

GOODRICH PETROLEUM CORP

Form 424B5

September 23, 2009

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**Filed pursuant to Rule 424(b)(5)
Registration No. 333-151352**

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price per Unit	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
5.00% Convertible Senior Notes due 2029	\$ 218,500,000	100.00 %	\$ 218,500,000	\$ 12,192.30

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933.

**Prospectus supplement
(To prospectus dated June 2, 2008)**

Goodrich Petroleum Corporation

\$190,000,000

5.00% Convertible Senior Notes due 2029

We are offering \$190,000,000 aggregate principal amount of our 5.00% Convertible Senior Notes due 2029. The notes will bear interest at a rate of 5.00% per annum to, but excluding, October 1, 2029. Interest on the notes will accrue from September 28, 2009. Interest will be payable semiannually in arrears on April 1 and October 1 of each year, beginning April 1, 2010.

Holder may convert their notes at their option at any time prior to the close of business on the second business day immediately preceding the maturity date under the following circumstances: (1) during any fiscal quarter (and only during such fiscal quarter) commencing after December 31, 2009, if the last reported sale price of our common stock is greater than or equal to 135% of the conversion price of the notes (as defined in this prospectus supplement) for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter; (2) prior to October 1, 2014, during the five business-day period after any ten consecutive trading-day period (the measurement period) in which the trading price of \$1,000 principal amount of notes for each trading day in the measurement period was less than 97% of the product of the last reported sale price of our common stock and the conversion rate on such trading day; (3) if the notes have been called for redemption; or (4) upon the occurrence of one of specified corporate transactions described in this prospectus supplement. Holders may also convert their notes at their option at any time beginning on September 1, 2029, and ending at the close of business on the second business day immediately preceding the maturity date.

The conversion rate will be 28.8534 shares per \$1,000 principal amount of notes (equal to an initial conversion price of approximately \$34.6580 per share of common stock), subject to adjustment. Upon conversion, we will deliver, at our option, either (1) a number of shares of our common stock determined as set forth in this prospectus supplement, or (2) a combination of cash and shares of our common stock, if any, as described herein.

In addition, following one of certain corporate transactions that also constitute a fundamental change (as defined in this prospectus supplement), we will increase the conversion rate for a holder who elects to convert its notes in connection with such corporate transactions in certain circumstances.

On or after October 1, 2014, we may redeem for cash all or a portion of the notes at a redemption price of 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest to, but not including, the redemption date.

Subject to certain conditions described in this prospectus supplement, holders may require us to purchase all or a portion of their notes on each of October 1, 2014, October 1, 2019 and October 1, 2024. In addition, if we experience one of specified types of corporate transactions, holders may require us to purchase all or a portion of their notes. Any repurchase of the notes pursuant to these provisions will be for cash at a price equal to 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to, but excluding, the purchase date.

The notes will be our senior unsecured obligations and will rank equally in right of payment with all of our other existing and future senior indebtedness. The notes will be effectively subordinated to all of our secured indebtedness, including indebtedness under our senior credit facility, to the extent of the value of our assets collateralizing such indebtedness.

We have granted the underwriters a 30-day over-allotment option to purchase up to an additional \$28,500,000 principal amount of notes.

The notes will not be listed on any securities exchange. Our common stock is listed on the New York Stock Exchange under the symbol GDP. The last reported sale price of our common stock on the New York Stock Exchange on September 22, 2009 was \$26.66 per share.

Investing in the notes involves risks. See Risk factors beginning on page S-10 of this prospectus supplement.

Neither the Securities and Exchange Commission (SEC) nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per note	Total
Public offering price ⁽¹⁾	100.00%	\$ 190,000,000
Underwriting discounts and commissions	2.75%	\$ 5,225,000
Proceeds, before expenses, to us	97.25%	\$ 184,775,000

(1) Plus accrued interest from September 28, 2009, if settlement occurs after that date.

The underwriters expect to deliver the notes to purchasers on or about September 28, 2009 only in book-entry form through the facilities of The Depository Trust Company.

Sole book-running manager

J.P. Morgan

Joint lead manager

Jefferies & Company

Co-managers

**BBVA Securities
Howard Weil Incorporated
Tudor, Pickering, Holt & Co.**

**BMO Capital Markets
Johnson Rice & Company L.L.C.**

**BNP PARIBAS
Raymond James
Wells Fargo Securities**

**Capital One Southcoast
Pritchard Capital Partners, LLC**

**Macquarie
Simmons & Company
International**

RBC Capital Markets

SMH Capital

SunTrust Robinson Humphrey

The date of this prospectus supplement is September 22, 2009.

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About this prospectus supplement

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer of these securities in any state where the offer is not permitted.

You should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the dates of this prospectus supplement or the accompanying prospectus or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since those dates. It is important that you read and consider all of the information in this prospectus supplement on the one hand, and the information contained in the accompanying prospectus and any other document incorporated by reference, on the other hand, in making your investment decision.

Forward-looking statements

This prospectus supplement contains or incorporates by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements give our current expectations or forecasts of future events. These statements use forward-looking words such as anticipate, believe, expect, estimate, may, project, will, or other similar expressions and discuss forward-looking information, including the following:

- planned capital expenditures;
- future drilling activity;
- our financial condition;
- business strategy;
- the market price of oil and gas;
- economic and competitive conditions;
- legislative and regulatory changes;
- financial market conditions and availability of capital;
- production;

hedging arrangements;

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future cash flows and borrowings;

litigation matters;

more stringent environmental laws and increased difficulty in obtaining environmental permits;

pursuit of potential future acquisition opportunities; and

sources of funding for exploration and development.

Although we believe the expectations and forecasts reflected in these and other forward-looking statements are reasonable, we can give no assurance they will prove to have been correct. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Factors that could cause actual results to differ materially from expected results are described under **Risk factors** and include:

the volatility of oil and gas prices;

the requirement to take writedowns if natural gas and oil prices decline;

our ability to replace, find, develop and acquire natural gas and oil reserves;

our ability to meet our substantial capital requirements;

our outstanding indebtedness;

the uncertainty of estimates of natural gas and oil reserves and production rates;

operating risks of natural gas and oil operations;

dependence upon operations concentrated in the Cotton Valley trend;

delays due to weather or availability of pipeline crews or equipment;

drilling risks;

our hedging activities;

governmental regulation;

environmental matters;

competition; and

our financial results being contingent upon purchasers of our production meeting their obligations.

We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus supplement, and we undertake no obligation to update this information. We urge you to carefully review and consider the disclosures made in this prospectus supplement and our reports filed with the SEC and

incorporated by reference herein that attempt to advise interested parties of the risks and factors that may affect our business.

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Where you can find more information

We file Annual, Quarterly and Current Reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, as amended (the Exchange Act). The reports and documents that we file with the SEC are available free of charge at the SEC's website at <http://www.sec.gov>, as well as at our website at <http://www.goodrichpetroleum.com> under the caption Investor Relations. Information on our website does not constitute part of this prospectus supplement.

You may also read and copy any document we have filed with or furnished to the SEC at its public reference facilities at 100 F Street, N.E., Washington, D.C. 20549. You may obtain copies of these documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-732-0330 for further information on the operation of the public reference facilities. Our public filings are also available on the SEC's web site at <http://www.sec.gov>.

Incorporation of certain documents by reference

This prospectus supplement incorporates by reference certain information we file with the SEC under the Exchange Act. This means that we are disclosing important information to you by referring you to these filings. The information we incorporate by reference is considered a part of this prospectus supplement, and subsequent information that we file with the SEC will automatically update and supersede this information.

Any statement contained in a document incorporated or considered to be incorporated by reference in this prospectus supplement shall be considered to be modified or superseded for purposes of this prospectus supplement to the extent a statement contained in this prospectus supplement or in any other subsequently filed document that is or is considered to be incorporated by reference in this prospectus supplement modifies or supersedes such statement.

We incorporate by reference the following documents that we have filed with the SEC:

our Annual Report on Form 10-K, including information specifically incorporated by reference into our Form 10-K from our Proxy Statement for our Annual Meeting of Stockholders held on May 28, 2009, for the fiscal year ended December 31, 2008;

our Quarterly Reports on Form 10-Q for the three months ended March 31, 2009 and June 30, 2009;

our Current Reports on Form 8-K filed on January 27, 2009 and September 18, 2009 (excluding any information furnished pursuant to Item 2.01 or Item 7.01 of such Current Report on Form 8-K); and

the description of our common stock contained in our registration statement on Form 8-B dated February 3, 1997, including any amendment to that form that we may have filed in the past, or may file in the future, for the purpose of updating the description of our common stock.

In addition, we incorporate by reference any future filings we make with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act from the date of this prospectus supplement until we have sold all of the notes to which this prospectus supplement relates or the offering is

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otherwise terminated. We will provide free copies of any of those documents, if you write or telephone us before October 5, 2009 at:

Goodrich Petroleum Corporation
Attention: Corporate Secretary
808 Travis Street, Suite 1320
Houston, Texas 77002
(713) 780-9494

On or after October 5, 2009, you can write or telephone us at:

Goodrich Petroleum Corporation
Attention: Corporate Secretary
801 Louisiana, Suite 700
Houston, Texas 77002
(713) 780-9494

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Summary

This summary highlights selected information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus and does not contain all of the information you should consider when making your investment decision. We urge you to read all of this prospectus supplement, the accompanying prospectus and the documents incorporated by reference, including our consolidated financial statements and accompanying notes, carefully to gain a fuller understanding of our business and the terms of the notes, as well as some of the other considerations that may be important to you, before making your investment decision. You should pay special attention to the Risk factors section of this prospectus supplement and the accompanying prospectus to determine whether an investment in the notes is appropriate for you.

Unless otherwise indicated, this prospectus supplement assumes no exercise of the underwriters over-allotment option. In this prospectus supplement, the terms Goodrich Petroleum Corporation, Goodrich, we, us, our and similar terms mean Goodrich Petroleum Corporation and its subsidiary. We have provided definitions for some of the oil and gas industry terms used in this prospectus supplement in the Glossary beginning on page S-88 of this prospectus supplement.

Goodrich Petroleum Corporation

We are an independent oil and gas company engaged in the exploration, exploitation, development and production of oil and natural gas properties primarily in East Texas and Northwest Louisiana. Our business strategy is to provide long term growth in net asset value per share through the growth and expansion of our oil and gas reserves and production. We focus on adding reserve value through our relatively low risk development drilling program in the Cotton Valley trend, and the pursuit of horizontal drilling opportunities in the underlying Haynesville Shale formation. The Cotton Valley trend of East Texas and Northwest Louisiana generally provides multiple pay objectives including: the Cotton Valley, Travis Peak, Hosston, James Lime, Pettet and Haynesville Shale formations. While we believe that all of the various play objectives underlying our properties can be economically developed at higher commodity prices, in the current price environment we are concentrating our development efforts on horizontal drilling in the Haynesville Shale and, to a lesser extent, the Cotton Valley Taylor sand. We continue to aggressively pursue the evaluation and acquisition of prospective acreage, oil and gas drilling opportunities and potential property acquisitions. At December 31, 2008, we had estimated proved reserves of approximately 390.4 Bcf of natural gas and 1.9 MMBbls of oil and condensate, or an aggregate of 402.3 Bcfe with a pre-tax present value of future net cash flows, discounted at 10%, or PV-10, of \$169.8 million and an after-tax present value of discounted future net cash flows of \$167.4 million, which is also referred to as the standardized measure of discounted future net cash flows. See Summary production, operating and reserve data for a reconciliation to the standardized measure of discounted future net cash flows.

Our principal executive offices are located at 808 Travis Street, Suite 1320, Houston, Texas 77002. We are relocating our principal executive offices effective October 5, 2009, and as of that date, our offices will be located at 801 Louisiana, Suite 700, Houston, Texas 77002.

Table of Contents**The offering**

The following summary contains basic information about the notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the notes, please refer to the section of this document entitled Description of notes. For purposes of the following summary and the description of the notes included in this prospectus supplement, references to the Company, Issuer, us, we and our refer only to Goodrich Petroleum Corporation and do not include its subsidiary.

Issuer	Goodrich Petroleum Corporation.
Securities	\$190.0 million (or \$218.5 million principal amount if the underwriters exercise their over-allotment option in full) principal amount of 5.00% Convertible Senior Notes due 2029.
Maturity	October 1, 2029, unless earlier redeemed, repurchased or converted.
Ranking	The notes will be our senior unsecured obligations and will rank equally in right of payment to all of our other existing and future senior indebtedness. The notes will be effectively subordinated to all of our secured indebtedness, including indebtedness under our senior credit facility, to the extent of the value of our assets collateralizing such indebtedness and any liabilities of our subsidiary. As of September 18, 2009, and after giving effect to the use of the proceeds from this offering, we would have had approximately \$365 million of outstanding senior indebtedness and other liabilities (excluding trade payables, accrued expenses and intercompany liabilities), none of which represented secured indebtedness.
Interest	5.00% per annum payable semiannually in arrears on April 1 and October 1 of each year, beginning April 1, 2010.
Conversion rights	<p> Holders may convert their notes at any time prior to the close of business on the second business day immediately preceding the maturity date, in multiples of \$1,000 principal amount, at the option of the holder under any of the following circumstances:</p> <p style="padding-left: 40px;"> during any fiscal quarter (and only during that fiscal quarter) commencing after December 31, 2009 if the last reported sale price of our common stock is greater than or equal to 135% of the conversion price (as defined herein) for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter;</p> <p style="padding-left: 40px;"> prior to October 1, 2014, during the five business day period after any ten consecutive trading-day period (the measurement period) in which the trading price per \$1,000 principal amount of notes for each trading day in the measurement period was less than 97% of the product of the last reported sale price of our</p>

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common stock and the conversion rate (as defined herein) on such trading day;

if such notes have been called for redemption; or

upon the occurrence of specified corporate transactions described under Description of notes Conversion rights Conversion upon specified corporate transactions.

Holders may also convert their notes at their option at any time beginning on September 1, 2029, and ending at the close of business on the second business day immediately preceding October 1, 2029.

Conversion rate

The initial conversion rate will be 28.8534 shares of our common stock per \$1,000 principal amount of notes, equivalent to an initial conversion price of approximately \$34.6580 per share of common stock. Such conversion rate will be subject to adjustment in certain events but will not be adjusted for any accrued and unpaid interest.

In addition, following a make-whole fundamental change (as defined in this prospectus supplement) that occurs prior to October 1, 2014, we will, in some cases, increase the conversion rate for a holder who elects to convert its notes in connection with such make-whole fundamental change. See Description of notes Conversion rights Conversion rate adjustments Adjustment to shares delivered upon conversion upon make-whole fundamental change.

Conversion settlement

Upon conversion, we will deliver, at our option, either (1) a number of shares of our common stock equal to the conversion rate or (2) an amount of cash and shares of our common stock as follows:

cash in an amount equal to the lesser of (a) the conversion value and (b) the principal amount of notes to be converted, and

if the conversion value is greater than the principal amount of notes to be converted, a number of shares equal to (i) the difference between the conversion value and the principal amount, divided by (ii) the applicable stock price.

See Description of notes Conversion rights Payment upon conversion.

The conversion value, for each \$1,000 principal amount of notes converted, is an amount equal to the conversion rate multiplied by the applicable stock price.

The applicable stock price is equal to the average of the last reported sale prices of our common stock over the ten trading day period starting on the third trading day following the conversion date of the notes.

At any time on or before the 13th scheduled trading day prior to maturity, we may irrevocably waive in our sole discretion our right to

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satisfy our conversion obligation solely in shares of our common stock as described above.

You will not receive any additional cash payment or additional shares representing accrued and unpaid interest, if any, upon conversion of a note, except in limited circumstances. Instead, interest will be deemed paid by the shares or the combination of cash and shares, if any, of common stock issued to you upon conversion.

Redemption at our option Prior to October 1, 2014, the notes are not redeemable. On or after October 1, 2014, we may redeem for cash all or a portion of the notes at a redemption price of 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest to, but not including, the redemption date.

Purchase of notes by us at the option of the holder Holders have the right to require us to purchase all or a portion of their notes for cash on October 1, 2014, 2019 and 2024, each of which we refer to as a purchase date. In each case, we will pay a purchase price equal to 100% of the principal amount of the notes to be repurchased plus accrued and unpaid interest to but not including the purchase date.

Fundamental change If we undergo a fundamental change, you will have the option to require us to purchase all or any portion of your notes. The fundamental change purchase price will be 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest, to but excluding the fundamental change purchase date. We will pay cash for all notes so purchased. See Description of notes Fundamental change permits holders to require us to purchase notes.

Use of proceeds The net proceeds from this offering will be approximately \$183.5 million (or approximately \$211.2 million if the underwriters exercise their over-allotment option in full), after deducting the underwriter's discount and estimated offering expenses. We intend to use \$80 million of the net proceeds from this offering to repay in full our second lien term loan and to repay all amounts currently outstanding under our senior credit facility. The remainder of the net proceeds will be used for general corporate purposes, including the possible retirement of other indebtedness. Amounts repaid under our senior credit facility may be reborrowed.

Book-entry form The notes will be issued in book-entry form and will be represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company (DTC) and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be

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exchanged for certificated securities, except in limited circumstances. See [Book-entry, settlement and clearance](#).

Absence of public market for the notes

The notes are new securities and there is currently no established market for the notes. Accordingly, we cannot assure you as to the development or liquidity of any market for the notes. The underwriters have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so, and they may discontinue any market making with respect to the notes without notice.

We do not intend to apply for a listing of the notes on any securities or any automated dealer quotation system. Our common stock is listed on the New York Stock Exchange under the symbol [GDP](#).

U.S. federal income tax considerations

For the U.S. federal income tax consequences of the holding, disposition and conversion of the notes, and the holding and disposition of shares of our common stock, see [Certain United States federal income and estate tax considerations](#).

Failure to comply with reporting obligations

Should we fail to comply with the reporting obligations in the indenture or fail to comply with the requirements of Section 314(a)(1) of the Trust Indenture Act, your remedy for the 365 days after the occurrence of such an event of default will consist exclusively of the right to receive additional interest on the notes at an annual rate equal to 0.25% of the principal amount of the notes. See [Description of notes](#) [Events of default](#).

Trustee

The trustee for the notes is Wells Fargo, National Association.

Governing law

The indenture and the notes will be governed by the laws of the State of New York.

Conflicts of interest

Affiliates of certain of the underwriters are lenders under our senior credit facility and our second lien term loan and will receive a portion of the net proceeds from this offering. For more information, see [Conflicts of interest](#).

Risk factors

You should read carefully the [Risk factors](#) beginning on page S-10 of this prospectus supplement and page 4 of the accompanying prospectus for certain considerations relevant to an investment in the notes and any shares of our common stock for which the notes, in certain circumstances, are convertible.

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(in thousands, except share and per share amounts)

The following tables set forth summary consolidated financial data as of and for each of the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2008 and 2009. This data was derived from our audited financial statements included in our Current Report on Form 8-K as filed with the SEC on September 18, 2009 restating our audited financial statements for the retrospective application of FASB Staff Position Accounting Principles Board 14-1 (FSP APB 14-1), from restated balance sheet data as of December 31, 2006 reflecting the adoption of FSP APB 14-1 as of January 1, 2006 (included in such Current Report on Form 8-K) and from our unaudited condensed consolidated financial statements included in our Quarterly Report on Form 10-Q for the six months ended June 30, 2009. Both of the Current Report on Form 8-K and the Quarterly Report on Form 10-Q are incorporated by reference herein. The financial data below should be read together with, and are qualified in their entirety by reference to, our historical consolidated financial statements and the accompanying notes and the

Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in our Current Report on Form 8-K and our Quarterly Report on Form 10-Q described above.

	2006	Year ended December 31,		2008	Six months ended	
		2007		2008	June 30,	2009
					(unaudited)	
Revenues:						
Oil and gas revenues	\$ 73,933	\$ 110,691	\$ 215,369	\$ 111,049	\$ 54,674	
Other	838	614	682	477	50	
	74,771	111,305	216,051	111,526	54,724	
Operating expenses:						
Lease operating expense	12,688	22,465	31,950	14,766	15,980	
Production and other taxes	3,345	2,272	7,542	3,589	2,537	
Transportation	3,791	5,964	8,645	4,256	5,179	
Depletion, depreciation and amortization	37,225	79,766	107,123	54,118	70,195	
Exploration	5,888	7,346	8,404	3,779	5,179	
Impairment of oil and gas properties	9,886	7,696	28,582		23,490	
General and administrative	17,223	20,888	24,254	11,360	13,770	
(Gain) loss on sale of assets	(23)	(42)	(145,876)		(113)	
Other		109				
	90,023	146,464	70,624	91,868	136,217	

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Operating income (loss)	(15,252)	(35,159)	145,427	19,658	(81,493)
Other income (expense):					
Interest expense	(8,343)	(17,878)	(22,410)	(11,447)	(10,506)
Interest Income			2,184		383
Gain (loss) on derivative instruments not designated as hedges	38,128	(6,439)	51,547	(73,434)	39,562
Loss on early extinguishment of debt	(612)				
	29,173	(24,317)	31,321	(84,881)	29,439
Income (loss) from continuing operations before income taxes	13,921	(59,476)	176,748	(65,223)	(52,054)
Income tax (expense) benefit	(4,940)	9,294	(54,472)		20,151
Income (loss) from continuing operations	8,981	(50,182)	122,276	(65,223)	(31,903)
Discontinued operations including gain on sale, net of income taxes	(7,660)	11,469	(502)	564	65
Net income (loss)	1,321	(38,713)	121,774	(64,659)	(31,838)
Preferred stock dividends	6,016	6,047	6,047	3,023	3,024

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	Year ended December 31,			Six months ended	
	2006	2007	2008	2008	June 30, 2009
					(unaudited)
Selected cash flow data:					
Net cash provided by operating activities	\$ 65,133	\$ 85,925	\$ 107,039	\$ 57,096	\$ 63,373
Net cash used in investing activities	(258,737)	(219,193)	(187,786)	(166,413)	(180,045)
Net cash provided by financing activities	179,946	131,532	223,847	110,851	(5,508)

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The following table sets forth summary production data, average sales prices and operating expenses from continuing operations for the years ended December 31, 2006, 2007 and 2008 and for the six months ended June 30, 2008 and 2009.

	Year ended December 31,			Six months ended	
	2006	2007	2008	2008	June 30, 2009
Production⁽¹⁾:					
Natural gas (MMcf)	10,500	15,281	23,174	10,874	13,768
Oil (MBbls)	106	118	167	83	86
Total (MMcfe) ⁽²⁾	11,135	15,991	24,176	11,375	14,287
Average daily production (Mcf/d) ⁽²⁾	30,507	43,811	66,054	62,497	78,931
Average realized sales price per unit⁽¹⁾:					
Natural gas:					
Average realized price (Mcf)	\$ 6.42	\$ 6.69	\$ 8.59	\$ 9.37	\$ 3.70
Oil and condensate:					
Average realized price (Bbl)	\$ 62.03	\$ 71.83	\$ 97.70	\$ 109.70	\$ 42.75
Natural gas and oil:					
Average realized price (Mcf)	\$ 6.64	\$ 6.92	\$ 8.91	\$ 9.76	\$ 3.83
Operating expenses (per Mcfe):					
Lease operating	\$ 1.14	\$ 1.40	\$ 1.32	\$ 1.30	\$ 1.12
Production and other taxes	\$ 0.30	\$ 0.14	\$ 0.31	\$ 0.32	\$ 0.18
Depreciation, depletion and amortization	\$ 3.34	\$ 4.99	\$ 4.43	\$ 4.76	\$ 4.91
Exploration	\$ 0.53	\$ 0.46	\$ 0.35	\$ 0.33	\$ 0.36

(1) Reflects reclassification of prior year amounts to report the results of operations of non-core properties sold in 2007 as discontinued operations related to the sale of substantially all of our South Louisiana properties. See Note 12 Acquisitions and Divestitures to our consolidated financial statements included in our Current Report on Form 8-K as filed with the SEC on September 18, 2009 restating our audited financial statements for the retrospective application of FSP APB 14-1.

(2) Estimated by us using a conversion ratio of one Bbl per six Mcf.

Summary reserve information

The following table sets forth summary information with respect to our historical net proved reserves as of December 31, 2006, 2007 and 2008 and the present values that have been attributed to these reserves at these dates.

Our reserve data and present values shown below are derived from the evaluations performed by Netherland Sewell & Associates, Inc. as of December 31, 2006, 2007 and 2008. Reserve data and present values shown as of December 31, 2006 and 2007 include our former South Louisiana properties, which were sold on March 20, 2007. See Note 12

Acquisitions and Divestitures to our consolidated financial statements included in our Current Report on Form 8-K as filed with the SEC on September 18, 2009 restating our audited financial statements for the retrospective application of FSP APB 14-1.

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Reserve engineering is a subjective process of estimating underground accumulations of crude oil, condensate and natural gas that cannot be measured in an exact manner, and the accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. The quantities of oil and natural gas that are ultimately recovered, production and operating costs, the amount and timing of future development expenditures and future oil and natural gas sales prices may differ from those assumed in these estimates. Therefore, the present value of future net revenues before income taxes and the standardized measure of discounted future net cash flows shown below should not be construed as the current market value of the oil and natural gas reserves attributable to our properties.

	2006	As of December 31,	
		2007	2008
Natural gas (MMcf)	187,012	346,930	390,449
Oil (MBbls)	3,201	1,810	1,983
Total (MMcfe) ⁽¹⁾	206,217	357,792	402,349
Present value of future net revenues before income taxes (in thousands) ⁽²⁾⁽⁴⁾	\$ 214,187	\$ 312,684	\$ 169,844
Standardized measure of discounted future net cash flows (in thousands) ⁽³⁾⁽⁴⁾	\$ 200,281	\$ 284,117	\$ 167,443

(1) Estimated by us using a conversion ratio of one Bbl per six Mcf.

(2) The present value of future net revenues attributable to our reserves was prepared using prices in effect at the end of the respective periods presented, discounted at 10% per annum (PV-10) on a pre-tax basis. PV-10 may be considered a non-GAAP measure as defined by the SEC. We believe that the presentation of PV-10 is relevant and useful to our investors because it presents the discounted future net cash flows attributable to our proved reserves prior to taking into account corporate future income taxes and our current tax structure. We further believe investors and creditors utilize our PV-10 as a basis for comparison of the relative size and value of our reserves to other companies. Our PV-10 as of December 31, 2006, 2007 and 2008 may be reconciled to our standardized measure of discounted future net cash flows as of such date by reducing our PV-10 by the discounted future income taxes associated with such reserves. The discounted future income taxes as of December 31, 2006, 2007 and 2008 were \$13.9 million, \$28.6 million and \$2.4 million, respectively.

(3) The standardized measure of discounted future net cash flows represents the present value of future net revenues after income tax discounted at 10% per annum and has been calculated in accordance with SFAS No. 69, Disclosures About Oil and Gas Producing Activities .

(4) Year-end prices per Mmbtu of natural gas used in making the present value determinations as of December 31, 2006, 2007 and 2008 were \$5.64, \$6.80 and \$5.71, respectively. Year-end prices per Bbl of oil used in making the present value determination as of December 31, 2006, 2007 and 2008 were \$57.75, \$92.50 and \$41.00, respectively. The present value determinations do not include estimated future cash inflows from our hedging programs.

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Risk factors

An investment in the notes or the underlying common stock involves a number of risks. You should carefully consider each of the risks described below, together with all of the other information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding to invest in the notes. If any of the following risks develops into actual events, our business, financial condition or results of operations could be negatively affected, the market price of our notes or the underlying common stock could decline and you may lose all or part of your investment.

Risks related to our business

Our financial and operating results are subject to a number of factors, many of which are not within our control. These factors include the following:

Our actual production, revenues and expenditures related to our reserves are likely to differ from our estimates of proved reserves. We may experience production that is less than estimated and drilling costs that are greater than estimated in our reserve report. These differences may be material.

The proved oil and gas reserve information incorporated by reference in this prospectus supplement are estimates. These estimates are based on reports prepared by Netherland, Sewell & Associates, Inc., our independent reserve engineers, and were calculated using oil and gas prices as of December 31, 2008. These prices will change and may be lower at the time of production than those prices that prevailed at the end of 2008. In particular, natural gas prices have declined substantially since December 31, 2008, which has impacted our revenue and may impact our future estimates of proved reserves and related future net revenues. Reservoir engineering is a subjective process of estimating underground accumulations of oil and gas that cannot be measured in an exact manner. Estimates of economically recoverable oil and gas reserves and of future net cash flows necessarily depend upon a number of variable factors and assumptions, including:

historical production from the area compared with production from other similar producing wells;

the assumed effects of regulations by governmental agencies;

assumptions concerning future oil and gas prices; and

assumptions concerning future operating costs, severance and excise taxes, development costs and workover and remedial costs.

Because all reserve estimates are to some degree subjective, each of the following items may differ materially from those assumed in estimating proved reserves:

the quantities of oil and gas that are ultimately recovered;

the production and operating costs incurred;

the amount and timing of future development expenditures; and

future oil and gas sales prices.

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Furthermore, different reserve engineers may make different estimates of reserves and cash flows based on the same available data. Our actual production, revenues and expenditures with respect to reserves will likely be different from estimates and the differences may be material. The discounted future net cash flows included in this document should not be considered as the current market value of the estimated oil and gas reserves attributable to our properties. As required by the SEC, the standardized measure of discounted future net cash flows from proved reserves are generally based on prices and costs as of the date of the estimate, while actual future prices and costs may be materially higher or lower. Actual future net cash flows also will be affected by factors such as:

the amount and timing of actual production;

supply and demand for oil and gas;

increases or decreases in consumption; and

changes in governmental regulations or taxation.

In addition, the 10% discount factor, which is required by the SEC to be used to calculate discounted future net cash flows for reporting purposes, and which we use in calculating our PV-10, is not necessarily the most appropriate discount factor based on interest rates in effect from time to time and risks associated with us or the oil and gas industry in general.

Our future revenues are dependent on the ability to successfully complete drilling activity.

Drilling and exploration are the main methods we utilize to replace our reserves. However, drilling and exploration operations may not result in any increases in reserves for various reasons. Exploration activities involve numerous risks, including the risk that no commercially productive oil or gas reservoirs will be discovered. In addition, the future cost and timing of drilling, completing and producing wells is often uncertain. Furthermore, drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including:

lack of acceptable prospective acreage;

inadequate capital resources;

unexpected drilling conditions;

pressure or irregularities in formations;

equipment failures or accidents;

unavailability or high cost of drilling rigs, equipment or labor;

reductions in oil and gas prices;

limitations in the market for oil and gas;

title problems;

compliance with governmental regulations;

mechanical difficulties; and

risks associated with horizontal drilling.

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Our decisions to purchase, explore, develop and exploit prospects or properties depend in part on data obtained through geophysical and geological analyses, production data and engineering studies, the results of which are often uncertain.

In addition, while lower oil and gas prices may reduce the amount of oil and natural gas that we can produce economically, higher oil and gas prices generally increase the demand for drilling rigs, equipment and crews and can lead to shortages of, and increasing costs for, such drilling equipment, services and personnel. Such shortages could restrict our ability to drill the wells and conduct the operations which we currently have planned. Any delay in the drilling of new wells or significant increase in drilling costs could adversely affect our ability to increase our reserves and production and reduce our revenues.

Natural gas and oil prices are volatile; a sustained decrease in the price of natural gas or oil would adversely impact our business.

Our success will depend on the market prices of oil and natural gas. These market prices tend to fluctuate significantly in response to factors beyond our control. The prices we receive for our crude oil production are based on global market conditions. The general pace of global economic growth, the continued instability in the Middle East and other oil and gas producing regions and actions of the Organization of Petroleum Exporting Countries, or OPEC, and its maintenance of production constraints, as well as other economic, political, and environmental factors will continue to affect world supply and prices. Domestic natural gas prices fluctuate significantly in response to numerous factors including U.S. economic conditions, weather patterns, other factors affecting demand such as substitute fuels, the impact of drilling levels on crude oil and natural gas supply, and the environmental and access issues that limit future drilling activities for the industry.

Crude oil and natural gas prices are extremely volatile. Average oil and natural gas prices decreased substantially during the year ended December 31, 2008. Any additional actual or anticipated reduction in crude oil and natural gas prices may further depress the level of exploration, drilling and production activity. We expect that commodity prices will continue to fluctuate significantly in the future. The following table includes high and low natural gas prices (price per Mmbtu) and crude oil prices (West Texas Intermediate or WTI) for 2008, as well as these prices at year-end and at September 18, 2009:

	Henry Hub per Mmbtu
July 2, 2008 (high)	\$ 13.31
December 23, 2008 (low)	5.38
December 31, 2008	5.63
September 18, 2009	3.21

WTI per barrel

July 3, 2008 (high)	\$	145.31
December 23, 2008 (low)		30.28
December 31, 2008		44.60
September 18, 2009		72.04

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Changes in commodity prices significantly affect our capital resources, liquidity and expected operating results. Prices for natural gas and crude oil declined sharply in the second half of 2008 and have remained low when compared with average prices in recent years. These lower prices, coupled with the recent turmoil in financial markets that has significantly limited and increased the cost of capital, have compelled most natural gas and oil producers, including us, to reduce the level of exploration, drilling and production activity. This will have a significant effect on our capital resources, liquidity and expected operating results. Any sustained reductions in natural gas and oil prices will directly affect our revenues and can indirectly impact expected production by changing the amount of funds available to us to reinvest in exploration and development activities. Further reductions in oil and natural gas prices could also reduce the quantities of reserves that are commercially recoverable. A reduction in our reserves could have other adverse consequences including a possible downward redetermination of the availability of borrowings under our senior credit facility, which would restrict our liquidity. Additionally, further or continued declines in prices could result in non-cash charges to earnings due to impairment writedowns. Any such writedown could have a material adverse effect on our results of operations in the period taken.

Recent changes in the financial and credit markets may impact economic growth, and a sustained depression of oil and natural gas prices can also affect our ability to obtain funding, obtain funding on acceptable terms or obtain funding under our current credit facility. This may hinder or prevent us from meeting our future capital needs.

We cannot be certain that funding will be available if needed, and to the extent required, on acceptable terms. If funding is not available as needed, or is available only on more expensive or otherwise unfavorable terms, we may be unable to meet our obligations as they come due or we may be unable to implement our development plan, enhance our existing business, complete acquisitions or otherwise take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our production, revenues and results of operations.

Our use of oil and gas price hedging contracts may limit future revenues from price increases and result in significant fluctuations in our net income.

We use hedging transactions with respect to a portion of our oil and natural gas production to achieve more predictable cash flow and to reduce our exposure to price fluctuations. While the use of hedging transactions limits the downside risk of price declines, their use may also limit future revenues from price increases. We hedged approximately 51% of our total production volumes for the year ended December 31, 2008.

Our results of operations may be negatively impacted by our commodity derivative instruments and fixed price forward sales contracts in the future and these instruments may limit any benefit we would receive from increases in the prices for oil and natural gas. For the years ended December 31, 2008 and 2006 we realized a loss on settled commodity derivatives of \$1.8 million and \$2.1 million, respectively. For the year ended December 31, 2007, we realized a gain on settled commodity derivatives of \$9.7 million.

For the year ended December 31, 2008, we recognized in earnings an unrealized gain on commodity derivative instruments not designated as hedges of \$55.4 million. For financial reporting purposes, this unrealized gain was combined with a \$1.8 million realized loss in 2008

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resulting in a total unrealized and realized gain on commodity derivative instruments not designated as hedges of \$53.6 million for 2008.

For the year ended December 31, 2007, we recognized in earnings an unrealized loss on commodity derivative instruments not designated as hedges of \$16.1 million. For financial reporting purposes, this unrealized loss was combined with a \$9.7 million realized gain in 2007 resulting in a total unrealized and realized loss on commodity derivative instruments not designated as hedges of \$6.4 million for 2007.

For the year ended December 31, 2006, we recognized in earnings an unrealized gain on commodity derivative instruments not designated as hedges of \$40.2 million. For financial reporting purposes, this unrealized gain was combined with a \$2.1 million realized loss in 2006 resulting in a total unrealized and realized gain on commodity derivative instruments not designated as hedges of \$38.1 million for 2006. This gain was recognized because the natural gas hedges were deemed ineffective for 2006, and all previously effective oil hedges were deemed ineffective for the fourth quarter of 2006.

We account for our commodity derivative contracts in accordance with SFAS 133. SFAS 133 requires each derivative to be recorded on the balance sheet as an asset or liability at its fair value. Additionally, the statement requires that changes in a derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met at the time the derivative contract is executed. We have elected not to apply hedge accounting treatment to our swaps and collars and, as such, all changes in the fair value of these instruments are recognized in earnings. Our fixed price physical contracts qualify for the normal purchase and normal sale exception. Contracts that qualify for this treatment do not require mark-to-market accounting treatment.

In the future, we will be exposed to volatility in earnings resulting from changes in the fair value of our hedges. See Note 8 Derivative Activities to our Current Report on Form 8-K as filed with the SEC on September 18, 2009 restating our audited financial statements for the retrospective application of FASB Staff Position Accounting Principles Board 14-1, for further discussion.

Delays in development or production curtailment affecting our material properties may adversely affect our financial position and results of operations.

The size of our operations and our capital expenditure budget limits the number of wells that we can develop in any given year. Complications in the development of any single material well may result in a material adverse affect on our financial condition and results of operations. In addition, a relatively small number of wells contribute a substantial portion of our production. If we were to experience operational problems resulting in the curtailment of production in any of these wells, our total production levels would be adversely affected, which would have a material adverse affect on our financial condition and results of operations.

Because our operations require significant capital expenditures, we may not have the funds available to replace reserves, maintain production or maintain interests in our properties.

We must make a substantial amount of capital expenditures for the acquisition, exploration and development of oil and natural gas reserves. Historically, we have paid for these expenditures with cash from operating activities, proceeds from debt and equity financings and asset sales. Our revenues or cash flows could be reduced because of lower oil and natural gas prices or for

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other reasons. If our revenues or cash flows decrease, we may not have the funds available to replace reserves or maintain production at current levels. If this occurs, our production will decline over time. Other sources of financing may not be available to us if our cash flows from operations are not sufficient to fund our capital expenditure requirements. Where we are not the majority owner or operator of an oil and gas property, we may have no control over the timing or amount of capital expenditures associated with the particular property. If we cannot fund such capital expenditures, our interests in some properties may be reduced or forfeited.

If we are unable to replace reserves, we may not be able to sustain production at present levels.

Our future success depends largely upon our ability to find, develop or acquire additional oil and gas reserves that are economically recoverable. Unless we replace the reserves we produce through successful development, exploration or acquisition activities, our proved reserves will decline over time. In addition, approximately 62% of our total estimated proved reserves by volume at December 31, 2008, were undeveloped. By their nature, estimates of undeveloped reserves and timing of their production are less certain. Recovery of such reserves will require significant capital expenditures and successful drilling operations. The lack of availability of sufficient capital to fund such future operations could materially hinder or delay our replacement of produced reserves. We may not be able to successfully find and produce reserves economically in the future. Substantial declines in natural gas prices may also cause us to revise downward certain of our estimated proved undeveloped reserves attributable to future wells that may become uneconomic under reduced price assumptions. In addition, we may not be able to acquire proved reserves at acceptable costs.

We may incur substantial impairment writedowns.

If management's estimates of the recoverable reserves on a property are revised downward or if oil and natural gas prices decline, we may be required to record additional non-cash impairment writedowns in the future, which would result in a negative impact to our financial position. Furthermore, any sustained decline in oil and natural gas prices may require us to make further impairments. We review our proved oil and gas properties for impairment on a depletable unit basis when circumstances suggest there is a need for such a review. To determine if a depletable unit is impaired, we compare the carrying value of the depletable unit to the undiscounted future net cash flows by applying management's estimates of future oil and natural gas prices to the estimated future production of oil and gas reserves over the economic life of the property. Future net cash flows are based upon our independent reservoir engineers estimates of proved reserves. In addition, other factors such as probable and possible reserves are taken into consideration when justified by economic conditions. For each property determined to be impaired, we recognize an impairment loss equal to the difference between the estimated fair value and the carrying value of the property on a depletable unit basis.

Fair value is estimated to be the present value of expected future net cash flows. Any impairment charge incurred is recorded in accumulated depreciation, depletion, and amortization to reduce our recorded basis in the asset. Each part of this calculation is subject to a large degree of judgment, including the determination of the depletable units estimated reserves, future cash flows and fair value. For the years ended December 31, 2008, 2007 and 2006 and the six months ended June 30, 2009, we recorded impairments from continuing operations related to oil and gas properties of \$28.6 million, \$7.7 million, \$9.9 million and \$23.5 million, respectively.

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Management's assumptions used in calculating oil and gas reserves or regarding the future cash flows or fair value of our properties are subject to change in the future. Any change could cause impairment expense to be recorded, impacting our net income or loss and our basis in the related asset. Any change in reserves directly impacts our estimate of future cash flows from the property, as well as the property's fair value. Additionally, as management's views related to future prices change, the change will affect the estimate of future net cash flows and the fair value estimates. Changes in either of these amounts will directly impact the calculation of impairment.

A majority of our production, revenue and cash flow from operating activities are derived from assets that are concentrated in a single geographic area, making us vulnerable to risks associated with operating in one geographic area.

Approximately 99% of our estimated proved reserves at December 31, 2008, and a similar percentage of our production during 2008 were associated with our Cotton Valley trend properties. Accordingly, if the level of production from these properties substantially declines or is otherwise subject to a disruption in our operations resulting from operational problems, government intervention or natural disasters, it could have a material adverse effect on our overall production level and our revenue.

The results of our planned exploratory horizontal drilling in the Haynesville Shale, a newly emerging play with limited drilling and production history, are subject to more uncertainties than our drilling program in the more established shallower Cotton Valley formation and may not meet our expectations for reserves or production.

Production history from horizontal wells in the Haynesville Shale is limited due to the initial discovery occurring within the last three years. Part of the drilling strategy to maximize recoveries from the drilling of horizontal wells in the Haynesville Shale is to use completion techniques involving extensive pressure stimulation and fracturing that have proven successful in other shale formations. The ultimate success of our horizontal drilling and completion strategy and techniques in the formation will be better evaluated over time as more wells are drilled and production profiles are better established. Accordingly, the ultimate results of our future horizontal drilling in the Haynesville Shale over our acreage position are more uncertain than drilling results in the shallower Cotton Valley, where we have established reserves and production as a result of years of development.

We have limited control over the activities on properties we do not operate.

Other companies operate some of the properties in which we have an interest. For example, Chesapeake and Matador Resources Company operate certain properties in the Haynesville Shale. Encana Corporation and St. Mary Land and Exploration Company operate certain properties in the Cotton Valley trend. We have less ability to influence or control the operation or future development of these non-operated properties or the amount of capital expenditures that we are required to fund with respect to them versus those fields in which we are the operator. Our dependence on the operator and other working interest owners for these projects and our reduced influence or ability to control the operation and future development of these properties could materially adversely affect the realization of our targeted returns on capital and lead to unexpected future costs.

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Our ability to sell natural gas and receive market prices for our gas may be adversely affected by pipeline and gathering system capacity constraints and various transportation interruptions.

We operate primarily in the Cotton Valley trend, which is in the same geographic region as the recently discovered Haynesville Shale. A number of companies are currently operating in the Haynesville Shale. If drilling in the Haynesville Shale continues to be successful, the amount of natural gas being produced could exceed the capacity of the various gathering and intrastate or interstate transportation pipelines currently available in this region. If this occurs, it will be necessary for new pipelines and gathering systems to be built. Because of the current economic climate, certain pipeline projects that are planned for the Cotton Valley trend and Haynesville Shale region may not occur or may be substantially delayed for lack of financing. In addition, capital constraints could limit our ability to build intrastate gathering systems necessary to transport our gas to interstate pipelines. In such event, we might have to shut in our wells awaiting a pipeline connection or capacity or sell natural gas production at significantly lower prices than those quoted on NYMEX or that we currently project, which would adversely affect our results of operations.

A portion of our natural gas and oil production in any region may be interrupted, or shut in, from time to time for numerous reasons, including as a result of weather conditions, accidents, loss of pipeline or gathering system access, field labor issues or strikes, or we might voluntarily curtail production in response to market conditions. If a substantial amount of our production is interrupted at the same time, it could temporarily adversely affect our cash flow.

Our debt instruments impose restrictions on us that may affect our ability to successfully operate our business.

Our senior credit facility and second lien term loan contain customary restrictions, including covenants limiting our ability to incur additional debt, grant liens, make investments, consolidate, merge or acquire other businesses, sell assets, pay dividends and other distributions and enter into transactions with affiliates. We also are required to meet specified financial ratios under the terms of our senior credit facility and second lien term loan, the latter of which will be fully repaid with the proceeds of this offering. As of June 30, 2009, we were in compliance with all the financial covenants of our senior credit facility and our second lien term loan. These restrictions may make it difficult for us to successfully execute our business strategy or to compete in our industry with companies not similarly restricted. In addition, as a result of our repayment of our second lien term loan with the proceeds from this offering, the maturity of our current senior credit facility will be extended until August 2011. Any replacement credit facility may have more restrictive covenants or provide us with less borrowing capacity.

We may be unable to identify liabilities associated with the properties that we acquire or obtain protection from sellers against them.

The acquisition of properties requires us to assess a number of factors, including recoverable reserves, development and operating costs and potential environmental and other liabilities. Such assessments are inexact and inherently uncertain. In connection with the assessments, we perform a review of the subject properties, but such a review will not reveal all existing or potential problems. In the course of our due diligence, we may not inspect every well, platform or pipeline. We cannot necessarily observe structural and environmental problems, such as pipeline corrosion, when an inspection is made. We may not be able to obtain contractual indemnities from the seller for liabilities relating to the acquired assets and indemnities are

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unlikely to cover liabilities relating to the time periods after closing. We may be required to assume any risk relating to the physical condition of the properties in addition to the risk that the properties may not perform in accordance with our expectations. The incurrence of an unexpected liability could have a material adverse effect on our financial position and results of operations.

We are subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business.

Development, production and sale of natural gas and oil in the U.S. are subject to extensive laws and regulations, including environmental laws and regulations. We may be required to make large expenditures to comply with environmental and other governmental regulations. Matters subject to regulation include:

discharge permits for drilling operations;

bonds for ownership, development and production of oil and gas properties;

reports concerning operations; and

taxation.

In addition, our operations are subject to stringent federal, state and local environmental laws and regulations governing the discharge of materials into the environment and environmental protection. Governmental authorities enforce compliance with these laws and regulations and the permits issued under them, which can result in an obligation to undertake difficult and costly actions. Failure to comply with these laws, regulations and permits may result in the assessment of administrative, civil and criminal penalties, the imposition of remedial obligations, and the issuance of injunctions limiting or prohibiting some or all of our operations. There is inherent risk of incurring significant environmental costs and liabilities in our business. The imposition of joint and several and strict liabilities is common in environmental laws and may result in us incurring costs in connection with discharges or releases of hydrocarbons and wastes due to our handling of hydrocarbons and wastes, the release of air emissions or water discharges in connection with our operations, and historical industry operations and waste disposal practices conducted by us or predecessor operators on, under or from our properties and from facilities where our wastes have been taken for disposal. Private parties affected by such discharges or releases may also have the right to pursue legal actions to enforce compliance as well as seek damages for personal injury or property damage. In addition, changes in environmental laws and regulations occur frequently, and any such changes that result in more stringent and costly requirements could have a material adverse effect on our business.

Climate change legislation, regulatory initiatives and litigation may adversely affect our operations, our cost structure, or the demand for oil and gas.

On April 17, 2009, the U.S. Environmental Protection Agency, or EPA, issued a notice of its proposed finding and determination that emissions of carbon dioxide, methane, and other greenhouse gases, or GHGs, presented an endangerment to human health and the environment because emissions of such gases are, according to EPA, contributing to warming of the earth's atmosphere. Once finalized, EPA's finding and determination would allow it to begin regulating emissions of GHGs under existing provisions of the federal Clean Air Act. Although it may take EPA several years to adopt and impose regulations limiting emissions of GHGs, any

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limitation on emissions of GHGs from our equipment and operations could require us to incur costs to reduce emissions of GHGs associated with our operations. In addition, on June 26, 2009, the U.S. House of Representatives passed House Bill 2454, also referred to as the Waxman-Markey legislation but formally named the American Clean Energy and Security Act of 2009, which would establish an economy-wide cap-and-trade program to reduce U.S. emissions of carbon dioxide and other GHGs by 17 percent from 2005 levels by 2020 and just over 80 percent by 2050. President Obama is encouraging the Senate to consider climate change legislation during the fall of 2009. Further, on September 21, 2009 a U.S. Federal appellate court reinstated a lawsuit filed by several state attorneys general and others against five of the largest U.S. electric utility companies alleging that those companies have created a public nuisance due to their emissions of carbon dioxide. Although it is not possible at this time to predict if and when the Senate may act on climate change legislation, how any bill passed by the Senate would be reconciled with House Bill 2454 or what effect, if any, the recent decision permitting a nuisance lawsuit to proceed against certain utilities may have on the oil and gas industry, any future federal laws or implementing regulations that may be adopted to address greenhouse gas emissions, as well as future climate change litigation against us or our customers for GHG emissions, could result in increased compliance costs or additional operating restrictions, and could have an adverse effect on demand for the oil and natural gas we produce.

Competition in the oil and gas industry is intense, and we are smaller and have a more limited operating history than some of our competitors.

We compete with major and independent oil and natural gas companies for property acquisitions. We also compete for the equipment and labor required to operate and to develop these properties. Some of our competitors have substantially greater financial and other resources than us. In addition, larger competitors may be able to absorb the burden of any changes in federal, state and local laws and regulations more easily than we can, which would adversely affect our competitive position. These competitors may be able to pay more for oil and natural gas properties and may be able to define, evaluate, bid for and acquire a greater number of properties than we can. Our ability to acquire additional properties and develop new and existing properties in the future will depend on our ability to conduct operations, to evaluate and select suitable properties and to consummate transactions in this highly competitive environment.

Our success depends on our management team and other key personnel, the loss of any of whom could disrupt our business operations.

Our success will depend on our ability to retain and attract experienced engineers, geoscientists and other professional staff. We depend to a large extent on the efforts, technical expertise and continued employment of these personnel and members of our management team. If a significant number of them resign or become unable to continue in their present role and if they are not adequately replaced, our business operations could be adversely affected.

Terrorist attacks or similar hostilities may adversely impact our results of operations.

The impact that future terrorist attacks or regional hostilities (particularly in the Middle East) may have on the energy industry in general, and on us in particular, is unknown. Uncertainty surrounding military strikes or a sustained military campaign may affect our operations in

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unpredictable ways, including disruptions of fuel supplies and markets, particularly oil, and the possibility that infrastructure facilities, including pipelines, production facilities, processing plants and refineries, could be direct targets of, or indirect casualties of, an act of terror or war. Moreover, we have incurred additional costs since the terrorist attacks of September 11, 2001 to safeguard certain of our assets and we may be required to incur significant additional costs in the future.

The terrorist attacks on September 11, 2001, and the changes in the insurance markets attributable to such attacks have made certain types of insurance more difficult for us to obtain. There can be no assurance that insurance will be available to us without significant additional costs. Instability in the financial markets as a result of terrorism or war could also affect our ability to raise capital.

The oil and gas business involves many uncertainties, economic risks and operating risks that can prevent us from realizing profits and can cause substantial losses.

The nature of the oil and gas business involves certain operating hazards such as well blowouts, cratering, explosions, uncontrollable flows of oil, gas or well fluids, fires, formations with abnormal pressures, pollution, releases of toxic gas and other environmental hazards and risks. Any of these operating hazards could result in substantial losses to us. As a result, substantial liabilities to third parties or governmental entities may be incurred. The payment of these amounts could reduce or eliminate the funds available for exploration, development or acquisitions. These reductions in funds could result in a loss of our properties. Additionally, some of our oil and gas operations are located in areas that are subject to weather disturbances such as hurricanes. Some of these disturbances can be severe enough to cause substantial damage to facilities and possibly interrupt production. In accordance with customary industry practices, we maintain insurance against some, but not all, of such risks and losses. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on our financial position and results of operations.

We cannot be certain that the insurance coverage maintained by us will be adequate to cover all losses that may be sustained in connection with all oil and natural gas activities.

We maintain general and excess liability policies, which we consider to be reasonable and consistent with industry standards. These policies generally cover:

- personal injury;
- bodily injury;
- third party property damage;
- medical expenses;
- legal defense costs;
- pollution in some cases;
- well blowouts in some cases; and
- workers compensation.

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As is common in the oil and natural gas industry, we will not insure fully against all risks associated with our business either because such insurance is not available or because we believe the premium costs are prohibitive. A loss not fully covered by insurance could have a materially adverse effect on our financial position and results of operations. There can be no assurance that the insurance coverage that we maintain will be sufficient to cover every claim made against us in the future. A loss in connection with our oil and natural gas properties could have a materially adverse effect on our financial position and results of operations to the extent that the insurance coverage provided under our policies cover only a portion of any such loss.

Title to the properties in which we have an interest may be impaired by title defects.

We generally obtain title opinions on significant properties that we drill or acquire. However, there is no assurance that we will not suffer a monetary loss from title defects or title failure. Additionally, undeveloped acreage has greater risk of title defects than developed acreage. Generally, under the terms of the operating agreements affecting our properties, any monetary loss is to be borne by all parties to any such agreement in proportion to their interests in such property. If there are any title defects or defects in assignment of leasehold rights in properties in which we hold an interest, we will suffer a financial loss.

Our large inventory of undeveloped acreage and large percentage of undeveloped proved reserves may create additional economic risk.

Our success is largely dependent upon our ability to develop our large inventory of future drilling locations, undeveloped acreage and undeveloped reserves in our resource-style plays in Texas and Louisiana. As of December 31, 2008 approximately 62% of our total proved reserves were undeveloped. To the extent our drilling results are not as successful as we anticipate, natural gas and oil prices decline, or sufficient funds are not available to drill these locations and reserves, we may not capture the expected or projected value of these properties. In addition, our estimates of gross unrisked well locations incorporated by reference in this prospectus supplement may not be reflective of what we will, or could, drill on such acreage. Such estimates are intended only to reflect our view of the potential for drilling on such acreage as of the date of such incorporated report. The numbers of wells on such acreage that we drill or participate in drilling could be substantially different.

Certain U.S. federal income tax deductions currently available with respect to oil and gas exploration and development may be eliminated as a result of future legislation.

President Obama's Proposed Fiscal Year 2010 Budget includes proposed legislation that would, if enacted into law, make significant changes to United States tax laws, including the elimination of certain key U.S. federal income tax incentives currently available to oil and natural gas exploration and production companies. These changes include, but are not limited to, (i) the repeal of the percentage depletion allowance for oil and natural gas properties, (ii) the elimination of current deductions for intangible drilling and development costs, (iii) the elimination of the deduction for certain domestic production activities, and (iv) an extension of the amortization period for certain geological and geophysical expenditures. It is unclear whether any such changes will be enacted or how soon any such changes could become effective. The passage of any legislation as a result of these proposals or any other similar changes in U.S. federal income tax laws could eliminate certain tax deductions that are currently available

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with respect to oil and gas exploration and development, and any such change could negatively affect our financial condition and results of operations.

Risks related to the notes

Although the notes are referred to as senior notes, the notes are effectively subordinated to the rights of our existing and future secured creditors and any liabilities of our subsidiary.

The notes will be our senior unsecured obligations and will rank equally in right of payment to all of our other existing and future senior indebtedness.

The notes initially will not be guaranteed by our subsidiary and accordingly will be structurally subordinated to all of the indebtedness and other liabilities of our subsidiary, including all outstanding borrowings under our senior credit facility, all of which are secured by assets and are direct obligations or guaranteed by our subsidiary.

In addition, the notes will be effectively subordinated to existing secured financings and any other secured indebtedness incurred by us to the extent of the value of the assets securing such indebtedness. As a result, in the event of any distribution or payment of our assets in any bankruptcy, liquidation or dissolution, holders of secured indebtedness will have prior claim to those assets that constitute their collateral. Holders of the notes will participate ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as the notes, and potentially with all of our general creditors, based on the respective amounts owed to each holder or creditor, in our remaining assets. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the notes.

As of September 18, 2009, and after giving effect to the use of the proceeds from this offering, we would have had approximately \$365 million of outstanding senior indebtedness and other liabilities (excluding trade payables, accrued expenses and intercompany liabilities), none of which represented secured indebtedness.

We have a substantial amount of indebtedness coming due before the maturity date of the notes.

We have a substantial amount of indebtedness coming due before the maturity date of the notes. On December 1, 2011, holders of our 3.25% Convertible Senior Notes due 2026, which we refer to as the 2026 Notes, can require us, at their option, to repurchase the 2026 Notes for cash at a repurchase price equal to 100% of \$175 million, the principal amount, plus accrued interest to, but excluding, the repurchase date.

A failure to comply with the covenants and other provisions of our 2026 Notes and any future debt instruments could result in events of default under such instruments, which could permit acceleration of our various outstanding notes. Any required repayment of our indebtedness as a result of acceleration would lower our current cash on hand such that we would not have those funds available for use in our business.

If we are at any time unable to generate sufficient cash flow from operations to service our indebtedness when payment is due, we may be required to attempt to renegotiate the terms of the instruments relating to the indebtedness, seek to refinance all or a portion of the indebtedness or obtain additional financing. There can be no assurance that we will be able to successfully renegotiate such terms, that any such refinancing would be possible or that any additional financing could be obtained on terms that are favorable or acceptable to us.

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As a holding company, our only source of cash is distributions from our subsidiary.

We are a holding company with no operations of our own and we conduct all of our business through our subsidiary, Goodrich Petroleum Company L.L.C. The notes will be exclusively obligations of Goodrich Petroleum Corporation. We are wholly dependent on the cash flow of our subsidiary and dividends and distributions to us from our subsidiary in order to service our current indebtedness, including the notes, and any of our future obligations. Our subsidiary is a separate and distinct legal entity and will have no obligation, contingent or otherwise, to pay any amounts due pursuant to the notes or to make any funds available therefore. The ability of our subsidiary to pay such dividends and distributions will be subject to, among other things, statutory or contractual restrictions. We cannot assure you that our subsidiary will generate cash flow sufficient to pay dividends or distributions to us in order to pay interest or other payments on the notes.

Recent developments in the convertible debt markets may adversely affect the market value of the notes.

Governmental actions that interfere with the ability of convertible debt investors to effect short sales of the underlying shares of our common stock could significantly affect the market value of the notes. Such government actions would make the convertible arbitrage strategy that many convertible debt investors employ difficult to execute for outstanding convertible debt of any company whose shares of common stock are subject to such actions. The convertible debt markets have experienced unprecedented disruptions resulting from, among other things, the instability in the credit and capital markets and the emergency orders issued by the SEC on September 17 and 18, 2008 (and extended on October 1, 2008). These orders were issued as a stop-gap measure while the U.S. Congress worked to provide a comprehensive legislative plan to stabilize the credit and capital markets. Among other things, these orders temporarily imposed a prohibition on effecting short sales of common stock of certain financial companies. As a result, the SEC orders made the convertible arbitrage strategy that many convertible debt investors employ difficult to execute for outstanding convertible debt of those companies whose common stock was subject to the short sale prohibition. Although the SEC orders expired on October 8, 2008, the SEC is currently considering instituting other limitations on effecting short sales (such as the up-tick rule) and other regulatory organizations may do the same. Among the approaches to restrictions on short selling currently under consideration by the SEC, one would apply on a market wide and permanent basis, including adoption of a new uptick rule or an alternative uptick rule that would allow short selling only at an increment above the national best bid, while the other would apply only to a particular security during severe market declines in that security, and would involve, among other limitations, bans on short selling in a particular security during a day if there is a severe decline in price in that security. If such limitations are instituted by the SEC or any other regulatory agencies, the market value of the notes could be adversely affected.

A fundamental change may adversely affect us or the notes.

You may have the right to require us to repurchase your notes upon the occurrence of a fundamental change as described in Description of notes Fundamental change permits holders to require us to purchase notes. Our senior credit facility currently prohibits, and future debt we may incur may limit our ability to, repurchase the notes upon a fundamental change. Also, if a fundamental change occurs, we cannot assure you that we will have enough funds to repurchase all the notes.

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Furthermore, the fundamental change provisions, including the provisions requiring us to increase the conversion rate by a number of additional shares related to conversions in connection with a fundamental change, may in certain circumstances make more difficult or discourage a takeover of our company and the removal of incumbent management.

We may not have the ability to raise the funds necessary to settle conversion of the notes or to purchase the notes upon a fundamental change or on other purchase dates, and our debt may contain limitations on our ability to pay cash upon conversion or repurchase of the notes.

Upon conversion of the notes, we may or, following our irrevocable election to do so, will be required to pay up to the principal amount of the notes in cash. In addition, on October 1, 2014, October 1, 2019 and October 1, 2024, holders of the notes may require us to purchase their notes for cash. See Description of notes Purchase of notes by us at the option of the holder. Holders may also require us to purchase their notes upon a fundamental change as described under Description of notes Fundamental change permits holders to require us to purchase notes. We cannot assure you that we would have sufficient financial resources, or would be able to arrange financing, to pay the settlement amount in cash, or the purchase price or fundamental change purchase price for the notes tendered by the holders in cash.

Further, our ability to pay the settlement amount in cash, or the purchase price or fundamental change purchase price for the notes in cash may be subject to limitations we may have in our credit facilities or any other indebtedness we may have in the future. If you convert your notes or require us to repurchase them, we may seek the consent of our lenders or attempt to refinance our debt, but there can be no assurance that we will be able to do so.

Failure by us to pay the settlement amount upon conversion or purchase the notes when required will result in an event of default with respect to the notes, which may also result in the acceleration of our other indebtedness.

Future sales of our common stock or the issuance of other equity may adversely affect the market price of our common stock and the value of the notes.

Sales of our common stock or other equity-related securities could depress the market price of the notes, our common stock, or both, and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of our common stock or other equity-related securities would have on the market price of our common stock or the value of the notes. The price of our common stock could be affected by possible sales of our common stock by investors who view the notes as a more attractive means of equity participation in our company and by hedging or arbitrage trading activity that we expect to develop involving our common stock. The hedging or arbitrage could, in turn, affect the market price of the notes.

The market price of the notes could be significantly affected by the market price of our common stock and other factors.

We expect that the market price of our notes will be significantly affected by the market price of our common stock. This may result in greater volatility in the market price of the notes than would be expected for nonconvertible debt securities. The market price of our common stock will likely continue to fluctuate in response to factors including the factors discussed elsewhere in Risk factors and in Forward-looking statements, many of which are beyond our control.

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The conditional conversion feature of the notes could result in your receiving less than the value of the common stock or cash and common stock, as applicable, into which a note would otherwise be convertible.

Prior to September 1, 2029, the notes are convertible only if specified conditions are met. If the specific conditions for conversion are not met, you will not be able to convert your notes, and you may not be able to receive the value of the common stock or cash and common stock, as applicable, into which the notes would otherwise be convertible.

Upon conversion of the notes, we may pay a settlement amount consisting of cash and shares of our common stock, if any, based upon a specified period of 10 trading days.

If we elect to settle our conversion obligation in cash and common stock, if any, or if we waive our right to satisfy our conversion obligation solely in shares of our common stock, we will be required to satisfy our conversion obligation to holders by paying cash, up to the principal amount of notes to be converted, and by delivering shares of our common stock with respect to the excess conversion value of the notes to be converted determined using the applicable stock price. Accordingly, upon conversion of a note, holders might not receive any shares of our common stock, or they might receive fewer shares of common stock relative to the conversion value of the note as of the conversion date. In addition, because of the 10 trading-day period relevant to determining the applicable stock price, settlement will be delayed until at least the 13th trading day following the related conversion date (and possibly later). See Description of notes Conversion rights Payment upon conversion. Upon conversion of the notes, you may receive less proceeds than expected because the value of our common stock may decline (or not appreciate as much as you may expect) between the conversion date and the day the settlement amount of your notes is determined.

The notes are not protected by restrictive covenants.

The indenture governing the notes does not contain any financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by us or our subsidiary. The indenture contains no covenants or other provisions to afford protection to holders of the notes in the event of a fundamental change involving us except to the extent described under Description of notes Fundamental change permits holders to require us to purchase notes, and Description of notes Conversion rights Conversion rate adjustments Adjustment to shares delivered upon conversion upon make-whole fundamental change.

The adjustment to the conversion rate for notes converted in connection with a make-whole fundamental change may not adequately compensate you for any lost value of your notes as a result of such transaction.

If a make-whole fundamental change occurs prior to October 1, 2014 we will, under certain circumstances, increase the conversion rate by a number of additional shares of our common stock for notes converted in connection with make-whole fundamental change. The increase in the conversion rate will be determined based on the date on which the specified corporate transaction becomes effective and the price paid per share of our common stock in such transaction, as described below under Description of notes Conversion rights Conversion rate adjustments Adjustments to shares delivered upon conversion upon certain fundamental changes. The adjustment to the conversion rate for notes converted in connection with a

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make-whole fundamental change may not adequately compensate you for any lost value of your notes as a result of such transaction. In addition, if the effective date for the make-whole fundamental change occurs on or after October 1, 2014 or if the price of our common stock in the transaction is greater than \$150.00 per share or less than \$26.66 (in each case, subject to adjustment), no adjustment will be made to the conversion rate. In addition, in no event will the total number of shares of common stock issuable upon conversion as a result of this adjustment exceed 37.5093 shares per \$1,000 principal amount of notes, subject to adjustments in the same manner as the base conversion rate as set forth under Description of notes Conversion rights Conversion rate adjustments.

Our obligation to increase the conversion rate in connection with any make-whole fundamental change could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

The conversion rate of the notes may not be adjusted for all dilutive events.

The conversion rate of the notes is subject to adjustment only for certain specified events, including, but not limited to, the issuance of stock dividends on our common stock, the issuance of certain rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness, or assets, cash dividends and certain issuer tender or exchange offers as described under Description of notes Conversion rights Conversion rate adjustments. However, the conversion rate will not be adjusted for other events, such as a third party tender or exchange offer or an issuance of common stock for cash, that may adversely affect the trading price of the notes or the common stock.

Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the notes.

Upon the occurrence of a fundamental change, you have the right to require us to repurchase your notes. See Description of notes Fundamental change permits holders to require us to purchase notes. However, the fundamental change provisions will not afford protection to holders of notes in the event of certain transactions. For example, transactions such as leveraged recapitalizations, refinancings, restructurings, or acquisitions initiated by us may not constitute a fundamental change requiring us to repurchase the notes. In the event of any such transaction, the holders would not have the right to require us to repurchase the notes, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of notes.

There is no public market for the notes and we cannot assure you that an active trading market will develop for the notes.

Prior to this offering, there has been no trading market for the notes. We do not intend to apply for listing of the notes on any securities exchange or other stock market. We have been informed by the underwriters that they intend to make a market in the notes after the offering is completed. However, the underwriters may cease their market-making at any time without notice. In addition, the liquidity of the trading market in the notes, and the market price quoted for the notes, may be adversely affected by changes in the overall market for this type of security and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. Further, such market making activities will be subject to

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limits imposed by the United States federal securities laws, and may be limited during the pendency of any shelf registration statement. As a result, we cannot assure you that an active trading market will develop for the notes. If any of the notes are traded after their initial issuance, they may trade at a discount from their initial offering price and you will be unable to resell your notes or may be able to sell them only at a substantial discount. Future trading prices of the notes will depend on many factors, including prevailing interest rates, the market for similar securities, general economic conditions and our financial condition, performance and prospects.

You may be subject to tax if we make or fail to make one of certain adjustments to the conversion rate of the notes, even though you do not receive a corresponding cash distribution.

The conversion rate of the notes is subject to adjustment in certain circumstances, including the payment of cash dividends. If the conversion rate is adjusted as a result of a distribution that is taxable to our common stockholders, such as a cash dividend, you may be deemed to have received a dividend subject to United States federal income tax without the receipt of any cash. In addition, a failure to adjust (or to adjust adequately) the conversion rate after an event that increases your proportionate interest in us could be treated as a deemed taxable dividend to you. If a make-whole fundamental change occurs on or prior to the maturity date of the notes, under some circumstances, we will increase the conversion rate for notes converted in connection with the make-whole fundamental change. Such increase may also be treated as a distribution subject to United States federal income tax as a dividend. See Certain United States federal income and estate tax considerations. If you are a non-U.S. holder (as defined in Certain United States federal income and estate tax considerations), any deemed dividend may be subject to United States federal withholding tax at a 30% rate, or such lower rate as may be specified by an applicable treaty. Any withholding tax on such a deemed dividend may be withheld from interest, shares of common stock or sales proceeds subsequently paid or credited to you. See Certain United States federal income and estate tax considerations.

If you hold notes, you are not entitled to any rights with respect to our common stock, but you are subject to all changes made with respect to our common stock.

If you hold notes, you are not entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock), but you are subject to all changes affecting the common stock. You will only be entitled to rights on the common stock if and when we deliver shares of common stock to you upon conversion of your notes and in limited cases under the anti-dilution adjustments of the notes. For example, in the event that an amendment is proposed to our certificate of incorporation or by-laws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to delivery of the common stock, 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.

The fundamental change purchase feature of the notes may delay or prevent an otherwise beneficial takeover attempt of our company.

The terms of the notes require us to purchase the notes for cash in the event of a fundamental change. A takeover of our company would trigger the requirement that we purchase the notes.

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This may have the effect of delaying or preventing a takeover of our company that would otherwise be beneficial to investors. See also Risks related to our common stock Our certificate of incorporation and bylaws contain provisions that could discourage an acquisition or change of control of us and Description of capital stock Anti-takeover provisions of our certificate of incorporations and bylaws.

Conversion of the notes may dilute the ownership interest of existing stockholders, including holders who have previously converted their notes.

The conversion of the notes may dilute the ownership interests of existing stockholders, including holders who have previously converted their notes. Any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock.

Risks related to our common stock

We do not intend to pay, and are restricted in our ability to pay, dividends on our common stock.

We have never declared or paid cash dividends on our common stock. We currently intend to retain future earnings and other cash resources, if any, for the operation and development of our business and do not anticipate paying any cash dividends on our common stock in the foreseeable future. Payment of any future dividends will be at the discretion of our board of directors after taking into account many factors, including our financial condition, operating results, current and anticipated cash needs and plans for expansion. In addition, our current credit facility prohibits us from paying cash dividends on our common stock. Any future dividends may also be restricted by any loan agreements that we may enter into from time to time.

Insiders own a significant amount of common stock, giving them influence or control in corporate transactions and other matters, and the interests of these individuals could differ from those of other stockholders.

Members of our board of directors and our management team beneficially own in excess of 36% of our outstanding shares of common stock. As a result, these stockholders are in a position to significantly influence or control the outcome of matters requiring a stockholder vote, including the election of directors, the adoption of an amendment to our certificate of incorporation or bylaws and the approval of mergers and other significant corporate transactions. Their control of us may delay or prevent a change of control of us and may adversely affect the voting and other rights of other stockholders.

Our certificate of incorporation and bylaws contain provisions that could discourage an acquisition or change of control of us.

Our certificate of incorporation authorizes our board of directors to issue preferred stock without shareholder approval. If our board of directors elects to issue preferred stock, it could be more difficult for a third party to acquire control of us. In addition, provisions of the certificate of incorporation and bylaws, such as limitations on shareholder proposals at meetings of shareholders and restrictions on the ability of our shareholders to call special meetings, could also make it more difficult for a third party to acquire control of us. Our bylaws provide that

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our board of directors is divided into three classes, each elected for staggered three-year terms. Thus, control of the board of directors cannot be changed in one year; rather, at least two annual meetings must be held before a majority of the members of the board of directors could be changed.

These provisions of our certificate of incorporation and bylaws may delay, defer or prevent a tender offer or takeover attempt that a shareholder might consider in his or her best interest, including attempts that might result in a premium over the market price for the common stock. Please read [Description of capital stock](#) for additional details concerning the provisions of our certificate of incorporation and bylaws.

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Use of proceeds

The net proceeds from this offering will be approximately \$183.5 million (or approximately \$211.2 million if the underwriters exercise their over-allotment option in full), after deducting the underwriters' discount and estimated offering expenses.

We intend to use \$80 million of the net proceeds from this offering to repay in full our second lien term loan and to repay all amounts outstanding under our senior credit facility (\$5.0 million as of September 18, 2009). The remainder of the net proceeds will be used for general corporate purposes, including the possible retirement of other indebtedness. Amounts repaid under our senior credit facility may be reborrowed.

Following the application of the net proceeds of this offering to repay our second lien term loan in full, the maturity of our senior credit facility will be extended to August 31, 2011. As of September 18, 2009, we had \$5.0 million outstanding under our senior credit facility, with a weighted average interest rate of 2.52%.

Our second lien term loan matures on December 31, 2010. As of September 18, 2009, we had \$75.0 million outstanding under our second lien term loan, with a weighted average interest rate of 6.01%.

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Capitalization
(in thousands, except per share amounts)

The following table shows our capitalization as of June 30, 2009:

on an actual basis; and

as adjusted to reflect the offering of the notes and the application of the net proceeds as described under Use of proceeds, assuming that the underwriters do not exercise their over-allotment option to purchase additional notes.

This table should be read in conjunction with Summary consolidated financial data and Use of proceeds, appearing elsewhere in this prospectus supplement, and Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements, including the accompanying notes, appearing in our Current Report on Form 8-K as filed with the SEC on September 18, 2009 restating our audited financial statements for the retrospective application of FASB Staff Position Accounting Principles Board 14-1, and our unaudited consolidated condensed interim financial statements appearing in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009, which are incorporated by reference into this prospectus supplement.

	Actual	June 30, 2009 As adjusted (unaudited)
Cash and cash equivalents	\$ 25,368	\$ 133,893
Total long-term debt, including current portion:		
Long-term debt:		
Senior credit facility ⁽¹⁾	\$	\$
Second lien term loan	75,000	
3.25% convertible senior notes due 2026 ⁽²⁾	155,404	155,404
Notes offered hereby ⁽³⁾		147,036
Total	\$ 230,404	\$ 302,440
Stockholders' equity:		
Preferred stock \$1.00 par value, 10,000,000 shares authorized, 2,250,000 issued and outstanding, actual; and 2,250,000 shares issued and outstanding, as adjusted	\$ 2,250	\$ 2,250
Common stock, \$0.20 par value, 100,000,000 shares authorized, 37,394,084 issued and outstanding, actual; and 37,394,084 shares issued and outstanding, as adjusted ⁽⁴⁾	7,154	7,154
Treasury stock, 458 shares, actual; and 458 shares, as adjusted	(12)	(12)
Additional paid-in capital ⁽²⁾⁽³⁾	602,456	629,541
Retained earnings	21,588	21,588

Accumulated other comprehensive income (loss)

Total stockholders' equity	633,436	660,521
Total capitalization	\$ 863,840	\$ 962,961

- (1) As of September 18, 2009, we had \$5.0 million outstanding under our senior credit facility, which will be repaid in full with the proceeds from this offering. Amounts repaid under our senior credit facility may be reborrowed.
- (2) We adopted FASB Staff Position Accounting Principles Board 14-1 as of January 1, 2009. As a result of this adoption, the \$175 million aggregate principal amount of our 3.25% convertible senior notes due 2026 is presented net of a debt discount of \$19.6 million, which debt discount increases Additional paid-in capital by \$12.7 million (after tax).
- (3) The \$190 million aggregate principal amount of 5.00% convertible senior notes due 2029 offered hereby is presented net of a discount of \$42.96 million, of which \$27.1 million (after tax) increases Additional paid-in capital.
- (4) Excludes the following at June 30, 2009 (i) 1,596,200 shares reserved for issuance pursuant to our stock option plans, in addition to 957,633 outstanding options to purchase shares (having a weighted average exercise price of \$21.20 per share), (ii) 385,272 shares of unvested restricted stock; (iii) shares issuable upon conversion of the notes offered hereby; (iv) up to 2,653,928 shares issuable upon the conversion of our 3.25% convertible senior notes, and (v) up to 3,587,850 shares issuable upon conversion of our preferred stock.

Table of Contents**Price range of common stock**

Our common stock is traded on the New York Stock Exchange under the symbol GDP.

At September 18, 2009, the number of holders of record of our common stock without determination of the number of individual participants in security positions was 1,371 with 37,398,291 shares outstanding. High and low sales prices for our common stock for each calendar quarter are as follows:

	High	Sales price Low
2007		
First quarter	\$ 36.90	\$ 28.09
Second quarter	38.31	30.91
Third quarter	41.14	28.64
Fourth quarter	35.20	22.05
2008		
First quarter	\$ 30.71	\$ 16.63
Second quarter	84.85	28.00
Third quarter	86.18	34.73
Fourth quarter	43.88	15.95
2009		
First quarter	\$ 36.79	\$ 14.57
Second quarter	31.39	18.25
Third quarter (through September 22)	28.26	20.81

On September 22, 2009, the closing sale price of our common stock, as reported by the New York Stock Exchange, was \$26.66 per share. We encourage you to obtain current market price quotations for our common stock.

Dividend policy

We have neither declared nor paid any cash dividends on our common stock and do not anticipate declaring any dividends in the foreseeable future. We expect to retain our cash for the operation and expansion of our business, including exploration, development and production activities. In addition, our senior credit facility contains restrictions on the payment of dividends to the holders of common stock.

Table of Contents**Ratio of earnings to fixed charges**

The following table contains our consolidated ratios of earnings to fixed charges for the periods indicated.

	2004	2005	Years ended December 31,			Six months ended
			2006	2007	2008	June 30, 2009
Ratios of earnings to fixed charges	(a)	(b)	2.67	(c)	8.89 ^(e)	(d)(e)

- (a) Earnings for the year ended December 31, 2004 were inadequate to cover fixed charges. The coverage deficiency was \$3.6 million.
- (b) Earnings for the year ended December 31, 2005 were inadequate to cover fixed charges. The coverage deficiency was \$36.7 million.
- (c) Earnings for the year ended December 31, 2007 were inadequate to cover fixed charges. The coverage deficiency was \$59.5 million.
- (d) Earnings for the six months ended June 30, 2009 were inadequate to cover fixed charges. The coverage deficiency was \$52.1 million.
- (e) Supplemental pro forma ratio of earnings to fixed charges After giving effect to this offering and the application of \$80 million of the net proceeds from this offering to repay in full our second lien term loan and to repay all amounts outstanding under our senior credit facility, the ratio of earnings to fixed charges would have been 6.0x for the year ended December 31, 2008. In addition, earnings for the six months ended June 30, 2009 were inadequate to cover fixed charges. After giving effect to this offering and the application of \$80 million of the net proceeds from this offering to repay in full our second lien term loan and to repay all amounts outstanding under our senior credit facility, the coverage deficiency for the six months ended June 30, 2009 would have been \$57.8 million.

For purposes of determining the ratio of earnings to fixed charges, earnings are defined as income (loss) before continuing operations before income taxes less fixed charges (excluding capitalized interest). Fixed charges consist of interest expense and amortization of deferred financing costs and discount or premium relating to any indebtedness.

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Description of certain indebtedness

The following is a description of the principal terms of our indebtedness:

Senior credit facility

On May 5, 2009, we entered into a Second Amended and Restated Credit Agreement (Senior Credit Facility) that replaced our previous facility. Total lender commitments under the Senior Credit Facility are \$350 million. The Senior Credit Facility matures on October 1, 2010, and following our repayment of the Second Lien Term Loan with the proceeds from this offering, the maturity will be extended to August 31, 2011. The Senior Credit Facility can be further extended to July 1, 2012 upon receipt of proceeds from a refinancing sufficient to prepay our 3.25% convertible senior notes due 2026. Revolving borrowings under the Senior Credit Facility are limited to, and subject to periodic redeterminations of the borrowing base. The initial borrowing base was established at \$175 million. The borrowing base interest on revolving borrowings under the Senior Credit Facility accrues at a rate calculated, at our option, at the bank base rate plus 0.75% to 1.50%, or LIBOR plus 2.25% to 3.00%, depending on borrowing base utilization. Pursuant to the terms of the Senior Credit Facility, borrowing base redeterminations will be on a semi-annual basis on each April 1 and October 1 beginning on October 1, 2009. The current availability under the Senior Credit Facility is \$170 million.

Substantially all our assets are pledged as collateral to secure the Senior Credit Facility.

The terms of the Senior Credit Facility requires us to maintain certain covenants. Capitalized terms used, but not defined, here have the meanings assigned to them in the Senior Credit Facility. The primary financial covenants include:

Current Ratio of 1.0/1.0;

Interest Coverage Ratio which is not less than 3.0/1.0 for the trailing four quarters; and

Total Debt no greater than 3.0 times EBITDAX for the trailing four quarters (EBITDAX is earnings before interest expense, income tax, DD&A, exploration expense and impairment of oil and gas properties. In calculating EBITDAX for this purpose, earnings include realized gains (losses) from derivatives but exclude unrealized gains (losses) from derivatives. The 3.25% convertible senior notes are excluded from the calculation of Total Debt for the purpose of computing this ratio).

In connection with the offering of the notes, we have entered into an amendment of our Senior Credit Facility to permit the issuance of the notes and required payments made on the notes thereafter, and to exclude up to \$175 million of our existing convertible notes and the notes offered hereby from the definition of Total Debt used in our financial covenants under the Senior Credit Facility.

As of June 30, 2009, we were in compliance with all of the financial covenants of the Senior Credit Facility.

We intend to use a portion of the net proceeds from this offering to repay all amounts outstanding under the Senior Credit Facility (\$5.0 million as of September 18, 2009).

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Second lien term loan

On January 16, 2008, we entered into a new Second Lien Term Loan Agreement which provides for a 3-year, secured, non-revolving loan of \$75.0 million and is due in a single maturity on December 31, 2010. We had no rights to prepay in the first year. Voluntary prepayment rights in the second year are at 101% of par, and thereafter at par. Interest on the Second Lien Term Loan accrues at a rate of LIBOR plus 550 basis points and is payable quarterly in arrears. As of June 30, 2009, we were in compliance with all of the financial covenants of our Second Lien Term Loan. The terms of the Second Lien Term Loan Agreement contain financial covenants which include:

an asset coverage ratio (defined as the present value of proved reserves discounted 10% to total debt, which excludes 3.25% convertible senior notes) of not less than 1.5 to 1.0;

a total debt to EBITDAX ratio of not more than 3.0 to 1.0 (total debt excludes the 3.25% convertible senior notes); and

an EBITDAX to interest expense ratio of not less than 3.0 to 1.0.

We intend to use a portion of the net proceeds from this offering to repay the \$75.0 million outstanding under the Second Lien Term Loan, as well as associated prepayment fees.

3.25% convertible senior notes due 2026

In December 2006, we sold \$175 million of 3.25% convertible senior notes due in December 2026. The notes mature on December 1, 2026, unless earlier converted, redeemed or repurchased. The notes are our senior unsecured obligations and will rank equally in right of payment to all of our other existing and future indebtedness. The notes accrue interest at a rate of 3.25% annually, and interest is paid semi-annually on June 1 and December 1. Interest payments on the notes began on June 1, 2007.

Before December 1, 2011, we may not redeem the notes. On or after December 1, 2011, we may redeem all or a portion of the notes for cash, and the investors may require us to repurchase the notes on each of December 1, 2011, 2016 and 2021. Upon conversion, we have the option to deliver shares at the applicable conversion rate, redeem in cash or in certain circumstances redeem in a combination of cash and shares. The notes are convertible into shares of our common stock at a rate equal to the sum of:

a) 15.1653 shares per \$1,000 principal amount of notes (equal to a base conversion price of approximately \$65.94 per share) plus

b) an additional amount of shares per \$1,000 of principal amount of notes equal to the incremental share factor (2.6762), multiplied by a fraction, the numerator of which is the applicable stock price less the base conversion price and the denominator of which is the applicable stock price.

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Description of notes

The Company will issue the notes under an indenture dated as of September 28, 2009, as amended and supplemented by a supplemental indenture dated as of September 28, 2009 (as so amended and supplemented, the indenture) between itself and Wells Fargo, National Association, as trustee (the trustee). The terms of the notes 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).

You may request a copy of the indenture from us as set forth in Incorporation of certain documents by reference.

The notes will be an issue of our Senior Debt Securities described in the accompanying base prospectus. This Description of notes supersedes, with respect to the notes, the description of the Senior Debt Securities in the accompanying base prospectus in its entirety. The following description is a summary of the material provisions of the notes and the indenture, and does not purport to be complete. This summary is subject to and is qualified by reference to all the provisions of the notes and the indenture, including the definitions of certain terms used in these documents. We urge you to read the indenture and the notes because they, and not this description, define your rights as a holder of the notes.

For purposes of this description, references to the Company, we, our and us refer only to Goodrich Petroleum Corporation and not to its subsidiaries.

General

The notes:

will initially be limited to an aggregate principal amount of \$190.0 million (or \$218.5 million if the underwriters over-allotment option is exercised in full);

mature on October 1, 2029 unless earlier converted, redeemed or repurchased;

will be issued in denominations of \$1,000 and multiples of \$1,000; and

will be represented by one or more registered notes in global form, but in certain limited circumstances may be represented by notes in definitive form. See Book-entry, settlement and clearance.

The notes will be general unsecured, senior obligations of the Company, ranking equally in right of payment with all of our existing and future senior indebtedness, including our indebtedness under our revolving credit facility and term loan. The notes will be effectively subordinated to all of our existing and future secured indebtedness, including indebtedness under our revolving credit facility, to the extent of the value of collateral securing such indebtedness. As of September 18, 2009, on a *pro forma* basis after giving effect to this offering and the use of proceeds of this offering, we would have had approximately \$365 million of outstanding senior indebtedness and other liabilities (excluding trade payables, accrued expenses and intercompany liabilities), none of which represented secured indebtedness. The notes are structurally subordinated to all of our secured indebtedness.

The indenture does not limit the amount of debt that may be issued by the Company or its subsidiaries. Other than restrictions described under Fundamental change permits holders to

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require us to purchase notes and Consolidation, merger and sale of assets below, and except for the provisions set forth under Conversion rights Conversion rate adjustments Adjustment to shares delivered upon conversion upon make-whole fundamental change the indenture does not contain any covenants or other provisions designed to afford holders of the notes protection in the event of a highly leveraged transaction involving the Company or in the event of a decline in the credit of the Company as the result of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving the Company that could adversely affect such holders.

We may, without the consent of the holders, issue additional notes under the indenture with the same terms and with the same CUSIP numbers as the notes offered hereby in an unlimited aggregate principal amount, provided that such additional notes are fungible with the notes offered hereby for federal income tax purposes. We may also from time to time repurchase notes in open market purchases or negotiated transactions without prior notice to holders.

The Company does not intend to list the notes on a national securities exchange.

Payments on the notes; paying agent and registrar; transfer and exchange

We will pay principal of, and any premium on, certificated notes at the office or agency designated by the Company for that purpose. We have initially designated the trustee as our paying agent and registrar. We may, however, change the paying agent or registrar without prior notice to the holders of the notes, and the Company may act as paying agent or registrar. Interest (including additional interest, if any), on certificated notes will be payable (i) to holders having an aggregate principal amount of \$5.0 million or less, by check mailed to the holders of these notes and (ii) to holders having an aggregate principal amount of more than \$5.0 million either by check mailed to each holder or, upon application by a holder to the registrar not later than the relevant record date, by wire transfer in immediately available funds to that holder's account within the United States, which application shall remain in effect until the holder notifies, in writing, the registrar to the contrary.

We will pay principal of and interest on (including additional interest, if any) notes in global form registered in the name of or held by or on behalf of 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.

A holder of notes may transfer or exchange notes at the office of the registrar in accordance with the indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents. 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 similar governmental charge required by law or permitted by the indenture. The Company is not required to register any transfer or exchange of any note selected for redemption or surrendered for conversion. Also, the Company is not required to register any transfer or exchange of any note in certificated form for a period of 15 days before the mailing of a notice of redemption.

The registered holder of a note will be treated as the owner of it for all purposes, and references to holders or you in this description are to registered holders unless the context otherwise indicates.

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Interest

The notes will bear interest at a rate of 5.00% per annum from September 28, 2009, or from the most recent interest payment date on which interest has been paid or provided for. Interest will be payable semiannually in arrears on April 1 and October 1 of each year, beginning April 1, 2010, to holders of record on the immediately preceding March 15 or September 15. Interest on the notes will be computed on the basis of a 360-day year composed of twelve 30-day months.

References to interest in this prospectus supplement include additional interest, if any, payable at our election as the sole remedy relating to the failure to comply with our reporting obligations as described under Events of default.

Optional redemption

Prior to October 1, 2014, the notes will not be redeemable. On or after October 1, 2014, we may redeem for cash all or a portion of the notes, upon not less than 30 or more than 60 calendar days notice before the redemption date to the trustee, the paying agent and each holder of the notes, at a redemption price of 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest to, but not including, the redemption date (unless the redemption date is between a regular record date and the interest payment date to which it relates, in which case we will pay accrued and unpaid interest to the holder of record on such regular record date).

If we decide to redeem fewer than all of the outstanding notes, the trustee will select the notes to be redeemed (in principal amounts of \$1,000 or multiples thereof) by lot, or on a pro rata basis or by another method the trustee considers fair and appropriate, including any method required by DTC or any successor depository. If the trustee selects a portion of your note for partial redemption and you convert a portion of the same note, the converted portion will be deemed to be from the portion selected for redemption.

In the event of any redemption in part, we will not be required to register the transfer of or exchange any note so selected for redemption, in whole or in part, except the unredeemed portion of any note being redeemed in part.

Conversion rights

General

Prior to September 1, 2029, the notes will be convertible only upon satisfaction of one or more of the conditions described under the headings Conversion upon satisfaction of sale price condition, Conversion upon satisfaction of trading price condition, Conversion upon notice of redemption, and Conversion upon specified corporate transactions. On and after September 1, 2029, the notes will be convertible until the close of business on the second business day immediately preceding the maturity date of the notes regardless of the foregoing conditions. Upon conversion, we will deliver, for each \$1,000 principal amount of notes converted at our election, either (i) a number of shares of our common stock equal to the conversion rate, or (ii) a combination of cash and shares of our common stock, in each case as described under Payment upon conversion below. In addition, at any time on or before the 13th scheduled trading day prior to maturity, we may irrevocably waive in our sole discretion without the consent of the holders of the notes, by notice to the trustee and the holders of the notes, our right to satisfy our conversion obligations solely in shares of our common stock as described above.

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The initial conversion rate for any notes to be converted will be 28.8534 shares per \$1,000 principal amount of notes, subject to adjustment as described under Conversion rate adjustments. The conversion rate may be adjusted in certain corporate transactions that also constitute a make-whole fundamental change. See Adjustment to shares delivered upon conversion upon make-whole fundamental change below.

The conversion price per \$1,000 principal amount of notes is a dollar amount (initially \$34.6580) determined by dividing \$1,000 by the conversion rate.

The last reported sale price of our common stock on any date means the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in composite transactions for the principal U.S. national or regional securities exchange on which our common stock is listed for trading. If our common stock is not listed for trading on a U.S. national or regional securities exchange on the relevant date, the last reported sale price will be the mid-point of the last quoted bid and ask prices for our common stock in the over-the-counter market on the relevant date as reported by the Pink OTC Markets Inc. or similar organization. If our common stock is not so quoted, the last reported sale price will be the average of the mid-point of the last bid and ask prices for our common stock on the relevant date from each of at least three nationally recognized independent investment banking firms (which may include one or more underwriters or their affiliates) selected by us for this purpose.

A trading day is any day during which (i) trading in our common stock generally occurs, and (ii) there is no market disruption event. For purposes of the definition of trading day, market disruption event means the occurrence or existence during the one-half hour period ending on the scheduled close of trading on the principal U.S. national or regional securities exchange on which our common stock is listed for trading of any material suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the stock exchange or otherwise) in our common stock or in any options contracts or future contracts relating to our common stock.

If we call notes for redemption, a holder of notes may convert notes only until the close of business on the third scheduled trading day (as defined below) prior to the redemption date unless we fail to pay the redemption price. If a holder of notes has submitted notes for repurchase upon a fundamental change or on a purchase date that is unrelated to a fundamental change, the holder may convert those notes only if that holder withdraws the repurchase notice delivered by that holder in accordance with the terms of the indenture and the holder is otherwise entitled to convert.

Upon conversion, you will not receive any separate cash payment or shares for accrued and unpaid interest unless such conversion occurs between a regular record date and the interest payment date to which it relates as described below. Our delivery to you of shares of our common stock or a combination of cash and shares of our common stock, if applicable, together with any cash payment for any fractional share, into which a note is convertible, will be deemed to satisfy in full our obligation to pay:

the principal amount of the note; and

accrued and unpaid interest to, but not including, the conversion date.

As a result, accrued and unpaid interest to, but not including, the conversion date will be deemed to be paid in full rather than cancelled, extinguished or forfeited.

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Notwithstanding the preceding paragraph, if notes are converted after 5:00 p.m., New York City time, on a regular record date for the payment of interest, holders of such notes at 5:00 p.m., New York City time, on such record date will receive the interest payable on such notes on the corresponding interest payment date notwithstanding the conversion. Any notes surrendered for conversion during the period from 5:00 p.m., New York City time, on any regular record date to 9:00 a.m., New York City time, on the immediately following interest payment date, must be accompanied by funds equal to the amount of interest payable on the notes so converted; provided that no such payment need be made:

if we have specified a redemption date that is after a record date and on or prior to the third trading day following the corresponding interest payment date;

if we have specified a fundamental change purchase date that is after a record date and on or prior to the corresponding interest payment date; or

to the extent of any overdue interest, if any overdue interest exists at the time of conversion with respect to such note.

If a holder converts notes, we will pay any documentary, stamp or similar issue or transfer tax due on the issue of any shares of our common stock upon the conversion, unless the tax is due because the holder requests any shares to be issued in a name other than the holder's name, in which case the holder will pay that tax.

Conversion upon satisfaction of sale price condition

A holder may surrender all or a portion of its notes for conversion during any fiscal quarter (and only during such fiscal quarter) commencing after December 31, 2009 if the last reported sale price of the common stock for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter is greater than or equal to 135% of the conversion price on such last trading day.

Conversion upon satisfaction of trading price condition

Prior to October 1, 2014, a holder of notes may surrender its notes for conversion during the five business day period after any 10 consecutive trading day period (the measurement period) in which the trading price per \$1,000 principal amount of notes, as determined following a request by a holder of notes in accordance with the procedures described below, for each trading day of the measurement period was less than 97% of the product of the last reported sale price of our common stock and the conversion rate for such trading day.

The trading price of a note on any date of determination means the average of the secondary market bid quotations per note obtained by the bid solicitation agent for \$5.0 million principal amount of notes at approximately 3:30 p.m., New York City time, on such determination date from two independent nationally-recognized securities dealers we select, but if only one such bid can reasonably be obtained by the bid solicitation agent, this one bid shall be used; provided however that for purposes of the foregoing provision, if the bid solicitation agent cannot reasonably obtain on any trading day at least one bid for \$5.0 million principal amount of the notes from a nationally recognized securities dealer, then the trading price per \$1,000 principal amount of notes for such trading day will be deemed to be less than 97% of the product of the last reported sale price of our common stock and the conversion rate.

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The bid solicitation agent will initially be the trustee. We may change the bid solicitation agent, but the bid solicitation agent will not be our affiliate. The bid solicitation agent will solicit bids from securities dealers that are believed by us to be willing to bid for the notes.

In connection with any conversion upon satisfaction of the above trading price condition, the bid solicitation agent shall have no obligation to determine the trading price of the notes unless we have requested such determination; and we shall have no obligation to make such request unless a holder of a note provides us with reasonable evidence that the trading price per \$1,000 principal amount of notes would be less than 97% of the product of the last reported sale price of our common stock and the conversion rate. At such time, we shall instruct the bid solicitation agent to determine the trading price of the notes beginning on the next trading day and on each successive trading day until the trading price per \$1,000 principal amount of notes for any trading day is greater than or equal to 97% of the product of the last reported sale price of our common stock and the conversion rate. If, upon presentation of such reasonable evidence by the holder, the bid solicitation agent does not make such determination, then the trading price per \$1,000 principal amount of the notes will be deemed to be less than 97% of the product of the last reported sale price of our common stock and the conversion rate.

If the trading price condition has been met, we shall so notify the holders of the notes. If, at any point after the trading price condition has been met, the trading price per \$1,000 principal amount of the notes is greater than 97% of the product of the last reported sale price of our common stock and the conversion rate we shall so notify the holders of the notes.

Conversion upon notice of redemption

If we call any or all of the notes for redemption, holders may convert notes that have been so called for redemption at any time prior to the close of business on the third scheduled trading day prior to the redemption date, even if the notes are not otherwise convertible at such time, after which time the holder's right to convert will expire unless we default in the payment of the redemption price.

Conversion upon specified corporate transactions

Certain distributions

If we elect to:

distribute to all holders of our common stock any rights or warrants entitling them to purchase, for a period expiring within 45 days after the ex-dividend date of the distribution, shares of our common stock at a price per share less than the average of the last reported sale prices of our common stock for the 10 consecutive trading-day period ending on the trading day preceding the ex-dividend date for such distribution; or

distribute to all holders of our common stock our assets, debt securities or certain rights to purchase our securities, which distribution has a per share value, as determined by our board of directors, exceeding 15% of the last reported sale price of our common stock on the trading day immediately preceding the ex-dividend date for such distribution, we must notify the holders of the notes at least 15 scheduled trading days prior to the ex-dividend date for such distribution. Once we have given such notice, holders may surrender their notes for conversion at any time until the earlier of 5:00 p.m., New York City time, on the business day

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immediately prior to the ex-dividend date or our announcement that such distribution will not take place, even if the notes are not otherwise convertible at such time.

The ex-dividend date is the first date on which the shares of our common stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance, dividend or distribution in question.

Certain corporate events

If we are party to a transaction described in clause (2) of the definition of fundamental change (without giving effect to the proviso in such clause or the paragraph following that definition set forth under Fundamental change permits holders to require us to purchase notes), we must notify holders of the notes at least 15 scheduled trading days prior to the anticipated effective date for such transaction. Once we have given such notice, holders may surrender their notes for conversion at any time until seven scheduled trading days after the actual effective date of such transaction or, if later, the related fundamental change purchase date. In addition, you may surrender all or a portion of your notes for conversion if a fundamental change of the type described in clauses (1) and (3) of the definition of fundamental change occurs. In such event, you may surrender notes for conversion at any time beginning on the actual effective date of such fundamental change until and including the date which is seven scheduled trading days after the actual effective date of such transaction or, if later, until the related fundamental change purchase date corresponding to such fundamental change.

Conversion during specified period immediately prior to maturity

Notwithstanding anything herein to the contrary, a holder may surrender its notes for conversion beginning on September 1, 2029, until the close of business on the second business day immediately preceding October 1, 2029.

Conversion procedures

If you hold a beneficial interest in a global note, to convert you must comply with DTC's procedures for converting a beneficial interest in a global note and, if required, pay funds equal to interest payable on the next interest payment date to which you are not entitled and, if required, pay all taxes or duties, if any.

If you hold a certificated note, to convert you must:

complete and manually sign the conversion notice on the back of the note, or a facsimile of the conversion notice;

deliver the conversion notice, which is irrevocable, and the note to the conversion agent;

if required, furnish appropriate endorsements and transfer documents;

if required, pay all transfer or similar taxes; and

if required, pay funds equal to interest payable on the next interest payment date to which you are not entitled.

The date you comply with these requirements is the conversion date under the indenture. If we satisfy our conversion obligation solely in shares of our common stock (plus cash in lieu of

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fractional shares), the person in whose name any shares of our common stock shall be issuable upon such conversion will become the holder of record of such shares of our common stock as of the close of business on the conversion date. If we satisfy our conversion obligation in cash and shares of our common stock (plus cash in lieu of fractional shares), the person in whose name any shares of our common stock shall be issuable upon such conversion will become the holder of record of such shares of common stock as of the close of business on the last trading day of the related ten trading day period used to determine the applicable stock price.

If a holder has already delivered a purchase notice as described under either Purchase of notes by us at the option of the holder or Fundamental change permits holders to require us to purchase notes with respect to a note, the holder may not surrender that note for conversion until the holder has withdrawn the notice in accordance with the indenture.

Delivery of any shares of common stock will be accomplished by delivery to the conversion agent of certificates for the relevant number of shares of common stock, other than in the case of holders of notes in book-entry form with DTC, which shares of common stock shall be delivered in accordance with DTC customary practices. In addition, we will pay cash for any fractional shares of common stock, as described above.

Payment upon conversion

In the event that we receive a holder's notice of conversion upon satisfaction of one or more of the conditions to conversion described above, we will notify the relevant holders within two scheduled trading days following the conversion date whether we will satisfy our obligation to convert the notes through delivery of (i) shares of our common stock equal to the conversion rate (plus cash in lieu of any fractional shares) or (ii) a combination of cash and shares of our common stock as described below. In addition, at any time on or before the 13th scheduled trading day prior to maturity, we may irrevocably waive, in our sole discretion without the consent of the holders, by notice to the trustee and the holders of the notes, our right to satisfy our conversion obligation in shares of our common stock (plus cash in lieu of any fractional shares) pursuant to clause (i) above. We will not be permitted to elect the option described in clause (i) above if we have made the election to waive our right to do so. Notwithstanding the foregoing, if we elect to redeem the notes, we will, in our notice of redemption, elect whether we will settle any conversions of notes called for redemption pursuant to clause (i) or (ii) above (unless we have irrevocably elected to waive our right to satisfy our conversion obligation pursuant to clause (i) above), which election shall apply to all notes converted following our notice of redemption.

If we elect to settle our obligation to convert the notes (the conversion obligation) solely in shares of our common stock as described above, we will deliver, as soon as practicable following the determination of the applicable stock price, for each \$1,000 principal amount of notes, a number of shares of our common stock equal to the conversion rate, plus cash in lieu of any fractional shares determined as described below.

If we elect to settle our conversion obligation in cash and shares of our common stock pursuant to clause (ii) above, we will deliver, as soon as practicable following the determination of the applicable stock price, for each \$1,000 principal amount of notes:

cash in an amount equal to the lesser of (a) the conversion value and (b) \$1,000;

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if the conversion value is greater than \$1,000, an amount in shares equal to the difference between the conversion value and \$1,000, divided by the applicable stock price; and

cash in lieu of any fractional shares as described below.

The conversion value for each \$1,000 principal amount of notes to be converted, is an amount equal to the conversion rate for such notes multiplied by the applicable stock price for such notes.

The applicable stock price for any note to be converted is equal to the average of the last reported sale prices of our common stock over the ten trading day period starting on, and including, the third trading day following the conversion date for such notes.

We will deliver cash in lieu of any fractional share of common stock issuable in connection with settlement of the conversion obligation based on the applicable stock price. The delivery of shares of our common stock, if any, will occur through the conversion agent or DTC, as the case may be.

Conversion rate adjustments

The conversion rate will be adjusted only as described below, except that we will not make any adjustments to the conversion rate if holders of the notes participate, at the same time as holders of our common stock and solely as a result of holding the notes, in any of the transactions described below without having to convert their notes as if they held the full number of shares of our common stock equal to the conversion rate, multiplied by the principal amount of notes held by such holder divided by \$1,000, without having to convert their notes.

(1) If we issue shares of our common stock as a dividend or distribution on all of our shares of our common stock, or if we effect a share split or share combination, the conversion rate will be adjusted based on the following formula:

$$CR = CR_0 \times \frac{OS}{OS_0}$$

where,

CR_0 = the conversion rate in effect immediately prior to the ex-dividend date for such dividend or distribution, or the effective date of such share split or share combination, as the case may be;

CR = the new conversion rate in effect immediately after the ex-dividend date for such dividend or distribution, or the effective date of such share split or share combination, as the case may be;

OS_0 = the number of shares of our common stock outstanding immediately prior to the ex-dividend date for such dividend or distribution, or the effective date of such share split or share combination, as the case may be; and

OS = the number of shares of our common stock outstanding immediately after such dividend or distribution, or the effective date of such share split or share combination, as the case may be.

Any adjustment made pursuant to this clause (1) shall become effective immediately after (x) the ex-dividend date for such dividend or distribution or (y) the date on which such split or combination becomes effective, as applicable. If any dividend or distribution described in this

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clause (1) is declared but not so paid or made, the new conversion rate shall be readjusted to the conversion rate that would then be in effect if such dividend or distribution had not been declared.

(2) If we distribute to all holders of our common stock any rights or warrants (other than pursuant to any rights plan described in the second bullet point under clause (3) below) entitling them to purchase, for a period of not more than 45 days after the ex-dividend date for the distribution, shares of our common stock at a price per share less than the average of the last reported sale prices of our common stock for the 10 consecutive trading-day period ending on the trading day preceding the ex-dividend date for such distribution, the conversion rate will be adjusted based on the following formula:

$$CR = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where,

CR_0 = the conversion rate in effect immediately prior to the ex-dividend date for such distribution;

CR = the new conversion rate in effect immediately after the ex-dividend date for such distribution;

OS_0 = the number of shares of our common stock outstanding immediately prior to the ex-dividend date for such distribution;

X = the total number of shares of our common stock issuable pursuant to such rights or warrants; and

Y = the number of shares of our common stock equal to the aggregate price payable to exercise such rights or warrants divided by the average of the last reported sale prices of our common stock over the consecutive trading-day period ending on the trading day immediately preceding the ex-dividend date for such distribution.

For purposes of this clause (2), in determining whether any rights or warrants entitle the holders to subscribe for or purchase common stock at less than the applicable last reported sale prices of our common stock, and in determining the aggregate exercise or conversion price payable for such common stock, there shall be taken into account any consideration received by the Company for such rights or warrants and any amount payable on exercise or conversion thereof, with the value of such consideration, if other than cash, to be determined by our board of directors. If any right or warrant described in this clause (2) is not exercised or converted prior to the expiration of the exercisability or convertibility thereof, the new conversion rate shall be readjusted to the conversion rate that would then be in effect if such right or warrant had not been so issued. Any adjustment made pursuant to this clause (2) shall become effective immediately after the ex-dividend date for the applicable distribution.

(3) If we distribute shares of our capital stock, evidences of our indebtedness or other assets or property of ours to all holders of our common stock, excluding:

dividends or distributions referred to in clause (1) or (2) above;

rights issued to all holders of our common stock pursuant to a rights plan, where such rights are not presently exercisable, continue to trade with our common stock and holders

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will receive such rights together with any common stock upon conversion as described below;

dividends or distributions paid exclusively in cash; and

spin-offs to which the provisions set forth below in this clause (3) shall apply;

then the conversion rate will be adjusted based on the following formula:

$$CR = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where,

CR_0 = the conversion rate in effect immediately prior to the ex-dividend date for such distribution;

CR = the new conversion rate in effect immediately after the ex-dividend date for such distribution;

SP_0 = the average of the last reported sale prices of our common stock over the 10 consecutive trading-day period ending on, and including, the trading day immediately preceding the ex-dividend date for such distribution; and

FMV = the fair market value (as determined by our board of directors) of the shares of capital stock, evidences of indebtedness, assets or property distributed with respect to each outstanding share of our common stock on the ex-dividend date for such distribution.

An adjustment to the conversion made pursuant to the foregoing provisions of this clause (3) shall become effective immediately after the ex-dividend date for the applicable distribution.

If FMV (as defined above) is equal to or greater than SP_0 (as defined above), in lieu of the adjustment described in this clause (3), each holder of a note 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 shares of our common stock, the amount and kind of our capital stock, evidences of our indebtedness or other assets or property of ours (including cash, rights, options or warrants to acquire our capital stock or other securities) that such holder would have received if such holder owned a number of shares of our common stock equal to the conversion rate in effect immediately prior to the ex-dividend date for such distribution.

With respect to an adjustment pursuant to this clause (3) where there has been a payment of a dividend or other distribution on our common stock or shares of capital stock of any class or series, or similar equity interest, of or relating to a subsidiary or other business unit, which we refer to as a spinoff, the conversion rate in effect immediately before 5:00 p.m., New York City time, on the tenth trading day immediately following, and including, the effective date of the spin-off will be adjusted based on the following formula:

$$CR = CR_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

where,

CR_0 = the conversion rate in effect immediately prior to the tenth trading day immediately following, and including, the effective date of the spin-off;

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CR = the new conversion rate in effect immediately after the tenth trading day immediately following, and including, the effective date of the spin-off;

FMV₀ = the average of the last reported sale prices of the capital stock or similar equity interest distributed to holders of our common stock applicable to one share of our common stock over the first 10 consecutive trading-day period immediately following, and including, the effective date of the spin-off; and

MP₀ = the average of the last reported sale prices of our common stock over the first 10 consecutive trading-day period immediately following, and including, the effective date of the spin-off.

The adjustment to the conversion rate under the foregoing provisions of this clause (3) will occur immediately after the tenth trading day immediately following, and including, the effective date of the spin-off *provided* that, for purposes of determining the conversion rate, in respect of any conversion date occurring during the ten trading days following the effective date of any spin-off, references within the portion of this clause (3) related to spin-offs to 10 trading days shall be deemed replaced with such lesser number of trading days as have elapsed between the effective date of such spinoff and the relevant conversion date.

If any such dividend or distribution described in this clause (3) is declared but not paid or made, the new conversion rate shall be readjusted to be the conversion rate that would then be in effect if such dividend or distribution had not been declared.

(4) If any cash dividend or distribution is made to all holders of our common stock, the conversion rate will be adjusted based on the following formula:

$$CR = CR_0 \times \frac{SP_0}{SP_0 - C}$$

where,

CR₀ = the conversion rate in effect immediately prior to the ex-dividend date for such dividend or distribution;

CR = the new conversion rate in effect immediately after the ex-dividend date for such dividend or distribution;

SP₀ = the last reported sale price of our common stock on the trading day immediately preceding the ex-dividend date for such distribution; and

C = the amount in cash per share we distribute to holders of our common stock.

An adjustment to the conversion rate made pursuant to this clause (4) shall become effective immediately after the ex-dividend date for the applicable dividend or distribution.

If C (as defined above) is equal to or greater than ₀ SP (as defined above), in lieu of the adjustment described in this clause (4) each holder of a note 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 shares of our common stock, the amount of cash that such holder would have received if such holder owned a number of shares of our common stock equal to the conversion rate in effect immediately prior to the ex-dividend date for such cash dividend or distribution.

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If any dividend or distribution described in this clause (4) is declared but not so paid or made, the new conversion rate shall be readjusted to the conversion rate that would then be in effect if such dividend or distribution had not been declared.

(5) If we or any of our subsidiaries make a payment in respect of a tender offer or exchange offer for our common stock, to the extent that the cash and value of any other consideration included in the payment per share of common stock exceeds the last reported sale price of our common stock on the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, the conversion rate will be adjusted based on the following formula:

$$CR = CR_0 \times \frac{AC + (SP \times OS)}{OS_0 \times SP}$$

where,

CR_0 = the conversion rate in effect at the close of business on the last trading day of the 10 consecutive trading-day period commencing on the trading day next succeeding the date such tender or exchange offer expires;

CR = the new conversion rate in effect immediately following the last trading day of the 10 consecutive trading-day period commencing on the trading day next succeeding the date such tender or exchange offer expires;

AC = the aggregate value of all cash and any other consideration (as determined by our board of directors) paid or payable for shares purchased in such tender or exchange offer;

OS_0 = the number of shares of our common stock outstanding immediately prior to the expiration of such tender or exchange offer;

OS = the number of shares of our common stock outstanding immediately after the expiration of such tender or exchange offer (after giving effect to the purchase or exchange of shares pursuant to such tender or exchange offer); and

SP = the average of the last reported sale prices of our common stock over the 10 consecutive trading-day period commencing on the trading day next succeeding the date such tender or exchange offer expires.

The adjustment to the conversion rate under this clause (5) shall become effective immediately following the tenth trading day next succeeding the date such tender or exchange offer expires; provided that, for purposes of determining the conversion rate, in respect of any conversion during the ten trading days following the date that any tender or exchange offer expires, references within this clause (5) to 10 trading days shall be deemed replaced with such lesser number of trading days as have elapsed between the date such tender or exchange offer expires and the relevant conversion date. If we or one of our subsidiaries is obligated to purchase our common stock pursuant to any such tender or exchange offer but are permanently prevented by applicable law from effecting any such purchase or all such purchases are rescinded, the new conversion rate shall be readjusted to be the conversion rate that would be in effect if such tender or exchange offer had not been made.

Except as stated herein, we will not adjust the conversion rate for the issuance of shares of our common stock or any securities convertible into or exchangeable for shares of our common stock or the right to purchase shares of our common stock or such convertible or exchangeable

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securities. If, however, the application of the foregoing formulas would result in a decrease in the conversion rate, no adjustment to the conversion rate will be made (except on account of share combinations).

A holder may, in some circumstances, including the distribution of cash dividends to holders of our shares of common stock, be deemed to have received a distribution or dividend subject to U.S. federal income tax as a result of an adjustment or the nonoccurrence of an adjustment to the conversion rate, and such adjustment or nonoccurrence of an adjustment may result in withholding taxes for holders (including backup withholding taxes or withholding taxes on payments to foreign persons). Because this deemed income would not give rise to any cash from which any applicable withholding tax could be satisfied, if we pay withholding taxes on behalf of a holder, we may, at our option, set-off such payments against payments of cash and common stock on the notes. See Certain United States federal income tax considerations U.S. holders Constructive dividends and Certain United States federal income tax considerations Treatment of Non-U.S. holders Payments on common stock and constructive dividends.

To the extent that we have a rights plan in effect upon conversion of the notes into common stock, you will receive, upon conversion of notes in respect of which we have elected to deliver common stock, if applicable, the rights under the rights plan, unless prior to any conversion, the rights have separated from the common stock, in which case, and only in such case, the conversion rate will be adjusted at the time of separation as if we distributed to all holders of our common stock, shares of our capital stock, evidences of indebtedness or assets as described in clause (3) above, subject to readjustment in the event of the expiration, termination or redemption of such rights.

We will not make any adjustment to the conversion rate except as specifically set forth in this Conversion rate adjustments and in Adjustment to shares delivered upon conversion upon make-whole fundamental change.

Without limiting the foregoing, the conversion rate will not be adjusted:

upon the issuance of any shares of our common stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on our securities and the investment of additional optional amounts in shares of our common stock under any plan;

upon the issuance of any shares of our common stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program or employee stock purchase plan of or assumed by us or any of our subsidiaries;

upon the issuance of any shares of our common stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in the preceding bullet and outstanding as of the date the notes were first issued;

for a change in the par value of the common stock; or

for accrued and unpaid interest.

No adjustment to the conversion rate will be required unless the adjustment would require an increase or decrease of at least 1% of the conversion rate. If the adjustment is not made because the adjustment does not change the conversion rate by at least 1%, then the adjustment that is not made will be carried forward and taken into account in any future adjustment. All required calculations will be made to the nearest cent or 1/1000th of a share, as the case may be. Notwithstanding the foregoing we will make such carried forward adjustments, regardless of

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whether the aggregate adjustment is less than 1%, (i) on the conversion date for any notes and (ii) if the notes are called for redemption, all adjustments not previously made will be made for all notes to be converted after our notice of redemption to the applicable redemption date.

If a conversion rate adjustment becomes effective on any ex-dividend date as described above, and a holder that has converted its notes on or after such ex-dividend date and on or prior to the related record date would be treated as the record holder of our common stock as of the related conversion date as described under Conversion procedures above based on an adjusted conversion rate for such ex-dividend date, then, notwithstanding the conversion rate adjustment provisions above, the conversion rate adjustment relating to such ex-dividend date will not be made for such converting holder. Instead, such holder will be treated as if such holder were the record owner of shares of our common stock on an unadjusted basis on such conversion date and participate in the related dividend, distribution or other event giving rise to such adjustment.

Recapitalizations, reclassifications and changes of our common stock

In the case of any recapitalization, reclassification or change of our common stock (other than changes resulting from a subdivision or combination), a consolidation, merger or combination involving us, a sale or conveyance to another person of all or substantially all of our property and assets or any statutory share exchange, in each case as a result of which our common stock would be converted into, or exchanged for, stock, other securities, other property or assets (including cash or any combination thereof), then, following the effective time of the transaction, the right to receive shares of our common stock upon conversion of a note, if any, will be changed into the right to receive the kind and amount of shares of stock, other securities or other property or assets (including cash or any combination thereof) that a holder would have been entitled to receive (the reference property) upon such transaction in respect of such common stock.

From and after the effective time of such transaction:

the conversion rate will relate to units of such reference property (a unit of reference property being the kind and amount of reference property that a holder of one share of our common stock would receive in such transaction); and

the applicable stock price will be determined based on last reported sale prices of one unit of reference property.

If the transaction causes our common stock to be converted into the right to receive more than a single type of consideration (determined based in part upon any form of stockholder election), the reference property will be deemed to be the weighted average of the types and amounts of consideration received by the holders of our common stock that affirmatively make such an election. We will notify holders of the weighted average as soon as practicable after such determination is made. We will agree in the indenture not to become a party to any such transaction unless its terms are consistent with the foregoing.

Adjustment to shares delivered upon conversion upon make-whole fundamental change

If a fundamental change described in clause (2) (without giving effect to the proviso in such clause) of the definition thereof (a make-whole fundamental change) occurs prior to October 1, 2014 and a holder elects to convert its notes in connection with such make-whole

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fundamental change, we will, under certain circumstances, increase the conversion rate by a number of additional shares of common stock (the additional shares) as described below. Any conversion will be deemed for these purposes to be in connection with such make-whole fundamental change only if such notes are surrendered for conversion on or following the effective date of the make-whole fundamental change up to, and including, the business day immediately prior to the related fundamental change purchase date, and notwithstanding the fact that a note may then be convertible because another condition to conversion also has been satisfied. We will notify holders of the notes and the trustee of the anticipated effective date of such make-whole fundamental change at least 15 scheduled trading days prior to the anticipated effective date of such transaction and issue a press release announcing such effective date no later than five business days after such effective date.

The number of additional shares by which the conversion rate will be increased will be determined by reference to the table below, based on the date on which the fundamental change occurs or becomes effective (the effective date) and the price (the stock price) paid per share of our common stock in the make-whole fundamental change. If holders of our common stock receive only cash in the make-whole fundamental change, the stock price shall be the cash amount paid per share. Otherwise, the stock price shall be the average of the last reported sale prices of our common stock over the five trading-day period ending on the trading day preceding the effective date of the make-whole fundamental change.

The stock prices set forth in the first row of the table below (i.e., column headers) will be adjusted as of any date on which the conversion rate of the notes is otherwise adjusted. The adjusted stock prices will equal the stock prices applicable immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the conversion rate immediatel