

EXCO Resources, Inc. Reports Third Quarter 2017 Results

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[EXCO Resources Inc.](#) (NYSE: XCO) ("EXCO" or the "Company") today announced operating and financial results for third quarter 2017.

2017 Third Quarter Highlights

- Drilled 11 gross (6.5 net) horizontal wells in North Louisiana during third quarter 2017.
- Produced 237 Mmcfe per day, or 22 Bcfe, for third quarter 2017, a decrease of 4% compared to second quarter 2017, primarily due to natural production declines.
- GAAP net loss was \$19 million, or \$0.81 per diluted share, and Adjusted net loss, a non-GAAP measure, was \$21 million, or \$0.91 per diluted share, for third quarter 2017.
- Adjusted EBITDA, a non-GAAP measure, was \$10 million for third quarter 2017.
- Liquidity was \$106 million as of September 30, 2017. Borrowed remaining unused commitments and had no availability remaining under the Company's credit agreement ("Credit Agreement"), including letters of credit, as of September 30, 2017.
- Paid \$17 million and \$26 million of interest on the Company's senior secured 1.5 lien notes due March 20, 2022 ("1.5 Lien Notes") and senior secured 1.75 lien term loans due October 26, 2020 ("1.75 Lien Term Loans"), respectively, through the issuance of additional 1.5 Lien Notes and 1.75 Lien Term Loans in September 2017.
- Paid \$5 million of cash interest on the senior unsecured notes due September 15, 2018 ("2018 Notes") and \$3 million of cash interest on the senior unsecured notes due April 15, 2022 ("2022 Notes") in September 2017 and October 2017, respectively.
- Hired financial advisors to explore strategic alternatives to strengthen the Company's balance sheet and maximize the value of the Company, which may include, but not be limited to, seeking a comprehensive out-of-court restructuring or reorganization under Chapter 11 of the U.S. Bankruptcy Code, and engaged in negotiations with certain stakeholders.

Operational Results

Table 1: Summary of operating activities and operational results
Historical vs. guidance; mixed measures

Factors	Unit	Quarter-to-Date			9/30/16		Year-to-Date		
		9/30/17	6/30/17	%	Actual	%	9/30/17	9/30/16	%
Drilling rig counts (1)	#	4	4	—	—	100	3	1	200
Net wells drilled (1)									
North Louisiana	#	6.5	6.1	7	—	100	16.1	5.2	210
East Texas	#	—	—	—	—	—	—	—	—
South Texas	#	—	—	—	—	—	—	—	—
Appalachia and other	#	—	—	—	—	—	—	—	—
Total net wells drilled	#	6.5	6.1	7	—	100	16.1	5.2	210
Net wells turned-to-sales (1)									
North Louisiana	#	—	3.5	(100	) 2.7	(100	) 3.5	5.2	(33
East Texas	#	—	—	—	—	—	—	3.6	(100
South Texas	#	—	—	—	—	—	—	—	—
Appalachia and other	#	—	—	—	—	—	—	—	—
Total net wells turned-to-sales	#	—	3.5	(100	) 2.7	(100	) 3.5	8.8	(60
Daily production									
North Louisiana	Mmcfe/d	150	131	15	159	(6	) 138	152	(9

East Texas	Mmcfe/d	41	46	(11	)	69	(41	)	47	69	(32
South Texas	Mmcfe/d	20	22	(9	)	27	(26	)	22	33	(33
Appalachia and other	Mmcfe/d	27	29	(7	)	33	(18	)	29	39	(26
Total daily production	Mmcfe/d	237	229	3		288	(18	)	236	293	(19
Production											
Oil	Mbbls	276	303	(9	)	391	(29	)	910	1,388	(34
Natural gas	Bcf	20.2	19.1	6		24.1	(16	)	59.0	71.9	(18
Total production	Bcfe	21.8	20.9	4		26.5	(18	)	64.4	80.3	(20
Capital expenditures	\$MM	49	40	23		14	250		107	70	53

(1) Includes average drilling rigs during the period and wells operated by EXCO, and excludes rigs and wells operated by others.

(2) Q3 2017 guidance assumed South Texas divestiture occurred on September 1, 2017; however, the purchase and sale agreement to divest the Company's oil and natural gas properties in South Texas was terminated on August 15, 2017.

North Louisiana

Highlights:

- Produced 150 Mmcfe per day, an increase of 19 Mmcfe per day, or 15%, from second quarter 2017 and a decrease of 9 Mmcfe per day, or 6%, from third quarter 2016.
- Drilled 10 gross (5.7 net) operated Haynesville shale wells and one gross (0.8 net) operated Bossier shale well.

EXCO's increase in production compared to second quarter 2017 was primarily the result of additional wells turned-to-sales during late second quarter 2017. The decrease from third quarter 2016 was primarily due to natural production declines.

The Company is expected to turn-to-sales nine gross (5.8 net) Haynesville shale wells and one gross (0.8 net) cross-unit Bossier shale appraisal well during fourth quarter 2017. The Company will monitor the results of the Bossier shale wells completed during 2017 to assess potential for future development of Bossier shale locations in North Louisiana.

EXCO closed the acquisition of certain oil and natural gas properties and undeveloped acreage in North Louisiana for \$20 million, subject to customary post-closing purchase price adjustments, during third quarter 2017.

East Texas

Highlights:

- Produced 41 Mmcfe per day, a decrease of 5 Mmcfe per day, or 11%, from second quarter 2017 and a decrease of 28 Mmcfe per day, or 41%, from third quarter 2016.

EXCO's decrease in production compared to second quarter 2017 and third quarter 2016 was primarily due to natural production declines. The Company has not turned an operated well to sales in the region since first quarter 2016.

EXCO's development activities in the East Texas region during 2017 primarily include participation in wells operated by others. EXCO is participating with another operator in the drilling of an extended lateral Bossier shale well that will be completed as a stacked pair with a Haynesville shale well in the southern portion of this region. The wells are expected to turn-to-sales in fourth quarter 2017. The Company plans to closely monitor the results of this stacked lateral test for future development.

South Texas

Highlights:

- Produced 3.3 Mboe per day, a decrease of 0.4 Mboe per day, or 9%, from second quarter 2017 and a decrease of 1.2 Mboe per day, or 26%, from third quarter 2016.

EXCO's decrease in production compared to second quarter 2017 and third quarter 2016 was primarily due to natural production declines. The Company has not turned an operated well to sales in the region since fourth quarter 2015.

The purchase and sale agreement to divest the Company's oil and natural gas properties in South Texas was terminated on August 15, 2017. The Company was not able to satisfy certain closing conditions due to the purported termination of a natural gas sales contract by Chesapeake Energy Marketing L.L.C. ("Chesapeake"). On June 6, 2017, EXCO filed a lawsuit against Chesapeake asserting breach of contract, tortious interference with existing contract, tortious interference with prospective business relations, and declaratory relief that the contract is still in full force and effect. The lawsuit remains pending in federal court. See further discussion regarding this transaction in the Company's Current Reports on Form 8-K filed with the SEC on April 13, 2017, June 23, 2017, August 16, 2017 and periodic filings with the SEC.

Appalachia

Highlights:

- Produced 27 Mmcf per day, a decrease of 2 Mmcf per day, or 7%, from second quarter 2017, and a decrease of 6 Mmcf per day, or 18%, from third quarter 2016.

EXCO's production decreased from second quarter 2017 due to natural production declines. The decrease from third quarter 2016 was primarily due to natural production declines and the sale of the Company's conventional assets in 2016. Production in the Appalachia region will be impacted by net shut-in volumes of approximately 0.4 Bcfe during October 2017 due to low regional natural gas prices.

Financial Results

Table 2: Summary of operational earnings
Historical vs. guidance; mixed measures

Factors	Unit	Quarter-to-Date				Year-to-Date			
		9/30/17	6/30/17	%	9/30/16	9/30/17	9/30/16	%	
Operating revenues									
Oil revenues	\$MM	13	14	(7)	) 16	(19)	) 43	50	(14)
Natural gas revenues	\$MM	48	50	(4)	) 55	(13)	) 152	127	20
Total oil and natural gas revenues	\$MM	61	64	(5)	) 71	(14)	) 195	177	10
Realized oil prices	\$/Bbl	46.76	47.21	(1)	) 41.47	13	) 47.70	35.80	33
Oil price differentials	\$/Bbl	(1.26)	(1.41)	(11)	) (3.57)	(65)	) (1.91)	(4.70)	(59)
Realized gas prices	\$/Mcf	2.39	2.63	(9)	) 2.27	5	) 2.57	1.77	45
Gas price differentials	\$/Mcf	(0.61)	(0.56)	) 9	(0.54)	) 13	(0.60)	(0.52)	) 15
Derivative financial instruments									
Cash settlements (payments)	\$MM	1	(1)	(200)	) 5	(80)	) (5)	) 38	(113)
Cash settlements (payments)	\$/Mcf	0.03	(0.05)	(160)	) 0.18	(83)	) (0.08)	) 0.47	(117)
Costs and expenses									
Oil and natural gas operating costs	\$MM	9	8	13	9	—	26	26	—
Production and ad valorem taxes	\$MM	3	3	—	4	(25)	) 10	13	(23)
Gathering and transportation	\$MM	29	27	7	28	4	83	80	4
Oil and natural gas operating costs	\$/Mcf	0.42	0.39	8	0.33	27	0.40	0.32	25
Production and ad valorem taxes	\$/Mcf	0.14	0.16	(13)	) 0.14	—	0.15	0.17	(12)
Gathering and transportation	\$/Mcf	1.32	1.30	2	1.06	25	1.29	0.99	30
General and administrative (1)	\$MM	11	7	57	9	22	24	24	—
Operational earnings									

Adjusted EBITDA (2)	\$MM	10	18	(44	) 25	(60	) 47	70	(33
GAAP net income (loss) (3)	\$MM	(19	) 121	(116	) 51	(137	) 110	(191	) (158
Adjusted net loss (2)	\$MM	(21	) (5	) 320	(6	) 250	(31	) (39	) (21
GAAP diluted shares outstanding (4)	MM	23	20	15	19	21	21	19	11
Adjusted diluted shares outstanding (4)	MM	23	20	15	19	21	21	19	11
GAAP diluted EPS (4)	\$/Share	(0.81	) 6.13	(113	) 2.73	(130	) 5.35	(10.24)	(152
Adjusted diluted EPS (4)	\$/Share	(0.91	) (0.23	) 296	(0.31	) 194	(1.51	) (2.08	) (27

Excludes equity-based compensation income of \$0.9 million and \$8.0 million, and expense of \$1.4 million for the three months ended September 30, 2017, June 30, 2017 and September 30, 2016, respectively, and (1) income of \$11.2 million and expense of \$14.6 million for the nine months ended September 30, 2017 and 2016, respectively. Q4 2017 guidance includes approximately \$9 million of professional fees in connection with the Company's restructuring activities.

(2) Adjusted EBITDA and Adjusted net loss are non-GAAP measures. See Financial Data section for definitions and reconciliations.

GAAP net income (loss) included \$18 million and \$122 million of gains related to the revaluation of common share warrants issued in connection with the 1.5 Lien Notes and 1.75 Lien Term Loans for the three months ended September 30, 2017 and June 30, 2017, respectively, and \$147 million for the nine months ended September 30, 2017. GAAP net income (loss) included impairments of oil and natural gas properties of \$161 million for the nine months ended September 30, 2016.

During second quarter 2017, the Company effected a 1-for-15 reverse share split which required (4) retrospective adjustments to diluted shares outstanding and diluted EPS to reflect the impact of the reverse share split.

Q3 2017 guidance assumed South Texas divestiture occurred on September 1, 2017; however, the (5) purchase and sale agreement to divest the Company's oil and natural gas properties in South Texas was terminated on August 15, 2017.

EXCO's GAAP net income decreased from net income of \$121 million in second quarter 2017 to a net loss of \$19 million in third quarter 2017 primarily due to the change in unrealized gains on common share warrants issued in connection with the issuance of the 1.5 Lien Notes and 1.75 Lien Term Loans. The Company recorded gains on the revaluation of the warrants of \$122 million and \$18 million during the second and third quarter 2017, respectively, primarily due to a decrease in EXCO's share price.

EXCO's decrease in Adjusted EBITDA compared to second quarter 2017 was primarily due to lower natural gas prices and higher costs and expenses, primarily general and administrative, due to higher professional and legal fees incurred in connection with restructuring initiatives.

Cash Flow Results

Table 3: Summary of key cash flow items
Historical vs. guidance; mixed measures

Factors	Unit	Quarter-to-Date			Year-to-Date			Q3	Q4		
		9/30/17	6/30/17	9/30/16	9/30/17	9/30/16	2017	2017			
Cash flow provided by (used in)							Guidance	Guidance			
Operating activities	\$MM	18	28	(36	) (50	) (136)	51	(4	) NM	N/A	N/A
Investing activities	\$MM	(70	) (47	) 49	(13	) 438	(137	) (56	) 145	N/A	N/A
Financing activities	\$MM	126	(4	) NM	39	223	160	51	214	N/A	N/A
Net increase (decrease) in cash	\$MM	73	(23	) (417)	(24	) (404)	73	(9	) (911)	N/A	N/A
Other key cash flow items											
Adjusted operating cash flow (1)	\$MM	8	19	(58	) 11	(27	) 29	23	26	N/A	N/A
Free cash flow (1)	\$MM	(29	) (4	) 625	(65	) (55	) (40	) (74	) (46	) N/A	N/A

(1) Adjusted operating cash flow and Free cash flow are non-GAAP measures. See Financial Data section for definitions and reconciliations.

The Company's net cash used in investing activities during third quarter 2017 primarily consisted of acquisitions of oil and natural gas properties of \$20 million and capital expenditures of \$47 million. EXCO's increase in financing cash flows in third quarter 2017 compared to second quarter 2017 was primarily due to \$126 million of net borrowings under the Credit Agreement.

Liquidity Results

Table 4: Financial flexibility measures
Historical vs. guidance; mixed measures

Factors	Unit	Quarter-to-Date				Year-to-Date			Q3	Q4	
		9/30/17	6/30/17	%	9/30/16	9/30/17	9/30/16	%	2017	2017	
Cash (1)	\$MM	106	31	242	22	382	106	22	382	N/A	N/A
Gross debt (2)	\$MM	1,371	1,202	14	1,116	23	1,371	1,116	23	N/A	N/A
Net debt (3)	\$MM	1,265	1,170	8	1,094	16	1,265	1,094	16	N/A	N/A
Adjusted EBITDA (4)	\$MM	10	18	(44)	25	(60)	47	70	(33)	N/A	N/A
Cash interest expenses (5)	\$MM	5	3	67	16	(69)	23	51	(55)	3-5	5-6
Adjusted EBITDA/Interest (6)	x	2.00	6.00	(67)	1.56	28	2.04	1.37	49	N/A	N/A
Sr. Secured debt/LTM Adj. EBITDA (6)	x	1.73	—	100	1.84	(6)	1.73	1.84	(6)	N/A	N/A
Net debt/LTM Adjusted EBITDA	x	17.33	13.15	32	9.35	85	17.33	9.35	85	N/A	N/A

(1) Includes restricted cash of \$23 million, \$22 million and \$18 million as of September 30, 2017, June 30, 2017 and September 30, 2016, respectively.

(2) Represents total principal balance outstanding. See Table 5 below for reconciliation to carrying value.

(3) Net debt represents principal amount of outstanding debt less cash and cash equivalents and restricted cash.

(4) Adjusted EBITDA is a non-GAAP measure. See Financial Data section for definition and reconciliation.

(5) Cash interest expenses exclude interest paid or accrued in-kind, the amortization of debt issuance costs, discount on notes and capitalized interest. In addition, cash payments under the second lien term loan ("Exchange Term Loan") and a portion of the 1.75 Lien Term Loans are not considered interest expense per FASB ASC 470-60, Troubled Debt Restructuring by Debtors ("ASC 470-60") and are excluded from the cash interest expenses amounts shown. See Table 5 below for additional information on the accounting treatment of the Exchange Term Loan and a portion of the 1.75 Lien Term Loans.

(6) These ratios differ in certain respects from the calculations of comparable measures in the Credit Agreement. As of September 30, 2017, the ratio of consolidated EBITDAX to consolidated interest expense (as defined in the agreement) was 2.2 to 1.0. The Company's ratio of aggregate revolving credit exposure to consolidated EBITDAX ("Aggregate Revolving Credit Exposure Ratio") of 1.9 to 1.0 exceeded the maximum of 1.2 to 1.0 as of September 30, 2017. See discussion below of the waiver of an event of default as a result of a failure to comply with this ratio as of September 30, 2017.

Table 5: Reconciliation of carrying value to principal
3Q 17; \$MM

Factors	Unit	9/30/17 (Actual)			
		Carrying value	Deferred reduction in carrying value (1)	Unamortized discount/deferred financing costs	Principal balance
EXCO Resources Credit Agreement	\$MM	126	—	—	126
1.5 Lien Notes	\$MM	172	—	145	317
1.75 Lien Term Loans	\$MM	844	(154)	19	709
Exchange Term Loan	\$MM	24	(6)	—	17
2018 Notes	\$MM	131	—	—	132
2022 Notes	\$MM	70	—	—	70
Deferred financing costs, net	\$MM	(13)	—	13	—
Total debt	\$MM	1,355	(160)	176	1,371

The Exchange Term Loan and a portion of the 1.75 Lien Term Loans are accounted for in accordance with ASC 470-60. As a result, the carrying amounts of the Exchange Term Loan and a portion of the 1.75 Lien Term Loans are equal to the total undiscounted future cash payments, including interest and principal. All payments under the terms of these loans, whether designated as interest or as principal amount, reduce the carrying amount of each loan.

EXCO paid \$17 million and \$26 million of interest on the 1.5 Lien Notes and 1.75 Lien Term Loans, respectively, through the issuance of additional 1.5 Lien Notes and 1.75 Lien Term Loans in September 2017. In addition, EXCO paid \$5 million of cash interest on the 2018 Notes and \$3 million of cash interest on

the 2022 Notes in September 2017 and October 2017, respectively.

Table 6: Liquidity schedule
Historical vs. guidance; \$MM

Factors	Unit	Quarter-to-Date			Year-to-Date			Q3	Q4		
		9/30/17	6/30/17	%	9/30/16	9/30/17	9/30/16	2017	2017		
Borrowing capacity on revolver	\$MM	150	150	—	300	(50)	150	300	(50)	N/A	N/A
Amount drawn on revolver	\$MM	126	—	100	215	(41)	126	215	(41)	N/A	N/A
Letters of credit	\$MM	24	12	100	10	140	24	10	140	N/A	N/A
Available for borrowing	\$MM	—	138	(100)	75	(100)	—	75	(100)	N/A	N/A
Cash (1)	\$MM	106	31	242	22	382	106	22	382	N/A	N/A
Liquidity (2)	\$MM	106	170	(38)	97	9	106	97	9	N/A	N/A

(1) Includes restricted cash of \$23 million, \$22 million and \$18 million as of September 30, 2017, June 30, 2017 and September 30, 2016, respectively.

(2) Liquidity is calculated as the available borrowing capacity under the Credit Agreement plus cash and cash equivalents and restricted cash.

EXCO's Liquidity is currently significantly constrained. The Company's capital expenditures are expected to exceed its operating cash flows for the remainder of 2017 and future periods. The Company's Liquidity is not expected to be sufficient to fund this cash flow deficit and conduct its business operations unless it is able to restructure its current obligations under its existing outstanding debt and address near-term liquidity needs.

Near-term Liquidity risks

During third quarter 2017, the Company borrowed its remaining unused commitments, and had \$126 million of outstanding indebtedness and \$24 million of outstanding letters of credit under the Credit Agreement as of September 30, 2017. As a result, the Company had no availability remaining under the Credit Agreement, including letters of credit, as of September 30, 2017. The redetermination of the borrowing base scheduled for November 2017 is currently in process.

As of September 30, 2017, the Aggregate Revolving Credit Exposure Ratio under the Credit Agreement exceeded the allowed maximum of 1.2 to 1.0. In anticipation of the potential default, on September 29, 2017, the Company obtained a waiver from the lenders under the Credit Agreement waiving a potential event of default as a result of a failure to comply with the Aggregate Revolving Credit Exposure Ratio as of September 30, 2017. In addition, the Credit Agreement requires that the Company's liquidity, as defined in the Credit Agreement, exceeds \$50 million as of the end of a fiscal month and \$70 million as of the end of a fiscal quarter. It is probable that the Company will not be in compliance with these covenants at December 31, 2017. Therefore, the Company has classified the amounts outstanding under the Credit Agreement, as well as any outstanding debt with cross-default provisions, as a current liability on its Condensed Consolidated Balance Sheet as of September 30, 2017.

The Company's ability to make future interest payments in common shares is subject to a Resale Registration Statement (as defined in the indenture governing the 1.5 Lien Notes or the credit agreement governing the 1.75 Lien Term Loans, as applicable) being declared effective by the SEC, which has not yet occurred. The Company's ability to pay interest in additional indebtedness is limited to \$7 million due to limitations on its aggregate secured indebtedness within its debt agreements. EXCO's next quarterly interest payment of approximately \$27 million, based on the paid in-kind interest rate of 15.0% on the 1.75 Lien Term Loans, is scheduled to occur on December 20, 2017, and is required to be paid in-kind pursuant to the terms of the indenture governing the 1.5 Lien Notes. Unless the Company amends its debt agreements or obtains a waiver or other forbearance from certain lenders, it will not be able to make its next interest payment on the 1.75 Lien Term Loans on December 20, 2017.

If the Company is unable to comply with the covenants under the Credit Agreement, or is unable to make scheduled interest payments on its debt, there will be an event of default. Any event of default may cause a default or accelerate the Company's obligations with respect to other indebtedness including the 1.5 Lien Notes, 1.75 Lien Term Loans, 2018 Notes and 2022 Notes. If this occurs and the Company's indebtedness is accelerated and becomes immediately due and payable, its Liquidity would not be sufficient

to pay such indebtedness and the Company may be forced to seek protection from creditors under the U.S. Bankruptcy Code.

These factors raise substantial doubt about the Company's ability to continue as a going concern. See further information on the risks related to EXCO's ability to continue as a going concern in the Company's periodic filings with the SEC.

Management's plans

The Company, together with the Audit Committee of the Board of Directors, is currently exploring strategic alternatives to strengthen the Company's balance sheet and maximize the value of the Company, which may include, but not be limited to, seeking a comprehensive out-of-court restructuring, or reorganization under Chapter 11 of the U.S. Bankruptcy Code. The Company's plans may include obtaining additional financing or relief from debtholders to support operations throughout the restructuring process, delevering its capital structure, and reducing the financial burden of certain gathering, transportation and other commercial contracts. At the direction of the Audit Committee, the Company has retained PJT Partners LP as financial advisors and Alvarez & Marsal North America, LLC as restructuring advisors. The Company is actively engaged in negotiations with its stakeholders to evaluate the feasibility of a consensual in-court or out-of-court restructuring. The Company continues to retain Kirkland & Ellis LLP as its legal advisor to assist the Audit Committee and management team with the strategic review process. If the Company is unable to restructure its current obligations under its existing outstanding debt, and address near-term liquidity needs, it may need to seek relief under the U.S. Bankruptcy Code.

Risk Management Results

Table 7: Hedging position
3Q 17; mixed measures

Factors	Unit	Three Months Ended		Twelve Months Ended	
		Volume	Strike Price	Volume	Strike Price
Natural gas					
Fixed price swaps - Henry Hub	Bbtu/ \$/Mmbtu	9,200	3.05	3,650	3.15
Collars - Henry Hub	Bbtu	2,760		—	
Sold call options	\$/Mmbtu		3.28		—
Purchased put options	\$/Mmbtu		2.87		—
Oil					
Fixed price swaps - WTI	Mbbl/ \$/Bbl	46	50.00	—	—

The Company's derivative financial instruments covered approximately 59% of natural gas production and 17% of oil production during third quarter 2017.

Financial Data

The following financial statements are attached.

Attachment Statements

1	Condensed Consolidated Balance Sheets	Company
2	Condensed Consolidated Statements Of Operations	EXCO Re
3	Condensed Consolidated Statements Of Cash Flows	EXCO Re
4	EBITDA, Adjusted EBITDA, Adjusted Operating Cash Flow and Free Cash Flow Reconciliations	EXCO Re
5	GAAP Net Income (Loss) and Adjusted Net Loss Reconciliation	EXCO Re
6	Other Non-GAAP Financial Measures	EXCO Re

Additional information about EXCO Resources, Inc. may be obtained by contacting Tyler Farquharson, EXCO's Vice President, Chief Financial Officer and Treasurer, at EXCO's headquarters,

12377 Merit Drive, Suite 1700, Dallas, TX 75251, telephone number (214) 368-2084, or by visiting EXCO's website at www.excoresources.com. EXCO's SEC filings and press releases can be found under the Investor Relations tab.

This press release contains statements that are forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, among others, statements regarding estimates, expectations and production forecasts, estimates of costs and expenses, and EXCO's drilling program. It is important to communicate expectations of future performance to investors. However, events may occur in the future that EXCO is unable to accurately predict, or over which EXCO has no control. Users of the financial statements are cautioned not to place undue reliance on a forward-looking statement. Any number of factors could cause actual results to differ materially from those in EXCO's forward-looking statements, including, but not limited to, the volatility of oil and natural gas prices, future capital requirements and the availability of capital and financing, uncertainties about reserve estimates, the outcome of future drilling activity, environmental risks, regulatory changes, ability to pay interest under certain debt instruments, ability to comply with debt covenants, the outcome of EXCO's restructuring activities, and the ability to continue as a going concern. Declines in oil or natural gas prices may have a material adverse effect on EXCO's financial condition, liquidity, results of operations, ability to fund operations and the amount of oil or natural gas that can be produced economically. Historically, oil and natural gas prices and markets have been volatile, with prices fluctuating widely, and they are likely to continue to be volatile. EXCO undertakes no obligation to publicly update or revise any forward-looking statements. When considering EXCO's forward-looking statements, investors are urged to read the cautionary statements and the risk factors included in EXCO's Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on March 16, 2017, and its other periodic filings with the SEC.

Attachment Statements	Company	Period	
1	Condensed Consolidated Balance Sheets	EXCO Resources, Inc.	9/30/2017
(in thousands)			September 30, 2017 (Unaudited)
Assets			
Current assets:			
Cash and cash equivalents			\$ 82,459
Restricted cash			23,379
Accounts receivable, net:			
Oil and natural gas			39,457
Joint interest			25,555
Other			2,104
Derivative financial instruments - commodity derivatives			1,512
Inventory and other			15,915
Total current assets			190,381
Equity investments			25,373
Oil and natural gas properties (full cost accounting method):			
Unproved oil and natural gas properties and development costs not being amortized			112,935
Proved developed and undeveloped oil and natural gas properties			3,055,258
Accumulated depletion			(2,738,103)
Oil and natural gas properties, net			430,090
Other property and equipment, net			21,078
Deferred financing costs, net			—
Derivative financial instruments - commodity derivatives			97
Goodwill			163,155
Total assets			\$ 830,174
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable and accrued liabilities			\$ 60,731
Revenues and royalties payable			132,917
Accrued interest payable			6,097
Current portion of asset retirement obligations			344
Income taxes payable			—
Derivative financial instruments - commodity derivatives			1,401
Current maturities of long-term debt			1,333,989

Total current liabilities	1,535,479
Long-term debt	21,388
Deferred income taxes	5,885
Derivative financial instruments - commodity derivatives	—
Derivative financial instruments - common share warrants	14,555
Asset retirement obligations and other long-term liabilities	13,233
Shareholders' equity:	
Common shares, \$0.001 par value; 260,000,000 authorized shares; 21,670,959 shares issued and 21,631,314 shares outstanding at September 30, 2017; 18,915,952 shares issued and 18,876,307 shares 22 outstanding at December 31, 2016	
Additional paid-in capital	3,539,498
Accumulated deficit	(4,292,254)
Treasury shares, at cost; 39,645 shares at September 30, 2017 and December 31, 2016	(7,632)
Total shareholders' equity	(760,366)
Total liabilities and shareholders' equity	\$ 830,174

Attachment Statements	Company	Period
2 Condensed Consolidated Statements Of Operations (Unaudited)	EXCO Resources, Inc.	9/30/2017
	Three Months Ended	

(in thousands, except per share data)	September 30, 2017	June 30, 2017	September 2016
Revenues:			
Oil and natural gas	\$ 61,229	\$ 64,487	\$ 70,862
Purchased natural gas and marketing	5,507	6,528	6,324
Total revenues	66,736	71,015	77,186
Costs and expenses:			
Oil and natural gas operating costs	9,215	8,215	8,797
Production and ad valorem taxes	3,044	3,415	3,811
Gathering and transportation	28,743	27,087	27,979
Purchased natural gas	5,388	6,353	6,586
Depletion, depreciation and amortization	13,518	11,622	15,910
Impairment of oil and natural gas properties	—	—	—
Accretion of discount on asset retirement obligations	221	215	325
General and administrative	10,035	(1,394)	10,746
Other operating items	1,714	286	(1,110)
Total costs and expenses	71,878	55,799	73,044
Operating income (loss)	(5,142)	) 15,216	4,142
Other income (expense):			
Interest expense, net	(32,888)	) (22,480)	) (16,997)
Gain (loss) on derivative financial instruments - commodity derivatives	860	6,541	8,209
Gain on derivative financial instruments - common share warrants	18,286	122,295	—
Gain (loss) on restructuring and extinguishment of debt	—	(108)	) 57,421
Other income (loss)	25	(25)	) 12
Equity income (loss)	354	338	(823)
Total other income (expense)	(13,363)	) 106,561	47,822
Income (loss) before income taxes	(18,505)	) 121,777	51,964
Income tax expense	319	1,027	1,028
Net income (loss)	\$ (18,824)	) \$ 120,750	\$ 50,936
Earnings (loss) per common share: (1)			
Basic:			
Net income (loss)	\$ (0.81)	) \$ 6.13	\$ 2.73
Weighted average common shares outstanding	23,319	19,702	18,670
Diluted:			
Net income (loss)	\$ (0.81)	) \$ 6.07	\$ 2.72
Weighted average common shares and common share equivalents outstanding	23,319	19,886	18,749

(1) Earnings (loss) per common share data has been retroactively adjusted to reflect a 1-for-15 reverse share split that the Company effected during second quarter 2017.

Attachment Statements	Company	Period
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3	Condensed Consolidated Statements Of Cash Flows (Unaudited) EXCO Resources, Inc. 9/30/2017	Nine Months Ended S	
(in thousands)		2017	2016
Operating Activities:			
Net income (loss)		\$ 110,119	\$ (1
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Deferred income tax expense		3,083	1,77
Depletion, depreciation and amortization		36,648	63,9
Equity-based compensation		(11,207	) 14,5
Accretion of discount on asset retirement obligations		648	2,00
Impairment of oil and natural gas properties		—	160,
(Gain) loss from equity investments		(1,009	) 8,82
(Gain) loss on derivative financial instruments - commodity derivatives		(22,934	) 11,6
Cash receipts (payments) of commodity derivative financial instruments		(4,967	) 38,0
Gain on derivative financial instruments - common share warrants		(146,585	) &md
Amortization of deferred financing costs and discount on debt issuance		18,744	7,25
Other non-operating items		2,019	24,0
(Gain) loss on restructuring and extinguishment of debt		6,380	(119
Paid in-kind interest expense		38,386	&md
Effect of changes in:			
Restricted cash with related party		—	2,10
Accounts receivable		13,183	(12,7
Other current assets		(6,210	) (1,20
Accounts payable and other liabilities		14,809	(14,5
Net cash provided by (used in) operating activities		51,107	(3,74
Investing Activities:			
Additions to oil and natural gas properties, gathering assets and equipment		(91,009	) (70,4
Property acquisitions		(24,665	) &md
Proceeds from disposition of property and equipment		25	11,2
Restricted cash		(12,229	) 686
Net changes in amounts due to joint ventures		(9,498	) 2,37
Net cash used in investing activities		(137,376	) (56,
Financing Activities:			
Borrowings under EXCO Resources Credit Agreement		163,401	390,
Repayments under EXCO Resources Credit Agreement		(265,592	) (243
Proceeds received from issuance of 1.5 Lien Notes, net		295,530	&md
Payments on Exchange Term Loan		(11,602	) (38,0
Repurchases of senior unsecured notes		—	(53,2
Debt financing costs and other		(22,077	) (4,5
Net cash provided by financing activities		159,660	51,1
Net increase (decrease) in cash		73,391	(8,7
Cash at beginning of period		9,068	12,2
Cash at end of period		\$ 82,459	\$ 3,
Supplemental Cash Flow Information:			
Cash interest payments		\$ 23,072	\$ 51
Income tax payments		—	&md
Supplemental non-cash investing and financing activities:			
Capitalized equity-based compensation		\$ 852	\$ 43
Capitalized interest		4,627	3,93

4 EBITDA, Adjusted EBITDA, Adjusted Operating Cash Flow and Free Cash Flow Reconciliations (Unaudited)

(in thousands)	Three Months Ended		
	September 30,	June 30,	Septembe
	2017	2017	2016
Net income (loss)	\$ (18,824	) \$ 120,750	\$ 50,936
Interest expense	32,888	22,480	16,997
Income tax expense	319	1,027	1,028

Depletion, depreciation and amortization	13,518	11,622	15,910
EBITDA (1)	\$ 27,901	\$ 155,879	\$ 84,871
Accretion of discount on asset retirement obligations	221	215	325
Impairment of oil and natural gas properties	—	—	—
(Gain) loss on divestitures and other items impacting comparability	1,779	300	(1,062)
(Gain) loss on restructuring and extinguishment of debt	—	108	(57,421)
Equity (income) loss	(354	) (338	) 823
(Gain) loss on derivative financial instruments - commodity derivatives	(860	) (6,541	) (8,209
Cash receipts (payments) of commodity derivative financial instruments	591	(1,099	) 4,709
Gain on derivative financial instruments - common share warrants	(18,286	) (122,295) —
Equity-based compensation	(866	) (7,959	) 1,417
Adjusted EBITDA (1)	\$ 10,126	\$ 18,270	\$ 25,453
Interest expense	(32,888	) (22,480	) (16,997
Current income tax expense	709	—	—
Amortization of deferred financing costs and discount	7,307	7,035	2,251
Paid in-kind interest expense	22,472	15,914	—
Non-operating items and other operating items impacting comparability	(21	) (18	) (21
Changes in working capital	9,801	9,684	(60,351
Net cash provided by (used in) operating activities	\$ 17,506	\$ 28,405	\$ (49,665

Three Months Ended

(in thousands)	September 30, 2017	June 30, 2017	September 30, 2016
Cash flow from operations, GAAP	\$ 17,506	\$ 28,405	\$ (49,665
Net change in working capital	(9,801	) (9,684	) 60,351
Non-operating items and other operating items impacting comparability	—	—	—
Adjusted operating cash flow, non-GAAP measure (2)	\$ 7,705	\$ 18,721	\$ 10,686

Three Months Ended

(in thousands)	September 30, 2017	June 30, 2017	September 30, 2016
Cash flow from operations, GAAP	\$ 17,506	\$ 28,405	\$ (49,665
Less: Additions to oil and natural gas properties, gathering assets and equipment	(46,525	) (32,627	) (15,492
Free cash flow, non-GAAP measure (3)	\$ (29,019	) \$(4,222	) \$ (65,157

Earnings before interest, taxes, depreciation, depletion and amortization (“EBITDA”) represents net income (loss) adjusted to exclude interest expense, income taxes and depreciation, depletion and amortization. “Adjusted EBITDA” represents EBITDA adjusted to exclude accretion of discount on asset retirement obligations, non-cash changes in the fair value of derivative financial instruments, non-cash impairments of assets, equity-based compensation, income or losses from equity investments, non-operating items and other operating items impacting comparability. Non-operating items and other items impacting comparability have been excluded as they do not reflect the Company's on-going operating activities such as gains or losses from asset sales and certain legal settlements.

(1) EXCO has presented EBITDA and Adjusted EBITDA because they are measures widely used by investors, analysts and rating agencies for valuations, peer comparisons and investment recommendations. In addition, similar measures are used in covenant calculations required under the Credit Agreement, the indenture governing the 1.5 Lien Notes, the indenture governing the 2018 Notes, the indenture governing the 2022 Notes and the term loan credit agreement governing the 1.75 Lien Term Loans. Compliance with the liquidity and debt incurrence covenants included in these agreements is considered material to the Company. EXCO's computations of EBITDA and Adjusted EBITDA may differ from computations of similarly titled measures of other companies due to differences in the inclusion or exclusion of items in the Company's computations as compared to those of others. EBITDA and Adjusted EBITDA are measures that are not prescribed by GAAP. EBITDA and Adjusted EBITDA specifically exclude changes in working capital, capital expenditures and other items that are set forth on a cash flow statement presentation of the Company's operating, investing and financing activities. As such, investors are encouraged not to use these measures as substitutes for the determination of net income, net cash provided by operating activities or other similar GAAP measures. The calculation of EBITDA and Adjusted EBITDA as presented herein differ in certain respects from the calculation of comparable measures in the Credit Agreement, the indentures and the term loan credit agreement.

Adjusted operating cash flow is presented because the Company believes it is a useful financial indicator for companies in its industry. This non-GAAP disclosure is widely accepted as a measure of an oil and natural gas company's ability to generate cash used to fund development and acquisition activities and (2) service debt or pay dividends. Adjusted operating cash flow is not a measure of financial performance pursuant to GAAP and should not be used as an alternative to cash flows from operating, investing, or financing activities. Other operating items impacting comparability have been excluded as they do not reflect the Company's on-going operating activities.

Free cash flow is cash flow from operating activities less capital expenditures. This non-GAAP measure is (3) used predominantly as a forecasting tool to estimate cash available to fund indebtedness and other investments.

Attachment Statements	Company		Period
5	GAAP Net Income (Loss) and Adjusted Net Loss Reconciliations (Unaudited)		EXCO Resources, Inc. 9/30/2017
	Three Months Ended		
	September 30, 2017	June 30, 2017	
(in thousands, except per share amounts)	Amount	Per share	Amount
Net income (loss), GAAP	\$ (18,824)		\$ 120,750
Adjustments:			
(Gain) loss on derivative financial instruments - commodity derivatives	(860)		(6,541)
Cash receipts (payments) of commodity derivative financial instruments	591		(1,099)
Gain on derivative financial instruments - common share warrants	(18,286)		(122,295)
(Gain) loss on restructuring and extinguishment of debt	—		108
Impairment of oil and natural gas properties	—		—
Adjustments included in equity loss	—		—
(Gain) loss on divestitures and other items impacting comparability	1,779		300
Deferred finance cost amortization acceleration	—		—
Income taxes on above adjustments (1)	6,710		51,811
Adjustment to deferred tax asset valuation allowance (2)	7,721		(47,684)
Total adjustments, net of taxes	(2,345)		(125,400)
Adjusted net loss (5)	\$ (21,169)		\$ (4,650)
Net income (loss), GAAP (3)	\$ (18,824)	\$ (0.81)	\$ 120,750 \$ 6.13
Adjustments shown above (3)	(2,345)	(0.10)	(125,400) (6.36)
Dilution attributable to equity-based payments (4)	—	—	—
Adjusted net loss (5)	\$ (21,169)	\$ (0.91)	\$ (4,650) \$ (0.23)
Common shares and equivalents used for net loss per share:			
Weighted average common shares outstanding	23,319		19,702
Dilutive stock options	—		—
Dilutive restricted shares and restricted share units	—		—
Dilutive warrants	—		—
Shares used to compute diluted loss per share for adjusted net loss	23,319		19,702

(1) The assumed income tax rate is 40% for all periods.

(2) Deferred tax valuation allowance has been adjusted to reflect the assumed income tax rate of 40% for all periods.

(3) Per share amounts are based on weighted average number of common shares outstanding.

(4) Dilution attributable to equity-based payments represents dilution per share attributable to common share equivalents from in-the-money stock options and warrants, dilutive restricted shares and diluted restricted share units calculated in accordance with the treasury stock method.

(5) Adjusted net loss, a non-GAAP measure, includes adjustments for gains or losses from asset sales, non-cash changes in the fair value of derivative financial instruments, non-cash impairments and other items typically not included by securities analysts in published estimates. Adjusted net loss is a useful metric in evaluating the Company's performance and facilitating comparisons with its peer companies, many of which use similar non-GAAP financial measures to supplement results under GAAP. Adjusted net loss may not be comparable to other similarly titled measures reported by other companies.

Attachment Statements	Company	Period
6	Other Non-GAAP Financial Measures (Unaudited)	EXCO Resources, Inc. 9/30/2017

Adjusted general and administrative expenses

The Company believes this non-GAAP measure is used by investors, analysts and management for valuations, peer comparisons and other recommendations. The exclusion of equity-based compensation is

important to users that are evaluating the impact of the Company's cash-based general and administrative costs on its credit metrics and ability to service its indebtedness. In addition, the exclusion of cash-based costs, such as restructuring and severance, assists in the comparability between periods and similar measures are used in debt covenant calculations required under certain of the Company's debt agreements. Restructuring costs include legal and advisory costs incurred in connection with the Company's strategic initiatives focused on restructuring its indebtedness and other commercial contracts, and severance costs relate primarily to the Company's reductions in workforce.

(in thousands)	Three Months Ended			Nine Months Ended	
	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
General and administrative, GAAP	\$ 10,035	\$(1,394)	\$ 10,746	\$ 13,056	\$ 3,387
Less: Equity-based compensation	866	7,959	(1,417)	11,207	(14,000)
Less: Restructuring and severance costs	(2,404)	(208)	(2,697)	(3,387)	(1,700)
Adjusted general and administrative, non-GAAP measure	\$ 8,497	\$ 6,357	\$ 6,632	\$ 20,876	\$ 2,987

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