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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): JUNE 19, 1995

COMSTOCK RESOURCES, INC.
(Exact name of registrant as specified in its charter)

NEVADA
(State or other jurisdiction
of incorporation)

0-16741
(Commission
File Number)

94-1667468
(I.R.S. Employer
Identification Number)

5005 LBJ FREEWAY, SUITE 1000, DALLAS, TEXAS 75244
(Address of principal executive offices)

(214) 701-2000
(Registrant's Telephone No.)

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On June 16, 1995, the Board of Directors of Comstock Resources, Inc. (together with its subsidiaries, the "Company") created a new series of the Company's preferred stock (\$10.00 par value) consisting of 1,500,000 shares designated as the Series 1995 Convertible Preferred Stock (the "Series 1995 Preferred"). On June 19, 1995, the Company sold 1,500,000 shares in a private placement for \$15 million to certain investors and investment funds represented by Trust Company of the West.

The Series 1995 Preferred bears quarterly dividends at the rate of 22 1/2c. on each outstanding share (9% per annum of the par value) and is payable when, as and if declared by the Board of Directors on March 31, June 30, September 30 and December 31, of each year commencing on June 30, 1995. Dividends on the Series 1995 Preferred are cumulative from the date of issuance (June 19, 1995). The Company can elect to pay the dividends in cash or in shares of the Company's common stock valued at 80% of the lower of the 5 or 30 trading day average closing price of the common stock.

On June 30, 2000 and on each June 30, thereafter, so long as any shares of the Series 1995 Preferred are outstanding, the Company is obligated to redeem 300,000 shares of the Series 1995 Preferred at \$10.00 per share plus accrued and unpaid dividends. The mandatory redemption price may be paid either (i) in cash or (ii) in shares of common stock, at the option of the Company. If the Company elects to pay the mandatory redemption price in shares of common stock, the Company must deliver to the holders of the Series 1995 Preferred shares being redeemed that number of shares of common stock determined by multiplying the number of shares of Series 1995 Preferred then required to be redeemed by the mandatory redemption price, and then dividing the product thereof by 80% of the lower of the 5 or 30 trading day average closing price of the common stock.

The holders of the Series 1995 Preferred have the right, at their option, to convert all or any part of such shares into shares of common stock of the Company at any time at the initial conversion price of \$5.25 per share of common stock, subject to adjustment. The Company has the option to redeem the shares of Series 1995 Preferred after providing the holders of the Series 1995 Preferred a specified rate of return on the initial purchase.

In the event of dissolution, liquidation or winding-up of the Company, the holders of the Series 1995 Preferred are entitled, after payments of all amounts payable to the holders of preferred stock senior to the Series 1995 Preferred, to receive out of the assets remaining \$10.00 per share, together with all dividends thereon accrued or in arrears, whether or not earned or declared, before any payment is made or assets set apart for payment to the holders of the common stock.

The holders of the Series 1995 Preferred are entitled to vote with the holders of common stock on all matters submitted to a vote of the holders of shares of common stock on

an "as converted" basis. Upon the occurrence of an event of noncompliance, as defined in the documents governing the Series 1995 Preferred, the holders of the Series 1995 Preferred have the right to elect two directors to the Board of Directors of the Company.

The Company may not, so long as the Series 1995 Preferred is outstanding, alter any of the rights, preferences or powers of the Series 1995 Preferred or issue any shares of stock ranking on a parity with or senior to the Series 1995 Preferred unless all of the holders of the Series 1995 Preferred outstanding have consented thereto. Holders of not less than 70% of the Series 1995 Preferred have the right to approve (1) a merger of the Company where the Company is not the surviving corporation; (2) the issuance of more than 20% of the Company's common stock in connection with a merger or acquisition; (3) the sale or disposition of substantially all of the Company's assets; (4) payment of any dividend or distribution, on or for the redemption of common stock of the Company in excess of \$50,000 a year; or (5) an increase in the number of shares of common stock issuable under the Company's 1991 Long-term Incentive Plan (except in certain circumstances).

ITEM 7. FINANCIAL STATEMENTS, PROFORMA FINANCIAL INFORMATION AND EXHIBITS

c. Exhibits

- 2 (a) Stock Purchase Agreement dated June 16, 1995 between the Company, Trust Company of the West and certain other parties named therein.
- 4 (a) Certificate of Voting Powers, Designations, Preferences, and Relative, Participating, Optional or Other Special Rights of the Series 1995 Convertible Preferred Stock.
- 20 (a) Press Release issued June 19, 1995.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COMSTOCK RESOURCES, INC.

Dated: June 26, 1995

By: /s/ROLAND O. BURNS
ROLAND O. BURNS
Senior Vice President,
Chief Financial Officer,
Secretary, and Treasurer
(Principal Financial and
Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
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20(a)	Press Release issued June 19, 1995.

EXHIBIT 2 (a)

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT dated as of June 16, 1995 between Comstock Resources, Inc., a Nevada corporation (the "Company"), and Trust Company of the West, a California trust company ("Trustco"), as Trustee of the TCW Debt and Royalty Fund IVA established pursuant to a Declaration of Trust executed December 31, 1992 ("Fund IVA"); Trustco, in its capacities as Investment Manager pursuant to the Investment Management Agreement dated as of June 6, 1988 between General Mills, Inc. and Trustco and as Custodian pursuant to the Custody Agreement dated as of February 6, 1989 among General Mills, Inc., Trustco and State Street Bank and Trust Company, as trustee ("General Mills"); TCW Asset Management Company, a California corporation ("Tamco"), as Investment Manager pursuant to the Investment Management and Custody Agreement dated as of June 1, 1993 among The Trustees of Columbia University in the City of New York, Tamco and Trustco ("Columbia"); Tamco, as Investment Manager pursuant to the Investment Management Agreement dated as of March 1, 1993 between The Board of Trustees of the Leland Stanford Junior University and Tamco ("LSJU"); Tamco, as Investment Manager under the Investment Management Agreement dated as of June 8, 1993 between the Searle Trusts Limited Partnership X, a Delaware limited partnership (the "Searle Partnership X"), Harris Trust and Savings Bank, as Custodian for the Searle Partnership X, and Tamco ("SPX"); Tamco, as Investment Manager under the Investment Management Agreement dated as of June 8, 1993 between the John G. Searle Charitable Trusts Partnership, a Delaware limited partnership (the "Searle Charitable Partnership"), Harris Trust and Savings Bank, as Custodian for the Searle Charitable Partnership, and Tamco ("SCP"); Tamco, as Investment Manager under the Investment Management Agreement dated as of December 31, 1993 between Tamco and Delta Air Lines, Inc. ("Delta"); Trust Company of the West, as Custodian pursuant to the Investment Management and Custody Agreement dated as of April 26, 1994 among The City and County Employee's Retirement System of San Francisco, TCW Asset Management Company and Trust Company of the West; and TCW Debt and Royalty Fund IVB, a California Limited Partnership ("Fund IVB"); and TCW Debt and Royalty Fund IVC, a California Limited Partnership ("Fund IVC") (Trustco, in the capacities designated above; Tamco, in the capacities designated above; Fund IVB and Fund IVC are hereinafter collectively referred to as "TCW").

TCW, on behalf of each of the parties set forth on Schedule A hereto (together with their successors and assigns, the "Holders"), hereby subscribes for an aggregate of 1,500,000 shares (the "Preferred Shares") of the Company's Series 1995 Convertible Preferred Stock, \$10.00 par value per share (the "Preferred Stock"), at a purchase price of \$10.00 per share, with the rights, restrictions, preferences and privileges as stated in the Certificate of Designation with respect to the Preferred Stock attached hereto as Exhibit A (the "Certificate of Designation") and as provided by law. The Preferred Shares are

convertible into, redeemable for, and dividends thereon may be payable in, shares of the Company's common stock, \$0.50 par value per share (the "Common Stock"), as stated in the Certificate of Designation. Accordingly, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

As used herein, the following terms shall have the following meanings.

"1994 B Preferred" shall mean the 1,000,000 shares of the Company's 1994 Series B Convertible Preferred Stock, \$10.00 par value per share, issued pursuant to that certain Exchange Agreement dated as of July 21, 1994 (the "Exchange Agreement") between the Company, Enron Reserve Acquisition Corp. and Enron Risk Management Services Corp., and any additional shares of 1994 Series B Convertible Preferred Stock issued as a dividend thereon.

"1994 Preferred" shall mean the 600,000 shares of the Company's Series 1994 Convertible Preferred Stock, \$10.00 par value per share, issued pursuant to that certain Stock Purchase Agreement dated as of January 7, 1994 (the "1994 TCW Agreement") between the Company and Fund IVA, General Mills, Columbia, LSJU, SPX, SCP, Delta and Fund IVB.

"Affiliate" shall mean, with respect to a specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person and, with respect to any fund or trust, any Person which is a participant in or beneficiary of such fund or trust. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. Notwithstanding the foregoing provisions of this definition (i) in no event shall any Holder (or any Affiliate thereof) be deemed to be an Affiliate of the Company and (ii) Comstock-DR II Oil & Gas Acquisition Limited Partnership, a Texas limited partnership ("DR II"), Liberty Life Insurance Company, M. Jay Allison and Roland O. Burns shall be deemed to be Affiliates of the Company for purposes of this Agreement.

"Articles of Incorporation" shall mean the Restated Articles of Incorporation of the Company, as in effect on the date hereof and as at any time amended or otherwise modified.

"Commission" shall mean the Securities and Exchange Commission or any other similar or successor agency of the federal government administering the Securities Act.

"Controlling Person" shall have the meaning defined in Section 4.7.

"Conversion Shares" shall mean the shares of Common Stock into which the Preferred Shares are convertible or converted, for which the Preferred Shares are redeemed, and in which dividends on the Preferred Shares are paid.

"Development Plan" shall mean the development plan attached to the Secretary's Certificate pursuant to Section 3.7.1(a), as approved by TCW and as the same may be amended from time to time with the consent of TCW as provided in the Certificate of Designation.

"Indemnitee" and "Indemnitor" shall have the meanings defined in Section 4.7.

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.

"Piggy Back Right" shall have the meaning defined in Section 4.3.

"Reimbursable Registration" shall have the meaning defined in Section 4.6.

"Requisite Holders" shall mean the holders of Preferred Shares and Conversion Shares representing at least 70% of the Conversion Shares.

"Restricted Certificate" shall mean a certificate for Preferred Shares or Conversion Shares bearing the restrictive legend set forth in Section 4.1.

"Restricted Securities" shall mean Preferred Shares or Conversion Shares evidenced by a Restricted Certificate.

"Securities Act" shall mean the Securities Act of 1933, as amended, or any similar Federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Seller" shall mean a holder of Restricted Securities for which the Company shall be required to file a registration statement or which shall be registered under the Securities Act at the request of such holder pursuant to any of the provisions of Section 4. Neither the Company nor any Affiliate of the Company shall be deemed a "Seller" for any purposes of this Agreement.

"Transfer" shall mean any sale, transfer or other disposition of any Restricted Securities, or of any interest in any thereof, which would constitute an offer or sale thereof within the meaning of the Securities Act.

SECTION 2. PURCHASE AND SALE OF SECURITIES

2.1. Authorization and Issuance of Preferred Shares and Conversion Shares. The Company has authorized: (a) the issue of one or more certificates for issuance to the Holders pursuant to this Agreement, and (b) the issue of such number of Conversion Shares as will permit the compliance by the Company with its obligations to issue Conversion Shares pursuant to the Articles of Incorporation and Certificate of Designation.

2.2. The Closing. Subject to the conditions set forth in Section 3.1.7, the Company hereby agrees to issue to each Holder, and each Holder hereby agrees to purchase, the number of shares of Preferred Stock set out opposite such Holder's name on Schedule A attached hereto, at a purchase price of \$10.00 per share. The Company will deliver to each Holder a single certificate for the Preferred Shares, registered in the name of such Holder, except that, if any such Holder shall notify the Company in writing prior to such issuance that it desires certificates for Preferred Shares to be issued in other denominations or registered in the name or names of any Person or Persons referred to in the proviso at the end of the first sentence of Section 4 or any nominee or nominees for its or their benefit, then the certificates for Preferred Shares shall be issued to such Holder in the denominations and registered in the name or names specified in such notice.

2.3. Purchase for Holder's Account. Each Holder represents and warrants to the Company that such Holder is purchasing and will purchase the Preferred Shares as of the date hereof solely for investment purposes, for its own account, with no present intention of distributing or reselling the Preferred Shares or the Conversion Shares or any part thereof in violation of applicable securities laws, and that such Holder is prepared to bear the economic risk of retaining the Preferred Shares and the Conversion Shares for an indefinite period, all without prejudice, however, to the right of such Holder at any time, in accordance with this Agreement, lawfully to sell or otherwise dispose of all or any part of the Preferred Shares or the Conversion Shares held by it. It is understood that, in making the representations set forth in Section 3.1, 3.2 and 3.3, the Company is relying, to the extent applicable, upon the representations and warranties of each such Holder. Each Holder represents and warrants that it is an accredited investor, as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act.

2.4. Compliance. Further in reliance upon the representations and warranties of each Holder in Section 2.3, the Company has not registered the Preferred Shares or the Conversion Shares under the Securities Act and each Holder agrees that neither the Preferred Shares nor the Conversion Shares will be sold or offered for sale without registration under said Act or the availability of an exemption therefrom or if said Act is not applicable, all as more fully provided in Section 4, nor in violation of any other law of the United States of America or any state.

2.5. Expenses. Whether or not the Preferred Shares are sold to any Holder, the Company will pay all costs and expenses incurred by the Holders (a) relating to the negotiation, execution and delivery of this Agreement and the issuance of the Preferred Shares (including, without limitation, fees, office charges and expenses of counsel to the Holders (fees of Milbank, Tweed, Hadley & McCloy not to exceed \$37,500 without the consent of the Company) and reasonable third party engineering and other out-of-pocket costs), (b) provided for in Sections 4.6, 4.7, 5.1 and 5.2, (c) relating to printing the instruments evidencing the Preferred Shares or the Conversion Shares, (d) expenses relating to any amendments, waivers or consents under this Agreement and (e) incident to the enforcement by any Holder of, or the protection or preservation of any right or remedy of any Holder under, this Agreement, the Articles of Incorporation or any other agreement furnished pursuant hereto or thereto or in connection herewith or therewith (including, without limitation, fees and expenses of counsel). The Company shall pay such costs and expenses, to the extent then payable, on the date of issuance of the Preferred Shares and thereafter from time to time upon demand by any Holder against presentation, in each such case, of a statement thereof.

2.6. Conversion Option. The Company will have the option, at any time, to convert the Preferred Shares, on the same terms and conditions set forth herein, to convertible subordinated debt of the Company, provided that all of the following conditions are satisfied: (i) the Company obtains the consent of the holders of the 1994 Preferred and 1994 B Preferred; and (ii) the Company shall have delivered to the Holders all necessary approvals, subordination agreements and other documentation, in form and substance satisfactory to TCW in its sole and absolute discretion, required in connection with such conversion (which will provide for an increase in the number of demand registrations, the reasonable costs and expenses of which shall be payable by the Company, to a number acceptable to TCW in its sole and absolute discretion) and (ii) the Holders shall have received an opinion of counsel to the Company (a) that such conversion neither breaches nor violates any existing agreement to which the Company is a party or any other obligation of the Company, (b) such conversion shall not cause an adjustment in the conversion price, option price or exercise price in any convertible security issued by the Company, and (c) such other matters as TCW may request.

SECTION 3. WARRANTIES, REPRESENTATIONS AND COVENANTS OF THE COMPANY

The Company hereby represents, warrants and covenants to each Holder that as of the date of the Company's execution of this Agreement:

3.1. Sale is Legal, etc.

3.1.1. Upon the issuance of the Preferred Shares under this Agreement, the total number of shares of capital stock which the Company has authority to issue is

35,000,000 shares, consisting of 30,000,000 shares of Common Stock and 5,000,000 shares of Preferred Stock. The Company has the power and authority and has taken all actions (corporate or other) necessary to authorize it to enter into and perform its obligations and undertakings under this Agreement. Immediately prior to the issuance of the Preferred Shares under this Agreement, 12,477,192 shares of Common Stock will be issued and outstanding. Upon the issuance of the Preferred Shares under this Agreement, the Company does not have outstanding any stock or securities convertible into or exchangeable for any shares of capital stock nor does it have outstanding any rights to subscribe for or to purchase, or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, any capital stock or stock or securities convertible into or exchangeable for any capital stock other than (i) the Preferred Shares to be issued pursuant to this Agreement, (ii) 600,000 shares of the 1994 Preferred, (iii) 1,000,000 shares of the 1994 B Preferred, and (iv) options and warrants to purchase an aggregate of 1,990,307 shares of Common Stock as set forth on Schedule 3.1.1 hereto.

3.1.2. The Preferred Shares will, when issued, be duly and validly issued, fully paid and nonassessable and free from all taxes, liens and charges.

3.1.3. The Company will at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of the conversion of the Preferred Shares, such number of Conversion Shares issuable upon the conversion of all outstanding Preferred Shares. All Conversion Shares will, when issued, be duly and validly issued, fully paid and nonassessable and free from all taxes, liens and charges. The Company will take all such actions as may be necessary to assure that all Conversion Shares may be so issued without violation of any applicable law or governmental regulation or any requirements of any domestic securities exchange or national market upon which the Conversion Shares may be listed.

3.1.4. None of the execution and delivery of this Agreement, or the issue and sale of the Preferred Shares and the Conversion Shares, or the consummation of the transactions herein or therein contemplated or compliance with the terms and provisions hereof and thereof will conflict with or result in a breach of, or require any consent under, the Articles of Incorporation of the Company, or any applicable law or regulation, or any order, writ, injunction or decree of any court or governmental authority or agency (other than filings which will be made by the Company as required by applicable state securities laws), or any agreement or instrument to which the Company is a party or by which it is bound or to which it is subject, or constitute a default under any such agreement or instrument, or result in the creation or imposition of any lien upon any of the revenues or assets of the Company pursuant to the terms of any such agreement or instrument.

3.1.5. There is not in effect on the date hereof any agreement by the Company (other than this Agreement) pursuant to which any holders of securities of the

Company have a right to cause the Company to register such securities under the Securities Act other than as set forth on Schedule 3.1.5 hereto.

3.1.6. The Company is a corporation duly organized and validly existing in good standing under the laws of the State of Nevada and has the corporate power and authority to execute and deliver this Agreement, the Preferred Shares and the Conversion Shares and to perform the terms hereof and thereof. The Company has taken all action necessary to authorize the execution, delivery and performance of this Agreement, the issuance of the Preferred Shares and the Conversion Shares. This Agreement has been duly authorized and executed and constitutes the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

3.1.7. As a condition to the obligations of the Holders hereunder and prior to the issuance of the Preferred Shares, the Company shall have delivered to the Holders (in form and substance satisfactory to Holders and their counsel):

(a) a certificate, dated the date hereof, of the Secretary or an Assistant Secretary of the Company, (A) attaching a true and complete copy of the resolutions of the Board of Directors of the Company, and of all documents evidencing other necessary corporate or shareholder action (in form and substance satisfactory to the Holders and to their counsel) taken by the Company in connection with the matters contemplated by this Agreement, (B) attaching a true and complete copy of the Articles of Incorporation and by-laws of the Company and each of its subsidiaries, (C) setting forth the incumbency of the officer or officers of the Company who sign this Agreement, any document delivered by the Company pursuant hereto and each certificate for the Preferred Shares, including therein a signature specimen of such officer or officers and (D) attaching a true and complete copy of the Development Plan;

(b) certificates of good standing (including tax status, if applicable) of the Company and each of its subsidiaries under the laws of their respective states of incorporation and as foreign corporations in every state in which they own property or conduct business;

(c) an opinion of Locke Purnell Rain Harrell (A Professional Corporation) in the form attached hereto as Exhibit B;

(d) a copy of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1994, which report shall contain audited financial statements of the Company for such fiscal year prepared in accordance with generally

accepted accounting principles which fairly present the information included therein, accompanied by an opinion of the Company's certified public accountants;

(e) copies of the Company's Quarterly Report on Form 10-Q for the fiscal quarter March 31, 1995, which reports may contain unaudited financial statements of the Company for such fiscal quarter prepared in accordance with generally accepted accounting principles which fairly present the information included therein, certified by the Company's chief financial officer;

(f) such other documents and evidence relating to the matters contemplated by this Agreement as the Holders or their counsel shall reasonably require, including without limitation, evidence that (i) the Company has sufficient authorized and reserved shares of Common Stock on the date hereof to meet the Company's obligations herein and in the Certificate of Designation and (ii) the Rights Agreement between the Company and Bank One, Texas N.A., as successor Rights Agent, dated December 10, 1990, as the same may be amended from time to time (the "Rights Agreement"), has been amended to exclude the Preferred Shares, the Conversion Shares and the Holders thereof, under certain circumstances, from the definitions of "Acquiring Person" or "Adverse Person" under such Rights Agreement;

(g) copies of the Articles of Amendment to the Certificate of Voting Powers, Designations, Preferences, and Relative, Participating, Optional or Other Special Rights of the 1994 Preferred and 1994 B Preferred in the forms attached hereto as Exhibits D and E, respectively, and evidence that the holders thereof approved the same and the issuance of the Preferred Shares; and

(h) (i) copies of the (a) definitive purchase and sale agreement executed by the Company and Sonat Exploration Company, a Delaware corporation ("Sonat"), relating to the acquisition transaction, described in the Company's press release of 5/17/95, and (b) resolutions of the Boards of Directors of the Company and Sonat authorizing such acquisition transaction and (ii) a certificate of the President of the Company certifying that there has been no default or breach of the purchase and sale agreement on the part of the Company as of the date hereof.

(i) a fully executed copy of the Third Amendment to Credit Agreement, substantially in the form of Exhibit F attached hereto (the "Third Amendment"), amending that certain Credit Agreement, dated as of September 30, 1994, between the Company and NBD Bank, N.A. ("NBD"), as agent for the Banks described therein (as amended by that certain First Amendment to Credit Agreement dated December 31, 1994 and that certain Second Amendment to Credit Agreement dated May 15, 1995, the "Credit Agreement").

3.2. Governmental Consent. Other than filings required by applicable state securities laws which shall be made by the Company, neither the nature of the Company or of any its subsidiaries, or of any of their respective businesses or properties, nor any relationship between the Company or any subsidiary and any other Person, nor (except as expressly provided for in this Agreement) any circumstance in connection with the offer, issue or sale of the Preferred Shares and Conversion Shares is such as to require consent, approval or authorization of, or filing, registration or qualification with, any governmental authority on the part of the Company as a condition to the execution and delivery of this Agreement or the execution and filing of the Certificate of Designation or any amendment of the Articles of Incorporation required in connection with the authorization, offer, sale and/or issuance of the Preferred Shares or the Conversion Shares.

3.3. Private Offering. Neither the Company nor any other Person acting on behalf of the Company has offered any of the Preferred Shares or any similar securities of the Company for sale to, or solicited offers to buy any thereof from, or otherwise approached or negotiated with respect thereto with any prospective purchasers who are not accredited investors, as defined in Rule 501 of Regulation D promulgated under the Securities Act. The Company agrees that neither the Company nor anyone acting on its behalf has offered or will offer the Preferred Shares or any part thereof or any similar securities for issue or sale to, or has solicited or will solicit any offer to acquire any of the same from, anyone so as to bring the issuance and sale of the Preferred Shares within the provisions of Section 5 of the Securities Act. Based in part on the representations of the Holders set forth herein, the offer, sale and issuance of the Preferred Shares in conformity with the terms of this Agreement are exempt from the registration requirements of the Securities Act and any applicable state securities laws.

3.4. Litigation. There is no action, suit, proceeding or investigation pending or currently threatened against the Company that questions the validity of this Agreement or the Company's right to enter into this Agreement, or to consummate the transactions contemplated hereby or which, if decided in a manner adverse to the Company, would have a material adverse effect on the Company or on any of its subsidiaries.

3.5. No Material Misstatements. No representation, warranty, or statement by Company in this Agreement or in any written statement or certificate furnished or to be furnished to the Holders pursuant to this Agreement contains any untrue statement of a material fact or, when taken together, omits a material fact necessary to make the statements made herein or therein not misleading.

3.6. Ownership of Subsidiaries. The Company has good and marketable title to all the outstanding stock of each of its subsidiaries free and clear of all liens other than as set forth on Schedule 3.6 hereof. None of the Company's subsidiaries have outstanding (i) any stock or securities convertible into or exchangeable for any shares of capital stock or (ii) any rights to subscribe for or to purchase, or any options for the purchase of, or any

agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to any capital stock or stock or securities.

3.7. Material Adverse Change. There has been no material adverse change in the business, prospects or financial standing of the Company since the filing of the Company's most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q.

SECTION 4. RESTRICTIONS ON TRANSFERABILITY; REGISTRATION RIGHTS

The Restricted Securities shall not be transferable except upon the conditions specified in this Section 4; provided that, notwithstanding any other provisions of this Section 4, each Holder (and each other Person mentioned below in this clause) shall have the right to transfer any Restricted Securities to any Affiliate, fund participant, trust beneficiary, or limited partner of such Holder, any party to any investment management or other similar agreement with Trustco or Tamco, any fund, foundation, trust or other Person for whose benefit any such agreement with Trustco or Tamco relates or any trustee, custodian or nominee of or for any such Person. Each such transferee shall be subject to the same transfer restrictions imposed on the Holders by this Agreement. All rights and obligations of the Holders set forth in this Section 4 will inure to the benefit of and be binding upon any transferee of the Restricted Securities.

4.1. Restrictive Legend. Unless and until otherwise permitted by this Section 4, each certificate for Preferred Shares issued under this Agreement, each certificate for any Preferred Shares issued to any subsequent transferee of any such certificate, each certificate for any Conversion Shares issued upon exercise of any Preferred Shares and each certificate for any Conversion Shares issued to any subsequent transferee of any such certificate, shall be stamped or otherwise imprinted with a legend in substantially the following form:

"The shares evidenced by this certificate have not been registered under the Securities Act of 1933, as amended, and may be reoffered and sold only if registered pursuant to the provisions of said Securities Act or if an exemption from registration is available."

4.2. Notice of Proposed Transfers. Prior to any transfer or attempted transfer of any Restricted Securities not covered by the proviso contained in the introductory paragraph to Section 4, the holder of such Restricted Certificate shall give written notice to the Company of such holder's intention to effect such transfer. Each such notice (i) shall describe the manner and circumstances of the proposed transfer in sufficient detail, and shall contain an undertaking by the Person giving such notice to furnish such other information as may be required, to enable counsel to render the opinions referred to below, and (ii) shall designate the counsel for the Person giving such notice. Except as otherwise set forth herein, such Person shall obtain the services of counsel described below at its own expense.

The Person giving such notice shall submit a copy thereof to the counsel designated in such notice. If in the opinion of such counsel, which is reasonably satisfactory to the Company, the proposed transfer of such Restricted Securities evidenced by such Restricted Certificate may be effected without registration of such Restricted Securities under the Securities Act, the Company shall, within ten (10) Business Days after delivery of such opinion to the Company, so notify the holder of such Restricted Certificate and such holder shall thereupon be entitled to transfer such Restricted Securities in accordance with the terms of the notice delivered by such holder to the Company. Each certificate evidencing the Restricted Securities thus to be transferred (and each certificate evidencing any untransferred balance of the Restricted Securities evidenced by such Restricted Certificate) shall bear the restrictive legend set forth in Section 4.1.

4.3. Demand Registration. Subject to the limitations contained in Section 4.6, at any time and from time to time, the holders of at least 51% of the outstanding Preferred Shares and Conversion Shares may give written notice to the Company (i) of their intention to convert all or part of the Preferred Shares held by them and to transfer the Conversion Shares held or obtained by conversion of Preferred Shares and (ii) requesting the registration of said Conversion Shares, and thereupon, the Company shall, as expeditiously as possible, effect the registration of such Conversion Shares under the Securities Act. Such Sellers shall have the right to select the managing underwriter or underwriters for the offering of such Conversion Shares.

In the case of an underwritten public offering of Restricted Securities to be so registered, if the managing underwriter advises in its opinion that (i) the inclusion in such registration of some or all of such Common Stock requested to be registered (including without limitation, securities to be included pursuant to incidental or "piggyback" rights heretofore or hereafter granted by the Company to other Persons) will cause the proceeds or price per share to the Sellers to be reduced or (ii) that the number of securities to be registered at the request of the Sellers pursuant to this Section 4.3 plus the number of securities sought to be registered by such other Persons is too large a number to be reasonably sold, then the number of securities to be included in such registration will be reduced as set forth below:

(i) the number of shares of Common Stock sought to be registered by any holders of Common Stock, other than the Conversion Shares, shall be reduced pro rata to the extent necessary to reduce the number of securities to be registered to the number recommended by the managing underwriter (the "Recommended Number"); and

(ii) if the reduction provided for in clause (i) above does not reduce the number of shares of Common Stock to be registered to the Recommended Number, then the number of Conversion Shares sought to be registered shall be reduced pro rata, in proportion to the number of shares of Common Stock sought to

be registered by the holders of such Common Stock, to the extent necessary to reduce the number of shares of Common Stock to be registered to the Recommended Number;

provided, that in no event shall the holders of the Conversion Shares so included in such registration be required to pay any expenses relating to such registration, including, without limitation, all the expenses described in the first paragraph of Section 4.6, which are related to the inclusion of any other holders' Common Stock in the registration and, further provided that if in connection with any registration pursuant to this Section 4.3 any holder of the 1994 Preferred or 1994 B Preferred requests to exercise its rights pursuant to Section 4.4 of the 1994 TCW Agreement or Section 4.2(a) of the Exchange Agreement then the number of such securities to be included in such registration will be reduced according to the provisions of such Sections.

The Company will not grant to any Person at any time on or after the date hereof the right (a "Piggyback Right") to request the Company to register any securities of the Company under the Securities Act by reason of the exercise by any Holder of its rights under this Section 4.3 unless such Piggyback Right provides that such securities shall not be registered and sold at the same time if the managing underwriter for the respective Sellers believes that sale of such securities would adversely affect the amount of, or price at which, the respective Conversion Shares being registered under this Section 4.3 can be sold.

The Company agrees (1) not to effect any public or private sale or distribution of its equity securities, including a sale pursuant to Regulation D under the Securities Act, during the 10-day period prior to, and during the 120-day period beginning on, the closing date of an underwritten offering made pursuant to a registration statement filed pursuant to this Section 4.3 and (2) to cause each holder of its privately placed equity securities purchased from the Company at any time on or after the date of this Agreement to agree not to effect any public sale or distribution of any such securities during such period, including a sale pursuant to Rule 144 under the Securities Act (except as part of such underwritten registration, if permitted).

Except pursuant to a registration statement filed pursuant to this Section 4.3, each Holder agrees not to effect any public sale or distribution, including a sale pursuant to Rule 144 or 144A under the Securities Act, of any Restricted Securities during the 10-day period prior to, and during the 120-day period beginning on, the closing date of an underwritten offering made pursuant to a registration statement filed pursuant to this Section 4.3.

The Company recognizes that money damages may be inadequate to compensate Holders for a breach by the Company of its obligations under this Section 4.3, and the Company agrees that in the event of such a breach the Holders may apply for an injunction of specific performance or the granting of such other equitable remedies as may be

awarded by a court of competent jurisdiction in order to afford Holders the benefits of this Section 4.3 and that the Company shall not object to such application, entry of such injunction or granting of such other equitable remedies on the grounds that money damages will be sufficient to compensate the Holders.

4.4. Piggy-Back Registration. Subject to the limitations contained in Section 4.6, if the Company at any time proposes to register any of its securities under the Securities Act on Form S-1, S-2 or S-3 or the equivalent (otherwise than pursuant to Section 4.3 or to register debt securities under Form S-3, or any comparable successor Form), whether of its own accord or at the request of any holder or holders of such securities, it will each such time give written notice to all holders of outstanding Preferred Shares and Conversion Shares of its intention so to do.

Upon the written request of a holder or holders of any such Preferred Shares and Conversion Shares given within 30 days after receipt of any such notice (stating the intended method of disposition of such securities by the prospective Seller or Sellers), the Company will use its best efforts to cause all Conversion Shares, the holders of which shall have so requested registration thereof, to be registered under the Securities Act, all to the extent requisite to permit the sale or other disposition (in accordance with the intended methods thereof as aforesaid) by the prospective Seller or Sellers of the Conversion Shares so registered; provided, however, the Company may elect not to file a registration statement pursuant to this Section 4.4 or may withdraw any registration statement filed pursuant to this Section 4.4 at any time prior to the effective date thereof. In the case of an underwritten public equity offering by the Company, each Seller shall, if requested by the managing underwriter, agree not to sell publicly any equity securities of the Company held by such Seller (other than the Conversion Shares so registered) for a period of up to 120 days following the effective date of the registration statement relating to such offering.

If the managing underwriter for the respective offering advises that the inclusion in such registration of some or all of the Conversion Shares sought to be registered by the Seller in its opinion will cause the proceeds or price per unit the Company or the requesting or demanding holder of securities will derive from such registration to be reduced or that the number of securities to be registered at the instance of the Company or such requesting or demanding holder plus the number of securities sought to be registered by the Sellers is too large a number to be reasonably sold, then the number of securities to be included in such registration will be reduced as set forth below:

(i) the number of shares of Common Stock sought to be registered by any holders of Common Stock, other than the Conversion Shares, shall be reduced pro rata to the extent necessary to reduce the number of securities to be registered to the Recommended Number;

(ii) if the reduction provided for in clause (i) above does not reduce the number of securities to be registered to the Recommended Number, then the number of shares of the Common Stock sought to be issued and registered on account of the Company shall be reduced to the extent necessary to reduce the number of shares of Common Stock to be registered to the Recommended Number; provided, however, that this clause (ii) shall be of no effect with respect to the registration and sale of such Common Stock by the Company which is necessary to repay any debt or obligation of the Company or its subsidiaries then becoming due and payable or which is necessary to finance the acquisition of assets or a majority of the outstanding stock of another corporation by the Company or its subsidiaries which acquisition will be consummated within 6 months of the effective date of such registration; and

(iii) if the reduction provided for in clauses (i) and (ii) above does not reduce the number of shares of Common Stock to be registered to the Recommended Number, then the number of Conversion Shares sought to be registered shall be reduced pro rata, in proportion to the number of Conversion Shares sought to be registered by the holders thereof, to the extent necessary to reduce the number of shares of Common Stock to be registered to the Recommended Number;

provided, that if in connection with any registration pursuant to this Section 4.4 any holder of the 1994 Preferred or 1994 B Preferred requests to exercise its rights pursuant to Section 4.3 or 4.4 of the 1994 TCW Agreement or Section 4.2(b) of the Exchange Agreement then the number of such securities to be included in such registration will be reduced according to the provisions of such Sections, as the case may be.

The Company will not grant to any Person at any time on or after the date hereof the right to request the Company to register any securities of the Company under the Securities Act unless such right provides that such securities shall not be registered and sold at the same time if the managing underwriter for the respective sellers believes that sale of such securities would adversely affect the amount of, or price at which, the respective Conversion Shares being registered under this Section 4.4 can be sold.

4.5. Registration Procedures. If and whenever the Company is required by the provisions of this Section 4 to use its best efforts to effect the registration of any of the Conversion Shares under the Securities Act, the Company will (except as otherwise provided in this Agreement), as expeditiously as possible:

(a) cooperate with any underwriters for, and the Sellers of, such Conversion Shares, and will enter into a usual and customary underwriting agreement with respect thereto and take all such other reasonable actions as are necessary or advisable to permit, expedite and facilitate the disposition of such Conversion Shares in the manner contemplated by the related registration statement in each case to the same extent as if all the securities then being offered were for the account of the

Company and the Company will provide to any Seller of Conversion Shares, any underwriter participating in any distribution thereof pursuant to a registration statement, and any attorney, accountant or other agent retained by any Seller or underwriter, reasonable access to appropriate Company officers and employees to answer questions and to supply information reasonably requested by any such Seller, underwriter, attorney, accountant or agent in connection with such registration statement;

(b) furnish or cause to be furnished to each Seller of Conversion Shares covered by such registration statement, addressed to such Sellers, a copy of the opinion of counsel for the Company, and a copy of the "comfort" letter signed by the independent public accountants who have certified the Company's financial statements included in the registration statement, delivered on the closing date to the underwriters of such Conversion Shares;

(c) prepare and file with the Commission a registration statement with respect to such securities and use its best efforts to cause such registration statement to become and remain effective; and prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the sale or other disposition of all securities covered by such registration statement whenever the Seller or Sellers of such securities shall desire to sell or otherwise dispose of the same; provided that no such registration statement will be filed by the Company until counsel for the Sellers of securities included therein shall have had a reasonable opportunity to review the same and to exercise their rights under clause (a) above with respect thereto and no amendment to any such registration statement naming such Sellers as selling shareholders shall be filed with the Commission until such Sellers shall have had at least seven days to review such registration statement as originally filed and theretofore amended, to exercise their rights under clause (a) above and to approve or disapprove any portion of such registration statement describing or referring to such Sellers;

(d) furnish to each Seller such numbers of copies of a summary prospectus or other prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents, as such Seller may reasonably request in order to facilitate the public sale or other disposition of the securities owned by such Seller;

(e) use its best efforts to register or qualify the securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as each Seller shall request, and do any and all other acts and things which may be necessary or advisable to enable such Seller to consummate the public

sale or other disposition in such jurisdictions of the securities owned by such Seller, except that the Company shall not for any such purpose be required to qualify to do business as a foreign corporation in any jurisdiction wherein it is not so qualified or to file therein any general consent to service;

(f) in the event of the issuance of any stop order suspending the effectiveness of any registration statement or of any order suspending or preventing the use of any prospectus or suspending the qualification of any Conversion Shares for sale in any jurisdiction, use its best efforts promptly to obtain its withdrawal;

(g) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months, beginning with the first fiscal quarter beginning after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act; and

(h) list such securities on any securities exchange on which any stock of the Company is then listed, if the listing of such securities is then permitted under the rules of such exchange;

provided, however, that notwithstanding any other provision of this Section 4, the Company shall not be required to maintain the effectiveness of any registration statement for a period in excess of two years (plus any period during which the effectiveness of such registration has been suspended) except that from time to time after a transfer of Conversion Shares pursuant to a registration statement the Company will file all reports required to be filed by it under the Securities Act and the Securities Exchange Act of 1934, as amended, and the rules and regulations adopted by the Commission thereunder, and will take such further action as any holder or holders of Conversion Shares may reasonably request, all to the extent required to enable such holders to sell Conversion Shares pursuant to Rule 144 and Rule 144A promulgated under the Securities Act (or any successor thereto). Upon written request, the Company will deliver to such holders a written statement as to whether it has complied with such requirements.

4.6. Expenses; Limitations on Registration. All expenses incident to the Company's performance of its obligations in connection with any registration of the Sellers' Conversion Shares under this Agreement including, without limitation, printing expenses, fees and disbursements of counsel for the Company, fees of the National Association of Securities Dealers, Inc. in connection with its review of any offering contemplated in any registration statement and expenses of any special audits to which the Company shall agree or which shall be necessary to comply with governmental requirements in connection with any such registration shall be paid by the Company. In connection with each Reimbursable Registration (as defined below in this Section 4.6), the Company shall pay (i) all registration

and filing fees for the Sellers' Conversion Shares under Federal and State securities laws, (ii) expenses of complying with the securities or blue sky laws of any jurisdictions pursuant to Section 4.5(e), and (iii) fees and expenses of not more than one special counsel for the Seller or Sellers. In connection with any registration of any Conversion Shares which is not a Reimbursable Registration, all expenses of the kind specified in the preceding sentence shall be borne by the respective Seller or Sellers in such proportions as they may agree.

It shall be a condition precedent to the obligation of the Company to take any action pursuant to this Section 4 in respect of the Conversion Shares which are to be registered at the request of any prospective Seller that (i) subject to the immediately preceding paragraph, the Company shall have received an undertaking satisfactory to it from such prospective Seller to pay, or have deducted from the proceeds from the sale of Conversion Shares pursuant to a registration, all expenses to be incurred by or for the account of and required to be paid by such Seller, and (ii) such prospective Seller shall furnish to the Company such information regarding the securities held by such Seller and the intended method of disposition thereof as the Company shall reasonably request and as shall be required in connection with the action to be taken by the Company.

The Holders of Preferred Shares and Conversion Shares shall be entitled to an aggregate of two effective registrations pursuant to requests made under Section 4.3; provided that in the case any Holder shall acquire any Conversion Shares by redemption of the Preferred Shares by the Company or by conversion of such Preferred Stock following a Notice of Redemption (as defined in the Certificate of Designation) the holders of Preferred Shares and Conversion Shares shall be entitled to an aggregate of three effective registrations pursuant to requests made under Section 4.3; provided, further, that any registration request made by the requisite number of Holders, as set forth in the first paragraph of Section 4.3, which request shall be withdrawn (other than by reason of the Company's failure to perform its obligations hereunder or a material adverse change in its financial position or business) by the holders of at least 75% of the shares evidenced or covered by the Conversion Shares sought to be registered, after the respective registration statement shall have become effective, shall be treated as an "effective" registration for purposes hereof. Each registration which either uses up one of the two (or three, if applicable) registration rights granted in the preceding sentence or is filed pursuant to a request subsequently withdrawn for any of the reasons set forth in the final parenthetical clause of the preceding sentence and each "piggy-back" registration pursuant to Section 4.4 shall be deemed a "Reimbursable Registration."

The Company agrees that it will not file a registration statement under the Securities Act, either for securities held by any of the Company's securityholders other than holders of Preferred Shares and Conversion Shares or for securities newly issued by the Company, until 30 days after the effective date of any registration statement filed pursuant to the request of a Seller or Sellers made under Section 4.3.

4.7. Indemnification.

4.7.1. In the event of any registration of any of its securities under the Securities Act pursuant to this Section 4, the Company shall indemnify and hold harmless the Seller of such Conversion Shares, such Seller's directors and officers, and each other person, if any, who controls such Seller within the meaning of the Securities Act (a "Controlling Person"), against any losses, claims, damages or liabilities, joint or several, to which such Seller or any such director or officer or Controlling Person may become subject under the Securities Act or any other statute or at common law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any alleged untrue statement of any material fact contained, on the effective date thereof, in any registration statement under which such securities were registered under the Securities Act, or in any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto, or (ii) any alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and shall reimburse such Seller or such director, officer or Controlling Person for any legal or any other expenses reasonably incurred by such Seller or such director, officer or Controlling Person in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any alleged untrue statement or alleged omission made in such registration statement, preliminary prospectus, prospectus, or amendment or supplement in reliance upon and in conformity with written information furnished to the Company through an instrument duly executed by such Seller specifically for use therein. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Seller or such director, officer or Controlling Person, and shall survive the transfer of such securities by such Seller.

4.7.2. Each holder of any Conversion Shares shall, by acceptance thereof, indemnify and hold harmless the Company, its directors and officers and each other person, if any, who controls the Company against any losses, claims, damages or liabilities, joint or several, to which the Company or any such director or officer or any such person may become subject under the Securities Act or any other statute or at common law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or omission of any material fact contained, on the effective date thereof, in any registration statement under which securities were registered under the Securities Act, or in any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto, or (ii) any omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent that such untrue statement or omission was contained in written information furnished to the Company through an instrument duly executed by such holder specifically for use therein, and shall reimburse the Company or such director, officer or other person for any legal or any other expenses

reasonably incurred in connection with investigating or defending any such loss, claim, damage, liability or action.

4.7.3. Indemnification similar to that specified in Subsections 4.7.1 and 4.7.2 shall be given by the Company and each holder of any Conversion Shares (with such modifications as shall be appropriate) to any underwriter with respect to any required registration or other qualification of any Conversion Shares under any Federal or state law or regulation of governmental authority. The indemnity and expense reimbursements obligations of the Company and the Holders under Subsections 4.7.1 and 4.7.2 shall be in addition to any liability the Company and the Holders may otherwise have.

4.7.4. Each Person (an "Indemnitor") who under the preceding provisions of this Section 4.7 agrees to indemnify another Person (an "Indemnatee") shall have the right, subject to the provisions hereto, to designate counsel (acceptable to the Indemnatee) to defend any case or proceeding against the Indemnatee arising in respect of any claim of liability for which such indemnification may be claimed, to the end that duplication of legal expense may be minimized; provided that, if the Indemnatee notifies the Indemnitor that the former has been advised by its counsel that any single counsel in such case or proceeding would have a conflict of interest in representing both the Indemnitor and the Indemnatee, the Indemnatee may designate its own counsel in such case or proceeding and, to the extent so provided above in this Section 4.7, shall be entitled to be reimbursed for its legal expenses reasonably incurred in connection with defending itself in such case or proceeding.

4.8. Termination of Restrictions. Notwithstanding the foregoing provisions of this Section 4, the restrictions imposed by this Section 4 upon the transferability of the Restricted Securities shall cease and terminate as to any particular Restricted Security when such Restricted Security shall have been effectively registered under the Securities Act and sold by the holder thereof in accordance with such registration or sold under Rule 144 or 144A promulgated by the Commission. Whenever the restrictions imposed by this Section 4 shall terminate as to any Restricted Certificate, as hereinabove provided, the holder thereof shall be entitled to receive from the Company, without expense, a new certificate not bearing the restrictive legend otherwise required to be borne thereby.

4.9. Rule 144. At all times, in order to permit the holders of Preferred Shares and Conversion Shares to sell the same, if they so desire, pursuant to Rule 144 or 144A promulgated by the Commission (or any successor to such rule), the Company will comply with all rules and regulations of the Commission applicable in connection with use of Rule 144 and 144A (or any successor rules thereto), including the provision of information concerning the Company and the timely filing of all reports with the Commission in order to enable such holders, if they so elect, to utilize Rule 144 or 144A, and the Company will cause any restrictive legends to be removed and any transfer restrictions to be rescinded with respect to any sale of Preferred Shares or Conversion Shares which is exempt from registration under the Securities Act pursuant to Rule 144 or 144A.

SECTION 5. COVENANTS OF THE COMPANY

5.1. Delivery Expenses. If any Holder surrenders any certificate for Preferred Shares or Conversion Shares to the Company or a transfer agent of the Company for exchange for instruments of other denominations or registered in another name or names, the Company will, subject to the provisions of Section 4, cause such new instruments to be issued and will pay the cost of delivering to or from the office of the Holder from or to the Company or its transfer agent, duly insured, the surrendered instrument and any new instruments issued in substitution or replacement for the surrendered instrument.

5.2. Taxes. The Company will pay all taxes (other than Federal, State or local income taxes) which may be payable in connection with the execution and delivery of this Agreement or the issuance and sale of the Preferred Shares and Conversion Shares hereunder or in connection with any modification of the Preferred Shares or Conversion Shares and will save the Holders harmless without limitation as to time against any and all liabilities with respect to or resulting from any delay in paying, or omission to pay such taxes. The obligations of the Company under this Section 5.2 shall survive any redemption, repurchase or acquisition of Preferred Shares or Conversion Shares by the Company and the termination of this Agreement.

5.3. Replacement of Instruments. Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any certificate or instrument evidencing any Preferred Shares or Conversion Shares, and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that, if the owner of the same is a commercial bank or an institutional lender or investor, its own agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

the Company, at its expense, will execute, register and deliver, in lieu thereof, a new certificate or instrument for (or covering the purchase of) an equal number of shares of Preferred Shares or Conversion Shares.

5.4. Restrictions on Certain Actions. Prior to the day next following the issuance of Preferred Shares hereunder the Company will not:

(a) pay or declare any dividend payable in shares of its common stock or take any other action which, if taken after the date of such issuance, would result under the terms of the Preferred Stock in a change in the number of Conversion Shares into which the Preferred Shares may be converted, other than with respect to

the payment or declaration of dividends on the 1994 Preferred or 1994 B Preferred; or

(b) make any amendment to the Articles of Incorporation of the Company, or file any resolution of the board of directors with the Nevada Secretary of State containing any provisions, which would materially and adversely affect or otherwise impair the rights of the holders of the Preferred Shares.

5.5. Use of Proceeds. The Company shall use the proceeds of the sale of the Preferred Shares as follows:

(a) \$5,000,000 for implementation of the Development Plan; and

(b) up to \$10,000,000 to (i) acquire oil and gas interests from Sonat Exploration Company as described in the documents delivered pursuant to Section 3.1(h) above (the "Sonat Acquisition"), (ii) reduce the outstanding obligations of the Company under its existing credit facility with NBD, provided, that the Company receives an irrevocable and unconditional commitment from NBD enabling the Company to draw additional amounts from the aforementioned credit facility equal to or greater than the amount of such reductions in order to finance the Sonat Acquisition (so long as no event of default exists thereunder), or (iii) to acquire other property or properties consented to in writing by TCW.

Notwithstanding the foregoing, none of the proceeds of the sale of the Preferred Shares shall be used to finance any development of or work on any properties relating to interests of Comstock DR-II Oil & Gas Acquisition Limited Partnership.

5.6. Rights Agreement. The Company will not, without the affirmative vote or consent of the Requisite Holders, supplement, amend or repeal any provision of the Rights Agreement, or adopt any other agreement or plan similar to the Rights Agreement, which could materially adversely affect the Holders of the Preferred Stock or the Conversion Shares, in their sole discretion.

5.7. Implementation of Development Plan. The Company shall take all action necessary to commence and implement the Development Plan not later than June 30, 1996.

5.8. Modification of Credit Facility. The Company shall prior to the closing of the Sonat Acquisition enter into either (i) an amendment to the Credit Agreement substantially on the terms and conditions set forth on that certain commitment letter dated June 16, 1995 (the "Commitment Letter"), a copy of which is attached hereto as Exhibit G or (ii) a credit facility with another lender or lenders providing for financing for the Sonat

Acquisition on terms and conditions no less favorable to the Company than those set forth in the Commitment Letter.

5.9. Sonat Acquisition. Unless otherwise consented to in writing by TCW, the Company shall (i) complete the Sonat Acquisition no later than August 31, 1995 (or such later date, up to and including December 31, 1995, which is the fifth business day after the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with respect to the Sonat Acquisition) or (ii) acquire other property or properties, approved in writing by TCW, in lieu of the Sonat Acquisition no later than December 31, 1995.

SECTION 6. MISCELLANEOUS

6.1. Notices.

6.1.1. All communications under this Agreement shall be in writing and shall be mailed by first class mail, postage prepaid:

(a) if to any party hereto at its address for notices specified beneath its name on the signature page hereof, or at such other address as it may have furnished in writing to each other party hereto and all other holders of Preferred Shares and Conversion Shares at the time outstanding, or

(b) if to any other Person who is the registered holder of any Preferred Shares or Conversion Shares, to the address for the purpose of such holder as it appears in the stock ledger of the Company.

6.1.2. Any notice shall be deemed to have been duly given when delivered by hand, if personally delivered, and if sent by mail, two Business Days after being deposited in the mail, postage prepaid.

6.2. Survival. All warranties, representations and covenants made by the Company herein or in any certificate or other instrument delivered by it or on its behalf under this Agreement shall be considered to have been relied upon by the Holders and shall survive the issuance of the Preferred Shares regardless of any investigation made by or on behalf of the Holders. All statements in any such certificate or other instrument so delivered shall constitute representations and warranties by the Company hereunder.

All representations, warranties and covenants made by the Holders herein shall be considered to have been relied upon by the Company and shall survive the issuance to the Holders of the Preferred Shares regardless of any investigation made by the Company or on its behalf.

The provisions of Section 4 hereof shall survive the issuance to the Holders of the Preferred Shares and the Conversion Shares.

6.3. Successors and Assigns. Except as otherwise expressly provided herein, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties whether so expressed or not.

6.4. Amendment and Waiver, etc. This Agreement may be amended, and the observance of any term of this Agreement may be waived, but only with the written consent of the Requisite Holders. No failure or delay on the part of the Holders in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Holders at law or in equity or otherwise. No waiver of or consent to any departure by the Company from any provision of this Agreement shall be effective unless signed in writing by the Holders.

6.5. Duplicate Originals. Two or more duplicate originals of this Agreement may be signed by the parties, each of which shall be an original but all of which together shall constitute one and the same instrument.

6.6. Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

6.7. Governing Law. This Agreement shall be construed in accordance with and governed by the law of the State of California.

6.8. Specific Performance. The Company acknowledges that the Holders have no adequate remedy at law for breaches by the Company of its obligations hereunder or under the Articles of Incorporation, and accordingly the Company irrevocably agrees that the Holders shall be entitled to the remedy of specific performance and waives any right the Company may have to object to such remedy.

6.9. Applicable IRR Calculation. Attached hereto as Exhibit C are schedules provided by way of example in calculating the Applicable IRR Amount (as defined in the Certificate of Designation) for purposes of Section 4.4 of the Certificate of Designation.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Stock Purchase Agreement as of the date first above written.

COMSTOCK RESOURCES, INC.,
a Nevada corporation

By: /s/ M. JAY ALLISON
M. Jay Allison
President and
Chief Executive Officer

Address for Notices:

5005 LBJ Freeway
Suite 1000
Dallas, Texas 75244

TRUST COMPANY OF THE WEST,
a California trust company,
as Trustee of TCW Debt and
Royalty Fund IVA

By: /s/ ARTHUR R. CARLSON
Arthur R. Carlson
Managing Director

By: /s/ THOMAS F. MEHLBERG
Thomas F. Mehlberg
Senior Vice President

STOCK PURCHASE
AGREEMENT

TRUST COMPANY OF THE WEST, a California trust company, in its capacities as Investment Manager pursuant to the Investment Management Agreement dated as of June 6, 1988 between General Mills, Inc. and the Trust Company of the West and as Custodian pursuant to the Custody Agreement dated as of February 6, 1989 among General Mills, Inc., the Trust Company of the West and State Street Bank and Trust Company, as trustee

By: /s/ ARTHUR R. CARLSON
Arthur R. Carlson
Managing Director

By: /s/ THOMAS F. MEHLBERG
Thomas F. Mehlberg
Senior Vice President

TCW ASSET MANAGEMENT COMPANY, a California corporation, as Investment Manager pursuant to the Investment Management and Custody Agreement dated as of June 1, 1993 with The Trustees of Columbia University in the City of New York and Trust Company of the West

By: /s/ ARTHUR R. CARLSON
Arthur R. Carlson
Managing Director

By: /s/ THOMAS F. MEHLBERG
Thomas F. Mehlberg
Senior Vice President

TCW ASSET MANAGEMENT
COMPANY, a California
corporation, as Investment
Manager pursuant to the
Investment Management
Agreement dated as of March
1, 1993 with The Board of
Trustees of the Leland
Stanford Junior University

By: /s/ ARTHUR R. CARLSON
Arthur R. Carlson
Managing Director

By: /s/ THOMAS F. MEHLBERG
Thomas F. Mehlberg
Senior Vice President

TCW ASSET MANAGEMENT
COMPANY, a California
corporation, as Investment
Manager under the Investment
Management Agreement dated
as of June 8, 1993 between
the Searle Trusts Limited
Partnership X, Harris Trust
and Savings Bank and TCW
Asset Management Company

By: /s/ ARTHUR R. CARLSON
Arthur R. Carlson
Managing Director

By: /s/ THOMAS F. MEHLBERG
Thomas F. Mehlberg
Senior Vice President

STOCK PURCHASE
AGREEMENT

TCW ASSET MANAGEMENT
COMPANY, a California
corporation, as Investment
Manager under the Investment
Management Agreement dated
as of June 8, 1993, between
the John G. Searle
Charitable Trusts
Partnership, Harris Trust
and Savings Bank and TCW
Asset Management Company

By: /s/ ARTHUR R. CARLSON
Arthur R. Carlson
Managing Director

By: /s/ THOMAS F. MEHLBERG
Thomas F. Mehlberg
Senior Vice President

TCW ASSET MANAGEMENT
COMPANY, a California
corporation, as Investment
Manager under the Investment
Management Agreement dated
as of December 31, 1993 with
Delta Air Lines, Inc.

By: /s/ ARTHUR R. CARLSON
Arthur R. Carlson
Managing Director

By: /s/ THOMAS F. MEHLBERG
Thomas F. Mehlberg
Senior Vice President

TCW DEBT AND ROYALTY FUND
IVB, a California Limited
Partnership

By: TCW Asset Management
Company, a California
corporation, General
Partner

By: /s/ARTHUR R. CARLSON
Arthur R. Carlson
Managing Director

By: /s/THOMAS F. MEHLBERG
Thomas F. Mehlberg
Senior Vice
President

TRUST COMPANY OF THE WEST,
as Custodial Agent for TCW
DEBT AND ROYALTY FUND IVC, A
CALIFORNIA LIMITED
PARTNERSHIP established
pursuant to a Declaration of
Trust executed December 31,
1992

By: /s/ARTHUR R. CARLSON
Arthur R. Carlson
Managing Director

By: /s/THOMAS F. MEHLBERG
Thomas F. Mehlberg
Senior Vice
President

TRUST COMPANY OF THE WEST,
as Custodian pursuant to the
Investment Management and
Custody Agreement dated as
of April 26, 1994 among The
City and County Employee's
Retirement System of San
Francisco, TCW Asset
Management Company and Trust
Company of the West

By: /s/ARTHUR R. CARLSON
Arthur R. Carlson
Managing Director

By: /s/THOMAS F. MEHLBERG
Thomas F. Mehlberg
Senior Vice
President

Address for Notices:

865 South Figueroa Street,
Suite 1800
Los Angeles, California 90017

STOCK PURCHASE
AGREEMENT

COMSTOCK RESOURCES, INC.

Certificate of Voting Powers, Designations,
Preferences, and Relative, Participating,
Optional or Other Special Rights of
Series 1995 Convertible Preferred Stock

We, M. Jay Allison, President, and Roland O. Burns, Secretary, of Comstock Resources, Inc. (the "Company"), a corporation organized and existing under the General Corporation Law of the State of Nevada, in accordance with the provisions of Section 78.195 of the Nevada Revised Statutes thereof, DO HEREBY CERTIFY:

That, pursuant to authority conferred upon the Board of Directors by the Restated Articles of Incorporation of the Company, said Board of Directors, at a meeting of the Board of Directors held pursuant to the General Corporation Law of the State of Nevada, duly adopted a resolution providing for the issuance of One Million Five Hundred Thousand (1,500,000) shares of a new series of preferred stock designated as Series 1995 Convertible Preferred Stock, which resolution is as follows:

RESOLVED, that pursuant to the Restated Articles of Incorporation of the Company, there be and hereby is authorized and created a series of preferred stock, to consist of 1,500,000 shares with a par value of \$10.00 per share and that the voting powers, designations, preferences, and relative, participating, optional or other special rights of the Series 1995 Convertible Preferred Stock (the "Series 1995 Preferred Stock") and the qualifications, limitations or restrictions thereof be as follows:

1. Certain Definitions.

The following terms shall have the following meanings:

"5-Day Average Price" per share of Common Stock, for purposes of any provision herein at the date specified in such provision, shall mean the average closing price of the Common Stock on the securities exchange or other national market system on which the Common Stock is then listed over the 5-trading day period immediately prior to such date.

"30-Day Average Price" per share of Common Stock, for purposes of any provision herein at the date specified in such provision, shall mean the average closing price of the Common Stock on the securities exchange or other national market system on which the Common Stock is then listed over the 30-trading day period immediately prior to such date.

"1994 B Preferred" shall mean the 1,000,000 shares of the Company's 1994 Series B Convertible Preferred Stock, \$10.00 par value per share, issued pursuant to that certain Exchange Agreement dated as of July 21, 1994 between the Company, Enron Reserve

Acquisition Corp. and Enron Risk Management Services Corp, and any additional shares of 1994 Series B Convertible Preferred Stock issued as a dividend thereon.

"1994 Preferred" shall mean the 600,000 shares of the Company's Series 1994 Convertible Preferred Stock, \$10.00 par value per share, issued pursuant to that certain Stock Purchase Agreement dated as of January 7, 1994 between the Company, Trust Company of the West in the capacities described therein, and others.

"Additional Shares of Nonpreferred Stock" shall mean all shares of Nonpreferred Stock issued by the Company after the Closing Date other than (i) the shares of Common Stock issued to a holder of the Series 1995 Preferred Stock or Senior Stock upon conversion or redemption of, or dividends on, the Series 1995 Preferred Stock or Senior Stock, (ii) any issuance of Common Stock or rights or warrants to purchase Common Stock at the then market price pursuant to the Company's 1991 Long-Term Incentive Plan (the "LTIP") provided that such plan will not provide for the issuance of options, rights, warrants or grants in excess of 1,286,375 shares of Common Stock (and counting as a portion of such shares the 801,750 shares reserved for issuance for outstanding options granted under the LTIP as of the Closing Date) plus a number of shares equal to ten percent (10%) of the number of shares of Common Stock issued after the Closing Date (excluding Common Stock issued upon conversion or redemption of the Series 1995 Preferred Stock or the Senior Stock), (iii) any shares of Common Stock issued at then current market prices in payment of the annual retainers paid to members of the Board of Directors of the Company, provided that such annual retainers do not exceed a value or amount of \$128,000 in the aggregate per year based on five non-employee directors, (iv) up to 1,990,307 shares of Common Stock issued pursuant to the options and warrants outstanding on the Closing Date (and counting as a portion of such shares the 801,750 shares reserved for issuance for outstanding options granted under the LTIP as of the Closing Date), and (v) the issuance of up to 250,000 shares of Common Stock after the Closing Date at a price per share less than the Conversion Price.

"Applicable IRR Amount", means, for purposes of any provision herein at the date specified in such provision, that amount which, when added to the amount of all dividend payments received by the holders of the Series 1995 Preferred Stock (including dividends the Cash Equivalent Amount of which were paid in the form of Common Stock) through such date, would result in such holders receiving a 25% cumulative cash-on-cash internal rate of return, compounded quarterly, on such holders' initial investment of \$10.00 per share of Series 1995 Preferred Stock.

"Business Day" means any day other than a Saturday, a Sunday, any day on which the New York Stock Exchange is closed or any other day on which banking institutions in New York or California are authorized or required by law to be closed.

"Cash Equivalent Amount" means, with respect to any cash amount which may be paid to the holders of the Series 1995 Preferred Stock by way of dividend, redemption or other distribution, the number of shares (or fraction thereof) of Common

Stock equal in value to such cash amount. For purposes of determining the Cash Equivalent Amount, the shares of Common Stock shall be valued at 80% multiplied by the lower of (i) the 30-Day Average Price of the Common Stock or (ii) the 5- Day Average Price of the Common Stock; provided, that if the Cash Equivalent Amount cannot be ascertained by such methods, then the Common Stock shall be valued at 80% multiplied by the lower of (i) the net book value per share of Common Stock, determined in accordance with generally accepted accounting principles, or (ii) the fair value per share of Common Stock determined pursuant to the Valuation Procedure. The Cash Equivalent Amount shall be determined as of the date immediately prior to the date of issuance of any such Common Stock.

"Closing Date" means the date of the closing of the first sale of the Series 1995 Preferred Stock.

"Conversion Price" shall initially be \$5.25 and shall be adjusted and readjusted from time to time as provided in Section 8.

"Convertible Securities" shall mean evidences of indebtedness, shares of stock or other securities which are convertible into or exchangeable for Additional Shares of Nonpreferred Stock, either immediately or upon the arrival of a specified date or the happening of a specified event.

"Development Plan" shall mean the development plan attached to the Secretary's Certificate pursuant to Section 3.7.1(a) of the Stock Purchase Agreement relating to the Series 1995 Preferred Stock, as such development plan may be amended from time to time with the consent of TCW pursuant to Section 6.5(g) hereof.

"Events of Noncompliance" shall mean each of the events specified in Sections 6 and 7 hereof.

"Fair Market Price" per share of Common Stock, for purposes of any provision herein at the date specified in such provision, shall mean the greater of (i) the 30-Day Average Price of the Common Stock or (ii) the 5- Day Average Price of the Common Stock; provided, that if the Fair Market Price per share of Common Stock cannot be ascertained by such methods, then the Fair Market Price per share of Common Stock shall be deemed to be the greater of (i) the net book value per share of Common Stock, determined in accordance with generally accepted accounting principles, or (ii) the fair value per share of Common Stock determined pursuant to the Valuation Procedure.

"Junior Stock" shall have the meaning set forth in Section 2.

"Liquidation Amount" means \$10.00, plus a sum equal to all accumulated but unpaid dividends and interest thereon, if any, through the date of any determination thereof, per share of Series 1995 Preferred Stock.

"Long-Term Incentive Plan" shall mean the Company's 1991 Long-Term Incentive Plan, as in effect on the Closing Date and as such plan may be amended from time to time with the consent of the holders of the Series 1995 Preferred Stock pursuant to Section 6.5(f) hereof.

"Nonpreferred Stock" shall mean the Common Stock and shall also include stock of the Company of any other class which is not preferred as to dividends or assets over any other class of stock of the Company and which is not subject to redemption.

"Senior Stock" shall mean, collectively, the 1994 Preferred and 1994 B Preferred.

"Valuation Procedure" shall have the meaning set forth in Section 8.3(b).

2. Ranking of the Series 1995 Preferred Stock.

So long as any shares of Series 1995 Preferred Stock shall be outstanding, the Series 1995 Preferred Stock shall (i) be junior with respect to the right to receive dividends or assets upon liquidation, dissolution or winding up of the Company to the Senior Stock and (ii) rank senior with respect to the right to receive dividends or assets upon liquidation, dissolution or winding up of the Company to the Common Stock and to all other series of preferred stock or classes or series of capital stock hereafter or heretofore established by the Board of Directors (collectively, the "Junior Stock").

3. Dividends; Restricted Payments.

3.1. Dividend Payment Dates. The holders of the Series 1995 Preferred Stock shall be entitled to receive when, as and if declared by the Board of Directors out of funds legally available for the purpose, cumulative dividend payments, payable quarterly in accordance with this Section 3, on March 31, June 30, September 30 and December 31 of each year commencing on June 30, 1995. Dividends on the Series 1995 Preferred Stock shall be cumulative from the date of original issue of the Series 1995 Preferred Stock. Accumulations of dividends shall bear interest at a rate of 9% per annum, compounded quarterly, which interest shall be deemed accrued dividends payable in the same manner and at the same time as dividends and redemptions shall be paid on the Series 1995 Preferred Stock.

3.2. Form of Payment. Dividends on the Series 1995 Preferred Stock may, at the option of the Company, be paid:

- (a) in cash at a quarterly rate of \$.2250 per share;

(b) in shares (whether whole or fractional) of Common Stock valued at the Cash Equivalent Amount for the purposes of determining the number of shares (or fraction thereof) of Common Stock to be issued; or

(c) by combination of cash and such shares;

provided, that if any such dividend shall be paid in a combination of cash and shares of Common Stock, all holders of the Series 1995 Preferred Stock shall receive cash and shares of Common Stock in the same ratio, except that the Company, at its option, may pay cash in lieu of fractional shares of Common Stock valued at the Cash Equivalent Amount.

3.3. Record Date. The Board of Directors shall fix a record date for the determination of holders of the Series 1995 Preferred Stock entitled to receive payment of a dividend declared thereon, which record date shall be not more than sixty (60) days prior to the date fixed for the payment thereof.

3.4. Restricted Payments. Unless full cumulative dividends on the Series 1995 Preferred Stock have been paid, no dividends shall be declared or paid or set apart for payment or other distribution upon any Junior Stock nor shall any Junior Stock be redeemed, purchased or otherwise acquired by the Company for any consideration (or any payment made to or available for a sinking fund for the redemption of any shares of such stock) by the Company.

4. Redemption.

4.1. Mandatory Redemption. On June 30, 2000 and on June 30 of each year thereafter, the Company shall redeem 300,000 shares (or such lesser number of shares if (i) a lesser number of shares shall be outstanding on such date or (ii) such redemption is restricted or prohibited by the terms of the Senior Stock provided that if such redemption is restricted or prohibited by the terms of the Senior Stock, and such restriction or prohibition terminates, then such greater number of shares shall be redeemed as is necessary to make up for a lesser number of shares being redeemed in a prior year) of the Series 1995 Preferred Stock. Redemptions pursuant to this Section 4.1 shall be paid, at the option of the Company, (i) in cash for a price per share of Series 1995 Preferred Stock equal to the Liquidation Amount, (ii) with shares (whether whole or fractional) of Common Stock having a Cash Equivalent Amount equal to the Liquidation Amount or (iii) by combination of cash and such shares; provided, that if such redemption shall be paid in a combination of cash and shares of Common Stock, all holders of the Series 1995 Preferred Stock shall receive cash and shares of Common Stock in the same ratio, except that the Company, at its option, may pay cash in lieu of fractional shares of Common Stock valued at the Cash Equivalent Amount. In the event that at any time less than all of the shares of Series 1995 Preferred Stock outstanding are to be redeemed pursuant to this Section 4.1, the Company shall effect such redemption pro rata according to the number of shares of Series 1995 Preferred Stock held by each holder thereof.

4.2. Redemption Upon Change of Control. Upon the sale, conveyance or disposition of all or substantially all of the assets of the Company, the net proceeds of which, after making provisions for all liabilities (contingent or otherwise) of the Company, exceed the amount required to pay the full Liquidation Amount to which each holder of the Series 1995 Preferred Stock is entitled upon liquidation of the Company, or a sale, conveyance or disposition of a majority of the outstanding shares of Common Stock in a transaction or series of related transactions (except for a merger or consolidation after the consummation of which the stockholders of the Company own a majority of the voting securities of the surviving corporation or its parent corporation), each holder of the Series 1995 Preferred Stock shall have the right to require that the Company redeem all or any part of such holder's Series 1995 Preferred Stock for cash out of legally available funds at a price per share equal to the Liquidation Amount.

If on the date of such sale, conveyance or disposition funds legally available for such redemption shall be insufficient to redeem all of the outstanding shares of Series 1995 Preferred Stock held by holders who have elected to have their shares redeemed, funds to the extent legally available shall be used for such purpose and the Company shall effect such redemption pro rata according to the number of shares of Series 1995 Preferred Stock held by each holder thereof. The redemption requirements provided hereby shall be continuous, so that if on the date of such sale, conveyance or disposition such requirements can not be fully discharged, without further action by any holder of the Series 1995 Preferred Stock funds legally available shall be applied therefor until such requirements are fulfilled.

Upon payment in full of the amounts owing under this Section 4.2 to any holder of Series 1995 Preferred Stock who has elected to have its shares redeemed, then notwithstanding that the certificate or certificates evidencing such shares shall not have been surrendered, the dividends with respect to such shares shall cease to accrue after the date of such payment in full and all rights with respect to such shares shall forthwith terminate.

4.3. Optional Redemption Prior to June 30, 1998. The shares of Series 1995 Preferred Stock may be redeemed, in whole but not in part, at the option of the Company, at any time prior to June 30, 1998, if the Common Stock has traded on a recognized securities exchange or national market system more than 80,000 shares per day (as adjusted for stock dividends, split-ups, mergers, recapitalizations, combinations, exchanges of shares or the like) over the 30-trading day period prior to the date of the Redemption Notice required by Section 4.5 below at an average closing price on such securities exchange or national market

system equal to or greater than the following amounts (as adjusted for stock dividends, split-ups, mergers, recapitalizations, combinations, exchanges of shares or the like):

On or prior to June 30: -----	Average Closing Price: -----
1996	\$ 6.55
1997	8.25
1998	9.75

Redemptions pursuant to this Section 4.3 shall be paid, at the option of the Company, (i) in cash for a price per share of Series 1995 Preferred Stock equal to the 30-Day Average Price of the Common Stock immediately prior to such date of redemption multiplied by the number of shares of Common Stock issuable upon the conversion of one share of Series 1995 Preferred Stock at the then applicable Conversion Price, (ii) with freely tradeable shares (whether whole or fractional) of Common Stock valued at a Cash Equivalent Amount equal to the cash amount provided in clause (i) above, or (iii) with a combination of cash and such shares in amounts determined pursuant to clauses (i) and (ii) above, respectively; provided, that if such redemption shall be paid in a combination of cash and shares of Common Stock, all holders of the Series 1995 Preferred Stock shall receive cash and shares of Common Stock in the same ratio, except that the Company, at its option, may pay cash in lieu of fractional shares of Common Stock valued at the Cash Equivalent Amount.

4.4. Optional Redemption After June 30, 1998. The shares of Series 1995 Preferred Stock may be redeemed, in whole but not in part, at the option of the Company, at any time on or after June 30, 1998, if the Common Stock has traded on a recognized securities exchange or national market system more than 80,000 shares per day (as adjusted for stock dividends, split-ups, mergers, recapitalizations, combinations, exchanges of shares or the like) over the 30-trading day period prior to the date of the Redemption Notice required by Section 4.5 below.

Redemptions pursuant to this Section 4.4 shall be made, at the option of the Company, (i) in cash for a price per share of Series 1995 Preferred Stock equal to the Applicable IRR Amount, (ii) with shares (whether whole or fractional) of Common Stock valued at a Cash Equivalent Amount equal to the Applicable IRR Amount or (iii) with a combination of cash and such shares in amounts determined pursuant to clauses (i) and (ii) above, respectively; provided, that if such redemption shall be paid in a combination of cash and shares of Common Stock, all holders of the Series 1995 Preferred Stock shall receive cash and shares of Common Stock in the same ratio, except that the Company, at its option, may pay cash in lieu of fractional shares of Common Stock valued at the Cash Equivalent Amount.

4.5. Redemption Notice. The Company shall give written notice (the "Redemption Notice") to each holder of the Series 1995 Preferred Stock at least 20 Business Days prior to the date (the "Redemption Date") of any redemption required or permitted under this Section 4, such notice to be addressed to each holder at the address as it appears on the stock transfer books of the Company. Such notice shall specify (i) the Redemption Date, (ii) the number of all shares of the Series 1995 Preferred Stock of each holder to be redeemed and (iii) the amount and form or forms of payment therefor and the method of calculation thereof (the "Redemption Amount"). On or after each such Redemption Date, each holder of the Series 1995 Preferred Stock shall surrender a certificate or certificates representing the number of shares of the Series 1995 Preferred Stock to be redeemed as stated in the Redemption Notice provided by the Company. If the Redemption Notice shall have been duly given, and if on the Redemption Date the Redemption Amount is either paid or made reasonably available for payment in immediately available funds, Common Stock or a combination thereof as provided herein to the holders of the Series 1995 Preferred Stock being redeemed, then notwithstanding that the certificates evidencing any of the Series 1995 Preferred Stock so called for redemption shall not have been surrendered, the dividends with respect to such shares shall cease to accrue after the Redemption Date and all rights with respect to such shares shall forthwith terminate after the Redemption Date, except only the right of the holders to receive the Redemption Amount without interest upon surrender of their certificate or certificates. Notwithstanding anything to the contrary contained herein, with respect to any shares of Series 1995 Preferred Stock scheduled for redemption pursuant to a Redemption Notice, the holders of such shares may at any time prior to the Redemption Date, upon written notice to the Company as provided herein, exercise their right to convert all or any portion of such shares into Common Stock at the Conversion Price.

5. Liquidation Rights.

Upon any liquidation, dissolution or winding up of the affairs of the Company, no distribution shall be made to the holders of any Junior Stock unless, prior to the first such distribution, the holders of the Series 1995 Preferred Stock shall have received the Liquidation Amount (subject to the liquidation rights of the Senior Stock). If the assets distributable in any such event to the holders of the Series 1995 Preferred Stock are insufficient to permit the payment to such holders of the full preferential amounts to which they may be entitled, such assets shall be distributed ratably among the holders of the Series 1995 Preferred Stock in proportion to the full preferential amount each such holder would otherwise be entitled to receive.

6. Voting Rights of Series 1995 Preferred Stock.

6.1. Voting Rights. The holders of the Series 1995 Preferred Stock shall be entitled, on all matters submitted for a vote of the holders of shares of Common Stock, whether pursuant to law or otherwise, to a number of votes per share of the Series 1995 Preferred Stock equal to the number of shares of Common Stock issuable upon conversion of one share of the Series 1995 Preferred Stock on the date of such vote, and on all such

matters shall vote together as one class with the holders of Common Stock and the holders of all other shares of stock entitled to vote with the holders of Common Stock on such matters.

6.2. Special Voting Rights. In addition, the holders of the Series 1995 Preferred Stock shall have the voting powers provided for by law and shall have the further voting powers provided for below. If one or more of the Events of Noncompliance (defined below) occurs and remains outstanding and has not been specifically waived in writing by 70% or more of the shares of the Series 1995 Preferred Stock, then, to the extent permitted by law as relating to directorships, the holders of such Series 1995 Preferred Stock shall have the right, voting separately from all other classes and series, to elect two directors of the Company, the remaining directors to be elected by the other classes or series of stock entitled to vote therefor, including the Series 1995 Preferred Stock as set forth in Section 6.1 other than those elected by the holders of Senior Stock. If and when such right of the holders of the Series 1995 Preferred Stock becomes operative, the maximum authorized number of members of the Board of Directors of the Company shall automatically be increased to the extent necessary to create any vacancy or vacancies to be filled only by vote of the holders of the Series 1995 Preferred Stock then outstanding as hereinafter set forth. Whenever such right of the holders of the Series 1995 Preferred Stock shall become operative, such right shall be exercised initially either at a special meeting of the holders of the Series 1995 Preferred Stock called as provided in Section 6.3 below or at any annual meeting of stockholders held for the purpose of electing directors, and thereafter at such annual meetings. In electing the directors to be elected by the holders of the Series 1995 Preferred Stock, each holder of such stock shall have one vote for each share thereof held. The right of the holders of the Series 1995 Preferred Stock, voting separately from all other classes and series, to elect two members of the Board of Directors of the Company as aforesaid shall continue until such event is cured or waived as set forth above, at which time the right of the holders of the Series 1995 Preferred Stock to vote separately and as a class as provided in this Section 6.2 shall terminate (subject to becoming operative again in the event of a subsequent default of the nature set forth above) and the maximum authorized number of members of the Board of Directors of the Company shall automatically be reduced if such number was increased at the time when the terminated voting right of the holders of the Series 1995 Preferred Stock became operative. Notwithstanding the foregoing, in no event shall the Company increase the number of members of the Board of Directors above six, plus those members of the Board of Directors elected by the holders of the Series 1995 Preferred Stock and Senior Stock.

Such "Events of Noncompliance", in addition to those set forth in Section 7, are:

(a) the failure by the Company to pay, in the aggregate, four quarterly dividends or the equivalent on the Series 1995 Preferred Stock or Senior Stock on the dates on which the same should be payable according to the terms hereof whether or not consecutive and whether or not such dividends have been declared and whether or

not there are any monies of the Company properly applicable to the payment of dividends;

(b) the failure by the Company to redeem the Series 1995 Preferred Stock or Senior Stock when such redemption is required hereunder;

(c) the occurrence of any event or condition in respect of any debt or security of the Company or any of its subsidiaries, or under any agreement securing or relating to such debt or security, the effect of which is to cause or to permit any holder of such debt or other security or trustee to cause (whether or not such holder or trustee elects to cause) such debt or security, or a portion thereof, to become due prior to its stated maturity or prior to its regularly scheduled dates of payment provided that, with respect to any debt other than the Company's senior bank or other credit facility, such debt exceeds \$1,000,000;

(d) a breach by the Company of any covenant, term or condition hereof, or in respect of any debt or security, including, without limitation, the Senior Stock of the Company or any of its subsidiaries, or any under any agreement securing or relating to such debt or security, which breach is continuing and uncured for a period of at least 30 days after delivery of written notice thereof to the Company; provided that, with respect to any debt other than the Company's senior bank or other credit facility, such debt exceeds \$1,000,000;

(e) Mr. M. Jay Allison shall cease to be the chief executive officer of the Company, or the occurrence of any material decrease in, or the termination of, for any reason, the active involvement of Mr. Allison in the operations and affairs of the Company and its subsidiaries as Mr. Allison is involved on the Closing Date, unless Mr. Allison has been replaced in such capacities by a person or persons approved in writing by the holders of a majority or more of the Series 1995 Preferred Stock, in their sole discretion;

(f) the commencement of an involuntary case or other proceeding against the Company or any of its subsidiaries, other than Comstock-DR II Oil & Gas Acquisition Limited Partnership ("DR II") or Comstock Management Corporation ("CMC")(provided that CMC shall own no other assets and conduct no other business other than owning its general partnership interest in DR II), which seeks liquidation, reorganization or other relief with respect to it or its debtor, other liabilities under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or the entry of an order for relief against the Company or any of its subsidiaries in any such case under the United States Bankruptcy Code;

(g) the commencement by the Company or any of its subsidiaries other than DR II or CMC (provided that CMC shall own no other assets and conduct no other business other than owning its general partnership interest in DR II) of a voluntary case or other proceeding, seeking liquidation, reorganization or other relief with respect to itself or its debts or other liabilities under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or the making by the Company or any of its subsidiaries of a general assignment for the benefit of creditors, or failure by the Company or any of its subsidiaries generally to or written admission of its inability to pay its debts generally as they become due, or the taking of any corporate action to authorize or effect any of the foregoing;

(h) the dissolution of the Company or the discontinuation of its usual business; or

(i) the failure of the Company or any of its subsidiaries to pay, bond or otherwise discharge any judgment or order for the payment of money in excess of \$1,000,000 that is not otherwise being satisfied in accordance with its terms and is not stayed on appeal or otherwise being appropriately contested in good faith and if reserves adequate under generally accepted accounting principles shall not have been established therefor.

6.3. Procedures Relating to Special Voting Rights.

(a) At any time when the special voting rights of the holders of the Series 1995 Preferred Stock provided in Section 6.2 above shall have become operative and not have been exercised, a proper officer of the Company shall, upon the written request of the holders of record of at least 20% of the shares of Series 1995 Preferred Stock then outstanding addressed to the Secretary of the Company, call a special meeting of the holders of the Series 1995 Preferred Stock for the purpose of electing the two directors to be elected by the Series 1995 Preferred Stock. Such meeting shall be held at the earliest practicable date upon the notice required for annual meetings of stockholders at such place in the continental United States as may be specified in such written request. If such meeting shall not be called by the proper officer of the Company within twenty (20) days after the personal service of such written request upon the Secretary of the Company, or within twenty (20) days after mailing the same within the United States by registered or certified mail enclosed in a postpaid envelope addressed to the Secretary of the Company at its principal office, then the holders of record of at least 20% of the shares of Series 1995 Preferred Stock then outstanding may designate in writing one of their number to call such meeting at the expense of the Company, and such meeting may be called by the

person so designated upon the notice required for annual meetings of stockholders and shall be held at such place in the continental United States as may be specified in such notice. Notwithstanding the provisions of this Section 6.3, no such special meeting shall be called during the period of sixty (60) days immediately preceding the date fixed for any annual or special meeting of stockholders if the staff of the Securities and Exchange Commission shall have advised the Company that the calling of any such meeting shall require the Company to amend or supplement its proxy soliciting materials relating to such annual or special meeting of stockholders; and no such special meeting shall be called if in connection with such meeting a proxy solicitation conforming to the rules and regulations issued under the Securities Exchange Act of 1934, as amended, shall be required, but in such event the election of directors by the holders of the Series 1995 Preferred Stock shall take place at the next annual meeting of stockholders, unless the right of the holders of the Series 1995 Preferred Stock to elect directors shall in the meantime have terminated.

(b) Upon any termination of the right of the holders of the Series 1995 Preferred Stock to elect directors as hereinabove provided, the term of office of any director then in office elected by the Series 1995 Preferred Stock shall terminate immediately. If the office of any director elected by the holders of the Series 1995 Preferred Stock becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, then the procedure provided for in Section 6.3(a) above shall be used to fill the vacancy.

(c) Subject to the provisions of Section 6.2, the By-Laws of the Company shall automatically be deemed amended from time to time to provide for the increase or reduction in the maximum authorized number of members of the Board of Directors and for the election procedure as hereinabove in this Section 6.3 provided.

6.4. Rights Relating to Board of Directors.

The Company will promptly execute and deliver to any individual elected to the Board of Directors, pursuant to Section 6.2, an agreement by the Company to indemnify and hold harmless such individual for any and all actions taken by such individual in his capacity as a member of the Board of Directors to the fullest extent permitted by the laws of the state of incorporation of the Company. Unless waived or modified by the holders of a majority of the Series 1995 Preferred Stock, the Company will also use its best efforts to promptly provide for such individual such amount of director's liability insurance as is normal and customary for corporations which have common stock that is publicly traded on the NASDAQ National Market System.

6.5. Certain Actions by the Company. So long as any shares of the Series 1995 Preferred Stock are outstanding, the Company will not, without the affirmative vote or consent of all of the holders of the outstanding shares of Series 1995 Preferred Stock, voting

as a separate class, amend or repeal any provision of, or add any provision to, the Company's Articles of Incorporation which affect the dividend rate, Liquidation Amount, liquidation preference, conversion price, dividend and liquidation priority, or mandatory redemption rights and terms of the Series 1995 Preferred Stock.

Unless the vote or consent of the holders of a greater number of shares shall then be required by law or as provided in the immediately preceding paragraph, and so long as any shares of the Series 1995 Preferred Stock are outstanding, the Company will not, without the affirmative vote or consent of the holders of at least seventy percent (70%) of the outstanding shares of Series 1995 Preferred Stock, voting as a separate class:

(a) amend or repeal any provision of, or add any provision to, the Company's Articles of Incorporation which affect the other rights, powers, preferences or terms of the Series 1995 Preferred Stock;

(b) consolidate or merge with or into any other corporation where (1) the Company is not the surviving corporation or (2) the Company shall issue to any person as consideration in respect of such consolidation or merger any capital stock of the Company representing 20% or more of the Company's outstanding capital stock prior to such consolidation or merger;

(c) sell or convey all or substantially all of the assets of the Company, or dissolve or liquidate the Company;

(d) reclassify any Common Stock into shares having any preference or priority as to the payment of dividends or the distribution of assets superior to or on a parity with any such preference or priority of the Series 1995 Preferred Stock; or

(e) declare or pay any dividend, or make any distribution, or purchase, redeem or otherwise acquire for value any capital stock or other interest in the Company now or hereafter outstanding, or make any other distribution of its assets, to the holders of any Junior Stock, unless (i) no Event of Noncompliance shall have occurred and be continuing immediately prior to and after such distributions, (ii) all accumulated dividends with respect to the Series 1995 Preferred Stock have been paid in full immediately prior to such distribution and (iii) the aggregate amount of all such distributions in any 12-month period does not exceed \$50,000.

7. Covenants of the Company. The failure by the Company to comply with any of the covenants set forth below, unless specifically waived in writing by holders of a majority or more of the Series 1995 Preferred Stock, shall be an Event of Noncompliance. The holders of the Series 1995 Preferred Stock shall have no remedies for violation of the covenants set forth below other than (i) election of directors as provided in Section 6.2 and (ii) a right to specific performance or other equitable remedies.

7.1. Board of Directors. So long as the Series 1995 Preferred Stock shall remain outstanding, the Company shall not increase the number of directors above six, except in connection with the right of the holders of the Series 1995 Preferred Stock or Senior Stock to appoint directors.

7.2. Dividend Payments. At least once during any 12-month period while any shares of Series 1995 Preferred Stock shall remain outstanding, the Company shall pay to the holders of shares of the Series 1995 Preferred Stock all accumulated dividends, if any, with respect to such shares, whether or not such dividends have been declared and whether or not there are any monies of the Company properly applicable to the payment of dividends.

7.3. Financial Statements. Whether or not the Company remains subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, the Company will furnish or cause to be furnished to any holder of the Series 1995 Preferred Stock:

(a) As soon as available and in any event within 105 days after the close of each fiscal year of the Company, the audited balance sheet of the Company as of the end of such fiscal year and the audited statements of operations and cash flow of the Company for such fiscal year prepared in accordance with generally accepted accounting principles which fairly present the information included therein (showing any material change in the consistency of the application of such principles from the prior period), accompanied by an opinion of a nationally recognized independent certified public accountant, together with a certificate by the President or the Chief Financial Officer of the Company certifying that no Event of Noncompliance has occurred in such year;

(b) Promptly upon the written request of any holder, a budget for the consolidated operations of the Company and its subsidiaries for the subsequent fiscal year, broken down by months, certified by the Chief Financial Officer of the Company;

(c) Promptly upon the written request of any holder, a written statement discussing the operations of the Company in such quarter and explaining any material variations in the results of such operations from the budget delivered pursuant to subparagraph (ii) above, certified by the Chief Financial Officer of the Company;

(d) As soon as available and in any event prior to 45 days after the end of each quarter of each fiscal year of the Company, the unaudited balance sheet of the Company at the end of such quarter, the unaudited statements of operations of the Company for such quarter and for the period from the beginning of the fiscal year to the close of such quarter, and unaudited statements of cash flow of the Company from the beginning of the fiscal year to the close of such quarter, all prepared in

accordance with generally accepted accounting principles which fairly present the information included therein (showing any material change in the consistency of the application of such principles from the prior quarter) and certified by the Chief Financial Officer of the Company;

(e) Promptly upon written request, any monthly financial statements prepared by the Company in the ordinary course of business of the Company;

(f) Promptly upon receipt thereof, one copy of each other report submitted to the Company by independent accountants in connection with any annual, interim or special audit made by them of the books of the Company or any of its subsidiaries;

(g) Promptly upon written request, production, independent engineering and other reports; and

(h) Promptly upon the occurrence of an Event of Noncompliance and in no event later than 3 Business Days after the occurrence of such event, a certificate of the Chief Financial Officer of the Company stating that an Event of Noncompliance has occurred and specifying the material facts related to such Event of Noncompliance and steps being taken or contemplated to be taken to cure such Event of Noncompliance.

7.4. Inspection of Property. In addition to any rights of the holders of the Series 1995 Preferred Stock under applicable law to inspect the property of the Company, the Company will permit any representative designated by any holder of the Series 1995 Preferred Stock, upon reasonable notice and during normal business hours, to (i) visit and inspect any of the properties of the Company and its subsidiaries, (ii) examine the corporate and financial records of the Company and its subsidiaries and make copies thereof or extracts therefrom and (iii) discuss the affairs, finances and accounts of the Company and its subsidiaries with the directors, officers, key employees and independent accountants of the Company and its subsidiaries.

7.5. Conduct of Business. The Company shall carry on and conduct, and cause each of its subsidiaries to carry on and conduct, its business in substantially the same manner and in substantially the same fields of enterprise as it is conducted on the Closing Date; and do, and, unless merged into the Company, cause each of its subsidiaries to do, all things necessary to remain duly incorporated, validly existing and in good standing as a domestic corporation in its jurisdiction of incorporation and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

7.6. Insurance. The Company shall maintain, and cause each of its subsidiaries to maintain, insurance with financially sound and responsible insurance carriers

of the kinds, against the risks and in the relative proportions and amounts usually carried by companies engaged in similar businesses.

7.7. Maintenance of Property; Development and Maintenance.

The Company shall maintain, and cause each of its subsidiaries to maintain, all of its tangible property in good condition and repair and make all necessary replacements thereof and operate the same properly and efficiently and shall develop and maintain, or cause to be developed and maintained (by the prompt payment of all royalties, delay rentals and other sums due thereunder or otherwise), the leases, wells, units and acreage constituting proven property owned or leased by the Company and its subsidiaries as of the Closing Date in a prudent manner, and as may be reasonably necessary for the prudent and economical operation of such leases, wells, units and acreage in compliance with all proration and conservation laws and all applicable rules, regulations and orders of any governmental authority. In addition, the Company shall cause all work and development described in the Development Plan to be performed by or before the dates specified for completion thereof in the Development Plan.

7.8. Common Stock Reserved; Legality. The Company shall at

all times reserve and keep available out of its authorized but unissued Common Stock such number of shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series 1995 Preferred Stock; all of such shares of the Common Stock which are issuable to the holders of the Series 1995 Preferred Stock by way of conversion, redemption or dividend will, when issued, be duly authorized and validly issued, fully paid and nonassessable, and free from all taxes, liens and charges.

8. Conversion. The Series 1995 Preferred Stock shall be convertible as follows:

8.1. Right to Convert. Each share of the Series 1995

Preferred Stock shall be convertible, without the payment of any additional consideration by the holder thereof and at the option of the holder thereof, at any time after the date of issuance of such share, at the office of the Company or any transfer agent for the Series 1995 Preferred Stock, into the whole number of fully paid and nonassessable shares of Common Stock determined by dividing the Liquidation Amount by the Conversion Price in effect at the time of conversion, plus, in lieu of any fractional share to which such holder would otherwise be entitled, cash equal to such fraction multiplied by the Conversion Price.

8.2. Mechanics of Conversion. In order for any holder of the

Series 1995 Preferred Stock to convert the same into Common Stock, such holder shall deliver a written notice to the Company that he elects to convert all or a specified number of such shares and stating therein his name or the name or names of his nominees in which he wishes the certificate or certificates for Common Stock to be issued (the "Conversion Notice"). The holder shall also surrender to the Company at the office of the Company or of any transfer agent for the Series 1995 Preferred Stock, the certificate or certificates representing the Series 1995 Preferred Stock to be converted. The Company shall, as soon as practicable

thereafter, issue and deliver at such office to such holder of the Series 1995 Preferred Stock, or to his nominee or nominees, a certificate or certificates representing the number of shares of Common Stock to which he shall be entitled as aforesaid and, if less than the full number of shares of the Series 1995 Preferred Stock evidenced by such surrendered certificate or certificates are being converted, a new certificate or certificates, of like tenor, for the number of shares of the Series 1995 Preferred Stock evidenced by such surrendered certificate less the number of such shares being converted. Any conversion made at the election of a holder of the Series 1995 Preferred Stock shall be deemed to have been made immediately prior to the close of business on the date the Conversion Notice has been received by the Company, and the person or persons entitled to receive the Common Stock issuable upon conversion shall be treated for all purposes as the record holder or holders of such Common Stock on such date.

8.3. Adjustments to Conversion Price for Diluting Issues:

(a) Stock Dividends, Subdivisions and Combinations.

In case at any time or from time to time the Company shall:

(1) take a record of the holders of its Nonpreferred Stock for the purpose of entitling them to receive a dividend payable in, or other distribution of, Nonpreferred Stock;

(2) subdivide its outstanding shares of Nonpreferred Stock into a larger number of shares of Nonpreferred Stock; or

(3) combine its outstanding shares of Nonpreferred Stock into a smaller number of shares of Nonpreferred Stock;

then the Conversion Price in effect immediately after the happening of any such event shall be proportionately decreased, in case of the happening of events described in subparagraphs (1) or (2) above, or proportionately increased, in case of the happening of events described in subparagraph (3) above.

(b) Certain Other Dividends and Distributions. In

case at any time or from time to time the Company shall take a record of the holders of its Nonpreferred Stock for the purpose of entitling them to receive any dividend or other distribution of:

(1) cash (other than a cash distribution made as a dividend and payable out of earnings or earned surplus legally available for the payment of dividends under the laws of the jurisdiction of incorporation of the Company, to the extent, but only to the extent, that the aggregate of all such dividends paid or declared after the date hereof, does not exceed the consolidated net income, net of consolidated net losses, of the Company and its consolidated

subsidiaries earned subsequent to the date hereof determined in accordance with generally accepted accounting principles);

(2) any evidence of its indebtedness (other than Convertible Securities), any shares of its stock (other than Additional Shares of Nonpreferred Stock) or any other securities or property of any nature whatsoever (other than cash and other than Convertible Securities or Additional Shares of Nonpreferred Stock); or

(3) any warrants or other rights to subscribe for or purchase any evidences of its indebtedness (other than Convertible Securities), any shares of its stock (other than Additional Shares of Nonpreferred Stock) or any other securities or property of any nature whatsoever (other than cash and other than Convertible Securities or Additional Shares of Nonpreferred Stock);

then the Conversion Price in effect shall be adjusted to that number determined by multiplying the Conversion Price then in effect by a fraction (x) the numerator of which shall be the Fair Market Price per share of Common Stock immediately prior to the date of taking such record minus the portion applicable to one share of Common Stock of any such cash so distributable and of the fair value of any and all such evidences of indebtedness, shares of stock, other securities or property, or warrants or other subscription or purchase rights, so distributable and (y) the denominator of which shall be the Fair Market Price per share of Common Stock immediately prior to the date of taking such record. Such fair value shall be determined pursuant to the Valuation Procedure. The "Valuation Procedure" is a determination of fair value of any property made in good faith by the Board of Directors; provided, that if the holders of a majority of the Series 1995 Preferred Stock object to such determination within 10 days of receipt of written notification thereof, then the fair value of such property shall be determined in good faith by a recognized national investment bank selected by unanimous vote or consent of the Board of Directors, which investment bank is not reasonably objected to by the holders of a majority of the Series 1995 Preferred Stock. The fees and expenses of such investment bank shall be paid by the Company. A reclassification of the Nonpreferred Stock into shares of Nonpreferred Stock and shares of any other class of stock shall be deemed a distribution by the Company to the holders of its Nonpreferred Stock of such shares of such other class of stock within the meaning of this Section 8.3(b) and, if the outstanding shares of Nonpreferred Stock shall be changed into a larger or smaller number of shares of Nonpreferred Stock as a part of such reclassification, shall be deemed a subdivision or combination, as the case may be, of the outstanding shares of Nonpreferred Stock within the meaning of Section 8.3(a).

(c) Issuance of Additional Shares of Nonpreferred Stock. In case at any time or from time to time after the Closing Date, the Company shall (except as hereinafter provided) issue, whether in connection with the merger of a corporation

into the Company or otherwise, any Additional Shares of Nonpreferred Stock for a consideration per share less than either the Conversion Price or the Fair Market Price per share of Common Stock on the Computation Date (determined as set forth in the last sentence of this Section 8.3(c)), then the Conversion Price shall be adjusted to the lower of either:

(i) that number determined by multiplying the Conversion Price in effect immediately prior to such adjustment by a fraction (x) the numerator of which shall be the number of shares of Nonpreferred Stock, plus the number of shares of Nonpreferred Stock which the aggregate consideration for the total number of such Additional Shares of Nonpreferred Stock so issued would purchase at the Fair Market Price per share of Common Stock and (y) the denominator of which shall be the number of shares of Nonpreferred Stock plus the number of such Additional Shares of Nonpreferred Stock so issued; or

(ii) the value of the consideration per share for which such Additional Shares of Nonpreferred Stock were issued (or, in the case of adjustments under Sections 8.3(d) or 8.3(e), are issuable).

No adjustment of the Conversion Price shall be made under this Section 8.3(c) upon the issuance of any Additional Shares of Nonpreferred Stock which are issued pursuant to the exercise of any warrants or other subscription or purchase rights or pursuant to the exercise of any conversion or exchange rights in any Convertible Securities, if any such adjustment shall previously have been made upon the issuance of such warrants or other rights or upon the issuance of such Convertible Securities (or upon the issuance of any warrant or other rights therefor) pursuant to Section 8.3(d) or 8.3(e). For purposes of this Section 8.3(c), the Computation Date shall be the earlier of (i) the date on which the Company shall enter into a firm contract for the issuance of such Additional Shares of Nonpreferred Stock, or (ii) the date of actual issuance of such Additional Shares of Nonpreferred Stock.

(d) Issuance of Warrants, Options or Other Rights.

In case at any time or from time to time after the Closing Date, the Company shall take a record of the holders of its Nonpreferred Stock for the purpose of entitling them to receive a distribution of, or shall otherwise issue, any warrants, options or other rights to subscribe for or purchase any Additional Shares of Nonpreferred Stock or any Convertible Securities and the consideration per share for which Additional Shares of Nonpreferred Stock may at any time thereafter be issuable pursuant to such warrants, options or other rights or pursuant to the terms of such Convertible Securities shall be less than either the Conversion Price or the Fair Market Price per share of Common Stock on the Computation Date (determined as set forth in the last sentence of this Section 8.3(d)), then the Conversion Price shall be adjusted as provided in Section 8.3(c). Such adjustment shall be made on the basis that (i) the maximum number of

Additional Shares of Nonpreferred Stock issuable pursuant to all such warrants, options or other rights or necessary to effect the conversion or exchange of all such Convertible Securities shall be deemed to have been issued as of the Computation Date (determined as set forth in the last sentence of this Section 8.3(d)), and (ii) the aggregate consideration for such maximum number of Additional Shares of Nonpreferred Stock shall be deemed to be the minimum consideration received and receivable by the Company for the issuance of such Additional Shares of Nonpreferred Stock pursuant to such warrants, options or other rights or pursuant to the terms of such Convertible Securities. For purposes of this Section 8.3(d), the Computation Date shall be the earliest to occur of (a) the date on which the Company shall take a record of the holders of its Nonpreferred Stock for the purpose of entitling them to receive any such warrants, options or other rights, (b) the date on which the Company shall enter into a firm contract for the issuance of such warrants, options or other rights, and (c) the date of actual issuance of such warrants, options or other rights.

(e) Issuance of Convertible Securities. In case at any time or from time to time after the Closing Date, the Company shall take a record of the holders of its Nonpreferred Stock for the purpose of entitling them to receive a distribution of, or shall otherwise issue, any Convertible Securities and the consideration per share for which Additional Shares of Nonpreferred Stock may at any time thereafter be issuable pursuant to the terms of such Convertible Securities shall be less than either the Conversion Price or the Fair Market Price per share of Common Stock on the Computation Date (determined as set forth in the last sentence of this Section 8.3(e)), then the Conversion Price shall be adjusted as provided in Section 8.3(c). Such adjustments shall be made on the basis that (i) the maximum number of Additional Shares of Nonpreferred Stock necessary to effect the conversion or exchange of all such Convertible Securities shall be deemed to have been issued as of the Computation Date (determined as set forth in the penultimate sentence of this Section 8.3(e), and (ii) the aggregate consideration for such maximum number of Additional Shares of Nonpreferred Stock shall be deemed to be the minimum consideration received and receivable by the Company for the issuance of such Additional Shares of Nonpreferred Stock pursuant to the terms of such Convertible Securities. No adjustment of the Conversion Price shall be made under this Section 8.3(e) upon the issuance of any Convertible Securities (i) which are issued pursuant to the exercise of any warrants or other subscription or purchase rights therefor, if any such adjustment shall previously have been made upon the issuance of such warrants or other rights pursuant to Section 8.3(d) or (ii) which constitute shares of 1994 B Preferred and are issued to the holders of the 1994 B Preferred as a dividend payment on shares thereof at a rate not to exceed 6.25% of the par value thereof and as provided in the Certificate of Designation therefor as in effect on July 22, 1994. For purposes of this Subsection, the Computation Date shall be the earliest of (a) the date on which the Company shall take a record of the holders of its Nonpreferred Stock for the purpose of entitling them to receive any such Convertible Securities, (b) the date on which the

Company shall enter into a firm contract for the issuance of such Convertible Securities, and (c) the date of actual issuance of such Convertible Securities.

(f) Superseding Adjustment of Conversion Price. If, at any time after any adjustment of the Conversion Price shall have been made pursuant to the foregoing Section 8.3(d) or 8.3(e) on the basis of the issuance of warrants or other rights or the issuance of other Convertible Securities, or after any new adjustment of the Conversion Price shall have been made pursuant to this Section 8.3(f):

(1) all of such warrants, options or rights or the right of conversion or exchange in such other Convertible Securities shall expire, and none of such warrants, options or rights, or the right of conversion or exchange in respect of such other Convertible Securities, as the case may be, shall have been exercised; or

(2) the consideration per share, for which Additional Shares of Nonpreferred Stock are issuable pursuant to all of such warrants, options or rights or the terms of all of such other Convertible Securities, shall be increased solely by virtue of provisions therein contained for an automatic increase in such consideration per share upon the arrival of a specified date or the happening of a specified event, and none of such warrants, options or rights, or the right of conversion or exchange in respect of such other Convertible Securities, as the case may be, shall have been exercised;

such previous adjustment shall be rescinded and annulled and the Additional Shares of Nonpreferred Stock which were deemed to have been issued by virtue of the computation made in connection with the adjustment so rescinded and annulled shall no longer be deemed to have been issued by virtue of such computation. Thereupon, a recomputation shall be made of the effect of such warrants, rights or options or other Convertible Securities on the basis of treating any such warrants, options or rights or any such other Convertible Securities which then remain outstanding as having been granted or issued immediately after the time of such increase of the consideration per share for such Additional Shares of Nonpreferred Stock are issuable under such warrants or rights or other Convertible Securities; and, if and to the extent called for by the foregoing provisions of this Section 8.3 on the basis aforesaid, a new adjustment of the Conversion Price shall be made, which new adjustment shall supersede the previous adjustment so rescinded and annulled.

(g) Other Provisions Applicable to Adjustments Under this Section. The following provisions shall be applicable to the making of adjustments of the Conversion Price hereinbefore provided for in this Section 8.3:

(1) Treasury Stock. The sale or other disposition of any issued shares of Nonpreferred Stock owned or held by or for the account of the Company shall be deemed an issuance thereof for purposes of this Section 8.3.

(2) Computation of Consideration. To the extent that any Additional Shares of Nonpreferred Stock or any Convertible Securities or any warrants, options or other rights to subscribe for or purchase any Additional Shares of Nonpreferred Stock or any Convertible Securities shall be issued solely for cash consideration, the consideration received by the Company therefor shall be deemed to be the amount of cash received by the Company therefor, or, if such Additional Shares of Nonpreferred Stock or Convertible Securities are offered by the Company for subscription, the subscription price, or, if such Additional Shares of Nonpreferred Stock or Convertible Securities are sold to underwriters or dealers for public offering without a subscription offering, the initial public offering price, in any such case excluding any amounts paid or receivable for accrued interest or accrued dividends and without deduction of any compensation, discounts or expenses paid or incurred by the Company for and in the underwriting of, or otherwise in connection with, the issue thereof. The consideration for any Additional Shares of Nonpreferred Stock issuable pursuant to any warrants, options or other rights to subscribe for or purchase the same shall be the consideration received or receivable by the Company for issuing such warrant, options or other rights, plus the additional consideration payable to the Company upon the exercise of such warrants, options or other rights. The consideration for any Additional Shares of Nonpreferred Stock issuable pursuant to the terms of any Convertible Securities shall be the consideration received or receivable by the Company for issuing any warrants or other rights to subscribe for or purchase such Convertible Securities, plus the consideration paid or payable to the Company in respect of the subscription for or purchase of such Convertible Securities, plus the additional consideration, if any, payable to the Company upon the exercise of the right of conversion or exchange in such Convertible Securities. To the extent that any issuance shall be for a consideration other than solely for cash, then, except as herein otherwise expressly provided, the amount of such consideration shall be deemed to be the fair value of such consideration at the time of such issuance as determined pursuant to the Valuation Procedure.

(3) When Adjustments to be made. The adjustments required by the preceding subsections of this Section 8.3 shall be made whenever and as often as any specified event requiring an adjustment shall occur, except that no adjustment of the Conversion Price that would otherwise be required shall be made (except in the case of a subdivision or combination of shares of the Nonpreferred Stock as provided for in Section 8.3(a)) unless and until such adjustment, either by itself or with other adjustments not previously made,

adds or subtracts at least \$0.05 to the Conversion Price, as determined in good faith by the Board of Directors of the Company. Any adjustment representing a change of less than such minimum amount shall be carried forward and made as soon as such adjustment, together with other adjustments required by this Section 8.3 and not previously made, would result in a minimum adjustment. For the purpose of any adjustment, any specified event shall be deemed to have occurred at the close of business on the date of its occurrence.

(4) Fractional Interests. In computing adjustments under this Section 8.3, fractional interests in Nonpreferred Stock shall be taken into account to the nearest one-thousandth of a share.

(5) When Adjustment Not Required. If the Company shall take a record of the holders of its Nonpreferred Stock for the purpose of entitling them to receive a dividend or distribution or subscription or purchase rights and shall, thereafter and before the distribution thereof to shareholders, legally abandon its plan to pay or deliver such dividend, distribution, subscription or purchase rights, then thereafter no adjustment shall be required by reason of the taking of such record and any such adjustment previously made in respect thereof shall be rescinded and annulled.

(h) Merger, Consolidation or Disposition of Assets. In case the Company shall merge or consolidate into another corporation, or shall sell, transfer or otherwise dispose of all or substantially all of its property, assets or business to another corporation and pursuant to the terms of such merger, consolidation or disposition, shares of common stock of the successor or acquiring corporation are to be received by or distributed to the holders of Nonpreferred Stock of the Company, then each holder of a share of the Series 1995 Preferred Stock shall have the right thereafter to receive, upon exercise of such share of the Series 1995 Preferred Stock, shares of common stock each comprising the number of shares of common stock of the successor or acquiring corporation receivable upon or as a result of such merger, consolidation or disposition of assets by a holder of the number of shares of Common Stock into which one share of the Series 1995 Preferred Stock could be converted immediately prior to such event. If, pursuant to the terms of such merger, consolidation or disposition of assets, any cash, shares of stock or other securities or property of any nature whatsoever (including warrants or other subscription or purchase rights) are to be received by or distributed to the holders of Nonpreferred Stock of the Company in addition to common stock of the successor or acquiring corporation, then the Conversion Price in effect shall be adjusted to that number determined by multiplying the Conversion Price then in effect by a fraction (x) the numerator of which shall be the Fair Market Price per share of Common Stock immediately prior to the closing of such merger, consolidation or disposition minus the portion applicable to one share of Common Stock of any such cash so distributable and of the fair value of any such shares of stock or other securities or

property so received or distributed and (y) the denominator of which shall be the Fair Market Price per share of Common Stock immediately prior to the closing of such merger, consolidation or disposition. The fair value of any such shares of stock or other securities or property shall be determined pursuant to the Valuation Procedure. In case of any such merger, consolidation or disposition of assets, the successor acquiring corporation shall expressly assume the due and punctual observance and performance of each and every covenant and condition hereof to be performed and observed by the Company and all of the obligations and liabilities hereunder, subject to such modification as shall be necessary to provide for adjustments to the Conversion Price which shall be as nearly equivalent as practicable to the adjustments provided for in this Section. For the purposes of this Section, "common stock of the successor or acquiring corporation" shall include stock of such corporation of any class, which is not preferred as to dividends or assets over any other class of stock of such corporation and which is not subject to redemption, and shall also include any evidences of indebtedness, shares of stock or other securities which are convertible into or exchangeable for any such stock, either immediately or upon the arrival of a specified date or the happening of a specified event, and any warrants or other rights to subscribe for or purchase any such stock. The foregoing provisions of this Section 8.3(h) shall similarly apply to successive mergers, consolidations or dispositions of assets.

(i) Other Action Affecting Nonpreferred Stock. In case at any time or from time to time the Company shall take any action affecting its Nonpreferred Stock, other than an action described in any of the foregoing Sections 8.3(a) through (h), inclusive, then, unless in the opinion of the Board of Directors such action will not have a materially adverse effect upon the rights of the holders of the Series 1995 Preferred Stock, the Conversion Price shall be adjusted in such manner and at such time as the Board of Directors may in good faith determine to be equitable in the circumstances.

8.4. No Impairment. Other than in connection with the amendment of its Articles of Incorporation approved by the requisite number of stockholders, the Company will not, through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company but will at all times in good faith assist in the carrying out of all the provisions of this Section 8 and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Series 1995 Preferred Stock against impairment. Without limiting the generality of the foregoing, the Company (i) will not permit the par value of any shares of stock at the time receivable upon the conversion of the Series 1995 Preferred Stock to exceed the Conversion Price then in effect, (ii) will take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid nonassessable shares of stock on the conversion of the Series 1995 Preferred Stock, and (iii) will not issue any Additional Shares of Nonpreferred Stock or Convertible

Securities or take any action which results in any adjustment of the Conversion Price if the total number of shares of Common Stock issuable after such issuance or action upon the conversion or redemption of, or payment of all outstanding dividends on, all of the then outstanding shares of Series 1995 Preferred Stock will exceed the total number of shares of Common Stock then authorized by the Company's Articles of Incorporation and available for the purpose of issue upon such conversion or redemption or payment of such dividend.

8.5. Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to this Section 8, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of the Series 1995 Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (i) the consideration received or to be received by the Company for any Additional Shares of Nonpreferred Stock issued or sold or deemed to have been issued, (ii) the number of shares of Nonpreferred Stock outstanding or deemed to be outstanding, and (iii) the Conversion Price in effect immediately prior to such issue or sale and as adjusted and readjusted on account thereof, showing how it was calculated. The Company shall, upon the written request at any time of any holder of the Series 1995 Preferred Stock furnish or cause to be furnished to such holder a like certificate setting forth (i) the Conversion Price at the time in effect, showing how it was calculated, and (ii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of the Series 1995 Preferred Stock.

8.6. Notices of Record Date. In the event of any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, the Company shall mail to each holder of the Series 1995 Preferred Stock at least ten days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

8.7. Conversion Option. The Company will have the option, at any time, to convert the Series 1995 Preferred Stock, on the same terms and conditions set forth herein, to convertible subordinated debt of the Company, provided that all of the following conditions are satisfied: (i) the Company has obtained the consent of the holders of each series of Senior Stock; (ii) the Company shall have delivered to the holders thereof all necessary approvals, subordination agreements and other documentation, in form and substance satisfactory to TCW in its sole and absolute discretion, required in connection with such conversion (which will provide for an increase in the number of demand registrations, the reasonable costs and expenses of which shall be payable by the Company, to a number acceptable to TCW in its sole and absolute discretion) and (iii) the holders thereof shall have received an opinion of counsel to the Company (a) that such conversion neither breaches nor

violates any existing agreement to which the Company is a party or any other obligation of the Company, (b) such conversion shall not cause an adjustment in the conversion price, option price or exercise price in any convertible security issued by the Company, and (c) such other matters as TCW may request.

IN WITNESS WHEREOF, COMSTOCK RESOURCES, INC. has caused its corporate seal to be hereunto affixed and this certificate to be signed by M. Jay Allison, its President, and Roland O. Burns, its Secretary, this 16th day of June, 1995.

By /s/ M. JAY ALLISON
M. Jay Allison
President

By /s/ ROLAND O. BURNS
Roland O. Burns
Secretary

[SEAL]

COMSTOCK
RESOURCES

FOR IMMEDIATE RELEASE

NEWS RELEASE

Contact: Roland O. Burns
Senior Vice President
(214) 701-2000

COMSTOCK RESOURCES, INC. CLOSSES
\$15 MILLION PREFERRED STOCK ISSUE

DALLAS, TX, June 19, 1995--Comstock Resources, Inc. ("Comstock" or the "Company")(NASDAQ-NMS:CMRE) announced today that it has completed the previously announced private placement of 1,500,000 shares of its Series 1995 Convertible Preferred Stock, \$10 par value (the "Series 1995 Preferred Stock"), for \$15 million to certain investment funds managed by Trust Company of the West. The Series 1995 Preferred Stock will receive a quarterly dividend of 22 1/2c. per share (9% annual rate on the par value) and is convertible, at the option of the holder, into shares of common stock of the Company. Based on the initial conversion price of \$5.25 per share of common stock, each share of Series 1995 Preferred Stock is convertible into approximately 1.9 shares of common stock.

\$10 million of the proceeds from the placement will be used for Comstock's \$51.25 million acquisition of producing oil and gas properties and gas gathering systems from Sonat Inc. and the remaining \$5 million will be used to fund developmental drilling on the Company's existing properties as well as the properties being acquired from Sonat Inc. Comstock also announced that the Company has received a commitment from NBD Bank and Bank One, Texas to finance the remaining portion of the \$51.25 million acquisition from Sonat Inc. The acquisition is expected to close by July 31, 1995.

"We are pleased to have Trust Company of the West increase their investment in the Company," stated M. Jay Allison, President and Chief Executive Officer of Comstock. "The proceeds of the offering, in combination with borrowings under our bank credit facility (as amended), will finance the Company's \$51.25 million acquisition from Sonat as well as accelerate our development program".

Comstock Resources, Inc. is a rapidly growing independent energy company engaged in oil and gas property acquisitions and oil and gas exploration, development, and production in the United States.

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