

**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 OF INTERIM TRADING ORDER ESTABLISHING
NOTIFICATION PROCEDURES AND APPROVING RESTRICTIONS
ON CERTAIN TRANSFERS OF INTERESTS IN DEBTORS' ESTATES**

TO ALL PERSONS OR ENTITIES WITH EQUITY INTERESTS IN ANY OF THE DEBTORS:

PLEASE TAKE NOTICE that on July 15, 2015, the debtor entities listed herein commenced cases under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). Upon the commencement of a chapter 11 case, section 362(a) of the Bankruptcy Code operates as a stay of any act to obtain possession of property of the Debtors' estates or of property from the Debtors' estates or to exercise control over property of the Debtors' estates.

PLEASE TAKE FURTHER NOTICE that on July 15, 2015, the Debtors filed a motion seeking entry of an order establishing notification procedures and approving restrictions on certain transfers of interests in the Debtors and their estates (the "Motion").²

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. Contemporaneously herewith, the Debtors have filed a motion requesting joint administration of the Debtors' bankruptcy cases.

PLEASE TAKE FURTHER NOTICE that on July 16, 2015, the United States Bankruptcy Court for the Northern District of Alabama (the “Court”) having jurisdiction over these chapter 11 cases entered an order (i) finding that the Debtors’ net operating loss (“NOLs”) and NOL carryforwards, consolidated net unrealized built-in loss (“NUBILs”), and tax credits are property of the Debtors’ estates and are protected by section 362(a) of the Bankruptcy Code, (ii) finding that unrestricted trading of the Stock could severely limit the Debtors’ ability to use their NOLs, NOL carryforwards, NUBILs, and tax credits for U.S. federal income tax purposes and (iii) approving the procedures (the “Trading Procedures”) set forth below to preserve the Debtors’ NOLs, NOL carryforwards pursuant to sections 105(a) and 362(a) of the Bankruptcy Code (the “Interim Order”).

Any sale or other transfer in violation of the Procedures set forth below shall be null and void *ab initio* as an act in violation of the automatic stay under sections 105(a) and 362 of the Bankruptcy Code.

PLEASE TAKE FURTHER NOTICE that the following procedures and restrictions have been approved by the Court:

- (a) Notice of Substantial Stock Ownership. Any person or Entity that is a Beneficial Owner, at any time on or after the Motion Date, of Stock in an amount sufficient to qualify such person or Entity as a Substantial Equityholder shall file with the Court, and serve upon the Debtors a Notice of Substantial Stock Ownership (a “Substantial Ownership Notice”) in the form annexed to the Motion as Exhibit C, which describes specifically and in detail the Stock ownership of such person or Entity, on or before the date that is the later of: (a) fifteen (15) business days after the entry of the Interim Order and (b) fifteen (15) business days after that person or Entity qualifies as a Substantial Equityholder. At the holder’s election, the Substantial Ownership Notice to be filed with the Court (but not such notice served upon the Debtors) may be redacted to exclude such holder’s taxpayer identification number and the number of shares of Stock that such holder Beneficially Owns.

² Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to it in the Motion.

- (b) Acquisition of Stock. At least fifteen (15) business days prior to the proposed date of any transfer of Stock (including Options) that would result in an increase in the amount of Stock Beneficially Owned by any person or Entity that currently is or subsequently becomes a Substantial Equityholder or that would result in a person or Entity becoming a Substantial Equityholder (a “Proposed Equity Acquisition Transaction”), such person, Entity or Substantial Equityholder (a “Proposed Equity Transferee”) shall file with the Court and serve upon the Debtors a Notice of Intent to Purchase, Acquire or Otherwise Obtain Beneficial Ownership of Stock (an “Equity Acquisition Notice”), in the form annexed to the Motion as Exhibit D, which describes specifically and in detail the proposed transaction in which Stock is to be acquired. At the holder’s election, the Equity Acquisition Notice that is filed with the Court (but not such notice served upon the Debtors) may be redacted to exclude such holder’s taxpayer identification number and the number of shares of Stock that such holder Beneficially Owns and proposes to purchase or otherwise acquire.
- (c) Disposition of Stock. At least fifteen (15) business days prior to the proposed date of any transfer of Stock (including Options to acquire such securities) that would result in a decrease in the amount of Stock Beneficially Owned by a Substantial Equityholder or that would result in a person or Entity ceasing to be a Substantial Equityholder (a “Proposed Equity Disposition Transaction,” and together with a Proposed Equity Acquisition Transaction, a “Proposed Equity Transaction”), such person, Entity, or Substantial Equityholder (a “Proposed Equity Transferor”) shall file with the Court and serve upon the Debtors a Notice of Intent to Sell, Exchange or Otherwise Transfer Walter Energy, Inc. Stock (an “Equity Disposition Notice,” and together with an Equity Acquisition Notice, an “Equity Trading Notice”), in the form annexed to the Motion as Exhibit E, which describes specifically and in detail the proposed transaction in which Stock would be transferred. At the holder’s election, the Equity Disposition Notice that is filed with the Court (but not such notice served upon the Debtors) may be redacted to exclude such holder’s taxpayer identification number and the number of shares of Stock that such holder Beneficially Owns and proposes to sell or otherwise transfer.

- (d) Approval Procedures. If written approval of the proposed transaction is filed with the Court by the Debtors within fifteen (15) calendar days following the receipt of an Equity Trading Notice, then the transaction may proceed, but solely as specifically set forth in the applicable Equity Trading Notice. If written approval of the proposed transaction is not filed by the Debtors with the Court within such period, then the transaction may not be consummated unless approved by a final and nonappealable order of the Court, or unless otherwise agreed to by the Debtors. Any further Proposed Equity Transaction must be the subject of additional notice as set forth herein with an additional waiting period.
- (e) Noncompliance with the Trading Procedures. Effective as of the Motion Date and until further order of the Court to the contrary, any trade, acquisition, purchase, sale or other transfer or disposition of any in violation of the Trading Procedures set forth herein shall be null and void *ab initio* as an act in violation of the automatic stay under sections 105 and 362 of the Bankruptcy Code. Any person or Entity acquiring or disposing of any Stock in violation of the Trading Procedures shall be subject to such sanctions as the Court may consider appropriate under sections 105 and 362 of the Bankruptcy Code and the Court's general equitable powers.
- (f) Notice of Interim Order. Within five (5) business days after entry of the Interim Order, the Debtors (i) are required to serve this Notice of Interim Order, by priority mail, postage prepaid, or by electronic mail, to the following persons: (A) the Office of the Bankruptcy Administrator for the Northern District of Alabama (the "Bankruptcy Administrator"); (B) counsel to the administrative agent for the Debtors' prepetition secured credit facility; (C) the indenture trustee for each of the Debtors' outstanding bond issuances; (D) counsel to the steering committee of first lien debt holders; (E) the Internal Revenue Service (the "IRS"); (F) the Securities and Exchange Commission (the "SEC"); (G) the directly registered holders of the Stock to the extent known; and (H) the beneficial holders of the Stock via such beneficial holders' banks, brokers, custodians, dealers, and other agents, intermediaries, and nominees (collectively, the "Nominees"); (ii) shall post this Notice of Interim Order together with a copy of the Interim Order and the form of Substantial Ownership Notice, Equity Acquisition Notice and Equity Disposition Notice on the Debtors' case information website (<http://www.kccllc.net/walterenergy>); and (iii) shall submit this Notice of Interim Order for publication on the Bloomberg newswire service and the Depository Trust Legal Noticing System (LENS).
- (i) **Upon receipt of this Notice of Interim Order, each of the Nominees shall be required, within five (5) business days of receipt of such notice and on at least a quarterly basis thereafter, to send such notice to all registered or otherwise known holders of any Stock. Any such registered or otherwise**

known holder, in turn, must, within five (5) business days of receipt of each such notice, provide such notice to any holder for whose account such registered holder holds any Stock, and so on down the chain of ownership.

(ii) Any entity or broker or agent acting on such entity's behalf that sells in excess of 3,632,136 shares of Stock to another entity must serve a copy of the Notice of Interim Order on such purchaser of such Stock or any broker or agent acting on such purchaser's behalf.

(iii) This Notice of Interim Order advises parties-in-interest of their opportunity to file an objection to this Motion (an "Objection") and procedures they must follow to file an Objection, including the deadline by which any Objection must be filed and served. If no Objection is timely filed and served by the Objection Deadline (or if an Objection is timely filed but then withdrawn prior to the Final Hearing (each as defined below)), the Court may enter the Final Order without further notice or hearing, and the Motion shall be approved *nunc pro tunc* to the Petition Date. If an Objection is timely filed and served in accordance with the requirements set forth in the Interim Order, a final hearing on this Motion (the "Final Hearing") will be held, and the Debtors shall submit to the Court for entry the Final Order.

(g) Confidentiality. Except to the extent information contained in any submission to the Court pursuant to the Trading Procedures set forth herein is public or in connection with an audit or other investigation by the IRS or other taxing authority, the Debtors shall keep all additional information provided in connection with these Trading Procedures strictly confidential; provided, however, that the Debtors may disclose the information to their counsel and professional advisors and those of any other person(s) that are subject to a nondisclosure agreement with the Debtors (as applicable), each of whom shall keep all such notices strictly confidential. To the extent non-public information is requested in these Trading Procedures or requests for information related thereto, all non-public information may be redacted from any filing made with the Court.

(h) Cooperation. Any person or Entity making a filing pursuant to these Trading Procedures shall, upon reasonable request by the Debtors, (i) provide the Debtors any additional information in connection with the evaluation of the action contemplated in such notice, and (ii) use reasonable efforts to elicit cooperation from its shareholders, partners, officers, directors, members or other beneficial owners in connection therewith.

- (i) Interpretation. These Trading Procedures are intended to preserve, to the maximum extent possible, the Debtors' ability to obtain the maximum benefit from their Tax Attributes and, accordingly, any interpretative question that may arise under these Trading Procedures shall be resolved in the manner that will reduce the risks that a transfer of Stock might jeopardize the Debtors' use of their Tax Attributes.
- (j) Debtors' Right to Waive. The Debtors may waive, in writing, any or all of the Trading Procedures contained in this Motion.
- (k) Service on the Debtors. For purposes of the Trading Procedures, service on the Debtors shall mean delivery to: (a) counsel to the Debtors, Paul, Weiss, Rifkind, Wharton & Garrison, LLP, 1285 Avenue of the Americas, New York, New York, 10019, Attention: Michael Rudnick, Ann Young and Claudia Tobler; and (c) co-counsel to the Debtors, Bradley Arant Boult Cummings LLP, One Federal Place, 1819 Fifth Avenue North, Birmingham, Alabama 35203, Attention: James Bailey.
- (l) Definitions. For purposes of these procedures, the following terms have the following meanings:
 - (i) Stock. "Stock" means the common shares of Walter Energy and any beneficial interest therein, including any Options to acquire such common shares.
 - (ii) Option. An "Option" to acquire stock includes any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock, or similar interest regardless of whether it is contingent or otherwise not currently exercisable.
 - (iii) Entity. "Entity" has the meaning given to such term by the U.S. Department of Treasury regulations promulgated under section 382 of the IRC ("Treasury Regulations").
 - (iv) Beneficial Ownership. "Beneficial Ownership" (or any variation thereof of Stock and Options to acquire Stock) shall be determined in accordance with applicable rules under section 382 of the IRC, the related Treasury Regulations and rulings issued by the Internal Revenue Service, and, thus, to the extent provided in those rules, from time to time shall include, without limitation, (A) direct and indirect ownership (e.g., a holding company would be considered to beneficially own all stock owned or acquired by its subsidiaries), (B) ownership by a holder's family members and any group of persons acting pursuant to a formal or informal understanding to make a coordinated acquisition of stock, and (C) in certain cases, the ownership of an Option to acquire Stock. The

term Beneficial Ownership of Stock shall include any variation of beneficial ownership of Stock and an Option to acquire Stock.

- (v) Substantial Equityholder. A “Substantial Equityholder” is any person or Entity that Beneficially Owns at least 4.5%, or 3,632,136, shares of all issued and outstanding shares of Stock.
- (vi) Motion Date. The “Motion Date” means July 15, 2015, the date on which the Motion was filed with the Court.

FAILURE TO FOLLOW THE PROCEDURES SET FORTH IN THIS NOTICE WILL CONSTITUTE A VIOLATION OF THE AUTOMATIC STAY PRESCRIBED BY SECTION 362 OF THE BANKRUPTCY CODE.

ANY PROHIBITED SALE, TRADE OR OTHER TRANSFER OF THE STOCK IN VIOLATION OF THE INTERIM ORDER WILL BE NULL AND VOID *AB INITIO* AND MAY LEAD TO CONTEMPT, COMPENSATORY DAMAGES, PUNITIVE DAMAGES OR SANCTIONS BEING IMPOSED BY THE COURT.

PLEASE TAKE FURTHER NOTICE that the deadline to file an objection (“Objection”) to the Motion shall be 4:00 p.m. (prevailing Central Time) on the date set forth in the Interim Order (the “Objection Deadline”). An Objection shall be considered timely if it is (a) filed with the Court and actually received on or before the Objection Deadline by the following parties: (i) counsel to the Debtors, Paul, Weiss, Rifkind, Wharton & Garrison, LLP, 1285 Avenue of the Americas, New York, New York, 10019, Attention: Claudia Tobler (email: ctobler@paulweiss.com) and Michael Rudnick (email: mrudnick@paulweiss.com) and Bradley Arant Boult Cummings LLP, One Federal Place, 1819 Fifth Avenue North, Birmingham, Alabama 35203, Attention: Jay Bender (email: jbender@babco.com) and James Bailey (email: jbailey@babco.com); (ii) the Office of the Bankruptcy Administrator for the Northern District of Alabama, 1800 Fifth Avenue North, Birmingham, Alabama 35203, Attention: Jon Dudeck

(email: jon_dudeck@almba.uscourts.gov); (iii) counsel to the Steering Committee, Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attention: Ira Dizengoff (email: idizengoff@akingump.com), Akin Gump Strauss Hauer & Feld LLP, 1333 New Hampshire Ave, N.W., Washington, DC 20036, Attention: James Savin (email: jsavin@akingump.com) and Burr Forman, 420 North 20th Street, Suite 3400, Birmingham, Alabama 35203, Attention: Michael L. Hall (email: mhall@burr.com) and D. Christopher Carson (email: ccarson@burr.com); (iv) counsel to the administrative agent for the Debtors' prepetition secured credit facility; (v) counsel to any statutory committee appointed in these cases; and (vi) any party that has requested notice pursuant to Bankruptcy Rule 2002.

PLEASE TAKE FURTHER NOTICE that if timely objections are received there shall be a hearing held to consider the timely Objections to the Motion.

PLEASE TAKE FURTHER NOTICE that if no Objections are timely filed and served, as set forth herein, the Debtors shall, on or after the Objection Deadline, submit to the Court a final order granting the relief requested herein, which order shall be submitted and may be entered with no further notice or opportunity to be heard afforded to any party, and the Motion shall be approved *nunc pro tunc* to the Petition Date.