

Sabra Health Care REIT, Inc.
Form 10-Q
May 08, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended March 31, 2012
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

Commission file number 001-34950

SABRA HEALTH CARE REIT, INC.
(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State of Incorporation)
18500 Von Karman Avenue, Suite 550
Irvine, CA 92612
(888) 393-8248
(Address, zip code and telephone number of Registrant)

27-2560479
(I.R.S. Employer Identification No.)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 1, 2012, there were 37,051,242 shares of the Registrant's \$0.01 par value Common Stock outstanding.

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SABRA HEALTH CARE REIT, INC. AND SUBSIDIARIES

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References throughout this document to “Sabra,” “we,” “our,” “ours” and “us” refer to Sabra Health Care REIT, Inc. and its direct and indirect consolidated subsidiaries and not any other person.

STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Quarterly Report on Form 10-Q (this “10-Q”) contain “forward-looking” information as that term is defined by the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include all statements regarding our expected future financial position, results of operations, cash flows, liquidity, financing plans, business strategy, budgets, the expected amounts and timing of dividends and other distributions, projected expenses and capital expenditures, competitive position, growth opportunities, potential acquisitions, plans and objectives for future operations, and compliance with and changes in governmental regulations. You can identify some of the forward-looking statements by the use of forward-looking words such as “anticipate,” “believe,” “plan,” “estimate,” “expect,” “intend,” “should,” “may” and other similar expressions, although not all forward-looking statements contain these identifying words.

Our actual results may differ materially from those projected or contemplated by our forward-looking statements as a result of various factors, including, among others, the following:

- our dependence on Sun Healthcare Group, Inc. until we are able to further diversify our portfolio;
- our dependence on the operating success of our tenants;
- changes in general economic conditions and volatility in financial and credit markets;
 - the dependence of our tenants on reimbursement from governmental and other third-party payors;
- the significant amount of and our ability to service our indebtedness;
- covenants in our debt agreements that may restrict our ability to make acquisitions, incur additional indebtedness and refinance indebtedness on favorable terms;
- increases in market interest rates;
- our ability to raise capital through equity financings;
- the relatively illiquid nature of real estate investments;
- competitive conditions in our industry;
- the loss of key management personnel or other employees;
- the impact of litigation and rising insurance costs on the business of our tenants;
- uninsured or underinsured losses affecting our properties and the possibility of environmental compliance costs and liabilities;
- our ability to qualify and maintain our status as a REIT; and
- compliance with REIT requirements and certain tax matters related to status as a REIT.

We urge you to carefully consider these risks and review the additional disclosures we make concerning risks and other factors that may affect our business and operating results, including those referred to in Part I, Item 1A of our Annual Report on Form 10-K for the period ended December 31, 2011 (our “2011 Annual Report on Form 10-K”), as such risk factors may be amended, supplemented or superseded from time to time by other reports we file with the Securities and Exchange Commission (the “SEC”) in the future, including subsequent Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. We caution you that any forward-looking statements made in this 10-Q are not guarantees of future performance and you should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. We do not intend, and we undertake no obligation, to update any forward-looking information to reflect events or circumstances after the date of this 10-Q or to reflect the occurrence of unanticipated events, unless required by law to do so.

SUN HEALTHCARE GROUP, INC. INFORMATION

This 10-Q includes information regarding Sun Healthcare Group, Inc. (formerly known as SHG Services, Inc.; “Sun”), a Delaware corporation. Sun is subject to the reporting requirements of the SEC and is required to file with the SEC annual reports containing audited financial information and quarterly reports containing unaudited financial information. The information related to Sun provided in this 10-Q has been provided by Sun or derived from its public filings. We have not independently verified this information. We have no reason to believe that such information is inaccurate in any material respect. We are providing this data for informational purposes only. Sun’s filings with the

SEC can be found at www.sec.gov.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS
 SABRA HEALTH CARE REIT, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (dollars in thousands, except per share data)

	March 31, 2012 (unaudited)	December 31, 2011
Assets		
Real estate investments, net of accumulated depreciation of \$116,166 and \$108,916 as of March 31, 2012 and December 31, 2011, respectively	\$680,635	\$658,377
Cash and cash equivalents	2,675	42,250
Restricted cash	6,664	6,093
Deferred tax assets	25,540	25,540
Prepaid expenses, deferred financing costs and other assets	31,031	17,390
Total assets	\$746,545	\$749,650
Liabilities and stockholders' equity		
Mortgage notes payable	\$157,603	\$158,398
Senior unsecured notes payable	225,000	225,000
Accounts payable and accrued liabilities	17,804	14,139
Tax liability	25,540	25,540
Total liabilities	425,947	423,077
Commitments and contingencies (Note 11)		
Stockholders' equity		
Preferred stock, \$.01 par value; 10,000,000 shares authorized, zero shares issued and outstanding as of March 31, 2012 and December 31, 2011	—	—
Common stock, \$.01 par value; 125,000,000 shares authorized, 37,009,602 and 36,891,712 shares issued and outstanding as of March 31, 2012 and December 31, 2011, respectively		369
Additional paid-in capital	346,827	344,995
Cumulative distributions in excess of net income	(26,599)	(18,791)
Total stockholders' equity	320,598	326,573
Total liabilities and stockholders' equity	\$746,545	\$749,650
See accompanying notes to condensed consolidated financial statements.		

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SABRA HEALTH CARE REIT, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (dollars in thousands, except per share data)
 (unaudited)

	Three Months Ended March 31,	
	2012	2011
Revenues:		
Rental income	\$23,663	\$17,561
Interest income	64	40
Total revenues	23,727	17,601
Expenses:		
Depreciation and amortization	7,303	6,086
Interest	7,698	7,597
General and administrative	4,321	2,670
Total expenses	19,322	16,353
Net income	\$4,405	\$1,248
Net income per common share, basic	\$0.12	\$0.05
Net income per common share, diluted	\$0.12	\$0.05
Weighted-average number of common shares outstanding, basic	37,035,970	25,136,140
Weighted-average number of common shares outstanding, diluted	37,058,886	25,211,585
Dividends per common share	\$0.33	\$—

See accompanying notes to condensed consolidated financial statements.

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SABRA HEALTH CARE REIT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(dollars in thousands, except per share data)

(unaudited)

	Common Stock		Additional Paid-in Capital	Cumulative Distributions in Excess of Net Income	Total Stockholders' Equity
	Shares	Amounts			
Balance, December 31, 2010	25,061,072	\$251	\$ 177,275	\$7	\$ 177,533
Net income	—	—	—	1,248	1,248
Amortization of stock-based compensation	—	—	1,142	—	1,142
Stock issuance	23,662	—	—	—	—
Balance, March 31, 2011	25,084,734	\$251	\$ 178,417	\$1,255	\$ 179,923

	Common Stock		Additional Paid-in Capital	Cumulative Distributions in Excess of Net Income	Total Stockholders' Equity
	Shares	Amounts			
Balance, December 31, 2011	36,891,712	\$369	\$ 344,995	\$(18,791)	\$ 326,573
Net income	—	—	—	4,405	4,405
Amortization of stock-based compensation	—	—	2,203	—	2,203
Stock issuance	117,890	1	(371)	—	(370)
Common dividends (\$0.33 per share)	—	—	—	(12,213)	(12,213)
Balance, March 31, 2012	37,009,602	\$370	\$ 346,827	\$(26,599)	\$ 320,598

See accompanying notes to condensed consolidated financial statements.

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SABRA HEALTH CARE REIT, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (in thousands)
 (unaudited)

	Three Months Ended March 31,	
	2012	2011
Cash flows from operating activities:		
Net income	\$4,405	\$1,248
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,303	6,086
Amortization of deferred financing costs	566	495
Stock-based compensation expense	2,203	1,142
Amortization of premium on notes payable	(4	) (4
Straight-line rental income adjustments	(969) —
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(126	) 391
Accounts payable and accrued liabilities	4,053	4,106
Restricted cash	(967	) (1,006
Net cash provided by operating activities	16,464	12,458
Cash flows from investing activities:		
Acquisitions of real estate	(29,850) —
Origination of note receivable	(10,103) —
Acquisition of note receivable	—	(5,329
Additions to real estate	(256	) (86
Net cash used in investing activities	(40,209	) (5,415
Cash flows from financing activities:		
Principal payments on mortgage notes payable	(791	) (760
Payments of deferred financing costs	(2,456	) (306
Payments related to the issuance of common stock	(370) —
Dividends paid	(12,213) —
Net cash used in financing activities	(15,830	) (1,066
Net (decrease) increase in cash and cash equivalents	(39,575	) 5,977
Cash and cash equivalents, beginning of period	42,250	74,233
Cash and cash equivalents, end of period	\$2,675	\$80,210
Supplemental disclosure of cash flow information:		
Interest paid	\$2,140	\$2,447

See accompanying notes to condensed consolidated financial statements.

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SABRA HEALTH CARE REIT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. BUSINESS

Overview

Sabra Health Care REIT, Inc. (“Sabra” or the “Company”) was incorporated on May 10, 2010 as a wholly owned subsidiary of Sun Healthcare Group, Inc. (“Old Sun”) and commenced operations upon completion of the Separation and REIT Conversion Merger (discussed below) on November 15, 2010 (the “Separation Date”). Sabra is organized to qualify as a real estate investment trust (“REIT”) and will elect to be treated as a REIT for U.S. federal income tax purposes upon the filing of its U.S. federal income tax return for the taxable year beginning January 1, 2011. Sabra’s primary business consists of acquiring, financing and owning real estate property to be leased to third party tenants in the healthcare sector. Sabra owns substantially all of its assets and properties and conducts its operations through Sabra Health Care Limited Partnership, a Delaware limited partnership (the “Operating Partnership”), of which Sabra is the sole general partner, or by subsidiaries of the Operating Partnership. As of March 31, 2012, Sabra’s investment portfolio included 99 properties (consisting of (i) 89 skilled nursing/post-acute facilities, (ii) nine senior housing facilities, and (iii) one acute care hospital). In addition, as of March 31, 2012, a wholly owned subsidiary of the Company was the lender under a loan (the “Mezzanine Loan”) secured by the borrowers' equity interests in three skilled nursing facilities and one assisted living facility located in Texas and including a purchase option on these four facilities. The Mezzanine Loan was originated on March 15, 2012 for \$10.0 million.

Separation and REIT Conversion Merger

On May 24, 2010, Old Sun announced its intention to restructure its business by separating its real estate assets and its operating assets into two separate publicly traded companies, Sabra and SHG Services Inc. (which has been renamed “Sun Healthcare Group, Inc.” or “Sun”). In order to effect the restructuring, Old Sun distributed to its stockholders on a pro rata basis all of the outstanding shares of common stock of Sun (this distribution is referred to as the “Separation”), together with an additional cash distribution. Immediately following the Separation, Old Sun merged with and into Sabra, with Sabra surviving the merger and Old Sun stockholders receiving shares of Sabra common stock in exchange for their shares of Old Sun common stock (this merger is referred to as the “REIT Conversion Merger”). Effective November 15, 2010, the Separation and REIT Conversion Merger were completed and Sabra and Sun began operations as separate companies.

Following the Separation, Sun, through its subsidiaries, continued the business and operations of Old Sun and its subsidiaries. Sabra did not operate prior to the Separation. Immediately following the Separation, subsidiaries of Sabra owned substantially all of Old Sun’s owned real property. The owned real property held by subsidiaries of Sabra following the Separation includes fixtures and certain personal property associated with the real property. The historical consolidated financial statements of Old Sun became the historical consolidated financial statements of Sun at the time of the Separation. At the time of the Separation, the balance sheet of Sabra included the owned real property and mortgage indebtedness to third parties on the real property as well as indebtedness incurred by Sabra prior to completion of the Separation. The statements of income and cash flows of Sabra consist solely of its operations after the Separation. The Separation was accounted for as a reverse spinoff. Accordingly, Sabra’s assets and liabilities are recorded at the historical carrying values of Old Sun.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

The condensed consolidated financial statements include the accounts of Sabra and its wholly owned subsidiaries. All significant intercompany balances and transactions are eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information as contained within the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) and the rules and regulations of the Securities and Exchange Commission (the “SEC”), including the instructions to Form 10-Q and

Article 10 of Regulation S-X. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and footnotes required by GAAP for financial statements. In the opinion of management, the financial statements for the unaudited interim period presented include all adjustments, which are of a normal and recurring nature, necessary for a fair statement of the results for such period. Operating results for the three months ended March 31, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012. For further information, refer to the Company's consolidated financial statements and notes thereto for the year ended December 31, 2011 included in the Company's 2011 Annual Report on

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Form 10-K filed with the SEC.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results could materially differ from those estimates.

Real Estate Acquisition Valuation

The Company accounts for the acquisition of income-producing real estate or real estate that will be used for the production of income as a business combination. All assets acquired and liabilities assumed in a business combination are measured at their acquisition-date fair values. Acquisition pursuit costs are expensed as incurred and restructuring costs that do not meet the definition of a liability at the acquisition date are expensed in periods subsequent to the acquisition date. During the three months ended March 31, 2012, the Company expensed \$0.5 million of acquisition pursuit costs, which is included in general and administrative expense on the accompanying condensed consolidated statements of income.

Estimates of the fair values of the tangible assets, identifiable intangibles and assumed liabilities require the Company to make significant assumptions to estimate market lease rates, property-operating expenses, carrying costs during lease-up periods, discount rates, market absorption periods, and the number of years the property will be held for investment. The use of inappropriate assumptions would result in an incorrect valuation of the Company's acquired tangible assets, identifiable intangibles and assumed liabilities, which would impact the amount of the Company's net income.

Interest Income

Interest income on the Company's loan receivable is recognized on an accrual basis over the life of the investment using the interest method. Direct loan origination costs are amortized over the term of the loan as an adjustment to interest income. When concerns exist as to the ultimate collection of principal or interest due under a loan, the loan is placed on nonaccrual status and the Company will not recognize interest income until the cash is received, or the loan returns to accrual status. If the Company determines the collection of interest according to the contractual terms of the loan is probable, the Company will resume the accrual of interest. On March 15, 2012, a wholly owned subsidiary of the Company entered into the Mezzanine Loan. The Mezzanine Loan has a five year term, bears interest at a fixed rate of 11.0% per annum and is secured by the borrowers' equity interests in three skilled nursing facilities and one assisted living facility located in Texas. The Company has an option to purchase the three skilled nursing facilities and one assisted living facility before March 31, 2013 for up to an aggregate purchase price of \$43.0 million and increasing 2.5% for each of the two years thereafter. Upon exercise of the purchase option, the Company would expect to enter into a new 15 year triple-net master lease having 2 five-year renewal options.

3. ACQUISITIONS OF REAL ESTATE

During the three months ended March 31, 2012, the Company acquired two skilled nursing facilities for a total purchase price of \$29.9 million. The purchase price was allocated as follows (in thousands):

Land	Building and Improvements	Intangibles Tenant Origination and Absorption Costs	Tenant Relationship	Total Purchase Price
\$5,100	\$ 24,150	\$500	\$100	\$29,850

As of March 31, 2012, the purchase price allocations for these properties are preliminary pending the receipt of information necessary to complete the valuation of certain tangible and intangible assets and liabilities and therefore

are subject to change.

The tenant origination and absorption costs intangible assets and tenant relationship intangible assets acquired in connection with these acquisitions have weighted-average amortization periods as of the date of acquisition of 15 years and 25 years, respectively.

For the three months ended March 31, 2012, the Company recognized \$18,000 of total revenues from these properties.

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4. REAL ESTATE INVESTMENTS

The Company's investments in real estate consisted of the following (dollars in thousands):

As of March 31, 2012

Property Type	Number of Properties	Number of Beds/Units	Total Real Estate at Cost	Accumulated Depreciation	Total Real Estate Investments, Net
Skilled Nursing/Post-Acute	89	10,154	\$687,473	\$(105,903)	) \$581,570
Senior Housing	9	773	47,449	(8,582)	) 38,867
Acute Care Hospital	1	70	61,640	(1,616)	) 60,024
	99	10,997	796,562	(116,101)	) 680,461
Corporate Level			239	(65)	) 174
			\$796,801	\$(116,166)	) \$680,635

As of December 31, 2011

Property Type	Number of Properties	Number of Beds/Units	Total Real Estate at Cost	Accumulated Depreciation	Total Real Estate Investments, Net
Skilled Nursing/Post-Acute	87	10,034	\$658,222	\$(99,570)	) \$558,652
Senior Housing	9	773	47,192	(8,140)	) 39,052
Acute Care Hospital	1	70	61,640	(1,154)	) 60,486
	97	10,877	767,054	(108,864)	) 658,190
Corporate Level			239	(52)	) 187
			\$767,293	\$(108,916)	) \$658,377

	March 31, 2012	December 31, 2011
Building and improvements	\$650,784	\$626,877
Furniture and equipment	44,546	44,045
Land improvements	4,640	4,640
Land	96,831	91,731
	796,801	767,293
Accumulated depreciation	(116,166)	) (108,916)
	\$680,635	\$658,377

Operating Leases

All of the Company's real estate properties are leased under triple-net operating leases with expirations ranging from 9 to 23 years. As of March 31, 2012, the leases have a weighted-average remaining term of 12 years. The leases include provisions to extend the lease terms and other negotiated terms and conditions. The Company, through its subsidiaries, retains substantially all of the risks and benefits of ownership of the real estate assets leased to the tenants. In addition, the Company may receive additional security under these operating leases in the form of security deposits from the lessee or guarantees from the parent of the lessee. As of March 31, 2012, 86 of the Company's 99 real estate properties were leased to subsidiaries of Sun. For further discussion of the Company's tenant and revenue concentration, see "Note 11. Commitments and Contingencies—Concentration of Credit Risk."

As of March 31, 2012, the future minimum rental income from the Company's properties under non-cancelable operating leases is as follows (in thousands):

April 1, 2012 through December 31, 2012	\$73,536
2013	98,048
2014	98,048
2015	98,048
2016	98,048
Thereafter	676,676
	\$1,142,404

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5. DEBT

Mortgage Indebtedness. The Company's mortgage notes payable consist of the following (dollars in thousands):

Interest Rate Type	Principal Outstanding as of March 31, 2012 ⁽²⁾	Principal Outstanding as of December 31, 2011 ⁽²⁾	Weighted Average Interest Rate at March 31, 2012	Maturity Date
Fixed Rate	\$98,249	\$98,739	6.29	% August 2015 - June 2047
Variable Rate ⁽¹⁾	58,858	59,159	5.50	% August 2015
	\$ 157,107	\$ 157,898		

(1) Contractual interest rates under variable rate mortgages are equal to the 90-day LIBOR plus 4.5% (subject to a 1.0% LIBOR floor).

(2) Outstanding principal balance for mortgage indebtedness does not include mortgage premium of \$0.5 million as of March 31, 2012 and December 31, 2011.

8.125% Senior Notes due 2018. On October 27, 2010, the Operating Partnership and Sabra Capital Corporation, wholly owned subsidiaries of the Company (the "Issuers"), issued \$225.0 million aggregate principal amount of senior, unsecured notes (the "Senior Notes") in a private placement. The Senior Notes were sold at par, resulting in gross proceeds of \$225.0 million and net proceeds of approximately \$219.9 million after deducting commissions and expenses. On December 6, 2010, substantially all of the net proceeds were used by Sun to redeem the \$200.0 million in aggregate principal amount outstanding of Old Sun's 9.125% senior subordinated notes due 2015, including accrued and unpaid interest and the applicable redemption premium. In March 2011, the Issuers completed an exchange offer to exchange the Senior Notes for substantially identical 8.125% senior unsecured notes registered under the Securities Act of 1933, as amended (also referred to herein as the "Senior Notes").

The obligations under the Senior Notes are fully and unconditionally guaranteed, jointly and severally, on an unsecured basis, by Sabra and certain of Sabra's other existing and, subject to certain exceptions, future subsidiaries; provided, however, that such guarantees are subject to release under certain customary circumstances. See "Note 9. Summarized Condensed Consolidating Information" for additional information concerning the circumstances pursuant to which the guarantors will be automatically and unconditionally released from their obligations under the guarantees.

The Senior Notes are redeemable at the option of the Issuers, in whole or in part, at any time, and from time to time, on or after November 1, 2014, at the redemption prices set forth in the indenture governing the Senior Notes (the "Indenture"), plus accrued and unpaid interest to the applicable redemption date. In addition, prior to November 1, 2014, the Issuers may redeem all or a portion of the Senior Notes at a redemption price equal to 100% of the principal amount of the Senior Notes redeemed, plus a "make-whole" premium, plus accrued and unpaid interest to the applicable redemption date. At any time, or from time to time, on or prior to November 1, 2013, the Issuers may redeem up to 35% of the principal amount of the Senior Notes, using the proceeds of specific kinds of equity offerings, at a redemption price of 108.125% of the principal amount to be redeemed, plus accrued and unpaid interest, if any, to the applicable redemption date. Assuming the Senior Notes are not redeemed, the Senior Notes mature on November 1, 2018.

The Indenture governing the Senior Notes contains restrictive covenants that, among other things, restrict the ability of Sabra, the Issuers and their restricted subsidiaries to: (i) incur or guarantee additional indebtedness; (ii) incur or guarantee secured indebtedness; (iii) pay dividends or distributions on, or redeem or repurchase, their capital stock; (iv) make certain investments or other restricted payments; (v) sell assets; (vi) create liens on their assets; (vii) enter into transactions with affiliates; (viii) merge or consolidate or sell all or substantially all of their assets; and (ix) create restrictions on the ability of Sabra and its restricted subsidiaries to pay dividends or other amounts to Sabra. The Indenture governing the Senior Notes also provides for customary events of default, including, but not limited to, the failure to make payments of interest or premium, if any, on, or principal of, the Senior Notes, the failure to comply with certain covenants and agreements specified in the Indenture for a period of time after notice has been provided, the acceleration of other indebtedness resulting from the failure to pay principal on such other indebtedness prior to its maturity, and certain events of insolvency. If any event of default occurs, the principal of, premium, if any, and accrued interest on all the then outstanding Senior Notes may become due and payable immediately. As of March 31,

2012, the Company was in compliance with all applicable financial covenants under the Senior Notes.

Secured Revolving Credit Facility. On November 3, 2010, the Operating Partnership and certain subsidiaries of the Operating Partnership (together with the Operating Partnership, the “Borrowers”) entered into a secured revolving credit facility with certain lenders as set forth in the related credit agreement and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (each as defined in such credit agreement). The secured revolving credit facility is secured by, among other things, a first priority lien against certain of the properties owned by certain of the Company’s subsidiaries.

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The obligations of the Borrowers under the secured revolving credit facility are guaranteed by the Company and certain of its subsidiaries. On February 10, 2012, the Borrowers amended the secured revolving credit facility (the “Amended Secured Revolving Credit Facility”) to increase the borrowing capacity from \$100.0 million to \$200.0 million (up to \$20.0 million of which may be utilized for letters of credit) and to include an accordion feature that allows the Borrowers to increase borrowing availability under the Amended Secured Revolving Credit Facility by up to an additional \$150.0 million, subject to certain terms and conditions. Borrowing availability under the Amended Secured Revolving Credit Facility is subject to a borrowing base calculation based on, among other factors, the lesser of (i) the mortgageability cash flow (as such term is defined in the credit agreement) or (ii) the appraised value, in each case of the properties securing the Amended Secured Revolving Credit Facility. The entire \$200.0 million was available for borrowing under the Amended Secured Revolving Credit Facility as of March 31, 2012. Borrowing availability under the Amended Secured Revolving Credit Facility terminates, and all borrowings mature, on February 10, 2015, subject to a one-year extension option. As of March 31, 2012, there were no amounts outstanding on the Company’s Amended Secured Revolving Credit Facility.

Borrowings under the Amended Secured Revolving Credit Facility bear interest on the outstanding principal amount at a rate equal to an applicable percentage plus, at the Borrowers’ option, either (a) LIBOR or (b) a base rate determined as the greater of (i) the federal funds rate plus 0.5%, (ii) the prime rate, and (iii) one-month LIBOR plus 1.0% (the “Base Rate”). The applicable percentage for borrowings will vary based on the Consolidated Leverage Ratio, as defined in the amended credit agreement, and will range from 2.00% to 3.00% per annum for borrowings at the Base Rate and 3.00% to 4.00% per annum for LIBOR based borrowings. In addition, the Borrowers are required to pay a facility fee to the lenders equal to between 0.35% and 0.50% per annum based on the amount of unused borrowings under the Amended Secured Revolving Credit Facility. During the three months ended March 31, 2012, the Company incurred \$0.2 million of unused facility fees.

The Amended Secured Revolving Credit Facility contains customary covenants that include restrictions on the ability to make acquisitions and other investments, pay dividends, incur additional indebtedness, engage in non-healthcare related business activities, enter into transactions with affiliates and sell or otherwise transfer certain assets as well as customary events of default. The Amended Secured Revolving Credit Facility also requires the Company, through the Borrowers, to comply with specified financial covenants, which include a maximum leverage ratio, a minimum fixed charge coverage ratio and a minimum tangible net worth requirement. As of March 31, 2012, the Company was in compliance with all applicable financial covenants under the Amended Secured Revolving Credit Facility. During the three months ended March 31, 2012 and 2011, the Company incurred interest expense of \$7.7 million and \$7.6 million, respectively. Included in interest expense for the three months ended March 31, 2012 and 2011, was \$0.6 million and \$0.5 million, respectively, of deferred financing costs amortization. As of March 31, 2012 and December 31, 2011, the Company had \$8.4 million and \$4.0 million, respectively, of accrued interest included in accounts payable and accrued liabilities on the accompanying condensed consolidated balance sheets.

The following is a schedule of maturities for the Company’s outstanding debt as of March 31, 2012 (in thousands):

	Mortgage Indebtedness ⁽¹⁾	Senior Notes	Amended Secured Revolving Credit Facility	Total
April 1, 2012 through December 31, 2012	\$2,413	\$—	\$ —	\$2,413
2013	3,428	—	—	3,428
2014	3,649	—	—	3,649
2015	86,048	—	—	86,048
2016	1,689	—	—	1,689
Thereafter	59,880	225,000	—	284,880
	\$ 157,107	\$ 225,000	\$ —	\$ 382,107

(1) Outstanding principal balance for mortgage indebtedness does not include mortgage premium of \$0.5 million as of March 31, 2012.

	\$197,607
Nancy E. Underwood	
	May 13, 2008
	10,000
	\$54.36
	\$197,607

Pursuant to the 2009 Plan proposed for approval by the stockholders, there will be no formula for awards to non-employee directors in 2009 or future years. The Compensation Committee may award stock options, restricted stock, stock appreciation rights, restricted stock units or performance awards to non-employee directors in its discretion under the 2009 Plan.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers, directors and persons who own more than 10% of our Common Stock to file with the Commission and the NYSE initial reports of ownership of our common stock and other equity securities, and reports of certain transactions in our securities. Such persons are required by the Commission regulations to furnish us with copies of all Section 16(a) forms they file. The Commission regulations require us to identify anyone who filed a required report late during the most recent fiscal year. Based upon a review of these records and amendments thereto, all of these filing requirements for 2008 were timely met.

The Audit Committee

The primary responsibility of the audit committee is to assist the Board of Directors in overseeing management and the independent registered public accounting firm in fulfilling their responsibilities in the financial reporting process of our company. The members of the audit committee are Messrs. Martin (Chairman), Lockett and Sledge.

The Board of Directors, in its reasonable business judgment, has determined that all three members of the audit committee are independent under the listing standards of the NYSE and the rules of the Commission. In addition, the Board of Directors has determined that Mr. Martin is an "audit committee financial expert," as such term is defined in Item 407(d)(5)(ii) of Regulation S-K promulgated by the Commission.

Audit Committee Report

The audit committee assists the Board of Directors in overseeing: (1) the integrity of Comstock's financial statements, (2) Comstock's compliance with legal and regulatory requirements, (3) the independence, qualifications and performance of Comstock's independent registered public accounting firm and (4) Comstock's performance of its internal audit function. The Board of Directors has made a determination that the members of the audit committee satisfy the requirements of the NYSE listing standards as to independence, financial literacy and experience. The Board of Directors also determined that Mr. Martin is an "audit committee financial expert," as defined by the rules of the Commission. In 2003, the Audit Committee established a procedure for receiving and addressing anonymous complaints regarding financial or accounting irregularities. The audit committee set up a toll free ethics and compliance hotline managed by an independent third party. This hotline is available 24 hours a day, seven days a week, to enable employees to communicate concerns to management without fear of retaliation.

Management is responsible for the preparation, presentation and integrity of Comstock's financial statements, accounting and financial reporting principles, and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent registered public accounting firm is responsible for performing an independent audit of the consolidated financial statements in accordance with generally accepted auditing standards. Consistent with its oversight role, the audit committee met with Ernst & Young LLP with and without management present to discuss the results of their examinations and evaluations of Comstock's internal controls. The audit committee also reviewed and discussed Comstock's progress on complying with Section 404 of the Sarbanes-Oxley Act of 2002, including the Public Company Accounting Oversight Board's Auditing Standard No. 5 regarding the audit of internal control over financial reporting.

Ernst & Young LLP served as Comstock's independent registered public accounting firm during 2008, and the audit committee has recommended, and the Board of Directors has approved, the reappointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2009. Representatives of Ernst & Young LLP will be present at the annual meeting and will have the opportunity to make a statement and respond to appropriate questions from stockholders.

In performing its oversight role, the audit committee has reviewed and discussed the audited financial statements with management and the independent registered public accounting firm. The committee has also discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1 AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The committee has received the written disclosures and the letter from Ernst & Young LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding Ernst & Young LLP's communications with the audit committee concerning independence, as currently in effect, and has discussed with Ernst & Young LLP the firm's independence.

Based on the review and discussions referred to in the above paragraph, the audit committee recommended to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2008, for filing with the Securities and Exchange Commission.

The members of the audit committee are not professionally engaged in the practice of auditing or accounting for Comstock and are not experts in auditor independence standards. Members of the audit committee rely without independent verification on the information provided to them and on the representations made by management and Comstock's registered public accounting firm. Accordingly, the audit committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the audit committee's considerations and discussions referred to above do not assure that the audit of Comstock's financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles, or that Ernst & Young LLP is in fact independent. The independent registered public accounting firm is responsible for performing an audit of the financial statements and of management's assessment of the effectiveness of the Company's internal control over financial reporting in accordance with the standards of the Public Accounting Oversight Board.

Submitted by the Audit Committee of the Board of Directors.

Cecil E. Martin, Chairman
David K. Lockett
David W. Sledge

Compensation Committee

The primary duties of the compensation committee are to assist the Board of Directors in establishing remuneration arrangements for executive officers and directors and to administer our executive compensation programs. The members of the compensation committee are Messrs. Sledge (Chairman), Lockett and Martin. The compensation committee reviews and discusses with management the Compensation Discussion and Analysis (the "CD&A") required by the Commission and recommends to the Board that the CD&A be included in our proxy statement. The compensation committee also produces an annual compensation committee report for inclusion in our proxy statement.

The Board of Directors, in its reasonable business judgment, has determined that all three members of the compensation committee are independent under the listing standards of the NYSE and the rules of the Commission.

Compensation Committee Interlocks and Insider Participation

As of December 31, 2008, the following persons served on the compensation committee: David W. Sledge (Chairman), David K. Lockett and Cecil E. Martin. None of the members of the compensation committee are, or have been, employees of Comstock or are employees of any entity for which an executive officer serves on the Board of Directors.

Compensation Committee Report

The compensation committee determines the objectives for Comstock's executive compensation and benefit programs and discharges the responsibilities relating to the compensation of Comstock's executive officers. The specific duties of the compensation committee are set forth in its charter, which was adopted by the Board of Directors.

The compensation committee has reviewed and discussed the CD&A contained on pages 21 through 32 of this proxy statement with management, and based upon this review and discussion the committee recommended to the Board of Directors, and the Board approved, that the CD&A be included in this proxy statement and incorporated by reference into the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

Submitted by the Compensation Committee of the Board of Directors.

David W. Sledge, Chairman

David K. Lockett

Cecil E. Martin

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview and Objectives of Our Executive Compensation Program. Our compensation committee has responsibility for establishing and administering the compensation objectives, policies and plans for our executive officers. All of our executive officers are compensated pursuant to the same executive compensation program. Both the compensation program and the executive officers' compensation are approved by the compensation committee. The compensation committee bases its decisions concerning specific compensation elements and total compensation paid or awarded to our officers on several different objectives, which include:

- Providing compensation that is competitive with compensation of companies that have operations similar to us and are in similar markets for executive talent;
- Encouraging both short-term and long-term performance focus, promoting stockholder value through strategic business decisions and achievement of performance objectives;
- Providing incentive compensation intended to vary with our and the individual's performance, while appropriately moderating the impact of the cyclical nature of our business; and
- Facilitating ownership of our Common Stock by our executive officers through equity-based incentives so that management's interests are closely aligned with those of stockholders in terms of both risk and reward.

The compensation committee compared our total 2007 compensation and proposed total 2008 compensation to other oil and gas exploration and production companies with operations similar to ours and reviewed other salary and compensation surveys, including an industry-wide survey in which we participate to obtain a general understanding of current compensation practices. The compensation committee determined that our 2008 compensation was appropriate and approved the 2008 compensation package. The compensation committee generally meets each December to approve base salary for the upcoming year, the bonuses to be paid taking into account performance in the current year and to grant any stock-based awards. The increases in base salary, bonuses and stock-based compensation in 2008 reflect our overall financial and operating performance during the year.

Compensation Components. Compensation components for our executive officers include base salary, an annual cash bonus, restricted stock awards, supplemental retirement benefits and for certain executives, employment agreements providing for post-termination compensation in certain circumstances. The compensation committee has not established formal policies or guidelines with respect to the mix of base salary, annual cash bonus and stock-based awards to be paid or awarded to the executive officers. In general, the compensation committee believes that a greater percentage of the compensation for the executive officers and other senior members of management should be stock-based awards and should be based on individual and overall corporate performance to align the interests of our executive officers with our stockholders.

Base Salary. In 2008, base salaries for executive officers were based upon the individual's responsibilities, experience and expected performance, taking into account among other things, the individual's initiative, contributions to our overall performance, managerial ability and handling of special projects. These same factors are applied to establish base salaries for other key management employees. Base salaries for executive officers generally are reviewed annually for possible adjustment, but are not necessarily changed that frequently. The Chief Executive Officer recommends the base salary for himself and the other executive officers. Each executive officer recommends the base salary for all employees that are in the executive officer's areas of responsibility. The Chief Executive Officer and the Chief Financial Officer review the recommendations for salaries and bonuses for all other employees and adjust them as they deem appropriate. The compensation committee reviews the recommendations for all employees after approval by the Chief Executive Officer and approves them or adjusts them as they deem appropriate. Salaries paid to our executive officers during 2008 were set by the compensation committee in December 2007 and were reflective of the individual attributes set forth above.

Bonuses. Annual cash awards for all full-time employees are provided in order to promote achievement of our business objectives of increasing stockholder's value by growing production and reserves on a profitable basis. All of our full time employees participate in an annual bonus plan with the same performance objectives as those used for executive officers. The annual bonus awards are also intended to assist executives in meeting income tax obligations associated with restricted stock awards which are a significant component of the executive's compensation. The Chief Executive Officer recommends the annual bonus for himself and for each executive officer. Each executive officer recommends the annual bonus for all employees that are under that executive officer's areas of responsibility. The Chief Executive Officer and the Chief Financial Officer review the recommendations for bonuses for all other employees and adjust them as they deem appropriate. The Compensation Committee reviews the recommendations approved by the Chief Executive Officer and approves or adjusts them as they deem appropriate. In 2008, cash bonuses paid to our employees aggregated \$10.2 million.

In addition to the annual cash bonuses, we periodically pay signing bonuses to new employees that are hired. The signing bonus is designed to compensate the new employee for compensation that will not be earned from the employee's previous employer and otherwise as a recruitment incentive. In 2008 we paid 16 new employees signing bonuses in the aggregate amount of \$319,500.

Stock-Based Awards. Our executive officers and other key employees were eligible to receive stock-based awards under the 1999 Plan. They will also be eligible to receive stock-based awards under the 2009 Plan provided that it is approved by the stockholders. The objectives of the 1999 Plan and the 2009 Plan are to attract and retain key employees, to motivate them to achieve long-range goals and to reward individual performance. Because employees' compensation from stock-based awards is based on our stock price performance, the compensation committee believes stock-based awards create a strong incentive to improve long-term financial performance and increase stockholder value. Factors used to set the range of stock-based awards granted include management's and the compensation committee's perception of the incentive necessary to motivate individuals to join the company, the stock-based incentives provided by peer companies, and the role and impact of the various management levels in achieving key strategic results. Awards made in 2008 under the 1999 Plan to executive officers and other employees consisted entirely of restricted stock grants. Stock-based awards are forfeited if such individuals do not remain employees for the vesting period. Initial grants of restricted stock generally vest 25% per annum over a period of four years from the date of grant. Subsequent grants made after the initial grant vest in full four years from the date of the award. The compensation committee has determined that this four year vesting schedule for restricted stock grants enhances the retention value of these awards. The compensation committee believes that the retention value of restricted stock grants supports additional awards to our executive officers who already own a significant number of shares because at any given date, each executive officer and employee has four years of awards subject to forfeiture.

Stock-based awards are authorized at regularly scheduled meetings of the Board of Directors and the compensation committee, and in recent years, as part of the Board of Directors meeting in December. In 2008, we awarded a total of 426,750 shares of restricted stock to the executive officers and other key employees. The compensation committee did not award any stock options to employees during 2008.

Supplemental Executive Retirement Plan. In 2001, we adopted a supplemental retirement plan for our executive officers. The purpose of this plan is to provide supplemental retirement benefits to all of our executive officers. Under this plan, we contribute five percent of each participant's annual cash compensation to purchase a variable universal life insurance policy. Each participant directs the investment of the policy's cash values among a selection of mutual funds offered by the carrier. During employment, the participants may designate a beneficiary to receive payment of the death benefit (reduced by the amount of the premiums paid by us, which are repaid to us), but have no other rights of ownership in the policy. Upon a participant's retirement or after four years of service or upon a change of control of our company, the policy will be transferred to the participant. Contributions to this plan totaled \$350,108 in 2008.

Other Benefits. Our executive officers receive medical, group life insurance and other benefits including matching contributions under our 401(k) plan that are available generally to all of our salaried employees over 21 years of age. We have no defined benefit retirement benefit plans for any of our employees.

Limitation on Income Tax Deduction for Executive Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended, generally limits the corporate income tax deduction for compensation paid to each executive officer shown in the summary compensation table in the proxy statement of a public company, other than the Chief Financial Officer, to \$1 million, unless the compensation is "performance-based compensation" and qualifies under certain other exceptions. Our policy is primarily to design and administer compensation plans which support the achievement of long-term strategic objectives and enhance shareholder value. Where it is consistent with our compensation philosophy, the Compensation Committee will also attempt to structure compensation programs that are tax-advantageous to us. Awards of stock options under the 1999 Plan qualify as "performance based compensation," as will awards of stock options and stock appreciation rights under the 2009 Plan. Awards of restricted stock, restricted stock units, performance units and cash compensation do not qualify.

Summary Compensation Table

The Summary Compensation Table reflects the elements of compensation earned by our named executive officers under our executive compensation programs for 2008.

Salary (\$): Values shown represent the base salary earnings of the named executive officers for 2008.

Bonus (\$): Values reflect the cash bonus earned by the named executive officers in 2008.

Stock Awards (\$): This column represents compensation expense related to grants of restricted stock recorded in our income statement for 2008 as determined in accordance with Statement of Financial Accounting Standards 123R and discussed in note 7 to our consolidated financial statements included in our 2008 Annual Report on Form 10-K.

Non-Qualified Deferred Compensation Earnings (\$): This column reflects "above-market" earnings on non-qualified deferred compensation plans. This is the difference between (i) actual earnings on the cash surrender values of universal life insurance policies owned by us insuring each executive under our Supplemental Executive Retirement Plan, and (ii) market interest rates, as determined pursuant to the Commission's rules.

All Other Compensation (\$): This column represents the value of the additional benefits provided by us that include the employer match under our 401(k) plan, life insurance premiums paid by us for the benefit of certain executive officers, and the value of insurance provided under our Supplemental Executive Retirement Plan.

Name and Principal Position	Year	Salary	Bonus	Stock Awards(1)	Non-Qualified Deferred Compensation Earnings(2)	All Other Compensation(3)(4)	Total
M. Jay Allison President and Chief Executive Officer	2008	\$500,000	\$4,000,000	\$7,925,800	—	\$104,609	\$12,530,409
	2007	\$459,000	\$2,850,000	\$4,953,145	\$14,765	\$104,259	\$8,381,169
	2006	\$425,000	\$2,400,000	\$3,467,011	\$31,151	\$103,284	\$6,426,446
Roland O. Burns Senior Vice President and Chief Financial Officer	2008	\$350,000	\$1,330,000	\$3,206,403	—	\$36,460	\$4,922,863
	2007	\$316,000	\$950,000	\$1,997,947	\$14,573	\$36,227	\$3,314,747
	2006	\$290,000	\$800,000	\$1,386,309	\$25,736	\$35,395	\$2,537,440
Mack D. Good Chief Operating Officer	2008	\$300,000	\$715,000	\$1,249,800	—	\$7,648	\$2,272,448
	2007	\$240,000	\$550,000	\$665,245	\$1,553	\$7,438	\$1,464,236
	2006	\$225,000	\$325,000	\$494,113	\$7,111	\$6,638	\$1,057,862
D. Dale Gillette(5) Vice President of Land and General Counsel	2008	\$275,000	\$300,000	\$575,575	—	\$7,350	\$1,157,925
	2007	\$220,000	\$230,000	\$383,161	\$705	\$7,156	\$841,022
	2006	\$70,000	\$175,000	\$102,017	—	—	\$347,017
Stephen P. Neukom Vice President of Marketing	2008	\$200,000	\$270,000	\$416,678	—	\$7,492	\$894,170
	2007	\$170,000	\$210,000	\$240,766	\$287	\$7,294	\$628,347
	2006	\$155,000	\$165,000	\$169,859	—	\$6,500	\$496,359

(1) Represents compensation expense as determined in accordance with Statements of Financial Accounting Standards 123R and discussed in note 7 to our consolidated financial statements included in our 2008 Annual Report on Form 10-K.

(2) Excludes below market returns (losses) from the Company's deferred compensation plans in 2008 as follows: Mr. Allison (\$266,452); Mr. Burns (\$168,618); Mr. Good (\$68,475); Mr. Gillette (\$11,248); and Mr. Neukom (\$1,770). Amounts for 2007 and 2006 include above market aggregate earnings. See the "Nonqualified Deferred Compensation" table below.

(3)

The value of all perquisites provided to each executive officer by us did not exceed \$10,000 for 2006, 2007 and 2008 and therefore no perquisites are included in this table.

- (4) Amounts in this column include life insurance premiums paid by us of \$95,459 for Mr. Allison and \$28,553 for Mr. Burns in each of 2006, 2007 and 2008.
- (5) Mr. Gillette joined the Company on September 1, 2006 and his compensation for 2006 contains amounts earned from this date.

Grants of Plan-Based Awards in 2008. The following table sets forth certain information with respect to the value of grants of stock-based awards to each of our named executive officers during 2008.

Name and Principal Position	Grant Date	Stock Awards	
		Number of Shares of Stock(#)(1)	Grant Date Fair Value of Stock Awards(2)
M. Jay Allison President and Chief Executive Officer	December 11, 2008	200,000	\$8,862,000
Roland O. Burns Senior Vice President and Chief Financial Officer	December 11, 2008	81,000	\$3,589,110
Mack D. Good Chief Operating Officer	December 11, 2008	30,000	\$1,329,300
D. Dale Gillette Vice President of Land and General Counsel	December 11, 2008	10,000	\$443,100
Stephen E. Neukom Vice President of Marketing	December 11, 2008	9,000	\$398,790

(1) Dividends are payable on the outstanding restricted shares.

(2) The grant date fair value of restricted stock awards was based upon the closing price for the Company's stock on December 11, 2008 of \$44.31 per share. Each of these stock awards vest on January 1, 2013.

Employment Agreements. We have employment agreements with M. Jay Allison, our President and Chief Executive Officer, and Roland O. Burns, our Senior Vice President and Chief Financial Officer. These agreements include separate provisions wherein Messrs. Allison and Burns will receive certain prescribed benefits based upon changes in their employment status or in the event of a change in control. The compensation committee believes that it is in our best interests as well as the best interests of our stockholders to offer such benefits to these executive officers. We compete for executive talent in a highly competitive market in which companies routinely offer similar benefits to senior executives. The compensation committee believes that providing change of employment and change in control benefits to senior executives eliminates, or at least reduces, any reluctance of senior management to pursue potential change in control transactions that may be in the best interests of stockholders. In addition, the income security provided by the competitive change in control arrangements helps eliminate any distraction caused by uncertain personal financial circumstances during the negotiations of a potential change in control transaction, a period during which we will require focused and thoughtful leadership to ensure a successful outcome.

The change in control provisions of these employment agreements provide certain specified benefits in the event of a "change in control" which is defined to include a variety of events, including significant changes in stock ownership, changes in our Board, certain mergers and consolidations, and the sale or disposition of all or substantially all of our consolidated assets.

Outstanding Equity Awards at December 31, 2008. The following table sets forth certain information with respect to the value of outstanding equity awards held by our named executives at December 31, 2008.

Name and Principal Position	Stock Option Awards			Stock Awards	
	Number of Securities Underlying Unexercised Options - Exercisable(#)(1)	Option Exercise Price	Option Expiration Date	Number of Shares of Stock That Have Not Vested(#)	Market Value of Shares of Stock That Have Not Vested(2)
M. Jay Allison President and Chief Executive Officer	135,000	\$6.42	July 1, 2010	100,000(3)	\$4,725,000
				185,000(4)	\$8,741,250
				185,000(5)	\$8,741,250
				200,000(6)	\$9,450,000
				200,000(7)	\$9,450,000
Roland O. Burns Senior Vice President and Chief Financial Officer	33,750	\$6.42	July 1, 2010	40,000(3)	\$1,890,000
				75,000(4)	\$3,543,750
				75,000(5)	\$3,543,750
				81,000(6)	\$3,827,250
				81,000(7)	\$3,827,250
Mack D. Good Chief Operating Officer	—	—	—	12,500(3)	\$590,625
				30,000(4)	\$1,417,500
				20,000(5)	\$945,000
				30,000(6)	\$1,417,500
				30,000(7)	\$1,417,500
D. Dale Gillette Vice President of Land and General Counsel	—	—	—	10,000(3)	\$472,500
				10,000(4)	\$472,500
				10,000(5)	\$472,500
				10,000(6)	\$472,500
				10,000(7)	\$472,500
Stephen E. Neukom Vice President of Marketing	—	—	—	5,000(3)	\$236,250
				8,500(4)	\$401,625
				8,500(5)	\$401,625
				9,000(6)	\$425,250
				9,000(7)	\$425,250

(1) All stock options are fully vested as of December 31, 2008.

(2) Market value was based on the closing price for our common stock on the last trading day of 2008 of \$47.25 per share.

- (3) These stock grants vested on January 1, 2009.
- (4) These stock grants will vest on January 1, 2010.
- (5) These stock grants will vest on January 1, 2011.
- (6) These stock grants will vest on January 1, 2012.
- (7) These stock grants will vest on January 1, 2013.

Option Exercises and Stock Vested in 2008. The following table sets forth certain information with respect to the value of stock options exercised and restricted shares which vested during the year ended December 31, 2008.

Name and Principal Position	Stock Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise(#)	Value Realized on Exercise	Number of Shares Acquired on Vesting(#)	Value Realized on Vesting
M. Jay Allison President and Chief Executive Officer	270,000	\$14,560,003	100,000	\$3,400,000
Roland O. Burns Senior Vice President and Chief Financial Officer	67,500	\$3,413,630	40,000	\$1,360,000
Mack D. Good Chief Operating Officer	—	—	12,500	\$425,000
D. Dale Gillette Vice President of Land and General Counsel	—	—	10,000	\$649,400
Stephen E. Neukom Vice President of Marketing	15,000	\$892,581	5,000	\$170,000

Nonqualified Deferred Compensation. The following table sets forth certain information with respect to the non-qualified deferred compensation of the named executives in 2008. Under our Executive Life Insurance Plan, we contribute annually five percent of each executive's annual cash compensation to purchase a variable universal life insurance policy on his life. During employment, he may designate a beneficiary to receive payment of the death benefit (reduced by the amount of the premiums paid by us, which are repaid to us), but has no other rights of ownership in the policy. Upon his retirement on or after four years of service or upon a change of control, the policy is transferred to him. No withdrawals or distributions were made in 2008.

Name and Principal Position	Company Contributions(1)	Aggregate Earnings (Losses)(2)	Aggregate Balance at End of Year
M. Jay Allison President and Chief Executive Officer	\$167,500	\$(231,814)	\$571,064
Roland O. Burns Senior Vice President and Chief Financial Officer	\$65,000	\$(151,510)	\$229,766
Mack D. Good Chief Operating Officer	\$42,500	\$(60,776)	\$122,603
D. Dale Gillette Vice President of Land and General Counsel	\$19,608	\$(10,593)	\$17,726
Stephen E. Neukom Vice President of Marketing	\$20,500	\$2,587	\$102,211

(1) The Company contributions have not been included in the Summary Compensation Table for this or any prior years.

(2) The aggregate earnings have not been included in the Summary Compensation Table for this or any prior years except for the above-market portion of the aggregate earnings which is included in the Summary Compensation Table on page 15.

Potential Payments Upon Termination. We have entered into employment agreements with M. Jay Allison, our President and Chief Executive Officer, and Roland O. Burns, our Senior Vice President and Chief Financial Officer. Under the agreements, we are required to provide compensation to these officers in the event we terminate the executive's employment without cause or the executive terminates his employment with good reason, including assignment of duties inconsistent with his position or requiring him to be based at any other location. The agreements

provide that the base salary for Messrs. Allison and Burns will be no less than \$530,000 and \$371,000, respectively. If the executive dies, the agreements provide for payment of six months of annualized total compensation. The agreements provide for the payment of severance benefits if the executive's employment is terminated by us without cause or by the executive for good reason in an amount equal to 150% of his current salary and most recent bonus, plus continued medical benefits for eighteen months. If there is a change in control and the executive's employment is terminated within six months thereafter (or at any time thereafter for good reason) or is terminated by us without cause at any time thereafter, the severance benefit payable to the executive is 299% of his salary and highest annual bonus. In connection with a change in control, Messrs. Allison and Burns will be entitled to gross-up payments if they are subject to the excise tax imposed by Section 4999 of the Internal Revenue Code.

The employment agreements provide that Messrs. Allison and Burns will maintain the confidentiality of our confidential and proprietary information for as long as the information is not publicly disclosed.

The employment agreements define a "change in control" as: (1) a change in the majority of the board of directors within a two year period unless such change was authorized by two-thirds of the directors in place before the change; (2) a third party, including a group of third parties acting together, acquires 20% or more of our voting stock; and (3) the completion of a merger or other business combination of us with another corporation and we do not survive or only survive as a subsidiary, or the sale of substantially all of our assets.

The following tables quantify compensation that would become payable under the employment agreements and other arrangements if the named executive's employment had terminated on December 31, 2008, based on, where applicable, our closing stock price on that date. Due to the number of factors that affect the amount of any benefits provided upon the events discussed below, actual amounts paid or distributed may be different. If one of the named executives were to die or become disabled, his unvested stock awards would become vested. Under our Supplemental Executive Retirement Plan, the named executives are entitled to receive a distribution of the life insurance policies insuring their lives in the event of termination of employment. This is reflected in the table below in the "Present Value of Deferred Compensation Benefits."

Involuntary Termination Without Cause or Termination With Good Reason.

Name and Principal Position	Salary(1)	Bonus(2)	Present Value of Deferred Compensation Benefits	Continuation of Health Benefits(3)
M. Jay Allison President and Chief Executive Officer	\$795,000	\$6,000,000	\$571,064	\$41,218
Roland O. Burns Senior Vice President and Chief Financial Officer	\$556,500	\$1,995,000	\$229,766	\$41,218
Mack D. Good Chief Operating Officer	—	—	\$122,603	—
D. Dale Gillette Vice President of Land and General Counsel	—	—	\$17,726	—
Stephen E. Neukom Vice President of Marketing	—	—	\$102,211	—

- (1) Amount equal to 150% of annual base salary.
- (2) Amount equal to 150% of fiscal year bonus.
- (3) Benefits amounts include the cost of continued medical and dental coverage to the executive, spouse and dependents at least equal to that had the executive not been terminated and assumes continued coverage for 18 months.

Termination Following a Change in Control.

Name and Principal Position	Salary(1)	Bonus(2)	Present Value of Deferred Compensation Benefits	Continuation of Health Benefits(3)	Value of Unvested Stock Awards(4)	Excise Tax & Gross-Up
M. Jay Allison President and Chief Executive Officer	\$1,584,700	\$11,960,000	\$571,064	\$41,218	\$41,107,500	—
Roland O. Burns Senior Vice President and Chief Financial Officer	\$1,109,290	\$3,976,700	\$229,766	\$41,218	\$16,632,000	—
Mack D. Good Chief Operating Officer	—	—	\$122,603	—	\$5,788,125	—
D. Dale Gillette Vice President of Land and General Counsel	—	—	\$17,726	—	\$2,362,500	—
Stephen E. Neukom Vice President of Marketing	—	—	\$102,211	—	\$1,890,000	—

(1) Amount equal to 299% of annual base salary.

(2) Amount equal to 299% of highest bonus paid during the employee's tenure with the Company.

(3) Benefits amounts include the cost of continued medical and dental coverage to the executive, spouse and dependents at least equal to that had the executive not been terminated and assumes continued coverage for 18 months.

(4) The value of the stock awards is based on our December 31, 2008 closing stock price of \$47.25 per share.

Equity Compensation Plan. The 1999 Plan was approved at our 1999 annual meeting of stockholders, effective as of April 1, 1999. Awards granted under the 1999 Plan could be incentive stock options; nonqualified stock options; shares of the Common Stock, which could be nontransferable and/or forfeitable under restrictions, terms and conditions set forth in the award agreement; SARs; or performance shares. The number of shares of the Common Stock with respect to which awards could be granted and outstanding under the 1999 Plan was a maximum of 1,483,630 shares, of which a total of 225,000 were available for awards of stock options to non-employee directors. In addition, the number of shares available under the 1999 Plan for the grant of non-qualified stock options, performance units and restricted stock was increased, as of the first day of each fiscal year commencing January 1,

2000, by one percent of the then current number of shares outstanding. Other than the 2009 Plan which is under consideration for approval by the stockholders, we have no other compensation plans or arrangements under which equity securities are authorized for issuance. The following table sets forth certain information regarding the 1999 Plan as of April ____, 2009:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options and SARs	(b) Weighted-average exercise price of outstanding options and SARs	(c) Number of securities remaining available for future issuance (excluding securities reflected in column(a))
Equity compensation plan approved by stockholders	456,870	\$23.56	None

Exploration Warrants. Pursuant to exploration agreements with Bois d'Arc Offshore Ltd. and its principals (collectively "Bois d'Arc"), which created a joint venture between us and Bois d'Arc, Bois d'Arc had the opportunity to earn warrants to acquire shares of Common Stock when prospects generated by the joint venture resulted in successful discoveries of oil and gas. These exploration agreements, and the related exploration joint venture, were terminated in July 2004. The exercise price on the warrants that were issued was determined based on the then-current market price of the Common Stock on a semi-annual basis each year that the venture was in existence. As of April ____, 2009, 65,600 warrants granted pursuant to the exploration agreements remained outstanding and exercisable.

Stock Ownership and Retention Requirements. Effective January 1, 2009, our Board of Directors approved a stock ownership and retention policy that applies to each of our directors and the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and all Vice Presidents. The purpose of the ownership requirements is to further our goal of increasing shareholder value and to further align the interests of our directors and key executives with the interests of our shareholders. Satisfaction of the policy requires that individuals attain and retain holdings of Comstock shares with a cost basis equal to the following multiple of the individual's compensation, defined as either a director's cash retainer fee or an officer's base salary:

- 1x for non-employee directors;
- 5x for the Chief Executive Officer and Chief Financial Officer; and
 - 3x for the Chief Operating Officer and all Vice Presidents.

An individual's cost basis is equal to (1) his or her actual cost, in the case of purchases in the open market, (2) the fair market value of the shares at the date of exercise of stock options or stock appreciation rights, or (3) the fair market value of the shares at the date of vesting of restricted shares, restricted stock units or performance units. Each person's stock ownership requirement will be adjusted annually each January 1 to reflect any changes in his or her retainer or base salary. For the purpose of counting the shares owned, only vested share equivalents under Comstock-sponsored plans will count as shares owned. Share equivalents will not include any amounts attributable to outstanding unexercised stock options or unvested equity awards.

Generally, individuals will have a five-year period to attain their stock ownership requirements, so that directors and executives subject to the ownership requirements as of January 1, 2009 are required to achieve their goals by January 1, 2014. At any time at which the individual's stock ownership requirement has not been met, including during the initial five year period to attain compliance, the individual will be required to retain at least 50% of "Net Shares" received upon vesting of restricted stock, restricted stock units and performance units. "Net Shares" are defined to include Comstock common shares that are owned by the individual after shares are sold, swapped or traded to pay applicable withholding taxes. Subsequent to achieving the initial stock ownership requirement, all directors and executives are expected to continuously maintain stock ownership at their specified levels.

If an individual does not meet the applicable ownership requirements, then he or she will be subject to certain restrictions upon the vesting of equity awards, and may only dispose of shares for particular reasons set forth in the policy and upon receipt of permission for the transfer by the corporate secretary.

The policy provides a hardship exemption, for which an individual must submit a request to the corporate secretary, who will review the request with the Chief Executive Officer, or the chairman of the nominating/corporate governance committee in the case of a request by the chairman or Chief Executive Officer, and will make the final decision.

Upon our request, and at least annually, individuals subject to the ownership requirements will be required to provide a schedule disclosing the number and cost basis of shares owned. The ownership requirements will be administered by the corporate secretary. Our Board of Directors may amend the ownership requirements in its sole discretion.

OTHER MATTERS

Independent Registered Public Accounting Firm and Fees

We have retained Ernst & Young LLP as our registered public accounting firm, as recommended by the audit committee and approved by the Board of Directors. The table set forth below indicates the amounts billed by Ernst & Young LLP during 2007 and 2008 for services provided to us.

	2007	2008
Audit fees	\$1,350,000	\$1,578,846
Audit related fees(1)	119,165	181,628
Tax fees(2)	5,889	30,000
All other fees	—	—
Total(3)	\$1,475,054	\$1,790,474

(1) Audit related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements.

(2) Tax fees include fees for tax compliance, tax advice and tax planning. The Audit Committee does not believe these services have impacted Ernst & Young LLP's independence.

(3) Includes fees incurred by Bois d'Arc Energy, Inc., previously our majority-owned subsidiary.

Audit Committee's Pre-Approval Policy and Procedures

The audit committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit related services, tax services and other services. Pre-approval is detailed as to the particular service or category of service and is subject to a specific engagement authorization. The audit committee requires the independent registered public accounting firm and management to report on the actual fees charged for each category of service at audit committee meetings throughout the year.

During the year, circumstances may arise when it becomes necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval. In those instances, the audit committee requires specific pre-approval authority from the chairman of the audit committee, who must report on such approvals at the next scheduled audit committee meeting.

All fiscal year 2008 audit and non-audit services provided by the independent registered public accounting firm were pre-approved.

Stockholder Proposals

Any stockholder who desires to submit a proposal for presentation at our 2010 Annual Meeting of Stockholders and wishes to have such proposal included in our proxy materials must submit the proposal to us at our principal executive offices no later than December 21, 2009 unless we notify the stockholder otherwise. Only those proposals that are timely received by our Corporate Secretary and proper for stockholder action (and otherwise proper) will be included in our proxy materials.

Written request for inclusion of any stockholder proposal should be addressed to: Roland O. Burns, Corporate Secretary, Comstock Resources, Inc., 5300 Town and Country Blvd., Suite 500, Frisco, Texas 75034. Comstock recommends that such proposal be sent by certified mail with return receipt requested.

There were no stockholder proposals submitted for the 2009 Annual Meeting.

Any stockholder who intends to bring business to the 2010 Annual Meeting of Stockholders, but not include the business in our proxy statement, must give written notice to our corporate secretary at the address set forth above by March 6, 2010.

Stockholder Communications

Interested parties may communicate directly with the entire Board of Directors or with our outside directors by submitting a letter addressed to the member or members of the Board of Directors to whom the communication is addressed, to Roland O. Burns, Corporate Secretary, Comstock Resources, Inc., 5300 Town and Country Blvd., Suite 500, Frisco, Texas, 75034. All such communications, other than unsolicited commercial solicitations or communications, will be forwarded to the appropriate director for review.

Annual Report

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, as filed with the Commission, will be sent to any stockholder without charge upon request. You may forward written requests to Investor Relations, Comstock Resources, Inc., 5300 Town and Country Blvd., Suite 500, Frisco, Texas 75034. Oral requests may be made by calling our principal executive offices at (800) 877-1322. Our Annual Report on Form 10-K is also available on the Commission's website www.sec.gov and our website www.comstockresources.com.

Roland O. Burns

Secretary

Frisco, Texas
April ____, 2009

COMSTOCK RESOURCES, INC.
2009 Long-term Incentive Plan

I. GENERAL

1. Purpose. The COMSTOCK RESOURCES, INC. 2009 Long-term Incentive Plan (the "Plan") has been established by COMSTOCK RESOURCES, INC. (the "Company") to:

- (a) attract and retain key executive and managerial employees;
- (b) motivate participating employees, by means of appropriate incentive, to achieve long-range goals;
- (c) attract and retain well-qualified individuals to serve as members of the Company's Board of Directors;
- (d) provide incentive compensation opportunities which are competitive with those of other public corporations; and
- (e) further identify Participants' interests with those of the Company's other stockholders through compensation alternatives based on the Company's common stock;

and thereby promote the long-term financial interest of the Company and its Subsidiaries, including the growth in value of the Company's equity and enhancement of long-term shareholder return.

2. Effective Date. The Plan is effective May 19, 2009, upon approval by the stockholders at the Company's 2009 annual meeting.

3. Definitions. The following definitions are applicable to the Plan.

"Award" means the grant of any Option, share of Restricted Stock, Restricted Stock Unit, Performance Unit or Stock Appreciation Right under the Plan pursuant to the terms, conditions, and limitations that the Committee may establish in order to fulfill the objectives of the Plan.

"Board" means the Board of Directors of the Company.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means the Compensation Committee of the Board.

"Disability" means the inability of a Participant, by reason of a physical or mental impairment, to engage in any substantial gainful activity, of which the Committee shall be the sole judge.

"Effective Date" means May 19, 2009.

"Fair Market Value" of any Stock means, as of any date, the last sale price for such Stock as reported by the New York Stock Exchange on the date or, if Stock is not traded on that date, on the next preceding date on which Stock

was traded.

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"Non-employee Director" means each member of the Board who is not an employee of the Company.

"Option Date" means, with respect to any Stock Option, the date on which the Stock Option is awarded under the Plan.

"Participant" means any employee or Non-employee Director of the Company or any Subsidiary who is selected by the Committee to participate in the Plan.

"Performance Unit" shall have the meaning ascribed to it in Part V.

"Permitted Transferees" means members of the immediate family of the Participant, trusts for the benefit of such immediate family members, and partnerships in which substantially all of the interests are held by the Participant and members of his or her immediate family. An immediate family member shall mean any descendant (children, grandchildren and more remote descendants), including step-children and relationships arising from legal adoption, and any spouse of a Participant or a Participant's descendant.

"Related Company" means any corporation during any period in which it is a Subsidiary, or during any period in which it directly or indirectly owns 50% or more of the total combined voting power of all classes of stock of the Company that are entitled to vote.

"Restricted Period" has the meaning ascribed to it in Part IV.

"Restricted Stock" has the meaning ascribed to it in Part IV.

"Retirement" means (i) Termination of Service in accordance with the retirement procedures set by the Company from time to time; (ii) a Termination of Service because of Disability; or (iii) a Termination of Service voluntarily with the consent of the Company (of which the Committee shall be the sole judge).

"Stock" means the Company's common stock, \$.50 par value per share.

"Stock Appreciation Right" has the meaning ascribed to it in Part VI.

"Stock Option" means the right of a Participant to purchase Stock pursuant to an Incentive Stock Option or Non-Qualified Option awarded pursuant to the provisions of the Plan.

"Subsidiary" means any corporation during any period of which 50% or more of the total combined voting power of all classes of stock entitled to vote is owned, directly or indirectly, by the Company.

"Termination of Service" means the termination of employment of an Employee by the Company and all Subsidiaries or the termination of service by an Non-employee Director as a member of the board of directors of the Company and all Subsidiaries. A Participant's service shall not be deemed to have terminated because of a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's service. Furthermore, a Participant's service with the Company shall not be deemed to have terminated if the Participant takes any military leave, sick leave, or other bona fide leave of absence approved by the Company or a Subsidiary; provided, however, that if any such leave exceeds 90 days, on the 91st day of such leave the Participant's service shall be deemed to have terminated unless the Participant's leave of absence is approved by the Committee. The Participant's service shall be deemed to have terminated upon the entity for which the Participant performs service ceasing to be a Subsidiary (or any successor). Subject to the foregoing, the Company, in its discretion, shall determine whether a Participant's service has terminated and the effective date of such termination.

4. Administration. The authority to manage and control the operation and administration of the Plan shall be vested in the Committee. Subject to the provisions of the Plan, the Committee will have authority to select Participants to receive Awards, to determine the time or times of receipt, to determine the types of Awards and the number of shares covered by the Awards, to establish the terms, conditions, performance criteria, restrictions, and other provisions of such Awards, to determine the number and value of Performance Units awarded and earned, and to cancel or suspend Awards. In making such determinations, the Committee may take into account the nature of services rendered by the Participant, his or her present and potential contribution to the Company's success and such other factors as the Committee deems relevant. The Committee is authorized to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, to determine the terms and provisions of any agreements made pursuant to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan.

A majority of the Committee shall constitute a quorum, and the acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by all members of the Committee, shall be the acts of the Committee, unless provisions to the contrary are embodied in the Company's Bylaws or resolutions duly adopted by the Committee. All actions taken and decisions and determinations made by the Committee pursuant to the Plan shall be binding and conclusive on all persons interested in the Plan. No member of the Board or the Committee shall be liable for any action or determination taken or made in good faith with respect to the Plan.

5. Participation. Subject to the terms and conditions of the Plan, the Committee shall determine and designate, from time to time, the key executives, managerial employees, and non-employee directors of the Company and/or its Subsidiaries who will participate in the Plan. In the discretion of the Committee, a Participant may be awarded Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units or Performance Units or any combination thereof, and more than one Award may be granted to a Participant. Except as otherwise agreed to by the Company and the Participant, any Award under the Plan shall not affect any previous Award to the Participant under the Plan or any other plan maintained by the Company or its Subsidiaries.

6. Shares Subject to the Plan. The shares of Stock with respect to which Awards may be made under the Plan shall be either authorized and unissued shares or authorized and issued shares held in the treasury by the Company (including, in the discretion of the Committee, shares purchased in the market).

(a) **Shares Reserved for Awards.** Subject to the provisions of paragraph I.11, the number of shares of Stock available under the Plan for the grant of Awards shall not exceed 4,000,000 shares in the aggregate. If, for any reason, any Award under the Plan otherwise distributable in shares of Stock, or any portion of the Award, shall expire, terminate or be forfeited or canceled, or be settled in cash pursuant to the terms of the Plan and, therefore, any such shares are no longer distributable under the Award, such shares of Stock shall again be available for award under the Plan.

(b) **Annual Limit on Grants to Employees.** Subject to the provisions of paragraph I.11, the number of shares of Stock with respect to which Options or Stock Appreciation Rights under the Plan may be granted in any calendar year to any employee shall not exceed 1,000,000 shares.

7. **Terms of Awards.** Awards may be granted generally on the terms and conditions set forth in Parts II through VI. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant, such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine and specify in the Award agreement.

(a) **Minimum Vesting Requirements.** Restricted Stock, Restricted Stock Units and Performance Units shall be subject to the following minimum vesting requirements. If the vesting of such Awards is not based on the achievement of one or more performance conditions, such Awards will vest over a minimum period of three years after the date of grant. If the vesting of Awards is based on the achievement of one or more performance conditions, such Awards will vest over a minimum period of one year after the date of grant. For purposes of this paragraph I.7(a), (i) vesting over a three-year period will include periodic graded vesting over such period; and (ii) with respect to Awards that otherwise would be subject to the minimum vesting requirements, and notwithstanding those requirements, up to five per cent (5%) of such Awards may be granted as non-performance-based Awards with vesting terms not conforming to the three-year minimum vesting requirement. Notwithstanding the foregoing, these minimum vesting requirements may be accelerated or waived in the event of a Participant's death, Disability or Retirement, or in the event of a Change in Control of the Company.

(b) **Maximum Term of Awards.** The terms of each Award shall be for such period as may be determined by the Committee, except that the term of any Option or Stock Appreciation Right shall not exceed ten years from the date of grant of the Award.

8. **Compliance With Applicable Laws and Withholding of Taxes.** Notwithstanding any other provision of the Plan, the Company shall have no liability to issue any shares of Stock under the Plan unless such issuance would comply with all applicable laws and the applicable requirements of any securities exchange or similar authority. Prior to the issuance of any shares of Stock under the Plan, the Company may require a written statement that the recipient is acquiring the shares for investment and not for the purpose or with the intention of distributing as amended, the shares. In the case of a Participant who is subject to Section 16(a) and 16(b) of the Securities Exchange Act of 1934, as amended, the Committee may, at any time, add such conditions and limitations to any election to satisfy tax withholding obligations through the withholding or surrender of shares of Stock as the Committee, in its sole discretion, deems necessary or desirable to comply with Section 16(a) or 16(b) and the rules and regulations thereunder or to obtain any exemption therefrom. All Awards and payments under the Plan to employees are subject to withholding of all applicable taxes, which withholding obligations may be satisfied, with the consent of the Committee, through the surrender of shares of Stock which the Participant already owns, or to which a Participant is otherwise entitled under the Plan.

9. Transferability. Incentive Stock Options, Performance Units, and, during the period of restriction, Restricted Stock awarded under the Plan are not transferable except as designated by the Participant by will or by the laws of descent and distribution. Incentive Stock Options may be exercised during the lifetime of the Participant only by the Participant or his guardian or legal representative. If expressly permitted by the terms of the stock option agreement, Non-Qualified Stock Options may be transferred by a Participant to Permitted Transferees, provided that there is not any consideration for the transfer.

10. Employment and Stockholder Status. The Plan does not constitute a contract of employment, and selection as a Participant will not give any employee the right to be retained in the employ of the Company or any Subsidiary. The Plan does not constitute or serve as evidence of an agreement or understanding, express or implied, that the Company will retain a director for any period of time. Subject to the provisions of paragraph IV.3(a), no award under the Plan shall confer upon the holder thereof any right as a stockholder of the Company prior to the date on which he fulfills all service requirements and other conditions for receipt of shares of Stock. If the redistribution of shares is restricted pursuant to paragraph I.8, certificates representing such shares may bear a legend referring to such restrictions.

11. Adjustments to Number of Shares Subject to the Plan. In the event of any change in the outstanding shares of Stock of the Company by reason of any stock dividend, split, spinoff, recapitalization, merger, consolidation, combination, exchange of shares or other similar change, the aggregate number of shares of Stock with respect to which Awards may be made under the Plan, the terms and the number of shares of any outstanding Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units and Performance Units, and the purchase price or base price of a Stock Option or Stock Appreciation Right, shall be equitably adjusted by the Committee in its sole discretion.

12. Change in Control. Notwithstanding any other provision of the Plan, in the event of a change in control, all outstanding Stock Options, Stock Appreciation Rights and Restricted Stock will automatically become fully exercisable and/or vested, and Performance Units may be paid out in such manner and amounts as determined by the Committee. A Change in Control of the Company shall be deemed to have taken place if:

(a) a third person shall cause or bring about (through solicitation of proxies or otherwise) the removal or resignation of a majority of the then existing members of the Board or if a third person causes or brings about (through solicitation of proxies or otherwise) an increase in the size of the Board such that the then existing members of the Board thereafter represent a minority of the total number of persons comprising the entire Board;

(b) a third person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, becomes the beneficial owner of shares of any class of the Company's stock having 20% or more of the total number of votes that may be cast for the election of directors of the Company;

(c) the Company shall merge with or consolidate into any other corporation, pursuant to which the Company does not survive or survives only as a subsidiary of another corporation, or the Company disposes of all or substantially all of the assets of the Company, or any combination of the foregoing.

For purposes hereof, a person will be deemed to be the beneficial owner of any voting securities of the Company which it would be considered to beneficially own under Securities and Exchange Commission Rule 13d-3 (or any similar or superseding statute or rule from time to time in effect).

13. Agreement With Company. At the time of any Awards under the Plan, the Committee will require a Participant to enter into an agreement with the Company in a form specified by the Committee, agreeing to the terms and conditions of the Plan and to such additional terms and conditions, not inconsistent with the Plan, as the Committee may, in its sole discretion, prescribe.

14. Amendment and Termination of Plan.

(a) Subject to the following provisions of this paragraph 14, the Board may at any time and in any way amend, suspend or terminate the Plan. No amendment of the Plan and, except as provided in paragraph I.11, no action by the Board shall, without further approval of the stockholders of the Company, materially increase the total number of shares of Stock with respect to which Awards may be made under the Plan, materially increase the benefits accruing to Participants under the Plan or materially modify the requirements as to eligibility for participation in the Plan, if stockholder approval of such amendment is a condition to the availability of the exemption provided by Securities and Exchange Commission Rule 16b-3 or of the Code at the time such amendment is adopted. No amendment, suspension or termination of the Plan shall alter or impair any Award previously made under the Plan without the consent of the holder thereof.

(b) No Awards may be granted hereunder after the date that is ten (10) years from the earlier of (a) the Effective Date and (b) the date the Plan is approved by the stockholders of the Company.

(c) Neither the Board nor the Committee may, without further approval of the stockholders of the Company, reduce the exercise price of a Stock Option or the grant value of a Stock Appreciation Right, except in accordance with the adjustments pursuant to paragraph I.11. Neither the Board nor the Committee may accelerate the vesting of an Award of Restricted Stock, Restricted Stock Units or Performance Units, except in the event of a Participant's death, Disability or Retirement.

15. Prohibition on Deferred Compensation. It is the intention of the Company that no Award shall be "deferred compensation" subject to Code section 409A unless and to the extent that the Committee specifically determines otherwise, and the Plan and the terms and conditions of all Awards shall be interpreted accordingly. The terms and conditions governing any Awards that the Committee determines will be subject to Code section 409A, including any rules for elective or mandatory deferral of the delivery of cash or Shares pursuant thereto, shall be set forth in the applicable Award agreement, and shall comply in all respects with Code section 409A. Notwithstanding any provision herein to the contrary, any Award issued under the Plan that constitutes a deferral of compensation under a "nonqualified deferred compensation plan" as defined under Code section 409A(d)(1) and is not specifically designated as such by the Committee shall be modified or cancelled to comply with the requirements of Code section 409A, including any rules for elective or mandatory deferral of the delivery of cash or Shares pursuant thereto.

II. INCENTIVE STOCK OPTIONS

1. **Definition.** The Award of an Incentive Stock Option under the Plan entitles the Participant to purchase shares of Stock at a price fixed at the time the option is awarded, subject to the following terms of this Part II.
2. **Eligibility.** The Committee shall designate the Participants to whom Incentive Stock Options, as described in section 422(b) of the Code or any successor section thereto, are to be awarded under the Plan and shall determine the number of option shares to be offered to each of them. Incentive Stock Options shall be awarded only to key employees of the Company, and no Non-employee Director shall be eligible to receive an Award of an Incentive Stock Option. In no event shall the aggregate Fair Market Value (determined at the time the option is awarded) of Stock with respect to which Incentive Stock Options are exercisable for the first time by an individual during any calendar year (under all plans of the Company and all Related Companies) exceed \$100,000.
3. **Price.** The purchase price of a share of Stock under each Incentive Stock Option shall be determined by the Committee, provided, however, that in no event shall such price be less than the greater of (a) 100% of the Fair Market Value of a share of Stock as of the Option Date (or 110% of such Fair Market Value if the holder of the Incentive Stock Option owns stock possessing more than 10% of the combined voting power of all class-~~es~~ of stock of the Company or any Related Company) or (b) the par value of a share of Stock on such date. To the extent provided by the Committee, the full purchase price of each share of Stock purchased upon the exercise of any Incentive Stock Option shall be paid in cash or in shares of Stock (valued at Fair Market Value as of the day of exercise), or in any combination thereof, at the time of such exercise and, as soon as practicable thereafter, a certificate representing the shares so purchased shall be delivered to the person entitled thereto.
4. **Exercise.** No Incentive Stock Option may be exercised by a Participant after the Expiration Date (as defined in paragraph II.5 below) applicable to that option. Each Option shall become and be exercisable at such time or times and during such period or periods, in full or in such installments as may be determined by the Committee at the Option Date.
5. **Option Expiration Date.** The "Expiration Date" with respect to an Incentive Stock Option or any portion thereof awarded to a Participant under the Plan means the earliest of:
 - (a) the date that is 10 years after the date on which the Incentive Stock Option is awarded;

- (b) the date established by the Committee at the time of the Award;
- (c) the date that is one year after the Participant's employment with the Company and all Related Companies is terminated because of death or permanent and total disability; as defined in Code Section 22(e)(3); or
- (d) the date that is three months after the date the Participant's employment with the Company and all Related Companies is terminated for reasons other than death or permanent and total disability.

III. NON-QUALIFIED STOCK OPTIONS

1. **Definition.** The Award of a Non-Qualified Stock Option under the Plan entitles the Participant to purchase shares of Stock at a price fixed at the time the option is awarded, subject to the following terms of this Part III.
2. **Eligibility.** The Committee shall designate the Participants to whom Non-Qualified Stock Options are to be awarded under the Plan and shall determine the number of option shares to be offered to each of them.
3. **Price.** The purchase price of a share of Stock under each Non-Qualified Stock Option shall be determined by the Committee; provided, however, that in no event shall such price be less than the greater of (a) 100% of the Fair Market Value of a share of Stock as of the Option Date or (b) the par value of a share of such Stock on such date. To the extent provided by the Committee, the full purchase price of each share of Stock purchased upon the exercise of any Non-Qualified Stock Option shall be paid in cash or by tendering, by either actual delivery of shares or by attestation, shares of Stock (valued at Fair Market Value as of the day of exercise), or in any combination thereof, at the time of such exercise. Shares of Stock acquired pursuant to the exercise of a Non-Qualified Stock Option shall be subject to such conditions, restrictions and contingencies as the Committee may establish in the Award agreement. If the Company shall have a class of its Stock registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, an option holder may also make payment at the time of exercise of a Non-Qualified Stock Option by delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker approved by the Company, that upon such broker's sale of shares of Stock with respect to which such option is exercised, it is to deliver promptly to the Company the amount of sale proceeds necessary to satisfy the option exercise price and any required withholding taxes.
4. **Exercise.** No Non-Qualified Stock Option may be exercised by a Participant after the Expiration Date applicable to that option. Unless otherwise specified herein, each Option shall become and be exercisable at such time or times and during such period or periods, in full or in such installments as may be determined by the Committee at the Option Date.
5. **Option Expiration Date.** The "Expiration Date" with respect to a Non-Qualified Stock Option or any portion thereof awarded to a Participant under the Plan means the earliest of:

- (a) the date that is 10 years after the date on which the Non-Qualified Stock Option is awarded;
- (b) the date established by the Committee at the time of the Award;
- (c) the date that is three months after the employee Participant's employment with the Company and all Subsidiaries or the Non-employee Director Participant's service as a member of the Board is terminated for reasons other than Retirement, Disability or death; or
- (d) the date that is three years after the date the employee Participant's employment with the Company and all Subsidiaries or the Non-employee Director Participant's service as a member of the Board is terminated by reason of Retirement, Disability or death.

IV. RESTRICTED STOCK

1. **Definition.** Restricted Stock Awards are grants of Stock to Participants, the vesting of which is subject to a required period of employment and any other conditions established by the Committee or by the terms of this Plan.
2. **Eligibility.** The Committee shall designate the Participants to whom Restricted Stock is to be awarded and the number of shares of Stock that are subject to the Award.
3. **Terms and Conditions of Awards.** All shares of Restricted Stock awarded to Participants under the Plan shall be subject to the following terms and conditions and to such other terms and conditions, not inconsistent with the Plan, as shall be prescribed by the Committee in its sole discretion and as shall be contained in the agreement referred to in paragraph I.13.
 - (a) Restricted Stock awarded to Participants may not be sold, assigned, transferred, pledged or otherwise encumbered, except as hereinafter provided, for a period of ten years or such shorter period as the Committee may determine, but no less than one year, after the time of the award of such stock (the "Restricted Period"). Such restrictions shall lapse as to the Restricted Stock in accordance with the time(s) and number(s) of shares as to which the Restricted Period expires, as set forth in the Agreement with the Participant. Except for such restrictions, the Participant as owner of such shares shall have all the rights of a stockholder, including but not limited to the right to vote such shares and, except as otherwise provided by the Committee, the right to receive all dividends paid on such shares.
 - (b) An employee Participant whose employment with the Company and all Subsidiaries terminates prior to the end of the Restricted Period other than by reason of death, or Disability shall forfeit all shares of Restricted Stock remaining subject to any outstanding Restricted Stock Award which have not then vested in accordance with the agreement entered into under paragraph I.13. Notwithstanding the foregoing and the provisions of paragraph I.7(a) hereof, the Committee may in its discretion accelerate the vesting of shares of Restricted Stock in the event of a Participant's death, Disability or Retirement.
 - (c) Each certificate issued in respect of shares of Restricted Stock awarded under the Plan shall be registered in the name of the Participant and, at the discretion of the Committee, each such certificate may be deposited in a bank designated by the Committee. Each such certificate shall bear the following (or a similar) legend:

"The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) contained in the COMSTOCK RESOURCES, INC. 2009 Long-term Incentive Plan and an agreement entered into between the registered owner and COMSTOCK RESOURCES, INC. A copy of such plan and agreement is on file in the office of the Secretary of COMSTOCK RESOURCES, INC., 5300 Town and Country Blvd., Suite 500, Frisco, Texas 75034 or, if the Company changes its principal office, at the address of such new principal office."

(d) As the Restricted Period for Restricted Stock expires and such restrictions lapse, such Restricted Stock shall be held by a Participant (or his or her legal representative, beneficiary or heir) free of all restrictions imposed by the Plan and the Agreement. Such shares shall nevertheless continue to be subject to any restriction imposed under applicable securities laws.

V. RESTRICTED STOCK UNITS AND PERFORMANCE UNITS

1. **Definition.** A "Restricted Stock Unit" Award is the grant of a right to receive shares of Stock in the future. Performance Units are Awards to Participants who may receive value for the units at the end of a Performance Period. The number of units earned, and value received for them, will be contingent on the degree to which the performance measures established at the time of the initial Award are met. The term "Performance Units" as used in Parts I through IV of the Plan shall be deemed to include both Restricted Stock Units and Performance Units.

2. **Eligibility.** The Committee shall designate the Participants to whom Restricted Stock Units or Performance Units are to be awarded, and the number of units to be the subject of such Awards.

3. **Terms and Conditions of Awards.** For each Participant, the Committee will determine the timing of Awards; the number of Restricted Stock Units or Performance Units awarded; the value of Performance Units, which may be stated either in cash or in shares of Stock; the performance measures used for determining whether the Performance Units are earned; the performance period during which the performance measures will apply; the relationship between the level of achievement of the performance measures and the degree to which Performance Units are earned; whether, during or after the performance period, any revision to the performance measures or performance period should be made to reflect significant events or changes that occur during the performance period; the number of earned Performance Units that will be paid in cash and/or shares of Stock; and whether dividend equivalents will be paid on Restricted Stock Units, either currently or on a deferred basis.

4. **Payment.** The Committee will compare the actual performance to the performance measures established for the performance period and determine the number of Performance Units to be paid and their value. Payment for Performance Units earned shall be wholly in cash, wholly in Stock or in a combination of the two, in a lump sum or installments, and subject to vesting requirements and such other conditions as the Committee shall determine. The Committee will determine the number of earned units to be paid in cash and the number to be paid in Stock. For Performance Units awarded in shares of Stock, one share of Stock will be paid for each unit earned, equal to either (a) the Fair Market Value of a share of Stock at the end of the performance period or (b) the Fair Market Value of a share of Stock averaged for a number of days determined by the Committee. For Performance Units awarded in cash, cash will be paid for each unit earned equal to (a) its initial cash value, (b) the Fair Market Value of a share of Stock at the end of the performance period or (c) the Fair Market Value of a share of Stock averaged for a number of days determined by the Committee.

(a) Retirement, Death or Disability. Notwithstanding the provisions of paragraph I.7(a) hereof, the Committee may in its discretion accelerate the vesting of Restricted Stock Units in the event of a Participant's death, Disability or Retirement. A Participant whose employment with the Company and all Subsidiaries, or service as a member of the Board, terminates during a performance period because of Retirement, Disability or death shall be entitled to the prorated value of earned Performance Units issued with respect to that performance period, at the conclusion of the performance period based on the ratio of the months of service during the period to the total months of the performance period. If an employee Participant's employment with the Company and all Subsidiaries terminates, or if a Non-employee Director Participant's service terminates, during a performance period for any reason other than Retirement, Disability or death, the Performance Units issued with respect to that performance period will be forfeited on the date such Participant's employment or service terminates.

VI. STOCK APPRECIATION RIGHTS

1. Definition. A Stock Appreciation Right is an Award that entitles the Participant to receive an amount equal to the difference between the Fair Market Value of the shares of Stock at the time of exercise of the Stock Appreciation Right and the Fair Market Value of the shares of Stock on the date of grant of the Stock Appreciation Right, subject to the following provisions of this Part VI. Upon the grant of Stock Appreciation Rights that are to be settled in shares of Stock, the number of Rights awarded (and not the "net" number of shares of Stock issued upon exercise of the Rights) shall be considered awarded from the pool of authorized shares of Stock available under the Plan.

2. Exercise. A Stock Appreciation Right may be exercised under the applicable terms and conditions of the Award agreement. A Stock Appreciation Right shall entitle the Participant to receive, upon the exercise of the Stock Appreciation Right, either cash or shares of Stock (valued at their Fair Market Value at the time of exercise), as specified in the Award agreement, in an amount equal in value to the excess of the Fair Market Value of the shares of Stock subject to the Stock Appreciation Right as of the date of such exercise over the Fair Market Value of the shares of Stock as of the date of grant of the Stock Appreciation Right.

3. Expiration Date. The "Expiration Date" with respect to a Stock Appreciation Right shall be determined by the Committee, not more than 10 years after the date on which the Right is awarded. If the Right is not exercised before the end of the day on which the Right ceases to be exercisable, such Right shall be deemed exercised as of such date and payment shall be made to the holder in cash or shares of Stock (valued at their Fair Market Value at the time of exercise), as specified in the Award agreement.

CERTIFICATE OF AMENDMENT
TO THE RESTATED ARTICLES OF INCORPORATION
OF
COMSTOCK RESOURCES, INC.

Pursuant to the provisions of Section 78.390 of the Nevada General Corporation Law, the undersigned corporation adopts the following Certificate of Amendment to its Restated Articles of Incorporation:

FIRST: The name of the corporation is COMSTOCK RESOURCES, INC.

SECOND: The following amendment to the Restated Articles of Incorporation of the corporation was adopted by the shareholders of the corporation on May 19, 2009 in the manner prescribed by the Nevada General Corporation Law:

BE IT RESOLVED, that Article Fourth of the Restated Articles of Incorporation of the Corporation be amended to read in its entirety as follows:

"FOURTH: That the amount of the total of the authorized capital stock of the corporation is Eighty Million (80,000,000) shares of which Seventy-five Million (75,000,000) shares are Common Stock, Fifty Cents (\$.50) par value per share, and Five Million (5,000,000) shares are Preferred Stock, Ten Dollars (\$10.00) par value per share. The shares of Common Stock shall be identical in all respects and shall have one vote per share on all matters on which stockholders are entitled to vote. The Preferred Stock may be issued in one or more series; shares of each series shall be identical in all respects and shall have such voting, dividend, conversion and other rights, and such preferences and privileges as may be determined by resolution of the Board of Directors of the Corporation."

THIRD: The number of shares of the corporation outstanding at the time of the adoption of such amendment was _____ shares of the corporation's common stock, and the number of shares entitled to vote thereon was _____.

FOURTH: The number of shares voted for the foregoing amendment was _____; and the number of shares voted against such amendment was _____.

IN WITNESS WHEREOF, the undersigned officers of the corporation have executed the Certificate of Amendment on behalf of the corporation this 19th day of May, 2009.

COMSTOCK RESOURCES, INC.

By:
M. Jay Allison, President and Chief
Executive Officer

By:
Roland O. Burns, Secretary

B-1

B-2

COMSTOCK RESOURCES, INC.

ANNUAL MEETING OF STOCKHOLDERS

May 19, 2009

10:00 a.m.

at the Company Headquarters

Directions to
Comstock Resources, Inc.
5300 Town and Country Blvd., Suite 300
Frisco, Texas 75034

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE STOCKHOLDER COMMUNICATIONS

If you would like to reduce the costs incurred by Comstock Resources, Inc. in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access stockholder communications electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Comstock Resources, Inc., Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

COMSTOCK RESOURCES, INC.
5300 TOWN AND COUNTRY BLVD.
SUITE 500
FRISCO, TX 75034

TO VOTE, MARK BLOCKS
BELOW IN BLUE OR
BLACK INK AS
FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

x PLEASE MARK YOUR
VOTES
AS IN THIS EXAMPLE

FOR ALL WITHHOLD
NOMINEES AUTHORITY FOR FOR ALL EXCEPT
(See instructions
below)

Vote on Directors

1. Election of
Two (2) Class C

Directors (term

expires in 2012): _____

NOMINEES:
____ Roland O.
Burns
____ David K.
Lockett

INSTRUCTION: To withhold authority to vote for the individual nominee, mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here: X

Vote on
Proposal

For Against Abstain

- 2. Proposal to adopt the Comstock Resources, Inc. 2009 Long-term Incentive Plan.
- 3. Proposal to amend the Restated Articles of Incorporation which will increase the authorized capital stock of the Company to 80,000,000 shares, of which 75,000,000 shares will be Common Stock.
- 4. Proposal to ratify the appointment of Ernst & Young LLP independent registered public accounting firm for 2009.
- 5. In their discretion on such other matters which may properly come before this meeting.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR PROPOSALS 1, 2, 3 and 4.

NOTE: Please sign exactly as your name appears on this Proxy. When shares are jointly held, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporation name by duly authorized officer, giving full title as such. If signer is partnership, please sign in partnership name by authorized person

SIGNATURE(S)

DATE:

ANNUAL MEETING OF STOCKHOLDERS OF
COMSTOCK RESOURCES, INC.

May 19, 2009

Important Notice Regarding Internet Availability of Proxy Materials for the Annual Meeting:
The Comstock Resources 2008 Annual Report and Proxy Voting Materials are available at
www.comstockresources.com.

Your vote is important. Thank you for voting.
(Complete and mail the proxy card only if you do not vote by phone or internet.)
Proxy Card must be signed and dated on the reverse side.

*/ Please fold and detach card at perforation before mailing */

COMSTOCK RESOURCES, INC.

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS
ANNUAL MEETING OF STOCKHOLDERS – MAY 19, 2009

The undersigned hereby appoints M. Jay Allison and Roland O. Burns, and each of them with full power of substitution, attorneys, agents and proxies of the undersigned to vote as directed on the reverse the shares of stock which the undersigned would be entitled to vote, if personally present, at the Annual Meeting of Stockholders of Comstock Resources, Inc. to be held Tuesday, May 19, 2009 at 10:00 a.m. and any adjournment or adjournments thereof. The undersigned hereby revokes any proxy or proxies heretofore given to vote upon or act with respect to such shares of stock and hereby ratifies and confirms all that said attorneys, their substitutes, or any of them, may lawfully do by virtue hereof.

(Continued and to be Signed on Reverse Side.)