Calfrac Announces Exchange Offer For Its 8.500% Senior Unsecured Notes Due 2026

January 27, 2020 5:00 PM EST

CALGARY, Jan. 27, 2020 /CNW/ - **Calfrac Well Services Ltd. ("Calfrac") (TSX-CFW)** is pleased to announce that Calfrac Holdings LP ("Calfrac Holdings"), a Delaware limited partnership which is indirectly wholly-owned by Calfrac, intends to offer to exchange (the "Exchange Offer") up to US$100,000,000 aggregate principal amount of Calfrac Holdings' newly issued 10.875% Second Lien Secured Notes due 2026 (the "New Notes") for validly tendered (and not validly withdrawn) 8.500% Senior Unsecured Notes due 2026 (the "Old Notes") of Calfrac Holdings. Calfrac and Calfrac Well Services Corp., its wholly-owned subsidiary and a Colorado corporation, will fully and unconditionally guarantee the New Notes, which will be issued under a new indenture. The New Notes will be secured by a second lien on the same assets that secure obligations under Calfrac's existing senior secured credit agreement.

The Exchange Offer is being made, and the New Notes and the related guarantees will be offered and issued, only in the United States to holders of Old Notes who are reasonably believed to be qualified institutional investors pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") and outside the United States to holders of Old Notes who are persons other than "U.S. persons" pursuant to Regulation S under the Securities Act. The holders of Old Notes who have certified to Calfrac Holdings that they are eligible to participate in the Exchange Offer pursuant to at least one of the foregoing conditions are referred to as "Eligible Holders." The Exchange Offer of the New Notes and related guarantees will be made only by means of an exchange offering memorandum (the "Offering Memorandum"). The New Notes will not be registered under the Securities Act or the securities laws of any other jurisdiction, and may not be offered in the United States absent registration under the Securities Act and applicable state securities laws or pursuant to available exemptions from such registration requirements. In Canada, the New Notes will be offered and issued on a private placement basis.

The Exchange Offer is being conducted as a modified "Dutch auction". This means Eligible Holders will have the opportunity to pick an exchange ratio (the "Bid Ratio") (in increments of US$5.00 principal amount in New Notes) within the range of US$550.00 in New Notes to US$600.00 in New Notes per US$1,000.00 principal amount of Old Notes (the "Accepted Ratio Range") at which Eligible Holders are willing to exchange some or all of their Old Notes for New Notes. The range of exchange ratios set forth above and the Bid Ratio, if any, selected by Eligible Holders will include an early tender premium of US$40.00 principal amount of New Notes per US$1,000.00 principal amount of Old Notes, if the Old Notes are tendered prior to 5:00 p.m., New York City time, on February 7, 2020 (the "Early Tender Time").

The Exchange Offer is not conditioned upon any minimum principal amount of Old Notes being tendered. The Exchange Offer will be conditioned on the satisfaction, or the waiver by Calfrac Holdings, of certain conditions described in the Offering Memorandum. Calfrac Holdings may amend or waive certain of the conditions at any time, in its sole discretion, on or prior to the early settlement date and may terminate, modify or withdraw the Exchange Offer at any time and for any reason on or prior to the early settlement date, including if any of the conditions are not or will not be satisfied.

Eligible Holders that validly tender Old Notes in the Exchange Offer will also receive cash on the early settlement date and final settlement date, as applicable, equal to accrued and unpaid interest, if any, to, but not including, the early settlement date on any Old Notes accepted for exchange. Eligible Holders of Old Notes properly tendered (and not validly withdrawn) after the Early Tender Time and accepted in the Exchange Offer for exchange pursuant to the Exchange Offer will not be entitled to receive any interest on the Old Notes accruing after the early settlement date. The early settlement date for the Exchange Offer is expected to occur on or after February 14, 2020.

The Exchange Offer will expire at 11:59 p.m., New York City time, on February 24, 2020 (the "Expiration Time"). Eligible Holders may withdraw validly tendered Old Notes at any time prior to 5:00 p.m., New York City time, on February 7, 2020 (the "Withdrawal Deadline"), but not thereafter. Calfrac Holdings reserves the right to, but is not obligated to, extend the Early Tender Time, the Withdrawal Deadline and/or the Expiration Time.

This press release does not constitute an offer to exchange Old Notes for New Notes, and there shall not be any exchange of Old Notes for New Notes in any state or other jurisdiction in which such exchange would be unlawful prior to registration or qualification under the securities laws of any such state or other jurisdiction.

Calfrac's common shares are publicly traded on the Toronto Stock Exchange under the trading symbol "CFW". Calfrac provides specialized oilfield services to exploration and production companies designed to increase the production of hydrocarbons from wells drilled throughout western Canada, the United States, Argentina and Russia.

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this press release contains forward-looking statements and information relating to the structure and distribution of the exchange offering.

These forward-looking statements and information are based on certain key expectations and assumptions made by Calfrac in light of its experience and perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances, including, but not limited to, the following: the economic and political environment in which Calfrac operates; Calfrac's expectations for its customers' capital budgets and geographical areas of focus; the effect unconventional oil and gas projects have had on supply and demand fundamentals for oil and natural gas; Calfrac's existing contracts and the status of current negotiations with key customers and suppliers; the effectiveness of cost reduction measures instituted by Calfrac; and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

Although Calfrac believes that the expectations and assumptions on which such forward looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information as Calfrac cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with: global economic conditions; the level of exploration, development and production for oil and natural gas in Canada, the United States, Argentina and Russia; the demand for fracturing and other stimulation services during drilling and completion of oil and natural gas wells; volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally; excess oilfield equipment levels; regional competition; the availability of capital on satisfactory terms; restrictions resulting from compliance with debt covenants and risk of acceleration of indebtedness; direct and indirect exposure to volatile credit markets, including credit rating risk; sourcing, pricing and availability of raw materials, component parts, equipment, suppliers, facilities and skilled personnel; currency exchange rate risk; risks associated with foreign operations; operating restrictions and compliance costs associated with legislative and regulatory initiatives relating to hydraulic fracturing and the protection of workers and the environment; changes in legislation and the regulatory environment; dependence on, and concentration of, major customers; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; liabilities and risks associated with prior operations; liabilities relating to legal and/or administrative proceedings; failure to maintain Calfrac's safety standards and record; failure to realize anticipated benefits of acquisitions and dispositions; the ability to integrate technological advances and match advances from competitors; intellectual property risks; third party credit risk; and the effect of accounting pronouncements issued periodically. The forward-looking statements and information contained in this press release are made as of the date hereof and Calfrac does not undertake any obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

SOURCE Calfrac Well Services Ltd.

For further information: Michael Olinek, Chief Financial Officer, Telephone: (403) 266-6000, Fax: (403) 266-7381; Scott Treadwell, Vice President, Capital Markets and Strategy, Telephone: (403) 266-6000, Fax: (403) 266-7381; Global Bondholder Services, Information Agent, Telephone: (212) 430-3774, Fax: (212) 430-3775/3779