

CONCHO RESOURCES INC
Form FWP
March 08, 2012

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 March 7, 2012. 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:	5.5% Senior Notes due 2022
Distribution:	SEC Registered
Size:	\$600,000,000
Maturity:	October 1, 2022
Coupon:	5.500%
Price:	100.000% of face amount
Yield to maturity:	5.500%
Spread to Benchmark Treasury:	+354 basis points
Benchmark Treasury:	UST 2% due February 15, 2022
Interest Payment Dates:	October 1 and April 1, commencing October 1, 2012
Gross Proceeds:	\$600,000,000
Net Proceeds to the Issuer (before expenses):	\$591,000,000
Redemption Provisions:	
First call date:	October 1, 2017
Make-whole call:	Before the first call date at a discount rate of Treasury plus 50 basis points
Redemption prices:	
	Commencing October 1, 2017: 102.750%
	Commencing October 1, 2018: 101.833%
	Commencing October 1, 2019: 100.917%
	Commencing October 1, 2020 and thereafter: 100.000%
Redemption with proceeds of equity offering	Prior to April 1, 2015, up to 35% may be redeemed at 105.500%
Change of control:	Put at 101% of principal plus accrued interest
Trade date:	March 7, 2012
Settlement:	(T+3); March 12, 2012
Denominations:	\$2,000 and integral multiples of \$1,000
CUSIP/ISIN:	20605PAD3 / US20605PAD33
Form of Offering:	SEC Registered (Registration No. 333-161809)

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Joint book-running managers:

J.P. Morgan Securities LLC

Merrill Lynch, Pierce, Fenner & Smith Incorporated

Senior Co-managers:

Wells Fargo Securities, LLC
Barclays Capital Inc.

BMO Capital Markets Corp.

Credit Agricole Securities (USA) Inc.

ING Financial Markets LLC

Mitsubishi UFJ Securities (USA), Inc.

Junior Co-managers:

U.S. Bancorp Investments, Inc.
Capital One Southcoast, Inc.

CIBC World Markets Corp.

Deutsche Bank Securities Inc.

Lloyds Securities Inc.

RBC Capital Markets LLC

RBS Securities Inc.

Scotia Capital (USA) Inc.

SMBC Nikko Capital Markets Limited

Tudor, Pickering, Holt & Co. Securities, Inc.

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. 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 J.P. Morgan Securities LLC at 383 Madison Avenue, New York, NY 10179, Attention: Syndicate Desk; 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; or Wells Fargo Securities, LLC at 550 South Tryon Street, 7th Floor, MAC D1086-070, Charlotte, NC 28202, by calling (800) 326-5897 or by sending an email to cmclientsupport@wellsfargo.com.

Additional Information

Offering Size

The Company has increased the offering of the Notes from \$500.0 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.

Pro Forma 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-18:

For the year ended December 31, 2011, our consolidated ratio of earnings to fixed charges, on an as adjusted basis to give effect to this offering, would have been 6.26.

Use of Proceeds

The following disclosure under Use of Proceeds on page S-19 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 \$590.1 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 As Adjusted column under Capitalization on page S-20 and each other location where they appear in the preliminary prospectus supplement are amended to read as follows:

	December 31, 2011
	As Adjusted
	(in thousands)
Cash and cash equivalents	\$ 6,942
Long-term debt:	
Credit facility	\$
Senior notes offered hereby	\$ 600,000
Total long-term debt	\$ 2,096,641
Total capitalization	\$ 5,077,380