



TAPSTONE ENERGY

Tapstone Energy Completes Financial Restructuring And Raises \$50 million of New Preferred Equity

New Capital Investment Fuels Ability for Near-term Acquisitions and Potential Mergers

Oklahoma City, April 20, 2012-- Tapstone Energy, LLC ("Tapstone" or the "Company") today announced the Company has concluded a comprehensive financial restructuring plan to recapitalize its balance sheet and fortify its liquidity by significantly reducing long-term debt and interest expense. The Company is now positioned to expand its production base through mergers and acquisitions. Highlights of the out-of-court transaction are as follows:

- 100% of the Company's existing traditional credit facility lenders agreed to exchange their outstanding secured indebtedness into a combination of a new four-year secured term loan of approximately \$145 million and common equity in Tapstone.
- 99.5% of the Company's existing 9.75% 2022 senior noteholders have agreed to exchange their existing unsecured notes into a new four-year unsecured term loan of approximately \$5 million and common equity in Tapstone.
- Kennedy Lewis Investment Management, LLC is investing \$50 million of new capital in the form of preferred equity in Tapstone to pursue acquisitive growth in the Mid-Continent region.
- By extinguishing approximately \$450 million of principle debt, the transaction leaves Tapstone with over \$60 million in liquidity, a current mark-to-market hedge book of approximately \$55 million, a significantly deleveraged balance sheet, a dedicated team of investors and the flexibility to pursue growth through acquisitions.

Steve C. Dixon, Tapstone Energy Chief Executive Officer, commented, "I want to personally thank all our dedicated employees, whose focus during this process enabled us to maintain full flexibility during this period. The outcome of this process establishes Tapstone as an entity ready to consolidate assets in the Mid-Continent. We are eager to turn our focus on acquiring producing properties and evaluating merger candidates."

John J. Kilgallon, Tapstone Energy Chief Financial Officer, added, "The success of our restructuring is a significant accomplishment given the current environment in the energy industry and the broader economy. We greatly appreciate the collaboration of all stakeholders to reach this resolution. When including the new investment from Kennedy Lewis and the extinguishment of debt through the restructuring, our net debt has improved by approximately \$500 million from start to finish in this process."

Darren L. Richman, Kennedy Lewis Founder and Co-Portfolio Manager, commented. "We are excited to partner with the Tapstone team and view the timing of this investment as the perfect opportunity to be acquiring assets as other operators need to raise capital. Very proud we were able to accomplish this transaction out of court, which was enabled by the support and leadership of the agent bank and its steering committee."

Kirkland & Ellis LLP served as legal counsel, Evercore acted as financial advisor and Alvarez & Marsal North America, LLC acted as restructuring advisor to Tapstone. Haynes and Boone, L.L.P. served as

legal advisors and FTI Consulting, Inc. served as financial advisor for the credit facility lenders. Akin Gump acted as legal advisors and Houlihan Lokey Capital, Inc. acted as financial advisors for the unsecured noteholders.

About Tapstone Energy

Tapstone Energy is a growth-oriented, independent oil and natural gas company focused on the acquisition and development of unconventional oil and natural gas reserves in the Mid-Continent region. The Tapstone team is made up of seasoned professionals in all disciplines with substantial experience in all phases of the industry.

About Kennedy Lewis

Kennedy Lewis is an opportunistic credit manager founded in 2017 by David K. Chene and Darren L. Richman. The Firm pursues event-driven situations in which a catalyst may unlock value. The strategy focuses primarily on the stressed and distressed segments of the corporate and structured credit markets in North America and Europe.

Tapstone Contact Information

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