

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re	:	Chapter 11
	:	
SWIFT ENERGY COMPANY, <i>et al.</i> , ¹	:	Case No. 15-12670 (MFW)
	:	
Debtors.	:	(Jointly Administered)
	:	
	:	Re: Docket Nos. 243, 393

**NOTICE OF FILING OF EXIT FACILITY TERM SHEET
EXHIBIT TO THE JOINT PLAN OF REORGANIZATION**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On March 9, 2016, the Debtors filed the Notice of Filing of Supplemental Disclosure and Exhibits to the Joint Plan of Reorganization² [Docket No. 393] (the "Initial Plan Exhibit Notice"). Pursuant to the Initial Plan Exhibit Notice, the Debtors indicated that they would file the Exit Credit Agreement (Plan Exhibit I.A.59) as soon as practicable. Attached hereto as Exhibit A is a term sheet outlining the terms of the Exit Credit Facility (the "Exit Facility Term Sheet"). The attached Exit Facility Term Sheet is supported by the RBL Agent and the Steering Committee of RBL Lenders. The RBL Agent is in the process of attempting to obtain formal commitments in respect of the Exit Facility Term Sheet from the RBL Lenders. The Debtors intend to file commitment and fee letters in respect of the Exit Credit Facility as soon as practicable. The Debtors and the RBL Agent are in the process of finalizing the Exit

¹ The Debtors are the following nine entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Swift Energy Company (0661); Swift Energy International, Inc. (6721); Swift Energy Group, Inc. (8150); Swift Energy USA, Inc. (8212); Swift Energy Alaska, Inc. (6493); Swift Energy Operating, LLC (2961); GASRS LLC (4381); SWENCO-Western, LLC (0449); and Swift Energy Exploration Services, Inc. (2199). The address of each of the Debtors is 17001 Northchase Drive, Suite 100, Houston, Texas 77060.

² Capitalized terms used herein and not otherwise defined will have the meanings given to them in the Joint Plan of Reorganization of the Debtors and Debtors in Possession (as may be further amended, modified and/or supplemented, the "Plan").



Credit Agreement consistent with the terms set forth in the Exit Facility Term Sheet, and the Debtors intend to file the Exit Credit Agreement as soon as practicable.

2. The Debtors reserve the right to modify, amend, supplement, restate or withdraw any of the Exhibits as necessary or appropriate. Copies of the Plan, the Disclosure Statement and the Exhibits can be obtained and/or viewed, free of charge, by visiting the Debtors' restructuring website at www.kccllc.net/swiftenergy.

3. As previously noticed, a hearing to consider confirmation of the Plan will be held before The Honorable Mary F. Walrath, United States Bankruptcy Judge, in Courtroom No. 4, 5th Floor, at the Bankruptcy Court, 824 N. Market Street, Wilmington, Delaware 19801, **on March 30, 2016, at 10:30 a.m. (prevailing Eastern Time).**

Dated: March 11, 2016
Wilmington, Delaware

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ATTORNEYS FOR DEBTORS AND
DEBTORS IN POSSESSION

EXHIBIT A

Exit Facility Term Sheet

Discussion Materials

March 2016



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Indicative Terms and Conditions

Important Note: This term sheet assumes that all claims against, and interests in, the Borrower and the Guarantors (including, without limitation, with respect to the debtor-in-possession financing facility) are treated substantially in accordance with the terms set forth in the proposed Joint Plan of Reorganization of the Debtors and Debtors in Possession, dated February 5, 2016 [Docket No. 243], provided that all such claims under the fully funded debtor-in-possession financing facility shall be converted to common equity of Swift (as defined below) rather than be paid in cash. This term sheet is preliminary and subject to material change, including, without limitation, to the extent that the treatment of such claims and interests is proposed to be different from or inconsistent in any material respect with the proposed Joint Plan of Reorganization of the Debtors and Debtors in Possession, dated February 5, 2016 [Docket No. 243].

Indicative terms and conditions (subject to continuing review, diligence and approval)							
Borrower:	Swift Energy Company (the "Borrower" or "Swift")						
Guarantors:	Any and all existing and future direct or indirect wholly-owned material domestic restricted subsidiaries of the Borrower (the "Guarantors" and with Swift, the "Loan Parties")						
Security:	<ul style="list-style-type: none"> • First priority perfected liens on at least 95% of the PV-9 of proved oil and gas reserves (including title on 85% of the PV-9) • Pledge of substantially all personal property of the Borrower and each Guarantor (including cash pursuant to DACAs) • PV-9 to be determined using Administrative Agent's price deck 						
Facility:	Type	Max Commitment		Maturity	Coupon	Comm. Fee	OID/Upfront fee
	Exit RBL credit facility	Conforming	\$250mm	3 years	L + 300-400 bps (with grid based on utilization). During the Non-Conforming Borrowing Base Period, the full facility will be priced at L + 700 bps, with a step down to L + 600 when the non-conforming borrowing base drops to less than or equal to \$25mm. As used herein, "Non-Conforming Borrowing Base Period" shall mean the period from and after the closing date through the date in which the non-conforming borrowing base is extinguished and all loans thereunder have been paid in full.	50 bps	100 bps
	("Exit RBL")	Non-Conforming	\$70mm	November 1, 2017			
Borrowing base:	<ul style="list-style-type: none"> • Advance rates customary for transactions of this type and customary borrowing base provisions (subject to the below), including: <ul style="list-style-type: none"> ◦ First redetermination to occur on November 1, 2016 and semi-annually thereafter (with 1 interim redetermination permitted prior to the first redetermination and between each scheduled redetermination for each of (x) Borrower and (y) Administrative Agent or Required Lenders) <ul style="list-style-type: none"> § During the Non-Conforming Borrowing Base Period, if the conforming borrowing base is decreased in connection with a redetermination (other than the November 1, 2017 scheduled redetermination) then the non- 						

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	<p>conforming borrowing base shall increase by the amount of any such decrease</p> <ul style="list-style-type: none"> o Asset sales (which shall include transfers to unrestricted subsidiaries, except as otherwise agreed) and hedge unwinds exceeding 5% in aggregate of the borrowing base as well as insufficient title will result in a borrowing base adjustment
Financial covenants:	<ul style="list-style-type: none"> • Minimum Current Ratio¹ \geq 1.0x starting in Q2 2016 • Maximum Debt to EBITDA² Ratio \leq 6.5x starting in Q3 2016, stepping down to 6.0x in Q4 2016, 5.75x in Q1 2017 and Q2 2017, 5.25x in Q3 2017, 5.0x in Q4 2017, 4.5x in Q1 2018, 4.0x in Q3 2018 and 3.5x in Q1 2019; calculation to be subject to customary annualization mechanic for Q3 2016 and Q4 2016 tests³ • Minimum Liquidity \$10mm with anti-hoarding <p>Calculation and operation of the foregoing shall be consistent with the Business Plan (as defined below).</p>
Documentation:	Documentation to be prepared by counsel to the Administrative Agent
Terms:	<ul style="list-style-type: none"> • Representations, covenants (including no junior debt except as indicated below and <u>provided</u> that provisions regarding unrestricted subsidiaries shall be satisfactory to the Exit RBL lenders and preclude any transfer of assets to unrestricted subsidiaries during the Non-Conforming Borrowing Base Period), events of default (provided that failure to extinguish, and repay in full all loans under the non-conforming borrowing base, on November 1, 2017 shall be subject to a 30 day grace period) and other terms not specified herein shall be usual and customary for RBL facilities
Use of proceeds:	To (i) fund (A) emergence from Chapter 11 and (B) deemed repayment of all borrowings under the pre-petition RBL facility and (ii) provide working capital and for other general corporate purposes of the Loan Parties
Indicative terms and conditions (subject to continuing review, diligence and approval)	
Mandatory prepayments:	<ul style="list-style-type: none"> • 100% of all the net cash proceeds of all asset sales or other dispositions of collateral (including any hedge unwinds) by the Borrower and any restricted subsidiary (including insurance and condemnation proceeds and any transfer of property to an unrestricted subsidiary) and issuances of debt, subject to negotiated exceptions <ul style="list-style-type: none"> o Excludes hydrocarbon sales in the ordinary course of business o During the Non-Conforming Borrowing Base Period, any mandatory prepayment shall repay and permanently reduce the non-conforming borrowing base facility o After termination of non-conforming facility, exceptions to mandatory prepayment requirements to be usual and customary for RBL facilities
Junior Debt:	<ul style="list-style-type: none"> • Debt covenant to include exception for junior lien debt issued or incurred to (a) first, refinance extensions of credit under, and permanently reduce, the non-conforming borrowing base and (b) second, refinance and permanently reduce the commitments to the conforming borrowing base and to fund cash to the balance sheet, in each case, on terms satisfactory to the Exit RBL lenders, including (i) entry into an intercreditor agreement satisfactory to the Exit RBL lenders and (ii) such junior lien debt not having any scheduled repayment, mandatory redemption or sinking fund obligation prior to the 91st day after the Exit RBL maturity date or being

¹ Current assets to include total undrawn commitment; current liabilities to exclude non-conforming facility.

² EBITDA to be defined in a manner consistent with EBITDA as used in the Swift business plan delivered to JPM on 3/7/16 as excel file (the "Business Plan").

³ It is understood that, Q2 2016 EBITDA and Q3 2016 EBITDA shall be multiplied by 2 for Q3 2016 test and Q2 2016, Q3 2016 and Q4 2016 EBITDA shall be multiplied by 4/3 for Q4 2016 test.

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	<p>secured by any collateral which does not secure the Exit RBL on a senior lien basis.</p> <ul style="list-style-type: none"> The issuance of junior lien debt shall be applied first to refinance and permanently reduce the non-conforming borrowing base to zero and thereafter may be applied to refinance and permanently reduce the commitments to the conforming borrowing base and to fund cash to the balance sheet. The conforming borrowing base shall be reduced by \$0.25 for every \$1.00 of such junior lien debt issued or incurred not applied to refinance and permanently reduce the non-conforming borrowing base.
Reporting requirements:	<p>Usual and customary for transactions of this type, including:</p> <ul style="list-style-type: none"> December 31, 2015 year-end reserve report, which shall be audited by an approved reserve engineer in accordance with the Borrower's past practices Borrower-prepared mid-year reserve report Beginning with the December 31, 2016 year-end reserve report, a year-end reserve report prepared by Degolyer & MacNaughton, Ryder Scott Company Petroleum Consultants, L.P., Netherland, Sewell & Associates, Inc., Cawley, Gillespie & Associates, Inc. or HJ Gruy and Associates Receipt of audited year-end financial statements Receipt of quarterly unaudited financial statements 5 years of quarterly detailed projections, reasonably acceptable to the Lenders and the Administrative Agent Receipt of quarterly compliance certificates
Conditions precedent to closing and initial loan:	<p>Usual and customary for transactions of this type, including:</p> <ul style="list-style-type: none"> The Plan of Reorganization and the order (or orders) of the Bankruptcy Court confirming the Plan of Reorganization shall be reasonably satisfactory to each of Lead Arranger and Administrative Agent Effective Date under the Plan shall have occurred Debtor-in-possession financing facility has been fully funded in the amount of at least \$75 million Administrative Agent's reasonable satisfaction that the claims against or interests in the Borrower and the Guarantors have been satisfied or otherwise addressed as set forth in the Plan (including, without limitation, that the debtor-in-possession financing facility has been converted to common equity of Swift as reorganized) Pro forma financials as of closing date Receipt of documentation required for applicable "know your customer" and anti-money laundering rules and regulations Guarantees shall have been executed and all documents required to perfect security interest in the collateral shall have been executed and delivered and, in each case, all such guarantees and documents shall be in full force and effect Execution and delivery of the Exit Facility Documentation; delivery of customary opinions and closing documentation Receipt of reasonably satisfactory title opinions with respect to at least 85% of the PV-9 value of proved oil and gas properties in the initial Reserve Report Receipt of all necessary governmental and third party consents and approvals Receipt of evidence that pro forma unrestricted cash (together with unused commitments under the Exit RBL) of not less than an amount to be mutually agreed All representations and warranties in the Exit Facility Documentation shall be true and correct in all material respects and there shall be no default All fees required to be paid on the Closing Date (incl. reasonable and documented out-of-pocket expenses) shall have been paid Closing of the Facility shall have occurred on or before a date to be mutually agreed
Conditions precedent to each credit extension:	<p>Usual and customary for transactions of this type</p>

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Administrative agent:	<ul style="list-style-type: none">• JPMorgan Chase Bank, N.A.
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