

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

In re WALTER ENERGY, INC.
SECURITIES LITIGATION

Master File No. 2:12-cv-00281-VEH

CLASS ACTION

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS AND ENTITIES THAT PURCHASED OR OTHERWISE ACQUIRED WALTER ENERGY, INC. (“WALTER ENERGY” OR THE “COMPANY”) PUBLICLY TRADED COMMON STOCK BETWEEN APRIL 20, 2011 AND SEPTEMBER 21, 2011, AND WERE DAMAGED THEREBY

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

NOTICE OF SETTLEMENT: Please be advised that the Court-appointed Lead Plaintiffs in the above-captioned securities class action lawsuit, *In re Walter Energy, Inc. Securities Litigation*, Master File No. 2:12-cv-00281-VEH (the “Action”), on behalf of themselves and the proposed Settlement Class (as defined below), have reached a proposed settlement of the Action, for a total of \$25,000,000 in cash (the “Settlement Amount”) that, if approved, will resolve all claims in the Action against defendants Keith Calder, Walter Scheller, Neil Winkelmann, and Joseph Leonard (“Defendants”).

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS ACTION, WHETHER OR NOT YOU ACT UPON THIS SETTLEMENT. IF YOU ARE A SETTLEMENT CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THE SETTLEMENT PROCEEDS, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM (“PROOF OF CLAIM”) POSTMARKED OR SUBMITTED ONLINE ON OR BEFORE MAY 9, 2016.

This Notice has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Northern District of Alabama, Southern Division (the “Court”). The purpose of this Notice is to inform you of the proposed settlement of the Action (the “Settlement”) and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement as well as counsel’s application for fees, costs, and expenses. This Notice describes the rights you may have in connection with your participation in the Settlement, what steps you may take in relation to the Settlement and Action, and, alternatively, what steps you must take if you wish to be excluded from the Settlement Class and this Action.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

SUBMIT A CLAIM FORM	The only way to get a payment. Proof of Claim forms must be postmarked or submitted online on or before May 9, 2016.
EXCLUDE YOURSELF	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against the Defendants or any other Released Persons about the legal claims in this case. Exclusions must be received on or before March 11, 2016.
OBJECT	Write to the Court about why you do not like the Settlement, the Plan of Allocation, and/or the request for attorneys’ fees, costs, and expenses. You will still be a member of the Settlement Class. Objections must be received by the Court and counsel on or before March 11, 2016.
GO TO A HEARING	Ask to speak in Court about the fairness of the Settlement. Requests to speak must be received by the Court and counsel on or before March 11, 2016.
DO NOTHING	Get no payment. Give up your rights. You will remain a member of the Settlement Class.

SUMMARY NOTICE

Statement of Class Recovery

Subject to Court approval, pursuant to the Settlement described herein, a Settlement Fund has been established for the benefit of the Settlement Class in the amount of \$25 million (the "Settlement Amount"), plus any and all interest earned thereon. A Settlement Class Member's actual recovery will be a proportion of the Net Settlement Fund (the Settlement Fund less any: (1) taxes; (2) notice and administration costs; (3) attorneys' fees and litigation expenses awarded by the Court; and (4) any other costs, expenses or amounts as may be approved by the Court) determined by that claimant's Recognized Claim as compared to the total of all Recognized Claims. Lead Plaintiffs estimate that there were approximately 43.8 million shares of Walter Energy common stock that were purchased or otherwise acquired during the Settlement Class Period and therefore may have been damaged during the Settlement Class Period. Lead Plaintiffs estimate that, if valid claims for all damaged shares are submitted, the average recovery under the Settlement will be approximately \$0.57 per damaged share before deduction of any taxes on the income thereof, notice and administration costs, and the attorneys' fee, cost and expense award as determined by the Court. Please note, however, that the foregoing is only an estimate of a Settlement Class Member's average recovery per damaged share, and a Settlement Class Member's actual recovery may be more or less than the average amount depending on, among other things: (1) the number of valid claims submitted; (2) when during the Settlement Class Period the Settlement Class Member purchased and/or acquired Walter Energy common stock; (3) the price paid for such stock; (4) whether the Settlement Class Member held those shares at the end of the Settlement Class Period or sold them during the Settlement Class Period and, if sold, when those shares were sold and at what price. A Settlement Class Member's recovery will be based on the Plan of Allocation set forth herein at pages 9-12.

Reasons for Settlement and Statement of Potential Outcome of Case

The principal reason for the Settlement is the benefit to be provided to the Settlement Class now. This benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future. Specifically, the parties disagree on both liability and damages and do not agree on the average amount of damages per share of Walter Energy common stock, if any, that would be recoverable if the Settlement Class prevailed on each claim alleged. The Defendants deny that they are liable to the Settlement Class and deny that the Settlement Class has suffered any damages. The issues on which the parties disagree are many, but include: (1) whether Defendants engaged in conduct that would give rise to any liability to the Settlement Class under the federal securities laws, or any other laws; (2) whether Defendants have valid defenses to any such claims of liability; (3) the appropriate economic model for determining the amount by which the price of Walter Energy common stock was allegedly artificially inflated (if at all) during the Settlement Class Period; (4) the amount by which the price of Walter Energy common stock was allegedly artificially inflated (if at all) during the Settlement Class Period; (5) the effect of various market forces on the price of Walter Energy common stock at various times during the Settlement Class Period; (6) the extent to which external factors influenced the price of Walter Energy common stock at various times during the Settlement Class Period; and (7) the extent to which the various matters that Lead Plaintiffs alleged were materially false or misleading, or the various allegedly adverse material facts that Lead Plaintiffs alleged were omitted, influenced (if at all) the price of Walter Energy common stock at various times during the Settlement Class Period.

Statement of Attorneys' Fees, Costs, and Expenses Sought

Lead Counsel will apply to the Court for an award of attorneys' fees not to exceed thirty-three percent (33%) of the Settlement Amount, plus costs and expenses not to exceed \$550,000, plus interest earned on both amounts at the same rate as earned by the Settlement Fund. Since the Action's inception, Lead Counsel have expended considerable time and effort in the prosecution of this litigation on a contingent fee basis and advanced the expenses of the litigation in the expectation that if they were successful in obtaining a recovery for the Settlement Class they would be paid from such recovery. In this type of litigation, it is customary for counsel to be awarded a percentage of the common fund recovery as their attorneys' fees. In addition, Lead Plaintiffs may seek payment for their time and expenses incurred in representing the Settlement Class. The requested fees, costs, and expenses amount to an average of approximately \$0.20 per damaged share of Walter Energy common stock. The average cost per damaged share of Walter Energy common stock will vary depending on the number of acceptable Proofs of Claim submitted.

Further Information

For further information regarding the Action, this Notice or to review the Stipulation and Agreement of Settlement, please visit www.WalterEnergySecuritiesLitigation.com or contact the Claims Administrator toll-free at 1-877-276-7349, or Info@WalterEnergySecuritiesLitigation.com.

You may also contact representatives of counsel for the Settlement Class: Rick Nelson, c/o Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, 1-800-449-4900 and/or Andrew Zivitz, Kessler Topaz Meltzer & Check, LLP, 280 King of Prussia Road, Radnor, PA 19087, 1-888-299-7706.

Please do not call the Court or Defendants with questions about the Settlement.

BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased or otherwise acquired the publicly traded common stock of Walter Energy between April 20, 2011 and September 21, 2011 (the “Settlement Class Period”), and were damaged thereby.

The Court directed that this Notice be sent to potential Settlement Class Members because they have a right to know about the proposed Settlement of this class action lawsuit, and to understand how the Settlement of this Action may affect their legal rights, before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and after any objections and appeals are resolved, the Claims Administrator appointed by the Court will make the payments provided for in the Settlement.

This Notice explains the lawsuit, the Settlement, Settlement Class Members’ legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the Action is the United States District Court for the Northern District of Alabama, Southern Division, and the case is known as *In re Walter Energy, Inc. Securities Litigation*, Master File No. 2:12-cv-00281-VEH. The case is assigned to the Honorable Virginia Emerson Hopkins. The parties representing the Settlement Class are the Government of Bermuda Contributory and Public Service Superannuation Pension Plans and Stephen C. Beaulieu, as Trustee of the Stephen C. Beaulieu Revocable Trust – the “Lead Plaintiffs,” and the individuals they sued are Keith Calder, Walter Scheller, Neil Winkelmann, and Joseph Leonard.

2. What is this lawsuit about?

During the Settlement Class Period, Walter Energy was a leading producer and exporter of metallurgical coal for the global steel industry. It also produced steam coal, coal bed methane gas (natural gas), metallurgical coke, and other related products.

The complaint alleges that Defendants made materially false and misleading statements and failed to state certain facts regarding the Company’s operating condition and financial prospects between April 20, 2011 and September 21, 2011, which is called the Settlement Class Period. Specifically, the complaint alleges that Defendants misrepresented that Walter Energy was poised to take advantage of, among other things: (1) a strong coal market based upon favorable tonnage pricing trends in the second quarter of 2011; (2) its U.S. operations’ production of high quality coal, in particular the production capabilities of its flagship number 7 mine (“Mine No. 7”) in Alabama; and (3) benefits that it would achieve through its newly-acquired and expanding Canadian operations, including the use of the Falling Creek connector road between Walter Energy’s Brule and Willow Creek coal mines in British Columbia that would allow for more efficient transport of coal to its soon-to-be expanded Willow Creek facility for processing.

The complaint alleges that these statements were materially false and misleading because: (1) before and during the Settlement Class Period the Company’s flagship Mine No. 7 was experiencing so-called “squeeze” events and other geological and ventilation issues that caused reduced production rates and mine closures for multiple days, and resulted in material delays and production shortages; (2) the Company’s Canadian operations were experiencing production problems resulting from construction delays on the Falling Creek connector road; and (3) as a result of the foregoing production issues and delays, the Company had an outstanding commitment to ship more than 700,000 tons of coal in the second quarter of 2011 at far lower first quarter 2011 prices, precluding it from materially capturing the significantly higher second quarter 2011 coal prices, and negatively impacting the average sales prices of its coal and overall operating results for the second quarter of 2011.

The complaint further alleges that, upon the partial public revelation of Defendants’ alleged fraud on August 4, 2011, when Walter Energy reported on the various geological, construction and other issues impacting its production volumes and ability to capture record second quarter 2011 coal prices, the price of Walter Energy common stock declined by 30%, from \$110.48 per share on August 3, 2011, to close at \$77.89 per share on August 4, 2011, and that the price of Walter Energy common stock declined further when the Company disclosed the full impact of its production issues on September 21, 2011, falling from \$75.00 per share on September 20, 2011 to \$66.25 per share on September 21, 2011, on extremely heavy trading volume. As a result of Defendants’ allegedly false and misleading statements, it is alleged that Walter Energy’s stock traded at inflated levels during the Settlement Class Period.

3. Why is this a class action?

In a class action, one or more people called the plaintiff sues on behalf of people who have similar claims. All of the people with similar claims are referred to as a class or class members. One court resolves the issues for all class members, except for those who exclude themselves from the class.

4. Why is there a settlement?

The Court has not decided in favor of the Defendants or of the Settlement Class. Instead, both sides agreed to the Settlement to avoid the distraction, costs, and risks of further litigation, including trial, and Lead Plaintiffs agreed to the Settlement in order to ensure that Settlement Class Members will receive compensation. Lead Plaintiffs and Lead Counsel believe the Settlement is in the best interest of all Settlement Class Members in light of the real possibility that continued litigation could result in no recovery at all.

WHO IS AFFECTED BY THE SETTLEMENT

If you are a Settlement Class Member, you are subject to the Settlement unless you are excluded from the Settlement Class, as set forth below, or you specifically opt-out of the Settlement Class, following the instructions set forth herein.

5. How do I know if I am part of the Settlement?

The Court directed that everyone who fits the following description is a Settlement Class Member: ***all Persons and entities that purchased or otherwise acquired the publicly traded common stock of Walter Energy between April 20, 2011 and September 21, 2011, and were damaged thereby***, except those Persons and entities that are excluded, as described below.

Excluded from the Settlement Class are Walter Energy and the Defendants, Defendants' immediate families, any person, firm, trust, corporation, officer, director or other individual or entity in which any current or former defendant has a controlling interest, and the legal representatives, affiliates, heirs, successors-in-interest or assigns of any such excluded party. Also excluded from the Settlement Class are those Persons who elect to exclude themselves from the Settlement Class on a timely basis in response to and in accordance with the provisions set forth in question 12 below.

If one of your mutual funds owns Walter Energy common stock, that alone does not make you a Settlement Class Member. You are a Settlement Class Member only if you directly purchased or acquired Walter Energy common stock during the Settlement Class Period. Contact your broker to see if you have purchased or acquired Walter Energy common stock.

If you sold Walter Energy common stock during the Settlement Class Period, that alone does not make you a Settlement Class Member. You are a Settlement Class Member only if you ***purchased or acquired*** Walter Energy common stock, as defined above.

Please Note: Receipt of this Notice does not mean that you are a Settlement Class Member or that you will be entitled to receive proceeds from the Settlement. You must be a Settlement Class Member in order to be potentially eligible to receive a payment from the Settlement. If you are a Settlement Class Member and you wish to be eligible to participate in the Settlement, you are required to submit the Proof of Claim form that is being distributed with this Notice and the required supporting documentation as set forth therein, postmarked or submitted online no later than May 9, 2016.

6. What if I am still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help. You can contact the Claims Administrator toll-free at 1-877-276-7349, or you can fill out and return the Proof of Claim form enclosed with this Notice package, to see if you qualify.

THE SETTLEMENT BENEFITS – WHAT YOU GET

7. What does the Settlement provide?

In exchange for the Settlement and the release of the Released Claims (defined below), as well as the dismissal of the Action, Defendants have agreed that a payment of \$25 million will be made by Defendants (or on their behalf) to be divided, after taxes, fees, and expenses, among all Settlement Class Members who send in a valid Proof of Claim form.

8. How much will my payment be?

At this time, it is not possible to make any determination as to how much any individual Settlement Class Member may receive from the Settlement. If you are a Settlement Class Member, your share of the Net Settlement Fund will depend on several things, including, how many Settlement Class Members submit timely and valid Proofs of Claim, the total Recognized Claims represented by the valid Proofs of Claim that Settlement Class Members send in, the number of shares of Walter Energy common stock you purchased or acquired, how much you paid for the shares, when you purchased or acquired the shares, and if you sold your shares and for how much.

By following the instructions in the Plan of Allocation, you can calculate what is called your Recognized Claim. It is unlikely that you will get a payment for all of your Recognized Claim. After all Settlement Class Members have sent in their Proof of Claim forms, the payment you get will be a part of the Net Settlement Fund equal to your Recognized Claim divided by the total of everyone's Recognized Claim. See the Plan of Allocation at pages 9-12 hereof for more information on your Recognized Claim.

HOW YOU GET A PAYMENT – SUBMITTING A CLAIM FORM

9. How can I get a payment?

To be eligible for a payment, you must submit a valid Proof of Claim form to the Claims Administrator at:

Walter Energy Securities Litigation
Claims Administrator
c/o Epiq Systems, Inc.
P.O. Box 4153
Portland, OR 97208-4153

The Proof of Claim must be postmarked or submitted online no later than **May 9, 2016**. A Proof of Claim form is enclosed with this Notice or it may be downloaded at www.WalterEnergySecuritiesLitigation.com. Read the instructions carefully, fill out the Proof of Claim form, include all the documents the form asks for, sign it, and mail or submit it online so that it is **postmarked (if mailed) or received (if filed electronically) no later than May 9, 2016**. The Proof of Claim may be submitted online at www.WalterEnergySecuritiesLitigation.com. Please retain all records of your transactions in Walter Energy common stock as they may be needed to document your claim.

10. When would I get my payment?

It is not possible at this time to determine when the Settlement proceeds will be distributed to eligible Settlement Class Members. The Court will hold a Settlement Hearing on May 2, 2016, to decide whether to approve the Settlement. If the Court approves the Settlement after that, there might be appeals. It is always uncertain when these appeals will be resolved, and resolving them can take time, perhaps more than a year. It also takes time for all the Proof of Claim forms to be processed. Please be patient.

11. What am I giving up to get a payment or to stay in the Settlement Class?

Unless you exclude yourself, you will remain a Settlement Class Member, and that means that, if the Settlement is approved, you will give up all "Released Claims" (as defined below), including "Unknown Claims" (as defined below), against the "Released Persons" (as defined below):

- "Released Claims" means any and all claims arising out of or relating to both: (i) the purchase or acquisition of Walter Energy common stock during the Settlement Class Period; and (ii) the acts, facts, statements, omissions or damages that were or could have been alleged in the Action, including any and all claims,

demands, losses, rights, causes of action, liabilities, obligations, judgments, suits, matters and issues of any kind or nature whatsoever, whether known or Unknown Claims, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, that have been or could have been asserted in the Action or in any court, tribunal, forum or proceeding (including, but not limited to, any claims arising under federal, state, foreign, or common law, or any statute, rule or regulation relating to alleged fraud, breach of any duty, negligence, violations of the federal securities laws, or otherwise and including all claims within the exclusive jurisdiction of the federal courts), whether individual, class, direct, representative, legal, equitable or any other type or in any other capacity, against the Released Persons, which Lead Plaintiffs or any member of the Settlement Class, or their legal representatives, heirs, successors-in-interest, transferees and assigns of all such foregoing holders, ever had, now has, or hereafter can, shall, or may have had, provided that Released Claims does not include claims to enforce the terms of the Settlement and the claims asserted in the following pending actions:

- (i) *In re Walter Energy, Inc. Derivative Litig.*, Lead Case No. 2:12-cv-719-RDP (N.D. Ala.) (Consolidated with 2:12-cv-3476-JHE); and
- (ii) *In re Walter Energy, Inc. Shareholder Derivative Litig.*, Master File No. 01-CV-2012-900406 (Consolidated with Case Nos. 01-CV-2012-900451 and 01-CV-2012-900503) (10th Jud. Cir., Jefferson Cty., Ala.).

- “Released Persons” means Walter Energy, Inc., each and all of the Defendants, and each and all of Walter Energy’s and Defendants’ Related Persons.
- “Related Persons” means, with respect to Walter Energy and the Defendants, any and/or all of their immediate families, parent entities, business units, business divisions, associates, affiliates or subsidiaries and each and all of their past, present, or future officers, directors, stockholders, employees, attorneys, financial or investment advisors, consultants, accountants, investment bankers, commercial bankers, insurers, engineers, advisors or agents, heirs, executors, trustees, general or limited partners or partnerships, personal representatives, estates, administrators, and each of their respective predecessors, successors, and assigns.
- “Unknown Claims” means any and all Released Claims that Lead Plaintiffs and/or any other Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons, and any and all Released Claims that the Released Persons do not know or suspect to exist in his, her or its favor, which if known by him, her or it might have affected his, her or its settlement with and release of the Released Persons (or Lead Plaintiffs, Plaintiffs’ Counsel and the members of the Settlement Class, as appropriate), or might have affected his, her or its decision not to object to this Settlement or not exclude himself, herself or itself from the Settlement Class. With respect to any and all Released Claims, the parties stipulate and agree that, upon the Effective Date, Lead Plaintiffs and Defendants shall expressly waive, and each Settlement Class Member and Released Person shall be deemed to have waived, and by operation of the Order and Final Judgment shall have expressly waived, to the fullest extent permitted by law, any and all provisions, rights and benefits conferred by Cal. Civ. Code §1542, and any law of any state or territory of the United States, or principle of common law, or the law of any foreign jurisdiction, that is similar, comparable or equivalent to Cal. Civ. Code §1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiffs and other Settlement Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Lead Plaintiffs shall expressly, and each other Settlement Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Order and Final Judgment shall have, fully, finally and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, reckless, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiffs and Defendants acknowledge, and Settlement Class Members and Released Persons by law and operation of the Order and Final Judgment shall be deemed to have acknowledged, that the foregoing waiver was separately bargained for and is an essential term of the Settlement of which this release is a part.

If you remain a member of the Settlement Class, all of the Court’s orders will apply to you and legally bind you.

EXCLUDING YOURSELF FROM THE SETTLEMENT CLASS

If you are a Settlement Class Member and you do not want a payment from this Settlement, and you want to keep the right to sue the Defendants and the other Released Persons, on your own, about the legal issues in this case, then you must take steps to remove yourself from the Settlement Class. This is called excluding yourself – or is sometimes referred to as “opting out.”

12. How do I get out of the proposed Settlement Class?

To exclude yourself from the Settlement Class, you must mail or deliver a written request for exclusion stating that you “request exclusion from the Settlement Class in the *Walter Energy Securities Litigation*.” Your request for exclusion must include the date(s), price(s), and number(s) of shares of all purchases, acquisitions, and sales of Walter Energy common stock during the Settlement Class Period. In addition, you must include your name, address, telephone number, and your signature. You must submit your exclusion request so that it is *received no later than March 11, 2016* to:

Walter Energy Securities Litigation
Claims Administrator
c/o Epiq Systems, Inc.
P.O. Box 4153
Portland, OR 97208-4153

If you ask to be excluded, you will not get any payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue the Defendants and the other Released Persons in the future.

13. If I do not exclude myself, can I sue the Defendants and the other Released Persons for the same thing later?

No. If you are a Settlement Class Member, unless you exclude yourself, you give up any rights to sue the Defendants and the other Released Persons for any and all Released Claims. If you have a pending lawsuit against any of the Released Persons, speak to your lawyer in that case immediately. You must exclude yourself from this Action to continue your own lawsuit. Remember, the exclusion deadline is March 11, 2016.

14. If I exclude myself, can I get money from the proposed Settlement?

No. If you exclude yourself, you may not send in a Proof of Claim to ask for any money. But, you may sue or be part of a different lawsuit against the Defendants and the other Released Persons.

THE LAWYERS REPRESENTING YOU

15. Do I have a lawyer in this case?

The Court ordered that the law firms of Robbins Geller Rudman & Dowd LLP and Kessler Topaz Meltzer & Check, LLP represent the Settlement Class Members, including you. These lawyers are called Lead Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense.

16. How will the lawyers be paid?

Lead Counsel will move the Court for an award of attorneys’ fees in an amount not greater than thirty-three percent (33%) of the Settlement Amount and for expenses and costs in an amount not to exceed \$550,000, plus interest on such fees, costs, and expenses at the same rate earned by the Settlement Fund. In addition, the Lead Plaintiffs may seek up to \$75,000 for their time and expenses incurred in representing the Settlement Class. Such sums as may be approved by the Court will be paid from the Settlement Fund.

OBJECTING TO THE SETTLEMENT

17. How do I tell the Court that I object to the proposed Settlement?

If you are a Settlement Class Member, you can object to the proposed Settlement, the proposed Plan of Allocation, and/or Lead Counsel's fee, cost, and expense application. You can write to the Court setting out your objection. The Court will consider your views. To object, you must send a signed letter saying that you object to the proposed Settlement in the *Walter Energy Securities Litigation*. Any objection must also include: (1) your name, address, telephone number, and your signature; (2) the date(s), price(s), and number(s) of shares of Walter Energy common stock that you purchased, acquired, and sold during the Settlement Class Period; (3) a statement of your objections to the Settlement, the reasons why you object, and whether you desire to appear and be heard at the Settlement Hearing; and (4) all documents or writings you desire the Court to consider. Your objection must be filed with the Court and mailed or delivered to each of the following addresses such that it is **received no later than March 11, 2016**:

COURT

Clerk of the Court
United States District Court
Northern District of Alabama
Southern Division
Hugo L. Black U.S. Courthouse
1729 Fifth Avenue North
Birmingham, AL 35203

LEAD COUNSEL

Andrew J. Brown
Robbins Geller Rudman &
Dowd LLP
655 West Broadway
Suite 1900
San Diego, CA 92101

Andrew L. Zivitz
Johnston de F. Whitman, Jr.
Kessler Topaz Meltzer &
Check, LLP
280 King of Prussia Road
Radnor, PA 19087

DEFENDANTS' COUNSEL

George S. Wang
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017

18. What is the difference between objecting and excluding myself?

Objecting is simply telling the Court that you do not like something about the proposed Settlement. You can object only if you are a Settlement Class Member and stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself, you have no basis to, and may not, object to the Settlement because the case no longer affects you.

THE COURT'S SETTLEMENT HEARING

The Court will hold a hearing to decide whether to approve the proposed Settlement. You may attend and you may ask to speak, but you do not have to.

19. When and where will the Court decide whether to approve the proposed Settlement?

The Court will hold a Settlement Hearing at **10:00 a.m., on May 2, 2016**, at the United States District Court for the Northern District of Alabama, Southern Division, Hugo L. Black U.S. Courthouse, 1729 Fifth Avenue North, Birmingham, AL 35203. At the hearing the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay to Lead Counsel and the Lead Plaintiffs. After the Settlement Hearing, the Court will decide whether to approve the Settlement. We do not know how long these decisions will take. You should be aware that the Court may change the date and time of the Settlement Hearing without another notice being sent to Settlement Class Members. If you want to attend the hearing, you should check with Lead Counsel beforehand to be sure that the date and/or time has not changed.

20. Do I have to come to the hearing?

No. Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary. Settlement Class Members do not need to appear at the hearing or take any other action to indicate their approval.

21. May I speak at the hearing?

If you object to the Settlement, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must include with your objection (see question 17 above) a statement saying that it is your “Notice of Intention to Appear in the *Walter Energy Securities Litigation*.” Persons who intend to object to the Settlement, the Plan of Allocation, and/or the application for an award of attorneys’ fees, costs, and expenses and desire to present evidence at the Settlement Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing. You cannot speak at the hearing if you exclude yourself.

IF YOU DO NOTHING

22. What happens if I do nothing at all?

If you do nothing, you will get no money from this Settlement. But, unless you exclude yourself (in accordance with the procedures set forth herein), you will not be able to start a lawsuit or be part of any other lawsuit against the Released Persons about the legal issues in this case, ever again.

GETTING MORE INFORMATION

23. Are there more details about the proposed Settlement?

This Notice summarizes the proposed Settlement. More details are in a Stipulation and Agreement of Settlement dated July 15, 2015 (the “Settlement Agreement”). You can get a copy of the Settlement Agreement and obtain answers to common questions regarding the proposed Settlement by contacting the Claims Administrator toll-free at 1-877-276-7349. A copy of the Settlement Agreement can be obtained from the website maintained by the Claims Administrator, www.WalterEnergySecuritiesLitigation.com.

24. How do I get more information?

For even more detailed information concerning the matters involved in this Action, reference is made to the pleadings, to the Settlement Agreement, to the Orders entered by the Court and to the other papers filed in the Action, which may be inspected at the Office of the Clerk of the United States District Court for the Northern District of Alabama, Southern Division, Hugo L. Black U.S. Courthouse, 1729 Fifth Avenue North, Birmingham, AL 35203, during regular business hours. For a fee, all papers filed in this Action are available at www.pacer.gov.

PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG SETTLEMENT CLASS MEMBERS

The Settlement Amount of \$25 million and any interest earned thereon shall be the “Settlement Fund.” The Settlement Fund, less all taxes, approved costs, fees, and expenses (the “Net Settlement Fund”) shall be distributed to Settlement Class Members who submit timely and valid Proof of Claim forms to the Claims Administrator (“Authorized Claimants”).

The Claims Administrator shall determine each Authorized Claimant’s *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant’s “Recognized Claim.” The Recognized Claim formula (below) is not intended to be an estimate of the amount of what a Settlement Class Member might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Claim formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. Furthermore, if any of the formulas set forth below yield an amount less than \$0.00 the claim per share is \$0.00. The Court may approve the Plan of Allocation, or modify it without additional notice to the Settlement Class. Any order modifying the Plan of Allocation will be posted to the website for the Settlement, www.WalterEnergySecuritiesLitigation.com.

The following proposed Plan of Allocation reflects the assumption that the prices of Walter Energy common stock were allegedly artificially inflated during the Settlement Class Period. The Plan of Allocation was created with the assistance of a consulting damages expert who analyzed the movement of Walter Energy’s common stock after the alleged disclosures. It takes into account the portion of the stock drops Lead Plaintiffs purport is attributable to the alleged fraud. Accordingly, “Recognized Claims” will be calculated for purposes of the Settlement as follows:

August 4, 2011 Market Adjusted Price Decline:	\$24.44
September 21, 2011 Market Adjusted Price Decline:	\$3.57
PSLRA 90 day look-back amount:	\$69.23 ¹

1. For shares of Walter Energy common stock ***purchased, or acquired, on or between April 20, 2011 through August 3, 2011***, the claim per share shall be as follows:

- a) If sold prior to August 4, 2011, the claim per share is zero.
- b) If sold on, or between, August 4, 2011 through September 20, 2011, the claim per share shall be the lesser of (i) \$24.44 (August 4, 2011 Price Decline); or (ii) the difference between the purchase price and the selling price.
- c) If retained at the end of September 20, 2011 and sold before December 19, 2011, the claim per share shall be the lesser of (i) \$28.01 (August 4, 2011 & September 21, 2011 Price Declines); or (ii) the difference between the purchase price and the selling price; or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.
- d) If retained, or sold, on or after December 19, 2011, the claim per share shall be the lesser of (i) \$28.01 (August 4, 2011 & September 21, 2011 Price Declines); or (ii) the difference between the purchase price per share and \$69.23 per share.

2. For shares of Walter Energy common stock ***purchased, or acquired, on or between August 4, 2011 through September 20, 2011***, the claim per share shall be as follows:

- a) If sold prior to September 21, 2011, the claim per share is zero.
- b) If retained at the end of September 20, 2011 and sold before December 19, 2011, the claim per share shall be the lesser of (i) \$3.57 (September 21, 2011 Price Decline); or (ii) the difference between the purchase price and the selling price; or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.
- c) If retained, or sold, on or after December 19, 2011, the claim per share shall be the lesser of (i) \$3.57 (September 21, 2011 Price Decline); or (ii) the difference between the purchase price per share and \$69.23 per share.

3. For shares of Walter Energy common stock ***purchased, or acquired, on September 21, 2011***, the claim per share shall be \$0.00.²

¹December 19, 2011 represents the last day of the 90-day period subsequent to the Settlement Class Period (the “90-day look back period”). The Private Securities Litigation Reform Act of 1995 (“PSLRA”) imposes a statutory limitation on recoverable damages using the 90-day look back period. This limitation is incorporated into the calculation of a Settlement Class Member’s Recognized Claim. Specifically, a Settlement Class Member’s Recognized Claim cannot exceed the difference between the purchase price paid for the Walter Energy common stock and the average closing price of Walter Energy common stock during the 90-day look back period subsequent to the Settlement Class Period if the share was held through December 19, 2011, the end of the 90-day look back period. Losses on Walter Energy common stock purchased/acquired during the Settlement Class Period and sold during the 90-day look back period cannot exceed the difference between the purchase price paid for the Walter Energy common stock and the average closing price of Walter Energy common stock during the portion of the 90-day look back period elapsed as of the date of sale, as set forth in the table below.

²Please note that although the Settlement Class Period includes September 21, 2011, shares of Walter Energy common stock that were purchased and/or acquired on September 21, 2011 are not eligible for a recovery under the Plan of Allocation because the disclosure made on September 21, 2011 that Lead Plaintiffs allege corrected earlier alleged misrepresentations and omissions was made before the opening of trading that day.

Date	Price	Average Closing Price
21-Sep-11	\$66.25	\$66.25
22-Sep-11	\$64.10	\$65.18
23-Sep-11	\$64.50	\$64.95
26-Sep-11	\$66.77	\$65.41
27-Sep-11	\$68.26	\$65.98
28-Sep-11	\$63.11	\$65.50
29-Sep-11	\$60.45	\$64.78
30-Sep-11	\$60.01	\$64.18
3-Oct-11	\$56.90	\$63.37
4-Oct-11	\$58.16	\$62.85
5-Oct-11	\$61.30	\$62.71
6-Oct-11	\$63.06	\$62.74
7-Oct-11	\$61.08	\$62.61
10-Oct-11	\$63.79	\$62.70
11-Oct-11	\$66.19	\$62.93
12-Oct-11	\$66.77	\$63.17
13-Oct-11	\$75.22	\$63.88
14-Oct-11	\$77.36	\$64.63
17-Oct-11	\$71.98	\$65.01
18-Oct-11	\$74.88	\$65.51
19-Oct-11	\$74.15	\$65.92
20-Oct-11	\$74.75	\$66.32
21-Oct-11	\$75.00	\$66.70
24-Oct-11	\$77.73	\$67.16
25-Oct-11	\$74.42	\$67.45
26-Oct-11	\$75.88	\$67.77
27-Oct-11	\$79.16	\$68.19
28-Oct-11	\$81.25	\$68.66
31-Oct-11	\$75.65	\$68.90
1-Nov-11	\$74.37	\$69.08
2-Nov-11	\$73.73	\$69.23
3-Nov-11	\$74.30	\$69.39
4-Nov-11	\$75.63	\$69.58
7-Nov-11	\$76.01	\$69.77
8-Nov-11	\$75.67	\$69.94
9-Nov-11	\$71.39	\$69.98
10-Nov-11	\$70.74	\$70.00
11-Nov-11	\$72.00	\$70.05
14-Nov-11	\$75.53	\$70.19
15-Nov-11	\$75.16	\$70.32
16-Nov-11	\$75.19	\$70.44
17-Nov-11	\$73.10	\$70.50
18-Nov-11	\$72.12	\$70.54
21-Nov-11	\$68.51	\$70.49
22-Nov-11	\$67.29	\$70.42
23-Nov-11	\$63.87	\$70.28
25-Nov-11	\$63.13	\$70.12
28-Nov-11	\$65.86	\$70.04
29-Nov-11	\$65.85	\$69.95
30-Nov-11	\$71.70	\$69.99
1-Dec-11	\$72.04	\$70.03
2-Dec-11	\$71.68	\$70.06
5-Dec-11	\$72.24	\$70.10
6-Dec-11	\$72.11	\$70.14
7-Dec-11	\$69.73	\$70.13
8-Dec-11	\$65.12	\$70.04
9-Dec-11	\$67.14	\$69.99
12-Dec-11	\$64.46	\$69.89
13-Dec-11	\$60.99	\$69.74
14-Dec-11	\$62.32	\$69.62
15-Dec-11	\$62.71	\$69.51
16-Dec-11	\$62.81	\$69.40
19-Dec-11	\$58.60	\$69.23

For Settlement Class Members who held Walter Energy common stock at the beginning of the Settlement Class Period or made multiple purchases, acquisitions, or sales during the Settlement Class Period, the First-In, First-Out (“FIFO”) method will be applied to such holdings, purchases, acquisitions, and sales for purposes of calculating a claim. Under the FIFO method, sales of Walter Energy common stock during the Settlement Class Period will be matched, in chronological order, first against shares of common stock held at the beginning of the Settlement Class Period. The remaining sales of Walter Energy common stock during the Settlement Class Period will then be matched, in chronological order, against common stock purchased or acquired during the Settlement Class Period.

To the extent a claimant had an overall market gain from his, her, or its purchases, acquisitions, sales, and holdings in Walter Energy common stock as calculated above, the value of the claim will be zero. However, proceeds from sales of common stock that have been matched against common stock held at the beginning of the Settlement Class Period will not be used in the calculation of such net loss. For shares purchased or acquired during the Settlement Class Period and held through the end of the 90-day look back period, a value of \$69.23 will be applied as the holding value for the purpose of calculating a net loss or gain. If a claimant had a net market loss in his, her or its trading in Walter Energy common stock, the claimant’s net Recognized Claim shall be limited to the claimant’s net market loss.

Payment according to the Plan of Allocation will be deemed conclusive against all Authorized Claimants. A Recognized Claim will be calculated as defined herein and cannot be less than zero. Each Authorized Claimant shall be allocated a *pro rata* share of the Net Settlement Fund based on his, her, or its Recognized Claim as compared to the total Recognized Claims of all Authorized Claimants. No distributions will be made to Settlement Class Members whose distribution would be less than \$10.00.

The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Settlement Class Member on equitable grounds.

Settlement Class Members who do not submit acceptable Proofs of Claim will not share in the Settlement proceeds. The Settlement and the Final Judgment and Order of Dismissal with Prejudice dismissing this Action will nevertheless bind Settlement Class Members who do not either submit a request for exclusion or submit an acceptable Proof of Claim.

Please contact the Claims Administrator or Lead Counsel if you disagree with any determinations made by the Claims Administrator regarding your Proof of Claim. If you are unsatisfied with the result, you may ask the Court, which retains jurisdiction over the claims administration process, to decide the issue by submitting a written request.

Defendants, their respective counsel, and all other Released Persons will have no responsibility or liability whatsoever for the investment of the Settlement Fund, the distribution of the Net Settlement Fund, the Plan of Allocation, or the payment of any claim. Lead Plaintiffs and Plaintiffs’ Counsel will have no liability for their reasonable efforts to execute, administer, and distribute the Settlement Fund.

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement. If any funds remain in the Net Settlement Fund by reason of un-cashed distribution checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Settlement Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distributions, any balance remaining in the Net Settlement Fund after at least six (6) months after the initial distribution of such funds shall be used: (1) first, to pay any amounts omitted from the initial disbursement, including claims submitted after the initial distribution or previously defective claims cured after the date of the initial distribution; (2) second, to pay any additional settlement administration fees, costs, and expenses, including those of Lead Counsel as may be approved by the Court; and (3) finally, to make a second distribution to claimants who cashed their checks from the initial distribution and who would receive at least \$10.00, after payment of the estimated costs, expenses, or fees to be incurred in administering the Net Settlement Fund and in making this second distribution, if such second distribution is economically feasible. These redistributions shall be repeated until the balance remaining in the Net Settlement Fund is *de minimis* and such remaining balance shall then be donated to the following non-profit organization: Legal Aid Society of Birmingham.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased or acquired Walter Energy common stock during the Settlement Class Period for the beneficial interest of an individual or organization other than yourself, the Court has directed that, WITHIN TEN (10) DAYS OF YOUR RECEIPT OF THIS NOTICE, you either: (1) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased or acquired such stock during such time period; or (2) request additional copies of this Notice and the Proof of Claim, which will be provided to you free of charge, and within ten (10) days mail the Notice and Proof of Claim directly to the beneficial owners of the stock referred to herein. If you choose to follow alternative procedure (2), upon such mailing, you must send a statement to the Claims Administrator confirming that the mailing was made as directed and retain the names and addresses for any future mailings to Settlement Class Members. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Your reasonable expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

Walter Energy Securities Litigation
Claims Administrator
c/o Epiq Systems, Inc.
P.O. Box 4153
Portland, OR 97208-4153
www.WalterEnergySecuritiesLitigation.com

DATED: November 23, 2015

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION