EXHIBIT E

DECLARATION OF CHRISTOPHER K. WU

Exhibit A

PATRIOT COAL

INDICATION OF ESTIMATED VALUE TO EXISTING EQUITY HOLDERS & DISCUSSION

FEBRUARY 2013

PATRIOT COAL

KLR GROUP
New York | Houston

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INTRODUCTION

I. On July 9TH, 2012, Patriot Coal filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code

II. Since the filing, Patriot has:
   I. Obtained $802M debtor-in-possession credit facility
   II. Analyzed and taken initial steps to address costs associated with labor and retiree obligations
   III. Negotiated and entered into coal supply agreement stipulations
   IV. Begun analyzing leases and contracts to identify those that are not beneficial
   V. Rationalized operations to optimize economics and financial value

III. At the behest of McKool Smith we attempt to estimate a range of Enterprise equity values for Patriot Coal Alongside other work being performed by Carl Marks

Purpose

I. Assess possible future range of Equity-related Values for Patriot Coal using certain financial metrics & ratios

Methodology

I. Valuation Focuses on reserves and EBITDA as the basis for calculating a range of equity and enterprise values
- see glossary for definition of terms used herein

II. estimation of Patriot's value based on:

A. Reserves: Application of comparable companies' EV/Reserve Multiples to Patriot's reserves
- ✓ Patriot's reserves are located in in Appalachia and the Illinois Basin where comparable companies also have varying amounts of their total reserve base (further including regions such as the Powder River Basin)
- ✓ Solid although not perfectly correlated benchmark due to differences in each companies' reserve profile and because it does not necessarily account for matters like in-hand permitting/approvals, actual cash operating and transportation costs, terminal markets, etc.

B. Actual Range of past results: Application of comparable companies' EV/EBITDA multiples to a range of operating and financial variables as achieved by patriot over recent years through end-3rd Q 2012
- ✓ Focuses on gross margin and (adjusted) EBITDA
- ✓ Solid benchmarks but with limitations because
  - ❖ Correlation of variables not predictable, suggesting a broad range of possible outcomes
  - ❖ Bankruptcy process-related outcomes for various executory contracts, (legacy) liabilities, etc.
  - ❖ Pending results of in-process business rationalization including for right-sizing of staff, production profile also involving match of extractive mining and complex-related processing capacity, (operating) costs, sustaining and enhancement-related capital expenditures, tax implications including NOL calculations, etc.
- ✓ Uses all three variables noted in (iii) below

Methodology (Cont.)

C. Simulated range of possible results: Applies comparable companies' EBITDA margin and EV/EBITDA value multiples through Q4 2012 to Patriot's revenue (production and assumed prices)
- ✓ Ignores Patriot's actual operating costs and liabilities since Patriot has not yet rationalized or optimized its operations to resemble or exceed comparable companies
- ✓ Purpose is to assess how Patriot might look in future as it transitions toward operating metrics more closely aligned with comparable companies for comparison to the patriot-specific projections in (ii) b
- ✓ Uses Coal Price and Production/Output variables noted in (III) below

III. Variables

i. Coal Prices
- ✓ Range for spot based on factors including
  - ❖ forward price curve as a proxy for reviewed History and market fundamentals
- ✓ Range for premiums based on
  - ❖ Patriot's frequent historical receipt of premiums to spot for its coal sold

ii. Production/Output based on
- ✓ Current levels
- ✓ Possible increase back to former levels

iii. Cash operating Costs
- ✓ Current Levels
- ✓ Recent past high and low

IV. Comparable companies are Alliance Resource Partners (ARLP), Alpha Natural Resources (ANR), Arch Coal (ACI), Cloud Peak Energy (CLD), Consol Energy (CNX), Peabody Energy (BTU), James River Coal (JRCC), Walter Energy (WLT)
- ❖ Segmented in the analysis to reflect averages both for the entire group and the lower half of the group

IIA: Patriot Valuation – Coal Reserves

➢ Enterprise Value

EV/Reserve Multiple (x)	P&P Reserves (Mt)		
	1,800.00	1,900.00	2,000.00
1.1	$1,760.00	$1,980.00	$2,200.00
2.1	$3,360.00	$3,780.00	$4,200.00
3.1	$4,960.00	$5,580.00	$6,200.00

- As of Dec. 31, 2011, Patriot Coal has 1.931Bt of P&P Reserves. The range of reserves was chosen as a sensitivity around Patriot's current levels
- EV/Reserve Multiple of the comparable companies+:
  - High - average multiple of the comp group (3.08)
  - Low - average multiple of the lower half of comp group (1.15)

ASSIGNED AND UNASSIGNED PROVEN AND PROBABLE COAL RESERVES(1)
AS OF DECEMBER 31, 2011

Coal Seam Location	Total Assigned(1)	Tons Un-assigned(1)	Proven and Probable Reserves	Proven (Measured)	Probable (Indicated)	Sulfur Content(2): ≤ 1.2 lbs. Sulfur Dioxide per Million Btu (Phase II)	Sulfur Content(2): >1.2 to 2.5 lbs. Sulfur Dioxide per Million Btu (Phase I)	Sulfur Content(2): >2.5 lbs. Sulfur Dioxide per Million Btu (Non-Compliance)	Type of Coal(3)	As Received Btu per Pound(4)	Reserve Control: Owned	Reserve Control: Leased	Mining Method: Surface	Mining Method: Under-ground
	(Tons in millions)													
Appalachia														
Ohio	—	26	26	19	7	—	—	26	Thermal	11,700	26	—	—	26
West Virginia	491	692	1,183	798	385	269	646	268	Met/Thermal	12,200	280	903	239	943
Total	491	718	1,209	817	392	269	646	294			306	903	239	969
Illinois Basin:														
Illinois	—	230	230	89	141	3	18	209	Thermal	11,100	228	2	—	230
Kentucky	175	317	492	233	259	—	3	489	Thermal	11,300	161	331	33	460
Total	175	547	722	322	400	3	21	698			389	333	33	690
Total proven and probable	666	1,265	1,931	1,139	792	272	667	992			695	1,236	272	1,659

+ ARLP, ANR, ACI, CLD, CNX, BTU, JRCC, WLT

IIB: Patriot Valuation – Operating Results

Operating Revenue

Coal Prices ($/t)[B]	Coal Tons Sold (mm tons)			
	24.00	27.00	30.00	33.00
$77.00	$1,848.00	$2,079.00	$2,310.00	$2,541.00
$83.00	$1,992.00	$2,241.00	$2,490.00	$2,739.00
$90.00	$2,160.00	$2,430.00	$2,700.00	$2,970.00
$96.00	$2,304.00	$2,592.00	$2,880.00	$3,168.00

Operating Cost

Operating Cost($/t)	Coal Tons Sold (mm tons)			
	24.00	27.00	30.00	33.00
$53.00	$1,272.00	$1,431.00	$1,590.00	$ 1,749.00
$57.00	$1,368.00	$1,539.00	$1,710.00	$ 1,881.00
$61.00	$1,464.00	$1,647.00	$1,830.00	$ 2,013.00
$65.00	$1,560.00	$1,755.00	$1,950.00	$ 2,145.00

- Over the past 3 years, Patriot has had an average operating cost of $59.58/t[D]
  - Recently the coal price has swung from $53.12/t in Q2 '12 to $64.93/t in Q3 '12

Gross Profit

Gross Margin($/t)	Coal Tons Sold (mm tons)			
	24.00	27.00	30.00	33.00
$12.00	$288.00	$324.00	$360.00	$396.00
$20.00	$480.00	$540.00	$600.00	$660.00
$24.00	$576.00	$648.00	$720.00	$792.00
$29.00	$696.00	$783.00	$870.00	$957.00
$35.00	$840.00	$945.00	$1,050.00	$1,155.00
$43.00	$1,032.00	$1,161.00	$1,290.00	$1,419.00

- Gross Margins reflect the subtraction of employed Operating Costs from Coal Prices.

Enterprise Value

EBITDA Multiple (x)	Adjusted EBITDA ($mm)					
	$237.56	$489.56	$597.56	$819.56	$999.56	$1,368.56
4.50	$1,069.02	$2,203.02	$2,689.02	$ 3,688.02	$4,498.02	$6,158.52
5.50	$1,306.58	$2,692.58	$3,286.58	$ 4,507.58	$5,497.58	$7,527.08
6.50	$1,544.14	$3,182.14	$3,884.14	$ 5,327.14	$6,497.14	$8,895.64

- See definition of estimated adjusted EBTIDA in glossary
- Enterprise value is derived from Patriot's EBITDA and the corresponding EBITDA Multiple of comparable companies[+].
  - High - average multiple of the comp group (6.66)
  - Low - average multiple of the lower half of comp group (4.43)

[B]Appendix B. Coal Prices reflect the 3-year forward coal curve and Patriot's historic average of 26.75% premium
[D]Appendix D
[+] ARLP, ANR, ACI, CLD, CNX, BTU, JRCC, WLT

IIC: Patriot Valuation – Comparable Company Multiples

➢ Operating Revenue

Coal Prices ($)[B]	Coal Tons Sold (mm tons)			
	24.00	27.00	30.00	33.00
$77.00	1,848.00	2,079.00	2,310.00	2,541.00
$83.00	1,992.00	2,241.00	2,490.00	2,739.00
$90.00	2,160.00	2,430.00	2,700.00	2,970.00
$96.00	2,304.00	2,592.00	2,880.00	3,168.00

➢ EBITDA

EBITDA Margin (%)	Revenue ($mm)			
	$1,848.00	$2,241.00	$2,700.00	$ 3,168.00
14.0%	$258.72	$313.74	$378.00	$ 443.52
16.5%	$304.92	$369.77	$445.50	$ 522.72
19.0%	$351.12	$425.79	$513.00	$ 601.92

- Comparable companies[+] to Patriot have had an average EBTIDA Margin of 19%
  - High - average multiple of the comp group (18.8%)
  - Low - average multiple of the lower half of comp group (14.0%)

➢ Enterprise Value

EBITDA Multiple (x)	Adjusted EBITDA ($mm)			
	$208.28	$263.30	$327.56	$393.08
4.50	$937.26	$1,184.85	$1,474.02	$ 1,768.86
5.50	$1,145.54	$1,448.15	$1,801.58	$ 2,161.94
6.60	$1,353.82	$1,711.45	$2,129.14	$ 2,555.02

- See definition of estimated adjusted EBTIDA in glossary
- Enterprise value is derived from Patriot's EBITDA and the corresponding EBITDA Multiple of comparable companies[+].
  - High - average multiple of the comp group (6.66)
  - Low - average multiple of the lower half of comp group (4.43)

[B]Appendix B. Coal Prices reflect the 3-year forward coal curve and Patriot's historic average of 26.75% premium

[+] ARLP, ANR, ACI, CLD, CNX, BTU, JRCC, WLT

EQUITY VALUE

	IIA) Coal Reserves			IIB) Operating Results			IIC) Comparable Companies Multiple		
	Low	Mid	High	Low	Mid	High	Low	Mid	High
Enterprise Value	**$1,760**	**$3,780**	**$6,200**	**$1,069**	**$3,897**	**$8,896**	**$937**	**$1,625**	**$2,555**
Def. Liabilities									
DIP Loan	($802)	($802)	($802)	($802)	($802)	($802)	($802)	($802)	($802)
Senior Notes	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
Convertible Senior Notes	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Unsecured Trade Payable	(101)	(101)	(101)	(101)	(101)	(101)	(101)	(101)	(101)
Total Liabilities	($1,353)	($1,353)	($1,353)	($1,353)	($1,353)	($1,353)	($1,353)	($1,353)	($1,353)
Cash	$383	$383	$383	$383	$383	$383	$383	$383	$383
Current Equity Value	**$790**	**$2,810**	**$5,230**	**$99**	**$2,927**	**$7,926**	**($33)**	**$655**	**$1,585**

- MID REFLECTS THE ESTIMATED ENTERPRISE AND EQUITY VALUE FOR THE RANGE OF VARIABLES USED FOR OPERATING RESULTS, COMPS MULTIPLES AND EV/RESERVE MULTIPLE

Summary and Conclusions

I. As shown earlier, Patriot has a potential positive range of enterprise and equity values, respectively

- On the basis of EV/Reserve Multiples to Patriot's reserves in IIA, its' enterprise value suggests being greater than a low of $1.8B and multiples higher
- On the basis of comparable companies' EV/EBITDA multiples applied to a range of Patriot's previously achieved operating and financial variables in IIB, its' enterprise value suggests being greater than a low of $1.1B and multiples higher
- On the simulated basis of applying comparable companies' EBITDA margin and EV/EBITDA value multiples to Patriot's revenue and gross margin in IIC, its' enterprise value suggests being greater than a low of $0.9B and substantially higher
  - Suggests that Patriot has a value profile that could be similar to and possibly better than a low average/average coal producer
- using the enterprise values calculated in IIA-C, Patriot's equity Value might range from a low of ~$0M-$780M and a high of $1.6B-$7.9B with the mid as follows:

	Equity Value
	Mid
EV/Reserve Multiple	$2,810
Operating Results	$2,927
Comps Multiples	$655

II. More detail about Patriot's operations and future plans would support a refined analysis

III. As with all mining operations and coal producers, Patriot is particularly impacted by, and leveraged to, coal prices

Note to Analysis

Note to Analysis: In connection with this indication of estimated value to existing equity holders of Patriot Coal Corp. and discussion, McKool Smith requested various documents from Patriot Coal's counsel, both through informal written discovery requests (which Patriot Coal's counsel agreed to accept) and during an informal meeting with Michael D. Day, Executive Vice President - Operations, Patriot Coal's potential Rule 30(b)(6) witness. It is our understanding that Patriot Coal refused to provide much of this information and/or these documents.

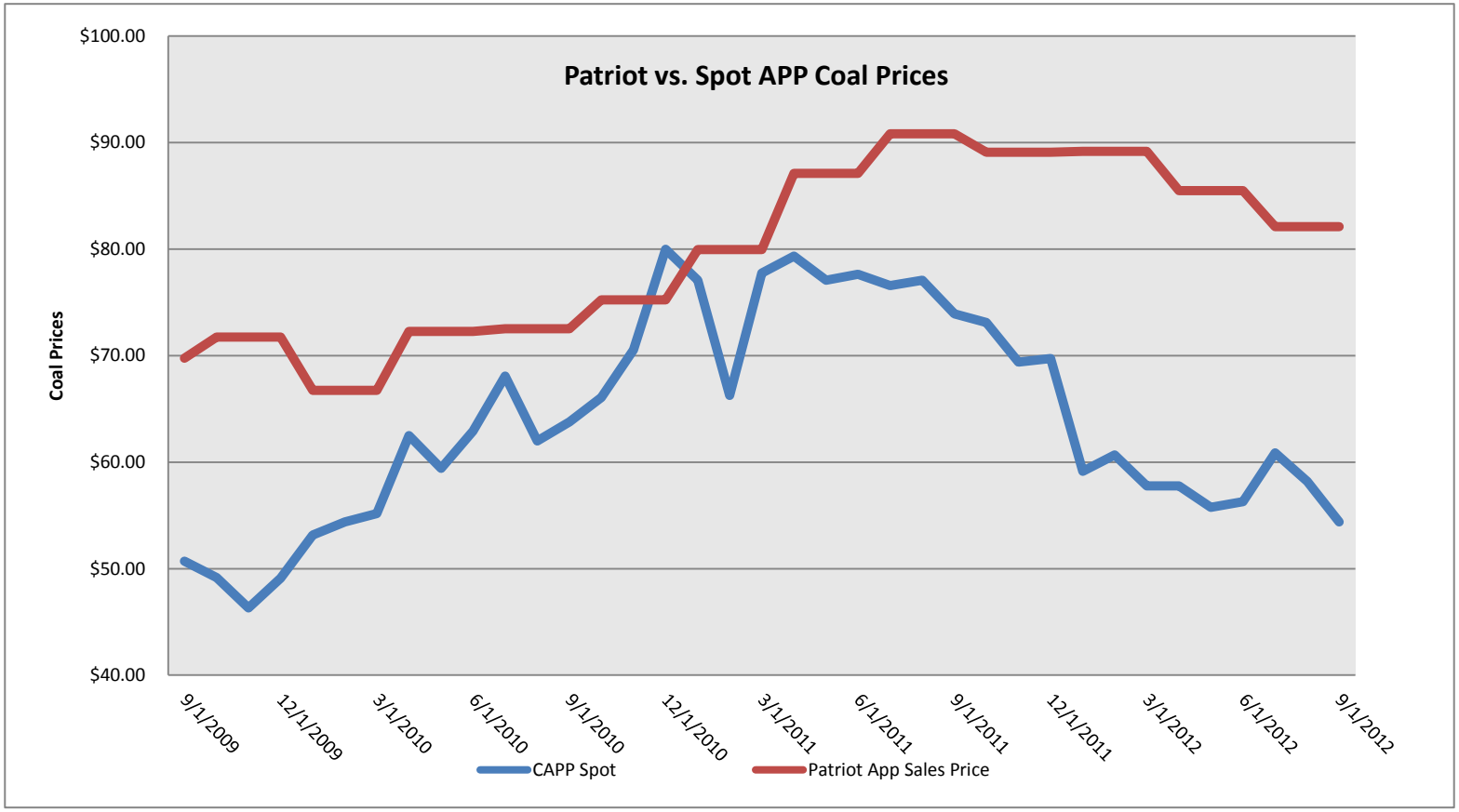
Further, to resolve a discovery dispute concerning the requested documents between McKool Smith and Patriot Coal's counsel, it is our understanding that Judge Shelley C. Chapman (prior to the transfer of venue of these cases to the Eastern District of Missouri) ruled that (i) estimations of the claims pool, the impact of the assumption/rejection of certain executory contracts, and the contracts that were the subject of Adv. Proc. Nos. 12-01793, 12-01791, 12-01786, would not be a part of the Court's analysis related to whether an official equity committee should be appointed in these cases; (ii) Patriot Coal was to produce a Rule 30(b)(6) witness to testify about certain coal reserve schedules and other documents Patriot Coal produced (Bates Nos. PCX-EC-30-34, 55, and 57-67); and (iii) Patriot Coal was to produce certain healthcare-related actuarial information (Bates Nos. PCX-EC-68-304).

Accordingly, this analysis is based, in part, on the limited information and documents Patriot Coal did produce in response to McKool Smith's requests and does not include an analysis of the claims pool and the impact of the assumption/rejection of certain executory contracts and those contracts that were the subject of certain adversary proceedings.

We reserve the right to amend and/or supplement this analysis at any time and in any respect, including, without limitation, to include new information and/or documents received, whether provided by Patriot Coal or otherwise.

APPENDIX A

Coal Prices – Patriot's Premium

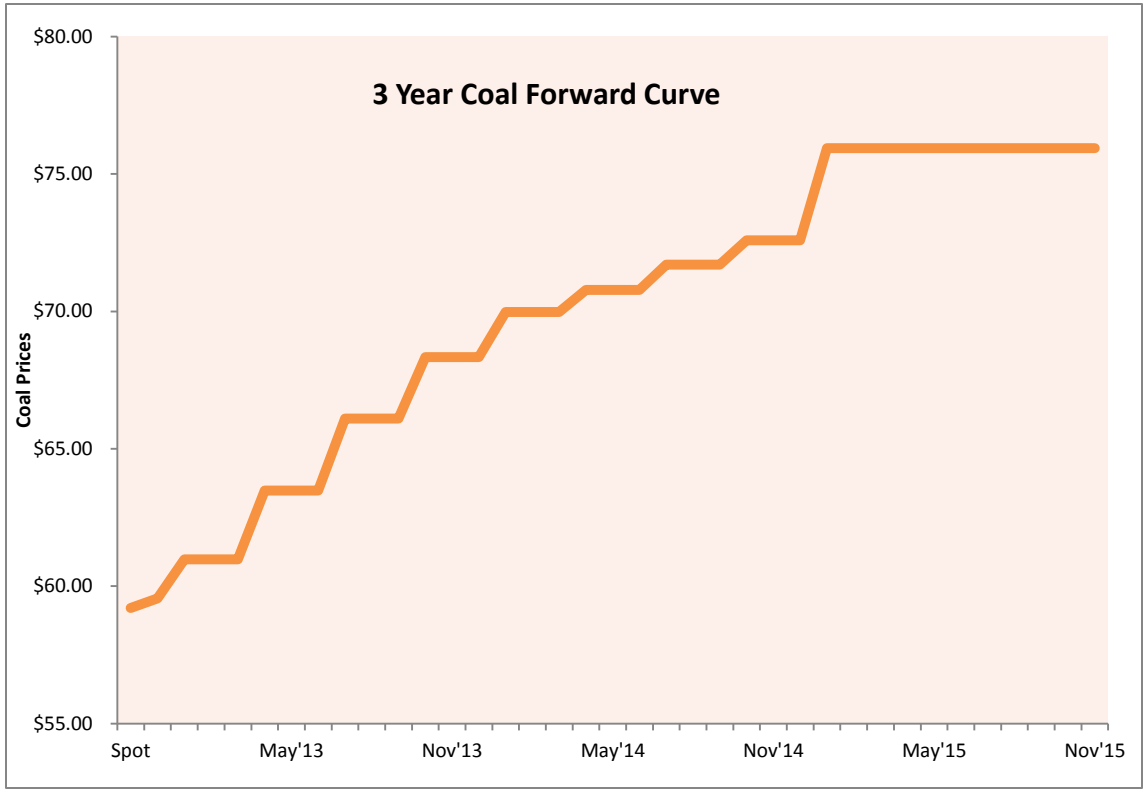


- Over the past three years, on average, Patriot Coal received a 26.75% premium on the Appalachia coal produced.
- In recent months, Patriot has received a higher premium of 42.50%
- When projecting future realized coal prices, Patriot has consistently received a significant premium to spot prices

APPENDIX B

Coal Prices – Forward Curve

THE FOLLOWING CHART REFLECTS THE 3-YEAR FORWARD CURVE COAL PRICE. IN OUR ESTIMATION, THE CURVE IS A REASONABLE PROXY BASED UPON FACTORS SUCH AS COAL PRICE HISTORY, NATURAL GAS PRICES, AND GLOBAL SUPPLY & DEMAND EXAMINED IN OUR MARKET OVERVIEW ATTACHED AS PATRIOT COAL SUPPLEMENT

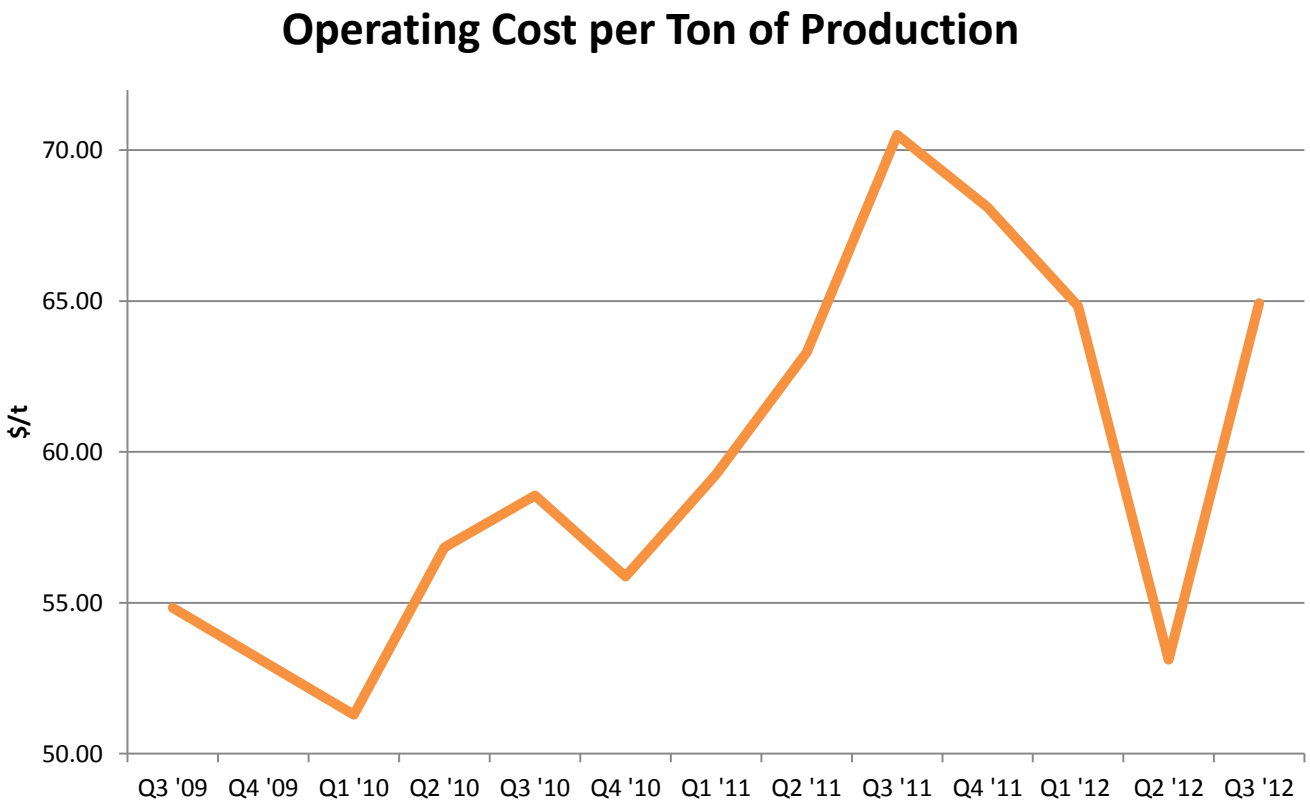


Date	Future Coal Price	Patriot Premium Price
Mar'13	$60.98	$77.29
Jun'13	$63.48	$80.46
Sep'13	$66.10	$83.78
Dec'13	$68.33	$86.61
Mar'14	$69.98	$88.70
Jun'14	$70.78	$89.71
Sep'14	$71.70	$90.88
Dec'14	$72.58	$92.00
Mar'15	$75.94	$96.25
Jun'15	$75.94	$96.25
Sep'15	$75.94	$96.25
Dec'15	$75.94	$96.25

- THE FORWARD CURVE OF COAL PRICES SHOWS A STEADILY INCREASING COAL PRICE UNTIL IT FLATTENS IN JAN'15 AT $75.94
- TO APPLY A FUTURE COAL PRICE ON PATRIOT'S PRODUCTION, PATRIOT'S PREMIUM SALES PRICE MUST BE CONSIDERED
- THE CHART TO THE RIGHT APPLIES PATRIOT'S AVERAGE 26.75% PREMIUM TO THE FUTURE COAL PRICES

APPENDIX C

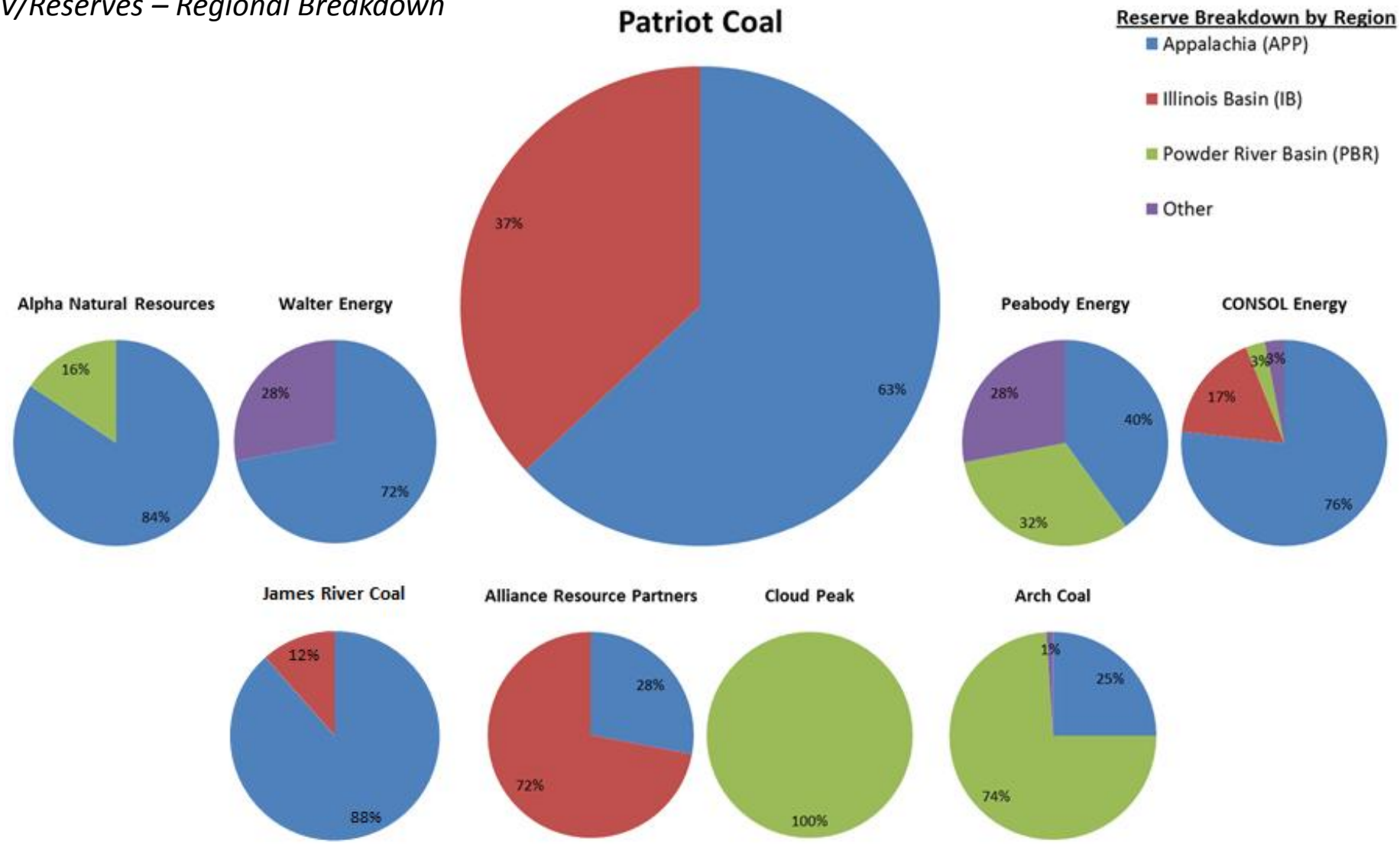
Patriot's Operating Costs



- OVER THE PAST 3 YEARS, PATRIOT OPERATING COSTS HAS VARIED FROM LOWS OF $51.29 TO HIGHS OF $70.51

APPENDIX D

EV/Reserves – Regional Breakdown



APPENDIX E

U.S. Coal Company Tiers

>100Mt/year Producer	50-100Mt/year Producer	9-50Mt/year Producer
• Peabody Coal • Arch Coal • Alpha Natural Resources	• CONSOL Energy • Cloud Peak Energy	• Alliance Resource Partners • **Patriot Coal** • Walter Energy • James River Coal

APPENDIX F

U.S. Coal Company Data and Metrics

- Comparable companies were initially selected based on production levels and geographic regions; then segmented into upper and lower categories for variables employed in this assessment as represented below : Enterprise value, EV/Reserve multiple, EBITDA margin, and EBITDA multiple

Enterprise Value (as of 2/26/13)			
Company	EV	Company	EV
Alliance Resource Partners	$2,734	CONSOL Energy	$10,338
Alpha Natural Resources	$4,145	James River Coal	$490
Arch Coal	$5,223	Peabody Coal	$11,478
Cloud Peak	$1,469	Walter Energy	$5,022

EV/Reserve Multiple			
Lower Half	Multiple	Upper Half	Multiple
Alpha Natural Resources	0.9	Arch Coal	2.4
Cloud Peak	1.1	CONSOL Energy	2.4
Peabody Coal	1.3	Alliance Resource Partners	4.0
James River Coal	1.4	Walter Energy	12.2
Low = 1.2		**High = 3.1**	

EBITDA Margin			
Lower Half	Margin	Upper Half	Multiple
James River Coal	8.2%	CONSOL Energy	19.0%
Alpha Natural Resources	14.8%	Cloud Peak	23.1%
Arch Coal	16.0%	Peabody Coal	22.0%
Walter Energy	17.1%	Alliance Resource Partners	30.1%
Low = 14.0%		**High = 18.8%**	

EBITDA Multiple			
Lower Half	Multiple	Upper Half	Multiple
Alpha Natural Resources	4.0	Peabody Coal	6.7
Cloud Peak	4.2	Arch Coal	7.8
Alliance Resource Partners	4.6	CONSOL Energy	10.5
James River Coal	4.9	Walter Energy	10.6
Low = 4.4		**High = 6.6**	

APPENDIX G

Glossary

Adjusted EBITDA – Calculated as Gross Profit – SG&A Costs ($50.44M based on 10Q - Q3 '12). Adjusted EBITDA excludes other operating expenses such as asset retirement obligations and legal settlements.

Coal Prices – The range of prices received for coal production sold.

Coal Tons Sold –The range of coal production by Patriot coal.

EBITDA Margin – Calculated as EBITDA/Revenue of comparable companies.

EBITDA Multiple – Calculated as EV/EBITDA of comparable companies.

Equity value - Calculated as Enterprise value - Outstanding Debt + Cash in hand.

EV/Reserve Multiple – Calculated as EV/P&P Reserves of comparable companies.

Gross Profit – Calculated as Operating Revenue – Operating Costs.

Operating Revenue – Calculated as revenue generated from coal produced multiplied by assumed coal price.

Operating Results – Valuation based upon Patriot's "Coal Tons Sold", Projected "Coal Prices", "Adjusted EBITDA" and "EBITDA Multiple"

P&P Reserves – Total Proven and Probable Coal Reserves.

KLR GROUP

Patriot Coal Supplement

Analysis and Discussion of Coal Market and Forecast

KLR Group

11/21/2012

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Purpose

- Consider possible future coal pricees

Macro Methodology

Coal Prices:

- Use of forward-looking coal prices, which take account of historical cycles, market projections, and coal's strong correlation to factors such as natural gas prices
- Application of forward-looking coal prices to the Company's projected operating profile because coal prices, as with other commodity prices set by broad market forces rather than by a single company or on a product-specific basis as in other sectors, have an acute and often outsized impact on revenues, operating margins, cash flow, profitability and, consequently, market value

Premise

Coal Sector:

- Coal companies, as across the broader mining sector, and their financial results as well as operating profile are unavoidably and materially impacted by broader markets impacting on the price for their commodity production
- Coal prices have historically been subject to pronounced volatility and related cyclicality which is expected to continue in the future
- By examining coal's historical and projected prices, along with key influencing variables, in conjunction with public information about Patriot's operations it becomes plausible to consider a restoration of positive operating cash flow and market value for Patriot Coal

Introduction

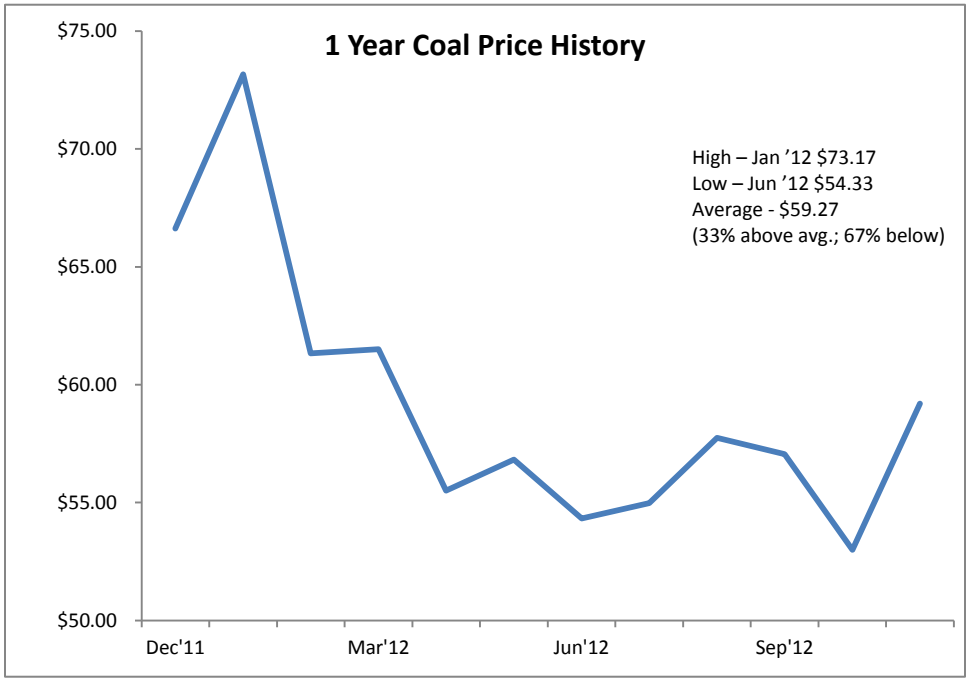
Recent Events:

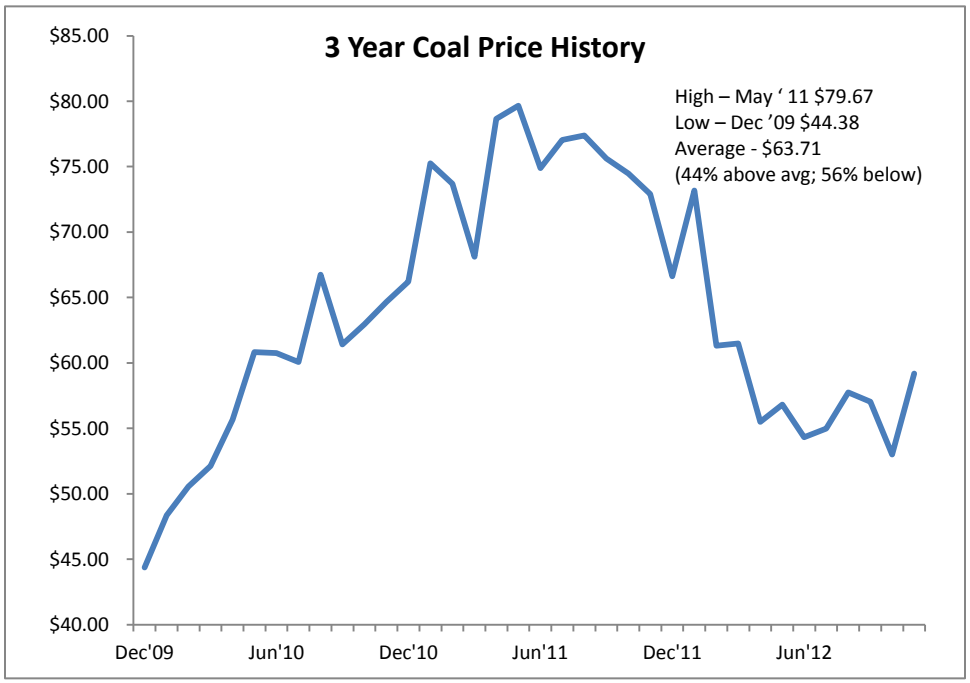
- Coal prices, and therefore domestic thermal coal company cash flow and valuations, have again been materially negatively impacted by domestic as well as global economic and regulatory events
- Particular recent factors include the concomitant sluggish US economic recovery, low natural gas prices, a slowing China, and the Euro-zone crisis

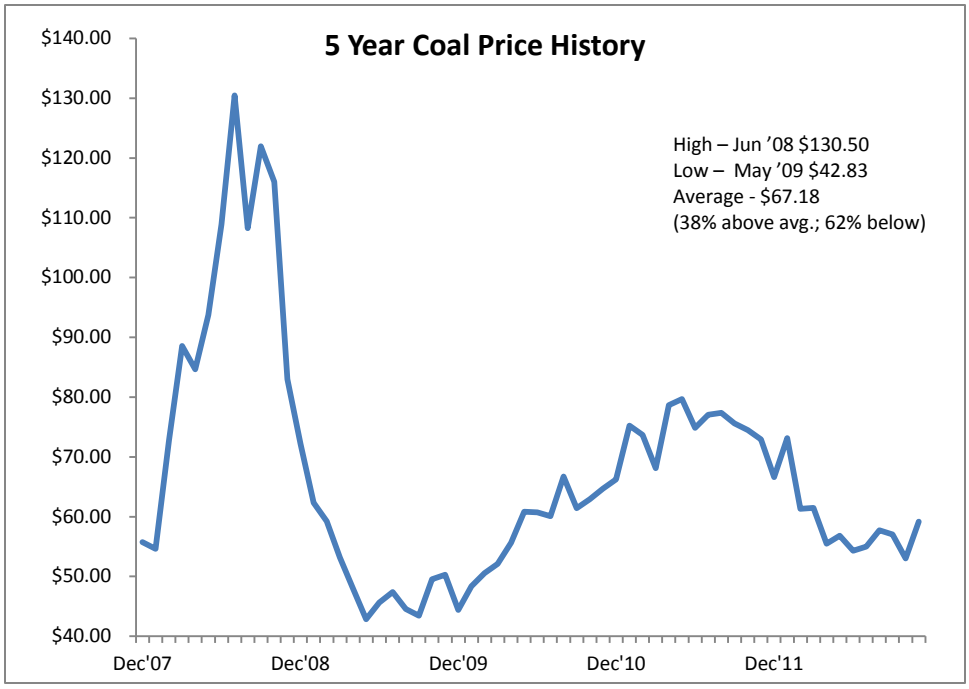
While the domestic thermal coal price is currently depressed, a rebound to higher prices can be considered based on:

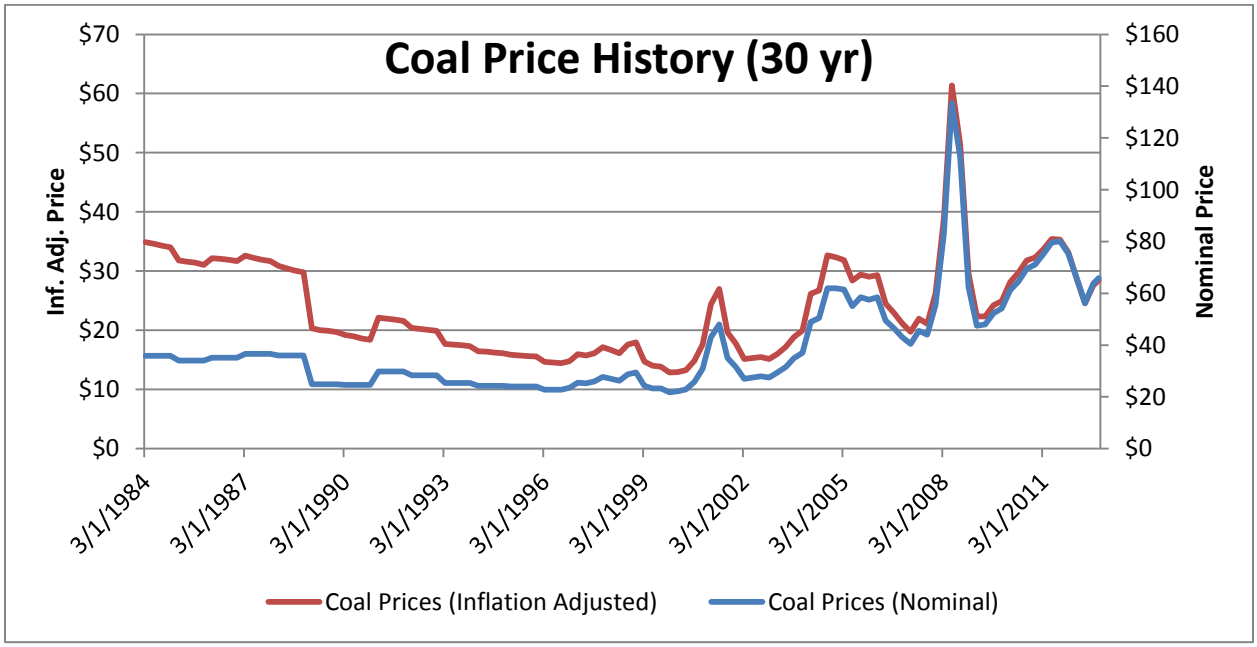
- Repeatable past cycles
- Near-term and longer-term market-based forward price curves
- Supply/demand dynamics
- Correlation to natural gas prices and electricity generator substitution
- US GDP growth

Coal Price History







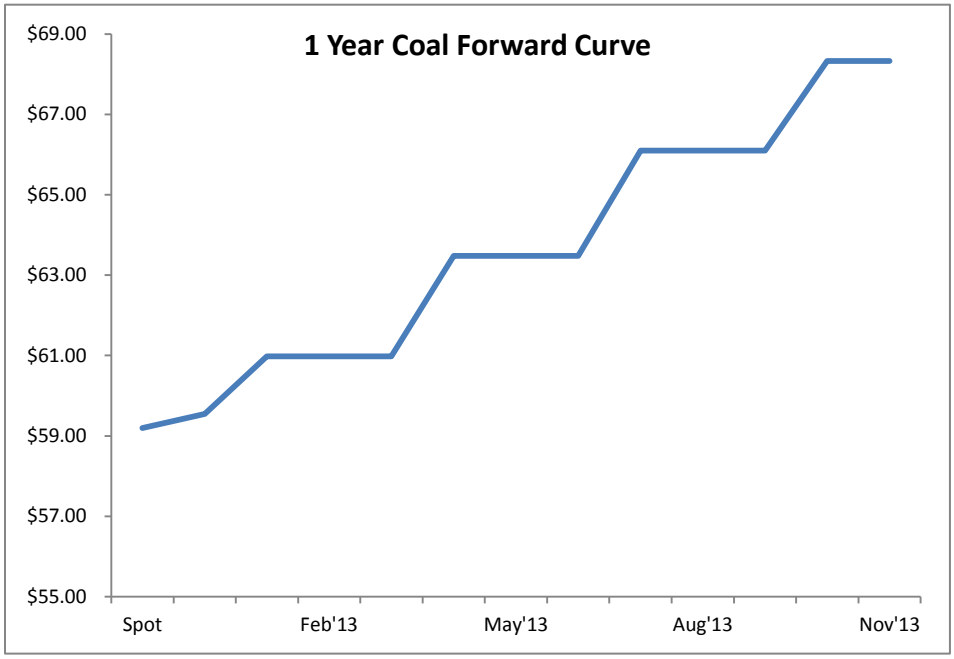


Coal Prices and Cycles:

- Coal price cycles, as for other commodities, are immutable
- Over time, coal price cycles are comparable in shape and marked by temporary spikiness at the high and low end of the range

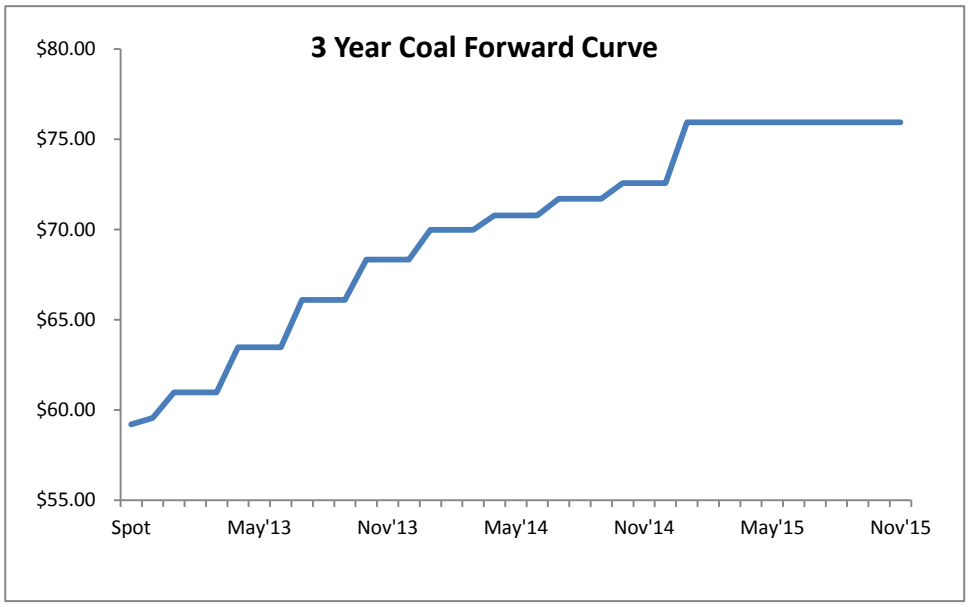
- The anomalous short-term spike in mid-2008 exactly mirrors the natural gas price spike over the same period (see below)
- Over a 30 year period, on an inflation-adjusted basis, past prices are similar to current prices because:
    - As across the broader mining space, advances in technology (e.g., equipment, automation) served to counteract inflation and declining grades to lower operating costs and coal prices
    - Such technology gains have seemed to slow and, along with labor and equipment cost inflation as well as global coal demand, coal prices have stepped up accordingly

Coal Forward Curves



The forward one year curve suggests:

- A steadily increasing price for coal to $69/t
- The initial part of a cyclical recovery
- That much of the previous remaining 12 month decline will be erased
- A steadily increasing coal price above the 1, 3 and 5 year historical average price and to near the historical one year high



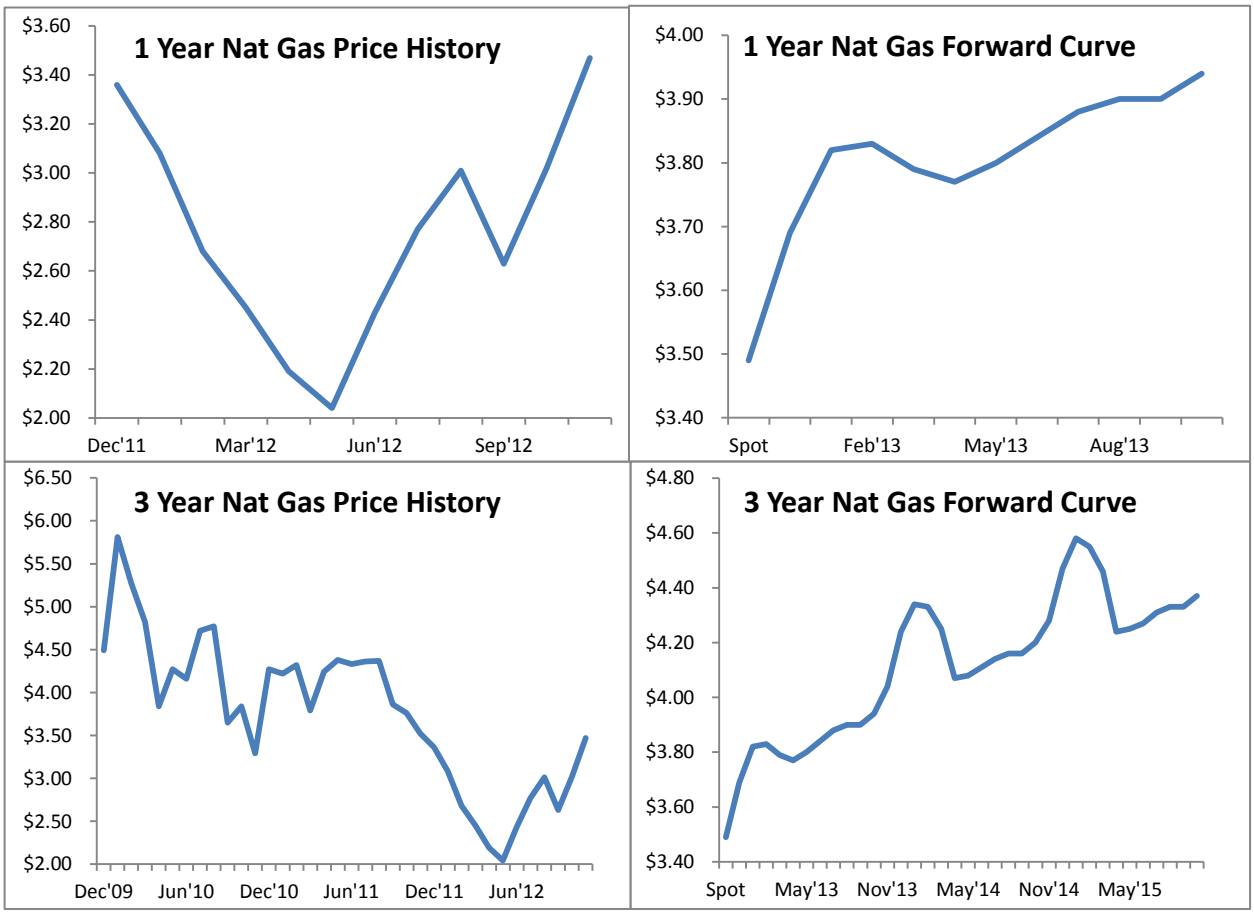
The forward three year curve projects:

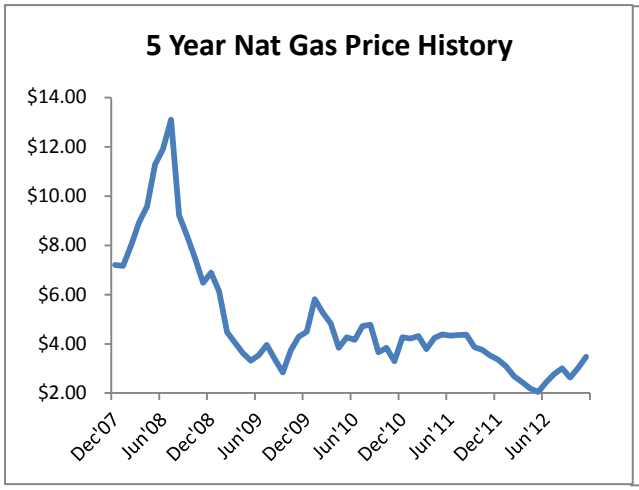
- A steeper price increase than for the forward one year curve to levels above the 1,3 and 5 year historical average prices
- A price near the one year historical high and not far from the three year historical high

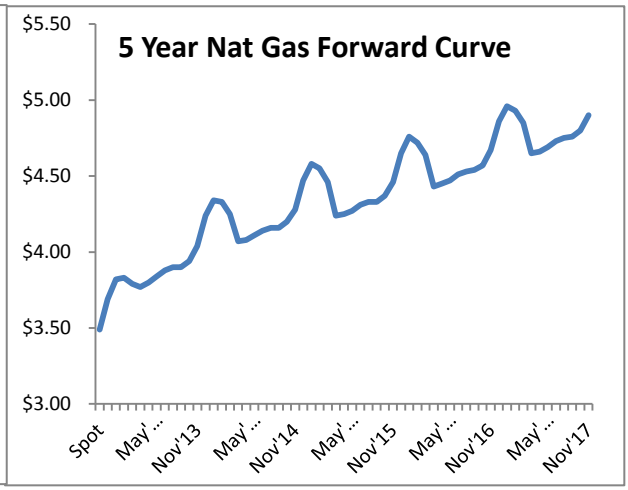
Historical Prices and Forward Curves

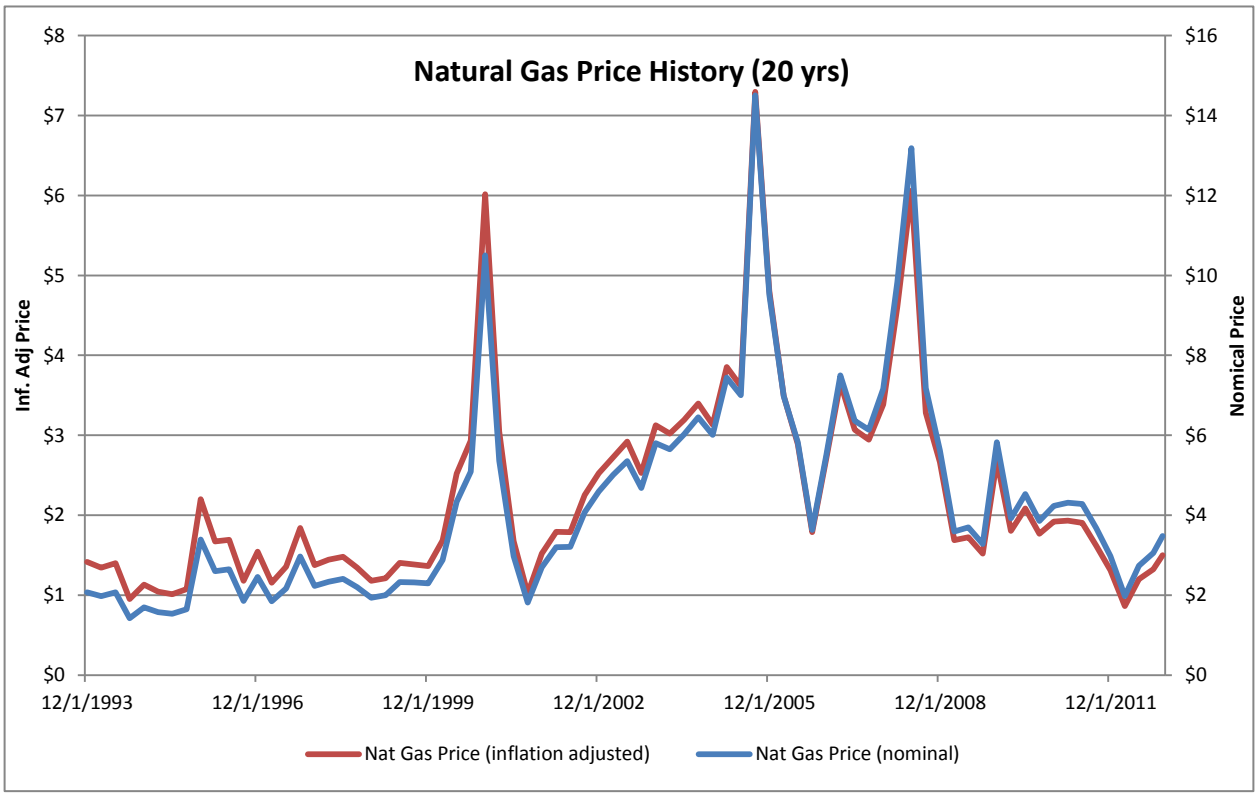
- For reasons likely associated with human nature, historical precedent and the difficulties in predicting disorderly outcomes ("black swans")
  - Few forecasts anticipate extreme spikes such that broader market consensus projections tend to be more muted than actual results
  - When at high price levels forecasts tend to be neutral to lower over time and when at low price levels price forecasts tend to be neutral to higher

Comparison to Natural Gas Prices









Natural Gas Price Cycles:

- Like coal, natural gas prices are also volatile
- The spike to near $14 reflects a technological revolution in natural gas extraction utilizing new horizontal drilling techniques and the shale boom.
    - The resulting increased supply was usurped by a new demand for natural gas by power plants switching away from coal

- The forward curves reflect successively increasing prices as an increased supply is anticipated to be absorbed by an even more increasing domestic as well as foreign demand
- Over the referenced 20-year period, natural gas prices have nominally increased from $1.92 to $3.48 (45% increase).
    - Lows during this time period were $1.42 (Sept '94), while the high was $14.50 (Sept '05).
        - During volatile swings, prices broke $10.00 two other times - $10.50 (Dec '00) and $13.18 (June '08)
- Looking at the long-term price history for natural gas, the price has remained fairly constant with the exception of three volatile swings in the market.
    - Over the past 20 years, natural gas prices (inflation adjusted) have increased by $.09 or 5.77% (.29% annually) reflecting a stable price for natural gas.

Comparison of Coal Prices to Natural Gas Prices

Historical:

- Natural gas shows seasonality due to effects from cold weather and coal a bit more during the shorter warm season
- Coal prices are notably influenced by natural gas prices
- The recent coal and gas historical price charts are similarly shaped and highly correlated, with coal lagging just a bit based on power plant fuel substitution

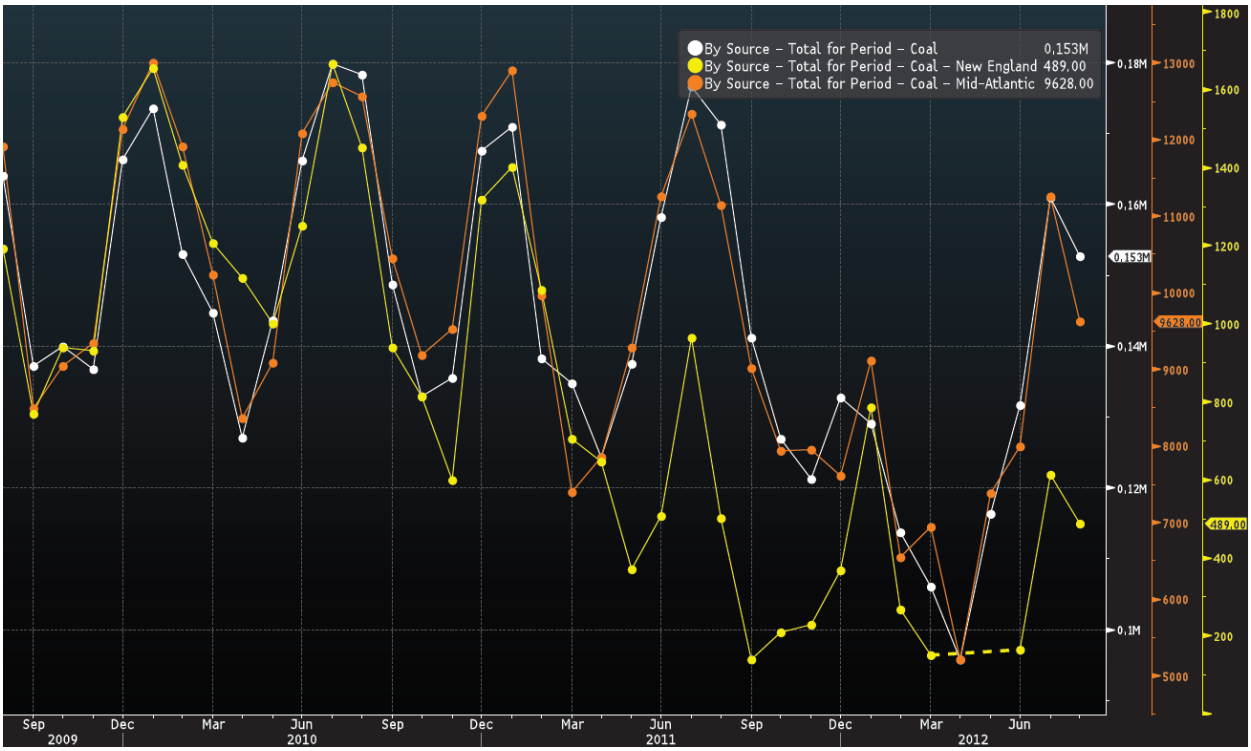
Forward Curve:

- Both coal and gas' forward price curves are similarly upward sloping in the near and mid term
    - The Natural Gas one year forward curve predicts a 13% increase ($.45) while the Coal one year forward curve predicts a 15% increase ($9.13)
    - In three years, Natural Gas is predicted to increase 25% ($.88) while Coal is predicted to increase 28% ($16.74).
    - Is predicted to increase 25% ($.88) while Coal is predicted to increase 28% ($16.74).
        - Much of coal future outlook is dependent on a higher natural gas price, but other factors such as China's middle class growth, U.S. economic recovery, and the Euro-zone crisis will play a crucial part in coal's cyclical recovery.
- Coal vs. Gas equivalence and substitution price
    - To calculate the equivalence and substitution price, one would multiply the average btu by 2000 pounds (in a ton). Next, divide this number by 1,000,000 to get a MMbtu amount. Lastly, divide the current spot coal price by the MMbtu amount to get a breakeven amount. A 20% premium can be applied for carbon credits and emissions
        - For example, Patriot coals average btu ranged from 11,100-13,400btu/pound or an average of 12,300btu/pound. (12,300btu x 2000 lbs)/1,000,000 = 24.6. $60.65/24.6 (spot CAPP coal price) = $2.47 (or $2.96 with a 20% premium)

- Therefore, gas below $2.47 (or $2.96) makes it more economic for power plants to use than coal
- However, this doesn't account for significant capital expenditures (pipelines, new gas plants) plus permits and approvals along with and other transition costs necessary for conversion of coal-to-natural gas power plants
- When looking at historical prices and forward curves for natural gas, it does not seem likely or expected that natural gas price will decline or remain below $2.47
    - Natural gas prices are expected to rise in the near, mid, and long term to $4-5/mmbtu or higher.
- Therefore, the recent shift to natural gas by power plants does not seem sustainable

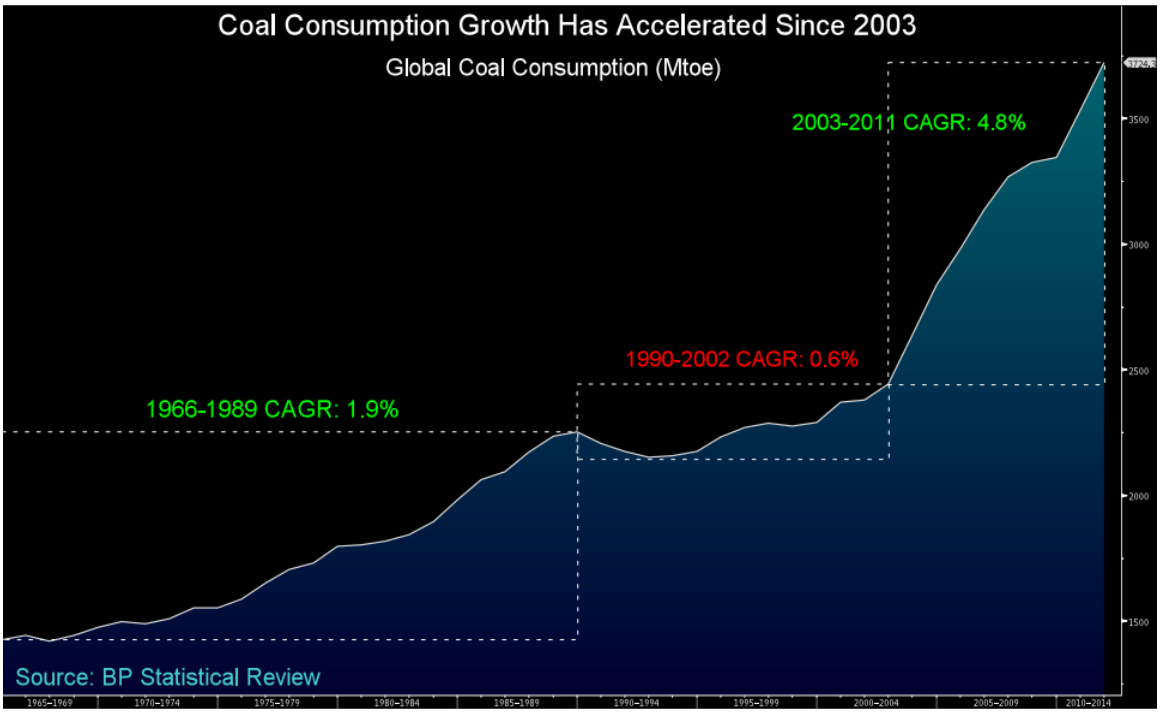
Supply & Demand Dynamics

Demand



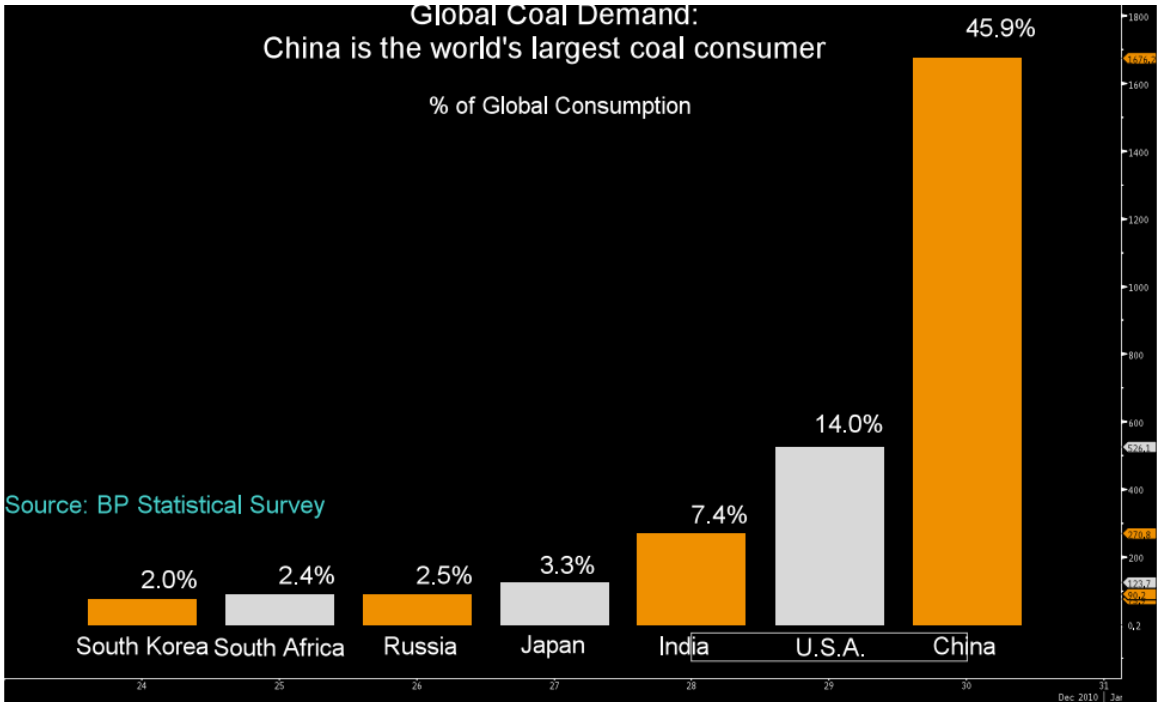
Locally:

- The three-year snapshot of total US coal demand, in particular demand in the New England and Mid-Atlantic region, is closely related to Patriot's production
- While the cycles vary to some degree in length and amplitude, a clear and similar cyclical trend is apparent in all three graphs
- The inflection of coal demand seems to change every 3-6 months
- Domestic demand has decreased in line with the economy and lower gas prices

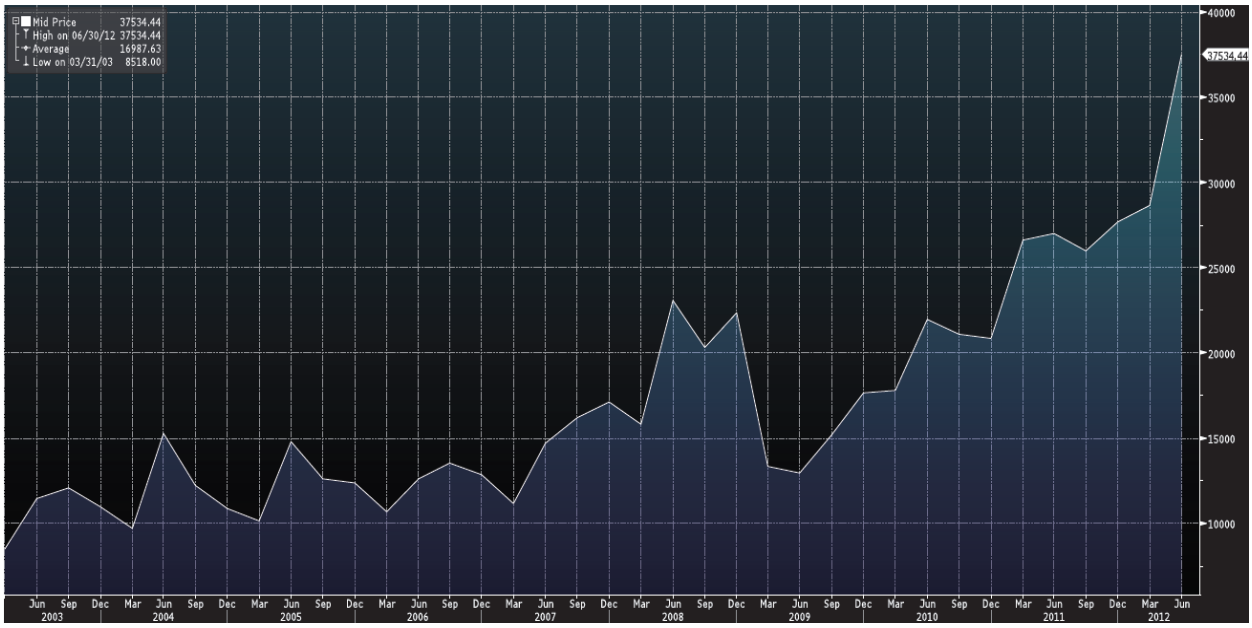


Globally:

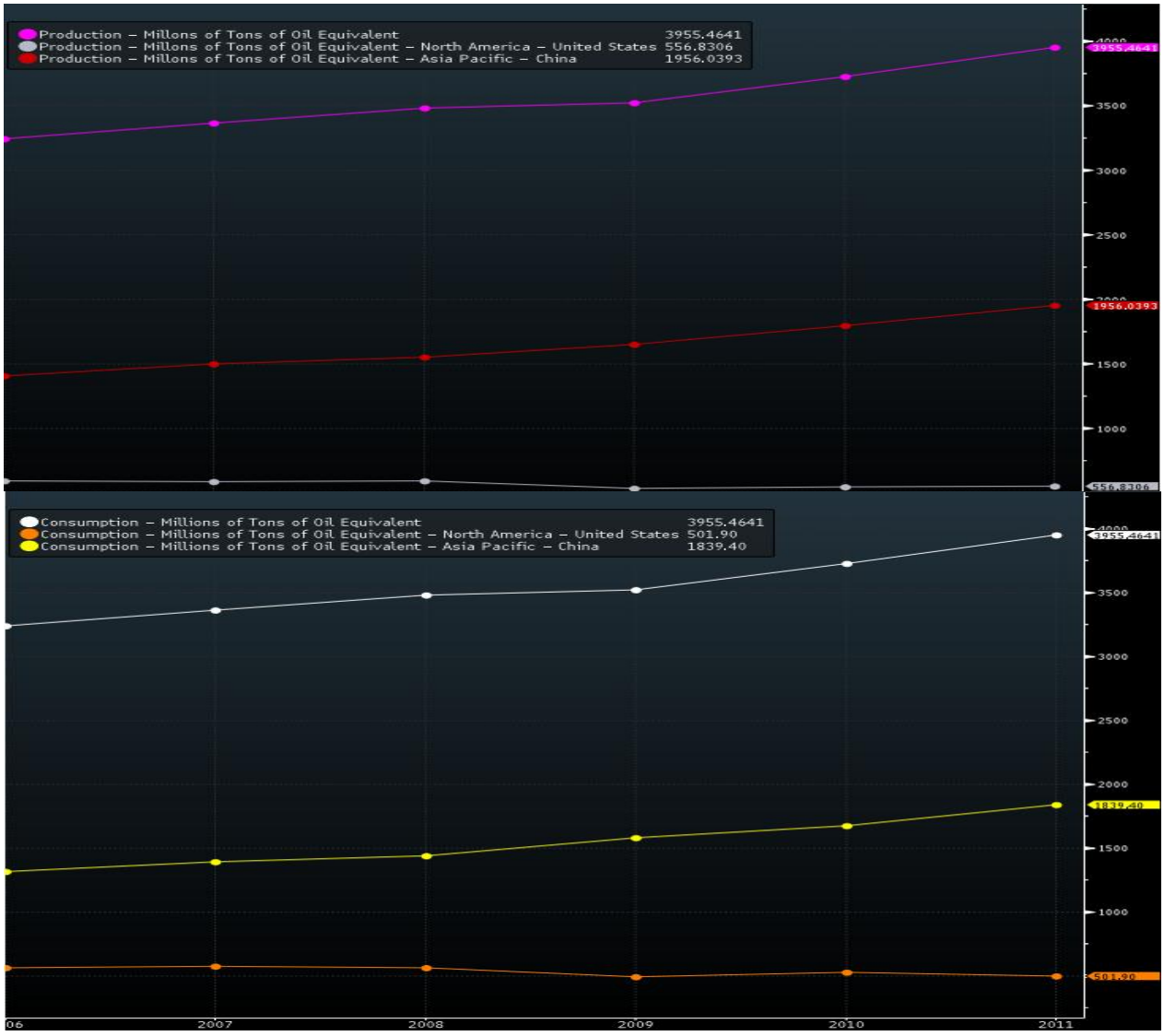
- Coal demand has consistently grown for the past 55 years
- Absolute coal demand has grown by 1.5 billion tons over the past approximate 10 years
- The rate of growth has accelerated over the last 10 years to 4.8% from .6% over the previous 10 years



- A significant component of this growth has come from Asia and in particular China, with exports to the region from the US increasing accordingly and expected to continue to do so
    - China now makes up almost half (45.9%) of the global coal demand
    - As China has become the dominant market for export coal, US coal markets have responded by dramatically increase coal exports



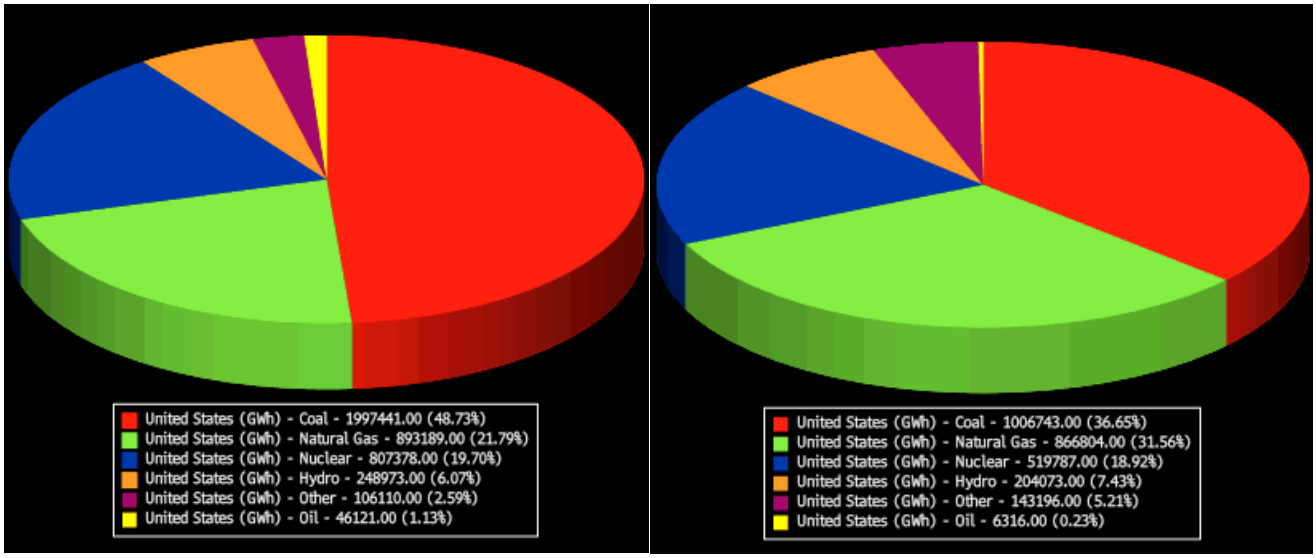
- Correspondingly, US exports have significantly increased since 2003 as well
    - US Exports have increased from 8.52M short tons in 2003 to 37.53Mt in 2012 (341% increase)
        - The substantial export growth has been a direct result of the increased Chinese demand



- The Consumption/Production display coal supply growth over past 5 years.
    - U.S. supply dropped 11% over the past 5 years, largely accounted for a 12% drop in 2008-2009.
        - Supply has recover recently and increased over the past 24 months by about 1.2%

Electricity Generation

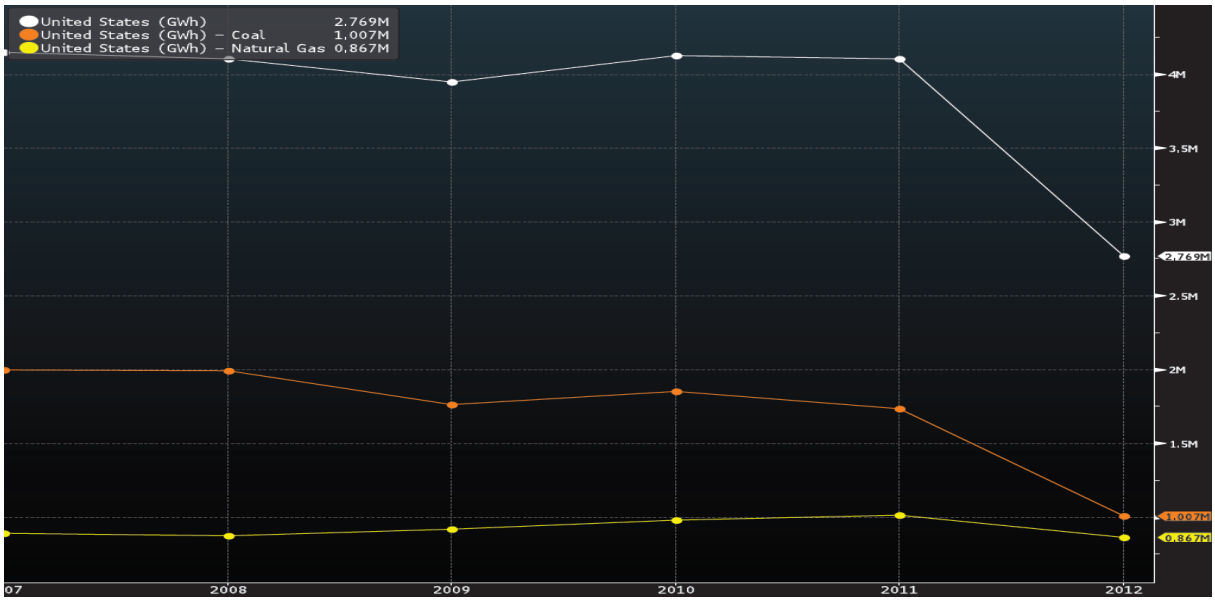
2007 **2012**



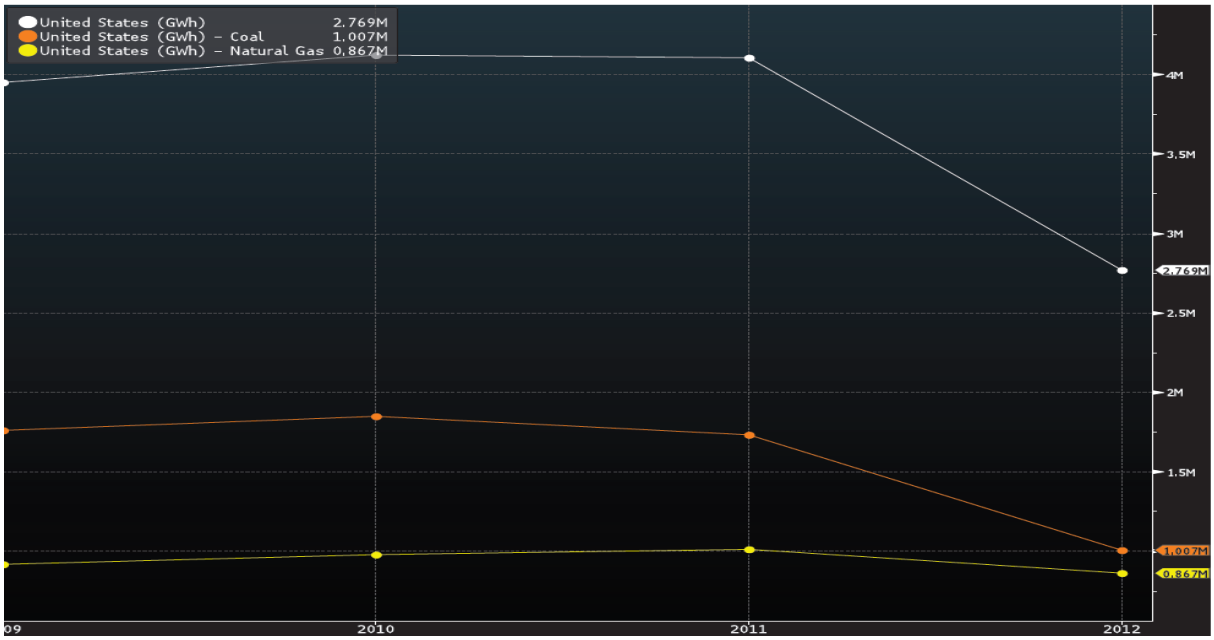
- Over the past five years electricity generation from coal has lost 12% of market share while natural gas has gained 10%

- This correlates to natural gas prices having plummeted while new supply comes on line
  - In the same time period, natural gas prices have declined 52% ($7.20 to $3.49)
  - Despite lost market share coal still remains the largest component of electricity generation and would be expected to sustain and recover lost % as natural gas prices increase

5 Year

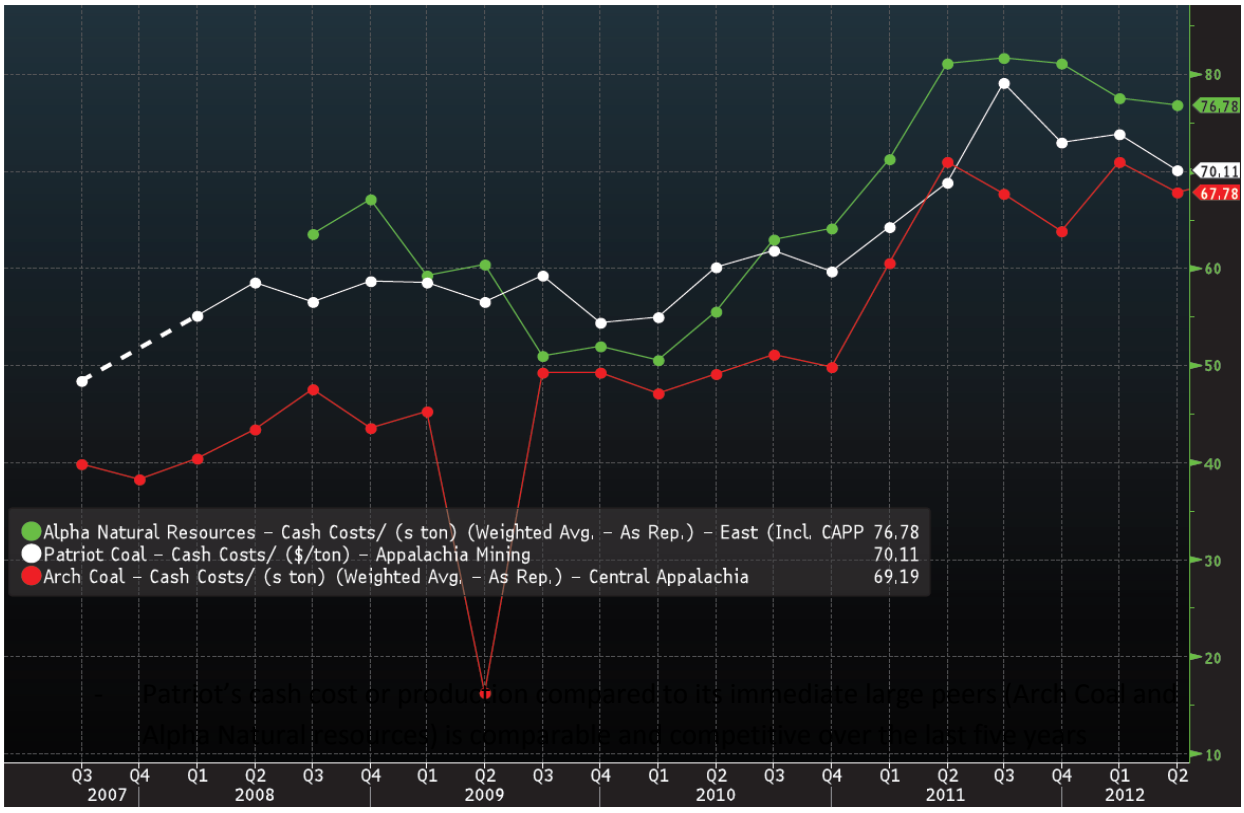


3 Year



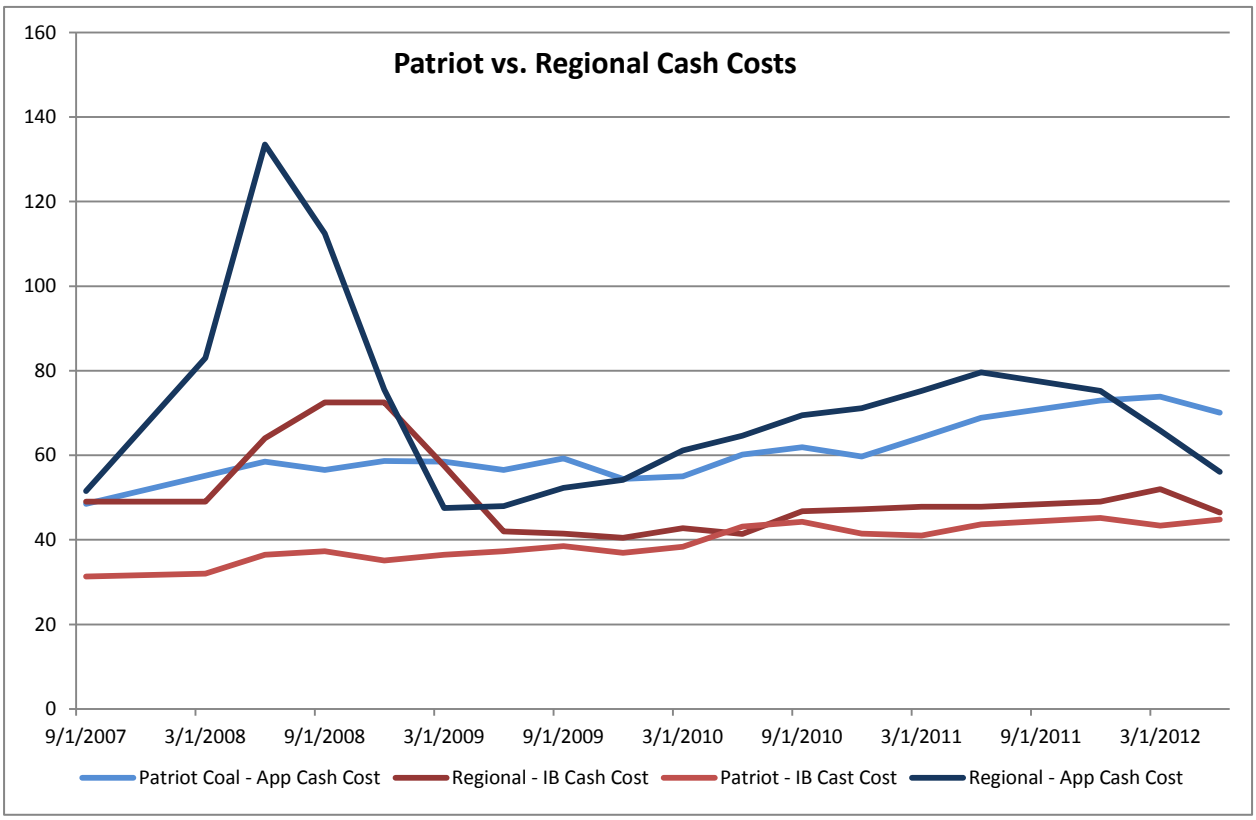
- By looking at the three- and five- year electricity generation curves, it can be observed that most of the diminished demand occurred within the last 12 months.
    - Over the past 5 years, electricity generation has decreased 33% (Coal: -49%, Natural Gas: -3%) but the past 12 months alone produced a decline of 32.57% (Coal: -42%, Natural Gas: -14%)

Coal Cash Cost Curve

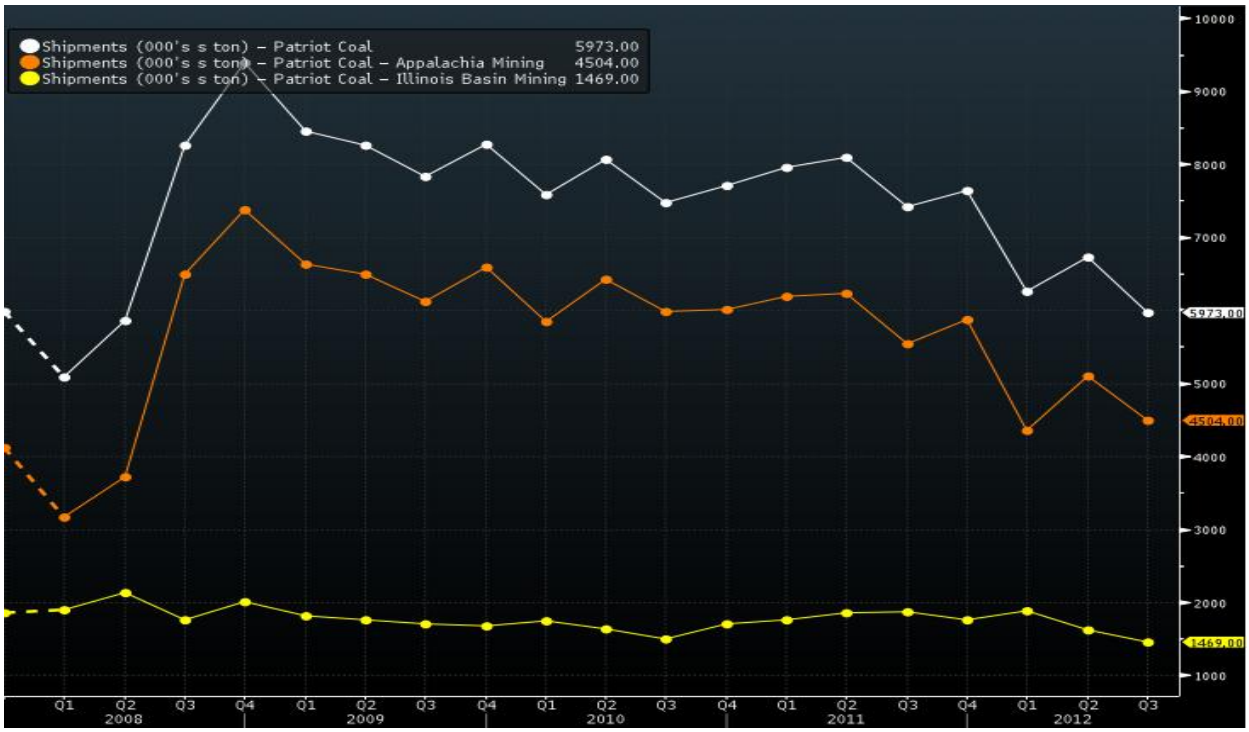


- Patriot's cash cost of production compared to its immediate large peers (Arch Coal and Alpha Natural Resources) is comparable and competitive over the last five years.

- Patriot's cash cost have been in line with their two closest competitors, Alpha Natural Resources and Arch Coal
    - Cash costs do not seem to be a direct cause for Patriot's bankruptcy



- Patriot's cash costs have consistently been below the regional average in both Appalachia and the Illinois Basin
    - Since the spike in regional costs in 2008, regional costs have trended downward while Patriots costs have more modestly trended upward
        - Since mid-year 2008, regional costs (App and IB) are down 58% and 41%. Conversely, Patriots costs are up 20% and 23%.
        - However, Patriot's costs have remained below the regional average and the favorable margin is likely to increase based on Patriot focusing its activities on its top tier assets
- Since the start of 2009, Patriot Coal's shipments have steadily declined.
    - Breaking down the shipments based on region, the volatility can be attributed more from the Appalachia Mining (APP) than Illinois Basin Mining (IB)
        - Since 2009, the total shipments have declined 36.48%. During that same time, APP has decline 39.07% while IB has declined 27.4%



Summary

- Coal prices are cyclical and volatile as impacted by domestic and global variables
- Cycles have a history of repeating
- Supply/demand metrics support higher future prices, with demand steadily increasing over the past 50 years and accelerating over the last 10 years
- While coal demand has declined relative to natural gas, we can expect coal demand to recover if natural gas prices go higher
    - Looking at the forward curves, natural gas prices project to steadily increase over the next 5 years
    - Concurrently, coal prices have a positive price projection for the next 5 years and might be expected around $75/t

Conclusion

- The 3-year forward curve is considered a fair representation of possible future outcomes

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PROFILE AND SKILLS

Investment-banking senior executive with successful thirty-three year track record of team and market leadership, business growth and profitability across market cycles. Initiated, grew and managed finance and client coverage practices at leading financial institutions that were top-ranked in various years. Member of executive committee or sub-group responsible for client coverage, strategy and tactical execution plans.

Practitioner product expertise in client facing as relationship manager/senior banker; debt as structured/project financier, financial advisor, and corporate, borrowing base and consignment lender; derivatives as trader and structured hedger; and value preservation for sensitive exposures. Execution experience in debt and equity capital markets, M&A, acquisition finance and private equity.

Proven strong marketing, origination, and execution skills. Advised, arranged and structured dozens of complex or "vanilla" finance transactions in developed and emerging markets with junior through senior companies and green field or brown field assets involving multiple jurisdictions and risk mitigation products. Underwritten exposures distributed to broad array of capital sources including banks, agencies and institutional investors.

Seasoned asset valuation and risk assessment capability. Managed billions of dollars in exposure across wide range of metals, coal and steel. Demonstrated ability to simplify complex topics with reputation for anticipating key issues and negotiating solutions to balance all parties' needs. Established trusted relationships with client management and Board members. Invited speaker at industry conferences.

PROFESSIONAL EXPERIENCE

KLR GROUP, New York **August 2012-Present**
Full service investment bank focusing on natural resources
Senior Managing Director, Head of Mining & Metals
Responsible for building a dedicated sector practice including client origination and execution for public and private capital markets issuance, strategic and corporate financial advisory, and M&A.

JRS FINANCIAL LLC, New Jersey **Jan-July 2012**
Personally executed financial advisory assignments for companies assessing the acquisition or development of green field projects and pitched for additional mandates often in tandem with other institutions.

BNP PARIBAS, **New York** **Jan 2004-Nov 2011**
BNP Paribas Corporate & Investment Bank
Global Sector MD for Mining & Metals and executive committee sub-group for client coverage ***2011***
Responsible for formulating strategy (global, regional), generating deal ideas, introducing new clients to increase capital markets and M&A business, attending client meetings, and conflict resolution across 50-person team.

- Generated significant new client revenue. Helped win profitable advisory and finance mandates. Initiated and hosted client conferences. Invited speaker at industry functions, continuing on from earlier positions.

Managing Director, Head of Mining & Metals Debt Solutions ***2004-2010***
Initiated, built and managed mining project finance, advisory and small client coverage practice. Subsequently assumed responsibility for and grew metals structured finance practice.

- Built and managed up to a $1.75 billion dollar debt portfolio in mined metals, steel, and coal for green field and producing exposures in developed and emerging markets, also introducing new business to other areas.
- Highly profitable from suite of fees, net margins, equity kickers and hedging programs.

- Achieved top ranking in mine project finance in various years including a deal of the year.
- Provided sector and structuring expertise for mining & metals-related private equity opportunities.

DEUTSCHE BANK AG, **New York** **Jan 1994-Dec 2003**

Deutsche Bank Securities Inc., investment-banking subsidiary

Managing Director, Head of Mining & Metals – Project & Structured Finance
Director, Head of Mining & Metals Debt Finance and 2-Years Relationship Management

Started and ran dedicated mining & metals debt team for junior through senior sponsors and operating or green field assets in developed and emerging markets. Also responsible for strategic plans, budgets, hiring and reviews.

- Originated and executed large, diverse number of project finance and advisory mandates, achieving #1 ranking in project finance in certain years. Won deal of the year awards. Significant annual net income from advisory fees, net margins and hedging programs.
- Built a nearly $175 million precious metal lease book for jewelry manufacturers generating significant net margin and hedging income before business-line departure.
- Increased business with targeted senior mining companies during 2-year period of responsibility for relationship management, generating annual income stream net margins and from product cross-selling.
- Provided risk assessment expertise in support of trading desk gaining credit department approval for limits as well as in winning and executing mining sector M&A mandates.

SHARPS PIXLEY INC, New York **Mar 1989-Dec 1993**

150-year old wholly owned metals-trading and brokerage subsidiary of Kleinwort Benson PLC

Executive Vice President and Board of Directors / Vice President

Responsible for client marketing, relationship management and debt financing in newly created position to supplement historical trading and market-making activities.

- Developed debt practice in project finance for junior and mid-sized mining companies and asset-backed or consignment finance with industrial companies, principally jewelry manufacturers.
- Increased trading volume through hedging linked to debt transactions and initiation of new relationships with mining companies, central banks, and industrial manufacturers.
- Generated material income from advisory services, hedging programs and net margins.
- Involved in Board setting of business strategy, tactical execution plans, and credit and capital allocation policy.
- Member of team that reviewed solicited bids for Sharps and which negotiated its acquisition by Deutsche Bank

LLOYDS BANK PLC, New York **Jan, 1986-Mar, 1989**

Lloyds International Trading, newly formed commodity trade and finance subsidiary

Vice President

Marketed, structured and executed precious metal consignment loans for industrial companies and project and trade finance facilities for mining companies. Originated relationships for metals trading desk.

- Built portfolio of debt facilities and trading relationships with junior through senior mining companies and industrial companies including jewelry manufacturers, generating significant net margin and hedge income.

BACHE & CO. / PRUDENTIAL BACHE SECURITIES INC., New York **Jun, 1980-Jan, 1986**

Prudential Bache Metals Company, commodity trade and finance subsidiary

Assistant Vice President / Senior Trader / Trader / Chief Accountant

Marketed and structured precious metal hedge programs to mining companies and consignment loans to industrial companies. Took price-directional and arbitrage positions, quoted markets and executed spot, forward and option trades with financial institutions and mining companies.