Restructuring and Plan-Support Agreements, and Other Trends in Out-of-Court Restructurings

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Restructuring Support Agreements

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CASE STUDIES

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I. OVERVIEW OF RESTRUCTURING SUPPORT AGREEMENTS

- Restructuring Support Agreements ("RSAs"), also referred to as "lock-up", "transaction support" or "plan support" agreements, have become a common feature in both in-court and out-of-court restructurings. In general, an RSA:
  - memorializes the material terms of a restructuring plan (often reflected in an attached term sheet or draft plan of reorganization) that has been agreed upon by a company/ prospective debtor and one or more of its key stakeholder constituencies;
  - provides that the parties to the agreement will support the implementation of the restructuring plan; and
  - minimizes uncertainty, implementation risk and often the cost associated with a restructuring.
- An RSA typically contemplates effectuating a restructuring through:
  - an out-of-court transaction (such as an exchange offer);
  - a chapter 11 case (typically through a pre-packaged or pre-negotiated plan of reorganization or a section 363 sale); or
  - multiple restructuring options proceeding on parallel tracks (*e.g.*, pursuing an out-of-court exchange offer and a backup pre-packaged chapter 11 filing).
- RSAs are typically executed before chapter 11 cases are filed but they sometimes are executed postpetition as well.

II. THRESHOLD RSA CONSIDERATIONS

- What type of relief is required?
  - Debt exchange (e.g., reset/adjust covenants, upgrade priority, discount off par, extend coupon/maturity dates)
  - Debt-for-equity swap
  - New money loan or investment
- What process options exist under the circumstances (in or out-of-court) ?
  - Liquidity constraints
  - Looming interest payment(s), debt maturities and other "triggering events"
  - Complexity of capital structure
  - Numerosity /concentration of debt holders
- Who should be at the negotiating table?
  - "Fulcrum" security holders
  - Ability to engage with other key classes of constituents
- What level of support is required?
  - Holdout issues

III. ASSESSING PROCESS OPTIONS: IN OR OUT-OF-COURT?

Out-of Court

- Ability to execute always case specific – factors include liquidity constraints, outstanding/ impending defaults, creditors' ability/ willingness to exercise remedies, ability to negotiate with ad hoc group of "fulcrum" debt holders, etc.
- Consensual – consider creditor approval thresholds established by the relevant agreements or, if applicable (or incorporated by reference), the Trust Indenture Act of 1939, as well as ability to deal with holdouts
- Generally implemented more quickly and less expensively than through chapter 11 case (out-of-court deal usually more "surgical" than chapter 11 plan of reorganization)

Chapter 11

- Obtain benefit of the automatic stay
- Lower creditor approval thresholds in bankruptcy – two-thirds in amount and more than one-half in number by class
- Ability to bind dissenting creditors within each class and cram-down junior classes
- Timing and cost vary depending on nature of the case (pre-packaged, pre-negotiated or traditional chapter 11 case)
- Opportunity for debtor-in-possession financing
- Opportunity for rejecting burdensome leases and contracts and adjusting claims
- Greater oversight (court, official and unofficial committees, U.S. Trustee, *etc.*) and opportunities for mischief/interference by parties-in-interest

III. ASSESSING PROCESS OPTIONS: IN OR OUT-OF-COURT?
(continued)

Out-of Court

- More control over the process and reduced risk of delay and interference by other constituencies (no U.S. Trustee or official creditors committee, process generally less litigious and adversarial)
- Minimizes management diversion and business disruption

Chapter 11

- May provide streamlined platform for distributing value to stakeholders through issuance of new securities (*e.g.*, section 1145 of the Bankruptcy Code)
- Potential for third-party releases and exculpations through chapter 11 plans
- Established procedures for asset sales

IV. RSA CHAPTER 11 PROCESS CONSIDERATIONS

- Pre-packaged chapter 11 plan context:
  - The debtor strikes a deal and enters into RSA with key creditor constituencies before filing chapter 11 and then solicits and obtains votes prepetition from all affected creditor classes.
    - Pre-packaged plans are often used to complete an out-of-court restructuring governed by an RSA (or otherwise) if all of the holders of debt (i) will not agree to the terms of the restructuring, (ii) do not vote with respect to the restructuring or (iii) in the case of public debt, cannot practically be solicited.
  - Section 1125(g) expressly allows the prepetition solicitation of acceptances of a chapter 11 plan so long as the solicitation complies with applicable nonbankruptcy law (*i.e.*, the federal securities laws and regulations).
  - Section 1126(b) provides that votes solicited prepetition may be counted so long as the solicitation complies with applicable nonbankruptcy law or meets the "adequate information" requirements of the Bankruptcy Code.

IV. RSA CHAPTER 11 PROCESS CONSIDERATIONS (continued)

- Pre-negotiated chapter 11 or postpetition RSA context:
  - In a pre-negotiated chapter 11 scenario, the debtor negotiates and enters into an RSA with key constituents before filing its chapter 11 case, and then solicits votes and seeks confirmation of its plan postpetition.
    - Participating creditors agree to support a restructuring plan as reflected in an agreed term sheet or draft plan of reorganization contingent on the occurrence of certain specified events postpetition, including filing and court approval of a disclosure statement and chapter 11 plan that is satisfactory to the locked-up parties, and the absence of material adverse changes or events during the pendency of the chapter 11 case.
  - In a postpetition RSA scenario, the debtor reaches agreement with key creditor constituencies and solicits votes postpetition.
  - In both scenarios, the debtor solicits votes postpetition and, thus, must satisfy the solicitation requirements set forth in Bankruptcy Code section 1125(b) (*i.e.*, among other things, solicit votes with a court-approved disclosure statement).
    - If a postpetition RSA includes strict specific performance provisions which effectively prevent the locked-up party from avoiding its obligation to vote in favor of the plan, it may be viewed as a vote on the plan itself and, thus, raise issues regarding improper solicitation (*i.e.*, the solicitation of votes on a plan without a court-approved disclosure statement). *See, e.g.*, *In re Stations Holding Company, Inc.*, 2002 WL 31947022 (Bankr. D. Del. 2002); *In re NII Holdings, Inc.*, 288 B.R. 356 (Bankr. D. Del. 2002).

V. BENEFITS OF RSAs

- Minimize uncertainty and implementation risk with respect to restructuring.
  - Company able to bind key constituencies to support a restructuring plan at the outset, affording a runway to fully negotiate, document and implement the restructuring.
  - Lenders and investors committing to new capital investments in a reorganized company often require lock-ups/RSAs.
- Facilitate pre-packaged and pre-arranged chapter 11 cases, which afford many of the beneficial aspects of out-of-court restructurings – cost efficiency, speed, flexibility and cooperation–with the binding effect and process advantages of traditional bankruptcy cases.
- Reassure market participants and a company's customers, suppliers and other business partners that it has an agreement in place that will (a) allow the company/debtor to continue as a going concern, (b) expedite the restructuring process, and (c) minimize disruption of its operations, deterioration of employee morale, and loss of confidence of vendors and customers.

VI. RISKS OF RSAs

- Holdouts
  - RSAs do not eliminate implementation risk; non-RSA parties may vigorously challenge the proposed restructuring, or otherwise seek to capitalize on "hold-out value".
  - Process not regulated by a court, which may prejudice parties that are not participating in the negotiations.
- Vote solicitation and designation in chapter 11 cases
  - RSAs may provide for prepetition or postpetition solicitation of votes on a plan of reorganization, and solicitation requirements differ depending on when solicitation occurs. (*See* above.)
  - Votes that are not solicited in accordance with Bankruptcy Code requirements may be subject to designation, *i.e.*, that the votes may not be counted for purposes of confirming the plan. 11 U.S.C. § 1126(e).

VI. RISKS OF RSAs (continued)

- Injunctions and specific performance provisions
  - Injunctions and specific performance provisions bind locked-up creditors and could prevent such creditors from withdrawing their support even if there have been material changes in the debtor's prospects, the restructuring plan or general economic conditions.
  - Including specific performance provisions in postpetition RSA may increase designation risk with respect to support garnered pursuant to the RSA.
    - RSA may include "savings" language or address obligation to perform through covenants instead.
- Ability to serve on creditors' committee
  - A locked-up creditor may not be selected for an official creditors' committee because his/her fiduciary duties as a committee member would be inconsistent with obligations arising under the RSA.

VII. TYPICAL RSA TERMS

- Obligations of the Company (or Debtor/Prospective Debtor)
  - Support and consummate the agreed restructuring plan and all contemplated transactions.
  - Negotiate in good faith with other RSA parties with respect to the definitive documentation for the agreed restructuring plan.
  - Not seek, solicit or support any alternative restructuring transaction (including cram-down of consenting creditors).
  - Take no action inconsistent with the RSA.
  - Obtain any and all required regulatory or third party approvals.
  - Provide the creditor RSA parties with reasonable access to management and business updates, along with advance copies of draft pleadings that the prospective debtor intends to file in the bankruptcy case.
  - Comply with case milestones.

VII. TYPICAL RSA TERMS (continued)

- Obligations of Creditor RSA Parties
  - Support and consummate the agreed restructuring plan and all contemplated transactions.
  - Negotiate in good faith with other RSA parties with respect to the definitive documentation for the agreed restructuring plan.
  - Not seek, solicit or support any alternative restructuring transaction.
  - Take no action inconsistent with the RSA.
  - RSAs that contemplate a chapter 11 plan process will provide, among other things, that locked-up parties will:
    - support and pursue confirmation of a chapter 11 plan that is consistent with the parties' term sheet; and
    - agree to vote in favor of such a plan when they are solicited by the debtor provided, among other things, that:
      - agreed-upon milestones have been met; and
      - the locked-up parties received a court-approved disclosure statement that is consistent with the term sheet and the information that the debtor provided to the creditor in connection with the RSA.

VII. TYPICAL RSA TERMS (continued)

- RSAs typically contain various termination events, such as:
  - Breach by any party of any of its material obligations under the agreement
  - Failure to consummate the restructuring by a specified date
  - Failure to meet agreed-upon milestones for the restructuring
    - Transaction-specific (*e.g.*, if the RSA contemplates a chapter 11 filing, it will include deadlines for commencing the chapter 11 case, obtaining orders granting "first day" relief and approving postpetition financing, filing and obtaining approval of a disclosure statement, distributing solicitation materials, confirmation and effectiveness of plan, etc.)
  - Occurrence of a material adverse change or event, such as:
    - adverse bankruptcy-related events (*e.g.*, dismissal of chapter 11 case, conversion to chapter 7, appointment of a chapter 11 trustee or an examiner, denial of a critical motion identified in the agreement, denial of plan confirmation, failure to obtain exit financing)
    - business deterioration (*e.g.*, dramatic drop in commodity price)
  - Commencement of involuntary case
  - Filing of a plan that is materially different than what the parties negotiated

VII. TYPICAL RSA TERMS (continued)

- Termination events can be automatic or upon notice
- Toggle Triggers
  - RSAs may include "trigger" events that require the RSA parties to shift their support from one restructuring path to another (*e.g.*, to pursue an in-court instead of an out-of-court restructuring; to pursue a section 363 sale instead of a plan of reorganization in a chapter 11 case).
- Cross-default to Cash Collateral or DIP Financing Orders.
- RSAs will often expressly provide for "fiduciary outs".
  - nothing in the RSA will require the board to take, or refrain from taking, any action, with respect to a proposed restructuring to the extent that the board determines, based on the advice of counsel, that taking, or refraining from taking, such action is required to comply with applicable law or its fiduciary obligations under applicable law; and
  - the debtors may terminate the RSA if the board determines, based on the advice of counsel, that proceeding with the proposed restructuring would be inconsistent with the exercise of its fiduciary duties.
  - RSAs may include a fiduciary out for locked-up creditors as well.

VII. TYPICAL RSA TERMS (continued)

- Representations
  - Locked-up parties typically represent that:
    - they have the requisite authority to enter into the agreement;
    - the agreement does not violate any provision of law, rule or regulation;
    - they are the sole beneficial owner of the applicable debt and have sole investment and voting discretion with respect to the debt; and
    - they are not relying on any warranty or representation by, or information from, the company except as set forth in the RSA.
  - The company typically represents that:
    - specified amounts of principal and interest are owed to the creditor RSA parties;
    - the company's financial condition has not materially and adversely changed from the most recent public filing;
    - it has the requisite authority to enter into the agreement; and
    - its execution of the agreement does not require any governmental or regulatory registration, approval or filing.

VII. TYPICAL RSA TERMS (continued)

- Remedies/Specific Performance
  - RSAs typically expressly provide that money damages would be an insufficient remedy for breach of the RSA and, thus, that nonbreaching parties are entitled to specific performance of the terms of the agreement as a remedy for breach of the RSA.
  - Waiver of requirement for securing or posting of a bond in connection with seeking specific performance.

VII. TYPICAL RSA TERMS (continued)

- Amendment provisions
  - RSAs typically specify the approval threshold required for amendments (*e.g.*, more than 50% of the aggregate principal amount of debt claims of the creditor RSA parties must approve amendments).
  - Threshold may vary depending on the nature of the amendment
    - Majority
    - Supermajority
    - Consent of all locked-up parties
- Transfer Restrictions
  - RSAs often prohibit trading of locked-up debt, or condition the effectiveness of a trade on an assignee's agreement to be bound by the terms of the applicable RSA.
    - Companies want to ensure that they retain the benefit of the RSA even if an RSA party transfers its claim.
    - Agreements differ with respect to whether the assignment locks up other debt held by the assignee.

VIII. ASSUMPTION OF RSAs IN CHAPTER 11/OBJECTIONS

- To assume or not to assume?
  - Consenting creditor parties want to bind the debtor to prepetition RSA and obtain advance court approval for payment of professional fees
  - Assumption motion typically draws vigorous opposition by non-RSA constituents, including official and ad hoc creditors committees
  - Business judgment standard for approval
- Typical objections to RSA assumption:
  - The RSA constitutes a *sub rosa* plan.
  - The RSA is not the product of good faith negotiations with all constituents.

VIII. ASSUMPTION OF RSAs IN CHAPTER 11/OBJECTIONS
(continued)

- The RSA does not benefit the debtors' estates.
  - Consenting creditors control/exert undue influence over the debtors; no benefit to the other constituents
  - RSA contains unreasonable trigger events/milestones/termination events/ cross-defaults
  - RSA limits debtors' "fiduciary outs"
  - Improper advance approval of consenting creditor parties' professional fees
- Heightened standard of review should be applied (e.g., "entire fairness")

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Case Studies

In re Walter Energy, Inc., Case No. 15-02741

United States Bankruptcy Court for the Northern District of Alabama, Southern Division

- In July 2015, Walter Energy, Inc., a Birmingham, Alabama-based metallurgical coal producer, and its affiliates filed for chapter 11 protection after executing an RSA with a steering committee of its first lien creditors. (*See* Appendix 1 hereto)
- The RSA provided for a debt-to-equity conversion of more than $1.8 billion of the company's prepetition secured debt and permitted the consensual use of cash collateral during the pendency of the chapter 11 cases.
  - Crippling legacy labor obligations necessitated an in-court restructuring.
- The RSA contemplated a dual-path restructuring process: Walter Energy would pursue a reorganization via a chapter 11 plan, but would simultaneously launch a section 363 marketing process. If plan milestones were not met or other "toggle" events occurred, the debtors would pursue a section 363 sale.
- Walter Energy sought court approval to assume the RSA at a contested hearing early in the case. The court granted the assumption motion but *sua sponte* modified key terms of the RSA.
- The steering committee and debtors sought, and obtained, confirmation from the court that the RSA terminated by its terms as the result of entry of the order modifying the RSA.
- Following the termination of the RSA, the debtors pursued the section 363 sale originally contemplated in the RSA; the sale was consummated on March 31, 2016.

In re Energy Future Holdings Corp., Case No. 14-10979

United States Bankruptcy Court for the District of Delaware

- In April 2014, Energy Future Holdings, a Texas-based electricity generator, distributor and retail provider, and certain affiliates filed for chapter 11 protection with a restructuring support agreement in place. (*See* Appendix 2 hereto)
- The RSA provided for a comprehensive restructuring of the debtors and was negotiated with, and signed by, key constituents across the debtors' capital structure.
- The RSA included various milestones and termination events, including standard "fiduciary outs."
- In July 2014, the debtors exercised their fiduciary out and terminated the RSA after receiving an alternative restructuring proposal from non-RSA parties.
- In 2015, the debtors sought, and obtained, authorization to enter into a plan support agreement with key creditor constituencies; the plan support agreement provided for a restructuring of the debtors on terms that differed from the initial RSA.
- In December 2015, the court confirmed a joint plan of reorganization which was consistent with the plan support agreement.

In re Chassix Holdings, Inc., Case No. 15-10578

United States Bankruptcy Court for the Southern District of New York

- Chassix Holdings, Inc., a Southfield, Michigan-based auto-parts maker, filed for chapter 11 protection in March 2015, having entered into an RSA with certain of its secured and unsecured noteholders contemplating a debt-to-equity conversion that would reduce funded debt by about 68%. (*See* Appendix 3 hereto)
- The RSA provided that secured noteholders would receive 97.5% of the reorganized company's common stock, with the remaining stock going to unsecured noteholders. It also contemplated $250 million in DIP financing provided by the secured noteholders.
- The RSA contained numerous deadlines and milestones, which, if not met, would result in automatic termination of the agreement. For example, the RSA required the debtors to file their plan within 5 days of the petition date and obtain court approval of the disclosure statement within 45 days of the petition date.
- The court approved the plan on terms contemplated in the RSA, and the plan went effective on July 29, 2015.

These materials are intended for educational purposes only and not to provide legal advice. No legal or business decision should be based on their content. The information has not been updated since the date of the program.

APPENDIX 1

WALTER ENERGY, INC.

RESTRUCTURING SUPPORT AGREEMENT

This restructuring support agreement (together with all exhibits, annexes, and schedules hereto, in each case as may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof, this "***Agreement***"), dated as of July 15, 2015 is by and among: (i) Walter Energy, Inc., a Delaware corporation ("***Walter***"), on behalf of itself and its wholly-owned direct and indirect subsidiaries listed on Exhibit A attached hereto (together with Walter, the "***Company***"), (ii) the undersigned holders of First Lien Claims (as defined below) (the "***Initial Holders***"), and (iii) each Joining Party (as defined below) (such Joining Parties, together with the Initial Holders, the "***Holder Parties***"), in connection with (i) that certain Credit Agreement dated as of April 1, 2011 (as amended, restated, amended and restated, waived, supplemented or otherwise modified from time to time, the "***First Lien Credit Facility***"), by and among Walter, as the U.S. borrower, Western Coal Corp. and Walter Energy Canada Holdings, Inc., as the Canadian borrowers, the lenders from time to time party thereto (such lenders, the "***First Lien Lenders***"), and Morgan Stanley Senior Funding, Inc., as administrative agent (in such capacity, the "***First Lien Agent***") and (ii) that certain Indenture for 9.50% Senior Secured Notes due 2019 dated as of September 27, 2013 (as amended, waived, supplemented or otherwise modified from time to time, the "***First Lien Indenture***"), among Wilmington Trust, National Association ("***Wilmington Trust***"), as successor trustee and collateral agent to Union Bank, N.A. (the "***First Lien Trustee***"), Walter, as issuer, and certain subsidiaries of Walter, as guarantors, pursuant to which Walter issued those certain 9.50% Senior Secured Notes to the holders thereof (such holders, the "***First Lien Noteholders***" and together with the First Lien Lenders, the First Lien Agent, the First Lien Trustee, the Second Lien Noteholders (as defined below) and the Second Lien Trustee (as defined below), the "***Prepetition Secured Parties***"). Claims of the First Lien Lenders under the First Lien Credit Facility are referred to herein collectively as the "***First Lien Lender Claims***", and claims of the First Lien Noteholders under the First Lien Indenture are referred to herein collectively as the "***First Lien Noteholder Claims***" (together with the First Lien Lender Claims, the "***First Lien Claims***").

The Company and each Holder Party are collectively referred to herein as the "***Parties***" and each individually as a "***Party***." This Agreement shall become effective, and each Party shall be bound by the terms of this Agreement, as of the date the Company and each of the Initial Holders have executed and delivered a signature page to this Agreement (such date, the "***Execution Date***").

In consideration of the covenants and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Proposed Restructuring.

The Company and the Holder Parties have agreed to implement a restructuring for the Company (the "***Restructuring***") in accordance with, and subject to the terms and conditions set forth in, this Agreement and the restructuring term sheet attached hereto as Exhibit B (including any schedules, annexes and exhibits attached thereto, each as may be modified in accordance with the terms hereof, the "***Restructuring Term Sheet***"), which Restructuring Term Sheet is expressly incorporated herein by reference and made part of this Agreement as if fully set forth herein. The Restructuring requires pursuing, on a parallel basis, consummation of (i) a joint "pre-negotiated" chapter 11 plan of reorganization which shall be consistent with the provisions of the Restructuring Term Sheet (such plan, together with any exhibits, schedules, attachments or appendices thereto, in each case as may be amended, supplemented or otherwise modified from time to time in accordance with the terms herein and therein, the "***Plan***"), which Plan shall be in form and substance acceptable to the Company and the Holder Parties holding 55% or more in principal amount of the First Lien Claims held by the Holder Parties as of the time of such determination; provided that such Holder Parties holding 55% or more in

principal amount include at least four (4) unaffiliated Holder Parties (the "***Majority Holders***"), and provided further that with respect to any of (X) approval of any provisions of the Restructuring Documents dealing with the corporate governance of the Company from and after the effective date of the Plan or of documents relating to the corporate governance of the purchaser from and after the consummation of the 363 Sale, including but not limited to board composition, affiliate and/or related party transaction limitations/protections, voting rights, pre-emptive rights, tag-along/drag-along rights and transfer restrictions or (Y) any financing(s) or funding(s) (whether debt or equity) obtained or arranged for (in whole or in part) by the Company in the form of debtor-in-possession or similar financing(s), or by the reorganized Company or purchaser in the 363 Sale prior to, upon or in connection with the closing of a Restructuring, then in any case of (X) or (Y) the Majority Holders shall include 55% or more in principal amount of the First Lien Claims held by the Holder Parties as of the time of such determination and at least four (4) unaffiliated Holder Parties (which must also include at least three (3) unaffiliated Holder Parties who are Initial Holders), or (ii) if a Triggering Event (as defined below) has occurred and written notice thereof has been delivered by the Majority Holders in accordance with Section 13 hereof, and in the absence of an unresolved Triggering Event Dispute (as defined below), the Company shall abandon the Plan process and solely pursue a sale of substantially all of the assets of the Company (collectively, the "***Assets***") pursuant to sections 105, 363 and 365 of the Bankruptcy Code on the terms and conditions set forth in this Agreement, the sale term sheet attached hereto as Exhibit C (the "***Sale Term Sheet***"), which Sale Term Sheet is expressly incorporated herein by reference and made part of this Agreement as if fully set forth herein, and otherwise acceptable to the Company and the Majority Holders (the "***363 Sale***"), it being understood that the Parties shall, prior to such event, pursue a 363 Sale in accordance with this Agreement together with pursuing the Plan. In order to effectuate the Restructuring, the Company shall commence, in accordance with the terms of this Agreement, voluntary "pre-negotiated" 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 Northern District of Alabama (the "***Bankruptcy Court***"). The documents related to or otherwise utilized to implement or effectuate the Restructuring (collectively, the "***Restructuring Documents***") shall include, among others: (i) the Plan, the related disclosure statement in form and substance acceptable to the Company and the Majority Holders (such disclosure statement, together with any exhibits, schedules, attachments or appendices thereto, in each case as may be amended, supplemented or otherwise modified from time to time in accordance with the terms herein and therein, the "***Disclosure Statement***"), and any other documents and/or agreements relating to the Plan and/or the Disclosure Statement, including (A) a motion seeking approval of the Disclosure Statement, the procedures for the solicitation of votes in connection with the Plan pursuant to sections 1125 and 1126 of the Bankruptcy Code (the "***Solicitation***"), the forms of ballots and notices and related relief (such motion, together with all exhibits, appendices, supplements, and related documents, the "***Disclosure Statement Motion***"), (B) a proposed order of the Bankruptcy Court approving the Disclosure Statement Motion (together with all exhibits, appendices, supplements and related documents, the "***Disclosure Statement Order***"), (C) a proposed order of the Bankruptcy Court confirming the Plan pursuant to Bankruptcy Code section 1129 (together with all exhibits, appendices, supplements and related documents, the "***Confirmation Order***") and (D) any organizational and governance documents for the reorganized Company, including without limitation, certificates of incorporation, certificate of formation or certificate of limited partnership (or equivalent organizational documents), bylaws, limited liability company agreements, identity of proposed members of the reorganized Company's board of directors, limited partnership agreements (or equivalent governing documents) and registration rights agreements (collectively, the "***Governance Documents***"); (ii) a 3-year business plan for the Company (the "***Business Plan***"); (iii) a motion seeking the assumption of this Agreement pursuant to section 365 of the Bankruptcy Code authorizing, among other things, the payment of certain fees, expenses and other amounts hereunder, and granting related relief (the "***RSA Assumption Motion***"), and an order approving the RSA Assumption Motion (the "***RSA Order***"); (iv) all documents in connection with the 363 Sale, including, without limitation, the "stalking horse" asset purchase agreement (together with any disclosure schedules, bills of sale, assumption agreements and any other exhibits,

documents or agreements attached thereto or delivered or executed in connection therewith, the "***Stalking Horse APA***") in connection with a credit bid by the First Lien Agent (on behalf of the First Lien Lenders) and the First Lien Trustee (on behalf of the First Lien Noteholders) for the purchase of the Assets; (v) a motion (the "***Sale Motion***") for entry of (X) an order (the "***Bidding Procedures Order***") (1) authorizing the Company's entry into the Stalking Horse APA, (2) approving bidding procedures to be used and bid protections to be provided in connection with the 363 Sale, (3) setting the dates for the submission of bids, the auction (if any) and the hearing on the approval of the 363 Sale and approving all notices related thereto, and (4) authorizing certain procedures related to the assumption and assignment of executory contracts and unexpired leases, and (Y) an order (the "***Sale Order***") (1) authorizing the 363 Sale, (2) authorizing the assumption and assignment of certain related executory contracts and unexpired leases, and (3) granting related relief; (vi) the Bidding Procedures Order; (vii) the Sale Order; (viii) such other definitive documentation relating to a recapitalization or restructuring of the Company as is necessary or desirable to consummate the Restructuring; (ix) any documentation relating to the use of cash collateral, including a motion seeking authority to use cash collateral and an interim order (the "***Interim Cash Collateral Order***"), in the form attached hereto as Exhibit D, and a final order (the "***Final Cash Collateral Order***" and together with the Interim Cash Collateral Order, the "***Cash Collateral Orders***"), approving same, which Cash Collateral Orders shall, without limitation, provide the Prepetition Secured Parties adequate protection for the use of their cash collateral as described in the Interim Cash Collateral Order; and (x) any other agreements, instruments, pleadings, orders and/or documents that are filed by debtors and debtors in possession in the Chapter 11 Cases (including any exhibits, amendments, modifications or supplements made from time to time thereto). Each of the Restructuring Documents shall be consistent in all respects with, and shall contain, the terms and conditions set forth in this Agreement, and shall otherwise be in form and substance acceptable to the Company and the Majority Holders; provided, however, that notwithstanding the foregoing, the Governance Documents shall be acceptable only to the Majority Holders.

2. Representations of the Holder Parties and the Company. Each of the Holder Parties, severally and not jointly, and the Company (subject to necessary Bankruptcy Court approval) hereby represents and warrants that, as of the Execution Date, the following statements are true, correct and complete:

(a) It has all requisite corporate, partnership, limited liability company or similar authority to execute this Agreement and carry out the transactions contemplated hereby and perform its obligations contemplated hereunder; and the execution and delivery of this Agreement and the performance of such Party's obligations hereunder have been duly authorized by all necessary corporate, partnership, limited liability company or other similar action on its part.

(b) The execution, delivery and performance by such Party of this Agreement does not and shall not (i) violate (A) any provision of law, rule or regulation applicable to it or (B) its charter or bylaws (or other similar governing documents) or (ii) with respect to the Company only, conflict with, result in a breach of or constitute a default under (with or without notice or lapse of time or both) any contractual obligation to which it is a party or it or its assets are bound, in each case, other than any such violation, conflict, breach or default with respect to which a waiver has been obtained prior to the Execution Date and which waiver has not been subsequently revoked.

(c) This Agreement is the legally valid and binding obligation of such Party, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

(d) The execution and delivery by such Party of this Agreement does not require any authorization of, filing with, registration of or before, consent from, approval of or other action by or notice to any federal, state or other governmental authority or regulatory body, in each case, other than any such authorization, filing, registration, consent, approval, action or notice which has been obtained, provided, or otherwise satisfied prior to the Execution Date and which authorization, filing, registration, consent, approval, action, or notice has not been subsequently revoked.

(e) If such Party is a Holder Party, such Holder Party (i) either (A) is the sole legal and beneficial owner of (1) the First Lien Lender Claims, (2) the First Lien Noteholder Claims, (3) the claims of the holders of those certain 11.0%/12.0% Senior Secured Second Lien PIK Toggle Notes (the "***Second Lien Noteholders***") issued by Walter pursuant to that certain Indenture for 11.0%/12.0% Senior Secured Second Lien PIK Toggle Notes due 2019 dated as of March 27, 2014 (the "***Second Lien Indenture***") among Wilmington Trust, as trustee and collateral agent (the "***Second Lien Trustee***"), Walter, as issuer, and certain subsidiaries of Walter, as guarantors, (the "***Second Lien Claims***"), (4) the claims of the holders of those certain 9.875% Senior Notes issued by Walter pursuant to that certain Indenture for 9.875% Senior Notes due 2020 dated as of November 21, 2012 among Union Bank, N.A. ("***Union Bank***"), as trustee, and certain subsidiaries of Walter party thereto (the "***9.875% Unsecured Claims***"), and/or (5) the claims of the holders of those certain 8.50% Senior Notes issued by Walter pursuant to that certain Indenture for 8.50% Senior Notes due 2021 dated as of March 27, 2013 (the "***Unsecured Indenture***" and, together with the First Lien Credit Facility, the First Lien Indenture and the Second Lien Indenture, the "***Debt Documents***") among Union Bank, as trustee, and certain subsidiaries of Walter party thereto (together with the 9.875% Unsecured Claims, the "***Unsecured Claims***"), set forth below its name on the signature page hereof (or the Joinder (as defined below)), in each case, free and clear of any and all claims, liens and encumbrances (other than those imposed by securities laws applicable to unregistered securities), or (B) has sole investment and voting discretion with respect to such First Lien Claims, Second Lien Claims and/or Unsecured Claims in respect to matters relating to the Restructuring contemplated by this Agreement and has the power and authority to bind the beneficial owner(s) of such First Lien Claims, Second Lien Claims and/or Unsecured Claims to the terms of this Agreement and (ii) has full power and authority to act on behalf of, vote and consent to matters concerning such First Lien Claims, Second Lien Claims and/or Unsecured Claims in respect to matters relating to the Restructuring contemplated by this Agreement and dispose of, convert, assign and transfer such First Lien Claims, Second Lien Claims and/or Unsecured Claims (with respect to each Holder Party, all of such First Lien Lender Claims, First Lien Noteholder Claims, Second Lien Claims and/or Unsecured Claims under clauses (A) and (B) and any additional First Lien Lender Claims, First Lien Noteholder Claims, Second Lien Claims and/or Unsecured Claims it owns, has such control over from time to time, or acquires after the Execution Date, collectively, its "***Participating Claims***"). Further, such Holder Party has made no prior written assignment, sale, participation, grant, conveyance, or other transfer of, and has not entered into any other written agreement to assign, sell, participate, grant, convey or otherwise transfer, in whole or in part, any portion of its right, title, or interests in such Participating Claims that are subject to this Agreement, the terms of which written agreement are, as of the date hereof, inconsistent with the representations and warranties of such Holder Party herein or would render such Holder Party otherwise unable to comply with this Agreement and perform its obligations hereunder.

(f) If such party is a Holder Party, such Holder Party (i) has such knowledge and experience in financial and business matters of this type that it is capable of evaluating the merits and risks of entering into this Agreement and of making an informed investment decision, and has conducted an independent review and analysis of the business and affairs of the Company that it considers sufficient and reasonable for purposes of entering into this Agreement and (ii) is an "accredited investor" (as defined by Rule 501 of the Securities Act of 1933, as amended).

3. Agreements of the Holder Parties

(a) From the Execution Date until the date that is the earlier of (i) the effective date of the Plan, (ii) the consummation of the 363 Sale and (iii) the termination of this Agreement pursuant to Section 6 (such date, the "***End Date***") and subject to the terms and conditions hereof and except as the Company and the Majority Holders may expressly release a Holder Party in writing from any of the following obligations, each Holder Party:

(i) hereby agrees, prior to the occurrence of a Triggering Event, not to propose, file, support or vote for any restructuring, refinancing, workout, plan of arrangement, plan of reorganization or other recapitalization transaction for the Company other than the Restructuring;

(ii) hereby agrees, prior to the occurrence of a Triggering Event, to vote (when solicited to do so after receipt of a Disclosure Statement approved by the Bankruptcy Court and by the applicable deadline for doing so) its Participating Claims in favor of the Plan and not to change or withdraw such votes;

(iii) shall not, prior to the occurrence of a Triggering Event, object to, or vote any of such Participating Claims to reject or impede, the Plan, support directly or indirectly any such objection or impediment or otherwise take any action or commence any proceeding to delay, impede, interfere or oppose, or to seek any modification of the Plan or any Restructuring Documents;

(iv) shall not, except to the extent expressly contemplated under this Agreement, including, without limitation, by the Cash Collateral Orders, direct the First Lien Agent, the First Lien Trustee, the Second Lien Trustee, or the Collateral Agents to exercise any right or remedy for the enforcement, collection, or recovery of any of the Participating Claims, and any other claims against, or interests in, the Company;

(v) hereby agrees to support the Sale Motion, entry into the Stalking Horse APA, and to instruct the First Lien Agent and the First Lien Trustee, as applicable, in connection with the applicable credit bid for the Assets in connection with the 363 Sale; and

(vi) without limiting the consent, approval or other rights contained herein, hereby agrees, in its capacity as a holder of Participating Claims, to (A) (1) support and complete the Restructuring and all other actions contemplated in connection therewith and under the Restructuring Documents and (2) exercise any and all necessary and appropriate rights in its capacity as a holder of Participating Claims in furtherance of the Restructuring and the Restructuring Documents, and (3) use reasonable best efforts to obtain any and all governmental, regulatory, and/or third-party approvals (including, as applicable, Bankruptcy Court approvals) required for the Restructuring, if any, (B) use reasonable best efforts to cause the milestones set forth in Section 6 to be satisfied so as

to not allow a Support Termination Event (as defined below) to occur (provided that such obligation shall continue after a Triggering Event with respect to milestones related to the 363 Sale), and (C) not take any actions, or fail to take any actions, where such taking or failing to take actions would be, in either case, (i) inconsistent with this Agreement or the Restructuring Documents or (ii) otherwise inconsistent with, or reasonably expected to prevent, interfere with, delay or impede the implementation or consummation of, the Restructuring.

Notwithstanding the foregoing, nothing in this Section 3(a) shall require any Holder Party to (A) incur any expenses, liabilities or other obligations, or agree to any commitments, undertakings, concessions, indemnities or other arrangements that could result in expenses, liabilities or other obligations to any Holder Party or (B) provide any information that it determines, in its discretion, to be sensitive or confidential.

(b) The Parties agree that this Agreement does not constitute a commitment to, nor shall it obligate any of the Parties to, provide any new financing or credit support.

(c) Subject to Section 3(f), each Holder Party agrees that, from the Execution Date until the End Date, it shall not sell, assign, grant, transfer, convey, hypothecate or otherwise dispose of any Participating Claims, or any option thereon or any right or interest (voting or otherwise) in any or all of its Participating Claims, except to a party that (i) is a Holder Party; provided, however, that any such Participating Claims shall automatically be deemed to be subject to the terms of this Agreement, or (ii) executes and delivers a Joinder (as defined below) to Akin Gump Strauss Hauer & Feld LLP ("***Akin Gump***") and the Company prior to the relevant sale, assignment, grant, transfer, conveyance, hypothecation or other disposition. With respect to any transfers effectuated in accordance with clause (ii) above, (A) such transferee shall be deemed to be a Holder Party for purposes of this Agreement, subject to Section 3(e), and (B) the Company shall be deemed to have acknowledged such transfer.

(d) This Agreement shall in no way be construed to preclude any Holder Party from acquiring additional Participating Claims; provided, however, that any such additional Participating Claims shall automatically be deemed to be subject to all of the terms of this Agreement and each such Holder Party agrees that such additional Participating Claims shall be subject to this Agreement. Each Holder Party agrees to provide to Akin Gump and the Company notice in accordance with Section 13 hereof of the acquisition of any additional Participating Claims within three (3) business days of the consummation of the transaction acquiring such additional Participating Claims.

(e) Any person that receives or acquires a portion of the Participating Claims pursuant to a sale, assignment, grant, transfer, conveyance, hypothecation or other disposition of such Participating Claims by a Holder Party hereby agrees to be bound by all of the terms of this Agreement (as such terms may be amended from time to time in accordance with the terms hereof) (any such person, together with each holder of Participating Claims that becomes a Holder Party pursuant to Section 19, each a "***Joining Party***") by executing and delivering to Akin Gump and the Company a joinder in the form attached hereto as Exhibit E (the "***Joinder***"). The Joining Party shall thereafter be deemed to be a "Holder Party" and a party for all purposes under this Agreement and all of the First Lien Claims, Second Lien Claims and Unsecured Claims then held by such Joining Party shall be deemed Participating Claims hereunder, and such Joining Party shall have the consent or approval rights of, and be deemed to be, a Holder Party for all purposes under this Agreement. Each Joining Party shall indicate, on the appropriate schedule annexed to its Joinder, the number and amount of First Lien Lender Claims, First Lien

Noteholder Claims, Second Lien Claims and/or Unsecured Claims held by such Joining Party. With respect to the Participating Claims held by the Joining Party upon consummation of the sale, assignment, grant, transfer, conveyance, hypothecation or other disposition of such Participating Claims, the Joining Party hereby makes the representations and warranties of the Holder Parties set forth in Section 2 to the other Parties.

(f) Notwithstanding anything herein to the contrary, (i) any Holder Party may transfer any of its Participating Claims to an entity that is acting in its capacity as a Qualified Marketmaker (as defined below) without the requirement that the Qualified Marketmaker be or become a Holder Party; provided, however, that the Qualified Marketmaker subsequently transfers all right, title and interest in such Participating Claims to a transferee that is or becomes a Holder Party as provided above, and the transfer documentation between the transferring Holder Party and such Qualified Marketmaker shall contain a requirement that provides as such; and (ii) to the extent any Holder Party is acting in its capacity as a Qualified Marketmaker, it may transfer any Participating Claims that it acquires from a holder of such Participating Claims that is not a Holder Party without the requirement that the transferee be or become a Holder Party. Notwithstanding the foregoing, if, at the time of the proposed transfer of such Participating Claims to the Qualified Marketmaker, such Participating Claims (x) may be voted on (1) the Plan or (2) any dissolution, winding up, liquidation, reorganization, assignment for the benefit of creditors, merger, transaction, consolidation, business combination, joint venture, partnership, sale of assets, financing (debt or equity), recapitalization, restructuring or similar transaction involving the Company, other than the Plan or the 363 Sale (an "***Alternative Transaction***"), the proposed transferor Holder Party must first vote such Participating Claims in accordance with the requirements of Section 3(a), or (y) have not yet been and may not yet be voted on the Plan or any Alternative Transaction and such Qualified Marketmaker does not transfer such Participating Claims to a subsequent transferee prior to the third (3rd) business day prior to the expiration of the voting deadline (such date, the "***Qualified Marketmaker Joinder Date***"), such Qualified Marketmaker shall be required to (and the transfer documentation to the Qualified Marketmaker shall have provided that it shall), on the first business day immediately following the Qualified Marketmaker Joinder Date, become a Holder Party with respect to such Participating Claims in accordance with the terms hereof (provided that the Qualified Marketmaker shall automatically, and without further notice or action, no longer be a Holder Party with respect to such Participating Claims at such time that the transferee of such Participating Claims becomes a Holder Party with respect to such Participating Claims). For these purposes, "***Qualified Marketmaker***" means an entity that (X) holds itself out to the market as standing ready in the ordinary course of business to purchase from and sell to customers Participating Claims, or enter with customers into long and/or short positions in First Lien Claims, Second Lien Claims or Unsecured Claims, in its capacity as a dealer or market maker in such First Lien Claims, Second Lien Claims or Unsecured Claims, and (Y) is in fact regularly in the business of making a market in claims, interests and/or securities of issuers or borrowers.

4. Agreements, Representations and Warranties of the Company

(a) Subject to the terms and conditions hereof and except as the Majority Holders may expressly release the Company in writing from any of the following obligations (which release may be withheld, conditioned or delayed by the Majority Holders):

(i) From the Execution Date until the End Date, the Company agrees (A) to prepare or cause to be prepared the Restructuring Documents (including, without limitation, all relevant motions, applications, orders, agreements and other documents), each of which, for the avoidance of doubt, shall contain terms and conditions consistent

with this Agreement and shall otherwise be in form and substance acceptable to the Company and the Majority Holders, except for the Governance Documents, which shall be acceptable only to the Majority Holders, (B) to provide draft copies of the Restructuring Documents, any documents filed in connection with recognition or other proceedings, if any, filed in Canada (the "***Canadian Proceedings***"), and all other pleadings and documents the Company intends to file with the Bankruptcy Court, in each case, to Akin Gump as soon as reasonably practicable, but in no event less than two (2) business days before such documents are to be filed with the Bankruptcy Court; provided that each such pleading or document shall be consistent in all respects with, and shall otherwise contain, the terms and conditions set forth in this Agreement and such other terms and conditions as are acceptable to the Company and the Majority Holders; and (C) without limiting any approval rights set forth herein, consult in good faith with Akin Gump regarding the form and substance of any of the foregoing documents in advance of the filing, execution, distribution or use (as applicable) thereof.

(ii) Without limiting the consent, approval or other rights contained herein, the Company agrees to (A) (1) support and complete the Restructuring and all other actions contemplated in connection therewith and under the Restructuring Documents, (2) take any and all necessary and appropriate actions in furtherance of the Restructuring and the Restructuring Documents and (3) use reasonable best efforts to obtain any and all governmental, regulatory, and/or third-party approvals (including, as applicable, Bankruptcy Court approvals) required for the Restructuring, if any, (B) use reasonable best efforts to cause the milestones set forth in Section 6 to be satisfied so as to not allow a Support Termination Event to occur (provided that such obligation shall continue after a Triggering Event with respect to milestones related to the 363 Sale), and (C) not take any actions, or fail to take any actions, where such taking or failing to take actions would be, in either case, (i) inconsistent with this Agreement or the Restructuring Documents or (ii) otherwise inconsistent with, or reasonably expected to prevent, interfere with, delay or impede the implementation or consummation of, the Restructuring.

(iii) Unless pursuant to a Fiduciary Action as set forth in Section 24 hereof, the Company shall (A) cease and cause to be terminated any ongoing solicitation, discussions and negotiations with respect to any Alternative Transaction, (B) not, directly or indirectly, seek, solicit, negotiate, support, engage in or initiate discussions relating to, or enter into any agreements relating to, any Alternative Transaction, and (C) not solicit or direct any person or entity, including any of their representatives or members of the Company's board of directors (or equivalent) or any direct or indirect holders of existing equity securities of the Company, to undertake any of the foregoing; provided, however, that the Company's activities to pursue the 363 Sale are not a breach of this Section 4(a)(iii).

(iv) The Company agrees to timely file a formal objection to any motion filed with the Bankruptcy Court by any Person seeking the entry of an order (A) directing the appointment of an examiner or a trustee, (B) converting any Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code other than as contemplated by the Plan and the Restructuring or (C) dismissing any of the Chapter 11 Cases. For purposes of this Section 4(a), "***Person***" shall mean an individual, a partnership, a joint venture, a limited liability company, a corporation, a trust, an unincorporated organization, a group, a governmental or regulatory authority, or any legal entity or association.

(v) The Company agrees to timely file a formal written response in opposition to or take all appropriate actions to oppose (if circumstances do not allow for the filing of a formal written response) any objection filed with the Bankruptcy Court by any Person with respect to the entry of the Interim Cash Collateral Order and/or the Final Cash Collateral Order.

(vi) The Company agrees not to enter into any settlement, compromise or agreement with any authorized representative of retirees or employees or a retiree committee, unless such settlement, compromise or agreement is in form and substance acceptable to the Company and the Majority Holders.

(vii) The Company shall use reasonable best efforts to obtain entry of the RSA Order, which order shall include a waiver or modification of the automatic stay to provide any notices contemplated by and in accordance with this Agreement, by the Bankruptcy Court as soon as practicable after July 15, 2015 (the "***Petition Date***"), but in no event later than 60 calendar days after the Petition Date (which RSA Order, for avoidance of doubt, shall be in form and substance acceptable to the Company and the Majority Holders).

(viii) Within a reasonable period of time prior to taking any steps towards commencing a sale, marketing, restructuring or similar process with respect to the direct or indirect subsidiaries of Walter that are formed, incorporated or otherwise domiciled in Canada (collectively, the "***Canadian Entities***"), Walter shall cause to be appointed to the board of Walter Energy Canada Holdings, Inc. an independent director mutually agreeable to the Company and the Majority Holders (and, upon the request of such independent director, Walter shall cause such independent director to be appointed to the board of any other Canadian Entity so requested).

(ix) The Company agrees to timely file a formal written response in opposition to, and defend against, any objection filed with the Bankruptcy Court by any Person with respect to the Sale Motion, the Bidding Procedures Order, the Sale Order, and any related agreements and/or documents.

(b) Regardless of whether the Restructuring is consummated, the Company shall promptly pay in cash all documented fees, costs and expenses of (i) Akin Gump, as lead counsel, Burr Forman LLP ("***Burr Forman***"), as Alabama counsel, Cassels Brock & Blackwell LLP ("***Cassels***"), as Canadian counsel, and Lazard Frères & Co. LLC, as financial advisor, to the Holder Parties ("***Lazard***" and together with Akin Gump, Burr Forman and Cassels, the "***Holder Parties' Advisors***") and (ii) any consultants or other advisors retained by the Holder Parties collectively (and not individually) (the parties described in this section 4(b)(ii) collectively, the "***Consultants***") in connection with the Restructuring; provided that the Holder Parties shall provide notice to the Company in accordance with Section 13 hereof prior to retaining any such Consultants, in each case, in accordance with engagement letters (if any) of such professional (including the Restructuring Fee as defined in Lazard's engagement letter), and in each case, without further order of, or application to, the Bankruptcy Court or notice to any party other than as provided in the Cash Collateral Order; provided further that no success fees shall be payable to any Consultant. In addition, regardless of whether the Restructuring is consummated, the Company shall promptly reimburse each Holder Party in cash for all documented out-of-pocket costs or expenses (without limiting the Company's obligations pursuant to the previous sentence, which out-of-pocket costs or expenses shall not include any professional or advisor fees of such Holder Party) incurred by such Holder Party in connection with this Agreement or the

Restructuring. Simultaneously with the execution of this Agreement, the Company shall pay or reimburse, as applicable, all fees, costs and expenses of the Holder Parties or the Holder Parties' Advisors incurred at any time prior to the Execution Date and described in the previous two sentences.

(c) From the Execution Date until the End Date, the Company shall (i) operate the business of the Company and its direct and indirect subsidiaries in the ordinary course in a manner that is consistent with this Agreement, the Business Plan, past practices, and use commercially reasonable efforts to preserve intact the Company's business organization and relationships with third parties (including lessors, licensors, suppliers, distributors and customers) and employees, (ii) keep the Holder Parties reasonably informed about the operations of the Company and its direct and indirect subsidiaries, (iii) subject to applicable non-disclosure agreements and the terms thereof, provide the Holder Parties any information reasonably requested regarding the Company or any of its direct and indirect subsidiaries and provide, and direct the Company's employees, officers, advisors and other representatives to provide, to Akin Gump and Lazard, (A) reasonable access during normal business hours to the Company's books, records and facilities, subject to reasonable safety precautions, and (B) reasonable access to the management and advisors of the Company for the purposes of evaluating the Company's assets, liabilities, operations, businesses, finances, strategies, prospects and affairs, (iv) promptly notify the Holder Parties of any governmental or third party complaints, litigations, investigations or hearings (or communications indicating that the same may be contemplated or threatened) and (v) use commercially reasonable efforts to obtain any and all required governmental, regulatory and/or third party approvals necessary or required for the implementation or consummation of the Restructuring (including the Bankruptcy Court's approval of the relevant Restructuring Documents).

5. 363 Sale Triggering Events. Upon the Majority Holders' giving of written notice of the occurrence of a Triggering Event (as defined below) to the Company in accordance with Section 13 hereof, and in the absence of an unresolved Triggering Event Dispute (as defined below), notwithstanding anything to the contrary herein or in the Restructuring Documents, the Company shall cease pursuing and shall withdraw the Plan (and the Holder Parties shall no longer have any obligation to support the Plan) and instead exclusively use its best efforts to pursue and consummate the 363 Sale if any one or more of the following events occurs (each, a "***Triggering Event***"):

(a) at 5:00 p.m. prevailing Central Time on July 15, 2015, unless the Company shall have filed a motion seeking the appointment of a retiree committee under section 1114 of the Bankruptcy Code (the "***1114 Retiree Committee Appointment Motion***"), which motion shall be in form and substance acceptable to the Company and the Majority Holders;

(b) (i) at 5:00 p.m. prevailing Central Time on August 12, 2015, unless the Company shall have made a proposal under sections 1113 and 1114 of the Bankruptcy Code to the United Mine Workers of America ("***UMWA***") or (ii) at 5:00 p.m. prevailing Central Time on August 26, 2015, unless the Company shall have made a proposal under sections 1113 and 1114 of the Bankruptcy Code to the United Steelworkers ("***USW***"), in each case, in form and substance acceptable to the Majority Holders;

(c) at 5:00 p.m. prevailing Central Time on August 12, 2015, unless the hearing on the 1114 Retiree Committee Appointment Motion shall have commenced in the Bankruptcy Court;

(d) at 5:00 p.m. prevailing Central Time on August 26, 2015, unless the Company shall have filed the Plan (except the Plan supplements) and Disclosure Statement (except exhibits), each consistent with the Restructuring Term Sheet and in form and substance acceptable to the Company and the Majority Holders, with the Bankruptcy Court;

(e) at 5:00 p.m. prevailing Central Time on October 21, 2015, unless the Company shall have filed with the Bankruptcy Court the exhibits to the Disclosure Statement, including projections for the time period to be set forth in the Business Plan, in form and substance acceptable to the Company and the Majority Holders;

(f) at 5:00 p.m. prevailing Central Time on October 28, 2015, unless the Bankruptcy Court shall have entered the Disclosure Statement Order in form and substance acceptable to the Company and the Majority Holders;

(g) at 5:00 p.m. prevailing Central Time on October 21, 2015 unless (i) a motion seeking approval of the Bankruptcy Court of an agreement between the Pension Benefit Guaranty Corporation (the "***PBGC***") and the Company pursuant to which the Company's qualified single employer defined benefit pension plans will be terminated, which agreement shall be in form and substance acceptable to the Majority Holders, shall have been filed with the Bankruptcy Court, or motions to terminate the Company's qualified single employer defined benefit pension plans have been filed by the Company with the Bankruptcy Court and (ii) motions to terminate the Company's excess and supplemental non-qualified pension plans, in each case in form and substance acceptable to the Majority Holders, have been filed by the Company with the Bankruptcy Court;

(h) at 5:00 p.m. prevailing Central Time on October 21, 2015, unless (i) motion(s) seeking the approval of the Bankruptcy Court of settlement(s) with respect to the collective bargaining agreement(s) (the "***Collective Bargaining Agreement(s)***") entered into with the authorized representative(s) of the respective UMWA and/or USW employees in form and substance acceptable to the Company and the Majority Holders (each, a "***Labor Settlement***") shall have been filed or (ii) if no such motion(s) shall have been filed with the Bankruptcy Court with respect to any such Labor Settlement(s), a motion(s) under section 1113 of the Bankruptcy Code (including a motion filed pursuant to section 1113(c) of the Bankruptcy Code (an "***1113 Motion***") seeking the rejection of certain Collective Bargaining Agreement(s) of the Company with the UMWA and the USW), in each case in form and substance acceptable to the Company and the Majority Holders and which can be combined with the motions required under Section 5(i) below, shall have been filed by the Company with the Bankruptcy Court**;**

(i) at 5:00 p.m. prevailing Central Time on October 21, 2015, unless (i) a motion seeking the approval of the Bankruptcy Court of the settlement(s) with respect to a Retiree Group (as defined below) entered into with the applicable authorized representative of the respective retirees or the retiree committee, each in form and substance acceptable to the Company and the Majority Holders (a "***Retiree Settlement***") shall have been filed or (ii) if no such motion shall have been filed with the Bankruptcy Court with respect to any such Retiree Settlement, motions under section 1114 of the Bankruptcy Code, in each case in form and substance acceptable to the Company and the Majority Holders and which can be combined with the motions required under Section 5(h) above, shall have been filed by the Company with the Bankruptcy Court with respect to "retiree benefits" (as defined in section 1114 of the Bankruptcy Code) affecting the Company being received by UMWA retirees, United Steelworkers retirees, and non-union retirees (each, a "***Retiree Group***");

(j) at 5:00 p.m. prevailing Central Time on November 4, 2015, unless the Company shall have commenced the Solicitation;

(k) at 5:00 p.m. prevailing Central Time on November 11, 2015, unless (i) the hearings with respect to the motions filed pursuant to Section 5(h) and Section 5(i) above shall have commenced in the Bankruptcy Court or (ii) if no such hearings shall have commenced with respect to such motions, the Bankruptcy Court shall have approved a Labor Settlement or Retiree Settlement, as applicable;

(l) at 5:00 p.m. prevailing Central Time on December 9, 2015, unless the Bankruptcy Court shall have (i) entered an order approving each of the motions filed pursuant to Section 5(h) and Section 5(i) above and granting relief acceptable to the Company and to the Majority Holders or (ii) if no such order shall have been entered with respect to any such motions, the Bankruptcy Court shall have approved a Labor Settlement or Retiree Settlement, as applicable;

(m) at 5:00 p.m. prevailing Central Time on the date that is 21 days after the date on which the orders described in clause (i) of Section 5(l) above are entered by the Bankruptcy Court, unless the Company shall have (i) implemented the relief granted by the Bankruptcy Court in such order or (ii) entered into a settlement with the applicable parties with respect to any Collective Bargaining Agreement or with the applicable Retiree Group, as applicable, which settlement is approved by the Bankruptcy Court and is in form and substance acceptable to the Company and the Majority Holders;

(n) the occurrence of a strike, work slowdown or other concerted labor activity that lasts for more than three (3) days and reduces production by over 100,000 tonnes, as measured against the Company's mining plan;

(o) if, as of the effective date of the Plan, the aggregate amount of all allowed or projected Administrative and Priority Claims (as defined herein) exceeds $10.0 million, which projections the Company, in consultation with the Holder Parties' Advisors, shall reasonably formulate in advance of the confirmation hearing in connection with the Plan. For purposes hereof, "***Administrative and Priority Claims***" means any non-ordinary course administrative expense claims and non-ordinary course priority tax claims. For the avoidance of doubt, Administrative and Priority Claims do not include any claims for fees and expenses of any professional, claims arising under sections 503(b)(9) or 507(b) of the Bankruptcy Code, post-petition operating expenses, severance obligations and payments, ordinary course administrative and priority tax claims, cure amounts related to assumed executory contracts, reclamation and environmental obligations, Coal Act and Black Lung obligations, and employee and retiree benefit obligations accrued in the ordinary course of business prior to implementing relief under sections 1113 and 1114 of the Bankruptcy Code;

(p) at 5:00 p.m. prevailing Central Time on January 13, 2016, unless the Bankruptcy Court shall have entered the Confirmation Order in form and substance acceptable to the Company and the Majority Holders; or

(q) at 5:00 p.m. prevailing Central Time on February 3, 2016, unless there shall have occurred a substantial consummation (as defined in section 1101 of the Bankruptcy Code) of the Plan.

If the Company disputes, in writing, the occurrence of a Triggering Event within one business day of receiving notice thereof (a "***Triggering Event Dispute***") and the Company and the Majority Holders are not able to resolve the Triggering Event Dispute within one (1) business day thereafter, the Company may seek an expedited determination from the Bankruptcy Court regarding whether a Triggering Event has occurred; provided that if no determination by the Bankruptcy Court occurs within five (5) business days from the date on which the Majority Holders provide written notice to the Company in accordance with Section 13 hereof that a Triggering Event has occurred, then the Triggering Event shall have occurred for purposes of this Agreement and there shall be no Triggering Event Dispute. In any hearing regarding a Triggering Event Dispute, the only issue that may be raised by the Company, the Majority Holders or any other party shall be whether, in fact, a Triggering Event has occurred.

6. Termination of Obligations. Following written notice to the Company or the Holder Parties, as applicable, in accordance with Section 13 hereof, this Agreement may be terminated as follows and, except as otherwise provided herein, all obligations of the Parties shall immediately terminate and be of no further force and effect upon such termination (each such termination event, a "***Support Termination Event***"):

(a) by the mutual written consent of the Company and the Majority Holders;

(b) by the Majority Holders upon (x) a breach (other than an immaterial breach) by the Company of any of the undertakings, representations, warranties or covenants of the Company set forth in this Agreement, including the Company's obligations under Section 4, or (y) the failure by the Company to act in a manner materially consistent with this Agreement, which breach or failure to act remains uncured for a period of three (3) business days after the receipt of written notice in accordance with Section 13 hereof of such breach from the Majority Holders;

(c) by the Company upon a breach (other than an immaterial breach) by the Holder Parties of any of the undertakings, representations, warranties or covenants of the Holder Parties set forth in this Agreement, which breach remains uncured for a period of three (3) business days after the receipt of written notice in accordance with Section 13 hereof of such breach from the Company;

(d) (i) by the Majority Holders, in the event a Fiduciary Action occurs (whether or not notice of such is provided) or (ii) by the Company, if the Company so elects, in connection with a Fiduciary Action upon two (2) business days prior written notice to the Majority Holders in accordance with Section 13 hereof ;

(e) by the Majority Holders upon the occurrence of any of the following events, unless such event is waived or the applicable deadline is extended by the Majority Holders in writing (which waiver or extension may be withheld, conditioned or delayed by the Majority Holders):

(i) at 5:00 p.m. prevailing Central Time on July 15, 2015, unless the Company shall have commenced the Chapter 11 Cases;

(ii) on or prior to July 15, 2015 and concurrently with the filing of the Chapter 11 Cases, unless the Company shall have filed a Cleansing Document (as defined in the applicable confidentiality agreements by and between Walter and certain of the Holder Parties), as required by such confidentiality agreements;

(iii) at 5:00 p.m. prevailing Central Time on September 9, 2015, unless the Company shall have filed with the Bankruptcy Court the Sale Motion;

(iv) at 5:00 p.m. prevailing Central Time on September 30, 2015, unless the Bankruptcy Court shall have entered the Bidding Procedures Order in form and substance acceptable to the Company and the Majority Holders;

(v) at 5:00 p.m. prevailing Central Time on February 3, 2016, unless the Bankruptcy Court shall have entered a Confirmation Order in form and substance acceptable to the Company and the Majority Holders that has become a Final Order; provided that the foregoing shall not constitute a "Support Termination Event" if prior to such time the Bankruptcy Court shall have entered the Sale Order in form and substance acceptable to the Company and the Majority Holders, which Sale Order provides that the successor clause contained in the Collective Bargaining Agreements between the Company and the UMWA is not enforceable against the purchaser of assets pursuant to the 363 Sale (or the Bankruptcy Court otherwise grants relief to the Company under section 1113 of the Bankruptcy Code and the Company implements such relief which eliminates the successor clause contained in the Collective Bargaining Agreements between the Company and the UMWA). "***Final Order***" means an order or judgment of the Bankruptcy Court (or any other court of competent jurisdiction) entered by the Clerk of the Bankruptcy Court (or such other court) on the docket in the Chapter 11 Cases (or the docket of such other court), which has not been modified, amended, reversed, vacated or stayed and as to which (A) the time to appeal, petition for certiorari, or move for a new trial, stay, reargument or rehearing has expired and as to which no appeal, petition for certiorari or motion for new trial, stay, reargument or rehearing shall then be pending or (B) if an appeal, writ of certiorari, new trial, stay, reargument or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court (or other court of competent jurisdiction) shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, stay, reargument or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for a new trial, stay, reargument or rehearing shall have expired, as a result of which such order shall have become final in accordance with Rule 8002 of the Federal Rules of Bankruptcy Procedure; provided that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Federal Rules of Bankruptcy Procedure, may be filed relating to such order, shall not cause an order not to be a Final Order;

(vi) at 5:00 p.m. prevailing Central Time on February 3, 2016, unless (A) there shall have occurred a substantial consummation (as defined in section 1101 of the Bankruptcy Code) of the Plan or (B) a consummation of the 363 Sale;

(vii) if the Company fails to obtain entry of the Interim Cash Collateral Order and the Final Cash Collateral Order within 5 and 45 calendar days, respectively, after the Petition Date, which Cash Collateral Orders, for the avoidance of doubt, shall be in form and substance acceptable to the Company and the Majority Holders, and shall provide as adequate protection, among other things, cash interest payments to Holder Parties on account of First Lien Claims in an amount equal to 80% of the contractual non-default rate on the First Lien Claims and payment of fees and expenses of the Holder Parties' Advisors and certain other parties in accordance with the terms of the Cash Collateral Orders;

(viii) if the Company fails to obtain entry of an RSA Order within 60 days after the Petition Date, which order shall include a waiver or modification of the automatic stay to provide any notices contemplated by and in accordance with this Agreement;

(ix) upon the filing by the Company of any motion or other request for relief seeking to (A) dismiss any of the Chapter 11 Cases, (B) convert any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code other than as contemplated by the Restructuring, or (C) appoint a trustee or an examiner pursuant to section 1104 of the Bankruptcy Code in any of the Chapter 11 Cases;

(x) upon the entry of an order by the Bankruptcy Court (A) dismissing any of the Chapter 11 Cases, (B) converting any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code other than as contemplated by the Restructuring, (C) appointing a trustee or an examiner pursuant to section 1104 of the Bankruptcy Code in any of the Chapter 11 Cases, (D) terminating exclusivity under section 1121 of the Bankruptcy Code, (E) making a finding of fraud, dishonesty or misconduct by any executive, officer or director of the Company, regarding or relating to the Company, or (F) vacating, amending, terminating, extending or modifying the Cash Collateral Orders without the consent of the Majority Holders;

(xi) upon the Company's withdrawal, waiver, amendment or modification, or the filing of (or announced intention to file) a pleading seeking to withdraw, waive, amend or modify, any term or condition of any of the Restructuring Documents or any documents related thereto, including motions, notices, exhibits, appendices and orders, in a manner not acceptable in form and substance to the Majority Holders;

(xii) the Company files, proposes or otherwise supports any plan of liquidation, asset sale of all or substantially all of the Company's assets or plan of reorganization other than the Restructuring;

(xiii) an order is entered by the Bankruptcy Court granting relief from the automatic stay to the holder or holders of any security interest to permit foreclosure (or the granting of a deed in lieu of foreclosure on the same) on any of the Company's assets (other than in respect of insurance proceeds or with respect to assets having a fair market value of less than $1,000,000 in the aggregate);

(xiv) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction (including the Bankruptcy Court), of any ruling or order denying any requisite approval of, delaying, impeding or enjoining the confirmation or consummation of the Plan, the 363 Sale or any other aspect of the Restructuring;

(xv) the Company experiences any circumstance, change, effect, event, occurrence, state of facts or development, either alone or in combination that has had, or is reasonably likely to have a material adverse effect on the financial condition, business, assets, prospects or operations of the Company taken as a whole;

(xvi) a failure by the Company to pay the fees and expenses set forth in Section 4(b) of this Agreement;

(xvii) the entry of an order by any court of competent jurisdiction invalidating, disallowing, subordinating, or limiting, in any respect, as applicable, the enforceability, priority, or validity of the claims and liens of the First Lien Lenders under the First Lien Credit Facility or the claims and liens of the First Lien Noteholders under the First Lien Indenture as stipulated to by the Company in the Interim Cash Collateral Order, if such claims and liens have a fair market value in excess of $1,000,000 in the aggregate, without the written consent of the Majority Holders;

(xviii) the entry of an order by any court of competent jurisdiction granting the relief sought in an involuntary proceeding against the Company seeking bankruptcy, winding up, dissolution, liquidation, administration, moratorium, reorganization or other relief in respect of the Company or the Company's debts, or of a substantial part of the Company's assets, under any federal, state or foreign bankruptcy, insolvency, administrative, receivership or similar law now or hereafter in effect (provided that such involuntary proceeding is not dismissed within a period of thirty (30) days after the filing thereof);

(xix) except in each case with respect to the Restructuring, if the Company (A) voluntarily commences any case or files any petition seeking bankruptcy, winding up, dissolution, liquidation, administration, moratorium, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency, administrative receivership or similar law now or hereafter in effect, except as provided for in this Agreement, (B) consents to the institution of, or fails to contest in a timely and appropriate manner, any involuntary proceeding or petition described above, (C) applies for or consents to the appointment of a receiver, administrator, administrative receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or for a substantial part of the Company's assets, (D) files an answer admitting the material allegations of a petition filed against it in any such proceeding, (E) makes a general assignment or arrangement for the benefit of creditors or (F) takes any corporate action for the purpose of authorizing any of the foregoing;

(xx) a "Termination Event" under and as defined in the Cash Collateral Orders has occurred;

(xxi) unless otherwise agreed to in writing by the Majority Holders, the Canadian Entities (A) incur any new secured debt or any unsecured debt outside of the ordinary course of business (other than as it relates to the Permitted Non-Debtor Affiliate Payments (as such term is defined in the Interim Cash Collateral Order)) or (B) commence, or become subject to, any restructuring or insolvency proceeding in any jurisdiction; or

(xxii) unless otherwise agreed to in writing by the Majority Holders, commencement of a sale process or other actions in furtherance of a disposition of any material assets of the Canadian Entities.

Upon the termination of this Agreement pursuant to this Section 6, this Agreement shall forthwith become void and of no further force or effect, each Party shall be released from its commitments, undertakings and agreements under or related to this Agreement, and there shall be no liability or obligation on the part of any Party; provided, however, that in no event shall any such termination relieve a Party from (i) liability for its breach or non-performance of its obligations hereunder prior to the date of such termination, notwithstanding any termination of

this Agreement by any other Party, and (ii) obligations under this Agreement which expressly survive any such termination pursuant to Section 16; provided further, however, that notwithstanding anything to the contrary herein, (i) the right to terminate this Agreement under this Section 6 shall not be available to any Party whose failure to fulfill any material obligation under this Agreement has been the cause of, or resulted in, the occurrence of a Support Termination Event and (ii) any Support Termination Event may be waived only in accordance with this Agreement and the procedures established by Section 9, in which case the Support Termination Event so waived shall be deemed not to have occurred, this Agreement shall be deemed to continue in full force and effect, and the rights and obligations of the Parties shall be restored, subject to any modification set forth in such waiver. Upon termination of this Agreement, any and all consents, agreements, undertakings, tenders, waivers, forbearances and votes delivered by a Holder Party prior to such termination shall be deemed, for all purposes, to be null and void *ab initio* and shall not be considered or otherwise used in any manner by the Company or any other party. For the avoidance of doubt, the automatic stay arising pursuant to section 362 of the Bankruptcy Code shall be deemed waived or modified for purposes of providing notice or exercising rights hereunder.

7. Good Faith Cooperation; Further Assurances. The Parties shall cooperate with each other in good faith and shall coordinate their activities (to the extent practicable) in respect of all matters concerning the implementation and consummation of the Restructuring. Further, each of the Parties shall take such action (including executing and delivering any other agreements and making and filing any required regulatory filings) as may be reasonably necessary or as may be required by order of the Bankruptcy Court, to carry out the purposes and intent of this Agreement (provided, that nothing set forth in this Section 7 shall require any Holder Party to provide any information that it determines, in its discretion, to be sensitive or confidential or to take any actions other than in its capacity as a holder of Participating Claims). Each of the Parties hereby covenants and agrees (a) to negotiate in good faith and in a timely manner (giving effect to the milestones set forth in Section 5 and Section 6) the Restructuring Documents (including, without limitation, the Plan and Disclosure Statement, both consistent with the Restructuring Term Sheet) and (b) subject to the satisfaction of the terms and conditions set forth herein, to execute the Restructuring Documents.

8. Remedies. All remedies that are available at law or in equity, including specific performance and injunctive or other equitable relief, to any Party for a breach of this Agreement by another Party shall be available to the non-breaching Party (for the avoidance of doubt, if there is a breach of the Agreement by a Holder Party, money damages shall be an insufficient remedy to the other Holder Parties or the Company and either the Company or the Holder Parties can seek specific performance as against another Holder Party); provided, however, that in connection with any remedy asserted in connection with this Agreement, each Party agrees to waive any requirement for the securing or posting of a bond in connection with any remedy. 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 or any other Party.

9. Amendments and Waivers. This Agreement may be amended or waived only upon written approval of both (a) the Company and (b) the Majority Holders; provided, however, that in no event shall this Agreement be so amended or waived with respect to any Holder Party in any manner that would adversely affect such Holder Party's legal rights under this Agreement in a disproportionate or discriminatory manner (as compared to all other Holder Parties), without such Holder Party's prior written consent; provided, further, however, that the date set forth in Section 6(e)(vi) shall not be extended past March 31, 2016 without the prior written consent of Holder Parties holding at least 66.66% in principal amount of the First Lien Claims held by the Holder Parties, and shall not be extended past

June 30, 2016 without the prior written consent of each Holder Party; and provided further that amendments to the definition of "Majority Holders", including the provisos therein, or to this Section 9, shall require the written consent of each Holder Party. Any amendment or waiver of any condition, term or provision to this Agreement must be in writing. Any amendment or waiver made in compliance with this Section 9 shall be binding on all of the Parties, regardless of whether a particular Party has executed or consented to such amendment or waiver.

10. Independent Analysis. Each of the Holder Parties and the Company hereby confirms that it has made its own decision to execute this Agreement based upon its own independent assessment of documents and information available to it, as it has deemed appropriate.

11. Representation by Counsel. Each Party acknowledges that it has had the opportunity to be represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel, shall have no application and is expressly waived.

12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York, without giving effect to the principles of conflict of laws that would require the application of the law of any other jurisdiction. By its execution and delivery of this Agreement, each of the Parties hereby irrevocably and unconditionally agrees for itself that any legal action, suit or proceeding against it with respect to any matter under or arising out of or in connection with this Agreement or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, may be brought in either a state or federal court of competent jurisdiction in the State and County of New York. By execution and delivery of this Agreement, each of the Parties hereby irrevocably accepts and submits itself to the nonexclusive jurisdiction of each such court, generally and unconditionally, with respect to any such action, suit or proceeding. Notwithstanding the foregoing consent to jurisdiction in either a state or federal court of competent jurisdiction in the State and County of New York, upon the commencement of the Chapter 11 Cases, each of the Parties hereby agrees that, if the Chapter 11 Cases are pending, the Bankruptcy Court shall have exclusive jurisdiction over all matters arising out of or in connection with this Agreement. EACH PARTY UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING REFERRED TO ABOVE.

13. Notices. All notices, requests, demands, document deliveries and other communications under this Agreement shall be in writing and shall be deemed to have been duly given, provided or made (a) when delivered personally, (b) when sent by electronic mail ("***e-mail***") or facsimile, (c) one (1) business day after deposit with an overnight courier service or (d) three (3) business days after mailed by certified or registered mail, return receipt requested, with postage prepaid to the Parties at the following addresses, facsimile numbers or e-mail addresses (or at such other addresses, facsimile numbers or e-mail addresses for a Party as shall be specified by like notice):

If to the Company:

Walter Energy, Inc.
3000 Riverchase Galleria, Suite 1700
Birmingham, Alabama 35244
Facsimile: (205) 776-7859
Email: earl.doppelt@walterenergy.com
Attention: Earl H. Doppelt, Esq.

with a copy to (which shall not constitute notice):

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
Facsimile: (212) 757-3990
Attention: Kelley A. Cornish, Esq. (kcornish@paulweiss.com)

and

Paul, Weiss, Rifkind, Wharton & Garrison LLP
2001 K Street, NW
Washington, DC 20006-1047
Facsimile: (202) 223-7420
Attention: Claudia R. Tobler, Esq. (ctobler@paulweiss.com)

If to the Holder Parties: To each Holder Party at the addresses, facsimile numbers or e-mail addresses set forth below the Holder Party's signature page to this Agreement (or to the signature page to a Joiner in the case of any Holder that becomes a party hereto after the Execution Date)

with a copy to (which shall not constitute notice):

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, New York 10036
Facsimile: (212) 872-1002
Attention: Ira Dizengoff, Esq. (idizengoff@akingump.com)

and

Akin Gump Strauss Hauer & Feld LLP
1333 New Hampshire Avenue, N.W.
Washington, DC 20036
Facsimile: (202) 887-4288
Attention: James Savin, Esq. (jsavin@akingump.com)

14. Reservation of Rights. Except as expressly provided in this Agreement, nothing herein is intended to, or does, in any manner waive, limit, impair or restrict (a) the ability of each Party to protect and preserve its rights, remedies and interests, including the First Lien Claims, Second Lien Claims, Unsecured Claims and any other claims against the Company or other parties, or its full participation in any bankruptcy proceeding, including the rights of a Holder Party under any applicable bankruptcy,

insolvency, foreclosure or similar proceeding, in each case, so long as the exercise of any such right does not breach such Holder Party's obligations hereunder; (b) the ability of a Holder Party to purchase, sell or enter into any transactions in connection with the Participating Claims, subject to the terms hereof; (c) any right of any Holder Party (i) under the Debt Documents, or which constitutes a waiver or amendment of any provision of any Debt Document or (ii) under any other applicable agreement, instrument or document that gives rise to a Holder Party's Participating Claims, or which constitutes a waiver or amendment of any provision of any such agreement, instrument or document, subject to the terms of Section 3(a) hereof; (d) the ability of a Holder Party to consult with its advisors (including the Holder Parties' Advisors), other Holder Parties or the Company; or (e) the ability of a Holder Party to enforce any right, remedy, condition, consent or approval requirement under this Agreement or any of the Restructuring Documents. Without limiting the foregoing sentence in any way, after the termination of this Agreement pursuant to Section 6, the Parties each fully reserve any and all of their respective rights, remedies, claims and interests, subject to Section 6, in the case of any claim for breach of this Agreement. Further, nothing in this Agreement shall be construed to prohibit any Party from appearing as a party-in-interest in any matter to be adjudicated in the Chapter 11 Cases, so long as such appearance and the positions advocated in connection therewith are consistent with this Agreement and the Restructuring Documents and are not for the purpose of, and could not reasonably be expected to have the effect of, hindering, delaying or preventing the consummation of the Restructuring.

15. Rule of Interpretation. Notwithstanding anything contained herein to the contrary, it is the intent of the Parties that all references to votes or voting in this Agreement be interpreted to include votes or voting on a plan of reorganization under the Bankruptcy Code. Time is of the essence in the performance of the obligations of each of the Parties. The words "hereof," "herein" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. References to any Articles, Sections, Exhibits and Schedules are to such Articles, Sections, Exhibits and Schedules of this Agreement unless otherwise specified. All Exhibits and Schedules annexed hereto or referred to herein (including any exhibits, schedules or attachments thereto) are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation," whether or not they are in fact followed by those words or words of like import. "Writing," "written" and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. Any reference to "business day" means any day, other than a Saturday, a Sunday or any other day on which banks located in New York, New York are closed for business as a result of federal, state or local holiday and any other reference to day means a calendar day.

16. Survival. Notwithstanding (a) any sale of the Participating Claims in accordance with Section 3 or (b) the termination of this Agreement in accordance with its terms, the agreements and obligations of the Parties in Sections 4(b), 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23(a), 24, and 25 shall survive such sale and/or termination and shall continue in full force and effect for the benefit of the Parties in accordance with the terms hereof; provided however that the Company's obligation to pay fees and expenses as set forth in Section 4(b) shall survive only with respect to those documented fees and expenses incurred through and including the date this Agreement is terminated.

17. Successors and Assigns; Severability; Several Obligations. Subject to Section 3, this Agreement is intended to bind and inure to the benefit of the Parties and their respective permitted successors, assigns, heirs, executors, estates, administrators and representatives. The invalidity or unenforceability at any time of any provision hereof in any jurisdiction shall not affect or diminish in any way the continuing validity and enforceability of the remaining provisions hereof or the continuing validity and enforceability of such provision in any other jurisdiction. The agreements, representations

and obligations of the Holder Parties under this Agreement are, in all respects, several and not joint and several.

18. Third-Party Beneficiaries. This Agreement is intended for the benefit of the Parties and no other person or entity shall be a third party beneficiary hereof or have any rights hereunder.

19. Counterparts; Additional Holder Parties. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same agreement. Execution copies of this Agreement may be delivered by facsimile, electronic mail or otherwise, each of which shall be deemed to be an original for the purposes of this paragraph. Any holder of First Lien Claims that is not already an existing Holder Party may execute the Joinder and, in doing so, shall become a Joining Party and shall thereafter be deemed to be a "Holder Party" and a party for all purposes under this Agreement.

20. Entire Agreement. This Agreement and the Exhibits and Schedules attached hereto, constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements (oral and written) and all other prior negotiations between and among the Company and the Holder Parties (and their respective advisors) with respect to the subject matter hereof; provided, however, that the Parties acknowledge and agree that any confidentiality agreements heretofore executed between the Company and any Holder Party shall continue in full force and effect as provided therein.

21. Headings. The section headings of this Agreement are for convenience of reference only and shall not, for any purpose, be deemed a part of this Agreement and shall not affect the interpretation of this Agreement.

22. Settlement Discussions. This Agreement is part of a proposed settlement of matters that could otherwise be the subject of litigation among the Parties. Nothing herein shall be deemed an admission of any kind. Pursuant to Federal Rule of Evidence 408, any applicable state rules of evidence and any other applicable law, foreign or domestic, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than to prove the existence of this Agreement or in a proceeding to enforce the terms of this Agreement.

23. Publicity.

(a) The Company shall not (i) use the name of any Holder Party in any communication (including a press release, pleading or other publicly available document) (other than a communication with the legal, accounting, financial and other advisors to the Company who are under obligations of confidentiality to the Company with respect to such communication, and whose compliance with such obligations the Company shall be responsible for) without such Holder Party's prior written consent or (ii) disclose to any person, other than legal, accounting, financial and other advisors to the Company (who are under obligations of confidentiality to the Company with respect to such disclosure, and whose compliance with such obligations the Company shall be responsible for), the principal amount or percentage of the Participating Claims held by any Holder Party or any of its respective subsidiaries; provided, however, that the Company shall be permitted to disclose at any time the aggregate principal amount of, and aggregate percentage of, First Lien Claims, Second Lien Claims and Unsecured Claims of the Participating Claims held by the Holder Parties as a group. Notwithstanding the foregoing, the Holder Parties hereby consent to the disclosure by the Company in the Restructuring Documents or as otherwise required by law or regulation, of the execution, terms and contents of this Agreement, provided, however, that (i) if the Company determines that it is required to attach a copy of this Agreement to any Restructuring Document or any other filing or similar document relating to the transactions contemplated hereby, it will redact any reference to a specific Holder Party and such Holder Party's holdings and (ii) if

disclosure is required by applicable law, advance notice of the intent to disclose shall be given by the disclosing Party to each Holder Party (who shall have the right to seek a protective order prior to disclosure), it being agreed that there is no requirement to include such information in any filing with the Securities and Exchange Commission or any Canadian Securities Administrator.

(b) Notwithstanding the foregoing, the Company will submit to Akin Gump all press releases, public filings, public announcements or other communications with any news media, in each case, to be made by the Company relating to this Agreement or the transactions contemplated hereby and any amendments thereof , and will take Akin Gump's view with respect to such communications into account. The Company will submit to Akin Gump and Lazard in advance all material mass written communications with customers, vendors and employees (including representatives of employees) relating to the transactions contemplated by this Agreement, and will take Akin Gump's and Lazard's views with respect to such communications into account. Nothing contained herein shall be deemed to waive, amend or modify the terms of any confidentiality or non-disclosure agreement between the Company and any Holder Party, including the confidentiality and non-disclosure provisions contained in the Debt Documents.

24. Fiduciary Duties; Relationship Among Holder Parties and the Company. Notwithstanding anything to the contrary herein, the duties and obligations of the Holder Parties under this Agreement shall be several, not joint. Furthermore, nothing in this Agreement shall require the Company to take any action, or to refrain from taking any action, to the extent that taking such action or refraining from taking such action will, upon the advice of outside counsel, constitute a breach of the Company's board of directors' fiduciary obligations under applicable law (any such action, or refraining from action, being a "***Fiduciary Action***"); provided, however, that (i) to the extent that taking such action or refraining from taking such action absent this Section 24 could, or would be reasonably expected to, result in a breach of this Agreement, the Company shall use commercially reasonable efforts to give the Holder Parties not less than three (3) business days prior written notice of, and in any event written notice contemporaneously with, in accordance with Section 13 hereof such anticipated action or anticipated refraining from taking such action, (ii) the Majority Holders may terminate this Agreement in accordance with Section 6(d), and (iii) specific performance shall not be available as a remedy if this Agreement is terminated in accordance with this Section 24. None of the Holder Parties shall have any fiduciary duty, any duty of trust or confidence in any form, or other duties or responsibilities to each other, any First Lien Lender, any First Lien Noteholder, the Company, or any of the Company's creditors or other stakeholders, including without limitation any holders of Second Lien Claims or Unsecured Claims, and there are no commitments among or between the Holder Parties. It is understood and agreed that any Holder Party may trade in any debt or equity securities of the Company without the consent of the Company or any other Holder Party, subject to applicable securities laws and Section 3(d) of this Agreement. No prior history, pattern or practice of sharing confidences among or between any of the Holder Parties and/or the Company shall in any way affect or negate this understanding and agreement.

25. No Solicitation. This Agreement and transactions contemplated herein are the product of negotiations among the Parties, together with their respective representatives. Notwithstanding anything herein to the contrary, this Agreement is not, and shall not be deemed to be, a solicitation of votes for the acceptance of the Plan or any plan of reorganization for the purposes of sections 1125 and 1126 of the Bankruptcy Code or otherwise. The Company will not solicit acceptances of the Plan from any party until such party has been provided with copies of a Disclosure Statement containing adequate information as required by section 1125 of the Bankruptcy Code.

26. Conflicts Between this Agreement, the Restructuring Term Sheet, the Sale Term Sheet and the Related Restructuring Documents. In the event the terms and conditions as set forth in the Restructuring Term Sheet or the Sale Term Sheet and this Agreement are inconsistent, this Agreement shall control. In the event of any conflict among the terms and provisions of (a) the Plan, this Agreement and/or the Restructuring Term Sheet, the terms and provisions of the Plan shall control and (b) the Stalking Horse APA, this Agreement and/or the Sale Term Sheet, the terms and provisions of the Stalking Horse APA shall control. Notwithstanding the foregoing, nothing contained in this Section 26 shall affect, in any way, the requirements set forth herein for the amendment of this Agreement.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective duly authorized officers, solely in their respective capacity as officers of the undersigned and not in any other capacity, as of the date first set forth above.

THE COMPANY:

WALTER ENERGY, INC.,
on behalf of itself and each of its direct and indirect subsidiaries set forth on Exhibit A hereto

By: /s/ Earl H. Doppelt
Name: Earl H. Doppelt
Its: Executive Vice President
General Counsel & Secretary

Dated: _____

[REDACTED HOLDER PARTY SIGNATURE PAGES]

Name of Institution: _____

By: _____
Name: _____
Title: _____

Telephone: _____
Facsimile: _____

First Lien Lender Claims

$ _____

First Lien Noteholder Claims

$ _____

Second Lien Claims

$ _____

Unsecured Claims

$ _____

NOTICE ADDRESS:

/_____/

/_____/
Attention: [_____]
Facsimile: [_____]
E-mail: [_____]

EXHIBIT A

SUBSIDIARIES

Atlantic Development and Capital LLC
Atlantic Leaseco LLC
Blue Creek Coal Sales, Inc.
Blue Creek Energy, Inc.
J.W. Walter, Inc.
Jefferson Warrior Railroad Company, Inc.
Jim Walter Homes, LLC
Jim Walter Resources, Inc.
Maple Coal Co. LLC
Sloss-Sheffield Steel & Iron Company
SP Machine, Inc.
Taft Coal Sales & Associates, Inc.
Tuscaloosa Resources, Inc.
V Manufacturing Company
Walter Black Warrior Basin LLC
Walter Coke, Inc.
Walter Energy Holdings, LLC
Walter Exploration & Production LLC
Walter Home Improvement, Inc.
Walter Land Company
Walter Minerals, Inc.
Walter Natural Gas, LLC

EXHIBIT B

RESTRUCTURING TERM SHEET

THIS TERM SHEET (THE "TERM SHEET") IS FOR DISCUSSION PURPOSES ONLY AND IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS WITH RESPECT TO A CHAPTER 11 PLAN OF REORGANIZATION. IT DOES NOT CONTAIN ALL OF THE TERMS OF A PROPOSED PLAN OF REORGANIZATION. THIS TERM SHEET SHALL NOT BE CONSTRUED AS (I) AN OFFER CAPABLE OF ACCEPTANCE, (II) A BINDING AGREEMENT OF ANY KIND, (III) A COMMITMENT TO ENTER INTO, OR OFFER TO ENTER INTO, ANY AGREEMENT OR (IV) AN AGREEMENT TO FILE ANY CHAPTER 11 PLAN OF REORGANIZATION OR DISCLOSURE STATEMENT OR CONSUMMATE ANY TRANSACTION OR TO VOTE FOR OR OTHERWISE SUPPORT ANY PLAN OF REORGANIZATION. THIS TERM SHEET IS A SETTLEMENT AND DOES NOT REFLECT THE VIEWS OF ANY PARTY AS TO THE VALUATION OF THE DEBTORS OR OF THE COMPANY.

Does Not Contain All Material Terms

Walter Energy, Inc. *et al.*
Plan Term Sheet

July 15, 2015

This Term Sheet sets forth the principal terms of a proposed pre-negotiated jointly administered chapter 11 plan (such plan, together with any exhibits, schedules, attachments or appendices thereto, in each case as may be amended, supplemented or otherwise modified from time to time in accordance with the terms of the Restructuring Support Agreement (as defined below), the "Plan") of Walter Energy, Inc. and certain of its subsidiaries, which is to be filed in chapter 11 cases commenced in the United States Bankruptcy Court for the Northern District of Alabama (the "Bankruptcy Court"). This Term Sheet and the Plan are components of a potential restructuring transaction described in a restructuring support agreement (the "Restructuring Support Agreement") entered into by and among the Company and certain existing lenders or holders of securities that are signatories thereto. This Term Sheet shall be attached to, and incorporated into, such Restructuring Support Agreement. This Term Sheet is neither a complete list of all the terms and conditions of the restructuring transaction contemplated in the Restructuring Support Agreement, and shall not constitute an offer to sell or buy, nor the solicitation of an offer to sell or buy any of the securities referred to herein or the solicitation of acceptances of a chapter 11 plan. Any such offer or solicitation shall only be made in compliance with all applicable laws. Without limiting the generality of the foregoing, this Term Sheet and the undertakings contemplated herein are subject in all respects to the negotiation, execution and delivery of mutually acceptable definitive documentation consistent herewith. In the event of an inconsistency between this Term Sheet and the definitive documentation, the provisions of such definitive documentation shall govern. This Term Sheet is proffered in the nature of a settlement proposal in furtherance of settlement discussions and is entitled to protection from any use or disclosure to any party or person pursuant to Federal Rule of Evidence 408 and other rules of similar import.

THIS TERM SHEET IS BEING PROVIDED AS PART OF A PROPOSED COMPREHENSIVE RESTRUCTURING TRANSACTION, EACH ELEMENT OF WHICH IS

CONSIDERATION FOR THE OTHER ELEMENTS AND AN INTEGRAL ASPECT OF THE PROPOSED RESTRUCTURING. THE STATEMENTS CONTAINED HEREIN ARE PROTCTED BY FRE 408, AND NOTHING IN THIS TERM SHEET SHALL CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, A STIPULATION OR A WAIVER, AND EACH STATEMENT CONTAINED HEREIN IS MADE WITHOUT PREJUDICE, WITH A FULL RESERVATION OF ALL RIGHTS, REMEDIES, CLAIMS AND DEFENSES OF THE COMPANY AND CONSENTING FIRST LIEN CREDITORS

TERMS AND CONDITIONS OF THE PLAN	
Defined Terms and Capital Structure	
The Company and Filing Entities	Walter Energy, Inc. ("Walter Energy"), a Delaware company, and certain of its wholly owned direct and indirect subsidiaries (collectively, the "Company"). Walter Energy and its subsidiaries who file for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") with the Bankruptcy Court (such filings, the "Chapter 11 Cases") are referred to herein as the "Debtors." The date on which the Chapter 11 Cases are commenced shall be the "Petition Date." After the Effective Date (as defined below), Walter Energy shall be referred to herein as "Reorganized Walter Energy" and the surviving Debtors that are reorganized under the Plan shall be collectively referred to as the "Reorganized Debtors." "Non-Debtor Subsidiary" means any direct or indirect wholly owned subsidiary of Walter Energy or other interests owned by a Debtor that is not a Debtor in the Chapter 11 Cases, including (a) Walter Energy's non-U.S. subsidiaries; (b) Black Warrior Methane Corp. and Black Warrior Transmission Corp.; and (c) Cardem Insurance Co., Ltd. Exhibit A identifies the Debtors and Non-Debtor Subsidiaries.
Current Capital Structure	The indebtedness of, and equity interests in, the Debtors are as follows: (a) Indebtedness under that certain senior secured first lien Credit Agreement dated as of April 1, 2011 (as further amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "First Lien Credit Agreement") by and among Walter Energy, as U.S. borrower, Western Coal Corp. and Walter Energy Canada Holdings, Inc., as Canadian borrowers, the lenders from time to time parties thereto, and Morgan Stanley Senior Funding, Inc. as administrative agent (in such capacity, the "Bank Agent"), which provides for the

	issuance of: (i) revolving loan indebtedness (the "Revolving Loans," the claims related thereto, including any adequate protection claims arising under the cash collateral orders entered by the Bankruptcy Court (the "Cash Collateral Orders"), the "Revolving Loan Claims" and the lenders with a commitment to provide Revolving Loans or with outstanding Revolving Loans, the "Revolving Lenders"); and (ii) term loan indebtedness (the "First Lien Term Loan" and the claims related thereto, including any adequate protection claims arising under the Cash Collateral Orders, the "First Lien Term Loan Claims" and the lenders with outstanding First Lien Term Loan, the "First Lien Term Loan Lenders"). (b) 9.50% Senior Secured Notes due 2019 (the "First Lien Notes" and the claims related thereto, including any adequate protection claims arising under the Cash Collateral Orders, the "First Lien Note Claims" and the holders thereof, the "First Lien Noteholders") issued on September 27, 2013, March 27, 2014, and July 14, 2014, under that certain Indenture dated as of September 27, 2013 (as further amended, supplemented or otherwise modified from time to time, the "First Lien Notes Indenture") by and among Walter Energy, as issuer, the guarantors from time to time parties thereto, and Wilmington Trust, National Association, as successor trustee and collateral agent to Union Bank, N.A. (in such capacity, the "First Lien Notes Indenture Trustee"). (c) 11.0%/12.0% Senior Secured Second Lien PIK Toggle Notes due 2020 (the "Second Lien Notes" and the claims related thereto, including any adequate protection Claims arising under the Cash Collateral Orders, the "Second Lien Note Claims" and the holders thereof, the "Second Lien Noteholders") issued under the Indenture dated as of March 27, 2014 (as further amended, supplemented or otherwise modified from time to time, the "Second Lien Notes Indenture") among Walter Energy, as issuer, the guarantors from time to time parties thereto, and Wilmington Trust, National Association, as trustee and collateral agent (in such capacity, the "Second Lien Notes Indenture Trustee"). (d) 9.875% Senior Notes due 2020 (the "9.875% Unsecured Notes" and the claims related thereto, the "9.875% Unsecured Notes Claims" and the holders

	thereof, the "9.875% Unsecured Noteholders") issued under the Indenture dated as of November 21, 2012 (as further amended, supplemented or otherwise modified from time to time, the "9.875% Notes Indenture") among Walter Energy, as issuer, the guarantors from time to time parties thereto, and Wilmington Trust, National Association, as successor trustee to Union Bank, N.A. (e) 8.50% Senior Notes due 2021 (the "8.50% Unsecured Notes" and the claims related thereto, the "8.50% Unsecured Notes Claims" and the holders thereof, the "8.50% Unsecured Noteholders") issued under the Indenture dated as of March 27, 2013 (as further amended, supplemented or otherwise modified from time to time, the "8.50% Notes Indenture") among Walter Energy, as issuer, the guarantors from time to time parties thereto, and Wilmington Trust, National Association, as successor trustee to Union Bank, N.A. (f) The common stock and any other Interest (as defined below) of any kind in Walter Energy and rights or options to acquire such Interests owned by existing holders (the "Old Common Stock" and related claims, including any claim arising from rescission of a purchase or sale of a security of or Interest in Walter Energy (including Old Common Stock), for damages arising from the purchase or sale of such a security or Interest, or for reimbursement, contribution or indemnification allowed under section 502 of the Bankruptcy Code on account of such a claim, and any other claim subject to subordination under section 510(b) of the Bankruptcy Code, the "Old Common Stock Claims). (g) "Interest" means all rights (including unpaid dividends) arising from any equity security within the meaning of section 101(16) of the Bankruptcy Code or any other instrument evidencing an ownership interest in any of the Debtors or Non-Debtor Subsidiaries, whether or not transferable, and any option, warrant, or right, contractual or otherwise, to acquire, sell or subscribe for any such interest. The Revolving Loan Claims, First Lien Term Loan Claims and First Lien Note Claims shall be referred to herein, collectively, as the "First Lien Debt Claims." The First Lien Debt Claims and the Second Lien Note Claims shall be referred to herein, collectively, as the "Secured Debt Claims." The 9.875% Unsecured Note Claims and the 8.50% Unsecured Note Claims shall be referred to herein, collectively, as the

	"Unsecured Note Claims."
Consenting First Lien Creditors	"Consenting Revolving Lenders" means those Revolving Lenders that are signatories to the Restructuring Support Agreement, in their capacities as such. "Consenting First Lien Term Loan Lenders" means those First Lien Term Loan Lenders that are signatories to the Restructuring Support Agreement, in their capacities as such. "Consenting First Lien Noteholders" means those holders of First Lien Notes that are signatories to the Restructuring Support Agreement, in their capacities as such. "Consenting First Lien Creditors" means, collectively, the Consenting Revolving Lenders, the Consenting First Lien Term Loan Lenders and the Consenting First Lien Noteholders.
Required Consenting First Lien Creditors	"Required Consenting First Lien Creditors" means Consenting First Lien Creditors holding 55% or more in principal amount of the First Lien Debt Claims held by the Consenting First Lien Creditors as of the time of such determination; provided that such Consenting First Lien Creditors holding 55% or more in principal amount include at least four (4) unaffiliated Consenting First Lien Creditors and provided further that with respect to any of (X) approval of any provisions of the Restructuring Documents (as defined in the Restructuring Support Agreement) dealing with the corporate governance of the Company from and after the effective date of the Plan or of documents relating to the corporate governance of the purchaser from and after the consummation of the 363 Sale (as defined in the Restructuring Support Agreement), including but not limited to board composition, affiliate and/or related party transaction limitations/protections, voting rights, pre-emptive rights, tag-along/drag-along rights and transfer restrictions or (Y) any financing(s) or funding(s) (whether debt or equity) obtained or arranged for (in whole or in part) by the Company in the form of debtor-in-possession or similar financing(s), or by the reorganized Company or purchaser in the 363 Sale prior to, upon or in connection with the closing of a Restructuring (as defined in the Restructuring Support Agreement), then in any case of (X) or (Y) the Required Consenting First Lien Creditors shall include 55% or more in principal amount of the First Lien Debt Claims held by the Consenting First Lien Creditors as of the time of such determination and at least four (4) unaffiliated Consenting First Lien Creditors (which must also include at least three (3) unaffiliated Consenting First Lien Creditors who are Initial Holders (as defined in the Restructuring Support Agreement).
Effective Date	"Effective Date," if any, of the Plan in the Chapter 11 Cases shall be the date on which all the conditions to consummation of the Plan have been satisfied in full or waived, and the Plan becomes effective. On the Effective Date, all Debtors shall be reorganized

	pursuant to the Plan in accordance with and pursuant to the Bankruptcy Code.
Treatment of Claims and Interests	
Unclassified Claims; Priority Tax Claims	(a) *Administrative Claims*: Except with respect to administrative expense claims that are professional fee claims or priority tax claims, and except to the extent that a holder of an allowed administrative expense claim (including a claim arising under section 503(b)(9) of the Bankruptcy Code that has not been paid pursuant to a motion filed with the Bankruptcy Code) and the Debtors agree to a less favorable treatment, each holder of an allowed administrative expense claim shall be paid in full in cash on the later of the initial distribution date under the Plan or the date such administrative expense claim is allowed, and the date such allowed administrative claim becomes due and payable, or as soon thereafter as is practicable; provided, however, that allowed administrative expense claims that arise in the ordinary course of the Debtors' business, including administrative claims arising from or with respect to the sale of goods or services on or after the Petition Date, the Debtors' executory contracts and unexpired leases, and all administrative claims that are Intercompany Claims (as defined below), shall be paid in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to, such transactions, without further action by the holders of such administrative claims or further approval by the Bankruptcy Court. (b) *Professional Fee Claims* All final requests for payment of professional claims and requests for reimbursement of expenses of members of any statutory committee must be filed no later than sixty (60) days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior orders of the Bankruptcy Court, the allowed amounts of such professional claims and expenses shall be determined by the Bankruptcy Court. (c) *Priority Tax Claims* Except to the extent that a holder of an allowed priority tax claim and the Debtors agree to a less favorable treatment, each holder of an allowed priority tax claim shall receive, at the sole option of the Reorganized Debtors either (i) cash in an amount equal to such allowed priority tax claim on the later of the initial distribution date and the date such claim becomes an allowed claim (or as soon thereafter as practical), (ii) through equal annual installment payments in cash, of a total value, as of the

	Effective Date, equal to the allowed amount of such claim, over a period ending not later than five (5) years after the Petition Date, or (iii) treatment in a manner not less favorable than the most favored non-priority unsecured claim provided for by the Plan.
Revolving Loan Claims	Holders of Revolving Loan Claims, other than Revolving Loan Claims for unfunded commitments relating to outstanding letters of credit that have not been drawn as of the Effective Date, shall receive on the Effective Date in full and final satisfaction of the Revolving Loan Claims their *pro rata* share of the new common stock of reorganized Walter Energy (the "New Walter Energy Common Stock") to be distributed to holders of First Lien Debt Claims (the "First Lien Stock Distribution"), which First Lien Stock Distribution shall constitute [___%] of the Walter Energy Common Stock, subject to dilution resulting from additional New Walter Energy Common Stock issued pursuant to the Management Incentive Plan (as defined below). Holders of Revolving Loan Claims for unfunded commitments relating to outstanding letters of credit that have not been drawn as of the Effective Date shall have their Revolving Loan Claims either (x) reinstated in their face amount as part of a letter of credit facility under the Exit Financing, and the Revolving Loan Claim commitments related thereto shall be canceled on the Effective Date, or (y) have the outstanding letters of credit under the Revolving Loans as of the Effective Date replaced by letters of credit issued under the Exit Financing or issued by a bank that is not part of the Exit Financing by providing cash collateral to such bank from the Exit Financing and the letters of credit issued under the First Lien Credit Agreement shall be canceled.
First Lien Debt Claims (Other than Revolving Loan Claims)	Holders of First Lien Debt Claims (other than Revolving Loan Claims) shall receive on the Effective Date in full and final satisfaction of the First Lien Debt Claims (other than Revolving Loan Claims) their *pro rata* share of the First Lien Stock Distribution.
Second Lien Note Claims	[Treatment TBD.] In accordance with and pursuant to section 510(a) of the Bankruptcy Code and the Intercreditor Agreement (defined below), all distributions to holders of Second Lien Note Claims (including any deficiency claims on account thereof) shall be made directly to holders of First Lien Debt Claims in accordance with and subject to the Intercreditor Agreement until all First Lien Debt Claims are paid in full, and only thereafter to holders of Second Lien Note Claims (and any such deficiency claims). "Intercreditor Agreement" means that certain Amended and

	Restated Intercreditor Agreement dated as of March 27, 2014 (as amended, supplemented or otherwise modified from time to time) among Walter Energy, the other grantors party thereto, Morgan Stanley Senior Funding, Inc., as First-Lien Credit Agreement Collateral Agent and Authorized Representative for the Credit Agreement Secured Parties, Union Bank, N.A., as Initial Additional Collateral Agent and Initial Additional Authorized Representative for the Initial Additional First-Lien Secured Parties, Wilmington Trust, National Association, as Second-Lien Notes Collateral Agent and Second-Lien Notes Authorized Representative for the Second-Lien Notes Secured Parties, and each Additional Collateral Agent and Authorized Representative from time to time party thereto.
Other Secured Claims	To the extent that any other secured claim exists, except to the extent that a holder of an allowed other secured claim agrees to less favorable treatment with the Debtors, with the consent of the Required Consenting First Lien Creditors, or the Reorganized Debtors, each holder of an allowed other secured claim shall (i) be reinstated and rendered unimpaired in accordance with section 1124(2) of the Bankruptcy Code, notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the holder of an allowed other secured claim to demand or to receive payment of such allowed other secured claim prior to the stated maturity of such allowed other secured claim from and after the occurrence of a default, (ii) receive cash in an amount equal to such allowed other secured claim as determined in accordance with section 506(a) of the Bankruptcy Code, on the later of the initial distribution date under the Plan and thirty (30) days after the date such other secured claim is allowed (or as soon thereafter as is practicable), or (iii) receive the collateral securing its allowed other secured claim on the later of the initial distribution date under the Plan and the date such other secured claim becomes an allowed other secured claim, or as soon thereafter as is practicable, in each case as determined by the Debtors and consented to by the Required Consenting First Lien Creditors.
Other Priority Claims	The allowed other priority claims of the Debtors shall be unimpaired. Except to the extent that a holder of an allowed other priority claim and the Debtors agree to less favorable treatment to such holder, each holder of an allowed other priority claim shall be paid in full in cash on the later of the initial distribution date under the Plan and thirty (30) days after the date when such other priority claim is allowed; provided, however, that other priority claims that arise in the ordinary course of the Debtors' business and which are not due and payable on or before the Effective Date shall be paid in the ordinary course of

	business in accordance with the terms thereof.
Unsecured Claims	[Treatment TBD] Unsecured Claims shall include all general unsecured claims against the Debtors, including, without limitation, (i) any deficiency claims on account of the Secured Debt Claims; (ii) Unsecured Note Claims, (iii) if applicable, claims on account of the Company's withdrawal from the UMWA 1974 Multi-Employer Pension Plan, (iv) if applicable, claims on account of modifying the Company's OPEB obligations, (v) any other unsecured labor-related claims and (vi) unsecured trade claims.
Intercompany Claims and Intercompany Interests	"Intercompany Claims" means (a) any claim held by one of the Debtors against any other Debtor or Non-Debtor Subsidiary, including, without limitation, (i) any account reflecting intercompany book entries by such Debtor with respect to any other Debtor or Non-Debtor Subsidiary, (ii) any claim not reflected in book entries that is held by such Debtor, and (iii) any derivative claim asserted or assertable by or on behalf of such Debtor against any other Debtor or Non-Debtor Subsidiary; or (b) any claim held by any Non-Debtor Subsidiary against Walter Energy or any other Debtor or other Non-Debtor Subsidiary, including, without limitation, (i) any account reflecting intercompany book entries by such Non-Debtor Subsidiary and the Debtor or Non-Debtor Subsidiary with respect to any other Non-Debtor Subsidiary or Debtor or Non-Debtor Subsidiary, (ii) any claim not reflected in book entries that is held by such Non-Debtor Subsidiary or Debtor, and (iii) any derivative Claim asserted or assertable by or on behalf of such Debtor or Non-Debtor Subsidiary against any other Debtor or Non-Debtor Subsidiary. "Intercompany Interest" means any Interest held by Walter Energy in any of the other Debtors or Non-Debtor Subsidiaries, or held by any of the Debtors or Non-Debtor Subsidiaries in any other Debtor or Non-Debtor Subsidiary, or other investments in the form of Interests in non-debtor entities. Except as otherwise provided for in the Plan or the Restructuring Support Agreement, each Intercompany Claim and each Intercompany Interest shall, at the option of the Reorganized Debtors, be either (i) reinstated, (ii) released, waived, and discharged, (iii) treated as a dividend, or (iv) contributed to capital or exchanged for equity of a subsidiary of Walter Energy.
Old Common Stock Claims and Old Common Stock	Holders of Old Common Stock Claims and Old Common Stock shall not receive any distribution on account thereof, and such Old Common Stock Claims and Old Common Stock shall be

	discharged and canceled on the Effective Date.
Other Provisions of the Plan	
Other Provisions	The Plan shall contain other terms and conditions as agreed to by the Debtors and the Required Consenting First Lien Creditors.
Exit Financing	That certain financing arrangement to be entered into by the Reorganized Debtors on the Effective Date, which shall be in form and substance acceptable to the Debtors and the Required Consenting First Lien Creditors.
Executory Contracts and Unexpired Leases	To the extent necessary in connection with the Plan, the Debtors shall seek to assume pursuant to, *inter alia*, section 365 of the Bankruptcy Code, those executory contracts and unexpired leases that may be mutually agreed upon by the Debtors and the Required Consenting First Lien Creditors. The Reorganized Debtors shall indemnify any person who served or was employed by the Debtors as one of the Debtors' directors, officers or employees if that person served or was employed in such capacity as of the Petition Date and as of the Effective Date for any claims arising from and after the Petition Date to the Effective Date; provided, however, that in no event shall any of the Reorganized Debtors be obligated for amounts that have been determined by final order to have resulted from gross negligence, willful misconduct, fraud intentional tort or criminal conduct.
Tax Related Issues (Structuring & Otherwise)	The Debtors shall work with the Consenting First Lien Creditors and shall use good-faith efforts to structure the Plan to the maximum extent possible in a tax-efficient and cost-effective manner for the benefit of the parties to the Restructuring Support Agreement and the Reorganized Debtors.
Corporate Governance/Board Membership	Corporate governance shall be determined by the Required Consenting First Lien Creditors. On the Effective Date, the members of the new board of Reorganized Walter Energy (the "New Board") will comprise those individuals selected by such Required Consenting First Lien Creditors.
Management Incentive Plan and Other Employee Benefit Plans	Following the Effective Date, Reorganized Walter Energy shall reserve an aggregate amount of up to 10% of the New Walter Energy Common Stock (on an as-diluted basis) for distribution to certain employees (the "Management Incentive Plan"). The terms of the Management Incentive Plan shall be determined by the New Board. Treatment of other employee benefit plans [TBD].

Conditions Precedent to Confirmation of the Plan	Confirmation of the Plan is subject to: • The Bankruptcy Court having entered an order in form and substance acceptable to the Debtors and the Required Consenting First Lien Creditors, approving the Disclosure Statement (as defined in the Restructuring Support Agreement) as containing adequate information within the meaning of section 1125 of the Bankruptcy Code. • The Plan and all documents contained in any Plan supplement, including any exhibits, schedules, amendments, modifications or supplements thereto, having been filed in substantially final form and in form and substance acceptable to the Debtors and the Required Consenting First Lien Creditors; provided, however, that the Corporate Governance Documents (as defined in the Restructuring Support Agreement) shall be acceptable only to the Required Consenting First Lien Creditors. • The Bankruptcy Court having entered an order or orders with respect to each Retiree Group (as defined below) approving (a) a settlement with respect to each Retiree Group with the applicable authorized representative of the respective retirees or the retiree committee, in form and substance acceptable to the Debtors and the Required Consenting First Lien Creditors, or (b) a motion under section 1114 of the Bankruptcy Code authorizing termination of retiree benefits (as defined in section 1114 of the Bankruptcy Code) being received by United Mine Workers of America ("UMWA") retirees, United Steelworkers ("USW") retirees, or non-union retirees (each, a "Retiree Group"), in each case in form and substance acceptable to the Debtors and the Required Consenting First Lien Creditors. • The Bankruptcy Court having entered an order or orders approving (a) a settlement with the authorized representative for the UMWA and the USW, in form and substance acceptable to the Debtors and the Required Consenting First Lien Creditors, with respect to the applicable Collective Bargaining Agreement, or (b) a motion under section 1113 of the Bankruptcy Code in form and substance acceptable to the Debtors and the Required Consenting First Lien Creditors rejecting the Collective Bargaining Agreements with the USWA and/or USW, as applicable, in each case in form and substance acceptable to the Debtors and the Required

	Consenting First Lien Creditors.
Conditions Precedent to Consummation of the Plan	Unless waived in writing by the Debtors, on the one hand, and the Required Consenting First Lien Creditors, on the other hand, the occurrence of the Effective Date shall be subject to the satisfaction of such conditions precedent agreed upon by the Required Consenting First Lien Creditors and the Debtors, including, without limitation, the following: • The Restructuring Support Agreement shall have been assumed by the Debtors pursuant to an order of the Bankruptcy Court and shall not have been terminated in accordance with its terms. • Negotiation, execution and delivery of definitive documentation with respect to the Plan and any Plan supplement documents, in a form and substance acceptable to the Required Consenting First Lien Creditors and the Debtors, and otherwise consistent with the terms and conditions described in this Term Sheet or the Restructuring Support Agreement, as applicable; provided, however, that the Corporate Governance Documents shall be acceptable only to the Required Consenting First Lien Creditors. • The Bankruptcy Court shall have entered the Confirmation Order (as defined in the Restructuring Support Agreement) in form and substance acceptable to the Debtors and the Required Consenting First Lien Creditors, and the Confirmation Order shall be a Final Order. • As of the effective date of the Plan, the aggregate amount of all allowed or projected Administrative and Priority Claims (as defined in the Restructuring Support Agreement) shall not exceed $10.0 million, which projections the Company, in consultation with the Holder Parties' Advisors (as defined in the Restructuring Support Agreement), shall reasonably formulate in advance of the confirmation hearing in connection with the Plan. For purposes hereof, "Administrative and Priority Claims" means any non-ordinary course administrative expense claims and non-ordinary course priority tax claims. For the avoidance of doubt, Administrative and Priority Claims do not include any claims for fees and expenses of any professional, claims arising under sections 503(b)(9) or 507(b) of the Bankruptcy Code, post-petition operating expenses, severance obligations and payments, ordinary course administrative and priority tax claims, cure amounts related to assumed executory contracts, reclamation and environmental obligations, Coal Act and Black Lung

	obligations, and employee and retiree benefit obligations accrued in the ordinary course of business prior to implementing relief under sections 1113 and 1114 of the Bankruptcy Code. • On and simultaneously with the occurrence of the Effective Date, the Debtors shall have closed on the Exit Financing, which Exist Financing shall be in form and substance acceptable to the Debtors and the Required Consenting First Lien Creditors.
Releases	To the fullest extent permitted by applicable law, the Plan shall contain customary releases.
Exculpation and Injunctions	The Plan shall contain customary exculpation and injunction provisions.
Claims of the Debtors	The Reorganized Debtors 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 and the Restructuring Support Agreement.
Discharge of the Debtors	The Plan shall contain customary discharge provisions.
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 the Credit Agreement, the First Lien Notes Indenture, the Second Lien Notes Indenture, the 9.875% Notes Indenture and the 8.50% Notes Indenture, shall be cancelled, and the obligations of the Debtors thereunder or in any way related thereto shall be deemed satisfied in full and discharged; provided, however, that any such agreement shall continue in effect solely to allow holders of Claims to receive distributions under the Plan, allow holders of claims to retain their respective rights and obligations vis-à-vis other holders of claims pursuant to applicable governing documents, and to preserve any charging liens of the indenture trustees under the applicable indentures.
Issuance of New Securities; Execution of the Plan Restructuring Documents	On the Effective Date, the Reorganized Debtors shall issue and execute all securities, notes, instruments, certificates, and other documents required to be issued and executed in accordance with the Plan.
Miscellaneous	Surety Bonds. The Debtors shall maintain their existing surety and reclamation bonds in place, as may be amended from time to time on commercially reasonable terms and conditions. Except as otherwise provided in this Term Sheet, all outstanding letters

	of credit that currently backstop the Debtors' existing surety and reclamation bonds shall be reinstated or replaced in their face amount under the Exit Financing. No Admission. Nothing in the Term Sheet is or shall be deemed to be an admission of any kind.

Exhibit A

Debtors	Non-Debtor Subsidiaries (Canada)	Non-Debtor Subsidiaries (U.K. and Other)
Walter Energy, Inc.	Walter Energy Canada Holdings, Inc.	Energybuild Group Limited
Atlantic Development and Capital, LLC	Walter Canadian Coal Partnership	Energybuild Holdings Ltd.
Atlantic Leaseco, LLC	Wolverine Coal ULC	Energybuild Opencast Ltd.
Blue Creek Coal Sales, Inc.	Wolverine Coal Partnership	Energybuild Mining Ltd.
Blue Creek Energy, Inc.	Brule Coal ULC	Energybuild Ltd.
J.W. Walter, Inc.	Brule Coal Partnership	Mineral Extraction and Handling Ltd.
Jefferson Warrior Railroad Company, Inc.	Cambrian Energybuild Holdings ULC	Black Warrior Methane Corp.
Jim Walter Homes, LLC	Willow Creek Coal ULC	Black Warrior Transmission Corp.
Jim Walter Resources, Inc.	Willow Creek Coal Partnership	Cardem Insurance Co. Ltd.
Maple Coal Co., LLC	Pine Valley Coal Ltd.	
Sloss-Sheffield Steel & Iron Company	0541237 BC, Ltd.	
SP Machine, Inc.	Belcourt Saxon Coal Ltd.	
Taft Coal Sales & Associates, Inc.	Belcourt Saxon Coal Limited Partnership	
Tuscaloosa Resources, Inc.		
V Manufacturing Company		
Walter Black Warrior Basin LLC		
Walter Coke, Inc.		
Walter Energy Holdings,		

LLC		
Walter Exploration & Production LLC		
Walter Home Improvement, Inc.		
Walter Land Company		
Walter Minerals, Inc.		
Walter Natural Gas, LLC		

APPENDIX 2

ENERGY FUTURE HOLDINGS CORP.

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 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 in accordance with Section 2, this "**Agreement**") is made and entered into as of April 29, 2014, by and among the following parties:

i. Energy Future Holdings Corp., a Texas corporation ("**EFH**");[1]

ii. Energy Future Intermediate Holding Company LLC ("**EFIH**"), a Delaware limited liability company and a direct, wholly-owned subsidiary of EFH;

iii. EFH Corporate Services Company ("**EFH Corporate Services**"), a Delaware corporation and a direct, wholly-owned subsidiary of EFH;

iv. EFIH Finance Inc. ("**EFIH Finance**,"), a Delaware corporation and a direct, wholly-owned subsidiary of EFIH;

v. Energy Future Competitive Holdings Company LLC ("**EFCH**"), a Delaware limited liability company and a direct, wholly-owned subsidiary of EFH;

vi. Texas Competitive Electric Holdings Company LLC ("**TCEH**"), a Delaware limited liability company and a direct, wholly-owned subsidiary of EFCH;

vii. each of TCEH's direct and indirect subsidiaries listed on the signature pages hereto (the "**TCEH Subsidiaries**," and together with TCEH and EFCH, the "**TCEH Debtors**," and, together with each of the foregoing entities identified in sub-clauses (i) and (vii) a "**Debtor**" and, collectively, the "**Debtors**");

viii. Texas Energy Future Holdings Limited Partnership ("**Texas Holdings**"), a Texas limited partnership, which holds approximately 99.26% of the outstanding Interests in EFH (the "**EFH Interests**");

ix. Texas Energy Future Capital Holdings LLC, a Delaware limited liability company and the general partner of Texas Holdings ("**TEF**" and, together with Texas Holdings, the "**Consenting Interest Holders**");

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[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** (the "**Term Sheet**"), subject to Section 2 hereof.

x. the undersigned lenders or investment advisors or managers of discretionary accounts that hold claims[2] pursuant to the TCEH Credit Agreement against EFCH, TCEH, and the TCEH Subsidiaries under the TCEH Credit Agreement (such claims, the "**TCEH Credit Agreement Claims**" and, collectively, the "**Consenting TCEH First Lien Lenders**");

xi. the undersigned holders or investment advisors or managers of discretionary accounts that hold claims against EFCH, TCEH, and the TCEH Subsidiaries under the TCEH First Lien Notes issued pursuant to the TCEH First Lien Note Indenture (such claims, the "**TCEH First Lien Note Claims**" and, collectively, the "**Consenting TCEH First Lien Noteholders**" and, together, with the Consenting TCEH First Lien Lenders, the "**Consenting TCEH First Lien Creditors**");

xii. the undersigned holders or investment advisors or managers of discretionary accounts that hold claims against EFIH and EFIH Finance under the EFIH First Lien Notes issued pursuant to the EFIH First Lien Indentures (collectively, the "**Consenting EFIH First Lien Noteholders**");

xiii. the undersigned holders or investment advisors or managers of discretionary accounts that hold claims against EFIH and EFIH Finance under the EFIH Second Lien Notes issued pursuant to the EFIH Second Lien Note Indenture (collectively, the "**Consenting EFIH Second Lien Noteholders**");

xiv. the undersigned holders or investment advisors or managers of discretionary accounts that hold claims against EFIH and EFIH Finance under the EFIH Unsecured Notes issued pursuant to the EFIH Unsecured Note Indentures (collectively, the "**Consenting EFIH Unsecured Noteholders**");

xv. the undersigned holders or investment advisors or managers of discretionary accounts that hold claims against EFH, EFIH, and EFCH under the EFH Unsecured Notes issued pursuant to the EFH Unsecured Indentures, but excluding any EFH Unsecured Notes held by EFIH (collectively, the "**Consenting EFH Unsecured Noteholders**," and/or together with the Consenting TCEH First Lien Creditors, the Consenting EFIH First Lien Noteholders, the Consenting EFIH Second Lien Noteholders, and the Consenting EFIH Unsecured Noteholders, (in each case, as to their respective issuance, and to the extent still a party thereto, the "**Consenting Creditors**"); and

xvi. each transferee who becomes a Permitted Transferee (as defined below) in accordance with Section 4.04 of this Agreement (each of the foregoing described in sub-clauses (i) through (xvi), a "**Party**" and, collectively, the "**Parties**"). Each Consenting Interest Holder, each Consenting Creditor, and each Permitted Transferee (if any) is a "**Restructuring Support Party**" and are collectively referred to herein as the "**Restructuring Support Parties**."

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[2] As used herein the term "**claim**" has the meaning ascribed to such term as set forth in section 101(5) of the Bankruptcy Code.

RECITALS

WHEREAS, the Debtors and the Restructuring Support Parties have negotiated certain restructuring and recapitalization transactions with respect to the Debtors' capital structure, including the Debtors' respective obligations under each of the following: (i) the TCEH Credit Agreement; (ii) the TCEH First Lien Notes; (iii) the TCEH First Lien Commodity Hedges (but without respect to any setoff rights that a counterparty to a TCEH First Lien Commodity Hedge may have against TCEH); (iv) the TCEH First Lien Interest Rate Swaps (but without respect to any setoff rights that a counterparty to a TCEH First Interest Rate Swap may have against TCEH); (v) the EFIH First Lien Notes; (vi) the EFIH Second Lien Notes; (vii) the EFIH Unsecured Notes; (viii) the EFH Unsecured Notes; and (ix) the claims arising under the indentures listed on **Exhibit B** hereto (such claims, the "**Notes Claims**");

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 District of Delaware (such court, or another bankruptcy court of competent jurisdiction with respect to the subject matter, the "**Bankruptcy Court**") to effect the restructuring through a prenegotiated chapter 11 plan of reorganization (as may be amended or supplemented from time to time in accordance with the terms of this Agreement, the "**Plan**"), all of which shall be on the terms and conditions described in this Agreement (such transactions, the "**Restructuring Transactions**");

WHEREAS, those Restructuring Support Parties that are party to the commitment letter attached hereto as **Exhibit C** (collectively, the "**Commitment Parties**"[3] and such letter (including the exhibits thereto), the "**Commitment Letter**") have agreed in accordance with the terms and conditions specified in the Commitment Letter to fund the EFIH Second Lien DIP Financing in an amount of up to $2 billion (the "**Investment Commitment**"); and

WHEREAS, the Debtors and the Consenting Interest Holders, as the direct or indirect owners of EFH, EFIH, EFIH Finance, EFCH, TCEH, and the TCEH Subsidiaries, have agreed to take certain actions in support of the Restructuring Transactions on the terms and conditions set forth in this Agreement, the Commitment Letter, and the Term Sheet.

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:

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 on which: (a)(i) the Debtors shall have executed and delivered counterpart signature pages of this Agreement to counsel to the Consenting Interest Holders and counsel to the Consenting Creditors; (ii) holders of at least 40% of the aggregate outstanding principal amount of the TCEH Credit Agreement

[3] For the avoidance of doubt, as used herein, the terms "**Consenting Creditors** and "**Restructuring Support Parties**" include the Commitment Parties in their capacities as such.

Claims and the TCEH First Lien Note Claims (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 the Debtors counterpart signature pages of this Agreement; (iii) holders of at least 70% of the outstanding principal amount of each of the EFIH Unsecured Note Claims and the EFH Unsecured Note Claims (in each case 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 the Debtors counterpart signature pages of this Agreement; (iv) holders of at least 10% of the outstanding principal amount of the EFIH First Lien Note Claims (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) held by Fidelity shall have executed and delivered to the Debtors counterpart signature pages of this Agreement (the "**Consenting Fidelity EFIH First Lien Noteholders**"); (v) holders of at least 19% of the outstanding principal amount of the EFIH First Lien Note Claims (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) held by holders other than Fidelity shall have executed and delivered to the Debtors counterpart signature pages of this Agreement (the "**Consenting Non-Fidelity EFIH First Lien Noteholders**"); (vi) holders of at least 25% of the outstanding principal amount of the EFIH Second Lien Note Claims (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) held by Fidelity shall have executed and delivered to the Debtors counterpart signature pages of this Agreement; and (vii) each of the Consenting Interest Holders shall have executed and delivered to the Debtors counterpart signatures of this Agreement; (b) each of the Commitment Parties shall have executed and delivered to the Debtors counterpart signatures to the Commitment Letter; (c) EFH and EFIH shall have paid the Execution Fee (as defined in the Commitment Letter); (d) the Debtors shall have paid all reasonable and documented fees and expenses incurred through the Agreement Effective Date (as defined below) for the professionals identified in Section 10 in the amounts set forth in **Schedule 1** attached hereto (including the request to increase or replenish the retainers as set forth on Schedule 1); and (e) the Debtors have given notice to counsel to the Consenting Interest Holders and counsel to the Consenting Creditors in accordance with Section 11.11 hereof that each of the foregoing conditions set forth in this Section 1, in each case, has been satisfied and this Agreement is effective; in each instance, on or before April 29, 2014 (such date, the "**Agreement Effective Date**").[4]

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 the 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 Transactions (collectively, the "**Plan Restructuring Documents**") shall

[4] For the avoidance of doubt, the obligations and rights of the Consenting Creditors described in this Agreement shall apply to any postpetition claims acquired by such Consenting Creditors in accordance with the Restructuring Transactions.

consist of: (a) the motion to assume this Agreement pursuant to sections 105(a) and 365 of the Bankruptcy Code and the performance by the Debtors of their obligations hereunder (the "**RSA Assumption Motion**") and the order approving the RSA Assumption Motion (the "**RSA Assumption Order**"); (b) the Plan (and all exhibits thereto); (c) the Confirmation Order and pleadings in support of entry of the Confirmation Order; (d) the Disclosure Statement, the other solicitation materials in respect of the Plan (such materials, collectively, the "**Solicitation Materials**"), the motion to approve the Disclosure Statement, and the order entered by the Bankruptcy Court approving the Disclosure Statement and Solicitation Materials as containing, among other things, "adequate information" as required by section 1125 of the Bankruptcy Code (the "**Disclosure Statement Order**"); (e) the documentation in respect of the EFIH First Lien DIP Financing (including related motions and orders); (f) the documentation in respect of the EFIH Second Lien DIP Financing (including related motions and orders); (g) the Oncor TSA Amendment; (h) the IRS Submissions and the Private Letter Ruling, (i) the Conversion Agreement (as defined in the Commitment Letter) (including any related order); (j) the motion (the "**Approval Motion**") and related orders to obtain entry of (i) an order (the "**Approval Order**") authorizing, among other things, (A) the EFIH First Lien Settlement, (B) the EFIH Second Lien Settlement; and (C) EFH and EFIH to perform their obligations under the Commitment Letter, including the payment of professionals' fees on the terms set forth in the Commitment Letter and (ii) an order (the "**Oncor TSA Amendment Order**") authorizing the Oncor TSA Amendment, all in a manner consistent with the terms of this Agreement; (k) the documentation in respect of the EFIH First Lien Settlement (including the related order); (l) the documentation in respect of the EFIH Second Lien Settlement (including the related order); (m) any pleadings or orders related to the EFIH First Lien Makewhole Claim and/or EFIH Second Lien Makewhole Claim (collectively, the "**Make-Whole Pleadings**"); (n) all other documents that will comprise the Plan Supplement; and (o) a motion seeking entry of an order and the resulting order restricting transfers of claims against the Debtors to the extent such transfers would adversely affect the Debtors' ability to obtain any required regulatory consents (the "**Trading Motion**"). The Plan Restructuring Documents remain 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 otherwise be in form and substance reasonably acceptable to each of (i) the Debtors, (ii) the Consenting Interest Holders, and (iii) the Required Consenting Creditors; provided, however, that, only EFH, EFIH, the Consenting Fidelity EFIH First Lien Noteholders, the Consenting EFIH Second Lien Noteholders, the Consenting EFH Unsecured Noteholders, and the Required EFIH Unsecured Consenting Creditors, and no other Restructuring Support Party, shall have the foregoing rights described in this Section 3 over those documents pertaining exclusively to the Restructuring Transactions and Chapter 11 Cases of EFH and EFIH; provided, further, that the Approval Order, the Oncor TSA Amendment Order, and the Make-Whole Pleadings shall be in form and substance reasonably satisfactory to EFH, EFIH, the Consenting Fidelity EFIH First Lien Noteholders, the Consenting EFH Unsecured Noteholders, and the Required EFIH Unsecured Consenting Creditors only (and no other Restructuring Support Party shall have the foregoing rights) provided, further, the new EFH/EFIH debt and equity documents (including the Conversion Agreement) and the EFH and EFIH corporate governance documents (including the selection of the board of directors and officers of such entities) shall be in form and substance satisfactory to the Required EFIH Unsecured Consenting Creditors only, in each case, subject to the terms and conditions specified in the Term Sheet, and the Required EFIH Unsecured

Consenting Creditors shall reasonably consult with the Consenting EFH Creditors in connection with the EFH and EFIH corporate governance documents; provided, further, that only TCEH and the Consenting TCEH First Lien Creditors, and no other Restructuring Support Party, shall have consent rights over those documents pertaining exclusively to the Restructuring Transactions and Chapter 11 cases of the TCEH Debtors. Additionally, each Consenting Non-Fidelity EFIH First Lien Noteholder shall have reasonable consent rights over all definitive documentation (and orders) in respect of the terms and conditions not otherwise addressed in the Term Sheet regarding each of the EFIH First Lien DIP Financing (and related orders), the Approval Motion, the Approval Order, the RSA Assumption Motion, and the RSA Assumption Order. As used herein, the term "**Required Consenting Creditors**" means, at any relevant time: (a) at least three (3) members of the Ad Hoc TCEH Committee who collectively hold at least 50.1% of the TCEH First Lien Claims held by the members of the Ad Hoc TCEH Committee (the "**Consenting Ad Hoc TCEH Committee**"); (b) Consenting Creditors holding at least 50.1% of the EFIH First Lien Note Claims held by all Consenting Creditors; (c) Consenting Creditors holding at least 50.1% of the EFIH Second Lien Note Claims held by all Consenting Creditors; (d) Consenting Creditors holding at least 50.1% of the EFH Unsecured Note Claims held by all Consenting Creditors; and (e) at least three (3) investment advisors that manage and/or advise funds or accounts that beneficially own, collectively, at least 66.67% of the EFIH Unsecured Note Claims held by all Consenting Creditors (the "**Required EFIH Unsecured Consenting Creditors**").

Section 4. ***Commitments Regarding the Restructuring Transactions.***

4.01. Commitment of the Consenting Creditors.

(a) During the period beginning on the Agreement Effective Date and ending on a Termination Date (as defined in Section 8.11) (such period, the "**Effective Period**"):

(i) each of the Consenting Creditors that is entitled to accept or reject the Plan pursuant to its terms agrees that it shall, subject to the receipt by such Consenting Creditor of the Disclosure Statement and the Solicitation Materials, in each case, approved by the Bankruptcy Court as containing "adequate information" as such term is defined in section 1125 of the Bankruptcy Code:

(A) to the extent a class of claims is permitted to vote to accept or reject the Plan, vote each of its claims (including each of its TCEH First Lien Claims, EFIH Unsecured Note Claims, EFH Unsecured Note Claims, EFIH First Lien Note Claims, EFIH Second Lien Note Claims, the Notes Claims, the TCEH DIP Claims, the EFIH First Lien DIP Claims, the EFIH Second Lien DIP Claims, and any other claims against the applicable Debtor) (such Claims, together with the EFH Interests, the Texas Holdings Interests, and the TEF Interests, collectively, the "**Debtor Claims/Interests**") to accept the Plan by delivering its duly executed and completed ballot(s) accepting the Plan on a timely basis following the commencement of the solicitation and its actual receipt of the Solicitation Materials and ballot; and

(B) not change or withdraw (or cause to be changed or withdrawn) such vote;

(ii) each Consenting Creditor further agrees that it shall not directly or indirectly (A) object to, delay, impede, or take any other action to interfere with the acceptance, implementation, or consummation of the Restructuring Transactions, (B) propose, file, support, or vote for any restructuring, workout, plan of arrangement, or plan of reorganization for the Debtors other than the Restructuring Transactions, or (C) direct the Agents[5] (as applicable) to take any action contemplated in (A) and (B) of this Section 4.01(a)(ii); provided, however, that to the extent a Consenting Creditor directs the Agents (as applicable) not to take an action contemplated in (A) and (B) of this Section 4.01(a)(ii), such direction shall not be construed in any way as requiring any Consenting Creditor to provide an indemnity to the applicable Agent, or to incur or potentially incur any other liability, in connection with such direction; and

(iii) upon the commencement by the Debtors of the Chapter 11 Cases, and subject to Section 8.12, the automatic stay is invoked and each Consenting Creditor agrees that, except to the extent expressly contemplated under the Plan and this Agreement, it will not, and will not direct the Agents (as applicable) to, exercise any right or remedy for the enforcement, collection, or recovery of any of the Debtor Claims/Interests, and any other claims against any direct or indirect subsidiaries of the Debtors that are not Debtors; provided, however, that to the extent a Consenting Creditor directs the Agents (as applicable) to not take any action contemplated in the foregoing provision, such direction shall not be construed in any way as requiring any Consenting Creditor to provide an indemnity to the applicable Agent, or to incur or potentially incur any other liability, in connection with such direction; provided, further, however, that for the avoidance of doubt, upon (A) the termination of this Agreement or (B) termination of the automatic stay as to property or interests in property which secure any such claims upon motion by a person or entity other than a Consenting Creditor, each Consenting

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[5] For purposes of the Agreement, the term "**Agent**" means any of the following (and each of their respective successors and assigns): (a) Citibank, N.A., in its capacity as: (i) administrative agent under the TCEH Credit Agreement; (ii) administrative and collateral agent with respect to certain TCEH First Lien Claims pursuant to the Amended and Restated Collateral Agency and Intercreditor Agreement, dated as of August 7, 2009 (as may be amended, restated, or supplemented); and (iii) senior collateral agent and representative with respect to certain TCEH First and Second Lien Claims pursuant to the Second Lien Intercreditor Agreement, dated as of October 6, 2010 (as may be amended, restated, or supplemented, the "**TCEH Second Lien Intercreditor Agreement**"); (b) The Bank of New York Mellon Trust Company, N.A., in its capacity as: (i) collateral trustee with respect to certain EFIH Second Lien Notes Claims pursuant to the Collateral Trust Agreement (as may be amended, restated or supplemented); (ii) indenture trustee with respect to certain EFIH Senior Toggle Note Claims pursuant to the EFIH Senior Toggle Note Indenture; (iii) indenture trustee with respect to certain EFIH Unexchanged Note Claims pursuant to the EFIH Unexchanged Note Indenture; (iv) indenture trustee with respect to certain TCEH First Lien Note Claims pursuant to the TCEH First Lien Note Indenture; (v) EFH Notes Trustee; (vi) EFH LBO Notes Trustee; (vii) indenture trustee with respect to certain EFIH Second Lien Note Claims; and (viii) initial second priority representative under the TCEH Second Lien Intercreditor Agreement; (c) CSC Trust Company of Delaware in its capacity as: (i) collateral trustee with respect to certain EFIH First Lien Note Claims pursuant to the Collateral Trust Agreement (as may be amended, restated, or supplemented); (ii) collateral trustee with respect to certain EFIH First Lien Note Claims pursuant to that certain junior lien pledge agreement, dated as of April 25, 2011 (as may be amended, restated or supplemented); and (iii) indenture trustee with respect to certain EFIH First Lien Note Claims; (d) Wilmington Savings Fund Society, FSB, in its capacity as indenture trustee with respect to certain TCEH Second Lien Note Claims; (e) Law Debenture Trust Company of New York, in its capacity as indenture trustee with respect to certain TCEH Unsecured Note Claims; and (f) UMB Bank, N.A., in its capacity as: (i) indenture trustee with respect to certain EFIH Senior Toggle Note Claims pursuant to the EFIH Senior Toggle Note Indenture; and (ii) indenture trustee with respect to certain EFIH Unexchanged Note Claims pursuant to the EFIH Unexchanged Note Indenture.

Creditor may, after notifying counsel to the Debtors in accordance with Section 11.11(a), exercise such right or remedy.

(b) The foregoing sub-clause (a) of this Section 4 will not limit any of the following Consenting Creditor rights, to the extent consistent with this Agreement:

(i) to appear and participate as a party in interest in any matter to be adjudicated in the Chapter 11 Cases, so long as such appearance and the positions advocated in connection therewith are not inconsistent with this Agreement and do not hinder, delay, or prevent consummation of the Restructuring Transactions;

(ii) under any applicable credit agreement, indenture, other loan document or applicable law; or

(iii) to take or direct any action relating to maintenance, protection, or preservation of any collateral.

(c) (i) It shall not be a violation of this Agreement, and no Restructuring Support Party will assert that it is an "Event of Default" under the TCEH Cash Collateral Order, if the Ad Hoc TCEH Committee or any of its members, within the Challenge Period (as defined in the TCEH Cash Collateral Order), seeks standing to commence, and if granted standing, assert and prosecute any Claims, objections or other Causes of Action relating to the validity, allowability, enforceability, priority, avoidance, or subordination of the TCEH 2012 Incremental Term Loans or the liens and security interests that secure the TCEH 2012 Incremental Term Loans (other than against the holders of EFH Interests, the Debtors' directors, the Debtors' officers, and each of their respective affiliates), and (ii) if any Consenting Creditor(s) (or the Claims beneficially held by such Consenting Creditor) or Consenting Interest Holder(s) becomes the subject of any Cause of Action commenced, or for which court authority is requested to commence, including in respect of any Cause of Action set forth in clause (i) above, by any other person in connection with these Chapter 11 Cases or related to the Debtors, then such Consenting Creditors or Consenting Interest Holder(s) shall be entitled to assert (or seek authority to assert) and prosecute any and all defenses, counterclaims, cross-complaints, cross-claims, and other claims relating in any way to such Cause of Action (other than against the holders of EFH Interests, the Debtors' directors, the Debtors' officers, and each of their respective affiliates) (such Claims, objections, or other Causes of Action described in this Section 4.01(c), a "**Permitted Cause of Action**").

4.02. Commitment of the Consenting Interest Holders.

(a) During the Effective Period, each of the Consenting Interest Holders agrees that it shall not, directly or indirectly, (i) object to, delay, impede, or take any other action to interfere with acceptance, implementation, or consummation of the Restructuring Transactions or (ii) propose, file, support, or vote for any restructuring, workout, plan of arrangement, or plan of reorganization for the Debtors other than the Restructuring Transactions.

(b) Each Consenting Interest Holder agrees to (i) support and take all necessary steps to effectuate the Restructuring Transactions, including timely providing all requisite consents and approvals as required in order for the Debtors to file for relief under chapter 11 of the Bankruptcy Code under that certain Amended and Restated Limited Liability Company

Agreement of Texas Energy Future Capital Holdings LLC, dated as of October 10, 2007, by and among the parties thereto and (ii)(A) to the extent it is entitled to accept or reject the Plan pursuant to its terms that it shall, subject to the receipt by such Consenting Interest Holder of the Disclosure Statement and the Solicitation Materials, in each case, approved by the Bankruptcy Court as containing "adequate information" as such term is defined in section 1125 of the Bankruptcy Code, vote to accept the Plan by delivering its duly executed and completed ballot accepting the Plan on a timely basis following the commencement of the solicitation and its actual receipt of the Solicitation Materials and ballot, and (B) not change or withdraw (or cause to be changed or withdrawn) such vote.

(c) The foregoing sub-clause (a) and sub-clause (b) of this Section 4.02 will not limit any Consenting Interest Holder's rights to appear and participate as a party in interest in any matter to be adjudicated in the Chapter 11 Cases, so long as such appearance and the positions advocated in connection therewith are not inconsistent with the Restructuring Transactions and do not hinder, delay, or prevent consummation of the Restructuring Transactions.

4.03. Commitment of the Debtors.

(a) During the Effective Period and thereafter as required pursuant to clause (viii) below, the Debtors shall: (i) take all steps necessary or desirable to obtain orders of the Bankruptcy Court in respect of the Restructuring Transactions, including obtaining entry of the Confirmation Order; (ii) support and take all steps reasonably necessary or desirable to consummate the Restructuring Transactions in accordance with this Agreement, including the preparation and filing within the time-frame provided herein of the Plan Restructuring Documents; (iii) execute and deliver any other required agreements to effectuate and consummate the Restructuring Transactions; (iv) obtain any and all required regulatory and/or third-party approvals for the Restructuring Transactions; (v) complete the Restructuring Transactions within the time-frame provided herein; (vi) operate their business in the ordinary course, taking into account the Restructuring Transactions; (vii) not object to, delay, impede, or take any other action that is materially inconsistent with, or is intended or is likely to interfere in a material way with acceptance or implementation of the Restructuring Transactions; (viii) report income items to Consenting Creditors in a manner consistent with past practice; and (ix) file the Trading Motion at a time to be mutually agreed upon by the Debtors and the Required Consenting Creditors.

(b) The Debtors represent and warrant to the Consenting Creditors and the Consenting Interest Holders that there are no pending agreements (oral or written) or understandings, with respect to any plan of reorganization or liquidation, proposal, offer, dissolution, winding up, liquidation, reorganization, merger, consolidation, business combination, joint venture, partnership, sale of assets or equity interests or restructuring (other than the Restructuring Transactions) involving the Debtors, or any of their assets, properties or businesses (an "**Alternative Proposal**"). If the Debtors make or receive a written proposal or expression of interest regarding an Alternative Proposal, the Debtors shall promptly notify counsel to the Consenting Creditors and the Consenting Interest Holders of the receipt of any such proposal or expression of interest relating to an Alternative Proposal, with such notice to include the material terms thereof, including (unless prohibited by a separate agreement) the identity of the person or group of persons involved. The Debtors shall promptly furnish counsel

to the Consenting Creditors and the Consenting Interest Holders with copies of any written offer or other information that they make or receive relating to an Alternative Proposal and shall keep counsel to the Consenting Creditors and the Consenting Interest Holders fully informed of any material changes to such Alternative Proposal. The Debtors shall not enter into any confidentiality agreement with a party proposing an Alternative Proposal unless such party consents to identifying and providing to counsel to the Consenting Creditors and the Consenting Interest Holders (under a reasonably acceptable confidentiality agreement) the information contemplated under this Section 4.03(b).

(c) Notwithstanding anything to the contrary herein, nothing in this Agreement shall require the board of directors, board of managers, or such similar governing body of a Debtor to take any action, or to refrain from taking any action, with respect to the Restructuring Transactions to the extent such board of directors, board of managers, or such similar governing body determines, based on the advice of counsel, that taking such action, or refraining from taking such action, as applicable, is required to comply with applicable law or its fiduciary obligations under applicable law.

4.04. Transfer of Interests and Securities.

(a) During the Effective Period, no Consenting Interest Holder or Consenting Creditor shall sell, use, pledge, assign, transfer, permit the participation in, or otherwise dispose of (each, a "**Transfer**") any ownership (including any beneficial ownership)[6] in the Debtor Claims/Interests unless it satisfies all of the following requirements (a transferee that satisfies such requirements, a "**Permitted Transferee**," and such Transfer, a "**Permitted Transfer**"):

(i) the intended transferee executes and delivers to counsel to the Debtors on the terms set forth below an executed form of the transfer agreement in the form attached hereto as **Exhibit D** (a "**Transfer Agreement**") before such Transfer is effective (it being understood that any Transfer shall not be effective as against the Debtors until notification of such Transfer and a copy of the executed Transfer Agreement is received by counsel to the Debtors, in each case, on the terms set forth herein); and

(ii) the intended transferee, the intended transferee's affiliates, and/or any unaffiliated third-party in which the intended transferee has a beneficial ownership, or any group of persons acting pursuant to a plan or arrangement as described in Treasury Regulation Section 1.355-6(c)(4) (provided, however, that for purposes of this Section 4.04(a)(ii), none of the Consenting Interest Holders or Consenting Creditors will be treated as acting pursuant to a plan or arrangement as a result of participating in the Plan and Restructuring Transactions), will not, after giving effect to such Transfer, (A) have beneficial ownership of, in the aggregate, fifty percent (50%) or more of TCEH First Lien Claims, EFIH Second Lien DIP Claims, or the Texas Holdings Interests or TEF Interests or (B) have, assuming the Restructuring Transactions were to be consummated immediately upon such Transfer, beneficial ownership of, in the aggregate,

[6] As used herein, the term "**beneficial ownership**" means the direct or indirect economic ownership of, and/or the power, whether by contract or otherwise, to direct the exercise of the voting rights and the disposition of, the Debtor Claims/Interests or the right to acquire such Claims or Interests.

fifty percent (50%) or more of the Reorganized TCEH Common Stock, the Reorganized EFH Common Stock, or the Texas Holdings Interests or TEF Interests.

(b) [Reserved.]

(c) Notwithstanding anything to the contrary herein, (i) the foregoing provisions shall not preclude any Consenting Creditor from settling or delivering securities or bank debt to settle any confirmed transaction pending as of the date of such Consenting Creditor's entry into this Agreement (subject to compliance with applicable securities laws and it being understood that such Debtor Claims/Interests so acquired and held (i.e., not as a part of a short transaction) shall be subject to the terms of this Agreement), and (ii) a Qualified Marketmaker[7] (as defined below) that acquires any of the Debtor Claims/Interests with the purpose and intent of acting as a Qualified Marketmaker for such Debtors Claims/Interests, shall not be required to execute and deliver to counsel a Transfer Agreement or otherwise agree to be bound by the terms and conditions set forth in this Agreement if such Qualified Marketmaker transfers such Debtor Claims/Interests (by purchase, sale, assignment, participation, or otherwise) within five (5) business days of its acquisition to a Consenting Interest Holder, Consenting Creditor, or Permitted Transferee (including, for the avoidance of doubt, the requirement that such transferee execute a Transfer Agreement) and the transfer otherwise is a Permitted Transfer.

(d) This Agreement shall in no way be construed to preclude the Consenting Interest Holders or Consenting Creditors from acquiring additional Debtor Claims/Interests; provided, however, that (i) any Consenting Interest Holder or Consenting Creditor that acquires additional Debtor Claims/Interests, as applicable, after the Agreement Effective Date shall promptly notify the Debtors of such acquisition including the amount of such acquisition and (ii) such acquired Debtor Claims/Interests shall automatically and immediately upon acquisition by a Consenting Creditor or Consenting Interest Holder, as applicable, be deemed subject to the terms of this Agreement (regardless of when or whether notice of such acquisition is given to the Debtors).

(e) This Section 4.04 shall not impose any obligation on any Debtor to issue any "cleansing letter" or otherwise publicly disclose information for the purpose of enabling a Consenting Interest Holder or Consenting Creditor to Transfer any Debtor Claims/Interests. Notwithstanding anything to the contrary herein, to the extent the Debtors and another Party have entered into a separate agreement with respect to the issuance of a "cleansing letter" or other public disclosure of information in connection with any proposed Restructuring Transactions (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.

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[7] As used herein, the term "**Qualified Marketmaker**" means an entity that (a) holds itself out to the public or the applicable private markets as standing ready in the ordinary course of business to purchase from customers and sell to customers claims of the Debtors (or enter with customers into long and short positions in claims against the Debtors), in its capacity as a dealer or market maker in claims against the Debtors 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).

(f) Notwithstanding anything to the contrary herein: (i) following the funding in full of the EFIH First Lien DIP Financing, the Transfer of EFIH First Lien DIP Claims shall not be subject to this Section 4.04, but shall be subject only to the definitive documentation governing the EFIH First Lien DIP Financing; and (ii) each Consenting Non-Fidelity EFIH First Lien Noteholder and any funds managed by each Consenting Non-Fidelity EFIH First Lien Noteholder shall be bound by the transfer restrictions in this Section 4.04 only in respect of their EFIH First Lien Note Claims.

(g) Any Transfer made in violation of this Sections 4.04 shall be void *ab initio*. Any Consenting Interest Holder or Consenting Creditor that effectuates a Permitted Transfer to a Permitted Transferee shall have no liability under this Agreement arising from or related to the failure of the Permitted Transferee to comply with the terms of this Agreement.

4.05. Representations and Warranties of Consenting Interest Holders and Consenting Creditors. Each Consenting Creditor and Consenting Interest Holder, severally, and not jointly, represents and warrants that:

(a) it is the beneficial owner of the face amount of the Debtor Claims/Interests, or is the nominee, investment manager, or advisor for beneficial holders of the Debtor Claims/Interests, as reflected in such Consenting Creditor's and/or Consenting Interest Holder's signature block to this Agreement, which amount each Party understands and acknowledges is proprietary and confidential to such Consenting Creditor and/or Consenting Interest Holder (such Debtor Claims/Interests, the "**Owned Debtor Claims/Interests**");

(b) other than with respect to a Consenting Non-Fidelity EFIH First Lien Noteholder, it will not beneficially or legally own, either directly or indirectly through its affiliates (but excluding any affiliates that are subject to an internal ethical wall or screen), any unaffiliated third parties in which it may hold a direct or indirect beneficial interest, or as part of any group of persons acting pursuant to a plan or arrangement as described in Treasury Regulation Section 1.355-6(c)(4), provided, however, that for purposes of this Section 4.04(a)(ii), none of the Consenting Interest Holders or Consenting Creditors will be treated as acting pursuant to a plan or arrangement as a result of participating in the Plan and Restructuring Transactions), in the aggregate, fifty percent (50%) or more of (A) TCEH First Lien Claims, EFIH Second Lien DIP Claims, or the Texas Holdings Interests or TEF Interests or (B) the Reorganized TCEH Common Stock, the Reorganized EFH Common Stock, or the Texas Holdings Interests or TEF Interests;

(c) it has the full power and authority to act on behalf of, vote and consent to matters concerning the Owned Debtor Claims/Interests;

(d) 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 Consenting Creditor's or Consenting Interest Holder's ability to perform any of its obligations under this Agreement at the time such obligations are required to be performed;

(e) (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 any Debtor acquired by the applicable Consenting Creditor or Consenting Interest Holder in connection with the Restructuring Transactions will have been acquired for investment and not with a view to distribution or resale in violation of the Securities Act; and

(f) 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.

Section 5. ***Mutual Representations, Warranties, and Covenants.*** Each of the Parties 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 (and, to the extent applicable, the Commitment Letter) 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 Term Sheet, the Commitment Letter, or the Bankruptcy Code, no consent or approval is required by any other person or entity in order for it to effectuate the Restructuring Transactions contemplated by, and perform the respective obligations under, this Agreement (and, to the extent applicable, the Commitment Letter).

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 the extent applicable, the Commitment Letter) and to effectuate the Restructuring Transactions contemplated by, and perform its respective obligations under, this Agreement (and, to the extent applicable, the Commitment Letter).

5.04. Governmental Consents. Except as expressly set forth herein and with respect to the Debtors' performance of this Agreement (and subject to necessary Bankruptcy Court approval and/or regulatory approvals associated with the Restructuring Transactions), 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.

5.05. No Conflicts. 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 Transactions.

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 any Plan from Consenting Creditors or Consenting Interest Holders in any manner inconsistent with the Bankruptcy Code or applicable bankruptcy law.

Section 7. ***Certain Additional Chapter 11 Matters.***

7.01. The Required Consenting Creditors shall have reviewed, commented on, and consented to the first-day pleadings identified on **Schedule 3** attached hereto (the "**First Day Pleadings**"). Additionally, during the Effective Period, the Debtors will use reasonable efforts to provide: (i) draft copies of all material motions, pleadings and other documents other than the First Day Pleadings (including the IRS Submissions) that the Debtors intend to file with any court or regulatory body (including, the Bankruptcy Court and the IRS) relating to the Chapter 11 Cases or the Restructuring Transactions to counsel to the Consenting Interest Holders and counsel to the Consenting Creditors at least two (2) business days before the date on which Debtors intend to file any such document; and (ii) copies of all documents actually filed by the Debtors with any court or regulatory body (including the Bankruptcy Court and the IRS) relating to the Chapter 11 Cases or the Restructuring Transactions to counsel to the Consenting Interest Holders and counsel to the Consenting Creditors promptly but not later than two (2) business days after such motions, pleadings, and other documents are filed; provided, however, that the Debtors will provide draft copies of all Plan Restructuring Documents to the Required Consenting Creditors three (3) business days before the date on which the Debtors intend to file such documents. To the extent such documents do not constitute Plan Restructuring Documents (which shall be consistent with Section 3), the Debtors shall consult in good faith with counsel to the Restructuring Support Parties regarding the form and substance of those documents.

7.02. The Commitment Parties shall coordinate with Oncor Electric Delivery to obtain any necessary regulatory approvals from the Public Utility Commission of Texas related to the change in equity ownership at EFH ("**PUC Regulatory Approval**"). EFH and EFIH shall cooperate as reasonably necessary to obtain the PUC Regulatory Approval; provided, however, that the TCEH Debtors shall not have any obligation to participate in the process to obtain the PUC Regulatory Approval or agree to any conditions affecting the TCEH Debtors; provided, further, that EFH, EFIH, and the Commitment Parties agree to use commercially reasonable efforts to obtain a preliminary order from the PUC limiting the scope of the PUC Regulatory Approval proceeding to issues related to Oncor and the change in equity ownership at EFH and excluding consideration of any issues relating to the TCEH Debtors.

Section 8. ***Termination Events.***

8.01. Shared Consenting Creditor Termination Events. This Agreement may be terminated as between: (a) the Consenting TCEH First Lien Creditors and the other Parties, (b) the Consenting Fidelity EFIH First Lien Noteholders and the other Parties, (c) the Consenting EFIH Second Lien Noteholders and the other Parties, (d) the Consenting EFH Unsecured Noteholders and the other Parties, or (e) the Consenting EFIH Unsecured Noteholders and the other Parties, in each case, by the delivery to the Debtors, counsel to the Consenting Interest Holders, and counsel to the other Consenting Creditors, other than the Consenting Creditors

seeking to terminate this Agreement pursuant to this Section 8.01 (such Consenting Creditors, the "**Terminating Consenting Creditors**") of a written notice in accordance with Section 11.11 hereof by, as applicable: (i) the Consenting Ad Hoc TCEH Committee; (ii) Consenting Creditors holding at least 50.1% in principal amount of the aggregate amount of the EFIH First Lien Note Claims held by the Consenting Creditors at such time; (iii) Consenting Creditors holding at least 50.1% in principal amount of the aggregate amount of the EFIH Second Lien Note Claims held by the Consenting Creditors at such time; (iv) Consenting Creditors holding at least 50.1% in principal amount of the aggregate amount of the EFH Unsecured Notes Claims held by the Consenting Creditors at such time; or (v) the Required EFIH Unsecured Consenting Creditors, in each case, in the exercise of their discretion, upon the occurrence and continuation of any of the following events:

(a) the Debtors shall not have commenced the Chapter 11 Cases on or before April 29, 2014;

(b) the Debtors shall not have filed the RSA Assumption Motion with the Bankruptcy Court on or before the date that is seven (7) days from the Petition Date;

(c) the Bankruptcy Court shall not have entered the RSA Assumption Order on or before the date that is forty-five (45) days from the Petition Date;

(d) the Debtors shall not have submitted the Ruling Request in respect of the Private Letter Ruling (which shall, among other things, request the Required Rulings) or filed the Plan and Disclosure Statement with the Bankruptcy Court on or before the date that is forty-five (45) days from the Petition Date;

(e) the Bankruptcy Court shall not have entered the Disclosure Statement Order on or before the date that is one-hundred and five (105) days from the Petition Date;

(f) the Bankruptcy Court shall not have entered the Confirmation Order on or before the date that is two-hundred and seventy-five (275) days from the Petition Date;

(g) the IRS shall not have issued a Private Letter Ruling acceptable to the Required Consenting Creditors on or prior to the Extended Outside Date;

(h) the Bankruptcy Court otherwise grants relief that would have a material adverse effect on the Restructuring Transactions;

(i) the effective date of the Plan (the "**Plan Effective Date**") shall not have occurred on or before the date that is thirty (30) days after the date that the Bankruptcy Court enters the Confirmation Order (the "**Initial Outside Date**"), it being understood that if all conditions to the Plan Effective Date other than receipt of any applicable regulatory approvals required to consummate the Plan and/or the Private Letter Ruling have been satisfied on or before the Initial Outside Date, the Initial Outside Date shall be automatically extended by an additional thirty (30) days (such extended date, the "**Extended Outside Date**");

(j) the IRS shall have denied the Debtors' Ruling Request or shall have informed the Debtors or their counsel, whether orally or in writing, of its decision not to issue one or more of the Required Rulings;

(k) the breach by any Party other than the Terminating Consenting Creditors 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 Transactions or the recovery of any Consenting Creditor; provided, however, (i) that such Terminating Consenting Creditors shall transmit a notice to the Debtors, counsel to the Consenting Interest Holders and counsel to the other Consenting Creditors pursuant to Section 11.11 hereof, detailing any such breach and (ii) any other Consenting Creditor may transmit a notice to any Party detailing a breach (while providing copies of such notice pursuant to Section 11.11 hereof) and, in either case,, if such breach is capable of being cured, the breaching Party shall have twenty (20) business days after receiving such notice to cure any breach;

(l) 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 Transactions or materially impacting the recovery of any Consenting Creditor; provided, however, that the Debtors shall have ten (10) business days after issuance of such injunction, judgment, decree, charge, ruling or order to obtain relief that would allow consummation of the Restructuring Transactions 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 Consenting Creditors;

(m) 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;

(n) any Party other than the Terminating Consenting Creditors files any motion or pleading with the Bankruptcy Court that is not consistent in any material respect with this Agreement and such motion or pleading has not been withdrawn or is not otherwise denied by the Bankruptcy Court within twenty (20) business days of receipt of notice by such party that such motion or pleading is inconsistent with this Agreement;

(o) the termination of this Agreement by (i)(a) the Consenting TCEH First Lien Creditors, (b) the Consenting EFH Unsecured Noteholders, (c) the Consenting EFIH Unsecured Noteholders, or (d) the Consenting Interest Holders or (ii)(a) the Consenting Fidelity EFIH First Lien Noteholders or (b) the Consenting EFIH Second Lien Noteholders, provided, however, solely with respect to subsection (ii) hereof, only to the extent Fidelity does not agree to remain bound to the terms of this Agreement and/or does not subsequently agree to re-execute this Agreement;

(p) the entry of a ruling or order by the Bankruptcy Court or any other court with appropriate jurisdiction which, in each case, would have the effect of preventing consummation of the Restructuring Transactions or materially impacting the recovery of any Consenting Creditor; provided, however, that the Debtors shall have ten (10) business days after issuance of such ruling or order to obtain relief that would (i) allow consummation of a material portion of

the Restructuring Transactions, (ii)remedy the recovery of such Consenting Creditor in a manner that does not prevent or diminish in a material way compliance with the terms of this Agreement, or (iii) is otherwise reasonably acceptable to the Required Consenting Creditors;

(q) the (i) conversion of one or more of the Chapter 11 Cases of EFH, EFIH, TCEH, EFCH or any Debtor entity obligated under the TCEH First Lien Secured Claims, TCEH Second Lien Note Claims, EFIH First Lien Note Claims, EFIH Second Lien Note Claims, EFIH Unsecured Note Claims, or EFH Unsecured Note Claims to a case under chapter 7 of the Bankruptcy Code or (ii) dismissal of one or more of the Chapter 11 Cases of EFH, EFIH, TCEH, EFCH or any Debtor entity obligated under the TCEH First Lien Secured Claims, TCEH Second Lien Note Claims, EFIH First Lien Note Claims, EFIH Second Lien Note Claims, EFIH Unsecured Note Claims, or EFH Unsecured Note Claims unless such conversion or dismissal, as applicable, is made with the prior written consent of counsel to the Required Consenting Creditors;

(r) any of the Plan Restructuring Documents shall have been modified in any material respect or withdrawn, without the prior written consent of the Required Consenting Creditors, subject to Section 3; or

(s) the Bankruptcy Court grants relief terminating, annulling, or modifying the automatic stay (as set forth in section 362 of the Bankruptcy Code) with regard to any material assets of the Debtors that would have a material adverse effect on the Restructuring Transactions, without the prior written consent of the Required Consenting Creditors.

8.02. EFIH Unsecured Noteholder, EFIH First Lien Noteholder, EFIH Second Lien Noteholder, and EFH Unsecured Noteholder Termination Events. This Agreement may be terminated as between (a) the Consenting EFIH Unsecured Noteholders and the other Parties, (b) the Consenting Fidelity EFIH First Lien Noteholders and the other Parties, (c) the Consenting EFIH Second Lien Noteholders and the other Parties, and (d) the Consenting EFH Unsecured Creditors and the other Parties by the delivery to the Debtors, counsel to the Consenting Interest Holders, and counsel to the other Consenting Creditors, of a written notice in accordance with Section 11.11 hereof by, as applicable: (i) Consenting Creditors holding at least 50.1% in principal amount of the aggregate amount of the EFIH First Lien Note Claims held by the Consenting Creditors at such time; (ii) Consenting Creditors holding at least 50.1% in principal amount of the aggregate amount of the EFIH Second Lien Note Claims held by the Consenting Creditors at such time; (iii) Consenting Creditors holding at least 50.1% in principal amount of the aggregate amount of the EFH Unsecured Note Claims held by the Consenting Creditors at such time; or (iv) the Required EFIH Unsecured Consenting Creditors, in each case, in the exercise of their discretion, upon the occurrence and continuation of any of the following events:

(a) the Debtors have not filed each of the EFIH First Lien DIP Motion, the EFIH Second Lien DIP Motion, and the Approval Motion on or before the date that is fourteen (14) days from the Petition Date;

(b) the Bankruptcy Court shall not have entered each of the Approval Order, the order approving the EFIH First Lien DIP Motion (the "**EFIH First Lien DIP Order**"), and an order approving the EFIH Second Lien DIP Motion (the "**EFIH Second Lien DIP Order**") on or

before the date that is seventy-five (75) days from the Petition Date (it being understood that the Debtors will use commercially reasonable efforts to obtain entry of the EFIH First Lien DIP Order and the EFIH Second Lien DIP Order on or before the date that is forty-five (45) days from the Petition Date);

(c) the Debtors shall not have consummated each of (i) the EFIH First Lien DIP Financing, (ii) the EFIH Second Lien DIP Financing, and (iii) the transactions and settlements contemplated by the Approval Order on or before the date that is five (5) business days after the date the EFIH First Lien DIP Order, the EFIH Second Lien DIP Order, and the Approval Order, as applicable, is entered; or

(d) either the Commitment Letter or the Conversion Agreement is terminated according to its terms prior to consummation of the transactions contemplated therein.

8.03. Consenting TCEH First Lien Holders' Termination Events. This Agreement may be terminated as between the Consenting TCEH First Lien Creditors and the other Parties by the delivery to the Debtors, counsel to the Consenting Interest Holders, and counsel to the other Consenting Creditors other than the Terminating Consenting Creditors of a written notice in accordance with Section 11.11 hereof by the Consenting Ad Hoc TCEH Committee, in the exercise of their sole discretion, upon the occurrence and continuation of any of an "Event of Default" under the TCEH Cash Collateral Order.

8.04. Consenting Non-Fidelity EFIH First Lien Noteholders. This Agreement may be terminated as between a Consenting Non-Fidelity EFIH First Lien Noteholder and the Debtors by the delivery to the Debtors of a written notice in accordance with Section 11.11 hereof by such terminating Consenting Non-Fidelity EFIH First Lien Noteholder, in the exercise of its discretion, upon the occurrence and continuation of any of the following events:

(a) the Debtors have not filed each of the EFIH First Lien DIP Motion and the Approval Motion on or before the date that is fourteen (14) days from the Petition Date;

(b) the Bankruptcy Court shall not have entered each of the Approval Order and the EFIH First Lien DIP Order on or before the date that is seventy-five (75) days from the Petition Date;

(c) the Debtors shall not have consummated each of (i) the EFIH First Lien DIP Financing, (ii) the transactions and settlements contemplated by the Approval Order on or before the date that is five (5) business days after the date the EFIH First Lien DIP Order and the Approval Order, as applicable, is entered;

(d) the Bankruptcy Court otherwise grants relief on a final basis that would have a material adverse effect on the Restructuring Transactions;

(e) the Plan Effective Date shall not have occurred on or before the Initial Outside Date, it being understood that if all conditions to the Plan Effective Date other than receipt of any applicable regulatory approvals required to consummate the Plan and/or the Private Letter Ruling have been satisfied or are capable of being satisfied on or before the Initial Outside Date, the Initial Outside Date shall be automatically extended to the Extended Outside Date;

(f) the breach by any Party other than the Terminating Consenting Creditors 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 Transactions or the recovery of any Consenting Creditor; provided, however, (i) that such Terminating Consenting Creditors shall transmit a notice to the Debtors, counsel to the Consenting Interest Holders and counsel to the other Consenting Creditors pursuant to Section 11.11 hereof, detailing any such breach and (ii) any other Consenting Creditor may transmit a notice to any Party detailing a breach (while providing copies of such notice pursuant to Section 11.11 hereof) and, in either case,, if such breach is capable of being cured, the breaching Party shall have twenty (20) business days after receiving such notice to cure any breach;

(g) 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 Transactions; provided, however, that the Debtors shall have ten (10) business days after issuance of such injunction, judgment, decree, charge, ruling or order to obtain relief that would allow consummation of the Restructuring Transactions 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 applicable Consenting Non-Fidelity EFIH First Lien Noteholder(s);

(h) 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;

(i) any Party other than the Terminating Consenting Creditors files any motion or pleading with the Bankruptcy Court that is not consistent in any material respect with this Agreement and such motion or pleading has not been withdrawn or is not otherwise denied by the Bankruptcy Court within twenty (20) business days of receipt of notice by such party that such motion or pleading is inconsistent with this Agreement; or

(j) the entry of a ruling or order by the Bankruptcy Court or any other court with appropriate jurisdiction which, in each case, would have the effect of preventing consummation of the Restructuring Transactions or materially impacting the recovery of any Consenting Non-Fidelity EFIH First Noteholder ; provided, however, that the Debtors shall have ten (10) business days after issuance of such ruling or order to obtain relief that would (i) allow consummation of a material portion of the Restructuring Transactions, (ii) remedy the recovery of such Consenting Non-Fidelity EFIH First Lien Noteholder in a manner that does not prevent or diminish in a material way compliance with the terms of this Agreement, or (iii) is otherwise reasonably acceptable to the applicable Consenting Non-Fidelity EFIH First Lien Noteholder(s).

8.05. Consenting Interest Holders Termination Events. This Agreement may be terminated as between the Consenting Interest Holders and the other Parties by the delivery to the Debtors and counsel to the Consenting Creditors, of a written notice in accordance with Section 11.11 hereof by all of the undersigned holders of the Texas Holdings Interests and the TEF Interests, in the exercise of their discretion, upon the occurrence and continuation of any of the following events:

(a) the Debtors shall not have commenced the Chapter 11 Cases on or before April 29, 2014;

(b) the Plan Effective Date shall not have occurred by the Initial Outside Date or the Extended Outside Date, as applicable;

(c) the breach by the Debtors of any of the representations, warranties, or covenants of the Debtors set forth in this Agreement that would have a material adverse effect on the Restructuring Transactions; provided, however, that (i) the Debtors shall undertake commercially reasonable efforts to provide the Consenting Interest Holders with prompt written notice of the occurrence of such breach and (ii) the Consenting Interest Holders may transmit a notice to the Debtor (detailing a breach (while providing copies of such notice to the Consenting Creditors pursuant to Section 11.11 hereof) and, in either case, if such breach is capable of being cured, the Debtors shall have ten (10) business days after the date of providing or receiving notice, as applicable, to cure any breach; or

(d) the (i) conversion of one or more of the Chapter 11 Cases of EFH, EFIH, TCEH, EFCH or any Debtor entity obligated under the TCEH First Lien Secured Claims, TCEH Second Lien Note Claims, EFIH First Lien Note Claims, or EFIH Second Lien Note Claims to a case under chapter 7 of the Bankruptcy Code or (ii) dismissal of one or more of the Chapter 11 Cases of EFH, EFIH, TCEH, EFCH or any Debtor entity obligated under the TCEH First Lien Secured Claims, TCEH Second Lien Note Claims, EFIH First Lien Note Claims, or EFIH Second Lien Claims, unless such conversion or dismissal, as applicable, is made with the prior written consent of counsel to the Consenting Interest Holders.

8.06. Debtors' Termination Events. Any Debtor may terminate this Agreement as to all Parties upon five (5) business days' prior written notice, delivered in accordance with Section 11.11 hereof, upon the occurrence of any of the following events: (a) the Plan Effective Date shall not have occurred by the Initial Outside Date or the Extended Outside Date, as applicable; (b) the breach by any of the Restructuring Support Parties of any material provision set forth in this Agreement that remains uncured for a period of fifteen (15) business days after the receipt by the Restructuring Support Parties of notice of such breach; (c) 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 Transactions would be inconsistent with the exercise of its fiduciary duties; or (d) 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 Transactions.

8.07. Mutual Termination. This Agreement, and the obligations of all Parties hereunder, may be terminated by mutual agreement among all of the following: (a) each of the Consenting Interest Holders; (b) the Consenting Ad Hoc TCEH Committee; (c) Consenting Fidelity EFIH First Lien Noteholders holding at least 50.1% in principal amount of the aggregate amount of the EFIH First Lien Note Claims held by the Consenting Fidelity EFIH First Lien Noteholders at such time; (d) Consenting Creditors holding at least 50.1% in principal amount of the aggregate amount of the EFIH Second Lien Note Claims held by all Consenting Creditors at such time; (e) Consenting Creditors holding at least 50.1% in principal amount of the aggregate amount of the EFH Unsecured Note Claims held by the Consenting Creditors at such time; (f) the Required EFIH Unsecured Consenting Creditors; and (g) each of the Debtors.

8.08. Termination Upon Completion of the Restructuring Transactions. This Agreement shall terminate automatically without any further required action or notice on the Plan Effective Date.

8.09. Individual Consenting Creditor Termination. Notwithstanding anything to the contrary herein:

(a) If the Plan Effective Date does not occur by the earlier of (1) the Extended Outside Date and (2) three hundred thirty-five (335) days from the Petition Date, then each Consenting Creditor may terminate its rights and obligations under this Agreement without affecting the other Parties' rights and obligations by providing notice of the same in accordance with Section 11.11 hereof.

(b) If there are any changes to the terms of the TCEH Cash Collateral Order that have a material, disproportionate (as compared to other Consenting Creditors holding Claims within the same Class as provided for in the Term Sheet) and adverse effect on a Consenting Creditor without such Consenting Creditor's prior written consent, then such Consenting Creditor may terminate its rights and obligations under this Agreement without affecting the other Parties' rights and obligations by providing notice of the same in accordance with Section 11.11 hereof.

(c) If the Plan (as it may be modified, amended or supplemented) includes terms in respect of the TCEH Incremental 2012 Term Loans that provide for a material, disproportionate (as compared to other Consenting Creditors holding Claims within the same Class as provided for in the Term Sheet) and adverse effect on any Consenting Creditor that beneficially holds the TCEH Incremental 2012 Term Loans (including, without limitation, any disparate treatment with respect to the releases granted under the Plan), then such Consenting Creditor may terminate its rights and obligations under this Agreement without affecting the other Parties hereto by providing notice of the same in accordance with Section 11.11 hereof.

(d) If any person commences, or obtains standing to commence, a Permitted Cause of Action against a Consenting Creditor (or with respect to Claims beneficially held by such Consenting Creditor), then such Consenting Creditor may terminate its rights and obligations under this Agreement without affecting the other Parties' rights and obligations by providing notice of the same in accordance with Section 11.11 hereof.

8.10. Fidelity Termination Events. This Agreement may be terminated as between Fidelity and all Parties by the delivery to the Debtors, counsel to the Consenting Interest Holders, and counsel to the other Consenting Creditors, of a written notice in accordance with Section 11.11 hereof by Fidelity with respect to all Debtor Claims/Interests that Fidelity holds at such time, in the exercise of its discretion, upon the occurrence and continuation of any of the following events; provided, however, Fidelity shall not have the right to terminate this Agreement pursuant to this Section 8.10 if the Commitment Parties exercise their Call Right within ten (10) days of Fidelity's exercise of a termination right under this Section 8.10:

(a) on the date that is ten (10) business days prior to the first day of the hearing for the Bankruptcy Court to approve entry of the Disclosure Statement Order (the "**Disclosure Statement Hearing**"), if the Debtors have notified Fidelity and all other Parties at least fifteen (15) days prior to the Disclosure Statement Hearing that the Debtors have determined in good faith that the recovery for the EFH Non-Guaranteed Notes is expected to be less than 37.15% (such notification, the "**EFH Minimum Recovery Notification**"); and

(b) on the date that is ten (10) business days prior to the first day of the hearing for the Bankruptcy Court to approve entry of the Confirmation Order (the "**Confirmation Hearing**"), if (i) the Debtors did not make the EFH Minimum Recovery Notification and (ii) Fidelity notifies all other Parties at least ten (10) business days prior to the first day of the Confirmation Hearing that Fidelity has determined in good faith that the recovery for the EFH Non-Guaranteed Notes is expected to be less than 37.15%.

8.11. Effect of Termination. 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 8.01, 8.02, 8.03, 8.04, 8.05, 8.06, 8.07, 8.08, 8.09, and 8.10 shall be referred to as a "**Termination Date**". 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 Transactions or otherwise, that it would have been entitled to take had it not entered into this Agreement; provided, however, that the occurrence of a Termination Date as to a Party shall not affect the Debtors' obligations under Section 10 with respect to amounts accrued up to and including such Termination Date; provided, further, that Section 4.03(a)(viii) and Section 8.12 shall survive the termination of 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 Transactions and this Agreement or otherwise. Notwithstanding anything to the contrary in this Agreement or the Commitment Letter, the foregoing shall not be construed to prohibit the Debtors or any of the Restructuring Support Parties from contesting whether any such termination is in accordance with its terms or to seek enforcement of any rights under this Agreement or the Commitment Letter that arose or existed before a Termination Date. Except as expressly provided in this

Agreement (including as set forth in Section 8.12) , 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 reserve its rights (including rights under this Agreement), remedies, and interests, including its claims against any Consenting Interest Holder or Consenting Creditor, and (b) any right of any Consenting Interest Holder or Consenting Creditor, or the ability of any Consenting Interest Holder or Consenting Creditor to protect and preserve its rights (including rights under this Agreement), remedies, and interests, including its claims against any Debtor, Consenting Interest Holder, or Consenting Creditor. Nothing in this Section 8.09 shall restrict any Debtor's right to terminate this Agreement in accordance with Section 8.06(c).

8.12. No Violation of Automatic Stay. The automatic stay applicable under section 362 of the Bankruptcy Code shall not prohibit a Restructuring Support Party from taking any action necessary to effectuate the termination of this Agreement pursuant to the terms hereof.

Section 9. ***Amendments***. This Agreement, including the Term Sheet and the Plan, may not be modified, amended, or supplemented in any manner except in writing signed by all of the following: (a) the Consenting Interest Holders, (b) the Consenting Ad Hoc TCEH Committee; (c) Consenting Creditors holding at least 50.1% in principal amount of the aggregate amount of the EFH Unsecured Note Claims held at such time by the Consenting Creditors; (d) Consenting Fidelity EFIH First Lien Noteholders holding at least 50.1% in principal amount of the aggregate amount of the EFIH First Lien Note Claims held by all Consenting Fidelity First Lien Noteholders at such time; (e) Consenting Creditors holding at least 50.1% in principal amount of the aggregate of each of the EFIH Second Lien Note Claims at such time; (f) the Required EFIH Unsecured Consenting Creditors; (g) each applicable Consenting Non-Fidelity EFIH First Lien Noteholder(s); and (h) each of the Debtors; provided, however, that if the proposed modification, amendment or supplement has a material, disproportionate (as compared to other Consenting Creditors holding Claims within the same Class as provided for in the Term Sheet) and adverse effect on any of the Restructuring Support Parties or the Claims held by such Restructuring Support Parties (including any disparate treatment with respect to the releases granted under the Plan), then the consent of each such affected Restructuring Support Party shall also be required to effectuate such modification, amendment or supplement; provided, further, however, that Section 8.09 and Section 9 shall not be amended without the consent of each Consenting Creditor. Any proposed modification, amendment, or supplement that is not approved by the requisite Parties as set forth above shall be ineffective and void *ab initio*.

Section 10. ***Fees and Expenses.*** Subject to Section 8.11, the Debtors shall pay or reimburse when due the following reasonable and documented professional fees and expenses: (a)(i) one (1) primary counsel, one (1) local counsel, one (1) regulatory counsel, one (1) financial advisor, one (1) tax advisor, and one (1) technical and market advisor for, on a collective basis, all Consenting TCEH First Lien Creditors and (ii) the professionals identified on **Schedule 2** attached hereto, in each case, upon the Bankruptcy Court's entry of the RSA Assumption Order; (b) one (1) primary counsel, one (1) local counsel, one (1) regulatory counsel, one (1) tax advisor, and one (1) financial advisor for, on a collective basis, all Consenting EFIH Unsecured Noteholders, upon the Bankruptcy Court's entry of the earlier of the Approval Order and the RSA Assumption Order; (c) one (1) primary counsel, one (1) local counsel, one (1) regulatory counsel, and one (1) financial advisor for, on a collective basis, all Consenting EFH Unsecured Noteholders, Consenting Fidelity EFIH First Lien Noteholders (in connection with EFH

Unsecured Note Claims, EFIH First Lien Note Claims, and EFIH Second Lien Note Claims beneficially owned by Fidelity) upon the Bankruptcy Court's entry of the earlier of the Approval Order and the RSA Assumption Order; (d) one (1) primary counsel and one (1) local counsel for each of the Consenting Non-Fidelity EFIH First Lien Noteholders that are a Party as of the Agreement Effective Date; and (e) one (1) primary counsel, one (1) local counsel, one (1) regulatory counsel, and one (1) financial advisor for, on a collective basis, all Consenting Interest Holders upon the occurrence of the Plan Effective Date. Additionally, EFIH may, in its reasonable discretion, pay the reasonable and documented fees and expenses of professionals retained by Consenting Non-Fidelity EFIH First Lien Noteholders that become a Party after the Agreement Effective Date. Fees and expenses described in this Section 10 shall be allocated as described in the Term Sheet.

Section 11. ***Miscellaneous.***

11.01. 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 Transactions, as applicable.

11.02. Service on an Official Committee. Notwithstanding anything herein to the contrary, if an official committee is appointed in the Chapter 11 Cases and a Consenting Creditor is appointed to and serves on such official committee, then the terms of this Agreement shall not be construed to limit such Consenting Creditor's exercise of its fiduciary duties in its role as a member of such committee; provided, however, that serving as a member of such committee shall not relieve the Consenting Creditor of any obligations under this Agreement; provided, further, that nothing in the Agreement shall be construed as requiring any Consenting Creditor to serve on any official committee in these Chapter 11 Cases.

11.03. 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.

11.04. 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.

11.05. GOVERNING LAW; SUBMISSION TO JURISDICTION; SELECTION OF FORUM; WAIVER OF TRIAL BY JURY. THIS AGREEMENT IS TO BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF DELAWARE 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 District of Delaware or any Delaware State court (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 Chosen Court.

11.06. Confidentiality; Disclosure. The Debtors shall keep strictly confidential and shall not, without the prior written consent of the applicable Consenting Creditor, disclose publicly, or to any person (including any Restructuring Support Party) (a) the holdings of any Consenting Creditor, including the principal amount of TCEH First Lien Claims, EFIH Unsecured Note Claims, EFIH First Lien Note Claims, EFIH Second Lien Note Claims, and EFH Unsecured Note Claims and any other claims held against the applicable Debtor or (b) the identity of any Consenting Creditor or its controlled affiliates, officers, directors, managers, stockholders, members, employees, partners, representatives or agents as a party to this Agreement, in any public manner, including in the Solicitation Materials, the Plan, or any related press release; provided, however, that (x) the Debtors may disclose such names or amounts to the extent that, upon the advice of counsel, it is required to do so by any governmental or regulatory authority (including federal securities laws and regulations), in which case the Debtors, prior to making such disclosure, shall allow the Consenting Creditor to whom such disclosure relates reasonable time at its own cost to seek a protective order with respect to such disclosures, and (y) the Debtors may disclose the aggregate percentage or aggregate principal amount of (i) outstanding TEF Interests; (ii) outstanding Texas Holdings Interests; (iii) TCEH Credit Agreement Claims; (iv) TCEH First Lien Notes; (v) TCEH First Lien Commodity Hedges; (vi) TCEH First Lien Interest Rate Swaps; (vii) EFIH First Lien Notes; (viii) EFIH Second Lien Notes; (ix) EFIH Unsecured Notes; and (x) EFH Unsecured Note Claims held by the Consenting Creditors (without naming such Consenting Creditors). No Consenting Creditor or Consenting Interest Holder shall, without the prior written consent of the Debtors, make any public announcement or otherwise communicate (other than to decline to comment) with any person with respect to Restructuring Transactions or any of the transactions contemplated hereby or thereby, other than as may be required by applicable law and regulation or by any governmental or regulatory authority. This Section 11.06 shall not apply with respect to any information that is or becomes available to the public other than as a result of a disclosure in violation of any Party's obligations under this Agreement.

11.07. 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.

11.08. 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. Except as expressly provided in this 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.

11.09. Interpretation and Rules of Construction. This Agreement is the product of negotiations among the Debtors, the Consenting Interest Holders, and the Consenting Creditors,

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 Debtors, the Consenting Interest Holders, and the Consenting Creditors 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.

11.10. 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.

11.11. 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 Debtor, to:

Energy Future Holdings Corp., *et al.*
Energy Plaza
1601 Bryan Street
Dallas, Texas 75201
Attention: General Counsel
E-mail address: stacey.dore@energyfutureholdings.com; and
andrew.wright@energyfutureholdings.com

with copies (which shall not constitute notice) to:

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022
Attention: Richard M. Cieri, Edward O. Sassower, P.C., Stephen E. Hessler, and Brian E. Schartz
E-mail addresses: rcieri@kirkland.com, esassower@kirkland.com, shessler@kirkland.com, and bschartz@kirkland.com

and

Kirkland & Ellis LLP
300 North LaSalle Street
Chicago, IL 60654
Attention: Chad J. Husnick and Steven N. Serajeddini
E-mail address: chusnick@kirkland.com and steven.serajeddini@kirkland.com

(b) if to a Consenting Interest Holder, to:

Wachtell Lipton Rosen & Katz
51 W. 52nd Street
New York, New York 10019
Attention: Richard G. Mason and Austin T. Witt
E-mail addresses: rgmason@wlrk.com and awitt@wlrk.com

(c) if to a Consenting TCEH First Lien Lender, Consenting TCEH First Lien Noteholder, to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
Attention: Alan W. Kornberg, Brian S. Hermann, and Jacob A. Adlerstein
E-mail addresses: akornberg@paulweiss.com, bhermann@paulweiss.com, and jadlerstein@paulweiss.com

(d) if to a Consenting EFIH Unsecured Noteholder, to:

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
Bank of America Tower
New York, New York 10036
Attention: Ira S. Dizengoff and Scott L. Alberino
E-mail addresses: idizengoff@akingump.com and salberino@akingump.com

(e) if to a Consenting Fidelity EFIH First Lien Noteholder, Consenting EFIH Second Lien Noteholder, Consenting EFH Unsecured Noteholder (each in connection with EFH Unsecured Note Claims, EFIH First Lien Note Claims and EFIH Second Lien Note Claims beneficially owned by Fidelity), to:

Fried, Frank, Harris, Shriver & Jacobson LLP
One New York Plaza
New York, New York 10004
Attention: Brad Eric Scheler, Gary L. Kaplan, and Matthew Roose
E-mail addresses: brad.scheler@friedfrank.com, gary.kaplan@friedfrank.com, and matthew.roose@friedfrank.com

(f) if to a Consenting Non-Fidelity EFIH First Lien Noteholder, to:

Bingham McCutchen LLP
399 Park Avenue
New York, New York 10022-4689
Attention: Jeffrey S. Sabin
E-mail address: jeffrey.sabin@bingham.com

and

Bingham McCutchen LLP
One Federal Street
Boston, Massachussetts 02110-1726
Attention: Julia Frost-Davies
E-mail address: julia.frost-davies@bingham.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.

11.12. Access. The Debtors will provide the Restructuring Support Parties and their respective attorneys, consultants, accountants, and other authorized representatives reasonable access, upon reasonable notice during normal business hours, to relevant properties, books, contracts, commitments, records, management personnel, lenders, and advisors of the Debtors; provided, however, that the Debtors' obligation hereunder shall be conditioned upon such Plan Support Party being party to an executed Confidentiality Agreement with the Debtors.

11.13. Independent Due Diligence and Decision Making. Each Consenting Party hereby confirms that its decision to execute this agreement has been based upon its independent investigation of the operations, businesses, financial and other conditions, and prospects of the Debtors.

11.14. Waiver. If the Restructuring Transactions are not consummated, or if this Agreement is terminated for any reason, the Parties fully reserve any and all of their rights. Pursuant to Federal Rule of Evidence 408 and any other applicable rules of evidence, this Agreement and all negotiations relating hereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce its terms, pursue the consummation of the Restructuring Transactions, or the payment of damages to which a Party may be entitled under this Agreement.

11.15. Specific Performance. It is understood and agreed by the Parties that money damages would be an insufficient remedy for any breach of this Agreement by any Party and each non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief (without the posting of any bond and without proof of actual damages) as a remedy of any such breach, including an order of the Bankruptcy Court or other court of competent jurisdiction requiring any Party to comply promptly with any of its obligations hereunder.

11.16. Several, Not Joint, Claims. The agreements, representations, warranties, and obligations of the Parties under this Agreement are, in all respects, several and not joint.

11.17. Severability and Construction. 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.

11.18. 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.*]

Debtor Signature Page to the Plan Support and Lock-Up Agreement

ENERGY FUTURE HOLDINGS CORP.
TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
4CHANGE ENERGY COMPANY
4CHANGE ENERGY HOLDINGS LLC
BIG BROWN 3 POWER COMPANY LLC
BIG BROWN LIGNITE COMPANY LLC
BIG BROWN POWER COMPANY LLC
BRIGHTEN ENERGY LLC
BRIGHTEN HOLDINGS LLC
COLLIN POWER COMPANY LLC
DALLAS POWER AND LIGHT COMPANY, INC.
DECORDOVA POWER COMPANY LLC
DECORDOVA II POWER COMPANY LLC
EAGLE MOUNTAIN POWER COMPANY LLC
EEC HOLDINGS, INC.
EECI, INC.
EFH AUSTRALIA (NO. 2) HOLDINGS COMPANY
EFH CORPORATE SERVICES COMPANY
EFH FINANCE (NO. 2) HOLDINGS COMPANY
EFH FS HOLDINGS COMPANY
EFH RENEWABLES COMPANY LLC
EFIH FINANCE INC.
ENERGY FUTURE COMPETITIVE HOLDINGS COMPANY LLC
ENERGY FUTURE INTERMEDIATE HOLDING COMPANY LLC
GENERATION DEVELOPMENT COMPANY LLC
GENERATION MT COMPANY LLC
GENERATION SVC COMPANY
LAKE CREEK 3 POWER COMPANY LLC
LONE STAR ENERGY COMPANY, INC.
LONE STAR PIPELINE COMPANY, INC.
LSGT GAS COMPANY LLC
LSGT SACROC, INC.
LUMINANT BIG BROWN MINING COMPANY LLC
LUMINANT ENERGY COMPANY LLC
LUMINANT ENERGY TRADING CALIFORNIA COMPANY
LUMINANT ET SERVICES COMPANY
LUMINANT GENERATION COMPANY LLC
LUMINANT HOLDING COMPANY LLC
LUMINANT MINERAL DEVELOPMENT COMPANY LLC
LUMINANT MINING COMPANY LLC
LUMINANT RENEWABLES COMPANY LLC
MARTIN LAKE 4 POWER COMPANY LLC
MONTICELLO 4 POWER COMPANY LLC
MORGAN CREEK 7 POWER COMPANY LLC

NCA DEVELOPMENT COMPANY LLC
NCA RESOURCES DEVELOPMENT COMPANY LLC
OAK GROVE MANAGEMENT COMPANY LLC
OAK GROVE MINING COMPANY LLC
OAK GROVE POWER COMPANY LLC
SANDOW POWER COMPANY LLC
SOUTHWESTERN ELECTRIC SERVICE COMPANY, INC.
TCEH FINANCE, INC.
TEXAS ELECTRIC SERVICE COMPANY, INC.
TEXAS ENERGY INDUSTRIES COMPANY, INC.
TEXAS POWER AND LIGHT COMPANY, INC.
TEXAS UTILITIES COMPANY, INC.
TEXAS UTILITIES ELECTRIC COMPANY, INC.
TRADINGHOUSE 3 & 4 POWER COMPANY LLC
TRADINGHOUSE POWER COMPANY LLC
TXU ELECTRIC COMPANY, INC.
TXU ENERGY RETAIL COMPANY LLC
TXU ENERGY SOLUTIONS COMPANY LLC
TXU RETAIL SERVICES COMPANY
TXU SEM COMPANY
VALLEY NG POWER COMPANY LLC
VALLEY POWER COMPANY LLC

By: _____
Name:
Title:

Consenting Interest Holder Signature Page to the Restructuring Support and Lock-Up Agreement

TEXAS ENERGY FUTURE HOLDINGS LIMITED PARTNERSHIP

By: _____
Texas Energy Future Capital Holdings LLC, its General Partner

TEXAS ENERGY FUTURE CAPITAL HOLDINGS LLC

By: _____
Name:
Title:
Its:

Consenting Creditor Signature Page to
the Restructuring Support and Lock-Up Agreement

_____
Name:
Title:

Address:

E-mail address(es):
Telephone:
Facsimile:

If a Consenting Non-Fidelity First Lien Noteholder, Backstop Amount (if any): $_____

Aggregate Amounts Beneficially Owned or Managed on Account of:	
EFH Interests (if any)	
Texas Holdings Interests (if any)	
TEF Interests (if any)	
TCEH Credit Agreement Claims (if any)	$
TCEH First Lien Note Claims (if any)	$
TCEH First Lien Commodity Hedge Claims (if any)	$
TCEH First Lien Interest Rate Swap Claims (if any)	$
TCEH Second Lien Note Claims (if any)	$
TCEH 2015 Note Claims (if any)	$
TCEH Senior Toggle Note Claims (if any)	$
EFIH First Lien 2017 Note Claims (if any)	$
EFIH First Lien 2020 Note Claims (if any)	$
EFIH 2021 Note Claims (if any)	$
EFIH 2022 Note Claims (if any)	$
EFIH Senior Toggle Note Claims (if any)	$
EFIH Unexchanged Note Claims (if any)	$
EFH 2019 Note Claims (if any)	$
EFH 2020 Note Claims (if any)	$
EFH Series P Note Claims (if any)	$
EFH Series Q Note Claims (if any)	$
EFH Series R Note Claims (if any)	$
EFH LBO Senior Note Claims (if any)	$
EFH LBO Toggle Note Claims (if any)	$

EXHIBIT A to
the Restructuring Support and Lock-Up Agreement

Term Sheet

EXHIBIT B to
the Restructuring Support and Lock-Up Agreement

Notes Claims

As used herein, the defined term "**Notes Claims**" collectively refers to any and all obligations of the Debtors arising under any of the following:

i. the 15% senior secured second lien notes due April 1, 2021 (the "**TCEH Second Lien Notes**") issued by TCEH and TCEH Finance, Inc. pursuant to an Indenture (as amended, restated, supplemented, or otherwise modified from time to time), dated as of October 6, 2010, by and among TCEH and TCEH Finance, as the issuers; EFCH and certain of the TCEH Subsidiaries, as guarantors; and Wilmington Savings Fund Society, FSB, as successor trustee to BNY (together with all Claims arising in connection with the TCEH Second Lien Notes, the "**TCEH Second Lien Note Claims**");

ii. the 10.25% senior notes due November 1, 2015 (the "**TCEH 2015 Notes**") issued by TCEH and TCEH Finance, Inc. pursuant to an Indenture (as amended, restated, supplemented, or otherwise modified from time to time), dated as of October 31, 2007, by and among TCEH and TCEH Finance, as the issuers; EFCH and certain TCEH Subsidiaries, as guarantors; and Law Debenture Trust Company of New York, as successor trustee to BNY (together with all Claims arising in connection with the TCEH 2015 Notes, the "**TCEH 2015 Note Claims**"); and

iii. the 10.50%/11.25% unsecured toggle notes due November 1, 2016 (the "**TCEH Senior Toggle Notes**" and, together with the TCEH 2015 Notes, the "**TCEH Unsecured Notes**") issued by TCEH and TCEH Finance pursuant to an Indenture, dated as of December 6, 2007, by and among TCEH and TCEH Finance, as the issuers; EFCH and certain of the TCEH Subsidiaries, as guarantors; and Law Debenture Trust Company of New York, as successor trustee to BNY (together with all Claims arising in connection with the TCEH Senior Toggle Notes, the "**TCEH Senior Toggle Note Claims**").

EXHIBIT C to
the Restructuring Support and Lock-Up Agreement

Commitment Letter

EXHIBIT D to
the Restructuring Support and Lock-Up Agreement

Provision for Transfer Agreement

The undersigned ("**Transferee**") hereby acknowledges that it has read and understands the Restructuring Support and Lock-Up Agreement, dated as of _____ (the "**Agreement**"),[1] by and among Energy Future Holdings Corp. ("**EFH**") and its affiliates and subsidiaries bound thereto, the Consenting Interest Holders, and the Consenting Creditors, including the transferor to the Transferee of any TCEH Credit Agreement Claims, EFH Interests, Texas Holdings Interests, TEF Interests, TCEH First Lien Note Claims, TCEH First Lien Commodity Hedge Claims, TCEH First Lien Interest Rate Swap Claims, EFIH First Lien Note Claims, EFIH Second Lien Note Claims, EFIH Unsecured Note Claims, EFH Unsecured Note Claims, TCEH DIP Claims, EFIH First Lien DIP Claims, EFIH Second Lien DIP Claims, or any other claims against the Debtors (including the Notes Claims, as described on the following page) (each such transferor, a "**Transferor**"), and agrees to be bound by the terms and conditions thereof to the extent the Transferor was thereby bound, and shall be deemed a "**Consenting Creditor**" or "**Consenting Interest Holder**," as applicable, under the terms of the Agreement.

The Transferee specifically agrees to be bound by the terms and conditions of the Agreement and makes all representations and warranties contained therein as of the date of the Transfer, including the agreement to be bound by the vote of the Transferor if such vote was cast before the effectiveness of the Transfer discussed herein.

Date Executed:

_____
Name:
Title:

Address:

E-mail address(es):
Telephone:
Facsimile:

Aggregate Amounts Beneficially Owned or Managed on Account of:	
EFH Interests (if any)	
Texas Holdings Interests (if any)	
TEF Interests (if any)	
TCEH Credit Agreement Claims (if any)	$
TCEH First Lien Note Claims (if any)	$
TCEH First Lien Commodity Hedge Claims (if any)	$
TCEH First Lien Interest Rate Swap Claims (if any)	$
TCEH Second Lien Note Claims (if any)	$
TCEH 2015 Note Claims (if any)	$

[1] Capitalized terms not used but not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

TCEH Senior Toggle Note Claims (if any)	$
EFIH First Lien 2017 Note Claims (if any)	$
EFIH First Lien 2020 Note Claims (if any)	$
EFIH 2021 Note Claims (if any)	$
EFIH 2022 Note Claims (if any)	$
EFIH Senior Toggle Note Claims (if any)	$
EFIH Unexchanged Note Claims (if any)	$
EFH 2019 Note Claims (if any)	$
EFH 2020 Note Claims (if any)	$
EFH Series P Note Claims (if any)	$
EFH Series Q Note Claims (if any)	$
EFH Series R Note Claims (if any)	$
EFH LBO Senior Note Claims (if any)	$
EFH LBO Toggle Note Claims (if any)	$

Schedule 1 to
the Restructuring Support and Lock-Up Agreement

Professional Fees and Expenses to Be Paid on the Agreement Effective Date

Type of Advisor	Name of Firm	Invoiced Amount
TCEH First Lien Noteholders		
Primary Counsel	Paul Weiss Rifkind Wharton & Garrison LLP, pursuant to that certain engagement letter dated February 1, 2013	$774,286.00
Local Counsel	Young Conaway Stargatt & Taylor, LLP	$44,403.12
Regulatory Counsel	Winstead, P.C., pursuant to that certain engagement letter dated March 19, 2013	$379.62
Financial Advisor	Millstein & Co, pursuant to that certain engagement letter dated February 1, 2013	$4,500,000.00
Tax Advisor	PricewaterhouseCoopers LLP, pursuant to that certain engagement letter dated March 8, 2013	$95,790.00
Technical and Market Advisor	Navigant Consulting, Inc., pursuant to that certain engagement letter dated February 23, 2013	$3,000.00
EFIH Unsecured Noteholders		
Primary Counsel	Akin Gump Strauss Hauer & Feld LLP, pursuant to that certain engagement letter dated May 24, 2013	$4,508,874.09
Local Counsel	Cousins, Chipman & Brown LLP pursuant to that certain engagement letter dated April 25, 2014	$35,000.00

Technical and Market Advisor	SAIC Energy Environment & Infrastructure, L.L.C. (n/k/a Leidos Engineering LLC), pursuant to that certain engagement letter dated June 17, 2013	$0.00
Tax Advisor	Ernst & Young LLP, pursuant to that certain statement of work dated August 23, 2013	$0.00
Regulatory Counsel	Duggins Wren Mann & Romero, LLP pursuant to that certain engagement letter dated April 28, 2014	$73,589.49
Financial Advisor	Centerview Partners, pursuant to that certain engagement letter dated June 13, 2013	$206,717.43 (advisory) $5,025,000.00 (transaction)
EFH Unsecureds, EFIH First Liens, EFIH Second Liens (beneficially owned by Fidelity)		
Primary Counsel	Fried, Frank, Harris, Shriver & Jacobson LLP, pursuant to that certain engagement letter dated August 13, 2013	$956,897.13
Local Counsel	[TBD]	$0.00
Regulatory Counsel	[TBD]	$0.00
Financial Advisor	Perella Weinberg Partners, pursuant to that certain engagement letter dated October 16, 2013	$0.00
Consenting Non-Fidelity EFIH First Liens		
Primary Counsel	Bingham McCutchen LLP pursuant to that certain engagement letter dated as of April 27, 2014	$200,000.00
Local Counsel	[TBD]	$0.00
Interest Holders		
Primary Counsel	Wachtell, Lipton, Rosen, & Katz, pursuant to that certain engagement letter	$9,000,000.00

	dated March 3, 2013	
Local Counsel	Morris, Nichols, Arsht & Tunnell	$1,200.000.00
Regulatory Counsel	[TBD]	$0.00
Financial Advisor	Blackstone Advisory Group L.P., pursuant to that certain engagement letter dated March 28, 2013	$8,398,939.90

Schedule 2 to
the Restructuring Support and Lock-Up Agreement

Individual TCEH First Lien Creditor Advisor

TCEH First Lien Creditor	Name of Firm
Apollo	O'Melveney & Myers LLP, as primary counsel, pursuant to that certain engagement letter dated January 6, 2014
	Cadwalader, Wickersham & Taft LLP, as counsel with respect to certain regulatory matters, pursuant to that certain engagement letter dated December 26, 2013
	Moelis & Company, as financial advisor, pursuant to that certain engagement letter dated December 20, 2013
Mason Capital	Wilkie Farr & Gallagher LLP, as primary counsel
Oaktree	Debevoise & Plimpton LLP, as primary counsel
Centerbridge	Schulte Roth & Zabel LLP, as primary counsel

Schedule 3 to
the Restructuring Support and Lock-Up Agreement

1. Motion of Energy Future Holdings Corp., *et. al.*, for Entry of an Order Directing Joint Administration of the Debtors' Chapter 11 Cases

2. Motion of Texas Competitive Electric Holdings Company LLC, *et. al.*, for Entry of Interim and Final Orders (A) Approving Postpetition Financing, (B) Granting Liens and Providing Superpriority Administrative Expense Claims, (C) Granting Adequate Protection, (D) Modifying the Automatic Stay, and (E) Scheduling a Final Hearing

3. Motion of Texas Competitive Electric Holdings Company LLC, *et al.*, for Entry of an Order Authorizing the TCEH Debtors to File Under Seal the Certain Fee Letter Related to Proposed Debtor-In-Possession Financing

4. Motion of the TCEH Debtors for Entry of Interim and Final Orders (A) Authorizing Use of Cash Collateral, (B) Granting Adequate Protection, (C) Modifying the Automatic Stay, and (D) Scheduling a Final Hearing

5. Motion of Energy Future Intermediate Holding Company LLC and EFIH Finance, Inc., for Entry of Interim and Final Orders (A) Approving Postpetition Financing, (B) Granting Liens and Providing Superpriority Administrative Expense Claims, (C) Authorizing the Use of Cash Collateral, (D) Granting Adequate Protection, (E) Authorizing the Repayment of Prepetition Debt, (F) Determining the Value of Secured Claims, (G) Modifying the Automatic Stay, and (H) Scheduling a Final Hearing

6. Motion of Energy Future Intermediate Holding Company LLC and EFIH Finance, Inc. for Entry of an Order Authorizing the EFIH Debtors to File Under Seal the Certain Fee Letter Related to Proposed Debtor-In-Possession Financing

7. Motion of Energy Future Holdings Corp., *et al.*, for Entry of Interim and Final Orders Authorizing the Debtors to (A) Pay Certain Prepetition Wages, Salaries, Reimbursable Employee Expenses, and Other Compensation, (B) Pay and Honor Employee and Retiree Medical and Similar Benefits, and (C) Continue Employee Compensation and Employee and Retiree Benefit Programs

8. Motion of Energy Future Holdings Corp., *et al.*, for Entry of an Order (A) Authorizing the Debtors to (I) Continue Using Their Existing Cash Management System, (II) Maintain Existing Bank Accounts and Business Forms, and (III) Continue Using Certain Overnight Investment Accounts; (B) Authorizing Continued Intercompany Transactions and Netting of Intercompany Claims; and (C) Granting Postpetition Intercompany Claims Administrative Expense Priority

9. Motion of Energy Future Holdings Corp., *et al.*, for Entry of (A) an Order Authorizing the Debtors to (I) Maintain and Administer Customer Programs, (II) Honor Prepetition Obligations Related Thereto, (III) Pay Certain Expenses on Behalf of Certain Organizations, (IV) Fix Deadlines to File Proofs of Claim for Certain Customer Claims, and (V) Establish Procedures for Notifying Customers of Commencement of the Debtors' Chapter 11 Cases, Assumption of Customer Agreements, and the Bar Dates for Customer Claims and (B) an Order Authorizing the Debtors to Assume Customer Agreements

10. Motion of Energy Future Holdings Corp., *et al.*, for Entry of Interim and Final Orders Authorizing the Debtors to Pay Prepetition Critical Vendor Claims

11. Motion of Energy Future Holdings Corp., *et al.*, for Entry of Interim and Final Orders Authorizing the Debtors to (A) Grant Administrative Expense Priority to All Undisputed Obligations for Goods and Services Ordered Prepetition and Delivered Postpetition and Satisfy Such Obligations in the Ordinary Course of Business, and (B) Pay Prepetition Claims of Shippers, Warehousemen, and Materialmen

12. Motion of Energy Future Holdings Corp., *et al.*, For Entry of Interim and Final Orders Authorizing the Debtors to (A) Continue Performing Under Prepetition Hedging and Trading Arrangements, (B) Pledge Collateral and Honor Obligations Thereunder, and (C) Enter Into and Perform Under Trading Continuation Agreements and New Postpetition Hedging and Trading Arrangement

13. Motion of Energy Future Holdings Corp., *et al.*, for Entry of Interim and Final Orders Determining Adequate Assurance of Payment for Future Utility Services

14. Motion of Energy Future Holdings Corp., *et al.*, for Entry of an Order Authorizing the Debtors to Assume Certain Transmission and Distribution Service Agreements

15. Motion of Energy Future Holdings Corp., *et al.*, for Entry of an Order Authorizing the Debtors to Pay Certain Prepetition Taxes and Fees

16. Application of Energy Future Holdings Corp., *et al.*, for Entry of an Order Approving the Retention and Appointment of Epiq Bankruptcy Solutions, LLC as the Claims and Noticing Agent for the Debtors

17. Motion of Energy Future Holdings Corp., *et. al.*, for Entry of an Order Authorizing the Debtors to File a Consolidated List of Creditors in Lieu of Submitting a Separate Mailing Matrix for Each Debtor

18. Motion of Energy Future Holdings Corp., *et. al.*, for Entry of an Order Authorizing the Debtors to Assume Certain ERCOT Participation Agreements[1]

[1] Will not be heard at first day hearing.

EXHIBIT 2

First Amendment to the Restructuring Support Agreement

Execution Version

FIRST AMENDMENT TO RESTRUCTURING SUPPORT AND LOCK-UP AGREEMENT

THIS FIRST AMENDMENT TO THE RESTRUCTURING SUPPORT AND LOCK-UP AGREEMENT (this "**Amendment**") is made as of May 7, 2014 by and among all of the following: (a) the Consenting Interest Holders; (b) the Consenting Ad Hoc TCEH Committee; (c) Consenting Creditors holding at least 50.1% in principal amount of the aggregate amount of EFH Unsecured Note Claims held at such time by the Consenting Creditors; (d) Consenting Fidelity EFIH First Lien Noteholders holding at least 50.1% in principal amount of the aggregate amount of the EFIH First Lien Note Claims held by all Consenting Fidelity First Lien Noteholders at such time; (e) Consenting Creditors holding at least 50.1% in principal amount of the aggregate of each of the EFIH Second Lien Note Claims at such time; (f) the Required EFIH Unsecured Consenting Creditors; (g) each applicable Consenting Non-Fidelity EFIH First Lien Noteholder; and (h) each of the Debtors (each of the foregoing listed on the signature pages attached hereto and collectively, the "**Required Amendment Parties**") and amends that certain restructuring support and lock up agreement dated as of April 29, 2014 by and among the Restructuring Support Parties (as amended, the "**Restructuring Support Agreement**"). Capitalized terms used but not otherwise defined herein have the meanings ascribed to such terms in the Restructuring Support Agreement.

WHEREAS, the Restructuring Support Parties desire to amend the Restructuring Support Agreement as set forth in this Amendment;

WHEREAS, Section 9 of the Restructuring Support Agreement permits the Restructuring Support Parties to modify, amend or supplement the Restructuring Support Agreement with the consent of the Required Amendment Parties as set forth above;

NOW, THEREFORE, in consideration of the mutual covenants and agreements and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Restructuring Support Parties hereto hereby agree to amend the Restructuring Support Agreement as follows:

1. Amendments to the Restructuring Support Agreement.

1.01. Section 4.04(c) of the Restructuring Support Agreement is hereby deleted in its entirety and replaced with the following:

> Notwithstanding anything to the contrary herein, (i) the foregoing provisions shall not preclude any Consenting Creditor from settling or delivering securities or bank debt to settle any confirmed transaction pending as of the date of such Consenting Creditor's entry into this Agreement (subject to compliance with applicable securities laws and it being understood that such Debtor Claims/Interests so acquired and held (i.e., not as a part of a short transaction) shall be subject to the terms of this Agreement), (ii) a Qualified Marketmaker (as defined below) that acquires any of the Debtor Claims/Interests with the purpose and intent of acting as a Qualified Marketmaker for such Debtors Claims/Interests, shall not be required to execute and deliver to counsel a Transfer Agreement or otherwise agree to be bound by the terms and conditions set forth in this Agreement if such Qualified Marketmaker transfers such Debtor Claims/Interests (by purchase, sale, assignment, participation, or otherwise) within five (5) business days of its acquisition to a Consenting Interest Holder,

Consenting Creditor, or Permitted Transferee (including, for the avoidance of doubt, the requirement that such transferee execute a Transfer Agreement) and the transfer otherwise is a Permitted Transfer, and (iii) to the extent any Restructuring Support Party is acting in its capacity as a Qualified Marketmaker, such Restructuring Support Party may Transfer any Debtor Claims / Interests that it acquires from a holder of such Debtor Claims / Interests that is not a Restructuring Support Party to a transferee that is not a Restructuring Support Party at the time of such Transfer without the requirement that such transferee be or become a Restructuring Support Party.

1.02. Section 8.01(b) of the Restructuring Support Agreement is hereby deleted in its entirety and replaced with the following:

> the Debtors shall not have filed the RSA Assumption Motion with the Bankruptcy Court on or before May 15, 2014.

1.03. Section 8.02(a) of the Restructuring Support Agreement is hereby deleted in its entirety and replaced with the following:

> the Debtors have not filed each of the EFIH First Lien DIP Motion, the EFIH Second Lien DIP Motion, and the Approval Motion on or before May 15, 2014.

1.04. Section 8.04(a) of the Restructuring Support Agreement is hereby deleted in its entirety and replaced with the following:

> the Debtors have not filed each of the EFIH First Lien DIP Motion, the EFIH Second Lien DIP Motion, and the Approval Motion on or before May 15, 2014.

1.05. Exhibit A to the Restructuring Support Agreement is hereby deleted in its entirety and replaced with the Amended and Restated Term Sheet, without reference to any of exhibits referenced in the Term Sheet or the Amended and Restated Term Sheet, attached to this Amendment as **Exhibit A**.

1.06. Exhibit H to Exhibit A of the Restructuring Support Agreement is hereby deleted in its entirety and replaced with the Amended and Restated EFIH Second Lien DIP Financing Term Sheet attached to this Amendment as **Exhibit B**.

2. Ratification. Except as specifically provided for in this Amendment, no changes, amendments, or other modifications have been made on or prior to the date hereof or are being made to the terms of the Restructuring Support Agreement or the rights and obligations of the parties thereunder, all of which such terms are hereby ratified and confirmed and remain in full force and effect.

3. Effect of Amendment. This letter agreement shall be effective on the date on which the Debtors have received all of the Required Amendment Parties' signature pages. Following the effective date, whenever the Restructuring Support Agreement is referred to in any agreements, documents, and instruments, such reference shall be deemed to be to the Restructuring Support Agreement as amended by this Amendment.

4. Waiver of Certain Termination Rights. Each of the Required Amendment Parties hereby waives, as applicable, the termination rights set forth in Section 8.01(b), Section 8.02(a), and Section 8.04(a) of the Restructuring Support Agreement that may exist as of the effective date of this Amendment.

[*Signature pages redacted*]

EXHIBIT A

AMENDED AND RESTATED 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 term sheet (this "Term Sheet")[1] describes the terms of a restructuring of: (a) Energy Future Holdings Corp., a Texas corporation ("EFH"); (b) EFH's wholly-owned direct subsidiaries Energy Future Intermediate Holding Company LLC, a Delaware limited liability company ("EFIH") and Energy Future Competitive Holdings Company LLC, a Delaware limited liability company ("EFCH"); (c) EFIH's wholly-owned direct subsidiary, EFIH Finance Inc., a Delaware corporation; (d) EFCH's wholly-owned direct subsidiary, Texas Competitive Electric Holdings Company LLC, a Delaware limited liability company ("TCEH"); (e) TCEH's directly and indirectly-owned subsidiaries listed on Exhibit B; and (f) EFH's directly and indirectly-owned subsidiaries listed on Exhibit C (the entities listed in clauses (a) through (f) collectively, the "Debtors," and such restructuring, the "Restructuring").

The Debtors will implement the Restructuring through a prearranged plan of reorganization, which shall be consistent with the terms of this Term Sheet and the Restructuring Support Agreement (as it may be amended or supplemented from time to time in accordance with the terms of the Restructuring Support Agreement, the "Plan") under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware or another bankruptcy court of competent jurisdiction with respect to the subject matter (the "Bankruptcy Court"). This Term Sheet incorporates the rules of construction set forth in section 102 of the Bankruptcy Code.

The governing documents with respect to the Restructuring will contain terms and conditions that are dependent on each other, including those described in this Term Sheet.

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 discussion and negotiation in accordance with the Restructuring Support Agreement. The Restructuring will not contain any material terms or conditions that are inconsistent in any material respect with this Term Sheet or the Restructuring Support Agreement. This Term Sheet is confidential and may not be released to any other party unless permitted under the Restructuring Support Agreement or in accordance with a Confidentiality Agreement (as defined in the Restructuring Support Agreement).

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[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) Holders of the TCEH First Lien Secured Claims will receive their Pro Rata share of (i) 100% of the Reorganized TCEH Common Stock, subject to dilution only by the Reorganized TCEH Management Incentive Plan; and (ii) 100% of the net cash proceeds from the issuance of the New Reorganized TCEH Debt.

(c) Holders of General Unsecured Claims Against the TCEH Debtors (which shall include TCEH First Lien Deficiency Claims, TCEH Second Lien Note Claims, and TCEH Unsecured Note Claims) will receive their Pro Rata share of the TCEH Unsecured Claim Fund.

(d) Pursuant to the EFIH First Lien Settlement, Settling EFIH First Lien Note Holders will convert their EFIH First Lien Note Claims to EFIH First Lien DIP Claims in an amount equal to the greater of (i) (A) 105% of the principal plus (B) 101% of accrued and unpaid interest at the non-default rate on such principal, through consummation of the EFIH First Lien DIP Financing (which amount shall be deemed to include the original issue discount paid in respect of the EFIH First Lien DIP Financing); and (ii) (A) 104% of the principal plus (B) accrued and unpaid interest at the non-default rate on such principal, through consummation of the EFIH First Lien DIP Financing, plus original issue discount paid in respect of the EFIH First Lien DIP Financing, it being understood that in connection with such loans, Settling EFIH First Lien Note Holders shall be entitled to interest in accordance with the EFIH First Lien DIP Financing, but shall not be entitled to any other fees (including commitment fees) paid in respect of the EFIH First Lien DIP Financing. Any other Allowed EFIH First Lien Note Claims shall receive their Pro Rata share of cash in the amount of such Claims on the Effective Date or such other treatment as permitted under section 1129(b) of the Bankruptcy Code, as mutually agreed by EFIH and the Required EFIH Unsecured Consenting Creditors.

(e) Pursuant to the EFIH Second Lien Settlement, Settling EFIH Second Lien Note Holders will receive their Pro Rata share of (a) principal plus accrued and unpaid interest at the non-default rate, through consummation of the EFIH Second Lien DIP Financing; and (b) 50% of the aggregate amount of the EFIH Second Lien Makewhole Claims. Fidelity may use the proceeds it receives on account of the EFIH Second Lien Settlement to participate in the EFIH First Lien DIP Financing in an amount up to $500 million. The Debtors will initiate litigation to obtain entry of an order disallowing any EFIH Second Lien Makewhole Claim of Non-Settling EFIH Second Lien Note Holders, and Non-Settling EFIH Second Lien Note Holders will receive their Pro Rata share of cash on hand at EFIH or from the proceeds of the EFIH Second Lien DIP Financing and available cash at EFIH in an amount equal to the principal plus accrued and unpaid interest, through consummation of the EFIH Second Lien DIP Financing, at the non-default rate of such Holder's Claim (not including any premiums, fees, or Claims relating to the repayment of the EFIH Second Lien Note Claims). Any other Allowed EFIH Second Lien Note Claims shall receive their Pro Rata share of cash in the amount of such Claims on the Effective Date or such other treatment as permitted under section 1129(b) of the Bankruptcy Code, as mutually agreed by EFIH and the Required EFIH Unsecured Consenting Creditors.

(f) Pursuant to the Commitment Letter, certain Holders of EFIH Unsecured Note Claims will

	commit up to $1,900 million in cash, which shall be utilized to backstop the EFIH Second Lien DIP Financing. On the Effective Date, EFIH Second Lien DIP Claims shall convert on a Pro Rata basis to Reorganized EFH Common Stock issued and outstanding as of the Effective Date pursuant to the Equity Conversion and the terms set forth in this Term Sheet.
(g)	Holders of EFIH Unsecured Note Claims and EFH LBO Notes Guaranty Claims will receive their Pro Rata share of 91% of the Participation Rights and, on the Effective Date, Holders of General Unsecured Claims Against the EFIH Debtors will receive 98% of the Reorganized EFH Common Stock, subject to dilution on account of the Equity Conversion.
(h)	Holders of General Unsecured Claims Against EFH will receive their Pro Rata share of: (i) the Equity Conversion; (ii) on the Effective Date, 1% of the Reorganized EFH Common Stock, subject to dilution on account of the Equity Conversion; and (iii) on the Effective Date, either: (A) if the Oncor TSA Amendment has been approved, (1) $55 million in cash from EFIH, *provided, however*, that if the Oncor tax payments received by EFIH under the Oncor TSA Amendment through the Effective Date are less than 80% of the projected amounts set forth in this Term Sheet, the $55 million shall be reduced dollar-for-dollar by such shortfall, and (2) cash on hand at EFH (not including the settlement payment in clause (1) hereof); or (B) if the Oncor TSA Amendment has not been approved, all EFH assets, including cash on hand and any Causes of Action, but excluding Interests in EFIH.
(i)	Holders of General Unsecured Claims Against EFH Debtors Other Than EFH shall receive treatment in accordance with the priorities set forth in the Bankruptcy Code.
(j)	Holders of EFH Interests will receive, on the Effective Date, their Pro Rata share of 1% of the Reorganized EFH Common Stock, subject to dilution on account of the Equity Conversion.

GENERAL PROVISIONS REGARDING THE EFIH RESTRUCTURING	
EFIH First Lien DIP Financing	Consistent with the Restructuring Support Agreement, EFIH will file a motion (the "EFIH First Lien DIP Motion") or, to the extent necessary, commence an adversary proceeding to: (a) seek approval of the EFIH First Lien DIP Financing on the terms set forth in **Exhibit G**; (b) repay in full all outstanding principal and accrued and unpaid interest through consummation of the EFIH First Lien DIP Financing, at the non-default rate due and owing under the EFIH First Lien Notes (which shall not include any alleged premiums, fees or claims relating to the repayment of such Claims), held by Non-Settling EFIH First Lien Note Holders in cash from the proceeds of the EFIH First Lien DIP Financing in full satisfaction of such Holders' EFIH First Lien Note Claims; (c) exchange the EFIH First Lien Note Claims held by Settling EFIH First Lien Note Holders (and EFIH Second Lien Note Claims electing such treatment under the EFIH Second Lien Settlement, if any) for loans under the EFIH First Lien DIP Financing in accordance with the terms of the EFIH First Lien Settlement (and the EFIH Second Lien Settlement); and

	(d) obtain entry of an order or a judicial finding that no Allowed Claim exists on account of EFIH First Lien Makewhole Claims held by Non-Settling EFIH First Lien Note Holders.
EFIH First Lien Settlement	Consistent with the Restructuring Support Agreement, EFIH shall file a motion to: (a) seek approval of a settlement with the Settling EFIH First Lien Note Holders (the "**EFIH First Lien Settlement**") on the terms set forth below; (b) provide EFIH First Lien Note Claims held by Fidelity, PIMCO, and any other holders of EFIH First Lien Note Claims that are signatories to the Restructuring Support Agreement as of the date of the EFIH First Lien DIP Financing is consummated (such Holders, "**Settling EFIH First Lien Note Holders**") with, in connection with the EFIH First Lien DIP Financing, and as payment in full of their EFIH First Lien Note Claims, their Pro Rata share of an amount of loans under the EFIH First Lien DIP Financing equal to the greater of: (i) (A) 105% of the principal plus (B) 101% of accrued and unpaid interest at the non-default rate on such principal, through consummation of the EFIH First Lien DIP Financing (which amount shall be deemed to include the original issue discount paid in respect of the EFIH First Lien DIP Financing); and (ii) (A) 104% of the principal plus (B) accrued and unpaid interest at the non-default rate on such principal, through consummation of the EFIH First Lien DIP Financing, plus original issue discount paid in respect of the EFIH First Lien DIP Financing, it being understood that in connection with such loans, Settling EFIH First Lien Note Holders shall be entitled to interest (in no event less than LIBOR plus 3.25% with a LIBOR floor of 1.00%) in accordance with the EFIH First Lien DIP Financing, but shall not be entitled to any other fees (including commitment fees) paid in respect of the EFIH First Lien DIP Financing; and (c) seek approval of a commitment by PIMCO, in the amount of $1.45 billion, and Fidelity or WAMCO if they elect to commit any additional amounts set forth on such parties' signature page to the Restructuring Support Agreement (each, the "**Backstop Amount**," such Backstop Amount, collectively, the "**Backstop Commitment**," and such backstopping parties, the "**Backstop Parties**") to provide backstop EFIH First Lien DIP Financing (the "**Backstop Financing**") on the terms set forth below within five (5) calendar days of the date of the Restructuring Support Agreement, it being understood that in connection with such loans, the Backstop Parties shall be entitled to interest (in no event less than LIBOR plus 3.25% with a LIBOR floor of 1.00%) and original issue discount equal to the greater of (i) 1.00% or such original issue discount as may be paid to other lenders in the EFIH First Lien DIP Financing, and shall be restricted by the Clear Market Provision set forth below, but shall be entitled to commitment fees upon entry of final order consummating the EFIH First Lien DIP Financing, in the following amounts: (i) 1.75%, if such Settling EFIH

	First Lien Note Holders enter into a commitment by executing the Restructuring Support Agreement before the petition is filed, or (ii) 1.00%, if such Settling EFIH First Lien Note Holders enter into a commitment by executing the Restructuring Support Agreement after the petition is filed, paid in respect of such Backstop Financing, and a ticking fee if and when one becomes payable to EFIH First Lien DIP lenders, and with closing conditions as set forth in **Exhibit I**, and as otherwise set forth in the EFIH First Lien DIP Financing. The Backstop Financing shall be funded (x) first, by PIMCO in an amount equal to the lesser of: (a) $768.871 million; or (b) (i) the maximum possible amount of the First Lien Exchange Financing (i.e., assuming all Holders of EFIH First Lien Note Claims participated in the EFIH First Lien Settlement) less the actual amount of the First Lien Exchange Financing at such time (the "**Unallocated First Lien Exchange Capacity**") plus (ii) an amount equal to $4,850 million less the maximum possible amount of the First Lien Exchange Financing (i.e., assuming all Holders of EFIH First Lien Note Claims participated in the EFIH First Lien Settlement); provided, however, in such event, any Backstop Financing funded in excess of the Unallocated First Lien Exchange Capacity shall not be entitled to any commitment fees; (y) second, by all Backstop Parties (on a pro rata basis based on each Backstop Party's individual remaining unused Backstop Amount) in an amount equal to the lesser of: (A) the remaining amount of the Backstop Commitment, if any; and (B) the remaining amount of the Unallocated First Lien Exchange Capacity, if any; (d) seek approval of a commitment by GSO to fund $50 million on the terms set forth in the EFIH First Lien DIP Financing, including original issue discount, but not including commitment fees. The EFIH First Lien Settlement shall be governed by the following principles: (a) **Eligibility**. The EFIH First Lien Settlement may be offered or made available, at EFIH's election, to other Holders of EFIH First Lien Note Claims that sign the Restructuring Support Agreement; provided, however, that any such offering shall (1) be completed within twenty-five (25) business days after May 5, 2014 and (2) include a "step-down" in the exchange rate applicable to the exchange on the tenth (10) business day after the launch of such exchange (provided such "step down" date can be extended by up to three (3) business days). (b) **Reservation of Rights**. The EFIH First Lien Settlement shall in no way affect EFIH's position with respect to Holders of EFIH First Lien Note Claims that do not enter into the EFIH First Lien Settlement (such holders, the "**Non-Settling EFIH First Lien Note Holders**"). Accordingly, as to the Non-Settling EFIH First Lien Note Holders, EFIH shall reserve all rights. (c) **Effect; Most Favored Nation**. The EFIH First Lien Settlement shall be binding on Settling EFIH First Lien Note Holders in all respects and irrespective of the outcome of any litigation in respect of any other

	EFIH First Lien Makewhole Claim; provided, however, that if EFIH reaches one or more voluntary settlements with a Non-Settling EFIH First Lien Note Holder in the period commencing on the Petition Date and ending on the date on which the EFIH First Lien DIP Financing is fully funded pursuant to a final order entered by the Bankruptcy Court, which provides a higher percentage recovery to a Non-Settling EFIH First Lien Note Holder does the EFIH First Lien Settlement, the EFIH First Lien Settlement shall be automatically amended to provide such higher percentage recovery to Fidelity and PIMCO, provided, further, that if the EFIH First Lien DIP Financing shall have been consummated by such date, such additional consideration may be in the form of cash, at the election of EFIH. (d) **Clear Market Provision**. The "**Clear Market Provision**" shall mean the requirement that the Settling EFIH First Lien Note Holders not syndicate or attempt to syndicate any portion of their commitment under the DIP Facility, prior to the earlier of (x) the date that the lenders under the EFIH First Lien DIP Financing no longer hold any of the EFIH First Lien DIP Financing (i.e., successful syndication date) and (y) in the event of an offering with respect to the EFIH First Lien Settlement, the 25th day after the end of any 'early' election period given to the holders of the EFIH First Lien Notes Claims. (e) **Definitive Documentation**. The final credit agreement consummating the DIP Financing shall be in form and substance, in all material respects, consistent with the draft credit agreement as modified by the draft DIP Financing term sheet, each as attached to this Term Sheet, and any material modification to such credit agreement (as modified by such DIP Financing term sheet) shall be approved by PIMCO (such approval not to be unreasonably withheld, delayed or conditioned). The final order consummating the DIP Financing shall be in form and substance reasonably acceptable in all material respects to PIMCO.
EFIH Second Lien DIP Financing	Consistent with the Restructuring Support Agreement, EFIH will file a motion (the "EFIH Second Lien DIP Motion") or, to the extent necessary, commence an adversary proceeding to: (a) seek approval of the EFIH Second Lien DIP Financing on the terms set forth in **Exhibit H** in an amount up to $1,900 million; (b) repay in full all outstanding principal plus accrued and unpaid interest at the non-default rate, through consummation of the EFIH Second Lien DIP Financing, due and owing under the EFIH Second Lien Notes (which shall not include any alleged premiums, fees or claims relating to the repayment of such Claims) to Non-Settling EFIH Second Lien Note Holders in cash from proceeds of the EFIH Second Lien DIP Financing and cash on hand at EFIH in full satisfaction of such Holders' EFIH Second Lien Note Claims; and (c) repay the EFIH Second Lien Notes held by Settling EFIH Second Lien Note Holders with cash on hand at EFIH, cash from the proceeds of the

	EFIH Second Lien DIP Financing or, in the case of Fidelity, an exchange for participation in the EFIH First Lien DIP Financing in accordance with the terms of the EFIH Second Lien Settlement. The Debtors will assert that no Allowed Claim exists on account of any alleged premiums, fees or claims relating to the repayment of the EFIH Second Lien Note Claims held by Non-Settling EFIH Second Lien Note Holders, but will litigate such Claims at a later date in the Chapter 11 Cases. On the Effective Date, the EFIH Second Lien DIP Claims shall be subject to the Equity Conversion.
EFIH Second Lien Settlement	Consistent with the Restructuring Support Agreement, EFIH shall file a motion to: (a) seek approval of a settlement with the Settling EFIH Second Lien Note Holders (the "**EFIH Second Lien Settlement**") on the terms set forth below; and (b) provide settling Holders of EFIH Second Lien Note Claims, which shall include Fidelity, GSO, York, and Avenue and such other holders of the EFIH Second Lien Note Claims that are signatories to the Restructuring Support Agreement as of the date the EFIH Second Lien DIP Financing is consummated (such Holders, the "**Settling EFIH Second Lien Note Holders**"), as payment in full of their EFIH Second Lien Note Claims, their Pro Rata share of (i) an amount in cash equal to principal plus accrued but unpaid interest (including Additional Interest) on such principal at the contract non-default rate through the date of consummation of the EFIH Second Lien Settlement, plus (ii) 50% of the aggregate amount of the EFIH Second Lien Makewhole Claims calculated as of the date of consummation of the EFIH Second Lien Settlement and calculated without inclusion of Additional Interest, plus (iii) in the case of GSO, York, and Avenue, a settlement premium of $1.57 million in cash in the aggregate; *provided, however*, (1) Fidelity shall have the right to receive up to $500 million of its payment under the EFIH Second Lien Settlement in the form of EFIH First Lien DIP Financing to be implemented in a manner consistent with this Term Sheet and reasonably acceptable to Fidelity, it being understood that in connection with such loans, Fidelity shall be entitled to interest and original issue discount, if any, in respect of the EFIH First Lien DIP Financing plus a 1.75% commitment fee. The EFIH Second Lien Settlement shall be governed by the following principles: (c) **Eligibility**. The EFIH Second Lien Settlement may be made available, at EFIH's election, to other Holders of EFIH Second Lien Note Claims that sign the Restructuring Support Agreement. (d) **Reservation of Rights**. The EFIH Second Lien Settlement shall in no way affect EFIH's position with respect to Holders of EFIH Second Lien Note Claims that do not enter into the EFIH Second Lien Settlement (such holders, the "**Non-Settling EFIH Second Lien Note Holders**"). Accordingly, as to the Non-Settling EFIH Second Lien

	Note Holders, EFIH shall reserve all rights. (e) **Effect; Most Favored Nation**. The EFIH Second Lien Settlement shall be binding on Settling EFIH Second Lien Note Holders in all respects and irrespective of the outcome of any litigation in respect of any other EFIH Second Lien Makewhole Claim; *provided, however*, that if EFIH reaches one or more voluntary settlements with either: (i) a Commitment Party or affiliate thereof on account of its EFIH Second Lien Note Claims (whenever acquired) at any time prior to a judgment on the merits on such Claims; or (ii) any other Non-Settling EFIH Second Lien Note Holder at any time prior to the earlier of (x) the date seven business days after the commencement of opening statements (or the equivalent) in any trial on the merits of the Second Lien Makewhole Claims and (y) the date upon which the Commitment Parties exercise and consummate the Call Right, and any such settlements, determined as of the final day of such period, provides a higher percentage recovery than does the EFIH Second Lien Settlement, then the EFIH Second Lien Settlement shall be automatically amended with respect to Fidelity to provide such higher percentage recovery to Fidelity, in its capacity as Settling EFIH Second Lien Note Holder; *provided, further*, that if the EFIH First Lien DIP Financing shall have been consummated by either such date, such additional consideration may be in the form of cash, at the election of EFIH. (f) **Call Right**. At any time before the Effective Date, any one or more Commitment Parties shall have the right to purchase from Fidelity all of its EFH Non-Guaranteed Notes for a purchase price equal to 37.15% of par plus accrued and unpaid interest through the Petition Date (the "**Call Right**").
EFIH Second Lien DIP Financing Commitment	Pursuant to the terms and conditions of the Commitment Letter, certain Holders of General Unsecured Claims Against the EFIH Debtors (the "Commitment Parties") have committed up to $1,900 million in available funds (the "EFIH Second Lien DIP Financing Commitment") which shall be utilized, in accordance with and subject to the terms and conditions of the Commitment Letter and related documentation, to backstop the EFIH Second Lien DIP Financing, which shall, subject to the terms of the Conversion Agreement, mandatorily convert into Reorganized EFH Common Stock pursuant to the Equity Conversion. The Commitment Letter is attached to the Restructuring Support Agreement as Exhibit C. The Participation Rights with respect to the EFIH Second Lien DIP Financing shall be provided as follows: (g) All Holders of EFIH Unsecured Note Claims and EFH LBO Notes Guaranty Claims shall receive their Pro Rata share of 91% of the

	Participation Rights; and (h) Fidelity, as a Holder of General Unsecured Claims of EFH, shall receive 9% of the Participation Rights and General Unsecured Claims Against EFH shall receive a Pro Rata share of 9% of the Equity Conversion on account of the Tranche A-3 Notes. Moreover, Fidelity shall receive an $11.25 million payment from EFIH in connection with the exercise of any of its Participation Rights. If at any time (a) the PLR Denial (as defined in the Restructuring Support Agreement) has occurred and (b) the Oncor TSA Amendment has not yet been approved, the Required EFIH Unsecured Consenting Creditors shall have the sole and exclusive right to require the Holders of any Tranche A-3 Notes to assign such notes to the Commitment Parties for a purchase price equal to the sum of (i) the par amount of such notes plus accrued and unpaid interest (including the paid-in-kind interest), which amount shall be payable on the purchase date, (ii) in the event such assignment is consummated before the payment of the one-time payment-in-kind fee, 10% of the par amount of such notes plus accrued and unpaid payment-in-kind interest, if any (but not, for the avoidance of doubt, any accrued and unpaid cash interest), which amount shall be payable on the purchase date, and (iii) a Pro Rata share of any Prepayment Fee (as defined in the EFIH Second Lien DIP Financing) subsequently paid on such Tranche A-3 Notes (which amount shall be paid by EFIH to the holders of the Tranche A-3 Notes immediately prior to such assignment and not the holders of the Tranche A-3 Notes as of the date that the Prepayment Fee is due and owing) ("**Tranche A-3 Redemption**"). The Debtors shall file a motion (the "**Approval Motion**") to obtain entry of (a) an order (the "**Approval Order**") consistent with the Restructuring Support Agreement, authorizing, among other things, (i) the EFIH First Lien Settlement, (ii) the EFIH Second Lien Settlement, and (iii) EFH and EFIH to perform their obligations under the Commitment Letter; and (b) an order (the "**Oncor TSA Amendment Order**") consistent with the Restructuring Support Agreement, authorizing the Oncor TSA Amendment.
Oncor TSA Amendment	Consistent with the Restructuring Support Agreement, the Approval Motion shall also include a request for authority to amend, or otherwise assign the payments under, the Oncor Tax Sharing Agreement (the "Oncor TSA Amendment") to provide that any payment required to be made to EFH under the Oncor Tax Sharing Agreement after March 31, 2014, will instead be made to EFIH. The Debtors agree to use commercially reasonable efforts to secure entry of the Oncor TSA Amendment Order. Any tax payments received by EFH before the Bankruptcy Court enters or denies the Oncor TSA Amendment Order shall be deposited by EFH into a segregated account (the

	"Segregated Account") and shall not be disbursed until the earlier of (i) the date the Bankruptcy Court enters the Oncor TSA Amendment Order, in which case, such amounts shall be remitted to EFIH or (ii) the date the Bankruptcy Court denies entry of the Oncor TSA Amendment Order, in which case, such amounts shall be remitted to EFH. After entry of the Oncor TSA Amendment Order, EFIH will reimburse EFH for cash taxes paid by EFH attributable to Oncor state taxes. The Oncor TSA Amendment shall automatically terminate and be of no further force and effect in the event that the Commitment Letter is terminated by the Commitment Parties; *provided, however*, that any amounts that were paid to EFIH in accordance with the Oncor TSA Amendment before its termination shall be retained by EFIH if the Commitment Letter or EFIH Second Lien DIP Financing terminates or is not fully funded in accordance with its terms (i.e., except as a result of a breach by the Commitment Parties). Neither EFH nor EFIH shall have the right to terminate or modify the Oncor TSA Amendment during the Chapter 11 Cases if the EFIH Second Lien DIP Financing is consummated. The collateral under the EFIH First Lien DIP Financing and the EFIH Second Lien DIP Financing (if any) will include proceeds of payments under the Oncor TSA Amendment, as long as the Oncor TSA Amendment remains in effect. If the Bankruptcy Court has not approved the Oncor TSA Amendment 90 days after the Petition Date, each Holder of EFIH Second Lien DIP Notes shall receive, in accordance with the EFIH Second Lien DIP Financing, 4.0% of additional interest with respect to the EFIH Second Lien DIP Notes, paid in kind and compounded quarterly on account of such Holder's EFIH Second Lien DIP Claim, from the date that is 90 days after the Petition Date. If the Bankruptcy Court do not approve the Oncor TSA Amendment by May 1, 2015, each Holder of EFIH Second Lien DIP Notes shall receive, in accordance with the EFIH Second Lien DIP Financing, a one-time 10.0% paid in kind fee on account of such Holder's EFIH Second Lien DIP Claim.
Private Letter Ruling	Consistent with the Restructuring Support Agreement, EFH, on behalf of the Debtors, shall file with the IRS a written request (the "**Ruling Request**," and together with all related materials and supplements thereto to be filed with the IRS, the "**IRS Submissions**") that the IRS issue a private letter ruling (the "**Private Letter Ruling**") to EFH that: 1. will provide that the Contribution and the Distribution qualify as a "reorganization" within the meaning of Sections 368(a)(1)(G), 355 and 356 of the Internal Revenue Code of 1986, as amended (the "**Code**")

(collectively, the "**Intended Tax-Free Treatment**"); and

2. will include each of the other requested rulings set forth in Part IV of the Energy Future Holdings Corp. Pre-Submission Memorandum for Rulings Under Section 368(a)(1)(G) and 355 in the form attached as **Exhibit E** (the "**Pre-Submission Memo**").

Collectively, the rulings described in clauses (a) and (b) are the "**Required Rulings**."

Prior to filing the Ruling Request, EFH shall use its reasonable best efforts to arrange a pre-submission conference with the IRS (a "**Pre-Submission Conference**") by requesting such Pre-Submission Conference as soon as reasonably practicable following the Petition Date. Such request must be made within 5 business days of the Petition Date. For the avoidance of doubt, the Pre-Submission Memo shall (a) request that the IRS provide, *inter alia*, the Required Rulings, (b) constitute an IRS Submission and (c) be submitted to the IRS in advance of the Pre-Submission Conference.

EFH shall be responsible for the preparation and filing of the IRS Submissions. EFH shall provide tax counsel to the Consenting Creditors and Consenting Interest Holders (the "**PLR Participation Parties**") with a reasonable opportunity to review and comment on drafts of all IRS Submissions filed on or after the date of entry into the Restructuring Support Agreement; *provided, however*, that such rights shall not result in unreasonable delays in submitting the IRS Submissions to the IRS. No IRS Submission shall be filed without the consent of the Required Consenting Creditors, which consent shall not be unreasonably withheld or delayed. To the extent that EFH, in its good faith judgment, considers any information included in such IRS drafts to be confidential, EFH may require that any such documents provided to the PLR Participation Parties be redacted to exclude such information, but tax counsel to the PLR Participation Parties shall receive (and keep confidential) complete and unredacted copies of any IRS Submission. Subject to the foregoing, EFH shall provide the PLR Participation Parties with copies of each IRS Submission promptly following the filing thereof.

EFH shall notify the PLR Participation Parties of any substantive communications with the IRS regarding the IRS Submissions and the Restructuring Transactions. Notwithstanding the foregoing, one representative from each PLR Participation Party (a "**PLR Participation Party Representative**") shall (a) be given the opportunity to participate in all scheduled communications with the IRS concerning the Ruling Request, including all scheduled conference calls and in-person meetings (including the Pre-Submission Conference); and (b) be updated in a timely fashion regarding any unscheduled communications with the IRS. EFH and the PLR Participation Parties agree to cooperate and use their commercially reasonable efforts to assist in obtaining the Private Letter Ruling requested in the Ruling Request, including providing such appropriate information and representations as the IRS shall reasonably require in connection with the Required Rulings; *provided, however*, that (i) the representations are consistent with, or not more burdensome to the PLR Participation Parties than, those set forth in the Summary of Key Representations, attached as **Exhibit K**, and (ii) providing such information and representations does not restrict the liquidity of equity in Reorganized TCEH

	after the Effective Date or the Claims of the PLR Participation Parties against the Debtors prior to the Effective Date. Notwithstanding the foregoing, the Debtors, the Consenting Creditors and the Consenting Interest Holders acknowledge that certain of the Required Rulings set forth in the Pre-Submission Memo address matters for which the IRS does not commonly issue private letter rulings and, as a result, there is substantial uncertainty as to what representations the IRS may require from the Debtors, the Consenting Creditors and the Consenting Interest Holders. The Consenting Creditors and Consenting Interest Holders agree to reasonably consider in good faith any representations described in clause (i) above requested by the IRS in order to issue the Private Letter Ruling. Other than as set forth in this Term Sheet (including, for this purpose, transactions described in the Pre-Submission Memo), the Debtors shall not take any action to change the entity classification for U.S. federal income tax purposes of any Debtor entity with material assets, by changing their legal form or otherwise, without the consent of the Required EFIH Unsecured Consenting Creditors, the Consenting Interest Holders, and the Ad Hoc TCEH Committee.

TREATMENT OF CLAIMS AND INTERESTS OF THE DEBTORS UNDER THE PLAN			
Class No.	**Type of Claim**	**Treatment**	**Impairment / Voting**
Unclassified Non-Voting Claims Against the Debtors			
N/A	**TCEH DIP Claims**	On the Effective Date, in full satisfaction of each Allowed TCEH DIP Claim, each Holder thereof shall receive (a) payment in full in cash or (b) such other less favorable treatment for such Holder as may be agreed to by such Holder and the TCEH Debtors.	N/A
N/A	**EFIH First Lien DIP Claims**	On the Effective Date, in full satisfaction of each Allowed EFIH First Lien DIP Claim, each Holder thereof shall receive payment in full in cash from the proceeds of New Reorganized EFIH Debt or cash on hand at EFIH up to the amount of such Holder's Claim.	N/A
N/A	**EFIH Second Lien DIP Claims**	On the Effective Date, in full satisfaction of each Allowed EFIH Second Lien DIP Claim, each Holder thereof shall receive its Pro Rata share of Reorganized EFH Common Stock in accordance with the terms of the Equity Conversion (or cash with respect to the Fidelity Repayment up to the amount of such Holder's Claim).	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	N/A

		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, payments in cash in a manner consistent with section 1129(a)(9)(C) of the Bankruptcy Code.	N/A
Classified Claims and Interests of the TCEH Debtors			
Class A1	**Other Secured Claims against TCEH Debtors**	On the Effective Date, in full satisfaction of each Allowed Other Secured Claim, each Holder thereof shall receive, at the option of the applicable TCEH Debtor in consultation with the Ad Hoc TCEH Committee: (a) payment in full in cash; (b) delivery of the collateral securing any such Claim and payment of any interest required under section 506(b) of the Bankruptcy Code; (c) Reinstatement of such Other Secured Claim; or (d) other treatment rendering such Claim Unimpaired.	Unimpaired; deemed to accept.
Class A2	**Other Priority Claims against TCEH Debtors**	On the Effective Date, in full satisfaction of each Allowed Other Priority Claim, each Holder thereof shall receive payment in full in cash or other treatment rendering such Claim Unimpaired.	Unimpaired; deemed to accept.
Class A3	**TCEH First Lien Secured Claims**	On the Effective Date, in full satisfaction of each Allowed TCEH First Lien Secured Claim, each Holder thereof shall receive its Pro Rata share of: (a) 100% of the Reorganized TCEH Common Stock, subject to dilution only from the Reorganized TCEH Management Incentive Plan; and (b) 100% of the net cash proceeds from the issuance of the New Reorganized TCEH Debt.	Impaired; entitled to vote.
Class A4	**General Unsecured Claims Against the TCEH Debtors**	On the Effective Date, in full satisfaction of each Allowed General Unsecured Claim Against the TCEH Debtors, each Holder thereof shall receive its Pro Rata share of the TCEH Unsecured Claim Fund.	Impaired; entitled to vote.
Class A5	**TCEH Debtor Intercompany Claims**	On the Effective Date, unless otherwise provided for under the Plan, each TCEH Debtor Intercompany Claim shall either be Reinstated or canceled and released as mutually agreed by the TCEH Debtors and the Ad Hoc TCEH Committee.	Impaired; deemed to reject or Unimpaired; deemed to accept.
Class A6	**Non-TCEH Debtor Intercompany Claims**	On the Effective Date, Non-TCEH Debtor Intercompany Claims shall be canceled and released.	Impaired; deemed to reject.
Class A7	**Interests in**	On the Effective Date, Interests in the TCEH Debtors	Impaired;

	TCEH Debtors other than TCEH and EFCH	other than TCEH and EFCH shall either be Reinstated or canceled and released as mutually agreed by the TCEH Debtors and the Ad Hoc TCEH Committee.	deemed to reject or Unimpaired; deemed to accept
Class A8	**Interests in TCEH and EFCH**	On the Effective Date, Interests in TCEH and EFCH shall be canceled and released in accordance with the Tax-Free Spin-Off.	Impaired; deemed to reject.
Classified Claims and Interests of the EFIH Debtors			
Class B1	**Other Secured Claims against EFIH Debtors**	On the Effective Date, in full satisfaction of each Allowed Other Secured Claim, each Holder thereof shall receive, at the option of the applicable EFIH Debtor in consultation with the Required EFIH Unsecured Consenting Creditors: (a) payment in full in cash; (b) delivery of collateral securing any such Claim and payment of any interest required under section 506(b) of the Bankruptcy Code; (c) Reinstatement of such Other Secured Claim; or (d) other treatment rendering such Claim Unimpaired.	Unimpaired; deemed to accept.
Class B2	**Other Priority Claims against EFIH Debtors**	On the Effective Date, in full satisfaction of each Allowed Other Priority Claim, each Holder thereof shall receive payment in full in cash or other treatment rendering such Claim Unimpaired.	Unimpaired; deemed to accept.
Class B3	**EFIH First Lien Note Claims**	On the Effective Date, in full satisfaction of each Allowed EFIH First Lien Note Claim, and as mutually agreed by EFIH and the Required EFIH Unsecured Consenting Creditors, each Holder thereof shall receive payment in full in cash or such other treatment as permitted under section 1129(b) of the Bankruptcy Code.	Impaired; entitled to vote.
Class B4	**EFIH Second Lien Note Claims**	On the Effective Date, in full satisfaction of each Allowed EFIH Second Lien Note Claim, and as mutually agreed by EFIH and the Required EFIH Unsecured Consenting Creditors, each Holder thereof shall receive payment in full in cash or such other treatment as permitted under section 1129(b) of the Bankruptcy Code.	Impaired; entitled to vote.
Class B5	**General Unsecured Claims Against the EFIH Debtors**	On the Effective Date, in full satisfaction of each Allowed General Unsecured Claim Against the EFIH Debtors, each Holder thereof shall receive its Pro Rata share of 98% of the Reorganized EFH Common Stock, subject to dilution on account of the Equity Conversion.	Impaired; entitled to vote.
Class B6	**EFIH Debtor Intercompany Claims**	On the Effective Date, unless otherwise provided in the Plan, EFIH Debtor Intercompany Claims shall either be Reinstated or canceled and released as mutually agreed by the EFIH Debtors and the Required EFIH Unsecured Consenting Creditors.	Impaired; deemed to reject or Unimpaired; deemed to accept.

Class B7	**Non-EFIH Debtor Intercompany Claims**	On the Effective Date, Non-EFIH Debtor Intercompany Claims shall be canceled and released.	Impaired; deemed to reject.
Class B8	**Interests in EFIH Debtors**	On the Effective Date, Interests in the EFIH Debtors shall be Reinstated.	Unimpaired, deemed to accept.
Classified Claims and Interests of the EFH Debtors			
Class C1	**Other Secured Claims against EFH Debtors**	On the Effective Date, in full satisfaction of each Allowed Other Secured Claim, each Holder thereof shall receive, at the option of the applicable EFH Debtor in consultation with the Required EFIH Unsecured Consenting Creditors: (a) payment in full in cash; (b) delivery of collateral securing any such Claim and payment of any interest required under section 506(b) of the Bankruptcy Code; (c) Reinstatement of such Other Secured Claim; or (d) other treatment rendering such Claim Unimpaired.	Unimpaired; deemed to accept.
Class C2	**Other Priority Claims against EFH Debtors**	On the Effective Date, in full satisfaction of each Allowed Other Priority Claim, each Holder thereof shall receive payment in full in cash or other treatment rendering such Claim Unimpaired.	Unimpaired; deemed to accept.
Class C3	**Legacy General Unsecured Claims Against EFH**	On the Effective Date, in full satisfaction of each Legacy General Unsecured Claim Against EFH, each Holder thereof shall receive: (a) payment in full in cash; (b) Reinstatement; or (c) such other treatment rendering such Claim Unimpaired.	Unimpaired; deemed to accept.
Class C4	**General Unsecured Claims Against EFH**	On the Effective Date, in full satisfaction of each Allowed General Unsecured Claim Against EFH, each Holder thereof shall receive its Pro Rata share of: (a) 1% of the Reorganized EFH Common Stock, subject to dilution by the Equity Conversion; and (b) if the Oncor TSA Amendment has been approved, (i) all Cash on hand at EFH, not including the Oncor TSA Amendment Payment; and (ii) the Oncor TSA Amendment Payment; or (b) if the Oncor TSA Amendment has *not* been approved, the EFH Unsecured Claims Fund.	Impaired; entitled to vote.
Class C5	**General Unsecured Claims Against the EFH Debtors Other Than EFH**	On the Effective Date, in full satisfaction of each Allowed General Unsecured Claim Against the EFH Debtors Other Than EFH, each Holder thereof shall receive treatment in accordance with the priorities set forth in the Bankruptcy Code.	Impaired; entitled to vote.
Class C6	**EFH Debtor Intercompany Claims**	On the Effective Date, unless otherwise provided in the Plan, EFH Debtor Intercompany Claims shall either be Reinstated or canceled and released as mutually agreed	Impaired; deemed to reject or

		by the EFH Debtors, the Required EFIH Unsecured Consenting Creditors, and Fidelity.	Unimpaired; deemed to accept.
Class C7	**Non-EFH Debtor Intercompany Claims**	On the Effective Date, Non-EFH Debtor Intercompany Claims shall be canceled and released, *provided that* if the Oncor TSA Amendment is not approved by the Bankruptcy Court, each EFH-EFIH Intercompany Claim shall not be canceled or released and shall receive its Pro Rata share of the EFH Unsecured Claims Fund in full satisfaction of such Claim.	Impaired; deemed to reject.
Class C8	**Interests in EFH Debtors Other Than EFH**	On the Effective Date, Interests in the EFH Debtors other than EFH shall either be Reinstated or canceled and released in the EFH Debtors' or Reorganized EFH Debtors' discretion.	Impaired; deemed to reject or Unimpaired; deemed to accept.
Class C9	**EFH Interests**	On the Effective Date, EFH Interests shall be Reinstated, subject to dilution by the issuance of Reorganized EFH Common Stock to Holders of General Unsecured Claims Against the EFIH Debtors, Holders of General Unsecured Claims Against the EFH Debtors, and the Equity Conversion.	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 Tax-Free Spin-Off.
Tax-Free Spin-Off	To preserve the Intended Tax-Free Treatment of the Restructuring Transactions and conditioned upon the receipt of the Private Letter Ruling with the Required Rulings, the Debtors shall undertake the Tax-Free Spin-Off as follows: (a) before the Effective Date, TCEH shall form a new subsidiary in the form of a limited liability company under the laws of Delaware ("**Reorganized TCEH**"); (b) on the Effective Date, the Claims against TCEH will be canceled in exchange for each Holder's right to receive its recovery in accordance with the terms of the Plan; (c) immediately following such cancellation, TCEH shall transfer all of its assets and its ordinary course operating liabilities, and the Debtors shall transfer assets and liabilities related to the Shared Services, to Reorganized TCEH (the "**Contribution**") in

	exchange for which TCEH shall receive (i) 100% of the newly issued Reorganized TCEH equity interests and (ii) the cash proceeds of the New Reorganized TCEH Debt, subject to preserving the Intended Tax-Free Treatment of the Restructuring Transactions. For the avoidance of doubt, no funded debt of TCEH, including the TCEH First Lien Claims, TCEH Second Lien Note Claims, and TCEH Unsecured Note Claims will be assumed by Reorganized TCEH pursuant to the Contribution (as all such Claims will have been canceled immediately prior to the transfer of assets to Reorganized TCEH); (d) immediately following the Contribution, Reorganized TCEH shall convert into a Delaware corporation; and (e) immediately following such conversion, TCEH shall distribute all of the Reorganized TCEH Common Stock it holds and the cash received from Reorganized TCEH to the Holders of TCEH First Lien Claims (the "**Distribution**"). EFH's earnings and profits will be allocated between Reorganized EFH and Reorganized TCEH pursuant to Treasury Regulations Section 1.312-10(a) in proportion to the fair market value of the business or businesses (and interests in any other properties) retained by Reorganized EFH and the business or businesses (and interests in any other properties) of Reorganized TCEH immediately after the Distribution. For purposes of determining their relative fair market values and shares of earnings and profits, the valuation of Reorganized TCEH and Reorganized EFH shall be made, to the extent permitted by law, immediately following the distribution of Reorganized TCEH and prior to (i) Holders of EFIH and EFH General Unsecured Claims receiving Reorganized EFH Common Stock, and (ii) the conversion of EFIH Second Lien DIP into Reorganized EFIH Common Stock, provided that to the extent required under the Private Letter Ruling, an amount of EFIH and EFH General Unsecured Claims, if any, required to cause Reorganized EFH to be solvent at such time shall be deemed exchanged for Reorganized EFH Common Stock.
Tax Basis of Reorganized TCEH	Immediately following the Distribution, the aggregate tax basis, for U.S. federal income tax purposes, of the assets held by Reorganized TCEH shall be equal to the sum of (x) TCEH's aggregate tax basis, for U.S. federal income tax purposes, in the assets it transfers to Reorganized TCEH pursuant to the Contribution plus (y) 95% of the aggregate amount of deductions, net operating losses and capital losses (including carryforwards) available to the EFH consolidated group as of the Effective Date (determined (i) as if the EFH consolidated tax year ended on the Effective Date and (ii) without regard to any gain or income generated as a result of the Contribution), in each case as determined by the Debtors in good faith and in consultation with the Ad Hoc TCEH Committee no later than 60 days prior to the Effective Date (the amount set forth in clause (y), the "**Basis Step-Up**", and the sum of clauses (x) and (y), the "**Minimum Basis**"). After the Petition Date, the Debtors shall continue to operate their

	business in the ordinary course and shall not take any actions (other than as set forth in this Term Sheet) outside the ordinary course of business that will materially increase the taxable income of the EFH consolidated group (excluding any taxable income generated by TCEH and its subsidiaries) during the period from the Petition Date through the Effective Date.
Tax Matters Agreement	Reorganized EFH and Reorganized TCEH shall enter into a Tax Matters Agreement as of the Effective Date that shall govern the rights and obligations of each party with respect to certain tax matters. Specifically, the Tax Matters Agreement will address: (a) the filing of tax returns by Reorganized EFH and Reorganized TCEH; (b) tax indemnification obligations of Reorganized EFH and Reorganized TCEH; (c) the conduct of tax proceedings by Reorganized EFH and Reorganized TCEH; and (d) representations, warranties, and covenants with respect to the Intended Tax-Free Treatment of the Contribution and Distribution. The Tax Matters Agreement will provide that: (i) Reorganized TCEH will indemnify Reorganized EFH for (x) income taxes imposed on Reorganized EFH attributable solely to a failure of the Tax-Free Spin-Off to qualify for the Intended Tax-Free Treatment as a result of a breach of one or more covenants (following the Distribution) by Reorganized TCEH, (y) any alternative minimum tax (A) arising from the resolution of IRS audits for periods (or portions thereof) ending on or before the Effective Date attributable to any business contributed to Reorganized TCEH or its subsidiaries, but in no event to exceed $15 million and (B) arising as a result of the utilization of NOL carryforwards to offset gain related to the portion (if any) of the Basis Step-Up in excess of $1.9 billion and (z) ordinary course non-income taxes for periods (or portions thereof) ending on or before the Effective Date attributable to any business contributed to Reorganized TCEH or its subsidiaries (but only to the extent such taxes are, consistent with past practice, payable by Reorganized TCEH, TCEH or its subsidiaries); and (ii) Reorganized EFH will indemnify Reorganized TCEH for taxes that are not specifically covered by clause (i), including, without duplication, (w) taxes attributable to any business retained by Reorganized EFH or its subsidiaries, (x) EFH and Reorganized EFH's consolidated U.S. federal income taxes (and any affiliated, consolidated, combined, unitary, aggregate or similar state or local taxes), and (y) income taxes attributable to a failure of the Tax-Free Spin-Off to qualify for the Intended Tax-Free

	Treatment (except as described in clause (i) above); provided, however, that Reorganized EFH will be responsible for income taxes attributable to such failure only if such failure is as a result of the breach of any covenant by EFH or Reorganized EFH hereunder. Nothing herein shall be interpreted to mean that any party other than EFH or Reorganized EFH shall be primarily liable for any taxes imposed on a failure of the Tax-Free Spin-Off to qualify for the Intended Tax-Free Treatment, except to the extent that such failure is as a result of the breach of any covenant by Reorganized TCEH as provided in clause (i) hereunder. The Tax Matters Agreement will prohibit Reorganized EFH and Reorganized TCEH from taking those actions (or refraining from taking those actions) that are set forth below: • For two years after the Distribution, Reorganized TCEH, Reorganized EFH, and Reorganized EFIH will not be permitted to: • cease, or permit its wholly-owned subsidiaries listed on **Exhibit D** to cease, the active conduct of a business that was conducted immediately prior to the Distribution or from holding certain assets held at the time of the Distribution; • dissolve, liquidate, take any action that is a liquidation for federal income tax purposes or permit its wholly-owned subsidiaries listed on **Exhibit D** from doing any of the foregoing; • redeem or repurchase any of its equity if such redemption or repurchase could reasonably be expected to adversely impact the continuity of interest requirement set forth in Treas. Reg. Section 1.368-1(e) or 1.355-2(c)(1); and • merge with or into another corporation with such other corporation surviving in a transaction that does not qualify as a reorganization under Section 368(a). For the avoidance of doubt, the Tax Matters Agreement shall contain no express or implied limitation on the transferability or issuance of the stock of Reorganized EFH or Reorganized TCEH following the Effective Date. Nevertheless, Reorganized TCEH, Reorganized EFH, and Reorganized EFIH will be permitted to take any of the actions described above if Reorganized EFH obtains a supplemental IRS private letter ruling (or an opinion of counsel that is reasonably acceptable to Reorganized EFH and Reorganized TCEH) to the effect that the action will not affect the Intended Tax-Free Treatment of the Restructuring Transactions. Reorganized TCEH and/or Reorganized EFIH can require that Reorganized EFH seek such a supplemental IRS private letter ruling or opinion of counsel if Reorganized EFH does not seek one on its own. The Tax Matters Agreement shall otherwise be in form and substance

	acceptable to the Debtors, the Required EFIH Unsecured Consenting Creditors and the Ad Hoc TCEH Committee.
Shared Services	Except as otherwise agreed by Reorganized TCEH, Reorganized EFH, and the Ad Hoc TCEH Committee, the TCEH Debtors and the EFH Debtors will transfer to Reorganized TCEH or its designee all operating assets, including executory contracts and liabilities owned by or asserted against the EFH Debtors, that are reasonably necessary to the continued operation of Reorganized TCEH (the "**Shared Services**") and that are not otherwise discharged, in exchange for the rights and benefits provided under the Plan, Restructuring Support Agreement, Term Sheet, and related commitments and settlements (which, for the avoidance of doubt, will not require Reorganized TCEH or the TCEH Debtors to make any cash payments to the EFH Debtors or Reorganized EFH Debtors); *provided, however*, Reorganized TCEH will cure and pay any and all amounts due and owing with respect to the Shared Services as of the Effective Date to the extent such payments are authorized pursuant to the Cash Management Order; *provided, further*, that employees of EFH and EFH Corporate Services must be transferred to Reorganized TCEH; *provided, further*, that Reorganized EFH shall retain liability, if any, for the Legacy General Unsecured Claims. The TCEH Debtors, the EFIH Debtors, the EFH Debtors, the Required EFIH Unsecured Consenting Creditors and the Ad Hoc TCEH Committee will negotiate in good faith to reach an agreement on mutually acceptable terms regarding transition services reasonably necessary to the continued operation of Reorganized EFIH and/or Reorganized EFH relating to the foregoing assets, employees, executory contracts, and operating liabilities.
Termination of Competitive Tax Sharing Agreement	On the Effective Date, the Competitive Tax Sharing Agreement shall automatically terminate and all Claims and Causes of Action arising thereunder or in any way related thereto shall be forever discharged, cancelled and released.
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 thereunder or in any way related thereto shall be deemed satisfied in full and discharged.
Issuance of New Securities; Execution of the Plan Restructuring Documents	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, including the Plan Restructuring Documents.
Executory Contracts and Unexpired Leases	Except as otherwise provided in this Term Sheet, the Plan will provide for the Debtors, in consultation with the Ad Hoc TCEH Committee and the Required EFIH Unsecured Consenting Creditors, to assume or reject, as the case may be, executory contracts and unexpired leases identified in the Plan Supplement to the extent that any such executory contracts and unexpired leases have not been otherwise assumed or rejected.

Resolution of Contested Claims	The Plan will provide for the resolution of Contested Claims.
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 Effective Date occurring.
Releases by the Debtors	Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in any order resolving a Cause of Action that is entered in a proceeding of the sort described in Section 4.01(c) of the Restructuring Support Agreement, 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 Liability Management Program, the Tax Sharing Agreements, the 2007 Acquisition, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Restructuring Support Agreement, this Term Sheet, the Disclosure