



C&J Energy Services

C & J ENERGY SERVICES.

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August 3, 2016

RE: Update Pertaining to C&J's Chapter 11 Restructuring Process

Dear Valued C&J Energy Services Vendor,

As you may be aware, on July 20, 2016, C&J commenced a voluntary reorganization under Chapter 11 of the U. S. Bankruptcy Code, which will enable the Company to significantly strengthen its financial position through the protective forum of a court-supervised process, while continuing to operate its businesses in ordinary course without interruption. This Chapter 11 proceeding implements the terms of a Restructuring Support Agreement (as amended, the "RSA") that we entered on July 8, 2016 with the lenders under our credit facility, which calls for the complete deleveraging of the Company's balance sheet by converting all \$1.4 billion of debt outstanding into new common equity.

Our partnership with you is important to us, and we want to ensure you understand what this restructuring plan means for you, so set out below are some key points about what is going on at C&J:

- **We must comply with U.S. Bankruptcy law.** We are required to pay for all goods and services that are delivered on or after the Chapter 11 filing date. Payment will continue in the ordinary course.
- **You must also comply with U.S. Bankruptcy law.** The bankruptcy court will enter orders prohibiting any party from taking or continuing any action against the Company while in these restructuring proceedings. Therefore, our partners and counter-parties may not make demand for payment, terminate or modify terms of contracts, or take any offensive action against the Company.
- **Cash is available to pay for all post-petition obligations.** We are required to pay for all goods and services that are delivered on or after the Chapter 11 filing date. Payment will continue in the ordinary course, and you will be paid for all goods and services provided to C&J after the Chapter 11 filing date on the same terms we paid previously.
- **Mineral lien motion approved.** On July 21, 2016, the bankruptcy court approved a final motion allowing the Company to pay claims involving a vendor that has the ability to impose liens against C&J or our customers.
- **C&J is open for business.** This is a financial restructuring only. We expect to continue to operate our business in the normal course throughout the Chapter 11 proceeding. Your



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cooperation and continued supply of goods and services will allow us to continue operations seamlessly and help ensure a successful outcome.

- **We intend to move through this process as quickly as possible.** In light of the challenging market conditions that are impacting C&J (as is the case with many of our peers in our industry), we believe that the Chapter 11 restructuring plan as contemplated by the RSA is the best course of action for the Company and our stakeholders. Recognizing that the pace of a court supervised process is not within our control, we are also working proactively with our creditors to facilitate an outcome as expeditiously as possible.

We know you will have additional questions as we move through the process, and our intent is to be as open and transparent as possible. Additional information can be found under the Restructuring tab in the Investor Relations section of our website at www.cjenergy.com. Please review the enclosed Frequently Asked Questions that we have developed to address potential key concerns. If you have additional questions, please don't hesitate to contact your regular C&J representative.

Additionally, our claims agent engaged to assist us in managing through the restructuring process – Donlin, Recano & Company – has set up a website at www.donlinrecano.com/cjenergy that includes court documents and other information that we believe will be beneficial to you during the restructuring process. They have also established a toll-free information hotline at (866) 296-8019 to address specific questions.

We greatly appreciate your support and look forward to continuing to partner with our valued suppliers for many years to come.

Sincerely,

Don Gawick
President, Chief Executive Officer and Chief Operating Officer
Member of the Board of Directors
C&J Energy Services Ltd.



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General FAQs:

1. What is a Restructuring Support Agreement and what does that mean for C&J?

- On July 8, 2016, we announced that C&J had entered into a Restructuring Support Agreement (“RSA”) with the Company’s secured lenders, which is a legal document that binds the lenders to certain specified terms of a restructuring transaction.
- The RSA provides for a court-supervised restructuring process, through a voluntary reorganization under Chapter 11 of the U. S. Bankruptcy Code, which will enable the Company to fully de-lever its balance sheet while continuing operations in the normal course.
- The RSA provides that we will be debt-free by converting ALL of our outstanding debt (approximately \$1.4 billion) into new common equity, and also ensures that we will have ample liquidity through the restructuring process and when we emerge at the completion of the Chapter 11 proceeding.
- It is important to understand that this is a financial restructuring and we do not expect it to impact the running of the business. Our day-to-day operations will continue in the normal course of business, and we expect to continue to have ample resources and remain fully capable of providing safe, reliable and efficient operations to all of our customers.
- The Company currently has and will maintain a sufficient cash balance throughout the restructuring process.
- We value the important relationships that we have developed with our stakeholders, and the restructuring will put C&J on solid financial footing, and allow the Company to be a strong partner for years to come.
- C&J’s Executive Management team is confident that the Chapter 11 restructuring plan as contemplated by the RSA is in the best interest of the Company’s stakeholders and will strongly position C&J for long-term success.

2. What is a Chapter 11 proceeding?

- Chapter 11 is the section of the U.S. Bankruptcy Code that allows companies to implement financial restructurings through the protective forum of a court-supervised proceeding while continuing to operate their business in ordinary course.
- The Chapter 11 proceeding will not involve an interruption in our business, it does not mean we are going out of business, nor does it involve the liquidation of our assets or shuttering of our doors, but rather it does provide a protective forum for us to eliminate all of our debt and emerge a financially stronger organization.
- Many companies, such as General Motors and American Airlines, have utilized Chapter 11 to restructure their debt, without any disruption in business, and continued to grow and prosper as incredibly successful companies.



3. *Why did C&J take this action?*

- Our industry continues to operate in a difficult commodity price environment. Over the past eighteen months, we have responded proactively to the extremely challenging market conditions by aggressively cutting costs, right-sizing all of our businesses in-line with current market conditions, closing unprofitable facilities and focusing on operating in the safest and most efficient manner possible.
- We have also been working with our lending group on a comprehensive solution to de-lever our balance sheet, enhance our liquidity and generally strengthen our overall financial position.
- The Chapter 11 proceeding contemplated by the RSA represents a positive path forward in our efforts to strengthen the Company's balance sheet and to best position the Company for long-term success.
- The Chapter 11 proceeding will not involve an interruption in our business, it does not mean we are going out of business, nor does it involve the liquidation of our assets or shuttering of our doors, but rather it does provide a protective forum for us to eliminate all of our debt and emerge a financially stronger organization.
- We believe that the Chapter 11 restructuring plan as contemplated by the RSA is in the best interest of the Company's stakeholders and will strongly position C&J for long-term success.

4. *Does this bankruptcy case mean that C&J is shutting down or going out of business?*

- No, absolutely not. It is important to understand that this is a financial restructuring and our operations will continue in the normal course throughout this court-supervised process.
- A Chapter 11 bankruptcy case is NOT a liquidation of the Company.
- We believe C&J has sufficient liquidity from cash on hand and funds generated from operations, which together with debtor-in-possession financing that will be provided as part of the restructuring process, will allow us to continue our operations and support the business in the ordinary course through the restructuring process and upon emergence.
- The Company intends to continue its day-to-day operations in the normal course of business, providing safe, reliable and efficient operations to our customers worldwide.



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Vendor FAQs:

1. *Will C&J's vendors be affected?*
 - We intend to continue meeting our obligations to all of our stakeholders, including vendor obligations, on a go-forward basis, in ordinary course (and according to terms of our current contracts, where applicable) and consistent with applicable court orders.
2. *How will the restructuring process affect day-to-day operations?*
 - This is a financial restructuring and our operations will continue in the normal course throughout this court-supervised process.
 - We intend to continue meeting our obligations to all of our stakeholders, including vendor obligations, on a go-forward basis, in ordinary course (and according to terms of our current contracts, where applicable) and consistent with applicable court orders.
 - We believe C&J has sufficient liquidity from cash on hand and funds generated from operations, which together with debtor-in-possession financing that will be provided as part of the restructuring process, will allow us to continue our operations and support the business in the ordinary course through the restructuring process and upon emergence.
3. *Will C&J continue to order goods and services from its vendors? Why should I sell you goods and services now?*
 - Yes, C&J's operations will continue in the normal course throughout this court-supervised restructuring process and your cooperation and continued supply of goods and services will allow us to continue to deliver our best-in-class services to our customers.
 - We will continue to order and pay for goods and services in ordinary course to meet our ongoing business needs.
 - We value the important relationships that we have developed with our vendors and contractors, and we intend to work closely with our vendors and contractors throughout this process and in the future.
 - The value of any goods received by C&J within 20 days before the Chapter 11 filing date, in which the goods have been sold to the Company in the ordinary course of business, are considered administrative expenses that would need to be paid in full.
4. *Will vendors be paid for goods or services provided **after** the filing date?*
 - Yes, we are required to pay vendors in full for all goods and services that are delivered on or after the Chapter 11 filing date. Payment will continue in the ordinary course.



- Invoices for goods and services provided after the Chapter 11 filing date should be submitted through the typical accounts payable channels and payments will be processed in accordance with contract terms, if applicable.
 - We value the important relationships that we have developed with our vendors and we intend to work closely with our vendors throughout this process and in the future.
5. *Will vendors be paid for goods or services delivered **prior** to the Chapter 11 filing date?*
- Under U.S. bankruptcy law, unpaid debts for goods and services provided to C&J prior to the filing date, also known as prepetition claims, generally cannot be paid without specific bankruptcy court approval.
 - Any of these prepetition claims will be addressed as part of the court-process moving forward. If you believe you have a prepetition claim or an administrative claim for goods and services provided to C&J, you may need to file a proof of claim with the bankruptcy court to be eligible for payment on your claim. Information about the claims process will be made available shortly.
 - The value of any goods received by C&J within 20 days before the Chapter 11 filing date, in which the goods have been sold to the Company in the ordinary course of business, are considered administrative expenses that would need to be paid in full.
 - C&J's claims agent – Donlin, Recano & Company, Inc. – will provide you with the relevant information and appropriate forms once a deadline for filing claims has been set. Proof of claim forms and other information about the claims process will be available at the following website: <http://www.donlinrecano.com/cjenergy>
6. *How do we protect our rights to payment for good or services provided prior to the Chapter 11 filing date? Do we need to file a lien?*
- No, you do not need to file a lien to protect your claim for good or services delivered prior to the filing date. In fact, we request that you not attempt to file any liens, but rather please work with us to assert your claim through the Chapter 11 process.
 - We are committed to protecting our customers from any unnecessary lien filings. Any situations that arise will be given the highest priority and resolved immediately.
 - As part of our initial Chapter 11 filing, we requested permission from the bankruptcy court to pay amounts due to parties that have the ability to file liens against C&J or our customers.
 - On July 21, 2016, the bankruptcy court approved a final mineral lien motion allowing the Company to pay any claim involving a vendor that has the ability to impose liens against C&J or our customers.
7. *How can I file a proof of claim?*
- C&J's claims agent – Donlin, Recano & Company, Inc. – will provide you with the relevant information and appropriate forms once a deadline for filing claims has been set. Proof of claim forms and other information about the claims process will be available at the following website: <http://www.donlinrecano.com/cjenergy>



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8. *How can I get updates and additional information?*

- The Company will continue to keep all stakeholders, including its vendors, informed of new, relevant information as we move through the restructuring process.
- We have set up a Restructuring tab under the Investor Relations section of our website, www.cjenergy.com, as an easily accessible avenue to provide additional information.
- In addition, our claims agent – Donlin, Recano & Company, Inc. – has set up a website that includes free access to court documents and other information on the restructuring process at <http://www.donlinrecano.com/cjenergy>
- We have also established a toll-free information hotline at (866) 296-8019 (U.S.) to address specific questions and concerns.