

Objection Deadline: July 26, 2012 at 4:00 p.m. (prevailing Eastern Time)  
Hearing Date (if necessary): August 2, 2012 at 2:00 p.m. (prevailing Eastern Time)

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

**In re:**

**Patriot Coal Corporation., et al.,**

**Debtors.<sup>1</sup>**

Chapter 11

Case No. 12-12900 (SCC)

(Jointly Administered)

**DEBTORS' APPLICATION FOR ENTRY OF AN ORDER (i) AUTHORIZING  
THE RETENTION AND EMPLOYMENT OF AP SERVICES, LLC AND (ii)  
DESIGNATING KENNETH A. HILTZ AS CHIEF RESTRUCTURING OFFICER  
AS OF JULY 17, 2012**

Patriot Coal Corporation and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”), file this application (the “**Application**”) for entry of an order, substantially in the form attached hereto as Exhibit A, (i) authorizing the employment and retention of AP Services, LLC (“**APS**”) to provide interim management and restructuring services *nunc pro tunc* to the Petition Date (as defined herein) and (ii) designating Kenneth A. Hiltz as Chief Restructuring Officer as of July 17, 2012. In support of this Application, the Debtors submit the Declaration of Kenneth A. Hiltz, a Managing Director of AlixPartners, LLP (“**AlixPartners**”) and authorized representative of APS (the “**Hiltz Declaration**”), attached hereto as Exhibit B.

**Relief Requested**

1. By this Application, the Debtors request entry of an order, substantially in the form attached hereto as Exhibit A (the “**Order**”), (i) authorizing the employment and retention of APS to provide interim management and restructuring services *nunc pro tunc* to the Petition

<sup>1</sup> The Debtors are the entities listed on Schedule 1 attached hereto. The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors’ chapter 11 petitions.

Date and (ii) designating Kenneth A. Hiltz as Chief Restructuring Officer (“**CRO**”) as of July 17, 2012, in accordance with the terms and conditions set forth in that certain engagement letter dated as of July 8, 2012 by and between the Debtors and APS, as amended as of July 17, 2012 (the “**Engagement Letter**”), a copy of which is attached hereto as Exhibit C and incorporated by reference herein.

### **Jurisdiction**

2. This Bankruptcy Court for the Southern District of New York (the “**Court**”) has jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

3. Venue is proper in this Court pursuant to 28 U.S.C. § 1408.

### **Background**

4. On July 9, 2012 (the “**Petition Date**”), each of the Debtors filed with this Court a voluntary petition for relief (the “**Chapter 11 Cases**”) under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). Each Debtor is continuing to operate its businesses and manage its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On July 10, 2012, this Court entered an order for joint administration of these Chapter 11 Cases pursuant to Rule 1015(b) of the Bankruptcy Rules.

5. Additional information about the Debtors’ businesses and the events leading up to the Petition Date can be found in the Declaration of Mark N. Schroeder, Patriot Coal Corporation’s Senior Vice President and Chief Financial Officer, filed on July 9, 2012 [ECF No. 4] which is incorporated herein by reference.

### **APS’ Qualifications**

6. As set forth in the Hiltz Declaration, the Debtors understand that APS has a wealth of experience in providing interim management and restructuring services, and enjoys an

excellent reputation for services it has rendered in large and complex chapter 11 cases on behalf of debtors and creditors throughout the United States.

7. APS' professionals have assisted and advised, and provided strategic advice to, debtors, creditors, bondholders, investors, and other entities in numerous chapter 11 cases of similar size and complexity to the Debtors' Chapter 11 Cases. Since its inception in 1981, APS, AlixPartners, its subsidiary affiliates, and its predecessor entities have provided restructuring or crisis management services in numerous large cases, including most recently: *In re Eastman Kodak Company*, Case No. 12-10202 (ALG) (Bankr. S.D.N.Y. 2012); *In re TBS Shipping Services, Inc.*, Case No. 12-22224 (RDD) (Bankr. S.D.N.Y. 2012); *In re United Retail Group, Inc.*, Case No. 12-10405 (SMB) (Bankr. S.D.N.Y. 2012); *In re Borders, Inc.*, Case No. 11-10615 (Bankr. S.D.N.Y. 2011) (MG); *In re Neff Corp.*, Case No. 10-12610 (Bankr. S.D.N.Y. 2011) (SCC); *In re Lyondell Chemical Co.*, Case No. 09-10023 (REG) (Bankr. S.D.N.Y. 2009); *In re Motors Liquidation Co.*, Case No. 09-50026 (REG) (Bankr. S.D.N.Y. 2009); *In re Hayes Lemmerz*, Case No. 09-11655 (MFW) (Bankr. D. Del. 2009); *In re Bearing Point*, Case No. 09-10693 (REG) (Bankr. S.D.N.Y. 2009); *In re Charter Communications*, Case No. 09-11435 (JMP) (Bankr. S.D.N.Y. 2009); *In re General Growth Properties*, Case No. 09-11977 (ALG) (Bankr. S.D.N.Y. 2009); *In re ACG Holdings, Inc.*, Case No. 08-11467 (CSS) (Bankr. D. Del. 2008); *In re Bally Total Fitness of Greater New York*, Case No. 08-14818 (BRF) (Bankr. S.D.N.Y. 2008) and Case No. 07-12395 (BRL) (Bankr. S.D.N.Y. 2007); *In re Reader's Digest*, Case No. 09-23529 (Bankr. S.D.N.Y. 2009); *In re SemGroup, L.P.*, Case No. 08-11525 (BLS) (Bankr. D. Del. 2008); *In re Tropicana Casinos & Resorts*, Case No. 08-10856 (DJC) (Bankr. D. Del. 2008); *In re VeraSun Energy Corporation*, Case No. 08-12606 (BLS) (Bankr. D. Del. 2008).

8. Kenneth A. Hiltz, who will act as CRO for the Debtors, specializes in the leadership of corporate turnarounds, restructurings and reorganizations. He has significant expertise in interim crisis management, including balance sheet restructuring, consolidation and wind down initiatives and sale and divestiture activities and cash management. Mr. Hiltz's expertise spans numerous industries including heavy manufacturing, automotive, contracting, automotive supply and numerous service businesses. Mr. Hiltz has served as Chief Financial Officer ("CFO") at BearingPoint, a global services firm; CFO and CRO of Hayes Lemmerz, an automotive parts supplier; CFO of Dana Corporation, a global automotive supplier; and CFO of Harnischfager Industries (now Joy Global), a leading supplier of equipment and services to the mining industry. Mr. Hiltz leadership positions included the rationalization of manufacturing facilities, cost reductions, pricing improvements, global sale and divestiture activities and leading performance improvement initiatives in the financial department.

9. The Debtors have selected APS to provide interim management and restructuring services because of APS' experience and reputation for providing such services in large, complex chapter 11 cases such as those listed above. Furthermore, as a result of the prepetition work performed on behalf of the Debtors, APS acquired significant knowledge of the Debtors and their businesses and is now intimately familiar with the Debtors' financial affairs, debt structure, operations, and related matters. Likewise, in providing prepetition services to the Debtors, APS' professionals have worked closely with the Debtors' management and their other advisors. Accordingly, APS has experience and expertise, and specifically relevant knowledge regarding the Debtors, that will assist it in providing effective and efficient services in these Chapter 11 Cases.

### Services to be Provided

10. As provided in the Engagement Letter, APS has agreed that Mr. Hiltz will serve as the Debtors' CRO. Working collaboratively with the Debtors' senior management team and board of directors, as well as the Debtors' other professionals, Mr. Hiltz will assist the Debtors in evaluating and implementing strategic and tactical options through the restructuring process.

11. In addition, APS has agreed to provide certain temporary staff to assist Mr. Hiltz and the Debtors in their restructuring efforts (collectively, the "**Temporary Staff**"). The initial list of Temporary Staff, their rates and other information is set forth in the Engagement Letter and summarized in the section below regarding professional compensation.

12. Subject to further order of the Court and consistent with the Engagement Letter, the Debtors anticipate that Mr. Hiltz and the Temporary Staff will render the following interim management and restructuring services during these Chapter 11 Cases, including, without limitation, the following:<sup>2</sup>

#### Restructuring Activities

- Provide overall leadership of the restructuring process, including working with a wide range of stakeholder groups, together with the Debtors' senior management.
- Assist the Debtors in the design and implementation of a restructuring strategy, together with the Debtors' other professionals, which is designed to maximize enterprise value, and take into account the unique interests of all constituencies.
- Provide assistance to management in connection with the Debtors' development of their revised business plan, and such other related forecasts as may be required by the bank lenders in connection with negotiations or by the Debtors for other corporate purposes.
- Assist the Debtors in managing the "working group" of professionals who are assisting the Debtors in the reorganization process or who are working for the Debtors' various stakeholders to improve coordination of their effort and individual work product to be consistent with the Debtors' overall restructuring goals.
- Assist in obtaining and presenting information required by parties in interest in the

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<sup>2</sup> To the extent that the Application and the terms of the Engagement Letter are inconsistent, the terms of the Application shall control.

- Debtors' bankruptcy process including official committees appointed by the Court and the Court itself.
- Assist the Debtors in developing and implementing employee, customer and vendor communications programs.
  - Assist in the development and implementation of a vendor management process to maximize on-going support from the vendor community, enhance or at least maintain liquidity and negotiate new contracts and relationships as appropriate.
  - Assist the Debtors in other business and financial aspects of a Chapter 11 proceeding, including development of and support for the approval and confirmation process for a disclosure statement and plan of reorganization.

#### On-Going Chapter 11 Administration Tasks

- Assist the Debtors in the review and direction of the statement of affairs, schedules and other regular reports required by the Court as well as providing assistance in such areas as testimony before the Court on matters that are within APS' areas of expertise.
- Assist the Debtors in developing and implementing accounting procedures and controls to "operationalize" the requirements of the bankruptcy proceeding, including both the filing and subsequent activities through completion of the Chapter 11 Cases. Subsequent activities include vendor management, employee benefits claims, claims reconciliation, filing of Monthly Operating Reports with the Court and other matters.
- Assist the Debtors with electronic data collection.

#### Treasury & Cash Management

- Assist the Debtors in areas of the treasury and risk management function that are expected to be impacted by the bankruptcy process including cash management and banking accounts, worker's compensation and other self insured programs, letter of credit and or bonding obligations, lease obligations and capital programs and the DIP financing process.
- Work with the Debtors and their team to further identify and implement both short-term and long-term liquidity generating initiatives.
- Assist in developing and implementing cash management strategies, tactics and processes.
- Assist the Debtors and their management in managing their short-term cash flow forecasting tool(s) and related methodologies and to assist with planning for alternatives as requested by the Debtors.
- Assist the Debtors with such other matters as may be requested that fall within APS' expertise and that are mutually agreeable.

13. The Debtors and APS agree that all of the services that APS will provide to the Debtors will be: (a) appropriately directed by the Debtors so as to avoid unnecessary duplicative efforts among the other professionals retained in these Chapter 11 Cases; and (b) performed in accordance with applicable standards of the profession.

14. Under the Engagement Letter, if APS finds it desirable to augment its professional staff with independent contractors in these Chapter 11 Cases and the Debtors agree to the use of such independent contractors, then APS shall (i) to the extent that APS uses the services of independent contractors (the “**Contractors**”) in these cases, pass-through the cost of such Contractors to the Debtors at the same rate that APS pays the Contractors; (ii) seek reimbursement for actual costs only; and (iii) require any such Contractor to file a declaration indicating that such Contractor has reviewed the list of interested parties in these cases, and disclosing such Contractor’s relationships, if any, with such interested parties and indicating that such Contractor is disinterested and will remain disinterested during the time that such Contractor is involved in providing Services on behalf of the Debtors. The fees charged will be consistent with the rates set forth in the Engagement Letter.

15. In connection with each of its engagements, APS may use employees from each of its U.S. and non-U.S. subsidiary affiliates, depending on the needs of the engagement. To the extent APS uses employees from non-U.S. subsidiary affiliates of APS during this engagement, APS will charge discounted U.S. hourly rates for each such employee. To the extent APS uses employees of its U.S. subsidiary affiliates during this engagement, APS will charge discounted U.S. hourly rates for each such employee. In no event will the rates charged by APS’ subsidiary affiliates exceed the rates set forth in the Engagement Letter.

**Professional Compensation**

16. APS' decision to accept this engagement to advise and assist the Debtors is conditioned upon its ability to be retained in accordance with its customary terms and conditions of employment and compensated for its services and reimbursed for the out-of-pocket expenses it incurs in accordance with its customary billing practices.

17. Pursuant to the Engagement Letter, the Debtors and APS have agreed to a fee structure based on APS' standard hourly rates subject to a 10% discount. In addition, Managing Director discounted hourly fees will be capped at a maximum of \$850. The current standard hourly rates for 2012, subject to periodic adjustments, charged by APS in respect of the professionals anticipated to be assigned to this case are as follows:

Managing Directors	\$815 – 970
Directors	\$620 – 760
Vice Presidents	\$455 – 555
Associates	\$305 – 405
Analysts	\$270 – 300
Paraprofessionals	\$205 – 225

18. In addition the standard hourly rates of Mr. Hiltz and the Temporary Staff, subject to the 10% discount, and subject to periodic adjustments, as set forth in the Engagement Letter are as follows:

**Temporary Staff  
Individuals with Officer Positions**

<b>Name</b>	<b>Description</b>	<b>Standard Hourly Rate<sup>3</sup></b>	<b>Commitment Full or Part Time</b>
Kenneth A. Hiltz	Chief Restructuring Officer	\$880	Full Time

<sup>3</sup> Hourly rate structure is further defined on Exhibit A and Schedule 1 of the Engagement Letter.



**Additional Temporary Staff**

<b>Name</b>	<b>Description</b>	<b>Standard Hourly Rate<sup>4</sup></b>	<b>Commitment Full or Part Time</b>
Dipes Patel	Associate	\$345	Full Time
Christopher Blacker	Director	\$620	Full Time
Scott Mell	Director	\$665	Full Time
Robb McWilliams	Director	\$665	Full Time

19. In the normal course of business, APS may periodically adjust its billing rates. Changes in applicable hourly rates will be noted on the invoices for the first time period in which the revised rates became effective. In addition to compensation for professional services rendered by APS personnel, APS will seek reimbursement for reasonable and necessary expenses incurred in connection with these Chapter 11 Cases, including transportation costs, lodging, food, telephone, copying, and messenger services.

20. APS will submit monthly invoices to the Debtors, and the Debtors request authority to pay, in the ordinary course of business, all reasonable amounts invoiced by APS for fees and expenses.

21. Because APS is not being employed as a professional under section 327 of the Bankruptcy Code, it will not submit quarterly fee applications pursuant to Bankruptcy Code sections 330 and 331. APS will, however, file with the Court, and provide notice to the U.S. Trustee and the proposed counsel to the Creditors' Committee, reports of compensation earned and expenses incurred on at least a quarterly basis. Such reports shall summarize the services provided, identify the compensation earned by each executive officer and staff employee

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<sup>4</sup> Hourly rate structure is further defined on Exhibit A and Schedule 1 of the Engagement Letter.

provided, and itemize the expenses incurred. Such compensation and expenses will be subject to Court review in the event an objection is filed.

22. APS typically works for compensation that includes hourly-based fees and performance-based contingent incentive compensation earned upon achieving meaningful results. The Debtors understand and acknowledge that the Success Fee, as more specifically defined in the Engagement Letter, is an integral part of APS' compensation for the engagement. In the instant cases, the Debtors and APS have agreed that the Debtors will pay APS a Success Fee in the amount of \$2,000,000 upon the effectiveness of a chapter 11 plan of reorganization; provided, however, in the event that APS terminates its engagement other than for cause or is terminated for cause, APS shall not be entitled to any Success Fee.

23. APS and its personnel shall be required to: (i) maintain contemporaneous time records in tenth of an hour increments and (ii) conform to any schedule of hourly rates contained in the Engagement Letters.

24. The fee rates are consistent with and typical of compensation arrangements entered into by APS and other comparable firms in connection with the rendering of similar services under similar circumstances. The Debtors believe that the rates are in fact reasonable, market-based, and designed to fairly compensate APS for its work and to cover fixed and routine overhead expenses.

25. A Retainer of \$150,000 (the "**Retainer**") was paid on June 18, 2012 pursuant to the June 16, 2012 engagement letter between AlixPartners and the Debtors. Pursuant to the Engagement Letter, that Retainer was transferred to APS for this engagement, and will be credited against any fees and expenses payable by the Debtors under this Engagement Letter.

Any remainder shall be returned to the Debtors as soon as practicable after the expiration or termination of the Engagement Letter.

26. Due to the ordinary course and unavoidable reconciliation of fees and submission of expenses immediately prior to, and subsequent to, the Petition Date, APS has incurred but not billed fees and reimbursable expenses which relate to the prepetition period. APS hereby seeks this Court's approval to apply the Retainer to these amounts and any further prepetition fees and expenses APS becomes aware of during its ordinary course billing review and reconciliation. Upon the proposed application of the Retainer, the Debtors would not owe APS any sums for prepetition services.

#### **Indemnification**

27. The Debtors shall only indemnify those APS employees serving as officers of the Debtors on the same terms as provided to the Debtors' other officers and directors under the Debtors' by-laws and applicable state law, along with insurance coverage under the Debtors' D&O policies. The indemnification provisions set forth in the first paragraph of section 7 of the Engagement Letter shall not apply to APS.

#### **APS' Connection With Parties in Interest**

28. The Debtors do not believe that APS is a "professional" whose retention is subject to approval under section 327 of the Bankruptcy Code. Nevertheless, APS has reviewed its electronic database and has provided information with respect to its connections with the Debtors and certain of their creditors or related parties, as more specifically set forth in the Hiltz Declaration.

29. APS will periodically review its files during the pendency of these chapter 11 cases to ensure that no conflicts or other disqualifying circumstances exist or arise. To the extent that APS discovers any new relevant facts or relationships bearing on the matters described

herein during the period of APS' retention, APS will use reasonable efforts to file promptly a supplemental declaration.

**Basis for Relief**

30. The retention of interim corporate officers and other temporary employees is proper under section 363 of the Bankruptcy Code. Section 363(b) of the Bankruptcy Code provides in relevant part, that the trustee or debtor in possession, "after notice and a hearing may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Section 363 of the Bankruptcy Code provides that transactions not in the ordinary course of business must be approved by court order. Under applicable case law, in this and other jurisdictions, if a debtor's proposed use of its assets pursuant to section 363(b) of the Bankruptcy Code represents a reasonable business judgment on the part of the debtor, such use should be approved. *See, e.g., Myers v. Martin (In re Martin)*, 91 F.3d 389, 395 (3d Cir. 1996) (citing *Fulton State Bank v. Schipper (In re Schipper)*, 933 F.2d 513, 515 (7th Cir. 1991)); *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1070 (2d Cir. 1983); *In re Delaware & Hudson Ry. Co.*, 124 B.R. 169, 175-76 (D. Del. 1991) (courts have applied the "sound business purpose" test to evaluate motions brought pursuant to section 363(b)); *Comm. of Asbestos-Related Litigants v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986) ("Where the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor's conduct.").

31. The retention of APS and its professionals is a sound exercise of the Debtors' business judgment. Mr. Hiltz has extensive experience as a senior officer and as an advisor for many troubled companies. In addition, APS has acquired significant knowledge of the Debtors

and their business operations as a result of the extensive prepetition work performed on the Debtors' behalf. In providing prepetition services to the Debtors, APS has worked closely with the Debtors' management and their other advisors. The Debtors believe that the CRO, in conjunction with the other APS professionals, will provide services that benefit the Debtors' estates and creditors. Therefore, the Debtors believe that the retention of APS and its professionals is appropriate and in the best interests of the Debtors and their estates and creditors.

### **Notice**

32. Consistent with the Order Establishing Certain Notice, Case Management and Administrative Procedures entered on July 16, 2012 [ECF No. 84] (the "**Case Management Order**"), the Debtors will serve notice of this Motion on (a) the Core Parties and (b) the Non-ECF Service Parties (as those terms are defined in the Case Management Order). All parties who have requested electronic notice of filings in these cases through the Court's ECF system will automatically receive notice of this motion through the ECF system no later than the day after its filing with the Court. A copy of this motion and any order approving it will also be made available on the Debtors' Case Information Website (located at [www.PatriotCaseInfo.com](http://www.PatriotCaseInfo.com)). In light of the relief requested, the Debtors submit that no further notice is necessary. Pursuant to paragraph 21 of the Case Management Order, if no objections are timely filed and served in accordance therewith, an order granting the relief requested herein may be entered without a hearing.

### **No Prior Request**

33. No prior application for the relief requested herein has been made to this or any other court.

*[Remainder of page intentionally left blank]*

WHEREFORE, for the reasons set forth herein, in the First Day Declaration, and in the Hiltz Declaration, the Debtors respectfully request entry of an Order granting the relief requested herein and such other and further relief as may be appropriate under the circumstances.

New York, New York  
July 19, 2012  
PATRIOT COAL CORPORATION

By: /s/ Mark Schroeder  
Mark Schroeder  
Senior Vice President and  
Chief Financial Officer  
Patriot Coal Corporation

**SCHEDULE 1**  
(Debtor Entities)

1. Affinity Mining Company
2. Apogee Coal Company, LLC
3. Appalachia Mine Services, LLC
4. Beaver Dam Coal Company, LLC
5. Big Eagle, LLC
6. Big Eagle Rail, LLC
7. Black Stallion Coal Company, LLC
8. Black Walnut Coal Company
9. Bluegrass Mine Services, LLC
10. Brook Trout Coal, LLC
11. Catenary Coal Company, LLC
12. Central States Coal Reserves of Kentucky, LLC
13. Charles Coal Company, LLC
14. Cleaton Coal Company
15. Coal Clean LLC
16. Coal Properties, LLC
17. Coal Reserve Holding Limited Liability Company No. 2
18. Colony Bay Coal Company
19. Cook Mountain Coal Company, LLC
20. Corydon Resources LLC
21. Coventry Mining Services, LLC
22. Coyote Coal Company LLC
23. Cub Branch Coal Company LLC
24. Dakota LLC
25. Day LLC
26. Dixon Mining Company, LLC
27. Dodge Hill Holding JV, LLC
28. Dodge Hill Mining Company, LLC
29. Dodge Hill of Kentucky, LLC
30. EACC Camps, Inc.
31. Eastern Associated Coal, LLC
32. Eastern Coal Company, LLC
33. Eastern Royalty, LLC
34. Emerald Processing, L.L.C.
35. Gateway Eagle Coal Company, LLC
36. Grand Eagle Mining, LLC
37. Heritage Coal Company LLC
38. Highland Mining Company, LLC
39. Hillside Mining Company
40. Hobet Mining, LLC
41. Indian Hill Company LLC
42. Infinity Coal Sales, LLC
43. Interior Holdings, LLC
44. IO Coal LLC
45. Jarrell's Branch Coal Company
46. Jupiter Holdings LLC
51. KE Ventures, LLC
52. Little Creek LLC
53. Logan Fork Coal Company
54. Magnum Coal Company LLC
55. Magnum Coal Sales LLC
56. Martinka Coal Company, LLC
57. Midland Trail Energy LLC
58. Midwest Coal Resources II, LLC
59. Mountain View Coal Company, LLC
60. New Trout Coal Holdings II, LLC
61. Newtown Energy, Inc.
62. North Page Coal Corp.
63. Ohio County Coal Company, LLC
64. Panther LLC
65. Patriot Beaver Dam Holdings, LLC
66. Patriot Coal Company, L.P.
67. Patriot Coal Corporation
68. Patriot Coal Sales LLC
69. Patriot Coal Services LLC
70. Patriot Leasing Company LLC
71. Patriot Midwest Holdings, LLC
72. Patriot Reserve Holdings, LLC
73. Patriot Trading LLC
74. PCX Enterprises, Inc.
75. Pine Ridge Coal Company, LLC
76. Pond Creek Land Resources, LLC
77. Pond Fork Processing LLC
78. Remington Holdings LLC
79. Remington II LLC
80. Remington LLC
81. Rivers Edge Mining, Inc.
82. Robin Land Company, LLC
83. Sentry Mining, LLC
84. Snowberry Land Company
85. Speed Mining LLC
86. Sterling Smokeless Coal Company, LLC
87. TC Sales Company, LLC
88. The Presidents Energy Company LLC
89. Thunderhill Coal LLC
90. Trout Coal Holdings, LLC
91. Union County Coal Co., LLC
92. Viper LLC
93. Weatherby Processing LLC
94. Wildcat Energy LLC
95. Wildcat, LLC
96. Will Scarlet Properties LLC

- 47. Kanawha Eagle Coal, LLC
- 48. Kanawha River Ventures I, LLC
- 49. Kanawha River Ventures II, LLC
- 50. Kanawha River Ventures III, LLC
- 97. Winchester LLC
- 98. Winifrede Dock Limited Liability Company
- 99. Yankeetown Dock, LLC



**Exhibit A**

**Proposed Order**

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

**In re:**

**PATRIOT COAL CORPORATION, *et al.*,**

**Debtors.<sup>1</sup>**

Chapter 11

Case No. 12-12900 (SCC)

(Jointly Administered)

**ORDER (i) AUTHORIZING THE DEBTORS'  
EMPLOYMENT AND RETENTION OF AP SERVICES, LLC AND (ii) DESIGNATING  
KENNETH A. HILTZ AS CHIEF RESTRUCTURING OFFICER  
AS OF JULY 17, 2012**

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Upon the application (the “**Application**”)<sup>2</sup> of the Debtors for entry of an order (this “**Order**”) (i) authorizing the employment and retention of AP Services, LLC (“**APS**”) to provide interim management and restructuring services *nunc pro tunc* to the Petition Date and (ii) designating Kenneth A. Hiltz as Chief Restructuring Officer as of July 17, 2012, all as further described in the Application; and the Court having jurisdiction to consider the Application and the relief requested therein pursuant to 28 U.S.C. § 1334; and consideration of the Application being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and notice of the Application being adequate and appropriate under the particular circumstances; [and a hearing having been held to consider the relief requested in the Application (the “**Hearing**”)]; and upon consideration of the First Day Declaration, the Hiltz Declaration, [the record of the Hearing], and all proceedings had before the Court; and the Court having found and determined that the relief sought in the Application is in the best interests of the Debtors’ estates, their creditors and other parties in

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<sup>1</sup> The Debtors are the entities listed on Schedule 1 attached to the Application. The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors’ chapter 11 petitions.

<sup>2</sup> All capitalized terms used but otherwise not defined herein shall have the meanings set forth in the Application.

interest and that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and any objections to the requested relief having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED:

1. The Application is granted to the extent set forth herein.
2. The Debtors are authorized to (i) employ and retain APS to provide interim management and restructuring services *nunc pro tunc* to the Petition Date and (ii) designate Kenneth A. Hiltz as Chief Restructuring Officer as of July 17, 2012 pursuant to section 363(b) of the Bankruptcy Code and in accordance with the terms and conditions set forth in the Engagement Letter, as modified herein,.
3. APS is authorized to provide the following services to the Debtors:

Restructuring Activities

- Provide overall leadership of the restructuring process, including working with a wide range of stakeholder groups, together with the Debtors' senior management.
- Assist the Debtors in the design and implementation of a restructuring strategy, together with the Debtors' other professionals, which is designed to maximize enterprise value, and take into account the unique interests of all constituencies.
- Provide assistance to management in connection with the Debtors' development of their revised business plan, and such other related forecasts as may be required by the bank lenders in connection with negotiations or by the Debtors for other corporate purposes.
- Assist the Debtors in managing the "working group" of professionals who are assisting the Debtors in the reorganization process or who are working for the Debtors' various stakeholders to improve coordination of their effort and individual work product to be consistent with the Debtors' overall restructuring goals.
- Assist in obtaining and presenting information required by parties in interest in the Debtors' bankruptcy process including official committees appointed by the Court and the Court itself.
- Assist the Debtors in developing and implementing employee, customer and vendor communications programs.
- Assist in the development and implementation of a vendor management process to maximize on-going support from the vendor community, enhance or at least maintain

- liquidity and negotiate new contracts and relationships as appropriate.
- Assist the Debtors in other business and financial aspects of a Chapter 11 proceeding, including development of and support for the approval and confirmation process for a disclosure statement and plan of reorganization.

#### On-Going Chapter 11 Administration Tasks

- Assist the Debtors in the review and direction of the statement of affairs, schedules and other regular reports required by the Court as well as providing assistance in such areas as testimony before the Court on matters that are within APS' areas of expertise.
- Assist the Debtors in developing and implementing accounting procedures and controls to "operationalize" the requirements of the bankruptcy proceeding, including both the filing and subsequent activities through completion of the Chapter 11 Cases. Subsequent activities include vendor management, employee benefits claims, claims reconciliation, filing of Monthly Operating Reports with the Court and other matters.
- Assist the Debtors with electronic data collection.

#### Treasury & Cash Management

- Assist the Debtors in areas of the treasury and risk management function that are expected to be impacted by the bankruptcy process including cash management and banking accounts, worker's compensation and other self insured programs, letter of credit and or bonding obligations, lease obligations and capital programs and the DIP financing process.
- Work with the Debtors and their team to further identify and implement both short-term and long-term liquidity generating initiatives.
- Assist in developing and implementing cash management strategies, tactics and processes.
- Assist the Debtors and their management in managing their short-term cash flow forecasting tool(s) and related methodologies and to assist with planning for alternatives as requested by the Debtors.
- Assist the Debtors with such other matters as may be requested that fall within APS' expertise and that are mutually agreeable.

4. APS shall be compensated for its services and reimbursed for any related expenses in accordance with the rates (as adjusted from time to time) and disbursement policies as set forth in the Application, the Hiltz Declaration, the Engagement Letter, and any other applicable orders of this Court.

5. APS and its personnel shall be required to: (i) maintain contemporaneous time records in tenth of an hour increments and (ii) conform to any schedule of hourly rates contained in the Engagement Letters.

6. APS is not required to submit fee applications pursuant to sections 330 and 331 of the Bankruptcy Code, but will instead submit monthly invoices to the Debtors, and the Debtors are hereby authorized to pay, in the ordinary course of business, all reasonable amounts invoiced by APS for fees and expenses.

7. APS shall submit to the Court, with copies to the U.S. Trustee and the proposed counsel to the Creditors' Committee (the "**Notice Parties**"), contemporaneously with such filing, quarterly reports of compensation earned, and parties-in-interest in these Chapter 11 Cases shall have the right to object to fees paid and expenses reimbursed to APS within 20 days after APS files such reports.

8. Each month, APS shall file with the Court (and serve copies to the Notice Parties) a report on staffing on the engagement for the previous month. Such report shall include the names and functions of the individuals assigned. All staffing shall be subject to review by the Court in the event an objection is filed.

9. APS shall apply any amounts of its prepetition retainer remaining, after applying such retainer to prepetition amounts (as described in the Application), as a credit toward postpetition fees and expenses, after such postpetition fees and expenses are approved pursuant to the first order of the Court awarding fees and expenses to APS.

10. Notwithstanding anything in the Application, the Hiltz Declaration or the Engagement Letter, the Debtors shall only indemnify those APS employees serving as officers of the Debtors on the same terms as provided to the Debtors' other officers and directors under the

Debtors' by-laws and applicable state law, along with insurance coverage under the Debtors' D&O policies. The indemnification provisions set forth in the first paragraph of section 7 of the Engagement Letter shall not apply to APS.

11. Notwithstanding anything in the Application or the Engagement Letter to the contrary, APS shall (i) to the extent APS uses the services of independent contractors (the "**Contractors**") in these cases, APS shall pass-through the cost of such Contractors to the Debtors at the same rate that APS pays the Contractors; (ii) seek reimbursement for actual costs only; and (iii) ensure that the Contractors are subject to the same conflict checks as required for APS and (iv) shall file with the Court such disclosures required by Bankruptcy Rule 2014.

12. APS shall file on the Court's docket and provide ten business days notice to the Debtors, the U.S. Trustee, and any official committee of unsecured creditors then appointed in these Chapter 11 Cases of any increase of the hourly rates as set forth on Schedule 1 of the Engagement Letter.

13. APS shall use its reasonable efforts to avoid any unnecessary duplication of services provided by any of the Debtors' other retained professionals in these Chapter 11 Cases.

14. To the extent that there may be any inconsistency between the terms of the Application, the Hiltz Declaration or the Engagement Letter and this Order, the terms of this Order shall govern.

15. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Application.

16. Notice of the Application as provided therein shall be deemed good and sufficient notice of such application, and the requirements of the Local Bankruptcy Rules are satisfied by the contents of the Application.

17. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

18. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Date: New York, New York  
\_\_\_\_\_, 2012

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Shelley C. Chapman  
United States Bankruptcy Judge

**Exhibit B**

**Hiltz Declaration**



**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

**In re:**

**PATRIOT COAL CORPORATION, *et al.*,**

**Debtors.<sup>1</sup>**

Chapter 11

Case No. 12-12900 (SCC)

(Jointly Administered)

**DECLARATION OF KENNETH A. HILTZ  
IN SUPPORT OF THE DEBTORS' APPLICATION FOR ENTRY OF AN ORDER  
(i) AUTHORIZING THE DEBTORS' EMPLOYMENT AND RETENTION OF AP  
SERVICES, LLC AND (ii) DESIGNATING KENNETH A. HILTZ AS CHIEF  
RESTRUCTURING OFFICER AS OF JULY 17, 2012**

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I, Kenneth A. Hiltz, under penalty of perjury, declare as follows:

1. I am a Managing Director of AlixPartners, LLP ("**AlixPartners**") and I am an authorized representative of AP Services, LLC ("**APS**"), which has a place of business at 2000 Town Center, Suite 2400, Southfield, Michigan 48075. APS specializes in, among other things, supplying senior executives on an interim basis to financially troubled companies. AlixPartners and its subsidiary affiliates including, without limitation, APS, are internationally recognized restructuring and turnaround advisory, interim management and consulting firms.

2. I submit this declaration on behalf of APS (the "**Declaration**") in support of the application (the "**Application**") of the above-captioned debtors (collectively, the "**Debtors**") in the above-captioned Chapter 11 Cases for an order, pursuant to section 363(b) of the Bankruptcy Code for entry of an order (i) authorizing the employment and retention of APS as their restructuring advisor *nunc pro tunc* to the Petition Date and (ii) designating Kenneth A. Hiltz as

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<sup>1</sup> The Debtors are the entities listed on Schedule 1 attached to the Application. The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors' chapter 11 petitions.

Chief Restructuring Officer (“CRO”) as of July 17, 2012.<sup>2</sup> Except as otherwise noted, I have personal knowledge of the matters set forth herein, and if called as a witness, would testify competently thereto.

### **APS’ Qualifications**

3. APS has a wealth of experience in providing interim management services, and enjoys an excellent reputation for services it has rendered in large and complex chapter 11 cases on behalf of debtors and creditors throughout the United States. APS has previously worked on many chapter 11 restructurings, advising both debtors and creditors in various cases and has vast experience working with companies in distressed situations, as more specifically set forth in the Application.<sup>3</sup>

4. Since June 2012, APS provided services to the Debtors in connection with their restructuring efforts. APS has become familiar with the Debtors’ operations and is well qualified to represent the Debtors as crisis managers in connection with such matters in an effective and efficient manner.

### **APS’ Connections to Parties in Interest**

5. In connection with the proposed retention of APS by the Debtors, APS undertook a lengthy conflicts analysis process to determine whether it had any relationships adverse to the Debtors’ estates.

6. Specifically, to check and clear potential conflicts of interest in these Chapter 11 Cases, APS reviewed its client relationships to determine whether it had any relationships with

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<sup>2</sup> Capitalized terms not otherwise defined in this Declaration shall have the meanings ascribed to them in the Application.

<sup>3</sup> For a list of several recent cases in which AlixPartners has been involved, see Paragraph 7 of the Application.

the entities named on Schedule 1 attached hereto, which were provided to APS by the Debtors (collectively, the “**Potential Parties in Interest**”). In addition, APS sent a firm-wide e-mail to all of its professionals requesting information on potential relationships.

7. Based on that search, APS represents that, to the best of its knowledge, APS knows of no fact or situation that would represent a conflict of interest for APS with regard to the Debtors. While the disclosures refer to APS, the conflict search was performed and results were disclosed as to APS, AlixPartners, its parent company, AlixPartners Holdings, LLP (“**AP Holdings**”) and each of its U.S. and non-U.S. subsidiary affiliates. Unless otherwise noted, references to APS in the disclosures below collectively refer to APS, AlixPartners, AP Holdings and each of their subsidiary affiliates. APS wishes to disclose the following:

- Funds managed by subsidiaries of CVC Capital Partners SICAV-FIS S.A. (“**CVC**”), a private equity and investment advisory firm, own a controlling stake in AP Holdings, the parent of AlixPartners, an affiliate of APS. CVC Credit Partners, L.P. (“**CVC Credit Partners**”) is a global debt management business and a majority owned subsidiary of CVC.
- CVC’s private equity funds (“**CVC Funds**”) and debt funds (“**CVC Credit Partners’ Funds**”) are managed independently from each other, with no overlap in membership of the relevant investment committees or boards of entities with responsibility for investment decisions. CVC has in place an internal information barrier between the CVC Funds and the CVC Credit Partners’ Funds. All CVC Credit Partners investment professionals are dedicated to CVC Credit Partners and are not involved in the private equity business. CVC Credit Partners also has separate IT systems and workspaces.

No material nonpublic information about the Debtors has been furnished by APS to CVC or any CVC managed funds or their portfolio companies, including without limitation, CVC Credit Partners (collectively, the “**CVC Entities**”) or to any managing director of CVC or CVC Credit Partners and APS will continue to abide by its confidentiality obligations to the Debtors. APS operates independently of the CVC Entities, and does not share employees or officers with the CVC Entities, except that a managing partner of CVC is on the Boards of Directors of AlixPartners and AP Holdings and on the advisory board to CVC Credit Partners. Certain other CVC executives, who are not connected with CVC Credit Partners, are also on the Boards of Directors of AP Holdings and AlixPartners. APS and the CVC Entities have separate offices in separate

buildings and use separate Internet email addresses. APS's financial performance is not directly impacted by the success or failure of the CVC Entities. Certain of the CVC Credit Partners' Funds act as lenders to AP Holdings or AlixPartners.

- As a component of its conflict checking system, APS has searched the names of CVC, CVC Credit Partners, the CVC Credit Partners' Funds, the CVC Funds, each managing partner of CVC and each portfolio company of the CVC Funds (the "**CVC Conflict Parties**") against the list of Potential Parties in Interest, and APS has determined to the best of its knowledge that there are no resulting disclosures other than as noted herein. The term "portfolio company" means any business in which a CVC fund has a direct controlling or minority interest. The term "portfolio company" does not include indirect investments such as businesses owned or investments made by a CVC Funds portfolio company or investments made by the CVC Credit Partners' Funds. CVC Credit Partners Funds, as well as other CVC Entities, may in the ordinary course from time to time hold, control and/or manage loans to, or investments in the Debtors and parties in interest in these cases. Further, the CVC Entities may have had, currently have or may in the future have business relationships or connections with the Debtors or other Potential Parties in Interest in matters related to or unrelated to the Debtors or their affiliates or these Chapter 11 Cases. Furthermore, APS has provided the list of Debtors to CVC and has performed appropriate checks to determine if any material connections between the CVC Entities and the Debtors exist. APS will supplement this disclosure if it obtains information regarding any such connection. Other than as specifically noted herein, APS has not undertaken to determine the existence, nature and/or full scope of any business relationships or connections that the CVC Entities may have with the Potential Parties in Interest, the Debtors and their affiliates or these Chapter 11 Cases.
- Based on, among other things, the business separation between the CVC Funds and the CVC Credit Partners' Funds, the business separation between the CVC Entities and APS, and the confidentiality obligations referred to above, APS believes that it does not hold or represent an interest adverse to the estate with respect to the engagement. Further, AP may have had, currently has or may in the future have business relationships with, among other entities, portfolio companies or managed funds of CVC in matters unrelated to the Debtors or their affiliates in these Chapter 11 Cases.
- There is one confidential client of APS that is a professional in interest to the Debtors. The confidential client is a current APS client in matters unrelated to the Debtors.
- Certain of the parties in interest may have extended credit or provided services, or may in the future extend credit or provide services to APS.

- APS has relationships with certain departments and agencies of the United States government, including, without limitation, the Internal Revenue Service (“**IRS**”), a significant taxing authority to the Debtors, and the Department of Labor, a letter of credit and surety bond provider and beneficiary. The IRS and the Department of Labor are creditors, adverse parties and vendors to current and former APS clients in matters unrelated to the Debtors. The IRS is the previous employer of current APS employees. In addition, the United States Securities and Exchange Commission, the United States Attorneys’ Office and the Federal Deposit Insurance Corporation are current or former clients of APS in matters unrelated to the Debtors.
- ACE and ACE American Insurance Company, insurance providers and letter of credit parties to the Debtors, are vendors to APS.
- AIG, an insurance provider to the Debtors, is affiliated with entities that are limited partners, litigation counterparties, insurance providers, adverse parties, lenders and bondholders to current and former APS clients in matters unrelated to the Debtors. AIG is a current and former APS client in matters unrelated to the Debtors. AIG has provided various types of insurance to APS in matters unrelated to the Debtors.
- Alcoa Fuels, Inc., a lessor to the Debtors, is affiliated with entities that are creditors and vendors to current and former APS clients in matters unrelated to the Debtors. An affiliate is the previous employer of a current APS employee.
- Allied World National Assurance Company and Allied World Assurance Company (“**Allied**”), insurance providers to the Debtors, are adverse parties and executory contract counterparties to former APS clients in matters unrelated to the Debtors. Allied is a vendor to APS.
- American Casualty Company of Reading, Pennsylvania (“**CNA**”), a letter of credit party to the Debtors, is affiliated with entities that are bondholders, creditors and adverse parties to current and former APS clients in matters unrelated to the Debtors. An affiliate of CNA is a former APS client in matters unrelated to the Debtors. CNA is the previous employer of a current APS employee.
- American Stock Transfer & Trust Company, LLC, a professional in interest in this bankruptcy matter, is a co-defendant and professional in interest to current and former APS clients in matters unrelated to the Debtors.
- AON Risk, an insurance provider to the Debtors, is affiliated with an entity that is a vendor to APS. AON is a current and former APS client in matters unrelated to the Debtors.

- Arnold & Porter LLP, a professional in interest in this bankruptcy matter, is a current and former APS client in matters unrelated to the Debtors.
- AT&T, AT&T Mobility and AT&T Teleconference Services (collectively, “**AT&T**”), utility providers to the Debtors, are affiliated with entities that are creditors, executory contract counterparties, vendors, lenders and shareholders to current and former APS clients in matters unrelated to the Debtors. An affiliate of AT&T is a former APS client in matters unrelated to the Debtors. AT&T is a vendor to APS.
- Axis Insurance (Bermuda) Ltd, Axis Insurance Company and Axis Surplus Insurance Company (collectively, “**Axis**”), insurance providers to the Debtors, are affiliated with entities that are executory contract counterparties, lessors, insurers and director affiliated companies to current and former APS clients in matters unrelated to the Debtors. Axis Insurance Company is a former APS client in matters unrelated to the Debtors.
- Banc of America Securities LLC, BancorpSouth Equipment Finance, Bank of America, Bank of America Corporation, Bank of America Leasing and Bank of America, N.A., professionals in interest, lessors, lenders and letters of credit parties to the Debtors, are current and former APS clients, as well as executory contract counterparties, creditors and lenders to current and former APS clients in matters unrelated to the Debtors. Bank of America is a former employer of a current APS professional. Bank of America provides banking services to APS.
- Bank of Oklahoma, NA, a lender to the Debtors, is a former APS client in matters unrelated to the Debtors. Bank of Oklahoma, NA is a vendor and creditor to current and former APS clients in matters unrelated to the Debtors.
- Bank of the West, a lessor to the Debtors, is a current APS client in matters unrelated to the Debtors.
- Barclays Bank PLC and Barclays Capital, Inc. (“**Barclays**”), lenders to the Debtors and professionals in interest in this bankruptcy matter, are affiliated with entities that are creditors, significant shareholders, adverse parties, lenders and bondholders to current and former APS clients in matters unrelated to the Debtors. Barclays is a vendor to APS and is a co-client to a current APS client in matters unrelated to the Debtors. Barclays is the previous employer of a current APS employee.
- Blackrock, Inc., a shareholder to the Debtors, is a lender, creditor, bondholder and executory contract counterparty to current and former APS clients in matters unrelated to the Debtors. Blackrock Financial Management is a significant shareholder to a former APS client in matters unrelated to the Debtors. Blackrock Realty Advisors, a subsidiary of Blackrock, Inc., is a lessor to a current APS client in matters unrelated to the Debtors.

- Blackstone Group LP, a professional in interest in this bankruptcy matter, is a former APS client in matters unrelated to the Debtors. Affiliates of Blackstone are professionals in interest, significant shareholders, bondholders, creditors, parent companies and lenders to current and former APS clients and is a landlord to APS, all in matters unrelated to the Debtors.
- Blue Cross Blue Shield, a vendor to the Debtors, is a vendor to APS. Blue Cross Blue Shield, is a vendor and insurance provider to current and former APS clients in matters unrelated to the Debtors. Blue Cross Blue Shield is a creditor to a current APS client in matters unrelated to the Debtors.
- Bowles Rice McDavid Graff & Love LLP, a professional in interest in this bankruptcy matter, is opposing counsel, client counsel and professional in interest to current and former APS clients in matters unrelated to the Debtors.
- Bryan Cave, LLP, a professional in interest in this bankruptcy matter, is opposing counsel and professional in interest to current and former APS clients in matters unrelated to the Debtors. Bryan Cave, LLP is a current and former APS client in matters unrelated to the Debtors.
- CAT Financial Services, Caterpillar Financial Services Corp., Caterpillar Financial Services Corporation and Caterpillar Global Mining America (collectively, “**Caterpillar**”), letters of credit parties, lenders, creditors, lessors and vendors to the Debtors, are vendors, customers, adverse parties, lenders, creditors and director affiliated companies to current and former APS clients in matters unrelated to the Debtors. Caterpillar is a former APS client in matters unrelated to the Debtors.
- Chartis, an insurance provider to the Debtors, is an insurance provider to current APS clients in matters unrelated to the Debtors. Chartis is an insurance provider to APS.
- Chubb-Federal Insurance, Chubb Surety and Chubb Group of Insurance Companies (collectively, “**Chubb**”), insurance providers and letter of credit parties to the Debtors, are vendors to APS and adverse parties, lenders, insurance providers and executory contract counterparties to current and former APS clients in matters unrelated to the Debtors. Chubb is a former APS client in matters unrelated to the Debtors.
- Citibank National Association, CitiCapital Commercial Leasing Corporation, Citigroup CIB, Citigroup Global Markets Inc. and Citigroup Global Markets, Inc. (collectively, “**Citi**”), lenders, professionals in interest and lessors to the Debtors, and affiliated entities, are creditors, lenders, bondholders, shareholders, adverse parties, professionals in interest and lessors to current and former APS clients in matters unrelated to the Debtors. An affiliate, Citigroup, is a related party to a

current APS client in matters unrelated to the Debtors. Citi is a current and former APS client in matters unrelated to the Debtors.

- Cleary Gottlieb Steen & Hamilton LLP, a professional in interest in this bankruptcy matter, is a current and former APS client in matters unrelated to the Debtors. Cleary Gottlieb Steen & Hamilton LLP is opposing counsel and a professional in interest to current and former APS clients in matters unrelated to the Debtors.
- Comerica Bank (“**Comerica**”), a lender to the Debtors, is a former lender to APS and also a former APS client in matters unrelated to the Debtors. Comerica is a lender, creditor, co-defendant and bondholder to current and former APS clients in matters unrelated to the Debtors. Comerica is the previous employer of a current APS employee. Comerica provides banking services to APS.
- Computershare, a professional in interest in this bankruptcy matter, is a professional in interest to a former APS client in matters unrelated to the Debtors.
- Continental Casualty Company, a letter of credit party to the Debtors, is affiliated with an entity that is a former APS client in matters unrelated to the Debtors.
- CSX Transportation, a vendor and creditor to the Debtors, is affiliated with an entity that is a creditor and lessor to former APS clients in matters unrelated to the Debtors. An affiliate, CSX Corporation, is the previous employer of a current APS employee.
- Davis Polk & Wardwell, a professional in interest in this bankruptcy matter, is a creditor, professional in interest and client counsel to current and former APS clients in matters unrelated to the Debtors.
- Dinsmore & Shohl LLP, a professional in interest in this bankruptcy matter, is a former APS client in matters unrelated to the Debtors.
- Dish Network, a utility provider to the Debtors, is a creditor and vendor to former APS clients in matters unrelated to the Debtors. Dish Network is a client related party to a former APS client in matters unrelated to the Debtors.
- DTE Energy, (“**DTE**”), a utility provider to the Debtors, is the previous employer of a current APS employee. DTE is an executory contract counterparty to current and former APS clients in matters unrelated to the Debtors. DTE is a vendor to APS.
- Duff & Phelps Corporation (“**Duff**”), a professional in interest in this bankruptcy matter, is a professional in interest to current and former APS clients in matters unrelated to the Debtors. Duff is the previous employer of a current APS employee. Duff is a vendor to APS.



- Duke Energy Carolinas LLC, Duke Energy Commercial Asset Management and Duke Energy Kentucky, Inc., vendors to the Debtors, are affiliated with entities that are creditors, director affiliated companies, strategic alliance parties and executory contract counterparties to current and former APS clients in matters unrelated to the Debtors.
- Eastman Kodak Company (“**Kodak**”), a customer and vendor to the Debtors, is a current and former APS client in matters unrelated to the Debtors. APS is currently providing interim management services to Kodak in its chapter 11 proceedings. APS and APS do not believe the interests of Kodak and the Debtors are adverse. However, in an abundance of caution, APS and APS will establish an appropriate informational barrier if necessary to protect confidential information of the Debtors from being shared with members of the Kodak engagement team and vice versa. Kodak and affiliated entities are lenders, co-defendants, vendors, litigation parties, significant shareholders and executory contract counterparties to current and former APS clients in matters unrelated to the Debtors.
- Ernst & Young (“**E&Y**”), a professional in interest in this bankruptcy matter, is an adverse party, client counsel, vendor and creditor to current and former APS clients in matters unrelated to the Debtors. E&Y is a vendor to APS and previously employed several current APS employees. E&Y is a current and former APS client in matters unrelated to the Debtors.
- Fifth Third Bank, Fifth Third Leasing Company and Fifth Third Securities, Inc. (“**Fifth Third**”), letter of credit parties, surety bond providers, lessors, creditor and professionals in interest to the Debtors, are bondholders, creditors, lenders, lessors and adverse parties to current and former APS clients in matters unrelated to the Debtors. In addition, Fifth Third is a member in a bank group for which APS performed services in matters unrelated to the Debtors. Fifth Third is a client-related party and a current and former APS client in matters unrelated to the Debtors.
- Flagstar Bank, FSB Gelco Corporation DBA GE Fleet Services (“**Flagstar**”), a lessor to the Debtors, is a former APS client in matters unrelated to the Debtors. Flagstar is an adverse party to a current APS client in matters unrelated to the Debtors.
- Freedom Group, an affiliation of a director of the Debtors, is a current APS client in matters unrelated to the Debtors.
- General Electric Capital Corporation and GE Capital TMS (“**GE**”), lessors and creditors to the Debtors, are affiliated with entities that are creditors, customers, lenders, vendors, litigation parties, adverse parties, lessors and bondholders to current and former APS clients in matters unrelated to the Debtors. GE is a

former APS client in matters unrelated to the Debtors. GE is the previous employer of current APS employees.

- Georgeson Inc., a professional in interest in this bankruptcy matter, is a professional in interest to a former APS client in matters unrelated to the Debtors.
- Greenberg Traurig, a professional in interest in this bankruptcy matter, is a professional in interest, opposing counsel and vendor to current and former APS clients in matters unrelated to the Debtors. Greenberg Traurig is a current and former APS client in matters unrelated to the Debtors.
- Hartford, an insurance provider to the Debtors, is a creditor, bondholder, lender, vendor, executory contract counterparty and adverse party to current and former APS clients in matters unrelated to the Debtors. Hartford is a former APS client in matters unrelated to the Debtors.
- Huntington National Bank, a lessor to the Debtors, is a creditor, lessor and lender to former APS clients in matters unrelated to the Debtors. Huntington National Bank is a current and former APS client in matters unrelated to the Debtors.
- Husch Blackwell, a professional in interest in this bankruptcy matter, is a professional in interest and adverse party to current and former APS clients in matters unrelated to the Debtors.
- IBM, a professional in interest in this bankruptcy matter and a vendor and creditor to the Debtors, is a lender, joint venture party, vendor, adverse party, client related party and creditor to current and former APS clients in matters unrelated to the Debtors. IBM is a current and former APS client in matters unrelated to the Debtors. IBM is the previous employer of current APS employees.
- Ironshore, an insurance provider to the Debtors, is a co-defendant and co-client to a current APS client in matters unrelated to the Debtors.
- Joy Mining Machinery, a vendor, creditor and customer to the Debtors, is affiliated with a former APS client in matters unrelated to the Debtors.
- Komatsu Financial Limited Partnership (“**Komatsu**”), a lessor and creditor to the Debtors, is a former APS client in matters unrelated to the Debtors. Komatsu is a customer to current and former APS clients in matters unrelated to the Debtors.
- KPMG LLP, a professional in interest in this bankruptcy matter, is a current and former APS client in matters unrelated to the Debtors. KPMG is a professional in interest, adverse party and creditor to current and former APS clients in matters unrelated to the Debtors. KPMG is an APS vendor. Additionally, KPMG previously employed several current APS employees.

- Latham & Watkins LLP, a professional in interest in this bankruptcy matter, is legal counsel, opposing counsel and professional in interest to current and former APS clients in matters unrelated to the Debtors. Latham & Watkins is a current and former APS client in matters unrelated to the Debtors.
- Liberty International Underwriters and Liberty Mutual Insurance Europe Limited (“**Liberty**”), insurance providers, letter of credit parties and surety bond providers to the Debtors, are affiliated with entities that are creditors, adverse parties, executory contract counterparties, insurers and lenders to current and former APS clients in matters unrelated to the Debtors. An affiliate of Liberty is a former APS client in matters unrelated to the Debtors.
- M & I Marshall (Southwest Bank of St. Louis), a lessor to the Debtors, is affiliated with an entity that is a co-defendant to a current APS client in matters unrelated to the Debtors. An affiliate is a significant shareholder to a current APS client in matters unrelated to the Debtors.
- Macquarie Corporate and Asset Funding, Inc., a lessor to the Debtors, is affiliated with entities that are current and former APS clients in matters unrelated to the Debtors.
- Marsh USA, an insurance provider to the Debtors, is a creditor and vendor to current and former APS clients in matters unrelated to the Debtors. Affiliates, Marsh & McLennan, Marsh Risk Insurance and Marsh Ltd., are all vendors to APS.
- Mercer, a professional in interest in this bankruptcy matter, is a professional in interest to former APS clients in matters unrelated to the Debtors. Mercer is the previous employer of current APS employees. An affiliate, Mercer HR Consulting, is a vendor to APS.
- Merrill Lynch and Merrill Lynch Capital (“**Merrill Lynch**”), professionals in interest and lessors to the Debtors, are affiliated with entities that are current and former APS clients, as well as lenders, bondholders, shareholders, limited partners, adverse parties and professionals in interest to current and former APS clients in matters unrelated to the Debtors. Merrill Lynch is a former APS client in matters unrelated to the Debtors. Merrill Lynch is the previous employer of current APS employees.
- Mirant Energy Trading, LLC, a customer and vendor to the Debtors, is a former APS client in matters unrelated to the Debtors.
- Mitel Leasing, Inc., a significant equipment lessor to the Debtors, is an affiliate of Mitel Networks Corporation. Mitel Networks Corporation is a current AlixPartners client in matters unrelated to the Debtors.

- Morris, Nichols, Arsht & Tunnell, LLP, a professional in interest in this bankruptcy matter, is a current APS client in matters unrelated to the Debtors. Morris, Nichols, Arsht & Tunnell, LLP is a vendor to APS.
- National Fire Insurance, National Fire Insurance Company of Hartford and National Union Fire Ins., letter of credit and surety bond parties to the Debtors, are affiliated with entities that are limited partners, litigation counterparties, adverse parties, lenders and bondholders to current and former APS clients in matters unrelated to the Debtors.
- Natixis Securities Americas LLC and Natixis, New York Branch, professionals in interest in this bankruptcy matter and lenders to the Debtors, are affiliated with an entity that is a co-client to a current APS engagement in matters unrelated to the Debtors.
- Neal, Gerber & Eisenberg LLP, a professional in interest in this bankruptcy matter, was client counsel and a professional in interest to former APS clients in matters unrelated to the Debtors.
- Ogletree, Deakins, Nash, Smoak & Stewart, a professional in interest in this bankruptcy matter, is a former APS client in matters unrelated to the Debtors.
- Old Republic Insurance, a letter of credit and surety bond party to the Debtors, is a former APS client in matters unrelated to the Debtors. Old Republic Insurance is an insurance provider, material contract party and lender to current and former APS clients in matters unrelated to the Debtors.
- Oliver Wyman, a professional in interest in this bankruptcy matter, is a professional in interest to a former APS client in matters unrelated to the Debtors. Oliver Wyman is the previous employer of current APS employees.
- Patriot Coal Sales, a debtor subsidiary, is a former APS client in litigation support matters unrelated to this bankruptcy matter.
- PNC, PNC Bank and PNC Capital Markets, LLC, professionals in interest in this bankruptcy matter and lenders, letters of credit and surety bond parties to the Debtors (collectively, “PNC”), are bondholders, lenders, significant shareholders and creditors to current and former APS clients in matters unrelated to the Debtors. PNC is a former APS client and is a co-defendant to a current APS client in matters unrelated to the Debtors. PNC is the previous employer of a current APS employee.
- Protiviti, a professional in interest in this bankruptcy matter, is the previous employer of a current APS employee.

- RBS Asset Finance (“**RBS**”), a lessor and creditor to the Debtors, is a lender, executory contract counterparty and creditor to current and former APS clients in matters unrelated to the Debtors. A former Managing Director of APS is currently the UK Head of the Global Restructuring Group of The Royal Bank of Scotland, but had no involvement with this matter while employed at APS. RBS is a current APS client in matters unrelated to the Debtors.
- Remington Arms Company, Inc., an affiliation of a director of the Debtors, is an affiliate of a current APS client in matters unrelated to the Debtors.
- R.R. Donnelley, a professional in interest in this bankruptcy matter, is a former APS client in matters unrelated to the Debtors. R.R. Donnelley is a professional in interest to current and former APS clients in matters unrelated to the Debtors.
- RSUI, an insurance provider to the Debtors, is a co-defendant to a current APS client in matters unrelated to the Debtors.
- Sandvik Mining and Construction, a customer and vendor to the Debtors, is affiliated with an entity that is a former APS client in matters unrelated to the Debtors.
- SG Americas Securities, a lessor to the Debtors, is affiliated with Societe Generale, a former APS client in matters unrelated to the Debtors.
- Siemens Financial Services, Inc. (“**Siemens**”), a lessor to the Debtors, and affiliated entities are creditors, lenders, adverse parties and lessors to former APS clients in matters unrelated to the Debtors. Affiliated entities of Siemens are current and former clients of APS in matters unrelated to the Debtors.
- SNR Denton, a professional in interest in this bankruptcy matter, is a current APS client in matters unrelated to the Debtors. SNR Denton is an adverse party to a current APS clients in matters unrelated to the Debtors. SNR Denton is the previous employer of a current APS employee.
- Societe Generale, a lender to the Debtors, is a former APS client in matters unrelated to the Debtors and their affiliates. Societe Generale is a bondholder, lessor and lender to current and former APS clients in matters unrelated to the Debtors.
- St. Paul Fire & Marine and St. Paul / Seaboard (“**St. Paul**”), letters of credit and surety providers to the Debtors, are affiliated with entities that are creditors, bondholders, executory contract counterparties and adverse parties to current and former APS clients in matters unrelated to the Debtors. St. Paul and St. Paul Travelers are vendors to APS.

- Steptoe & Johnson, PLLC, a professional in interest in this bankruptcy matter, is a current and former APS client in matters unrelated to the Debtors.
- Thompson Coburn, a professional in interest in this bankruptcy matter, is a professional in interest to a current APS client in matters unrelated to the Debtors. Thompson Coburn is a current APS client in matters unrelated to the Debtors.
- ThyssenKrupp CSA Siderurgica (“**ThyssenKrupp**”) a customer and vendor to the Debtors, is affiliated with an entity that is a former APS client in matters unrelated to the Debtors. ThyssenKrupp affiliated entities are executory contract counterparties, creditors and vendors to current and former APS clients in matters unrelated to the Debtors.
- Time Warner, a utility provider to the Debtors, and affiliated entities, are litigation parties, vendors, adverse parties, creditors and director affiliated companies to current and former APS clients in matters unrelated to the Debtors. An affiliate, America On-Line, is a current and former APS client in matters unrelated to the Debtors.
- Travelers Casualty and Travelers Casualty and Surety Company of America (“**Travelers**”), letter of credit and surety bond providers to the Debtors, are affiliated with entities that are creditors, insurance providers, bondholders, executory contract counterparties and adverse parties to current and former APS clients in matters unrelated to the Debtors. Travelers is a vendor to APS.
- U.S. Army Corps of Engineers, a regulatory agency in this bankruptcy matter, is a former APS client in matters unrelated to the Debtors. U.S. Army Corps of Engineers is an adverse party to a current APS client in matters unrelated to the Debtors.
- U.S. Bank National Association (“**US Bank**”), a creditor to the Debtors, is a lender, creditor, indenture trustee and bondholder to current and former APS clients in matters unrelated to the Debtors. US Bank is a client related party to a current APS client in matters unrelated to the Debtors.
- UBS and UBS Investment Bank (“**UBS**”), professionals in interest in this bankruptcy matter and lenders to the Debtors, are creditors, customers, director affiliated companies, lenders, lessors and bondholders to current and former APS clients in matters unrelated to the Debtors. UBS is a current and former APS client in matters unrelated to the Debtors. UBS is the previous employer of a current APS employee.
- The Vanguard Group, a significant shareholder to the Debtors, and affiliated entities are lenders, vendors, co-defendants, adverse parties, bondholders and significant shareholders to current and former APS clients in matters unrelated to

the Debtors. The Vanguard Group is the previous employer of a current APS employee.

- Verizon and Verizon North (“**Verizon**”), utility providers to the Debtors, are former APS clients in matters unrelated to the Debtors. Other Verizon affiliated entities are creditors, executory contract counterparties and vendors to current and former APS clients in matters unrelated to the Debtors. Verizon is a vendor to APS.
- Waste Management of WV, Inc. (“**Waste Management**”), a utility provider to the Debtors, is affiliated with entities that are creditors, adverse parties and vendors to current and former APS clients in matters unrelated to the Debtors. Waste Management is a former APS client in matters unrelated to the Debtors.
- Weil, Gotshal & Manges LLP, a professional in interest in this bankruptcy matter, is a current and former APS client in matters unrelated to the Debtors. APS is a client of Weil, Gotshal & Manges, LLP in matters unrelated to the Debtors. Weil, Gotshal & Manges LLP is a professional in interest to current and former AP clients in matters unrelated to the Debtors.
- Wilmington Trust Co. (“**Wilmington Trust**”), a professional in interest in this bankruptcy matter, is a bondholder, creditor, lessor and indenture trustees to current and former APS clients in matters unrelated to the Debtors. Wilmington Trust is a former APS client and a client related party to current APS clients, all in matters unrelated to the Debtors.
- X.L., X.L. Specialty and X.L. UK, insurance providers to the Debtors, are affiliated to entities that are current and former APS clients in matters unrelated to the Debtors. Affiliated entities are executory contract counterparties to current and former APS clients in matters unrelated to the Debtors.
- Zurich, an insurance provider to the Debtors, is a creditor, vendor, executory contract counterparty and adverse party to current and former APS clients in matters unrelated to the Debtors. Zurich is a former APS client and a vendor to APS in matters unrelated to the Debtors.

8. None of the clients of APS listed above represent more than one percent of revenue of APS for the calendar year 2012 through May, 2012, except Kodak.

9. APS, AlixPartners and its subsidiary affiliates are advisors and crisis managers providing services and advice in many areas, including restructuring and distressed debt. As part of its diverse practice, APS appears in numerous cases, proceedings, and transactions involving

many different attorneys, accountants, investment bankers, and financial consultants, some of whom may represent claimants and parties in interest in these Chapter 11 Cases. Further, APS has in the past, and may in the future, be represented by several attorneys and law firms, some of whom may be involved in these Chapter 11 Cases. In addition, APS has been in the past, and likely will be in the future, engaged in matters unrelated to the Debtors or these Chapter 11 Cases in which it works with or against other professionals involved in these cases. To the best of my knowledge, information, and belief, insofar as I have been able to ascertain after reasonable inquiry, none of these business relations constitute interests adverse to the Debtors.

10. To the best of my knowledge, information, and belief, insofar as I have been able to ascertain after reasonable inquiry, except as otherwise disclosed herein, neither I nor any of AlixPartners' nor APS' professional employees: (a) have any connection with the Debtors, their creditors or any other Potential Parties in Interest in these Chapter 11 Cases; or (b) are related or connected to any United States Bankruptcy Judge for the Southern District of New York, any of the District Judges for the Southern District of New York who handle bankruptcy cases, the U.S. Trustee or any employee in the Office of the U.S. Trustee, except as otherwise set forth herein.

In addition:

- A. Neither AlixPartners nor APS is employed by, and have not been employed by any entity other than the Debtors in matters related to these Chapter 11 Cases.
- B. From time to time, AlixPartners and APS have provided services, and likely will continue to provide services, to certain parties in interest of the Debtors and various other parties adverse to the Debtors in matters unrelated to these Chapter 11 Cases. As described above, however, APS has undertaken a detailed search to determine, and to disclose, whether it is providing or has provided services to any significant customers, equity security holders, insiders, or other parties in interest in such unrelated matters.

11. To the best of my knowledge, neither AlixPartners nor APS nor any of its professionals is a direct holder of any of the Debtors' securities. It is possible that certain of



AlixPartners' employees, managing directors, board members, equity holders, or an affiliate of any of the foregoing, may own interests in mutual funds or other investment vehicles that own the Debtors' debt or equity securities or other financial instruments including bank loans and other obligations. Typically, the holders of such interests have no control over investment decisions related to such investment funds or financial instruments. APS' policy prohibits its employees from trading in the Debtors' securities.

12. To the best of my knowledge, information, and belief, insofar as I have been able to ascertain after reasonable inquiry, neither AlixPartners nor APS has been retained to assist any entity or person other than the Debtors on matters relating to, or in direct connection with, these Chapter 11 Cases. If the Debtors are authorized by the Court to employ and retain APS, neither AlixPartners nor APS will accept any engagement or perform any service for any other entity in these Chapter 11 Cases. AlixPartners and APS will, however, continue to provide professional services to entities that may be creditors or equity security holders of the Debtors or parties in interest in these Chapter 11 Cases, provided that such services do not relate to, or have any direct connection with, these Chapter 11 Cases.

13. APS reserves the right to supplement this Declaration in the event that APS discovers any facts bearing on matters described in this Declaration regarding APS' employment by the Debtors.

14. Despite the efforts described above to identify and disclose the connections that APS and its affiliates have with parties in interest in these Chapter 11 Cases, because the Debtors are a large enterprise with thousands of creditors and other relationships, APS is unable to state with certainty that every client relationship or other connection has been disclosed. In this

regard, if APS discovers additional information that requires disclosure, APS will file promptly a supplemental declaration with the Court.

### **Services to be Provided**

15. The parties have entered into an agreement that would govern the relationship between APS and the Debtors, a copy of which is attached as Exhibit C to the Application (the “**Engagement Letter**”). Pursuant to the Engagement Letter, APS will provide, without limitation, the following interim management during these Chapter 11 Cases:<sup>4</sup>

#### Restructuring Activities

- Provide overall leadership of the restructuring process, including working with a wide range of stakeholder groups, together with the Debtors’ senior management.
- Assist the Debtors in the design and implementation of a restructuring strategy, together with the Debtors’ other professionals, which is designed to maximize enterprise value, and take into account the unique interests of all constituencies.
- Provide assistance to management in connection with the Debtors’ development of its revised business plan, and such other related forecasts as may be required by the bank lenders in connection with negotiations or by the Debtors for other corporate purposes.
- Assist the Debtors in managing the “working group” of professionals who are assisting the Debtors in the reorganization process or who are working for the Debtors’ various stakeholders to improve coordination of their effort and individual work product to be consistent with the Debtors’ overall restructuring goals.
- Assist in obtaining and presenting information required by parties in interest in the Debtors’ bankruptcy process including official committees appointed by the Court and the Court itself.
- Assist the Debtors in developing and implementing employee, customer and vendor communications programs.
- Assist in the development and implementation of a vendor management process to maximize on-going support from the vendor community, enhance or at least maintain liquidity and negotiate new contracts and relationships as appropriate.
- Assist the Debtors in other business and financial aspects of a Chapter 11 proceeding, including development of and support for the approval and confirmation process for a disclosure statement and plan of reorganization.

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<sup>4</sup> To the extent that the Declaration and the terms of the Engagement Letter are inconsistent, the terms of the Declaration shall control.

On-Going Chapter 11 Administration Tasks

- Assist the Debtors in the review and preparation of the statement of affairs, schedules and other regular reports required by the Court as well as providing assistance in such areas as testimony before the Court on matters that are within APS' areas of expertise.
- Assist the Debtors in developing and implementing accounting procedures and controls to "operationalize" the requirements of the bankruptcy proceeding, including both the filing and subsequent activities through completion of the Chapter 11 case. Subsequent activities include vendor management, employee benefits claims, claims reconciliation, filing of Monthly Operating Reports with the Court and other matters.
- Assist the Debtors with electronic data collection.

Treasury & Cash Management

- Assist the Debtors in areas of the treasury and risk management function that are expected to be impacted by the bankruptcy process including cash management and banking accounts, worker's compensation and other self insured programs, letter of credit and or bonding obligations, lease obligations and capital programs and the DIP financing process.
- Work with the Debtors and their team to further identify and implement both short-term and long-term liquidity generating initiatives.
- Assist in developing and implementing cash management strategies, tactics and processes.
- Assist the Debtors and their management in managing their short-term cash flow forecasting tool(s) and related methodologies and to assist with planning for alternatives as requested by the Debtors.
- Assist the Debtors with such other matters as may be requested that fall within APS' expertise and that are mutually agreeable.

16. APS shall use its reasonable efforts to avoid any unnecessary duplication of services provided by any of the Debtors' other retained professionals in these Chapter 11 Cases.

17. APS has agreed to represent the Debtors for compensation at the amounts agreed upon between the parties pursuant to the Engagement Letter. As more fully described in the Engagement Letter, in consideration of the restructuring services provided by APS, the Debtors have agreed to pay APS (defined terms as defined in the Engagement Letter):

(a) A Retainer of \$150,000 (the “**Retainer**”) was paid pursuant to the June 16, 2012 engagement letter between AlixPartners and the Debtors. Pursuant to the Engagement Letter, that Retainer was transferred to APS for this engagement, and will be credited against any fees and expenses payable by the Debtors under this Engagement Letter. Any remainder shall be returned to the Debtors as soon as practicable after the expiration or termination of the Engagement Letter.

(b) A Success Fee (as defined in the Engagement Letter) in the amount of \$2,000,000 upon the effectiveness of a chapter 11 plan of reorganization; provided, however, in the event that APS terminates its engagement other than for cause or is terminated for cause, APS shall not be entitled to any Success Fee.

(c) In the event of the expiration of or a Termination without Cause of the Engagement Letter, the Debtors shall pay APS all compensation as described in and pursuant to Schedule 1 of the Engagement Letter, that has accrued prior to such expiration or termination but is unpaid, and expense reimbursements otherwise payable under the Engagement Letter.

(d) The Debtors agree to indemnify APS as provided in the Engagement Letter.

18. As of the Petition Date, AlixPartners has been compensated by the Debtors for approximately \$532,589.42 in fees and expenses, as well as an initial advance retainer of \$150,000. Pursuant to the Engagement Letter, invoiced amounts have been recouped against the Retainer, and payments on the invoices have been used to replenish the Retainer. After giving effect to the application of its final prepetition charges, APS now holds a retainer in the approximate amount of \$150,000. Based on its experience, APS believes that the fees set forth

herein are fair and reasonable in light of the nature and scope of the services to be provided by APS.

19. In the 90 days prior to the Petition Date, in addition to the Retainer of \$150,000.00 received on June 18, 2012, AlixPartners received the following payments totaling \$532,589.42:

<b>Invoice Number</b>	<b>Invoice Date</b>	<b>Billed Amount</b>	<b>Received Date</b>	<b>Payment Amount</b>
2040411	June 26, 2012	\$369,767.75	June 26, 2012	\$369,767.75
2040776	July 6, 2012	\$162,821.67	July 6, 2012	\$162,821.67

20. Due to the ordinary course and unavoidable reconciliation of fees and submissions of expenses immediately prior to, and subsequent to, the Petition Date, APS may have incurred but not billed fees and reimbursable expenses, which relate to the prepetition period. APS hereby seeks the Court's approval to apply the Retainer to these amounts and any further prepetition fees and expenses APS becomes aware of during its ordinary course billing review and reconciliation. Upon the proposed applications of the Retainer, the Debtors would not owe APS any sums for prepetition services.

21. In accordance with section 504 of the Bankruptcy Code and Bankruptcy Rule 2016, neither I nor APS has entered into any agreements, express or implied, with any other party in interest, including the Debtors, any creditor, or any attorney for such party in interest in these Chapter 11 Cases (a) for the purpose of sharing or fixing fees or other compensation to be paid to any such party in interest or its attorneys for services rendered in connection therewith, (b) for payment of such compensation from the assets of the estates in excess of the compensation allowed by the Court pursuant to the applicable provisions of the Bankruptcy Code, or (c) for payment of compensation in connection with these Chapter 11 Cases other than in accordance with the applicable provisions of the Bankruptcy Code. If any such agreement is

entered into, APS undertakes to amend and supplement this declaration to disclose the terms of any such agreement.

22. No promises have been received by APS, or by any employee thereof, as to compensation in connection with these Chapter 11 Cases other than in accordance with the provisions of the Bankruptcy Code.

Pursuant to 28 U.S.C. § 1746, I declare under the penalty of perjury that the foregoing is true and correct.

Dated: July 19, 2012

AP Services, LLC

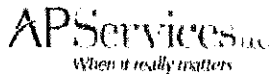
/s/ Kenneth A. Hiltz  
Kenneth A. Hiltz  
Authorized Representative

DRAFT

PRIVILEGED & CONFIDENTIAL

**Exhibit C**

**Engagement Letter**



Chicago Dallas Detroit Los Angeles New York San Francisco Washington, DC

July 9, 2012

Irl F. Engelhardt  
Chairman and Chief Executive Officer  
Patriot Coal Corporation  
12312 Oliver Boulevard  
St. Louis, Missouri 63141

Re: Agreement for the Provision of Interim Management Services

Dear Mr. Engelhardt:

This letter, together with the attached Schedule(s), Exhibit and General Terms and Conditions, sets forth the agreement ("Agreement") between AP Services, LLC, a Michigan limited liability company ("APS"), and Patriot Coal Corporation and certain of its affiliates and subsidiaries ("Patriot" or the "Company") for the engagement of APS to provide certain temporary employees to the Company to assist it in its restructuring as described below.

All defined terms shall have the meanings ascribed to them in this letter and in the attached Schedule(s), Exhibit and General Terms and Conditions.

Generally, the engagement of APS, including any APS employees who serve in Officer positions, shall be under the supervision of the Company's Board Chairman or Chief Executive Officer.

<b>OBJECTIVE AND TASKS</b>
----------------------------

Subject to APS' internal approval from its Risk Management Committee, confirmation that the Company has a Directors and Officers Liability insurance policy in accordance with section 7 of the General Terms and Conditions below regarding Directors and Officers Liability Insurance coverage, and a copy of the signed Board of Directors' resolution (or similar document) as official confirmation of the appointment, APS will provide Mr. Ted Stenger to serve as the Company's Chief Restructuring Officer ("CRO"), reporting to the Company's Board Chairman. As such, Mr. Stenger would not be entitled to receive from the Company any vacation pay, sick leave, retirement, pension or social security benefits, workers' compensation, disability, unemployment insurance benefits or any other employee benefits. Mr. Stenger or APS will be responsible for all employment, withholding, income and/or any other taxes incurred in connection with the operation and conduct of the engagement. Nothing in this agreement shall be construed to create a joint





Mr. Irl F. Engelhardt

July 9, 2012

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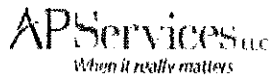
venture, partnership, franchise, employment or agency relationship between Mr. Stenger and/or APS and the Company or any part thereof. Working collaboratively with the senior management team, the Board of Directors and other Company professionals, Mr. Stenger will assist the Company in evaluating and implementing strategic and tactical options through the restructuring process. In addition to the ordinary course duties of a CRO, the Temporary Staff (as defined below) roles will include working with the Company and its team to do the following:

#### Restructuring Activities

- Provide overall leadership of the restructuring process, including working with a wide range of stakeholder groups, together with the Company's senior management.
- Assist the Company in the design and implementation of a restructuring strategy, together with the Company's other professionals, which is designed to maximize enterprise value and take into account the unique interests of all constituencies.
- Provide assistance to management in connection with the Company's development of its revised business plan, and such other related forecasts as may be required by the bank lenders in connection with negotiations or by the Company for other corporate purposes.
- Assist in managing the "working group" professionals who are assisting the Company in the reorganization process or who are working for the Company's various stakeholders to improve coordination of their effort and individual work product to be consistent with the Company's overall restructuring goals.
- Assist in obtaining and presenting information required by parties in interest in the Company's bankruptcy process including official committees appointed by the Court and the Court itself.
- Assist the Company in developing and implementing employee, customer and vendor communications programs.
- Assist in the development and implementation of a vendor management process to maximize on-going support from the vendor community, enhance or at least maintain liquidity and negotiate new contracts and relationships as appropriate.
- Assist the Company in other business and financial aspects of a Chapter 11 proceeding, including, but not limited to, development of and support for the approval and confirmation process for a disclosure statement and plan of reorganization.

#### Preparation for Chapter 11 Filing and On-Going Administration Tasks

- Assist in preparing for and filing bankruptcy petitions and related documents and filings in the event the Company and/or its subsidiaries choose to seek protection under the U.S. Bankruptcy Code, to the extent requested by the Company.



Mr. Irl F. Engelhardt

July 9, 2012

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- Assist with the preparation of the statement of affairs, schedules and other regular reports required by the United States Bankruptcy Court (the "Court") as well as providing assistance in such areas as testimony before the Court on matters that are within APS' areas of expertise.
- Assist the Company in developing and implementing accounting procedures and controls to "operationalize" the requirements of the bankruptcy proceeding, including both the filing and subsequent activities through completion of the Chapter 11 case. Subsequent activities include vendor management, employee benefits claims, claims reconciliation, filing of Monthly Operating Reports with the Court and other matters.
- Assist the Company with electronic data collection.

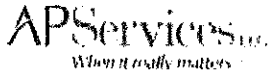
#### Treasury & Cash Management

- Assist the Treasurer in areas of the treasury and risk management function that are expected to be impacted by the bankruptcy process including cash management and banking accounts, worker's compensation and other self insured programs, letter of credit and or bonding obligations, lease obligations and capital programs and the DIP financing process.
- Work with the Company and its team to further identify and implement both short-term and long-term liquidity generating initiatives.
- Assist in developing and implementing cash management strategies, tactics and processes.
- Assist the Company and its management in managing their short-term cash flow forecasting tool(s) and related methodologies and to assist with planning for alternatives as requested by the Company.
- Assist with such other matters as may be requested that fall within APS' expertise and that are mutually agreeable.

STAFFING
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APS will provide the Company with the individuals set forth on Exhibit A ("Temporary Staff"), subject to the terms and conditions of this Agreement, with the titles, pay rates and other descriptions set forth therein.

The Temporary Staff may be assisted by or replaced by other professionals at various levels, as required, who shall also become Temporary Staff. APS will keep the Company informed as to APS' staffing and will not add additional Temporary Staff to the assignment without first consulting with the Company to obtain Company concurrence that such additional resources are required and do not duplicate the activities of other employees or professionals.



Mr. Irl F. Engelhardt  
July 9, 2012  
Page 4 of 23

**TIMING, FEES AND RETAINER**

Upon receipt of a copy of this Agreement executed by the Company, and confirmation that the Company is in compliance with the requirements set forth in the first paragraph of the Objectives and Tasks section above, APS will commence providing services under this letter and the services provided by AlixPartners, LLP ("AlixPartners") under the engagement letter dated June 16, 2012 between Patriot and AlixPartners shall be deemed completed.

The Company shall compensate APS for its services, and reimburse APS for expenses, as set forth on Schedule I.

\* \* \*

In the event the Company seeks protection under the U.S. Bankruptcy Code, the Company will promptly apply to the Bankruptcy Court to obtain approval of APS' retention and Retainer nunc pro tunc to the date of filing. APS acknowledges that its retention and the terms thereof are subject to Court approval.

If these terms meet with your approval, please sign and return the enclosed copy of the Agreement.

We look forward to working with you.

Sincerely yours,

AP SERVICES, LLC

Ted Stenger  
Authorized Representative

Acknowledged and Agreed to:

PATRIOT COAL CORPORATION

By:

Its:

Senior Vice President - Law & Administration

Dated:

July 9, 2012



**AP Services, LLC**

**Exhibit A**

**Temporary Staff  
Individuals with Officer Positions**

<b>Name</b>	<b>Description</b>	<b>Hourly Rate<sup>1</sup></b>	<b>Commitment Full<sup>2</sup> or Part<sup>3</sup> Time</b>
Ted Stenger	Chief Restructuring Officer	\$850	Full Time

**Additional Temporary Staff**

<b>Name</b>	<b>Description</b>	<b>Standard Hourly Rate<sup>1</sup></b>	<b>Commitment Full<sup>2</sup> or Part<sup>3</sup> Time</b>
Dipes Patel	Associate	\$345	Full Time
Christopher Blacker	Director	\$620	Full Time
Scott Mell	Director	\$665	Full Time
Robb McWilliams	Director	\$665	Full Time

The parties agree that Exhibit A can be amended by APS from time to time to add or delete staff, and the Monthly Staffing Reports shall be treated by the parties as such amendments.

<sup>1</sup> Standard hourly rates listed are prior to application of the 10% discount set forth on Schedule I. The hourly rate structure is further defined on Schedule I.

<sup>2</sup> Full time is defined as substantially full time.

<sup>3</sup> Part time is defined as approximately 2-3 days per week, with some weeks more or less depending on the needs and issues facing the Company at that time.



## SCHEDULE 1

### FEES AND EXPENSES

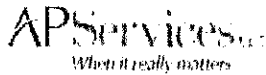
1. **Fees:** APS' fees will be based on the hours spent by APS personnel and billed at a 10% discount to the following standard hourly rates:

Managing Directors	\$ 815 - 970
Directors	\$ 620 - 760
Vice Presidents	\$ 455 - 555
Associates	\$ 305 - 405
Analysts	\$ 270 - 300
Paraprofessionals	\$ 205 - 225

APS reviews and revises its billing rates on January 1 of each year. Any increase in billing rates will require the approval of the Company and be subject to review of the Bankruptcy Court.

For this engagement, Managing Directors' (including Ted Stenger's) discounted hourly rate will be capped at a maximum of \$850.

2. **Success Fee:** In addition to hourly fees, APS will be compensated for its efforts by the payment of a Success Fee. The Company understands and acknowledges that the Success Fee is an integral part of APS' compensation for the engagement. The Company will pay APS a Success Fee in the amount of \$2,000,000 upon the effectiveness of a chapter 11 Plan of Reorganization; provided, however, in the event that APS terminates its engagement other than for cause or is terminated for cause, APS shall not be entitled to any Success Fee.
3. **Expenses:** In addition to the fees set forth in this Schedule, the Company shall pay directly, or reimburse APS upon receipt of periodic billings, for all actual, reasonable and documented out-of-pocket expenses incurred in connection with this assignment, such as travel, lodging and meals.
4. **Break Fee:** APS does not seek a Break Fee in connection with this engagement.
5. **Retainer:** This will confirm that AlixPartners is holding a retainer in the amount of \$150,000 in accordance with the Engagement Letter dated June 16, 2012 between Patriot and AlixPartners. That Retainer will be transferred to APS for this engagement and no further retainer is required.



## SCHEDULE 2

### DISCLOSURES

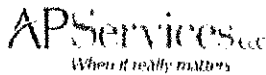
APS has completed a thorough check of the parties in interest with regard to the Company, based on the list of the parties in interest that APS received from the Company. For the purpose of these Disclosures, and unless otherwise expressly provided herein, the term "AlixPartners" shall mean AlixPartners, LLP, its parent company, AlixPartners Holdings, LLP ("AP Holdings"), together with each of their subsidiaries including, without limitation, APS.

- Funds managed by subsidiaries of CVC Capital Partners SICAV-FIS S.A. ("CVC"), a private equity and investment advisory firm, own a controlling stake in AP Holdings, the parent of AlixPartners, LLP, an affiliate of APS. CVC Credit Partners, L.P. ("CVC Credit Partners") is a global debt management business and a majority owned subsidiary of CVC.

CVC's private equity funds ("CVC Funds") and debt funds ("CVC Credit Partners' Funds") are managed independently from each other, with no overlap in membership of the relevant investment committees or boards of entities with responsibility for investment decisions. CVC has in place an internal information barrier between the CVC Funds and the CVC Credit Partners' Funds. All CVC Credit Partners investment professionals are dedicated to CVC Credit Partners and are not involved in the private equity business. CVC Credit Partners also has separate IT systems and workspaces.

No material nonpublic information about the Debtors has been furnished by AlixPartners to CVC or to any CVC managed funds or their portfolio companies, including without limitation, to CVC Credit Partners (collectively, the "CVC Entities") or to any managing director or executive of CVC or CVC Credit Partners and AlixPartners will continue to abide by its confidentiality obligations to the Debtors. AlixPartners operates independently of the CVC Entities, and does not share employees or officers with the CVC Entities, except that a managing partner of CVC is on the Boards of Directors of AlixPartners and on the advisory board to CVC Credit Partners. Three other CVC executives, who are not connected with CVC Credit Partners, are also on the Boards of Directors of AlixPartners. AlixPartners and the CVC Entities have separate offices in separate buildings and use separate Internet email addresses. AlixPartners's financial performance is not directly impacted by the success or failure of the CVC Entities. Certain of the CVC Credit Partners' Funds act as lenders to AlixPartners.

As a component of its conflict checking system, AlixPartners has searched the names of CVC, CVC Credit Partners, the CVC Credit Partners' Funds, the CVC Funds, each managing partner of CVC and each portfolio company of the CVC Funds (the "CVC Conflict Parties") against the list of Potential Parties in Interest.



and AlixPartners has determined to the best of its knowledge that there are no resulting disclosures other than as noted herein. The term "portfolio company" means any business in which a CVC fund has a direct controlling or minority interest. The term "portfolio company" does not include indirect investments such as businesses owned or investments made by a CVC Funds portfolio company or investments made by the CVC Credit Partners' Funds. CVC Credit Partners Funds, as well as other CVC Entities, may in the ordinary course from time to time hold, control and/or manage loans to, or investments in the Debtors and parties in interest in these cases. Further, the CVC Entities may have had, currently have or may in the future have business relationships or connections with the Debtors or other Potential Parties in Interest in matters related to or unrelated to the Debtors or their affiliates or these chapter 11 cases. Furthermore, AlixPartners has provided the list of Debtors to CVC and has performed appropriate checks to determine if any material connections between the CVC Entities and the Debtors exist. AlixPartners will supplement this disclosure if it obtains information regarding any such connection. Other than as specifically noted herein, AlixPartners has not undertaken to determine the existence, nature and/or full scope of any business relationships or connections that the CVC Entities may have with the Potential Parties in Interest, the Debtors and their affiliates or these chapter 11 cases.

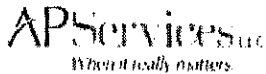
Based on, among other things, the business separation between the CVC Funds and the CVC Credit Partners' Funds, the business separation between the CVC Entities and AlixPartners, and the confidentiality obligations referred to above, AlixPartners believes that it does not hold or represent an interest adverse to the estate with respect to the engagement. Further, AP may have had, currently has or may in the future have business relationships with, among other entities, portfolio companies or managed funds of CVC in matters unrelated to the Debtors or their affiliates in these chapter 11 cases.

- There is one confidential client of AlixPartners that is a professional in interest to the Debtors. The confidential client is a current AlixPartners client in matters unrelated to the Debtors.
- Certain of the parties in interest may have extended credit or provided services, or may in the future extend credit or provide services to AlixPartners.
- AlixPartners has relationships with certain departments and agencies of the United States government, including, without limitation, the Internal Revenue Service ("IRS"), a significant taxing authority to the Debtors, and the Department of Labor, a letter of credit and surety bond provider and beneficiary. The IRS and the Department of Labor are creditors, adverse parties and vendors to current and former AlixPartners clients in matters unrelated to the Debtors. The IRS is the previous employer of current AlixPartners employees. In addition, the United States Securities and Exchange Commission, the United States Attorneys' Office and the Federal Deposit Insurance Corporation are current or former clients of AlixPartners in matters unrelated to the Debtors.



- ACE and ACE American Insurance Company, insurance providers and letter of credit parties to the Debtors, are vendors to AlixPartners.
- AIG, an insurance provider to the Debtors, is affiliated with entities that are limited partners, litigation counterparties, insurance providers, adverse parties, lenders and bondholders to current and former AlixPartners clients in matters unrelated to the Debtors. AIG is a current and former AlixPartners client in matters unrelated to the Debtors. AIG has provided various types of insurance to AlixPartners in matters unrelated to the Debtors.
- Alcoa Fuels, Inc., a lessor to the Debtors, is affiliated with entities that are creditors and vendors to current and former AlixPartners clients in matters unrelated to the Debtors. An affiliate is the previous employer of a current AlixPartners employee.
- Allied World National Assurance Company and Allied World Assurance Company ("Allied"), insurance providers to the Debtors, are adverse parties and executory contract counterparties to former AlixPartners clients in matters unrelated to the Debtors. Allied is a vendor to AlixPartners.
- American Casualty Company of Reading, Pennsylvania ("CNA"), a letter of credit party to the Debtors, is affiliated with entities that are bondholders, creditors and adverse parties to current and former AlixPartners clients in matters unrelated to the Debtors. An affiliate of CNA is a former AlixPartners client in matters unrelated to the Debtors. CNA is the previous employer of a current AlixPartners employee.
- American Stock Transfer & Trust Company, LLC, a professional in interest in this bankruptcy matter, is a co-defendant and professional in interest to current and former AlixPartners clients in matters unrelated to the Debtors.
- AON Risk, an insurance provider to the Debtors, is affiliated with an entity that is a vendor to AlixPartners. AON is a current and former AlixPartners client in matters unrelated to the Debtors.
- Arnold & Porter LLP, a professional in interest in this bankruptcy matter, is a current and former AlixPartners client in matters unrelated to the Debtors.
- AT&T, AT&T Mobility and AT&T Teleconference Services (collectively, "AT&T"), utility providers to the Debtors, are affiliated with entities that are creditors, executory contract counterparties, vendors, lenders and shareholders to current and former AlixPartners clients in matters unrelated to the Debtors. An affiliate of AT&T is a former AlixPartners client in matters unrelated to the Debtors. AT&T is a vendor to AlixPartners.
- Axis Insurance (Bermuda) Ltd, Axis Insurance Company and Axis Surplus Insurance Company (collectively, "Axis"), insurance providers to the Debtors, are



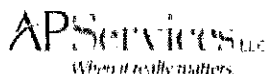


affiliated with entities that are executory contract counterparties, lessors, insurers and director affiliated companies to current and former AlixPartners clients in matters unrelated to the Debtors. Axis Insurance Company is a former AlixPartners client in matters unrelated to the Debtors.

- Banc of America Securities LLC, BancorpSouth Equipment Finance, Bank of America, Bank of America Corporation, Bank of America Leasing and Bank of America, N.A., professionals in interest, lessors, lenders and letters of credit parties to the Debtors, are current and former AlixPartners clients, as well as executory contract counterparties, creditors and lenders to current and former AlixPartners clients in matters unrelated to the Debtors. Bank of America is a former employer of a current AlixPartners professional. Bank of America provides banking services to AlixPartners.
- Bank of Oklahoma, NA, a lender to the Debtors, is a former AlixPartners client in matters unrelated to the Debtors. Bank of Oklahoma, NA is a vendor and creditor to current and former AlixPartners clients in matters unrelated to the Debtors.
- Bank of the West, a lessor to the Debtors, is a current AlixPartners client in matters unrelated to the Debtors.
- Barclays Bank PLC and Barclays Capital, Inc. ("Barclays"), lenders to the Debtors and professionals in interest in this bankruptcy matter, are affiliated with entities that are creditors, significant shareholders, adverse parties, lenders and bondholders to current and former AlixPartners clients in matters unrelated to the Debtors. Barclays is a vendor to AlixPartners and is a co-client to a current AlixPartners client in matters unrelated to the Debtors. Barclays is the previous employer of a current AlixPartners employee.
- Blackrock, Inc., a shareholder to the Debtors, is a lender, creditor, bondholder and executory contract counterparty to current and former AlixPartners clients in matters unrelated to the Debtors. Blackrock Financial Management is a significant shareholder to a former AlixPartners client in matters unrelated to the Debtors. Blackrock Realty Advisors, a subsidiary of Blackrock, Inc., is a lessor to a current AlixPartners client in matters unrelated to the Debtors.
- Blackstone Group L.P, a professional in interest in this bankruptcy matter, is a former AlixPartners client in matters unrelated to the Debtors. Affiliates of Blackstone are professionals in interest, significant shareholders, bondholders, creditors, parent companies and lenders to current and former AlixPartners clients and is a landlord to AlixPartners, all in matters unrelated to the Debtors.
- Blue Cross Blue Shield, a vendor to the Debtors, is a vendor to AlixPartners. Blue Cross Blue Shield, is a vendor and insurance provider to current and former AlixPartners clients in matters unrelated to the Debtors. Blue Cross Blue Shield is a creditor to a current AlixPartners client in matters unrelated to the Debtors.



- Bowles Rice McDavid Graff & Love LLP, a professional in interest in this bankruptcy matter, is opposing counsel, client counsel and professional in interest to current and former AlixPartners clients in matters unrelated to the Debtors.
- Bryan Cave, LLP, a professional in interest in this bankruptcy matter, is opposing counsel and professional in interest to current and former AlixPartners clients in matters unrelated to the Debtors. Bryan Cave, LLP is a current and former AlixPartners client in matters unrelated to the Debtors.
- CAT Financial Services, Caterpillar Financial Services Corp., Caterpillar Financial Services Corporation and Caterpillar Global Mining America (collectively, "Caterpillar"), letters of credit parties, lenders, creditors, lessors and vendors to the Debtors, are vendors, customers, adverse parties, lenders, creditors and director affiliated companies to current and former AlixPartners clients in matters unrelated to the Debtors. Caterpillar is a former AlixPartners client in matters unrelated to the Debtors.
- Chartis, an insurance provider to the Debtors, is an insurance provider to current AlixPartners clients in matters unrelated to the Debtors. Chartis is an insurance provider to AlixPartners.
- Chubb-Federal Insurance, Chubb Surety and Chubb Group of Insurance Companies (collectively, "Chubb"), insurance providers and letter of credit parties to the Debtors, are vendors to AlixPartners and adverse parties, lenders, insurance providers and executory contract counterparties to current and former AlixPartners clients in matters unrelated to the Debtors. Chubb is a former AlixPartners client in matters unrelated to the Debtors.
- Citibank National Association, CitiCapital Commercial Leasing Corporation, Citigroup CIB, Citigroup Global Markets Inc. and Citigroup Global Markets, Inc. (collectively, "Citi"), lenders, professionals in interest and lessors to the Debtors, and affiliated entities, are creditors, lenders, bondholders, shareholders, adverse parties, professionals in interest and lessors to current and former AlixPartners clients in matters unrelated to the Debtors. An affiliate, Citigroup, is a related party to a current AlixPartners client in matters unrelated to the Debtors. Citi is a current and former AlixPartners client in matters unrelated to the Debtors.
- Cleary Gottlieb Steen & Hamilton LLP, a professional in interest in this bankruptcy matter, is a current and former AlixPartners client in matters unrelated to the Debtors. Cleary Gottlieb Steen & Hamilton LLP is opposing counsel and a professional in interest to current and former AlixPartners clients in matters unrelated to the Debtors.
- Comerica Bank ("Comerica"), a lender to the Debtors, is a former lender to AlixPartners and also a former AlixPartners client in matters unrelated to the Debtors. Comerica is a lender, creditor, co-defendant and bondholder to current and former AlixPartners clients in matters unrelated to the Debtors. Comerica is



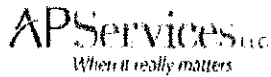
the previous employer of a current AlixPartners employee. Comerica provides banking services to AlixPartners.

- Computershare, a professional in interest in this bankruptcy matter, is a professional in interest to a former AlixPartners client in matters unrelated to the Debtors.
- Continental Casualty Company, a letter of credit party to the Debtors, is affiliated with an entity that is a former AlixPartners client in matters unrelated to the Debtors.
- CSX Transportation, a vendor and creditor to the Debtors, is affiliated with an entity that is a creditor and lessor to former AlixPartners clients in matters unrelated to the Debtors. An affiliate, CSX Corporation, is the previous employer of a current AlixPartners employee.
- Davis Polk & Wardwell, a professional in interest in this bankruptcy matter, is a creditor, professional in interest and client counsel to current and former AlixPartners clients in matters unrelated to the Debtors.
- Dinsmore & Shohl LLP, a professional in interest in this bankruptcy matter, is a former AlixPartners client in matters unrelated to the Debtors.
- Dish Network, a utility provider to the Debtors, is a creditor and vendor to former AlixPartners clients in matters unrelated to the Debtors. Dish Network is a client related party to a former AlixPartners client in matters unrelated to the Debtors.
- DTE Energy, ("DTE"), a utility provider to the Debtors, is the previous employer of a current AlixPartners employee. DTE is an executory contract counterparty to current and former AlixPartners clients in matters unrelated to the Debtors. DTE is a vendor to AlixPartners.
- Duff & Phelps Corporation ("Duff"), a professional in interest in this bankruptcy matter, is a professional in interest to current and former AlixPartners clients in matters unrelated to the Debtors. Duff is the previous employer of a current AlixPartners employee. Duff is a vendor to AlixPartners.
- Duke Energy Carolinas LLC, Duke Energy Commercial Asset Management and Duke Energy Kentucky, Inc., vendors to the Debtors, are affiliated with entities that are creditors, director affiliated companies, strategic alliance parties and executory contract counterparties to current and former AlixPartners clients in matters unrelated to the Debtors.
- Eastman Kodak Company ("Kodak"), a customer and vendor to the Debtors, is a current and former AlixPartners client in matters unrelated to the Debtors. APS is currently providing interim management services to Kodak in its chapter 11 proceedings. AlixPartners and APS do not believe the interests of Kodak and the

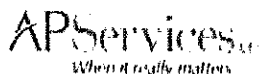


Debtors are adverse. However, in an abundance of caution, AlixPartners and APS will establish an appropriate informational barrier if necessary to protect confidential information of the the Debtors from being shared with members of the Kodak engagement team and vice versa. Kodak and affiliated entities are lenders, co-defendants, vendors, litigation parties, significant shareholders and executory contract counterparties to current and former AlixPartners clients in matters unrelated to the Debtors.

- Ernst & Young ("E&Y"), a professional in interest in this bankruptcy matter, is an adverse party, client counsel, vendor and creditor to current and former AlixPartners clients in matters unrelated to the Debtors. E&Y is a vendor to AlixPartners and previously employed several current AlixPartners employees. E&Y is a current and former AlixPartners client in matters unrelated to the Debtors.
- Fifth Third Bank, Fifth Third Leasing Company and Fifth Third Securities, Inc. ("Fifth Third"), letter of credit parties, surety bond providers, lessors, creditor and professionals in interest to the Debtors, are bondholders, creditors, lenders, lessors and adverse parties to current and former AlixPartners clients in matters unrelated to the Debtors. In addition, Fifth Third is a member in a bank group for which AlixPartners performed services in matters unrelated to the Debtors. Fifth Third is a client-related party and a current and former AlixPartners client in matters unrelated to the Debtors.
- Flagstar Bank, FSB Gelco Corporation DBA GE Fleet Services ("Flagstar"), a lessor to the Debtors, is a former AlixPartners client in matters unrelated to the Debtors. Flagstar is an adverse party to a current AlixPartners client in matters unrelated to the Debtors.
- Freedom Group, an affiliation of a director of the Debtors, is a current AlixPartners client in matters unrelated to the Debtors.
- General Electric Capital Corporation and GE Capital TMS ("GE"), lessors and creditors to the Debtors, are affiliated with entities that are creditors, customers, lenders, vendors, litigation parties, adverse parties, lessors and bondholders to current and former AlixPartners clients in matters unrelated to the Debtors. GE is a former AlixPartners client in matters unrelated to the Debtors. GE is the previous employer of current AlixPartners employees.
- Georgeson Inc., a professional in interest in this bankruptcy matter, is a professional in interest to a former AlixPartners client in matters unrelated to the Debtors.
- Greenberg Traurig, a professional in interest in this bankruptcy matter, is a professional in interest, opposing counsel and vendor to current and former AlixPartners clients in matters unrelated to the Debtors. Greenberg Traurig is a current and former AlixPartners client in matters unrelated to the Debtors.



- Hartford, an insurance provider to the Debtors, is a creditor, bondholder, lender, vendor, executory contract counterparty and adverse party to current and former AlixPartners clients in matters unrelated to the Debtors. Hartford is a former AlixPartners client in matters unrelated to the Debtors.
- Huntington National Bank, a lessor to the Debtors, is a creditor, lessor and lender to former AlixPartners clients in matters unrelated to the Debtors. Huntington National Bank is a current and former AlixPartners client in matters unrelated to the Debtors.
- Husch Blackwell, a professional in interest in this bankruptcy matter, is a professional in interest and adverse party to current and former AlixPartners clients in matters unrelated to the Debtors.
- IBM, a professional in interest in this bankruptcy matter and a vendor and creditor to the Debtors, is a lender, joint venture party, vendor, adverse party, client related party and creditor to current and former AlixPartners clients in matters unrelated to the Debtors. IBM is a current and former AlixPartners client in matters unrelated to the Debtors. IBM is the previous employer of current AlixPartners employees.
- Ironshore, an insurance provider to the Debtors, is a co-defendant and co-client to a current AlixPartners client in matters unrelated to the Debtors.
- Joy Mining Machinery, a vendor, creditor and customer to the Debtors, is affiliated with a former AlixPartners client in matters unrelated to the Debtors.
- Komatsu Financial Limited Partnership ("Komatsu"), a lessor and creditor to the Debtors, is a former AlixPartners client in matters unrelated to the Debtors. Komatsu is a customer to current and former AlixPartners clients in matters unrelated to the Debtors.
- KPMG LLP, a professional in interest in this bankruptcy matter, is a current and former AlixPartners client in matters unrelated to the Debtors. KPMG is a professional in interest, adverse party and creditor to current and former AlixPartners clients in matters unrelated to the Debtors. KPMG is an AlixPartners vendor. Additionally, KPMG previously employed several current AlixPartners employees.
- Latham & Watkins LLP, a professional in interest in this bankruptcy matter, is legal counsel, opposing counsel and professional in interest to current and former AlixPartners clients in matters unrelated to the Debtors. Latham & Watkins is a current and former AlixPartners client in matters unrelated to the Debtors.
- Liberty International Underwriters and Liberty Mutual Insurance Europe Limited ("Liberty"), insurance providers, letter of credit parties and surety bond providers to the Debtors, are affiliated with entities that are creditors, adverse parties,



executory contract counterparties, insurers and lenders to current and former AlixPartners clients in matters unrelated to the Debtors. An affiliate of Liberty is a former AlixPartners client in matters unrelated to the Debtors.

- M & I Marshall (Southwest Bank of St. Louis), a lessor to the Debtors, is affiliated with an entity that is a co-defendant to a current AlixPartners client in matters unrelated to the Debtors. An affiliate is a significant shareholder to a current AlixPartners client in matters unrelated to the Debtors.
- Macquarie Corporate and Asset Funding, Inc., a lessor to the Debtors, is affiliated with entities that are current and former AlixPartners clients in matters unrelated to the Debtors.
- Marsh USA, an insurance provider to the Debtors, is a creditor and vendor to current and former AlixPartners clients in matters unrelated to the Debtors. Affiliates, Marsh & McLennan, Marsh Risk Insurance and Marsh Ltd., are all vendors to AlixPartners.
- Mercer, a professional in interest in this bankruptcy matter, is a professional in interest to former AlixPartners clients in matters unrelated to the Debtors. Mercer is the previous employer of current AlixPartners employees. An affiliate, Mercer HR Consulting, is a vendor to AlixPartners.
- Merrill Lynch and Merrill Lynch Capital ("Merrill Lynch"), professionals in interest and lessors to the Debtors, are affiliated with entities that are current and former AlixPartners clients, as well as lenders, bondholders, shareholders, limited partners, adverse parties and professionals in interest to current and former AlixPartners clients in matters unrelated to the Debtors. Merrill Lynch is a former AlixPartners client in matters unrelated to the Debtors. Merrill Lynch is the previous employer of current AlixPartners employees.
- Mirant Energy Trading, LLC, a customer and vendor to the Debtors, is a former AlixPartners client in matters unrelated to the Debtors.
- Morris, Nichols, Arsh & Tunnell, LLP, a professional in interest in this bankruptcy matter, is a current AlixPartners client in matters unrelated to the Debtors. Morris, Nichols, Arsh & Tunnell, LLP is a vendor to AlixPartners.
- National Fire Insurance, National Fire Insurance Company of Hartford and National Union Fire Ins., letter of credit and surety bond parties to the Debtors, are affiliated with entities that are limited partners, litigation counterparties, adverse parties, lenders and bondholders to current and former AlixPartners clients in matters unrelated to the Debtors.
- Natixis Securities Americas LLC and Natixis, New York Branch, professionals in interest in this bankruptcy matter and lenders to the Debtors, are affiliated with an



entity that is a co-client to a current AlixPartners engagement in matters unrelated to the Debtors.

- Neal, Gerber & Eisenberg LLP, a professional in interest in this bankruptcy matter, was client counsel and a professional in interest to former AlixPartners clients in matters unrelated to the Debtors.
- Ogletree, Deakins, Nash, Smoak & Stewart, a professional in interest in this bankruptcy matter, is a former AlixPartners client in matters unrelated to the Debtors.
- Old Republic Insurance, a letter of credit and surety bond party to the Debtors, is a former AlixPartners client in matters unrelated to the Debtors. Old Republic Insurance is an insurance provider, material contract party and lender to current and former AlixPartners clients in matters unrelated to the Debtors.
- Oliver Wyman, a professional in interest in this bankruptcy matter, is a professional in interest to a former AlixPartners client in matters unrelated to the Debtors. Oliver Wyman is the previous employer of current AlixPartners employees.
- Patriot Coal Sales, a debtor subsidiary, is a former AlixPartners client in litigation support matters unrelated to this bankruptcy matter.
- PNC, PNC Bank and PNC Capital Markets, LLC, professionals in interest in this bankruptcy matter and lenders, letters of credit and surety bond parties to the Debtors (collectively, "PNC"), are bondholders, lenders, significant shareholders and creditors to current and former AlixPartners clients in matters unrelated to the Debtors. PNC is a former AlixPartners client and is a co-defendant to a current AlixPartners client in matters unrelated to the Debtors. PNC is the previous employer of a current AlixPartners employee.
- Protiviti, a professional in interest in this bankruptcy matter, is the previous employer of a current AlixPartners employee.
- RBS Asset Finance ("RBS"), a lessor and creditor to the Debtors, is a lender, executory contract counterparty and creditor to current and former AlixPartners clients in matters unrelated to the Debtors. A former Managing Director of AlixPartners is currently the UK Head of the Global Restructuring Group of The Royal Bank of Scotland, but had no involvement with this matter while employed at AlixPartners. RBS is a current AlixPartners client in matters unrelated to the Debtors.
- Remington Arms Company, Inc., an affiliation of a director of the Debtors, is an affiliate of a current AlixPartners client in matters unrelated to the Debtors.



- R.R. Donnelley, a professional in interest in this bankruptcy matter, is a former AlixPartners client in matters unrelated to the Debtors. R.R. Donnelley is a professional in interest to current and former AlixPartners clients in matters unrelated to the Debtors.
- RSUI, an insurance provider to the Debtors, is a co-defendant to a current AlixPartners client in matters unrelated to the Debtors.
- Sandvik Mining and Construction, a customer and vendor to the Debtors, is affiliated with an entity that is a former AlixPartners client in matters unrelated to the Debtors.
- SG Americas Securities, a lessor to the Debtors, is affiliated with Societe Generale, a former AlixPartners client in matters unrelated to the Debtors.
- Siemens Financial Services, Inc. ("Siemens"), a lessor to the Debtors, and affiliated entities are creditors, lenders, adverse parties and lessors to former AlixPartners clients in matters unrelated to the Debtors. Affiliated entities of Siemens are current and former clients of AlixPartners in matters unrelated to the Debtor
- SNR Denton, a professional in interest in this bankruptcy matter, is a current AlixPartners client in matters unrelated to the Debtors. SNR Denton is an adverse party to a current AlixPartners clients in matters unrelated to the Debtors. SNR Denton is the previous employer of a current AlixPartners employee.
- Societe Generale, a lender to the Debtors, is a former AlixPartners client in matters unrelated to the Debtors and their affiliates. Societe Generale is a bondholder, lessor and lender to current and former AlixPartners clients in matters unrelated to the Debtors.
- St. Paul Fire & Marine and St. Paul / Seaboard ("St. Paul"), letters of credit and surety providers to the Debtors, are affiliated with entities that are creditors, bondholders, executory contract counterparties and adverse parties to current and former AlixPartners clients in matters unrelated to the Debtors. St. Paul and St. Paul Travelers are vendors to AlixPartners.
- Steptoe & Johnson, PLLC, a professional in interest in this bankruptcy matter, is a current and former AlixPartners client in matters unrelated to the Debtors.
- Thompson Coburn, a professional in interest in this bankruptcy matter, is a professional in interest to a current AlixPartners client in matters unrelated to the Debtors. Thompson Coburn is a current AlixPartners client in matters unrelated to the Debtors.
- ThyssenKrupp CSA Siderurgica ("ThyssenKrupp") a customer and vendor to the Debtors, is affiliated with an entity that is a former AlixPartners client in matters





unrelated to the Debtors. ThyssenKrupp affiliated entities are executory contract counterparties, creditors and vendors to current and former AlixPartners clients in matters unrelated to the Debtors.

- Time Warner, a utility provider to the Debtors, and affiliated entities, are litigation parties, vendors, adverse parties, creditors and director affiliated companies to current and former AlixPartners clients in matters unrelated to the Debtors. An affiliate, America On-Line, is a current and former AlixPartners client in matters unrelated to the Debtors.
- Travelers Casualty and Travelers Casualty and Surety Company of America ("Travelers"), letter of credit and surety bond providers to the Debtors, are affiliated with entities that are creditors, insurance providers, bondholders, executory contract counterparties and adverse parties to current and former AlixPartners clients in matters unrelated to the Debtors. Travelers is a vendor to AlixPartners.
- U.S. Army Corps of Engineers, a regulatory agency in this bankruptcy matter, is a former AlixPartners client in matters unrelated to the Debtors. U.S. Army Corps of Engineers is an adverse party to a current AlixPartners client in matters unrelated to the Debtors.
- U.S. Bank National Association ("US Bank"), a creditor to the Debtors, is a lender, creditor, indenture trustee and bondholder to current and former AlixPartners clients in matters unrelated to the Debtors. US Bank is a client related party to a current AlixPartners client in matters unrelated to the Debtors.
- UBS and UBS Investment Bank ("UBS"), professionals in interest in this bankruptcy matter and lenders to the Debtors, are creditors, customers, director affiliated companies, lenders, lessors and bondholders to current and former AlixPartners clients in matters unrelated to the Debtors. UBS is a current and former AlixPartners client in matters unrelated to the Debtors. UBS is the previous employer of a current AlixPartners employee.
- The Vanguard Group, a significant shareholder to the Debtors, and affiliated entities are lenders, vendors, co-defendants, adverse parties, bondholders and significant shareholders to current and former AlixPartners clients in matters unrelated to the Debtors. The Vanguard Group is the previous employer of a current AlixPartners employee.
- Verizon and Verizon North ("Verizon"), utility providers to the Debtors, are former AlixPartners clients in matters unrelated to the Debtors. Other Verizon affiliated entities are creditors, executory contract counterparties and vendors to current and former AlixPartners clients in matters unrelated to the Debtors. Verizon is a vendor to AlixPartners.



- Waste Management of WV, Inc. ("Waste Management"), a utility provider to the Debtors, is affiliated with entities that are creditors, adverse parties and vendors to current and former AlixPartners clients in matters unrelated to the Debtors. Waste Management is a former AlixPartners client in matters unrelated to the Debtors.
- Weil, Gotshal & Manges LLP, a professional in interest in this bankruptcy matter, is a current and former AlixPartners client in matters unrelated to the Debtors. AlixPartners is a client of Weil, Gotshal & Manges, LLP in matters unrelated to the Debtors. Weil, Gotshal & Manges LLP is a professional in interest to current and former AP clients in matters unrelated to the Debtors.
- Wilmington Trust Co. ("Wilmington Trust"), a professional in interest in this bankruptcy matter, is a bondholder, creditor, lessor and indenture trustees to current and former AlixPartners clients in matters unrelated to the Debtors. Wilmington Trust is a former AlixPartners client and a client related party to current AlixPartners clients, all in matters unrelated to the Debtors.
- X.L., X.L. Specialty and X.L. UK, insurance providers to the Debtors, are affiliated to entities that are current and former AlixPartners clients in matters unrelated to the Debtors. Affiliated entities are executory contract counterparties to current and former AlixPartners clients in matters unrelated to the Debtors.
- Zurich, an insurance provider to the Debtors, is a creditor, vendor, executory contract counterparty and adverse party to current and former AlixPartners clients in matters unrelated to the Debtors. Zurich is a former AlixPartners client and a vendor to AlixPartners in matters unrelated to the Debtors.

This Schedule 2 may be updated by APS from time to time to disclose additional connections or relationships between APS and the interested parties.

**AP SERVICES, LLC**  
**GENERAL TERMS AND CONDITIONS**

These General Terms and Conditions ("Terms") are incorporated into the Agreement to which these Terms are attached. In case of conflict between the wording in the letter and/or schedule(s) and these Terms, the wording of the letter and/or schedule(s) shall prevail.

**Section 1. Company Responsibilities.**

The Company will undertake responsibilities as set forth below:

1. Provide reliable and accurate detailed information, materials, documentation and
2. Make decisions and take future actions, as the Company determines in its sole discretion, on any recommendations made by APS in connection with this Agreement.

APS' delivery of the services and the fees charged are dependent on (i) the Company's timely and effective completion of its responsibilities; and (ii) timely decisions and approvals made by the Company's management.

In connection with any Chapter 11 filing, the Company shall apply promptly to the Bankruptcy Court for approval of the Company's retention of APS under the terms of the Agreement. The form of retention application and proposed order shall be reasonably acceptable to APS. APS shall have no obligation to provide any further services if the Company becomes a debtor under the Bankruptcy Code unless APS' retention under the terms of the Agreement is approved by a final order of the Bankruptcy Court reasonably acceptable to APS. The Company shall assist, or cause its counsel to assist, with filing, serving and noticing of papers related to APS' fee and expense matters.

**Section 2. Billing, Retainer and Payments.**

**Billing.** APS will submit monthly invoices for services rendered and expenses incurred. Unless explicitly stated in the invoice, all amounts invoiced are not contingent upon or in any way tied to the delivery of any reports or other work product in the future and are not contingent upon the outcome of any case or matter. APS' fees are exclusive of taxes or similar charges, which shall be the responsibility of the Company (other than taxes imposed on APS' income generally).

**Retainer.** AlixPartners is holding a retainer in the amount of \$150,000 in accordance with the Engagement Letter dated June 16, 2012 between Patriot and AlixPartners ("Retainer"). The Retainer will be transferred to APS for this engagement and no further retainer is required. Invoices shall be offset against the Retainer. Payments of invoices will be used to replenish the Retainer to the agreed-upon amount. Any unearned portion of the Retainer will be applied against our final invoice or returned to the Company at the end of the engagement.

If the Company becomes a debtor under the Bankruptcy Code, due to the ordinary course and unavoidable reconciliation of fees and submission of expenses

immediately prior to, and subsequent to, the date of filing, APS may have incurred but not billed fees and reimbursable expenses which relate to the prepetition period. APS will seek Court approval to apply the Retainer to these amounts.

**Payments.** All payments to be made to APS shall be payable upon receipt of invoice via wire transfer to APS' bank account, as follows:

Receiving Bank:	Deutsche Bank
	A/B/A #021-001-033
Receiving Account:	AP Services, LLC
	A/C #003-58897
Currency:	USD

**Section 3. Relationship of the Parties.**

The parties intend that an independent contractor relationship will be created by the Agreement. As an independent contractor, APS will have complete and exclusive charge of the management and operation of its business, including hiring and paying the wages and other compensation of all its employees and agents, and paying all bills, expenses and other charges incurred or payable with respect to the operation of its business. Of course, employees of APS will not be entitled to receive from the Company any vacation pay, sick leave, retirement, pension or social security benefits, workers' compensation, disability, unemployment insurance benefits or any other employee benefits. APS will be responsible for all employment, withholding, income and other taxes incurred in connection with the operation and conduct of its business. Nothing in this Agreement is intended to create, nor shall be deemed or construed to create a fiduciary or agency relationship between APS and the Company or its Board of Directors.

In the event the Company seeks protection under the U.S. Bankruptcy Code, if APS finds it desirable to augment its professional staff with independent contractors (each, an "I/C") in this case and the Company agrees to the use of such I/C's, (i) APS will file, and require each I/C to file, a 2014 affidavit indicating that the I/C has reviewed the list of the interested parties in this case, disclosing the I/C's relationships, if any, with the interested parties and indicating that the I/C is disinterested; (ii) the I/C must remain disinterested during the time that the I/C is involved in providing services to the Company on behalf of APS; and (iii) the I/C must represent that he/she will not work for the Company or other interested parties in this case during the time APS is involved in providing services to the Company.

APS' standard practice is to charge for an I/C's services at the rate equal to the compensation provided by APS to such I/C, provided that in no event shall such rates exceed the rates listed on Schedule 1 to the Agreement.

**AP SERVICES, LLC**  
**GENERAL TERMS AND CONDITIONS**

**Section 4. Confidentiality.**

APS shall keep confidential all non-public confidential or proprietary information obtained from the Company during the performance of its services hereunder (the "Information"), and neither APS nor its personnel will disclose any Information to any other person or entity. "Information" includes non-public confidential and proprietary data, plans, reports, schedules, drawings, accounts, records, calculations, specifications, flow sheets, computer programs, source or object codes, results, models or any work product relating to the business of the Company, its subsidiaries, distributors, affiliates, vendors, customers, employees, contractors and consultants.

The foregoing is not intended to prohibit, nor shall it be construed as prohibiting, APS from making such disclosures of Information that APS reasonably believes is required by law or any regulatory requirement or authority, or to clear client conflicts. In addition, with the Company's prior approval (so long as the Company is not a debtor in Chapter 11), APS will have the right to disclose to others in the normal course of business that it provided services to the Company or its affiliates and a general description of such services, but shall not provide any other information about its involvement with the Company. The obligations of APS under this Section 4 shall survive the end of any engagement between the parties for a period of two (2) years.

The Company acknowledges that all information (written or oral), including advice and Work Product (as defined in Section 5), and the terms of this Agreement, generated by APS in connection with this engagement is intended solely for the benefit and use of the Company (limited to its management and its Board of Directors) in connection with the transactions to which it relates. The Company agrees that no such information shall be used for any other purpose or reproduced, disseminated, quoted or referred to with attribution to APS at any time in any manner or for any purpose without APS' prior approval, except as required by law.

**Section 5. Intellectual Property.**

Upon the Company's payment of all fees and expenses owed under this Agreement, all analyses, final reports, presentation materials, and other work product (other than any Engagement Tools, as defined below) that APS creates or develops specifically for the Company and delivers to the Company as part of this engagement (collectively known as "Work Product") shall be owned by the Company and shall constitute Information as defined above. APS may retain copies of the Work Product and any Information necessary to support the Work Product subject to its confidentiality obligations in this Agreement.

All methodologies, processes, techniques, ideas, concepts, know-how, procedures, software, tools, utilities and other intellectual property that APS has created, acquired or developed or will create, acquire or develop (collectively, "Engagement Tools"), are, and shall be, the sole and exclusive property of APS. The Company shall not acquire

any interest in the Engagement Tools other than a limited non-transferable license to use the Engagement Tools to the extent they are contained in the Work Product. The Company acknowledges and agrees that any Engagement Tools provided to the Company are provided "as is" and without any warranty or condition of any kind, express, implied or otherwise, including, implied warranties of merchantability or fitness for a particular purpose.

**Section 6. Framework of the Engagement.**

The Company acknowledges that it is retaining APS solely to assist and advise the Company as described in the Agreement. This engagement shall not constitute an audit, review or compilation, or any other type of financial statement reporting engagement.

**Section 7. Indemnification and Other Matters.**

The Company shall indemnify, hold harmless, and defend APS and its affiliates and its and their partners, directors, officers, employees and agents (collectively, the "APS Parties") from and against all claims, liabilities, losses, expenses and damages (collectively, "Claims") arising out of or in connection with the engagement of APS that is the subject of the Agreement, except for such Claims finally determined to be arising out of the gross negligence, bad faith, willful misconduct or fraud of APS. Promptly after APS receives notice of the commencement of any action or other proceeding in respect of which indemnification or reimbursement may be sought hereunder, APS will notify the Company thereof; but the omission to so notify the Company shall not relieve the Company from any obligation hereunder unless, and only to the extent that, the Company shall have been materially prejudiced by such failure. If any such action or other proceeding shall be brought against any APS Party, the Company shall, upon written notice given reasonably promptly following APS' notice to the Company of such action or proceeding, be entitled to assume the defense thereof at the Company's expense with counsel chosen by the Company and reasonably satisfactory to APS; provided, however, that any APS Party may, at its own expense, retain separate counsel to participate in such defense. Notwithstanding the foregoing, such APS Party shall have the right to employ separate counsel at the Company's expense and to control its own defense of such action or proceeding if the named parties to any such claim or action include such APS Party and the Company and in the reasonable opinion of counsel to such APS Party there are or may be substantial legal defenses available to such APS Party or to other APS Parties that are different from or additional to those available to the Company; provided, however, that in no event shall the Company be required to pay fees and expenses under this indemnity for more than one counsel (in addition to one local counsel) for all APS Parties in connection with an action or related action.

The Company and APS agree that they will not, without the prior written consent of each other, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, or proceeding relating to the matters contemplated by APS' engagement unless such settlement, compromise, or consent includes a release of

**AP SERVICES, LLC**  
**GENERAL TERMS AND CONDITIONS**

the parties reasonably satisfactory to APS and the Company.

If an APS Party is required by applicable law, legal process or government action to produce information or testimony as a witness with respect to this Agreement, the Company shall reimburse APS for any actual, reasonable and documented expenses (including reasonable external and internal legal costs and APS' expenses) incurred to respond to the request, except in cases where an APS Party is a party to the proceeding or the subject of the investigation.

In addition to the above indemnification and advancement, APS employees serving as directors or officers of the Company or affiliates will receive the benefit of the most favorable indemnification and advancement provisions provided by the Company to its directors, officers and any equivalently placed employees, whether under the Company's charter or by-laws, by contract or otherwise.

The Company shall specifically include and cover employees and agents serving as directors or officers of the Company or affiliates from time to time with direct coverage under the Company's policy for liability insurance covering its directors, officers and any equivalently placed employees ("D&O insurance"). Prior to APS accepting any officer position, the Company shall, at the request of APS, provide APS a copy of its current D&O policy, a certificate(s) of insurance evidencing the policy is in full force and effect, and a copy of the signed board resolutions and any other documents as APS may reasonably request evidencing the appointment and coverage of the indemnitees. The Company will maintain such D&O insurance coverage for the period through which claims can be made against such persons. The Company disclaims a right to distribution from the D&O insurance coverage with respect to such persons. Notwithstanding anything to the contrary, the Company's indemnification and advancement obligations in this Section 7 shall be primary to (and without allocation against) any similar indemnification and advancement obligations of APS, its affiliates and insurers to the indemnitees (which shall be secondary). In the event that the Company is unable to include APS employees and agents under the Company's policy or does not have first dollar coverage acceptable to APS in effect for at least \$10 million (e.g. there are outstanding or threatened claims against officers and directors alleging prior acts that may give rise to a claim), APS may, at its option, attempt to purchase a separate D&O insurance policy that will cover APS employees and agents only. In such event, the cost of this policy shall be borne by APS. If APS is unable or unwilling to purchase such D&O insurance, then APS reserves the right to terminate the Agreement.

APS is not responsible for any third-party products or services separately procured by the Company. The Company's sole and exclusive rights and remedies with respect to any such third party products or services are against the third-party vendor and not against APS, whether or not APS is instrumental in procuring such third-party product or service.

**Section 8. Governing Law and Arbitration.**

The Agreement is governed by and shall be construed in accordance with the laws of the State of New York with respect to contracts made and to be performed entirely therein and without regard to choice of law or principles thereof.

Any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by arbitration. Each party shall appoint one non-neutral arbitrator. The two party arbitrators shall select a third arbitrator. If within 30 days after their appointment the two party arbitrators do not select a third arbitrator, the third arbitrator shall be selected by the American Arbitration Association (AAA). The arbitration shall be conducted in Southfield, Michigan under the AAA's Commercial Arbitration Rules, and the arbitrators shall issue a reasoned award. The arbitrators may award costs and attorneys' fees to the prevailing party. Judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

Notwithstanding the foregoing, APS may in its sole discretion proceed directly to a court of competent jurisdiction to enforce the terms of this Agreement for any claim (and any subsequent counter claim) against the Company relating to either (i) the non-payment of fees or expenses due under this Agreement, or (ii) the non-performance of obligations under Section 7.

In the event the Company files under Chapter 11, the Company and APS agree that the Bankruptcy Court shall have exclusive jurisdiction over any and all matters arising under or in connection with this Agreement.

In any court proceeding arising out of this Agreement, the parties hereby waive any right to trial by jury.

**Section 9. Termination and Survival.**

The Agreement may be terminated at any time by written notice by one party to the other; provided, however, that notwithstanding such termination APS will be entitled to any fees and expenses due under the provisions of the Agreement (for fixed fee engagements, fees will be pro rata based on the amount of time completed), in accordance with Schedule I. Such payment obligation shall inure to the benefit of any successor or assignee of APS.

Sections 2, 4, 5, 7, 8, 9, 10, 11 and 12 of these Terms, the provisions of Schedule I and the obligation to pay accrued fees and expenses shall survive the expiration or termination of the Agreement.

**Section 10. Non-Solicitation of Employees**

The Company acknowledges and agrees that APS has made a significant monetary investment recruiting, hiring and training its personnel. During the term of this Agreement and for a period of two years after the final invoice is rendered by APS with respect to this engagement (the "Restrictive Period"), the Company and its affiliates agree not to directly or indirectly hire, contract with, or solicit the employment of any of APS' Managing Directors.

**AP SERVICES, LLC**  
**GENERAL TERMS AND CONDITIONS**

Directors, or other employees/ contractors assigned to this engagement.

The Company also acknowledges and agrees that money damages alone may not be an adequate remedy for a breach of this provision, and the Company agrees that APS shall have the right to seek a restraining order and/or an injunction for any breach of this non-solicitation provision. If any provision of this section is found to be invalid or unenforceable, then it shall be deemed modified or restricted to the extent and in the manner necessary to render the same valid and enforceable.

**Section 11. Limit of Liability.**

The APS Parties shall not be liable to the Company, or any party asserting claims on behalf of the Company, except for direct damages found in a final determination to be the direct result of the bad faith, self-dealing, intentional misconduct or gross negligence of APS. The APS Parties shall not be liable for incidental or consequential damages under any circumstances, even if it has been advised of the possibility of such damages. The APS Parties aggregate liability, whether in tort, contract, or otherwise, is limited to the amount of fees paid to APS for services on this engagement (the "Liability Cap"). The Liability Cap is the total limit of the APS Parties' aggregate liability for any and all claims or demands by anyone pursuant to this Agreement, including liability to the Company, to any other parties hereto, and to any others making claims relating to the work performed by APS pursuant to this Agreement. Any such claimants shall allocate any amounts payable by the APS Parties among themselves as appropriate, but if they cannot agree on the allocation it will not affect the enforceability of the Liability Cap. Under no circumstances shall the aggregate of all such allocations or other claims against the APS Parties pursuant to this Agreement exceed the Liability Cap.

APS acknowledges that, during the pendency of any Bankruptcy Court approved retention, the Liability Cap may be subject to modification as may be stated within the Bankruptcy Court's retention order.

**Section 12. General.**

**Severability.** If any portion of the Agreement shall be determined to be invalid or unenforceable, the remainder shall be valid and enforceable to the maximum extent possible.

**Entire Agreement.** This Agreement, including the letter, the Terms and the schedule(s), contains the entire understanding of the parties relating to the services to be rendered by APS and supersedes any other communications, agreements, understandings, representations, or estimates among the parties (relating to the subject matter hereof) with respect to such services. The Agreement, including the letter, the Terms and the schedule(s), may not be amended or modified in any respect except in a writing signed by the parties. is not responsible for performing any services not specifically described herein or in a subsequent writing signed by the parties.

**Joint and Several.** If there is more than one party to this Agreement, the Company shall cause each other entity which is included in the definition of Company to be jointly and severally liable for the Company's liabilities and obligations set forth in this Agreement.

**Third-Party Beneficiaries.** The indemnitees shall be third-party beneficiaries with respect to Section 7 hereof.

**Data Protection.** APS acknowledges and the Company agrees that in performing the services APS may from time to time be required to process certain personal data on behalf of the Company. In such cases APS may act as the Company's data processor and APS shall endeavor to (a) act only on reasonable instructions from the Company within the scope of the services of this Agreement; (b) have in place appropriate technical and organizational security measures against unauthorized or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data; and (c) comply (to the extent applicable to it and/or the process) with relevant laws or regulations.

**Notices.** All notices required or permitted to be delivered under the Agreement shall be sent, if to APS, to:

AP Services, LLC  
2000 Town Center, Suite 2400  
Southfield, MI 48075  
Attention: General Counsel

and if to the Company, to the address set forth in the Agreement, to the attention of the Company's General Counsel, or to such other name or address as may be given in writing to the other party. All notices under the Agreement shall be sufficient only if delivered by overnight mail. Any notice shall be deemed to be given only upon actual receipt.



Chicago Dallas **Detroit** Los Angeles New York San Francisco Washington, DC

July 17, 2012

Irl F. Engelhardt  
Chairman and Chief Executive Officer  
Patriot Coal Corporation  
12312 Oliver Boulevard  
St. Louis, Missouri 63141

Re: Agreement for the Provision of Interim Management Services – First Amendment

Dear Mr. Engelhardt:

This letter represents the first amendment (the “First Amendment”) to the agreement between AP Services, LLC, a Michigan limited liability company (“APS”) and Patriot Coal Corporation (the “Company”) dated July 9, 2012 (the “Engagement Letter”). Unless otherwise modified herein, the terms and conditions of the Engagement Letter remain in full force and effect.

<b>STAFFING</b>
-----------------

APS will replace Ted Stenger as Chief Restructuring Officer of Patriot Coal Corporation with Kenneth A. Hiltz, effective July 17, 2012. Attached is an updated Exhibit A to reflect this change.

If these terms meet with your approval, please sign and return the enclosed copy of the Agreement.

We look forward to working with you.

Sincerely yours,

AP SERVICES, LLC

Kenneth A. Hiltz  
Authorized Representative

Acknowledged and Agreed to:

PATRIOT COAL CORPORATION

By:

Its:

Dated:

\_\_\_\_\_  
Senior Vice President - Law & Administration  
\_\_\_\_\_  
7/19/12



**AP Services, LLC**

**Exhibit A – Revised July 17, 2012**

**Temporary Staff  
Individuals with Officer Positions**

<b>Name</b>	<b>Description</b>	<b>Hourly Rate<sup>1</sup></b>	<b>Commitment Full<sup>2</sup> or Part<sup>3</sup> Time</b>
Kenneth A. Hiltz	Chief Restructuring Officer	\$880	Full Time

**Additional Temporary Staff**

<b>Name</b>	<b>Description</b>	<b>Hourly Rate<sup>1</sup></b>	<b>Commitment Full<sup>2</sup> or Part<sup>3</sup> Time</b>
Dipes Patel	Associate	\$345	Full Time
Christopher Blacker	Director	\$620	Full Time
Scott Mell	Director	\$665	Full Time
Robb McWilliams	Director	\$665	Full Time

The parties agree that Exhibit A can be amended by APS from time to time to add or delete staff, and the Monthly Staffing Reports shall be treated by the parties as such amendments.

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<sup>1</sup> Standard hourly rates listed are prior to application of the 10% discount set forth on Schedule 1. The hourly rate structure is further defined on Schedule 1.

<sup>2</sup> Full time is defined as substantially full time.

<sup>3</sup> Part time is defined as approximately 2-3 days per week, with some weeks more or less depending on the needs and issues facing the Company at that time.



**SCHEDULE 1**

**PATRIOT COAL CORPORATION**

**PARTIES IN INTEREST**

**Officers and Directors (2009 to Present)**

Adorjan, J. Joe  
Bean, Joseph W.  
Bennett, Robert W.  
Brandt, Philip A.  
Brown, B. R.  
Day, Michael D.  
Ebetino, Charles A.  
Engelhardt, Irl F.  
Hartsog, Kent E.  
Hatfield, Bennett K.  
Hudson, Terry G.  
Johnson, Michael P.  
Jones, Jacquelyn A.  
Jones, John R.  
Longoria, Janeice M.  
Lucha, Dale F.  
Lushefski, John E.  
Magro, James N.  
Mead, Robert L.  
Millburg, Lawrence J.  
Scharf, Michael M.  
Schnapp, Paul A.  
Schroeder, Mark N.  
Viets, Robert O.

**Affiliations of Directors (Board Memberships, Charitable Organizations, etc.)**

Adven Capital  
Bates Sales Company  
Beaucoup Farms LLC  
Buffalo Wild Wings, Inc.  
CenterPoint Energy, Inc.  
Delta Trust & Bank  
Engelhardt Family Foundation  
Foundation for Pinckneyville, Illinois  
Freedom Group, Inc.  
Friends of KWMU

Galveston Bay Foundation  
Greater Houston Partnership  
Gulf Coast Health Services Steering Committee  
Healthcare Service Corporation  
Heritage Society  
The Hungary-Missouri Educational Partnership  
Illinois Rural Heritage Museum  
J&A Group  
MD Anderson Services Corporation  
Ogden, Gibson, Broocks, Longoria & Hall L.L.P.  
Oklahoma Conference for Community & Justice  
Phillips Theological Seminary  
Port of Houston Authority  
QuikTrip Corporation  
Ranken Technical College  
Remington Arms Company, Inc.  
Renewable Energy Group, Inc.  
The Rumson Country Day School  
RLI Corp.  
Saint Louis University  
Texas Medical Center  
Tiger Woods Foundation  
UTIMCO  
White Walnut Farms LLC

**Debtor Subsidiaries**

Affinity Mining Company  
Apogee Coal Company, LLC  
Appalachia Mine Services, LLC  
Beaver Dam Coal Company, LLC  
Big Eagle LLC  
Big Eagle Rail, LLC  
Black Stallion Coal Company, LLC  
Black Walnut Coal Company  
Bluegrass Mine Services, LLC  
Brook Trout Coal, LLC  
Catenary Coal Company, LLC  
Central States Coal Reserves of Kentucky, LLC  
Charles Coal Company, LLC  
Cleaton Coal Company  
Coal Clean LLC  
Coal Properties, LLC  
Coal Reserve Holding Limited Liability Company No. 2  
Colony Bay Coal Company  
Cook Mountain Coal Company, LLC  
Corydon Resources LLC

Coventry Mining Services, LLC  
Coyote Coal Company LLC  
Cub Branch Coal Company LLC  
Dakota LLC  
Day LLC  
Dixon Mining Company, LLC  
Dodge Hill Holding JV, LLC  
Dodge Hill Mining Company, LLC  
Dodge Hill of Kentucky, LLC  
EACC Camps, Inc.  
Eastern Associated Coal, LLC  
Eastern Coal Company, LLC  
Eastern Royalty, LLC  
Emerald Processing, L.L.C.  
Gateway Eagle Coal Company, LLC  
Grand Eagle Mining, LLC  
Heritage Coal Company LLC  
Highland Mining Company, LLC  
Hillside Mining Company  
Hobet Mining, LLC  
Indian Hill Company LLC  
Infinity Coal Sales, LLC  
Interior Holdings, LLC  
IO Coal LLC  
Jarrell's Branch Coal Company  
Jupiter Holdings LLC  
Kanawha Eagle Coal, LLC  
Kanawha River Ventures I, LLC  
Kanawha River Ventures II, LLC  
Kanawha River Ventures III, LLC  
KE Ventures, LLC  
Little Creek LLC  
Logan Fork Coal Company  
Magnum Coal Company LLC  
Magnum Coal Sales LLC  
Martinka Coal Company, LLC  
Midland Trail Energy LLC  
Midwest Coal Resources II, LLC  
Mountain View Coal Company, LLC  
Newtown Energy, Inc.  
New Trout Coal Holdings II, LLC  
North Page Coal Corp.  
Ohio County Coal Company, LLC  
Panther LLC  
Patriot Beaver Dam Holdings, LLC  
Patriot Coal Company, L.P.

Patriot Coal Receivables (SPV), Ltd.  
Patriot Coal Sales LLC –  
Patriot Coal Services LLC  
Patriot Leasing Company LLC  
Patriot Midwest Holdings, LLC  
Patriot Reserve Holdings, LLC  
Patriot Trading LLC  
PCX Enterprises, Inc.  
Pine Ridge Coal Company, LLC  
Pond Creek Land Resources, LLC  
Pond Fork Processing LLC  
Remington Holdings LLC  
Remington II LLC  
Remington LLC  
Rhino Eastern LLC  
Rivers Edge Mining, Inc.  
Robin Land Company, LLC  
Sentry Mining, LLC  
Snowberry Land Company  
Speed Mining LLC  
Squaw Creek Coal Company  
Sterling Smokeless Coal Company, LLC  
TC Sales Company, LLC  
Tecumseh Coal Corporation  
The Presidents Energy Company LLC  
Thunderhill Coal LLC  
Trout Coal Holdings, LLC  
Union County Coal Co., LLC  
Viper LLC  
Weatherby Processing LLC  
White Stallion Coal, LLC  
Wildcat, LLC  
Wildcat Energy LLC  
Will Scarlet Properties LLC  
Winchester LLC  
Winifrede Dock Limited Liability Company  
WWMV, LLC  
Yankeetown Dock, LLC

**Five Percent and Greater Shareholders and Beneficial Owners (as of March 15, 2012)**

BlackRock, Inc.  
State Street Corporation  
The Vanguard Group, Inc.

**Significant Business Partners**

American Patriot Mining, LLC  
RWMV, LLC  
Rhino Energy WV LLC

**Attorneys, Professionals and Financial Advisors (Including Accountants and Investment Banks)**

Allen Guthrie & Thomas  
Arnold & Porter, LLP  
American Stock Transfer & Trust Company, LLC  
AST Fund Solutions, LLC  
Banc of America Securities LLC  
Bank of America Corporation  
Barclays Capital Inc.  
Boehl, Stopher & Graves  
Bowen Engineering Corp.  
Bowles Rice McDavid Graff & Love LLP  
Broadridge Financial Solutions, Inc.  
Buchanan, Ingersoll & Rooney  
Bryan Cave, LLP  
CH2M Hill Engineers  
Citibank, National Association  
Citigroup CIB  
Citigroup Global Markets, Inc.  
Computershare  
Davis Polk & Wardwell LLP  
Depository Trust and Clearing Corporation  
Dinsmore & Shohl LLP  
Duff & Phelps Corporation  
Ernst & Young LLP  
Equity Methods  
FBR Capital Markets & Co.  
Ferreri & Fogle  
Fifth Third Securities, Inc.  
Flaherty, Sensabaugh & Bonasso  
GCG Inc.  
Georgeson Inc.  
Gordon Law Offices, PSC  
Greenberg & Traurig  
Greensfelder, Hemker & Gale, P.C.  
Husch Blackwell  
IBM  
Jackson Kelly PLLC  
Kohn, Shands, Elbert, Gianoulakis & Giljum, LLP

KPMG LLP  
Lewis Glasser Casey & Rollins, PLLC  
Mercer  
Merrill Lynch  
Milliman  
Morris, Nichols, Arsht & Tunnell LLP  
Natixis Securities Americas LLC  
Neal, Gerber & Eisenberg LLP  
Ogletree Deakins  
Oliver Wyman  
PNC Capital Markets, LLC  
Protiviti  
Robinson & McElwee, PLLC  
RR Donnelly  
Sandberg Phoenix & Von Gontard P.C.  
Santander Investment Securities, Inc.  
SG Americas Securities, LLC  
Shuman, McCuskey & Slicer, PLLC  
Smith Moore Leatherwood LLP  
SNR Denton  
Sorling, Northrup, Hanna, Cullen & Cochran, Ltd.  
Steptoe & Johnson, PLLC  
Summit Strategies Group  
The Blackstone Group LP  
Thompson Coburn  
Towers Watson  
UBS Investment Bank  
Veritas Consulting/Richard Verheij  
WebFilings  
White & Risse  
Wilmington Trust Company  
Zenon Environmental Corp d/b/a GE Water  
Ziemer, Stayman, Weitzel & Shoulders, LLP

**Significant Financial Institutions (Including Administrative Agents, Lenders and Equipment Financing)**

Bank of America, N.A.  
Bank of Oklahoma, N.A.  
Barclays Bank PLC  
Caterpillar Financial Services Corp.  
Citigroup Global Markets Inc.  
Comerica  
Fifth Third Bank  
M&I Bank (Southwest Bank of St Louis)  
Natixis, New York Branch

PNC Bank  
Raymond James Bank  
RZB Bank  
Societe Generale (SocGen)  
Sovereign Bank  
The Private Bank  
UBS  
United Overseas Bank

**Significant Equipment Lessors**

AmerCable Incorporated  
BancorpSouth Equipment Finance  
Bank of America Leasing  
Bank of the West  
Black Equipment Co, Inc.  
BMO Harris Equipment Finance  
California First National Bank  
Capitalsource Bank  
Caterpillar Financial Services Corporation  
Cecil I. Walker Machinery Co.  
CitiCapital Commercial Leasing Corporation  
DBT America Inc.  
The Fifth Third Leasing Company  
First National Capital Corp.  
Fifth Third Bank  
First Utah Bank  
Flagstar Bank, FSBGelco Corporation DBA GE Fleet Services  
General Electric Capital Corporation  
Gibbs Technology Leasing  
Hawthorn Bank  
The Huntington National Bank  
ICON Investments  
ICON Magnum, LLC  
Joy Technologies Inc.  
Key Equipment Finance Inc.  
Komatsu Financial Limited Partnership  
Macquarie Corporate and Asset Funding, Inc.  
Mazuma Capital Corp  
Merrill Lynch Capital  
Mitel Leasing, Inc.  
Motion Industries, Inc.  
Nations Fund I, Inc.  
PEC Equipment Company, LLC (Peabody)  
People's Capital and Leasing Corp.  
Prime Alliance Bank

RBS Asset Finance, Inc.  
Relco Finance, Inc.  
Renaissance Capital Alliance  
Republic Bank, Inc.  
Rish Equipment Company  
Ritchie Bros. Auctioneers (America) Inc.  
Rudd Equipment Company  
SG Equipment Finance USA Corp  
Siemens Financial Services, Inc.  
Somerset Capital Group, LTD  
United Leasing, Inc.  
Wire Rope Industries Ltd.

**Significant Landlords and Lessors**

ACIN  
Alcoa Fuels, Inc.  
Alderson Heirs  
Allegheny Land  
Ark Land KH  
Berwind Land Company  
BGK –Integrated TIC Management, LLC  
Black King  
Blue Eagle  
Boone East  
Boone East Development  
CC Dickinson Testamentary Trust  
Central WV Energy  
Chesapeake Mining  
Cole & Crane  
Courtney Co.  
David Olliver, Agent  
Donald Greenwell  
Duke Realty  
Elk Run  
Federal Coal  
Gerald Greenwell  
Greenbrier Land Co.  
Hoover  
Hoover LaFollette  
Horse Creek Coal Land Co.  
Horse Creek Land and Mining  
Imperial Coal Company  
Jackson Vinson  
James M. Greenwell  
Johnny Royster



Kay-Ford-JamesLawson Heirs  
Lewis Heirs  
Little Coal Land Co.  
LRPB  
LRPB KE  
Mariam Peak  
Midwest Coal Reserves of Ky., LLC  
Miller-Gilman  
Mohler Lumber  
Mounts & Dannheiser, LLC  
Pardee  
Payne Gallatin  
Penn Virginia f/k/a Penn Virginia Operating Co., LLC  
Pocahontas Land  
Potter Family, LLC  
Potter Grandchildren, LLC  
Quincy Center  
Rowland Land  
Shepard Boone  
William H. Shields  
Shonk  
So. Appalachian  
Southern Dickinson  
Southern Land Co.  
SRIR (Pocahontas Land)  
Tennessee Valley Authority  
Tommy Long  
Ward Heirs  
Westvarendrag  
WPP LLC

**Unions**

United Mine Workers of America  
Bituminous Coal Operators' Association

**Letter of Credit and Surety Bond Providers and Beneficiaries**

Department of Labor  
Peabody Energy Corp.

**Surety Issuers**

ACE American Insurance Company  
American Casualty Company of Reading, Pennsylvania  
Aspen American Insurance Company  
Aspen Specialty Insurance Company  
Argonaut Insurance Company

Chubb Group of Insurance Companies  
Chubb Surety  
CNA Surety  
Continental Casualty Company  
Bond Safeguard  
Federal Insurance Company  
Firemen's Insurance Company of Newark, New Jersey  
HCC Surety Group  
Indemnity Insurance Company of North America  
Indemnity National Insurance Company  
Insurance Company of North America  
Lexon  
Liberty  
National Fire Insurance Company of Hartford –  
Pacific Employers Insurance Company  
Rockwood  
St. Paul/Seaboard  
St. Paul Fire & Marine  
Surety Bonding Company of America  
The Continental Insurance Company  
Travelers Casualty and Surety Company of America  
US Specialty  
Universal Surety Company of America  
Westchester Fire Insurance Company  
Western Surety Company

Surety Obligees

Henderson County, Kentucky  
Illinois Department of Mines and Minerals  
Indiana State Agency  
Kentucky Dept. for Natural Resources: Division of Mine Reclamation & Enforcement  
Kentucky State Agency  
Missouri State Agency  
Ohio Department of Natural Resources; Reclamation Division  
West Virginia Department of Natural Resources  
West Virginia, Department of Transportation  
West Virginia Division of Environmental Protection  
West Virginia State Agency  
WV Hwy

Letters of Credit Providers

Bank of America  
Fifth Third Bank  
PNC

Letters of Credit Beneficiaries

Arch Coal, Inc.

Argonaut Insurance Co  
Bond Safeguard/LEXON  
CAT Financial Svcs –  
Clerk of Ct, US Dist Ct for WV  
Commonwealth of KY  
Commonwealth of PA  
Federal Ins Co/CHUBB  
First Surety Corp  
ILL Workers Comp  
Indemnity Natl Ins Co  
Ins Commissioner of WV  
Kenergy Corp  
National Fire Insurance  
National Union Fire Ins  
Norfolk Southern  
Old Republic Insurance  
Travelers Casualty  
UMWA 1992 Benefit Plan  
US Surety Co  
Western Surety C.N.A.

**Significant Taxing Authorities**

Internal Revenue Service –  
Boone County, WV  
Clay County, WV  
Commonwealth of Kentucky  
Henderson County, KY  
Lincoln County, WV  
Logan County, WV  
Kanawha County, WV  
Monongalia County, WV  
State of Illinois  
State of Indiana  
State of Missouri  
State of Pennsylvania  
State of West Virginia  
Union County, KY

**Regulatory Agencies (e.g., Department of Interior, Mine Safety Administration, OSHA,  
and State and Local Regulators)**

Environmental Protection Agency  
Illinois Department of Natural Resources  
Illinois Environmental Protection Agency  
Illinois Pollution Control Board  
Kentucky Department for Environmental Protection

Kentucky Department for Natural Resources  
Kentucky Office of Mine Safety and Licensing  
Mine Safety and Health Administration  
Occupational Safety and Health Administration  
Office of Surface Mining Reclamation and Enforcement  
Ohio Department of Natural Resources  
Pennsylvania Department of Environmental Protection  
U.S. Army Corps of Engineers –  
U.S. Bureau of Alcohol, Tobacco, and Firearms  
U.S. Bureau of Land Management  
U.S. Department of Interior  
U.S. Department of Labor  
West Virginia Department of Environmental Protection  
West Virginia Office of Miners' Health Safety & Training

**Parties to Significant Litigation**

Bridgehouse Capital Limited  
Bridgehouse Commodities Trading Limited  
Environmental Protection Agency  
Keystone Industries, LLC  
Sierra Club  
Sentrum Holdings Limited  
State of Illinois; Illinois Attorney General's Office  
State of West Virginia  
Ohio Valley Environmental Coalition, Inc.  
U.S. Attorney's Office  
West Virginia Department of Environmental Protection  
West Virginia Highlands Conservancy, Inc.

**Significant Suppliers, Shippers, Warehousemen, Customers and Vendors**  
**Alpha Coal Sales Co. LLC**

American Electric Power Co., Inc  
Anders Williams Resources, Inc.  
Appalachian Power Co.  
Bayer CropScience LP  
Big Rivers Electric Corp.  
Blue Cross Blue Shield –  
Bridgehouse Commodities Trading Limited  
Brody Mining, LLC  
Carbofer Representacoes Ltda.  
Cardinal Operating Company  
Caremark  
Caterpillar Global Mining America  
Cecil I. Walker Machinery Co.  
Clay's Trucking

Coal Network Inc.  
Constellation Energy Commodities  
CSX Transportation, Inc.  
Dan River Resources LLC  
Dekoven Dock, Incorporated  
Drummond Coal Sales, Inc.  
DTE Energy Company  
Duke Energy Carolinas LLC  
Duke Energy Commercial Asset Management  
Duke Energy Kentucky, Inc.  
E. On Ag  
Eagle Valley, Inc.  
East Kentucky Power Cooperative  
Eastman Kodak Co.  
EDF Trading North America, LLC/EDF Trading Limited  
Emerald International  
GenOn Energy Management, LLC  
Gerdau Acominas S.A.  
Gulf Power Company  
Home Oil & Gas  
Hunter Trucking  
IBM  
ILVA Spa  
Jennmar Corporation  
JMAC Leasing Inc.  
Joy Mining Machinery  
Kanawha River Terminals, LLC  
Kentucky Utilities Co.  
Keystone Industries  
Komsa Sarl  
Long Branch Energy  
Louisville Gas and Electric Comp  
Magnum Coal Co.  
Mercuria Energy Trading, Inc.  
Middletown Coke Company, LLC  
Mirant Energy Trading, LLC  
Monk Mining

Mountain State Carbon, LLC  
Neville Island Fuels Company, LLC  
Nelson Brothers LLC  
Norfolk Southern Railway Company  
Owensboro Municipal Utilities  
Peabody COALTRADE, LLC  
Peabody Energy Corp.  
Peabody Terminals, LLC

Penn Virginia Resource Partners, L.P.  
Petroleum Products Inc.  
Phillips Machine Service Inc.  
PPL EnergyPlus, LLC  
PPL Generation, LLC  
PowerSouth Energy Cooperative  
Production Adjustment  
Progress Energy Carolinas, Inc.  
Raleigh Mine & Industrial Supply  
Reiss Viking Division  
Relco Finance, Inc.  
Rish Equipment  
River Trading Company  
RWE Trading Americas Inc.  
Sandvik Mining and Construction  
Selah Corp.  
Shenango Inc.  
Shinewarm Resources (HK) Group Limited  
Southern Company  
SunCoke Energy  
Tata Steel UK Limited  
ThyssenKrupp CSA Siderurgica  
Trafigura AG  
United Central Industrial Supply  
USIMINAS  
U.S. Steel Corp.  
The Vanguard Group  
Vanomet International AG  
Veyance Industrial Services  
Vitol, Inc.  
Webster Trucking  
White River Coal Sales, Inc.  
Xcoal Energy & Resources  
Zug Island Fuels, LLC

**Insurers**

**Brokers**

Aon Risk  
Marsh USA  
Willis of Tennessee

**Underwriters**

ACE  
AIG  
Allied World Assurance Company  
Allied World National Assurance Company

Arch Specialty  
Argo QS  
ARISE Inc.  
Aspen Bermuda Ltd  
Aspen Specialty Insurance Company  
Aspen Insurance UK Limited  
Axis Insurance (Bermuda) Ltd  
Axis Insurance Company  
Axis Surplus Insurance Company  
Berkley  
Chartis  
Chubb  
CNA  
Endurance American Insurance Company  
Hartford  
Hiscox  
Ironshore  
Iron-Starr  
HCC  
Liberty International Underwriters  
Liberty Mutual Insurance Europe Limited  
MJB Consulting  
RSUI  
XL  
XL UK  
XL Specialty  
Zurich

**United States Trustee's Office**

Office of the United States Trustee for the Districts of New York, Connecticut & Vermont  
Abriano, Victor  
Brooks, Catletha  
Catapano, Maria  
Choy, Danny A.  
Crowder, Stephanie B.  
Davis, Tracy Hope  
Driscoll, Michael  
Dub, Elizabeth C.  
Felton, Marilyn  
Fields, Myrna R.  
Gasparini, Elisabetta  
Golden, Susan  
Khodorovsky, Nazar  
Martin, Marylou  
Martinez, Anna M.

Masumoto, Brian S.  
Mendoza, Ercilia A.  
Moroney, Mary V.  
Morrissett, Richard C.  
Nadkarni, Joseph  
Nakano, Serene  
Nguyen, Savitri  
Porter, Carol A.  
Riffkin, Linda A.  
Schwartz, Andrea B.  
Schwartzberg, Paul K.  
Segreto, John  
Sharp, Sylvester  
Velez-Rivera, Andy  
Weston, Jennifer L.  
Zipes, Greg M.

**Top Secured Creditors**

BancorpSouth Equipment Finance  
Bank of America  
Bank of America Leasing  
Bank of the West  
BMO Harris Equipment Finance Company  
Caterpillar Financial Services Corp.  
Fifth Third Bank  
Fifth Third Leasing Company  
General Electric Capital Corp.  
Key Equipment Finance Inc.  
Komatsu Financial Limited Partnership.  
People's Capital & Leasing Corp.  
SG Equipment Finance  
Siemens Financial Services  
Somerset Capital Group, Ltd.  
United Leasing, Inc.

**Top 50 Unsecured Creditors**

AFCO  
Allegheny Power  
Alley Trucking LLC  
Alpha Natural Resources, Inc.  
Americable Incorporated  
American Electric Power  
American Freedom Innovations LLC  
Bank of the West



Bentley Badgett II and Linda Badgett  
CapitalSource Bank  
Caterpillar Global Mining  
Cecil I. Walker Machinery Co.  
Chisler Brothers Contracting LLC  
Chisler Inc.  
Coalfield Services Inc.  
Cogar Manufacturing Inc.  
CSX Transportation Inc.  
Dayton Power & Light  
Environmine Inc  
Fifth Third Leasing Company  
Flomin Coal Inc.  
GE Capital TMS  
I.B.M. Corp.  
Industrial Supply Solutions Inc.  
J. H. Fletcher & Co.  
Jabo Supply Corp  
Jennmar Corporation  
JMAC Leasing Inc  
Joy Mining Machinery  
Komatsu Financial Limited Partnership  
Logan Corp.  
Longwall Associates, Inc.  
Mine Equipment & Mill Supply Co.  
Monk Mining Supply, Inc.  
Nelson Brothers LLC  
Penn Virginia Operating Co LLC  
Phillips 66 Receivable  
Powell Construction Co., Inc.  
Raleigh Mine & Industrial  
RBS Asset Finance, Inc.  
Richard Whiting  
Rish Equipment Co.  
SGS North America Inc.  
Shonk Land Company LLC  
Somerset Capital Group, Ltd.  
Suncrest Resources LC  
United Central Industrial Supply  
United Leasing, Inc.  
U.S. Bank National Association  
Wilmington Trust Company

**Utilities**

Allegheny Power  
American Electric Power

Aquis Communications  
AT&T  
AT&T Mobility  
AT&T Teleconference Services  
Buffalo Creek PSD  
City of Morganfield  
City of Uniontown  
Citynet, LLC  
Clay-Battelle Public Service District  
Dish Network  
Dominion Hope  
Eldon Gas Company  
Fiberlink Communications Corp.  
Frontier  
Henderson County Water District  
Huntington Technology Group Inc.  
Kanawha Public Service District  
Kenergy Corp.  
Kentucky Utilities Co  
Lumos Networks Inc  
Monongahela Power Company  
Mountaineer Gas  
Ohio Valley Answering Service  
Q Wireless LLC  
Rea Energy Cooperative Inc  
Republic Services  
SouthEastern Illinois Electric  
Suddenlink  
Tangoe Inc  
Telemax Services  
Time Warner Cable  
Union County Water District  
US Cellular  
Valley Falls Public Service Dist  
Verizon  
Verizon North  
Waste Management of WV, Inc.  
West Penn Power Company  
West Side Telecommunications  
West Virginia American Water Co  
Windstream

**Professionals Representing Any of the Foregoing in Relation to Patriot**

Cleary, Gottlieb, Steen & Hamilton LLP

Latham & Watkins LLP

Ogletree, Deakins, Nash, Smoak & Stewart, P.C.

Weil, Gotshal & Manges