

NOTICE AND INSTRUCTION FORM

**to the Holders (the “First Lien Noteholders”) of
the 9.50% Senior Secured Notes due in 2019 (the “First Lien Notes”)
(CUSIP Nos. 93317QAG0, U9312CAC8, U9312CAE4 and U9312CAF1)**

of

WALTER ENERGY, INC., as Issuer

and

**to the Lenders (the “First Lien Lenders”) under
that certain Credit Agreement dated as of April 1, 2011**

with

**WALTER ENERGY, INC., as U.S. Borrower
and the other parties thereto
(as amended, the “First Lien Credit Agreement”)**

**with respect to the Opportunity to Participate as a DIP Lender in the
Senior Secured Superpriority Debtor-in-Possession Credit Agreement
in an aggregate principal amount not to exceed \$50,000,000**

IMPORTANT NOTICE
REGARDING THE OPPORTUNITY TO PARTICIPATE
AS A LENDER IN THE DIP FACILITY OF WALTER ENERGY, INC.

IF YOU ELECT TO PARTICIPATE AS A LENDER IN THE DIP FACILITY, YOU WILL BE ENTERING INTO A BINDING LEGAL COMMITMENT WITH THE COMPANY. IF YOU SUBMIT A COMMITMENT TO PARTICIPATE IN THE DIP FACILITY PURSUANT TO THIS NOTICE AND INSTRUCTION FORM AND FAIL TO FUND YOUR COMMITMENT, YOU WILL BE IN BREACH OF YOUR OBLIGATIONS TO WALTER ENERGY, INC. (THE “COMPANY”) AND THE COMPANY RESERVES ALL RIGHTS IT MAY HAVE AGAINST YOU AT LAW OR IN EQUITY.

THE OPPORTUNITY IS NOT BEING GIVEN TO ANY PERSON IN ANY JURISDICTION IN WHICH THE ACCEPTANCE OF THE OPPORTUNITY OR MAKING AN OFFER IN CONNECTION THEREWITH WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION.

THE OPPORTUNITY IS BEING GIVEN ONLY TO PERSONS WHO ARE (A) QUALIFIED INSTITUTIONAL BUYERS, AS SUCH TERM IS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, OR (B) INSTITUTIONAL ACCREDITED INVESTORS WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) OR AN ENTITY IN WHICH ALL OF THE EQUITY INVESTORS ARE SUCH “INSTITUTIONAL ACCREDITED INVESTORS” UNDER THE SECURITIES ACT.

EXPIRATION TIME

YOUR OPPORTUNITY TO ELECT TO BECOME A LENDER IN THE DIP FACILITY WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON JANUARY 29, 2016 UNLESS EXTENDED OR EARLIER TERMINATED BY MUTUAL AGREEMENT OF THE COMPANY AND THE BACKSTOP PARTIES (SUCH DATE AND TIME, AS THE SAME MAY BE EXTENDED, THE “*EXPIRATION TIME*”). THERE ARE NO WITHDRAWAL RIGHTS ONCE THE SUBSCRIPTION FORM ATTACHED TO THIS NOTICE AND INSTRUCTION FORM IS VALIDLY DELIVERED. IF THE COMPANY AND THE BACKSTOP PARTIES MUTUALLY DETERMINE TO ALLOW YOU TO WITHDRAW YOUR COMMITMENT, INCLUDING IN THE EVENT A MATERIAL CHANGE CAUSES THE COMPANY TO UPDATE THE INFORMATION RELATING TO THIS OPPORTUNITY TO PARTICIPATE AND EXTEND THE EXPIRATION TIME, ANY SUCH WITHDRAWAL WILL BE LIMITED AS SET FORTH IN ANY NOTICE THEREOF.

IMPORTANT NOTE FOR FIRST LIEN NOTEHOLDERS: YOUR SUBSCRIPTION DOCUMENTS MUST BE RECEIVED BY YOUR NOMINEE WITH SUFFICIENT TIME TO ALLOW YOUR NOMINEE TO COMPLETE THE NOMINEE CERTIFICATION ON YOUR BEHALF AND DELIVER IT TO THE INFORMATION AGENT BY THE EXPIRATION TIME.

NO SUBSCRIPTION FORM SUBMISSIONS WILL BE VALID IF DELIVERED AFTER THE EXPIRATION TIME. THE COMPANY AND THE BACKSTOP PARTIES WILL MUTUALLY DETERMINE WHETHER A SUBSCRIPTION FORM TRANSMITTING AN ELIGIBLE HOLDER’S COMMITMENT TO PARTICIPATE HAS BEEN VALIDLY SUBMITTED AND WHETHER TO ACCEPT ANY SUBSCRIPTION FORM THAT HAS NOT BEEN VALIDLY EXECUTED AND DELIVERED.

NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, THE BACKSTOP PARTIES AND THE COMPANY MAY AMEND THE TERMS OF THE OPPORTUNITY, INCLUDING THIS SUBSCRIPTION FORM AND THE OTHER SUBSCRIPTION DOCUMENTS, AT ANY TIME UPON THEIR MUTUAL AGREEMENT.

To the First Lien Noteholders and First Lien Lenders:

On July 15, 2015, Walter Energy, Inc. (the “**Company**”) and certain of its direct and indirect subsidiaries (together with the Company, the “**Debtors**”) filed voluntary petitions (the “**Chapter 11 Petitions**”) for relief under the provisions of chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (as amended, the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Northern District of Alabama (the “**Bankruptcy Court**”). In connection with the foregoing, on January 14, 2016, the Company entered into a commitment letter (the “**Commitment Letter**”) with certain parties (the “**Backstop Parties**”) to backstop a non-amortizing multiple draw super-priority senior secured debtor-in-possession term loan facility (the “**DIP Facility**”) in an aggregate principal amount not to exceed \$50,000,000 (the DIP Lenders’ aggregate commitments under the DIP Facility, the “**DIP Commitments**”; and the loans under the DIP Facility, the “**DIP Loans**”) under Section 364 of the Bankruptcy Code, on the terms and subject to the conditions set forth therein.

The Commitment Letter provides for the Opportunity (as defined below) for (i) holders of the Company’s 9.50% Senior Secured Notes due in 2019 (the “**First Lien Noteholders**”) and (ii) lenders under the First Lien Credit Agreement (the “**First Lien Lenders**”), that are not a party to the Commitment Letter to participate in the DIP Facility up to their respective Pro Rata Share (as defined below) of the DIP Loans and DIP Commitment, subject to the procedures and documentation detailed herein.

You have received this Notice and Instruction Form because you have indicated to the Information Agent that, as of **11:59 p.m., New York time, on January 13, 2016** (the “**Record Date**”), you were a First Lien Noteholder and/or a First Lien Lender. Pursuant to and subject to the terms hereof, you are being given notice of your opportunity (the “**Opportunity**”) to be a Lender in the DIP Facility. Notwithstanding the foregoing, only First Lien Noteholders and/or First Lien Lenders that are (i) either (A) “qualified institutional buyers,” as such term is defined in Rule 144A under the Securities Act of 1933, as amended (the “**Securities Act**”), or (B) “institutional accredited investors” (“**IAIs**”) 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) on the Record Date, (iii) not the Borrower or an Affiliate of the Borrower and (iv) not Backstop Parties (all such First Lien Noteholders and First Lien Lenders, collectively, that meet the foregoing are referred to herein as “**Eligible Holders**”) may participate in the Opportunity. For the avoidance of doubt, natural persons shall not be Eligible Holders. If you are not an Eligible Holder, you may not participate in the Opportunity.

Please use the attached subscription form (the “**Subscription Form**”) to transmit your elections, if any. To participate in the Opportunity, you must: (i) complete and execute the Subscription Documents, including the enclosed Subscription Form, a signature page (the “**Signature Page**”) to the credit agreement in connection with the DIP Facility (the “**DIP Credit Agreement**”) and such other documents as the DIP Agent may reasonably require (collectively, the “**Subscription Documents**”), (ii) deliver (or cause the delivery) such Subscription Documents to Kurtzman Carson Consultants LLC (the “**Information Agent**”) on or before the Expiration Time as instructed below and (iii) prior to the Expiration Time, fund your respective Desired Participation Percentage of the Initial Escrowed DIP Loans (i.e., your Subscription Funding), as explained below. If you are a First Lien Noteholder, you must provide the nominee holding your First Lien Notes with sufficient time to allow your nominee to complete the nominee certification attached hereto (the “**Nominee Certification**”) on your behalf and deliver it to the Information Agent on or prior to the Expiration Time. If your First Lien Notes are held through more than one nominee, please have each nominee complete a nominee certification for the respective First Lien Notes held.

Principal terms of the DIP Facility are set forth in that certain Debtor-in-Possession Term Loan Facility Summary of Terms and Conditions (the “**DIP Facility Term Sheet**”) ¹, which is available at <https://www.kccllc.net/walterenergy/>. The Company expects that a form of the DIP Credit Agreement will be made available at <https://www.kccllc.net/walterenergy/> at least three (3) business days prior to the Expiration Time, but there is no assurance when the DIP Credit Agreement will be made available.

The DIP Loans under the DIP Facility may be incurred during the Availability Period, subject to the satisfaction or waiver of all conditions thereto set forth in the Definitive Financing Documentation (such date, the “**Effective Date**”). On the Effective Date, DIP Lenders will: (a) fund into the Escrow Account (as defined below) an

¹ Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the DIP Facility Term Sheet.

initial DIP Loan to the Borrower in the aggregate principal amount of \$30,000,000 (the “**Initial Escrowed DIP Loans**”) and (b) commit to fund into the Escrow Account a second DIP Loan to the Borrower in the aggregate principal amount of up to \$20,000,000 (the “**Second Escrowed DIP Loans**”) in the event that the Availability Period is extended as a result of an extension to the Stated Maturity Date and less than \$2,500,000 of the Initial Escrowed DIP Loans remain in the Escrow Account, in each case subject to the satisfaction of all conditions set forth in the DIP Facility Term Sheet and DIP Credit Agreement. Interest shall accrue on the full amount of the Initial Escrowed DIP Loans starting from the Effective Date, and interest shall accrue on the full amount of the Second Escrowed DIP Loans starting from the date of the funding by DIP Lenders of such Second Escrowed DIP Loans to the Escrow Account (the “**Second Escrowed DIP Loan Funding Date**”). For the avoidance of doubt, any amount of the DIP Loans under the DIP Facility will permanently reduce the DIP Commitments by such amount, and once repaid, the DIP Loans funded into the Escrow Account under the DIP Facility cannot be reborrowed.

To participate in the Opportunity, you must (a) fund your Desired Participation Percentage (as defined in the Subscription Form) of the Initial Escrowed DIP Loans on or prior to the Expiration Time as specified in Item 2d. of attached Subscription Form (the “**Subscription Funding**”) and (b) commit to fund your Desired Participation Percentage of the Second Escrowed DIP Loans as specified in Item 2e. on the Second Escrowed DIP Loan Funding Date upon the occurrence of certain conditions as set forth in the DIP Facility Term Sheet and DIP Credit Agreement (the “**Subscription Commitment**” and together with the Subscription Funding, your “**Commitment**”).

The DIP Facility will mature on the date that is the earliest to occur of the earliest of (i) February 29, 2016 (unless extended in accordance with the DIP Credit Agreement and DIP Facility Term Sheet); (ii) the effective date of any chapter 11 plan for the reorganization of the Borrower or any other Debtor; (iii) the consummation of any sale or other disposition of all or substantially all of the assets of the Debtors pursuant to Bankruptcy Code section 363 (including pursuant to the Asset Purchase Agreement); and (iv) the date of the acceleration of the DIP Loans and the termination of the DIP Commitments in accordance with the Definitive Financing Documentation (such earliest date, the “**DIP Termination Date**”). Interest on the DIP Facility will accrue at a rate of 12.0% per annum payable in cash on the DIP Termination Date and be subject to default interest of additional 2% per annum. An upfront fee in an amount equal to 7.5% of the DIP Commitments shall be paid to the DIP Lenders in cash from the proceeds of the DIP Loans ratably based on their respective DIP Commitments on the Effective Date. In addition, a drawdown fee in an amount equal to 2.5% of each withdrawal of DIP Loans by the Borrower from the Escrow Account shall be paid to the DIP Lenders in cash ratably based on their respective amount of DIP Loans withdrawn on each DIP draw date and such fee shall be paid from the proceeds thereof.

The foregoing description of the DIP Facility is a summary only and does not purport to be complete. It is subject and qualified in its entirety by reference to the DIP Facility Term Sheet, DIP Credit Agreement and the Final Order (as defined below).

Each Eligible Holder may elect to participate and lend up to its respective Pro Rata Share of the DIP Loans. Each Eligible Holder’s Pro Rata Share (“**Pro Rata Share**”) shall be equal to a fraction (expressed as a factor) the numerator of which is the outstanding principal amount of First Lien Claims (as defined below) 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 First Lien 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 First Lien Credit Agreement.

Your Commitment to participate may not be withdrawn, unless otherwise mutually determined by the Company and the Backstop Parties. Additionally, the Company, the Backstop Parties and the DIP Agent will mutually determine whether any Holder is an Eligible Holder, has made the representations referenced above, has properly executed and delivered the required documentation and funded its proposed amount of the DIP Facility and whether to reject or accept any subscription to participate that has not been properly completed and delivered.

Each Eligible Holder that intends to participate as a lender in the DIP Facility must, prior to the Expiration Time, (i) deliver (or cause the delivery of) the duly executed Subscription Documents to the Information Agent and (ii) cause the amount of the Subscription Funding to be funded by such Eligible Holder to be sent by wire transfer of immediately available federal funds to an escrow account (the “**Escrow Account**”) established for the DIP Facility, according to the wire instructions to be provided by the Information Agent to Eligible Holders (and made available

at <https://www.kccllc.net/walterenergy/>) at least five (5) business days prior to the Expiration Time. The Escrow Account will be a non-interest bearing account.

The DIP Agent assumes no responsibility for the funds delivered to the Escrow Account and shall be entitled to rely solely on the direction of the Information Agent and the Company with respect to the disposition of such funds.

Upon the entry of an order by the Bankruptcy Court approving the DIP Facility, in form and substance acceptable to the Backstop Parties and the Debtors (the "**Final Order**") and the satisfaction of any conditions precedent in the DIP Credit Agreement (or waiver in accordance with the terms thereof), the DIP Agent will disburse the funds in the Escrow Account funded by participating Eligible Holders to the Debtors in accordance with the DIP Facility Term Sheet, the DIP Credit Agreement and other relevant documentation relating to the DIP Facility and record the loans in a register for the DIP Facility. If the Bankruptcy Court does not enter the Final Order, the Commitment Letter terminates or the DIP Facility fails to close, 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.

To prevent backup U.S. federal income tax withholding each participating Eligible Holder must (i) provide the DIP Agent with such Eligible Holder's correct taxpayer identification number and certify that such Eligible Holder is not subject to backup U.S. federal income tax withholding by completing an IRS Form W-9 or (ii) otherwise establish a basis for exemption from backup withholding.

Before you deliver the executed Subscription Documents and wire funds to the Escrow Account, please carefully review (i) the filings on the Debtors' docket with the Bankruptcy Court related to their Chapter 11 Petitions, available at <https://www.kccllc.net/walterenergy/> (the "**Bankruptcy Filings**"), and (ii) the Company's current and periodic reports, including those listed below (the "**Exchange Act Reports**"), which were filed by the Company with the Securities and Exchange Commission (the "**SEC**") pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, and which are available on the SEC's website at www.sec.gov:

- Current Reports on Form 8-K filed with the SEC on January 29, 2015, March 2, 2015, March 5, 2015, March 9, 2015, March 20, 2015, April 15, 2015, April 28, 2015, May 4, 2015, May 8, 2015, May 13, 2015, June 11, 2015, July 10, 2015, July 15, 2015, July 31, 2015, August 14, 2015, August 20, 2015, August 27, 2015, September 16, 2015, September 18, 2015, October 8, 2015, October 20, 2015, November 5, 2015, November 20, 2015, December 2, 2015, December 8, 2015, December 17, 2015 and January 13, 2016
- Quarterly Reports on Form 10-Q for the quarterly periods ended September 30, 2015, June 30, 2015 and March 31, 2015
- Annual Report on Form 10-K for the fiscal year ended December 31, 2014

Participating as a lender in the DIP Facility entails risks, including, but not limited to, the risk that the Company may be liquidated or may be unsuccessful executing its business plan or sale strategy, and as a result may be unable to repay all or part of your Commitment. The Debtors are operating as debtors-in-possession under Chapter 11. The risks inherent in lending to a company operating under Chapter 11 are materially higher than normal and there is no assurance that any of the conditions described above will be met. In addition, if the Company is unable to successfully consummate the section 363 sale as contemplated under the Asset Purchase Agreement, it may be unable to meet its obligations under the DIP Facility. If this were to occur, the Company may be unable to repay loan amounts borrowed from you and you may lose all or part of your Commitment.

This Notice and Instruction Form relates only to the opportunity to participate as a lender in the DIP Facility.

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.

SUBSCRIPTION FORM

IMPORTANT

PLEASE READ AND FOLLOW THE ATTACHED INSTRUCTIONS CAREFULLY. ON OR BEFORE THE EXPIRATION TIME, YOU MUST (I) COMPLETE, SIGN, DATE AND DELIVER THIS SUBSCRIPTION FORM AND THE OTHER SUBSCRIPTION DOCUMENTS ANNEXED HERETO TO THE INFORMATION AGENT BEFORE THE EXPIRATION TIME, WHICH DELIVERY WILL CONSTITUTE YOUR COMMITMENT AS A DIP LENDER AND (II) FUND YOUR SUBSCRIPTION FUNDING (AS SPECIFIED IN ITEM 2D. BELOW) BY WIRING FUNDS TO THE ESCROW ACCOUNT.

IMPORTANT NOTE FOR FIRST LIEN NOTEHOLDERS: YOUR SUBSCRIPTION DOCUMENTS MUST BE RECEIVED BY YOUR NOMINEE WITH SUFFICIENT TIME TO ALLOW YOUR NOMINEE TO COMPLETE THE NOMINEE CERTIFICATION ON YOUR BEHALF AND DELIVER IT TO THE INFORMATION AGENT BY THE EXPIRATION TIME.

IF ANY SUCH SUBSCRIPTION DOCUMENTS ARE NOT COMPLETED, SIGNED AND RECEIVED BY THE INFORMATION AGENT AND/OR THE REQUIRED FUNDING AMOUNT IS NOT RECEIVED, IN EACH CASE ON OR BEFORE THE EXPIRATION TIME, THE INSTRUCTION TRANSMITTED BY THIS SUBSCRIPTION FORM MAY NOT BE COUNTED.

YOU SHOULD REVIEW THE EXCHANGE ACT REPORTS, BANKRUPTCY FILINGS, NOTICE AND INSTRUCTION FORM AND THE INSTRUCTIONS CONTAINED HEREIN BEFORE YOU ELECT TO PARTICIPATE IN THE OPPORTUNITY. YOU MAY WISH TO SEEK LEGAL AND/OR FINANCIAL ADVICE CONCERNING THE OPPORTUNITY.

Capitalized terms used herein but not defined herein have the meanings ascribed to them in the Notice and Instruction Form to which this Subscription Form was attached.

Item 1. Representations of the Holder. The undersigned hereby represents and warrants that it:

- is either a “qualified institutional buyer” or an “institutional accredited investor” as such terms are defined under Rules 144A and 501(a)(1), (2), (3) and (7) under the Securities Act of 1933, as amended, or is an entity in which all of the equity investors are such institutional accredited investors;
- is not a natural person;
- is sophisticated with respect to the decision to participate as a lender in a commercial loan of the type represented by the DIP Loans and is, or the entity exercising discretion in making this decision to participate in the funding of the DIP Loans is, experienced in participating as a lender in such commercial loans;
- has received a copy of the DIP Facility Term Sheet and has received, or has been accorded the opportunity to receive or have access to, to the extent available, copies of the most recent annual and quarterly financial statements of the Debtors and such other documents and information as it deems appropriate to make its own credit analysis and decision to participate in the funding of such DIP Facility (including access to the docket of the Debtors’ Chapter 11 Cases); and
- has (i) independently and without reliance on any other participant as a lender in the DIP Facility or on any of the Backstop Parties, the Debtors, the DIP Agent, the Indenture Trustee for the First Lien Notes or the administrative agent under the First Lien Credit Agreement, and (ii) based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to participate in the funding of the DIP Facility.

Item 2. Participation in the Opportunity. The undersigned certifies that as of the Record Date, the undersigned (a) was an Eligible Holder of First Lien Claims² in the following principal amount (insert amount in the boxes below) and (b) wishes to make the following Commitment to participate as a DIP Lender in the DIP Facility, as indicated in Item 2b. below:

Name / Address	Total Principal Amount of First Lien Notes held as of the Record Date: (A)	Total Principal Amount of Drawn Letters of Credit held as of the Record Date: (B)	Total Principal Amount of Term Loans held as of the Record Date: (C)	Total Principal Amount of First Lien Claims held as of the Record Date: (A + B + C)

Item 2a. Calculation of Maximum Participation Amount. You are entitled to participate up to your full Pro Rata Share of the DIP Loans, or some smaller portion thereof. Your Pro Rata Share of the DIP Loans is calculated as follows:

$$\text{\$ } \underline{\hspace{2cm}} \quad * \quad 0.02565512 \quad = \quad \text{\$ } \underline{\hspace{2cm}}$$

(Insert Total Principal Amount from Item 2 above) (Your "*Maximum Participation Amount*")

Item 2b. Your Desired Participation Amount. You are entitled to participate up to, but no more than, your Maximum Participation Amount with respect to the DIP Loans. Therefore, please insert here the total amount you wish to participate for with respect to the DIP Loans (i.e., your "*Commitment*"):

$$\text{\$ } \underline{\hspace{2cm}}$$

(Your "*Desired Participation Amount*")

Item 2c. Calculation of Your Desired Participation Percentage. Your Desired Participation Percentage is your Desired Participation Amount divided by \$50,000,000 (expressed as a percentage):

$$\text{\$ } \underline{\hspace{2cm}} \quad / \quad \$50,000,000 \quad = \quad \underline{\hspace{2cm}} \%^3$$

(Insert Desired Participation Amount from Item 2b above) (Your "*Desired Participation Percentage*")

Item 2d. Calculation of Subscription Funding. In order to participate in the DIP Facility, you must fund into the Escrow Account on or prior to the Expiration Time the amount of your Subscription Funding (i.e., your Desired Participation Percentage multiplied by the aggregate amount of the Initial Escrowed DIP Loans). Your Subscription Funding amount is calculated as follows:

$$\text{(Your "*Desired Participation Percentage*") } \underline{\hspace{2cm}} \% \quad * \quad \$30,000,000 \quad = \quad \text{\$ } \underline{\hspace{2cm}}$$

(Subscription Funding Amount)

Item 2e. Calculation of Subscription Commitment. In addition to Item 2d. above, in order to participation in the

² "*First Lien Claims*" is defined as, collectively, all claims for principal under the First Lien Credit Agreement and 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 First Lien Credit Agreement.

³ Carried out to eight decimals.

DIP Facility, you must also agree to commit to fund your Subscription Commitment (i.e., your Desired Participation Percentage multiplied by the aggregate amount of the Second Escrowed DIP Loans), on the terms and subject to the conditions set forth in the DIP Credit Agreement. Your Subscription Commitment amount is calculated as follows:

$$\begin{array}{ccccccc} \underline{\hspace{2cm}} & \% & & & & \$ & \underline{\hspace{2cm}} \\ \text{(Your "*Desired Participation*"} & & * & \$20,000,000 & = & & \text{(Subscription Commitment} \\ \text{Percentage")} & & & & & & \text{Amount)} \end{array}$$

Item 3. Certification. By signing this Subscription Form, the undersigned certifies that it understands that the right to participate in the Opportunity is subject to all the terms and conditions set forth in the Notice and Instruction Form, and agrees that the Commitment to participate in the DIP Facility as specified in Item 2b. above, constitutes an irrevocable offer by the undersigned to fund the DIP Loans up to the amount so specified.

Name of Holder:

(Print or Type)

Federal Tax I.D. No.: _____
(If Applicable)

Signature: _____

Print Name: _____

Title: _____

Facsimile Number: _____

E-mail Address: _____

Street Address: _____

City, State, Zip Code: _____

Telephone: () _____

Date Completed: _____

THE SUBSCRIPTION DOCUMENTS MUST BE RECEIVED BY THE INFORMATION AGENT AT ITS EMAIL ADDRESS AT WALTERENERGYDIP@KCCLLC.COM, OR AT THE ADDRESS LISTED BELOW, AND THE FUND TO BE TRANSFERRED TO THE ESCROW ACCOUNT MUST BE RECEIVED BY THE DIP AGENT BEFORE 5:00 P.M., NEW YORK CITY TIME, ON JANUARY 29, 2016, OR THE INSTRUCTIONS TRANSMITTED HEREBY WILL NOT BE COUNTED.

**KURTZMAN CARSON CONSULTANTS
1290 AVENUE OF THE AMERICAS
9TH FLOOR
NEW YORK, NY 10104
TELEPHONE: (917) 281-4800
ATTN: WALTER ENERGY, INC.**

INSTRUCTIONS FOR COMPLETING THE SUBSCRIPTION FORM

EXPIRATION TIME/INFORMATION AGENT:

The Expiration Time for the receipt of instructions is 5:00 p.m., New York City Time, on January 29, 2016 unless extended or earlier terminated. To elect to participate in the Opportunity, you must complete, sign, and return this Subscription Form and the other Subscription Documents to the Information Agent at its email address at WalterEnergyDIP@kccllc.com, or at the following address no later than the Expiration Time:

Kurtzman Carson Consultants
1290 Avenue of the Americas
9th Floor
New York, NY 10104
Attn: Walter Energy, Inc.

To effect a subscription, you must take the following steps:

- a. Review the representations in Item 1 of the Subscription Form;
- b. In Item 2 of the Subscription Form, specify the amount of First Lien Claims you held as of 11:59 p.m., New York time, on January 13, 2016;
- c. In Item 2a. of the Subscription Form, calculate your Maximum Participation Amount of the DIP Loans;
- d. In Item 2b. of the Subscription Form, specify your Desired Participation Amount with respect to the DIP Loans. Note that in order to participate in the DIP Facility, you are required to fund your Desired Participation Percentage of the Initial Escrowed DIP Loans on or prior to the Expiration Time, as well as commit to fund your Desired Participation Percentage of the Second Escrowed DIP Loans on the terms and subject to the conditions set forth in the DIP Credit Agreement;
- e. Review the certification in Item 3 of the Subscription Form;
- f. In Item 3, sign and date the Subscription Form, and provide the remaining information requested;
- g. Complete and execute the Signature Page and such other documents as the DIP Agent reasonably requires;
- h. If you are a First Lien Noteholder, coordinate with the nominee holding your First Lien Notes to arrange for delivery of the completed Subscription Documents to its offices and instruct your nominee to complete the Nominee Certification and deliver the completed, executed Subscription Documents so as to be received by the Information Agent before the Expiration Time; and
- i. Cause the Subscription Funding as set forth in Item 2d to be funded to the Escrow Account on or before the Expiration Time.

PLEASE NOTE:

IF YOU HAVE ANY QUESTIONS REGARDING THIS SUBSCRIPTION FORM, THE OTHER SUBSCRIPTION DOCUMENTS OR THE PROCEDURES RELATED TO THE OPPORTUNITY PLEASE CALL THE INFORMATION AGENT, KURTZMAN CARSON CONSULTANTS, AT (917) 281-4800.

Walter Energy, Inc. and certain of its subsidiaries have filed voluntary petitions for relief under Chapter 11 of Title 11 (“Chapter 11”) of the United States Code, 11 U.S.C. §§ 101 et seq. (the “Bankruptcy Code”) and are operating their businesses and managing their property as debtors-in-possession pursuant to the Bankruptcy Code.

Nothing herein, nor in any of the accompanying forms and letters, shall constitute or be deemed to constitute a solicitation by any party of votes to approve or reject a Chapter 11 plan for any debtor. A solicitation with respect to votes to approve or reject a Chapter 11 plan only may be commenced once a disclosure statement that complies with section 1125 of the Bankruptcy Code has been approved by the Bankruptcy Court.

FOR FIRST LIEN NOTEHOLDERS ONLY:

NOMINEE'S CERTIFICATION OF RECORD DATE HOLDINGS

Your ownership of First Lien Notes must be confirmed in order to participate in the Opportunity

The nominee holding your First Lien Notes as of 11:59 p.m., New York time, on January 13, 2016 (the "**Record Date**") must complete Box A on your behalf. Box B is only required if any or all of your First Lien Notes were on loan as of the Record Date (as determined by your nominee). Please attach a separate Nominee Certification if your First Lien Notes are held through more than one Nominee.

Box A For Use Only by the Nominee	Box B Nominee Proxy - <u>Only if Needed</u>
DTC Participant Name: _____	DTC Participant Name: _____
DTC Participant Number: _____	DTC Participant Number: _____
Principal Amount of 9.50% Senior Secured Notes due in 2019 (CUSIP No. 93317Q AG 0) held by this account as of January 13, 2016:	Principal Amount of 9.50% Senior Secured Notes due in 2019 (CUSIP No. 93317Q AG 0) held on behalf of, and hereby assigned to, the Nominee listed in Box A as of January 13, 2016:
\$ _____ principal amount	\$ _____ principal amount
Principal Amount of 9.50% Senior Secured Notes due in 2019 (CUSIP No. U9312C AC 8) held by this account as of January 13, 2016:	Principal Amount of 9.50% Senior Secured Notes due in 2019 (CUSIP No. U9312C AC 8) held on behalf of, and hereby assigned to, the Nominee listed in Box A as of January 13, 2016:
\$ _____ principal amount	\$ _____ principal amount
Principal Amount of 9.50% Senior Secured Notes due in 2019 (CUSIP No. U9312C AE 4) held by this account as of January 13, 2016:	Principal Amount of 9.50% Senior Secured Notes due in 2019 (CUSIP No. U9312C AE 4) held on behalf of, and hereby assigned to, the Nominee listed in Box A as of January 13, 2016:
\$ _____ principal amount	\$ _____ principal amount
Principal Amount of 9.50% Senior Secured Notes due in 2019 (CUSIP no. U9312C AF 1) held by this account as of January 13, 2016:	Principal Amount of 9.50% Senior Secured Notes due in 2019 (CUSIP no. U9312C AF 1) held on behalf of, and hereby assigned to, the Nominee listed in Box A as of January 13, 2016:
\$ _____ principal amount	\$ _____ principal amount
Medallion Guarantee (or provide list of authorized signatories):	Medallion Guarantee (or provide list of authorized signatories):
Nominee authorized signatory: _____	Nominee authorized signatory: _____
Nominee contact name: _____	Nominee contact name: _____
Nominee contact email: _____	Nominee contact email: _____
Contact telephone number: _____	Contact telephone number: _____
Beneficial Holder name: _____	Beneficial Holder name: _____