

# Ultra Petroleum Corp. Expects to Close on Amended Debt Exchange Agreement to Reduce Long-Term Debt by at Least \$235 Million and Reduce Pro Forma Consolidated Net Leverage Ratio to 3.5x

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ENGLEWOOD, Dec. 21, 2018 - Today [Ultra Petroleum Corp.](#) ("Ultra Petroleum" or the "Company") (NASDAQ: UPL) announced it expects to close on a debt exchange agreement to reduce long-term debt by at least \$235 million before year-end (the "Exchange Transaction").

The terms of the Exchange Transaction are slightly modified from the terms of the exchange agreement originally announced on October 17, 2018. Under the new Exchange Transaction, the Company has agreed to exchange approximately \$505 million aggregate principal amount, or 72.2 percent, of its 6.875% Senior Notes due 2022 (the "2022 Notes") and \$275 million aggregate principal amount, or 55.0 percent, of its 7.125% Senior Notes due 2025 (the "2025 Notes"), for new 9.00% Cash / 2.00% PIK Senior Secured Second Lien Notes due July 2024 (the "New Notes") and new warrants (the "Warrants") of the Company entitling each holder thereof to purchase one common share of the Company.

In addition to the reduction in debt, the \$545 million of New Notes expected to be issued in the Exchange Transaction will extend the maturity of the exchanged 2022 Notes to July 2024, leaving approximately \$195 million in 2022 Notes. The Company is expected to retain the ability to further exchange approximately \$54.8 million of the remaining 2022 Notes within a year on the same or more favorable terms for the Company. Pro forma for the Exchange Transaction, as of September 30, 2018, the Consolidated Net Leverage Ratio<sup>(1)</sup> for the Company will improve to 3.5x from 3.9x.

## Exchange Transaction Details

For each \$1,000 aggregate principal amount of 2022 Notes to be exchanged in the Exchange Transaction, the holders thereof (the "Supporting Noteholders") will receive \$720 in aggregate principal amount of New Notes issued by the Company's wholly owned subsidiary, Ultra Resources, Inc. (the "Issuer"), and 14 Warrants issued by the Company. For each \$1,000 aggregate principal amount of 2025 Notes to be exchanged, the Supporting Noteholders will receive \$660 in aggregate principal amount of New Notes issued by the Issuer and 14 Warrants issued by the Company. Each Warrant will be exercisable at the option of the holders thereof for one common share, no par value, of the Company, at any time following the date on which the volume-weighted average price of the common shares is at least \$2.50 for 30 consecutive trading days. In the aggregate, if all Warrants are exercised, total shareholder dilution will be approximately 6%.

The Exchange Transaction has been approved by a majority in outstanding principal amount of each of the Company's revolving credit facility and senior term loan. The Company agreed to pay certain of its lenders under its senior secured term loan due April 2024 ("Senior Secured Term Loan") an early consenting lenders fee of 60 bps, and to increase the interest rate on the Senior Secured Term Loan by 75 bps in cash interest and 25 bps of PIK interest for all lenders at the closing of the Exchange Transaction.

Interim CEO Brad Johnson said, "With the expected closing of the Exchange Transaction, the Company will proactively address and improve its pro forma capital structure. The Exchange Transaction will significantly reduce our near-term maturities and materially reduce our overall debt burden, each of which will allow the Company to continue its focus on the execution of its long-term business plans."

Centerview Partners LLC is acting as lead financial advisor and Barclays is acting as co-advisor to the Company. Kirkland & Ellis LLP is acting as legal counsel to the Company for this transaction. Davis Polk & Wardwell LLP is acting as legal counsel to the Supporting Noteholders.

(1) Consolidated Net Leverage Ratio is as defined in the Company's Credit Agreement dated April 12, 2017.

#### About Ultra Petroleum

[Ultra Petroleum Corp.](#) is an independent energy company engaged in domestic natural gas and oil exploration, development and production. The Company is listed on NASDAQ and trades under the ticker symbol [UPL](#).

Additional information on the Company is available at [www.ultrapetroleum.com](http://www.ultrapetroleum.com). In addition, our filings with the Securities and Exchange Commission ("SEC") are available by written request to [Ultra Petroleum Corp.](#) at 116 Inverness Drive East, Suite 400, Englewood, CO 80112 (Attention: Investor Relations) or on our website ([www.ultrapetroleum.com](http://www.ultrapetroleum.com)) or from the SEC on their website at [www.sec.gov](http://www.sec.gov) or by telephone request at 1-800-SEC-0330.

This news release includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Any statement, including any opinions, forecasts, projections or other statements, other than statements of historical fact, are or may be forward-looking statements. Although the Company believes the expectations reflected in any forward-looking statements herein are reasonable, we can give no assurance that such expectations will prove to have been correct and actual results may differ materially from those projected or reflected in such statements. In addition, certain risks and uncertainties inherent in our business as well as risks and uncertainties related to our operational and financial results are set forth in our filings with the SEC, particularly in the section entitled "Risk Factors" included in our most recent Annual Report on Form 10-K for the most recent fiscal year, our most recent Quarterly Reports on Form 10-Q, and from time to time in other filings made by the Company with the SEC. Some of these risks and uncertainties include, but are not limited to, increased competition, the timing and extent of changes in prices for oil and gas, particularly in the areas where we own properties, conduct operations, and market our production, as well as the timing and extent of our success in discovering, developing, producing and estimating oil and gas reserves, our ability to successfully monetize the properties we are marketing, weather and government regulation, and the availability of oil field services, personnel and equipment.

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