

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:

Westmoreland Coal Company, et al.,

Debtors.

Chapter 11

Case No. 18-35672 (DRJ)

(Jointly Administered)

**DECLARATION AND EXPERT REPORT OF TYLER COWAN
IN SUPPORT OF THE EXPEDITED MOTION OF WESTMORELAND
RESOURCE PARTNERS, LP AND ITS SUBSIDIARIES FOR ENTRY OF AN
ORDER (I) APPROVING THE SALE OF THE KEMMERER MINE AND
CERTAIN OTHER ASSETS FREE AND CLEAR OF SUBSTANTIALLY ALL LIENS,
CLAIMS, ENCUMBRANCES AND INTERESTS PURSUANT TO A CREDIT BID
FROM SECURED LENDERS, (II) AUTHORIZING THE ASSUMPTION AND
ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES IN
CONNECTION THEREWITH AND (III) GRANTING RELATED RELIEF**

I, Tyler Cowan, hereby declare under penalty of perjury and pursuant to 28 U.S.C. § 1746 that the following is true and correct to the best of my knowledge and belief:

1. I am a Managing Director at Lazard Frères & Co. LLC ("Lazard"), the principal U.S. operating subsidiary of a preeminent international financial advisory and asset management firm founded in 1848. Lazard operates in forty-two cities across twenty-seven countries, including my office location at 300 North LaSalle St., Floor 23, Chicago, Illinois 60654.

2. Lazard is the investment banker for Westmoreland Resource Partners, LP ("WMLP"), WMLP's direct and indirect subsidiaries (collectively with WMLP, the "WMLP Debtors"), and the Conflicts Committee (the "Conflicts Committee") of the Board of Directors of Debtor Westmoreland Resources GP, LLC, the general partner of WMLP.

3. I submit this declaration: (1) in support of the *Expedited Motion of Westmoreland Resource Partners, LP and its Subsidiaries for Entry of an Order (I) Approving the Sale of the*

Kemmerer Mine and Certain Other Assets Free and Clear of Substantially All Liens, Claims, Encumbrances and Interests Pursuant to a Credit Bid from Secured Lenders, (II) Authorizing the Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection Therewith and (III) Granting Related Relief (Docket No. 1863) (the "Motion"); (2) as a supplement to the previously filed *Declaration and Expert Report of Tyler Cowan in Support of the Expedited Motion of Westmoreland Resource Partners, LP and its Subsidiaries for Entry of (I) an Order (A) Establishing Bidding and Sale Procedures with Respect to the Sale of the Kemmerer Mine and Substantially All Assets Related Thereto, (B) Authorizing the Entry into a Stalking Horse Agreement and the Provision of Stalking Horse Protections, (C) Scheduling an Auction and Sale Hearing and Approving the Form and Manner of Notice Thereof and (D) Granting Related Relief; and (II) An Order Approving the Sale of Such Assets and Granting Related Relief* (Docket No. 1126) (the "Prior Kemmerer Sale Declaration"); and (3) as a supplement to the previously filed *Supplemental Declaration and Expert Report of Tyler Cowan in Support of the Expedited Motion of Westmoreland Resource Partners, LP and its Subsidiaries for Entry of (I) an Order (A) Establishing Bidding and Sale Procedures with Respect to the Sale of the Kemmerer Mine and Substantially All Assets Related Thereto, (B) Authorizing the Entry into a Stalking Horse Agreement and the Provision of Stalking Horse Protections, (C) Scheduling an Auction and Sale Hearing and Approving the Form and Manner of Notice Thereof and (D) Granting Related Relief; and (II) An Order Approving the Sale of Such Assets and Granting Related Relief* (Docket No. 1424) (the "Supplemental Prior Kemmerer Sale Declaration").¹

¹ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Prior Kemmerer Sale Declaration and the Supplemental Prior Kemmerer Sale Declaration.

4. Except as otherwise indicated, all statements set forth in this declaration are based on (a) my personal knowledge, (b) my review of relevant documents, (c) information provided to me by Lazard employees working under my supervision, (d) information provided to me by, or discussions with, the members of the Conflicts Committee or its other advisors, (e) information provided to me by, or discussions with, advisors to the MLP Secured Lenders (f) information provided to me by, or discussions with, advisors to Westmoreland Coal Company ("WLB") and its affiliated debtors and debtors in possession (including the WMLP Debtors) (collectively, the "Debtors"), and/or (g) my opinion based upon my experience. If called to testify, I could and would testify to the facts and the opinions set forth herein.

Qualifications

5. Lazard, together with its predecessors and affiliates, has been advising clients around the world for over 165 years. Lazard has dedicated professionals who provide restructuring services to its clients.

6. The current managing directors, directors, vice presidents, associates, and analysts of Lazard have extensive experience working with financially troubled companies in complex financial restructurings, both out-of-court and in chapter 11 proceedings. Lazard and its principals have been involved as advisors to debtors, creditors, equity constituencies, and government agencies in many reorganization cases, including within the coal industry. Since 1990, Lazard's professionals have been involved in over 250 restructurings, representing over \$1 trillion in debtor assets.

7. Since joining Lazard in 2003, I have advised companies and creditors, including in situations involving companies in the coal industry, with respect to in-court and out-of-court restructurings, recapitalizations and reorganizations. I have also advised companies regarding capital raises, mergers, acquisitions, and divestitures. I have been involved in a variety of

restructuring engagements, including, among others, Alpha Natural Resources (advisor to Rice Energy, the stalking horse bidder for certain gas assets), Atlas Iron, Boart Longyear (advisor to bondholders), Cengage Learning, Chassix, Claire's Stores, Dex Media (formerly R. H. Donnelley), Energy Future Holdings (advisor to the TCEH Creditors' Committee), FirstEnergy Solutions, The Great Atlantic & Pacific Tea Company, Hostess (advisor to secured lenders), Illinois Power Holdings (advisor to Dynegy), J. Crew, Local Insight Media, Longview Power/Mepco, Neiman Marcus, Patriot Coal (advisor to Peabody Energy), Peabody Energy, Remington Outdoor, Top Markets (advisor to secured noteholders), United States Enrichment Corp., Walter Energy (advisor to first lien lenders), and Westgate Resorts. Among others, I have also worked on the following in-court asset sale transactions: Alpha Natural Resources (representing Rice Energy as the stalking horse bidder for certain gas assets), FirstEnergy Solutions (on its in-court sale of a power plant and retail business), The Great Atlantic & Pacific Tea Company (on its in-court sale of certain grocery stores), Peabody Energy (on its in-court sale of its stake in Dominion Terminal Associates), and Walter Energy (representing the first lien lenders of Walter Energy on their in-court acquisition of Walter Energy assets). Additionally, I have provided testimony in the following bankruptcy cases: *In re Westmoreland Coal Company, et al.*, No. 18-35672 (DRJ) (Bankr. S.D. Tex. Oct. 9, 2018); *In re FirstEnergy Sols. Corp., et al.*, No. 18-50757 (AMK) (Bankr. N.D. Ohio Mar. 31, 2018); *In re Claire's Stores, Inc.*, No. 18-10584 (MFW) (Bankr. D. Del. Mar. 19, 2018); *In re Peabody Energy Corp.*, No. 16-42529-399 (Bankr. E.D. Mo. Apr. 13, 2016); *In re Walter Energy, Inc.*, No. 15-02741 (TOM) (Bankr. N.D. Ala. Dec. 1, 2015); *In re Chassix Holdings, Inc.*, No. 15-10578 (Bankr. S.D.N.Y. Mar. 12, 2015); *In re Longview Power, LLC*, No. 13-12211 (BLS) (Bankr. D. Del. Sept. 24, 2013); and *In re Great Atl. & Pac. Tea Co.*, No. 10-24549 (Bankr. S.D.N.Y. Jan. 13, 2011). Prior to joining

Lazard in 2003, I attended Northwestern University where I graduated with a Bachelor of Science in engineering.

8. I am not being compensated specifically for this testimony other than through the payments that Lazard receives as a professional to the Conflicts Committee and the WMLP Debtors in accordance with the engagement letter that the Court approved in the *Order, Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code, Authorizing the Retention and Employment of Lazard Frères & Co. LLC as Investment Banker for the Conflicts Committee of the Westmoreland Resources, GP LLC Board of Directors and for Westmoreland Resource Partners, LP and its Subsidiaries, Effective as of the Petition Date* (Docket No. 492).

The Kemmerer Credit Bid Sale

9. On March 2, 2019, the Court approved the sale of the Kemmerer Assets (the "Prior Kemmerer Sale") to Western Coal Acquisition Partners, LLC ("Western Coal"). See *Order (I) Approving the Sale of the Kemmerer Mine and Substantially All Assets Related Thereto Free and Clear of All Non-Assumed Liens, Claims, Encumbrances and Interests, (II) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases and (III) Granting Related Relief* (Docket No. 1560). However, the WMLP Debtors did not consummate the sale of the Kemmerer Assets to Western Coal. When Western Coal's termination of the Prior Kemmerer Sale had become a realistic probability, the MLP Secured Lenders undertook due diligence to determine whether to pursue a credit bid for the Kemmerer mine and certain other assets (the "Purchased Assets").

10. Western Coal terminated the asset purchase agreement for the Prior Kemmerer Sale on April 25, 2019. Subsequently, after weeks of negotiations, the WMLP Debtors entered into an asset purchase agreement (the "Credit Bid APA") with the Kemmerer Operations, LLC, an acquisition entity formed by the MLP Secured Lenders, to acquire the Purchased Assets (the

"Credit Bid Sale"). I believe that the WMLP Debtors and the MLP Secured Lenders conducted their negotiations with respect to the Credit Bid APA at arm's-length and in good faith.

11. The consideration in the Credit Bid APA is comprised of: (a) a credit bid of a portion of the MLP Secured Obligations (as defined in the Credit Bid APA) in an amount not less than \$300,000,000 and (b) the assumption of certain liabilities. Given my analysis of all of the bids received for the Kemmerer Assets to date, the marketing process described in the Prior Kemmerer Sale Declaration, and Western Coal's termination of the Prior Kemmerer APA, among other factors, I believe that the consideration being given for the Purchased Assets under the Credit Bid APA is fair and reasonable and will maximize the value of the Purchased Assets for the benefit of the WMLP Debtors' estates.

Dated: June 2, 2019



Tyler Cowan
Lazard Frères & Co. LLC