

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

In re:

WALTER ENERGY, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 15-02741-TOM11

Jointly Administered

**NOTICE TO FIRST LIEN CREDITORS OF THE OPPORTUNITY TO PARTICIPATE
AS A DIP LENDER IN THE SENIOR SECURED SUPERPRIORITY
DEBTOR-IN-POSSESSION CREDIT AGREEMENT**

PLEASE TAKE NOTICE that on January 14, 2016, Walter Energy, Inc. and its affiliated debtors and debtors-in-possession (each a “**Debtor**” and, collectively, the “**Debtors**”), filed the *Debtors’ Motion for an Order (a) Authorizing the Debtors to Obtain Senior Secured Postpetition Financing, (b) Authorizing Continued Postpetition Use of Cash Collateral, (c) Granting Adequate Protection to Prepetition Secured Parties and (d) Granting Related Relief* (the “**DIP Motion**”) [Docket No. 1646].² Pursuant to the DIP Motion, the Debtors have requested approval of the DIP Facility in the maximum aggregate principal amount of \$50,000,000.00 on the terms and conditions set forth more fully in the DIP Motion. The DIP Motion is set for hearing on **January 28, 2016 at 1:30 p.m. (prevailing Central time)**.

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Walter Energy, Inc. (9953); Atlantic Development and Capital, LLC (8121); Atlantic Leaseco, LLC (5308); Blue Creek Coal Sales, Inc. (6986); Blue Creek Energy, Inc. (0986); J.W. Walter, Inc. (0648); Jefferson Warrior Railroad Company, Inc. (3200); Jim Walter Homes, LLC (4589); Jim Walter Resources, Inc. (1186); Maple Coal Co., LLC (6791); Sloss-Sheffield Steel & Iron Company (4884); SP Machine, Inc. (9945); Taft Coal Sales & Associates, Inc. (8731); Tuscaloosa Resources, Inc. (4869); V Manufacturing Company (9790); Walter Black Warrior Basin LLC (5973); Walter Coke, Inc. (9791); Walter Energy Holdings, LLC (1596); Walter Exploration & Production LLC (5786); Walter Home Improvement, Inc. (1633); Walter Land Company (7709); Walter Minerals, Inc. (9714); and Walter Natural Gas, LLC (1198). The location of the Debtors’ corporate headquarters is 3000 Riverchase Galleria, Suite 1700, Birmingham, Alabama 35244-2359.

² Unless otherwise defined, all capitalized terms shall have the meanings provided in the DIP Motion.



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PLEASE TAKE FURTHER NOTICE that, as set forth in the *Syndication Procedures* (the “**Syndication Procedures**”) attached hereto as **Exhibit A**, (i) the holders (the “**First Lien Noteholders**”) of the 9.50% Senior Secured Notes due in 2019 (CUSIP Nos. 93317QAG0, U9312CAC8, U9312CAE4 and U9312CAF1) of Walter Energy, Inc., as Issuer, and (ii) the lenders (collectively with the First Lien Noteholders, the “**First Lien Creditors**”) under that certain Credit Agreement dated as of April 1, 2011 with Walter Energy, Inc., as U.S. Borrower, and the other parties thereto, are being afforded the opportunity to participate as DIP Lenders in the DIP Facility on the terms and conditions set forth therein.

PLEASE TAKE FURTHER NOTICE that, as set forth more fully in the *Syndication Procedures*, the expiration time for the First Lien Creditors to participate in the DIP Facility is **5:00 P.M., New York City time, on January 29, 2016**, unless such deadline is extended or earlier terminated.

PLEASE TAKE FURTHER NOTICE that the information set forth herein is being provided for notice purposes only and any questions in connection with the *Syndication Procedures* should be addressed as follows:

Kurtzman Carson Consultants
1290 Avenue of the Americas
9th Floor
New York, NY 10104
Telephone: (917) 281-4800
Attn: Walter Energy, Inc.

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Dated: January 14, 2016
Birmingham, Alabama

BRADLEY ARANT BOULT CUMMINGS LLP

By: /s/ Patrick Darby

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- and -

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*Counsel to the Debtors and
Debtors-in-Possession*

EXHIBIT A
SYNDICATION PROCEDURES

WALTER ENERGY, INC.

SYNDICATION PROCEDURES¹

1. This is a notification of the syndication procedures with respect to the opportunity (the “**Opportunity**”) to participate as a lender in a non-amortizing multiple draw super-priority senior secured debtor-in-possession term loan facility of Walter Energy, Inc. (the “**Company**”) in an aggregate principal amount not to exceed \$50,000,000 (the “**DIP Facility**”). Commencing on the January 15, 2016, each Eligible Holder (as defined below) that is a holder of First Lien Claims (as defined below) that is not a party to the Commitment Letter, may participate in the DIP Facility up to its respective Pro Rata Share (as defined below) of the DIP Loans and DIP Commitment, subject in all respects to the terms and conditions of these syndication procedures and the applicable subscription documents.
2. An “**Eligible Holder**” is defined as an entity that is (i) either (A) a “qualified institutional buyer,” as such term is defined in Rule 144A under the Securities Act of 1933, as amended (the “**Securities Act**”), or (B) an “institutional accredited investor” (an “**IAI**”) within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act or an entity in which all of the equity investors are IAIs, (ii) a beneficial owner of First Lien Claims (as defined below) **as of 11:59 p.m., New York time, on January 13, 2016** (the “**Record Date**”), (iii) not the Borrower or an Affiliate of the Borrower and (iv) not a Backstop Party. Natural persons shall not be Eligible Holders. If you are not an Eligible Holder, you may not participate in the Opportunity.
3. Each Eligible Holder’s Pro Rata Share (“**Pro Rata Share**”) will be equal to a fraction (expressed as a factor) the numerator of which is the outstanding principal amount of First Lien Claims owned by such Eligible Holder as of the Record Date and the denominator of which is the aggregate outstanding principal amount of all First Lien Claims as of the Record Date, which amount is equal to \$1,948,928,601.35. “**First Lien Claims**” is defined as, collectively, all claims for principal under the Credit Agreement or the First Lien Indenture, but excluding any claims on account of any unfunded Revolving Loan Commitments and any outstanding undrawn Letters of Credit, each as defined in the Credit Agreement.
4. The Debtors will commence the syndication process by (i) filing a Form 8-K with the SEC announcing the commencement of and briefly describing the syndication process and directing interested Eligible Holders to Kurtzman Carson Consultants LLC (the “**Information Agent**”) and (ii) using reasonable efforts to send the relevant subscription documents using such delivery method reasonably satisfactory to the Backstop Parties and the Debtors to as many Eligible Holders as is reasonably practicable under the circumstances. If you are an Eligible Holder interested in participating in the DIP Facility, you must obtain copies of the relevant subscription documents, if you do not have them

¹ Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in certain Debtor-in-Possession Term Loan Facility Summary of Terms and Conditions (the “**DIP Facility Term Sheet**”), which is available at <https://www.kccllc.net/walterenergy/>.

already, from the Information Agent. The subscription documents include a subscription form (together with instructions), a signature page to the DIP Credit Agreement and such other documents as the DIP Agent may reasonably require. Copies of the relevant subscription documents may be obtained by contacting the Information Agent, Kurtzman Carson Consultants LLC, at 1290 Avenue of the Americas, 9th Floor, New York, NY 10104; Attn: Walter Energy, Inc.; Telephone: (917) 281-4800; Email: WalterEnergyDIP@kccllc.com.

5. The syndication process will expire at **5:00 p.m., New York City Time, on January 29, 2016**, unless extended earlier or terminated (the “*Expiration Time*”), in accordance with the applicable subscription documents, and which extension will be made by public announcement by the Debtors by Form 8-K or by filing a notice on the Debtors’ docket with the Bankruptcy Court related to their Chapter 11 Petitions.
6. To participate in the Opportunity, Eligible Holders must (i) complete and execute the subscription documents provided by the Information Agent, including a subscription form, a signature page to the DIP Credit Agreement and such other documents as the DIP Agent may reasonably require, (ii) deliver such subscription documents to Information Agent on or before the Expiration Time and (iii) cause the amount of the financing (as provided in the relevant subscription documents) to be funded by such Eligible Holder to be sent by wire transfer of immediately available federal funds to the escrow account established by the DIP Agent for the DIP Facility on or before the Expiration Time. Eligible Holders that by the Expiration Time do not to return the applicable subscription documents to the Information Agent and send by wire their proposed amount of funding to the escrow account will not be permitted to participate as lenders in the DIP Financing.
7. The Information Agent shall promptly notify the DIP Agent of its receipt of subscription documents and shall deliver the final syndication list to the applicable Backstop Parties promptly after the Expiration Time.
8. All notices and other communications required to be delivered to the Information Agent pursuant to these syndication procedures shall be made in writing, or by any telecommunication device capable of creating a written record, and addressed as follows:

Kurtzman Carson Consultants
1290 Avenue of the Americas
9th Floor
New York, NY 10104
Telephone: (917) 281-4800
Attn: Walter Energy, Inc.
Email: WalterEnergyDIP@kccllc.com

9. If the Bankruptcy Court does not enter into the Final Order, the Commitment Letter terminates or the DIP Facility fails to close or the syndication process is terminated for any reason, the subscription documents submitted by participating Eligible Holders will terminate and the DIP Agent will promptly return by wire funds transferred by such Eligible Holders to the escrow account.

10. The Bankruptcy Court has not reviewed or approved the financial or diligence information with respect to the Debtors or these procedures being provided to the Eligible Holders in connection with this syndication.
11. **Notwithstanding anything to the contrary herein, the Backstop Parties and the Company may amend or modify the terms of the Opportunity, including this Subscription Form and the other Subscription Documents, at any time, by filing a notice of such amendment or modification on the Debtors' docket with the Bankruptcy Court related to their Chapter 11 Petitions.**