guarantor s existing and future senior Indebtedness;

be effectively junior, pursuant to the terms of the Intercreditor Agreement to the extent of the value of the Priority Lien Collateral, to the Company s obligations and the Subsidiary Guarantor s obligations under the Company s First Lien Credit Agreement and any other Priority Lien Obligations, which will be secured on a first-priority basis by Liens on the same Collateral that secure the Notes and the Guarantees;

be effectively junior to any of the Company s or the Subsidiary Guarantor s existing and future secured Indebtedness secured by assets not constituting Second Lien Collateral for the Notes and the Guarantees to the extent of the value of the collateral securing such Indebtedness;

be effectively senior to all the Company s and the Subsidiary Guarantor s existing and future unsecured senior Indebtedness to the extent of the value of the Second Lien Collateral (after giving effect to the Permitted Liens on the Second Lien);

be structurally subordinated in right of payment to all Indebtedness and other liabilities of any of the Company s future Subsidiaries that is not a Subsidiary Guarantor of the Notes; and

be guaranteed on a senior secured basis by the Subsidiary Guarantor and certain future Subsidiaries. As of the date of this prospectus, the Subsidiary Guarantor is Goodrich Petroleum Company, L.L.C., which is the Company s sole current Subsidiary.

Interest. Interest on the Notes:

will accrue at the rate of 13.50% per annum;

will accrue from the most recent interest payment date, or, if no interest has been paid, from and including the date of original issuance;

will be payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year;

will be payable to the holders of record on January 1, April 1, July 1 and October 1 immediately preceding the related interest payment dates;

be payable in kind on the then outstanding principal amount of the Notes by issuing PIK Notes on the first interest payment date on which interest on Initial Notes is paid in kind and by increasing the principal amount of the PIK Notes or by issuing the additional PIK Notes on any subsequent interest payment date on which interest on the Notes is paid in kind;

must be paid in-kind (PIK) during such time as the First Lien Credit Agreement (but not any refinancing or replacement thereof) is in effect; and

will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If any payment date with respect to the Notes falls on a day that is not a Business Day, the payment will be made on the next succeeding Business Day with the same force and effect as if made on such payment date, and no additional interest will accrue as a result of such delayed payment provided such payment is made on the next succeeding Business Day. The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal of the Notes at one percentage point per annum in excess of the above rate, and on overdue installments of interest (without regard to any applicable grace period) at such higher rate, to the extent lawful.

Guarantees. The Guarantees of the Notes:

will be general senior obligations of each Subsidiary Guarantor;

will, with respect to the Subsidiary Guarantors, be secured on a second-priority basis, subject to certain permitted Liens, by a Lien on the Second Lien Collateral of such Subsidiary Guarantor described below under Security for the Notes ;

will be effectively junior, pursuant to the terms of the Intercreditor Agreement described below under The Intercreditor Agreement, to the extent of the value of the Priority Lien Collateral, to that Subsidiary Guarantor s guarantee of the Company s obligations under the First Lien Credit Agreement and any other Priority Lien Obligations, which will be secured on a first-priority basis by the same assets of the Subsidiary Guarantors that secure the Notes;

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will be effectively junior to all existing and future secured Indebtedness of each Subsidiary Guarantor secured by assets not constituting Collateral, to the extent of the value of the collateral securing such Indebtedness;

will be structurally subordinated to all existing and future Indebtedness and other liabilities of any non-guarantor Subsidiaries of such Subsidiary Guarantor;

will be effectively senior to all the Subsidiary Guarantor s existing and future unsecured senior Indebtedness to the extent of the value of the Second Lien Collateral (after giving effect to the Permitted Liens on the Second Lien Collateral); and

will be senior in right of payment to any existing and future subordinated Indebtedness of each Subsidiary Guarantor.

Payments on the Notes; Paying Agent, Registrar and Conversion Agent

If a holder of Notes has given wire transfer instructions in accordance with the Indenture, we will pay all principal, interest and premium, if any, on that holder s Notes in accordance with those instructions to an account in the United States. Otherwise we will pay principal of, premium, if any, and interest on the Notes at the office or agency designated by the Company, except that we may, at our option, pay interest on the Notes by check mailed to holders of the Notes at their registered address as it appears in the registrar s books or by PIK payments. We have initially designated the corporate trust office of the Trustee in Dallas, Texas to act as our paying agent, registrar and conversion agent. We may, however, change the paying agent, registrar or conversion agent without prior notice to the holders of the Notes, and the Company or any of its Subsidiaries may act as paying agent or registrar.

We will pay principal of, premium, if any, and interest on, Notes in global form registered in the name of or held by The Depository Trust Company (DTC) or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global note.

Transfer and Exchange

A holder may transfer or exchange Notes in accordance with the Indenture. The registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes. No service charge will be imposed by the Company, the Trustee or the registrar for any registration of transfer or exchange of Notes, but the Company may require a holder to pay a sum sufficient to cover any transfer tax or other governmental taxes and fees required by law or permitted by the Indenture. The Company is not required to transfer or exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part. Also, the Company is not required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed as well as between a record date and the next succeeding interest payment date.

The registered holder of a note will be treated as its owner for all purposes.

Optional Redemption

At any time on or after October 12, 2018, we may redeem, in whole or in part, the Notes at the following redemption prices (expressed as a percentage of principal amount of the Notes), plus accrued and unpaid interest thereon, if any, to the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date):

Period	Redemption Price
October 12, 2018 to April 12, 2019	106.75%
April 12, 2019 and thereafter	100.00%

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In addition, the Notes may be redeemed, in whole or in part, at any time prior to October 12, 2018 at our option, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest thereon, if any, to, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Any optional redemption under the caption Optional Redemption shall be made on a *pro rata* basis between the Initial Notes and the PIK Notes, subject to adjustment in a manner that most nearly approximates a *pro rata* basis.

Applicable Premium means, with respect to any note on any applicable redemption date, the excess, if any, of:

(a) the present value at such time of (i) the redemption price of such note as of October 12, 2018 (without regard to accrued and unpaid interest and such redemption price being set forth in the table appearing above under the caption Optional Redemption) plus (ii) all required interest payments due on such Note through October 12, 2018 (excluding accrued and unpaid interest to the prepayment date), computed using a discount rate equal to the Treasury Rate plus 100 basis points; over

(b) the principal amount of such note.

Treasury Rate means, as of any redemption date, the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two Business Days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to October 12, 2018; provided, however, that if the period from the redemption date to October 12, 2018 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the redemption date to October 12, 2018 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used. The Company will (a) calculate the Treasury Rate as of the second Business Day preceding the applicable redemption date and (b) prior to such redemption date file with the Trustee an Officers Certificate setting forth the Applicable Premium and the Treasury Rate and showing the calculation of each in reasonable detail.

Selection and Notice

If we are redeeming less than all of the outstanding Notes, the Trustee will select the Notes for redemption in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed or, if the Notes are not listed, then on a pro rata basis, by lot or by such other method as the Trustee in its sole discretion will deem to be fair and appropriate (or, in the case of Notes in global form, the Company will select Notes for redemption based on DTC s method that most nearly approximates a pro rata selection), although no note of $2,000 (or $1.00 in the case of any PIK Notes) in original principal amount or less will be redeemed in part. Notices of redemption will be given at least 15 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address. If any Note is to be redeemed in part only, the notice of redemption relating to such note will state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the partially redeemed note. On and after the redemption date, interest will cease to accrue on Notes or the portion of them called for redemption unless we default in the payment of the redemption price of, and accrued interest on, the Notes to be redeemed on that date.

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Mandatory Redemption; Offers to Purchase; Open Market Purchases

Subject to the terms of the Intercreditor Agreement and to the extent not required to be used to prepay the Indebtedness in respect of the First Lien Credit Agreement as in effect on the date hereof, the Company is required to redeem the Notes:

(i) prior to or within two Business Days following the consummation of any disposition of Property permitted pursuant to items (i) and (j) of the covenant described under Covenants Limitation on Sales of Assets and Subsidiary Stock the Company shall be required to redeem the Notes in an aggregate principal amount of the net cash proceeds of such disposition (net of (1) all reasonable and documented fees and expenses of accountants, lawyers and other professional advisors and brokerage commissions, (2) any taxes directly attributable to such disposition, (3) any Indebtedness or other liabilities required to be paid with the proceeds of such disposition and (4) so long as no Default or Event of Default shall have occurred and be continuing, any such proceeds that are (or are intended to be) invested within 180 days of receipt thereof in long-term productive assets of the general type used in the business of the Company and the Subsidiary Guarantors (it being understood and agreed that any proceeds that are not actually invested pursuant to this clause (4) within such 180 day period shall be required to be applied to redeem the Notes pursuant to this caption Mandatory Redemption; Offers to Purchase; Open Market Purchases)).

(ii) Prior to or within two Business Days of the Incurrence of any Refinancing Indebtedness in respect of the Notes, the Company shall be required to redeem the Notes in an aggregate principal amount equal to the net cash proceeds of such Refinancing Indebtedness.

Except as expressly provided above, any redemption under this caption Mandatory Redemption; Offers to Purchase; Open Market Purchases shall be subject to payment of the Prepayment Premium and shall be made on a pro rata basis between the Initial Notes and the PIK Notes, subject to adjustment in a manner that most nearly approximates a pro rata basis.

We may acquire Notes by means other than a redemption or required repurchase, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisition does not otherwise violate the terms of the Indenture. However, other existing or future agreements of the Company may limit the ability of the Company or its Subsidiaries to purchase Notes prior to maturity.

Conversion

Each holder of the Initial Note is entitled to convert, at the holder s sole option, any portion of the outstanding and unpaid Conversion Amount into fully paid and non-assessable shares of Common Stock, at the Conversion Rate. The Conversion Rate is subject to adjustment as described below. If the holder elects to exercise his or her conversion rights, we may elect to: (i) deliver shares of Common Stock to the holder; (ii) pay the holder an amount in cash equal to the market value of the shares calculated using the Closing Price of the Common Stock on the Conversion Date (*provided* that under the terms of the Indenture we are not allowed to make a cash payment in an aggregate amount exceeding 10% of the obligation to deliver shares of Common Stock upon conversion of the Notes on any Conversion Date); or (iii) any combination thereof. However, we will not issue any fractional shares of Common Stock upon conversion. If the issuance of Common Stock would result in the issuance of a fractional share of common stock, we will pay a cash adjustment in respect of such fractional share in an amount equal to the same fraction of the Closing Price on the Conversion Date. No separate payment or adjustment will be made for accrued and unpaid interest on a converted Note or for dividends or distributions on shares of Common Stock issued upon conversion of a Note except as provided in the Indenture.

The Company shall pay any and all transfer, stamp and similar taxes that may be payable with respect to the issuance and delivery of Common Stock upon conversion of any Conversion Amount; provided, however that the

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Company shall not be required to pay any tax that may be payable in respect of any issuance of Common Stock to any person other than the converting holder or with respect to any income tax due by such holder with respect to such Common Stock. The Company may refuse to make any such issuance or delivery unless and until a person otherwise entitled to such issuance or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid or is not payable.

Adjustments to Conversion Price.

We will adjust the Conversion Price as set forth below:

(a) in case we pay or make a dividend or other distribution to all or substantially all holders of any class of capital stock of the Company payable in Common Stock, the Conversion Price shall be reduced by multiplying such Conversion Price by a fraction of which (x) the numerator shall be the number of outstanding shares of Common Stock prior to such dividend or other distribution and (y) the denominator shall be (i) such number of shares plus (ii) the total number of shares constituting such dividend or other distribution;

(b) in case we issue rights or warrants to all or substantially all holders of our Common Stock entitling them, for a period of not more than 45 days, to subscribe for or purchase shares of Common Stock at a price per share less than the current market price determined in accordance with the Indenture (the Current Market Price) on the date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Price shall be reduced by multiplying such Conversion Price by a fraction of which (i) the numerator shall be (x) the number of outstanding shares of Common Stock plus (y) the number of shares of Common Stock which the aggregate of the offering price of the total number of shares of Common Stock so offered for subscription or purchase would purchase at such Current Market Price and (ii) the denominator shall be (x) the number of shares of outstanding Common Stock plus (y) the number of shares of Common Stock so offered for subscription or purchase. In case any rights or warrants referred to in this clause in respect of which an adjustment shall have been made shall expire unexercised, the Conversion Price shall be readjusted at the time of such expiration to the Conversion Price that would then be in effect if no adjustment had been made on account of the distribution or issuance of such expired rights or warrants;

(c) in case outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, the Conversion Price shall be proportionately reduced, and conversely, in case outstanding shares of Common Stock shall each be combined into a smaller number of shares of Common Stock, the Conversion Price shall be proportionately increased;

(d) in case we, by dividend or otherwise, distribute to all or substantially all holders of our Common Stock evidences of indebtedness, shares of capital stock of any class or series, other securities, cash or assets (other than Common Stock referred to in clause (a) of this caption Adjustments to Conversion Price , rights or warrants referred to in clause (b) of this caption Adjustments to Conversion Price or a dividend or distribution payable exclusively in cash), the Conversion Price shall be reduced by multiplying such Conversion Price by a fraction of which (x) the numerator shall be (i) the Current Market Price on the date fixed for such payment minus (ii) the then fair market value (determined in accordance with the Indenture) of the portion of such evidences of indebtedness, shares of capital stock, other securities, cash and assets distributed per share of Common Stock and (y) the denominator shall be such Current Market Price;

(e) in case we, by dividend or otherwise, make a distribution to all or substantially all holders of our Common Stock payable exclusively in cash, the Conversion Price shall be adjusted by multiplying such Conversion Price by a fraction of which the numerator shall be (i) the Current Market Price on the date fixed for such payment minus (ii) the amount in cash per share of Common Stock paid in such distribution and the denominator shall be the Current Market Price on the date fixed for such payment, *provided* that in the event that the amount in cash per share of Common Stock paid in such distribution is greater than or equal to the Current Market Price on the date fixed for such payment, each holder of Notes shall receive, for each $1,000 principal amount of Notes, without conversion and at the same time and upon the same terms as holders of Common Stock, the amount of cash that such holder would have received if such holder owned a number of shares of Common Stock equal to the Conversion Rate on the Business Day immediately preceding the date fixed for such payment for such cash dividend or distribution;

(f) in case we or any of our subsidiaries consummates a tender or exchange offer for all or any portion of the Common Stock, the Conversion Price shall be reduced by multiplying such Conversion Price by a fraction of which (x) the numerator shall be (i) the Current Market Price on such date of expiration minus the (ii) an aggregate Premium Amount paid in such tender or exchange offer divided by the difference between the number of shares of Common Stock outstanding at the close of business on the date of expiration of such tender or exchange offer (before giving effect to the acquisition of shares of Common Stock pursuant thereto) and the number of shares of Common Stock acquired pursuant thereto and (y) the denominator shall be such Current Market Price.

Effect of Reclassifications, Business Combinations, Asset Sales and Corporate Events.

If any of the following events occur: (i) any recapitalization, reclassification or change of the outstanding shares of Common Stock (other than a subdivision or combination to which clause (c) of the caption Adjustments to Conversion Price applies), (ii) any consolidation, merger, binding share exchange or combination of the Company with another Person, or (iii) any sale or conveyance to another Person of all or substantially all of the property and assets of the Company and its Subsidiaries, in each case as a result of which common stock would be converted into, or exchanged for, stock, other securities, other property or assets (including cash or any combination thereof) (any such event or transaction, a Reorganization Event), then, following the effective time of the Reorganization Event, the right to receive shares of common stock upon conversion of the Notes, if any, will be changed into a right to receive the kind and amount of shares of stock, other securities or property or assets (including cash or any combination thereof) that a holder would have been entitled to receive upon such Reorganization Event in respect of common stock, as provided in the Indenture.

At no time when the Common Stock is registered under Section 12 of the Securities Act shall we effect any conversion of the Notes and a holder shall not have the right to convert any portion of the Notes, to the extent that, after giving effect to the conversion as set forth on the applicable notice of conversion, such holder would beneficially own in excess of the Beneficial Ownership Limitation; provided, however, that, upon a holder providing us with 61 days notice (the Waiver Notice) at any time, whether before or after the Common Stock is registered under Section 12 of the Securities Act, that such holder wishes to waive the provisions of the Trustee s disclaimer, as outlined in the Indenture, with regard to any or all Common Stock issuable upon conversion of such holder s Notes, this limitation shall be of no force or effect with regard to the Notes referenced in the Waiver Notice.

Ranking

The Notes will be secured obligations of the Company that rank senior in right of payment to all existing and future Indebtedness that is expressly subordinated in right of payment to the Notes. The Notes will rank equally in right of payment with all of the Company s and the Subsidiary Guarantor s existing and future senior Indebtedness. The Notes will effectively rank junior to the Company s obligations and the Subsidiary Guarantor s obligations under the First Lien Credit Agreement and any other Priority Lien Obligations, which will be secured on a first-priority basis by liens on the same Collateral that secure the Notes and the Guarantees. In the event of bankruptcy, liquidation, reorganization or other winding up of the Company or upon a default in payment with respect to, or the acceleration of, any Indebtedness under the First Lien Credit Agreement or other secured Priority Lien Indebtedness, the assets of the Company that secure secured Indebtedness will be available to pay obligations on the Notes only after all Indebtedness under the First Lien Credit Agreement and other secured Priority Lien Indebtedness has been repaid in full from such assets. In addition, although the Notes will be guaranteed by our sole current Subsidiary, certain of our future Subsidiaries may not guarantee the Notes. See

Covenants Future Subsidiary Guarantors. In the event of bankruptcy, liquidation, reorganization or other winding up of a non-guarantor Subsidiary, the assets of such Subsidiary will be available to pay obligations on the Notes only after all obligations of such Subsidiary have been repaid in full from such assets. We advise you that there may not be sufficient assets remaining to pay amounts due on any or all the Notes and the Subsidiary Guarantees then outstanding.

Subsidiary Guarantees

The Notes are initially guaranteed by our sole current Subsidiary. Certain of our future Subsidiaries may also in the future guarantee our obligations under the Notes, including as set forth under Covenants Future Subsidiary Guarantors. The Subsidiary Guarantors, if any, will, jointly and severally, fully and unconditionally guarantee on a senior secured basis our obligations under the Notes and all obligations under the Indenture. Guarantees of the Subsidiary Guarantors will be secured on a second-priority basis by a Lien on the Second Priority Collateral of such Subsidiary Guarantors. The obligations of Subsidiary Guarantors will be effectively junior, pursuant to the terms of the Intercreditor Agreement, to the extent of the value of the Priority Lien Collateral, to that Subsidiary Guarantors guarantees of the Company s obligations under the First Lien Credit Agreement and any other Priority Lien Obligations, which will be secured on a first-priority basis by the same assets of the Subsidiary Guarantors that secure the Notes. The obligations of Subsidiary Guarantors under the Subsidiary Guarantees will rank equally in right of payment with other Indebtedness of such Subsidiary Guarantor, except to the extent such other Indebtedness is expressly subordinate to the obligations arising under the Subsidiary Guarantee.

Although the Indenture limits the amount of Indebtedness that Restricted Subsidiaries may incur, such Indebtedness may be substantial and such limitation is subject to a number of significant qualifications. Moreover, the Indenture does not impose any limitation on the incurrence by such Subsidiaries of liabilities that are not considered Indebtedness under the Indenture. See Covenants Limitation on Indebtedness and Preferred Stock.

The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee will be limited as necessary to prevent that Subsidiary Guarantee from constituting a fraudulent conveyance or fraudulent transfer under applicable law, although no assurance can be given that a court would give the holder the benefit of such provision. See Risk Factors Risks Related to the Notes The Guarantee by our Subsidiary Guarantors of the Notes could be deemed a fraudulent conveyance under certain circumstances, and a court may try to subordinate or void that Subsidiary Guarantee. If a Subsidiary Guarantee were rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor, and, depending on the amount of such indebtedness, a Subsidiary Guarantor s liability on its Subsidiary Guarantee could be reduced to zero. If the obligations of a Subsidiary Guarantor under its Subsidiary Guarantee were voided, holders of Notes would have to look to the assets of any remaining Subsidiary Guarantors for payment. There can be no assurance in that event that such assets would suffice to pay the outstanding principal and interest on the Notes.

In the event a Subsidiary Guarantor is sold or disposed of (whether by merger, consolidation, the sale of its Capital Stock or the sale of all or substantially all of its assets (other than by lease)) and whether or not the Subsidiary Guarantor is the surviving entity in such transaction to a Person which is not the Company or a Restricted Subsidiary of the Company, such Subsidiary Guarantor will be released from its obligations under its Subsidiary Guarantee if the sale or other disposition does not violate the covenants described under Covenants Limitation on Sales of Assets and Subsidiary Stock.

In addition, a Subsidiary Guarantor will be released from its obligations under the Indenture and its Subsidiary Guarantee if such Subsidiary Guarantor ceases to guarantee any other Indebtedness of the Company or a Subsidiary Guarantor under the First Lien Credit Agreement, and is not a borrower under the First Lien Credit Agreement, provided no Event of Default has occurred and is continuing; or if the Company designates such Subsidiary Guarantor as an Unrestricted Subsidiary and such designation complies with the other applicable provisions of the Indenture or if such Subsidiary Guarantor otherwise no longer meets the definition of a Restricted Subsidiary; or in connection with any covenant defeasance, legal defeasance or satisfaction and discharge of the Notes as provided below under the captions Defeasance and Satisfaction and Discharge.

As of the date of this prospectus, the Company s only Subsidiary is a Restricted Subsidiary. Under certain circumstances, the Company may designate Subsidiaries as Unrestricted Subsidiaries. None of the Unrestricted Subsidiaries will be subject to the restrictive covenants in the Indenture and none will guarantee the Notes.

Security for the Notes

The obligations of the Company with respect to the Notes, the obligations of the Subsidiary Guarantor under the Subsidiary Guarantee, all other Second Lien Obligations, and the performance of all other obligations of the Company and the Subsidiary Guarantors under the Second Lien Security Documents will be secured by second-priority Liens on the Collateral granted to the Second Lien Agent for the benefit of the holders of the Second Lien Obligations. For all purposes of this Description of Notes and the Indenture, all references to second-priority Liens mean Liens that may be junior in priority to the Liens securing Priority Lien Obligations, to the extent permitted to be incurred or to exist under the Intercreditor Agreement, and to other Permitted Liens.

Except as otherwise provided in the Intercreditor Agreement or the Second Lien Security Documents, the Indenture provides that the Second Lien Collateral consists of all of the interests and property of the Company and its domestic Subsidiaries that are subject to any Lien securing the Priority Lien Obligations (or that would be required, under the First Lien Credit Agreement as in effect on the Issue Date, to secure such Priority Lien Obligations if such Priority Lien Obligations were outstanding and such First Lien Credit Agreement were in effect).

The security documents and mortgages creating Second Liens will be substantially in the form of the corresponding instruments creating Priority Liens, with such changes are reasonably necessary to reflect the terms of the Intercreditor Agreement and with such deletions or modifications of representations, warranties and covenants as are customary with respect to security documents establishing Liens securing publicly traded debt securities.

Release of the Second Lien Collateral

The Second Lien Collateral will be automatically released from the Lien and security interest created by the Second Lien Security Documents at any time or from time to time in accordance with the provisions of the Indenture and the Second Lien Security Documents under any one or more of the following circumstances:

(1) in connection with asset sales and dispositions permitted or not prohibited under the covenant described under Covenants Limitations on Sales of Assets or Subsidiary Stock so long as the Company will apply the net proceeds of such sale or disposition as required under caption Mandatory Redemption; Offers to Purchase; Open Market Purchases ; provided, however, that such Liens will not be released if such sale or disposition is to the Company or a Restricted Subsidiary;

(2) with respect to the assets of a Subsidiary Guarantor that constitute Second Lien Collateral, upon the release of such Subsidiary Guarantor from its Guarantee; and

(3) with consent of holders of the Notes as described in caption Amendments and Waivers below; and

(4) if required in accordance with the terms of the Intercreditor Agreement.

The Liens on all Second Lien Collateral that secures the Notes and the Subsidiary Guarantees also will be released in connection with any covenant defeasance, legal defeasance or satisfaction and discharge of the Notes as provided below under the captions Defeasance and Satisfaction and Discharge .

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The Intercreditor Agreement

On October 12, 2016, the Second Lien Agent entered into an Intercreditor Agreement (the Intercreditor Agreement) with the Priority Lien Agent, the Second Lien Agent, the Company and Subsidiary Guarantor, to provide for, among other things, the junior nature of the second liens with respect to priority liens. Although the holders of the Notes will not be parties to the Intercreditor Agreement, by their acceptance of the Notes they will agree to be bound thereby. The Intercreditor Agreement will permit the Priority Lien Obligations and the Second Lien Obligations to be refunded, refinanced or replaced by certain permitted refinancing indebtedness without affecting the lien priorities set forth in the Intercreditor Agreement, in each case without the consent of any holder of Priority Lien Obligations or Second Lien Obligations (including holders).

Lien Priorities

The Intercreditor Agreement provides that, notwithstanding:

(1) anything to the contrary contained in the Second Lien Security Documents establishing the Second Liens or any other documents establishing Priority Liens;

(2) how a Lien was acquired (whether by grant, possession, statute, operation of law, subrogation, or otherwise);

(3) the time, manner, order of the grant attachment or perfection of a Lien;

(4) any conflicting provision of the New York Uniform Commercial Code or other applicable law;

(5) any defect in, or non-perfection, setting aside, or avoidance of, a Lien or a Priority Lien Document or a Note Document;

(6) the modification of a Priority Lien Obligation or a Second Lien Obligation; and

(7) the subordination of a Lien on Collateral securing a Priority Lien Obligation to a Lien securing another obligation of the Company or other Person that is permitted under the Priority Lien Documents as in effect on the date hereof or securing a DIP Financing;

all Second Liens at any time granted by the Company or any Subsidiary Guarantor will be subject and subordinate to all Priority Liens securing Priority Lien Obligations, subject to the Priority Lien Cap.

The provisions described under the caption Lien Priorities are intended for the benefit of, and will be enforceable as a third party beneficiary by, each present and future holder of Priority Lien Obligations, each present and future Priority Lien Agent as holder of Priority Liens, each present and future holder of Second Lien Obligations and each present and future Second Lien Agent as holder of Second Liens. No other Person will be entitled to rely on, have the benefit of or enforce those provisions.

In addition, the provisions under the caption Lien Priorities are intended solely to set forth the relative ranking, as Liens, of the Liens securing Second Lien Debt as against the Priority Liens, and the Liens securing Priority Lien Debt as against the Second Liens. Neither the Notes nor any other Second Lien Obligations are intended to be, or will ever be by reason of the foregoing provision, in any respect subordinated, deferred, postponed, restricted or prejudiced in right of payment.

Limitation on Enforcement of Remedies

The Intercreditor Agreement provides that, except as provided below, prior to the Discharge of Priority Lien Obligations, none of the Second Lien Agent or any holder of Second Lien Obligations, may commence any judicial or nonjudicial foreclosure proceedings with respect to, seek to have a trustee, receiver, liquidator or similar official appointed for or over, attempt any action to take possession of, exercise any right, remedy or power with respect to, or otherwise take any action to enforce its interest in or realize upon, or take any other action available to it in respect of, the Collateral under any Second Lien Security Document, applicable law or otherwise (including but not limited to right of set off). Only the Priority Lien Agent will be entitled to take any such actions or exercise any such remedies with respect to the Collateral prior to the Discharge of Priority Lien Obligations. The Intercreditor Agreement will provide that, notwithstanding the foregoing, the Second Lien Agent may, but will have no obligation to, on behalf of the holders of Second Lien Obligations, take all such actions (not adverse to the Priority Liens or the rights of the Priority Lien Agent and holders of the Priority Lien Obligations) it deems necessary to perfect or continue the perfection of their Second Liens in the Collateral or to create, preserve or protect (but not enforce) the Second Liens in the Collateral. Nothing shall limit the right or ability of the Second Lien Agent or the holders of Second Lien Obligations to (i) purchase (by credit bid or otherwise) all or any portion of the Collateral in connection with any enforcement of remedies by the Priority Lien Agent so long as the Priority Lien Agent and the holders of the Priority Lien Obligations receive payment in full in cash of all Priority Lien Obligations upon giving effect thereto or (ii) file a proof of claim with respect to the Second Lien Obligations. Until the Discharge of Priority Lien Obligations, the Priority Lien Agent will have the exclusive right to deal with that portion of the Collateral to the extent consisting of deposit accounts and securities accounts, including exercising rights under control agreements with respect to such accounts. In addition, whether before or after the Discharge of Priority Lien Obligations, the Second Lien Agent and the holders of Second Lien Obligations may take any actions and exercise any and all rights that would be available to a holder of unsecured claims; *provided*, *however*, that the Second Lien Agent and such holders of Second Lien Obligations may not take any of the actions described below under clauses (1) through (9) of the paragraph under the caption No Interference; Payment Over , or prohibited by the provisions described in the first two paragraphs below under the caption Agreements With Respect to Insolvency or Liquidation Proceedings ; *provided further* that in the event that the Second Lien Agent or any holder of Second Lien Obligations becomes a judgment lien creditor in respect of any Collateral as a result of its enforcement of its rights as an unsecured creditor with respect to the Second Lien Obligations, such judgment lien shall be subject to the terms of the Intercreditor Agreement for all purposes (including in relation to the Priority Lien Obligations and the Second Lien Obligations, as applicable), as the other liens securing the Second Lien Obligations, are subject to the Intercreditor Agreement.

Notwithstanding the foregoing, prior to the Discharge of Priority Lien Obligations, both before and during an Insolvency or Liquidation Proceeding, after a period of 180 days has elapsed (which period will be tolled during any period in which the Priority Lien Agent is not entitled, on behalf of holders of Priority Lien Obligations, to enforce or exercise any rights or remedies with respect to any Collateral as a result of (x) any injunction issued by a court of competent jurisdiction or (y) the automatic stay or any other stay in any Insolvency or Liquidation Proceeding) since the later of (1) the date on which the Second Lien Debt is accelerated or (2) the date on which the Second Lien Agent has delivered to the Priority Lien Agent written notice of the acceleration of any Second Lien Debt (the Standstill Period), the Second Lien Agent and the holders of Second Lien Obligations may enforce or exercise any rights or remedies with respect to any Collateral; *provided*, *however*, that notwithstanding the expiration of the Standstill Period, in no event may the Second Lien Agent or any other holder of Second Lien Obligations enforce or exercise any rights or remedies with respect to any Collateral, or commence, join with any Person at any time in commencing, or petition for or vote in favor of any resolution for, any such action or proceeding, if the Priority Lien Agent on behalf of the holders of Priority Lien Obligations or any other holder of Priority Lien Obligations shall have commenced, and shall be diligently pursuing (or shall have sought or requested relief from, or modification of, the automatic stay or any other stay or prohibition in any Insolvency or Liquidation Proceeding to enable the commencement and pursuit thereof), the enforcement or exercise of any rights or remedies with respect the Collateral or any such action or proceeding (prompt written notice thereof to be given to the Second Lien Agent by the Priority Lien Agent); *provided*, *further*, that, at any time after the expiration of the Standstill Period, if neither the Priority Lien Agent nor any holder of Priority Lien Obligations shall have commenced and be diligently pursuing (or shall have sought or requested relief from, or modification of, the automatic stay or any other stay or other prohibition in any Insolvency or Liquidation Proceeding to enable the commencement and pursuit thereof) the enforcement or exercise of any rights or remedies with respect to any material portion of the Collateral or any such action or proceeding, and the Second Lien Agent shall have commenced the enforcement or exercise of any rights or remedies with respect to any material portion of the Collateral or any such action or proceeding, then for so long as the Second Lien Agent is diligently pursuing such rights or remedies, none of any holder of Priority Lien Obligations nor the Priority Lien Agent shall take any action of a similar nature with respect to such Collateral, or commence, join with any Person at any time in commencing, or petition for or vote in favor of any resolution for, any such action or proceeding; provided, further, that, if the Second Lien Agent or any Second Lien Secured Party exercises rights or remedies in accordance with the terms of this section, then such person shall promptly give notice thereof to the Priority Lien Agent.

Priority Lien Agent

The Intercreditor Agreement provides that neither the Priority Lien Agent nor any holder of any Priority Lien Obligations will have any duties or other obligations to any holder of Second Lien Obligations with respect to the Collateral, other than to transfer to the Second Lien Agent any remaining Collateral and the proceeds of the sale or other disposition of any Collateral remaining in its possession following the Discharge of Priority Lien Obligations, in each case, without representation or warranty on the part of the Priority Lien Agent or any holder of Priority Lien Obligations.

In addition, the Intercreditor Agreement further provides that, until the Discharge of Priority Lien Obligations (but subject to the rights of the Second Lien Agent and the holders of Second Lien Obligations and following the expiration of any of the Standstill Period as provided in the paragraph defining Standstill Period), the Priority Lien Agent will be entitled, for the benefit of the holders of the Priority Lien Obligations, to sell, transfer or otherwise dispose of or deal with the Collateral without regard to any Second Lien therein granted to the holders of Second Lien Obligations or any rights to which the Second Lien Agent or any holder of Second Lien Obligations would otherwise be entitled as a result of such Second Lien. Without limiting the foregoing, the Intercreditor Agreement will provide that neither the Priority Lien Agent nor any holder of any Priority Lien Obligations will have any duty or obligation first to marshal or realize upon the Collateral, or to sell, dispose of or otherwise liquidate all or any portion of the Collateral, in any manner that would maximize the return to the holders of Second Lien Obligations, notwithstanding that the order and timing of any such realization, sale, disposition or liquidation may affect the amount of proceeds actually received by the holders of Second Lien Obligations from such realization, sale, disposition or liquidation.

The Intercreditor Agreement additionally provides that the Second Lien Agent and each holder of Second Lien Obligations will waive any claim that may be had against the Priority Lien Agent or any holder of any Priority Lien Obligations arising out of any actions which the Priority Lien Agent or such holder of Priority Lien Obligations takes or omits to take (including actions with respect to the creation, perfection or continuation of Liens on any Collateral, actions with respect to the foreclosure upon, sale, release or depreciation of, or failure to realize upon, any Collateral, and actions with respect to the collection of any claim for all or any part of the Priority Lien Obligations from any account debtor, guarantor or any other party) in accordance with the Intercreditor Agreement and the Priority Lien Documents or the valuation, use, protection or release of any security for such Priority Lien Obligations.

No Interference; Payment Over

The Intercreditor Agreement provides that the Second Lien Agent and each holder of Second Lien Obligations:

(1) will not take or cause to be taken any action the purpose or effect of which is, or could be, to make any Lien that the Second Lien Agent or the holders of Second Lien Obligations have on the Collateral pari passu with, or to give the Second Lien Agent or any holder of Second Lien Obligations any preference or priority

relative to, any Lien that the Priority Lien Agent holds on behalf of the holders of any Priority Lien Obligations secured by any Collateral or any part thereof;

(2) will not challenge or question in any proceeding the validity or enforceability of any Priority Lien Obligations or Priority Lien Documents or the validity, attachment, perfection or priority of any Lien

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held by the Priority Lien Agent on behalf of the holders of any Priority Lien Obligations, or the validity or enforceability of the priorities, rights or duties established by the provisions of the Intercreditor Agreement;

(3) will not take or cause to be taken any action the purpose or effect of which is, or could be, to interfere, hinder or delay, in any manner, whether by judicial proceedings or otherwise, any sale, transfer or other disposition of the Collateral by the Priority Lien Agent or the holders of any Priority Lien Obligations in an enforcement action;

(4) will have no right to (A) direct the Priority Lien Agent or any holder of any Priority Lien Obligations to exercise any right, remedy or power with respect to any Collateral or (B) consent to the exercise by the Priority Lien Agent or any holder of any Priority Lien Obligations of any right, remedy or power with respect to any Collateral;

(5) will not institute any suit or assert in any suit or in any Insolvency or Liquidation Proceeding, any claim against the Priority Lien Agent or any holder of any Priority Lien Obligations seeking damages from or other relief by way of specific performance, instructions or otherwise with respect to, and neither the Priority Lien Agent nor any holders of any Priority Lien Obligations will be liable for, any action taken or omitted to be taken by the Priority Lien Agent or such holders of Priority Lien Obligations with respect to any Collateral securing such Priority Lien Obligations;

(6) prior to the Discharge of Priority Lien Obligations, will not seek, and will waive any right, to have any Collateral or any part thereof marshaled upon any foreclosure or other disposition of such Collateral;

(7) will not attempt, directly or indirectly, whether by judicial proceedings or otherwise, to challenge the enforceability of any provision of the Intercreditor Agreement;

(8) will not object to forbearance by the Priority Lien Agent or any holder of Priority Lien Obligations; and

(9) prior to the Discharge of Priority Lien Obligations, will not assert, and thereby waive, to the fullest extent permitted by law, any right to demand, request, plead or otherwise assert or claim the benefit of any marshalling, appraisal, valuation or other similar right that may be available under applicable law with respect to the Collateral or any similar rights a junior secured creditor may have under applicable law.

The Intercreditor Agreement provides that if the Second Lien Agent or any holder of Second Lien Obligations obtains possession of any Collateral or realizes any proceeds or payment in respect of any Collateral, pursuant to the exercise of remedies with respect to any of the Collateral under any Second Lien Security Document or by the exercise of any rights available to it under applicable law or in any Insolvency or Liquidation Proceeding, to the extent permitted under the Intercreditor Agreement, at any time prior to the Discharge of Priority Lien Obligations, then it will hold such Collateral, proceeds or payment in trust for the Priority Lien Agent and the holders of Priority Lien Obligations and transfer such Collateral, proceeds or payment, as the case may be, to the Priority Lien Agent within three days of receipt. Each of the Second Lien Agent and the holders of Second Lien Obligations will further agree that if, at any time, any of them obtains written notice that all or part of any payment with respect to any Priority Lien Obligations previously made shall be rescinded for any reason whatsoever, they will promptly pay over to the Priority Lien Agent any payment received by them and then in their possession or under their direct control in respect of any such Priority Lien Collateral and shall promptly turn any such Collateral then held by them over to the Priority Lien Agent, and the provisions set forth in the Intercreditor Agreement will be reinstated as if such payment had not been made, until the Discharge of Priority Lien Obligations. All Second Liens will remain attached to and enforceable against all proceeds so held or remitted, subject to the priorities set forth in the Intercreditor Agreement. The Intercreditor Agreement will provide that the provisions described in this paragraph will not apply to any proceeds of Collateral realized in a transaction not prohibited by the Priority Lien Documents and as to which the possession or receipt thereof by the Second Lien Agent or any holder of Second Lien Obligations is otherwise permitted by the Priority Lien Documents.

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Automatic Release of Second Liens

The Intercreditor Agreement provides that, prior to the Discharge of Priority Lien Obligations, the Second Lien Agent and each holder of Second Lien Obligations will agree that, if the Priority Lien Agent or the holders of Priority Lien Obligations release their Lien on any Collateral, the Second Lien on such Collateral will terminate and be released automatically and without further action if (i) such release is in connection with a sale, transfer or other disposition of Collateral in a transaction or circumstance that does not violate the provisions under Covenants Limitation on Asset Sales (or any similar provision of any other Note Document), (ii) such release is effected in connection with the Priority Lien Agent s foreclosure upon, or other exercise of rights or remedies with respect to, such Collateral, or (iii) such release is effected in connection with a sale or other disposition of any Collateral (or any portion thereof) under Section 363 of the Bankruptcy Code or any other provision of the Bankruptcy Code if the Priority Lien Agent and the holders of Priority Lien Obligations shall have consented to such sale or disposition of such Collateral; *provided*, in the case of each of clauses (i), (ii), and (iii), the Second Liens on such Collateral securing the Second Lien Obligations shall remain in place (and shall remain subject and subordinate to all Priority Liens securing Priority Lien Obligations, subject to the Priority Lien Cap) with respect to any proceeds of a sale, transfer or other disposition of Collateral not paid to the holders of Priority Lien Obligations or that remain after the Discharge of Priority Lien Obligations.

Agreements With Respect to Insolvency or Liquidation Proceedings

The Intercreditor Agreement is a subordination agreement under Section 510(a) of the Bankruptcy Code. If the Company or any of its Subsidiaries becomes subject to any Insolvency or Liquidation Proceeding and, as debtor(s)-in-possession, or if any receiver or trustee for such Person or Persons, moves for approval of financing (DIP Financing) to be provided by one or more lenders (the DIP Lenders) under Section 364 of the Bankruptcy Code or the use of cash collateral under Section 363 of the Bankruptcy Code, the Intercreditor Agreement will provide that none of the Second Lien Agent and any holder of Second Lien Obligations will raise any objection, contest or oppose, and will waive any claim such Person may now or hereafter have, to any such financing or to the Liens on the Collateral securing the same (DIP Financing Liens), or to any use, sale or lease of cash collateral that constitutes Collateral or to any grant of administrative expense priority under Section 364 of the Bankruptcy Code, unless (1) the Priority Lien Agent or the holders of any Priority Lien Obligations oppose or object to such DIP Financing, such DIP Financing Liens or such use of cash collateral, or (2)(x) the sum of (A) the aggregate principal amount of the DIP Financing, (B) the aggregate amount of Indebtedness for borrowed money constituting principal outstanding under the Priority Lien Documents and (C) the aggregate face amount of any letters of credit issued and outstanding under the Priority Lien Documents exceeds (y) the sum of (A) the amount of the Priority Lien Obligations rolled up or otherwise refinanced by such DIP Financing, if any, plus (B) $10,000,000.00. To the extent such DIP Financing Liens are senior to, or rank *pari passu* with, the Liens on Collateral securing Priority Lien Obligations, the Second Lien Agent will, for itself and on behalf of holders of the Second Lien Obligations, subordinate the Liens on the Collateral that secure the Second Lien Obligations to the Liens on the Collateral that secure Priority Lien Obligations and to such DIP Financing Liens, so long as the Second Lien Agent, on behalf of holders of the Second Lien Obligations, retains Liens on all the Collateral, including proceeds thereof arising after the commencement of any Insolvency or Liquidation Proceeding, with the same priority as existed prior to the commencement of the case under the Bankruptcy Code. In addition, the Intercreditor Agreement is provide that, if the Priority Lien Secured Parties are granted adequate protection Liens on post-petition assets of the Company and any of its Subsidiaries to secure Priority Lien Obligations in connection with the DIP Financing, the Second Lien Secured Parties shall have the right to request adequate protection Liens on post-petition assets of the Company and any of its Subsidiaries to secure the Second Lien Obligations in connection with the DIP Financing (which Liens shall be junior to the adequate protection Liens and prepetition Liens of the Priority Lien Secured Parties) and the Priority Lien Secured Parties shall not object to such a request by the Second Lien Secured Parties. For the avoidance of doubt, nothing in this provision of the Intercreditor

Agreement shall limit or impair the right of the Second Lien Agent to object to any motion regarding DIP Financing or cash collateral to the extent that the objection could be asserted in an Insolvency Proceeding by unsecured creditors generally, is not otherwise prohibited by the terms of the Intercreditor

Agreement and is not based on the status of any Second Lien Secured Party as a holder of a Lien. Furthermore, the Intercreditor Agreement will provide that prior to the Discharge of Priority Lien Obligations, without the consent of the Priority Lien Agent to be granted or withheld in its sole discretion, none of the Second Lien Agent and any holder of Second Lien Obligations will propose, support or enter into any DIP Financing; provided that if no Priority Lien Secured Party offers to provide DIP Financing within the amount permitted under clause (2)(y) of this paragraph on or before the date of the hearing to approve a DIP Financing, then any holder of the Second Lien Obligations may seek to provide such DIP Financing secured by Liens equal or senior in priority to the Liens securing the Priority Lien Obligations and the Priority Lien Secured Parties may object thereto on any and all grounds; provided that such DIP Financing may not roll-up or otherwise refinance any pre-petition Second Lien Obligations.

The Intercreditor Agreement provides that the Second Lien Agent and each holder of Second Lien Obligations will not object to, oppose or contest (or join with or support any third party objecting to, opposing or contesting) a sale or other disposition, a motion to sell or dispose or the bidding procedure for such sale or disposition of any Collateral (or any portion thereof) under Section 363 of the Bankruptcy Code or any other provision of the Bankruptcy Code if (1) the Priority Lien Agent or the requisite holders of Priority Lien Obligations shall have consented to such sale or disposition of such Collateral and (2) all Second Liens on the Collateral securing the Second Lien Obligations shall attach to the proceeds of such sale in the same respective priorities as set forth in the Intercreditor Agreement with respect to the Collateral; provided that (i) no motion or order regarding such sale or other disposition shall impair the rights of the Second Lien Secured Parties under Section 363(k) of the Bankruptcy Code and (ii) the Priority Lien Cap shall be reduced by an amount equal to the net cash proceeds of any such sale or other disposition which are used to pay the principal or face amount of the Priority Lien Obligations. The Intercreditor Agreement further provides that the Second Lien Agent and the holders of Second Lien Obligations will waive any claim that may be had against the Priority Lien Agent or any holder of Priority Lien Obligations arising out of any DIP Financing Liens, request for adequate protection or administrative expense priority under Section 364 of the Bankruptcy Code (in each case, that is granted in a manner that is consistent with the Intercreditor Agreement). The Intercreditor Agreement further provides that the Second Lien Agent and the holders of Second Lien Obligations will not file or prosecute in any Insolvency or Liquidation Proceeding any motion for adequate protection (or any comparable request for relief) based upon their interest in the Collateral, and will not object to, oppose or contest (or join with or support any third party objecting to, opposing or contesting) (a) any request by the Priority Lien Agent or any holder of Priority Lien Obligations for adequate protection or (b) any objection by the Priority Lien Agent or any holder of Priority Lien Obligations to any motion, relief, action or proceeding based on the Priority Lien Agent or any holder of Priority Lien Obligations claiming a lack of adequate protection, except that the Second Lien Agent and the holders of Second Lien Obligations:

(1) may freely seek and obtain relief granting adequate protection in the form of a replacement lien co-extensive in all respects with, but subordinated to, and with the same relative priority to the Priority Liens as existed prior to the commencement of the Insolvency or Liquidation Proceeding, all Liens granted in the Insolvency or Liquidation Proceeding to, or for the benefit of, the holders of the Priority Lien Obligations; and

(2) may freely seek and obtain any relief upon a motion for adequate protection (or any comparable relief), without any condition or restriction whatsoever, at any time after the Discharge of Priority Lien Obligations.

In any Insolvency or Liquidation Proceeding, none of the Second Lien Agent and any holder of Second Lien Obligations shall support or vote for any plan of reorganization or disclosure statement of the Company or any Subsidiary Guarantor unless (x) such plan is accepted by the class of holders of the Priority Lien Obligations in accordance with Section 1126(c) of the Bankruptcy Code or otherwise provides for the payment in full in cash of all Priority Lien Obligations (including all post-petition interest approved by the bankruptcy court, fees and expenses) on the effective date of such plan of reorganization, or (y) such plan provides on account of the holders of the Priority Lien Obligations for the retention by the Priority Lien Agent, for the benefit of the holders of the

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Priority Lien Obligations, of the Liens on the Collateral securing the Priority Lien Obligations, and on all proceeds thereof whenever received, and such plan also provides that any Liens retained by, or granted to, the Second Lien Agent are only on property securing the Priority Lien Obligations and shall have the same relative priority with respect to the Collateral or other property, respectively, as provided in the Intercreditor Agreement with respect to the Collateral. Except as otherwise provided in the Intercreditor Agreement, the holders of the Second Lien Obligations shall remain entitled to vote their claims in any such Insolvency or Liquidation Proceeding.

The Intercreditor Agreement additionally provides that the Second Lien Agent and each holder of Second Lien Obligations will waive any claim that may be had against the Priority Lien Agent or any holder of any Priority Lien Obligations arising out of any election by the Priority Lien Agent or any holder of Priority Lien Obligations in any proceeding instituted under the Bankruptcy Code, of the application of Section 1111(b) of the Bankruptcy Code.

Until the Discharge of Priority Lien Obligations has occurred, none of the Second Lien Agent or any holder of Second Lien Obligation shall seek relief, pursuant to Section 362(d) of the Bankruptcy Code or otherwise, from the automatic stay of Section 362(a) of the Bankruptcy Code or from any other stay in any Insolvency or Liquidation Proceeding in respect of the Collateral without the prior written consent of the Priority Lien Agent.

None of the Second Lien Agent or any holder of Second Lien Obligations shall oppose or seek to challenge any claim by the Priority Lien Agent or any other holder of Priority Lien Obligations for allowance or payment in any Insolvency or Liquidation Proceeding of Priority Lien Obligations consisting of post-petition interest, fees or expenses to the extent of the value of the Priority Liens (it being understood that such value will be determined without regard to the existence of the Second Liens on the Collateral). Neither the Priority Lien Agent nor any holder of Priority Lien Obligations shall oppose or seek to challenge any claim by the Second Lien Agent or any holder of Second Lien Obligations for allowance or payment in any Insolvency or Liquidation Proceeding of Second Lien Obligations consisting of post-petition interest, fees or expenses to the extent of the value of the Second Liens on the Collateral.

Without the express written consent of the Priority Lien Agent, none of the Second Lien Agent or any holder of Second Lien Obligation shall (or shall join with or support any third party in opposing, objecting to or contesting, as the case may be), in any Insolvency or Liquidation Proceeding involving the Company or any Subsidiary Guarantor, (i) oppose, object to or contest the determination of the extent of any Liens held by any of holder of Priority Lien Obligations or the value of any claims of any such holder under Section 506(a) of the Bankruptcy Code or (ii) oppose, object to or contest the payment to the holder of Priority Lien Obligations of interest, fees or expenses under Section 506(b) of the Bankruptcy Code.

Notwithstanding anything to the contrary contained in the Intercreditor Agreement, if in any Insolvency or Liquidation Proceeding a determination is made that any Lien encumbering any Collateral is not enforceable for any reason, the Second Lien Agent and the holders of Second Lien Obligations agree that any distribution or recovery they may receive in respect of any Collateral shall be segregated and held in trust and forthwith paid over to the Priority Lien Agent for the benefit of the holders of Priority Lien Obligations in the same form as received without recourse, representation or warranty (other than a representation of the Second Lien Agent that it has not otherwise sold, assigned, transferred or pledged any right, title or interest in and to such distribution or recovery) but with any necessary endorsements or as a court of competent jurisdiction may otherwise direct. The Second Lien Agent, for itself and on behalf of the holders of Second Lien Obligations, appoints the Priority Lien Agent, and any officer or agent of the Priority Lien Agent, with full power of substitution, the attorney-in-fact of each the Second Lien Agent and the holders of Second Lien Obligations for the limited purpose of carrying out the provisions related to this paragraph and taking any action and executing any instrument that the Priority Lien Agent may deem necessary or advisable to accomplish the purposes of this paragraph, which appointment is irrevocable and coupled with an interest.

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The Second Lien Agent and the holders of Second Lien Obligations will agree that the Priority Lien Agent shall have the exclusive right to credit bid the Priority Lien Obligations and further that none of the Second Lien Agent or any holder of Second Lien Obligations shall (or shall join with or support any third party in opposing, objecting to or contesting, as the case may be) oppose, object to or contest such credit bid by the Priority Lien Agent.

Without the consent of the Priority Lien Agent to be granted or withheld in its sole discretion, unless the Standstill Period has expired, each of the Second Lien Agent and the holders of Second Lien Obligations agree they will not file an involuntary bankruptcy claim or seek the appointment of an examiner or a trustee.

Each of the Second Lien Agent and the holders of Second Lien Obligations waives any right to assert or enforce any claim under Section 506(c) or 552 of the Bankruptcy Code as against the Priority Lien Agent, the holders of Priority Lien Obligations or any of the Collateral.

Notice Requirements and Procedural Provisions

The Intercreditor Agreement also provides for various advance notice requirements and other procedural provisions typical for agreements of this type, including procedural provisions to allow any successor Priority Lien Agent to become a party to the Intercreditor Agreement (without the consent of any holder of Priority Lien Obligations or Second Lien Obligations (including holders of the Notes)) upon the refinancing or replacement of the Priority Lien Obligations or Priority Lien Debt Obligations as permitted by the applicable Priority Lien Documents.

No New Liens; Similar Documents

So long as the Discharge of Priority Lien Obligations has not occurred, neither the Company nor any Subsidiary shall grant or permit any additional Liens, or take any action to perfect any additional Liens, on any property to secure:

(2) any Second Lien Obligation unless it has also granted, or concurrently therewith grants (or offers to grant), a Lien on such property to secure the Priority Lien Obligations and has taken all actions required to perfect such Liens *provided*, *however*, the refusal or inability of the Priority Lien Agent to accept such Lien will not prevent the Second Lien Agent from taking the Lien; or

(3) any Priority Lien Obligation unless it has also granted, or concurrently therewith grants (or offers to grant), a Lien on such property to secure the Second Lien Obligations and has taken all actions required to perfect such Liens *provided*, *however*, the refusal or inability of the Second Lien Agent to accept such Lien will not prevent the Priority Lien Agent from taking the Lien,

with each such Lien to be subject to the provisions of the Intercreditor Agreement.

To the extent that the foregoing provisions are not complied with for any reason, without limiting any other rights and remedies available to the Priority Lien Agent and/or the other holders of Priority Lien Obligations, the Second Lien Agent or the holders of Second Lien Obligations, each of the Second Lien Agent and the holders of the Second Lien Obligations will agree that any amounts received by or distributed to any of them pursuant to or as a result of Liens granted in contravention of this paragraph shall be subject to the Intercreditor Agreement. The Intercreditor Agreement shall also provide for further undertakings by the Second Lien Agent and the Priority Lien Agent and agreements that (x) all Second Lien Security Documents providing for the Second Liens shall be in all material respects the same forms of documents providing for the Priority Liens other than as to the priority nature, modifications that make the Second Lien Security Documents with respect to the Second Liens less restrictive than the corresponding documents with respect to the Priority Liens and provisions in the Second Lien Security Documents for the Second Liens which relate solely to rights and duties of the Second Lien Agent and the holders of the Second Lien Obligations.

Insurance

Unless and until the Discharge of Priority Lien Obligations has occurred (but subject to the rights of the Second Lien Agent and the holders of Second Lien Obligations following expiration of the Standstill Period as provided in the paragraph defining Standstill Period), the Priority Lien Agent shall have the sole and exclusive right, subject to the rights of the obligors under the Priority Lien Documents, to adjust and settle claims in respect of Collateral under any insurance policy in the event of any loss thereunder and to approve any award granted in any condemnation or similar proceeding (or any deed in lieu of condemnation) affecting the Collateral. Unless and until the Discharge of Priority Lien Obligations has occurred, and subject to the rights of the obligors under the Priority Lien Documents, all proceeds of any such policy and any such award (or any payments with respect to a deed in lieu of condemnation) in respect to the Collateral shall be paid to the Priority Lien Agent pursuant to the terms of the Priority Lien Documents (including for purposes of cash collateralization of letters of credit). If the Second Lien Agent or any holder of Second Lien Obligations shall, at any time, receive any proceeds of any such insurance policy or any such award or payment in contravention of the foregoing, it shall forthwith pay such proceeds over to the Priority Lien Agent in accordance with the Intercreditor Agreement. In addition, if by virtue of being named as an additional insured or loss payee of any insurance policy of any obligor covering any of the Collateral, the Second Lien Agent or any holder of Second Lien Obligations shall have the right to adjust or settle any claim under any such insurance policy, then unless and until the Discharge of Priority Lien Obligations has occurred, the Second Lien Agent or any holder of Second Lien Obligations shall promptly, without delay or hindrance, follow the instructions of the Priority Lien Agent, or of the obligors under the Priority Lien Documents to the extent the Priority Lien Documents grant such obligors the right to adjust or settle such claims, with respect to such adjustment or settlement (subject to the rights of the Second Lien Agent and the holders of Second Lien Obligations following expiration of the Standstill Period, as provided in the paragraph defining Standstill Period).

Amendment to Priority Lien Documents and Note Documents

Prior to the Discharge of Priority Lien Obligations, without the prior written consent of the Priority Lien Agent and the Required Priority Lien Secured Parties (unless permitted by the terms of any Priority Substitute Credit Facility then in effect), no Note Document may be amended, supplemented, restated or otherwise modified and/or refinanced or entered into to the extent such amendment, supplement, restatement or modification and/or refinancing, or the terms of any new Note Document would (i) modify a covenant or event of default that directly restricts one or more Grantors from making payments on the Second Lien Obligations that would otherwise be permitted under the Intercreditor Agreement and the Note Documents as in effect on the date hereof, (ii) shorten the final maturity or weighted average life to maturity of the Second Lien Obligations, (iii) add any additional Property as collateral for the Second Lien Obligations unless such Property is added as collateral for the Priority Lien Obligations (iv) provide for any Person to issue a guarantee or be required to issue a guarantee unless such Person guarantees the Priority Lien Obligations, (v) add or provide for any increase in, or shorten the period for payment of, any mandatory prepayment or redemption provisions or shorten the period for reinvestment of any net cash proceeds (other than change of control or asset sale tender offer provisions substantially similar to those applicable under the Note Documents, as in effect on the date hereof, or otherwise customary in the market at the time of such amendment, exchange or refinancing), (vi) increase the interest rate or yield, including by increasing the applicable margin or similar component of the interest rate, by imposing fees or premiums, or by modifying the method of computing interest, or modifying or implementing any commitment, consent, facility, utilization, make-whole or similar fee so that the aggregate yield is in excess of the total yield on the Second Lien Obligations as in effect on the issue date thereof (excluding increases resulting from the accrual of interest at the default rate), (vii) amend or otherwise modify any Default or Event of Default or covenants thereunder in a manner, taken as a whole, that is materially adverse to any Grantors unless such modification would also apply to the Priority Lien Documents (viii) adversely affect the lien priority rights of the Priority Lien Secured Parties or (ix) contravene the provisions of the Intercreditor Agreement.

Prior to the Discharge of the Second Lien Obligations, without the prior written consent of the Second Lien Agent and the Required Second Lien Secured Parties, no Priority Lien Document may be amended, supplemented, restated or otherwise modified and/or refinanced or entered into to the extent such amendment, supplement, restatement or modification and/or refinancing would (i) modify a covenant or event of default that directly restricts one or more Grantors from making payments on the Second Lien Obligations that would otherwise be permitted under the Intercreditor Agreement and the Priority Lien Documents as in effect on the date hereof, (ii) shorten the final maturity of the Priority Lien Obligations, (iii) add any additional Property as collateral for the Priority Lien Obligations unless such Property is added as collateral for the Second Lien Obligations, (iv) provide for any Person to issue a guarantee or be required to issue a guarantee unless such Person guarantees the Second Lien Obligations or (v) contravene the provisions of the Intercreditor Agreement.

Purchase Option

Notwithstanding anything in the Intercreditor Agreement to the contrary, within sixty (60) days of the earlier of (i) the commencement of an Insolvency or Liquidation Proceeding or (ii) the acceleration of the Priority Lien Obligations, each of the holders of the Second Lien Debt and each of their respective designated affiliates (the Second Lien Purchasers) will have the right, at their sole option and election (but will not be obligated), at any time upon prior written notice to the Priority Lien Agent, to purchase from the holders of the Priority Lien Obligations (x) all (but not less than all, other than any Priority Lien Obligations constituting Excess Priority Lien Obligations) Priority Lien Obligations (including unfunded commitments) and (y) any loans provided by any of the Priority Lien Secured Parties in connection with a DIP Financing that are outstanding on the date of such purchase. Promptly following the receipt of such notice, the Priority Lien Agent will deliver to the Second Lien Agent a statement of the amount of Priority Lien Debt, other Priority Lien Obligations (other than any Priority Lien Obligations constituting Excess Priority Lien Obligations) and DIP Financing provided by the Priority Lien Agent or any holder of the Priority Lien Obligations, if any, then outstanding and the amount of the cash collateral requested by the applicable Priority Lien Agent to be delivered pursuant to clause (2) of the immediately following paragraph. The right to purchase provided for in this paragraph will expire unless, within 10 Business Days after the receipt by the Second Lien Agent of such statement from the Priority Lien Agent, the Second Lien Agent delivers to the Priority Lien Agent an irrevocable commitment of the Second Lien Purchasers to purchase all (but not less than all, other than any Priority Lien Obligations constituting Excess Priority Lien Obligations) of the Priority Lien Obligations (including unfunded commitments) and (y) any loans provided by any of the Priority Lien Secured Parties in connection with a DIP Financing and to otherwise complete such purchase on the terms set forth under this section.

On the date specified by the Second Lien Agent (on behalf of the Second Lien Purchasers) in such irrevocable commitment (which shall not be less than five Business Days, nor more than 20 Business Days, after the receipt by the Priority Lien Agent of such irrevocable commitment), the holders of the Priority Lien Obligations shall sell to the Second Lien Purchasers (x) all (but not less than all, other than any Priority Lien Obligations constituting Excess Priority Lien Obligations (such period from the date of receipt by the Priority Lien Agent of such irrevocable commitment to such date specified by the Second Lien Agent for such sale in such irrevocable commitment the Pendency Period)) of the Priority Lien Obligations (including unfunded commitments) and (y) any loans provided by any of the Priority Lien Secured Parties in connection with a DIP Financing that are outstanding on the date of such sale, subject to any required approval of any governmental authority then in effect, if any, and only if on the date of such sale, the Priority Lien Agent receives the following:

(1) payment, as the purchase price for all Priority Lien Obligations sold in such sale, of an amount equal to the full par value amount of all Priority Lien Obligations (other than outstanding letters of credit as referred to in the clause (2) of this paragraph) other than any Priority Lien Obligations constituting Excess Priority Lien Obligations to the extent not purchased and loans provided by any of the Priority Lien Agent or any holder

of Priority Lien Obligations in connection with a DIP Financing then outstanding (including principal, interest, fees, reasonable attorneys fees and legal expenses, but excluding contingent indemnification obligations for which no claim or demand for payment has been made at or prior to such time); *provided* that in the case of obligations in respect of Hedging

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Obligations that constitute Priority Lien Obligations, the Second Lien Purchasers shall cause the applicable agreements governing such Hedging Obligations to be assigned and novated or, if such agreements have been terminated, such purchase price shall include an amount equal to the sum of any unpaid amounts then due in respect of such Hedging Obligations, calculated in accordance with the terms of such Hedging Obligation and after giving effect to any netting arrangements;

(2) a cash collateral deposit in such amount as the Priority Lien Agent determines is reasonably necessary to secure the payment of any outstanding letters of credit constituting Priority Lien Obligations that may become due and payable after such sale (but not in any event in an amount greater than one hundred five percent (105%) of the amount then reasonably estimated by the Priority Lien Agent to be the aggregate outstanding amount of such letters of credit at such time), which cash collateral shall be (A) held by the issuer of such letters of credit as security solely to reimburse the issuers of such letters of credit that become due and payable after such sale and any fees and expenses incurred in connection with such letters of credit and (B) returned to the Second Lien Agent (except as may otherwise be required by applicable law or any order of any court or other governmental authority) promptly after the expiration or termination from time to time of all payment contingencies affecting such letters of credit; and

(3) any agreements, documents or instruments which the Priority Lien Agent may reasonably request pursuant to which the Second Lien Agent and the Second Lien Purchasers in such sale expressly assume and adopt all of the obligations of the Priority Lien Agent and the holders of the Priority Lien Obligations under the Priority Lien Documents and in connection with loans provided by the Priority Lien Agent or any holder of Priority Lien Obligations in connection with a DIP Financing on and after the date of the purchase and sale and the Second Lien Agent (or any other representative appointed by the holders of a majority in aggregate principal amount of the Second Lien Obligations owned by the purchasers) becomes a successor agent thereunder.

(4) During the Pendency Period, the Priority Lien Secured Parties shall refrain from exercising remedies (subject to exigent circumstances).

Such purchase of the Priority Lien Obligations (including unfunded commitments) and any loans provided by any of the Priority Lien Agent or any holder of Priority Lien Obligations in connection with a DIP Financing shall be made on a pro rata basis among the Second Lien Purchasers giving notice to the Priority Lien Agent of their interest to exercise the purchase option under the Intercreditor Agreement according to each such Second Lien Purchaser s portion of the Second Lien Debt outstanding on the date of purchase or such portion as such Second Lien Purchasers may otherwise agree among themselves. Such purchase price and cash collateral shall be remitted by wire transfer in federal funds to such bank account of the Priority Lien Agent as the Priority Lien Agent may designate in writing to the Second Lien Agent for such purpose. Interest shall be calculated to but excluding the Business Day on which such sale occurs if the amounts so paid by the Second Lien Purchaser Purchasers to the bank account designated by the Priority Lien Agent are received in such bank account prior to 12:00 noon, New York City time, and interest shall be calculated to and including such Business Day if the amounts so paid by the Second Lien Purchaser Purchasers to the bank account designated by the Priority Lien Agent are received in such bank account later than 12:00 noon, New York City time.

Such sale shall be expressly made without representation or warranty of any kind by the Priority Lien Secured Parties as to the Priority Lien Obligations, the Collateral or otherwise and without recourse to any Priority Lien Secured Party, except that the Priority Lien Secured Parties shall represent and warrant severally as to the Priority Lien

Obligations (including unfunded commitments) and any loans provided by any of the Priority Lien Secured Parties in connection with a DIP Financing then owing to it: (i) that such applicable Priority Lien Secured Party owns such Priority Lien Obligations (including unfunded commitments) and any loans provided by any of the Priority Lien Secured Parties in connection with a DIP Financing; and (ii) that such applicable Priority Lien Secured Party has the necessary corporate or other governing authority to assign such interests.

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After such sale becomes effective, the outstanding letters of credit will remain enforceable against the issuers thereof and will remain secured by the Priority Liens upon the Collateral in accordance with the applicable provisions of the Priority Lien Documents as in effect at the time of such sale, and the issuers of letters of credit will remain entitled to the benefit of the Priority Liens upon the Collateral and sharing rights in the proceeds thereof in accordance with the provisions of the Priority Lien Documents as in effect at the time of such sale, as fully as if the sale of the Priority Lien Debt had not been made, but, except with respect to cash collateral held by the issuers of such letters of credit, only the Person or successor agent to whom the Priority Liens are transferred in such sale will have the right to foreclose upon or otherwise enforce the Priority Liens and only the Second Lien Purchasers in the sale will have the right to direct such Person or successor as to matters relating to the foreclosure or other enforcement of the Priority Liens.

Application of Proceeds

Prior to the Discharge of Priority Lien Obligations, and regardless of whether an Insolvency or Liquidation Proceeding has been commenced, Collateral or proceeds received in connection with the enforcement or exercise of any rights or remedies with respect to any portion of the Collateral will be applied:

1. *first*, to the payment in full in cash of all Priority Lien Obligations that are not Excess Priority Lien Obligations,

2. *second*, to the payment in full in cash of all Second Lien Obligations,

3. *third*, to the payment in full in cash of all Excess Priority Lien Obligations,

5. *fourth*, to the Company or as otherwise required by applicable law.

Postponement of Subrogation

The Intercreditor Agreement provides that no payment or distribution to any holder of Priority Lien Obligations pursuant to the provisions of the Intercreditor Agreement shall entitle the Second Lien Agent or any holder of Second Lien Obligations to exercise any rights of subrogation in respect thereof until the Discharge of Priority Lien Obligations. Following the Discharge of Priority Lien Obligations, each holder of Priority Lien Obligations will execute such documents, agreements, and instruments as any holder of Second Lien Obligations may reasonably request to evidence the transfer by subrogation to any such Person of an interest in the Priority Lien Obligations resulting from payments or distributions to such holder by such Person, so long as all costs and expenses (including all reasonable legal fees and disbursements) incurred in connection therewith by such holder of Priority Lien Obligations are paid by such Person upon request for payment thereof.

Permitted Prepayments of Second Lien Obligations

Until the Discharge of Priority Lien Obligations, unless otherwise permitted by the Priority Lien Agent or otherwise permitted by the terms of any Priority Substitute Credit Facility, no Second Lien Secured Party may accept or retain any optional prepayment (howsoever described) of principal of the Second Lien Obligations; provided that the foregoing shall not prohibit a Second Lien Secured Party from receiving cash in lieu of fractional shares upon a retirement of Second Lien Obligations by exchanging such Second Lien Obligations for Capital Stock of the Company pursuant to the Indenture.

The Company may retire any Second Lien Obligations by exchanging such Second Lien Obligations for Capital Stock of the Company (other than Disqualified Capital Stock (as defined in the First Lien Credit Agreement)). Notwithstanding anything to the contrary in this section, the Second Lien Obligations may be refinanced in whole or in part so long as refinancing is permitted by the terms of the First Lien Credit Agreement then in effect and

Amendments to Priority Lien Documents and Note Documents.

Repurchase at the Option of holders

Change of Control

If a Change of Control occurs, unless we have previously or concurrently exercised our right to redeem all of the Notes as described under Optional Redemption, each holder will have the right to require us to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess of $2,000 or $1.00 or an integral multiple thereof in the case of any PIK Notes) of such holder s Notes at a purchase price in cash equal to 101% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following any Change of Control, unless we have previously or concurrently exercised our right to redeem all of the Notes as described under Optional Redemption, we will deliver a notice (the Change of Control Offer) to each holder, with a copy to the Trustee, stating:

(1) that a Change of Control has occurred and that such holder has the right to require us to purchase such holder s Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on a record date to receive interest on the relevant interest payment date) (the Change of Control Payment);

(2) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the Change of Control Payment Date);

(3) that any Note not properly tendered will remain outstanding and continue to accrue interest;

(4) that unless we default in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;

(5) that holders electing to have any Notes in certificated form purchased pursuant to a Change of Control Offer will be required to surrender such Notes, with the form entitled Option of holder to Elect Purchase on the reverse of such Notes completed, to the paying agent specified in the notice at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that holders will be entitled to withdraw their tendered Notes, in whole or in part (which shall be $2,000 or whole multiples of $1,000 in excess thereof or $1.00 or an integral multiple thereof in the case of any PIK Notes), and their election to require us to purchase such Notes, *provided* that the paying agent receives, not later than the close of business on the third Business Day preceding the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth, among other things, the name of the holder of the Notes, the principal amount of Notes tendered for purchase, a statement that such holder is withdrawing

its tendered Notes, in whole or in part, its election to have such Notes purchased and the principal amount, if any, of such Note (which shall be $2,000 or whole multiples of $1,000 in excess thereof or $1.00 or an integral multiple thereof in the case of any PIK Notes) that remains subject to the original Change of Control Offer;

(7) that if we are repurchasing a portion of the Note of any holder, the holder will be issued a new Note equal in principal amount to the unpurchased portion of the Note surrendered, *provided* that the unpurchased portion of the Note must be equal to a minimum principal amount of $2,000 and an integral multiple of $1,000 in excess of $2,000 (or $1.00 or an integral multiple thereof in the case of any PIK Notes); and

(8) the procedures determined by us, consistent with the Indenture, that a holder must follow in order to have its Notes repurchased.

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On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes (in a minimum principal amount of $2,000 and integral multiples of $1,000 in excess of $2,000 or $1.00 or an integral multiple thereof in the case of any PIK Notes) properly tendered pursuant to the Change of Control Offer and not properly withdrawn;

(2) deposit with the paying agent an amount in United States Dollars equal to the Change of Control Payment in respect of all Notes or portions of Notes accepted for payment, *provided* that the funds once deposited are to be uninvested until disbursed pursuant to this caption Change of Control ; and

(3) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

The paying agent will promptly mail or deliver to each holder of Notes accepted for payment the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each such new Note will be in a minimum principal amount of $2,000 or an integral multiple of $1,000 in excess of $2,000 (or $1.00 or an integral multiple thereof in the case of any PIK Notes).

If the Change of Control Payment Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest, will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no further interest will be payable to holders who tender pursuant to the Change of Control Offer.

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders to require that the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

We will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture appli-1-ba-07.htm',USER='105538',CD='Jun 10 23:46 2009' -->

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Licensing

Our licensing royalty revenues decreased by $1.4 million, or 6.0%, to $22.1 million for the three months ended May 2, 2009, from $23.5 million for the three months ended May 3, 2008. This decrease was driven by lower royalties from watch product sales, partially offset by modest growth in some of our other major product categories. Licensing segment earnings from operations decreased $1.2 million, or 6.1%, to $19.0 million for the three months ended May 2, 2009, from $20.2 million in the prior year quarter.

International Store Count

Outside of the U.S. and Canada, in the three months ended May 2, 2009, together with our partners, we opened 30 new stores, including 19 stores in Europe and the Middle East, 9 stores in Asia and two stores in Central America. We ended the first quarter of fiscal 2010 with 706 stores outside of the U.S. and Canada, of which 501 were GUESS? stores, 46 were GUESS by MARCIANO stores and 159 were GUESS? Accessories stores. Of the 706 stores, 103 were operated by the Company and 603 were operated by licensees or distributors. This store count does not include 162 concessions located primarily in South Korea and Greater China because of their smaller store size in relation to our standard international store size.

Corporate Overhead

Corporate overhead expenses were slightly lower at $19.5 million for the three months ended May 2, 2009 compared to $19.7 million for the prior year quarter.

RESULTS OF OPERATIONS

Three months ended May 2, 2009 and May 3, 2008

NET REVENUE. Net revenue for the three months ended May 2, 2009 decreased by $48.0 million, or 9.8%, to $441.2 million, from $489.2 million for the three months ended May 3, 2008. All segments reported lower revenues with the largest decline in our European segment.

Net revenue from retail operations decreased by $4.3 million, or 2.1%, to $207.6 million for the three months ended May 2, 2009, from $211.9 million for the three months ended May 3, 2008. The decline in comparable stores sales of 10.0%, which included the unfavorable translation impact of currency fluctuations, was partially offset by the benefit of an average of 45 net additional stores during the three months ended May 2, 2009 resulting in a net 9.7% increase in average square footage compared to the prior year quarter. Currency translation fluctuations relating to our Canadian retail stores unfavorably impacted net revenue in our retail segment by $9.1 million.

Net revenue from wholesale operations decreased by $9.2 million, or 12.3%, to $65.9 million for the three months ended May 2, 2009, from $75.1 million for the three months ended May 3, 2008. The decrease was driven by both lower North American wholesale sales and the unfavorable impact of currency translation from our South Korean and Canadian businesses. Our U.S. wholesale business continued to be impacted by the economic downturn as department stores continued to anticipate lower demand and managed their inventories tightly. Our products were sold in the U.S. in approximately 993 doors at the end of the quarter compared to approximately 1,045 doors at the end of the prior year quarter. While our overall Asian wholesale revenues were down in U.S. dollars compared to the prior year period as a result of unfavorable currency fluctuations, we continued to generate revenue growth in local currency in our expanding Asian operations, where we, along with our partners, opened 9 stores and 11 concessions during the quarter. Currency translation fluctuations, relating to both our Canadian and South Korean operations, unfavorably impacted net revenue in our wholesale segment by $9.8 million.

Net revenue from European operations decreased by $33.0 million, or 18.5%, to $145.7 million for the three months ended May 2, 2009, from $178.7 million for the three months ended May 3, 2008. The unfavorable impact of currency translation was the main contributor to the decrease, accounting for $24.4 million of the decrease. The current quarter was also negatively impacted compared to the prior year period by the shift of wholesale revenues into the fourth quarter of the prior fiscal year that would have normally occurred in the first quarter of the current fiscal year. At May 2, 2009, we directly operated 66 stores in Europe compared to 40 stores at the prior year quarter end. European retail revenues increased by 2.1% in U.S. dollars for the three months ended May 2, 2009, compared to the prior year quarter, reflecting the benefit of the new stores, mostly offset by the unfavorable impact of currency translation and negative comparable stores sales.

Net royalty revenue from licensing operations decreased by $1.4 million, or 6.0%, to $22.1 million for the three months ended May 2, 2009, from $23.5 million for the three months ended May 3, 2008. This decrease was driven by lower royalties from watch product sales, partially offset by modest growth in some of our other major product categories.

GROSS PROFIT. Gross profit decreased by $43.7 million, or 19.8%, to $177.5 million for the three months ended May 2, 2009, from $221.2 million for the three months ended May 3, 2008. The decrease in gross profit primarily resulted from the following:

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• Gross profit for the retail segment decreased by $7.2 million, or 9.5%, to $68.2 million for the three months ended May 2, 2009, from $75.4 million in the prior year period. The overall decline in sales, including the unfavorable translation impact of currency fluctuations, the higher occupancy costs associated with the increased store count and lower product margin were the main drivers of the decrease in gross profit.

• Gross profit for the wholesale segment decreased by $6.5 million, or 24.5%, to $20.0 million for the three months ended May 2, 2009, from $26.5 million in the prior year period. The decrease in gross profit was primarily due to the decline in sales and the lower product margins in our North American wholesale business and the unfavorable impact of currency translation on our South Korean business due to the stronger U.S. dollar compared to the Korean Won.

• Gross profit for the European segment decreased by $28.6 million, or 29.9%, to $67.3 million for the three months ended May 2, 2009, from $95.9 million in the prior year period. The lower gross profit resulted from lower sales due to the shift of wholesale shipments into an earlier quarter and the unfavorable impact of the stronger U.S. dollar on both the translation of the segment gross profit into U.S. dollars and lower product margins for those products purchased in U.S. dollars.

• Gross profit for the licensing segment decreased by $1.4 million, or 6.0%, to $22.1 million for the three months ended May 2, 2009, from $23.5 million in the prior year period.

Gross margin decreased 500 basis points to 40.2% for the three months ended May 2, 2009, from 45.2% for the three months ended May 3, 2008. The decline was attributable to lower product margins in our European, retail and wholesale segments and occupancy deleverage in our retail and European segments.

The Company s gross margin may not be comparable to other entities since some entities include all of the costs related to their distribution in cost of product sales and others, like the Company, exclude the wholesale related distribution costs from gross margin, including them instead in selling, general and administrative expenses.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. SG&A expenses decreased by $15.8 million, or 10.9%, to $129.5 million for the three months ended May 2, 2009, from $145.3 million for the three months ended May 3, 2008. The decrease was primarily driven by the favorable impact of the strengthening U.S. dollar when translating foreign denominated SG&A expenses into U.S. dollars, cost reductions in marketing and advertising spending and lower volume related expenses. The cost savings initiatives focused on maintaining tight controls over our operating and overhead expenses and focusing our advertising and marketing efforts primarily on promotional events during peak periods. Accordingly, the Company was able to reduce the SG&A rate by 40 basis points to 29.3% for the three months ended May 2, 2009, compared to 29.7% for the three months ended May 3, 2008.

EARNINGS FROM OPERATIONS. Earnings from operations decreased by $27.9 million, or 36.7%, to $48.0 million for the three months ended May 2, 2009, compared with earnings from operations of $75.9 million for the three months ended May 3, 2008. The decrease in earnings from operations primarily resulted from the following:

- Earnings from operations for the retail segment decreased by $4.8 million to $18.0 million for the three months ended May 2, 2009, compared to $22.8 million for the three months ended May 3, 2008. The drivers discussed above that negatively impacted retail revenues and gross profit, partially offset by lower operating and marketing expenses, resulted in the lower earnings from operations. In addition, currency translation fluctuations unfavorably impacted earnings from operations in our retail segment by $1.4 million relating to our Canadian retail stores.

- Earnings from operations for the wholesale segment decreased by $5.2 million to $7.4 million for the three months ended May 2, 2009, compared to $12.6 million for the three months ended May 3, 2008. The decrease was driven by lower revenues and product margins in our North American wholesale business. In addition, currency translation fluctuations, related to both our Canadian and South Korean operations, unfavorably impacted earnings from operations in our wholesale segment by $1.5 million.

- Earnings from operations for the European segment decreased $16.9 million to $23.1 million for the three months ended May 2, 2009, compared to $40.0 million for the three months ended May 3, 2008. The decrease was primarily due to the lower earnings resulting from timing of wholesale shipments and lower product margins. In addition, currency translation fluctuations unfavorably impacted earnings from operations in our European segment by $3.4 million. These factors were partially offset by lower SG&A expenses due to better expense management.

- Earnings from operations for the licensing segment decreased by $1.2 million to $19.0 million for the three months ended May 2, 2009, compared to $20.2 million for the three months ended May 3, 2008. The decrease was the result of the lower royalty revenues discussed above.

- Unallocated corporate overhead was slightly down at $19.5 million for the three months ended May 2, 2009, compared to $19.7 million for the three months ended May 3, 2008.

Operating margin declined 460 basis points to 10.9% for the three months ended May 2, 2009 compared to 15.5% for the three months ended May 3, 2008. The lower gross margin, partially offset by the lower SG&A rate contributed to the operating margin decline.

INTEREST EXPENSE AND INTEREST INCOME. Interest expense decreased to $0.6 million for the three months ended May 2, 2009, compared to $1.0 million for the three months ended May 3, 2008. The decrease was driven by lower average interest rates partially offset by higher average debt balances outstanding during the quarter. Total debt at May 2, 2009 was $45.0 million, and was comprised of $28.6 million of short-term bank debt from our European operations and $16.4 million of capital lease obligations relating to one of our Italian facilities. The average debt balance for the three months ended May 2, 2009 was $98.9 million, versus an average debt balance of $61.7 million for the three months ended May 3, 2008. Interest income decreased to $0.7 million for the three months ended May 2, 2009, compared to $1.5 million for the three months ended May 3, 2008, due to lower interest rates on the invested cash partially offset by higher average invested cash balances.

OTHER INCOME, NET. Other income, net, was $1.3 million for the three months ended May 2, 2009, compared to other expense, net, of $0.9 million for the three months ended May 3, 2008. Other income, net in the three months ended May 2, 2009 primarily consisted of income related to mark-to-market gains on insurance policy investments, partially offset by mark-to-market losses related to the revaluation of foreign currency forward contracts and other foreign currency transactions.

INCOME TAXES. Income tax expense for the three months ended May 2, 2009 was $16.3 million, resulting in a 33.0% effective tax rate for the period. This compared to income tax expense of $27.2 million, resulting in a 36.0% effective tax rate for the three months ended May 3, 2008. Generally, income taxes for interim periods are computed using the effective tax rate estimated to be applicable for the full fiscal year, which is subject to ongoing review and evaluation by management. The lower tax rate in the current quarter was due to a higher estimated proportion of annual earnings in lower tax jurisdictions.

NET EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTERESTS IN SUBSIDIARIES. Net earnings attributable to noncontrolling interests in subsidiaries for the three months ended May 2, 2009 was relatively flat at $0.6 million, net of taxes, as compared to $0.5 million, net of taxes, for the three months ended May 3, 2008.

NET EARNINGS ATTRIBUTABLE TO GUESS?, INC. Net earnings attributable to Guess?, Inc. decreased by $15.3 million, or 31.9%, to $32.5 million for the three months ended May 2, 2009, from $47.8 million for the three months ended May 3, 2008. Diluted earnings per share decreased to $0.35 per share for the three months ended May 2, 2009 compared to $0.50 per share for the three months ended May 3, 2008.

LIQUIDITY AND CAPITAL RESOURCES

We need liquidity primarily to fund our working capital in Europe, the expansion and remodeling of our retail stores, shop-in-shop programs, systems, infrastructure, other existing operations, international growth, potential acquisitions, potential share repurchases and payment of dividends to our stockholders. During the three months ended May 2, 2009, the Company relied on trade credit, available cash, short-term borrowings from our European bank facilities, real estate leases, and internally generated funds to finance our operations and expansion. The Company anticipates that it will be able to satisfy our ongoing cash requirements during the next twelve months for working capital, capital expenditures, interest and principal payments on our debt, potential acquisitions, potential share repurchases and dividend payments to stockholders, primarily with cash flow from operations supplemented by borrowings, if necessary, under the Credit Facility and bank facilities in Europe, as described below under - Credit Facilities. As of May 2, 2009, the Company had cash and cash equivalents of $312.6 million. Excess cash and cash equivalents, which represent the majority of our outstanding cash and cash equivalents balance, are held primarily in four diversified money market funds. The funds, which are all AAA rated by national credit rating agencies, are generally comprised of high-quality, liquid investments. As of May 2, 2009, we do not have any exposure to auction-rate security investments in these funds. Please see - Important Notice Regarding Forward-Looking Statements for a discussion of risk factors which could reasonably be likely to result in a decrease of internally generated funds available to finance capital expenditures and working capital requirements.

The Company has presented below the cash flow performance comparison of the three months ended May 2, 2009 versus the three months ended May 3, 2008.

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Operating Activities

Net cash provided by operating activities was $43.1 million for the three months ended May 2, 2009 compared to $2.5 million for the three months ended May 3, 2008, or an improvement of $40.6 million. The increase was primarily due to the favorable impact of working capital changes on operating cash flows as a result of the lower growth in accounts receivable and inventory during the current quarter ended May 2, 2009 compared to the growth in the comparable prior year quarter. The increase was partially offset by the decrease in net earnings attributable to Guess?, Inc. of $15.2 million when comparing the three months ended May 2, 2009 to the prior year period.

At May 2, 2009, the Company had working capital (including cash and cash equivalents) of $579.0 million compared to $558.3 million at January 31, 2009 and $474.4 million at May 3, 2008. The Company s primary working capital needs are for inventory and accounts receivable. Accounts receivable at May 2, 2009 amounted to $277.4 million, down $38.2 million, compared to $315.6 million at May 3, 2008. Fluctuations in currency rates resulted in a $36.9 million decrease to the trade accounts receivable balance at May 2, 2009 compared to the prior year quarter end. Approximately $157.7 million of our European, Canadian and U.S. receivables, or 57% of the $277.4 million in accounts receivable at May 2, 2009, were insured for collection purposes or subject to certain bank guarantees. Inventory at May 2, 2009 amounted to $203.4 million compared to $202.8 million at May 3, 2008. The increase in inventory balances in Europe compared to the prior year was offset by lower inventory balances in North America and Asia compared to the prior year. The inventory balance at May 2, 2009 includes a negative translation impact of approximately $18.1 million due to currency fluctuations compared to the prior year quarter end.

Investing Activities

Net cash used in investing activities decreased to $18.3 million for the three months ended May 2, 2009, compared to $26.6 million for the three months ended May 3, 2008. Cash used in investing activities relates primarily to capital expenditures incurred on new store openings and existing store remodeling programs in the U.S. and Canada, expansion in Europe and Asia, improvements to headquarter buildings, investments in information systems and other enhancements. During the three months ended May 2, 2009, the Company opened six new stores in the U.S. and Canada compared to 19 new stores that were opened in the comparable prior year period. In addition, the lower cash used in investing activities for the three months ended May 2, 2009, compared to the prior year period can also be attributed to the favorable net cash settlement of forward contracts during the current period whereas the Company realized an unfavorable net cash settlement loss in the prior year.

Financing Activities

Net cash used in financing activities was $7.6 million for the three months ended May 2, 2009, compared to net cash provided by financing activities of $7.6 million for the three months ended May 3, 2008. The increase in net cash used in financing activities in the current period compared to the prior year period was primarily due to the repurchase of shares of the Company s common stock under the 2008 Share Repurchase Program and lower net borrowings during the three months ended May 2, 2009.

Dividend Policy

On March 17, 2009, the Company announced a quarterly cash dividend of $0.10 per share on the Company s common stock. The cash dividend was paid on April 17, 2009 to stockholders of record as of the close of business on April 1, 2009.

On June 4, 2009, the Company announced a quarterly cash dividend of $0.10 per share on the Company s common stock. The cash dividend will be paid on July 2, 2009 to stockholders of record as of the close of business on June 17, 2009.

Capital Expenditures

Gross capital expenditures totaled $18.5 million, before deducting lease incentives of $1.8 million, for the three months ended May 2, 2009. This compares to gross capital expenditures of $20.3 million, before deducting lease incentives of $2.0 million, for the three months ended May 3, 2008. The Company s capital expenditures for the full fiscal year 2010 are primarily for retail store expansion of approximately 15 stores in the U.S. and Canada, store remodeling programs, expansion in Europe and Asia, investments in information systems and other infrastructure improvements. In addition, the Company has identified some new store opportunities in North America and Europe. Depending on how the discussions proceed on these new store opportunities, our capital expenditures for fiscal 2010 could reach approximately $96 million (before deducting estimated lease incentives of approximately $6 million).

In addition, we periodically evaluate strategic acquisitions and alliances and pursue those that we believe will support and contribute to our overall growth initiatives.

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Credit Facilities

On September 19, 2006, the Company and certain of its subsidiaries entered into a credit facility led by Bank of America, N.A., as administrative agent for the lenders (the Credit Facility). The Credit Facility provides for an $85 million revolving multicurrency line of credit and is available for direct borrowings and the issuance of letters of credit, subject to certain letters of credit sublimits. The Credit Facility is scheduled to mature on September 30, 2011. At May 2, 2009, the Company had $24.5 million in outstanding standby letters of credit, $4.3 million in outstanding documentary letters of credit and no outstanding borrowings under the Credit Facility. During the three month period ended May 2, 2009, the Company drew down approximately $40 million under the Credit Facility which was repaid in full prior to the quarter end.

The Company, through its European subsidiaries, maintains short-term borrowing agreements, primarily for working capital purposes, with various banks in Europe. Under these agreements, which are generally secured by specific accounts receivable balances, the Company can borrow up to $222.1 million, limited primarily by accounts receivable balances at the time of borrowing, except for one borrowing agreement which is partially secured by a $10.0 million standby letter of credit issued under the Company s Credit Facility. Based on the applicable accounts receivable balances at May 2, 2009 and the standby letter of credit, the Company could have borrowed up to approximately $212.0 million under these agreements. However, the Company s ability to borrow outside the Credit Facility through foreign subsidiaries is generally limited to $185.0 million under the terms of the Credit Facility. At May 2, 2009, the Company had $28.6 million of outstanding borrowings and $9.9 million in outstanding documentary letters of credit under these agreements. The agreements are primarily denominated in Euros, have no financial ratio covenants and provide for annual interest rates ranging from 1.3% to 6.1%. The maturities of the short-term borrowings are generally linked to the credit terms of the underlying accounts receivable that secure the borrowings.

The Company entered into a capital lease in December 2005 for a new building in Florence, Italy. At May 2, 2009, the capital lease obligation was $16.4 million. The Company entered into a separate interest rate swap agreement designated as a non-hedging instrument resulting in a swap fixed rate of 3.55%. This interest rate swap agreement matures in 2016 and converts the nature of the capital lease obligation from Euribor floating rate debt to fixed rate debt. The fair value of the interest rate swap liability as of May 2, 2009 was approximately $0.8 million.

From time-to-time the Company obtains other short term financing in foreign countries for working capital to finance its local operations.

Share Repurchases

In March 2008, the Company s Board of Directors terminated the previously authorized 2001 share repurchase program and authorized a new program to repurchase, from time-to-time and as market and business conditions warrant, up to $200 million of the Company s common stock (the 2008 Share Repurchase Program). Repurchases may be made on the open market or in privately negotiated transactions, pursuant to Rule 10b5-1 trading plans or other available means. There is no minimum or maximum number of shares to be repurchased under the program and the program may be discontinued at any time, without prior notice. During the three months ended May 2, 2009, the Company repurchased 407,600 shares under the 2008 Share Repurchase Program at an aggregate cost of approximately $5.3 million.

INFLATION

The Company does not believe that inflation trends in the U.S. and internationally over the last three years have had a significant effect on net revenue or profitability.

SEASONALITY

The Company s business is impacted by the general seasonal trends characteristic of the apparel and retail industries. Due to the seasonality of the business, the results for any particular quarter may not be indicative of results for the full year. U.S. retail operations are generally stronger from July through December, and U.S. wholesale operations generally experience stronger performance from July through November. The European operations are largely wholesale driven and have historically operated with two primary selling seasons. The Spring/Summer season primarily ships in January, February and March and the Fall/Winter season primarily ships in July, August and September. The remaining months of the year are relatively smaller shipping months in Europe. The Company s goal is to reduce these seasonal effects in Europe by offering a pre-collection assortment for apparel and also shipping product to customers more evenly throughout the year which would also allow the Company to benefit from reorders later in each season.

WHOLESALE BACKLOG

The backlog of wholesale orders at any given time is affected by various factors, including the seasonal effects discussed above and management s initiatives to reduce these seasonal effects, cancellations of orders, the scheduling of market weeks and manufacturing and shipment of products. Accordingly, a comparison of backlogs of wholesale orders from period to period is not necessarily meaningful and may not be indicative of eventual actual shipments.

Europe Backlog

As of May 26, 2009, the European operations backlog was approximately 222.7 million, compared to 206.4 million at May 27, 2008, an increase of 7.9%. The backlog as of May 26, 2009, comprised sales orders primarily for our Fall/Winter 2009 season. As discussed above, these orders are subject to cancellation and may not be indicative of eventual actual shipments. In addition, the timing of receipt of orders from our customers may impact the amount of orders booked in the backlog at a particular point in time.

U.S. Backlog

The Company maintains a model stock program in its basic denim products which generally allows replenishment of a customer s inventory within 72 hours. The Company generally receives orders for fashion apparel 90 to 120 days prior to the time the products are delivered to our customers storesOur U.S. wholesale backlog as of June 6, 2009, consisting primarily of orders for fashion apparel, was approximately $50.1 million, compared to $61.6 million at June 7, 2008, or down 18.7%.

APPLICATION OF CRITICAL ACCOUNTING POLICIES

Our critical accounting policies reflecting our estimates and judgments are described in Part II. Item 7. *Management s Discussion and Analysis of Financial Condition and Results of Operations*, in our Annual Report on Form 10-K for the year ended January 31, 2009 filed with the SEC on March 31, 2009. There have been no significant changes to our critical accounting policies during the three months ended May 2, 2009.

IMPACT OF RECENT ACCOUNTING PRONOUNCEMENTS

Recent Accounting Pronouncements Adopted

In February 2008, the FASB issued FSP 157-1 and FSP 157-2. FSP 157-1 amends SFAS 157 to exclude SFAS No. 13, Accounting for Leases, and its related interpretive accounting pronouncements that address leasing transactions. FSP 157-2 relates to the measurement of fair value for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The Company adopted FSP 157-2 effective February 1, 2009 for all nonfinancial assets and liabilities as required. Refer to Note 13 to the Company s Condensed Consolidated Financial Statements for additional information. The adoption of FSP 157-2 did not have a material impact on the Company s financial position or results of operations for the three months ended May 2, 2009.

In December 2007, the FASB issued SFAS No. 141 (revised 2007) (SFAS 141R), Business Combinations, which replaces FASB Statement 141. SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also modifies the recognition for preacquisition contingencies, such as environmental or legal issues, restructuring plans and acquired research and development value in purchase accounting. SFAS 141R amends SFAS No. 109, Accounting for Income Taxes, to require the acquirer to recognize changes in the amount of its deferred tax benefits that are recognizable because of a business combination either in income from continuing operations in the period of the combination or directly in contributed capital, depending on the circumstances. SFAS 141R also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination. The Company adopted SFAS 141R on February 1, 2009 and will apply the provisions of the statement to all future acquisitions from such date.

In December 2007, the FASB issued SFAS No. 160 (SFAS 160), Accounting for Noncontrolling Interests, which clarifies the classification of noncontrolling interests in consolidated statements of financial position and the accounting for and reporting of transactions between the reporting entity and holders of such noncontrolling interests. The Company adopted SFAS 160 on February 1, 2009. Refer to Note 3 to the Company s Condensed Consolidated Financial Statements for further information. The provisions of SFAS 160 have been applied prospectively with the exception of reclassifying noncontrolling interests to equity in the Company s consolidated balance sheets and recasting consolidated net earnings to include net earnings prior to fiscal 2010 attributable to both the controlling and noncontrolling interests, which are required to be adopted retrospectively.

In March 2008, the FASB issued SFAS No. 161 (SFAS 161), Disclosures about Derivative Instruments and Hedging Activities, which amends SFAS 133 and expands disclosures to include information about the fair value of derivatives, related credit risks and a company s strategies and objectives for using derivatives. The Company adopted SFAS 161 on February 1, 2009 and has included the expanded disclosures in Note 14 to the Company s Condensed Consolidated Financial Statements.

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In June 2008, the FASB issued FSP No. EITF 03-6-1 (FSP EITF 03-6-1), Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities, which requires unvested share-payment awards that contain rights to receive non-forfeitable dividends or dividend equivalents to be included in the two-class method of computing earnings per share. FSP EITF 03-6-1 also requires retrospective application to all periods presented. The Company adopted FSP EITF 03-6-1 on February 1, 2009 and applied it retrospectively to all periods presented. Refer to Note 2 to the Company s Condensed Consolidated Financial Statements. The adoption of FSP EITF 03-6-1 resulted in a reduction in diluted earnings per common share of approximately $0.01 for each of the three months ended May 2, 2009 and May 3, 2008.

Recent Accounting Pronouncements Issued

In April 2009, the FASB issued FASB Staff Position FAS No. 107-1 and APB 28-1 (FSP 107-1), Interim Disclosures about Fair Value of Financial Instruments. FSP 107-1 amends SFAS No. 107, Disclosures about Fair Value of Financial Instruments, to require disclosures about fair value of financial instruments in interim reporting periods. Such disclosures were previously required only in annual financial statements. FSP 107-1 is effective for interim reporting periods ending after June 25, 2009. The Company will adopt FSP 107-1 in the second quarter of fiscal 2010 and include the required disclosures in its consolidated financial statements in interim reporting periods.

In May 2009, the FASB issued SFAS No. 165 (SFAS 165), Subsequent Events. SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 is effective for interim reporting periods ending after June 15, 2009. The Company will adopt SFAS 165 in the second quarter of fiscal 2010.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.

EXCHANGE RATE RISK

Roughly half of the product sales and licensing revenue recorded for the three months ended May 2, 2009 were denominated in United States dollars. The Company s primary exchange rate fluctuation risk relates to its operations in Canada, Europe and South Korea. Changes in currencies affect our earnings in various ways. For further discussion on currency related risk, please refer to our risk factors under Item 1A. Risk Factors contained in the Company s most recent Annual Report on Form 10-K for the fiscal year ended January 31, 2009.

Various transactions that occur in Canada, Europe and South Korea are denominated in U.S. dollars, British Pounds or Swiss Francs and thus are exposed to earnings risk as a result of exchange rate fluctuations when converted to their local functional currencies. These types of transactions include U.S. dollar denominated purchases of merchandise and U.S. dollar and British Pound intercompany liabilities Fluctuations in exchange rates can result in an impact to earnings and are largely dependent on the transaction timing and magnitude during the period that the currency fluctuates. The Company enters into derivative financial instruments, including forward exchange contracts and currency swaps, to manage exchange risk on certain foreign currency transactions. The Company does not hedge all transactions denominated in foreign currency.

Forward Contracts Designated as Cash Flow Hedges

During the three months ended May 2, 2009, the Company purchased U.S. dollar forward contracts in Europe and Canada totaling US$8.0 million and US$6.3 million, respectively, to hedge forecasted merchandise purchases that were designated as cash flow hedges at May 2, 2009. As of May 2, 2009, the Company had forward contracts outstanding for its European and Canadian operations of US$26.0 million and US$34.5 million, respectively, that are expected to mature over the next nine months and Swiss Franc-Euro forward contracts outstanding for its European operations of CHF13.5 million that are expected to mature over the next nine months. The Company s derivative financial instruments are recorded in its consolidated balance sheet at fair value based on quoted market rates. The U.S. dollar forward contracts are used to hedge forecasted merchandise purchases over specific months. Changes in the fair value of the U.S. dollar forward contracts designated as cash flow hedges are recorded as a component of accumulated other comprehensive income within stockholders equity, and are recognized in cost of product sales in the period which approximates the time the hedged merchandise inventory is sold. The Swiss Franc forward contracts are used to hedge certain anticipated Swiss operating expenses over specific months. Changes in the fair value of the Swiss Franc forward contracts designated as cash flow hedges are recorded as a component of accumulated other comprehensive income within stockholders equity, and are recognized in SG&A in the period which approximates the time the expenses are incurred.

As of May 2, 2009, accumulated other comprehensive income included an unrealized gain of approximately US$5.5 million, net of tax, that will be recognized as a reduction to cost of goods sold or SG&A over the following 12 months at the then current values on a pre-tax basis, which can be different than the current quarter-end values. At May 2, 2009, the unrealized net gain of the remaining open forward contracts recorded in current assets in the consolidated balance sheet was approximately US$4.1 million. The ineffective portion was immaterial during the three months ended May 2, 2009 and was recorded in net earnings and is included in interest income/expense.

At January 31, 2009, the Company had forward contracts outstanding for its European and Canadian operations of US$21.0 million and US$38.5 million, respectively, and Swiss Franc-Euro forward contracts outstanding for its European operations of CHF18.0 million. At January 31, 2009, the unrealized net gain of these open forward contracts recorded in current assets in the consolidated balance sheet was approximately US$8.1 million.

Foreign Currency Contracts Not Designated as Cash Flow Hedges

The Company also has foreign currency contracts that are not designated as hedges for accounting purposes. Changes in fair value of foreign currency contracts not qualifying as cash flow hedges are reported in net earnings as part of other income and expense. For the three months ended May 2, 2009, the Company recorded a net loss of US$3.6 million for the Canadian dollar, Euro, British Pound and Swiss Franc foreign currency contracts, which has been included in other income and expense. At May 2, 2009, the Company had Canadian dollar foreign currency contracts to purchase US$35.5 million expected to mature over the next 9 months; Euro foreign currency contracts to purchase US$70.0 million expected to mature over the next 9 months; Euro foreign currency contracts to purchase CHF4.3 million expected to mature over the next 9 months and Euro foreign currency contracts to purchase GBP7.1 million expected to mature over the next 12 months. At May 2, 2009, the net unrealized gains of these Canadian dollar, Euro, Swiss Franc and British Pound forward contracts recorded on the condensed consolidated balance sheet were approximately US$4.7 million.

At January 31, 2009, the Company had Canadian dollar foreign currency contracts to purchase US$36.5 million, Euro foreign currency contracts to purchase US$104.0 million and Swiss Franc foreign currency contracts to purchase CHF5.3 million. At January 31, 2009, the net unrealized gains of these Canadian dollar, Euro and Swiss Franc forward contracts recorded in current assets in the Company s consolidated balance sheet were approximately US$13.7 million.

Sensitivity Analysis

At May 2, 2009, a sensitivity analysis of changes in our foreign currencies when measured against the U.S. dollar indicates that, if the U.S. dollar had uniformly weakened by 10% against all of the U.S. dollar denominated foreign exchange derivatives totaling US$165.9 million, the fair value of the instruments would have decreased by US$18.4 million. Conversely, if the U.S. dollar uniformly strengthened by 10% against all of the U.S. dollar denominated foreign exchange derivatives, the fair value of these instruments would have increased by US$15.1 million. Any resulting changes in the fair value of the hedged instruments would have been partially offset by changes in the fair value of certain balance sheet positions impacted by the change in the foreign currency rate.

INTEREST RATE RISK

At May 2, 2009, approximately 36.4% of the Company s indebtedness related to a capital lease obligation which is covered by an interest rate swap agreement resulting in a swap fixed interest rate of 3.55% over the life of the lease obligation. Changes in the related interest rate that result in an unrealized gain or loss on the fair value of the swap are reported in other income or expenses. The change in the unrealized fair value of the interest rate swap increased other expense, net by $0.4 million during the three months ended May 2, 2009. Substantially all of the Company s remaining indebtedness, principally consisting of short-term borrowings under the short-term European borrowing agreements, are at variable rates of interest. Accordingly, changes in interest rates would impact the Company s results of operations in future periods. A 100 basis point increase in applicable interest rates would have increased interest expense for the three months ended May 2, 2009 by approximately $0.2 million.

At May 2, 2009, the carrying value of all financial instruments was not materially different from fair value, as the interest rate on the Company s debt approximates rates currently available to the Company.

ITEM 4. Controls and Procedures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the quarterly period covered by this report.

There was no change in our internal control over financial reporting during the first quarter of the fiscal year ending January 30, 2010 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

Litigation

In 2006, the Officers of the Florence Customs Authorities (Customs Authorities) began an import customs audit with respect to the Company s Italian subsidiary, Maco Apparel S.p.A. (Maco), in Florence, Italy, which was acquired on January 3, 2005. Maco was the Italian licensee of GUESS? jeanswear for men and women in Europe. As part of the audit, the Customs Authorities considered whether the Italian subsidiary should have included the royalty expense payable to Guess?, Inc., the parent company, as part of the cost of the product subject to customs duties. The Customs Authorities have subsequently reviewed specific transactions which occurred in 2003, 2004, 2005 and 2006 and provided a preliminary assessment that the royalty expenses are subject to customs duties and related penalties. The Company is disputing the Customs Authorities assessment and intends to vigorously defend its position. In addition, under the terms of the Maco purchase agreement, the seller is required to indemnify the Company for 90% of any loss with respect to Maco for periods prior to the acquisition. The Customs Authorities have filed several claims which are heard independently within various sections of the Florence Provincial Tax Commission. Each claim represents a portion of the period under review. The first hearings with the Florence Provincial Tax Commission commenced on October 29, 2007. Judgments for a number of the claims have been received that were favorable to the Company on certain aspects of the claims and unfavorable on other aspects of the claims. The Company intends to appeal the unfavorable aspects of the judgments. Based on a request by a judge from the Florence Provincial Tax Commission, the Company and the Customs Authorities are exploring the possibility of an out of court settlement. While the Company continues to believe in the strength of its position, the Company recorded an accrual in the fourth quarter of fiscal year 2009 based on the settlement negotiations. Both the amount of the accrual and the possible risk of loss in excess of the accrual are not considered by the Company to be material to its financial results or financial position.

On May 6, 2009, Gucci America, Inc. filed a complaint in the U.S. District Court for the Southern District of New York against Guess?, Inc. and Guess Italia, S.r.l. asserting, among other things, trademark and trade dress law violations and unfair competition. The complaint seeks injunctive relief, unspecified compensatory damages, including treble damages, and certain other relief. A similar complaint has also been filed in the Court of Milan, Italy. The Company plans to defend the allegations vigorously. The Company believes that it is too early to predict the outcome of this action or whether the outcome will have any impact on the Company s financial condition or results of operations.

The Company is also involved in various other claims and other matters incidental to the Company s business, the resolution of which is not expected to have a material adverse effect on the Company s consolidated results of operations or financial position. No material amounts were accrued as of May 2, 2009 related to any of the Company s legal proceedings.

ITEM 1A. Risk Factors.

There have not been any material changes from the Risk Factors as previously disclosed in our Annual Report on Form 10-K for the year ended January 31, 2009, filed with the SEC on March 31, 2009.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Items (a) and (b) are not applicable.

Item (c). Issuer Purchases of Equity Securities

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Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs
February 1, 2009 to February 28, 2009				
Repurchase program(1)				$ 139,539,549
Employee transactions(2)	1,007	$ 16.96		
March 1, 2009 to April 4, 2009				
Repurchase program(1)	407,600	$ 13.00	407,600	$ 134,241,107
Employee transactions(2)	185	$ 13.53		
April 5, 2009 to May 2, 2009				
Repurchase program(1)				$ 134,241,107
Employee transactions(2)	3,962	$ 22.03		
Total				
Repurchase program(1)	407,600	$ 13.00	407,600	
Employee transactions(2)	5,154	$ 20.73		

(1) On March 19, 2008, the Company announced that its Board of Directors had authorized a new 2008 Share Repurchase Program to repurchase, from time-to-time and as market and business conditions warrant, up to $200 million of the Company s common stock. Repurchases may be made on the open market or in privately negotiated transactions, pursuant to Rule 10b5-1 trading plans or other available means. There is no minimum or maximum number of shares to be repurchased under the program and the program may be discontinued at any time, without prior notice.

(2) Consists of shares surrendered to, or withheld by, the Company in satisfaction of employee tax withholding obligations that occur upon vesting of restricted stock awards granted under the Company s 2004 Equity Incentive Plan, as amended.

ITEM 3. Defaults Upon Senior Securities.

None.

ITEM 4. Submission of Matters to a Vote of Security Holders.

None.

ITEM 5. Other Information.

None.

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ITEM 6. Exhibits.

Exhibit Number	Description
3.1.	Restated Certificate of Incorporation of the Registrant (incorporated by reference from Amendment No. 3 to the Registrant s Registration Statement on Form S-1 (Registration No. 333-4419) filed on July 30, 1996).
3.2.	Second Amended and Restated Bylaws of the Registrant (incorporated by reference from the Registrant s Current Report on Form 8-K filed December 4, 2007).
4.1.	Specimen Stock Certificate (incorporated by reference from Amendment No. 3 to the Registrant s Registration Statement on Form S-1 (Registration No. 333-4419) filed on July 30, 1996).
31.1.	Certification of Chief Executive Officer and Vice Chairman of the Board pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2.	Certification of President and Chief Operating Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3.	Certification of Senior Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1.	Certification of Chief Executive Officer and Vice Chairman of the Board pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2.	Certification of President and Chief Operating Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.3.	Certification of Senior Vice President and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Filed herewith

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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 thereunto duly authorized.

Guess?, Inc.

Date: June 10, 2009	By: /s/ CARLOS ALBERINI Carlos Alberini President and Chief Operating Officer
Date: June 10, 2009	By: /s/ DENNIS R. SECOR Dennis R. Secor Senior Vice President and Chief Financial Officer (Principal Financial Officer)