

**LAREDO PETROLEUM HOLDINGS, INC.**  
**POLICY STATEMENT REGARDING RELATED PARTY TRANSACTIONS**

(As adopted November 9, 2011)

**A. Statement of Policy**

The Board of Directors (the “**Board**”) of Laredo Petroleum Holdings, Inc. (the “**Company**”) recognizes that transactions involving the Company and related parties present a heightened risk of conflicts of interest and therefore has adopted this Policy Statement Regarding Related Party Transactions (this “**Policy**”). This Policy supplements the conflict of interest provisions in the Company’s Code of Business Conduct and Ethics. The Audit Committee of the Board (the “**Audit Committee**”) shall annually review and assess the adequacy of this Policy and recommend any appropriate changes to the Board.

It is the policy of the Company not to enter into any “Related Party Transaction” unless:

- the Audit Committee approves such transaction in accordance with the guidelines set forth in this Policy; or
- the transaction is approved by a majority of disinterested directors of the Company.

For these purposes, a “**Related Party**” is:

1. any person who is, or at any time since the beginning of the Company’s current fiscal year was, an “executive officer” of the Company (as defined in Rule 405 promulgated under the Securities Act of 1933 and Rule 3b-7 promulgated under the Securities Exchange Act of 1934);
2. any person who is, or at any time since the beginning of the Company’s current fiscal year was, a director of the Company or a nominee for director of the Company;
3. a person (including an entity or group) known to the Company to be the beneficial owner of more than 5% of any class of the Company’s voting securities (a “**5% shareholder**”);
4. an individual who is an “immediate family member”<sup>1</sup> of a person listed in 1, 2, or 3 above;
5. an entity that is, directly or indirectly, owned or controlled by a person listed in 1, 2, 3, or 4 above;

---

<sup>1</sup> Any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law.

6. an entity in which a person listed in 1, 2, 3 or 4 above serves as an executive officer or principal or in a similar position<sup>2</sup>, or in the case of a partnership, serves as a general partner or holds any position other than that of a limited partner;
7. an entity in which a person listed in 1, 2, 3 or 4 above, together with all other persons specified in 1, 2, 3 and 4 above, owns 10% or more of the equity interest, or in the case of a partnership, 10% or more of the interest; or
8. an entity at which a person listed in 1, 2, 3 or 4 above is employed if (a) the person is directly involved in the negotiation of the Related Party Transaction or will have or share primary responsibility at such entity for the performance of the Related Party Transaction, or (b) the person's compensation from the entity is directly tied to the Related Party Transaction.

For these purposes, a “**Related Party Transaction**” is a transaction (including any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness)), or series of related transactions, or any material amendment to any such transaction, involving a Related Party and in which the Company or any of its subsidiaries is a participant. The Board has determined that the following do not create a material direct or indirect interest on behalf of the Related Person and are therefore not “Related Party Transactions” for purposes of this Policy:

1. a transaction involving compensation of directors (the procedures for the review and approval of such transactions have been set forth in the charter of the Compensation Committee of the Board (the “**Compensation Committee**”));
2. a transaction involving compensation of an executive officer or involving an employment agreement, severance arrangement, change in control provision or agreement or special supplemental benefit of an executive officer (the procedures for the review and approval of such transactions have been set forth in the charter of the Compensation Committee);
3. a transaction with a Related Party involving less than \$120,000;
4. a transaction in which the interest of the Related Party arises solely from the ownership of a class of the Company's equity securities and all holders of that class receive the same benefit on a pro rata basis;
5. a transaction involving indemnification payments and payments under directors and officers indemnification insurance policies made pursuant to the Certificate of

---

<sup>2</sup> For purposes of this clause 6: officers and employees of a general partner that performs policy-making functions for a limited partnership are deemed to be executive officers of that limited partnership; officers and employees of a managing member or manager that performs policy-making functions for a limited liability company are deemed to be executive officers of that limited liability company; and officers and employees of a trustee that performs policy-making functions for a trust are deemed to be executive officers of that trust

Incorporation or Bylaws of the Company or pursuant to any policy, agreement or instruments; and

6. a transaction in which the interest of the Related Party arises solely from indebtedness of a 5% shareholder or an “immediate family member” of a 5% shareholder.

## **B. Audit Committee Approval**

The Board has determined that the Audit Committee is best suited to review and approve Related Party Transactions, although the Board may instead determine that a particular Related Party Transaction be reviewed and approved by a majority of disinterested directors. No member of the Audit Committee shall participate in the review or approval of any Related Party Transaction with respect to which such member is a Related Party. In reviewing and approving any Related Party Transaction, the Audit Committee shall:

- satisfy itself that it has been fully informed as to the material facts of the Related Party’s relationship and interest and as to the material facts of the proposed Related Party Transaction,
- take into account the extent of the Related Party’s interest in the Related Party Transaction; and
- determine that the Related Party Transaction is fair to the Company and that the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances.

At each Audit Committee meeting, management shall recommend any Related Party Transactions, if applicable, to be entered into by the Company. After review, the Audit Committee shall approve or disapprove such transactions and at each subsequently scheduled meeting, management shall update the Audit Committee as to any material change to those proposed transactions. The Audit Committee shall establish such guidelines as it determines are necessary or appropriate for management to follow in its dealings with Related Parties in Related Party Transactions.

If management becomes aware of a proposed Related Party Transaction or an existing Related Party Transaction that has not been pre-approved by the Audit Committee, management shall promptly notify the Chairman of the Audit Committee and such transactions shall be submitted to the Audit Committee for their review, consideration and determination of whether to approve or ratify, as applicable, such transaction if the Audit Committee determines it is fair to the Company. If management, in consultation with the Company’s chief executive officer or chief financial officer determines that it is not practicable to wait until the next Audit Committee meeting, the Chairman of the Audit Committee has the delegated authority during the period between Audit Committee meetings, to review, consider and determine whether any such transaction is fair to the Company and whether the transaction should be approved, or ratified, as the case may be. The Chairman of the Audit Committee shall report to the Audit Committee any

transactions reviewed by him or her pursuant to this delegated authority at the next Audit Committee meeting.

### **C. Charitable Contributions**

The Audit Committee shall review, consider and determine whether to approve any proposed charitable contributions, or pledges of charitable contributions, in excess of \$10,000 in the aggregate for any fiscal year] by the Company to any charitable or non-profit organization in which a Related Party serves as a director, trustee or in a similar capacity or is actively involved in fundraising. If management, in consultation with the Company's chief executive officer or chief financial officer determines that it is not practicable to wait until the next Audit Committee meeting, the Chairman of the Audit Committee has the delegated authority during the period between Audit Committee meetings, to review, consider and determine whether to approve any such contributions or pledges. The Chairman of the Audit Committee shall report to the Audit Committee any such contributions or pledges approved by him or her pursuant to this delegated authority at the next Audit Committee meeting.

### **D. Disclosure**

Related Party Transactions shall be disclosed in the Company's filings with the Securities and Exchange Commission (the "**SEC**") as and to the extent required by applicable SEC rules and regulations. The Related Party Transactions disclosed in the Company's Registration Statement on Form S-1/A as filed with the SEC on October 7, 2011, have been previously approved by the Audit Committee. The fact that a transaction may be considered a Related Party Transaction for purposes of this Policy does not create a presumption that the transaction is a transaction in which a related person has a direct or indirect material interest requiring disclosure under applicable SEC rules and regulations. All Related Party Transactions of which management is aware shall be disclosed to the Audit Committee. At least annually, management shall elicit information from the Company's executive officers and directors as to existing and potential Related Party Transactions and shall seek to obtain such information from 5% shareholders. An executive officer or director shall promptly inform the Chairman of the Audit Committee when the officer or director becomes aware of a potential Related Party Transaction in which the officer or director or any immediate family member of such officer or director would be a Related Party.

### **E. Other Agreements**

Management shall assure that all Related Party Transactions are approved in accordance with any requirements of the Company's financing agreements.