

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re
PATRIOT COAL CORPORATION, *et al.*,
Debtors.¹

Chapter 11
Case No. 12-51502-659
(Jointly Administered)

SUPPLEMENTAL DECLARATION OF EDWARD LEE IN SUPPORT OF
APPLICATION OF THE DEBTORS TO EMPLOY AND RETAIN
DUFF & PHELPS, LLC AS VALUATION SERVICES PROVIDER FOR THE DEBTORS
EFFECTIVE JULY 11, 2013

I, Edward Lee, hereby declare under penalty of perjury:

1. I am a Managing Director in the financial services firm of Duff & Phelps, LLC (“Duff & Phelps”). I am duly authorized to make this supplemental declaration (the “Supplemental Declaration”) on behalf of Duff & Phelps.

2. I submit this Supplemental Declaration, pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, Bankruptcy Rule 2014 and Local Rule 2014, in further support of the *Application of the Debtors for Authority to Employ and Retain Duff & Phelps, LLC as Valuation Services Provider for the Debtors Effective July 11, 2013* (the “Application”).² This Supplemental Declaration updates and supplements the Declaration of Edward Lee dated July 31, 2013 that was contained in the Application (the “Prior Declaration”).

¹ The Debtors are the entities listed on Schedule 1 attached to the Application (as defined herein). The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors’ chapter 11 petitions.

² Capitalized terms used but not defined herein shall have the meanings set forth in the Application.

3. Unless otherwise stated in this Supplemental Declaration, I have personal knowledge of the facts set forth herein and, if called as a witness, I would testify thereto.

4. The purpose of this Supplemental Declaration is to disclose additional information that was inadvertently not disclosed in the Prior Declaration.

5. As stated in the Prior Declaration, Duff & Phelps has been retained in the past to value various segments of the Debtors on multiple occasions for purchase price allocation and asset impairment purposes. Specifically, Peabody Energy Corporation (“**Peabody**”) retained Duff & Phelps to advise Peabody’s Board of Directors in connection with its proposed divestiture of the Patriot Coal Corporation (“**Patriot**”) assets (the “Spin-Off”). Duff & Phelps provided a solvency opinion in connection with the Spin-Off. Additionally, Duff & Phelps was retained by Patriot to provide an opinion as to the fairness, from a financial point of view, to Patriot of the consideration to be paid by Patriot for the acquisition of Magnum Coal Company in April 2008.

6. On May 22, 2013, Duff & Phelps was served with a request for production of documents pursuant to Bankruptcy Rule 2004 relating to Duff & Phelps’ prior engagements by or relating to the Debtors, specifically covering the time period from approximately June 1, 2006 through December 31, 2008 (the “**Rule 2004 Examination**”). The Rule 2004 Examination relates to the investigation by the Debtors and the Official Committee of Unsecured Creditors (the “**Committee**”) of the spinoff of Patriot from Peabody and certain pre-petition transfers in order to identify potential causes of action belonging to the Debtors’ estates. The Debtors’ grounds for seeking the Rule 2004 Examination of Duff & Phelps is set forth in the *Notice and Motion of the Debtors for Leave to Conduct Discovery of Duff & Phelps Corp. Pursuant to Rule 2004* [ECF No. 3858].

7. The Rule 2004 Examination is currently ongoing and Duff & Phelps is producing discovery to the Debtors and the Committee pursuant to the *Stipulated Order Authorizing the Debtors to Issue a Subpoena Compelling the Production of Documents by Duff & Phelps Corp. Pursuant to Rule 2004* [ECF Doc. No. 4044] and in accordance with the *Stipulated Confidentiality Protective Order* [ECF No. 4240].

8. Duff & Phelps will continue to conduct an ongoing review of matters it is handling to ensure that no disqualifying circumstances have arisen, and, if any new facts or relationships that Duff & Phelps believes should be disclosed to this Court and the parties in interest in these cases are discovered, Duff & Phelps will file a supplemental disclosure with the Court and serve such supplemental disclosure on the U.S. Trustee. If any new material, relevant facts or relationships are discovered between review periods, Duff & Phelps will promptly file a supplemental disclosure with the Court and serve such supplemental disclosure on the U.S. Trustee.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief, and that this Declaration was executed on August 7, 2013.



Edward Lee