IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	Chapter 11
CJ HOLDING CO., *et al.*,[1]	§	Case No. 16-33590 (DRJ)
Debtors.	§	(Jointly Administered)

NOTICE OF FILING OF THE DISCLOSURE STATEMENT RELATING TO THE FIRST AMENDED JOINT PLAN OF REORGANIZATION OF CJ HOLDING CO., *ET AL.*, PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

PLEASE TAKE NOTICE that on September 28, 2016, the above-captioned debtors and debtors in possession (collectively, the "Debtors") filed the attached *Disclosure Statement Relating to the First Amended Joint Plan of Reorganization of CJ Holding Co.*, et al., *Pursuant to Chapter 11 of the Bankruptcy Code* (the "Disclosure Statement") with the United States Bankruptcy Court for the Southern District of Texas.

PLEASE TAKE FURTHER NOTICE that the Debtors filed the Disclosure Statement in accordance with that certain Restructuring Support and Lock-Up Agreement, dated as of July 8, 2016, as amended on July 14, 2016 (and as may be further amended, modified, or supplemented from time to time, in accordance with its terms, the "RSA"). The Disclosure Statement remains subject to ongoing review and comment from the parties to the RSA. Pursuant to the RSA, the Debtors have until 90 days after the petition date in these chapter 11 cases to obtain approval of the Disclosure Statement. Accordingly, the Debtors have not concurrently filed a motion seeking approval of the Disclosure Statement and are not seeking to set a hearing with respect to approval of the Disclosure Statement at this time; however, the Debtors intend to do so in the near future.

PLEASE TAKE FURTHER NOTICE that copies of the Disclosure Statement, as well as copies of all documents filed in these chapter 11 cases are available free of charge by visiting https://donlinrecano.com/cjenergy or by calling (866) 296-8019 (toll-free in North America) or (212) 771-1128 (outside North America). You may also obtain copies of any pleadings by

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number (if any), are: CJ Holding Co. (4586); Blue Ribbon Technology Inc. (6338); C&J Corporate Services (Bermuda) Ltd.; C&J Energy Production Services-Canada Ltd.; C&J Energy Services, Inc. (3219); C&J Energy Services Ltd.; C&J Spec-Rent Services, Inc. (0712); C&J VLC, LLC (9989); C&J Well Services Inc. (5684); ESP Completion Technologies LLC (4615); KVS Transportation, Inc. (2415); Mobile Data Technologies Ltd.; Tellus Oilfield Inc. (2657); Tiger Cased Hole Services Inc. (7783); and Total E&S, Inc. (5351). The location of the Debtors' service address is 3990 Rogerdale, Houston, Texas 77042.

visiting the Court's website at https://ecf.txsb.uscourts.gov in accordance with the procedures and fees set forth therein.

Dated: September 28, 2016

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DISCLOSURE STATEMENT RELATING TO THE FIRST AMENDED JOINT PLAN OF REORGANIZATION OF CJ HOLDING CO., *ET AL.*, PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

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Dated: September 28, 2016

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number (if any), are: CJ Holding Co. (4586); Blue Ribbon Technology Inc. (6338); C&J Corporate Services (Bermuda) Ltd.; C&J Energy Production Services-Canada Ltd.; C&J Energy Services, Inc. (3219); C&J Energy Services Ltd.; C&J Spec-Rent Services, Inc. (0712); C&J VLC, LLC (9989); C&J Well Services Inc. (5684); ESP Completion Technologies LLC (4615); KVS Transportation, Inc. (2415); Mobile Data Technologies Ltd.; Tellus Oilfield Inc. (2657); Tiger Cased Hole Services Inc. (7783); and Total E&S, Inc. (5351). The location of the Debtors' service address is 3990 Rogerdale, Houston, Texas 77042.

IMPORTANT INFORMATION ABOUT THIS DISCLOSURE STATEMENT[2]

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO HOLDERS OF CLAIMS OR INTERESTS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE FIRST AMENDED JOINT PLAN OF REORGANIZATION OF CJ HOLDING CO. AND ITS DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE. BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN, EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE VIII HEREIN.

THE PLAN IS SUPPORTED BY THE DEBTORS AND CERTAIN HOLDERS OF CLAIMS AND INTERESTS, INCLUDING HOLDERS OF APPROXIMATELY 90 PERCENT OF THE LENDER CLAIMS. THE DEBTORS URGE HOLDERS OF CLAIMS OR INTERESTS WHOSE VOTES ARE BEING SOLICITED TO VOTE TO ACCEPT THE PLAN.

THE DEBTORS URGE EACH HOLDER OF A CLAIM OR INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN, AND THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, AND CERTAIN ANTICIPATED EVENTS IN THE CHAPTER 11 CASES. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH ANTICIPATED EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTORS RELIED ON FINANCIAL DATA DERIVED FROM THE DEBTORS' BOOKS AND RECORDS AND ON VARIOUS ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES. WHILE THE DEBTORS BELIEVE THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THE FINANCIAL CONDITION OF THE DEBTORS AS OF THE DATE HEREOF AND THAT THE ASSUMPTIONS REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES AND THEIR FUTURE RESULTS AND OPERATIONS. THE DEBTORS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. THE DEBTORS OR ANY OTHER AUTHORIZED PARTY MAY SEEK TO INVESTIGATE, FILE, AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.

THE DEBTORS ARE MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTORS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE DEBTORS HAVE NO AFFIRMATIVE DUTY TO DO

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2 Capitalized terms used but not defined in this disclaimer shall have the meaning ascribed to them elsewhere in this Disclosure Statement.

SO, AND EXPRESSLY DISCLAIM ANY DUTY TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE. HOLDERS OF CLAIMS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THIS DISCLOSURE STATEMENT WAS FILED. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION, MODIFICATION, OR AMENDMENT. THE DEBTORS RESERVE THE RIGHT TO FILE AN AMENDED OR MODIFIED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME, SUBJECT TO THE TERMS OF THE PLAN AND THE RSA.

THE DEBTORS HAVE NOT AUTHORIZED ANY ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS OR INTERESTS (INCLUDING THOSE HOLDERS OF CLAIMS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN, WHO VOTE TO REJECT THE PLAN, OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE RESTRUCTURING TRANSACTION CONTEMPLATED THEREBY.

THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO CERTAIN MATERIAL CONDITIONS PRECEDENT DESCRIBED HEREIN AND SET FORTH IN ARTICLE IX OF THE PLAN. THERE IS NO ASSURANCE THAT THE PLAN WILL BE CONFIRMED, OR IF CONFIRMED, THAT THE CONDITIONS REQUIRED TO BE SATISFIED FOR THE PLAN TO GO EFFECTIVE WILL BE SATISFIED (OR WAIVED).

YOU ARE ENCOURAGED TO READ THE PLAN AND THIS DISCLOSURE STATEMENT IN ITS ENTIRETY, INCLUDING ARTICLE VIII, ENTITLED "RISK FACTORS," WHICH BEGINS ON PAGE 36, BEFORE SUBMITTING YOUR BALLOT TO VOTE ON THE PLAN.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A GUARANTEE BY THE COURT OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE MERITS OF THE PLAN.

SUMMARIES OF THE PLAN AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN. THE SUMMARIES OF THE FINANCIAL INFORMATION AND THE DOCUMENTS ANNEXED TO THIS DISCLOSURE STATEMENT OR OTHERWISE INCORPORATED HEREIN BY REFERENCE ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THOSE DOCUMENTS. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE OF THIS DISCLOSURE STATEMENT, AND THERE IS NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER SUCH DATE. EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR IN ACCORDANCE WITH APPLICABLE LAW, THE DEBTORS ARE UNDER NO DUTY TO UPDATE OR SUPPLEMENT THIS DISCLOSURE STATEMENT.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED FOR PURPOSES OF SOLICITING VOTES FOR THE ACCEPTANCES AND CONFIRMATION OF THE PLAN AND MAY NOT BE RELIED ON FOR ANY OTHER PURPOSE. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE DISCLOSURE STATEMENT AND THE PLAN, THE RELEVANT PROVISIONS OF THE PLAN WILL GOVERN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(B) AND IS NOT NECESSARILY PREPARED IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY SIMILAR FEDERAL, STATE, LOCAL, OR FOREIGN REGULATORY AGENCY, NOR HAS THE SEC OR ANY OTHER AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT.

THE DEBTORS HAVE SOUGHT TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT; HOWEVER, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR INCORPORATED HEREIN BY REFERENCE HAS NOT BEEN, AND

WILL NOT BE, AUDITED OR REVIEWED BY THE DEBTORS' INDEPENDENT AUDITORS UNLESS EXPLICITLY PROVIDED OTHERWISE.

UPON CONFIRMATION OF THE PLAN, CERTAIN OF THE SECURITIES DESCRIBED IN THIS DISCLOSURE STATEMENT WILL BE ISSUED WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, 15 U.S.C. §§ 77A–77AA, TOGETHER WITH THE RULES AND REGULATIONS PROMULGATED THEREUNDER (THE "SECURITIES ACT"), OR SIMILAR FEDERAL, STATE, LOCAL, OR FOREIGN LAWS, IN RELIANCE ON THE EXEMPTION SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE. OTHER SECURITIES MAY BE ISSUED PURSUANT TO OTHER APPLICABLE EXEMPTIONS UNDER THE FEDERAL SECURITIES LAWS. TO THE EXTENT EXEMPTIONS FROM REGISTRATION UNDER SECTION 1145 OF THE BANKRUPTCY CODE OR APPLICABLE FEDERAL SECURITIES LAW DO NOT APPLY, THE SECURITIES MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO A VALID EXEMPTION OR UPON REGISTRATION UNDER THE SECURITIES ACT.

THE DEBTORS MAKE STATEMENTS IN THIS DISCLOSURE STATEMENT THAT ARE CONSIDERED FORWARD-LOOKING STATEMENTS UNDER FEDERAL SECURITIES LAWS. THE DEBTORS CONSIDER ALL STATEMENTS REGARDING ANTICIPATED OR FUTURE MATTERS TO BE FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS MAY INCLUDE STATEMENTS ABOUT THE DEBTORS':

- **BUSINESS STRATEGY;**
- **TECHNOLOGY;**
- **FINANCIAL CONDITION, REVENUES, CASH FLOWS, AND EXPENSES;**
- **LEVELS OF INDEBTEDNESS, LIQUIDITY, AND COMPLIANCE WITH DEBT COVENANTS;**
- **FINANCIAL STRATEGY, BUDGET, PROJECTIONS, AND OPERATING RESULTS;**
- **OIL AND NATURAL GAS PRICES AND THE OVERALL HEALTH OF THE OIL AND NATURAL GAS INDUSTRY;**
- **FUTURE DEMAND FOR OILFIELD SERVICES;**
- **THE AMOUNT, NATURE, AND TIMING OF CAPITAL EXPENDITURES;**
- **AVAILABILITY AND TERMS OF CAPITAL;**
- **SUCCESSFUL RESULTS FROM THE DEBTORS' OPERATIONS;**
- **THE INTEGRATION AND BENEFITS OF ASSET AND PROPERTY ACQUISITIONS OR THE EFFECTS OF ASSET AND PROPERTY ACQUISITIONS OR DISPOSITIONS ON THE DEBTORS' CASH POSITION AND LEVELS OF INDEBTEDNESS;**
- **COSTS OF CONDUCTING THE DEBTORS' OTHER OPERATIONS;**
- **GENERAL ECONOMIC AND BUSINESS CONDITIONS;**
- **EFFECTIVENESS OF THE DEBTORS' RISK MANAGEMENT ACTIVITIES;**
- **ENVIRONMENTAL LIABILITIES;**
- **COUNTERPARTY CREDIT RISK;**
- **THE OUTCOME OF PENDING AND FUTURE LITIGATION;**
- **GOVERNMENTAL REGULATION AND TAXATION OF THE OIL AND NATURAL GAS INDUSTRY;**
- **DEVELOPMENTS IN OIL-PRODUCING AND NATURAL GAS-PRODUCING COUNTRIES;**

- **UNCERTAINTY REGARDING THE DEBTORS' FUTURE OPERATING RESULTS;**
- **PLANS, OBJECTIVES, AND EXPECTATIONS;**
- **THE ADEQUACY OF THE DEBTORS' CAPITAL RESOURCES AND LIQUIDITY;**
- **RISKS IN CONNECTION WITH ACQUISITIONS;**
- **THE POTENTIAL ADOPTION OF NEW GOVERNMENTAL REGULATIONS; AND**
- **THE DEBTORS' ABILITY TO SATISFY FUTURE CASH OBLIGATIONS AND ENVIRONMENTAL COSTS.**

STATEMENTS CONCERNING THESE AND OTHER MATTERS ARE NOT GUARANTEES OF THE REORGANIZED DEBTORS' FUTURE PERFORMANCE. THERE ARE RISKS, UNCERTAINTIES, AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE REORGANIZED DEBTORS' ACTUAL PERFORMANCE OR ACHIEVEMENTS TO BE DIFFERENT FROM THOSE THEY MAY PROJECT, AND THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE THE PROJECTIONS MADE HEREIN. THESE RISKS, UNCERTAINTIES, AND FACTORS MAY INCLUDE THE FOLLOWING: THE DEBTORS' ABILITY TO CONFIRM AND CONSUMMATE THE PLAN; THE POTENTIAL THAT THE DEBTORS MAY NEED TO PURSUE AN ALTERNATIVE TRANSACTION IF THE PLAN IS NOT CONFIRMED; THE DEBTORS' ABILITY TO REDUCE THEIR OVERALL FINANCIAL LEVERAGE; THE POTENTIAL ADVERSE IMPACT OF THE CHAPTER 11 CASES ON THE DEBTORS' OPERATIONS, MANAGEMENT, AND EMPLOYEES; THE RISKS ASSOCIATED WITH OPERATING THE DEBTORS' BUSINESSES DURING THE CHAPTER 11 CASES; CUSTOMER RESPONSES TO THE CHAPTER 11 CASES; THE DEBTORS' INABILITY TO DISCHARGE OR SETTLE CLAIMS DURING THE CHAPTER 11 CASES; GENERAL ECONOMIC, BUSINESS, AND MARKET CONDITIONS; CURRENCY FLUCTUATIONS; INTEREST RATE FLUCTUATIONS; PRICE INCREASES; EXPOSURE TO LITIGATION; A DECLINE IN THE DEBTORS' MARKET SHARE DUE TO COMPETITION OR PRICE PRESSURE BY CUSTOMERS; THE DEBTORS' ABILITY TO IMPLEMENT COST REDUCTION INITIATIVES IN A TIMELY MANNER; THE DEBTORS' ABILITY TO DIVEST EXISTING BUSINESSES; FINANCIAL CONDITIONS OF THE DEBTORS' CUSTOMERS; ADVERSE TAX CHANGES; LIMITED ACCESS TO CAPITAL RESOURCES; CHANGES IN DOMESTIC AND FOREIGN LAWS AND REGULATIONS; TRADE BALANCE; NATURAL DISASTERS; GEOPOLITICAL INSTABILITY; AND THE EFFECTS OF GOVERNMENTAL REGULATION ON THE DEBTORS' BUSINESSES.

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3 Each Exhibit is incorporated herein by reference.

I. INTRODUCTION

CJ Holding Co. and its debtor affiliates, as debtors and debtors in possession (collectively, the "Debtors"), submit this disclosure statement (this "Disclosure Statement"), pursuant to section 1125 of the Bankruptcy Code, to holders of Claims against and Interests in the Debtors in connection with the solicitation of votes for acceptance of the *First Amended Joint Plan of Reorganization of CJ Holding Company, et al., Pursuant to Chapter 11 of the Bankruptcy Code* (the "Plan"), dated September 28, 2016.[1] A copy of the Plan is attached hereto as **Exhibit A** and incorporated herein by reference. The Plan constitutes a separate chapter 11 plan for each of the other Debtors.

THE DEBTORS AND CERTAIN HOLDERS OF CLAIMS AND INTERESTS, INCLUDING HOLDERS OF APPROXIMATELY 90 PERCENT OF THE LENDER CLAIMS, SUPPORT THE PLAN AND THE DEBTORS BELIEVE THAT THE COMPROMISES CONTEMPLATED UNDER THE PLAN ARE FAIR AND EQUITABLE, MAXIMIZE THE VALUE OF THE DEBTORS' ESTATES, AND PROVIDE THE BEST RECOVERY TO STAKEHOLDERS. AT THIS TIME, THE DEBTORS BELIEVE THE PLAN REPRESENTS THE BEST AVAILABLE OPTION FOR COMPLETING THE CHAPTER 11 CASES. THE DEBTORS STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

II. PRELIMINARY STATEMENT

The Debtors and the non-Debtor subsidiaries of C&J Energy Services Ltd. (collectively, "C&J") form an oilfield services company that offers a range of completion and production related services necessary to, for example, prepare drilled oil and gas wells for extraction, stimulate well production, and maintain producing wells. Substantially all of C&J's customers are oil and natural gas exploration and production ("E&P") companies and, therefore, C&J's success is directly tied to the success of its E&P company customer base. The success of C&J's E&P company customer base is directly tied to commodities prices. Thus, demand for C&J's services tends to be as volatile and cyclical as the commodities markets themselves. In response to the recent low commodity pricing environment, E&P companies have significantly reduced capital expenditures—*i.e.*, E&P companies have stopped drilling and completing new oil and gas wells—greatly reducing demand for the types of services C&J provides.

Further, E&P sector capital expenditures, and thus the demand for C&J's services, are influenced as much by market ***expectations*** as actual market performance. In other words, E&P sector capital expenditure levels are unlikely to improve if E&P companies expect continued volatility in the commodities markets. Commodities markets have experienced and are continuing to experience a nearly unprecedented level of volatility, with no sure sign of calm on the horizon. To top it off, C&J operates in a highly-competitive industry, where its larger, more geographically diversified, and often better-capitalized competitors are in a position to exert significant, downward pressure on pricing for services. C&J operates in the continental United States, Western Canada, and the Middle East, with its U.S.-based operations accounting for nearly all enterprise-wide revenue—these markets have been hit hard by recent depressed commodities prices.

The foregoing circumstances have significantly strained C&J's enterprise-wide liquidity, especially in light of the fact that C&J incurred more than $1 billion in funded-debt obligations in connection with an early-2015 merger transaction that nearly tripled the size of its enterprise-wide

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[1] Capitalized terms used but not otherwise defined in this Disclosure Statement shall have the meaning ascribed to such terms in the Plan. **The summary of the Plan provided herein is qualified in its entirety by reference to the Plan. In the case of any inconsistency between this Disclosure Statement and the Plan, the Plan will govern**.

operations. Due to the severe and prolonged industry downturn that began in late 2014, C&J has yet to realize the full benefits expected from the merger transaction.

As of the Petition Date, the Debtors' capital structure consisted of approximately $1.4 billion in funded-debt obligations. Under prevailing market conditions, C&J's capital structure has simply become unsustainable. In an attempt to mitigate the liquidity strain brought on by significantly reduced activity in the E&P sector, over the course of 2015 through the first half of 2016, C&J implemented various operational "right-sizing" and other cost-cutting measures, including stacking equipment, closing unprofitable facilities, reducing headcount, and implementing stringent cost controls to lower operational cost structure, including reductions in compensation and benefits across the organization.

As market conditions hit rock bottom in early 2016, it became clear that C&J would not be able to maintain compliance with certain financial covenants under the Credit Agreement. Accordingly, early in the second quarter of 2016, C&J engaged its key stakeholders—including a steering committee of Lenders (the "Steering Committee")—regarding comprehensive restructuring alternatives that would strengthen C&J's balance sheet and provide near-term liquidity support. With the support of the Steering Committee, C&J was ultimately able to secure several months' worth of forbearance from the Lenders—time it used to engage both existing stakeholders and third parties regarding restructuring alternatives.

After extensive, hard-fought negotiations, the Debtors and the Steering Committee agreed to the terms of the RSA, a copy of which is attached hereto as **Exhibit B**. In the months immediately preceding the Petition Date, the Debtors explored various leverage points with the Steering Committee, including considering third-party proposals, and arrived at a resolution under which the Lenders agreed to significant concessions and financial support, including, among other things, a full restructuring of the obligations under the Credit Agreement and a $200 million new-money equity investment in the form of the Rights Offering. Significantly, a special restructuring committee considered and unanimously recommended entry into the RSA to C&J's full board of directors (the "Board") as the value-maximizing approach, and the Board subsequently authorized such action after intensive deliberations. In accordance with the RSA and following additional authorizations from the Board, the Debtors commenced the Chapter 11 Cases on the Petition Date.

The RSA contemplates a swift restructuring by which the Debtors will eliminate approximately $1.4 billion in prepetition debt obligations and minimize the time and expense associated with the Chapter 11 Cases. To capture the full benefit of the compromises embodied in the RSA, the Debtors must move swiftly through chapter 11. The RSA sets forth the following milestones (collectively, the "Milestones"), which may be extended with the consent of the requisite Lenders:

- entry of an order approving the Debtors' entry into the DIP Facility on an interim basis (the "Interim DIP Order") within 7 days after the Petition Date;[2]
- entry of an order approving the Debtors' entry into the DIP Facility on a final basis (the "Final DIP Order") within 40 days after entry of the Interim DIP Order;[3]
- filing of the Plan and this Disclosure Statement within 30 days after the Petition Date;

[2] The Bankruptcy Court entered the Interim DIP Order on July 25, 2016 [Docket No. 67].

[3] The Bankruptcy Court entered the Final DIP Order on September 25, 2016 [Docket No. 497]. The requisite Lenders previously agreed to extend the milestone related to the entry of the Final DIP Order to September 30, 2016.

- entry of an order approving the sufficiency of this Disclosure Statement within 90 days after the Petition Date;
- entry of the Confirmation Order within 130 days after the Petition Date; and
- occurrence of the Effective Date within 21 days following the date of entry of the Confirmation Order.

Further, under the RSA, certain of the Lenders (in their capacity as DIP Facility Backstop Lenders) have agreed to backstop the DIP Facility—a senior secured, superpriority delayed-draw term loan credit facility in the aggregate principal amount of $100 million—and numerous additional Lenders party to the RSA have agreed to participate as DIP Facility Lenders. On September 25, 2015, the Bankruptcy Court approved the DIP Facility on a final basis.

Additionally, on the Effective Date of the Plan, the Debtors will complete the $200 million Rights Offering backstopped by certain of the Lenders as Backstop Parties. The DIP Facility and the Rights Offering provide substantial benefits to the Debtors and drive recoveries (in both quantum and form of consideration) for stakeholders enterprise wide.

The core terms of the RSA will be implemented through a chapter 11 plan of reorganization—namely, the Plan (described more fully in Article IV.B of this Disclosure Statement, entitled "The Plan," which begins on page 20)—which contemplates, among other things:

- payment in full of all Administrative Claims and Priority Claims in cash at emergence;
- payment in full of all DIP Facility Claims in cash at emergence;
- payment in full of Mineral Contractor Claims, which Claims will be paid in cash, or otherwise provided such treatment as to render their claims unimpaired;
- distribution to each holder of a Secured Lender Claim of its Pro Rata share of (a) the New Common Equity Pool—*i.e.*, 100 percent of the Debtors' post-emergence common equity (subject to dilution on account of the Management Incentive Plan, the Rights Offering, the Backstop Commitment Agreement, the Backstop Fee, and the New Warrants (as applicable)) and (b) Subscription Rights to participate in the Rights Offering;
- distribution to each holder of General Unsecured Claim its Pro Rata share of the $12 million Unsecured Creditor Cash Pool;[4] and
- to the extent holders of C&J Common Stock vote as a class to accept the Plan, distribution to each such holder of its Pro Rata share of the New Warrants—*i.e.*, new seven-year warrants exercisable on a net-share

[4] In accordance with the Plan Settlement (as defined below), the holders of Deficiency Lender Claims have agreed to forgo their right to receive their Pro Rata share of the Unsecured Creditor Cash Pool; however, such holders shall be entitled to vote to accept or reject the Plan.

settled basis into up to six percent of the New Common Stock at a strike price of $1.55 billion.

Finally, the Plan constitutes a good faith compromise and settlement of all Claims and Interests and controversies resolved pursuant to the Plan, including (A) any challenge to the amount, validity, perfection, enforceability, priority or extent of the Secured Lender Claims and (B) any claim to avoid, subordinate, or disallow any Secured Lender Claim or Deficiency Lender Claim, whether under any provision of chapter 5 of the Bankruptcy Code, on any equitable theory (including equitable subordination, equitable disallowance, or unjust enrichment) or otherwise (collectively, the "Plan Settlement"). In consideration for the foregoing, among other things:

- the Supporting Creditors agreed to equitize approximately $1.4 billion of funded debt;
- the Supporting Creditors agreed to the payment in full of priority claims and certain unsecured trade claims against the Debtors;
- the Supporting Creditors agreed to the funding of the Unsecured Creditor Cash Pool for the benefit of holders of Allowed General Unsecured Claims;
- the Supporting Creditors agreed to forgo any Claim for the diminution in value of their Prepetition Collateral (as defined in the Final DIP Order);
- the holders of Deficiency Lender Claims agreed to forgo their right to receive their Pro Rata share of the Unsecured Creditor Cash Pool; and
- the Backstop Parties agreed to backstop the Rights Offering to provide the Debtors with a flexible and sustainable capital structure.

The formulation of the RSA and Plan, with the overwhelming support of the Debtor's secured creditors, is a significant achievement for the Debtors in the face of the challenging circumstances facing C&J, including historic commodity price declines and a depressed operating environment. The Debtors strongly believe that the Plan is in the best interests of the Debtors' estates, represents the best available path to restructuring, and significantly deleverages the Debtors' consolidated balance sheet at a critical time when the commodity cycle downturn is negatively affecting highly-leveraged companies within the oil and gas industry as a whole. Given the Debtors' core strengths, including their attractive asset and customer base, an established reputation for the highest level of customer service and operational performance, and an operating footprint that encompasses nearly all of the continental United States' most significant and prolific resource plays, including the Eagle Ford shale in South Texas and the Permian Basin in West Texas, the Debtors are confident that they can implement this agreed restructuring to ensure the Debtors' long-term viability.

III. QUESTIONS AND ANSWERS REGARDING THIS DISCLOSURE STATEMENT AND PLAN

A. What is chapter 11?

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for creditors and similarly situated equity interest holders, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the date the chapter 11 case is commenced. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

Consummating a chapter 11 plan is the principal objective of a chapter 11 case. A bankruptcy court's confirmation of a plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest holder of the debtor, and any other entity as may be ordered by the bankruptcy court. Subject to certain limited exceptions, the order issued by a bankruptcy court confirming a plan provides for the treatment of the debtor's liabilities in accordance with the terms of the confirmed plan.

B. Why are the Debtors sending me this Disclosure Statement?

The Debtors are seeking to obtain Bankruptcy Court approval of the Plan. Before soliciting acceptances of the Plan, section 1125 of the Bankruptcy Code requires the Debtors to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the Plan and to share such disclosure statement with all holders of claims or interests whose votes on the Plan are being solicited. This Disclosure Statement is being submitted in accordance with these requirements.

C. Am I entitled to vote on the Plan?

Your ability to vote on, and your distribution under, the Plan, if any, depends on what type of Claim or Interest you hold. Each category of holders of Claims or Interests, as set forth in Article III of the Plan pursuant to section 1122(a) of the Bankruptcy Code, is referred to as a "Class." Each Class's respective voting status is set forth below:

Class	Claims and Interests	Status	Voting Rights
Class 1	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 2	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 3	Mineral Contractor Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 4	Secured Lender Claims	Impaired	Entitled to Vote
Class 5	General Unsecured Claims	Impaired	Entitled to Vote
Class 6	Intercompany Claims	Unimpaired / Impaired	Not Entitled to Vote (Deemed to Accept or Reject)
Class 7	Interests in Debtors other than C&J Energy	Unimpaired / Impaired	Not Entitled to Vote (Deemed to Accept or Reject)
Class 8	Interests in C&J Energy	Impaired	Entitled to Vote
Class 9	Subordinated Securities Claims	Impaired	Entitled to Vote

D. What will I receive from the Debtors if the Plan is consummated?

The following chart provides a summary of the anticipated recovery to holders of Claims or Interests under the Plan. Any estimates of Claims or Interests in this Disclosure Statement may vary from the final amounts allowed by the Bankruptcy Court. Your ability to receive distributions under the Plan

depends upon the ability of the Debtors to obtain Confirmation and meet the conditions necessary to consummate the Plan.

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND THEREFORE ARE SUBJECT TO CHANGE. FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN.[5]

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims**	**Projected Recovery Under the Plan**
1	Other Secured Claims	On the Effective Date, except to the extent that a holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Other Secured Claim, each holder of an Allowed Other Secured Claim shall receive, at the option of the applicable Debtor, with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors: (a) payment in full in Cash of its Allowed Other Secured Claim; (b) the collateral securing its Allowed Other Secured Claim; (c) Reinstatement of its Allowed Other Secured Claim; or (d) such other treatment rendering its Allowed Other Secured Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code.	$0	N/A

5 The recoveries set forth below may change based upon changes in the amount of Claims that are "Allowed" as well as other factors related to the Debtors' business operations and general economic conditions. "Allowed" means, with respect to any Claim, except as otherwise *provided* in the Plan: (a) a Claim that is evidenced by a Proof of Claim Filed by the Bar Date (or for which Claim under the Plan, the Bankruptcy Code, or pursuant to a Final Order a Proof of Claim is not or shall not be required to be Filed); (b) a Claim that is listed in the Schedules as not contingent, not unliquidated, and not disputed, and for which no Proof of Claim, as applicable, has been timely Filed; or (c) a Claim Allowed pursuant to the Plan or a Final Order of the Bankruptcy Court; *provided* that with respect to a Claim described in clauses (a) and (b) above, such Claim shall be considered Allowed only if and to the extent that, with respect to such Claim, no objection to the allowance thereof has been interposed by any party in interest within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or such an objection is so interposed and the Claim, as applicable, shall have been Allowed by a Final Order. Any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated, or disputed, and for which no Proof of Claim is or has been timely Filed, is not considered Allowed and shall be expunged without further action by the Debtors and without further notice to any party or action, approval, or order of the Bankruptcy Court. Notwithstanding anything to the contrary herein, no Claim of any Entity subject to section 502(d) of the Bankruptcy Code shall be deemed Allowed unless and until such Entity pays in full the amount that it owes such Debtor or Reorganized Debtor, as applicable. For the avoidance of doubt: (x) a Proof of Claim Filed after the Bar Date shall not be Allowed for any purposes whatsoever absent entry of a Final Order allowing such late-filed Claim; (y) notwithstanding anything to the contrary herein or in the Plan, the definition of "Allowed" herein and therein incorporates by reference the terms of paragraph 22 of the Interim DIP Order and any equivalent provision in any subsequent order approving the DIP Motion on a final basis, including that there shall be no requirement that the Credit Agreement Agent or any Lender File a Proof of Claim in respect of any Lender Claim in order for such Lender Claim to be allowed; *provided*, however, that the Credit Agreement Agent is authorized but not directed to File a Master Proof of Claim (as defined in the Interim DIP Order) against each of the Debtors; and (z) the Debtors may affirmatively determine to deem Unimpaired Claims Allowed to the same extent such Claims would be allowed under applicable non-bankruptcy law. "Allow" and "Allowing" shall have correlative meanings.

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims**	**Projected Recovery Under the Plan**
2	Other Priority Claims	On the Effective Date, except to the extent that a holder of an Allowed Other Priority Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Other Priority Claim, each holder of an Allowed Other Priority Claim shall receive Cash in an amount equal to such Allowed Other Priority Claim on the later of: (a) the Effective Date; or (b) the date due in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Other Priority Claim.	$0	N/A
3	Mineral Contractor Claims	On the Effective Date, except to the extent that a holder of an Allowed Mineral Contractor Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Mineral Contractor Claim, to the extent not already satisfied pursuant to a prior order of the Bankruptcy Court, each holder of an Allowed Mineral Contractor Claim shall receive Cash in an amount equal to such Allowed Mineral Contractor Claim on the later of: (a) the Effective Date; or (b) the date due in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Mineral Contractor Claim.	$14.4 million – $16.7 million	100%
4	Secured Lender Claims	On the Effective Date, except to the extent that a holder of an Allowed Secured Lender Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Secured Lender Claim, each holder of an Allowed Secured Lender Claim shall receive: (a) its Pro Rata share of the New Common Equity Pool; and (b) its Subscription Rights to purchase its Pro Rata share of the Rights Offerings Shares in accordance with the Rights Offering Procedures.	$1,388 million (plus any unpaid fees, expenses and other obligations under the Credit Agreement)	53%

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims**	**Projected Recovery Under the Plan**
5	General Unsecured Claims	On the Effective Date, except to the extent that a holder of an Allowed General Unsecured Claim agrees to a less favorable treatment in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each General Unsecured Claim, each holder of an Allowed General Unsecured Claim shall receive its Pro Rata share of the Unsecured Creditor Cash Pool, which distribution shall be made in accordance with Article VI.F of the Plan. In accordance with the Plan Settlement, the holders of Deficiency Lender Claims have agreed to forgo their right to receive their Pro Rata share of the Unsecured Creditor Cash Pool; *provided, however*, that such holders shall be entitled to vote to accept or reject the Plan.	$74.1 million – $82.9 million	14–16%
6	Intercompany Claims	On the Effective Date, Intercompany Claims shall be, at the option of the Debtor, with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors, either Reinstated or cancelled and released without any distribution.	N/A	100%/0%
7	Intercompany Interests	On the Effective Date, Intercompany Interests shall be, at the option of the applicable Debtor, with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors, either Reinstated or cancelled and released without any distribution.	N/A	100%/0%
8	Interests in C&J Energy	On the Effective Date, except to the extent that a holder of Interests in C&J Energy agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Interest in C&J Energy, each holder of an Allowed Interest in C&J Energy shall receive: (a) if Class 8 has timely accepted the Plan, its Pro Rata (calculated based on the aggregate amount of Allowed Class 8 Interests and Allowed Class 9 Claims) share of the New Warrants; or (b) if Class 8 has not timely accepted the Plan, no distribution.	N/A	N/A
9	Subordinated Securities Claims	On the Effective Date, except to the extent that a holder of an Allowed Subordinated Securities Claim agrees to a less favorable treatment in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Subordinated Securities Claim, each holder of an Allowed Subordinated Securities Claim	$0	N/A

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims**	**Projected Recovery Under the Plan**
		shall receive: (a) if Class 9 has timely accepted the Plan, its Pro Rata (calculated based on the aggregate amount of Allowed Class 8 Interests and Allowed Class 9 Claims) share of the New Warrants; or (b) if Class 9 has not timely accepted the Plan, no distribution.		

E. What will I receive from the Debtors if I hold an Allowed Administrative Claim, DIP Facility Claim, or a Priority Tax Claim?

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, DIP Facility Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims or Interests set forth in Article III of the Plan.

1. Administrative Claims

Administrative Claims will be satisfied as set forth in Article II.A of the Plan, as summarized herein. Unless otherwise agreed to by the holder of an Allowed Administrative Claim and the Debtors or the Reorganized Debtors, as applicable, each holder of an Allowed Administrative Claim (other than holders of Professional Fee Claims and Claims for fees and expenses pursuant to section 1930 of chapter 123 of title 28 of the United States Code) will receive in full and final satisfaction of its Administrative Claim an amount of Cash equal to the amount of such Allowed Administrative Claim in accordance with the following: (a) if an Administrative Claim is Allowed on or prior to the Effective Date, on the Effective Date or as soon as reasonably practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due or as soon as reasonably practicable thereafter); (b) if such Administrative Claim is not Allowed as of the Effective Date, no later than 30 days after the date on which an order allowing such Administrative Claim becomes a Final Order, or as soon as reasonably practicable thereafter; (c) if such Allowed Administrative Claim is based on liabilities incurred by the Debtors in the ordinary course of their business after the Petition Date in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim without any further action by the holders of such Allowed Administrative Claim; (d) at such time and upon such terms as may be agreed upon by such holder and the Debtors or the Reorganized Debtors, as applicable; or (e) at such time and upon such terms as set forth in an order of the Bankruptcy Court.

Except for Professional Fee Claims and DIP Facility Claims, and unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Reorganized Debtors no later than the Administrative Claim Bar Date pursuant to the procedures specified in the Confirmation Order and the notice of the occurrence of the Effective Date. Objections to such requests must be Filed and served on the Reorganized Debtors and the requesting party by the later of (a) 180 days after the Effective Date and (b) 180 days after the Filing of the applicable request for payment of the Administrative Claims, if applicable. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior Bankruptcy Court orders, the Allowed amounts, if any, of Administrative Claims shall be determined by, and satisfied in accordance with an order of, the Bankruptcy Court.

Holders of Administrative Claims that are required to File and serve a request for such payment of such Administrative Claims that do not file and serve such a request by the Administrative Claim Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors, the Reorganized Debtors or their property, and such Administrative Claims shall be deemed discharged as of the Effective Date without the need for any objection from the Reorganized Debtors or any action by the Bankruptcy Court.

2. DIP Facility Claims

DIP Claims will be satisfied as set forth in Article II.B of the Plan, as summarized herein. Except to the extent that a holder of an Allowed DIP Facility Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed DIP Facility Claim (subject to the last sentence of this paragraph), each such Allowed DIP Facility Claim shall be paid in full in Cash by the Debtors on the Effective Date equal to the Allowed amount of such Claim and all commitments under the DIP Facility Loan Agreement shall terminate. For the avoidance of doubt, the DIP Facility Claims shall be Allowed in an aggregate principal amount with respect to drawn amounts under the DIP Facility (plus any unpaid accrued interest and unpaid fees, expenses and other obligations under the DIP Facility Loan Agreement as of the Effective Date). Upon the indefeasible payment or satisfaction in full in Cash of the DIP Facility Claims (other than any DIP Facility Claims based on the Debtors' contingent obligations under the DIP Facility Loan Agreement for which no claim has been made) in accordance with the terms of this Plan, on the Effective Date all liens and security interests granted to secure such obligations shall be terminated and of no further force and effect. The Debtors' contingent or unliquidated obligations under the DIP Facility Loan Agreement, to the extent not indefeasibly paid in full in Cash on the Effective Date or otherwise satisfied by the Debtors in a manner acceptable to the DIP Facility Agent, any affected lender under the DIP Facility Loan Agreement, or any other holder of a DIP Facility Claim, as applicable, shall survive the Effective Date and shall not be released or discharged pursuant to the Plan or Confirmation Order, notwithstanding any provision of the Plan or the Confirmation Order to the contrary.

3. Priority Tax Claims

Priority Tax Claims will be satisfied as set forth in Article II.E of the Plan, as summarized herein. Except to the extent that a holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.

F. Are any regulatory approvals required to consummate the Plan?

There are no known regulatory approvals that are required to consummate the Plan. However, to the extent such any such regulatory approvals or other authorizations, consents, rulings, or documents are necessary to implement and effectuate the Plan, it is a condition precedent to the Effective Date that they be obtained.

G. What happens to my recovery if the Plan is not confirmed or does not go effective?

In the event that the Plan is not confirmed or does not go effective, there is no assurance that the Debtors will be able to reorganize their businesses. It is possible that any alternative may provide holders of Claims with less than they would have received pursuant to the Plan. For a more detailed description of the consequences of an extended chapter 11 case, or of a liquidation scenario, *see* Article XI.B of this Disclosure Statement, entitled "Best Interests of Creditors/Liquidation Analysis," which begins on page 53, and the Liquidation Analysis attached hereto as **Exhibit F**.

H. If the Plan provides that I get a distribution, do I get it upon Confirmation or when the Plan goes effective, and what is meant by "Confirmation," "Effective Date," and "Consummation?"

"Confirmation" of the Plan refers to approval of the Plan by the Bankruptcy Court. Confirmation of the Plan does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of the Plan by the Bankruptcy Court, there are conditions that need to be satisfied or waived so that the Plan can go effective. Initial distributions to holders of Allowed Claims will only be made on the date the Plan becomes effective—the "Effective Date"—or as soon as reasonably practicable thereafter, as specified in the Plan. *See* Article XI of this Disclosure Statement, entitled "Confirmation of the Plan," which begins on page 51, for a discussion of the conditions precedent to consummation of the Plan.

I. What are the sources of Cash and other consideration required to fund the Plan?

The Plan will be funded by the following sources of consideration: (a) Cash on hand, including proceeds of the DIP Facility; (b) the New Common Stock; (c) the Subscription Rights; (d) the proceeds from the Rights Offering; (e) the New Warrants, as applicable; and (f) the proceeds from the Exit Facility, as applicable.

All distributions of the New Common Stock, Cash, and the New Warrants, as applicable, to holders of Allowed Interests or Allowed Claims under the Plan shall be made by the Disbursing Agent on behalf of the Reorganized Debtors. At the option of the Disbursing Agent, any Cash payment to be made under the Plan may be made by check or wire transfer or as otherwise required or provided in applicable agreements.

J. Are there risks to owning the New Common Stock upon emergence from chapter 11?

Yes. *See* Article VIII of this Disclosure Statement, entitled "Risk Factors," which begins on page 36. The Debtors and the Reorganized Debtors will use commercially reasonable efforts to cause the New Common Stock to become publicly traded and listed on a national securities exchange on or as soon as reasonably practicable after the Effective Date.

K. Is there potential litigation related to the Plan?

Parties in interest may object to the approval of this Disclosure Statement and may object to Confirmation of the Plan as well, which objections potentially could give rise to litigation. *See* Article VIII.C.10 of this Disclosure Statement, entitled "The Reorganized Debtors May Be Adversely Affected by Potential Litigation, Including Litigation Arising Out of the Chapter 11 Cases," which begins on page 48.

In the event that it becomes necessary to confirm the Plan over the rejection of certain Classes, the Debtors may seek confirmation of the Plan notwithstanding the dissent of such rejecting Classes. The Bankruptcy Court may confirm the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code, which allow the Bankruptcy Court to confirm a plan that has been rejected by an impaired Class if it determines that the Plan satisfies section 1129(b) of the Bankruptcy Code. *See* Article VIII.A.4 of this Disclosure Statement, entitled "The Debtors May Not Be Able to Secure Confirmation of the Plan," which begins on page 37.

L. What is the Management Incentive Plan and how will it affect the distribution I receive under the Plan?

On or as soon as reasonably practicable after the Effective Date, the Debtors shall adopt the Management Incentive Plan. The Management Incentive Plan shall provide for ten percent of the New Common Stock contemplated thereby, on a fully diluted basis, to be issued to management of the Reorganized Debtors on or after the Effective Date, solely at the discretion of the New Board and on terms to be determined by the New Board (including, with respect to allocation, timing, and structure of such issuance and the Management Incentive Plan). The New Common Stock being provided in connection with the Management Incentive Plan will dilute all of the New Common Stock, including the Rights Offering Shares, equally.

Pursuant to Article IV.N of the Plan, the terms of the Management Incentive Plan will be determined by the New Board—the Plan does not require that the New Board make any distributions pursuant to the Management Incentive Plan. But, the Plan ensures that the New Board will have the discretion to do so.

M. Will the final amount of Allowed General Unsecured Claims affect the recovery of holders of Allowed General Unsecured Claims under the Plan?

The Debtors' estimate of aggregate Allowed General Unsecured Claims is approximately $74.1 million to $82.9 million. Each holder of an Allowed General Unsecured Claim shall receive its Pro Rata share of the Unsecured Creditor Cash Pool. Although the Debtors' estimate of Allowed General Unsecured Claims is the result of the Debtors' and their advisors' careful analysis of available information, General Unsecured Claims actually asserted against the Debtors may be higher or lower than the Debtors' estimate provided herein, which difference could be material.

The projected amount of General Unsecured Claims set forth herein is subject to change and reflects the Debtors' current view on potential rejection damages. Any change in the number, identity, or timing of actual rejected Executory Contracts and Unexpired Leases could have a material impact on the amount of General Unsecured Claims. To the extent that the actual amount of rejection damages Claims changes, the value of recoveries to holders of General Unsecured Claims could change as well, and such changes could be material.

Further, as of the Petition Date, the Debtors were parties to certain litigation matters that arose in the ordinary course of operating their businesses and could become parties to additional litigation in the future as a result of conduct that occurred prior to the Petition Date. Although the Debtors have disputed, are disputing, or will dispute in the future the amounts asserted by such litigation counterparties, to the extent these parties are ultimately entitled to a higher amount than is reflected in the amounts estimated by the Debtors herein, the value of recoveries to holders of General Unsecured Claims could change as well, and such changes could be material.

Finally, the Debtors or any official committees appointed in the Chapter 11 Cases may object to certain proofs of claim, and any such objections ultimately could cause the total amount of Allowed General Unsecured Claims to change. These changes could affect recoveries to holders of General Unsecured Claims, and such changes could be material.

N. How will the preservation of the Causes of Action impact my recovery under the Plan?

The Plan provides for the retention of all Causes of Action other than those that are expressly waived, relinquished, exculpated, released, compromised, or settled.

In accordance with section 1123(b) of the Bankruptcy Code, but subject to Article VIII of the Plan, the Reorganized Debtors, as applicable, shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Schedule of Retained Causes of Action, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date, other than the Causes of Action released by the Debtors pursuant to the releases and exculpations contained in the Plan, including in Article VIII thereof.

The Reorganized Debtors may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors. **No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as any indication that the Debtors or the Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against it. The Debtors or the Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan, including Article VIII of the Plan.** Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

The Reorganized Debtors reserve and shall retain such Causes of Action notwithstanding the rejection or repudiation of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Entity shall vest in the Reorganized Debtors, except as otherwise expressly provided in the Plan, including Article VIII of the Plan. The applicable Reorganized Debtors, through their authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court; *provided* that, prior to the Effective Date, the Debtors shall not settle, compromise, or discharge any Cause of Action that is not agreed to be released pursuant to the Plan without the consent of the Required Supporting Creditors.

O. Will there be releases and exculpation granted to parties in interest as part of the Plan?

Yes, the Plan proposes to release the Released Parties and to exculpate the Exculpated Parties. The Debtors' releases, third-party releases, and exculpation provisions included in the Plan are an integral part of the Debtors' overall restructuring efforts and were an essential element of the negotiations among the Debtors and the Supporting Creditors in obtaining their support for the Plan pursuant to the terms of the RSA.

The Released Parties and the Exculpated Parties have made substantial and valuable contributions to the Debtors' restructuring through efforts to negotiate and implement the Plan, which will maximize and preserve the going-concern value of the Debtors for the benefit of all parties in interest. Accordingly, each of the Released Parties and the Exculpated Parties warrants the benefit of the release and exculpation provisions.

Importantly, all holders of Claims or Interests that do not file an objection with the Bankruptcy Court in the Chapter 11 Cases that expressly objects to the inclusion of such holder as Releasing Party under the provisions contained in Article VIII of the Plan will be deemed to have expressly, unconditionally, generally, individually, and collectively consented to the release and discharge of all Claims and Causes of Action against the Debtors and the Released Parties. The releases are an integral element of the Plan.

Based on the foregoing, the Debtors believe that the releases and exculpations in the Plan are necessary and appropriate and meet the requisite legal standard promulgated by the United States Court of Appeals for the Fifth Circuit. Moreover, the Debtors will present evidence at the Confirmation Hearing to demonstrate the basis for and propriety of the release and exculpation provisions. The release, exculpation, and injunction provisions that are contained in the Plan are copied in pertinent part below.

1. Release of Liens.

Except as otherwise provided in the Exit Facility Documents, the Plan, or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, except for Other Secured Claims that the Debtors elect to reinstate in accordance with Article III.B.1 of the Plan, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtors and their successors and assigns. Any holder of such Secured Claim (and the applicable agents for such holder) shall be authorized and directed, at the sole cost and expense of the Reorganized Debtors, to release any collateral or other property of any Debtor (including any cash collateral and possessory collateral) held by such holder (and the applicable agents for such holder), and to take such actions as may be reasonably requested by the Reorganized Debtors to evidence the release of such Lien, including the execution, delivery, and filing or recording of such releases. The presentation or filing of the Confirmation Order to or with any federal, state, provincial, or local agency or department shall constitute good and sufficient evidence of, but shall not be required to effect, the termination of such Liens.

2. Releases by the Debtors.

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, each Released Party is deemed released and discharged by the Debtors, the Reorganized Debtors, and their Estates, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other entities who may purport to assert any Cause of Action, directly or derivatively, by, through, for, or because of the foregoing entities, from any and all Causes of Action, including any derivative claims, asserted on behalf of the Debtors, that the Debtors, the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim against, or Interest in, a Debtor or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Merger, the Rights Offering, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the RSA, the Disclosure Statement, the DIP Facility, the Rights Offering, the Exit Facility, the Plan (including, for the avoidance of doubt, the Plan Supplement), or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the RSA, the Disclosure Statement, the DIP Facility, the Plan, or the Plan Settlement, the filing of the Chapter 11

Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date. Notwithstanding anything contained herein to the contrary, the foregoing release does not release any obligations of any party under the Plan or any document, instrument, or agreement executed to implement the Plan.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in Article VIII.C of the Plan by the Debtors, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute its finding that each release described in Article VIII.C of the Plan is: (a) in exchange for the good and valuable consideration provided by the Released Parties, a good faith settlement and compromise of such Claims; (b) in the best interests of the Debtors and all holders of Interests and Claims; (c) fair, equitable, and reasonable; (d) given and made after due notice and opportunity for hearing; and (e) a bar to any of the Debtors or Reorganized Debtors asserting any claim, Cause of Action, or liability related thereto, of any kind whatsoever, against any of the Released Parties or their property.

3. Releases by Holders of Claims and Interests.

As of the Effective Date, each Releasing Party is deemed to have released and discharged each Debtor, Reorganized Debtor, and Released Party from any and all Causes of Action, whether known or unknown, including any derivative claims, asserted on behalf of the Debtors, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Merger, the Rights Offering, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the RSA, the Disclosure Statement, the DIP Facility, the Rights Offering, the Exit Facility, the Plan (including, for the avoidance of doubt, the Plan Supplement and the Plan Settlement), or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the RSA, the Disclosure Statement, the DIP Facility, the Plan, or the Plan Settlement, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other related act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date. Notwithstanding anything contained herein to the contrary, the foregoing release does not release any obligations of any party under the Plan or any document, instrument, or agreement executed to implement the Plan.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in Article VIII.D of the Plan, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute its finding that each release described in Article VIII.D of the Plan is: (a) in exchange for the good and valuable consideration provided by the Released Parties, a good faith settlement and compromise of such Claims; (b) in the best interests of the Debtors and all holders of Interests and Claims; (c) fair, equitable, and reasonable; (d) given and made after due notice and opportunity for hearing; and (e) a bar to any of the Debtors or Reorganized Debtors asserting any claim, Cause of Action, or liability related thereto, of any kind whatsoever, against any of the Released Parties or their property.

4. Exculpation

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is released and exculpated from any Cause of Action for any claim related to any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the RSA and related prepetition transactions, the Disclosure Statement, the Plan, the Plan Settlement, or any Restructuring Transaction, contract, instrument, release or other agreement or document created or entered into in connection with the Disclosure Statement or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, except for claims related to any act or omission that is determined in a Final Order to have constituted actual fraud or gross negligence, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes and distribution of consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

5. Injunction

Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities who have held, hold, or may hold Claims or Interests that have been released, discharged, or are subject to exculpation are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Exculpated Parties, or the Released Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (c) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such holder has Filed a motion requesting the right to perform such setoff on or before the Effective Date, and notwithstanding an indication of a Claim or Interest or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

Upon entry of the Confirmation Order, all holders of Claims and Interests and their respective current and former employees, agents, officers, directors, principals, and direct and indirect affiliates shall be enjoined from taking any actions to interfere with the implementation or Consummation of the Plan; *provided, however*, that the foregoing shall not enjoin any Supporting Creditor from exercising any of its rights or remedies under the RSA in accordance with the terms thereof. Each holder of an Allowed Claim or Allowed Interest, as applicable, by accepting, or being

eligible to accept, distributions under or Reinstatement of such Claim or Interest, as applicable, pursuant to the Plan, shall be deemed to have consented to the injunction provisions set forth in Article VIII.F of the Plan.

For more detail, see Article VIII of the Plan, entitled "Settlement, Release, Injunction, and Related Provisions," which is incorporated herein by reference.

P. What is the deadline to vote on the Plan?

The Voting Deadline is December 5, 2016, at 4:00 p.m. (prevailing Central Time).

Q. How do I vote for or against the Plan?

Detailed instructions regarding how to vote on the Plan are contained on the ballots distributed to holders of Claims or Interests that are entitled to vote on the Plan. For your vote to be counted, your ballot must be properly completed, executed, and delivered as directed, so that your ballot or a master ballot including your vote is **actually received** by the Debtors' solicitation agent, Donlin, Recano & Company, Inc. (the "Solicitation Agent") **on or before the Voting Deadline, *i.e.* December 5, 2016, at 4:00 p.m. prevailing Central Time**. *See* Article IX of this Disclosure Statement, entitled "Solicitation and Voting Procedures," which begins on page 49 for more information.

R. How does a holder of Allowed Secured Lender Claims exercise its Subscription Rights?

Detailed instructions regarding the exercise of Subscription Rights are contained in the Rights Offering Procedures, which are attached as **Exhibit E** to this Disclosure Statement and will be distributed to each holder (an "Eligible Holder") of an Allowed Secured Lender Claim (an "Eligible Claim") contemporaneously with distribution of ballots for voting on the Plan. Any Eligible Holder seeking to participate in the Rights Offering must return a duly executed Subscription Agreement along with a duly completed and executed Lender Claim Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) to the Subscription Agent so that such documents are actually received by the Subscription Agent by no later than **[●] at 4:00 p.m., prevailing Central Time** (the "Subscription Expiration Deadline").[6] *See* Article X of this Disclosure Statement, entitled "Rights Offering Procedures," which begins on page 51 for more information

S. Why is the Bankruptcy Court holding a Confirmation Hearing?

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on confirmation of the Plan and recognizes that any party in interest may object to Confirmation of the Plan.

T. When is the Confirmation Hearing set to occur?

The Bankruptcy Court has scheduled the Confirmation Hearing for [December 15, 2016, at 9:00 a.m.] (prevailing Central Time). The Confirmation Hearing may be adjourned from time to time without further notice.

Objections to Confirmation must be filed and served on the Debtors, and certain other parties, by no later than December 5, 2016, at 4:00 p.m. (prevailing Central Time) in accordance with the notice of

6 As used herein, the terms "Lender Claim Subscription Form," "Subscription Agent," and "Subscription Agreement" shall each have the meanings ascribed to them in the Rights Offering Procedures.

the Confirmation Hearing that accompanies this Disclosure Statement and the Disclosure Statement Order attached hereto as **Exhibit D** and incorporated herein by reference.

U. What is the purpose of the Confirmation Hearing?

The confirmation of a plan of reorganization by a bankruptcy court binds the debtor, any issuer of securities under a plan of reorganization, any person acquiring property under a plan of reorganization, any creditor or equity interest holder of a debtor, and any other person or entity as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the bankruptcy court confirming a plan of reorganization discharges a debtor from any debt that arose before the confirmation of such plan of reorganization and provides for the treatment of such debt in accordance with the terms of the confirmed plan of reorganization.

V. What is the effect of the Plan on the Debtors' ongoing businesses?

The Debtors are reorganizing under chapter 11 of the Bankruptcy Code. As a result, the occurrence of the Effective Date means that the Debtors will not be liquidated or forced to go out of business. Following Confirmation, the Plan will be consummated on the Effective Date, which is a date that is the first Business Day after the Confirmation Date on which (1) no stay of the Confirmation Order is in effect, (2) all conditions to Consummation have been satisfied or waived (*see* Article IX of the Plan), and (3) the Debtors, with the consent of the Required Supporting Creditors, declare the Plan effective. On or after the Effective Date, and unless otherwise provided in the Plan, the Reorganized Debtors may operate their businesses and, except as otherwise provided by the Plan, may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. Additionally, upon the Effective Date, all actions contemplated by the Plan will be deemed authorized and approved.

W. Will any party have significant influence over the corporate governance and operations of the Reorganized Debtors?

As of the Effective Date, the terms of the then-sitting members of the boards of directors of the Debtors shall expire, and the initial boards of directors, including the New Board, as well as the officers of each of the Reorganized Debtors, shall be appointed in accordance with the New Organizational Documents. The initial New Board shall consist of those individuals that are selected in accordance with Article IV.J of the Plan.

Assuming that the Effective Date occurs, the Backstop Parties, pursuant to the Backstop Commitment Agreement, may receive a substantial percentage of the outstanding shares of New Common Stock. As a result, the Backstop Parties, as well as any other holders of Allowed Claims or Allowed Interests (as applicable) that receive distributions representing a substantial percentage of outstanding shares of the New Common Stock (including, as applicable, shares issued upon exercise of the New Warrants), may be in a position to influence matters requiring approval by the holders of shares of New Common Stock, including, among other things, the election of directors and the approval of a change of control of the Reorganized Debtors.

X. Who do I contact if I have additional questions with respect to this Disclosure Statement or the Plan?

If you have any questions regarding this Disclosure Statement or the Plan, please contact the Debtors' Solicitation Agent, Donlin, Recano & Company, Inc., via one of the following methods:

By regular mail at:
Donlin, Recano & Company, Inc.
Re: CJ Holding Co., et al.
P.O. Box 192016
Blythebourne Station
Brooklyn, NY 11219

By hand delivery or overnight mail at:
Donlin, Recano & Company, Inc.
Re: CJ Holding Co., et al.
6201 15th Avenue
Brooklyn, NY 11219

By electronic mail at:
DRCVote@donlinrecano.com

By telephone (toll free) at:
(866) 296-8019

By facsimile at:
(212) 709-3348

Copies of the Plan, this Disclosure Statement, and any other publicly filed documents in the Chapter 11 Cases are available upon written request to the Solicitation Agent at the address above or by downloading the exhibits and documents from the website of the Solicitation Agent at https://www.donlinrecano.com/cjenergy (free of charge) or the Bankruptcy Court's website at http://www.txs.uscourts.gov/bankruptcy/ (for a fee).

Y. Do the Debtors recommend voting in favor of the Plan?

Yes. The Debtors believe that the Plan provides for a larger distribution to the Debtors' creditors and equity holders than would otherwise result from any other available alternative. The Debtors believe that the Plan, which contemplates a significant deleveraging of the Debtors' balance sheet and enables them to emerge from chapter 11 expeditiously, is in the best interest of all holders of Claims or Interests, and that any other alternatives (to the extent they exist) fail to realize or recognize the value inherent under the Plan.

Z. Who Supports the Plan?

The Plan is supported by the Debtors and certain holders of Claims and Interests, including holders of approximately 90 percent of the Lender Claims.

IV. THE DEBTORS' RESTRUCTURING SUPPORT AGREEMENT AND PLAN

A. Restructuring Support Agreement

On July 8, 2016, the Debtors, certain of the Lenders—eventually Lenders holding approximately 90 percent of the Lender Claims, among other Claims or Interests—entered into the RSA. Since executing the RSA, the Debtors have documented the terms of the prearranged restructuring contemplated

thereby, including the Plan. The restructuring transactions contemplated by the Plan will significantly reduce the Debtors' funded-debt obligations and annual interest payments and result in a stronger balance sheet for the Debtors.

The Plan represents a significant step in the Debtors' months-long restructuring process. The RSA together with the DIP Facility, the Rights Offering and, to the extent consummated, the Exit Facility, contemplated thereby, will allow the Debtors to proceed expeditiously through chapter 11 to a successful emergence. The Plan will significantly deleverage the Debtors' balance sheet and provide the capital injection needed for the Debtors to conduct competitive operations going forward.

B. The Plan

As discussed in Article III herein, the Plan contemplates, among other things, a substantial deleveraging through the conversion of the Secured Lender Claims into New Common Stock. The Plan contemplates the following key terms, among others described herein and therein:

1. Issuance of New Common Stock

All existing Interests in C&J Energy will be cancelled as of the Effective Date and Reorganized C&J Energy will issue the New Common Stock to holders of Allowed Secured Lender Claims.

Reorganized C&J Energy shall be authorized without the need for any further corporate action, and without any further action by the holders of Claims or Interests or any other Person, to issue or reserve for issuance a sufficient number of shares of New Common Stock at least equal to the number of shares of New Common Stock contemplated by the Plan, including the New Common Equity Pool, the Rights Offering Shares (whether pursuant to the Rights Offering or Backstop Commitment Agreement) the Backstop Fee, any New Common Stock issued upon exercise of the New Warrants (as applicable), and options or other equity awards issued pursuant to the Management Incentive Plan (or shares of New Common Stock issued upon the exercise or vesting thereof). On the Effective Date, the New Organizational Documents shall provide for a certain number of authorized shares of New Common Stock at least equal to the number of such shares of New Common Stock contemplated by the Plan.

All of the shares of New Common Stock issued or reserved for issuance pursuant to the Plan shall be duly authorized and, when issued, validly issued, fully paid, and non-assessable. Each distribution and issuance referred to in Article VI of the Plan shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance.

The Debtors and the Reorganized Debtors will use commercially reasonable efforts to cause the New Common Stock to become publicly traded and listed on a national securities exchange on or as soon as reasonably practicable after the Effective Date. Reorganized C&J Energy and certain holders of Allowed Secured Lender Claims will also enter into a Registration Rights Agreement pursuant to which such holders will have certain registration rights.

2. Rights Offering

Prior to the Effective Date, the Debtors and the Backstop Parties will enter into the Backstop Commitment Agreement to backstop the Rights Offering. The Debtors intend to include the Backstop Commitment Agreement in the Plan Supplement.

On the Effective Date, Reorganized C&J Energy will consummate the Rights Offering to raise the $200 million New Money Investment. Through the Rights Offering, each holder (an "Eligible

Holder") of an Allowed Secured Lender Claim (an "Eligible Claim") shall have the opportunity, subject to the terms and conditions set forth in the Plan and the Rights Offering Procedures, to purchase the Rights Offering Shares. The Backstop Parties, which are certain Lenders that are also parties to the RSA and that have agreed to backstop the Rights Offering, solely in their capacities as such, will backstop the New Money Investment in accordance with the terms and conditions of the Backstop Commitment Agreement. Subscription Rights under the Rights Offering are available to all holders of Allowed Secured Lender Claims on a Pro Rata basis pursuant to Article III.B of the Plan.

Eligible Holders may purchase Rights Offering Shares pursuant to their Subscription Rights at a per share purchase price that reflects a discount of 20 percent to total settled plan enterprise value (*provided*, that such value shall not be greater than $750 million) in accordance with the Rights Offering Procedures. Under the terms of the Plan and the Backstop Commitment Agreement, the Backstop Parties have agreed to purchase all unsubscribed shares under the Rights Offering (the "Backstop Commitment Shares"). Under the terms of the Plan and the Backstop Commitment Agreement, as consideration for the Backstop Parties agreeing to purchase the Backstop Commitment Shares and the related costs (including the opportunity costs), the Backstop Parties will receive, on account of their backstop commitment, a premium of five percent of the $200 million committed amount, payable in New Common Stock (to be issued at a price per share equivalent to the price of the Rights Offering Shares) on the Effective Date (the "Backstop Fee"). The Backstop Fee will be deemed earned upon the Bankruptcy Court's entry of the Confirmation Order.

The Rights Offering Procedures will be authorized pursuant to the Disclosure Statement Order, a form of which is attached as **Exhibit D** to this Disclosure Statement.

3. Issuance of New Warrants

On the Effective Date, provided that Class 8 has timely accepted the Plan, the Debtors will issue the New Warrants to holders of Interests in C&J Energy. All of the New Warrants and the shares of New Common Stock issuable upon exercise of the New Warrants shall be duly authorized and, when issued, shall be validly issued, fully paid, and non-assessable. The New Warrants will have a term of seven years and be exercisable on a net-share settled basis into up to six percent of the New Common Stock at a strike price of $1.55 billion.

4. Management Incentive Plan

The percentage of New Common Stock to be set aside for the Management Incentive Plan shall be ten percent of the New Common Stock contemplated by the Plan, on a fully diluted basis, to be issued to management of the Reorganized Debtors after the Effective Date at the discretion of the New Board and on terms to be determined by the New Board. The allocation, timing, and structure of such issuance, and the terms of the Management Incentive Plan, shall be determined by the New Board with input to be provided to the New Board designees by the Required Supporting Creditors prior to, on, or as soon as reasonably practicable after the Effective Date. The Confirmation Order shall authorize the New Board to adopt and enter into the Management Incentive Plan, on the terms set forth in Article IV.N of the Plan. The issuance of New Common Stock under the Management Incentive Plan would dilute all of the New Common Stock, including the Rights Offering Shares and the New Warrants (as applicable), equally.

5. Exit Facility

On the Effective Date, the Reorganized Debtors shall enter into the Exit Facility, which shall be a senior secured revolving asset-based lending credit facility to be arranged and provided by one or more commercial lending institutions in a minimum amount of $100 million, on the terms set forth in the Exit Facility Documents; *provided* that the Debtors or the Reorganized Debtors, the Backstop Parties and the

Required Supporting Creditors agree that such a facility is in the best interests of the Reorganized Debtors.

To the extent applicable, Confirmation of the Plan shall be deemed (a) approval of the Exit Facility (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred and fees paid by the Debtors or the Reorganized Debtors, as applicable, in connection therewith), to the extent not approved by the Court previously, and (b) authorization for the Debtors or the Reorganized Debtors, as applicable, to, without further notice to or order of the Bankruptcy Court, (i) execute and deliver those documents necessary or appropriate to obtain the Exit Facility and (ii) act or take action under applicable law, regulation, order, or rule or vote, consent, authorization, or approval of any Person, subject to such modifications as (A) the Debtors, with the consent of the Required Supporting Creditors or (B) the Reorganized Debtors (the foregoing (A) or (B) as applicable) may deem to be necessary to consummate the Exit Facility.

6. Use of Proceeds

Proceeds from the DIP Facility, Rights Offering (*i.e.*, the New Money Investment), and Exit Facility, as applicable, will be used, among other things, to fund certain distributions under the Plan, the Debtors' operations, and administration of the Chapter 11 Cases, as well as for general corporate purposes.

7. Governance

In accordance with Article IV.J of the Plan, the initial boards of directors (including the New Board) and the officers of each of the Reorganized Debtors shall be appointed by the Supporting Creditors in accordance with the respective New Organizational Documents; *provided, however*, that the chief executive officer of Reorganized C&J Energy shall be a member of the New Board. Forms of the New Organizational Documents will be included in the Plan Supplement.

8. Recoveries to Certain Holders of Claims and Interests

As described in greater detail in Article III of this Disclosure Statement, the DIP Facility Lenders will receive payment in full in Cash on the Effective Date from Cash on hand and proceeds of the Rights Offering and Exit Facility, as applicable. Each holder of an Allowed Secured Lender Claim will receive (a) its Pro Rata share of the New Common Equity Pool and (b) its Subscription Rights to purchase its Pro Rata Share of the Rights Offering Shares in accordance with the Rights Offering Procedures on account of such Allowed Secured Lender Claim. Additionally, each holder of an Allowed General Unsecured Claim will receive its Pro Rata share of the Unsecured Credit Cash Pool in accordance with Article VI.F of the Plan. Finally, to the extent Class 8 timely votes to accept the Plan, each holder of Interests in C&J will receive its Pro Rata share of the New Warrants (as applicable).

9. General Settlement of Claims and Interests

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, (including (1) the Supporting Creditors' agreement to (A) equitize approximately $1.4 billion of funded debt, (B) pay in full priority Claims and certain unsecured trade Claims, (C) fund the Unsecured Creditor Cash Pool for the benefit of Allowed General Unsecured Claims, and (D) forgo any claim for the diminution in value of their Prepetition Collateral (as defined in the DIP Facility Order), (2) the holders of Deficiency Lender Claims agreement to forgo their Pro Rata share of the Unsecured Creditor Cash Pool, and (3) the Backstop Parties' agreement to backstop the Rights Offering to provide the Debtors with a flexible and sustainable capital structure), upon the Effective Date, the provisions of the Plan shall

constitute a good faith compromise and settlement of all Claims and Interests and controversies resolved pursuant to the Plan, including (1) any challenge to the amount, validity, perfection, enforceability, priority or extent of the Secured Lender Claims and (2) any claim to avoid, subordinate, or disallow any Secured Lender Claim or Deficiency Lender Claim, whether under any provision of chapter 5 of the Bankruptcy Code, on any equitable theory (including equitable subordination, equitable disallowance, or unjust enrichment) or otherwise. The Plan shall be deemed a motion to approve the Plan Settlement pursuant to Bankruptcy Rule 9019, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of such Plan Settlement under section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, as well as a finding by the Bankruptcy Court that such Plan Settlement is fair, equitable, reasonable, and in the best interests of the Debtors and their Estates. Subject to Article VI of the Plan, all distributions made to holders of Allowed Claims or Allowed Interests (as applicable) in any Class are intended to be and shall be final.

Pursuant to Rule 408 of the Federal Rules of Evidence, the Plan, this Disclosure Statement, the RSA (and any exhibits or supplements relating to the foregoing) and all negotiations relating thereto will not be admissible into evidence in any proceeding unless and until the Plan is consummated, and then only in accordance with the Plan. In the event the Plan is not consummated, provisions of the Plan, this Disclosure Statement, the RSA (and any exhibits or supplements relating to the foregoing) and all negotiations relating thereto will not be binding or probative.

10. Releases

The Plan contains certain releases (as described more fully in Article III.O of this Disclosure Statement, entitled "Will there be releases and exculpation granted to parties in interest as part of the Plan?," which begins on page 13), including mutual releases among (a) the Debtors; (b) the Reorganized Debtors; (c) the Supporting Creditors; (d) the Backstop Parties; (e) the Lenders; (f) the DIP Facility Lenders; (g) the DIP Facility Agent; (h) the Credit Agreement Agent; and (i) certain entities affiliated with the foregoing parties. Additionally, all holders of Claims or Interests that do not file an objection with the Bankruptcy Court in the Chapter 11 Cases that expressly objects to the inclusion of such holder as Releasing Party under the provisions contained in Article VIII of the Plan will be deemed to have expressly, unconditionally, generally, individually, and collectively consented to the release and discharge of all Claims and Causes of Action against the Debtors and the Released Parties.

The Plan carves out from the releases any holder of Interests in C&J Energy or any Affiliate or subsidiary (other than C&J Energy and any direct or indirect subsidiary thereof), or current or former officer, director, principal, member, employee, agent, or advisory board member thereof, that (a) seeks any relief materially adverse to the Restructuring Transactions, any relief sought by the Debtors in the Chapter 11 Cases, the Supporting Creditors, the Lenders, the Credit Agreement Agent, the DIP Facility Lenders, the DIP Facility Agent, or the Backstop Parties, or objects to or opposes any material relief sought by (including any request for relief by any other party that is joined by any of the following) the Debtors, the Supporting Creditors, the Credit Agreement Agent, the DIP Facility Lenders, the DIP Facility Agent, or the Backstop Parties, (b) is entitled to vote on the Plan and does not vote to accept the Plan, (c) opts out of any third-party releases sought in connection with the Plan, or (d) objects to the Plan or causes an objection to the Plan to be made; *provided*, *however* that no current or former director or officer of the Company (in such capacity) shall be an Excluded Party.

V. THE DEBTORS' CORPORATE HISTORY, STRUCTURE, AND BUSINESS OVERVIEW

A. C&J's Corporate History

C&J Energy's predecessor in interest, C&J Energy Services, Inc. ("Legacy C&J"), was founded by Josh Comstock as a two-employee pressure pumping operation in Corpus Christi, Texas in 1997. Over the course of the past two decades, C&J has grown into one of the largest, integrated oilfield services companies in North America—fueled by both organic and acquisition-based growth. In 2011, Legacy C&J completed its initial public offering and began trading on the New York Stock Exchange (the "NYSE") under the ticker symbol "CJES." Mr. Comstock served as C&J's CEO and chairman of the board of directors from Legacy C&J's founding until his unexpected death in March 2016. Mr. Comstock was the engine behind C&J's growth over the course of the past twenty years and architect of the transformative merger transaction described below. C&J's untiring commitment to top-tier customer service and best-in-class efficiency in execution is a direct reflection of the ideals upon which Mr. Comstock built the company.

On March 24, 2015, Legacy C&J completed a merger transaction, through which Legacy C&J combined with the completion and production services business (the "C&P Business") of Nabors Industries Ltd. (*i.e.*, Nabors). Nabors is one of the world's largest oil and gas drilling contractors—the C&P Business represented only a small portion of Nabors' pre-merger operations, separate from its core drilling services operations (which were not affected by the merger). In brief, under the terms of the merger, Nabors separated the C&P Business from the rest of its operations and consolidated this business under a wholly-owned subsidiary named "Nabors Red Lion Limited" ("Red Lion"), a Bermuda exempted company. A U.S.-based, wholly-owned subsidiary of Red Lion then merged with and into Legacy C&J, with Legacy C&J continuing as the surviving entity. Upon completion of the merger, the common shares of Legacy C&J were converted into common shares of Red Lion on a 1-for-1 basis and Red Lion was renamed "C&J Energy Services Ltd." (*i.e.*, C&J Energy). C&J Energy's post-merger common shares continued to trade on the NYSE under Legacy C&J's pre-merger ticker symbol, CJES, until the NYSE suspended trading on July 20, 2016, in connection with the commencement of the Chapter 11 Cases. C&J Energy's common shares resumed trading on the OTC Markets Group Inc.'s OTC Pink under the symbol "CJESQ" on July 21, 2016.

In exchange for the C&P Business, Nabors received consideration in the form of cash and post-merger C&J Energy common shares. Upon closing of the merger, Nabors owned approximately 53 percent of C&J Energy's common shares on a pre-dilution basis, with Legacy C&J equityholders owning the balance of the shares. As of the Petition Date, Nabors owned approximately 52 percent of C&J Energy's outstanding common shares on a pre-dilution basis. As a result of the merger, Legacy C&J's employee headcount increased from 3,397 to 9,168. C&J's post-merger management was primarily comprised of Legacy C&J's executive officers. Additionally, four of the seven post-merger initial board of directors seats were held by Legacy C&J board of directors members. As a result of the merger, Legacy C&J significantly expanded its North American footprint—including into new geographic locales in California and Western Canada.

Generally speaking, the Legacy C&J operations and the C&P Business's U.S.-based operations are organized under Debtor CJ Holding Co. ("U.S. HoldCo"). U.S. HoldCo and each of its wholly-owned, U.S.-based, operating subsidiaries are Debtors in the Chapter 11 Cases. U.S. HoldCo also holds interests in certain non-operating entities, joint ventures, and foreign entities that are not Debtors in the Chapter 11 Cases. The C&P Business's Canadian operations are organized under certain of U.S. HoldCo's Canada-based affiliates (*i.e.*, the Canadian Debtors). Each of the Canadian Debtors are wholly-owned subsidiaries of C&J Energy and are also Debtors in the Chapter 11 Cases. As described in Article

VI.E below, the Canadian Debtors have commenced ancillary proceedings in Canada to facilitate C&J's enterprise-wide restructuring (*i.e.*, the Canadian Proceedings). Additionally, the Bermudian Debtors, including C&J Energy have likewise commenced ancillary proceedings in Bermuda (*i.e.*, the Bermudian Proceedings).

C&J Energy's non-Debtor subsidiaries are non-operating entities organized under the laws of Bermuda, Luxembourg, Ireland, and the Netherlands (the "Non-Op Entities") or entities with only limited operations organized under the laws of certain Middle East countries (the "Middle East Entities") and Central American countries. Neither the Non-Op Entities nor the Middle East Entities are currently the subject of any insolvency proceedings (U.S.-based or otherwise). C&J Energy is the ultimate parent company of each of the foregoing entities. A corporate organization chart is attached to this Disclosure Statement as **Exhibit C**. Below is a summary of the Debtors' key assets and operations.

B. The Debtors' Key Assets and Operations

The oil and gas industry is typically divided into three major sectors: "upstream," "midstream," and "downstream." The upstream sector is comprised primarily of E&P companies that focus on locating and extracting crude oil and natural gas from the ground. The midstream sector includes companies engaged in the gathering, transporting, and storing of hydrocarbons. The downstream sector is comprised of the companies that carry out the distribution of the products derived from the extracted hydrocarbons to the ultimate end users. Many upstream E&P companies do not complete the labor-intensive tasks of drilling, operating, and maintaining oil and natural gas wells themselves—instead opting to contract with oilfield services companies, like C&J, for the provision of such services.

C&J provides a full range of well construction, well completion, well support, and other complementary oilfield services to oil and gas E&P companies, primarily in North America. C&J operates in all of the major oil and gas producing regions of the continental United States and Western Canada. In 2013, C&J expanded its operations into the Middle East but, as of the Petition Date, has established only minimal operations in the region. For the year ended December 31, 2015, approximately 97.6 percent of C&J's consolidated revenues derived from its U.S. operations, while approximately 2.3 percent derived from its Canada operations and approximately 0.1 percent derived from its Middle East operations.

Overall, C&J's operations are primarily concentrated in Texas in the Eagle Ford and Permian Basin, two of the largest and most prolific oil and gas plays in the United States. C&J's results are driven by a number of interrelated factors, primarily: (a) capital expenditures of its E&P company customer base (*i.e.*, the level of new drilling, completion, and production activity), which directly affects demand for C&J's services; (b) the price C&J is able to charge for its services, which is driven primarily by upstream demand and the equipment capacity in given geographic locale; (c) labor and supply costs and C&J's ability to pass such costs on to its customers; and (d) C&J's asset utilization rate. C&J manages its operations through three reportable segments—Completion Services, Well Support Services, and Other Services—each of which is described below.

Completion Services: "Well completion" is a generic term used to describe the activities necessary to stimulate safe and efficient production from an oil or gas well after initial drilling operations have been completed. C&J's Completion Services division grew significantly as a result of the early-2015 merger transaction and currently includes approximately 1.0 million marketable hydraulic horsepower, 130 marketable wireline trucks (plus associated pressure pumping horsepower for pump down services) and 47 marketable coiled tubing units. Well completion techniques and the type of equipment used in connection therewith varies from well-to-well and region-to-region depending on various factors. For example, a well completion technique commonly employed in low-permeability

shale plays is hydraulic fracturing, or "fracking," which involves injecting high volumes of fluid into the well site at high pressure to create cracks in shale formations through which oil or natural gas can flow. The perfection of fracking technology was a driving force behind the boom in U.S. oil and gas production over the past two decades. Hydraulic fracturing services accounts for the majority of the revenues derived from C&J's Completion Services segment. Well completion services offered by C&J also include cased-hole wireline, coiled tubing, and other well stimulation services. For the year ended December 31, 2015, C&J's Completion Services segment accounted for approximately 70 percent of enterprise-wide revenues.

Well Support Services: C&J's Well Support Services segment was acquired as part of the early-2015 merger transaction and consists primarily of two service lines: rig services and fluid management services. C&J's rig services line consists of a fleet of approximately 500 workover rigs. Workover services are designed to enhance the production of existing wells and include deepening or extending wellbores into new formations, sealing off depleted production zones, accessing previously bypassed production zones, and conducting subsurface repairs. C&J also uses its rig services fleet to complete comparatively less complex maintenance services and services in connection with E&P companies' state-law imposed plugging and abandonment obligations. C&J's fluid management services line currently consists of approximately 1,435 fluid services trucks, 5,225 frac tanks, and 30 salt water disposal wells, which supply, store, remove, and dispose of specialized fluids utilized in well completion (*i.e.*, fracking) and workover operations. For the year ended December 31, 2015, C&J's Well Support Services segment accounted for approximately 26 percent of enterprise-wide revenues.

Other Services: C&J's Other Services segment is comprised of an amalgamation of C&J's smaller service lines and divisions. These service lines and divisions include cementing services, equipment manufacturing and repair, and C&J's Middle East operations. This segment also includes C&J's research and technology division, through which C&J, among other things, manages its directional drilling products and services, data acquisition and control instruments provider, and its artificial lift applications provider. For the year ended December 31, 2015, C&J's Other Services segment accounted for approximately four percent of enterprise-wide revenues.

C&J serves a diverse group of independent and major national oil and gas E&P companies that are active in C&J's core areas of operations across the continental U.S. and Western Canada. C&J generally offers the foregoing services to its customer base on a short-term, spot price (based on an agreed-upon hourly spot market rate for a specified number of hours of service), per job, or even per day basis. C&J generally does not have long-term contractual arrangements in place with its customers.

As of the date of this Disclosure Statement, the Debtors' senior management includes: (a) Don Gawick, Chief Executive Officer; (b) Mark Cashiola, Chief Financial Officer; (c) Mike Hobbs, Chief Operating Officer; (d) Pat Bixenman, Chief Administrative Officer and President, Research & Technology; (e) James H. Prestidge, Jr., Chief Strategy Officer; (f) Danielle Hunter, Executive Vice President, General Counsel, and Chief Risk & Compliance Officer; (g) Ed Keppler, President, Corporate Operational Development; (h) Nick Petronio, President, Well Services; and (i) Larry Heidt, President, Industry Relations.

C. The Debtor's Prepetition Capital Structure

As of the Petition Date, C&J Energy and certain of its subsidiaries, including the other Debtors, were liable for approximately $1.38 billion in principal amount of aggregate debt obligations. This figure includes liabilities of Debtor C&J Energy Services, Inc. in an aggregate amount of approximately $33

million outstanding under certain capital leases. C&J's prepetition capital structure is summarized as follows:[7]

Debt	Maturity	Principal Amount
Revolver	March 24, 2020	$300 million
Term Loan B-1	March 24, 2020	$569 million
Term Loan B-2	March 24, 2022	$480 million
Capital Leases	Variable	$33 million
	Total:	$1,382 million

1. The Credit Agreement

In connection with the closing of the early-2015 merger transaction, certain of the C&J entities executed the Credit Agreement, dated as of March 24, 2015, by and between C&J Energy, C&J Energy subsidiary CJ Lux Holdings S.à.r.l., U.S. HoldCo, the Lenders party thereto, and Cortland Capital Market Services LLC, as successor administrative agent (*i.e.*, the Credit Agreement Agent). The Credit Agreement originally provided for two senior secured credit facilities in an aggregate amount of $1.66 billion, consisting of: (a) a revolving credit facility with a maximum availability of $600 million (the "Revolver"); and (b) a term loan B credit facility in the aggregate principal amount of $1.06 billion (the "Term Loan"). The Credit Agreement contains certain financial covenants applicable to both the Revolver and Term Loan, including a Total Leverage Ratio, Interest Coverage Ratio, and Minimum Cumulative Consolidated EBITDA (each as defined in the Credit Agreement). Obligations under the Credit Agreement are guaranteed by each of the Debtors and certain of the Non-Op Entities. As is relevant here, obligations under the Credit Agreement are secured on a *pari passu*, first-lien basis by substantially all of the Debtors' assets, including cash held in controlled depository accounts.

Revolver: In connection with certain amendments to, and waivers under, the Credit Agreement (described below), as of the Petition Date, the aggregate commitments under the Revolver have been limited to $300 million. As of the Petition Date, approximately $300 million remains outstanding under the Revolver, which amount includes $15.14 million in outstanding letters of credit.

Term Loan: The Term Loan is comprised of two tranches: a tranche consisting of term loans maturing on March 24, 2020 ("Term Loan B-1") and a second tranche consisting of term loans on substantially identical terms but maturing on March 24, 2022 ("Term Loan B-2"). As of the Petition Date, approximately $569 million in principal remained outstanding under Term Loan B-1 and approximately $480 million in principal remained outstanding under Term Loan B-2, for an aggregate outstanding principal balance under the Term Loan of approximately $1.05 billion.

In addition to the principal amounts outstanding under the Revolver and the Term Loan, interest and fees (including letter of credit fees and unused commitment fees) have gone unpaid and been accruing since prior to May 31, 2016, when the Debtors, the Credit Agreement Agent, and certain of the Lenders entered into the Forbearance Agreement (as defined below).

2. Capital Leases

In 2013, C&J entered into certain "build-to-suit" lease agreements for the construction of a new, technology-focused research and development facility and a new corporate office. Each lease is accounted for as a capital lease (collectively, the "Capital Leases"). As of the Petition Date

[7] The following does not include accrued but unpaid interest under the Credit Agreement as of the Petition Date.

approximately $33 million remained outstanding under the Capital Leases. Debtor C&J Energy Services, Inc. is the obligor under the Capital Leases.

3. Common Stock

Until recently, C&J Energy's common stock was publicly traded on the NYSE under the symbol "CJES." On the Petition Date, the NYSE suspended trading of C&J Energy's common stock, and subsequently delisted it. C&J Energy's common shares resumed trading on the OTC Markets Group Inc.'s OTC Pink under the symbol "CJESQ" on July 21, 2016. C&J Energy has remained an issuer reporting with the SEC and believes that it is in compliance in all material respects with all applicable reporting provisions.

VI. EVENTS LEADING TO THE CHAPTER 11 FILINGS

A. Market Decline and Industry-Specific Challenges

As described above, the oil and gas industry is in the midst of a sharp, sustained downturn, brought on by sagging commodities prices, that has lasted for the better part of two years. Due to their direct exposure to commodity price swings, E&P companies have experienced the most severe distress to date. But the market malaise has not been limited to the E&P sector. Like E&P companies, C&J operates upstream and its success is inextricably linked to its E&P company customer base. Accordingly, C&J has felt the weight of the market decline just like upstream E&P companies. The trading price of C&J Energy's common shares has fallen from a post-merger high of approximately $18.45 to approximately $0.31 as of the close of business on July 19, 2016 (*i.e.*, the day before the Petition Date)—a decline of approximately 98 percent. Since the merger closed in the early stages of the market downturn, C&J has yet to be able to fully capitalize on many of the opportunities available due to the greater scale, enhanced offerings, and significant operating synergies attendant to the early-2015 merger transaction.

Further, in a down market, C&J is exposed to a mix of oilfield services industry-specific risks. C&J's performance is heavily influenced by the drilling, completion, and production activities of its E&P company customer base. In response to the recent market downturn, E&P companies have significantly pared back new drilling activity. Rig count, a common indicator of upstream drilling activity and one that is highly correlated with C&J's asset utilization levels (and thus C&J's operating results), is down nearly 80 percent from late-2014 highs—rig counts are down nearly 40 percent just this year. Further, because the type of services that C&J offers can be easily "started" and "stopped," oilfield services companies like C&J tend to experience a rapid decline for their services when commodities prices are low or volatile as E&P companies become less risk tolerant. Oilfield services companies may also experience a lagging recovery when commodities prices improve since demand for their services depends in large part on how E&P companies perceive the stability and sustainability of commodities markets.

Additionally, C&J operates in a highly competitive sector and faces significant risk of decreased asset utilization rates in the event of a downturn. Many of C&J's competitors are larger, national and multi-national companies, possessing substantially greater financial resources and more diversified revenue streams than C&J, which allow them to operate at a lower cost than C&J or even operate at a loss in certain of the regions in which C&J operates. Additionally, well completion and servicing equipment can be moved with relative ease from one region to another, which may result in an oversupply of equipment in a given geographic locale in the event that market conditions or activity levels improve. Such movement results in downward pressure on the prices C&J is able to charge for its services, potentially sapping any benefit of incremental commodity prices improvements.

Finally, certain states, including Texas—where a large portion of C&J's assets and operations are located—have statutory provisions in place that offer significant protections to entities that qualify as "mineral contractors" ("Mineral Contractors"). The term Mineral Contractors covers a wide range of entities that provide services in connection with oil and natural gas drilling activities, and includes a number of vendors that C&J frequently transacts with on behalf of its customers—*i.e.*, C&J contracts with certain vendors that qualify as Mineral Contractors to provide ancillary services to certain of C&J's customers. In Texas, for example, Mineral Contractors may assert a lien against the property of C&J's *customers* due to nonpayment (even if payment was due from C&J). This threat, particularly in light of uncertainty concerning C&J's financial condition, has caused certain of C&J's customers to seek alternative oilfield services providers—exacerbating C&J's financial difficulties. C&J has taken steps to quell these fears, however, including providing for payment in full of all Mineral Contractor Claims under the terms of the Plan.

While E&P companies generally consider a range of factors in contracting for well completion and support services, in a weak commodities pricing environment E&P companies tend to focus more closely—even primarily—on price. In light of C&J's competitive position and operating model, it is difficult for C&J to compete based solely on the basis of price—C&J focuses instead on differentiating itself through offering high-quality customer service and superior operating efficiency. Although C&J has endeavored to control input costs to provide competitive pricing, as the industry downturn wore on, C&J experienced decreased utilization rates across its service lines, which, in light of the substantial debt obligations C&J incurred in connection with the early-2015 merger transaction, strained liquidity enterprise wide.

B. Proactive Approach to Addressing Financial Issues

During the first quarter of 2015 C&J began to scale back operations by idling, or "stacking," unproductive equipment, reducing headcount, implementing strict cost-control measures, and negotiating price reductions with certain of its suppliers. As market conditions continued to decline post-merger, C&J instituted further cost-cutting and operational right-sizing measures, including stacking additional equipment, closing and consolidating duplicative facilities, and further reducing headcount—all told, C&J reduced employee headcount from a post-merger high of nearly 10,000 employees to approximately 4,977 employees as of the Petition Date. C&J has also scaled back capital expenditures, decreasing from $166.3 million for the year ended December 31, 2015 to a projected $60 million to $75 million for the year ending December 31, 2016.

These measures, by themselves, did not prove sufficient to resolve C&J's financial issues. Anticipating that it would not be in compliance with the Total Leverage Ratio and Interest Coverage Ratio under the Credit Agreement for the reporting period ended December 31, 2015, C&J negotiated an amendment (the "September Amendment") to the Credit Agreement, effective September 29, 2015, that: (a) suspended or relaxed certain covenants; (b) provided for a permanent reduction in commitments under the Revolver from $600 million to $400 million; (c) instituted a "collateral coverage" covenant that, in effect, limited availability under the Revolver to $300 million; (d) provided for an increase in the interest rate under the Revolver based on the Total Leverage Ratio; and (e) placed certain limitations on C&J's future capital expenditures.

The September Amendment, too, proved insufficient to resolve C&J's financial issues. As market conditions continued to decline over the first quarter of 2016—with oil falling to below $30 per barrel in February 2016—C&J's financial condition continued to worsen. For the year ended December 31, 2015, C&J incurred a net loss of approximately $872.5 million and incurred a further net loss of approximately $428.4 million for the first quarter of 2016. Despite the recent increase in commodities prices—oil has hovered near $45 per barrel in recent weeks—C&J has continued to experience low

utilization rates across its service lines as E&P companies have remained hesitant to resume drilling activities due to perceived market volatility. Further, certain of C&J's larger competitors have attempted to take advantage of the downturn to grow market share by offering services below breakeven pricing. The foregoing factors, among others, caused C&J to breach the Minimum Cumulative Consolidated EBITDA covenant contained in the Credit Agreement, measured as of March 31, 2016. C&J's Form 10-Q for the quarter ended March 31, 2016 also contained language expressing "substantial doubt" regarding C&J's ability to continue as a going concern.

Recognizing the need to examine more comprehensive restructuring solutions, C&J sought outside strategic advice. In addition to Fried, Frank, Harris, Shriver & Jacobson LLP, which has served as C&J's debt financing counsel since 2011, to assist with exploring strategic alternatives, C&J engaged Kirkland & Ellis, LLP in March 2016 and Loeb & Loeb LLP in April 2016 as legal advisors, Evercore Group L.L.C. ("Evercore") as financial advisor in April 2016, and AlixPartners, LLP ("AlixPartners") as restructuring advisor in June 2016.

C. The Restructuring Negotiations, Temporary Waiver, and Forbearance Agreement

On May 10, 2016, C&J entered into a Temporary Limited Waiver Agreement (the "Temporary Waiver") with the Credit Agreement Agent, the members of the Steering Committee (at that time), and certain other Lenders (collectively, the "Waiver Parties"). Under the terms of the Temporary Waiver, (a) the Waiver Parties agreed that, through May 31, 2016, they would not consider C&J's failure to comply with the Minimum Cumulative Consolidated EBITDA covenant as of March 31, 2016 a breach of the Credit Agreement and (b) C&J agreed (in addition to certain other undertakings) to permanently reduce the maximum borrowing capacity under the Revolver to $300 million and otherwise continue to comply with the Credit Agreement.

While C&J actively negotiated with its key stakeholders, including Nabors, the Credit Agreement Agent, and the Steering Committee, during the Temporary Waiver period, it was ultimately unable to reach a resolution prior to the Temporary Waiver's expiration on May 31, 2016. Further, C&J, recognizing a need to preserve liquidity, sought a forbearance from the Lenders with respect to an interest payment of approximately $20 million due May 31, 2016 and certain other interest and fee obligations under the terms of the Credit Agreement. Led by the Steering Committee, the requisite Lenders agreed to grant this forbearance and, on May 31, 2016, C&J entered into a Forbearance Agreement (the "Forbearance Agreement") with the Credit Agreement Agent and the requisite Lenders (the "Forbearance Parties") under which the Forbearance Parties agreed to forbear, through June 30, 2016, from exercising any remedies under the Credit Agreement due to C&J's failure to comply with the Minimum Cumulative Consolidated EBITDA covenant and make the May 31, 2016 interest payment.

On June 30, 2016, C&J entered into a second forbearance agreement (the "Second Forbearance Agreement," and together with the Forbearance Agreement, the "Forbearance Agreements") with the Forbearance Parties that essentially extended the terms of the Forbearance Agreement to July 17, 2016, contingent on, among other things, entry into a restructuring support agreement by no later than July 8, 2016.

C&J took advantage of the time afforded by the Temporary Waiver and the Forbearance Agreements to comprehensively explore restructuring alternatives. C&J received and considered separate restructuring proposals from both the Steering Committee and Nabors (collectively, the "Proposals"). Each of them generally contemplated, among other things: (a) a substantial deleveraging of C&J's balance sheet through the near total equitization of C&J's existing obligations under the Credit Agreement; and (b) a post-emergence capital infusion through the consummation of a $150 million to $200 million equity investment (in the case of the Steering Committee proposals, structured as a backstopped rights offering). While they may have contemplated similar post-reorganization balance

sheets for C&J, there were at least two significant, categorical differences between the proposals from the Steering Committee and from Nabors. ***First***, the Steering Committee proposals were each delivered with the consent and support of a significant contingent of the Lenders, whereas the Nabors proposals, though conditioned on the willingness of Lenders to equitize their debt, did not provide any meaningful path to obtaining such necessary Lender support. ***Second***, while the Steering Committee proposals contemplated significant governance rights for the Lenders equitizing their debt, the Nabors proposals largely sought to keep control of C&J and its Board in the hands of Nabors.

Later Nabors proposals also contemplated a truncated sale process pursuant to section 363 of the Bankruptcy Code (which the Steering Committee indicated it would not support) that would result in the sale of substantially all of C&J's assets, with Nabors acting as the stalking horse, with a bid that would not provide sufficient cash to pay off C&J's secured debt under the Credit Agreement or provide recoveries on account of C&J's unsecured obligations and equity interests.

C&J ultimately negotiated a resolution—*i.e.*, the RSA—that will result in the ***complete*** equitization of its funded-debt obligations with the consent and support of a significant majority of the Lenders, facilitate a post-emergence rights offering at the top of the proposed range, and otherwise preserve and maximize C&J's value as a going concern on an enterprise-wide basis.

In the months immediately preceding the Petition Date, the Board met on 22 separate occasions to consider the Proposals and certain ancillary matters. Further, on May 26, 2016, the Board appointed a special restructuring committee (the "Special Committee") for the purpose of exploring strategic alternatives and closely monitoring the negotiations between C&J's management team and advisors and the Credit Agreement Agent, the Steering Committee, Nabors, and other potential third-party investors. In the two months immediately preceding the Petition Date, the Special Committee separately met on 18 occasions to consider the Proposals, authorize the terms of C&J's counterproposals to the Proposals, and other ancillary matters. In addition, during this time, the Debtors' management team and advisors and the Special Committee analyzed the validity of the Lenders' Claims and Liens against the Debtors as well as any potential Claims or Causes of Action that the Debtors could assert against the Prepetition Secured Parties.

On July 8, 2016, the Special Committee, after extensive analysis and discussions with C&J's management team and advisors, unanimously determined that the Plan Settlement constituted a good faith compromise and settlement of all Claims and controversies and, therefore, approved and recommended C&J's entry into the RSA to the full Board. On the same day, the Board approved C&J's entry into the RSA. Over the course of the next two weeks, the Debtors finalized preparation for the Chapter 11 Cases. Notably, on July 14, 2016, the Board approved a limited amendment to the RSA (including a corresponding amendment to the Second Forbearance Agreement), which, among other things, (a) effectively allowed non-Steering Committee Lenders to participate in the Proposed DIP Financing and (b) extended the terms of the Second Forbearance through July 20, 2016. On July 20, 2016 (*i.e.*, the Petition Date), after further analysis and discussions with C&J's management team and advisors, the Special Committee recommended and the full Board ultimately approved the Debtors' chapter 11 filings and, in accordance with the first Milestone, the Debtors commenced the Chapter 11 Cases.

D. The RSA and DIP Facility

As part of the RSA, certain of the Lenders (in their capacity as DIP Facility Lenders) agreed to fund the DIP Facility. The DIP Facility provides the Debtors with postpetition financing in the form of a senior secured, superpriority delayed-draw term loan credit facility in the aggregate principal amount of $100 million. The DIP Facility also contemplates consensual use of the Lenders' cash collateral. Based on the analysis C&J's management team and advisors, DIP Facility is on the most favorable terms available in light of the circumstances of the Chapter 11 Cases and the current market for such financing.

The DIP Facility provides the Debtors with sufficient liquidity to stabilize their operations and fund the administration of the Chapter 11 Cases as the Debtors seek to implement the restructuring contemplated by the RSA. On July 25, 2016, the Bankruptcy Court entered the Interim DIP Order, approving the DIP Facility on an interim basis. The DIP Facility closed on July 29, 2016 and the Debtors made an initial draw of $25 million thereunder. On September 25, 2016, the Bankruptcy Court approved the DIP Facility on a final basis.

The RSA and Plan provide for the reorganization of the Debtors as a going concern with a deleveraged capital structure and sufficient liquidity to fund the Debtors' postpetition business plan. The cornerstone of the reorganization contemplated by the RSA and Plan is the full equitization of the Debtors' existing obligations under the Credit Agreement. Further, the liquidity contemplated by the RSA—including the $200 million Rights Offering committed thereunder and, to the extent applicable, the Exit Facility—will be sufficient to fund the debtors' post-emergence operations.

The Debtors filed the Chapter 11 Cases to implement their prearranged restructuring pursuant to the terms of the RSA, enhance liquidity, and bolster their long-term growth prospects and operating performance. The Plan represents the successful culmination of months of restructuring efforts and numerous compromises and concessions by the Supporting Creditors, and gives the Debtors the best opportunity to withstand current adverse market conditions, generate sufficient liquidity to fund their operations, and maximize value for the benefit of their stakeholders.

E. Bermudian and Canadian Proceedings

In addition to the Chapter 11 Cases, the Bermudian Debtors and Canadian Debtors have commenced foreign insolvency proceedings so that C&J may effectuate an enterprise-wide restructuring and otherwise protect its foreign assets and operations. Specifically, contemporaneously with the Debtors' commencing the Chapter 11 Cases, the Bermudian Debtors commenced "provisional liquidation" proceedings (*i.e.*, the Bermudian Proceedings) pursuant to sections 161 and 170 of the Bermuda Companies Act 1981 by presenting "winding up" petitions to the Bermudian Court. On July 22, 2016, the Bermudian Court appointed "joint provisional liquidators." The joint provisional liquidators will act as officers of the Bermudian Court to oversee the reorganization of the Bermudian Debtors. The joint provisional liquidators were appointed with "limited" powers, such that C&J's management team and the Board will remain in control of C&J's day-to-day operations and the Chapter 11 Cases (and likewise for C&J Corporate Services (Bermuda) Ltd.). The joint provisional liquidators are empowered to oversee and otherwise liaise with the existing Board of C&J Energy (and C&J Corporate Services (Bermuda) Ltd.) in administering the Chapter 11 Cases. The joint provisional liquidators will provide written reports to the Bermuda Court from time to time, or as the Bermuda Court requests, on the progress of the Chapter 11 Cases. A statutory stay of proceedings in Bermuda against the Bermudian Debtors or their assets automatically arose upon the appointment of the joint provisional liquidators. On August 26, 2016, the Bermudian Court entered an order postponing the Bermudian Debtors' petitions for an initial period of six months, while the Debtors administer the Chapter 11 Cases. If deemed appropriate, the joint provisional liquidators may pursue a parallel scheme or schemes of arrangement to give effect to the Chapter 11 Cases or to any Restructuring Transactions thereto.

Similarly, in light of C&J's substantial Canadian assets and operations, Canadian Debtor C&J Energy Production Services-Canada Ltd. ("C&J Canada") commenced proceedings (the "Canadian Proceedings") under the *Companies' Creditors Arrangement Act* (the "CCAA") in Canada, and requested that the Canadian Court recognize the Chapter 11 Cases of the Canadian Debtors as "foreign main proceedings" under Part IV of the CCAA—similar to the chapter 15 process under the Bankruptcy Code. To commence the Canadian Proceedings, C&J Canada filed a motion with and was authorized by the Bankruptcy Court to act as the Canadian Debtors' "foreign representative," as required under the CCAA.

Shortly after the First Day Motions were approved by the Bankruptcy Court, the Canadian Court entered orders granting certain relief requested in the Canadian Proceedings, including the appointment of C&J Canada as foreign representative of the Canadian Debtors, recognition of the Chapter 11 Cases of the Canadian Debtors as "foreign main proceedings," granting a stay of proceedings in favor of the Canadian Debtors, restricting the sale or disposal of assets by the Canadian Debtors, restraining Canadian Debtor vendors from discontinuing, altering, interfering with or terminating the supply of goods or services, appointing Ernst & Young Inc. as an Information Officer, and recognizing certain of the orders entered by the Bankruptcy Court in Canada, including the Interim DIP Order. As with the Bermudian Proceedings, the Canadian Proceedings will be ancillary in nature to the Chapter 11 Cases, which will be the focus of the Debtors' restructuring efforts.

VII. MATERIAL DEVELOPMENTS AND ANTICIPATED EVENTS OF THE CHAPTER 11 CASES

A. Corporate Structure upon Emergence

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in the Plan or the Plan Supplement, on the Effective Date, each Debtor shall continue to exist after the Effective Date as a separate corporate entity, limited liability company, partnership, or other form of entity, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form of entity, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and by-laws (or other analogous formation documents) in effect before the Effective Date, except to the extent such certificate of incorporation and bylaws (or other analogous formation documents) are amended by the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal law).

B. Expected Timetable of the Chapter 11 Cases

The Debtors expect the Chapter 11 Cases to proceed quickly. Should the Debtors' projected timelines prove accurate, the Debtors could emerge from chapter 11 approximately five months after the Petition Date. Under the terms of the RSA and the DIP Facility, the Debtors are required to administer the Chapter 11 Cases in accordance with the Milestones, including exiting the Chapter 11 Cases. **No assurances can be made, however, that the Bankruptcy Court will enter various orders on the timetable anticipated by the Debtors.**

C. First Day Relief

On the Petition Date, along with their voluntary petitions for relief under chapter 11 of the Bankruptcy Code (the "Petitions"), the Debtors filed several motions (the "First Day Motions") designed to facilitate the administration of the Chapter 11 Cases and minimize disruption to the Debtors' operations, by, among other things, easing the strain on the Debtors' relationships with employees, vendors, and customers following the commencement of the Chapter 11 Cases. A brief description of each of the First Day Motions and the evidence in support thereof is set forth in the *Declaration of Mark Cashiola in Support of the Debtors' Chapter 11 Petitions and First Day Motions* [Docket No. 20], filed on July 20, 2016. Significantly, pursuant to the First Day Motions, the Debtors sought and were granted the authority to pay the Claims a number of their vendors in full, in the regular course business, including Mineral Contractor Claims.

The First Day Motions, the First Day Declaration, and all orders for relief granted in the Chapter 11 Cases, can be viewed free of charge at https://www.donlinrecano.com/cjenergy.

D. Other Procedural and Administrative Motions

The Debtors also filed several other motions subsequent to the Petition Date to further facilitate the smooth and efficient administration of the Chapter 11 Cases and reduce the administrative burdens associated therewith, including:

- Ordinary Course Professionals Motion. On August 10, 2016, the Debtors filed the Motion of CJ Holding Co., et al., for Entry of an Order Authorizing the Retention and Compensation of Certain Professionals Utilized in the Ordinary Course of Business [Docket No. 164] (the "OCP Motion"). The OCP Motion seeks to establish procedures for the retention and compensation of certain professionals utilized by the Debtors in the ordinary course operation of their businesses. On September 12, 2016, the Bankruptcy Court entered an order granting the OCP Motion [Docket No. 422].

- Retention Applications. On August 10, 2016, the Debtors filed a number of applications seeking to retain certain professionals postpetition pursuant to sections 327 and 328 of the Bankruptcy Code, including Kirkland & Ellis, LLP, Loeb & Loeb LLP, and Fried, Frank, Harris, Shriver & Jacobson LLP as legal counsel, Evercore as financial advisor, AlixPartners as restructuring advisor, and KPMG LLP as auditor (collectively, the "Retention Applications"). Between September 2, 2016 and September 12, 2016, the Bankruptcy Court approved each of the Retention Applications. The foregoing professionals are, in part, responsible for the administration of the Chapter 11 Cases. The postpetition compensation of all of the Debtors' professionals retained pursuant to sections 327 and 328 of the Bankruptcy Code is subject to the approval of the Bankruptcy Court.

E. The Nabors Proposal and Approval of the DIP Facility

Based on the Debtors' need for debtor-in-possession financing and their conclusion that the DIP Facility represents the best terms available, on the Petition Date, the Debtors filed a motion seek authorization to enter into the DIP Facility on an interim and final basis (the "DIP Facility Motion"). On July 21, 2016 (*i.e.*, the day after the Petition Date), Nabors filed an objection to the DIP Facility Motion, arguing that financing was available on better terms, from Nabors. In connection with its objection, Nabors submitted to the Debtors and filed with the Bankruptcy Court a term sheet outlining the terms of proposed debtor-in-possession financing and a proposed restructuring process (the "Nabors Proposal"). Nabors subsequently filed a supplemental objection, reaffirming the arguments raised in its initial objection, and provided the Debtors with a series of revised proposals (together with the Nabors Proposal, the "Nabors Proposals"). Following due consideration, the Debtors determined that attempting to pursue the Nabors Proposals would not be in the best interests of the Estates or a sound exercise of the Debtors' business judgment and would not merit exercise of the Debtors' "fiduciary out" under the RSA or risking the termination of the highly beneficial terms of the RSA or the DIP Facility. Based on the Debtors' analysis, the Nabors Proposals did not contain more favorable terms than the DIP Facility. Further, the Nabors Proposals lacked the requisite documentation to be considered an actionable alternative and the Credit Agreement Agent and Lenders party to the RSA indicated that they would not support the Nabors Proposals. The Debtors thus determined to proceed with the DIP Facility and DIP Facility Motion. As discussed above, on July 25, 2016, the Bankruptcy Court entered the Interim DIP Order.

On August 18, 216, certain state and local taxing authorities (the "Taxing Authorities") filed two separate objections to the DIP Facility Motion. After discussions with the Debtors, the Taxing Authorities agreed to withdraw their objections. On September 23, 2016, the Taxing Authorities filed notices of withdrawal of their objections.

On September 2, 2016, the Committee (as defined below) filed an objection to the DIP Facility Motion, raising a number of purported issues with the terms of the DIP Facility. The Debtors, the Committee, and the Lenders ultimately negotiated and agreed to a number of modifications to the Final DIP Order and the DIP Documents to resolve the Committee's objection. On September 22, 2016, the Committee filed a notice of withdrawal of its objection to the DIP Facility Motion.

On September 22, 2016, after extensive discussions, Nabors agreed to withdraw its objection to the DIP Facility Motion and filed its notice of withdrawal on the same day. On September 25, 2016, the Bankruptcy Court entered the Final DIP Order approving the DIP Facility on a final basis.

F. Consideration of Alternative Proposals

The Debtors may determine to terminate the RSA if the board of directors or board of managers, as applicable, of any Debtor entity determines, after receiving advice from counsel, that proceeding with the transactions contemplated by the RSA (including the Plan or solicitation of the Plan) would be inconsistent with the exercise of their fiduciary duties.

G. Schedules and Statements

On September 2, 2016, the Debtors filed their Schedules of Assets and Liabilities and Statement of Financial Affairs [Docket Nos. 311–40].

H. Appointment of Official Committee

On August 2, 2016, the U.S. Trustee filed the *Appointment of Unsecured Creditors Committee* [Docket No. 142], notifying parties in interest that the U.S. Trustee had appointed a statutory committee of unsecured creditors (the "Committee") in the Chapter 11 Cases. The Committee is currently composed of the following members: GEODynamics, Inc.; Global Tubing, LLC; Specialty Welding & Machine; Owen Oil Tools LP; and Hunting Titan, Inc.. The Committee has retained Greenberg Traurig, LLP as its legal counsel and Conway Mackenzie, Inc. and Carl Marks & Co. as its financial advisors.

I. Litigation Matters

In the ordinary course of business, the Debtors are parties to certain lawsuits, legal proceedings, collection proceedings, and claims arising out of their business operations. The Debtors cannot predict with certainty the outcome of these lawsuits, legal proceedings, and claims.

With certain exceptions, the filing of the Chapter 11 Cases operates as a stay with respect to the commencement or continuation of litigation against the Debtors that was or could have been commenced before the commencement of the Chapter 11 Cases. In addition, the Debtors' liability with respect to litigation stayed by the commencement of the Chapter 11 Cases generally is subject to discharge, settlement, and release upon confirmation of a plan under chapter 11, with certain exceptions. Therefore, certain litigation Claims against the Debtors may be subject to discharge in connection with the Chapter 11 Cases.

J. Rejection and Assumption of Executory Contracts and Unexpired Leases

Prior to the Petition Date and in the ordinary course of business, the Debtors entered into over one thousand Executory Contracts and Unexpired Leases. The Debtors, with the assistance of their advisors, have reviewed and will continue to review the Executory Contracts and Unexpired Leases to identify contracts and leases to either assume or reject pursuant to sections 365 or 1123 of the Bankruptcy Code. The Debtors intend to include information in the Plan Supplement regarding the assumption or rejection of the remainder of their Executory Contracts and Unexpired Leases to be carried out as of the Effective Date, but may also elect to file additional discrete motions seeking to assume or reject various of the Debtors' Executory Contracts and Unexpired Leases before such time.

Although their analysis is ongoing, the Debtors currently estimate that the aggregate amount of Claims on account of rejection of Executory Contracts and Unexpired Leases may be significant.

K. Exit Facility Negotiations

As of the date hereof, the Debtors have begun the process of soliciting potential Exit Facility lenders. This process includes providing informational materials and holding informal discussions to gauge interest. As of the date hereof, the Debtors have made no decisions regarding the necessity of and Exit Facility or the identity of the Exit Facility lenders.

VIII. RISK FACTORS

Holders of Claims should read and consider carefully the risk factors set forth below before voting to accept or reject the Plan. Although there are many risk factors discussed below, these factors should not be regarded as constituting the only risks present in connection with the Debtors' businesses or the Plan and its implementation.

A. Bankruptcy Law Considerations

The occurrence or non-occurrence of any or all of the following contingencies, and any others, could affect distributions available to holders of Allowed Claims under the Plan but will not necessarily affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of holders of Claims in such Impaired Classes.

1. Parties in Interest May Object to the Plan's Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of the Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Interests each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims or Interests, as applicable, in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

2. The Conditions Precedent to the Effective Date of the Plan May Not Occur

As more fully set forth in Article IX of the Plan, the Effective Date of the Plan is subject to a number of conditions precedent. If such conditions precedent are waived or not met, the Effective Date will not take place.

3. The Debtors May Fail to Satisfy Vote Requirements

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to confirm an alternative chapter 11 plan or transaction. There can be no assurance that the terms of any such alternative chapter 11 plan or other transaction would be similar or as favorable to the holders of Interests and Allowed Claims as those proposed in the Plan and the Debtors do not believe that any such transaction exists or is likely to exist that would be more beneficial to the Estates than the Plan.

4. The Debtors May Not Be Able to Secure Confirmation of the Plan

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the Bankruptcy Court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting holders of claims or equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement, the balloting procedures, and voting results are appropriate, the Bankruptcy Court could still decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation are not met. If a chapter 11 plan of reorganization is not confirmed by the Bankruptcy Court, it is unclear whether the Debtors will be able to reorganize their business and what, if anything, holders of Interests and Allowed Claims against them would ultimately receive.

The Debtors, subject to the terms and conditions of the Plan and the RSA (including the requirement that the Plan be in form and substance acceptable to the Required Supporting Creditors), reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications could result in less favorable treatment of any non-accepting class of Claims or Interests, as well as any class junior to such non-accepting class, than the treatment currently provided in the Plan. Such a less favorable treatment could include a distribution of property with a lesser value than currently provided in the Plan or no distribution whatsoever under the Plan.

5. Nonconsensual Confirmation

In the event that any impaired class of claims or interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one impaired class (as defined under section 1124 of the Bankruptcy Code) has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired class(es). The Debtors believe that the Plan satisfies these requirements, and the Debtors may request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of

nonconsensual Confirmation or Consummation of the Plan may result in, among other things, increased expenses relating to professional compensation.

6. Continued Risk upon Confirmation

Even if the Plan is consummated, the Debtors will continue to face a number of risks, including certain risks that are beyond their control, such as further deterioration or other changes in economic conditions, changes in the industry, potential revaluing of their assets due to chapter 11 proceedings, changes in demand for oil and natural gas (and thus demand for the services the Debtors provide), and increasing expenses. See Article VIII.C of this Disclosure Statement, entitled "Risks Related to the Debtors' and the Reorganized Debtors' Businesses," which begins on page 43. Some of these concerns and effects typically become more acute when a case under the Bankruptcy Code continues for a protracted period without indication of how or when the case may be completed. As a result of these risks and others, there is no guarantee that a chapter 11 plan of reorganization reflecting the Plan will achieve the Debtors' stated goals.

In addition, at the outset of the Chapter 11 Cases, the Bankruptcy Code provides the Debtors with the exclusive right to propose the Plan and prohibits creditors and others from proposing a plan. The Debtors will have retained the exclusive right to propose the Plan upon filing their Petitions. If the Bankruptcy Court terminates that right, however, or the exclusivity period expires, there could be a material adverse effect on the Debtors' ability to achieve confirmation of the Plan in order to achieve the Debtors' stated goals.

Furthermore, even if the Debtors' debts are reduced and/or discharged through the Plan, the Debtors may need to raise additional funds through public or private debt or equity financing or other various means to fund the Debtors' businesses after the completion of the proceedings related to the Chapter 11 Cases. Adequate funds may not be available when needed or may not be available on favorable terms.

7. The Chapter 11 Cases May Be Converted to Cases under Chapter 7 of the Bankruptcy Code

If the Bankruptcy Court finds that it would be in the best interest of creditors and/or the debtor in a chapter 11 case, the Bankruptcy Court may convert a chapter 11 bankruptcy case to a case under chapter 7 of the Bankruptcy Code. In such event, a chapter 7 trustee would be appointed or elected to liquidate the debtor's assets for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 would result in significantly smaller distributions being made to creditors than those provided for in a chapter 11 plan because of (a) the likelihood that the assets would have to be sold or otherwise disposed of in a disorderly fashion over a short period of time, when commodities prices are at historically low levels, rather than reorganizing or selling the business as a going concern at a later time in a controlled manner, (b) additional administrative expenses involved in the appointment of a chapter 7 trustee, and (c) additional expenses and Claims, some of which would be entitled to priority, that would be generated during the liquidation, including Claims resulting from the rejection of Unexpired Leases and other Executory Contracts in connection with cessation of operations.

8. The Debtors May Object to the Amount or Classification of a Claim

Except as otherwise provided in the Plan, the Debtors reserve the right to object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied upon by any holder of a Claim where such Claim is subject to an objection. Any holder of a Claim

that is subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

9. Risk of Non-Occurrence of the Effective Date

Although the Debtors believe that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing or as to whether the Effective Date will, in fact, occur.

10. Contingencies Could Affect Votes of Impaired Classes to Accept or Reject the Plan

The distributions available to holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies, which could affect distributions available to holders of Allowed Claims under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

The estimated Claims and creditor recoveries set forth in this Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary from the estimated Claims contained in this Disclosure Statement. Moreover, the Debtors cannot determine with any certainty at this time, the number or amount of Claims that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the percentage recoveries to holders of Allowed Claims under the Plan.

11. Releases, Injunctions, and Exculpations Provisions May Not Be Approved

Article VIII of the Plan provides for certain releases, injunctions, and exculpations, including a release of liens and third-party releases that may otherwise be asserted against the Debtors, Reorganized Debtors, or Released Parties, as applicable. The releases, injunctions, and exculpations provided in the Plan are subject to objection by parties in interest and may not be approved. If the releases are not approved, certain Released Parties may withdraw their support for the Plan.

The releases provided to the Released Parties and the exculpation provided to the Exculpated Parties is necessary to the success of the Debtors reorganization because the Released Parties and Exculpated Parties have made significant contributions to the Debtors' reorganizational efforts and have agreed to make further contributions, including by agreeing to massive reductions in the amounts of their claims against the Debtors' estates and facilitating a critical source of post-emergence liquidity by backstopping Rights Offering, but only if they receive the full benefit of the Plan's release and exculpation provisions. The Plan's release and exculpation provisions are an inextricable component of the RSA and Plan and the significant deleveraging and financial benefits that they embody.

B. Risks Related to Recoveries under the Plan

1. The Total Amount of Allowed General Unsecured Claims May Be Higher Than Anticipated By the Debtors

With respect to holders of Allowed General Unsecured Claims, the claims filed against the Debtors' estates may be materially higher than the Debtors have estimated.

2. The Reorganized Debtors May Not Be Able to Achieve their Projected Financial Results

The Reorganized Debtors may not be able to achieve their projected financial results. The Financial Projections set forth in this Disclosure Statement represent the Debtors' management team's best estimate of the Debtors' future financial performance, which is necessarily based on certain assumptions regarding the anticipated future performance of the Reorganized Debtors' operations, as well as the United States and world economies in general, and the industry segments in which the Debtors operate in particular. While the Debtors believe that the Financial Projections contained in this Disclosure Statement are reasonable, there can be no assurance that they will be realized. If the Debtors do not achieve their projected financial results, the value of the New Common Stock may be negatively affected and the Debtors may lack sufficient liquidity to continue operating as planned after the Effective Date. Moreover, the financial condition and results of operations of the Reorganized Debtors from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Debtors' historical financial statements.

3. A Liquid Trading Market for the Shares of New Common Stock or New Warrants (as applicable) May Not Develop

Although the Debtors and the Reorganized Debtors intend to apply to relist the New Common Stock on a national securities exchange on or as soon as reasonably practicable after the Effective Date, the Debtors make no assurance that they will be able to obtain this listing or, even if the Debtors do, that liquid trading markets for shares of New Common Stock will develop. The liquidity of any market for shares of New Common Stock or the New Warrants (as applicable) will depend upon, among other things, the number of holders of shares of New Common Stock, Reorganized C&J Energy's financial performance, and the market for similar securities, none of which can be determined or predicted. Accordingly, there can be no assurance that an active trading market for the New Common Stock or New Warrants (as applicable) will develop, nor can any assurance be given as to the liquidity or prices at which such securities might be traded. In the event an active trading market does not develop, the ability to transfer or sell New Common Stock or New Warrants (as applicable) may be substantially limited.

4. The Trading Price for the Shares of New Common Stock or the New Warrants May Be Depressed Following the Effective Date

Assuming that the Effective Date occurs, shares of New Common Stock and New Warrants (as applicable) will be issued to holders of certain Classes of Claims or Interests (as applicable). Following the Effective Date of the Plan, shares of New Common Stock and New Warrants (as applicable) may be sold to satisfy withholding tax requirements. In addition, holders of Claims or Interests (as applicable) that receive shares of New Common Stock or New Warrants (as applicable) may seek to sell such securities in an effort to obtain liquidity. These sales and the volume of New Common Stock available for trading could cause the trading price for the shares of New Common Stock or the New Warrants (as applicable) to be depressed, particularly in the absence of an established trading market for the New Common Stock or the New Warrants (as applicable).

5. If the New Warrants are Exercised, the Underlying Shares of New Common Stock Will Be Eligible for Future Resale in the Public Market, Which Could Lead to "Market Overhang," Resulting in Dilution and Potentially Depressing the Trading Price of the New Common Stock

If the New Warrants are issued and become exercisable, a substantial number of additional shares of New Common Stock could be eligible for resale in the public market, which could depress the trading price of the New Common Stock. Reorganized C&J Energy also may grant options and equity awards pursuant to the Management Incentive Plan and may grant additional options, warrants, or other convertible securities in the future. The exercise or conversion of the New Warrants (as applicable) or other options or convertible securities will dilute the percentage ownership of other holders of the New Common Stock. If holders of the New Common Stock sell substantial amounts of New Common Stock, shares issued upon the exercise of the New Warrants (as applicable), or other outstanding options or convertible securities in the public market, it could create a circumstance commonly referred to as an "overhang" and, in anticipation of which, the trading price of the New Common Stock could fall. An overhang may adversely affect Reorganized C&J Energy's ability to obtain financing on reasonable and acceptable terms whether or not sales have occurred or are occurring.

6. Certain Holders of New Common Stock or New Warrants May Be Restricted in their Ability to Transfer or Sell their Securities

To the extent that shares of the New Common Stock or New Warrants (as applicable) issued under the Plan is covered by section 1145(a)(1) of the Bankruptcy Code, such securities may be resold by the holders thereof without registration under the Securities Act unless the holder is an "underwriter," as defined in section 1145(b) of the Bankruptcy Code with respect to such securities. Resales by holders of Claims or Interests (as applicable) who receive New Common Stock or New Warrants (as applicable) pursuant to the Plan that are deemed to be "underwriters" would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or applicable law. Such holders would only be permitted to sell such securities without registration if they are able to comply with an applicable exemption from registration, including Rule 144 under the Securities Act.

The New Common Stock and the New Warrants (as applicable) may not initially be registered under the Securities Act or any state securities laws, and the Debtors make no representation regarding the right of any holder of New Common Stock or New Warrants (as applicable) to freely resell the New Common Stock (including, as applicable, shares issuable upon exercise of the New Warrants) or the New Warrants (as applicable). *See* Article XII to this Disclosure Statement, entitled "Certain Securities Law Matters," which begins on page 56.

7. Restricted Securities Issued under the Plan May Not Be Resold or Otherwise Transferred Unless They Are Registered Under the Securities Act or an Exemption from Registration Applies

To the extent that securities issued pursuant to the Plan are not covered by section 1145(a)(1) of the Bankruptcy Code, such securities shall be issued pursuant to section 4(a)(2) under the Securities Act and will be deemed "restricted securities" that may not be sold, exchanged, assigned or otherwise transferred unless they are registered, or an exemption from registration applies, under the Securities Act. Holders of such restricted securities may not be entitled to have their restricted securities registered and will be required to agree not to resell them except in accordance with an available exemption from registration under the Securities Act. Under Rule 144, the public resale of restricted securities is permitted if certain conditions are met, and these conditions vary depending on whether the holder of the restricted securities is an "affiliate" of the issuer, as defined in Rule 144. A non-affiliate who has not

been an affiliate of the issuer during the preceding three months may resell restricted securities after a six-month holding period unless certain current public information regarding the issuer is not available at the time of sale, in which case the non-affiliate may resell after a one-year holding period. An affiliate may resell restricted securities after a six-month holding period but only if certain current public information regarding the issuer is available at the time of the sale and only if the affiliate also complies with the volume, manner of sale and notice requirements of Rule 144. While the Debtors currently expect that the current public information requirement will be met when the six-month holding period expires, they cannot guarantee that resales of the restricted securities will qualify for an exemption from registration under Rule 144. In any event, holders of restricted securities should expect to be required to hold their restricted securities for at least six months.

Holders of New Common Stock or New Warrants (as applicable) who are deemed to be "underwriters" under Section 1145(b) of the Bankruptcy Code will also be subject to restrictions under the Securities Act on their ability to resell those securities. Resale restrictions are discussed in more detail in Article XII to this Disclosure Statement, entitled "Certain Securities Law Matters," which begins on page 56.

8. Certain Significant Holders of Shares of New Common Stock May Have Substantial Influence Over the Reorganized Debtors Following the Effective Date

Assuming that the Effective Date occurs, the Backstop Parties, pursuant to the Backstop Commitment Agreement, may receive a substantial percentage of the outstanding shares of New Common Stock in the form of Backstop Commitment Shares. As a result, the Backstop Parties, as well as any other holders of Claims or Interests (as applicable) who receive distributions representing a substantial percentage of the outstanding shares of the New Common Stock (including, as applicable, shares issued upon exercise of the New Warrants), may be in a position to influence matters requiring approval by the holders of shares of New Common Stock, including, among other things, the election of directors and the approval of a change of control of the Reorganized Debtors. The Backstop Parties, or other holders, may have interests that differ from those of the other holders of shares of New Common Stock and may vote in a manner adverse to the interests of other holders of shares of New Common Stock. This concentration of ownership may facilitate or may delay, prevent, or deter a change of control of the Reorganized Debtors and consequently impact the value of the shares of New Common Stock or the New Warrants (as applicable). In addition, one or more of the Backstop Parties, or other holders of a significant number of shares of New Common Stock, may sell all or a large portion of its shares of New Common Stock within a short period of time, which sale may adversely affect the trading price of the shares of New Common Stock or the New Warrants (as applicable). One or more of the Backstop Parties, or other holders of a significant number of shares of New Common Stock, may, on its own account, pursue acquisition opportunities that may be complementary to the Reorganized Debtors' businesses, and as a result, such acquisition opportunities may be unavailable to the Reorganized Debtors. Such actions by the Backstop Parties or other holders of a significant number of shares of New Common Stock may have a material adverse impact on the Reorganized Debtors' businesses, financial condition, and operating results.

9. Reorganized C&J Energy Does Not Expect to Pay Cash Dividends on the New Common Stock for the Foreseeable Future

The terms of the Exit Facility and any other new debt may limit, among other things, the Reorganized Debtors' ability to pay dividends.

10. Certain Tax Implications of the Plan

Holders of Allowed Claims should carefully review Article XII of this Disclosure Statement, entitled "Certain United States Federal Income Tax Consequences of the Plan," which begins on page 56, to determine how the tax implications of the Plan and the Chapter 11 Cases may adversely affect the Reorganized Debtors and holders of Claims.

11. The Debtors May Not Be Able to Accurately Report Their Financial Results

The Debtors have established internal controls over financial reporting. However, internal controls over financial reporting may not prevent or detect misstatements or omissions in the Debtors' financial statements because of their inherent limitations, including the possibility of human error, and the circumvention or overriding of controls or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If the Debtors fail to maintain the adequacy of their internal controls, the Debtors may be unable to provide financial information in a timely and reliable manner within the time periods required for the Debtors' financial reporting under SEC rules and regulations and the terms of the agreements governing the Debtors' indebtedness. Any such difficulties or failure could materially adversely affect the Debtors' business, results of operations, and financial condition. Further, the Debtors may discover other internal control deficiencies in the future and/or fail to adequately correct previously identified control deficiencies, which could materially adversely affect the Debtors' businesses, results of operations, and financial condition.

12. The Debtors May Not Be Able to Obtain Incremental Funding Under the DIP Facility

Under the terms of the DIP Facility Loan Agreement, the $100 million DIP Facility is available in multiple draws. Upon the Bankruptcy Court's entry of the Interim DIP Order, the Debtors were able to access $25 million under the DIP Facility. Upon the Bankruptcy Court's entry of the Final DIP Order, the Debtors are able to access the entire $100 million DIP Facility. However, availability of further incremental funding under the DIP Facility is subject to a number of conditions precedent, not all of which may occur. If the Debtors do not obtain the incremental funding under the DIP Facility, they may lack sufficient liquidity to continue operating in the ordinary course, may be unable to the consummate the Plan or any other plan of reorganization, or may be forced to seek alternative sources of financing, which may not be available on terms as favorable as those provided under the DIP Facility.

C. Risks Related to the Debtors' and the Reorganized Debtors' Businesses

1. The Reorganized Debtors May Not Be Able to Generate Sufficient Cash to Service All of their Indebtedness

The Reorganized Debtors' ability to make scheduled payments on, or refinance their debt obligations, depends on the Reorganized Debtors' financial condition and operating performance, which are subject to prevailing economic, industry, and competitive conditions and to certain financial, business, legislative, regulatory, and other factors beyond the Reorganized Debtors' control. The Reorganized Debtors may be unable to maintain a level of cash flow from operating activities sufficient to permit the

Reorganized Debtors to pay the principal, premium, if any, and interest on their indebtedness, including, without limitation, potential borrowings under the Exit Facility upon emergence.

2. The Debtors Will Be Subject to the Risks and Uncertainties Associated with the Chapter 11 Cases

For the duration of the Chapter 11 Cases, the Debtors' ability to operate, develop, and execute a business plan, and continue as a going concern, will be subject to the risks and uncertainties associated with bankruptcy. These risks include the following: (a) ability to develop, confirm, and consummate the Restructuring Transactions specified in the Plan; (b) ability to obtain Bankruptcy Court approval with respect to motions filed in the Chapter 11 Cases from time to time; (c) ability to maintain relationships with suppliers, vendors, service providers, customers, employees, Mineral Contractors, and other third parties; (d) ability to maintain contracts that are critical to the Debtors' operations; (e) ability of third parties to seek and obtain Bankruptcy Court approval to terminate contracts and other agreements with the Debtors; (f) ability of third parties to seek and obtain Bankruptcy Court approval to terminate or shorten the exclusivity period for the Debtors to propose and confirm a chapter 11 plan, to appoint a chapter 11 trustee, or to convert the Chapter 11 Cases to chapter 7 proceedings; and (g) the actions and decisions of the Debtors' creditors and other third parties who have interests in the Chapter 11 Cases that may be inconsistent with the Debtors' plans.

These risks and uncertainties could affect the Debtors' businesses and operations in various ways. For example, negative events associated with the Chapter 11 Cases could adversely affect the Debtors' relationships with suppliers, service providers, customers, employees, and other third parties, which in turn could adversely affect the Debtors' operations and financial condition. Also, the Debtors will need the prior approval of the Bankruptcy Court for transactions outside the ordinary course of business, which may limit the Debtors' ability to respond timely to certain events or take advantage of certain opportunities. Because of the risks and uncertainties associated with the Chapter 11 Cases, the Debtors cannot accurately predict or quantify the ultimate impact of events that occur during the Chapter 11 Cases that may be inconsistent with the Debtors' plans.

3. Operating in Bankruptcy for a Long Period of Time May Harm the Debtors' Businesses

The Debtors' future results will be dependent upon the successful confirmation and implementation of a plan of reorganization. A long period of operations under Bankruptcy Court protection could have a material adverse effect on the Debtors' businesses, financial condition, results of operations, and liquidity. So long as the proceedings related to the Chapter 11 Cases continue, senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on business operations. A prolonged period of operating under Bankruptcy Court protection also may make it more difficult to retain management and other key personnel necessary to the success and growth of the Debtors' businesses. In addition, the longer the proceedings related to the Chapter 11 Cases continue, the more likely it is that customers and suppliers will lose confidence in the Debtors' ability to reorganize their businesses successfully and will seek to establish alternative commercial relationships.

So long as the proceedings related to the Chapter 11 Cases continue, the Debtors will be required to incur substantial costs for professional fees and other expenses associated with the administration of the Chapter 11 Cases. The chapter 11 proceedings also require debtor-in-possession financing to fund the Debtors' operations. If the Debtors are unable to fully draw on the availability under the DIP Facility, the chances of successfully reorganizing the Debtors' businesses may be seriously jeopardized, the likelihood that the Debtors will instead be required to liquidate or sell their assets may be increased, and, as a result, creditor recoveries may be significantly impaired.

Furthermore, the Debtors cannot predict the ultimate amount of all settlement terms for the liabilities that will be subject to a plan of reorganization. Even after a plan of reorganization is approved and implemented, the Reorganized Debtors' operating results may be adversely affected by the possible reluctance of prospective lenders and other counterparties to do business with a company that recently emerged from bankruptcy protection.

4. Financial Results May Be Volatile and May Not Reflect Historical Trends

During the Chapter 11 Cases, the Debtors expect that their financial results will continue to be volatile as asset impairments, asset dispositions, restructuring activities and expenses, contract terminations and rejections, and/or claims assessments significantly impact the Debtors' consolidated financial statements. As a result, the Debtors' historical financial performance likely will not be indicative of their financial performance after the Petition Date.

In addition, if the Debtors emerge from chapter 11, the amounts reported in subsequent consolidated financial statements may materially change relative to historical consolidated financial statements, including as a result of revisions to the Debtors' operating plans pursuant to a plan of reorganization. The Debtors also may be required to adopt "fresh start" accounting in accordance with Accounting Standards Codification 852 ("Reorganizations") in which case their assets and liabilities will be recorded at fair value as of the fresh start reporting date, which may differ materially from the recorded values of assets and liabilities on the Debtors' consolidated balance sheets. The Debtors' financial results after the application of fresh start accounting also may be different from historical trends. The Financial Projections contained in **Exhibit G** hereto do not currently reflect the impact of fresh start accounting, which may have a material impact on the Financial Projections.

5. The Debtors' Substantial Liquidity Needs May Impact and Revenue

The Debtors operate in a capital-intensive industry. The Debtors' principal sources of liquidity historically have been cash flow from operations, borrowings under the Credit Agreement, and issuances of equity securities. If the Debtors' cash flow from operations remains depressed or decreases as a result of lower commodity prices, decreased E&P sector capital expenditures, or otherwise, the Debtors may not have the ability to expend the capital necessary to improve or maintain their current operations, resulting in decreased revenues over time.

The Debtors face uncertainty regarding the adequacy of their liquidity and capital resources and have extremely limited, if any, access to additional financing. In addition to the cash necessary to fund ongoing operations, the Debtors have incurred significant professional fees and other costs in connection with preparing for the Chapter 11 Cases and expect to continue to incur significant professional fees and costs throughout the Chapter 11 Cases. The Debtors cannot guarantee that cash on hand, cash flow from operations, and cash provided by the DIP Facility will be sufficient to continue to fund their operations and allow the Debtors to satisfy obligations related to the Chapter 11 Cases until the Debtors are able to emerge from bankruptcy protection.

The Debtors' liquidity, including the ability to meet ongoing operational obligations, will be dependent upon, among other things: (a) their ability to comply with the terms and condition of any debtor-in-possession financing and/or cash collateral order entered by the Bankruptcy Court in connection with the Chapter 11 Cases; (b) their ability to maintain adequate cash on hand; (c) their ability to generate cash flow from operations; (d) their ability to develop, confirm, and consummate a chapter 11 plan or other alternative restructuring transaction; (e) the availability of incremental draws under the DIP Facility; and (f) the cost, duration, and outcome of the Chapter 11 Cases. The Debtors' ability to maintain adequate liquidity depends, in part, upon industry conditions and general economic, financial, competitive, regulatory, and other factors beyond the Debtors' control. In the event that cash on hand, cash flow from

operations, and cash provided under the DIP Facility are not sufficient to meet the Debtors' liquidity needs, the Debtors may be required to seek additional financing. The Debtors can provide no assurance that additional financing would be available or, if available, offered to the Debtors on acceptable terms. The Debtors' access to additional financing is, and for the foreseeable future likely will continue to be, extremely limited if it is available at all. The Debtors' long-term liquidity requirements and the adequacy of their capital resources are difficult to predict at this time.

6. Oil and Natural Gas Prices Are Volatile, and Continued Low Oil or Natural Gas Prices Could Materially Adversely Affect the Debtors' Businesses, Results of Operations, and Financial Condition

The Debtors' revenues, profitability and the value of the Debtors' properties substantially depend on the willingness of their E&P customer base to make operating and capital expenditures to explore for, develop, and produce oil and natural gas. E&P companies' willingness to conduct such drilling, completion, and production activities are in turn dependent on prevailing oil and natural gas prices. Further, since E&P companies are reluctant to increase drilling activities in a high-volatility commodities pricing environment, demand for the Debtors' services is affected as much by oil and natural gas price expectations as actual pricing. In short, the Debtors face a high level of exposure to oil and natural gas price swings. Oil and natural gas are commodities, and therefore, their prices are subject to wide fluctuations in response to changes in supply and demand and are subject to both short- and long-term cyclical trends. Oil and natural gas prices historically have been volatile and are likely to continue to be volatile in the future, especially given current economic and geopolitical conditions. During 2015, oil prices fell from an already depressed $60 per barrel to as low as $35 per barrel, ultimately falling to below $27 per barrel in February 2016. Oil prices continue to hover at or near historical lows—priced at just $45 per Bbl as of close of markets on September 23, 2016. Over the same period, natural gas prices fell from as high as $3.70 per MMBtu to as low as $1.80 per MMBtu, with prices closing under $3.00 per MMBtu on September 23, 2016. The Debtors expect such volatility to continue in the future. The prices for oil and natural gas are subject to a variety of factors beyond the Debtors' control, such as:

- the current uncertainty in the global economy;
- changes in global supply and demand for oil and natural gas;
- the condition of the United States and global economies;
- the actions of certain foreign countries;
- the price and quantity of imports of foreign oil and natural gas;
- political conditions, including embargoes, war or civil unrest in or affecting other oil producing activities of certain countries;
- the level of global oil and natural gas exploration and production activity;
- the level of global oil and natural gas inventories;
- production or pricing decisions made by the Organization of Petroleum Exporting Countries ("OPEC");
- weather conditions;
- technological advances affecting energy consumption; and

- the price and availability of alternative fuels.

Continued volatility or weakness in oil and natural gas prices (or the perception that oil and natural gas prices will remain depressed) generally leads to decreased upstream spending, which in turn negatively affects demand to the Debtors' services. A sustained decline in oil or natural gas prices may materially and adversely affect the Debtors' future business, financial condition, results of operations, liquidity or ability to finance planned capital expenditures. As a result, if there is a further decline or sustained depression in commodity prices, the Debtors may, among other things, be unable to maintain or increase their borrowing capacity, meet their debt obligations or other financial commitments, or obtain additional capital, all of which could materially adversely affect the Debtors' businesses, results of operations, and financial condition.

7. The Debtors' Business is Subject to Complex Laws and Regulations That Can Adversely Affect the Cost, Manner, or Feasibility of Doing Business

The Debtors' operations are subject to extensive federal, state and local laws and regulations, including complex environmental laws and occupational health and safety laws. The Debtors may be required to make large expenditures to comply with such regulations. Failure to comply with these laws and regulations may result in the suspension or termination of operations and subject the Debtors to administrative, civil and criminal penalties. Additionally, in recent years, the practice of hydraulic fracturing has come under increased scrutiny by the environmental community. The Debtors' operations create the risk of environmental liabilities to the government or third parties for any unlawful discharge of oil, gas or other pollutants into the air, soil or water. In the event of environmental violations, the Reorganized Debtors may be charged with remedial costs and land owners may file claims for alternative water supplies, property damage or bodily injury. Laws and regulations protecting the environment have become more stringent in recent years, and may, in some circumstances, result in liability for environmental damage regardless of negligence or fault. In addition, pollution and similar environmental risks generally are not fully insurable. These liabilities and costs could have a material adverse effect on the business, financial condition, results of operations and cash flows of the Reorganized Debtors.

8. The Debtors' Operations are Subject to Hazards Inherent in the Energy Services Industry.

Risks inherent the oilfield services industry, such as equipment defects, vehicle accidents, explosions and uncontrollable flows of gas or well fluids, can cause personal injury, loss of life, suspension of operations, damage to formations, damage to facilities, business interruption and damage to, or destruction of property, equipment and the environment. In addition, the Debtors' hydraulic fracturing and well completion services could become a source of spills or releases of fluids, including chemicals used during hydraulic fracturing activities, at the site where such services are performed, or could result in the discharge of such fluids into underground formations that were not targeted for fracturing or well completion activities. These risks could expose the Debtors to substantial liability for personal injury, wrongful death, property damage, loss of oil and natural gas production, pollution and other environmental damages and could result in a variety of claims, losses and remedial obligations that could have an adverse effect on the Debtors' business and results of operations. The existence, frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators. In particular, the Debtors' customers may elect not to purchase our services if they view our safety record as unacceptable, which could cause us to lose customers and substantial revenue.

9. The Debtors Operate in a Highly-Competitive Industry with Significant Potential for Excess Capacity.

The oilfield services industry in which the Debtors operate is highly competitive. The principal competitive factors in the oilfield services industry are generally technical expertise, the availability and condition of equipment, work force capability, safety record, reputation and experience. The Debtors compete with large national and multi-national companies that have longer operating histories, greater financial resources, and greater name recognition than the Debtors and who can operate at a loss in the regions in which the Debtors operate. Additionally, some of the Debtors' competitors provide a broader array of services or have a stronger presence in more geographic markets. As a result of such competition, the Debtors may lose market share or be unable to maintain or increase prices for their present services or to acquire additional business opportunities, which could have a material adverse effect on the Debtors business, financial condition, results of operations and cash flows.

10. The Reorganized Debtors May Be Adversely Affected by Potential Litigation, Including Litigation Arising Out of the Chapter 11 Cases

In the future, the Reorganized Debtors may become parties to litigation. In general, litigation can be expensive and time consuming to bring or defend against. Such litigation could result in settlements or damages that could significantly affect the Reorganized Debtors' financial results. It is also possible that certain parties will commence litigation with respect to the treatment of their Claims under the Plan. It is not possible to predict the potential litigation that the Reorganized Debtors may become party to, nor the final resolution of such litigation. The impact of any such litigation on the Reorganized Debtors' businesses and financial stability, however, could be material.

11. The Loss of Key Personnel Could Adversely Affect the Debtors' Operations

The Debtors' operations are dependent on a relatively small group of key management personnel and a highly-skilled employee base. The Debtors' recent liquidity issues and the Chapter 11 Cases have created distractions and uncertainty for key management personnel and employees. As a result, the Debtors have experienced and may continue to experience increased levels of employee attrition. Because competition for experienced personnel in the oilfield services industry can be significant, the Debtors may be unable to find acceptable replacements with comparable skills and experience and the loss of such key management personnel could adversely affect the Debtors' ability to operate their businesses. In addition, a loss of key personnel or material erosion of employee morale at the corporate and/or field levels could have a material adverse effect on the Debtors' ability to meet customer and counterparty expectations, thereby adversely affecting the Debtors' businesses and the results of operations.

12. Certain Claims May Not Be Discharged and Could Have a Material Adverse Effect on the Debtors' Financial Condition and Results of Operations

The Bankruptcy Code provides that the confirmation of a plan of reorganization discharges a debtor from substantially all debts arising prior to confirmation. With few exceptions, all Claims that arise prior to the Debtors' filing of their Petitions or before confirmation of the plan of reorganization (a) would be subject to compromise and/or treatment under the plan of reorganization and/or (b) would be discharged in accordance with the terms of the plan of reorganization. Any Claims not ultimately discharged through a plan of reorganization could be asserted against the reorganized entity and may have an adverse effect on the Reorganized Debtors' financial condition and results of operations.

IX. SOLICITATION AND VOTING PROCEDURES

This Disclosure Statement, which is accompanied by a Ballot or Ballots to be used for voting on the Plan, is being distributed to the holders of Claims or Interests in those Classes that are entitled to vote to accept or reject the Plan. The procedures and instructions for voting and related deadlines are set forth in the exhibits annexed to the Disclosure Statement Order, which is attached hereto as **Exhibit D**.

The Disclosure Statement Order is incorporated herein by reference and should be read in conjunction with this Disclosure Statement in formulating a decision to vote to accept or reject the Plan.

THE DISCUSSION OF THE SOLICITATION AND VOTING PROCESS SET FORTH IN THIS DISCLOSURE STATEMENT IS ONLY A SUMMARY.
PLEASE REFER TO THE DISCLOSURE STATEMENT ORDER ATTACHED HERETO FOR A MORE COMPREHENSIVE DESCRIPTION OF THE SOLICITATION AND VOTING PROCESS.

A. Holders of Claims Entitled to Vote on the Plan

Under the provisions of the Bankruptcy Code, not all holders of claims against or interests in a debtor are entitled to vote on a chapter 11 plan. The table in Article III.C of this Disclosure Statement, entitled "Am I entitled to vote on the Plan?" which begins on page 5, provides a summary of the status and voting rights of each Class (and, therefore, of each holder within such Class absent an objection to the holder's Claim or Interest) under the Plan.

As shown in the table, the Debtors are soliciting votes to accept or reject the Plan only from holders of Claims or Interests in Classes 4, 5, 8, and 9 (collectively, the "Voting Classes").[8] The holders of Claims or Interests in the Voting Classes are Impaired under the Plan and may, in certain circumstances, receive a distribution under the Plan. Accordingly, holders of Claims or Interests in the Voting Classes have the right to vote to accept or reject the Plan.

The Debtors are ***not*** soliciting votes from holders of Claims or Interests in Classes 1, 2, 3, 6, and 7. Additionally, the Disclosure Statement Order provides that certain holders of Claims or Interests in the Voting Classes, such as those holders whose Claims or Interests have been disallowed or are subject to a pending objection, are not entitled to vote to accept or reject the Plan.

B. Voting Record Date

The Voting Record Date is October 26, 2016. The Voting Record Date is the date on which it will be determined which holders of Claims or Interests in the Voting Classes are entitled to vote to accept or reject the Plan and whether Claims or Interests have been properly assigned or transferred under Bankruptcy Rule 3001(e) such that an assignee or transferee, as applicable, can vote to accept or reject the Plan as the holder of a Claim or Interest.

C. Voting on the Plan

The Voting Deadline is December 5, 2016, at 4:00 p.m. (prevailing Central Time). In order to be counted as votes to accept or reject the Plan, all ballots must be properly executed, completed, and

[8] For the avoidance of doubt, even though the holders of Deficiency Lender Claims have agreed, in accordance with the Plan Settlement, to forgo their right to receive their Pro Rata share of the Unsecured Creditor Cash Pool, such holders shall be entitled to vote to accept or reject the Plan.

delivered as directed, so that your ballot or the master ballot containing your vote is **actually received** by the Solicitation Agent on or before the Voting Deadline.

To vote, complete, sign, and date your ballot and return it (with an original signature) ***promptly*** in the enclosed reply envelope or to one of the below addresses.

If sent by first-class mail	**If sent by hand delivery or overnight mail:**
Donlin, Recano & Company, Inc. **Re: CJ Holding Co., et al.** **P.O. Box 192016** **Blythebourne Station** **Brooklyn, NY 11219**	**Donlin, Recano & Company, Inc.** **Re: CJ Holding Co., et al.** **6201 15th Avenue** **Brooklyn, NY 11219**

PLEASE SELECT JUST ONE OPTION TO VOTE.
EITHER RETURN PROPERLY EXECUTED PAPER BALLOT WITH YOUR VOTE
OR
VOTE VIA ELECTRONIC MAIL TO CJENERGYVOTE@DONLINRECANO.COM

Holders of Claims or Interests who cast a ballot via electronic mail to CJENERGYVOTE@DONLINRECANO.COM with "C&J Energy Vote" in the subject line should NOT also submit a paper Ballot.

FOR ANY BALLOT CAST VIA ELECTRONIC MAIL, A FORMAT OF THE ATTACHMENT MUST BE FOUND IN THE COMMON WORKPLACE AND INDUSTRY STANDARD FORMAT (*I.E.*, INDUSTRY-STANDARD PDF FILE) AND THE RECEIVED DATE AND TIME IN THE SOLICITATION AGENT'S INBOX WILL BE USED AS A TIMESTAMP FOR RECEIPT.

IF YOU HAVE ANY QUESTIONS ABOUT THE SOLICITATION OR VOTING PROCESS, PLEASE CONTACT THE SOLICITATION AGENT TOLL FREE AT (866) 296-8019 OR VIA ELECTRONIC MAIL TO DRCVOTE@DONLINRECANO.COM.

D. Ballots Not Counted

No ballot will be counted toward Confirmation if, among other things: (1) it is illegible or contains insufficient information to permit the identification of the holder of the Claim or Interest; (2) it was transmitted by means other than as specifically set forth in the ballots; (3) it was cast by an entity that is not entitled to vote on the Plan; (4) it was cast for a Claim listed in the Debtors' schedules as contingent, unliquidated, or disputed for which the applicable Bar Date has passed and no proof of claim was timely filed; (5) it was cast for a Claim that is subject to an objection pending as of the Voting Record Date (unless temporarily allowed in accordance with the Disclosure Statement Order); (6) it was sent to the Debtors, the Debtors' agents/representatives (other than the Solicitation Agent), the Credit Agreement Agent, or the Debtors' financial or legal advisors instead of the Solicitation Agent; (7) it is unsigned; or (8) it is not clearly marked to either accept or reject the Plan or it is marked both to accept and reject the Plan. **Please refer to the Disclosure Statement Order for additional requirements with respect to voting to accept or reject the Plan.**

ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE OR THAT IS OTHERWISE NOT IN COMPLIANCE WITH THE DISCLOSURE STATEMENT ORDER WILL NOT BE COUNTED.

X. RIGHTS OFFERING PROCEDURES[9]

The procedures and instructions for exercising Subscription Rights are set forth in the Rights Offering Procedures, which are attached to this Disclosure Statement as **Exhibit E**. The Rights Offering Procedures are incorporated herein by reference and should be read in conjunction with this Disclosure Statement in formulating a decision to exercise Subscription Rights. ***The discussion of the Rights Offering Procedures set forth in this Disclosure Statement is only a summary. Please refer to the Rights Offering Procedures attached hereto for a more comprehensive description.***

Pursuant to the Plan, each Eligible Holder will receive Subscription Rights to subscribe for its pro rata Rights Offering Shares, provided that it (i) timely and properly executes and delivers its Lender Claim Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) and Subscription Agreement, and for transferees only, a Transfer Notice included as Exhibit B to the Lender Claim Subscription Form, to the Subscription Agent in advance of the Subscription Expiration Deadline and (ii) pays the aggregate Purchase Price as set forth in the Rights Offering Procedures. The Eligible Holders will not have any "oversubscription" or "overallotment" rights. Any unsubscribed shares from the Rights Offering will be Backstop Commitment Shares to be purchased by the Backstop Parties pursuant to the Backstop Commitment Agreement.

No Eligible Holder shall be entitled to participate in the Rights Offering unless the aggregate Purchase Price for the Rights Offering Shares it subscribes for is received by the Subscription Agent (i) in the case of an Eligible Holder that is not a Backstop Party, by the Subscription Expiration Deadline, and (ii) in the case of an Eligible Holder that is a Backstop Party, by the deadline specified in the Backstop Commitment Agreement (the "Backstop Funding Deadline"). No interest is payable on any advanced funding of the Purchase Price. If the Rights Offering is terminated for any reason, your Purchase Price will be returned to you promptly. No interest will be paid on any returned Purchase Price.

IN ORDER TO PARTICIPATE IN THE RIGHTS OFFERING, EACH ELIGIBLE HOLDER MUST COMPLETE ALL THE STEPS OUTLINED IN THE RIGHTS OFFERING PROCEDURES. IF ALL OF THE STEPS OUTLINED IN THE RIGHTS OFFERING PROCEDURES ARE NOT COMPLETED BY THE SUBSCRIPTION EXPIRATION DEADLINE OR THE BACKSTOP FUNDING DEADLINE, AS APPLICABLE, THE ELIGIBLE HOLDER SHALL BE DEEMED TO HAVE FOREVER AND IRREVOCABLY RELINQUISHED AND WAIVED ITS RIGHT TO PARTICIPATE IN THE RIGHTS OFFERING.

In order to validly exercise its Subscription Rights, each Eligible Holder that is not a Backstop Party must:

(A) return a duly executed Subscription Agreement along with a duly completed and executed Lender Claim Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) and, for transferees only, a Transfer Notice included as Exhibit B to the Lender Claim Subscription Form, to the Subscription

9 Capitalized terms used in this Article X but not otherwise defined in this Disclosure Statement or the Plan shall have the meanings ascribed to them in the Subscription Agreement.

Agent, so that such documents are actually received by the Subscription Agent by the Subscription Expiration Deadline; and

(B) at the same time it returns its Subscription Agreement and Lender Claim Subscription Form to the Subscription Agent, but in no event later than the Subscription Expiration Deadline, pay the applicable Purchase Price to the Subscription Agent by wire transfer **ONLY** of immediately available funds in accordance with the instructions included in Item 4 of the Lender Claim Subscription Form.

In order to validly exercise its Subscription Rights, each Eligible Holder that is a Backstop Party must:

(A) return a duly executed Subscription Agreement along with a duly completed and executed Lender Claim Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) to the Subscription Agent, so that such documents are actually received by the Subscription Agent by the Subscription Expiration Deadline; and

(B) no later than the Backstop Funding Deadline, pay the applicable Purchase Price to the Subscription Agent by wire transfer **ONLY** of immediately available funds in accordance with the instructions included in Item 4 of the Lender Claim Subscription Form.

All Eligible Holders must deliver their completed Lender Claim Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable), completed Subscription Agreement, and payment of the applicable Purchase Price payable for the Rights Offering Shares elected to be purchased by such Eligible Holder (with respect to the Eligible Holders that are not Backstop Parties) directly to the Subscription Agent on or before the Subscription Expiration Deadline. In all cases, Eligible Holders that are Backstop Parties must deliver their payment of the applicable Purchase Price payable for the Rights Offering Shares elected to be purchased by such Eligible Holder directly to the Subscription Agent no later than the Backstop Funding Deadline.

In the event that the funds received by the Subscription Agent from any Eligible Holder do not correspond to the Purchase Price payable for the Rights Offering Shares elected to be purchased by such Eligible Holder, the number of the Rights Offering Shares deemed to be purchased by such Eligible Holder will be the lesser of (a) the number of the Rights Offering Shares elected to be purchased by such Eligible Holder and (b) a number of the Rights Offering Shares determined by dividing the amount of the funds received on account of the Purchase Price.

The cash paid to the Subscription Agent in accordance with these Rights Offering Procedures will be deposited and held by the Subscription Agent in a segregated escrow account designated in escrow agreements mutually satisfactory to each of the Eligible Holders and the Debtors until administered in connection with the settlement of the Rights Offering on the Effective Date. The Subscription Agent may not use such cash for any other purpose prior to the Effective Date and may not encumber or permit such cash to be encumbered with any lien or similar encumbrance. The cash held by the Subscription Agent hereunder shall not be deemed part of the Debtors' bankruptcy estates.

XI. CONFIRMATION OF THE PLAN

A. Requirements for Confirmation of the Plan

Among the requirements for Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code are: (1) the Plan is accepted by all Impaired Classes of Claims or Interests, or if rejected by an Impaired Class, the Plan "does not discriminate unfairly" and is "fair and equitable" as to the rejecting Impaired Class; (2) the Plan is feasible; and (3) the Plan is in the "best interests" of holders of Claims or Interests.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies all of the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that: (1) the Plan satisfies, or will satisfy, all of the necessary statutory requirements of chapter 11 for plan confirmation; (2) the Debtors have complied, or will have complied, with all of the necessary requirements of chapter 11 for plan confirmation; and (3) the Plan has been proposed in good faith.

B. Best Interests of Creditors/Liquidation Analysis

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each impaired class, that each holder of a claim or an equity interest in such impaired class either (1) has accepted the plan or (2) will receive or retain under the plan property of a value that is not less than the amount that the non-accepting holder would receive or retain if the debtors liquidated under chapter 7.

Attached hereto as **Exhibit F** and incorporated herein by reference is a liquidation analysis (the "Liquidation Analysis") prepared by the Debtors with the assistance of the Debtors' advisors. As reflected in the Liquidation Analysis, the Debtors believe that liquidation of the Debtors' businesses under chapter 7 of the Bankruptcy Code would result in substantial diminution in the value to be realized by holders of Claims or Interests as compared to distributions contemplated under the Plan. Consequently, the Debtors and their management believe that Confirmation of the Plan will provide a substantially greater return to holders of Claims or Interests than would a liquidation under chapter 7 of the Bankruptcy Code.

If the Plan is not confirmed, and the Debtors fail to propose and confirm an alternative plan of reorganization, the Debtors' businesses may be liquidated pursuant to the provisions of a chapter 11 liquidating plan. In liquidations under chapter 11, the Debtors' assets could be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7. Thus, a chapter 11 liquidation may result in larger recoveries than a chapter 7 liquidation, but the delay in distributions could result in lower present values received and higher administrative costs. Any distribution to holders of Claims or Interests (to the extent holders of Interests would receive distributions at all) under a chapter 11 liquidation plan would most likely be substantially delayed. Most importantly, the Debtors believe that any distributions to creditors in a chapter 11 liquidation scenario would fail to capture the significant going concern value of their businesses, which is reflected in the New Common Stock to be distributed under the Plan. Accordingly, the Debtors believe that a chapter 11 liquidation would not result in distributions as favorable as those under the Plan.

C. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan of reorganization is not likely to be followed by the liquidation, or the need for further financial

reorganization of the debtor, or any successor to the debtor (unless such liquidation or reorganization is proposed in such plan of reorganization).

To determine whether the Plan meets this feasibility requirement, the Debtors, with the assistance of AlixPartners and Evercore, have analyzed their ability to meet their respective obligations under the Plan. As part of this analysis, the Debtors have prepared their projected consolidated balance sheet, income statement, and statement of cash flows (the "Financial Projections"). Creditors and other interested parties should review Article VIII of this Disclosure Statement, entitled "Risk Factors," which begins on page 36, for a discussion of certain factors that may affect the future financial performance of the Reorganized Debtors.

The Financial Projections are attached hereto as **Exhibit G** and incorporated herein by reference. Based upon the Financial Projections, the Debtors believe that they will be a viable operation following the Chapter 11 Cases and that the Plan will meet the feasibility requirements of the Bankruptcy Code.

D. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, except as described in the following section, that each class of claims or equity interests impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such a class is not required.[10]

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in a number of allowed claims in that class, counting only those claims that have *actually* voted to accept or to reject the plan. Thus, a class of Claims will have voted to accept the Plan only if two-thirds in amount and a majority in number of the Allowed Claims in such class that vote on the Plan actually cast their ballots in favor of acceptance.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of impaired equity interests as acceptance by holders of at least two-thirds in amount of allowed interests in that class, counting only those interests that have *actually* voted to accept or to reject the plan. Thus, a Class of Interests will have voted to accept the Plan only if two-thirds in amount of the Allowed Interests in such class that vote on the Plan actually cast their ballots in favor of acceptance.

Pursuant to Article III.E of the Plan, if a Class contains Claims or Interests is eligible to vote and no holders of Claims or Interests eligible to vote in such Class vote to accept or reject the Plan, the holders of such Claims or Interests in such Class shall be deemed to have accepted the Plan.

E. Confirmation without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes have not accepted it; *provided*, that the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, the plan will be confirmed, at the plan proponent's request, in a

[10] A class of claims is "impaired" within the meaning of section 1124 of the Bankruptcy Code unless the plan (a) leaves unaltered the legal, equitable and contractual rights to which the claim or equity interest entitles the holder of such claim or equity interest or (b) cures any default, reinstates the original terms of such obligation, compensates the holder for certain damages or losses, as applicable, and does not otherwise alter the legal, equitable, or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

procedure commonly known as a "cramdown" so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

If any Impaired Class rejects the Plan, the Debtors reserve the right to seek to confirm the Plan utilizing the "cramdown" provision of section 1129(b) of the Bankruptcy Code. To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors may request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to alter, amend, modify, revoke, or withdraw the Plan or any Plan Supplement document, including the right to amend or modify the Plan or any Plan Supplement document to satisfy the requirements of section 1129(b) of the Bankruptcy Code.

1. No Unfair Discrimination

The "unfair discrimination" test applies to classes of claims or interests that are of equal priority and are receiving different treatment under a plan. The test does not require that the treatment be the same or equivalent, but that treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims or interests of equal rank (*e.g.*, classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. A plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

2. Fair and Equitable Test

The "fair and equitable" test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100 percent of the amount of the allowed claims in the class. As to the dissenting class, the test sets different standards depending upon the type of claims or equity interests in the class.

The Debtors submit that if the Debtors "cramdown" the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured so that it does not "discriminate unfairly" and satisfies the "fair and equitable" requirement. With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. With respect to the fair and equitable requirement, no Class under the Plan will receive more than 100 percent of the amount of Allowed Claims or Interests in that Class. The Debtors believe that the Plan and the treatment of all Classes of Claims or Interests under the Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Plan.

F. Valuation of the Debtors

In conjunction with formulating the Plan and satisfying its obligations under section 1129 of the Bankruptcy Code, the Debtors determined that it was necessary to estimate the post-Confirmation going concern value of the Debtors. Accordingly, the Debtors, with the assistance of Evercore, produced the Valuation Analysis that is set forth in **Exhibit H** attached hereto and incorporated herein by reference. As set forth in the Valuation Analysis, the Debtors' going concern value is substantially less than the aggregate amount of its funded-debt obligations. Accordingly, the Valuation Analysis further supports the Debtors conclusion that the treatment of Classes under the Plan is fair and equitable and otherwise satisfies the Bankruptcy Code's requirements for confirmation.

XII. CERTAIN SECURITIES LAW MATTERS

The Debtors believe that the New Common Stock, the New Warrants (as applicable), and the options or other equity awards (and any New Common Stock underlying such awards) to be issued pursuant to the Management Incentive Plan are "securities," as defined in section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code, and any applicable state securities law (a "Blue Sky Law"). The Debtors further believe that the offer, sale, issuance, and initial distribution of the New Common Stock and New Warrants (as applicable) by Reorganized C&J Energy pursuant to the Plan is exempt from federal and state securities registration requirements under various provisions of the Securities Act, the Bankruptcy Code, and any applicable state Blue Sky Law as described in more detail below. The New Common Stock underlying the Management Incentive Plan will be issued pursuant to a registration statement or another available exemption from registration under the Securities Act and other applicable law.

A. 1145 Securities

As discussed herein, the Plan provides for the offer, issuance, sale, and distribution by Reorganized C&J Energy of the New Common Equity Pool, the Rights Offering Shares issued to Eligible Holders pursuant to the Rights Offering, the shares of New Common Stock issued to the Backstop Parties as the Backstop Fee, the New Warrants (as applicable), and the shares of New Common Stock underlying the New Warrants (as applicable) (collectively, the "1145 Securities").

1. Issuance

Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under section 5 of the Securities Act, and state securities laws if three principal requirements are satisfied: (a) the securities must be offered and sold under a plan of reorganization and must be securities of the debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under the plan; (b) the recipients of the securities must hold prepetition or administrative expense claims against the debtor or interests in the debtor; and (c) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or principally in exchange for such claim or interest and partly for cash or property.

Because the total value of an Eligible Claim, as implied by the value of distributions under the Plan, significantly exceeds the cash value payable on account of such Claim pursuant to Subscription Rights in the Rights Offering, the Debtors submit that all 1145 Securities issued pursuant to the Plan will be issued principally in exchange for the corresponding Eligible Claims, and only partly in exchange for the cash purchase price to be paid pursuant to the Rights Offering. Accordingly, the 1145 Securities satisfy all the requirements of section 1145(a)(1) of the Bankruptcy Code and are, therefore, exempt from registration under the Securities Act and state securities laws (except with respect to an underwriter as described below). Furthermore, the Debtors believe that the value of the direct distributions being made to Eligible Holders (excluding the Subscription Rights), and thus the value of the interests in any such Eligible Claim to be exchanged pursuant to the Rights Offering, exceeds the value of the capital being raised pursuant to the exercise of the Subscription Rights.

Recipients of any 1145 Securities are advised to consult with their own legal advisors as to the availability of any exemption from registration under the Securities Act and any applicable state Blue Sky Law.

2. Subsequent Transfers

The 1145 Securities may be freely transferred by most recipients following the initial issuance under the Plan, and all resales and subsequent transfers of the 1145 Securities are exempt from registration under the Securities Act and state securities laws, unless the holder is an "underwriter" with respect to such securities. Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as one who, except with respect to "ordinary trading transactions" of an entity that is not an "issuer": (a) purchases a claim against, interest in, or claim for an administrative expense in the case concerning, the debtor, if such purchase is with a view to distribution of any security received or to be received in exchange for such claim or interest; (b) offers to sell securities offered or sold under a plan for the holders of such securities; (c) offers to buy securities offered or sold under a plan from the holders of such securities, if such offer to buy is (i) with a view to distribution of such securities and (ii) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan; or (d) is an issuer of the securities within the meaning of section 2(a)(11) of the Securities Act. In addition, a person who receives a fee in exchange for purchasing an issuer's securities could also be considered an underwriter within the meaning of section 2(a)(11) of the Securities Act.

The definition of an "issuer" for purposes of whether a person is an underwriter under section 1145(b)(1)(D) of the Bankruptcy Code, by reference to section 2(a)(11) of the Securities Act, includes as "statutory underwriters" all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. The reference to "issuer," as used in the definition of "underwriter" contained in section 2(a)(11) of the Securities Act, is intended to cover "Controlling Persons" of the issuer of the securities. "Control," as defined in Rule 405 of the Securities Act, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an officer or director of a reorganized debtor or its successor under a plan of reorganization may be deemed to be a "Controlling Person" of the debtor or successor, particularly if the management position or directorship is coupled with ownership of a significant percentage of the reorganized debtor's or its successor's voting securities. In addition, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns ten percent or more of a class of securities of a reorganized debtor may be presumed to be a "Controlling Person" and, therefore, an underwriter.

Resales of 1145 Securities by entities deemed to be "underwriters" (which definition includes "Controlling Persons") are not exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Under certain circumstances, holders of New Common Stock who are deemed to be "underwriters" may be entitled to resell their New Common Stock pursuant to the limited safe harbor resale provisions of Rule 144 of the Securities Act. Generally, Rule 144 of the Securities Act would permit the public sale of securities received by such Person if the required holding period has been met and, under certain circumstances, current information regarding the issuer is publicly available and volume limitations, manner of sale requirements and certain other conditions are met. Whether any particular Person would be deemed to be an "underwriter" (including whether the Person is a "Controlling Person") with respect to the New Common Stock would depend upon various facts and circumstances applicable to that Person. Accordingly, the Debtors express no view as to whether any Person would be deemed an "underwriter" with respect to the New Common Stock and, in turn, whether any Person may freely resell New Common Stock. The Debtors recommend that potential recipients of New Common Stock consult their own counsel concerning their ability to freely trade such securities without compliance with the federal law and any applicable state Blue Sky Law.

B. 4(a)(2) Securities

1. Issuance

Section 4(a)(2) of the Securities Act provides that the issuance of securities by an issuer in transactions not involving any public offering are exempt from registration under the Securities Act. Regulation D is a non-exclusive safe harbor from registration promulgated by the SEC under section 4(a)(2) of the Securities Act.

The Debtors believe that any Backstop Commitment Shares (the "4(a)(2) Securities") would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. The Debtors submit that the 4(a)(2) Securities are issuable without registration under the Securities Act in reliance upon the exemption from registration provided under section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder. The 4(a)(2) Securities will be "restricted securities" subject to resale restrictions and may be resold, exchanged, assigned or otherwise transferred only pursuant to registration, or an applicable exemption from registration, under the Securities Act and other applicable law, as described below.

2. Subsequent Transfers

Unlike the securities that will be issued pursuant to section 1145(a)(1) of the Bankruptcy Code, the 4(a)(2) Securities will be deemed "restricted securities" that may not be offered, sold, exchanged, assigned or otherwise transferred unless they are registered under the Securities Act, or an exemption from registration under the Securities Act is available.

The Backstop Parties will not be permitted to offer, sell, or otherwise transfer their 4(a)(2) Securities except pursuant to a registration statement or an available exemption from registration.

Rule 144 provides an exemption for the public resale of "restricted securities" if certain conditions are met. These conditions vary depending on whether the holder of the restricted securities is an affiliate of the issuer. An affiliate is defined as "a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the issuer."

A non-affiliate who has not been an affiliate of the issuer during the preceding three months may resell restricted securities after a six-month holding period if at the time of the sale there is available certain current public information regarding the issuer, and may sell the securities after a one-year holding period whether or not there is current public information regarding the issuer. Adequate current public information is available for a reporting issuer if the issuer has filed all periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 during the twelve months preceding the sale of the restricted securities. If the issuer is a non-reporting issuer, adequate current public information is available if certain information about the issuer is made publicly available. The Debtors currently expect that the Reorganized Debtors will continue to be a reporting issuer and file all such required periodic reports and that current public information will be available to allow resales by non-affiliates when the six-month holding period expires (approximately six months after the Effective Date).

An affiliate may resell restricted securities after the six-month holding period if at the time of the sale certain current public information regarding the issuer is available. As noted above, the Debtors currently expect that this information requirement will be satisfied. The affiliate must also comply with the volume, manner of sale and notice requirements of Rule 144. First, the rule limits the number of restricted securities (plus any unrestricted securities) sold for the account of an affiliate (and related persons) in any three-month period to the greater of one percent of the outstanding securities of the same

class being sold, or, if the class is listed on a stock exchange, the greater of one percent of the average weekly reported volume of trading in such restricted securities during the four weeks preceding the filing of a notice of proposed sale on Form 144. Second, the manner of sale requirement provides that the restricted securities must be sold in a broker's transaction, which generally means they must be sold through a broker and handled as a routine trading transaction. The broker must receive no more than the usual commission and cannot solicit orders for the sale of the restricted securities except in certain situations. Third, if the sale exceeds 5,000 restricted securities or has an aggregate sale price greater than $50,000 in any three-month period, an affiliate must file with the SEC three copies of a notice of proposed sale on Form 144. The sale must occur within three months of filing the notice unless an amended notice is filed.

The Debtors believe that the Rule 144 exemption will not be available with respect to any 4(a)(2) Securities (whether held by non-affiliates or affiliates) until at least six months after the Effective Date. Accordingly, holders of 4(a)(2) Securities will be required to hold their 4(a)(2) Securities for at least six months and, thereafter, to sell them only in accordance with the applicable requirements of Rule 144.

All 4(a)(2) Securities will be issued in certificated or book-entry form and will bear a restrictive legend. Each certificate or book-entry representing, or issued in exchange for or upon the transfer, sale or assignment of, any 4(a)(2) Securities shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON [ISSUANCE DATE], HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN AVAILABLE EXEMPTION FROM REGISTRATION THEREUNDER."

The Reorganized Debtors will reserve the right to require certification or other evidence of compliance with Rule 144 as a condition to the removal of such legend or to any resale of the 4(a)(2) Securities. The Reorganized Debtors will also reserve the right to stop the transfer of any 4(a)(2) Securities if such transfer is not in compliance with Rule 144. Any Person who receives 4(a)(2) Securities will be required to acknowledge and agree not to resell such securities except in accordance with Rule 144, when available, and that the securities will be subject to the other restrictions described above.

Any Persons receiving "restricted securities" under the Plan should consult with their own counsel concerning the availability of an exemption from registration for resale of these securities under the Securities Act and other applicable law.

BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR PERSON MAY BE AN UNDERWRITER OR AN AFFILIATE AND THE HIGHLY FACT-SPECIFIC NATURE OF THE AVAILABILITY OF EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT, INCLUDING THE EXEMPTIONS AVAILABLE UNDER SECTION 1145 OF THE BANKRUPTCY CODE AND RULE 144 UNDER THE SECURITIES ACT, NONE OF THE DEBTORS OR THE REORGANIZED DEBTORS MAKE ANY REPRESENTATION CONCERNING THE ABILITY OF ANY PERSON TO DISPOSE OF THE SECURITIES TO BE DISTRIBUTED UNDER THE PLAN. THE DEBTORS RECOMMEND THAT POTENTIAL RECIPIENTS OF THE SECURITIES TO BE ISSUED UNDER THE PLAN CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES.

C. Subscription Rights

The Subscription Rights will be distributed and issued to Eligible Holders. The Subscription Rights are not detachable from Eligible Claims. Subscription Rights shall be transferable by Eligible Holders to an affiliate or to any third party but only in connection with a transfer of Eligible Claims. Any transferee of an Eligible Claim together with the related Subscription Rights may exercise such Subscription Rights before the Subscription Expiration Time as if an original Eligible Holder in accordance with the Rights Offering Procedures.

XIII. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. Introduction

The following discussion summarizes certain United States ("U.S.") federal income tax consequences of the implementation of the Plan to the Debtors, the Reorganized Debtors, and beneficial owners of Claims (each, a "Holder"). This summary is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), the U.S. Treasury Regulations promulgated thereunder (the "Treasury Regulations"), judicial decisions and published administrative rules, and pronouncements of the Internal Revenue Service (the "IRS"), all as in effect on the date hereof (collectively, "Applicable Tax Law"). Changes in the rules or new interpretations of the rules may have retroactive effect and could significantly affect the U.S. federal income tax consequences described below. The Debtors have not requested, and will not request, any ruling or determination from the IRS or any other taxing authority with respect to the tax consequences discussed herein, and the discussion below is not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein.

This summary does not address foreign, state, or local tax consequences of the Plan, nor does it purport to address all aspects of U.S. federal income taxation that may be relevant to a Holder in light of its individual circumstances or to a Holder that may be subject to special tax rules (such as Persons who are related to the Debtors within the meaning of the Tax Code, broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax exempt organizations, pass-through entities, beneficial owners of pass-through entities, subchapter S corporations, persons who hold Claims or who will hold the New Common Stock as part of a straddle, hedge, conversion transaction, or other integrated investment, persons using a mark-to-market method of accounting, and holders of Claims who are themselves in bankruptcy). Furthermore, this summary assumes that a Holder holds only Claims in a single Class and holds a Claim only as a "capital asset" (within the meaning of section 1221 of the Tax Code). This summary also assumes that the various debt and other arrangements to which any of the Debtors are a party will be respected for U.S. federal income tax purposes in accordance with their form, and that the Claims constitute interests in the Debtors "solely as a creditor" for purposes of section 897 of the Tax Code. This summary does not discuss differences in tax consequences to a Holder that acts or receives consideration in a capacity other than as a Holder of a Claim of the same Class, and the tax consequences for such Holders may differ materially from that described below.

The U.S. federal income tax consequences of the implementation of the Plan will depend on, among other things, whether the Restructuring Transactions are structured as a taxable sale of the Debtors' assets and/or stock (such a structure, a "Taxable Transaction"). While a Taxable Transaction potentially offers the Reorganized Debtors certain tax advantages in periods following the Effective Date, the availability of these tax advantages depends on numerous considerations that cannot be known with certainty at this time. These considerations include the value and tax basis of the Debtors' assets on the

Effective Date, and whether the Debtors have sufficient net operating loss carry forwards to offset any taxable gain arising from a Taxable Transaction. As a result, the Debtors have not yet determined whether they intend to structure the Restructuring Transactions as a Taxable Transaction, and the following discussion assumes that the implementation of the Plan will not be structured as a Taxable Transaction. Moreover, if the Debtors pursue a Taxable Transaction, the U.S. federal income tax consequences of the implementation of the Plan to Holders of Claims may differ materially from the tax consequences described below.

For purposes of this discussion, a "U.S. Holder" is a holder of a Claim that is: (1) an individual citizen or resident of the United States for U.S. federal income tax purposes; (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (4) a trust (A) if a court within the United States is able to exercise primary jurisdiction over the trust's administration and one or more United States persons have authority to control all substantial decisions of the trust or (B) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person. For purposes of this discussion, a "non-U.S. Holder" is any Holder of a Claim that is not a U.S. holder other than any partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

If a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes) is a Holder, the tax treatment of a partner (or other beneficial owner) generally will depend upon the status of the partner (or other beneficial owner) and the activities of the entity. Partners (or other beneficial owners) of partnerships (or other pass-through entities) that are Holders should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM OR INTEREST. ALL HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE FEDERAL, STATE, LOCAL, AND NON-U.S. INCOME, ESTATE, AND OTHER TAX CONSEQUENCES OF THE PLAN.

B. Certain U.S. Federal Income Tax Consequences to the Debtors and the Reorganized Debtors

1. Cancellation of Debt and Reduction of Tax Attributes

In general, absent an exception, a debtor will realize and recognize cancellation of debt income ("COD Income"), for U.S. federal income tax purposes, upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of (i) the amount of Cash paid, (ii) the issue price of any new indebtedness of the taxpayer issued, and (iii) the fair market value of any other new consideration (including stock of the debtor or a party related to the debtor) given in satisfaction of such indebtedness at the time of the exchange.

Under section 108 of the Tax Code, a debtor is not required to include COD Income in gross income if the debtor is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that proceeding. Instead, as a consequence of such exclusion, a debtor must reduce its tax attributes by the amount of COD Income that it excluded from

gross income pursuant to the rule discussed in the preceding sentence. In general, tax attributes will be reduced in the following order: (a) NOLs and NOL carryforwards; (b) general business credit carryovers; (c) minimum tax credit carryovers; (d) capital loss carryovers; (e) tax basis in assets; (f) passive activity loss and credit carryovers; and (g) foreign tax credit carryovers. Alternatively, a debtor with COD Income may elect first to reduce the basis of its depreciable assets pursuant to section 108(b)(5) of the Tax Code. The Debtors have not yet determined whether this election will be made. Whether or not an election is made pursuant to section 108(b)(5) of the Tax Code, the reduction in tax attributes occurs only after the tax for the year of the debt discharge has been determined. Any excess COD Income over the amount of available tax attributes is not subject to U.S. federal income tax and generally has no other U.S. federal income tax impact.

The Treasury Regulations address the method and order for applying tax attribute reduction to an affiliated group of corporations filing a consolidated return for U.S. federal income tax purposes. Under these Treasury Regulations, the tax attributes of each member of an affiliated group that is excluding COD Income is first subject to reduction. To the extent the debtor member's tax basis in stock of a lower-tier member of the affiliated group is reduced, a "look through rule" requires that a corresponding reduction be made to the tax attributes of the lower-tier member. If a debtor member's excluded COD Income exceeds its tax attributes, the excess COD Income is applied to reduce certain remaining consolidated tax attributes of the affiliated group.

As of December 31, 2015, the Debtors had approximately $134.1 million of NOLs. The Debtors expect to incur additional NOLs in 2016. Because the Plan provides that the holders of Allowed Secured Lender Claims will receive New Common Stock (and Subscription Rights, as applicable), the amount of COD Income, and accordingly the amount of tax attributes required to be reduced, will depend, principally, on the fair market value of the New Common Stock and the Subscription Rights, which cannot be known with certainty at this time. However, as a result of the consummation of the Plan, the Debtors expect that there will be material reductions in, or elimination of, their NOLs, NOL carryforwards and certain other tax attributes.

2. Limitation of NOL Carryforwards and Other Tax Attributes.

If, after the Restructuring Transactions, the Reorganized Debtors continue to have any NOL carryovers, capital loss carryovers, tax credit carryovers, and certain other tax attributes (such as losses and deductions that have accrued economically but are unrecognized as of the date of the ownership change) allocable to periods before the Effective Date (collectively, the "Pre-Change Losses"), such Pre-Change Losses may be subject to limitation under sections 382 and 383 of the Tax Code as a result of an "ownership change" of the Reorganized Debtors by reason of the transactions consummated pursuant to the Plan.

Under sections 382 and 383 of the Tax Code, if a corporation undergoes an "ownership change," the amount of its Pre-Change Losses that may be utilized to offset future taxable income generally is subject to an annual limitation. The rules of section 382 of the Tax Code are complicated, but as a general matter, the Debtors anticipate that the distribution of the New Common Stock pursuant to the Plan will result in an "ownership change" of the Reorganized Debtors for these purposes, and that the Reorganized Debtors' use of their Pre-Change Losses will be subject to an annual use limitation unless an exception to the general rules of section 382 of the Tax Code applies.

For this purpose, if a corporation (or consolidated group) has a net unrealized built-in loss at the time of an ownership change (taking into account most assets and items of "built-in" income and deductions), then generally built-in losses (including amortization or depreciation deductions attributable to such built-in losses) recognized during the following five years (up to the amount of the original net unrealized built-in loss) will be treated as Pre-Change Losses and similarly will be subject to the annual

limitation. In general, a corporation's (or consolidated group's) net unrealized built-in loss will be deemed to be zero unless it is greater than the lesser of (a) $10,000,000 or (b) 15 percent of the fair market value of its assets (with certain adjustments) before the ownership change.

(a) General Section 382 Annual Limitation

In general, the amount of the annual limitation to which a corporation that undergoes an "ownership change" would be subject is equal to the product of (a) the fair market value of the stock of the corporation immediately before the "ownership change" (with certain adjustments) multiplied by (b) the "long-term tax-exempt rate" (which is the highest of the adjusted federal long-term rates in effect for any month in the 3-calendar-month period ending with the calendar month in which the "ownership change" occurs: 2.08 percent for September 2016). The section 382 Limitation may be increased to the extent that the Debtors recognize certain built-in gains in their assets during the five-year period following the ownership change, or are treated as recognizing built-in gains pursuant to the safe harbors provided in IRS Notice 2003-65. Section 383 of the Tax Code applies a similar limitation to capital loss carryforwards and tax credits. Any unused limitation may be carried forward, thereby increasing the annual limitation in the subsequent taxable year. As discussed below, however, special rules may apply in the case of a corporation that experiences an ownership change as the result of a bankruptcy proceeding.

(b) Special Bankruptcy Exceptions

An exception to the foregoing annual limitation rules generally applies when so-called "qualified creditors" of a debtor corporation in chapter 11 receive, in respect of their Claims, at least 50 percent of the vote and value of the stock of the reorganized debtor (or a controlling corporation if also in chapter 11) pursuant to a confirmed chapter 11 plan (the "382(l)(5) Exception"). Under the 382(l)(5) Exception, a debtor's Pre-Change Losses are not limited on an annual basis, but, instead, NOL carryforwards will be reduced by the amount of any interest deductions claimed during the three taxable years preceding the effective date of the plan of reorganization, and during the part of the taxable year prior to and including the effective date of the plan of reorganization, in respect of all debt converted into stock in the reorganization. If the 382(l)(5) Exception applies and the Reorganized Debtors undergo another "ownership change" within two years after the Effective Date, then the Reorganized Debtors' Pre-Change Losses effectively would be eliminated in their entirety.

Where the 382(l)(5) Exception is not applicable to a corporation in bankruptcy (either because the debtor does not qualify for it or the debtor otherwise elects not to utilize the 382(l)(5) Exception), a second special rule will generally apply (the "382(l)(6) Exception"). Under the 382(l)(6) Exception, the annual limitation will be calculated by reference to the lesser of the value of the debtor corporation's new stock (with certain adjustments) immediately after the ownership change or the value of such debtor corporation's assets (determined without regard to liabilities) immediately before the ownership change. This differs from the ordinary rule that requires the fair market value of a debtor corporation that undergoes an "ownership change" to be determined before the events giving rise to the change. The 382(l)(6) Exception also differs from the 382(l)(5) Exception in that under it the debtor corporation is not required to reduce its NOL carryforwards by the amount of interest deductions claimed within the prior three-year period, and the debtor may undergo an ownership change within two years without automatically triggering the elimination of its Pre-Change Losses. The resulting limitation would be determined under the regular rules for ownership changes.

Based on currently available information, the Debtors do not believe that the Restructuring Transactions will qualify for the 382(l)(5) Exception, but even if the Restructuring Transactions qualify for the 382(l)(5) Exception, the Debtors or the Reorganized Debtors may decide to elect out of the 382(l)(5) Exception, particularly if it appears likely that another ownership change will occur within two

years after emergence. Regardless of whether the Reorganized Debtors take advantage of the 382(l)(6) Exception or the 382(l)(5) Exception, the Reorganized Debtors' use of their Pre-Change Losses after the Effective Date may be adversely affected if an "ownership change" within the meaning of section 382 of the Tax Code were to occur after the Effective Date.

3. Alternative Minimum Tax

In general, an alternative minimum tax ("AMT") is imposed on a corporation's alternative minimum taxable income ("AMTI") at a 20 percent rate to the extent such tax exceeds the corporation's regular federal income tax for the year. AMTI is generally equal to regular taxable income with certain adjustments. For purposes of computing AMTI, certain tax deductions and other beneficial allowances are modified or eliminated. For example, except for alternative tax NOLs generated in certain years, which can offset 100 percent of a corporation's AMTI, only 90 percent of a corporation's AMTI may be offset by available alternative tax NOL carryforwards. The effect of this rule could cause the Reorganized Debtors to owe an amount of federal income tax on taxable income in future years even if NOL carryforwards are available to offset that taxable income. Additionally, under section 56(g)(4)(G) of the Tax Code, an ownership change (as discussed above) that occurs with respect to a corporation having a net unrealized built-in loss in its assets will cause, for AMT purposes, the adjusted basis of each asset of the corporation immediately after the ownership change to be equal to its proportionate share (determined on the basis of respective fair market values) of the fair market value of the assets of the corporation, as determined under section 382(h) of the Tax Code, immediately before the ownership change, the effect of which may increase the amount of AMT owed by the Reorganized Debtors.

C. Certain U.S. Federal Income Tax Consequences to Certain U.S. Holders of Claims

The following discussion assumes that the Debtors will undertake the Restructuring Transactions currently contemplated by the Plan. Holders of Claims or Interests are urged to consult their tax advisors regarding the tax consequences of the Restructuring Transactions.

1. U.S. Federal Income Tax Consequences to U.S. Holders of Allowed Class 4 Claims

Pursuant to the Plan, except to the extent that a U.S. Holder of an Allowed Secured Lender Claim agrees to a less favorable treatment in exchange for full and final satisfaction, settlement, release and discharge of the Lender Claims, each U.S. Holder of such Claims shall receive a Pro Rata distribution of the New Common Equity Pool and Subscription Rights to purchase its Pro Rata Share of the Rights Offerings Shares.

Whether and the extent to which a U.S. Holder of a Lender Claim recognizes gain or loss as a result of the exchange of its claim for the New Common Stock depends on whether the debt underlying the Lender Claim surrendered and the Subscription Rights, as applicable, are treated as a "security" for purposes of the reorganization provisions of the Tax Code, as further described below.

(a) Treatment of a Debt Instrument as a "Security"

Whether a debt instrument constitutes a "security" for U.S. federal income tax purposes is determined based on all the relevant facts and circumstances, but most authorities have held that the length of the term of a debt instrument is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is generally evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the

creditworthiness of the obligor, the subordination or lack thereof to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest of the obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current basis or accrued. The Company has not yet determined its reporting position with respect to whether the obligations underlying the Lender Claims constitute securities for U.S. federal income tax purposes. U.S. Holders of Lender Claims are urged to consult their own tax advisors regarding the appropriate status for U.S. federal income tax purposes of their Claims.

(b) U.S. Holder Exchanges its Allowed Lender Claim, which Claim is not a Security

If a U.S. Holder's Allowed Lender Claim is not a security for U.S. federal income tax purposes, such U.S. Holder will be treated as exchanging such Claim for New Common Stock (and Subscription Rights, as applicable), in a taxable exchange under section 1001 of the Tax Code. In that case, each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (1) the fair market value of New Common Stock (and Subscription Rights, as applicable) received in exchange for the Claim; and (2) such U.S. Holder's adjusted basis in such Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Holder, the nature of the Claim in such U.S. Holder's hands, whether the Claim was purchased at a discount, and whether and to what extent the U.S. Holder previously has claimed a bad debt deduction with respect to its Claim. The deductibility of capital losses is subject to certain limitations as discussed below. *See* Articles XIII.C.4 and XIII.C.5 of this Disclosure Statement, entitled "Accrued Interest" and "Market Discount," respectively, which begin on page 67. A U.S. Holder's combined tax basis in any New Common Stock and Subscription Rights received should equal the fair market value of such New Common Stock and Subscription Rights as of the date such New Common Stock and Subscription Rights are distributed to the holder. A U.S. Holder's holding period for the New Common Stock and Subscription Rights received should begin on the day following the Effective Date.

(c) U.S. Holder Exchanges Its Allowed Lender Claim, which Claim is a Security

If a U.S. Holder's Allowed Lender Claim is treated as a security for U.S. federal income tax purposes, the exchange of such Claim for New Common Stock (and Subscription Rights, as applicable) should be treated as an exchange of securities pursuant to a "reorganization" under the applicable provisions of the Tax Code and Treasury Regulations (a "Reorganization") and a U.S. Holder should not recognize loss with respect to the exchange and should not recognize gain (subject to "Accrued Interest," as discussed in Article XIII.C.4 of this Disclosure Statement entitled "Accrued Interest" which begins on page 67). Such U.S. Holder's total combined tax basis in its New Common Stock (and Subscription Rights, as applicable) received should equal the U.S. Holder's tax basis in the Allowed Lender Claim surrendered therefor increased by gain, if any, recognized by such U.S. Holder in the transaction. Such combined tax basis will be divided between the New Common Stock and Subscription Rights, as applicable, based on their relative fair market value as of the Effective Date. Subject to Article XIII.C.4 of this Disclosure Statement, entitled "Accrued Interest," which begins on page 67, a U.S. Holder's holding period for its interest in the New Common Stock (and Subscription Rights, as applicable) should include the holding period for the Allowed Lender Claim surrendered therefor.

2. U.S. Federal Income Tax Consequences to U.S. Holders of Allowed Class 5 Claims

Pursuant to the Plan, each U.S. Holder of an Allowed General Unsecured Claim will receive Cash in full and final satisfaction of such Claim. A U.S. Holder of a General Unsecured Claim should be

treated as exchanging such General Unsecured Claim for Cash in a taxable exchange under section 1001 of the Tax Code. In that case, a U.S. Holder would recognize gain or loss equal to the difference between (1) the amount of Cash received in satisfaction of such U.S. Holder's Claims and (2) the U.S Holder's adjusted tax basis in its Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Holder, the nature of the Claim in such U.S. Holder's hands, whether the Claim was purchased at a discount, and whether and to what extent the U.S. Holder previously has claimed a bad debt deduction with respect to its Claim. The deductibility of capital losses is subject to certain limitations as discussed below. See Articles XIII.C.4 and XIII.C.5 of this Disclosure Statement, entitled "Accrued Interest" and "Market Discount," respectively, which begin on page 67.

3. U.S. Federal Income Tax Consequences to U.S. Holders of Allowed Class 8 Interests

(a) Receipt of New Warrants

Pursuant to the Plan, if the Holders of Interests in C&J Energy timely vote as a class to accept the Plan, then in exchange for full and final satisfaction, settlement, release, and discharge of the Interests in C&J Energy, the holders of such Interests shall receive a Pro Rata distribution of the New Warrants. If the Holders of Interests in C&J Energy do not vote as a class to accept the Plan and the Plan is effectuated, such Holders will not receive New Warrants, and the existing Interests will be cancelled for no recovery, in which case such U.S. Holders may be entitled to claim a worthless stock deduction. U.S. Holders of Interests in C&J Energy are urged to consult their tax advisors regarding the proper characterization of such exchange and the resulting U.S. federal income tax consequences to them.

While the matter is not free from doubt, the exchange of Interests for the New Warrants should likely be treated as a taxable transaction for U.S. Holders of Interests. In such case, a U.S. Holder of Interests would recognize gain or loss for United States federal income tax purposes in an amount equal to the difference between (1) the fair market value of its share of the New Warrants and (2) the U.S. Holder's adjusted tax basis in its Interests. Such gain or loss should be capital gain or loss and should be long-term capital gain or loss if the Interests were held for more than one year by the holder. Long-term capital gains of an individual taxpayer generally are taxed at preferential rates. The deductibility of capital losses is subject to limitations, as discussed in Article XIII.C.6 of this Disclosure Statement. A U.S. Holder's initial tax basis in the New Warrants will be the fair market value of the New Warrants, and a U.S. Holder's holding period will begin the day after the Effective Date.

Alternatively, because the New Warrants are issued only if the holders of Interests in C&J Energy vote as a class to accept the Plan, it is possible that the New Warrants would be treated as a fee paid to such holders, in which case the U.S. Holders would generally be taxed on the value of such New Warrants as ordinary income and would recognize a capital loss on the cancellation of their Interests.

Each holder of Interests in C&J Energy should consult its own tax advisor regarding the consequences to it of this issue.

U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE RECOGNITION OF GAIN OR LOSS, FOR FEDERAL INCOME TAX PURPOSES, ON THE SATISFACTION OF THEIR CLAIMS OR INTERESTS.

(b) Exercise or Expiration of New Warrants

A U.S. Holder of an Allowed Class 8 Interest generally should not recognize gain or loss upon the exercise of a New Warrant to the extent any New Warrants are provided to such holders. New

Common Stock that a U.S. Holder acquires pursuant to the exercise of the New Warrants will have a tax basis equal to the U.S. Holder's adjusted basis in the New Warrants so exercised, increased by any amount paid to exercise the New Warrants. The holding period for the New Common Stock that a U.S. Holder acquires pursuant to the exercise of the New Warrants should commence on the date following the date of exercise. If the terms of the New Warrants provide for any adjustment to the number of shares of New Common Stock for which the New Warrants may be exercised or to the exercise price of the New Warrants, such adjustment may, under limited circumstances, result in a constructive distribution that could be taxable as a dividend to a U.S. Holder. Conversely, the absence of an appropriate adjustment may result in a constructive distribution that could be taxable as a dividend to U.S. Holders of the New Common Stock. If the New Warrants are issued and are allowed to lapse unexercised, a U.S. Holder should have a capital loss equal to the U.S. Holder's adjusted basis in the New Warrants, which will be treated as a long-term capital loss if the U.S. Holder's holding period in the New Warrants exceeds one year as of the date of the expiration. The deductibility of capital losses is subject to certain limitations, as discussed in Article XIII.C.6 of this Disclosure Statement.

4. Accrued Interest

To the extent that any amount received by a U.S. Holder of a Claim is attributable to accrued but unpaid interest on the debt instrument constituting the surrendered Claim, the receipt of such amount should be taxable to the U.S. Holder as ordinary interest income (to the extent not already taken into income by the U.S. Holder). Conversely, a U.S. Holder of a Claim may be able to recognize a deductible loss (or, possibly, a write off against a reserve for worthless debts) to the extent that any accrued interest previously was included in the U.S. Holder's gross income but was not paid in full by the Debtors. Such loss may be ordinary, but the tax law is unclear on this point.

If the fair value of the consideration is not sufficient to fully satisfy all principal and interest on Allowed Claims, the extent to which such consideration will be attributable to accrued interest for U.S. federal income tax purposes is unclear. Under the Plan, the aggregate consideration to be distributed to holders of Allowed Claims in each Class will be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on these Claims, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a chapter 11 plan of reorganization is binding for U.S. federal income tax purposes, while certain Treasury Regulations treat payments as allocated first to any accrued but unpaid interest. The IRS could take the position that the consideration received by the holder should be allocated in some way other than as provided in the Plan. U.S. Holders of Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Plan.

U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE ALLOCATION OF CONSIDERATION RECEIVED IN SATISFACTION OF THEIR CLAIMS AND THE FEDERAL INCOME TAX TREATMENT OF ACCRUED BUT UNPAID INTEREST.

5. Market Discount

Under the "market discount" provisions of the Tax Code, some or all of any gain realized by a U.S. Holder of a Claim who exchanges the Claim for an amount on the Effective Date may be treated as ordinary income (instead of capital gain) to the extent of the amount of "market discount" on the debt instruments constituting the exchanged Claim. In general, a debt instrument is considered to have been acquired with "market discount" if it is acquired other than on original issue and if its holder's adjusted tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" or (b) in the case of a debt instrument issued with original issue discount, its adjusted issue price, by at least a de minimis amount (equal to 0.25 percent of

the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a U.S. Holder on the taxable disposition of a Claim that had been acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while the Claim was considered to be held by the U.S. Holder (unless the U.S. Holder elected to include market discount in income as it accrued). To the extent that the Allowed Claims that were acquired with market discount are exchanged in a tax-free transaction for other property, any market discount that accrued on the Allowed Claims (*i.e.*, up to the time of the exchange) but was not recognized by the U.S. Holder is carried over to the property received therefor and any gain recognized on the subsequent sale, exchange, redemption, or other disposition of the property is treated as ordinary income to the extent of the accrued, but not recognized, market discount.

U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE APPLICATION OF THE MARKET DISCOUNT RULES TO THEIR CLAIMS.

6. Limitation on Use of Capital Losses

A U.S. Holder of a Claim who recognizes capital losses as a result of the distributions under the Plan will be subject to limits on the use of such capital losses. For a non-corporate U.S. Holder, capital losses may be used to offset any capital gains (without regard to holding periods), and also ordinary income to the extent of the lesser of (a) $3,000 ($1,500 for married individuals filing separate returns) or (b) the excess of all the U.S. Holder's capital losses over all the U.S. Holder's capital gains. A non-corporate U.S. Holder may carry over unused capital losses and apply them against future capital gains and a portion of their ordinary income for an unlimited number of years. For corporate U.S. Holders, capital losses may only be used to offset capital gains. A corporate U.S. Holder that has more capital losses than may be used in a tax year may carry back unused capital losses to the three years preceding the capital loss year or may carry over unused capital losses for the five years following the capital loss year.

7. Exercise of Rights

A U.S. Holder of an Allowed Lender Claim that elects not to exercise the Subscription Rights may be entitled to claim a loss equal to the amount of tax basis allocated to the Subscription Rights, subject to any limitations on such U.S. Holder's ability to utilize capital losses.

SUCH U.S. HOLDERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF ELECTING NOT TO EXERCISE THE RIGHTS.

A U.S. Holder that elects to exercise the Subscription Rights should be treated as purchasing, in exchange for its Subscription Rights and the amount of cash funded by the U.S. Holder to exercise the Subscription Rights, the additional New Common Stock it is entitled to pursuant to the Subscription Rights. Such a purchase should generally be treated as the exercise of an option under general tax principles, and as such U.S. Holder should not recognize income, gain, or loss for U.S. federal income tax purposes when it exercises the Subscription Rights. A U.S. Holder's aggregate tax basis in the New Common Stock should equal the sum of (i) the amount of Cash paid by the U.S. Holder to exercise its Subscription Rights plus (ii) such U.S. Holder's tax basis in its Subscription Rights immediately before the option is exercised. A U.S. Holder's holding period for the New Common Stock received on the Effective Date pursuant to the exercise of the Subscription Rights should begin on the day following the Effective Date.

This discussion does not address the consequences to the Backstop Parties, which may differ materially from the consequences presented herein. The Backstop Parties are urged to consult their own tax advisors as to the expected tax consequences to them of participating in the backstop of the Rights Offering, including any changes to such holders to the expected tax treatment described herein for transactions pursuant to the Plan.

8. Dividends on New Common Stock

Any distributions made on account of the New Common Stock will constitute dividends for U.S. federal income tax purposes to the extent of the current or accumulated earnings and profits of the Reorganized Debtors as determined under U.S. federal income tax principles. To the extent that a U.S. Holder receives distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions will be treated first as a non-taxable return of capital reducing the U.S. Holder's basis in its shares. Any such distributions in excess of the U.S. Holder's basis in its shares generally will be treated as capital gain.

Dividends paid to U.S. Holders that are corporations generally will be eligible for the dividends-received deduction. However, the dividends-received deduction is only available if certain holding period requirements are satisfied. The length of time that a shareholder has held its stock is reduced for any period during which the shareholder's risk of loss with respect to the stock is diminished by reason of the existence of certain options, contracts to sell, short sales, or similar transactions. In addition, to the extent that a corporation incurs indebtedness that is directly attributable to an investment in the stock on which the dividend is paid, all or a portion of the dividends received deduction may be disallowed.

9. Sale, Redemption, or Repurchase of New Common Stock

Unless a non-recognition provision applies, U.S. Holders generally will recognize capital gain or loss upon the sale, redemption, or other taxable disposition of New Common Stock. Subject to the recapture rules of section 108(e)(7) of the Tax Code and the discussion of market discount in Article XIII.C.5, such capital gain will be long-term capital gain if at the time of the sale, exchange, retirement, or other taxable disposition, the U.S. Holder held the New Common Stock for more than one year. Long-term capital gains of an individual taxpayer generally are taxed at preferential rates. The deductibility of capital losses is subject to certain limitations as described in Article XIII.C.6 above. Under the recapture rules of section 108(e)(7) of the Tax Code, a U.S. Holder may be required to treat gain recognized on the taxable disposition of the New Common Stock as ordinary income if such U.S. Holder took a bad debt deduction with respect to its Allowed Claim or recognized an ordinary loss on the exchange of its Allowed Claim for New Common Stock.

D. Certain U.S. Federal Income Tax Consequences to Certain Non-U.S. Holders of Claims

This following discussion includes only certain U.S. federal income tax consequences of the Restructuring Transactions to non-U.S. Holders. The discussion does not include any non-U.S. tax considerations. The rules governing the U.S. federal income tax consequences to non-U.S. Holders are complex. Each non-U.S. Holder should consult its own tax advisor regarding the U.S. federal, state, and local and the non-U.S. tax consequences of the consummation of the Plan to such non-U.S. Holders and the ownership and disposition of the New Common Stock, as applicable.

Whether a non-U.S. Holder realizes gain or loss on the exchange and the amount of such gain or loss is determined in the same manner as set forth above in connection with U.S. Holders.

1. Gain Recognition

Any gain realized by a non-U.S. Holder on the exchange of its Claim generally will not be subject to U.S. federal income taxation unless (i) the non-U.S. Holder is an individual who was present in the United States for 183 days or more during the taxable year in which the Restructuring Transactions occur and certain other conditions are met or (ii) such gain is effectively connected with the conduct by such non-U.S. Holder of a trade or business in the United States (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such non-U.S. Holder in the United States).

If the first exception applies, to the extent that any gain is taxable and does not qualify for deferral pursuant to a Reorganization as described above, the non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange. If the second exception applies, the non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain realized on the exchange if such gain is effectively connected with the non-U.S. Holder's conduct of a trade or business in the United States in the same manner as a U.S. Holder. In addition, if such a non-U.S. Holder is a corporation, it may be subject to a branch profits tax equal to 30 percent (or such lower rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

2. Accrued Interest

Payments to a non-U.S. Holder that are attributable to accrued but untaxed interest generally will not be subject to U.S. federal income or withholding tax, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, IRS Form W-8BEN or W-8BEN-E) establishing that the non-U.S. Holder is not a U.S. person, unless:

(i) the non-U.S. Holder actually or constructively owns ten percent or more of the total combined voting power of all classes of Reorganized C&J Energy's stock entitled to vote;

(ii) the non-U.S. Holder is a "controlled foreign corporation" that is a "related person" with respect to Reorganized C&J Energy (each, within the meaning of the Tax Code);

(iii) the non-U.S. Holder is a bank receiving interest described in Section 881(c)(3)(A) of the Tax Code; or

(iv) such interest is effectively connected with the conduct by the non-U.S. Holder of a trade or business within the United States.

A non-U.S. Holder that does not qualify for exemption from withholding tax with respect to accrued but untaxed interest that is not effectively connected income generally will be subject to withholding of U.S. federal income tax at a 30 percent rate (or at a reduced rate or exemption from tax under an applicable income tax treaty) on payments that are attributable to accrued but untaxed interest. For purposes of providing a properly executed IRS Form W-8BEN or W-8BEN-E, special procedures are provided under applicable Treasury Regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business.

If payments of accrued untaxed interest are effectively connected with a non-U.S. Holder's trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment or fixed base) and the non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent, the non-U.S. Holder (x) generally will not be subject to withholding tax, but (y) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise), and a non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such non-U.S. Holder's effectively connected earnings and profits that are attributable to the accrued but untaxed interest at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty)).

3. Dividends on New Common Stock

Any distributions made with respect to New Common Stock will constitute dividends for U.S. federal income tax purposes to the extent of the Reorganized Debtor's current or accumulated earnings and profits as determined under U.S. federal income tax principles. To the extent that a non-U.S. Holder receives distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions will be treated first as a non-taxable return of capital reducing the non-U.S. Holder's basis in its shares. Any such distributions in excess of a non-U.S. Holder's basis in its shares generally will be treated as capital gain from a sale or exchange (and the respective excess distributions as proceeds from a sale or exchange as described below; *see* "Sale, Redemption, or Repurchase of New Common Stock and New Warrants" in Article XIII.D.4 herein). Except as described below, dividends paid with respect to New Common Stock held by a non-U.S. Holder that are not effectively connected with a non-U.S. Holder's conduct of a U.S. trade or business (or if an income tax treaty applies, are not attributable to a permanent establishment maintained by such non-U.S. Holder in the United States) will be subject to withholding at a rate of 30 percent (or lower treaty rate or exemption from tax, if applicable). A non-U.S. Holder generally will be required to satisfy certain IRS certification requirements in order to claim a reduction of or exemption from withholding under a tax treaty by filing IRS Form W-8BEN or W-8BEN-E (or a successor form) upon which the non-U.S. Holder certifies, under penalties of perjury, its status as a non-U.S. person and its entitlement to the lower treaty rate or exemption from tax with respect to such payments. Dividends paid with respect to New Common Stock held by a non-U.S. Holder that are effectively connected with a non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, are attributable to a permanent establishment maintained by such non-U.S. Holder in the United States) generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder, and a non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such non-U.S. Holder's effectively connected earnings and profits that are attributable to the dividends at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty).

4. Sale, Redemption, or Repurchase of New Common Stock and New Warrants

Subject to the discussion below regarding backup withholding, if a non-U.S. Holder owns New Common Stock or New Warrants (as applicable), the non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain or loss realized on the sale, exchange or other taxable disposition of such New Common Stock or New Warrants (as applicable) unless:

- the non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition, and certain other conditions are met;
- such gain is effectively connected with the non-U.S. Holder's conduct of a trade or business in the United States; or

- Reorganized C&J Energy is a "United States real property holding corporation" (a "USRPHC") for U.S. federal income tax purposes during the shorter of the non-U.S. Holder's holding period or the five-year period ending on the date of disposition of the New Common Stock or New Warrants (as applicable), as the case may be, unless certain exceptions apply.

C&J Energy does not believe that it is, and does not currently anticipate that Reorganized C&J Energy will be, a USRPHC for U.S. federal income tax purposes.

5. FATCA

Under the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding at a rate of 30 percent on the receipt of "withholdable payments." For this purpose, "withholdable payments" are generally U.S. source payments of fixed or determinable, annual or periodical income (including dividends, if any, on shares of New Common Stock), and also include gross proceeds from the sale or other disposition of any property of a type which can produce U.S. source interest or dividends (which would include New Common Stock and the New Warrants, as applicable) if such sale or other disposition occurs after December 31, 2018. FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding.

E. Information Reporting and Backup Withholding

The Debtors will withhold all amounts required by law to be withheld from payments of interest and dividends. The Debtors will comply with all applicable reporting requirements of the Tax Code. In general, information reporting requirements may apply to distributions or payments made to a holder of a Claim under the Plan. In addition, backup withholding of taxes will generally apply to payments in respect of an Allowed Claim under the Plan unless, in the case of a U.S. Holder, such U.S. Holder provides a properly executed IRS Form W-9 and, in the case of non-U.S. Holder, such non-U.S. Holder provides a properly executed applicable IRS Form W-8 (or otherwise establishes such Non-U.S. Holder's eligibility for an exemption).

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a holder's U.S. federal income tax liability, and a holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS (generally, a federal income tax return).

In addition, from an information reporting perspective, the Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS OR INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF

ANY STATE, LOCAL, OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

[*Remainder of page intentionally left blank*]

XIV. RECOMMENDATION

In the opinion of the Debtors, the Plan is preferable to all other available alternatives and provides for a larger distribution to the Debtors' creditors than would otherwise result in any other scenario. Accordingly, the Debtors recommend that holders of Claims entitled to vote on the Plan vote to accept the Plan and support Confirmation of the Plan.

Dated: September 28, 2016

C&J ENERGY SERVICES LTD.
on behalf of itself and all other Debtors

/s/ Mark Cashiola

Mark Cashiola
Chief Financial Officer
C&J Energy Services Ltd.

Exhibit A

Plan of Reorganization

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	Chapter 11
CJ HOLDING CO., *et al.*,[1]	§	Case No. 16-33590 (DRJ)
Debtors.	§	(Jointly Administered)

FIRST AMENDED JOINT PLAN OF REORGANIZATION OF CJ HOLDING COMPANY, *ET AL.*, PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

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Co-Counsel to the Debtors and Debtors in Possession

Dated: September 28, 2016

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number (if any), are: CJ Holding Co. (4586); Blue Ribbon Technology Inc. (6338); C&J Corporate Services (Bermuda) Ltd.; C&J Energy Production Services-Canada Ltd.; C&J Energy Services, Inc. (3219); C&J Energy Services Ltd.; C&J Spec-Rent Services, Inc. (0712); C&J VLC, LLC (9989); C&J Well Services Inc. (5684); ESP Completion Technologies LLC (4615); KVS Transportation, Inc. (2415); Mobile Data Technologies Ltd.; Tellus Oilfield Inc. (2657); Tiger Cased Hole Services Inc. (7783); and Total E&S, Inc. (5351). The location of the Debtors' service address is 3990 Rogerdale, Houston, Texas 77042.

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INTRODUCTION

The Debtors propose this Plan for the resolution of the outstanding claims against and interests in the Debtors pursuant to chapter 11 of the Bankruptcy Code. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in Article I.A hereof. Holders of Claims or Interests may refer to the Disclosure Statement for a discussion of the Debtors' history, businesses, assets, results of operations, historical financial information, and accomplishments during the Chapter 11 Cases, and projections of future operations, as well as a summary and description of the Plan and certain related matters. The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code.

ALL HOLDERS OF CLAIMS OR INTERESTS, TO THE EXTENT APPLICABLE, ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

ARTICLE I.
DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME, AND GOVERNING LAW

A. Defined Terms.

As used in this Plan, capitalized terms have the meanings set forth below.

1. "*Administrative Claim*" means a Claim for costs and expenses of administration of the Estates under sections 503(b), 507(b), or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred on or after the Petition Date of preserving the Estates and operating the businesses of the Debtors; (b) Allowed Professional Fee Claims in the Chapter 11 Cases; and (c) all fees and charges assessed against the Estates under chapter 123 of title 28 of the United States Code, 28 U.S.C. §§ 1911-1930.

2. "*Administrative Claim Bar Date*" means the deadline for filing requests for payment of Administrative Claims, which shall be 30 days after the Effective Date.

3. "*Affiliate*" has the meaning set forth in section 101(2) of the Bankruptcy Code.

4. "*Allowed*" means, with respect to any Claim, except as otherwise *provided* in the Plan: (a) a Claim that is evidenced by a Proof of Claim Filed by the Bar Date (or for which Claim under the Plan, the Bankruptcy Code, or pursuant to a Final Order a Proof of Claim is not or shall not be required to be Filed); (b) a Claim that is listed in the Schedules as not contingent, not unliquidated, and not disputed, and for which no Proof of Claim, as applicable, has been timely Filed; or (c) a Claim Allowed pursuant to the Plan or a Final Order of the Bankruptcy Court; *provided* that with respect to a Claim described in clauses (a) and (b) above, such Claim shall be considered Allowed only if and to the extent that, with respect to such Claim, no objection to the allowance thereof has been interposed by any party in interest within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or such an objection is so interposed and the Claim, as applicable, shall have been Allowed by a Final Order. Any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated, or disputed, and for which no Proof of Claim is or has been timely Filed, is not considered Allowed and shall be expunged without further action by the Debtors and without further notice to any party or action, approval, or order of the Bankruptcy Court. Notwithstanding anything to the contrary herein, no Claim of any Entity subject to section 502(d) of the Bankruptcy Code shall be deemed Allowed unless and until such Entity pays in full the amount that it owes such Debtor or Reorganized Debtor, as applicable. For the avoidance of doubt: (x) a Proof of Claim Filed after the Bar Date shall not be Allowed for any purposes whatsoever absent entry of a Final Order allowing such late-filed Claim; (y) notwithstanding anything to the contrary herein, the definition of "Allowed" herein and therein incorporates by reference the terms of paragraph 22 of the interim DIP Facility Order and any equivalent provision in any subsequent order approving the DIP motion on a final basis, including that there shall be no requirement that the Credit Agreement Agent or any Lender File a Proof of Claim in respect of any Lender Claim in order for such Lender Claim to be allowed; *provided*, however, that the Credit Agreement Agent is authorized but not directed to file a Master Proof of Claim

(as defined in the interim DIP Facility Order) against each of the Debtors; and (z) the Debtors may affirmatively determine to deem Unimpaired Claims Allowed to the same extent such Claims would be allowed under applicable non-bankruptcy law. "Allow" and "Allowing" shall have correlative meanings.

5. "*Backstop Commitment Agreement*" means that certain agreement to be entered into by the Debtors and the Backstop Parties, pursuant to which, among other things, (a) the Backstop Parties shall backstop the Rights Offering, (b) the Backstop Parties shall receive the Backstop Fee and (c) the Rights Offering Shares shall be issued at a price that reflects a discount of 20% to Plan Value (*provided*, that Plan Value shall not be greater than $750 million).

6. "*Backstop Fee*" means the commitment premium, approved pursuant to the Confirmation Order, of five percent of the $200 million committed amount payable in New Common Stock (issued at the same price as the Rights Offering Shares) to the Backstop Parties on the Effective Date.

7. "*Backstop Parties*" means certain Supporting Creditors, including certain funds or accounts managed or advised by (a) Ascribe Capital LLC, (b) Blue Mountain Capital Management, LLC, (c) GSO Capital Partners LP, (d) Solus Alternative Asset Management LP, (e) Silver Point Capital L.P., and (f) Symphony Asset Management LLC, that have agreed to backstop the Rights Offering and are signatories to the Backstop Commitment Agreement, solely in their capacities as such.

8. "*Bankruptcy Code*" means title 11 of the United States Code, 11 U.S.C. §§ 101–1532.

9. "*Bankruptcy Court*" means the United States Bankruptcy Court for the Southern District of Texas.

10. "*Bankruptcy Rules*" means the Federal Rules of Bankruptcy Procedure promulgated under section 2075 of the Judicial Code and the general, local, and chambers rules of the Bankruptcy Court.

11. "*Bar Date*" means the date established by the Bankruptcy Court by which Proofs of Claim must be Filed with respect to such Claims, other than Administrative Claims, Claims held by Governmental Units, or other Claims or Interests for which the Bankruptcy Court entered an order excluding the holders of such Claims or Interests from the requirement of Filing Proofs of Claim.

12. "*Bermuda Act*" means the Companies Act 1981.

13. "*Bermudian Court*" means a court of proper jurisdiction in Bermuda.

14. "*Bermudian Debtors*" means, collectively, C&J Energy and C&J Corporate Services (Bermuda) Ltd.

15. "*Bermudian Proceedings*" means the provisional liquidation proceeding under the Companies Act 1981.

16. "*Business Day*" means any day, other than a Saturday, Sunday, or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

17. "*C&J Common Stock*" means C&J Energy's authorized and issued common stock outstanding as of the Effective Date.

18. "*C&J Energy*" means C&J Energy Services, Ltd.

19. "*Canadian Court*" means a court of proper jurisdiction in Alberta, Canada.

20. "*Canadian Debtors*" means, collectively, C&J Energy Production Services-Canada Ltd., and Mobile Data Technologies Ltd.

21. "*Canadian Proceedings*" means the ancillary proceedings under Part IV of the CCAA.

22. "*Cash*" means cash and cash equivalents, including bank deposits, checks, and other similar items in legal tender of the United States of America.

23. "*Causes of Action*" means any claims, interests, damages, remedies, causes of action, demands, rights, actions, suits, obligations, liabilities, accounts, defenses, offsets, powers, privileges, licenses, liens, indemnities, guaranties, and franchises of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, contingent or non-contingent, liquidated or unliquidated, secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, in contract, tort, law, equity, or otherwise. Causes of Action also include: (a) all rights of setoff, counterclaim, or recoupment and claims under contracts or for breaches of duties imposed by law; (b) the right to object to or otherwise contest Claims or Interests; (c) claims pursuant to sections 362, 510, 542, 543, 544 through 550, or 553 of the Bankruptcy Code; and (d) such claims and defenses as fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code.

24. "*CCAA*" means the Companies' Creditors Arrangement Act (Canada) R.S.C. 1985, c. C-36 (as amended).

25. "*Chapter 11 Cases*" means (a) when used with reference to a particular Debtor, the case pending for that Debtor under chapter 11 of the Bankruptcy Code in the Bankruptcy Court and (b) when used with reference to all the Debtors, the procedurally consolidated chapter 11 cases pending for the Debtors in the Bankruptcy Court.

26. "*Claim*" means any claim, as defined in section 101(5) of the Bankruptcy Code, against any of the Debtors.

27. "*Claims and Balloting Agent*" means Donlin, Recano & Company, the notice, claims, and solicitation agent retained by the Debtors in the Chapter 11 Cases by Bankruptcy Court order.

28. "*Claims Register*" means the official register of Claims maintained by the Claims and Balloting Agent.

29. "*Class*" means a class of Claims or Interests as set forth in Article III hereof pursuant to section 1122(a) of the Bankruptcy Code.

30. "*Class 5 Disputed Claims Reserve*" means a reserve for a portion of the Unsecured Creditor Cash Pool to be held by the Disbursing Agent for the benefit of the holders of Disputed Claims in Class 5, in an amount equal to the Plan Distributions such holders of Disputed Claims would be entitled to receive on the date the Unsecured Creditor Cash Pool is distributed in accordance with Article VI.F of the Plan if such Disputed Claims were Allowed in their full amounts on such date (or, if applicable, the amounts of the Disputed Claims as estimated by the Bankruptcy Court pursuant to Article VII.C of the Plan).

31. "*CM/ECF*" means the Bankruptcy Court's Case Management and Electronic Case Filing system.

32. "*Company*" means C&J Energy and each of its direct and indirect subsidiaries.

33. "*Confirmation*" means the Bankruptcy Court's entry of the Confirmation Order on the docket of the Chapter 11 Cases, subject to all conditions specified in Article IX.A of the Plan having been (a) satisfied or (b) waived pursuant to Article IX.B of the Plan.

34. "*Confirmation Date*" means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.

35. "*Confirmation Hearing*" means the hearing held by the Bankruptcy Court on confirmation of the Plan, pursuant to sections 1128 and 1129 of the Bankruptcy Code, as such hearing may be continued from time to time.

36. "*Confirmation Order*" means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

37. "*Consummation*" means the occurrence of the Effective Date.

38. "*Credit Agreement*" means the Credit Agreement, dated as of March 24, 2015, by and among C&J Energy, CJ Holding Co., CJ Lux Holdings S.a.r.l., the other guarantors from time to time party thereto, the Credit Agreement Agent, and the lenders from time to time party thereto (as amended and restated by that certain First Amendment to Credit Agreement dated as of the same date, as the Waiver and Second Amendment to Credit Agreement, dated as of September 29, 2015 and as the Third Amendment (Refinancing Amendment) to Credit Agreement dated as of September 29, 2015, and as further modified pursuant to that certain Temporary Limited Waiver Agreement, dated as of May 10, 2016, and the Second Forbearance Agreement).

39. "*Credit Agreement Agent*" means Cortland Capital Market Services LLC, in its capacity as successor administrative agent pursuant to the Credit Agreement Documents, its successors, assigns, or any replacement agent appointed pursuant to the terms of the Credit Agreement and, as applicable, its predecessor administrative agent, Bank of America, N.A.

40. "*Credit Agreement Documents*" means, collectively, the Credit Agreement, each other Loan Document (as defined in the Credit Agreement), and all other agreements, documents, and instruments delivered or entered into in connection therewith (including any guarantee agreements, pledge and collateral agreements, intercreditor agreements, and other security documents).

41. "*Cure Claim*" means a Claim based upon the Debtors' defaults on an Executory Contract or Unexpired Lease at the time such contract or lease is assumed by the Debtors pursuant to section 365 of the Bankruptcy Code.

42. "*Debtors*" means, collectively, each of the following: C&J Energy, C&J Corporate Services (Bermuda) Ltd.; C&J Energy Production Services-Canada Ltd.; U.S. Holdco; Blue Ribbon Technology, Inc.; C&J Energy Services, Inc.; C&J Spec-Rent Services Inc.; C&J VLC, LLC; C&J Well Services Inc., ESP Completion Technologies LLC; KVS Transportation Inc.; Mobile Data Technologies Ltd.; Tellus Oilfield Inc.; Tiger Cased Hole Services, Inc.; and Total E&S, Inc.

43. "*Deficiency Lender Claim*" means a Lender Claim that is not a Secured Claim.

44. "*DIP Facility*" means a senior secured superpriority delayed draw term loan facility in an aggregate principal amount of $100 million, provided in connection with the DIP Facility Loan Agreement and approved by the Bankruptcy Court on a final basis pursuant to the DIP Facility Order.

45. "*DIP Facility Agent*" means Cortland Capital Market Services LLC, in its capacity as administrative agent under the DIP Facility Loan Agreement, its successors, assigns, or any replacement agent appointed pursuant to the terms of the DIP Facility Loan Agreement.

46. "*DIP Facility Claim*" means a Claim held by the DIP Facility Lenders or the DIP Facility Agent arising under or relating to the DIP Facility Loan Agreement or the DIP Facility Order, including any and all fees, interests paid in kind, and accrued but unpaid interest and fees arising under the DIP Facility Loan Agreement.

47. "*DIP Facility Lenders*" means, collectively, (a) the DIP Facility Backstop Lenders and (b) the other Supporting Creditors party to the DIP Facility Loan Agreement that are not DIP Facility Backstop Lenders.

48. "*DIP Facility Backstop Lenders*" means certain of the Supporting Creditors, collectively, in their capacity as backstop lenders party to the DIP Facility Loan Agreement, including (a) Ascribe III Investments, LLC, (b) BLT 13 LLC, (c) Blue Mountain Credit Alternatives Master Fund L.P., (d) Blue Mountain Foinaven Master Fund L.P., (e) Blue Mountain Guadalupe Peak Fund L.P., (f) Blue Mountain Kicking Horse Fund L.P., (g) Blue Mountain Logan Opportunities Master Fund L.P., (h) Blue Mountain Montenvers Master Fund SCA SICAVSIF, (i) Blue Mountain Summit Trading L.P., (j) GSO Capital Solutions Fund II (Luxembourg) S.a.r.l., (k) Sola LTD, (l) Solus Opportunities Fund 5 LP, (m) Ultra Master Ltd, and (n) Solus Opportunities Fund 3 LP.

49. "*DIP Facility Loan Agreement*" means the Superpriority Secured Debtor-in-Possession Credit Agreement dated as of July 29, 2016, by and among C&J Energy Services Ltd and certain subsidiaries thereof, CJ Holding Co., the DIP Facility Agent, and the DIP Facility Lenders.

50. "*DIP Facility Order*" means, collectively, (a) the *Interim Order (I) Authorizing Debtors (A) to Obtain Postpetition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 363(b), 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) and 364(e) and (B) to Utilize Cash Collateral Pursuant to 11 U.S.C. § 363, (II) Granting Adequate Protection to Prepetition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362, 363, 364 and 507(b) and (III) Scheduling Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c)* [Docket No. 67], (b) the *Second Interim Order (I) Authorizing Debtors (A) to Obtain Postpetition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 363(b), 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) and 364(e) and (B) to Utilize Cash Collateral Pursuant to 11 U.S.C. § 363, (II) Granting Adequate Protection to Prepetition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362, 363, 364 and 507(b) and (III) Scheduling Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c)* [Docket No. 113], and (c) the *Final Order (I) Authorizing Debtors (A) to Obtain Postpetition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 363(b), 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) and 364(e) and (B) to Utilize Cash Collateral Pursuant to 11 U.S.C. § 363, and (II) Granting Adequate Protection to Prepetition Secured Parties Pursuant to 11 U.S.C. §§ 361, 362, 363, 364 and 507(b)* [Docket No. 497].

51. "*DIP Facility Term Sheet*" means the DIP Facility Term Sheet attached as Exhibit A-1 to the Restructuring Term Sheet.

52. "*Disbursing Agent*" means the Reorganized Debtors or the Entity or Entities selected by the Debtors or the Reorganized Debtors, as applicable, to make or facilitate distributions pursuant to the Plan.

53. "*Disclosure Statement*" means the *Disclosure Statement Relating to the First Amended Joint Plan of Reorganization of CJ Holding Co., et al., Pursuant to Chapter 11 of the Bankruptcy Code*, dated September 28, 2016, including all exhibits and schedules thereto and references therein that relate to the Plan, that is prepared and distributed in accordance with the Bankruptcy Code, the Bankruptcy Rules, and any other applicable law.

54. "*Disclosure Statement Order*" means the order of the Bankruptcy Court approving the Disclosure Statement, the procedures for solicitation of the Disclosure Statement, and the Rights Offering Procedures, in form and substance acceptable to the Required Supporting Creditors.

55. "*Disputed Claim*" or "*Disputed Interest*" means any Claim or Interest that the Debtors or Reorganized Debtors, as applicable, believe is unliquidated, disputed, or contingent and which has not been Allowed by Final Order of a court of competent jurisdiction or by agreement with the Debtors or Reorganized Debtors, as applicable.

56. "*Distribution Record Date*" means other than with respect to publicly held securities, the record date for purposes of making distributions under the Plan on account of Allowed Claims, which date shall be the first day of the Confirmation Hearing.

57. "*Effective Date*" means the date that is the first Business Day after the Confirmation Date on which (a) no stay of the Confirmation Order is in effect, (b) all conditions precedent to the occurrence of the Effective Date set forth in Article IX.A. of the Plan have been satisfied or waived in accordance with Article IX.B. of the

Plan, and (c) the Debtors, with the consent of the Required Supporting Creditors, declare the Plan effective. Any action to be taken on the Effective Date may be taken on or as soon as reasonably practicable thereafter.

58. "*Employment Obligations*" means any existing obligations to employees to be assumed, reinstated, or honored, as applicable, in accordance with Article IV.O of the Plan.

59. "*Entity*" means any entity, as defined in section 101(15) of the Bankruptcy Code.

60. "*Equity Security*" means any equity security, as defined in section 101(16) of the Bankruptcy Code, in a Debtor.

61. "*Estate*" means, as to each Debtor, the estate created for the Debtor in its Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

62. "*Exchange Act*" means the Securities Exchange Act of 1934, 15 U.S.C. § 78a, *et seq.*

63. "*Executory Contract*" means a contract to which one or more of the Debtors is a party and that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

64. "*Excluded Parties*" means, collectively, any holder of Interests in C&J Energy or any Affiliate or subsidiary (other than C&J Energy and any direct or indirect subsidiary thereof), or current or former officer, director, principal, member, employee, agent, or advisory board member thereof, that (a) seeks any relief materially adverse to the Restructuring Transactions, any relief sought by the Debtors in the Chapter 11 Cases, the Supporting Creditors, the Lenders, the Credit Agreement Agent, the DIP Facility Lenders, the DIP Facility Agent, or the Backstop Parties, or objects to or opposes any material relief sought by (including any request for relief by any other party that is joined by any of the following) the Debtors, the Supporting Creditors, the Credit Agreement Agent, the DIP Facility Lenders, the DIP Facility Agent, or the Backstop Parties, (b) is entitled to vote on the Plan and does not vote to accept the Plan, (c) opts out of any third-party releases sought in connection with the Plan, or (d) objects to the Plan or causes an objection to the Plan to be made; *provided*, that no current or former director or officer of the Company (in such capacity) shall be an Excluded Party.

65. "*Exculpated Parties*" means, collectively, and in each case (a) excluding any Excluded Parties and (b) in its capacity as such: (i) the Debtors; (ii) any official committees appointed in the Chapter 11 Cases and each of their respective members; and (iii) with respect to each of the foregoing, such Entity and its current and former Affiliates, and such Entity's and its current and former Affiliates' current and former equity holders, subsidiaries, officers, directors, managers, principals, members, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, each in their capacity as such.

66. "*Exit Facility*" means a senior secured revolving asset-based lending credit facility to be arranged and provided by one or more commercial lending institutions in a minimum amount of $100 million, on terms satisfactory to the Debtors or the Reorganized Debtors, as applicable, and the Required Supporting Creditors, to the extent the Debtors or Reorganized Debtors, the Backstop Parties, and the Required Supporting Creditors agree that such a facility is in the best interests of the Reorganized Debtors.

67. "*Exit Facility Agent*" means the administrative agent under the Exit Facility Loan Agreement, its successors, assigns, or any replacement agent appointed pursuant to the terms of the DIP Facility Loan Agreement.

68. "*Exit Facility Documents*" means the Exit Facility and any other guarantee, security, and relevant documentation with respect to the Exit Facility, as applicable.

69. "*Exit Facility Lenders*" means those lenders party to the Exit Facility Loan Agreement.

70. "*Exit Facility Loan Agreement*" means that certain loan agreement memorializing the Exit Facility, which shall be entered into among one or more of the Debtors or the Reorganized Debtors (as applicable), certain affiliates thereof that are obligors under the Exit Facility, the Exit Facility Agent, and the Exit Facility Lenders.

71. "*Federal Judgment Rate*" means the federal judgment rate in effect as of the Petition Date.

72. "*File*" or "*Filed*" means file, filed, or filing with the Bankruptcy Court or its authorized designee in the Chapter 11 Cases.

73. "*Final Order*" means, as applicable, an order or judgment of the Bankruptcy Court or other court of competent jurisdiction with respect to the relevant subject matter that has not been reversed, stayed, modified, or amended, and as to which the time to appeal or seek certiorari has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be filed has been resolved by the highest court to which the order or judgment could be appealed or from which certiorari could be sought or the new trial, reargument, or rehearing shall have been denied, resulted in no modification of such order, or has otherwise been dismissed with prejudice.

74. "*General Unsecured Claim*" means any Claim other than an Administrative Claim, a Professional Fee Claim, a Secured Tax Claim, an Other Secured Claim, a Priority Tax Claim, an Other Priority Claim, a Mineral Contractor Claim, a Secured Lender Claim, or a DIP Facility Claim. For the avoidance of doubt, any Deficiency Lender Claim shall constitute a General Unsecured Claim.

75. "*Governmental Unit*" means any governmental unit, as defined in section 101(27) of the Bankruptcy Code.

76. "*Impaired*" means, with respect to a Class of Claims or Interests, a Class of Claims or Interests that is impaired within the meaning of section 1124 of the Bankruptcy Code.

77. "*Insider*" has the meaning set forth in section 101(31) of the Bankruptcy Code.

78. "*Intercompany Claim*" means any Claim held by a Debtor or an Affiliate against a Debtor, excluding the Nabors Claim.

79. "*Intercompany Interest*" means, other than an Interest in C&J Energy, (a) an Interest in one Debtor or non-Debtor subsidiary held by another Debtor or non-Debtor subsidiary or (b) an Interest in a Debtor or a non-Debtor subsidiary held by an Affiliate of a Debtor or a non-Debtor subsidiary.

80. "*Interest*" means any Equity Security in any Debtor and any other rights, options, warrants, stock appreciation rights, phantom stock rights, restricted stock units, redemption rights, repurchase rights, convertible, exercisable or exchangeable securities or other agreements, arrangements or commitments of any character relating to, or whose value is related to, any such interest or other ownership interest in any Debtor.

81. "*Judicial Code*" means title 28 of the United States Code, 28 U.S.C. §§ 1–4001.

82. "*Lender*" means each lender under the Credit Agreement.

83. "*Lender Claim*" means a Claim arising under, derived from, or based upon the Credit Agreement.

84. "*Lien*" means a lien as defined in section 101(37) of the Bankruptcy Code.

85. "*Management Incentive Plan*" means that certain post-Effective Date management incentive plan that shall provide for ten percent of the New Common Stock, on a fully diluted basis, to be issued to management of the Reorganized Debtors after the Effective Date at the discretion of the New Board and on terms to be

determined by the New Board (including with respect to allocation, timing and structure of such issuance and the Management Incentive Plan).

86. "*Merger*" means those certain transactions on or around March 24, 2015, by and among the predecessors to the Debtors and the completion and production business of Nabors, effectuating a merger of such entities, excluding (a) that certain Separation Agreement, dated as of June 25, 2014, by and between Nabors Industries Ltd. and Nabors Red Lion Limited, (b) that certain Tax Matters Agreement, dated as of March 24, 2015, by and between Nabors Industries Ltd. and Nabors Red Lion Limited, and (c) that certain Global Alliance Agreement, dated as of March 24, 2015, by and between Nabors Red Lion Limited and Nabors Industries, Ltd., in each case as amended, supplemented, or otherwise modified prior to the Petition Date.

87. "*Mineral Contractor Claim*" means a Claim that is secured by, or in the reasonable judgment of counsel to the Company may be secured by, a lien on property of a customer of the Debtors arising under chapter 56 of the Texas Property Code, or any similar federal, state, or local law, whether or not such Claim is or may be secured by a lien on property of the Debtors.

88. "*Nabors*" means Nabors Industries Ltd. and its subsidiaries and affiliates.

89. "*Nabors Claim*" means a General Unsecured Claim held by Nabors as of the Petition Date.

90. "*New Board*" means the board of directors of the Reorganized Debtors on and after the Effective Date to be appointed by the Supporting Creditors, in consultation with the Reorganized Debtors' management, and the identities of the directors on the New Board shall be set forth in the Plan Supplement, to the extent known at the time of filing, *provided, however*, that the Reorganized Debtors' chief executive officer shall be a member of the New Board and the remainder of the New Board shall be appointed in compliance with section 1129(a)(5) of the Bankruptcy Code.

91. "*New Common Equity Pool*" means 100% of the New Common Stock issued and outstanding on the Effective Date to be distributed to the holders of Allowed Lender Claims in accordance with the Plan, subject to dilution on account of the Management Incentive Plan, the Rights Offering, the Backstop Commitment Agreement, the Backstop Fee, and the New Warrants (as applicable).

92. "*New Common Stoc*k" means common stock of Reorganized C&J Energy.

93. "*New Money Investment*" means the $200 million gross new money investment in the Reorganized Debtors to be funded pursuant to the Rights Offering (backstopped by the Backstop Parties) in exchange for the Rights Offering Shares.

94. "*New Warrants*" means the 7-year, net share settled warrants to acquire up to six percent of the New Common Stock on a fully diluted basis at a strike price of $1.55 billion, which shall be issued in accordance with the Plan to holders of C&J Common Stock on the Effective Date (*i.e.*, to the extent that Class 8 votes to accept the Plan) on the terms set forth in the Warrant Agreement.

95. "*New Organizational Documents*" means the documents providing for corporate governance of the Reorganized Debtors, including charters, bylaws, operating agreements, or other organizational documents or shareholders' agreements, as applicable, which shall be consistent with the Restructuring Term Sheet and section 1123(a)(6) of the Bankruptcy Code (as applicable), and shall be included in the Plan Supplement, *provided*, that the New Organizational Documents are otherwise acceptable to the Debtors and the Backstop Parties.

96. "*Non-Debtor Loan Party*" means each borrower and each guarantor under the Credit Agreement that is not a Debtor.

97. "*Other Priority Claim*" means any Claim, other than an Administrative Claim or a Priority Tax Claim, entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.

98. "*Other Secured Claim*" means any Secured Claim, other than a Lender Claim or a DIP Facility Claim, including any Secured Tax Claim or any Claim arising under, derived from, or based upon any letter of credit issued in favor of one or more Debtors, the reimbursement obligation for which is either secured by a Lien on collateral or is subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code.

99. "*Person*" has the meaning set forth in section 101(41) of the Bankruptcy Code.

100. "*Petition Date*" means July 20, 2016, the date on which the Debtors commenced the Chapter 11 Cases.

101. "*Plan*" means this *First Amended Joint Plan of Reorganization of CJ Holding Company, et al. Pursuant to Chapter 11 of the Bankruptcy Code*, including the Plan Supplement, which is incorporated herein by reference.

102. "*Plan Distribution*" means a payment or distribution to holders of Allowed Claims, Allowed Interests, or other eligible Entities under the Plan.

103. "*Plan Settlement*" means the good faith compromise and settlement of all Claims, Interests, and controversies as described in Article IV.A of the Plan.

104. "*Plan Supplement*" means the compilation of documents and forms of documents, agreements, schedules, and exhibits to the Plan (in each case, (a) in form and substance satisfactory to the Debtors and the Required Supporting Creditors and (b) as may be altered, amended, modified, or supplemented from time to time in accordance with the terms hereof and in accordance with the Bankruptcy Code and Bankruptcy Rules) to be Filed by the Debtors no later than five days before the Voting Deadline or such later date as may be approved by the Bankruptcy Court on notice to parties in interest, including the following, as applicable: (a) New Organizational Documents; (b) Exit Facility Documents; (c) Schedule of Rejected Executory Contracts and Unexpired Leases; (d) Schedule of Retained Causes of Action; (e) the Backstop Commitment Agreement (including the Rights Offering Procedures attached thereto); (f) the Warrant Agreement; and (g) the Registration Rights Agreement.

105. "*Plan Value*" means the total settled plan enterprise value, *provided*, that the Plan Value shall be no greater than $750 million.

106. "*Priority Tax Claim*" means any Claim of a Governmental Unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

107. "*Pro Rata*" means the proportion that an Allowed Claim or an Allowed Interest in a particular Class bears to the aggregate amount of Allowed Claims or Allowed Interests in that Class.

108. "*Professional*" means an Entity: (a) employed pursuant to a Bankruptcy Court order in accordance with sections 327, 363, or 1103 of the Bankruptcy Code and to be compensated for services rendered prior to or on the Confirmation Date, pursuant to sections 327, 328, 329, 330, 331, and 363 of the Bankruptcy Code; or (b) awarded compensation and reimbursement by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

109. "*Professional Fee Amount*" means the aggregate amount of Professional Fee Claims and other unpaid fees and expenses of Professionals estimate they have incurred or will incur in rendering services to the Debtors as set forth in Article II.C of the Plan.

110. "*Professional Fee Claim*" means a Claim by a professional seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under sections 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code.

111."*Professional Fee Escrow Account*" means an interest-bearing account funded by the Debtors with Cash on the Effective Date in an amount equal to the Professional Fee Amount.

112."*Proof of Claim*" means a proof of Claim Filed against any of the Debtors in the Chapter 11 Cases by the applicable Bar Date.

113. "*Registration Rights Agreement*" means the registration rights agreement to be entered into among Reorganized C&J Energy and certain holders of Allowed Secured Lender Claims.

114."*Reinstate*," "*Reinstated*," or "*Reinstatement*" means with respect to Claims and Interests, that the Claim or Interest shall be rendered Unimpaired in accordance with section 1124 of the Bankruptcy Code.

115."*Released Party*" means collectively, and in each case (a) other than any Excluded Parties and (b) in its capacity as such: (i) the Supporting Creditors; (ii) the Backstop Parties; (iii) the Credit Agreement Agent; (iv) the Lenders; (v) the DIP Facility Lenders; (vi) the DIP Facility Agent; (vii) the Exit Facility Lenders; (viii) the Exit Facility Agent and (ix) with respect to each of the Debtors, the Reorganized Debtors, and each of the foregoing entities in clauses (i) through (viii), such Entity and its current and former Affiliates and subsidiaries, and such Entities' and their current and former Affiliates' and subsidiaries' current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, and assigns, subsidiaries, and each of their respective current and former equity holders, officers, directors, managers, principals, members, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals.

116."*Releasing Parties*" means collectively, (a) the Supporting Creditors, (b) the Backstop Parties, (c) the DIP Facility Lenders, (d) the Credit Agreement Agent, (e) the Lenders, (f) the DIP Facility Agent, (g) all holders of Claims, (h) all holders of Interests, and (i) with respect to each of the Debtors, the Reorganized Debtors, and each of the foregoing entities in clauses (a) through (h), such Entity and its current and former Affiliates and subsidiaries, and such Entities' and their current and former Affiliates' and subsidiaries' current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, and assigns, subsidiaries, and each of their respective current and former equity holders, officers, directors, managers, principals, members, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, each in their capacity as such collectively.

117."*Reorganized C&J Energy*" means, on or after the Effective Date, (a) C&J Energy (which may change its name from C&J Energy Services Ltd. or jurisdiction of incorporation from Bermuda to a name or jurisdiction of incorporation, respectively, that shall be set forth in the Plan Supplement) or, if applicable, (b) any (i) successor or assign, by merger, consolidation, or otherwise (including any newly established corporation, partnership, or limited liability company) or (ii) other Reorganized Debtor designated to issue the New Common Stock, in each case as set forth in the Plan Supplement..

118."*Reorganized Debtors*" means, collectively, a Debtor, or any successor or assign thereto, by merger, consolidation, or otherwise, on and after the Effective Date.

119."*Required Supporting Creditors*" means, at any relevant time, the Supporting Creditors holding more than 50.0% of the aggregate outstanding principal amount of the Total Credit Exposure (as defined in the Credit Agreement) held by Supporting Creditors.

120."*Restructuring Term Sheet*" means the Restructuring Term Sheet attached as Exhibit A to the RSA, dated as of July 8, 2016, by and among the Debtors and the Supporting Creditors, as amended pursuant to that certain Amended and Restated Restructuring Term Sheet, dated July 14, 2016, and as may be further amended, modified, or supplemented from time to time, in accordance with its terms.

121. "*Restructuring Transactions*" means the transactions described in Article IV.B of the Plan.

122. "*Rights Offering*" means the rights offering in respect of the Rights Offering Shares that is backstopped by the Backstop Parties in connection with the Restructuring Transactions pursuant to the Backstop Commitment Agreement and in accordance with the Rights Offering Procedures.

123. "*Rights Offering Procedures*" means the procedures governing the Rights Offering attached as an exhibit to the Backstop Commitment Agreement.

124. "*Rights Offering Shares*" means the shares of New Common Stock issued in accordance with the Rights Offering and subject to the terms of the Backstop Commitment Agreement and the Rights Offering Procedures, at a price that reflects a discount of 20% to Plan Value (provided that Plan Value shall be no greater than $750 million).

125. "*RSA*" means that certain Restructuring Support and Lock-Up Agreement, dated as of July 8, 2016, by and among the Debtors and the Supporting Creditors, as amended pursuant to that certain First Amendment to Restructuring Support and Lock-Up Agreement, dated July 14, 2016, and as may be further amended, modified, or supplemented from time to time, in accordance with its terms.

126. "*Schedule of Rejected Executory Contracts and Unexpired Leases*" means the schedule of Executory Contracts and Unexpired Leases to be rejected by the Debtors pursuant to the Plan, as the same may be amended, modified, or supplemented from time to time with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors and the Debtors.

127. "*Schedule of Retained Causes of Action*" means the schedule of certain Causes of Action of the Debtors that are not released, waived, or transferred pursuant to the Plan, as the same may be amended, modified, or supplemented from time to time with the consent of the Required Supporting Creditors and the Debtors.

128. "*Schedules*" means, collectively, the schedules of assets and liabilities, Schedule of Executory Contracts or Unexpired Leases, Schedule of Retained Causes of Action, and statement of financial affairs Filed by the Debtors pursuant to section 521 of the Bankruptcy Code, the official bankruptcy forms, and the Bankruptcy Rules, as they may be amended, modified, or supplemented from time to time.

129. "*Second Forbearance Agreement*" means that certain Second Forbearance Agreement, dated as of June 30, 2016, as amended on July 15, 2015, and as may be further amended, modified, or supplemented from time to time, in accordance with its terms.

130. "*Secured Claim*" means a Claim: (a) secured by a Lien on collateral to the extent of the value of such collateral, as determined in accordance with section 506(a) of the Bankruptcy Code or (b) subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code.

131. "*Secured Lender Claim*" means a Secured Claim that is a Lender Claim.

132. "*Secured Tax Claim*" means any Secured Claim that, absent its secured status, would be entitled to priority in right of payment under section 507(a)(8) of the Bankruptcy Code (determined irrespective of time limitations), including any related Secured Claim for penalties.

133. "*Securities Act*" means the Securities Act of 1933, as amended, 15 U.S.C. §§ 77a–77aa, or any similar federal, state, or local law.

134. "*Security*" means any security, as defined in section 2(a)(1) of the Securities Act.

135. "*Subscription Rights*" means the rights to purchase Rights Offering Shares as set forth in the Rights Offering Procedures.

136. "*Subordinated Securities Claim*" means a Claim of the type described in and subject to subordination pursuant to section 510(b) of the Bankruptcy Code.

137. "*Supporting Creditors*" means each lender (or certain designated affiliates thereof) that executes a signature page to the RSA.

138. "*Unexpired Lease*" means a lease to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

139. "*Unimpaired*" means, with respect to a Class of Claims or Interests, a Class of Claims or Interests that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

140. "*Unsecured Creditor Cash Pool*" means Cash in the amount of $12,000,000.

141. "*Voting Deadline*" means December 5, 2016 at 4:00 p.m. prevailing Central Time.

142. "*Warrant Agreement*" means that certain agreement providing for, among other things, the issuance and terms of the New Warrants, the form and of which shall be Filed pursuant to the Plan Supplement and which shall be in form and substance reasonably acceptable to the Debtors and the Required Supporting Creditors.

B. Rules of Interpretation.

For purposes of this Plan: (1) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (2) unless otherwise specified, any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (3) unless otherwise specified, any reference herein to an existing document, schedule, or exhibit, whether or not Filed, having been Filed or to be Filed shall mean that document, schedule, or exhibit, as it may thereafter be amended, modified, or supplemented; (4) any reference to an Entity as a holder of a Claim or Interest includes that Entity's successors and assigns; (5) unless otherwise specified, all references herein to "Articles" are references to Articles hereof or hereto; (6) unless otherwise specified, all references herein to exhibits are references to exhibits in the Plan Supplement; (7) unless otherwise specified, the words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (8) subject to the provisions of any contract, certificate of incorporation, by-law, instrument, release, or other agreement or document entered into in connection with the Plan, the rights and obligations arising pursuant to the Plan shall be governed by, and construed and enforced in accordance with the applicable federal law, including the Bankruptcy Code and Bankruptcy Rules; (9) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (10) unless otherwise specified herein, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (11) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be; (12) all references to docket numbers of documents Filed in the Chapter 11 Cases are references to the docket numbers under the Bankruptcy Court's CM/ECF system; (13) all references to statutes, regulations, orders, rules of courts, and the like shall mean as amended from time to time, and as applicable to the Chapter 11 Cases, unless otherwise stated; and (14) any immaterial effectuating provisions may be interpreted by the Reorganized Debtors in such a manner that is consistent with the overall purpose and intent of the Plan all without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.

C. Computation of Time.

Unless otherwise specifically stated herein, the provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein. If the date on which a transaction may occur pursuant to

the Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

D. Governing Law.

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of New York, without giving effect to the principles of conflict of laws (other than section 5-1401 and section 5-1402 of the New York General Obligations Law), shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control), and corporate governance matters; *provided*, *however*, that corporate governance matters relating to the Debtors or the Reorganized Debtors, as applicable, not incorporated in New York shall be governed by the laws of the state of incorporation of the relevant Debtor or the Reorganized Debtors, as applicable.

E. Reference to Monetary Figures.

All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

F. Reference to the Debtors or the Reorganized Debtors.

Except as otherwise specifically provided in the Plan to the contrary, references in the Plan to the Debtors or the Reorganized Debtors shall mean the Debtors and the Reorganized Debtors, as applicable, to the extent the context requires.

G. Controlling Document.

In the event of an inconsistency between the Plan, and the Disclosure Statement, the terms of the Plan shall control in all respects. In the event of an inconsistency between the Plan and the Plan Supplement, the terms of the relevant provision in the Plan shall control (unless stated otherwise in such Plan document or in the Confirmation Order). In the event of an inconsistency between the Confirmation Order and the Plan, the Confirmation Order shall control.

ARTICLE II.
ADMINISTRATIVE CLAIMS AND PRIORITY CLAIMS

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Fee Claims, DIP Facility Claims and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in Article III hereof.

A. Administrative Claims.

Unless otherwise agreed to by the holder of an Allowed Administrative Claim and the Debtors or the Reorganized Debtors, as applicable, each holder of an Allowed Administrative Claim (other than holders of Professional Fee Claims and Claims for fees and expenses pursuant to section 1930 of chapter 123 of title 28 of the United States Code) will receive in full and final satisfaction of its Administrative Claim an amount of Cash equal to the amount of such Allowed Administrative Claim in accordance with the following: (1) if an Administrative Claim is Allowed on or prior to the Effective Date, on the Effective Date or as soon as reasonably practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due or as soon as reasonably practicable thereafter); (2) if such Administrative Claim is not Allowed as of the Effective Date, no later than 30 days after the date on which an order allowing such Administrative Claim becomes a Final Order, or as soon as reasonably practicable thereafter; (3) if such Allowed Administrative Claim is based on liabilities incurred by the Debtors in the ordinary course of their business after the Petition Date in accordance with the terms and conditions of the particular

transaction giving rise to such Allowed Administrative Claim without any further action by the holders of such Allowed Administrative Claim; (4) at such time and upon such terms as may be agreed upon by such holder and the Debtors or the Reorganized Debtors, as applicable; or (5) at such time and upon such terms as set forth in an order of the Bankruptcy Court.

Except for Professional Fee Claims and DIP Facility Claims, and unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Reorganized Debtors no later than the Administrative Claim Bar Date pursuant to the procedures specified in the Confirmation Order and the notice of the occurrence of the Effective Date. Objections to such requests must be Filed and served on the Reorganized Debtors and the requesting party by the later of (1) 180 days after the Effective Date and (2) 180 days after the Filing of the applicable request for payment of the Administrative Claims, if applicable. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior Bankruptcy Court orders, the Allowed amounts, if any, of Administrative Claims shall be determined by, and satisfied in accordance with an order of, the Bankruptcy Court.

Holders of Administrative Claims that are required to File and serve a request for such payment of such Administrative Claims that do not file and serve such a request by the Administrative Claim Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors, the Reorganized Debtors or their property, and such Administrative Claims shall be deemed discharged as of the Effective Date without the need for any objection from the Reorganized Debtors or any action by the Bankruptcy Court.

B. DIP Facility Claims.

Except to the extent that a holder of an Allowed DIP Facility Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed DIP Facility Claim (subject to the last sentence of this Article II.B), each such Allowed DIP Facility Claim shall be paid in full in Cash by the Debtors on the Effective Date equal to the Allowed amount of such Claim and all commitments under the DIP Facility Loan Agreement shall terminate. For the avoidance of doubt, the DIP Facility Claims shall be Allowed in an aggregate principal amount with respect to drawn amounts under the DIP Facility (plus any unpaid accrued interest and unpaid fees, expenses and other obligations under the DIP Facility Loan Agreement as of the Effective Date). Upon the indefeasible payment or satisfaction in full in Cash of the DIP Facility Claims (other than any DIP Facility Claims based on the Debtors' contingent obligations under the DIP Facility Loan Agreement for which no claim has been made) in accordance with the terms of this Plan, on the Effective Date all liens and security interests granted to secure such obligations shall be terminated and of no further force and effect. The Debtors' contingent or unliquidated obligations under the DIP Facility Loan Agreement, to the extent not indefeasibly paid in full in Cash on the Effective Date or otherwise satisfied by the Debtors in a manner acceptable to the DIP Facility Agent, any affected lender under the DIP Facility Loan Agreement, or any other holder of a DIP Facility Claim, as applicable, shall survive the Effective Date and shall not be released or discharged pursuant to the Plan or Confirmation Order, notwithstanding any provision hereof or thereof to the contrary.

C. Payment of Fees and Expenses Under DIP Orders or RSA

On the later of (1) the Effective Date and (2) the date on which such fees, expenses or disbursements would be required to be paid under the terms of the applicable DIP Facility Order or the RSA, the Debtors or Reorganized Debtors (as applicable) shall pay all fees, expenses and disbursements of (a) the Credit Agreement Agent, (b) the DIP Facility Agent, and (c) the Supporting Creditors, in each case, that have accrued and are unpaid as of the Effective Date and are required to be paid under or pursuant to the applicable DIP Facility Order or the RSA (including the fees and out-of-pocket expenses incurred by Davis Polk & Wardwell LLP, Diamond McCarthy LLP, FTI Consulting, Inc., Moelis & Company, Borden Ladner Gervais LLP, and Cox Hallett Wilkinson Limited). All payments of fees, expenses, or disbursements pursuant to this Article II.C shall be subject in all respects to the terms of the DIP Facility Order. The Debtors' obligation to reimburse the Credit Agreement Agent, the Supporting Creditors, the DIP Facility Agent, and the DIP Facility Lenders under the DIP Facility Loan Agreement, the DIP Facility Order, and/or the RSA for all fees, expenses, and disbursements (including the fees and out-of-pocket

expenses incurred by Davis Polk & Wardwell LLP, Diamond McCarthy LLP, FTI Consulting, Inc., Moelis & Company, Borden Ladner Gervais LLP, Cox Hallett Wilkinson Limited, and Egon Zehnder International Inc.), to the extent not indefeasibly paid in full in Cash on the Effective Date or otherwise satisfied by the Debtors in a manner acceptable to the DIP Facility Agent, the Supporting Creditors, the DIP Facility Agent, and the DIP Facility Lenders, as applicable, shall survive the Effective Date and shall not be released or discharged pursuant to the Plan or Confirmation Order, notwithstanding any provision hereof or thereof to the contrary.

D. Professional Fee Claims.

1. Final Fee Applications and Payment of Professional Fee Claims.

All requests for payment of Professional Fee Claims for services rendered and reimbursement of expenses incurred prior to the Confirmation Date must be Filed no later than 45 days after the Effective Date. The Bankruptcy Court shall determine the Allowed amounts of such Professional Fee Claims after notice and a hearing in accordance with the procedures established by the Bankruptcy Court. The Reorganized Debtors shall pay Professional Fee Claims in Cash in the amount the Bankruptcy Court allows, including from the Professional Fee Escrow Account, which the Reorganized Debtors will establish in trust for the Professionals and fund with Cash equal to the Professional Fee Amount on the Effective Date.

2. Professional Fee Escrow Account.

On the Effective Date, the Reorganized Debtors shall establish and fund the Professional Fee Escrow Account with Cash equal to the Professional Fee Amount, which shall be funded by the Reorganized Debtors. The Professional Fee Escrow Account shall be maintained in trust solely for the Professionals. Such funds shall not be considered property of the Estates of the Debtors or the Reorganized Debtors. The amount of Professional Fee Claims owing to the Professionals shall be paid in Cash to such Professionals by the Reorganized Debtors from the Professional Fee Escrow Account as soon as reasonably practicable after such Professional Fee Claims are Allowed. When all such Allowed amounts owing to Professionals have been paid in full, any remaining amount in the Professional Fee Escrow Account shall promptly be paid to the Reorganized Debtors without any further action or order of the Bankruptcy Court.

3. Professional Fee Amount.

Professionals shall reasonably estimate their unpaid Professional Fee Claims and other unpaid fees and expenses incurred in rendering services to the Debtors before and as of the Effective Date, and shall deliver such estimate to the Debtors no later than five days before the Effective Date; *provided*, *however*, that such estimate shall not be deemed to limit the amount of the fees and expenses that are the subject of the Professional's final request for payment of Filed Professional Fee Claims. If a Professional does not provide an estimate, the Debtors or Reorganized Debtors may estimate the unpaid and unbilled fees and expenses of such Professional.

4. Post-Confirmation Fees and Expenses.

Except as otherwise specifically provided in the Plan, from and after the Confirmation Date, the Debtors shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable and documented legal, professional, or other fees and expenses related to implementation of the Plan and Consummation incurred by the Debtors. Upon the Confirmation Date, any requirement that Professionals comply with sections 327 through 331, 363, and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Debtors may employ and pay any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Code.

E. Priority Tax Claims.

Except to the extent that a holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.

ARTICLE III.
CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. Classification of Claims and Interests.

This Plan constitutes a separate Plan proposed by each Debtor. Except for the Claims addressed in Article II of the Plan, all Claims and Interests are classified in the Classes set forth below in accordance with section 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or an Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or an Interest also is classified in a particular Class for the purpose of receiving distributions under the Plan only to the extent that such Claim or Interest is an Allowed Claim or Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

The classification of Claims and Interests against the Debtors pursuant to the Plan is as follows:

Class	Claims and Interests	Status	Voting Rights
Class 1	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 2	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 3	Mineral Contractor Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 4	Secured Lender Claims	Impaired	Entitled to Vote
Class 5	General Unsecured Claims	Impaired	Entitled to Vote
Class 6	Intercompany Claims	Unimpaired/ Impaired	Not Entitled to Vote (Deemed to Accept or Reject)
Class 7	Interests in Debtors other than C&J Energy	Unimpaired/ Impaired	Not Entitled to Vote (Deemed to Accept or Reject)
Class 8	Interests in C&J Energy	Impaired	Entitled to Vote
Class 9	Subordinated Securities Claims	Impaired	Entitled to Vote

B. Treatment of Claims and Interests.

1. Class 1 - Other Secured Claims

(a) *Classification*: Class 1 consists of any Other Secured Claims against any Debtor.

(b) *Treatment*: On the Effective Date, except to the extent that a holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Other Secured Claim, each holder of an Allowed Class 1 Claim shall receive, at the option of the applicable Debtor, with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors:

(i) payment in full in Cash of its Allowed Class 1 Claim;

(ii) the collateral securing its Allowed Class 1 Claim;

(iii) Reinstatement of its Allowed Class 1 Claim; or

(iv) such other treatment rendering its Allowed Class 1 Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code.

(c) *Voting*: Class 1 is Unimpaired under the Plan. Holders of Claims in Class 1 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such holders are not entitled to vote to accept or reject the Plan.

2. Class 2 - Other Priority Claims

(a) *Classification*: Class 2 consists of any Other Priority Claims against any Debtor.

(b) *Treatment*: On the Effective Date, except to the extent that a holder of an Allowed Other Priority Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Other Priority Claim, each holder of an Allowed Class 2 Claim shall receive Cash in an amount equal to such Allowed Class 2 Claim on the later of:

(i) the Effective Date; or

(ii) the date due in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Class 2 Claim.

(c) *Voting*: Class 2 is Unimpaired under the Plan. Holders of Claims in Class 2 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such holders are not entitled to vote to accept or reject the Plan.

3. Class 3 - Mineral Contractor Claims

(a) *Classification*: Class 3 consists of Mineral Contractor Claims against any Debtor.

(b) *Treatment*: On the Effective Date, except to the extent that a holder of an Allowed Mineral Contractor Claim agrees to a less favorable treatment, in full and final

satisfaction, compromise, settlement, release, and discharge of and in exchange for each Mineral Contractor Claim, to the extent not already satisfied pursuant to a prior order of the Bankruptcy Court, each holder of an Allowed Class 3 Claim shall receive Cash in an amount equal to such Allowed Class 3 Claim on the later of:

(i) the Effective Date; or

(ii) the date due in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Class 3 Claim.

(c) *Voting:* Class 3 is Unimpaired under the Plan. Holders of Claims in Class 3 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such holders are not entitled to vote to accept or reject the Plan.

4. Class 4 – Secured Lender Claims

(a) *Classification*: Class 4 consists of all Secured Lender Claims.

(b) *Allowance:* The Lender Claims shall be Allowed in an aggregate principal amount of $1,333,800,000 (plus any drawn or outstanding letters of credit, unpaid accrued interest and unpaid fees, expenses and other obligations under the Credit Agreement).

(c) *Treatment*: On the Effective Date, except to the extent that a holder of an Allowed Secured Lender Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Secured Lender Claim, each holder of an Allowed Class 4 Claim shall receive:

(i) its Pro Rata share of the New Common Equity Pool; and

(ii) its Subscription Rights to purchase its Pro Rata share of the Rights Offerings Shares in accordance with the Rights Offering Procedures.

(d) *Voting*: Class 4 is Impaired under the Plan. Holders of Allowed Claims in Class 4 are entitled to vote to accept or reject the Plan.

5. Class 5 - General Unsecured Claims

(a) *Classification:* Class 5 consists of all General Unsecured Claims against any Debtor.

(b) *Treatment:* On the Effective Date, except to the extent that a holder of an Allowed General Unsecured Claim agrees to less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each General Unsecured Claim, each holder of an Allowed Class 5 Claim shall receive its Pro Rata share of the Unsecured Creditor Cash Pool, which distribution shall be made in accordance with Article VI.F of the Plan. In accordance with the Plan Settlement, the holders of Deficiency Lender Claims have agreed to forgo their right to receive their Pro Rata share of the Unsecured Creditor Cash Pool; *provided*, *however*, that such holders shall be entitled to vote to accept or reject the Plan.

(c) *Voting:* Class 5 is Impaired under the Plan. Holders of Allowed Claims in Class 5 are entitled to vote to accept or reject the Plan.

6. Class 6 - Intercompany Claims

(a) *Classification:* Class 6 consists of all Intercompany Claims

(b) *Treatment:* On the Effective Date, Class 6 Claims shall be, at the option of the Debtor, with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors, either Reinstated or cancelled and released without any distribution.

(c) *Voting:* Class 6 is Unimpaired if the Class 6 Claims are Reinstated or Impaired if the Class 6 Claims are cancelled. Holders of Class 6 Claims are conclusively deemed to have accepted or rejected the Plan pursuant to section 1126(f) or 1126(g) of the Bankruptcy Code. Holders of Class 6 Claims are not entitled to vote to accept or reject the Plan.

7. Class 7 - Interests in Debtors other than C&J Energy

(a) *Classification*: Class 7 consists of all Interests in Debtors other than C&J Energy.

(b) *Treatment*: On the Effective Date, Class 7 Interests shall be, at the option of the Debtor, with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors, either Reinstated or cancelled and released without any distribution.

(c) *Voting*: Class 7 is Unimpaired if the Class 7 Claims are Reinstated or Impaired if the Class 7 Claims are cancelled. Holders of Class 7 Interests are conclusively deemed to have accepted the Plan pursuant to section 1126(f) or rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Holders of Class 7 Interests are not entitled to vote to accept or reject the Plan.

8. Class 8 - Interests in C&J Energy

(a) *Classification*: Class 8 consists of all Interests in C&J Energy.

(b) *Treatment*: On the Effective Date, except to the extent that a holder of Interests in C&J Energy agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Interest in C&J Energy, each holder of an Allowed Class 8 Interest shall receive:

(i) if Class 8 has timely accepted the Plan, its Pro Rata (calculated based on the aggregate amount of Allowed Class 8 Interests and Allowed Class 9 Claims) share of the New Warrants; or

(ii) if Class 8 has not timely accepted the Plan, no distribution.

(c) *Voting*: Class 8 Interests are Impaired under the Plan. Holders of Class 8 Interests are entitled to vote to accept or reject the Plan.

9. Class 9 – Subordinated Securities Claims

(a) *Classification:* Class 9 consists of all Subordinated Securities Claims.

(b) *Treatment:* On the Effective Date, except to the extent that a holder of a Class 9 Claim agrees to less favorable treatment, in full and final satisfaction, compromise, settlement,

release, and discharge of and in exchange for each Class 9 Claim, each holder of an Allowed Class 9 Claim shall receive:

(i) if Class 9 has timely accepted the Plan, its Pro Rata (calculated based on the aggregate amount of Allowed Class 8 Interests and Allowed Class 9 Claims) share of the New Warrants; or

(ii) if Class 9 has not timely accepted the Plan, no distribution.

(c) *Voting:* Class 9 Claims are Impaired under the Plan. Holders of Class 9 Claims are entitled to vote to accept or reject the Plan.

C. Special Provision Governing Unimpaired Claims.

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' rights in respect of any Unimpaired Claims, including, all rights in respect of legal and equitable defenses to, or setoffs or recoupments against, any such Unimpaired Claims.

D. Elimination of Vacant Classes

Any Class of Claims or Interests that does not have a holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

E. Voting Classes, Presumed Acceptance by Non-Voting Classes

If a Class contains Claims or Interests eligible to vote and no holders of Claims or Interests eligible to vote in such Class vote to accept or reject the Plan, the holders of such Claims or Interests in such Class shall be deemed to have accepted the Plan.

F. Intercompany Interests

To the extent Reinstated under the Plan, distributions on account of Intercompany Interests are not being received by holders of such Intercompany Interests on account of their Intercompany Interests but for the purposes of administrative convenience, for the ultimate benefit of the holders of New Common Stock, and in exchange for the Debtors' and Reorganized Debtors' agreement under the Plan to make certain distributions to the holders of Allowed Claims. For the avoidance of doubt, any Interest in non-Debtor subsidiaries owned by a Debtor shall continue to be owned by the applicable Reorganized Debtor.

G. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code.

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by Class 4. The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests.

H. Controversy Concerning Impairment.

If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

I. Subordinated Claims.

The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Reorganized Debtors reserve the right to re-classify any Allowed Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

ARTICLE IV.
MEANS FOR IMPLEMENTATION OF THE PLAN

A. General Settlement of Claims and Interests.

As discussed in detail in the Disclosure Statement and as otherwise provided herein, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, (including (1) the Supporting Creditors' agreement to (A) equitize approximately $1.4 billion of funded debt, (B) pay in full priority Claims and certain unsecured trade Claims, (C) fund the Unsecured Creditor Cash Pool for the benefit of Allowed General Unsecured Claims, and (D) forgo any claim for the diminution in value of their Prepetition Collateral (as defined in the DIP Facility Order), (2) the holders of Deficiency Lender Claims agreement to forgo their Pro Rata share of the Unsecured Creditor Cash Pool, and (3) the Backstop Parties' agreement to backstop the Rights Offering to provide the Debtors with a flexible and sustainable capital structure), upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and Interests and controversies resolved pursuant to the Plan, including (1) any challenge to the amount, validity, perfection, enforceability, priority or extent of the Secured Lender Claims and (2) any claim to avoid, subordinate, or disallow any Secured Lender Claim or Deficiency Lender Claim, whether under any provision of chapter 5 of the Bankruptcy Code, on any equitable theory (including equitable subordination, equitable disallowance, or unjust enrichment) or otherwise (collectively, the "Plan Settlement"). The Plan shall be deemed a motion to approve the Plan Settlement pursuant to Bankruptcy Rule 9019, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Plan Settlement under section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, as well as a finding by the Bankruptcy Court the Plan Settlement is fair, equitable, reasonable and in the best interests of the Debtors and their Estates. Subject to Article VI hereof, all distributions made to holders of Allowed Claims and Allowed Interests (as applicable) in any Class are intended to be and shall be final.

B. Restructuring Transactions.

On the Effective Date, the applicable Debtors or the Reorganized Debtors shall enter into any transaction and shall take any actions as may be necessary or appropriate to effect a corporate restructuring of their respective businesses or a corporate restructuring of the overall corporate structure of the Debtors on the terms set forth in the Plan, including the Rights Offering, the issuance of all securities, notes, instruments, certificates , and other documents required to be issued pursuant to the Plan, one or more inter-company mergers, consolidations, amalgamations, arrangements, continuances, restructurings, conversions, dissolutions, transfers, liquidations, or other corporate transactions (collectively, the "Restructuring Transactions"). The actions to implement the Restructuring Transactions may include: (1) the execution and delivery of appropriate agreements or other documents of merger, amalgamation, consolidation, restructuring, conversion, disposition, transfer, arrangement, continuance, dissolution, sale, purchase, or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable Entities may agree; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (3) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, amalgamation, arrangement, continuance, or dissolution pursuant to applicable state or provincial law; and (4) all other actions that the applicable Entities

determine to be necessary, including making filings or recordings that may be required by applicable law in connection with the Plan.

C. Reorganized Debtors.

On the Effective Date, the New Board shall be established, and the Reorganized Debtors shall adopt its New Organizational Documents and the Management Incentive Plan. The Reorganized Debtors shall be authorized to adopt any other agreements, documents, and instruments and to take any other actions contemplated under the Plan as necessary to consummate the Plan.

D. Sources of Consideration for Plan Distributions.

The Reorganized Debtors shall fund distributions under the Plan with: (1) Cash on hand, including Cash from operations; (2) the New Common Stock; (3) the Subscription Rights; (4) the proceeds from the Rights Offering; (5) the New Warrants, as applicable; and (6) the proceeds from the Exit Facility, as applicable.

1. Issuance of New Common Stock.

The issuance of the New Common Stock, including options, or other equity awards, if any, reserved for the Management Incentive Plan, by Reorganized C&J Energy is authorized without the need for any further corporate action or without any further action by the holders of Claims or Interests. Reorganized C&J Energy shall be authorized to issue certain number of shares of New Common Stock pursuant to its New Organizational Documents. On the Effective Date, the Debtors shall issue all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Plan.

All of the shares of New Common Stock issued pursuant to the Plan shall be duly authorized, validly issued, fully paid, and non-assessable. Each distribution and issuance referred to in Article VI hereof shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance. The Debtors and the Reorganized Debtors shall use commercially reasonable efforts to cause the New Common Stock to become publicly traded and listed on a national securities exchange on or as soon as reasonably practicable after the Effective Date.

2. Rights Offering.

On the Effective Date, Reorganized C&J Energy shall consummate the Rights Offering, through which each participant shall have the opportunity, subject to the terms and conditions set forth in the Plan and the Rights Offering Procedures, to purchase the Rights Offering Shares. The Backstop Parties will backstop the New Money Investment in accordance with the terms and conditions of the Backstop Commitment Agreement. Certain holders of Allowed Secured Lender Claims and Reorganized C&J Energy will also enter into the Registration Rights Agreement in connection with the Backstop Commitment Agreement.

3. Issuance of New Warrants.

On the Effective Date, if Class 8 votes to accept the Plan and does not object to the Plan, Reorganized C&J Energy shall issue the New Warrants to the holders of Interests in Class 8, in accordance with the Warrant Agreement. All of the New Warrants issued pursuant to the Plan shall be duly authorized, validly issued, fully paid, and non-assessable. Each distribution and issuance referred to in Article VI hereof shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance.

4. Exit Facility

On the Effective Date, the Reorganized Debtors shall enter into the Exit Facility, the terms of which will be set forth in the Exit Facility Documents, *provided* that the Debtors or the Reorganized Debtors and the Required Supporting Creditors agree that such a facility is in the best interests of the Reorganized Debtors.

To the extent applicable, Confirmation of the Plan shall be deemed (a) approval of the Exit Facility (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred and fees paid by the Debtors or the Reorganized Debtors, as applicable, in connection therewith), to the extent not approved by the Court previously, and (b) authorization for the Debtors or the Reorganized Debtors, as applicable, to, without further notice to or order of the Court, (i) execute and deliver those documents necessary or appropriate to obtain the Exit Facility, including the Exit Facility Documents and (ii) act or take action under applicable law, regulation, order, or rule or vote, consent, authorization, or approval of any Person, subject to such modifications as (A) the Debtors, with the consent of the Required Supporting Creditors or (B) Reorganized Debtors (the foregoing (A) or (B) as applicable), may deem to be necessary to consummate the Exit Facility.

E. Corporate Existence.

Except as otherwise provided in the Plan, each Debtor shall continue to exist after the Effective Date as a separate corporate entity, limited liability company, partnership, or other form, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and by-laws (or other formation documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation and by-laws (or other formation documents) are amended under the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal law).

F. Vesting of Assets in the Reorganized Debtors.

Except as otherwise provided in the Plan, Exit Facility Documents, or any agreement, instrument, or other document incorporated in the Plan, on the Effective Date, all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

G. Cancellation of Existing Securities and Agreements.

On the Effective Date, except to the extent otherwise provided in the Plan, all notes, instruments, certificates, and other documents evidencing Claims or Interests, including credit agreements and indentures, shall be cancelled and the obligations of the Debtors and any non-Debtor affiliate thereunder or in any way related thereto shall be deemed satisfied in full, cancelled, discharged, and of no force or effect. Holders of or parties to such cancelled instruments, securities, and other documentation will have no rights arising from or relating to such instruments, securities, and other documentation, or the cancellation thereof, except the rights provided for pursuant to this Plan. Notwithstanding anything to the contrary herein, but subject to any applicable provisions of Article VI, the DIP Facility Loan Agreement and the Credit Agreement shall continue in effect solely to the extent necessary to: (1) permit holders of Claims under either the DIP Facility Loan Agreement or the Credit Agreement to receive Plan Distributions; (2) permit the Reorganized Debtors, the DIP Facility Agent, and the Credit Agreement Agent to make Plan Distributions on account of the Allowed Claims under the DIP Facility Loan Agreement and the Credit Agreement, as applicable, and deduct therefrom such reasonable compensation, fees, and expenses (a) due to the DIP Facility Agent or Credit Agreement Agent under the DIP Facility Loan Agreement or the Credit Agreement, as applicable, or (b) incurred by the DIP Facility Agent or Credit Agreement Agent in making such Plan Distributions;

and (3) permit the DIP Facility Agent and the Credit Agreement Agent to seek compensation and/or reimbursement of fees and expenses in accordance with the terms of this Plan. Except as provided in this Plan (including Article VI of this Plan), on the Effective Date, the DIP Facility Agent, the Credit Agreement Agent, and their respective agents, successors and assigns shall be automatically and fully discharged of all of their duties and obligations associated with the DIP Facility Loan Agreement and the Credit Agreement, as applicable. The commitments and obligations (if any) of the Lenders and/or the DIP Facility Lenders to extend any further or future credit or financial accommodations to any of the Debtors, any of their respective subsidiaries or any of their respective successors or assigns under the DIP Facility Loan Agreement or the Credit Agreement, as applicable, shall fully terminate and be of no further force or effect on the Effective Date. To the extent that any provision of the DIP Facility Agreement or DIP Facility Order are of a type that survives repayment of the subject indebtedness, such provisions shall remain in effect notwithstanding satisfaction of the DIP Facility Claims.

H. Corporate Action.

Upon the Effective Date, all actions contemplated under the Plan shall be deemed authorized and approved in all respects, including: (1) adoption or assumption, as applicable, of the Employment Obligations; (2) selection of the directors and officers for the Reorganized Debtors; (3) the distribution of the New Common Stock and the Subscription Rights; (4) implementation of the Restructuring Transactions, including the Rights Offering; (5) adoption of the Management Incentive Plan; (6) issuance of the New Warrants, as applicable; (7) entry into the Warrant Agreement, the Registration Rights Agreement, and the Exit Facility Documents, as applicable; (8) all other actions contemplated under the Plan (whether to occur before, on, or after the Effective Date); (9) adoption of the New Organizational Documents; (10) the rejection, assumption, or assumption and assignment, as applicable, of Executory Contracts and Unexpired Leases; and (11) all other acts or actions contemplated or reasonably necessary or appropriate to promptly consummate the Restructuring Transactions contemplated by the Plan (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan involving the corporate structure of the Debtors or the Reorganized Debtors, and any corporate action required by the Debtors or the Reorganized Debtor, as applicable, in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders, directors, or officers of the Debtors or the Reorganized Debtors, as applicable. On or (as applicable) prior to the Effective Date, the appropriate officers of the Debtors or the Reorganized Debtors, as applicable, shall be authorized and (as applicable) directed to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated under the Plan (or necessary or desirable to effect the transactions contemplated under the Plan) in the name of and on behalf of the Reorganized Debtors, including the New Common Stock, the New Organizational Documents, the New Warrants and the Warrant Agreement (as applicable), the Exit Facility Documents (as applicable), the Registration Rights Agreement, and any and all other agreements, documents, securities, and instruments relating to the foregoing. The authorizations and approvals contemplated by this Article IV.H shall be effective notwithstanding any requirements under non-bankruptcy law.

I. New Organizational Documents.

On or immediately prior to the Effective Date, the New Organizational Documents shall be amended in a manner acceptable to the Debtors and the Required Supporting Creditors, as may be necessary to effectuate the transactions contemplated by the Plan. Each of the Reorganized Debtors will file its New Organizational Documents with the applicable Secretaries of State and/or other applicable authorities in its respective state, province, or country of incorporation in accordance with the corporate laws of the respective state, province, or country of incorporation. The New Organizational Documents will prohibit the issuance of non-voting equity securities, to the extent required under section 1123(a)(6) of the Bankruptcy Code. For the avoidance of doubt, the New Organizational Documents shall be consistent with the Restructuring Term Sheet and shall be included as exhibits to the Plan Supplement.

J. Directors and Officers of the Reorganized Debtors.

As of the Effective Date, the term of the current members of the board of directors of the Debtors shall expire, and the initial boards of directors, including the New Board, and the officers of each of the Reorganized

Debtors shall be appointed by the Supporting Creditors in accordance with the respective New Organizational Documents. The New Board shall initially consist of [seven] members. The members of the New Board will be identified in the Plan Supplement, to the extent known at the time of filing; *provided*, *however*, that the Reorganized Debtor's chief executive officer shall be a member of the New Board. In accordance with section 1129(a)(5) of the Bankruptcy Code, the identities and affiliations of the members of the New Board and any Person proposed to serve as an officer of the Reorganized Debtors shall be disclosed at or before the Confirmation Hearing, in each case to the extent the identity of such proposed director or officer is known at such time. To the extent any such director or officer of the Reorganized Debtors is an Insider, the Debtors also will disclose the nature of any compensation to be paid to such director or officer. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents and other constituent documents of the Reorganized Debtors.

K. Effectuating Documents; Further Transactions.

On and after the Effective Date, the Reorganized Debtors, and the officers and members of the boards of directors thereof, are authorized to and may issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary to effectuate, implement, and further evidence the terms and conditions of the Plan and the Securities issued pursuant to the Plan in the name of and on behalf of the Reorganized Debtors, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

L. Section 1146 Exemption.

To the fullest extent permitted by section 1146(a) of the Bankruptcy Code, any transfers (whether from a Debtor to a Reorganized Debtor or to any other Person) of property under the Plan or pursuant to: (1) the issuance, distribution, transfer, or exchange of any debt, equity security, or other interest in the Debtors or the Reorganized Debtors; (2) the Restructuring Transactions; (3) the creation, modification, consolidation, termination, refinancing, and/or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (4) the making, assignment, or recording of any lease or sublease; (5) the grant of collateral as security for any or all of the Exit Facility, as applicable; or (6) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment. All filing or recording officers (or any other Person with authority over any of the foregoing), wherever located and by whomever appointed, shall comply with the requirements of section 1146(c) of the Bankruptcy Code, shall forego the collection of any such tax or governmental assessment, and shall accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

M. Director and Officer Liability Insurance.

On or before the Effective Date, the Debtors shall purchase and maintain directors, officers, managers, and employee liability tail coverage for the six-year period following the Effective Date on terms no less favorable than the Debtors' existing director, officer, manager, and employee coverage and with an aggregate limit of liability upon the Effective Date of no less than the aggregate limit of liability under the existing director, officer, manager, and employee coverage upon placement. Reasonable directors and officers insurance policies shall remain in place in the ordinary course during the Chapter 11 Cases and from and after the Effective Date.

N. Management Incentive Program.

On or as soon as reasonably practicable after the Effective Date, the Debtors shall adopt the Management Incentive Plan. The Management Incentive Plan shall provide for ten percent of the New Common Stock contemplated herein, on a fully diluted basis, to be issued to management of the Reorganized Debtors on or after the Effective Date, solely at the discretion of the New Board and on terms to be determined by the New Board (including with respect to allocation, timing, and structure of such issuance and the Management Incentive Plan).

O. Employee and Retiree Benefits.

Unless otherwise provided herein, all employee wages, compensation, and benefit programs in place as of the Effective Date with the Debtors shall be assumed by the Reorganized Debtors and shall remain in place as of the Effective Date, and the Reorganized Debtors will continue to honor such agreements, arrangements, programs, and plans. Notwithstanding the foregoing, pursuant to section 1129(a)(13) of the Bankruptcy Code, from and after the Effective Date, all retiree benefits (as such term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.[2]

P. Preservation of Causes of Action.

In accordance with section 1123(b) of the Bankruptcy Code, but subject to Article VIII hereof, the Reorganized Debtors, as applicable, shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Schedule of Retained Causes of Action, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date, other than the Causes of Action released by the Debtors pursuant to the releases and exculpations contained in the Plan, including in Article VIII.

The Reorganized Debtors may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors. **No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as any indication that the Debtors or the Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against it. The Debtors or the Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan, including Article VIII of the Plan.** Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

The Reorganized Debtors reserve and shall retain such Causes of Action notwithstanding the rejection or repudiation of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Entity shall vest in the Reorganized Debtors, except as otherwise expressly provided in the Plan, including Article VIII of the Plan. The applicable Reorganized Debtors, through their authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court; *provided* that, prior to the Effective Date, the Debtors shall not settle, compromise, or discharge

[2] Article IV.O remains subject to further diligence by the Supporting Creditors, pursuant to the terms of the RSA and the Restructuring Term Sheet.

any Cause of Action that is not agreed to be released pursuant to the Plan without the consent of the Required Supporting Creditors.

ARTICLE V.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption and Rejection of Executory Contracts and Unexpired Leases.

On the Effective Date, except as otherwise provided herein, all Executory Contracts or Unexpired Leases, not previously assumed or rejected pursuant to an order of the Bankruptcy Court, will be deemed assumed, in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code and subject to the consent of the Required Supporting Creditors, other than those Executory Contracts or Unexpired Leases that: (1) previously were assumed or rejected by the Debtors; (2) are identified on the Schedule of Rejected Executory Contracts and Unexpired Leases; (3) are the subject of a motion to reject Executory Contracts or Unexpired Leases that is pending on the Confirmation Date; or (4) are subject to a motion to reject an Executory Contract or Unexpired Lease pursuant to which the requested effective date of such rejection is after the Effective Date. For the avoidance of doubt, the Debtors shall seek to assume or reject Executory Contracts and Unexpired Leases in consultation with the Supporting Creditors and with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors.

Entry of the Confirmation Order by the Bankruptcy Court shall constitute a Bankruptcy Order approving the assumptions or rejections of the Executory Contracts and Unexpired Leases set forth in the Plan or the Schedule of Rejected Executory Contracts and Unexpired Leases pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Any motions to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order. Each Executory Contract and Unexpired Lease assumed pursuant to this Article V.A or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Confirmation Date, shall revest in and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. Notwithstanding anything to the contrary in the Plan, the Debtors or the Reorganized Debtors, as applicable, reserve the right to alter, amend, modify, or supplement the Schedule of Executory Contracts and Unexpired Leases identified in this Article V and in the Plan Supplement at any time through and including 45 days after the Effective Date.

B. Indemnification Obligations.

All indemnification provisions, consistent with applicable law, currently in place (whether in the by-laws, certificates of incorporation or formation, limited liability company agreements, other organizational documents, board resolutions, indemnification agreements, employment contracts, or otherwise) for the current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Debtors, as applicable, shall be reinstated and remain intact, irrevocable, and shall survive the Effective Date on terms no less favorable to such current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Debtors than the indemnification provisions in place prior to the Effective Date.

C. Claims Based on Rejection of Executory Contracts or Unexpired Leases.

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be Filed with the Bankruptcy Court within 30 days after the later of (1) the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection, (2) the effective date of such rejection, or (3) the Effective Date. **Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not Filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors or the**

Reorganized Debtors, the Estates, or their property without the need for any objection by the Reorganized Debtors or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules or a Proof of Claim to the contrary. All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims and shall be treated in accordance with Article III.B.5 hereof.

D. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed.

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding (1) the amount of any payments to cure such a default, (2) the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or (3) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption. At least ten days prior to the Confirmation Hearing, the Debtors shall provide for notices of proposed assumption and proposed cure amounts to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be Filed, served, and actually received by the Debtors at least three days prior to the Confirmation Hearing. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption or cure amount will be deemed to have assented to such assumption or cure amount.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. **Any Proofs of Claim Filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.**

E. Preexisting Obligations to the Debtors under Executory Contracts and Unexpired Leases.

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtors or the Reorganized Debtors, as applicable, under such Executory Contracts or Unexpired Leases. In particular, notwithstanding any non-bankruptcy law to the contrary, the Reorganized Debtors expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased by the Debtors contracting from non-Debtor counterparties to rejected Executory Contracts or Unexpired Leases.

F. Insurance Policies.

Each of the Debtors' insurance policies and any agreements, documents, or instruments relating thereto, are treated as Executory Contracts under the Plan. Unless otherwise provided in the Plan, on the Effective Date, (1) the Debtors shall be deemed to have assumed all insurance policies and any agreements, documents, and instruments relating to coverage of all insured Claims and (2) such insurance policies and any agreements, documents, or instruments relating thereto shall revest in the Reorganized Debtors.

G. Modifications, Amendments, Supplements, Restatements, or Other Agreements.

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

H. Reservation of Rights.

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the Schedule of Rejected Executory Contract and Unexpired Leases, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any of the Reorganized Debtors has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors or the Reorganized Debtors, as applicable, shall have 30 days following entry of a Final Order resolving such dispute to alter its treatment of such contract or lease under the Plan.

I. Nonoccurrence of Effective Date.

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code.

J. Contracts and Leases Entered Into After the Petition Date.

Contracts and leases entered into after the Petition Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor, will be performed by the applicable Debtor or the Reorganized Debtors liable thereunder in the ordinary course of their business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

ARTICLE VI.
PROVISIONS GOVERNING DISTRIBUTIONS

A. Timing and Calculation of Amounts to Be Distributed.

Unless otherwise provided in the Plan, on the Effective Date (or if a Claim is not an Allowed Claim or Allowed Interest on the Effective Date, on the date that such Claim or Interest becomes an Allowed Claim or Allowed Interest, or as soon as reasonably practicable thereafter), each holder of an Allowed Claim or Allowed Interests (as applicable) shall receive the full amount of the distributions that the Plan provides for Allowed Claims or Allowed Interests (as applicable) in the applicable Class. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims or Disputed Interests, distributions on account of any such Disputed Claims or Disputed Interests shall be made pursuant to the provisions set forth in Article VII hereof. Except as otherwise provided in the Plan, holders of Claims or Interests shall not be

entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date.

B. Disbursing Agent.

All distributions under the Plan shall be made by the Disbursing Agent on the Effective Date. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. Additionally, in the event that the Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety shall be borne by the Reorganized Debtors.

C. Rights and Powers of Disbursing Agent.

1. Powers of the Disbursing Agent.

The Disbursing Agent shall be empowered to: (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated hereby; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

2. Expenses Incurred On or After the Effective Date.

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and expenses incurred by the Disbursing Agent on or after the Effective Date (including taxes), and any reasonable compensation and expense reimbursement claims (including reasonable attorney fees and expenses), made by the Disbursing Agent shall be paid in Cash by the Reorganized Debtors.

D. Delivery of Distributions and Undeliverable or Unclaimed Distributions.

1. Record Date for Distribution.

On the Distribution Record Date, the Claims Register shall be closed and any party responsible for making distributions shall instead be authorized and entitled to recognize only those record holders listed on the Claims Register as of the close of business on the Distribution Record Date.

2. Delivery of Distributions in General.

Except as otherwise provided herein, the Disbursing Agent shall make distributions to holders of Allowed Claims and Allowed Interests (as applicable) as of the Distribution Record Date at the address for each such holder as indicated on the Debtors' records as of the date of any such distribution; *provided*, *however*, that the manner of such distributions shall be determined at the discretion of the Reorganized Debtors; *provided further*, *however*, that the address for each holder of an Allowed Claim shall be deemed to be the address set forth in any Proof of Claim Filed by that holder.

3. Minimum Distributions.

No fractional shares of New Common Stock or New Warrants (as applicable) shall be distributed and no Cash shall be distributed in lieu of such fractional amounts. When any distribution pursuant to the Plan on account of an Allowed Claim or Allowed Interest (as applicable) would otherwise result in the issuance of a number of shares of New Common Stock or New Warrants (as applicable) that is not a whole number, the actual distribution of shares of New Common Stock or New Warrants (as applicable) shall be rounded as follows: (a) fractions of one-half (½) or greater shall be rounded to the next higher whole number and (b) fractions of less than one-half (½) shall be rounded to the next lower whole number with no further payment therefore. The total number of authorized

shares of New Common Stock or New Warrants (as applicable) to be distributed to holders of Allowed Claims and Allowed Interests (as applicable) shall be adjusted as necessary to account for the foregoing rounding. Further, no Cash payment of less than $50.00 shall be made to a holder of an Allowed Claim on account of such Allowed Claim.

4. Undeliverable Distributions and Unclaimed Property.

In the event that any distribution to any holder of Allowed Claims or Allowed Interests (as applicable) is returned as undeliverable, no distribution to such holder shall be made unless and until the Disbursing Agent has determined the then-current address of such holder, at which time such distribution shall be made to such holder without interest; *provided*, *however*, that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one year from the Effective Date. After such date, all unclaimed property or interests in property shall revert to the Reorganized Debtors automatically and without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal, provincial or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any holder of Claims and Interests to such property or Interest in property shall be discharged and forever barred.

E. Manner of Payment.

1. All distributions of the New Common Stock to the holders of Allowed Claims under the Plan shall be made by the Disbursing Agent on behalf of the Reorganized Debtors.

2. All distributions of the New Warrants , as applicable, to the holders of Allowed Interests under the Plan shall be made by the Disbursing Agent on behalf of the Reorganized Debtors.

3. All distributions of Cash to the holders of Allowed Claims under the Plan shall be made by the Disbursing Agent on behalf of the applicable Debtor.

4. At the option of the Disbursing Agent, any Cash payment to be made hereunder may be made by check or wire transfer or as otherwise required or provided in applicable agreements.

F. Distributions to holders of Class 5 General Unsecured Claims.

On or before the date that is 180 days after the Effective Date, the Disbursing Agent shall distribute to each holder of an Allowed Class 5 General Unsecured Claim its Pro Rata share of (a) the Unsecured Creditor Cash Pool less (b) the Class 5 Disputed Claims Reserve.

Upon the completion of the Claims reconciliation process in accordance with the procedures set forth in Article VII of the Plan, the Disbursing Agent shall distribute the Class 5 Disputed Claims Reserve to the holders of Allowed Class 5 General Unsecured Claims such that, after giving effect to such distribution, but subject to Article VI.F.3 below, each holder of an Allowed General Unsecured Claim shall have received its Pro Rata share of the Unsecured Creditor Cash Pool.

Any holder of a Disputed Claim in Class 5 that ultimately becomes an Allowed Claim shall (a) receive no more from the Class 5 Disputed Claims Reserve than the amount reserved with respect to such Claim under Article VI.F.1 above; and (b) not have recourse to the Debtors, the Reorganized Debtors, or any property transferred pursuant to the Plan (other than the Unsecured Creditor Cash Pool and the Class 5 Disputed Claims Reserve).

G. Section 1145 Exemption.

Pursuant to section 1145 of the Bankruptcy Code, the offering, issuance, and distribution of the New Common Stock (including the Rights Offering Shares), and the New Warrants (as applicable), as contemplated by Article III.B hereof, shall be exempt from, among other things, the registration requirements of section 5 of the Securities Act and any other applicable law requiring registration prior to the offering, issuance, distribution, or sale

of Securities. In addition, under section 1145 of the Bankruptcy Code, such New Common Stock and New Warrants (as applicable) will be freely tradable in the U.S. by the recipients thereof, subject to the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act, and compliance with applicable securities laws and any rules and regulations of the Securities and Exchange Commission, if any, applicable at the time of any future transfer of such Securities or instruments and subject to any restrictions in the Reorganized Debtors' New Organizational Documents.

H. Compliance with Tax Requirements.

In connection with the Plan, to the extent applicable, the Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, and all distributions made pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Reorganized Debtors and the Disbursing Agent shall be authorized to take all actions necessary to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanisms they believe are reasonable and appropriate. The Reorganized Debtors reserve the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances.

I. Allocations.

Distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

J. No Postpetition Interest on Claims.

Unless otherwise specifically provided for in the Plan or the Confirmation Order, or required by applicable bankruptcy and non-bankruptcy law, postpetition interest shall not accrue or be paid on any prepetition Claims against the Debtors, and no holder of a prepetition Claim against the Debtors shall be entitled to interest accruing on or after the Petition Date on any such prepetition Claim.

K. Foreign Currency Exchange Rate.

Except as otherwise provided in a Bankruptcy Court order, as of the Effective Date, any Claim asserted in currency other than U.S. dollars shall be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate for the applicable currency as published in The Wall Street Journal, National Edition, on the Effective Date.

L. Setoffs and Recoupment.

Except as expressly provided in this Plan, each Reorganized Debtor may, pursuant to section 553 of the Bankruptcy Code, set off and/or recoup against any Plan Distributions to be made on account of any Allowed Claim, any and all claims, rights, and Causes of Action that such Reorganized Debtor may hold against the holder of such Allowed Claim to the extent such setoff or recoupment is either (1) agreed in amount among the relevant Reorganized Debtor(s) and holder of Allowed Claim or (2) otherwise adjudicated by the Bankruptcy Court or another court of competent jurisdiction; *provided*, *however*, that neither the failure to effectuate a setoff or recoupment nor the allowance of any Claim hereunder shall constitute a waiver or release by a Reorganized Debtor or its successor of any and all claims, rights, and Causes of Action that such Reorganized Debtor or its successor may possess against the applicable holder. In no event shall any holder of Claims against, or Interests in, the Debtors be entitled to recoup any such Claim or Interest against any claim, right, or Cause of Action of the Debtors or the Reorganized Debtors, as applicable, unless such holder actually has performed such recoupment and provided notice thereof in writing to the Debtors in accordance with Article XII.G of the Plan on or before the Effective Date,

notwithstanding any indication in any Proof of Claim or otherwise that such holder asserts, has, or intends to preserve any right of recoupment.

M. Claims Paid or Payable by Third Parties.

1. Claims Paid by Third Parties.

The Debtors or the Reorganized Debtors, as applicable, shall reduce in full a Claim, and such Claim shall be disallowed without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor or a Reorganized Debtor. Subject to the last sentence of this paragraph, to the extent a holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Debtor or a Reorganized Debtor on account of such Claim, such holder shall, within 14 days of receipt thereof, repay or return the distribution to the applicable Reorganized Debtor, to the extent the holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. The failure of such holder to timely repay or return such distribution shall result in the holder owing the applicable Reorganized Debtor annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the 14-day grace period specified above until the amount is repaid.

2. Claims Payable by Third Parties.

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' insurance policies until the holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtors' insurers agrees to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, the applicable portion of such Claim may be expunged without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

3. Applicability of Insurance Policies.

Except as otherwise provided in the Plan, distributions to holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any other Entity, including insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

ARTICLE VII.
PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS

A. Allowance of Claims.

After the Effective Date, each of the Reorganized Debtors shall have and retain any and all rights and defenses such Debtor had with respect to any Claim or Interest immediately prior to the Effective Date.

B. Claims Administration Responsibilities.

Except as otherwise specifically provided in the Plan, after the Effective Date, the Reorganized Debtors shall have the sole authority to : (1) File, withdraw, or litigate to judgment, objections to Claims or Interests; (2) settle or compromise any Disputed Claim without any further notice to or action, order, or approval by the Bankruptcy Court; and (3) administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court.

C. *Estimation of Claims and Interests.*

Before or after the Effective Date, the Debtors or the Reorganized Debtors, as applicable, may (but are not required to) at any time request that the Bankruptcy Court estimate any Disputed Claim or Disputed Interest that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or Interest or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim or Interest, including during the litigation of any objection to any Claim or Interest or during the appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim or Interest that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim or Interest, that estimated amount shall constitute a maximum limitation on such Claim or Interest for all purposes under the Plan (including for purposes of distributions), and the relevant Reorganized Debtor may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim or Interest.

D. Adjustment to Claims or Interests without Objection.

Any Claim or Interest that has been paid or satisfied, or any Claim or Interest that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Reorganized Debtors without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

E. Time to File Objections to Claims.

Any objections to Claims shall be Filed on or before the later of (1) 180 days after the Effective Date and (2) such other period of limitation as may be specifically fixed by the Debtors or the Reorganized Debtors, as applicable, or by a Final Order of the Bankruptcy Court for objecting to such claims.

F. Disallowance of Claims or Interests.

Any Claims or Interests held by Entities from which property is recoverable under section 542, 543, 550, or 553 of the Bankruptcy Code, or that is a transferee of a transfer avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code, shall be deemed disallowed pursuant to section 502(d) of the Bankruptcy Code, and holders of such Claims or Interests may not receive any distributions on account of such Claims until such time as such Causes of Action against that Entity have been settled or a Bankruptcy Court order with respect thereto has been entered and all sums due, if any, to the Debtors by that Entity have been turned over or paid to the Reorganized Debtors. All Claims Filed on account of an indemnification obligation to a director, officer, or employee shall be deemed satisfied and expunged from the Claims Register as of the Effective Date to the extent such indemnification obligation is assumed (or honored or reaffirmed, as the case may be) pursuant to the Plan, without any further notice to or action, order, or approval of the Bankruptcy Court.

Except as provided herein or otherwise agreed, any and all Proofs of Claim Filed after the Bar Date shall be deemed disallowed and expunged as of the Effective Date without any further notice to or action, order, or approval of the Bankruptcy Court, and holders of such Claims may not receive any distributions on account of such Claims, unless on or before the Confirmation Hearing such late Claim has been deemed timely Filed by a Final Order.

G. Amendments to Claims or Interests.

On or after the Effective Date, a Claim or Interest may not be Filed or amended without the prior authorization of the Bankruptcy Court or the Reorganized Debtors and any such new or amended Claim or Interest Filed shall be deemed disallowed in full and expunged without any further action.

H. No Distributions Pending Allowance.

If an objection to a Claim or Interest or portion thereof is Filed as set forth in Article VII.B hereof, no payment or distribution provided under the Plan shall be made on account of such Claim or Interest or portion thereof unless and until such Disputed Claim or Interest becomes an Allowed Claim or Interest.

I. Distributions After Allowance.

To the extent that a Disputed Claim ultimately becomes an Allowed Claim or Allowed Interest, distributions (if any) shall be made to the holder of such Allowed Claim or Allowed Interest (as applicable) in accordance with the provisions of the Plan. As soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim or Disputed Interest becomes a Final Order, the Disbursing Agent shall provide to the holder of such Claim or Interest the distribution (if any) to which such holder is entitled under the Plan as of the Effective Date, without any interest, dividends, or accruals to be paid on account of such Claim or Interest unless required under applicable bankruptcy law.

ARTICLE VIII.
SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS

A. Discharge of Claims and Termination of Interests.

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Reorganized Debtors), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a Proof of Claim based upon such debt or right is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the holder of such a Claim or Interest has accepted the Plan. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the occurrence of the Effective Date.

B. Release of Liens.

Except as otherwise provided in the Exit Facility Documents, the Plan, or any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, except for Other Secured Claims that the Debtors elect to reinstate in accordance with Article III.B.1 hereof, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtors and their successors and assigns. Any holder of such Secured Claim (and the applicable agents for such holder) shall be authorized and directed, at the sole cost and expense of the Reorganized Debtors, to release any collateral or other property of any Debtor (including any cash collateral and possessory collateral) held by such holder (and the applicable agents for such holder), and to take such actions as may be reasonably requested by the

Reorganized Debtors to evidence the release of such Lien, including the execution, delivery, and filing or recording of such releases. The presentation or filing of the Confirmation Order to or with any federal, state, provincial, or local agency or department shall constitute good and sufficient evidence of, but shall not be required to effect, the termination of such Liens.

C. Releases by the Debtors.

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, each Released Party is deemed released and discharged by the Debtors, the Reorganized Debtors, and their Estates, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other entities who may purport to assert any Cause of Action, directly or derivatively, by, through, for, or because of the foregoing entities, from any and all Causes of Action, including any derivative claims, asserted on behalf of the Debtors, that the Debtors, the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim against, or Interest in, a Debtor or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Merger, the Rights Offering, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the RSA, the Disclosure Statement, the DIP Facility, the Rights Offering, the Exit Facility, the Plan (including, for the avoidance of doubt, the Plan Supplement), or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the RSA, the Disclosure Statement, the DIP Facility, the Plan, or the Plan Settlement, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date. Notwithstanding anything contained herein to the contrary, the foregoing release does not release any obligations of any party under the Plan or any document, instrument, or agreement executed to implement the Plan.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in this Article VIII.C by the Debtors, which includes by reference each of the related provisions and definitions contained in this Plan, and further, shall constitute its finding that each release described in this Article VIII.C is: (1) in exchange for the good and valuable consideration provided by the Released Parties, a good faith settlement and compromise of such Claims; (2) in the best interests of the Debtors and all holders of Interests and Claims; (3) fair, equitable, and reasonable; (4) given and made after due notice and opportunity for hearing; and (5) a bar to any of the Debtors or Reorganized Debtors asserting any claim, Cause of Action, or liability related thereto, of any kind whatsoever, against any of the Released Parties or their property.

D. Releases by Holders of Claims and Interests.

As of the Effective Date, each Releasing Party is deemed to have released and discharged each Debtor, Reorganized Debtor, and Released Party from any and all Causes of Action, whether known or unknown, including any derivative claims, asserted on behalf of the Debtors, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Merger, the Rights Offering, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the RSA, the Disclosure Statement, the DIP Facility, the Rights Offering, the Exit Facility, the Plan (including, for the avoidance of doubt, the Plan Supplement and the Plan Settlement), or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the RSA, the Disclosure Statement, the DIP Facility, the Plan, or the Plan Settlement, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related

agreement, or upon any other related act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date. Notwithstanding anything contained herein to the contrary, the foregoing release does not release any obligations of any party under the Plan or any document, instrument, or agreement executed to implement the Plan.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in this Article VIII.D, which includes by reference each of the related provisions and definitions contained in this Plan, and further, shall constitute its finding that each release described in this Article VIII.D is: (1) in exchange for the good and valuable consideration provided by the Released Parties, a good faith settlement and compromise of such Claims; (2) in the best interests of the Debtors and all holders of Interests and Claims; (3) fair, equitable, and reasonable; (4) given and made after due notice and opportunity for hearing; and (5) a bar to any of the Debtors or Reorganized Debtors asserting any claim, Cause of Action, or liability related thereto, of any kind whatsoever, against any of the Released Parties or their property.

E. Exculpation.

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is released and exculpated from any Cause of Action for any claim related to any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the RSA and related prepetition transactions, the Disclosure Statement, the Plan, the Plan Settlement, or any Restructuring Transaction, contract, instrument, release or other agreement or document created or entered into in connection with the Disclosure Statement or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, except for claims related to any act or omission that is determined in a Final Order to have constituted actual fraud or gross negligence, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes and distribution of consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

F. Injunction.

Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities who have held, hold, or may hold Claims or Interests that have been released, discharged, or are subject to exculpation are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Exculpated Parties, or the Released Parties: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such holder has Filed a motion requesting the right to perform such setoff on or before the Effective Date, and notwithstanding an indication of a Claim or Interest or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (5) commencing or continuing in any manner any action or other proceeding

of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

Upon entry of the Confirmation Order, all holders of Claims and Interests and their respective current and former employees, agents, officers, directors, principals, and direct and indirect affiliates shall be enjoined from taking any actions to interfere with the implementation or Consummation of the Plan; *provided, however*, that the foregoing shall not enjoin any Supporting Creditor from exercising any of its rights or remedies under the RSA in accordance with the terms thereof. Each holder of an Allowed Claim or Allowed Interest, as applicable, by accepting, or being eligible to accept, distributions under or Reinstatement of such Claim or Interest, as applicable, pursuant to the Plan, shall be deemed to have consented to the injunction provisions set forth in this Article VIII.F of the Plan.

G. Protections Against Discriminatory Treatment.

Consistent with section 525 of the Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, all Entities, including Governmental Units, shall not discriminate against the Reorganized Debtors or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Reorganized Debtors, or another Entity with whom the Reorganized Debtors have been associated, solely because each Debtor has been a debtor under chapter 11 of the Bankruptcy Code, has been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

H. Document Retention.

On and after the Effective Date, the Reorganized Debtors may maintain documents in accordance with their standard document retention policy, as may be altered, amended, modified, or supplemented by the Reorganized Debtors.

I. Reimbursement or Contribution.

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the time of allowance or disallowance, such Claim shall be forever disallowed and expunged notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Confirmation Date: (1) such Claim has been adjudicated as non-contingent or (2) the relevant holder of a Claim has Filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered prior to the Confirmation Date determining such Claim as no longer contingent.

ARTICLE IX.
CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Conditions Precedent to the Effective Date.

It shall be a condition to Confirmation of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article IX.B hereof:

1. the Bankruptcy Court shall have entered the Confirmation Order in form and substance acceptable to the Required Supporting Creditors, and shall;

(a) authorize the Debtors to take all actions necessary to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created in connection with the Plan;

(b) decree that the provisions of the Confirmation Order and the Plan are nonseverable and mutually dependent;

(c) authorize the Debtors, as applicable or necessary, to: (i) implement the Restructuring Transactions, including the Rights Offering; (ii) distribute the New Warrants, and the New Common Stock pursuant to the exemption from registration under the Securities Act provided by section 1145 of the Bankruptcy Code or other exemption from such registration or pursuant to one or more registration statements; (iii) make all distributions and issuances as required under the Plan, including Cash, the New Warrants, the Subscription Rights, and the New Common Stock; and (iv) enter into any agreements, transactions, and sales of property as set forth in the Plan Supplement, including the Exit Facility and the Management Incentive Plan;

(d) authorize the implementation of the Plan in accordance with its terms; and

(e) provide that, pursuant to section 1146 of the Bankruptcy Code, the assignment or surrender of any lease or sublease, and the delivery of any deed or other instrument or transfer order, in furtherance of, or in connection with the Plan, including any deeds, bills of sale, or assignments executed in connection with any disposition or transfer of assets contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax; and

2. the Canadian Court shall have entered an order recognizing the Confirmation Order in form and substance acceptable to the Required Supporting Creditors, and such order shall have become a Final Order;

3. the Debtors shall have obtained all authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan;

4. the final version of the Plan Supplement and all of the schedules, documents, and exhibits contained therein shall have been Filed in a manner consistent in all material respects with the RSA, the Restructuring Term Sheet, and the Plan and shall be in form and substance acceptable to the Debtors and the Required Supporting Creditors;

5. the RSA shall remain in full force and effect;

6. all professional fees and expenses of retained professionals required to be approved by the Bankruptcy Court shall have been paid in full or amounts sufficient to pay such fees and expenses after the Effective Date have been placed in the Professional Fee Escrow Account pending approval by the Bankruptcy Court;

7. all professional fees and expenses of the advisors to the Required Supporting Creditors (including Davis Polk & Wardwell LLP, Moelis & Company LLC, FTI Consulting, Inc., Diamond McCarthy LLP, Borden Ladner Gervais LLP, Cox Hallett Wilkinson Limited, and one executive search firm retained by the Required Supporting Creditors in connection with the appointment of the New Board), the Credit Agreement Agent, the DIP Facility Lenders, the DIP Facility Agent, and any and all other advisors entitled to payment pursuant to the terms and conditions of the RSA shall have been paid in full;

8. each Non-Debtor Loan Party shall have been released from its obligations under the Credit Agreement and the other Credit Agreement Documents pursuant to the terms thereof; and

9. the Debtors shall have implemented the Restructuring Transactions, including the Rights Offering, and all transactions contemplated herein, in a manner consistent in all respects with the RSA, the Restructuring Term Sheet, and the Plan, pursuant to documentation acceptable to the Debtors and the Required Supporting Creditors.

B. Waiver of Conditions.

The conditions to Confirmation and Consummation set forth in this Article IX may be waived only with the prior written consent of the Required Supporting Creditors, without notice, leave, or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan.

C. Effect of Failure of Conditions.

If Consummation does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any Claims by the Debtors, Claims, or Interests; (2) prejudice in any manner the rights of the Debtors, any holders of Claims or Interests, or any other Entity; or (3) constitute an admission, acknowledgment, offer, or undertaking by the Debtors, any holders of Claims or Interests, or any other Entity.

ARTICLE X.
MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN

A. Modification and Amendments.

Except as otherwise specifically provided in the Plan, the Debtors, with the consent of the Required Supporting Creditors, reserve the right to modify the Plan, whether such modification is material or immaterial, and seek Confirmation consistent with the Bankruptcy Code and, as appropriate, not resolicit votes on such modified Plan. Subject to those restrictions on modifications set forth in the Plan and the requirements of section 1127 of the Bankruptcy Code, Rule 3019 of the Federal Rules of Bankruptcy Procedure, and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, each of the Debtors expressly reserves its respective rights to revoke or withdraw, or, with the consent of the Required Supporting Creditors, to alter, amend, or modify the Plan with respect to such Debtor, one or more times, after Confirmation, and, to the extent necessary may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan.

B. Effect of Confirmation on Modifications.

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

C. Revocation or Withdrawal of Plan.

The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to File subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, or if Confirmation or Consummation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected under the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of such Debtor or any other Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by such Debtor or any other Entity.

ARTICLE XI.
RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, or relating to, the Chapter 11 Cases and the Plan pursuant to sections 105(a) and 1142 of the Bankruptcy Code, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims or Interests;

2. decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Cure Claims pursuant to section 365 of the Bankruptcy Code; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (c) the Reorganized Debtors amending, modifying, or supplementing, after the Effective Date, pursuant to Article V hereof, any Executory Contracts or Unexpired Leases to the list of Executory Contracts and Unexpired Leases to be assumed or rejected or otherwise; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that distributions to holders of Allowed Claims and Allowed Interests (as applicable) are accomplished pursuant to the provisions of the Plan;

5. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;

7. enter and implement such orders as may be necessary to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;

8. enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

9. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

10. issue injunctions, enter and implement other orders, or take such other actions as may be necessary to restrain interference by any Entity with Consummation or enforcement of the Plan;

11. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the releases, injunctions, and other provisions contained in Article VIII hereof and enter such orders as may be necessary to implement such releases, injunctions, and other provisions;

12. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the holder of a Claim or Interest for amounts not timely repaid pursuant to Article VI.M hereof;

13. enter and implement such orders as are necessary if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

14. determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement;

15. enter an order concluding or closing the Chapter 11 Cases;

16. adjudicate any and all disputes arising from or relating to distributions under the Plan;

17. consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

18. determine requests for the payment of Claims and Interests entitled to priority pursuant to section 507 of the Bankruptcy Code;

19. hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

20. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

21. hear and determine all disputes involving the existence, nature, scope, or enforcement of any exculpations, discharges, injunctions and released granted in the Plan, including under Article VIII hereof, regardless of whether such termination occurred prior to or after the Effective Date;

22. enforce all orders previously entered by the Bankruptcy Court; and

23. hear any other matter not inconsistent with the Bankruptcy Code.

ARTICLE XII.
MISCELLANEOUS PROVISIONS

A. Immediate Binding Effect.

Subject to Article IX.A hereof and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan (including, for the avoidance of doubt, the Plan Supplement) shall be immediately effective and enforceable and deemed binding upon the Debtors, the Reorganized Debtors, and any and all holders of Claims or Interests (irrespective of whether such Claims or Interests are deemed to have accepted the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors.

B. Additional Documents.

On or before the Effective Date, the Debtors may file with the Bankruptcy Court such agreements and other documents as may be necessary to effectuate and further evidence the terms and conditions of the Plan. The Debtors or the Reorganized Debtors, as applicable, and all holders of Claims or Interests receiving distributions pursuant to

the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

C. Payment of Statutory Fees.

All fees payable pursuant to section 1930(a) of the Judicial Code, as determined by the Bankruptcy Court at a hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid by each of the Reorganized Debtors (or the Disbursing Agent on behalf of each of the Reorganized Debtors) for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed, or closed, whichever occurs first.

D. Statutory Committee and Cessation of Fee and Expense Payment.

On the Effective Date, any statutory committee appointed in the Chapter 11 Cases shall dissolve and members thereof shall be released and discharged from all rights and duties from or related to the Chapter 11 Cases. The Reorganized Debtors shall no longer be responsible for paying any fees or expenses incurred by the members of or advisors to any statutory committees after the Effective Date.

E. Reservation of Rights.

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order, and the Confirmation Order shall have no force or effect if the Effective Date does not occur. None of the Filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the holders of Claims or Interests prior to the Effective Date.

F. Successors and Assigns.

The rights, benefits, and obligations of any Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign, affiliate, officer, director, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

G. Notices.

All notices, requests, and demands to or upon the Debtors to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

1. <u>if to the Debtors, to:</u>

CJ Holding Co.
3990 Rogerdale,
Houston, Texas 77042
Attention: Danielle Hunter, General Counsel
Email address: Danielle.Hunter@cjes.com

with copies to:

Kirkland & Ellis LLP
300 North LaSalle
Chicago, Illinois 60654
Facsimile: (312) 862-2200

Attention: Marc Kieselstein, P.C., Chad J. Husnick, and Emily E. Geier
E-mail addresses: marc.kieselstein@kirkland.com, chad.husnick@kirkland.com, and emily.geier@kirkland.com

and

Loeb & Loeb LLP
10100 Santa Monica Boulevard
Suite 2200
Los Angeles, California 90067
Attention: Bernard R. Given and Lance Jurich
E-mail addresses: bgiven@loeb.com and ljurich@loeb.com

2. if to a Supporting Creditor:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attention: Timothy Graulich, Damian Schaible, Steven Szanzer, and David Schiff
E-mail addresses: timothy.graulich@davispolk.com, damian.schaible@davispolk.com, steven.szanzer@davispolk.com, and david.schiff@davispolk.com

After the Effective Date, the Debtors have authority to send a notice to Entities that to continue to receive documents pursuant to Bankruptcy Rule 2002, such Entity must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, the Debtors are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have Filed such renewed requests.

H. Term of Injunctions or Stays.

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

I. Entire Agreement.

Except as otherwise indicated, the Plan (including, for the avoidance of doubt, the Plan Supplement) supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

J. Exhibits.

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are Filed, copies of such exhibits and documents shall be available upon written request to the Debtors' counsel at the address above or by downloading such exhibits and documents from the Debtors' restructuring website at www.donlinrecano.com/cjenergy or the Bankruptcy Court's website at www.txs.uscourts.gov/bankruptcy. To the extent any exhibit or document is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the non-exhibit or non-document portion of the Plan shall control.

K. Nonseverability of Plan Provisions.

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the Debtors' and Required Supporting Creditors' consent; and (3) nonseverable and mutually dependent.

L. Votes Solicited in Good Faith.

Upon entry of the Confirmation Order, the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of securities offered and sold under the Plan and any previous plan, and, therefore, neither any of such parties or individuals or the Reorganized Debtors will have any liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale, or purchase of the Securities offered and sold under the Plan and any previous plan.

M. Closing of Chapter 11 Cases.

The Reorganized Debtors shall, promptly after the full administration of the Chapter 11 Cases, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases.

N. Waiver or Estoppel.

Each holder of a Claim or an Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Interest should be Allowed in a certain amount, in a certain priority, secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court prior to the Confirmation Date.

O. Conflicts.

Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement, the Plan Supplement, or any other order (other than the Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control.

Dated: September 28, 2016

C&J ENERGY SERVICES, LTD.

on behalf of itself and all other Debtors

/s/ Mark Cashiola
Mark Cashiola
Chief Financial Officer

Exhibit B

Restructuring Support Agreement

THIS RESTRUCTURING SUPPORT AND LOCK-UP AGREEMENT IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE. NOTHING CONTAINED IN THIS RESTRUCTURING SUPPORT AND LOCK-UP AGREEMENT SHALL BE AN ADMISSION OF FACT OR LIABILITY OR, UNTIL THE OCCURRENCE OF THE AGREEMENT EFFECTIVE DATE ON THE TERMS DESCRIBED HEREIN, DEEMED BINDING ON ANY OF THE PARTIES HERETO.

RESTRUCTURING SUPPORT AND LOCK-UP AGREEMENT

This RESTRUCTURING SUPPORT AND LOCK-UP AGREEMENT (including all exhibits and schedules attached hereto and incorporated herein, this "**Agreement**") is made and entered into as of July 8, 2016, by and among the following parties:

i. C&J Energy Services, Ltd. ("**C&J Energy**"), a publicly-traded company organized under the laws of Bermuda and its direct and indirect subsidiaries that are parties to the Credit Agreement (as defined below) (collectively, the "**Company**" or the "**Company Parties**" and such Company Parties (including, without limitation, C&J Energy) that file Chapter 11 Cases (as defined below) as set forth in Exhibit A hereto, collectively, the "**Debtors**"); and

ii. those certain lenders of Term Loans and/or Revolving Loans[1] (the "**Lenders**") under that certain Credit Agreement, dated as of March 24, 2015, by and among C&J Energy, CJ Holding Co., CJ Lux Holdings S.a.r.l., the other guarantors from time to time party thereto, Cortland Capital Market Services LLC, as successor administrative agent (together with any successor administrative agent, the "**Agent**"), and the lenders from time to time party thereto (as amended and restated by that certain First Amendment to Credit Agreement dated as of the same date, as the Waiver and Second Amendment to Credit Agreement, dated as of September 29, 2015 and as the Third Amendment (Refinancing Amendment) to Credit Agreement dated as of September 29, 2015, and as further modified pursuant to that certain Temporary Limited Waiver Agreement, dated as of May 10, 2016, that certain Forbearance Agreement, dated as of May 31, 2016 and that certain Second Forbearance Agreement, dated as of June 30, 2016 (the "**Second Forbearance Agreement**"), the "**Credit Agreement**"), that execute signature pages hereto (such lenders, other than any Affiliated Lender (as such term is defined in the Credit Agreement), the "**Supporting Creditors**" and, collectively, with (i) the Company Parties and (ii) any transferee that becomes a Supporting Creditor pursuant to section 4.04(a), the "**Parties**").

[1] Capitalized terms used but not otherwise defined herein have the meaning ascribed to such terms in the term sheet attached hereto as **Exhibit A** (as the same may be amended, supplemented, or otherwise modified from time to time, the "**Restructuring Term Sheet**"), subject to Section 2 hereof.

RECITALS

WHEREAS, the Supporting Creditors, the Agent and the Company have engaged in good faith, arm's-length negotiations regarding a restructuring transaction (the "**Restructuring**") pursuant to the terms and upon the conditions set forth in this Agreement;

WHEREAS, the Debtors intend to commence voluntary reorganization cases (the "**Chapter 11 Cases**") under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "**Bankruptcy Code**"), in the United States Bankruptcy Court for the Southern District of Texas (the "**Bankruptcy Court**") to effect the Restructuring through a prenegotiated chapter 11 plan of reorganization that is materially consistent with the Restructuring Term Sheet and otherwise in form and substance acceptable to the Debtors and the Required Supporting Creditors (the "**Plan**");

WHEREAS, certain Supporting Creditors or affiliates of Supporting Creditors (in their capacities as such, the "**DIP Lenders**") have agreed to provide a debtor-in-possession financing facility in an amount up to $100 million, pursuant to the terms and conditions set forth in the term sheet attached as **Exhibit A-1** to the Restructuring Term Sheet and otherwise satisfactory to the DIP Lenders and the Company (the "**DIP Facility**");

WHEREAS, certain Supporting Creditors or affiliates of Supporting Creditors (in such capacity, the "**Backstop Parties**"[2]), have agreed, subject to the terms and conditions of this Agreement and the Restructuring Term Sheet, to backstop a rights offering for an investment in the Company in an amount of up to $200 million as part of an approved Plan (the "**Investment**");

WHEREAS, the Parties have agreed to certain terms with respect to the organization and governance of the Company Parties following the effective date of the Plan (the "**Plan Effective Date**"), as set forth in the Restructuring Term Sheet;

WHEREAS, the Supporting Creditors intend, as of the time that this Agreement is first being entered into, that they would credit bid the amount necessary to defeat other bids, up to the full amount of their principal and accrued and unpaid interest, in any sale transaction;

WHEREAS, the Company Parties have agreed to take certain actions in support of the Restructuring on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Party, intending to be legally bound hereby, agrees as follows:

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[2] For the avoidance of doubt, as used herein, the terms "**Supporting Creditors**" and "**Parties**" includes the DIP Lenders and the Backstop Parties in their capacities as such.

AGREEMENT

Section 1. ***Agreement Effective Date*****.** This Agreement shall become effective and binding upon each of the Parties at 12:00 a.m., prevailing Eastern Time, on the date (such date, the "**Agreement Effective Date**") on which: (a)(i) the Company Parties shall have executed and delivered counterpart signature pages of this Agreement to counsel to the Supporting Creditors; (ii) the Lenders holding more than 50% of the aggregate outstanding principal amount of the Total Credit Exposure (as defined in the Credit Agreement) (determined without regard to any claims held by a person or entity that is an "insider" as that term is defined in section 101(31) of the Bankruptcy Code) shall have executed and delivered to counsel to the Debtors counterpart signature pages of this Agreement, provided, that Lenders holding more than 60% of the aggregate outstanding principal amount of the Total Credit Exposure shall have executed signature pages of this Agreement on or before the Petition Date; (b) the Company Parties have given notice to counsel to the Supporting Creditors in accordance with Section 10.09 hereof that each of the foregoing conditions set forth in this Section 1, in each case, has been satisfied, all signature pages held by such Company Parties as contemplated above shall have been released for attachment to the relevant agreements, and this Agreement is declared effective as to all Parties; and (c) the Company Parties shall have paid all fees and expenses invoiced required to be paid pursuant to the Second Forbearance Agreement and Section 9 hereof. If the Agreement Effective Date shall not have occurred on or before July 8, 2016, all signature pages referred to in Section 1 shall be returned to the Party providing the same and this Agreement, and all documents to which such signature pages apply, shall have no force or effect.[3]

Section 2. ***Exhibits Incorporated by Reference*****.** Each of the exhibits attached hereto is expressly incorporated herein and made a part of this Agreement, and all references to this Agreement shall include such exhibits. In the event of any inconsistency between this Agreement (without reference to the exhibits) and the exhibits, this Agreement (without reference to the exhibits) shall govern.

Section 3. ***Definitive Documentation*****.** The definitive documents and agreements governing the Restructuring (collectively, the "**Definitive Documentation**") shall consist of: (a) the Plan (and all exhibits thereto); (b) the Confirmation Order and pleadings in support of entry of the Confirmation Order; (c) the Disclosure Statement and the other solicitation materials in respect of the Plan (such materials, collectively, the "**Solicitation Materials**"); (d) the order of the Bankruptcy Court approving the Disclosure Statement and the Solicitation Materials; (e) the documentation in respect of the DIP Facility (including the DIP Agreement and related motions and orders, the "**DIP Documents**"), which shall in all instances be acceptable to the Required Supporting Creditors; (f) customary "first day" and "second day" motions and proposed orders (the "**First Day and Second Day Pleadings**"); and (g) all other documents that will comprise the Plan Supplement. The Definitive Documentation remains subject to negotiation and completion and shall, upon completion, contain terms, conditions, representations, warranties, and covenants consistent with the terms of this Agreement, and shall be subject to any consent rights set forth in this Agreement and otherwise be in form and substance acceptable to the

[3] For the avoidance of doubt, the obligations and rights of the Supporting Creditors described in this Agreement shall apply to any claims or interests acquired by such Supporting Creditors.

Debtors and reasonably acceptable to the Required Supporting Creditors. Notwithstanding the foregoing, the Plan, the Confirmation Order, the Disclosure Statement, the DIP Documents, and the documents comprising the Plan Supplement shall be in form and substance acceptable to the Required Supporting Creditors. As used herein, the term "**Required Supporting Creditors**" means, at any relevant time, the Supporting Creditors holding greater than 50.0% of the outstanding principal amount of Loans held by Supporting Creditors.

Section 4. ***Commitments Regarding the Restructuring.***

4.01. Commitment of the Supporting Creditors.

(a) During the period beginning on the Agreement Effective Date and ending on a Termination Date (as defined in Section 7.05) (such period, the "**Effective Period**"), each Supporting Creditor shall (severally and not jointly), in each of its capacities as a holder of Debtor Claims/Interests (as defined below):

(i) use good faith efforts to implement the Restructuring Term Sheet and the DIP Term Sheet and, in each case, the transactions and other actions contemplated hereby and thereby;

(ii) support and take all actions necessary or reasonably requested by the Company Parties to facilitate consummation of the Restructuring, including, to the extent a class is permitted to vote to accept or reject the Plan and upon receipt of a disclosure statement that has been approved by the Bankruptcy Court, vote each of its claims and interests (all claims held against the Debtors, the "**Claims**,"[4] and collectively with the interests in C&J Energy (the "**C&J Energy Common Shares**"), the "**Debtor Claim/Interests**") to (A) accept the Plan by delivering its duly executed and completed ballot(s) accepting the Plan on a timely basis and (B) not withdraw, amend, or revoke (or cause to be withdrawn, amended, or revoked) its vote with respect to the Plan, provided, however, that the votes of the Supporting Creditors shall be immediately revoked and deemed null and void *ab initio* upon termination of this Agreement other than pursuant to Section 7.04 of this Agreement;

(iii) (A) support the confirmation of the Plan and the transaction contemplated therein and approval of the Disclosure Statement and the Solicitation Materials and (B) not (1) object to, delay, interfere, impede, or take any other action to delay, interfere or impede, directly or indirectly, with the Restructuring, confirmation of the Plan, or approval of the Disclosure Statement or the Solicitation Materials (including joining in or supporting any efforts to object to or oppose any of the foregoing) or (2) propose, file, support, or vote for, directly or indirectly, any restructuring, workout, plan of arrangement, alternative transaction, including a sale pursuant to section 363 of the Bankruptcy Code, or chapter 11 plan for the Debtors other than the Restructuring and the Plan;

(iv) not commence any proceeding to oppose or alter any of the terms of the Plan or any other document filed by the Debtors in connection with the confirmation of the Plan (as long as such documents are consistent with the terms and conditions of this Agreement),

[4] As reflected on the signature pages hereto.

provided, that nothing in this Agreement shall prevent any Supporting Creditor from withholding, amending, or revoking its timely consent or vote with respect to the Plan if this Agreement is terminated with respect to such Supporting Creditor other than pursuant to Section 7.04 of this Agreement;

(v) support (and not object to) any First Day and Second Day Pleadings consistent with this Agreement filed by the Debtors in furtherance of the Restructuring, including any motion seeking approval of the DIP Facility on the terms set forth in the Restructuring Term Sheet and the DIP Term Sheet;

(vi) not, nor encourage any other person or entity to, take any action, including initiating or joining in any legal proceeding that is inconsistent with this Agreement, or delay, impede, appeal, or take any other negative action, directly or indirectly, that could reasonably be expected to interfere with the approval, acceptance, confirmation, consummation, or implementation of the Restructuring or the Plan, as applicable;

(vii) not exercise any right or remedy for the enforcement, collection, or recovery of any obligation arising under the Credit Agreement against any direct or indirect subsidiary of C&J Energy that is not a Debtor filing a Chapter 11 Case pursuant to this Agreement and is also not a Loan Party (as defined in the Credit Agreement);

(viii) not exercise any right or remedy for the enforcement, collection, or recovery of any obligation arising under the Credit Agreement against any direct or indirect subsidiary of C&J Energy that is a Loan Party (as defined in the Credit Agreement) but is not a Debtor filing a Chapter 11 Case pursuant to this Agreement (a "**Non-Debtor Loan Party**") prior to, with respect to any such Non-Debtor Loan Party, the earliest to occur of the following events:

(A) failure by the Company Parties to comply with Section 4.02(b)(viii) of this Agreement, following any Company Party's receipt of notice from the Required Supporting Creditors of such failure pursuant to Section 10.09 hereof (with copies of any such notice being contemporaneously provided to the other Company Parties and Davis Polk);

(B) the acceleration of, or exercise of any remedies with respect to, any indebtedness or any document, agreement or instrument governing indebtedness of such Non-Debtor Loan Party in excess of $50,000 (or such other amount to be negotiated by the Company Parties and the Required Supporting Creditors) other than the indebtedness memorialized by the Credit Agreement, in each case if not rescinded within 5 calendar days from the date of such acceleration or exercise of remedies; or

(C) the adjudication, prosecution or commencement of any proceeding in respect of any bankruptcy, liquidation, receivership, trusteeship, winding up, dissolution, reorganization, compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings to

creditors, composition of its debts, or any other similar relief in respect of such Non-Debtor Loan Party;

(ix) use reasonable efforts to execute any document and give any notice, order, instruction, or direction necessary or reasonably requested by the Debtors that is consistent with the transactions contemplated by this Agreement and the Plan to support, facilitate, implement, consummate, or otherwise give effect to the Restructuring;

(x) use good faith efforts to negotiate, execute and implement the Definitive Documentation on terms consistent with this Agreement;

(xi) not instruct (or join in any direction requesting that) the Agent or any agent under related loan documents to take any action, or refrain from taking any action, that would be inconsistent with this Agreement, the Plan, or the Restructuring; and

(xii) not object to or opt out of any release included in the Solicitation Materials or the Plan, so long as such release is consistent with the Restructuring Term Sheet.

(b) Nothing contained herein shall limit (i) the rights of any Supporting Creditor under applicable bankruptcy or insolvency law, or in any foreclosure or similar proceeding, including appearing as a party in interest in any matter to be adjudicated in the Chapter 11 Cases, so long as the exercise of any such right is consistent with such Supporting Creditor's obligations hereunder; (ii) subject to the terms of Section 4.04 hereof, the ability of any Supporting Creditor to purchase, sell or enter into any transactions in connection with its Claims, subject to the terms hereof; (iii) subject to the terms of Section 4.01(a) hereof, any right of a Supporting Creditor under (x) the Credit Agreement or (y) any other applicable agreement, instrument or document that gives rise to any Claim or Interest of such Supporting Creditor, nor shall anything contained herein be deemed constitute a waiver or amendment of any provision of any such agreement described in the foregoing clauses (x) and (y); (iv) the ability of any Supporting Creditor to consult with other Lenders or the Company; or (v) the ability of any Supporting Creditor to enforce any right, remedy, condition, consent or approval requirement under this Agreement or any of the Definitive Documentation.

4.02. Commitment of the Company Parties.

(a) During the Effective Period, the Company Parties agree to:

(i) pursue the Restructuring on the terms set forth in this Agreement and the Restructuring Term Sheet and not sign any agreement to pursue any auction, sale process or other restructuring transaction for the Company or substantially all of its assets;

(ii) use good faith efforts to implement the Restructuring Term Sheet and the DIP Term Sheet and, in each case, the transactions and other actions contemplated hereby and thereby;

(iii) (A) support and complete the Restructuring and all transactions set forth in this Agreement; (B) negotiate in good faith all Definitive Documentation that is subject to negotiation as of the Agreement Effective Date; (C) execute and deliver any other required

agreements to effectuate and consummate the Restructuring; (D) make commercially reasonable efforts to obtain required regulatory and/or third-party approvals for the Restructuring; (E) complete the Restructuring in a timely and expeditious manner, and as otherwise required by this Agreement and the Definitive Documentation; (F) operate their business, including, subject to the Interim DIP Order and the Final DIP Order, any asset sales that are in process but do not close prior to the commencement of the Chapter 11 Cases, in the ordinary course, taking into account the Restructuring; (G) not undertake any actions materially inconsistent with the Restructuring or the adoption and implementation of the Plan and confirmation thereof; and (H) use commercially reasonable efforts to obtain Bankruptcy Court approval of the releases set forth in the Plan;

(iv) not object to, delay, impede or take any other action that is materially inconsistent with, or is intended or is likely to interfere with, acceptance or implementation of the Restructuring;

(v) not seek to amend or modify, or file a pleading seeking authority to amend or modify, the Definitive Documentation or any other document related to the Credit Facility, the DIP Facility or the Restructuring in a manner that is materially inconsistent with this Agreement; and

(vi) not file any pleading materially inconsistent with the Restructuring or the terms of this Agreement.

(b) During the Effective Period, the Company Parties or the Debtors, as applicable, also agree to the following affirmative covenants:

(i) The Debtors shall provide counsel for the Supporting Creditors at least two (2) calendar days (or such shorter prior review period as necessary in light of exigent circumstances) prior to the date when the Debtors intend to file such document draft copies of all material motions and proposed orders intended to be filed with the Bankruptcy Court, including all First Day and Second Day Pleadings, and shall consult in good faith with such counsel regarding the form and substance of all such material proposed filings with the Bankruptcy Court. Counsel to the Supporting Creditors shall provide all comments to such motions by no later than one (1) calendar day (or within such time period as is reasonably practicable in light of the time at which such motions were provided to counsel for prior review) prior to the date when the Debtors intend to file with the Bankruptcy Court such motions, and Debtors' counsel shall consult in good faith with such counsel regarding any comments so provided if Debtors' counsel shall not be in agreement with such comments; provided that the consent requirements set forth in Section 3 hereof shall apply with respect to all First Day and Second Day Pleadings and any other motions, declarations, proposed orders or other filings with the Bankruptcy Court that constitute Definitive Documentation;

(ii) the Chapter 11 Cases shall be commenced on or before July 17, 2016 (the "**Petition Date**"), subject to extension with the consent of the Required Supporting Creditors;

(iii) the Debtors shall timely file a formal objection to any unresolved motion filed with the Bankruptcy Court by a third party seeking the entry of an order (A) directing the appointment of an examiner with expanded powers to operate the Debtors' businesses pursuant to section 1104 of the Bankruptcy Code or a trustee, (B) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, (C) dismissing the Chapter 11 Cases, or (D) modifying or terminating the Debtors' exclusive right to file and/or solicit acceptances of a plan of reorganization under section 1121 of the Bankruptcy Code;

(iv) the Debtors shall timely file a formal written response in opposition to (or otherwise address in a manner reasonably acceptable to the Required Supporting Creditors) any objection filed with the Bankruptcy Court by any Person with respect to entry of the Interim DIP Order or the Final DIP Order or with respect to any adequate protection proposed to be granted or granted to the Supporting Creditors pursuant to any of the Cash Collateral Orders;

(v) the Debtors shall promptly notify the Supporting Creditors in writing of any governmental or third-party complaints, litigations, investigations, or hearings (or communications indicating that the same may be contemplated or threatened); and

(vi) the Debtors shall promptly notify the Supporting Creditors of any uncured breach by the Company in respect of any of the obligations, representations, warranties or covenants set forth in this Agreement by furnishing written notice to the Supporting Creditors pursuant to Section 10.09 hereof within three (3) business days of actual knowledge of such breach;

(vii) the Company Parties shall use commercially reasonable efforts to (A) timely obtain the release, compromise, settlement and/or discharge of any obligations of, security interests in, and claims against, each Non-Debtor Loan Party (including, without limitation, in respect of any indebtedness owing to any Debtor, any other Non-Debtor Loan Party or other Company Party and any indebtedness or other obligations under the Credit Agreement) prior to, or contemporaneously with, the Plan Effective Date and (B) otherwise preserve the assets (and the value thereof) of each Non-Debtor Loan Party for the benefit of the Reorganized Debtors, in each case in a manner reasonably satisfactory to the Required Supporting Creditors; and

(viii) upon the delivery of written notice to the Debtors under Section 10.09 of the good faith determination by the Required Supporting Creditors that, with respect to any Non-Debtor Loan Party, the Company Parties are reasonably likely to be unable to, or have failed to, achieve, the (A) release, compromise, settlement and/or discharge of obligations, security interests and claims or (B) preserve the assets and value, in each case as contemplated by the preceding Section 4.02(b)(vii), then, as soon as reasonably practicable and in any event within 10 business days, the Company Parties shall (1) commence or cause to be commenced a chapter 11 case before the Bankruptcy Court and/or any other bankruptcy, liquidation, winding up, restructuring, reorganization or other insolvency proceeding in respect of such Non-Debtor Loan Party as shall be determined to be reasonably necessary or appropriate by the Required Supporting Creditors and in a manner reasonably acceptable to the Required Supporting Creditors and (2) conduct (or cause to be conducted) such chapter 11 case or other insolvency

proceeding described in the foregoing clause (1) in a manner reasonably acceptable to the Required Supporting Creditors.

(c) Notwithstanding anything to the contrary herein, nothing in this Agreement shall require the board of directors, board of managers, directors, managers, or officers or any other fiduciary of a Debtor to take any action, or to refrain from taking any action, with respect to the Restructuring to the extent such board of directors, board of managers, or such similar governing body determines, based on advice of counsel, that taking such action, or refraining from taking such action, as applicable, may be required to comply with applicable law or its fiduciary obligations under applicable law.

4.03. Transfer of Interests and Securities.

(a) During the Effective Period, (i) no Supporting Creditor shall sell, pledge, assign, transfer, permit the participation in, or otherwise dispose of (each, a "**Transfer**") any ownership in any of the Debtor Claims/Interests, unless the transferee thereof either (i) is a Supporting Creditor, or (ii) prior to such Transfer, agrees in writing for the benefit of the other Parties to be bound by all of the terms of this Agreement with respect to such acquired Debtor Claim/Interest by executing the joinder in the form attached hereto as **Exhibit B** (the "**Joinder Agreement**"), and delivering an executed copy thereof, within five (5) business days of closing of such Transfer, to the parties set forth in Section 10.09 hereof, in which event the transferee shall be deemed to be a Supporting Creditor under this Agreement with respect to such transferred Debtor Claims/Interests. Each Supporting Creditor agrees and acknowledges that any Transfer of Debtor Claims/Interests that does not comply with the terms and procedures set forth in this Section 4.03 shall be deemed null and void *ab initio*.

(b) Notwithstanding anything herein to the contrary, (i) any Supporting Creditor may Transfer (by purchase, sale, assignment, participation, or otherwise) any Debtor Claims/Interests to an entity that is acting in its capacity as a Qualified Marketmaker[5] without the requirement that the Qualified Marketmaker be or become a Supporting Creditor; provided, that the Qualified Marketmaker subsequently Transfers (by purchase, sale, assignment, participation, or otherwise) the right, title, or interest in such Debtor Claims/Interests to a transferee that is or becomes a Supporting Creditor by executing a Joinder Agreement; and (ii) to the extent a Supporting Creditor, acting in its capacity as a Qualified Marketmaker, acquires any Debtor Claims/Interests from a holder of such claim or interest who is not a Supporting Creditor, it may transfer (by purchase, sale, assignment, participation, or otherwise) such claim or interest without the requirement that the transferee be or become a Supporting Creditor. For the avoidance of doubt, if a Qualified Marketmaker acquires a Debtor Claim/Interest from a Supporting Creditor as an

[5] For the purposes of this Section 4.04, a "**Qualified Marketmaker**" means an entity that (a) holds itself out to the market as standing ready in the ordinary course of its business to purchase from customers and sell to customers claims against and/or interests in (as applicable) the Debtors and their affiliates (including debt securities or other debt) or enter with customers into long and short positions in claims against the Debtors and their affiliates (including debt securities or other debt), in its capacity as a dealer or market maker in such claims against the Debtors and their affiliates and (b) is in fact regularly in the business of making a market in claims against issuers or borrowers (including debt securities or other debt).

"own account" investment, it shall not be deemed to be a Qualified Marketmaker for purposes of this Section 4.03(b).

(c) This Agreement shall in no way be construed to preclude the Supporting Creditors from acquiring additional Debtor Claims/Interests; provided, however, that (i) any Supporting Creditor that acquires additional Debtor Claims/Interests after the Agreement Effective Date shall promptly notify, at such Supporting Creditor's election (A) the Debtors and Davis Polk & Wardwell LLP ("**Davis Polk**") of such acquisition including the amount of such acquisition or (B) Davis Polk of such acquisition including the amount of such acquisition and cause Davis Polk to notify the Debtors of such acquisition, including the amount thereof, but not the identity of the Supporting Creditor and (ii) such acquired Debtor Claims/Interests shall automatically and immediately upon acquisition by a Supporting Creditor be deemed subject to the terms of this Agreement (regardless of when or whether notice of such acquisition is given to the Debtors).

(d) To the extent the Debtors and another Party have entered into a separate confidentiality agreement with respect to the issuance of a "cleansing letter" or other public disclosure of information in connection with any proposed Restructuring (each such executed agreement, a "**Confidentiality Agreement**"), the terms of such Confidentiality Agreement shall continue to apply and remain in full force and effect according to its terms.

4.04. Representations and Warranties of Supporting Creditors. Each Supporting Creditor, severally, and not jointly, represents and warrants to all Parties that:

(a) it is the beneficial owner of the face amount or unit amount, as applicable, of the Debtor Claims/Interests, or is the nominee, investment manager, or advisor for beneficial holders of the Debtor Claims/Interests, as reflected, subject to Section 10.13 of this Agreement, in such Supporting Creditor's signature block to this Agreement (each such signature block, a "**Supporting Creditor Signature Block**"), which amount each Party understands and acknowledges is proprietary and confidential to such Supporting Creditor (such Debtor Claims/Interests, the "**Owned Debtor Claims/Interests**");

(b) it has the full power and authority to act on behalf of, vote and consent to matters concerning the Owned Debtor Claims/Interests (or direct such action, vote, or consent);

(c) the Owned Debtor Claims/Interests are free and clear of any pledge, lien, security interest, charge, claim, equity, option, proxy, voting restriction, right of first refusal, or other limitation on disposition, transfer, or encumbrances of any kind, that would adversely affect in any way such Supporting Creditor's ability to perform any of its obligations under this Agreement at the time such obligations are required to be performed;

(d) (i) it is either (A) a qualified institutional buyer as defined in Rule 144A of the Securities Act or (B) an institutional accredited investor (as defined in Rule 501(a)(1), (2), (3), or (7) under the Securities Act of 1933, as amended (the "**Securities Act**') (C) a Regulation S non-U.S. person or (D) the foreign equivalent of (A) or (B) above, and (ii) any securities of the Company acquired by the applicable Supporting Creditor in connection with the Restructuring will have been acquired for investment and not with a view to distribution or resale in violation of the Securities Act;

(e) as of the date hereof, it has no actual knowledge of any event that, due to any fiduciary or similar duty to any other person or entity, would prevent it from taking any action required of it under this Agreement; and

(f) the execution, delivery, and performance of this Agreement does not and shall not: (a) violate any provision of law, rules, or regulations applicable to it or any of its subsidiaries in any material respect; (b) violate its certificate of incorporation, bylaws, or other organizational documents or those of any of its subsidiaries; or (c) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any contractual obligation to which it is a party, which conflict, breach, or default, would have a material adverse effect on the Restructuring.

Section 5. ***Mutual Representations, Warranties, and Covenants*****.** Each of the Parties, severally and not jointly represents, warrants, and covenants to each other Party:

5.01. Enforceability. It is validly existing and in good standing under the laws of the state of its organization, and this Agreement is a legal, valid, and binding obligation of such Party, enforceable against it in accordance with its terms, except as enforcement may be limited by applicable laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

5.02. No Consent or Approval. Except as expressly provided in this Agreement, the Plan, the Restructuring Term Sheet, or the Bankruptcy Code, no consent or approval is required by any other person or entity in order for it to effectuate the Restructuring contemplated by, and perform the respective obligations under, this Agreement.

5.03. Power and Authority. Except as expressly provided in this Agreement, it has all requisite corporate or other power and authority to enter into, execute, and deliver this Agreement and to effectuate the Restructuring contemplated by, and perform its respective obligations under, this Agreement.

5.04. Governmental Consents. Except as expressly set forth herein and with respect to the Company Parties' performance of this Agreement (and subject to necessary Bankruptcy Court approval and/or regulatory approvals associated with the Restructuring), the execution, delivery and performance by it of this Agreement does not, and shall not, require any registration or filing with consent or approval of, or notice to, or other action to, with or by, any federal, state, or other governmental authority or regulatory body.

Section 6. ***Acknowledgement***. Notwithstanding any other provision herein, this Agreement is not and shall not be deemed to be an offer with respect to any securities or solicitation of votes for the acceptance of a plan of reorganization for purposes of sections 1125 and 1126 of the Bankruptcy Code or otherwise. Any such offer or solicitation will be made only in compliance with all applicable securities laws and provisions of the Bankruptcy Code. The Debtors will not solicit acceptances of the Plan from Supporting Creditors in any manner inconsistent with the Bankruptcy Code or applicable bankruptcy law.

Section 7. ***Termination Events*****.**

7.01. Supporting Creditor Termination Events.

(a) This Agreement may be terminated as between the Supporting Creditors and the other Parties by the delivery to the Company Parties, and counsel to the other Supporting Creditors, of a written notice in accordance with Section 10.09 hereof by the Required Supporting Creditors, upon the occurrence and continuation of any of the following events:

(i) the breach by any Party other than the Supporting Creditors seeking such termination of any of the representations, warranties, or covenants of such breaching Party as set forth in this Agreement that would have a material adverse effect on the Restructuring or the recovery of such Supporting Creditors as contemplated by this Agreement, and which breach remains uncured for a period of five (5) business days following such breaching Party's receipt of notice pursuant to Section 10.09 hereof (with copies of any such notice being contemporaneously provided to the other Company Parties and Davis Polk);

(ii) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any injunction, judgment, decree, charge, ruling, or order enjoining, the consummation of a material portion of the Restructuring, or materially adversely affecting the recovery of the Supporting Creditors contemplated by this Agreement; provided, however, that the Company Parties shall have 15 business days after issuance of such injunction, judgment, decree, charge, ruling, or order to obtain relief that would allow consummation of the Restructuring that (i) does not prevent or diminish in a material way compliance with the terms of this Agreement or (ii) is otherwise reasonably acceptable to the Required Supporting Creditors;

(iii) an examiner (with expanded powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code), or a trustee or receiver shall have been appointed in one or more of the Chapter 11 Cases;

(iv) any Party other than the Supporting Creditors seeking to terminate this Agreement pursuant to Section 7.01 files any motion or pleading with the Bankruptcy Court that is materially inconsistent with this Agreement and such motion or pleading has not been withdrawn or is not otherwise denied by the Bankruptcy Court within 20 days of receipt of notice by such Party that such motion or pleading is inconsistent with this Agreement;

(v) the entry of a ruling or order by the Bankruptcy Court that would prevent consummation of the Restructuring; provided, however, that the Debtors shall have sought a stay of such relief within 5 business days after the date of such issuance and shall have 10 business days after issuance of such ruling or order to obtain relief that (i) does not prevent or diminish in a material way compliance with the terms of this Agreement or (ii) is otherwise reasonably acceptable to the Required Supporting Creditors;

(vi) the conversion or dismissal of the Chapter 11 Cases, unless such conversion or dismissal, as applicable, is made with the prior written consent of counsel to the Required Supporting Creditors;

(vii) any of the Definitive Documentation shall have been modified in a manner materially adverse to the Supporting Creditors, without the prior written consent of the Required Supporting Creditors;

(viii) the occurrence of any Event of Default (as defined in the DIP Agreement) that is not timely waived pursuant to the terms thereof.

(ix) the termination of forbearance with respect to any Non-Debtor Loan Party pursuant to Section 4.01(viii) of this Agreement; provided that the conditions leading to such termination remain unremedied for a period of five (5) business days following such termination;

(x) the failure of any Company Party to comply with Section 4.02(b)(viii) of this Agreement; provided that such failure remains uncured for a period of five (5) business days;

(xi) the Bankruptcy Court grants relief terminating, annulling, or modifying the automatic stay (as set forth in section 362 of the Bankruptcy Code) that would have a material adverse effect on the Restructuring, without the written consent of the Required Supporting Creditors;

(xii) the Chapter 11 Cases are not commenced before the Bankruptcy Court by the date set forth in Section 4.03(b)(ii) of this Agreement (including as such date may be extended therein);

(xiii) the Interim DIP Order has not been entered by the Bankruptcy Court within 7 days of the Petition Date;

(xiv) the Final DIP Order has not been entered by the Bankruptcy Court within 40 days of entry of the Interim DIP Order;

(xv) the Plan and Disclosure Statement have not been filed with the Bankruptcy Court within 30 days of the Petition Date;

(xvi) the Disclosure Statement Order has not been entered by the Bankruptcy Court within 90 days of the Petition Date;

(xvii) the Confirmation Order has not been entered by the Bankruptcy Court within 130 days of the Petition Date; and

(xviii) the Plan Effective Date has not occurred within 21 days following the date of entry of the Confirmation Order.

(b) The milestones set forth in sections (xi)–(xvi) may be extended with the written consent of the Required Supporting Creditors.

7.02. Debtors' Termination Events. The Debtors may terminate this Agreement as to all Parties upon five (5) business days' prior written notice, delivered in accordance with Section 10.09 hereof, upon the occurrence of any of the following events: (a) the breach by any

of the Supporting Creditors of any material provision set forth in this Agreement that remains uncured for a period of ten (10) business days after the receipt by the Supporting Creditors of notice of such breach; (b) the board of directors, board of managers, or such similar governing body of any Debtor determines based on advice of counsel that proceeding with any of the Restructuring would be inconsistent with the exercise of its fiduciary duties; or (c) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any final, non-appealable ruling or order enjoining the consummation of a material portion of the Restructuring; provided, that, for the avoidance of doubt, a ruling by the Bankruptcy Court that the Plan is not confirmable as a result of terms included therein and contemplated by one or more provisions of the Restructuring Term Sheet shall not, by itself, constitute a termination event pursuant to this Section 7.02(c).

7.03. Mutual Termination. This Agreement, and the obligations of all Parties hereunder, may be terminated by mutual agreement among all of the following: (a) the Required Supporting Creditors and (b) each of the Company Parties.

7.04. Termination Upon Completion of the Restructuring. This Agreement shall terminate automatically without any further required action or notice on the Plan Effective Date.

7.05. Effect of Termination.

(a) No Party may terminate this Agreement if such Party failed to perform or comply in all material respects with the terms and conditions of this Agreement, with such failure to perform or comply causing, or resulting in, the occurrence of one or more termination events specified herein. The date on which termination of this Agreement as to a Party is effective in accordance with Sections 7.01, 7.02, 7.03, or 7.04, shall be referred to as a "**Termination Date**."

(b) Except as set forth below, upon the occurrence of a Termination Date as to a Party, this Agreement shall be of no further force and effect and each Party subject to such termination shall be released from its commitments, undertakings, and agreements under or related to this Agreement and shall have the rights and remedies that it would have had, had it not entered into this Agreement, and shall be entitled to take all actions, whether with respect to the Restructuring or otherwise, that it would have been entitled to take had it not entered into this Agreement. Upon the occurrence of a Termination Date, any and all consents or ballots tendered by the Parties subject to such termination before a Termination Date shall be deemed, for all purposes, to be null and void from the first instance and shall not be considered or otherwise used in any manner by the Parties in connection with the Restructuring and this Agreement or otherwise.

(c) Notwithstanding anything to the contrary in this Agreement, the foregoing shall not be construed to prohibit the Debtors or any of the Supporting Creditors from contesting whether any such termination is in accordance with the terms of, or to seek enforcement of any rights under this Agreement that arose or existed before a Termination Date. Except as expressly provided in this Agreement, nothing herein is intended to, or does, in any manner waive, limit, impair, or restrict (a) any right of any Debtor or the ability of any Debtor to protect and preserve its rights (including rights under this Agreement), remedies, and interests, including its claims against any Supporting Creditor, and (b) any right of any Supporting Creditor, or the ability of any Supporting Creditor to protect and preserve its rights (including rights under this

Agreement), remedies, and interests, including its claims against any Debtor or Supporting Creditor.

Section 8. ***Amendments***. This Agreement, including the Restructuring Term Sheet and the DIP Term Sheet, may not be modified, amended, or supplemented without prior written consent of the Company Parties and Required Supporting Creditors and, with respect to the DIP Term Sheet, DIP Lenders holding a majority in amount of the aggregate loans and commitments under the DIP Facility.

Section 9. ***Fees and Expenses***. So long as this Agreement has not been terminated, the Company Parties hereby agree to pay in cash, in full, in accordance with their respective engagement letters and the terms of the Credit Agreement and the Second Forbearance Agreement (and in any case within 3 business days), all invoiced fees and out-of-pocket expenses incurred by the Supporting Creditors, including all invoiced fees and out-of-pocket expenses of (a) Davis Polk, (b) FTI Consulting, Inc., (c) Moelis & Company LLC, (d) local counsel in Houston, Texas, (e) one local counsel in each jurisdiction in which any Company Party or any subsidiary thereof is located and (f) one additional counsel that may be retained by the Agent to represent it in its own capacity, in each case incurred prior to the earlier of the Plan Effective Date and the termination of this Agreement; provided, following the Petition Date, payment of fees and expenses pursuant to this Section 9 shall be subject to the terms of the Interim DIP Order and the Final DIP Order, as applicable. The Company Parties hereby acknowledge and agree that the fees and expenses incurred by the Supporting Creditors prior to the termination of this Agreement are of the type that should be entitled to treatment as administrative expense claims pursuant to sections 503(b) and 507(a)(2) of the Bankruptcy Code.

Section 10. ***Miscellaneous.***

10.01. Further Assurances. Subject to the other terms of this Agreement, the Parties agree to execute and deliver such other instruments and perform such acts, in addition to the matters herein specified, as may be reasonably appropriate or necessary, or as may be required by order of the Bankruptcy Court, from time to time, to effectuate the Restructuring, as applicable.

10.02. Complete Agreement. This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements, oral, or written, among the Parties with respect thereto.

10.03. Headings. The headings of all sections of this Agreement are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit, or aid in the construction or interpretation of any term or provision hereof.

10.04. GOVERNING LAW; SUBMISSION TO JURISDICTION; SELECTION OF FORUM. THIS AGREEMENT IS TO BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF. Each Party hereto agrees that it shall bring any action or proceeding in respect of any claim arising out of or related to this Agreement, to

the extent possible, in either the United States District Court for the Southern District of New York or any New York State court located in New York County (the "**Chosen Courts**"), and solely in connection with claims arising under this Agreement: (a) irrevocably submits to the exclusive jurisdiction of the Chosen Courts; (b) waives any objection to laying venue in any such action or proceeding in the Chosen Courts; and (c) waives any objection that the Chosen Courts are an inconvenient forum or do not have jurisdiction over any Party hereto; provided, however, that if the Debtors commence the Chapter 11 Cases, then the Bankruptcy Court (or court of proper appellate jurisdiction) shall be the exclusive jurisdiction, rather than any Chosen Court.

10.05. Trial by Jury Waiver. EACH PARTY HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

10.06. Execution of Agreement. This Agreement may be executed and delivered in any number of counterparts and by way of electronic signature and delivery, each such counterpart, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same agreement. Each individual executing this Agreement on behalf of a Party has been duly authorized and empowered to execute and deliver this Agreement on behalf of said Party.

10.07. Interpretation and Rules of Construction. This Agreement is the product of negotiations among the Parties, and in the enforcement or interpretation hereof, is to be interpreted in a neutral manner, and any presumption with regard to interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Agreement, or any portion hereof, shall not be effective in regard to the interpretation hereof. The Parties were each represented by counsel during the negotiations and drafting of this Agreement and continue to be represented by counsel. In addition, this Agreement shall be interpreted in accordance with section 102 of the Bankruptcy Code.

10.08. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors and permitted assigns, as applicable. There are no third-party beneficiaries under this Agreement, and the rights or obligations of any Party under this Agreement may not be assigned, delegated, or transferred to any other person or entity.

10.09. Notices. All notices hereunder shall be deemed given if in writing and delivered, if sent by electronic mail, courier, or registered or certified mail (return receipt requested) to the following addresses (or at such other addresses as shall be specified by like notice):

(a) if to a Company Party, to:

C&J Energy Services
3990 Rogerdale Road
Houston, Texas 77042
Attention: General Counsel
E-mail address: Danielle.Hunter@cjes.com

with copies (which alone shall not constitute notice) to:

Kirkland & Ellis LLP
300 North LaSalle
Chicago, Illinois 60654
Attention: Marc Kieselstein, P.C., Chad J. Husnick, and Emily E. Geier
E-mail addresses: marc.kieselstein@kirkland.com, chusnick@kirkland.com, and emily.geier@kirkland.com

and

Loeb & Loeb LLP
10100 Santa Monica Boulevard
Suite 2200
Los Angeles, California 90067
Attention: Bernard R. Given and Lance Jurich
E-mail addresses: bgiven@loeb.com and ljurich@loeb.com

(b) if to a Supporting Creditor to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attention: Timothy Graulich, Damian Schaible, and David Schiff
E-mail addresses: timothy.graulich@davispolk.com, damian.schaible@davispolk.com, and david.schiff@davispolk.com

or such other address as may have been furnished by a Party to each of the other Parties by notice given in accordance with the requirements set forth above.

Any notice given by delivery, mail, or courier shall be effective when received.

10.10. Access. Each Company Party agrees to (a) provide the Agent, the Supporting Creditors and their representatives with reasonable access to inspect such Loan Party's financial records and properties as set forth in Section 6.10 of the Credit Agreement but without the limitations on the frequency of visits contained therein, provided that such visits shall be during normal business hours (which access shall include, for the avoidance of doubt, access, upon reasonable notice during normal business hours, to relevant properties, books, contracts, commitments, records, directors, officers, personnel, advisors and representatives of the Company Parties) and (b) promptly provide such customary financial and other information regarding the Company Parties and their respective businesses and operations that the Supporting Creditors or their advisors may reasonably request to the extent that (i) such information is readily available to a Company Party, (ii) such information does not constitute trade secrets and (iii) the provision of such information is not prohibited by law or by the legally binding confidentiality obligations of any Company Party to a third party (other than another Company Party); provided that the Company Parties shall use commercially reasonable efforts to obtain the

consent of any such third party to provide such information to the Agent, the Supporting Creditors or their advisors on a confidential basis and use commercially reasonable efforts to communicate, to the extent permitted, the applicable information in a way that would not risk waiver of such privilege or violate the applicable obligation; provided, further, that the Company Parties' obligations under this Section 10.10 shall be conditioned upon the Agent or applicable Supporting Creditor or representative agreeing to maintain the confidentiality of such information in a manner consistent with the requirements for treatment of confidential information set forth in Section 10.07 of the Credit Agreement.

10.11. Independent Due Diligence and Decision Making. Each Supporting Creditor hereby confirms that it is (a) a sophisticated party with respect to the matters that are the subject of this Agreement, (b) has had the opportunity to be represented and advised by legal counsel in connection with this Agreement and acknowledges and agrees that it voluntarily and of its own choice and not under coercion or duress enters into the Agreement, (c) has adequate information concerning the matters that are the subject of this Agreement, and (d) has independently and without reliance upon any other Party hereto, or any of their affiliates, or any officer, employee, agent or representative thereof, and based on such information as it has deemed appropriate, made its own analysis and decision to enter into this Agreement, except that it has relied upon each other Party's express representations, warranties, and covenants in this Agreement.

10.12. Waiver. If the Restructuring is not consummated, or if this Agreement is terminated for any reason, the Parties fully reserve any and all of their rights.

10.13. Reporting of Debtor Claims/Interests. With respect to Claims related to the Credit Agreement ("**Credit Agreement Claims**"), each Supporting Creditor Signature Block shall disclose only the aggregate principal amount of such Supporting Creditor's beneficially owned or managed Total Credit Exposure (as defined in the Credit Agreement). The Parties agree and acknowledge that the reported amount of such Credit Agreement Claims does not necessarily reflect the full amount of such Creditor's Claims in respect of the Credit Agreement (including, without limitation, principal, accrued and unpaid interest, fees and expenses) and any disclosure made on any Supporting Creditor Signature Block shall be without prejudice to any subsequent assertion by or on behalf of such Supporting Creditor of the full amount of its Claims.

10.14. Automatic Stay. The Company acknowledges and agrees, and shall not dispute, that the giving of a termination notice in accordance with Sections 7 and 10.09 hereof by any of the Supporting Creditors shall not be a violation of the automatic stay under section 362 of the Bankruptcy Code (and the Company hereby waives, to the greatest extent possible, the applicability of such automatic stay to the giving of such notice), and the Supporting Creditors are hereby authorized to take any steps necessary to effectuate the termination of this Agreement notwithstanding section 362 of the Bankruptcy Code or any other applicable law, and no cure period contained in this Agreement shall be extended pursuant to sections 108 or 365 of the Bankruptcy Code or any other applicable law without the prior written consent of the Required Supporting Creditors.

10.15. Settlement Discussions; No Admission. This Agreement and the Plan are part of a proposed settlement of matters that could otherwise be the subject of litigation among the

Parties hereto. Nothing herein shall be deemed an admission of any kind. Pursuant to Federal Rule of Evidence 408 and any applicable state rules of evidence, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce the terms of this Agreement. This Agreement shall in no event be construed as or be deemed to be evidence of an admission or concession on the part of any Party of any claim or fault or liability or damages whatsoever.

10.16. Several, Not Joint, Claims. The agreements, representations, warranties, and obligations of the Parties under this Agreement are, in all respects, several and not joint.

10.17. Severability. If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid, or unenforceable, the remaining provisions shall remain in full force and effect if essential terms and conditions of this Agreement for each Party remain valid, binding, and enforceable.

10.18. Specific Performance/Remedies. It is understood and agreed by the Parties that money damages would not be a sufficient remedy for any breach of this Agreement by any Party and each non-breaching Party shall be entitled to seek specific performance and injunctive or other equitable relief (including attorney's fees and costs) as a remedy for any such breach, in addition to any other remedy to which such non-breaching Party may be entitled, at law or equity, without the necessity of proving the inadequacy of money damages as a remedy, including an order of the Chosen Court or the Bankruptcy Court requiring any Party to comply promptly with any of its obligations hereunder. Each Party agrees to waive any requirement for the securing or posting of a bond in connection with such remedy.

10.19. Remedies Cumulative. All rights, powers, and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any right, power, or remedy thereof by any Party shall not preclude the simultaneous or later exercise of any other such right, power, or remedy by such Party.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the day and year first above written.

[*Remainder of page intentionally left blank.*]

Company Party Signature Page to the Restructuring Support and Lock-Up Agreement

C&J ENERGY PRODUCTION SERVICES-CANADA LTD. *(formerly Nabors Production Services Ltd.)*
C&J ENERGY SERVICES LTD.
C&J ENERGY SERVICES, INC.
C&J SPEC-RENT SERVICES, INC.
C&J WELL SERVICES, INC. *(formerly Nabors Completion & Production Services Co.)*
CJ HOLDING CO.

By: _____
Name: Danielle Hunter
Title: EVP, GC

BLUE RIBBON TECHNOLOGY, INC.
C&J VLC, LLC
KVS TRANSPORTATION, INC.
MOBILE DATA TECHNOLOGIES LTD.
TOTAL E&S, INC.

By: _____
Name: Danielle Hunter
Title: EVP, GC

ESP COMPLETION TECHNOLOGIES LLC
TELLUS OILFIELD INC.
TIGER CASED HOLE SERVICES, INC.

By: _____
Name: Danielle Hunter
Title: EVP, GC

C&J CORPORATE SERVICES (BERMUDA) LTD.

By: _____
Name:. Danielle Hunter
Title: DIRECTOR

CJ LUX HOLDINGS S.À R.L.
PENNY GLOBAL HOLDINGS S.À R.L.
PENNY GLOBAL LEASING S.À R.L.
PENNY LUXEMBOURG FINANCING S.À R.L.
PENNY TECHNOLOGIES S.À R.L.

By: _____
Name: Danielle Hunter
Title: Type A Manager

COPPER IRELAND FINANCING I LTD.
COPPER IRELAND FINANCING II LTD.

By: _____
Name: Danielle Hunter
Title: Director

C&J INTERNATIONAL B.V.

By: _____
Name: Danielle Hunter
Title: Managing Director A

C&J INTERNATIONAL MIDDLE EAST FZCO

By: _____
Name:
Title:

CJ LUX HOLDINGS S.À R.L.
PENNY GLOBAL HOLDINGS S.À R.L.
PENNY GLOBAL LEASING S.À R.L.
PENNY LUXEMBOURG FINANCING S.À R.L.
PENNY TECHNOLOGIES S.À R.L.

By: _____
Name:
Title:

COPPER IRELAND FINANCING I LTD.
COPPER IRELAND FINANCING II LTD.

By: _____
Name:
Title:

C&J INTERNATIONAL B.V.

By: _____
Name:
Title:

C&J INTERNATIONAL MIDDLE EAST FZCO

By: _____
Name:
Title:

EXHIBIT A to the Restructuring Support Agreement

Restructuring Term Sheet

Execution Version

THIS TERM SHEET IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE. NOTHING CONTAINED IN THIS TERM SHEET SHALL BE AN ADMISSION OF FACT OR LIABILITY OR, UNTIL THE OCCURRENCE OF THE AGREEMENT EFFECTIVE DATE ON THE TERMS DESCRIBED HEREIN AND IN THE RESTRUCTURING SUPPORT AGREEMENT, DEEMED BINDING ON ANY OF THE PARTIES HERETO.

RESTRUCTURING TERM SHEET

INTRODUCTION

This term sheet (this "**Term Sheet**")[1] describes the terms of a restructuring of: (a) C&J Energy Services, Ltd., a Bermuda exempt company ("**C&J Energy**"); (b) C&J Corporate Services (Bermuda) Ltd. (together with C&J Energy, collectively, the "**Bermudian Debtors**"); (c) C&J Energy Production Services-Canada Ltd.; (d) Mobile Data Technologies Ltd. (the entities listed in clauses (c) and (d) collectively, the "**Canadian Debtors**"); (e) CJ Holding Co. ("**U.S. HoldCo**"); and (f) certain of U.S. HoldCo's directly and indirectly-owned subsidiaries, including Blue Ribbon Technology, Inc., C&J Energy Services, Inc., C&J Spec-Rent Services, Inc., C&J VLC, LLC, C&J Well Services, Inc., ESP Completion Technologies LLC, KVS Transportation, Inc., Tellus Oilfield Inc., Tiger Cased Hole Services, Inc., and Total E&S, Inc. (the entities listed in clauses (a) through (f) collectively, the "**Debtors**," and such restructuring, the "**Restructuring**").

The Restructuring will be accomplished through: (a) the commencement of cases (the "**Chapter 11 Cases**") under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the Southern District of Texas (the "**Bankruptcy Court**") to implement on a pre-arranged or prepackaged basis the chapter 11 plan of reorganization described herein and otherwise in form and substance acceptable to the Debtors and the Required Supporting Creditors (the "**Plan**"); (b) the commencement of ancillary proceedings (the "**Canadian Proceedings**") under the Companies' Creditors Arrangement Act (Canada) R.S.C. 1985, c. C-36 (as amended, the "**CCAA**") in a court of proper jurisdiction in Alberta, Canada (the "**Canadian Court**"); and (c) the commencement of provisional liquidation proceedings (the "**Bermudian Proceedings**") under the Companies Act 1981 (the "**Bermuda Act**") in a court of proper jurisdiction in Bermuda (the "**Bermudian Court**").

This Term Sheet is being agreed to in connection with entry by the Debtors, certain non-Debtor subsidiaries of C&J Energy and the Supporting Creditors into that certain Restructuring Support Agreement, dated as of July 8, 2016 (as may be amended, supplemented or modified pursuant to the terms thereof, the "**RSA**"). Pursuant to the RSA, the parties thereto have agreed to support the transactions contemplated therein and herein.

This Term Sheet does not include a description of all of the terms, conditions, and other provisions that are to be contained in the definitive documentation governing the Restructuring, which remain subject to negotiation and completion in accordance with the RSA and applicable bankruptcy law. The Restructuring will not contain any material terms or conditions that are inconsistent in any material respect with this Term Sheet or the RSA.

[1] Capitalized terms used but not otherwise defined in this Term Sheet have the meanings ascribed to such terms as set forth on **Exhibit A**.

OVERVIEW OF THE RESTRUCTURING

In general, the Restructuring contemplates that:

(a) The Debtors will implement the Restructuring in the Bankruptcy Court pursuant to the Plan on the terms set forth in this Term Sheet.

(b) Certain of the Supporting Creditors have agreed to provide a new-money $100 million debtor-in-possession financing facility (the "**DIP Facility**") and consent to the use of their cash collateral to fund the Chapter 11 Cases and (i) backstop a $200 million rights offering (the "**Rights Offering**"). In addition, to the extent that the Debtors or Reorganized Debtors, as applicable, the Backstop Parties and the Required Supporting Creditors agree that such a facility would be in the best interests of the Reorganized Debtors, the Debtors or the Reorganized Debtors, as applicable, may raise a senior secured revolving asset-based lending credit facility to be arranged and provided by one or more commercial lending institutions in a minimum amount of $100 million (the "**Exit Facility**").

(c) All Claims arising under the DIP Facility will be paid in full, in cash on the Effective Date from cash on hand and proceeds from the Rights Offering and Exit Facility.

(d) In full and final satisfaction of all Lender Claims, the Lenders will receive their Pro Rata share of: (i) 100% of the New Common Stock, subject to dilution on account of the Management Incentive Plan, the Rights Offering, the Backstop Fee, and the New Warrants; and (ii) 100% of the Subscription Rights under the Rights Offering.

(e) [TBD: Treatment of General Unsecured Claims.]

(f) Provided that Class 8 votes to accept the Plan, holders of C&J Common Stock will receive their Pro Rata share of the New Warrants.

(g) [TBD: Standby Facility.]

(h) To facilitate the Restructuring, on or after the Petition Date, the Bermudian Debtors and the Canadian Debtors will commence ancillary proceedings before the Bermudian Court and the Canadian Court, respectively.

This Term Sheet incorporates the rules of construction as set forth in section 102 of the Bankruptcy Code.

GENERAL PROVISIONS REGARDING THE RESTRUCTURING

The DIP Facility	Certain of the Supporting Creditors (in such capacity, collectively, the "**DIP Lenders**") will provide a senior secured superpriority delayed draw term loan facility in an aggregate principal amount of up to $100 million. The DIP Facility will be available in up to three drawings, with the first such drawing to occur on the closing date of the DIP Facility in an aggregate principal amount of no less than $25 million. The material terms of the DIP Facility are set forth in the term sheet attached hereto as **Exhibit B** (the "**DIP Facility Term Sheet**").

The Rights Offering	Certain of the Supporting Creditors (in such capacity, collectively, the "**Backstop Parties**") will backstop a $200 million rights offering to be consummated on the Effective Date and otherwise on the terms set forth in the Backstop Commitment Agreement to be entered into by the Debtors and the Backstop Parties, in form and substance satisfactory to the Debtors, the Backstop Parties and the Required Supporting Lenders (including all schedules and exhibits thereto, the "**Backstop Commitment Agreement**"). The Backstop Commitment Agreement will provide for, among other things: (i) a commitment premium of 5% of the $200 million committed amount (the "**Backstop Fee**") payable in New Common Stock to the Backstop Parties on the Effective Date; and (ii) a discount of 20% to total settled plan enterprise value ("**Plan Value**"), provided that Plan Value shall be no greater than $750 million.
The Exit Facility	To the extent that the Debtors or Reorganized Debtors, as applicable, the Backstop Parties and the Required Supporting Creditors agree that such a facility would be in the best interests of the Reorganized Debtors, the Debtors or the Reorganized Debtors, as applicable, may raise the Exit Facility, a senior secured revolving asset-based lending credit facility to be arranged and provided by one or more commercial lending institutions in a minimum amount of $100 million, on terms satisfactory to the Debtors or the Reorganized Debtors, as applicable, and the Required Supporting Creditors. The Debtors shall timely seek approval from the Bankruptcy Court to obtain relief necessary to effectuate the Exit Facility.
The New Warrants	On the Effective Date, provided that Class 8 votes to accept the Plan, the Debtors will issue 7-year warrants convertible into up to 6% of the New Common Stock at a strike price of $1.55 billion. The documentation for the New Warrants will be included in the Plan Supplement and otherwise in form and substance acceptable to the Debtors and the Required Supporting Creditors.
Standby Facility	[TBD.]

TREATMENT OF CLAIMS AND INTERESTS OF THE DEBTORS UNDER THE PLAN			
Class No.	**Type of Claim**	**Treatment**	**Impairment / Voting**
Unclassified Non-Voting Claims			
N/A	**DIP Facility Claims**	On the Effective Date, in full satisfaction of each Allowed DIP Facility Claim, each holder thereof shall receive, in full satisfaction of its Claim, payment in full in cash.	N/A
N/A	**Administrative Claims**	On the Effective Date, except to the extent that a holder of an Allowed Administrative Claim and the Debtor against which such Allowed Administrative Claim is asserted agree to less favorable treatment for such holder,	N/A

		each holder of an Allowed Administrative Claim shall receive, in full satisfaction of its Claim, payment in full in cash.	
N/A	**Priority Tax Claims**	Except to the extent that a holder of an Allowed Priority Tax Claim and the Debtor against which such Allowed Priority Tax Claim is asserted agree to less favorable treatment for such holder, each holder of an Allowed Priority Tax Claim shall receive, in full satisfaction of its Claim, treatment in a manner consistent with section 1129(a)(9)(C) of the Bankruptcy Code.	N/A
Classified Claims and Interests of the Debtors			
Class 1	**Other Secured Claims**	On the Effective Date, in full satisfaction of each Allowed Other Secured Claim, each holder thereof shall receive, at the option of the applicable Debtor, with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors: (a) payment in full in cash; (b) the collateral securing its Allowed Other Secured Claim; (c) Reinstatement of its Other Secured Claim; or (d) such other treatment rendering its Allowed Other Secured Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code.	Unimpaired; deemed to accept.
Class 2	**Other Priority Claims**	On the Effective Date, in full satisfaction of each Allowed Other Priority Claim, each holder thereof shall receive payment in full in cash.	Unimpaired; deemed to accept.
Class 3	**Mineral Contractor Claims**	On the Effective Date, in full satisfaction of each Allowed Mineral Contractor Claim, to the extent not already satisfied pursuant to a prior order of the Bankruptcy Court, each holder of an Allowed Mineral Contractor Claim shall receive Cash in an amount equal to such Claim on the later of: (a) the Effective Date; or (b) the date due in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Mineral Contractor Claim.	Unimpaired; deemed to accept.
Class 4	**Lender Claims**	On the Effective Date, in full satisfaction of each Lender Claim, each holder thereof shall receive: (a) its Pro Rata share of the New Common Equity Pool; and (b) if such holder is an Accredited Investor, its Subscription Rights to purchase its Pro Rata share of the Rights Offerings Shares in accordance with the Rights Offering Procedures.	Impaired; entitled to vote.
Class 5	**General Unsecured Claims**	[TBD]	[TBD].
Class 6	**Intercompany Claims**	On the Effective Date, each Intercompany Claim shall be, at the option of the Debtor, with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors, either Reinstated or canceled and	Impaired; deemed to reject or Unimpaired;

		released without any distribution.	deemed to accept.
Class 7	**Interests in Debtors other than C&J Energy**	On the Effective Date, Interests in the Debtors other than C&J Energy shall be, at the option of the Debtor, with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors, either Reinstated or canceled and released without any distribution.	Impaired; deemed to reject or Unimpaired; deemed to accept
Class 8	**Interests in C&J Energy**	All Interests in C&J Energy will be canceled, released, and extinguished as of the Effective Date, and will be of no further force or effect. On the Effective Date, each holder of C&J Common Stock shall receive (a) if Class 8 has timely accepted the Plan, its Pro Rata share of the New Warrants or (b) if Class 8 has not timely accepted the Plan, no distribution.	Impaired; entitled to vote.

GENERAL PROVISIONS REGARDING THE PLAN	
Subordination	The classification and treatment of Claims under the Plan shall conform to the respective contractual, legal, and equitable subordination rights of such Claims, and any such rights shall be settled, compromised, and released pursuant to the Plan.
Restructuring Transactions	The Confirmation Order shall be deemed to authorize, among other things, all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including the Rights Offering and the issuance of all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Restructuring (collectively, the "**Restructuring Transactions**"). On the Effective Date, the Debtors, as applicable, shall issue all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Restructuring.
Cancellation of Notes, Instruments, Certificates, and Other Documents	On the Effective Date, except to the extent otherwise provided in this Term Sheet or the Plan, all notes, instruments, certificates, and other documents evidencing Claims or Interests, including credit agreements and indentures, shall be canceled and the obligations of the Debtors and any non-Debtor Affiliates thereunder or in any way related thereto shall be deemed satisfied in full and discharged.
Executory Contracts and Unexpired Leases	The Debtors shall seek to assume or reject executory contracts and unexpired leases in consultation with the Supporting Creditors and with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors. The Plan will provide that the executory contracts and unexpired leases that are not assumed or rejected as of the Plan Effective Date (either pursuant to the Plan or a separate motion) will be deemed assumed pursuant to section 365 of the Bankruptcy Code. For the avoidance of doubt, such consent shall be obtained with respect to all decisions to assume or reject, including the deemed assumption of executory contracts and unexpired leases pursuant to the Plan.

Retention of Jurisdiction	The Plan will provide for the retention of jurisdiction by the Bankruptcy Court for usual and customary matters.
Discharge of Claims and Termination of Interests	Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Reorganized Debtors), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a Proof of Claim based upon such debt or right is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (b) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (c) the holder of such a Claim or Interest has accepted the Plan. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the occurrence of the Effective Date.
Releases by the Debtors	Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, each Released Party is deemed released and discharged by the Debtors, the Reorganized Debtors, and their Estates from any and all Causes of Action, including any derivative claims, asserted on behalf of the Debtors, that the Debtors, the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim against, or Interest in, a Debtor or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Merger, the Backstop Commitment Agreement, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the RSA, the Disclosure Statement, the DIP Facility, the Backstop Commitment Agreement, the Plan, or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the RSA, the Disclosure Statement, the DIP Facility, or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other

	occurrence taking place on or before the Effective Date.
Releases by Holders of Claims and Interests	As of the Effective Date, each Releasing Party is deemed to have released and discharged each Debtor, Reorganized Debtor, and Released Party from any and all Causes of Action, whether known or unknown, including any derivative claims, asserted on behalf of the Debtors, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Merger, the Backstop Commitment Agreement, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the RSA, the Disclosure Statement, the DIP Facility, the Plan, the Backstop Commitment Agreement, or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the RSA, the Disclosure Statement, the DIP Facility, or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other related act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date.
Exculpation	Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is released and exculpated from any Cause of Action for any claim related to any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the RSA and related prepetition transactions, the Disclosure Statement, the Plan, or any Restructuring Transaction, contract, instrument, release or other agreement or document created or entered into in connection with the Disclosure Statement or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, except for claims related to any act or omission that is determined in a final order to have constituted actual fraud or gross negligence, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes and distribution of consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.
Injunction	Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities who have held, hold, or may hold claims or interests that have been released, discharged, or are subject to exculpation are permanently enjoined, from and after the Effective Date, from taking any

	of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Exculpated Parties, or the Released Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such claims or interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such claims or interests; (c) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such claims or interests; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such claims or interests unless such holder has filed a motion requesting the right to perform such setoff on or before the Effective Date, and notwithstanding an indication of a claim or interest or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such claims or interests released or settled pursuant to the Plan.

OTHER MATERIAL PROVISIONS REGARDING THE RESTRUCTURING	
Management Incentive Plan	On the Effective Date, the Reorganized Debtors will implement a management incentive plan (the "**Management Incentive Plan**") that shall provide for 10% of the New Common Stock, on a fully diluted basis, to be issued to management of the Reorganized Debtors after the Effective Date at the discretion of the New Board and on terms to be determined by the New Board (including, without limitation, with respect to allocation, timing and structure of such issuance and the Management Incentive Plan). The Plan will permit the establishment of the Management Incentive Plan by the New Board following the Effective Date.
Employment Obligations	Each of the Debtors' "first day" or "second day" motions and proposed orders relating to wages, compensation, and benefits, including executive compensation programs shall be in form and substance acceptable to the Debtors and the Required Supporting Creditors. The Debtors and the Required Supporting Creditors shall mutually agree as to (i) the continuation, after the Effective Date, of the Key Employee Incentive Plan effective as of May 6, 2016 (as amended, supplemented or otherwise modified, the "**KEIP**"), (ii) the Debtors' wages, compensation, and benefit programs that relate to any "insider" as that term is defined in section 101(31) of the Bankruptcy Code and (iii) the assumption, rejection or other disposition of any of the Debtors' existing employment agreements for insiders. Wages, compensation and benefit programs, other than the KEIP that do not relate to insiders shall be continued after the Effective Date and the Supporting Creditors shall support assumption of non-insider employment agreements, in each case unless otherwise agreed by the Debtors and the Required Supporting Creditors and subject to the satisfaction and consent of the Required

	Supporting Creditors (such consent not to be unreasonably withheld) following receipt and analysis by the Required Supporting Creditors and their advisors of satisfactory information from the Company regarding such programs, which information the Company shall provide as promptly as practicable.
Indemnification of Prepetition Directors, Officers, Managers, *et al.*	Consistent with applicable law, all indemnification provisions currently in place (whether in the by-laws, certificates of incorporation or formation, limited liability company agreements, other organizational documents, board resolutions, indemnification agreements, employment contracts, or otherwise) for the current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Debtors, as applicable, shall be reinstated and remain intact, irrevocable, and shall survive the effectiveness of the Restructuring on terms no less favorable to such current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Debtors than the indemnification provisions in place prior to the Restructuring.
Director, Officer, Manager, and Employee Tail Insurance Coverage	On or before the Effective Date, the Debtors shall purchase and maintain directors, officers, managers, and employee liability tail coverage for the six-year period following the Effective Date on terms no less favorable than the Debtors' existing director, officer, manager, and employee coverage and with an aggregate limit of liability upon the Effective Date of no less than the aggregate limit of liability under the existing director, officer, manager, and employee coverage upon placement. Reasonable directors and officers insurance policies shall remain in place in the ordinary course during the Chapter 11 Cases and from and after the Plan Effective Date.
Claims of the Debtors	The Reorganized Debtors, as applicable, shall retain all rights to commence and pursue any Causes of Action, other than any Causes of Action released by the Debtors pursuant to the release and exculpation provisions outlined in this Term Sheet. Prior to consummation of the Plan, the Debtors shall not settle, compromise or discharge any Cause of Action that is not agreed to be released pursuant to this Term Sheet without the consent of the Required Supporting Lenders.
Additional Plan Provisions and Documentation	The Plan shall contain other customary provisions for chapter 11 plans of this type. The Plan and all supporting and implementing documentation (including all briefs and other pleadings filed in support thereof, all documents filed as part of the Plan Supplement, and the Confirmation Order) shall be in form and substance acceptable to the Debtors and the Required Supporting Creditors.
Conditions Precedent to Restructuring	The following shall be conditions to the Effective Date (the "**Conditions Precedent**"): (a) the Bankruptcy Court shall have entered the Confirmation Order, which shall be in form and substance acceptable to the Debtors and the Required Supporting Creditors, and shall:

	(i) authorize the Debtors to take all actions necessary to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created in connection with the Plan; (ii) decree that the provisions of the Confirmation Order and the Plan are nonseverable and mutually dependent; (iii) authorize the Debtors, as applicable/necessary, to: (a) implement the Restructuring Transactions, including the Rights Offering; (b) distribute the New Warrants and the New Common Stock pursuant to the exemption from registration under the Securities Act provided by section 1145 of the Bankruptcy Code or other exemption from such registration or pursuant to one or more registration statements; (c) make all distributions and issuances as required under the Plan, including cash, the New Warrants, and the New Common Stock; and (d) enter into any agreements, transactions, and sales of property as set forth in the Plan Supplement, including the Exit Facility and the Management Incentive Plan; (iv) authorize the implementation of the Plan in accordance with its terms; and (v) provide that, pursuant to section 1146 of the Bankruptcy Code, the assignment or surrender of any lease or sublease, and the delivery of any deed or other instrument or transfer order, in furtherance of, or in connection with the Plan, including any deeds, bills of sale, or assignments executed in connection with any disposition or transfer of assets contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax; and (b) the Debtors shall have obtained all authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan; (c) the final version of the Plan Supplement and all of the schedules, documents, and exhibits contained therein shall have been filed in a manner consistent in all material respects with the RSA, this Term Sheet, and the Plan and shall be in form and substance acceptable to the Debtors and the Required Supporting Creditors; (d) the RSA shall remain in full force and effect; (e) all professional fees and expenses of retained professionals required to be approved by the Bankruptcy Court shall have been paid in full or amounts sufficient to pay such fees and expenses after the Effective Date have been placed in a professional fee escrow account pending approval by the Bankruptcy Court; (f) all professional fees and expenses and of the advisors to the Supporting Creditors, the Credit Agreement Agent, the DIP Facility Lenders and the DIP Facility Agent (including all advisors

	set forth in Section 9 of the RSA) shall have been paid in full; (g) each Loan Party (as defined in the Credit Agreement) that is not a Debtor shall have been released from its obligations under the Credit Agreement and the other Credit Agreement Documents pursuant to the terms thereof; and (h) the Debtors shall have implemented the Restructuring Transactions, including the Rights Offering, and all transactions contemplated by this Term Sheet, in a manner consistent in all respects with the RSA, this Term Sheet, and the Plan, pursuant to documentation acceptable to the Debtors and the Required Supporting Creditors.
Waiver of Conditions Precedent to the Effective Date	The Debtors, with the prior written consent of the Required Supporting Creditors, may waive any one or more of the Conditions Precedent to the Effective Date.
Foreign Proceedings	On or as soon as is reasonably practicable after the Effective Date, the Bermudian Debtors shall commence the Bermudian Proceedings and the Canadian Debtors shall commence the Canadian Proceedings to facilitate the Restructuring and protect certain of the Debtors' assets held outside of the United States.

CORPORATE GOVERNANCE PROVISIONS/SECTION 1145 EXEMPTION	
Governance	The board or directors of Reorganized Debtors (the "**New Board**") shall be appointed by the Supporting Creditors, in consultation with the Reorganized Debtors' management, and the identities of directors on the New Board shall be set forth in the Plan Supplement, to the extent known at the time of filing; *provided, however* that the reorganized Debtors' chief executive officer shall be a member of the New Board and the remainder of the New Board shall be appointed in compliance with section 1129(a)(5) of the Bankruptcy Code. Corporate governance for the Reorganized Debtors, including charters, bylaws, operating agreements, or other organization documents, as applicable (the "**New Organizational Documents**"), shall be consistent with this Term Sheet and section 1123(a)(6) of the Bankruptcy Code (as applicable) and documentation therefor shall be included in the Plan Supplement and otherwise acceptable to the Debtors and the Required Supporting Creditors.
Exemption from SEC Registration	The issuance of all securities under the Plan will be exempt from SEC registration under applicable law.

[*Exhibits follow.*]

EXHIBIT A

DEFINITIONS

Term	Definition
Accredited Investor	As defined in Rule 501 of Regulation D promulgated under the Securities Act.
Administrative Claim	A Claim for costs and expenses of administration of the Chapter 11 Cases pursuant to sections 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred on or after the Petition Date until and including the Effective Date of preserving the Estates and operating the Debtors' businesses; (b) Allowed Professional Claims; and (c) all fees and charges assessed against the Estates pursuant to section 1930 of chapter 123 of title 28 of the United States Code.
Affiliate	As defined in section 101(2) of the Bankruptcy Code.
Allowed	As to a Claim or an Interest, a Claim or an Interest allowed under the Plan, under the Bankruptcy Code, or by a Final Order, as applicable. For the avoidance of doubt, (a) there is no requirement to file a Proof of Claim (or move the Bankruptcy Court for allowance) to be an Allowed Claim under the Plan, and (b) the Debtors may affirmatively determine to deem Unimpaired Claims Allowed to the same extent such Claims would be allowed under applicable nonbankruptcy law.
Backstop Commitment Agreement	As defined in the Term Sheet.
Backstop Fee	As defined in the Term Sheet.
Backstop Parties	Certain of the Supporting Creditors, in their capacity as Backstop Parties under the Backstop Commitment Agreement, including funds and/or accounts managed or advised by Ascribe Capital LLC, Blue Mountain Capital Management, LLC, GSO Capital Partners LP, Silver Point Capital L.P., Solus Alternative Asset Management LP and Symphony Asset Management LLC, in each case that are parties to the RSA.
Bankruptcy Code	As defined in the Term Sheet.
Bankruptcy Court	As defined in the Term Sheet.
Bermuda Act	As defined in the Introduction.
Bermudian Court	As defined in the Introduction.
Bermudian Debtors	As defined in the Introduction.
Bermudian Proceedings	As defined in the Introduction.
C&J Common Stock	C&J Energy's authorized and issued common stock outstanding as of the Effective Date.
C&J Energy	As defined in the Introduction.
Canadian Court	As defined in the Introduction.

Term	Definition
Canadian Debtors	As defined in the Introduction.
Canadian Proceedings	As defined in the Introduction.
Cause of Action	Any claims, interests, damages, remedies, causes of action, demands, rights, actions, suits, obligations, liabilities, accounts, defenses, offsets, powers, privileges, licenses, liens, indemnities, guaranties, and franchises of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, contingent or non-contingent, liquidated or unliquidated, secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, in contract, tort, law, equity, or otherwise. Causes of Action also include: (a) all rights of setoff, counterclaim, or recoupment and claims under contracts or for breaches of duties imposed by law; (b) the right to object to or otherwise contest Claims or Interests; (c) claims pursuant to sections 362, 510, 542, 543, 544 through 550, or 553 of the Bankruptcy Code; and (d) such claims and defenses as fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code.
CCAA	As defined in the Introduction.
Chapter 11 Cases	As defined in the Term Sheet.
Claim	Any claim, as defined in section 101(5) of the Bankruptcy Code, against any of the Debtors.
Class	A category of holders of Claims or Interests pursuant to section 1122(a) of the Bankruptcy Code.
Conditions Precedent	As defined in the Term Sheet.
Confidentiality Agreement	As defined in the RSA.
Confirmation	Entry of the Confirmation Order on the docket of the Chapter 11 Cases.
Confirmation Date	The date on which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases within the meaning of Bankruptcy Rules 5003 and 9021
Confirmation Hearing	The hearing(s) before the Bankruptcy Court under section 1128 of the Bankruptcy Code at which the Debtors seek entry of the Confirmation Order.
Confirmation Order	The order of the Bankruptcy Court confirming the Plan under section 1129 of the Bankruptcy Code, which order shall be in form and substance acceptable to the Debtors and the Required Supporting Creditors.
Supporting Creditors	As defined in the RSA.
Company	C&J Energy and each of its direct and indirect subsidiaries.
Consummation	The occurrence of the Effective Date.

Term	Definition
Credit Agreement	As defined in the RSA.
Credit Agreement Agent	Cortland Capital Market Services LLC, in its capacity as successor administrative agent pursuant to the Credit Facility Documents, its successors, assigns, or any replacement agent appointed pursuant to the terms of the Credit Agreement and, as applicable, its predecessor administrative agent, Bank of America, N.A..
Credit Agreement Documents	Collectively, the Credit Agreement, each other Loan Document (as defined in the Credit Agreement), and all other agreements, documents, and instruments delivered or entered into in connection therewith (including any guarantee agreements, pledge and collateral agreements, intercreditor agreements, and other security documents).
Debtors	As defined in the Term Sheet.
DIP Facility	As defined in the Term Sheet.
DIP Facility Agent	That certain administrative agent under the DIP Facility Loan Agreement
DIP Facility Claim	Any Claim held by the DIP Facility Lenders or the DIP Facility Agent arising under or related to the DIP Facility Loan Agreement or the DIP Facility Order, including any and all fees, interest paid in kind, and accrued but unpaid interest and fees arising under the DIP Facility Loan Agreement
DIP Facility Lenders	Certain of the Supporting Creditors, in their capacity as lenders party to the DIP Facility Loan Agreement, including funds and/or accounts managed or advised by Ascribe Capital LLC, Blue Mountain Capital Management, LLC, GSO Capital Partners LP and Solus Alternative Asset Management LP, in each case that are parties to the RSA.
DIP Facility Loan Agreement	That certain debtor-in-possession credit agreement as approved by the DIP Facility Order, which shall contain terms consistent in all respects with the DIP Facility Term Sheet and otherwise in form and substance acceptable to the Debtors, the DIP Facility Lenders and the Required Supporting Creditors.
DIP Facility Order	Collectively, the interim and final orders entered by the Bankruptcy Court authorizing the Debtors to enter into the DIP Facility Loan Agreement and access the DIP Facility, which shall be in form and substance acceptable to the Debtors, the DIP Facility Lenders and the Required Supporting Creditors.
DIP Facility Term Sheet	As defined in the Term Sheet.
Disclosure Statement	The disclosure statement for the Plan, including all exhibits and schedules thereto, which shall be in form and substance acceptable to the Debtors and acceptable to the Required Supporting Creditors.
Effective Date	The date that is the first Business Day after the Confirmation Date on which all Conditions Precedent have been satisfied or waived in accordance with the Plan.

Term	Definition
Entity	As defined in section 101(15) of the Bankruptcy Code.
Estate	The estate of any Debtor created under sections 301 and 541 of the Bankruptcy Code upon the commencement of the applicable Debtor's Chapter 11 Case.
Excluded Parties	In the event that any holder of Interests in C&J Energy or any Affiliate or subsidiary (other than C&J Energy and any direct or indirect subsidiary thereof) or current or former officer, director, principal, member, employee, agent or advisory board member thereof (a) seeks any relief materially adverse to the Restructuring as agreed herein or the interests of the Debtors, the Supporting Creditors, the Lenders, the Credit Agreement Agent, the DIP Facility Lenders, the DIP Facility Agent or the Backstop Parties or objects to or opposes any material relief sought by (including any request for relief by any other party that is joined by any of the following) the Debtors, the Supporting Creditors, the Credit Agreement Agent, the DIP Facility Lenders, the DIP Facility Agent or the Backstop Parties, (b) is entitled to vote on the Plan and does not vote to accept the Plan, (c) opts out of any third-party releases sought in connection with the Plan or (d) objects to the Plan or causes an objection to the Plan to be made, then such holder of Interests in C&J Energy and each Affiliate and subsidiary (other than C&J Energy and any direct or indirect subsidiary thereof) or current or former officer, director, principal, member, employee, agent or advisory board member thereof shall be an Excluded Party; *provided*, that no current or former director or officer of the Company (in such capacity) shall be an Excluded Party.
Exculpated Parties	Collectively, and in each case (i) excluding any Excluded Parties and (ii) in its capacity as such: (a) the Debtors; (b) any official committees appointed in the Chapter 11 Cases and each of their respective members; and (c) with respect to each of the foregoing, such Entity and its current and former Affiliates, and such Entity's and its current and former Affiliates' current and former equity holders, subsidiaries, officers, directors, managers, principals, members, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, each in their capacity as such.
Exit Facility	As defined in the Term Sheet
General Unsecured Claims	Any Claim other than an Administrative Claim, a Professional Claim, a Secured Tax Claim, an Other Secured Claim, a Priority Tax Claim, an Other Priority Claim, a Mineral Contractor Claim, a Lender Claim, or a DIP Facility Claim.
Governmental Unit	As defined in section 101(27) of the Bankruptcy Code
Impaired	With respect to any Class of Claims or Interests, a Class of Claims or Interests that is impaired within the meaning of section 1124 of the Bankruptcy Code.
Intercompany Claim	A Claim held by a Debtor or an Affiliate against a Debtor or an Affiliate.

Term	Definition
Intercompany Interest	An Interest held by a Debtor or an Affiliate of a Debtor.
Interest	Any Equity Security (as defined in section 101(16) of the Bankruptcy Code) in any Debtor and any other rights, options, warrants, stock appreciation rights, phantom stock rights, restricted stock units, redemption rights, repurchase rights, convertible, exercisable or exchangeable securities or other agreements, arrangements or commitments of any character relating to, or whose value is related to, any such interest or other ownership interest in any Debtor.
Lender	Each lender under the Credit Agreement.
Lender Claim	Any Claim arising under, derived from, or based upon the Credit Agreement.
Management Incentive Plan	As defined in the Term Sheet.
Merger	Those certain transactions on or around March 24, 2015, by and among the predecessors to the Debtors and the completion and production business of Nabors, effectuating a merger of such entities.
Mineral Contractor Claim	Any Claim that is secured by, or in the reasonable judgment of counsel to the Company may be secured by, a lien on property of a customer of the Debtors arising under chapter 56 of the Texas Property Code, or any similar federal, state, or local law, whether or not such Claim is or may be secured by a lien on property of the Debtors.
Nabors	Nabors Industries Ltd.
New Board	As defined in the Term Sheet.
New Common Equity Pool	100% of the New Common Stock issued and outstanding on the Effective Date to be distributed to the holders of Allowed Lender Claims in accordance with the Plan, subject to dilution on account of the Management Incentive Plan, the Rights Offering, the Backstop Fee, and the New Warrants.
New Common Stock	The common stock of Reorganized C&J Energy.
New Warrants	As defined in the Term Sheet.
Other Priority Claim	Any Claim other than an Administrative Claim or a Priority Tax Claim entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.
Other Secured Claim	Any Secured Claim, including any Secured Tax Claim, other than a Lender Claim or a DIP Facility Claim. For the avoidance of doubt, "Other Secured Claims" includes any Claim arising under, derived from, or based upon any letter of credit issued in favor of one or more Debtors, the reimbursement obligation for which is either secured by a Lien on collateral or is subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code.

Term	Definition
Petition Date	The date on which the Chapter 11 Cases were commenced.
Plan	As defined in the Term Sheet.
Plan Restructuring Documents	As defined in the RSA.
Plan Supplement	Any compilation of documents and forms of documents, agreements, schedules, and exhibits to the Plan, which shall be filed by the Debtors no later than 7 days before the Confirmation Hearing or such later date as may be approved by the Bankruptcy Court on notice to parties in interest, and additional documents filed with the Bankruptcy Court prior to the Effective Date as amendments to the Plan Supplement, each of which shall be consistent in all respects with, and shall otherwise contain, the terms and conditions set forth in the RSA and Term Sheet, where applicable, and shall be in form and substance acceptable to the Debtors and the Required Supporting Creditors.
Plan Value	As defined in the Term Sheet.
Priority Tax Claims	Any Claim of a Governmental Unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.
Pro Rata	The proportion that an Allowed Claim or an Allowed Interest in a particular Class bears to the aggregate amount of Allowed Claims or Allowed Interests in that Class.
Professional Claim	A Claim by a professional seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under sections 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code.
Proof of Claim	A proof of Claim filed against any of the Debtors in the Chapter 11 Cases by the applicable Bar Date.
Reinstated	With respect to Claims and Interests, that the Claim or Interest shall be rendered unimpaired in accordance with section 1124 of the Bankruptcy Code.
Released Parties	Collectively, and in each case (i) other than any Excluded Parties and (ii) in its capacity as such: (a) the Supporting Creditors; (b) the Backstop Parties; (c) the Credit Agreement Agent; (d) the DIP Facility Lenders; (e) the DIP Facility Agent; and (f) with respect to each of the Debtors, the Reorganized Debtors, and each of the foregoing entities in clauses (a) through (e), such Entity and its current and former Affiliates and subsidiaries, and such Entities' and their current and former Affiliates' and subsidiaries' current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, and assigns, subsidiaries, and each of their respective current and former equity holders, officers, directors, managers, principals, members, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals.

Term	Definition
Releasing Parties	Collectively, (a) the Supporting Creditors; (b) the Backstop Parties; (c) the DIP Facility Lenders; (d) the Credit Agreement Agent; (e) the DIP Facility Agent; (f) all holders of Claims; (g) all holders of Interests; and (h) with respect to each of the Debtors, the Reorganized Debtors, and each of the foregoing entities in clauses (a) through (g), such Entity and its current and former Affiliates and subsidiaries, and such Entities' and their current and former Affiliates' and subsidiaries' current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, and assigns, subsidiaries, and each of their respective current and former equity holders, officers, directors, managers, principals, members, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, each in their capacity as such collectively.
Reorganized C&J Energy	C&J Energy, or any successor or assign, by merger, consolidation, or otherwise, on or after the Effective Date.
Reorganized Debtors	A Debtor, or any successor or assign thereto, by merger, consolidation, or otherwise, on and after the Effective Date.
Required Supporting Creditors	As defined in the RSA.
Restructuring	As defined in the Introduction.
Restructuring Transactions	As defined in the Term Sheet.
Rights Offering Procedures	The procedures governing the Rights Offering attached as an exhibit to the Backstop Commitment Agreement.
Rights Offering Shares	The shares of New Common Stock distributed pursuant to and in accordance with the Rights Offering.
RSA	As defined in the Term Sheet.
SEC	The Securities and Exchange Commission.
Secured	When referring to a Claim: (a) secured by a Lien on collateral to the extent of the value of such collateral, as determined in accordance with section 506(a) of the Bankruptcy Code or (b) subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code.
Secured Tax Claim	Any Secured Claim that, absent its Secured status, would be entitled to priority in right of payment under section 507(a)(8) of the Bankruptcy Code (determined irrespective of time limitations), including any related Secured Claim for penalties.
Securities Act	The Securities Act of 1933, as amended, 15 U.S.C. §§ 77a–77aa, or any similar federal, state, or local law.
Standby Facility	[TBD.]
Subscription Rights	The rights to purchase Rights Offering Shares as set forth in the Rights Offering Procedures.

Term	Definition
Term Sheet	As defined in the Introduction.
U.S. HoldCo	As defined in the Introduction.
Unimpaired	With respect to a Class of Claims or Interests, a Class of Claims or Interests that is not Impaired.

EXHIBIT A-1 to the Restructuring Term Sheet

DIP Term Sheet

$100.0 Million Senior Secured Debtor-In-Possession Term Loan Facility

Illustrative Summary of Terms And Conditions

*This DIP term sheet (the **"Term Sheet"**), dated as of July 8, 2016, sets forth certain of the principal terms and conditions of a debtor-in-possession loan facility.*

THIS TERM SHEET IS PROVIDED FOR DISCUSSION PURPOSES ONLY AND DOES NOT CONSTITUTE AN OFFER, AGREEMENT OR COMMITMENT TO ENTER INTO THE DEFINITIVE DIP LOAN DOCUMENTS, ANOTHER BUSINESS TRANSACTION OR A RELATIONSHIP. NOTHING IN THIS TERM SHEET IS INTENDED TO REPRESENT A COMMITMENT ON THE PART OF THE DEBTORS OR ANY OF THEIR AFFILIATES OR ANY OF THE LENDERS, TO ENTER INTO THE DIP FACILITY OR ANY OTHER DEFINITIVE AGREEMENT WITH ANY PERSON.

Borrower:	C&J Energy Services Ltd. (the "**Company**") and CJ Holding Co. (the "**US Borrower**" and, together with the Company, the "**Borrowers**").
Guarantors:	Guarantors to include all direct and indirect subsidiaries of the Company that are debtors in the Chapter 11 cases of the Company and such debtor subsidiaries (the "**Cases**"), with exceptions based on the Prepetition Credit Facilities (collectively, the "**Guarantors**"). The Company and the Guarantors are referred to herein as "**Loan Parties**" and each, a "**Loan Party**" or "**Debtors**" and each, a "**Debtor**". The date of commencement of the Cases is referred to herein as the "**Petition Date**".
DIP Lenders:	One or more of Ascribe Capital LLC, funds managed or advised by GSO Capital Partners LP, Blue Mountain Capital Management, LLC and Solus Alternative Asset Management LP (including, in each case, affiliates of any of the foregoing) (the "**Steering Committee Lenders**") and other financial institutions reasonably acceptable to the Steering Committee Lenders (together with the Steering Committee Lenders, the "**DIP Lenders**") and the Company, but excluding in any case Disqualified Lenders (as defined in the Prepetition Credit Agreement).
Certain Prepetition Debt Facilities:	Reference is made to that certain Credit Agreement dated as of March 24, 2015 (as amended, restated, amended and restated, extended, supplemented or otherwise modified, including pursuant to waivers and forbearance agreements, and in effect from time to time, the "**Prepetition Credit Agreement**"), the lenders from time to time party thereto (the "**Prepetition Secured Lenders**") and the revolving and term loan facilities provided thereunder (the "**Prepetition Credit Facilities**").
Administrative Agent:	Cortland Capital Market Services LLC or another institution to be agreed shall act as administrative agent and collateral agent in respect of the DIP Facility (as defined below) (the "**Administrative Agent**").
DIP Facility:	The DIP Lenders will agree to provide a senior secured superpriority delayed draw term loan facility in an aggregate principal amount of up to $100.0 million (the "**DIP Facility**", the loans made thereunder (which shall be denominated in dollars) (the "**DIP Loans**") and the commitments to make such DIP Loans (the "**DIP Commitments**")) on the terms and conditions set forth herein and in the DIP Loan Documents (as defined below). The DIP Facility will be available in up to three drawings (the date of any such

drawing, a "**Delayed Draw Funding Date**"), with (x) the first drawing to be in an amount equal to the lesser of (x) $25,000,000 and (y) the amount permitted to be drawn under the Interim DIP Order, which shall be made on the Closing Date, (y) the second drawing to be made within 2 business days after the entry of the Final DIP Order in an amount that together with the first drawing shall be not less than $50 million in the aggregate and (z) the remainder available to be drawn in one drawing thereafter through and including the DIP Facility Termination Date. Amounts borrowed under the DIP Facility that are prepaid may not be re-borrowed.

The effectiveness of the DIP Facility is conditioned, among other things, on (a) Bankruptcy Court approval of the Adequate Protection (defined below), as protection in respect of (i) the incurrence of the DIP Facility, (ii) the imposition of the automatic stay and (iii) the Debtors' use of collateral that secures the Prepetition Credit Facilities (collectively, the "**Existing Collateral**"), including cash collateral ("**Cash Collateral**") and (b) entry of the Interim DIP Order within 7 calendar days after the Petition Date (or such later date as the Required DIP Lenders may agree in their reasonable discretion).

"**Interim DIP Order**" means an order of the Bankruptcy Court authorizing, on an interim basis, the DIP Facility and the use of Cash Collateral, and containing provisions granting the adequate protection liens described under "Adequate Protection" below and related adequate protection claims, with only such modifications as are satisfactory to the Required DIP Lenders and the Company in their respective sole discretion.

DIP Facility Termination Date:

The "**DIP Facility Termination Date**" with respect to the DIP Facility shall be the earliest of (a) the Scheduled Termination Date (as defined below); (b) seven (7) calendar days after the Petition Date (or such later date as the Required DIP Lenders may agree in their reasonable discretion) if the Interim DIP Order has not been entered prior to such date; (c) 40 calendar days after the entry of the Interim DIP Order (or such later date as the Required DIP Lenders may agree in their reasonable discretion) unless the Final DIP Order has been entered by such date; (d) the substantial consummation (as defined in Section 1101 of the Bankruptcy Code and which for purposes hereof shall be no later than the "effective date" thereof) of a plan of reorganization filed in the Cases that is confirmed pursuant to an order entered by the Bankruptcy Court; and (e) the acceleration of the DIP Loans and the termination of the commitments with respect to such DIP Facility in accordance with the DIP Loan Documents.

"**Scheduled Termination Date**" means March 31, 2017.

"**Final DIP Order**" means a final order of the Bankruptcy Court authorizing the DIP Facility in substantially the form of the Interim DIP Order, with only such modifications as are satisfactory to the Required DIP Lenders in their sole discretion.

Use of Proceeds:

The proceeds of the DIP Facility and any Cash Collateral shall be used only for the following, in each case subject to the terms, conditions and amounts herein and the agreed Rolling Budget (subject to permitted variances) from time to time (the "**Approved Purposes**"): (a) working capital and general corporate purposes in accordance with the Rolling Budget (subject to permitted variances); (b) professional fees and expenses whether or not in accordance with the Rolling Budget; and (c) Bankruptcy Court approved administrative expenses for estate

professionals and such other expenses to which the Required DIP Lenders may consent in their sole direction.

As between the DIP Facility and Cash Collateral, Cash Collateral shall be used first for the Approved Purposes unless otherwise agreed by the Required DIP Lenders in their reasonable discretion.

DIP Loan Documents: The DIP Facility will be documented by customary documentation, which may include a credit agreement, a security agreement and a guaranty agreement, the terms of which will be consistent with this Term Sheet and will be based on the Prepetition Credit Facilities, subject to modifications customary for facilities of this type (such documentation, collectively, together with such ancillary documents contemplated thereunder, the "**DIP Loan Documents**").

Interest Rate: DIP Loans will bear interest, at the option of the Company, at one of the following rates:

(i) the Applicable Margin (as defined below) plus the Base Rate (to be defined in a customary manner), payable monthly in arrears; or

(ii) the Applicable Margin plus the LIBO Rate (to be defined in a customary manner), *provided* that in no event shall the LIBO Rate be less than 1.00% (the "**LIBOR Floor**").

"**Applicable Margin**" means 8.00%, in the case of Base Rate loans and 9.00%, in the case of LIBO Rate loans.

During the continuance of an event of default under the DIP Facility, overdue amounts will bear interest at an additional 2% *per annum* (the "**Default Rate**").

OID and Fees: *Original issue discount* - For the account of the DIP Lenders, an original issue discount equal to 2.00% of the DIP Commitments, which discount shall be earned and due and payable on the Closing Date.

Ticking Fee - From and after the Closing Date, a non-refundable unused commitment fee at the rate of 5.00% per annum will accrue on the undrawn portion of the DIP Facility, payable monthly in arrears and on the availability termination date.

Prepayment Fee - For the account of the DIP Lenders, a prepayment fee of 2.00% if the DIP Loans are prepaid with the proceeds of another financing during the pendency of the Cases.

Agency Fees - As separately agreed to between the Company and the Administrative Agent.

Optional Prepayments: The Company may, upon at least 3 business days' notice for LIBO Rate loans and same day's notice for Base Rate loans and at the end of any applicable interest period (or at other times with the payment of applicable breakage costs), prepay in full or in part, without premium or penalty (other than such breakage costs and except as provided above), the DIP Loans; *provided* that each such partial prepayment shall be in a minimum aggregate amount to be mutually agreed.

Mandatory Prepayments: Mandatory prepayments of the DIP Loans shall be required solely with (a) 100.0% of the net cash proceeds (subject to exceptions to be agreed, including, without limitation, (i) dispositions of obsolete, worn out or 'scrap' property in the ordinary course of business, (ii) dispositions of light vehicles (i.e., cars and

pick-up trucks but not heavy trucks or rigs) in the ordinary course of business, (iii) the ability to reinvest the net cash proceeds of up to $10 million in the aggregate from casualty events on the terms set forth in the Prepetition Credit Agreement (without giving effect to any limited waiver or forbearance agreement delivered with respect thereto), (iv) the sale or other disposition of all or a portion of the business of Total E&S Inc. (provided that 75% of the net cash proceeds of such sale or other disposition shall be deposited into a segregated blocked agreement pledged to the Administrative Agent to ensure sufficient liquidity at the exit from the Cases) and (v) a *de minimis* basket of $10 million of net cash proceeds in the aggregate for other applicable sales or dispositions) from sales or other dispositions of any assets and (b) 100% of the net cash proceeds of any indebtedness not permitted by the DIP Facility (subject to the 2% prepayment fee as provided above in the case of another financing during the pendency of the Cases).

Security and Priority: The obligations of the Borrowers under the DIP Facility and the obligations of each Guarantor in respect of its guarantee of all of the foregoing shall, subject to the Carve-Out (as defined below), at all times:

(a) be entitled to superpriority administrative expense claim status in the Case of such Loan Party (the "**DIP Superpriority Claims**");

(b) be secured by a perfected first priority security interest and lien on the Collateral of each Loan Party to the extent such Collateral is not subject to valid, perfected and non-avoidable liens as of the Petition Date (subject to customary exclusions and excluding claims and causes of action under sections 502(d), 544, 545, 547, 548 and 550 of the Bankruptcy Code (collectively "**Avoidance Actions**") (it being understood that notwithstanding such exclusion of Avoidance Actions, upon entry of the Final DIP Order, to the extent approved by the Bankruptcy Court, such lien shall attach to any proceeds of Avoidance Actions);

(c) except as otherwise provided in the immediately following clause (d) be secured by a junior perfected security interest and lien on the Collateral of each Loan Party to the extent that such Collateral is subject to valid, perfected and unavoidable liens in favor of third parties that were in existence immediately prior to the Petition Date and permitted under the Prepetition Credit Agreement, or to valid and unavoidable permitted liens in favor of third parties that were in existence immediately prior to the Petition Date that were perfected subsequent to the Petition Date as permitted by Section 546(b) of the Bankruptcy Code (other than the existing liens that secure obligations of the applicable Loan Party under or governed by the Prepetition Credit Agreement, which existing liens will be primed by the liens described in clause (d) below), subject as to priority to such liens in favor of such third parties; and

(d) pursuant to Section 364(d)(1) of the Bankruptcy Code, be secured by a perfected priming security interest and lien on the Collateral of each Loan Party (such lien and security interest, the "**Priming Liens**") to the extent that Collateral is subject to existing liens that secure the obligations of the applicable Loan Party under the Prepetition Credit Agreement (the "**Primed Liens**").

The Priming Liens (x) shall be senior in all respects to the interests in such property of the Prepetition Secured Lenders under the Prepetition Credit

Facilities (the "**Primed Parties**") and (y) shall also be senior to any liens granted to provide Adequate Protection in respect of any of the Primed Liens.

All of the liens described above shall be effective and perfected upon entry of the Interim DIP Order.

"**Collateral**" means all owned or hereafter acquired assets and property of the Loan Parties (including, without limitation, inventory, accounts receivable, property, plant, equipment, rights under leases and other contracts, patents, copyrights, trademarks, tradenames and other intellectual property and capital stock of subsidiaries), and the proceeds thereof, subject to exclusions based on the Prepetition Credit Facilities with modifications to be agreed that are customary for facilities of this type, and excluding Avoidance Actions and, prior to entry of the Final DIP Order, proceeds of Avoidance Actions.

Carve-Out: As used in this Term Sheet, the "**Carve-Out**" means the sum of (i) all fees required to be paid to the Clerk of the Court and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate (without regard to the notice set forth in (iii) below); (ii) all reasonable fees and expenses up to $50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code (without regard to the notice set forth in (iii) below); (iii) to the extent allowed at any time, whether by interim order, procedural order, or otherwise, all unpaid fees and expenses (the "**Allowed Professional Fees**") incurred by persons or firms retained by the Debtors pursuant to section 327, 328, or 363 of the Bankruptcy Code (the "**Debtor Professionals**") and the Creditors' Committee pursuant to section 328 or 1103 of the Bankruptcy Code (the "**Committee Professionals**" and, together with the Debtor Professionals, the "**Professional Persons**") at any time before or on the first business day following delivery by the Administrative Agent of a Carve-Out Trigger Notice (as defined below), whether allowed by the Court prior to or after delivery of a Carve-Out Trigger Notice; and (iv) Allowed Professional Fees of Professional Persons in an aggregate amount not to exceed $4,000,000 incurred after the first business day following delivery by the Administrative Agent of the Carve-Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise (the amounts set forth in this clause (iv) being the "**Post-Carve-Out Trigger Notice Cap**"). For purposes of the foregoing, "**Carve-Out Trigger Notice**" shall mean a written notice delivered by email (or other electronic means) by the Administrative Agent to the Debtors, their lead restructuring counsel, the U.S. trustee, and counsel to the Creditors' Committee, which notice may be delivered following the occurrence and during the continuation of an Event of Default and acceleration of the DIP Facility, stating that the Post-Carve-Out Trigger Notice Cap has been invoked.

On the day on which a Carve-Out Trigger Notice is given by the Administrative Agent to the Debtors with a copy to counsel to the Creditors' Committee (the "**Termination Declaration Date**"), the Carve-Out Trigger Notice shall (i) be deemed a draw request and notice of borrowing by the US Borrower for DIP Loans under the DIP Commitment (on a pro rata basis based on the then outstanding DIP Commitments), in an amount equal to the then unpaid amounts of the Allowed Professional Fees (any such amounts actually advanced shall constitute DIP Loans) and (ii) also constitute a demand to the US Borrower to utilize all cash on hand as of such date and any available cash thereafter held by any Debtor to fund a reserve in an amount equal to the then unpaid amounts of

the Allowed Professional Fees. The Debtors shall deposit and hold such amounts in a segregated account at the Administrative Agent in trust to pay such then unpaid Allowed Professional Fees (the "**Pre-Carve-Out Trigger Notice Reserve**") prior to any and all other claims. On the Termination Declaration Date, the Carve-Out Trigger Notice shall also be deemed a request by the Debtors for DIP Loans under the DIP Commitment (on a pro rata basis based on the then outstanding DIP Commitments), in an amount equal to the Post-Carve-Out Trigger Notice Cap (any such amounts actually advanced shall constitute DIP Loans). The Debtors shall deposit and hold such amounts in a segregated account at the Administrative Agent in trust to pay such Allowed Professional Fees benefiting from the Post-Carve-Out Trigger Notice Cap (the "**Post Carve-Out Trigger Notice Reserve**" and, together with the Pre-Carve-Out Trigger Notice Reserve, the "**Carve-Out Reserves**") prior to any and all other claims. On the first business day after the Administrative Agent gives such notice to such DIP Lenders, notwithstanding anything in the Term Sheet to the contrary, including with respect to the existence of a Default or Event of Default, the failure of the Debtors to satisfy any or all of the conditions precedent for DIP Loans under the DIP Facility, any termination of the DIP Commitments following an Event of Default, or the occurrence of the Scheduled Termination Date, each DIP Lender with an outstanding Commitment (on a pro rata basis based on the then outstanding Commitments) shall make available to the Administrative Agent such DIP Lender's pro rata share with respect to such borrowing in accordance with the DIP Facility. All funds in the Pre-Carve-Out Trigger Notice Reserve shall be used first to pay the obligations set forth in clauses (i) through (iii) of the definition of Carve-Out set forth above (the "**Pre-Carve-Out Amounts**"), but not, for the avoidance of doubt, the Post-Carve-Out Trigger Notice Cap, until paid in full, and then, to the extent the Pre Carve-Out Trigger Notice Reserve has not been reduced to zero, to pay the Administrative Agent for the benefit of the DIP Lenders, unless the DIP Facility has been indefeasibly paid in full in cash and all Commitments have been terminated, in which case any such excess shall be paid to the Prepetition Secured Lenders in accordance with their rights and priorities as of the Petition Date. All funds in the Post-Carve-Out Trigger Notice Reserve shall be used first to pay the obligations set forth in clause (iv) of the definition of Carve-Out set forth above (the "**Post-Carve-Out Amounts**"), and then, to the extent the Post Carve-Out Trigger Notice Reserve has not been reduced to zero, to pay the Administrative Agent for the benefit of the DIP Lenders, unless the DIP Facility has been indefeasibly paid in full in cash and all Commitments have been terminated, in which case any such excess shall be paid to the Prepetition Secured Lenders in accordance with their rights and priorities as of the Petition Date. Notwithstanding anything to the contrary in this Term Sheet, if either of the Carve-Out Reserves is not funded in full in the amounts set forth herein, then, any excess funds in one of the Carve-Out Reserves following the payment of the Pre-Carve-Out Amounts and Post-Carve-Out Amounts, respectively, shall be used to fund the other Carve-Out Reserve, up to the applicable amount set forth herein, prior to making any payments to the Administrative Agent or the Prepetition Secured Lenders, as applicable. Notwithstanding anything to the contrary in the Term Sheet, following delivery of a Carve-Out Trigger Notice, the Administrative Agent and the Prepetition Secured Lenders shall not sweep or foreclose on cash (including cash received as a result of the sale or other disposition of any assets) of the Debtors until the Carve-Out Reserves have been

fully funded, but shall have a security interest in any residual interest in the Carve-Out Reserves, with any excess paid to the Administrative Agent for application in accordance with this Term Sheet. Further, notwithstanding anything to the contrary in this Term Sheet, (i) disbursements by the Debtors from the Carve-Out Reserves shall not constitute DIP Loans or increase or reduce the DIP Facility, (ii) the failure of the Carve-Out Reserves to satisfy in full the Allowed Professional Fees shall not affect the priority of the Carve-Out, and (iii) in no way shall the initial budget, budget, Carve-Out, Post-Carve-Out Trigger Notice Cap, Carve-Out Reserves, or any of the foregoing be construed as a cap or limitation on the amount of the Allowed Professional Fees due and payable by the Debtors. For the avoidance of doubt and notwithstanding anything to the contrary herein or in the Prepetition Credit Facilities, the Carve-Out shall be senior to all liens and claims securing the DIP Facility, and any and all other forms of adequate protection, liens, or claims securing the DIP Facility.

Any payment or reimbursement made prior to the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall not reduce the Carve-Out.

Any payment or reimbursement made on or after the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall permanently reduce the Carve-Out on a dollar-for-dollar basis. Any funding of the Carve-Out shall be added to, and made a part of, the DIP Facility secured by the Collateral and shall be otherwise entitled to the protections granted under the order approving the DIP Facility, the Bankruptcy Code, and applicable law.

Notwithstanding the foregoing, the Carve-Out shall not include, apply to or be available for any fees or expenses incurred by any party in connection with (a) the investigation, initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation (i) against any of the DIP Lenders, the Administrative Agent, or the Prepetition Secured Lenders, or (ii) challenging the amount, validity, perfection, priority or enforceability of or asserting any defense, counterclaim or offset to, the obligations and the liens and security interests granted under the DIP Loan Documents or the indebtedness described in "Certain Prepetition Debt Facilities" above (whether in such capacity or otherwise), including, in each case, without limitation, for lender liability or pursuant to section 105, 510, 544, 547, 548, 549, 550, or 552 of the Bankruptcy Code, applicable non-bankruptcy law or otherwise; (b) attempts to modify any of the rights granted to the DIP Lenders or the Administrative Agent; (c) attempts to prevent, hinder or otherwise delay any of the DIP Lenders' or the Administrative Agent's assertion, enforcement or realization upon any Collateral in accordance with the DIP Loan Documents and the Final DIP Order other than to seek a determination that an event of default has not occurred or is not continuing; or (d) paying any amount on account of any claims arising before the commencement of the Cases unless such payments are approved by an order of the Bankruptcy Court; provided, however, that the Carve Out and such collateral proceeds and loans under the DIP Loan Documents may be used for allowed fees and expenses, in an amount not to exceed $50,000 in the aggregate (the "**Investigation Fund**"), incurred solely by the Creditors' Committee in investigating any potential Challenges (as defined in the Interim DIP Order) during the Challenge Period (as defined in the Interim DIP Order); provided further, however, that the Investigation Fund shall not be used for fees and

expenses incurred to initiate, assert, join, commence, support, or prosecute any Challenges.

Adequate Protection: As protection in respect of (x) the incurrence of the DIP Facility, (y) the imposition of the automatic stay, and (z) the Debtors' use of the Existing Collateral including Cash Collateral, the Debtors and the DIP Lenders agree, subject to Bankruptcy Court approval, to all of the following forms of adequate protection (the "**Adequate Protection**"):

(a) The Existing Collateral comprising Cash Collateral may be used to the extent set forth in this Term Sheet and the DIP Loan Documents.

(b) Subject to the requirements and limitations set forth in the Rolling Budget (subject to permitted variances), Cash Collateral will only be used for the purposes set forth in the Rolling Budget (subject to permitted variances), without prior written authorization of the Required DIP Lenders (in their reasonable discretion), *provided* that Cash Collateral will only be used in accordance with the DIP orders entered by the Bankruptcy Court from time to time.

(c) From the date of the Interim DIP Order to the DIP Facility Termination Date, and except to the extent of the Carve-Out, no claim may be asserted against the Administrative Agent, the DIP Lenders, or the Prepetition Secured Lenders, each in their capacity as such, to charge any expenses of administration of the Cases or any future proceeding that may result therefrom, including liquidation in bankruptcy or other proceedings under the Bankruptcy Code, against the Collateral or the Existing Collateral or recover such expenses from the Collateral or the Existing Collateral pursuant to section 506(c) of the Bankruptcy Code or any similar principle of law, without the prior written consent of the Required DIP Lenders and the Prepetition Secured Lenders, and no such consent shall be implied from any other action, inaction, or acquiescence by the DIP Lenders or Prepetition Secured Lenders.

(d) The Primed Parties whose liens will be primed as described above, and whose Cash Collateral will be authorized for use by the Loan Parties, will receive as adequate protection, pursuant to sections 361, 363(e) and 364(d)(1) of the Bankruptcy Code:

(i) current cash payment of professional fees and expenses otherwise reimbursable under the Prepetition Credit Facilities,

(ii) to the extent of any diminution in value of their prepetition security interests, replacement or, if applicable, new liens on the Collateral that are junior to the liens securing the DIP Facility, and

(iii) to the extent of any diminution in value of their prepetition security interests, superpriority claims as provided for in section 507(b) of the Bankruptcy Code that are junior to the DIP Superpriority Claims.

Conditions Precedent to Effectiveness: The effectiveness of the DIP Loan Documents (the "**Closing**"; the date on which the Closing occurs, the "**Closing Date**") and the availability of the DIP Facility shall be subject to the satisfaction (or waiver) of customary conditions for DIP financings of this type.

Conditions Precedent to each Borrowing: Each borrowing under the DIP Facility will be subject to the satisfaction (or waiver) on each Delayed Draw Funding Date of conditions based on those set forth in the Prepetition Credit Facilities, subject to customary modifications for

facilities of this type.

Representations and Warranties: The DIP Loan Documents will contain representations and warranties based on the Prepetition Credit Facilities, subject to customary modifications for facilities of this type to reflect the Cases and events or circumstances impacting thereon.

Affirmative and Negative Covenants: The DIP Loan Documents will contain affirmative and negative covenants based on the Prepetition Credit Facilities, subject to modifications customary for facilities of this type to reflect the Cases and events or circumstances impacting thereon; provided that the Loan Parties will be permitted to make investments in, or otherwise make payments to, non-Loan Party subsidiaries of the Company in an aggregate amount not to exceed $5.0 million.

Financial Covenants: The DIP Facility will contain only the following Financial Covenants:

(a) Tested weekly as of the last business day of each week (each such day, a "**Test Date**") for the applicable Test Period (as defined below) ending on such Test Date against the most recent Rolling Budget that covers such Test Period, the Company shall not allow (i) the aggregate receipts of the Company and its subsidiaries to be less than the Variance Percentage (for the applicable Test Period) of the aggregate receipts line item for the Company and its subsidiaries and (ii) the aggregate operating disbursements (excluding professional fees and expenses) made by the Company and its subsidiaries to be greater than the Variance Percentage (for the applicable Test Period) of the aggregate operating disbursements line item. The Financial Covenant set forth in this clause (a) is referred to as the "**Budget Variance Financial Covenant**". For purposes hereof, "**Test Period**" means (i) in respect of the first Test Date covered in the most recent Rolling Budget, the one-week period ending on such Test Date (the "**First Test Period**"), (ii) in respect of the second Test Date covered in the most recent Rolling Budget, the two-week period ending on such Test Date (the "**Second Test Period**"), (iii) in respect of the third Test Date covered in the most recent Rolling Budget, the three-week period ending on such Test Date (the "**Third Test Period**") and (iv) in respect of any subsequent Test Date covered in the most recent Rolling Budget, the four-week period ending on such Test Date (each, a "**Subsequent Test Period**"). As used herein, "**Variance Percentage**" means the corresponding percentage below:

Test Period	**Variance Percentage**	
	Receipts	**Disbursements**
First Test Period	75%	125%
Second Test Period	75%	125%
Third Test Period	80%	120%
Subsequent Test Period	80%	120%

(b) Tested monthly, the Company shall not make any capital expenditures, except for capital expenditures not exceeding an amount equal to the applicable amount set forth below for the period beginning on the Closing Date and ending on the last day of such month.

Fiscal Month	**Capital Expenditures**

August 2016	$15,560,000
September 2016	$21,550,000
October 2016	$27,540,000
November 2016	$33,530,000
December 2016	$39,510,000
January 2017	$46,540,000
February 2017	$53,660,000
March 2017	$61,870,000

Case Milestones: The DIP Loan Documents shall require compliance with the following milestones (the "**Case Milestones**") in accordance with the applicable timing referred to below (or such later dates as approved by the Required DIP Lenders):

(a) approval of the DIP Facility in form and substance satisfactory to the DIP Lenders on an interim basis within 7 calendar days after the Petition Date (or such later date as the Required DIP Lenders may agree in their reasonable discretion);

(b) approval of the DIP Facility in form and substance satisfactory to the DIP Lenders on a final basis within 40 calendar days after the entry of the Interim DIP Order (or such later date as the Required DIP Lenders may agree in their reasonable discretion);

(c) as promptly as possible but in no event later than 30 calendar days after the Petition Date, the Debtors shall have filed a plan of reorganization (an "**Acceptable Plan of Reorganization**") and disclosure statement (an "**Acceptable Disclosure Statement**") that are, in each case, acceptable to the DIP Lenders in their sole discretion;

(d) approval of the Acceptable Disclosure Statement within 90 calendar days after the Petition Date;

(f) confirmation of the Acceptable Plan of Reorganization within 130 calendar days after the Petition Date (the "**Confirmation Date**"); and

(g) effectiveness of the Acceptable Plan of Reorganization by no later than 21 calendar days following the Confirmation Date.

To the extent the milestones set forth above are extended pursuant to the restructuring support agreement among the Loan Parties and the Steering Committee Lenders (the "**Restructuring Support Agreement**"), such milestones shall also be extended by such amount for purposes of the DIP Facility.

Failure by the Company to meet any of the foregoing milestones shall constitute an event of default under the DIP Loan Documents and shall cause the consensual use of Cash Collateral (described in the "Adequate Protection" section of this Term Sheet) to be terminated.

Financial Reporting Requirements: Limited to the following:

(a) monthly unaudited consolidated financial statements of the Company and its subsidiaries (together with a consolidating balance sheet and income statement

of the Loan Parties and their subsidiaries that are not Loan Parties) within 30 days after the end of each fiscal month, certified by the Company's chief financial officer, chief accounting officer or treasurer;

(b) quarterly unaudited consolidated financial statements of the Company and its subsidiaries (together with a consolidating balance sheet and income statement of the Loan Parties and their subsidiaries that are not Loan Parties) within 45 days of quarter-end for the first 3 fiscal quarters of the fiscal year, certified by the Company's chief financial officer, chief accounting officer or treasurer;

(c) annual audited consolidated financial statements of the Company and its subsidiaries (together with a consolidating balance sheet and income statement of the Loan Parties and their subsidiaries that are not Loan Parties, which consolidating balance sheet and income statement shall not be required to be audited) within 90 days of year-end, accompanied by an audit report (which may be subject to qualifications and exceptions in respect of the financial condition of the Company and its subsidiaries) with respect to such consolidated statements by KPMG LLP, any other "Big 4" accounting firm or other independent certified public accountants reasonably acceptable to the Required DIP Lenders;

(d) copies of all reports on Form 10-K, 10-Q or 8-K filed by the Company or its subsidiaries with the Securities and Exchange Commission;

(e) weekly flash reporting of cash and cash equivalents, including both book and bank balances, substantially the same as the flash reporting required under that certain Forbearance Agreement dated May 31, 2016 among the Borrowers, the other loan parties under the Prepetition Credit Agreement party thereto, certain of the Prepetition Secured Lenders and the other parties thereto; and

(f) periodic reporting of professional fees and expenses to be determined.

Any of the foregoing requirements under clauses (a), (b), (c) and (d) will be permitted to be satisfied by means of filing the applicable statements with the SEC or other authority or posting the applicable statements to a publicly-available website, in each case as and to the extent permitted under the Prepetition Credit Facility.

Budget Reporting: Limited to the following:

1. The Company shall deliver on the Closing Date, in each case in form and substance reasonably satisfactory to the Lenders:

(i) monthly projections for the nine months after the Closing Date (such budget, as amended, modified or supplemented in a manner reasonably satisfactory to the Required Lenders, the "**DIP Budget**"); and

(ii) a thirteen (13) week budget for the Approved Purposes, including use of Cash Collateral (starting with the week of the Petition Date), which sets forth, among other things, on a cumulative roll-forward basis, the projected cash disbursements and projected cash receipts for each applicable week (such budget, the "**Initial Rolling Budget**").

2. The Company shall deliver to the Administrative Agent on the third business day of each 4-week period following the Closing Date:

(i) a new thirteen (13) week budget for the Approved Purposes, including use of Cash Collateral, in form substantially similar to the Initial Rolling Budget and in

	substance reasonably satisfactory to the Required Lenders (such budget, together with the Initial Rolling Budget, the "**Rolling Budget**") (subject to a deemed consent construct if the Required Lenders do not dispute any such budget within 5 business days after delivery of such budget). 3. The Company shall deliver to the Administrative Agent, in form reasonably satisfactory to the Required Lenders, on the third business day of each week for the applicable Test Period ending on the last business day of the prior week: (i) a report (the "**Budget Compliance Report**") that sets forth, for such Test Period, a comparison of the actual cash disbursements and actual cash receipts to the projected cash disbursements (other than in respect of professional fees and expenses) and projected cash receipts set forth in the most recent Rolling Budget for such period, together with a certification from the Company that it is in compliance with the Budget Variance Financial Covenant. Notwithstanding the forgoing, the DIP Loan Documents will provide that the Company will be permitted to pay all professional fees and expenses notwithstanding the information disclosed in any financial report delivered thereunder.
Events of Default:	The DIP Loan Documents will contain events of default based on the Prepetition Credit Facilities, subject to modifications consistent for facilities of this type to reflect the Cases and events or circumstances impacting thereon. The termination of the Restructuring Support Agreement in accordance with its terms shall constitute an event of default under the DIP Loan Documents.
Expenses and Indemnification:	The DIP Loan Documents will contain provisions for payment of expenses and indemnification of the Administrative Agent and the DIP Lenders based on the Prepetition Credit Facilities.
Assignments and Participations:	Assignments must be in a minimum amount to be mutually agreed (or, if less, the remaining commitments and/or DIP Loans of any assigning DIP Lender) and are subject to the consent of the Company (absent a continuing Event of Default) and the Administrative Agent, except, in each case, with respect to any assignment to a DIP Lender, an affiliate of such a DIP Lender or a fund engaged in investing in commercial loans that is advised or managed by such a DIP Lender. No participation shall include voting rights, other than for matters requiring consent of all affected DIP Lenders.
Required DIP Lenders:	DIP Lenders holding, in the aggregate, more than 50.0% of the outstanding commitments and/or exposure under the DIP Facility (the "**Required DIP Lenders**").
Amendments:	Required DIP Lenders, except for amendments customarily requiring approval by directly and adversely affected DIP Lenders based on the Prepetition Credit Facilities, subject to modifications consistent for facilities of this type.
Miscellaneous:	The DIP Loan Documents will include (i) yield protection provisions, (ii) waivers of consequential damages and jury trial, and (iii) agency, set-off and sharing language, in each case based on the Prepetition Credit Facilities.
Governing Law and Submission to Exclusive Jurisdiction:	State of New York (and, to the extent customary for DIP financings, the Bankruptcy Code).

Counsel to the Administrative Agent:	Davis Polk & Wardwell LLP.

EXHIBIT B

Form of Joinder Agreement

Joinder Agreement

[_____], 2016

The undersigned ("***Transferee***") hereby acknowledges that it has read and understands the Restructuring Support Agreement, dated as of [___], 2016, a copy of which is attached hereto as Annex I (as it may be amended, supplemented, or otherwise modified from time to time, the "***Restructuring Support Agreement***"),[1] by and among the Company Parties and the Supporting Creditors.

1. Agreement to be Bound. The Transferee hereby agrees to be bound by all of the terms of the Restructuring Support Agreement. The Transferee shall hereafter be deemed to be a "Supporting Creditor" and a "Party" for all purposes under the Restructuring Support Agreement.

2. Representations and Warranties. With respect to the aggregate principal amount of Holdings Credit Agreement Claims set forth below its name on the signature page hereof, the Transferee hereby makes the representations and warranties of the Supporting Creditors set forth in Section 4.06 of the Restructuring Support Agreement to each other Party.

3. Governing Law. This joinder agreement (the "***Joinder Agreement***") to the Restructuring Support Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to any conflicts of law provisions which would require the application of the law of any other jurisdiction.

* * * * *

[Remainder of Page Intentionally Left Blank]

[1] Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Restructuring Support Agreement.

IN WITNESS WHEREOF, the Transferee has caused this Joinder Agreement to be executed as of the date first written above.

Name of Transferor: _____

Name of Transferee: _____

By: _____

Name: _____

Title: _____

Principal Amount of Term Loan Transferred: $_____
Principal Amount of Revolving Loan Transferred: $_____

Notice Address:

_____
_____
_____
Fax: _____
Attention: _____

With a copy to:

_____
_____
_____
Fax: _____
Attention: _____
_____

FIRST AMENDMENT TO RESTRUCTURING SUPPORT AND LOCK-UP AGREEMENT

This First Amendment (this "**Amendment**"), dated as of July 14, 2016, to that certain Restructuring Support and Lock-Up Agreement, dated as of July 8, 2016 (the "**Existing RSA**" and, as amended by this Amendment and as may be further amended, supplemented, or otherwise modified from time to time, the "**First Amended RSA**"), by and among C&J Energy Services, Ltd. ("**C&J Energy**") and certain of its direct and indirect subsidiaries that are parties to the Existing RSA (collectively, the "**Company**" or the "**Company Parties**") and the undersigned Lenders constituting the Required Supporting Creditors and the DIP Lenders holding a majority in amount of the aggregate loans and commitments under the DIP Facility (the "**Required DIP Lenders**") (such undersigned Lenders, collectively, with the Company Parties, the "**Amendment Parties**"). Capitalized terms used but not otherwise defined herein have the meaning ascribed to such terms in the Existing RSA.

RECITALS

WHEREAS, pursuant to the Existing RSA, the parties thereto agreed to support a Restructuring that is to be implemented through a Plan;

WHEREAS, Section 8 of the Existing RSA provides that the Existing RSA may not be modified, amended, or supplemented except with prior written consent of the Company Parties and Required Supporting Creditors and, with respect to the DIP Term Sheet, the Required DIP Lenders; and

WHEREAS, the Amendment Parties constitute the Company Parties, the Required Supporting Creditors and the Required DIP Lenders and desire to amend the Existing RSA as set forth in this Amendment.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Amendment Party, intending to be legally bound hereby, agrees as follows:

AGREEMENT

Section 1. Amendments to the Existing RSA.

1.01. The paranthetical defining the terms "Supporting Creditors" and "Parties" at the end of introductory paragraph ii to the Existing RSA is hereby amended and restated in its entirety as follows:

> "(such lenders or certain designated affiliates thereof that execute signature pages hereto, the "**Supporting Creditors**" and, collectively, with (i) the Company Parties and (ii) any transferee that becomes a Supporting Creditor pursuant to Section 4.03(a), the "**Parties**")"

1.02. The last sentence of Section 3 ("Definitive Documentation") of the Existing RSA is hereby amended and restated in its entirety as follows:

"As used herein, the term "Required Supporting Creditors" means, at any relevant time, the Supporting Creditors holding more than 50.0% of the aggregate outstanding principal amount of the Total Credit Exposure held by Supporting Creditors."

1.03. Section 4.02(b)(ii) of the Existing RSA shall be amended to replace "July 17, 2016" with "July 20, 2016".

1.04. Section 7 of the Existing RSA is hereby amended by adding the following new Section 7.06:

"7.06. Withdrawal by Any Supporting Creditor. Any Supporting Creditor may withdraw from this Agreement on or after the date that is one year after the Agreement Effective Date by giving notice of such withdrawal to the Company Parties and the other Supporting Creditors pursuant to Section 10.09 hereof. Withdrawal pursuant to this Section 7.06 shall terminate the rights and obligations solely of the withdrawing Supporting Creditor under this Agreement and shall not otherwise affect any rights and obligations of, or terminate this Agreement with respect to, any other Party under this Agreement."

1.05. Section 8 of the Existing RSA is hereby amended and restated in its entirety as follows:

"**Section 8**. ***Amendments***. This Agreement, including the Restructuring Term Sheet, may not be modified, amended, or supplemented without prior written consent of the Company Parties and Required Supporting Creditors; provided, however, that if the proposed modification, amendment or supplement has a material, adverse and disproportionate (as compared to other Supporting Creditors holding claims within the same Class as provided for in the Term Sheet) effect on any of the Supporting Creditors or the Claims held by any of the Supporting Creditors, then the consent of each such affected Supporting Creditor shall also be required to effectuate such modification, amendment, or supplement."

Section 2. Amendments to the Restructuring Term Sheet. The Amendment Parties agree that on the First Amendment Effective Date (as defined below), the Term Sheet exhibited to the Existing RSA (the "**Existing Restructuring Term Sheet**") shall be amended and restated in the form attached hereto as Exhibit A-1 (the "**First Amended Restructuring Term Sheet**") and any term or provision of the Existing Restructuring Term Sheet which is different from the First Amended Restructuring Term Sheet shall be replaced and superseded in all respects by the terms and provisions of the First Amended Restructuring Term Sheet. A comparison reflecting the differences between the First Amended Restructuring Term Sheet and the Existing Restructuring Term Sheet is attached hereto as Exhibit A-2.

Section 3. Amendments to the DIP Facility Term Sheet. The Amendment Parties hereto agree that on the First Amendment Effective Date, the DIP Facility Term Sheet exhibited to the Existing RSA (the "**Existing DIP Term Sheet**") shall be amended and restated in the form attached hereto as Exhibit B-1 (the "**First Amended DIP Term Sheet**") and any term or provision of the Existing DIP Term Sheet which is different from the First Amended DIP Term

Sheet shall be replaced and superseded in all respects by the terms and provisions of the First Amended DIP Term Sheet. A comparison reflecting the differences between the First Amended DIP Term Sheet and the Existing DIP Term Sheet is attached hereto as Exhibit B-2.

Section 4. Effect of Amendment; Ratification. Except as specifically amended or waived hereby, the terms and provisions of the Existing RSA are in all other respects ratified and confirmed and remain in full force and effect without modification or limitation. Except as expressly provided herein, this Amendment shall not be deemed or construed (i) to be a consent granted pursuant to, or a waiver, modification or forbearance of, any term or condition of the Existing RSA, any of the instruments or agreements referred to therein or a waiver of any breach under the Existing RSA, whether or not known to any party thereto, or (ii) to prejudice any right or remedy which any party to the Existing RSA may now have or have in the future under or in connection with the Existing RSA, or any of the instruments or agreements referred to therein, as applicable.

Section 5. Effectiveness of This Amendment. This Amendment shall become effective on the date (such date, the "**First Amendment Effective Date**") on which counsel to the Company Parties has received signature pages from parties that comprise the Company Parties and the Required Supporting Creditors. Following the First Amendment Effective Date, all references to the "RSA", "hereunder", "hereof" or words of like import in the Existing RSA shall mean and be a reference to the First Amended RSA.

Section 6. Governing Law. **THIS AMENDMENT IS TO BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF. EACH AMENDMENT PARTY HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

Section 7. Execution of Amendment. This Amendment may be executed and delivered in any number of counterparts and by way of electronic signature and delivery, each such counterpart, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same agreement. Each individual executing this Amendment on behalf of a Party has been duly authorized and empowered to execute and deliver this Amendment on behalf of said Party.

IN WITNESS WHEREOF, the Amendment Parties have executed this Amendment on the day and year first above written.

[*Remainder of page intentionally left blank.*]

Company Party Signature Page to the First Amendment to Restructuring Support and Lock-Up Agreement

C&J ENERGY PRODUCTION SERVICES-CANADA LTD. *(formerly Nabors Production Services Ltd.)*
C&J ENERGY SERVICES LTD.
C&J ENERGY SERVICES, INC.
C&J SPEC-RENT SERVICES, INC.
C&J WELL SERVICES, INC. *(formerly Nabors Completion & Production Services Co.)*
CJ HOLDING CO.

By: _____
Name: Danielle Hunter
Title: EVP, GC, CRO

BLUE RIBBON TECHNOLOGY, INC.
C&J VLC, LLC
KVS TRANSPORTATION, INC.
MOBILE DATA TECHNOLOGIES LTD.
TOTAL E&S, INC.

By: _____
Name: Danielle Hunter
Title: EVP, GC, CRO

ESP COMPLETION TECHNOLOGIES LLC
TELLUS OILFIELD INC.
TIGER CASED HOLE SERVICES, INC.

By: _____
Name: Danielle Hunter
Title: EVP, GC

C&J CORPORATE SERVICES (BERMUDA) LTD.

By: _____
Name:. Danielle Hunter
Title: EVP, GG, CRO

CJ LUX HOLDINGS S.À R.L.
PENNY GLOBAL HOLDINGS S.À R.L.
PENNY GLOBAL LEASING S.À R.L.
PENNY LUXEMBOURG FINANCING S.À R.L.
PENNY TECHNOLOGIES S.À R.L.

By: _____
Name: Danielle Hunter
Title: Managing Director A

COPPER IRELAND FINANCING I LTD.
COPPER IRELAND FINANCING II LTD.

By: _____
Name: Danielle Hunter
Title: Director

C&J INTERNATIONAL B.V.

By: _____
Name: Danielle Hunter
Title: Managing Director A

C&J INTERNATIONAL MIDDLE EAST FZCO

By: _____
Name: Angus Fraser
Title: General Manager

EXHIBIT A-1

First Amended Restructuring Term Sheet

THIS TERM SHEET IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE. NOTHING CONTAINED IN THIS TERM SHEET SHALL BE AN ADMISSION OF FACT OR LIABILITY OR, UNTIL THE OCCURRENCE OF THE AGREEMENT EFFECTIVE DATE ON THE TERMS DESCRIBED HEREIN AND IN THE RESTRUCTURING SUPPORT AGREEMENT, DEEMED BINDING ON ANY OF THE PARTIES HERETO.

AMENDED AND RESTATED RESTRUCTURING TERM SHEET

INTRODUCTION

This amended and restated term sheet (this "**Term Sheet**")[1] describes the terms of a restructuring of: (a) C&J Energy Services, Ltd., a Bermuda exempt company ("**C&J Energy**"); (b) C&J Corporate Services (Bermuda) Ltd. (together with C&J Energy, collectively, the "**Bermudian Debtors**"); (c) C&J Energy Production Services-Canada Ltd.; (d) Mobile Data Technologies Ltd. (the entities listed in clauses (c) and (d) collectively, the "**Canadian Debtors**"); (e) CJ Holding Co. ("**U.S. HoldCo**"); and (f) certain of U.S. HoldCo's directly and indirectly-owned subsidiaries, including Blue Ribbon Technology, Inc., C&J Energy Services, Inc., C&J Spec-Rent Services, Inc., C&J VLC, LLC, C&J Well Services, Inc., ESP Completion Technologies LLC, KVS Transportation, Inc., Tellus Oilfield Inc., Tiger Cased Hole Services, Inc., and Total E&S, Inc. (the entities listed in clauses (a) through (f) collectively, the "**Debtors**," and such restructuring, the "**Restructuring**").

The Restructuring will be accomplished through: (a) the commencement of cases (the "**Chapter 11 Cases**") under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the Southern District of Texas (the "**Bankruptcy Court**") to implement on a pre-arranged or prepackaged basis the chapter 11 plan of reorganization described herein and otherwise in form and substance acceptable to the Debtors and the Required Supporting Creditors (the "**Plan**"); (b) the commencement of ancillary proceedings (the "**Canadian Proceedings**") under the Companies' Creditors Arrangement Act (Canada) R.S.C. 1985, c. C-36 (as amended, the "**CCAA**") in a court of proper jurisdiction in Alberta, Canada (the "**Canadian Court**"); and (c) the commencement of provisional liquidation proceedings (the "**Bermudian Proceedings**") under the Companies Act 1981 (the "**Bermuda Act**") in a court of proper jurisdiction in Bermuda (the "**Bermudian Court**").

This Term Sheet is being agreed to in connection with entry by the Debtors, certain non-Debtor subsidiaries of C&J Energy and the Required Supporting Creditors into that certain First Amendment to Restructuring Support Agreement, dated as of July 14, 2016 (the "**RSA Amendment**"), amending that certain Restructuring Support Agreement, dated as of July 8, 2016, among the Debtors, certain non-Debtor subsidiaries of C&J Energy and the Supporting Creditors (as amended by the RSA Amendment and as may be further amended, supplemented or modified pursuant to the terms thereof, the "**RSA**"). Pursuant to the RSA, the parties thereto have agreed to support the transactions contemplated therein and herein.

This Term Sheet does not include a description of all of the terms, conditions, and other provisions that are to be contained in the definitive documentation governing the Restructuring, which remain subject to negotiation and completion in accordance with the RSA and applicable bankruptcy law. The

[1] Capitalized terms used but not otherwise defined in this Term Sheet have the meanings ascribed to such terms as set forth on **Exhibit A**.

Restructuring will not contain any material terms or conditions that are inconsistent in any material respect with this Term Sheet or the RSA.

OVERVIEW OF THE RESTRUCTURING

In general, the Restructuring contemplates that:

(a) The Debtors will implement the Restructuring in the Bankruptcy Court pursuant to the Plan on the terms set forth in this Term Sheet.

(b) Certain of the Supporting Creditors have agreed to backstop a new-money $100 million debtor-in-possession financing facility (the "**DIP Facility**") and consent to the use of their cash collateral to fund the Chapter 11 Cases and backstop a $200 million rights offering (the "**Rights Offering**"). In addition, to the extent that the Debtors or Reorganized Debtors, as applicable, the Backstop Parties and the Required Supporting Creditors agree that such a facility would be in the best interests of the Reorganized Debtors, the Debtors or the Reorganized Debtors, as applicable, may raise a senior secured revolving asset-based lending credit facility to be arranged and provided by one or more commercial lending institutions in a minimum amount of $100 million (the "**Exit Facility**").

(c) All Claims arising under the DIP Facility will be paid in full, in cash on the Effective Date from cash on hand and proceeds from the Rights Offering and Exit Facility.

(d) In full and final satisfaction of all Lender Claims, the Lenders will receive their Pro Rata share of: (i) 100% of the New Common Stock, subject to dilution on account of the Management Incentive Plan, the Rights Offering, the Backstop Fee, and the New Warrants; and (ii) 100% of the Subscription Rights under the Rights Offering.

(e) [TBD: Treatment of General Unsecured Claims.]

(f) Provided that Class 8 votes to accept the Plan, holders of C&J Common Stock will receive their Pro Rata share of the New Warrants.

(g) [TBD: Standby Facility.]

(h) To facilitate the Restructuring, on or after the Petition Date, the Bermudian Debtors and the Canadian Debtors will commence ancillary proceedings before the Bermudian Court and the Canadian Court, respectively.

This Term Sheet incorporates the rules of construction as set forth in section 102 of the Bankruptcy Code.

GENERAL PROVISIONS REGARDING THE RESTRUCTURING	
The DIP Facility	The DIP Facility Backstop Lenders will backstop a senior secured superpriority delayed draw term loan facility in an aggregate principal amount of up to $100 million. Each DIP Facility Backstop Lender shall fund no less than such DIP Facility Backstop Lender's pro rata share (based on Total Credit Exposure, without regard to any Total Credit Exposure held by Lenders other than the DIP Facility Backstop Lenders) of 60% of the aggregate commitments under the DIP Facility. Rights (the "**DIP Facility Participation Rights**") to fund up to 40% of the aggregate commitments under the DIP Facility (the "**DIP Facility Participation Amount**") shall be offered to the Lenders that are Supporting Creditors, other than the DIP Facility Backstop Lenders, in each case up to such Lender's pro rata share (based on Total Credit Exposure, without regard to any Total Credit Exposure held by the DIP Facility Backstop Lenders) of the DIP Facility Participation Amount. To the extent any portion of the DIP Facility Participation Rights are not exercised, such corresponding portions of the DIP Facility Participation Amount shall be allocated to, and added to the commitments of, the DIP Facility Backstop Lenders on a pro rata basis (based on Total Credit Exposure, without regard to any Total Credit Exposure held by Lenders other than the DIP Facility Backstop Lenders). The DIP Facility will be available in up to three drawings, with the first such drawing to occur on the closing date of the DIP Facility in an aggregate principal amount of no less than $25 million. The material terms of the DIP Facility are set forth in the term sheet attached hereto as **Exhibit B** (the "**DIP Facility Term Sheet**").
The Rights Offering	The Backstop Parties will backstop a $200 million rights offering to be consummated on the Effective Date and otherwise on the terms set forth in the Backstop Commitment Agreement to be entered into by the Debtors and the Backstop Parties, in form and substance satisfactory to the Debtors, the Backstop Parties and the Required Supporting Lenders (including all schedules and exhibits thereto, the "**Backstop Commitment Agreement**"). The Backstop Commitment Agreement will provide for, among other things: (i) a commitment premium of 5% of the $200 million committed amount (the "**Backstop Fee**") payable in New Common Stock to the Backstop Parties on the Effective Date; and (ii) a discount of 20% to total settled plan enterprise value ("**Plan Value**"), provided that Plan Value shall be no greater than $750 million.
The Exit Facility	To the extent that the Debtors or Reorganized Debtors, as applicable, the Backstop Parties and the Required Supporting Creditors agree that such a facility would be in the best interests of the Reorganized Debtors, the Debtors or the Reorganized Debtors, as applicable, may raise the Exit Facility, a senior secured revolving asset-based lending credit facility to be arranged and provided by one or more commercial lending institutions in a minimum amount of $100 million, on terms satisfactory to the Debtors or the Reorganized Debtors, as applicable, and the

	Required Supporting Creditors. The Debtors shall timely seek approval from the Bankruptcy Court to obtain relief necessary to effectuate the Exit Facility.
The New Warrants	On the Effective Date, provided that Class 8 votes to accept the Plan, the Debtors will issue 7-year warrants convertible into up to 6% of the New Common Stock at a strike price of $1.55 billion. The documentation for the New Warrants will be included in the Plan Supplement and otherwise in form and substance acceptable to the Debtors and the Required Supporting Creditors.
Standby Facility	[TBD.]

TREATMENT OF CLAIMS AND INTERESTS OF THE DEBTORS UNDER THE PLAN

Class No.	Type of Claim	Treatment	Impairment / Voting
Unclassified Non-Voting Claims			
N/A	**DIP Facility Claims**	On the Effective Date, in full satisfaction of each Allowed DIP Facility Claim, each holder thereof shall receive, in full satisfaction of its Claim, payment in full in cash.	N/A
N/A	**Administrative Claims**	On the Effective Date, except to the extent that a holder of an Allowed Administrative Claim and the Debtor against which such Allowed Administrative Claim is asserted agree to less favorable treatment for such holder, each holder of an Allowed Administrative Claim shall receive, in full satisfaction of its Claim, payment in full in cash.	N/A
N/A	**Priority Tax Claims**	Except to the extent that a holder of an Allowed Priority Tax Claim and the Debtor against which such Allowed Priority Tax Claim is asserted agree to less favorable treatment for such holder, each holder of an Allowed Priority Tax Claim shall receive, in full satisfaction of its Claim, treatment in a manner consistent with section 1129(a)(9)(C) of the Bankruptcy Code.	N/A

Classified Claims and Interests of the Debtors			
Class 1	**Other Secured Claims**	On the Effective Date, in full satisfaction of each Allowed Other Secured Claim, each holder thereof shall receive, at the option of the applicable Debtor, with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors: (a) payment in full in cash; (b) the collateral securing its Allowed Other Secured Claim; (c) Reinstatement of its Other Secured Claim; or (d) such other treatment rendering its Allowed Other Secured Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code.	Unimpaired; deemed to accept.
Class 2	**Other Priority Claims**	On the Effective Date, in full satisfaction of each Allowed Other Priority Claim, each holder thereof shall receive payment in full in cash.	Unimpaired; deemed to accept.
Class 3	**Mineral Contractor Claims**	On the Effective Date, in full satisfaction of each Allowed Mineral Contractor Claim, to the extent not already satisfied pursuant to a prior order of the Bankruptcy Court, each holder of an Allowed Mineral Contractor Claim shall receive Cash in an amount equal to such Claim on the later of: (a) the Effective Date; or (b) the date due in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Mineral Contractor Claim.	Unimpaired; deemed to accept.
Class 4	**Lender Claims**	On the Effective Date, in full satisfaction of each Lender Claim, each holder thereof shall receive: (a) its Pro Rata share of the New Common Equity Pool; and (b) if such holder is an Accredited Investor, its Subscription Rights to purchase its Pro Rata share of the Rights Offerings Shares in accordance with the Rights Offering Procedures.	Impaired; entitled to vote.
Class 5	**General Unsecured Claims**	[TBD]	[TBD].
Class 6	**Intercompany Claims**	On the Effective Date, each Intercompany Claim shall be, at the option of the Debtor, with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors, either Reinstated or canceled and released without any distribution.	Impaired; deemed to reject or Unimpaired; deemed to accept.
Class 7	**Interests in Debtors other than C&J Energy**	On the Effective Date, Interests in the Debtors other than C&J Energy shall be, at the option of the Debtor, with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors, either Reinstated or canceled and released without any distribution.	Impaired; deemed to reject or Unimpaired; deemed to accept
Class 8	**Interests in C&J Energy**	All Interests in C&J Energy will be canceled, released, and extinguished as of the Effective Date, and will be of	Impaired; entitled to

		no further force or effect. On the Effective Date, each holder of C&J Common Stock shall receive (a) if Class 8 has timely accepted the Plan, its Pro Rata share of the New Warrants or (b) if Class 8 has not timely accepted the Plan, no distribution.	vote.

GENERAL PROVISIONS REGARDING THE PLAN	
Subordination	The classification and treatment of Claims under the Plan shall conform to the respective contractual, legal, and equitable subordination rights of such Claims, and any such rights shall be settled, compromised, and released pursuant to the Plan.
Restructuring Transactions	The Confirmation Order shall be deemed to authorize, among other things, all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including the Rights Offering and the issuance of all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Restructuring (collectively, the "**Restructuring Transactions**"). On the Effective Date, the Debtors, as applicable, shall issue all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Restructuring.
Cancellation of Notes, Instruments, Certificates, and Other Documents	On the Effective Date, except to the extent otherwise provided in this Term Sheet or the Plan, all notes, instruments, certificates, and other documents evidencing Claims or Interests, including credit agreements and indentures, shall be canceled and the obligations of the Debtors and any non-Debtor Affiliates thereunder or in any way related thereto shall be deemed satisfied in full and discharged.
Executory Contracts and Unexpired Leases	The Debtors shall seek to assume or reject executory contracts and unexpired leases in consultation with the Supporting Creditors and with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors. The Plan will provide that the executory contracts and unexpired leases that are not assumed or rejected as of the Plan Effective Date (either pursuant to the Plan or a separate motion) will be deemed assumed pursuant to section 365 of the Bankruptcy Code. For the avoidance of doubt, such consent shall be obtained with respect to all decisions to assume or reject, including the deemed assumption of executory contracts and unexpired leases pursuant to the Plan.
Retention of Jurisdiction	The Plan will provide for the retention of jurisdiction by the Bankruptcy Court for usual and customary matters.
Discharge of Claims and Termination of Interests	Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Reorganized Debtors), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, liens on, obligations of,

	rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a Proof of Claim based upon such debt or right is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (b) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (c) the holder of such a Claim or Interest has accepted the Plan. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the occurrence of the Effective Date.
Releases by the Debtors	Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, each Released Party is deemed released and discharged by the Debtors, the Reorganized Debtors, and their Estates from any and all Causes of Action, including any derivative claims, asserted on behalf of the Debtors, that the Debtors, the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim against, or Interest in, a Debtor or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Merger, the Backstop Commitment Agreement, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the RSA, the Disclosure Statement, the DIP Facility, the Backstop Commitment Agreement, the Plan, or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the RSA, the Disclosure Statement, the DIP Facility, or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date.
Releases by Holders of Claims and Interests	As of the Effective Date, each Releasing Party is deemed to have released and discharged each Debtor, Reorganized Debtor, and Released Party from any and all Causes of Action, whether known or unknown, including any derivative claims, asserted on behalf of the Debtors, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Merger, the Backstop Commitment Agreement, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the RSA, the Disclosure Statement, the DIP Facility, the Plan, the Backstop Commitment Agreement, or any

	Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the RSA, the Disclosure Statement, the DIP Facility, or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other related act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date.
Exculpation	Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is released and exculpated from any Cause of Action for any claim related to any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the RSA and related prepetition transactions, the Disclosure Statement, the Plan, or any Restructuring Transaction, contract, instrument, release or other agreement or document created or entered into in connection with the Disclosure Statement or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, except for claims related to any act or omission that is determined in a final order to have constituted actual fraud or gross negligence, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes and distribution of consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.
Injunction	Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities who have held, hold, or may hold claims or interests that have been released, discharged, or are subject to exculpation are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Exculpated Parties, or the Released Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such claims or interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such claims or interests; (c) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such claims or interests; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or

	with respect to any such claims or interests unless such holder has filed a motion requesting the right to perform such setoff on or before the Effective Date, and notwithstanding an indication of a claim or interest or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such claims or interests released or settled pursuant to the Plan.

OTHER MATERIAL PROVISIONS REGARDING THE RESTRUCTURING	
Management Incentive Plan	On the Effective Date, the Reorganized Debtors will implement a management incentive plan (the "**Management Incentive Plan**") that shall provide for 10% of the New Common Stock, on a fully diluted basis, to be issued to management of the Reorganized Debtors after the Effective Date at the discretion of the New Board and on terms to be determined by the New Board (including, without limitation, with respect to allocation, timing and structure of such issuance and the Management Incentive Plan). The Plan will permit the establishment of the Management Incentive Plan by the New Board following the Effective Date.
Employment Obligations	Each of the Debtors' "first day" or "second day" motions and proposed orders relating to wages, compensation, and benefits, including executive compensation programs shall be in form and substance acceptable to the Debtors and the Required Supporting Creditors. The Debtors and the Required Supporting Creditors shall mutually agree as to (i) the continuation, after the Effective Date, of the Key Employee Incentive Plan effective as of May 6, 2016 (as amended, supplemented or otherwise modified, the "**KEIP**"), (ii) the Debtors' wages, compensation, and benefit programs that relate to any "insider" as that term is defined in section 101(31) of the Bankruptcy Code and (iii) the assumption, rejection or other disposition of any of the Debtors' existing employment agreements for insiders. Wages, compensation and benefit programs, other than the KEIP that do not relate to insiders shall be continued after the Effective Date and the Supporting Creditors shall support assumption of non-insider employment agreements, in each case unless otherwise agreed by the Debtors and the Required Supporting Creditors and subject to the satisfaction and consent of the Required Supporting Creditors (such consent not to be unreasonably withheld) following receipt and analysis by the Required Supporting Creditors and their advisors of satisfactory information from the Company regarding such programs, which information the Company shall provide as promptly as practicable.

Indemnification of Prepetition Directors, Officers, Managers, *et al.*	Consistent with applicable law, all indemnification provisions currently in place (whether in the by-laws, certificates of incorporation or formation, limited liability company agreements, other organizational documents, board resolutions, indemnification agreements, employment contracts, or otherwise) for the current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Debtors, as applicable, shall be reinstated and remain intact, irrevocable, and shall survive the effectiveness of the Restructuring on terms no less favorable to such current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Debtors than the indemnification provisions in place prior to the Restructuring.
Director, Officer, Manager, and Employee Tail Insurance Coverage	On or before the Effective Date, the Debtors shall purchase and maintain directors, officers, managers, and employee liability tail coverage for the six-year period following the Effective Date on terms no less favorable than the Debtors' existing director, officer, manager, and employee coverage and with an aggregate limit of liability upon the Effective Date of no less than the aggregate limit of liability under the existing director, officer, manager, and employee coverage upon placement. Reasonable directors and officers insurance policies shall remain in place in the ordinary course during the Chapter 11 Cases and from and after the Plan Effective Date.
Claims of the Debtors	The Reorganized Debtors, as applicable, shall retain all rights to commence and pursue any Causes of Action, other than any Causes of Action released by the Debtors pursuant to the release and exculpation provisions outlined in this Term Sheet. Prior to consummation of the Plan, the Debtors shall not settle, compromise or discharge any Cause of Action that is not agreed to be released pursuant to this Term Sheet without the consent of the Required Supporting Lenders.
Additional Plan Provisions and Documentation	The Plan shall contain other customary provisions for chapter 11 plans of this type. The Plan and all supporting and implementing documentation (including all briefs and other pleadings filed in support thereof, all documents filed as part of the Plan Supplement, and the Confirmation Order) shall be in form and substance acceptable to the Debtors and the Required Supporting Creditors.
Conditions Precedent to Restructuring	The following shall be conditions to the Effective Date (the "**Conditions Precedent**"): (a) the Bankruptcy Court shall have entered the Confirmation Order, which shall be in form and substance acceptable to the Debtors and the Required Supporting Creditors, and shall: (i) authorize the Debtors to take all actions necessary to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created in connection with the Plan;

	(ii) decree that the provisions of the Confirmation Order and the Plan are nonseverable and mutually dependent; (iii) authorize the Debtors, as applicable/necessary, to: (a) implement the Restructuring Transactions, including the Rights Offering; (b) distribute the New Warrants and the New Common Stock pursuant to the exemption from registration under the Securities Act provided by section 1145 of the Bankruptcy Code or other exemption from such registration or pursuant to one or more registration statements; (c) make all distributions and issuances as required under the Plan, including cash, the New Warrants, and the New Common Stock; and (d) enter into any agreements, transactions, and sales of property as set forth in the Plan Supplement, including the Exit Facility and the Management Incentive Plan; (iv) authorize the implementation of the Plan in accordance with its terms; and (v) provide that, pursuant to section 1146 of the Bankruptcy Code, the assignment or surrender of any lease or sublease, and the delivery of any deed or other instrument or transfer order, in furtherance of, or in connection with the Plan, including any deeds, bills of sale, or assignments executed in connection with any disposition or transfer of assets contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax; and (b) the Debtors shall have obtained all authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan; (c) the final version of the Plan Supplement and all of the schedules, documents, and exhibits contained therein shall have been filed in a manner consistent in all material respects with the RSA, this Term Sheet, and the Plan and shall be in form and substance acceptable to the Debtors and the Required Supporting Creditors; (d) the RSA shall remain in full force and effect; (e) all professional fees and expenses of retained professionals required to be approved by the Bankruptcy Court shall have been paid in full or amounts sufficient to pay such fees and expenses after the Effective Date have been placed in a professional fee escrow account pending approval by the Bankruptcy Court; (f) all professional fees and expenses and of the advisors to the Supporting Creditors, the Credit Agreement Agent, the DIP Facility Lenders and the DIP Facility Agent (including all advisors set forth in Section 9 of the RSA) shall have been paid in full; (g) each Loan Party (as defined in the Credit Agreement) that is not a Debtor shall have been released from its obligations under the Credit Agreement and the other Credit Agreement Documents

	pursuant to the terms thereof; and (h) the Debtors shall have implemented the Restructuring Transactions, including the Rights Offering, and all transactions contemplated by this Term Sheet, in a manner consistent in all respects with the RSA, this Term Sheet, and the Plan, pursuant to documentation acceptable to the Debtors and the Required Supporting Creditors.
Waiver of Conditions Precedent to the Effective Date	The Debtors, with the prior written consent of the Required Supporting Creditors, may waive any one or more of the Conditions Precedent to the Effective Date.
Foreign Proceedings	On or as soon as is reasonably practicable after the Effective Date, the Bermudian Debtors shall commence the Bermudian Proceedings and the Canadian Debtors shall commence the Canadian Proceedings to facilitate the Restructuring and protect certain of the Debtors' assets held outside of the United States.

CORPORATE GOVERNANCE PROVISIONS/SECTION 1145 EXEMPTION	
Governance	The board or directors of Reorganized Debtors (the "**New Board**") shall be appointed by the Supporting Creditors, in consultation with the Reorganized Debtors' management, and the identities of directors on the New Board shall be set forth in the Plan Supplement, to the extent known at the time of filing; *provided, however* that the reorganized Debtors' chief executive officer shall be a member of the New Board and the remainder of the New Board shall be appointed in compliance with section 1129(a)(5) of the Bankruptcy Code. Corporate governance for the Reorganized Debtors, including charters, bylaws, operating agreements, or other organization documents, as applicable (the "**New Organizational Documents**"), shall be consistent with this Term Sheet and section 1123(a)(6) of the Bankruptcy Code (as applicable) and documentation therefor shall be included in the Plan Supplement and otherwise acceptable to the Debtors and the Required Supporting Creditors.
Exemption from SEC Registration	The issuance of all securities under the Plan will be exempt from SEC registration under applicable law.

[*Exhibits follow.*]

EXHIBIT A

DEFINITIONS

Term	Definition
Accredited Investor	As defined in Rule 501 of Regulation D promulgated under the Securities Act.
Administrative Claim	A Claim for costs and expenses of administration of the Chapter 11 Cases pursuant to sections 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred on or after the Petition Date until and including the Effective Date of preserving the Estates and operating the Debtors' businesses; (b) Allowed Professional Claims; and (c) all fees and charges assessed against the Estates pursuant to section 1930 of chapter 123 of title 28 of the United States Code.
Affiliate	As defined in section 101(2) of the Bankruptcy Code.
Allowed	As to a Claim or an Interest, a Claim or an Interest allowed under the Plan, under the Bankruptcy Code, or by a Final Order, as applicable. For the avoidance of doubt, (a) there is no requirement to file a Proof of Claim (or move the Bankruptcy Court for allowance) to be an Allowed Claim under the Plan, and (b) the Debtors may affirmatively determine to deem Unimpaired Claims Allowed to the same extent such Claims would be allowed under applicable nonbankruptcy law.
Backstop Commitment Agreement	As defined in the Term Sheet.
Backstop Fee	As defined in the Term Sheet.
Backstop Parties	Certain of the Supporting Creditors (or certain designated affiliates thereof), in their capacity as Backstop Parties under the Backstop Commitment Agreement, including certain funds and/or accounts managed or advised by Ascribe Capital LLC, Blue Mountain Capital Management, LLC, GSO Capital Partners LP, Silver Point Capital L.P., Solus Alternative Asset Management LP and Symphony Asset Management LLC; *provided, however,* that each Backstop Party shall be a Supporting Creditor.
Bankruptcy Code	As defined in the Term Sheet.
Bankruptcy Court	As defined in the Term Sheet.
Bermuda Act	As defined in the Introduction.
Bermudian Court	As defined in the Introduction.
Bermudian Debtors	As defined in the Introduction.
Bermudian Proceedings	As defined in the Introduction.
C&J Common Stock	C&J Energy's authorized and issued common stock outstanding as of the Effective Date.
C&J Energy	As defined in the Introduction.

Term	Definition
Canadian Court	As defined in the Introduction.
Canadian Debtors	As defined in the Introduction.
Canadian Proceedings	As defined in the Introduction.
Cause of Action	Any claims, interests, damages, remedies, causes of action, demands, rights, actions, suits, obligations, liabilities, accounts, defenses, offsets, powers, privileges, licenses, liens, indemnities, guaranties, and franchises of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, contingent or non-contingent, liquidated or unliquidated, secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, in contract, tort, law, equity, or otherwise. Causes of Action also include: (a) all rights of setoff, counterclaim, or recoupment and claims under contracts or for breaches of duties imposed by law; (b) the right to object to or otherwise contest Claims or Interests; (c) claims pursuant to sections 362, 510, 542, 543, 544 through 550, or 553 of the Bankruptcy Code; and (d) such claims and defenses as fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code.
CCAA	As defined in the Introduction.
Chapter 11 Cases	As defined in the Term Sheet.
Claim	Any claim, as defined in section 101(5) of the Bankruptcy Code, against any of the Debtors.
Class	A category of holders of Claims or Interests pursuant to section 1122(a) of the Bankruptcy Code.
Conditions Precedent	As defined in the Term Sheet.
Confidentiality Agreement	As defined in the RSA.
Confirmation	Entry of the Confirmation Order on the docket of the Chapter 11 Cases.
Confirmation Date	The date on which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases within the meaning of Bankruptcy Rules 5003 and 9021
Confirmation Hearing	The hearing(s) before the Bankruptcy Court under section 1128 of the Bankruptcy Code at which the Debtors seek entry of the Confirmation Order.
Confirmation Order	The order of the Bankruptcy Court confirming the Plan under section 1129 of the Bankruptcy Code, which order shall be in form and substance acceptable to the Debtors and the Required Supporting Creditors.
Company	C&J Energy and each of its direct and indirect subsidiaries.
Consummation	The occurrence of the Effective Date.

Term	Definition
Credit Agreement	As defined in the RSA.
Credit Agreement Agent	Cortland Capital Market Services LLC, in its capacity as successor administrative agent pursuant to the Credit Facility Documents, its successors, assigns, or any replacement agent appointed pursuant to the terms of the Credit Agreement and, as applicable, its predecessor administrative agent, Bank of America, N.A..
Credit Agreement Documents	Collectively, the Credit Agreement, each other Loan Document (as defined in the Credit Agreement), and all other agreements, documents, and instruments delivered or entered into in connection therewith (including any guarantee agreements, pledge and collateral agreements, intercreditor agreements, and other security documents).
Debtors	As defined in the Term Sheet.
DIP Facility	As defined in the Term Sheet.
DIP Facility Agent	That certain administrative agent under the DIP Facility Loan Agreement.
DIP Facility Claim	Any Claim held by the DIP Facility Lenders or the DIP Facility Agent arising under or related to the DIP Facility Loan Agreement or the DIP Facility Order, including any and all fees, interest paid in kind, and accrued but unpaid interest and fees arising under the DIP Facility Loan Agreement
DIP Facility Backstop Lenders	Certain of the Supporting Creditors, collectively, in their capacity as backstop lenders party to the DIP Facility Loan Agreement, including funds and/or accounts managed or advised by Ascribe Capital LLC, Blue Mountain Capital Management, LLC, GSO Capital Partners LP and Solus Alternative Asset Management LP.
DIP Facility Lenders	Collectively, the DIP Facility Backstop Lenders and the DIP Facility Participating Lenders.
DIP Facility Loan Agreement	That certain debtor-in-possession credit agreement as approved by the DIP Facility Order, which shall contain terms consistent in all respects with the DIP Facility Term Sheet and otherwise in form and substance acceptable to the Debtors, the DIP Facility Backstop Lenders and the Required Supporting Creditors.
DIP Facility Order	Collectively, the interim and final orders entered by the Bankruptcy Court authorizing the Debtors to enter into the DIP Facility Loan Agreement and access the DIP Facility, which shall be in form and substance acceptable to the Debtors, the DIP Facility Backstop Lenders, and the Required Supporting Creditors.

Term	Definition
DIP Facility Participating Lenders	Certain of the Supporting Creditors (or certain designated affiliates thereof that are reasonably acceptable to the DIP Facility Backstop Lenders and the Debtors) other than the DIP Facility Backstop Lenders that exercise their DIP Facility Participation Rights, collectively, in their capacity as lenders under the DIP Facility Loan Agreement; *provided*, *however*, that each DIP Facility Participating Lender shall be a Supporting Creditor.
DIP Facility Participation Amount	As defined in the Term Sheet.
DIP Facility Participation Rights	As defined in the Term Sheet.
DIP Facility Term Sheet	As defined in the Term Sheet.
Disclosure Statement	The disclosure statement for the Plan, including all exhibits and schedules thereto, which shall be in form and substance acceptable to the Debtors and acceptable to the Required Supporting Creditors.
Effective Date	The date that is the first Business Day after the Confirmation Date on which all Conditions Precedent have been satisfied or waived in accordance with the Plan.
Entity	As defined in section 101(15) of the Bankruptcy Code.
Estate	The estate of any Debtor created under sections 301 and 541 of the Bankruptcy Code upon the commencement of the applicable Debtor's Chapter 11 Case.
Excluded Parties	In the event that any holder of Interests in C&J Energy or any Affiliate or subsidiary (other than C&J Energy and any direct or indirect subsidiary thereof) or current or former officer, director, principal, member, employee, agent or advisory board member thereof (a) seeks any relief materially adverse to the Restructuring as agreed herein or the interests of the Debtors, the Supporting Creditors, the Lenders, the Credit Agreement Agent, the DIP Facility Lenders, the DIP Facility Agent or the Backstop Parties or objects to or opposes any material relief sought by (including any request for relief by any other party that is joined by any of the following) the Debtors, the Supporting Creditors, the Credit Agreement Agent, the DIP Facility Lenders, the DIP Facility Agent or the Backstop Parties, (b) is entitled to vote on the Plan and does not vote to accept the Plan, (c) opts out of any third-party releases sought in connection with the Plan or (d) objects to the Plan or causes an objection to the Plan to be made, then such holder of Interests in C&J Energy and each Affiliate and subsidiary (other than C&J Energy and any direct or indirect subsidiary thereof) or current or former officer, director, principal, member, employee, agent or advisory board member thereof shall be an Excluded Party; *provided*, that no current or former director or officer of the Company (in such capacity) shall be an Excluded Party.

Term	Definition
Exculpated Parties	Collectively, and in each case (i) excluding any Excluded Parties and (ii) in its capacity as such: (a) the Debtors; (b) any official committees appointed in the Chapter 11 Cases and each of their respective members; and (c) with respect to each of the foregoing, such Entity and its current and former Affiliates, and such Entity's and its current and former Affiliates' current and former equity holders, subsidiaries, officers, directors, managers, principals, members, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, each in their capacity as such.
Exit Facility	As defined in the Term Sheet
General Unsecured Claims	Any Claim other than an Administrative Claim, a Professional Claim, a Secured Tax Claim, an Other Secured Claim, a Priority Tax Claim, an Other Priority Claim, a Mineral Contractor Claim, a Lender Claim, or a DIP Facility Claim.
Governmental Unit	As defined in section 101(27) of the Bankruptcy Code
Impaired	With respect to any Class of Claims or Interests, a Class of Claims or Interests that is impaired within the meaning of section 1124 of the Bankruptcy Code.
Intercompany Claim	A Claim held by a Debtor or an Affiliate against a Debtor or an Affiliate.
Intercompany Interest	An Interest held by a Debtor or an Affiliate of a Debtor.
Interest	Any Equity Security (as defined in section 101(16) of the Bankruptcy Code) in any Debtor and any other rights, options, warrants, stock appreciation rights, phantom stock rights, restricted stock units, redemption rights, repurchase rights, convertible, exercisable or exchangeable securities or other agreements, arrangements or commitments of any character relating to, or whose value is related to, any such interest or other ownership interest in any Debtor.
Lender	Each lender under the Credit Agreement.
Lender Claim	Any Claim arising under, derived from, or based upon the Credit Agreement.
Management Incentive Plan	As defined in the Term Sheet.
Merger	Those certain transactions on or around March 24, 2015, by and among the predecessors to the Debtors and the completion and production business of Nabors, effectuating a merger of such entities.
Mineral Contractor Claim	Any Claim that is secured by, or in the reasonable judgment of counsel to the Company may be secured by, a lien on property of a customer of the Debtors arising under chapter 56 of the Texas Property Code, or any similar federal, state, or local law, whether or not such Claim is or may be secured by a lien on property of the Debtors.

Term	Definition
Nabors	Nabors Industries Ltd.
New Board	As defined in the Term Sheet.
New Common Equity Pool	100% of the New Common Stock issued and outstanding on the Effective Date to be distributed to the holders of Allowed Lender Claims in accordance with the Plan, subject to dilution on account of the Management Incentive Plan, the Rights Offering, the Backstop Fee, and the New Warrants.
New Common Stock	The common stock of Reorganized C&J Energy.
New Warrants	As defined in the Term Sheet.
Other Priority Claim	Any Claim other than an Administrative Claim or a Priority Tax Claim entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.
Other Secured Claim	Any Secured Claim, including any Secured Tax Claim, other than a Lender Claim or a DIP Facility Claim. For the avoidance of doubt, "Other Secured Claims" includes any Claim arising under, derived from, or based upon any letter of credit issued in favor of one or more Debtors, the reimbursement obligation for which is either secured by a Lien on collateral or is subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code.
Petition Date	The date on which the Chapter 11 Cases were commenced.
Plan	As defined in the Term Sheet.
Plan Restructuring Documents	As defined in the RSA.
Plan Supplement	Any compilation of documents and forms of documents, agreements, schedules, and exhibits to the Plan, which shall be filed by the Debtors no later than 7 days before the Confirmation Hearing or such later date as may be approved by the Bankruptcy Court on notice to parties in interest, and additional documents filed with the Bankruptcy Court prior to the Effective Date as amendments to the Plan Supplement, each of which shall be consistent in all respects with, and shall otherwise contain, the terms and conditions set forth in the RSA and Term Sheet, where applicable, and shall be in form and substance acceptable to the Debtors and the Required Supporting Creditors.
Plan Value	As defined in the Term Sheet.
Priority Tax Claims	Any Claim of a Governmental Unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.
Pro Rata	The proportion that an Allowed Claim or an Allowed Interest in a particular Class bears to the aggregate amount of Allowed Claims or Allowed Interests in that Class.

Term	Definition
Professional Claim	A Claim by a professional seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under sections 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code.
Proof of Claim	A proof of Claim filed against any of the Debtors in the Chapter 11 Cases by the applicable Bar Date.
Reinstated	With respect to Claims and Interests, that the Claim or Interest shall be rendered unimpaired in accordance with section 1124 of the Bankruptcy Code.
Released Parties	Collectively, and in each case (i) other than any Excluded Parties and (ii) in its capacity as such: (a) the Supporting Creditors; (b) the Backstop Parties; (c) the Credit Agreement Agent; (d) the DIP Facility Lenders; (e) the DIP Facility Agent; and (f) with respect to each of the Debtors, the Reorganized Debtors, and each of the foregoing entities in clauses (a) through (e), such Entity and its current and former Affiliates and subsidiaries, and such Entities' and their current and former Affiliates' and subsidiaries' current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, and assigns, subsidiaries, and each of their respective current and former equity holders, officers, directors, managers, principals, members, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals.
Releasing Parties	Collectively, (a) the Supporting Creditors; (b) the Backstop Parties; (c) the DIP Facility Lenders; (d) the Credit Agreement Agent; (e) the DIP Facility Agent; (f) all holders of Claims; (g) all holders of Interests; and (h) with respect to each of the Debtors, the Reorganized Debtors, and each of the foregoing entities in clauses (a) through (g), such Entity and its current and former Affiliates and subsidiaries, and such Entities' and their current and former Affiliates' and subsidiaries' current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, and assigns, subsidiaries, and each of their respective current and former equity holders, officers, directors, managers, principals, members, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, each in their capacity as such collectively.
Reorganized C&J Energy	C&J Energy, or any successor or assign, by merger, consolidation, or otherwise, on or after the Effective Date.
Reorganized Debtors	A Debtor, or any successor or assign thereto, by merger, consolidation, or otherwise, on and after the Effective Date.
Required Supporting Creditors	As defined in the RSA.
Restructuring	As defined in the Introduction.

Term	Definition
Restructuring Transactions	As defined in the Term Sheet.
Rights Offering Procedures	The procedures governing the Rights Offering attached as an exhibit to the Backstop Commitment Agreement.
Rights Offering Shares	The shares of New Common Stock distributed pursuant to and in accordance with the Rights Offering.
RSA	As defined in the Term Sheet.
SEC	The Securities and Exchange Commission.
Secured	When referring to a Claim: (a) secured by a Lien on collateral to the extent of the value of such collateral, as determined in accordance with section 506(a) of the Bankruptcy Code or (b) subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code.
Secured Tax Claim	Any Secured Claim that, absent its Secured status, would be entitled to priority in right of payment under section 507(a)(8) of the Bankruptcy Code (determined irrespective of time limitations), including any related Secured Claim for penalties.
Securities Act	The Securities Act of 1933, as amended, 15 U.S.C. §§ 77a–77aa, or any similar federal, state, or local law.
Standby Facility	[TBD.]
Subscription Rights	The rights to purchase Rights Offering Shares as set forth in the Rights Offering Procedures.
Supporting Creditors	As defined in the RSA.
Term Sheet	As defined in the Introduction.
Total Credit Exposure	As defined in the Credit Agreement.
U.S. HoldCo	As defined in the Introduction.
Unimpaired	With respect to a Class of Claims or Interests, a Class of Claims or Interests that is not Impaired.

EXHIBIT B to Term Sheet

DIP Facility Term Sheet

$100.0 Million Senior Secured Debtor-In-Possession Term Loan Facility

Amended and Restated Illustrative Summary of Terms And Conditions

*This DIP term sheet (the **"Term Sheet"**), dated as of July 14, 2016, sets forth certain of the principal terms and conditions of a debtor-in-possession loan facility.*

Borrower:	C&J Energy Services Ltd. (the "**Company**") and CJ Holding Co. (the "**US Borrower**" and, together with the Company, the "**Borrowers**").
Guarantors:	Guarantors to include all direct and indirect subsidiaries of the Company that are debtors in the Chapter 11 cases of the Company and such debtor subsidiaries (the "**Cases**"), with exceptions based on the Prepetition Credit Facilities (collectively, the "**Guarantors**"). The Company and the Guarantors are referred to herein as "**Loan Parties**" and each, a "**Loan Party**" or "**Debtors**" and each, a "**Debtor**". The date of commencement of the Cases is referred to herein as the "**Petition Date**".
DIP Lenders:	One or more of Ascribe Capital LLC, funds managed or advised by GSO Capital Partners LP, Blue Mountain Capital Management, LLC and Solus Alternative Asset Management LP (including, in each case, affiliates of any of the foregoing) (the "**DIP Backstop Lenders**") and those Lenders under the Prepetition Credit Agreement that are parties to the Restructuring Support Agreement (as defined below), other than the DIP Backstop Lenders, that choose to participate in the DIP Facility (as defined below) pursuant to the terms and conditions set forth in this Term Sheet (such Lenders, the "**DIP Participating Lenders**" and, together with the DIP Backstop Lenders, the "**DIP Lenders**"), but excluding in any case Disqualified Lenders (as defined in the Prepetition Credit Agreement).
Certain Prepetition Debt Facilities:	Reference is made to that certain Credit Agreement dated as of March 24, 2015 (as amended, restated, amended and restated, extended, supplemented or otherwise modified, including pursuant to waivers and forbearance agreements, and in effect from time to time, the "**Prepetition Credit Agreement**"), the lenders from time to time party thereto (the "**Prepetition Secured Lenders**") and the revolving and term loan facilities provided thereunder (the "**Prepetition Credit Facilities**").
Administrative Agent:	Cortland Capital Market Services LLC or another institution to be agreed shall act as administrative agent and collateral agent in respect of the DIP Facility (as defined below) (the "**Administrative Agent**").
DIP Facility:	The DIP Backstop Lenders will agree to backstop a senior secured superpriority delayed draw term loan facility in an aggregate principal amount of up to $100.0 million (the "**DIP Facility**", the loans made thereunder (which shall be denominated in dollars) (the "**DIP Loans**") and the commitments to make such DIP Loans (the "**DIP Commitments**")) on the terms and conditions set forth herein and in the DIP Loan Documents (as defined below). Each DIP Backstop Lender shall provide no less than such DIP Backstop Lender's pro rata share (based on Total Credit Exposure (as defined in the Prepetition Credit Agreement), without regard to any Total Credit Exposure held by Lenders under the Prepetition Credit Agreement other than the DIP Backstop Lenders) of 60% of the aggregate DIP Commitments. Rights (the "**DIP Participation Rights"**) to up to 40% of the aggregate DIP Commitments (the "**DIP Participation**

Amount") shall be offered to the Lenders under the Prepetition Credit Agreement that are party to the Restructuring Support Agreement, other than the DIP Backstop Lenders, in each case up to such Lender's pro rata share (based on Total Credit Exposure (as defined in the Prepetition Credit Agreement), without regard to any Total Credit Exposure held by the DIP Backstop Lenders) of the DIP Participation Amount. To the extent any portion of the DIP Participation Rights are not exercised, such corresponding portions of the DIP Participation Amount shall be allocated to, and added to the commitments of, the DIP Backstop Lenders on a pro rata basis (based on Total Credit Exposure, without regard to any Total Credit Exposure held by Lenders under the Prepetition Credit Agreement other than the DIP Backstop Lenders).

The DIP Facility will be available in up to three drawings (the date of any such drawing, a "**Delayed Draw Funding Date**"), with (x) the first drawing to be in an amount equal to the lesser of (x) $25,000,000 and (y) the amount permitted to be drawn under the Interim DIP Order, which shall be made on the Closing Date, (y) the second drawing to be made within 2 business days after the entry of the Final DIP Order in an amount that together with the first drawing shall be not less than $50 million in the aggregate and (z) the remainder available to be drawn in one drawing thereafter through and including the DIP Facility Termination Date. Amounts borrowed under the DIP Facility that are prepaid may not be re-borrowed.

The effectiveness of the DIP Facility is conditioned, among other things, on (a) Bankruptcy Court approval of the Adequate Protection (defined below), as protection in respect of (i) the incurrence of the DIP Facility, (ii) the imposition of the automatic stay and (iii) the Debtors' use of collateral that secures the Prepetition Credit Facilities (collectively, the "**Existing Collateral**"), including cash collateral ("**Cash Collateral**") and (b) entry of the Interim DIP Order within 7 calendar days after the Petition Date (or such later date as the Required DIP Lenders may agree in their reasonable discretion).

"**Interim DIP Order**" means an order of the Bankruptcy Court authorizing, on an interim basis, the DIP Facility and the use of Cash Collateral, and containing provisions granting the adequate protection liens described under "Adequate Protection" below and related adequate protection claims, with only such modifications as are satisfactory to the Required DIP Lenders and the Company in their respective sole discretion.

DIP Facility Termination Date:

The "**DIP Facility Termination Date**" with respect to the DIP Facility shall be the earliest of (a) the Scheduled Termination Date (as defined below); (b) seven (7) calendar days after the Petition Date (or such later date as the Required DIP Lenders may agree in their reasonable discretion) if the Interim DIP Order has not been entered prior to such date; (c) 40 calendar days after the entry of the Interim DIP Order (or such later date as the Required DIP Lenders may agree in their reasonable discretion) unless the Final DIP Order has been entered by such date; (d) the substantial consummation (as defined in Section 1101 of the Bankruptcy Code and which for purposes hereof shall be no later than the "effective date" thereof) of a plan of reorganization filed in the Cases that is confirmed pursuant to an order entered by the Bankruptcy Court; and (e) the acceleration of the DIP Loans and the termination of the commitments with

respect to such DIP Facility in accordance with the DIP Loan Documents.

"**Scheduled Termination Date**" means March 31, 2017.

"**Final DIP Order**" means a final order of the Bankruptcy Court authorizing the DIP Facility in substantially the form of the Interim DIP Order, with only such modifications as are satisfactory to the Required DIP Lenders in their sole discretion.

Use of Proceeds: The proceeds of the DIP Facility and any Cash Collateral shall be used only for the following, in each case subject to the terms, conditions and amounts herein and the agreed Rolling Budget (subject to permitted variances) from time to time (the "**Approved Purposes**"): (a) working capital and general corporate purposes in accordance with the Rolling Budget (subject to permitted variances); (b) professional fees and expenses whether or not in accordance with the Rolling Budget; and (c) Bankruptcy Court approved administrative expenses for estate professionals and such other expenses to which the Required DIP Lenders may consent in their sole direction.

As between the DIP Facility and Cash Collateral, Cash Collateral shall be used first for the Approved Purposes unless otherwise agreed by the Required DIP Lenders in their reasonable discretion.

DIP Loan Documents: The DIP Facility will be documented by customary documentation, which may include a credit agreement, a security agreement and a guaranty agreement, the terms of which will be consistent with this Term Sheet and will be based on the Prepetition Credit Facilities, subject to modifications customary for facilities of this type (such documentation, collectively, together with such ancillary documents contemplated thereunder, the "**DIP Loan Documents**").

Interest Rate: DIP Loans will bear interest, at the option of the Company, at one of the following rates:

(i) the Applicable Margin (as defined below) plus the Base Rate (to be defined in a customary manner), payable monthly in arrears; or

(ii) the Applicable Margin plus the LIBO Rate (to be defined in a customary manner), *provided* that in no event shall the LIBO Rate be less than 1.00% (the "**LIBOR Floor**").

"**Applicable Margin**" means 8.00%, in the case of Base Rate loans and 9.00%, in the case of LIBO Rate loans.

During the continuance of an event of default under the DIP Facility, overdue amounts will bear interest at an additional 2% *per annum* (the "**Default Rate**").

OID and Fees: *Original issue discount* - For the account of the DIP Lenders, an original issue discount equal to 2.00% of the DIP Commitments, which discount shall be earned and due and payable on the Closing Date.

Ticking Fee - From and after the Closing Date, a non-refundable unused commitment fee at the rate of 5.00% per annum will accrue on the undrawn portion of the DIP Facility, payable monthly in arrears and on the availability termination date.

Prepayment Fee - For the account of the DIP Lenders, a prepayment fee of 2.00% if the DIP Loans are prepaid with the proceeds of another financing

during the pendency of the Cases.

Agency Fees - As separately agreed to between the Company and the Administrative Agent.

Optional Prepayments: The Company may, upon at least 3 business days' notice for LIBO Rate loans and same day's notice for Base Rate loans and at the end of any applicable interest period (or at other times with the payment of applicable breakage costs), prepay in full or in part, without premium or penalty (other than such breakage costs and except as provided above), the DIP Loans; *provided* that each such partial prepayment shall be in a minimum aggregate amount to be mutually agreed.

Mandatory Prepayments: Mandatory prepayments of the DIP Loans shall be required solely with (a) 100.0% of the net cash proceeds (subject to exceptions to be agreed, including, without limitation, (i) dispositions of obsolete, worn out or 'scrap' property in the ordinary course of business, (ii) dispositions of light vehicles (i.e., cars and pick-up trucks but not heavy trucks or rigs) in the ordinary course of business, (iii) the ability to reinvest the net cash proceeds of up to $10 million in the aggregate from casualty events on the terms set forth in the Prepetition Credit Agreement (without giving effect to any limited waiver or forbearance agreement delivered with respect thereto), (iv) the sale or other disposition of all or a portion of the business of Total E&S Inc. (provided that 75% of the net cash proceeds of such sale or other disposition shall be deposited into a segregated blocked agreement pledged to the Administrative Agent to ensure sufficient liquidity at the exit from the Cases) and (v) a *de minimis* basket of $10 million of net cash proceeds in the aggregate for other applicable sales or dispositions) from sales or other dispositions of any assets and (b) 100% of the net cash proceeds of any indebtedness not permitted by the DIP Facility (subject to the 2% prepayment fee as provided above in the case of another financing during the pendency of the Cases).

Security and Priority: The obligations of the Borrowers under the DIP Facility and the obligations of each Guarantor in respect of its guarantee of all of the foregoing shall, subject to the Carve-Out (as defined below), at all times:

(a) be entitled to superpriority administrative expense claim status in the Case of such Loan Party (the "**DIP Superpriority Claims**");

(b) be secured by a perfected first priority security interest and lien on the Collateral of each Loan Party to the extent such Collateral is not subject to valid, perfected and non-avoidable liens as of the Petition Date (subject to customary exclusions and excluding claims and causes of action under sections 502(d), 544, 545, 547, 548 and 550 of the Bankruptcy Code (collectively "**Avoidance Actions**") (it being understood that notwithstanding such exclusion of Avoidance Actions, upon entry of the Final DIP Order, to the extent approved by the Bankruptcy Court, such lien shall attach to any proceeds of Avoidance Actions);

(c) except as otherwise provided in the immediately following clause (d) be secured by a junior perfected security interest and lien on the Collateral of each Loan Party to the extent that such Collateral is subject to valid, perfected and unavoidable liens in favor of third parties that were in existence immediately prior to the Petition Date and permitted under the Prepetition Credit Agreement,

or to valid and unavoidable permitted liens in favor of third parties that were in existence immediately prior to the Petition Date that were perfected subsequent to the Petition Date as permitted by Section 546(b) of the Bankruptcy Code (other than the existing liens that secure obligations of the applicable Loan Party under or governed by the Prepetition Credit Agreement, which existing liens will be primed by the liens described in clause (d) below), subject as to priority to such liens in favor of such third parties; and

(d) pursuant to Section 364(d)(1) of the Bankruptcy Code, be secured by a perfected priming security interest and lien on the Collateral of each Loan Party (such lien and security interest, the "**Priming Liens**") to the extent that Collateral is subject to existing liens that secure the obligations of the applicable Loan Party under the Prepetition Credit Agreement (the "**Primed Liens**").

The Priming Liens (x) shall be senior in all respects to the interests in such property of the Prepetition Secured Lenders under the Prepetition Credit Facilities (the "**Primed Parties**") and (y) shall also be senior to any liens granted to provide Adequate Protection in respect of any of the Primed Liens.

All of the liens described above shall be effective and perfected upon entry of the Interim DIP Order.

"**Collateral**" means all owned or hereafter acquired assets and property of the Loan Parties (including, without limitation, inventory, accounts receivable, property, plant, equipment, rights under leases and other contracts, patents, copyrights, trademarks, tradenames and other intellectual property and capital stock of subsidiaries), and the proceeds thereof, subject to exclusions based on the Prepetition Credit Facilities with modifications to be agreed that are customary for facilities of this type, and excluding Avoidance Actions and, prior to entry of the Final DIP Order, proceeds of Avoidance Actions.

Carve-Out: As used in this Term Sheet, the "**Carve-Out**" means the sum of (i) all fees required to be paid to the Clerk of the Court and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate (without regard to the notice set forth in (iii) below); (ii) all reasonable fees and expenses up to $50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code (without regard to the notice set forth in (iii) below); (iii) to the extent allowed at any time, whether by interim order, procedural order, or otherwise, all unpaid fees and expenses (the "**Allowed Professional Fees**") incurred by persons or firms retained by the Debtors pursuant to section 327, 328, or 363 of the Bankruptcy Code (the "**Debtor Professionals**") and the Creditors' Committee pursuant to section 328 or 1103 of the Bankruptcy Code (the "**Committee Professionals**" and, together with the Debtor Professionals, the "**Professional Persons**") at any time before or on the first business day following delivery by the Administrative Agent of a Carve-Out Trigger Notice (as defined below), whether allowed by the Court prior to or after delivery of a Carve-Out Trigger Notice; and (iv) Allowed Professional Fees of Professional Persons in an aggregate amount not to exceed $4,000,000 incurred after the first business day following delivery by the Administrative Agent of the Carve-Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise (the amounts set forth in this clause (iv) being the "**Post-Carve-Out Trigger Notice Cap**"). For purposes of the foregoing, "**Carve-Out Trigger Notice**" shall mean a written notice delivered

by email (or other electronic means) by the Administrative Agent to the Debtors, their lead restructuring counsel, the U.S. trustee, and counsel to the Creditors' Committee, which notice may be delivered following the occurrence and during the continuation of an Event of Default and acceleration of the DIP Facility, stating that the Post-Carve-Out Trigger Notice Cap has been invoked.

On the day on which a Carve-Out Trigger Notice is given by the Administrative Agent to the Debtors with a copy to counsel to the Creditors' Committee (the "**Termination Declaration Date**"), the Carve-Out Trigger Notice shall (i) be deemed a draw request and notice of borrowing by the US Borrower for DIP Loans under the DIP Commitment (on a pro rata basis based on the then outstanding DIP Commitments), in an amount equal to the then unpaid amounts of the Allowed Professional Fees (any such amounts actually advanced shall constitute DIP Loans) and (ii) also constitute a demand to the US Borrower to utilize all cash on hand as of such date and any available cash thereafter held by any Debtor to fund a reserve in an amount equal to the then unpaid amounts of the Allowed Professional Fees. The Debtors shall deposit and hold such amounts in a segregated account at the Administrative Agent in trust to pay such then unpaid Allowed Professional Fees (the "**Pre-Carve-Out Trigger Notice Reserve**") prior to any and all other claims. On the Termination Declaration Date, the Carve-Out Trigger Notice shall also be deemed a request by the Debtors for DIP Loans under the DIP Commitment (on a pro rata basis based on the then outstanding DIP Commitments), in an amount equal to the Post-Carve-Out Trigger Notice Cap (any such amounts actually advanced shall constitute DIP Loans). The Debtors shall deposit and hold such amounts in a segregated account at the Administrative Agent in trust to pay such Allowed Professional Fees benefiting from the Post-Carve-Out Trigger Notice Cap (the "**Post Carve-Out Trigger Notice Reserve**" and, together with the Pre-Carve-Out Trigger Notice Reserve, the "**Carve-Out Reserves**") prior to any and all other claims. On the first business day after the Administrative Agent gives such notice to such DIP Lenders, notwithstanding anything in the Term Sheet to the contrary, including with respect to the existence of a Default or Event of Default, the failure of the Debtors to satisfy any or all of the conditions precedent for DIP Loans under the DIP Facility, any termination of the DIP Commitments following an Event of Default, or the occurrence of the Scheduled Termination Date, each DIP Lender with an outstanding Commitment (on a pro rata basis based on the then outstanding Commitments) shall make available to the Administrative Agent such DIP Lender's pro rata share with respect to such borrowing in accordance with the DIP Facility. All funds in the Pre-Carve-Out Trigger Notice Reserve shall be used first to pay the obligations set forth in clauses (i) through (iii) of the definition of Carve-Out set forth above (the "**Pre-Carve-Out Amounts**"), but not, for the avoidance of doubt, the Post-Carve-Out Trigger Notice Cap, until paid in full, and then, to the extent the Pre Carve-Out Trigger Notice Reserve has not been reduced to zero, to pay the Administrative Agent for the benefit of the DIP Lenders, unless the DIP Facility has been indefeasibly paid in full in cash and all Commitments have been terminated, in which case any such excess shall be paid to the Prepetition Secured Lenders in accordance with their rights and priorities as of the Petition Date. All funds in the Post-Carve-Out Trigger Notice Reserve shall be used first to pay the obligations set forth in clause (iv) of the definition of Carve-Out set forth above (the "**Post-Carve-Out Amounts**"), and then, to the extent the Post Carve-Out

Trigger Notice Reserve has not been reduced to zero, to pay the Administrative Agent for the benefit of the DIP Lenders, unless the DIP Facility has been indefeasibly paid in full in cash and all Commitments have been terminated, in which case any such excess shall be paid to the Prepetition Secured Lenders in accordance with their rights and priorities as of the Petition Date. Notwithstanding anything to the contrary in this Term Sheet, if either of the Carve-Out Reserves is not funded in full in the amounts set forth herein, then, any excess funds in one of the Carve-Out Reserves following the payment of the Pre-Carve-Out Amounts and Post-Carve-Out Amounts, respectively, shall be used to fund the other Carve-Out Reserve, up to the applicable amount set forth herein, prior to making any payments to the Administrative Agent or the Prepetition Secured Lenders, as applicable. Notwithstanding anything to the contrary in the Term Sheet, following delivery of a Carve-Out Trigger Notice, the Administrative Agent and the Prepetition Secured Lenders shall not sweep or foreclose on cash (including cash received as a result of the sale or other disposition of any assets) of the Debtors until the Carve-Out Reserves have been fully funded, but shall have a security interest in any residual interest in the Carve-Out Reserves, with any excess paid to the Administrative Agent for application in accordance with this Term Sheet. Further, notwithstanding anything to the contrary in this Term Sheet, (i) disbursements by the Debtors from the Carve-Out Reserves shall not constitute DIP Loans or increase or reduce the DIP Facility, (ii) the failure of the Carve-Out Reserves to satisfy in full the Allowed Professional Fees shall not affect the priority of the Carve-Out, and (iii) in no way shall the initial budget, budget, Carve-Out, Post-Carve-Out Trigger Notice Cap, Carve-Out Reserves, or any of the foregoing be construed as a cap or limitation on the amount of the Allowed Professional Fees due and payable by the Debtors. For the avoidance of doubt and notwithstanding anything to the contrary herein or in the Prepetition Credit Facilities, the Carve-Out shall be senior to all liens and claims securing the DIP Facility, and any and all other forms of adequate protection, liens, or claims securing the DIP Facility.

Any payment or reimbursement made prior to the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall not reduce the Carve-Out.

Any payment or reimbursement made on or after the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall permanently reduce the Carve-Out on a dollar-for-dollar basis. Any funding of the Carve-Out shall be added to, and made a part of, the DIP Facility secured by the Collateral and shall be otherwise entitled to the protections granted under the order approving the DIP Facility, the Bankruptcy Code, and applicable law.

Notwithstanding the foregoing, the Carve-Out shall not include, apply to or be available for any fees or expenses incurred by any party in connection with (a) the investigation, initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation (i) against any of the DIP Lenders, the Administrative Agent, or the Prepetition Secured Lenders, or (ii) challenging the amount, validity, perfection, priority or enforceability of or asserting any defense, counterclaim or offset to, the obligations and the liens and security interests granted under the DIP Loan Documents or the indebtedness described in "Certain Prepetition Debt Facilities" above (whether in such capacity or otherwise), including, in each case, without limitation, for lender liability or

pursuant to section 105, 510, 544, 547, 548, 549, 550, or 552 of the Bankruptcy Code, applicable non-bankruptcy law or otherwise; (b) attempts to modify any of the rights granted to the DIP Lenders or the Administrative Agent; (c) attempts to prevent, hinder or otherwise delay any of the DIP Lenders' or the Administrative Agent's assertion, enforcement or realization upon any Collateral in accordance with the DIP Loan Documents and the Final DIP Order other than to seek a determination that an event of default has not occurred or is not continuing; or (d) paying any amount on account of any claims arising before the commencement of the Cases unless such payments are approved by an order of the Bankruptcy Court; provided, however, that the Carve Out and such collateral proceeds and loans under the DIP Loan Documents may be used for allowed fees and expenses, in an amount not to exceed $50,000 in the aggregate (the "**Investigation Fund**"), incurred solely by the Creditors' Committee in investigating any potential Challenges (as defined in the Interim DIP Order) during the Challenge Period (as defined in the Interim DIP Order); provided further, however, that the Investigation Fund shall not be used for fees and expenses incurred to initiate, assert, join, commence, support, or prosecute any Challenges.

Adequate Protection: As protection in respect of (x) the incurrence of the DIP Facility, (y) the imposition of the automatic stay, and (z) the Debtors' use of the Existing Collateral including Cash Collateral, the Debtors and the DIP Lenders agree, subject to Bankruptcy Court approval, to all of the following forms of adequate protection (the "**Adequate Protection**"):

(a) The Existing Collateral comprising Cash Collateral may be used to the extent set forth in this Term Sheet and the DIP Loan Documents.

(b) Subject to the requirements and limitations set forth in the Rolling Budget (subject to permitted variances), Cash Collateral will only be used for the purposes set forth in the Rolling Budget (subject to permitted variances), without prior written authorization of the Required DIP Lenders (in their reasonable discretion), *provided* that Cash Collateral will only be used in accordance with the DIP orders entered by the Bankruptcy Court from time to time.

(c) From the date of the Interim DIP Order to the DIP Facility Termination Date, and except to the extent of the Carve-Out, no claim may be asserted against the Administrative Agent, the DIP Lenders, or the Prepetition Secured Lenders, each in their capacity as such, to charge any expenses of administration of the Cases or any future proceeding that may result therefrom, including liquidation in bankruptcy or other proceedings under the Bankruptcy Code, against the Collateral or the Existing Collateral or recover such expenses from the Collateral or the Existing Collateral pursuant to section 506(c) of the Bankruptcy Code or any similar principle of law, without the prior written consent of the Required DIP Lenders and the Prepetition Secured Lenders, and no such consent shall be implied from any other action, inaction, or acquiescence by the DIP Lenders or Prepetition Secured Lenders.

(d) The Primed Parties whose liens will be primed as described above, and whose Cash Collateral will be authorized for use by the Loan Parties, will receive as adequate protection, pursuant to sections 361, 363(e) and 364(d)(1) of the Bankruptcy Code:

(i) current cash payment of professional fees and expenses otherwise

reimbursable under the Prepetition Credit Facilities,

(ii) to the extent of any diminution in value of their prepetition security interests, replacement or, if applicable, new liens on the Collateral that are junior to the liens securing the DIP Facility, and

(iii) to the extent of any diminution in value of their prepetition security interests, superpriority claims as provided for in section 507(b) of the Bankruptcy Code that are junior to the DIP Superpriority Claims.

Conditions Precedent to Effectiveness: The effectiveness of the DIP Loan Documents (the "**Closing**"; the date on which the Closing occurs, the "**Closing Date**") and the availability of the DIP Facility shall be subject to the satisfaction (or waiver) of customary conditions for DIP financings of this type.

Conditions Precedent to each Borrowing: Each borrowing under the DIP Facility will be subject to the satisfaction (or waiver) on each Delayed Draw Funding Date of conditions based on those set forth in the Prepetition Credit Facilities, subject to customary modifications for facilities of this type.

Representations and Warranties: The DIP Loan Documents will contain representations and warranties based on the Prepetition Credit Facilities, subject to customary modifications for facilities of this type to reflect the Cases and events or circumstances impacting thereon.

Affirmative and Negative Covenants: The DIP Loan Documents will contain affirmative and negative covenants based on the Prepetition Credit Facilities, subject to modifications customary for facilities of this type to reflect the Cases and events or circumstances impacting thereon; provided that the Loan Parties will be permitted to make investments in, or otherwise make payments to, non-Loan Party subsidiaries of the Company in an aggregate amount not to exceed $5.0 million.

Financial Covenants: The DIP Facility will contain only the following Financial Covenants:

(a) Tested weekly as of the last business day of each week (each such day, a "**Test Date**") for the applicable Test Period (as defined below) ending on such Test Date against the most recent Rolling Budget that covers such Test Period, the Company shall not allow (i) the aggregate receipts of the Company and its subsidiaries to be less than the Variance Percentage (for the applicable Test Period) of the aggregate receipts line item for the Company and its subsidiaries and (ii) the aggregate operating disbursements (excluding professional fees and expenses) made by the Company and its subsidiaries to be greater than the Variance Percentage (for the applicable Test Period) of the aggregate operating disbursements line item. The Financial Covenant set forth in this clause (a) is referred to as the "**Budget Variance Financial Covenant**". For purposes hereof, "**Test Period**" means (i) in respect of the first Test Date covered in the most recent Rolling Budget, the one-week period ending on such Test Date (the "**First Test Period**"), (ii) in respect of the second Test Date covered in the most recent Rolling Budget, the two-week period ending on such Test Date (the "**Second Test Period**"), (iii) in respect of the third Test Date covered in the most recent Rolling Budget, the three-week period ending on such Test Date (the "**Third Test Period**") and (iv) in respect of any subsequent Test Date covered in the most recent Rolling Budget, the four-week period ending on such Test Date (each, a "**Subsequent Test Period**"). As used herein, "**Variance Percentage**" means the corresponding percentage below:

Test Period	Variance Percentage	
	Receipts	Disbursements
First Test Period	75%	125%
Second Test Period	75%	125%
Third Test Period	80%	120%
Subsequent Test Period	80%	120%

(b) Tested monthly, the Company shall not make any capital expenditures, except for capital expenditures not exceeding an amount equal to the applicable amount set forth below for the period beginning on the Closing Date and ending on the last day of such month.

Fiscal Month	Capital Expenditures
August 2016	$15,560,000
September 2016	$21,550,000
October 2016	$27,540,000
November 2016	$33,530,000
December 2016	$39,510,000
January 2017	$46,540,000
February 2017	$53,660,000
March 2017	$61,870,000

Case Milestones: The DIP Loan Documents shall require compliance with the following milestones (the "**Case Milestones**") in accordance with the applicable timing referred to below (or such later dates as approved by the Required DIP Lenders):

(a) approval of the DIP Facility in form and substance satisfactory to the DIP Lenders on an interim basis within 7 calendar days after the Petition Date (or such later date as the Required DIP Lenders may agree in their reasonable discretion);

(b) approval of the DIP Facility in form and substance satisfactory to the DIP Lenders on a final basis within 40 calendar days after the entry of the Interim DIP Order (or such later date as the Required DIP Lenders may agree in their reasonable discretion);

(c) as promptly as possible but in no event later than 30 calendar days after the Petition Date, the Debtors shall have filed a plan of reorganization (an "**Acceptable Plan of Reorganization**") and disclosure statement (an "**Acceptable Disclosure Statement**") that are, in each case, acceptable to the DIP Lenders in their sole discretion;

(d) approval of the Acceptable Disclosure Statement within 90 calendar days after the Petition Date;

(f) confirmation of the Acceptable Plan of Reorganization within 130 calendar days after the Petition Date (the "**Confirmation Date**"); and

(g) effectiveness of the Acceptable Plan of Reorganization by no later than 21 calendar days following the Confirmation Date.

To the extent the milestones set forth above are extended pursuant to the restructuring support agreement among the Loan Parties, certain Lenders under the Prepetition Credit Agreement and the other parties thereto (the "**Restructuring Support Agreement**"), such milestones shall also be extended by such amount for purposes of the DIP Facility.

Failure by the Company to meet any of the foregoing milestones shall constitute an event of default under the DIP Loan Documents and shall cause the consensual use of Cash Collateral (described in the "Adequate Protection" section of this Term Sheet) to be terminated.

Financial Reporting Requirements:

Limited to the following:

(a) monthly unaudited consolidated financial statements of the Company and its subsidiaries (together with a consolidating balance sheet and income statement of the Loan Parties and their subsidiaries that are not Loan Parties) within 30 days after the end of each fiscal month, certified by the Company's chief financial officer, chief accounting officer or treasurer;

(b) quarterly unaudited consolidated financial statements of the Company and its subsidiaries (together with a consolidating balance sheet and income statement of the Loan Parties and their subsidiaries that are not Loan Parties) within 45 days of quarter-end for the first 3 fiscal quarters of the fiscal year, certified by the Company's chief financial officer, chief accounting officer or treasurer;

(c) annual audited consolidated financial statements of the Company and its subsidiaries (together with a consolidating balance sheet and income statement of the Loan Parties and their subsidiaries that are not Loan Parties, which consolidating balance sheet and income statement shall not be required to be audited) within 90 days of year-end, accompanied by an audit report (which may be subject to qualifications and exceptions in respect of the financial condition of the Company and its subsidiaries) with respect to such consolidated statements by KPMG LLP, any other "Big 4" accounting firm or other independent certified public accountants reasonably acceptable to the Required DIP Lenders;

(d) copies of all reports on Form 10-K, 10-Q or 8-K filed by the Company or its subsidiaries with the Securities and Exchange Commission;

(e) weekly flash reporting of cash and cash equivalents, including both book and bank balances, substantially the same as the flash reporting required under that certain Forbearance Agreement dated May 31, 2016 among the Borrowers, the other loan parties under the Prepetition Credit Agreement party thereto, certain of the Prepetition Secured Lenders and the other parties thereto; and

(f) periodic reporting of professional fees and expenses to be determined.

Any of the foregoing requirements under clauses (a), (b), (c) and (d) will be permitted to be satisfied by means of filing the applicable statements with the SEC or other authority or posting the applicable statements to a publicly-available website, in each case as and to the extent permitted under the Prepetition Credit Facility.

Budget Reporting:

Limited to the following:

1. The Company shall deliver on the Closing Date, in each case in form and substance reasonably satisfactory to the Lenders:

(i) monthly projections for the nine months after the Closing Date (such budget, as amended, modified or supplemented in a manner reasonably satisfactory to the Required Lenders, the "**DIP Budget**"); and

(ii) a thirteen (13) week budget for the Approved Purposes, including use of Cash Collateral (starting with the week of the Petition Date), which sets forth, among other things, on a cumulative roll-forward basis, the projected cash disbursements and projected cash receipts for each applicable week (such budget, the "**Initial Rolling Budget**").

2. The Company shall deliver to the Administrative Agent on the third business day of each 4-week period following the Closing Date:

(i) a new thirteen (13) week budget for the Approved Purposes, including use of Cash Collateral, in form substantially similar to the Initial Rolling Budget and in substance reasonably satisfactory to the Required Lenders (such budget, together with the Initial Rolling Budget, the "**Rolling Budget**") (subject to a deemed consent construct if the Required Lenders do not dispute any such budget within 5 business days after delivery of such budget).

3. The Company shall deliver to the Administrative Agent, in form reasonably satisfactory to the Required Lenders, on the third business day of each week for the applicable Test Period ending on the last business day of the prior week:

(i) a report (the "**Budget Compliance Report**") that sets forth, for such Test Period, a comparison of the actual cash disbursements and actual cash receipts to the projected cash disbursements (other than in respect of professional fees and expenses) and projected cash receipts set forth in the most recent Rolling Budget for such period, together with a certification from the Company that it is in compliance with the Budget Variance Financial Covenant.

Notwithstanding the forgoing, the DIP Loan Documents will provide that the Company will be permitted to pay all professional fees and expenses notwithstanding the information disclosed in any financial report delivered thereunder.

Events of Default: The DIP Loan Documents will contain events of default based on the Prepetition Credit Facilities, subject to modifications consistent for facilities of this type to reflect the Cases and events or circumstances impacting thereon. The termination of the Restructuring Support Agreement in accordance with its terms shall constitute an event of default under the DIP Loan Documents.

Expenses and Indemnification: The DIP Loan Documents will contain provisions for payment of expenses and indemnification of the Administrative Agent and the DIP Lenders based on the Prepetition Credit Facilities.

Assignments and Participations: Assignments must be in a minimum amount to be mutually agreed (or, if less, the remaining commitments and/or DIP Loans of any assigning DIP Lender) and are subject to the consent of the Company (absent a continuing Event of Default) and the Administrative Agent, except, in each case, with respect to any assignment to a DIP Lender, an affiliate of such a DIP Lender or a fund engaged in investing in commercial loans that is advised or managed by such a DIP Lender. No participation shall include voting rights, other than for matters

	requiring consent of all affected DIP Lenders.
Required DIP Lenders:	DIP Lenders holding, in the aggregate, more than 50.0% of the outstanding commitments and/or exposure under the DIP Facility (the "**Required DIP Lenders**").
Amendments:	Required DIP Lenders, except for amendments customarily requiring approval by directly and adversely affected DIP Lenders based on the Prepetition Credit Facilities, subject to modifications consistent for facilities of this type.
Miscellaneous:	The DIP Loan Documents will include (i) yield protection provisions, (ii) waivers of consequential damages and jury trial, and (iii) agency, set-off and sharing language, in each case based on the Prepetition Credit Facilities.
Governing Law and Submission to Exclusive Jurisdiction:	State of New York (and, to the extent customary for DIP financings, the Bankruptcy Code).
Counsel to the Administrative Agent:	Davis Polk & Wardwell LLP.

EXHIBIT A-2

Blackline of First Amended Restructuring Term Sheet against Existing Restructuring Term Sheet

THIS TERM SHEET IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE. NOTHING CONTAINED IN THIS TERM SHEET SHALL BE AN ADMISSION OF FACT OR LIABILITY OR, UNTIL THE OCCURRENCE OF THE AGREEMENT EFFECTIVE DATE ON THE TERMS DESCRIBED HEREIN AND IN THE RESTRUCTURING SUPPORT AGREEMENT, DEEMED BINDING ON ANY OF THE PARTIES HERETO.

AMENDED AND RESTATED RESTRUCTURING TERM SHEET

INTRODUCTION

This amended and restated term sheet (this "**Term Sheet**")[1] describes the terms of a restructuring of: (a) C&J Energy Services, Ltd., a Bermuda exempt company ("**C&J Energy**"); (b) C&J Corporate Services (Bermuda) Ltd. (together with C&J Energy, collectively, the "**Bermudian Debtors**"); (c) C&J Energy Production Services-Canada Ltd.; (d) Mobile Data Technologies Ltd. (the entities listed in clauses (c) and (d) collectively, the "**Canadian Debtors**"); (e) CJ Holding Co. ("**U.S. HoldCo**"); and (f) certain of U.S. HoldCo's directly and indirectly-owned subsidiaries, including Blue Ribbon Technology, Inc., C&J Energy Services, Inc., C&J Spec-Rent Services, Inc., C&J VLC, LLC, C&J Well Services, Inc., ESP Completion Technologies LLC, KVS Transportation, Inc., Tellus Oilfield Inc., Tiger Cased Hole Services, Inc., and Total E&S, Inc. (the entities listed in clauses (a) through (f) collectively, the "**Debtors**," and such restructuring, the "**Restructuring**").

The Restructuring will be accomplished through: (a) the commencement of cases (the "**Chapter 11 Cases**") under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the Southern District of Texas (the "**Bankruptcy Court**") to implement on a pre-arranged or prepackaged basis the chapter 11 plan of reorganization described herein and otherwise in form and substance acceptable to the Debtors and the Required Supporting Creditors (the "**Plan**"); (b) the commencement of ancillary proceedings (the "**Canadian Proceedings**") under the Companies' Creditors Arrangement Act (Canada) R.S.C. 1985, c. C-36 (as amended, the "**CCAA**") in a court of proper jurisdiction in Alberta, Canada (the "**Canadian Court**"); and (c) the commencement of provisional liquidation proceedings (the "**Bermudian Proceedings**") under the Companies Act 1981 (the "**Bermuda Act**") in a court of proper jurisdiction in Bermuda (the "**Bermudian Court**").

This Term Sheet is being agreed to in connection with entry by the Debtors, certain non-Debtor subsidiaries of C&J Energy and the Required Supporting Creditors into that certain First Amendment to Restructuring Support Agreement, dated as of July 14, 2016 (the "**RSA Amendment**"), amending that certain Restructuring Support Agreement, dated as of July 8, 2016 ~~(as may be~~, among the Debtors, certain non-Debtor subsidiaries of C&J Energy and the Supporting Creditors (as amended by the RSA Amendment and as may be further amended, supplemented or modified pursuant to the terms thereof, the "**RSA**"). Pursuant to the RSA, the parties thereto have agreed to support the transactions contemplated therein and herein.

This Term Sheet does not include a description of all of the terms, conditions, and other provisions that are to be contained in the definitive documentation governing the Restructuring, which remain subject to negotiation and completion in accordance with the RSA and applicable bankruptcy law. The

[1] Capitalized terms used but not otherwise defined in this Term Sheet have the meanings ascribed to such terms as set forth on **Exhibit A**.

Restructuring will not contain any material terms or conditions that are inconsistent in any material respect with this Term Sheet or the RSA.

OVERVIEW OF THE RESTRUCTURING

In general, the Restructuring contemplates that:

(a) The Debtors will implement the Restructuring in the Bankruptcy Court pursuant to the Plan on the terms set forth in this Term Sheet.

(b) Certain of the Supporting Creditors have agreed to ~~provide~~backstop a new-money $100 million debtor-in-possession financing facility (the "**DIP Facility**") and consent to the use of their cash collateral to fund the Chapter 11 Cases and ~~(i)~~ backstop a $200 million rights offering (the "**Rights Offering**"). In addition, to the extent that the Debtors or Reorganized Debtors, as applicable, the Backstop Parties and the Required Supporting Creditors agree that such a facility would be in the best interests of the Reorganized Debtors, the Debtors or the Reorganized Debtors, as applicable, may raise a senior secured revolving asset-based lending credit facility to be arranged and provided by one or more commercial lending institutions in a minimum amount of $100 million (the "**Exit Facility**").

(c) All Claims arising under the DIP Facility will be paid in full, in cash on the Effective Date from cash on hand and proceeds from the Rights Offering and Exit Facility.

(d) In full and final satisfaction of all Lender Claims, the Lenders will receive their Pro Rata share of: (i) 100% of the New Common Stock, subject to dilution on account of the Management Incentive Plan, the Rights Offering, the Backstop Fee, and the New Warrants; and (ii) 100% of the Subscription Rights under the Rights Offering.

(e) [TBD: Treatment of General Unsecured Claims.]

(f) Provided that Class 8 votes to accept the Plan, holders of C&J Common Stock will receive their Pro Rata share of the New Warrants.

(g) [TBD: Standby Facility.]

(h) To facilitate the Restructuring, on or after the Petition Date, the Bermudian Debtors and the Canadian Debtors will commence ancillary proceedings before the Bermudian Court and the Canadian Court, respectively.

This Term Sheet incorporates the rules of construction as set forth in section 102 of the Bankruptcy Code.

GENERAL PROVISIONS REGARDING THE RESTRUCTURING	
The DIP Facility	The DIP Facility Backstop Lenders will backstop a senior secured superpriority delayed draw term loan facility in an aggregate principal amount of up to $100 million. Each DIP Facility Backstop Lender shall fund no less than such DIP Facility Backstop Lender's pro rata share (based on Total Credit Exposure, without regard to any Total Credit Exposure held by Lenders other than the DIP Facility Backstop Lenders) of 60% of the aggregate commitments under the DIP Facility. Rights (the "**DIP Facility Participation Rights**") to fund up to 40% of the aggregate commitments under the DIP Facility (the "**DIP Facility Participation Amount**") shall be offered to the Lenders that are Supporting Creditors, other than the DIP Facility Backstop Lenders, in each case up to such Lender's pro rata share (based on Total Credit Exposure, without regard to any Total Credit Exposure held by the DIP Facility Backstop Lenders) of the DIP Facility Participation Amount. To the extent any portion of the DIP Facility Participation Rights are not exercised, such corresponding portions of the DIP Facility Participation Amount shall be allocated to, and added to the commitments of, the DIP Facility Backstop Lenders on a pro rata basis (based on Total Credit Exposure, without regard to any Total Credit Exposure held by Lenders other than the DIP Facility Backstop Lenders). ~~Certain of the Supporting Creditors (in such capacity, collectively, the "**DIP Lenders**") will provide a senior secured superpriority delayed draw term loan facility in an aggregate principal amount of up to $100 million.~~ The DIP Facility will be available in up to three drawings, with the first such drawing to occur on the closing date of the DIP Facility in an aggregate principal amount of no less than $25 million. The material terms of the DIP Facility are set forth in the term sheet attached hereto as **Exhibit B** (the "**DIP Facility Term Sheet**").
The Rights Offering	~~Certain of the Supporting Creditors (in such capacity, collectively, the "~~The Backstop Parties~~")~~ will backstop a $200 million rights offering to be consummated on the Effective Date and otherwise on the terms set forth in the Backstop Commitment Agreement to be entered into by the Debtors and the Backstop Parties, in form and substance satisfactory to the Debtors, the Backstop Parties and the Required Supporting Lenders (including all schedules and exhibits thereto, the "**Backstop Commitment Agreement**"). The Backstop Commitment Agreement will provide for, among other things: (i) a commitment premium of 5% of the $200 million committed amount (the "**Backstop Fee**") payable in New Common Stock to the Backstop Parties on the Effective Date; and (ii) a discount of 20% to total settled plan enterprise value ("**Plan Value**"), provided that Plan Value shall be no greater than $750 million.
The Exit Facility	To the extent that the Debtors or Reorganized Debtors, as applicable, the Backstop Parties and the Required Supporting Creditors agree that such a facility would be in the best interests of the Reorganized Debtors, the Debtors or the Reorganized Debtors, as applicable, may raise the Exit Facility, a senior secured revolving asset-based lending credit facility to

	be arranged and provided by one or more commercial lending institutions in a minimum amount of $100 million, on terms satisfactory to the Debtors or the Reorganized Debtors, as applicable, and the Required Supporting Creditors. The Debtors shall timely seek approval from the Bankruptcy Court to obtain relief necessary to effectuate the Exit Facility.
The New Warrants	On the Effective Date, provided that Class 8 votes to accept the Plan, the Debtors will issue 7-year warrants convertible into up to 6% of the New Common Stock at a strike price of $1.55 billion. The documentation for the New Warrants will be included in the Plan Supplement and otherwise in form and substance acceptable to the Debtors and the Required Supporting Creditors.
Standby Facility	[TBD.]

TREATMENT OF CLAIMS AND INTERESTS OF THE DEBTORS UNDER THE PLAN			
Class No.	**Type of Claim**	**Treatment**	**Impairment / Voting**
Unclassified Non-Voting Claims			
N/A	**DIP Facility Claims**	On the Effective Date, in full satisfaction of each Allowed DIP Facility Claim, each holder thereof shall receive, in full satisfaction of its Claim, payment in full in cash.	N/A
N/A	**Administrative Claims**	On the Effective Date, except to the extent that a holder of an Allowed Administrative Claim and the Debtor against which such Allowed Administrative Claim is asserted agree to less favorable treatment for such holder, each holder of an Allowed Administrative Claim shall receive, in full satisfaction of its Claim, payment in full in cash.	N/A
N/A	**Priority Tax Claims**	Except to the extent that a holder of an Allowed Priority Tax Claim and the Debtor against which such Allowed Priority Tax Claim is asserted agree to less favorable treatment for such holder, each holder of an Allowed Priority Tax Claim shall receive, in full satisfaction of its Claim, treatment in a manner consistent with section 1129(a)(9)(C) of the Bankruptcy Code.	N/A

Classified Claims and Interests of the Debtors			
Class 1	**Other Secured Claims**	On the Effective Date, in full satisfaction of each Allowed Other Secured Claim, each holder thereof shall receive, at the option of the applicable Debtor, with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors: (a) payment in full in cash; (b) the collateral securing its Allowed Other Secured Claim; (c) Reinstatement of its Other Secured Claim; or (d) such other treatment rendering its Allowed Other Secured Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code.	Unimpaired; deemed to accept.
Class 2	**Other Priority Claims**	On the Effective Date, in full satisfaction of each Allowed Other Priority Claim, each holder thereof shall receive payment in full in cash.	Unimpaired; deemed to accept.
Class 3	**Mineral Contractor Claims**	On the Effective Date, in full satisfaction of each Allowed Mineral Contractor Claim, to the extent not already satisfied pursuant to a prior order of the Bankruptcy Court, each holder of an Allowed Mineral Contractor Claim shall receive Cash in an amount equal to such Claim on the later of: (a) the Effective Date; or (b) the date due in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Mineral Contractor Claim.	Unimpaired; deemed to accept.
Class 4	**Lender Claims**	On the Effective Date, in full satisfaction of each Lender Claim, each holder thereof shall receive: (a) its Pro Rata share of the New Common Equity Pool; and (b) if such holder is an Accredited Investor, its Subscription Rights to purchase its Pro Rata share of the Rights Offerings Shares in accordance with the Rights Offering Procedures.	Impaired; entitled to vote.
Class 5	**General Unsecured Claims**	[TBD]	[TBD].
Class 6	**Intercompany Claims**	On the Effective Date, each Intercompany Claim shall be, at the option of the Debtor, with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors, either Reinstated or canceled and released without any distribution.	Impaired; deemed to reject or Unimpaired; deemed to accept.
Class 7	**Interests in Debtors other than C&J Energy**	On the Effective Date, Interests in the Debtors other than C&J Energy shall be, at the option of the Debtor, with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors, either Reinstated or canceled and released without any distribution.	Impaired; deemed to reject or Unimpaired; deemed to accept
Class 8	**Interests in**	All Interests in C&J Energy will be canceled, released,	Impaired;

	C&J Energy	and extinguished as of the Effective Date, and will be of no further force or effect. On the Effective Date, each holder of C&J Common Stock shall receive (a) if Class 8 has timely accepted the Plan, its Pro Rata share of the New Warrants or (b) if Class 8 has not timely accepted the Plan, no distribution.	entitled to vote.

GENERAL PROVISIONS REGARDING THE PLAN	
Subordination	The classification and treatment of Claims under the Plan shall conform to the respective contractual, legal, and equitable subordination rights of such Claims, and any such rights shall be settled, compromised, and released pursuant to the Plan.
Restructuring Transactions	The Confirmation Order shall be deemed to authorize, among other things, all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including the Rights Offering and the issuance of all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Restructuring (collectively, the "**Restructuring Transactions**"). On the Effective Date, the Debtors, as applicable, shall issue all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Restructuring.
Cancellation of Notes, Instruments, Certificates, and Other Documents	On the Effective Date, except to the extent otherwise provided in this Term Sheet or the Plan, all notes, instruments, certificates, and other documents evidencing Claims or Interests, including credit agreements and indentures, shall be canceled and the obligations of the Debtors and any non-Debtor Affiliates thereunder or in any way related thereto shall be deemed satisfied in full and discharged.
Executory Contracts and Unexpired Leases	The Debtors shall seek to assume or reject executory contracts and unexpired leases in consultation with the Supporting Creditors and with the consent (such consent not to be unreasonably withheld) of the Required Supporting Creditors. The Plan will provide that the executory contracts and unexpired leases that are not assumed or rejected as of the Plan Effective Date (either pursuant to the Plan or a separate motion) will be deemed assumed pursuant to section 365 of the Bankruptcy Code. For the avoidance of doubt, such consent shall be obtained with respect to all decisions to assume or reject, including the deemed assumption of executory contracts and unexpired leases pursuant to the Plan.
Retention of Jurisdiction	The Plan will provide for the retention of jurisdiction by the Bankruptcy Court for usual and customary matters.
Discharge of Claims and Termination of Interests	Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Reorganized Debtors), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date,

	whether known or unknown, against, liabilities of, liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a Proof of Claim based upon such debt or right is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (b) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (c) the holder of such a Claim or Interest has accepted the Plan. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the occurrence of the Effective Date.
Releases by the Debtors	Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, each Released Party is deemed released and discharged by the Debtors, the Reorganized Debtors, and their Estates from any and all Causes of Action, including any derivative claims, asserted on behalf of the Debtors, that the Debtors, the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim against, or Interest in, a Debtor or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Merger, the Backstop Commitment Agreement, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the RSA, the Disclosure Statement, the DIP Facility, the Backstop Commitment Agreement, the Plan, or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the RSA, the Disclosure Statement, the DIP Facility, or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date.
Releases by Holders of Claims and Interests	As of the Effective Date, each Releasing Party is deemed to have released and discharged each Debtor, Reorganized Debtor, and Released Party from any and all Causes of Action, whether known or unknown, including any derivative claims, asserted on behalf of the Debtors, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the Merger, the Backstop Commitment Agreement, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the RSA, the Disclosure Statement,

	the DIP Facility, the Plan, the Backstop Commitment Agreement, or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the RSA, the Disclosure Statement, the DIP Facility, or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other related act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date.
Exculpation	Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is released and exculpated from any Cause of Action for any claim related to any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the RSA and related prepetition transactions, the Disclosure Statement, the Plan, or any Restructuring Transaction, contract, instrument, release or other agreement or document created or entered into in connection with the Disclosure Statement or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, except for claims related to any act or omission that is determined in a final order to have constituted actual fraud or gross negligence, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes and distribution of consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.
Injunction	Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities who have held, hold, or may hold claims or interests that have been released, discharged, or are subject to exculpation are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Exculpated Parties, or the Released Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such claims or interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such claims or interests; (c) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such claims or interests; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or

	against the property of such Entities on account of or in connection with or with respect to any such claims or interests unless such holder has filed a motion requesting the right to perform such setoff on or before the Effective Date, and notwithstanding an indication of a claim or interest or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such claims or interests released or settled pursuant to the Plan.

OTHER MATERIAL PROVISIONS REGARDING THE RESTRUCTURING	
Management Incentive Plan	On the Effective Date, the Reorganized Debtors will implement a management incentive plan (the "**Management Incentive Plan**") that shall provide for 10% of the New Common Stock, on a fully diluted basis, to be issued to management of the Reorganized Debtors after the Effective Date at the discretion of the New Board and on terms to be determined by the New Board (including, without limitation, with respect to allocation, timing and structure of such issuance and the Management Incentive Plan). The Plan will permit the establishment of the Management Incentive Plan by the New Board following the Effective Date.
Employment Obligations	Each of the Debtors' "first day" or "second day" motions and proposed orders relating to wages, compensation, and benefits, including executive compensation programs shall be in form and substance acceptable to the Debtors and the Required Supporting Creditors. The Debtors and the Required Supporting Creditors shall mutually agree as to (i) the continuation, after the Effective Date, of the Key Employee Incentive Plan effective as of May 6, 2016 (as amended, supplemented or otherwise modified, the "**KEIP**"), (ii) the Debtors' wages, compensation, and benefit programs that relate to any "insider" as that term is defined in section 101(31) of the Bankruptcy Code and (iii) the assumption, rejection or other disposition of any of the Debtors' existing employment agreements for insiders. Wages, compensation and benefit programs, other than the KEIP that do not relate to insiders shall be continued after the Effective Date and the Supporting Creditors shall support assumption of non-insider employment agreements, in each case unless otherwise agreed by the Debtors and the Required Supporting Creditors and subject to the satisfaction and consent of the Required Supporting Creditors (such consent not to be unreasonably withheld) following receipt and analysis by the Required Supporting Creditors and their advisors of satisfactory information from the Company regarding such programs, which information the Company shall provide as promptly as practicable.

Indemnification of Prepetition Directors, Officers, Managers, *et al.*	Consistent with applicable law, all indemnification provisions currently in place (whether in the by-laws, certificates of incorporation or formation, limited liability company agreements, other organizational documents, board resolutions, indemnification agreements, employment contracts, or otherwise) for the current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Debtors, as applicable, shall be reinstated and remain intact, irrevocable, and shall survive the effectiveness of the Restructuring on terms no less favorable to such current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Debtors than the indemnification provisions in place prior to the Restructuring.
Director, Officer, Manager, and Employee Tail Insurance Coverage	On or before the Effective Date, the Debtors shall purchase and maintain directors, officers, managers, and employee liability tail coverage for the six-year period following the Effective Date on terms no less favorable than the Debtors' existing director, officer, manager, and employee coverage and with an aggregate limit of liability upon the Effective Date of no less than the aggregate limit of liability under the existing director, officer, manager, and employee coverage upon placement. Reasonable directors and officers insurance policies shall remain in place in the ordinary course during the Chapter 11 Cases and from and after the Plan Effective Date.
Claims of the Debtors	The Reorganized Debtors, as applicable, shall retain all rights to commence and pursue any Causes of Action, other than any Causes of Action released by the Debtors pursuant to the release and exculpation provisions outlined in this Term Sheet. Prior to consummation of the Plan, the Debtors shall not settle, compromise or discharge any Cause of Action that is not agreed to be released pursuant to this Term Sheet without the consent of the Required Supporting Lenders.
Additional Plan Provisions and Documentation	The Plan shall contain other customary provisions for chapter 11 plans of this type. The Plan and all supporting and implementing documentation (including all briefs and other pleadings filed in support thereof, all documents filed as part of the Plan Supplement, and the Confirmation Order) shall be in form and substance acceptable to the Debtors and the Required Supporting Creditors.
Conditions Precedent to Restructuring	The following shall be conditions to the Effective Date (the "**Conditions Precedent**"): (a) the Bankruptcy Court shall have entered the Confirmation Order, which shall be in form and substance acceptable to the Debtors and the Required Supporting Creditors, and shall: (i) authorize the Debtors to take all actions necessary to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created in connection with the Plan;

	(ii) decree that the provisions of the Confirmation Order and the Plan are nonseverable and mutually dependent; (iii) authorize the Debtors, as applicable/necessary, to: (a) implement the Restructuring Transactions, including the Rights Offering; (b) distribute the New Warrants and the New Common Stock pursuant to the exemption from registration under the Securities Act provided by section 1145 of the Bankruptcy Code or other exemption from such registration or pursuant to one or more registration statements; (c) make all distributions and issuances as required under the Plan, including cash, the New Warrants, and the New Common Stock; and (d) enter into any agreements, transactions, and sales of property as set forth in the Plan Supplement, including the Exit Facility and the Management Incentive Plan; (iv) authorize the implementation of the Plan in accordance with its terms; and (v) provide that, pursuant to section 1146 of the Bankruptcy Code, the assignment or surrender of any lease or sublease, and the delivery of any deed or other instrument or transfer order, in furtherance of, or in connection with the Plan, including any deeds, bills of sale, or assignments executed in connection with any disposition or transfer of assets contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax; and (b) the Debtors shall have obtained all authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan; (c) the final version of the Plan Supplement and all of the schedules, documents, and exhibits contained therein shall have been filed in a manner consistent in all material respects with the RSA, this Term Sheet, and the Plan and shall be in form and substance acceptable to the Debtors and the Required Supporting Creditors; (d) the RSA shall remain in full force and effect; (e) all professional fees and expenses of retained professionals required to be approved by the Bankruptcy Court shall have been paid in full or amounts sufficient to pay such fees and expenses after the Effective Date have been placed in a professional fee escrow account pending approval by the Bankruptcy Court; (f) all professional fees and expenses and of the advisors to the Supporting Creditors, the Credit Agreement Agent, the DIP Facility Lenders and the DIP Facility Agent (including all advisors set forth in Section 9 of the RSA) shall have been paid in full; (g) each Loan Party (as defined in the Credit Agreement) that is not a Debtor shall have been released from its obligations under the Credit Agreement and the other Credit Agreement Documents

	pursuant to the terms thereof; and (h) the Debtors shall have implemented the Restructuring Transactions, including the Rights Offering, and all transactions contemplated by this Term Sheet, in a manner consistent in all respects with the RSA, this Term Sheet, and the Plan, pursuant to documentation acceptable to the Debtors and the Required Supporting Creditors.
Waiver of Conditions Precedent to the Effective Date	The Debtors, with the prior written consent of the Required Supporting Creditors, may waive any one or more of the Conditions Precedent to the Effective Date.
Foreign Proceedings	On or as soon as is reasonably practicable after the Effective Date, the Bermudian Debtors shall commence the Bermudian Proceedings and the Canadian Debtors shall commence the Canadian Proceedings to facilitate the Restructuring and protect certain of the Debtors' assets held outside of the United States.

CORPORATE GOVERNANCE PROVISIONS/SECTION 1145 EXEMPTION	
Governance	The board or directors of Reorganized Debtors (the "**New Board**") shall be appointed by the Supporting Creditors, in consultation with the Reorganized Debtors' management, and the identities of directors on the New Board shall be set forth in the Plan Supplement, to the extent known at the time of filing; *provided, however* that the reorganized Debtors' chief executive officer shall be a member of the New Board and the remainder of the New Board shall be appointed in compliance with section 1129(a)(5) of the Bankruptcy Code. Corporate governance for the Reorganized Debtors, including charters, bylaws, operating agreements, or other organization documents, as applicable (the "**New Organizational Documents**"), shall be consistent with this Term Sheet and section 1123(a)(6) of the Bankruptcy Code (as applicable) and documentation therefor shall be included in the Plan Supplement and otherwise acceptable to the Debtors and the Required Supporting Creditors.
Exemption from SEC Registration	The issuance of all securities under the Plan will be exempt from SEC registration under applicable law.

[*Exhibits follow.*]

EXHIBIT A

DEFINITIONS

Accredited Investor	As defined in Rule 501 of Regulation D promulgated under the Securities Act.
Administrative Claim	A Claim for costs and expenses of administration of the Chapter 11 Cases pursuant to sections 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred on or after the Petition Date until and including the Effective Date of preserving the Estates and operating the Debtors' businesses; (b) Allowed Professional Claims; and (c) all fees and charges assessed against the Estates pursuant to section 1930 of chapter 123 of title 28 of the United States Code.
Affiliate	As defined in section 101(2) of the Bankruptcy Code.
Allowed	As to a Claim or an Interest, a Claim or an Interest allowed under the Plan, under the Bankruptcy Code, or by a Final Order, as applicable. For the avoidance of doubt, (a) there is no requirement to file a Proof of Claim (or move the Bankruptcy Court for allowance) to be an Allowed Claim under the Plan, and (b) the Debtors may affirmatively determine to deem Unimpaired Claims Allowed to the same extent such Claims would be allowed under applicable nonbankruptcy law.
Backstop Commitment Agreement	As defined in the Term Sheet.
Backstop Fee	As defined in the Term Sheet.
Backstop Parties	Certain of the Supporting Creditors (or certain designated affiliates thereof), in their capacity as Backstop Parties under the Backstop Commitment Agreement, including certain funds and/or accounts managed or advised by Ascribe Capital LLC, Blue Mountain Capital Management, LLC, GSO Capital Partners LP, Silver Point Capital L.P., Solus Alternative Asset Management LP and Symphony Asset Management LLC~~, in each case that are parties to the RSA~~; *provided, however*, that each Backstop Party shall be a Supporting Creditor.
Bankruptcy Code	As defined in the Term Sheet.
Bankruptcy Court	As defined in the Term Sheet.
Bermuda Act	As defined in the Introduction.
Bermudian Court	As defined in the Introduction.
Bermudian Debtors	As defined in the Introduction.
Bermudian Proceedings	As defined in the Introduction.
C&J Common Stock	C&J Energy's authorized and issued common stock outstanding as of the Effective Date.
C&J Energy	As defined in the Introduction.

Canadian Court	As defined in the Introduction.
Canadian Debtors	As defined in the Introduction.
Canadian Proceedings	As defined in the Introduction.
Cause of Action	Any claims, interests, damages, remedies, causes of action, demands, rights, actions, suits, obligations, liabilities, accounts, defenses, offsets, powers, privileges, licenses, liens, indemnities, guaranties, and franchises of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, contingent or non-contingent, liquidated or unliquidated, secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, in contract, tort, law, equity, or otherwise. Causes of Action also include: (a) all rights of setoff, counterclaim, or recoupment and claims under contracts or for breaches of duties imposed by law; (b) the right to object to or otherwise contest Claims or Interests; (c) claims pursuant to sections 362, 510, 542, 543, 544 through 550, or 553 of the Bankruptcy Code; and (d) such claims and defenses as fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code.
CCAA	As defined in the Introduction.
Chapter 11 Cases	As defined in the Term Sheet.
Claim	Any claim, as defined in section 101(5) of the Bankruptcy Code, against any of the Debtors.
Class	A category of holders of Claims or Interests pursuant to section 1122(a) of the Bankruptcy Code.
Conditions Precedent	As defined in the Term Sheet.
Confidentiality Agreement	As defined in the RSA.
Confirmation	Entry of the Confirmation Order on the docket of the Chapter 11 Cases.
Confirmation Date	The date on which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases within the meaning of Bankruptcy Rules 5003 and 9021
Confirmation Hearing	The hearing(s) before the Bankruptcy Court under section 1128 of the Bankruptcy Code at which the Debtors seek entry of the Confirmation Order.
Confirmation Order	The order of the Bankruptcy Court confirming the Plan under section 1129 of the Bankruptcy Code, which order shall be in form and substance acceptable to the Debtors and the Required Supporting Creditors.
~~**Supporting Creditors**~~	~~As defined in the RSA.~~
Company	C&J Energy and each of its direct and indirect subsidiaries.

Consummation	The occurrence of the Effective Date.
Credit Agreement	As defined in the RSA.
Credit Agreement Agent	Cortland Capital Market Services LLC, in its capacity as successor administrative agent pursuant to the Credit Facility Documents, its successors, assigns, or any replacement agent appointed pursuant to the terms of the Credit Agreement and, as applicable, its predecessor administrative agent, Bank of America, N.A..
Credit Agreement Documents	Collectively, the Credit Agreement, each other Loan Document (as defined in the Credit Agreement), and all other agreements, documents, and instruments delivered or entered into in connection therewith (including any guarantee agreements, pledge and collateral agreements, intercreditor agreements, and other security documents).
Debtors	As defined in the Term Sheet.
DIP Facility	As defined in the Term Sheet.
DIP Facility Agent	That certain administrative agent under the DIP Facility Loan Agreement.
DIP Facility Claim	Any Claim held by the DIP Facility Lenders or the DIP Facility Agent arising under or related to the DIP Facility Loan Agreement or the DIP Facility Order, including any and all fees, interest paid in kind, and accrued but unpaid interest and fees arising under the DIP Facility Loan Agreement
DIP Facility Backstop Lenders	Certain of the Supporting Creditors, collectively, in their capacity as backstop lenders party to the DIP Facility Loan Agreement, including funds and/or accounts managed or advised by Ascribe Capital LLC, Blue Mountain Capital Management, LLC, GSO Capital Partners LP and Solus Alternative Asset Management LP~~, in each case that are parties to the RSA~~.
DIP Facility Lenders	Collectively, the DIP Facility Backstop Lenders and the DIP Facility Participating Lenders.
DIP Facility Loan Agreement	That certain debtor-in-possession credit agreement as approved by the DIP Facility Order, which shall contain terms consistent in all respects with the DIP Facility Term Sheet and otherwise in form and substance acceptable to the Debtors, the DIP Facility Backstop Lenders and the Required Supporting Creditors.
DIP Facility Order	Collectively, the interim and final orders entered by the Bankruptcy Court authorizing the Debtors to enter into the DIP Facility Loan Agreement and access the DIP Facility, which shall be in form and substance acceptable to the Debtors, the DIP Facility Backstop Lenders, and the Required Supporting Creditors.

DIP Facility Participating Lenders	Certain of the Supporting Creditors (or certain designated affiliates thereof that are reasonably acceptable to the DIP Facility Backstop Lenders and the Debtors) other than the DIP Facility Backstop Lenders that exercise their DIP Facility Participation Rights, collectively, in their capacity as lenders under the DIP Facility Loan Agreement; *provided, however*, that each DIP Facility Participating Lender shall be a Supporting Creditor.
DIP Facility Participation Amount	As defined in the Term Sheet.
DIP Facility Participation Rights	As defined in the Term Sheet.
DIP Facility Term Sheet	As defined in the Term Sheet.
Disclosure Statement	The disclosure statement for the Plan, including all exhibits and schedules thereto, which shall be in form and substance acceptable to the Debtors and acceptable to the Required Supporting Creditors.
Effective Date	The date that is the first Business Day after the Confirmation Date on which all Conditions Precedent have been satisfied or waived in accordance with the Plan.
Entity	As defined in section 101(15) of the Bankruptcy Code.
Estate	The estate of any Debtor created under sections 301 and 541 of the Bankruptcy Code upon the commencement of the applicable Debtor's Chapter 11 Case.
Excluded Parties	In the event that any holder of Interests in C&J Energy or any Affiliate or subsidiary (other than C&J Energy and any direct or indirect subsidiary thereof) or current or former officer, director, principal, member, employee, agent or advisory board member thereof (a) seeks any relief materially adverse to the Restructuring as agreed herein or the interests of the Debtors, the Supporting Creditors, the Lenders, the Credit Agreement Agent, the DIP Facility Lenders, the DIP Facility Agent or the Backstop Parties or objects to or opposes any material relief sought by (including any request for relief by any other party that is joined by any of the following) the Debtors, the Supporting Creditors, the Credit Agreement Agent, the DIP Facility Lenders, the DIP Facility Agent or the Backstop Parties, (b) is entitled to vote on the Plan and does not vote to accept the Plan, (c) opts out of any third-party releases sought in connection with the Plan or (d) objects to the Plan or causes an objection to the Plan to be made, then such holder of Interests in C&J Energy and each Affiliate and subsidiary (other than C&J Energy and any direct or indirect subsidiary thereof) or current or former officer, director, principal, member, employee, agent or advisory board member thereof shall be an Excluded Party; *provided*, that no current or former director or officer of the Company (in such capacity) shall be an Excluded Party.

Exculpated Parties	Collectively, and in each case (i) excluding any Excluded Parties and (ii) in its capacity as such: (a) the Debtors; (b) any official committees appointed in the Chapter 11 Cases and each of their respective members; and (c) with respect to each of the foregoing, such Entity and its current and former Affiliates, and such Entity's and its current and former Affiliates' current and former equity holders, subsidiaries, officers, directors, managers, principals, members, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, each in their capacity as such.
Exit Facility	As defined in the Term Sheet
General Unsecured Claims	Any Claim other than an Administrative Claim, a Professional Claim, a Secured Tax Claim, an Other Secured Claim, a Priority Tax Claim, an Other Priority Claim, a Mineral Contractor Claim, a Lender Claim, or a DIP Facility Claim.
Governmental Unit	As defined in section 101(27) of the Bankruptcy Code
Impaired	With respect to any Class of Claims or Interests, a Class of Claims or Interests that is impaired within the meaning of section 1124 of the Bankruptcy Code.
Intercompany Claim	A Claim held by a Debtor or an Affiliate against a Debtor or an Affiliate.
Intercompany Interest	An Interest held by a Debtor or an Affiliate of a Debtor.
Interest	Any Equity Security (as defined in section 101(16) of the Bankruptcy Code) in any Debtor and any other rights, options, warrants, stock appreciation rights, phantom stock rights, restricted stock units, redemption rights, repurchase rights, convertible, exercisable or exchangeable securities or other agreements, arrangements or commitments of any character relating to, or whose value is related to, any such interest or other ownership interest in any Debtor.
Lender	Each lender under the Credit Agreement.
Lender Claim	Any Claim arising under, derived from, or based upon the Credit Agreement.
Management Incentive Plan	As defined in the Term Sheet.
Merger	Those certain transactions on or around March 24, 2015, by and among the predecessors to the Debtors and the completion and production business of Nabors, effectuating a merger of such entities.
Mineral Contractor Claim	Any Claim that is secured by, or in the reasonable judgment of counsel to the Company may be secured by, a lien on property of a customer of the Debtors arising under chapter 56 of the Texas Property Code, or any similar federal, state, or local law, whether or not such Claim is or may be secured by a lien on property of the Debtors.

Nabors	Nabors Industries Ltd.
New Board	As defined in the Term Sheet.
New Common Equity Pool	100% of the New Common Stock issued and outstanding on the Effective Date to be distributed to the holders of Allowed Lender Claims in accordance with the Plan, subject to dilution on account of the Management Incentive Plan, the Rights Offering, the Backstop Fee, and the New Warrants.
New Common Stock	The common stock of Reorganized C&J Energy.
New Warrants	As defined in the Term Sheet.
Other Priority Claim	Any Claim other than an Administrative Claim or a Priority Tax Claim entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.
Other Secured Claim	Any Secured Claim, including any Secured Tax Claim, other than a Lender Claim or a DIP Facility Claim. For the avoidance of doubt, "Other Secured Claims" includes any Claim arising under, derived from, or based upon any letter of credit issued in favor of one or more Debtors, the reimbursement obligation for which is either secured by a Lien on collateral or is subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code.
Petition Date	The date on which the Chapter 11 Cases were commenced.
Plan	As defined in the Term Sheet.
Plan Restructuring Documents	As defined in the RSA.
Plan Supplement	Any compilation of documents and forms of documents, agreements, schedules, and exhibits to the Plan, which shall be filed by the Debtors no later than 7 days before the Confirmation Hearing or such later date as may be approved by the Bankruptcy Court on notice to parties in interest, and additional documents filed with the Bankruptcy Court prior to the Effective Date as amendments to the Plan Supplement, each of which shall be consistent in all respects with, and shall otherwise contain, the terms and conditions set forth in the RSA and Term Sheet, where applicable, and shall be in form and substance acceptable to the Debtors and the Required Supporting Creditors.
Plan Value	As defined in the Term Sheet.
Priority Tax Claims	Any Claim of a Governmental Unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.
Pro Rata	The proportion that an Allowed Claim or an Allowed Interest in a particular Class bears to the aggregate amount of Allowed Claims or Allowed Interests in that Class.

Professional Claim	A Claim by a professional seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under sections 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code.
Proof of Claim	A proof of Claim filed against any of the Debtors in the Chapter 11 Cases by the applicable Bar Date.
Reinstated	With respect to Claims and Interests, that the Claim or Interest shall be rendered unimpaired in accordance with section 1124 of the Bankruptcy Code.
Released Parties	Collectively, and in each case (i) other than any Excluded Parties and (ii) in its capacity as such: (a) the Supporting Creditors; (b) the Backstop Parties; (c) the Credit Agreement Agent; (d) the DIP Facility Lenders; (e) the DIP Facility Agent; and (f) with respect to each of the Debtors, the Reorganized Debtors, and each of the foregoing entities in clauses (a) through (e), such Entity and its current and former Affiliates and subsidiaries, and such Entities' and their current and former Affiliates' and subsidiaries' current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, and assigns, subsidiaries, and each of their respective current and former equity holders, officers, directors, managers, principals, members, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals.
Releasing Parties	Collectively, (a) the Supporting Creditors; (b) the Backstop Parties; (c) the DIP Facility Lenders; (d) the Credit Agreement Agent; (e) the DIP Facility Agent; (f) all holders of Claims; (g) all holders of Interests; and (h) with respect to each of the Debtors, the Reorganized Debtors, and each of the foregoing entities in clauses (a) through (g), such Entity and its current and former Affiliates and subsidiaries, and such Entities' and their current and former Affiliates' and subsidiaries' current and former directors, managers, officers, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, and assigns, subsidiaries, and each of their respective current and former equity holders, officers, directors, managers, principals, members, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, each in their capacity as such collectively.
Reorganized C&J Energy	C&J Energy, or any successor or assign, by merger, consolidation, or otherwise, on or after the Effective Date.
Reorganized Debtors	A Debtor, or any successor or assign thereto, by merger, consolidation, or otherwise, on and after the Effective Date.
Required Supporting Creditors	As defined in the RSA.
Restructuring	As defined in the Introduction.

Restructuring Transactions	As defined in the Term Sheet.
Rights Offering Procedures	The procedures governing the Rights Offering attached as an exhibit to the Backstop Commitment Agreement.
Rights Offering Shares	The shares of New Common Stock distributed pursuant to and in accordance with the Rights Offering.
RSA	As defined in the Term Sheet.
SEC	The Securities and Exchange Commission.
Secured	When referring to a Claim: (a) secured by a Lien on collateral to the extent of the value of such collateral, as determined in accordance with section 506(a) of the Bankruptcy Code or (b) subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code.
Secured Tax Claim	Any Secured Claim that, absent its Secured status, would be entitled to priority in right of payment under section 507(a)(8) of the Bankruptcy Code (determined irrespective of time limitations), including any related Secured Claim for penalties.
Securities Act	The Securities Act of 1933, as amended, 15 U.S.C. §§ 77a–77aa, or any similar federal, state, or local law.
Standby Facility	[TBD.]
Subscription Rights	The rights to purchase Rights Offering Shares as set forth in the Rights Offering Procedures.
Supporting Creditors	As defined in the RSA.
Term Sheet	As defined in the Introduction.
Total Credit Exposure	As defined in the Credit Agreement.
U.S. HoldCo	As defined in the Introduction.
Unimpaired	With respect to a Class of Claims or Interests, a Class of Claims or Interests that is not Impaired.

EXHIBIT B to Term Sheet

DIP Facility Term Sheet

$100.0 Million Senior Secured Debtor-In-Possession Term Loan Facility

Amended and Restated Illustrative Summary of Terms And Conditions

*This DIP term sheet (the "**Term Sheet**"), dated as of July ~~8~~14, 2016, sets forth certain of the principal terms and conditions of a debtor-in-possession loan facility.*

~~**THIS AMENDED AND RESTATED TERM SHEET IS PROVIDED FOR DISCUSSION PURPOSES ONLY AND DOES NOT CONSTITUTE AN OFFER, AGREEMENT OR COMMITMENT TO ENTER INTO THE DEFINITIVE DIP LOAN DOCUMENTS, ANOTHER BUSINESS TRANSACTION OR A RELATIONSHIP. NOTHING IN THIS TERM SHEET IS INTENDED TO REPRESENT A COMMITMENT ON THE PART OF THE DEBTORS OR ANY OF THEIR AFFILIATES OR ANY OF THE LENDERS, TO ENTER INTO THE DIP FACILITY OR ANY OTHER DEFINITIVE AGREEMENT WITH ANY PERSON.~~**

Borrower:	C&J Energy Services Ltd. (the "**Company**") and CJ Holding Co. (the "**US Borrower**" and, together with the Company, the "**Borrowers**").
Guarantors:	Guarantors to include all direct and indirect subsidiaries of the Company that are debtors in the Chapter 11 cases of the Company and such debtor subsidiaries (the "**Cases**"), with exceptions based on the Prepetition Credit Facilities (collectively, the "**Guarantors**"). The Company and the Guarantors are referred to herein as "**Loan Parties**" and each, a "**Loan Party**" or "**Debtors**" and each, a "**Debtor**". The date of commencement of the Cases is referred to herein as the "**Petition Date**".
DIP Lenders:	One or more of Ascribe Capital LLC, funds managed or advised by GSO Capital Partners LP, Blue Mountain Capital Management, LLC and Solus Alternative Asset Management LP (including, in each case, affiliates of any of the foregoing) (the "**DIP Backstop Lenders**") and those Lenders under the Prepetition Credit Agreement that are parties to the Restructuring Support Agreement (as defined below), other than the DIP Backstop Lenders, that choose to participate in the DIP Facility (as defined below) pursuant to the terms and conditions set forth in this Term Sheet (such Lenders, the "**DIP Participating Lenders**" and, together with the DIP Backstop Lenders, the "**DIP Lenders**"), but excluding in any case Disqualified Lenders (as defined in the Prepetition Credit Agreement).
Certain Prepetition Debt Facilities:	Reference is made to that certain Credit Agreement dated as of March 24, 2015 (as amended, restated, amended and restated, extended, supplemented or otherwise modified, including pursuant to waivers and forbearance agreements, and in effect from time to time, the "**Prepetition Credit Agreement**"), the lenders from time to time party thereto (the "**Prepetition Secured Lenders**") and the revolving and term loan facilities provided thereunder (the "**Prepetition Credit Facilities**").
Administrative Agent:	Cortland Capital Market Services LLC or another institution to be agreed shall act as administrative agent and collateral agent in respect of the DIP Facility (as defined below) (the "**Administrative Agent**").
DIP Facility:	The DIP ~~Facility~~ Backstop Lenders will agree to backstop a senior secured superpriority delayed draw term loan facility in an aggregate principal amount of up to $100.0 million (the "**DIP Facility**", the loans made thereunder (which shall be denominated in dollars) (the "**DIP Loans**") and the commitments to make

such DIP Loans (the "**DIP Commitments**")) on the terms and conditions set forth herein and in the DIP Loan Documents (as defined below). ~~The~~Each DIP Backstop ~~Lenders~~Lender shall provide no less than ~~60% of~~such DIP Backstop Lender's pro rata share (based on Total Credit Exposure (as defined in the Prepetition Credit Agreement), without regard to any Total Credit Exposure held by Lenders under the Prepetition Credit Agreement other than the DIP Backstop Lenders) of 60% of the aggregate DIP Commitments. Rights (the "**DIP Participation Rights**") to up to 40% of the aggregate DIP Commitments (the "**DIP Participation Amount**") shall be offered ~~for participation by the DIP Participating~~to the Lenders under the Prepetition Credit Agreement that are party to the Restructuring Support Agreement, other than the DIP Backstop Lenders, in each case up to such ~~DIP Participating~~ Lender's pro rata share (based on Total Credit Exposure (as defined in the Prepetition Credit Agreement), without regard to any Total Credit Exposure held by the DIP Backstop Lenders) of the DIP Participation Amount. To the extent any portion of the DIP Participation ~~Amount is not filled by a DIP Participating Lender, such amount~~Rights are not exercised, such corresponding portions of the DIP Participation Amount shall be allocated to, and added to the commitments of, the DIP Backstop Lenders~~.~~ on a pro rata basis (based on Total Credit Exposure, without regard to any Total Credit Exposure held by Lenders under the Prepetition Credit Agreement other than the DIP Backstop Lenders).

The DIP Facility will be available in up to three drawings (the date of any such drawing, a "**Delayed Draw Funding Date**"), with (x) the first drawing to be in an amount equal to the lesser of (x) $25,000,000 and (y) the amount permitted to be drawn under the Interim DIP Order, which shall be made on the Closing Date, (y) the second drawing to be made within 2 business days after the entry of the Final DIP Order in an amount that together with the first drawing shall be not less than $50 million in the aggregate and (z) the remainder available to be drawn in one drawing thereafter through and including the DIP Facility Termination Date. Amounts borrowed under the DIP Facility that are prepaid may not be re-borrowed.

The effectiveness of the DIP Facility is conditioned, among other things, on (a) Bankruptcy Court approval of the Adequate Protection (defined below), as protection in respect of (i) the incurrence of the DIP Facility, (ii) the imposition of the automatic stay and (iii) the Debtors' use of collateral that secures the Prepetition Credit Facilities (collectively, the "**Existing Collateral**"), including cash collateral ("**Cash Collateral**") and (b) entry of the Interim DIP Order within 7 calendar days after the Petition Date (or such later date as the Required DIP Lenders may agree in their reasonable discretion).

"**Interim DIP Order**" means an order of the Bankruptcy Court authorizing, on an interim basis, the DIP Facility and the use of Cash Collateral, and containing provisions granting the adequate protection liens described under "Adequate Protection" below and related adequate protection claims, with only such modifications as are satisfactory to the Required DIP Lenders and the Company in their respective sole discretion.

DIP Facility Termination Date: The "**DIP Facility Termination Date**" with respect to the DIP Facility shall be the earliest of (a) the Scheduled Termination Date (as defined below); (b) seven (7) calendar days after the Petition Date (or such later date as the Required DIP

Lenders may agree in their reasonable discretion) if the Interim DIP Order has not been entered prior to such date; (c) 40 calendar days after the entry of the Interim DIP Order (or such later date as the Required DIP Lenders may agree in their reasonable discretion) unless the Final DIP Order has been entered by such date; (d) the substantial consummation (as defined in Section 1101 of the Bankruptcy Code and which for purposes hereof shall be no later than the "effective date" thereof) of a plan of reorganization filed in the Cases that is confirmed pursuant to an order entered by the Bankruptcy Court; and (e) the acceleration of the DIP Loans and the termination of the commitments with respect to such DIP Facility in accordance with the DIP Loan Documents.

"**Scheduled Termination Date**" means March 31, 2017.

"**Final DIP Order**" means a final order of the Bankruptcy Court authorizing the DIP Facility in substantially the form of the Interim DIP Order, with only such modifications as are satisfactory to the Required DIP Lenders in their sole discretion.

Use of Proceeds: The proceeds of the DIP Facility and any Cash Collateral shall be used only for the following, in each case subject to the terms, conditions and amounts herein and the agreed Rolling Budget (subject to permitted variances) from time to time (the "**Approved Purposes**"): (a) working capital and general corporate purposes in accordance with the Rolling Budget (subject to permitted variances); (b) professional fees and expenses whether or not in accordance with the Rolling Budget; and (c) Bankruptcy Court approved administrative expenses for estate professionals and such other expenses to which the Required DIP Lenders may consent in their sole direction.

As between the DIP Facility and Cash Collateral, Cash Collateral shall be used first for the Approved Purposes unless otherwise agreed by the Required DIP Lenders in their reasonable discretion.

DIP Loan Documents: The DIP Facility will be documented by customary documentation, which may include a credit agreement, a security agreement and a guaranty agreement, the terms of which will be consistent with this Term Sheet and will be based on the Prepetition Credit Facilities, subject to modifications customary for facilities of this type (such documentation, collectively, together with such ancillary documents contemplated thereunder, the "**DIP Loan Documents**").

Interest Rate: DIP Loans will bear interest, at the option of the Company, at one of the following rates:

(i) the Applicable Margin (as defined below) plus the Base Rate (to be defined in a customary manner), payable monthly in arrears; or

(ii) the Applicable Margin plus the LIBO Rate (to be defined in a customary manner), *provided* that in no event shall the LIBO Rate be less than 1.00% (the "**LIBOR Floor**").

"**Applicable Margin**" means 8.00%, in the case of Base Rate loans and 9.00%, in the case of LIBO Rate loans.

During the continuance of an event of default under the DIP Facility, overdue amounts will bear interest at an additional 2% *per annum* (the "**Default Rate**").

OID and Fees: *Original issue discount* - For the account of the DIP Lenders, an original issue discount equal to 2.00% of the DIP Commitments, which discount shall be

earned and due and payable on the Closing Date.

Ticking Fee - From and after the Closing Date, a non-refundable unused commitment fee at the rate of 5.00% per annum will accrue on the undrawn portion of the DIP Facility, payable monthly in arrears and on the availability termination date.

Prepayment Fee - For the account of the DIP Lenders, a prepayment fee of 2.00% if the DIP Loans are prepaid with the proceeds of another financing during the pendency of the Cases.

Agency Fees - As separately agreed to between the Company and the Administrative Agent.

Optional Prepayments: The Company may, upon at least 3 business days' notice for LIBO Rate loans and same day's notice for Base Rate loans and at the end of any applicable interest period (or at other times with the payment of applicable breakage costs), prepay in full or in part, without premium or penalty (other than such breakage costs and except as provided above), the DIP Loans; *provided* that each such partial prepayment shall be in a minimum aggregate amount to be mutually agreed.

Mandatory Prepayments: Mandatory prepayments of the DIP Loans shall be required solely with (a) 100.0% of the net cash proceeds (subject to exceptions to be agreed, including, without limitation, (i) dispositions of obsolete, worn out or 'scrap' property in the ordinary course of business, (ii) dispositions of light vehicles (i.e., cars and pick-up trucks but not heavy trucks or rigs) in the ordinary course of business, (iii) the ability to reinvest the net cash proceeds of up to $10 million in the aggregate from casualty events on the terms set forth in the Prepetition Credit Agreement (without giving effect to any limited waiver or forbearance agreement delivered with respect thereto), (iv) the sale or other disposition of all or a portion of the business of Total E&S Inc. (provided that 75% of the net cash proceeds of such sale or other disposition shall be deposited into a segregated blocked agreement pledged to the Administrative Agent to ensure sufficient liquidity at the exit from the Cases) and (v) a *de minimis* basket of $10 million of net cash proceeds in the aggregate for other applicable sales or dispositions) from sales or other dispositions of any assets and (b) 100% of the net cash proceeds of any indebtedness not permitted by the DIP Facility (subject to the 2% prepayment fee as provided above in the case of another financing during the pendency of the Cases).

Security and Priority: The obligations of the Borrowers under the DIP Facility and the obligations of each Guarantor in respect of its guarantee of all of the foregoing shall, subject to the Carve-Out (as defined below), at all times:

(a) be entitled to superpriority administrative expense claim status in the Case of such Loan Party (the "**DIP Superpriority Claims**");

(b) be secured by a perfected first priority security interest and lien on the Collateral of each Loan Party to the extent such Collateral is not subject to valid, perfected and non-avoidable liens as of the Petition Date (subject to customary exclusions and excluding claims and causes of action under sections 502(d), 544, 545, 547, 548 and 550 of the Bankruptcy Code (collectively "**Avoidance Actions**") (it being understood that notwithstanding such exclusion of Avoidance Actions, upon entry of the Final DIP Order, to the extent approved

by the Bankruptcy Court, such lien shall attach to any proceeds of Avoidance Actions);

(c) except as otherwise provided in the immediately following clause (d) be secured by a junior perfected security interest and lien on the Collateral of each Loan Party to the extent that such Collateral is subject to valid, perfected and unavoidable liens in favor of third parties that were in existence immediately prior to the Petition Date and permitted under the Prepetition Credit Agreement, or to valid and unavoidable permitted liens in favor of third parties that were in existence immediately prior to the Petition Date that were perfected subsequent to the Petition Date as permitted by Section 546(b) of the Bankruptcy Code (other than the existing liens that secure obligations of the applicable Loan Party under or governed by the Prepetition Credit Agreement, which existing liens will be primed by the liens described in clause (d) below), subject as to priority to such liens in favor of such third parties; and

(d) pursuant to Section 364(d)(1) of the Bankruptcy Code, be secured by a perfected priming security interest and lien on the Collateral of each Loan Party (such lien and security interest, the "**Priming Liens**") to the extent that Collateral is subject to existing liens that secure the obligations of the applicable Loan Party under the Prepetition Credit Agreement (the "**Primed Liens**").

The Priming Liens (x) shall be senior in all respects to the interests in such property of the Prepetition Secured Lenders under the Prepetition Credit Facilities (the "**Primed Parties**") and (y) shall also be senior to any liens granted to provide Adequate Protection in respect of any of the Primed Liens.

All of the liens described above shall be effective and perfected upon entry of the Interim DIP Order.

"**Collateral**" means all owned or hereafter acquired assets and property of the Loan Parties (including, without limitation, inventory, accounts receivable, property, plant, equipment, rights under leases and other contracts, patents, copyrights, trademarks, tradenames and other intellectual property and capital stock of subsidiaries), and the proceeds thereof, subject to exclusions based on the Prepetition Credit Facilities with modifications to be agreed that are customary for facilities of this type, and excluding Avoidance Actions and, prior to entry of the Final DIP Order, proceeds of Avoidance Actions.

Carve-Out: As used in this Term Sheet, the "**Carve-Out**" means the sum of (i) all fees required to be paid to the Clerk of the Court and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate (without regard to the notice set forth in (iii) below); (ii) all reasonable fees and expenses up to $50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code (without regard to the notice set forth in (iii) below); (iii) to the extent allowed at any time, whether by interim order, procedural order, or otherwise, all unpaid fees and expenses (the "**Allowed Professional Fees**") incurred by persons or firms retained by the Debtors pursuant to section 327, 328, or 363 of the Bankruptcy Code (the "**Debtor Professionals**") and the Creditors' Committee pursuant to section 328 or 1103 of the Bankruptcy Code (the "**Committee Professionals**" and, together with the Debtor Professionals, the "**Professional Persons**") at any time before or on the first business day following delivery by the Administrative Agent of a Carve-Out

Trigger Notice (as defined below), whether allowed by the Court prior to or after delivery of a Carve-Out Trigger Notice; and (iv) Allowed Professional Fees of Professional Persons in an aggregate amount not to exceed $4,000,000 incurred after the first business day following delivery by the Administrative Agent of the Carve-Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise (the amounts set forth in this clause (iv) being the "**Post-Carve-Out Trigger Notice Cap**"). For purposes of the foregoing, "**Carve-Out Trigger Notice**" shall mean a written notice delivered by email (or other electronic means) by the Administrative Agent to the Debtors, their lead restructuring counsel, the U.S. trustee, and counsel to the Creditors' Committee, which notice may be delivered following the occurrence and during the continuation of an Event of Default and acceleration of the DIP Facility, stating that the Post-Carve-Out Trigger Notice Cap has been invoked.

On the day on which a Carve-Out Trigger Notice is given by the Administrative Agent to the Debtors with a copy to counsel to the Creditors' Committee (the "**Termination Declaration Date**"), the Carve-Out Trigger Notice shall (i) be deemed a draw request and notice of borrowing by the US Borrower for DIP Loans under the DIP Commitment (on a pro rata basis based on the then outstanding DIP Commitments), in an amount equal to the then unpaid amounts of the Allowed Professional Fees (any such amounts actually advanced shall constitute DIP Loans) and (ii) also constitute a demand to the US Borrower to utilize all cash on hand as of such date and any available cash thereafter held by any Debtor to fund a reserve in an amount equal to the then unpaid amounts of the Allowed Professional Fees. The Debtors shall deposit and hold such amounts in a segregated account at the Administrative Agent in trust to pay such then unpaid Allowed Professional Fees (the "**Pre-Carve-Out Trigger Notice Reserve**") prior to any and all other claims. On the Termination Declaration Date, the Carve-Out Trigger Notice shall also be deemed a request by the Debtors for DIP Loans under the DIP Commitment (on a pro rata basis based on the then outstanding DIP Commitments), in an amount equal to the Post-Carve-Out Trigger Notice Cap (any such amounts actually advanced shall constitute DIP Loans). The Debtors shall deposit and hold such amounts in a segregated account at the Administrative Agent in trust to pay such Allowed Professional Fees benefiting from the Post-Carve-Out Trigger Notice Cap (the "**Post Carve-Out Trigger Notice Reserve**" and, together with the Pre-Carve-Out Trigger Notice Reserve, the "**Carve-Out Reserves**") prior to any and all other claims. On the first business day after the Administrative Agent gives such notice to such DIP Lenders, notwithstanding anything in the Term Sheet to the contrary, including with respect to the existence of a Default or Event of Default, the failure of the Debtors to satisfy any or all of the conditions precedent for DIP Loans under the DIP Facility, any termination of the DIP Commitments following an Event of Default, or the occurrence of the Scheduled Termination Date, each DIP Lender with an outstanding Commitment (on a pro rata basis based on the then outstanding Commitments) shall make available to the Administrative Agent such DIP Lender's pro rata share with respect to such borrowing in accordance with the DIP Facility. All funds in the Pre-Carve-Out Trigger Notice Reserve shall be used first to pay the obligations set forth in clauses (i) through (iii) of the definition of Carve-Out set forth above (the "**Pre-Carve-Out Amounts**"), but not, for the avoidance of doubt, the Post-Carve-Out Trigger Notice Cap, until paid in full, and then, to the extent the Pre Carve-Out

Trigger Notice Reserve has not been reduced to zero, to pay the Administrative Agent for the benefit of the DIP Lenders, unless the DIP Facility has been indefeasibly paid in full in cash and all Commitments have been terminated, in which case any such excess shall be paid to the Prepetition Secured Lenders in accordance with their rights and priorities as of the Petition Date. All funds in the Post-Carve-Out Trigger Notice Reserve shall be used first to pay the obligations set forth in clause (iv) of the definition of Carve-Out set forth above (the "**Post-Carve-Out Amounts**"), and then, to the extent the Post Carve-Out Trigger Notice Reserve has not been reduced to zero, to pay the Administrative Agent for the benefit of the DIP Lenders, unless the DIP Facility has been indefeasibly paid in full in cash and all Commitments have been terminated, in which case any such excess shall be paid to the Prepetition Secured Lenders in accordance with their rights and priorities as of the Petition Date. Notwithstanding anything to the contrary in this Term Sheet, if either of the Carve-Out Reserves is not funded in full in the amounts set forth herein, then, any excess funds in one of the Carve-Out Reserves following the payment of the Pre-Carve-Out Amounts and Post-Carve-Out Amounts, respectively, shall be used to fund the other Carve-Out Reserve, up to the applicable amount set forth herein, prior to making any payments to the Administrative Agent or the Prepetition Secured Lenders, as applicable. Notwithstanding anything to the contrary in the Term Sheet, following delivery of a Carve-Out Trigger Notice, the Administrative Agent and the Prepetition Secured Lenders shall not sweep or foreclose on cash (including cash received as a result of the sale or other disposition of any assets) of the Debtors until the Carve-Out Reserves have been fully funded, but shall have a security interest in any residual interest in the Carve-Out Reserves, with any excess paid to the Administrative Agent for application in accordance with this Term Sheet. Further, notwithstanding anything to the contrary in this Term Sheet, (i) disbursements by the Debtors from the Carve-Out Reserves shall not constitute DIP Loans or increase or reduce the DIP Facility, (ii) the failure of the Carve-Out Reserves to satisfy in full the Allowed Professional Fees shall not affect the priority of the Carve-Out, and (iii) in no way shall the initial budget, budget, Carve-Out, Post-Carve-Out Trigger Notice Cap, Carve-Out Reserves, or any of the foregoing be construed as a cap or limitation on the amount of the Allowed Professional Fees due and payable by the Debtors. For the avoidance of doubt and notwithstanding anything to the contrary herein or in the Prepetition Credit Facilities, the Carve-Out shall be senior to all liens and claims securing the DIP Facility, and any and all other forms of adequate protection, liens, or claims securing the DIP Facility.

Any payment or reimbursement made prior to the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall not reduce the Carve-Out.

Any payment or reimbursement made on or after the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall permanently reduce the Carve-Out on a dollar-for-dollar basis. Any funding of the Carve-Out shall be added to, and made a part of, the DIP Facility secured by the Collateral and shall be otherwise entitled to the protections granted under the order approving the DIP Facility, the Bankruptcy Code, and applicable law.

Notwithstanding the foregoing, the Carve-Out shall not include, apply to or be available for any fees or expenses incurred by any party in connection with (a)

the investigation, initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation (i) against any of the DIP Lenders, the Administrative Agent, or the Prepetition Secured Lenders, or (ii) challenging the amount, validity, perfection, priority or enforceability of or asserting any defense, counterclaim or offset to, the obligations and the liens and security interests granted under the DIP Loan Documents or the indebtedness described in "Certain Prepetition Debt Facilities" above (whether in such capacity or otherwise), including, in each case, without limitation, for lender liability or pursuant to section 105, 510, 544, 547, 548, 549, 550, or 552 of the Bankruptcy Code, applicable non-bankruptcy law or otherwise; (b) attempts to modify any of the rights granted to the DIP Lenders or the Administrative Agent; (c) attempts to prevent, hinder or otherwise delay any of the DIP Lenders' or the Administrative Agent's assertion, enforcement or realization upon any Collateral in accordance with the DIP Loan Documents and the Final DIP Order other than to seek a determination that an event of default has not occurred or is not continuing; or (d) paying any amount on account of any claims arising before the commencement of the Cases unless such payments are approved by an order of the Bankruptcy Court; provided, however, that the Carve Out and such collateral proceeds and loans under the DIP Loan Documents may be used for allowed fees and expenses, in an amount not to exceed $50,000 in the aggregate (the "**Investigation Fund**"), incurred solely by the Creditors' Committee in investigating any potential Challenges (as defined in the Interim DIP Order) during the Challenge Period (as defined in the Interim DIP Order); provided further, however, that the Investigation Fund shall not be used for fees and expenses incurred to initiate, assert, join, commence, support, or prosecute any Challenges.

Adequate Protection: As protection in respect of (x) the incurrence of the DIP Facility, (y) the imposition of the automatic stay, and (z) the Debtors' use of the Existing Collateral including Cash Collateral, the Debtors and the DIP Lenders agree, subject to Bankruptcy Court approval, to all of the following forms of adequate protection (the "**Adequate Protection**"):

(a) The Existing Collateral comprising Cash Collateral may be used to the extent set forth in this Term Sheet and the DIP Loan Documents.

(b) Subject to the requirements and limitations set forth in the Rolling Budget (subject to permitted variances), Cash Collateral will only be used for the purposes set forth in the Rolling Budget (subject to permitted variances), without prior written authorization of the Required DIP Lenders (in their reasonable discretion), *provided* that Cash Collateral will only be used in accordance with the DIP orders entered by the Bankruptcy Court from time to time.

(c) From the date of the Interim DIP Order to the DIP Facility Termination Date, and except to the extent of the Carve-Out, no claim may be asserted against the Administrative Agent, the DIP Lenders, or the Prepetition Secured Lenders, each in their capacity as such, to charge any expenses of administration of the Cases or any future proceeding that may result therefrom, including liquidation in bankruptcy or other proceedings under the Bankruptcy Code, against the Collateral or the Existing Collateral or recover such expenses from the Collateral or the Existing Collateral pursuant to section 506(c) of the Bankruptcy Code or any similar principle of law, without the prior written consent of the Required DIP Lenders and the Prepetition Secured Lenders, and

no such consent shall be implied from any other action, inaction, or acquiescence by the DIP Lenders or Prepetition Secured Lenders.

(d) The Primed Parties whose liens will be primed as described above, and whose Cash Collateral will be authorized for use by the Loan Parties, will receive as adequate protection, pursuant to sections 361, 363(e) and 364(d)(1) of the Bankruptcy Code:

(i) current cash payment of professional fees and expenses otherwise reimbursable under the Prepetition Credit Facilities,

(ii) to the extent of any diminution in value of their prepetition security interests, replacement or, if applicable, new liens on the Collateral that are junior to the liens securing the DIP Facility, and

(iii) to the extent of any diminution in value of their prepetition security interests, superpriority claims as provided for in section 507(b) of the Bankruptcy Code that are junior to the DIP Superpriority Claims.

Conditions Precedent to Effectiveness: The effectiveness of the DIP Loan Documents (the "**Closing**"; the date on which the Closing occurs, the "**Closing Date**") and the availability of the DIP Facility shall be subject to the satisfaction (or waiver) of customary conditions for DIP financings of this type.

Conditions Precedent to each Borrowing: Each borrowing under the DIP Facility will be subject to the satisfaction (or waiver) on each Delayed Draw Funding Date of conditions based on those set forth in the Prepetition Credit Facilities, subject to customary modifications for facilities of this type.

Representations and Warranties: The DIP Loan Documents will contain representations and warranties based on the Prepetition Credit Facilities, subject to customary modifications for facilities of this type to reflect the Cases and events or circumstances impacting thereon.

Affirmative and Negative Covenants: The DIP Loan Documents will contain affirmative and negative covenants based on the Prepetition Credit Facilities, subject to modifications customary for facilities of this type to reflect the Cases and events or circumstances impacting thereon; provided that the Loan Parties will be permitted to make investments in, or otherwise make payments to, non-Loan Party subsidiaries of the Company in an aggregate amount not to exceed $5.0 million.

Financial Covenants: The DIP Facility will contain only the following Financial Covenants:

(a) Tested weekly as of the last business day of each week (each such day, a "**Test Date**") for the applicable Test Period (as defined below) ending on such Test Date against the most recent Rolling Budget that covers such Test Period, the Company shall not allow (i) the aggregate receipts of the Company and its subsidiaries to be less than the Variance Percentage (for the applicable Test Period) of the aggregate receipts line item for the Company and its subsidiaries and (ii) the aggregate operating disbursements (excluding professional fees and expenses) made by the Company and its subsidiaries to be greater than the Variance Percentage (for the applicable Test Period) of the aggregate operating disbursements line item. The Financial Covenant set forth in this clause (a) is referred to as the "**Budget Variance Financial Covenant**". For purposes hereof, "**Test Period**" means (i) in respect of the first Test Date covered in the most recent Rolling Budget, the one-week period ending on such Test Date (the "**First Test Period**"), (ii) in respect of the second Test Date covered in the most

recent Rolling Budget, the two-week period ending on such Test Date (the "**Second Test Period**"), (iii) in respect of the third Test Date covered in the most recent Rolling Budget, the three-week period ending on such Test Date (the "**Third Test Period**") and (iv) in respect of any subsequent Test Date covered in the most recent Rolling Budget, the four-week period ending on such Test Date (each, a "**Subsequent Test Period**"). As used herein, "**Variance Percentage**" means the corresponding percentage below:

Test Period	Variance Percentage	
	Receipts	Disbursements
First Test Period	75%	125%
Second Test Period	75%	125%
Third Test Period	80%	120%
Subsequent Test Period	80%	120%

(b) Tested monthly, the Company shall not make any capital expenditures, except for capital expenditures not exceeding an amount equal to the applicable amount set forth below for the period beginning on the Closing Date and ending on the last day of such month.

Fiscal Month	Capital Expenditures
August 2016	$15,560,000
September 2016	$21,550,000
October 2016	$27,540,000
November 2016	$33,530,000
December 2016	$39,510,000
January 2017	$46,540,000
February 2017	$53,660,000
March 2017	$61,870,000

Case Milestones: The DIP Loan Documents shall require compliance with the following milestones (the "**Case Milestones**") in accordance with the applicable timing referred to below (or such later dates as approved by the Required DIP Lenders):

(a) approval of the DIP Facility in form and substance satisfactory to the DIP Lenders on an interim basis within 7 calendar days after the Petition Date (or such later date as the Required DIP Lenders may agree in their reasonable discretion);

(b) approval of the DIP Facility in form and substance satisfactory to the DIP Lenders on a final basis within 40 calendar days after the entry of the Interim DIP Order (or such later date as the Required DIP Lenders may agree in their reasonable discretion);

(c) as promptly as possible but in no event later than 30 calendar days after the Petition Date, the Debtors shall have filed a plan of reorganization (an "**Acceptable Plan of Reorganization**") and disclosure statement (an

"**Acceptable Disclosure Statement**") that are, in each case, acceptable to the DIP Lenders in their sole discretion;

(d) approval of the Acceptable Disclosure Statement within 90 calendar days after the Petition Date;

(f) confirmation of the Acceptable Plan of Reorganization within 130 calendar days after the Petition Date (the "**Confirmation Date**"); and

(g) effectiveness of the Acceptable Plan of Reorganization by no later than 21 calendar days following the Confirmation Date.

To the extent the milestones set forth above are extended pursuant to the restructuring support agreement among the Loan Parties, ~~the DIP~~certain Lenders under the Prepetition Credit Agreement and the other parties thereto (the "**Restructuring Support Agreement**"), such milestones shall also be extended by such amount for purposes of the DIP Facility.

Failure by the Company to meet any of the foregoing milestones shall constitute an event of default under the DIP Loan Documents and shall cause the consensual use of Cash Collateral (described in the "Adequate Protection" section of this Term Sheet) to be terminated.

Financial Reporting Requirements:

Limited to the following:

(a) monthly unaudited consolidated financial statements of the Company and its subsidiaries (together with a consolidating balance sheet and income statement of the Loan Parties and their subsidiaries that are not Loan Parties) within 30 days after the end of each fiscal month, certified by the Company's chief financial officer, chief accounting officer or treasurer;

(b) quarterly unaudited consolidated financial statements of the Company and its subsidiaries (together with a consolidating balance sheet and income statement of the Loan Parties and their subsidiaries that are not Loan Parties) within 45 days of quarter-end for the first 3 fiscal quarters of the fiscal year, certified by the Company's chief financial officer, chief accounting officer or treasurer;

(c) annual audited consolidated financial statements of the Company and its subsidiaries (together with a consolidating balance sheet and income statement of the Loan Parties and their subsidiaries that are not Loan Parties, which consolidating balance sheet and income statement shall not be required to be audited) within 90 days of year-end, accompanied by an audit report (which may be subject to qualifications and exceptions in respect of the financial condition of the Company and its subsidiaries) with respect to such consolidated statements by KPMG LLP, any other "Big 4" accounting firm or other independent certified public accountants reasonably acceptable to the Required DIP Lenders;

(d) copies of all reports on Form 10-K, 10-Q or 8-K filed by the Company or its subsidiaries with the Securities and Exchange Commission;

(e) weekly flash reporting of cash and cash equivalents, including both book and bank balances, substantially the same as the flash reporting required under that certain Forbearance Agreement dated May 31, 2016 among the Borrowers, the other loan parties under the Prepetition Credit Agreement party thereto, certain of the Prepetition Secured Lenders and the other parties thereto; and

(f) periodic reporting of professional fees and expenses to be determined.

Any of the foregoing requirements under clauses (a), (b), (c) and (d) will be permitted to be satisfied by means of filing the applicable statements with the SEC or other authority or posting the applicable statements to a publicly-available website, in each case as and to the extent permitted under the Prepetition Credit Facility.

Budget Reporting: Limited to the following:

1. The Company shall deliver on the Closing Date, in each case in form and substance reasonably satisfactory to the Lenders:

(i) monthly projections for the nine months after the Closing Date (such budget, as amended, modified or supplemented in a manner reasonably satisfactory to the Required Lenders, the "**DIP Budget**"); and

(ii) a thirteen (13) week budget for the Approved Purposes, including use of Cash Collateral (starting with the week of the Petition Date), which sets forth, among other things, on a cumulative roll-forward basis, the projected cash disbursements and projected cash receipts for each applicable week (such budget, the "**Initial Rolling Budget**").

2. The Company shall deliver to the Administrative Agent on the third business day of each 4-week period following the Closing Date:

(i) a new thirteen (13) week budget for the Approved Purposes, including use of Cash Collateral, in form substantially similar to the Initial Rolling Budget and in substance reasonably satisfactory to the Required Lenders (such budget, together with the Initial Rolling Budget, the "**Rolling Budget**") (subject to a deemed consent construct if the Required Lenders do not dispute any such budget within 5 business days after delivery of such budget).

3. The Company shall deliver to the Administrative Agent, in form reasonably satisfactory to the Required Lenders, on the third business day of each week for the applicable Test Period ending on the last business day of the prior week:

(i) a report (the "**Budget Compliance Report**") that sets forth, for such Test Period, a comparison of the actual cash disbursements and actual cash receipts to the projected cash disbursements (other than in respect of professional fees and expenses) and projected cash receipts set forth in the most recent Rolling Budget for such period, together with a certification from the Company that it is in compliance with the Budget Variance Financial Covenant.

Notwithstanding the forgoing, the DIP Loan Documents will provide that the Company will be permitted to pay all professional fees and expenses notwithstanding the information disclosed in any financial report delivered thereunder.

Events of Default: The DIP Loan Documents will contain events of default based on the Prepetition Credit Facilities, subject to modifications consistent for facilities of this type to reflect the Cases and events or circumstances impacting thereon. The termination of the Restructuring Support Agreement in accordance with its terms shall constitute an event of default under the DIP Loan Documents.

Expenses and Indemnification: The DIP Loan Documents will contain provisions for payment of expenses and indemnification of the Administrative Agent and the DIP Lenders based on the Prepetition Credit Facilities.

Assignments and Participations:	Assignments must be in a minimum amount to be mutually agreed (or, if less, the remaining commitments and/or DIP Loans of any assigning DIP Lender) and are subject to the consent of the Company (absent a continuing Event of Default) and the Administrative Agent, except, in each case, with respect to any assignment to a DIP Lender, an affiliate of such a DIP Lender or a fund engaged in investing in commercial loans that is advised or managed by such a DIP Lender. No participation shall include voting rights, other than for matters requiring consent of all affected DIP Lenders.
Required DIP Lenders:	DIP Lenders holding, in the aggregate, more than 50.0% of the outstanding commitments and/or exposure under the DIP Facility (the "**Required DIP Lenders**").
Amendments:	Required DIP Lenders, except for amendments customarily requiring approval by directly and adversely affected DIP Lenders based on the Prepetition Credit Facilities, subject to modifications consistent for facilities of this type.
Miscellaneous:	The DIP Loan Documents will include (i) yield protection provisions, (ii) waivers of consequential damages and jury trial, and (iii) agency, set-off and sharing language, in each case based on the Prepetition Credit Facilities.
Governing Law and Submission to Exclusive Jurisdiction:	State of New York (and, to the extent customary for DIP financings, the Bankruptcy Code).
Counsel to the Administrative Agent:	Davis Polk & Wardwell LLP.

EXHIBIT B-1

First Amended DIP Term Sheet

$100.0 Million Senior Secured Debtor-In-Possession Term Loan Facility

Amended and Restated Illustrative Summary of Terms And Conditions

*This DIP term sheet (the **"Term Sheet"**), dated as of July 14, 2016, sets forth certain of the principal terms and conditions of a debtor-in-possession loan facility.*

Borrower:	C&J Energy Services Ltd. (the "**Company**") and CJ Holding Co. (the "**US Borrower**" and, together with the Company, the "**Borrowers**").
Guarantors:	Guarantors to include all direct and indirect subsidiaries of the Company that are debtors in the Chapter 11 cases of the Company and such debtor subsidiaries (the "**Cases**"), with exceptions based on the Prepetition Credit Facilities (collectively, the "**Guarantors**"). The Company and the Guarantors are referred to herein as "**Loan Parties**" and each, a "**Loan Party**" or "**Debtors**" and each, a "**Debtor**". The date of commencement of the Cases is referred to herein as the "**Petition Date**".
DIP Lenders:	One or more of Ascribe Capital LLC, funds managed or advised by GSO Capital Partners LP, Blue Mountain Capital Management, LLC and Solus Alternative Asset Management LP (including, in each case, affiliates of any of the foregoing) (the "**DIP Backstop Lenders**") and those Lenders under the Prepetition Credit Agreement that are parties to the Restructuring Support Agreement (as defined below), other than the DIP Backstop Lenders, that choose to participate in the DIP Facility (as defined below) pursuant to the terms and conditions set forth in this Term Sheet (such Lenders, the "**DIP Participating Lenders**" and, together with the DIP Backstop Lenders, the "**DIP Lenders**"), but excluding in any case Disqualified Lenders (as defined in the Prepetition Credit Agreement).
Certain Prepetition Debt Facilities:	Reference is made to that certain Credit Agreement dated as of March 24, 2015 (as amended, restated, amended and restated, extended, supplemented or otherwise modified, including pursuant to waivers and forbearance agreements, and in effect from time to time, the "**Prepetition Credit Agreement**"), the lenders from time to time party thereto (the "**Prepetition Secured Lenders**") and the revolving and term loan facilities provided thereunder (the "**Prepetition Credit Facilities**").
Administrative Agent:	Cortland Capital Market Services LLC or another institution to be agreed shall act as administrative agent and collateral agent in respect of the DIP Facility (as defined below) (the "**Administrative Agent**").
DIP Facility:	The DIP Backstop Lenders will agree to backstop a senior secured superpriority delayed draw term loan facility in an aggregate principal amount of up to $100.0 million (the "**DIP Facility**", the loans made thereunder (which shall be denominated in dollars) (the "**DIP Loans**") and the commitments to make such DIP Loans (the "**DIP Commitments**")) on the terms and conditions set forth herein and in the DIP Loan Documents (as defined below). Each DIP Backstop Lender shall provide no less than such DIP Backstop Lender's pro rata share (based on Total Credit Exposure (as defined in the Prepetition Credit Agreement), without regard to any Total Credit Exposure held by Lenders under the Prepetition Credit Agreement other than the DIP Backstop Lenders) of 60% of the aggregate DIP Commitments. Rights (the "**DIP Participation Rights"**) to up to 40% of the aggregate DIP Commitments (the "**DIP Participation**

Amount") shall be offered to the Lenders under the Prepetition Credit Agreement that are party to the Restructuring Support Agreement, other than the DIP Backstop Lenders, in each case up to such Lender's pro rata share (based on Total Credit Exposure (as defined in the Prepetition Credit Agreement), without regard to any Total Credit Exposure held by the DIP Backstop Lenders) of the DIP Participation Amount. To the extent any portion of the DIP Participation Rights are not exercised, such corresponding portions of the DIP Participation Amount shall be allocated to, and added to the commitments of, the DIP Backstop Lenders on a pro rata basis (based on Total Credit Exposure, without regard to any Total Credit Exposure held by Lenders under the Prepetition Credit Agreement other than the DIP Backstop Lenders).

The DIP Facility will be available in up to three drawings (the date of any such drawing, a "**Delayed Draw Funding Date**"), with (x) the first drawing to be in an amount equal to the lesser of (x) $25,000,000 and (y) the amount permitted to be drawn under the Interim DIP Order, which shall be made on the Closing Date, (y) the second drawing to be made within 2 business days after the entry of the Final DIP Order in an amount that together with the first drawing shall be not less than $50 million in the aggregate and (z) the remainder available to be drawn in one drawing thereafter through and including the DIP Facility Termination Date. Amounts borrowed under the DIP Facility that are prepaid may not be re-borrowed.

The effectiveness of the DIP Facility is conditioned, among other things, on (a) Bankruptcy Court approval of the Adequate Protection (defined below), as protection in respect of (i) the incurrence of the DIP Facility, (ii) the imposition of the automatic stay and (iii) the Debtors' use of collateral that secures the Prepetition Credit Facilities (collectively, the "**Existing Collateral**"), including cash collateral ("**Cash Collateral**") and (b) entry of the Interim DIP Order within 7 calendar days after the Petition Date (or such later date as the Required DIP Lenders may agree in their reasonable discretion).

"**Interim DIP Order**" means an order of the Bankruptcy Court authorizing, on an interim basis, the DIP Facility and the use of Cash Collateral, and containing provisions granting the adequate protection liens described under "Adequate Protection" below and related adequate protection claims, with only such modifications as are satisfactory to the Required DIP Lenders and the Company in their respective sole discretion.

DIP Facility Termination Date: The "**DIP Facility Termination Date**" with respect to the DIP Facility shall be the earliest of (a) the Scheduled Termination Date (as defined below); (b) seven (7) calendar days after the Petition Date (or such later date as the Required DIP Lenders may agree in their reasonable discretion) if the Interim DIP Order has not been entered prior to such date; (c) 40 calendar days after the entry of the Interim DIP Order (or such later date as the Required DIP Lenders may agree in their reasonable discretion) unless the Final DIP Order has been entered by such date; (d) the substantial consummation (as defined in Section 1101 of the Bankruptcy Code and which for purposes hereof shall be no later than the "effective date" thereof) of a plan of reorganization filed in the Cases that is confirmed pursuant to an order entered by the Bankruptcy Court; and (e) the acceleration of the DIP Loans and the termination of the commitments with

respect to such DIP Facility in accordance with the DIP Loan Documents.

"**Scheduled Termination Date**" means March 31, 2017.

"**Final DIP Order**" means a final order of the Bankruptcy Court authorizing the DIP Facility in substantially the form of the Interim DIP Order, with only such modifications as are satisfactory to the Required DIP Lenders in their sole discretion.

Use of Proceeds: The proceeds of the DIP Facility and any Cash Collateral shall be used only for the following, in each case subject to the terms, conditions and amounts herein and the agreed Rolling Budget (subject to permitted variances) from time to time (the "**Approved Purposes**"): (a) working capital and general corporate purposes in accordance with the Rolling Budget (subject to permitted variances); (b) professional fees and expenses whether or not in accordance with the Rolling Budget; and (c) Bankruptcy Court approved administrative expenses for estate professionals and such other expenses to which the Required DIP Lenders may consent in their sole direction.

As between the DIP Facility and Cash Collateral, Cash Collateral shall be used first for the Approved Purposes unless otherwise agreed by the Required DIP Lenders in their reasonable discretion.

DIP Loan Documents: The DIP Facility will be documented by customary documentation, which may include a credit agreement, a security agreement and a guaranty agreement, the terms of which will be consistent with this Term Sheet and will be based on the Prepetition Credit Facilities, subject to modifications customary for facilities of this type (such documentation, collectively, together with such ancillary documents contemplated thereunder, the "**DIP Loan Documents**").

Interest Rate: DIP Loans will bear interest, at the option of the Company, at one of the following rates:

(i) the Applicable Margin (as defined below) plus the Base Rate (to be defined in a customary manner), payable monthly in arrears; or

(ii) the Applicable Margin plus the LIBO Rate (to be defined in a customary manner), *provided* that in no event shall the LIBO Rate be less than 1.00% (the "**LIBOR Floor**").

"**Applicable Margin**" means 8.00%, in the case of Base Rate loans and 9.00%, in the case of LIBO Rate loans.

During the continuance of an event of default under the DIP Facility, overdue amounts will bear interest at an additional 2% *per annum* (the "**Default Rate**").

OID and Fees: *Original issue discount* - For the account of the DIP Lenders, an original issue discount equal to 2.00% of the DIP Commitments, which discount shall be earned and due and payable on the Closing Date.

Ticking Fee - From and after the Closing Date, a non-refundable unused commitment fee at the rate of 5.00% per annum will accrue on the undrawn portion of the DIP Facility, payable monthly in arrears and on the availability termination date.

Prepayment Fee - For the account of the DIP Lenders, a prepayment fee of 2.00% if the DIP Loans are prepaid with the proceeds of another financing

during the pendency of the Cases.

Agency Fees - As separately agreed to between the Company and the Administrative Agent.

Optional Prepayments: The Company may, upon at least 3 business days' notice for LIBO Rate loans and same day's notice for Base Rate loans and at the end of any applicable interest period (or at other times with the payment of applicable breakage costs), prepay in full or in part, without premium or penalty (other than such breakage costs and except as provided above), the DIP Loans; *provided* that each such partial prepayment shall be in a minimum aggregate amount to be mutually agreed.

Mandatory Prepayments: Mandatory prepayments of the DIP Loans shall be required solely with (a) 100.0% of the net cash proceeds (subject to exceptions to be agreed, including, without limitation, (i) dispositions of obsolete, worn out or 'scrap' property in the ordinary course of business, (ii) dispositions of light vehicles (i.e., cars and pick-up trucks but not heavy trucks or rigs) in the ordinary course of business, (iii) the ability to reinvest the net cash proceeds of up to $10 million in the aggregate from casualty events on the terms set forth in the Prepetition Credit Agreement (without giving effect to any limited waiver or forbearance agreement delivered with respect thereto), (iv) the sale or other disposition of all or a portion of the business of Total E&S Inc. (provided that 75% of the net cash proceeds of such sale or other disposition shall be deposited into a segregated blocked agreement pledged to the Administrative Agent to ensure sufficient liquidity at the exit from the Cases) and (v) a *de minimis* basket of $10 million of net cash proceeds in the aggregate for other applicable sales or dispositions) from sales or other dispositions of any assets and (b) 100% of the net cash proceeds of any indebtedness not permitted by the DIP Facility (subject to the 2% prepayment fee as provided above in the case of another financing during the pendency of the Cases).

Security and Priority: The obligations of the Borrowers under the DIP Facility and the obligations of each Guarantor in respect of its guarantee of all of the foregoing shall, subject to the Carve-Out (as defined below), at all times:

(a) be entitled to superpriority administrative expense claim status in the Case of such Loan Party (the "**DIP Superpriority Claims**");

(b) be secured by a perfected first priority security interest and lien on the Collateral of each Loan Party to the extent such Collateral is not subject to valid, perfected and non-avoidable liens as of the Petition Date (subject to customary exclusions and excluding claims and causes of action under sections 502(d), 544, 545, 547, 548 and 550 of the Bankruptcy Code (collectively "**Avoidance Actions**") (it being understood that notwithstanding such exclusion of Avoidance Actions, upon entry of the Final DIP Order, to the extent approved by the Bankruptcy Court, such lien shall attach to any proceeds of Avoidance Actions);

(c) except as otherwise provided in the immediately following clause (d) be secured by a junior perfected security interest and lien on the Collateral of each Loan Party to the extent that such Collateral is subject to valid, perfected and unavoidable liens in favor of third parties that were in existence immediately prior to the Petition Date and permitted under the Prepetition Credit Agreement,

or to valid and unavoidable permitted liens in favor of third parties that were in existence immediately prior to the Petition Date that were perfected subsequent to the Petition Date as permitted by Section 546(b) of the Bankruptcy Code (other than the existing liens that secure obligations of the applicable Loan Party under or governed by the Prepetition Credit Agreement, which existing liens will be primed by the liens described in clause (d) below), subject as to priority to such liens in favor of such third parties; and

(d) pursuant to Section 364(d)(1) of the Bankruptcy Code, be secured by a perfected priming security interest and lien on the Collateral of each Loan Party (such lien and security interest, the "**Priming Liens**") to the extent that Collateral is subject to existing liens that secure the obligations of the applicable Loan Party under the Prepetition Credit Agreement (the "**Primed Liens**").

The Priming Liens (x) shall be senior in all respects to the interests in such property of the Prepetition Secured Lenders under the Prepetition Credit Facilities (the "**Primed Parties**") and (y) shall also be senior to any liens granted to provide Adequate Protection in respect of any of the Primed Liens.

All of the liens described above shall be effective and perfected upon entry of the Interim DIP Order.

"**Collateral**" means all owned or hereafter acquired assets and property of the Loan Parties (including, without limitation, inventory, accounts receivable, property, plant, equipment, rights under leases and other contracts, patents, copyrights, trademarks, tradenames and other intellectual property and capital stock of subsidiaries), and the proceeds thereof, subject to exclusions based on the Prepetition Credit Facilities with modifications to be agreed that are customary for facilities of this type, and excluding Avoidance Actions and, prior to entry of the Final DIP Order, proceeds of Avoidance Actions.

Carve-Out: As used in this Term Sheet, the "**Carve-Out**" means the sum of (i) all fees required to be paid to the Clerk of the Court and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate (without regard to the notice set forth in (iii) below); (ii) all reasonable fees and expenses up to $50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code (without regard to the notice set forth in (iii) below); (iii) to the extent allowed at any time, whether by interim order, procedural order, or otherwise, all unpaid fees and expenses (the "**Allowed Professional Fees**") incurred by persons or firms retained by the Debtors pursuant to section 327, 328, or 363 of the Bankruptcy Code (the "**Debtor Professionals**") and the Creditors' Committee pursuant to section 328 or 1103 of the Bankruptcy Code (the "**Committee Professionals**" and, together with the Debtor Professionals, the "**Professional Persons**") at any time before or on the first business day following delivery by the Administrative Agent of a Carve-Out Trigger Notice (as defined below), whether allowed by the Court prior to or after delivery of a Carve-Out Trigger Notice; and (iv) Allowed Professional Fees of Professional Persons in an aggregate amount not to exceed $4,000,000 incurred after the first business day following delivery by the Administrative Agent of the Carve-Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise (the amounts set forth in this clause (iv) being the "**Post-Carve-Out Trigger Notice Cap**"). For purposes of the foregoing, "**Carve-Out Trigger Notice**" shall mean a written notice delivered

by email (or other electronic means) by the Administrative Agent to the Debtors, their lead restructuring counsel, the U.S. trustee, and counsel to the Creditors' Committee, which notice may be delivered following the occurrence and during the continuation of an Event of Default and acceleration of the DIP Facility, stating that the Post-Carve-Out Trigger Notice Cap has been invoked.

On the day on which a Carve-Out Trigger Notice is given by the Administrative Agent to the Debtors with a copy to counsel to the Creditors' Committee (the "**Termination Declaration Date**"), the Carve-Out Trigger Notice shall (i) be deemed a draw request and notice of borrowing by the US Borrower for DIP Loans under the DIP Commitment (on a pro rata basis based on the then outstanding DIP Commitments), in an amount equal to the then unpaid amounts of the Allowed Professional Fees (any such amounts actually advanced shall constitute DIP Loans) and (ii) also constitute a demand to the US Borrower to utilize all cash on hand as of such date and any available cash thereafter held by any Debtor to fund a reserve in an amount equal to the then unpaid amounts of the Allowed Professional Fees. The Debtors shall deposit and hold such amounts in a segregated account at the Administrative Agent in trust to pay such then unpaid Allowed Professional Fees (the "**Pre-Carve-Out Trigger Notice Reserve**") prior to any and all other claims. On the Termination Declaration Date, the Carve-Out Trigger Notice shall also be deemed a request by the Debtors for DIP Loans under the DIP Commitment (on a pro rata basis based on the then outstanding DIP Commitments), in an amount equal to the Post-Carve-Out Trigger Notice Cap (any such amounts actually advanced shall constitute DIP Loans). The Debtors shall deposit and hold such amounts in a segregated account at the Administrative Agent in trust to pay such Allowed Professional Fees benefiting from the Post-Carve-Out Trigger Notice Cap (the "**Post Carve-Out Trigger Notice Reserve**" and, together with the Pre-Carve-Out Trigger Notice Reserve, the "**Carve-Out Reserves**") prior to any and all other claims. On the first business day after the Administrative Agent gives such notice to such DIP Lenders, notwithstanding anything in the Term Sheet to the contrary, including with respect to the existence of a Default or Event of Default, the failure of the Debtors to satisfy any or all of the conditions precedent for DIP Loans under the DIP Facility, any termination of the DIP Commitments following an Event of Default, or the occurrence of the Scheduled Termination Date, each DIP Lender with an outstanding Commitment (on a pro rata basis based on the then outstanding Commitments) shall make available to the Administrative Agent such DIP Lender's pro rata share with respect to such borrowing in accordance with the DIP Facility. All funds in the Pre-Carve-Out Trigger Notice Reserve shall be used first to pay the obligations set forth in clauses (i) through (iii) of the definition of Carve-Out set forth above (the "**Pre-Carve-Out Amounts**"), but not, for the avoidance of doubt, the Post-Carve-Out Trigger Notice Cap, until paid in full, and then, to the extent the Pre Carve-Out Trigger Notice Reserve has not been reduced to zero, to pay the Administrative Agent for the benefit of the DIP Lenders, unless the DIP Facility has been indefeasibly paid in full in cash and all Commitments have been terminated, in which case any such excess shall be paid to the Prepetition Secured Lenders in accordance with their rights and priorities as of the Petition Date. All funds in the Post-Carve-Out Trigger Notice Reserve shall be used first to pay the obligations set forth in clause (iv) of the definition of Carve-Out set forth above (the "**Post-Carve-Out Amounts**"), and then, to the extent the Post Carve-Out

Trigger Notice Reserve has not been reduced to zero, to pay the Administrative Agent for the benefit of the DIP Lenders, unless the DIP Facility has been indefeasibly paid in full in cash and all Commitments have been terminated, in which case any such excess shall be paid to the Prepetition Secured Lenders in accordance with their rights and priorities as of the Petition Date. Notwithstanding anything to the contrary in this Term Sheet, if either of the Carve-Out Reserves is not funded in full in the amounts set forth herein, then, any excess funds in one of the Carve-Out Reserves following the payment of the Pre-Carve-Out Amounts and Post-Carve-Out Amounts, respectively, shall be used to fund the other Carve-Out Reserve, up to the applicable amount set forth herein, prior to making any payments to the Administrative Agent or the Prepetition Secured Lenders, as applicable. Notwithstanding anything to the contrary in the Term Sheet, following delivery of a Carve-Out Trigger Notice, the Administrative Agent and the Prepetition Secured Lenders shall not sweep or foreclose on cash (including cash received as a result of the sale or other disposition of any assets) of the Debtors until the Carve-Out Reserves have been fully funded, but shall have a security interest in any residual interest in the Carve-Out Reserves, with any excess paid to the Administrative Agent for application in accordance with this Term Sheet. Further, notwithstanding anything to the contrary in this Term Sheet, (i) disbursements by the Debtors from the Carve-Out Reserves shall not constitute DIP Loans or increase or reduce the DIP Facility, (ii) the failure of the Carve-Out Reserves to satisfy in full the Allowed Professional Fees shall not affect the priority of the Carve-Out, and (iii) in no way shall the initial budget, budget, Carve-Out, Post-Carve-Out Trigger Notice Cap, Carve-Out Reserves, or any of the foregoing be construed as a cap or limitation on the amount of the Allowed Professional Fees due and payable by the Debtors. For the avoidance of doubt and notwithstanding anything to the contrary herein or in the Prepetition Credit Facilities, the Carve-Out shall be senior to all liens and claims securing the DIP Facility, and any and all other forms of adequate protection, liens, or claims securing the DIP Facility.

Any payment or reimbursement made prior to the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall not reduce the Carve-Out.

Any payment or reimbursement made on or after the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall permanently reduce the Carve-Out on a dollar-for-dollar basis. Any funding of the Carve-Out shall be added to, and made a part of, the DIP Facility secured by the Collateral and shall be otherwise entitled to the protections granted under the order approving the DIP Facility, the Bankruptcy Code, and applicable law.

Notwithstanding the foregoing, the Carve-Out shall not include, apply to or be available for any fees or expenses incurred by any party in connection with (a) the investigation, initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation (i) against any of the DIP Lenders, the Administrative Agent, or the Prepetition Secured Lenders, or (ii) challenging the amount, validity, perfection, priority or enforceability of or asserting any defense, counterclaim or offset to, the obligations and the liens and security interests granted under the DIP Loan Documents or the indebtedness described in "Certain Prepetition Debt Facilities" above (whether in such capacity or otherwise), including, in each case, without limitation, for lender liability or

pursuant to section 105, 510, 544, 547, 548, 549, 550, or 552 of the Bankruptcy Code, applicable non-bankruptcy law or otherwise; (b) attempts to modify any of the rights granted to the DIP Lenders or the Administrative Agent; (c) attempts to prevent, hinder or otherwise delay any of the DIP Lenders' or the Administrative Agent's assertion, enforcement or realization upon any Collateral in accordance with the DIP Loan Documents and the Final DIP Order other than to seek a determination that an event of default has not occurred or is not continuing; or (d) paying any amount on account of any claims arising before the commencement of the Cases unless such payments are approved by an order of the Bankruptcy Court; provided, however, that the Carve Out and such collateral proceeds and loans under the DIP Loan Documents may be used for allowed fees and expenses, in an amount not to exceed $50,000 in the aggregate (the "**Investigation Fund**"), incurred solely by the Creditors' Committee in investigating any potential Challenges (as defined in the Interim DIP Order) during the Challenge Period (as defined in the Interim DIP Order); provided further, however, that the Investigation Fund shall not be used for fees and expenses incurred to initiate, assert, join, commence, support, or prosecute any Challenges.

Adequate Protection: As protection in respect of (x) the incurrence of the DIP Facility, (y) the imposition of the automatic stay, and (z) the Debtors' use of the Existing Collateral including Cash Collateral, the Debtors and the DIP Lenders agree, subject to Bankruptcy Court approval, to all of the following forms of adequate protection (the "**Adequate Protection**"):

(a) The Existing Collateral comprising Cash Collateral may be used to the extent set forth in this Term Sheet and the DIP Loan Documents.

(b) Subject to the requirements and limitations set forth in the Rolling Budget (subject to permitted variances), Cash Collateral will only be used for the purposes set forth in the Rolling Budget (subject to permitted variances), without prior written authorization of the Required DIP Lenders (in their reasonable discretion), *provided* that Cash Collateral will only be used in accordance with the DIP orders entered by the Bankruptcy Court from time to time.

(c) From the date of the Interim DIP Order to the DIP Facility Termination Date, and except to the extent of the Carve-Out, no claim may be asserted against the Administrative Agent, the DIP Lenders, or the Prepetition Secured Lenders, each in their capacity as such, to charge any expenses of administration of the Cases or any future proceeding that may result therefrom, including liquidation in bankruptcy or other proceedings under the Bankruptcy Code, against the Collateral or the Existing Collateral or recover such expenses from the Collateral or the Existing Collateral pursuant to section 506(c) of the Bankruptcy Code or any similar principle of law, without the prior written consent of the Required DIP Lenders and the Prepetition Secured Lenders, and no such consent shall be implied from any other action, inaction, or acquiescence by the DIP Lenders or Prepetition Secured Lenders.

(d) The Primed Parties whose liens will be primed as described above, and whose Cash Collateral will be authorized for use by the Loan Parties, will receive as adequate protection, pursuant to sections 361, 363(e) and 364(d)(1) of the Bankruptcy Code:

(i) current cash payment of professional fees and expenses otherwise

reimbursable under the Prepetition Credit Facilities,

(ii) to the extent of any diminution in value of their prepetition security interests, replacement or, if applicable, new liens on the Collateral that are junior to the liens securing the DIP Facility, and

(iii) to the extent of any diminution in value of their prepetition security interests, superpriority claims as provided for in section 507(b) of the Bankruptcy Code that are junior to the DIP Superpriority Claims.

Conditions Precedent to Effectiveness: The effectiveness of the DIP Loan Documents (the "**Closing**"; the date on which the Closing occurs, the "**Closing Date**") and the availability of the DIP Facility shall be subject to the satisfaction (or waiver) of customary conditions for DIP financings of this type.

Conditions Precedent to each Borrowing: Each borrowing under the DIP Facility will be subject to the satisfaction (or waiver) on each Delayed Draw Funding Date of conditions based on those set forth in the Prepetition Credit Facilities, subject to customary modifications for facilities of this type.

Representations and Warranties: The DIP Loan Documents will contain representations and warranties based on the Prepetition Credit Facilities, subject to customary modifications for facilities of this type to reflect the Cases and events or circumstances impacting thereon.

Affirmative and Negative Covenants: The DIP Loan Documents will contain affirmative and negative covenants based on the Prepetition Credit Facilities, subject to modifications customary for facilities of this type to reflect the Cases and events or circumstances impacting thereon; provided that the Loan Parties will be permitted to make investments in, or otherwise make payments to, non-Loan Party subsidiaries of the Company in an aggregate amount not to exceed $5.0 million.

Financial Covenants: The DIP Facility will contain only the following Financial Covenants:

(a) Tested weekly as of the last business day of each week (each such day, a "**Test Date**") for the applicable Test Period (as defined below) ending on such Test Date against the most recent Rolling Budget that covers such Test Period, the Company shall not allow (i) the aggregate receipts of the Company and its subsidiaries to be less than the Variance Percentage (for the applicable Test Period) of the aggregate receipts line item for the Company and its subsidiaries and (ii) the aggregate operating disbursements (excluding professional fees and expenses) made by the Company and its subsidiaries to be greater than the Variance Percentage (for the applicable Test Period) of the aggregate operating disbursements line item. The Financial Covenant set forth in this clause (a) is referred to as the "**Budget Variance Financial Covenant**". For purposes hereof, "**Test Period**" means (i) in respect of the first Test Date covered in the most recent Rolling Budget, the one-week period ending on such Test Date (the "**First Test Period**"), (ii) in respect of the second Test Date covered in the most recent Rolling Budget, the two-week period ending on such Test Date (the "**Second Test Period**"), (iii) in respect of the third Test Date covered in the most recent Rolling Budget, the three-week period ending on such Test Date (the "**Third Test Period**") and (iv) in respect of any subsequent Test Date covered in the most recent Rolling Budget, the four-week period ending on such Test Date (each, a "**Subsequent Test Period**"). As used herein, "**Variance Percentage**" means the corresponding percentage below:

Test Period	Variance Percentage	
	Receipts	Disbursements
First Test Period	75%	125%
Second Test Period	75%	125%
Third Test Period	80%	120%
Subsequent Test Period	80%	120%

(b) Tested monthly, the Company shall not make any capital expenditures, except for capital expenditures not exceeding an amount equal to the applicable amount set forth below for the period beginning on the Closing Date and ending on the last day of such month.

Fiscal Month	Capital Expenditures
August 2016	$15,560,000
September 2016	$21,550,000
October 2016	$27,540,000
November 2016	$33,530,000
December 2016	$39,510,000
January 2017	$46,540,000
February 2017	$53,660,000
March 2017	$61,870,000

Case Milestones: The DIP Loan Documents shall require compliance with the following milestones (the "**Case Milestones**") in accordance with the applicable timing referred to below (or such later dates as approved by the Required DIP Lenders):

(a) approval of the DIP Facility in form and substance satisfactory to the DIP Lenders on an interim basis within 7 calendar days after the Petition Date (or such later date as the Required DIP Lenders may agree in their reasonable discretion);

(b) approval of the DIP Facility in form and substance satisfactory to the DIP Lenders on a final basis within 40 calendar days after the entry of the Interim DIP Order (or such later date as the Required DIP Lenders may agree in their reasonable discretion);

(c) as promptly as possible but in no event later than 30 calendar days after the Petition Date, the Debtors shall have filed a plan of reorganization (an "**Acceptable Plan of Reorganization**") and disclosure statement (an "**Acceptable Disclosure Statement**") that are, in each case, acceptable to the DIP Lenders in their sole discretion;

(d) approval of the Acceptable Disclosure Statement within 90 calendar days after the Petition Date;

(f) confirmation of the Acceptable Plan of Reorganization within 130 calendar days after the Petition Date (the "**Confirmation Date**"); and

(g) effectiveness of the Acceptable Plan of Reorganization by no later than 21 calendar days following the Confirmation Date.

To the extent the milestones set forth above are extended pursuant to the restructuring support agreement among the Loan Parties, certain Lenders under the Prepetition Credit Agreement and the other parties thereto (the "**Restructuring Support Agreement**"), such milestones shall also be extended by such amount for purposes of the DIP Facility.

Failure by the Company to meet any of the foregoing milestones shall constitute an event of default under the DIP Loan Documents and shall cause the consensual use of Cash Collateral (described in the "Adequate Protection" section of this Term Sheet) to be terminated.

Financial Reporting Requirements: Limited to the following:

(a) monthly unaudited consolidated financial statements of the Company and its subsidiaries (together with a consolidating balance sheet and income statement of the Loan Parties and their subsidiaries that are not Loan Parties) within 30 days after the end of each fiscal month, certified by the Company's chief financial officer, chief accounting officer or treasurer;

(b) quarterly unaudited consolidated financial statements of the Company and its subsidiaries (together with a consolidating balance sheet and income statement of the Loan Parties and their subsidiaries that are not Loan Parties) within 45 days of quarter-end for the first 3 fiscal quarters of the fiscal year, certified by the Company's chief financial officer, chief accounting officer or treasurer;

(c) annual audited consolidated financial statements of the Company and its subsidiaries (together with a consolidating balance sheet and income statement of the Loan Parties and their subsidiaries that are not Loan Parties, which consolidating balance sheet and income statement shall not be required to be audited) within 90 days of year-end, accompanied by an audit report (which may be subject to qualifications and exceptions in respect of the financial condition of the Company and its subsidiaries) with respect to such consolidated statements by KPMG LLP, any other "Big 4" accounting firm or other independent certified public accountants reasonably acceptable to the Required DIP Lenders;

(d) copies of all reports on Form 10-K, 10-Q or 8-K filed by the Company or its subsidiaries with the Securities and Exchange Commission;

(e) weekly flash reporting of cash and cash equivalents, including both book and bank balances, substantially the same as the flash reporting required under that certain Forbearance Agreement dated May 31, 2016 among the Borrowers, the other loan parties under the Prepetition Credit Agreement party thereto, certain of the Prepetition Secured Lenders and the other parties thereto; and

(f) periodic reporting of professional fees and expenses to be determined.

Any of the foregoing requirements under clauses (a), (b), (c) and (d) will be permitted to be satisfied by means of filing the applicable statements with the SEC or other authority or posting the applicable statements to a publicly-available website, in each case as and to the extent permitted under the Prepetition Credit Facility.

Budget Reporting: Limited to the following:

1. The Company shall deliver on the Closing Date, in each case in form and substance reasonably satisfactory to the Lenders:

(i) monthly projections for the nine months after the Closing Date (such budget, as amended, modified or supplemented in a manner reasonably satisfactory to the Required Lenders, the "**DIP Budget**"); and

(ii) a thirteen (13) week budget for the Approved Purposes, including use of Cash Collateral (starting with the week of the Petition Date), which sets forth, among other things, on a cumulative roll-forward basis, the projected cash disbursements and projected cash receipts for each applicable week (such budget, the "**Initial Rolling Budget**").

2. The Company shall deliver to the Administrative Agent on the third business day of each 4-week period following the Closing Date:

(i) a new thirteen (13) week budget for the Approved Purposes, including use of Cash Collateral, in form substantially similar to the Initial Rolling Budget and in substance reasonably satisfactory to the Required Lenders (such budget, together with the Initial Rolling Budget, the "**Rolling Budget**") (subject to a deemed consent construct if the Required Lenders do not dispute any such budget within 5 business days after delivery of such budget).

3. The Company shall deliver to the Administrative Agent, in form reasonably satisfactory to the Required Lenders, on the third business day of each week for the applicable Test Period ending on the last business day of the prior week:

(i) a report (the "**Budget Compliance Report**") that sets forth, for such Test Period, a comparison of the actual cash disbursements and actual cash receipts to the projected cash disbursements (other than in respect of professional fees and expenses) and projected cash receipts set forth in the most recent Rolling Budget for such period, together with a certification from the Company that it is in compliance with the Budget Variance Financial Covenant.

Notwithstanding the forgoing, the DIP Loan Documents will provide that the Company will be permitted to pay all professional fees and expenses notwithstanding the information disclosed in any financial report delivered thereunder.

Events of Default: The DIP Loan Documents will contain events of default based on the Prepetition Credit Facilities, subject to modifications consistent for facilities of this type to reflect the Cases and events or circumstances impacting thereon. The termination of the Restructuring Support Agreement in accordance with its terms shall constitute an event of default under the DIP Loan Documents.

Expenses and Indemnification: The DIP Loan Documents will contain provisions for payment of expenses and indemnification of the Administrative Agent and the DIP Lenders based on the Prepetition Credit Facilities.

Assignments and Participations: Assignments must be in a minimum amount to be mutually agreed (or, if less, the remaining commitments and/or DIP Loans of any assigning DIP Lender) and are subject to the consent of the Company (absent a continuing Event of Default) and the Administrative Agent, except, in each case, with respect to any assignment to a DIP Lender, an affiliate of such a DIP Lender or a fund engaged in investing in commercial loans that is advised or managed by such a DIP Lender. No participation shall include voting rights, other than for matters

	requiring consent of all affected DIP Lenders.
Required DIP Lenders:	DIP Lenders holding, in the aggregate, more than 50.0% of the outstanding commitments and/or exposure under the DIP Facility (the "**Required DIP Lenders**").
Amendments:	Required DIP Lenders, except for amendments customarily requiring approval by directly and adversely affected DIP Lenders based on the Prepetition Credit Facilities, subject to modifications consistent for facilities of this type.
Miscellaneous:	The DIP Loan Documents will include (i) yield protection provisions, (ii) waivers of consequential damages and jury trial, and (iii) agency, set-off and sharing language, in each case based on the Prepetition Credit Facilities.
Governing Law and Submission to Exclusive Jurisdiction:	State of New York (and, to the extent customary for DIP financings, the Bankruptcy Code).
Counsel to the Administrative Agent:	Davis Polk & Wardwell LLP.

EXHIBIT B-2

Blackline of First Amended DIP Term Sheet against Existing DIP Term Sheet

$100.0 Million Senior Secured Debtor-In-Possession Term Loan Facility

Amended and Restated Illustrative Summary of Terms And Conditions

*This DIP term sheet (the "**Term Sheet**"), dated as of July ~~8~~14, 2016, sets forth certain of the principal terms and conditions of a debtor-in-possession loan facility.*

~~**THIS AMENDED AND RESTATED TERM SHEET IS PROVIDED FOR DISCUSSION PURPOSES ONLY AND DOES NOT CONSTITUTE AN OFFER, AGREEMENT OR COMMITMENT TO ENTER INTO THE DEFINITIVE DIP LOAN DOCUMENTS, ANOTHER BUSINESS TRANSACTION OR A RELATIONSHIP. NOTHING IN THIS TERM SHEET IS INTENDED TO REPRESENT A COMMITMENT ON THE PART OF THE DEBTORS OR ANY OF THEIR AFFILIATES OR ANY OF THE LENDERS, TO ENTER INTO THE DIP FACILITY OR ANY OTHER DEFINITIVE AGREEMENT WITH ANY PERSON.~~**

Borrower:	C&J Energy Services Ltd. (the "**Company**") and CJ Holding Co. (the "**US Borrower**" and, together with the Company, the "**Borrowers**").
Guarantors:	Guarantors to include all direct and indirect subsidiaries of the Company that are debtors in the Chapter 11 cases of the Company and such debtor subsidiaries (the "**Cases**"), with exceptions based on the Prepetition Credit Facilities (collectively, the "**Guarantors**"). The Company and the Guarantors are referred to herein as "**Loan Parties**" and each, a "**Loan Party**" or "**Debtors**" and each, a "**Debtor**". The date of commencement of the Cases is referred to herein as the "**Petition Date**".
DIP Lenders:	One or more of Ascribe Capital LLC, funds managed or advised by GSO Capital Partners LP, Blue Mountain Capital Management, LLC and Solus Alternative Asset Management LP (including, in each case, affiliates of any of the foregoing) (the "**DIP Backstop Lenders**") and those Lenders under the Prepetition Credit Agreement that are parties to the Restructuring Support Agreement (as defined below), other than the DIP Backstop Lenders, that choose to participate in the DIP Facility (as defined below) pursuant to the terms and conditions set forth in this Term Sheet (such Lenders, the "**DIP Participating Lenders**" and, together with the DIP Backstop Lenders, the "**DIP Lenders**"), but excluding in any case Disqualified Lenders (as defined in the Prepetition Credit Agreement).
Certain Prepetition Debt Facilities:	Reference is made to that certain Credit Agreement dated as of March 24, 2015 (as amended, restated, amended and restated, extended, supplemented or otherwise modified, including pursuant to waivers and forbearance agreements, and in effect from time to time, the "**Prepetition Credit Agreement**"), the lenders from time to time party thereto (the "**Prepetition Secured Lenders**") and the revolving and term loan facilities provided thereunder (the "**Prepetition Credit Facilities**").
Administrative Agent:	Cortland Capital Market Services LLC or another institution to be agreed shall act as administrative agent and collateral agent in respect of the DIP Facility (as defined below) (the "**Administrative Agent**").
DIP Facility:	The DIP ~~Facility~~ Backstop Lenders will agree to backstop a senior secured superpriority delayed draw term loan facility in an aggregate principal amount of up to $100.0 million (the "**DIP Facility**", the loans made thereunder (which shall be denominated in dollars) (the "**DIP Loans**") and the commitments to make

such DIP Loans (the "**DIP Commitments**")) on the terms and conditions set forth herein and in the DIP Loan Documents (as defined below). ~~The~~Each DIP Backstop ~~Lenders~~Lender shall provide no less than ~~60% of~~such DIP Backstop Lender's pro rata share (based on Total Credit Exposure (as defined in the Prepetition Credit Agreement), without regard to any Total Credit Exposure held by Lenders under the Prepetition Credit Agreement other than the DIP Backstop Lenders) of 60% of the aggregate DIP Commitments. Rights (the "**DIP Participation Rights**") to up to 40% of the aggregate DIP Commitments (the "**DIP Participation Amount**") shall be offered ~~for participation by the DIP Participating~~to the Lenders under the Prepetition Credit Agreement that are party to the Restructuring Support Agreement, other than the DIP Backstop Lenders, in each case up to such ~~DIP Participating~~ Lender's pro rata share (based on Total Credit Exposure (as defined in the Prepetition Credit Agreement), without regard to any Total Credit Exposure held by the DIP Backstop Lenders) of the DIP Participation Amount. To the extent any portion of the DIP Participation ~~Amount is not filled by a DIP Participating Lender, such amount~~Rights are not exercised, such corresponding portions of the DIP Participation Amount shall be allocated to, and added to the commitments of, the DIP Backstop Lenders~~.~~ on a pro rata basis (based on Total Credit Exposure, without regard to any Total Credit Exposure held by Lenders under the Prepetition Credit Agreement other than the DIP Backstop Lenders).

The DIP Facility will be available in up to three drawings (the date of any such drawing, a "**Delayed Draw Funding Date**"), with (x) the first drawing to be in an amount equal to the lesser of (x) $25,000,000 and (y) the amount permitted to be drawn under the Interim DIP Order, which shall be made on the Closing Date, (y) the second drawing to be made within 2 business days after the entry of the Final DIP Order in an amount that together with the first drawing shall be not less than $50 million in the aggregate and (z) the remainder available to be drawn in one drawing thereafter through and including the DIP Facility Termination Date. Amounts borrowed under the DIP Facility that are prepaid may not be re-borrowed.

The effectiveness of the DIP Facility is conditioned, among other things, on (a) Bankruptcy Court approval of the Adequate Protection (defined below), as protection in respect of (i) the incurrence of the DIP Facility, (ii) the imposition of the automatic stay and (iii) the Debtors' use of collateral that secures the Prepetition Credit Facilities (collectively, the "**Existing Collateral**"), including cash collateral ("**Cash Collateral**") and (b) entry of the Interim DIP Order within 7 calendar days after the Petition Date (or such later date as the Required DIP Lenders may agree in their reasonable discretion).

"**Interim DIP Order**" means an order of the Bankruptcy Court authorizing, on an interim basis, the DIP Facility and the use of Cash Collateral, and containing provisions granting the adequate protection liens described under "Adequate Protection" below and related adequate protection claims, with only such modifications as are satisfactory to the Required DIP Lenders and the Company in their respective sole discretion.

DIP Facility Termination Date: The "**DIP Facility Termination Date**" with respect to the DIP Facility shall be the earliest of (a) the Scheduled Termination Date (as defined below); (b) seven (7) calendar days after the Petition Date (or such later date as the Required DIP

Lenders may agree in their reasonable discretion) if the Interim DIP Order has not been entered prior to such date; (c) 40 calendar days after the entry of the Interim DIP Order (or such later date as the Required DIP Lenders may agree in their reasonable discretion) unless the Final DIP Order has been entered by such date; (d) the substantial consummation (as defined in Section 1101 of the Bankruptcy Code and which for purposes hereof shall be no later than the "effective date" thereof) of a plan of reorganization filed in the Cases that is confirmed pursuant to an order entered by the Bankruptcy Court; and (e) the acceleration of the DIP Loans and the termination of the commitments with respect to such DIP Facility in accordance with the DIP Loan Documents.

"**Scheduled Termination Date**" means March 31, 2017.

"**Final DIP Order**" means a final order of the Bankruptcy Court authorizing the DIP Facility in substantially the form of the Interim DIP Order, with only such modifications as are satisfactory to the Required DIP Lenders in their sole discretion.

Use of Proceeds: The proceeds of the DIP Facility and any Cash Collateral shall be used only for the following, in each case subject to the terms, conditions and amounts herein and the agreed Rolling Budget (subject to permitted variances) from time to time (the "**Approved Purposes**"): (a) working capital and general corporate purposes in accordance with the Rolling Budget (subject to permitted variances); (b) professional fees and expenses whether or not in accordance with the Rolling Budget; and (c) Bankruptcy Court approved administrative expenses for estate professionals and such other expenses to which the Required DIP Lenders may consent in their sole direction.

As between the DIP Facility and Cash Collateral, Cash Collateral shall be used first for the Approved Purposes unless otherwise agreed by the Required DIP Lenders in their reasonable discretion.

DIP Loan Documents: The DIP Facility will be documented by customary documentation, which may include a credit agreement, a security agreement and a guaranty agreement, the terms of which will be consistent with this Term Sheet and will be based on the Prepetition Credit Facilities, subject to modifications customary for facilities of this type (such documentation, collectively, together with such ancillary documents contemplated thereunder, the "**DIP Loan Documents**").

Interest Rate: DIP Loans will bear interest, at the option of the Company, at one of the following rates:

(i) the Applicable Margin (as defined below) plus the Base Rate (to be defined in a customary manner), payable monthly in arrears; or

(ii) the Applicable Margin plus the LIBO Rate (to be defined in a customary manner), *provided* that in no event shall the LIBO Rate be less than 1.00% (the "**LIBOR Floor**").

"**Applicable Margin**" means 8.00%, in the case of Base Rate loans and 9.00%, in the case of LIBO Rate loans.

During the continuance of an event of default under the DIP Facility, overdue amounts will bear interest at an additional 2% *per annum* (the "**Default Rate**").

OID and Fees: *Original issue discount* - For the account of the DIP Lenders, an original issue discount equal to 2.00% of the DIP Commitments, which discount shall be

earned and due and payable on the Closing Date.

Ticking Fee - From and after the Closing Date, a non-refundable unused commitment fee at the rate of 5.00% per annum will accrue on the undrawn portion of the DIP Facility, payable monthly in arrears and on the availability termination date.

Prepayment Fee - For the account of the DIP Lenders, a prepayment fee of 2.00% if the DIP Loans are prepaid with the proceeds of another financing during the pendency of the Cases.

Agency Fees - As separately agreed to between the Company and the Administrative Agent.

Optional Prepayments: The Company may, upon at least 3 business days' notice for LIBO Rate loans and same day's notice for Base Rate loans and at the end of any applicable interest period (or at other times with the payment of applicable breakage costs), prepay in full or in part, without premium or penalty (other than such breakage costs and except as provided above), the DIP Loans; *provided* that each such partial prepayment shall be in a minimum aggregate amount to be mutually agreed.

Mandatory Prepayments: Mandatory prepayments of the DIP Loans shall be required solely with (a) 100.0% of the net cash proceeds (subject to exceptions to be agreed, including, without limitation, (i) dispositions of obsolete, worn out or 'scrap' property in the ordinary course of business, (ii) dispositions of light vehicles (i.e., cars and pick-up trucks but not heavy trucks or rigs) in the ordinary course of business, (iii) the ability to reinvest the net cash proceeds of up to $10 million in the aggregate from casualty events on the terms set forth in the Prepetition Credit Agreement (without giving effect to any limited waiver or forbearance agreement delivered with respect thereto), (iv) the sale or other disposition of all or a portion of the business of Total E&S Inc. (provided that 75% of the net cash proceeds of such sale or other disposition shall be deposited into a segregated blocked agreement pledged to the Administrative Agent to ensure sufficient liquidity at the exit from the Cases) and (v) a *de minimis* basket of $10 million of net cash proceeds in the aggregate for other applicable sales or dispositions) from sales or other dispositions of any assets and (b) 100% of the net cash proceeds of any indebtedness not permitted by the DIP Facility (subject to the 2% prepayment fee as provided above in the case of another financing during the pendency of the Cases).

Security and Priority: The obligations of the Borrowers under the DIP Facility and the obligations of each Guarantor in respect of its guarantee of all of the foregoing shall, subject to the Carve-Out (as defined below), at all times:

(a) be entitled to superpriority administrative expense claim status in the Case of such Loan Party (the "**DIP Superpriority Claims**");

(b) be secured by a perfected first priority security interest and lien on the Collateral of each Loan Party to the extent such Collateral is not subject to valid, perfected and non-avoidable liens as of the Petition Date (subject to customary exclusions and excluding claims and causes of action under sections 502(d), 544, 545, 547, 548 and 550 of the Bankruptcy Code (collectively "**Avoidance Actions**") (it being understood that notwithstanding such exclusion of Avoidance Actions, upon entry of the Final DIP Order, to the extent approved

by the Bankruptcy Court, such lien shall attach to any proceeds of Avoidance Actions);

(c) except as otherwise provided in the immediately following clause (d) be secured by a junior perfected security interest and lien on the Collateral of each Loan Party to the extent that such Collateral is subject to valid, perfected and unavoidable liens in favor of third parties that were in existence immediately prior to the Petition Date and permitted under the Prepetition Credit Agreement, or to valid and unavoidable permitted liens in favor of third parties that were in existence immediately prior to the Petition Date that were perfected subsequent to the Petition Date as permitted by Section 546(b) of the Bankruptcy Code (other than the existing liens that secure obligations of the applicable Loan Party under or governed by the Prepetition Credit Agreement, which existing liens will be primed by the liens described in clause (d) below), subject as to priority to such liens in favor of such third parties; and

(d) pursuant to Section 364(d)(1) of the Bankruptcy Code, be secured by a perfected priming security interest and lien on the Collateral of each Loan Party (such lien and security interest, the "**Priming Liens**") to the extent that Collateral is subject to existing liens that secure the obligations of the applicable Loan Party under the Prepetition Credit Agreement (the "**Primed Liens**").

The Priming Liens (x) shall be senior in all respects to the interests in such property of the Prepetition Secured Lenders under the Prepetition Credit Facilities (the "**Primed Parties**") and (y) shall also be senior to any liens granted to provide Adequate Protection in respect of any of the Primed Liens.

All of the liens described above shall be effective and perfected upon entry of the Interim DIP Order.

"**Collateral**" means all owned or hereafter acquired assets and property of the Loan Parties (including, without limitation, inventory, accounts receivable, property, plant, equipment, rights under leases and other contracts, patents, copyrights, trademarks, tradenames and other intellectual property and capital stock of subsidiaries), and the proceeds thereof, subject to exclusions based on the Prepetition Credit Facilities with modifications to be agreed that are customary for facilities of this type, and excluding Avoidance Actions and, prior to entry of the Final DIP Order, proceeds of Avoidance Actions.

Carve-Out: As used in this Term Sheet, the "**Carve-Out**" means the sum of (i) all fees required to be paid to the Clerk of the Court and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate (without regard to the notice set forth in (iii) below); (ii) all reasonable fees and expenses up to $50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code (without regard to the notice set forth in (iii) below); (iii) to the extent allowed at any time, whether by interim order, procedural order, or otherwise, all unpaid fees and expenses (the "**Allowed Professional Fees**") incurred by persons or firms retained by the Debtors pursuant to section 327, 328, or 363 of the Bankruptcy Code (the "**Debtor Professionals**") and the Creditors' Committee pursuant to section 328 or 1103 of the Bankruptcy Code (the "**Committee Professionals**" and, together with the Debtor Professionals, the "**Professional Persons**") at any time before or on the first business day following delivery by the Administrative Agent of a Carve-Out

Trigger Notice (as defined below), whether allowed by the Court prior to or after delivery of a Carve-Out Trigger Notice; and (iv) Allowed Professional Fees of Professional Persons in an aggregate amount not to exceed $4,000,000 incurred after the first business day following delivery by the Administrative Agent of the Carve-Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise (the amounts set forth in this clause (iv) being the "**Post-Carve-Out Trigger Notice Cap**"). For purposes of the foregoing, "**Carve-Out Trigger Notice**" shall mean a written notice delivered by email (or other electronic means) by the Administrative Agent to the Debtors, their lead restructuring counsel, the U.S. trustee, and counsel to the Creditors' Committee, which notice may be delivered following the occurrence and during the continuation of an Event of Default and acceleration of the DIP Facility, stating that the Post-Carve-Out Trigger Notice Cap has been invoked.

On the day on which a Carve-Out Trigger Notice is given by the Administrative Agent to the Debtors with a copy to counsel to the Creditors' Committee (the "**Termination Declaration Date**"), the Carve-Out Trigger Notice shall (i) be deemed a draw request and notice of borrowing by the US Borrower for DIP Loans under the DIP Commitment (on a pro rata basis based on the then outstanding DIP Commitments), in an amount equal to the then unpaid amounts of the Allowed Professional Fees (any such amounts actually advanced shall constitute DIP Loans) and (ii) also constitute a demand to the US Borrower to utilize all cash on hand as of such date and any available cash thereafter held by any Debtor to fund a reserve in an amount equal to the then unpaid amounts of the Allowed Professional Fees. The Debtors shall deposit and hold such amounts in a segregated account at the Administrative Agent in trust to pay such then unpaid Allowed Professional Fees (the "**Pre-Carve-Out Trigger Notice Reserve**") prior to any and all other claims. On the Termination Declaration Date, the Carve-Out Trigger Notice shall also be deemed a request by the Debtors for DIP Loans under the DIP Commitment (on a pro rata basis based on the then outstanding DIP Commitments), in an amount equal to the Post-Carve-Out Trigger Notice Cap (any such amounts actually advanced shall constitute DIP Loans). The Debtors shall deposit and hold such amounts in a segregated account at the Administrative Agent in trust to pay such Allowed Professional Fees benefiting from the Post-Carve-Out Trigger Notice Cap (the "**Post Carve-Out Trigger Notice Reserve**" and, together with the Pre-Carve-Out Trigger Notice Reserve, the "**Carve-Out Reserves**") prior to any and all other claims. On the first business day after the Administrative Agent gives such notice to such DIP Lenders, notwithstanding anything in the Term Sheet to the contrary, including with respect to the existence of a Default or Event of Default, the failure of the Debtors to satisfy any or all of the conditions precedent for DIP Loans under the DIP Facility, any termination of the DIP Commitments following an Event of Default, or the occurrence of the Scheduled Termination Date, each DIP Lender with an outstanding Commitment (on a pro rata basis based on the then outstanding Commitments) shall make available to the Administrative Agent such DIP Lender's pro rata share with respect to such borrowing in accordance with the DIP Facility. All funds in the Pre-Carve-Out Trigger Notice Reserve shall be used first to pay the obligations set forth in clauses (i) through (iii) of the definition of Carve-Out set forth above (the "**Pre-Carve-Out Amounts**"), but not, for the avoidance of doubt, the Post-Carve-Out Trigger Notice Cap, until paid in full, and then, to the extent the Pre Carve-Out

Trigger Notice Reserve has not been reduced to zero, to pay the Administrative Agent for the benefit of the DIP Lenders, unless the DIP Facility has been indefeasibly paid in full in cash and all Commitments have been terminated, in which case any such excess shall be paid to the Prepetition Secured Lenders in accordance with their rights and priorities as of the Petition Date. All funds in the Post-Carve-Out Trigger Notice Reserve shall be used first to pay the obligations set forth in clause (iv) of the definition of Carve-Out set forth above (the "**Post-Carve-Out Amounts**"), and then, to the extent the Post Carve-Out Trigger Notice Reserve has not been reduced to zero, to pay the Administrative Agent for the benefit of the DIP Lenders, unless the DIP Facility has been indefeasibly paid in full in cash and all Commitments have been terminated, in which case any such excess shall be paid to the Prepetition Secured Lenders in accordance with their rights and priorities as of the Petition Date. Notwithstanding anything to the contrary in this Term Sheet, if either of the Carve-Out Reserves is not funded in full in the amounts set forth herein, then, any excess funds in one of the Carve-Out Reserves following the payment of the Pre-Carve-Out Amounts and Post-Carve-Out Amounts, respectively, shall be used to fund the other Carve-Out Reserve, up to the applicable amount set forth herein, prior to making any payments to the Administrative Agent or the Prepetition Secured Lenders, as applicable. Notwithstanding anything to the contrary in the Term Sheet, following delivery of a Carve-Out Trigger Notice, the Administrative Agent and the Prepetition Secured Lenders shall not sweep or foreclose on cash (including cash received as a result of the sale or other disposition of any assets) of the Debtors until the Carve-Out Reserves have been fully funded, but shall have a security interest in any residual interest in the Carve-Out Reserves, with any excess paid to the Administrative Agent for application in accordance with this Term Sheet. Further, notwithstanding anything to the contrary in this Term Sheet, (i) disbursements by the Debtors from the Carve-Out Reserves shall not constitute DIP Loans or increase or reduce the DIP Facility, (ii) the failure of the Carve-Out Reserves to satisfy in full the Allowed Professional Fees shall not affect the priority of the Carve-Out, and (iii) in no way shall the initial budget, budget, Carve-Out, Post-Carve-Out Trigger Notice Cap, Carve-Out Reserves, or any of the foregoing be construed as a cap or limitation on the amount of the Allowed Professional Fees due and payable by the Debtors. For the avoidance of doubt and notwithstanding anything to the contrary herein or in the Prepetition Credit Facilities, the Carve-Out shall be senior to all liens and claims securing the DIP Facility, and any and all other forms of adequate protection, liens, or claims securing the DIP Facility.

Any payment or reimbursement made prior to the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall not reduce the Carve-Out.

Any payment or reimbursement made on or after the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall permanently reduce the Carve-Out on a dollar-for-dollar basis. Any funding of the Carve-Out shall be added to, and made a part of, the DIP Facility secured by the Collateral and shall be otherwise entitled to the protections granted under the order approving the DIP Facility, the Bankruptcy Code, and applicable law.

Notwithstanding the foregoing, the Carve-Out shall not include, apply to or be available for any fees or expenses incurred by any party in connection with (a)

the investigation, initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation (i) against any of the DIP Lenders, the Administrative Agent, or the Prepetition Secured Lenders, or (ii) challenging the amount, validity, perfection, priority or enforceability of or asserting any defense, counterclaim or offset to, the obligations and the liens and security interests granted under the DIP Loan Documents or the indebtedness described in "Certain Prepetition Debt Facilities" above (whether in such capacity or otherwise), including, in each case, without limitation, for lender liability or pursuant to section 105, 510, 544, 547, 548, 549, 550, or 552 of the Bankruptcy Code, applicable non-bankruptcy law or otherwise; (b) attempts to modify any of the rights granted to the DIP Lenders or the Administrative Agent; (c) attempts to prevent, hinder or otherwise delay any of the DIP Lenders' or the Administrative Agent's assertion, enforcement or realization upon any Collateral in accordance with the DIP Loan Documents and the Final DIP Order other than to seek a determination that an event of default has not occurred or is not continuing; or (d) paying any amount on account of any claims arising before the commencement of the Cases unless such payments are approved by an order of the Bankruptcy Court; provided, however, that the Carve Out and such collateral proceeds and loans under the DIP Loan Documents may be used for allowed fees and expenses, in an amount not to exceed $50,000 in the aggregate (the "**Investigation Fund**"), incurred solely by the Creditors' Committee in investigating any potential Challenges (as defined in the Interim DIP Order) during the Challenge Period (as defined in the Interim DIP Order); provided further, however, that the Investigation Fund shall not be used for fees and expenses incurred to initiate, assert, join, commence, support, or prosecute any Challenges.

Adequate Protection: As protection in respect of (x) the incurrence of the DIP Facility, (y) the imposition of the automatic stay, and (z) the Debtors' use of the Existing Collateral including Cash Collateral, the Debtors and the DIP Lenders agree, subject to Bankruptcy Court approval, to all of the following forms of adequate protection (the "**Adequate Protection**"):

(a) The Existing Collateral comprising Cash Collateral may be used to the extent set forth in this Term Sheet and the DIP Loan Documents.

(b) Subject to the requirements and limitations set forth in the Rolling Budget (subject to permitted variances), Cash Collateral will only be used for the purposes set forth in the Rolling Budget (subject to permitted variances), without prior written authorization of the Required DIP Lenders (in their reasonable discretion), *provided* that Cash Collateral will only be used in accordance with the DIP orders entered by the Bankruptcy Court from time to time.

(c) From the date of the Interim DIP Order to the DIP Facility Termination Date, and except to the extent of the Carve-Out, no claim may be asserted against the Administrative Agent, the DIP Lenders, or the Prepetition Secured Lenders, each in their capacity as such, to charge any expenses of administration of the Cases or any future proceeding that may result therefrom, including liquidation in bankruptcy or other proceedings under the Bankruptcy Code, against the Collateral or the Existing Collateral or recover such expenses from the Collateral or the Existing Collateral pursuant to section 506(c) of the Bankruptcy Code or any similar principle of law, without the prior written consent of the Required DIP Lenders and the Prepetition Secured Lenders, and

no such consent shall be implied from any other action, inaction, or acquiescence by the DIP Lenders or Prepetition Secured Lenders.

(d) The Primed Parties whose liens will be primed as described above, and whose Cash Collateral will be authorized for use by the Loan Parties, will receive as adequate protection, pursuant to sections 361, 363(e) and 364(d)(1) of the Bankruptcy Code:

(i) current cash payment of professional fees and expenses otherwise reimbursable under the Prepetition Credit Facilities,

(ii) to the extent of any diminution in value of their prepetition security interests, replacement or, if applicable, new liens on the Collateral that are junior to the liens securing the DIP Facility, and

(iii) to the extent of any diminution in value of their prepetition security interests, superpriority claims as provided for in section 507(b) of the Bankruptcy Code that are junior to the DIP Superpriority Claims.

Conditions Precedent to Effectiveness: The effectiveness of the DIP Loan Documents (the "**Closing**"; the date on which the Closing occurs, the "**Closing Date**") and the availability of the DIP Facility shall be subject to the satisfaction (or waiver) of customary conditions for DIP financings of this type.

Conditions Precedent to each Borrowing: Each borrowing under the DIP Facility will be subject to the satisfaction (or waiver) on each Delayed Draw Funding Date of conditions based on those set forth in the Prepetition Credit Facilities, subject to customary modifications for facilities of this type.

Representations and Warranties: The DIP Loan Documents will contain representations and warranties based on the Prepetition Credit Facilities, subject to customary modifications for facilities of this type to reflect the Cases and events or circumstances impacting thereon.

Affirmative and Negative Covenants: The DIP Loan Documents will contain affirmative and negative covenants based on the Prepetition Credit Facilities, subject to modifications customary for facilities of this type to reflect the Cases and events or circumstances impacting thereon; provided that the Loan Parties will be permitted to make investments in, or otherwise make payments to, non-Loan Party subsidiaries of the Company in an aggregate amount not to exceed $5.0 million.

Financial Covenants: The DIP Facility will contain only the following Financial Covenants:

(a) Tested weekly as of the last business day of each week (each such day, a "**Test Date**") for the applicable Test Period (as defined below) ending on such Test Date against the most recent Rolling Budget that covers such Test Period, the Company shall not allow (i) the aggregate receipts of the Company and its subsidiaries to be less than the Variance Percentage (for the applicable Test Period) of the aggregate receipts line item for the Company and its subsidiaries and (ii) the aggregate operating disbursements (excluding professional fees and expenses) made by the Company and its subsidiaries to be greater than the Variance Percentage (for the applicable Test Period) of the aggregate operating disbursements line item. The Financial Covenant set forth in this clause (a) is referred to as the "**Budget Variance Financial Covenant**". For purposes hereof, "**Test Period**" means (i) in respect of the first Test Date covered in the most recent Rolling Budget, the one-week period ending on such Test Date (the "**First Test Period**"), (ii) in respect of the second Test Date covered in the most

recent Rolling Budget, the two-week period ending on such Test Date (the "**Second Test Period**"), (iii) in respect of the third Test Date covered in the most recent Rolling Budget, the three-week period ending on such Test Date (the "**Third Test Period**") and (iv) in respect of any subsequent Test Date covered in the most recent Rolling Budget, the four-week period ending on such Test Date (each, a "**Subsequent Test Period**"). As used herein, "**Variance Percentage**" means the corresponding percentage below:

Test Period	Variance Percentage	
	Receipts	Disbursements
First Test Period	75%	125%
Second Test Period	75%	125%
Third Test Period	80%	120%
Subsequent Test Period	80%	120%

(b) Tested monthly, the Company shall not make any capital expenditures, except for capital expenditures not exceeding an amount equal to the applicable amount set forth below for the period beginning on the Closing Date and ending on the last day of such month.

Fiscal Month	Capital Expenditures
August 2016	$15,560,000
September 2016	$21,550,000
October 2016	$27,540,000
November 2016	$33,530,000
December 2016	$39,510,000
January 2017	$46,540,000
February 2017	$53,660,000
March 2017	$61,870,000

Case Milestones: The DIP Loan Documents shall require compliance with the following milestones (the "**Case Milestones**") in accordance with the applicable timing referred to below (or such later dates as approved by the Required DIP Lenders):

(a) approval of the DIP Facility in form and substance satisfactory to the DIP Lenders on an interim basis within 7 calendar days after the Petition Date (or such later date as the Required DIP Lenders may agree in their reasonable discretion);

(b) approval of the DIP Facility in form and substance satisfactory to the DIP Lenders on a final basis within 40 calendar days after the entry of the Interim DIP Order (or such later date as the Required DIP Lenders may agree in their reasonable discretion);

(c) as promptly as possible but in no event later than 30 calendar days after the Petition Date, the Debtors shall have filed a plan of reorganization (an "**Acceptable Plan of Reorganization**") and disclosure statement (an

"**Acceptable Disclosure Statement**") that are, in each case, acceptable to the DIP Lenders in their sole discretion;

(d) approval of the Acceptable Disclosure Statement within 90 calendar days after the Petition Date;

(f) confirmation of the Acceptable Plan of Reorganization within 130 calendar days after the Petition Date (the "**Confirmation Date**"); and

(g) effectiveness of the Acceptable Plan of Reorganization by no later than 21 calendar days following the Confirmation Date.

To the extent the milestones set forth above are extended pursuant to the restructuring support agreement among the Loan Parties, ~~the DIP~~certain Lenders under the Prepetition Credit Agreement and the other parties thereto (the "**Restructuring Support Agreement**"), such milestones shall also be extended by such amount for purposes of the DIP Facility.

Failure by the Company to meet any of the foregoing milestones shall constitute an event of default under the DIP Loan Documents and shall cause the consensual use of Cash Collateral (described in the "Adequate Protection" section of this Term Sheet) to be terminated.

Financial Reporting Requirements:

Limited to the following:

(a) monthly unaudited consolidated financial statements of the Company and its subsidiaries (together with a consolidating balance sheet and income statement of the Loan Parties and their subsidiaries that are not Loan Parties) within 30 days after the end of each fiscal month, certified by the Company's chief financial officer, chief accounting officer or treasurer;

(b) quarterly unaudited consolidated financial statements of the Company and its subsidiaries (together with a consolidating balance sheet and income statement of the Loan Parties and their subsidiaries that are not Loan Parties) within 45 days of quarter-end for the first 3 fiscal quarters of the fiscal year, certified by the Company's chief financial officer, chief accounting officer or treasurer;

(c) annual audited consolidated financial statements of the Company and its subsidiaries (together with a consolidating balance sheet and income statement of the Loan Parties and their subsidiaries that are not Loan Parties, which consolidating balance sheet and income statement shall not be required to be audited) within 90 days of year-end, accompanied by an audit report (which may be subject to qualifications and exceptions in respect of the financial condition of the Company and its subsidiaries) with respect to such consolidated statements by KPMG LLP, any other "Big 4" accounting firm or other independent certified public accountants reasonably acceptable to the Required DIP Lenders;

(d) copies of all reports on Form 10-K, 10-Q or 8-K filed by the Company or its subsidiaries with the Securities and Exchange Commission;

(e) weekly flash reporting of cash and cash equivalents, including both book and bank balances, substantially the same as the flash reporting required under that certain Forbearance Agreement dated May 31, 2016 among the Borrowers, the other loan parties under the Prepetition Credit Agreement party thereto, certain of the Prepetition Secured Lenders and the other parties thereto; and

(f) periodic reporting of professional fees and expenses to be determined.

Any of the foregoing requirements under clauses (a), (b), (c) and (d) will be permitted to be satisfied by means of filing the applicable statements with the SEC or other authority or posting the applicable statements to a publicly-available website, in each case as and to the extent permitted under the Prepetition Credit Facility.

Budget Reporting: Limited to the following:

1. The Company shall deliver on the Closing Date, in each case in form and substance reasonably satisfactory to the Lenders:

(i) monthly projections for the nine months after the Closing Date (such budget, as amended, modified or supplemented in a manner reasonably satisfactory to the Required Lenders, the "**DIP Budget**"); and

(ii) a thirteen (13) week budget for the Approved Purposes, including use of Cash Collateral (starting with the week of the Petition Date), which sets forth, among other things, on a cumulative roll-forward basis, the projected cash disbursements and projected cash receipts for each applicable week (such budget, the "**Initial Rolling Budget**").

2. The Company shall deliver to the Administrative Agent on the third business day of each 4-week period following the Closing Date:

(i) a new thirteen (13) week budget for the Approved Purposes, including use of Cash Collateral, in form substantially similar to the Initial Rolling Budget and in substance reasonably satisfactory to the Required Lenders (such budget, together with the Initial Rolling Budget, the "**Rolling Budget**") (subject to a deemed consent construct if the Required Lenders do not dispute any such budget within 5 business days after delivery of such budget).

3. The Company shall deliver to the Administrative Agent, in form reasonably satisfactory to the Required Lenders, on the third business day of each week for the applicable Test Period ending on the last business day of the prior week:

(i) a report (the "**Budget Compliance Report**") that sets forth, for such Test Period, a comparison of the actual cash disbursements and actual cash receipts to the projected cash disbursements (other than in respect of professional fees and expenses) and projected cash receipts set forth in the most recent Rolling Budget for such period, together with a certification from the Company that it is in compliance with the Budget Variance Financial Covenant.

Notwithstanding the forgoing, the DIP Loan Documents will provide that the Company will be permitted to pay all professional fees and expenses notwithstanding the information disclosed in any financial report delivered thereunder.

Events of Default: The DIP Loan Documents will contain events of default based on the Prepetition Credit Facilities, subject to modifications consistent for facilities of this type to reflect the Cases and events or circumstances impacting thereon. The termination of the Restructuring Support Agreement in accordance with its terms shall constitute an event of default under the DIP Loan Documents.

Expenses and Indemnification: The DIP Loan Documents will contain provisions for payment of expenses and indemnification of the Administrative Agent and the DIP Lenders based on the Prepetition Credit Facilities.

Assignments and Participations:	Assignments must be in a minimum amount to be mutually agreed (or, if less, the remaining commitments and/or DIP Loans of any assigning DIP Lender) and are subject to the consent of the Company (absent a continuing Event of Default) and the Administrative Agent, except, in each case, with respect to any assignment to a DIP Lender, an affiliate of such a DIP Lender or a fund engaged in investing in commercial loans that is advised or managed by such a DIP Lender. No participation shall include voting rights, other than for matters requiring consent of all affected DIP Lenders.
Required DIP Lenders:	DIP Lenders holding, in the aggregate, more than 50.0% of the outstanding commitments and/or exposure under the DIP Facility (the "**Required DIP Lenders**").
Amendments:	Required DIP Lenders, except for amendments customarily requiring approval by directly and adversely affected DIP Lenders based on the Prepetition Credit Facilities, subject to modifications consistent for facilities of this type.
Miscellaneous:	The DIP Loan Documents will include (i) yield protection provisions, (ii) waivers of consequential damages and jury trial, and (iii) agency, set-off and sharing language, in each case based on the Prepetition Credit Facilities.
Governing Law and Submission to Exclusive Jurisdiction:	State of New York (and, to the extent customary for DIP financings, the Bankruptcy Code).
Counsel to the Administrative Agent:	Davis Polk & Wardwell LLP.

Exhibit C

Corporate Organization Chart

C&J Energy Services

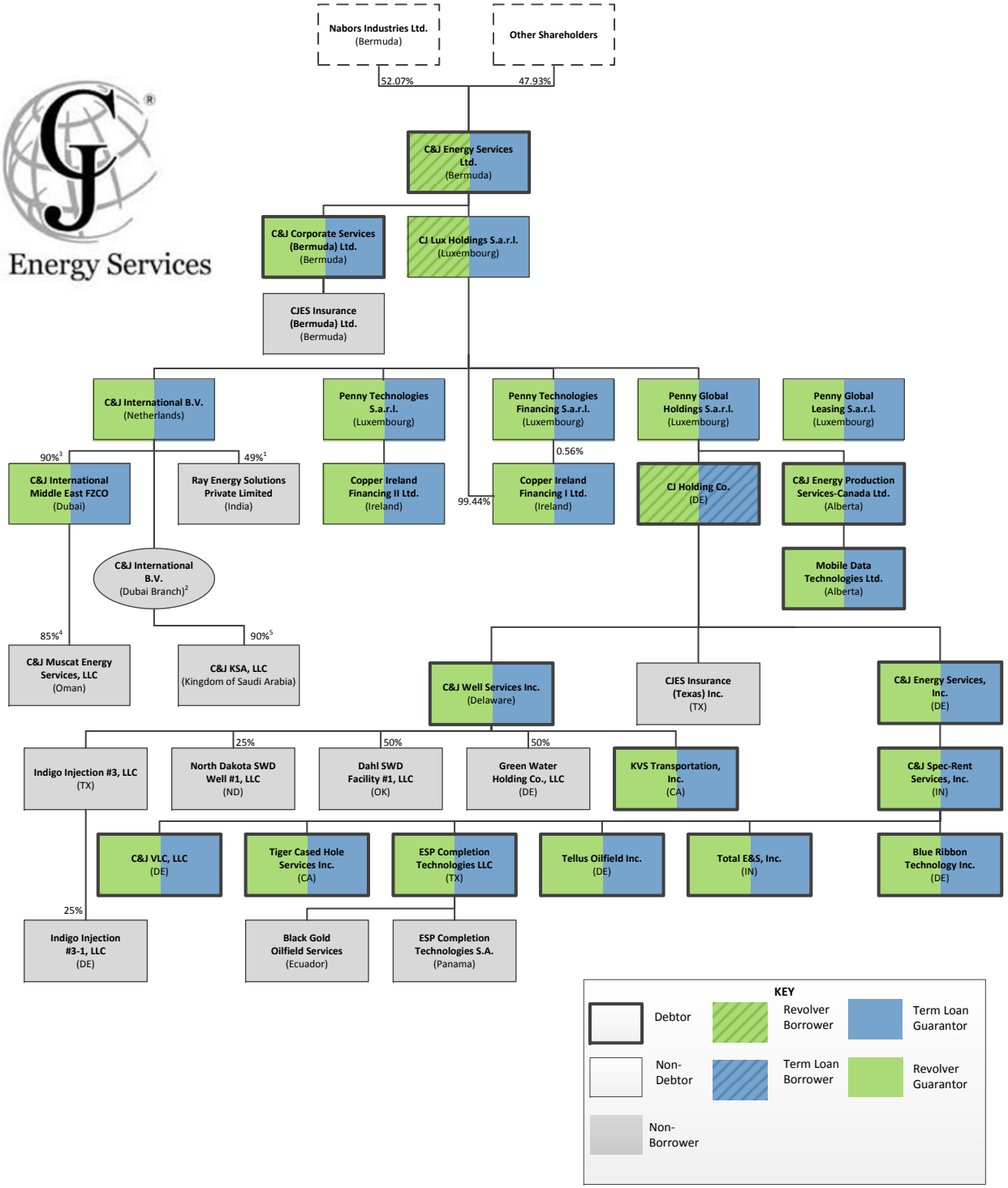

Exhibit D

Disclosure Statement Order

[TO COME]

Exhibit E

Rights Offering Procedures

[TO COME]

Exhibit F

Liquidation Analysis

Exhibit F

Liquidation Analysis

1) Introduction

Under the "best interests of creditors" test set forth in section 1129(a)(7) of the Bankruptcy Code, the Bankruptcy Court may not confirm a plan of reorganization unless the plan provides each holder of an allowed claim or interest that does not otherwise vote in favor of the plan with property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code.

To demonstrate that the Plan[1] satisfies the best interests of creditors test, the Debtors, with the assistance of their advisors, have prepared the hypothetical liquidation analysis described herein (the "Liquidation Analysis"). The Liquidation Analysis sets forth an estimated range of recovery values for each Class of Claims and Interests upon disposition of assets pursuant to a hypothetical chapter 7 liquidation. As illustrated by the Liquidation Analysis, holders of Claims in certain Unimpaired Classes that would receive a full recovery under the Plan would receive less than a full recovery in a hypothetical liquidation. Additionally, holders of Claims or Interests in Impaired Classes would receive a lower recovery in a hypothetical liquidation than they would under the Plan. Further, no holder of a Claim or Interest would receive or retain property under the Plan of a value that is less than such holder would receive in a chapter 7 liquidation, as illustrated by the Liquidation Analysis. Accordingly, and as set forth in greater detail below, the Debtors believe that the Plan satisfies the "best interests of creditors" test set forth in section 1129(a)(7) of the Bankruptcy Code.

2) Basis of Presentation

The Liquidation Analysis represents an estimate of recovery values based upon a hypothetical liquidation of the Debtors' estates if the Debtors' current chapter 11 cases were converted to cases under chapter 7 of the Bankruptcy Code on November 30, 2016 (the "Liquidation Date") and a chapter 7 trustee (the "Trustee") was appointed to convert all assets into cash. In this hypothetical scenario, the Trustee would satisfy claims by converting all of the assets of the Debtors, the non-Debtor Loan Parties, and all other non-Debtor subsidiaries (together, the **"**Liquidating Entities**"**) into cash by: (i) selling certain assets owned by the Liquidating Entities as going concerns in a rapid sale and (ii) ceasing operations and selling or abandoning the individual assets of the Liquidating Entities. The cash amount (the **"**Gross Proceeds**"**) that would be available for satisfaction of Allowed Claims and Interests would consist of the net proceeds resulting from the disposition of the assets and properties of the Liquidating Entities, augmented by the cash held by the Liquidating Entities at the time of the commencement of the liquidation activities.

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[1] Capitalized terms used but not defined herein shall have the meanings set forth in the *Disclosure Statement Relating to the First Amended Joint Plan of Reorganization of CJ Holding Company, et al Pursuant to Chapter 11 of the Bankruptcy Code*, to which this exhibit is attached as **Exhibit F**.

This Liquidation Analysis assumes that Gross Proceeds would be distributed in accordance with sections 726 and 1129(b) of the Bankruptcy Code. Such cash amount would be distributed, in accordance with, and as required by, applicable law: (i) first, for payment of liquidation and wind down expenses, trustee fees, and professional fees attributable to the liquidation and wind down (together, the **"**Wind Down Expenses**"**); (ii) second, in the case of those entities that are Debtor entities, to pay the DIP Claims and in the case of the Liquidating Entities, the costs and expenses of other administrative claims that may arise from the termination of the Debtors operations; (iii) third, to pay the secured portions of all Allowed Secured Claims; and (iv) fourth, to pay amounts on the Allowed Other Priority Claims. Any remaining net cash would be distributed to creditors holding Unsecured Claims, including deficiency Claims that arise to the extent of the unsecured portion of the Allowed Secured Claims.

The Liquidation Analysis has been prepared assuming that the Debtors' current chapter 11 cases convert to chapter 7 on the Liquidation Date. The Liquidation Analysis is generally based on the book values of the Debtors' assets and liabilities as of June 30, 2016, or more recent values where available. The Debtors' management team believes that the June 30, 2016 book value of assets and certain liabilities are a proxy for such book values as of the Liquidation Date. The Debtors have updated balances for cash and equivalents and amounts outstanding under the Credit Agreement and the DIP Facility to reflect estimated values as of the Liquidation Date. This Liquidation Analysis assumes operations of the Liquidating Entities will cease and the related individual assets will be sold in a rapid sale under a three-to-six month liquidation process (the **"**Liquidation Timeline**"**) under the direction of the Trustee, utilizing Company resources and third-party advisors, to allow for the orderly wind down of the Debtors' estates. The Liquidation Analysis is also based on the assumptions that: (i) the Debtors have continued access to cash collateral and the DIP Facility or alternative financing at comparable terms during the course of the Liquidation Timeline to fund Wind Down Expenses and (ii) field security, accounting, treasury, IT, and other management services needed to wind down the estates continue. The Liquidation Analysis does not include estimates for: (i) the tax consequences, either foreign or domestic, that may be triggered upon the liquidation and sale of assets, (ii) recoveries resulting from any potential preference, fraudulent transfer or other litigation or avoidance actions, or (iii) certain claims that may be entitled to priority under the Bankruptcy Code, including administrative priority claims under sections 503(b) and 507(b) of the Bankruptcy Code. More specific assumptions are detailed in the notes below.

The preparation of a liquidation analysis, such as the Liquidation Analysis, is an uncertain process involving the use of estimates and assumptions that, although considered reasonable by management as and when made based on management's current expectations and beliefs, are inherently subject to business, economic and competitive risks, uncertainties and contingencies, most of which are difficult to predict and many of which are beyond the control of the Debtors or the Trustee. The values stated herein have not been subject to any review, compilation or audit by any independent accounting firm. In addition, various liquidation decisions upon which certain assumptions are based are subject to change. As a result, the actual amount of claims against the Debtors' estates could vary significantly from the estimates stated herein, depending on the nature and amount of claims asserted during the pendency of the chapter 7 case. Similarly, the value of the Debtors' assets in a liquidation scenario is uncertain and could vary significantly form the values set forth in the Liquidation analysis.

ACCORDINGLY, NEITHER THE DEBTORS NOR THEIR ADVISORS MAKE ANY REPRESENTATION OR WARRANTY THAT THE ACTUAL RESULTS OF A LIQUIDATION OF THE DEBTORS WOULD OR WOULD NOT, IN WHOLE OR IN PART, APPROXIMATE THE ASSUMPTIONS REPRESENTED HEREIN. THE ACTUAL LIQUIDATION VALUE OF THE DEBTORS IS SPECULATIVE AND RESULTS COULD VARY MATERIALLY FROM ESTIMATES PROVIDED HEREIN.

3) Liquidation Analysis

The Liquidation Analysis was prepared on a by-entity basis for all Liquidating Entities. Asset recoveries accrue first to satisfy creditor claims at the legal entity level. To the extent any remaining value exists, it flows to each individual entity's parent organization. For the Lender Claims, the Liquidation Analysis assumes that claims have been filed against each of the Debtor and non-Debtor Loan party entities. The Liquidation Analysis also assumes that intercompany receivables and payables are neither paid nor collected.

Asset book values and unsecured trade claims shown below are as of June 30, 2016 unless otherwise noted. Although the Debtors performed the liquidation analysis on an entity-by-entity basis, the table below is presented, for illustrative purposes, on a consolidated basis for Debtor and non-Debtor Loan Parties only and excludes all other non-Debtor subsidiaries. The following Liquidation Analysis should be reviewed in conjunction with the associated notes:

Liquidation Analysis Summary - November 30, 2016 Excluding Non-Debtor, Non-Guarantors						
		Book	Recovery %		Proceeds	
	Note:	Value	Low	High	Low	High
Cash	[A]	$ 16,576,746	100.00%	100.00%	$ 16,576,746	$ 16,576,746
Accounts Receivable, net	[B]	138,963,313	60.00%	75.00%	83,377,988	104,222,485
Inventory	[C]	91,035,183	40.00%	60.00%	36,414,073	54,621,110
Prepaid Expenses	[D]	31,891,307	42.46%	56.48%	13,542,039	18,013,631
Fixed Assets - Machinery, Equipment and Rolling Stock	[E]	890,638,573	31.88%	46.83%	283,903,990	417,106,056
Land, Real Property and Leasehold Improvements	[F]	218,927,774	26.60%	38.48%	58,225,192	84,243,663
Intangibles and Intellectual Property	[G]	104,786,710	8.63%	21.93%	9,045,899	22,980,212
Other Assets	[H]	23,559,918	17.46%	27.66%	4,112,797	6,517,530
Equity Value in Non-Debtor, Non-Guarantor Subsidiaries	[I]				2,004,808	2,974,582
Gross Proceeds from Liquidation		**$ 1,516,379,525**	**33.45%**	**47.96%**	**$ 507,203,532**	**$ 727,256,015**
Administrative Wind-Down Expenses	[J]					
Administrative and Wind-Down Claims					42,835,931	47,217,585
Recovery $					42,835,931	47,217,585
Recovery %					100.00%	100.00%
Secured Debt - Revolver and Term Loan	[K]					
Secured Claims - Revolver and Term Loan					1,387,983,297	1,387,983,297
Secured Recovery from Pledged Assets					369,490,558	558,973,887
Secured Recovery from Deficiency Claims					92,122,860	117,223,307
Total Secured Recovery $					461,613,419	676,197,194
Total Secured Recovery %					33.26%	48.72%
General Unsecured and Priority	[L]					
General Unsecured and Priority Claims (excluding deficiency)					197,969,934	197,969,934
Recovery $	[M]				2,754,183	3,841,236
Recovery %	[N]				1.39%	1.94%
Total Distributions					**$ 507,203,532**	**$ 727,256,015**

4) Notes to the Liquidation Analysis

A. Cash: The Debtors' estimated cash balance of $17 million as of November 30, 2016 after satisfying outstanding balances under the DIP Facility does not include approximately $18 million in cash held at non-Debtor, non-guarantor entities, which cash is used to satisfy claims at those entities. All other cash is assumed to be encumbered. The Debtors estimate a 100% recovery for cash.

B. Accounts Receivable, Net: Accounts receivable balances are not subject to long-term contracts and are assumed to be generally collectible. The Debtors estimate a recovery of 60% to 75% for accounts receivable.

C. Inventory: Inventory primarily consists of raw materials and parts with limited work in process and other balances. The Debtors estimate an overall recovery of 40% - 60% for inventory.

D. Prepaid Expenses: The Debtors examined prepaid expenses by expense type. The Debtors assigned a comparatively high recovery to items such as insurance, while items such as prepaid rent were assigned a lower recovery. On a blended basis, the Debtors estimate the prepaid expenses recovery at approximately 42% to 56%.

E. Fixed Assets - Machinery, Equipment and Rolling Stock: Fixed assets consist of machinery and equipment, such as fracturing pumps, well servicing rigs, heavy transport and passenger vehicles, and items such as computer hardware and equipment. For the rolling stock, Great American Group ("Great American") prepared a recovery estimate by asset class and entity. The Debtors assigned a 10% discount to the Great American estimate for the low recovery scenario and a 10% premium for the high recovery scenario. For the remaining assets, the Debtors assigned comparatively higher recoveries to the field machinery and equipment compared to IT-related equipment. On a blended basis, the Debtors estimate fixed asset recovery at approximately 32% to 47%.

F. Land, Real Property and Leasehold Improvements: Land, real property and leasehold improvements consist of land and buildings owned or subject to capital leases and the improvements made thereto. For land and real property, Great American prepared a recovery estimate on a by-property basis. The Debtors assigned a 10% discount to the Great American estimate for the low recovery scenario and a 10% premium for the high recovery scenario. The Debtors assigned a 15% to 30% recovery to leasehold improvements. On a blended basis, the Debtors estimate land, real property, and leasehold improvements recovery at 27% to 38%.

G. Intangible and Intellectual Property: Intangible and intellectual property ("IP") includes accounting-related acquired assets such as customer relationships and IP, such as developed technology and patents. The Debtors assigned no recovery to certain accounting related intangible assets; however, the Debtors assigned IP assets a 21% to 32% recovery based on an analysis of the underlying IP. On a blended basis, the Debtors estimate intangible and intellectual property recovery at approximately 9% to 22%.

H. **Other Assets**: Other assets include items such as deferred tax assets that have been assigned no recovery and items such as security deposits that may be recoverable. On a blended basis, the Debtors estimate a recovery of 17% to 28%.

I. **Equity Value in Non-Debtor, Non-Guarantor Subsidiaries**: Equity Claims represents the remaining equity value, after satisfying creditor Claims of non-Loan Party subsidiaries. The Liquidation analysis assumes equity value is unencumbered, except at Black Gold Oilfield Services (Ecuador) where 65% is assumed to be encumbered.

J. **Administrative Wind-Down Expenses**: Conversion of these chapter 11 cases to cases under chapter 7 of the Bankruptcy Code would result in additional costs to the Debtors, including compensation of the Trustee, retained counsel, and other professionals. The conversion to chapter 7 may also result in other contingent administrative claims that are difficult to estimate or forecast. Examples of these kinds of expenses include various potential employee claims (for such items as severance and potential WARN Act claims) and unpaid chapter 11 administrative claims such as post-petition contract termination damages. The value of these contingent administrative claims is not included in the Liquidation Analysis. Further, while the Final DIP Order provides that certain collateral is not subject to surcharge pursuant to section 506(c) of the Bankruptcy Code, and provides for a fixed carve-out for Trustee expenses, the Liquidation Analysis assumes that the Lenders and the DIP Facility Lenders would agree to a modification of the Final DIP Order in connection with the appointment of the Trustee. Therefore, costs specifically related to the liquidation of individual assets and all other costs associated with the liquidation are netted against the recovery value of those assets, except where noted. Further, the Liquidation Analysis assumes that any and all costs related to chapter 7 liquidation would be paid prior to any payments to holders of Lender Claims, DIP Facility Claims, Other Secured Claims, and Administrative Claims.

The Administrative Wind Down Costs include the following:

1. **Trustee Fees** include all fees paid to the Trustee by the Debtors, consistent with the fee structure set forth in the Bankruptcy Code. Trustee fees are estimated at 1% of the gross asset proceeds. This estimate is less than the 3% maximum fee that a trustee may charge under the applicable statute.

2. **Liquidation Costs** contemplate the consensual, rapid orderly wind-down and liquidation of the Liquidating Entities' U.S.-based and foreign operations during the Liquidation Timeline. To maximize recoveries, minimize the amount of Claims, and generally ensure an orderly liquidation, the Trustee will need to retain a limited number of individuals currently employed at the Liquidating Entities. These individuals will primarily be responsible for operating and maintaining assets, collecting outstanding receivables, facilitating the liquidation of assets, providing historical knowledge and insight to the Trustee regarding the Debtors' businesses and the chapter 11 cases, and concluding the administrative wind-down of the business after the disposition of the Liquidating Entities' assets. Liquidation costs, for purposes of the Liquidation Analysis, consist of reduced general and administrative costs required to operate the Debtors' assets during the liquidation process, continuation of employment of key business

operations personnel for two to three months, employment of key administrative and back-office personnel at the Debtors for a three-to-six month period, incentive and/or severance payments to retain necessary personnel, real estate and office costs for retained employees, software-related expenses, and additional interest expense associated with the DIP Facility in connection with the Trustee's financing needs with respect to the liquidation.

The Debtors estimate total liquidation costs to be approximately $33 million during the Liquidation Timeline period.

3. Professional Fees include the cost of financial advisors, attorneys, and other professionals retained by the Trustee in connection with the wind-down of the Liquidating Entities' estates (which professionals would be engaged in work related to claims reconciliation, asset recovery, and necessary tax and accounting work, among other things). For purposes of the Liquidation Analysis, the professional fees are estimated at 1% of gross asset proceeds.

K. Lender Claims: Lender Claims is the aggregate amount outstanding pursuant to the Credit Agreement, totaling $1.388 billion. Recovery amounts include consideration of deficiency claims for undersecured amounts (the **"**Deficiency Lender Claims**"**).

L. General Unsecured and Priority Claims: For purposes of the Liquidation Analysis, General Unsecured Claims also include the Deficiency Lender Claims and the Mineral Contractor Claims and any Claims that may ultimately be entitled to priority status, such as taxes. The table below provides a summary of the General Unsecured Claims, excluding the Deficiency Lender Claims.

M. General Unsecured and Priority Claims – Recovery $: This "Recovery $" does not account for any potential diminution in value of the Lenders' Collateral resulting from, among other things, (i) the satisfaction of the $75 million outstanding balance under the DIP Facility or (ii) net expenditures paid on account of administrative expenses incurred during the pendency of the Chapter 11 Cases (collectively, the "Excluded Amounts"), in each case, from the Debtors' encumbered cash. To the extent that the payment of the Excluded Amounts from the Debtors' encumbered cash results in the diminution in value of the Lenders' Collateral, it would further reduce recoveries of general unsecured creditors in a chapter 7 liquidation.

N. General Unsecured and Priority Claims – Recovery %: This "Recovery %" does not account for any potential diminution in value of the Lenders' Collateral resulting from, among other things, the satisfaction or payment of the Excluded Amounts from the Debtors' encumbered cash. To the extent that the payment of the Excluded Amounts from the Debtors' encumbered cash results in the diminution in value of the Lenders' Collateral, it would further reduce recoveries of general unsecured creditors in a chapter 7 liquidation.

Summary of Unsecured Claims - Excluding Deficiency		
Trade Payables	$	68,694,979
Contract Rejection Claims		40,674,627
Affiliate Payables (Nabors)		32,000,000
Taxes Payable		17,818,686
Wages Payable		13,291,345
Accrued Insurance		5,359,427
Health Insurance - IBNR		4,223,613
Accrued Closing Costs		4,100,318
Accrued Auto Insurance - IBNR		3,636,523
Accrued Workers' Compensation		2,745,390
Accrued Workers' Comp Insurance - IBNR		1,353,301
All Other		4,071,727
Total Unsecured Obligations	$	197,969,934

Exhibit G

Financial Projections

EXHIBIT G

Financial Projections

The Debtors believe that the Plan[1] meets the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code, as confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors or any successor under the Plan. In connection with the planning and development the Plan and for the purposes of determining whether the Plan would satisfy this feasibility standard, the Debtors analyzed their ability to satisfy their financial obligations while maintaining sufficient liquidity and capital resources.

In connection with the Disclosure Statement, the Debtors' management team ("Management") prepared financial projections (the "Projections") for the years 2016 through 2020 (the "Projection Period"). The Projections were prepared by Management and are based on a number of assumptions made by Management with respect to the future performance of the Reorganized Debtors' operations. The Debtors' board of directors was not asked to, and thus did not, approve the Projections or evaluate or endorse the Projections or the assumptions underlying the Projections.

The Debtors have prepared the Projections based on information available to them, including information derived from public sources that have not been independently verified. No representation or warranty, express or implied, is provided in relation to the fairness, accuracy, correctness, completeness, or reliability of the information, opinions, or conclusions expressed herein.

THESE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH PUBLISHED GUIDELINES OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS FOR PREPARATION AND PRESENTATION OF PROSPECTIVE FINANCIAL INFORMATION. THE FOLLOWING DOES NOT REFLECT ADJUSTMENTS WHICH MAY RESULT FROM THE APPLICATION OF "FRESH START" REPORTING WHICH AS REQUIRED BY TOPIC 852, REORGANIZATIONS, OF THE FASB STANDARDS CODIFICATION.

ALTHOUGH MANAGEMENT HAS PREPARED THE PROJECTIONS IN GOOD FAITH AND BELIEVES THE ASSUMPTIONS TO BE REASONABLE, THE DEBTORS AND THE REORGANIZED DEBTORS CAN PROVIDE NO ASSURANCE THAT SUCH ASSUMPTIONS WILL BE REALIZED. AS DESCRIBED IN DETAIL IN THE DISCLOSURE STATEMENT, A VARIETY OF RISK FACTORS COULD AFFECT THE REORGANIZED DEBTORS' FINANCIAL RESULTS AND MUST BE CONSIDERED. ACCORDINGLY, ANY REVIEW OF THE PROJECTIONS SHOULD TAKE INTO

[1] Capitalized terms used but not defined herein shall have the meanings set forth in the *Disclosure Statement Relating to the First Amended Joint Plan of Reorganization of CJ Holding Company, et al Pursuant to Chapter 11 of the Bankruptcy Code*, to which this exhibit is attached as **Exhibit G**.

ACCOUNT THE RISK FACTORS SET FORTH IN THE DISCLOSURE STATEMENT AND THE ASSUMPTIONS DESCRIBED HEREIN, INCLUDING ALL RELEVANT QUALIFICATIONS AND FOOTNOTES.

EXHIBIT G1

5-Year Financial Projections

C&J HOLDING CO., *et al.,*
Consolidated Financial Projections

Income Summary					
(US$ in mm)	**2016**[1]	**2017**	**2018**	**2019**	**2020**
Total Revenue	**$ 941**	**$ 1,099**	**$ 1,474**	**$ 1,762**	**$ 2,003**
Direct Costs	(873)	(912)	(1,154)	(1,345)	(1,512)
Selling, General & Administrative	(165)	(159)	(183)	(198)	(220)
Adjusted EBITDA[2]	**(97)**	**28**	**137**	**219**	**271**
Depreciation & Amortization	(224)	(228)	(234)	(240)	(247)
Impairment Expense	(430)	-	-	-	-
Gain / (Loss) on Disposal of Assets	(5)	-	-	-	-
Acquisition / Integration Expense	(12)	(3)	-	-	-
Debt Restructuring Expense	(74)	-	-	-	-
Other One-Time Non-Operating Adjustments[3]	(51)	-	-	-	-
Operating Income	**(894)**	**(203)**	**(97)**	**(22)**	**24**
Interest Expense, Net	(160)	(1)	(2)	(1)	(1)
Taxes	148	41	20	5	(5)
Net Income	**$ (906)**	**$ (163)**	**$ (79)**	**$ (18)**	**$ 19**

Cash Flow Summary					
Net Income	$ (906)	$ (163)	$ (79)	$ (18)	$ 19
Plus: Depreciation & Amortization	224	228	234	240	247
Plus: Non-Cash Interest & Stock Based Compensation[4]	121	-	-	-	-
Plus: Investment in Net Working Capital & Other[5]	422	(101)	(62)	(37)	(27)
Less: Capital Expenditures	(64)	(78)	(122)	(145)	(178)
Cash Flow from Operations	(203)	(114)	(29)	40	60
Cash on Hand	183	69	40	79	140
Plus: Exit Facility Availability[6]	85	85	85	85	85
Liquidity	***$ 268***	***$ 154***	***$ 125***	***$ 164***	***$ 225***

Revenue Assumptions					
Fracturing Stages Completed	10,404	11,495	15,593	18,942	21,194
Active Fracturing Horsepower ('000s)	400	480	600	680	760
Active Wireline & Pumping Trucks	93	102	111	120	129
Active Coiled Tubing Units	24	27	30	33	36
Active Well Service Rigs	194	200	209	215	221
Well Service Rig Hours	391,811	427,683	509,620	548,239	575,584
Fluid Service Truck Hours	1,527,612	1,761,937	2,036,371	2,226,951	2,347,573

(1) Includes actuals through July-16
(2) Adjusted EBITDA excludes acquisition/integration expense, debt restructuring expense and other one-time non-operating adjustments explained below
(3) One-time non-operating adjustments relate to severance, facility closures and other one-time items
(4) Non-cash interest expese in 2016 relates to actual original issue discount under the Credit Agreement. Management is not forecasting any non-cash interest expense in the forecast period. Also adjusted for stock based compensation expense in 2016 which is a non-cash item
(5) Includes investment in net working capital, capital lease payments, impairment expense, gain / loss on disposal of assets and tax expense
(6) Exit facility assumed to be $100mm less letters of credit of $15mm that are expected to be outstanding

General Assumptions

A. Emergence Date

- The Projections assume emergence from Chapter 11 will occur on November 30, 2016

B. Methodology

- Management developed these Projections in accordance with the Debtors' forecasting process, and the Projections for the fiscal years ending December 31, 2016 through December 31, 2020 were revised and finalized in June of 2016. The Debtors undergo a rigorous, bottom-up approach along with extensive review by the management team to ensure organizational alignment. During the forecasting process, the management and sales teams of each operating segment review the current business performance and establish assumptions related to utilization and pricing as well as direct and indirect costs associated with providing services to its customers. The Debtors are not assuming certain aspects of the debt restructuring process such as the consideration related to equitizing the secured debt, cancelling of debt income, and the resulting tax effect.

- The Debtors' services include well construction, well completion and well support services. Operations are geographically diversified across the most active oil and natural gas plays in the onshore United States and Canada, including Permian Basin, Eagle Ford, Bakken, the Rockies, Mid-Continent, Marcellus, and California. The Company operates its business through three operating segments: (1) Completion Services; (2) Well Support Services; and (3) Other Services.

C. Revenue

- ***Completion Services:*** The Completion Services segment is comprised primarily of (1) Fracturing Services; (2) Wireline & Pumping Services; and (3) Coil Tubing Services. Fracturing Services revenues are forecasted based on expected fracturing stage counts and revenue per stage. Wireline & Pumping Services and Coil Tubing Services revenues are forecasted based on expected working units and revenue per unit. Revenue in the Completion Services segment is expected to stabilize in the second half of 2016 and begin to improve over 2017 and beyond in response to improving oil and natural gas prices and higher expected E&P capex budgets.

- ***Well Support Services:*** The Well Support Services segment is comprised of (1) Well Service Rigs; (2) Fluid Services; and (3) Other Well Support Services. Well Service Rigs revenue is forecasted based on expected hourly rig rates, utilization and number of active rigs. Fluid Services revenue is projected based on expected hourly truck

rates and the number of trucking hours. Other Well Support Services includes ancillary well support services, such as production equipment rental and special lease site services. Projected revenues for this segment are primarily based on day rates and utilization estimates. Well Support Services segment revenue is forecasted to improve over the second half of 2016 and beyond in response to an anticipated rise in workover activity.

- ***Other Services:*** The Other Services segment is primarily comprised of C&J's vertical integration initiatives and smaller service lines which include (1) Cementing; (2) Research & Technology; (3) International Operations; and (4) Equipment Manufacturing. Management does not project any revenue contribution from 2017 onwards for the Equipment Manufacturing business and International Operations. The Equipment Manufacturing business is in the midst of being divested or shut down, and any revenues generated from C&J's limited international presence are expected to be minimal. Revenue for the Other Services segment has been forecasted based on monthly growth rates over historical actuals.

- **Overall revenue in 2017 is forecasted to improve by 17% year-over-year versus an expected rig count improvement of over 30%.[2] Total revenue in 2018, 2019 and 2020 is currently expected to improve annually by 34%, 20% and 14% respectively.**

D. Direct Costs

- The direct cost forecast is based on the Debtors' review of historical operating results, discussions with field personnel regarding planned utilization levels and associated cost impact and an evaluation of opportunities to reduce costs. Direct costs consist primarily of labor costs, materials and supplies necessary to complete forecasted jobs, routine repair and maintenance costs and other direct costs incurred in the normal course of completing a job. Direct costs are expected to increase throughout the forecast period due to an anticipated increase in utilization and overall activity levels.

E. Selling, General & Administrative

- Selling, general and administrative costs ("SG&A") are comprised primarily of indirect labor costs, research and development and other expenses associated with corporate overhead. The amount of SG&A is based on historical SG&A cost trends, adjusted for cost reduction efforts.

[2] Rig count forecast based on outside third party estimates.

F. Depreciation and Amortization

- Depreciation and amortization reflects the anticipated depreciation and amortization of the Debtors' net property, plant & equipment and intangible assets based on book values. No adjusted has been made for asset value adjustments resulting from the application of "fresh start" reporting as required by Topic 852, Reorganizations, of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification.

G. Impairment Expense

- Impairment Expense in 2016 is primarily related to actual write-downs of assets undertaken in the first half of 2016 given the declining market environment. The Debtors are not forecasting any additional impairment-related charges in the forecast period.

H. Acquisition / Integration Expense

- Acquisition / Integration Expense is primarily related to the March 2015 merger transaction in order to fully integrate the Debtors business onto the same IT platform and roll-out a fully-integrated SAP system in the first half of 2017.

I. Debt Restructuring Expense

- Debt Restructuring Expense includes costs related to the restructuring process, including professional fees, claims administration and other items.

J. Other One-Time Non-Operating Adjustments

- Non-Operating Expenses are primarily related to expenses for severance payments, facility closures and other one-time, non-recurring items.

K. Interest Expense

- In accordance with the terms of the Forbearance Agreements, the Debtors ceased making interest payments to the Lenders in May 2016. Any forecasted interest payments are primarily related to the capital lease expense and asset based loan contemplated as part of the emergence transaction.

L. Taxes

- The Projections assume an effective federal tax rate at a flat 20%.

M. Capital Expenditures

- Capital expenditures primarily relate to maintenance-oriented capital necessary to maintain the service capability of the Debtors' existing assets in the normal course of the Debtors' businesses. In addition, the Projections include capital associated with ongoing major refurbishment and overhaul work that may be needed based on historical precedent.

N. Non-Cash Interest & Stock Based Compensation

- Non-Cash Interest Expense in 2016 relates to actual original issue discount under the Credit Agreement. Management is not forecasting any non-cash interest expense in the forecast period.

- Stock Based Compensation Expense in 2016 is a non-cash, stock based benefits expense. Management is not forecasting any stock-based compensation expense from 2017 onwards.

O. Net Working Capital & Other

- Net Working Capital assumptions are based on historical days' sales outstanding, inventory days cycle, historical days payable and historical levels of prepaid and other current assets and current liabilities as a percent of revenue.

- Other items relate primarily to items that have been expensed to calculate Net Income. Other items relate to actual impairment expense, inventory adjustments, gain / loss on disposal of assets plus actual and projected income tax expense and capital lease payments. Management is not forecasting any impairment-related expenses, inventory adjustments and gain/loss on disposal of assets in the forecast period.

P. Exit Facility Availability

- The Projections assume an Exit Facility of $100 million to be in-place upon emergence less any letter of credit that may be outstanding. The terms of the facility are assumed based upon recent precedence.

EXHIBIT G2

Pro Forma Balance Sheet

C&J Energy Services Ltd.
Projected Consolidated Emergence Balance Sheet

ASSETS	Pre-Restructuring as of 11/30/16 Forecast	Record Effects of Plan		Fresh-Start Adjustments		Post-Restructuring as of 11/30/16 Forecast
Current assets:						
Cash and cash equivalents	$ 103,300	$ 92,400	(c)(d)(e)(f)(g)(h)	$ -		$ 195,700
Accounts receivable, net	144,700	-		-		144,700
Inventory	79,100	-		-		79,100
Prepaid and other current assets	67,500	-		-		67,500
Total current assets	394,600	92,400		-		487,000
Property and equipment:						
Land, buildings and improvements	100,000	-		(34,061)	(i)	65,939
Operating equipment	882,800	-		(300,688)	(i)	582,112
Furniture and fixtures	12,000	-		(4,087)	(i)	7,913
Total property and equipment	994,800	-		(338,836)		655,964
Less: Accumulated depreciation	-	-		-		-
Property and equipment, net	994,800	-		(338,836)		655,964
Reorganization value in excess of total assets	-	-		-		-
Other intangible assets, net of amortization	83,000	-		(28,270)	(i)	54,730
Other assets	37,400	1,000	(h)	-		38,400
TOTAL ASSETS	$ 1,509,800	$ 93,400		$ (367,106)		$ 1,236,094
LIABILITIES AND EQUITY						
Current liabilities:						
Accounts payable	$ 83,800	$ -		$ -		$ 83,800
Payroll and related costs	15,700	-		-		15,700
Accrued expenses	38,100	-		-		38,100
Income taxes payable	-	-		-		-
Short term borrowings and current portion of lo	77,700	(75,000)	(f)	-		2,700
Other accrued liabilities	700	-		-		700
Total current liabilities	216,000	(75,000)		-		141,000
Deferred tax liabilities	42,500	119,232	(b)(d)	(59,838)	(i)	101,894
Long-term debt	29,500	-		-		29,500
Other long term liabilities	17,700	-		-		17,700
Liabilities subject to compromise	1,485,983	(1,485,983)	(a)(c)(d)	-		-
Shareholders' equity:						
Common stock	1,196	-		(1,196)	(j)	-
Additional paid-in capital	965,404	946,000	(a)(g)	(965,404)	(j)	946,000
Retained earnings (deficit)	(1,248,483)	589,151	(a)(b)(d)(e)(f)	659,332	(i)(j)	-
Shareholders' equity:	(281,883)	1,535,151		(307,268)		946,000
TOTAL LIABILITIES AND EQUITY	$ 1,509,800	$ 93,400		$ (367,106)		$ 1,236,094

Notes on Reorganized Debtors' Pro Forma Balance Sheet

The projected consolidated emergence balance sheet includes certain of the basic principles of "fresh start" reporting, which will be required for financial reporting following confirmation of the Plan. Under "fresh start" reporting, which is required by Topic 852, *Reorganizations*, of the FASB Accounting Standards Codification, the reorganization value is assigned to assets and liabilities based upon their fair values. For purposes of the projected balance sheet at the time of emergence and subsequent to a $200.0 million rights offering, the Projections assume that equity value is approximately $946.0 million. The reported values of specific assets and liabilities are based on assumptions that are subject to material change pending the completion of the valuation of such individual assets and liabilities. The determination of specific asset and liability fair values will be completed post-emergence, and each asset and liability will be stated at their respective fair values. If the fair value of all identifiable assets exceeds the reorganization value, the excess will be recognized as a gain in earnings. If the reorganization value exceeds the fair value of all identifiable assets, a goodwill intangible asset will be established for the excess.

Emergence transactions:

(a) Reflects the conversion of $1.4 billion of prepetition indebtedness to a 100% equity ownership for the Lenders based on a pre-money equity valuation of $746.0 million.

(b) Reflects the tax effect on the gain from cancellation of debt income.

(c) The Plan assumes approximately $8.5 million of cash payments to creditors related to contract cures.

(d) Reflects the estimated recovery for holders of General Unsecured Claims and the subsequent elimination of the remainder of liabilities subject to compromise and the resulting tax effect.

(e) Reflects $22.6 million of estimated accrued professional fees upon emergence.

(f) Reflects the estimated $75.0 million repayment of amounts outstanding under the DIP Facility and $0.5 million of associated interest expense payments.

(g) Reflects the $200.0 million Rights Offering.

(h) Reflects $1.0 million of deferred loan costs in connection with the Exit Facility expected to close upon emergence.

(i) Reflects adjustments to specific assets, including the resulting tax effect, based on assumptions that are subject to material change pending the determination of specific asset and liability fair values to be completed post-emergence under "fresh start" reporting.

(j) Reflects the elimination of historical equity accounts in accordance with Topic 852, *Reorganizations*.

EXHIBIT G3

Sources and Uses of Funds

C&J Energy Services
Sources and Uses of Cash at Emergence
Draft as of 09/22/16

DRAFT - SUBJECT TO MATERIAL CHANGE
FOR DISCUSSION PURPOSES ONLY
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($ in millions)

SOURCES AND USES OF CASH

CASH SOURCES		
Debtor Cash - Pre Emergence (1)	$	103.3
Exit Facility - ABL		TBD
Rights Offering		200.0
TOTAL CASH SOURCES	**$**	**303.3**

CASH USES		
DIP Facility Claims		
Repay DIP Facility	$	75.0
Accrued Interest (2)		0.5
Total DIP Facility Claims	$	75.5
Other Claims		
Lienholder, 503(b)(9) & Cure Claims		8.5
Secured/Administrative/Priority Claims (3)		TBD
General Unsecured Claims (4)		TBD
Total Other Claims	$	8.5
Emergence Cash Outlays		
Accrued Professional Fees		22.6
Transaction Fee - Exit Facility (5)		1.0
Total Emergence Cash Outlays	$	23.6
Captive Insurance Cash		17.3
Debtor Cash Balance - Post Emergence		178.5
Total Cash Balance Including Captives		195.7
TOTAL CASH USES	**$**	**303.3**

NOTES

1 - Projected cash balance as of 11/30 from corporate model.
2 - Accrued interest on DIP Facility based on 6 month LIBOR contract.
3 - Secured / Administrative / Priority claims assumed to be paid in the ordinary course during pendency of the case and post comfirmation and emergence.
4 - The Plan contemplates payment of an aggregate of $12 million to holders of General Unsecured Claims; will reduce Debtor cash balance post emergence.
5 - Assumes 1% fee on Exit Facility.

Exhibit H

Valuation Analysis

Exhibit H

Valuation Analysis

THE VALUATION INFORMATION CONTAINED HEREIN IS NOT A PREDICTION OR GUARANTEE OF THE ACTUAL MARKET VALUE THAT MAY BE REALIZED THROUGH THE SALE OF ANY SECURITIES TO BE ISSUED PURSUANT TO THE PLAN OR OF THE PRICES AT WHICH ANY SUCH SECURITIES MAY TRADE AFTER GIVING EFFECT TO THE TRANSACTIONS CONTEMPLATED BY THE PLAN. THIS VALUATION IS PRESENTED SOLELY FOR THE PURPOSE OF PROVIDING ADEQUATE INFORMATION AS REQUIRED BY SECTION 1125 OF THE BANKRUPTCY CODE TO ENABLE THE HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN AND SHOULD NOT BE USED OR RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING THE PURCHASE OR SALE OF CLAIMS AGAINST THE DEBTORS.

Solely for purposes of the Plan[1] and the Disclosure Statement, Evercore, as investment banker to the Debtors and at their request, has estimated the total enterprise value (the "Total Enterprise Value") of the Reorganized Debtors on a going concern basis as of the assumed Effective Date of November 30, 2016 (the "Assumed Effective Date"). The valuation analysis is based on projections provided by the Debtors' management (the "Financial Projections") for the month ending December 31, 2016 and for the years 2017 through 2020 (the "Projection Period").

In estimating the Total Enterprise Value of the Debtors, Evercore met with the Debtors' senior management team to discuss the Debtors' assets, operations and future prospects, reviewed the Debtors' historical financial information, reviewed certain of the Debtors' internal financial and operating data, reviewed the Financial Projections, reviewed publicly available third-party information and conducted such other studies, analyses, and inquiries we deemed appropriate. Further, with the consent of the Debtors, Evercore has relied upon the accuracy, completeness, and fairness of such financial and other information furnished by the Debtors. At the direction of the Debtors, Evercore did not attempt to independently audit or verify such information, nor did it seek or perform an independent appraisal of the assets or liabilities of the Reorganized Debtors. Evercore did not conduct an independent investigation into any of the legal, tax, pension or accounting matters affecting the Debtors, and therefore takes no responsibility for and makes no representation as to their impact on the Debtors or the Reorganized Debtors from a financial point of view.

The valuation information set forth in this **Exhibit H** to the Disclosure Statement represents a valuation of the Reorganized Debtors based on the application of standard valuation techniques, subject to the assumptions and qualifications set forth herein. The estimated values set forth in this section: (i) do not purport to constitute an appraisal of the assets of the Reorganized Debtors; (ii) do not constitute an opinion on the terms and provisions

[1] Capitalized terms used but not defined herein shall have the meanings set forth in the *Disclosure Statement Relating to the First Amended Joint Plan of Reorganization of CJ Holding Company, et al Pursuant to Chapter 11 of the Bankruptcy Code*, to which this exhibit is attached as **Exhibit H**.

or fairness from a financial point of view to any person of the consideration to be received by such person under the Plan; (iii) do not constitute a recommendation to any holder of Allowed Claims as to how such person should vote or otherwise act with respect to the Plan; and (iv) do not necessarily reflect the actual market value that might be realized through a sale or liquidation of the Reorganized Debtors. The actual value of an operating business such as the Reorganized Debtors' is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in various factors affecting the financial conditions and prospects of such a business.

The Financial Projections are attached as **Exhibit G** to the Disclosure Statement. The estimated values set forth herein assume that the Reorganized Debtors will achieve the results set forth in their Financial Projections in all material respects and will continue as an operating business. Evercore has relied on the Debtors' representation and warranty that the Financial Projections: (i) have been prepared in good faith; (ii) are based on fully disclosed assumptions, which, in light of the circumstances under which they were made, are reasonable; (iii) reflect the Debtors' best currently available estimates; and (iv) reflect the Debtors' good faith judgments. Evercore does not offer an opinion as to the attainability of the Financial Projections. As disclosed in the Disclosure Statement, the future results of the Reorganized Debtors are dependent upon various factors, many of which are beyond the control or knowledge of the Debtors and Evercore, and consequently are inherently difficult to project. The Reorganized Debtors' actual future results may differ materially (positively or negatively) from the Financial Projections, and as a result, the actual total enterprise value of the Reorganized Debtors may be significantly higher or lower that the range estimated herein.

This valuation report contemplates facts and conditions known and existing as of September 21, 2016. Events and conditions subsequent to this date, including updated projections, as well as other factors, could have a substantial effect upon the Total Enterprise Value. Among other things, failure to consummate the Plan in a timely manner may have a materially negative effect on the Total Enterprise Value. For purposes of this valuation, Evercore has assumed that no material changes that would affect the Total Enterprise Value will occur between September 22, 2016 and the Assumed Effective Date. Neither Evercore nor the Debtors has any obligation to update, revise or reaffirm this valuation.

The following is a brief summary of analyses performed by Evercore to arrive at its recommended range of estimated Total Enterprise Value for the Reorganized Debtors and does not purport to be a complete description of all of the analyses and factors undertaken to support Evercore's conclusions. The preparation of a valuation is a complex process involving various determinations as to the most appropriate analyses and factors to consider, and the application of those analyses and factors under the particular circumstances. As a result, the process involved in preparing a valuation report is not readily summarized.

In arriving at its valuation estimate, Evercore did not consider any one analysis or factor to the exclusion of any other analyses or factors. Accordingly, Evercore believes that its analysis and views must be considered as a whole and that selecting portions of its analysis and factors could create a misleading or incomplete view of the processes underlying the preparation of the valuation. Reliance on only one of the methodologies used or portions of the

analysis performed could create a misleading or incomplete conclusion as to the estimated Total Enterprise Value.

In performing its analysis, Evercore applied the following valuation methodologies as applicable to the operations of the Debtors: (i) a discounted cash flow analysis; and (ii) a peer group trading analysis.

1) Discounted Cash Flow Analysis

The discounted cash flow ("DCF") analysis estimates the value of the Debtors' business by calculating the present value of expected future cash flows to be generated by that asset or business assuming that the Financial Projections are realized and as of the Assumed Effective Date. Under this methodology, projected future cash flows are discounted by a range of discount rates above and below the Debtor's weighted average cost of capital (the "Discount Rate"), as estimated by Evercore based on the capital asset pricing model as of September 20, 2016. The Total Enterprise Value of the Reorganized Debtors is determined by calculating the present value of the Reorganized Debtors' unlevered after-tax free cash flows over the course of the projection period plus an estimate for the value of the Reorganized Debtors beyond the projection period, known as the terminal value. The terminal value is calculated using a range of estimated earnings before interest, taxes and depreciation and amortization expense ("EBITDA") multiples and perpetuity growth rates.

Although formulaic methods are used to derive the key estimates for the DCF methodology, their application and interpretation still involve complex considerations and judgments concerning potential variances in the projected financial and operating characteristics of the Reorganized Debtors, which in turn affect its cost of capital and terminal multiples.

2) Peer Group Trading Analysis

The peer group trading analysis estimates the value of a company based on a relative comparison with other publicly traded entities with generally similar operating and financial characteristics. Under this methodology, the enterprise value for each selected public entity is determined by examining the trading prices for the equity securities of such entity in the public markets and adding the aggregate amount of outstanding net debt for such entity. Evercore also examined the aggregate amount of outstanding net debt of such entities using the market prices of such securities, as available. Such enterprise values are commonly expressed as multiples of various measures of financial and operating statistics, such as EBITDA. The Total Enterprise Value is then calculated by applying these multiples to the Reorganized Debtors' actual and projected financial and operational metrics. Although the peer group was compared to the Reorganized Debtors for purposes of this analysis, no entity used in the peer group trading analysis is identical or directly comparable to the Reorganized Debtors. In order to calculate peer group trading multiples, Evercore relied on publicly available filings with the SEC and equity research analyst consensus estimates. The selection of public comparable entities for this purpose was based upon characteristics that were deemed relevant based on Evercore's professional judgment.

The selection of appropriate comparable entities is often difficult, a matter of judgment and subject to limitations due to sample size and the availability of meaningful market-based information. Accordingly, Evercore's comparison of the selected entities to the business of the Reorganized Debtors and analysis of the results of such comparisons was not purely mathematical, but instead necessarily involved complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the relative values of the selected companies and the Reorganized Debtors.

3) Total Enterprise Value

As a result of the analysis described herein, Evercore estimates the Total Enterprise Value of the Reorganized Debtors to be approximately $600 million to $900 million, with a mid-point of $750 million, as of the Assumed Effective Date. After deducting an estimated funded debtor-in-possession ("DIP") financing of $75 million and adding pre-emergence Cash (net of cash payment of professional and transaction fees and certain estimated claims) of $59 million projected as of the Assumed Effective Date, Evercore's mid-point estimate of Total Enterprise Value of $750 million implies a value for the New Common Stock of the Reorganized Debtors, prior to any equity investment on account of the Rights Offering, of approximately $734 million (the "Pre-Money Equity Value"). The Rights Offering contemplates a 20% discount to total settled Plan enterprise value, and based on a 20% discount to the mid-point Total Enterprise Value, the discounted Total Enterprise Value is $600 million and the discounted Pre-Money Equity Value for the New Common Stock of the Reorganized Debtors is approximately $584 million after deducting for an estimated funded DIP financing of $75 million and adding pre-emergence Cash (net of cash payment of professional and transaction fees and certain estimated claims) of $59 million. Other restructuring costs and professional fees were also taken into account when estimating the pre-emergence Cash balance of the Reorganized Debtors. These values do not give effect to the potentially dilutive impact of, among other things, any shares issued upon exercise of any warrants granted to prior shareholders, including the New Warrants, or any shares issued upon exercise of options that may be granted under a long-term incentive plan which the Board of Directors of the Reorganized Debtors may authorize for management of the Reorganized Debtors, including the Management Incentive Plan.

The preceding analysis estimates a valuation range that is significantly different from the accounting book value of the Debtors' assets. The accounting book value of the Debtors' assets as of June 30, 2016 was approximately $1,541.4 million, as disclosed in the Debtors' unaudited financial statements for the period ended on June 30, 2016. Such accounting book value is an accounting balance prepared in accordance with GAAP and is based upon historical costs adjusted for depreciation and amortization. Book values of assets prepared in accordance with GAAP generally do not reflect the current performance of the assets in the current market environment and may be materially different from actual value of the underlying assets.

Depending on the actual financial results of the Debtors or changes in the financial markets, and due to the assumptions and other uncertainties described above, the enterprise value of the Debtors may differ from the estimated Total Enterprise Value as of the Assumed Effective Date set forth herein. Accordingly, none of the Debtors, Evercore, or any other person assumes responsibility for the accuracy of the estimated Total Enterprise Value. In

addition, the market prices, to the extent there is a market, of the Reorganized Debtors' securities will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the investment decisions of the prepetition creditors receiving such securities under the Plan (some of whom may prefer to liquidate their investment rather than hold it on a long-term basis), and other factors that generally influence the prices of securities.