

**COMSTOCK RESOURCES, INC.**

**POLICY ON COMPLIANCE WITH FEDERAL SECURITIES LAWS**

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**THIS POLICY APPLIES TO ALL DIRECTORS AND OFFICERS OF COMSTOCK RESOURCES, INC.**

*You should read this Policy carefully, ask questions of the compliance officer listed below if you have any, and promptly sign and return the attached Certification acknowledging receipt to:*

Roland O. Burns  
Comstock Resources, Inc.  
5300 Town and Country Blvd.  
Suite 500  
Frisco, TX 75034

Comstock Resources, Inc. (the "Company") has adopted this Policy on Compliance with Federal Securities Laws to apply to each director, officer and principal stockholder of the Company (each an "insider" or "you"). "Section 16 Persons" are officers and directors of the Company and any person who beneficially owns 10% or more of the Company's Common Stock, par value \$0.50 per share ("Common Stock").

As part of this Policy, the Company has adopted a program to assist insiders to meet their compliance responsibilities. All insiders of the Company must comply strictly with this policy. Exceptions to this Policy may be made only by the written approval of the Board of Directors or the committee or persons to whom the Board of Directors may delegate authority to waive compliance. The Company reserves the right to amend or rescind this Policy or any portion of it at any time and to adopt different policies and procedures at any time.

For purposes of this Policy, "officer" means the Company's chief executive officer, president, executive vice president, chief financial officer, principal accounting officer (or, if there is no such accounting officer, the controller), any vice-president of the company in charge of a principal business unit, division or function (such as business development or acquisitions), any other officer who performs a policy-making function as determined from time to time by the Company's Board of Directors, or any other person who performs similar policy-making functions of the Company as determined from time to time by the Company's Board of Directors. Officers of the Company's subsidiaries shall also be deemed officers of the Company if they perform policy-making functions for the Company as determined from time to time by the Company's Board of Directors.

## STATEMENTS OF POLICY

### 1. Reporting of Stock Transactions by Section 16 Persons

**Policy:** The Company's policy is that all transactions involving the Company's stock (including buying, selling, gifts, or pledges) must be pre-cleared by the Compliance Officer and each Section 16 Person must file with the Securities and Exchange Commission (the "SEC"), the New York Stock Exchange ("NYSE"), and the Company all reports required of the Section 16 Person under Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act"). The reports must be completed accurately and filed on time. Once a year, each Section 16 Person must certify in writing to the Company that all reports required of the Section 16 Person were filed accurately and on time, or the Section 16 Person must disclose in writing any failures.

**Explanation:** Section 16 Persons are required to report their ownership of and transactions in the Company's equity securities. They must also report their ownership of and transactions in other instruments that derive their value from the Company's equity securities (these other instruments are called "derivative securities"). The reports must also disclose all the Company's stock and derivative securities held by a Section 16 Person's spouse, children, and any other relative who lives in that person's house.

The Company is required to disclose the names of all who have filed a required report late, or failed to file. The disclosure will be sent to all stockholders in the Company's proxy statement for its annual meeting and will also be included in an annual report to the SEC. This can result in significant public embarrassment to the person and the Company. The SEC has been granted broad authority under Sarbanes to seek "any equitable relief that may be appropriate or necessary for the benefit of investors."

Currently, three kinds of reports are required under Section 16(a) of the Exchange Act. A copy of each form is attached to this Policy. The first is an initial report called a Form 3. Each Section 16 Person must report his or her initial stock ownership on Form 3 within 10 days of becoming an insider.

The second is a report called a Form 4. **Each Section 16 Person must report applicable transactions on Form 4 to the SEC before the end of the second business day following the day on which the transaction has been executed.** Under the applicable rules, transactions that are subject to the two-day filing deadline include:

- purchases or sales of stock, regardless of whether the transactions occur in the open market or between the Section 16 Person and the Company; and
- grants of stock options and restricted stock and certain other accruals of stock or stock units that may occur under officer or director compensation plans.

While some transactions will be exempt from reporting or eligible for some reporting deferral, most transactions will not. As a result, it will be more important than ever for Section 16 Persons and the Company to remain active and involved in planning for and reporting Section 16 transactions.

The transactions that must be reported include not only purchases or sales of stock, but other changes in the nature of ownership such as transfers to a family trust. Some transactions are exempt from immediate reporting and may be reported at the end of the year on a Form 5, such as bona fide gifts. Nevertheless, Section 16 Persons are urged to report all transactions currently on a Form 4 to avoid forgetting about the transaction in the Form 5. Although the SEC considered adopting a rule that would require pledges of stock to be reported, the rule has not yet been adopted. In addition to reports due while a person is a Section 16 Person, officers and directors (but not 10% owners) must report any changes that occur after they are no longer Section 16 Persons if the changes take place within six months of any transaction that occurred while they were Section 16 Persons.

The third is a year-end report called a Form 5. It must be filed within 45 days after the end of the Company's fiscal year to report any exempt transactions not already reported on a Form 4. The Form 5 must also report failures to file previously due reports. Upon notification to the Compliance Officer of a transaction, the Compliance Officer will determine if the transaction should be reported on a Form 4 or Form 5.

**The SEC rules require that the Company make your Form 3, 4 and 5 filings available on its website and via EDGAR.**

**Electronic Filing.** These forms must be filed online through the SEC's EDGAR system. To facilitate EDGAR filing on your behalf, we can request EDGAR filing numbers for each of you. These filing numbers are your personal numbers and will be usable by you in the event you determine to file on your own. To request EDGAR filing numbers for you, we will need you to sign and return the attached power of attorney.

## **2. Prohibition Against Short-Swing Trading**

**Policy:** The Company's policy is that no Section 16 Person may engage in a transaction that gives rise to liability to disgorge profits under Section 16(b) of the Exchange Act. If a Section 16 Person engages in such a transaction, the Section 16 Person must promptly notify the Company of the transaction and pay to the Company the profits for which the Section 16 Person is liable under Section 16(b) of the Exchange Act.

**Explanation:** Under Section 16(b) of the Exchange Act, Section 16 Persons will be liable for any profits they receive upon the sale and purchase, or purchase and sale, of the Company's stock within a six-month period. In other words, if a Section 16 Person both buys and sells stock within any six-month period, such Section 16 Person will be liable to the Company for the excess of the sales price over the purchase price. This liability can exist regardless of the order of the transactions. For example, if Section 16 Person sells a share of stock at \$10.00 and then buys a share of stock within six months at \$5.00, such Section 16 Person will be liable to the Company for \$5.00. This liability is known as a "short-swing profit." The liability does not depend on whether the Section 16 Person has inside information when making one of the trades. It also does not matter whether the transactions are in the public market or are private. The liability simply depends on whether the transactions occur within six months of each other. Some lawyers and law firms specialize in identifying short-swing transactions and bringing lawsuits to recover the short-swing profits and obtain payment for their

fees. Also, the Internal Revenue Service generally treats short-swing profits as part of a Section 16 Person's taxable income, even if the Section 16 Person has to disgorge the profits.

The SEC has exempted a few transactions from short-swing liability; however, every Section 16 Person should assume that each transaction can be matched with all other transactions within six months before or after the transaction unless such Section 16 Person has received competent legal advice that it is an exempt transaction.

### **3. Prohibition Against Hedging**

***Anti-Hedging Policy.*** Section 16 officers (as defined by the SEC Rule 16a-1(f) promulgated under the Securities Exchange Act of 1934) ("Executive Officers"), members of the Board of Directors ("Directors"), and all other employees of the Company are prohibited from purchasing, directly or through a designee, any financial instrument that is designed to hedge or offset any decrease in the market value of the Company's common stock or debt, including, but not limited to, prepaid forward contracts, options, puts, calls, equity swaps, collars, other derivative instruments, or any other similar type of financial transaction ("Hedging Transaction"). Executive Officers, Directors, and all other employees are also prohibited from engaging in short sales related to the Company's common stock.

***Explanation:*** Section 16(c) of the Exchange Act prohibits an issuer's Section 16 Persons from making short sales of any equity securities of the issuer, regardless of whether that class of securities is itself registered under the Exchange Act. Short sales are sales of securities that the seller does not own at the time of the sale or, if owned, that will not be delivered within 20 days of the sale. One usually sells short when one thinks the market is going to decline substantially or the stock will otherwise drop in value. If the stock falls in price as expected, the person selling short can then buy the stock at a lower price for delivery at the earlier sale price (this is called "covering the short") and pocket the difference in price as profit. In addition to the fact that it is illegal for Section 16 Persons to sell their company's securities short, the Company believes it is inappropriate for its Section 16 Persons to bet against the Company's securities in this way. Puts, calls and options for the Company's securities (other than employee benefit plan options) also afford the opportunity for Section 16 Persons to profit from a market view that is adverse to the Company, and they carry a high risk of inadvertent short-swing trading and other securities law violations.

In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act amended Section 14 of the Exchange Act to authorize the SEC to adopt rules requiring that a company disclose whether any director or employee of the Company, or their designees, is permitted to purchase financial instruments designed to hedge or offset the market value of the equity securities granted to such person as part of his/her compensation. Rather than grant the right to enter into such hedging transactions to particular officers, directors or other employees and assume the additional burden of disclosing such transactions to shareholders in the proxy materials, the Company has established a policy forbidding any employee or any designee of such a person from engaging in any hedging transaction with respect to any securities of the Company.

#### 4. Prohibition Against Insider Trading

**Policy:** The Company's policy prohibits you, your spouse, or any relative living in your house from trading or tipping others who may trade in the Company's securities if at that time the insider or that person possess material, nonpublic information about the Company. You, your spouse, or any relative living in your home are also prohibited from trading or tipping others who may trade in the securities of another company if you learn material, nonpublic information about the other company in connection with your employment or position at the Company. This prohibition applies even if you receive pre-clearance for a transaction and the transaction will occur during a trading window (see below for description of trading windows).

**Explanation:** It is generally illegal for any person, either personally or on behalf of others, to trade in securities on the basis of material, nonpublic information. It is also generally illegal to communicate (or "tip") material, nonpublic information to others who may trade in securities on the basis of that information. These illegal activities are commonly referred to as "insider trading."

Penalties for insider trading violations include imprisonment for up to 20 years, civil fines of up to three times the profit gained or loss avoided by trading, and criminal fines of up to \$5 million. There also may be liability to those damaged by the trading. A company whose employee or director violates the insider trading prohibitions may be liable for a fine of up to the greater of \$25 million or three times the profit gained or loss avoided as a result of the employee's insider trading violation.

**What information is material?** All information that a reasonable investor would consider important in deciding whether to buy, sell, or hold securities is considered material. Information that is likely to affect the price of a company's securities is almost always material. Examples of some types of material information are:

- financial results for the quarter or the year,
- financial forecasts and budgets,
- possible mergers, acquisitions, joint ventures and other purchases and sales of companies and investments in companies,
- the gain or loss of important leases or contracts,
- major financing developments,
- major personnel changes, and
- major litigation and/or regulatory developments.

**What is nonpublic information?** Information is considered to be nonpublic unless it has been effectively disclosed to the public. Examples of public disclosure include public filings with the SEC and the Company's press releases. For information to be considered public, it must not only be disclosed publicly, but adequate time must have passed for the market as a whole to assess the information. Although timing may vary depending upon the circumstances, for purposes of this Policy information is not considered public until the third business day after the Company publicly discloses it.

***What transactions are prohibited?*** When you know material, nonpublic information about any company, then you, your spouse and relatives living in your house generally are prohibited from three activities:

- trading in that company's securities (including both purchases and sales, trading in options, puts and calls for that company's securities),
- having others trade for you in that company's securities, and
- disclosing the information to anyone else who then might trade.

You, anyone acting on your behalf, and anyone who learns the information directly or indirectly from you (including your spouse and family members) are prohibited from trading. This prohibition continues whenever and for as long as you are in possession of material, nonpublic information.

Although it is most likely that any material, nonpublic information you might learn would be about the Company or its subsidiaries, these prohibitions apply to trading in the securities of any company about which you have material, nonpublic information that you obtained in the course of your employment with the Company.

***Transactions Under Pre-Existing Plans.*** The SEC has adopted a rule that would allow you to establish a plan to buy or sell shares at specified intervals even if you are aware at the time the actual purchase or sale takes place of material non-public information. In general, the transaction must be effected under a documented and specific pre-existing plan, contract or instruction under which you do not exercise any later influence. We are not recommending or suggesting you establish this type of plan. If you are thinking of establishing this type of plan, please contact the Compliance Officer.

The prior notification procedures described above and blackout and window periods described below do not apply to transactions under these plans but a plan may not be established while you are in possession of material non-public information.

***Unauthorized Disclosure:*** As previously discussed, the disclosure of material, nonpublic information to others can lead to significant legal difficulties, fines and punishment. You should not discuss material, nonpublic information about the Company or its subsidiaries with anyone, including other employees, except as required in the performance of your regular duties on a need-to-know basis. However, if you become aware of information about the Company that is material or may become material, you should promptly communicate the information to your supervisor and request that the supervisor communicate the information directly to the Company's Chief Executive Officer and/or Compliance Officer.

Also, it is important that only a few representatives of the Company discuss the Company and its subsidiaries with the news media, securities analysts, and investors. Inquiries about the Company from these people should be referred to Roland O. Burns, Chief Financial Officer, at (972) 668-8811.

***Confidential Information:*** The Company has strict policies to safeguard the confidentiality of its internal, proprietary information. These include identifying, marking and safeguarding confidential information. You should comply with these policies at all times.

*Questions:* Please direct all questions to Roland O. Burns at (972) 668-8811.

**Your failure to observe this policy could lead to significant legal problems (both for the Company and yourself) and could have other serious consequences, including the termination of your employment.**

## **COMPLIANCE PROGRAM**

The Section 16 Person is solely responsible to prepare and file Forms 3, 4 and 5 and to comply with the other rules in Section 16 of the Exchange Act. Because the laws, rules and forms are very complicated, each Section 16 Person will need legal advice or the assistance of another trained person to be able to comply with the insiders' obligations. Because it may be impractical and costly for each of the Company's Section 16 Persons to have separate assistance, the Company has established a program to help its Section 16 Persons comply with Section 16 of the Exchange Act. **Each Section 16 Person must follow the procedures of the program unless the Board of Directors approves otherwise.** However, each Section 16 Person is free to engage legal counsel of the Section 16 Person's choice (at the Section 16 Person's own expense) to assist the Section 16 Person in complying with the program and Section 16. The program is intended to assist Section 16 Persons, not to shift compliance responsibility to the Company or the Compliance Officer. Neither the Company nor its Compliance Officer assumes liability for a Section 16 Person's compliance; the Section 16 Person must ensure his or her compliance with securities laws.

The highlights of the compliance program are:

- ***Designation of a Compliance Officer*** to assist all Section 16 Persons in preparing all Form 3, Form 4 and Form 5 filings.
- ***Use of a Knowledgeable Broker*** to assist in preventing inadvertent short-swing profit and filing violations.

### **1. Filing Compliance Procedures**

***Compliance Officer:*** Roland Burns is the Compliance Officer designated to assist all Section 16 Persons in preparing and reviewing all Form 3, Form 4 and Form 5 filings. The Compliance Officer is responsible for monitoring all transactions by Section 16 Persons, preparing the appropriate Form for the Section 16 Person's signature and filing the Form. The Compliance Officer cannot adequately monitor transactions unless you provide him with the information he needs to assist you in complying with your reporting requirements. The Compliance Officer must also maintain records of all Section 16 Person filings, including originally signed copies of each Form and proof of the filing date of the Forms. Please promptly provide the Compliance Officer with each Form 3, 4, and 5 that you file with the SEC. The Compliance Officer may seek assistance within the Company or from outside counsel as the Compliance Officer deems appropriate.

***Power of Attorney:*** In order for the Company to assist you in preparing and filing your Section 16 reporting forms in the required time period, you are required to sign and return the attached Power of Attorney authorizing Company representatives to act on your behalf, **to the**

**extent that you have not already done so.** In executing the Power of Attorney, please understand that the Company will attempt to timely and accurately file Section 16 reporting forms on your behalf. However, because of the short reporting deadline, possible time zone differences, and the Company's need to rely on others, including brokers, the Company may not always be able to achieve that goal. The Company will take the steps it believes are appropriate to verify information before filing a Form 4, although there may be times that – in order to meet the filing deadline – we may file on your behalf without seeking your confirmation of the information reported.

## **2. Short-Swing Profit and Insider Trading Liability Preventive Procedures**

***Blackout Periods:*** The blackout periods **commence** at midnight, Dallas time, on the last day of the calendar month in which the Company's fiscal quarter ends, and **end** at midnight, Dallas-time, on the second business day following the date of the Company's conference call for reporting the results of such quarter.

The Company may prohibit trades at any time if at the time, the Company believes trading by insiders would be inappropriate because of developments at the Company that are or could become material. The Compliance Officer is responsible for advising whether or not the blackout period is in effect.

***Mandatory Preclearance:*** **As an insider, if you intend to engage in any trade, you must receive permission in advance from the Compliance Officer; provided however, that trades made through the Company's 401(k) plans do not require pre-clearance from the Compliance Officer; provided, further, that you are prohibited from making any changes to your 401(k) elections during the blackout period.** All requests for preclearance should be submitted orally to the Compliance Officer at least one business day in advance of the proposed transaction. Section 16 Persons are responsible for personally speaking with the Compliance Officer. The Company will require detailed information on the proposed transaction. The Compliance Officer will not approve transaction requests during a blackout period except in the rare case when a waiver is properly obtained in accordance with this Policy. The Compliance Officer may refuse to permit any transaction if he determines that the transaction could give rise to a charge of insider trading. The Compliance Officer may consult with the Company's legal counsel before responding to your request.

If you are advised that a blackout period exists, you may not buy or sell the Company's securities under any circumstances until you are advised that the blackout period has ended and your transaction is specifically approved. In addition, you may not inform anyone else within or outside the Company that a blackout period exists (other than the Compliance Officer or that officer's substitute, or except as authorized in writing by the Compliance Officer). If you were to trade in the Company's stock during the blackout period, the SEC could presume that you traded with inside information.

After you receive permission to engage in a transaction, you must complete your transaction within 48 hours or make a new request for clearance.

**Regulation BTR.** Regulation BTR applies to an issuer if a significant percentage of its employees have the opportunity to trade in its equity securities through an individual account plan, such as a 401(k) plan or a non-qualified deferred compensation plan. This may be through a "company stock fund" investment account, or through a brokerage "window," where employees may invest in all publicly traded securities, including issuer equity securities, by using an individual brokerage account option offered under the plan. Section 306(a) of the Act prohibits a director or executive officer of an issuer of any equity security from, directly or indirectly, acquiring or transferring any equity security of the issuer during a pension fund blackout period if the equity security was acquired in connection with such person's service as a director or executive officer. Section 306(a) also requires issuers to give directors, executive officers and the SEC notice of such blackout periods. A violation of the trading restrictions described above is considered a violation of the Securities Exchange Act of 1934, as amended, and is subject to all resulting sanctions, including enforcement action by the SEC. As the Company's policy is to require pre-clearance of all transactions in the Company's securities, you should be able to easily comply with this new regulation.

**Knowledgeable Broker:** Each Section 16 Person should use only a broker who is familiar with the requirements of Section 16 under the Exchange Act, Rule 144 under the Securities Act of 1933, and this Policy. The Compliance Officer will maintain the name, address and phone number of a broker whom the Compliance Officer believes meets these requirements. Section 16 Persons whose brokers do not meet the requirements are encouraged to use the broker identified by the Compliance Officer, but in any case should change brokers in order to have a knowledgeable broker.

Section 16 Persons should remember that a broker has no legal responsibility for a client's Section 16 filing or short-swing profit rule violations.

**Communicating Potential Material Information:** If you become aware of information about the Company that is or may become material, you should promptly communicate that information to the Chief Executive Officer of the Company as well as to the Compliance Officer. This communication is very important to allow the Company to determine whether, how and when the information should be reported to the public. It is also critical to permit the Compliance Officer to determine whether to permit Company transactions in the Company's securities. Except for this communication, you should keep the information confidential and share it only with the Company's employees, accountants and legal counsel who have a need to know as directed by the Chief Executive Officer. If you have any doubt about whether information may be material, you should err in favor of prompt communication to the Chief Executive Officer and Compliance Officer.

**Reporting Violations:** If you know or have reason to believe that this Policy has been or is about to be violated in any way, you should promptly bring the actual or potential violation to the attention of the Compliance Officer.

**Waivers; Modifications:** Exceptions to this Policy may be made only by the written approval of the Board of Directors or the committee or persons to whom the Board of Directors may delegate authority to waive compliance. The Company reserves the right to amend or rescind

this Policy or any portion of it at any time and to adopt different policies and procedures at any time.

***Questions:*** If you have any questions about this Policy, you should contact the Compliance Officer. The Compliance Officer may refer the question to the Company's legal counsel before responding.