

FORM 8-K

Date of Report (Date of earliest event reported): November 3, 2021

EP Energy Corporation
(Exact Name as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

46-3472728
(I.R.S. Employer Identification
Number)

601 Travis Street, Suite 1400, Houston, Texas, 77002
(Address of Principal Executive Offices) (Zip Code)

713-997-1000
(Registrant's Telephone Number, Including Area Code)

**This report is being furnished with respect to the
Stockholders Agreement, dated as of October 1, 2020, by
and among EP Energy Corporation (the "Company") and
the stockholders listed therein**

**The information contained this report remains subject to
the confidentiality restrictions set forth in Section 6.1 of
the Stockholders Agreement**

Item 8.01 Other Events.

Updated Shareholder Recovery Estimate

As previously disclosed, on July 26, 2021, EPE Acquisition, LLC (“Seller”), a wholly owned subsidiary of EP Energy Corporation (the “Company”), entered into a Membership Interest Purchase Agreement (the “Purchase Agreement”) with Verdun Oil Company II LLC, a Delaware limited liability company (“Purchaser”), pursuant to which Seller agreed to sell all of the issued and outstanding membership interests in EP Energy LLC, a Delaware limited liability company to Purchaser (the “Transaction”). The closing of the Transaction is subject to the satisfaction or waiver of customary closing conditions, including, among others, the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

Also as previously disclosed, on October 27, 2021 the parties entered into a Third Amendment to the Purchase Agreement dated October 27, 2021 in order to, among other things, extend the outside date to March 31, 2022.

Following the closing of the Transaction, it is anticipated that the Board of Directors of the Company will recommend that the Company be dissolved and, after paying or making provision for the payment of known or reasonably foreseeable liabilities of the Company, distribute the Company’s assets, which will consist solely of the proceeds received by the Company from the Transaction, including any holdbacks. Upon dissolution, which will require approval from the Board and shareholders owning a majority of the Company’s issued and outstanding common stock, the Company currently expects to distribute to the shareholders of the Company, in a single distribution or a series of distributions over time, between \$92.26 and \$98.80 per share, as set forth in the estimated shareholder recovery chart below.

The foregoing summary and chart below are estimates only as of the date of this report. The estimated shareholder recovery is subject to change and will depend on numerous factors, including the successful closing of the Transaction, the actual cost of estimated wind down expenses and liabilities and how quickly the Company can complete the wind down process. Details regarding any potential distribution(s), including amount and timing thereof, will be provided to shareholders at a later date.

EP Energy Corporation

	<u>Estimated Shareholder Recovery</u>
	<u>\$MM</u>
Cash Purchase Price¹	\$1,445
Unassumed 2021 Hedge Liability	-\$107
8/1 Net Debt and Net Working Capital	-\$46
Estimated Interest on Purchase Price ²	\$25
Estimated Other Transaction Costs	-\$68
Special Indemnity Holdback ³	\$(10) - 0
5% Seller Indemnity Holdback ⁴	\$(72) - 0
Estimated Wind-up Costs	-\$8
<i>Expected Shareholder Recovery</i>	<i>\$1,160 - \$1,242</i>
<i>Per Dilutable Share⁵</i>	<i>\$92.26 - \$98.80</i>

¹ Purchase Price does not reflect estimated value of 2022+ hedge liability assumed (~\$105MM at 7/26/21)

² Assumes 6% per annum interest on the Cash Purchase Price from 11/1/2021 to estimated close of 2/15/2022 (illustrative date only)

³ Remaining funds in Special Indemnity Holdback to be released over two periods - 50% 12-months-post close/100% 24-months post-close

⁴ Remaining funds in Seller Indemnity Holdback to be released over two periods - 50% 6-months post close/100% 12-months post-close

⁵ Total shares include 11MM common shares and 1.571MM Equity Incentive Plan shares

[Signature page to follow]

SIGNATURE

Date: November 3, 2021

EP Energy Corporation

By:  _____
Jack D. Locke
Vice President, General Counsel and
Corporate Secretary