

CONCHO RESOURCES INC  
Form FWP  
May 19, 2011

**Issuer Free Writing Prospectus**  
**Filed by: Concho Resources Inc.**  
**Pursuant to Rule 433 under the Securities Act of 1933**  
**Registration Statement on Form S-3: No. 333-161809**

**Concho Resources Inc.**

**Pricing Term Sheet**

This Pricing Term Sheet is qualified in its entirety by reference to the Preliminary Prospectus Supplement, dated May 18, 2011. The information in this Pricing Term Sheet supplements the Preliminary Prospectus Supplement and supersedes the information in the Preliminary Prospectus Supplement to the extent it is inconsistent with the information in the Preliminary Prospectus Supplement. Capitalized terms used in this Pricing Term Sheet but not defined have the meanings given them in the Preliminary Prospectus Supplement.

Issuer:	Concho Resources Inc.
Security Description:	6 1/2% Senior Notes due 2022
Size:	\$600,000,000
Maturity:	January 15, 2022
Coupon:	6.500%
Price:	100.000% of face amount
Yield to maturity:	6.500%
Interest Payment Dates:	January 15 and July 15, commencing January 15, 2012
Gross Proceeds:	\$600,000,000
Net Proceeds to the Issuer (before expenses):	\$588,000,000
Redemption Provisions:	
First call date:	January 15, 2017
Make-whole call:	Before the first call date at a discount rate of Treasury plus 50 basis points
Redemption prices:	Commencing January 15, 2017: 103.250% Commencing January 15, 2018: 102.167% Commencing January 15, 2019: 101.083% Commencing January 15, 2020 and thereafter: 100.000%

Edgar Filing: CONCHO RESOURCES INC - Form FWP

Redemption with proceeds of equity offering:	Prior to July 15, 2014, up to 35% may be redeemed at 106.500%
Change of control:	Put at 101% of principal plus accrued interest
Trade date:	May 18, 2011
Settlement:	T+3; May 23, 2011
Denominations:	\$2,000 and integral multiples of \$1,000
CUSIP/ISIN:	20605P AC5/ US20605PAC59
Form of Offering:	SEC Registered (Registration No. 333-161809)
Joint book-running managers:	Merrill Lynch, Pierce, Fenner & Smith Incorporated J.P. Morgan Securities LLC Wells Fargo Securities, LLC
Co-managers:	BNP Paribas Securities Corp. Credit Agricole Securities (USA) Inc. ING Financial Markets LLC Barclays Capital Inc. Mitsubishi UFJ Securities (USA), Inc. Lloyds Securities Inc. U.S. Bancorp Investments, Inc. Banco Bilbao Vizcaya Argentaria, S.A. BMO Capital Markets Corp. Capital One Southcoast, Inc. CIBC World Markets Corp. KeyBanc Capital Markets Inc. Natixis Securities North America Inc. RBS Securities Inc. Scotia Capital (USA) Inc. SMBC Nikko Capital Markets Limited SunTrust Robinson Humphrey, Inc. Howard Weil Incorporated

---

The issuer has filed a registration statement (including a prospectus and prospectus supplement) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov). Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by contacting Merrill Lynch, Pierce, Fenner & Smith Incorporated at 4 World Financial Center, New York, NY, 10080, Attention: Syndicate Operations, by calling (800) 294-1322 or by sending an email to [dg.prospectus\\_requests@baml.com](mailto:dg.prospectus_requests@baml.com); J.P. Morgan Securities LLC at 383 Madison Avenue, New York, NY 10179, Attention: Syndicate Desk; or Wells Fargo Securities, LLC at 550 South Tryon Street, 7th Floor, Attention: Client Support, Charlotte, NC 28202, by calling (800) 326-5897 or by sending an email to [cmclientsupport@wellsfargo.com](mailto:cmclientsupport@wellsfargo.com).

#### **Additional Information**

##### **Offering Size**

The Company has increased the offering of the Notes from \$400.0 million aggregate principal amount to \$600.0 million aggregate principal amount. Corresponding changes will be made wherever applicable to the Preliminary Prospectus Supplement, including as discussed below.

##### **Adjusted Ratio of Earnings to Fixed Charges**

The following disclosure is hereby added as the last paragraph of Ratios of Earnings to Fixed Charges and Earnings to Fixed Charges and Preferred Stock Dividends on page S-21, and each other location where it appears in the preliminary prospectus supplement is amended to read as follows:

For the three months ended March 31, 2011 and the year ended December 31, 2010, our consolidated ratio of earnings to fixed charges, on an adjusted basis giving effect to this offering, would have been less than 1:1 and 4.17, respectively. To achieve ratio coverage of 1:1 for the three months ended March 31, 2011, we would have needed additional earnings of approximately \$85.0 million.

##### **Use of Proceeds**

The following disclosure under Use of Proceeds on page S-22 and each other location where it appears in the preliminary prospectus supplement is amended to read as follows:

We expect the net proceeds from this offering to be approximately \$587.5 million, after deducting estimated fees and expenses (including underwriting discounts and commissions). We intend to use the net proceeds from this offering to repay a portion of the outstanding borrowings under our credit facility.

##### **Capitalization**

The following numbers in the Pro forma as Adjusted column under Capitalization on page S-23 and each other location where they appear in the preliminary prospectus supplement are amended to read as follows:

	<b>March 31, 2011</b>
	<b>Pro forma as Adjusted</b>
	<b>(In thousands)</b>
Long-term debt:	
Credit facility(a)	\$163,000
Senior notes offered hereby	\$600,000
Total long-term debt	\$1,659,321
Total capitalization	\$4,116,412

- (a) At March 31, 2011, after giving effect to the repayment of the Marbob Note and the issuance and sale of the notes offered hereby and the application of the estimated net proceeds therefrom, we would have been able to incur an additional \$1.8 billion of indebtedness under our credit facility. For further discussion, see Description of Other

Indebtedness Senior Secured Credit Facility.