

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

In re:

WALTER ENERGY, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 15-02741-TOM11

Jointly Administered

**THE DEBTORS' MOTION FOR
EXPEDITED HEARING ON DEBTORS' MOTION FOR AN ORDER (A) (I)
AUTHORIZING THE FORMATION OF A COMMITTEE OF RETIRED EMPLOYEES
PURSUANT TO SECTIONS 1114(c)(2) AND 1114(d) OF THE BANKRUPTCY CODE,
AND (II) ESTABLISHING PROCEDURES FOR SELECTING COMMITTEE
MEMBERS AND (B) GRANTING RELATED RELIEF**

Walter Energy, Inc. ("Walter Energy") and its affiliated debtors and debtors-in-possession (each a "Debtor" and, collectively, the "Debtors") hereby move (the "Motion"), pursuant to section 105 of title 11 of the U.S. Code (the "Bankruptcy Code") and rules 4001(b) and 9006(c) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for entry of an order, substantially in the form annexed hereto as Exhibit A (the "Proposed Order"), setting an expedited hearing on Debtors' Motion For An Order (A) (I) Authorizing The Formation Of A Committee Of Retired Employees Pursuant To Sections 1114(c)(2) and 1114(d) of the Bankruptcy Code, and (II) Establishing Procedures For Selecting Committee Members and (B) Granting Related Relief (the "Section 1114 Motion") [Docket No. 48]. In support of this Motion, the Debtors rely on the

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Walter Energy, Inc. (9953); Atlantic Development and Capital, LLC (8121); Atlantic Leaseco, LLC (5308); Blue Creek Coal Sales, Inc. (6986); Blue Creek Energy, Inc. (0986); J.W. Walter, Inc. (0648); Jefferson Warrior Railroad Company, Inc. (3200); Jim Walter Homes, LLC (4589); Jim Walter Resources, Inc. (1186); Maple Coal Co., LLC (6791); Sloss-Sheffield Steel & Iron Company (4884); SP Machine, Inc. (9945); Taft Coal Sales & Associates, Inc. (8731); Tuscaloosa Resources, Inc. (4869); V Manufacturing Company (9790); Walter Black Warrior Basin LLC (5973); Walter Coke, Inc. (9791); Walter Energy Holdings, LLC (1596); Walter Exploration & Production LLC (5786); Walter Home Improvement, Inc. (1633); Walter Land Company (7709); Walter Minerals, Inc. (9714); and Walter Natural Gas, LLC (1198). The location of the Debtors' corporate headquarters is 3000 Riverchase Galleria, Suite 1700, Birmingham, Alabama 35244-2359.



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Declaration of William G. Harvey in Support of Chapter 11 Petitions and First Day Relief (the “First Day Declaration”)² [Docket No. 3] and respectfully state as follows:

JURISDICTION

1. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. The Motion is a core proceeding under 28 U.S.C. § 157(b)(2). Venue of the Chapter 11 Cases and the Motion is proper before the Court under 28 U.S.C. §§ 1408 and 1409.

2. The statutory and legal predicates for the relief sought herein are section 105 of the Bankruptcy Code and Bankruptcy Rules 4001(b) and 9006(c).

BACKGROUND

3. On July 15, 2015 (the “Petition Date”), each of the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code, thereby commencing the instant cases (the “Chapter 11 Cases”). The Debtors continue to manage and operate their businesses as debtors-in-possession under sections 1107 and 1108 of the Bankruptcy Code.

4. No trustee, examiner, or official committee has been appointed in the Chapter 11 Cases.

5. Information regarding the Debtors’ businesses, their capital and debt structure and the events leading to the filing of the Chapter 11 Cases is contained in the First Day Declaration.

RELIEF REQUESTED

6. By this Motion, the Debtors seek the entry of an order, substantially in the form of the Proposed Order, pursuant to section 105 of the Bankruptcy Code and Bankruptcy Rules 4001(b) and 9006(c), setting the Section 1114 Motion for Expedited Hearing.

² The First Day Declaration has been filed contemporaneously with this Motion and is incorporated by reference herein. Capitalized terms used herein that are not defined shall have the meaning set forth in the Section 1114 Motion.

BASIS FOR RELIEF REQUESTED

7. Bankruptcy Rule 9006(c) provides that the Court, for cause shown, may in its discretion with or without notice reduce the notice period normally required for motions.

8. The Section 1114 Motion seeks both authorization for the formation of a Committee of Retired Employees pursuant to sections 1114(c)(2) and 1114(d) of the Bankruptcy Code, and to establish procedures for soliciting committee members. As set forth in the Section 1114 Motion, a successful restructuring by the Debtors will require a material reduction in their legacy and existing labor costs. In order to modify Retiree Benefits under Section 1114, the Debtors must “make a proposal to the *authorized representative* of the retirees.” 11 U.S.C. §1114(f)(1)(emphasis added). Consequently, the Debtors cannot make significant progress toward the necessary modifications of Retiree Benefits until the Debtors know who the authorized representative will be for each group of retirees.

9. As of the filing of this Motion, the UMWA and the USW have agreed to represent the Union Retirees whose Retiree Benefits are covered by a UMWA or USW collective bargaining agreement, respectively. For Non-Union Retirees, however, the Bankruptcy Administrator must appoint a Section 1114 Committee pursuant to section 1114(d) to establish an authorized representative with whom the Debtors may negotiate modifications to the relevant Retiree Benefits. Both the UMWA and the UMW have agreed to sit on a Section 1114 Committee once it is formed. The prompt formation of a Section 1114 Committee is crucial so that the Bankruptcy Administrator can begin the process of identifying and soliciting Non-Union Retirees to serve on the Section 1114 Committee. Only then can the Debtors proceed with negotiations. Moreover, several benchmarks in the Debtors’ Restructuring Support Agreement with certain of their secured creditors are based on progress in the section 1114 process, which can only commence after a

Section 1114 Committee is appointed. Accordingly, cause exists for hearing the Section 1114 Motion on an expedited basis.

NOTICE

10. Notice of this Motion will be provided to: (i) the Office of the Bankruptcy Administrator for the Northern District of Alabama; (ii) counsel to the administrative agent for the Debtors' prepetition secured credit facility; (iii) the indenture trustee for each of the Debtors' outstanding bond issuances; (iv) counsel to the steering committee of first lien debt holders; (v) the Internal Revenue Service; (vi) the Securities and Exchange Commission; (vii) the U.S. Environmental Protection Agency; (viii) the U.S. Attorney for the Northern District of Alabama; (ix) counsel to the UMWA; (x) the USW; (xi) the holders of the fifty (50) largest unsecured claims against the Debtors, on a consolidated basis; and (xii) all persons and entities that have filed a request for service of filings in these Chapter 11 Cases pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested herein, no other or further notice is necessary.

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CONCLUSION

WHEREFORE, the Debtors respectfully request entry of the Proposed Order attached as Exhibit A granting the relief requested herein and such other and further relief as is just and proper.

Dated: July 18, 2015
Birmingham, Alabama

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*Proposed Counsel to the Debtors and
Debtors-in-Possession*

EXHIBIT A
PROPOSED ORDER

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

In re: WALTER ENERGY, INC., <i>et al.</i> , ¹ Debtors.	Chapter 11 Case No. 15-02741-TOM11 Jointly Administered
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**ORDER SETTING HEARING ON DEBTORS’ MOTION FOR AN ORDER (A) (I)
AUTHORIZING THE FORMATION OF A COMMITTEE OF RETIRED EMPLOYEES
PURSUANT TO SECTIONS 1114(C)(2) AND 1114(D) OF THE BANKRUPTCY CODE,
AND (II) ESTABLISHING PROCEDURES FOR SELECTING COMMITTEE
MEMBERS AND (B) GRANTING RELATED RELIEF**

Upon consideration of the motion (the “Motion”)² of Walter Energy, Inc. and its affiliated debtors and debtors-in-possession in the above captioned cases (each a “Debtor” and collectively, the “Debtors”) for entry of an order, pursuant to section 105 of title 11 of the U.S. Code (the “Bankruptcy Code”) and rules 4001(b) and 9006(c) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), setting for expedited hearing the Debtors’ Motion For An Order (A) (I) Authorizing the Formation Of Committee Of Retired Employees Pursuant To Sections 1114(c)(2) and 1114(d) Of The Bankruptcy Code, and (II) Establishing Procedures For Selecting Committee Members And (B) Granting Related Relief (the “Section 1114 Motion”) [Docket No. 48]; and it

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² Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of these cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that adequate and proper notice of the Motion has been given and that no other or further notice need be given; and a hearing having been held to consider the relief requested in the Motion; and upon the record of the hearing and all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors, their estates, their creditors and all other parties in interest; and the legal and factual bases set forth in the Motion having established just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor; it is hereby ORDERED that:

1. The Motion is GRANTED to the extent provided herein.
2. The Section 1114 Motion is hereby set for hearing on July 28 at 10:00 a.m. in Courtroom 3 located at the United States Bankruptcy Court for the Northern District of Alabama, Robert S. Vance Federal Building, 1800 Fifth Avenue North Birmingham, Alabama 35203, and the notice periods for the hearings on the foregoing motions are reduced accordingly.
3. The Debtors, proposed counsel for the Debtors, or any other agent for the Debtors, shall provide notice of such hearing by serving a copy of this Order on the service list identified in the Section 1114 Motion.
4. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Order.

Dated: July ____, 2015

UNITED STATES BANKRUPTCY JUDGE