

W&T OFFSHORE INC  
Form DEF 14A  
August 04, 2016  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**SCHEDULE 14A**  
**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12

**W&T Offshore, Inc.**

**(Name of Registrant as Specified in its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  
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  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
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- .. Fee paid previously with preliminary materials.
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August 4, 2016

Dear Shareholder:

It is my pleasure to invite you to the Special Meeting of Shareholders of W&T Offshore, Inc., a Texas corporation, to be held on Thursday, September 1, 2016 at 8:00 a.m., Central Daylight Time, at the offices of the Company, Nine Greenway Plaza, Suite 300, Houston, Texas 77046. I hope you will be able to attend.

The Special Meeting is being called to request approval by our shareholders of:

an amendment to our Amended and Restated Articles of Incorporation, as amended, in substantially the form attached to the proxy statement (the *Proxy Statement*) as Appendix A, to increase the number of authorized shares of the Company's common stock, par value \$0.00001 per share (*Common Stock*), to 200,000,000 shares (the *Authorized Shares Proposal*); and

for purposes of the rules of the New York Stock Exchange, the issuance of up to 62,100,000 shares of our Common Stock in connection with the exchange offer described below (the *Exchange Offer Proposal* and, together with the *Authorized Shares Proposal*, the *Proposals*).

The *Proposals* are being submitted to our shareholders in connection with an offer to exchange (the *Exchange Offer*) the Company's outstanding 8.50% Senior Notes due 2019 (the *Notes*) for up to (assuming 100% participation): (i) 62,100,000 shares of Common Stock of the Company, which will represent 45% of the Company's total equity upon consummation of the *Exchange Offer* (the *Shares*), (ii) \$202.5 million aggregate principal amount of new second lien exchange notes due May 2020 on terms substantially identical to the Company's existing 9.00% second lien term loans, except that the interest on the new second lien exchange notes may be paid in kind at the option of the Company at a rate of 10.75% per annum for the 18 months after issuance and is otherwise payable in cash at a rate of 9.00% per annum, and (iii) \$180 million aggregate principal amount of new unsecured exchange notes due June 2021 on terms substantially identical to the *Notes*, except that the interest on the new unsecured notes may be paid in kind at a rate of 10.00% per annum for the first 2 years after issuance and is otherwise payable in cash at a rate of 8.50% per annum. The *Exchange Offer* is intended to reduce our outstanding indebtedness, preserve liquidity, reduce interest expense and increase our ability to comply with our debt instruments during the current decline in the oil and gas industry. If we are unable to successfully consummate the *Exchange Offer* and address our near term liquidity needs, we may be unable to satisfy our future debt service obligations, meet other financial obligations and comply with the debt covenants governing our indebtedness, and we may seek relief under the U.S. Bankruptcy Code, which such relief may include: (i) seeking bankruptcy court approval for the sale or sales of some, most or substantially all of our assets and a subsequent liquidation of the remaining assets in the bankruptcy case; (ii) pursuing a plan of reorganization or (iii) seeking another form of bankruptcy relief, all of which involve uncertainties, potential delays and litigation risks. In such an event, holders of the *Notes* and our Common Stock may receive little or no consideration. The *Exchange Offer* will be conditioned upon, among other things, the approval of both of the *Proposals*. The amendment to our Amended and Restated Articles of Incorporation to increase the number of authorized shares of our Common Stock to be approved at this Special Meeting shall only become effective in connection with the *Exchange Offer*.

Our Board of Directors believes that each of the *Authorized Shares Proposal* and the *Exchange Offer Proposal* is in the best interests of the Company and its shareholders and, therefore, recommends that you vote **FOR** each of the

Proposals.

**The Proxy Statement does not constitute the Exchange Offer, which is being conducted pursuant to a separate offer to exchange.**

Additional details of the business to be conducted at the Special Meeting are provided in the attached Notice of Special Meeting of Shareholders and Proxy Statement. You received these materials with a proxy card that

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indicates the number of votes that you will be entitled to cast at the Special Meeting according to our records or the records of your broker or other nominee. Our Board of Directors has determined that owners of record of the Company's Common Stock at the close of business on August 4, 2016 are entitled to notice of, and have the right to vote at, the Special Meeting and any reconvened meeting following any adjournment or postponement of the meeting.

Whether or not you attend the Special Meeting, it is important that your shares be represented and voted at the meeting. Therefore, I urge you to promptly vote using the Internet or telephone voting procedures described on the proxy card or vote and submit your proxy by signing, dating and returning the enclosed proxy card in the enclosed envelope. If you decide to attend the Special Meeting, you will be able to vote in person, even if you have previously submitted your proxy.

On behalf of the Board of Directors and our employees, I would like to express my appreciation for your continued interest in our affairs. I look forward to greeting as many of you as possible at the meeting.

Sincerely,

Tracy W. Krohn

Chairman of the Board and

Chief Executive Officer

**Nine Greenway Plaza, Suite 300**

**Houston, Texas 77046**

**Phone (713) 626-8525**

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON SEPTEMBER 1, 2016

Notice is hereby given that the Special Meeting of Shareholders of W&T Offshore, Inc., a Texas corporation, will be held at the offices of the Company, Nine Greenway Plaza, Suite 300, Houston, Texas 77046 on September 1, 2016 at 8:00 a.m., Central Daylight Time, for the following purposes:

1. to approve an amendment to our Amended and Restated Articles of Incorporation, as amended, in substantially the form attached to the proxy statement (the Proxy Statement ) as Appendix A, to increase the number of authorized shares of the Company's common stock, par value \$0.00001 per share ( Common Stock ), to 200,000,000 shares (the Authorized Shares Proposal );
2. to approve, for purposes of the rules of the New York Stock Exchange, the issuance of up to 62,100,000 shares of our Common Stock in connection with the offer to exchange (the Exchange Offer ) the Company's outstanding 8.50% Senior Notes due 2019 (the Notes ) for up to (assuming 100% participation): (i) 62,100,000 shares of Common Stock of the Company, which will represent 45% of the Company's total equity upon consummation of the Exchange Offer (the Shares ), (ii) \$202.5 million aggregate principal amount of new second lien exchange notes due May 2020 on terms substantially identical to the Company's existing 9.00% second lien term loans, except that the interest on the new second lien exchange notes may be paid in kind at the option of the Company at a rate of 10.75% per annum for the 18 months after issuance and is otherwise payable in cash at a rate of 9.00% per annum, and (iii) \$180 million aggregate principal amount of new unsecured exchange notes due June 2021 on terms substantially identical to the Notes, except that the interest on the new unsecured notes may be paid in kind at a rate of 10.00% per annum for the first 2 years after issuance and is otherwise payable in cash at a rate of 8.50% per annum (the Exchange Offer Proposal and, together with the Authorized Shares Proposal, the Proposals ); and
3. to transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

**The Company's Board of Directors recommends that shareholders vote FOR each of the Proposals.**

Only shareholders of record at the close of business on August 4, 2016 will be entitled to notice of, and to vote at, the Special Meeting, or any adjournment or postponement thereof, notwithstanding the transfer of any shares after such date. For specific voting information, see General Information beginning on page 1 of the enclosed Proxy Statement. A list of these shareholders will be open for examination by any shareholder for ten days prior to the date of the Special Meeting at our principal executive offices at Nine Greenway Plaza, Suite 300, Houston, Texas 77046.

Whether or not you attend the Special Meeting, it is important that your shares be represented and voted at the meeting. Therefore, I urge you to promptly vote and submit your proxy. You may vote by telephone, Internet, mail or in person. To vote by telephone, call (1-800-690-6903) using a touch-tone phone to transmit your voting instructions up until 11:59 p.m. (EDT) the day before the date of the Special Meeting. Please have your proxy card in hand when you call and then follow the instructions. To vote electronically, access [www.proxyvote.com](http://www.proxyvote.com) over the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. (EDT) the day before

the date of the Special Meeting. Please have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form. You may vote by mail by signing, dating and returning the enclosed proxy card in the enclosed envelope. If you decide to attend the Special Meeting, you will be able to vote in person, even if you have previously



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submitted your proxy. **Your vote is important. We urge you to review the accompanying Proxy Statement carefully and to submit your proxy as soon as possible so that your shares will be represented at the meeting.**

By Order of the Board of Directors,

Thomas F. Getten  
Corporate Secretary and General Counsel

Houston, Texas

August 4, 2016

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR  
THE SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON SEPTEMBER 1, 2016**

**This Notice of Special Meeting of Shareholders, Proxy Statement, our Annual Report to Shareholders on Form 10-K for the year ended December 31, 2015 and our Quarterly Report on Form 10-Q for the three months ended March 31, 2016 are available at [www.proxyvote.com](http://www.proxyvote.com).**

**Nine Greenway Plaza, Suite 300**

**Houston, Texas 77046**

**Phone (713) 626-8525**

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**W&T OFFSHORE, INC.**

**Nine Greenway Plaza, Suite 300**

**Houston, Texas 77046**

**PROXY STATEMENT**

**SPECIAL MEETING OF SHAREHOLDERS**

**THE SPECIAL MEETING**

This proxy statement (the **Proxy Statement**) is solicited by and on behalf of the Board of Directors (the **Board**) of W&T Offshore, Inc. for use at the Special Meeting of Shareholders (the **Special Meeting**) to be held on September 1, 2016 at the offices of the Company, Nine Greenway Plaza, Suite 300, Houston, Texas 77046, at 8:00 a.m., Central Daylight Time, or at any adjournments or postponements thereof. Unless the context requires otherwise, references in this Proxy Statement to **we**, **us**, **our** and the **Company** refer to W&T Offshore, Inc. The solicitation of proxies by the Board will be conducted primarily electronically and telephonically or by mail for those shareholders who sign, date and return the enclosed proxy card in the enclosed envelope. Officers, directors and employees of the Company may also solicit proxies personally or by telephone, e-mail or other forms of wire or facsimile communication. These officers, directors and employees will not receive any extra compensation for these services. The Company will reimburse brokers, custodians, nominees and fiduciaries for reasonable expenses incurred by them in forwarding proxy materials to beneficial owners of the Company's common stock, par value \$0.00001 per share (the **Common Stock**). The costs of the solicitation will be borne by the Company.

**Purposes of the Special Meeting**

The significant reductions in crude oil, natural gas liquids (**NGLs**) and natural gas pricing commencing in the second half of 2014 and continuing through the first half of 2016 have adversely impacted the Company's financial strength and operations and have directly affected our revenues, profitability, cash flows, liquidity, access to capital and future rate of growth. During 2015 and the first half of 2016, we have taken steps to mitigate the effects of these lower prices including: (i) significantly reducing our budgeted capital spending for 2016; (ii) continuing the suspension of our drilling and completion activities at several locations; (iii) continued suspension of the regular quarterly common stock dividend; (iv) selling certain of our interests; (v) reducing our headcount of employees and contractors; and (vi) continuing the implementation of numerous projects to reduce our operating costs. We continue to focus on conserving capital and maintaining liquidity, as well as to analyze transactions in an effort to further mitigate the effects of lower commodity prices.

In this light, we are calling a Special Meeting of our shareholders to approve the following proposals to effect an exchange offer of our unsecured senior notes: (1) to approve an amendment to our Amended and Restated Articles of Incorporation, as amended, in substantially the form attached hereto as Appendix A, to increase the number of authorized shares of the Company's Common Stock, to 200,000,000 shares (the **Authorized Shares Proposal**); (2) to approve, for purposes of the rules of the New York Stock Exchange, the issuance of up to 62,100,000 shares of our Common Stock in connection with the offer to exchange (the **Exchange Offer**) the Company's outstanding 8.50% Senior Notes due 2019 (the **Notes**) for up to (assuming 100% participation):

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62,100,000 shares of Common Stock of the Company, which will represent 45% of the Company's total equity upon consummation of the Exchange Offer (the Shares);

\$202.5 million aggregate principal amount of new second lien exchange notes due May 2020 on terms substantially identical to the Company's existing 9.00% second lien term loans, except that the interest on the new second lien exchange notes may be paid in kind at the option of the Company at a rate of 10.75% per annum for the 18 months after issuance and is otherwise payable in cash at a rate of 9.00% per annum; and

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\$180 million aggregate principal amount of new unsecured exchange notes due June 2021 on terms substantially identical to the Notes, except that the interest on the new unsecured notes may be paid in kind at a rate of 10.00% per annum for the first 2 years after issuance and is otherwise payable in cash at a rate of 8.50% per annum (the Exchange Offer Proposal and, together with the Authorized Shares Proposal, the Proposals ); and

(3) to transact such other business as may properly come before the meeting and any adjournment or postponement thereof. Although the Board does not anticipate that any other matters will come before the Special Meeting, your executed proxy gives the official proxies the right to vote your shares at their discretion on any other matter properly brought before the Special Meeting.

The consummation of the Exchange Offer is subject to the satisfaction of certain conditions precedent, including, among other things, the valid and effective tender of no less than 95% of the aggregate principal amount of Notes outstanding (the Minimum Tender Condition ), provided that the Company shall be permitted to waive such Minimum Tender Condition, provided, further that if the Exchange Offer is consummated at a participation threshold below 90%, the new unsecured notes will be secured by third-priority liens on substantially all of the Company's and its subsidiary guarantors' assets that secure the Company's revolving bank credit facility.

The Exchange Offer is intended to reduce our outstanding indebtedness, preserve liquidity, reduce interest expense and increase our ability to comply with our debt instruments during the current decline in the oil and gas industry. If we are unable to successfully consummate the Exchange Offer and address our near term liquidity needs, we may be unable to satisfy our future debt service obligations, meet other financial obligations and comply with the debt covenants governing our indebtedness, and we may seek relief under the U.S. Bankruptcy Code, which such relief may include: (i) seeking bankruptcy court approval for the sale or sales of some, most or substantially all of our assets and a subsequent liquidation of the remaining assets in the bankruptcy case; (ii) pursuing a plan of reorganization or (iii) seeking another form of bankruptcy relief, all of which involve uncertainties, potential delays and litigation risks. In such an event, holders of the Notes and our Common Stock may receive little or no consideration.

## **General Information**

### **Q. Why am I receiving these proxy materials?**

A. You are receiving this Proxy Statement and a proxy card from the Company because, on August 4, 2016, the record date for the Special Meeting, you owned shares of the Company's Common Stock. This Proxy Statement describes the matters that will be presented for consideration by the Company's shareholders at the Special Meeting. It also gives you information concerning the matters to assist you in making an informed decision. As discussed in greater detail above, we are calling a Special Meeting of our shareholders to approve proposals to effect an exchange offer of our unsecured senior notes.

### **Q. What am I voting on?**

A. Holders of our Common Stock are being asked to approve:

1. A proposal to amend to our Amended and Restated Articles of Incorporation, as amended, in substantially the form attached hereto as Appendix A, to increase the number of authorized shares of the Company's Common Stock to 200,000,000 shares; and
2. A proposal to approve, for purposes of the rules of the New York Stock Exchange, the issuance of up to 62,100,000 shares of our Common Stock in connection with the Exchange Offer.

**Q. When and where is the Special Meeting?**

- A. The Special Meeting will be held at the offices of the Company, Nine Greenway Plaza, Suite 300, Houston, Texas 77046 on September 1, 2016 at 8:00 a.m., Central Daylight Time.

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**Q. Who is entitled to vote?**

- A. Only holders of record of our Common Stock at the close of business on August 4, 2016, will be entitled to notice of and vote at the Special Meeting.

**Q. Who is soliciting my vote pursuant to this Proxy Statement?**

- A. Our Board is soliciting your vote at the Special Meeting. In addition, certain of our officers and employees may solicit, or be deemed to be soliciting, your vote. We will bear the expense of preparing, printing and mailing this Proxy Statement and the proxies our Board, officers and employees solicit. Proxies will be solicited by mail, telephone, personal contact, and electronic means. We have retained Georgeson LLC to act as a proxy solicitor in conjunction with the Special Meeting. We have agreed to pay Georgeson LLC \$7,500, plus reasonable disbursements for proxy solicitation services and costs and expenses incidental to the solicitation of proxies. We will also request brokerage firms, banks, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares of our Common Stock as of the record date and will reimburse them for the cost of forwarding the proxy materials in accordance with customary practice. Your cooperation in promptly completing and returning the enclosed proxy card will help to avoid additional expense.

**Q. How many shares are eligible to be voted?**

- A. As of the record date of August 4, 2016, we had 76,634,957 shares of Common Stock outstanding. Each outstanding share of our Common Stock will entitle its holder to one vote on each matter to be voted on at the Special Meeting. For information regarding security ownership by the beneficial owners of more than 5% of our common stock and by our directors and management, see Security Ownership of Certain Beneficial Owners and Management.

**Q. How do I vote my shares?**

- A. You may vote your shares either in person or by proxy. To vote by proxy, you may vote via telephone by using the toll-free number listed on the proxy card, via Internet at the website for Internet voting listed on the proxy card, or you may mark, date, sign and mail the enclosed proxy card in the enclosed envelope. Giving a proxy will not affect the right to vote your shares if you attend the Special Meeting and want to vote in person by voting in person you automatically revoke the proxy. If you vote the shares in person, you must present proof that you own the shares as of the record date through brokers' statements or similar proof and identification. You also may revoke the proxy at any time before the meeting by giving the Corporate Secretary written notice of the revocation or by submitting a later dated proxy. If you return the signed proxy card but do not mark your voting preference, the individuals named as proxies will vote the shares in accordance with the recommendations of the Board as set forth below.

**Q. What are my voting choices?**

- A. You may vote FOR or AGAINST or you may ABSTAIN from voting on any proposal to be voted on at the Special Meeting. Your shares will be voted as you specifically instruct. If you sign your proxy or voting instruction card without giving specific instructions, your shares will be voted in accordance with the recommendations of our Board and in the discretion of the proxy holders on any other matters that properly come before the meeting.

**Q. What are the recommendations of the Board?**

- A. 1. The Board unanimously recommends that you vote FOR the approval of the Authorized Shares Proposal.
2. The Board unanimously recommends that you vote FOR the approval of the Exchange Offer Proposal.



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**Q. Can I change or revoke my vote?**

A. Yes. Even if you submitted a proxy by telephone or via the Internet or if you signed the proxy card accompanying this Proxy Statement, you retain the power to revoke your proxy and to change your vote. You can revoke your proxy any time before it is exercised by giving written notice to the Corporate Secretary specifying such revocation. You may also revoke your proxy by a later-dated proxy by telephone or via the Internet or by timely delivery of a valid, later-dated proxy by mail or by voting by ballot at the Special Meeting. Your attendance at the Special Meeting in itself will not automatically revoke a previously submitted proxy. However, if you hold your shares through a broker, bank or nominee and have instructed your broker, bank or nominee how to vote your shares, you must follow directions received from the broker, bank or nominee in order to change your vote or to vote at the Special Meeting.

**Q. What vote is required to hold the Special Meeting?**

There must be a quorum for the Special Meeting to be held. A quorum is the presence at the Special Meeting, in person or by proxy, of the holders of a majority of the shares of Common Stock issued and outstanding and entitled to vote at the Special Meeting on the record date. The presence of the holders of at least a majority of the outstanding shares of Common Stock is required to establish a quorum for the Special Meeting. Proxies that are voted FOR, AGAINST or ABSTAIN with respect to a matter are treated as being present at the Special Meeting for purposes of establishing a quorum and also treated as shares represented and voting at the Special Meeting with respect to such matter. All votes will be tabulated by the inspector of elections appointed for the Special Meeting who will separately tabulate, for each Proposal, affirmative and negative votes, and abstentions.

Any abstentions and broker non-votes (if any) will be counted in determining whether a quorum is present at the Special Meeting.

As of the close of business on August 4, 2016, there were 76,634,957 shares of our Common Stock issued and outstanding and entitled to vote at the Special Meeting. Each holder of our Common Stock is entitled to one vote for each share of Common Stock held as of the close of business on the record date.

**Q. What is a broker non-vote?**

A. Brokers are permitted to vote on discretionary items if they have not received instructions from the beneficial owners, but they are not permitted to vote (a broker non-vote) on non-discretionary items absent instructions from the beneficial owner. With respect to the Special Meeting, brokers are prohibited from exercising discretionary authority with respect to the approval of both the Authorized Shares Proposal and the Exchange Offer Proposal. Therefore, if you hold your shares in street name, you must instruct your broker how to vote for each of the Proposals in order for your shares to be voted at the Special Meeting.

**Q. How many votes are needed to approve each of the proposals?**

A.

The approval of the Authorized Shares Proposal requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of Common Stock entitled to vote on this proposal. Abstentions will have the same effect as a vote against the Authorized Shares Proposal.

The approval of the Exchange Offer Proposal requires the affirmative vote of a majority of the outstanding shares of Common Stock entitled to vote on this proposal. Abstentions will have the same effect as a vote against the proposal. As of July 15, 2016, Mr. Tracy W. Krohn, our Chairman of the Board and Chief Executive Officer, controlled approximately 52.26% of the voting power entitled to vote at the Special Meeting. Mr. Krohn has the requisite voting power to constitute a quorum at the Special Meeting and to ensure the approval of the Exchange Offer Proposal. Mr. Krohn intends to vote all of his shares of Common Stock in favor of the Proposals.

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**Q. What do I need to do now?**

- A. We urge you to read this Proxy Statement carefully and to consider how approving each proposal affects you. Then mail your completed, dated and signed proxy card in the enclosed return envelope as soon as possible so that your shares can be voted at the Special Meeting. Holders of record may also vote by telephone or via the Internet by following the instructions on the proxy card, or they may vote in person at the Special Meeting.

**Q. What happens if I do not respond or if I respond and fail to indicate my voting preference or if I abstain from voting?**

- A. If you fail to sign, date and return your proxy card or fail to vote by telephone or via the Internet as provided on your proxy card, your shares will not be counted towards establishing a quorum for the Special Meeting, which requires holders representing a majority of the outstanding shares of our Common Stock to be present in person or by proxy. As of July 15, 2016, Mr. Krohn, our Chairman of the Board and Chief Executive Officer, controlled approximately 52.26% of the voting power entitled to vote at the Special Meeting and has the requisite voting power to constitute a quorum at the Special Meeting.

If you respond and do not indicate your voting preference, we will count your proxy as a vote in favor of the approval of each of the Proposals. Abstentions will have the same effect as a vote against each of the Proposals.

**Q. What will happen if the Proposals are not approved?**

- A. If either of the Proposals is not approved, we will be unable to consummate the proposed Exchange Offer on the terms currently contemplated, and we may consider alternative transactions in effort to reduce our outstanding indebtedness, preserve liquidity, reduce interest expense and increase our ability to comply with our debt instruments during the current decline in the oil and gas industry.

**Q. Can I vote on other matters?**

- A. We do not expect any other matter to come before the meeting. If any other matter is presented at the Special Meeting, the signed proxy gives the individuals named as proxies authority to vote the shares on such matters at their discretion.

**Q. Can I obtain an electronic copy of the proxy materials?**

- A. Yes, this Proxy Statement, the accompanying Notice of Special Meeting of Shareholders and the proxy card are available on the Internet at [www.proxyvote.com](http://www.proxyvote.com).

**Q. What happens if the Special Meeting is adjourned or postponed?**

- A. Although it is not expected, the Special Meeting may be adjourned or postponed for the purpose of soliciting additional proxies. Any adjournment or postponement may be made without notice, other than by an announcement made at the Special Meeting, by approval of the holders of a majority of the outstanding shares of our Common Stock present in person or represented by proxy at the Special Meeting, whether or not a quorum exists. Any signed proxies received by the Company will be voted in favor of an adjournment or postponement in these circumstances. Any adjournment or postponement of the Special Meeting for the purpose of soliciting additional proxies will allow Company shareholders who have already sent in their proxies to revoke them at any time prior to their use.

**Q. Who can help answer my other questions?**

- A. If you have more questions about the proposals or voting, you should contact Georgeson LLC who is assisting us with the proxy solicitation by calling toll free at 1-800-868-1390. If your shares are held in an account at a broker, dealer, commercial bank, trust company or other nominee, you should also call such broker or other nominee for additional information.

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**Copies of the SEC Filings**

Upon written request, we will provide any shareholder, without charge, a copy of our Annual Report on Form 10-K for the year ended December 31, 2015 (the Form 10-K ) and a copy of our quarterly report on Form 10-Q for the three months ended March 31, 2016 (the Form 10-Q ), but without exhibits. Shareholders should direct requests to W&T Offshore, Inc., Attn: General Counsel, Nine Greenway Plaza, Suite 300, Houston, Texas 77046. The Form 10-K and Form 10-Q and the exhibits filed with each report are available on our website at [www.wtoffshore.com](http://www.wtoffshore.com) in the SEC Filings subsection of the Investor Relations section. These materials do not constitute a part of the proxy solicitation materials.

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**BACKGROUND FOR OUR PROPOSALS**

We are an independent oil and natural gas producer with operations offshore in the Gulf of Mexico. We have grown through acquisitions, exploration and development and currently hold working interests in approximately 54 offshore fields in federal and state waters (50 producing and four fields capable of producing). We currently have under lease approximately 850,000 gross acres, with approximately 500,000 gross acres on the shelf and approximately 350,000 gross acres in the deepwater. Our operating results are strongly influenced by the price of the commodities that we produce and sell. The price of those commodities is affected by both domestic and international factors. Beginning in the second half of 2014 and continuing through the first quarter of 2016, crude oil prices have fallen dramatically from a peak of over \$100 per barrel for WTI in June 2014. In addition, prices of NGLs and natural gas have fallen significantly from 2014 levels.

Due to this decline of commodity prices, we expect our future revenues, earnings, liquidity and ability to invest in future reserve growth to continue to be negatively impacted under our existing capital structure. Potential negative impacts of such price weakness include:

our ability to meet our financial covenants in future periods;

recognizing additional ceiling test write-downs of the carrying value of our oil and gas properties;

reductions in our proved reserves and the estimated value thereof;

reductions in our borrowing base under our revolving bank credit facility;

our ability to fund capital expenditures needed to replace produced reserves, which must be replaced on a long-term basis to provide cash to fund liquidity needs described above.

The significant reductions in crude oil and natural gas pricing commencing in the second half of 2014 have adversely impacted our financial strength and have resulted in our inability to meet the relevant financial strength and reliability criteria set forth by the BOEM's supplemental bonding requirements. In February and March 2016, we received several orders from the BOEM demanding that we provide additional supplemental bonding on certain Federal offshore oil and gas leases, rights of way and rights of use and easement that we own or operate. We continue to have discussions with the BOEM regarding these matters and hope to reach a mutual agreement on the financial assurance requirements, but can provide no assurances we will be able to do so. The issuance of any additional surety bonds to satisfy the BOEM orders or any future BOEM orders may require the posting of cash collateral, which may be significant, and the creation of escrow accounts.

As a result of the potential for the events described above, we engaged legal and financial advisors in February 2016 to assist the Board and our management team to evaluate the various alternatives available to us. In May 2016, our advisors initiated discussions with certain holders of the Notes regarding possible deleveraging transactions. These discussions were primarily with the largest holder of the Notes, who owns over fifty percent of both the outstanding principal amount of the Notes and outstanding principal amount of the Existing Term Loans. These discussions resulted in the terms of the proposed Exchange Offer and the new 1.5 Lien Term Loan (as defined below), which are

intended to restructure our balance sheet and improve our liquidity. As of July 25, 2016, we had entered into the Support Agreement (as defined below) with holders of approximately 63.1% of the outstanding principal amount of the Notes, pursuant to which they have agreed to participate in the Exchange Offer subject to the terms and conditions of such agreement. Please see Proposal 2 Approval, For Purposes of the Rules of the New York Stock Exchange, the Issuance of up to 62,100,000 Shares of the Company's Common Stock in Connection with the Proposed Exchange Offer of the Company's Outstanding 8.50% Senior Notes due 2019 The Exchange Offer.

The Board has considered the Exchange Offer as well as various alternatives, including not engaging in any transaction.

**Table of Contents****Effects of the Exchange Offer on Our Capital Structure and Capital Stock.**

The following table sets forth our capitalization and cash and cash equivalents as of March 31, 2016 on:

a historical basis; and

as adjusted to give effect to the repayment of \$76.0 million and \$64.0 million under our revolving bank credit facility in May 2016 and June 2016, respectively, the issuance of \$75.0 million aggregate principal amount of 1.5 Lien Term Loan, the consummation of the Exchange Offer, assuming the exchange of \$855.0 million aggregate principal amount of Notes in exchange for (i) 58,995,000 Shares, (ii) \$192.4 million aggregate principal amount of New Second Lien Notes and (iii) \$171.0 million aggregate principal amount of New Unsecured Notes.

	<b>As of March 31, 2016</b>	
	<b>Historical</b>	<b>As Adjusted<sup>(4)</sup></b>
	<b>(In thousands)</b>	
Cash and cash equivalents <sup>(1)</sup>	\$ 370,623	\$ 288,323
Long-term debt:		
Revolving bank credit facility	\$ 288,000	\$ 148,000
1.5 Lien Term Loan		75,000
Existing Term Loans	300,000	300,000
New Second Lien Notes		192,375
Notes	900,000	45,000
New Unsecured Notes		171,000
<b>Total long-term debt</b>	<b>1,488,000</b>	<b>931,375</b>
Shareholders' equity (deficit):		
Common stock, \$0.00001 par value; 200,000,000 shares authorized <sup>(2)</sup> ; 76,506,489 shares outstanding on a historical basis and 135,501,489 shares outstanding, as adjusted for the Exchange Offer	1	1
Additional paid-in capital <sup>(3)</sup>	426,035	555,234
Retained earnings (deficit)	(1,116,333)	(925,333)
Treasury stock, at cost; 2,869,173 shares	(24,167)	(24,167)
<b>Total shareholders' equity (deficit)</b>	<b>(714,464)</b>	<b>(394,265)</b>
<b>Total capitalization</b>	<b>\$ 773,536</b>	<b>\$ 537,110</b>

(1) Reflects the repayments under our revolving bank credit facility, issuance of the 1.5 Lien Term Loans and payment of estimated transaction costs associated with the Exchange Offer and Consent Solicitation.



- (2) After giving effect to, and assuming the approval by our shareholders of, the Authorized Shares Proposal and the Exchange Offer Proposal at the Special Meeting.
- (3) Adjustments were determined using the Company's share price at March 31, 2016.
- (4) Reflects the impact of the Exchange Offer with new debt amounts stated at face value and the estimated gain expected to be recorded and excludes any consideration to the tax expense impact, if any, from recording such gain. The gain computation assumes exercising the payment-in-kind option to the extent possible for both the New Second Lien Notes and the New Unsecured Notes. The table excludes adjustments to carrying amounts from the anticipated accounting for the Exchange Offer as a troubled debt restructuring under GAAP.

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The following table depicts the pro forma impact of the Exchange Offer on the ownership of our Common Stock (in thousands) as of March 31, 2016:

			<b>Pro Forma for the Exchange Offer Assuming Minimum Conditions Met</b>	
	<b>No. of Shares</b>	<b>Percentage of Common</b>	<b>No. of Shares</b>	<b>Percentage of Common</b>
Existing Common Shareholders	35,131,938	45.92%	35,131,938	25.93%
Holder of the Notes			58,995,000	43.54%
Officers and Directors of the Company	41,374,551	54.08%	41,374,551	30.53%
Total	76,506,489	100.00%	135,501,489	100.00%

The Board has considered the effects the Exchange Offer would likely have on our capital structure and the holders of our Common Stock, including:

the significant reduction in debt versus substantial dilution to our outstanding Common Stock expected to result from the Exchange Offer; and

our increased ability to address our near-term liquidity needs, including the material reduction of cash interest expense on our debt obligations and the increased liquidity from new capital.

*Alternatives to the Exchange Offer.* The Board considered possible alternatives to the Exchange Offer and the consequences of such alternatives, including seeking relief under the U.S. Bankruptcy Code, in which case we expect that the holders of the Notes and Common Stock would likely receive little or no consideration for their securities.

*Consequences if We are Unable to Consummate the Exchange Offer:* The Board considered the likely impact on the Company if we are unable to consummate the Exchange Offer or fail to obtain the approval of either of the Proposals, including:

we are unlikely to be able to address our near-term and longer-term liquidity needs; and

we may be required to seek relief under the U.S. Bankruptcy Code, in which case we expect that the holders of the Notes and Common Stock would likely receive little or no consideration for their securities.

*View of Management.* The Board considered the effects that the Exchange Offer is expected to have on us, and management's view is that the substantial debt reduction contemplated by the Exchange Offer is critical to our continuing viability. If we are unable to successfully consummate the Exchange Offer and address our near-term

liquidity needs, we may be unable to satisfy our future debt service obligations, meet other financial obligations and comply with the debt covenants governing our indebtedness, and we may seek relief under the U.S. Bankruptcy Code, which such relief may include: (i) seeking bankruptcy court approval for the sale or sales of some, most or substantially all of our assets and a subsequent liquidation of the remaining assets in the bankruptcy case; (ii) pursuing a plan of reorganization; or (iii) seeking another form of bankruptcy relief, all of which involve uncertainties, potential delays and litigation risks. In such an event, holders of the Notes and our Common Stock may receive little or no consideration.

*Consequences if We Complete the Proposed Exchange Offer.* The Board considered management's view that, under the capital structure resulting from the proposed Exchange Offer, we will be able to continue investing in exploration and development in order to maintain production and would have greater flexibility to operate until commodity prices normalize and to take advantage of any future recovery in oil and natural gas prices.

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Having considered all of the above factors, the Board determined that the Exchange Offer is in the best interests of the holders of our Common Stock in their capacity as such and are critical to our continuing viability. The foregoing discussion of the information and factors considered by the Board is not intended to be exhaustive and may not include all of the information and factors considered by the Board. The Board, in making its determination regarding the Exchange Offer, did not find it useful to and did not quantify or assign any relative or specific weights to the various factors that it considered. Rather, the Board views its determination and recommendation as being based on an overall analysis and on the totality of the information presented to and factors considered by it. In addition, in considering the factors described above, individual members of the Board may have given differing weights to different factors, and may have viewed some factors relatively more positively or negatively than others. The Board's determination that the Exchange Offer is in the best interests of the holders of our Common Stock was the result of extensive negotiations between management and a significant holder of Notes and their respective legal and financial advisors, the results of which were regularly communicated to the Board.

**Recommendation of the Board of Directors**

The Board determined that the Exchange Offer is in our and our shareholders best interests. Accordingly, the Board determined to (1) approve the Exchange Offer, including the Proposals, (2) submit the Proposals to our shareholders and (3) recommend that our shareholders adopt the Proposals.

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**PROPOSAL 1**

**AMENDMENT NO. 2 TO AMENDED AND RESTATED ARTICLES OF INCORPORATION OF  
W&T OFFSHORE, INC.**

**The Proposal**

The Board has approved and is recommending to the shareholders for approval at the Special Meeting, an amendment to ARTICLE IV of the Company's Amended and Restated Articles of Incorporation, as amended, which sets forth the terms of the Company's authorized capital stock. ARTICLE IV currently authorizes 118,330,000 shares of Common Stock, par value \$0.00001 per share, as well as 20,000,000 shares of preferred stock, par value \$0.00001 per share. The proposed amendment would increase the authorized shares of Common Stock to 200,000,000 shares. The authorized shares of preferred stock would remain at 20,000,000. If adopted by the shareholders, this amendment would become effective upon filing of an appropriate certificate of amendment with the Secretary of State of the State of Texas. The proposed amendment to ARTICLE IV of the Amended and Restated Articles of Incorporation would replace the first paragraph of such article with the following:

The aggregate number of shares of capital stock which the corporation shall have authority to issue is 220,000,000 shares, of which two hundred million (200,000,000) shares shall be designated as Common Stock, par value \$0.00001 per share, and twenty million (20,000,000) shares shall be designated as Preferred Stock, par value \$0.00001 per share.

The additional shares of Common Stock authorized by the proposed amendment would become a part of the existing class of the Company's Common Stock and, if and when issued, would have the same rights and privileges as the shares of Common Stock currently authorized and outstanding. The proposed amendment will not affect the par value of the Common Stock, which will remain at \$0.0001 per share. The Shares would not (and the shares of Common Stock presently outstanding do not) entitle the holders thereof to preemptive rights to purchase Common Stock or other securities or to cumulative voting rights. In addition, under Texas law, our shareholders are not entitled to dissenters' or appraisal rights in connection with the proposed increase in the number of shares of Common Stock authorized for issuance. The amendment to our Amended and Restated Articles of Incorporation to increase the number of authorized shares of our Common Stock to be approved at this Special Meeting shall only become effective in connection with the Exchange Offer.

As of the record date, 76,634,957 shares of Common Stock were issued and outstanding with an additional 41,695,043 shares of Common Stock available for issuance for future purposes or held as treasury stock. As a result, the Board deems it advisable to increase our authorized Common Stock.

**Purpose and Effect of Approving Amendment No. 2 to the Company's Amended and Restated Articles of Incorporation**

The purpose of amending the Company's Amended and Restated Articles of Incorporation to increase the authorized share capital of the Company is to provide the Company with sufficient common share capacity to issue shares of Common Stock in connection with the Exchange Offer. The availability of significant authorized but unissued shares of Common Stock in the Company will provide the Company flexibility to issue additional common equity and create dilution without further approval of the Company's shareholders. The Board believes that this additional flexibility is warranted.

If the Exchange Offer is completely successful, the aggregate number of shares issued and outstanding would exceed the number of shares of Common Stock currently authorized under our Amende