

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  
ROBERT A. CAMPAGNA IN SUPPORT OF CONFIRMATION OF  
THE AMENDED JOINT PLAN OF LIQUIDATION OF WESTMORELAND  
RESOURCE PARTNERS, LP AND CERTAIN OF ITS DEBTOR AFFILIATES**

I, Robert A. Campagna, declare, hereby declare under penalty of perjury and pursuant to 28 U.S.C. § 1746:

1. I am a Managing Director and Co-Head of the Eastern Region Restructuring Practice at Alvarez & Marsal North America, LLC ("A&M"), a restructuring advisory services firm with numerous offices throughout the country, which has been retained as restructuring advisor to the WMLP Debtors.<sup>1</sup> Attached as Exhibit A is a copy of my curriculum vitae and attached as Exhibit B is a list of the matters in which I have testified at trial or by deposition in the last four years.

2. I submit this declaration in support of confirmation of the *Amended Joint Plan of Liquidation for the WMLP Debtors* [Docket No. 1612] (as may be further amended, modified, or supplemented from time to time, the "WMLP Plan").<sup>2</sup> In particular, I submit this declaration in support of my opinion that (a) Holders of Claims or Interests in the Impaired Classes who did

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<sup>1</sup> The term "WMLP Debtors" means Westmoreland Resources GP, LLC, Westmoreland Resource Partners, LP ("WMLP"), and WMLP's direct and indirect subsidiaries. The term "Debtors" refers to Westmoreland Coal Company and its direct and indirect subsidiaries, including the WMLP Debtors.

<sup>2</sup> All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the WMLP Plan.

not vote to accept the WMLP Plan are receiving under the WMLP Plan at least as much as they would receive if the WMLP Debtors' cases were converted to cases under chapter 7 of the Bankruptcy Code and (b) the WMLP Plan is feasible.

3. I am generally familiar with the WMLP Debtors' day-to-day operations, business and financial affairs, books and records, as well as the WMLP Debtors' restructuring efforts. I have played an active role in the development of the WMLP Plan, and I am familiar with the WMLP Plan's terms as well as the negotiations that led to its development. I have overseen and been involved with all aspects of A&M's role as restructuring advisor to the WMLP Debtors. Among other things, A&M has provided assistance to the WMLP Debtors with respect to the restructuring process, the development and presentation of ongoing business and financial plans/cash flow forecasts, and in support of restructuring negotiations among the WMLP Debtors, their advisors and their creditors in connection with an overall exit strategy for their Chapter 11 Cases, including:

- (a) assistance to the WMLP Debtors in the preparation of financial-related disclosures required by the Court, including the WMLP Debtors' schedules of assets and liabilities, statements of financial affairs and monthly operating reports;
- (b) assistance to the WMLP Debtors with information and analyses required pursuant to the WMLP Debtors' use of cash collateral;
- (c) assistance with the identification and implementation of cash flow forecasting and management procedures;
- (d) assistance with the identification of executory contracts and leases and decisions to assume or reject each contract and lease, including as part of the various asset sales;
- (e) advisory assistance in connection with obtaining approval of key employee compensation and benefit programs;
- (f) assistance in the preparation of financial information for distribution to creditors and others, including, but not limited to, cash flow projections and budgets, cash receipts and disbursement analysis, analysis of various

asset and liability accounts and analysis of proposed transactions for which Court approval is sought;

- (g) assistance in coordinating and communicating with potentially interested purchasers of assets as part of the various sales in the Chapter 11 Cases;
- (h) attendance at meetings and assistance in discussions with prepetition creditors and potential investors, banks and other secured lenders, the Creditors' Committee, the United States Trustee, other parties in interest and professionals hired by same, as requested;
- (i) analysis of creditor claims by type, entity and individual claim, including assistance with development of databases to track such claims;
- (j) assistance in the preparation of information and analysis necessary for the confirmation of the WMLP Plan in these Chapter 11 Cases, including information contained in the Disclosure Statement; and
- (k) rendering such other general business consulting or such other assistance as the WMLP Debtors' management or counsel has deemed necessary.

4. Except as otherwise indicated herein, all statements set forth in this declaration are based upon my personal knowledge, my review of relevant documents, information supplied to me by the WMLP Debtors' management and advisors and/or employees of A&M working directly with me or under my supervision or direction, and/or my opinion based on my experience. Attached as Exhibit C is a list of materials on which I have relied for the opinions expressed in this declaration. If called upon to testify, I could and would competently testify to the facts and the opinions set forth herein.

5. A&M is paid hourly for its services with a range of rates of \$400–\$1,100, with my current hourly rate at \$1,025. *See First Supplemental Declaration of Robert A. Campagna in Support of the Debtors' Application for Entry of an Order Authorizing the Retention and Employment of Alvarez & Marsal North America, LLC as Restructuring Advisor Nunc Pro Tunc to the Petition Date [Docket. No. 873]; Order Authorizing the Retention and Employment of*

*Alvarez & Marsal North America, LLC as Restructuring Advisor Nunc Pro Tunc to the Petition Date* [Docket No. 517].

**The WMLP Plan is in the Best Interests of Holders of Claims and Interests**

6. I understand that section 1129(a)(7) of the Bankruptcy Code requires that any chapter 11 plan must satisfy the "best interests of creditors" test, which provides that holders of claims or interests in impaired classes that vote to reject the plan must receive under a chapter 11 plan at least as much as they would under chapter 7 of the Bankruptcy Code.

7. The WMLP Plan creates seven classes of claims and interest: (a) Priority Claims (Class 1); (b) Credit Agreement Claims (Class 2); (c) Other Secured Claims (Class 3); (d) General Unsecured Claims (Class 4); (e) WMLP Intercompany Claims (Class 5); (f) WMLP Interests and WMGP Interests (Class 6); and (g) Subsidiary Interests (Class 7). In addition, the WMLP Plan provides for treatment of four categories of unclassified claims (the "Unclassified Claims"): (a) Administrative Expense Claims; (b) 503(b)(9) Claims; (c) Priority Tax Claims; and (d) Costs and Expenses of the WMLP Secured Parties.

8. I understand that the WMLP Plan contemplates that Class 1, Class 3 and the Unclassified Claims will be paid in full in cash or receive other treatment rendering them unimpaired. Accordingly, the best interests test does not apply to Holders of Class 1, Class 3 or Unclassified Claims.

9. While the voting deadline for the WMLP Plan has not yet occurred, it is my understanding from the WMLP Debtors that the Holders of Claims in Class 2 will vote to accept the WMLP Plan. If that occurs, the best interests test will not apply to Holders of Class 2 Claims.

10. Furthermore, I believe that all Holders of Claims and Interests of the Classes deemed to have rejected the plan—Classes 4 through 7—who did not vote to accept the WMLP Plan will recover at least as much under the WMLP Plan as they would in a hypothetical chapter 7 liquidation:

- (a) **Class 4.** Given the current facts and circumstances, I do not believe the Holders of Class 4 General Unsecured Claims would receive any Distribution if these Chapter 11 Cases were converted to cases under chapter 7 of the Bankruptcy Code. As a result, Holders of Class 4 General Unsecured Claims will receive no less under the WMLP Plan than they would receive in a hypothetical chapter 7 case.
- (b) **Class 5.** Given the current facts and circumstances, I do not believe the Holders of Class 5 WMLP Intercompany Claims would receive any Distribution if these Chapter 11 Cases were converted to cases under chapter 7 of the Bankruptcy Code. As a result, Holders of Class 5 WMLP Intercompany Claims will receive no less under the WMLP Plan than they would receive in a hypothetical chapter 7 case.
- (c) **Classes 6 and 7.** These classes are comprised of the equity interests in the WMLP Debtors. While Classes 6 and 7 are not receiving any Distribution under the Plan, they would not receive one if these Chapter 11 Cases were converted to chapter 7, either.

11. Additionally, among other things, if the Chapter 11 Cases were converted to cases under chapter 7, the WMLP Debtors' Estates would incur the costs of payment of a statutorily allowed sliding-scale commission to the chapter 7 trustee, as well as the additional costs of replacement counsel and other professionals retained by the trustee to get up to speed and assist with the liquidation. Such amounts, together with other wind-down costs, would likely exceed the amount of costs that the Liquidation Trustee and its professionals and agents would be expected to incur in connection with completing the liquidation of the WMLP Debtors' Estates under the WMLP Plan.

12. Additionally, the Estates would continue to be obligated to pay all unpaid expenses incurred by the WMLP Debtors during the Chapter 11 Cases, which may constitute

Allowed Claims in any chapter 7 case. A conversion to chapter 7 would also trigger a new bar date for filing claims that would likely be more than 90 days following the conversion date. The amount of Claims ultimately filed and Allowed against the WMLP Debtors could materially increase.

13. In light of the preceding items, I believe that a chapter 7 liquidation would result in (a) materially delayed payment to Holders of Allowed Claims and Interests that are to receive a Distribution, (b) increased expenses, (c) the prospect of additional claims that were not asserted in the Chapter 11 Cases, and (d) the Holders of Claims in Classes 4 through 7 receiving no distribution.

14. Accordingly, it is my opinion that the WMLP Plan is in the best interests of Holders of Claims and Interests, and the requirements of section 1129(a)(7) of the Bankruptcy Code are satisfied.

#### **The WMLP Plan is Feasible**

15. I understand that section 1129(a)(11) of the Bankruptcy Code requires that chapter 11 plan be feasible and, in the context of liquidating plan, that requirement is satisfied if there is a reasonable probability that the plan provisions can be performed.

16. The Kemmerer APA requires the Kemmerer Purchaser to fund or assume certain amounts necessary to pay allowed priority and administrative claims under the WMLP Plan, subject to certain caps. The Kemmerer APA and the WMLP Committee Settlement cap the aggregate payments for certain claims required to be paid in full under section 1129(a)(9) of the Bankruptcy Code (the "Capped Claims") at \$4,533,000 (the "Aggregate Cap").

17. The Aggregate Cap is based on an analysis of claims conducted by the Company with A&M's assistance. After reviewing and analyzing the claims asserted against the WMLP

Debtors, , and reflecting anticipated reductions to asserted claims that are expected as part of the on-going claims reconciliation and objection process, it was determined that the Capped Claims would not exceed \$4,333,000.00. The Aggregate Cap is based on that assessment and adds a \$200,000 cushion.

18. Given the foregoing and other considerations, I believe that it is reasonably probable that \$4,533,000 will be sufficient to make all Distributions required under the WMLP Plan for the Capped Claims.

Dated: June 3, 2019

/s/ Robert A. Campagna  
Robert A. Campagna  
Managing Director  
Alvarez & Marsal North America, LLC

**Exhibit A**

**Curriculum Vitae of Robert A. Campagna**

## Robert Campagna

Managing Director



Turnaround and  
Restructuring

New York

- Bob Campagna is a Managing Director with Alvarez & Marsal and Co-head of the firm's Eastern Region Restructuring practice. He specializes in providing turnaround, restructuring and business advice to companies, lenders, creditors, and other stakeholders. His primary areas of focus include formulating and evaluating strategic business plans, developing cash and liquidity forecasting and monitoring programs, assessing operational performance and improvement opportunities, and developing and negotiating refinancing and recapitalization plans, as well as plans of reorganization.
- With over 25 years of distressed company advisory experience, Mr. Campagna has advised clients in debt restructurings, loan workouts, bankruptcies, corporate turnarounds, complex litigation and fraud investigations. He has provided advice to clients in a wide range of industries including retail, mining, consumer products, education publishing, manufacturing, automotive, marketing and media, telecommunication, gaming, and healthcare. Mr. Campagna has served in both financial advisory and interim management roles where he led strategy implementation efforts.
- Mr. Campagna most recently served / serves as restructuring advisor to Westmoreland Coal Company and its subsidiaries. Prior to Westmoreland, Mr. Campagna served as the Chief Restructuring Officer of Payless ShoeSource, the largest specialty family footwear retailer in the Western Hemisphere. Additional engagement experience also includes Alpha Natural Resources, Inc., GT Advanced Technologies Inc., Cengage Learning, Inc., V2V Holding LLC (aka Vertrue), Education Holdings 1, Inc. (formerly The Princeton Review), Orchard Brands Corporation, Cooper-Standard Automotive, and Interstate Bakeries Corporation.
- Mr. Campagna earned a bachelor's degree in business administration from Bucknell University. He is a Certified Insolvency and Restructuring Advisor (CIRA), a Certified Public Accountant (CPA) and a member of the Association of Insolvency and Restructuring Advisors and the Turnaround Management Association.



**Exhibit B**

**List of Testimony in Other Matters in the Last Four Years**

*In re GT Advanced Technologies Inc., et al.*, Case No. 14-11916 (D.N.H) – October 2014

**Exhibit C**

**List of Materials on Which Robert A. Campagna  
Relied for the Expert Opinions Expressed in this Declaration**

**Document Relied Upon:**

1. Credit Bid APA as filed on May 23, 2019 (Docket 1863)
2. Joint Plan of Liquidation for the WMLP Debtors (Docket 1612)
3. Settlement between the WMLP Debtors and Unsecured Creditors Committee (Docket 1901)
4. Settlement Claims Support
5. Balance Sheet, as of March 31, 2019