

INFORMATION ABOUT COAL ACQUISITION LLC AND INFORMATION CONCERNING
ADEQUATE ASSURANCE OF FUTURE PERFORMANCE



150274116010500000000001

Coal Acquisition LLC (“Coal Acquisition” or “Buyer”) is a Delaware limited liability company incorporated on September 3, 2015, which was formed by certain holders of first lien secured debt of the Debtors for the purposes of bidding on and acquiring a select portion of the Debtors’ assets (the “Acquisition”).¹

Stephen Douglas Williams was named Chief Executive Officer of Coal Acquisition on November 5, 2015 and is currently the only officer of Coal Acquisition. The current members of Coal Acquisition are certain affiliates and managed funds and/or accounts of the following: Apollo Global Management LLC, Ares Management LLC, Caspian Capital LP, Fidelity Investments, Franklin Mutual Advisers LLC, GSO Capital Partners LP, and KKR Credit Advisors (US) LLC. As of the Closing Date, it is intended that Coal Acquisition’s members will include holders of the first lien secured debt of the Debtors and unsecured creditors (who will hold their respective membership interests through a newly formed equity trust in accordance with the terms of that certain Settlement Term Sheet (as approved in the *Order Approving Global Settlement Among the Debtors, Official Committee of Unsecured Creditors, Steering Committee and Stalking Horse Purchaser Pursuant to Fed. R. Bank. P. 9019* [Docket No. 1456])). Coal Acquisition currently has no directors.

¹ It is intended that Coal Acquisition, either directly or through one or more of its wholly owned subsidiaries, will purchase certain of Debtors’ assets pursuant to the terms, and subject to the conditions set forth in that certain Asset Purchase Agreement by and among Coal Acquisition as buyer, and Walter Energy, Inc. and certain of its subsidiaries as sellers, dated November 5, 2015, as amended (the “APA”). Coal Acquisition is also the parent entity of certain direct and indirect Delaware limited liability companies, which were formed in connection with the Acquisition.

PROPOSED DRAFT SOURCES AND USES STATEMENT²

² The attached proposed draft sources and uses statement is based upon estimates derived from information provided by the Debtors and Coal Acquisition as to the sources of funds available as of the Closing Date (as defined in the APA) and the payments which will be made consistent with the terms of the APA. The amounts in the proposed draft sources and uses statement are estimates and as such could change prior to the Closing Date due to any combination of factors, including but not limited to, whether the Debtors' assets not included in the APA are sold, the executory contracts and leases assumed by the Buyer, the amount of any exit financing obtained by the Buyer, including any asset based lending facility, the amount of equity capital actually raised by the Buyer at or prior to closing, the amount of cash on hand at the Debtors at closing, the outstanding amount of any debtor-in-possession loans as of the Closing Date, the actual amounts to be funded into the various trusts and escrow accounts pursuant to the APA and the actual amounts of the assumed liabilities as of the Closing Date. The proposed draft sources and uses statement is prepared on a consolidated basis. The proposed draft sources and uses statement assumes that the Walter Coke Assets (as defined in the APA) and the other Non-Core Assets (as defined in the APA) are not sold. As part of the Acquisition, the Buyer expects to undertake significant changes to the operation of the Acquired Assets (as defined in the APA) and thus, any financial information which is based upon the operation of the Acquired Assets by the Debtors may be of limited value in evaluating Coal Acquisition's financial and operating prospects in the future.

CASH SOURCES & USES AT CLOSING (ASSUMING 2/27/16 CLOSE)*(\$ in
millions)***Sources:**

Estimated U.S. Debtor Entity Cash Balance	\$40.0
Rights Offering Proceeds	200.0
Total Sources	\$240.0

Uses:

Repayment of Estimated DIP Outstanding	\$37.1
Estimated Cure Costs	8.6
Accrued Payroll & Benefits Trust Funding	6.6
Non-Union Retiree Benefits Escrow Account Funding	0.4
Walter Coke Trust Amount	1.4
Estimated Accrued & Unpaid Prof. Fees at Closing (incl. Success Fees)	39.8
Cash Funding for Estate Wind Down (incl. payment for Avoidance Actions)	8.4
Illustrative Financing Fees	2.5
Illustrative Cash Collateral for Reclamation	
Bonds	5.0
Cash to Balance Sheet	130.2
Total Uses	\$240.0

PROPOSED DRAFT CONSOLIDATED BALANCE SHEET FOR COAL ACQUISITION
LLC³

³ The attached proposed draft consolidated balance sheet is based upon estimates derived from information provided by the Debtors and Coal Acquisition. The amounts in the proposed draft balance sheet are estimates and as such could change prior to the Closing Date due to any combination of factors, including but not limited to, whether the Debtors' assets not included in the APA are sold, the executory contracts and leases assumed by the Buyer, the amount of any exit financing obtained by the Buyer, including any asset based lending facility, the amount of equity capital actually raised by the Buyer at or prior to closing, the amount of cash on hand at the Debtors at closing, the outstanding amount of any debtor-in-possession loans as of the Closing Date, the actual amounts to be funded into the various trusts and escrow accounts pursuant to the APA and the actual amounts of the assumed liabilities as of the Closing Date. The proposed draft balance sheet assumes that the Walter Coke Assets (as defined in the APA) and the other Non-Core Assets (as defined in the APA) are not sold. As part of the Acquisition, the Buyer expects to undertake significant changes to the operation of the Acquired Assets (as defined in the APA) and thus, any financial information which is based upon the operation of the Acquired Assets by the Debtors may be of limited value in evaluating Coal Acquisition's financial and operating prospects in the future.

BALANCE SHEET

As of Closing, values in millions

ASSETS

Current Assets

Cash	\$130.2
Restricted Cash	5.0
Accounts Receivable	29.0
Inventories	33.9
Other Current Assets	<u>7.3</u>
Total Current Assets	205.4

Property, Plant, and Equipment	521.4
Land	100.0
Mineral Reserves	551.7

Other long-term assets	<u>20.3</u>
------------------------	-------------

TOTAL ASSETS	<u>\$1,398.8</u>
--------------	------------------

LIABILITIES AND MEMBERS EQUITY

LIABILITIES

Current Liabilities

Accounts Payable	\$13.4
Accrued Expenses	6.8
Post-petition Tax Liability	3.4
Other Current Liabilities	26.1
Current Portion of Long-Term Debt	<u>0.0</u>
Total Current Liabilities	49.7

Long-term Debt	0.0
Black Lung Liability (excl. short term liab.)	21.5
Reclamation Liability ¹	<u>53.0</u>

TOTAL LIABILITIES	124.2
-------------------	-------

TOTAL MEMBERS EQUITY	<u>1,274.6</u>
----------------------	----------------

TOTAL LIABILITIES AND MEMBERS EQUITY	<u>\$1,398.8</u>
--------------------------------------	------------------

Notes:

1. Reclamation Liability:

The reclamation liability assumes that the excluded properties are not sold and for Excluded Assets represents the estimated amount of reclamation liabilities in excess of the amount of surety bonds

Acquired Assets	\$37.1
Excluded Assets	<u>15.9</u>
Total Reclamation Liability	\$53.0