

INVESTMENT BANKING UPDATE

March 8, 2016

\$350 million



**Second Lien
Term Loan**



*The undersigned served as sole advisor to
funds managed by Ares Management, L.P.*

Stephens Inc.

Transaction Details

- On March 8, 2016, Clayton Williams Energy, Inc. (NYSE: CWEI) (the “Company”) entered into a credit agreement with certain funds managed by Ares Management, L.P. (NYSE: ARES) (“Ares” or the “Lenders”) providing for the Lenders to make secured term loans to the Company in the principal amount of \$350 million.
- Interest of the loans shall be payable quarterly in cash at 12.50% per annum or the Company may elect to pay interest each quarter in kind at 15.00% per annum.
- The Company also has agreed to issue to the Lenders warrants to purchase 2.25 million shares of the Company’s common stock at a price of \$22.00.
- The Company issued 3,500 shares of preferred stock to Ares’ funds, which grant the holders the right to elect two members to the Board of Directors.
- Proceeds from this transaction will be used to fully repay the Company’s outstanding indebtedness under its revolving credit facility and provide additional liquidity to fund the Company’s operations and future development.
- Stephens Inc. served as sole advisor to funds managed by Ares Management, L.P.

According to the Company’s Press Release:

Ares Management, L.P.

Ares Management, L.P. is a publicly traded, leading global alternative asset manager with approximately \$94 billion of assets under management as of December 31, 2015 and more than 15 offices in the United States, Europe and Asia. Since its inception in 1997, Ares has adhered to a disciplined investment philosophy that focuses on delivering strong risk-adjusted investment returns throughout market cycles. Ares believes each of its three distinct but complementary investment groups in Credit, Private Equity and Real Estate is a market leader based on assets under management and investment performance. Ares was built upon the fundamental principle that each group benefits from being part of the greater whole. For more information, visit www.aresmgmt.com.

According to the Company’s Website:

Clayton Williams Energy, Inc.

Clayton Williams is an independent oil and gas company engaged in the exploration for and production of oil and natural gas primarily in Texas, New Mexico and Louisiana.

Sources: Company filings.

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